

County Administrator's Budget Message

To: The Members of the Board of Supervisors

July 1, 2004, will begin the next biennial financial plan for fiscal years 2005 and 2006. Earlier this year, the Board provided budget guidance requesting a financial plan that would reduce the Real Estate tax rate by one penny in each fiscal year to \$0.85 in FY 2005 and \$0.84 in FY 2006, as well as a FY 2005 plan that indicates those items that would be funded with a tax rate that remained at \$0.86. This plan meets that Board guidance and responds to limited local resources and the well-publicized difficulties that the Commonwealth is having in providing funds for local programs. It is also an attempt to reduce the pressure on County residents and businesses impacted by an active real estate market and the annual increases in property values and, as a result, property taxes.

The proposed General Fund budget for FY 2005 totals \$119,211,283, which is a \$6,241,004 or 5.5 percent increase over the current year's budget. The proposed plan for FY 2006 is \$126,992,712, which is a \$7,781,429 or 6.5 percent increase over FY 2005.

Maintaining the County's Growing Infrastructure

When I issued guidance to departments for this budget process, I indicated that in a budget cycle with limited revenue growth, priority would be given to those requests related to maintaining the County's infrastructure. I indicated that the next two years will be a maintenance of effort time frame without any new initiatives. The County has experienced a high rate of growth and additional facilities and services have been added over recent years to address community needs. This two-year fiscal plan continues that trend. A new multiuse building for the Schools, a community building focused on the 2007 observances, planning for a new high school, a community college campus and a new athletic stadium facility, a new emergency dispatch center and commencing operations of the County's first groundwater treatment plant are illustrations, many of which have already been funded.

In pre-budget work sessions with the Board of Supervisors in November 2003 and in January 2004, funding targets were established for County tax revenues for County operations, Schools, the capital budget and debt service. I believe this budget is responsive to that legislative guidance. It falls short of funding the budget requests of County departments, regional agencies and non-profit groups providing services in the community. The budget of the WJCC Schools, as an example, requests \$1.1 million more than is recommended. Nevertheless, the County budget proposes a funding increase for education that exceeds funding increases for all other County functions, combined.

I am impressed by the budget requests of the County departments, particularly when they were asked to focus on maintenance of effort.

Departments were asked to do the following in preparing budget requests:

- Examine outsourcing opportunities, contracted services, volunteers, or seasonal employees as alternatives.

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- Seek resources other than general tax dollars. These resources may include grants, user fees, or adjustment of existing resources.
- Document that the services the department is providing to the physical infrastructure are consistent with the County's Comprehensive Plan and Strategic Management Plan.
- Document the department strategies for incorporating information technology tools into reducing requirements for other resources.

Since we have recently updated the County's Comprehensive Plan and the County's Strategic Management Plan, we have tied the budget process with the County's updated Strategic Directions and Pathways and many of the changes in this year's budget fall within these directions.

I. Manage finances wisely and encourage a balanced economy.

A pathway under this direction is to develop and promote revenue alternatives to property taxes. This biennial plan proposes a reduction of one penny in each fiscal year and the raising of targeted fees. Fee increases are proposed for some building permits, environmental fees, dog tags, landfill coupons, and E-911 fees. The reduction of one cent in FY 2005 reduces available resources by \$634,728, while the fee increases provide additional resources of \$212,844.

I have also directed staff to explore the option of instituting Emergency Medical Services (EMS) user fees for possible implementation in FY 2006. As our population ages, the impacts on our EMS infrastructure are increasing at a rapid pace. Additionally, non-County residents also use these services and they are expected to increase with 2007 approaching. Funding EMS needs through something other than general tax dollars is an approach that other localities have implemented successfully. During the next fiscal year, I would like to take the time to explore these options, have citizen input into the process, and establish a program that can meet our public safety needs. I have included in the FY 2006 plan a revenue estimate of \$1,245,000 for these fees to be used for six Paramedic positions to staff a new ambulance at Station 5, as well as the maintenance for the new radio system.

II. Enhance the lives of citizens and foster a sense of community.

The County's Youth Strategic Plan is an important component of this direction. Two years ago, the Superintendent of Recreation accepted the challenge of coordinating all youth programs to better serve that important population. Turnover savings within the Parks and Recreation Division have been used to fund temporary resources so that recreation programs would not suffer from this diversion of half of the supervisor's time to the coordination of the Youth Strategic Plan. We now need to establish a regular position to continue this work. One part-time (.5) Recreation Program Specialist position is proposed to accomplish this.

