

COUNTY OF YORK

MEMORANDUM

DATE: October 9, 2020
TO: York County Board of Supervisors
FROM: Neil A. Morgan, County Administrator
SUBJECT: Moving into the 2020's



Introduction

In December 2015, I provided the Board of Supervisors with my personal/professional SWOT analysis that suggested some of the important topics we should address both as a community and as an organization. In your January of 2016 strategic retreat, you developed six strategic priorities that were in part informed by the SWOT assessment. In preparation for our last retreat in January, I updated the SWOT analysis and shared input from our Youth Commission and Senior Staff, which informed the Board's engaged discussion at the retreat. You updated our priorities as a result of that process. At that time we had no idea that a few short weeks later we would begin the process of adapting to the Coronavirus' impact.

This report is a review of what the Board and the community have achieved during the past half-decade and will end with a fresh look at the challenges we now face moving into the third decade of the 21st century in light of the pandemic's impact on the economy and our budget. As we consider our own actions and inactions over the years, it is also important to think about the large external forces beyond our control which constrain or magnify our policies. Finally, as much as things have changed; it is also remarkable how many aspects of the County's strengths, weaknesses, opportunities, and threats remain as described in 2015.

External Considerations

Sufficient human, capital, and operating financial resources are critical to all that we have and hope to accomplish as a community and organization. By 2015, the County was benefiting from the end of the Great Recession with growth in the tourism sector and a stable employment base. By the end of 2020, due to a surge in federal spending in the region and historically low interest rates, the residential real estate market had turned hot while tourism virtually collapsed due to the COVID 19 pandemic.

The County has been able to launch some new initiatives, further support the school system, and initiate a long-needed more robust capital budget during this time-frame (2015-2020). This took place despite major reductions in our relatively small industrial tax base losing close to \$4 million in annual revenue due to the decline of the Plains Fuel Farm operation and the partial closure of the Dominion Energy Virginia Power station. This loss represented three percent of the general fund operating budget. The County's ability

to grow its capital and operating budgets despite its eroded industrial tax base was mostly a result of three factors: 1.) the FY 2018 real estate tax increase, 2.) the FY 2019 adoption of SB 942 by the Commonwealth of Virginia resulting in an additional local sales tax allocation, and 3.) the improving economy (until the spring of 2020).

What Has Been Accomplished?

- Fire and Life Safety staffing, Sheriff's staffing, and Public Works (Drainage and Grounds Maintenance) crews have increased [Strategic Priorities Numbers: 1, 4, and 5].
- The local contribution to the YCSD operating budget has been augmented [Strategic Priorities Numbers: 2, 3, and 4].
- The Information Technology and Emergency Communications programs have been priority investments. Specifically, the county has: deployed ERP financial management software, established a life cycle replacement program for computer equipment, upgraded the County's main computer servers, strengthened IT security, expanded use of dark fiber, purchased a new records management system for Law Enforcement, replaced CAD for Public Safety, replaced all Law Enforcement and FLS 800 MHZ radios, continued long-term investments and strengthened regional redundancy of the 800 MHZ / 911 system [Strategic Priorities: Numbers 1, 4, and 6].
- The County has grown its capital budget for both the County and the School System by a factor of 3. This effort is needed due to aging infrastructure and insufficient attention to this long-term challenge earlier in the 21st Century. The larger CIP has allowed the following projects: York County School Division roofing, HVAC, building security and media centers to be upgraded, and major renovations have taken place at Grafton, York High, Waller Mill, Yorktown Elementary, Tabb Elementary, and Tabb Middle School.

On the County side the more realistic CIP has allowed many important initiatives to move forward including: Fire Station #1, generators for public buildings and shelters, modernized work spaces in various locations, growing investment in Storm Water facilities, predictable FLS equipment replacement, and some of the technology investments described above [Strategic Priorities Numbers: 1 through 6].

Challenges as of Late 2020

Sustaining our capital budget is critical for both the York County School Division (YCSD) and the County. The Yorktown Library expansion, the Sheriff's headquarters, and many smaller facility improvements are needed. The YCSD has a long list of initiatives which mainly fall in the category of reinvesting in aging facilities. It will be a challenge to find the revenues to pay for these important projects over the next few years.

Despite the pandemic related economic setbacks, the long-term labor market trends continue to suggest that it will not be easy to recruit and retain a competent, technologically savvy labor force. The County must remain competitive as an employer to sustain progress. The York County School Division faces a similar dynamic.

