

THE BOARD OF SUPERVISORS HELD A WORK SESSION ON THE 11th DAY OF FEBRUARY,
IN THE YEAR TWO THOUSAND TWO OF OUR LORD IN THE BOARDROOM OF THE COUNTY
ADMINISTRATION BUILDING AT 4:06 P.M.

IN RE: ROLL CALL

Rebecca M. Ringley	Present
James H. Burrell	Present
Dean E. Raynes	Present
Julian T. Lipscomb	Present
W. R. "Ray" Davis, Jr.	Present

Chairman Davis opened the meeting. Mr. Ellyson suggested we move the Work Sessions back to the Old Courthouse, and will check to see if that facility is available.

IN RE: PRESENTATION - Audit Service proposals

Mr. Ellyson advised the Board that Goodman & Company had called late on the morning of the meeting and withdrew their proposal for audit services, as a result of the recent resignations of three trained governmental auditors on their staff.

Appearing on behalf of Robinson, Farmer, Cox Associates, were Robert Huff, Thomas Smith and Steven Jacobs. Mr. Huff introduced his associates, and represented that Thomas Smith would be the Audit Manager/Partner in Charge, and is listed in Virginia Business as the top governmental-type CPA in the state. Mr. Huff indicated that his firm had been in the government auditing business for approximately 50 years and has 4 offices that serve the Commonwealth. Mr. Huff reviewed what he thought were two important points to consider when choosing an auditing firm, which is who will actually do the work, and the soon-to-be required GASB34 report. He indicated that his firm filed this report for Louisa County last year. Mr. Huff reported that his firm had worked well with Mary Altemus when she was in Gloucester, and felt that Robinson, Farmer, Cox Associates was competitive and could do a good job for New Kent. Mr. Huff indicated that his firm was well aware of the budgeting problems facing all localities this year. Thomas Smith spoke about the GASB34 report which will be required by New Kent by June 30, 2003, and represented that his firm would be filing these reports for other localities in 2002, and would have experience, as well as templates and models, to help New Kent prepare its report for 2003. Mrs. Ringley inquired how much more work the GASB34 would take in the initial year and subsequent years. Mr. Smith estimated that the first year would take about 50% more effort, and thereafter 5-25% additional effort. Discussion was held on the advantages and disadvantages of the GASB34, and Mr. Huff indicated that the system was designed to have the financial statements of local governments look more like those of private businesses. Some explanation was made regarding Senate Bill 256 that has been approved by the State Senate, which would create a joint tenancy in any school properties with debt, between the School Boards and Board of Supervisors.

Appearing on behalf of Cherry, Beckaert & Holland, were John Montoro and Mike Sherrod. Mr. Montoro represented that he has been the engagement partner for the audit in New Kent for the last four years. He indicated that his firm is the 22nd largest CPA firm in the country, is headquartered in Richmond, and serves seven states. Public sector work, which includes local government and not -for-profit, makes up 20% of their business. The Richmond office, which would continue to serve New Kent,

has 16 staff that are qualified to do government audits. In addition to working for the City of Lynchburg, the City of Norfolk, and the counties of King George, Richmond and Clark, his firm also works for the Capitol Regional Airport Commission and Central Virginia Waste Management Authority. Its clients range from very small to very large. The audit team for New Kent would include Mr. Montoro, Karen Cohen (returning after maternity leave), Michelle Pratt, and Mike Sherrod. Mr. Montoro also discussed the upcoming reporting model, GASB34, which will be required of New Kent in 2003. His firm attempts to gear its level of service to each client's needs. They have three client localities in Virginia that have to implement this report this year and the Airport Commission filed such a report last year. His firm has experience that will assist the County in developing the best cost-effective solution to meet those reporting requirements. As far as his audit approach, he reported that accountability is the cornerstone of financial reporting. Mr. Montoro also discussed the importance of materiality in conducting audits. Mike Sherrod reported on the actual process of an audit, including pre-planning and periodic updates. Mr. Montoro reviewed his firm's history with New Kent County during the last four years, which included dealing with three treasurers, three finance directors and two county administrators. Mr. Montoro further indicated that it was his practice to use Management Comments as a tool to help his clients develop the best system they can. He believes the continuity of using his firm would be of benefit to New Kent County. It was his opinion that the first-year cost of implementation of GASB34, including writing the report and performing the management discussion analysis and assisting with the disclosures, would be approximately half of the Audit fee, but thereafter he would not expect more than a marginal increase.

