A SPECIAL MEETING (RETREAT) OF THE NEW KENT COUNTY BOARD OF SUPERVISORS WAS HELD ON THE 17TH DAY OF OCTOBER IN THE YEAR TWO THOUSAND EIGHT OF OUR LORD AT 11805 WHITEHOUSE ROAD, NEW KENT, VIRGINIA, AT 5:00 P.M.

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: MISSION, VISION, GOAL STATEMENTS

The Board reviewed some proposed changes to the Mission, Vision and Goal Statements and agreed that it could be put on a future agenda for adoption.

IN RE: STATUS ON REVENUES COLLECTED TO DATE

County Administrator reviewed the status on revenues collected to date and reported that because of conservative practices in budgeting, the County had a strong fund balance and stable revenue sources compared to problems that some of the other localities had been experiencing. He reminded that the County would not have information until January 2009 about the collection rate for and real estate taxes, and whether the County's 97% collection rate would be maintained. He indicated that staff would continue to work with projections until those figures were available.

Mr. Davis predicted problems relating to discrepancies in the property assessments used for recent tax billings, as well as other issues having to do with the reassessment and the Board of Equalization, and he cautioned the Board from relying on "projections".

Mr. Budesky reported that, based upon the historical 97% collection rate, there would be about $700,000 more in real estate tax revenue than had been anticipated for FY09, which included supplemental tax billings and assessment changes. He noted that amount was equal to about 3 cents on the real estate tax rate.

He advised that revenue from meals tax was tracking close to budget, and was 11% more than in FY08; that sales tax revenue was tracking close to budget, also 11% more than in FY08; and revenue from permits/fees was tracking close to budget, only $830 more than FY08 in the same period. He spoke about recent cuts announced by the Governor which included a reduction of about $13,000 for New Kent's constitutional officers.

Mr. Budesky also reviewed with the Board a list of possible cuts or reductions for FY09 and for the FY10 budget process, should that action be needed.

IN RE: FY10 POTENTIAL COST IMPACTS AND PROJECTED REVENUES

Mr. Budesky reviewed that staff would continue to amend the projections in State funding until final figures were announced. It was reported that funding for the Virginia Retirement System would remain unchanged from the previous year, and that based upon trend data, health insurance premiums were predicted to increase by about 10% - 12% and liability coverage about 5% - 8%. He noted that debt service would increase by $1.035 million, an amount equal to about 4 cents on the real estate tax rate. It was also predicted that the cost of vehicle fuel, electricity, and heating could increase by 8%. Mr. Evelyn inquired if the County could buy a large amount of fuel at one time and lock in a price; County Attorney Jeff Summers agreed to check into that.

Mr. Budesky advised that costs for the Comprehensive Services Act (CSA) was estimated to increase by 4% - 8% and reminded that costs for one child could cause overspending of that budget.

Mr. Sparks suggested that the Board and staff needed to "think outside the box" and carefully scrutinize every contract to find the "best value for the money".

Regarding real estate taxes, Mr. Budesky indicated that projected new revenue of $1 million (with no change in the tax rate) would be needed to cover the increase in debt service.

He advised that they were projecting a $15,000 increase in meals tax revenue, the smallest increase ever, and warned that amount could fluctuate with the economy. He reminded that the Board could redirect its allocation of meals tax revenues if it wanted to.

Regarding personal property tax revenue, he projected an increase of $85,000, noting that the rate would need to be increased if the annual vehicle decal were eliminated.

He noted that a decrease of $85,000 was projected in revenues from the Business Professional & Occupational License (BPOL) tax and reminded the Board that if it wanted to continue to reduce the BPOL tax rate, then the revenues would have to be made up somewhere else.

Mr. Budesky indicated that they were projecting an increase in sales tax revenue of $150,000, and a decrease in revenues from permits and fees of $31,000, which could also fluctuate with the economy.

IN RE: NEW INITIATIVES

Mr. Budesky reported that based upon current projections and with no changes in the tax rate, it appeared that the budget process for FY10 would begin at a deficit of $310,844, an amount equal to about 1.25 cents on the real estate tax rate, and could be as high as $500,000. He clarified that figure was based upon no new money for the schools and no raises for employees. He warned that next year would be another reassessment year and that if property values fell, the real estate tax rate would have to increase. He again reminded that staff would have a better idea in January as to the collection rate, reporting that historically tax collection rates in rural areas were higher than those in urban areas.

There was discussion regarding new initiatives, mostly regarding environmental and recycling. It was agreed that there was no funding available for some of the recycling initiatives that had been discussed. Mr. Budesky advised that it had been determined that the purchasing of hybrid vehicles was not cost-effective for the County, but that it would look to purchase Energy Star rated electronic equipment which would add little to the cost of the item but would provide long-term energy savings.

