



# **County Administrator's Proposed Budget**

**Fiscal Year 2018**

**J. Brent Fedors**

# Agenda

- Introduction – Setting the stage
- Objectives and guidance from the Board
- FY 2018 Proposed Budget Highlights
- Challenge and approach
- A look at individual funds
  - General Fund (net of transfers), Education Funds, Social Services Funds, Capital Fund, Debt Service Fund, Enterprise Funds
- General Fund summary & revenue outlook
- The FY 2018 Proposed Budget
- Capital Improvement Plan Recommendations
- Suggested Tax Rate Advertising

# Objectives

To propose a balanced budget that:

- Aligns with Board guidance and strategic priorities
- Delivers enhanced value to County citizens
- Aligns resources with needs
- Accurately projects anticipated expenditures
- Better leverages taxpayer dollars for public benefit
- Supports the current and future needs of our Community
- Establishes a bottom-line baseline



# Guidance from the Board

- Produce a budget that:
  - Incorporates little or no real estate tax increase
  - Does not reduce service levels
  - Does not eliminate programs
- Develop ‘excursion options’ that give the Board the ability to contemplate:
  - Elimination of any proposed real estate tax increase
  - Funding unmet needs
  - Trade-offs between service / program impacts and funding alternate unmet needs



# Board Strategic Priorities

1. Compensation improvements (County & School)
2. Capital to improve/protect public infrastructure
3. Economic development/growth
4. Expanded broadband availability
5. Long term solution for local jail overcrowding
6. Protection of potable groundwater supply
7. Upgraded public water/sewer infrastructure
8. Enhanced public recreation/waterway access



# FY 2018 Budget Highlights

The FY 2018 Proposed Budget provides for:

- Continuation of services provided to the community at the lowest possible cost, considering risk to the organization's ability to fulfill its mission
- Incremental funding for only the most critical and mandatory obligations
- Level (or reduced) funding in all other areas
- Cash funding of higher priority, non-bondable CIP requests and a major projects investment plan that leverages the FY19 debt service "cliff"

The FY 2018 Proposed Budget incorporates:

- A \$0.015 increase to the real estate tax rate - \$600K
- Natural revenue growth of approximately \$1.5M (including GCPS)

The FY 2018 Proposed Budget does not reduce services or eliminate programs

- Vacancies, resource shifts/sharing, and enhanced interdepartmental cooperation used to address needs



# Starting Point - \$784K Hole

\$	383K	State revenue gap (GCPS compensation)
\$	259K	GCPS FY17 HMP/other increase (from UFB)
\$	148K	Potential add'l FY17 GCPS HMP (from UFB)
\$	65K	FY17 County HMP (NET Incremental uptake)
\$	62K	State revenue gap (County compensation)
\$	9K	FY17 promotions/increases (NET annualized)
(\$	39K)	FY17 vacancy impact on 4% increase
(\$	103K)	FY17 County HMP conversion strategy
\$	784K	Total unbudgeted operating carryover

(Neutral)



# Plus \$4.69M Additional Ask

\$ 2.36M	Increase in transfer to schools
\$ 593K	Other (net) transfer increase requests
\$ 774K	County HMP increase
\$ 516K	Civic & Fire/Rescue increase requests
\$ 164K	IT & GIS (Tyler Munis T&R; Pictometry)
\$ 280K	Personnel (net) increase requests
\$ 162K	County 1% COLA
<u>(\$ 159K)</u>	<u>Other (net) increase requests</u>
\$ 4.69M	Net additional ask in FY18 submittals



# Creates a Huge Challenge

\$62.40M      FY17 GF Budget as adopted / amended

\$ 4.69M      Net additional ask in FY18 submittals

\$67.09M      FY18 GF operating budget request

\$ 784K      Total unfunded operating carryover

\$67.87M      Total recurring revenue funding challenge



# Budget Approach - Operating

- Start working from the FY18 request – the stated need
  - NOT from the FY17 base, and NOT from the identified gap
- Evaluate costs by function, unit and type
  - Determine base needs, compare to FY16 actuals and FY17 trend, and adjust
- Identify and capture cost savings opportunities
  - Enterprise fund self-support, resource sharing, cost compression
- Leverage vacancies in areas of greatest need
  - Hiring “frost” / vacancy reallocations, resource reassignment opportunities
- Identify and capture year-end unassigned funds
  - Vacancy savings, year-end under-transferred funds, budget over-estimates, committed fund balances
- Evaluate funding sources
  - Compare to FY16 actuals and FY17 trend, identify influencing factors and adjust
- Leverage enhanced knowledge of specific departmental needs
  - Second, and in some cases third or more meetings with directors / constitutional officers
- Exercise best judgement – balance needs vs. funding



# Proposed FY18→FY19 Pay Plan

## FY18 Request:

- Schools: 1% COLA plus 1% to 5.64% decompression (teachers)  
2% Salary increase for all other employees
- County: 1% COLA; 3S Program reinvestment strategy  
1% Bonus (unfunded in FY17 Pay Plan) if FY17 year end operating results support it (contingency return)

## FY18 Proposed:

- County and Schools: ~~1% COLA (all)~~ deferred to FY19 (\$574K)
- County and Schools: 1% Contingent bonus funded from FY17 year end operating results (\$574K UFB)

## FY19 Proposed Target:

- Schools: Funding to support Schools' FY18 Request @ 2yr CPI%
- County: FY18 request @ 2yr CPI%



# Salary Increase History

	County:	Schools:
FY10	None	\$400 “gratuity” (contract EEs ½ time +)
FY11	None	None
FY12	None	None
FY13	2%	2%
FY14	Band and compression only	2%
FY15	3% bonus (Gr 2-8)	3% bonus (lower grade EEs)
FY16	None	None
FY17	4% catch-up COLA	4% catch-up COLA

Note: Does not include one-off increases for select staff (County or Schools) or VRS offsets

- From FY94 through FY09 both County and Schools saw annual increases; FY10 to FY17 – about 8%
- From FY10 to FY16 Social Security has increased 8.5% after a 5.8% increase in 2009
- From FY10 to FY16 the Consumer Price Index (CPI) has increased 25.3 points or 11.7%
- Gloucester Median Household Income 2009 (FY10) - \$55,335; 2015 (FY16) - \$63,742 – up 15.2%
- Gloucester Per capita personal income 2009 (FY10) - \$40,239; 2015 (FY16) - \$44,728 – up 11.2%



