

**MINUTES**  
**JAMES CITY COUNTY BOARD OF SUPERVISORS**  
**BUDGET WORK SESSION**  
County Government Center Board Room  
101 Mounts Bay Road, Williamsburg, VA 23185  
February 21, 2015  
8:30 AM

**ADOPTED**

**A. CALL TO ORDER**

**MAR 24 2015**

**B. ROLL CALL**

Board of Supervisors  
James City County, VA

Mary K. Jones, Berkeley District  
John J. McGlennon, Roberts District  
Kevin D. Onizuk, Vice-Chairman, Jamestown District  
James G. Kennedy, Stonehouse District  
Michael J. Hipple, Chairman, Powhatan District

Bryan J. Hill, County Administrator  
Adam R. Kinsman, Interim County Attorney

Suzanne R. Mellen, Director of Financial and Management Services  
M. Doug Powell, General Manager, James City Service Authority  
Russell C. Seymour, Director of Economic Development  
Bradley J. Rinehimer, Chief of Police  
Allen J. Murphy, Jr., Director of Development Management

**C. BOARD DISCUSSIONS**

1. Recap of January 31st Meeting

Chairman Hipple opened the meeting and asked Bryan Hill to begin his presentation. Mr. Hill summarized the information shared in the previous worksession. He indicated that the County will be working with VDOT and Busch Gardens to improve the aesthetics of the corridors in the County. He reviewed the previous meeting and noted 10 questions asked by the Board at the previous worksession and indicated that staff would be here to answer those questions during the presentation today.

He noted that the end of the presentation will include a penny calculator to allow the Board to see what additional funding would be needed for new initiatives. He would like to have the Board to give him and staff direction at the end of this meeting to allow him to begin preparing the budget on Monday.

2. Questions Posed by the Board

Mr. Hill introduced Mr. Powell to brief the Board of JCSA issues. Mr. Powell gave the Board an update on the two bills in the General Assembly

to see if that would be taken into account and whether this could potentially reduce our necessary improvements.

Mr. Kennedy asked what goals we are trying to attain and what we are trying to accomplish. He stated that James City County is a leader in the Commonwealth with what we have done. He asked if we get credit for what we have already done and whether we would be better off outsourcing this function or joining with other localities to create a regional effort. Ms. Jones stated that we should focus on health and safety issues. If there is a problem on private property, they should handle them as best as they can. We should be clear with the citizens as to what improvement projects will be done with taxpayer dollars and should focus on health and safety issues.

The Board generally discussed the use and application of fertilizer on residential lawns and the promotion of turf management programs. Mr. Hill stated that what staff is trying to do is get ahead of the curve and to be proactive so that we are not in a difficult situation five years from now. He said that we have been doing great with the \$2 million we are spending, but we now have a state mandate to improve even further. The Board generally discussed the various stormwater requirements and the staff proposals. Mr. McGlennon clarified that this proposal will not necessarily increase staff because the physical improvement work is outsourced to the private sector. He asked how do we want to pay for these necessary improvements -- through the tax rate or directly to those that create the runoff.

Ms. Jones supported spending money through the general fund by finding savings. She stated that it is her opinion that the citizens are not interested in a stormwater tax. Mr. Onizuk asked if the greenspace purchases be used for stormwater credits. Mr. Horne answered that the current state and federal regulations do not permit the county to get credit for previous purchases. Mr. McGlennon asked if greenspace funds could be used to purchase increased stream buffers or to purchase buffers where there are none. Mr. Horne stated that staff is looking into whether this will result in additional credit.

Mr. Hipple asked Mr. Horne what would happen if we do absolutely nothing. Mr. Horne stated that it will put us in a bad position, but that we don't know with absolute certainty. Mr. Hipple stated that if the cost comes from the general fund, we could utilize existing staff to assist with the program. A utility would necessarily need additional staff to monitor the program and calculate the costs. He does not want to see this grow into a department larger than it needs to be; after a period of five years or so, the initial setup effort will be complete and fewer staff will be needed.

Mr. Hill asked the Board to make a decision on the larger policy issue: whether or not the Board desires to move forward on the existing stormwater problems and regulations. Ms. Jones and Messrs. Kennedy, Hipple, and Onizuk stated that they support use of general fund dollars to take care of stormwater problems. Mr. Onizuk suggested waiting to moving forward with major improvements until our TMDL plan is approved by the State.

At 10:05 a.m., Mr. Hipple recessed the Board for a brief break at the request of Mr. McGlennon.

At 10:10 a.m., Mr. Hipple reconvened the Board.

