



County Administrator's *FY 2016 Recommended Budget*



February 10, 2015

FY 2016 Recommended Budget

Challenges:

- Balancing worthwhile and necessary causes with limited resources
- Maintaining or improving levels of service
- Sustainability



FY 2016 Recommended Budget

Service level enhancements:

➤ Public Safety:

- Staff and equip new Co. 11 Fire/Rescue Station
- Computer-Aided Dispatch (CAD) system
- Renovation of the Judicial Center & Former Sheriff's Office
- New Animal Shelter

➤ Transportation projects

➤ Pilot program-performance merits



FY 2016 Recommended Budget

Fund	FY 2015 Adopted (in millions)	FY 2016 Recommended (in millions)	Difference \$ (in millions)
General	\$111.8	\$116.3	\$4.5
Economic Dev. Opp.	0.6	0.6	0.0
Code Compliance	3.6	3.8	0.1
Transportation	7.8	8.2	0.4
School Operating	255.2	255.3	0.1
School Food Service	9.5	9.0	-0.5
Utilities Operating	31.7	31.5	-0.2
<i>Subtotal Op. Exp.</i>	<i>\$420.2</i>	<i>\$424.7</i>	<i>\$4.4</i>
Capital Projects	9.8	10.9	1.1
School Capital Proj.	7.7	18.6	10.9
Utilities Capital Proj.	13.2	8.7	-4.5
<i>Subtotal Capital Exp.</i>	<i>\$30.7</i>	<i>\$38.2</i>	<i>\$7.5</i>
Total Budget	\$450.9	\$462.9	\$11.9

FY 2016 Recommended Budget

Maintains key factors for high-grade bond ratings:

- ✓ Fiscal policies maintained
 - Fiscal Stability Reserve (FSR) - \$38.1 M
 - Operating contingency - \$540,000
 - Multi-year forecasts of major funds

- ✓ Unassigned FB – above FSR = \$1.1M

All provide flexibility should revenue or expenditure estimates not come to fruition



Revenue

Notable Adjustments



Revenue Adjustments - Real Estate

- Preliminary assessed values were used for Real Estate Tax projections
 - Overall increase of 1.5% for CY 2015
 - Anticipate 2% increase for CY 2016
 - Increases attributable to new construction and rezonings

- Real Estate Tax rate remains at \$0.86

- FY 2016 Real Estate Revenue expected to increase by \$1.8 M



Revenue Adjustments-Personal Property

- NADA values not available until February
- Assumed 8% decline – three year average
- Assume new or newer vehicles replace some existing
- Decrease base – FY 2015 values not at level anticipated in FY 2015 Budget
- Net reduction of \$900,000 Personal Property revenue



Revenue Adjustments-Personal Property

Spotsylvania's Boat and Boat Trailer tax vs. Louisa

- Property valuation methods differ
 - Louisa – Blue book 100% wholesale high value
 - Spotsylvania – Declining % purchase price
 - From 50% to 20%

- Staff estimates rate would need to decrease from \$6.78/\$100 to \$3.13/\$100 to equal Louisa
 - Corresponding loss of Revenue - \$700,000

- FY 2016 Recommended budget allows for reduction to \$6.25/\$100
 - Loss revenue \$100,000



Revenue Adjustments - Other

- Recordation tax revenue reduction \$300,000
- Sales Tax revenue increase \$200,000
- Meals tax revenue increase \$246,000
- Refuse Disposal revenue increase \$300,000
- Safer Grant revenue increase \$614,000



Revenue Adjustments - Other

- Increase DSS and CSA State reimbursement revenue \$900,000 (expenses increase by \$1.3 M)
- Community Development fees increased to recover 90% of costs
 - Allowing transfer of \$100,000 to General Fund for partial reimbursement of fund provided to balance Code Compliance Fund.