# Facility Maint. Repair / Replace

County Facility Maintenance Repair / Replacement	FY17 Proposal	FY17 Funded	FY18 Request	FY18 Proposal	FY19 Target	FY20 Target	FY21 Target
County vehicle replacements	\$163,000	\$125,000	\$135,000	\$135,000	\$135,000	\$135,000	\$135,000
HVAC unit replacements	\$65,000	\$10,000	\$65,000	\$30,000	\$30,000	\$30,000	\$30,000
Boiler Replacement at Colonial Courthouse	\$40,000	\$40,000	\$0	\$0	\$0	\$0	\$0
Parking Lot Paving at Senior Center	\$0	\$0	\$0	\$0	\$20,000	\$0	\$0
Parking Lot Paving at DIT	\$0	\$0	\$0	\$0	\$35,000	\$0	\$0
Computer Replacement Schedule (20%/year)	\$61,200	\$59,180	\$63,200	\$63,200	\$63,200	\$63,200	\$63,200
Security Card Access for County Offices	\$0	\$0	\$53,600	\$12,500	\$12,500	\$12,500	\$12,500
Parks and Recreation - Various	\$125,600	\$40,520	\$40,520	\$40,520	\$40,520	\$40,520	\$40,520
Copier Replacement (Bldg 1 HV) (Color Copier)	\$13,500	\$0	\$13,500	\$0	\$13,500	\$0	\$0
Sheriff - Body Cameras	\$55,000	\$55,000	\$0	\$0	\$0	\$0	\$0
Sheriff - Equipment/Technology replacements	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000
Sheriff - Vehicle replacement	\$352,500	\$266,300	\$266,300	\$266,300	\$266,300	\$266,300	\$266,300
Colonial Courthouse / Court Circle Exterior Maint.	\$0	\$0	\$35,000	--> Shift to Tourism (Lodging tax / committed fund)			
Animal Control - Flooring, Security Cams, Carport	\$0	\$0	\$23,000	\$7,540	\$0	\$15,460	\$0
Energy Efficiency Study - County Buildings	\$0	\$30,000	\$50,000	\$0	\$0	\$0	\$50,000
<b>Total FMRR</b>	<b>\$910,800</b>	<b>\$661,000</b>	<b>\$780,120</b>	<b>\$590,060</b>	<b>\$651,020</b>	<b>\$597,980</b>	<b>\$632,520</b>

- County FMRR funded \$250K below established need in Adopted FY17 budget
  - FY17 requests were accelerated into FY16 where practical – less likely at close of FY17
  - Deferral of expenses to out-years; leveling expenditures over a multi-year period
- FMRR “bubble” reduced in FY18 Request, but not eliminated
- MOU concept for GCPS re-appropriation not accepted – GCPS funding FMRR w/o additional transfer



# General Fund Operating (Excluding Transfers)

\$30.34M	FY18 GF operating request
(\$ 177K)	Personnel expense (no service level reductions) Animal Control Officer (1/1 FTE - \$51K); Prosecutor - Commonwealth Attorney (0.5/1 FTE - \$39K); Sheriff Deputy (1/1 FTE - \$60K); Dispatch Career Ladder - Sheriff (0 FTE - \$19K); Stipend for Captains - Sheriff (0 FTE - \$8K)
(\$ 133K)	Level fund / no new civic contributions Gloucester Housing Partnership (\$70K); Gloucester Free Clinic (\$20K); York County Fireworks (\$19K); Rappahannock Community College (\$15K); Tidewater Soil & Water Conservation District (\$4K); Gloucester Food Bank (\$3K); Puller Center (\$2K)
(\$ 382K)	Fund bare need – Fire/Rescue escalation deferral AVFR request – \$1.07M, level funded at \$963K (\$104K); GVFRS request - \$1.37M, level funded at \$1.09M (\$278K)
(\$ 162K)	County COLA deferral to FY19 (bonus substitute)
(\$ 190K)	FMRR Optimization, deferral and flattening
(\$ 146K)	Other (net) reductions (incl. \$61K contingency reduction)
\$29.15M	FY18 GF operating budget funded



# General Fund

	FY16 Final	FY17 Revised	FY18 Request	FY18 Proposal	FY17R->FY18 \$Δ	FY17R->FY18 %Δ
General Fund (10) Total	\$ 60,715,230	\$ 62,395,342	\$ 67,090,759	\$ 63,993,606	\$ 1,598,264	2.56%
Less Transfers to Schools	\$ 23,179,432	\$ 23,778,058	\$ 26,140,935	\$ 24,379,022	\$ 600,964	2.53%
Less Transfers to Social Services	\$ 1,220,585	\$ 1,271,624	\$ 1,327,183	\$ 1,327,183	\$ 55,559	4.37%
Less Transfers to CSA	\$ 651,000	\$ 651,000	\$ 639,000	\$ 639,000	\$ (12,000)	-1.84%
Less Transfers to Capital	\$ 1,695,844	\$ 1,806,653	\$ 2,596,408	\$ 2,596,408	\$ 789,755	43.71%
Less Transfers to Debt Service	\$ 5,497,531	\$ 5,715,751	\$ 5,476,107	\$ 5,476,107	\$ (239,644)	-4.19%
Less Transfers to Utility Fund	\$ 784,536	\$ 575,526	\$ 430,524	\$ 430,524	\$ (145,002)	-25.19%
General Fund Total w/o Transfers	\$ 27,686,302	\$ 28,596,730	\$ 30,480,602	\$ 29,145,362	\$ 548,632	1.92%

\$29.15M

## FY18 General Fund operating budget funded

- \$1.74M increase, offset by \$1.19M in expense reductions, including expense shifts
- Major priorities funded: \$562K County HMP increase (net of \$211K Go-Get); \$82K Tyler Tax & Receipting Software; \$82K Pictometry; \$32K Jail Nurse PT→FT; \$52K Commonwealth Attorney Prosecutor PT→FT; \$45K Cable Services (artificial - CIP→OPEX Δ); \$35K Tourism (CCH Exterior Maint. from Committed Fund); \$22K CSB; \$21K Sheriff body camera contract



# Schools' Transfer Request

\$23.52M	FY17 starting point
<u>\$ 259K</u>	<u>FY17 HMP/other increase funding (from UFB)</u>
\$23.78M	FY17 current appropriation
\$ 1.34M	Compensation adjustments
\$ 1.86M	VRS rate acceleration & HMP increase
\$ 675K	Other (personnel and operating) additions
(\$ 807K)	Expense reductions, EE HMP shift, vacancy
<u>(\$ 694K)</u>	<u>New State revenue; \$200K at risk</u>
\$26.15M	FY18 local transfer request (up \$2.36M)

Note: Figures taken from the School Superintendent's proposed budget presentation to the School Board





# Proposed Schools GF Transfer

\$23.78M	FY17 current appropriation (incl. \$250K UFB)
\$ 511K	FY18 VRS Rate Acceleration
\$ 90K	Toward FY18 HMP increase
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\$24.38M	FY18 transfer funded (\$601K increase)

## HMP Increase Challenge

FY18 HMP increase:	\$1.35M
Local funding offset:	(\$ 90K)
New State funding (incl. \$200K @ risk)	(\$ 694K)
<u>Proposed EE HMP transfer, HMP squeeze</u>	<u>(\$ 395K)</u>
Balance – HMP (or other) Go-Get	\$ 171K

\$112K achievable in equal sharing of HMP 20% increase between EEs and ER; another \$9K in other carryover \$

Note: Figures taken from the School Superintendent's proposed budget presentation to the School Board



# Schools Operating / Debt Service

Schools Operating Budget	FY16 Final	FY17 Revised	FY18 Request	FY18 Proposal	FY17R->FY18 \$Δ	FY17R->FY18 %Δ
Local (Other)	\$ 149,801	\$ 145,697	\$ 168,097	\$ 168,097	\$ 22,400	15.37%
Local Transfer to Schools	\$ 23,179,432	\$ 23,778,058	\$ 26,140,935	\$ 24,379,022	\$ 600,964	2.53%
State	\$ 27,865,471	\$ 29,149,344	\$ 29,643,382	\$ 29,843,382	\$ 694,038	2.38%
Federal	\$ 2,784,318	\$ 2,825,334	\$ 2,914,911	\$ 2,914,911	\$ 89,577	3.17%
Subtotal Operating Budget	\$ 53,979,022	\$ 55,898,433	\$ 58,867,325	\$ 57,305,412	\$ 1,406,979	2.52%
Debt Service from County GF	\$ 3,675,421	\$ 3,645,650	\$ 3,517,261	\$ 3,517,261	\$ (128,389)	-3.52%
Total County GF for Schools	\$ 26,854,853	\$ 27,423,708	\$ 29,658,196	\$ 27,896,283	\$ 472,575	1.72%

