

AT A BUDGET WORK SESSION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF JAMES CITY, VIRGINIA, HELD ON THE 30TH DAY OF APRIL 2012, AT 6:00 P.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
John J. McGlennon, Vice Chairman, Roberts District
W. Wilford Kale, Jr., Jamestown District
James G. Kennedy, Stonehouse District
James O. Icenhour, Jr., Powhatan District

Robert C. Middaugh, County Administrator

C. BUDGET WORK SESSION

Ms. Ann Davis, Treasurer, provided an overview of delinquent taxes. She said that the likelihood of collecting delinquent taxes diminishes with time. She said the statute of limitations is five years for personal property and 20 years for real estate.

Mr. Middaugh noted that funding for Housing Partnerships is included within the Housing and Community Development budget. Also in the budget is funding to assist homeless citizens.

Mr. Middaugh provided an overview of the Tourism Investment Fund. He said the Ladies' Professional Golf Association (LPGA) and Christmastown are the only two definite projects funded and that there is an undesignated balance of \$178,000. He said the Board may wish to fund a destination marketing organization if it comes to fruition.

Mr. Kennedy asked about funding from the other localities for the Alliance. Mr. Middaugh said this would be an issue as the region tries to form a destination marketing organization. Discussion ensued about any funds remaining in the current fiscal year in the Tourism Investment Fund, which would roll over to FY 13 but need to be approved by the Board for expenditure of those funds.

Mr. Middaugh said some of these funds may be needed in FY 12 to assist with the transition to a destination marketing organization.

Mr. Middaugh highlighted the inclusion of a skate rink in the budget to be located in New Town, which would add an attraction for the community during the winter months.

Mr. John McDonald, Manager of Financial and Management Services, stated that the \$6 million in reserves that the Board has indicated it wishes to use during FY 13-14 is shown in the beginning fund balance of the debt service fund. He noted some of the key projects funded by debt include a new fire station and

school projects. In FY 15, a borrowing is anticipated for various County facilities. In FY 17, there is a significant reduction in annual debt service of about \$3 million.

Mr. Middaugh reviewed the Capital Improvement Plan (CIP). The main item for FY 13 is the replacement of Fire Station 1. He stated that an analysis indicated that renovating or saving any of the existing structure was not cost-effective. He also said the new facility would include a community function. He said that Heating, Ventilation, and Air Conditioning (HVAC) projects are the most significant part of the School's CIP.

Mr. Middaugh asked the Board for direction related to the greenspace and Purchase of Development Rights (PDR) programs and said the County needed more dedicated resources for the program if the Board wants it to be more proactive. He said that capital funds could be used to contract with a company or employee.

Mr. McGlennon said that the County needed to publicize the program more and develop strategies for approaching certain property owners. He also said that being more proactive could support other County goals, such as improving water quality.

Mr. Kennedy asked what the program had accomplished and why it took so long to close on properties that had been approved by the Board for acquisition of easement. Discussion continued about the plan for the program and goals of the program. Mr. Kennedy said he wanted more information before he would support additional resources for the program.

The Board took a break at 7 p.m.

The Board reconvened at 7:05 p.m. to meet with members of the School Board, Dr. Steven Constantino, School Superintendent, and Dr. Scott Burchbuckler, Assistant Superintendent for Finance and Operations. Members of the School Board present included Ms. Ruth Larson, Chairman; Mr. Joe Fuentes, Mr. Jim Kelly, and Ms. Elise Emmanuel.

Dr. Constantino stated that the budget is \$111 million, increased by \$1.4 million from the current fiscal year. He said in most cases they reduced programs rather than eliminating them.

Dr. Burchbuckler said retirement costs increased by \$4.2 million and other expenses increased by about \$1 million. This budget eliminates 51 positions.

Mr. McGlennon asked about the impact of budget reductions on the overall quality of the educational program, especially for the future.

Dr. Constantino said maintaining the current achievement level and outcomes would be a success. He also said that reductions have been minimized at the elementary level.

Mr. Kale said the Schools should not penalize success.

Mr. Kennedy said he respected that the Schools had set priorities.

