

**COUNTY OF HENRICO, VIRGINIA  
BOARD OF SUPERVISORS  
SPECIAL MEETING  
September 24, 2013**

The Henrico County Board of Supervisors convened a special meeting on Tuesday, September 24, 2013, at 5:00 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  
Frank J. Thornton, Fairfield District

**Other Officials Present:**

John A. Vithoukas, County Manager  
Joseph P. Rapisarda, Jr., County Attorney  
J. Thomas Tokarz II, Deputy 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  
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, 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

Mr. Kaechele called the meeting to order at 5:01 p.m.

Mr. Vithoukas briefly referred to the three items listed on the agenda.

**Proposed Changes to the Richmond Area Metropolitan Planning Organization (MPO)**

Mr. Vithoukas noted that he had sent the Board a letter with information regarding a request from Bob Crum, Executive Director of the Richmond Regional Planning District Commission (RRPDC), to provide a presentation to the Board on a proposal to raise the standing and effectiveness of the MPO. The four steps contained in the proposal to change the MPO were as follows: expand the use of the consent agenda, transform the MPO membership, expand the MPO study area to include the full Richmond region, and change the name to the Richmond Regional Transportation Planning Organization. Mr. Vithoukas recognized Mr. Crum, who provided a brief introduction to the item and began narrating a slide presentation. Mr. Crum

identified the MPO's mission and role and pointed out that the MPO currently has 28 members, including representatives from the nine localities that have urbanized areas or are in noncompliance with federal air quality standards. Mr. Crum introduced Dan Lysy, RRPDC's Director of Transportation, who has 30 years of experience working with the MPO.

Mr. Crum continued his presentation by explaining terms and acronyms associated with the MPO, how the MPO exemplifies regional cooperation, and the first two steps of the proposed four-step process to change the MPO (expanded use of the consent agenda and transforming the MPO membership). The recommendation to transform the MPO membership would empower elected officials to direct cooperative dialogue and decision-making and would add a Richmond District Commonwealth Transportation Board member to the MPO to give voice to the Commonwealth's policy-making body. Currently, a majority of the MPO Board is composed of full-time staff employees who are unable to engage in regional policy discussions.

Mrs. O'Bannon commented that no changes to the MPO membership should be made until the results of a membership survey are released that may shed light on the low attendance at MPO meetings by elected officials. She also questioned the timing of bringing forward the proposed changes prior to the MPO considering them. Mr. Crum advised that the survey results will soon be forthcoming. He responded to questions from Mr. Nelson regarding the size and membership of the MPO and from Mr. Glover pertaining to the genesis of the proposal to transform the MPO membership and the role of the MPO chairman in bringing it forward. Mr. Crum distributed a handout depicting the geographical area served by the MPO and proposed MPO study area additions. There was extended discussion by Mr. Glover and Mr. Crum concerning the MPO chairman's interest in the proposal and his locality's (Powhatan County's) current and future status within the MPO. Mr. Crum and Mrs. O'Bannon responded to questions from Mr. Nelson relating to the decision to present the proposed changes to local governing bodies prior to achieving the support of the MPO executive committee or board. Mr. Crum responded to a question from Mr. Glover regarding how an expansion of the MPO would impact the distribution of regional transportation funds. He also responded to questions from Mrs. O'Bannon and Mr. Kaechele pertaining to the MPO's current voting membership. There was further discussion by Mr. Glover and Mr. Crum concerning how the MPO makes decisions and whether a transformation of the membership is necessary.

Mr. Vithoulkas pointed out that Mr. Crum is selling a conceptual plan that is missing details and the full support of the MPO. There was more discussion by the Board and Mr. Crum of the MPO's study area boundaries. Mrs. O'Bannon commented that there are a number of unanswered questions that need to be answered before the Board can make any decisions in regards to the proposed changes. Mr. Vithoulkas pointed out that no action is required by the Board at this time and that the presentation was purely informational. Mr. Glover remarked that he does not agree with the proposed changes although he appreciates what Mr. Crum does for the MPO. Mr. Crum thanked the Board for this opportunity and suggested that any further input the Board can provide to Mrs. O'Bannon on the proposed changes will be helpful given her position on the MPO's executive committee.

## Real Estate Update

Mr. Vithoukias noted that this update was in follow up to information presented to the Board in September 2012. He further noted that real estate tax revenues comprise one-third of the County's general fund revenues.

Mr. Vithoukias recognized Brandon Hinton, Management and Budget Division Director, who provided a brief overview of the County's revenue sources. Mr. Hinton advised the Board that staff is trying to bring clarity to mixed messages in the news regarding the real estate market. Mr. Hinton narrated the first portion of a slide presentation by documenting the impact of the housing crash on the County's real estate tax base, which has decreased \$4 billion or 11.4 percent between 2009 and 2013. This equates to a \$35.7 million reduction in the County's real estate tax revenues. Between 2008 and 2013, average single family residential assessments have fallen 14.6 percent. Because of the severity of the Great Recession, the County's real estate market will continue to feel the impact of the housing crash well into the future, despite any improvements in the near term. Mr. Hinton also presented slides depicting the residential-commercial split in the County's tax base, the County's average single family residential assessments during the years 2008 to 2013, and the County's annual real estate tax collections from Fiscal Year (FY) 2004 through FY 2013 and projected collections for FY 2014.

