

**AT A BUDGET RETREAT OF THE BOARD OF SUPERVISORS OF THE COUNTY OF JAMES CITY, VIRGINIA, HELD ON THE 22ND DAY OF JANUARY 2011, AT 8:00 A.M. IN THE COUNTY GOVERNMENT CENTER BOARD ROOM, 101 MOUNTS BAY ROAD, JAMES CITY COUNTY, VIRGINIA.**

**A. CALL TO ORDER**

**B. ROLL CALL**

Mary K. Jones, Chairman, Berkeley District  
Bruce C. Goodson, Vice Chair, Roberts District  
James G. Kennedy, Stonehouse District  
James O. Icenhour, Jr., Powhatan District  
John J. McGlennon, Jamestown District

Robert C. Middaugh, County Administrator  
Leo P. Rogers, County Attorney

**C. OVERVIEW OF ECONOMIC CONDITIONS**

1. Dr. Don Messmer, Wessex Group, presented data on several national economic indicators including Gross Domestic Product, the Consumer Price Index, and U.S. Debt. He also shared data on several local indicators, which showed meals tax revenues and room tax revenues flat for FY 11. He presented information on the housing sector as well, showing the decline in new housing and the relative move away from single-family homes to condominiums.

2. Mr. Richard Schreiber, President and Chief Executive Officer of the Greater Williamsburg Chamber and Tourism Alliance, shared results of a 2011 survey administered by the Alliance and compared it to the results of last year's survey. The overall outlook is better in 2011 based on the results of the survey. There are pockets of optimism that could be positive for the local economy if the optimism leads to actions.

Mr. Schreiber also discussed a new initiative by the Alliance, Sports Williamsburg, that markets the area to sporting events and competitions. The Alliance has created a \$75,000 grant fund to offer incentives to groups for holding their events here. They currently have proposals for 69,000 room nights to the area if they were all accepted. Mr. Schreiber said he felt this was the best collaborative effort they are involved in, but there are issues to be resolved. There was discussion about the fact that the County had most of the facilities but not the majority of hotels rooms. Mr. Middaugh commented that James City County is not as well positioned to capture revenue from hotels and restaurants as Williamsburg and York, and that there needs to be cooperation for the County to receive a return on its investment in the facilities.

Mr. Middaugh then provided a brief summary of a Planning District Commission report on the economy. The report concludes that the recovery has started, but it will be a slow and long recovery due to an unprecedented job loss. The recovery in this area may be even slower, but the area was not as impacted as much. Consumer confidence is still shaky and gas prices are expected to increase. The report does not anticipate another dip, but it is still a time for caution.

Mr. Schreiber commented on the critical importance of transportation to this area. He stated that transportation could severely impact this area, which is something that is not done. It was noted that improvements to Interstate 64 are not in the Governor's current transportation improvement plans.

#### **D. VISION STATEMENT**

Mr. Middaugh led the Board on a conversation about the establishment of a vision statement. The consensus of the Board was that they were satisfied with the draft statement. Mr. Goodson suggested adding language that referenced James City County as the nation's first business enterprise. Mr. Middaugh also introduced the draft values that came out of a staff planning process. The vision and values will be brought back to the Board at a later date for formal approval.

The Board took a break at 9 a.m.

The Board reconvened at 9:08 a.m.

#### **E. FINANCIAL UPDATE**

Ms. Sue Mellen, Assistant Manager of Financial and Management Services, presented a financial update that showed general fund revenues are anticipated to be \$2.2 million higher than budgeted for FY 11 and \$3 million higher than budgeted for FY 12.

The biggest reason for the increase in revenue is growth in real estate, primarily new construction. The number of new permits is increasing based on FY 09 levels, but the amount is not quite at FY 09 levels. There are more residential permits in FY 11 than at the same time in FY 09. Mr. Kennedy asked for more information about the type of residential and commercial permits issued to date in FY 11.

Mr. Kennedy asked for information about trends in business licensed by sector. Ms. Mellen said she would gather that information from the Commissioner of the Revenue's Office.

