

THE BOARD OF SUPERVISORS HELD A WORK SESSION PRIOR TO THE
REGULAR MEETING ON THE 11TH DAY OF JUNE IN THE YEAR TWO

THOUSAND ONE OF OUR LORD IN THE OLD COURTHOUSE AT 4:00 P.M.

IN RE: ROLL CALL

Rebecca M. Ringley	Present
James H. Burrell	Present
Dean E. Raynes	Present (arrived at 4:12 p.m.)
W. R. "Ray" Davis Jr.	Present
Julian T. Lipscomb	Present

IN RE: BUDGET DISCUSSION

Chairman Lipscomb called the meeting to order at 4:03 p.m. He asked Mr. Emerson if he had a presentation regarding the budget. Mr. Emerson stated he did not have a presentation but thought the members would like to have some time to discuss the budget as they would be making a decision on the budget at the regular meeting at 6 p.m. Mr. Emerson stated if there were comments or changes, it would help the staff to know what those changes were so they could properly prepare the motions for adoption at the regular meeting.

Chairman Lipscomb stated he thought the main issue was the cell phone tax. He felt that issue was the most controversial issue before the Board. Mr. Burrell asked whether it was allowable to charge a flat fee per phone. Mr. Emerson stated it was a percentage with a \$3 cap. Mrs. Ringley stated she thought some concerns of constituents dealt with the purpose of the tax -- can it be tied to something. She stated she was aware at some point in time the County would be required to identify where cellular 911 calls were coming in from. Mr. Emerson stated he did not know when that requirement would fall on New Kent County. Mrs. Ringley was interested in knowing if the State would help fund that 911 project and stated for that reason she would like to see something done with regard to the cell phone tax in order to sort of identify the number of cell phones in New Kent. She did not think this should be looked at as a money making venture for the County but a vehicle by which we could help ourselves at a time when we are required to provide equipment and information for E-911 identification.

Mr. Davis stated his constituents felt there was no justification for the cell phone tax. He felt that if we are required to provide the information for the 911 service, that would be the justification that it could be done at that time. He also stated since the real estate tax was being raised a "hefty" amount percentage-wise, the Board may need to wait on this.

Mr. Emerson stated to the Board it was certainly up to them as to whether to adopt the tax as it was merely an avenue to obtain revenue the General Assembly provided to localities.

Chairman Lipscomb pointed out that the real estate tax puts the burden on the homeowners but not all people own their homes -- but almost everyone has a phone. He also pointed out the car tax used to get those people but now it does not.

Mr. Emerson told the members he wanted to point out the General Assembly had discussed capping real estate. He further stated he did not know what the General Assembly would provide to localities to help raise revenue to fund local services but it was rapidly changing. He stated he thought the State needed to examine an overall strategy for the revamping of the tax code and provide the localities with something other than the piecemeal, shotgun approach presently being used.

Chairman Lipscomb asked the members if it was the consensus of the group to forego discussion of the cell phone tax for a year.

Chairman Lipscomb asked the members next for discussion regarding the proposed admissions tax.. He stated what he was hearing from citizens was not necessarily opposition to the tax, but opposition to the 10% rate. He felt they would favor a 2% rate. He stated he felt this 2% would be passed on to the ticket purchaser, most of whom would not be County citizens. Mrs. Ringley agreed and stated she viewed the tax as a "user" tax and not a tax on businesses. She thought 10% might be a bit much but felt we should have something since New Kent was receiving nothing from events being held in the County. Mr. Burrell agreed with the tax but not at 10% as did Mr. Davis. Mr. Raynes stated he was thinking about something lower than 2% to start off with. Mr. Emerson stated his office had gathered some statistics on other localities and whether they levy admissions taxes. For example, Arlington, Brunswick, Fairfax and Prince George Counties have the authority but levy no tax; Cape Charles has the tax at 10%; Chesapeake at 10%; Dinwiddie at 4%; Fredericksburg at 4%; Harrisonburg 5%; Lynchburg at 5%; Portsmouth at 10%; Roanoke County at 5%; and Suffolk at 10%. Chairman Lipscomb pointed out one thing to consider was that when pari-mutuel windows were open at Colonial Downs, New Kent receives \$.25 per head and that would not change with the levying of the admissions tax. Chairman Lipscomb inquired as to whether 501(c)(3) corporations would be exempt to which Mr. Emerson responded "no." If their event is less than 200 people in attendance, they would be exempt. Athletic events at the school would be exempt. Mr. Davis stated he felt we should not jeopardize money that will come back to the County.

After this discussion, it was the consensus of the Board members to accept a 2% tax and raise the number of attendees to 300.

