A BUDGET RETREAT AND JOINT MEETING WAS HELD BY THE NEW KENT COUNTY BOARD OF SUPERVISORS AND THE NEW KENT SCHOOL BOARD AT 9:00 A.M. ON THE 16TH DAY OF FEBRUARY IN THE YEAR TWO THOUSAND SEVENTEEN, AT 9900 CARRIAGE ROAD, PROVIDENCE FORGE, VIRGINIA, HAVING BEEN CONTINUED FROM February 13, 2017.

IN RE: CALL BACK TO ORDER

Chairman Davis called the meeting, continued from February 13, 2017, back to order.

IN RE: ROLL CALL

Thomas W. Evelyn	Present
C. Thomas Tiller, Jr.	Present
Patricia A. Paige	Present
Ron Stiers	Present
W. R. Davis, Jr.	Present

IN RE: SCHOOL BOARD CALL TO ORDER

School Board Chair Dr. Gail Hardinge called the School Board meeting to order. Other School Board members present included Sarah Barber, Andrea Staskiel, Adriane Marshall and Kristin Swynford. School Superintendent Dr. David Myers and Executive Director of Finance/Budget Haynie Morgheim were also present. Dr. Hardinge thanked the Board for the opportunity to meet and thanked staff and Dr. Myers for the work done in preparing the proposed FY18 budget. Copies of the School Board presentation were distributed.

IN RE: NEW KENT COUNTY PUBLIC SCHOOLS (NKCPS) - SUPERINTENDENT'S FY17-18 RECOMMENDED BUDGET OVERVIEW

Dr. Harding began the presentation by providing an overview of school division highlights. She reported all schools were accredited and the division continued to move forward with the implementation of one to one technology (Chromebooks). Students were being provided additional educational opportunities including dual enrollment, advanced courses, regional program opportunities and CTE (Career and Technical Education) options. She shared some statistics from the previous year including: students had been transported safely over 1,000,000 miles to and from school, 1,395 work orders had been completed, 23 facility projects had also been completed and there had been 40,003 clinic visits.

Ms. Staskiel presented information on division plans for continued success. She pointed out a focus would be on advocating for competitive regional salaries and benefits to attract and retain strong teachers. She indicated the division continued to experience difficulty in filling positions in certain areas and suggested math positions had become the most difficult to fill. Plans also included a continued focus on 21st century learning, building and renovating facilities to manage growth and support a world class education and support for the safety of staff and students with a focus on improved communication during a crisis. The ultimate goal was to prepare students for college, life and career readiness.

Dr. Myers noted the proposed budget had been very much a team effort. Baseline budgets had been sent to all school principals and meetings had been held with division directors and every department to review needs. Most departments had found areas where they could save. School Board staff had visited each school and met with faculty and the division had worked closely with County Administrator Rodney Hathaway and other County staff in preparing the proposal. He indicated the good news for New Kent was that the 100 new students enrolled this year would mean more ADM (Average Daily Membership) funds. He indicated most surrounding localities were looking at flat budgets. The division proposed FY18 budget totaling $32,276,616 included increases of $1,096,897 (3.8%) in the general fund, $6,420 (3.3%) in the textbook fund, $27,066 (2.9%) in the grant fund and $146,088 (15.1%) in the school nutrition fund. Mr. Davis asked why such a large increase was noted in the school nutrition fund. Ms. Morgheim indicated school cafeterias had seen significant increases in the sale of breakfast and a la carte items. She noted the school cafeterias were doing a very good job of generating revenue to support their operational costs. Dr. Myers also noted the Director of School Nutrition had used sales revenue to purchase new equipment and make necessary repairs. He pointed out school nutrition was truly self-sufficient and he was proud of the Director and how school nutrition was operating.

Dr. Myers pointed out the division was requesting an additional $150,000 in funding from the County. He also noted there had been a number of expenditure adjustments totaling $34,259 for tuition associated with regional programs such as the Bridging Communities Technical Center and various Governor's School programs. Additional adjustments totaling $31,847 for athletics, online forms processing and CopSync were also noted. Adjustments resulting in a $65,810 savings for transportation realignment, legal services, State unemployment insurance and furniture were also noted.

