

A SPECIAL BUDGET WORK SESSION OF THE NEW KENT COUNTY BOARD OF SUPERVISORS WAS HELD ON THE 25TH DAY OF APRIL IN THE YEAR TWO THOUSAND SEVEN OF OUR LORD IN THE BOARDROOM OF THE COUNTY ADMINISTRATION BUILDING IN NEW KENT, VIRGINIA, AT 3:00 P.M., HAVING BEEN CONTINUED FROM APRIL 23, 2007.

IN RE: ROLL CALL

Mark E. Hill	Present
David M. Sparks	Present
James H. Burrell	Absent
Stran L. Trout	Present
W. R. Davis, Jr.	Present

The Chairman reconvened the meeting that had been continued on April 23, 2007, and announced that Mr. Burrell would not be in present because he had to attend a funeral.

IN RE: REVIEW OF POTENTIAL CHANGES

County Administrator John Budesky reviewed that increased courthouse security fees and an increase in the admissions tax had been identified as potential sources of additional revenue. He further reported that members of the Budget Management Team had met with the School Board staff to search for items in its operating budget that could be covered under capital funds and had found very little. However, he indicated that they had identified \$153,690 worth of capital items in County operations that could be freed up for additional operations money, and that those funds, combined with those identified at the previous meeting, would allow the Board to fully fund the School Board's request and have an additional \$81,527 to allocate elsewhere. He advised that staff continued to recommend that some of these funds be added to Contingency. He reminded the Board that the debt service plan called for a seven cent (equivalent) real estate tax increase over the next two years and that should the Board elect not to put the additional funds into Contingency, then he would suggest that the funds be put towards debt service.

He reminded that in order to adhere to the proposed budget timeline, advertising would have to be sent to the newspapers no later than the end of the week, and if concerns were not resolved at this meeting, then he would encourage additional meetings be held prior to the end of the week in order to meet the advertising deadline.

Mr. Sparks commented that he and Mr. Hill had shared their concerns about some of the individual budget line items. He indicated that the justifications and explanations received from staff were extremely helpful and he had no further questions for the time being.

IN RE: SCHOOL FUNDING

Mr. Budesky indicated that the School Board had come to the Board with a demonstrated need for the funding they had requested and had advised that if the Board did not increase the funding above what had been recommended by the Budget Team, the School Board would have to reduce teacher raises to 4.5%. If full funding was received, they had assured him that they would be able to provide 5% raises and cover the increase in health insurance premiums.

There was a discussion regarding the School Board's health insurance costs. School Superintendent Roy Geiger explained the options available to teachers and he provided information on the breakdown of the portions paid by the School Board and its employees.

He reported that the School Board had been advised to expect and budget for a 16% increase in its premiums; however, the increases came in at 25%. He indicated that it was trying to negotiate to reduce the increases. He advised that it had been suggested that the School Board could join the County's plan but that action, while decreasing the School Board's premiums, would increase the premiums that the County paid. He reported that its efforts to form a regional insurance pool had not been successful. He attributed the higher premium cost to the fact that its employees were predominately female, who historically used health insurance and sought medical care more than males. He advised that it was his opinion that New Kent's teachers were paying a larger portion of their health insurance premiums than teachers in surrounding jurisdictions and that may have an impact on retention and recruitment.

IN RE: LIBRARY FUNDING

Alan Bernstein, Librarian at the Heritage Regional Library, was available to answer questions. Mr. Budesky advised that he had shared the Board's concerns about what additional services could be provided to the citizens, given the limited space at the Library, should the Board increase its funding. He indicated that Mr. Bernstein had provided a letter outlining that additional funding would permit additional programs, online catalogs and additional computers/work stations.

Mr. Trout pointed out that library funds were designated by the Library Board. Mr. Bernstein responded that he had reviewed the contents of his letter with members of the Library Board and they would commit to what was set out.

Mr. Bernstein reported that the Heritage Library currently had ten public use computers and often had a line of patrons waiting. He advised that he could make room for four more computers and work stations in the Reference Room, without jeopardizing the safety patterns.

He spoke about staffing and the constant need to "juggle" staff in order to serve the rapidly increasing patronage. He indicated that the Library had two part-time employees each working 26 hours a week and two each working 25 hours per week.

When asked if the Library would purchase computers or hire staff first with additional funding, he replied that the easiest to accomplish would be the technology-related improvements, but the most important would be serving early childhood needs.

Mr. Bernstein explained that more and more patrons were interested in being able to search the Library's records at their own leisure from their home computers, looking up titles as well as reserving and renewing books.

