

*Shown below is a preliminary summary of the actions taken by the Hanover County Board of Supervisors on March 13, 2013. Detailed minutes in final form will be presented to the Board for approval at a future date.*

# **HANOVER COUNTY BOARD OF SUPERVISORS**

## **DRAFT SUMMARY MINUTES**

### **Hanover County Administration Building Board Room**

**March 13, 2013**

#### **I. Call to Order**

The Chairman called the meeting to order at 2:00 p.m. All Board Members were present.

##### **A. Invocation**

Mr. Peterson gave the invocation.

##### **B. Pledge of Allegiance**

Mr. Via led the Pledge of Allegiance.

##### **C. Approval of Board of Supervisors' Minutes – February 13, 2013**

The Chairman asked if there were any additions or corrections of the minutes from February 13, 2013. Hearing none, entertained a motion for approval of the minutes.

Mr. Via made a motion to approve the minutes of February 13, 2013, seconded by Mr. Stanley.

Vote:

W. Canova Peterson	Aye
Sean M. Davis	Aye
Wayne T. Hazzard	Aye
Angela Kelly-Wiecek	Aye
Aubrey M. Stanley	Aye
G. E. Via, III	Aye
Elton J. Wade, Sr.	Aye

Minutes Approved as presented.

#### **II. Consideration of Amendments to the Agenda**

The Chairman asked if there were any amendments to the agenda.

Mr. Davis made a motion to amend the agenda to add two additional items as follows:

**II. A.** Introduction of Guests – Virginia Institute of Global Training, Mali Delegation  
**and VI. A.** - Closed Session – Section 2.2-3711(A)(1) of the Code of Virginia – Personnel

Discussion – Deputy County Administrator.

Seconded by Mrs. Kelly-Wiecek.

Vote:

W. Canova Peterson	Aye
Sean M. Davis	Aye
Wayne T. Hazzard	Aye
Angela Kelly-Wiecek	Aye
Aubrey M. Stanley	Aye
G. E. Via, III	Aye
Elton J. Wade, Sr.	Aye

Agenda Amended.

## **II. A. Introduction of Guests – Virginia Institute of Global Training, Mali Delegation**

Mr. Tedd E. Povar, Associate Director, Virginia Institute of Government & Mr. Mohamed Coulibaly - President of the Institute for Global Training in Washington, DC, Mr. Youssouf Togola, the Financial Controller for the Ministry of Environment, and Regional Development

The Malian visitors are very interested in our democratic processes, including our tradition of regular, public meetings where citizens can speak to various issues of concern, something still rather rare in Mali.

Mrs. Kelly-Wiecek Introduction other officials School Board Members; Planning Commissioners; Delegate Cox.

## **III. Citizens' Time**

The Chairman opened Citizens' Time and offered to anyone who wanted to address the Board of Supervisors for up to five minutes on any matter within the scope of the Board's authority that is not on the agenda for that meeting to come forward.

Mr. Dan Johnson, South Anna MD, Silent Heroes, requested resolution prepared that recognizes silent heroes in our first responders, the sacrifices that they make to keep us safe.

Mr. Larne Allgood, Cold Harbor, Sequestration, instruct the County Administrator, no budget razzle dazzle for program cuts, adopt wait and see policy on shortfall of federal funds.

Seeing no one else come forward, the Chairman closed Citizens' Time.

## **IV. Consent Agenda**

The Chairman entertained a motion for approval of the consent agenda.

Mrs. Kelly-Wiecek pointed out the proclamation recognizing March as national Multiple Sclerosis Awareness month and is available on the website. On a motion by Mr. Via, seconded by Mrs. Kelly-Wiecek, the consent agenda was approved.

Vote:

W. Canova Peterson	Aye
Sean M. Davis	Aye
Wayne T. Hazzard	Aye
Angela Kelly-Wiecek	Aye
Aubrey M. Stanley	Aye
G. E. Via, III	Aye
Elton J. Wade, Sr.	Aye

A. Adoption of Proclamation – Multiple Sclerosis Awareness Week

**V. FY14 Budget Presentations –**

Presentations providing additional information on the County Administrator’s Fiscal Year 2014 Proposed Budget were reviewed by the following departments:

- Overview – Mrs. Wright
- The first agency presenting today, is the Sheriff’s Office, under Col. David Hines. Their budget is up 2.2% in total or approximately \$450k. The General Fund increase is 3.1% over last year’s General Fund contribution. This proposed budget shows a decrease of approximately \$68k from the state, however, we have not yet seen the final figure that will result from the General Assembly’s adopted budget. We will update the Board on those State impacts at a future Board meeting. The Personnel line represents the funding of three positions that had previously been unfunded.
- The Court Services budget is also run by the Sheriff’s Office under Col. David Hines. This budget is up 1.0% in total or approximately \$14k.

