

County Administrator's Budget Message

To: The Members of the Board of Supervisors

The great opening line of *A Tale of Two Cities*, “It was the best of times, it was the worst of times” describes our situation when comparing two bienniums, FY 2007/2008 and FY 2009/2010. The issue is that the strong revenue picture of FY 2007 and the beginning of FY 2008 has faded because of weakened federal, state, and local economies. The result is a reduction in the sources of revenue required to meet many of the needs and expectations of our citizens and to undertake new initiatives to improve the overall quality of life of James City County.

The revenues that were strong in the first biennium have been reduced by the slowdown in the housing market and the desire to reduce the fiscal impact on the homeowner. The federal government has been withdrawing from providing funds for a variety of their programs, from housing to public safety, and federal grant opportunities are drying up so the government can fund other priorities. At the State level, the 2008 General Assembly, setting forth the biennium budget for FY 2009/2010, has made significant reductions in Aid to Local Governments by eliminating Wine and ABC sales tax pass through monies, reducing HB599 allocations and cutting other aid by 4.2 percent of their General Fund allocations. This creates a situation that will severely curtail growth in needed positions to serve our citizens, capital projects to maintain public facilities, and economic development investments to meet desired targets.

At the Budget retreat in January 2008 the Board provided the following guidance:

- Maintain the Tax Rate at its current rate of \$.77 per \$100 of assessed value
- Eliminate the annual reassessment for the FY 2009 budget
- Eliminate fee-based funding of the Stormwater Utility and move program to the tax base
- Provide a competitive pay raise for employees
- Continue to make Public Safety a priority
- Become more Business Friendly
- Provide adequate funding for Education

In order to meet the guidance, this budget proposes changes in how we operate and how we are organized.

A Budget of Change

By maintaining the tax rate at the current rate, eliminating the annual reassessment for the FY 2009 budget and moving the fee-based funding of Stormwater Utility into the general tax base, there are less available resources in the upcoming budget than the previous one. The proposed General Fund budget for FY 2009 is \$169,918,338 which is \$4,603,210 or 2.6 percent less than FY 2008. Resources for the second year of the biennium are expected to increase to \$175,832,070 with a planned reassessment and small overall growth factored in.

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I have used the County's Comprehensive Plan and the County's Strategic Management Plan to help guide me in the difficult choices that needed to be made in this budget proposal. We have consistently tied the budget process to the County's Strategic Directions and Pathways. The five Directions are:

- I. Manage finances wisely and encourage a balanced economy.**
- II. Improve the lives of citizens and foster a sense of community.**
- III. Plan responsibly for the needs of a growing, diverse community.**
- IV. Steward the natural environment and historic heritage.**
- V. Provide outstanding customer service.**

All of these directions are important to the County and we will strive to continue a high level of service to our citizens in each of these areas. However, the first direction of managing the County's finances wisely and encouraging a balanced economy has taken on new significance in light of the revenue situation.

In order to produce a balanced budget, I have incorporated the following spending reductions into this proposal:

- Elimination of 9 Full-Time Equivalents (FTE) without a Reduction in Force (RIF)
- Reduction of hours at Convenience Centers
- Reduction of pickups in the County's Leaf Collection Program
- Reduction in operating expenditures, where possible
- Reduction of pay-as-you-go Capital Improvements

I make these recommendations in areas where there has been a reduction in workload, or areas where the impact to the citizens can be minimized. However, at such future date when the workload increases, I plan to return to the Board to ask that positions be reestablished or programs reinstated.

I have worked with the County department managers to identify those positions where the workload has or is expected to decrease and where workload could be consolidated. Many positions have been frozen in FY 2008 when it became apparent that revenues were not going to meet the original projections and allowed for an evaluation to determine whether or not the impact to the citizens could be minimized. Through that evaluation, I was able to eliminate positions without a RIF so no current County employees will lose their jobs. The positions that are proposed to be eliminated in this budget are:

- Assistant Development Manager
- Prevention Counselor
- Communications Coordinator
- Park Supervisor
- Two Code Compliance Inspectors
- Senior Customer Service Assistant at the Community Center
- .5 FTE Convenience Center Attendant

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.5 FTE Management Assistant
Stormwater Engineer

These eliminations have produced over \$604,268 in budget savings in FY 2009. In addition to these staffing reductions, a variety of on-call hours have been reduced.