Dr. Myers suggested not having the work force to fill school positions would be the number one problem facing education in the next ten years. He reported open positions often had a very low number of applicants and schools had opened this past year with four teaching positions not filled. The division budget included a proposed two percent salary adjustment for staff and salary scale adjustments to increase the beginning teacher salary and to keep the stipend schedule in line with the teacher scale. He drew attention to a chart comparing starting teacher salaries in New Kent to those in surrounding localities. Of the ten counties considered, New Kent ranked tenth with a starting salary of $39,840 for a new teacher with no experience. The highest comparison salary was $43,800 in Chesterfield. He also noted that when the comparison had been expanded to include thirty-two divisions, Charles City had been the only division lower than New Kent. Dr. Myers stressed the importance of New Kent's teacher salaries being more competitive to attract and keep the best teachers and reported the division's recommendation was to increase the starting salary to $42,000 for FY17-18. Mr. Tiller suggested that perhaps Bridging Communities could offer an early teaching program to encourage students to pursue teaching as a career. Dr. Myers indicated Bridging Communities was very interested in adding more programs that were not gender specific. Mr. Stiers noted Dr. Myers had indicated he was proposing a two percent salary adjustment for staff and asked who "staff" included. Dr. Myers noted the adjustment would be for all school system employees. Dr. Myers also noted the division was expecting a four percent ($42,281) increase in healthcare costs and suggested this increase was much more manageable than in years past.

Mr. Evelyn asked how many individuals were employed by the division. Dr. Myers indicated there were 430 FTE (Full Time Equivalents) but there were actually more employees. Mr. Evelyn asked how many employees were teachers. Dr. Myers indicated there were 220 teachers. He reported New Kent was now ranked 118 out of 132 in per pupil expenditures and total student enrollment was approximately 3,100. He also noted the division was seeing growth in the number of students who do not speak English as their first language. Mr. Stiers asked how many teachers lived in other counties. Dr. Myers suggested approximately 60% of professional staff were traveling to New Kent from other counties. Mr. Stiers asked if he could explain why teachers would do this if salaries in their own localities were higher than in New Kent. Dr. Myers suggested the division's focus on maintaining a good student teacher ratio had a big impact on employment. He also noted

New Kent schools had a “family feel” about them that teachers were not often finding in other localities. He suggested increasing the starting salary to $42,000 was the minimum the division could do to stay competitive. He also noted that many surrounding localities were proposing a two to three percent salary increase for teachers.

Ms. Paige asked what the financial impact would be if the two percent adjustment was only given to teachers. She noted $420,000 was shown as the impact for all staff but she was interested in seeing what the impact would be for only teachers. Ms. Staskiel suggested division administrator salaries were also below surrounding areas. Ms. Paige pointed out the School Board was coming to the Supervisors suggesting what needed to be done to bring the teacher salaries up but the figures presented were for everyone. Dr. Myers indicated the requested numbers could be run but suggested he didn’t feel the division could fundamentally go to other employees and say “we are only addressing teachers”. Dr. Hardinge and Ms. Staskiel suggested comparative information on other school positons could also be collected from surrounding localities. Dr. Hardinge suggested the School Board was also interested in knowing this information and it would be good to see what the market suggested other positions should be paid. Dr. Myers indicated the division would be happy to collect and share that information.

Mr. Stiers noted Dr. Myers had indicated sixty percent of licensed professional employees were traveling from other localities to work in New Kent. He asked how many of those individuals were bringing their children to attend New Kent schools. Dr. Myers indicated there were approximately twenty-five students who were the children of New Kent employees who did not live in the County. He noted these students were spread out over the division and the impact on ADM was actually helping the division. He suggested this could be a reason why some of these teachers were choosing to stay in New Kent. Mr. Stiers suggested there was more than money keeping teachers in New Kent. He suggested he would rather take a lower salary and be able to send his child to New Kent than work somewhere else.