Mr. Goodson asked why sales tax is down. Is it due to fewer businesses or is the volume down? Mr. Kennedy asked for a geographic analysis of business activity.

Ms. Jones said that the Alliance survey indicated a concern about the cost of doing business and raised concerns about the structure of the Business, Professional, and Occupational License (BPOL) tax, especially as it relates to professional services. Mr. Kennedy noted, however, that professional services do not pay sales and meals taxes. Mr. McGlennon said he thought this was a good opportunity to review fees and their rationale. The most important thing from his perspective is that the single most important factor in doing business here based on the Alliance survey was the quality of life, which requires quality services.

Ms. Mellen mentioned that the County expects to receive \$900,000 more than budgeted in sales tax for education. She also mentioned that recreation fees are going to be about \$400,000 less than budgeted for FY 11 and are expected to be about \$500,000 less than budgeted for FY 12. Mr. Middaugh suggested that the Parks and Recreation Division do more marketing of its offerings. Mr. Goodson expressed concern about competing with the private sector. Mr. Icenhour said he was not fully aware of everything Parks and Recreation offers and thought the County should do more to publicize its activities. Ms. Jones suggested working with the Schools and utilizing cable television and the website. Mr. Kennedy suggested surveying patrons who have left. Mr. McGlennon said he would anticipate participation at Rec Connect would increase again when the economy recovers.

**F. BUDGET ISSUES**

1. Employee Compensation

Mr. Middaugh provided some historical information, noting that 57 full-time equivalent positions had been eliminated from the budget over time, mostly in Community Services, Development Management, and General Services. There have not been reductions in Public Safety, but they have remained flat. Looking ahead, there may be some latent demand in Public Safety. Mr. Middaugh stated that employees have done a marvelous job to keep service levels up.

Mr. Middaugh noted that the largest compensation issue the Board may have to deal with this year is the Virginia Retirement System (VRS). There was discussion on the Governor's proposal to allow localities to require employees to pay five percent toward retirement, but only if employees were given a minimum three percent raise. Mr. Middaugh recommended that the Board keep employees "whole," or not reduce their take-home pay.

Mr. Kennedy asked if the County could afford to do this. He said he would look at it with extreme caution. Mr. Goodson said he thought the State's plan was appropriate. Ms. Jones said she agreed with Mr. Kennedy. Mr. Kennedy said he would support requiring Plan 2 employees to pay five percent toward their retirement if the General Assembly makes no changes.

Mr. Kennedy asked for the following information: average salary, the aggregate, and per employee County contribution to health care and VRS.

Mr. Goodson said it was not a good year to convert on the VRS. He said he would rather wait until the County can give an appropriate raise. Mr. Icenhour said he did not want to punish employees. Mr. Goodson said he did not want to perpetuate a problem. Mr. McGlennon stated he was impressed with morale of County staff, but that there is a tipping point and that employees should be kept whole.

Mr. Middaugh discussed a couple of other compensation issues, including public safety overtime and the Line of Duty Act.

The Board took a break at 10:52 a.m.

The Board reconvened at 11:05 a.m.

2. School Funding

Mr. John McDonald, Manager of Financial and Management Services, stated that the Acting Superintendent's proposed budget is balanced. He expects the School Board to add to the budget based on a compensation study. He asked for the Board's feedback on the middle school issue. Enrollment at Hornsby and Berkeley Middle Schools are higher than expected and there are several options for addressing the overcrowding: adding to the middle schools, renovating James Blair to be a middle school and building a new central office, and build a new middle school or trailers. The Board indicated its support for renovating James Blair and building a central office. Mr. Kennedy suggested looking for existing space that could accommodate the central office.

3. Capital Improvement Program

Mr. McDonald said the Board would need to make decisions on four previously approved projects: D.J. Montague Elementary School Geothermal HVAC, middle school additions/central office, Jamestown High School Multi Use Space, and the Warhill Community Gymnasium.

