

THE REGULAR WORK SESSION OF THE NEW KENT COUNTY BOARD OF SUPERVISORS WAS HELD ON THE 25TH DAY OF MARCH IN THE YEAR TWO THOUSAND EIGHT OF OUR LORD COMMENCING AT 8:30 A.M. AT THE GROUNDBREAKING FOR THE VEHICLE MAINTENANCE FOLLOWED BY THE GROUNDBREAKING FOR THE HUMAN SERVICES BUILDING, AND THEN RECONVENING IN THE BOARDROOM OF THE COUNTY ADMINISTRATION BUILDING IN NEW KENT, VIRGINIA,

IN RE: ROLL CALL

Thomas W. Evelyn	Present
David M. Sparks	Present
James H. Burrell	Present
Stran L. Trout	Present
W. R. Davis, Jr.	Present

The Chairman called the meeting to order.

IN RE: GROUNDBREAKINGS

The Board members participated in ceremonial groundbreakings for the Vehicle Maintenance Facility and Human Services Building and then reconvened in the Boardroom for their work session. Mr. Sparks left after the groundbreaking for the Vehicle Maintenance Facility.

IN RE: GOODEN/SWEET & MOUNTCASTLE REZONING APPLICATION

Planner Kelli Le Duc reported that at the recent Planning Commission meeting, there had been additional discussion about horse and pasture management. She advised that the Planning Commission had heard from Virginia Cooperative Extension Agent Paul Davis and had also received a petition signed by some 40 citizens and neighbors in opposition to the project. She indicated that the Planning Commission had voted 5:4 to send the application to the Board with an unfavorable recommendation.

Mr. Summers added that there had in fact been two votes, the first being on a motion to send with a favorable recommendation, which failed, and then the motion for an unfavorable recommendation that passed on a 5:4 vote.

Mr. Burrell, the Board's representative to the Planning Commission, reported that Extension Agent Paul Davis had advised that the soils on the proposed site would sustain good pasture but would require an especially good management plan. He indicated that Extension Agent Davis had expressed his concerns that since the County did not have anything in its ordinances to enforce such a plan, it would be left up to a homeowners association (HOA) and he worried about how effective an HOA would be in enforcing the plan.

Applicant Dennis Mountcastle advised that he had met with the landowners and co-developer Pete Sweet and they had agreed to make additional proffers consisting of cash proffers of \$3,000 per lot for the sixteen lots. He further reported that they would work with Paul Davis to draft a pasture management plan and manure management plan.

Mr. Davis asked if they shouldn't instead be working with the Department of Conservation Resources (DCR). Environmental Planning Manager Amy Walker advised that working with either agency was acceptable.

Mr. Davis spoke about how many horses could be kept on the property "as it sat", mentioning that someone had said that number was forty-seven. Ms. Le Duc advised that because the property was zoned A-1, there was no limit, and that forty-seven was just a number that was "thrown out" at one of the Planning Commission meetings.

Mr. Summers reminded that because of pasture requirements, the total number of horses permitted on the existing six lots might not equal the number of horses that could be kept on the undivided parcel.

Mr. Mountcastle commented that if it was a 95-acre parcel, he did not think that there would be a limit.

Mr. Burrell indicated that he felt the point was that more horses would be permitted on the total parcel than if it were rezoned and divided into sixteen parcels.

Mr. Homewood clarified that in A-1 districts, there was no limit on the number of horses one could keep, unless it was more than one hundred horses, which would make it an intensive operation, and if the property were in the Chesapeake Bay Protection Area, an Agricultural Plan would be required and developed based upon how many horses one planned to have on the land.

Mr. Mountcastle reported that he and Mr. Sweet were willing to reduce the total number of horses allowed, as he did not think that there would be two horses on each of the sixteen proposed lots. He added that he and Mr. Sweet wanted to limit the total number to twenty-four horses but had not been able to obtain the landowners' agreement.

Mr. Burrell commented that he did not see how all of the lots could have at least five acres of pasture. Mr. Mountcastle reminded that County ordinance currently required that the keeping of two horses required at least five acres of pasture and in those instances where a lot had less than five acres, they would only be able to have one horse. However, he emphasized that they felt that the majority of the lots would have at least five acres in pasture, even after deducting the land needed for the house, road and drainfield. He advised that some of the lots near the pond would likely be smaller and have alternate septic systems, and would only be able to have one horse. He confirmed that owners would not be required to have a horse and would only need to have a stable if they had a horse.

Mr. Davis asked about fencing. Mr. Mountcastle advised that included in the proffers was the requirement that all fencing be uniform.

Mr. Evelyn asked when the property had been divided into six parcels. Mr. Homewood reported that was done around 1998. There was discussion regarding a prior request to rezone the property.

