

AT A WORK SESSION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF JAMES CITY, VIRGINIA, HELD ON THE 27TH DAY OF NOVEMBER 2012, AT 4:00 P.M. IN THE COUNTY GOVERNMENT CENTER BOARD ROOM, 101 MOUNTS BAY ROAD, JAMES CITY COUNTY, VIRGINIA.

A. CALL TO ORDER

B. ROLL CALL

John J. McGlennon, Chairman, Roberts District
Mary K. Jones, Vice Chairman, Berkeley District
James O. Icenhour, Jr., Powhatan District
W. Wilford Kale, Jr., Jamestown District
James G. Kennedy, Stonehouse District

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

C. BOARD DISCUSSIONS

1. Legislative Agenda

Mr. Leo Rogers, County Attorney, introduced the Virginia State legislators in attendance for the discussion, State Senator Thomas K. Norment, Jr., Ms. Phylis Winestock representing Senator John Miller's office, Ms. Alison Boygler representing Delegate Michael Watson's office, and Delegate Brenda Pogge.

Mr. Rogers stated that the main item on the County's Legislative Agenda is if placing power lines underwater as a reasonable alternative in areas of scenic rivers and historical value. He stated that the purpose of this is that the County has a proposal to put the Dominion Virginia Power Transmission Lines under the James River. He stated that the State Corporation Commission (SCC) is going to make a decision about the route and it has to consider reasonable alternatives.

Mr. McGlennon began by stating that during the upcoming State Legislative Session, he hopes that the legislators will work with an attitude of "do no harm." He stated that he hopes the legislators will be cognizant of the conditions and constraints that local governments are operating under today and be mindful of the impact decisions made in Richmond have on local governments and the communities they serve.

Mr. McGlennon stated that the Mayors and Chairs of the Urban Crescent are becoming increasingly concerned over the growing transportation funding crisis. He stated that the legislators would be receiving a letter very soon from the Mayors and Chairs of the Urban Crescent outlining their specific concerns. He stated that he hoped the Legislators would be involved in helping find a solution for the transportation crisis.

Senator Norment addressed the Board stating that the State is facing uncertain times. The State has been affected by the economic hardships just like everyone else. He stated that the State receives money from the Federal Government, mostly through the Department of Defense, for every man, woman, and child in the State. Therefore, any amount of sequestration could have a huge impact on the revenue of the State. He stated

that in regard to transportation, there are several proposals. He stated that Virginia recently dropped from the No. 1 Best Place to Do Business to the No. 3 and that drop was attributed to Virginia's transportation infrastructure. He stated that in 2014 there will be no money for anything except maintenance in the transportation budget.

Delegate Brenda Pogge stated that we should be cautiously optimistic; however, the Governor is telling the agencies to plan for a reduction in spending. She stated that this would trickle down to the localities as well. She stated that she would like to see the localities adopt a similar attitude and hold the line on spending. She stated that she did not believe that the citizens would vote for a referendum on transportation. She stated that it does not appear that there will be much change in the fiscal outlook for several years.

Senator Norment stated that he would be recusing himself from any discussion in regard to the Dominion Virginia Power Transmission Line Route due to a conflict of interest.

Delegate Pogee stated that she believes that these decisions and regulations should be left up to the SCC. She stated that she would not be supporting the legislation.

Mr. Kale stated that currently the SCC does not consider power lines going underwater as an alternative, and this legislation would add it to its list of alternatives. He stated that many of the historic sites, as well as the James River, will be affected by the power lines. He stated that there is not a bridge near Jamestown for exactly the same reason. The Commonwealth and its citizens have not wanted to negatively impact the view and the historical site.

Mr. Rogers stated that this legislation would not dictate to Dominion Power what it has to do. Instead this would create guidance of what is considered an alternative in a scenic or historic area.

Mr. Rogers stated that the next section of the Legislative Agenda included Legislation supported by the County. He stated that he hopes the State will continue its funding for tourism.

Mr. McGlennon stated that the County is dedicated to supporting the tourism within the County and the Historic Triangle.

Ms. Jones stated that sports tourism has been very productive for the County and the other localities in the region.

Mr. Middaugh described the County's efforts in attracting tourism and sporting events. He cited the Ladies' Professional Golf Association (LPGA) tournament this past fall, a Bass Master's Fishing Tournament that will be coming to the County, the Harley HOG Convention this past summer, Christmas Town at Busch Gardens, and the holiday events in Colonial Williamsburg.

Mr. Rogers stated that the County is concerned about maintenance of secondary roads being transferred back to the localities without adequate State funding.

