

COUNTY OF HENRICO, VIRGINIA
BOARD OF SUPERVISORS
SPECIAL MEETING
March 18 – 21, 2013

The Henrico County Board of Supervisors convened a Special Meeting on Monday, March 18, 2013, at 9:00 a.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:

David A. Kaechele, Chairman, Three Chopt District
Patricia S. O'Bannon, Vice Chairman, Tuckahoe District
Richard W. Glover, Brookland District
Tyrone E. Nelson, Varina District
Frank J. Thornton, Fairfield District

Other Officials Present:

John A. Vithoulikas, County Manager
Barry R. Lawrence, CMC, Assistant to the County Manager/Clerk to the Board
Tanya B. Harding, Administrative Assistant/Deputy Clerk to the Board
Joseph P. (Joe) Casey, Deputy County Manager for Administration
Jane C. Crawley, Deputy County Manager for Community Services
Timothy A. (Tim) Foster, P.E., Deputy County Manager for Community Operations
Randall R. Silber, Deputy County Manager for Community Development
Eugene H. (Gene) Walter, Director of Finance
William B. (Brandon) Hinton, Management and Budget Division Director
Justin D. Crawford, Budget Supervisor
Stephanie Haynes Byrd, Budget Analyst
Marielle P. McFarland, Budget Analyst
Julian S. Parr, Budget Analyst
James A. (Adam) Rosatelli, Budget Analyst
Sharon Todd Van Gils, Budget Analyst
Paula G. Reid, Director of Human Resources

Mr. Kaechele called the meeting to order at 9:10 a.m.

Mr. Kaechele welcomed everyone to the Fiscal Year 2013-14 legislative budget review sessions. He expressed appreciation for staff's work on the proposed budget and advised that the Board was going to try and stay on schedule.

Mr. Vithoulikas offered brief introductory remarks, noting that County departments had been asked to make very succinct presentations to the Board. At his request, Mr. Rosatelli distributed

a copy of the schedule for the four-day legislative budget reviews. Mr. Vithoukas advised the Board of a couple of changes in this year's seating arrangement and presentation format. Deputy county managers will be seated at the presentation table when their departments are making presentations to the Board and presentations have been grouped according to functional areas. Mr. Vithoukas reviewed the day-by-day schedule and pointed out that the budget office will compile the Board's questions and provide written responses as in previous years.

Revenue Briefing

Mr. Vithoukas recognized Mr. Hinton, who in turn recognized the members of his staff who were present and Teresa Stevens from his staff who was covering the budget office while the reviews were in progress. Mr. Hinton thanked them for their hard work and contributions to the quality of the budget document. He assured the Board that it would receive answers to its questions by the following day.

Mr. Hinton advised the Board that the proposed budget was balanced within existing tax rates and without employee layoffs, with Henrico being one of the only localities in the Commonwealth that could make this claim. He distributed and narrated a slide presentation on the *FY14 Proposed Annual Fiscal Plan Revenue Briefing*. Mr. Hinton began his presentation by noting that revenue increases were inadequate to cover fixed cost increases; positive local economic indicators are encouraging, although real estate continues to weigh down local revenue growth; and real estate values have increased for the first time in four years, though only by 0.4 percent. He reviewed slides that provided a general fund revenue summary for the FY13 approved budget and FY14 estimated budget; that showed FY14 revenue levels less than FY07 levels; and that depicted the percentage of revenues anticipated from four major sources (real estate, other local, federal, and state). Mr. Hinton continued his presentation by providing a state aid overview, including a breakdown of state revenues for the FY13 and FY14 budgets as well as projections and trends in state revenue for education. He pointed out that nearly every dollar allocated for education by the General Assembly was utilized in the proposed budget but that the proposed budget did not include funding for a two percent salary increase for teaching positions. In response to a question from Mrs. O'Bannon, Mr. Hinton elaborated on why the County was exercising its option to turn down these funds.

Mr. Hinton continued his presentation by explaining a graph showing real estate and state revenues as a percent of the County's total revenues. Mrs. O'Bannon asked to see this information in a pie chart with dollar amounts. Mr. Hinton and Mr. Vithoukas responded to several questions from Mr. Glover and Mr. Kaechele regarding how the County budgets for frozen positions. Mr. Hinton confirmed for Mrs. O'Bannon that 11 cents on the County's real estate tax rate can be attributed to the costs of complying with unfunded state mandates. Mr. Nelson asked for an updated staff analysis detailing these costs.

Mr. Hinton resumed his presentation by noting that the County's overall real estate values were flat and the County had experienced its fifth consecutive year of residential declines. He pointed out that the County has not raised its real estate tax rate in 35 years and in that same time period has lowered the rate six times. Mr. Hinton reviewed graphs depicting trends in the County's real estate tax rate over time, the \$3.96 billion decrease in its real estate tax base

since 2009, the residential and commercial split in the County's real estate tax base, the number of local residential foreclosures in Henrico each year since 2001, and the number and percentages of foreclosure transactions in Henrico compared to total transactions during the past two years. He and Mr. Vithoukas responded to questions from the Board pertaining to local and state foreclosure trends.

Mr. Hinton next discussed slides showing the County's average residential real estate tax rate since 2008 and the real estate tax bill on a typical home. At Mr. Vithoukas' request, Mr. Hinton provided examples of localities that have raised taxes since 2006. Mr. Hinton explained a graph listing changes in taxable parcel valuations for the most recent two-year period and advised that overall local commercial values increased \$390 million, or 4.2 percent, in 2012. He and Tom Little, Real Estate Assessment Director, responded to a question from Mr. Kaechele concerning factors contributing to the increase in commercial real estate values.

Mr. Hinton continued his presentation by reviewing slides that highlighted local overall office vacancy rates since 2008, the average assessed value of commercial real estate in the County since 2006, and general property tax revenue trends since 2002. He suggested that improvements in the commercial real estate market should continue into 2013, as the economy begins its slow growth and companies begin to hire again, and that cautious optimism about growth in the residential real estate market will be tempered by historical indications that there will not be a return to the gains experienced from 2005 to 2008. He and Mr. Vithoukas responded to a question from Mrs. O'Bannon relating to the relationship between balloon mortgages and increases in housing prices.

Mr. Hinton next presented slides depicting how home price growth has rarely exceeded inflation since 1953; projecting FY21 as the year when local real estate assessments will finally return to their FY09 levels; and showing the County's Personal Property Tax Relief Act (PPTRA) reimbursements as well as its Business, Professional, and Occupational License (BPOL) tax revenues and local sales revenues each year since FY07. He responded to questions from the Board regarding the County's PPTRA reimbursements.

Mr. Hinton concluded his presentation by noting that the proposed budget relied more on state revenues to balance it, the County will need more local revenues in the future to mitigate a reliance on state revenues, and real estate values appear to be hitting bottom while historical trends predict modest growth at best. Mr. Hinton, Mr. Vithoukas, and Mr. Casey responded to questions from the Board pertaining to the impact of the real estate recovery on local revenues, the proportions of the local general government and education budgets that go towards personnel costs, and how the real estate recovery should best be characterized.

The Board recessed at 10:15 a.m. and reconvened at 10:25 a.m.

Expenditure Briefing/Budget Overview

Mr. Vithoukas pointed out that the Board continues to have the most intensive review of expenditures of any local legislative body in the Commonwealth. He noted that unlike most other Virginia localities, the last real estate tax rate increase in Henrico was 35 years ago. At the

same time, the County has enjoyed a higher bond rating than the national government or most nations in the industrialized world. Mr. Vithoukaskas reflected on the “culture of expectation” created by the Board and on the “Henrico way” of doing business. He advised the Board that the proposed budget was balanced within the existing real estate tax rate of 87 cents per \$100 of assessed value and did not resort to layoffs but assumed savings from continued vacancies. It did, however, anticipate service reductions.

Mr. Vithoukaskas distributed and narrated a slide presentation titled *Proposed Annual Fiscal Plan Expenditure Briefing, Fiscal Year 2013-14*. He began his presentation by explaining the Henrico story, i.e. how the County had navigated the economic downturn by restricting expenditure growth when times were good. He responded to a question from the Board concerning recent increases in the County’s pupil-teacher ratios, components of the County’s refunded debt, and the County’s Virginia Retirement System (VRS) contributions.

Mr. Vithoukaskas continued his presentation by offering a big picture look at the County’s FY13 budget. He, Mr. Walter, and Mr. Vithoukaskas responded to questions from the Board relating to budget reductions achieved through departmental efficiencies, the County’s current level of debt service, the history of the County five percent budget growth caps, and the budget targets given to department heads to reduce expenditures in the proposed budget. Mr. Vithoukaskas resumed his presentation by providing a targeted look at the impact of budget cuts on the Department of Finance, Department of Planning, donations and cooperative funding efforts, Division of Police, and Division of Fire. Mrs. O’Bannon commented on the relationship between development activity and staffing levels in the Department of Planning.

Mr. Vithoukaskas next explained graphs from the County’s *Trends* document depicting the economy’s impact on County financials during the past decade, including operating surpluses as a net percent of operating revenues, revenues and expenditures per capita, and the fund balance. He, Mr. Walter, and Mr. Casey responded to a number of questions from the Board relating to reductions in operating surpluses and the fund balance that have occurred during the past several years. Mr. Vithoukaskas advised the Board that he would provide them with a written response detailing the history of the County’s designated and undesignated fund balance. Mr. Glover noted that the County is not currently adding to its long-term debt and should be reducing its debt service.

Mr. Vithoukaskas continued by presenting a slide addressing the impact of the Virginia Retirement System (VRS) teacher pension liability reporting change resulting from the Governmental Accounting Standards Board (GASB) Statement No. 68. He and Mr. Casey responded to questions from the Board regarding how the Commonwealth of Virginia has passed along this liability to local governments, the potential impact of this reporting change on the County’s triple-A bond rating, and whether the County has been forceful enough in voicing concerns to state legislators about the budgetary impact of this liability.

Mr. Vithoukaskas transitioned to the second part of his presentation, FY14 budget details, by informing the Board that closing an \$18.5 million budget shortfall while addressing structural needs will require difficult expenditure cuts, structural fee increases, and non-core service reductions. He further noted that the County’s capital budget levels are at historic lows. Mr.

Vithoukas delved into slides providing an overview of the FY14 proposed budget of \$1.09 billion, which is the lowest since FY08. He discussed funding decreases in the capital budget; FY13 adopted and FY14 proposed budget figures for general fund agencies; and the FY14 proposed budget for public safety and education, which together comprise 76.1 percent of the general fund. Mr. Vithoukas responded to a comment from Mrs. O'Bannon pertaining to the impact of public safety staffing levels on local life insurance and homeowners' insurance rates and to a question from Mr. Kaechele concerning police overtime costs.

Mr. Vithoukas next reviewed slides profiling VRS requirements, other fixed cost requirements, and proposed GRTC Transit System fare increases. He and Mr. Foster responded to questions from the Board relating to how GRTC is sharing its proposed increases with the public, paratransit service requirements set forth in the Americans with Disabilities Act (ADA), and how fares for express routes are calculated. Mr. Vithoukas continued his presentation by providing an overview of the County's Real Estate Tax Advantage Program (REAP), growth in the program since FY07, and the amount of tax relief awarded to qualifying residents. Mr. Vithoukas responded to questions from Mrs. O'Bannon regarding REAP application procedures and how citizens will be informed of proposed reductions to the program. He continued by discussing proposed reductions in funding for outside agencies and other proposed expenditure reductions. Mrs. O'Bannon noted that she had received e-mails from constituents who were willing to pay for the Division of Recreation and Parks' Summer Blast programs should County funding be discontinued.

Mr. Vithoukas shared slides highlighting a proposed five percent increase in the water and sewer fund budget, annual fluctuations in structure and equipment permit fees since FY06, and plans to convert to a fixed cost fee structure for new residential construction. He responded to a question from Mrs. O'Bannon pertaining to water and sewer fund revenues. Mr. Vithoukas resumed his presentation by reviewing major components of the FY14 proposed budget for education and his proposal not to add funding for technology replacement, employee travel and tuition, vehicle replacement, or employee raises while maintaining a two percent position vacancy savings rate to capture anticipated attrition. Mr. Hinton responded to questions from Mr. Glover concerning the projected amount of cost savings to the County by not accepting a state aid allocation associated with a two percent pay raise for teachers. Mr. Vithoukas responded to a question from Mrs. O'Bannon relating to future funding for vehicle replacement.

Mr. Vithoukas next explained a slide depicting how the County has minimized healthcare cost increases for employees. He responded to a question from Mrs. O'Bannon regarding the level of savings realized by the County through self-insured healthcare. Mr. Vithoukas responded to concerns expressed by Mr. Nelson that no salary increases were being proposed for the fourth time in five years and the potential impact this might have on employee morale. Mr. Vithoukas concluded his presentation by summarizing the difficult decisions reflected in his budget recommendations and pointing out that the County has done everything possible to cut expenditures while continuing its existing tax rates and avoiding layoffs and service cuts. He suggested that discussions begin on a meals tax referendum, which would include public education efforts and town hall meetings. He responded to questions from Mr. Kaechele pertaining to the timing of meals tax discussions and the proposed addition of positions to the Division of Fire to improve response times. In response to a question from Mr. Nelson, Mr.

Vithoukas advised the Board that he planned to share meals tax information with the Board on the final day of legislative budget reviews, at which time he would also explain why he does not believe a real estate tax is warranted.

