

COUNTY OF YORK

MEMORANDUM

DATE: June 22, 2023

TO: York County Board of Supervisors

FROM: Neil A. Morgan, County Administrator



SUBJECT: Board of Supervisors meeting follow-up-FY2023 Surplus

This is a follow-up to a question asked by the Board of Supervisors regarding the prospective year-end surplus.

At any point in time, the County must look at three different operating budget cycles. Those are the fiscal year that ended on June 30, the current fiscal year, and the fiscal year we are planning that ends eighteen months after plans are made.

Each year we hope to have an operating budget surplus consisting of revenues exceeding estimates and expenditures being less than planned. Although the size of the surplus varies substantially, York County's conservative financial management almost always results in a year-end surplus and this fact has served the County well.

The entire revenue surplus for any given year is made up of real property, personal property and local taxes as well as other revenue sources such as fees, interest income, charges for services. We have projected that some of these revenues will exceed estimates and some will fall short for the fiscal year ending June 30, 2023. When looking at the surplus in revenue it is prudent to look at revenue as a whole and not just one source.

General property taxes, consisting of real property, public service corporations, machinery and tools, personal property, and penalties and interest related to these taxes, are expected to exceed the budget by about \$2.5 million overall. Real estate taxes are expected to fall short while personal property is expected to exceed the adopted FY2023 budget. Other local taxes, which include revenues such as sales tax, lodging taxes, meals taxes, business licenses taxes, recordation taxes, and deeds of conveyance, are estimated to exceed the budget by \$1.8 million. Lastly, one of the most significant revenue variances is interest income, which is expected to exceed the budget by approximately \$2.0 million. The rapid change in interest rates accounts for this element of the surplus and the FY2024 budget has been adjusted accordingly. The total surplus is currently estimated to be four percent of the General Fund operating budget, or three percent of the total County budget for all funds. The precise surplus will not be known until the September time frame due to reporting lag time.

In preparing the FY2024 budget, projections were made to estimate the surplus for FY2023. Therefore, funding for the FY2024 Capital Improvements Program included the use of \$2.0 million from the FY2023 surplus. In addition, the FY2024 revenue estimates were adjusted to better reflect some of the excesses as well as the shortfalls in the

FY2023 budget. These increases in revenues made it possible to fund the expenditure priorities in the FY2024 budget to include increased funding for the schools, meaningful employee compensation adjustments, maintaining the cash capital transfers, and other inflationary and contractual increases while reducing both the real estate and personal property tax rates for the upcoming year.

As a result of the County's prudent financial management, including the use of annual surpluses, the County has been able to address a myriad of challenges over the years while maintaining some of the lowest taxes anywhere in the region. A partial list of how these funds have been used since 2016 includes general cash funding for the capital improvements plan in lieu of debt, the acquisition of a modern financial accounting software system, fire equipment, the turnkey construction of Fire Station #7, renovations to public buildings, the Sheriff's records management system, VDOT revenue sharing matching funds, inflationary increases for the law enforcement building, and the strengthening of our health insurance fund.

Care should be taken not to "demonize" budget surpluses. Agencies and departments should be encouraged and rewarded for generating surpluses to create an incentive for staff to treat the public's money as if it is their own. Any organization with an approximately \$250,000,000 budget should build in a conservative bias so that a small surplus is expected. Budgeting is really planning, and a failure to generate modest surpluses in normal times is a risk to be avoided. It is far better to err on the side of caution and then adjust revenue and expenditure estimates in subsequent years as we have done. The alternative would be to periodically run budget deficits whenever negative surprises emerge. That approach would be highly disruptive to the community with unnecessary disruptions in service, hiring freezes, and/or project postponements.

Using the surplus prudently to strengthen the County's long-term financial position is good public policy.

