

A SPECIAL BUDGET WORK SESSION WAS HELD BY THE NEW KENT COUNTY BOARD OF SUPERVISORS ON THE 23RD DAY OF APRIL IN THE YEAR TWO THOUSAND FOURTEEN IN THE BOARDROOM OF THE COUNTY ADMINISTRATION BUILDING, NEW KENT, VIRGINIA, AT 9:00 A.M.

IN RE: CALL TO ORDER

Chairman Evelyn called the meeting to order.

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.

IN RE: FY15 PROPOSED BUDGET

County Administrator Rodney Hathaway reviewed the proposed budget and invited questions and discussion on those items in the General Fund, Capital Fund and School Fund that resulted in the \$4.9 million increase.

It was pointed out that the proposed \$11 million Capital Improvement Plan (CIP) would entail using approximately \$3.6 million from the Capital Fund fund balance.

The first item under discussion was the \$8.4 million public safety radio system (which would become a part of a regional system headed by York County) that was not proposed for funding in the FY15 CIP, but was included in the options available to the Board to consider.

Board members commented that the projected cost for the radio system kept increasing and asked why it was so expensive.

Staff confirmed that the survey was still underway and that the majority of the cost was for purchase of equipment and construction of towers. It was reported that each handheld radio unit cost approximately \$5,000 and close to 400 units were needed to equip every firefighter/EMT, every deputy, and every school bus. Those units would have a lifespan of five to seven years and there would be some escrow funds included in the yearly maintenance fee that would help with upgrades and replacement when needed. It was confirmed that a grant had been obtained for \$400,000, which left \$8 million for the County to finance, which would require an annual debt service payment of \$960,000 over a ten-year period (and a four-cent increase on the real estate tax rate).

Board members expressed their frustration that the radio system had always been a problem in New Kent and that a substantial amount had been spent on it five or ten years earlier that didn't fix the problems, and how Motorola had not "backed up what they sold us" and was again the proposed vendor for this project. One commented that the County could move forward with the project and "still be no better off than it is now".

Chief Deputy Joe McLaughlin admitted that there had been some "issues" with Motorola.

There was discussion regarding how more towers were now needed because of the tighter coverage required by the new frequencies. Staff reported that New Kent had looked at several options, including joining with Hanover County (at a cost of \$38 million), and had determined that joining the York County system was best.

It was confirmed that the study currently underway was looking at opportunities to co-locate on all existing towers and structures, including those in other localities that were close to the County line. Fire Chief Rick Opett explained that the first phase of the study had been completed and that the second was soon to start, which would look at frequencies and identify the best location for towers, and that co-locating on existing structures would be a priority in order to keep the cost of the project as low as possible. It was reported that each new tower would cost about \$1.5 million each.

There was a discussion regarding frequencies. Chief Opett advised that New Kent had been assigned six frequencies that "will carry everything we need".

Chief McLaughlin explained that the new system would create a bridge between systems in Hampton Roads and Central Virginia, and would allow New Kent deputies to communicate by radio when out of the County, not only with the Dispatch Center but also with other localities. He indicated that the \$8.4 million cost was a "worst case scenario" but added that if New Kent missed its opportunity to work with York County and add to the infrastructure already in place, he feared it might cost New Kent four times more than \$8.4 million. He added that the Sheriff's Office could no longer find replacement radios for its existing system.

Board members asked about that "window of opportunity". Chief McLaughlin advised that York County had not given New Kent a deadline but he was afraid that locality would "close the door" and move forward to upgrade its system without New Kent. Chief Opett reported that the \$400,000 grant was available until August 2014.

Board members agreed that it was a public safety issue and that a new radio system was needed, but with the loss of OTB revenues, they could not support raising taxes to pay for it without "much more" information. Chief Rick Opett suggested that he arrange for someone from York County meet with the Board at the next work session to answer questions and would check on that individual's availability.

Mr. Hathaway confirmed that another grant had been applied for related to the radio system but the County had not received word on any award and there might be other grant opportunities as well.

On another issue, Chief McLaughlin announced that the Sheriff's Office had just received notification of a grant award for a marine patrol unit and asked for that item to be removed from the CIP funding request. He indicated that the \$123,000 grant would also cover the replacement of two police motorcycle units and a small robot. He confirmed that existing equipment would be put up for sale.

