

**VIRGINIA:**

A CY 18 Tax Rate Ordinance Work Session of the Lancaster County Board of Supervisors was held in the Administrative Building Board/Commission Meeting Room of said county on Tuesday, June 5, 2018.

Members Present: William R. Lee, Chair  
Jason D. Bellows, Vice Chair  
Jack D. Larson, Board Member  
Ernest W. Palin, Jr., Board Member  
Robert S. Westbrook, Board Member

Staff Present: Don G. Gill, Assistant County Administrator and  
Planning/Land Use Director  
Crystal Whay, Building/Land Use Assistant

Mr. Lee called the meeting to order at 5:30 p.m.

**CLOSED MEETING**

Motion was made by Mr. Bellows to enter into closed meeting to discuss matters exempt from the open meeting requirements of the Virginia Freedom of Information Act. The subject matters to be discussed in the closed meeting are Personnel, § 2.2-3711.A.1 and Legal Matters, § 2.2-3711.A.8 of the Code of Virginia, 1950, *as amended*. The subject and purpose falls within the following exemption(s) under § 2.2-3711.A.1 (for the discussion and consideration of the assignment, appointment, promotion, performance or salaries of specific public officers, appointees or employees of the public body) and § 2.2-3711.A.8 (for the consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel.)

VOTE:	William R. Lee	Aye
	Jason D. Bellows	Aye
	Jack D. Larson	Aye
	Ernest W. Palin, Jr.	Aye
	Robert S. Westbrook	Aye

**RECONVENE**

Motion was made by Mr. Palin to reconvene the open meeting.

VOTE:	William R. Lee	Aye
	Jason D. Bellows	Aye
	Jack D. Larson	Aye
	Ernest W. Palin, Jr.	Aye
	Robert S. Westbrook	Aye

**CERTIFICATION**

**WHEREAS**, the Lancaster County Board of Supervisors convened in a closed meeting on June 5, 2018 pursuant to an affirmative recorded vote on the motion to close the meeting to discuss Personnel, § 2.2-3711.A.1 and Legal Matters, § 2.2-3711.A.8 of the Virginia Freedom of Information Act;

**WHEREAS**, § 2.2-3712 of the Code of Virginia requires a certification by the board of supervisors that such closed meeting was conducted in conformity with Virginia law;

**NOW, THEREFORE BE IT RESOLVED** that the Lancaster County Board of Supervisors hereby certifies that, to the best of each member’s knowledge, (1) only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act were heard, discussed or considered in the closed meeting to which this certification applies and (2) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting to which this certification applies.

Motion was made by Mr. Palin to certify the closed meeting.

Before a vote is taken on this resolution, is there any member who believes that there was a departure from the requirements of number 1 and number 2 above? If so, identify yourself and state the substance of the matter and why in your judgment it was a departure. There was no comment.

Hearing no further comment, Mr. Palin called the question. A roll call vote was taken:

ROLL CALL

VOTE:	William R. Lee	Aye
	Jason D. Bellows	Aye
	Jack D. Larson	Aye
	Ernest W. Palin, Jr.	Aye
	Robert S. Westbrook	Aye

This certification resolution is adopted.

No action taken on the closed meeting matters.

**WORK SESSION-CY 2018 LANCASTER COUNTY TAX RATE ORDINANCE**

Mr. Gill stated that the Board of Supervisors had its public hearing on the operating budget last Thursday and they will have to wait seven days before it can be adopted. He stated that budget was built using existing 2017 tax rates. He gave the Board members a copy of the proposed ordinance with the 2017 tax rates and stated that they could use it to discuss and/or modify how they wish.

Mr. Lee stated that they needed to set a tax levy for calendar year 2018. He asked Mr. Gill what was the deadline for advertising the proposed ordinance.

Mr. Gill replied since the tax rate was adopted by ordinance, it requires a second week of advertisement. He stated that the deadline for the local paper was Monday, June 11<sup>th</sup> at 5:00 p.m. He stated that the advertisement would appear in the paper on June 14<sup>th</sup> and June 21<sup>st</sup> and the public hearing could be held at the Board’s regular meeting on June 28<sup>th</sup>.

Mr. Lee stated that the current tax rates were \$0.59 per \$100 for real property, \$2.04 per \$100 for personal property, \$2.04 per \$100 for personal motor vehicles, all boats and watercraft was basically zero, \$1.52 per \$100 for machinery and tools, \$1.00 per \$100 of assessed value discounted by 50% for merchant’s capital and \$1.52 per \$100 for all other personal property except as specially exempted.