Copy to: Mark Bellamy, Deputy County Administrator
Theresa Owens, Director of Finance

COUNTY OF YORK

MEMORANDUM

DATE: June 29, 2023

TO: York County Board of Supervisors

FROM: Neil A. Morgan, County Administrator



SUBJECT: Bus Parking At the McReynolds Athletic Complex (MAC)

York County Schools are often the site of outdoor athletics in our community. These venues are used by the Schools as well as the York County Little League, Parks and Recreation programs, club sports, and others. The hosting of these activities has come into conflict with the parking and storage of school buses. The School Division has engaged the County staff over the last few years, looking for a solution to free up school facilities. The staff has identified a handful of sites; that, with some modification, might suit the School Division's needs.

As part of a pilot program, the County will be hosting the parking for a limited number of school buses at the McReynolds Athletic Complex beginning as early as the upcoming school year. The other areas of consideration are the Williamsburg Area Transit Facility in Williamsburg and a location on Waller Mill Road, in the upper County.

Please let us know if you have any comments or questions.

Bellamy/3309

COUNTY OF YORK

MEMORANDUM

DATE: June 30, 2023
TO: York County Board of Supervisors
FROM: Neil A. Morgan, County Administrator
SUBJECT: Letter from North Point



I have received the enclosed letter addressed to the Board of Supervisors. The staff has been aware that various parties have been looking at the former Pottery property. It is always difficult to ascertain a serious level of interest versus a prospective buyer or seller just making inquiries.

It would seem that North Point is seriously interested in purchasing the property based on their intention to submit a site plan. Based on my limited understanding, this submission would be a "by right" development, which would be consistent with current zoning and both the current and draft revised comprehensive plan.

Once a plan is submitted to the Department of Planning and Development Services, a review process will commence and status updates will be reported to the Board of Supervisors and the public through our Development Status reports.

Attachment:

- Letter from North Point



June 30, 2023

Mr. Neil Morgan
County Administrator, York County

Mr. Thomas G. Shepperd, Jr.
Chairman/District 5 Supervisor, York County Board of Supervisors

Mr. G. Stephen Roane, Jr.
Vice Chairman/District 4 Supervisor, York County Board of Supervisors

Mr. Walter C. Zaremba – District 1 Supervisor
Ms. Sheila S. Noll – District 2 Supervisor
Mr. W. Chad Green – District 3 Supervisor

Re: NorthPoint Development – York 64 Trade Center

Dear Chairman Shepperd and York County Board of Supervisors,

Please accept this letter on behalf of NorthPoint Development, LLC ("NorthPoint") to inform you of our forthcoming development plans for the project known as the York 64 Trade Center – an approximately 263-acre master-planned industrial park located at 5601 Rochambeau Drive in York County. We believe that NorthPoint's technical expertise and extensive development experience, both on a national scale and in the region, uniquely positions us to execute on bringing new development, new jobs, and their associated positive economic impacts to York County.

About NorthPoint

Established in 2012, NorthPoint is a privately held commercial real estate operating company specializing in the development of Class A industrial and logistics real estate facilities. We are based in Kansas City, Missouri with 13 offices across the country. We have been the most active developer of light industrial facilities in the United States over the past five years. We have developed and leased over 150 million square feet of Class A space since our founding. We pride ourselves on creating quality industrial parks that act as an economic catalyst for the greater regions in which they are located – generating thousands of jobs for our communities and creating taxable revenue streams for the states, counties, cities, and municipalities. Our projects to date have created more than 78,000 direct operational jobs and support more than 550 of our industrial clients across the country.

Unlike most large industrial developers, NorthPoint is a long-term investor and landlord of our projects. This means after our buildings have been constructed and leased, we will continue to own and manage the facilities with our own in-house teams. This has a number of positive implications on how we do business. First and foremost, we recognize our obligation as corporate citizens of York County for the long-term, and we take great pride in truly becoming a community partner and forming lasting relationships with local organizations, stakeholders and elected leaders such as yourselves. We understand that establishing a strong public-private partnership with you and County staff is imperative to the success of our development. Furthermore, due to our long-term approach, we take all necessary steps to ensure that our buildings are "future proof", constructed durably, and in line with tenant requirements that drive current and future demand.