Finally, the Animal Control budget is also under the direction of Col. David Hines. This budget is up 2.2% in total or approximately \$21k.

The Commonwealth’s Attorney’s budget is under the direction of Trip Chalkley. This budget is up 0.3% in total or approximately \$4k.

The Director of Human Resources, Mrs. Lawson, will present information regarding the Compensation and Benefits in the FY14 Budget. “Salaries and Fringe Benefits” make up 70% of our All Funds budget. Operating expenses account for 24% and Capital category comprises the remaining 6%.

Revenues will be presented later in the meeting.

The Department of Public Utilities overall increase is 27.9% or \$6.8M. As Mr. Herzog will discuss in more detail later, this increase is due to the increase in capital improvements primarily

The School budget will be presented by Dr. Jamelle Wilson. The School budget has been changed since the County Administrator’s proposed budget. The proposed budget with a net 1.3% decrease in all School Funds. The General Fund transfer of ongoing revenue is proposed to decrease by 0.1% or \$116k in FY14. This reflects a \$350k reduction in the

School transfer to reflect the consolidation of some financial functions. The remaining decrease is in the reduced use of one-time savings.

This slide reflects the budget as it was approved by the School Board. The changes are shown in the blue bold font. The School Operating Fund was increased by \$480k, bringing the change in School Funds (not including Capital) from a 1.3% decrease to a 1% decrease. The School Improvements Fund was decreased by the same \$480k. The change in the contribution from the General Fund's ongoing revenue and the use of the Schools' available one-time savings is unchanged.

After today's presentations, we will be before the Board again on March 27<sup>th</sup> to review the Five-Year General Fund Financial Plan, the Capital Improvements Plan, and the budget related impacts from the last General Assembly session. Finally, we will recommend to the Board technical amendments that we feel should be made to the FY14 budget based on any more recent information received.

Finally, on April 3<sup>rd</sup>, we will hold the public hearing followed by adoption and appropriation of a final budget on April 10<sup>th</sup>. No questions from board members on Mrs. Wright's presentation.

- **Sheriff's Office** – Colonel Hines

Mrs. Kelly-Wiecek and Colonel Hines generally discussed the four court services positions and six deputies – estimate of what it would add to the budget – over \$900,000 first year cost. Retirement / Healthcare are increasing; as well as the cost of doing business due to expenses beyond our control. Mr. Harris clarified staff can identify specifics on the retirement costs, energy costs price of fuel, power costs despite the energy conservation measures we take as a County. Mr. Davis commented that citizens should know the sheriff's office budget is the budget and includes everything. Mr. Hines responded the vehicles and computers are in the budget there is no separate budget. Mr. Davis stated the cost of services for the Sheriff's Office for a Hanover County resident to include everyone is 54.5 cents per day.

- **Commonwealth Attorney's Office** – Mr. Chalkley came forward and reviewed his Handout (Exhibit 1 of 2, Item V- Memo to Constitutional Officers and Regional Jail Superintendents from Robyn M. deSocio, Executive Secretary, dated 3/8/13 on FY 14 Budget Estimates and proposed raises; March 12, 2013 Memo to Hanover County from Ramon Chalkley, III RE: Amend FY14 Comp Board funding figures) Mr. Chalkley is requesting that the funds that come in as revenue to Hanover County be allocated to his office specifically and for him to distribute the funds related to staff performance. Mr. Hazzard and Mr. Chalkley generally discussed if this will help retain staff Mr. Chalkley advised yes. Next year it is proposed they get another 3,300. Mr. Harris clarified this is state money, because Hanover County supplements everyone in Mr. Chalkley's office it is treated as revenue to the county. Mr. Harris advised that Hanover County has stepped out already to recognize that Mr. Chalkley cannot hire someone for \$46,000 as an attorney and we will get these dollars whether we decide to invest in Mr. Chalkley's office or not. Mr. Hazzard and Mr. Chalkley generally discussed the effect on morale. Mrs. Kelly-Wiecek asked if Mr. Chalkley could send this as an official request. Mr. Harris advised staff will provide the starting point / ending point for staff and total revenue. Mr. Chalkley this is the Governor's proposal and still has to be signed.