Mr. Lee stated that the floor was open for discussion on the tax rates.

Dr. Westbrook stated that he had provided his fellow Board members with a summary of the book Virginia’s Tax Rates, 2017. He stated that, months ago, he had asked each member to obtain a copy of the book, so that they could have the discussion on tax rates. He stated that he had given each member what he had spoken about last Thursday night concerning the findings in the book. He stated that he had also provided to the Board, information and examples from the Charlottesville Housing Affordability Program. He stated that they have relief for the elderly and disabled, as Lancaster does,

and also rental relief for elderly or permanently disabled and disabled veterans. He stated that he had also provided Loudoun County's tax exemptions and Madison County's tax deferrals as examples of what Lancaster County could do, in addition to what it already does in terms of tax relief. He stated that he also provided a copy of the Capital Improvement Plan and did not see how they were going to be able to do what they need to do if they don't increase the tax rate. He stated that Sharon Gill had done research that showed that eighty percent of the County's waterfront was owned by people who do not reside here. He stated that he did not see why they could not at least set the tax rates on real estate and personal property to the mean or median values of all of the other counties in the state. He stated that we have a wonderful place to live and people should pay for that and still give relief to those people who are on the bottom of the scale.

Mr. Lee referred to tax relief and stated that if they set a policy, he would like to know what impact it would have on the County's tax base. He stated that would take some research and more than one or two days to find out.

Dr. Westbrook stated that he thought the Commissioner of Revenue would be helpful in giving the Board some estimates.

Dr. Westbrook stated that if the Board of Supervisors was to set the real estate tax rate at the mean rate of all of the counties in the state of Virginia, it would be \$0.69. He stated that would be \$2.5 million dollars of increased revenue. He stated that he thought they could give adequate relief to anybody on the bottom of the list and still have a substantial amount of money with which to pay for the Capital Improvements Plan and towards the schools that are coming if they get the USDA loan. He stated that they could not keep existing on the cheap and our tax rate is the midline between the lowest tax rate and the median tax rate. He stated that they can't do what they need to do for the people that live here with that tax rate and they need to step up.

Mr. Gill stated that Marlon Savoy, Commissioner of Revenue, was present. He stated that he had a brief conversation with her today about tax relief and he thought she could help this discussion as far as calendar year 2018 was concerned.

Mrs. Savoy stated that the current ordinance states that the tax relief application dates were February 1 through April 30 for calendar year 2018, so the time has already passed for citizens to apply for relief this year.

Mr. Bellows asked if Mrs. Savoy had a number of how many applications for relief she receives each year.

Mrs. Savoy replied that she had approximately 75 taxpayers in the program currently.

Mr. Bellows asked Mrs. Savoy if she had a dollar amount of how much tax was being waived for those taxpayers.

Mrs. Savoy replied that she had the figures, but not with her. She stated that there was a dollar amount that was deferred.

Dr. Westbrook asked if Mrs. Savoy was referring to a local ordinance.

Mrs. Savoy replied yes.

Dr. Westbrook stated that ordinance could be changed.

Mr. Bellows asked what Mrs. Savoy meant when she said an amount was deferred.

Mrs. Savoy replied that the tax relief was based on income and was on a sliding scale. She stated that the maximum amount of relief that a taxpayer can receive was \$400. She stated that any amount above \$400, the taxpayer must pay. She stated that it was based on one acre and the house.

Mr. Lee asked what was the requirement for being eligible for relief.

Mrs. Savoy replied that a person's annual income has to be less than \$22,700.

Dr. Westbrook stated that he was asking that threshold be changed to \$35,000.

Mr. Bellows asked if the Board were to adopt Dr. Westbrook's figure, would she have any way of knowing how many more citizens would be eligible for tax relief or would she have to wait and see.

Mrs. Savoy replied that she would have no way of knowing who would qualify for relief if the Board raises the tax relief income threshold.

Mr. Lee stated that he had seen where some locality sends out an income questionnaire with the tax bills.

Dr. Westbrook stated that Charlottesville has four different programs that are listed on their website and they send out an application or questionnaire for citizens to complete to find out if they are eligible for tax relief. He stated that if the Board sets an appropriate tax rate and appropriate for what they want to do, he did not believe, if given the tax relief, that they would be hurting anyone and they would have the money to do what needs to be done for this County.