Developing FY 2016 Recommended Budget

	Total (in millions)
Revenue Increase 1.7% (Does not include use of FB or Transfers)	\$4.0
Full year funding of partial positions approved in FY 15	\$0.1
Staffing for new Co. 11 F/R station; SAFER; FREMS Overtime	\$1.9
CSA/DSS increase	\$1.3
Anticipated new Debt Service	\$2.1
Increase TR to Capital as per Fiscal Policy	\$0.7
Increase Jail, Juvenile Detention, Chaplin Youth	\$0.2
Increase Insurance, Training, maintenance, auto repairs, IT	\$1.2
Personnel Benefit increases (VRS, Retiree HI, etc.)	<u>\$0.4</u>
Expenditure Increases	\$7.8
Shortfall	\$3.8



**May not balance due to rounding*

Steps Taken to Balance FY 2016 Budget

	Total (in millions)
Shortfall (from previous page)	\$3.8
Reduced Co. 11 Firefighter/Medics from 15 to 12	(\$0.1)
Hire Co. 11 personnel Feb. 2016 vs. Nov. 2015	(\$0.3)
Departments made cuts to base budgets	(\$1.2)
Fund one-time purchases with General Fund balance	(\$0.3)
Adjusted current and planned Capital Projects	(\$1.2)
Reduced School Local funding	(\$0.6)
Revised Shortfall	\$0.00



Developing FY 2016 Recommended Budget

- \$3.8 M Shortfall did not include:
 - \$1.3 Million General Fund new initiatives requested by Departments/Constitutional Officers
 - \$2.7 Million additional local funding for Schools



Expenditures

Notable Adjustments



Expenditure Adjustments

- Full year cost of items funded part of FY2015 adds \$192,000

- Employee benefits increase - \$287,000
 - Retiree health insurance, 1% VRS, workers compensation & unemployment
 - No Health insurance increase Employee or Employer
 - Health insurance reserve available if necessary



Expenditure Adjustments

- Regional agency partnerships
 - Incr. Jail & Juvenile Detention - \$163,000
 - Due to:
 - Operating and debt service increases
 - Increased usage of each facility
 - Recent loss of federal inmates at Jail could result in additional increases



Expenditure Adjustments

- Technology enhancements - \$400,000
- Part-time support at landfill - \$85,000
- New ED Project Manager (FY15) - \$64,000
- Increases in maintenance service contracts; mileage, lodging, education; auto repairs; insurance; capital needs; offset by decreases in fuel and utility costs – \$482,000



Expenditure Adjustments

- Comprehensive Services Act (CSA) - \$1 Million
 - Estimated increase based on trends

- Social Service (DSS) Programs - \$300,000
 - Foster Care and Adoption

- Offsetting State Revenue increase for CSA and DSS - \$900,000



Expenditure Adjustments

➤ Public Safety

- Radio Network Engineer - \$105,000
- Nine FF/Medics – Safer Grant - \$616,000
- Staff new Co. 11 Fire/Rescue Station - \$580,000
 - *Captain, Two Lieutenants & 12 FF/medics*
 - *Hired February 2016*
- Increase Overtime funding FREMS \$300,000
 - *Provides increased coverage and training*
- Career Development Firefighter Specialists
- Animal Control Agreement City of Fredericksburg
- Cash funding for Computer Aided Dispatch system (CAD) *\$2.9M of \$5.2M total*



Expenditure Adjustments

- Goal - Reinstate merit-based pay initiatives
 - FY 2015 = 7th year with no merit increase
- Departments made reductions to close gap and fund merit-based pay
- Reward exceptional employees
- Pilot Merit Pay Program
 - *\$500,000 – one time seed funding*
 - *Seeking other potential funding sources*



Debt Service & the CIP



Expenditure Adjustments

- Debt Service and Capital Improvements
 - Cash transfer to Capital Projects - \$7.1 M
 - Fiscal policy guideline - \$703,000 increase
 - Provides funding for:
 - CAD & other technology replacements
 - Solid Waste projects
 - Resurfacing Tennis Courts
 - Major maintenance of Loriella Pool
 - Replacement Fire Trucks & Ambulances
 - New Ambulance at Co. 11