Perhaps one of the most existential threats to the County's revenue base is the relationship between land use and local taxes. The pandemic has accelerated the decline of "bricks and mortar" retail and increasingly, the office market sector. Stated simply, the County and other local governments have long counted on these sectors to balance the residential tax base and sustain our quality of life. Looking into the future, there seems to be little demand for new retail or office space. Beyond the revenue implications, it is not clear what alternative demand might emerge for these large blocks of space and how they will fit into a balanced land use fabric.

The north County is now facing residential development interest that other parts of the County experienced decades ago. A combination of factors including the widening of I-64, favorable interest rates, and the County's desirability as a place to live, all contribute to this dynamic. Some of the projects were planned years ago and others are in the forefront today.

Development of private land and the County's limited regulatory powers through zoning will continue to generate strong feelings and difficult public policy choices. There are conflicting values and long-term tradeoffs that emerge during the disposition of these proposals. How do we properly reconcile the passionate views of immediately impacted residents with broader questions about the character, quality, and sustainability of future development?

Given the County's largely suburban residential character and minimal privately owned undeveloped land, land use diversification through industrial development does not offer a realistic alternative diversification strategy. One sector with positive potential is data centers. The County currently has one opportunity in play. Data centers do not require huge tracts of land and can be significant tax generators with minimal traffic or other negative impacts.

Until recently, the growth of entertainment, as well as food and beverage offerings seemed consistent with strong tourist activity and non-residential uses that would be desirable for our residential population. This sector has slowed abruptly at least until the COVID 19 pandemic is no longer a major concern.

Another overriding concern that is more apparent today than in 2015, is the practical threat of sea level rise. It is now clear that low lying portions of otherwise highly desirable waterfront property will be impacted in coming decades. This will have an as yet unknown impact on property values, the cost of infrastructure, and potentially the County's quality of life.

York County's Prospects Moving Into The 2020's

Many of our core assets as a community remain in place including quality schools, low crime, low rates of poverty, large areas of permanent green space as well as public and private waterfront opportunities. As an organization the County government continues to be lean, professional, and dedicated to customer service.

To remain a Hampton Roads community of choice we must find a way to invest in our public infrastructure and our work force during a period where regional and national economic head winds may emerge. There is every reason to believe we can preserve what is best about York County, invest in the future, and maintain our status as the lowest taxed, full service major locality in Hampton Roads.

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Attachments:

- County Strategic Priorities
- SWOT Analysis – 2015

County Strategic Priorities

- 1. Exemplary Public Safety**
- 2. Excellent Educational Opportunities**
- 3. Value - Driven Economic Development**
- 4. Maximize Outstanding Communications and Customer Service**
- 5. Environmental Stewardship with a Focus on Resiliency**
- 6. Quality technology Investments**

COUNTY OF YORK

MEMORANDUM

DATE: December 11, 2015
TO: York County Board of Supervisors
FROM: Neil A. Morgan, County Administrator
SUBJECT: Six Month Report: SWOT Analysis



Introduction

When the Board of Supervisors selected me to be the County Administrator, I committed to conduct a personal analysis of the County of York's strengths, weaknesses, opportunities, and threats (SWOT Analysis) to include both the community and the organization. The purpose of this undertaking is to give the Board, as a policy-making body, the perspective of a newly arriving administrative officer. Hopefully, this report offers the "fresh set of eyes" perspective that your county administrator solicitation indicated was desired.

This report is divided into two basic sections. First, I will apply the SWOT discipline to the community at large. Second, the county organization is discussed. It is my hope that these observations will assist you as the Board formulates its strategic goals in the coming months, and that it informs the administrative reorganization which was recently implemented.

The Community

Strengths

1. Our general quality of life is excellent. This is reflected in consistently low crime rates, desirable public schools, pleasant and expansive open spaces, and navigable waterfront vistas.
2. We have a strong civic infrastructure. This fact is reflected by our engaged community groups including churches, civic clubs, and homeowners associations. There is a tradition of civil dialogue in matters of public policy. The County of York has a high level of "human capital" featuring many experienced and educated citizens.
3. We are a relatively wealthy community with historically stable employers, high property values, many retirees with significant incomes, and modest numbers of low income citizens requiring local government services.

