

The background of the slide features a large, faint watermark of the Gloucester County seal. The seal is circular with a blue border containing the text "GLOUCESTER COUNTY" at the top and "1651" at the bottom. Inside the border, the text "VIRGINIA ESTAB." is visible. The central part of the seal depicts a landscape with a green field, a white building, and a tree.

County Administrator's Proposed Budget

Fiscal Year 2017

J. Brent Fedors

Agenda

- Introduction – Setting the stage
- FY 2017 Proposed Budget Highlights
- Objectives and guidance from the Board
- 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
- Expense reduction summary & revenue outlook
- The FY 2017 Proposed Budget
- Capital Improvement Plan Recommendations
- Calendar to Fiscal Conversion and Rate Advertising

FY 2017 Budget Highlights

The FY 2017 Proposed Budget provides for:

- A 5% Pay increase for both County and Schools
- Full funding of the County Facility Maintenance Repair/Replacement fund
- Funding the need for public safety / first responders
- Cash funding of higher priority CIP requests (including full funding for the School Superintendent's FY17 CIP request), and preservation of the FY19 debt service "cliff"

The FY 2017 Proposed Budget incorporates:

- A \$0.04 increase to the real estate tax rate
- Recommended changes to the BPOL structure and rates

The FY 2017 Proposed Budget does not require a RIF

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

If converting from calendar to fiscal, adopted rates assumed equivalent



Objective

To propose a balanced budget that:

Aligns with Board guidance and strategic priorities

Delivers enhanced value to County citizens

Aligns resources with needs

More accurately projects anticipated expenditures

Better leverages taxpayer dollars for public benefit

Supports the current and future needs of our
Community



Guidance from the Board

- Compensation - #1 issue
 - School and County parity on increase
 - 2-tier pay approach
 - Reward our teachers
- Layoffs reserved as the last resort
- Forego major capital investment – focus on:
 - Public safety / first responders
 - School Roofs
 - School HVAC
- Develop an ‘excursion budget’
 - Maximize compensation increases w/o tax impact



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



Starting Point - \$730K Hole

\$ 413K	Page MS operating expenses (from UFB)
\$ 141K	FY16 HMP increase (from UFB)
\$ 55K	EDA grant matching (from UFB)
\$ 109K	Two (2) FTEs added in FY16 (annualized) <ul style="list-style-type: none">• IT Support for Sheriff's Department• Additional Building Inspector
\$ 94K	FY16 promotions/increases (annualized)
<u>(\$ 82K)</u>	<u>FY16 debt refinancing, debt pay-down</u>
\$ 730K	Total unbudgeted operating carryover



Plus \$4M Additional Ask

\$1.365M	Increase in transfer to schools
\$ 936K	County compensation increase (6%)
\$ 310K	County HMP increase
\$ 531K	Previously unfunded FMRR
\$ 583K	Civic & Fire/Rescue increase requests
\$ 177K	Personnel (net) increase requests
\$ 127K	Other (net) increase requests
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\$4.029M	Net additional ask in FY17 submittals



Creates a Huge Challenge

\$59.38M	FY16 GF Budget as adopted
\$ 730K	Total unfunded operating carryover
<u>\$4.029M</u>	<u>Net additional ask in FY17 submittals</u>
\$64.14M	FY17 GF operating budget request
<u>\$3.919M</u>	<u>FY17 CIP request (adjusted)</u>
\$68.06M	Total FY17 GF budget request

Budget Approach - Operating

- Start working from the FY17 request – the stated need
 - NOT from the FY16 base, and NOT from the identified gap
- Evaluate costs by function, unit and type
 - Determine base needs, compare to FY15 actuals and FY16 trend, and adjust
- Identify and capture cost savings opportunities
 - Debt refinancing, 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, end of year under-transferred funds, budget over-estimates
- Evaluate funding sources
 - Compare to FY15 actuals and FY16 trend, identify influencing factors and adjust
- Consider modifications to rates and fees
 - Real estate, BPOL, property, inspections, P&Z, environmental, etc.
- Exercise best judgement – balance needs vs. funding



Proposed FY17 Pay Plan

Request:

6% salary increase for County and Schools

Proposed:

5% increase for County employees

5% increase for School employees

- (\$ 387K) Transfer to reflect 1 point reduction from 6% to 5%

County Increase structured as:

4% Catch-up cost of living increase

1% Pool reserved for end of year bonus

- 1% bonus pool subject to successful achievement of budget performance
- One-time nature of bonus payout in FY17 plants a FY18 seed for year-over-year CPI-based cost of living adjustments moving forward, offsetting the need for future catch-up adjustments



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

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; Since FY09 – about 4%
- From FY10 to FY16 Social Security has increased 8.5%
- From FY10 to FY16 the Consumer Price Index (CPI) has increased 22 points or 10.2%
- Gloucester Median Household Income 2009 (FY10) - \$55,335; 2014 (FY15) - \$58,900 – up 6.4%
- Gloucester Per capita personal income 2009 (FY10) - \$40,231; 2014 (FY15) - \$43,704 – up 8.6%



Facility Maint. Repair / Replace

County Facility Maintenance Repair / Replacement	Year One	Year Two	Year Three	Year Four	Year Five
Building / facility repairs / painting	\$0	\$20,000	\$20,000	\$20,000	\$20,000
County vehicle replacements	\$163,000	\$163,000	\$163,000	\$163,000	\$163,000
HVAC unit replacements	\$65,000	\$30,000	\$30,000	\$30,000	\$30,000
Boiler Replacement at Colonial Courthouse	\$40,000	\$0	\$0	\$0	\$0
Parking Lot Paving at Senior Center	\$0	\$0	\$20,000	\$0	\$0
Parking Lot Paving at DIT	\$0	\$0	\$35,000	\$0	\$0
Computer Replacement Schedule (20%/year)	\$61,200	\$61,200	\$61,200	\$61,200	\$61,200
Security Card Access for County Offices	\$0	\$12,500	\$12,500	\$12,500	\$12,500
Parks and Recreation - Various	\$125,600	\$2,800	\$9,500	\$36,700	\$28,000
Copier Replacement (Bldg 1 HV) (Color Copier)	\$13,500	\$3,500	\$0	\$0	\$0
Sheriff - Body Cameras	\$55,000	\$0	\$0	\$0	\$0
Sheriff - Equipment/Technology replacements	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000
Sheriff - Vehicle replacement	\$352,500	\$304,000	\$283,500	\$366,000	\$306,000
Total 2017 CIP	\$910,800	\$632,000	\$669,700	\$724,400	\$655,700

