

A REGULAR WORK SESSION WAS HELD BY THE NEW KENT COUNTY BOARD OF SUPERVISORS ON THE 26th DAY OF MARCH IN THE YEAR TWO THOUSAND FOURTEEN IN THE BOARDROOM OF THE COUNTY ADMINISTRATION BUILDING, NEW KENT, VIRGINIA, AT 9:00 A.M.

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IN RE: CALL TO ORDER

Chairman Evelyn called the meeting to order.

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IN RE: ROLL CALL

Thomas W. Evelyn	Present
C. Thomas Tiller, Jr.	Present
James H. Burrell	Present
Ron Stiers	Present
W. R. Davis, Jr.	Present

All members were present.

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IN RE: JOINT MEETING WITH THE SCHOOL BOARD

School Board Chair Leigh Quick called the School Board meeting to order. School Board members present were Ms. Quick, Brett Marshall, Dean Simmons, Sarah Barber and Gail Hardinge, and present from the School Board Office were Superintendent Robert Richardson, Jr. and Sheila Minor, Interim Director of Finance and Budget.

Ms. Quick reminded that New Kent Schools were recognized as a "high performing school division", which was important to attract businesses to the County. She reviewed several highlights about New Kent Schools that included having one of the higher graduation rates and one of the lowest drop-out rates; that New Kent Elementary had been recognized by the State Board of Education as a distinguished Title I School; that out of the 134 school divisions in Virginia, New Kent ranked as the 20<sup>th</sup> lowest in per-pupil combined expenditures; and that the New Kent School Division was one of only 32 in the State that had four fully-accredited schools.

Dr. Richardson explained that they would spend more time than usual reviewing their Capital Improvements Plan (CIP) budget request with the Board because there were some "special needs" that had been deferred in previous years and needed to be addressed. He pointed out that there were no salary increases in their FY15 operating budget request in light of the economy, the raises that were given in FY14, and the fact that the County Administrator's recommended budget did not include raises for County employees. He explained that school employees did receive a 2% raise in FY14, 75% of which was locally funded, and that the Schools had also been able to eliminate the four furlough days that were in effect in FY13. He clarified that their budget figures were based upon former Governor McDonnell's proposed budget, acknowledging that there were some "different scenarios" at the General Assembly, that no one had any idea when the final State budget figures would be available, and that "nothing had changed" with regard to the State continuing to shift costs onto the localities.

He introduced Ms. Minor, commenting that New Kent was fortunate to have her as Interim Finance Director because of her unique perspective and experience, having worked on both the Government and School Board sides of finance.

Ms. Minor reviewed that the New Kent School Division was in its second year of a seven-year phase-in of teacher decompression, trying to "stretch out" the salary scale in order to more clearly recognize years of service. She spoke about the cost of mandatory increases in State-determined employee benefit rates that included increases in the Virginia Retirement System (VRS) rates, group life insurance premiums, and the Retiree Health Care Credit. Health insurance costs for FY15 were estimated to increase by 10%.

Revenue factors were identified as an increase in State funding resulting from a decrease in the Composite Index (determines local and state share of funding and intended to measure local ability to pay); an increase in the Standards of Quality (SOQ) funding per pupil; an increase in the State sales tax component; and some one-time adjustments. It was noted that FY15 enrollment was projected to increase by 17 students.

She explained that their budget assumed an increase in local funding of \$570,000, as set forth in the County Administrator's proposed budget, which left them short by \$55,190 to fund their budget.

She reviewed budget revenue charts which reflected little change in composition, with State funding remaining at 46.7% and an increase in county funding from 45.6% to 45.9%

Ms. Minor spoke about adjustments to the FY14 budget that included an increase in State revenue of \$505,037 which, unfortunately, had been offset by some mandatory expenditures of \$674,877, leaving negative net impact of \$169,840.

Ms. Quick reviewed the new staff positions requested, which included a dual-enrollment certified math teacher for the high school, a Special Education math teacher for the high school, and an elementary art teacher. She advised that two positions no longer needed for kindergarten/first grade would fill needs elsewhere.

Dr. Richardson spoke about four proposed webmaster supplements (one per school) that were a part of their critical instructional technology focus.

Ms. Quick commented about the need for a clinic aide position at the high school - a position that had been eliminated in previous cutbacks - noting that the high school had more than 900 students, some with challenging medical issues.

Ms. Minor spoke about a restructuring of benefits for part-time staff working less than 30 hours per week necessitated by the Affordable Care Act (ACA), advising that it mostly affected employees in the Transportation Department.

