

**A G E N D A**  
**JAMES CITY COUNTY BOARD OF SUPERVISORS**  
**WORK SESSION**  
**County Government Center Board Room**  
**101 Mounts Bay Road, Williamsburg, VA 23185**  
**July 25, 2017**  
**4:00 PM**

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**A. CALL TO ORDER**

**B. ROLL CALL**

**C. BOARD DISCUSSIONS**

1. Davenport & Co.
2. Joint Work Session with Economic Development Authority

**D. CLOSED SESSION**

**E. ADJOURNMENT**

1. Adjourn until 5 p.m. on August 8, 2017 for the Regular Meeting

**ITEM SUMMARY**

DATE: 7/25/2017

TO: The Board of Supervisors

FROM: Bryan J. Hill, County Administrator

SUBJECT: Davenport & Co.

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**ATTACHMENTS:**

|   | Description                | Type            |
|---|----------------------------|-----------------|
| ▣ | Presentation               | Presentation    |
| ▣ | Fiscal Policies (Previous) | Backup Material |
| ▣ | Fiscal Policies (New)      | Backup Material |

**REVIEWERS:**

| Department      | Reviewer       | Action   | Date                |
|-----------------|----------------|----------|---------------------|
| Board Secretary | Eckhardt, Ania | Approved | 7/24/2017 - 2:22 PM |

# James City County, Virginia

## Comprehensive Financial Review



July 25, 2017

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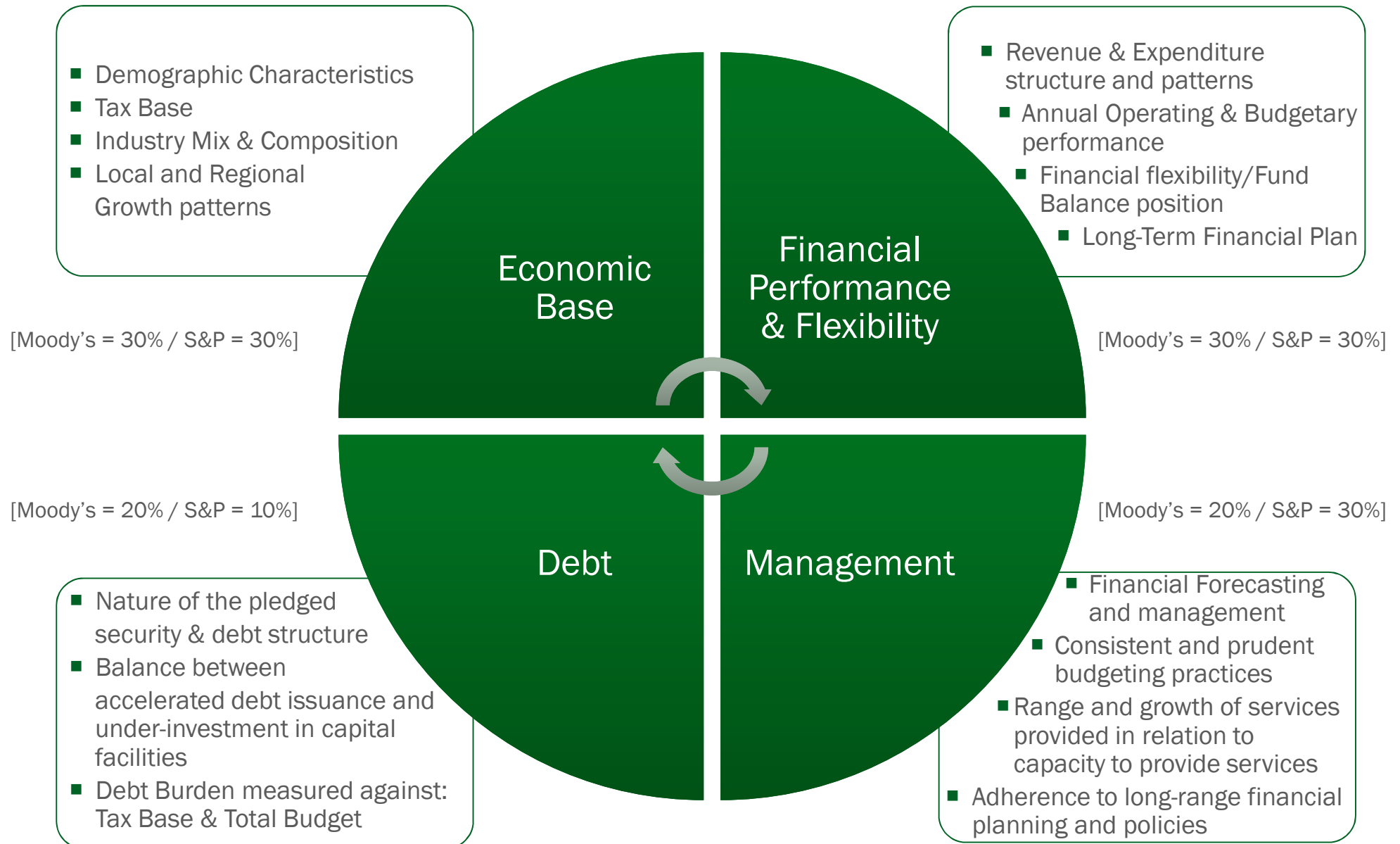
- |   |  |
|---|--|
| 1 | Rating Agency Overview – General Government                              |
| 2 | Rating Agency Overview – Utilities                                       |
| 3 | 1 <sup>st</sup> Characteristic – Conservative Budgeting                  |
| 4 | 2 <sup>nd</sup> Characteristic – Maintaining Strong Reserves             |
| 5 | 3 <sup>rd</sup> Characteristic – Debt Management                         |
| 6 | 4 <sup>th</sup> Characteristic – Multi-Year Operating & Capital Planning |
| 7 | 5 <sup>th</sup> Characteristic – Formalizing Financial Policies          |

- Davenport in conjunction with County Staff reviewed the financial health of the County. As a part of this presentation we will:
  - Discuss rating agencies' General Government and Utilities methodology.
  - Review key characteristics that constitute a highly regarded, credit worthy locality.
  - Discuss comparatives with peer AAA Virginia counties as well as regional AAA counties.
  - Review James City County's financial trends including current outstanding debt and debt ratios.
  - Provide commentary on the County's Financial Policy Guidelines and discuss revisions due to changes in the credit markets.

# Rating Agency Overview – General Government

James City County, Virginia

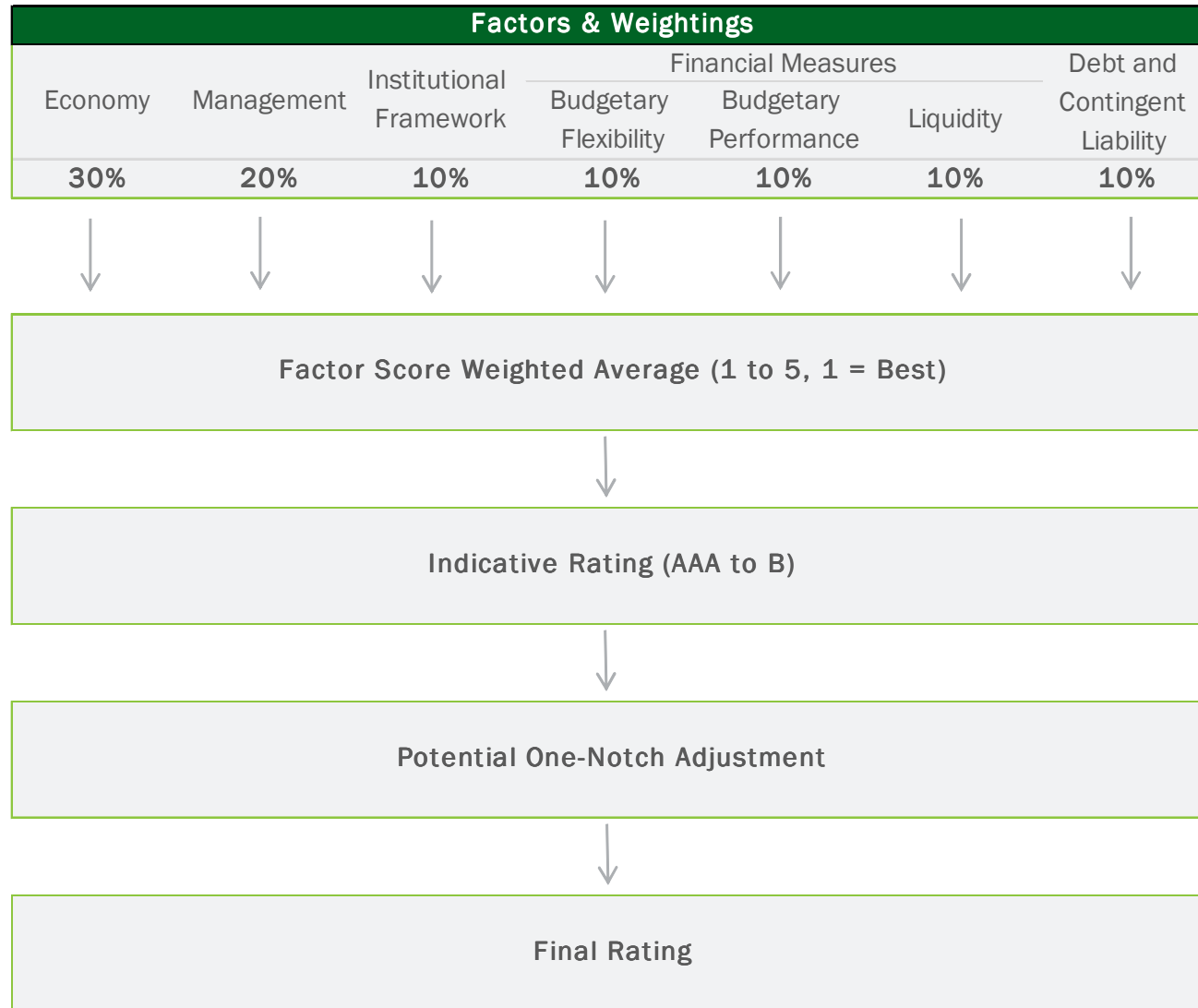
# What are the Key Drivers to a Credit Rating?



# Standard & Poor's Revised Methodology



In September 2013, Standard and Poor's revised its General Obligation rating methodology.





# Moody's Revised Methodology



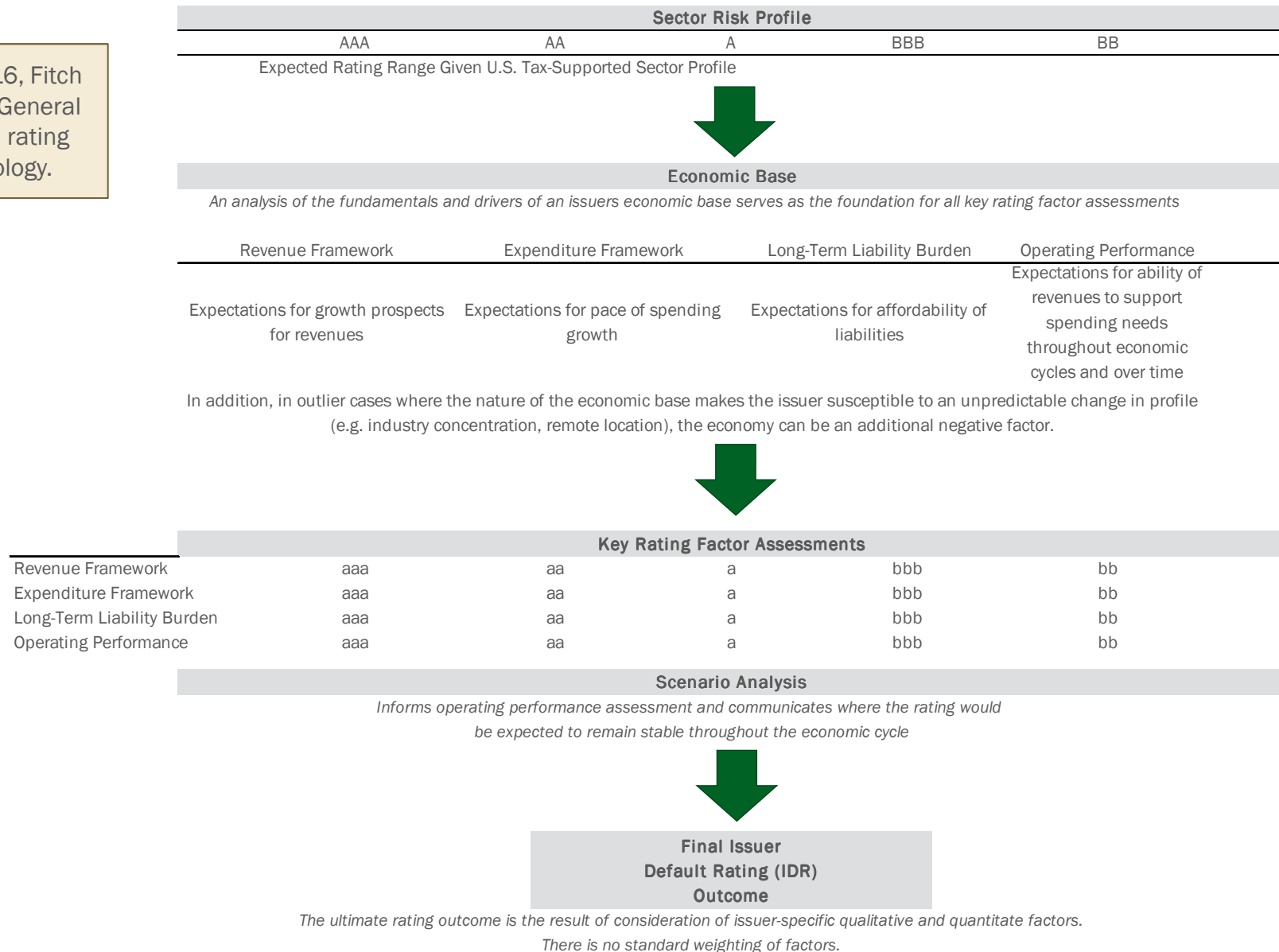
In January 2014, Moody's revised its General Obligation rating methodology.

| Broad Rating Factors | Factor Weighting | Rating Subfactors   | Subfactor Weighting |
|----------------------|------------------|---|---------------------|
| Economy/Tax Base     | 30%              | Tax Base Size (Full Value)  | 10%                 |
|                      |                  | Full Value Per Capita   | 10%                 |
|                      |                  | Wealth (Median Family Income)   | 10%                 |
| Finances             | 30%              | Fund Balance (% of Revenues)  | 10%                 |
|                      |                  | Fund Balance Trend (5-Year Change)                                    | 5%                  |
|                      |                  | Cash Balance (% of Revenues)  | 10%                 |
|                      |                  | Cash Balance Trend (5-Year Change)                                    | 5%                  |
| Management           | 20%              | Institutional Framework   | 10%                 |
|                      |                  | Operating History   | 10%                 |
| Debt/Pensions        | 20%              | Debt to Full Value  | 5%                  |
|                      |                  | Debt to Revenue   | 5%                  |
|                      |                  | Moody's Adjusted Net Pension Liability (3-Year Average) to Full Value | 5%                  |
|                      |                  | Moody's Adjusted Net Pension Liability (3-Year Average) to Revenue    | 5%                  |
|                      |                  |   |                     |

# Fitch Revised Rating Methodology



In April 2016, Fitch revised its General Obligation rating methodology.



