

**A G E N D A**

**JAMES CITY COUNTY BOARD OF SUPERVISORS**

**BUDGET RETREAT**

**County Government Center Work Session Room**

**January 25, 2014**

**8:30 A.M.**

- 
- A. CALL TO ORDER**
  - B. ROLL CALL**
  - C. PRESENTATION BY COUNTY'S FINANCIAL ADVISOR - Davenport**
  - D. OUTSIDE ORGANIZATIONS PRESENTATIONS**
    - 1. Local Banking Industry Representative
    - 2. Local Real Estate Industry Representative
    - 3. Local Chamber and Tourism Alliance Representative
    - 4. Local Williamsburg Hotel/Motel Association Representative
    - 5. Local Williamsburg Area Restaurant Representative
  - E. COUNTY FINANCIAL UPDATE**
  - F. SPENDING PRIORITIES**
    - 1. Schools
    - 2. Stormwater
    - 3. Capital Improvement Projects
    - 4. Tax Rate Advertisement
  - G. BOARD DISCUSSION/GUIDANCE**
  - H. ADJOURNMENT – 4 p.m. on January 28, 2014, for the Work Session**

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DAVENPORT & COMPANY

# James City County, Virginia

## Comprehensive Financial Review



January 25, 2014

James City County, Virginia

Member NYSE|FINRA|SIPC

# Conservative Budgeting – General Fund



	<u>Fiscal Year</u> <u>2008</u>	<u>Fiscal Year</u> <u>2009</u>	<u>Fiscal Year</u> <u>2010</u>	<u>Fiscal Year</u> <u>2011</u>	<u>Fiscal Year</u> <u>2012</u>	<u>Fiscal Year</u> <u>2013</u>
<b>Revenues:</b>						
General Property Taxes	\$105,668,625	\$107,015,723	\$107,695,813	\$108,564,306	\$110,677,787	\$109,112,196
Other Local Taxes	20,486,124	18,869,282	18,355,067	19,100,086	20,006,069	20,427,116
Licenses, Permits and Fees	8,288,580	7,420,591	6,672,136	7,055,618	7,487,105	7,623,652
Fines and Forfeitures	366,606	348,846	296,866	334,633	274,198	295,355
Use of Money and Property	1,789,264	902,103	479,461	283,769	297,668	199,268
Revenue from the Commonwealth	25,063,369	24,271,339	24,569,760	24,930,225	25,224,094	25,590,278
Charges for Services	5,106,213	4,979,557	4,857,836	4,861,478	5,174,185	5,736,864
Revenues from the Federal Government	110,154	275,216	142,336	126,826	19,597	7,010
Miscellaneous	<u>575,175</u>	<u>471,427</u>	<u>250,675</u>	<u>232,827</u>	<u>155,011</u>	<u>412,092</u>
<b>Total Revenues</b>	<b>\$167,454,110</b>	<b>\$164,554,084</b>	<b>\$163,319,950</b>	<b>\$165,489,768</b>	<b>\$169,315,714</b>	<b>\$169,403,831</b>
<b>Expenditures:</b>						
General & Financial Administration	8,763,085	8,694,488	8,300,893	8,265,513	8,669,692	9,399,885
Community and Environmental Services	13,817,632	13,931,106	13,505,697	12,834,180	13,164,545	12,246,552
Community Personal Services	11,504,904	11,674,863	10,938,894	10,619,343	10,365,912	10,682,693
Education	74,228,490	74,724,304	73,757,904	73,830,796	74,280,245	75,931,599
Administration of Justice	4,186,024	4,208,173	4,074,299	4,060,816	3,998,928	4,004,217
Public Safety	22,330,893	22,375,086	22,216,507	23,323,388	23,860,985	25,304,827
Nondepartmental	<u>2,492,546</u>	<u>1,502,034</u>	<u>556,381</u>	<u>(266,150)</u>	<u>1,265,803</u>	<u>966,806</u>
<b>Total Expenditures</b>	<b>\$137,323,574</b>	<b>\$137,110,054</b>	<b>\$133,350,575</b>	<b>\$132,667,886</b>	<b>\$135,606,110</b>	<b>\$138,536,579</b>
<b>Excess of Revenues Over Expenditures</b>	<b>\$30,130,536</b>	<b>\$27,444,030</b>	<b>\$29,969,375</b>	<b>\$32,821,882</b>	<b>\$33,709,604</b>	<b>\$30,867,252</b>
Other Financing Uses - Operating Transfers Out	(32,921,784)	(30,836,755)	(27,668,378)	(28,783,692)	(29,305,015)	(33,857,648)
<b>Excess (Deficiency) of Revenues Over Expenditures and Other Uses</b>	<b>(\$2,791,248)</b>	<b>(\$3,392,725)</b>	<b>\$2,300,997</b>	<b>\$4,038,190</b>	<b>\$4,404,589</b>	<b>(\$2,990,396)</b>
Fund Balance at Beginning of Year	39,316,687	36,525,439	33,132,714	35,433,711	39,471,901	43,876,490
<b>Fund Balance at End of Year</b>	<b>\$36,525,439</b>	<b>\$33,132,714</b>	<b>\$35,433,711</b>	<b>\$39,471,901</b>	<b>\$43,876,490</b>	<b>\$40,886,094</b>

# Conservative Budgeting – General Fund



	<b>Final FY13 Budget</b>	<b>Actual FY 13</b>	<b>Difference</b>
<b>General Fund Revenues</b>			
General property taxes	\$108,120,000	\$109,112,196	\$992,196
Other local taxes	19,050,000	20,427,116	1,377,116
Permits, privilege fees, and regulatory licenses	7,245,000	7,623,652	378,652
Fines and forfeitures	300,000	295,355	(4,645)
Revenue from the use of money and property	185,000	199,268	14,268
Charges for services	5,315,000	5,736,864	421,864
Miscellaneous	262,225	412,092	149,867
Intergovernmental revenues			
Commonwealth	25,513,000	25,590,278	77,278
Federal	7,000	7,010	10
<b>Total Revenues</b>	<b>\$165,997,225</b>	<b>\$169,403,831</b>	<b>\$3,406,606</b>
<b>General Fund Expenditures</b>			
Current			
General government administration	\$9,911,652	\$9,399,885	(\$511,767)
Judicial administration	4,319,655	4,004,217	(315,438)
Public safety	25,847,251	25,304,827	(542,424)
Public works	7,580,783	7,245,190	(335,593)
Health and welfare	1,630,845	1,615,584	(15,261)
Education	76,720,315	75,931,599	(788,716)
Parks, recreation and cultural	9,244,415	9,067,109	(177,306)
Community development	5,463,422	5,001,362	(462,060)
Nondepartmental	252,951	966,806	713,855
<b>Total Expenditures</b>	<b>\$140,971,289</b>	<b>\$138,536,579</b>	<b>(\$2,434,710)</b>
Excess of revenues over expenditures	<b>\$25,025,936</b>	<b>\$30,867,252</b>	<b>\$5,841,316</b>
<b>Other Financing Uses</b>			
Transfers out	(\$29,372,071)	(\$33,857,648)	(\$4,485,577)
<b>Net change in fund balances</b>	<b>(\$4,346,135)</b>	<b>(\$2,990,396)</b>	<b>\$1,355,739</b>

# Historic Ratings



	<u>S&amp;P</u>		<u>Moody's</u>		<u>Fitch</u>		
<b>Top Tier "Highest Possible Rating"</b>	AAA	2010	Aaa		AAA	2010	
<b>2nd Tier "Very Strong"</b>	AA+	2005	Aa1	2010	AA+	2005	(Highest)
	AA	2001	Aa2	2005	AA		(Middle)
	AA-		Aa3	2001	AA-		(Lowest)
<b>3rd Tier "Strong"</b>	A+	1994	A1	1995	A+		(Highest)
	A		A2		A		(Middle)
	A-		A3		A-		(Lowest)
<b>4th Tier "Adequate Capacity to Repay"</b>	BBB+		Baa1		BBB+		(Highest)
	BBB		Baa2		BBB		(Middle)
	BBB-		Baa3		BBB-		(Lowest)
<b>5th - 10th Tiers "Below Investment Grade"</b>			BB, B, CCC, CC, C, D				

↑ Considered Investment Grade

↓ Below Investment Grade

Current Rating

Historical Rating

\*Note: The County's Ratings of Aa1/AAA/AAA have been reaffirmed since 2010.

