

**1995-1996 BUDGET  
COUNTY OF JAMES CITY, VIRGINIA**

**TO: THE BOARD OF SUPERVISORS**

Please accept the following budget for the 1996 Fiscal Year, beginning July 1,1995. It is designed as both an annual financial plan for the operations of County government and as a one-year step towards a longer view of service to residents in James City County. It is intended to strike an appropriate balance between both service demands and tax consequences on both residents and businesses. The highlights of my proposed budget are presented below:

**EXPENDITURES** - The County generally groups expenditures into three major categories:

GENERAL FUND - Ongoing County Operations, such as Police, Fire, etc.

CAPITAL IMPROVEMENT PROGRAM - Major facility or equipment capital investments.

SPECIAL REVENUE FUNDS - Programs where the major sources of revenue are not local taxes.

**GENERAL FUND** - In preparing the proposed General Fund budget, I was guided by six major objectives:

- \* Control Costs, even as the County continues to grow, by limiting program growth to only a few priority service areas.
- \* Expand service to County residents, without adding proportionately to spending.
- \* Implement a new market-based pay plan within the constraints of existing resources.
- \* Set aside funds for needed capital investments and debt service for bonds issued by the County.
- \* Develop an annual budget that is consistent with the County's long-range visions of superior services at a reasonable cost.
- \* Respond to growth with both services and facilities.

The following chart summarizes the Proposed FY 96 General Fund Budget:

The total recommended General Fund budget is \$57,594,575, an increase of \$4,882,819 or 9.3 percent from the FY 95 budget of \$52,711,756. The broad categories of expenditures are depicted below:

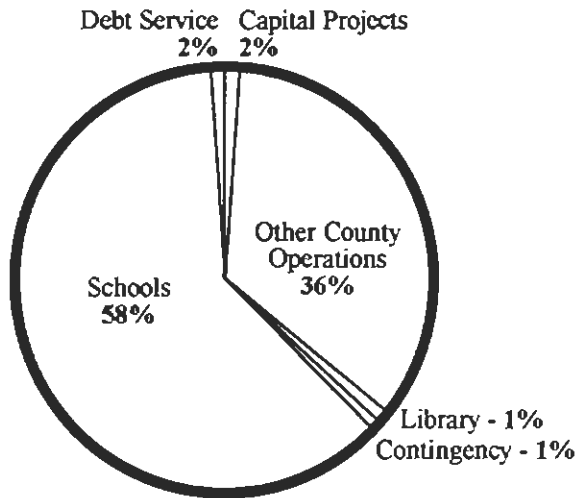
**General Fund Budget**

<u>Category of Expenditure</u>	<u>FY 95</u>	<u>FY 96</u>	<u>Increase</u>	<u>Percent</u>
Contribution to Schools	\$25,230,000	\$27,600,000	\$2,370,000	9.4%
Debt Service - Schools	<u>5,300,000</u>	<u>5,900,000</u>	<u>600,000</u>	<u>11.3%</u>
Total Schools	<u>\$30,530,000</u>	<u>\$33,500,000</u>	<u>\$2,970,000</u>	9.7%