# Current Ratings – James City County



| James City County                         |  |         |      |       |      |
|---|--|---------|------|-------|------|
| S&P                                       |  | Moody's |      | Fitch |      |
| AAA                                       | 2010   | Aaa     | 2015 | AAA   | 2010 |
| Top Tier "Highest Possible Rating"        |  |         |      |       |      |
| AA+                                       |  | Aa1     |      | AA+   | 2005 |
| AA  |  | Aa2     |      | AA    |      |
| AA-                                       |  | Aa3     |      | AA-   |      |
| 2nd Tier "Very Strong"                    |  |         |      |       |      |
| A+  | 1994   | A1      | 1995 | A+    |      |
| A   |  | A2      |      | A     |      |
| A-  |  | A3      |      | A-    |      |
| 3rd Tier "Strong"                         |  |         |      |       |      |
| BBB+                                      |  | Baa1    |      | BBB+  |      |
| BBB                                       |  | Baa2    |      | BBB   |      |
| BBB-                                      |  | Baa3    |      | BBB-  |      |
| 4th Tier "Adequate Capacity to Repay"     |  |         |      |       |      |
| 5th - 10th Tiers "Below Investment Grade" |  |         |      |       |      |
| BB, B, CCC, CC, C, D                      |  |         |      |       |      |
| Current Rating                            | James City County was upgraded to AAA by S&P in October 2010;<br>Moody's upgraded to Aaa in July 2015; and, Fitch upgraded to AAA in April 2010. |         |      |       |      |
| Initial Rating                            |  |         |      |       |      |

# Counties with Three AAA Ratings



## Counties with Three AAA Ratings

|                          |                               |                             |
|--------------------------|-------------------------------|-----------------------------|
| Albemarle County (VA)    | Guilford County (NC)          | Mecklenburg County (NC)     |
| Arlington County (VA)    | Gwinnett County (GA)          | Monmouth County (NJ)        |
| Baltimore County (MD)    | Hamilton County (TN)          | Montgomery County (MD)      |
| Bernalillo County (NM)   | Hanover County (VA)           | New Castle County (DE)      |
| Bexar County (TX)        | Harford County (MD)           | Orange County (NC)          |
| Broward County (FL)      | Harris County (TX)            | Palm Beach County (FL)      |
| Calvert County (FL)      | Hennepin County (MN)          | Polk County (IA)            |
| Charles County (MD)      | Henrico County (VA)           | Prince George's County (MD) |
| Charleston County (SC)   | Hillsborough County (FL)      | Prince William County (VA)  |
| Chester County (PA)      | Howard County (MD)            | Salt Lake County (UT)       |
| Chesterfield County (VA) | <b>James City County (VA)</b> | San Diego County (CA)       |
| Cobb County (GA)         | Johnson County (KS)           | Sarasota County (FL)        |
| Fairfax County (VA)      | King County (WA)              | Wake County (NC)            |
| Forsyth County (NC)      | Loudoun County (VA)           | Washtenaw County (MI)       |
| Frederick County (MD)    | Maricopa County (AZ)          |                             |
| Greenville County (SC)   | Marin County (CA)             |                             |

James City County is one of forty six Counties nationwide to be rated AAA from Moody's, Standard & Poor's and Fitch.

# Debt Rating by Series



| Public Debt - Credit Ratings |                    |               |             |
|------------------------------|--------------------|---------------|-------------|
| Series                       | Type               | County Rating | Bond Rating |
| 2009                         | Lease Revenue      | Aaa/AAA/AAA   | Aa1/AA+/AA+ |
| 2012                         | Lease Revenue      | Aaa/AAA/AAA   | Aa1/AA+/AA+ |
| 2014                         | Lease Revenue      | Aaa/AAA/AAA   | Aa1/AA+/AA+ |
| 2014                         | General Obligation | Aaa/AAA/AAA   | Aaa/AAA/AAA |
| 2015 A & B                   | General Obligation | Aaa/AAA/AAA   | Aaa/AAA/AAA |
| 2015                         | Lease Revenue      | Aaa/AAA/AAA   | Aa1/AA+/AA+ |
| 2016                         | Lease Revenue      | Aaa/AAA/AAA   | Aa1/AA+/AA+ |

# Observations from S&P Report – April 2016



- Local economy (30%) = “Very Strong” (‘Very Strong’ is the highest level)
  - “We consider the county’s economy very strong. James City County is located in the Virginia Beach-Norfolk News, Va.-N.C. MSA, which we consider to be broad and diverse.”
- Management conditions (20%) = “Very Strong”
  - “We view the County’s management as very strong, with strong financial policies and practices under our Financial Management Assessment methodology, indicating financial practices are strong, well embedded, and likely sustainable.”
- Institutional Framework (10%) = “Very Strong”
  - “Virginia Governments are considered very strong”
- Budgetary Flexibility (i.e. Reserves) (10%) = “Very Strong”
  - Available General Fund reserves at 29% of General Fund expenditures.
- Budgetary Performance (10%) = “Strong” (**This increased from “Adequate” in previous report**)
  - Operating surplus of 1.9% in the General Fund and of 1.7% across all government funds in FY 2015.
  - “The County has a stable revenue stream with property taxes accounting for 64% of total general fund revenues.”
- Liquidity (10%) = “Very Strong”
  - James City County’s liquidity is very strong, with total government available cash at 17.2% of total governmental fund expenditures and 128.2% of governmental debt service in 2015.”
- Debt & Contingent Liabilities (10%) = “Strong” (**This increased from “Adequate” in previous report**)
  - “Total governmental fund debt service is 13.4% of total governmental fund expenditures, and net direct debt is 96.9% of total governmental fund revenue. Overall net debt is low at 1.5% of market value, and approximately 68.2% of the direct debt is scheduled to be repaid within 10 years, which are in our view positive credit factors.”

# Observations from Moody's Report – April 2016



## James City County, VA

### Credit Strengths

- Sizeable and diverse tax base with above average wealth levels
- Strong and stable available reserve position

### Credit Challenges

- Significant exposure to economically sensitive tourism sector

### Factors that Could Lead to an Upgrade

- N/A

### Factors that Could Lead to a Downgrade

- Ongoing decline in available reserves limiting financial flexibility
- Substantial contraction in tax base and wealth levels
- Significant increase in debt burden

# Observations from Fitch Report – May 2016



## Economic Resource Base:

- “James City County is located in southeastern Virginia, equidistant from Richmond and Norfolk. Population growth has been strong at 8.5% since 2010 compared to the state at 4.8% and the nation at 4.1%”

## Revenue Framework (‘aaa’ factor assessment):

- “The county has strong revenue flexibility given the independent legal ability to increase property taxes without limitation. Recent growth in assessed value following declines and stagnant appreciation after the recession coupled with a tax rate increase in fiscal 2016 is expected to keep revenue growth above GDP.”

## Expenditure Framework (‘aaa’ factor assessment):

- “The county has significant flexibility to control labor spending given the absence of collective bargaining. A portion of the property tax rate is allocated to capital spending which is an additional source of flexibility.”

## Long-Term Liability Burden (‘aaa’ factor assessment):

- “Long-term liabilities (excluding other post-employment liabilities) to personal income are low. The county currently does not have any additional debt plans.”

## Operating Performance (‘aaa’ factor assessment)

- “After multiple years of operating surpluses during the recovery following the recession, the county has utilized a modest amount of reserves over the past several years for capital spending. Reserves still remain ample and above the county’s reserve policy level.”



# Rating Agency Overview – Utilities

James City County, Virginia

# Moody's Revenue Bond Methodology

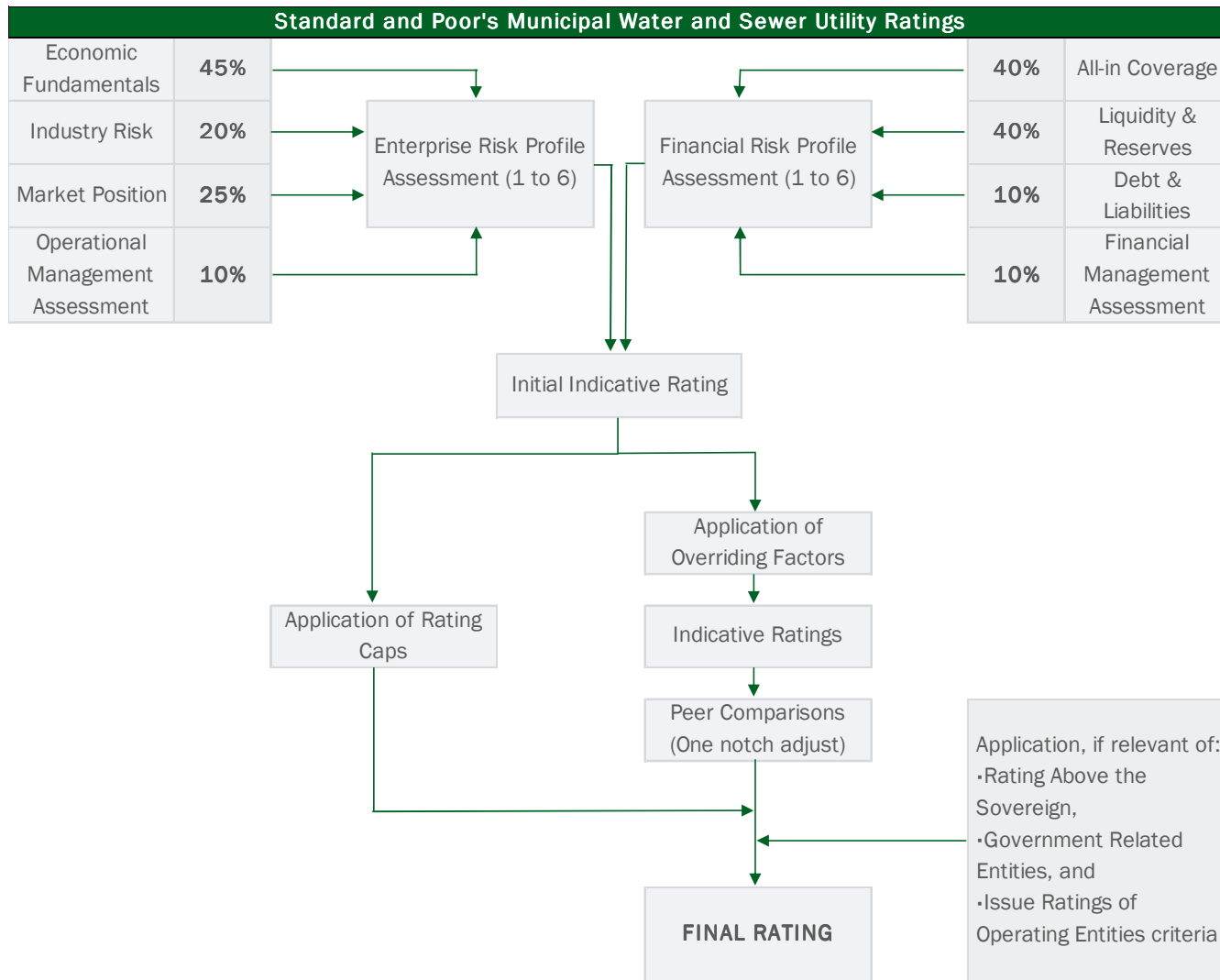


In December 2014, Moody's revised its revenue bond rating methodology:

| Broad Scorecard Factors | Factor Weighting | Scorecard Subfactors                       | Subfactor Weighting |
|-------------------------|------------------|--|---------------------|
| System Characteristics  | 30%              | Asset Condition (Remaining Useful Life)    | 10.0%               |
|                         |                  | Service Area Wealth (Median Family Income) | 12.5%               |
|                         |                  | System Size (O&M)                          | 7.5%                |
| Financial Strength      | 40%              | Annual Debt Service Coverage               | 15.0%               |
|                         |                  | Days Cash on Hand                          | 15.0%               |
|                         |                  | Debt to Operating Revenues                 | 10.0%               |
| Management              | 20%              | Rate Management                            | 10.0%               |
|                         |                  | Regulatory Compliance and Capital Planning | 10.0%               |
| Legal Provisions        | 10%              | Rate Covenant                              | 5.0%                |
|                         |                  | Debt Service Reserve Requirement           | 5.0%                |
| Total                   | 100.0%           | Total                                      | 100.0%              |

# S&P Revenue Bond Methodology

In January 2016, Standard & Poor's revised its Revenue Bond Rating Methodology:



# Current Ratings – JCSA



Top Tier "Highest Possible Rating"

|                                       |           |
|---------------------------------------|-----------|
|                                       | (Highest) |
| 2nd Tier "Very Strong"                | (Middle)  |
|                                       | (Lowest)  |
|                                       | (Highest) |
| 3rd Tier "Strong"                     | (Middle)  |
|                                       | (Lowest)  |
|                                       | (Highest) |
| 4th Tier "Adequate Capacity to Repay" | (Middle)  |
|                                       | (Lowest)  |

5th - 10th Tiers "Below Investment Grade"



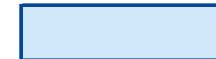
Considered Investment Grade

Below Investment Grade

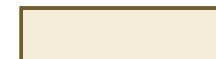
| James City Service Authority |         |      |      |
|------------------------------|---------|------|------|
| S&P                          | Moody's |      |      |
| AAA                          | 2016    | Aaa  |      |
| AA+                          | 2015    | Aa1  | 2016 |
| AA                           | 2003    | Aa2  | 2012 |
| AA-                          |         | Aa3  | 2008 |
| A+                           |         | A1   | 2003 |
| A                            |         | A2   |      |
| A-                           |         | A3   |      |
| BBB+                         |         | Baa1 |      |
| BBB                          |         | Baa2 |      |
| BBB-                         |         | Baa3 |      |

BB, B, CCC, CC, C, D

Current Rating



Historical Rating



James City Service Authority was upgraded to AAA by S&P in March 2016 & Moody's upgraded to Aa1 in March 2016.

