

ARTICLES OF INTEREST

Pressure to develop mounting

County, landowners at odds over future of utility district

BY WESLEY P. HESTER
Times-Dispatch Staff Writer

Goochland County leaders are attempting to lay out a new vision for the county with a fresh focus on economic development, but to succeed, they'll need the cooperation of influential landowners.

This month, county leaders set about establishing strategic priorities for the cash-strapped bedroom community still haunted by past mismanagement issues that have led to an overhaul of county government.

RT-D FIRST While the preliminary conversation offered few specific answers, one area of consensus was that the key to the future prosperity lies to the east — in the Tuckahoe Creek Service District.

The 7,800-acre water and sewer district was funded with \$63 million borrowed eight

Pipe problems

• There are serious questions about the integrity of the Tuckahoe Creek Service District's pipe. **Page A9.**

years ago from the Virginia Resources Authority to be repaid by commercial growth.

But things haven't gone as planned. Few users have connected to the utility district since

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it was completed in 2004. That has left the county struggling even to pay the cost of operations, much less the debt, which has ballooned to nearly \$74 million with interest.

In conjunction with and encompassing the 3,226-acre West Creek Business Park, the district was supposed to be a financial boon for the county and bring big business to one of its corners while allowing the rest to remain rural and undisturbed.



Eads

"When we started this ... everybody was euphoric," said Supervisor James W. Eads, whose district encompasses much of the service district.

"All we had to do was bring water and sewer into the Tuckahoe Creek Service District and sit back and watch the flowers bloom. With no effort on our part, everything would explode. That was the mentality."

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The debt, it was thought, would be repaid easily by the commercial growth with the help of a special "ad valorem" tax rate applied to all property owners within the district.

Eads said that while the county needs to market eastern Goochland better, much of the onus now is on the landowners, many of whom he claims seem content to sit on their property and hope the payoff could be bigger down the road.

"If the people in the Tuckahoe Creek Service District as a body do not indicate that they want that property developed now and [that] they're willing to work with us, this is futile," he said.

Scott Gaeser, a landowner and chairman of the Tuckahoe Creek Service District's advisory committee, said the landowners always have been on board, but the county has gotten in the way.

"It's not that we don't want to sell our land," he said. "It's that the county has us locked up between high taxes and no zoning."

Gaeser said the landowners put up their property as collateral for the bonds that built the district.

"As soon as we did it, the county put a stop on all development," he said. "They didn't want any residential development, and they weren't going out and seeking commercial development."

"It's like we opened up an ice-cream shop and said we don't want to sell ice cream."

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No matter the reason, the lack of development leaves the county and the landowners in a pickle, with debt payments steadily increasing in future years and little money coming in to support them.

The district was set up so debt is repaid through the ad valorem tax rate and a 55 percent share of incremental real estate tax revenue in the district, meaning that when values go up, so does contribution toward the debt.

But with no growth, few users, and property values level and in some cases declining, the pressure to boost economic development is mounting.

To attract commercial growth, Gaeser said,

the county needs to accept residential growth along with it and create a mixed-use zoning category to make that possible.

More rooftops and more businesses of any size mean more connections to the district and more revenue for the county, he said.

He used the example of his own 40 acres in Centerville, within the service district. Gaeser bought it just before the district was completed for \$2.7 million, and he invested an additional \$450,000 to extend water and sewer to the property and create an entrance.

Now, he said, he can't do anything with the property because the county won't allow him to mix businesses and homes there. That's the only way it would work, he said.

"Meanwhile, they're collecting \$40,000 a year in taxes on 40 acres that I can't do anything with," he said.

Eads said residential and small business is not the way to make the district work or pay off the debt.

"We're not going to pay those bonds off with nickel-dime operations. It ain't gonna come from dry cleaners," he said.

Supervisor Malvern R. "Rudy" Butler sees things differently.

"We need mixed-use," he said, pointing east to Henrico County, where county leaders are pushing through a rezoning of the massive Innsbrook area to allow for residential uses in the office park.

Butler said he favors encouraging small businesses in the service district, too.

"The big ones are nice, but they don't come every day," he said, adding that things have changed and it was time for a fresh look. "We haven't sold much doing things the other way."

But Eads said nothing will work until the landowners make an effort to work with the county.

He suggested that property in the service district should not be allowed into the county's land-use tax-deferral program, where owners pay lower real estate taxes in exchange for keeping their property as farm or forest.

Currently, 2,715 acres of the district's 7,800 acres are enrolled in the program, including 60 acres managed by Gaeser across Broad Street Road from his other 40-acre property.

