

A SPECIAL BUDGET WORK SESSION OF THE NEW KENT COUNTY BOARD OF SUPERVISORS WAS HELD ON THE 6th DAY OF APRIL IN THE YEAR TWO THOUSAND SIX OF OUR LORD IN THE BOARDROOM OF THE COUNTY ADMINISTRATION BUILDING AT 6:00 P.M.

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 reconvened the meeting that had been continued from March 29, 2006.

IN RE: HIGH SCHOOL PROJECT – JOINT MEETING WITH THE SCHOOL BOARD

School Board Chairman Gail Hardinge called the meeting of the School Board to order. Present were Dr. Hardinge, Van McPherson, Joe Yates and Terri Lindsay. Duane Harver and Larry Simerson of Rodriguez Ripley Maddux and Motley Architects were also present to review the latest cost estimates on the new high school project.

Mr. Harver reviewed by PowerPoint the project and made the following points:

1. the site for the new high school was fairly large (129 acres), with steep terrain and would require significant clearing and grading;
2. the steering committee was looking for a plan to minimize the impact of traffic on the intersection of Route 249 and Egypt Road
3. the parking lots (with 409 total spaces) were strategically placed in order to handle the sports fields
4. the food court had seating for 470
5. the steering committee had worked with Athletic Director Ed Allen on the athletic facilities
6. the science classrooms were designed to reduce student travel
7. the proposal included a lot of natural lighting in that most classrooms have windows

Mr. Harver explained that the original project budget had been developed based on 224,000 square feet (160 square feet per student x 14 students) at \$132/square foot (average cost for high schools built in Virginia last year) with a 10% inflation rate. He explained that the \$132 figure was derived from 2003 bids received on two high schools in Loudon County. He attributed that low figure to the fact that there was a large pool of general contractors in that densely populated part of the State. He also pointed out that the inflation rate had been higher than the 10% included in the original cost estimate and that prices had "skyrocketed" in 2004/2005.

He reported that 2005 high school projects in James City County and Williamsburg came in at \$181.41 per square foot and \$170.36 per square foot, respectively. He also reviewed costs from some school construction in North Carolina.

Mr. Harver pointed out that the square footage in the project had increased since the initial estimate. That square footage at the current construction cost of \$173.20/square foot, coupled with 19% contingency, had resulted in a cost projection of \$49,912,000, or a \$12,082,240 increase. He emphasized that the original \$38 million estimate had been based on a generic square foot estimate and was not a detailed cost estimate and that the site conditions and required improvements had been unknown at the time.

Five "alternates" were identified as options to reduce costs:

1. installation of polished colored concrete in lieu of terrazzo floors, saving \$330,000 (there were some concerns expressed regarding cracking in concrete)
2. deletion of the bus canopy, saving \$200,000
3. eliminating 88 parking spaces, saving \$59,000
4. deleting competition ball fields, saving \$1,014,000
5. deleting 8 classrooms, saving \$520,200

There was discussion regarding the proposed geothermal heating and cooling system. Mr. Harver reported that they were working with the Green Building Council and Smart Schools, and that the geothermal system, although more costly to install, would cost less in the long term.

The Board of Supervisors requested a listing of cost comparisons between the various heating and cooling systems.

Chairman Sparks asked about any research that may have been done in other areas of the country. Mr. Harver stated that local builders were often unfamiliar with some of the building systems being used elsewhere. Mr. McPherson indicated that the committee had looked at some pre-fab units which would require bringing in and housing crews from out of the area to assemble the structure. Mr. Harver indicated that they had considered the steel frame/veneer option, but with the significant increase in the cost of steel, contractors had advised that masonry would be better.

There was discussion regarding the contractor pool and the bidding process. Mr. Harver stated that there were about 15 area contractors who normally bid on school projects, mostly out of Richmond, but he anticipated that New Kent would also draw bidders from the Peninsula. He indicated that out-of-state contractors normally bid only when it was a very large job. He also commented that normally lower bids and more bids were received when there was less work to go around.

He indicated that although construction costs may have leveled off somewhat, many construction products were petroleum-based, which made it more difficult to estimate costs.

Regarding the alternate 8 classrooms, Mr. Harver indicated that it would cost three to four times more to add those rooms in the future than it would cost to include them in the initial project.

