

A SPECIAL BUDGET WORK SESSION OF THE NEW KENT COUNTY BOARD OF SUPERVISORS WAS HELD ON THE 12th DAY OF APRIL IN THE YEAR TWO THOUSAND SIX OF OUR LORD IN THE BOARDROOM OF THE COUNTY ADMINISTRATION BUILDING AT 5:30 P.M.

IN RE: ROLL CALL

Mark E. Hill	Absent (arrived at 6 p.m.)
David M. Sparks	Present
James H. Burrell	Present
Stran L. Trout	Present
W. R. Davis, Jr.	Present

The meeting was called to order.

IN RE: NEW POSITIONS/PROJECTS and RATES AND FEES

County Administrator John Budesky reviewed the FY07 Operating Budget Priorities which were reported to have been revised since the last meeting.

There were no concerns voiced regarding the proposed 3% COLA or one-step merit increase for employees. Mr. Budesky reported that the proposal was in line with what the State was proposing for its employees, and would keep New Kent's salaries competitive in the market.

There was discussion regarding the proposal for the Administrator's Executive Assistant position. Mr. Budesky explained that the current position was intended to serve as his executive assistant as well as the human resources assistant; however, human resources was consuming all of the position, and he was proposing that the position be split into two separate ones. Darla Stanley would become a full-time HR assistant and the new position would be his executive assistant. He indicated that there was enough human resources work to keep two full-time staff busy.

There were questions regarding the pay grade for this position and comments that it would not need to be as high since there were no human resource duties required. Mr. Budesky agreed that there could be an adjustment, but that he wanted the position graded higher than the administrative assistant positions in other departments in order to encourage interest in upward mobility.

He indicated that he would propose that human resources be located in the office space that was currently housing the public utilities department, which was anticipated to be relocated to the vacated VDOT site. This would provide space necessary for confidentiality that was required for many HR issues.

There was extensive discussion regarding the position of Assessor. Mr. Budesky shared the comments expressed by Commissioner of the Revenue John Crump that two of his staff would need to work closely with the assessor. There was discussion regarding to whom the Assessor should report, the location of the assessor's office, and whether there was a need for the part-time administrative assistant proposed in the budget. It was estimated that a full-time assessor could assess all parcels during a two-year period.

Accounting & Budget Director Mary Altemus reported that during the last reassessment, the assessment firm was hired on a bid of \$14.50 per parcel for 15,000 parcels, or \$217,500.

There was discussion regarding the disadvantages of having reassessments every four years, including the loss of income from public services property (revenue last year was \$579,000)

Mr. Trout indicated that although he was in support of the position, he did not feel that it was a priority for the upcoming budget year and that the advantages did not outweigh the cost of creating a new full time position.

Ms. Altemus reported that if the position was not approved, then she would ask the Board to budget \$140,000 this year for contracted assessment services. She reported the payments for the last assessment were: \$140,000 in FY03; \$83,000 in FY04; \$14,300 in FY05; and \$0 in FY05.

It was reported that the Comp Board would not cover or contribute to the Assessor position even if it was located within the office of the Commissioner of the Revenue.

Mr. Budesky indicated that if the Assessor position was approved, he could not guarantee that there would not be some level of contract services required initially, and that it could take anywhere from two to four years to "catch up".

Mr. Burrell described some of the problems that the Equalization Board encountered after the last reassessment as a result of properties being improperly valued, and stated that he felt a full-time assessor would be a service to the citizens and there would be less "sticker shock" with two year assessments than with four year assessments.

Mr. Trout stated that he was not willing to increase real estate tax rates by a half a cent in order to have more accurate assessments.

Mr. Sparks commented that he did not want a 15 cent increase in the tax rate, and although he felt the position was needed, he was not comfortable with it for the upcoming year.

Mr. Trout indicated that although the County might have to pay the same this year for an assessment contract as it did for a full-time assessor, it would save money during the next three years.

