

BOARD OF SUPERVISORS WORK SESSION AGENDA

GOVERNMENT CENTER BOARD ROOM

JUNE 26, 2007 - 4 P.M.

A. Call to Order

B. Roll Call

C. Board Discussions

1. Cash Proffers for Schools (Memorandum) (Resolution 1)
(Resolution 2) (Attachment 1) (Attachment 2)

Supports County's Strategic Pathway 3.d - invest in the capital project needs of the community

Supports County's Strategic Pathway 3.e - match community growth with the ability to maintain a high quality natural and man-made environment

2. Risk Management Update (PowerPoint Presentation)

D. Adjournment

MEMORANDUM

DATE: June 26, 2007
TO: The Board of Supervisors
FROM: John E. McDonald, Manager, Financial and Management Services
SUBJECT: Cash Proffer Policy for Schools

The Board of Supervisors adopted a cash proffer policy for schools on September 13, 2005. The policy sets out criteria by which both County staff and the Board of Supervisors would consider the impact on public schools of proposed rezoning applications.

It is a policy – a guideline or benchmark – intended to provide a basis for discussion among an applicant, staff, and the Board. The policy allows for exceptions including the ability to consider any unique circumstances. Among the unique circumstances is a demonstrable effort to meet the objectives of the County’s Comprehensive Plan related to affordable housing.

Staff is proposing revisions to the cash proffer policy both in the policy itself and in the methodology used to estimate the impact. The current policy states that revisions be considered in August of odd number years, and be effective no sooner than the following July 1. We ask that the Board consider changes in June, adopt them in July, and make them effective as of August 1, 2007.

Should the Board accept the revisions, the cash proffer amounts that would be used to guide Board decisions on residential rezoning applications would be as follows:

- ◆ Single-Family Detached \$17,115 (an increase from the previously adopted \$4,011)
- ◆ Single-Family Attached \$ 4,870 (currently \$0)
- ◆ Multi-Family \$15,166 (currently \$4,275)

Attached are several documents. The first is the adopted policy of September 13, 2005, with the proposed revisions shown in italics and strikeouts. The second is a new resolution dated July 24, 2007, that sets out a “clean” copy of a recommended revised policy. The third is the proposed methodology used in calculating the changes in the revised policy.

Methodology - The model set out in the original policy is still in place, a five-step process that looks at:

1. The number of school children in K-12 expected to be generated by new housing units;
2. The cost per student of new schools;
3. The calculated cost per housing unit of new schools;
4. A credit for the expected contribution of a new housing unit toward debt service; leading to; and
5. The calculation of the net cost or proposed cash proffer.

Some of the assumptions remain the same and some of them are recommended to be changed:

Demand Generators - Produce the number of public school enrollees per housing unit. The analysis continues to use the last published landbook and September 30 official school enrollment figures

Changes – The number of housing units used in the calculations eliminates non-residential condos, which are new, and single-family attached units used for commercial purposes such as those used in the Kingsmill Resorts. Additionally, the number of students per dwelling unit is based on all units and all children, including those marketed as age-restricted, rather than children only from those housing units built in the last five years.

Reviewing enrollment lists by addresses show that new houses are often occupied by students relocating from other areas in the community. Students new to Williamsburg/James City County show up in both new housing and in older housing units. New housing does not appear to have significantly different demand generator characteristics than housing overall. This is particularly true if the age-restricted housing units are excluded.

Despite the school enrollment growth, the number of public school enrollees per household in James City County has dropped in the last two years from .39 to .36.

Service Levels - Are more readily identified. The community is actually building two new schools and final budget figures are no longer being estimated. The budget adopted in both the County and School Capital Improvement Programs for a new middle school is a much better estimate than one previously created in 2005.

One change in the assumption is that the cost of a school is divided by the expected capacity when built. The 2005 model calculated the per-student cost using a core capacity rather than classroom capacity. To illustrate, an elementary school built for 600 kids with the core facility built to accommodate 800. The new model uses 600, whereas the 2005 model used 800 to calculate per-student costs. Neither is totally “accurate” but the core per-student costs are lower.

