

At a work session of the Board of Supervisors of the County of Warren held in the Warren County Government Center on June 6, 2017 at or about 11:00 AM.

Present: Linda P. Glavis, Chair (South River District); Tony F. Carter, Vice-Chair (Happy Creek District); Archie A. Fox, (Fork District); Daniel J. Murray, Jr. (North River District); and Thomas H. Sayre (Shenandoah District); also Douglas P. Stanley, County Administrator; Robert B. Childress, Deputy County Administrator; Dan N. Whitten, County Attorney; André T. Fletcher, Acting Finance Director; Taryn G. Logan, Planning Director; David C. Beahm, Building Official; Matt Wendling, Planner; Brandy L. Rosser, Grants & Special Projects Coordinator; Alex Bridges, Northern Virginia Daily; Roger Bianchini, Royal Examiner and The River; Tim Ratigan, Warren Report; and Josh Gully, Warren Sentinel

Absent: None

Discussion - Workforce Housing Project - Jennifer McDonald

The Board of Supervisors took this opportunity to pose questions to Executive Director Jennifer McDonald and Vice-Chairman of the Board of Directors Greg Drescher with the Economic Development Authority regarding the workforce housing project.

1. What sites did the EDA evaluate for workforce housing?

The EDA was limited by the zoning requirements of the Town of Front Royal that allow only certain properties to have apartment complexes built on them with special permits. Out of the sites evaluated by the EDA, three were identified as potentially agreeable: the first site would have required extensive bridge building to access the property; the property owner of the second site was unwilling to come down on the price through negotiations; and the third site is the Campbell property on Royal Lane

2. Were any other offers made for sites by the EDA?

The EDA attempted to purchase the second site (as referenced in the answer to question 1), but the owner was unwilling to come down on the price during negotiations

3. Why was the Campbell site selected?

At the time of site evaluation in 2014, the Campbell's site was the most readily available

4. Were all the EDA Board members aware of the relationship between the Executive Director and the Campbells?

Yes; all members were aware of the familial relationship between Jennifer McDonald and the Campbells

5. Did the EDA make an effort to solicit private sector involvement in the project?

The EDA is not required to publicly advertise that property is being sought for development purposes. In fact, Section 2.2-3711.A.3 of the Virginia Freedom of Information Act includes a provision regarding the acquisition of real property for public purpose because discussion of said acquisition in an open meeting could adversely affect the bargaining position or negotiating strategy of the public body (the EDA)

6. Were the Campbells originally approached with a request to donate the property or was there an initial discussion about a purchase price? If so, what was the amount?

The EDA has been pursuing a purchase of this property since originally approaching the Campbells; the list price was \$550,000, which was where negotiations began

7. When was the EDA Board first briefed on the site and the Campbell family's offer to donate the property?

The EDA Board discussed the Campbell property for months prior to September 2014, first for purchase and then as a potential gifted property

8. When was the EDA told about the March 1, 2017 deadline by the Campbells to start the project?

Firstly, the March 1, 2017 deadline was not a deadline to begin construction, and it was not a deadline between the Campbells and the EDA. This deadline was between the Campbells and the qualifying agency they were working with regarding tax credits for donating the property. That being said, members were told at the EDA meeting in September 2014; all members were made aware of the deadline

9. Was the deadline included in any written contract? If it was, could the EDA provide a copy? And if it was, why did the EDA not include the deadline in the contract documents? If it was not, was it in any oral contract with the Campbells?

To reiterate, the March 1, 2017 deadline was not a deadline to begin construction, and it was not a deadline between the Campbells and the EDA. This deadline was between the Campbells

and the qualifying agency they were working with regarding tax credits for donating the property and therefore not included in any contract between the EDA and the Campbell family. The EDA has all along been working with a private developer, so from the perspective of the EDA, the deadline meant nothing. If the Campbells would have adhered to the deadline, they would have received tax credits due to the project still being owned by the EDA. However, if the project had been turned over to a private developer, the Campbells would have received money in lieu of tax credits like a normal real estate transaction

10. Would any Board members say they were aware of the March 1, 2017 deadline before the EDA Board meeting on April 28, 2017?

The EDA representatives present at this work session stated that they had not spoken to other members of the EDA Board since the April 28, 2017 meeting and therefore would not know the answer to this question.

11. Was either Mr. Mitchell or Mr. Whitten, in serving their capacities as legal counsel for the EDA, aware of the deadline? If not, why?