"We put it in land use three years ago because of the county's inability to work with us in a positive way to create opportunities for zoning, and it's the best move I've made," Gaeser said.

Gaeser plans to submit another plan for his own 40 acres in September, proposing a mix of 50 town houses and 250,000 square feet of commercial space. If the county won't let him build it, he said, he's considering putting that in the land-use program, too.

"What else am I going to do with it, other than cutting hay and putting cows on it?" he said.

◆ ◆ ◆
A key to the future of eastern Goochland and the service district is the stagnating West Creek Business Park, located off state Route 288.

Apart from the few large tenants that bought in several years ago — CarMax, Capital One, Performance Food Group and the Farm Bureau of Virginia — it remains largely vacant, with the last of its land purchases in

early 2006.

Only 830 of the park's 3,226 acres are developed or planned for development.

"Until demand picks up, it's going to be challenging to move or sell development land," said

Tommy Pruitt, West Creek's managing general partner, who added that he doesn't expect that anytime soon.

"There's a lot of existing inventory of retail space, office space and commercial space in Short Pump and Innsbrook," he said.

He added that the lack of available financing makes any development a rare commodity these days, but he praised Henrico for thinking ahead by pursuing the rezoning for Innsbrook to allow mixed-use development.

Asked if he thought that would work for West Creek, he said: "I don't think anything's going to work right now, but it's a good tool to have in the tool bag."

One bright spot on the horizon is the West Creek Medical Center, a 97-bed, \$183 million hospital HCA Inc. expects to open in 2012 within the business park.

And with debt payments on the service district escalating, the county is hoping for similar-sized projects in the future.

Annual obligations now are about \$2 million and increase dramatically in future years. At the current rate, the annual payment would be \$4 million by 2017 and \$8 million by 2028.

To soften the blow, the county is planning to increase incrementally the ad valorem tax rate in the next several years from its current 27 cents to 43 cents per \$100 of assessed value in 2015.

That's actually lower than where it started in 2004, when the tax first was levied at 50 cents, but county leaders dropped the rate over the years to as low as 23 cents, banking on development that never showed up.

Eads was unsympathetic about the rate rising. He pointed out that "consenting adults made the deal" and even the combined rate — including the ad valorem tax and the county's regular real estate tax of 53 cents — is lower than in many surrounding localities.

"The bond will be paid, ain't no doubt about that," he said. "If the ad valorem tax is \$3, that's life."

Butler disagreed.

"You get that ... tax too high and no one's going to come here anyway," he said. "I'd like to see it down to nothing hardly."

He suggested the county needed to open its doors to small businesses while providing short extensions off the main water and sewer lines to make hooking up easier and less expensive for potential clients.

He said expanding the service district in some areas might not be a bad idea, either.

"Until such time as you can manage what we've got, you'd be silly to expand it," Eads countered.

In September, County Administrator Rebecca T. Dickson will bring a series of proposed economic-development initiatives to the board of supervisors to consider. Dickson said she also anticipates advertising for an economic-development director in September.

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Butler



Pruitt



Dickson

7/18/2010

Incentives for U.S. 460 toll road

State offers tax cuts, subsidies in effort to lure potential builders

BY PETER BACQUÉ
Times-Dispatch Staff Writer

The state is trying to make the U.S. 460 toll-road project even sweeter for industry.

In its latest solicitation for proposals to build the multibillion-dollar, privately developed highway between Petersburg and Suffolk, the Virginia Department of Trans-

portation said the state will consider:

- seeking reductions in state tax burdens — such as the sales and income taxes — to help the project;
 - subsidizing the project with state money;
 - having through-truck restrictions and speed-reducing measures on the existing U.S. 460 to move truck traffic to the new road;
 - doing some of the maintenance on the road for the private developer; and
 - increasing speed limits.
- However, interested companies

can't plan on putting tolls on other roads, including Interstates 64, 95 or 81, or restricting trucks on I-64, VDOT said.

Potential builders also must use the already-approved alignment for the road.

Some of VDOT's suggested options would need approval by the General Assembly or local governments.

Virginia now has no state or federal money identified for building the four-lane divided road.

The state highway agency estimates the 55 miles of highway will

cost \$1.5 billion to \$2 billion to construct.

Developers would receive a 75-year concession to run the road and collect its tolls, with possible extension to 99 years.

Past U.S. 460 construction proposals called for tolls as high as \$13.20 a vehicle and still required an infusion of \$500 million to \$1 billion in public funds.

VDOT will hold a webinar Tuesday to brief industry on the proposed project.