Staff reviewed the additional costs of adding classroom capacity at a later date to increase the classroom capacity to match the core, as was recently done at Stonehouse Elementary School, and if that additional incremental cost is added to the equation, the difference between the two calculations shrinks considerably.

Gross Costs – Per-residential unit are calculated the same way, although the results are different due to the changes in assumptions in demand generators and service levels.

Credits Per household are calculated with only one change, although we now have better information. We know actual interest rates to finance all four new schools, as well as the terms of indebtedness, based on the bond issue for three new schools which the County executed in December 2006. In 2005 these factors were estimated. In 2005 a \$0.825 tax rate was assumed, the 2007 version uses the current \$0.77 tax rate.

The one change in the methodology is to calculate the credit based on principal payments over the next 20 years, rather than total debt service, which includes interest costs. This was considered in 2005 but not included in the calculations. The credit is to avoid having a new residential unit pay for the same capital costs both up front and then again over time as the debt is retired. Crediting principal payments does this better than crediting total debt service.

Calculating a proposed Proffer - The methodology is the same but the results are different, reflecting updated assumptions and using actual information rather than projections.

The changes in assumptions make this proposed revision more consistent with policies in other jurisdictions.

These revisions will be presented in a work session format. We anticipate bringing these changes (with any suggested amendments) forward to the Board of Supervisors for consideration on July 24, 2007.

John E. McDonald

JEM/gb
SchCashProffer.mem

Attachments

RESOLUTION

CASH PROFFER POLICY FOR SCHOOLS

WHEREAS, the Virginia Commission on Local Government defines “cash proffer” as “any money voluntarily proffered in writing signed by the owner of the property subject to rezoning, submitted as a part of the rezoning application and accepted by the locality” pursuant to the authority granted in Section 15.2-2298 of the Code of Virginia, 1950 as amended; and

WHEREAS, beginning ~~November 13, 2005~~ *August 1, 2007*, staff will use the procedures and calculation described in this Resolution to guide its recommendation to the Board of Supervisors in all residential rezoning cases. The Board of Supervisors (the “Board”) will use this Resolution to guide its decision whether to accept cash proffered by applicants for a rezoning. The value of proffered land or other in-kind contributions, accepted by the County, shall be credited against the cash proffer amount for schools. In the event the value of proffered land or other in-kind contributions exceed the cash proffer amounts for schools, such excess value may be credited against cash proffers for other impacts; and

WHEREAS, any acceptance of cash proffered by an applicant shall meet a “reasonableness” or “rough proportionality” test, which requires the Board to determine in each zoning case whether the amount proffered is related both in nature and extent to the projected impact of the proposed development on public schools. State and County laws permit the Board to accept cash proffers to fund the public school needs generated by any new residential development; and

WHEREAS, a development proposal’s impact on public schools will be evaluated based on the gross number of proposed dwelling units, *including those marketed as “age-restricted.”* When calculating the gross number of dwelling units, staff will not give credit for those dwelling units permitted under existing zoning and will not consider the transferring of allowable units from other properties.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of the James City County, Virginia, adopts the following methodology and policy to be used to consider impact on public schools and proffered mitigation of proposed rezoning applications:

1. The five components to be used in calculating what a new dwelling unit will cost the County in terms of providing for new or expanded public school facilities are as follows:
 - a. Demand generators - Pupil generation rates determined by identifying the actual number of public school students residing in housing units ~~built in the last five years~~ in the County.
 - b. Service levels - The County’s estimated costs of constructing new high, middle, and elementary schools, calculated on a per-student basis, become the service levels in the calculation of the cash proffer.

- c. Gross Cost of school facilities --The product of the expected number of students calculated as a demand generator multiplied by the per-student cost of school facilities identified as the service level.
- d. Credits - the gross cost of school facilities is reduced by a credit, representing the portion of real property taxes paid by new residents that would be used to retire debt incurred by the County for schools.
- e. Net cost - this represents the net cost per new residential unit or the maximum cash proffer for schools. This is the Gross Cost minus the Credit.