Some of these decisions will result in a decrease in service level. As an example, with the elimination of the Communications Coordinator position, reduction or elimination of the frequency of the FYI newsletter, submissions of external articles for State and regional publications, and communications support of Channel 46 public access programming will occur. Other areas will see workload reassignments. As an example, the County Engineer position, previously assigned to Development Management is proposed to work on General Services and Stormwater projects which will allow for the elimination of a vacant Stormwater Engineer position. The Stormwater operational program is incorporated into the General Fund and large Stormwater construction projects are incorporated into the Capital Improvement Plan.

I am also proposing in this budget a change in the operating hours at the Tewning and Toano Convenience Centers. The Tewning Convenience Center will be open on Monday from 9 a.m. - 1 p.m., Wednesday, Friday, and Saturday from 9 a.m. - 4 p.m. The Toano Convenience Center will be open on Tuesday, Thursday, and Sunday from 9 a.m. - 4 p.m. In order to sufficiently staff the convenience centers, schedules will be adjusted for proper coverage and will result in a one-half reduction in FTE. I am also proposing that the County's Leaf Collection program be reduced from three scheduled pickups per year to two.

These spending reductions have allowed me to include six new Public Safety positions and a position that will assist and guide select businesses through the planning and approval process as recommended by the Business Climate Task Force within the County in FY 2009. In FY 2010 seven additional Public Safety positions, one Facilities Specialist position, and one Park Supervisor at the Warhill Sports Complex have been included for planning purposes. In both fiscal years, I have also included a competitive pay increase for staff.

Capital Improvement Projects that have been historically paid from the general tax dollars on a pay-as-you-go basis are delayed or not funded in this proposal. The current revenue situation has resulted in identifying programs that would be least impacted by the elimination of new funding allocations. In November 2005 County voters authorized borrowing \$20 million dollars for preserving Greenspace and Purchase of Development Rights opportunities. Bond authority of \$14 million from that referendum currently exists and may be used at any time the Board chooses. In addition, these programs have had healthy ongoing funding and currently have cash balances of \$2.9 million to take advantage of opportunities. Because of this existing available funding, this budget does not reflect any new funding of these programs but will use those existing resources to take advantage of opportunities that may arise over the next two years.

This budget takes a conservative approach to debt-financing. In December 2006 the County borrowed \$116 million; \$95 million for new schools and the expansion of Stonehouse Elementary School and \$21 million for referendum-approved parks, recreation and greenspace

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improvements. These borrowings increased the County's outstanding debt by 80 percent and, in addition, increased both annual debt service and operating costs. While this indebtedness is clearly within the County's fiscal guidelines, with the softening economic picture and an actual reduction in operating revenue for the County, I thought it prudent to recommend that the County avoid additional debt in both FY 2008 and FY 2009. The principal bond payments in those two years will reduce the debt outstanding by \$28 million and will pave the way for the County to consider additional indebtedness in FY 2010 as a way to pay for needed capital investments.

I did consider the possibility of additional indebtedness as a way to accelerate the County's investment in stormwater improvements. Since many of these improvements will take time to engineer, additional time to seek permits from both State and Federal agencies and to negotiate needed easements on private property, there did not appear to be good information by which to plan for bonded indebtedness in FY 2009. I will re-evaluate the project inventory and reconsider debt as a way to address the stormwater project backlog in FY 2010. Yet another reason to avoid a County debt financing in FY 2009 is to avoid adversely impacting the forthcoming \$25 million bond issue planned by the James City Service Authority for the Project Development agreement with the City of Newport News.

The General and Capital Projects funds are the funds that see the most significant reduction in available resources; however, changes to the County's special revenue and proprietary funds are also included in this budget proposal.

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 funded by the James City Service Authority.

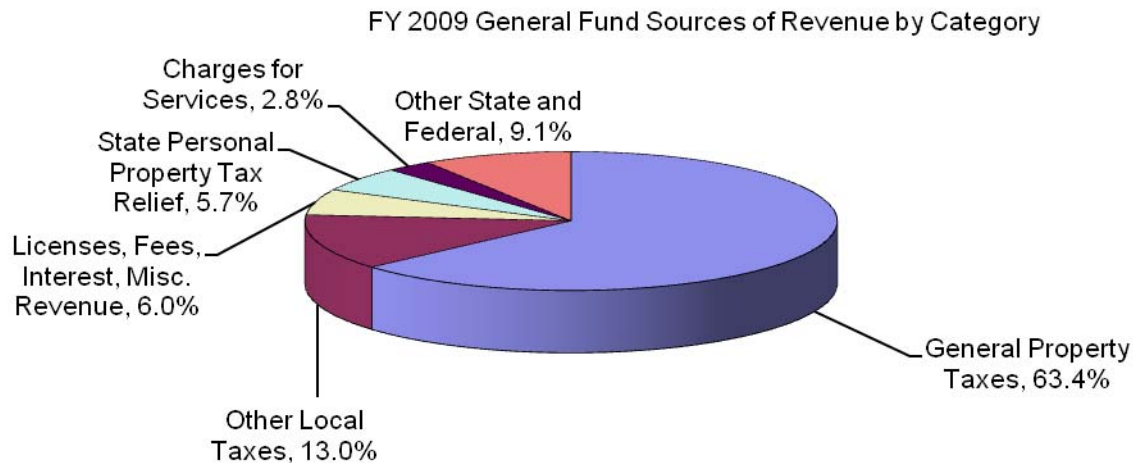
Proprietary Funds: The James City Service Authority, which is responsible for providing water and sewer service to certain areas of the County, has its own fund which is supported solely by user fees.