Mr. Trout asked if the six existing parcels could be further subdivided. Mr. Homewood advised that they could not by any traditional subdivision process without rezoning but the parcels could be further subdivided under the family subdivision process. He advised that the family subdivision process required six acres to begin with (which could be divided into two lots) and one and a half acre for each additional lot, for only qualifying family members. He confirmed that each lot created would have to conform to building setback requirements and that the smallest lot that could be created would be one and a half acres.

There was discussion regarding the management plans. Mr. Mountcastle advised that they would work with Paul Davis and the Extension Office to develop formal plans for pasture and

manure management which would be enforced by the HOA. He advised that these agreements would "have teeth" and there were other communities in Virginia that had these types of agreements and "they did work". He explained that if a homeowner failed to comply with the management plans, then the HOA could correct the conditions and then bill the landowner. He indicated that Mr. Sweet had copies of plans, most of which were used in Northern Virginia, and he would request that copies be provided to staff.

Mr. Davis asked whether a homeowner would be required to have pasture land if they did not have a horse. Mr. Mountcastle suggested that someone could use the pasture land for a garden if they wanted. He was uncertain if a fence would be required in that instance.

Mr. Davis commented that the subject property was once a productive farm and had since become an eyesore, and that the County had "had a chance to make it look nice years ago and didn't". He expressed his concern that there was nothing proposed that would require horses or fences and there were no restrictions that the acreage had to be in pasture. Mr. Mountcastle indicated that he had no problem with making that restriction but would have to speak with Mr. Sweet first.

Mr. Trout asked Mr. Mountcastle how the \$3,000 cash proffer figure had been calculated. Mr. Mountcastle admitted that there had been no formula involved. Mr. Trout noted that historically proffers offered on developments that were not age-restricted were normally based upon the capital costs of schools and other County services that would be impacted by the development, and were usually \$7,000 - \$8,000 and designated for certain uses. Mr. Homewood confirmed that proffers could be designated or restricted, but didn't have to be, and could only go to capital items in the County's CIP plan. Mr. Trout added that the general idea was that proffers went toward the infrastructure costs that would be related to that particular subdivision and he suggested that staff could provide the developers with those costs. Mr. Mountcastle stated that as developers, they knew what the foreseen costs were and what they needed to make as investors to make a project worthwhile.

Mr. Davis asked if anyone had considered this as a Planned Unit Development (PUD). Mr. Homewood advised that would be up to the developer but that he could not see how that would be to the developer's advantage. Mr. Davis indicated that it would provide the opportunity for a development agreement, and he was reminded that development agreements could only be used on projects on at least 1,000 acres and PUDs were required to connect to public water and sewer.

Mr. Mountcastle was reminded to provide copies of sample management agreements and to communicate proffer information by the advertising deadline. Mr. Summers clarified that the County did not need the completed and signed proffer statement until the start of the public hearing, but did need enough information in order to develop a notice that would sufficiently explain to the public what the proffers were.

IN RE: ZONING ORDINANCE REWRITE COMMITTEE

Planning Manager Rodney Hathaway reported that the Zoning Ordinance Rewrite Committee (ZORC) recently had a productive all-day work session at the Forestry Center and had been able to complete Phase I. He indicated that the proposals would be brought to the Planning Commission in April for review followed by a public hearing in May, and to the Board for public hearing and adoption in June. He advised that included in Phase I were all of the performance standards that had been adopted, lot requirements for the new zoning designations of "business", "economic opportunity" and "industrial", and a plan use matrix and zoning map showing the new designations.

He advised that ZORC would be meeting on a less regular basis while staff worked on some administrative process sections of the ordinance, and would thereafter start work on villages. He indicated that before the work on villages began, some decisions were needed on how to best approach that process.

There was discussion regarding the timeline. Mr. Summers advised that the Board needed to "temper its expectations" and he reminded that when the original attempt to adopt the Zoning Ordinance failed because of public outcry, the only other alternative was to work on it incrementally and that the process could well take four to seven years to complete.

Mr. Evelyn asked about the administrative section that staff would be working on. Mr. Summers explained that it would be the sections that dealt with internal process and administration.

Mr. Hathaway reported that the day-long work session worked much better than evening meetings and that they planned a similar session when they worked on villages.

It was noted that this was a long process for staff as well as ZORC members and it was good to see progress being made.

IN RE: PERFORMANCE STANDARDS FOR TEMPORARY USES

Planning Manager Rodney Hathaway recounted that at the last Board work session, staff had reported that, at the request of the Planning Commission, they had revised the proposed performance standards for mobile food units in order to address two concerns regarding the requirement to move daily and the restrictions on sheds and carports and how they impacted an existing hot dog stand. He noted that staff had distributed proposed revisions that created two classes - a true mobile unit that moved daily and one that was stationary. He advised that the proposed revisions had since been reviewed with ZORC whose members had concerns about drafting an ordinance for one particular business and remained steadfast in their support of the first recommendation. He further reported that the revisions were thereafter reviewed with the Planning Commission, who was advised of ZORC's position and thereafter voted 5:5 to forward the version first submitted with a favorable recommendation.