Mr. Burrell asked about the replacement of Sheriff's Office vehicles and whether there was any study that reflected what model was the best based on maintenance costs and lifespan. Chief McLaughlin reported that most of the vehicles up for replacement had odometer readings in excess of 130,000 miles, and that others were being replaced because of maintenance and repair issues. He explained that studies showed little difference in maintenance costs between makes, but that their office tried to stay with a particular model so that they could have parts available when needed.

Regarding the proposed replacement of the 5,000-gallon fuel tank at George Watkins Elementary, School Superintendent Robert Richardson, Jr. was asked if better estimates had been obtained. Dr. Richardson advised that several contractors had been out to the site and, because of the engineering required, none of the additional estimates had come in under \$100,000. He indicated that he would follow up with Maintenance Director Tim Pollock for updated information.

Board members asked about the \$600,000 Financial Software project. Assistant County Administrator Jonathan Stanger explained that the Needs Assessment had been completed and had identified 2,300 needs from various County offices and departments that could go into a Request for Proposals (RFP); however, no RFP had been issued as staff was waiting to see if it would remain in the budget. He added that a Request for Information (RFI) had been issued as part of the Needs Assessment, to which six companies had responded. He reported that there were some companies who "could do bits and pieces" and some that could do all of it. He admitted that this would be a complex project and it was not likely that one company could meet all 2,300 needs, and he spoke about some of New Kent's unique needs that included the Bottoms Bridge Sewer District and the Community Development Authority (CDA).

Mr. Davis asked if the costs related to the CDA could be borne by the Authority. Staff confirmed that any direct costs had been passed on to the CDA for payment in the past and was provided for in the CDA Agreement.

Mr. Hathaway added that staff was concerned about the future of the existing financial software system that was "out of date" and was being abandoned by a lot of other municipalities.

Board members remarked that they knew this project had been "pushed off for years" but asked for more information. Mr. Stanger advised that he would prepare a summary for the Board outlining the findings of the Needs Assessment.

Board members asked about funding requests for fire-rescue apparatus. Mr. Hathaway explained that it was proposed to purchase four engines and one rescue truck over the next five years. Chief Opett advised that the FY15 request was for a combination rescue/pumper for Station 3 in Eltham. He explained that unit would have both rescue and firefighting capability, and would increase the chance of staff "being on the correct unit" when a call came in and would reduce the amount of vehicles needed. He indicated that the squad unit currently in Eltham would be moved to Station 2 in Quinton.

Chief Opett confirmed that the grant application for the proposed ladder truck had been submitted but that no awards had yet been made.

Board members asked about the status of the Burn Building project. Chief Opett reported that the RFP was ready but would not be issued until the lease with Henrico County had been settled. He indicated that there were no "defined" commitments from any of the localities or agencies that would be using the facility, which were identified as the Town of West Point, King William County, James City County, the James City/Bruton Volunteer Fire Department, King and Queen County, and Charles City County. He explained that the amount of the commitment would depend on the size of the department or agency, and he confirmed that there would be more than just fire training at that facility.

There were questions about the practice of burning down houses for training. Chief Opett advised that they would do that if the circumstances met the criteria and spoke about how much preparation and manpower was required.

The Board then considered the various "options" that had been presented to deal with the \$402,000 loss of OTB revenue and two which also provided funding for the radio project.

Option A included maintaining a real estate tax rate at the Equalized Rate of \$0.84, and using additional real estate tax revenues identified by the Commissioner of Revenue based on updated assessment totals, eliminating funding for the Community Director position as well as the Firefighter position, and partially reducing the FY17 debt service transfer.

Option B also maintained the Equalized Rate of \$0.84, used additional real estate tax revenues, eliminated funding for the Community Development Director position, and reduce School funding by \$146,873.

Option C was based on a real estate tax rate of \$0.85, used additional real estate tax revenues, reduced School funding by \$100,000, and increased the transfer to FY17 debt service.

Options D and E were not discussed because they would require a tax increase to fund the radio project.