Mr. Emerson highlighted the rest of the budget issues, saying water/sewer rates were remaining the same and real estate was at a proposed rate increase of \$.06. He stated there had been some discussion at the public hearing regarding these issues and asked where the Board stands at this time. Mr. Davis stated he wished they could find a way to "squeeze a penny out of it" for a \$.05 increase rather than a \$.06 increase.

Mr. Raynes stated he had been reviewing the budget and had cut some areas he thought would reduce the budget by approximately \$673,000 and eliminate the need for an

increase in real estate. These changes involved the Board taking a \$2,000 reduction in salary and giving up their County insurance benefits. Mr. Raynes felt if the Board members were asking the County citizens to make a sacrifice, the members should as well. He also felt if the Board members (as part time employees) were offered insurance benefits, all part time employees should be offered the same -- or either cut the benefit completely. He also suggested reductions in the areas of travel expense, training, holding off on board room renovations, cutting \$80,000 for airport t-hangars, and holding off on the purchase of a new fire truck. Mr. Emerson pointed out to Mr. Raynes that some of the items in his proposal would come out of the capital improvement fund and would not affect the proposed real estate increase and also pointed out anything in the capital fund not expended goes back into the capital account for reallocation as the Board sees fit. The Board discussed Mr. Raynes concerns one by one and agreed to drop the \$80,000 budgeted for the airport t-hangars. Mr. Emerson said hopefully sometime soon there will be an agreement worked out whereby a company would come in and build new hangars and then lease them out. This bid process was approved by the Board at an earlier meeting. Mr. Emerson said it may be possible to have the chosen company come in and perform a marketing study to determine whether or not a demand exists for hangars at the airport. He needs to meet with Mr. Gallaher and Mr. St. Jean on this at some point.

With regard to the t-hangars and the airport, Mr. Raynes stated he would like to see where the airport is making some money before any more money is put into it. There was discussion about the airport and the viability of having the airport. There is a 20-year liability associated with the grant obligations by the airport. This was an issue discussed several years ago. Mr. Burrell stated he had spoke with two Congressmen and that was not necessarily the case. Mrs. Ringley stated she wished those Congressmen had been with "with us a couple years ago when we were going down that merry path." Mr. Emerson stated we had asked for Congressman Scott's and Senator Robb's assistance. The County received assistance from only Robb's office.

It was the consensus of the Board to take the t-hangars out of the capital improvement budget.

Another line item of Mr. Raynes' concern was in the accounting/training area. Mr. Emerson pointed out some of this expense was for a new position in the accounting area. Also included in this line item will be additional training for the GASB 34 program which has been mandated by the federal government. He pointed out localities have a two-year time frame with which to work on this project. Localities' audits will be much like corporate audits after the implementation of this program.

The Board salary and insurance issue drew much conversation. Mr. Raynes stated James City County's Board members were paid less; Mr. Davis pointed out Henrico was more. Mr. Davis stated he spends 15-20 hours a week, excluding meetings, and he felt he is not overcompensated. Mr. Raynes stated he did not take this job for the money and Mr. Davis responded he did not either but he did not feel he was overcompensated. Mr. Raynes stated he felt if the Board was asking the taxpayers to sacrifice, the Board should be willing to make a sacrifice. Mrs. Ringley stated she felt she made a sacrifice by serving, with what she is paid and she spends a lot of time on the job and does not charge

mileage for her travel. She pointed out that Mr. Glover of Henrico County turns his salary back in to the County and she felt any one of the members of New Kent would be free to do the same. She stated she felt she was entitled to what she made and she stated she spends a lot of money taking care of her constituents and doing work for this County. As far as the health insurance issue, two boards voted that in and while she did not know exactly what the vote was, she would not support a decrease; she further stated she felt the School Board should raise theirs. Mr. Raynes said his conscience would not let him take the insurance without all County employees being eligible for the same. Mrs. Ringley stated you could not compare the job of the Board members to departmental employees. Board members are on call 24 hours a day, seven days a week. Mr. Burrell asked about the price of the insurance to which Mr. Emerson responded there are several levels and it depends on what the person opts to take. Mrs. Ringley pointed out travel and education, if not used, goes back into the capital account.

Mrs. Ringley asked Mr. Emerson with reference to Mr. Raynes' questioning of training, what training the Commissioner of Revenue budgeted for. Mr. Emerson stated part of it had to do with the implementation and training for the mass appraisal system. Mr. Emerson pointed out Mr. Crump had requested \$4,000 but he had been held at \$3,000 which was the same as last year.

