

THE REGULAR WORK SESSION OF THE NEW KENT COUNTY BOARD OF SUPERVISORS WAS HELD ON THE 29<sup>th</sup> DAY OF MARCH IN THE YEAR TWO THOUSAND SIX OF OUR LORD IN THE BOARDROOM OF THE COUNTY ADMINISTRATION BUILDING AT 6:00 P.M.

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IN RE: ROLL CALL

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

Chairman Sparks called the meeting to order at 6:00 p.m.

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IN RE: ROUTE 604/POINDEXTER ROAD

Before the Board for consideration was Resolution R-16-06 approving the abandonment, addition and discontinuance of sections of Route 604/Poindexter Road.

Community Development Director George Homewood explained that the Route 604 project was completed a decade ago and that this was a housekeeping measure requested by VDOT. He reported that there were new sections of the road that needed to be added into the state system, as well as sections that needed to be abandoned because they had been replaced with new sections. He indicated that the 720-foot section close to Route 155 that was being discontinued (taken out of the active category but ownership retained by the State) may become part of a bike path that would connect to the Capitol Trail. He indicated that the portions of the road to be abandoned would be turned over to the adjacent property owners, one of which was the VDOT area headquarters property that the County intended to acquire. He indicated that these changes would not result in any parcel being landlocked, and that all property owners in that area have direct access to the new portions of the roadway.

Mr. Davis moved to adopt Resolution R-16-06 as presented. The members were polled:

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

The motion carried.

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IN RE: PROPOSED BUDGET FOR FY06/07

Chairman Sparks clarified that the Board would be only reviewing the proposed budget for fiscal year 2006/2007 and that future meetings would be scheduled to work on some of the details.

County Administrator John Budesky commended and thanked staff for their cooperation and hard work in developing the proposed budget. He acknowledged that many requests had gone unfunded and stressed that staff had done its best to look at operational efficiencies and to locate additional sources of revenues. He identified the members of the budget management team as being himself, Accounting & Budget Director Mary Altemus, Assistant

Accounting & Budget Director Amy Stonebraker, Community Development Director George Homewood, and Accountant Rita Edwards. He described the proposal as a balanced budget that was "tightly wound" and reported that each department had been requested to flat-fund their requests. He reported that the only increases that were accepted were in the fuel and postage line items.

Mr. Budesky emphasized that, despite the popular misconception, the County had no plans to burden the taxpayers with the cost of the utility system, which will be paid for by its users out of the Utility Fund which is separate from the General Fund.

Mr. Budesky identified budget challenges over which the County had no control as being a 62.77% increase in the Virginia Retirement System (\$195,565), a 17.3% increase in health insurance costs (\$115,239), and a 1.22% increase in group life insurance costs (\$56,450). Other challenges to the budget were a 109.5% increase in debt service (\$2,672,084), a 4.4% increase in local school funds (\$400,000) and the funding of 15 new full-time positions (\$809,778).

He reviewed the proposed revenues, which were estimated to increase \$46,557,893 from the current year (which included loan revenue of \$49,912,000 for the new high school). It was reported that 63% of the County's revenues went to the schools, with 8% going to capital projects and 26% to the General Fund.

Locally generated revenues were predicted to be \$22,284,896, representing an increase of 21.2%. General property taxes were reported to make up 76% of the local revenues. Mr. Budesky commented that well over 90% of the County's revenues were derived from residential taxes and that the County needed to have a healthier balance between residential and commercial tax revenue; however, he indicated that he recognized that until the utility systems were in place, it would be difficult for the County to attract business revenue streams.

Mr. Budesky explained that the meals tax was projected to bring in \$300,000 in FY07, with 50% being dedicated to schools (\$150,000), 25% (\$75,000) to economic development and 25% to parks & recreation (\$75,000).

Fines collected were projected to be \$200,000, an increase of \$30,000. It was acknowledged that the passage of pending legislation in the General Assembly might affect those figures.

Categorical Aid – Shared Expenses were projected to be \$1,340,905, an increase of \$82,860. The Board members asked for additional information on this revenue.

Recovered costs were estimated at \$231,363, an increase of \$116,950 (which included the personnel proffers from Farms of New Kent). Social Services revenue was projected to increase as well, up \$288,826 in state and federal reimbursement.

The capital fund balance used to fund capital projects for FY07 was reported to be \$2.3 million; the Brickshire proffer fund balance used to fund capital projects for FY07 was \$400,785; \$100,000 representing the Farms of New Kent proffer (to be used for Criss Cross park); a loan of \$5,075,000 for the sheriff's complex; a general fund transfer of \$140,000 for real estate reserve; and a \$75,000 transfer from the meals tax revenue for Quinton Community Park.