Board members asked about the status of the State budget. Staff reported that it was unknown when the State budget would be adopted, and one of the items that would impact New Kent was the 2% raise proposed (but not funded) by Governor McAuliffe for State employees and teachers. Mr. Hathaway advised those raises would apply to Constitutional Officers (but not their staff who were County-funded), Social Services employees, and some deputies, which could impact the County by \$20,000 to \$30,000, depending on the effective date of those raises. Dr. Richardson reported that it was his information that the effective date was April 15, and advised that it would be a huge impact on the School System as they would have to dismantle their budget. He added that his recommendation would be to decline those additional revenues and move forward on the salaries that had been proposed. He confirmed that their budget was based on the original budget of former Governor McDonnell from December, but added that New Kent Schools would get more revenue from the Senate budget and less from the House of Delegates budget, and he suspected that the amount would be "somewhere in between". He shared that communication from the State Superintendent Association suggested that there appeared to be no evidence of a compromise and that the State budget process might go beyond June 30.

There was discussion regarding the consequence of the State not adopting a budget by June 30. County Attorney Michelle Gowdy advised that she would have to check to make sure but she thought that the State would revert to default funding in that event. If the County failed to pass its budget, then there would be no authority to spend money.

Dr. Richardson explained that the School Board could not issue contracts without an adopted budget, and that the longer it took, the greater the chance of their losing employees because they could not give them a contract. However, other localities were "in the same boat".

There was discussion regarding school enrollment. Dr. Richardson explained that New Kent had fewer students than had been projected for the current year, with 40 less Kindergarten students.

Mr. Davis advised that he liked Option B and did not want to raise taxes without knowing what the State revenues were going to be or "where we need it". Other Board members appeared to favor that option as well.

There was discussion regarding the current status of thoroughbred horseracing at Colonial Downs, and the impacts that loss would have on County revenues, but also on the residents who worked at the track. Ms. Gowdy advised that Delegate Chris Peace had requested an opinion from the Attorney General regarding the authority of the Virginia Racing Commission but she did not expect it would have any impact on the current budget.

Mr. Hathaway next reviewed the challenges facing New Kent that included unknown figures for education funding; \$1.2 million in operating costs for a new elementary school (that translated to five cents on the real estate tax rate for FY16); \$300,000 in additional debt service for FY17; the fact that the County was close to its existing debt limits as allowed in its financial policies; the fact that the proposed public utilities user rates increase and *ad valorem* increase for the Bottoms Bridge Service District had been necessary in order to meet utility bond coverage compliance; loss of OTB revenue; and CIP needs over the next five years to include the public safety radio system, New Kent Elementary School renovations, new fire stations, new fire apparatus, and a new Animal Shelter. There was discussion regarding Mr. Burrell's inquiry about the possibility of contracting with Charles City County to use their recently upgraded Animal Shelter.

Board members next reviewed the proposed schedule for public hearing and adoption. There was consensus to advertise at the Equalized Rate of \$0.84 and to hold public hearings at the Board's May business meeting.

There was more discussion regarding the radio system and the operating costs associated therewith. Mr. Davis spoke about a recent tower project in King and Queen County. Mr. Hathaway explained that locality had used American Recovery and Reinvestment Act funds to build towers to provide broadband cable service and was using those same towers for radio communications as well. Mr. Davis asked County staff to contact that locality as well as the company involved in the project to see if New Kent could do something similar. Ms. Gowdy advised that she would check to see if that would affect the County's franchise agreement with its current cable provider.

IN RE: CLOSED SESSION

Mr. Burrell moved to go into Closed Session pursuant to §2.2-3711A.7 of the Code of Virginia for consultation with legal counsel pertaining to actual or probable litigation where such consultation and briefing in open meeting would adversely affect the negotiating or litigating posture of the public body and consultation with legal counsel employed by the Board regarding specific legal matters requiring the provisions of legal advice by such counsel involving the Historic School PPEA, outside counsel and the Commissioner of Revenue's Office; and pursuant to §2.2-3711A.29 of the Code of Virginia for discussion of the terms or scope of such contract where discussion in open session would adversely affect the bargaining position or negotiating strategy of the Board involving the Historic School PPEA. 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. The Board went into closed session.

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

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

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

The motion carried.

IN RE: ADJOURNMENT

Mr. Davis 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 11:15 a.m.