The detailed methodology is ~~contained in the Final Report of the James City County Cash Proffer Steering Committee dated July 7, 2005~~ attached and made part of this resolution.

- 2. There must be a relationship between the rezoning itself and the need for a public facility. Since public school buildings serve the entire County and new or expanded public school buildings may result in County-wide adjustments to attendance zones, rezoning requests will be analyzed on a County-wide basis to determine the impact on public school buildings.
- 3. The County will continue to consider any unique circumstances about a proposed development that may change the way that staff and the Board view the need for cash proffers for schools. Unique circumstances may include, but not be limited to, a demonstrable effort to meet the objectives of the County's Comprehensive Plan related to affordable housing.
- 4. Timing for the dedication of property or in-kind improvements should be specified in the proffer. Cash proffers, property dedications, and in-kind improvements must be used for projects identified in the County's Capital Improvement Program. Payments shall be expended in accordance with State law.
- 5. Adjustments in the cash proffer amounts may be considered in August of odd-number years, beginning in 2007. Staff will recompute net costs based on the current methodology and recommend adjustments. Any adjustments would be effective upon adoption, but no sooner than July 1 of the fiscal year following adoption on an ongoing basis.
- 6. The cash proffer amount for school construction that the Board will use to guide its decisions in residential zoning applications received after ~~November 13, 2005~~ June 12, 2007, are:

Single-Family Detached	\$4,011,115
Single-Family Attached	\$04,870
Multi-Family	\$4,275,166

If payment is rendered on or after July 1, 2008, then payments will consist of the adopted cash proffer payment per unit plus any adjustment as included in the Marshall Swift Building Cost Index.

- 7. The amounts identified in this Resolution are general guides for rezoning applications. Determination of whether an amount proffered by an applicant for rezoning is sufficient to offset the impacts of the proposed development shall be made on a case-

by-case basis. Proffering a set amount is in no way a requirement to obtaining a positive decision on a residential rezoning application. In addition, the acceptability of a proffered school cash proffer under this Resolution, by itself, will not result in the approval of a residential rezoning application.

~~Michael J. Brown~~ *John J. McGlennon*
Chairman, Board of Supervisors

ATTEST:

Sanford B. Wanner
Clerk to the Board

Adopted by the Board of Supervisors of James City County, Virginia, this ~~13~~²⁴th day of ~~September~~^{July}, ~~2005~~²⁰⁰⁷.

SchCashProffer.res1

RESOLUTION

CASH PROFFER POLICY FOR SCHOOLS

WHEREAS, the Virginia Commission on Local Government defines “cash proffer” as “any money voluntarily proffered in writing signed by the owner of the property subject to rezoning, submitted as a part of the rezoning application and accepted by the locality” pursuant to the authority granted in Section 15.2-2298 of the Code of Virginia, 1950 as amended; and

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WHEREAS, any acceptance of cash proffered by an applicant shall meet a “reasonableness” or “rough proportionality” test, which requires the Board to determine in each zoning case whether the amount proffered is related both in nature and extent to the projected impact of the proposed development on public schools. State and County laws permit the Board to accept cash proffers to fund the public school needs generated by any new residential development; and

WHEREAS, a development proposal’s impact on public schools will be evaluated based on the gross number of proposed dwelling units, including those marketed as “age-restricted.” When calculating the gross number of dwelling units, staff will not give credit for those dwelling units permitted under existing zoning and will not consider the transferring of allowable units from other properties.

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 - a. Demand generators - Pupil generation rates determined by identifying the actual number of public school students residing in housing units in the County.
 - b. Service levels - The County’s estimated costs of constructing new high, middle, and elementary schools, calculated on a per-student basis, become the service levels in the calculation of the cash proffer.
 - c. Gross Cost of school facilities --The product of the expected number of students calculated as a demand generator multiplied by the per-student cost of school facilities identified as the service level.