Mr. Lee stated that his concern was not having enough information to make a decision on the tax relief. He stated that they have no idea how many more people would qualify for tax relief if the threshold was set at \$35,000.

Dr. Westbrook stated that this meeting should not be about the tax relief, but to set a tax rate, so that the relief is appropriate. He stated that they were putting the cart before the horse if they were just worrying about the relief.

Mr. Palin stated that, according to Mrs. Savoy, the time to apply for tax relief has expired for this year.

Mr. Larson asked if Mrs. Savoy knew of other citizens that may be eligible for tax relief, besides the 75 that had applied this year.

Mrs. Savoy replied that she would have no way of knowing. She stated that the 75 citizens she had mentioned were the ones that have actually come in to her office and she has helped complete their applications. She stated that the qualifications were on the tax bills when they were mailed out. She stated that her office receives numerous calls about the tax relief qualifications and she has found that some of the individuals qualify and some do not.

Mr. Larson asked if there was any other tax relief advertising besides the information printed on the tax bills.

Mrs. Savoy replied that she puts an advertisement in the Rappahannock Record twice during tax time.

Dr. Westbrook asked if he was correct in saying that the only relief that Lancaster County gives for real estate taxes was for the elderly and disabled.

Mrs. Savoy replied that was correct.

Dr. Westbrook stated that Charlottesville gives a grant for those homeowners that may not otherwise qualify for the elderly and disabled relief. He stated that Lancaster County could do that, too. He stated that Lancaster County does not have rental relief, but they could offer it. He stated that Lancaster County does not have the disabled veteran real estate tax exemption, but that could be offered as well.

Mrs. Savoy stated that the state has a disabled veterans' tax relief exemption.

Dr. Westbrook stated that the County could do it as well.

Mr. Bellows stated that there has been a lot of discussion on the low-income population, but the tax rate has a big impact on the working class. He stated that there were a lot of things out there that were available to the lower income people, but there is no relief for working class people if this tax rate was increased to the median rate of \$0.69. He stated that would be a substantial increase for the working class in this community.

Mr. Lee stated that there was no doubt about it and that was why he had been discussing where to set the tax relief threshold. He stated that there was a big difference between \$22,700 and \$35,000.

Dr. Westbrook stated that he wanted them to look ahead for a minute and think about what was coming around the corner. He stated that they have not done the Capital Improvement Plan. He stated that the total FY 2019 request was \$9,840,783. He stated that if they keep everything the way it is right now, how would they be able to do anything with that. He stated that they have the capability of getting the money. He stated that the Board of Supervisors had its meeting last Thursday night and Friday he went to Albemarle for the first session of the leadership portion of the Supervisor certification course. He referred to a book he received there entitled Real Leadership and stated that the definition in the book reads “the willingness to be responsible” and the author says one of the hidden mechanics of human behavior, which is one of Sigmund Freud’s most important insights, is that humans will go to great lengths to avoid facing their real problems. He read “that as individuals and in groups, people tend to shy away from addressing tough, complex, painful problems as a way of distancing themselves from responsibility for the real issue and fundamentally, real leadership is about being responsible for one’s world and helping others be responsible.” He stated that his point was that they were responsible for providing for this County and one of the key things was a quality education. He stated that if they did not set a tax rate that makes that happen, then they were being irresponsible.

Dr. Westbrook stated that he had given the Board members the information about the book, Virginia’s Tax Rates, 2017 and none of the members have purchased it. He stated that the book gives the background for what the Board should be discussing. He stated that they could not expect to come to the meeting, take a look at something one time and know anything about it. He stated that it takes some research and discussion to try to arrive at a conclusion that is appropriate.

Mr. Lee stated that, before any tax relief policy was changed, they would need more answers than they have now. He stated that research would have to be done to find out how these changes would impact the County’s citizens. He stated that he knew that some counties send out an income questionnaire to determine who would qualify for tax relief.

Dr. Westbrook stated that when he first brought up the idea of raising the tax rates, some of the Board members had stated that people could not afford it. He stated that he was giving the opportunity to make sure that people who cannot afford it can have some relief. He stated that, instead of concentrating on the tax rate, the other members seem to be focused on the relief.

Mr. Lee made a motion to Advertise the Lancaster County Tax Rate Ordinance for Calendar Year 2018 with the same rates as Calendar Year 2017.