Mr. Burrell inquired about a design that would have more space on a second floor and a smaller footprint, which would decrease the amount of foundation and roof. Mr. Harver pointed out that such a design would require more stairs and elevators, which likely would not save money. He indicated that the present design was as compact and tight as they could make it, and still provide as much natural light as possible. Mr. McPherson reported that changes had to be made to provide exterior access for athletic groups as well as for the art and horticulture classes. He described the work that was done to make the proposal as efficient and compact as possible and still provide for identified needs. He indicated that the only excess space that was included was the auxiliary gym – and without that, they would not be able to continue with wrestling and some of the other programs.

Mr. Trout suggested that the area between the auditorium and the food court, which was designated for restrooms, should be reserved for expansion and that the restrooms be located elsewhere.

There was discussion regarding the roof, both metal and four-ply built up, and the warranties available and maintenance required on each.

Regarding the bus canopy and deletion of some of the parking spaces, it was reported that less than half of the high school students drive to school, mostly because of a lack of parking spaces.

Athletic Director Ed Allen was invited to address the need for the competition ball fields. Mr. Allen indicated that athletic facilities had been cut when the current high school was built, and that the only ball fields that the students had were built with donations and located behind the current middle school. He stated that those ball fields were more suitable for junior high or recreation purposes and were not what one would expect for high school use. He reported that the competition baseball and softball fields as well as the practice fields would allow middle school students to have baseball and softball programs like other Tri-Rivers Region middle schools, and give everyone a place to practice. The fields would also be available for parks and recreation use. Coach Allen emphasized the need for these facilities and commented that New Kent had shortchanged its kids for the last 20 years on athletic facilities.

It was reported that the project did not include an irrigation system for the ball fields, although Mr. Harver stated that there was a plan to have water at the site.

Mr. Harver indicated that the cost did include all the lines for water and sewer at the high school. There was a discussion regarding the current wells. Public Utilities Director Alan Harrison reported that the County would be installing two new wells and that the wells currently serving the schools would be closed down.

Chairman Sparks expressed his appreciation for all the work the committee had done on the project and invited any committee members in attendance to speak.

Steve Miles spoke about the need for the project and asked the Board to support it.

Mike Morris, Baseball Commissioner with the New Kent Youth Association, stated that this was the first year that the league had to turn away players because of the lack of facilities, and he urged the Board to include the ball fields in the project.

County Administrator John Budesky reported that a public hearing on the budget was scheduled for the May meeting, and that the Board needed to make a decision about the high school project no later than April 22 in order that the newspaper ads could be submitted for publication.

Mr. Hill inquired if the project would be delayed if the Board didn't make a decision until the budget process. Mr. Harver stated that he would have to make some assumptions in order to make some decisions, but that a Board decision by April 22 should enable the project to stay on schedule.

Mr. Burrell suggested that a decision on the high school should be made separately from the budget. Mr. Budesky indicated that the Board would need to make a motion to approve any increase in the cost of the project.

The School Board Chairman adjourned the School Board meeting and the Board of Supervisors took a short break.

The Board reconvened. Mr. Budesky reviewed the proposed 8 cent increase (for three years) for debt service which was broken down into:

- 1 cent for the Sheriff's complex
- 2 cents for the elementary school renovations
- 5 cents for the new high school

He reminded that there was already 6 cents of the real estate tax rate, and 50% of the meals tax and 50% of off-track betting revenues dedicated to school construction.

Mr. Budesky reported that if the Board reduced the cost of the high school project by \$2.3 million, it would reduce the tax rate by ½ of a cent per year for 3 years. Reducing by \$5 million would reduce the tax rate by 1 cent per year for 3 years, and reducing the cost of the project to \$40 million would reduce the tax rate increase by 5 cents per year for 3 years.

IN RE: FEE CHANGES

Before the Board for review were proposed changes in fees. Mr. Budesky indicated that the Board had received a balanced budget that included revenue from the proposed fee changes. He explained that if the Board was not going to support a particular fee, then it would be necessary to find a way to balance the loss of revenue, either by adding to the proposed tax rate or cutting an expense.

There was a discussion regarding the changes in animal control fees proposed by the Sheriff. Accounting & Budget Director Mary Altemus reported that the County collected \$1,391 in boarding fees for FY2005; the proposed increase would have resulted in revenues of \$2,980.

There was also a discussion regarding the fee for dog licenses. It was explained that these fees were not paid to the Sheriff, but went into the General Fund.