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, Williamsburg Area Transport operations, and any other grants or other special projects that do not fall into any other funds.

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►GENERAL FUND

►REVENUES



General Property taxes make up 63.4 percent of the General Fund Budget. Of this amount, Real Estate revenues are the largest portion. In FY 2009 Real Estate revenues are increasing less than one percent. This represents an increase due to growth in the six months from July 1, 2007 to December 31, 2007. In the fall of 2007, the Board changed the assessment date from July to January and the next scheduled reassessment will be January 1, 2008. With a January 1 assessment date, the majority of the landbook changes will be available for the next fiscal year's budgeting process. Supplements to the landbook will continue to be forecasted, however, any reassessment will be available to taxpayers when proposed budgets are released.

For planning purposes, Real Estate revenues are forecasted to increase a modest 3.15 percent in FY 2010.

Overall, General Fund revenues for FY 2009 are expected to decrease \$4,603,210 or 2.6 percent.

Significant areas of lower revenue estimates from FY 2008 include revenues associated with the housing market such as:

- Building Permits
- Planning & Zoning Fees
- Erosion Control Revenues
- Deeds of Conveyance
- Recordation Taxes
- Excess Fees from the Clerk

These revenues, when combined, represent a total \$1,762,125 reduction in available resources when compared to FY 2008. Also impacted by the housing industry are Business and Professional Licenses, whereby fees are calculated on gross receipts. These fees are not

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collected until May of each year and fees in this category associated with Realtors and Contractors are expected to decline, resulting in an overall flat revenue estimate for these licenses.

State Revenues

The State revenue picture this year is very gloomy. The State has specifically targeted some programs for elimination such as ABC and Wine Tax distributions and continued the 5 percent cut in HB599 funding from FY 2008, but most troubling has been the announcement that each locality can expect a 4.2 percent reduction of the State's General Fund allocation. At the time of this budget's release, we do not know the exact amount of this reduction but we do know that included in this figure will be monies that are Aid to Localities for State programs such as the State Constitutional Offices of the Sheriff and Commissioner of Revenue. I expect that we will get notification before a final budget is adopted, but for planning purposes I have estimated an additional \$400,000 reduction in State revenues.

Other Local Revenues and Fees

In contrast to the housing industry, there are a few areas of note that are expected to continue to grow over the next two years. Sales taxes are expected to grow 7.7 percent over FY 2008 expected collections, particularly due to the expansion at Prime Outlets and expected new retail at Settler's Market. Meals tax is also expected to grow 4.2 percent over FY 2008 collections. Both of these areas are also forecasted to increase in FY 2010.

Included in this budget, at the Board's direction, is the elimination of the Stormwater Utility fee. Program expenses are proposed to be covered by General Fund revenues for FY 2009 and FY 2010. However, I would caution that this change will shift the financial burden of this program from commercial to residential taxpayers and that this program will compete in the future with other important governmental priorities such as Public Safety and Education. In order to support Construction Inspection services within the Stormwater Division, I am proposing a Stormwater Installation Inspection fee of \$900 per BMP and \$.90 per linear foot of storm drain or channel. A Stormwater Inspector position is tied to this revenue and total revenue expected from this source is \$72,000 in FY 2009.

Also included in this budget is a new application fee of \$125 for exceptions that must be granted by the Chesapeake Bay Board. For exceptions that must be granted administratively, a nonrefundable processing fee of \$25 shall accompany each application to cover the cost of processing. These fees are to be collected for any administrative approval, waiver, exception, exemption, variance and buffer modification which may be necessary through the development process.

I am also proposing that Convenience Center Coupons be increased from \$4 to \$6 with a minimum requirement of one coupon per visit.