Mr. Davis commented that none of the past three reassessments were equitable and many were appealed to the Equalization Board, which in some cases lowered assessments significantly. It was reported that there would still be the need for an Equalization Board if there was a full-time assessor.

None of the Board members were in support of the part-time administrative assistant for the Assessor. It was also agreed to decrease the funding for the Assessor's vehicle from \$25,000 to \$18,500 (capital).

Regarding the new inspector position, it was reported that fees would cover the majority of the cost and that proffers would pay for the environmental permits technician.

The Board members were provided with a handout reflecting the percentage of development costs that were offset by development fees. Those percentages were reported to be 40.1% for Planning; 67.6% for Environmental and Conservation; and 92.1% for Building Inspections -- for a collective percentage of 58.6%. It was reported that New Kent's fees were in line with those in other localities.

Environmental Planning Manager Chris Landgraf explained that the environmental fees were increased dramatically last year to cover the inspector position and that was the reason for the modest increases for the upcoming year.

Mr. Homewood reported that what he had been hearing from contractors was that time was more important to them than money, and they would rather pay larger fees to have a quicker turn-around time. He indicated that the two new positions would help with that turn-around time.

Building Official Clarence Jackson stated that the new inspector position would merely enable his department to "keep its head above water". He indicated that they have had to prolong turn-around time from 15 to 20 days, and may have to prolong it to 25 days.

There was discussion regarding the two new firefighter positions. Interim Fire Chief Spencer Cheatham described how the current staff was short-handed in answering calls. He reported that 40% of their calls involved vehicular accidents, which required more manpower to properly block off the road and establish a safe zone, as well as to correctly extricate the injured. He indicated that if the new positions and the new ambulance were approved, it would allow a second ambulance to be marked up. Four career staff would be at the station during the week and be able to run two rescue calls, which they cannot do at the present time.

There was discussion regarding whether or not the new positions would be needed while waiting the three to four months for delivery of the new ambulance. Mr. Cheatham assured the Board members that there was plenty of work to do right away, but that a second ambulance would make a big difference. It was reported that there was one ambulance at both Co. 1 and Co. 3, and two at Co. 2, as well as a backup ambulance that could be used when needed. There was also discussion about the possibility of borrowing ambulances from Providence Forge Volunteer Rescue Squad.

Mr. Davis commented that additional career staff should decrease the need for mutual aid. Mr. Cheatham confirmed that, reporting that as of April 1, New Kent had taken over coverage of the Barhamsville area from James City County.

Mr. Davis indicated that he had been unsuccessful in his efforts to get the schools to offer a firefighter/EMT class at the high school in order to promote that career path.

Mr. Budesky reported that New Kent was working to cut its dependence on mutual aid and he had proposed a cut in the allotment to James City County, putting that money into the Volunteer Earned Service Supplement to promote volunteer recruitment. He indicated that he had seen evidence of an increased commitment from the volunteers that was encouraging and would reduce the need for additional career staff in the future. However, he indicated that the reality was that the County was growing while the volunteer base was decreasing, a situation that was occurring everywhere.

Mr. Cheatham was asked if he was in favor of the proposed increase (\$7,500) in the amount paid to the West Point Volunteer Fire Department. As a member of that volunteer department, he indicated that he did support that increase, as long as it did not take away from the funding for the two additional career staff for New Kent.

Regarding the upgrade from part-time to full-time for the Animal Shelter Attendant, Mr. Budesky reported that the County had been cited for conditions at the animal shelter and it was hoped that a full-time employee would help with that. He explained that inasmuch as the person filling one of the two part-time administrative assistants in General Services would likely become the full-time animal shelter attendant, he was proposing to upgrade those two part-time positions into one full-time in order to be consistent with the positions in the other departments.

Also explained was the request to upgrade the part-time recreation program manager to full-time, as well as the salary upgrades of seven positions.