The Board recessed for lunch at 12:05 p.m. and reconvened at 12:23 p.m.

The legislative budget reviews with department heads and key officials commenced. The following presentations were made:

- Non-Departmental – Mr. Vithoukas

Mr. Parr distributed a spreadsheet listing non-departmental requests for County supported activities and staff's recommendations for FY 2013-14, which Mr. Vithoukas explained. Mr. Vithoukas noted that reductions were being recommended in a number of areas and that staff was making sure that the County's contributions for individual agencies and organizations did not exceed those made by other localities in the region for the same agencies and organizations. He reviewed each of the donation requests and advised that a \$100,000 contribution for new lighting at The Diamond was not shown on the spreadsheet but would be coming to the Board as a fourth quarter budget amendment. Mr. Vithoukas also reminded the Board of the vacancy on the Richmond Metropolitan Authority's Board of Directors for a Henrico representative and indicated that he would be bringing forward a name in the near future for the Board's consideration. There was discussion by the Board and Mr. Vithoukas concerning the status of Chesterfield County's and the City of Richmond's participation in the lighting project for The Diamond and the need for all three jurisdictions to contribute. Mr. Nelson stated that he was still confused by the criteria used by the County to allocate non-departmental funds and would like an opportunity to meet with staff to review the requests and staff recommendations in more detail. Mr. Vithoukas responded to a question from Mr. Nelson relating to how the Manager's reserve fund for contingencies is used. Mr. Parr, Mr. Vithoukas, and other members of the Board clarified for Mr. Nelson how the Virginia Association of Counties (VACo) assesses dues and serves its members. Mrs. O'Bannon elaborated on her participation in VACo and on its Board of Directors.

The Board recessed at 1:01 p.m. and reconvened at 1:06 p.m.

The legislative budget reviews continued with the following presentations:

- Judicial Administration – Mr. Hinton

Mr. Hinton presented slides highlighting the FY09 actual budget versus the FY14 proposed budget for judicial administration for both the general fund and operating and capital expenditures. In response to a question from Mr. Glover, Mr. Hinton explained the 40.3 percent decrease in operating and capital expenditures for Circuit Court services since FY09. At Mr. Vithoukas' request, Mr. Hinton reviewed a request from the General District Court for supplemental funding by the County for support services.

Mr. Vithoulkas clarified for Mr. Kaechele that he was recommending that the Board not grant this request because of the precedent it would set.

- Community Services – Mrs. Crawley

Mrs. Crawley shared a slide identifying the County's criminal justice agencies falling under the community services functional area.

- Juvenile Detention Home – Edward O. Martin, Assistant Superintendent of the Juvenile Detention Home; joined by Mrs. Crawley and Gregory V. Smith, Assistant Superintendent of the Juvenile Detention Home

Mrs. Crawley alerted the Board that Michael D. Bingham, Superintendent, was unable to be present because of a serious illness. Mr. Martin provided an overview of the agency and noted its current challenges. He responded to questions from the Board regarding the demographic profile of the Detention Home's incarcerated juveniles, their average length of stay, the relationship of juvenile crime to gang activity, and the number of teachers assigned to the agency.

- Circuit Court Services – L. A. Harris, Jr., Chief Judge of the Circuit Court; joined by Janice W. Bashore, Administrative Assistant

Judge Harris noted that the Henrico Circuit Court has five judges and announced that Ms. Bashore will be retiring this year after 31 ½ years of service. Mr. Hinton responded to a question from Mr. Glover pertaining to a line item in the agency's budget reflecting a 22 percent reduction in VRS over the previous year.

- General District Court – John Marshall, Chief Judge of the General District Court; joined by Linda S. Knight, Clerk of the General District Court

Judge Marshall gave a brief overview of his agency's budget and then explained a request from the General District Court that the County supplement the salaries of the clerks who support the judges. He referred to the court's workload and provided historical background on how his agency is staffed. Mr. Vithoulkas noted that new state employees, including those hired by the General District Court, generally begin their employment at the beginning of their pay scale, whereas newly hired County employees will often be hired higher up in the scale. Judge Marshall commented on how his court works cooperatively with the County and pointed to the many demands placed on General District Court clerks. Mr. Vithoulkas and Judge Marshall responded to questions from the Board concerning the pay scale and hiring range for these state employees. Mr. Glover suggested that Mr. Vithoulkas should work with the General District Court to resolve the issue of supplemental pay. Judge Marshall agreed to address the General District Court's concerns relating to office staffing and compensation with the Supreme Court of Virginia.

- Juvenile/Domestic Relations Court Services – Margaret W. Deglau, Chief Judge of the Juvenile and Domestic Relations Court; joined by Rebecca Cone, Clerk of the Juvenile and Domestic Relations Court

Judge Deglau noted that her agency's clerks are in court a huge amount of the time and are responsible for a large number of orders. She expressed an interest in joining Judge Marshall in asking the Supreme Court of Virginia to address staffing and compensation concerns regarding court clerks serving Henrico courts. Judge Deglau pointed out that her court currently has five judges, two of whom were newly elected to their positions in 2012. She reviewed caseload statistics and the number of phone calls received by her clerks. Judge Deglau then commented on her court's two new dockets for domestic violence and truancy cases and alluded to the connection between truancy and delinquency. She advised that although the Commonwealth funded four additional staff positions in her office, Henrico Juvenile and Domestic Relations Court Services still has a shortage of positions according to a state staffing model. Judge Deglau responded to a question from Mrs. O'Bannon regarding to the court's use of mediation services and to a question from Mr. Kaechele pertaining to the court's relationship with Henrico County Child Protective Services.

- VJCCCA (Probation & Detention) – Debra A. Nedervelt, Coordinator of the Virginia Juvenile Community Crime Control Act (VJCCCA); joined by Judge Deglau and Mr. Edward Martin

Ms. Nedervelt summarized the services provided in Henrico under the Virginia Juvenile Community Crime Control Act (VJCCCA) in recent years. She provided a demographic profile of the juveniles referred to her program and noted that the program's recidivism and success rates are well below the state averages. She responded to a question from Mr. Kaechele concerning the program's recidivism rates. Judge Deglau responded to a question from Mr. Glover relating to the impact of deinstitutionalization on the need for more mental health services within the juvenile justice system. Mr. Martin offered statistics on VJCCCA's electronic monitoring program and Judge Deglau elaborated on this program.

- Probation – Sean D. Milner, Probation Director; joined by Ms. Crawley

Mr. Milner narrated slides addressing current service delivery by the 14th District Court Services Unit and the challenges facing his office, and also discussed ways he is trying to get his parole officers more involved in new initiatives. He responded to questions from Mr. Kaechele regarding electronic monitoring and shifts in the agency's professional culture and practices and to a question from Mr. Glover pertaining to the starting salaries for the 36 employees he supervises. Mr. Milner continued his presentation by highlighting his agency's future plans, impacts, and strategies. He responded to questions from the Board concerning where his agency's services are provided; whether the parents of juvenile offenders have to be present at meetings; the status of establishing another office location, in eastern Henrico; and the status of local gang activity and how this activity is being addressed.

- JRJDC – Michael D. Martin, Superintendent of the James River Juvenile Detention Facility; joined by Mrs. Crawley and Fay Lewis, Administrative Assistant

Mr. Martin spoke about operational budget reduction strategies in the area of food supplies and food service supplies. He noted an increase over the previous year in daily population at the James River Juvenile Detention Commission (JRJDC) regional facility in Powhatan County. He responded to questions from the Board relating to maximizing reimbursements from the Commonwealth based on daily population, the number of vacant beds and the number of populated beds held by City of Richmond residents, the demographic breakdown and age range of the facility's population, the facility's annual operating costs, and the size of the agency's annual budget,

- Drug Court – Patricia A. Shaw, Drug Court Administrator; joined by Mr. Crawley

Ms. Shaw distributed and reviewed a study published in October 2012 by the National Center for State Courts titled *Virginia Adult Drug Treatment Courts*. She noted the breakdown in her agency's budget between personnel and operational costs. Ms. Shaw responded to questions from Mr. Kaechele regarding the length of time it takes participants to complete the Drug Court program and the program's recidivism rates. She responded to a question from Mr. Nelson pertaining to the size of each year's graduating class.

- Community Corrections – Jane E. Hardell, Director of Community Corrections; joined by Ms. Crawley and Shelby P. Johnson, Probation Services Supervisor and Domestic Violence Unit Coordinator

Ms. Hardell narrated a slide presentation on the County's Community Corrections Program. In reviewing the period FY10 to FY14, Ms. Hardell provided the amount of County and state funds annually allocated to her agency's budget, reductions in state aid, and targeted and actual probation and restitution monitoring fee revenue. She also offered annual caseload and workload statistics from FY10 to year-to-date FY13. Ms. Hardell next identified reductions in her agency's budget in the categories of personnel and operations and budget service impacts and cost containment measures affecting both of these categories. She concluded her presentation by reviewing her program's future strategies. Ms. Hardell responded to questions from Mrs. O'Bannon relating to the program's new drug testing procedures and the office's staffing levels. Mr. Kaechele expressed appreciation to Ms. Hardell and her staff for helping contain costs during the County's budget pinch.

The Board recessed at 3:07 p.m. and reconvened at 3:20 p.m.

The legislative budget reviews continued with the following presentations:

- Administrative Agencies – Block 1 – Mr. Hinton

Mr. Hinton presented slides highlighting the FY09 budget versus the FY14 proposed budget for block one of the administrative agencies for both the general fund and operating and capital expenditures. These agencies included County Manager, Board of Supervisors, Public Relations & Media Services, County Attorney, and Internal Audit.

- County Manager – Mr. Casey

Mr. Casey shared a slide comparing the FY09 actual and FY14 proposed County Manager's Office budgets. He noted that the FY14 proposed budget was lower than the approved budget for FY05 and the decreases in the personnel component of the budget from FY13 were the result of retirements and position reclassifications. Mr. Casey responded to questions from Mr. Kaechele regarding the office's copy machine leases and the absence of capital costs in this agency's budget.

- Board of Supervisors – Mr. Casey

Mr. Casey presented a slide comparing the FY09 actual and FY14 proposed Board of Supervisors' budgets. He pointed out that the FY14 proposed budget was lower than the approved budget for FY07 and mentioned that there was a reduction in the County's external audit contract. Mr. Casey responded to questions from the Board pertaining to the Board's personnel complement, the accessibility of the Board's salary information to the general public, the Board's ineligibility for participation in VRS, and the Board's budgeted costs for advertising public hearings and public notices. Mr. Silber clarified that the costs for advertising Planning Commission public hearings are reflected in the Planning Department's budget. Mr. Vithoukas noted that the Board's personnel complement reflected a decrease in the number of support positions.

- Public Relations & Media Services – Tamra R. McKinney, Director of Public Relations & Media Services; joined by Mr. Casey and Joyce H. Keenan, Business Supervisor

Mrs. McKinney shared a slide comparing her department's FY09 and FY14 proposed budgets and noted the proposed reductions in her department's operating budget for advertising and printing. Mr. Vithoukas and Mrs. McKinney responded to a comment from Mrs. O'Bannon that a constituent of hers had requested that the County discontinue printing hard copies of *Henrico Today* and publish it only online. They responded to questions from the Board concerning the percentage of the department's operating budget that goes towards publications, printing costs and circulation numbers for the County's annual report, the magnitude of the reduction for the advertising line item, how funds for messenger services are used, and the size of the department's budget for producing and televising the County's cable television station (HCTV). Mr. Thornton complimented the department on its cable television programming. Mr. Glover remarked that the department does an outstanding job promoting Henrico County. Mrs. O'Bannon expressed appreciation to the department's staff for their time and effort in video streaming meetings of the Board of Supervisors, which has increased citizen participation in the County's legislative process.

- County Attorney – Joseph P. Rapisarda, Jr., County Attorney; joined by Mr. Casey and Karen W. Grizzard, Business Supervisor

Mr. Rapisarda pointed out that 96 percent of his office’s budget is for personnel costs. He remarked that the Board and Manager have been helped him by allowing him to replace members of his staff who have retired or resigned. Mr. Rapisarda commented on the recent retirements and promotions in his office and noted that his primary clients are County staff. Mr. Rapisarda, Mr. Casey, Mrs. Grizzard, Mr. Hinton, and Mr. Vithoukas responded to a number of questions from the Board relating to office staffing, caseloads, administrative proceedings, and diversity; the impact of the so-called “five and five” VRS legislation (Senate Bill 497) on the office’s personnel costs; the age of the office’s personal computers; the office’s legal support for Henrico County Public Schools (HCPS); and the payment of funds for case settlements. Mr. Hinton confirmed that the purchase of two new computers had been approved for the County Attorney’s Office in response to the office’s supplemental budget request. Mr. Vithoukas noted that one or more members of the County Attorney’s staff are routinely working in the office on weekends.

- Internal Audit – Vaughan G. Crawley, Internal Auditor; joined by Mr. Casey

Mr. Crawley referred to his office’s budget reductions and current staffing and advised that his office’s function is to address the County’s highest risks. He responded to questions from Mr. Kaechele regarding the volume of audits his office conducts each year, how employee suggestions or concerns are reported and received, and the office’s online fraud reporting web page. Mr. Vithoukas pointed out that when the County implements a new system, Mr. Crawley’s staff will test it and make suggestions for enhancements.