Mr. Summers clarified that the 5:5 vote was essentially a "failed" motion, and advised that there was no motion made to forward with an unfavorable recommendation. He added that in such instance and based on the operation of law, he would strongly urge the Board to consider the proposal as having come with no recommendation at all.

Mr. Hathaway advised that he felt the concern was only on the section regarding mobile food units.

Mr. Davis commented that he felt too much time and effort had been spent on a hot dog stand when it could have been handled under a Conditional Use Permit. Mr. Summers advised that the use was not in the Zoning Ordinance and the only alternative would be to close the business. Mr. Hathaway added that the Code would allow the stand to operate but would classify it as a restaurant and it would have to meet restaurant standards. Mr. Evelyn stated that the business probably didn't make enough money to justify those expenses.

Mr. Summers advised that the revisions would solve a problem with an existing business that no one wanted to close down, but would allow others to do the same thing.

Mr. Hathaway spoke about staff's concerns that structures could be erected without proper setbacks and emphasized that they had drafted the revisions only at the request of the Planning Commission. He commented that Bill's Hot Dogs ran a nice clean business, but there were concerns about similar businesses that wouldn't have as much pride and how these uses would affect the County's efforts to attract legitimate businesses.

Mr. Summers advised that both versions would work, and that it was purely a policy decision to be made by the Board as to what it wanted for the County, and the Board would be accepting one set of risks or another. He reported that there was no way to "grandfather" the hot dog stand because it was not a permitted use.

Mr. Evelyn admitted that he didn't want to see similar businesses start up in the County but that since the hot dog stand was already there, wondered why something couldn't be found that would be acceptable. Mr. Summers advised that staff had tried two different ways and that there had been no consensus because each had its own set of undesirable consequences.

Mr. Hathaway advised that staff would be supporting ZORC's recommendation but would bring both versions to the Board for public hearing.

The Board took a short break and then resumed the meeting.

IN RE: SCHOOL PROJECTS BORROWING

Financial Advisor Ted Cole, of Davenport and Company, and Bond Counsel Dan Siegel of Sands Anderson, were present to review with the Board an upcoming borrowing for school projects.

Mr. Budesky reported that estimates to repair the existing middle school roof and convert the existing high school into a middle school had been around \$1.7 million and had been adopted in the current Capital Improvements Plan (CIP). He advised that the projects had since been bid and had come in collectively at \$1.3 million; however, it had been suggested that it would be to the County's benefit to include in the borrowing some additional funds to pay off some earlier financings that were at a higher rate, thereby releasing County property as collateral and saving between \$8,000 and \$9,000 a year on interest payments.

Mr. Cole advised that the proposal had been reviewed with the Economic Development Authority at its last meeting and would be formally adopted at its next meeting, pending adoption of a resolution by the Board in April. He explained that they had looked at all County debt and were only recommending that the County pay off a 1997 borrowing which had an interest rate of 5.5% and was secured by all of the convenience centers in the County and the Courthouse. He reported that the bond had a balance of around \$675,000, was due to be paid off in 2012, and could be paid off early with no penalty. He advised that by borrowing enough to pay off this bond, the County would save about \$35,000 in interest over the remaining life of the loan. He indicated that the loan on the new high school was already at an attractive rate and that all of the other County borrowings were in lock-out periods for prepayment and would not generate any savings by being paid off early.

He clarified that he was not asking for any Board action today but would be back at the April 14 meeting with a resolution for the Board's consideration and then once the EDA took action on April 17, they could close thereafter.

Mr. Cole reported that the Request for Proposal had been sent out to fifteen banks, all of which had been asked to bid on financings of up to \$1.7 million at a 15-year rate and a 20-year rate, as well as bank qualified and non bank qualified. He explained that if a loan was designated as bank qualified, the bank could be more aggressive in its lending rate because of the tax incentives. He indicated that loans of up to \$10 million per year could be designated as bank qualified and that New Kent had a "clean slate" as of January 2008. He advised that if New Kent borrowed \$2 million for this financing, it could still borrow about \$8 million in the event something else came up or the EDA had someone from the outside approach it. He stated that there had been a concern that some borrowing might be needed for utilities, but they had talked with staff and there appeared to be sufficient funds to continue to cash-flow the utility projects. He advised that the limit would reset again in January 2009 at which time New Kent would once more have the ability to have up to \$10 million in bank qualified borrowings.

