

A SPECIAL BUDGET WORK SESSION OF THE NEW KENT COUNTY BOARD OF SUPERVISORS WAS HELD ON THE 17th DAY OF APRIL IN THE YEAR TWO THOUSAND SIX OF OUR LORD IN THE BOARDROOM OF THE COUNTY ADMINISTRATION BUILDING AT 5:35 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

The meeting was re-convened from April 14, 2006.

IN RE: NEW FEES

County Administrator John Budesky distributed a handout to the Board outlining the fee changes that had been requested and/or revised since the last meeting. He reported that the increased Planning fees were now projected to recover 49.9% of the development-related costs. There were some other changes requested to improve the Fee Schedule and remove some listed fees that no longer applied. Planning Manager Rodney Hathaway indicated that those changes would clarify fees and make them easier to track. He advised that New Kent's fees were consistent with those in Hanover, but more than those in James City and Henrico, which he attributed to the larger volume of applications in those localities. It was reported that the projected revenue from the increase in fees was \$51,775, although staff indicated that they expected more.

The Board members voiced no objections to the requested changes in the fees and Fee Schedule.

IN RE: REFUSE SITES – EXPANDED HOURS

Mr. Budesky indicated that in response to one of the Board member's request to extend hours at the Route 612 transfer station, staff had computed that it would cost an additional \$2,783.18. Those figures were based upon extending the hours until 8 p.m. on Monday through Friday, and opening at 6 a.m. one day per week. By limiting extended hours to Daylight Savings Time only would reduce the costs to \$1,391.59. If the Board were to approve the extended hours, he suggested that the costs be funded from contingency.

Mr. Sparks stated that this change would be of particular benefit to those working outside of the County who prefer to drop off their trash on the way to work.

There was discussion regarding whether this would be confusing to the citizenry, and what day would be best to open early. It was agreed to implement the change and let staff work out the technicalities. Staff will examine the survey previously taken at the sites.

IN RE: AGENCY FUNDING COMMITMENTS

The Board members reviewed the Agency funding requests and recommendations. It was noted that funding for the West Point Volunteer Fire Department had been increased by \$7,500.

Staff reported that the Family Oriented Group Home in York County had asked New Kent to sign a contract for \$32,098. The County did not sign a contract with that group last year, nor did staff recommend that one be signed for the upcoming year. It was reported that New Kent currently had no one in that program but did have a participant in 2004 and 2005. The group per diem rate was reported to be \$120; although the non-group rate had not yet been provided, it was projected to be \$150 - \$180 per day. Staff recommended funding \$3,880, a 3% increase from last year. Mr. Budesky indicated that he felt it was worth the gamble to fund \$3,880 rather than the \$32,098 requested; however, if the Board wanted to take the risk, it could fund nothing at all. It was reported that there could be no carry-over of unused funds. It was shared that Court services staff had indicated that they did not anticipate anyone using the program this year, although the County Attorney advised that it was his opinion that there would be some use in the upcoming fiscal year. There was consensus to fund the \$3,880 as recommended.

Mr. Budesky reported that the only large increase in agency requests had been from Bay Transit for the public transportation system.

He did point out that two requests had again gone unfunded this year - the Maymount Foundation and the Science Museum of Virginia. The County had never funded either and he did not recommend that it begin.

IN RE: LEOS

Mr. Budesky reported that no matter what the decision on the high school might be, it would be his suggestion to advertise a rate increase that was 2 cents higher than what was anticipated to be needed, in order to be able to fund the local match of the LEOS plan if it was adopted by the General Assembly. If the legislation did not pass, then a lower rate increase could be adopted. The status of that legislation would not be known until the State budget was adopted.

Ms. Altemus reported that the last actuarial study conducted to determine the County's costs to provide LEOS coverage reflected an estimate of \$240,000 - \$260,000, and the number of full-time employees has increased since that time. She explained that the rate depended on the total number of employees, and not just the total number of employees that would be entitled to the benefits. Mr. Budesky indicated that it was his understanding that if the pending legislation was adopted, then it would be mandatory for New Kent to provide the coverage, and New Kent would not know what its cost would be until another actuarial study was completed. If the County advertised a lower rate, it would not be able to increase it in order to cover the cost of LEOS. Ms. Altemus commented that although the State might agree to reimburse the County for the costs of its state-funded deputies (reported to be 60%), there was some thought that the benefit might be phased out over time. She indicated that adoption would likely result in an increase in the VRS rates for all employees in order to fund the LEOS benefits. Mr. Budesky stated that he believed that this was the State's way to help the smaller localities get their LEOS programs started.

Following discussion, it was the Board's consensus to advertise a rate increase of 14 cents, which would be reduced if the LEOS legislation was not adopted.

IN RE: NEW HIGH SCHOOL

Mr. Budesky advised the Board that they had heard from the School Board and the architects about the justification for the increased cost of the project which was at

\$49,912,000, and the Board needed to make a decision on the level of funding commitment as well as financing options.

