

At a Mini Retreat of the Southampton County Board of Supervisors held at the Workforce Development Center in Franklin, VA on December 12, 2006 at 6:30 PM

SUPERVISORS PRESENT

- Dallas O. Jones, Chairman (Drewryville)
- Walter L. Young, Jr., Vice-Chairman (Franklin)
- Carl J. Faison (Boykins-Branchville)
- Anita T. Felts (Jerusalem)
- Ronald M. West (Berlin-Ivor)
- Moses Wyche (Capron)

SUPERVISORS ABSENT

- Walter D. Brown (Newsoms)

OTHERS PRESENT

- Michael W. Johnson, County Administrator
- James A. Randolph, Assistant County Administrator
- Julia G. Williams, Finance Director
- Robert L. Barnett, Director of Community Development
- Sandi P. Plyler, Data Processing Manager
- Julien W. Johnson, Jr., Public Utilities Director
- Robert Croak, Utilities Systems Supervisor
- Jackie D. Vick, Facilities Maintenance Supervisor
- Vernie W. Francis, Jr., Sheriff
- John Smolak, Franklin-Southampton Economic Development, Inc.

Supervisor Faison gave the invocation at 6:30 PM and dinner and fellowship immediately followed from 6:30 PM – 7:00 PM.

Chairman Jones called the meeting to order at 7:00 PM.

Mr. Michael Johnson, County Administrator, welcomed everyone. He then shared a PowerPoint presentation reflecting on FY 2007 budget projections and growth opportunities for Southampton. He advised that budgeted revenue projections were fiscally sound, as state aid for schools was projected at \$17,797,001 in April 2006 and the final October 2006 figure was \$17,841,821. In addition, the April 2006 real estate assessment projection was \$1,257,191,420 and the final land book was \$1,260,494,400. Regarding the land use value taxation program that was implemented, the overall impact on the real estate tax rate was actually 11¢, so the cost of land use assessment was significantly higher than projected in 2004, but still consistent with FY 2007 budget estimates.

Mr. Johnson advised that attendants now manned eight of our solid waste transfer stations, with four more expected to be manned in December 2006, and the final four in January 2007. Capital costs (sheds, fencing, gates, etc.) associated with implementing this program were \$200,000. Annual operating costs were part-time salaries - \$210,000, portable toilet rental - \$16,000, uniforms - \$2,400, and electricity - \$20,000, for a total of \$248,400. He shared the following breakeven analysis:

Annual cost of operations	\$248,400
Annual capital recovery (5% return over 5 years)	<u>51,050</u>
ANNUAL COST FOR ATTENDED SITES	\$299,450

\$299,450 / \$75 per ton = 3,993 tons that must be avoided annually to break-even

3,993 / 12 months = 333 tons per month

1,426 Average tons per month (FY 2006)
- 333

1,093 Monthly Benchmark

Since implementing the program, we had seen 5 consecutive months of decreasing volumes and were approaching the breakeven benchmark, and only half of the sites were manned. Preliminary data indicated that attended sites were effectively reducing costs. However, effective January 1, 2007, SPSA would raise the disposal rate from \$57 to \$75 per ton. At an additional \$18/ton, even with the reduced tonnages, we would pay more \$122,000 more in tipping fees than anticipated last April. But, overall, the increase was partially mitigated with attended sites, as it would have been \$160,500 more based on last year's volume. Tipping fees would continue to rise, and rise

substantially over the next decade, providing an even greater return on investment for attended sites.

Mr. Johnson then discussed the impact of borrowing money to construct a new elementary school and new business park. The true fiscal impact would not be felt until 2008 and 2009. It was initially projected that an estimated 5¢ increase and an additional 10¢ increase on the real estate tax rate in FY 2008 and FY 2009 respectively would be needed. However, through the bond sale and favorable market conditions at the time of the sale, it would impact future tax rates *less* than projected. It was now projected that an estimated 4¢ increase and an additional 4¢ increase on the real estate tax rate in FY 2008 and FY 2009 respectively would be needed.

He stated that beginning July 1, 2006, we began billing our water and sewer customers based on consumption (rather than the previous flat-rate billing). Revenue estimates for July 1, 2006 – November 30, 2006 were \$310,677 for sewer and \$112,707 for water. Actual revenues for the same period were \$306,375 for sewer and \$112,850 for water. Accordingly, water and sewer revenues were right on target.

Mr. Johnson then discussed port-related opportunities for Southampton County. Containerized general cargo (i.e. lumber, toys, clothing, electronics, frozen foods) was the fastest growing segment of maritime cargo. Shipping containers worldwide via container costs only about 1% of retail prices. For example, a \$45 pair of shoes would only cost 34¢ to ship. In 2005, China Ocean Shipping Corp. placed an order for eight 10,000 TEU Containers Ships, designed to be bigger, faster, and better, to be delivered in 2007-2009. The Port of Virginia (in Hampton Roads) was the only East Coast port that could handle any of those ships. It was the 8th largest port in the U.S. and third largest on the East Coast. The West Coast ports were reaching capacity limits. The Port of Virginia was well-positioned for growth with its Mid-Atlantic location, excellent access to deep water, good and improving port infrastructure, and heartland corridor rail improvements.

He shared the following distribution center forecasts:

- 5 Million TEUs through The Port by 2030
- 50% Import Cargo = 2.5 Million TEUs
- 60% of Imports Go Through a Distribution Center = 1.5 Million TEUs
- A Single 1 Million SF Distribution Center Facility Can Process 20,000 to 50,000 TEUs Per Year
- 30 to 75 Million SF Are Needed For 1.5 Million TEUs
- 10 to 15 Million SF Are Already in Use in 2005
- An additional 20 to 60 Million SF of Distribution Center Space Will Be Needed in 2030 (for reference, Target Distribution Center in Suffolk is 1.5 million SF)

Mr. Johnson stated that Southampton County was strategically located and expansion of the Port of Virginia would provide significant opportunity for growth in logistics and freight distribution for Southampton County.

There being no further business, the meeting was adjourned at 8:10 PM.

Dallas O. Jones, Chairman

Michael W. Johnson, Clerk