

COUNTY OF HENRICO, VIRGINIA
BOARD OF SUPERVISORS
SPECIAL MEETING
November 26, 2013

The Henrico County Board of Supervisors convened a special meeting on Tuesday, November 26, 2013, at 4:30 p.m., in the County Manager's Conference Room, Administration Building, Henrico County Government Center, Parham and Hungary Spring Roads, Henrico, 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

Member of the Board Absent:

Frank J. Thornton, Fairfield District

Other Officials Present:

John A. Vithoukias, County Manager
Joseph P. Rapisarda, Jr., County Attorney
Barry R. Lawrence, CMC, Assistant to the County Manager/Clerk to the Board
Tanya B. Harding, Deputy Clerk to the Board/Administrative Assistant
Joseph P. Casey, Deputy County Manager for Administration
Jane D. Crawley, Deputy County Manager for Community Services
Timothy A. Foster, Deputy County Manager for Community Operations
Randall R. Silber, Deputy County Manager for Community Development
C. Michael Schnurman, Jr., Legislative Liaison
Wilbert J. (Bert) Childress, Technology Support Specialist, Manager's Office
Tamra R. McKinney, Director of Public Relations & Media Services
Eugene H. (Gene) Walter, Director of Finance
William B. (Brandon) Hinton, Management and Budget Division Director
Ralph J. (Joe) Emerson, Jr. Director of Planning
Steven J. Yob, Director of Public Works

Mr. Kaechele called the meeting to order at 4:36 p.m. and thanked the members of the General Assembly who were present, Delegates Peter Farrell from the 56th district and Jimmie Massie from the 72nd district. (Delegates Manoli Loupassi from the 68th district and John O'Bannon from the 73rd district arrived later in the meeting.) He noted that the County's legislative agenda was being presented differently this year and would hopefully take less of the legislators' time.

2014 Legislative Program

Mr. Vithoukas pointed out that the County was not bringing forward a significant number of legislative requests this year so the legislative briefing would be mostly informational. Mr. Kaechele mentioned that Mr. Thornton was recovering from hip surgery and would not be present for this meeting. Mr. Vithoukas recognized the two constitutional officers who were present, Commonwealth's Attorney Shannon Taylor and Sheriff Mike Wade. He then recognized Mr. Schnurman, who introduced Legislative Liaison Karen Adams from the Department of Finance and Management Specialist Cristol Klevinsky from the Manager's Office as the newest members of the County's legislative team. Mr. Schnurman thanked Mrs. Adams and Mrs. Klevinsky for their assistance with this presentation on the legislative program.

Mr. Schnurman explained the County's process in developing its legislative program. He advised that most of the small number of legislative requests submitted by County agencies can be handled with non-legislative remedies or require additional study. Mr. Schnurman commented that the recent elections have impacted committee chairmanships in the House of Delegates and potentially impacted control of the Senate. He indicated that the overarching theme of this presentation was re-establishing governmental structure.

Mr. Schnurman recognized Mr. Hinton, who began the slide portion of the presentation by providing an economic overview. Mr. Hinton referred to the "decade of the local government," where there has been loss of revenue during the economic downturn, an expectation of slow revenue growth as the economy recovers, and an increase in demand for services. He also highlighted the County's budget shortfalls, multi-year declines in average residential real estate assessments and tax collections, and mixed messages in the current real estate market. Mr. Vithoukas and Mr. Hinton responded to questions from Delegates Farrell and Massie regarding trends in local real estate values.

Mr. Hinton continued his presentation by noting multi-year declines in the County's fund balance, the County's efforts to achieve a structurally balanced budget in FY15 as County agencies continue to examine their operations for additional efficiencies and savings, and the County's preparations to do more with less as it approaches the "new normal" economic environment. He responded to a question from Mr. Glover pertaining to the County's real estate revenue projections and to questions from Mr. Kaechele concerning the residential-commercial split in the County's tax base and the current volume of cash sales in the County for purchases of residential properties. In response to a question from Delegate Farrell, Mr. Hinton and Mr. Vithoukas elaborated on how the County plans to restructure its fund balance. Delegate O'Bannon remarked that the Commonwealth of Virginia has been faced with the same structural issues that the County has experienced. He responded to a question from Mr. Kaechele relating to the size of the Commonwealth's fund balance.