Mr. Vithoukas acknowledged that staff would research and respond back to the Board on questions raised during the day’s session that were unanswered. He confirmed for the Board that he will have a conversation with the Supreme Court of Virginia on supplemental pay for General District Court clerks and will report back to the Board on this issue. Mr. Vithoukas also noted that the Board had not requested any changes to staff’s recommendations for non-departmental funding. He reviewed the legislative budget review schedule for the remainder of the week. Mr. Kaechele commented that he liked the new presentation format.

The Board adjourned for the day at 4:07 p.m. and reconvened at 1:02 p.m. on Tuesday, March 19, 2013.

Members of the Board Present:

David A. Kaechele, Chairman, Three Chopt District
 Patricia S. O’Bannon, Vice Chairman, Tuckahoe District
 Richard W. Glover, Brookland District
 Tyrone E. Nelson, Varina District
 Frank J. Thornton, Fairfield District

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Randall R. Silber, Deputy County Manager for Community Development
C. Michael Schnurman, Jr., Legislative Liaison
Eugene H. (Gene) Walter, Director of Finance
William B. (Brandon) Hinton, Management and Budget Division Director
Justin D. Crawford, Budget Supervisor
Stephanie Haynes Byrd, Budget Analyst
Marielle P. McFarland, Budget Analyst
Julian S. Parr, Budget Analyst
James A. (Adam) Rosatelli, Budget Analyst
Sharon Todd Van Gils, Budget Analyst

Mr. Kaechele welcomed Police Chief Doug Middleton and the many members of his staff who were present. He announced that the Board would be appointing retired County Manager Virgil Hazelett to fill a vacancy on the Richmond Metropolitan Authority (RMA) Board of Directors that resulted from the death of Jim Jenkins earlier in the year. Mr. Kaechele stated that the Board was unanimously behind Mr. Hazelett's appointment to this seat.

Mr. Vithoukias reviewed the afternoon's schedule. Mr. Hinton presented slides highlighting the FY09 actual budget versus the FY14 proposed budget for the public safety agencies (Police and Fire) for both the general fund and operating and capital expenditures.

The legislative budget reviews resumed with the following presentation:

- Police/Metro Aviation/Wireless E-911 – Colonel Douglas A. Middleton, Chief of Police; joined by Kathryn A. Sobczak, Controller

Chief Middleton advised the Board that Crystal Delk from the Division of Police would be taking photographs during his presentation, which would be used for their department's upcoming recertification process, and referred to the sacrifices and hard work made by the team of police officials who were seated in the audience. He narrated the first portion of a slide presentation on the Division of Police's FY14 proposed budget, which included general fund and special revenue fund budget highlights and addressed cost saving measures and improvements in such areas as the public safety firearms facility, Metro Aviation Unit facility, and next generation police interceptor. Chief Middleton responded to a question from Mr. Kaechele pertaining to noise levels at the firearms facility and to a question from Mr. Nelson concerning the disposition of the Crown Vic police interceptors that are being replaced. He cited over \$1.1 million in hard dollar cost savings achieved by the Division from FY11 to FY14, including \$566,870 in personnel savings and \$541,520

in operating and capital savings. In response to a question from Mrs. O'Bannon, Chief Middleton identified the non-uniformed positions within his department that have been frozen.

Chief Middleton continued his presentation by previewing a crime in Henrico report that he will offer in more depth to the Board at its March 26, 2012, work session and at future town meetings hosted by Board members. He noted that the County's crime statistics have been relatively stable during the past three years but have indicated a decrease in violent crime and an increase in property crime. Chief Middleton elaborated on the Freedom Maker Award that was presented to the Division of Police on March 18 for its Operation Innkeeper anti-crime initiative that targeted sex trafficking involving underage girls. He responded to questions and comments from Mr. Kaechele and Mrs. O'Bannon relating to this initiative and the division's role as a lead agency in the Commonwealth in locating and breaking up prostitution rings. Chief Middleton noted the Crisis Intervention Team (CIT) awards received by his department, how all County police officers are being trained to become CIT certified, and the new crisis receiving center that recently opened at Henrico Doctors Hospital. In response to comments by Mrs. O'Bannon regarding the statewide Mental Health First Aid Program, Chief Middleton referred to his recent presentation to the Henrico Area Mental Health and Developmental Services Advisory Board.

Chief Middleton concluded his slide presentation by reviewing the division's major accomplishments for the past year; special awards and recognitions it has received; and future issues it will be facing, including employee compensation, homeland security needs and objectives, increased staffing, changing technology, replacement of the County's public safety radio system, and the impact of next generation 9-1-1 (NG9-1-1). He then referred to the division's efforts to train personnel to respond to mass shooting incidents and a scheduled briefing with the Board on the final day of the legislative budget reviews pertaining to the County's plans for a new radio communication system. In response to a question from Mrs. O'Bannon, Chief Middleton commented on the cost of and timeframe for implementing NG9-1-1 in the Commonwealth of Virginia. Mr. Kaechele thanked Chief Middleton for his thorough presentation and for the impressive rewards that the division has earned. Mr. Vithoulkas pointed out that Chief Middleton has been participating in regional discussions on the new communications system while also working on many other future issues.

Following his presentation and in response to a question from Mrs. O'Bannon, Chief Middleton commented on how technology is being used to commit crime. At Mr. Nelson's request, he updated the Board on the panhandling issue; the police presence at public schools in the wake of mass shootings in other parts of the nation; and the status of the Henrico Police, Educators, and Kids (P.E.A.K) program, which replaced the Drug Abuse Resistance Education (D.A.R.E.) program. He also responded to a question from Mr. Kaechele about the division's vehicle replacement program. Mr. Glover cited the outstanding job that the Division of Police does in helping ensure the quality of life of Henrico's residents. Mr. Thornton thanked Chief Middleton and his staff for husbanding the stellar Police Athletic League (PAL) program in Henrico and expressed appreciation to

Chief Middleton for attending his recent town meeting. Mr. Kaechele and Mr. Glover recognized the good work performed by Chief Middleton and his staff during a difficult period of budgetary reductions.

The Board recessed at 2:08 p.m. and reconvened at 2:23 p.m.

The legislative budget reviews continued with the following presentations:

- Fire/EMS/Emergency Services – Anthony E. McDowell, Fire Chief; joined by Captain David Nuckols, District Chief of Administration for the Division of Fire

Chief McDowell explained that the Division of Fire's budget is developed by a 30-member committee representing all ranks of the department. He recognized Captain Nuckols and three members of his staff seated in the audience who were instrumental in working on the FY14 departmental budget, Assistant Chiefs Andrew Baxter and Kenny Dunn and Office Supervisor Michelle Smoots. Chief McDowell pointed out that the controller position was currently vacant. Following this introduction, he began narrating a slide presentation on the division's FY14 proposed budget. Chief McDowell began by identifying the types and numbers of calls for service received by the division in 2012 and responding to questions from Mrs. O'Bannon and Mr. Kaechele concerning this information. He continued his presentation by reviewing slides addressing the number of structure fires in Henrico in FY12 (187), local fire property loss and contents by category in FY12, and trends in the numbers of Emergency Medical Services (EMS) calls received by the division from FY01 through projected FY14. In response to a question and comment by Mr. Vithoukas, Chief McDowell commented on the division's request to add an ambulance in eastern Henrico. He also responded to a question from Mrs. O'Bannon relating to the correlation between EMS response times and homeowner insurance rates and to a question from Mr. Kaechele regarding the large number of EMS calls received each day by the division. Chief McDowell resumed his presentation by discussing his staff's training in advanced cardio life support (ACLS) and the division's efforts in community risk reduction and emergency planning. He responded to questions from Mrs. O'Bannon pertaining to amateur radio operators.

Chief McDowell's presentation continued with a review of the division's budget reductions and budgetary discipline in recent years and overtime costs from FY03 to FY12. He responded to questions from the Board concerning the number of firefighters subject to overtime, how their overtime pay is calculated, and how firefighter shifts are scheduled. Chief McDowell responded to questions from Mrs. O'Bannon and Mr. Glover relating to a slide depicting how specialty repair shops have saved the division \$220,000 per year in repair costs and to questions from Mrs. O'Bannon and Mr. Kaechele regarding a slide listing the division's key initiatives for reducing or avoiding major expenditures. He concluded his presentation by providing examples of increasing operating costs absorbed within the division's FY12 budget, identifying major changes in the division's FY14 proposed budget, and noting how "changing the way we do business" is a mindset within the division. He and Mr. Vithoukas responded to questions from Mrs. O'Bannon pertaining to the status and fundraising efforts of the local Eyes for Fire program. Mr.

Glover remarked that Henrico citizens breathe a tremendous sigh of relief when they hear fire alarms in their community and they think the division does a great job. Mr. Kaechele and Mr. Nelson expressed appreciation to the division for its efforts to save costs and for the services it provides to Henrico citizens.

- **Community Development Agencies - Mr. Silber**

Mr. Silber presented slides highlighting the FY09 actual budget versus the FY14 proposed budget for community development for both the general fund and operating and capital expenditures. Mr. Hinton responded to questions from the Board concerning the County's share of the Richmond Center Expansion Project, which is funded with hotel/motel tax revenues.

- **Planning - Ralph J. (Joe) Emerson, Jr., Director of Planning; joined by Mr. Silber; Jean Moore, Assistant Director of Planning; and Nancy Graham, Business Supervisor**

Mr. Emerson recognized Ms. Moore, Ms. Graham, and Seth Humphries, a County Planner who was providing technology assistance. With Mr. Silber's assistance, Mr. Emerson narrated a slide presentation on development indicators and his department's FY14 budget request. Mr. Emerson began his presentation by reviewing Planning Commission and Board of Zoning Appeals (BZA) case load activity by fiscal year; office, retail, and industrial plans of development square footage approval by fiscal year; recorded lots and multi-family units by fiscal year; single-family residential building permits issued and recorded lots from 1971 through 2012; single-family residential building permits issued and recorded lots for surrounding localities from 2008 through 2012; and Henrico County single family certificates of occupancy issued in 2012. Mr. Emerson referred to new commercial development in the County and noted that there is a great interest in both redevelopment and new development in western Henrico. He continued his presentation by providing statistics on the development pipeline. Mr. Emerson and Mr. Silber responded to questions from the Board relating to the status of the Tree Hill and Wilton on the James residential communities planned for eastern Henrico, the way statistics are reported in the development pipeline, and the size of the County's inventory of building and potential lots. Mr. Emerson concluded his presentation by identifying special projects within his department and the five-year cost savings achieved by his department in personnel, operating, and capital costs. Mr. Silber provided an update on upcoming development and responded to a question from Mr. Kaechele regarding the status of Highwood Properties' mixed-use redevelopment of Innsbrook. At the conclusion of Mr. Emerson's presentation, he and Mr. Vithoulkas responded to further questions from the Board pertaining to residential housing trends, the department's staffing reductions, and the pace of the economic recovery. Mr. Nelson commended Mr. Emerson and Ms. Moore for their efforts and cautioned that the County should be pro-active in ensuring that the department is adequately staffed to accommodate development activity as the economy picks up.

- **Building Inspections - Gregory H. Revels, Building Official; joined by Mr. Silber and H. Bolman Bowles, Deputy Building Official**

Mr. Revels narrated a slide presentation on the Department of Building Construction and Inspections' FY14 proposed budget, which included several graphs covering the time period FY08 through year-to-date FY13 and depicted total building permits issued and their value, single-family dwelling permits issued, total new construction inspections conducted, and new construction inspections conducted per day. Mr. Silber responded to a question from Mr. Kaechele relating to follow-up inspections. Mr. Revels also presented departmental data for cases and inspections regarding existing structures, including building maintenance cases as well as fats, oils, and grease inspections. He continued his presentation by explaining the department's current building permit fees and a proposed restructuring of structure and equipment permit fees charged by the department. Mr. Revels noted that the department's last fee increase was in 2000 and the Homebuilding Association of Richmond (HBAR) had expressed support for the concept of a fixed fee, which would better align the revenues collected with the actual cost of providing the inspection services. He shared several slides showing the current and revised fee structure for residential new construction, residential additions, commercial trade permits, and commercial building permits. In concluding his presentation, Mr. Revels noted that staff was suggesting elimination of the \$25 re-inspection fee but application of a \$75 inspection surcharge on every inspection that exceeds the annual average number of inspections performed on new single family dwellings. Mr. Revels and Mr. Vithoukas responded to questions from Mrs. O'Bannon pertaining to departmental service delivery issues raised by HBAR and the cost of the proposed fee increases to the development community. In response to a question from Mr. Kaechele, Mr. Vithoukas advised the Board that the fee proposal will be brought to the Board at its March 26, 2013, meeting. Mr. Revels recognized Mr. Bowles.

- Permit Centers - Lee J. Tyson, Director of Community Development; joined by Mr. Silber

Mr. Tyson narrated a slide presentation on The Permit Center's FY14 budget. During his presentation, he reviewed a graph depicting total performance measure inquiries for the period FY06 to FY13 (estimated); slides highlighting departmental activities, survey results, and FY14 budget reduction strategies; a graph showing departmental budget reductions totaling \$161,061 in personnel savings and operating line items from FY10 through proposed FY14; and a slide noting a reduction in the department's personnel complement by three positions since FY10. Mr. Tyson concluded his presentation by emphasizing his staff's continued efforts to provide efficient and effective customer service to both external and internal and customers and suggesting that the role of technology in service delivery will increase in the coming year as requested by the department's users. Kaechele commented that the Board agreed with Mr. Tyson's conclusions and measures to cut costs.