# Observations from S&P Report – JCSA



## Enterprise Risk Profile:

- Our assessment of the system's enterprise risk profile as "extremely strong" reflects the county's stable and predictable revenue and cash flow streams from low-risk water and sewer service, a natural monopoly in its service area, and a strong operational management framework.
  - The enterprise risk profile is the result of the system's:
    - Service area with high wealth and income indicators and low unemployment,
    - Affordable water rates representing 0.8% of median household income effective buying income,
    - Low-risk operations characterized by ample water and wastewater capacity, and
    - Strong operational management.

## Financial Risk Profile

- Our assessment of the system's financial risk profile as "very strong" reflects the district's historically strong coverage and liquidity position that we anticipate will be consistent over time, a minimally leveraged system, and a strong financial management framework.
  - The financial risk profile reflects the system's:
    - Extremely strong all-in debt service coverage (DSC) levels,
    - Extremely strong liquidity with over three years of annual expenses in unrestricted cash,
    - Very low debt to capitalization, and
    - Very strong financial management.

# Observations from Moody's Report – JCSA



## James City Service Authority, Virginia

### Credit Strengths

- Ample liquidity
- Continued service area growth
- Strong total debt service coverage (inclusive of connection fees)
- Low debt ratio

### Credit Challenges

- Reliance, albeit reduce, on economically sensitive connection fees
- Lack of formalized financial policies

### Factors that Could Lead to an Upgrade

- Growth in county which would allow for greater generation of revenues
- Reduced reliance on connection fees
- Significant improvement in debt service coverage (net of connection fees)

### Factors that Could Lead to a Downgrade

- Decline in debt service coverage
- Deterioration of cash reserves

# Demographic Profile – Population



- The selected peer group contains Virginia Counties with a Aaa General Obligation credit rating from Moody's Investor Services as well as the National and Virginia Medians for Aaa rated Counties.

## Population

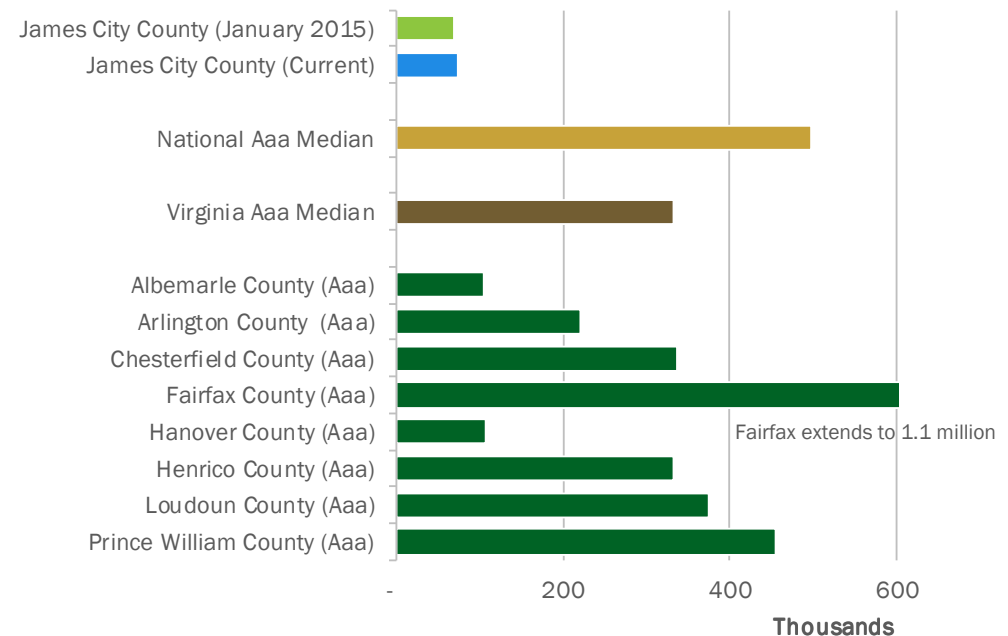
|                                  |        |
|----------------------------------|--------|
| James City County (January 2015) | 69,945 |
| James City County (Current)      | 74,289 |

|                     |         |
|---------------------|---------|
| National Aaa Median | 495,777 |
|---------------------|---------|

|                     |         |
|---------------------|---------|
| Virginia Aaa Median | 332,538 |
|---------------------|---------|

|                             |           |
|-----------------------------|-----------|
| Albemarle County (Aaa)      | 105,051   |
| Arlington County (Aaa)      | 220,400   |
| Chesterfield County (Aaa)   | 336,000   |
| Fairfax County (Aaa)        | 1,142,234 |
| Hanover County (Aaa)        | 107,152   |
| Henrico County (Aaa)        | 332,538   |
| Loudoun County (Aaa)        | 373,694   |
| Prince William County (Aaa) | 454,096   |

## Population



# Key Characteristics of a Highly Regarded, Credit Worthy Locality

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1. Conservative budgeting to produce solid financial results while keeping a competitive tax rate.
2. Maintaining Strong Reserves (i.e. no cash flow borrowing).
3. Having prudent debt levels and proactive debt management.
4. Utilizes multi-year operating and capital planning.
5. Formalization and periodic review of Financial Policy Guidelines involving debt, reserves, and other miscellaneous areas.



# 1<sup>st</sup> Characteristic – Conservative Budgeting

James City County, Virginia

# Historic General Fund Results



|  | Fiscal Year<br>2012   | Fiscal Year<br>2013   | Fiscal Year<br>2014   | Fiscal Year<br>2015   | Fiscal Year<br>2016   |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Revenues</b>                              |                       |                       |                       |                       |                       |
| General Property Taxes                       | \$110,677,787         | \$109,112,196         | \$112,151,342         | \$112,542,078         | \$124,363,595         |
| Other Local Taxes                            | 20,006,069            | 20,427,116            | 20,680,269            | 21,986,110            | 23,243,899            |
| Permits, Fees and Licenses                   | 7,487,105             | 7,623,652             | 8,134,299             | 8,443,821             | 8,779,496             |
| Fines & Forfeitures                          | 274,198               | 295,355               | 293,625               | 271,615               | 309,278               |
| Use of Money and Property                    | 297,668               | 199,268               | 194,575               | 142,230               | 205,768               |
| Charges for Services                         | 5,174,185             | 5,736,864             | 5,549,607             | 5,944,750             | 6,623,273             |
| Miscellaneous                                | 155,011               | 412,092               | 191,693               | 320,563               | 250,331               |
| Intergovernmental                            | <u>25,243,691</u>     | <u>25,597,288</u>     | <u>25,869,543</u>     | <u>26,299,196</u>     | <u>27,079,952</u>     |
| <b>Total Revenues</b>                        | <b>\$169,315,714</b>  | <b>\$169,403,831</b>  | <b>\$173,064,953</b>  | <b>\$175,950,363</b>  | <b>\$190,855,592</b>  |
| <b>Expenditures</b>                          |                       |                       |                       |                       |                       |
| General Government Administration            | \$8,669,692           | \$9,399,885           | \$9,522,285           | \$9,432,889           | \$9,678,060           |
| Judicial Administration                      | 3,998,928             | 4,004,217             | 4,144,098             | 4,171,806             | 4,195,078             |
| Public Safety                                | 23,860,985            | 25,304,827            | 25,958,784            | 26,531,621            | 27,003,530            |
| Public Works                                 | 6,470,077             | 7,245,190             | 7,340,787             | 6,962,923             | 7,066,548             |
| Health and Welfare                           | 1,544,753             | 1,615,584             | 1,744,547             | 1,785,160             | 1,865,341             |
| Education                                    | 74,280,245            | 75,931,599            | 77,496,482            | 79,610,865            | 79,825,974            |
| Parks, Recreation and Cultural               | 8,821,159             | 9,067,109             | 9,378,061             | 9,673,422             | 9,864,071             |
| Community Development                        | 6,694,468             | 5,001,362             | 5,266,389             | 5,454,857             | 5,809,243             |
| Nondepartmental                              | <u>1,265,803</u>      | <u>966,806</u>        | <u>721,744</u>        | <u>525,433</u>        | <u>1,183,538</u>      |
| <b>Total Expenditures</b>                    | <b>\$135,606,110</b>  | <b>\$138,536,579</b>  | <b>\$141,573,177</b>  | <b>\$144,148,976</b>  | <b>\$146,491,383</b>  |
| <b>Excess Revenues over Expenditures</b>     | <b>\$33,709,604</b>   | <b>\$30,867,252</b>   | <b>\$31,491,776</b>   | <b>\$31,801,387</b>   | <b>\$44,364,209</b>   |
| <b>Other Financing Uses (Transfers Out):</b> | <b>(\$29,305,015)</b> | <b>(\$33,857,648)</b> | <b>(\$34,244,165)</b> | <b>(\$35,271,660)</b> | <b>(\$40,734,073)</b> |
| <b>Net change in fund balances</b>           | <b>\$4,404,589</b>    | <b>(\$2,990,396)</b>  | <b>(\$2,752,389)</b>  | <b>(\$3,470,273)</b>  | <b>\$3,630,136</b>    |

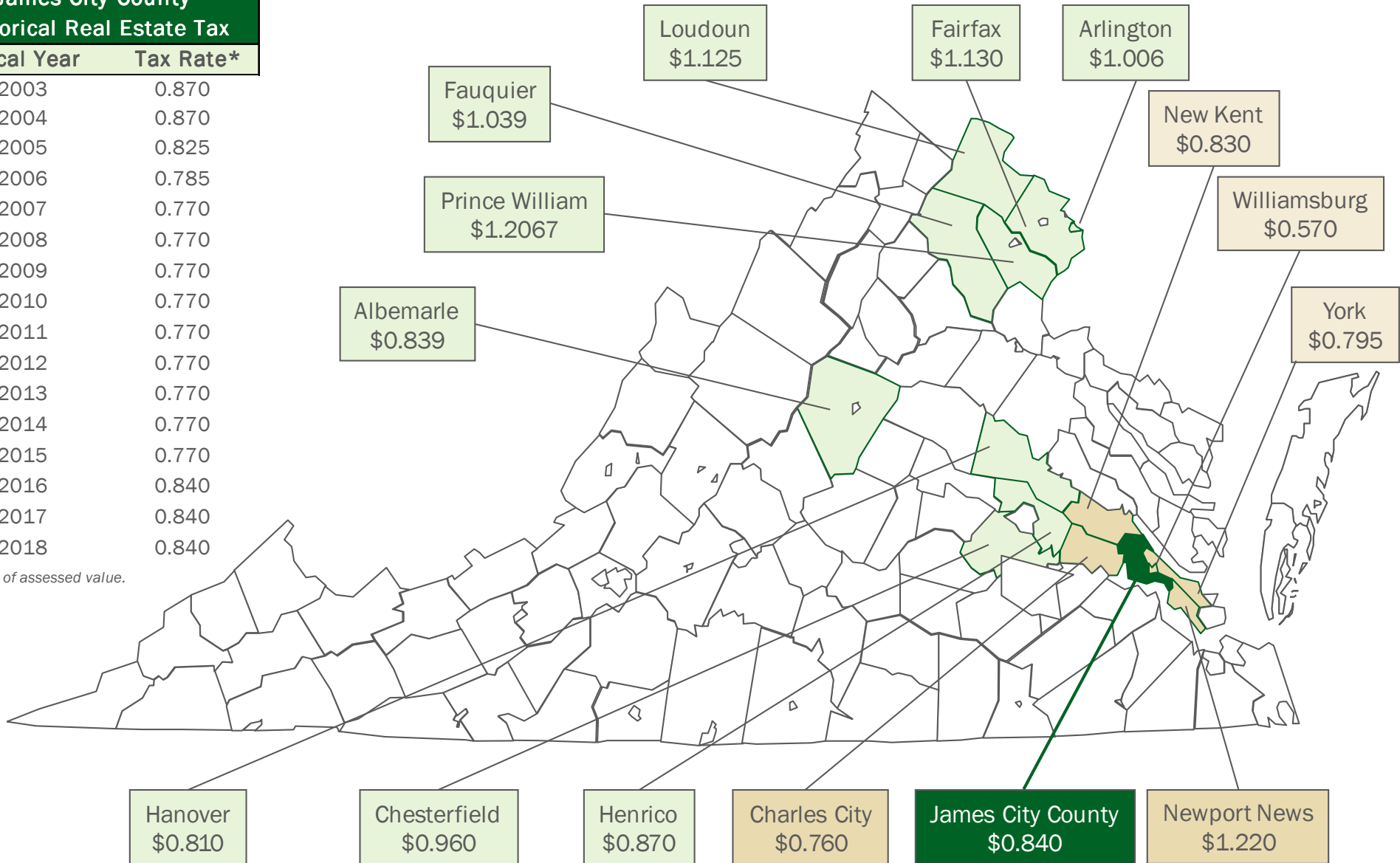
# Competitive Tax Rate



## James City County Historical Real Estate Tax

| Fiscal Year | Tax Rate* |
|-------------|-----------|
| 2003        | 0.870     |
| 2004        | 0.870     |
| 2005        | 0.825     |
| 2006        | 0.785     |
| 2007        | 0.770     |
| 2008        | 0.770     |
| 2009        | 0.770     |
| 2010        | 0.770     |
| 2011        | 0.770     |
| 2012        | 0.770     |
| 2013        | 0.770     |
| 2014        | 0.770     |
| 2015        | 0.770     |
| 2016        | 0.840     |
| 2017        | 0.840     |
| 2018        | 0.840     |

\*Per \$100 of assessed value.