Ms. Paige suggested students should be mentored to want to become teachers. Mr. Davis noted teachers’ colleges had existed fifty years ago and educational expenses were paid for those pursuing a career as a teacher. Dr. Harding noted there were many nontraditional routes to becoming a teacher and suggested the need to be careful about voucher systems. She reported a recent study had asked why people were not pursuing teaching careers. Reasons given had included class size, climate, over regulation and pay. She stated “education is in trouble” and suggested New Kent needed to do what it could “to bridge this”. She noted the division didn’t want to be at the top but they didn’t want to be at the bottom either.

Dr. Myers also pointed out the County was “putting its money where its mouth is” by supporting funding for a new elementary school. He noted the division was proposing position and staff changes totaling $228,714. He drew attention to a list of changes considered to be minimum needs. He indicated the State had mandated that school divisions have college and career readiness plans for each child and a Career, College and Life Readiness Coach at a cost of $78,970 would be needed to meet this requirement. Among other changes were a STEM teacher at the middle school ($58,838), converting a nurse aide position to a nurse ($28,150) and two bus drivers ($53,548). Ms. Paige asked if the nurse aide position to be converted to a nurse position would be assigned to one school. Dr. Myers indicated the individual would be stationed at New Kent Elementary School but would be involved in all schools.

There being no further questions or comments, the School Board adjourned their meeting at 10:00 a.m. Mr. Davis called for a fifteen minute recess. The meeting reconvened at 10:15 a.m.

IN RE: PUBLIC UTILITIES – FY18 CIP AND FUTURE OUTLOOK

Director of Public Utilities Larry Dame provided an overview of the Public Utilities CIP (Capital Improvement Project) list. Projects to be funded in FY17-18 included:

- Spiral Lift Grinder at the Talleysville Sewer Pump Station - $175,000 – Mr. Dame indicated the department was looking into cheaper alternatives. He reported this equipment was needed to grind large objects deposited into the waste water treatment system. He indicated his department was concerned this equipment may become more crucial with the addition of the Love's Travel Center® to the system.
- Parham Landing Well Pumps and Motors Replacements - $105,000 – Mr. Dame noted existing well pumps and motors were twenty years old. Scheduling their timely replacement would avoid the extra expense of an emergency replacement.
- Odor Control Unit at the Chickahominy Sewer Pump Station - $77,000 – Mr. Dame indicated residents in neighboring communities had expressed concerns regarding the odor from the plant.
- Water Treatability Preliminary Engineering Report - $75,000 – Mr. Dame indicated this was a part of the process of getting a surface water withdrawal permit. He noted concerns had been expressed that drawing a large volume of water from the Pamunkey may pull the salinity line further up river. He indicated there was much talk about sea level rise which would eventually take over many salt marshes. He reported Public Utilities hoped to have an actual permit in hand by the fall.
- Parham Landing SBR Diffuser Maintenance Project - $69,600 – Mr. Dame pointed out the facility had been built to handle future anticipated capacity and only one of the three tanks was currently being used. He noted that although the other tanks were not used, some routine maintenance was necessary.
- Water System Interconnections - $50,000 – Mr. Dame noted a number of communities had been connected in recent years and additional connections would save the County money in the long run.
- Well and Pump Preventive Maintenance - $50,000 – Mr. Dame indicated this project would include the pulling of pumps and inspection of wells. This was another example of the department's focus on preventive maintenance to avoid the unnecessary expense of an emergency situation.

Mr. Stiers asked how quickly the odor control unit at the Chickahominy Station would be installed. Mr. Dame indicated that plans were for this project to be completed this summer. He also suggested the project's final cost would come in lower than the proposed $77,000.

Mr. Dame provided an overview of the future outlook for Public Utilities. He noted the department had projected 98 new connections for the fiscal year and were now at 90. Connection fees for the Love's Travel Stop® totaling $130,000 had already been paid and a Taco Bell® restaurant was in the works. He suggested the short-term outlook was very good but noted he was concerned about the long-term outlook. He pointed out there were fewer than 70 lots left in Patriots Landing and connection fees were what helped pay down the Public Utilities bond debt service. He indicated he wasn't sure where the funds would come from after Patriots Landing was built out.