- Community Revitalization/Community Maintenance - S. Mark Strickler, Director of Community Revitalization; joined by Mr. Silber

Mr. Strickler introduced the following members of his staff who were in the audience: David Sacks, Community Development Manager; Paul Johnson, Community Maintenance Manager; Sherry Gemmill, Community Maintenance Inspector Supervisor; and Kimberly Pomatto, Enterprise Zone Program Manager. Mr. Strickler narrated a presentation on the Department of Community Revitalization's FY12 highlights and accomplishments and FY14 budget. He began his presentation by identifying the number of homes and homeowners served through his department's Community Development Block Grant (CDBG), Home Investment Partnership (HOME), and Enterprise Zone programs. At Mr. Vithoulkas' request, Mr. Strickler mentioned legislation adopted by the 2013 Virginia General Assembly and awaiting the Governor's signature that would extend the County's existing enterprise zone for another eight years beyond its scheduled 2014 expiration date. He continued his presentation by reviewing graphs depicting the number of violations issued and inspections issued by his department's Community Maintenance Program, explaining how this program has redefined success, updating the Board on annual neighborhood surveys first initiated by his department in FY05, highlighting the reasons for his department's success, and enumerating the highlights and accomplishments of his department's Volunteer Assistance Program. Mr. Strickler concluded his presentation by identifying the positions that his department has lost over the past several years. Mr. Kaechele and Mr. Glover thanked Mr. Strickler and his staff for doing a great job in following up on citizen complaints and concerns. Mr. Thornton suggested that Mr. Strickler look at local colleges as a potential resource for departmental volunteers and interns and Mrs. O'Bannon offered the same suggestion regarding church groups.

- Economic Development - Gary R. McLaren, Executive Director of the Economic Development Authority; joined by Mr. Silber

Mr. Vithoulkas noted the payments in the Economic Development Authority's (EDA) budget to the Richmond Convention Center Authority, Richmond Metropolitan Convention & Visitors Bureau, and Greater Richmond Partnership. Mr. McLaren recognized two members of his staff who were in the audience, Marketing Director Tony Hall and new Business Services Manager Lindsey Hurt. Mr. McLaren noted that the County lost several major employers and experienced major job reductions by a couple of major local employers around the time he was hired by the Henrico Economic Development Authority in 2009. He narrated a slide presentation containing a number of charts and graphs with statistical data. During his presentation, Mr. McLaren addressed local civilian force employment numbers and unemployment rates; the top ten Virginia localities ranked in order of business announcements for the past three calendar years; economic development quadrants in the local metropolitan region; office, industrial, and flex vacancy rates from 2010 through 2012; major vacant office buildings in eastern and western Henrico from 2010 through 2013; major new office building occupants in eastern and western Henrico from 2010 through 2013; remaining large block office space in 2013; and Henrico EDA bond issues from 2010 through 2012. He responded to a question from Mr. Kaechele pertaining to the status of prospects for the WestMark One office building in western Henrico. Mr. McLaren continued his presentation by highlighting the EDA's revamped marketing strategy, *Henrico Now* monthly e-newsletter,

and "Work Collaboratively" web site. He and Mr. Vithoukas responded to several questions from Mr. Glover concerning EDA's "Think Outside the Beltway" program.

Mr. McLaren concluded his presentation by offering a brief summary. He commented that there is progress on many fronts. The County's unemployment rate is well below the state average, vacancy rates are coming down, and investment activity seems to be picking up based on recent announcements. Mr. Kaechele remarked that Innsbrook Corporate Center has made a dramatic comeback. He thanked Mr. McLaren for his presentation.

Mr. Vithoukas briefly recapped the day's session and reviewed proposed ordinance amendments that will be coming to the Board at its March 26, 2013, meeting. He distributed staff's cumulative written responses to questions asked by the Board during the previous day's session that required research. Mr. Vithoukas advised the Board that these would be discussed at the beginning of the next day's session. He clarified for Mr. Nelson the Board's schedule for public hearings and adoption of budget-related resolutions and ordinances.

The Board adjourned for the day at 4:54 p.m. and reconvened at 9:05 a.m. on Wednesday, March 21, 2013.

Members of the Board Present:

David A. Kaechele, Chairman, Three Chopt District
Patricia S. O'Bannon, Vice Chairman, Tuckahoe District
Richard W. Glover, Brookland District
Tyrone E. Nelson, Varina District
Frank J. Thornton, Fairfield District

Other Officials Present:

John A. Vithoukas, County Manager
Barry R. Lawrence, CMC, Assistant to the County Manager/Clerk to the Board
Tanya B. Harding, Administrative Assistant/Deputy Clerk to the Board
Joseph P. (Joe) Casey, Deputy County Manager for Administration
Jane C. Crawley, Deputy County Manager for Community Services
Timothy A. (Tim) Foster, P.E., Deputy County Manager for Community Operations
Randall R. Silber, Deputy County Manager for Community Development
C. Michael Schnurman, Jr., Legislative Liaison
Eugene H. (Gene) Walter, Director of Finance
William B. (Brandon) Hinton, Management and Budget Division Director
Justin D. Crawford, Budget Supervisor
Stephanie Haynes Byrd, Budget Analyst
Marielle P. McFarland, Budget Analyst
Julian S. Parr, Budget Analyst
James A. (Adam) Rosatelli, Budget Analyst
Sharon Todd Van Gils, Budget Analyst

Mr. Vithoukas distributed another copy of staff's cumulative written responses to questions asked by the Board during Monday's session that required research. He reviewed staff's responses and explained the attachment from Mr. Hinton relating to state funding reductions. In response to a question from Mr. Glover, Mr. Vithoukas provided examples of the Commonwealth's cost-shifts to localities. Mr. Vithoukas also responded to questions from Mr. Kaechele regarding projected local liabilities associated with one of the Governmental Standard Accounting Board's (GASB) standards, GASB No. 68.

Mr. Vithoukas reviewed the schedule for this day three session of the legislative budget reviews.

The legislative budget reviews resumed with the following presentations:

- Community Services Agencies - Mr. Hinton

Mr. Hinton presented slides highlighting the FY09 actual budget versus the FY14 proposed budget for the Social Services and Public Health community services agencies for both the general fund and operating and capital expenditures.

- Social Services/Comprehensive Services Act – Cynthia J. (Cindee) Steinhauser, Director of Social Services; joined by Mrs. Crawley and Hugh Fields, Controller

Mrs. Crawley introduced Mrs. Steinhauser as the new Director of Social Services and re-introduced Mr. Field. Mrs. Steinhauser introduced the following members of her staff who were in the audience: Shawn Rozier and Faye Owhin, Assistant Directors; Carol Jellie, Comprehensive Services Act (CSA) Coordinator; Rod Gordon, Community Resource Manager; and Terry Painter-Beales, Business Manager. Mrs. Crawley advised that this year, for the first time, the CSA presentation was being folded into the Social Services presentation.

Mrs. Steinhauser narrated a slide presentation on the Social Services and CSA FY14 proposed budgets. She began her presentation by identifying the amount of state budget reductions to her department from FY10 through FY13 and the amount of cost savings achieved by her department during this time. Mrs. Steinhauser then reviewed current service delivery priorities for her department. She confirmed for Mr. Thornton the number of homeless children in Henrico (124) and Mr. Gordon responded to a question from Mrs. O'Bannon pertaining to the location of these children. Mrs. Steinhauser continued her presentation by pointing out current challenges facing her department. Mrs. Crawley and Mrs. Steinhauser responded to a question from Mr. Kaechele concerning the disposition of children moved out of foster care. Mrs. Steinhauser responded to a question from Mrs. O'Bannon relating to the County's foster care population. Mrs. Steinhauser concluded her presentation by elaborating on her department's future plans, impacts, and strategies. She responded to questions from Mrs. O'Bannon and Mr. Kaechele regarding the projected influx of new Medicaid recipients into the County's Social Services system as a result of federal Health Care Reform. In response to a question from Mr. Thornton, Mrs. Steinhauser commented on how many of

the families served by her department are impacted by mental illness, substance abuse, structural deficiencies, and limited parenting skills. Mr. Vithoukaskas cited an example of a large Henrico family where the County has been compelled to engage the resources of multiple agencies, including Social Services, because of the absence of parental involvement. Mr. Field responded to questions from Mr. Nelson pertaining to historical trends in the County's Social Services budget and how the budget is funded. He asked to see five years of historical data.

- MH/DS - Michael D. O'Connor, Director of Mental Health and Developmental Services; joined by Mrs. Crawley and Lynn Goodale, Administrative and Financial Services Director for Henrico Area Mental Health and Developmental Services

Mr. Vithoukaskas noted the Board's ongoing commitment to providing additional funding for Mental Health and Developmental Services (MH/DS) Day Support Services. Mrs. Crawley recognized Mr. O'Connor and Ms. Goodale. Mr. O'Connor introduced the following members of his staff who were in the audience: Marty Shephard, Controller; Laura Totty, Clinical and Prevention Services Division Director; and Michelle Johnson, Community Support Services Division Director. Mr. O'Connor narrated a slide presentation on the MH/DS FY14 proposed budget. He began his presentation by identifying his agency's 2010-2014 fiscal challenges. He responded to questions from Mr. Kaechele and Mrs. O'Bannon concerning the impact of staff reductions on agency operations. Mr. O'Connor continued his presentation by identifying the people and families served by his agency. He responded to questions from Mrs. O'Bannon relating to the availability of beds at local hospitals for psychiatric patients. Mr. O'Connor provided an example of children who are unable to receive services they need and the story of an adult who has successfully transitioned into a local group home from a training center where he lived for 26 years.

Mr. O'Connor resumed his presentation by highlighting the enhanced support of public safety for mental health services. He responded to questions from Mr. Kaechele regarding the composition and training of the County's Crisis Intervention Team and noted the participation of the Division of Police. Mr. Vithoukaskas suggested that more information on the Crisis Intervention Team can be provided to the Board at a future work session. Mr. O'Connor responded to questions from Mrs. O'Bannon and Mr. Kaechele pertaining to the new Crisis Receiving Center at Henrico Doctors' Hospital. He continued his presentation by citing examples of his agency's commitment to improving the outcomes of programs by measuring productivity, client satisfaction, and program effectiveness. He responded to a question from Mrs. O'Bannon concerning agency response times in Charles City and New Kent Counties. Mr. O'Connor concluded his presentation by identifying ways his agency is meeting future challenges and noted the additional work that will result from the Affordable Care Act and Medicaid expansion. Mrs. O'Bannon commented on the need to provide the Division of Police with the right tools to help make the Crisis Intervention Team a success. Mr. Kaechele commented that Mr. O'Connor had offered a good report. He expressed appreciation for the difficult conditions that Mr. O'Connor's staff has to work under. In response to a question from

Mr. Thornton, Mr. O'Connor elaborated on his department's CONNECT program that offers prevention services to at-risk youth.

- CRWP(CATC) - Rosalyn D. Key-Tiller, Director of the Capital Region Workforce Partnership (CRWP); joined by Mrs. Crawley and Elsie Best, Business Supervisor

Mrs. Crawley pointed out that CRWP, formerly known as the Capital Area Training Consortium (CATC), is largely federally funded. Mrs. Key-Tiller gave an overview of the current structure of the CRWP, which serves eight local jurisdictions, and highlighted her staff's three major responsibilities. She also explained the respective roles of the Workforce Investment Board, Chief Local Elected Officials Consortium (CLEO), and Capital Region Youth Council. She noted that her agency had opened two new workforce centers during the current fiscal year and responded to questions from Mr. Kaechele and Mrs. O'Bannon relating to the locations of these facilities. Mrs. Key-Tiller reviewed the funding and scope of an entrepreneurship grant awarded to her agency and elaborated on programs serving out-of-school and in-school youth. She responded to a question from Mrs. O'Bannon regarding the status of summer youth employment programs that at one time were funded by the United States Department of Labor. Mrs. Key-Tiller explained how a proposed five percent funding reduction at the federal level for workforce development programs will impact local services. She cited examples of how her staff has reduced program costs while examining other potential sources of revenue. Mrs. Key-Tiller responded to questions from Mr. Kaechele pertaining to the impact of declining unemployment rates on programs operated by her agency and the amount of local funds that are allocated to her agency. Mr. Thornton asked about ways to enhance the profile of the agency's one stop shop services and suggested that he would like to have a presentation on CRWP at one of his future town meetings. Mrs. Crawley remarked that Mrs. Key-Tiller and her staff should be applauded for the high level of technology they use in providing services. Mrs. Key-Tiller responded to questions from Mr. Nelson concerning foot traffic at the agency's Cedar Fork Road location and the status of the Williamsburg Road facility. She responded to further questions from Mrs. O'Bannon and Mr. Kaechele relating to the status of her agency's programs that serve youth who are still in school. Mrs. Key-Tiller concluded her oral presentation by commenting on the size of her staff and the number of board members to whom she reports.