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Funding is included to continue the successful STRIVE program and the free access program to the Community Centers and Williamsburg Area Transport for youth.

In FY 2006, I am recommending that the County pick up funding for the “Beyond the Bell” program when the Juvenile Justice Title V grant runs out. This will add two (2) Senior Recreation Leaders to continue to work with middle school students.

III. Plan responsibly for the needs of a growing, diverse community.

A pathway under this direction is to ensure that ongoing operational costs are funded. Since 1990, the County has had one Small Engine Mechanic position in the Grounds Maintenance Division to perform preventive maintenance and repair of various pieces of equipment. Since that time, the number of pieces of equipment has grown from 100 to over 350. With the growth in number and complexity of these equipment pieces needed by the County to maintain its parks and grounds, as well as the addition of responsibility for school grounds, this budget proposes the addition of one (1) full-time mechanic position. The cost of this position will be partially offset by the elimination of some temporary hours.

One (1) General Services Manager position and one half (.5) of a full-time Management Assistant will be included in the reestablished Department of General Services. This Department will include most of the units now reporting to the Assistant County Administrator, freeing that position to assist me in serving the Board, getting involved in regional issues, and the overall management of the County. It became apparent to me as a result of Hurricane Isabel that it would not have been possible to effectively manage the General Services operations while assisting in the overall management of the County. The Management Assistant position is a shared position that is established in the School Division, but will assist in the management of the shared grounds services, develop other opportunities for shared services and help manage the other functions of the department.

IV. Steward the natural environment and historic heritage.

The FY 2005 budget provides funding for consulting services to determine the best way to fund management of and improvements in Water Quality in James City County, focusing on the feasibility of establishing a Stormwater Utility to operate and fund water quality programs.

Also proposed in FY 2005 is one (1) Environmental Inspector position to handle plan review and inspection of single-family construction plans and sites. This position will be funded by increasing the single-family residential review fee from \$25 to \$75.

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Funding is also included in this budget to continue the Purchase of Development Rights Program, Greenspace, and the Greenways programs. These programs have positive impacts on our environment and add to our quality of life.

V. **Provide outstanding customer service.**

This direction speaks for itself and is something that the County strives for in everything that it does. In FY 2005, I am proposing that one (1) Building Inspector position be added to the Code Compliance Division to provide immediate technical assistance to customers who visit or call the office, and to review and issue simple permits on the spot. I believe that this position will greatly enhance the customer service of this Division and I propose that the position be funded by an increase of building permit fees of \$0.02 per square foot.

At the Current Tax Rate

Not funded in the \$0.85 cent proposal are additional areas of importance in the County, particularly in Public Safety areas. If the Board were to choose to leave the tax rate at the current rate of \$0.86, I would propose that the resources would be used as follows:

Three (3) Firefighter Recruit positions will be added to the Fire Department to serve as floaters and will be assigned to a fire station as needed to maintain minimum staffing when coworkers are in training or on leave. The cost of these Public Safety positions will be partially offset by a reduction in overtime funds currently used to ensure minimum staffing.

One (1) Police Recruit to give the Police Department an Investigator to handle the increased workload and take over some of the cases now assigned to Patrol Officers who have limited time to investigate due to the volume of calls for service.

One (1) Telecommunicator Trainee position will be added to the 911 Center to help handle the increase in emergency calls. The increased workload is the result of our Telecommunicators now handling all the wireless calls originating in the County, as well as the increase in overall calls to 911. Call volume is expected to continue increasing.

Three (3) Grounds Maintenance Assistant positions will be added to the Grounds Maintenance Unit. One position will help the unit to maintain the grounds of the parks including athletic fields and facilities, which have increased significantly. In the past several years, the County has added four soccer fields, three baseball fields, and four T-ball fields at Warhill Sports Complex. In addition, the County has opened a 5 mile bike trail and a 1-mile multiuse trail at Freedom Park, and has opened the 140-acre Chickahominy Riverfront Park. The other two positions will primarily maintain County-owned sidewalks and trails, and will provide grounds maintenance at stormwater ponds.

One (1) Current Planner position will be added to the Planning Division to help with the more than 1,400 site plans, subdivisions, and conceptual plans that are submitted for review annually.

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The large number and increasing complexity of the plans make timely review very difficult. This position will help improve customer service while maintaining the quality of the reviews.

The cost of these positions plus the associated equipment needs would be \$380,964. I would propose that the remaining \$253,764 be transferred to the Schools as an increase to the proposed operating contribution, some of which can be used as an offset for trailer leasing costs at the high schools and/or unfunded capital maintenance items.