Mr. Hinton recognized Tom Little, Real Estate Assessment Director, who narrated the remainder of the slide presentation. Mr. Little reviewed news headlines from August 22 through September 5 that offered mixed messages about the residential real estate market and he summarized the good news and bad news contained in these messages. He responded to a question from Mr. Nelson regarding the sources for this news coverage. Mr. Little next explained a slide depicting the number of local residential foreclosures from 2002 through 2012 and those projected in 2013 and responded to a question from Mr. Kaechele pertaining to residential building permit trends. He pointed out that in addition to mixed messages in the market in general, different neighborhoods across the County are experiencing much different results, with some areas experiencing price appreciation and others continuing to see price declines. Mr. Little provided three examples of average assessments within specific neighborhoods from 2006 to 2013 and the projected averages for those neighborhoods in 2014. He responded to questions from the Board relating to the factors contributing to these inconsistencies and to a question from Mr. Glover regarding the neighborhoods represented by Mr. Little's examples. In response to a question from Mr. Nelson, Mr. Vithoukias advised the Board that staff will present updated real estate assessment information to the Board during the legislative budget reviews this coming March that will be broken down by magisterial districts.

Mr. Little continued his presentation by reviewing graphs depicting the number of residential permits issued by the County for new construction from 2005 through 2012 and estimated in 2013; the real home price index for the first quarter of every third year from 1953 through 2013; once again, the residential-commercial split in the County's tax base; and data documenting continued gradual improvement in the commercial real estate market, which is a positive sign but does not make up for the \$1.5 billion decrease in local commercial assessments during 2010 and 2011. In response to a question from Mr. Nelson, Mr. Vithoukias noted that real estate prices have historically been tied to the rate of inflation. Mr. Little responded to a question from

Mrs. O'Bannon concerning the factors contributing to the increase in the local commercial market in 2012. Mr. Little resumed his presentation by explaining graphs and charts depicting the breakdown of the County's 2013 commercial real estate tax base by categories of businesses; average assessed values of commercial real estate in the County from 2006 through 2013; and industrial, office, and retail vacancy rates for the Richmond metro area from 2008 through year-to-date 2013. He responded to a question from Mr. Nelson regarding the foreclosure status of two commercial properties in eastern Henrico.

Mr. Little next reviewed commercial real estate sales trends from 2006 through year-to-date 2013, the value of new commercial construction in Henrico for permits issued in 2008 through year-to-date 2013, and new and future developments in Henrico's commercial market. He concluded with a brief summary, in which he noted the following: there remain many mixed messages in the real estate market; the FY 2014 budget for real estate collections remains below FY 2007 tax collections; recent positive news is encouraging and stabilization appears to be occurring, but percentage increases will appear sizable (or overstated) when numbers are as low as they have been; Henrico's overall tax base has dropped \$4 billion in just four years; and it could take many years to regain that value. Mr. Little and Mr. Hinton reiterated for Mr. Kaechele that the County's real estate tax base has decreased 11.4 percent between 2009 and 2013 and average single family residential assessments have fallen 14.6 percent from 2008 to 2013. Mr. Vitoukas concluded the discussions by observing that the real estate market is tepid at best.

The Board recessed for dinner at 6:15 p.m. and reconvened at 6:22 p.m.

On motion of Mr. Thornton, seconded by Mr. Glover, the Board approved going into a closed meeting at 6:23 p.m. for consultation with the County Attorney pertaining to actual litigation styled *Parrish v. Hall*, pursuant to Section 2.2-3711(A)(7) of the Code of Virginia, 1950, as amended.

The vote of the Board was as follows:

<u>Aye</u>	<u>Nay</u>
David A. Kaechele	
Patricia S. O'Bannon	
Richard W. Glover	
Tyrone E. Nelson	
Frank J. Thornton	

On motion of Mr. Glover, seconded by Mrs. O'Bannon, the Board approved going out of the closed meeting at 6:42 p.m.

The vote of the Board was as follows:

Aye  
David A. Kaechele  
Patricia S. O'Bannon  
Richard W. Glover  
Tyrone E. Nelson  
Frank J. Thornton

Nay

On motion of Mrs. O'Bannon, seconded by Mr. Glover, the Board approved the attached Certificate of Closed Meeting.

The vote of the Board was as follows:

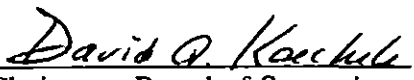
Aye  
David A. Kaechele  
Patricia S. O'Bannon  
Richard W. Glover  
Tyrone E. Nelson  
Frank J. Thornton

Nay

Mr. Vithoukas briefly reviewed the 7:00 p.m. agenda, beginning with the four proclamations listed as presentation items. He then advised the Board of two Manager's Comments he had prepared for the meeting, which included recognition by Fire Chief Tony McDowell and Mr. Thornton of a 13-year-old Fairfield District resident who rescued his grandmother from their burning house the previous week and reflections on the recent passing of former Henrico Sheriff Toby Mathews. In response to a suggestion by Mr. Nelson, Mr. Vithoukas advised the Board that he would also comment on an incident involving Henrico Police Officer Bobby Gray, who sustained multiple injuries after being hit by a car on Derbyshire Road while responding to citizen complaints of a loud party.

Mr. Vithoukas continued his review of the agenda by noting the four resolutions on the general agenda, for which the Board previously received informational letters from him. He also reminded the Board of the item discussed in the closed session that the Board should consider adding to the agenda by unanimous consent. Mr. Vithoukas completed his review by mentioning that Recreation and Parks Director Neil Luther would be making a short presentation on the last item on the printed agenda, a resolution for the establishment of a no alcohol policy for all County recreational facilities and parks. The presentation was in response to misinformation about the proposed policy that was reported in the news media.

There being no further business, the meeting was adjourned at 6:46 p.m.

  
Chairman, Board of Supervisors  
Henrico County, Virginia