He advised that bids had been received from BB&T, RBC Bank, SunTrust Bank, SunTrust Leasing Corporation, Bank of America, Citizens & Farmers Bank, and EVB, and they were focusing their efforts on RBC Bank. He reported that he had worked with RBC before, although not for any projects in New Kent, and it was a very solid bank and good to work with.

Mr. Davis asked if the bids were "set in stone" or could they be negotiated. Mr. Cole advised that they were set for 40 – 45 days.

Mr. Cole advised that in the current budget, there was a \$150,000 line item for this borrowing and the proposal received from RBC was for a 15-year term fixed rate at 3.44%, bank qualified, which would result in debt service of \$147,000 on a \$1.7 million borrowing and \$125,000 for a borrowing at \$1.4 million, both well below the \$150,000 that was already contemplated in the budget. He indicated that increasing the borrowing to include payoff of the 1997 bond would result in savings of almost \$9,000 per year, would not impact the FY09 budget, and would clear the current liens on the Courthouse and convenience centers. He added that he would not have recommended a borrowing just for the payoff but felt that it was a good idea since the County was soliciting bids for the school projects.

He advised that the RBC proposal would include the ability to prepay with a 1% penalty during only the first eight years of the loan, and was the most favorable when comparing the other bids received. He reported that the rates offered by the other banks were SunTrust 3.88%, Bank of America 3.91%, C&F 3.99%, and EVB 4.95%.

Mr. Cole recommended that they continue moving forward with the plan for a 15-year bank qualified financing with RBC at 3.44%, to include pay off of the 1997 bond. He indicated that no public hearing was required but he would like consensus from the Board so that they could conditionally notify the existing bondholder that the County was preparing to pay off the loan, adding that such notice would not commit the County to the redemption.

There was consensus of the Board to accept Mr. Cole's recommendation.

Mr. Davis suggested that the Board be provided with an annual breakdown of outstanding loans. Financial Services Director Mary Altemus advised that the information was always in the budget books and in the audit report.

There were questions about the middle school roof project. Mr. Budesky reported that portions of the roof were about to fail and it made sense to finish up the project that had been ongoing for some time. He said that, fortunately, the section of the roof recently damaged had not been scheduled for replacement but would now be replaced under insurance.

Dan Siegel explained that the borrowing would be a ground lease structure similar to others in the past, where there would be a ground lease of the existing high school to the EDA from the School Board and then leased back to the County, with the rental payments covering the bond payments. Mr. Cole added that it would be a debt of the County subject to annual appropriations and that should the Board decide not to appropriate the debt service, the Bank could take over the building and then lease it to someone else. It was clarified that the existing middle school would not be included in the security of the loan.

Mr. Siegel indicated that this would not be a general obligation of the County, but an EDA lease financing.

There was discussion regarding the fees collected by the EDA on prior financings. It was confirmed that the EDA had collected one-time fees rather than yearly payments.

Mr. Summers advised that he had a title examiner performing title exams on all properties owned by the County and that was how the liens on the convenience centers and Courthouse had been discovered which led to the recommendation to pay off the 1997 financings with this new borrowing.

IN RE: PROPOSED FY09 BUDGET

County Administrator John Budesky reviewed the proposed budget with the Board.

He identified the members of the Budget Management Team which included himself, Financial Services Director Mary Altemus, Assistant Financial Services Director Amy Stonebraker, Finance Manager Nichole Jonckheere, and Building Official Clarence Jackson, as well as members of Finance Committee consisting of himself, Board Chairman James Burrell, Financial Services Director Mary Altemus, Assistant Financial Services Director Amy Stonebraker, Finance Manager Nichole Jonckheere, Treasurer Herb Jones, Jr., Commissioner of the Revenue Laura Ecmovic, citizen Bill O'Keefe, and Financial Advisor Ted Cole.

He reviewed a summary of the budget process and schedule, noting that they had been working on the budget since November, with ongoing work on the CIP. He noted that he would need a meeting or a series of meetings with the Board in order to meet the goal of a May 12 public hearing and May 27 adoption. He advised that because of the recent reassessment, the County would need to decide, by April 4, on the proposed new tax rate to be advertised, reminding that the advertised rate could be lowered but could not be raised without additional advertising.

Mr. Budesky reported that in order to maintain fiscal responsibility, all budget requests had been aligned with goals and were required to mirror department goals and objectives; departments had been directed to submit reduced or flat-funded budgets; full justification was required for increases and special projects and the requests had been reduced by

around \$1.4 million for those not presenting valid justifications; that the Budget Team and Finance Committee had analyzed all requests and categorized discretionary items; and that they had also compared the costs of contractual services against in-house services.