12977 N Forty Drive, Suite 203
Saint Louis, MO 63141

www.BeyondTheContract.com



More information about NorthPoint Development can be found on our website at www.beyondthecontract.com. To hear from key stakeholders across the country and their experience working with NorthPoint, please visit Our Stories on the website.

About The York 64 Trade Center Development

The York 64 Trade Center will be a five-building industrial park encompassing 2.3 million square feet of modern Class A space. At full build-out, the project will represent a \$276.6 million capital investment which will make it one of the largest private investments in York County history.

The site is located in the EO Economic Opportunity zoning district. The York County Zoning Ordinance establishes an "Industrial Park" as a permitted use in the EO zoning district. Additionally, the draft land use map from the 2040 York County Comprehensive plan notes the future use of the site as Economic Opportunity. We worked diligently to ensure that our proposed development complies with your Zoning Ordinance and will not require any rezoning, variances, or other relief from the code.

As required by the York County zoning code, we have been working with a local traffic engineer to study the impact of our incremental levels of traffic and that study will accompany our formal site plan submission. The future tenants of the York 64 Trade Center don't want to sit in traffic any more than any of us do, so it is important to us to ensure that road networks are able to handle our development. Based on our traffic study, it is estimated that only 15.7% of the traffic generated by York 64 Trade Center would be "heavy vehicle" traffic. The balance of the vehicle trips generated by the development would be employees of the future tenants getting to and from their jobs.

As a point of comparative reference, a 1.2 million square foot retail shopping center development (roughly half the size of the 2.3 million square feet of space at York 64 Trade Center) would be expected to generate over ten times the amount of daily trips.

The Hampton Roads region's industrial market is growing quickly as tenant demand remains strong despite the macroeconomic headwinds. Local tenants and brokers continue to advise that one of the primary constraints on further growth is the lack of available industrial space in the region. At the end of Q1 2023, the vacancy rate for existing modern industrial space in the Hampton Roads region was 0% - meaning tenants who required the type of space that will be provided at York 64 Trade Center had zero options. York 64 Trade Center will provide 2.3 million square feet of this highly sought-after space to a market that is severely lacking it at a site that has been designated by York County as prime for exactly this type of development.

The Virginia Port Authority and VDOT are both in the midst of generational infrastructure investments that will ensure the viability of the York 64 Trade Center for decades to come. The Port of Virginia's \$1.5 billion of port upgrades will result in the deepest port on the east coast and the ability to handle the largest container vessels currently calling east coast ports. VDOT's expansion of the Hampton Roads Bridge Tunnel from four to eight lanes (\$3.8 billion), the completed I-64 lane widening between the City of Hampton and the Lightfoot exit (\$600 million), and the future I-64 lane widening between Lightfoot and New Kent County (\$750 million) will, for the first time, make the Peninsula a desirable destination for industrial tenants. York County is uniquely positioned to capitalize on these investments given its strategic location and strong workforce as industrial tenants explore this new frontier of the Hampton Roads industrial market.

Development In Line with the York County Zoning Code and Comprehensive Plan

Today, only 2.4% of York County's existing land uses are comprised of industrial behind military (32.1%), conservation (26.7%), residential (20.3%) and commercial (2.7%) based on Table 1 of the draft Land Use chapter of the 2040 York County Comprehensive Plan. Much of the existing industrial land in York County is

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tied to electric utilities, oil refining, and sanitary treatment facilities. Existing industrial facilities in York County are not conducive to capturing market demand from today's industrial and e-commerce companies.

Objective #1 in the draft Economic Development chapter of the 2040 York County Comprehensive Plan is to "Expand the County's commercial and industrial base" to attract more companies, diversify the County tax base, and create jobs. The York 64 Trade Center is poised to accomplish all of those objectives.