- **Compensation and Benefits** – Mrs. Lawson reviewed:
  - Our Greatest Asset: Our Employees
  - Impact of the Recession on Our Workforce
  - Proposed Budget
  - Benefit Highlights
  - Compensation
- Mr. Hazzard and Mrs. Lawson generally discussed the 6 departments losing employees: General Services (1), Community Resources (1); community services fund (1.2); comprehensive services (1); parks and recreation (1.8) and planning (1). Mr. Hazzard and Mrs. Lawson generally discussed the new hybrid plan is a long term solution and will see savings down the road 5-15 years from now as projected by the state for localities. Mr. Hazzard and Mr. Harris generally discussed life insurance premiums increased and Mr. Harris advised during the recession VRS gave life insurance holiday and did not charge the full rate and suspended costs to local governments to help manage through difficult times. Hanover may not buy competitive life insurance outside of VRS. Mr. Peterson asked Mr. Harris to clarify the merger of school / county functions related to parts of the finance office / purchasing (6 FTE's). There are no layoffs associated. Mrs. Kelly-Wiecek and Mr. Harris generally discussed the schools will still maintain their budget position and they have had to shift management functions. Mr. Harris also reviewed how fleet and grounds maintenance assist the schools. Mrs. Kelly-Wiecek and Mrs. Lawson generally discussed the hybrid plan only applies to new hires in 2014 and does not include public safety or sworn positions. Mr. Peterson and Mrs. Lawson generally discussed merit increases based on performance proficient or above.
- Revenues – Mrs. Wright reviewed

#### **FY14 General Fund Revenues**

General Fund Revenue for FY14, FY14 revenue is down 0.2% or \$390k from FY13 as Mr. Harris noted in his Budget Introduction.

Taking a quick look at these sources, we have:

- Real Property Taxes at 44% or \$90.8 M
- Personal Property Taxes at 12% or \$24M
- Remaining Property Taxes is 5% or \$9.8M and is comprised of all taxes on property except for real estate and personal property. These would include business taxes such as Machinery & Tools, Merchants' Capital and Public Service Corporations.
- Local Taxes (Not Property) is also 5% or \$11.3M and contains items such as the Consumer Utility Tax, Communications Tax and Recordation Tax.
- Sales Tax at 8% or \$17.6M
- Permits, Fines, Charges, etc. is a grouping of our accounting categories of: Permits, Fees & Licenses; Fines & Forfeitures; Revenue from Use of Money or Property; Charges for Services; Recovered Costs; and Miscellaneous. This group comes in at 7% of the General Fund budget or \$14.4M.
- Federal & State revenue at 15% or \$31.2 M – \$15M of which is the Personal Property Tax Relief Act (PPTRA), the rest is Comp. Board revenue, and aid to Social Services and CSB (or Community Services Board)
- Finally, the Planned Use of Reserves at 4% or \$8.9M is the use of prior year savings by the County and Schools as well as the use of the Reserve for Revenue Stabilization.

General Fund – Ongoing Revenue

This is a perspective of on-going revenues which do not include the use of prior year reserves as a revenue source. This provides a pure view of ongoing revenues. The FY14 budget has been increased by \$2.65 million or 1.3% over the FY13 budget. Real property revenue accounts for 44% of total on-going revenues.

#### Sales Tax Revenue

One of the most significant early indicators of the start of the recession was the decline in sales tax growth at the end of FY08. Since FY10, we have seen a slow - but steady – increase annually. The FY14 Budget is estimated to be 3% higher than the FY13 Budget.

#### Reassessment Changes

This chart shows the change in reassessed property by calendar year. As you can see, the 2014 budget assumes another decrease in reassessments of 1.0%. The pre-recession average at just over 6%.

#### Real Property Tax Base Changes

This chart shows the combined change in tax base by calendar year when you factor in new construction and growth. The 2014 budget assumes a 0.5% increase in total.

TAX RATE: CY06 = \$0.86, CY07 to present = \$0.81

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2008 actual: 7.13% reassessment increase, 2.82% growth = net 9.95%  
2009 actual: 0.22% reassessment increase, 2.03% growth = net 2.25%  
2010 actual: -1.63% reassessment decline, 1.11% growth = net -0.52%  
2011 actual: -4.01% reassessment decline, 1.27% growth = net -2.74%  
2012 actual: -5.59% reassessment decline, 0.79% growth = net -4.8%  
2013 forecast: -2.4% reassessment decline, 0.93% growth = net -1.5%

#### FY14 All Funds Revenues

When we look at the All Funds Revenue for FY14, you can see that FY14 revenue is up 1.3% or \$4.8 million from FY13.