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Overall, Recreation revenues have decreased from FY 2008, particularly due to competition from other recreational centers in the area. Several new user fees are included in this year's budget proposal to recover a larger amount of operation expenses. All youth sports groups and affiliated organizations will be charged a \$10 per person, per season fee for the use of facilities. An increase of \$5 to \$10 is recommended in most program and facility use fees and a non-resident (users other than Williamsburg and James City County residents) rate is also included in this proposal.

► EXPENDITURES

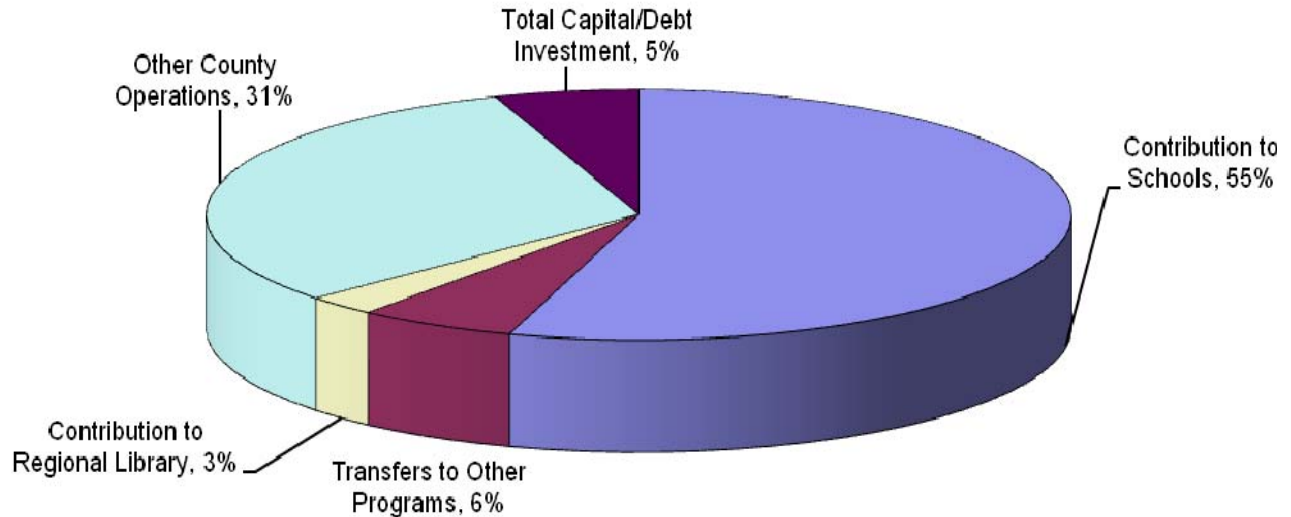
The proposed General Fund budgets for FY 2009 and FY 2010 appears below:

	FY 2008 Adopted	FY 2009 Proposed	% of Change	FY 2010 Proposed	% of Change
<u>Expenditures:</u>					
Schools	\$91,437,630	\$93,145,526	1.9%	\$95,971,326	3.0%
Transfers to Other Programs	10,497,333	10,687,679	1.8%	10,765,929	0.7%
Regional Library	4,439,685	4,492,457	1.2%	4,592,105	2.2%
Other County Operations	54,549,280	52,452,211	-3.8%	54,817,415	4.5%
Total Expenditures	<u>\$160,923,928</u>	<u>\$160,777,873</u>	<u>-0.1%</u>	<u>\$166,146,775</u>	<u>3.3%</u>
<u>Capital/Debt Investment:</u>					
Debt Service/Non-departmental	\$7,431,620	\$4,940,465	-33.5%	\$4,985,295	0.9%
Contribution to Capital	6,166,000	4,200,000	-31.9%	4,700,000	11.9%
Total Capital/Debt Investment	<u>\$13,597,620</u>	<u>\$9,140,465</u>	<u>-32.8%</u>	<u>\$9,685,295</u>	<u>6.0%</u>
Total General Fund	<u><u>\$174,521,548</u></u>	<u><u>\$169,918,338</u></u>	<u><u>-2.6%</u></u>	<u><u>\$175,832,070</u></u>	<u><u>3.5%</u></u>

When compared with FY 2008, expenditures decrease in total and spending is reduced in County Operations and Capital/Debt Investments in order to provide increased funding to the Schools, the Library and Transfers to Other Programs.

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FY 2009 General Fund Expenditures by Category



Schools

Public Education is an important component of a healthy community and the largest portion of the County's budget at 55 percent. For FY 2009, I am proposing that the County contribute \$93,145,526 to the Williamsburg-James City County Schools. This provides \$75,375,526 for operations and \$17,770,000 for debt service. The operational amount represents an increase of \$1,146,415 or 1.5 percent and, with City, State and other funding, will allow an increase in the School operating budget of \$4,864,553 or 4.4 percent.