The Board reviewed the proposed increases in building permit fees. Building Official Clarence Jackson reported that the changes roughly equaled to an 8% increase. He provided information regarding how New Kent's fees compared to those in surrounding localities. He explained that New Kent's commercial fees were significantly less than in other localities and that inspections of commercial buildings took a lot of staff time. He provided information comparing the staff/number of inspections ratios in other localities, pointing out that New Kent inspectors normally averaged 13 inspections per day, more than any other locality. He reported that the ISO, who determines insurance rates for localities, recommended 10 inspections per inspector per day. Mr. Jackson suggested that the County would soon need to consider hiring a commercial plans examiner.

Mr. Jackson reported that the State permitted a locality to charge building permit fees in amounts sufficient to run its building permit department.

Environmental Manager Chris Landgraf explained staff's request to eliminate the \$625 surety bond requirement and enact a \$100 non-refundable restoration fund charge in its place. He explained that the County could draw on the restoration fund, when needed, in order to restore (grade, seed & mulch) property. He reported that the surety process was not working and was time consuming for staff. County Attorney Jeff Summers advised that the requirement for the surety was in the ordinance. Staff emphasized that the builders would much rather pay a non-refundable \$100 than keep up with the paperwork required for the surety bond.

It was reported that the ratio of new homes built by contractors versus property owners was about 50/50.

The Board requested that the County Attorney work with staff on something that would satisfy everyone and would be a more equitable solution for all.

Treasurer Herb Jones explained that he would like the surety bond to be eliminated. He reported that there were currently over 300 surety bonds and it was a lot of paperwork and provided a lot of opportunity for errors. He said that he would be glad to work with the County Attorney and staff on a proposal.

Mr. Landgraf reported that the other increases in fees represented an average 5% increase.

Regarding zoning and subdivision fees, Community Development Director George Homewood reported that since many of the fees were increased last year, there was no proposal for any increases this year. He indicated that State Code allowed planning, building and environmental departments to fully recover the costs of their programs through fees, and there were several charges that nowhere near covered the County's costs, which resulted in the taxpayers' having to subsidize development. Mr. Sparks inquired if other localities fully recovered their costs, which Mr. Homewood did not know.

Mr. Hill commented that the County was doing a grave injustice to its citizens if it did not recoup from new development.

Mr. Sparks challenged the Planning Department to advise the Board what it would take to fully recover its costs.

Mr. Burrell agreed with Mr. Hill, and stated that the citizens should not be subsidizing new development.

Mr. Trout suggested that staff come up with a percentage increase rather than looking at each fee.

There was a discussion regarding vehicle decals. Mr. Budesky reported that discussion and research was continuing on the proposal to eliminate the vehicle decal. However, the committee was concerned about taking that step during the first year that PPTRA was in effect. Committee members had contacted their counterparts in other localities and had suggested that until the County could get a better handle on the change, it should delay the elimination of the annual decal. He said that he was concerned with the tax implications and that the County would be better prepared to deal with it in a year or two. He reminded that with the changes in PPTRA, owners of vehicles valued less than \$1,000 will be paying a personal property tax in 2006.

There were some questions regarding the annual cultural events permit. Mr. Homewood explained how that process worked, and indicated that staff was trying to determine if costs were being fully recovered.

There was discussion regarding the permits for gem and precious metals dealers. The Sheriff reported that he thought that fee was related to some pawn shops that at one time operated in the County.

Mr. Davis suggested that the penalty for failure to pay taxes be limited to 5% if paid before the end of December. It was reported that the 10% penalty was set by State Code.

There was no information available regarding the status of the General Assembly bills that would increase the fees for courthouse security and maintenance.

Regarding utility fees, Public Utilities Director Alan Harrison reported that he had requested the imposition of two new charges: plan review fees and construction inspection fees. Additionally, he proposed that the "renewal of water service" fee of \$20 be replaced with a "restoration of water service" fee of \$100.

Mr. Sparks inquired if other localities had similar utility inspection fees. Mr. Harrison stated that only Albemarle and Prince William had similar fees, and explained that these fees would help offset the costs involved in performing inspections and plan reviews.

Mr. Budesky pointed out that the projected revenue from these new fees had been included in the pro-forma and that their elimination would affect the bottom line by \$42,000.

Several Board members commented that the utility system needed to pay for itself.

Mr. Harrison suggested that the County could consider a small increase in the connection fee instead.

After further discussion, all Board members were in favor of the new utility inspection fees, with the exception of Mr. Sparks.

