

TO: The Board of Supervisors

Submitted for your consideration is the recommended financial plan for James City County for the 1996-97 fiscal year which begins July 1, 1996. This plan includes the budgets and work programs for funds over which the County exercises control, and also includes the County's annual contribution to school operations. It is intended to strike an appropriate balance between service demands and financial consequences for County residents and businesses.

FUNDS

The County generally groups expenditures into funds. The following categories of funds are included in this proposed 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, are accounted for in the General Fund.

Capital Improvements Fund: The fund is used to account for the cost of major, one time infrastructure or equipment investments, except for those related to water and sewer service.

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.

Proprietary Fund: The James City Service Authority, which is responsible for providing sewer and water 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.

OBJECTIVES

This proposed budget is guided by the following major objectives:

* Respond to growth with both services and facilities, while controlling costs.

- * Provide a sufficient amount of local funding to maintain the quality of our school system.
- * Maintain a market based, performance based pay package within the constraints of existing resources.
- * Begin funding the ongoing costs of opening new public facilities.
- * Provide resources to fund new initiatives. These initiatives include:

Environmental: Drainage, Household chemical collection, Greenway Planning

Technology: Regional Internet connection, Community networking

Those related to new facilities, such as the new Library and the Recreation Center expansion

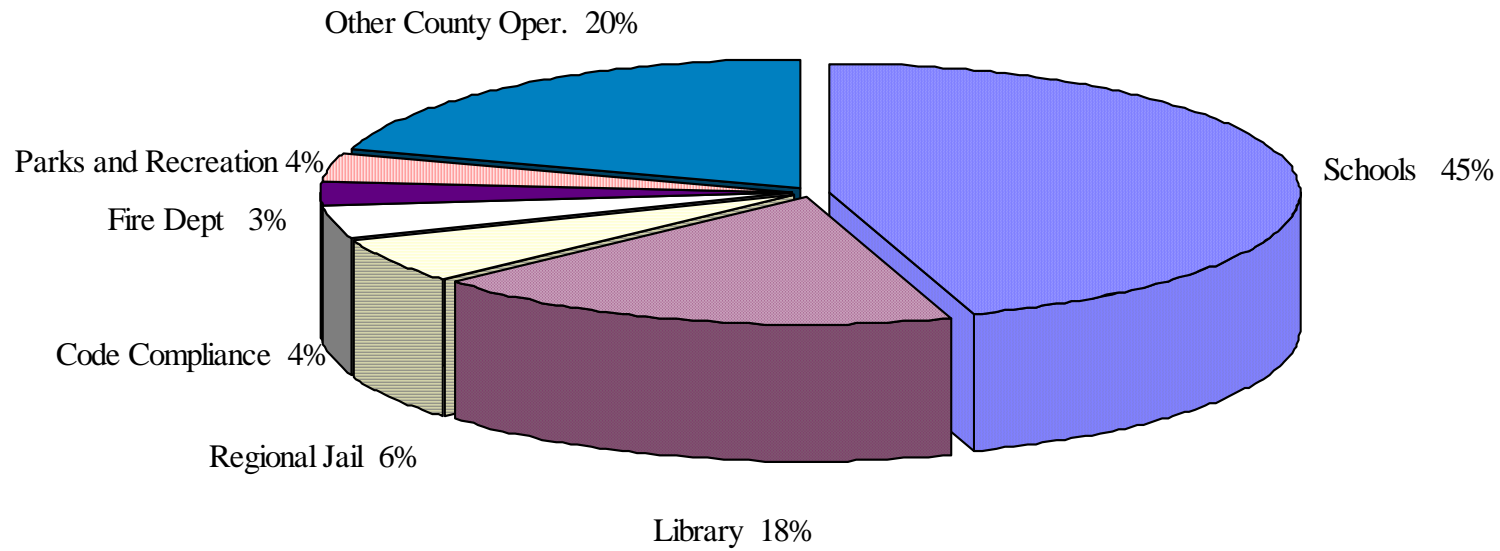
GENERAL FUND

The total recommended General Fund budget for FY 97 is \$63,341,167, an increase of \$5,933,973, or 10.3 percent over the FY 96 Budget of \$57,407,194. The broad categories of spending are depicted below:

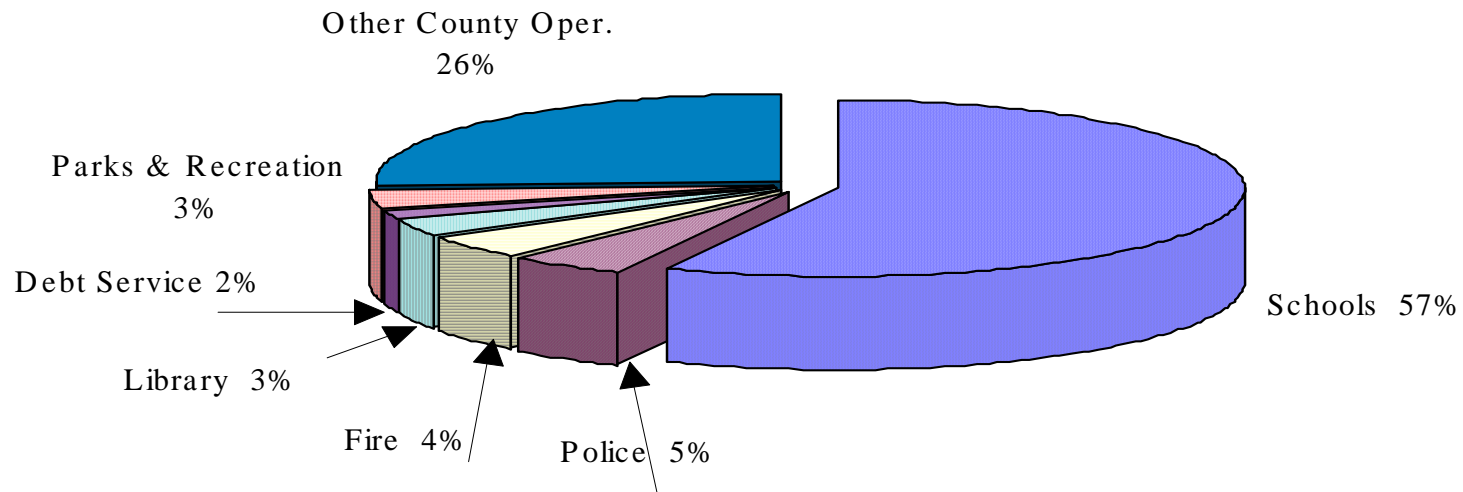
Total General Fund Budget

	<u>Budget</u> <u>FY 96</u>	<u>Recommended</u> <u>FY 97</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>	<u>% Of</u> <u>Total</u> <u>Increase</u>
Contribution to Library	\$ 954,800	\$ 2,040,000	\$ 1,085,200	113.7%	18.3%
Regional Jail	67,777	413,096	345,319	509.5%	5.8%
Social Services	699,617	775,253	75,636	10.8%	1.3%
Other County Spending	22,230,150	23,982,968	1,752,818	7.9%	29.5%
Contribution to School Operations & Debt	<u>33,454,850</u>	<u>36,129,850</u>	<u>2,675,000</u>	<u>8.0%</u>	<u>45.1%</u>
TOTAL	<u>\$57,407,194</u>	<u>\$63,341,167</u>	<u>\$5,933,973</u>	<u>10.3%</u>	<u>100.0%</u>

Where Is the Increase in Revenues Going?