- d. Credits - the gross cost of school facilities is reduced by a credit, representing the portion of real property taxes paid by new residents that would be used to retire debt incurred by the County for schools.
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The detailed methodology is attached and made part of this resolution.

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- 5. Adjustments in the cash proffer amounts may be considered on an ongoing basis.
- 6. The cash proffer amount for school construction that the Board will use to guide its decisions in residential zoning applications received after June 12, 2007, are:

Single-Family Detached	\$17,115
Single-Family Attached	\$ 4,870
Multi-Family	\$15,166

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- 7. The amounts identified in this resolution are general guides for rezoning applications. Determination of whether an amount proffered by an applicant for rezoning is sufficient to offset the impacts of the proposed development shall be made on a case-by-case basis. Proffering a set amount is in no way a requirement to obtaining a positive decision on a residential rezoning application. In addition, the acceptability of a proffered school cash proffer under this resolution, by itself, will not result in the approval of a residential rezoning application.

John J. McGlennon
Chairman, Board of Supervisors

ATTEST:

Sanford B. Wanner
Clerk to the Board

Adopted by the Board of Supervisors of James City County, Virginia, this 24th day of July,
2007.

SchCashProffer.res2

Cash Proffer Policy - Schools

Proposed Revisions

June 26, 2007

Demand Generators

- Enrollment by school level – elementary, middle and high school
- By Housing Type – single family (detached and attached), multi-family and mobile homes in parks

Demand Generators (cont...)

	Elem	Middle	High	Total
Students	4,121	2,177	2,976	9,274
Per Dwelling Units				
SF - Detached	0.18	0.09	0.14	0.41
SF - Attached	0.07	0.05	0.04	0.16
Multi-Family	0.13	0.09	0.07	0.29
Mobile Homes	0.10	0.12	0.08	0.30
Total	0.16	0.08	0.12	0.36

Service Levels

	<u>Capacity</u>	<u>Cost</u>	<u>Costs per Student Capacity</u>
Elementary	600	\$31.8 million	\$ 53,017
Middle	800	\$53.1 million	\$ 66,411
High	1250	\$58.1 million	\$ 46,504

Costs of New Facilities by Housing Type

	<u>Elementary</u>	<u>Middle</u>	<u>High</u>	<u>Total</u>
SF - Detached	\$ 9,543	\$ 5,977	\$ 6,511	\$22,031
SF - Attached	\$ 3,711	\$ 3,321	\$ 1,860	\$ 8,892
Multi-Family	\$ 6,892	\$ 5,977	\$ 3,255	\$16,124
Mobile Homes	\$ 5,302	\$ 7,969	\$ 3,720	\$16,991

Credits

- FY2008 School Bond Payments as a Percent of Total Real Property Taxes – 12.20%

	Average Value	Annual Credit	NPV - 4% 20 years
SF - Detached	\$ 385,000	\$ 362	\$ 4,916
SF - Attached	\$ 315,000	\$ 296	\$ 4,022
Multi-Family	\$ 75,000	\$ 71	\$ 958

Proposed School Proffer

	Gross	Credit	Net	Current
SF - Detached	\$ 22,031	\$ 4,916	\$17,115	\$ 4,011
SF - Attached	\$ 8,892	\$ 4,022	\$ 4,870	\$ -
Multi-Family	\$ 16,124	\$ 958	\$15,166	\$ 4,275

Changes in Previously Adopted Policy

- Would impact dwellings marketed as “age-restricted”
- Change effective August 1st, rather than waiting until the beginning of the next fiscal year
- Future changes to be determined as needed

Proposed School Proffer

	<u>NEW</u>	<u>Current</u>
SF - Detached	\$ 17,115	\$ 4,011
SF - Attached	\$ 4,870	\$ -
Multi-Family	\$ 15,166	\$ 4,275

BOS Consideration July 24, 2007

If adopted - effective August 1, 2007

James City County Cash Proffers - Schools

26-Jun-07

Five components to calculate what a new dwelling will cost the County for new K-12 schools.

