

A SPECIAL MEETING OF THE NEW KENT COUNTY BOARD OF SUPERVISORS WAS HELD ON THE 5th DAY OF MAY IN THE YEAR TWO THOUSAND ELEVEN OF OUR LORD IN THE BOARDROOM OF THE COUNTY ADMINISTRATION BUILDING IN NEW KENT, VIRGINIA, AT 11:00 A.M.

IN RE: CALL TO ORDER

Chairman Evelyn called the meeting to order.

IN RE: ROLL CALL

Thomas W. Evelyn	Present
David M. Sparks	Present
James H. Burrell	Present
Stran L. Trout	Present
W. R. Davis, Jr.	Present

All members were present.

IN RE: FY12 BUDGET

County Administrator Cabell Lawton explained that staff had approached the proposed FY12 Budget with the goal of maintaining the current tax rates and "living within our means". He noted that total revenues had increased by around \$3 million compared to FY11, with over one half of that increase coming from additional state and federal funding as well as moving \$350,000 from the Meals Tax fund balance into the General Fund.

Regarding expenditures, he reported that the proposed budget would maintain those positions approved by the Board during the year for the Sheriff's Office, Fire-Rescue, and Social Services, and that savings to be realized by moving the Comprehensive Services Act (CSA) employees into Social Services would fund another social worker position at no cost to the County. He indicated that although the budget for New Kent Airport had increased, its operational budget had decreased, with an increase in activity and fuel sales resulting from the success of the flight school. He indicated that the proposed budget did include \$200,000 additional local funds for the School System as well as another \$36,000 for behavioral aides previously funded through CSA.

He explained that going forward, all Meals Tax revenue would be incorporated into the General Fund rather than remaining in a separate fund, although it would still be accounted for separately.

He confirmed that the proposed budget did not include any increases to employee benefit packages, but a decision was needed from the Board as to whether it wanted to give employee raises or bonuses with the funding set aside in the budget for that purpose.

He noted that the County's debt service was still "high but declining" and confirmed that he was not recommending any new borrowing.

He reviewed some of the adjustments that had recently been made, which included using some additional funding recently restored by the Governor to increase overtime funding for the Sheriff's Office.

He indicated that the proposed budget in the amount of \$53,302 had been advertised for a public hearing on May 9, and reminded that the Board could not increase that amount or raise the tax rate without having to re-advertise for public hearing at a later date, but could move funds around internally.

He added that the FY13 budget would be submitted to the Government Financial Officers Association for consideration for its "excellence" award, and the Board would start seeing some changes during the year in preparation for that submittal.

Mr. Trout asked about the sufficiency of the proposed contingency account to cover unexpected items. Mr. Lawton indicated that the proposed budget had over \$400,000 in contingency, and although it was less than last year, he felt that the budgeted amount would be enough to cover any miscellaneous items in the course of the year. He noted that the largest draw from contingency in FY11 had been for increased prisoner confinement costs and an additional \$120,000 had been added to that line item for FY12, although he had recently learned that pretrial services would be available in New Kent in the coming year, which could reduce incarceration costs.

Mr. Burrell confirmed that he and the Sheriff had met with the new director of the Colonial Community Criminal Justice Board (CCCJB), and although the County might be required to purchase some equipment, existing CCCJB staff would be used and he understood that the local judges were very happy with the development. County Attorney Michele Gowdy added that there was a potential cost to New Kent for electronic monitoring. Mr. Lawton indicated that any costs should be offset by savings in the jail bills.

Mr. Trout asked about funding for the Historic School project. Mr. Lawton explained that he did not feel comfortable budgeting an amount because of the uncertainty in the scope, cost and timing of the project. He added that since it was likely that the project cost would be greater than \$500,000, once a decision was made to move forward, the Board would have to hold a public hearing to amend the budget; however, he indicated that there was sufficient capital reserves on hand to pay for it, and the County also anticipated receiving funds being held by the trustee for debt service. He noted that the Historic School was shown as a FY13 CIP project but was not shown as an appropriated item in FY12.

Mr. Sparks asked about revenue projections for FY12 and FY13. Commissioner of Revenue Laura Ecimovic advised that a review of recent property sales showed a drop of between 10% and 25% in home prices, and she anticipated a similar drop in assessments, which would equate to between seven and fifteen cents on the tax rate, as well as a decrease in the value of one penny on the tax rate. Regarding personal property assessments, she reminded that many New Kent residents owned trucks and Sports Utility Vehicles (SUVs), which were projected to drop 30% in value, and she equated that drop to between two and four cents on the personal property tax rate.

She indicated that an "unprecedented" number of landowners qualified for participation in the Agricultural and Forestal District (AFD) program, which would reduce revenues by \$25,000 for FY12 and by \$65,000 for FY13, based upon those parcels being advertised for addition. She also explained that between 30 and 50 New Kent residents appeared to be eligible for the new State-mandated Disabled Veterans' real estate tax exemption, which could reduce revenues by \$50,000 to \$100,000 for FY12.