Weaknesses

1. The county's age demographics are uneven. We have a population significantly older than the generally aging American population, combined with a large degree of families with school age children. Our population of young, working adults is disproportionately small. The possibility that we are unattractive to young adults is a concern.
2. Our public and private infrastructure is beginning to age at a rate faster than it is being renovated or replaced. We have some neighborhoods that were built during the baby boom that are at risk of deteriorating. Major portions of our limited commercial corridors also reflect this aging "built environment," especially portions of George Washington Memorial Highway (Route 17) and Merrimac Trail. Many of the public facilities that were built concurrently with developments in the 1960s and 1970s need renovations, additions, or replacement.
3. Although several universities are within easy commuting distance, there are no institutions of higher education in the county.
4. The regional road and transportation network is in near crisis.
5. Despite the historic stability of the regional economy, over half of the county's real estate is non-taxable, putting York at a distinct disadvantage in terms of local finance. We have extremely limited commercial and industrial land. There has been a lack of dynamic new employers within the region and especially within the county. The ongoing loss of tax base associated with the refinery and the power plant is concerning.

Opportunities

1. Our quality of life strengths could be promoted more aggressively for the purpose of attracting businesses and potential residents. In particular, high income seniors is a potential market niche. Similarly, our public school quality could be featured more prominently.
2. The county's civic infrastructure could be further strengthened if we found more ways to engage a higher percentage of our many talented citizens in the work and institutions of county government.
3. There is much potential for strengthening our economy. Encouraging development and redevelopment that is attractive to high income seniors and young professionals is desirable. Generally redeveloping our commercial corridors has great long-term potential. We should also take measures to secure one or more of the limited

sites within the county with potential to obtain significant new employers and tax base.

Threats

1. My sense is that in our desire to protect the county's excellent quality of life, we may have some fear of change, limiting our ability to position the county for the future.
2. There is some risk that if we don't address some of our weaknesses and further leverage some our strengths, our long-term excellent quality of life might not be sustained.

The County Organization

Strengths

1. The county is blessed with an experienced, knowledgeable, and dedicated staff. The staff's collective knowledge and expertise overcome many challenges a less capable staff team would not.
2. There is a great tradition of collaboration among disparate units of our local government with less "stovepipe behavior" than frequently occurs in large organizations.
3. At the working level, there is good cooperation between operational people in the York County Public School Division and county staff.
4. Generally, the county has applied sound life cycle principles in budgeting to replace vehicles and individual technology tools.
5. Many of the county's regional arrangements and contracted services appear to be cost effective as opposed to a "go it alone" approach seen in some localities.
6. Overall financial management has been conservative with low levels of debt and the preservation of reserves.

Weaknesses

1. Although the finances of the organization are strong, there is unnecessary complexity with the potential impression of insufficient financial transparency.

2. Despite a collaborative tradition among operational units, the flow of information from the administrative hierarchy to the rest of the organization has been more limited than is desirable.
3. By almost every metric, most units of the county organization are resourced and staffed at levels below comparable organizations.
4. We have a succession planning challenge in that forty percent of our top fifty supervisory personnel, as well as many other senior employees, are or are near retirement eligible.
5. At least since the Great Recession, the county's Capital Improvement Plan has not funded major facilities and technology systems at a sustainable level.

Opportunities

1. The development of cross departmental teams has the potential to leverage cooperation, enhance internal communication, and create an environment where more junior staff are readied to take more senior leadership roles that will be needed in the near future.
2. Our current strong base of regional partnerships may create the potential for other cross locality partnerships, especially if the anticipated "Go Virginia" legislation incentivizing this type of activity is approved at the state level.
3. Particularly in a rapidly changing regulatory environment, there is more potential to share information and possibly share services with the school system.
4. The county should strengthen its ability to effectively communicate with its citizens and employees by fully utilizing social media, its website, and the television station.

Threats

1. The combination of retirements, thin staffing, and regional labor market competition puts the organization's long-term administrative and operational capacity at risk.
2. Our hesitancy to plan, build, and procure needed facilities and technology systems at a prudent rate also puts the organization's long-term capacity in jeopardy.

Conclusions

York County's "glass" might be viewed as half full or half empty. However, as compared to most local governments, our long-term prospects are bright because our community and organizational "balance sheet" have many more strengths than weaknesses. Obviously, there is an important relationship between the larger community's prospects and those of the county organization. Working to balance these challenges is why we are here. I hope these observations make a contribution as the newly organized Board of Supervisors takes up the art and science of building on our strengths and mitigating our weaknesses.

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COUNTY OF YORK

MEMORANDUM

DATE: October 8, 2020
TO: York County Board of Supervisors
FROM: Neil A. Morgan, County Administrator
SUBJECT: FY2021 Legislative Priorities



At your October 6th work session, the Board indicated that it wished to finalize its Legislative Priorities at the October 20th meeting. Following the presentation by Mr. Bellamy, one topic generated interest requiring further understanding that being the proposed Communications Sales Tax. What follows is a more detailed discussion of this referenced recommendation.