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The revenue from the Commonwealth was reported to decrease by \$13,532. The impact of the Personal Property Tax Relief Act was reported to be an increase of \$41,180 for FY07. This was the increase in the amount the County would receive from the State. E-911 Revenue was estimated to increase by \$15,000 for FY07 and E-911 wireless revenue by \$7,819. The amount of Fund Balance to be used to balance the E-911 fund increased by \$38,859.

School Revenue was projected to increase by \$1,531,955. Mr. Budesky pointed out that all school debt (formerly in the schools' operating budget) would be in the new Debt Service fund and managed by the County.

Regarding the water and wastewater revenue, Mr. Budesky explained that staff was not recommending an increase in the *ad valorem* tax for next year, recognizing the impact that the upcoming connection fees would have on the property owners in the Bottoms Bridge Service District. However, he cautioned that the County would need to look at an increase in the *ad valorem* tax rate in the ensuing years, indicating that the current rate was extremely low. Revenue from water and sewer connection fees in the Bottoms Bridge Service District was projected to be \$220,500 and \$441,000 respectively.

Water and wastewater operating expenses were projected to increase by \$19,471,027. Debt service on Bottoms Bridge construction expenses was reported to be \$758,994.

Mr. Budesky indicated that staff was recommending that the connection and availability fees remain unchanged for the upcoming year since they were increased at the end of 2005, but staff was recommending an 8% increase in the water and sewer rates. He emphasized that it was important for the utility system to be self-supporting, and he asked Ted Cole of Davenport to review the pro-forma prepared in this regard.

Mr. Cole explained that the pro-forma set forth projected operating revenue, operating expenses, non-operating revenue, and parity debt service for 2006 – 2010, and assumed an 8% yearly increase in user rates beginning in 2007 and annual increases in connection and availability fees beginning in 2008. He pointed out that the pro-forma reflected a negative cash flow through 2012, at which time it became cash positive. There was also an assumption of additional borrowing in 2010. A surplus was predicted every year except 2008 and 2010; however, he suggested that the County could use reserves during those years to offset the deficits. He emphasized that the pro-forma was conservative as to build-out, growth and debt, and encouraged the Board to continue to look at this on an annual basis.

The Board was provided with a chart showing how New Kent's fees compares to those in some of the surrounding localities.

Mr. Budesky reported that staff was recommending adding utility construction inspection fees based upon a "per linear foot" rate. Staff was requested to determine what the health department charged to inspect septic systems.

Mr. Budesky correlated many of the budget requests to the Key Performance Areas outlined in the Board's mission statement, including Public Safety (2 new firefighters, self-contained breathing apparatus, and volunteer incentive program); Strengthening Fiscal Resources (increase in fees, grant funding contingency, full-time assessor); Parks & Recreation (funds to develop Quinton Community Park); High Quality Customer Service (new positions to better serve the public, as well as salary upgrades to bring other positions in line with

surrounding localities); Land Use Planning (continuing to budget for purchase of development rights); and Economic Development & Tourism (full-time economic development director, lease and furnishings on the new visitors center funded by meals tax revenue). The Board members expressed an interest in developing a PDR program in the near future and inquired about the possibility of having something to consider at the next board meeting.

It was announced that the opening of the visitors' center would reportedly be delayed from July 1 to October 1

Mr. Budesky reported that staff was recommending that school funding be increased by \$400,000, which is less than what had been requested.

It was pointed out that the proposed budget did not include any provision for LEOS coverage, and if the pending legislation in the General Assembly were to pass, then the County would need to have another actuarial study performed to determine what its local share of such coverage would cost, which could be in excess of \$200,000.

Mr. Budesky reported that 72% of all expenditures were for schools, and only 13% for the general fund. He indicated that such disparity would continue to create an imbalance to the overall general operating budget.

He indicated that the proposal did not fund all of the CIP projects that were scheduled for 2007 and some projects had been moved back into later years. There was a brief review of the CIP projects that were proposed to be funded, including the Sheriff's Mobile Data In-Car Mapping (\$75,000 per year for 3 years, together with an annual cell tower access fee of \$9,300), improvements at the Route 618 transfer site (Mr. Burrell suggested the addition of another compactor might decrease the number of pulls, thereby saving money), and 12 new vehicles including a 15-passenger bus for Parks & Recreation. Mr. Hill suggested the use of a small bus instead of a passenger van, but it was pointed out that a driver would need to have a commercial driver's license to operate such a vehicle.

Mr. Budesky commended the Social Services Director for her success in finding additional revenues and other measures to upgrade the agency. Two new Social Services positions were included in the budget, of which the County would pay 20%. The budget proposal also included salary upgrades for current positions to help decrease the staff turnover. He predicted a dramatic increase in CSA expenditures.