Expenditure Adjustments

- \$2.5M one-time cash transfer to Capital Projects fund from excess GF Balance to fund:
 - Portion of replacement CAD system
 - Portion of replacement Fire Equipment
- Reduces planned borrowing
 - Reduction in planned FY 2016 Debt Service
 - Avoids \$335,000 in interest costs over time



Expenditure Adjustments

- \$9.6M Summer 2015 planned borrowing:
 - Judicial Center renovation - \$7.9M
 - Former Sheriff Office renovation - \$1.1M
 - New Animal Shelter design - \$0.2M
 - Replacement Fire Truck - \$0.5M

- Additional \$420,000 annual debt service
 - Total new debt service - \$850,000
 - Reduction current debt service – (\$430,000)



Transportation Fund

➤ New Debt Service:

- Improvements to “fair” unpaved roads
- Improvements at exits 118 and 126
- Harrison Road between Old Plank and Gordon
- Thornton Rolling Rd/Rt. 17 intersection
- Resurfacing Grand Brooks road
- Relocation of Ely’s Ford/Rt. 3 intersection
- Corridor studies for Rt. 1, Rt. 208, Rt. 2 & Rt. 17

➤ FY 2016 State Revenue Sharing

- Application submitted
- Results available Summer 2015



What's Not Included?

- New initiatives requested by Departments & Constitutional Officers
- No COLA/ongoing pay increase for staff
- No impacts from State Budget other than reinstatement of reversion accounts (\$224,000 revenue reduction)



Future Challenges



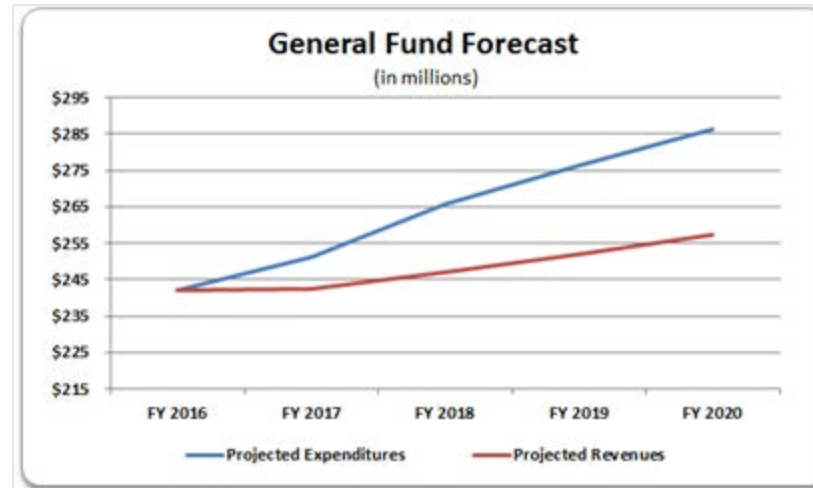
Expected Future Challenges

- Decal and set-aside transfers to Transportation in FY 2018
- Infrastructure demands related to approved developments
 - Increased student population
 - Increased Fire/Rescue calls
 - Monitoring build-out essential



Expected Future Challenges

Five-Year
Financial Forecast
projects deficits



If revenues do not improve significantly, future balanced budgets will require combination of:

- Additional expenditure reductions
- Reprioritization of capital projects
- Increased taxes/fees



What's Next?



What's Next?

- Staff will finalize revenue estimates
- Staff will continue to monitor State budget
- Review CIP, particularly Transportation, to develop realistic funding plan relative to projected revenues



What's Next?

- Recommended Budget is a starting point

- Upcoming work sessions:
 - February 17 – School Board presentation
 - February 24 – CBRC/EDA/Other Funds
 - March 10 – Tax Rate Ad decision/Constitutional Officers/ CIP
 - March 24 – Joint work session with Schools
 - March 26 – Budget/CIP/Tax rate Public Hearing
 - March 31 – Budget work session
 - April 2 – Budget work session/ approve CIP
 - April 14 – Approve Budget, CIP, Tax rates