In addition to the operating budget, the capital budget includes \$69,939,382 in spending in FY 2009 for the Schools. This includes appropriations for the construction of the fourth middle school and the ninth elementary school and funding directed to maintenance, renovation and technology projects at existing schools.

In light of the local revenue picture and State reductions in Aid to Localities, this proposal is \$300,000 less than I had originally planned. However, with increased State Aid revenues to the School Division and lower enrollment this past September than originally planned, I expect that the Schools will still be able to adequately fund their operations. While reviewing their budget for potential reductions, I hope that the School Board will be sensitive to the current local and regional environment regarding pay raises, and work to keep them comparable with surrounding localities. I would also note that according to the Virginia Department of Education, the WJCC schools have the highest FY 2008 average teacher salary when compared to any other school system in either the Hampton Roads or the Richmond metropolitan area.

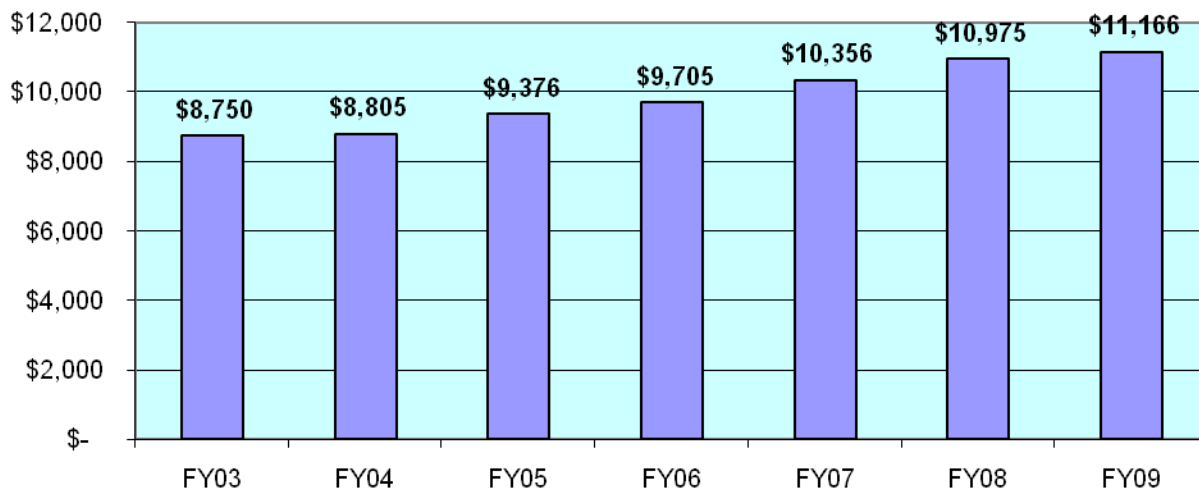
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For FY 2010 planning purposes, I am including an increase of \$2,825,800 or 3.0 percent for operations and level funding for debt service.

As I have been in the past, I will continue to seek opportunities for collaboration with the Schools to achieve efficiencies in service and cost containment methods.

Overall this budget proposal demonstrates a continued commitment to education in our community. The following chart depicts that, historically, the School Division has been able to increase its spending per student due to healthy local funding. While the School budget has proposed an \$11,198 cost per student, the County's proposed budget projects per pupil spending to be \$11,166.

Spending per Student FY 2003 - 2009



Sources: WJCC Public Schools Comprehensive Annual Financial Report, June 30, 2007; 2008 and 2009 using County budget figures.

Transfers to Other Programs

Transfers to programs other than County operations and the School system for FY 2009 amount to \$15,180,136. Areas in this category include the County's contributions to the Williamsburg Regional Library, Virginia Peninsula Regional Jail, and other Outside Agencies.

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 2009 increases modestly to \$4,492,457. This amount fully funds the Library's request and includes the same pay for performance increase proposed for County employees.

James City County is a member of the Virginia Peninsula Regional Jail Authority, along with the City of Williamsburg, York County, and the City of Poquoson. The cost for inmates who have committed crimes in James City County is expected to increase 12.9 percent in FY 2009 due to enhanced reporting that more accurately records the locality where the crime was committed.

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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, the Peninsula Agency on Aging, and Housing Partnerships, Inc., which provide services to County residents and businesses.