In the FY 2006 plan, in addition to the positions already mentioned, six (6) additional positions are planned, four of which are Police Recruits.

Funds

The following categories of funds are included in this adopted budget:

General Fund: This is the County's major operating fund, and is where tax dollars are deposited. Most ongoing activities, such as police and fire services, and the County's contribution to school operations, are accounted for in the General Fund.

Capital Projects Fund: This fund is used to account for the cost of major, one time infrastructure and equipment investments that result in a County asset. Those related to water and sewer service are exceptions.

Proprietary Fund: The James City Service Authority, which is responsible for providing water and sewer service to certain areas of the County, has its own fund, which is supported solely by user fees. Both ongoing operations and capital investments are accounted for in this fund.

Special Revenue Funds: Programs where the major sources of revenue are not local tax dollars are classified under these funds. Such programs include Social Services and Transit operations and any other grants or other special projects that do not fall into any other funds. The 2007 fund has been added this year for appropriation as expenditures for the 2007 event are expected to begin in FY 2005.

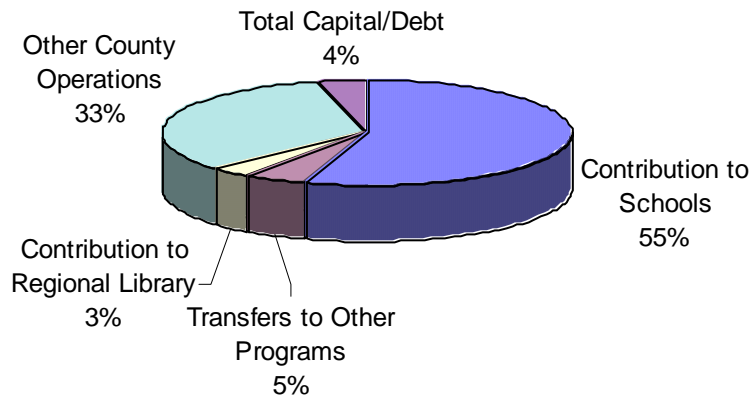
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►GENERAL FUND

The adopted General Fund budgets for FY 2005 and 2006 are depicted below:

	FY 2004		FY 2005		FY 2006	
	Adopted	% of Total	Adopted	% of Total	Adopted	% of Total
<u>Expenditures:</u>						
Schools	\$62,324,223	55%	\$65,649,733	55%	\$68,362,425	54%
Transfers to Other Programs	6,170,295	5%	\$6,537,693	5%	6,719,722	5%
Regional Library	3,637,976	3%	3,790,171	3%	3,938,494	3%
Other County Operations	36,693,040	32%	38,690,186	32%	41,383,071	33%
Total Expenditures	\$108,825,534	96%	\$114,667,783	96%	\$120,403,712	95%
<u>Capital/Debt Investment:</u>						
Debt Service/Nondepartmental	\$2,954,745		\$3,328,500		\$3,346,000	
Contribution to Capital	1,190,000		1,215,000		3,243,000	
Total Capital/Debt Investment	\$4,144,745	4%	\$4,543,500	4%	\$6,589,000	5%
Total General Fund	\$112,970,279	100%	\$119,211,283	100%	\$126,992,712	100%