In this larger scope:

- the General Property Taxes of \$124.6M represent 33.5% of the total All Funds Budget
- The “Local Taxes (Not Property)” and “Sales Tax” categories are the same dollars as reported in the General Fund at \$28.9M, and here represent 3.0% and 4.7% respectively.
- Permits, Fines & Use of Money is a grouping of our accounting categories of: Permits, Fees & Licenses; Fines & Forfeitures; and Revenue from Use of Money or Property. This group comes in at 1.2% of the All Funds budget or \$4.4M.
- Charges for Services comprise 17.7% or \$66M. The largest portion of this is \$32.2M of revenue received into the Self-Insurance Fund from Employee and Employer health premiums. The next largest amount is \$21.6M in the Utility Fund.
- Recovered Costs & Misc is 3% or \$11.2M. The General Fund makes up \$4.6M of this category, with the largest portions attributable to reimbursements from Public Utilities and the Jail for shared services. Additionally, the second largest part of this category is the revenue that the Public Utilities Fund receives from other sources at \$3.6M.
- State & Federal Aid is 32.5% or \$121.2 M – \$31.2M is in the General Fund which was already discussed and \$88.7M is in the School Fund.
- The smallest slice of the pie is Long Term Debt at 0.3% or \$1.0M and is in the Capital Improvements Program for School Facility Improvements.

- Finally, the Planned Use of Reserves is the use of prior year savings by the County, Schools, Airport and Public Utilities, and represents 4.1% or \$15.2M.

Mrs. Kelly-Wiecek and Mrs. Wright generally discussed that planned use of reserves means reserve for revenue stabilization as established in FY09 to help us work through the recession and help to step down into the impact of the lowering real estate assessments, there is always some amount of savings that is budgeted as a revenue source for the next year and helps to keep the taxes low.

3:56:35 PM Recess

Reconvene - 4:07:11 PM Mr. Davis not present

4:07:54 PM Mr. Davis returned.

4:09:01 PM Mr. Rives left the meeting. 4:14:02 PM Mr. Rives returned

**Public Utilities** – Mr. Herzog and Mr. Hazzard generally discussed strong waste it was monitored by more than the 198 customers that we currently have a surcharge on with 20 plus categories. Mr. Herzog and Mr. Hazzard generally discussed one size fits all philosophy and Mr. Herzog advised there has been a monitoring point for the last 12-15 years with an older system even than that - citizens in response to the strong waste surcharge have adopted measures recommended by utilities and as a result have reduced their strength in the waste over the four years which reduced the amount charged and a stabilization resulted. Capital Improvement Program - Mr. Via and Mr. Herzog generally discussed the percentage of the regional players in getting water from City of Richmond and how much is the city paying to keep the system going and make all these improvements. Everyone's contract is different there are nuances. Each facility is looked at individually and Hanover has 20M gallons a day of capacity. Our percent use is divided by the plant capacity, our percentage we participate is based on our percent use divided by the total capacity of the facility. Mr. Herzog will get the exact number of investment paid by the City for Mr. Via. Mr. Hazzard and Mr. Herzog generally discussed internal combustion engine implementing or not in \$20M range. Mr. Herzog advised this has to go with the emergency generator at the Doswell Water Treatment Plant under new air pollution regulations. This will save more by getting out of the interoperable rate schedule by Rappahannock Electric based on guidelines in hand today. If it changes down the road the County will comply with the least expensive alternative. CIP can be funded with debt and we are not proposing any debt issuance in FY14 in the 5 year plan we are proposing to have debt. 3 inch water meters do they supply sprinkler system that never gets used and Mr. Herzog advised none. Mrs. Kelly-Wiecek and Mr. Herzog generally discussed rate increases proposing for the next 5-6 years. Avg 16.00 per year for avg bill per citizen. Staff planning on providing an insert with first round of bills so citizens know why they are necessary. Mr. Harris advised we have reached the wall and have to go up to 5% and it will be reviewed each year and may demand a certain amount of rate increase for the future. Mr. Via and Mr. Herzog generally discussed projection on where Hanover may be in the future as far as self-sustained in providing own waters from our rivers or pumping into quarry at Verdon. Long range plans always include City of Richmond source as we have a large investment there and a permanent investment. Verdon quarry source would take 20-30 years once we have to use that source. The quarry will be operational mid 2030's or 2040's.

**Schools** – Mrs. Ann Gladstone – Chairman, Hanover County School Board, came forward to introduce this item and advised the budget was based on considerable community input,

conversations with supervisors and school board members as well as the consistent and tireless efforts by administrations from the board of supervisors and school board.