Mr. Budesky pointed out that staff had recommended an 8% increase in utility user rates. In order to protect water resources and promote conservation, it had been suggested that total water consumption be billed on a modified block rate system similar to what was being used by about 60% of the localities. Under the proposed change, a typical user whose bill was \$140 per quarter would pay \$154. The more water used, the higher the rate would be. Additionally, the institution of a minimum irrigation fee was also suggested.

Mr. Davis suggested that if the new rates were adopted, then the County needed to provide water customers with information and suggestions on ways to conserve.

Mr. Harrison indicated that he didn't want to drive consumers so far into conservation that the County would lose revenue, and that he may look to adjust the blocks in the future. He indicated that he felt that most customers would end up paying about \$50 more per quarter under the new system.

IN RE: CAPITAL IMPROVEMENT PROJECTS

The Board members were provided with handouts showing what capital projects had been recommended to be funded in the upcoming year, with Mr. Budesky reporting that capital projects had been further trimmed since the Board's retreat.

Mr. Trout commented that the Board was looking at a tremendous tax increase and that it may need to postpone some of these projects to later years. He also commented that if the County chose to pay interest only on the school debt for three years instead of two, it would decrease the proposed tax rate increase by 2 cents, giving the County some time to attract some more businesses.

Mr. Budesky confirmed that there were financing options on some of the large projects. He emphasized that the budget team had deferred a number of the CIP projects to later years and the remaining were staff's recommendations on priorities. He explained that the capital fund was based on rollovers from year to year, and unless the Board chose to take money from capital and put it into operations (which he would not recommend), then changes to the CIP projects would not affect the tax rate.

Mr. Trout stated that in order to afford to construct the high school and the Sheriff's building, the Board needed to look at an increase in the tax rate. Mr. Budesky reiterated that these two projects were separate issues outside of the CIP, and the Board had financing options on both.

There was discussion regarding the need for a loader at the Route 618 site. Mr. Budesky reported that the budget had been decreased from \$120,000 (new) to \$40,000 (used), but there was still a need for the loader. General Services Director Jim Tacosa reported that there was 4,000 cubic yards of loose debris at Route 618. Mr. Davis suggested that if the County pursued the possibility of outsourcing the handling of brush, then a loader would not be needed. Mr. Tacosa indicated that 1,500 customers currently bring in debris to the site, and that number was expected to increase to 2,600 in 5 five years. The County will have to find a way to manage it, and outsourcing was a possibility. Mr. Budesky reported that the Kubota continued to break down and that its maintenance costs were nearly the same as its book value. It was reported that a piece of equipment would still be needed to help compact trash in the containers. Mr. Tacosa indicated that as long as the County continued to accept 6" caliber debris, it would need a piece of heavy equipment to manage it. He reported that he was still looking into the possibility of outsourcing.

Mr. Burrell suggested that an additional compactor at Route 618 would save the County money over time, although not in the current budget cycle. He reported that the County was paying \$118 per trip and often the containers were only one-quarter full. He suggested a study be done to calculate the payback time.

Chairman Sparks commented that he wanted to look at these items some more and suggested, since the Board had additional items to discuss in closed session, that another budget work session be scheduled.

Mr. Davis spoke about West Point Volunteer & Rescue's budget request being flat-lined for the upcoming year. He reported that in 2005, West Point made 102 EMS calls and 33 fire

calls into New Kent, and lost \$35,000. They were requesting any increase that the County might give them.

Mr. Budesky indicated that there were New Kent firefighters sitting idle right down the road because West Point responded to incidents in Eltham and suggested that the County utilize the resources that it had. Mr. Davis commented that Co. 3 had no ALS. Mr. Budesky responded that New Kent's ALS does not respond because that area was covered by West Point. He recommended that the Board look at all of the agency requests.

Mr. Hill suggested that the Board proceed to schedule another budget work session to consider those and other items. Mr. Budesky pointed out that the Board had only about ten business days to wrap up the budget, and that advertising must be ready by April 22.

It was agreed that the Board's next budget work session would be held on Wednesday, April 12 at 5:30 p.m.

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 hold another budget work session on Wednesday, April 12, 2006, at 5:30 p.m. in the Boardroom of the County Administration Building.

IN RE: CLOSED SESSION

Mr. Davis moved to go into Closed Session for discussion relating to real property pursuant to Section 2.2-3711A.3 of the Code of Virginia involving acquisition of real property for public purpose, 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. Davis 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.

IN RE: ADJOURNMENT

Mr. Davis moved that the meeting be adjourned. 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.

The meeting was adjourned at 10:50 p.m.