FY 2005 General Fund Expenditures By Category



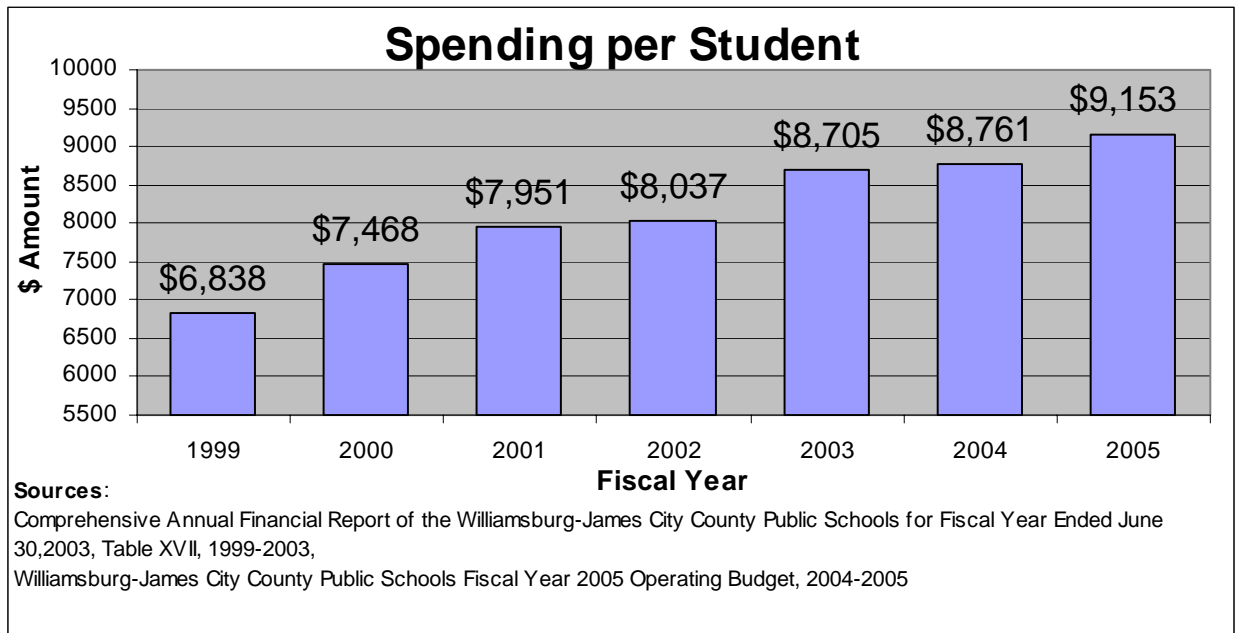
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Schools

Education is an important component of a healthy community. For FY 2005, I am proposing that the County contribute \$65,649,733 to the Williamsburg/James City County Schools. This provides \$55,442,378 for operations and \$10,207,355 for debt service. The operational amount represents an increase of \$2,902,105 or 5.5 percent and funds 98.1 percent of the total School Board budget request.

Constitutionally, the State of Virginia has the primary responsibility for K-12 education. The Commonwealth of Virginia has established Standards of Quality, Standards of Learning, and other mandates for school divisions around the State. The State has failed to fully fund its share of the Standards of Quality. Those standards have been revised and updated in the 2004 session of the General Assembly, creating even more pressure on local school systems. This has resulted in an ever-increasing dependency on local tax dollars to finance basic educational programs, teacher pay, and capital spending for schools. The current budget impasse at the State level within the General Assembly has forced school divisions and localities to create budgets without known levels of State funding. Once a State budget is approved, both the Schools and the County may amend their budgets based on the level of State funding.

The following chart depicts that historically, the Schools have been able to increase their spending per student due to healthy funding from all sources. While the School budget has proposed a \$9,153 cost per student, the County's proposed budget projects per pupil spending to be \$8,966. The County projected per pupil spending increases to \$10,079 when debt service is added to the equation.



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Transfers to Other Programs

Transfers to programs other than County operations and the School system for FY 2005 amount to \$10,327,864. Three large items in this category are the County's cost of housing inmates in the Regional Jail and the contributions to the Williamsburg Regional Library and Outside Agencies.

Regional Jail

The County is a member of the Virginia Peninsula Regional Jail Authority which oversees the jail, located in James City County. The Jail Authority's members include the Counties of James City and York, and the Cities of Williamsburg and Poquoson. The County's cost for inmate incarceration will increase by \$346,711 in FY 2005 due to an increase in the number of inmates housed, an increase in the per diem rate, and the effect of the mandated reduction of the per diem rate paid by the State.

Regional Library

The City of Williamsburg and James City County share the cost of Library operations, after other revenues are accounted for, based on their respective share of circulation. The County contribution to the Library for FY 2005 is \$3,790,171. This amount fully funds the Library's request including the same pay for performance increase proposed for other County employees.

Contributions to Outside Agencies

The County contributes to a number of outside agencies, such as the James City County Volunteer Rescue Squad, the James City/Bruton Volunteer Fire Department, the Community Action Agency, and the Peninsula Agency on Aging which provide services to County residents and businesses. In addition, the County supports tourism efforts particularly targeted to marketing efforts as well as Jamestown 2007 planning and tourism venues, using a portion of the taxes collected on lodging. The proceeds from half of the Room taxes total \$900,000 and will be used as required by State law for tourism initiatives. This budget proposal does not include the additional \$2.00 per room fee that is slated for State legislative approval this spring. In this legislation, the County will become a pass-through agency to the Williamsburg Area Convention and Visitors Bureau. Staff will bring this proposal in a separate budget amendment once the legislation has been finalized and the local ordinance adopted.