Discussion was held among the Board members concerning past experience with both firms. Mr. Ellyson recommended that the Board select Cherry Beckaert & Holland, based on his experience while in the Treasurer's Office, his past experience on the Board of Supervisors and during the recent audit. Some discussion was held about the Management Letter submitted with the recent audit, and the problems with the bank reconciliations. Mary Altemus represented that she worked very well with both firms and could not make a recommendation. Mr. Burrell moved that the County of New Kent retain Cherry, Beckaert and Holland as its auditing firm, for a five-year term. The members were polled:

Mrs. Ringley	Nay
Mr. Burrell	Aye
Mr. Raynes	Aye
Mr. Lipscomb	Aye
Mr. Davis	Aye

The motion carried.

IN RE: EXECUTIVE SEARCH PROCESS FOR COUNTY ADMINISTRATOR

Mr. Ellyson reviewed the responses received from the search firms he had contacted. He was impressed with the presentations of two of the firms, Mercer Group and Slavin. Slavin appeared to have done more work in the area than Mercer. Both of the firms are located in Georgia but work in Virginia. Mrs. Ringley represented that she had learned of these firms through the search for an executive director for the Richmond Regional Planning District Commission last year. Mr. Ellyson reminded that he had provided all Board members with copies of the unsolicited resumes that have been received. Mr. Burrell suggested that the Board review these resumes in detail and perhaps meet with the top three before hiring a search firm. Ms. Katz indicated that the County would need to advertise if it was not going to use a search firm, although interviews could begin, but the interview process could not be closed until the position had been advertised. She also represented that the search firm would have to advertise as well. All unsolicited resumes could be forwarded to the search firm, in which case letters needed to be sent to

the applicants, advising that a search firm had been engaged and that their resumes has been submitted to the search firm. The search firm then would determine the top-qualified candidates and interviews could be scheduled. Ms. Katz indicated that Dinwiddie County, who is also looking for a new administrator, had received from Wendy Ralph, a breakdown of the salaries of the administrators of other localities in the State last year. She believes that such a list would be of benefit to New Kent in deciding what kind competition it has. By consensus, the Board agreed to retain the Slavin firm, and Mr. Ellyson was asked to have a representative of that firm appear at the March work session.

IN RE: OTHER BUSINESS

At this time, George Homewood, Planning Director, introduced Lamont Myers, who was recently hired by the Planning Department on a part-time basis. Mr. Myers briefly recounted his history and experience in both finance and economic development, in government and in the private sector. One of his first tasks is to look at all of the ordinances, the comp plan, the subdivision plans, the area plans, and try to determine if those are working in harmony, or at cross purposes, with the County's objectives of encouraging the desired type of economic development. For example, he has initially found that the Comp Plan places a lot of emphasis on promoting the development of small village areas, but there is no mechanism within the zoning ordinance to allow a number of those uses by right. He has also found that the Comp Plan encourages economic development of the Route 33 corridor, and there is a preponderance of reference in the Area Plan as to how the County can control development in the area, but very little mention on how the County can promote the type of development that it wants. He wanted to give the Board a sense of the sort of things that have been obvious to him in his first two weeks on the job. Mr. Myers reported that he is now in the process of completing his review of the ordinances, and hopes to meet with each board member individually to get his or her input before preparing a report on that first part of his work which he is hoping will be done in March. His next task would be preparation of an economic baseline analysis, looking at key economic indicators in the County, particularly over the last ten years, like per capita retail sales, building permits, residential v. nonresidential real property revenues, other business tax revenues, tax receipts from tourism, receipts from horseracing, employment statistics and unemployment statistics. His intention would be to see how New Kent County fares in relation to the rest of the region, including the Richmond and Hampton Roads, and help assess what types of economic activity the County wants to encourage. Next he intends to look at national and regional economic development trends, again to determine what steps the County may want to take to pro-actively promote the type of development it would like to see. Finally, working with the county staff, he will analyze the County's transportation and public utility network, and make recommendations as to where he thinks future public investment is most warranted. He believes that the purpose of economic development is to enhance the lives of the citizens. If economic development proceeds at the expense of quality of life, then the community has lost. The best approach to make economic development a positive force in the community is by proper planning in conjunction with the environment, making certain it does not overtax the transportation system, is placed in areas where there is infrastructure to handle it, but at the same time insuring that it does not overburden the residential areas and maintains those areas that have a large amount of environmental sensitivity, which is a large portion of New Kent County. It is his approach that economic development and quality of life can proceed hand in hand, and that one does not have to come at the expense of the other. He looks forward to working with New Kent.

IN RE: PRESENTATION: Irrigation Credits

Charles Loving, Public Works Director, appeared to review the proposed irrigation credits, primarily for those residents of Brickshire subdivision who seek relief for sewer charges. That location has apparently been using a lot of irrigation water. Mr. Loving reported on three methods of providing this relief.