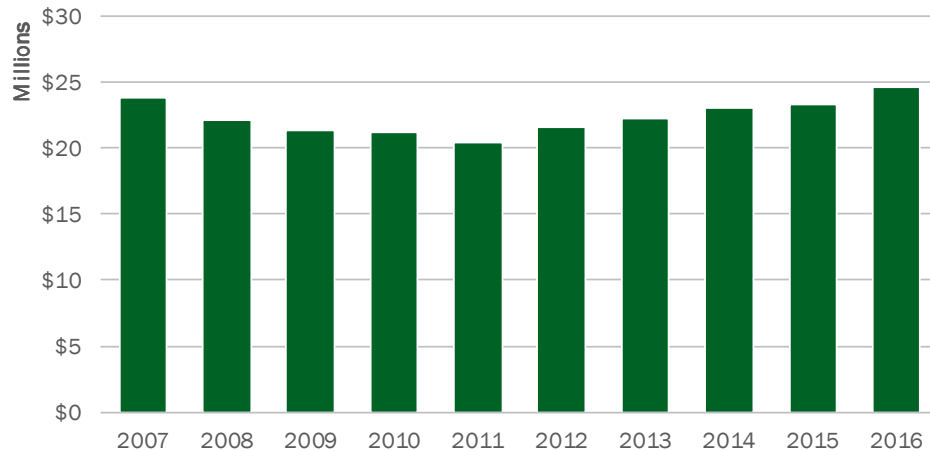
# 2<sup>nd</sup> Characteristic – Maintaining Strong Reserves

James City County, Virginia

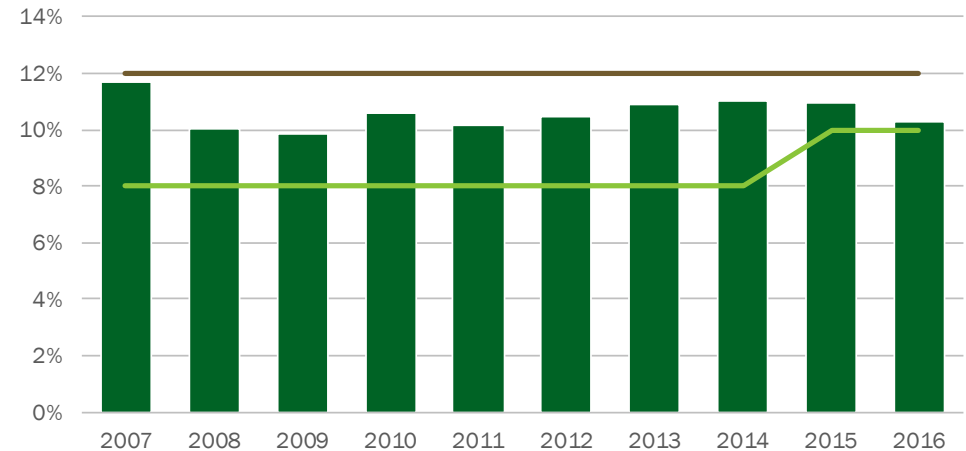
# Strong Reserves – Unassigned Fund Balance



Unassigned Fund Balance



Unassigned Fund Balance as a % of Revenues



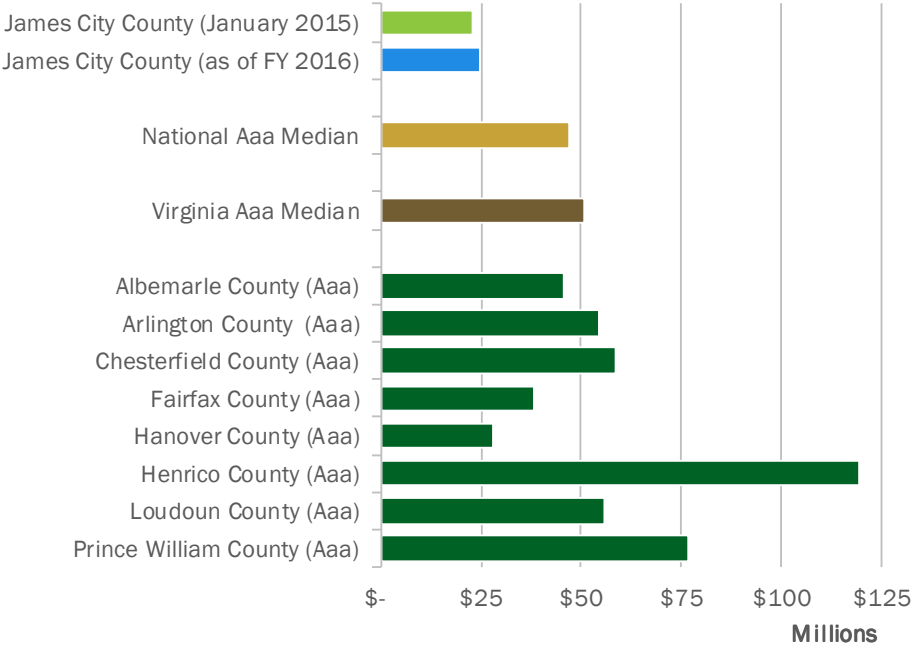
| Fiscal Year | General Fund Undesignated/ Unassigned Fund Balance | Total Operating Revenue | General Fund Unassigned Fund Balance |                |               |
|-------------|--|-------------------------|--------------------------------------|----------------|---------------|
|             |  |                         | as a % of Revenues                   | County Minimum | County Target |
| 2007        | \$23,904,427                                       | \$204,284,050           | 11.70%                               | 8.00%          | 12.00%        |
| 2008        | 22,099,383   | 219,920,086             | 10.05%                               | 8.00%          | 12.00%        |
| 2009        | 21,311,672   | 216,835,334             | 9.83%                                | 8.00%          | 12.00%        |
| 2010        | 21,187,263   | 200,014,429             | 10.59%                               | 8.00%          | 12.00%        |
| 2011        | 20,449,054   | 201,684,905             | 10.14%                               | 8.00%          | 12.00%        |
| 2012        | 21,674,594   | 206,996,888             | 10.47%                               | 8.00%          | 12.00%        |
| 2013        | 22,345,746   | 205,082,111             | 10.90%                               | 8.00%          | 12.00%        |
| 2014        | 23,099,410   | 209,633,075             | 11.02%                               | 8.00%          | 12.00%        |
| 2015        | 23,360,679   | 213,074,589             | 10.96%                               | 10.00%         | 12.00%        |
| 2016        | 24,681,548   | 239,451,445             | 10.31%                               | 10.00%         | 12.00%        |

The County's policy states that the fund balance designated for Fiscal Liquidity at the end of the Fiscal Year shall be equal to or greater than 10%, with a target of 12%, of the total operating budget (General Fund plus the County's share of the Component Unit – Schools).

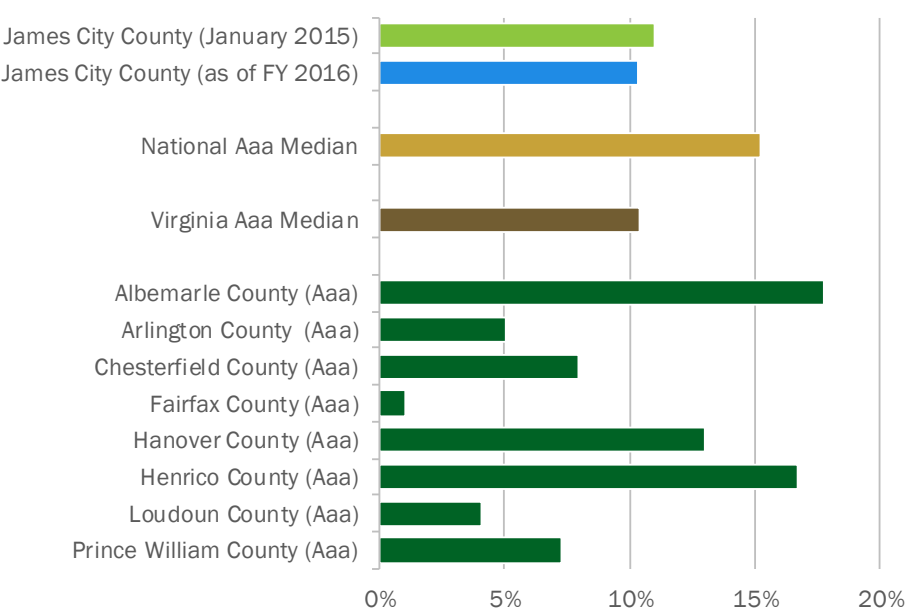
# Strong Reserves – Unassigned Fund Balance



Unassigned Fund Balance



Unassigned Fund Balance as a Percentage of Revenues



\*Note: Arlington County does not have an “Unassigned Fund Balance”. Ratio above uses “Committed Fund Balance for Operating Reserves”.  
Source: Moody’s Investor Service Municipal Finance Ratio Analysis.

# Why an Unassigned Fund Balance is Important

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- Why is maintaining a healthy unassigned/undesignated fund balance important?
  - Provides adequate month-to-month cash flow and eliminates the need for costly cash-flow borrowing.
  - Provides funds for emergency situations (i.e. natural disaster...Hurricane).
  - Provides funds for unforeseen expenditures or revenue shortfalls that occur during a fiscal year.
  - Allows for bond funded capital projects to begin prior to having borrowed funds on hand.
  - Provides comfort to potential lenders and the rating agencies as it relates to the County's financial strength / flexibility and thus allows the County to obtain competitive financing.

# 3<sup>rd</sup> Characteristic – Debt Management

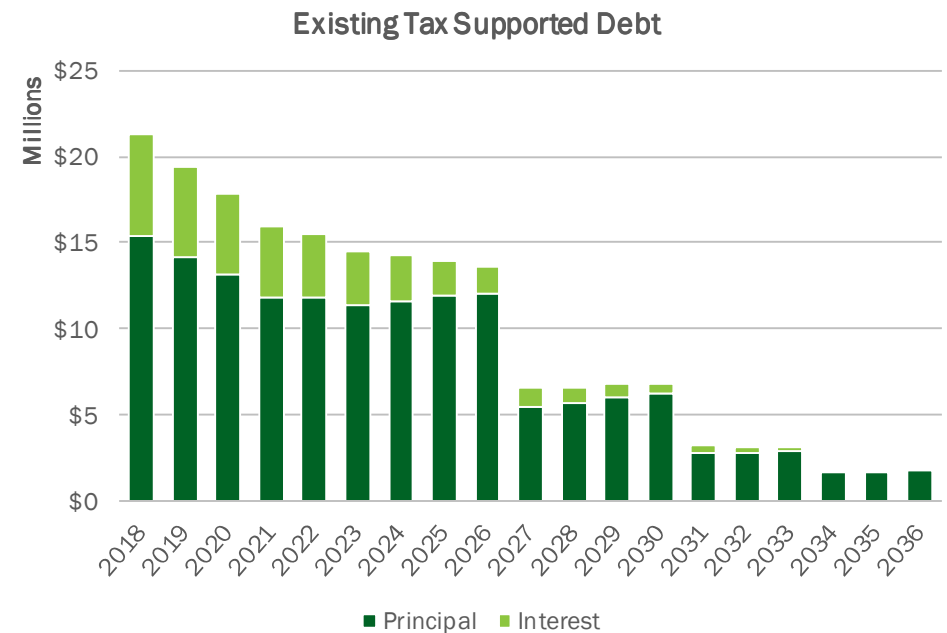
James City County, Virginia



# Existing Tax-Supported Debt Service



| Existing Tax Supported Debt |                      |                     |                      |              |
|-----------------------------|----------------------|---------------------|----------------------|--------------|
| FY                          | Principal            | Interest            | Total                | Payout Ratio |
| 2018                        | \$15,412,272         | \$5,888,138         | \$21,300,410         | 10.2%        |
| 2019                        | 14,112,497           | 5,294,360           | 19,406,857           | 19.6%        |
| 2020                        | 13,127,917           | 4,703,643           | 17,831,560           | 28.3%        |
| 2021                        | 11,773,538           | 4,201,306           | 15,974,844           | 36.1%        |
| 2022                        | 11,847,000           | 3,656,192           | 15,503,192           | 44.0%        |
| 2023                        | 11,425,000           | 3,113,310           | 14,538,310           | 51.6%        |
| 2024                        | 11,660,000           | 2,599,029           | 14,259,029           | 59.3%        |
| 2025                        | 11,890,000           | 2,071,179           | 13,961,179           | 67.2%        |
| 2026                        | 12,090,000           | 1,567,235           | 13,657,235           | 75.2%        |
| 2027                        | 5,535,000            | 1,066,522           | 6,601,522            | 78.9%        |
| 2028                        | 5,685,000            | 911,240             | 6,596,240            | 82.7%        |
| 2029                        | 6,080,000            | 784,953             | 6,864,953            | 86.7%        |
| 2030                        | 6,255,000            | 610,723             | 6,865,723            | 90.9%        |
| 2031                        | 2,805,000            | 420,163             | 3,225,163            | 92.7%        |
| 2032                        | 2,835,000            | 334,613             | 3,169,613            | 94.6%        |
| 2033                        | 2,930,000            | 246,413             | 3,176,413            | 96.6%        |
| 2034                        | 1,675,000            | 155,250             | 1,830,250            | 97.7%        |
| 2035                        | 1,725,000            | 105,000             | 1,830,000            | 98.8%        |
| 2036                        | 1,775,000            | 53,250              | 1,828,250            | 100.0%       |
| <b>Total</b>                | <b>\$150,638,224</b> | <b>\$37,782,517</b> | <b>\$188,420,741</b> |              |

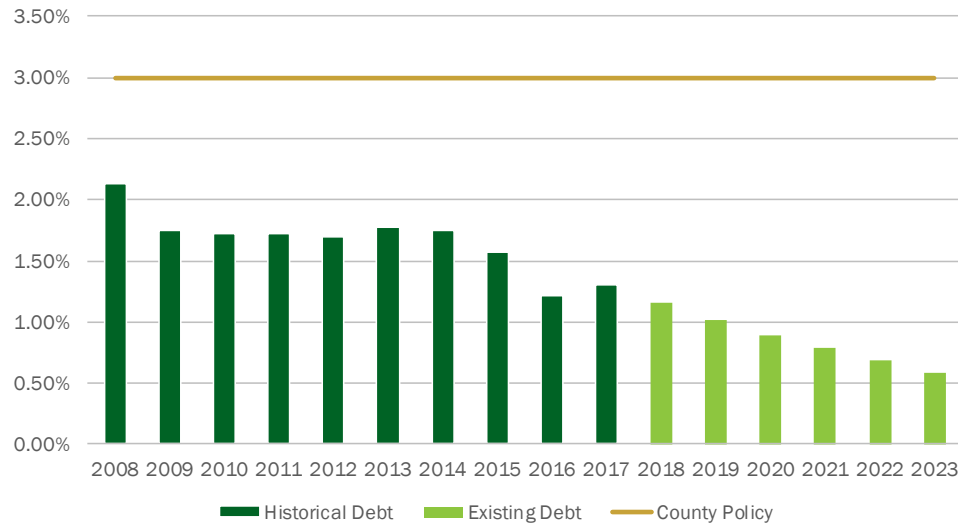


# Debt as a Percentage of Assessed Value

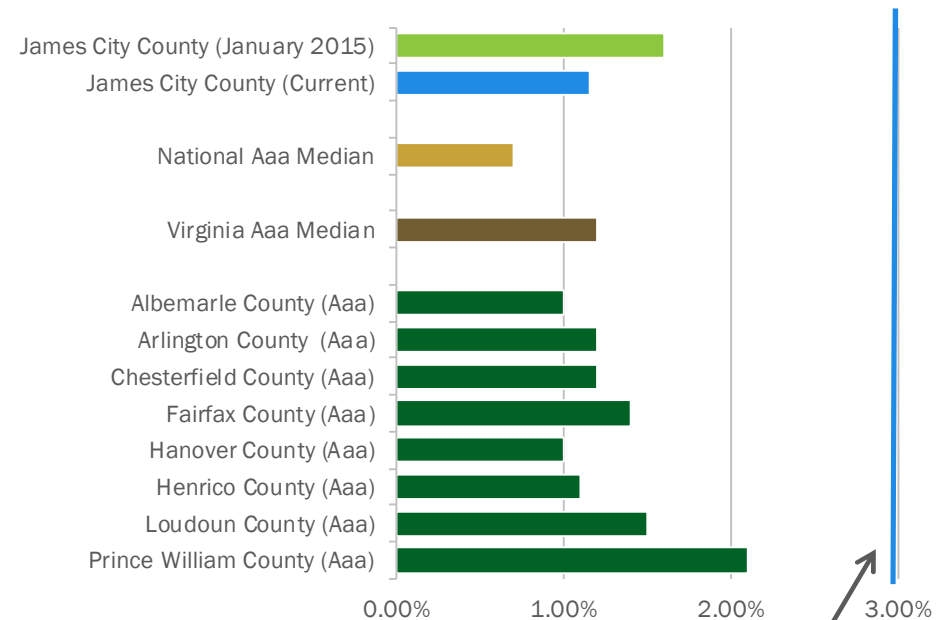


**County Policy:** Outstanding debt shall not exceed 3% of the assessed valuation of real and personal property.

Debt vs. Assessed Value



Debt as a Percentage of Assessed Value



Policy Not to Exceed 3%

Note: The Graphic above calculates the debt ratio including the assessed value of both real and personal property.