Not including allocations for tourism initiatives, General Fund dollars for outside agencies rise 5.3 percent, with a focus on Housing, Public Safety and an investment in delivering information to those in most need. Dollar allocations for tourism initiatives decrease due to the declining Room tax revenue. A complete list of contributions to outside agencies can be found on Pages C-48 and C-49.

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In FY 2005, the results of the Revenue Maximization initiative approved by the Board of Supervisors can be seen as these Federal funds are targeted for at-risk children and can be used to enhance and expand human services needs within our community without supplanting existing funding. The funding is evaluated on an annual basis and continued funding from this source, while not guaranteed, should allow the County to respond to increasing service demands.

The use of Revenue Maximization funds cannot supplant existing funding but has limited General Fund increases over time. The Revenue Maximization funds and their appropriations can be found in the Virginia Public Assistance Fund. Funding requests were critically reviewed and where agencies had justified requests and no other funding sources available, increases in funding were recommended.

County Expenditures

The remaining portion of the General Fund budget not related to the Schools, transfers to other programs or the Regional Library equates to 32 percent in both FY 2005 and FY 2006.

Employee Compensation

This will be a challenging two-year time frame for staff who will be providing services to a growing population and handling an increased workload of 911 calls to be dispatched, parks to be maintained, site plans to be reviewed, permits to be issued, etc. A high priority for us and one of our strategic directions is to provide outstanding customer service in delivering these services. That is why employee compensation is a high priority; I want to be sure that we continue to attract and retain great service deliverers.

In last year's budget message, I stated that I would continue to study the issue of funding for compression adjustments. Although we considered some special salary adjustments to address this concern, I could not accomplish it and my other compensation and benefit recommendations within available new resources. I will proceed, however, with several policy changes that are designed to help to prevent some compression in the future. These include implementing a common date for performance increases and infrastructure maintenance and awarding performance increases on actual salary instead of the midpoint of the salary range. The policy revisions will be brought to the Board for approval.

Pay for Performance

I recommend that you continue our pay for performance system in FY 2005. Employees will be eligible for salary increases ranging from 0-3.25 percent of their salary. Funded within available resources, this is slightly less than published survey projections of salary budget increases and less than salary increases proposed by the City of Williamsburg, York County and the WJCC Schools. At the Board's request we will be studying the current pay for performance system and considering changes or alternatives for FY 2006 that will make salary increases easier to communicate and to understand. Additionally, I would like to explore standardizing pay, pay

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increases, and work schedules involving comparable 12-month positions at the WJCC Schools and the County.

The cost to the General Fund for pay for performance and the move to a common performance increase date in FY 2005 including fringe benefits is \$722,416.

Three and a half (3.5) percent of payroll is budgeted for salary increases in FY 2006.

Maintaining the Market-Based Compensation Plan

The following adjustments to the compensation plan are recommended to maintain infrastructure:

- The County's competitive wage, which the Board set as the lowest salary we will pay an employee in a full-time permanent position, will increase from \$8.50 to \$8.75 per hour. While all current employees are at or above this salary, it sets a higher floor for new hires.
- The salary structure, which consists of all the salary ranges, will be adjusted by 2 percent. This is in line with published survey projections and particularly helps to keep our entry pay competitive. With the common date for pay for performance increases and infrastructure maintenance proposed above, the only cost will be to move temporary salaries to the new minimums.
- Market adjustments, which are movements of positions to different salary ranges, are included to maintain competitive pay for several job classes. Only 4 employees receive salary adjustments.
- Reclassifications, which are position and salary adjustments because of significant changes to duties and responsibilities, are proposed for 3 positions.
- Career ladder advancements, which are salary adjustments based on the achievement of higher levels of experience and certification, are also included.

The total cost to the General Fund of maintaining the market-based compensation plan, including fringe benefits is \$155,118.

Health Insurance and Other Benefits

A large, unexpected cost in FY 2005 will be the State mandated 25 percent increase in our Virginia Retirement System (VRS) rate. An additional \$489,486 in employer contributions will be required. Rates have increased dramatically for most organizations and are in large part attributable to lower-than-expected returns on VRS investments for the past two years.