As with County department budget requests, funding reallocations are recommended in this area. Many agency requests were not fully funded in order to support funding in other areas. The Peninsula Habitat for Humanity did not submit a funding request and hopes to work with the County in acquiring housing sites for the building of affordable homes. A regional approach to homelessness is proposed for funding, allocating \$13,959 to The Planning Council. New funding of \$5,000 for small business support is also proposed for the Virginia Electronic Commerce Technology Center (VecTech) which is a nonprofit organization dedicated to enhancing commerce within the State by offering technology-based educational services to small businesses.

In addition, the County supports tourism and efforts targeted to marketing and enhancing venues, using a portion of the taxes collected on lodging. In FY 2006, the County increased the tax on lodging from 4 to 5 percent. The proceeds from 60 percent of the room tax will be used as required by State law for tourism initiatives. The Greater Williamsburg Chamber and Tourism Alliance is proposed to receive \$1,100,000 of room tax proceeds to support increased marketing. The FY 2009 budget also provides for a return to funding Tourism Enhancement Grants of \$150,000 which are competitive grants for existing hospitality and tourism entities to create innovative programs that will increase tourism and its associated local tax revenues.

Nondepartmental

Major items in this category include funding for debt service payments, a dollar-for-dollar match of VDOT funds for road projects, including Route 60 East and improvements to the Ironbound Road area, and matching funds for grants.

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 31 percent in FY 2009.

EMPLOYEE COMPENSATION AND BENEFITS

Competitive compensation and benefits are important tools to attract and retain a talented work force. As a result of the Board's past commitment to keeping employee pay and benefits competitive with the marketplace, we have a productive workforce committed to the community they serve. Therefore, despite revenue challenges, I have been able to propose salary increases for our employees that are competitive with our market and the region. In addition, through the efforts of County employees, we have successfully controlled the cost of County benefits. In order to focus on these priorities, this budget does not contain any market adjustments, position

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reclassifications, or new career ladder classes. Existing career ladders, however, will continue to be funded.

Compensation

Pay for Performance

Since the 1970's, the County has had a pay for performance system, which is a tool for keeping actual salaries competitive and for recognizing employee productivity. It is proposed at 3 percent and eligible employees may receive increases, based on their performance, of 0 - 4 percent of salary not to exceed the budgeted 3 percent overall. The budgeted 3 percent is in line with what other Hampton Roads localities have proposed and will maintain our competitive position.

Pay for Performance is also budgeted at 3 percent for planning purposes in the FY 2010 budget.

The cost to the General Fund for pay for performance in FY 2009 is \$757,511.

Salary Structure Adjustment

To keep our salary ranges competitive with the market, I am proposing a 2 percent adjustment to the ranges. Competitive salary ranges assist with employee recruitment and retention while having minimal budget impact because few employees receive a change in salary as a result of a salary structure adjustment.

A 2 percent Structure Adjustment is also planned for FY 2010.

The cost to the General Fund for adjusting the market-based salary structure is \$26,324.

Standby Pay

Some employees are required to be available by telephone after regular working hours to take and then respond to emergency calls. Broken water pipes, suspected child abuse, and repair of emergency vehicles are just a few of the many community needs that are sometimes met after traditional working hours.

In this budget I am proposing to raise the current standby pay from \$1.00 for every hour that an employee is on standby to a more competitive rate of \$1.50. This is the first increase in over 17 years and serves to recognize, in a manner that is more in line with our market, those employees who sacrifice important family and personal time to serve others.

The increased cost to the General Fund for FY 2009 is \$23,250.

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Benefits

I am also gratified to report that, because of the active management and oversight by County staff and the responsible actions of County employees, we can maintain our competitive benefits package with a relatively small cost increase. Health insurance premiums, contrary to the national trend of double digit rate increases, are flat. Other benefits have small increases, are flat, or have decreased. As a result, we can maintain our competitive employee benefits package despite the revenue challenges.

Health Insurance

In contrast to an industry trend of annual medical inflation of over 10 percent, we had an extraordinary year, and the County contribution for health insurance premiums actually decreases slightly for FY 2009. County employees will experience a small decrease, no increase, or a small increase in their contribution towards the cost of health insurance, depending on which plan they choose.

Employees are to be commended for making the healthy lifestyle choices and informed use of their medical benefits which has helped us to achieve lower medical costs. The Working Towards Wellness Program has proven a worthwhile investment, as have our health insurance plan designs, participation in the health insurance company disease management programs, and the quarterly review of health insurance claims data by County staff.

While we will continue to work toward sustained outstanding experience, it is prudent to include a 10 percent increase for FY 2010 as health insurance costs can be very volatile.

