

**Spotsylvania County
Board of Supervisors Agenda
Executive Summary**

Meeting Date: April 28, 2020
Title: FY 2021 Budget Work Session

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Recommendation: Mr. Petrovitch and Ms. Jewell respectfully request and highly recommend that the Board adopts the budget as presented in the attached document.

After having adopted the 2020 tax rates on April 9, 2020, the Board is scheduled to adopt the FY 2021 Budget including the first year only of the Capital Improvement Plan at this work session.

Summary:

The attachment documents changes that are necessary to the expense side of the budget based on the adopted 2020 tax rates, the Board's action on the refuse fee, and the Governor's delay on the effective dates for potential increases in meals and transient occupancy tax rates and counties being able to charge cigarette taxes. Additionally, staff learned on April 24 that the County will permanently lose \$600,000 in State revenue beginning in FY 2021 as a result of the State's reallocation of statewide recordation taxes away from localities to the Hampton Roads Regional Transit Fund. The green highlights reflect the changes made since the April 14 Board meeting.

This budget reduces the originally recommended transfer to capital by \$3.3 million to the minimum policy level of 3% of General Fund revenues. Consequently, cash-funded capital projects will be deferred until FY 2022, at the earliest. We will outline those deferrals as part of our presentation on the 28th.

Additionally, as you are aware, this budget makes use of nearly \$4 million of the Budget Stabilization Reserve. By policy, use of the reserve requires adoption of a resolution. Staff will have this resolution prepared and in place for the meeting.

Staff Contacts: Ed Petrovitch, County Administrator
Bonnie Jewell, Assistant County Administrator/Chief Financial Officer

Additional Background/Other Considerations: n/a

Consequence of Denial/Inaction: n/a

ATTACHMENTS:

File Name	Description	Type
Budget_Suggested_for_Adoption_042820.pdf	Budget Suggested for Adoption	Backup Material

To Include Reduced Refuse Fee & No Increased Consumptive Tax Rates

Potential Adjustments -

	Ongoing	One-Time	Change in Rate
General Fund -			
Revenue Revisions			
Adjustments Reported to Board (3/10/2020)			
Factor in last assessment update (at equalized rate)	\$380,000		\$0
Correction to Tourism expenditures/use of reserve	-\$50,000		\$0
Subtotal - Adjustments Reported 3/10/2020	\$330,000		\$0
Additional Known Adjustments			
DSS State Revenue Adjustment	\$183,086		\$0
Remove DSS State Revenue Adjustment	-\$183,086		\$0
Communication Sales Tax	-\$200,000		\$0
Personal Property	\$441,562		\$0
Subtotal - Additional Known Adjustments	\$241,562		\$0
Recommended Reductions Subsequent to Virus Emergency			
Sales Tax	-\$950,000		\$0
Meals Tax	-\$1,907,867		\$0
Business License Tax	-\$350,000		\$0
Transient Occupancy - General Purpose	-\$190,000		\$0
Transient Occupancy - Tourism	-\$285,000		\$0
Use of T.O. reserve for portion of rev decrease not covered by reduced exp	\$184,000		\$0
Interest Earnings	-\$450,000		\$0
Use of Budget Stabilization Reserve for Temp. Decrease	\$3,948,867		\$0
Subtotal - Reductions Subsequent to Virus Emergency	\$0		\$0
Board Member Requests			
Use Tourism Reserve to fund Rappahannock Railroad Museum	\$0	\$10,000	
Subtotal - Board Member Requests	\$0	\$10,000	
Adjustments Stemming from Expense & Other Fee/Tax Changes			
Real Estate Rate Reduction - rate now set at \$0.8094	-\$11,254,392	-\$5,627,196	-\$0.0703
Increase Meals Tax rate from 4% to 5% midyear	\$750,000		
Inc. Transient Occupancy rate from 5% to 7% - general (1/2 yr)	\$182,857		
Inc. Transient Occupancy rate from 5% to 7% - tourism (1/2 yr)	\$17,143		
Decrease use of Tourism Reserve as a result of add'l tourism \$	-\$17,143		
Decrease use of Tourism Reserve as result of level-funding SHA	-\$4,272		
Implement \$0.02/cigarette, \$0.20/pack cigarette tax midyear	\$100,000		
Assume revenue from implementing new refuse management fee	\$1,500,000		
Remove refuse management fee - will return with budget adjustment matching costs to revenue	-\$1,500,000		
Keep Meals & Transient Occupancy tax as exists now	-\$932,857		
Remove assumed cigarette tax	-\$100,000		
State's elimination of recordation tax to localities	-\$600,000		
Use of Sheriff's forfeiture/seizure funding for 1/2 of one-time items		\$65,000	
Remove use of former EDO Fund balance for planning/market study		-\$37,500	
Subtotal - Adj. Stemming from Expense & Other Changes	-\$11,858,664	-\$5,599,696	
Total Revenue Revisions	-\$11,287,102	-\$5,589,696	