The budget increases the County contribution to health insurance premiums by about 8 percent. Employees will also experience an increase in their portion of health insurance premiums, continuing the Board's practice of sharing cost increases while maintaining affordable health insurance for employees and their families. The increased cost to the County will be about \$202,392. For the last three years, the County has kept its premium increases well below the

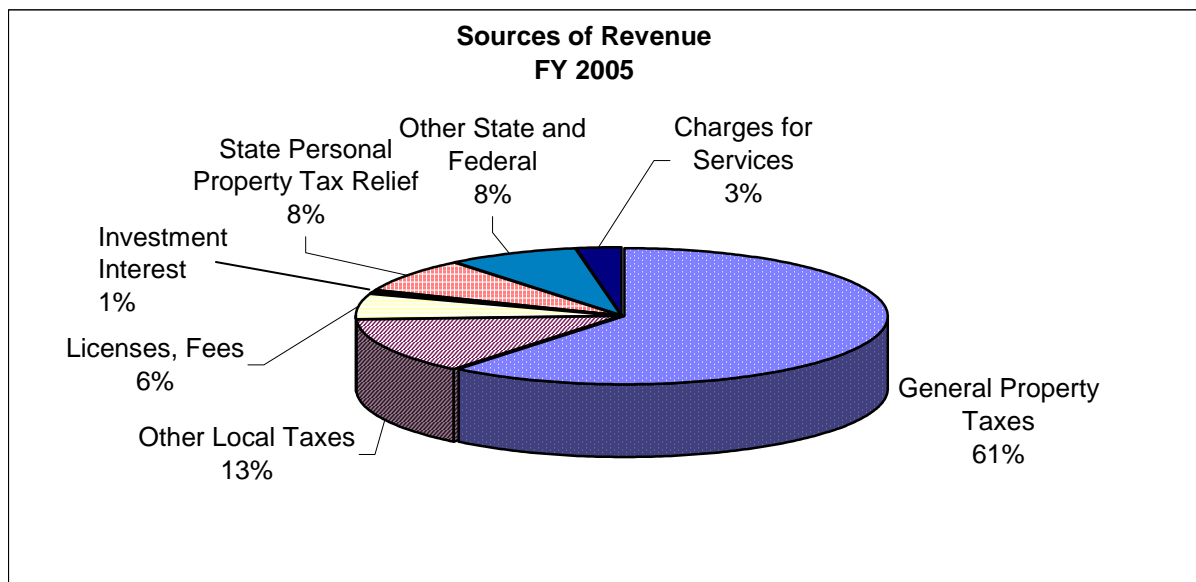
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regional average. A 12 percent increase is projected for FY 2006 and is below the projected trend factor of 13 to 14 percent.

The Working Towards Wellness Program, which was extended to all employees this year, is recommended for level funding for FY 2005 and 2006.

The Office of Housing and Community Development budget includes \$8,000 each in FY 2005 and 2006 to fund the Employer Assisted Home Ownership Program. Initiated three years ago by the Board, this program has helped eight employees who met the income requirements to purchase homes in James City County and the City of Williamsburg, reaping the benefits of living where you work for the employees and the County. Four additional employees have completed their savings and are moving towards home ownership.

► REVENUES



General Fund revenues are expected to increase \$6,241,004 or 5.5 percent by growth in some areas and reductions in others. James City County continues to grow as it is a very desirable place to live. Real Estate values reflect this desirability and continue to show healthy increases. With market values prompting assessment increases in real property, revenue growth will come from real estate taxes while still reducing the tax rate by one penny. Revenue growth from real estate taxes makes up 71.2 percent of the overall revenue growth while, as a whole, General Property taxes make up 61 percent of total revenue.

In its budget guidance, the Board has allowed me to look at alternative revenue sources, other than the real estate rate, to fund needs. In this FY 2005 budget, I am proposing the following revenue initiatives:

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- ❑ Increase in the Building Permit fee by \$0.02 per square foot.
- ❑ Increase in the Environmental single-family residential review fee from \$25 to \$75.
- ❑ Increase in the Dog Tag Fee to \$8.00 or \$5.00 for a spayed or neutered dog.
- ❑ Increase in Landfill Coupon Fees from \$3 to \$4.
- ❑ Increase in monthly consumer utility taxes from 10 percent of first \$12 to 10 percent of first \$14.

The total revenue generated from these initiatives in FY 2005 totals \$212,844.

I am also endorsing a proposal by the Commissioner of the Revenue that the current property tax exemption program targeting low-income senior and disabled County residents be adjusted by increasing the maximum annual exemption to \$680. I recommend this action in recognition that increasing property values are creating a disproportionate impact on these taxpayers.

The remaining revenues in the General Fund show a few areas of decline and other areas of growth. Machinery and Tools taxes continue to show a decline as FY 2005 is the first year in which the County will feel an entire year's effect of the loss of two manufacturing companies in the County. Room taxes continue to decline, showing the effects of a struggling economy and the difficulties that the tourism industry has faced.