Dr. Jamelle Wilson, South Anna MD, School Superintendent, came forward and introduced School Board Members: Ann Gladstone, Chair; Glen Millican Vice-Chair; John Axselle; Hank Lowry; Bob Hundley; Bob Wood; Earl Hunter. Mrs. Kelly-Wiecek and Dr. Wilson generally discussed the rebates discontinued on exams or portion of tuition. Mr. Peterson clarified these classes do give college credits that students do not have to pay for later and Dr. Wilson noted the courses themselves may not transfer into a major area but will transfer largely as elective courses. Mrs. Kelly-Wiecek and Dr. Wilson generally discussed reducing leadership and support staff positions 15.5 positions and the Director of Budget position was not filled and is included in the central services staff. The number of turnover for teachers per year typically hire 200 this past year with attrition and economy hired just about 100 new teachers. High School Scheduling model has high school teachers teaching an additional block (section of course work) and will allow the schools to serve more students and for them to take 8 classes instead of 7 classes high school students are allowed to take. Until the master schedule is done we will not know how the pupil teacher ratios will be effected at the middle or high school levels and will not be known until after parents/students make that additional course selection. Mr. Peterson asked Dr. Wilson to clarify the start of the day and end of the day does not change it is just how you divide the day up - hours of the day will remain the same. Mrs. Kelly-Wiecek and Dr. Wilson generally discussed the capital improvements 925,000 negative number hoping for discussion on that and how it works with debt service fund does it show up somewhere in a plus column. Dr. Wilson – utilize a portion of CIP funding (revised) in the original budget we continued practice of moving monies out of CIP for school bus replacement and putting into operation side to mitigate impact. School board work sessions asked what would be impact if we took additional funds out of school bus replacement and put into operational side and money coming from technology and school bus replacement to mitigate impact to staffing and is not building maintenance. Building maintenance \$3.3M of facility renovations. Facilities is just \$1M. Dr. Wilson will provide details at a later time. Mr. Peterson advised that has been provided to the finance committee earlier. Mrs. Kelly-Wiecek advised she continues to be concerned that we hear about strategy of putting off facility maintenance to accommodate operational portion and not sure we are discussing as much as we should. Dr. Wilson we have dates when the Joint Education Committee can tour facilities – 25 buildings in the school division. Dr. Wilson safety and security is always first in prioritizing and bundling the work to stretch dollars. Mr. Hazzard gave figures for facility impact \$1,195,381.00 and \$1,219,000 safety and security enhancements going on. Mrs. Kelly-Wiecek mentioned having a broader conversation about what we are doing to maintain the buildings and keep them relevant, useful and functional and the \$495k in the capital improvement fund and the availability of those dollars. Mr. Harris \$600k has debt service being applied for FY13 and FY14 down to \$495k and those dollars are programmed throughout the full 5 year financial plan for capital and not all committed at this point. Mrs. Kelly-Wiecek and Dr. Wilson generally discussed lagging technology which is an ongoing concern and there is a technology replacement plan, now established an instructional technology advisory committee to review needs based on class and individual needs. Mr. Hazzard reviewed for the press we have increased revenue from the county to the schools by \$1.173M and the increase goes back more than received over the last 3-4 years and state totals increased by \$1,360M, federal increased by \$384K and other increased by \$70K. While you show 1.1% difference it is mostly in funds by monies the board of supervisors does not have control of. Dr. Wilson stated those statements are correct and Mrs. Wright mentioned the idea of a fiscal stabilization fund and the decisions we made in prior years to

bring forward and the difference the 1.1%. Mr. Hazzard then followed up and asked if we took the \$177,701M and you spent every dime you would spend more money than you did in the year 2012 where we educated more children and had more teachers - Dr. Wilson agree. \$4-5M every year gets reappropriated during the year that will cover what this is historically to cover the deficit and Dr. Wilson agrees to a degree. Mr. Hazzard closing comments on news media reporting. Mrs. Kelly-Wiecek and Dr. Wilson discussed the \$5.4M deficit and what were the categories Health insurance and VRS. Mr. Harris reiterated effects also from increase in fuel, electricity.