Source: Moody's Investor Service Municipal Finance Ratio Analysis.

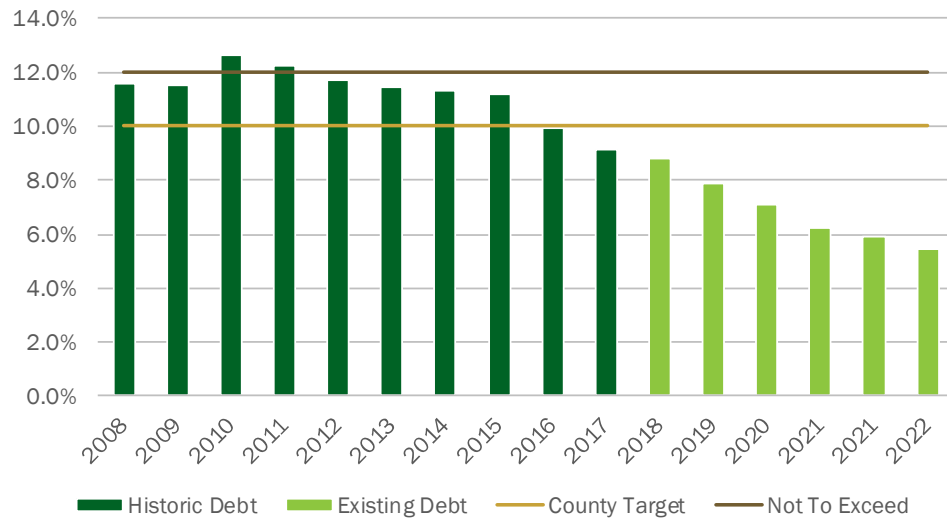
Note: Taxable assessed values are assumed to grow 2.0% annually beginning in Fiscal Year 2017.

# Debt Service as a Percentage of Revenues

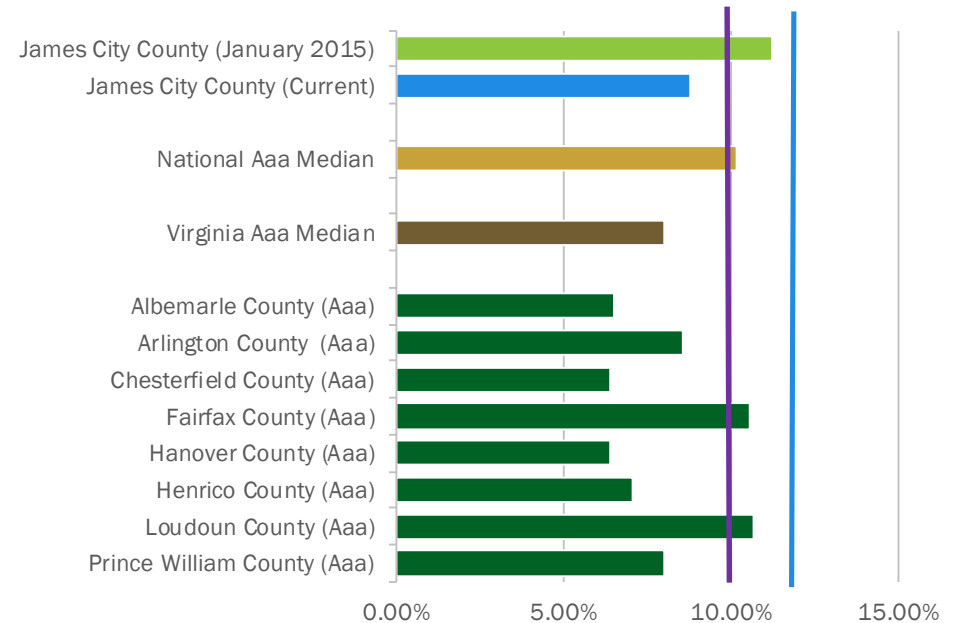


**County Policy:** Annual debt service requirements should target 10% or less and shall not exceed 12% of total operating revenues, including revenues allocated to James City County for Public Education.

Debt Service vs. Revenues



Debt Service as a Percentage of Expenditures



Policy Target of 10%

Policy Not to Exceed 12%

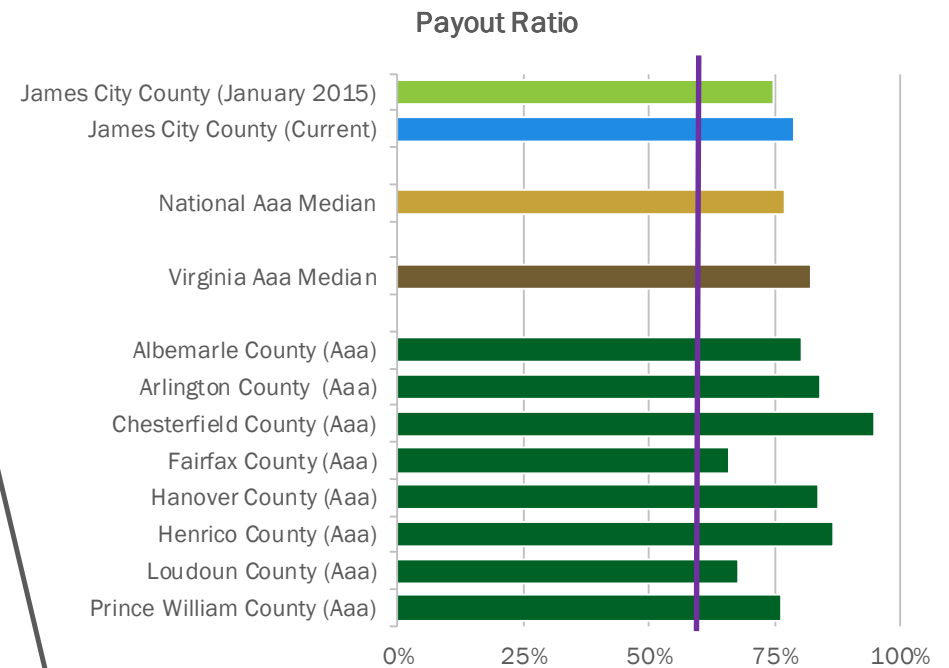
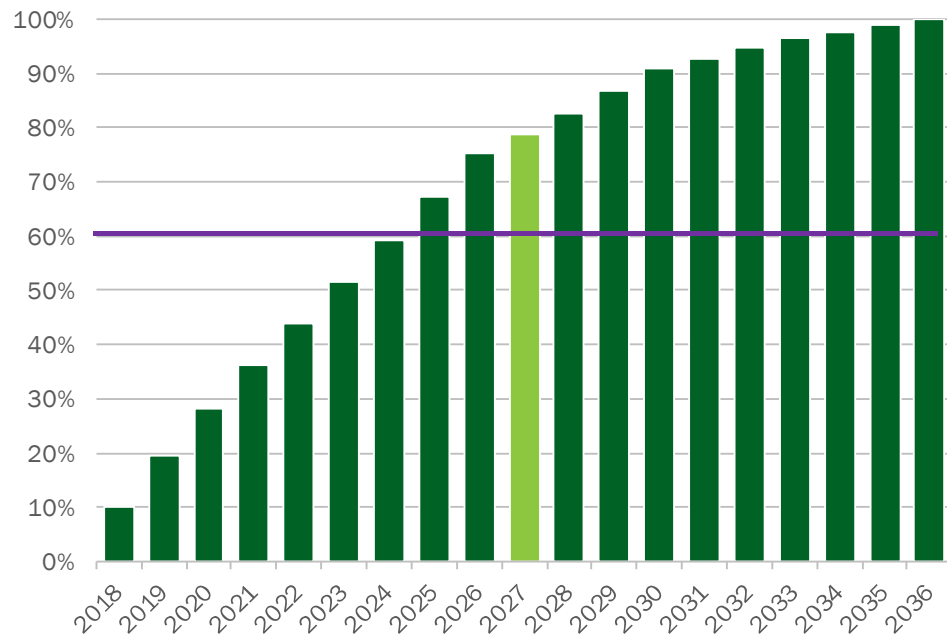
Source: Moody's Investor Service Municipal Finance Ratio Analysis.

Note: Revenues are assumed to grow 2.0% annually beginning in Fiscal Year 2017.

Moody's uses the ratio of Debt Service as a Percentage of Expenditures as opposed to revenues like the County's policy.

# Payout Ratio

**County Policy:** The 10-Year payout ratio for debt shall target a minimum of 60% of the total outstanding principal.



Policy Minimum of 60%

# 4<sup>th</sup> Characteristic – Multi-Year Operating & Capital Planning

James City County, Virginia

# Multi-Year Operating & Capital Planning

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1. Develop a multi-year operating and capital plan (typically 5 years).
2. Review operating expenditure assumptions and identify capital projects.
3. Review assumptions for various sources of revenues and identify preliminary capital funding sources.
4. While the multi-year capital plan should balance, it is acceptable for the multi-year operating projection to identify shortfalls or surpluses.

# 5<sup>th</sup> Characteristic – Formalizing & Reviewing Financial Policies

James City County, Virginia

# Formalizing & Reviewing Financial Policies



Fiscal Policy Guidelines are the basis for sound financial management. These formally adopted guidelines set the framework for budgets and debt management now and into the future.

Davenport believes the County's Proposed Financial Policies are consistent with a highly rated, credit worthy locality.

## ■ Fund Balance Policy:

- “The County shall maintain a General Fund Unassigned Fund Balance at the end of the fiscal year equal to or greater than 10%, with a target of 12% of the total operating budget (General Fund plus the County's share of the Component Unit – Schools).”
- “If the use of the General Fund's Unassigned Fund Balance causes the balance to fall below the minimum 10% level, the Board of Supervisors will adopt a plan and a timeline for replenishing the balance to its minimum 10% level.”

## ■ Pay-as-you-go Capital Project Policy:

- “A goal of five percent (5%) of the annual General Fund revenues shall be used for one-time capital projects.”



# Formalizing & Reviewing Financial Policies



## ■ Debt Service Policy:

- “Annual debt service requirements shall target 10% or less and shall not exceed 12% of total operating revenues, including revenues allocated to James City County for public education.”

## ■ Debt vs. Assessed Value Policy:

- “Outstanding debt shall not exceed 3% of the assessed valuation of real & personal property.”

Davenport recommended adding “personal property” to real property which has been incorporated into the latest version of the County’s Policies. Including personal property brings the County’s policy in line with the way the rating agencies evaluate this policy.

## ■ Payout Ratio Policy:

- “The ten-year payout ratio of debt shall target a minimum of 60% of the total outstanding principal.”

# Formalizing & Reviewing Financial Policies

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- Davenport recommended two additions to the County's policies which have been incorporated into the most recent version and are outlined below.
  
- Debt Policy Addition:
  - The County will not entertain swaps (i.e. interest rate exchange agreements) as a method of financing debt until such time as the Board of Supervisor adopts a specific policy on swap practices.
  
- Cash and Investment Policy Addition:
  - The Treasurer will provide the Board of Supervisors, at least quarterly, with a listing of all investments held by the County.

# Key Takeaways

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- James City County continues to be one of the premier highly rated counties in the United States. There are a little over 3,000 counties in the US. Roughly 50 have AAA ratings from all three of the major rating agencies including James City County.
- The County's population of approximately 75,000 is the smallest of all Virginia Triple AAA Counties and the only one under 100,000. This is not an insignificant fact. It underscores that James City County is well managed and on the right path for its finances. It also suggests the County has limited margin for error in order to keep the triple AAA.
- The County continues to get financially stronger. S&P increased the County from 'Adequate' to 'Strong' in the areas of Budgetary Performance and Debt and Contingent Liabilities.
- Fitch updated their methodology and the County continues to be rated AAA under the revised methodology.
- These AAA ratings allow the County to borrow at the lowest interest rates available when needed. They also send a signal to Economic Development prospects that the County is a well run and quality place to do business.

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Version 01/13/2014 GL/DJG/CR

## STATEMENT OF FISCAL GOALS

### General

1. To promote fiscal health of the County by encouraging a healthy diversified economy.
2. To establish minimally acceptable standards of quality for the County's various public services.
3. To take positive steps to improve productivity of County programs and employees.
4. To seek to eliminate duplicative functions within County government and semiautonomous agencies in the community.
5. At least every four years, to reassess services and service levels, utilizing service level standards of quality, seeking citizen advice and review in a zero-based budgeting process.

### Accounting

6. To use accounting procedures and principles established by the Virginia Auditor of Public Accounts and Generally Accepted Accounting Principles (GAAP) and to annually apply to the Government Finance Officer's Association for its Certificate of Excellence in Financial Reporting.
7. To provide full disclosure in annual financial statements and bond representations.

### Capital Improvements

8. To establish capital improvements as public investments, designed to effectively provide the highest net present value, both financially and in the determination of service needs.
9. To seek to maximize the expenditures that support capital investments in the provision of direct services to meet and maintain minimum standards of quality.
10. To annually inventory capital facilities, estimate actual value, and estimate remaining useful life and replacement cost.
11. To establish for capital project requests an annual capital budget based upon the Capital Improvements Plan with "life cycle" costs including operating and maintenance coordinated with the operating budget.
12. To consider recommendations from the Planning Commission for a multi-year Capital Improvements Plan for public facility and infrastructure needs to include roads, water, sewer, land and land improvements, and building and building improvements, considered based upon need and consistent with the Comprehensive Plan.
13. To avoid capital facility or infrastructure investments outside of the Comprehensive Plan's Primary Service Area for residential growth.