There was discussion regarding the proposed upgrade from part-time to full-time of the Economic Development Director position. Mr. Budesky admitted that he was not "doing justice" to the position and that the County needed someone full-time who would be committed to economic development and tourism, and could focus on recruitment of businesses. He pointed out that both West Point and Charles City County had full-time economic development directors. He indicated that the person in this position would also help administer the new visitors' center. He stated that although he was doing his best, there was a great deal of work not getting done and he felt the position would pay for itself over a period of time. The upgrade would provide a salary of about \$62,000 for the position, and would include benefits (\$27,800) and a vehicle (\$23,000)

Mr. Hill inquired why the Economic Development Authority couldn't pay for this position. Mr. Budesky indicated that the EDA was being asked to fund two part-time positions in the visitors' center, as well as for some of the start up costs. He indicated that while he recognized that the EDA had funds, he would not recommend using one-time funds to fund ongoing costs, and then the EDA not have the funds needed to promote economic development when needed. He also explained why it was important that the Director report to the County Administrator rather than the EDA. He indicated that New Kent's EDA was the only one in the State that was charged with tourism. He reported that the 25% of the meals tax revenue dedicated to economic development and tourism would be used toward some of the equipment and startup costs at the visitors' center.

Mr. Sparks indicated that he did not believe a full-time position was needed. He stated that development was progressing at Bottoms Bridge and there was nothing to market yet. Mr. Trout disagreed, stating that if the County was not proactive, it would not be able to recruit the high level businesses that it was seeking. Mr. Burrell agreed, stating that the County needed someone to "beat the bushes" and he felt the position would more than pay for itself. Mr. Budesky agreed, stating that it was important to have someone on a daily basis that could increase the County's chance to draw businesses.

Following discussion, it was the consensus of the Board that the County request that the EDA to fund the start-up costs for the visitors center, and the County would use the meals tax revenue dedicated to economic development and tourism to fund the full-time directors position.

Regarding the proposed Social Services restructuring (2 new positions, 7 salary upgrades and new office space), Social Services Director Michelle Lauter reported that New Kent had lost 14 social workers in the last three years, all to other agencies who were paying higher salaries. She indicated that the changes would make New Kent competitive with James City County, Charles City County, York County, Poquoson and Hanover.

There was an explanation of the Treasurer's request for relocation of his storage closet, and none of the Board members voiced any objection.

Environmental Planning Manager Chris Landgraf reviewed options to the request for creation of an environmental restoration fee and elimination of the surety bond process. The options included:

1. implementation of a non-refundable admin fee to pay for a position in the Treasurer's office to manage the cash escrow paperwork, and an increase in the escrow amount to cover restoration (based on the area disturbed)
2. elimination of the cash escrow for everyone, and charge a flat restoration fee that would provide the County with funds necessary to repair any problems
3. elimination of the cash escrow for single family homes only, and continue to require developers to post a bond. Single family homeowners would be charged a reduced "restoration fund fee"
4. establish a county-funded "restoration fund" to provide funds for the County to proceed with restoration and then back-bill the person responsible for the problem

County Attorney Jeff Summers reported that any of the options would require a change to the ordinance.

Mr. Landgraf offered another option whereby any surplus in the "restoration fund" could be donated to the local soil and water conservation group to provide educational programs on conservation.

Mr. Davis stated that the County needed to recover its costs but needed the option that would be the least time-consuming.

Clarence Jackson stated that builders would prefer a flat fee to a posting a surety.

Community Development Director George Homewood explained the difference between how a subdivision developer and a single family home builder should be handled, indicating that developers should continue under the current surety procedure.

The Board members were in consensus with charging a \$25 restoration fund fee for single family home construction, as well as the creation of a "restoration fund".

There was some discussion regarding the 4.4% increase in Transfer to Schools. Mr. Hill commented that it was too much, and that it was his information that the schools could do with less. Mr. Budesky advised that it was important for the Board of Supervisors to make a decision as soon as possible so that the School Board could send out contracts to its teachers before the end of May.