Schools Facility Maintenance Repair / Replacement	Year One	Year Two	Year Three	Year Four	Year Five
Copier Replacement (4 per year @ 19,000 +3%)	\$76,000	\$78,280	\$80,628	\$83,047	\$85,539
Casework at Achilles, Botetourt, and Petsworth	\$0	\$95,000	\$0	\$0	\$0
Replace Three (3) 4-Wheel Drive 3/4-Ton P/Us	\$75,000	\$0	\$0	\$0	\$0
Locker Replacement/ Alternatives at Peasley	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Irrigation & Wells Bethel/Peasley + Well a@ Page	\$0	\$60,000	\$0	\$0	\$0
Total 2017 CIP	\$191,000	\$273,280	\$120,628	\$123,047	\$125,539

- County FMRR fully funded in Proposed FY17 budget
- Recommend MOU for Schools to use prior year's unassigned fund balance



General Fund (excl. transfers)

\$30.04M	FY17 GF operating request (excluding transfers)
(\$ 351K)	Personnel expense (no layoffs) (2 FTE) Corrections Officers (vacant, unfunded); (1 FTE) Budget Analyst (vacant, eliminated); (1 FTE) Custodian (vacant, eliminated); (1 FTE) Animal Control Officer (new, not approved); (0.5 FTE) Sheriff PT→FT (new, not approved); Emergency Mgt. (new, not approved, considering interdepartmental transfer)
(\$ 46K)	Level fund / no new civic contributions \$8K in increase requests not funded: (Puller Center, Soil Conservation District); \$38K in new requests not funded: (Habitat for Humanity, Virginia Foodbank, YMCA, Arts on Main)
(\$ 354K)	Fund bare need – Fire/Rescue, GMHS AVFR request – \$1.03M, revised request - \$963K, funded \$963K (39% of incremental ask); GVFR request - \$1.32M, confirmed workable and funded \$1.09M (25% of incremental ask); GMHS request - \$159K, confirmed workable and funded \$97K (51% of incremental ask)
(\$ 174K)	County compensation increase from 6% to 5% Includes Social Services; Utilities is already absorbing their proposed increase
(\$ 185K)	Other (net) reductions
\$28.93M	FY17 GF operating budget funded (excluding transfers)



General Fund

	FY2016 Original	FY2016 Revised	FY2017 Requests	FY2017 Proposed
General Fund (10) Total	\$ 59,380,520	\$ 60,429,948	\$ 63,950,465	\$ 62,184,288
Less Transfers to Schools	-\$22,765,728	-\$23,179,432	-\$24,544,000	-\$23,906,494
Less Transfers to Social Services	-\$1,220,585	-\$1,220,585	-\$1,297,144	-\$1,284,384
Less Transfers to CSA	-\$651,000	-\$651,000	-\$651,000	-\$651,000
Less Transfers to Capital	-\$1,053,022	-\$1,466,844	-\$1,425,000	-\$1,425,000
Less Transfers to Debt Service	-\$5,497,531	-\$5,497,531	-\$5,415,751	-\$5,415,751
Less Transfers to Utility Fund	-\$784,536	-\$784,536	-\$574,536	-\$574,536
General Fund Total w/o transfers	\$27,408,118	\$27,630,020	\$30,043,034	\$28,927,123

\$28.93M

FY17 General Fund operating budget funded

- Includes 4% salary increase, 1% bonus pool and estimated HMP increase
- Includes full funding of County Facility Maintenance Repair / Replace request
- Consumes vacancy savings and end-of-year under-transferred funds which will result in significant reduction of annual contribution to unassigned GF balance



Schools' Transfer Request

\$22.77M	FY16 starting point
\$ 413K	Page MS operating expenses (from UFB)
\$2.325M	6% Salary increase
\$ 243K	Restore eight (8) instructional days
\$ 522K	Personnel additions / AP contract
\$ 255K	Other (non-personnel) additions
(\$ 664K)	Expenditure reductions
<u>(\$1.316M)</u>	<u>New Non-local revenue (net)</u>
\$24.55M	Local transfer request (up \$1.778M)

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



School Transfer Increase Funded

\$1.778M	FY17 requested transfer increase
(\$ 387K)	Schools comp increase from 6% to 5%
<u>(\$ 250K)</u>	<u>Schools challenge (FY16 ADM surplus (est.))</u>
\$ 1.141M	FY17 increase in transfer funded

ADM Surplus Challenge

FY16 Budget ADM:	5,316
Actual fall funded membership:	5,386
<u>Projected spring funded membership:</u>	<u>5,366</u>
Projected membership exceeding budget:	50 @ ~\$5,000 ea. = \$250K

Leverage carryover of excess revenues to help reduce local transfer requirement

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



School Operating / Debt Service

	FY2016 Original	FY2016 Revised	FY2017 Requests	FY2017 Proposed	FY16R-->FY17 \$ Δ	FY16R-->FY17 % Δ
Local (Other)	\$149,801	\$149,801	\$145,697	\$145,697	-\$4,104	-2.7%
Local Transfer from County GF	\$22,765,728	\$23,179,432	\$24,544,000	\$23,906,494	\$727,062	3.1%
State	\$27,865,471	\$27,865,471	\$29,144,139	\$29,144,139	\$1,278,668	4.6%
Federal	\$2,784,318	\$2,784,318	\$2,825,334	\$2,825,334	\$41,016	1.5%
Total Operating	\$53,565,318	\$53,979,022	\$56,659,170	\$56,021,664	\$2,042,642	3.8%
Debt Service from County GF	\$3,675,421	\$3,675,421	\$3,645,650	\$3,645,650	-\$29,771	-0.8%
Total County GF for Schools	\$26,441,149	\$26,854,853	\$28,189,650	\$27,552,144	\$697,291	2.6%