The draft of the 2040 York County Comprehensive Plan designates the York 64 Trade Center site's future land use as Economic Opportunity. The goal of the Economic Opportunity future land use designation is to "guide a mix of office, light industrial, commercial, and tourist-related uses." The draft Land Use chapter of the 2040 Comprehensive Plan specifically details the development opportunity in the Lightfoot area of York County and specifically mentions the subject site: "Development on the north side of Lightfoot Road, meanwhile, remains relatively sparse, with mostly campgrounds and a timeshare resort. Most of this area is owned by two large landholders that own a combined total of roughly 570 acres, which creates the potential for some type of large-scale master-planned development. Areas fronting along Lightfoot Road and much of Rochambeau Drive are relatively flat, highly visible, and easily accessible from I-64 and Route 199 and thus are particularly well-suited for commercial or light industrial development."

The E-Commerce section of the draft Economic Development chapter of the 2040 York County Comprehensive Plan discusses the continuing rise of e-commerce sales as a percent of total retail sales in the US. This section of the chapter notes that if York County wants to take advantage of this opportunity, "York County will need to be open to allowing such facilities, which are typically located in industrial parks, in commercially zoned areas". The facilities at York 64 Trade Center are in line with capitalizing on this strategy.

Estimated Economic Impact

Based on tenant surveys of our existing portfolio, we estimate that the industrial park will create 613 construction jobs and between 762-931 operational jobs. Based on Table 2 in the draft Economic Development chapter of the 2040 York County Comprehensive Plan dated May 5, 2023, this would put the York 64 Trade Center somewhere between the 4th and 7th largest employer in York County.

The 613 potential construction jobs during the phased build out of the York 64 Trade Center are estimated to produce over \$47.5 million in wages and benefits. The 762-931 operational jobs are estimated to produce between \$38.6 million and \$47.3 million in annual wages and benefits.

Based on our analysis and historical property tax levies in York County, it is estimated that at full build-out, the York 64 Trade Center could generate approximately \$4.3-\$4.4 million annually in property tax revenue for York County. York County is also likely to see material revenue generated by the County's Business Personal Property Tax assessed on the tangible business property located within each of the buildings. In addition to the investment NorthPoint will make to construct the buildings, many of our tenants across the country make multi-million dollar investments (some exceeding \$100 million) to their leased space with specialized equipment that could also be subject to the Business Personal Property Tax.

In Conclusion

As previously mentioned, we expect our site plan submission for the first phase of the York 64 Trade Center to be ready in the coming weeks. NorthPoint currently expects construction to commence on this first phase in the second quarter of 2024.

We look forward to working with you and the York County staff to bring the York 64 Trade Center to fruition.

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We are currently a member of the Hampton Roads Alliance and it is our intention to engage with the York County Chamber of Commerce, the York County Economic Development Authority, and other community organizations to introduce our project and find ways to work with each of those groups to ensure a successful development at York 64 Trade Center.

We are open to discussing our project with other local stakeholders that the Board recommends, and we welcome any questions you may have for us about the project or NorthPoint Development. Our contact information can be found below for your convenience.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "Wakeel Rahman".

Wakeel Rahman
VP of Development
NorthPoint Development

A handwritten signature in black ink that reads "Ryan Marshall".

Ryan Marshall
Development Manager
NorthPoint Development

Please direct any questions to media@northpointkc.com

NORTHPOINT DEVELOPMENT AT A GLANCE

148.5
MILLION SF
CURRENT
INDUSTRIAL PORTFOLIO

41.4
MILLION SF
INDUSTRIAL SPACE
UNDER DEVELOPMENT

110.9
THOUSAND
EST. JOBS CREATED
OPERATIONAL & CONSTRUCTION

*All stats last updated beginning of Q2 2023

\$17.4
BILLION
TOTAL CAPITAL RAISED
SINCE INCEPTION

27.1
MILLION SF
INDUSTRIAL SPACE
LEASED IN 2022

\$11.8
MILLION
CHARITABLE CONTRIBUTIONS
SINCE INCEPTION

ACTIVE MARKETS

CURRENTLY ACTIVE IN 29 STATES



OFFICE LOCATIONS

Kansas City: Headquarters
St. Louis, Cincinnati, Chicago, Sacramento, Detroit,
Salt Lake City, Charlotte, Harrisburg/York, Northeast
PA, Newark/New York, Los Angeles, Philadelphia