## STATEMENT OF FISCAL GOALS

14. To develop financing plans for the multiyear improvement program based upon a five-year forecast of revenues and expenditures with advice and counsel from the County's financial advisor on proposed capital financing needs.
15. A portion of the annual General Fund cash flow shall be used for one-time capital projects. The goal of designating annual cash for capital is 5.0% of General Fund Revenues.

### Debt

16. To evaluate alternatives to financing on a pay-as-you-go basis, to include debt financing (pay-as-you-use) for needed services.
17. Outstanding debt of the County, whether general obligation, lease revenue or subject to annual appropriation, shall not exceed 3% of the assessed valuation of real property. Annual debt service spending should target 10% or less and shall not exceed 12% of total operating revenues, including revenues allocated to James City County for public education. The ten-year payout ratio for all County debt shall target a minimum of 60% of total principal outstanding.
18. To use revenue or other self-supporting bonds instead of general obligation bonds.
19. To avoid long-term debt to finance current operations and short-term debt except for bond anticipation notes.
20. To avoid financing if the term of the indebtedness exceeds the expected useful life of the asset.

### Investments

21. To make a cash-flow analysis (disbursement, collection, and deposit) of all funds to ensure maximum cash availability. To produce monthly information concerning cash position and investment performance.
22. To pool cash as permitted by law, from several different funds for investment purposes.
23. To review arrangements with financial institutions on a continued basis for a specified period of time and with specified fees for each service.

### Operating Budgets

24. To annually forecast revenues and expenditures for the next five years. Projections will include estimated operating costs of future capital improvements that are included in the capital budget.
25. To utilize workload measurements and performance ratings for all funds.
26. To maintain a budgeting control system that helps the County adhere to the budget, with monthly status reports comparing actual revenues and expenditures to budgeted amounts.
27. To provide for adequate maintenance of capital plant and equipment and develop from the capital asset inventory records a capital asset replacement schedule.

## STATEMENT OF FISCAL GOALS

28. To establish a risk management program to safeguard public assets held in trust and to minimize the financial liability arising from accidental injury or death.
29. To remain current in payments to the Virginia Retirement System and to pursue legislative options that reduce or eliminate unfunded pension liabilities.
30. To review operating policies and procedures and facility master plans adopted by the Board of Supervisors in detail at least every three years with proposed revisions accompanied by a financial impact analysis.
31. To annually increase the proportion of expenditures providing direct services to total budgeted expenditures and to annually decrease the proportion of expenditures supporting administration or other non-direct service activities.
32. To finance recurring expenses from recurring revenue sources and to not develop a dependency, within the operating budget, on nonrecurring revenue sources.

### Reserves

33. To keep the fund balance designated for Fiscal Liquidity at the end of the fiscal year, equal to no less than 10%, with a target of 12%, of the total operating budget (General Fund plus the County's share of the Component Unit - Schools). Use of the Fiscal Liquidity may be necessary from time to time to meet unexpected revenue shortfalls, a declared fiscal emergency, a financial opportunity to enhance the well-being of James City County or other such global purpose to protect its long-term fiscal security. If the use of Fiscal Liquidity causes the balance to fall below the minimum 10% level, the Board of Supervisors will adopt a plan and a timeline for replenishing the Fiscal Liquidity reserve to its minimum 10% level.
34. To establish a contingency reserve fund of two percent of the General Fund operating budget to pay for needs caused by unforeseen events. The Board shall determine the amount of funds to be held in contingency. The contingency shall be held to help with the following three events: 1) Catastrophic reserves, to provide limited emergency funds in the event of natural or man-made disasters; 2) Operational reserves, to provide additional funds for limited unexpected needs; and, 3) Revenue reserves, to provide limited funds to smooth fluctuations in revenues caused by changes in economic conditions.
35. To maintain a ratio of cash on hand and short-term investments, divided by current liabilities, of at least 1:1.
36. To establish and, to the extent feasible, fund on an annual basis a capital equipment replacement fund.

### Revenues

37. To maintain a stable revenue system to shelter the County from short-run fluctuations in any one revenue source.



## STATEMENT OF FISCAL GOALS

38. To attempt to establish a diversified revenue system with the maximum local legislative authority to set and change rates and fees.
39. To utilize State and Federal funds in pursuit of County goals and objectives, whenever possible.
40. To the extent feasible, user fees which reflect the cost of service shall be utilized to support programs which may be characterized as special services to specific populations or users with the full costs, direct and indirect, of activities supported by user fees shall be recalculated at least every three years.
41. To pursue an aggressive policy of collecting property taxes with the level of uncollected property taxes not exceeding 5% and the rate of delinquency not rising more than one year in a row.
42. To the extent possible, the County shall attempt to decrease the dependency on real estate taxes to finance the County's operating budget.
43. To review and update all rates and fees at least every three years.
44. To maximize State and Federal entitlement revenues.

### Economic Development

45. To have County staff provide an annual accounting of the net revenue impact from County supported economic development activities. Staff will provide the Board with a recommendation for the application of these revenues. The goal of the recommendation will be to minimize the future burden on the tax rate by providing a revenue stream toward future major capital projects.

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The aforementioned goals represent long-term "strategies" on the part of the Board of Supervisors. The implementation of these goals will be at the discretion of the Board as it applies to individual budget years.

*Adopted by the Board of Supervisors of James City County, Virginia, this 14th day of November, 2000.*

*Amended by the Board of Supervisors of James City County, Virginia, this 11th day of July, 2006.*

*Amended by the Board of Supervisors of James City County, Virginia, this 26th day of May, 2015.*

The following Fiscal Policies link directly to James City County's Strategic Plan, Goal #7: *Fiscally Efficient Government*, as adopted by the Board of Supervisors. These policies provide a framework for the County's departments as well as the Constitutional Offices, including the Treasurer and Commissioner of Revenue, to preserve its AAA General Obligation bond rating, make sound financial decisions, and to ensure compliance with prevailing local, state and federal laws and regulations.

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#### Accounting and Financial Reporting

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- The County will establish and maintain an internal control structure and accounting practices to ensure compliance with Generally Accepted Accounting Principles (GAAP).
- An independent firm of certified public accountants will perform an annual financial and compliance audit according to generally accepted auditing standards in the United States of America; *Government Auditing Standards* issued by the Comptroller General of the United States; *Specifications for Audit of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia and the *Uniform Guidance*.
- The County will annually seek the GFOA's *Certificate of Achievement for Excellence in Financial Reporting*.

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#### Budget

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- The County Administrator will propose a balanced, two-year operating financial plan and a five-year Capital Improvement Program that are linked to the County's Strategic Plan and Comprehensive Plan. The Board of Supervisors shall adopt the first year of the financial plan and appropriate the budget for the upcoming fiscal year. It will include:
  - A diversified revenue system, inclusive of state and federal funds as well as user fees for services that support specific programs.
  - Financing recurring expenses from recurring revenue sources and not rely on non-recurring revenue to fund on-going, operating expenditures.
  - Recommendations from the Planning Commission on new and expanded projects for the five-year Capital Improvement Program.
  - A goal of five percent (5%) of the annual General Fund revenues shall be used for one-time, "pay-as-you-go" capital projects.
  - A forecast of revenues and expenditures for the next five years. Projections will include estimated operating costs of future capital improvements that are included in the Capital Improvement Program.
- The County will annually seek the GFOA's *Distinguished Budget Presentation Award*.
- The County shall maintain a budgeting control system to monitor actual-to-budget performance, and shall take immediate corrective action if revenue and expenditure estimates project a year-end operating deficit.

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#### Debt

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- In consultation with the County's financial advisor, financing for the County's five-year Capital Improvement Program shall:
  - Be based on a five-year forecast of revenues and expenditures,
  - Include an evaluation of pay-as-you-go projects and debt financing,
  - Avoid financing if the term of the indebtedness exceeds the expected useful life of the project,
  - When feasible, bundle capital projects to limit the number of borrowings as well as to reduce the costs of issuance by achieving greater economies of scale.
- The County shall maintain the following standards regarding debt:
  - The ten-year payout ratio of debt shall target a minimum of 60% of the total outstanding principal.
  - Outstanding debt shall not exceed 3% of the assessed valuation of real and personal property.
  - Annual debt service requirements should target 10% or less and shall not exceed 12% of total operating revenues, including revenues allocated to James City County for public education.
- County staff and the financial advisor shall monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt.

- The County will seek to maintain its AAA General Obligation Bond ratings with Standard and Poor's, Moody's Investor Service and Fitch.
- The County shall comply with its continuing disclosure of financial and pertinent credit information relevant to the County's outstanding debt issues.
- The County will not entertain swaps as a method of financing debt until such time as the Board of Supervisors adopt a specific policy on swap practices.

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#### Fund Balance (Reserves)

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- The County shall establish an Assigned Fund Balance in the General Fund (commonly referred to as "Capital Reserve") in an amount equal to or greater than the following fiscal year's budgeted "Prior Year General Fund" revenue line item in the Capital Projects Fund budget.
- The County shall establish an Assigned Fund Balance in the General Fund (commonly referred to as "Debt Service Reserve") in an amount equal to or greater than the following fiscal year's budgeted "Beginning Fund Balance" in the Debt Service Fund budget.
- The County shall establish an Assigned Fund Balance in each respective fund in an amount equal to the fiscal year's carryover encumbrances and projects.
- The County shall maintain a General Fund Unassigned Fund Balance (commonly referred to as "Fiscal Liquidity") at the end of the fiscal year:
  - Equal to or greater than 10%, with a target of 12% of the total operating budget (General Fund plus the County's share of the Component Unit - Schools).
- The use of the General Fund's Unassigned Fund Balance may be necessary from time to time to meet unexpected events including but not limited to: catastrophic (emergency funds in the event of natural or man-made disasters); financial opportunity (to enhance the well-being of James City County or other such global purpose to protect its long-term fiscal security); operational (provide additional funds for limited unexpected needs); and revenue shortfalls (to provide limited funds to smooth fluctuations caused by changes in economic conditions); etc.
  - If the use of the General Fund's Unassigned Fund Balance causes the balance to fall below the minimum 10% level, the Board of Supervisors will adopt a plan and a timeline for replenishing the balance to its minimum 10% level.

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#### Grants

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- The County shall seek to obtain grants that are consistent with the County's Strategic Plan and Comprehensive Plan.
- The County shall terminate grant-funded programs and associated positions as directed by the Board of Supervisors when grant funds are no longer available, unless alternate funding is identified.
- The County will review and update the Grants Administration Manual on an annual basis, and departments shall follow the procedures contained therein.

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#### Cash and Investments

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- The County shall follow the Cash and Investment Policies established by the Treasurer, a Constitutional Officer of the Commonwealth of Virginia. Such policies shall be reviewed and updated annually, and be in accordance with all applicable laws and regulations.
- The Treasurer will provide the Board of Supervisors, at least quarterly, with a listing of all investments held by the County.

\*\*\*\*\*  
*Adopted by the Board of Supervisors of James City County, Virginia, this 8th day of August 2017.*

**ITEM SUMMARY**

DATE: 7/25/2017

TO: The Board of Supervisors

FROM: Amy B. Jordan, Director of Economic Development

SUBJECT: Joint Work Session with Economic Development Authority

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**ATTACHMENTS:**

|   | Description  | Type         |
|---|--|--------------|
| ▣ | Presentation                                       | Presentation |
| ▣ | EDA Background Information                         | Exhibit      |
| ▣ | Economic Development Goals from Comprehensive Plan | Exhibit      |

**REVIEWERS:**

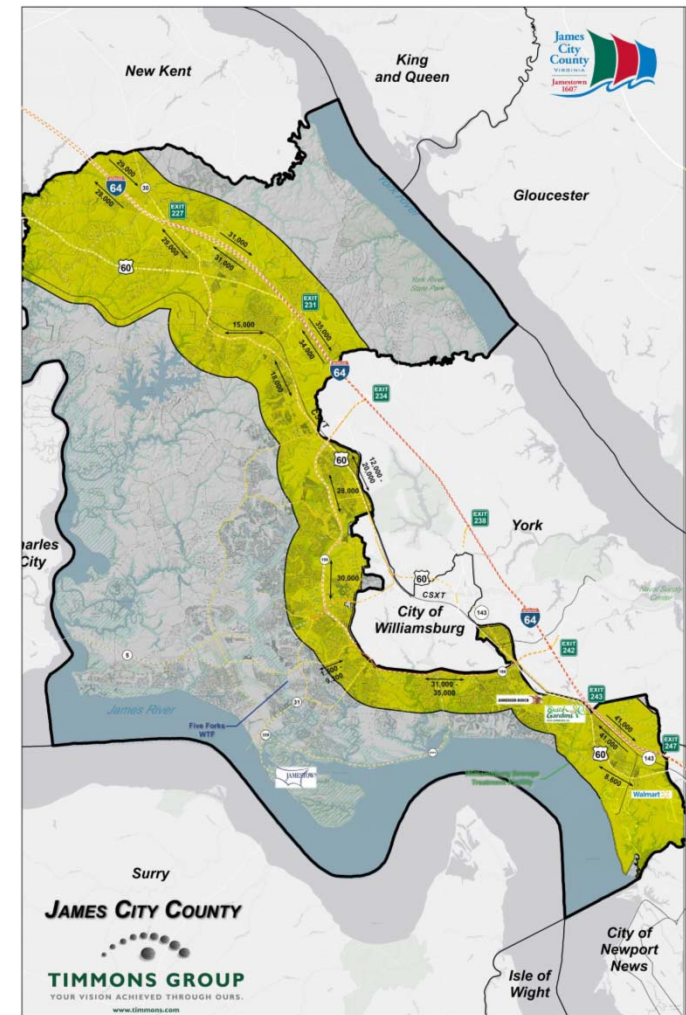
| Department           | Reviewer        | Action   | Date                |
|----------------------|-----------------|----------|---------------------|
| Economic Development | Fellows, Teresa | Approved | 7/18/2017 - 4:32 PM |