The Boat Tax Committee joined the Board, and Mr. Middaugh made a presentation on the Committee's recommendations. Mr. Middaugh stated that boats have been previously taxed based on where they reside on January 1; however, they will be taxed based on where they reside for six months and one day. As a result, many of the larger boats would not choose to remain in the County, and the County will lose revenue as a result. Mr. Middaugh showed data that indicated James City County's boat tax is higher than any

other jurisdictions. The County also treats all boats the same, but State law allows the County to tax larger boats over five tons at a lower rate. Mr. Middaugh said the staff would develop a specific proposal to bring back to the Board.

Mr. McGlennon said he had reservations about a system that was not clear and understandable.

Mr. Kennedy called the James City Service Authority (JCSA) into session.

Mr. Middaugh said the discussion would focus on the JCSA capital budget. He said the Consent Order required significant capital improvements of the sewer system.

Mr. Larry Foster, General Manager of the JCSA, said that the Consent Order would require the JCSA to spend about \$60 million in infrastructure over 20 years. He stated a 5 percent increase in the sewer rate would result in \$250,000 in revenue. He also stated that debt as a percentage of revenues and debt coverage have been trending in the wrong direction.

Mr. McGlennon asked about a current bond issue that will be retired in 2018.

Mr. Foster said that JCSA could pay off the debt early.

Mr. Foster said the proposed 15 percent rate increase would result in an increase in the average bill by about \$2 per month.

Mr. Icenhour asked if future rate increases would be necessary.

Mr. Foster replied that the proposed 15 percent increase may only generate about half of the revenue necessary.

Mr. McGlennon asked if the estimates included inflation.

Mr. Foster replied no.

Mr. McGlennon said it might be better to issue debt to pay for the improvements earlier and pay for the improvements in a more predictable manner.

Mr. Foster noted that the \$60 million estimate does not include hydraulics. Mr. Foster introduced Ms. Stephanie Luton, Assistant General Manager of the JCSA. He then noted that this budget proposes to transfer operating funds into the capital budget for the first time since the mid 1990s. The capital budget has been funded only through connection fees since that time.

Ms. Luton provided an overview of the Administration Fund, Water Fund, and Sewer Fund. She noted the budget included a 15 percent increase in sewer fees in FY 13 and an additional 5 percent in FY 14.

Mr. Kale made a motion to adjourn the JCSA until May 22, 2012, at 7 p.m.

The motion was approved on a voice vote by a vote of 5-0.

Mr. Middaugh stated that the appropriation resolution includes provisions to allow the County Administrator to transfer up to \$10,000 from the Contingency Fund and to allow the County Administrator to appropriate grants and insurance proceeds below a certain dollar value.

The Board agreed to allow the County Administrator to transfer up to \$10,000 from the Contingency Fund per occurrence not to exceed \$100,000 aggregate for the year. The consensus of the Board was to not allow the County Administrator to appropriate grants, but to allow the County Administrator to appropriate insurance proceeds and refunds.

Mr. Middaugh presented the errata sheet, which included an adjustment to overtime in the Sheriff's budget and to the Hampton Roads Planning District Commission contribution. The Board had further discussion about the contribution to the Hampton Roads Partnership. Mr. Middaugh stated that funding for the After Prom event had been added back into the budget.

Mr. Middaugh asked for guidance on the Police house check fee. He said he proposed the fee be established at \$25 per visit, but that the fee was not about generating revenue. The fee was an effort to better manage the growing number of requests for this program. He also said that under his proposal, the visit would be made by an off-duty Police Officer. The consensus of the Board was to not charge a fee, but also to tell citizens that the house check is not guaranteed. Mr. Middaugh said that staff would continue to monitor the program.

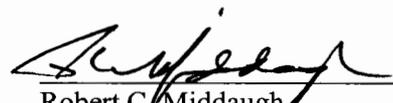
Mr. McGlennon asked for a status report on Williamsburg Area Transport Authority (WATA).

Mr. Doug Powell, Assistant County Administrator, stated that WATA requested a 5 percent increase from the localities this year, and that the increase was included in the proposed budget. He further stated that significant reductions in Federal funding would likely result in service reduction in FY 14.

D. ADJOURNMENT

Mr. Icenhour made a motion to adjourn until May 8 at 7 p.m.

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


Robert C. Middaugh
Clerk to the Board