(1) Demand Generators

These are the weighted average of current public school enrollment by housing type, based on a Sept 30, 2006 official school enrollment count and the number of developed units as of July 1, 2006 from the County's landbook.

	Elementary	Middle	High	Total
Sep 30 WJCC Enrollment	4,470 44.2%	2,381 23.6%	3,254 32.2%	10,105
COUNTY ONLY Enrollment	4,121 44.4%	2,177 23.5%	2,976 32.1%	9,274

Developed Housing Units - July 1, 2006 Landbook

	Units	Elementary	Middle	High	Total
Single Family Detached	18,821	3,452	1,658	2,574	7,684
Single Family Attached (*)	3,432	237	155	146	538
Multi Family (**)	2,319	302	206	159	667
Mobile Homes in Parks	1,292	130	158	97	385
	25,864	4,121	2,177	2,976	9,274

Students Per Unit

	Elementary	Middle	High	Total
Single Family Detached	0.18	0.09	0.14	0.41
Single Family Attached	0.07	0.05	0.04	0.16
Multi Family	0.13	0.09	0.07	0.29
Mobile Homes in Parks	0.10	0.12	0.08	0.30
	0.16	0.08	0.12	0.36

NOTES:

(*) Excludes 108 non-residential condos - including 92 at Kingsmill Resorts

(**) Excludes 802 assisted living/continuing care units

(2) Service Levels

Existing service levels are calculated for each type of school for which a cash proffer will be accepted. The figures below reflect the actual costs of Warhill HS, currently under construction, and a new middle and a new elementary school, both are in the adopted FY2008 CIP and are expected to open in September of 2009.

SCHOOL CASH PROFFER CALCULATIONS

COSTS OF NEW SCHOOLS

26-Jun-07

HIGH SCHOOL

Warhill High School

Current Appropriations	\$ 56,230,000
School site (budgeted separately)	1,900,000
	<u>\$ 58,130,000</u>
Capacity	1,250
Per Student	\$ 46,504

MIDDLE AND ELEMENTARY SCHOOLS

4th Middle 9th Elementary

Current Budget	\$ 51,190,000	\$ 30,649,000
Allocated cost of site	750,596	449,404
Allocated cost of off-site work	1,188,443	711,557
	<u>\$ 53,129,039</u>	<u>\$ 31,809,961</u>
Capacity	800	600
Per Student	\$ 66,411	\$ 53,017

(3) Gross Costs

A gross cost of school facilities is then calculated per dwelling unit.

The term "gross cost" is used because a credit is calculated for each dwelling unit based on future operating revenues.

	<u>Elementary</u>	<u>Middle</u>	<u>High</u>	
Cost Per Student	\$ 53,017	\$ 66,411	\$ 46,504	Per Section (2) above

Students by Housing Unit	<u>Elementary</u>	<u>Middle</u>	<u>High</u>	Per Section (1) above
Single Family Detached	0.18	0.09	0.14	
Single Family Attached	0.07	0.05	0.04	
Multi Family	0.13	0.09	0.07	
Mobile Homes in Parks	0.10	0.12	0.08	

Costs Per:	<u>Elementary</u>	<u>Middle</u>	<u>High</u>	<u>Total</u>
Single Family Detached	\$ 9,543	\$ 5,977	\$ 6,511	\$ 22,031
Single Family Attached	\$ 3,711	\$ 3,321	\$ 1,860	\$ 8,892
Multi Family	\$ 6,892	\$ 5,977	\$ 3,255	\$ 16,124
Mobile Homes in Parks	\$ 5,302	\$ 7,969	\$ 3,720	\$ 16,991

SCHOOL CASH PROFFER CALCULATIONS

26-Jun-07

(4) Credits a credit will apply against the cost for each public school. The County has issued bonds for school construction and residents of new developments will pay property taxes, a portion of which will pay to retire those bonds.