# Rating Agency Commentary



## Strengths

## Challenges

### Moody's, S&P & Fitch - 2012 Report

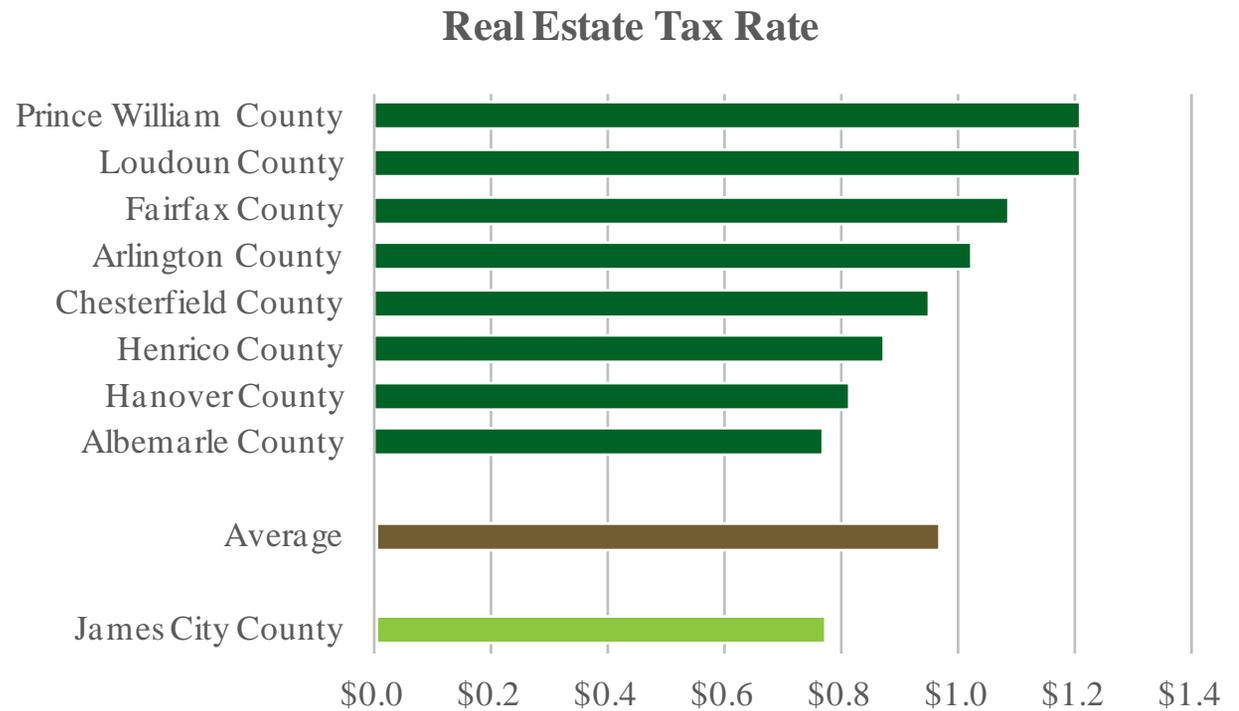
- ✓ Stable Tax Base
- ✓ Above-average wealth levels
- ✓ Sizable tourism sector
- ✓ Consistently Strong Financial Position
- ✓ Strong Reserves
- ✓ Prudent Financial Management Practices
- ✓ Deep & Diverse local economy
- ✓ Above-average income levels
- ✓ Consistent Fiscal Policies
- ✓ Financial flexibility provided by a history of using general fund revenue to help fund capital expenditures

- ✓ Above Average but Manageable Debt Burden
- ✓ Ability to achieve and maintain debt service expenditures within established policy targets
- ✓ Moderate debt and Manageable capital program with sizable pay-as you go component