General Fund Expenditures By Category

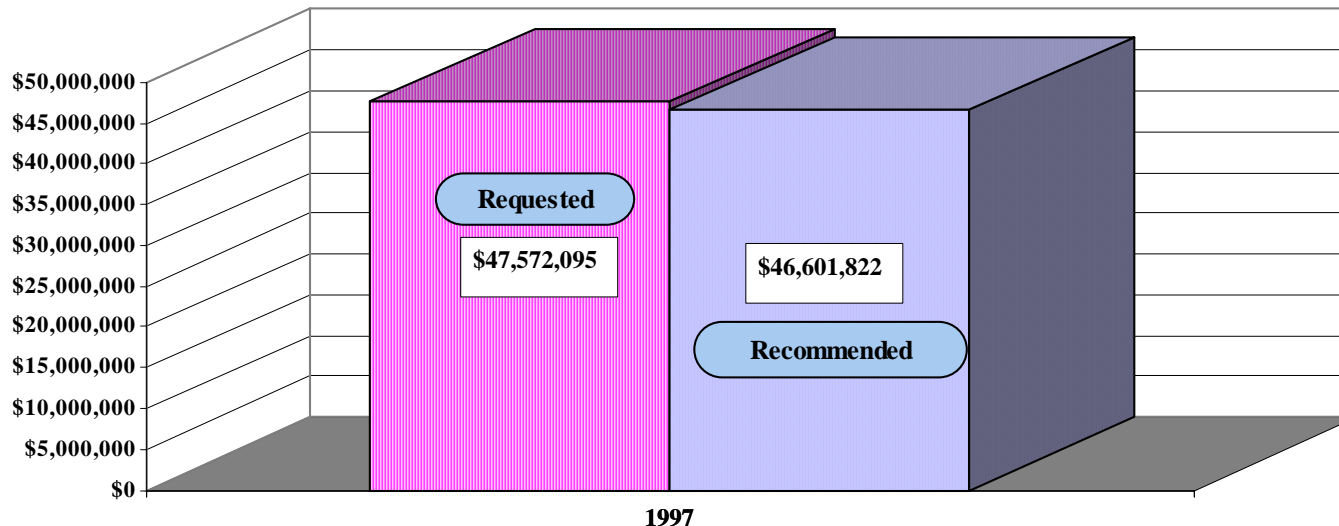


Schools

The recommended contribution to the Williamsburg-James City County School system , which includes funding for both ongoing operations and debt service for school facilities, is \$36,129,850. This figure amount represents 57 percent of the County's proposed operating budget, and is an 8 percent increase over the FY 96 contribution of \$33,454,850. The \$2,675,000 increase in this amount consumes 45 percent of new revenues for FY 97.

In a letter dated December 12, 1995, the County Administrator identified a target of \$29,800,000 in available County funding for FY 97, for the schools to use in preparing their budget request. Our recommended contribution to the schools exceeds this target amount by \$100,000. Nevertheless, this proposed County funding level is \$827,449 less than what was requested by the School Board. If the City of Williamsburg funds the school system based on the current contract, the schools will receive a total of \$3,111,376 in new funding, which is \$970,273 or 2 percent less than its request. Although the School Board clearly set forth its needs, the recommended funding level is all we can provide given existing resources, and is consistent with the increase in County Operations. With the proposed level of local funding, the schools will be paying \$6,109 per pupil for operating expenditures, compared to \$5,924 in FY 96 and \$5,843 in FY 95.

The most recent "Superintendent's Annual Report" from the Virginia Department of Education, shows that in FY 94, local funding per pupil for Williamsburg/James City County Schools was \$4,159, which is 57 percent higher than the State average of \$2,655. Local funding per pupil in this proposed budget is \$4,596.



School Operating Budget

	FY96 School Budget	FY97 School Requested	FY 97 County Proposal	FY 97 \$ Unfunded	FY 97 % Unfunded
County	\$27,525,000	\$30,727,449	\$29,900,000	\$827,449	2.7%
City	5,133,994	5,303,800	5,160,976	142,824	2.7%
Other	<u>10,831,452</u>	<u>11,540,846</u>	<u>11,540,846</u>	<u>0</u>	<u>0.0%</u>
Total	<u>\$43,490,446</u>	<u>\$47,572,095</u>	<u>\$46,601,822</u>	<u>\$970,273</u>	<u>2.0%</u>

Transfers to Other Programs

Transfers to programs other than County operations and the school system amounts to \$4,247,505 for FY 97, which is a \$1,543,681 or 57 percent increase over the FY 96 budget of \$2,703,824. The single largest item in this category, both in total budgeted dollars and in the amount of increase, is the County's contribution to the Williamsburg Regional Library.