\$23.91M

FY17 General Fund transfer funded

- Includes \$413K FY16 Page MS operating expense carryover
- Includes \$727K out of \$1.365M FY17 proposed operating transfer increase
- Does not fund \$387K equivalent to 1% out of the 6% salary increase requested
- Does not fund \$250K equivalent to anticipated/estimated FY16 ADM surplus
- Figures do not reflect required re-appropriation of FY16 ADM Surplus to make whole

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



Education Funds

Education Funds	FY2016 Original	FY2016 Revised	FY2017 Requests	FY2017 Proposed	FY16R-->FY17 \$ Δ	FY16R-->FY17 % Δ
Local (Other)	\$149,801	\$149,801	\$145,697	\$145,697	-\$4,104	-2.7%
Local Transfer from County GF	\$22,765,728	\$23,179,432	\$24,544,000	\$23,906,494	\$727,062	3.1%
State	\$27,865,471	\$27,865,471	\$29,144,139	\$29,144,139	\$1,278,668	4.6%
Federal	\$2,784,318	\$2,784,318	\$2,825,334	\$2,825,334	\$41,016	1.5%
Subtotal Operating	\$53,565,318	\$53,979,022	\$56,659,170	\$56,021,664	\$2,042,642	3.8%
Cafeteria	\$2,653,726	\$2,653,726	\$2,687,294	\$2,687,294	\$33,568	1.3%
Special Education	\$626,057	\$626,057	\$626,057	\$626,057	\$0	0.0%
Total Education Funds	\$56,845,101	\$57,258,805	\$59,972,521	\$59,335,015	\$2,076,210	3.6%

\$23.91M

FY17 General Fund transfer funded

- Includes \$413K FY16 Page MS operating expense carryover
- Includes \$727K out of \$1.365M FY17 proposed operating transfer increase
- Does not fund \$387K equivalent to 1% out of the 6% salary increase requested
- Does not fund \$250K equivalent to anticipated/estimated FY16 ADM surplus
- Figures do not reflect required re-appropriation of FY16 ADM Surplus to make whole
- Figures for FY17 Special Education Fund are still pending update

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



Social Services Funds

Social Services Funds	FY2016 Original	FY2016 Revised	FY2017 Requests	FY2017 Proposed	FY16R-->FY17 \$ Δ	FY16R-->FY17 % Δ
Local Transfer from County GF	\$1,871,585	\$1,871,585	\$1,948,144	\$1,935,384	\$63,799	3.4%
Other Funding Sources	\$3,720,483	\$3,720,483	\$3,768,838	\$3,768,598	\$48,115	1.3%
Total	\$5,592,068	\$5,592,068	\$5,716,982	\$5,703,982	\$111,914	2.0%

- Serving County citizens with impacts of poverty and other social concerns
- Includes various child welfare and adult service programs

\$1.935M

FY17 General Fund transfer funded

- Includes 5% Salary increase (Same as funded for County and Schools)
- Social Services is absorbing the estimated HMP increase without additional funding



Capital Funds

Capital Funds	FY2016 Original	FY2016 Revised	FY2017 Requests	FY2017 Proposed	FY16R-->FY17 \$ Δ	FY16R-->FY17 % Δ
Local Transfer from County GF	\$1,053,022	\$1,466,844	\$1,425,000	\$1,425,000	-\$41,844	-2.9%
Other Funding Sources	\$4,968,554	\$4,514,490	\$9,045,000	\$3,400,000	-\$1,114,490	-24.7%
School Construction	\$5,600,000	\$3,300,000	\$0	\$0	-\$3,300,000	-100.0%
Total	\$11,621,576	\$9,281,334	\$10,470,000	\$4,825,000	-\$4,456,334	-48.0%

\$ 750K

FY16 CIP General Fund transfer funded

- Generated by application of proposed RE rate for short calendar year
- Appropriate and expend in FY16 to reduce FY17 need
- Carry forward unspent amount to support balance of FY17 need

\$1.425M

FY17 unassigned GF balance transfer funded

- \$1M in General Fund cash balance, reducing cash floor
- \$75K from Tourism committed fund for Courthouse Circle Improvements
- \$350K from Cable committed fund rebalance
- Reserves \$379K as Capital committed fund balance to seed FY18 Pay-go



Debt Service Fund

Debt Service Funds	FY2016 Original	FY2016 Revised	FY2017 Requests	FY2017 Proposed	FY16R-->FY17 \$ Δ	FY16R-->FY17 % Δ
Local Transfer from County GF	\$5,497,531	\$5,497,531	\$5,415,751	\$5,415,751	-\$81,780	-1.5%
Other Funding Sources	\$233,268	\$326,083	\$233,268	\$233,268	-\$92,815	-28.5%
Total	\$5,730,799	\$5,823,614	\$5,649,019	\$5,649,019	-\$174,595	-3.0%

- Includes Federal reimbursements of \$233,268 for Series 2011 School Bond Interest
- Includes total School debt payments of \$3.65M

\$5.416M

FY17 General Fund transfer funded

- Reduced \$82K by FY16 debt refinancing, debt pay-down



Enterprise Funds

Enterprise Funds	FY2016 Original	FY2016 Revised	FY2017 Requests	FY2017 Proposed	FY16R-->FY17 \$ Δ	FY16R-->FY17 % Δ
Local Transfer from County GF	\$784,536	\$784,536	\$574,536	\$574,536	-\$210,000	-26.8%
Other Funding Sources	\$6,957,845	\$6,957,845	\$5,947,101	\$5,947,101	-\$1,010,744	-14.5%
Total	\$7,742,381	\$7,742,381	\$6,521,637	\$6,521,637	-\$1,220,744	-15.8%

- No proposed increase in water or sewer rates
- No proposed changes to district rates

\$ 574K FY17 General Fund transfer funded

- Reduced by \$100K associated with one-time transfer for Master Plan study
- Reduced by \$110K associated with potential debt refinancing



Expense Reduction Summary

\$64.14M	FY17 GF operating budget (request)
(\$ 351K)	Personnel expense (no layoffs)
(\$ 46K)	Level fund / no new civic contributions
(\$ 354K)	Fund bare need – Fire/Rescue, GMHS
(\$ 174K)	County comp increase from 6% to 5%
(\$ 387K)	Schools comp increase from 6% to 5%
(\$ 250K)	Schools challenge (FY16 ADM surplus)
(\$ 43K)	Other expense reductions
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\$62.54M	FY17 GF operating budget (adjusted)



Sharpening our pencil...

