

COUNTY OF HENRICO, VIRGINIA
BOARD OF SUPERVISORS
SPECIAL MEETING
November 3, 2010

The Henrico County Board of Supervisors convened a special meeting on Wednesday, November 3, 2010 at 4:30 p.m. in the County Manager's Conference Room, Administration Building, Henrico County Government Center, Parham and Hungary Spring Roads, Henrico County, Virginia.

Members of the Board Present:

Patricia S. O'Bannon, Chairman, Tuckahoe District
Frank J. Thornton, Vice Chairman, Fairfield District
James B. Donati Jr., Varina District Supervisor
Richard W. Glover, Brooklund District Supervisor
David A. Kaechele, Three Chopt District Supervisor

Members of the General Assembly Present:

A. Donald McEachin, Senate of Virginia, 9th District
Walter A. Srosch, Senate of Virginia, 12th District
John C. Watkins, Senate of Virginia, 10th District
William R. Janis, House of Delegates, 56th District
Riley E. Ingram, House of Delegates, 62nd District
James P. Massie, III, House of Delegates, 72nd District
Delores L. McQuinn, House of Delegates, 70th District
Joseph D. Morrissey, House of Delegates, 74th District
John M. O'Bannon, III, House of Delegates, 73rd District
Christopher K. Peace, House of Delegates, 97th District

Members of the General Assembly Absent:

Jennifer L. McClellan, House of Delegates, 71st District

Other Officials Present:

Wade A. Kizer, Commonwealth's Attorney
Yvonne G. Smith, Circuit Court Clerk
Michael L. Wade, Sheriff
Virgil R. Hazelett, P.E., County Manager
Joseph P. Rapisarda, Jr., County Attorney
Karen M. Adams, Senior Assistant County Attorney
George T. Drumwright, Jr., Deputy County Manager for Community Services
Angela N. Harper, FAICP, Deputy County Manager for Special Services
Leon T. Johnson, Deputy County Manager for Administration

Robert K. Pinkerton, P.E., Deputy County Manager for Community Operations
Randall R. Silber, Deputy County Manager for Community Development
Barry R. Lawrence, CMC, Assistant to the County Manager/Clerk to the Board
Tanya B. Harding, Deputy Clerk to the Board
C. Michael Schnurman, Jr., Legislative Liaison
Wilbert J. Childress, Technology Support Specialist, County Manager's Office
Tamra R. McKinney, Director of Public Relations & Media Services
Fred C. James, Media Specialist, Public Relations & Media Services
Leonard C. Cake, Administrative Director, Economic Development Authority
John A. Vithoukas, Director of Finance/Special Economic Advisor to the County Manager
Edward W. Trice, Revenue Division Director
Eugene H. Walter, Management and Budget Division Director
George H. Cauble, Jr., Director of Human Resources
Timothy A. Foster, Director of Public Works
Lt. Col. D.A. Middleton, Deputy Chief of Police
Cynthia J. Steinhauser, Assistant Director of Social Services

Mrs. O'Bannon called the meeting to order at 4:49 p.m. She welcomed everyone who was present and led them in the Pledge of Allegiance.

Mrs. O'Bannon recognized Mr. Hazelett, who advised that the short agenda for this meeting would include the presentation of only one request to the General Assembly delegation followed by an update by Mr. Vithoukas on the County's economic situation.

Dinner Briefing on 2011 County Legislative Program with General Assembly Delegation

Mr. Hazelett recognized Mr. Schnurman, who provided background information on the County's Legislative Program. Mr. Schnurman noted that the County is changing the way it does business in view of the difficult economic and fiscal climate. He reviewed the County's one legislative request, to grant the County local authority to establish defense manufacturing zones to provide certain tax and regulatory flexibility. The purpose of the zones would be to attract defense manufacturing businesses to the County. Mr. Schnurman explained that more than 14,400 jobs have been lost in the metropolitan region since 2008, with most of those losses occurring in Henrico due to the closing of Qimonda, LandAmerica, and Circuit City. He cited the County's central location between Washington, D.C. and Hampton Roads.

In response to a question from Senator McEachin, Mr. Hazelett commented on where the defense manufacturing zones could be located and their similarities and dissimilarities to enterprise zones. He also responded to questions from the Board pertaining to the size and zoning classifications of areas that would be included in the defense manufacturing zones and to a question from Senator Watkins concerning whether the proposed legislation will be specific to Henrico County. Delegate Massie remarked that the County should make it clear up front that the proposed zones would be revenue neutral to the Commonwealth of Virginia.

Mr. Trice distributed copies of a slide presentation titled *Corporate Tax Initiatives Undertaken by Henrico County: A Closer Look*. Mr. Schnurman recognized Mr. Vithoukas, who advised that staff would not be providing a narrative presentation of this information. Mr. Vithoukas

introduced Mr. Trice and Mr. Walter.