# Competitive Tax Rate

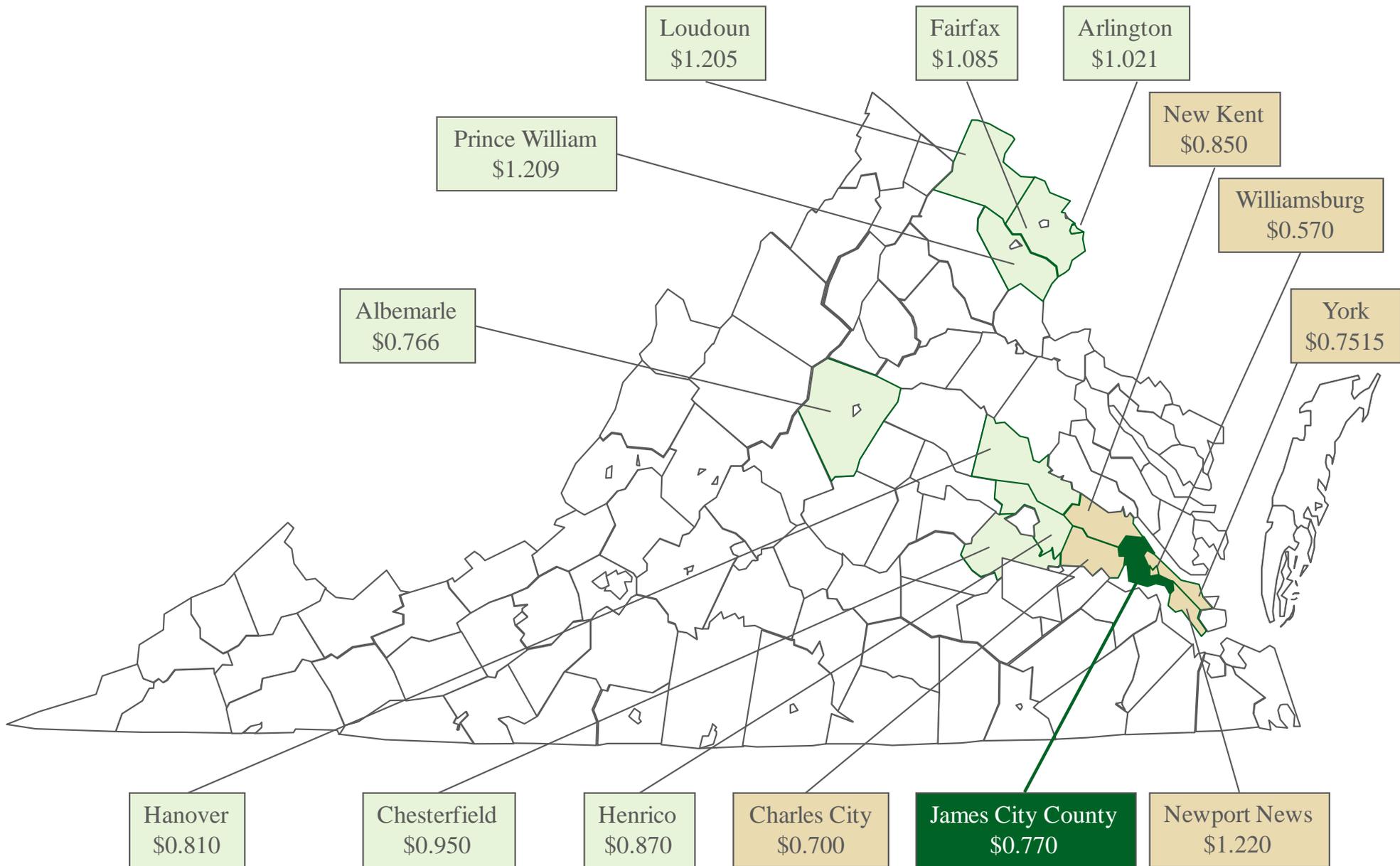


James City County Historical Real Estate Tax	
Fiscal Year	Tax Rate*
2001	\$0.870
2002	\$0.860
2003	\$0.870
2004	\$0.870
2005	\$0.825
2006	\$0.785
2007	\$0.770
2008	\$0.770
2009	\$0.770
2010	\$0.770
2011	\$0.770
2012	\$0.770
2013	\$0.770
2014	\$0.770



\*Per \$100 of assessed value.

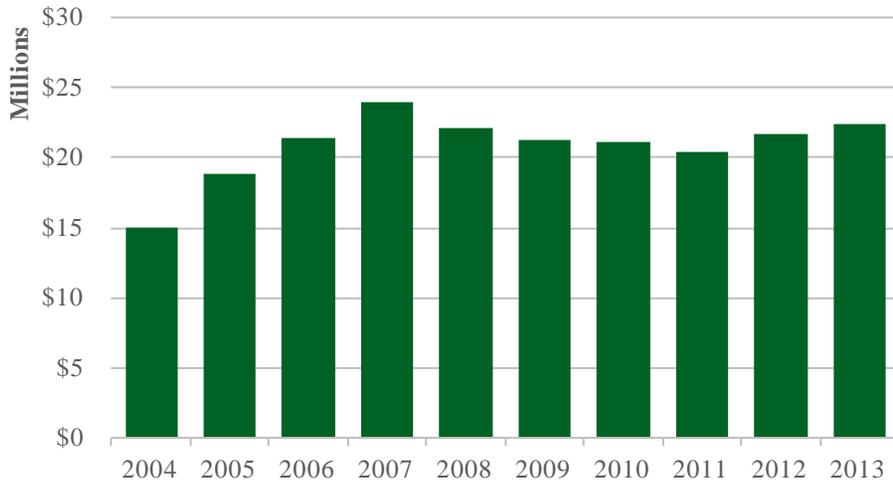
# Competitive Tax Rate - Continued



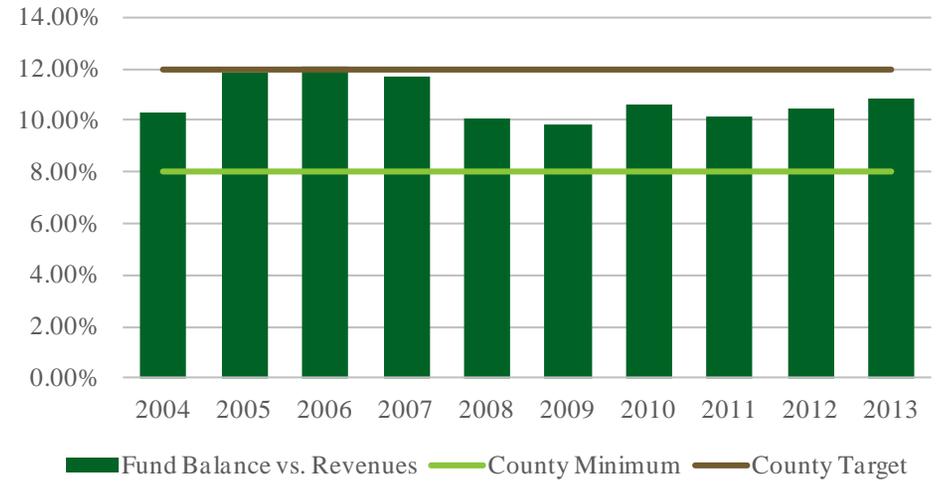
# Unassigned General Fund Balance



Unassigned General Fund Balance

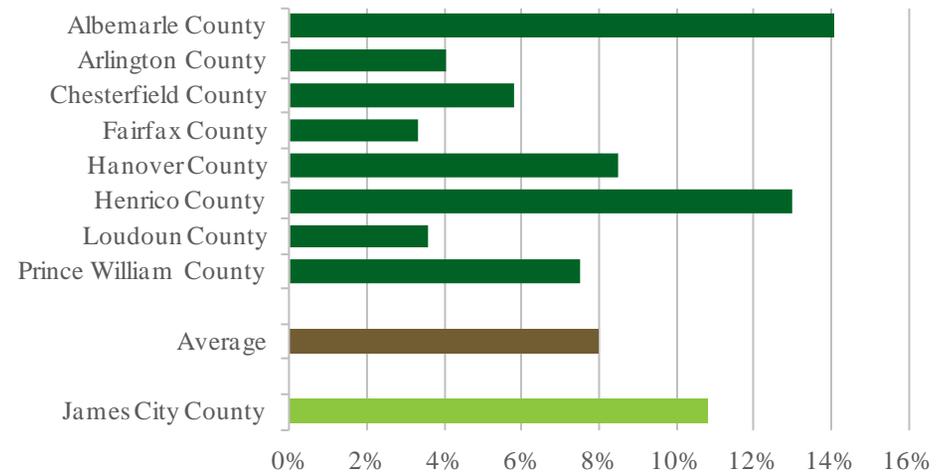


Unassigned General Fund Balance vs. Revenues



FY	Unassigned General Fund Balance	Total General Governmental Revenues	Unassigned General Fund Balance vs. Revenues
2004	\$15,074,120	\$146,620,455	10.28%
2005	18,822,560	159,351,967	11.81%
2006	21,406,435	177,521,975	12.06%
2007	23,904,427	204,284,050	11.70%
2008	22,099,383	219,920,086	10.05%
2009	21,311,672	216,835,334	9.83%
2010	21,187,263	200,014,429	10.59%
2011	20,449,054	201,684,905	10.14%
2012	21,674,594	206,966,888	10.47%
2013	22,345,746	205,082,111	10.90%

Unassigned General Fund Balance vs. Revenues



Total General Governmental Revenues includes General Fund and County's portion of School Revenues. Comparative data source is Moody's Investor Services.