## **VI. Workshop - Hanover County Business and Residential Development Road Improvements Transportation Policy – Mr. Harris**

*Board Sheet Background: Following the elimination of the cash proffer policy by the Board of Supervisors on November 28, 2012, the County Administrator and staff were directed to develop a revised approach for addressing short-term and long-term transportation impacts resulting from new development. On February 27, 2013, in accordance with direction from the Community Development Committee, staff presented a draft 2013 Transportation Policy to the Board, which included provisions for addressing transportation impacts. After considerable debate the Board took action to defer the matter until March 13, 2013 in order to allow time for further discussion.*

### *Adopt the Hanover County Business and Residential Development Road Improvements Transportation Policy*

Chairman Peterson introduced this item and advised that at the last meeting the Director of Public Works brought the result of Staff's work coming up with an alternative method of funding to what was originally proposed as a vehicle licensing fee and Mr. Harris and Chairman Peterson discussed after the meeting and that was an alternative that was still on the table as well.

Mr. Cecil R. Harris, County Administrator, briefly summarized items below and advised that it was time for the board discussion to land the project.

Mr. Rives left at 5:42 p.m.

5:44:36 PM Mr. Rives returned.

5:46:05 PM Davis left

5:48:16 PM Davis returned

### **How Did WE GET Here**

- ◆ Ordinance 89-13 adopted June 28, 1989 amended the provisions of the Zoning Ordinance pertaining to the establishment of proffered conditions at the time of rezoning including the payment of cash
- ◆ Cash Proffers Policy initially adopted by the Board August 1990 and modified annually until 2011
- ◆ Changes were made to reflect changing operations
  - Landfill component eliminated in 1991
  - Road proffers instituted in 1994
  - Separate multi and single family categories consolidated into residential unit methodology in 1996
  - Jail component eliminated in 1997
- ◆ Citizen Proffer Committee Established By Board on June 12, 2012

**Proffer Committee Recommendation:**

- ◆ Committee meet 8 times and ultimately adopted the final recommendations:
  1. Eliminate all Cash Proffers, both future & the balance of receivables
  2. Establish a \$10 Motor Vehicle License (generating \$1.3 million)
  3. Pursue General Assembly approval for other options (Mr. Harris noted we are not at the stage of going forward on item 3 at this point)

**Board Actions – November 28 & December 12, 2012:**

- ◆ Eliminated Cash Proffer Policy
- ◆ Established Debt Service Reserve Utilization Guidelines
- ◆ Authorized Advertisement of Vehicle License Fee Public Hearing
- ◆ Rescinded Vehicle License Fee Public Hearing advertisement authorization
- ◆ Requested staff develop transportation funding policy for developments

**Transportation Fund Policy – Key Assumptions:**

- ◆ Blended Growth Rate – FY2013-17 = 1%, 1.5% remainder
- ◆ \$2,500,000 annual MPO allotment years 6 thru 15
- ◆ VDOT Revenue Sharing up to \$10,000,000 / year
- ◆ Development share to balance after other revenues
- ◆ No escalation for inflation, present day dollars
- ◆ Developments with greater than 50 lots perform Traffic Impact Analysis (guidelines have been created for subdivisions with less than 50 lots)

**Base Proffer Under 50 Lots – Average Starting Point:**

<b>Funding Analysis</b>	<b>Horizon 10 year</b>	<b>Horizon 15 year</b>
Project Cost	\$61,400,000	\$61,400,000
MPO	\$12,500,000	\$25,000,000
Rev. Sharing	\$24,450,000	\$18,200,000
GF @current	\$2,500,000	\$3,750,000
Development	\$21,950,000	\$14,450,000
Ave \$/Dwelling	\$6,134	\$2,306

**Transportation Proffer Fee**

**Pro's**

- ◆ Provides transportation funding revenue source linked to residential growth
- ◆ Reduces burden of transportation funding on the general tax base
- ◆ Provides flexibility to best address transportation impacts arising from a specific zoning request

**Con's**

- ◆ Does not distribute cost of growth across by-right and Ashland development

- ◆ Does not provide predictable revenue source
- ◆ “One and done” payment system; does not capture all components of growth and demand
- ◆ Complicates zoning process
- ◆ Revenues based on macro forecasts
- ◆ Provides limited flexibility for utilization of revenues

Mrs. Kelly-Wiecek and Mr. Harris generally discussed how this complicates the zoning process and if we did not have the negotiation process for the transportation fee as has been suggested (vehicle license fee only) onsite impact of what is going on for residential development and suggested that is the same thing we are doing for commercial right now. If you are a large convenience store we do the onsite impact for the store and they put in the turn lanes and appropriate infrastructure necessary to serve that business at the on site we do not calculate a proffer amount for the store to go ½ mile down the road and build a turn lane etc. There would still need to be discussions but the Works and Planning staff discussions would be limited to the road frontage or impact associated with the project and the road frontage collectively of the residential project as opposed to what is currently being done. Under the previous policy we had a dollar amount that factored in such as \$10,000 improvements that were off-site. Those dollars were used for the main thoroughfare improvements you still as a developer took your onsite improvements, built your own turn lanes but you also contributed voluntarily \$10,000 for the main line improvements. The proposed system would have the \$2300 for the main line improvements, the vehicle license would have the main line improvements funded through the vehicle license. This would free up dollars out of the debt service savings fund because now we take dollars in the County Administrator’s Budget Recommendation out of debt service savings fund to meet general funds obligation on the proposed staff formula. Businesses will contribute through this proposal because businesses that have vehicles would also participate in the vehicle license tax.