\$62.54M	FY17 GF operating budget (adjusted)
(\$ 1.05M)	FY16 CIP (to be addressed separately)
(\$ 200K)	Identify and capture vacancy savings trend
(\$ 320K)	Identify & capture transfer reduction trend
(\$ 100K)	FY16 one-time Utilities transfer (study)
<u>(\$ 110K)</u>	<u>Reduction in Utilities transfer (refinancing)</u>
\$60.76M	FY17 GF operating budget (proposed)

FY17 Revenue Outlook

Revenue Source	FY2016 Original	FY2016 Revised	FY2017 Projected*	Projected Change
General property taxes	\$ 37,263,606	\$ 37,263,606	\$ 37,988,604	\$ 724,998
Other local taxes	\$ 9,289,874	\$ 9,289,874	\$ 9,506,252	\$ 216,378
Permits, privilege fees, and regulatory licenses	\$ 363,360	\$ 363,360	\$ 369,363	\$ 6,003
Fines and forfeitures	\$ 70,700	\$ 70,700	\$ 70,700	\$ -
Revenue from the use of money and property	\$ 149,000	\$ 149,000	\$ 148,400	\$ (600)
Charges for services	\$ 917,473	\$ 917,473	\$ 933,440	\$ 15,967
Miscellaneous	\$ 293,415	\$ 293,415	\$ 251,161	\$ (42,254)
Recovered costs	\$ 560,500	\$ 560,500	\$ 367,500	\$ (193,000)
Intergovernmental revenues:				
Commonwealth	\$ 9,119,559	\$ 9,229,719	\$ 8,969,006	\$ (260,713)
Federal	\$ 157,030	\$ 157,030	\$ 134,208	\$ (22,822)
Restricted-Asset Forfeiture	\$ 143,500	\$ 132,988	\$ 68,100	\$ (64,888)
Total Revenue before Use of Fund Balance	\$ 58,328,017	\$ 58,427,665	\$ 58,806,734	\$ 379,069

(\$58.81M) FY17 Projected revenue (no rate impact)



Funding the Proposed Budget

\$60.76M	FY17 GF operating budget (proposed)
<u>(\$58.81M)</u>	<u>FY17 Projected revenue (no rate impact)</u>
\$ 1.95M	Proposed budget/revenue GAP

\$ 1.61M	Proposed \$0.04 RE rate increase
<u>\$ 340K</u>	<u>Proposed BPOL rate/structure changes</u>
\$ 1.95M	Total proposed rate changes

\$0.04 RE rate increase = \$72.01 / year on average RE tax bill
at an assessed value of ~\$180,000

\$0.04 RE rate increase = \$61.16 / year on median RE tax bill
at an assessed Value of ~\$152,900



BPOL

- Gloucester County's BPOL *structure* is similar to other more developed jurisdictions, but *rates* are not applied consistently
 - Rates for service businesses were not brought up to state allowable maximums at the same time that the rates for all other classifications were
 - All other jurisdictions surveyed use state allowable maximums in each classification
- Objective: Propose changes to the BPOL structure and rates that:
 - Incent the startup, growth and progression of small, lower-mid and upper-mid sized businesses
 - Consistently apply state allowable maximum rates to larger businesses across all classifications
 - Position Gloucester County as the most attractive place to do business (relative to surrounding developed jurisdictions) from a BPOL perspective
 - Generate the large majority of revenues from larger businesses that (presumably) have a greater capacity to pay