VOTE:                      William R. Lee                      Aye

Jason D. Bellows	Aye
Jack D. Larson	Aye
Ernest W. Palin, Jr.	Aye
Robert S. Westbrook	Nay

VOTE: 4-1-Motion passed.

Mr. Gill stated that the Board of Supervisors has a joint work session with the School Board on June 14<sup>th</sup>. He stated that the Board had also mentioned possibly adopting and appropriating the FY 19 operating budget at the Board’s regular meeting on June 28<sup>th</sup>. He asked what date they would like to adopt and appropriate the budget.

Mr. Larson stated that he would like to adopt and appropriate the FY 19 operating budget on June 14<sup>th</sup>.

Mr. Lee stated that he would like it adopted as soon as possible.

The consensus was to adopt and appropriate the FY 19 operating budget on June 14<sup>th</sup>.

Mr. Gill stated that the public hearing on the CY 2018 tax rate ordinance and adoption would be held on June 28<sup>th</sup> at the Board’s regular meeting.

**BOARD REPORTS**

Mr. Bellows stated that he had attended the Northern Neck Planning District Commission’s Executive Council meeting. He stated that it had not been a particularly comfortable situation given the fact of what the Board had done unilaterally concerning the budget. He stated that Lancaster County was under a charter agreement with the four counties to basically fund the remaining balance of the Commission’s costs that were not covered by grants and state or federal funding. He stated that the County needed to restore the funding that had been cut from the Northern Neck Planning District Commission’s budget because Lancaster cannot unilaterally make the decision to withdraw from the agreement without addressing it with the other four members per the articles in the charter agreement. He made a motion to restore the funding that was cut from the Northern Neck Planning District Commission and if they wanted to have some discussion with the other charter members at a later date, then that could be done. He stated that, at this point, the County was obligated to continue the funding that was agreed to under the charter. He stated that the total to be restored was \$18,000.

Mr. Lee stated that his concern was that they went to the County Attorney before the Board made their budget decisions and thought they were free and clear on what was mandated.

Mr. Bellows stated that he did not think, legally, they had to fund the Northern Neck Planning District Commission, but the counties entered into an agreement to fund it.

Mr. Larson stated that all of the counties have their own budgets, so how is the agreement established.

Mr. Bellows stated that the agreement was established in the charter document and the by-laws.

Mr. Larson asked if there were specific amounts stated in the agreement.

Mr. Bellows replied that the agreement says that each county will be responsible for twenty-five percent of the remaining costs.

Mr. Larson stated that the County needed more control over that.

Mr. Bellows stated that could be a discussion going forward. He stated that Lancaster could go to the other counties and say that they don't want to fund it anymore or want to fund less. He stated that another option would be to withdraw from the charter, but do it in an appropriate way.

Mr. Larson stated that the Board started discussing the budget in January and tried to wrap it up in April. He stated that his thought would be to leave it the way it is right now. He stated that if they decided at a later time that it would be appropriate to fund some of the request for the Northern Neck Planning District Commission, which he was not sure would be the case, then they could solve that problem during the execution of the FY 19 Budget.

Mr. Bellows stated that Lancaster has agreed, in a charter agreement, to help fund the organization. He stated that, according to the charter, the Northern Neck Planning District Commission cannot take money from the other localities if Lancaster County was not funding it. He stated that was how the charter worked. He stated that he did not think that was appropriate at this point.

Mr. Larson stated that he did not see them modifying a budget that they have held a public hearing on. He stated that they might need to have another one.

Mr. Bellows stated that there was no need for another public hearing. He stated that the point of a public hearing was to hear public comment. He stated that the budget can still be modified after the public hearing, based on new information, which was what he was bringing to the Board tonight.

Mr. Lee stated that his concern was that they change something in the budget after the public has given its comments. He did not want the public to have the impression that their comments didn't count.

Mr. Bellows stated that having the public hearing was the way to get comments from the public and then subsequently having to make adjustments.

Mr. Gill stated that he had asked the County Attorney about it last Thursday and the Board can adjust the budget up until its adoption. He stated that it would be a reallocation of funds in that the fund balance would decrease and the expenditures would increase. He stated that a copy of the charter agreement concerning the Northern Neck Planning District Commission was provided at a budget work session and the County Attorney had reviewed that charter as well. He stated that the County Attorney said that it was okay to fund the Northern Neck Planning District Commission the way it was proposed in the budget.