Mr. Hill summarized the status of the education issues, including the proposed fourth middle school and the future operational costs of the schools. Mr. Hill informed the Board that he will be looking at parcels for future development of the schools so that the County does not overpay for school sites in the future. Mr. Onizuk noted that the schools have revised their enrollment figures down and asked if this affects the need for a school now. Mr. Hill said that the fourth middle is needed based upon current enrollment and that revised figures may affect the need for a fifth middle school. Ms. Jones stated that it is important that we do not overbuild and that we site multiple schools on a single parcel. Mr. McGlennon noted that the city is growing faster than the County right now and that may affect the funding formula. He asked that we consider the accessibility of any school location. Mr. Kennedy is concerned that the City's transient occupants in hotels are not accounted for in the funding formula and asked that this be addressed in future negotiations.

Ms. Jones asked whether taxes from the new development at Settler's Market shopping center will make up the difference. Mr. Kennedy stated that the money is simply coming from another location because there is no corresponding increase in the County population. Mr. Onizuk stated that we need to be certain that our costs are shared equitably with the City.

Mr. Hill reminded the Board that his plan is to be more proactive in planning for all needs, including schools. Mr. Hill also explained that the Mounts Bay site is being considered for a school and that he is planning to consolidate the County offices into a single site.

Mr. Hill introduced Mr. Seymour to address the County's economic development issues. Mr. Seymour summarized the challenges, successes, and needs of economic development in the County. Ms. Jones agreed that we need to maximize development on parcels zoned for businesses and to ensure that property zoned Economic Development are within the Primary Service Area to allow for development. Mr. Onizuk agreed that we should consider expanding the PSA to include these economic development areas. Mr. Kennedy would like to see the Office of Economic Development prepare a list of areas that are key for business development. He is concerned that the EO zone would include residential and retail, which are not as desirable as manufacturing and industry. Mr. McGlennon stated that he did not support the EO zone because it included a residential component. Ms. Jones clarified that the EO zone was limited to 15% of the land area that could be used for residential housing. She advocated review of the district in this comprehensive plan to ensure that it is good for the County.

Mr. McGlennon noted that all of these proposals will require resources from the government that we do not currently have. Mr. Kennedy noted that the Hazelwood farm looks like a good area for economic development. Mr. Hill stated that roads are the key to unlocking unused properties in the County and asked whether the Board is willing to move these parcels into the PSA if necessary. He stated that staff will be bringing these issues before the Board in the near future.

Mr. Hill discussed the tourism slides with the Board and stated that he views tourism as separate from the traditional economic development department. He informed the Board that staff is moving forward to promote events that are located in James City County and that those will be focused in the Jamestown area. Mr. Hill stated that he is going to reconfigure staff to create a tourism coordinator without having to hire a new staff member.

4. Penny Calculator

Mr. Hill introduced Ms. Sue Mellen to discuss the financial questions. She summarized the historic tax rates in the County and outlined what the County's reserve target should be. Ms. Mellen also discussed how the residential real estate tax assessments have dropped every year since FY2010. She stated that an equalized tax rate would be \$0.85 and displayed an interactive penny calculator that shows how much of a tax increase would be required to accomplish the Board's goals.

Mr. Hill stated that based upon the things that the County appears to need, the additional tax needed would be an additional 8.2 cents. Mr. Kennedy stated that the County does not utilize all of its options regarding fees and utility costs and has chosen instead to fund everything from the general fund. Mr. Hill asked for the Board's guidance moving forward. Mr. Kennedy asked what Mr. Hill's plan is if the Board does not approve any increase. Mr. Hill stated that he is likely to reduce recreational spending and will need to cut from existing departments, excepting public safety. Nonessential services will be cut and there will be no building maintenance.

Mr. Onizuk said that it is time to start thinking about the future and that now is not the time to worry about pennies, because it may cost dollars later. Decreasing services will result in a decrease in the quality of life. If we do not have the demand for people to come here, we are going to lose real estate assessments and we will no longer be a premiere community. He further stated that the bond rating is of the utmost importance and that if we do not do something now, it will be a bigger burden later. It is necessary to be fiscally responsible, but we must also be cautious to not lose those things that make the County special.

At 11:12 a.m., Mr. Hipple recessed the Board for a brief break.

At 11:19 a.m., Mr. Hipple reconvened the Board.

5. Board Considerations and Guidance

Mr. Hill asked the Board for its guidance as to the issues brought before it today; specifically, which, if any, of the proposed increases the Board is willing to accept. His desire is to present the Board with a budget at its next session that is very close to the final product.