- Public Health - Carla Bennett, Business Manager for the Henrico Health Department; joined by Mrs. Crawley

Mr. Vithoulkas explained the County's share of funding for the Henrico Health Department. Mrs. Crawley noted that Dr. Parham Jaberri was serving as Acting Director for the Henrico Health Department while recruitment efforts continued for a full-time director. Ms. Bennett provided examples of how the County's Health Department has redirected funds in a tight budget environment and cited challenges that the agency is facing, which include federal funding reductions, health care reform, and the increasing diversity of Henrico's population. She cited strategies that her department has undertaken to meet service demands such as the opening of new clinics, a new sexually transmitted infection (STI) prevention project, ensuring that all available revenue streams are being

accessed, and providing expanded services at a new state-of-the-art facility scheduled to open in eastern Henrico in 2014. Ms. Bennett responded to questions from Mr. Kaechele regarding the department's current and planned facilities, patient counts, and the number of employees assigned to food services inspections at restaurants. She responded to questions from Mrs. O'Bannon pertaining to the County's high infant mortality rates and educational programs that the department is working on with other community organizations to address this issue. Mr. Hinton, Mr. Vithoukias, and Ms. Bennett responded to questions from Mr. Glover concerning how the County's share of funding is reflected in the Health Department's budget and relating to the level of payments by the Commonwealth for use of the County's facilities. Mr. Thornton asked Ms. Bennett about the status of the County's infant mortality task force.

The Board recessed at 10:57 a.m. and reconvened at 11:13 a.m.

The legislative budget reviews continued with the following presentations:

- Community Operations Agencies - Mr. Hinton

Mr. Vithoukias commented that the Division of Recreation and Parks has generated significant interest and has been successful in every service area in which its staff has participated. He pointed out that the department's budget proposal included difficult recommendations, including no funding for the Summer Blast program. He thanked the department's Director, Neil Luther, for his efforts with the previous week's kickoff of the 2013 Jefferson Cup soccer tournament and noted that the annual economic impact of sports tourism on Henrico County has been estimated at \$33 million.

Mr. Hinton presented slides highlighting the FY09 actual budget versus the FY14 proposed budget for the community operations agencies for both the general fund and operating and capital expenditures. Mr. Foster referred to the diversity and varying sizes of the County's five Community Operations agencies and noted the importance of the employees of these agencies to Henrico citizens.

- Recreation and Parks/Belmont Golf - Edwin C. (Neil) Luther IV, Director of Recreation and Parks; joined by Mr. Foster; Cathi Klaver, Assistant Director of Recreation and Parks; and Louise Evans, Business Manager

Mr. Luther recognized Ms. Klaver and Ms. Evans and the following members of his executive leadership team who were seated in the audience: Steve Hart, Capital Projects Manager; Vince Henderson, Park Services Manager; Debbie Nolan, Recreation Manager for Programs and Services; Karen Perkins, Recreation Manager for History and Tourism; and Al Azzarone, Capital Planning Manager

Mr. Luther narrated a slide presentation on the Division of Recreation and Parks' FY14 proposed budget. He began his presentation by noting that the growth of his department has resulted from capital improvements. He provided a cumulative list of his department's capital projects from FY10 through FY13 (year-to-date), which have

represented \$8 million in capital investment and triggered additional operational expenses. He responded to a question from Mrs. O'Bannon regarding the allocation of costs for maintaining County athletic fields used by schools and community organizations. Mr. Luther responded to a question from Mr. Kaechele pertaining to the department's capital project budget. He continued his presentation by providing a summary of his department's five-year budget adjustments, noting that the increases were largely due to the opening and operation of the new Eastern Henrico Recreation facility. He responded to questions from Mr. Kaechele and Mrs. O'Bannon concerning the department's full-time and seasonal personnel complements.

Mr. Luther continued his presentation by offering an overview of the department's Summer Blast and Teen Scene Camp, programs which were established in 1956. He explained recent registration and participation trends for this program, which is staffed by hourly and temporary employees. Mr. Luther responded to questions from Mr. Kaechele and Mr. Glover relating to the program's registration process and number of children served. Mrs. O'Bannon commented that a group of mothers had expressed concern to her about the County's possible elimination of this program and had mentioned that they were willing to pay registration fees for their children to participate if the County was no longer able to fund the program. Mr. Vithoukas explained that staff was recommending elimination of the program to help close the \$18.5 million funding gap in the County's budget. Mr. Nelson noted that his daughter has participated in the program and spoke to the program's positive reputation. Mr. Glover pointed out that a sizable number of college students are seasonally employed by the County to serve as counselors for the program and they and their families would be impacted if the program were discontinued as would the teens who participate in the program. He advocated continuing the program without fees. Mrs. O'Bannon and Mr. Nelson stated that they would like to have scenarios brought forward by staff where the program could be supported with fees paid by the participants' parents. Mrs. O'Bannon suggested that scholarships could be offered to offset the costs for children whose families could not afford to pay a fee. Mr. Luther expressed concern that charging registration fees for the program would change the consumer mentality and noted that a minimum threshold of participants would be necessary to make the program cost effective at a given site. Mr. Kaechele remarked that the Board preferred the option of continuing the program and suggested that staff bring forward a recommendation after adoption of the budget as to what would be necessary to sustain the program. Mr. Thornton cautioned that the County needed to move carefully when changing the funding or availability of programs that serve the County's young people. Mr. Vithoukas advised the Board that he would prefer to have this matter settled prior to the public hearing on the budget. Consequently, staff would be returning to the Board with a proposal at the following day's session.

Mr. Luther resumed his presentation by quantifying the impact of his department's hourly and temporary employees on the departmental budget and sharing a graph on the number of rounds played at Belmont Golf Course from FY08 through FY12. He advised that revenues from the golf course have been increasing, expressed pleasure with the new private contractor who is responsible for operating its pro shop, and pointed out that the County has been able to reduce transaction costs at the golf course. Mr. Luther, Mr.

Vithoukias, and Mr. Foster responded to questions from Mrs. O'Bannon relating to how these savings have been achieved. Mr. Kaechele expressed appreciation to Mr. Luther and his staff for working under these budgetary challenges. Mr. Thornton conveyed appreciation to the department for its management of the Eastern Henrico Government Center. Mrs. O'Bannon voiced appreciation for the County's green spaces.

The Board recessed for lunch at 12:14 p.m. and reconvened at 12:43 p.m.

The legislative budget reviews continued with the following presentations:

- Agriculture and Home Extension – Karen F. Carter, County Agent; joined by Mr. Foster; Kim H. Edmonds, Extension Agent – Family and Consumer; and Angela M. Wigglesworth, Administrative Assistant

Ms. Carter recognized Ms. Edmonds and Ms. Wigglesworth. She explained the decrease in the personnel component of her agency's proposed budget and noted that the two positions in her office providing administrative support were entirely funded by the County. Ms. Carter also advised the Board that a ten-year-old copier in her office has been replaced and her staff has taken great efforts to conserve paper and postage. She responded to questions from the Board regarding the level of funding her agency receives from the U. S. Department of Agriculture through Virginia Tech, the number of parcels in Henrico County enrolled in the land use taxation program and the value placed on these parcels, and the number and location of community gardens in the agency's Gardens Growing Families program.

- Real Property – Jon Tracy, Director of Real Property; joined by Mr. Foster

Mr. Vithoukias pointed out that the lion's share of this department's budget involves personnel costs and that the department has a heavy workload. Mr. Tracy pointed to reductions in his department's budget during the past several years and his staff's efforts to obtain lower rental costs for leased properties as the leases come up for renewal. He and Mr. Vithoukias responded to questions from Mrs. O'Bannon pertaining to the number of properties leased by the County, maintenance costs associated with the Best Plaza property, and the department's role in acquiring properties for the School Board. Mr. Tracy responded to questions from Mr. Kaechele concerning the department's procedures for identifying potential land acquisitions for the County. Mr. Foster responded to questions and concerns from Mr. Glover relating to Verizon's and Virginia Power's use of County rights-of-way without compensation to the County.

The Board recessed at 1:09 p.m. and reconvened at 1:13 p.m.

The legislative budget reviews continued with the following presentation:

- Public Utilities/Solid Waste/Street Lighting – Arthur D. Petrini, Director of Public Utilities; joined by Mr. Foster and William I. Mawyer, Assistant Director of Public Utilities

Mr. Vithoulkas advised that the Department of Public Utilities' proposed budget adhered to the funding plan previously developed by the Board. Mr. Foster pointed out that this is one of the County's largest departments and it operates two of the County's largest facilities, the Water Treatment Plant and Water Reclamation Plant. Mr. Petrini recognized Mr. Mawyer and introduced the following members of his staff who were seated in the audience: Melvin Slough, Community Liaison; Tom Alford, Operations Division Director; Ralph Claytor, Design Division Director; Jon Clary, Solid Waste Division Director; April Swanson, Senior Engineer; Lee Maddox, Construction Division Director; Nellow Simukonde, Construction Division Assistant Director; James Grandstaff, Water Reclamation Facility Division Director; Carol Danforth, Water Reclamation Facility Assistant Director; Russ Navratil, Water Treatment Facility Division Director; and Evelyn McGuire, Senior Controller.

Mr. Petrini narrated a slide presentation on the Department of Public Utilities' proposed FY14 budget. He began by reviewing the department's budget reductions and revenue in FY11. Mr. Mawyer responded to a question from Mrs. O'Bannon regarding the County's methane gas contract. Mr. Petrini continued the presentation by reviewing the department's budget reductions and revenue in FY12 and FY13. Mr. Mawyer explained the department's wastewater nutrient treatment program. Mr. Petrini continued his presentation by providing a historical comparison of FY10 and FY14 in terms of the department's operating and personnel expenses, available positions, physical assets, and capital outlay for vehicles and equipment. Mr. Mawyer, Mr. Petrini, Mrs. McGuire, and Mr. Vithoulkas responded to questions from the Board pertaining to the department's 24 percent increase in physical assets during this period. Mr. Petrini continued his presentation by showing a graph depicting the department's actual versus targeted capital outlay from FY04 through projected FY14. He and Mr. Vitoulkas responded to a question from Mrs. O'Bannon concerning how the department proposes to close the large gap between actual and targeted capital outlays. Mr. Petrini continued his presentation by sharing a graph of the miles of pipe added to the County's water system for the past eight decades. He and Mr. Vithoulkas responded to a question from Mr. Kaechele relating to a reduction in the amount of pipe added during the past decade. Mr. Petrini continued his presentation by offering graphs projecting the miles of water pipe that will need to be added to the system during the next eight decades and by providing graphs highlighting the past 80 years and projecting the next 80 years of the County's sewer system pipe expansion. He responded to a question from Mr. Glover regarding the amount of pipe that has been constructed by private developers and Mrs. McGuire responded to a question from Mr. Vithoulkas pertaining to how the department records its donated fixed assets.

Mr. Petrini moved into the next part of his presentation by identifying how his department proposes to maintain its level of service in FY14 and providing a statistical overview of the County's current water and sewer systems. In response to a question from Mr. Kaechele, Mr. Petrini clarified that 90 percent of the County's water customers are residential and 94 percent of Henrico's population is served by public water. Mr. Petrini continued his presentation by explaining a slide summarizing water and sewer enterprise

fund revenues and expenses in the proposed FY14 budget, including a proposed five percent rate and fee increase. He, Mr. Vithoukias, Mr. Foster, and Mrs. McGuire responded to a number of questions from the Board pertaining to the impact of the proposed rate increases on water and sewer bills for residential customers, reasons for the proposed increases, how the increases will be explained to the County's water and sewer customers, the number of rate increases approved by the Board since 2001, how the County's water and sewer rates compare with those charged in neighboring localities, how the County's purchase of water from the City of Richmond affects the rates charged by the County to its water customers, how the department is addressing complaints from previous customers who are still receiving water and sewer bills after their service has been disconnected, the number of filled and unfilled positions within the department, the department's debt service projections for future years, the size of the annual fund balance for the water and sewer enterprise fund, the County's expenditures to date on the Cobbs Creek Reservoir project, and the impact of state and federal stormwater regulations on the County's budget.

Mr. Petrini resumed his presentation by reviewing a slide summarizing solid waste special revenue fund revenues and expenses in the proposed FY14 budget. He responded to questions from Mr. Kaechele concerning how the department budgets for recycling costs, the projected schedule for closing the Springfield Road landfill and opening a new transfer station on that site, and the status of the private Charles City Road landfill. Mr. Petrini responded to questions from Mrs. O'Bannon relating to the County's solid waste residential pickup coverage area and the impact of coverage expansion on private collectors. Mr. Petrini concluded his presentation by citing the County's current real property and personal property tax levies for its five sanitary districts where street lightening has been installed. In response to a question from Mr. Kaechele, Mr. Petrini distributed a map identifying the location of these districts. In response to a question from Mrs. O'Bannon, Mr. Vithoukias asked Mr. Petrini to provide the Board with the criteria for establishing new sanitary districts. Mr. Foster noted the high cost of installing street lights, but Mr. Thornton suggested that the Board may in the future need to look at providing street lights in areas of the County not currently served by sanitary districts. Mr. Kaechele acknowledged that the Department of Public Utilities has a huge operation that does a good job providing essential services to Henrico citizens.

The Board recessed at 2:12 p.m. and reconvened at 2:23 p.m.