County Administrator Rodney Hathaway also noted there was currently a business prospect which had the potential to be a heavy water user considering property at the I-64 220 exit. He noted it was the County's policy that if a twenty-year payback could be justified, the

Board would consider extending the service lines. He indicated if the business prospect came through, Public Utilities may be coming to the Board asking that consideration be given to the extension of service.

Mr. Dame also reported things were moving forward with the WestRock wet yard which would use reclaimed water. Oakmont Villas were building out quickly. There were only a few lots left and 17 connections had already been made this fiscal year. In summary he noted the near-term outlook was good and things were moving along. The long-term outlook gave cause for more concern.

IN RE: DAVENPORT & COMPANY - UTILITY PRO-FORMA PRESENTATION

Mr. Ted Cole with Davenport & Company distributed copies of the utility *pro forma* which included projections through FY23. He pointed out that one of the goals of the Public Utility fund had been to insulate the County general fund from the need to support the utility fund. Public Utilities had achieved this goal for the past ten years and revenues had consistently outperformed the budget. The Public Utilities enterprise fund was meeting and exceeding its debt service coverage ratio requirement and minimum cash reserve levels, as well as continuing to operate with no General Fund support. He noted a debt service coverage ratio of 1.15 was required and the FY16 ratio had been 1.89. FY16 revenues had been down but operating expenses had also been down by 20.2 percent. The FY16 unrestricted cash balance had been $6 million dollars and the total cash balance had been $7.6 million dollars at the close of the year.

Projections through 2023 assumed a two percent growth and suggested non-operating revenue would begin to trail off in FY2020. Mr. Cole indicated this decline would be due to the exhaustion of the Bottoms Bridge capacity. FY16 revenue from the Bottoms Bridge ad valorem tax and connection fees had been $765,522 while debt service had been $710,299. Noting a small surplus of $55,223 in FY16, projections suggested there would continue to be a surplus through FY19 but by FY20 there would no longer be any revenue from connection fees and a deficit of $409,779 was projected. Capital projects totaling $16,550,073 were also being proposed for completion through 2022.

Mr. Cole also provided two proposed rate increase options for consideration. Both cases assumed a two percent growth rate and connection and availability fees remaining at FY18 levels. Both cases recommended a four percent rate increase in FY18. The two cases differed significantly beyond FY18. Case 1 suggested no increase in FY19, a modest increase of 5.59 percent in FY20 followed by a 23.87 percent increase in FY21. Case 2 suggested level rate increases of 7.25 percent annually through FY23. Mr. Cole suggested the County could get away with no rate increase in FY18 but doing so would make the years to follow more difficult. He reminded the Board that the guiding principal was to insulate the general fund from Public Utility debt.

Mr. Davis noted most of the Public Utility debt was in support of the Bottoms Bridge service district and asked if a study had been done on the possibility of increasing the ad valorem tax to twenty cents. Mr. Cole indicated each ad valorem penny generated approximately $18,000 in revenue. He noted an increase to twenty cents would not do much to plug the gap between revenue and a $400,000 debt service payment.

Mr. Hathaway noted the proposed FY18 Public Utility budget included a four percent rate increase. He requested that Board members give him their thoughts on this increase and suggested a consensus was need to move forward with advertising the public utility budget. He noted the *pro forma* indicated the budget was not sustainable at the current rate level and every year a rate increase was delayed would make future increases more difficult. Mr. Davis indicated he was in agreement with the increase. Mr. Stiers indicate he was not in agreement with the increase. He noted there had been no increase the previous year and suggested the Board had said they didn't think there would be an increase the next year. Ms. Paige indicated she was more comfortable with the schedule of evenly distributed increases suggested in Case 2. Mr. Evelyn suggested there could be some growth which would make things look differently. Mr. Tiller asked if a penny of the meals tax collected from Bottoms Bridge businesses could be used to pay the public utility debt. Mr. Hathaway indicated the Board had set out how the meals tax would be distributed when the tax had first been adopted. That distribution commitment had expired after three years and since that time these funds had been placed in the County general fund. Mr. Davis suggested using meals tax funds would be using general fund money to support utilities and he was against this. Mr. Hathaway reported he had also been asked about the possibility of increasing connection fees to generate more revenue. He suggested the County wanted to stay competitive in this regard and noted New Kent's current connection fees were in line with neighboring localities. Ms. Paige asked Director of Public Utilities Larry Dame what his department had been able to do to save funds. Mr. Dame noted he was very proud of his staff and suggested they were very careful with expenditures.