# James City County

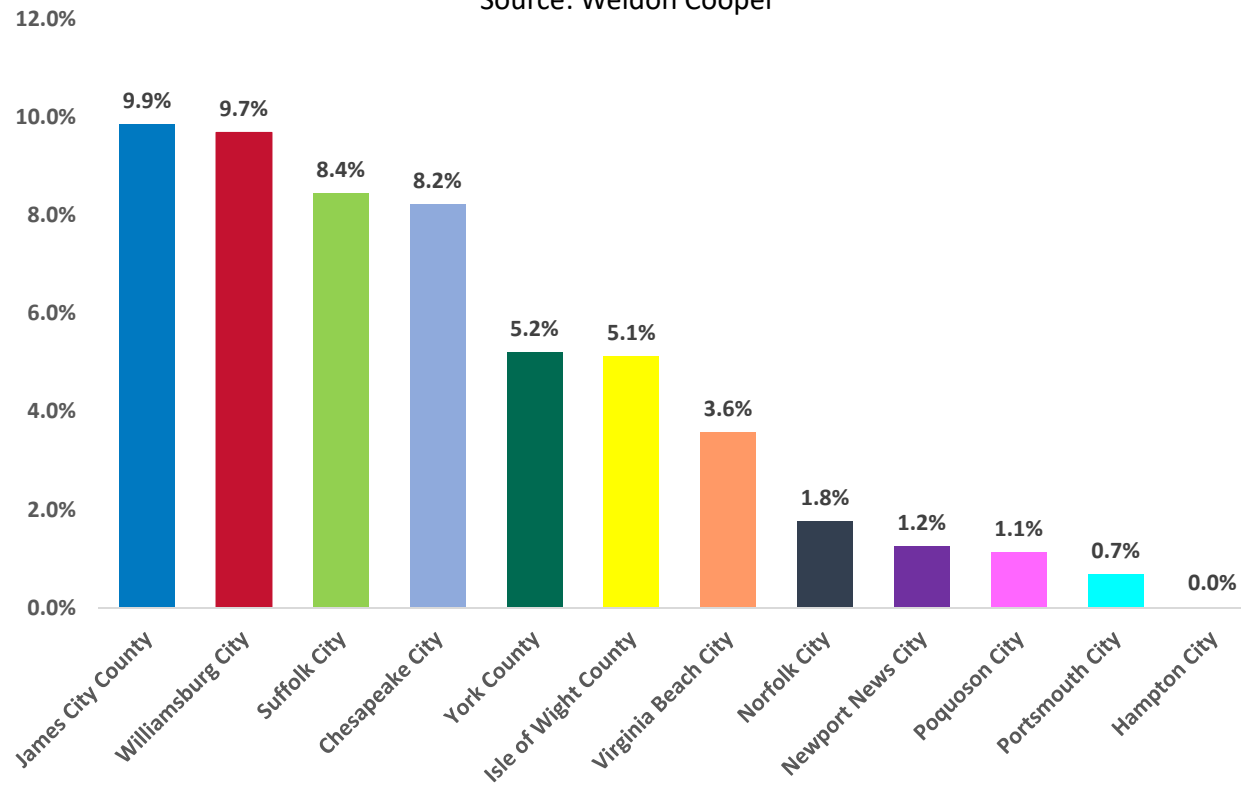
- \$75K MHI
- 93.8% High School Graduate or higher
- 47% Bachelor's Degree or higher
- 2010 Population 67,009
- 2016 Population est. 73,615
- Nearly a **10% increase** in 6 years
- JCC Accounts for 11% growth in MSA



# James City County

## Percentage of Population Growth 2010 – 2016 estimate

Source: Weldon Cooper

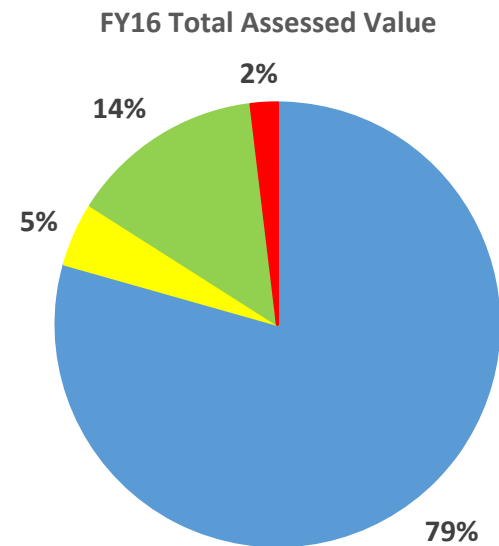
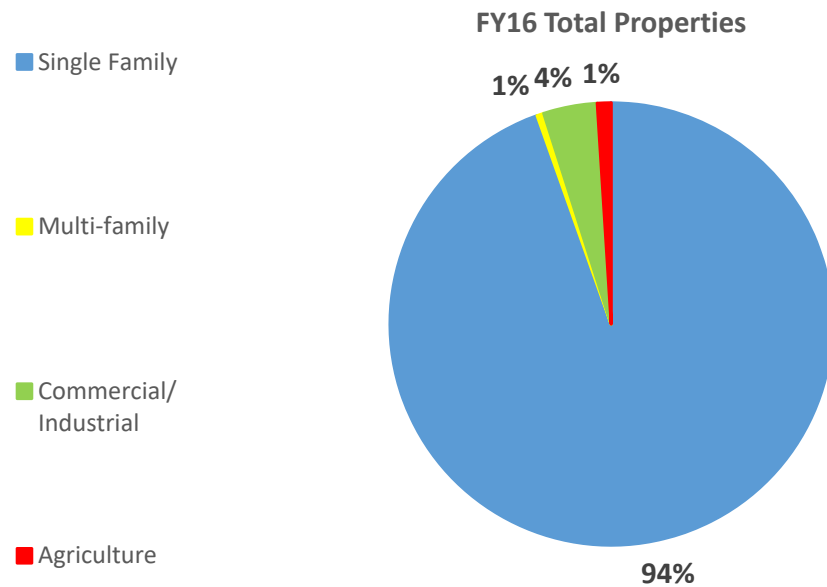


# Total Commercial Property

|  | Per Million Square Feet |
|--|-------------------------|
| Heavy Industrial                               | 7.4 sq ft               |
| Light Industrial                               | 2.2 sq ft               |
| <b>Total Industrial</b>                        | <b>9.6 sq ft</b>        |
| Local Commercial                               | 3.9 sq ft               |
| Mixed Use Commercial                           | 1.2 sq ft               |
| Neighborhood Commercial                        | 0.3 sq ft               |
| Regional Commercial                            | 3.4 sq ft               |
| <b>Total Commercial</b>                        | <b>8.7 sq ft</b>        |
| <b>Total Industrial &amp; Total Commercial</b> | <b>18.4 sq ft</b>       |



# Commercial & Industrial vs. Total



# Economic Development Defined

It is the process that influences the growth and restructuring of the local economy by stabilizing and expanding the tax base in order to improve the quality of life and well-being of a community.



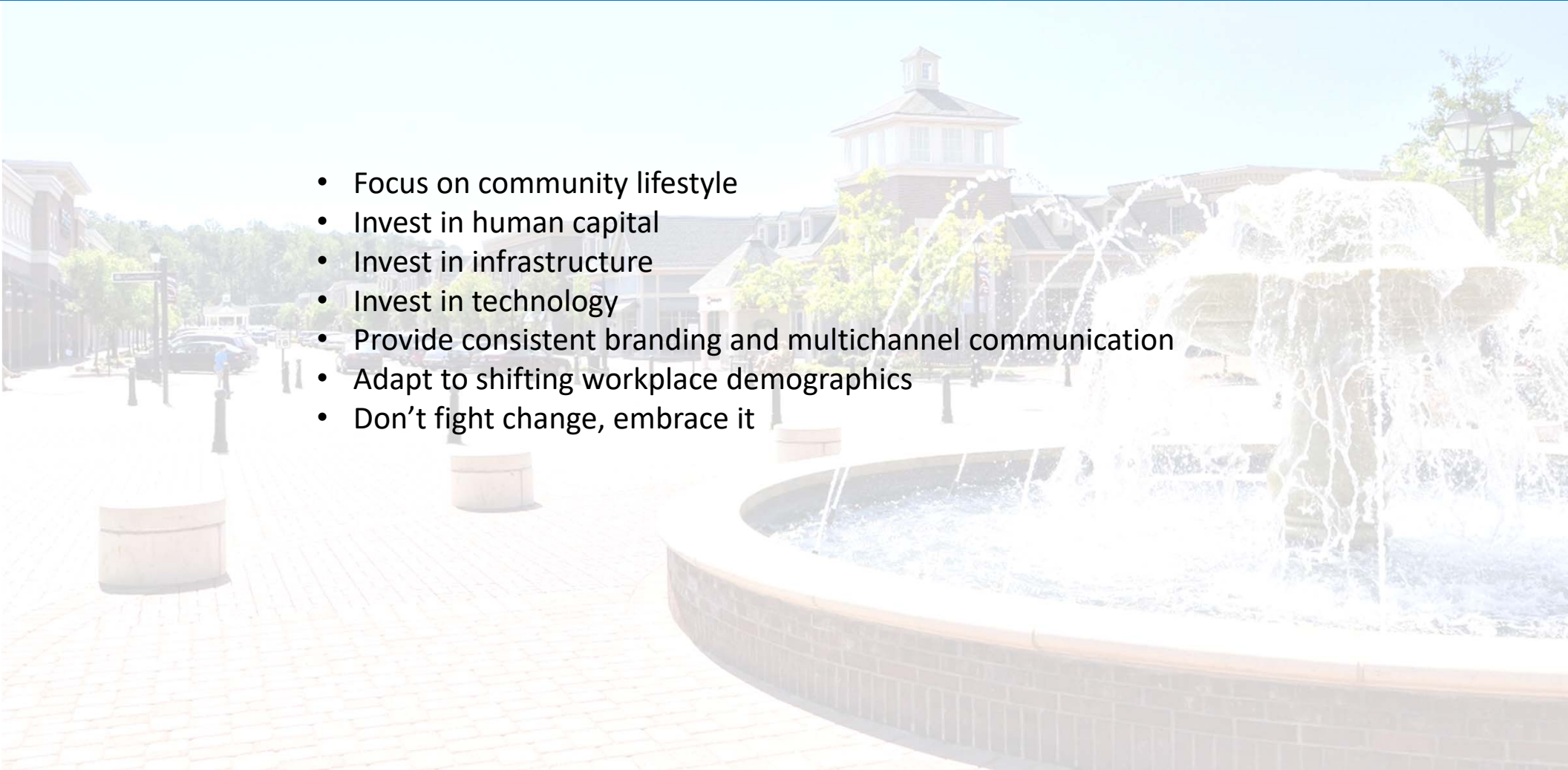
# Our Opportunities

- Growth in the Port of Virginia (FTZ#20)
- Expansion of European and Asian companies
- Veterans/skilled workforce
- Improvements in transportation
- Advancements in technology
- Changes in job migration (mobility)
- Product Intangibles – design, brand, status
- Entrepreneurship



# Ways to Stay Competitive

- Focus on community lifestyle
- Invest in human capital
- Invest in infrastructure
- Invest in technology
- Provide consistent branding and multichannel communication
- Adapt to shifting workplace demographics
- Don't fight change, embrace it



# Office of Economic Development

Reports directly to County Administration

Amy Jordan, Director

- Kate Sipes, Assistant Director
- Teresa Fellows, Administrative Coordinator

Interdepartmental support

- Chris Johnson, Ombudsman
- Laura Messer, Tourism Coordinator



# Office of Economic Development

- Responsible for business recruitment, retention, and expansion
- Administers, develops, and maintains grants and incentives
- Develops resources, marketing materials, and databases of available sites
- Helps to define the brand image and market JCC to brokers, investors, and businesses
- Works with our community partners to support workforce development initiatives
- Identifies opportunities for strategic investment that promotes JCC's assets and enhances the quality of life of its citizens
- Implements the development plans and policies set forth in the Comprehensive Plan and Strategic Plan





# Comprehensive Plan: Toward 2035

## **Economic Development Goal:**

“Build a diverse, balanced local economy that supports the basic needs of all segments of the community and contributes positively to the quality of life.”



# Strategic Plan 2035

- Sustainable Long Term Water Supply
- Modern Infrastructure, Facilities, and Technology Systems
- **Expanding and Diversifying the Local Economy**
- Protected Community Character and an Enhanced Built Environment
- Exceptional Public Services
- High Quality Education
- Fiscally Efficient Government





# JCC EDA Directors

- **Tom Tingle**, Chair: Architecture, Design & Construction
- **Robin Carson**, Vice Chair: Tourism & Hospitality
- **Marshall Warner**: Financial Services
- **Paul Gerhardt**: Real Estate, Commercial & Land Use Law
- **Tim Harris**: Imports, Co-packing & Distribution
- **Chris Odle**: Commercial Development
- **Rick Shippey**: Manufacturing

# Accomplishments FY17

- **Billsburg Brewery** lease & construction
- **Google Grants:** 32 awardees, approximately \$9,800
- **Chef's Go 1.0:** new customized workforce training program for local restaurants and aspiring chefs
- **LPGA:** 146 Skybox guests, 60 Grounds guests, estimated \$6M local economic impact
- **Business Appreciation Event:** 130 JCC guests, regional event
- **Celebration of Business:** 115 guests, Captain John Smith Award given to the founders of WEG (now Stantec) in 2016
- **GWP** – established as a 501(c)(6), 11 prospects pursued, 88 attended kick-off Partnership day
- **Launchpad** - 20 participating businesses; 62 events serving 1,411 attendees
- **12 ribbon cutting** events, **20 newflash** press releases, **new monthly digital newsletter**