Mr. Rogers briefly went through the rest of the items that the County is supporting.

Mr. Icenhour stated that in regard to the "local aid to the Commonwealth," he would prefer the term "surplus" not be used until such a time as there is no more local aid going to the Commonwealth.

Ms. Jones stated that she is very concerned about unfunded mandates.

Delegate Pogge stated that the General Assembly is looking to reduce unfunded mandates, but there should not be any new unfunded mandates coming down.

Ms. Jones stated that she is concerned about the new healthcare reforms and how those costs are going to be passed down to the localities.

Senator Norment stated that the uncertainty about the healthcare reforms is affecting everyone. He stated that the healthcare reforms have the potential to have a huge impact on the State's revenues.

Mr. McGlennon stated that Olde Towne Medical Center (OTMC) has begun preparing for the changes that will come as a result of the healthcare reforms. He stated that OTMC is looking to provide more valuable and active services to the community. He stated that while the near future is daunting, ultimately getting healthcare costs under control is good.

Mr. McGlennon asked Mr. Kennedy if he had anything he wanted to add to the discussion.

Mr. Kennedy stated not at this time.

Senator Norment stated he hoped the reciprocity between his office and the County would continue. He said that County staff has always been very helpful.

Ms. Alison Boygler, representing Delegate Watson, stated that if any of the Board members would like a meeting with Delegate Watson, please call his district office and they would be happy to set up a meeting.

2. Fiscal Trends

Ms. Sue Mellen, Assistant Director of Financial and Management Services, addressed the Board giving a summary of the Fiscal Trends Report in the Work Session Agenda Packet.

Mr. Middaugh addressed the Board stating that there are more positives than negatives in the revenue streams for the County. He said staff believes the trends of modest growth, similar to what is being seen on the Federal level, will continue.

Mr. Icenhour asked if the \$3 million in the Capital Improvements Program (CIP) was designated for particular projects in the FY 2013 budget.

Ms. Mellen stated that was correct.

Mr. Icenhour asked what particular projects that money was allocated for in the CIP.

Mr. John McDonald, Director of Financial and Management Services, stated that the monies were used for Public Safety projects, school improvements, General Services projects, Stormwater projects, and Parks and Recreation projects.

Mr. McGlennon asked if there was more information available on the Business, Professional, & Occupational License (BPOL) numbers, specifically, which sectors saw the most increase.

Ms. Mellen stated that personal and retail services are the areas with the most increase.

Mr. Middaugh stated that the construction trade continues to be the under performer at this time; however, if national trends continue, those numbers should begin to increase.

Mr. Kennedy asked when calculating the BPOL numbers, does staff break the numbers down into what is inflation related increases or what is true growth. He stated that he is wondering if we are truly seeing

healthy business growth.

Ms. Mellen stated when looking at restaurant sales, staff does take food related inflation into account. And yes, even considering inflation, that sector is seeing growth. She stated that when looking at the projections, the real estate sector has been coming in right around the forecasted amounts. However, the sales, meals, and lodging sector have been coming in above the forecasted amounts.

Mr. McGlennon stated that the managers of the Premium Outlets are reporting that there was about a 12 percent increase in traffic at the Outlets this year for Black Friday. He also stated that national reports are indicating an increase in consumer spending. He stated that these reports coincide with what staff is seeing and projecting.

Ms. Mellen stated that staff has been very cautious in their predictions and the numbers are coming in above the forecasts.

3. Employee Compensation

Mr. Middaugh stated that there are three aspects to the Employee Compensation materials included in the Agenda Packet. He stated that only one item would potentially require a vote this evening, and that is the granting of an employee bonus. The other two items require Board direction for staff.

Mr. Middaugh stated that there are sufficient resources for the Board to grant a \$1,000 bonus for County employees. He stated that there are other options for other amounts as well; also, included in the items before the Board is an option to grant December 31 as a paid holiday. He stated that this option was included based on the actions taken by the State as well as surrounding jurisdictions. He stated that the cost of granting this holiday is mostly used to pay for the overtime given to Public Safety employees.

Mr. Middaugh stated that the pay raise for employees that is forecasted for the upcoming budget is the priority. He stated that if the bonus and the pay raise are too much, then he wants the Board to have that conversation. Mr. Middaugh stated that in comparison to the surrounding jurisdictions, the County is close to the bottom in regard to increases seen in employee compensation. He stated that in talking with employees, he is concerned that the County will begin to lose some of its very fine employees.

Mr. Kale asked if the Schools have a surplus in their budget, is that money turned over to the County, or can that money be used to help fund their own pay raises.