She reported that for FY13, a 10% drop in real estate values would equate to \$1.8 million and a 20% drop would be \$3.6 million. She estimated the drop in personal property

assessments, resulting from a decrease in values, would be between \$160,000 and \$320,000.

It was confirmed that new assessments would be effective at the beginning of January, 2012.

There was inquiry about the current tax collection rate and it was reported that the information would be obtained from the Treasurer's Office and provided to the Board.

The Board reviewed the proposed changes to the Fee Schedule. It was explained that the fees for Precious Metals & Gem permits was proposed to be increased so that it would match that set by State Code, and that those permits were required by individuals who sold jewelry in the County.

There was discussion regarding the 8% increase in utility fees. Mr. Lawton explained that even with the 8% increase, user fees were still not paying 100% of the operations costs of the utility system. He reminded that connection fees and availability fees were intended to be "banked" for capital costs; however, he added that New Kent's system was still new enough that it was not as critical for so much to be "banked" for future capital work and he was comfortable using some of those fees to fill the deficit in operations and reduce the impact to the rates. He advised that if the Board chose not to increase the rates by 8% this year, it would make things more difficult next year. He indicated that he had "confirmed the numbers" with Financial Advisor Ted Cole and would be happy to review the *Pro Forma* with a resident who had recently questioned the increase to explain what the County was trying to achieve.

Mr. Trout asked about the suggestions previously made by the Commissioner of Revenue that included changes to the Business Professional Occupational License (BPOL) tax. Ms. Ecimovic explained that recent changes in State law increased the options of how BPOL tax was computed, and advised that work was underway on those recommendations, which would be brought back to the Board after the budget was adopted.

Mr. Burrell commented that some localities charged a higher dog license fee for those animals that had not been neutered, and wondered if that might impact the number of animals in the shelter. Assistant County Administrator Bill Whitley advised that such a change had been made in his former locality but had made little difference.

Mr. Evelyn asked about the increase in the "after hours" water reconnection fee. Public Utilities Director Larry Dame explained that \$50 was the fee charged by most other localities, and he reminded that this amount would not cover the cost and was more of a service to customers, who would have the option to pay it or wait until the next day for water service to be reconnected.

There was discussion regarding airplane tax rates in New Kent and some of its surrounding localities. Mr. Trout spoke about how airplane owners "park where they are getting the lowest rate" and he felt that the increased number of tenants brought in more revenue by way of fuel sales and hangar rent, than would be received by increasing taxes, adding that the County's "best bet" would be to expand hangar space and the number of airplanes. Airport Manager Bill Kelly reported that there were 53 planes currently parked at the Airport, and that all of the enclosed hangar space was occupied, with only tie-down space available.

There was discussion regarding the operations cost at the Airport, as well as the source and availability of federal and state funding. It was clarified that the cost of operations continued to decrease, with the local general fund contribution for FY12 at \$43,000, which included debt service on the hangars of \$19,500. Mr. Kelly indicated that federal and state funding was generated from user fees from air travel. Mr. Burrell asked that someone research that matter to determine if taxes also contributed to that funding, as it was public perception that the majority of the population was subsidizing the hobby of a few.

Mr. Sparks indicated that he understood Mr. Burrell's point, but wondered to what point the tax rate could be raised before people moved their planes.

Mr. Trout spoke about how closing the Airport would "cut out an infrastructure" and would "raise a red flag" which would cause concerns when trying to attract businesses.

Mr. Davis asked about ways to maximize the Airport's potential. Mr. Kelly explained that more hangars led to more activity. He indicated that there were only a few more years left to pay on the hangar loan, noting that the rent on the hangars was raised every other year, and there was also an escalation clause in the contract with the Fixed Base Operator. He said that the new flight school and maintenance shop were generating momentum and activity at the Airport and he would recommend against raising the tax rate as he felt it would have a negative impact on that momentum. He indicated that the County would generate more revenue by increasing the number of airplanes than by raising rates.

Mr. Lawton reported that the County currently collected \$11,400 in airplane tax revenue.

Mr. Trout attributed the momentum at the Airport to Mr. Kelly's management and encouraged the Board to take his advice.

Mr. Sparks commented that the Airport was in the best shape it had ever been and that Mr. Kelly had done a good job and "knew his business" but he was looking forward to the day the Airport was able to support itself.

Mr. Evelyn asked Fire Chief Tommy Hicks about the increase in his fuel budget. Chief Hicks reported that increase was a direct result of the increase in medical transports, noting that there were 750 additional EMS calls last year.

Mr. Evelyn also asked about the additional funds requested for federal mandates. Chief Hicks explained that there was a federal mandate that by 2013 all communication devices (radios and towers) be on a narrow band, and that although he had been able to obtain some grants for this and been able to partner with some private companies, there were still some ancillary items that would need to be addressed by 2013.

Chief Hicks was asked about a current grant paying for six firefighters. Chief Hicks reported that next year was the last year of grant funding and that the County was required to fund those positions for one year thereafter, at an annual cost of \$55,000 per firefighter.

Regarding cost recovery for ambulance services, Chief Hicks advised that revenue had increased since billing had been brought in-house and he would be reporting to the Board on that and other items at its May work session.