Mr. Hinton recognized Dr. Casey and noted that Dr. Casey had successfully defended his doctoral dissertation the previous week. Dr. Casey continued the slide presentation by addressing the new balance sheet pension liability for teachers under Governmental Accounting Standards

Board Statement No. 68 (GASB 68). He explained how this liability will impact the Commonwealth and cited the difference in perspective between localities and state government staff regarding how this liability should be recorded. Dr. Casey used a graph to show the threat of local governments crossing below the line with a lower unfunded teacher ratio. He and Mr. Vithoukaskas responded to questions from Delegates Massie and Farrell pertaining to this data.

Dr. Casey continued his presentation by reviewing a new paradigm for how to position state and local governments to recruit, retain, and expand businesses and jobs. He highlighted how requiring the teacher pension liability to be recorded as a 100 percent local liability rather than a shared responsibility with the Commonwealth could adversely affect local government bond ratings and economic development. Dr. Casey also shared graphs depicting the impact of \$507 million in unfunded teacher liability on the County's net assets and gross bonded debt. He and Mr. Vithoukaskas responded to questions and comments from Delegate Massie relating to how the County calculates its debt capacity and apportions pension liabilities. Delegate Massie asked for information regarding the County's balance sheet entries for these liabilities. Mr. Casey, Mr. Vithoukaskas, and Delegate O'Bannon responded to questions from Mr. Glover and Mr. Kaechele pertaining to the impact of GASB 68 on the County's bond ratings.

Dr. Casey recognized Mrs. Adams, who reviewed numerous attempts that have been undertaken at the state level to eliminate or reduce local tax revenues by targeting the Business, Professional, and Occupational License (BPOL) tax and machinery and tools tax. Mrs. Adams responded to questions from Mr. Glover concerning the amount of revenue generated by the state corporate income tax and the County's BPOL tax. She responded to a question from Delegate Farrell relating to how BPOL taxes are assessed for companies such as Best Buy that have multiple stores or business locations in the Commonwealth. In response to a question from Mr. Glover, Delegate Massie noted that some members of the General Assembly have proposed replacing the BPOL and the machinery and tools taxes with a consumption tax because they view these taxes as job killers. Delegate Loupassi stated that he is not in favor of eliminating BPOL. Delegate O'Bannon pointed out that these taxes are not uniform across the Commonwealth. Mr. Vithoukaskas commented on the recent Joint Audit and Legislative Review Commission (JLARC) study that examined the impact of changing the basis of the BPOL tax from gross receipts to net income.

Mr. Vithoukaskas recognized Mr. Foster, who continued the presentation by reviewing proposed changes to sections of the Code of Virginia that pertain to the Richmond Metropolitan Authority (RMA). The proposal would change the name and membership of the RMA; require approval from the governing body of each of its participating localities to purchase, construct, or otherwise acquire ownership of rights to limited access highways within their boundaries; allow the RMA to maintain, repair, and operate limited access facilities without the need of approval from the local governing bodies; and give the RMA the ability to operate existing toll roads. Delegate Loupassi commented that the legislation to effect these changes is still a work in progress but he believes local government should drive the train on the legislation because local elected officials are the ones who have to answer to the taxpayers on these transportation issues. He confirmed for Mr. Kaechele that Hanover County is not included in the current legislation. Delegate O'Bannon

expressed support for the concept of the legislation and pointed out that Hanover could be brought in to the RMA in the future. Mrs. O'Bannon noted that she has heard some concerns expressed about giving all three localities equal membership in the RMA given the preponderance of facilities within the City of Richmond. She added that she would personally like to see equal membership. Mr. Glover and Delegate Loupassi voiced concerns about an expanded role for the Richmond Metropolitan Planning Organization (MPO) that would include membership from rural counties.

Mr. Vithoukas concluded the discussion of this item by reviewing the tentative legislative schedule and reiterating that the County's legislative program for the upcoming session of the General Assembly is simply informational and does not include specific legislative requests. He thanked the legislators who were present for listening to the presentation and also thanked them for what they do on behalf of Henrico County and its residents.

The Board recessed for dinner at 5:49 p.m. and reconvened at 5:57 p.m.