Neither Blair Mitchell, previous County Attorney, nor Dan Whitten, current County Attorney, were aware of the Campbell's March 1, 2017 deadline until it was mentioned in a recent newspaper article

12. What issues delayed the implementation of the project to meet the March 1st deadline?

To reiterate, the March 1, 2017 deadline was not a project deadline for the EDA but rather a deadline between the Campbells and the qualifying agency they were working with regarding tax credits for donating the property. That being said, there have been a number of back-and-forth issues with the Town regarding the workforce housing project. The site plan has been switching between a three buildings plan and a two buildings plan for some time due to the potential need for two separate entrances and exits to the apartment complex, for which the Fire Marshal was contacted and consulted. Additionally, there have been a large number of easements and special permits that needed to be obtained for the project through both the Town of Front Royal and the Department of Environmental Quality (DEQ), through which there is an extensive and lengthy approval process. Most of the time delays are due to the lack of action taken by DEQ up to this point

13. Given how things have transpired with the project, what would the EDA do differently in handling the project?

The EDA stated that they would be more than happy to provide an after-action report after the workforce housing project is complete touching on items that the EDA Board believes could have been done differently

14. What legal obligation is there for the EDA to purchase the property? If not, is there a moral obligation to purchase the property and why?

At this point, a commitment of \$420,000 has been invested towards the workforce housing project and the Campbell property. \$82,000 of this amount is credits to be determined from the DEQ, and the EDA has not accepted any grant money for this project. While there is no legal obligation binding the EDA to the Campbell property, there is a moral obligation to proceed with this property after so many years have passed with this specific site at the center of discussions, with all the permits and easements obtained, and with the site plans completed

Discussion - New Construction Fee Amount for Shangri-La and Lake Front Royal Sanitary Districts, Warren County Code Section 82-4 - Doug Stanley

Mr. Stanley reported that Chapter 82 of the Warren County Code states that the Board of Supervisors may set a rate of charge for the extraordinary use of the streets and roads in sanitary districts to the owners of lots upon which new construction is commencing. The rate of charge must be paid by the home builder/property owner at the time of building permit application for a dwelling or other principal structure.

The intent is that the funding would help offset any damages and/or repairs needed to the road system that may result from the heavy construction trucks and equipment associated with the new construction. The new construction fee must be closely tied to the actual impact of construction equipment. Under Virginia law, Warren County cannot charge a construction "impact fee" for new development. In essence, the fee is to provide funding to *repair* the roads that are used to access the construction site, not to *construct or improve* the roads. The current fees vary from \$1,000 to \$2,500 and are currently collected in six of the County's eleven Sanitary Districts.

The County previously received a request from the Shangri-La Property Owners Association and the Lake Front Royal Sanitary District Advisory Board to add the two Sanitary Districts to the list of districts allowed to charge such a fee. The Board of Supervisors

approved the request at its meeting on May 16th to add the districts. At this point the Board needs to set the rates for the district.

Prior to proceeding with consideration of that request, the rest of the Sanitary Districts in the County were contacted to see if they had any interest to 1) increase their fee if the sanitary district currently has one or 2) add their sanitary district to Chapter 82 to the list of sanitary districts that can charge such a fee.

At this time the County has received a request from the following districts:

Sanitary District	Current Road Use Fee	Requested Road Use Fee	Proposed Road Use Fee
Blue Mountain	\$1,500	\$2,500	\$2,500
Cedarville Heights	N/A	N/A	N/A
High Knob	\$2,300	\$2,300	\$2,300
Lake Front Royal	N/A	\$1,500	\$1,500
Linden Heights	\$1,500	\$1,500	\$1,500
Riverside	N/A	N/A	N/A
Shangri-La	N/A	\$1,500	\$1,500
Shenandoah Farms	\$2,500	\$4,000	\$3,500
Shenandoah Shores	\$1,000	\$2,000	\$2,000
Skyland Estates	\$2,000	\$2,000	\$2,000
South River Estates	N/A	N/A	N/A

The Property Owners of Shenandoah Farms (POSF) Advisory Board has requested that the fee be increased from \$2,500 to \$4,000. As previously stated, it is the feeling of staff that the new construction fee be closely tied to the actual impact of construction equipment. Under Virginia law, Warren County cannot charge a construction "impact fee".

Since the Shenandoah Farms fee was increased on October 7, 2003 from \$1,000 to \$2,500 there has been a considerable increase in the cost of fuel and materials. Using the CPI inflation calculator, the fee would have to be \$3,364.39 to have the same purchasing power. Based on this information, a more incremental approach is recommended to increase the fee to \$3,500 in lieu of the \$4,000 requested. The item will be placed on the June 20, 2017 agenda for formal action.

Adjournment

Mrs. Glavis adjourned the meeting at or about 12:04 PM.