Includes \$200K  
Contingent Revenue

\$24.38M

FY18 General Fund transfer funded

- Includes \$250K FY17 HMP increase operating expense carryover in FY18
- Includes \$511K VRS acceleration and \$99K toward FY18 HMP increase
- Does not fund \$1.34M in compensation adjustments (defer to FY19 / see Pay Plan)
- Does not fund \$328K in additional instructional positions
- Does not fund \$346K in additional operating expense increases
- Assumes \$200K in add'l at-risk State revenue per the Superintendent's proposal

Note: Figures taken from the School Superintendent's proposed budget presentation to the School Board



# Education Funds

Education Funds	FY16 Final	FY17 Revised	FY18 Request	FY18 Proposal	FY17R->FY18 \$Δ	FY17R->FY18 %Δ
Local (Other)	\$ 149,801	\$ 145,697	\$ 168,097	\$ 168,097	\$ 22,400	15.37%
Local Transfer to Schools	\$ 23,179,432	\$ 23,778,058	\$ 26,140,935	\$ 24,379,022	\$ 600,964	2.53%
State	\$ 27,865,471	\$ 29,149,344	\$ 29,643,382	\$ 29,843,382	\$ 694,038	2.38%
Federal	\$ 2,784,318	\$ 2,825,334	\$ 2,914,911	\$ 2,914,911	\$ 89,577	3.17%
Subtotal Operating Budget	\$ 53,979,022	\$ 55,898,433	\$ 58,867,325	\$ 57,305,412	\$ 1,406,979	2.52%
Cafeteria Fund	\$ 2,653,726	\$ 2,687,294	\$ 2,701,011	\$ 2,701,011	\$ 13,717	0.51%
Special Education	\$ 626,057	\$ 665,553	\$ 691,676	\$ 691,676	\$ 26,123	3.93%
Total Education Funds	\$ 57,258,805	\$ 59,251,280	\$ 62,260,012	\$ 60,698,099	\$ 1,446,819	2.44%

Includes \$200K  
Contingent Revenue

\$24.38M

## FY18 General Fund transfer funded

- Includes \$250K FY17 HMP increase operating expense carryover in FY18
- Includes \$511K VRS acceleration and \$99K toward FY18 HMP increase
- Does not fund \$1.34M in compensation adjustments (defer to FY19 / see Pay Plan)
- Does not fund \$328K in additional instructional positions
- Does not fund \$346K in additional operating expense increases
- Assumes \$200K in add'l at-risk State revenue per the Superintendent's proposal

Note: Figures taken from the School Superintendent's proposed budget presentation to the School Board



# Social Services Funds

Social Services Funds	FY16 Final	FY17 Revised	FY18 Request	FY18 Proposal	FY17R->FY18 \$Δ	FY17R->FY18 %Δ
Local Transfer (Social Services)	\$ 1,220,585	\$ 1,271,624	\$ 1,327,183	\$ 1,327,183	\$ 55,559	4.37%
Local Transfer (CSA)	\$ 651,000	\$ 651,000	\$ 639,000	\$ 639,000	\$ (12,000)	-1.84%
Other Funding Sources	\$ 3,720,483	\$ 3,768,598	\$ 3,776,688	\$ 3,776,688	\$ 8,090	0.21%
<b>Total Social Services Funds</b>	<b>\$ 5,592,068</b>	<b>\$ 5,691,222</b>	<b>\$ 5,742,871</b>	<b>\$ 5,742,871</b>	<b>\$ 51,649</b>	<b>0.91%</b>

\$ 1.97M

FY18 General Fund transfer funded

- Includes splits / offsets to accommodate anticipated HMP increase

Serving County citizens with impacts of poverty and other social concerns

Includes various child welfare and adult service programs



# Capital Funds

Capital Funds	FY16 Final	FY17 Revised	FY18 Request	FY18 Proposal	FY17R->FY18 \$Δ	FY17R->FY18 %Δ
Local Transfer (Capital Fund)	\$ 1,695,844	\$ 1,806,653	\$ 2,596,408	\$ 2,596,408	\$ 789,755	43.71%
Other Funding Sources	\$ 2,403,979	\$ 2,562,319	\$ 2,297,000	\$ 2,297,000	\$ (265,319)	-10.35%
School Construction	\$ 3,900,000	\$ -	\$ -	\$ -	\$ -	
Total Capital Funds	\$ 7,999,823	\$ 4,368,972	\$ 4,893,408	\$ 4,893,408	\$ 524,436	12.00%

\$ 300K

## FY17 CIP General Fund transfer funded

- Generated by application of proposed RE rate for last half of FY17
- Appropriate and expend in FY17 to reduce FY18 need
- Carry forward unspent amount to support balance of FY18 need

\$ 2.60M

## FY18 General Fund transfer funded

- \$2.41M in unassigned fund balance from FY16 year-end operating results
- \$20K from Tourism committed fund (FY17 carryover)
- \$160K from Cable committed fund
- Other funding sources include: \$1.6M (BAN/VPASA); \$700K (grants)
- Utilities FY18 CIP (\$250K) funded separately from Enterprise Fund balance



# Debt Service Fund

Debt Service Funds	FY16 Final	FY17 Revised	FY18 Request	FY18 Proposal	FY17R->FY18 \$Δ	FY17R->FY18 %Δ
Local Transfer (Debt Service)	\$ 5,497,531	\$ 5,715,751	\$ 5,476,107	\$ 5,476,107	\$ (239,644)	-4.19%
Other Funding Sources	\$ 326,083	\$ 233,268	\$ 233,268	\$ 233,268	\$ 0	0.00%
<b>Total Debt Service Funds</b>	<b>\$ 5,823,614</b>	<b>\$ 5,949,019</b>	<b>\$ 5,709,375</b>	<b>\$ 5,709,375</b>	<b>\$ (239,644)</b>	<b>-4.03%</b>

\$ 5.71M

FY18 General Fund transfer funded

- Reduced by \$108K with PS Radio financing plan @ \$192K/year
- Reduced by \$140K due retirement of Bethel Elementary School Bond

Includes Federal reimbursements of \$233,268 for Series 2011 School Bond Interest

Includes total School debt payments of \$3.52M



# Enterprise Funds

Enterprise Funds	FY16 Final	FY17 Revised	FY18 Request	FY18 Proposal	FY17R->FY18 \$Δ	FY17R->FY18 %Δ
Local Transfer (Enterprise)	\$ 784,536	\$ 575,526	\$ 575,526	\$ 430,524	\$ (145,002)	-25.19%
Other Funding Sources	\$ 6,957,845	\$ 7,216,101	\$ 5,052,251	\$ 5,197,253	\$ (2,018,848)	-27.98%
Total Enterprise Funds	\$ 7,742,381	\$ 7,791,627	\$ 5,627,777	\$ 5,627,777	\$ (2,163,850)	-27.77%