557 INDUSTRIAL CLIENTS

References available from our clients; a few are represented below



YORK 64 TRADE CENTER SITE LOCATION



YORK 64 TRADE CENTER SITE PLAN



NORTHPOINT DEVELOPMENT EXTERIOR BUILDING PHOTO EXAMPLES

Hazelwood Logistics Park | Hazelwood, MO



Logistics Park Kansas City | Edgerton, KS



Southview Commerce Center | Belton, MO



Southview Commerce Center | Belton, MO



Riverside Horizons | Riverside, MO



Logistics Park Kansas City | Edgerton, KS



NORTHPOINT DEVELOPMENT INTERIOR BUILDING PHOTO EXAMPLES



YORK 64 TRADE CENTER JOB CREATION AND TAX SUMMARY

JOB ESTIMATES

764-931
OPERATIONAL EMPLOYEES

613
CONSTRUCTION JOBS

1) Wage estimates collected from The Economic Research Institute, Q2, 2021

2) Benefits based on estimated 30% of total wages.

3) Tax rates collected from the State of Virginia, (single filer status).

4) Staffing model based on sample of 32 tenants from NorthPoint's portfolio of 600.

5) Construction model based on survey of NorthPoint's portfolio of 300+ Warehouses

Warehouses developed, labor hour estimates indicate total requirement over the life of the project, not concurrent employment

WAGE AND TAX ESTIMATES (OPERATIONAL EMPLOYEES)

Wages	\$29.69 - \$36.36 M
Benefits	\$8.91 - \$10.91 M
Total Compensation	\$38.59 - \$47.27 M

WAGE AND TAX ESTIMATES (CONSTRUCTION MODEL)

Wages	\$36.58 M
Benefits	\$10.97 M
Total Compensation	\$47.55 M

Estimated Annual Property Tax
for York County at Full Build-Out:

\$4.3-\$4.4 M

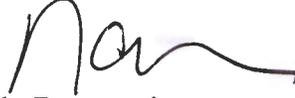
COUNTY OF YORK

MEMORANDUM

DATE: June 30, 2023

TO: York County Board of Supervisors

FROM: Neil A. Morgan, County Administrator



SUBJECT: Riverwalk Restaurant/Water Street Grille Renovation

In my June 9 Board memorandum, I shared that the County staff was examining options that are available to the Economic Development Authority (EDA) and the County to allow the Riverwalk Restaurant/Water Street Grille project to move forward. We have been working with Marconn, Inc., the long-term lessee of the facility, to identify such a solution to keep the project on its current timeline for completion next spring.