Mr. Harris advised that the Treasurer, Scott Miller, is present and has worked closely with staff and wanted to make sure we all know that right now with the PPTRA approach that the state gives us \$15M for people with vehicles at an assessed value of less than \$1000 you do not get a personal property tax bill at all. Under this proposal we would be sending people the bill because this is a fee that will be tacked on to that bill that says vehicle license \$10.00.

### **Citizens Committee Proposal**

#### **Pro’s**

- ◆ Recommended by Citizens Committee
- ◆ Consistent & Predictable Revenue Source (estimated to be \$1.3 Million)
- ◆ Less Administrative Burden than Transportation Proffer
- ◆ Transportation improvements are paid by all who use the improvements
- ◆ Greatly simplifies rezoning process
- ◆ Revenues will grow as overall road impacts are affected (more cars on road)
- ◆ Most of our peer jurisdictions have this fee as part of their revenue stream
- ◆ Would free up funding currently programed to come from Debt Service Saving Fund
- ◆ Business will contribute

#### **Con’s**

- ◆ Fee was recently eliminated by Board of Supervisors
- ◆ Growth related expenses paid for by all citizens
- ◆ Taxes citizens with pleasure vehicles disproportionately

- ◆ Ashland residents will not be subject to this fee as they already have a vehicle License Fee
- ◆ Approximately 14,000 citizens who don't receive a Personal Property Bill would receive a Vehicle License Fee

Mr. Harris then advised he would give the board time to digest and advised that Mr. Rives is also available to answer questions from the Board. The Chairman asked Mr. Mike Flagg, Director of Public Works, to come forward as well.

The board entered workshop mode and the Chairman opened the floor to further discussion of the two alternatives:

Mr. Hazzard advised that he received a third alternative by Mr. Miller (not in the presentation) that Mr. Hazzard thinks is logical and reasonable in that if we increased the personal property tax by 10 cents, we would not need vehicle tax at all and takes care of the vehicles less than \$1,000. Option 3 Mr. Miller responded from the audience. Mr. Harris stated we will not get to 1.3 but will be closer to 1.1 with 10 cents. A penny on the personal property tax rate is about \$100,000 – 10 cents is \$1M.

Mr. Peterson asked Mr. Harris to clarify: this would also capture everything that is within the category and the one distinction here is that under both of these proposals the Town of Ashland would not be impacted under the personal property tax rate, we would get 5-6,000 vehicles that are in the Town of Ashland and they would be taxed if you raised the PPT rate. Mr. Hazzard and Mr. Harris generally discussed the Town of Ashland uses our roads and maintains their roads and they have a vehicle license fee and they preempt us in the vehicle license fee and they are excluded from that calculation.

Mr. Wade stated when the board did away with proffers he was in the hospital and did not get a chance to vote. Mr. Wade did not agree with proffers when it was started and agrees proffers were too high at \$19,000 and would not have voted on doing away with all of them and perhaps would have voted for doing away with half to see how it would work in the system. Mr. Wade advised he has spoken with a lot of individuals and any tax we put on bringing the proffer rates to some extent back will not receive support from the general public. Mr. Wade will not support a tax to try to help out with proffers we have eliminated. Meals tax might help but that needs to be approved by the people of Hanover not sure what the future will hold.

Chairman Peterson clarified we do not have a license fee nor a cash proffer policy and either one of these proposals is a new tax and recognize that.

Mr. Davis gave background that we eliminated the cash proffer policy in November and some individuals still want the ability to collect in the future and Mr. Rives has covered that to make sure we do not execute arbitrary and capricious judgment taxation, fees. The original plan was the reserve for capital improvement fund. We have two proposals before us and as Vice-Chairman Mr. Davis advised he worked hard to find consensus between the two proposals with the board. The initial plans did not include either one of these but this is where we are. We had a broken system that needed to be addressed. Common ground has been found and balance has been found. The proposal that has the broadest support should be brought forward. Mr. Davis then moved that we adopt the proposal that was vetted through the Community Development Committee and has been titled: The Hanover County Business Residential Development Road Improvement Transportation Policy, seconded by Mrs. Kelly-Wiecek. Mr. Stanley made comments in support of the motion and it is a fair fee and we have developers, builders and realtors that want to move forward and these

individuals will know what will happen. Property owners, builders and citizens need to make plans for the future.