Mr. Sparks spoke about next year's predicted decreased revenues and how he would like to see the Board take steps to reduce the budget. Mr. Trout commented that the Board would

have to face those challenges when the time came and there was still uncertainty as to “which way the economy will be going”.

Mr. Sparks responded that housing prices would not have rebounded by then and the Board needed to make some tough decisions but he still wanted to find a way to give staff a raise.

Mr. Trout spoke about what employee raises were expected in other localities as well as at the Richmond Regional Planning District Commission. He indicated that he had proposed the idea of a 1% raise together with a bonus. It was noted that there was \$258,000 in the proposed budget for employee compensation increases, and Board members were reminded that the School Board intended to give its employees a 2% increase across-the-board in order to deal with recruitment and retention issues.

Mr. Burrell and Mr. Sparks stated that, with the uncertainty of revenues for next year, they would prefer giving a bonus. Mr. Trout advised that he was in favor of a combination.

Mr. Davis indicated that he would not vote for a budget that didn't treat all employees the same way and reminded that New Kent also had to compete with other localities for deputies and firefighters.

There was discussion regarding the advantages and disadvantages of each option, and how a bonus would give more money to the lower-paid employees. Mr. Lawton indicated that a decision would have to be made by the May work session when the budget was adopted, and that there was sufficient funds in the proposed budget to do any of the options.

There was also discussion regarding the necessity for some of the cell phones assigned to County staff, as well the cost of education and travel. Mr. Sparks asked Human Resources to provide information on educational reimbursement, travel expenses, and the classes taken over the past year. Mr. Lawton suggested that cell phone usage be controlled through policy rather than the budget, and it was reported that the travel budget for FY11 was \$117,000.

Mr. Sparks also asked for more information on the Economic Development budget.

He commented that it was important for the Board to look closely at the budget and “act now” as it was “accountable to the people who paid the bills”.

Mr. Evelyn asked about the \$100,000 budgeted for the proposed reorganization. Mr. Lawton explained that there had been discussions about reorganization after Bill Whitley left his position as Assistant County Administrator at the end of June, and noted that \$18,000 of those funds would help with the administrative needs in Parks and Recreation. Board members commented that they did not see how losing an employee could cost \$82,000. Mr. Lawton indicated that the position would still be needed but he did not anticipate having to hire someone outside of the organization.

There was discussion regarding preparation for the anticipated decrease in property tax revenues for next year and the effect on the tax rate.

IN RE: BRUSH RECYCLING

Mr. Lawton and General Services Director Jim Tacosa reviewed with the Board plans to accept brush for recycling at the main refuse site on Route 618/Olivet Church Road. Mr. Tacosa explained that the plans currently called for pushing the brush to the back of the

property and then arranging for a third-party to come in to grind it, but he indicated that he would not know how frequently grinding would be needed until operations were underway. It was confirmed that current state and local ordinances prohibited the brush from being burned, and that regulations regarding size and types of brush accepted were already in the County ordinance and would continue to apply.

Mr. Tacosa reported that he had an estimate of \$100,000 to purchase used grinding equipment.

There was discussion regarding the need to control the amount of mulch at the site because of the potential for combustion.

Mr. Trout moved to establish a brush recycling center at (the Route) 618 (main trash transfer station). The members were polled:

David M. Sparks	Aye
James H. Burrell	Aye
Stran L. Trout	Aye
W. R. Davis, Jr.	Aye
Thomas W. Evelyn	Aye

The motion carried.

It was confirmed that operations could start immediately.

IN RE: CLOSED SESSION

Mr. Sparks moved to go into Closed Session to discuss a personnel matter pursuant to Section 2.2-3711A.1 of the Code of Virginia involving assignment of an employee. The members were polled:

James H. Burrell	Aye
Stran L. Trout	Aye
W. R. Davis, Jr.	Aye
David M. Sparks	Aye
Thomas W. Evelyn	Aye

The motion carried. The Board went into closed session.

Mr. Davis moved to return to open session. The members were polled:

Stran L. Trout	Aye
W. R. Davis, Jr.	Aye
David M. Sparks	Aye
James H. Burrell	Aye
Thomas W. Evelyn	Aye

The motion carried.

Mr. Burrell made the following certification:

Whereas, the New Kent County Board of Supervisors has convened in 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.

The Chairman inquired whether there was any member who believed that there was a departure from the motion. Hearing none, the members were polled on the certification:

W. R. Davis, Jr.	Aye
David M. Sparks	Aye
James H. Burrell	Aye
Stran L. Trout	Aye
Thomas W. Evelyn	Aye

The motion carried.

IN RE: ADJOURNMENT

Mr. Trout moved to continue the meeting until 4 p.m. on May 9, 2011 (for a closed session to conduct an employee evaluation). The members were polled:

James H. Burrell	Aye
Stran L. Trout	Aye
W. R. Davis, Jr.	Aye
David M. Sparks	Aye
Thomas W. Evelyn	Aye

The motion carried. The meeting was suspended at 1:15 p.m.