\$ 431K

FY18 General Fund transfer funded

- Reduced by \$145K associated to reflect migration to self-sustainment
- Other Funding Sources Reduced by full consumption of bond proceeds in FY17

No proposed increase in water or sewer rates

No proposed changes to district rates



# General Fund Summary

\$67.09M	FY18 General Fund operating budget (request)
(\$ 1.19M)	GF incremental operating requests unfunded
(\$ 1.76M)	GF transfer increase unfunded – GCPS
(\$ 145K)	GF transfer defunded – Utilities
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\$63.99M	FY18 GF operating budget (proposed)
\$63.99M	FY18 GF operating budget (proposed)
\$62.40M	FY17 GF Budget as adopted / amended
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\$ 1.59M	Incremental Additional Funding FY17 → FY18





# Incremental Funding Summary

\$ 549K	FY18 General Fund Operating
	\$1.74M increase, offset by \$1.19M in expense reductions, including expense shifts
	Major priorities funded: \$562K County HMP increase (net of \$211K Go-Get); \$82K Tyler Tax & Receipting Software; \$82K Pictometry; \$32K Jail Nurse PT→FT; \$52K Commonwealth Attorney Prosecutor PT→FT; \$45K Cable Services (artificial – CIP→OPEX Δ); \$35K Tourism (CCH Exterior Maint. from Committed Fund); \$22K CSB; \$21K Sheriff body camera contract
\$ 601K	General Fund transfer – GCPS
\$ 44K	General Fund transfer – Social Services
\$ 790K	General Fund transfer – Capital Fund
(\$ 240K)	General Fund transfer – Debt Service
(\$ 145K)	General Fund transfer – Utilities / Enterprise
\$ 1.59M	Incremental Additional Funding FY17 → FY18
\$ 784K	Total unbudgeted operating carryover (Hole)
\$ 2.37M	Increased revenue pressure



# FY18 Revenue Outlook

Revenue Source	FY16 Final	FY17 Revised	FY18 Projected	FY17R->FY18 \$Δ	FY17R->FY18 %Δ
Real Estate Taxes	\$ 26,435,823	\$ 27,593,583	\$ 27,829,920	\$ 236,337	0.86%
Personal Property Taxes	\$ 7,762,000	\$ 8,000,000	\$ 8,100,000	\$ 100,000	1.25%
Other General Property Taxes	\$ 3,365,783	\$ 3,015,000	\$ 3,030,000	\$ 15,000	0.50%
Local Sales Tax	\$ 4,111,262	\$ 4,287,209	\$ 4,404,000	\$ 116,791	2.72%
Local BPOL Taxes	\$ 1,670,000	\$ 1,889,000	\$ 1,900,000	\$ 11,000	0.58%
Local Meals Tax	\$ 1,900,000	\$ 1,900,000	\$ 2,280,000	\$ 380,000	20.00%
Local Lodging Tax	\$ 162,500	\$ 179,252	\$ 208,366	\$ 29,114	16.24%
Other Local Taxes	\$ 1,446,112	\$ 1,527,000	\$ 1,590,000	\$ 63,000	4.13%
Permits & Fees	\$ 363,360	\$ 369,363	\$ 395,680	\$ 26,317	7.12%
Fines and Forfeitures	\$ 70,700	\$ 70,700	\$ 85,150	\$ 14,450	20.44%
Use of Money / Property	\$ 149,000	\$ 148,400	\$ 145,750	\$ (2,650)	-1.79%
Charges for Services	\$ 917,473	\$ 933,440	\$ 943,675	\$ 10,235	1.10%
Miscellaneous	\$ 303,415	\$ 279,661	\$ 128,930	\$ (150,731)	-53.90%
Recovered Costs	\$ 560,500	\$ 367,500	\$ 366,700	\$ (800)	-0.22%
Intergovernmental - State	\$ 9,274,619	\$ 8,954,202	\$ 8,929,130	\$ (25,072)	-0.28%
Intergovernmental - Federal	\$ 158,412	\$ 211,208	\$ 261,208	\$ 50,000	23.67%
Restricted - Asset Forfeiture	\$ 132,988	\$ 68,100	\$ 71,688	\$ 3,588	5.27%
<b>Total Incoming Revenue Stream</b>	<b>\$ 58,783,947</b>	<b>\$ 59,793,618</b>	<b>\$ 60,670,197</b>	<b>\$ 876,579</b>	<b>1.47%</b>

(\$60.67M) FY18 Projected GF revenue (no rate impact)



# Proposed use of Fund Balances

\$60.13M	FY16 General Fund revenues
<u>(\$57.52M)</u>	<u>FY16 General Fund expenses (incl. transfers)</u>
\$ 2.61M	Net Change in fund balances @ FY16 year end

\$ 2.41M	Proposed use of unassigned fund balance
\$ 160K	Cable Services Committed Fund
\$ 127K	FMRR Committed Fund
<u>\$ 20K</u>	<u>Tourism Committed Fund</u>
\$ 2.72M	FY18 total proposed use of fund balances

Flashback  
to FY16  
CAFR

# Funding the Proposed Budget

\$63.99M	FY18 GF operating budget (proposed)
<u>(\$60.67M)</u>	<u>FY18 Projected revenue (w/o tax impact; no use of FB)</u>
\$ 3.32M	Proposed budget/revenue GAP

