

MINUTES
JAMES CITY COUNTY BOARD OF SUPERVISORS
BUDGET WORK SESSION
County Government Center Board Room
101 Mounts Bay Road, Williamsburg, VA 23185
April 15, 2015
4:00 PM

ADOPTED

APR 28 2015

A. CALL TO ORDER

B. ROLL CALL

Board of Supervisors
James City County, VA

Mary K. Jones, Berkeley District
John J. McGlennon, Roberts District
Kevin D. Onizuk, Vice-Chairman, Jamestown District
James G. Kennedy, Stonehouse District
Michael J. Hipple, Chairman, Powhatan District

Bryan J. Hill, County Administrator
Adam R. Kinsman, Interim County Attorney
Suzanne R. Mellen, Director of Financial and Management Services

C. BOARD DISCUSSIONS

1. Budget Overview

Mr. Hill offered a recapitulation of the five strategic initiatives set forth in his proposed budget. He displayed an interactive calculator so that the Board could see the immediate effects of adding or subtracting items from these five initiatives. Ms. Jones asked Mr. Hill what the dollar amount was in the "flat" budget; in particular, funding for stormwater and/or neighborhood drainage. Mr. Hill said \$2.1 million dollars overall. Mr. Hipple asked about the cost of the existing problems, to which Mr. Hill responded \$23 million. Ms. Jones replied that if assessments go up and more businesses come to the County, this would create the opportunity to generate more tax revenue. Mr. Kennedy noted that getting a parcel ready for economic development will cost millions of dollars, as this is what other counties are already offering. Ms. Jones asked that we talk to the businesses already located in the County, many of whom tell her that the permitting process is cumbersome. Mr. Hill stated that a lot of change is coming to the County and that issues like this will be improved upon. Mr. Kennedy asked that Mr. Russell Seymour speak to the Board regarding what other localities are doing to attract business and to discuss what the Business Development Coordinator has accomplished.

Mr. Hill explained that the five strategic items and the tax increase associated with them are intended to move the County forward and to do business "better than usual." Mr. Onizuk stated that we need to get serious about economic development. Mr. Kennedy stated that an economic plan is needed from the County's professional staff and the Economic Development Authority. Mr. McGlennon noted that we have had a good rate of economic growth; however,

it has been unable to pay for increased costs as housing prices have remained low.

Mr. Hill introduced Ms. Mellen to explain the interactive calculator spreadsheet and to work through the budget overview. Mr. Kennedy indicated that his concern with the schools is a lack of planned maintenance. He would like to see a comprehensive plan that would allow the County to anticipate costs. Mr. Hill stated that such a document exists and that the school representatives will present it today.

Ms. Mellen stated that she is prepared to discuss revenue changes and will be able to answer questions related to any particular department. Mr. McGlennon asked Ms. Mellen what is the degree of attrition in the County workforce since 2007/2008? Ms. Mellen stated that there was about a 10% reduction in the County workforce since then. Mr. Kennedy recalled the audit that was done several years ago regarding staffing levels; this report found that many of the departments were understaffed.

The Board generally discussed use of the County's sports facilities and the incomes associated with such use. Mr. McGlennon asked about ALS/BLS fees and Ms. Mellen stated that these are expected to be a bit lower this year. She stated that we are planning to increase these fees this year to keep us in sync with Williamsburg rates. He further asked for an update on sales and meals tax revenue. Ms. Mellen said that they are coming in what was budgeted which was between 2-4% higher than last year. She stated that the new ride at Busch Gardens may create a bump in the tax revenues; however, it is quite weather dependent. She explained that the occupancy tax was stabilizing and that through the month of February we are up 2.2%. Ms. Mellen then detailed the real estate assessment projection, which is expected to be within 1% of the previous assessment. The falling assessments have stopped but prices have not recovered.

Personal property revenues are up 5.6%, so the number and value of vehicles is going up. Mr. Kennedy asked about BPOL taxes. Ms. Mellen stated that this is a difficult tax to predict because it comes in May. The budget kept with the historic trend of small increases but is hoping with the growth of new retail in the County the number will increase.

Mr. Hill asked if there were any action items that should be answered after this meeting. Mr. Onizuk asked if it would be possible to go through the budget line by line. Mr. Hill stated that this was done last year and that there are no changes to this budget. Mr. Kennedy asked for a list of unfunded mandated positions and would consider cutting those. He also asked about costs of the AFD program; specifically, what land is not actively farmed and is zoned commercial, residential, or industrial. Mr. Hipple stated that when Mr. Hill was hired, the Board tasked him with telling the Board what he saw and what he thought needs to be done. He believes that money has been saved through the difficult financial times, but if we continue in the current direction the County will be put in a bad position. We need to start looking at the five strategic items to determine which, if any, of them will be cut or adopted. Ms. Jones liked the suggestions presented in the Henderson/Everson presentation at last night's meeting and would like for Mr. Hill to consider them. She also stated that the County has stepped in and helped the City of Williamsburg during previous years regarding the school contracts; perhaps this should be

reconsidered. Mr. Hill said that this will be renegotiated next year. Mr. Kennedy wants Mr. Hill to project where the new revenue will be put in years beyond this one, when the fund balance has been replenished. Ms. Jones would like to reconsider contributions to outside agencies and would like to revisit the County's various memberships.

2. Discussion with W-JCC Schools

The WJCC School Board called their meeting to order. Five members of the School Board were present: Ms. Larson, Ms. Cordasco, Mr. Kelly, Ms. Cook, and Ms. Emanuel, as well as Dr. Constantino and Ms. Christina Berta.