Other budget requests were for funds to restore summer school; to expand the kindergarten readiness program to include New Kent Elementary School (NKES); to expand the Foundations Program at both elementary schools to include more grades; to replace graphing calculators in the advanced math classes; to provide PSAT testing for sophomores; and to add eight slots at Bridging Communities Career and Technical Center.

Dr. Richardson addressed the School Board's expanded emphasis on instructional technology and the request for operating costs to cover the maintenance contract for the One-to-One Learning Initiative, wireless internet access for the buildings currently without it, and professional development for Instructional Technology Resource Teachers.

Other items included in the School's budget requests were funding for deferred maintenance as well as painting and maintenance contracts on equipment.

Dr. Richardson reviewed the proposal to provide CPR training to all staff, including bus drivers, as well as a time and attendance system necessitated by ACA, the cost of contracted crossing guards, and family counseling services where required.

Ms. Minor reviewed FY15 proposed expenditure charts, which did not reflect any drastic changes from FY14, with an increase in the cost of instruction up from 67.5% to 68.2%. A ten-year chart on enrollment projections was also reviewed, which showed a continuing increase.

Dr. Richardson spoke about needed positions that had "solid justification" but had not been included in their FY15 budget request, warning that the Board would likely see requests for these positions in the future. Those positions included a network administrator, a choir teacher, an HVAC technician, a drama teacher, and an elementary guidance counselor.

The School Board next reviewed their CIP requests, which included a mobile classroom at NKES and replacement of three school buses.

Mr. Stiers asked the School Board to explain its decision not to consider outsourcing student transportation following a recent meeting where a transportation company was allowed only a ten-minute presentation, even though outsourcing would result in a tax savings to the County.

Various School Board members provided responses. Ms. Barber explained that the transportation company had not been able to provide information on bus driver benefits, and there was concern that the fuel costs quoted were not available in New Kent and further that fuel costs would be borne by the locality and not the bus company. She also spoke about how a sale of the County's buses would leave the County with no assets and New Kent would have to purchase an entire new fleet if it was decided not to outsource transportation in the future. There were also concerns about responsibility for discipline on the buses, as well as the handling of parent concerns about drivers, who would no longer be school employees. Another issue was operation of the Vehicle Maintenance Facility which was staffed by school employees who also handled maintenance on the County's fleet, and the need to change equipment in order to accommodate propane vehicles.

Ms. Hardinge spoke about how there were no other school districts in Virginia that were contracting out these services. She remarked that more data was needed to support such a decision and she didn't want New Kent Schools to be the first in Virginia to try something like this.

Ms. Quick advised that it was her information that Roanoke had turned down the proposal as well.

Dr. Richardson remarked that there were some inaccuracies about the issue and explained that the School Board had not based its decision on just a ten-minute presentation that was followed by a 35-minute question and answer session. He reported that the proposal had been distributed to the School Board members well in advance and all had had the opportunity to review it, and that the presentation and question and answer session was for the public. He indicated that it had been an extensive process and not just discussion on the evening of the presentation. He reminded that if the School Board had decided to look at outsourcing, no action could have been taken until after a request for proposals had been advertised and competitive bids reviewed. He spoke about how the County and School Board had worked together on the Vehicle Maintenance Facility and how it was important

not to lose sight of “where we can gain efficiencies”. He commented that the School Board had not “shied away from outsourcing in the past”, noting that New Kent was one of the first school divisions to outsource custodial services, which continued to save approximately \$200,000 a year.

Mr. Burrell asked if the transportation company was able to explain the projected savings if it would be paying the same benefits and salaries. Mr. Simmons advised that the company had quoted a one-dollar price per gallon for propane, but more importantly the cost of fuel would be the County’s responsibility. He indicated that there were too many “unknowns” and the company’s response to many of the questions asked had been “we can work that out later”. He remarked that he was not aware of any locality in Virginia that had done this, the bus company was not familiar with the State’s laws and regulations, and he felt the School Board had made the right decision based on the information provided. He added that if outsourcing hadn’t worked out, then New Kent would have to replace all of its buses at full value, after having sold its fleet at a reduced price.

Mr. Evelyn thanked the School Board members for their responses, acknowledging that student transportation was a School Board decision.

A review of the School’s CIP requests continued, with the next item being the replacement of the fuel tank at George Watkins Elementary School (GWES). School Maintenance Director Tim Pollock explained that the problems with the 5,000 gallon underground tank, discovered over the last year, were attributed to pump corrosion when not in use because of the use of low saturation diesel. He admitted that the proposed cost had been based upon an estimate and would need to be advertised for bid. Board members expressed concerns that the estimate was too high and asked that better estimates be obtained.

Other items on the CIP included the completion of a two-year renovation of the GWES playground; a five-year, pod-by-pod, renovation of NKES; and replacement of outdated HVAC controls, fire alarm panels and lighting at New Kent Middle School (NKMS).