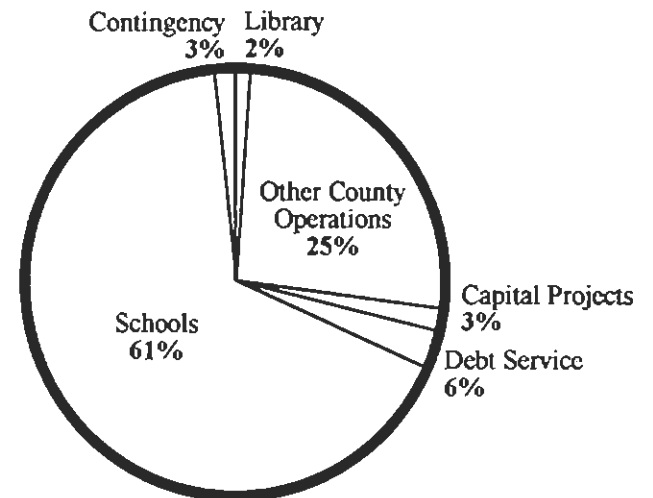
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<u>Category of Expenditure</u>	<u>FY 95</u>	<u>FY 96</u>	<u>Increase</u>	<u>Percent</u>
Operating Contingency	250,496	400,000	149,504	59.7%
Debt Service - Other	700,000	1,000,000	300,000	42.9%
Regional Library	833,000	954,800	121,800	14.6%
Capital Projects Contribution	946,000	1,075,000	129,000	13.6%
Other County Operations	<u>19,452,260</u>	<u>20,664,775</u>	<u>1,212,515</u>	<u>6.2%</u>
<b>TOTAL GENERAL FUND</b>	<b><u>\$52,711,756</u></b>	<b><u>\$57,594,575</u></b>	<b><u>\$4,882,819</u></b>	<b><u>9.3%</u></b>

**General Fund Expenditures by Category**



**Where Is the Increase in Revenues Going?**



**SCHOOLS** - Spending for public education, which includes both local funds contributed to the Williamsburg-James City County Public Schools and debt service spending for public school buildings, consumes 58 percent of the County's proposed operating budget and 61 percent of the total increase in budgeted revenues.

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Even so, the proposed level of funding does not fully fund the operating budget adopted by the School Board. The following chart illustrates the difference:

Requested County funds included in the adopted budget of the School Board:

**School Budget - Requested by School Board**

<u>Revenues</u>	<u>FY 95</u>	<u>FY 96</u>	<u>CHANGE</u>	<u>PERCENT</u>
County	\$25,230,000	\$27,945,441	\$2,715,441	10.8%
Other	<u>14,833,471</u>	<u>15,993,867</u>	<u>1,160,396</u>	<u>7.8%</u>
	<u>\$40,063,471</u>	<u>\$43,939,308</u>	<u>\$3,875,837</u>	<u>9.7%</u>

Funding at level recommended in this proposed budget:

**School Budget - Proposed County Funding**

<u>Revenues</u>	<u>FY 95</u>	<u>FY 96</u>	<u>CHANGE</u>	<u>PERCENT</u>
County	\$25,230,000	\$27,600,000	\$2,370,000	9.4%
Other	<u>14,833,471</u>	<u>15,929,435</u>	<u>1,095,964</u>	<u>7.4%</u>
	<u>\$40,063,471</u>	<u>\$43,529,435</u>	<u>\$3,465,964</u>	<u>8.7%</u>

The difference in County funding in the School Board's request and the funding level recommended in this budget is \$345,441. The funded increase in spending for the schools is still almost \$3.5 million, a sharp contrast to the no-increase school budget now being considered by one of our neighbors. We do know that recent 10 percent reductions in rates charged for electricity by Virginia Power came too late to be included in the School Board's proposal and will be helpful in finally balancing the budget.

The school budget request was well prepared and well justified. I could not, however, recommend adding to the County's tax rate, allocating revenue from other programs, or foregoing the needed investments in public facilities to fully fund the School's operating budget request.

**CONTINGENCY** - I've separated this category from other spending proposals because I propose that we bank these funds, not spend them. The \$400,000 proposed as a contingency is intended to allow the Board of Supervisors to meet unexpected requirements. In the last 20 years, the Board has only once fully expended the budgeted contingency and that was to fund an unexpected liability created by a Federal mandate under the Fair Labor Standards Act.

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Any of these monies that are unspent at the end of the year will be recycled into next year's Capital Improvement Program.

**DEBT SERVICE** - Although schools still are the principal recipient of bond funds for capital projects, debt service for non-school projects is also on the rise. Bond issues that allow the County to borrow money to finance public facilities must be paid back, with interest, to those who lend us money by buying our bonds. This combination of paying back borrowed money and interest payments is called debt service. Our debt service is targeted for facilities such as those approved in the March 1994 referendum - a branch library, an expansion of the James City County/Williamsburg Recreation Center, and the acquisition and initial development of a district park. In addition, debt service is targeted for facilities for which we have been ordered to expand and improve. These facilities include a new courthouse and a jail. Both of these projects are being developed regionally and we would propose to finance the County's share using some form of debt-financing.