Library

In July, 1996, a new library will open in Norge. This additional library was approved by the voters of JCC as part of the 1994 bond referendum. The proposed funding for the Regional Library consists of two components:

- * \$1,040,000 to provide an 8.5 percent increase in County funds to support the existing Williamsburg Library operations.
- * \$1,000,000 to allow for the staffing and operation of the new County Library for the entire 1997 fiscal year.

The total County contribution of \$2,040,000 does not fully fund the Library's request; it is \$146,177 short of the \$2,186,000 requested by the Regional Library Board. As is the case with the School Board request, the recommended funding level is based on available resources, and does not mean that the Library's request was not justified.

Regional Jail

The County is a member of the Virginia Peninsula Regional Jail Authority, which is constructing a new jail, slated to open in early 1997. This budget includes the County's share of three months' operations for the facility. When the new jail opens, the two existing regional jails in Williamsburg (for the City of Williamsburg and James City County) and in Yorktown (serving York County and Poquoson) will close.

County Expenditures

Spending for that portion of the General Fund budget that includes the basic operating departments of the County will increase by 8.1 percent for 1997. Much of this increase is driven by growth in the County.

Personal Services

In response to new initiatives, such as drainage and the expansion of the Recreation Center; and to growth, several new positions are proposed within the FY 97 County Budget. These positions are discussed later in this message.

Last year, a new, market-based pay plan was adopted, with implementation to be phased. This budget contains \$71,954 to complete the implementation. In order to maintain this market based pay plan, this budget includes funding for a 1 percent structure adjustment in the County's pay ranges. Only those employees whose salary falls below the minimum of the new range would receive any salary adjustment. The cost of this structure adjustment is therefore only \$3,734.

This proposed budget retains pay for performance, funded at an average level of 4 percent. This percentage is consistent with the raises being proposed by surrounding communities and by the State. The total cost of this recommendation is \$477,702.

Operating Expenditures

Drainage Initiative

In response to direction by the Board of Supervisors, this budget includes the funding necessary to begin a new initiative related to drainage. The County will begin maintaining certain private storm water facilities within residential subdivisions in order to maintain proper drainage. A total of \$109,898 is included within the Code Compliance division to fund the cost of an Engineering Inspector, consulting services to develop recommended policy for this initiative, and funds to respond to an estimated three to five instances annually where contracted services would be needed. It is expected that once this drainage initiative begins, there will be a continuing increase in the demand for such services; therefore, we can expect to see related cost increases in future budgets.

Solid Waste Management

This budget contains funding to maintain the County's refuse collection and disposal program as it currently exists, except that one convenience center, in the Grove area of the County, will be closed, and a household chemical disposal program initiated. The transfer station and convenience centers are not generating the volume of garbage originally anticipated, so the associated user fee revenue budgeted for FY 97 is reduced to reflect the expected level of usage. The revenue reduction accounts for the increase in the refuse department's budget. During FY 97, a comprehensive evaluation of the County's residential refuse collection program will be completed.

Parks and Recreation

The majority of the increase in the Parks and Recreation budgets is targeted to fund the cost of operating the expanded Recreation Center, which is expected to open in March 1997. A Greenways Planner position is proposed to be shared with the Planning division, and will develop the County's Master Open Space/Greenways Plan as well as providing assistance with Parks and Public Facilities development. In addition, two Program Assistant positions are recommended to be upgraded from part-time to full-time in order to accommodate growth in the before- and after-school program and are financed

by user fees. A Senior Customer Assistant position and Recreation Program Specialist position are proposed for the Recreation Center Expansion. The costs associated with opening this expanded center are included in the Parks and Facilities budget. In addition, the Recreation Services budget reflects an enhanced level of service, targeted at programs for youth. Principal activities are instructional classes, summer playground, after-school programs, and a summer day camp.