# Assessed Value



Real Property			Personal Property						Public Service		Total			
CY	Total Real Property	%	General Personal Property	%	Machinery & Tools	%	Mobile Homes	%	Total Personal Property	%	Total Public Service	%	Total Taxable Assessed Value	%
2004	\$5,953,156,800		\$476,376,143		\$126,907,184		\$11,363,983		\$614,647,310		\$163,577,218		\$6,731,381,328	
2005	6,695,142,900	12%	502,326,785	5%	124,695,633	-2%	12,354,517	9%	639,376,935	9%	154,833,875	-5%	7,489,353,710	11%
2006	8,189,928,900	22%	558,027,641	11%	123,471,704	-1%	12,350,825	0%	693,850,170	0%	165,476,326	7%	9,049,255,396	21%
2007	9,821,638,100	20%	595,277,728	7%	122,197,566	-1%	12,675,461	3%	730,150,755	3%	152,475,702	-8%	10,704,264,557	18%
2008	10,672,714,225	9%	623,336,868	5%	125,136,293	2%	12,537,160	-1%	761,010,321	-1%	176,428,097	16%	11,610,152,643	8%
2009	11,005,655,000	3%	610,316,169	-2%	128,696,107	3%	11,641,959	-7%	750,654,235	-7%	184,750,991	5%	11,941,060,226	3%
2010	11,155,493,300	1%	598,149,387	-2%	132,052,632	3%	10,994,266	-6%	741,196,285	-6%	196,289,584	6%	12,092,979,169	1%
2011	11,172,929,700	0%	621,471,862	4%	137,178,668	4%	10,101,067	-8%	768,751,597	-8%	210,802,200	7%	12,152,483,497	0%
2012	11,316,807,900	1%	652,561,625	5%	139,945,157	2%	9,719,184	-4%	802,225,966	-4%	222,670,868	6%	12,341,704,734	2%
2013	10,921,180,200	-3%	687,058,440	5%	141,877,157	1%	9,209,475	-5%	838,145,072	-5%	232,588,225	4%	11,991,913,497	-3%
<i>Average Growth Rate</i>		8%	4%		1%		-2%		4%		4%		8%	

# Existing Debt Overview – As of June 30, 2013



Issue	Year	Type	Purpose	Outstanding 6/30/2013
VPSA Schools	1997	GO	Schools	\$6,810,000
VPSA Schools	1999A	GO	Schools	\$8,835,000
VPSA Schools	1999B	GO	Schools	\$420,000
GO Refunding	2003	GO	Schools	\$5,090,000
Warhill High School	2005	GO	Schools	\$31,620,000
Matoaka ES/Blayton ES/Hornsby MS	2006	Lease	Schools	\$62,245,000
James River ES/Toano MS/Lafayette HS	2012	Lease	Schools	\$13,548,901
VPSA QSCB – Jamestown HS	2011	GO	Schools	\$950,000
<b>Total Schools</b>				<b>\$129,518,901</b>
TNCC/Stadium	2005	Lease	General Government	\$16,645,000
Parks/Land Acquisition	2006	GO	General Government	\$13,650,000
County Government Projects	2009	Lease	General Government	\$12,610,000
GO Refunding	2010	GO	General Government	\$3,820,000
E 911	2010	GO	General Government	\$1,098,854
County Government Projects	2011	Lease	General Government	\$6,004,000
Fire Station & E911 Ref.	2012	Lease	General Government	\$11,981,099
<b>Total General Government</b>				<b>\$65,808,983</b>
<b>Total Tax Supported Debt</b>				<b>\$195,327,854</b>

# Existing Debt Service

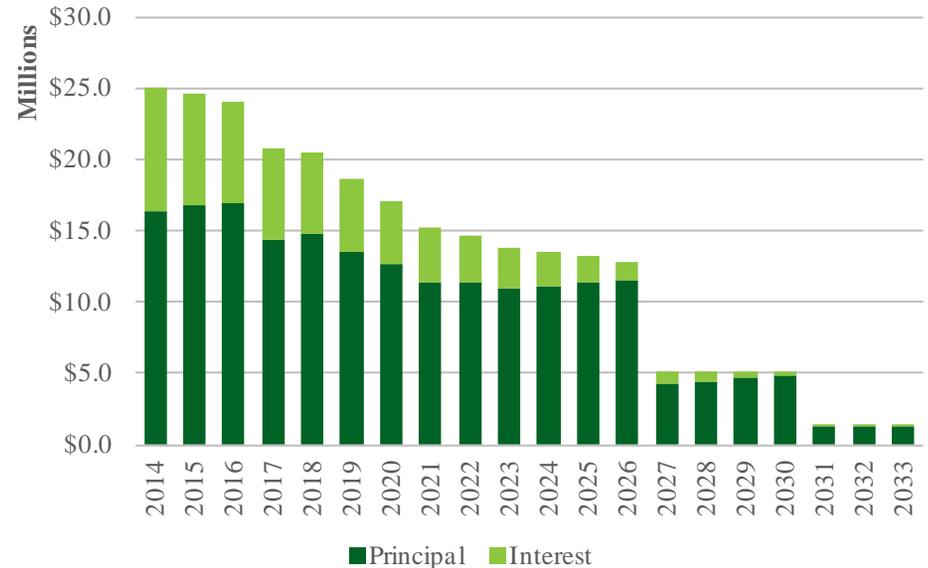


## Existing Tax Supported Debt\*

FY	Principal	Interest	Total	Payout Ratio
2014	\$16,417,326	\$8,561,808	\$24,979,134	8.41%
2015	16,837,695	7,832,444	24,670,139	17.03%
2016	16,922,377	7,111,156	24,033,533	25.69%
2017	14,392,234	6,417,377	20,809,611	33.06%
2018	14,777,271	5,718,082	20,495,353	40.62%
2019	13,572,496	5,052,178	18,624,675	47.57%
2020	12,637,916	4,411,237	17,049,153	54.04%
2021	11,328,538	3,868,525	15,197,063	59.84%
2022	11,362,000	3,363,211	14,725,211	65.66%
2023	10,905,000	2,852,500	13,757,500	71.24%
2024	11,130,000	2,346,175	13,476,175	76.94%
2025	11,355,000	1,822,707	13,177,707	82.75%
2026	11,590,000	1,288,235	12,878,235	88.69%
2027	4,295,000	789,334	5,084,334	90.88%
2028	4,475,000	609,253	5,084,253	93.18%
2029	4,655,000	429,109	5,084,109	95.56%
2030	4,835,000	249,523	5,084,523	98.03%
2031	1,275,000	123,013	1,398,013	98.69%
2032	1,260,000	83,363	1,343,363	99.33%
2033	1,305,000	42,413	1,347,413	100.00%

**Total    \$195,327,854    \$62,971,641    \$258,299,495**

### Existing Tax Supported Debt Service



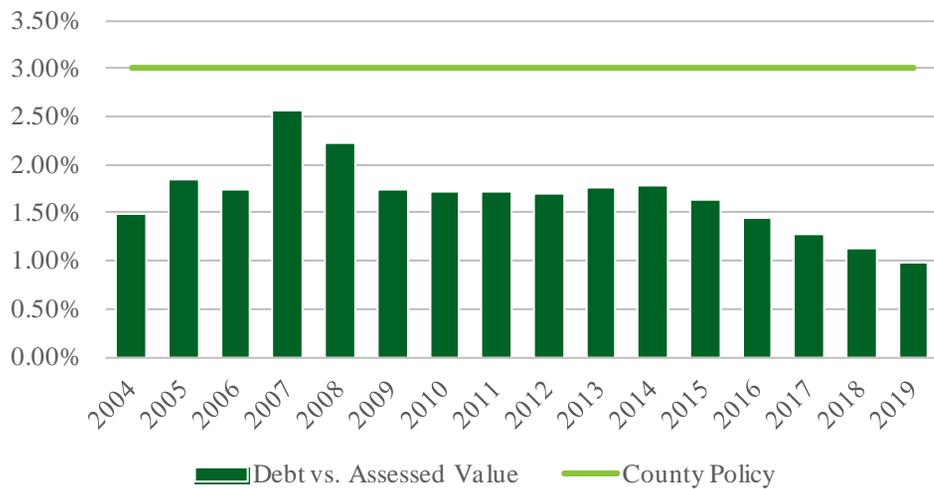
The ten-year payout ratio for all County debt shall target a minimum of 55% of total principal outstanding.