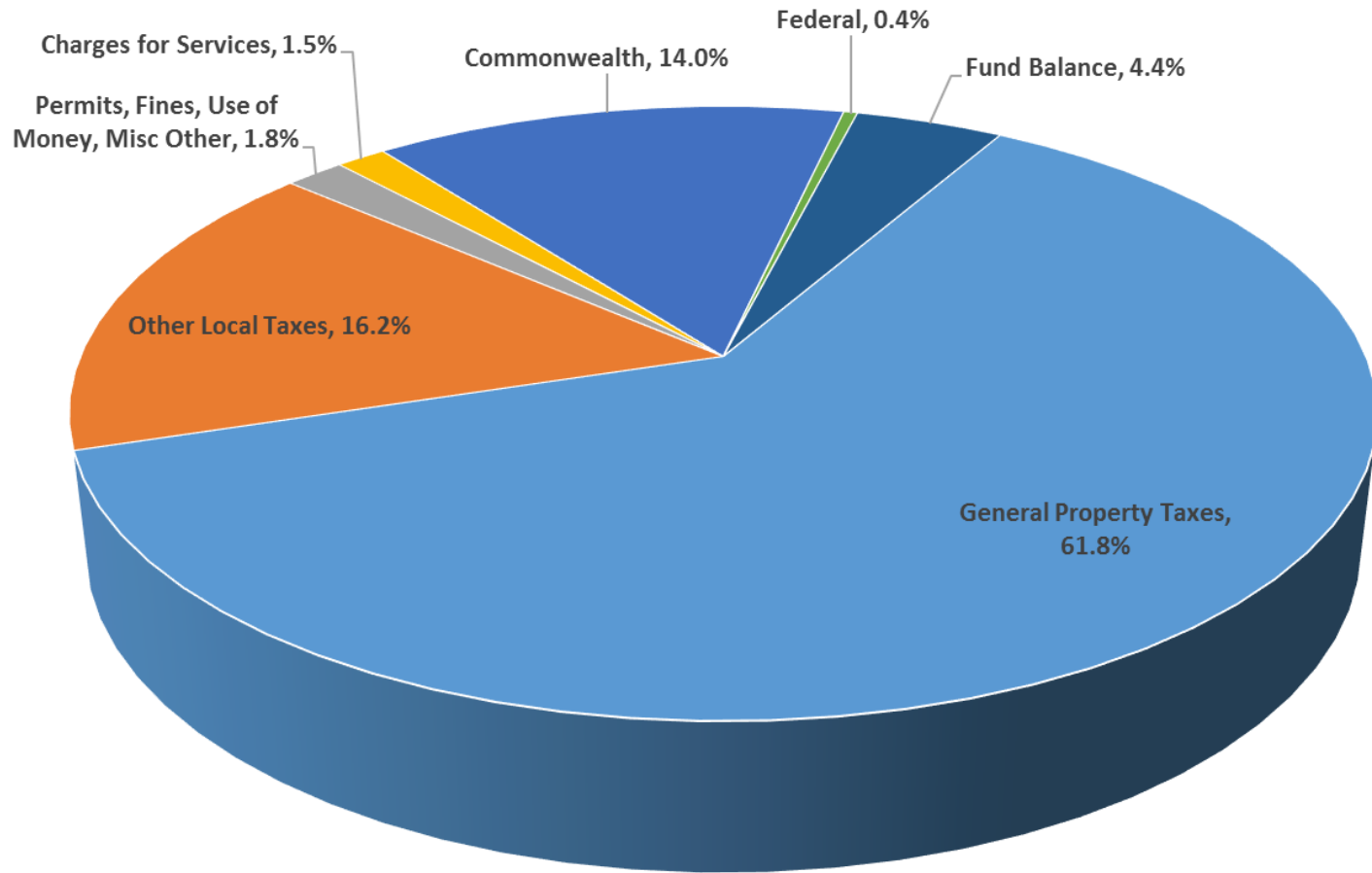
\$ 600K	Proposed \$0.015 RE rate increase
<u>\$ 2.72M</u>	<u>Proposed use of fund balances for one-time expenses</u>
\$ 3.32M	Total proposed rate change and use of fund balances

\$0.015 RE rate increase = \$27.32 / year on average annual RE tax bill  
at an assessed value of ~\$182,109

\$0.015 RE rate increase = \$23.20 / year on median annual RE tax bill  
at an assessed value of ~\$154,695



# Projected Revenues by Source



# FY 2018 Proposed Budget

Fund	FY16 Final	FY17 Revised	FY18 Request	FY18 Proposal	FY17R->FY18 \$Δ	FY17R->FY18 %Δ
General Fund (operating)	\$ 27,686,302	\$ 28,596,730	\$ 30,480,602	\$ 29,145,362	\$ 548,632	1.92%
Education Funds	\$ 57,258,805	\$ 59,251,280	\$ 62,260,012	\$ 60,698,099	\$ 1,446,819	2.44%
Social Services Funds	\$ 5,592,068	\$ 5,691,222	\$ 5,742,871	\$ 5,742,871	\$ 51,649	0.91%
Capital Fund	\$ 4,099,823	\$ 4,368,972	\$ 4,893,408	\$ 4,893,408	\$ 524,436	12.00%
School Construction Fund	\$ 3,900,000	\$ -	\$ -	\$ -	\$ -	
Debt Service Fund	\$ 5,823,614	\$ 5,949,019	\$ 5,709,375	\$ 5,709,375	\$ (239,644)	-4.03%
Enterprise Funds	\$ 7,742,381	\$ 7,791,627	\$ 5,627,777	\$ 5,627,777	\$ (2,163,850)	-27.77%
Total Budget	\$ 112,102,993	\$ 111,648,850	\$ 114,714,045	\$ 111,816,892	\$ 168,042	0.15%
Total w/o Page Construction	\$ 108,202,993	\$ 111,648,850	\$ 114,714,045	\$ 111,816,892	\$ 168,042	0.15%
Total w/o Page or Enterprise	\$ 100,460,612	\$ 103,857,223	\$ 109,086,268	\$ 106,189,115	\$ 2,331,892	2.25%

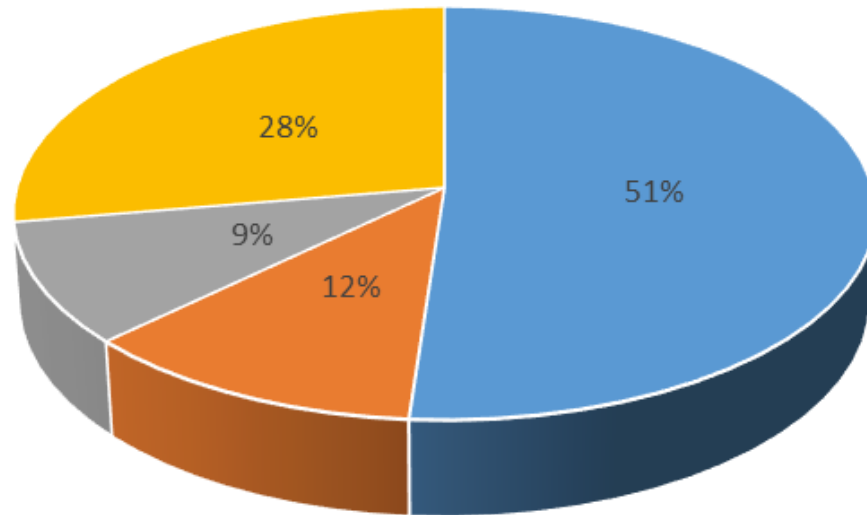
Includes \$200K  
Contingent Revenue

- Budget balanced with a \$0.015 Real Estate rate increase, and stable consumption of prior year contribution to fund balances to support one-time expenditures



# Priorities Funded

- School Operating  
\$57M or 51%
- Public Safety  
\$13M or 12%
- Capital and Debt (School & County)  
\$11M or 9%
- All Other Needs  
\$29M or 28%



# Excursion – Unfunded Priorities

\$ 574K	1% COLA – (County - \$162K; Schools - \$412K)
\$ 382K	Fire/Rescue – funding full (or partial) request AVFR request – \$1.07M, level funded at \$963K (\$104K); GVFRS request - \$1.37M, level funded at \$1.09M (\$278K)
\$ 130K	Level fund County FMRR (\$70K) & Contingency (\$60K)
\$ 177K	County personnel (new) (1 FTE) Sheriff Deputy (\$60K); (0 FTE) Dispatch Career Ladder - Sheriff (\$19K); (0 FTE) Stipend for Captains – Sheriff (\$8K); (0.5 FTE) Prosecutor - Commonwealth Attorney (\$39K); (1 FTE) Animal Control Officer (\$51K)
\$ 329K	GCPS personnel (new) (3 FTE) Special Education Teachers – Page, Peasley & GHS (\$197K); (1 FTE) CIT Teacher – GHS (\$66K); (1 FTE) Regular Ed. Teacher (\$66K)
\$ 347K	GCPS operating expenses (new) Regional tuitions (\$118K); “Full Service School” at Abingdon (\$11K); Activity fund software (\$4K); HR/recruiting support (\$8K); Honeywell HVAC Contract increase (\$81K); Property / liability insurance increase (\$6K); School Resource Officer (SRO) increase (\$22K); Water and sewer (consumption?) increase (\$15K); Other contracted services (\$28K); Program cost increases for Frontline, Trapeze, Unity, IXL and PowerSchool Analytics (\$38K); Security system maintenance (\$12K); Telecom (\$4K)
\$ 133K+	Civic Organizations; RCC; Health Dept. – funding increases Gloucester Housing Partnership (\$70K); Gloucester Free Clinic (\$20K); York County Fireworks (\$19K); Rappahannock Community College (\$15K); Tidewater Soil & Water Conservation District (\$4K); Gloucester Food Bank (\$3K); Puller Center (\$2K); Health Department (\$?K)





