

THE BOARD OF SUPERVISORS HELD A SPECIAL WORK SESSION ON THE 24<sup>th</sup> DAY OF SEPTEMBER, IN THE YEAR TWO THOUSAND TWO OF OUR LORD IN THE COURTROOM OF THE OLD COURTHOUSE IN NEW KENT, VIRGINIA, AT 5:30 P.M.

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IN RE: ROLL CALL

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

Chairman Davis opened the meeting.

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IN RE: FINANCIAL FORECAST

Steve Jacobs from Robinson, Farmer, Cox, reviewed with the Board a draft report of the financial impact upon the County's real estate tax rates under five different scenarios: no projects; high school only; school projects only; only general government capital projects; and all projects. In each of these scenarios, he included options for a constant tax rate or equalized tax rate, through 2008. The project combinations were considered in terms of the County's real estate tax rate computed to be necessary to fund the projects and maintain a prudent (15% of budget) fund balance.

He reviewed how he determined the figures for the Capital Improvements Program, and explained that the debt service was not programmed into the forecast until the beginning of 2007. Figures also included the County's projected revenue, including admission taxes, meal taxes and increase in real estate taxes resulting from the reassessment. General government projects provided for 5% growth as well as the salaries of the new full-time EMS staff, a building inspector, assistant county administrator and other new staff related expenses. School operating costs were computed based on square footage.

Mr. Jacobs reported that his report did contain a \$100,000 error which resulted in the tax rates being a penny higher than they should, and that he would make this correction in the final report.

Mr. Jacobs indicated that there are different ways to structure debt. The debt service schedule for this forecast has used traditional local government debt service, calling for level principal payments (1/20<sup>th</sup>) each year. He reported that some localities in the Commonwealth are "back-ending" the principal, making it easier to make some of the early debt service payments. Mr. Jacobs reported that he had computed interest at 4% for the Literary Loan portion and 5¼% on the VPSA portion.

Mr. Burrell questioned the mathematical truth of the report, as he contended that borrowing \$30 million dollars over 20 years would translate to principal payments of \$1.5 million per year plus interest, which would be a tax rate increase of 15% just to make the principal payments. He feels that the rates will also increase as a result of re-assessment, and that the County's operating expenses are increasing at a rate higher than 5%.

Mr. Jacobs stated that the CPI has grown between 2 and 3%. State figures are 2 - 3% as well, and he feels the 5% figure is prudent, if not a bit high. The \$.69 equalization rate was obtained based on a 15% bump in real estate values upon reassessment, which John Crump, Commissioner of Revenue, confirmed was a "best guess" although he thinks it will be higher than that.

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Mrs. Ringley inquired whether the operational costs for the middle school had been deducted from the overall operation costs of the schools. Mr. Jacobs will check on that and report back to the Board.

There was discussion regarding the difference in the costs of remodeling and renovating, as well as the costs that other localities have incurred in refurbishing some of their existing schools.

Mr. Jacobs confirmed that it would take a tax rate of \$.88 or \$.89, through 2008, to do all the projects. In 2007, the debt service is just beginning, and it would be important to have a healthy fund balance at that time. An increased tax rate will probably have to be considered then as well. He emphasized that, as a part of the annual budget process, the excess funds generated by the tax increase be earmarked for the fund balance.

Mr. Burrell is concerned that building a new school will bring more people with children into the County, resulting in an increase of services provided by the County.

Mrs. Ringley agreed that a good school system makes a community more attractive. She reminded the Board that although the County has not built any new buildings in the last few years, it has expanded its services - teaching more children, putting more deputies on the roads - and the population has grown. She reported that she would not be able to hold her head up in the community if she did not support building the new school. The County needs to do something not only for the expanding school population, but for the current students as well. She feels it is her responsibility, as a county leader, to support construction of the new school. These are reasonable numbers that the County and its residents can afford.