Mr. Middaugh stated that the simple answer is yes; however, that is a discussion to be had with the School Administration and with the School Board.

Mr. Kennedy stated that he does not believe that the Board should do both. He believes the pay raise is more important for both the County and the School employees. He stated that he does not want to get in the habit of doing a yearly bonus and the Board gave a bonus last year. He stated that in regard to the compensation study, he is concerned that it is hard to do a comparison. He stated that there is no real comparison with the private sector and it is hard to compare to larger localities. He stated that he wants to take care of the County employees as well as the School employees. He stated that with the revenue projections coming in, he would like to see a 1 percent real estate reduction as well as the pay raise.

Mr. Middaugh stated that in his discussions with employees, he has made it clear that if the Board gives the choice of a pay raise or the bonus, then the priority is the pay raise.

Ms. Jones stated that she agrees with Mr. Kennedy. She stated that she appreciates staff and believes they should be rewarded; however, the Board needs to be extraordinarily cautious in these uncertain times.

She stated she would consider supporting a pay raise, but does not want to commit to one at this time. She stated that after hearing the thoughts and uncertainty relayed by the legislators earlier, the County should be cautious. She stated that spending money on a compensation study is a waste of time and money. She stated that there are so many moving parts that a comparison to other localities is not valid. She stated that other localities have raised taxes to continue to raise salaries. She stated that she would not be supporting a bonus and would consider a pay raise in the future.

Mr. McGlennon stated that a pay raise was factored into the upcoming budget based on the increase in revenues.

Ms. Jones stated that is correct; however, adjustments can be made to the upcoming budget prior to adopting it. She stated the Board needs to look carefully at how and on what it is spending money. She stated, for example, the Board just spent over \$1 million on a land purchase. Perhaps the priorities of the Board need to change.

Mr. Kennedy stated that he supports the pay raise in the upcoming budget. However, if the things go south and the pay raise does not happen, he would be supportive of a one-time bonus as a contingency plan. He stated he would like to see the excess revenues held in contingency for a bonus if the pay raise does not go through.

Mr. McGlennon stated that he would like to direct the County Administrator to plan for the pay raise in the budget. He stated obviously, that is ultimately contingent upon revenues.

Mr. Kale stated that he does not like being unable to reward staff for the job they are doing now. He stated that he does not like the idea of waiting to see if something can be done later.

Mr. Middaugh stated that he had a couple comments about the compensation study component of the discussion. He stated that a full-blown compensation study looks at job descriptions, benefits comparison, personnel policy and procedures, as well as the wage data component. He stated that the County has not done a full-blown compensation study in 17 years. He stated that another option would be to do a recalibration study, which would look at the State and national benchmarks for wage comparison and make adjustments to bring the County's compensation more in line with those averages. He stated that a full-blown compensation study would cost roughly \$100,000 while a recalibration study would be in the neighborhood of \$25,000 and may be more suitable to the Board.

Ms. Jones asked if the County is having a hard time filling open positions.

Mr. Middaugh stated that the applicant pool is not as robust as it used to be and in order to bring people to the County, the County has to pay higher than the starting salary.

Mr. McGlennon stated that in regard to the compensation study, he does not support the idea of a full-blown compensation study; however, he believes the idea of a recalibration study has merit.

Mr. Kale stated that he agreed with Mr. McGlennon and would be supportive of that as well.

Mr. Icenhour stated he agreed as well, but he asked if the benefit component could still be included in some way with a recalibration study.

Mr. Middaugh stated that the large benefit categories could be looked at, but there is a lot of variance in the total benefit component.

Mr. Kennedy stated that he has always had a problem with the comparison. He stated that how do you

compare one locality to another, or public sector to private sector. He stated there are too many variances for the comparison to be truly accurate.

Mr. Icenhour stated that he understands Mr. Kennedy's point. His concern is the comparison with other localities and jurisdictions surrounding the County. He stated those jurisdictions have employees doing the same jobs as the County and those jurisdictions are where we are going to lose our employees.

Mr. Icenhour stated that in regard to the rest of the compensation discussion, he believes that going forward with the pay raise is something that the County owes to its employees. He stated that the 3 percent pay raise probably would not even cover half of what the employees have lost to inflation over the past four years, but it needs to be done. He stated that the pay raise has already been included in the budget for next year and as long as the money is there, he would support it. He stated that he was supportive of doing a modified compensation study. He stated that he does not think it is impossible to do the bonus and still do the pay raise next year. He believes some type of bonus should be done, even if it is reduced or modified.