He advised that budget challenges had included a 29% increase in debt service, a 13% increase in local funds for Schools, requests for sixteen new positions and requests for thirty-four position upgrades, a 22.5% increase in local share of funding for CSA/Human Services, an increase in fuel costs, and increases in insurance, maintenance, utilities and other expenses related to the increased square footage to be managed by the County, all totaling \$3,748,328.

Projected revenues were reviewed. Mr. Trout asked about elimination of the E-911 funding. Mr. Budesky explained that localities were no longer collecting E-911 taxes and instead the State was collecting a communications tax that was disbursed to localities, and that revenue was now a part of the General Fund. It was further confirmed that the amount received by New Kent was fixed, based upon collections made in the past, and that the County received no benefit from any increase in the communications tax rate by the State.

It was noted that General Property Taxes were 76% of the local revenues.

There was discussion regarding the meals tax, which was reported to be steadily increasing and been projected to be \$521,500 for FY09. It was confirmed that 50% of the meal tax revenue was dedicated to school capital, 25% to economic development and 25% for Parks & Recreation.

Mr. Budesky reviewed projected revenue from Fines and Forfeitures, down \$102,500 due to the County's being unable to collect anticipated emergency response fees relating to convictions of certain driving violations.

He reviewed Categorical Aid, increased by \$14,907, which was the amount paid by the Compensation Board and State Board of Elections for the Constitutional Officers, Voter Registrar And Electoral Board, noting that the figures were not yet firm and might change.

Use of Money (interest earnings) and Use of Property (facility rentals) was projected to increase by \$350,585, and Other Categorical Aid (grants) was reported to total \$165,909.

Charges for Services, which included court costs, ambulance fees, OTB receipts, recreation fees, animal boarding, environmental management charges, and map & material sales was reported as decreasing by \$228,761. It was explained that revenue from ambulance fees would be set up differently this year, as money in/money out, and would be appropriated as it was received rather than as a guaranteed amount.

Revenue from Recovered Costs was reported being down \$68,697 as a result of the decreasing proffer for additional personnel from Farms of New Kent and transfer of EDA funds.

Capital Projects Revenue was estimated at \$2,988,611, Mr. Budesky reporting that there was no borrowing projected and that CIP projects would be funded with carry-forward funds and proffers.

He advised that the \$14,490 decrease in projected revenue from the Commonwealth was a result of a reduction in grants, and that Non-categorical Aid was projected to decrease by \$9,193 because of loss of ABC profits and Wine Taxes.

School revenue was projected to be increased by \$2,106,564, based upon an increase in local funding of \$1,042,649.

A \$200,400 decrease in Airport Revenues was explained to be a result of the completion of the new hangar project.

He reported that the Litter Control Revenue was stable at \$7,300.

Mr. Budesky indicated that the Utilities budget and fees would be discussed at a future meeting but, in reviewing the projected decreased revenues, noted that Bottoms Bridge connection fees were not being collected as projected.

Mr. Burrell asked how that decreased revenue would affect the utilities project. Mr. Budesky explained that some of the capital projects might be pushed backed or reduced in scope. He indicated that past projections had been conservative with the exception of Bottoms Bridge connections. He indicated that work was being done on the Proforma to reflect the impact but that it was anticipated that the utility system would continue to be self-supporting and not funded with any general fund tax dollars.

There was a discussion on the proposal to hire two part-time lawn care workers for Public Utilities. Mr. Budesky explained that the County now had thirty miles of easement to maintain as well as various pump stations, well houses, water tower sites and wastewater treatment plants and that it was felt that two part-time seasonal workers could handle the work and would be less expensive than hiring a service.

It was reported that the proposed increase of \$951,553 in water and wastewater operating expenses resulted from the increase costs for chemicals and sludge removal.

There was discussion regarding the expansion of the Parham Landing Wastewater Treatment plant. Mr. Budesky reminded that although the size of the plant might be scaled back, an expansion was still needed in order to address new nutrient discharge level requirements and the eventual close of the Chickahominy plant.

Mr. Budesky advised that other Utility capital projects included improvements at the former VDOT site, replacement of Kenwood #1 well, and sewer pump station paving totaling \$271,000.

He advised that the proposed 8% increase in connection and capacity fees and user rates was in accordance with the Proforma. He noted that the *ad valorem* taxes being collected in Bottoms Bridge was not covering the debt service, which would warrant some future discussion. The handout included a comparison of New Kent's rate with some of the other localities and Mr. Budesky reminded that New Kent's system was only three years old and smaller than some of the others, and that the rates would continue to annually increase by 8% in order to keep the system solvent.