# Excursion – Target Ø tax impact

\$ 600K	Proposed budget/revenue GAP
(\$ 0K)	Schools, HMP & Contingency tapped out
(\$ TBD)	Major service reduction / program elimination
(\$ 200K)	Arbitrary deferral of additional FMRR
(\$ 160K)	Cancel Refitting of GHS TV Studio / 2yr push
(\$ 147K)	Civic Contributions & ED Grant Program <small>25% reduction in Civic Contributions, Elimination of \$55K ED program County match, \$22K CSB</small>
(\$ 93K)	Other Reductions (Go-Get) – Yikes! <small>EE recognition, Beehive printing, Pictometry, Work As Required support, etc.</small>
\$ 0	RE tax rate changes required



# CIP Objectives / Approach

- ✓ Identify needs for capital improvement
- ✓ Document needs
- ✓ Assess alignment with BOS Strategy / Comp Plan
- ✓ Prioritize needs
- ✓ Evaluate funding options
- ✓ Balance needs with available funding
- Evaluate, modify (if needed) & adopt a plan of action
  - Appropriate funding
  - Execute projects that meet the stated needs

# Soliciting Input / Engagement

- ✓ Open forum for **citizen** ideas – 3 weeks in August / September 2016 on Speak-Up Gloucester
- ✓ Board of Supervisors scoring criteria review and prioritization
- ✓ All project owners presented the projects they proposed to the CIP Leadership Team w/scores
- ✓ Planning Commission's review for conformity with the Comprehensive Plan per COV 15.2-2239
- ✓ Planning Commission further asked to act as **citizen** representation in scoring submitted projects
- ✓ Second open forum for **citizen** input – 3 weeks in January / February 2017 on Speak-Up Gloucester
- ✓ CIP Public Hearing held on February 7, 2017 for **citizen** input
- Request for feedback from the Board of Supervisors



# FY18 CIP Summary (Excl. Utilities, Carryforwards)

Department	Project Title	Total Cost	Year One FY2018	Funding
Schools - 6	School Bus Replacement Program (5 per year)	2,468,749	465,000	Paygo
Schools - 1	Roofing Replacement/Coating at GHS, Achilles, and Botetourt	1,002,000	268,000	Paygo
Schools - 3	Lighting Replacement in All Schools except GHS and Page	1,709,109	322,408	Paygo
Engineering	ADA Accessibility Improvements	60,000	60,000	Paygo
Social Svcs	Social Services Building Expansion	1,130,000	130,000	Paygo
Schools - 2	HVAC Replacement at Peasley Middle School	1,424,109	650,000	Paygo
Schools - 4	Bathroom Renovations at Achilles, Botetourt, and Petsworth	243,000	81,000	Paygo
Comm Eng	Cable Communications Program	480,000	160,000	Paygo
Schools - 2	Bus Compound Relocation	6,600,000	600,000	<del>BAN / Paygo</del>
Schools - 1	Gloucester High School Major Repairs (HVAC, Led lighting, Roof Repairs, & Others)	10,972,820	997,000	<del>BAN / Paygo</del>
Finance	Program/Performance Budget Software	170,000	170,000	Paygo
DIT	Tax and Receipting Software Implementation	250,000	250,000	Paygo
Total FY 2018 Non-Enterprise CIP (Excluding Prior Year Carryforwards)			4,153,408	



# FY18 CIP Summary

Other FY18 Capital-ongoing from prior year(s)		
FEMA-Hazard Mitigation/Elevation	(Grant Funded)	\$ 400,000
Fairfield Project-Restoration of Edgehill Service Station	(Grant Funded)	\$ 300,000
ADA Accessibility Improvements	(FY17 Carryover)	\$ 20,000
Tourism - Historic Area Improvements	(FY17 Carryover)	\$ 20,000
<b>Total CIP Carryforwards</b>		<b>\$ 740,000</b>

\$ 4.15M      FY18 Non-enterprise CIP, w/o carryforwards

\$ 740K      FY17 → FY18 carryforwards

\$ 4.89M      Total Proposed FY18 CIP (Capital Fund)

\$ 250K      Proposed FY18 Enterprise CIP (Utilities)

Department	Project Title	Total Cost	Year One FY2018	Funding
Utilities	Replace Reverse Osmosis Membranes	200,000	100,000	EFB/Paygo
Utilities	Duval Street Sewer Project (NEW!)	150,000	150,000	EFB/Paygo



# Projected Fund Balance Capacity

- End of FY 17 / beginning of FY18 Unassigned Fund Balance Estimate: \$17.7M
- Fund Balance Policy (12%) target limit: \$13M
- Maximum available for use absent cash flow restrictions: \$4.7M
- CA Recommends: **Target \$2.4M FY18 PayGo CIP**
- Fund Balance Policy consideration: GFOA best practice suggests policy reflecting 2 to 3 months of governmental expenditures; 2 months = 16.7%; Proposed for Board's consideration: move to 14% target limit
  - 14% = \$15.3M
  - \$17.7M - \$15.3M = \$2.4M



# Fund Balances to Support CIP

\$60.13M	FY16 General Fund revenues
<del>(\$57.52M)</del>	<del>FY16 General Fund expenses (incl. transfers)</del>
\$ 2.61M	Net Change in fund balances @ FY16 year end
\$ 2.41M	Proposed use of unassigned fund balance
\$ 160K	Cable Services Committed Fund
<del>\$ 127K</del>	<del>FMRR Committed Fund (NON-CIP)</del>
\$ 20K	Tourism Committed Fund
\$ 2.59M	FY18 total proposed use of fund balances

# FY18 CIP Funding Proposal

FY18 CIP Funding Sources	
Bond Anticipation Notes / VPSA	\$1,597,000
Committed Fund Balance - Cable Services	\$ 160,000
Committed Fund Balance - Tourism (FY18 GF Transfers)	\$ 20,000
Unassigned Fund Balance from FY16 Year End Results	\$2,416,408
Unassigned Fund Balance (additional scrape)	\$ -
Grant Funding (HMGP, Fairfield)	\$ 700,000
<b>Total FY18 CIP Funding</b>	<b>\$4,893,408</b>

- \$ 2.59M      FY18 total proposed use of fund balances
- \$ 1.60M      Bond Anticipation Notes / VPSA
- \$ 700K        Grant funding (HMGP, Fairfield)

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- \$ 4.89M      Total Proposed FY18 CIP





# Projected Debt Capacity

Fiscal Year	Public Safety Radio Debt Funded (FY17-20)	Public Safety Radio Pay-go Funded (FY21-23)	Total Public Safety Radio Funded	Other CIP Projects Pay-go Funded*	Other CIP Projects Debt Funded	Total CIP Projects Funded Without Tax Impact
2017	\$ -	\$ 576,101	\$ 576,101	\$ 300,000	\$ -	\$ 876,101
2018	-	420,299	420,299	300,000	19,326,410	20,046,709
2019	-	118,088	118,088	300,000	-	418,088
2020	-	59,196	59,196	300,000	-	359,196
2021	-	623,068	623,068	300,000	-	923,068
2022	-	449,385	449,385	300,000	435,738	1,185,123
2023	-	379,026	379,026	300,000	4,845,897	5,524,923
Totals*	\$ -	\$ 2,625,163	\$ 2,625,163	\$ 8,100,000	\$ 24,608,045	\$ 29,333,208

\* Please note that while the chart ends at FY 2023, we have assumed Pay-go for Other CIP Projects continues through FY 2043, totaling \$8,100,000.