Mr. Via stated it is a horrible economy we find ourselves in and we do not take into consideration that we are all in this together. Not in support of bringing back proffers.

Chairman Peterson clarified a statement was made about developers vs. citizens. It is another piece of misinformation in the news media and elsewhere that developers will make the savings with the proffers. All developers pass on the proffers to the final buyer of the home and it is the homeowners who actually pay.

Mr. Peterson's personal position is that he voted against the cash proffer policy of over \$19,000 and it is bad policy to pick and choose who will be taxed as the roads are used by all of us. Could support using the vehicle license fee. Mr. Davis stated for the record two of these proposals were on the table the night we voted on this. There are groups that support each side.

Mrs. Kelly-Wiecek echoed some statements not everyone agrees with this but we did not look at this in a comprehensive way in November for a compromised solution. Will support the recommendation of the policy that came out of the Community Development Committee would like us to continue to look comprehensively at how we manage the cost of growth and capacity and for the record the majority of the developers that Mrs. Kelly-Wiecek talked with indicated that a reduction would have been satisfactory. What we are looking at now with this \$2300 fee is one quarter of what it was originally and we need to look at how we will pay for growth equitably. Mr. Hazzard not sure if this is right policy now. Mr. Peterson and Mrs. Kelly-Wiecek generally discussed the vehicle license fee further.

Mr. Peterson stated one thing that was discussed in the community development committee which is not in this item was that no road proffers would be increased beyond what they are for existing ones is that part of your motion. Mr. Davis advised that is correct and Mr. Harksen changed that. Mr. Harris advised that was the intent of committee's recommendation to the board and we understand that to be part of the motion.

Mr. Davis restated the motion to be that the Board adopt the proposal that was vetted through the Community Development Committee and brought forth to this board with the recommendation for approval titled the Hanover County Business and Residential Development Road Improvement Transportation Policy.

Vote:

W. Canova Peterson	No
Sean M. Davis	Aye
Wayne T. Hazzard	No
Angela Kelly-Wiecek	Aye
Aubrey M. Stanley	Aye
G. E. Via, III	No
Elton J. Wade, Sr.	Aye

Motion carried 4:3.

**Closed Session – Section 2.2-3711(A)(1) of the Code of Virginia – Personnel Discussion – Deputy County Administrator**

Mr. Davis moved that the Board of Supervisors go into Closed Session pursuant to the following: Section 2.2-3711(A)(1) of the Code of Virginia – Personnel Discussion – Deputy County Administrator

Seconded by Mr. Stanley.

Vote:

W. Canova Peterson	Aye
Sean M. Davis	Aye
Wayne T. Hazzard	Aye
Angela Kelly-Wiecek	Aye
Aubrey M. Stanley	Aye
G. E. Via, III	Aye
Elton J. Wade, Sr.	Aye

Board Members entered Closed Session at 6:15 p.m. At the conclusion of the Closed Session, all Board Members returned to the Boardroom, and the Chairman called the regular meeting back to order at 6:37:03 PM.

**Certification of Closed Session**

Mr. Davis moved that the Board of Supervisors certify that during the Closed Session only public business matters lawfully exempted from the open meeting requirement of the Freedom of Information Act and only such public business matters as were identified in the motion for the Closed Session were discussed.

Mr. Stanley seconded the motion.

Vote:

W. Canova Peterson	Aye
Sean M. Davis	Aye
Wayne T. Hazzard	Aye
Angela Kelly-Wiecek	Aye
Aubrey M. Stanley	Aye
G. E. Via, III	Aye
Elton J. Wade, Sr.	Aye

Motion approved.

**VII. Announcements**

Mr. Hazzard announced three community meetings he is holding next week: Monday, March 18, the meeting will be at Elmont Elementary School. On Tuesday, March 19, the meeting will be at the Cochrane Rockville Library. On Wednesday, March 20, the meeting will be at the Montpelier Center for Arts and Education. All three meetings are scheduled to go from 7-8:30 p.m.

Mr. Stanley announced that April 13<sup>th</sup> is the date for the Beaverdam Wine Festival.

**VIII. Adjournment –**

At 6:38:34 PM p.m., the Chairman adjourned the meeting to March 27, 2013 – Hanover County Administration Building – 6:00 p.m.