BPOL – Proposed Changes

CLASSIFICATION		Current Gross Receipts Range	Current Admin Fee	Current Tax Rate per \$100	# at Class	Gross	Revenue at Current Tax Rate	Proposed Gross Receipts Range	Proposed Admin Fee	Proposed Tax Rate per \$100	# at Class	Gross	Revenue at Proposed Tax Rate	Increase/Decrease	Avg. Impact by Class
CONTRACTOR	A	\$0 to \$50,000	\$50.00	\$0.00	365	\$ 7,803,889	\$ 18,250	\$0 to \$10,000	\$10.00	\$0.00	145	\$ 404,633	\$ 1,450	\$ (5,800)	\$ (40)
	B	Greater than \$50,000		\$0.10	373	\$ 149,027,264	\$ 149,027	\$10,000.01 to \$100,000	\$50.00	\$0.00	339	\$ 16,042,661	\$ 16,950	\$ (2,693)	\$ (8)
	C							\$100,000.01 to \$250,000		\$0.10	140	\$ 22,497,140	\$ 22,497	\$ -	\$ -
	D							Greater than \$250,000*		\$0.16	114	\$ 117,886,719	\$ 171,519	\$ 53,632	\$ 470
Subtotal					738	\$ 156,831,153	\$ 167,277				738	\$ 156,831,153	\$ 212,416	\$ 45,139	\$ 61
RETAIL MERCHANT	A	\$0 to \$50,000	\$50.00	\$0.00	256	\$ 3,280,544	\$ 12,800	\$0 to \$10,000	\$10.00	\$0.00	148	\$ 409,471	\$ 1,480	\$ (5,920)	\$ (40)
	B	\$50,000.01 to \$200,000		\$0.10	96	\$ 10,178,647	\$ 10,179	\$10,000.01 to \$100,000	\$50.00	\$0.00	160	\$ 6,541,187	\$ 8,000	\$ (1,070)	\$ (7)
	C	Greater than \$200,000.01	Tier 1	\$0.10	193	\$ 38,600,000	\$ 38,600	\$100,000.01 to \$250,000		\$0.10	56	\$ 9,213,648	\$ 9,214	\$ (305)	\$ (5)
	D	Greater than \$200,000.01	Tier 2	\$0.20		\$ 474,244,139	\$ 948,488	Greater than \$250,000*		\$0.20	181	\$ 510,139,024	\$ 975,028	\$ (9,050)	\$ (50)
Subtotal				545	\$ 526,303,330	\$ 1,010,067					545	\$ 526,303,330	\$ 993,722	\$ (16,345)	\$ (30)
PERSONAL & BUSINESS	A	\$0 to \$50,000	\$50.00	\$0.00	811	\$ 12,135,764	\$ 40,550	\$0 to \$10,000	\$10.00	\$0.00	411	\$ 1,522,236	\$ 4,110	\$ (16,440)	\$ (40)
	B	Greater than \$50,000		\$0.10	345	\$ 129,255,754	\$ 129,256	\$10,000.01 to \$100,000	\$50.00	\$0.00	507	\$ 18,077,146	\$ 25,350	\$ (2,114)	\$ (4)
	C							\$100,000.01 to \$250,000		\$0.10	131	\$ 20,403,167	\$ 20,403	\$ -	\$ -
	D							Greater than \$250,000*		\$0.36	107	\$ 101,388,969	\$ 295,450	\$ 194,061	\$ 1,814
Subtotal				1156	\$ 141,391,518	\$ 169,806					1156	\$ 141,391,518	\$ 345,313	\$ 175,508	\$ 152
FINANCIAL & PROFESSIONAL	A	\$0 to \$50,000	\$50.00	\$0.00	54	\$ 993,525	\$ 2,700	\$0 to \$10,000	\$10.00	\$0.00	20	\$ 69,114	\$ 200	\$ (800)	\$ (40)
	B	Greater than \$50,000		\$0.12	112	\$ 54,209,138	\$ 65,051	\$10,000.01 to \$100,000	\$50.00	\$0.00	51	\$ 2,221,762	\$ 2,550	\$ (707)	\$ (14)
	C							\$100,000.01 to \$250,000		\$0.10	26	\$ 4,246,139	\$ 4,246	\$ (849)	\$ (33)
	D							Greater than \$250,000*		\$0.58	69	\$ 48,665,648	\$ 199,461	\$ 141,062	\$ 2,044
Subtotal				166	\$ 55,202,663	\$ 67,751					166	\$ 55,202,663	\$ 206,457	\$ 138,706	\$ 836
WHOLESALE	A	\$0 to \$50,000	\$50.00	\$0.00	32	\$ 763,370	\$ 1,600	\$0 to \$10,000	\$10.00	\$0.00	13	\$ 38,395	\$ 130	\$ (520)	\$ (40)
	B	Greater than \$50,000		\$0.05	36	\$ 51,284,653	\$ 25,642	\$10,000.01 to \$100,000	\$50.00	\$0.00	19	\$ 724,975	\$ 950	\$ -	\$ -
	C							\$100,000.01 to \$250,000		\$0.05	7	\$ 1,283,412	\$ 642	\$ -	\$ -
	D							Greater than \$250,000*		\$0.05	29	\$ 50,001,241	\$ 25,001	\$ -	\$ -
Subtotal				68	\$ 52,048,023	\$ 27,242					68	\$ 52,048,023	\$ 26,722	\$ (520)	\$ (8)
PEDDLERS & ITINERANT MERCHANTS	A	NO MINIMUM-NO LIMIT	*\$500.00		9	\$ 110,500	\$ 4,500	NO MINIMUM-NO LIMIT	*\$500.00		9	\$ 110,500	\$ 4,500	\$ -	
	B		* Flat Tax					No Change	* Flat Tax						
	C														
Subtotal				9	\$ 110,500	\$ 4,500					9	\$ 110,500	\$ 4,500	\$ -	

Note: Businesses with gross receipts exceeding \$250K pay the lower tier rate for all gross receipts up to \$250K.



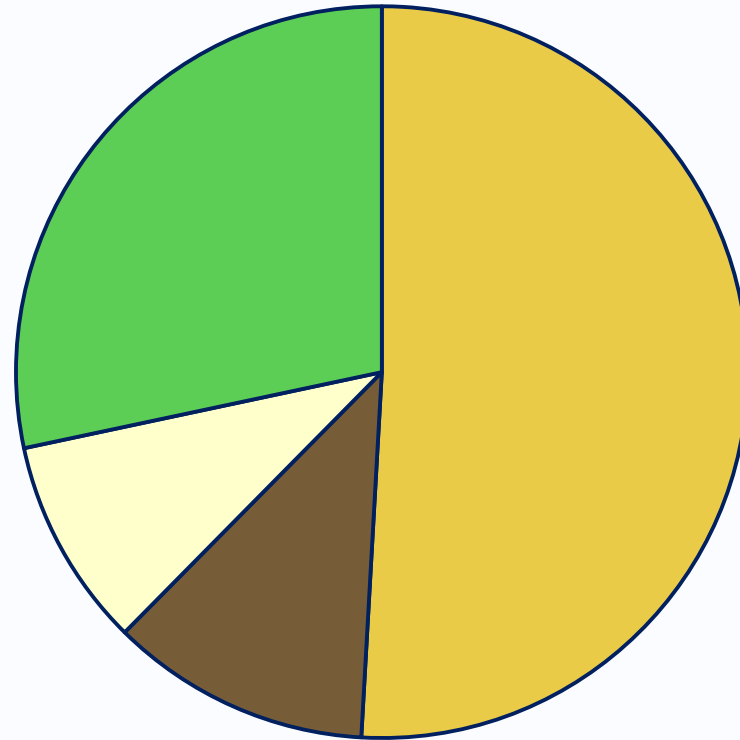
FY 2017 Proposed Budget

Fund	FY2016 Original	FY2016 Revised	FY2017 Requests	FY2017 Proposed	FY16R-->FY17 \$ Δ	FY16R-->FY17 % Δ
General Fund	\$27,408,118	\$27,630,020	\$30,043,034	\$28,927,123	\$1,297,103	4.7%
Education Funds	\$56,845,101	\$57,258,805	\$59,972,521	\$59,335,015	\$2,076,210	3.6%
Social Services Funds	\$5,592,068	\$5,592,068	\$5,716,932	\$5,703,982	\$111,914	2.0%
Capital	\$6,021,576	\$5,981,334	\$10,470,000	\$4,825,000	-\$1,156,334	-19.3%
School Construction	\$5,600,000	\$3,300,000	\$0	\$0	-\$3,300,000	-100.0%
Debt Service Fund	\$5,730,799	\$5,823,614	\$5,649,019	\$5,649,019	-\$174,595	-3.0%
Enterprise Funds	\$7,742,381	\$7,742,381	\$6,521,637	\$6,521,637	-\$1,220,744	-15.8%
Total Budget	\$114,940,043	\$113,328,222	\$118,373,193	\$110,961,776	-\$2,366,446	-2.1%
Total w/o Page	\$109,340,043	\$110,028,222	\$118,373,193	\$110,961,776	\$933,554	0.8%
Total w/o Page or Enterprise	\$101,597,662	\$102,285,841	\$111,851,556	\$104,440,139	\$2,154,298	2.1%