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Potential Adjustments -

	Ongoing	One-Time	Change in Rate
Expenditure Revisions			
Adjustments Reported to Board (3/10/2020)			
Correction to Tourism expenditures/use of reserve	-\$50,000		
Reduce contribution to Library (regional review group)	-\$91,368		
Reduce payment to Jail (revised budget request)	-\$70,592		
Reduce payment to Juvenile Center (revised budget request)	-\$59,203		
Remove balance figure from Recommended Budget	-\$7,851		
Updates to personnel calculations	\$223,850		
Subtotal - Adjustments Reported 3/10/2020	-\$55,164		\$0
Board Member Requests			
Rappahannock Railroad Museum	\$0	\$10,000	
Fund YMCA (one-time)	\$0	\$100,000	
Subtotal - Board Member Requests	\$0	\$110,000	
Potential Adjustments			
Remove added positions other than DSS & financial system backup -			
Refuse Disposal - Division Director for Solid Waste (1.0 FTE)	-\$154,571		
Planning - Planner I (1.0 FTE)	-\$79,368		
Commonwealth's Attorney - Legal Assistant I (1.0 FTE)	-\$68,597		
Treasurer - Account Clerk (0.63 FTE)	-\$28,747		
Assessment - Assessment Technician (0.63 FTE)	-\$25,492		
Further reduce Library to level funding	-\$133,010		
Remove County's share of Jail compensation adjustments	-\$287,599		
Remove County's share of Juv. Det. compensation adjustments	-\$81,679		
Reduce Library beyond level funding (regional share)	-\$318,519		
Eliminate 1.8% COLA for Public Safety	-\$778,764		
Eliminate 1.8% COLA for all other County staff	-\$572,647		
Eliminate Public Safety step in FY 2021	-\$750,000		
Eliminate 2% merit in FY 2021	-\$636,274		
Delay Sheriff's Office Career Dev. to FY 2022 - PS Comp Adj.	-\$325,447		
Remove placeholder for focused salary adjustments	-\$300,000		
Remove funding for salary study	-\$81,183		
Remove tuition reimbursement funding	-\$50,000		
Delay update of County-owned GPS monuments one year			-\$70,000
Delay for one year consulting for landfill, solid waste GPS, and fixed asset ID			-\$40,000
Delay for one year irrigation on Legion Field stadium field; grading of various fields			-\$31,945
Remove Germanna request for HS career coaches	-\$125,000		
Reduce volunteer per diems by one-half	-\$107,001		
Use Fire Programs \$ for replacement of communication boxes	\$5,192	-\$5,192	
Decrease Fire Programs holding expense	-\$5,192		
Use Fire Programs \$ for replacement of turnout gear and certain other equipment	-\$214,000		
Remove departments' technology requests from IS budget	-\$90,800		
Reduce IS' budget for A/V support and broadcasting	-\$9,200		
Fund Financial System Analyst position for only 3/4 of year	-\$29,015		
Reduce industrial park expenses to \$175K	-\$38,200		
Reduce HVAC system repairs & maintenance	-\$40,000		
Reduce repairs & maintenance supplies	-\$40,000		
Reduce Refuse Disposal stone & hauling	-\$10,000		
Reduce Refuse Disposal groundwater monitoring	-\$9,102		
Remove planning/market study (funded 1/2 with fund balance & 1/2 with former EDO Fund balance)	\$0		-\$75,000
Decrease GWRC to \$70K	-\$20,758		
Level-fund Office on Youth	-\$51,380	-\$23,875	
Level-fund Empowerhouse	-\$9,780		
Level-fund at \$0 F'burg Regional Food Bank	-\$12,000		

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Potential Adjustments -

	Ongoing	One-Time	Change in Rate
Level-fund Mental Health America of F'burg	-\$10,255		
Level-fund Moss Free Clinic	-\$44		
Level-fund Rappahannock Area Agency on Aging	-\$3,115		
Level-fund Hope House	-\$5,000		
Level-fund Rebuilding Together	-\$500		
Level-fund Safe Harbor	-\$235		
Level-fund Spotsylvania Historical Association	-\$4,272		
Level-fund Thurman Brisben Center	-\$8,000		
Level-fund Virginia Community Food Connections	-\$10,000		
Recalculate vehicle/equipment fuel	-\$63,363		
Recalculate electricity	\$34,394		
Reduce increase in Sheriff's overtime that's not fee supported	-\$39,804		
Reduce increase in Sheriff's overtime for transports by half	-\$37,500		
Remove F/R base overtime adjustment	-\$82,107		
Remove travel/training/mileage other than mandate & certs.	-\$267,187		
Transfer contracted mowing to in-house staff for one year - potentially reduced LOS in other areas	-\$192,750		
Delay next 1/5th of OPEB until FY 2022	-\$504,230		
Reduce regional tourism to \$70K (they agree)	-\$101,000		
Reduce transfer to EDA Fund for incentives	-\$50,000		
Reduce contingency commensurate with reduction in exps	-\$12,648		
Reduce increase to Schools - allow only for \$700K increase in debt service	-\$1,800,000	-\$1,500,000	
Reduce increase to Schools' debt service	-\$500,000		
Remove one-time increase in transfer to Transportation Fund	\$0	-\$700,000	
Remove on-going transfer to Transportation Fund	-\$700,000		
Remove increase in transfer to Capital Projects Fund	\$0	-\$1,946,405	
Drop baseline xfer to Capital Projects Fund to policy minimum	-\$1,396,189		
Subtotal - Recommended Reductions	-\$11,231,938	-\$4,392,417	
Reduce Fiscal Stability Reserve as % of decreased revenue to balance		-\$1,307,280	
Total Expenditure Revisions	-\$11,287,102	-\$5,589,697	
Balance of Revenue & Expenditures	\$0	\$0	

Originally Recommended Rate		\$0.8797
Adopted Real Estate Tax Rate (4/9/2020)		\$0.8094
Change from Recommended Budget		(\$0.0703)
Breakdown of Rate		
Base rate		\$0.7709
Public Safety compensation		\$0.0384
		\$0.8094
		(difference is rounding)
School Transfer Originally Recommended	\$135,181,416	
School Transfer with These Identified Adjustments	\$131,381,416	
Change from FY 2020 Transfer	\$200,000 for net increase in debt service	