Mr. Bernstein confirmed that Heritage Library was the smallest regional library system. There was discussion regarding becoming a part of a larger system. Mr. Bernstein indicated that would be a political decision and it would be up to the governing boards of the localities to come to some kind of agreement to dissolve the existing system and approach a larger one with a request to join.

Mr. Bernstein confirmed that with an increase in funding, there was a possibility that operating hours could be expanded.

He thanked the Board for the opportunity to meet with them and discuss the Library's needs and plans.

Mr. Trout stated that he was concerned that if the Board increased one agency by 100%, then it was that much more important that it consider the internal areas as well. He commented that the Board might not be addressing the needs in County staff, specifically building inspectors, who would be needed with the growth in the County, and it was important for the Board to keep its priorities straight.

Mr. Budesky pointed out that the Board had been advised as to what positions had been requested, and that thirteen requested positions in the Permitting and Environmental departments were not among those being recommended for funding. He commented that he could not dispute the County's growth and the need for those positions, and that should the Board wish to fund them, it had the information to do so.

Mr. Sparks commented that he felt that the Board "took care of its staff" and noted that New Kent had consistently failed to fund the Library at the State recommended levels.

Mr. Davis indicated that the Budget Management Team had done a good job and was made up of County employees. He noted that since Mr. Budesky's hire, quite a few positions had been changed around and that the departments had been reorganized.

IN RE: ASSESSMENT OFFICE

The Board continued to discuss the possibility of having the Commissioner of the Revenue assume reassessment duties.

Mr. Budesky related that he had spoken with Mr. Burrell who felt that he had shared his priorities with the Board and was clearly in favor of a two-year assessment cycle.

Mr. Davis distributed information on revenue from Public Service Companies which showed 100% in 2004; 89.3% in 2005 and 70% in 2006. He indicated that it should never fall below 88% - 90%, and pointed out that the County had lost \$480,000 in income from this alone because it was on a four-year reassessment cycle. He reminded that the current Commissioner of Revenue would not accept the Board's offer to perform reassessment duties unless she was funded at the levels she had requested. He spoke about the County losing revenue on new construction.

Mr. Hill and Mr. Sparks both indicated that their positions had not changed.

Mr. Budesky summarized the situation. He indicated that a case had been made to go to a two-year assessment cycle. The choices for the Board were to continue to contract a firm to do the reassessment; create an assessor's office (which was unsuccessful last year); or perform it in-house in the Commissioner's Office. He recounted that the current Commissioner had agreed to accept the duties in return for a salary supplement of \$16,000, two new positions, and upgrades for some of her employees.

Mr. Sparks pointed out a fourth option - not to do anything at the current time.

Mr. Trout stated that the County would continue to lose money if it stayed on a four-year cycle.

Mr. Davis agreed, stating that it was not fair to the citizens.

There was discussion regarding the funds that the County received from Public Service Properties. Commissioner of the Revenue Laura Ecimovic explained that the County did not perform reassessments on Public Service Properties as that revenue came directly from the State and was based on sales ratios.

Mr. Trout proposed another option of starting the proposed supplement, salary upgrades and new positions on July 1, 2008 rather than January 1, 2008, and the Board could address it in next year's budget. Mr. Budesky agreed that was an option but pointed out that, in his conversations with Ms. Ecimovic, she indicated that she needed sufficient lead and start up time.

Ms. Ecimovic explained that the program would be labor intensive, would require extensive training, and would need to be accomplished in an effective manner to make sure it was done properly. She further explained that reassessment was not just about losses but also about equalization for taxation. She advised that when she picked up new construction, she was not permitted to assess it at current rates but at the last general reassessment rate, which was "a huge difference". She indicated that more frequent reassessments permitted a "level playing field" for new construction.

Mr. Hill clarified that he had no issue with having two-year reassessments but was not comfortable with having it done in-house. He stated that he felt it was better to hire an outside firm rather than increase County staff, citing the cost of health insurance, pay raises, mileage reimbursements and vehicles.

Mr. Davis indicated that the cost for an outside firm would continue to increase as well.

Mr. Sparks stated that this was a significant decision that did not have to be made at this time, pointing out that the new Board elected in November might not like the idea.

Ms. Ecimovic indicated that she would still need the field inspector position and vehicle because of the growth in residential development. She commented that she felt the County failed to recognize its responsibility to fund that position. Mr. Budesky admitted that it had not been made clear to the Budget Management Team that the position would be needed if reassessment duties were not incorporated into the Commissioner's Office.