Mr. Kelly summarized the School's process to develop the budget and the fact that the budget was passed unanimously by the School Board. He also thanked the Board for the support of the new middle school.

Dr. Constantino began by speaking about the School's CIP budget and handed out the School's CIP budget which detailed the improvements needed by schools. He stated that the proposed improvements to Clara Byrd Baker cannot be pushed any further, nor can the roof repairs to James River. He then summarized the needed improvements in the years beyond 2016. Those items that remain in 2016 may be categorized as "mission critical." He then stated that he would be happy to take questions from the Board.

Mr. Hipple asked about the HVAC replacements in Norge and Jamestown and why they are so expensive. Dr. Constantino directed Mr. Hipple to the handout, which explained the various requested repairs. Mr. Hipple asked for additional detail on the planned replacements. He asked whether the schools get a third-party inspection of the roofs once they've been replaced. Dr. Constantino said that the schools get a warranty on each roof, but he is not sure whether there are any third-party inspections of a newly completed roof. Mr. Kelly stated that a construction management firm is hired to oversee the project. Mr. Hipple stated that the warranty usually covers the product, not the installation.

Mr. McGlennon asked that Ms. Mellen explain the difference between the roof replacement cost shown on the Board's budget and the WJCC budget. Ms. Mellen explained that the complete County contribution was included. Mr. Onizuk noted that the County staff is trying to save as much money as they can and asked what would happen if the County is unable to come up with the money to pay for these items. Mr. Kelly confirmed that the budget contains only needs and that each of them must be done. Ms. Cordasco stated that the additional 2.91 cents needed is a small portion of the increase requested by the Board. These changes are needed but that is a question that should be asked of the citizens. Ms. Cordasco stated that the requests are all needed, but that a tax increase to pay for it is a prerogative of the Board. There are no spas or fluff in the School's budget.

Mr. Kennedy asked Mr. Hill if he gave WJCC School Board guidance on the budget; Mr. Hill said that the request was for 2% for operations and that the schools came in at 2.9%. Since that time, the schools have reduced that to 2%. Mr. Kennedy stated that the Board gets bombarded with questions better directed at the School Board, including specifically the "Cadillac Plan" of health care. Ms. Cordasco stated that the School Board gets those questions

quite regularly. Dr. Constantino offered a general overview of the health care options given to the schools over the past five years. He noted that a major increase happened last year, which was anomaly. They are locked into the current choice for this year. the WJCC School Board has asked that he investigate newer, less expensive options for next year. The plan will be to drive down costs as far as possible when the time for a new choice comes.

Mr. Kennedy also asked about "block scheduling" for cost savings. Dr. Constantino explained that the School Board has talked about changing schedules to save money, but that these schedules must take into account the physical design of the schools. They are looking at high school schedules in terms of redesign of the buildings. He is listening to teachers and principals about what it is that they want and what they think could be done to improve the scheduling as well. Ms. Larson stated that suggestions regarding reduction of staffing levels to state minimum standards would be unacceptable and would result in a loss of quality in the school system.

Mr. McGlennon asked about raises for the teachers. Ms. Christina Berta, Chief Financial Officer for WJCC Schools, stated that the state is providing some money for SOQ funded staff and contains a matching component. The Schools are unable to determine which are SOQ teachers and which are not, so it provides the raises for all teachers. Mr. McGlennon noted that the state portion is a minute amount of the actual cost. Dr. Constantino indicated that this was necessary to keep their excellent staff and to remain competitive across the peninsula. Mr. Kennedy asked if Dr. Constantino could quantify the gap in state funding of Schools from 2008 to now, which is an amount that the locality has had to absorb. Dr. Constantino said that this is a significant, seven-figure number. Ms. Berta said it is \$1 million dollars and the Schools also now have an additional 600 children since 2009.

Mr. Hipple asked how many staff members there were in the administrative office. Ms. Cordasco stated that this information is contained in the budget book. Ms. Larson noted that the Schools are held accountable for all positions and that there are no superfluous positions. Dr. Constantino stated that he will get the numbers to Mr. Hipple. Mr. Hipple commented that the WJCC Schools are some of the best in the area and that they are excellent. Mr. Onizuk asked if the County Board was unable to provide the additional \$3 million sought, what would happen to the requested improvements? Ms. Larson said that these are critical needs and that the WJCC Board would have to make a decision how to change the budget and where to place the impacts. Mr. Kelly stated that a decision not to improve Clara Byrd Baker now will result in large cost increases later due to the damage caused. Dr. Constantino explained that this would mean doing less with less. Ms. Cordasco said that they would have no problem handling it and that it was not fair to ask hypotheticals. She said that this is more defined than drainage issues that are contained within the proposed County budget.

3. Board Discussion

The two Boards generally discussed the two budgets and the proposed tax increase and funding levels.

D. CLOSED SESSION

E. ADJOURNMENT

1. Adjourn until 4 p.m. on April 20, 2015 for the Budget Work Session

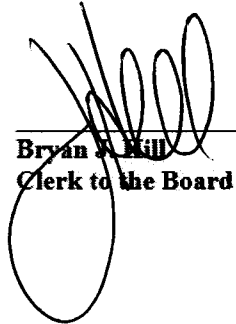
A motion to Adjourn was made by John McGlennon and the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0

Ayes: Jones, Kennedy, McGlennon, Onizuk, Hipple.

At 6:25 p.m., Mr. Hipple adjourned the Board.

Mr. Kelly adjourned the School Board members as well.



Bryan S. Hill
Clerk to the Board