Mr. Hipple asked for discussion from the Board.

Mr. Kennedy stated that he has heard that economic development should pay the way. He asked how long it would take for such a facility to open.

Mr. Hill answered that it may take 3-4 years.

Mr. Kennedy stated that this is not soon enough to pull us out of our current predicament and that our current options are limited and that we can only look at taxes and/or fees. He would be comfortable with doing something, but predicated on the promise that as the assessment prices go up that we reduce the tax rate to equalize it. Every time that we approve another housing development, it costs us revenues and that we must look long and hard at each development. Growth needs

to start paying for itself and we are not seeing that at this point. His desire is that the Board make this decision as an entire Board; he will support the proposed increase if the entire Board supports it. He supports also looking at decal fees and or utility fees.

Mr. Hipple stated that it upsets the citizens to pay multiple taxes and that it is preferable to have a single payment.

Mr. Kennedy encouraged that we look at our regional agreements to be certain that our partners are funding their fair share.

Ms. Jones thanked Mr. Hill for the job that he has done in the short time that he has been in the County; in particular, in bringing the issues discussed today to the public light. She believes that it is important to keep our infrastructure intact, but at this point, she cannot support an increase in the tax rate because citizens are having problems making ends meet. The County's appearance is important, but it is the citizens who make the County what it is. She would like the County to be more assertive in fighting unfunded mandates. She appreciates the forward thinking to have a road share but is not willing to do that at this point. She asks for opportunities to reduce costs locally and to grow businesses here locally.

Mr. McGlennon appreciates the candor expressed by the Board members today and believes that something must be done. The County has scaled back a number of things over the past few years and what the Board has seen today is a list of basic needs that have been either deferred or are required. There is a need to find additional revenue and there are a number of way by which the County can get that revenue. The idea of growing our way out of this does not seem to be in the cards; in fact, our economic development has grown over the previous years, but is not creating significant revenue. We cannot get by on our current revenues and continue to be the same community that we are.

Mr. Oniuzuk stated that keeping the tax rate current by cutting spending sounds great; however, we have not found a way to do that. If there is a solution where the rate can stay the same, he is in favor of such a solution. A tax rate increase is not necessary an increased tax in this case -- rather, it is a normalizing effort.

Mr. Hipple noted that this is a difficult solution for everyone on the Board. He noted that costs have increased over the years, just as the case with businesses. His concern with Mr. Kennedy's suggestion to raise the rate now with the promise that the rate will be lowered later is troublesome because it will be difficult on a future Board to raise it again if necessary. He noted that the unfunded mandates are what is requiring the Board to look for additional revenue. It seems to be a necessity to raise taxes in this case, which would be a decision that he has to make, rather than one he wants to make. It's a question of how many pennies are necessary.

Ms. Jones asked whether there are properties that the County owns that are surplus that could be sold. Mr. Hipple noted that Mr. Kinsman is currently looking at that list.

Mr. McGlennon stated that the Board needs to give the County Administrator some guidance regarding a proposed increase.

Mr. Kennedy stated that he is fine with advertising an increased tax rate, but that he hopes that the Board can deal with this unanimously. He realizes that this is an

election issue and that there will be critics for whatever they will choose. He doesn't know of a single bill that hasn't gone up, other than the County real estate bill. Mr. Kennedy spoke with Rossie Carroll from the Virginia Department of Transportation the other day and Mr. Carroll noted that the reason for slow snow removal is because they have so few employees and fewer pieces of equipment.

Mr. Hill stated that he will advertise an increased rate of 8.2 cents based upon the Board's feedback today.

Mr. Kennedy left the meeting at 11:55 a.m.

Mr. Hill stated that his job was to tell the Board what he sees and that he has attempted to do this. The 8.2 cents will get the County back to normal; it does not address any future desires.

**D. CLOSED SESSION**

**E. ADJOURNMENT**

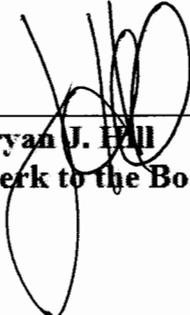
A motion to Adjourn was made by John McGlennon and the motion result was Passed.

AYES: 4 NAYS: 0 ABSTAIN: 1 ABSENT: 0

Ayes: Jones, McGlennon, Onizuk, Hipple.

Abstain: Kennedy.

Mr. Hipple adjourned the Board at 11:56 a.m.



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**Bryan J. Hill**  
**Clerk to the Board**