# Economic Partnerships



# Goals for FY18

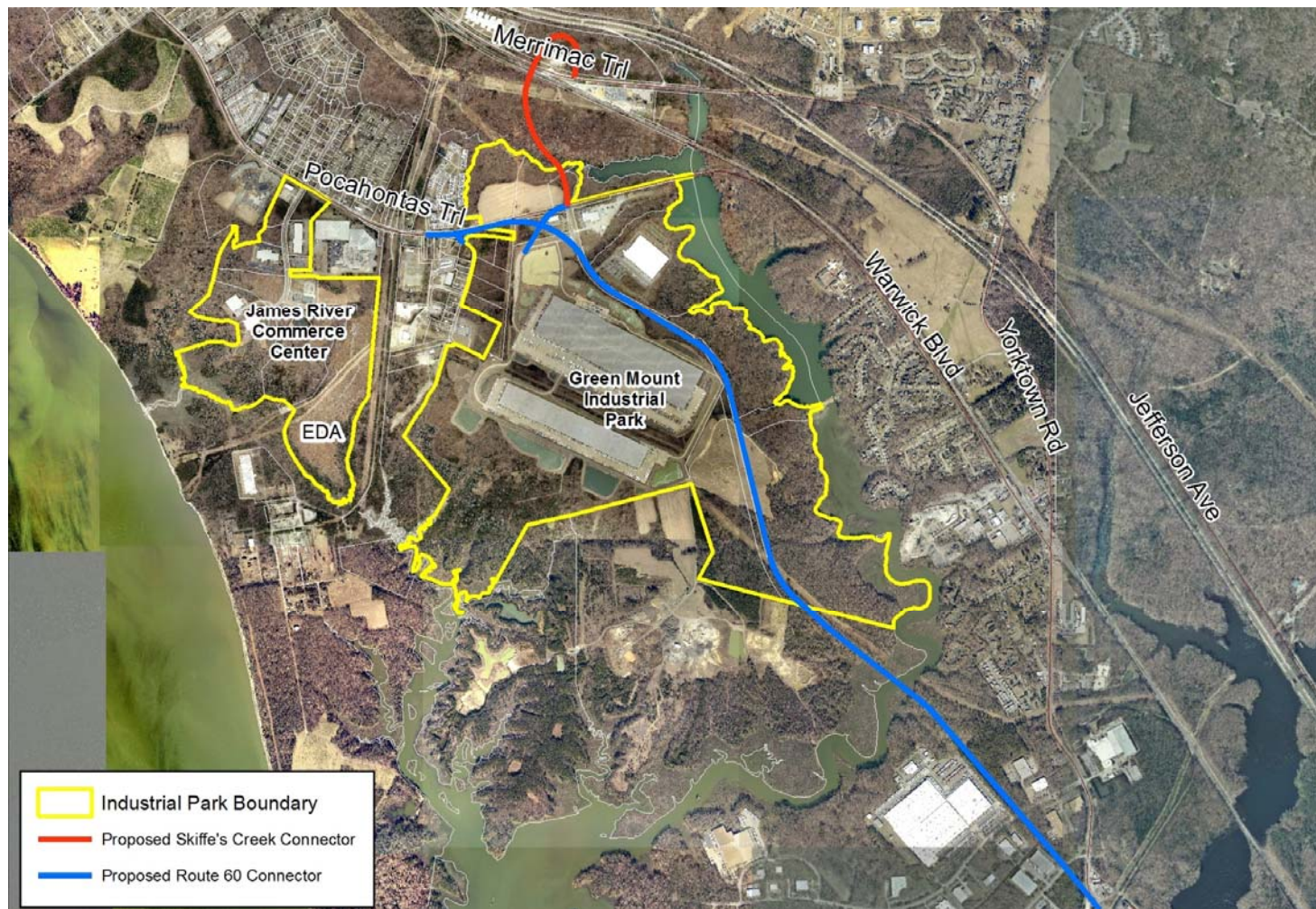
- ❖ **Develop marketing strategies & revise incentives to support target sectors**
  - GWP identified target markets: advanced manufacturing; food & beverage; professional & technical services; tourism; defense
  - Launchpad: entrepreneurship and small business expansion
- ❖ **Identify and focus upon Strategic Investment Areas to focus limited resources**
  - James River Commerce Center / Skiffe's Creek
  - Marina & Jamestown Beach
- ❖ **Improve the regulatory framework to support the types of commercial development most desired**
  - Partner with JCC Ombudsman and other county staff to identify process and regulatory improvements
  - Work with Planning staff to ensure plans support appropriate development opportunities

# James River Commerce Park





# Skiffe's Creek Connector





# Jamestown Marina & Beach





# Jamestown Marina





# Waterfront Development Opportunities





# Waterfront Development Opportunities





James  
City  
County  
VIRGINIA  
Jamestown  
1607



office of  
**ECONOMIC DEVELOPMENT**

**#lovejccva**



## BOS/EDA Joint Work Session Background Information

The EDA is a political subdivision created and appointed by the Board of Supervisors.

- Seven members
- Four year (staggered) terms

### Actions by JCC BOS

|                   |   |
|-------------------|---|
| September 8, 1969 | Ordinance establishing the creation of an IDA           |
| July 24, 1979     | First official meeting of the IDA                       |
| July 13, 2004     | Name change from IDA to EDA by resolution               |
| June 27, 2006     | Ordinance amendment to officially amend the name change |

### James City County Ordinance 55

*The Industrial Development Authority “may acquire, own, lease, and dispose of properties to the end that such authorities may be able to promote industry and...which powers shall in all respects be exercised for the benefit of the inhabitants of the Commonwealth, for the increase of their commerce and for the promotion of their safety, health, welfare, convenience, and prosperity...”*

### Code of Virginia §15.2 – 4905 Powers of the Authority (abbreviated)

1. To sue and be sued
2. To adopt and use a corporate seal
3. To enter into contracts
4. To acquire, whether by purchase, exchange, gift, lease or otherwise, and to improve maintain, equip and furnish one or more authority facilities including all real or personal properties which the board of directors of the authority may deem necessary
5. To lease to others any or all of its facilities
6. To sell, exchange, donate, and convey any or all of its facilities or properties
7. To issue its bonds for the purpose of carrying out any of its powers
8. To mortgage and pledge any or all of its facilities as security for the payment of the principal of and interest on any bonds or loans made by the authority
9. To employ and pay compensation to such employees and agents, including attorneys, and real estate brokers whether engaged by the authority or otherwise
10. To exercise all powers expressly given the authority by the governing body of the locality
11. To appoint an industrial advisory committee or similar committee or committees to advise the authority
12. To borrow money and to accept contributions, grants and other financial assistance from the United States, its agencies or the Commonwealth and its agencies
13. To make loans or grants to any person, partnership, association, corporation, business or governmental entity in furtherance of the purposes of this chapter including for the purposes of promoting economic development and to forgive loans or other obligations if it is deemed to further economic development.



## ■ GOALS, STRATEGIES AND ACTIONS

### GOALS

**Economic Development (ED)** – Build a diverse, balanced local economy that supports basic needs of all segments of the community and contributes positively to the quality of life.

### STRATEGIES AND ACTIONS

**ED 1** – Encourage a balanced mixture of commercial, industrial, and residential land uses that support the County’s overall quality of life, fiscal health and environmental quality.

- **ED 1.1** – Maintain an active and effective economic development strategy, which includes existing business retention and expansion, assistance to new business, new business recruitment and support to the tourism industry.

**ED 1.1.1** – Build on the New Town area and similar locations within the County as lifestyle commercial and residential hubs.

- **ED 1.2** – Encourage the creation of new and retention of existing small businesses, home-based businesses and entrepreneurial efforts including women-owned and minority-owned businesses by:

**ED 1.2.1** – Creating new and supporting programs to assist small businesses, home-based businesses and entrepreneurial efforts.

**ED 1.2.2** – Reviewing the Zoning Ordinance to ensure it allows appropriate home occupations and other small businesses consistent with neighborhood and community character.

**ED 1.2.3** – Developing strategies that strive to retain those companies who successfully graduate from the Triangle Business Innovation Center (TBIC).

- **ED 1.3** – Continue to emphasize the benefits of locating new business and industry within the County’s Enterprise Zone.

**ED 1.3.1** – Continue to provide incentives to business that locate within the Enterprise Zone.

**ED 1.3.2** – Continue to ensure that the land area available to James City County for inclusion in the Enterprise Zone as allowed by the Code of Virginia is maximized.

- **ED 1.4** – Encourage private/public partnerships or similar initiatives to ensure the development and attraction of quality and innovative business ventures.
- **ED 1.5** – Identify regulatory barriers in County regulations (such as special use permits), policies and procedures that may unnecessarily inhibit commercial and industrial development and amend the Zoning Ordinance to address these issues.
- **ED 1.6** – Update and support the recommendations of the Business Climate Task Force Report as determined by the Board of Supervisors.
- **ED 1.7** – Continue to pursue and develop additional incentives for both new and existing business development.
- **ED 1.8** – Update the Economic Diversification Task Force Report and support the implementation of identified initiatives.
- **ED 1.9** – Consider an update or progress report to the 2008 Business Climate Task Force Report.

**ED 2** – Continue to diversify James City County’s economy.

- **ED 2.1** – Support the development of diverse types of retail and non-retail core business.
- **ED 2.2** – Consider establishing and expanding incentive zone(s) and other programs as allowed by the Code of Virginia.
- **ED 2.3** – Promote tourism and associated industries as a year-round industry.
- **ED 2.4** – Analyze the opportunities for development and expansion of healthcare business, medical research sector jobs and related services.
- **ED 2.5** – Attract “clean and green” development and redevelopment projects that also offer enhanced job opportunities.
- **ED 2.6** – Analyze opportunities for expansion of new employment sectors, such as those in clean industries and technology focused industries.

**ED 3** – Foster the development, training/retraining, diversification and retention of the James City County workforce.

- **ED 3.1** – Support public and private entities, like the Peninsula Council for Workforce Development.
- **ED 3.2** – Support the provision of mixed cost and affordable/workforce housing near employment centers and transportation hubs.
- **ED 3.3** – Working with Williamsburg-James City County Schools (WJCC), New Horizons Regional Education Center and local colleges and universities, facilitate technical and professional opportunities for high school and college students through internship, training and mentorship programs.
- **ED 3.4** – Promote the retention and creation of full-time job opportunities with wages and benefits sufficient to make housing attainable.
- **ED 3.5** – Leverage the resources of local colleges and universities to companies seeking technical and research assistance and job training.
- **ED 3.6** – Promote job opportunities for retirees still wanting or needing to work.
- **ED 3.7** – Support businesses, programs and developments that attract young professionals and retain the community's graduates.

**ED 4** – Maintain partnerships with the College of William and Mary and Thomas Nelson Community College.

- **ED 4.1** – Work with the College of William and Mary Office of Economic Development and the Thomas Nelson Workforce Development Center in support of business attraction and expansion.
- **ED 4.2** – Support collaborations with the College of William and Mary, associated partnerships and/or other institutions to attract and mentor companies.
- **ED 4.3** – Partner with the College of William and Mary to attract and expand technology companies in designated research and technology zones, particularly in the areas of sensor, robotics, modeling and simulation and bioscience.
- **ED 4.4** – Support collaborations with the College of William and Mary Office of Economic Development and Thomas Nelson Community College to enhance training opportunities that meet the needs of our existing business community and target industry segments.

**ED 5** – Encourage infill development, the redevelopment of existing parcels, and the adaptive reuse of existing buildings to efficiently use infrastructure and natural resources.

- **ED 5.1** – Encourage the rehabilitation of abandoned and/or underutilized facilities by promoting them to new business.
- **ED 5.2** – Identify regulatory barriers in County regulations (such as special use permits), policies and procedures that may unnecessarily inhibit redevelopment and adaptive reuse and amend the Zoning Ordinance to address these issues.
- **ED 5.3** – Encourage new development and redevelopment of non-residential uses to occur mainly in areas where public utilities are either available or accessible within the Primary Service Area (PSA) and infrastructure is supportive.
- **ED 5.4** – Facilitate the development of sub-area master plans for strategic areas such as the Croaker Interchange and the Lightfoot Corridor.
- **ED 5.5** – Provide meaningful incentives supporting sustainable design and for achieving LEED (Leadership in Energy and Environmental Design) or other similar sustainable design standards for the construction and/or retrofitting of non-residential buildings.
- **ED 5.6** – Develop strategies to encourage the redevelopment of commercial areas throughout the County.
- **ED 5.7** – Promote resource conservation techniques among new and existing business.
  - ED 5.7.1** – Emphasize the attraction, retention and expansion of businesses that are less water dependent.
  - ED 5.7.2** – For those businesses with higher water use, encourage and facilitate the use of grey or reclaimed water usage to meet water needs.
- **ED 5.8** – Provide adequate water and sewer services to designated industrial and commercial areas consistent with applicable policies and regulations.
- **ED 5.9** – Promote desirable economic growth through the provision of water and sewer infrastructure consistent with the Comprehensive Plan policies and the regulations governing utility service in partnership with the James City Service Authority (JCSA), Newport News Water Works and HRSD.

**ED 6** – Support the tourism industry for the Historic Triangle and promote James City County as a destination of choice in the region.

- **ED 6.1** – Foster tourism development in James City County and the Historic Triangle by continuing to partner with the Greater Williamsburg Chamber and Tourism Alliance.
- **ED 6.2** – Identify and protect historic sites that are important to the heritage of James City County, allowing them to be preserved for future generations.
- **ED 6.3** – Support ecotourism and agritourism initiatives, identifying and designating lands and reducing barriers in support of this purpose.
- **ED 6.4** – Support the development of sporting events and potential facilities that promote the County as a sports tourism destination and other special events in James City County.
- **ED 6.5** – Support tourism initiatives that promote the Historic Triangle as an arts destination, including cultural and culinary activities.

**ED 7** – Protect the County’s existing physical transportation infrastructure. Plan and promote the development and coordination of transportation systems with the location of non-residential uses in a manner that maximizes the County’s economic potential consistent with the policies of the Comprehensive Plan.

- **ED 7.1** – Participate in the development of master plans for the County’s I-64 interchanges, specifically the Croaker Road and Barhamsville Road interchange areas, to preserve capacity for economic development for these areas.
- **ED 7.2** – Collaborate with the Virginia Department of Transportation (VDOT) and adjacent localities to improve access to interstate and major arterials such as relocating Route 60 East.
- **ED 7.3** – Assess and collaborate on opportunities and advocate for public transit (e.g. commuter rail, light rail or bus rapid transit service) to economic and business centers.
- **ED 7.4** – Improve the utilization of rail/interstate highway nodes and access to deep water ports to facilitate commercial freight access to and from local industries and for tourism access.

- **ED 7.5** – Support continued local access to general aviation facilities.
- **ED 7.6** – Work with regional airport facilities to promote additional direct commercial flights to serve the destinations preferred by James City County businesses.

**ED 8** – Acknowledge the changing nature of the County’s rural economy and promote viable traditional and emerging rural economic development initiatives as appropriate.

- **ED 8.1** – Support traditional agricultural and forestal uses through ordinances and policies favorable to such uses.
- **ED 8.2** – Coordinate with the State and private entities to market agri-business and agritourism as viable economic activities in James City County.
- **ED 8.3** – Identify opportunities for non-traditional agricultural and forestal uses, agritourism and ecotourism, such as those identified in the REDC report, and evaluate obstacles to and incentives for their private sector formation and/or expansion within the County.
- **ED 8.4** – Support marketing and procurement programs for local agricultural products, including farmer’s markets and agritourism and the pursuit of industries that utilize local agricultural products.
- **ED 8.5** – Identify and pursue grants and programs that support the expansion of rural economic development initiatives, including ecotourism, agritourism, historical site preservation and interpretation, aquaculture and specialty products and services, as appropriate.
- **ED 8.6** – Offer informational programs to landowners about various rural economic development opportunities that may be of interest to them as business or hobby pursuits or as alternatives to sale of lands for subdivision development.
- **ED 8.7** – Encourage local institutional and educational entities, including public schools, Colonial Williamsburg and Eastern State Hospital, to expand programs for the purchase and use of locally-grown food products.

**ITEM SUMMARY**

DATE: 7/25/2017

TO: The Board of Supervisors

FROM: Teresa J. Fellows, Administrative Coordinator

SUBJECT: Adjourn until 5 p.m. on August 8, 2017 for the Regular Meeting

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**REVIEWERS:**

| Department      | Reviewer        | Action   | Date                |
|-----------------|-----------------|----------|---------------------|
| Board Secretary | Fellows, Teresa | Approved | 7/18/2017 - 9:19 AM |