**REGIONAL LIBRARY** - The County is the largest single financial contributor to the Williamsburg Regional Library. Considering other County priorities and programs, I am unable to recommend full funding for the Library Board's budget proposal. The requested increase in County funds totaled \$347,845 or 42 percent more than the County funds approved in FY 95, the current fiscal year. Part of the funding increase was created by the need to transition to a new branch library, expected to open in the Summer of 1996.

My proposal is simple and is based on County funds available rather than a comprehensive review of the Library Board's budget request. The following summarizes the funding recommendation:

The proposed County budget includes funding for an 8.6 percent increase in total spending for the schools and a 6.2 percent increase for other County operating departments. I used the higher of the two numbers as a target for the Library budget:

FY 95 Library Budget	\$1,806,123
Plus 8.6% Increase	1,962,038 (Targeted Budget)

The County contribution needed to fund the targeted budget is \$854,800. The City's funding share is known, it is frozen under the current City/County library contract, and State aid is also known. We are confident that this level of funding, combined with the impacts of cost reductions in areas such as electricity and health insurance, will allow a reasonable increase in services for City and County residents.

However, that level of funding excludes any consideration of the work involved in identifying and relocating a portion of the Library's books and other materials to the new Library. We recognize both the need and the requirement to add additional resources to accomplish this significant new effort. I've recommended the addition of \$100,000 in County funds targeted at this effort, for a total FY 96 Library contribution of \$954,800 or 14.6 percent more than was funded in FY 95.

This increase in the County contribution will allow an overall funding increase for the Regional Library of \$255,915, or 14.2 percent, as illustrated:

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**Projected Library Budget**

<u>Funding Source</u>	<u>FY 95</u>	<u>FY 96</u>	<u>Change</u>	<u>Percent</u>
County	\$ 833,000	\$ 954,800	\$ 121,800	14.6%
City	531,500	531,500	0	0.0 %
Other	<u>441,623</u>	<u>575,738</u>	<u>134,115</u>	<u>30.4%</u>
	<u>\$1,806,123</u>	<u>\$2,062,038</u>	<u>\$ 255,915</u>	<u>14.2%</u>

**CONTRIBUTION TO CAPITAL PROJECTS** - The proposed budget recommends an increase of \$129,000, or 13.6 percent, in the amount of money generated from annual revenues and used in the Capital Budget. A full discussion of the Capital Budget is included later in the message. The full focus of this contribution is in facility maintenance and renovation, County-wide.

**OTHER COUNTY OPERATIONS** - The area of the budget that increases the least, as has been the case in prior years, is that portion of the budget that includes the basic operating departments of the County. Within the 6.2 percent increase in County funds are several new initiatives and several areas where cost increases are unavoidable. A summary of these initiatives, and their costs, are shown below:

- o **Adherence to a Two-year Financial Plan** - Last year, the Board of Supervisors adopted a two-year budget. The first year, FY 95, was officially appropriated and the second year was established as a financial target for this operating budget. It was our first attempt at a two-year budget and we expected some changes to be unavoidable, particularly given the surge in residential development, the change in fiscal policies at the State and Federal levels and the increase in interest rates. The following chart compares the FY 96 budget I've proposed to the FY 96 budget adopted by the Board for planning purposes last May:

	<u>1996 Budget Adopted 1995</u>	<u>Current Proposed 1996 Budget</u>	<u>Change</u>	<u>% Change</u>
Debt Service	\$ 6,200,000	\$ 6,900,000	\$ 700,000	11.3%
School Operations	27,500,647	27,600,000	99,353	0.4%
Library Operations	861,400	954,800	93,400	10.8%
Other	<u>22,061,140</u>	<u>22,139,775</u>	<u>78,635</u>	<u>0.4%</u>
<b>TOTAL GENERAL FUND BUDGET</b>	<u>\$ 56,623,187</u>	<u>\$ 57,594,575</u>	<u>\$ 971,388</u>	<u>1.7%</u>

The debt service change is attributed to an increase in the interest rates, the increases in project costs for projects like Rawls Byrd and Berkeley schools, and a final agreement on the costs of a new courthouse. The school increase was an attempt to squeeze more money to meet the needs of public education and pass through increases in State sales taxes. The increase in Library funds results from the funding increase targeted to open the new Library.