Retirement and Other Benefits

The Virginia Retirement System (VRS) conducts an actuarial study every two years to set the rates for its retirement and life insurance programs. Overall, we will have a .61 percent increase in our VRS rates for FY 2009 and no additional increase for FY 2010.

► CAPITAL PROJECTS FUND

The County's Capital Projects budget for FY 2009 is proposed at an investment of \$75,105,294, and of this amount, \$66,852,605 is funded with previously issued debt. This amount is \$24,240,706 less than planned in the previously adopted five-year plan and reflects a decreased availability of pay-as-you-go funding and the inclusion of Stormwater projects funded through the tax rate.

- ✓ Previously issued debt associated with the funding of the fourth middle school and ninth elementary school is appropriated in FY 2009 and funding for some of the residual would come from a new school financing in FY 2010. The amounts allocated are 5 percent less than the School's request. This reduction is directed as a challenge to the construction

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management team, architects, engineers and contractors to achieve this cost savings and still open these schools in August 2010.

- ✓ Almost \$3.4 million is allocated for technology upgrades and school capital maintenance issues, with the replacement of the HVAC system at Clara Byrd Baker topping the list.
- ✓ Funding for a Community Gymnasium at Warhill continues in FY 2009 and FY 2010. This indoor facility will serve as a community venue and support interscholastic sporting events.
- ✓ Funding is also continued in FY 2009 for the renovation of the Community Center. This renovation focuses on upgrades to the HVAC system and to those systems that control humidity, pool and hot tub water quality and temperature.
- ✓ Public Safety Improvements continue with funding for a replacement ambulance in each year of the five year plan and dedicated funding in FY 2009 for a Heavy Rescue Vehicle.
- ✓ Water Quality (stormwater) spending returns to the Capital Improvements Program with the elimination of a separate stormwater utility funded by fees. \$900,000 is allocated in FY 2009 with a total of \$4.8 million over the five-year plan.
- ✓ Funding continues to provide added capacity to the County's Metropolitan Area Network, a system of high speed fiber that is currently providing linked network service for voice, data and video to 27 sites in both the County and the City including all public school sites except for Matthew Whaley Elementary School and the Operations Center on Jolly Pond Road.

The FY 2009 Capital Project budget is part of a five-year Capital Improvement Plan totaling \$145,169,537 of which \$103,548,425 or 71 percent is devoted to Schools. FY 2010 includes planned borrowings for a new Public Safety building and a new School Administrative Building, Alternative Education Building and for Multi-Purpose space at Jamestown High School.

Many items are not included in this five-year plan, such as a third Library and Land Acquisition for Economic Development, not fully funded, such as Stormwater projects, Greenways, Greenspace and PDRs, or delayed due to lack of funding, such as the Jamestown HS Multi-Use space and Mobile Data Terminals.

Details on the Capital Projects Fund appear in Section D.

► 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. Included in this budget are increases to a variety of plan review fees that have not been changed since 2002 and rate increases as follows:

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Residential Water Retail Service Rate (Inverted-Block Rate):

<u>Quarterly Consumption</u>	<u>FY 2008 Current Rate</u>	<u>FY 2009 Proposed Rate</u>
1st Block		
Less than 15,000 gallons	\$2.50 per 1,000 gallons (\$1.87 per 100 cubic feet)	\$2.85 (\$2.13)
2nd Block		
More than 15,000 gallons but less Than 30,000 gallons	\$3.00 per 1,000 gallons (\$2.24 per 100 cubic feet)	\$3.45 (\$2.58)
3rd Block		
More than 30,000 gallons	\$8.50 per 1,000 gallons (\$6.36 per 100 cubic feet)	\$9.80 (\$7.33)

Nonresidential Water Retail Service Rate:

Commercial (Flat)	\$3.00 per 1,000 gallons (\$2.24 per 100 cubic feet)	\$3.45 (\$2.58)
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Sewer System Facilities Charge:

Charge per Bathroom Fixture	\$300 per Bathroom Fixture	\$400
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The water rate increase is required to finance the additional operating and treatment costs associated with the Project Development agreement with the City of Newport News. The sewer systems facility charge is required to finance the additional engineering and construction costs related to the Environmental Protection Agency and Department of Environmental Quality Sanitary Sewer Overflow consent order. These sewer system requirements are affecting not only the JCSA but the entire region.

►SPECIAL REVENUE FUNDS

The Special Revenue Funds, which are found in Section F and include Williamsburg Area Transport, Community Development, Social Services, and Special Projects/Grants, are funded with State and Federal grants in addition to funding support from the County General Fund.