- Budget balanced on \$0.04 Real Estate rate increase and adoption of modified BPOL structure and rates

Priorities Funded

- School Operating=\$56M or 51%
- Public Safety=\$13M or 12%
- Capital and Debt=\$10M or 9%
- All Other Needs=\$31M or 28%



Excursion Budget

\$ 1.95M	Proposed budget/revenue GAP
(\$ 727K)	Level fund Schools (net of Page MS carryover)
(\$ 455K)	Defer 50% of FMRR requests
(\$ 287K)	Un-fund current vacancies (no layoffs) <small>(1 FTE) Corrections Officer, (1 PTE) PT Community Education Coordinator, (1 PTE) Clean Community Coordinator, (1 FTE) P&Z Planner (FY17 add), (1 FTE) Building Inspector (FY16 add), (1 FTE) IT Support for Sheriff (FY16 add)</small>
(\$ 125K)	Civic Contributions & ED Grant Program <small>25% reduction in Civic Contributions, Elimination of \$55K ED program County match</small>
(\$ 125K)	HMP increase – partial shift to EEs
(\$ 231K)	Other Reductions <small>Reduce contribution to Cable committed fund, CA contingency, EE recognition, Beehive printing, HRPDC/TPO, Work As Required support, etc.</small>
<hr/>	
\$ 0	RE and/or BPOL changes required



Capital Approach

Evaluate and determine the most critical needs

Board guidance prioritized public safety, School HVAC and Roofs

Evaluate funding mechanisms

Consider cash funding FY17 CIP vs. flattening the FY19 “cliff”

Determine cash funding capacity

Review fund balance policy, cash-flow sensitivity, committed funds

Evaluate debt capacity and timing options

PS Radio refinancing option, impact to CIP project size and timing

Recommend FY17 strategy and 5-year CIP model

\$3.919M **FY17 CIP Requests (adjusted)**

Option 1: Flatten the FY19 Cliff

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	\$ 1,173,684	\$ -	\$ 1,173,684	\$ 300,000	\$ 4,720,809	\$ 6,194,493
2018	-	-	-	300,000	2,999,581	3,299,581
2019	-	-	-	300,000	3,018,113	3,318,113
2020	-	-	-	300,000	5,562,935	5,862,935
2021	-	623,068	623,068	300,000	2,181,752	3,104,820
2022	-	449,385	449,385	300,000	1,278,958	2,028,343
2023	-	379,026	379,026	300,000	4,845,897	5,524,923
Totals*	\$ 1,173,684	\$ 1,451,479	\$ 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.

- Restructure Existing 2006 Motorola Lease (Extended 2 Years, final maturity moved from FY 2018 to FY 2020) and debt fund Public Safety Radio Projects for FY 2017 through FY 2020
 - Includes 7/1/2016 and 7/1/2017 payments as well as FY17 through FY20 managed lifecycle upgrades
 - 4 Years at 1.85% (Indicative Interest Rate).
- Cash fund Public Safety Radio Projects for FY 2021 through FY 2023.
- Retain General Fund Transfer 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 FY17 and FY23 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.

Option 2: Retain the FY19 Cliff

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.

- No Restructuring of the 2006 Motorola Lease.
- Cash fund Public Safety Radio Projects for FY 2017 through FY 2023.
- Retain General Fund Transfer 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.

FY17 CIP Recommendation

- Retain flexibility to accommodate larger projects by cash funding CIP in FY17
- Initiate studies in preparation for FY18 CIP and beyond

Funding Type	Department	Project Title	Total Cost	Year One FY2017
debt*	Schools	Lighting Replacement in all schools	\$700,000	\$140,000
paygo	P&R / Tourism	Accessibility Improvements-Variou Parks	\$174,000	\$174,000
paygo	Engineering	ADA Accessibility Improvements	\$62,000	\$62,000
paygo	Schools	HVAC Replacement at Various Schools	\$412,031	\$297,922
paygo	Radio O&M	Regional PS Radio System (Managed Lifecycle Upgrades)	\$2,246,137	\$576,101
paygo	Schools	Roofing Replacement/Coating at GHS minor	\$112,000	\$112,000
paygo	Schools	School Bus Replacement Program (5/yr @ \$93K plus 3%)	\$2,166,897	\$163,148
paygo	P&R / Tourism	Historic Area Improvements	\$75,000	\$75,000
paygo	Registrar	New Voting Machines	\$136,000	\$136,000
paygo	IT	Broadband Study	\$50,000	\$50,000
paygo	Schools	GHS Master Plan Study	\$100,000	\$100,000
paygo	Economic Dev	Old Page Master Plan Study	\$50,000	\$50,000
paygo	Capital Reserve	Committed to seed FY18 Paygo / PS Radio obligation	\$378,829	\$378,829
Total 2017 CIP				\$2,315,000



Cash Funding FY17 CIP

FY17 CIP Funding Sources		
Performance Contract	(ESCO / self-funding)	\$140,000
Committed Fund Balance -Tourism		\$75,000
Committed Fund Balance - Rebalance of Cable	(FY17 GF Transfers)	\$350,000
Use of Unassigned Fund Balance		\$1,000,000
Short Calendar Year RE Rate Adjustment	(FY16 GF Transfer w/carryover)	\$750,000
Total FY17 CIP Funding		\$2,315,000
Difference (under)/over funded		\$0