Public Safety

As has been the case in previous budgets, Public Safety is a primary focus. One additional narcotics officer is proposed to be funded within the Police department, and this position will be partially funded by a Federal Grant. A new firefighter's position is included to keep pace with growth in the upper portion of the County. Funds are also proposed to begin upgrading the County's radio system. The Central Dispatch budget includes funding for two new telecommunications trainee positions to keep pace with growth in service calls; and \$35,000 for the replacement of the E-911 call recording machine, which is almost 10 years old. An Assistant Commonwealth Attorney position is included in the Commonwealth Attorney's budget and may be funded by the State Compensation Board. Including the funds targeted for the County's contribution to the new Regional Jail, 14.9 percent of the new revenue in FY 97 is directed at public safety.

Maintaining Existing Services

Beyond the funding required to keep pace with growth, to operate the new Library, to open the Recreation Center, to begin funding James City County's share of the new Regional Jail, and to fund the new drainage initiative, there are few other initiatives included in this budget. Almost 70 percent of the \$5,933,973 in new revenue for FY 97 is consumed by additional funding for Schools, the Williamsburg Regional Library, and the Jail. Funding for new positions, pay for performance and the drainage initiative requires another 16 percent of the new revenue.

Given the above, the County is left with a very limited amount of new revenue with which to maintain existing services. Nevertheless, we are able to include monies within the General Fund budget to buy equipment for the new community video center, which will be partially funded by the City of Williamsburg. In addition to the positions previously mentioned, the following new positions are recommended in this budget:

- A Building Inspector position is included in Code Compliance to keep up with the pace of new construction.
- An Account Clerk is added to the Treasurer's Office and a Tax Examiner in the Commissioner of Revenue's Office is proposed to be upgraded from temporary to permanent. Both of these positions are designed to improve revenue collection enough to be self-sustaining.
- A Communications and Cable Specialist position is added in Communications and is substantially paid for by the City of Williamsburg and Continental Cable.

- A Telecommunications Network Specialist position is proposed in Information Resources Management to focus on new technology initiative being undertaken by the County. This position is offset by the elimination of a Mechanic's position in Fleet Maintenance because outside funding was reduced.

The amount of ongoing tax dollars used to fund the Capital Projects budget will increase by \$25,000, to \$1,000,000. In controlling costs, we are unable to fully fund either the school board's or the library's budget requests. In addition, several items requested by County departments were unfunded this year.

REVENUES

The FY 97 budget includes four revenue initiatives. Three of these initiatives are increases in existing tax rates, for real estate, E-911, and the cable franchise taxes. The fourth initiative is proposed as a result of a request made by the board during last year's budget process, where the Fire department was asked to evaluate the possibility of introducing user fees to recover a portion of the operating costs for fire and emergency medical services.

1. The real estate tax rate is proposed to increase by 3 cents, from 84 cents to 87 cents per \$100 of assessed value. The impact of this increase on taxpayers is \$30 per year for every \$100,000 in property value. For the County, this rate increase will produce \$883,472 in additional revenue. Without any rate increases, funding for the schools, library and jail costs would have consumed 87 percent of new County revenue for 1997.
2. The E-911 tax rate is recommended to increase by 30 cents, from its current level of 60 cents per telephone line per month, to 90 cents. With the rate increase, this tax will support 32 percent of the cost of operating the central dispatch function. Localities in Virginia are authorized to set a rate for the E-911 tax sufficient to recover the direct costs of equipment for and maintenance of this service, including salaries. For James City County, the rate needed to recover all of the eligible costs would be \$2.23.
3. For FY 97, the cable franchise fee is recommended to increase from 3 percent to 5 percent of gross receipts. For a cable bill of \$25 per month, this increase would translate into an additional 50 cents.
4. Beginning in FY 97, the following user fees are proposed to recover a portion of the cost of providing fire and emergency medical services:

**** At their July 9 meeting, the Board of Supervisors decided not to implement these proposed fees for Basic Life Support and Advanced Life Support.**

- * Basic Life Support Calls -- \$75, plus \$1.50 per mile for transportation outside of the greater Williamsburg area. This fee is expected to generate \$46,725 in revenue.
- * Advanced Life Support Calls -- \$150, plus \$1.50 per mile for transportation outside of the greater Williamsburg area. This fee is expected to generate \$100,875 in revenue.
- * False Alarms -- \$100 for all false alarms over 3 in a 90 day period. This fee is expected to generate \$5,000 in revenue. While the amount of revenue associated with the false alarm fee is relatively small, it is envisioned that such a fee would cut down on the number of responses to false alarms.

CAPITAL PROJECTS FUND

The County's Capital Projects Budget for FY 97 is \$19,186,393, and is dominated by school projects and the construction of a new courthouse, the total of which account for 78 percent of capital spending. The school projects include:

New High School	Rawls Byrd Elementary School Expansion
Berkeley Middle School Renovation	Site Acquisition for new Elementary School
\$2,500,000 to be allocated at the discretion of the School Board for other projects	

Other investments funded as part of the FY 97 Capital Budget include:

- Road Matching Funds -- upgrading existing County roads by matching additional State dollars
- Regional Drainage Basins -- to better manage runoff from existing development that occurred prior to storm water management regulations
- Community Networking -- interconnecting most major public facilities in the County with a broad band communications network
- Tourist Shuttle -- acquisition of four buses to provide a Route 60/Colonial Williamsburg/Busch Gardens shuttle during prime visitation months
- District Park -- begin development of through roads and athletic fields

There are several capital projects that were unable to be fully funded within existing resources, including:

- District Park - full development of the County's new 500 acre District Park will prove difficult without looking for new sources of revenue
- Recreation Center - funding for additional equipment for the new expanded fitness area was unable to be funded

Other School Projects - funding is deferred for some of the projects requested by the schools

SPECIAL REVENUE FUNDS

Given their dependence on Federal and State grants, the budgets for Transit, Social Services and Community Development actually decline from their FY 96 levels.

PROPRIETARY FUND

The James City Service Authority (JCSA), 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 revenue from the County.

Within the FY 97 water fund, revenues are projected to increase by \$126,494, or 4.7 percent, primarily due to an expected increase in interest income, along with growth in the numbers of users served.

Within the sewer fund, revenues are expected to grow by \$83,293, or 2.7 percent, primarily from customer growth. A Utility Maintenance Support Assistant will be transferred to the water fund.

Two additional positions are proposed in the FY 97 JCSA budget in order to keep pace with growth in demand:

- (1) Utility Operations Assistant within the Water Fund
- (1) Construction Inspector within the Administration Fund

The JCSA Capital Budget is dominated by renovation/rehabilitation projects for both water and sewer, in a continuing effort to maintain and improve the systems.

CONCLUSION

We are pleased to submit to you a proposed budget for FY 97 which attempts to balance the demands created by growth with available resources. Even though this budget proposes new revenue initiatives in order to respond to growth, it is fairly conservative. The growth in demand for County services is evidenced by the following examples of increases from 1994 to 1996:

Number of School Children	10%
Building Permits	12%
Erosion Inspections	36%
E-911 calls	6%

The County will continue to face funding challenges, particularly as the remainder of planned new facilities, such as the new high school and new Williamsburg/James City County Courthouse, open over the next few years. In addition, the operating funds included in this FY 97 proposed budget for the Recreation Center expansion and the new Regional Jail only represent a few months' worth of expenditures, and full funding will be included in the FY 98 budget. This budget therefore lays the foundation for those cost increases we see coming in the next fiscal year and beyond.

To mitigate increasing tax burdens as we move forward, the County continues to focus effort in the area of economic development, so that we can maintain a diversified tax base. Moreover, we remain committed to continuing to provide high quality services at a reasonable cost.

Respectfully submitted,

Sanford B. Wanner
Assistant County Administrator

David B. Norman
County Administrator