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Obstacles loom for Va. retirement system

Challenges include cuts to pensions, a retirement surge, volatile market

BY MICHAEL MARTZ
Times-Dispatch Staff Writer

The Virginia Retirement System faces a triple challenge with sharply reduced contributions to public-employee pensions, a surge in employee retirements and a volatile market for investments.

Gov. Bob McDonnell and the General Assembly will need to find money in the next two-year state budget to begin making up for cuts in contributions to pensions for state employees and teachers to ensure the long-term stability of the \$47.7 billion system, retirement officials said yesterday.

"If you don't fund these things,

you're relying on the stock market to save the plan," VRS Director Robert P. Schultze told the Joint Legislative Audit and Review Commission. "We just don't see the stock market being as beneficent to the fund as it has been the last 20 years."

The VRS Board of Trustees voted last month to reduce the system's average for return on investments from 7.5 percent a year to 7 percent, compared with the 8 percent assumed by the assembly and its money committees. The board also increased its proportion of less risky bond investments from 30 percent of the system's market portfolio to 40 percent, while dropping the share of equities from 70 percent to 60 percent.

Rory J. Badura of Mercer, a private firm that completed a four-year audit of VRS, said Virginia reacted

more quickly than other states to reduce market expectations. "The system is a jump ahead," he told the commission.

VRS investments made a strong recovery in the just-completed fiscal year, with a return of almost 14 percent through June 30, but officials expect the market to remain volatile in the face of a global economy that is hobbled by rising debt. The return was a record 31.2 percent through March 31, but the market cut those gains by more than half in the second quarter, compared with a strong second quarter a year ago.

At the same time, the system is experiencing a sudden rise in employee retirements that will increase the cost of benefits it must pay. Almost 4,900 employees covered by the retirement system have announced their retirement this month, an increase of almost 60 percent from last year.

Teachers led the way, with the most likely reason the prospect of flat or even reduced salaries, which are used to calculate retirement benefits.

"They're not going to see benefits increase," said Robley S. Jones, lobbyist for the Virginia Education Association.

Jones said teachers also may be reacting to local incentives for early retirement, the opportunity to prevent younger colleagues from being laid off and the increased stress on local school systems after more than two years of budget cuts.

The effect of the increase in retirements already is being felt in Chesterfield County, where 50 teachers who had been slated for layoffs were offered contracts last week for the coming school year. Chesterfield had announced plans to cut 150 jobs to balance this year's

budget, which also includes pay cuts from 2 to 4 percent.

"Why would you want to take a 2 percent pay cut?" asked Del. M. Kirkland Cox, R-Colonial Heights, a Chesterfield teacher.

Cox serves as vice chairman of the House Appropriations Committee, which played a major role this year in reducing long-term pension costs by reforming benefits for future employees and in forgoing \$620 million in pension plan contributions to balance the two-year \$70 billion state budget without general tax increases.

He said after yesterday's meeting that he is confident the reduced contributions were a one-time measure to deal with a dire budget situation. "This is a big deal for a lot of people," he said. "We need to make sure the fund is sustainable."

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New Kent trash centers to close one day a week

County's action will save about \$28,000 annually, official says

BY LUZ LAZO

Times-Dispatch Staff Writer

Starting today, all four refuse collection centers in New Kent County will be closed one day a week.

The closing of the facilities, which accept household waste and recyclable items, is a measure the county is taking to reduce spending in tight economic times.

By closing one day a week, the county will save about \$28,000 annually, said Amy M. Pearson, New Kent's assistant director of financial services.

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The budget for the 2010-2011 fiscal year, which started this month, also reflects funding cuts to some county departments and outside agencies that receive county aid. The county this year also eliminated six vacant positions and is scaling back on capital projects.

The changes, county officials said, were necessary to balance the budget as localities have

struggled with the economic slowdown and reductions in state aid. The county's total budget for all funds, excluding utilities, for this fiscal year is \$50.2 million, or \$1.36 million less than fiscal 2010.

The changes to the refuse collection center hours of operation are, however, the only county service reduction in this fiscal year.

Although each of the facilities will close one day a week, three of the four will remain open each day. The closings are as follows:

- Sunday — Route 618 (6301 Olivet Church Road)
- Monday — Route 647

(12400 Old Telegraph Road)

■ Tuesday — Route 612 (7050 Airport Drive)

■ Thursday — Route 634 (17120 Polishtown Road)

The sites accept household waste and recyclable materials such as used motor oil, oil filters, antifreeze, leaves, paper, newspapers and boxes. Also accepted are commingled waste such as aluminum, glass and plastics. Home appliances are accepted at the county's main refuse site on Route 618.