The legislative budget reviews continued with the following presentations:

- Public Works – Steven J. Yob, Director of Public Works; joined by Michael A. Jennings, Assistant Director of Public Works; and Danielle Bazemore, Senior Controller

Mr. Vithoukias responded to questions from the Board regarding the lane mileage payments the County receives from the Commonwealth for maintaining its secondary roads. Mr. Yob recognized Ms. Bazemore and Mr. Jennings and introduced the following members of his staff who were in the audience: Jeff Perry, Engineering and Environmental Services Division Manager; Keith White, Environmental Engineer; Jamie

Massey, Road Construction and Maintenance Superintendent; John Cejka, Traffic Engineer; and Todd Eure, Transportation Development Division Director. Mr. Yob shared a slide highlighting how the Department of Public Works has saved \$4,891,800 since FY10 by “changing the way it does business.” In response to a question from Mrs. O’Bannon, Mr. Vithoukas and Mr. Hinton informed the Board that this slide and each of the departmental budget presentations will be posted on the County’s web site. Mr. Yob responded to a question from Mr. Kaechele pertaining to the status of the construction contract for the North Gayton Road project. Mr. Yob explained his department’s allocation for road construction funds and how the department has been using discretionary funds to leverage its budget. He confirmed that the County was currently receiving annually from the Commonwealth maintenance payments of \$9.592.88 for each lane mile of secondary road.

Mr. Jennings read a prepared statement explaining how House Bill 2313, approved during the 2013 session of the Virginia General Assembly and awaiting the Governor’s signature, will bring the County close to parity with Arlington County in terms of lane mileage payments for the maintenance of its secondary road system. He also explained how the additional revenues will be used by his department. Mr. Vithoukas confirmed for Mr. Kaechele that this legislation, if approved by the Governor, will require a state budget amendment. Mr. Hinton and Mr. Vithoukas responded to questions from Mr. Glover pertaining to the amount of debt service associated with the department’s budget and the Commonwealth’s failure in previous years to cover the department’s costs of maintaining its secondary roads.

Mr. Yob continued his oral presentation by referring to new road mileage recently brought into the County’s secondary road system and costs incurred by the department during the current fiscal year as a result of Hurricane Sandy and six snowstorms. He reviewed the department’s capital outlay items, the environmental services portion of its budget, and departmental cost saving measures.

Mr. Yob narrated a slide presentation on proposed efficiency changes to the County’s leaf vacuuming program. In addition to identifying the proposed changes, he provided charts highlighting a three-year history of monthly vacuum orders received by the County. Mrs. O’Bannon commented on her personal experience with leaf vacuuming and asked for clarification on the amount of leaves that will be picked up by the County through its regular refuse collection service. Mr. Yob also responded to questions from Mr. Kaechele and Mr. Glover concerning the County’s current leaf vacuuming program and how the proposed changes will affect the program’s leaf vacuuming schedule. Mr. Vithoukas noted that no action was required by the Board for the department to implement the proposed changes.

Mr. Yob thanked Mr. Eure for analyzing GRTC Transit System’s plan to increase service costs and finding a way for the County’s mass transit budget to stay revenue neutral. In order to maintain the current GRTC fixed route and CARE paratransit services, it will be necessary to implement two fare increases on January 1, 2014; increase the fare for non-ADA trips from \$2.50 to \$6.00 per trip; and increase the fare for express routes from

\$2.00 to \$3.00 per trip. Mr. Eure elaborated on this plan. Mr. Vithoukaskas noted that the proposed increases will ensure that fares cover 20 percent of the service costs and the phase-in period for the fare increases will provide time to educate Henrico residents using these services. Mr. Thornton expressed concern about the poor quality and unreliability of GRTC's CARE service. Mr. Yob assured Mr. Thornton that Mr. Eure has been working on a number of these complaints. Mr. Yob and Mr. Eure responded to additional questions from the Board relating to the hours of operation of CARE service, the disposition of GRTC billing errors incurred by the County, the County's street sweeping schedule, and the impact of the proposed fare increases on riders.

- Stormwater Utility – Mr. Yob; joined by Mr. Perry; Mr. Foster; and Mr. Jennings

Mr. Vithoukaskas advised that this was an informational presentation unrelated to the budget. Mr. Perry responded to a question from Mr. Glover regarding the status of reissuance of the permit for the County's National Pollution Discharge Elimination System (NPDES). Mr. Yob provided historical information on federal stormwater pollution regulations. Mr. Perry narrated a slide presentation on upcoming stormwater program requirements. He began his presentation by reviewing the significant impacts of these requirements on local development and on County policies and programs and by illustrating the application of the requirements locally to 1,500 industrial and commercial facilities; 1,400 Best Management Practices (BMP) stormwater retention ponds; 22,000 inlets; 7,000 outfalls; and County-owned facilities. Mr. Perry responded to questions from Mr. Kaechele and Mrs. O'Bannon pertaining to the department's planned efforts to educate the public about preventing vehicle wash water from entering the sanitary sewer system. He responded to questions from Mrs. O'Bannon concerning the scope of nutrient management plan requirements and from Mr. Glover relating to BMP maintenance responsibilities and costs. Mr. Perry continued his presentation by discussing the Chesapeake Bay total maximum daily load (TMDL), identifying the Chesapeake Bay watershed, and reviewing required reductions in the Chesapeake Bay TMDL. He responded to a question from Mr. Kaechele regarding the number of discharge points in the County. Mr. Perry continued his presentation by citing the costly steps the County will have to take to achieve compliance. He and Mr. Vithoukaskas responded to questions from the Board pertaining to nutrient trading programs, the status of recommendations contained in a 1987 Camp Dresser & McGee study of the County's watersheds that recommended a stormwater utility fee, the status of Chesterfield County's NPDES permit, and the geographic area subject to Chesapeake Bay Preservation Act requirements.

Mr. Perry concluded his presentation by elaborating on stormwater management regulations adopted by the Virginia Soil and Water Conservation Board in September 2011 and reviewing the status of the County's Virginia Stormwater Management Program (VSMP) permit. He advised that the County must enforce stormwater pollution plans by July 1, 2014. Mr. Perry, Mr. Foster, and Mr. Vithoukaskas responded to questions from Mrs. O'Bannon concerning the impact of the new regulations on the Department of Public Works' environmental inspection staff. Mr. Perry responded to questions from Mr. Glover relating to the timeframe and frequency of environmental inspections of construction worksites. Mr. Yob closed the discussions by noting that other localities and

the United States have established stormwater utilities, some of which are being funded through property taxes. Mr. Kaechele thanked Mr. Yob and Mr. Perry for their comments.

At Mr. Nelson's request, Mr. Vithoukas provided an overview of the schedule for the final day of legislative budget reviews. He advised that staff would be bringing forward additional funding reductions equal to the cost of continuing the Summer Blast program. In response to a question from Mr. Glover, Mr. Hinton noted that the County achieved \$2.5 million in personnel savings through the one-time early retirement program that was offered to eligible employees.

The meeting adjourned for the day at 3:58 p.m. and reconvened at 9:07 a.m. on Thursday, March 21, 2013.

Members of the Board Present:

David A. Kaechele, Chairman, Three Chopt District
Patricia S. O'Bannon, Vice Chairman, Tuckahoe District
Richard W. Glover, Brookland District
Tyrone E. Nelson, Varina District
Frank J. Thornton, Fairfield District

Other Officials Present:

John A. Vithoukas, County Manager
Barry R. Lawrence, CMC, Assistant to the County Manager/Clerk to the Board
Tanya B. Harding, Administrative Assistant/Deputy Clerk to the Board
Joseph P. (Joe) Casey, Deputy County Manager for Administration
Jane C. Crawley, Deputy County Manager for Community Services
Timothy A. (Tim) Foster, P.E., Deputy County Manager for Community Operations
Randall R. Silber, Deputy County Manager for Community Development
Eugene H. (Gene) Walter, Director of Finance
William B. (Brandon) Hinton, Management and Budget Division Director
Justin D. Crawford, Budget Supervisor
Stephanie Haynes Byrd, Budget Analyst
Marielle P. McFarland, Budget Analyst
Julian S. Parr, Budget Analyst
James A. (Adam) Rosatelli, Budget Analyst
Sharon Todd Van Gils, Budget Analyst

Mr. Vithoukas reviewed the schedule for day four of the Legislative Budget reviews.

The legislative budget reviews resumed with the following presentations:

- Constitutional Officers – Mr. Hinton

Mr. Hinton presented slides highlighting the FY09 actual budget versus the FY14 proposed budget for the Constitutional Offices and Electoral Board for both the general fund and operating and capital expenditures.

- Electoral Board – Mark J. Coakley, General Registrar; joined by Alice F. Creighton Chairperson, Electoral Board; Bebe W. West, Vice Chairperson, Electoral Board; and Terrill J. Richardson, Secretary, Electoral Board

Mr. Coakley narrated a slide presentation on the Electoral Board's proposed FY14 budget. During his presentation, Mr. Coakley reviewed voter registration and turnout statistics as well as approved and revised budget figures for the past five election years and details of the Virginia State Board of Elections' plan to replace direct-recording electronic (DRE) voting machines by January 16, 2014. He responded to questions from Mr. Kaechele, Mrs. O'Bannon, and Mr. Glover regarding voting machines, including the age and cost of the County's existing DRE machines, the General Assembly's current requirement that localities provide one machine for every 750 registered voters, the cost and timeframe for purchasing replacement machines, where the County's machines are stored; and the size and design of the new machines. He responded to questions from Mr. Nelson pertaining to the approximate costs to the County for presidential, statewide, local, and special elections. Mr. Thornton expressed appreciation to the Electoral Board, Mr. Coakley, and his staff for smoothly conducting the 2012 presidential election and allaying his fears that there might be problems with voter intimidation at the polls. Mr. Coakley responded to concerns expressed by Mr. Thornton relating to the Department of Motor Vehicles' voter registration procedures.

- Circuit Court Clerk – Yvonne G. Smith, Clerk of the Court; joined by Paige W. Cranor, Chief Deputy Clerk

Mrs. Smith pointed out that her office has complement three employees so they are not reflected in the County's budget. She also referred to her office's performance measures. Mrs. Smith explained the revenue sources that support her office and cited deed recordation and concealed handgun permit statistics for the past several years. She noted the high volume of work done by her office's bookkeeper and how her office has been trying to do more with less. Mr. Vithoukas responded to questions from Mr. Kaechele and Mr. Glover regarding the collection and distribution of fees collected by Mrs. Smith's office and the level of financial support provided to her office by the County versus the Commonwealth. Mrs. Smith responded to questions from Mr. Thornton pertaining to her office's responsibility for maintaining court records and the length of time these records are kept on file. She confirmed for Mr. Kaechele that her office has 36 employees. Mrs. Smith pointed out that her office will have storage problems if the Commonwealth requires the County to revert to paper ballots for elections. She responded to questions from Mrs. O'Bannon concerning balloon mortgages and deed recordation trends.

- Commonwealth's Attorney/Victim Witness/Drug Prosecutor – Shannon L. Taylor, Commonwealth's Attorney; joined by Shelly J. Shuman-Johnson, Victim/Witness Assistance Director; and Julie C. Goolsby, Business Supervisor

Ms. Taylor noted that her office's budget is mostly personnel costs and that a part-time administrative assistant position was removed from the budget. She explained that the asset forfeiture fund allows her office to cover certain expenditures such as travel and training. Mrs. Taylor also pointed out that some of the salaries in her office's budget are funded by the State Compensation Board and others are paid by the County. She and Mr. Vithoukaskas responded to a question from Mr. Kaechele relating to the County's supplement for this office. Ms. Taylor responded to concerns expressed by Mrs. O'Bannon regarding the manner in which her office has handled certain criminal cases. She responded to a question from Mr. Thornton pertaining to the degree of ethnic diversity on her staff.

Ms. Taylor explained the role and responsibilities of the Special Drug prosecutor, who works closely with the Division of Police's narcotics unit. She commented on two hourly positions that were filled by Ms. Shuman-Johnson to help handle emergency protective orders and noted plans to move Ms. Shuman-Johnson and her staff out of leased space on Shrader Road and into the Commonwealth Attorney's space in the Courts Building within the next 12 months. In response to a comment by Mrs. O'Bannon, Ms. Shuman-Johnson explained how human trafficking and sex trade victims associated with the Division of Police's Operation Innkeeper initiative are being served by the Gray Haven Project in cooperation with the County's Victim-Witness Program. Mrs. O'Bannon also commented on the services provided by the Safe Harbor Shelter for victims of domestic violence.

- Sheriff – Michael L. Wade, Sheriff; joined by Carlos V. Talley, Chief Deputy Sheriff; and Dana L. Powell, Controller

Mr. Vithoukaskas advised that the increase in the Sheriff's Office proposed budget is largely due to overtime costs. He noted that the daily care of inmates, including medical services, are also large components of the office's budget. Mr. Vithoukaskas also pointed to the phenomenal job that interns from Virginia Commonwealth University (VCU) and Virginia Union University (VUU) are doing for the Sheriff's Office as part of the Sheriff's cost recovery efforts.