IN RE: DAVENPORT & COMPANY – COUNTY FINANCIAL OVERVIEW

County Administrator Rodney Hathaway reported that Ted Cole with Davenport & Company had been asked to provide a financial overview taking the proposed upcoming capital expenses into consideration. He specifically mentioned the New Kent Middle School expansion, renovation of New Kent Elementary School, two fire stations, Pine Fork Park and renovation of the Historic School. He indicated he was monitoring the contingency fund closely and may be coming to the Board in late spring with a request for funding to begin engineering work on the Historic School project. He turned the meeting over to Mr. Cole.

Mr. Cole distributed copies of discussion materials and began by providing an overview of the County's existing tax supported debt. The Existing Tax Supported Debt Profile indicated an outstanding debt amount of $55,618,336 as of June 30, 2016 with $42,905,087 of this being for school projects. A table depicting the ten-year payout for the total debt indicated the total principal and interest would equal $70,051,109. Mr. Cole noted the ten-year payout ratio measured the amount of principal to be retired in the next ten years and New Kent's ratio was currently 77.1%. He noted County financial policy established a minimum ten-year payout ratio for all tax supported debt of 50%. He also noted County financial policy set a maximum Debt to Assessed Value level of 4.5% and a maximum Debt Service to Expenditures level of 12%. The County was in compliance with all three policies. Mr. Cole also reviewed a Debt Affordability Analysis for the existing debt.

Mr. Cole provided a brief overview of the proposed projects mentioned by Mr. Hathaway. He noted there were three school projects including:

- New Kent Middle School Expansion – The estimated cost was $1.5 million with funding in Spring 2017.
- New Elementary School – The estimated cost was $20 million with funding in FY19.
- New Kent Elementary School Renovation – The estimated cost was $14 million with funding in FY19.

County projects included:

- Historic School Renovation – The estimated cost was 2.5 million with funding in FY19.
- Pine Fork Park – The estimated cost was $4 million with funding in FY20.

- Fire Station #2 Replacement – The estimated cost was $1.5 million with funding in FY20.
- Fire Station #3 Replacement – The estimated cost was $1.5 million with funding in FY20.

Mr. Cole noted three of these projects would generate additional operating costs to be funded in addition to the debt service. Those projects and associated operating costs included:

- New Kent Middle School Expansion – Additional operating costs were estimated to be $250,000 annually beginning in FY20.
- New Elementary School – Additional operating costs were estimated to be $1,200,000 annually beginning in FY22.
- Pine Fork Park – Additional operating costs were estimated to be $150,000 annually beginning in FY22.

School and County projects totaled $45,000,000 and Mr. Cole noted the discussion materials included four possible funding cases for consideration. Projects included in Case 1 were the New Kent Middle School Expansion and a new elementary school totaling $21,500,000. Case 2 included all items in Case 1 plus the New Kent Elementary School renovation with Case 2 projects totaling $35,500,000. Case 3 included all Case 2 projects plus the Historic School renovation and Pine Fork Park. Case 3 projects totaled $42,000,000. Case 4 included all Case 3 projects plus the replacement of two fire stations. Case 4 projects totaled $45,000,000. Cumulative new debt service for all projects (Case 4) would be $69,188,530. Mr. Cole drew attention to the debt ratio data for each case and noted the ten-year payout ratio and debt to assessed value ratio would both remain within the established policy for each case. The debt service to expenditures ratio did not fare as well with Case 1 being out of compliance for eight years and Cases 2 through 4 being out of compliance for ten years. Tax equivalent impacts with and without operating costs were discussed. Mr. Cole noted total tax equivalent impact for all projects (Case 4) would be 10.75 cents without operating costs and 16.89 cents with operating costs. One penny of real estate tax was currently generating approximately $260,000.