FY2008 real property taxes in adopted budget	\$ 85,511,272
FY2008 School Debt Service - Principal Payments Only	\$ 10,420,000
Calculated Credit	12.2%

Average Value of a new Housing Unit built over the past 5 years, taxes paid at 77 cents per \$100:

	Average Val Last 5 Years	Taxes @ \$0.77	Credit - 12.2%	Net Pres Value of Credit 20 yrs @ 4%
Single Family Detached	\$ 385,000	\$ 2,965	\$ 361.73	(\$4,916)
Single Family Attached	\$ 315,000	\$ 2,426	\$ 295.97	(\$4,022)
Multi Family	\$ 75,000	\$ 578	\$ 70.52	(\$958)

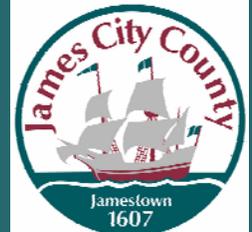
(5) Calculate a proposed proffer the cost per household minus the credit.

	Gross Costs	Credit	Proposed Proffer
Single Family Detached	\$ 22,031	(\$4,916)	\$17,115
Single Family Attached	\$ 8,892	(\$4,022)	\$4,870
Multi Family	\$ 16,124	(\$958)	\$15,166

A proposed \$ proffer per unit in a new mobile home park is not proposed.

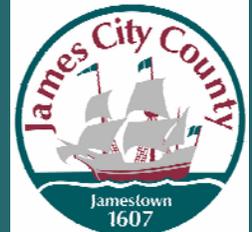
Risk Management Update

- Losses (ratio of premium to losses)
 - Liability (20 year average)
 - General (3.8%)
 - Auto (21.6%)
 - Property (20 year average)
 - Auto (42.2%)
 - Buildings (40.1%)
 - Equipment (15.8%)
 - Workers' Compensation (99%)



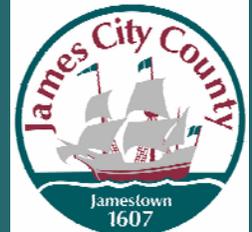
How Do We Compare?

- OSHA Recordable Incident Rate
(# of injuries per 100 employees over a year)
 - County 5 year average: 4.4
 - VA local governments: 6.1
- Vehicle Crash Rates
(Open road vehicle crashes per 1 million miles driven)
 - County Vehicle Crash Rate: .07
 - National Vehicle Crash Rate: 2.3



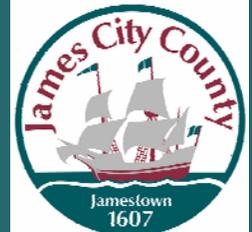
Insurance - Premiums

- VML to VACo starting 7/1/07
- Total Premiums \$860,454
- Premiums savings
 - Workers' Compensation - \$122,359
 - Property/Liability - \$50,215



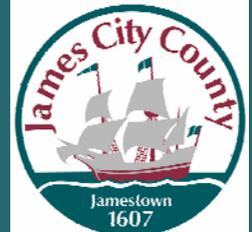
Insurance - Coverages

- **Worker's Compensation** – Statutory
- **General Liability** - \$2 million/\$100,000 ded.
- **Auto Liability** - \$2 million/\$100,000 ded.
- **Auto Property**- Self insured up to \$175,000
- **Property** - \$114,396,656/\$10,000 ded.
- **Boiler/Machinery** - \$10 million/\$1,000 ded.
- **Crime** - \$1 million/\$250 ded.
- **Excess** - \$7 million/\$0 ded.



Positive Influences

- Hiring good decision makers
- Cooperative atmosphere
- County values
- Work with outside agencies
 - Head Start
 - Child Development Resources
 - Hampton Roads Worker's Compensation Alliance
 - Schools



Challenges-Opportunities

- Self Insurance
- Partnering with Schools
- An aging workforce
- Wellness
- Online training