The modest increase in the budget for County operations is the net of many changes, both positive and negative. We have included \$60,000 in new revenue to finance an improvement in our central dispatch function for E-911 that explains most of the increase.

- o **Implementation of a Market-based Pay Plan** - The Board of Supervisors became concerned last spring that we lost a number of police officers to higher-paying jobs and that our beginning pay for patrol officers and firefighters is the lowest of the Hampton Roads jurisdictions. In recognition that other positions were also behind the market and that, with our compensation system, it's difficult to adjust isolated parts of it without adversely affecting the whole, the Board authorized a comprehensive pay study to assess the County's salaries and benefits compared to organizations in the public and private sectors.

We did that with the assistance of a pay study advisor and an active employee Pay Study Team. I'm recommending the adoption of a new type of compensation system, market-based pay, that determines pay based on what similar jobs are paid in the labor market rather than on an internal ranking system. Market-based pay better meets the County's objectives of competitiveness, flexibility, and simplicity.

I recommend that we implement the new system by moving employees whose salaries are below the starting salary of their new pay range to the starting salary. I also recommend that we give a market adjustment to positions which fall between starting pay and the market average to relieve compression, such as police officers with 0 to 4 years of experience all at starting pay, and to move closer to the market average pay. For some employees, the pay changes will be made over two years. These salary adjustments will cost \$450,000. Almost half the amount goes to the Police and Fire departments. However, the entire organization will benefit from a streamlined compensation system that is simpler to administer.

Non-public safety departments whose employees currently work a 37.5-hour work week will increase productivity by extending their work hours to a standard 40-hour work week. I endorse this recommendation which was made by the employee Pay Study Team. This will result in County offices being open from 8:00 a.m. - 5:00 p.m., an additional half hour a day.

In this proposed budget, I have retained pay for performance, but at a reduced amount of 3 percent.

FY 96 salary costs will be funded from budgeted resources. A reduction in health insurance premiums, the elimination of several new positions previously programmed in the FY 96 budget, and the elimination of five existing positions in Refuse Disposal including a Solid Waste Engineer, enable me to do this.

- o **PUBLIC SAFETY** - This is a budget where increases are dominated by public safety. Three new firefighters, planned last year for FY 96, are included. Unanticipated in last year's budget was the impact in the change in the State policies towards parole on our local jail. We are recommending that the County pay half of two locally funded positions in the jail to help address the record number of prisoners now detained. Juvenile detention costs are also increasing as both the daily rate and the number of detainee days has increased.

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Improvements in the E-911 phone system are proposed to eliminate a worrisome delay in answering the phone. Currently, a citizen calling 911 for assistance must wait 11 seconds as the call is routed to Washington D.C. to the AT&T computers, and back. This circuitous route is necessary to collect address and location information that now appears on the screen for each phone call. An additional \$60,000 a year will reduce the delay to a more acceptable 2 seconds and a 30-cent increase in the monthly E-911 charge is proposed to pay for the enhancement. The proposed system improvements will also allow for identification of calls that are disconnected before the call rings or is answered.

It takes four police officers to add one to each shift within a 24-hour day, seven days a week. This budget recommends two new patrol officers, one locally funded and one partially funded by the Federal government under provisions included in the recent crime bill. This funding only lasts for a maximum of three years and only pays for 38 percent of a position, but the need is a permanent one and the grant funds are a fortuitous addition. In addition, we are recommending the reinstatement of two "overhires" within the police budget to cover the time periods for recruiting, testing, and training new officers. These four new positions will allow one additional patrol officer per shift. This increase in staffing is recommended to address the rise in service demands in the Police department.