Mr. Budesky reviewed how the proposed budget met some of the County's key performance areas. It was noted that under Public Safety, a special reduced personal property tax rate would apply to one vehicle owned by qualified fire-rescue volunteers or sheriff's auxiliaries. Under Strengthening Fiscal Resources, he noted the expanded income and net worth thresholds in order to qualify for real estate tax relief by qualified elderly and disabled citizens. Under Economic Development & Tourism, he spoke about the reduction in the machinery and tools tax rate from \$3.00 to \$1.50. Under Quality Education, he referenced

that almost \$3 million in new money would be going to the Schools between debt service on the new high school and new local and State funding, commenting that the Schools were the highest growth area for the County next to CSA and represented 58% of the County's budget. He reminded that the County was taking on almost \$1 million in new debt, all of which would be absorbed in the base budget and would not require an increase in the real estate tax rate.

He advised that the Capital Improvements Plan projects would be reviewed at a future meeting but noted that all of FY09 projects would be cash funded and would require no borrowing.

Mr. Budesky pointed out a small increase of \$43,473 in Social Services expenditures and a larger increase of \$390,713 for Human Services (CSA). Mr. Trout asked about the amount spent on CSA to date. Staff reported that \$1.5 million was spent on CSA last year and the current year expenditures to date totaled \$936,225 (out of the \$1,492,783 budgeted) but reminded that those postings lagged about a month and a half behind and that normally CSA billings were heaviest in May and June. It was noted that the number of children being serviced under CSA varied and staff clarified that the \$2.2 million requested for CSA was not all local money, with the local increase being around \$180,000.

Mr. Budesky reported that \$121,250 would be budgeted from Meals Tax revenue for the EDA's business incentive fund.

There was a discussion regarding Parks & Recreation. Mr. Burrell inquired if any of the amount budgeted for Criss Cross Park would cover development of new ball fields and suggested that it might be less expensive to light existing ball fields instead of building new ones. Mr. Budesky indicated that lighting was more expensive than field development but that those options could be explored when the proposed plan for Criss Cross Park was reviewed with the Board at a future meeting.

The new position requests were reviewed. Mr. Budesky reported that sixteen full-time positions had been requested and that number had been pared down by half by the Budget Team and Finance Committee, and ultimately reduced, at the Board's direction, to four positions at a cost of \$68,405 (net of offsetting revenue/reduced expenditures and vehicles, excluding utilities) and included a Real Property Field Inspector, Half-Year Custodian, Part Time Assistant County Attorney (funded with offsets) and Recreation Specialist (funded with program revenue). He noted that a total of thirty-four upgrades had been requested and, at the Board's direction at the last meeting, only one recommended – for the CSA position at \$18,906, and no upgrades as recommended for the Airport Director, IT Director, Fire-Rescue Captains, and E-911 wireless coordinator, fire-rescue coordinator, dispatchers or deputies. He reported that the cost of new and upgraded positions totaled \$107,311.

Mr. Trout commented that he felt that the recommendations made at the last meeting had been more discussion than decision. Mr. Burrell suggested that Mr. Budesky further explain the need for some of the requested new positions and upgrades.

Mr. Budesky spoke about the HR department and how there was only one person to serve all of the County employees and departments. He indicated that the new firefighter position was one of two that had been requested. He advised that the new custodian position would be needed to help with maintenance of the existing middle school. He reminded that two Environmental Compliance Inspectors had been requested for each of the past three years and had not been funded. He pointed out that New Kent's Airport Director was the lowest paid department head in the County, and the IT Director, the manager with

the longest tenure, was the second lowest paid whom the County would not be able to afford to replace at the requested upgraded amount.

Mr. Budesky advised that five of the seven cents in proposed real estate tax rate increase would be going to the Schools with only two cents for the County, and that there were other priorities without funding, based upon the Board's direction at the last meeting.

Mr. Burrell commented that he felt what had been requested were the true needs of local government. Mr. Budesky reported that even one extra cent would help him try to meet some of the needs, which he described as valuable and necessary or he would not have recommended them in the first place.

Mr. Budesky reported that the impact on the General Fund for the proposed merit and COLA raises for County employees was \$323,280. He reviewed the merit increase and COLA history from 2001, which showed an average increase of 4.5% for County employees compared to a 6.70% increase for schools employees, not including the cost of health care.

He noted that the local increase for School expenditures was 10.7%, reduced from a request for a 13.1% increase, and that Debt Service Expenditures were proposed at \$5,241,989, up by \$654,033. Regarding Airport expenses, he reported that the decreases in operation expenses of \$44,506 and capital projects of \$155,894 were the result of the completion of the hangar project.

He advised that revenue from permits and fees had been over-projected for the current year and that revenue had been reduced by \$93,573 because of the decline in the number of permits, and he reviewed a comparison of permit figures for 2005 – 2007.

He reported that \$2,339,436 in new revenue was projected from real property taxes.