Mr. Cole noted the discussion materials also included a funding analysis for fire apparatus. He indicated he would come back to this portion of the materials after Fire Chief Rick Opett had presented information on the proposed apparatus purchase.

IN RE: FIRE-RESCUE – CALENDAR YEAR 2016 STATISTICS

Fire Chief Rick Opett reported there had been an average of 7.95 calls per day in 2016 which equated to an 11% increase in volume over the previous year. Responses to motor vehicle accidents had increased by 8% and fire calls had increase by 3%. Chief Opett also reported the stations were running more mutual aid than in the past with 201 calls to Charles City, 21 calls to James City and 79 calls to West Point. Mutual aid received had also increased with 24 assists from Hanover, 113 from Henrico, 144 from James City and 386 from West Point. Average call response time had been 8.5 minutes. He indicated this was something the department would continue to work on and also noted they had worked with dispatch in an effort to receive calls from 911 sooner. The average time between 911 receiving a call and its relay to Fire-Rescue was now 3.28 minutes. (Eight minutes had been reported the previous year.) 2016 statistics also indicated 43% of all calls were in the Quinton area, with the busiest units being Captain 501 with 1,407 calls and Medic 501 with 1,009 calls. Saturday remained the highest volume day of the week with Friday, Sunday and Monday each running a close second place. The lowest number of calls had been received on Tuesdays. Most calls had been received between the hours of 12:00 p.m. and

7:00 p.m. and 3:00 p.m. to 4:00 p.m. had been the busiest hour. Fifty percent of all calls were in residential areas and 23% were on highways. Most highway calls were to incidents occurring on I-64 with the bulk of those (233) occurring in the westbound lanes. Responses had also been made to an additional 190 incidents in the eastbound lanes. The total Fire-Rescue budget of $3,003,542 was distributed with 78% in personnel, 20% in operations and 2% in capital items. Chief Opett reported an increase of 15% in call volume at Station 4 (Lanexa) which was now staffed around the clock. From 10/24/16 to 2/14/17 Station 4 had responded to 75 calls compared to 65 for the same period the previous year.

Chief Opett indicated there were a number of challenges faced by Fire-Rescue. Among those noted were, access to water, the increasing call volume, the aging fire apparatus fleet and the County's 212 square mile operating area with only four stations providing coverage. Chief Opett provided an overview of the current apparatus including usage, age, mileage and current value. Maintenance costs from FY14 to FY16 were also provided for each vehicle. The Chief noted that in several cases the three-year maintenance costs total was greater than or very near the current value of the vehicles. Chief Opett noted that Assistant Fire Chief Brian Bennett was also present and would be providing additional information.

Assistant Chief Bennett indicated he would be providing information on apparatus needs. The Board had authorized funding for a fifth fire station and the needs were based on equipping five stations. He indicated stations would be cross staffed with two personnel and calls received by those personnel would be given priority as follows:

- EMS Calls – highest priority,
- MVAs (Moving Vehicle Accidents) – second priority,
- vehicle fires – tertiary priority,
- brush fires – quaternary priority and
- structure fires – quinary priority.