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Goochland ponders new county setup

Some urge adoption of the county-manager form of government

BY WESLEY P. HESTER
Times-Dispatch Staff Writer

Could Goochland County become the second municipality in the state to adopt a county-manager form of government?

Some Goochland leaders want to at least explore the change, which would eliminate the constitutional

offices of treasurer and commissioner of the revenue and create a Department of Finance instead.

At a strategy session last week, Supervisor James W. Eads endorsed the change and suggested that many of the county's recent fiscal failures might have been avoided under the simpler structure

"God knows we've been through agony," he said, adding that with new administrative staff in place, the time was ripe to consider the change. "We have an opportunity now to make Goochland the best-

managed county around."

In Virginia, only neighboring Henrico County has a county-manager government, which allows for the grouping and consolidation of administrative functions into departments and does not include elected financial officers.



Eads

Arlington County in Northern Virginia utilizes a "county-manager plan" structure, which does include an elected treasurer and commis-

sioner of the revenue.

Hanover County attempted to switch to a county-manager form of government in 1994, but voters rejected the change in a referendum. Henrico successfully made the transition in 1934.

Henrico County Manager Virgil R. Hazelett agreed with Eads, calling the structure a more efficient type of government.

"Everything comes through the director of finance and it's much simpler, I think, to deal with from a policy standpoint and an administrative standpoint," he said.

A rich place to live

Goochland County once again is near the top of Forbes' list of affluent arrivals. Page B4.

Goochland Treasurer Brenda Grubbs disagrees — and not only because her position would be eliminated, she said. "It would be a terrible, terrible disaster," she said. "You wouldn't have your checks and balances in place."

Grubbs said the county-manager

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form of government puts "too much control in one office."

She said the county's recent utilities debacle, in which years' worth of undeposited checks were discovered — some in file cabinets — could have been worse under a county-manager government, pointing out that she had been reporting the problem to county leaders since 2004.

"I notified them every time it came up," she said, suggesting that without her office, it might never have been caught at all.

Jim Campbell, executive director for the Virginia Association of Counties, said the county-manager form does make for a more efficient operation, but abolishing constitutional officers makes carrying a referendum difficult.

"That's an emotional argument, that you're eliminating the two elected folks that were holdovers from the 18th century," he said. "From a managerial perspective, streamlining and making things more efficient is the way to go. But when you talk about government, people want to be able to elect."

Unlike a county administrator, a county manager operates as a chief executive officer without having to go to a local governing body for approval.

"Obviously, you don't want to do anything that the Board of Supervisors may object to," he said. Hazelett said, noting that he still serves at the board's will.

Hazelett has served as county manager since 1992. The county's Board of Supervisors is the longest-sitting legislative body in the state, having served together since 1996.

"The relationship between myself and them is just fantastic, and it's this form of government that's created that, quite honestly," he said. "I marvel at times seeing some of the situations or discussions that I see in other jurisdictions. They would never happen here."

Eads said it makes little sense to have a county or any other financial operations divided into three autonomous units. "I don't think you can run a hot dog stand and divide the finances into three separate people," he said.

Eads was careful to point out that his desire to make the change has nothing to do with the county's current treasurer or commissioner of the revenue.

"I'm not talking about personalities here. There's no reflection on any person," he said. "I'm talking about a structure."

But he did concede that the idea would probably be unpopular unless it was properly explained. "People will say, 'Well, you know, what you have [now] is checks and balances.' Well, we proved that

checks and balances doesn't work," he said, referring to the recent problems.

Goochland Supervisor Malvern R. "Rudy" Butler agreed that the idea should be explored, but for different reasons. He said the state provides less and less funding to constitutional officers each year, leaving it to the localities to make up the difference.

"I think the day is coming that the state doesn't fund these people anymore, and then we've really got to do something," he said. "Sooner or later in these modern times we're going to probably have to go there."

If that day does come, Butler says he hopes the state will grant localities the power to make the switch on their own. A bill that would have accomplished that was introduced in the General Assembly last year but later pulled.

Currently, the change requires putting the matter to a referendum, obtaining a majority vote there, and then gaining the blessing of the legislature.

Eads said that despite the difficulties, pursuing the change was well worth it because the traditional form of local government was outdated and overly complicated.

"I'm sure it was a hot idea in 1710," he said, but added: "It's not practical today. It makes no sense."

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Grubbs



Hazelett



Butler

Minimum Lot Size: What is it Good for? Absolutely Nothing.