Dr. Westbrook stated that he had witnessed very little value in the Northern Neck Planning District Commission. He stated that he saw a lot of value in the Middle Peninsula Planning District Commission and knew that the two used to be combined. He stated that, in the things that he cares about, he did not see where the Northern Neck Planning District Commission had done a good job. He stated that an example was broadband. He stated that he had attended the Chesapeake Bay Regional Partnership meeting as a liaison from the Board and found it to be "hot air and a meal." He stated that he has met with Jerry Davis, the Executive Director, and spoke with him for over an hour about the things that the Northern Neck Planning District Commission does. He stated that he found out that the Chesapeake Bay Regional Partnership was funded by the state and then the state pulled back its funds, so now it is regarded as a committee. He stated that he did not see where Lancaster County should be obligated to pay for a committee. He stated that if Lancaster County's lack of funding for the Northern Neck Planning District Commission causes a shake-up, it could be good.

Mr. Bellows stated that he thought not funding the Northern Neck Planning District Commission could cause a lot of upset that people may not realize, such as with the Oyster Trail and all of the other things that are associated with tourism. He stated that he was told by the other counties, that if Lancaster does not pay its share, it would be taken off the roles off all of those things, such as the website marketing. He stated that, in his opinion, it was inappropriate for the County to do what it has done the way it's been done. He stated that he would take back to the Commission whatever the Board tells him, but he stated that if they don't do what the charter says, then they should follow the articles of the charter and withdraw.

Mr. Lee asked about what needed to be done to withdraw if that was what the Board chose to do.

Mr. Bellows stated that he thought they needed to be given 60 days notice, but he would have to refer to the articles.

Mr. Gill stated that if the Board did decide to add the \$18,000 back into the budget, the fund balance would still be above the seven percent threshold requirement.

Mr. Bellows asked if his fellow Board members realized that withdrawing from the Northern Neck Planning District Commission would mean that the County would have to do its own ambulance billing. He stated that all of the grants that have been done over the years, such as the Greentown-Gaskins sewer project grant, the White Stone sewer grant, elevation grants and others are all done under the regional partnership. He stated that if the County wasn't working cooperatively, it is really hard to get those federal grants. He stated that withdrawing from the Commission would have a huge impact and withdrawing without all of the answers would not be a good idea.

Mr. Palin stated that he was in agreement with Mr. Bellows. He thought that they should restore the funds and make a decision at a later date about the charter agreement.

Mr. Lee stated that the County's participation with the Northern Neck Planning District Commission impacts the towns, too.

Mr. Bellows agreed and stated that the towns were not a voting member of the Executive Committee. He stated that the grants for the towns, such as for the revitalization projects, were funneled through the Northern Neck Planning District Commission. He stated that federal and state grant programs were always pushing for regional cooperation. He stated that the more they work together, the better chance for getting those grants. He stated that if they were unhappy about what was going on with the Northern Neck Planning District Commission, they have no one to blame but themselves, at least partly, because they were twenty-five percent of it. He stated that he thought they should honor their agreement and if they want to change that agreement, then they should follow the correct procedures.

Mr. Bellows stated that his motion stands that the Board restore the funding to the Northern Neck Planning District Commission for the FY 19 budget.

VOTE:	William R. Lee	Aye
	Jason D. Bellows	Aye
	Jack D. Larson	Nay
	Ernest W. Palin, Jr.	Aye
	Robert S. Westbrook	Nay

VOTE: 3-2-Motion passed.

Mr. Lee asked Mr. Bellows to take the Board's concerns back to the Executive Committee of the Northern Neck Planning District Commission. He stated that the Board would consider withdrawing from the Commission.

Mr. Palin asked if the Board was to withdraw from the Northern Neck Planning District Commission, could they join another one.

Mr. Bellows replied that he thought they could possibly join the Middle Peninsula Planning District Commission.

Mr. Lee stated that they needed to be careful with possible ramifications on the incorporated towns because the grants that they receive were a direct result of the County's participation in the Northern Neck Planning District Commission.

Dr. Westbrook stated that he hoped Mr. Bellows would carry a sense of disappointment back to the Executive Committee and explain to them how the discussion went about the restoration of the funds and that the motion passed on a 3-2 vote.

**ADJOURNMENT**

Motion was made by Mr. Lee to adjourn the meeting until Thursday, June 14, 2018 at 5:30 p.m.

VOTE:	William R. Lee	Aye
	Jason D. Bellows	Aye
	Jack D. Larson	Aye
	Ernest W. Palin, Jr.	Aye
	Robert S. Westbrook	Aye