

VIRGINIA:

A meeting of the Lancaster County Board of Supervisors was held in the Administrative Building Board/Commission Meeting Room of said county on Thursday, June 19, 2014.

Members Present: B. Wally Beauchamp, Chair
 Jason D. Bellows, Vice Chair
 F. W. Jenkins, Jr., Board Member
 Ernest W. Palin, Jr., Board Member
 William R. Lee, Board Member

Staff Present: Frank A. Pleva, County Administrator
 Don G. Gill, Planning and Land Use Director
 Jack Larson, Finance Consultant
 Crystal Whay, Building/Land Use Secretary

Mr. Beauchamp called the meeting to order at 7:00 p.m.

PUBLIC HEARING

1. Proposed FY 15 Lancaster County Budget with Capital Improvements

Mr. Beauchamp opened the public hearing.

Mr. George Bott, a District 1 citizen, stated that the proposed budget as published has quite a lot of need in it, particularly in the capital area. He stated that he thought it was a wise choice to try to finance the capital projects.

Mr. Charlie Costello stated that he thought the budget was fairly well put together. He stated that his recommendation was to put some substantial money into the reserve. He referred to the capital improvements and asked that the Board make sure that the old jail and clerk's office gets repaired.

Mr. Anker Madsen stated that he thought the Board had done a great job with the budget. He stated that they needed a balanced budget without taking money out of the bank. He stated that he would rather see taxes increased than have a financial disaster.

Mr. Howard Kyzer, a citizen from the Ocran area, referred to public safety and stated that he used to live in Hanover County and its public safety budget is provided for their

residents for about \$472 per person, where Lancaster County's cost is \$777 per person. He asked if the departments that comprise public safety were ever asked to save money. He stated that he would like to know where the money is going. He stated that the County is not growing and the tax base is not expanding, but the expenses and requests keep increasing.

Mr. Palin asked Mr. Pleva to clarify about the two public hearings concerning capital improvements and the tax rate.

Mr. Pleva replied that the first hearing was on the budget, which includes capital improvements and the second hearing was on the tax levies.

Mr. Beauchamp closed the public hearing.

Mr. Beauchamp stated that the Board needed to consider setting the time and date for the proposed FY 15 budget adoption.

Mr. Pleva stated that for the public's knowledge, the Board had to wait 7 days, per state law before adoption. He stated that adopting the budget at the regular Board meeting next Thursday would fulfill that requirement.

Mr. Jenkins made a motion to consider adoption of the FY 15 Proposed Budget with Capital Improvements at the June 26, 2014 Board of Supervisors' meeting at 7:00 p.m.

VOTE:	B. Wally Beauchamp	Aye
	Jason D. Bellows	Aye
	F. W. Jenkins, Jr.	Aye
	Ernest W. Palin, Jr.	Aye
	William R. Lee	Aye

2. Proposed CY 2014 Lancaster County Tax Levies

Mr. Beauchamp opened the public hearing.

Mr. Bruce Sanders of Rappahannock Yachts in Irvington stated that he thought he represented the thoughts of everyone in the marina and boat yard business in the County. He stated that he wanted to comment on personal property tax rates as they affect boating. He stated that, in addition to the seafood industry, boatyards are the most significant segment of the working waterfront that can expand and create jobs in Lancaster County. He stated that there is significant, excess capacity at all existing facilities in the County with empty slips and seasonal layoffs of employees.

Mr. Sanders stated that since the 2007 economic decline, the boating population in Lancaster County has shrunk. He stated that they needed to be proactive to keep what is left here in the area and to try to attract new people. He stated that he thought the existence of entire businesses is being threatened. He stated that Lancaster County has the highest boat tax of any county or city on the Bay front. He stated that boats leave the County in the winter for tax savings, when the boatyards need the work the most. He stated that his question is what can be done to keep the resident boats here for service. He stated that the answer is to provide the facilities and the services that the boaters want. He stated that eliminating the boat tax will encourage customers to leave their boats here. He stated that eliminating the boat tax will allow boatyards and tourist bureaus to proactively advertise no taxes to attract customers. He stated that this is already being done in other areas of the state. He stated that people do not want to pay more taxes on their boats than they do on their homes.

Mr. Beauchamp stated that he had attended a function earlier in the day and had made a commitment to Mr. Sanders, that although the issue would not be addressed this year, it would be seriously discussed in the next 6 to 8 months.

Mr. Ron Mihills, an Irvington resident, stated that he had met with local business owners and community leaders earlier in the day to discuss the County's boat tax. He stated that there was much discussion on the issue of reducing or eliminating the boat tax. He stated that Lancaster County's boat tax is among the highest of any Virginia county on the Chesapeake Bay. He stated that high personal property boat taxes are a barrier from attracting boaters outside of the County to store their boats here over the winter months. He stated that existing marine businesses are hesitant to invest when their current customer base is stagnant or declining. He stated that other localities have reduced their taxes to the minimum and saw a positive economic ripple effect on other businesses in their communities.