Regarding the reduction of the Machinery & Tools tax, he noted that the reduction in the tax rate would result in a decrease in revenue of only \$3,500, commenting that the tax was never a large cost center for the County and it would not hurt to reduce it in an effort to make New Kent more competitive with its surrounding localities.

He reviewed that the personal property tax on a vehicle assessed at \$10,000 would be \$375 and that the percentage of the tax that an individual paid on qualifying personal property in FY08 was 43.5%, an increase of 1.5% from FY07, and the percentage to be paid for FY09 would be determined at a later time.

He reminded that future anticipated tax increases due to debt service would be 4.1 cents through FY10.

Mr. Budesky advised that one dollar in the General Fund was divided as follows: General Administration 26.9%; Judicial 4.1%; Health & Welfare 5.79%; Public Safety 17.9%; and Schools 45.4%. He reported that 42.3% of new money was going to Schools and 39.8% to Debt Service.

There was review of the meals tax. It was reported that collection had been as follows: FY05 \$65,428; FY06 \$376,282; FY07 \$419,287; FY08 \$435,000 adopted; and that \$521,500 was proposed for FY09. He reminded that this was a discretionary tax and the projected amount equated to two cents on the real estate tax rate.

He advised that the revised recommended budget for FY09 would be based upon a \$0.72 tax rate following reassessment -- a 7.25 cent increase from the projected equalized rate of \$0.6475. It was noted that such a rate would be the second lowest tax rate compared to the surrounding jurisdictions, higher than only King & Queen County, and the second lowest in comparison to like-sized jurisdictions, next to Goochland's rate of \$0.53. Mr. Budesky pointed out that Goochland County had more business collections than New Kent and that one cent there brought in \$425,000 compared to New Kent's \$232,000.

He reviewed that the impact of the proposed real estate tax rate increase would be that taxes on a \$200,000 valued home, reassessed at \$290,000, at a \$0.72 cent rate would increase by \$228 and at \$0.73 by \$257.

He explained to the Board that he needed its direction regarding what rate to advertise. It was suggested that a rate of \$0.73 or \$0.74 could be advertized with the understanding the Board could reduce the rate, but it would provide a margin for any adjustments that might be needed when final figures were received.

Mr. Burrell summarized that Mr. Budesky needed at least one more cent and that the Board could either advertise one cent higher or take back a penny from the Schools.

Mr. Trout stated that the last meeting was just discussion and information and the Board had discussed adding a penny to the Schools and taking two pennies away from the County. He noted that there were essential things needed by the County and the Board had considered adding funding to the Schools because the State had just cut \$454,000. He asked if that cut had been considered when the recommended budget was developed. Mr. Budesky indicated that the Budget Team and Finance Committee had not considered that cut but had assumed the Governor's recommended level of state funding. He added that the Schools had not made any assumption that the County would not fully fund its requests.

Mr. Evelyn asked what percentage of the proposed School funding was for teacher raises. Mr. Budesky advised that it was his understanding that teacher raises would drop from 8.85% to 6.8% if the County funded them \$232,000 less than what they had requested.

Mr. Trout commented that he supported education but would not support taking so many things from the County. Mr. Burrell added that the County had absorbed market adjustments and debt service by reducing its budget and there appeared to be a real commitment by staff to keep the budget as tight as possible.

Mr. Davis spoke about the request for the new Human Resources position, remarking that the department didn't even exist three years ago. Mr. Budesky concurred, adding that not having an HR department had exposed the County to significant liability. There was a suggestion that the new Assistant County Administrator could help out with HR. Mr. Budesky recommended against that suggestion, reminding that Mr. Whitley had been hired for more than clerical work, and he went on to speak about the HR issues and trainings that went unaddressed.

Mr. Trout said that he felt that the recommendation from the Budget Team was a good one and he was very concerned about cutting County employees after having fully funded the Schools last year.

Mr. Burrell encouraged the Board to consider Mr. Budesky's recommendation, which was based upon his judgment, professionalism and honesty, to set a rate, and then to decide

how to proportion it. He reminded that the Board could advertise a higher rate and then reduce it.

Mr. Trout suggested advertising a 73 cent rate.

Both Mr. Evelyn and Mr. Davis indicated that they would not support a rate above 72 cents. Mr. Davis commented that the residents who lived on smaller lots and didn't have increases in their assessed values were the ones "costing the County money" and he felt it was wrong to tax those who owned larger parcels and "didn't cost the County anything".

There was discussion regarding County employee raises. Mr. Evelyn asked if there was a way to give larger raises rather than approve new positions. Mr. Burrell predicted that overwork could result in low morale, high turnover and loss of key employees.

Mr. Summers suggested that the Board "set a pain threshold" regarding a tax rate and then add one cent for advertising purposes, with the understanding that the rate could be lowered but not increased. Staff reminded that the County still was not sure how some of the State revenue cuts would impact New Kent.