\*Note: Interest Net of QSCB and BAB Subsidy.

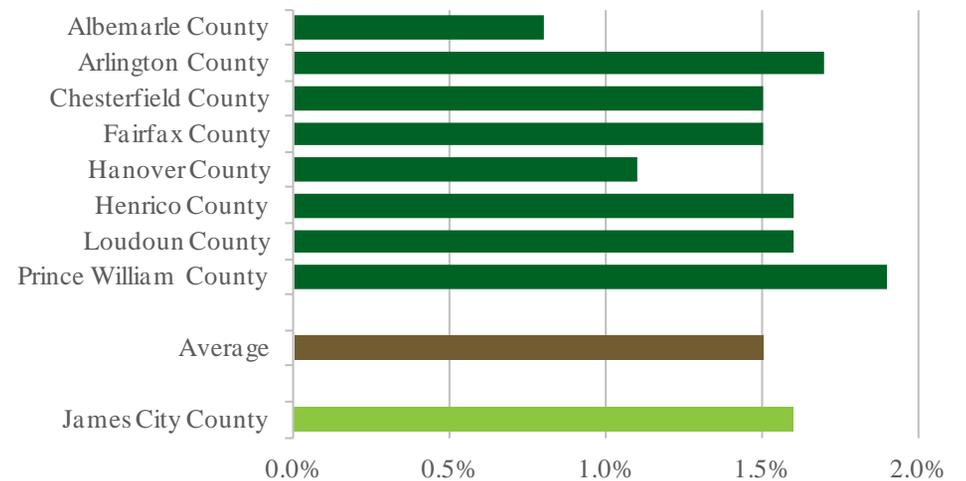
# Debt to Assessed Value



Debt vs. Assessed Value



Debt vs. Assessed Value



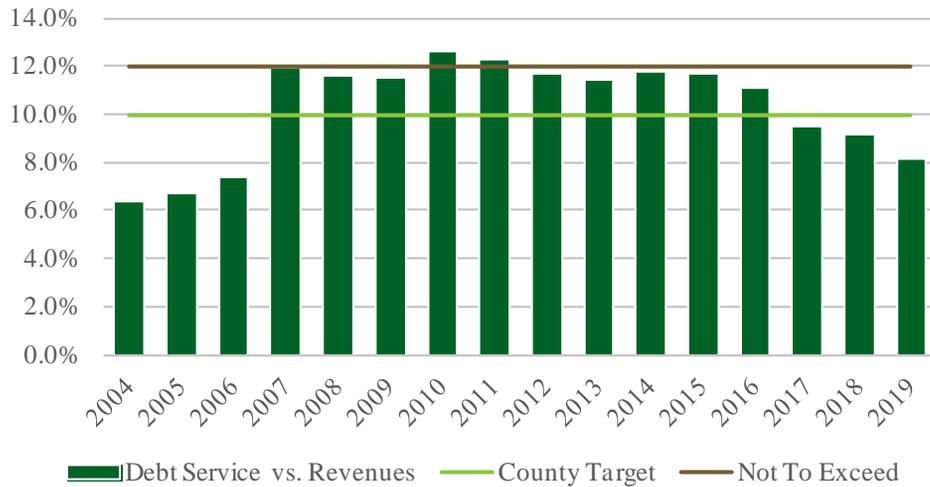
Outstanding debt of the County whether general obligation or lease revenue or subject to annual appropriation, shall not exceed 3.0% of the assessed valuation of **real property**.

\*Note: Assessed Value is assumed to be flat in Fiscal Years 2014 & 2015 and grow 2.0% annually beginning in Fiscal Year 2016. Comparative data source is Moody's Investor Services.

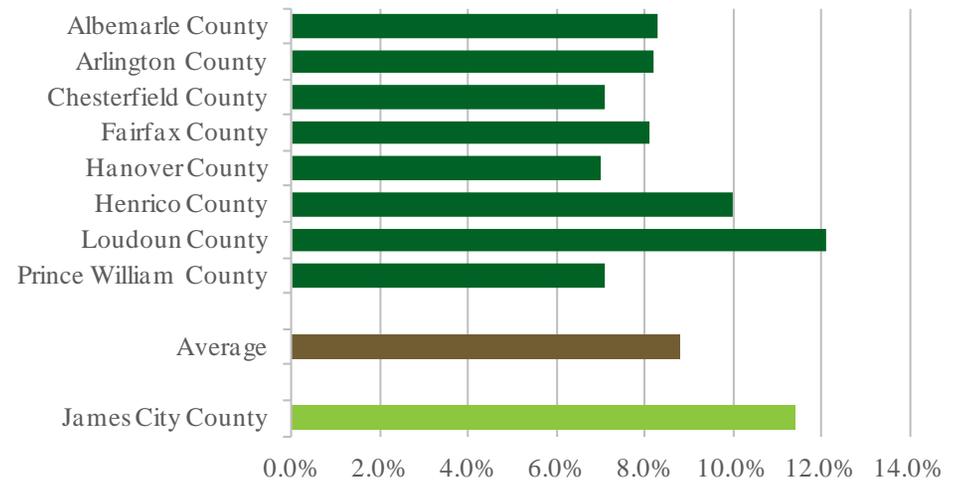
# Debt Service vs. Revenues



Debt Service vs. Revenues



Debt Service vs. Revenues



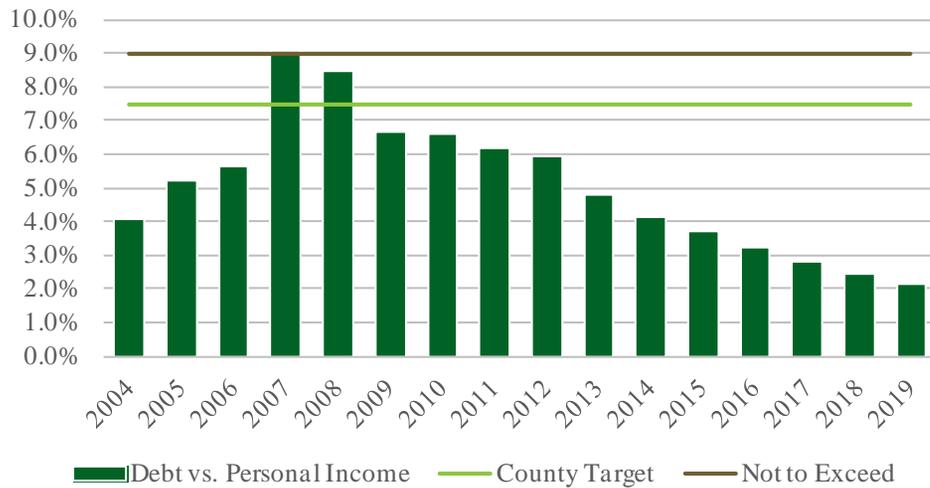
Annual debt service spending should target 10% or less and shall not exceed 12% of total operating revenues, including revenues allocated to James City County for public education.

\*Note: Revenues are assumed to be flat in Fiscal Year 2015 and grow 2.0% annually beginning in Fiscal Year 2016. Comparative data source is Moody's Investor Services.