Chairman Lipscomb brought up the subject of the constitutional offices coming on with the County pay plan. He confirmed with Mr. Emerson that the County would save \$50,000 if this happened on December 1, 2001 versus July 1, 2001. With regard to the pay plan, Mr. Emerson stated he had recently been in James City County for a presentation and spoke with some Human Resource people who told him James City County's constitutional officers are all on their county pay plan with the exception of the Sheriff's Dept. The offices are required to comply with the County's full personnel plan, including the grievance policy.

Mr. Emerson stated if the Board wished to cut \$.01, he could go back and re-work the budget but it would come mostly out of contingency. This would leave the County wide open for fluctuations in gas prices, etc. His other concern was potential adjustments from the State. He pointed out the Board was voting on appropriations later that evening which were directly fuel-related. They needed to keep that in mind. It is difficult to budget for some of these very fluctuating items. Mr. Davis asked if the breakdown was \$.03 for schools, \$.02 for state/government and \$.01 for contingency to which Mr. Emerson stated, yes, that was close. Mr. Emerson pointed out there were several new creations in this budget, two of which are the regional economic development group and Parks & Recreation.

Chairman Lipscomb asked if the cuts were made, he felt we could probably cut \$.01 out of contingency. He asked Mr. Emerson if the budget could be adopted with changes, that night. Mr. Emerson stated yes, staff could go make the adjustments and be prepared for the regular meeting.

Mr. Davis asked if the Board could hunt \$.01, leaving the real estate increase at \$.05. Mr. Emerson stated it would be tight and this may result in Mr. Emerson having to come

to the Board for more appropriations throughout the year for things such as incarceration costs, juvenile detention costs, social services (housing issues as well) and things of this nature. Mrs. Ringley stated she was a bit nervous about cutting into the contingency fund with the state situation like it is. Mr. Emerson stated it was not a big contingency to begin with. He also felt that the Board would have to make some decisions before the fall with regard to facilities. He stated between now and the fall, the Board will be facing two major issues: the overall fiscal forecast (facilities) and redistricting.

Mr. Raynes stated he thought the County could cut some of this money and save for the future. Mrs. Ringley agreed that you spend money when you are able but she also felt the Board did not want to be faced with all of the big items (school, maintenance facility, etc.). coming at once.

Mr. Burrell stated he knew it would be tight but he agreed that \$.01 needed to be dropped. He applauded the work Mr. Emerson and his staff had put into this proposed budget.

Chairman Lipscomb cautioned the Board about one thing. He stated several years ago the Board began "living off the fund balance" and that was dangerous so the members need to be cautious in that regard.

Mr. Burrell stated at some point the reassessment schedule needs to be revised. He did not think it was often enough. Mr. Davis agreed.

Chairman Lipscomb confirmed with the members there was a consensus to drop the real estate tax rate by a penny for an increase of \$.05. He also confirmed the Board did not want to renovate the t-hangars, no cell phone tax and a 2% admissions tax.

Mr. Raynes again broached the Board salary issue. Mrs. Ringley stated they needed to give Mr. Emerson direction in that regard. She further stated she felt she earned her salary and her benefits and those benefits were part of her job package. She "had run for the position with that understanding and anybody else who wants that particular job is free to do that...just like when you apply for a particular job you know what you are getting into when you do that -- what your salary is and what your benefits are."

Chairman Lipscomb stated the Board would forego the last two items as there was a need to go into executive session.

Mrs. Ringley stated before they went into executive session, she had had several constituents call her in response to the Commissioner of Revenue's remarks at the last Board meeting about the manner of assessments and how the process works. The Commissioner had spoken about assessments being adjusted to make the actual tax the same as that charged in other localities. Mr. Burrell agreed he did not like that idea either. Chairman Lipscomb said that he and Mr. Emerson would follow up with Mr. Crump and get some specifics about administration of this tax.

Mr. Lipscomb made a motion to go into closed session for discussions relating to a personnel matter pursuant to §2.1-344(a)(1) of the Code of Virginia and for discussions relating to the acquisition (or sale) of real property for public use pursuant to §2.1-344(a)(3) of the Code of Virginia.

The members were polled:

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

The members came out of closed session at 5:55 p.m.

Mrs. Ringley certified the closed session by stating:

Whereas, the New Kent County Board of Supervisors has convened a closed meeting 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 2.1-344.1 of the Code of Virginia requires a certification by the Board that such closed meeting was conducted in conformity with Virginia law;

Now, therefore, 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 meeting requirement by Virginia law were discussed in closed meeting to which this certification resolution applies and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Board.

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

The work session recessed to the regular meeting at 5:57 p.m.