Dr. Richardson addressed those items involved with technology, which included a four-year phase in of the One-to-One Learning program that would result in wireless access in all classrooms and Chromebooks for every student.

Board members commended the School Board for putting together a budget that was reflective of its needs and very easy to understand.

Chairman Evelyn commented that the County was facing some of the same challenges, and asked if the School Board had considered passing on the health insurance increases to its employees. Ms. Quick explained that the School Board hesitated to do that since there would be no raises, and Ms. Minor advised that she assumed that the 10% increase would also apply to the portion of health insurance premiums paid by staff.

Dr. Richardson clarified that the increase in health insurance costs did not result from premiums (which had been decreasing since the inception of their self-insurance program), but from an increase in participation by their staff. He explained how they had saved money on premiums since becoming self-insured and would be happy to share a five-year history with the Board. Ms. Minor added that premiums were based on claims, which were beyond anyone’s control. Dr. Richardson advised that three years ago, only 52% of the premiums paid had been used for claims and the remaining 48% not spent went to the insurance company. He reported that in the previous year, their utilization rate was 72%, with the 28% sent back to the health care pool. Mr. Hathaway advised that although the

County had looked into self-funding, they had been advised that there would be no savings at this point, but that was something that would continue to be monitored and would make sense for the County at some point in time.

Staff reported that one penny on the real estate tax rate generated around \$250,000.

The Board members thanked the Schools for their presentation and the School Board meeting was adjourned at 10:15 a.m.

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

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IN RE: LIBERTY LANDING

Planning Manager Kelli Le Duc reviewed the rezoning application scheduled for public hearing on April 10, 2014. Present on behalf of the applicant, Bridgewater Crossing, Inc., were David Rudiger and Kenneth Merner.

Larger scale drawings were exhibited, along with floor plans and artist concepts. The applicants explained that the project would be laid out in "town center fashion" with the commercial at the front and the townhouses behind, for an "in town feel".

It was confirmed that there were trails and sidewalks throughout the development to provide walkability.

Mr. Burrell asked about the exclusion of "big box stores". It was explained that under the current zoning, any commercial building larger than 2,500 square feet would require a conditional use permit approved by the Board.

The applicants indicated that they would be willing to commit to constructing the first two commercial buildings, or 1,500 square feet, as part of the initial development and were willing to add that to their proffers.

Another item they advised that they would be willing to add to their proffers was a commitment to the architectural elevations shown in the drawings that made the residential units look like a series of homes.

They reviewed concept floor plans, noting that some units faced out to the street and others to the courtyards, where the amenities would be located. It was advised that their original plan was to have four-story buildings with elevators, but they had revised their plan to have three-story walkups, with all first floor units having handicapped accessible features.

They emphasized that the proposed development would be high quality and not low income housing, and would fit in well with what was currently in the Bottoms Bridge area.

There was a discussion regarding the number of parking spaces. The applicants advised that they would comply with whatever the County regulations were but would strive for two spaces per unit.

There was discussion regarding the fire-rescue proffers. It was explained that an existing house on the property was proffered to be donated to the County for a fire-rescue facility, and the applicant would construct an equipment building similar to the one in Lanexa, during the first phase of construction. It was confirmed that the \$70,000 estimated to

construct the equipment building would be credited towards the \$500-per-unit cash emergency services proffers.

Mr. Burrell asked about the two different figures for cost-to-benefit ratios set forth in the application. The applicant explained that they had run two scenarios, one with 100% build-out and one at 50% build-out, and both were still positive to the County after 20 years.

County Attorney Michelle Gowdy asked for a short recess and, when the meeting was called back to order, she reported that it had just been learned that the notice of public hearing for April 10 had not appeared in the local newspaper as requested and that the public hearing could not move forward since it had not been properly advertised. There was discussion regarding recent problems with legal ads and it was decided that staff would look at the issue further and decide in the next few days how to move forward.

Mr. Tiller expressed his appreciation to the applicants for their taking time and effort to listen and respond to comments made at the public hearings.

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IN RE: METROPOLITAN PLANNING ORGANIZATION UPDATE

Ms. Le Duc updated the Board on the proposed reorganization of the Metropolitan Planning Organization (MPO).

She explained that based upon information received from the federal government, the MPO attorney was of the opinion that only local elected officials would be allowed to vote and it was best if the Board appointed one of themselves in her place so that New Kent would be able to cast its two votes at the upcoming April 10 meeting, when there would be a decision made on a grant proposal that affected New Kent County.

Ms. Gowdy advised that she had spoken with the MPO's attorney and would be participating in an upcoming conference call with the federal agencies involved.

