

**RESOLUTION ESTABLISHING THE AMELIA COUNTY PROFFER POLICY FOR  
RESIDENTIAL REZONING APPLICATIONS**

**WHEREAS**, the Board of Supervisors has directed the staff and Planning Commission to conduct an analysis of capital costs for providing public facilities and potential proffer guidelines; and

**WHEREAS**, the Planning Commission has prepared such an analysis and provided opportunities for public review and comment; and

**WHEREAS**, the Planning Commission conducted a public hearing on June 23, 2003, on the draft proffer guidelines and related draft amendments to the Zoning Ordinance and Comprehensive Plan; and

**WHEREAS**, the Planning Commission forwarded these proposals to the Board of Supervisors with a recommendation for approval; and

**WHEREAS**, the Amelia County Board of Supervisors held a public hearing on these matters on August 20, 2003; and

**WHEREAS**, the Board of Supervisors finds this proffer policy and the accompanying proffer guidelines to be in the best interest of the citizens of Amelia County and provides another tool with which to address the infrastructure costs generated by residential development.

**NOW, THEREFORE, BE IT RESOLVED** by the Amelia County Board of Supervisors that the Proffer Policy presented below shall apply to all residential elements of any rezoning application.

**Amelia County, Virginia  
Board of Supervisors Proffer Policy**

A. General Guidelines

1. Pursuant to this policy, County staff will calculate the annual average net cost of capital facilities required to serve the expected population of the County, calculate the average fiscal impact caused by residential rezonings and administer the collection and expenditure of proffered funds. The Board will accept cash proffers for rezoning requests that permit residential uses in accord with this policy. However, the Board may also accept proffers of land or in-kind improvements.

2. State and County law allows the Board to accept cash proffers to help offset the fiscal impact on public facilities caused by new residential development.
3. In determining the net capital facility cost to the County per dwelling unit, Countywide averages are used. The County may further consider unique circumstances which may be related to an individual zoning case.
4. These cash proffer guidelines are focused on school capital costs, due to the importance of school facilities and the large share of costs that they represent. However, funding for other facilities may also be supported in part by proffers, including but not limited to, fire and rescue facilities, courts, law enforcement facilities, libraries, parks and administration facilities.

#### B. Methodology and Policy Terms

Details of the method used to calculate the cash proffer guidelines are contained in the attached appendix. Key components of the method are outlined as follows:

1. Demand Generators – Expected population growth is estimated for the next 20 years; the average number of students per household is calculated based upon current average number of students per household.
2. Service Levels – Existing service levels are used for the capital facilities for which proffers will be accepted. The current level of service for capital facilities is represented by the value and capacity of current facilities. These values may be updated by the County on a regular basis. These values also represent the “replacement” value of the facility or gross average cost of capital facilities per dwelling unit.
3. Credits – New residential units will pay taxes in future years, so the average amount of future tax payments over a twenty year period are calculated and credited toward off-setting the expected proffer value. The value of these payments are also discounted to net present value, since they are payments the County will received in the future and the proffer is a payment received in the present.
4. Net Cost – The net cost of capital facilities is calculated by subtracting the credits from the gross average cost per dwelling unit.

#### C. Relationship of Proffer to Facility Needs

In Amelia County, most capital facilities are used on a Countywide basis, that is, residents from throughout the County use common public facilities, such as schools. Exceptions include fire station facilities. Therefore, calculations for proffers are based on a countywide service area.

D. In-Kind Proffers of Land or Improvements

In some cases, a rezoning applicant may wish to mitigate the fiscal impact of the development by dedicating property or doing in-kind improvements in lieu of all or a portion of the cash proffer. The value of donated land will be based on the current fair market value of the property. The value of improvements will be the estimated cost of construction if constructed by a government entity, as determined by the County. The value of land or in-kind improvements will be credited toward the cash proffer guideline value (the impact on public facilities).

E. Payment of Cash Proffers

Payment of cash proffers shall occur prior to release of a building permit for a given residential unit. The rezoning applicant shall be responsible for such payments. Thus, the applicant may include the cost of such payments in the purchase price of a lot or dwelling and make the payment to the County independently of the house purchaser, prior to sale, which is the County's preferred method. Or the applicant may include such payments as part of a lot or dwelling sales contract with the purchasers being responsible for direct payment of the proffer obligation. Regardless of the method used, all cash proffer obligations for any such lot shall be cleared prior to the sale of that lot. Timing of dedication of property or in-kind improvements must be specified in the proffer agreement approved at the time of approval of the rezoning. The value of cash proffers that are paid in future years should be escalated based upon the Consumer Price Index (CPI) and this provision should be included in the approved proffer agreement.