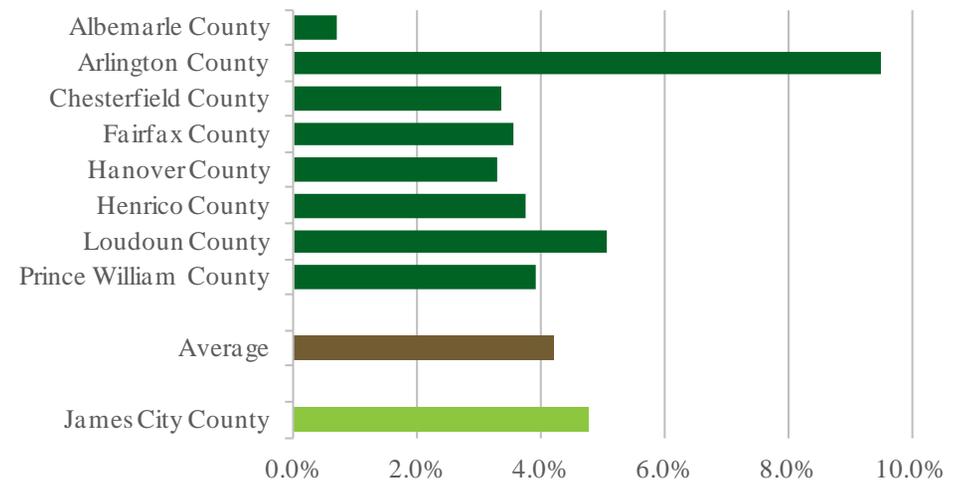
# Debt to Personal Income



Debt vs. Personal Income



Debt vs. Personal Income



Outstanding debt of the County whether General Obligation or Lease Revenue or Subject to Annual Appropriation, should target 7.5% or less and shall not exceed 9% of the County's total personal income in any year.

\*Note: Personal Income is assumed to grow 3.0% annually beginning in Fiscal Year 2012 as the most recent Personal Income data is from Fiscal Year 2011. Comparative data source is Moody's Investor Services.



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Version 01/13/2014 DJG/CR

# Financial Update

January 25, 2014

# FY 2013 Results

	<b>FY13 General Fund Budget</b>	<b>FY13 Actual</b>	<b>Variance</b>
Revenues	\$165,762,225	\$169,178,311	\$3,416,086
Spending & Commitments	\$165,762,225	\$164,411,585	\$1,350,640

## Notes:

\$788,712 returned from Schools---held for CIP

\$2,850,000 planned for CIP

Remaining to Fiscal Liquidity

# FY 2013 Results

## ■ Revenues exceeding budget highlights

– Real Estate	\$646,000
– Local Sales Tax	\$750,000
– Meals and Room	\$435,000
– BPOL	\$400,000
– Recordation Taxes	\$300,000

# FY 2014

## ■ Revenues expected +/- budget:

- Real Estate +\$400,000
- Sales Tax +\$300,000
- Room Tax +\$100,000
- Meals Tax -\$300,000

FY14 General Fund Budget	FY14 General Fund Budget Estimate	Variance
\$171.5M	\$172.0M	\$0.5M