The recommendation is contained in this year's Virginia Municipal League (VML) and the Virginia Association of Counties' (VACo) Legislative Priorities. It should be understood in the context of unfunded State mandates, that some years ago localities had the authority to impose local taxes on telecommunication services to address local needs. However, in 2006, State law changed and localities were no longer permitted to levy local taxes on telecommunication services. Instead, the State established the Communications Sales and Use Tax with the proceeds, ostensibly, to be distributed to localities for general fund purposes. Subsequently access to these funds diminished as consumers switched from taxable items like "beepers" and telephone landlines to mobile phones and "no plan" phone services. Also, the State dedicated a portion of the revenues to State purposes and to the State general fund. In addition, the initial 5.0 percent tax rate remains in effect even though the General Sales Tax Rate is as high as 7.0 percent in many areas of the State. The amount distributed to localities each year has dropped some \$90 million since the tax was instituted.

The VML and VACo endorse the recommendation to impose the same tax that cell phone users pay on non-subscriber cell phone services such as track phones and other streaming services. The current Virginia Communication Sales Tax is 5% as all other State Sales Taxes range from 5.3% to 7% depending on the region. The recommendation envisions equal tax rates as well as broadens the base of the tax.

In summary our vital and costly emergency communications system benefits from money derived from these revenue sources at a reduced level than that which we have enjoyed historically. Should the State accept the recommendation described and endorsed by VML and VACo, it will generate a larger revenue stream to support future emergency communication technology upgrades both in York County and other localities in Virginia.

York County Board of Supervisors

Date

Page 2

In as much as the Board directed us to finalize these recommendation at your October 20th meeting, I am preparing an agenda item at this meeting to include Legislative Priorities as presented at the October 6th work session

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Attachment:

- FY2021 Legislative Priorities

2021 LEGISLATIVE PRIORITIES & POSITIONS

PRIORITIES

Policy Studies - Joint Legislative Audit & Review Commission (JLARC) **(Supports the County's Strategic Priorities, listed on back)**

- York County requests legislation directing the Joint Legislative Audit and Review Commission (JLARC) to perform a study of the manner in which the **Internet** sales taxes, paid to the Commonwealth, are distributed to the localities. Upon comparison of the amounts received by York County with amounts received by neighboring jurisdictions for specific businesses, due to the shared postal zip codes for Williamsburg, James City County and York County we have concerns that some E- businesses delivering goods to the County may have been mistakenly sent to adjacent localities. The lost revenue concern is compounded by the Wayfair decision which provides for higher internet sales collections making fair allocations even more critical.

Public Safety (Supports the County's Strategic Priorities, Exemplary Public Safety, and Customer Service)

- Pass legislation allowing localities to build Emergency 911 databases to identify those with developmental or behavioral issues prior to public safety responses. Similar data bases constructs could be use in pandemic situations.
- Virginia Communications Sales and Use Tax was enacted to establish a statewide tax rate and to preempt local taxes on communications sales and services. York County supports setting the tax rate at the same level as the state sales tax rate and broadening the coverage of the tax to include audio and video streaming services and prepaid calling cards. York County opposes transfers of these revenues to the state general fund for purposes other than those currently stipulated in the Code of Virginia.

Transportation (Supports the County's Strategic Priorities, Environmental Stewardship, Value-Driven Economic Development, and Customer Service)

- Widen I-64 to 6 lanes between Williamsburg and Richmond.
- Allocate additional funds to the Virginia Smart Scale Program.
- Provide additional maintenance funds for secondary road paving, drainage, mowing and litter control.
- Local Assistance Program should include award parameters for sea level rise and resiliency.

Education (Supports the County's Strategic Priorities, Excellent Educational Opportunities)

- Full state funding for **Special Education**, Support Staff and Operations, **SOQ**, Capital Projects and Maintenance and Teacher Pay Increases.
- Support school **Security Initiatives**.
- Fully fund State Aid for libraries.

POSITIONS

Unfunded Local Mandates

York County urges the General Assembly to oppose and reject legislation that would impose new unfunded mandates and fiscal responsibilities on local governments or reinstate any "local aid to the Commonwealth" measures. Moreover, the County supports a "First Day of Session Filing" requirement for any General Assembly Bills having a fiscal impact on localities.

Public Notice and Public Hearing

York County supports legislation that would give localities the option to use electronic or other forms of notification as an alternative to newspaper advertising for required notices of public hearings.

2021 LEGISLATIVE PRIORITIES & POSITIONS

County Strategic Priorities

1. Exemplary Public Safety
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Legislators:

At the conclusion of the General Assembly, session please share with us the progress on these items. If you need additional information, please contact any member of the York County Board of Supervisors or County Administration.