- As part of the FY2017 Budget and CIP adoption, the Board chose to “retain the FY19 cliff”
- NOTE: Public Safety Radio funding for FY17 through FY22 flattened as part of FY17 CIP
- Retain General Fund Transfer to Utilities beginning in FY 2019 & Beyond.
  - Dedicate \$600,000 toward funding Pay-go and/or Debt Service in FY 2019 & Beyond.
- Solve for the amount of Projects that can be debt funded between FY 2017 and FY 2023 in addition to the items listed above with No Tax Impact.
  - 20 Years at 5.00% (Planning Interest Rate).
  - Full Year Principal and Interest Payments following the Fiscal Year issued on a Level Debt Service basis.



# Bond / Financed Project Plan

Department	Project Title	Total Cost	Year One FY2018	Year Two FY2019	Year Three FY2020	Year Four FY2021	Year Five FY2022	Year Six and Beyond
Radio O&M	Public Safety Radio Subscriber Upgrades	3,090,000	0	0	0	0	0	3,090,000
Schools - 1	Roofing Replacement/Coating at GHS, Achilles, and	1,002,000	0	0	734,000	0	0	0
Social Svcs	Social Services Building Expansion	1,130,000	0	1,000,000	0	0	0	0
Schools -1	Gloucester High School Major Repairs (HVAC, Led	10,972,820	997,000	9,975,820	0	0	0	0
Schools -2	Bus Compound Relocation	6,600,000	600,000	6,000,000	0	0	0	0
Schools - 5	New Achilles Bus Loop	800,000	0	0	0	0	0	800,000
PR&T	Woodville Park Parking Lot Improvements	509,000	0	0	0	0	0	509,000
Animal Con	New Animal Control Office at Shelter Location	397,800	0	0	0	0	0	397,800
Total Financed			1,597,000	16,975,820	734,000	0	0	4,796,800
Initial Financing Capacity			19,326,410	17,729,410	753,590	19,590	19,590	5,301,225
Remaining Financing Capacity			17,729,410	753,590	19,590	19,590	19,590	504,425

Not Contemplated:

BAN / Bonding Commitment

Department	Project Title	Total Cost	Year One FY2018	Year Two FY2019	Year Three FY2020	Year Four FY2021	Year Five FY2022	Year Six and Beyond
Schools - 1	Renovation of Gloucester High School	33,274,180	1,400,000	31,874,180	0	0	0	0
Schools - 2	Bus Compound General Repairs	319,806	0	0	0	0	319,806	0
PR&T	Community Center	15,256,000	0	0	0	0	897,000	14,359,000
PR&T	Woodville Park Utilities	1,664,000	0	1,208,000	456,000	0	0	0
Total not contemplated in FY18 - FY22 CIP		50,513,986	1,400,000	33,082,180	456,000	0	1,216,806	14,359,000

Also not contemplated: County backing of EDA land purchase for economic development; Broadband



# Pay-Go Project Plan (Excl. Utilities, Carryforwards)

FY19 & FY20 expected to be difficult Paygo years

Department	Project Title	Total Cost	Year One FY2018	Year Two FY2019	Year Three FY2020	Year Four FY2021	Year Five FY2022	Year Six and Beyond
Radio O&M	911 Call Answering Equipment (CPE) Upgrade	442,750		442,750				
Schools - 6	School Bus Replacement Program (5 per year)	2,468,749	465,000	478,950	493,319	508,118	523,362	
Schools - 1	Roofing Replacement/Coating at GHS, Achilles, and	1,002,000	268,000					
Engineering	ADA Accessibility Improvements	60,000	60,000					
Schools - 3	Lighting Replacement in All Schools except GHS and Page	1,709,109	322,408	415,702	266,417	292,306	412,276	
Social Svcs	Social Services Building Expansion	1,130,000	130,000					
Registrar	New Voting Machines	136,275		136,275				
PR&T	Ark Park Road Improvement	68,000					68,000	
Schools - 2	HVAC Replacement at Peasley Middle School	1,424,109	650,000	215,000	220,000	339,109		
Schools - 4	Bathroom Renovations at Achilles, Botetourt, and	243,000	81,000	81,000	81,000			
Comm Eng	Cable Communications Program	480,000	160,000		160,000		160,000	
DIT	ERP Software (Replace Fin Plus, Community Plus, etc)	644,000			644,000			
Finance	Program/Performance Budget Software	170,000	170,000					
Engineering	Asphalt Paving & Overlay-Justice Dr & Law Enforcement	105,000		105,000				
Schools - 7	Playground Equipment Replacement at Botetourt and	737,653		124,479	179,834	216,670	216,670	
PR&T	Woodville Park Playground	250,000		250,000				
PR&T	Beaverdam Park Paving	69,000		69,000				
PR&T	Woodville Park Landscaping and Shelters	225,000					225,000	
Schools - 8	Irrigation and Wells for fields at Bethel/Peasley and for	240,000				240,000		
PR&T	Beaverdam Park New Lodge	380,000					380,000	
PR&T	Athletic Field Lighting	1,003,000			320,000	310,000		373,000
Engineering	Asphalt Paving & Overlay-2002 Courthouse Pking Lot	100,000					100,000	
Schools - 9	Locker Replacement/Alternatives at Peasley Middle	158,000					158,000	
DIT	Tax and Receipting Software Implementation	250,000	250,000					
Total Pay-go			2,556,408	2,318,156	2,364,570	1,906,203	2,243,308	373,000



# Enterprise (Utilities) CIP

Department	Project Title	Total Cost	Year One FY2018	Year Two FY2019	Year Three FY2020	Year Four FY2021	Year Five FY2022	Year Six and Beyond
Utilities	Replace Reverse Osmosis Membranes	200,000	100,000	100,000	0	0	0	0
Utilities	Duval Street Sewer Project (NEW!)	150,000	150,000	0	0	0	0	0
Utilities	Rehab/Repair PS #13 (Courthouse South) Phase II (NEW!)	840,000	0	120,000	0	0	360,000	360,000
Utilities	Rehab/Repair PS #11 (Courthouse North) Phase II	1,090,000	0	200,000	445,000	445,000	0	0
Utilities	Rebuild PS #11 (Courthouse North)	600,000	0	0	0	0	0	600,000
Utilities	Rebuild PS #12 Summerville	600,000	0	0	0	0	0	600,000
Utilities	Water Treatment Plant Roof Replacement	75,000	0	75,000	0	0	0	0
Utilities	Rebuild PS #13 (Courthouse South)	1,200,000	0	0	0	0	200,000	1,000,000
Utilities	Water Treatment Plant Façade Repairs	85,000	0	10,000	75,000	0	0	0
Utilities	WTP HVAC (New!)	<-- Accelerated into FY17 (Bond Proceed Final Spend-Down)						
Utilities	Utility Yard	1,500,000	0	0	0	0	0	1,500,000
Total Utilities (Enterprise Funded Through FY22)		6,340,000	250,000	505,000	520,000	445,000	560,000	4,060,000

- FY18 Funded through Enterprise Fund balance
- FY19 and beyond funded via FY19 cliff impact (reduction of debt service) which generates a net positive cash impact of approximately \$1.2M per year
- Funding mechanisms to be further evaluated in FY18 to support future CIP spend
- Modifications likely pursuant to outcome of pending Master Plan study



# Proposed Tax Rate Advertising

If converting from calendar to fiscal...