# Property Taxes



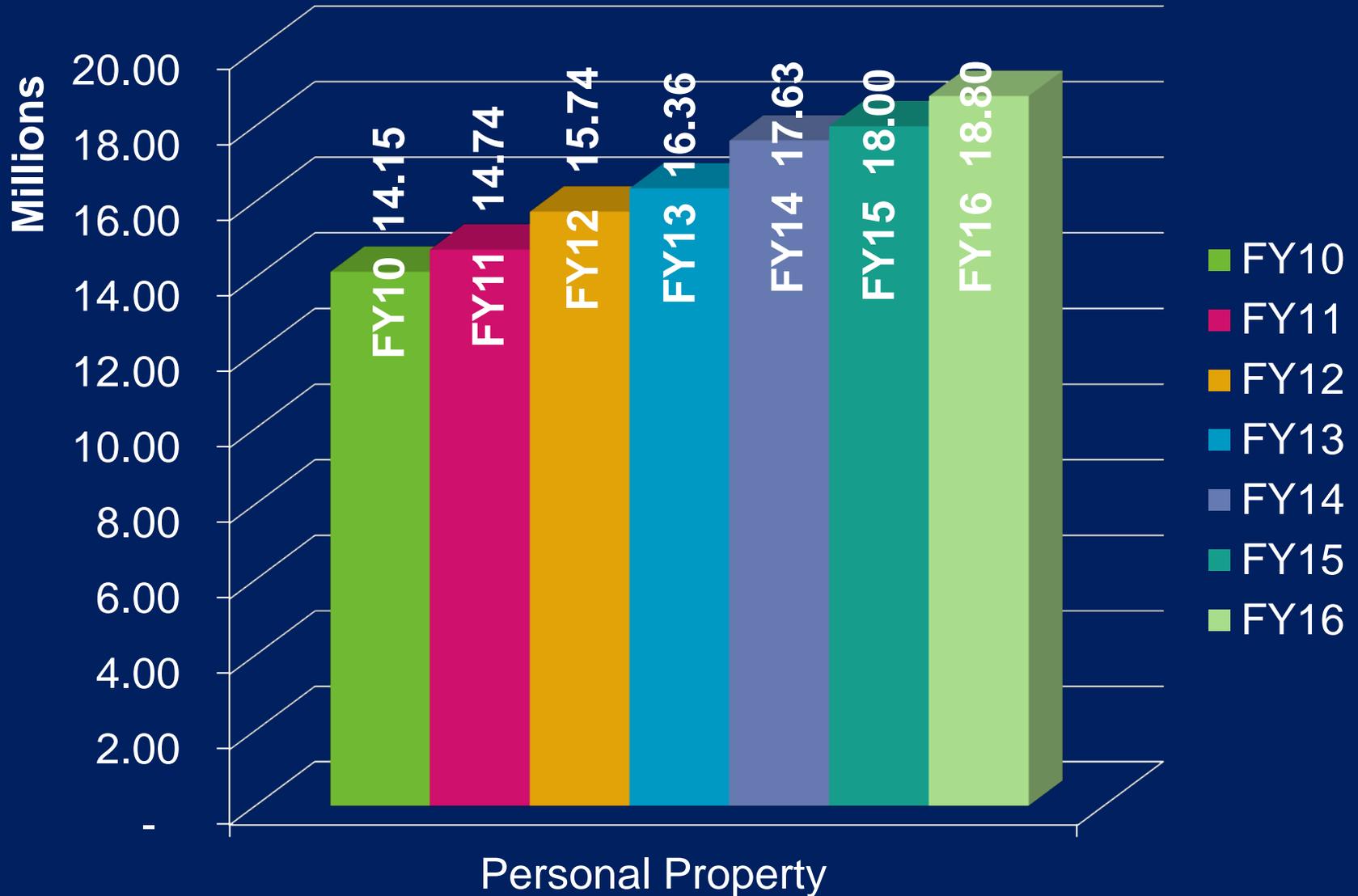
# Real Estate Segments



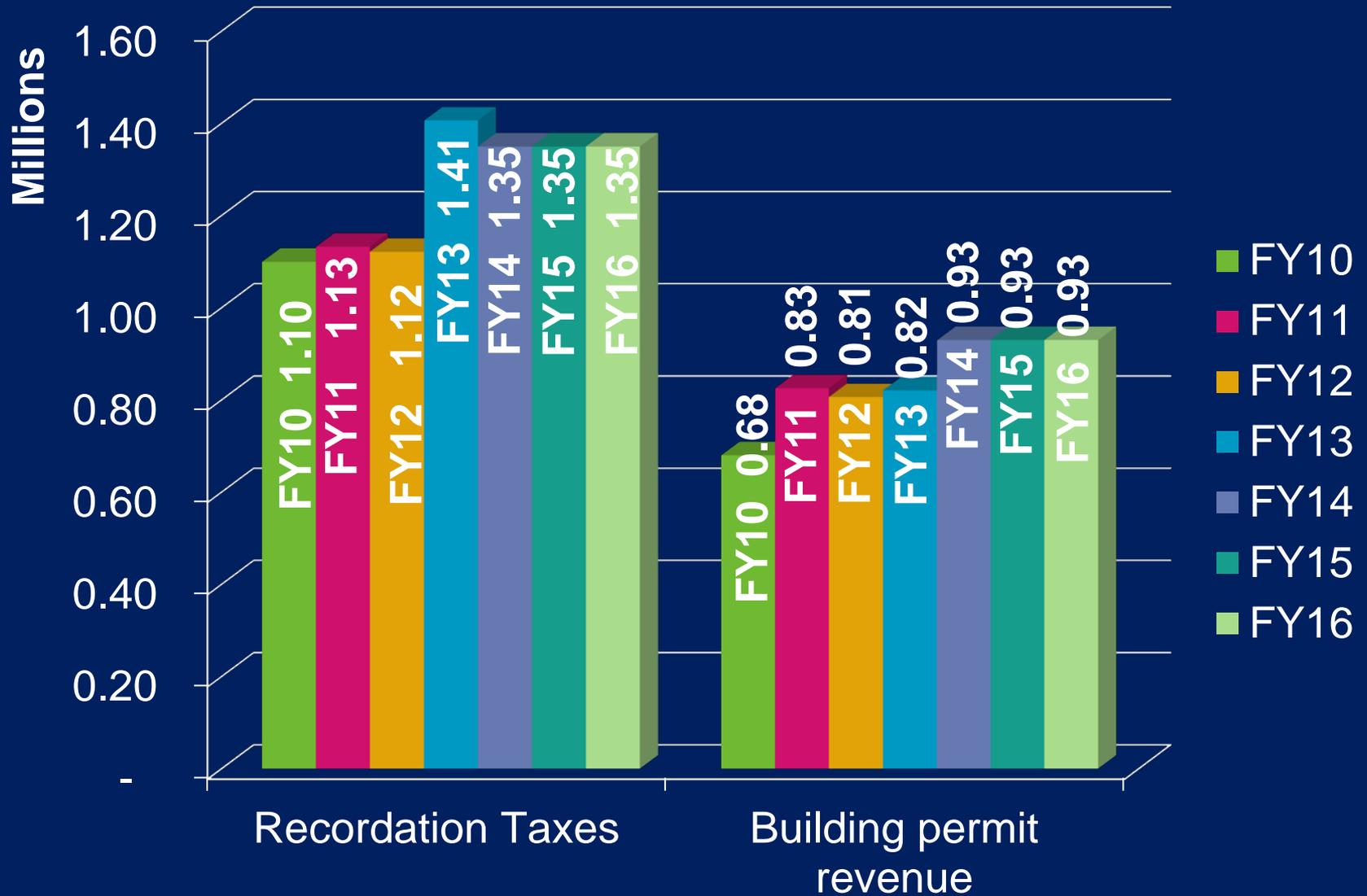
# FY15 Real Estate

- Current Residential Reassessment estimated decrease—2%
- Commercial reassessment and growth will offset reassessment decline
- Real Estate Revenue budget expected to have a slight increase