Regarding the proposed funding for Human Services (CSA), Ms. Altemus reported that much more funding had been requested than what was proposed, and it was possible that if new cases drove up the costs, the Board would be asked for additional funding. It was explained that the CSA funding requests had been made by the School Board and was projected based on growth, what had already been spent, and an anticipated increase in the number of Special Education students who were not eligible for Medicaid.

Ms. Lauter reported that she would soon be holding interviews for the CSA coordinator position, and that the individual in that position would be searching for grant funding.

Regarding the cultural events annual permit fee, Mr. Trout shared some of the concerns he had received from the owner of a local campground. Mr. Homewood pointed out that both Farms of New Kent and Colonial Downs had been fully compliant with the current process, and that the owner of the campground had the same opportunity.

Mr. Hill expressed his discomfort with the planning department's recovering only 40% of its costs through fees, and stated that it was not fair that the average citizen subsidize 60% County's costs resulting from new construction.

Mr. Burrell agreed that citizens should not have to subsidize development, and suggested that some adjustments be made.

Mr. Davis indicated that it needed to be determined where the County was losing money. Mr. Homewood explained that it would be difficult to determine that within the current budget cycle, but suggested that an "across the board" percentage increase on all fees would close the gap. There was consensus among the Board members to aim for a 50% recovery, and asked staff to have those changes available for review at Friday's budget meeting.

IN RE: CAPITAL IMPROVEMENT PROJECTS

Mr. Budesky and Ms. Altemus gave a PowerPoint presentation on Capital Improvement Programs (CIP). Mr. Budesky emphasized that a CIP was not a "wish list" but a list of the real needs of the County and a crucial tool to help local governments systematically plan for and manage their capital needs. He indicated that CIPs were normally multi-year plans that identified proposed projects, the year they would be undertaken, the anticipated expenditure required, and a proposed method of financing. He stated that a CIP was crucial to proffers, and it would be necessary to have one in place in the event that impact fees and/or adequate facilities tax were allowed. He explained that a CIP document helped the community better understand the County's plan for capital spending, and helped to focus attention on community goals and needs, as well as balancing need with ability to pay. One advantage was that it helped to ensure financial stability, allowing projects to be prioritized and able to fit within expected funding levels. He indicated that a capital project was one that was undertaken to acquire a capital asset, which was defined as a new or rehabilitated physical asset, non-recurring, with a useful life of more than 3 – 5 years and having a value of \$25,000 or more.

He emphasized that the Capital Improvement Program should not be confused with the Capital Improvement Budget. He pointed out that the Capital Improvement Budget for FY06-07 represented the first year of the CIP and was the government's annual appropriation for capital spending. It authorized specific projects and appropriated specific funding, and was adopted by the Board in conjunction with its operating budget. Other than Year 1, the "out years" would not be authorized until the annual budget for those years was legal adopted. He indicated that out years serve only as a guide for future planning and were subject to review and modification.

Mr. Budesky explained the three guiding principles for selecting funding sources for capital projects: who will pay for it; will the money be there when needed; and how costly is the financing method, both in terms of monetary and staff resources.

He identified the funding options as "pay as you go" financing; debt financing; general obligation bonds; revenue bonds; special assessments or special district bonds; lease-

purchase agreements; revolving loan programs; bank bonds; public-private partnership; and private contributions. Each option has its advantages and disadvantages and some are more appropriate than others for certain types of projects.

Ted Cole from Davenport & Company explained that New Kent has historically funded its CIP program with the surplus of the fund balance, after retaining 15%.