The Social Services budget decreases by \$461,962 to \$6,433,914 mostly due to School and State funding for the Comprehensive Services Act (CSA) of \$387,850 which has now been shifted to the Special Projects/Grants Fund as State defined mandated children now include children served by the Colonial Services Board, the Court Services unit, the Public Schools and Social Services. The County General Fund Match of \$217,426 for CSA has also shifted from the Social Services fund to the Special Projects/Grants Fund.

Williamsburg Area Transport (WAT) is moving forward with the formation of the Williamsburg Transit Authority for FY 2009. The budget includes Congestion Mitigation Air Quality (CMAQ) grant funds to implement new service on Sundays and to increase frequencies on certain routes from 1 hour to 30 minutes. However, WAT received notice shortly before the

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completion of the budget process that State revenues may be significantly less than anticipated. As a result, it is possible that staff will recommend changes to this budget during the Board's deliberations on the budget.

The Community Development Fund budget includes a continued contribution from the General Fund for the Employee Home Ownership Program. This program has successfully assisted 38 County employees in purchasing a home in James City County and the City of Williamsburg over the past seven years.

The Special Projects/Grants Fund allocates proceeds from the expected sale of portions of the Jamestown Beach Campground and Yacht Basin property to another governmental entity to be invested in four projects: Underground Utilities on Ironbound Road, the Drainage Improvement Program, Matching Funds for an Ironbound Road Bikeway and ongoing Road Improvements. This fund will now account for CSA funds previously accounted for in the Social Services Fund as the State mandated population has been expanded to include children that are beyond the purview of Social Services.

Conclusion

This budget is a budget of change and reflects the change in policy direction that the Board has given. It was a very challenging year but this proposal reallocates the reduced resources that are available and targets increased spending to Public Safety. It also provides for a competitive County pay increase and adequate funding for Education. There is a lower investment in Capital Improvement Projects, and reduced funding by the General Assembly is of great concern.

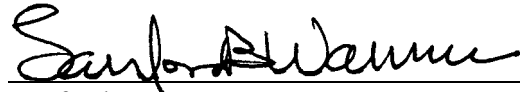
Under Board direction, this budget reflects the funding change of the Stormwater Utility from a fee based system to a system funded by General Tax dollars. This change in funding shifts the burden of payment for the program from commercial to residential taxpayers and I would caution that the abandonment of a dedicated funding source for the Stormwater program may result in unintended consequences in outlying years. If the Board were to choose to continue the fee-based system, I would recommend that the \$2.4 million in additional revenue be dedicated as follows:

- \$200,000 – Reinstate Stormwater “Credit” Program
- \$300,000 – Design money – Jamestown HS Multiuse Space
- \$700,000 – Design money – New Schools Central Office/Alternative Education Space
- \$500,000 – Additional Water Quality Projects
- \$700,000 – Greenspace

County Administrator's Budget Message

This budget meets the guidance provided by the Board and provides for responsible fiscal planning. I expect that this budget proposal will allow the County to overcome the “worst of times” without compromising County services or programs.

Respectfully submitted,



Sanford B. Wanner
County Administrator

Changes from the Proposed to Adopted FY 2009 Budget

- An increase in State revenues of \$238,686 and an increase of \$193,664 in Local Aid to the State Government to reflect total revenues received from the State of Virginia and the reimbursement to the State for State budget cuts made during the General Assembly session.
- A decrease in expenditures of \$81,038 to reflect the elimination of the proposed Business Facilitator position.
- An increase of \$10,000 to the Heritage Humane Society.
- An increase of \$109,250 in the Solid Waste budget to reflect the continuation of the standard operating hours at the Tewning Road and Toano Convenience Centers and the retention of the \$4 fee for Convenience Center Coupons.
- An increase of \$65,000 in motor fuel budgets.
- A reduction of \$58,190 for several departmental errata adjustments.
- A reduction of \$50,000 in Parks and Recreation Revenues and Operating Contingency to reflect the elimination of a \$10 per person, per season facility use fee.
- An increase in the transfer to Debt Service for Schools of \$800,000 to begin saving for the increased operational costs of the two new schools slated for opening in FY 2011. This increase was offset by a reduction in the School operation contribution of \$500,000 and an increase in the County's negative personnel contingency of \$300,000. The personnel savings are expected to be achieved through permanent staffing cuts.

The Fiscal Year 2010 plan that is reflected in this document is expected to undergo significant changes during the FY 2010 budget process. Department expenditure budgets and position counts will be amended to reflect the impact of permanent staffing reductions.