Other FY2017 Capital-ongoing from prior year(s)		
FEMA-Hazard Mitigation/Elevation	(Grant Funded)	\$2,000,000
Fairfield Project-Restoration of Edgehill Service Station	(Grant Funded)	\$350,000
Cable Services Program	(Franchise Tax)	\$160,000
Tax and Receipting Software	(FY16 Carryover)	\$230,000
Total CIP Carryforwards		\$2,510,000

Total FY17 Capital Fund		\$4,825,000
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FY18 and Beyond (Base) [revised]

Funding Type	Department	Project Title	Total Cost	Year One FY2017	Year Two FY2018	Year Three FY2019	Year Four FY2020	Year Five FY2021	Year Six and Beyond
debt*	Schools	Lighting Replacement in all schools	\$700,000	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000	
paygo	Schools	HVAC Replacement at Various Schools	\$412,031	\$297,922				\$114,109	
paygo	Radio O&M	Regional PS Radio System (Managed Lifecycle Upgrades)	\$2,246,137	\$576,101	\$420,299	\$118,088	\$59,196	\$623,068	\$449,385
paygo	Schools	School Bus Replacement Program (5/yr @ \$93K plus 3%)	\$2,468,749	\$163,148	\$478,950	\$493,319	\$508,118	\$523,362	
paygo	Engineering	Energy Audit & Capital Improvements	\$100,000		\$100,000				
Total Pay-go					\$999,249	\$611,407	\$567,314	\$1,260,539	\$449,385
debt	Sheriff	911 Call Answering Equipment (CPE) Upgrade	\$600,000			\$600,000			
debt	Schools	Roofing Replacement/Coating at Bethel	\$1,100,000			\$1,100,000			
debt	Schools	Bathroom Renovations at Achilles, Botetourt, Petsworth	\$270,000		\$90,000	\$90,000	\$90,000		
debt	Schools	Playground Equip. Replacement at Botetourt and Achilles	\$360,000		\$180,000	\$180,000			
debt	Schools	Bus Compound Parking Lot Repairs	\$130,000		\$130,000				
debt	Schools	Bus Compound Relocation	\$6,000,000					\$6,000,000	
debt	Schools	New Achilles Bus Loop	\$700,000		\$50,000	\$650,000			
debt	Social Services	Social Services Building Expansion	\$1,030,000				\$130,000	\$900,000	
debt	Engineering	Asphalt Paving & Overlay-2002 Courthouse Pking Lot	\$100,000					\$100,000	
debt	Engineering	Asphalt Paving/Overlay-Justice Dr & Law Enforcement Lot	\$105,000		\$105,000				
Total Financed					\$555,000	\$2,620,000	\$220,000	\$7,000,000	\$0
Initial Financing Capacity					\$19,326,410	\$18,771,410	\$16,151,410	\$15,931,410	\$14,213,045
Remaining Financing Capacity					\$18,771,410	\$16,151,410	\$15,931,410	\$8,931,410	\$14,213,045

- FY18 may be difficult for Pay-go – may need to defer non-essentials
- Board guidance on prioritization may deescalate projects out of funding stream



FY18 and Beyond

Department	Project Title	Total Cost	Year One FY2017	Year Two FY2018	Year Three FY2019	Year Four FY2020	Year Five FY2021	Year Six and Beyond
Schools	GHS - HVAC Replacement	\$16,964,709		\$3,000,000	\$5,000,000	\$8,464,709	\$500,000	
Schools	GHS - Roofing Replacement/Coating (major)	\$1,088,000		\$1,088,000				
Schools	GHS - Bathroom Renovations	\$90,000					\$90,000	
Schools	GHS - Renovation of "A" Hall	\$3,150,000			\$300,000	\$2,350,000	\$500,000	
Schools	GHS - Bus Loop Removal and Replacement	\$120,000		\$120,000				
Schools	GHS - Flooring Replacement	\$75,000		\$75,000				
Schools	GHS - Sports Complex Concrete Repair	\$100,000		\$100,000				
Schools	GHS - Auto Shop Apron Paving & Water/Oil Separator	\$80,000		\$80,000				
Total Subject to GHS Master Plan Study		\$21,667,709		\$4,463,000	\$5,300,000	\$10,814,709	\$1,090,000	\$0

P&R / Tourism	Woodville Park Improvements	\$5,465,000		\$445,000	\$1,208,000	\$687,000	\$225,000	\$2,900,000
P&R / Tourism	Ark Park Road Improvement	\$66,000		\$66,000				
P&R / Tourism	Beaverdam Park Improvements	\$435,000		\$67,000		\$368,000		
Community Ed	Refurbishing Walker Education Center	\$68,000		\$68,000				
Animal Control	New Animal Control Office at Shelter Location	\$390,000						\$390,000
IT	Replacement of Financial System to ERP	\$644,000			\$644,000			
P&R / Tourism	Community Center	\$14,862,000					\$50,000	\$14,812,000
P&R / Tourism	Athletic Field Lighting	\$140,000					\$140,000	
Total Lower Priority / Discretionary		\$22,070,000		\$646,000	\$1,852,000	\$1,055,000	\$415,000	\$18,102,000

- GHS Master Plan required to properly evaluate and prioritize GHS projects
- Board guidance on prioritization may escalate projects into funding stream



Utility CIP

Department	Project Title	Total Cost	Year One FY2017	Year Two FY2018	Year Three FY2019	Year Four FY2020	Year Five FY2021	Year Six and Beyond
Utilities	Courthouse South Sewer Rehab/Repair	\$2,220,000				\$2,220,000		
Utilities	Rebuild PS #11 (Courthouse North)	\$600,000			\$600,000			
Utilities	Replace PS #13 Courthouse South	\$1,250,000					\$1,250,000	
Utilities	Rehab/Repair Sewers in PS #11 (CH North) Phase 1	\$757,000	\$757,000					
Utilities	Rehab/Repair Sewers in PS #11 (CH North) Phase 2	\$940,000		\$940,000				
Utilities	Replace Reverse Osmosis Membranes	\$135,000		\$135,000				
Utilities	Drying Bed for Water Treatment Plant Residuals	\$175,000					\$175,000	
Utilities	Water Treatment Plant Roof Replacement	\$75,000			\$75,000			
Utilities	Replace Customer Meters	\$700,000	\$700,000					
Utilities	Rebuild PS #12 Summerville	\$450,000						\$450,000
Utilities	Water Treatment Plant Façade Repairs	\$85,000			\$85,000			
Utilities	Utility Yard	\$1,500,000		\$1,500,000				
Utilities	Pave Beaverdam Lane	\$250,000		\$250,000				
Total Utilities (Existing Bond / Enterprise Funded)		\$9,137,000	\$1,457,000	\$2,825,000	\$760,000	\$2,220,000	\$1,425,000	\$450,000