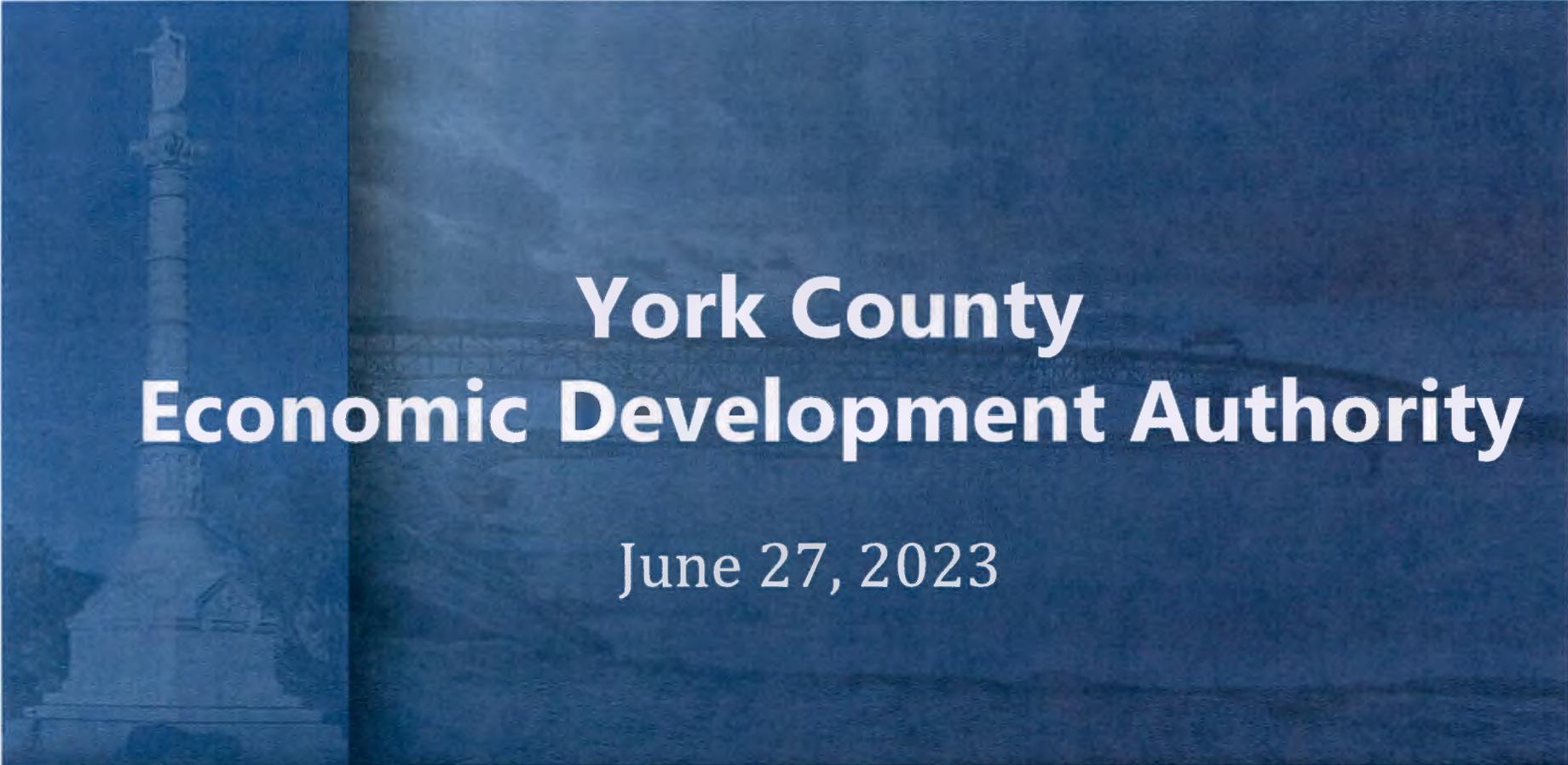
At the EDA's meeting on June 27, the Board took action to facilitate an amendment to the existing agreement for the lease and construction between the two entities. The amendment will allow Marconn to secure a general contractor for the project, subject to the EDA's approval. The approach is similar to the process that a private landlord would authorize a tenant to perform improvements to the leased space. The financial obligations under the revised agreement will remain the same as was previously approved. The EDA is responsible for 62.5 percent of project costs, and Marconn is responsible for the remaining 37.5 percent.

A copy of the presentation slides utilized during the EDA meeting is attached. I will continue to keep the Board apprised as we progress through this endeavor.

Johnson/3306

Attachment:

- Economic Development Authority Presentation - June 27, 2023

The background of the slide is a dark blue gradient. On the left side, there is a faint, light-colored image of a tall stone monument with a statue on top, set on a tiered base. The right side of the background shows a faint landscape with hills and a body of water.