F. Maximum Cash Proffer

The maximum cash proffer the Board of Supervisors will accept from a residential rezoning to offset school capital costs is \$1,490 per residential unit. All proffer values may be updated by the County on a regular basis, but not more frequently than annually.

G. Effective Date

This resolution shall take effect immediately.

Adopted: \_\_\_\_\_

\_\_\_\_\_  
A. Taylor Harvie, III, Chairman  
Board of Supervisors  
County of Amelia, Virginia

ATTEST:

\_\_\_\_\_  
Philip T. Vannoorbeeck, Clerk to the Board

## **APPENDIX**

### **Summary of Cash Proffer Calculations for Amelia County**

#### **Method Used**

The approach used in this calculation of cash proffer value guidelines for Amelia County is a modified version of the “Existing Level of Service” method. This approach is based on the assumption that the current “level of service” provided by the County’s existing public facilities is adequate on a per capita basis and will be sustained into the future. Thus, it is assumed that any expansions to existing facilities or construction of new facilities to provide for population increases will be made at the current level of service, in terms of average amount and quality of capital facilities. The impact of any such expansions is attributable to the population that occupies new dwelling units. Thus, these calculations are based on the current value of capital facilities, which reflects the existing “level of service”. A summary of the assumptions and calculations used is shown below.

#### **Costs and Revenues Included in the Analysis**

Regarding costs, schools are the major capital facilities item facing the County. Therefore, the proffer guidelines are focused solely on school capital costs. All capital facilities categories are candidates for inclusion, especially Courts and Administration Facilities and Fire Station Facilities. However, these have only marginal impacts when compared to schools. Thus, to keep the concept simple and defensible, the focus is on schools.

Regarding revenues, the major revenue sources are included, as follows:

- Real Property
- Personal Property
- Consumer Utilities
- Sales and Use
- Motor Vehicle License

#### **Determination of the Cost (Value) of Facilities**

To determine the existing level of service for school capital facilities, the original acquisition cost of the facility was converted into current dollars, using the Consumer Price Index for the years between the date of original acquisition and 2003. Thus, the quality or level of service of the facility is held constant. The costs were also “weighted” in conjunction with the proportion of students enrolled in each of the three levels of grade configuration (elementary, middle and high).

## **Determination of Future Needs**

To determine future capital needs caused by new households, student enrollment forecasts and general population forecasts are projected to the year 2023 (a 20-year planning horizon). Both of these are projected at a 2.17% annual growth rate (consistent with short-term state forecasts and the long-term forecasts used in the County's comprehensive plan for population growth). These growth rates produce a school population and a general population that is 54% larger than the current population for the 20-year horizon.

Capital costs associated with (caused by) new dwellings, are thus assumed to be proportional to the population increases, since levels of service are held constant. Thus, the capital cost burden of new development is estimated at 54% of current capital facility values for the 20-year planning horizon.

The difference between the total current value and the future value of capital facilities is the amount attributable to the new dwellings. However, this amount must be reduced by the amount of tax payments that these new dwellings will pay to the County during this 20-year period, once they are built and occupied. Thus, total future tax payments are estimated, and discounted to present dollars at a 3% *net* annual discount rate (tax revenues are assumed to increase at a 3% annual rate, and the future total value of payments after 20 years is discounted at a 6% annual rate).

## **Summary of Assumptions and Base Data Used**

### Costs/Values of Existing School Facilities

Existing school facilities are estimated to have a total replacement cost of about \$26.5 million. This includes the elementary, middle and high schools, as well as school administration and maintenance facilities. The effective cost of providing additional facilities for future population growth over 20 years is a little more than \$13.5 million.

### Revenues

- Average assessed value per dwelling unit = \$150,000
- Real Estate Tax Rate = \$0.50 per \$100 for a total annual revenue from residential use of \$3,200,000
- Personal Property Tax Rate = \$3.25 per \$100 for total annual revenue of \$600,000
- Sales and Use Tax total annual revenue of \$460,000
- Consumer Utilities Tax total annual revenue of \$350,000
- Motor Vehicle License total annual revenue of \$225,000
- Total credits for future tax payments: assumes 3% growth rate in revenues

### ***Notes:***

1. *Costs/values of existing facilities are derived from the County's fixed asset accounting system, annual budget, insurance rating data and capital improvement program.*
2. *Land is estimated at \$5,000 per acre; but not yet included in this draft of the calculations.*
3. *Revenue values are derived from the County's annual budget.*

## Population and Household Data

- Total number of students in the public school system (2002) = 1,726.
- Total population in County (2002) = 11,700\*.
- Total occupied dwellings = 4,349\*\*
- Average number of students per dwelling unit = 0.397 (1,726 / 4,349)
- Total Population and Student Enrollment projected to increase at average of 2.17% annually