The age and condition of existing apparatus was a major concern when considering options for equipping five stations. The department's current fleet was comprised of a variety of different makes and models with varying configurations which made efficient use difficult for staff. Assistant Chief Bennett suggested it was important for the department to have a brand or identity and this was also difficult to achieve with the current apparatus. He suggested that in a perfect world the engines, squads, quints and tankers would all have the same specifications and regardless of station assignments, staff would be familiar with the equipment and its location. He suggested there were several options that could be considered to help establish some uniformity in equipment. The purchase of used fire apparatus, the purchase of a complete new fleet or the purchase of a mix of new and used apparatus were considered possible options. Assistant Chief Bennett suggested staff needed vehicles that were capable of doing it all and were easily maneuverable. He also noted given the New Kent terrain the vehicles would need to have a low height clearance and a high ground clearance. There were also problems with compartment inconsistencies with the current fleet and new equipment would mean that all compartments would be the same and would be filled with the same equipment from vehicle to vehicle. Staff was recommending the addition of six pieces of equipment including:

- a Rescue Engine at the Providence Forge Station,
- a Rescue Engine at the Quinton Station,
- a Rescue Engine at the Eltham Station,
- a Rescue Engine at the Lanexa Station,
- a Quint at the Providence Forge Station and
- a Tanker at the Eltham Station.

Assistant Chief Bennett indicated the rescue engines were small and very maneuverable. These trucks would also be multi-platform based and could support extrication, rescue and engine fire suppression. The quint supported five functions including pump, water tank, fire hose, aerial ladder and ground ladders. In addition to these functions, New Kent would add the sixth function of extrication capability. This truck would also be very maneuverable, would have a tight wheel base, would have a mid-mount ladder and be eligible for ISO credit. The tanker would also be multi-platform based and would function as a tanker, provide support for engine fire suppression, carry 3,000 gallons of water and be eligible for ISO credit. Assistant Chief Bennett pointed out that new vehicles would have safety features not available on the County's older vehicles.

Chief Opett noted Station 5 was slated to open in July 2018. The delivery of new fire apparatus was estimated to be between 312 to 320 days. If an order was placed on July 1, 2017, delivery would be taken on or about July 1, 2018 which would be just in time for Station 5 to open. He suggested that if only existing equipment were used, there would be no reserve fleet. Chief Opett also noted a 75 foot aerial was needed to be eligible for ISO credit. Current County apparatus was only cable of reaching 65 feet. He suggested funds from the sale of surplus apparatus could be used to purchase a used quint. He also pointed out the County's current fleet was capable of carrying 9,550 gallons of water. If the proposed new apparatus were purchased, the carrying capacity would increase to 13,525 gallons. Chief Opett's presentation included three purchase options. The first option purchasing all new equipment totaled $2,900,000. The second and third options suggested the purchase of used equipment with the first model totaling $1,445,000 and the second model totaling $1,790,000.

The Board recessed for lunch at 12:15 p.m. The meeting reconvened at 12:45 p.m.

IN RE: DAVENPORT & COMPANY – FIRE APPARATUS ANALYSIS

Ted Cole with Davenport & Company drew attention to page 11 of the discussion materials previously distributed. He noted that in addition to the School and County capital projects, a full fire apparatus fleet purchase was also under consideration. Plans included the replacement of four existing one dimensional fire apparatus with a combination of new and used apparatus. He suggested the new and used apparatus may include four new trucks to replace four existing pumpers at a cost of $460,000 to $480,000 each, a new combination ladder truck (quint) at a cost of $700,000, a new 3,000 gallon tanker truck at a cost of $405,000 and a used reserve quint at a cost of $200,000. Mr. Cole pointed out that the fire apparatus analysis assumed that the used quint would be purchased from the proceeds of the sale of four existing County pumper trucks. He noted as Fire Chief Rick Opett had previously reported, the new fire apparatus would have an approximate one-year lead time and funding would not be needed until the County took delivery. The total price for the new apparatus package was approximately $3,025,000 which could be reduced to $2,900,000 with incentives. Mr. Cole indicated the replacement plan would cover the next fifteen years and did not include any provisions for the opening of additional new fire stations or ambulance purchases. The analysis suggested a fifteen year loan term at 3.5%. Mr. Cole suggested the County could consider a one cent tax increase no later than FY19 to fund the requested apparatus upgrades. Mr. Cole drew attention to cash flow information for the purchase of some or all of the proposed apparatus. He noted if all apparatus was purchased, debt service would be $50,750 in FY19 followed by $251,793 each year thereafter through 2034.

