

**Meeting Minutes of the PACE Committee of the County of Isle of Wight  
December 14, 2005**

The meeting of the PACE Committee of the County of Isle of Wight was called to order by Rachel Morris at 6:10 p.m. on December 14, 2005, at Colonial Farm Credit in Windsor, Virginia.

Members Present: Tom Alphin  
Bryan Babb  
Jimmy Oliver

Members Absent: Pete Carr  
Dee Dee Darden

Ex-officio Members Present: Scott Bachman, Virginia Department of Forestry  
Jonathan Hartley, Director of Planning and Zoning  
Rachel Morris, Rural Economic Development  
Manager/PACE Program Administrator  
Tara Outland-Williams, Peanut Soil and Water  
Conservation District

Also Present: Jenny McPherson, ARP Coordinator, City of  
Virginia Beach  
Ed Overton, James City County PDR Program  
Administrator  
Mr. and Mrs. I. N. Jones, III.  
Mr. Ken Walker

Rachel Morris performed a roll call and introduced the guests.

Tom Alphin moved that the minutes from the November 15, 2005, meeting be approved. Jimmy Oliver seconded the motion. The motion was adopted with members Alphin, Babb, and Oliver voting in favor, and no members voting against.

Ms. Morris updated the Committee that the Board of Supervisors will adopt the Committee By-laws at its meeting on December 15, 2005. It was decided that Ms. Morris would take the recommended membership terms to the Board of Supervisors meeting on December 15, 2005, along with the By-laws.

The recommended appointments and terms are as follows:

Tom Alphin	1 year
Bryan Babb	2 years
Pete Carr	2 years
Dee Dee Darden	1 year
Jimmy Oliver	3 years

In her report, Ms. Morris informed the Committee that the interest in the Program continues to grow and she continues to receive inquiries from landowners about the Program. A mailing list of interested landowners has been created.

Jenny McPherson, Agricultural Reserve Program Coordinator, City of Virginia Beach, gave a presentation on how their program operates. Ms. McPherson began by giving an overview of the City's Department of Agriculture and the many farmer friendly programs the City instituted to protect the viability of its agriculture industry. Ms. McPherson reviewed the structure of the City's five-member Agricultural Advisory Commission and the duties of that Commission, one of which is to oversee the ARP. There was brief discussion about their city-owned Farmers Market, the liberal direct marketing program, the use value assessment program, and the City's lack of a farm machinery tax.

Ms. McPherson proceeded to inform the Committee that Virginia Beach established a "green line" in an effort to prohibit development from encroaching on the Southern portion of the City. It is within that area that their ARP operates. The City's program, which began in 1995, was a result of its Rural Preservation Plan and surveys from citizens. The City Council and citizens recognize the benefits of preserving farmland in Virginia Beach. Protecting farmland preserves more than just the land, but it also protects natural resources and rural character as well as enhancing the agriculture industry. Protecting farmland also offsets infrastructure costs such as schools, roads, water/sewer, EMS, libraries, parks and recreation, and solid waste. ARP has expectations and a goal to protect 20,000 acres as well as maintaining the agriculture support system, among others.

The ARP is a voluntary program whereby the landowners agree that in exchange for placing a perpetual easement on their properties, they extinguish the residential and commercial development rights. As payment, the City agrees to pay the purchase price of the easement in one lump sum installment after a period of 25 years. Virginia Beach utilizes an innovative financing tool called an Installment Purchase Agreement (IPA). The City agrees to pay to the landowner tax-free interest on the purchase price semi-annually. The IPA essentially defers the capital gains taxes for a period of 25 years. It was also mentioned that an IPA may be sold after one year in an effort to get the lump sum sooner.

There are many benefits to the landowner. The semi-annual interest payments are tax exempt; land will always be taxed based on the usage because of the easement, and taxes on the land are initially lower and will grow at a much slower rate because of the land use rates. Additionally, the landowners still own the land in fee simple with the ability to farm the property, rent it, sell it, hunt on it, and cut timber on it.

The easement value is established by conducting an appraisal. The City contracts with an independent appraiser to conduct a fair market appraisal based on comparable sales. The purchase price of the development rights is determined by subtracting the agricultural value, established at \$900/acre, from the fair market value. The price per development unit is determined by dividing the purchase price by the total number of development

units on the property. Ms. McPherson calculated an example for the Committee, and also showed how the IPA is utilized.

Ms. McPherson summarized the funding strategy for the ARP, stating that once it was established in 1995, a funding ordinance was established in February of 1996. The City dedicated one and one-half (1.5) cents of the real estate tax at that time. In 2004, the funding was decreased to one (1) cent of the real estate tax. This generates \$3-4 million per year for the Program. A total of \$3.3 million in general funds were received from fiscal years 1996 to 2003. Today, the ARP no longer receives general funds. Additionally, \$5 million was transferred to the City's Open Space Program fund in fiscal year 2002. The annual budget for the ARP office is \$186,200.

To date, the ARP has reviewed 161 applications, purchased 7,024.93 acres, and acquired 619 development rights. The value of the development rights purchased is \$22,342,090 and the cost to the City to purchase Treasury-Strips for its IPAs is \$5,056,603.80. Ms. McPherson welcomed any further questions at any time.

Next, the James City County Purchase of Development Rights Program Administrator, Ed Overton, gave a presentation on his county's program, stating that its program is very different from the City of Virginia Beach. The PDR Program is an effort to protect the land and the quality of life. Mr. Overton stated that the program is completely voluntary, and it pays the landowners to protect the cultural and natural resource assets of their property.

James City County utilizes a ranking system to determine which properties will be accepted into the Program. Those points in the ranking system are based upon achieving the overall goal of protecting open space by focusing on preserving community character corridors, farmland, and environmentally sensitive areas. Mr. Overton reviewed the ranking criteria which are: size of property; area in open land and farm land; soil productivity; presence of rare or endangered species; proximity to a river, reservoir or tidal marsh; located outside areas designated for public services; frontage on a public road or scenic corridor; and presence of a historic resource on the property.

Mr. Overton explained the valuation process. The County pays a negotiated price which is based on the difference between the present market value and the use value, whether that use is for farming, forestry, open space, recreation, or rural use. Mr. Overton emphasized the benefits of a PDR Program to the entire County in that every farm/open space parcel which remains undeveloped means fewer demands for services. It was discussed that on the November ballot there was a request for monies for the PDR Program, which was supported by the voters of James City County.

The next meeting date of January 18, 2006, was set by the Committee. There being no further business and no closed meeting agenda items, Mr. Alphin moved that the meeting be adjourned, and Mr. Oliver seconded. The motion was adopted with members Alphin, Babb, and Oliver voting in favor, and no members voting against.