There was discussion regarding school buses and whether or not their 12-year replacement cycle was mandated by the State, as well as discussion about maintenance costs savings on the County fleet.

IN RE: EMPLOYEE COMPENSATION

Mr. Budesky advised against funding a employee compensation study during the upcoming year if there was not going to be any funding to implement it. The Board was receptive to the suggestion of a policy of pay raise equity between County and school employees for the future in order to reduce some of the contention in the budgeting process. There was discussion regarding pay increases for employees. Mr. Budesky described ways that the County was trying to reduce costs, including not filling some of the vacant positions, which he recommended be determined on a case-by-case basis rather than a general hiring freeze. He indicated that there were two full-time firefighter positions open that needed to be filled in order to close coverage gaps in the County, and would be funded by cost recovery revenue which was being appropriated as it was received. He reminded that public safety staffing remained a challenge because of public expectations.

There was discussion regarding whether the Board would be open to considering new positions if they were funded by fees. Mr. Sparks suggested that the County consider using such revenues to contract out for services rather than establishing new positions.

Mr. Budesky indicated that another suggestion to control spending would be to move all training and travel funding out of the individual departments and into one fund to be administered by the County Administrator and approved by the Board.

He advised that they were not recommending that the County change the employees' cost share of health insurance premiums.

IN RE: DEBT

Mr. Budesky reported that there was no new borrowing recommended for FY10. Regarding the old middle school, it was confirmed that the School Board had agreed to deed the property over to the County and that there would be a reallocation of space but that no money had been appropriated.

IN RE: CAPITAL

Mr. Budesky advised that no new debt-related projects were being recommended and only cash-funded capital projects were scheduled for FY10. He reminded that because of a tightening of the operations budget, there would continue to be less residual money for capital projects.

IN RE: SCHOOL FUNDING

There was discussion and agreement that the School Board should share in absorbing funding deficiencies in the upcoming budget year and that the County would not be in a position to make up for State cuts in school funding. It was agreed that staff would provide projections to the School Board so that they would be prepared, and that a joint meeting with the School Board should be scheduled within the near future.

IN RE: TAX RATE

There was consensus among the Board members that there would be no increase in the current real estate tax rate. Suggestions were made as to how to reallocate funding to cover needs. One suggestion was not to spend any money on Criss Cross Park beyond what was needed to install the entrance so the County would not lose the designation received from the Army Corps of Engineers, and that proffer money be spent first. Another suggestion was to reallocate meals tax revenue, with Mr. Budesky advising against reducing the amount allocated for economic development. It was agreed that all departments would be asked to look for ways to increase efficiencies in their own budgets and to ask for suggestions from employees for other cost savings. Mr. Budesky indicated that staff would continue to update the list of options that the Board could consider if it was determined that a larger shortfall existed in either the current year or for FY10.

He advised that although funding would not be available, staff would continue to maintain a list of the needs of the County.

It was suggested that a message be developed to assure the citizens that the County was being proactive and continuing to look at ways to save money.

IN RE: AFFORDABLE HOUSING

There was discussion regarding the request from Habitat for Humanity for the affordable housing funds budgeted by the County. Mr. Sparks asked if the Board would be willing to consider giving Habitat a portion of the funds as a loan.

Mr. Trout reminded that if those funds were given to Habitat, there would be no funding for loans to improve the existing affordable housing stock.

Mr. Davis maintained that taxpayer dollars should not be given to faith-based or charitable organizations.

Mr. Budesky suggested that the Board ask the Affordable Housing Advisory Committee (AHAC) to develop a continuum of options that would include Habitat and revolving loans for rehabilitation. It was the consensus that the Board would continue to consider the issue and come up with some direction for AHAC.

IN RE: APPOINTMENTS

There was discussion and review of the qualifications of some of the candidates under consideration for the vacant at-large position on the Economic Development Authority.

IN RE: SPF LITIGATION

County Attorney Jeff Summers briefed the Board on the proposed settlement of the lawsuit filed by SPF and indicated that he would be asking the Board for approval of the settlement agreement at the next meeting.

IN RE: RESOURCE PROTECTION AREAS

There was discussion regarding interpretation of the County's ordinances regarding Resource Protection Areas and when they could be platted as a part of someone's property as opposed to being in open space or in a conservation easement. It was agreed that the County Attorney would develop a presentation for the Board at a future meeting, clarifying the issue.

IN RE: ADJOURNMENT

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

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

The motion carried.

The meeting was adjourned at 8:21 p.m.