By [Tyler Craddock](#) • Jul 21st, 2010 • Category: [Land Use](#)

I recently [wrote](#) about some policy choices that would help remove restraints on the free market that are currently preventing the production of more affordable housing. This month, I would direct your attention to policy choice number three from last month's column: the abolition of minimum lot sizes.

On the most basic level, minimum lot sizes are a function of zoning ordinances enacted by local governments across Virginia. In many zoning classifications, there is a minimum lot size. That, in turn, yields a specific density reflecting the policy choice being made in developing that specific classification. For example, a locality might have a zoning classification that calls for lots that are a minimum of 12,000 square feet. That yields a density of 3.63 dwelling units per acre. Minimum lot sizes can also be a function of proffered conditions in a zoning case.

Well, what I would propose is that we get rid of the minimum lot size in favor of using density alone as the guiding principle in how many lots are allowed to be created in the subdivision of a particular parcel. By definition, this would allow clustering by-right. This change could be in two forms. One would be a state law that prohibits zoning ordinances from requiring minimum lot sizes. The other would be a conscious policy choice by Virginia localities to not require minimum lot sizes in their zoning ordinance; they already have the discretion to do this under existing law.

Here is how this might work: let us assume there is a parcel with one-hundred acres that has been zoned in such a way as to allow ninety homes. Setting aside roughly ten percent for streets and other rights of way, that would average out to almost one acre per home. In this example, let us assume that the zoning on this parcel has a minimum lot size of 1 acre. Well, you know where this is going. The resulting community has one-hundred acres that contains ten acres of streets and other public rights of way and ninety acres of home sites.

Without the minimum lot size, however, the lots could be smaller. Assuming the availability of public utilities, you might see a community with lots on one-fourth of an acre. That would mean you have a community that is roughly thirty-five acres of homes and streets and sixty-five acres of undisturbed land.

Now, before we go forward, let me dispel some concerns about this idea.

First, this would not lead to a massive increase in the number of lots. To be fair, there could be a marginal increase that might come with gross density being used in favor of a minimum lot size. In our example above, a gross density of one home per acre would yield one-hundred homes instead of ninety because density, stated as a gross maximum, would drive the number of lots that could be created. But, the tradeoff is that rather than having all the land in the parcel incorporated into lots, any land left over could be put in a conservation easement, deeded to the homeowners' association, left as a working farm or otherwise utilized in a similar manner.

In addition, the absence of minimum lot sizes would not in any way trump health and safety requirements driven by Virginia Department of Health regulations with regard to onsite septic systems. You cannot change science, and this proposal would in no way attempt to do so.

The benefits of abolishing minimum lot sizes accrue in several areas:

- **Consumer choice** – In a free society, the types of home sites available should be driven by consumer demand, not choices that are the function of an artificially-imposed limit by the government. The principle that free people should have free choices goes far beyond home sites, and indeed it should be the first metric of any economic policy proposal in a free society.
- **Affordable Housing** – Smaller lot sizes means lower costs for things like land clearance, streets and utility lines. That means lower costs for home buyers.
- **Environmental Benefits** – By its nature, this proposal would yield more open space. That means less impervious cover, more filtration for runoff before it enters streams, less encroachment on wetlands and other important environmental features and more preservation of forests.
- **Agricultural Benefits** – Under this system, a landowner could take the existing development rights on an agricultural parcel, cluster those lots and preserve the greater share of the land as a working farm. It truly presents an opportunity for family farmers to stay in the business.
- **Aesthetic Benefits** – Take a look at some comprehensive plans from across Virginia. In a number of localities, one thing that jumps off the page is the desire to preserve rural character. Abolishing minimum lot sizes makes that possible, while also providing for future residential growth. Right now, many rural zoning classifications require the future growth to be low density, but on big lots. What if it were low density on smaller lots? That's right; you preserve the rural character of the community.

In short, in a Euclidean-based zoning system, density should be the driving force, not minimum lot size. The perceived public policy benefits that are realized from zoning are all derived from the density and not necessarily the minimum lot size. Our public policies should reflect that.



Tyler Craddock is the Director of Government Affairs for the Virginia Chamber of Commerce. Previously, he served as the Director of Public and Government Affairs for the Home Building Association of Richmond. Prior to moving to the Richmond area, he worked as a Legislative Aide to former Delegate Allen W. Dudley (R-Franklin County), a consultant to former North Carolina State Representative Cary Allred (R-Alamance County) and in the private sector as a real estate agent for Prudential McCann Realty in Burlington, North Carolina. A graduate of Virginia Tech (BA '93, MA '96), he resides in Chesterfield County with his wife and children.

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