Mr. Burrell expressed his concern about the loss of teachers because of low salaries, and feels it is more important to be able to keep its good teachers and buy new computers than to build a new building. He prefers refurbishing the existing schools - add more rooms, install new technology, and pay the teachers more. He cited the need for an athletic field house. The high school was designed for expansion and the middle school can be renovated to look brand new. All of this can be done for much less than building a new high school. Mr. Burrell suggested that the County look at alternatives to building a new school.

Mrs. Ringley suggested that Mr. Burrell visit the schools during the time that school buses are being loaded and see firsthand the hazardous conditions that exist. She also reminded him that the middle school cannot be secured.

Mr. Lipscomb questioned whether the renovations could be completed during summer vacation. Mr. Burrell expressed his opinion that work could be done during the school year.

Mr. Raynes stated that it will be up to the voters whether or not the school is built.

Mr. Lipscomb reminded that the Board's job tonight was to arrive at a figure that can be given to the public so that they can make up their minds regarding the bond referendum. According to the report, that figure appears to be an increase of \$.09, to \$.88, through 2008. At reassessment, the rate will be re-examined and see if it can be lowered.

Mr. Ellyson reported that when the current high school was built, there was no drastic increase in the school population. Mr. Raynes and Mr. Lipscomb remarked that people are moving into New Kent, even with the schools crowded.

Mr. Jacobs will prepare his final report and get it to the Board.

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IN RE:            OTHER BUSINESS

Regarding the drought, Mr. Christie provided copies of the emergency ordinance that had been previously distributed. This ordinance would only be applicable during the time that the Governor's State of Emergency is in effect, and will apply to both public and private wells. Chairman Davis stated that he had been reluctant to adopt this ordinance, but feels that the County has no choice, given the current state of the drought and the wells in the County. Mrs. Ringley had concerns about adopting this ordinance without a public hearing. Mr. Lipscomb recommended that the ordinance be adopted only for 90 days. Mr. Raynes moved to adopt Ordinance O-27-02, amended to be in effect for a period of 90 days, at which time it can be reconsidered. Mr. Burrell seconded the motion and the members were polled:

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

The motion carried. This matter will be reconsidered at the December meeting.

Mr. Raynes reported on some situations in the Turners Neck subdivision, part of which is zoned A-1 and part is R-1. There is litigation pending regarding some timbering by one of the landowners, and Mr. Christie provided information that had been received from the County attorney. Additionally, a gentleman who has purchased property in R-1, wants to have horses for personal use, and his real estate agent did not let him know that horses were not permitted. According to the ordinance, a conditional use permit can be granted either by the Board of Supervisors and/or the Agent. He feels that George Homewood should be permitted to grant the CUP in this case. Mr. Homewood has agreed to bring a resolution amending the code, permitting him to make this decision administratively, on a case by case basis. One of the problems with this subdivision is that construction is not allowed during certain times of the year because of its close proximity to bald eagles' nests. This gentleman has a tight window in which to begin construction and does not have time to wait for a conditional use permit. The property is 5 acres and open, and horses are permitted in the subdivision covenants. It was agreed by consensus to consider the resolution at the next meeting.

Mr. Raynes also reported that Bob Olgers is having problems with the Health Department regarding the portable toilet at his operation in Providence Forge. Mrs. Ringley removed herself from discussion on this issue, as she is the owner of the property, but did confirm that it was zoned B-1. She indicated that she had requested that County staff make sure that any use of the property conforms to county ordinances. Mr. Raynes feels that Mr. Olgers' use of the property is an improvement over using it as a truck parking lot, and suggested that any businesses trying to operate in Providence Forge should be encouraged.

Mr. Lipscomb reported that the Civil Air Patrol wanted permission to camp out at the airport this weekend while doing work on the building. Bill Kelly did not feel that he had authority to grant permission, and has deferred to the Board or County Administrator. The Board authorized the County Administrator to grant them permission.

Chairman Davis asked that all Board members review their copy of the description of duties of the County Administrator, and be prepared to discuss any changes that are needed at the next meeting. Mrs. Ringley asked that copies be included in the next Friday packet.

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RE:           ADJOURNMENT

There being no further business, the work session was adjourned at 6:45 p.m.