Stream Mitigation Credits for Cobb Creek Reservoir Project

Mr. Vithoukas recognized Bill Mawyer, Assistant Director of Public Utilities, who narrated a slide presentation titled *Purchase of Stream Credits for the Cobbs Creek Reservoir Project*. Mr. Mawyer began his presentation by identifying the number of stream credits the County plans to purchase from public and private sources for the Cobbs Creek Reservoir Project and the cost to the County of these proposed purchases. He advised that the Department of Public Utilities will present the following two resolutions for consideration by the Board at its December 10 meeting: authorization to execute a contract with the Virginia Department of Forestry to purchase 60,736 stream credits in the Cumberland State Forest and authorization for the award of contracts to purchase 15,783 stream credits from three mitigation banks. These credits are required by the Virginia Department of Environmental Quality and Army Corps of Engineers for the reservoir. The County issued an invitation for bids on April 19 and opened ten stream credit bids on May 16. He and Mr. Foster responded to questions from Mrs. O'Bannon regarding how the streams will be buffered. Mr. Foster clarified that the County is buying the stream mitigation credits but the stream mitigation banks will remain in private ownership. Mr. Mawyer and Mr. Vithoukas responded to questions from Mr. Kaechele pertaining to the costs of the credits and when water and sewer revenue bonds will be sold for the reservoir project.

Mr. Mawyer continued his presentation by reviewing the schedule of key meetings that the County has had with state officials in regards to the Cumberland State Forest Agreement. He responded to questions from Mrs. O'Bannon pertaining to how the stream mitigation banks will be monitored and protected in the future. Mr. Foster commented on the money saved by the County as a result of buying credits on state property. Mr. Mawyer concluded his presentation by noting the approval of pertinent state budget amendments by the Virginia General Assembly and the Governor in February and May 2013 and approval of the reservoir project's mitigation plan by the State Water Control Board and Army Corps of Engineers in June and November 2013.

Proposed Plan of Development for Varina Area Library

Mr. Vithoukas recognized Kevin Wilhite, Principal Planner, who narrated the first portion of a slide presentation on the proposed plan of development (POD) for Varina Area Library. He noted that the 42,333-square-foot library building will have two stories and will be located on a 20.9-acre site with one access point from New Market Road. Mr. Wilhite reviewed the zoning classifications on adjoining properties; shared an aerial view of the subject property; and identified major features of the proposed site plan, including traffic circulation, a shared bike and pedestrian path, parking, a drop off area, utility lines, and a resource protection area. He then shared an exterior perspective view of the proposed building. In response to a question from Mr. Kaechele, Mr. Silber advised that the Virginia Department of Transportation has agreed to drop the speed limit on New Market Road in the vicinity of the library site from 55 miles per hour to 45 miles per hour. Chuck Wray, a principal at BCWH Architects, responded to a question from Mrs. O'Bannon concerning the architectural style of the future library building.


Mr. Wray continued the slide presentation by elaborating on the site's features and details, including landscaping, and showing another exterior perspective view of the proposed building. He responded to further questions from Mrs. O'Bannon relating to the proposed building's unique architectural style. He shared additional exterior and interior perspective views of the proposed building and responded to questions from Mrs. O'Bannon regarding roof design and projected heating costs. Mr. Wray concluded the presentation by reviewing the proposed construction schedule for the library, which is projected to open for business on March 1, 2016. He, Mr. Vithoukas, and Capital Projects Manager Richard Morse from the Department of General Services responded to questions from the Board regarding construction costs for the new library and the use of 2005 general obligation bond funds to finance it.

Mr. Nelson explained the Varina community's active involvement in the project and noted that the new building will serve as a community meeting facility as well as a public library. He thanked the County staff for their hard work on the project and expressed appreciation to the architects for coming up with a beautiful design. Mr. Nelson voiced assurances that the new library will be well-received by the community.

Mr. Vithoukas reviewed the items on the 7:00 p.m. agenda. He noted that a correction needed to be made to the draft minutes of the November 12, 2013, special meeting that had been sent to the Board. The correction involved clarifying a statement by Mr. Emerson relating to the estimated value of the Libbie Mill project. There was discussion between Mr. Rapisarda and Mr. Kaechele pertaining to the proper procedure for making this correction. Mr. Emerson responded to a question from Mrs. O'Bannon regarding the second public hearing item, vacation of a building line in Section A of the Farmington subdivision. Specifically, Mrs. O'Bannon wanted to know how far the front porch of the property owner was intruding into the building line. Mr. Vithoukas reminded the Board that the general agenda contained separate Board papers for FY 2013-14 reappropriated funds and December 2013 budget amendments although these items had been combined into one paper in previous years. Mr. Vithoukas and Mr. Yob

responded to questions from Mr. Glover and Mr. Kaechele pertaining to the projects that were included in the last Board paper listed on the general agenda, which would authorize the Director of Public Works to participate in the Revenue Sharing Program of the Virginia Department of Transportation.

There being no further business, the meeting was adjourned at 6:43 p.m.


Chairman, Board of Supervisors
Henrico County, Virginia