Another improvement proposed in public safety is the creation of a school resource officer. Paid jointly by the County and the Schools, this resource officer will extend community policing to a large active group in the County, 1,800 teenage children enrolled at Lafayette High School. The agreement with the Schools has yet to be finalized, but the position is not for building security. The partnership is expected to forge a link between education and law enforcement in sharing information, problem solving, and counseling efforts directed at our youth. The Superintendent and I have been actively pursuing this joint effort.

- o **HOLDING THE LINE** - Beyond the public safety initiatives, the continued support of education and shoehorning a new pay plan into the budget - there are few other initiatives. Next year is the State-mandated five-year review of our Comprehensive Plan. The County's Neighborhoods Connection citizen outreach efforts will continue to expand, but most of that work will be done within existing resources. An additional \$45,000 is recommended for the benefit of the Williamsburg Tourism Bureau, as they attempt to generate over \$2 million in private investments and State funds to significantly increase their marketing efforts for this area. We expect that money to come back to us in sales, room, and meal taxes. In holding the line, we have been unable to fund the School and Library budget requests and we've been unable to recommend initiatives that deal with drainage in areas previously maintained by VDOT nor tree-trimming around neighborhood streetlights. I've also had to eliminate a previously approved position of landscape architect in Development Management and we've slowed the pace of development on our Geographic Information System (GIS) by eliminating a GIS Data Manager position, as well.

**REVENUES** - The FY 96 budget includes three revenue initiatives. Two are increases in existing County tax rates, for real property and the E-911 taxes. The third, while not an increase in the tax rate, results in an increase in taxes paid because it changes the method of assessment for personal property taxes on motor vehicles.

The first tax rate change proposed is a one-cent increase in the tax on real property from \$ .83 to \$ .84 per \$100 of assessed value. This increase is consistent with the financial plan offered as part of the March 1994 bond referendum. That plan set out the following tax rate changes, with the proceeds used to finance a package of \$52.1 million in public improvements:

FY 95	8 cents
FY 96	1 cent
FY 97	1 cent

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The impact of a one-cent increase in the real property tax is an increase of \$10 per year for every \$100,000 in real property value. For the County, this increase of one cent produces approximately \$280,000 in additional revenue.

The second tax rate change is a proposed increase in the E-911 tax - a small charge included in each monthly telephone bill. The proposed increase would be from the current 30 cents per month to 60 cents, or \$3.60 per year. The additional \$60,000 estimated to be generated annually by the increase is targeted for system improvements in the County's emergency dispatch system. These improvements will provide an enhanced level of E-911 service.

The third initiative is the change in the assessment of motor vehicles from 95 percent of the NADA loan value to 100 percent of the NADA loan value. This change in assessment must be approved by the Commissioner of the Revenue and, if approved, will generate approximately \$600,000 in additional revenue. That additional revenue is targeted, exclusively, for increases in debt service. Assessing vehicles at 100 percent of the NADA loan value is consistent with the practices of surrounding localities.

**CAPITAL IMPROVEMENT PROGRAM** - The County's Capital Improvement Program for the next five years, including those projects that have already been approved, is dominated by big projects:

County/City Courthouse	Regional Jail
Recreation Center Expansion	New High School
Rawls Byrd Elementary Expansion	Lafayette Renovation
Berkeley Middle School Renovation	New Elementary School

These are all multimillion dollar commitments, all are partially debt-financed, and all will have a significant impact on the community and the services it enjoys.

The FY 96 Capital Budget presents a contrast, in a sense, to those big projects, and attempts to fund projects that are just as important, in their own right, but without the big price tags and without borrowing.

We are fortunate to be able to focus revenues generated from nonrecurring sources on these important projects. Many of them fall into a category of making what we have better - modernizing, renovating, maintaining, and protecting previous public investments. These include:

Road Matching Funds - Upgrading existing County roads by matching additional State funds for road improvements.

Stormwater Program - Providing stormwater quality protection in some areas of the County. Improving existing drainage systems.