Mr. Burrell agreed to serve in this capacity on an interim basis.

Mr. Davis moved to appoint James Burrell as a New Kent representative to the Metropolitan Planning Organization to serve a term ending December 31, 2014. The members were polled:

C. Thomas Tiller, Jr.	Aye
James H. Burrell	Aye
Ron Stiers	Aye
W. R. Davis, Jr.	Aye
Thomas W. Evelyn	Aye

The motion carried.

There was discussion regarding replacing the staff who served as alternates with Board members as well, and it was agreed that New Kent would have only one alternate at this time.

Mr. Davis moved to appoint Thomas Evelyn as an alternate New Kent representative to the Metropolitan Planning Organization to serve a term ending December 31, 2014. The members were polled:

James H. Burrell	Aye
Ron Stiers	Aye
W. R. Davis, Jr.	Aye
C. Thomas Tiller, Jr.	Aye
Thomas W. Evelyn	Abstain

The motion carried.

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IN RE: ROUTE 249 WATERLINE PROJECT

Bond Counsel Dan Siegel and Financial Advisor Ted Cole reviewed the upcoming public hearing to be held by the Board on April 10, 2014, on the proposed bond financing for the Route 249 waterline project.

Mr. Siegel reviewed that this process started in November 2013 with a commitment from the Virginia Department of Health/Office of Drinking Water, for a loan of up to \$1.249 million for the line that would connect water systems in Farms of New Kent, Kenwood/Greenwood and Quinton Estates. He explained that this would be a 20-year below market loan, with payments beginning six months after project completion. He advised that rates were priced at 1% below the equivalent AA rate, and included .5% administrative fee paid to the Virginia Resources Authority. He indicated that this would be a new bond issue and would be the fourth supplement to the 2004 revenue bond. He confirmed that a duly advertised public hearing would be held on April 10, but that the loan would not close for another couple of months. He indicated that there would be a resolution for the Board to consider on April 10 that would set parameters for the bond to provide for an amount of up to \$1.5 million and a rate not to exceed 4%, although he felt that the rate would be between 2% and 3%.

Mr. Cole confirmed that this financing had been in the model that he had been running for the utilities system and would result in a debt service of about \$80,000 per year, starting with the FY16 budget.

Assistant Director of Public Utilities Mike Lang reported that it was estimated that the cost of debt service would be covered through maintenance cost savings. When asked if this interconnection would curry favor with the Department of Environmental Quality (DEQ), he advised that it should since it would save that agency time and the expense of reviewing and modeling permits that would no longer be needed, and that DEQ did appreciate the fact that the County was "giving up some water".

He reported that the project was planned to be advertised for bid in mid-April, should begin mid-July, and would take about six months to complete. He confirmed that all easement agreements had been signed by the property owners and would be on the Board's next consent agenda for acceptance. He indicated that the line would be 12" on Route 249 and 8" on Route 612. He conceded that traffic "would be a nightmare" during construction and that discussions were needed on how best to "get the word out". There was discussion regarding completing the waterline work in the area of the intersection of Route 249 and Route 612 so as not to conflict with the roundabout project that was due to start in mid-October and take twelve to eighteen months. Public Utilities Director Larry Dame explained that the contractor would make the final determination as to where the work would begin.

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IN RE: BOARDROOM DAIS

Mr. Hathaway reviewed a proposal to construct a new dais in the Boardroom.

He explained that the new configuration would provide handicapped accessibility to the dais but would likely require the relocation of the first row of seating on one side of the Boardroom. There was discussion regarding the proposal to replace the existing large monitors with smaller ones, as well as individual monitors on the dais for each Board member and computer hookups.

He confirmed that the project would have to be advertised for bids but was estimated to cost in the neighborhood of \$15,000 and take approximately one month. There was discussion regarding paying for the project out of the Contingency Fund.

Mr. Burrell moved that the Board instruct Mr. Hathaway to proceed with advertising a request for bids for a new dais and that the funding come from the Contingency Fund. The members were polled:

Ron Stiers	Nay
W. R. Davis, Jr.	Aye
C. Thomas Tiller, Jr.	Aye
James H. Burrell	Aye
Thomas W. Evelyn	Aye

The motion carried.

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IN RE: OTHER BUSINESS

Mr. Evelyn asked staff and the other Board members to help spread the word about the need for local delivery volunteers for Meals on Wheels.

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IN RE: ADJOURNMENT

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

W. R. Davis, Jr.	Aye
C. Thomas Tiller, Jr.	Aye
James H. Burrell	Aye
Ron Stiers	Aye
Thomas W. Evelyn	Aye

The motion carried. The meeting was adjourned at 11:31 a.m.