Mr. McGlennon stated that he believes the modified compensation study should be done. He stated that it is necessary for the County to retain the employees it has. He stated that the County should plan on the pay raise in the budget, provided that economic factors allow it. That being said, he thinks some form of bonus is warranted. He stated that doing some form of bonus would send a clear message to the employees that the County recognizes their hard work, dedication, and loyalty. He stated that the extra holiday for December 31 should be on the bottom of the list of options. He stated that employees should be able to take that day if they so desire without having to shut down the whole County.

Ms. Jones questioned if there would be a savings to shutting down the County for the holiday.

Mr. Middaugh stated there really would not be a savings.

Ms. Jones stated that she really appreciated the discussion that had taken place around the table this evening. She stated that she wanted to recognize the taxpayers. She said that a lot of discussion had taken place about the employees of the County, but their salaries are paid for by the taxpayers. She stated that there are no guarantees in the private sector or public sector. She said she is supportive of the pay raise in the budget; however, that may require some changes in priorities in the budget. She stated that it is important to remember that the taxpayers are struggling as well and they are feeling the effects of higher gas prices and the increase in the price of goods.

Mr. McGlennon stated that Ms. Jones makes a valid point; however, after just paying his own real estate property taxes, it is important to note that there was a reduction in the real estate taxes. In that respect, the taxpayer is being recognized as well. He stated that the County's ability to hold the line on the real estate tax was an important step for the tax payers. He stated that he believes it is important to reward the employees though, for the employees to see that they are not always at the end of the line with someone else in front of them.

Mr. Kennedy stated that he does support doing the pay increase. He stated that the County has picked up the extra cost of the health care, instead of passing it on to the employees. He stated that he does not agree with the statement that the employees are being kept at the end of the line. He stated that these options should be put on hold until budget time to see what the Commonwealth is going to do and what costs are going to be passed down to the localities.

Mr. Icenhour stated that if the bonus was reduced to \$500/\$250, then the cost would be roughly \$400,000 which roughly equals the amount of under spending.

Mr. Middaugh stated that was correct.

Mr. Middaugh stated that he needs a definitive direction from the Board about what they want to do so that the right document can be drafted for their vote during the regular meeting.

Mr. McGlennon stated that in regard to the pay raise and the upcoming budget, nothing needs to be decided on tonight. He stated that he had heard agreement from the majority of the members to do a modified, or scaled-back, version of the compensation study. He also stated that he had heard from the majority of the members an agreement to do a bonus for the employees. Mr. McGlennon stated that he would have the County Administrator draft the resolution and then it can be discussed or modified during the meeting.

Ms. Luckam stated that the Constitutional Officers would need to be included as well. She stated that there are four Constitutional Officers, one General Registrar, and the County Attorney.

Mr. Kennedy asked if the Constitutional Officers would get a bonus from the Commonwealth if the Commonwealth decided to offer one.

Ms. Luckam stated that no, they would not get a bonus from the Commonwealth because they are not considered employees of the Commonwealth.

Mr. Kennedy stated that some of the Constitutional Officers get pay raises based on population, so did they not just get a pay raise based on the 2010 census numbers.

Ms. Luckam stated that yes, their salaries are based on population numbers, but she would have to go back and look to see which Constitutional Officers got pay raises and how much those raises were.

Mr. Middaugh stated that he had all the information and direction that he needed from the Board.

Mr. McGlennon recessed the Board at 6:20 p.m. for a brief break.

Mr. McGlennon reconvened the Board at 6:31 p.m.

4. Closed Session

a. Consideration of the purchase of parcel(s) of property for public use and the disposition of public property pursuant to Section 2.2-3711(A)(3) of the Code of Virginia.

b. Consideration of a personnel matter(s), the appointment of individuals to County boards and/or commissions pursuant to Section 2.2-3711(A)(1) of the Code of Virginia

Ms. Jones made a motion to go in to Closed Session at 6:33 p.m.

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

D. ADJOURNMENT

Mr. Kale made a motion to certify the Closed Session at 6:52 p.m.

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

RESOLUTION

CERTIFICATION OF CLOSED MEETING

WHEREAS, the Board of Supervisors of James City County, Virginia, (Board) 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 2.2-3711 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 of Supervisors of James City County, Virginia, hereby certifies that, to the best of each member's knowledge: i) consideration of the purchase of parcel(s) of property for public use and the disposition of public property pursuant to Section 2.2-3711(A)(3) of the Code of Virginia; and ii) consideration of a personnel matter(s), the appointment of individuals to County boards and/or commissions pursuant to Section 2.2-3711 (A)(1) of the Code of Virginia.

Doug Powell

Doug Powell
Deputy Clerk to the Board

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