Sheriff Wade narrated a slide presentation titled *Henrico Sheriff's Office 2012/2013 Financial Analysis*, which provided an overview of the office's financial performance and cost saving ventures. He began his presentation by highlighting one of his office's major cost savings initiatives, the Student Summer Basic Academy, which is an internship program allowing VCU and VUU students to train as basic jailors and work part-time in the jails at an hourly rate after graduation. He responded to questions from Mr. Kaechele and Mrs. O'Bannon concerning the logistics of this program and confirmed that the students receive course credits for their internships. Sheriff Wade continued his presentation by noting the special National Association of Counties

(NACo) award received by his office for the academy and by identifying cost saving measures implemented by his office, which included an electronic filing system for inmate medical folders, a new security system throughout the agency, and the replacement of Self Contained Breathing Apparatus (SCBA) units with fire safety hoods. He responded to a question from Mrs. O'Bannon relating to the scope of the new security system and how the fire safety hoods are used. Sheriff Wade continued his presentation by highlighting several additional cost savings initiatives undertaken by his office, including the conversion from propane to natural gas. He responded to questions from Mrs. O'Bannon regarding two of cost savings measures, a new Global Positioning System (GPS) monitoring device to track inmates on work release and the increased use of Secure Continuous Alcohol Remote Alcohol Monitoring (SCRAM) bracelets within the jail system. He also responded to a question from Mr. Kaechele pertaining to how natural gas is used within the jail. Sheriff Wade continued his presentation by explaining a new initiative that will place 59 kiosks within housing units, common areas, and the lobby to enhance the overall efficiency of jail operations. He responded to a question from Mr. Kaechele concerning the level of access inmates have to the jail's telephone system and to a question from Mr. Nelson relating to the maximum amount of time convicted offenders can stay in local jails.

Sheriff Wade moved into the next part of his presentation by providing a FY14 budget overview. He provided a breakdown of his office's operating costs. Mr. Powell responded to a question from Mr. Kaechele regarding the relative costs of operating the Jail East versus Jail West facilities. Sheriff Wade continued his presentation by reviewing his office's personnel complement, which included 330 sworn staff and 42 civilian staff as well as 33 vacancies, and offering data on facility operations at Jail East and Jail West. He responded to questions from Mr. Glover and Mr. Nelson pertaining to the system's jail capacity and historical trends in average daily population. Sheriff Wade responded to a question from Mr. Glover concerning the number of regional jails in Virginia and to questions from Mr. Thornton and Mrs. O'Bannon relating to the composition of the County's jail population. He continued his presentation by detailing individual medical costs paid by his office and cost savings achieved by the County by having inmates perform lawn care and painting services at County facilities. He confirmed for Mr. Nelson that the inmates providing these services are volunteers and can earn time off their sentences. Sheriff Wade shared photographs depicting inmates performing these services at various locations in the County. He concluded his presentation by highlighting another cost savings measure at the Jail East facility involving the delivery of fire wood to low income homes and by expressing his gratitude to the Board for its continued support of his office. In response to a question from Mr. Glover, Mr. Vithoukaskas asked Mr. Powell to provide the Board with a breakdown of the costs to the County of housing post-trial inmates. Mr. Vithoukaskas thanked Sheriff Wade for his efforts to reduce costs. Mr. Kaechele complimented Sheriff Wade on his good presentation.

The Board recessed at 10:31 a.m. and reconvened at 10:43 a.m.

The legislative budget reviews continued with the following presentations:

- Administrative Agencies – Block 2 – Mr. Casey

Mr. Casey presented slides highlighting the FY09 budget versus the FY14 proposed budget for block two of the administrative agencies for both the general fund and operating and capital expenditures. These agencies included Finance, Human Services, General Services, Library, and Information Technology.

- Finance – Mr. Walter; joined by Mr. Casey

Mr. Walter recognized Mr. Hinton and introduced the following members of his staff who were in the audience: Tim LeClerk, Deputy Director of Finance; Ed Trice, Revenue Division Director; Tom Little, Real Estate Assessment Director; Doug Baugh, Project Manager; and Clarence Daniel, Accounting Division Director. He announced that Mr. Daniel will be retiring in June 2013 and congratulated him for doing a great job for several finance directors during his 33 years with the County. Mr. Walter reviewed a slide providing a breakdown of the major categories of the Department of Finance's budget in FY09, FY13, and proposed FY14. He noted that his department's cost savings efforts were the collective results of its 114-member staff. Mr. Walter cited a number of things his department has done to increase efficiencies, which have included placing real estate property information and agency documents on the internet, cross training staff and using interns, pooling vehicles between two of the department's divisions, and implementing a new billing system. Mr. Walter responded to questions from Mr. Kaechele regarding the department's capital costs and how the department accepts electronic payments. Mr. Vithoukas advised that he and Mr. Casey will be bringing a recommendation forward to the Board pertaining to the County's acceptance of payments by credit card.

- Human Resources/Employee Benefits – Mrs. Reid, Director of Human Resources; joined by Rebecca L. Tate, Assistant Director of Human Resources; and Julie W. Davis, Manager of Finance and Administrative Services

Mrs. Reid recognized Mrs. Tate and Mrs. Davis and noted that the budget for the Department of Human Resources was created by the entire departmental staff. She commented on her department's new approach to how it interacts with other County agencies and its new focus on communications, collaboration, and credibility. Mrs. Reid cited her department's elimination of three positions and transfer of one Technology Support Specialist position to the Department of Information Technology. She pointed out that the biggest decrease in her budget reflects the discontinuance of the Oracle Human Resources Management System (HRMS) office lease on Shrader Road. Mrs. Reid also mentioned other cost savings measures implemented by her department, including going paperless with publications, decreasing advertising costs, using in-house facilitators for training sessions, and decreasing the costs of service award and leadership recognition ceremonies. She updated the Board on the County's job application trends, savings achieved from the County's Voluntary Retirement Incentive Program (VRIP), and employee morale during a tough economy. Mrs. Reid commented that Mr. Vithoukas

has reached out to the County's employees at face-to-face "town hall" meetings, where he has shared with them the difficult challenges facing local government. Mrs. Reid responded to questions from Mr. Kaechele and Mr. Nelson pertaining to attendance at and staffing of these meetings.

Mrs. Reid continued her oral presentation by commenting on the Board's foresight in putting in place the County's employee training and development programs and noted how the County has boosted morale through an increase in position reclassifications. In response to a question from Mr. Glover, she agreed to provide the Board with the costs of these reclassifications. Mrs. Reid also noted that there has been a decline in employee visits to employee assistance program counselors during the past few years. She pointed to major challenges facing her department in the future in regards to the financial impact of the federal Affordable Care Act on the County's employee health insurance plan and use of temporary employees. In response to questions from Mrs. O'Bannon, Mr. Vithoukas advised the Board that staff will make a presentation on the Affordable Care Act at a future Board work session. Mrs. Reid continued her presentation by commenting on the new Virginia Retirement System (VRS) hybrid retirement plan that will apply to future local government employees. She responded to questions from Mr. Kaechele concerning the number of temporary employees working for the County covered by the Affordable Care Act. Mr. Nelson cautioned the Board that the County's budget should not be balanced on the backs of County employees and emphasized the importance of employees in driving the County government engine. He expressed thanks to the County's employees for what they have done to cut costs and achieve efficiencies.

- General Services/CAM/Risk Management – Christopher L. Winstead, Director of General Services; joined by Mr. Casey; John H. Neil, Jr., Assistant Director of General Services; and Ann D. Fortune, Controller

Mr. Winstead recognized Mr. Neal and Mrs. Fortune and introduced two members of his staff who were in the audience, Risk Manager Cindy Smith and Automotive Fleet Manager Charlie Gibbens. He reviewed a slide providing a breakdown of the major categories of the Department of General Services' overall budget in FY09, FY13, and proposed FY14. Mr. Winstead noted that although his department has not reduced levels of services or maintenance, it has been operating with 14 fewer positions to achieve costs savings in its budget. He pointed out that the department's Communications Division was transferred to the Division of Police during the current fiscal year. Mr. Winstead identified a number of budget reduction measures undertaken by his agency, including using inmates to paint and move offices, filling vacant positions at lower salaries, reducing building maintenance and custodial contract expenses, and using volunteers and Community Corrections Program clients for certain functions. He responded to questions from the Board relating to future plans for a new courts facility, the status of a master plan for future space needs, reductions in the department's capital budget, the department's vacant and transferred positions, and the department's use of recycled diesel fuel to generate electricity. Mr. Winstead cited cost savings achieved in his budget through lighting system upgrades. Mr. Glover cautioned that some residents did not welcome the use of inmates to perform work in neighborhood alleys.

Mr. Winstead reviewed a slide providing a breakdown of the major categories of the Department of General Services' Central Automotive Maintenance (CAM) budget in FY09, FY 13, and proposed FY14. He highlighted the activities of his department's Central Automotive Maintenance Division and the responsibilities of the division's mechanics. Mr. Gibbens responded to questions from Mrs. O'Bannon regarding CAM operations and equipment and to questions from Mr. Kaechele pertaining to the cost of fuel consumption for County vehicles.

Mr. Winstead reviewed a slide providing a breakdown of the major categories of the Department of General Services' Risk Management budget in FY09, FY13, and proposed FY14. He explained how Ms. Smith has reduced office expenses and coordinated light duty assignments for employees who are out of work until they can resume their normal activities. Mr. Winstead pointed out that there has been a slight uptick in employee claims. He, Mr. Hinton, and Mr. Vithoukas responded to questions from Mr. Kaechele pertaining to the types and costs of claims paid by the County. Mr. Foster responded to a question from Mrs. O'Bannon concerning how the County handles traffic safety at its construction sites. Mr. Thornton complimented Mr. Winstead and his staff on their commitment to carrying out the policies of the County's Small, Women-owned, and Minority-owned Business (SWaM) certification program.

The Board recessed for lunch at 11:46 a.m. and reconvened at 11:54 a.m.

The legislative budget reviews continued with the following presentations:

- Public Library – Gerald M. McKenna, Director of Libraries; joined by John C. Gentry, Controller

Mr. McKenna reviewed a slide providing a breakdown of the major categories of the Public Library's budget in FY09, FY13, and proposed FY14. He noted that service hours have been maintained at the various library locations and that staff from the Gayton and Glen Allen branches were repurposed while those branches were closed. Mr. McKenna noted that library customers are being encouraged to use self-checkout units. He responded to a question from Mr. Kaechele relating to library drive through service. Mr. McKenna continued his presentation by highlighting the libraries' use of more mobile equipment, replacement of public access personal computers, transition from printed to electronic publicity materials, replacement of the old bookmobile with a more efficient vehicle, and realignment of public service operations to increase system-wide cooperation and job sharing. He shared additional slides showing eight-year trends in the number of library positions versus library activity, number of library positions versus service hours, and library activity. He responded to questions from the Board regarding the hours of operation at the various library locations, library peak hours, the use of libraries by homeschoolers, the future role of public libraries, the rising demand but limited supply of e-books, the number of libraries in the County, and the level of cooperation and interaction between public libraries and public school libraries. Mr. Kaechele remarked

that he receives a lot of compliments on the County's library system. Mrs. O'Bannon commented that many of her constituents check out audio books.

- Information Technology – Thomas L. Owdom, Director of Information Technology; joined by Mr. Casey and George D. Bains, Assistant Director of Information Technology

Mr. Owdom reviewed a slide providing a breakdown of the major categories of the Department of Information Technology's budget in FY09, FY13, and proposed FY14. He advised that several positions have been transferred from other agencies to his department to support the department's Data Center, Geographic Information Services (GIS) office, and Oracle E-Business area. Mr. Owdom also spoke to cost savings achieved by his department since it assumed the responsibility for telecommunications services. In response to a question from Mrs. O'Bannon, Mr. Owdom provided examples of some of the errors his staff detected in the County's telephone bills from Verizon. He also offered examples of other cost saving measures within his department, including eliminating overtime pay and color printers, virtualizing servers, and eliminating the UNIX mainframe computer. Mr. Vithoukas characterized Mr. Owdom as one of the cost cutting leaders within the County organization. Mr. Owdom responded to questions from Mr. Nelson and Mrs. O'Bannon pertaining to the future of facsimile machines. He continued his review by discussing a new initiative to consolidate the County's cellular and smart phone plans, converting its emergency communications system from a hosted to non-hosted system, eliminating communication tie lines between County buildings, and negotiating new internet circuits. Mr. Owdom, Mr. Vithoukas, and Mr. Hinton responded to questions from Mr. Nelson concerning efforts to encourage employees to use less paper, the County's procedures for servicing and replacing broken computers, and the department's monitoring of technological advancements. In response to a question from Mrs. O'Bannon, Mr. Vithoukas advised the Board that he would be bringing an ordinance introduction forward at the Board's next meeting to extend the term of the County's cable television franchise with Comcast. Mr. Kaechele remarked that the department has developed a very impressive record. Mr. Vithoukas noted the variety of personal backgrounds within the County organization and pointed out that Mr. Owdom's college degree was in classical languages.

- Technology Replacement – Mr. Hinton; joined by Mr. Owdom and Mr. Casey

Mr. Hinton acknowledged that Mrs. Van Gils is the lifeblood behind this program and oversees the fund on a day-to-day basis. He reviewed slides providing a breakdown of the major categories of the Technology Replacement budget in FY09, FY13, and proposed FY14. Mr. Hinton advised that the County Attorney's Office is at the top of the list in terms of agency's who will be receiving technology replacements. He indicated that FY15 will be a fiscal iceberg and the County will need to identify additional revenues for this fund after FY16. In FY 13, Technology Replacement funds were eliminated and one-time reserves are being used for approximately three years until the funds are depleted. Departments are replacing technology less often, extending the life of equipment. Mr. Hinton, Mr. Vithoukas, Mr. Casey, and Mr. Crawford responded to questions from Mr. Kaechele, Mr. Glover, and Mrs. O'Bannon regarding the relationship of this fund to

departmental line items for technology replacement, the reason for establishing this fund, how it will be replenished in the future, how the fund appears in the County budget, and staff's track record in projecting technology needs paid for out of this fund.