	CY 2016	Suggested Advertising (CY 2017)	Suggested Advertising (FY 2017)
Real Estate	\$0.695	N/A	\$0.75
Manufactured Homes	\$0.695	N/A	\$0.75
Public Service Corporation	\$0.695	N/A	\$0.75
Tangible Personal Property	\$2.95	\$2.95	N/A
Boats	\$0.0000000000000001	\$0.0000000000000001	N/A
Gloucester Sanitary District #1	\$0.01	N/A	\$0.01
Gloucester Point Sanitary District	\$0.01	N/A	\$0.01
Mosquito Control	\$0.01	N/A	\$0.01

	CY 2016	Suggested Advertising (Short CY 2017)*
Real Estate	\$0.695	\$0.375
Manufactured Homes	\$0.695	\$0.375
Public Service Corporation	\$0.695	\$0.375
Gloucester Sanitary District #1	\$0.01	\$0.005
Gloucester Point Sanitary District	\$0.01	\$0.005
Mosquito Control	\$0.01	\$0.005

Note: \*Tax rate for six month period is ½ of the annual rate and would equate to fiscal year rate of \$0.75 and \$0.01 respectively.

Note: Due to limitations of our current tax and receipting software, real estate tax rates adopted for the short calendar year and fiscal year must be equivalent to maintain compliance with applicable statutes regarding taxation of manufactured homes.



# Proposed Tax Rate Advertising

If not converting from calendar to fiscal...

	CY 2016	Suggested Advertising (CY 2017)
Real Estate	\$0.695	\$0.75
Manufactured Homes	\$0.695	\$0.75
Public Service Corporation	\$0.695	\$0.75
Tangible Personal Property	\$2.95	\$2.95
Boats	\$0.0000000000000001	\$0.0000000000000001
Gloucester Sanitary District #1	\$0.01	\$0.01
Gloucester Point Sanitary District	\$0.01	\$0.01
Mosquito Control	\$0.01	\$0.01

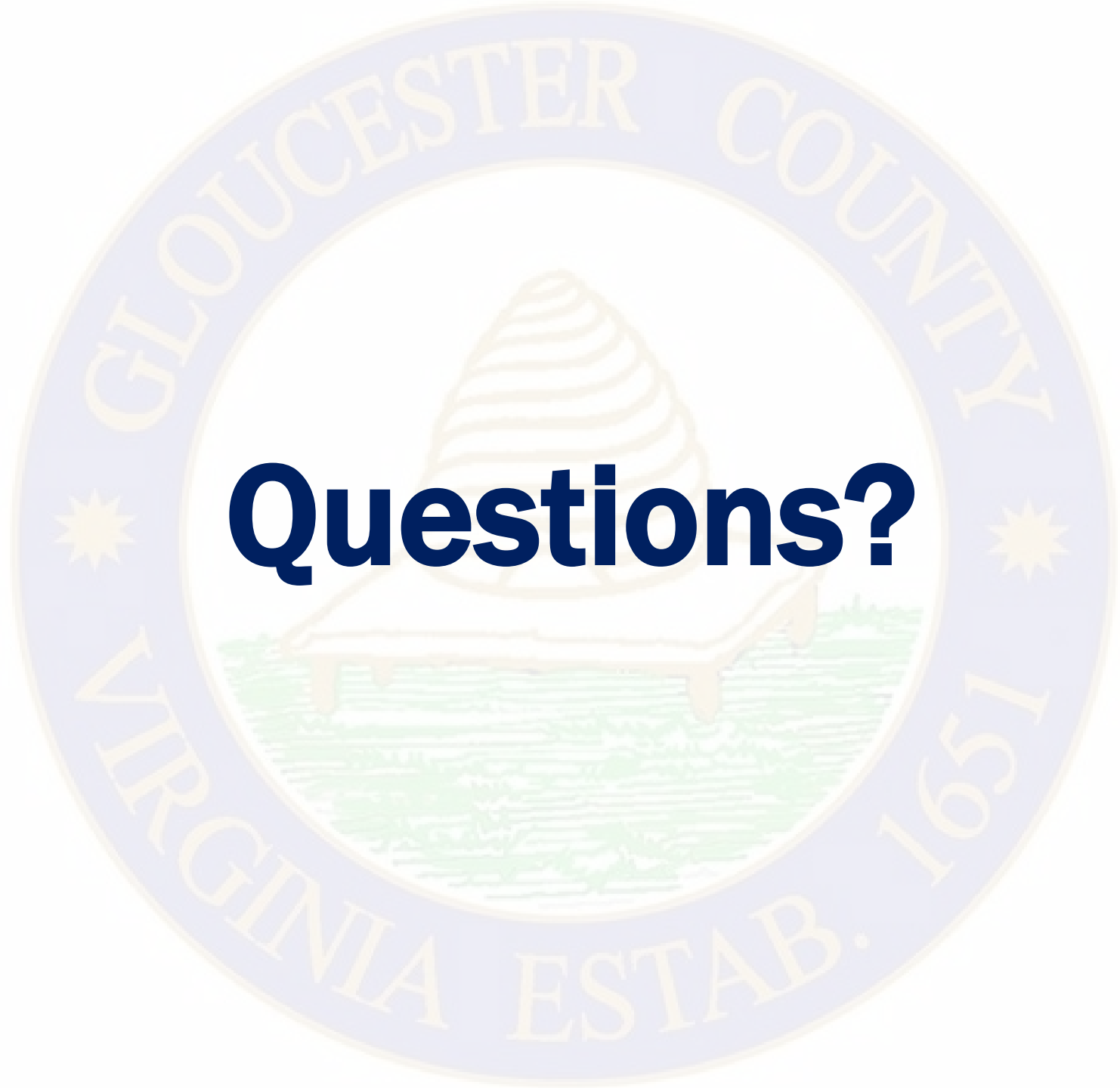


# Budget Calendar

March 14	Budget Work Session
March 21	Joint Work Session w/School Board*
March 29	FY18 Budget & Tax Rate Public Hearings*
April 4	Regular Meeting
April 11	Possible Budget Work Session
April 13	Possible Budget Work Session
April 17	FY2017 Budget Adoption
April 18	Regular Work Session

Note: \*At Thomas Calhoun Walker Education Center





**Questions?**