There was discussion on what percentage of the budget went to the schools. Ms. Altemus indicated that it depended on how one looked at the numbers.

Mr. Trout commented that there were some options that could be postponed but would cost more to do in the future and the space was going to be needed. He indicated that with the anticipated increase in the tax base, perhaps even in the coming year, it would make sense to choose the 20 year option that provided for interest only payments for 3 years and resulted in a 5.7 cent rate increase. He stated that this option appeared to be in the best interest of the County.

Accounting & Budget Director Mary Altemus distributed handouts showing an analysis of the school and county operating budgets (excluding utilities and capital projects), with and without debt service, from 2001 to present, that had been prepared at Mr. Burrell's request. Mr. Burrell explained that the reason for his request was to show how the County's operating budget had increased over the years, and the dramatic impact that the debt service would have.

It was reported that the debt on the current high school would be paid off in 2009.

Mr. Budesky reminded that the Board had already committed to the Elementary school renovations and to move forward on the Sheriff's Office and second floor renovations of the courthouse. The Board needed to decide whether to increase by \$11,912,000 what it had already approved for the high school project.

Mr. Hill made a motion to increase the cost of the high school construction project to \$49,912,000.

Mr. Burrell questioned how the County was going to pay for the debt service when it can't even pay enough to keep bus drivers, and he predicted that by 2008 the tax rate would be over a dollar. He stated that on a \$200,000 home, a homeowner would pay \$800 more in taxes by 2009. He questioned how people on fixed incomes could afford this increase, especially in light of the increases in personal property taxes that will be experienced in 2006. He stated that he would love to have a new school, but felt that the County would better serve its students by having higher pay for teachers, aides and bus drivers, and renovating the current facilities at a much lower cost. He also commented that he felt that building new schools would draw in more families with children.

Mr. Davis stated that there were a lot of citizens at his end of the County who didn't have kids in the school system and were on fixed incomes, and would have a hard time paying an increase in the real estate tax on top of the increase in personal property taxes. He conceded that a new school was needed and if the Board decided to move forward, it would need to look at doing something to relieve the tax burden on those senior citizens who might have to sell their land (to developers) because they could not afford to pay their taxes.

Mr. Burrell again commented that the County should be spending its money on higher pay for teachers. Mr. Sparks asked why it hadn't been, since the County had not been building schools. Mr. Burrell responded that the Board gives the School Board the money and the School Board sets the pay.

There was discussion regarding the increase in the County's operating expenses and full-time staff, and how it was nearly equal with the school's operating budget.

Mr. Sparks indicated that the Board was doing the best it could, and no one wanted to raise taxes and reminded that it was not the Board's money that the Board was spending.

Mr. Trout stated that the County had looked at all the alternatives to meet its needs and although astronomical, "the cost was the cost" based on available information. He stated that Mr. Hill's motion seemed the best option for the County.

Mr. Hill commented that if the Board "stuck its head in the sand, it will swallow dirt". He indicated that instead of sending it to referendum, the County should have built a new school eight years earlier when it would have cost only one-third of what it would cost to do it now. He talked about the "band-aid" approach taken by previous Boards and described the conditions in some of the schools, including raw sewage, leaking roofs, and lack of climate control. He stated that he wanted the County's kids to remember that there was somebody who spoke up and said that they deserved better. He stated that every generation of grandparents in the past had paid their share of taxes to build schools and infrastructure, and he could not understand why the current generation felt that they should be exempt from that duty.

Mr. Sparks agreed that previous Boards had failed to act in the past, which had put the current Board in a tough spot. He stated that the County needed to face reality about what needed to be done.

The members were polled on Mr. Hill's motion:

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

The motion carried.

Mr. Budesky reminded that the Board needed to determine the funding mechanism.

There was a discussion about the different options, and the possibility that increased business revenues could decrease the anticipated rate increases.

Mr. Trout moved that the Board approve the 3-year interest only scenario over a 20 year term.

Mr. Burrell stated that the average citizen would pay less over the term of the loan with the other 20-year scenario. He commented that with the increasing cost of government, the County will have to generate enough commercial revenue to keep taxes down.

The motion was re-read for clarification. The members were polled:

James H. Burrell	Nay
Stran L. Trout	Aye

W. R. Davis, Jr.	Aye
Mark E. Hill	Aye
David M. Sparks	Aye

The motion carried.

Mr. Budesky confirmed that the tax rate increase would be advertised at 14 cents, and that if the LEOS legislation did not pass, then the Board could reduce it to 12 cents before adoption. There was consensus to move forward to advertise the increased fees and budget for the May 8 meeting, with a vote to be taken at the May 22 work session.

Mr. Davis warned staff not to ask for any new positions in next year's budget.

Mr. Budesky was commended for the budget format and process.

IN RE: ADJOURNMENT

Mr. Hill moved for adjournment. 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.

The meeting was adjourned at 6:51 p.m.