Mr. Ken Knull with Yankee Point Marina stated that people come to the Northern Neck because of the water and it is the biggest single asset of the area. He stated that the County's tax money is generated primarily from real estate taxes and people are leaving the County and they need an incentive to stay or come back. He stated that one of those incentives that could be provided is having no boat tax. He stated that people look at surrounding areas with the same assets that have lower boat taxes or no boat tax. He suggested no boat tax be the rallying cry to bring people back to Lancaster County.

Mr. George Bott, a District 1 citizen, stated that discounts get people into a store and merchants know that. He stated that avoiding boat taxes also get people to other areas and referred to an advertisement mentioning Colonial Beach and Hampton. He stated that it could be the same way with Lancaster County.

Mr. Bott stated that there were 4,449 boats registered in Lancaster County last year and with no boat tax, the word would get around quickly. He stated that according to a VIMS study, the marinas are at about 59% capacity. He stated that more boats in the

area mean more money spent. He stated that there is no definitive study that can prove it, but it is human nature that everyone loves a bargain. He suggested reducing the rate on all boats to zero.

Mr. Bott stated that if the boat tax were eliminated, he suggested rounding up the real estate tax rate or using the unrestricted reserve. He suggested that the Board think of the reduction in boat taxes as an investment.

Mr. Gordon Slatford, general manager of The Tides Inn, stated that he thought everyone had presented a persuasive argument. He stated that he sees Carter Creek empty in the winter months and Mr. Sanders' boatyard half filled in the winter. He stated that they know the boats are going somewhere and he was disappointed that in the eleventh hour, the Board states that they will look at the issue in the future. He stated that, in his opinion, he did not think that was being responsible for economic development in the County.

Mr. Eddy Whichard, a District 1 citizen, stated that he advocated reducing the boat tax to zero because of the economic impact it could have on the County. He stated that Rhode Island was a good example of how well the economy has done no personal property or sales taxes.

Mr. Don McCann, a District 3 citizen, stated that he was a marine surveyor and would love not to have to travel to do his job, but that is the way it is. He stated that he has worked hard to see the creation of a maritime studies program in the technical center and it is coming on-line in the fall. He stated that the County has the dubious distinction of having more people over the age of 65 per capita than any other county in the state. He stated that if the County is not able to capitalize on the working waterfront and the students that graduate from the maritime studies program are not able to get jobs, they will go elsewhere and the average age of the County's residents will continue to increase.

Mr. Clay Holcomb, owner of Chesapeake Boat Basin, stated that he agreed with the earlier comments. He stated that he has lost sales to other localities because of the boat tax. He stated that boaters who spend money in the County on gasoline, eating out, and hotel rooms go further than just tax revenues.

Mr. Anker Madsen, a District 1 citizen, stated that he had heard a lot of good things about getting rid of the boat tax, but the problem is what is not paid in boat taxes, will have to be paid somewhere else. He stated that he owned three boats, so it would be an advantage to him, but he has a concern about who will be paying more taxes.

Mr. Jim Stalnaker stated that he lived on Indian Creek and retired to the area 7 years ago from the Hampton Roads area. He stated that the principal municipalities in that area did an in-depth analysis and decided to eliminate or greatly reduce the boat tax. He stated that the boatyards and marinas in that area are prospering because of the tax

reduction. He stated that he loves living in the County, but it has the highest boat tax rate of any county on the Bay and is just not competitive.

Mr. Charlie Costello, a District 2 citizen, stated that it bothers him that someone is going to have to pay more in other taxes if the boat tax is eliminated. He stated that over the course of ten years, it would add up to \$3 million dollars. He stated that the money will have to come from somewhere and it will be from real estate taxes.

Mr. Jenkins asked Mr. Pleva to get together some personal property tax information from the other counties along the Chesapeake Bay in the state of Virginia and perhaps in Maryland as well.

Mr. Pleva stated that he would look into it and consult with Mr. Thomas.

Mr. Sanders stated that he had some of that data.

Mr. Beauchamp stated that he had had numerous conversations with Mr. Thomas in the past few months and he knows the information is there, as well as some of the citizens attending the meeting also have data.

Mr. Beauchamp closed the public hearing.

Mr. Jenkins made a motion to consider adoption of the CY 14 Lancaster County Tax Levies at the June 26, 2014 Board of Supervisors' meeting at 7:00 p.m.

VOTE:	B. Wally Beauchamp	Aye
	Jason D. Bellows	Aye
	F. W. Jenkins, Jr.	Aye
	Ernest W. Palin, Jr.	Aye
	William R. Lee	Aye

ADJOURNMENT

Motion was made by Mr. Bellows to adjourn.

VOTE:	B. Wally Beauchamp	Aye
	Jason D. Bellows	Aye
	F. W. Jenkins, Jr.	Aye

Ernest W. Palin, Jr. Aye

William R. Lee Aye