Revenues that are related to real estate are projected to continue to grow. Revenue from Recordation Taxes, Land Transfer fees, and Deeds of Conveyance are expected to continue to rise as more people buy new homes or refinance existing mortgages. Revenue from Development fees are expected to rise as growth continues in the County.

State revenues at this point are uncertain. At this time, the General Assembly has still not adopted a budget and there are at least three different State budget scenarios. A best attempt has been made to forecast State revenues; however, if a State budget is passed that is materially different from what is proposed here, I will return to the Board for amendments to this budget.

► CAPITAL PROJECTS FUND

The County's Capital Projects budget for FY 2005 is lean with new funding of \$6,703,971, over half of which is debt, with \$4,250,070 of these capital investments focused on school needs.

- ✓ Funding is included for design and engineering costs for the third high school and for paint, tile and carpet refurbishment at Norge Elementary School. Borrowed funds are proposed for a School multipurpose building that would combine student services, alternative education and other school functions. A total of \$4,250,070 is allocated for these school projects.
- ✓ Funding is continued for both the Purchase of Development Rights (PDR) program and Greenspace acquisition. Both of these programs are funded at one penny of the tax rate,

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although the Greenspace amount is reduced by the debt service payments for Mainland Farm. The total allocated for these programs is \$1,153,456.

- ✓ An annual investment in greenways continues at \$50,000; but while there are many projects currently in progress, most new Parks and Recreation projects have been suspended for the next few years. No funding is proposed for a dog park, although both land and County staff services are available if a public-private partnership can be developed.
- ✓ Funding is proposed to continue the replacement schedule for one ambulance at \$165,000.
- ✓ Architectural and Engineering funding at \$100,000 is proposed for a sports stadium at the Warhill Sports Complex to meet the need for School athletic competitions and community events. The exact size of this facility will be determined during this process.
- ✓ Funding of \$798,145 is proposed for the development of additional space for offices associated with the Human Services Center in order to eliminate leased facilities.
- ✓ Equipment for the County's Grounds Division and new voting machines to meet new Federal requirements are also proposed at \$187,300.

The FY 2005 Capital Project budget is part of a five-year Capital Improvement Plan which totals \$76,439,479. This plan will be funded one year at a time, but each funding decision is expected to be made with the five-year plan in mind. Beyond FY 2005, there are several other capital initiatives, the most significant involving the funding for a third high school in FY 2006, depending on the results of a November 2004 voter referendum. The construction of the sports stadium is an additional large project for FY 2006. FY 2006 and 2007 also have funding needs for site improvements that will be required at the Historic Triangle Campus of the Thomas Nelson Community College. Under State Community College guidelines, the host community is responsible for all development costs beyond five feet of the walls of the buildings. The County would be responsible for these site improvements including water, sewer, roads, parking, stormwater, lighting and sidewalks, both on and off site.

In the FY 2006 plan, funds have been set aside for improvements to the County's animal control facility. These funds may be re-directed towards a regional partnership. Discussions continue with the Heritage Humane Society, the City of Williamsburg and York County with the hope that some kind of partnership can be negotiated.

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► PROPRIETARY FUND

The James City Service Authority (JCSA) budget, found in Section E of this document, represents the financial plan for operating and capital costs of the water and sewer programs, which are provided to certain areas of the County. The JCSA is financed entirely by user fees and receives no tax revenue from the County.

User fees are proposed to be increased in FY 2005. These rate increases are a result of a rate study that was performed by Municipal & Financial Service Group. The water rates are proposed to increase as follows:

		<u>Current Rate</u>	<u>Proposed Rate</u>
Residential	1 st Block	\$2.30	\$2.30
	2 nd Block	\$2.60	\$2.71
	3 rd Block	\$7.45	\$7.60
Nonresidential	Flat Rate	\$2.60	\$2.70

These increases would generate an additional \$146,640 in revenue to the water fund.

The sewer rate is proposed to increase from \$2.50 per 1,000 gallons to \$2.70. This increase would generate an additional \$323,965 in revenue to the sewer fund.

Resources in FY 2005 will be used to fund the following:

Two (2) Utility Operations Technicians to support the operation and monitoring of the Groundwater Treatment Plant when it opens in the spring of FY 2005.

One (1) Industrial Mechanic to support the Groundwater Treatment Plant and three new wastewater lift stations, which are each five times larger than the current facilities.

One part-time (.5) Utility Locator to handle the growing workload of marking JCSA's underground utilities when requested to do so by the "Miss Utility" Program. We are required by State law to respond to this growing number of requests within 72 hours immediately in the case of an emergency and within a one-foot tolerance in order to avoid responsibility for any damage done during construction. The addition of this position will free up Construction Inspectors to perform their primary duties.