Mid-County Park - Irrigation and lighting improvements.

School Board Administrative Building - owned by the County and leased to the schools, this is a modernization project directed at heating, electrical, and air conditioning systems.

Building Improvements - roofs, parking lots, and heating systems.

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Voting machines - modernizing our equipment to reduce maintenance and increase voting day efficiency.

Replacing an aging, outdated, central computer - downsizing and decentralizing the County's computer system allows for better systems at a reduced cost to a greater

number of departments and agencies.

Replacing and modernizing fire trucks and ambulances - costly investments, but necessary to maintain effective public services.

Renovation of the NEED center for children with special requirements at Norge School.

Renovation and modernization of parts of James Blair and Montague schools and working on a modernization plan for Mathew Whaley.

Modernizing and upgrading telecommunications systems at the Government Center and Human Services Building.

Upgrading technology in classrooms, offices, and fire stations.

Replace five acres of leaking roof at Lafayette High School.

Maintaining public facilities, improving and replacing outdated and inefficient equipment, and modernizing programs to meet changing needs are very important elements of stewardship - acting for our residents to protect and maintain community-owned facilities. FY 96 is a unique year in that substantial, and unusual, revenues - from sales of property, revenues exceeding budget estimates and underspending in prior years - allow us to propose funding for capital projects in the amount of \$6.5 million for FY 96.

There is one new initiative within the Capital Budget that begins in FY 96 that I feel deserves mentioning. This is the beginning of a County-wide communications network, in partnership with Continental Cable. By investing selectively in short stretches of new cable, and in equipment at various public sites, we hope to interconnect most public facilities in the County, including schools, to a County-wide fiber optics system. The bulk of the system has already been installed as part of Continental Cable's infrastructure. The County would, for a small maintenance cost, lease what are now unused fiber optic cable strands and convert them to public use.

Again, however, there are several areas of capital investment that were requested, but are not funded in this budget:

- District Park - Future development of the County's new 500-acre District Park will prove difficult without looking for new sources of revenues.
- Greenways and housing proposals have been reduced as has the additional development of the Little Creek Reservoir and Upper County Parks.
- Full funding for school buses, sidewalks, dirt streets, and computer improvements has also proven to be impossible, given other priorities.
- Funding for "land banking" sites for new schools, libraries, and fire stations has also been deferred as more immediate needs take priority.

**SPECIAL REVENUE FUNDS** include those funds whose primary revenue sources are State and Federal grants and fees.

Given their dependence on Federal and State grants, the budgets for Transit and Social Services show only a slight increase. The Community Development Fund budget actually declines.

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 County's water and sewer program. The JCSA is financed by user fees and receives no revenue from the County.

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In FY 96, within the Water Fund of the JCSA, revenues increase by \$370,000, partly due to a water rate increase of ten cents per 1,000 gallons (from \$2.50 to \$2.60). Of that \$370,000 increase, \$310,000 is proposed for the capital budget. The remaining portion of the rate increase is attributed to well operations, particularly the chlorination program. One additional operations assistant position is proposed for FY 96.

Within the JCSA's sewer fund, an additional \$400,000 in revenues is generated, partially by a twenty cent increase (from \$2.10 to \$2.30) per 1,000 gallons. Most of that increase, approximately \$350,000, is directed at capital equipment and the capital projects budget.

The JCSA Capital Budget is dominated by renovation/rehabilitation projects, both water and sewer, is an on-going program to maintain and improve the systems.

**CONCLUSION**

I am pleased to present a balanced budget for the 1996 Fiscal Year. Balanced in that revenues equal expenditures. Balanced, also, in that County taxpayers continue to see quality service at a reasonable cost.

I've also attempted to balance the needs and expectations of the future with those of the present. We continue to "bank" monies, rather than spend them, anticipating higher spending as new libraries and high schools open.

I've presented only the highlights of my recommendations for revenue and spending for FY 96. I look forward to a continuing discussion with you, and our citizens, on these budget recommendations.

Respectfully submitted,

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David B. Norman  
County Administrator