York County Economic Development Authority

June 27, 2023

**Consideration of an Amendment to the
Agreement for Lease and Construction
Between the EDA and Marconn
Enterprises, Inc.**

Renovation of Riverwalk Restaurant / Water Street Grille

Attempts to Bid

June 2022

- IFB issued without any responses
 - 4 General Contractors attended pre-bid

Spring 2023

- HVAC rooftop units (\$319,000) and backup generator (\$52,824.54) were purchased in advance of contract re-bid in an attempt to mitigate concerns expressed by potential bidders

April 2023

- Re-bid issued without any responses
 - 7 General Contractors attended pre-bid



Renovation of Riverwalk Restaurant / Water Street Grille

Original Agreement

- EDA responsible for securing construction contract, with Marconn review and approval
- EDA oversees General Contractor (GC) work with Enteros as architect
- EDA processes monthly pay applications from GC
- Marconn reimburses EDA for 37.5% of each monthly pay application
- EDA net fiscal obligation is 62.5% of each monthly pay application
- EDA processes GC change orders with Marconn approval

Proposed Alternate

- Marconn responsible for securing construction contract, with EDA review and approval
- Marconn oversees General Contractor (GC) work with Enteros as architect
- Marconn processes monthly pay applications from GC
- EDA reimburses Marconn for 62.5% of each monthly pay application
- Marconn net fiscal obligation is 37.5% of each monthly pay application
- Marconn processes GC change orders with EDA approval

Renovation of Riverwalk Restaurant / Water Street Grille

Additional Points

- Proposed alternate allows for additional consideration from firms who may not have been able to participate in prior efforts
- Enteros remains the project architect and will provide normal contract administration including site visits and sign-off on pay applications
- Members of the County's Engineering team will provide project oversight and validation through regular site visits and concurrence with required pay application approvals
- EDA still maintains a substantial level of control throughout the project in a similar way a private landlord would maintain control over a tenant improvement (TI) project

Renovation of Riverwalk Restaurant / Water Street Grille

Why Not Wait?

- A substantial amount of investment in the project has already taken place in terms of architectural design services and pre-purchase of long lead-time items
- It is unlikely that construction costs would substantially improve if the project were delayed for any significant length of time
- Current facility would still require substantial maintenance and/or replacement of certain building systems
- The long-term lease between the EDA and Marconn is predicated upon Marconn being able to utilize the full space

Renovation of Riverwalk Restaurant / Water Street Grille

Proposed Timeline

June EDA Board Meeting

Provide authorization for EDA Board Chair to execute an amendment to the existing Agreement of Lease and Construction

July EDA Board Meeting

EDA approve Marconn's proposed General Contractor bid
EDA appropriate funds for the project

August

General contractor begins exterior work

September

Restaurant closes the day after Labor Day and provides GC with full access



Renovation of Riverwalk Restaurant / Water Street Grille

Staff Recommendation

Authorize the EDA Chair to execute an amendment to the Agreement for Lease and Construction between the EDA and Marconn Enterprises consistent with this evening's discussion in order to facilitate tenant improvements to Riverwalk Restaurant / Water Street Grille, and provide the framework for EDA financial support of the project.

COUNTY OF YORK

MEMORANDUM

DATE: June 29, 2023
TO: York County Board of Supervisors
FROM: Neil A. Morgan, County Administrator
SUBJECT: Tourist Home Policy Follow-up



In consultation with our County staff, Chairman Shepperd has directed me to schedule no tourist home cases for the Board of Supervisors' consideration for the remainder of the calendar year. Any potential applicants will be advised as part of the regular Planning Commission process that their cases will not be heard by the Board of Supervisors until sometime in 2024 based on subsequent decisions by the then Chairman and newly organized Board of Supervisors.

This pause in case processing is necessary because the Board of Supervisors has asked for a policy work session on this topic, and the staff workload, most especially related to the ongoing efforts to complete the comprehensive plan update, means that no analytical work on tourist home policy will be achievable over the next few months.