Mr. Vithoukias distributed a handout to the Board containing a proposal to add the Summer Blast program back to the Department of Recreation and Parks proposed budget by making \$334,300 in funding reductions to six other areas of the County's budget. He and Mr. Hinton explained these proposed reductions and responded to questions and comments from the Board. Mrs. O'Bannon reiterated from the previous day's discussion of this matter that she did not object to charging families participating in the program with a portion of its cost. Mr. Thornton complimented Mr. Vithoukias on his responsiveness to the Board and Mr. Glover thanked Mr. Vithoukias and Mr. Casey for developing this proposal. Mr. Nelson expressed agreement with Mrs. O'Bannon that it would be appropriate to have participants help defray the cost of the program. The consensus of the Board was to go forward with the proposal, so Mr. Vithoukias advised the Board that these changes will be reflected in the resolution adopting the FY14 budget that the Board will consider in April 2013.

In response to a question from Mrs. O'Bannon, Mr. Vithoukias asked Mr. Justin Crawley to explain the income and net worth parameters of Chesterfield County's current Real Estate Advantage Program (REAP) and a revised REAP program under consideration by its Board of Supervisors. Mrs. O'Bannon and Mr. Glover noted that Henrico County's REAP program will continue to be more generous to senior citizens than Chesterfield County's program. Mr. Glover asked staff to provide the Board with the amount of the average water bill that would be paid by Henrico water customers after the proposed rate increase.

The Board recessed at 12:54 p.m. and reconvened at 1:03 p.m.

The legislative budget reviews continued with the following presentation:

- Schools - Patrick J. Russo, Superintendent of Schools; joined by Kevin D. Smith, Assistant Superintendent of Schools for Finance; Beverley L. Cocke, School Board Chair, Brookland District; Lisa A. Marshall, School Board Vice Chair, Tuckahoe District; John W. Montgomery, Jr., School Board Member, Varina District; and Diana D. Winston, School Board Member, Three Chopt District

Mr. Kaechele welcomed the School Board as well as Dr. Russo and his staff. Mr. Vithoukias pointed out that Schools had partnered with general government on the budget in this difficult budgetary environment. Mr. Hinton presented slides highlighting the FY09 actual budget versus the FY14 proposed budget for education for both the general fund and operating and capital expenditures. Mrs. Cocke recognized the other members of the School Board who were present. She noted that the School Board's goal was to balance the budget without adversely impacting the County's public school students. Mrs. Cocke recognized Dr. Russo and Mr. Smith and then presented desk caddies made by students at Varina High School to each member of the Board of Supervisors.

Dr. Russo thanked the Board of Supervisors for this opportunity to present a balanced budget from the School Board. He noted the \$70 million in budget reductions made by the School Board during the past four years while faced with difficult budget challenges. He thanked Mr. Vithoukias and the County staff for their assistance with the budget. Dr. Russo pointed out that the School Board has not laid off employees or impacted the classrooms although the staff has only had one pay raise in the past five years. He also pointed out that 90 percent of the School Board's budget is composed of salaries and fringe benefits and that there was nothing left in the Schools budget to reduce. Dr. Russo identified major fixed costs in the Schools budget and expressed fear that it no longer contains a safety net. He remarked that Henrico Schools has the second lowest per pupil expenditures among Virginia's seven largest school systems. In response to a question from Mrs. O'Bannon, Mr. Vithoukias cited long-term budgetary measures that have enabled the School Board to open new schools with limited financial resources. Mr. Kaechele thanked Dr. Russo for his comments and for setting the stage for a future dedicated revenue stream to the County's school system.

Mr. Smith narrated a slide presentation on the Henrico County Public Schools FY14 annual financial plan. He began his presentation by reviewing how Schools has closed the revenue gap and recognized savings. Mr. Smith shared tables comparing Henrico's average per pupil spending for FY11 with the six other largest Virginia school systems, showing a five-year comparison of fixed versus expendable accounts as a percentage of its total general fund budget, and identifying budget reductions between FY10 and FY14. He and Dr. Russo responded to questions from Mrs. O'Bannon pertaining to the number of teachers assigned to new schools and examples of personnel reductions that have occurred through attrition. Mr. Smith clarified for Mr. Nelson how the budget for textbooks has been reduced by 95 percent. He continued his presentation by identifying budget additions between FY10 and FY14. Mr. Smith and Dr. Russo responded to questions from Mrs. O'Bannon concerning the additions that have been made to the preschool program. Mr. Smith concluded his presentation by looking ahead to FY15 and enumerating the fixed cost increases facing the County's education and general government budgets. Dr. Russo and Mr. Smith responded to questions from Mr. Kaechele relating to the number of new teachers added to the Schools' personnel complement to staff Kaechele Elementary School. Mrs. Winston commented on recent enrollment trends for Henrico's school system.

Dr. Russo responded to questions from Mr. Thornton regarding the status of the School Board's efforts to address the achievement gap in eastern Henrico schools and the future of Standards of Quality testing for Virginia's public schools. Dr. Russo expressed concerns about the way the Governor is grading schools in the Commonwealth and commented that Henrico Schools has done a good job of engaging the parents of students. Mr. Montgomery commented on the tremendous impacts the Police Athletic League (PAL) and Communities in Schools programs have had on the schools. Mr. Montgomery and Dr. Russo responded to questions from Mr. Nelson pertaining to the status of efforts to address student achievement disparities among the County's schools and the availability of data on population and demographic trends within the school system. Mr. Montgomery commented on the tremendous impacts that

the Police Athletic League (PAL) and Communities in Schools program have had on schools in eastern Henrico. Dr. Russo outlined how he and Assistant School Superintendent Bonnie Shay Gibson, Assistant Superintendent for Exception Research and Planning, have been reaching out to community organizations to assist and mentor students with significant challenges. Mrs. Marshall remarked that Mr. Montgomery and Fairfield District School Board Member Lamont Bagby have been carrying the banner of mentorship.

Dr. Russo and Mrs. Winston responded to questions from Mr. Glover concerning how teacher pay in Henrico compares with teacher salaries in other local jurisdictions within our region. They, Mrs. Hale, and Mr. Smith responded to questions from Mr. Glover, Mr. Kaechele, and Mrs. O'Bannon relating to the Schools' student laptop computer program and the status of the ongoing transition from printed to electronic textbooks. Mr. Nelson remarked that he felt the Board of Supervisors needed more time to discuss the School Board's budget than what was allotted in the schedule for the legislative budget reviews. Mr. Smith, Dr. Russo, and Assistant Superintendent of Schools for Operations Ed Buzzelli responded to questions from Mrs. O'Bannon, Mr. Kaechele, and Mr. Glover regarding the Schools' current policy for locating telecommunications towers on school property. Mr. Thornton thanked Mr. Montgomery and the School Board for adding a new dimension to the PAL program.

Mr. Vithoulkas reviewed the schedule of legislative budget reviews for the remainder of the afternoon.

The Board recessed at 2:25 p.m. and reconvened at 2:38 p.m.

The legislative budget reviews continued with the following presentations:

- Capital Projects – Mr. Hinton; joined by Chief Middleton; Captain Carl Mueller, Division of Police; and Todd Pugh, Communications Systems Manager, Division of Police

Mr. Hinton narrated a slide presentation on the County's proposed FY14 capital budget and FY14-18 capital improvement program (CIP). He began his presentation by offering a comparison of the FY13 and FY14 capital budgets, noting that the FY14 capital budget represents a smaller capital budget than 52 years ago. Mr. Hinton then provided a FY09 versus FY14 capital budget revenue comparison, the FY 14 proposed capital budget, and FY14 through FY18 CIP requests. Mr. Hinton, Mr. Vithoulkas, and Mr. Yob responded to questions from the Board pertaining to proposed funding from the vehicle replacement reserve, projects requested by the Department of General Services that were not recommended for funding, the source of funding for Public Utilities projects, the status of funding for County projects in the Department of Transportation's Six-Year Improvement Program, and the timing for transitioning County staff to the Best Plaza building. In summarizing his presentation, Mr. Hinton pointed out that the proposed capital budget will be the norm in future years unless adequate revenue becomes available and also noted that the \$1.7 billion in local infrastructure needs will only grow.

Chief Middleton narrated a slide presentation on the Capital Region 800 MHz radio system network. Mr. Vithoukaskas noted that this project is for FY15 and will be funded by lease revenue bonds. He pointed out that Chief Middleton is leading the County's participation in this regional project and emphasized that interoperability is critically important to the County's public safety efforts. Chief Middleton began his presentation by identifying critical support dates and funding milestones for the \$50 to \$60 million system that will serve Henrico. He then reviewed the Next Generation (NG) radio system schedule while Captain Mueller distributed a spreadsheet to the Board summarizing this schedule. Chief Middleton advised that the City of Richmond has already approved the system but not Chesterfield, Hanover, or Henrico Counties. He reviewed the current tower network in Henrico, current 800 MHz system sites in Henrico, and current regional topology. Mr. Vithoukaskas responded to comments by Mrs. O'Bannon concerning the status of new regulations being developed by the Federal Communications Commission (FCC) for radio frequencies. Chief Middleton continued his presentation by identifying existing and proposed towers. He responded to questions from Mr. Kaechele relating to height limitations for the new tower sites and a question from Mr. Glover regarding the type of signals that will be transmitted. Chief Middleton continued his presentation by identifying predicted radio signal coverage under the new system, highlighting how Schools will be included in the system, and confirming that the County's 911 Communications Center will remain operational throughout the installation of and transition to the system. He advised that there will be a regional Request for Proposals for the system and that the Capital Region Airport Commission is interested in participating in the regional network. Chief Middleton responded to questions from Mr. Kaechele pertaining to the logistics of the regional effort, the anticipated users of the system, and the ideal coverage area. He responded to questions from Mr. Glover concerning Hanover County's existing system. Mr. Vithoukaskas responded to a question from Mr. Kaechele relating to the timeframe for implementation of the regional system. Chief Middleton responded to a question from Mrs. O'Bannon regarding the availability of federal funding for the system.

Mr. Pugh distributed to the Board copies of an article written by the City of Alexandria's Deputy Police Chief titled *Next Generation 9-1-1: What It Is—and Why Police Chiefs Should Care*. Chief Middleton concluded his presentation by elaborating on the features of NG 911 and First Net and when and how they will be deployed in the future. He and Mr. Vithoukaskas responded to questions from Mrs. O'Bannon regarding system interoperability and Mr. Vithoukaskas confirmed for Mr. Nelson the estimated costs of the County's share of the system.

- FY2014-15 Budget Outlook – Mr. Vithoukaskas

Mr. Vithoukaskas narrated a slide presentation titled *Discussion of the Challenges Forthcoming in FY15 and the Need for Additional Resources*. He prefaced his presentation by noting that the County's real estate tax is its largest local revenue source and pointing out that the County does not have an expenditure problem but rather a need for additional revenues going forward. Mr. Vithoukaskas summarized the FY14 budget by reminding the Board that County departments have cut or absorbed \$115 million in the

past four years and any further cuts in expenditures will mean service reductions and possibly layoffs. During his presentation, he reviewed police and fire expenditure cuts, the fixed personnel costs in the public safety and education components of the budget, the impact of cuts to the Departments of Finance and Planning, \$33 million in fixed cost increases in education and general government in FY15, the impact of anticipated VRS cost increases and GASB No. 68, the cost of the new public safety communications system, state and federal cost shifts and mandates, real estate and state revenues as a percent of total local revenues, the six-year decline in the County's fund balance, funding decreases in the County's capital budget, the \$1.2 billion shortfall in funding for FY14 through FY18 CIP requests, the need for additional fiscal resources while maintaining a low tax burden, consideration of staff's recommendation of a four percent meals tax versus a real estate tax increase, a proposed meals tax referendum question, and a proposed meals tax referendum timetable. Mr. Vithoukas concluded his presentation by distributing a 2013 meal tax referendum timetable spreadsheet and pointing out that the meals tax is a tool used by 203 other Virginia localities while a key to Henrico's economic development success is its 87 cent real estate tax rate.

Following his presentation, Mr. Glover raised questions pertaining to a statement about the real estate tax that was included in the initial draft of the proposed meals tax referendum question. He, Mr. Nelson, and Mr. Thornton expressed concerns about including wording in the referendum question that could tie the hands of future boards of supervisors in considering adjustments to the real estate tax rate. Mr. Vithoukas and Mr. Rapisarda responded to further questions from the Board relating to how the referendum question should be posed to the public. Mr. Vithoukas distributed a revised version of the question without reference to the real estate tax and it was the consensus of the Board to support this version and move forward with the process to schedule a referendum election on November 5, 2013. Mr. Vithoukas concluded the discussion of this matter by noting that the County has a compelling argument and clear need for this revenue option and that he expects Schools to be engaged and in the front line of the County's educational efforts in presenting this option to the public.

Mr. Vithoukas thanked the Board for sitting through a long week of legislative budget reviews and asked members to let him know if they have suggestions for improving the process. Mr. Glover commented favorably on this year's format and Mr. Kaechele thanked the department heads and Management and Budget Division staff for their input and hard work. Mr. Kaechele also acknowledged the great teamwork between general government agencies and Schools on this budget.

There being no further business, the meeting was adjourned at 4:15 p.m.



Chairman, Henrico County Board of Supervisors