Mr. Davis repeated that with the state of the economy, he would not support any rate higher than 72 cents. Mr. Trout reiterated that he could not see a rate lower than 73 cents.

Mr. Evelyn asked about the possibility of using the building inspectors in other areas. Mr. Budesky advised that possibility was under consideration.

Mr. Budesky indicated that for advertising purposes, he also needed direction from the Board as to how much money would be going to Schools, noting that amount could be increased or decreased at a later date.

The Board members continued to debate the tax rate. Ms. Altemus suggested that 74 cents would be "safe" and the Board could adjust it downward from there.

The Board members invited Commissioner of the Revenue Laura Ecimovic to comment upon the proposed budget. She expressed her concerns about the "exorbitant" amount of money requested by the Schools during a recession year. She reminded that the County had absorbed the debt service in its budget through department cuts and that the Schools were asking for \$2 million in new local funds which was a "huge commitment from the community". She added that she did not see where they "were putting all this money" and she worried whether the County could afford it, or its citizens, few of whom were getting "those types of raises".

Following further discussion, and with Mr. Davis' reluctance and Mr. Evelyn's opposition, a majority of the Board members agreed to advertise a 73 cent tax rate.

Mr. Budesky reminded the Board that the Economic Development Authority owed the County money for the purchase of the Fisher tract and although he would not recommend it, the Board could ask for repayment and use those funds for the budget. There was consensus that it would be best to leave those funds with the EDA for economic development purposes.

IN RE: DISTRICT APPOINTMENTS

Mr. Burrell moved to appoint Eugene R. Williams as the representative from District Three to the New Kent Economic Development Authority to complete a term ending December 31, 2011.

The members were polled:

Thomas W. Evelyn	Aye
David M. Sparks	Absent
Stran L. Trout	Aye
W. R. Davis, Jr.	Aye
James H. Burrell	Aye

The motion carried.

IN RE: REFUSE SITES

Mr. Evelyn reported that he had been contacted by one of his constituents who collected trash from 25 – 30 County residents and had been hauling it to the main refuse site. Mr. Budesky confirmed that if he was a commercial collector, he would not be able to dump at County sites. He added that he had met with the gentleman who was admittedly performing a valuable service for County residents, but under the County's ordinance, as a commercial collector he was not permitted to dump at County sites.

Mr. Burrell suggested that perhaps the County could save money by closing some of the refuse sites one day per week (not to include the main site on Route 618). Mr. Trout expressed his concerns that closings would create problems at the Route 612 site. Mr. Budesky indicated that staff could "cost out" the financial impact and report back to the Board.

IN RE: MEETING SCHEDULE

The Chairman announced that the next meeting of the Board of Supervisors would be held at 6:00 p.m. on April 14, 2008 in the Boardroom of the County Administration Building, New Kent, Virginia.

IN RE: CLOSED SESSION

Mr. Trout moved to go into Closed Session to discuss a personnel matter pursuant to Section 2.2-3711A.1 of the Code of Virginia involving a performance evaluation of an employee. The members were polled:

David M. Sparks	Absent
Stran L. Trout	Aye
W. R. Davis, Jr.	Aye
Thomas W. Evelyn	Aye
James H. Burrell	Aye

The motion carried. The Board went into closed session.

Mr. Trout moved to return to open session. The members were polled:

Stran L. Trout	Aye
W. R. Davis, Jr.	Aye
Thomas W. Evelyn	Aye
David M. Sparks	Absent
James H. Burrell	Aye

The motion carried.

Mr. Davis made the following certification:

Whereas, the New Kent County Board of Supervisors has convened in a closed session on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

Whereas, Section 2.2-3712 of the Code of Virginia requires a certification by the Board that such closed session was conducted in conformity with Virginia law;

Now there be it resolved that the Board hereby certifies that to the best of each member's knowledge (i) only public business matters lawfully exempted from open session requirements by Virginia law were discussed in closed session to which this certification resolution applies and (ii) only such public business matters as were identified in the motion convening the closed session were heard, discussed or considered by the Board.

The Chairman inquired whether there was any member who believed that there was a departure from the motion. Hearing none, the members were polled on the certification:

W. R. Davis, Jr.	Aye
Thomas W. Evelyn	Aye
David M. Sparks	Absent
Stran L. Trout	Aye
James H. Burrell	Aye

The motion carried.

IN RE: ADJOURNMENT

Mr. Davis moved to adjourn the meeting. The members were polled:

Thomas W. Evelyn	Aye
David M. Sparks	Absent
Stran L. Trout	Aye
W. R. Davis, Jr.	Aye
James H. Burrell	Aye

The motion carried.

The meeting was adjourned at 1:43 p.m.