Mr. Stiers noted a purchase totaling $2,900,000 was being proposed and Mr. Cole had stated that funding would not be needed until the County took delivery. He asked what would stop the County from cancelling the order. Chief Opett noted the County would enter into a contract for the apparatus and would be bound by its provisions. Mr. Stiers noted it had been suggested a once cent increase in real estate tax would be needed to fund this purchase. He suggested that additional revenue may be available by the time the equipment was ready for delivery and there may be no need to increase taxes. County Administrator Rodney Hathaway suggested that was unlikely and noted additional funding would also be needed to support the capital projects slated for schools.

Ms. Paige raised concerns regarding new Station 5. She requested the estimated cost of the building and everything that would be needed to move into it. Chief Opett indicated the building cost would be $1.8 million dollars and approximately $360,000 would be needed for six additional personnel. Ms. Paige asked how the County planned to take care of these additional expenses. She indicated she did not want the County to spend $1.8 million on a building that it could not afford to move into. Assistant Fire Chief Brian Bennett noted the requests being made were not based on wants but were based on NFPA (National Fire Protection Association) 1710 standards. Mr. Davis asked if the department was aware of any possible revenue stream to fund these purchases. Chief Opett noted that revenue recovery for ambulance services had increased slightly. Mr. Stiers asked if revenue recovery funds were put into the general fund. Mr. Hathaway indicated they were. Mr. Stiers suggested perhaps this could be restructured so the funds would be used to pay for fire apparatus. Mr. Evelyn suggested that Chief Opett bring another scenario which did not include the $700,000 quint to the next budget meeting. Chief Opett indicated the quint had been added to the list of needs because it would support additional capability.

IN RE: FY18 PROPOSED BUDGET REVIEW

County Administrator Rodney Hathaway noted a great deal of information on the FY17 proposed budget had been shared at the February 13th meeting. He indicated his goal was to get the budget ready for public hearing. He pointed out that schools had asked for an additional $150,000 in funding from the County but the proposed budget only included $100,000. He suggested if the Board was interested in funding the full request the additional $50,000 could be made up with funds from the CSA (Children's Services Act) account. He noted the CSA account generally kept a healthy fund and this department's spending history suggested this funding could be shifted.

Mr. Davis noted the schools were proposing a 2% salary increase for all employees. He suggested schools could give employees a 1% increase and not need an additional $50,000 from the County. Mr. Hathaway reported there had been some analysis done on the cost of a salary increase for County employees and he suggested the County could afford to give a 1.5% increase. He distributed a handout which indicated a 1.5% increase would require $161,991 in funding. Mr. Davis noted this increase for County employees would not be the same as the School Board was proposing. Mr. Stiers suggested County employees would be happy with a 1.5% increase. Ms. Paige noted that at the end of the day, the School Board would still give its employees a 2% increase and the Board of Supervisors could not control what the School Board did with funding from the County. Ms. Paige suggested the additional funding be kept at $100,000. She noted the School Board report had suggested other school divisions would likely be giving salary increases. She noted that even with the proposed salary increase, New Kent would remain the lowest on the list of localities provided earlier by School Superintendent Dr. David Myers. Mr. Davis agreed. Mr. Tiller agreed and suggested the School Board would be back again next year with the same chart depicting the same statistics. Ms. Paige suggested the Board's commitment to increasing the set-aside funding ($545,738) for a new school should also be taken into consideration. Mr. Hathaway also noted the County was making a significant investment into a new financial software system which would also be used by the schools. Mr. Davis suggested the Board take the information received and digest it in preparation for additional budget discussions the following Wednesday (February 22, 2017).

IN RE: ADJOURNMENT

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

Thomas W. Evelyn	Aye
C. Thomas Tiller, Jr.	Aye
Patricia A. Paige	Aye
Ron Stiers	Aye
W. R. Davis, Jr.	Aye

The motion carried.

The meeting was adjourned at 1:20 p.m.