The rate study also recommended that cash reserves be accumulated to provide for contingencies and unplanned major expenses. The establishment of an Operating Reserve and a Repair, Renewal and Rehabilitation Reserve were recommended at 2 percent of operating costs and 0.5 percent of the water and sewer systems' book value respectively.

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► SPECIAL REVENUE FUNDS

The majority of support in the Special Revenue Funds, which are found in Section F, comes from State and Federal Grants. The County General Fund also contributes to these funds, which include Williamsburg Area Transport, Community Development, Social Services and Special Projects/Grants.

New in FY 2005 is a budget for the Jamestown 2007 fund. This fund was established in the late 1990s to enable the County to participate in the 2007 event and to make an investment in order for the County to have a legacy for its citizens after 2007. This spending plan can be found on page F-11.

The Social Services budget increases to \$6,201,666 in FY 2005. The majority of this increase is attributed to additional Federal and State Funding for the programs such as Foster Care, Child Protective Services, Adoption, and Child Care. The Revenue Maximization initiative is also reflected in this budget and is \$161,272.

I am proposing a fare increase for the Williamsburg Area Transport to fund ongoing operations. Details of this increase can be found on page F-5. The last time fares were increased for bus service was in 1986.

The Community Development Fund includes funding for the home ownership assistance initiative for employees.

Conclusion

While I consider this budget proposal to be a maintenance of effort budget with limited resources, the County is still challenged to accomplish the existing initiatives that have been started in prior fiscal years. Implementation of the County's Comprehensive plan, in addition to the record number of building permits, plans submitted, inspections performed, E911 calls dispatched and EMS calls responded to as well as ongoing Capital Projects, and implementation of a new radio system are just some examples of the challenges and improvements that the County will see over the next two years.

Although this budget focuses on maintenance of effort, I believe that this budget still represents progress in the next two years toward the County's vision of achieving a quality community. The County will be challenged, however, to effectively implement the large number of existing initiatives and respond to the increasing demand for services with limited revenue growth.

This budget responds to the guidance received, and the County staff and I are committed to providing the best quality service to the citizens within the resources available.

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Respectfully submitted,

Sanford B. Wanner
County Administrator

Changes from Recommended to Adopted FY 2005-2006 Budget

NOTE: The Board of Supervisors adopted budgets for FY 2005 and FY 2006 that were different from the budget proposals, primarily due to a late adoption of a State budget that included significant new revenues.

The changes are summarized below:

Revenues:

- Proposed 25-cent increase in monthly E911 charges changed to 20-cent increase in monthly consumer utility tax.
- Recordation tax increased from 0.5 percent to 0.8 percent of recorded value, projected revenue increases by \$487,000 in FY 2005 and \$585,000 in FY 2006.
- Increases in State Sales Tax for education and HB599 Funds from the State produced \$950,000 in new revenues in both FY 2005 and FY 2006.
- Compensation Board funding for salaries increased \$75,325 in FY 2005 and \$79,000 in FY 2006.
- Proceeds from a \$2 per room/per night charge for transient occupancy are expected to produce \$850,000 in revenue dedicated to marketing by the Williamsburg Area Convention & Visitors Bureau, proceeds expected in both FY 2005 and FY 2006.

Expenditures:

- Six positions were added: Three (3) Firefighters, one (1) Telecommunicator, one (1) Police Officer, and one (1) Planner. The pay for performance was increased from 3 percent to 3.5 percent. Increases in salaries, wages, and positions add \$416,412 in FY 2005 and \$437,233 in FY 2006.
- Increases in FY 2005 of \$21,865 in nonrecurring spending.

County Administrator's Budget Message

- Increases in contingency of \$96,723 in FY 2005 and \$240,767 in FY 2006.
- Increases in debt service contribution by the General Fund for Schools of \$500,000 in FY 2005 and \$500,000 in FY 2006.
- An additional allocation to the Capital Budget of \$250,000 in FY 2005 for Freedom Park and \$250,000 in FY 2006 that is undesignated.
- Three grounds assistants, plus equipment, in the Department of General Services that add \$122,000 in spending in FY 2005 and \$107,000 in FY 2006.
- An increase of \$30,000 in FY 2005 to Non-Departmental Grants Match.
- An increase of \$850,000 in both years for tourism marketing.
- An increase of \$75,325 in FY 2005 and \$79,000 in FY 2006 for salary increases for constitutional officers.

These changes in revenues and expenditures are reflected in the following pages.