General Services Director James Tacosa, Sheriff Howard and Chief Deputy Joe McLaughlin were present to review the plans for the Sheriff's Annex and completion of the second floor of the Courthouse. The proposal for the Sheriff's annex included a pre-engineered building (steel frame with brick veneer, consisting of 13,500 square feet), a separate evidence building and an impound yard, together with renovations to the existing space which was proposed to include extension of the sally port (to be able to accommodate two vehicles), addition of three holding cells and two interview offices, as well as demolition and reconfiguration of the existing dispatch center. The total estimated cost of this project was reported to be \$3,775,495, and included a new dispatch station (including furniture and equipment) in the new building, security system, utilities and parking. Mr. Tacosa reported that this proposal appeared to be the least expensive with the highest quality product. It was also reported that having the impound lot would open up additional parking spaces in the existing lot.

There was discussion regarding whether any funding could be obtained through Homeland Security. Mr. Tacosa indicated that he was not aware of any but that there may be an opportunity to get some money back from the State.

Regarding the proposed completion of the second floor of the courthouse, Mr. Tacosa reported that the real need seemed to be a confidential conference or hearing room. Currently the Judges for the General District Court and Juvenile/Domestic Relations Court share chambers. Renovation of the second floor would require the installation of two elevators in cavities that exist in the floor of the second story.

It was reported that the Supreme Court was considering the creation of a Family Court that had a target start date of July 2007. Mr. Tacosa reported that under consideration for relocation to the second floor would be the Juvenile & Domestic Relations clerk's office, court services, and the offices of the Commonwealth's Attorney.

Mr. Trout inquired if there would be a financial advantage to doing both projects at the same time. Mr. Tacosa indicated that the cost estimate for the project had increased by 40% since the estimates made by Wiley & Wilson in 2003. Mr. Budesky stated that should the same contractor want both projects, doing both projects at the same would likely result in some savings in mobilization costs as well as less disruption to courthouse activities.

Mr. Budesky reported that if the Board chose not to proceed with the second floor renovation, it would save 3/10 of a penny a year on the real estate tax rate, over three years.

The Board thanked Mr. Tacosa for his presentation and requested that he review the proposal for the new high school project. Mr. Budesky reported that he would be requesting the architects to be available for Friday's meeting.

The Board continued to review the remainder of the proposed CIP projects. Mr. Budesky reminded that cutting of any projects would not change the proposed tax rate increase, but that projects could be re-prioritized.

IT Director Jonathan Stanger reported that the State had been unable to "fly" New Kent but that there were still plans to do that, for which the County was already committed.

There was discussion regarding the funding for a new telephone system. Mr. Stanger explained that the current switches were full and that the only other option to a new system would be to keep spending substantial funds to "patch" the current system. He reported that he was continuing to meet with vendors in order to obtain the best system for the lowest cost, and although he had requested \$500,000, he would do his best not to spend that much. Mr. Budesky reported that it was proposed that the funding for that project be borrowed.

There was discussion regarding the proposed upgrades to the Boardroom. Mr. Sparks indicated that he would not support that project, although he would agree to an upgrade of the audio and visual equipment. It was the consensus that \$50,000 was too much to spend.

There were some questions on the financial software upgrade. Mr. Budesky indicated that the request for \$1 million may be too low, and described how much other localities had spent on similar projects.

Regarding the Revenue Sharing item, it was reported that VDOT was not holding any of the County's money for pending projects.

Regarding the Purchase of Development Rights program, it was reported that the proposed request did not include any PDR funding from Farms of New Kent.

The Board inquired about plans for the parks. Parks & Rec Supervisor Matt Spruill reported that in Quinton Park, they hoped to be able to build a softball field, playground, pavilion with restrooms, complete the walking trail, and maybe install tennis courts. In Wahrani Nature Trail, he reported a need for clearing of some of the trails that remained blocked by trees that fell during Hurricane Isabel and other storms, as well as the cutting of new trails. Regarding Criss Cross Park, he reported that they would like to proceed to develop a concept plan, put in some roads and deal with some environmental issues, but that the \$100,000 donated by the developer may not be sufficient.

IN RE: CONTINUATION OF THE MEETING

The Board agreed to continue the meeting until 9:00 a.m. on Friday, April 14, 2006.

The meeting was suspended at 9:35 p.m.