## Summary of Calculation of Values of Cash Proffer Guidelines

### *Calculate The Average Capital Costs per Dwelling Unit*

(Total Replacement Costs for School Facilities\*\*\*) / (Total Students in system)

= \$13,580,173 / 1,726 students

= \$8,428 per student

(Capital Cost per Student) x (Student Generation Rate per Dwelling)

= \$7,868 x 0.397

= \$3,123 Average Capital Cost per Dwelling Unit for Schools at existing levels of service

### *Subtract Credits for Future Tax Payments*

(Average Capital Cost per Dwelling) – (Net Present Value of future payments at 6% discount rate)

= \$3,123 per dwelling) – (\$1,631 future tax credit per dwelling attributable to school costs)

= \$1,492 Total Net Cost per Dwelling (for each unit above a defined “by-right” minimum density)

\*2002 PROVISIONAL POPULATION ESTIMATE

Released by the Weldon Cooper Center for Public Service, Demographics and Workforce Section, 1/29/03

\*\*Estimated based on U. S. Census: 2000 households = 4,240 = 2.69 people per household; 2002 population = 11,700 @ 2.69 = 4,349

\*\*\*only that amount of cost attributed to future population growth over the next 20 years

Note:

*Estimates and projections derived from the County's comprehensive plan, U. S. Census, and state enrollment forecasts.*

## Summary of Expected Capital Cost Impacts

Impact (School Facilities)	Cost/Value (in current dollars)	Cost/Value Attributable to Future Growth	Cost per Dwelling Unit
Elementary School	\$8,644,220	\$5,043,047*	
Middle School	6,176,868	3,093,185*	
High School	7,331,365	3,894,248*	
High school auditorium	1,000,000	540,000	
Old School Bldg—Dunn Street	<del>1,791,000</del>	<del>967,140</del>	
Russell Grove School	1,286,000	694,440	
School Board Admin building & Bus Maintenance Garage	583,802	315,253	
<b>Total Costs</b>	<u>\$25,022,255</u>	<u>\$13,580,173</u>	<u>\$3,123</u>
<b>Less Total Credits</b>			(1,631)
<b>Net Capital Cost/Impact per unit</b>			<u><b>\$1,492</b></u>

*\*weighted in proportion to the share of students in each type of school*

SCHOOLS	Real Estate	Personal Property	Sales and Use	Consumer Utility	Motor Vehicle License	Totals	
<b>Taxable Value per Unit</b>	\$150,000	4,249					
<b>Tax Rate per \$100</b>	0.50	3.25					
<b>Total Est. Annual Revenue</b>	\$3,200,000	600,000	460,000	350,000	225,000	\$4,835,000	
<b>Est. Annual Rev. per Unit</b>	\$736	138	106	80	52	\$1,111.75	
<b>% supporting debt</b>	0.15	0.15	0.15	0.15	0.15		
<b>\$ for debt credit</b>	\$110.37	20.69	15.87	12.07	7.76	166.76	
<b>% of debt for schools</b>	0.69	0.69	0.69	0.69	0.69		
<b>Rate of annual growth</b>	3.00%		3.00%	3.00%	3.00%		
<b>Discount Rate for future tax payments</b>	6.00%	6.00%	6.00%	6.00%	6.00%		
<b>Forecasted future revenue</b>							<b>Net present values</b>
year 1	\$76	14	11	8	5	\$115	<b>109</b>
year 2	78	14	11	9	6	118	<b>105</b>
year 3	81	14	12	9	6	121	<b>102</b>
year 4	83	14	12	9	6	124	<b>99</b>
year 5	86	14	12	9	6	128	<b>95</b>
year 6	88	14	13	10	6	131	<b>92</b>
year 7	91	14	13	10	6	135	<b>90</b>
year 8	94	14	13	10	7	138	<b>87</b>
year 9	96	14	14	11	7	142	<b>84</b>
year 10	99	14	14	11	7	146	<b>81</b>
year 11	102	14	15	11	7	150	<b>79</b>
year 12	105	14	15	12	7	154	<b>76</b>
year 13	109	14	16	12	8	158	<b>74</b>
year 14	112	14	16	12	8	162	<b>72</b>
year 15	115	14	17	13	8	167	<b>70</b>
year 16	119	14	17	13	8	171	<b>67</b>
year 17	122	14	18	13	9	176	<b>65</b>
year 18	126	14	18	14	9	181	<b>63</b>
year 19	130	14	19	14	9	186	<b>61</b>
year 20	134	14	19	15	9	191	<b>60</b>
<b>Total</b>	2,046	286	294	224	144	\$2,994	<b>\$1,631</b>