Mr. McDonald also discussed three significant capital maintenance projects in FY 12, all of which assume partial debt financing: Fire Station 4, Mid County Park, and Renovation of Building D and Demolition of Building C. Mr. McDonald noted all of these projects except for the Warhill Community Gymnasium are capital maintenance and not introducing new programs or new operating expenditure. The James City Service Authority (JCSA) has a project that would enable it to introduce the Newport News water into the JCSA system faster.

Mr. Kennedy asked about usage at Freedom Park and said he wondered if this was a priority at this time. Ms. Jones agreed that she was concerned about bringing in a new building in these economic times.

4. Stormwater Capital Financing

Mr. Middaugh noted that the FY 12 Capital Improvements Project (CIP) does not include funding for stormwater projects, but that staff wanted to solicit feedback from the Board about any projects they may want to fund. He reviewed six projects that were recommended as priority projects by staff: Clara Byrd Elementary School Best Management Practice (BMP) Repair, Cooley Road, Warhill Tract Dam Upgrade, York River Watershed Management Plan, Neck-O-Land Road Flood Mitigation, and Centerville Tributaries II.

Mr. Goodson stated that the only project that interested him was the York River Watershed Management Plan. Mr. McGlennon stated that all of the projects would go to the top of the list if the County had funding. The Board asked the staff to prioritize the six projects and be prepared to discuss during the budget work sessions.

5. Outside Agencies

Mr. Middaugh presented a list of FY 11 appropriations to outside agencies. He stated that York County is considering reductions in funding to outside agencies and that the County will need to monitor that. He stated that there were two outside agencies he suggested be reduced or eliminated: Regional Service Air Service Enhancement Fund and Hampton Road Military and Federal Facilities Alliance. Mr. Kennedy said he would like to review the Hampton Roads Partnership. He also said the County should not fund organizations that make political contributions. Mr. Goodson said the County should not send a message to York County that the County would bail it out. Mr. Icenhour said the County should not reduce funding to organizations just because York County does. Mr. McGlennon noted that some agencies would have to continue to serve York residents due to requirements of other funding they received. Ms. Diana Hutchens, Manager of Community Services and Director of Social Services, said the County can ensure County fund services only for County residents. Mr. Kennedy said he hoped the County would continue funding for the Volunteer Fire Department and Hospice.

6. Economic Development

Mr. Middaugh introduced a vision for the Office of Economic Development (OED). Mr. Middaugh stated he wanted the County to be more helpful to small businesses and more business friendly. He wanted OED to be a one-stop shop for businesses. He has added the Director of Economic Development to the Executive Leadership Team and wants OED to become integrated in the County organization so that the entire organization is contributing to a more robust economic development program. Mr. Middaugh also stated that he

wanted to try to find funds to stimulate economic development and that he intended to add a staff person within the existing workforce to OED. Mr. Icenhour commented he supported the recommendation but would want to see a cost-benefit analysis. The consensus of the Board was that they supported an increase in funds for incentives if money is available and adding the position to OED.

7. Zoning Enforcement

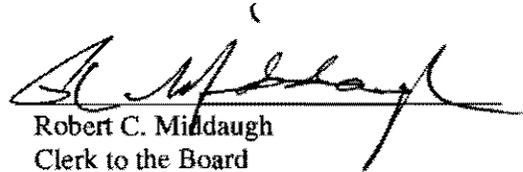
Mr. Middaugh said the County currently has limited capacity to enforce zoning violations and recommended adding a position within the existing workforce to the Zoning Office. The consensus of the Board was that they supported adding a position to the Zoning Office. Mr. Kennedy expressed a concern about how long it is taking the County to resolve zoning complaints and stated his belief that the County needs a policy with clear expectations that is applied equally to everyone.

G. **ADJOURNMENT** to 4 p.m. on January 25, 2011.

Mr. Kennedy made a motion to adjourn.

On a roll call vote, the vote was AYE: Kennedy, Goodson, McGlennon, Icenhour, Jones (5). Nay: (0).

At 12:15 p.m., Ms. Jones adjourned the Board until 4 p.m. on January 25, 2011.

  
Robert C. Middaugh  
Clerk to the Board