- FY17 Funded through remaining bond proceeds
- FY18 and beyond funded via FY19 cliff impact (reduction of debt service) which generates a net positive cash position of approximately \$1.2M per year
- Funding mechanisms to be evaluated in FY17 to support future CIP spend
- Modifications likely pursuant to FY16 Master Plan study



Calendar to Fiscal Conversion

Presentation of current understanding and recommendation of path forward...



Proposed Tax Rate Advertising

If converting from calendar to fiscal...

	CY 2015	Suggested Advertising (CY 2016)	Suggested Advertising (FY 2017)
Real Estate	\$0.68	N/A	\$0.75
Manufactured Homes	\$0.68	N/A	\$0.75
Public Service Corporation	\$0.68	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 2015	Suggested Advertising (Short CY 2016)*
Real Estate	\$0.68	\$0.375
Manufactured Home	\$0.68	\$0.375
Public Service Corporation	\$0.68	\$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 2015	Suggested Advertising
Real Estate	\$0.68	\$0.75
Manufactured Home	\$0.68	\$0.75
Public Service Corporation	\$0.68	\$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

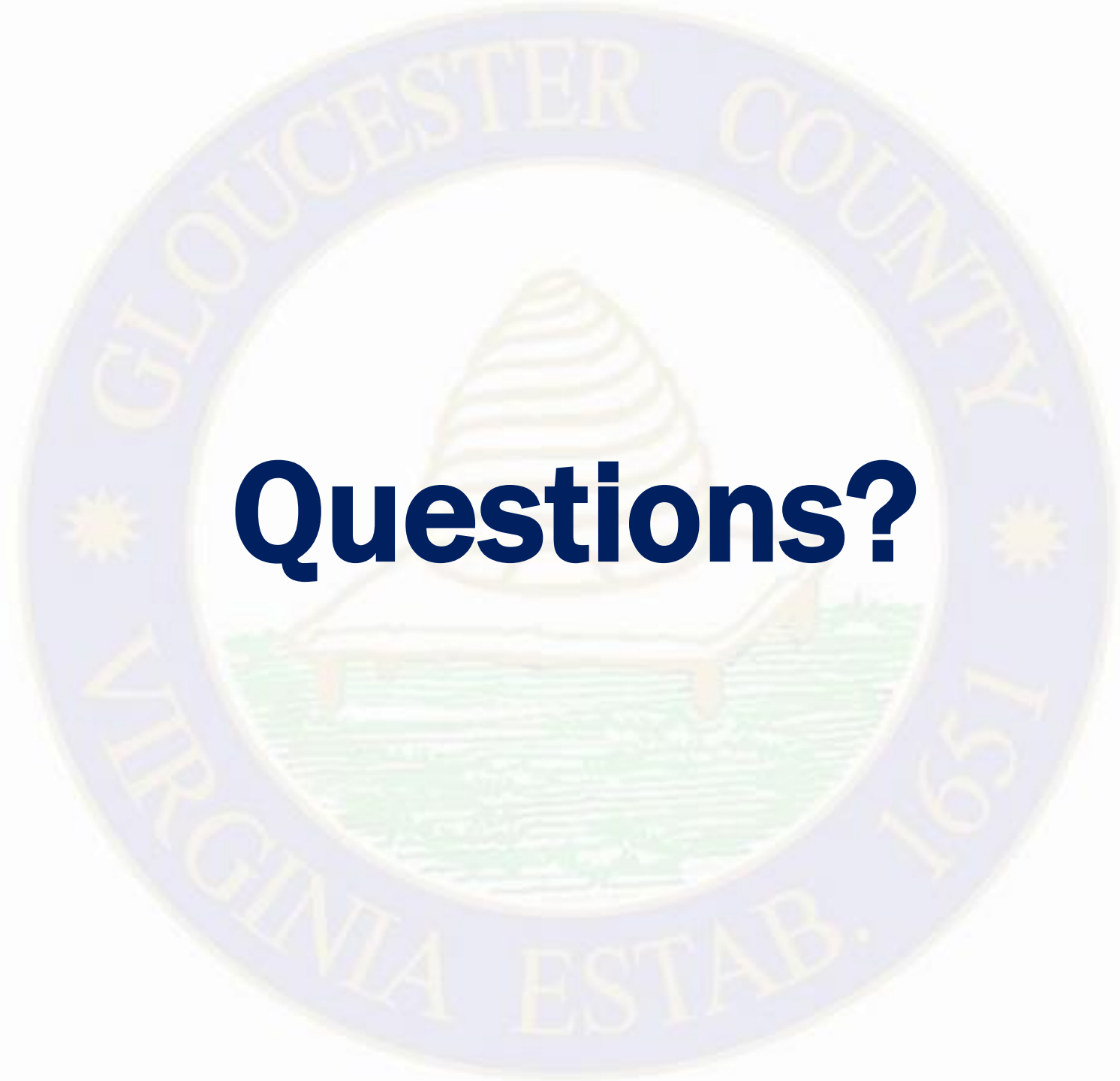


Budget Calendar

March 15	Regular Work Session
March 30	FY2017 Budget Public Hearing*
April 5	Tax Rates Public Hearing
April 6	Budget Work Session
April 12	Possible Budget Work Session
April 14	Possible Budget Work Session
April 18	FY2017 Budget Adoption
April 19	Regular Work Session

Note: *At Thomas Calhoun Walker Education Center





Questions?