There was discussion regarding how to handle the lack of consensus. Mr. Summers confirmed that there was no proxy for Mr. Burrell in his absence.

Mr. Davis predicted that the next time the County bid out reassessment services, it would cost approximately \$400,000. Mr. Sparks did not agree, stating that there may be some savings based on economies of scale. Mr. Budesky reported that there had been three or four bidders on the current contract and that the next to the lowest bidder had a rate of \$19 per parcel.

Ms. Ecimovic indicated that most similar-sized localities performed their re-assessments in-house and she felt it was the most economical way to do it. She again emphasized that six months was not sufficient time to set up the process and hire and train staff.

Mr. Budesky suggested that the budget be advertised to include the requests of the Commissioner of Revenue, pro-rated to begin on January 1, and the Board could make a decision at the time of budget adoption.

IN RE: AIRPORT

Mr. Budesky indicated that this item was on the agenda because Mr. Burrell had expressed some concerns about the airport. He advised that local impact for operations for 2008 was \$27,561 and that the only way to save money was to shut down the airport.

IN RE: PROPOSED FIRE & RESCUE ORDINANCE

Fire Chief Tommy Hicks reported to the Board following a recent meeting with adjacent and mutual aid localities.

He advised that James City County had recently adopted a cost recovery program effective July 1 but had not included a subscription plan.

He indicated that as of July 1, Charles City County would also be operating under a cost recovery program but did have a subscription plan at an annual cost of \$65.

It was reported that in 2006, West Point answered approximately 120 calls in New Kent (30 fire calls and 90 EMS calls) and that the annual donation New Kent made to West Point averaged out to \$134 per call.

It was reported that Providence Forge Volunteer Rescue Squad answered 390 EMS calls in New Kent in 2006 and the annual donation to that agency averaged \$205.20 per call.

He explained that if an agency was a part of New Kent Fire-Rescue or was a permitted agency, then New Kent County would bill users for its ambulance transport services. Services rendered by a mutual aid locality would not generate a bill.

He reported that representatives from surrounding localities who attended the recent meeting were interested in discussing interoperability and reciprocity. He confirmed that for the time being, if a New Kent resident received service from an adjacent locality that was operating under cost recovery, that resident would receive a bill from that locality and any subscription fee that particular resident might have with New Kent would not apply. He commented that neighboring localities were working better together and that he anticipated that discussions on possible reciprocity would continue.

He reminded that the revenue from cost recovery would enable the County to move paid personnel to Stations 2 and 3 and closer to the more remote areas.

Chief Hicks confirmed that as of July 1, James City County would no longer bill New Kent for the calls it made into the County but would bill the users instead.

Gary Mathews of Diversified Ambulance Billing (DAB) indicated that their program could be customized to meet the guidelines set by the Board. He advised that DAB was the ambulance billing company for both Hanover and James City County. He also stated that he was not aware of any jurisdiction in the State that was honoring the subscription program of an adjacent locality.

IN RE: BUDGET

The Board continued to review the proposed budget. Mr. Budesky pointed out that with the previously reviewed changes and options for increased revenue, there were funds available

to fully fund the School's request, increase contributions to the Library, and have a balance of about \$60,000 which he recommended be put into Contingency.

Mr. Hill suggested that the Board make a one time adjustment and move funds from the capital account into operations in order to free up more money for teacher salaries. He stated that he was very disappointed that the County wasn't doing more for the teachers, commenting that the proposed 5% increase would not "make a dent" in bettering teacher salaries. He stated that New Kent would continue to have problems with teacher recruitment and retention and would remain the lowest paying municipality in the area.

Mr. Budesky indicated that he would continue to recommend against using capital funds for any ongoing expenses.

Superintendent Geiger advised that a 5% increase would allow New Kent to "catch up some" and was a step in the right direction.

There was consensus to proceed with advertising the budget with the additional funding as recommended and that a decision on reassessment would be made at the time of budget adoption.

IN RE: OTHER

Chairman Trout reminded that a Board member needed to be appointed to the recently resurrected Finance Committee. Mr. Budesky noted that a citizen appointment to that Committee was also needed. It was agreed to consider those appointments at the next regular business meeting.

Mr. Trout also announced details on the upcoming dedication of the I-64 westbound rest area and the annual Volunteer Appreciation Dinner.

IN RE: ADJOURNMENT

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

Mark E. Hill	Aye
David M. Sparks	Aye
James H. Burrell	Absent
W. R. Davis, Jr.	Aye
Stran L. Trout	Aye

The motion carried.

The meeting was adjourned at 4:40 p.m.