Mr. Vithoukas narrated a slide presentation offering a financial overview of the County. The first portion of his presentation included a look at what national and local indicators are telling us and also addressed state funding and what it means to Henrico County. Delegate Massie challenged Mr. Vithoukas' assertion that the State's revenue projections for FY 2010-11 are currently not being met and Delegate Janis challenged Mr. Vithoukas' premise that percentage reductions requested of State agencies in the Governor's budget "savings" plans will equate to similar reductions in State aid to the County.

Mr. Hazelett suggested a brief recess while dinner was being served. Mr. Drumwright delivered the invocation and Chef Winslow Goodier, the Culinary Arts Instructor for Hermitage Technical Center, explained the dinner menu.

The Board recessed at 5:30 p.m. and reconvened at 5:41 p.m.

Mr. Vithoukas resumed his slide presentation by reviewing Henrico's basic financial premises and tax environment, including keys to the County's financial success; how the County is taking advantage of its current opportunity to change operations; and additional cost reductions that will be necessary in FY 2011-12. He and Mr. Hazelett responded to questions and comments from Delegate Morrissey and Delegate O'Bannon relating to federal stimulus funds received by the County under the American Reinvestment and Recovery Act of 2009.

Delegate Massie commented on discussions in the House of Delegates to reduce rates for the Business, Professional, Occupational, and License (BPOL) tax and machinery and tools tax and to offset these revenues by expanding the sales tax to include professional services. He and Delegate Ingram responded to questions from Mr. Glover and Delegate Morrissey regarding the impetus and rationale for this proposal. Mr. Hazelett explained Henrico's exemption from the BPOL tax for certain small businesses based on the amount of their annual gross receipts and how the threshold for exemption differs in Chesterfield. Senator McEachin questioned whether the proposal would in fact be revenue neutral for localities. There was discussion by Delegate Massie and Mr. Glover concerning the relative fairness of a sales tax on services versus the existing BPOL tax on business gross receipts.

Mr. Vithoukas responded to a question from Delegate O'Bannon pertaining to the County's citizen/position ratio. He and Mr. Hazelett also responded to questions from Delegate Morrissey relating to the County's personnel reductions in the areas of general government and schools and whether the County has considered replacing its fleet with electric cars, and to a question from Delegate Janis regarding the cost of using biodiesel fuel vehicles. At Mr. Kaechele's request, Mr. Vithoukas and Mr. Hazelett commented on the County's electricity generation project at its inndfill.

Mrs. O'Bannon, Chair of the County's 2011 Commemoration Advisory Commission, noted that Henrico will be celebrating its 400th anniversary in 2011. After pointing out that Mrs. Hnrper is leading the Commission's planning efforts, Mr. Vithoukas referred to the ways the Commemoration is being promoted, including the development of a Henrico business discount card, and briefly summarized his presentation.

Delegate O'Bannon thanked County staff for the presentation, noted the delegation's responsibility for balancing a state budget that in future years will not include federal stimulus funds as a revenue source, pointed out that the General Assembly is still working on the BPOL tax and machinery and tools tax rate reduction proposal, and emphasized the importance of the delegation and the County working together. He referred to the large number of recent employee layoffs within England's national health corps.

Mr. Hazelett and Mr. Vithoulkas responded to questions from Delegate Morrissey and Senator McEachin pertaining to the impact of the Henrico address initiative on local revenues and to questions and comments from Senator Watkins and Delegate Massie relating to the local revenue impact of a sales tax on services. Mr. Glover expressed concerns regarding how this proposed tax would affect the Commonwealth's business climate and economic competitiveness with other states. There was further discussion by Delegate Massie, Mr. Glover, Senator McEachin, and Mr. Vithoulkas pertaining to the implications of this proposed tax. Mr. Kaechele suggested consideration could perhaps be given to broadening the sales tax to include meals rather than services. Delegate Morrissey congratulated the Henrico Board and staff on its financial stewardship and stated that he would oppose lowering the rates on either the BPOL or machinery and tools tax.

Mr. Hazelett once again recognized Chef Goodier, who announced that Hermitage Technical Center's culinary arts program recently received accreditation from the American Culinary Institute, the third program in the Commonwealth and 116th in the nation to attain this monumental achievement. Chef Goodier had the following students who were present from the Hermitage Technical Center culinary arts program introduce themselves and identify their home schools: Michelle Ampah (Hermitage), Talia Brown (Varina), Jaquise Cofield (Hermitage), Gabrielle Elms (Tucker), Chris Finn (Varina), Megann Garber (Godwin), Josh Lambert (Henrico), Mildres Cano Morales (Hermitage), Thomas Wood (Godwin), and Joseph Woodford (Henrico). He pointed out that this marks the 11th year that his program has prepared and served the menu at the Board's annual dinner meeting with the Henrico delegation.

Mrs. O'Bannon noted that one of the County's new business discount cards, known as the Henrico Advantage Card, had been placed at the seat of each member of the delegation. She explained that the cards can be registered online and that BB&T was sponsoring the program, which will encourage persons to shop in Henrico.

There being no further business, the meeting was adjourned at 6:42 p.m.



Chairman, Henrico County Board of Supervisors