He reported that 17 new (non-utility) positions had been requested (at a cost of \$809,000) and 11 were being recommended (9 full-time and 2 part-time). 11 upgrades were requested and 9 had been recommended. New positions included an Executive Assistant for the County Administrator, assessor, building inspector, two staff firefighters, one Social Services eligibility worker, one social work supervisor, one environmental permits technician (County was recently cited by the State for having insufficient staff to provide necessary services) and one planner (supported by the Farms of New Kent), with new part-time positions of administrative assistant to the Assessor and Assistant Victim Witness Director. Salary upgrades were requested for the HR Specialist, Director of Financial Services, Accounting Assistant, Economic Development Admin Assistant and Social Services Eligibility Intake Worker, and upgrades from part-time to full-time positions for the animal shelter attendant, recreation programmer, parks & recreation admin assistant and Director of Economic Development. Cost of the new positions and upgrades, and the 3 vehicles

associated with some of the new positions, totaled \$614,169. He reported that there was one new utility position recommended, and two upgrades.

Mr. Budesky provided a history of Cost of Living Adjustments (COLA) and merit increases beginning in 2000, and reported that the budget team was recommending a 3% COLA increase and the opportunity for a 1.5% (1 step) merit increase.

He reviewed the proposed School Expenditures, which had increased by 7%. He pointed out that the School Board had reduced its request for additional funds from \$964,350 to \$588,724, and staff was recommending \$400,000.

Debt Service Expenditures were reported to total \$4,211,200.

Airport operating expenses were projected to increase by \$2,950, with a decrease in capital projects of \$582,062. Revenues from proposed increases in building and zoning permit fees were projected to be \$89,567.

Mr. Budesky reported that staff was recommending that personal property tax rates on vehicles, airplanes and machinery & tools remained unchanged, but that taxes on mobile homes be increased along with the real estate tax rate.

There was a discussion regarding the increase in the estimates to construct the new high school. Mr. Budesky reported that about \$10 million of the increase was due to the increase in construction costs, from \$1.32/square foot to \$1.73/square foot. Additionally, 8,000 square feet of classrooms had been added to the original plan. He suggested that a future work session would be the appropriate time to bring in the high school architect and School Board staff to further explain and discuss those changes.

He reported that the proposed budget was based on fully funding the new high school, the Sheriff's annex and completion of the second floor of the Courthouse, and the remainder of the renovations to the elementary school. He indicated that staff was recommending that the debt burden be spread out over several years, and that the real estate tax rate be raised by \$.015, from its current rate of \$0.81 to \$0.96 per \$100 of assessed value. On a home valued at \$100,000, such an increase would result in an additional \$150 tax. Of that \$0.15, \$0.08 would be used for capital and \$0.07 for operations.

Mr. Budesky indicated that of the borrowing options for capital projects developed by Davenport, staff was recommending the 20 year (with 2 years at interest only) option, which would require an annual \$0.074 increase in the real estate tax rate in 2007, 2008 and 2009, and would be the least expensive to the County.

Mr. Budesky also reviewed the requests that were made by various agencies, most of which had been flat-funded.

Chairman Sparks thanked staff for the proposal and expressed his approval of the new format.

The Board agreed to meet again on April 6 at which time the high school architect and School Board staff would be invited to discuss the changes in the high school.

Mr. Budesky encouraged the Board members to advise staff of any additional information that they may need after they had a chance to digest the information that was distributed.

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IN RE: APPOINTMENTS

Chairman Sparks indicated that there had been some conversation at the Retreat regarding the expansion of the Affordable Housing Advisory Committee, and the appointment of Chuck Emmons of Quin Rivers to that committee.

Mr. Davis moved to expand the Affordable Housing Advisory Committee to seven members. The members were polled:

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

The motion carried.

Mr. Burrell moved to appoint Chuck Emmons to the Affordable Housing Advisory Committee. The members were polled:

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

The motion carried.

Mr. Burrell moved to appoint Dr. Lee Myers as District Three's representative to the Zoning Ordinance Revision Committee. The members were polled:

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

The motion carried.

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IN RE: MEETING SCHEDULE

Chairman Sparks announced that the next regularly scheduled meeting of the Board of Supervisors would be held at 6:00 p.m. on Monday, April 10, 2006, in the Boardroom of the County Administration Building. He further announced that the Board would be continuing the current meeting until Thursday, April 6, 2006, at 6:00 p.m. in the Boardroom of the County Administration Building.

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IN RE: CLOSED SESSION

Mr. Burrell moved to go into Closed Session for consultation with legal counsel pursuant to Section 2.2-3711A.7 of the Code of Virginia about actual or probable litigation, and to

discuss a personnel matter pursuant to Section 2.2-3711A.1 of the Code of Virginia involving evaluation an employee. The members were polled:

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

The motion carried.

The Board went into closed session.

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

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

The motion carried.

Mr. Davis made the following certification:

Whereas, the New Kent County Board of Supervisors has convened 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.

Chairman Sparks 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:

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

The motion carried.

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IN RE: CONTINUANCE

The meeting was suspended at 10:10 p.m.

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