The first would be for the homeowner to purchase a water meter, at a cost of approximately \$60. The citizen would hire a plumber to install the water meter, at a cost of anywhere between \$150 - \$300. The homeowner would then phone in the home's usage at the end of each billing cycle, on an honor system.

The second would be a buried service meter. Some of the local counties have had these systems in place for some time, including Chesterfield and Hanover. There is not a lot of initial maintenance, but this system does become more costly as time goes by. It has become such a burden on some utility operations that they have resorted to other alternatives. If this was implemented in Brickshire, the cost for a water meter would be approximately \$120, the connection fee \$2,000, and the construction/installation cost \$1,000 per connection, for a total cost of \$3,120 for each in-ground residential connection. The County's costs as they pertain to manpower, vehicles and gasoline, will increase, and the County will still be giving credits. The cost for non-residential customers is approximately \$6,170.00.

The third method that is gaining popularity, and which Hanover has begun to use, is the Mathematical Method. There is no upfront cost for the customer or the County to operate this system, and it is flexible if changes are needed in the future. There is no equipment sitting in the ground that has to be maintained. Simply, the reading would be taken from the billing cycle of non-irrigation months (January, February and March in New Kent) to establish a base line. That base rate would never increase more than 20% of the previous year's usage. New accounts would be set up with a baseline of 18,550 gallons. This figure is derived by using 2001 figures, wherein there was a total yield of all wells of 17,721,250 gallons and users totaling 940, resulting in an average of 18,850 gallons per user. There would be no credit given to residents leaving the program during the middle of a billing cycle. Mr. Loving reported an initial cost of necessary computer programming of approximately \$6,000.

Mr. Loving indicated that builders, while constructing a home and irrigating the yard and landscape, should not be receiving sewer bills for that water usage. He reported that he no longer allows water service connections to be installed without the sewage pump station going on line, which will prevent the County from being in violation should people start using the sinks etc. prior to the time that the Certificate of Occupancy has been issued. Mr. Ellyson reminded the Board that the County's objective was to treat everybody fairly, and at the same time making sure that each homeowner is paying a fair share of the cost of running and operating the system. Mr. Ellyson further reported that Bright wanted \$7,000 to put the programming in place to implement this system. He suggested that until the volume warrants such an expenditure, an Excel spreadsheet could be designed for use.

Discussion was held and it was the Board's decision that the Mathematical Method was preferred. Mr. Loving was asked to bring figures back to the Board after the current billing cycle, for further consideration of proceeding with the issuance of sewer credits.

IN RE: VIRGINIA DEPARTMENT OF AVIATION GRANT

Mr. Ellyson reported on the \$4,000 grant from the Virginia Department of Aviation. If the funds are accepted, the County must keep the airport open for twenty years. The Board approved Mr. Ellyson's signing of the grant acceptance.

IN RE: OTHER BUSINESS

There was discussion regarding the contract with Waste Management that expires in June 2003. Mr. Ellyson has had some conversation with John Mitchell, who has asked for authority to negotiate on behalf of New Kent County, with Shoosmith, as he feels that there could be a savings of 10% - 20%, as well as to conduct further negotiations with Waste Management. The Board approved giving Mr. Mitchell authority to negotiate on New Kent's behalf.

Ms. Katz had in hand a contract to be signed with Central Virginia Waste Management Authority, which had been amended to delete an objectionable provision regarding the County's ownership of what was placed in the dumpsters. Copies will be provided to the Board for their consideration prior to signing.

IN RE: CLOSED SESSION: Consultation with legal counsel

Mr. Lipscomb made a motion for the Board to go into closed session for consultation and briefings by legal counsel, consultants or staff members pertaining to actual or probable litigation or other legal matters pursuant to Section 2.2-371 A.7 of the Code of Virginia, involving legal matters involving pending litigation.

The Board went into closed session at 5:35 p.m.

The Board ended closed session at 6:00 p.m.

Mr. Burrell made the following motion in certification of the closed session:

Whereas, the New Kent County 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 Davis inquired whether there was any member who believed that there was a departure from the motion to go into closed session.

Members were polled on the motion for closed meeting and the certification:

Mrs. Ringley	Aye
Mr. Burrell	Aye
Mr. Raynes	Aye
Mr. Lipscomb	Aye
Mr. Davis	Aye

The motions carried.

Chairman Davis announced that the Work Session will be extended until February 14, 2002, at 6:00 p.m. in the Old Courthouse.

The work session was suspended at 6:05 p.m.