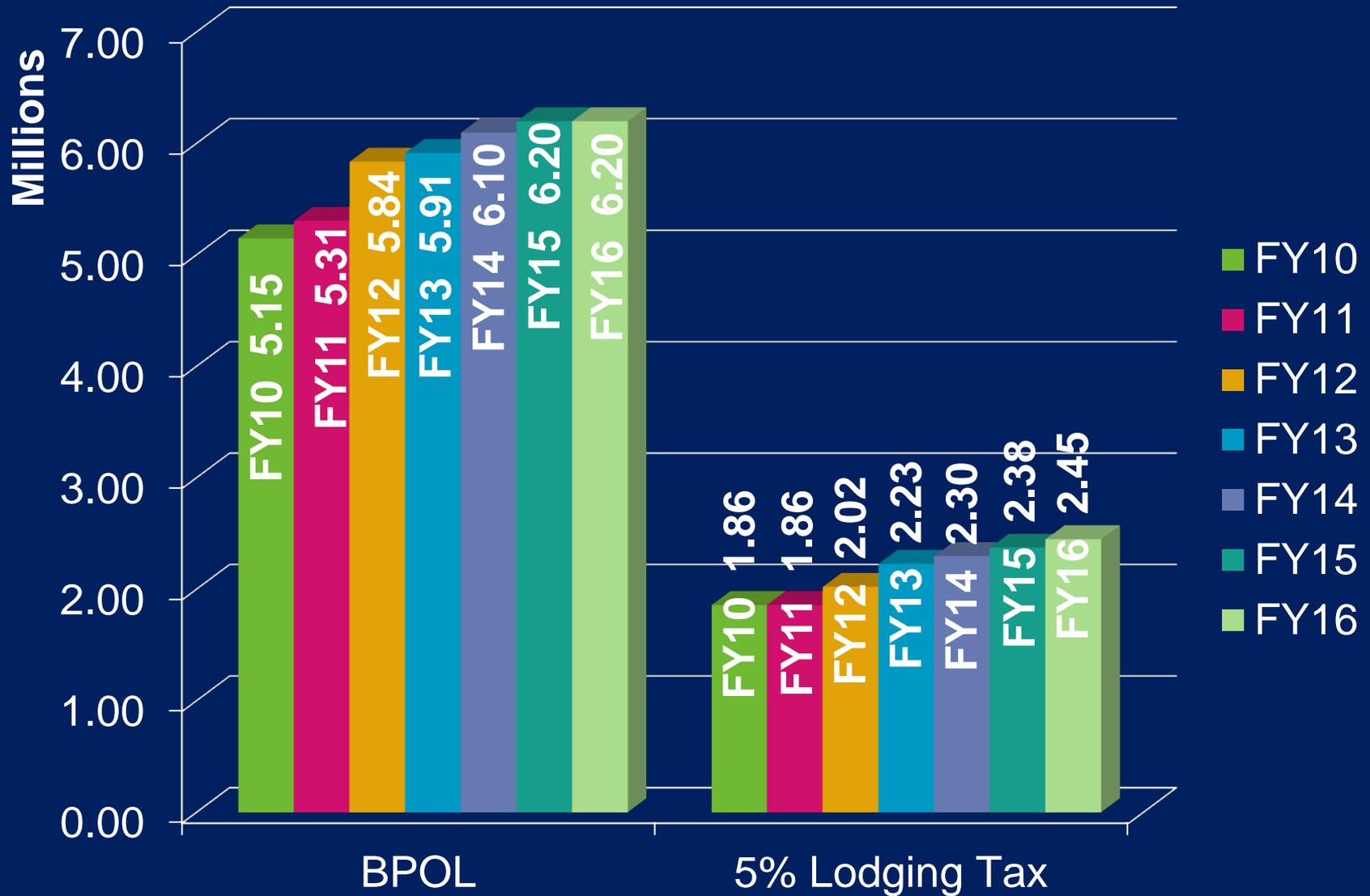
# Property Taxes



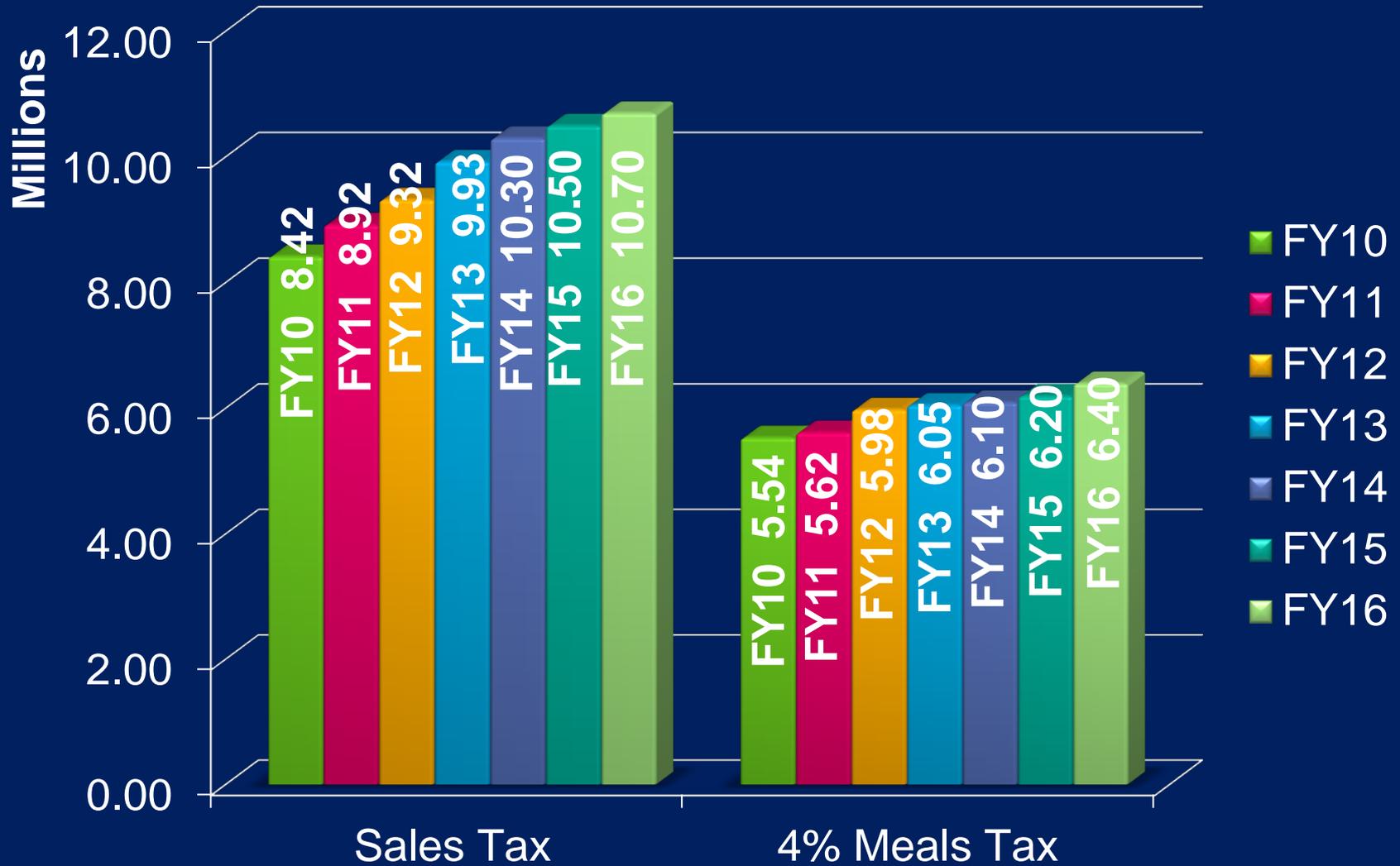
# Building Related Revenues



# Consumer Driven Revenues



# Consumer Driven Revenues



# JCC General Fund Revenues

<b>FY14 Budget</b>	<b>\$171.5M</b>
Real Estate	\$0.6M
Other Property Taxes	\$0.65M
Other Revenues	\$0.85M
<b>FY15 Budget</b>	<b>\$173.6M</b>

# JCC General Fund Revenues in millions

	<b>FY14 Budget</b>	<b>FY15 Budget</b>	<b>FY16 Budget</b>
General Property Taxes	\$110.4	\$111.7	\$113.4
Other Local Taxes	\$20.9	\$21.3	\$21.8
Licenses, Permits and Fees	\$8.0	\$8.1	\$8.1
Revenue from the Commonwealth	\$26.2	\$26.4	\$26.8
Other	\$6.0	\$6.1	\$6.1
<b>Total</b>	<b>\$171.5</b>	<b>\$173.6</b>	<b>\$176.2</b>

Questions?

**MEMORANDUM**

DATE: January 25, 2014  
TO: The Board of Supervisors  
FROM: John E. McDonald, Director of Financial and Management Services  
SUBJECT: Capital Improvement Program (CIP)

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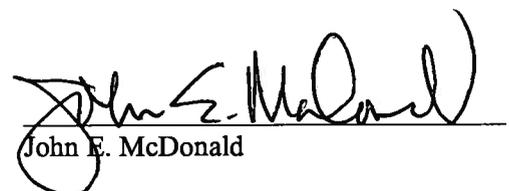
A brief overview of the Capital Improvement Program (CIP) will be based on the attached PowerPoint. New capital projects have been submitted to the Planning Commission (PC) and at its meeting on January 8, 2014, the PC adopted a prioritized list of projects to recommend to the Board. The list usually does not include capital maintenance projects. Capital maintenance projects are refurbishment projects, to include the replacement of HVAC systems, roofs, and equipment, such as fire pumpers.

The PC list is as follows:

- Stormwater – neighborhood drainage and water quality improvements.
- Local matches for grants for transportation improvements – unusual because these are not usually Capital items since the County would not create a capital asset.
- Public Safety Automatic Vehicle Locator (funding may occur as part of existing MDT replacement Project).
- Shelter generator at James River Elementary School (funding may occur as part of existing HVAC project).
- Chickahominy Riverfront Park shoreline stabilization.
- New middle school.
- Fiber optic ring – Phase 2 (John Tyler Highway and Centerville Road).
- Greenways and trails.
- Mid County Park Phase 2 – parking addition, bus parking, sidewalks and trail, splash pad.
- James City Recreation Center outdoor concession/restroom facility for sports fields.
- General Services administration and operations building.
- Parks and Recreation administration and operations building.

Over the next six months the Board will be asked to approve contracts for projects included in prior year capital budgets. These will include replacing Fire Station 1 in Toano and improvements to Jamestown Beach and Freedom Park.

At the conclusion of the presentation, staff will attempt to answer questions and will be seeking guidance from the Board.

  
John E. McDonald

JEM/nb  
CapImpProgram-mem

Attachment

# 5-year Capital Improvement Plan

FY2015 Capital Budget

# 5-year Capital Improvement Plan

- CIP adopted as a plan each year by the Board
- Current adopted 5-year plan exceeds \$74 million and includes:

New Middle School

General Services Operations Building

Jamestown HS and Human Services

Building Refurbishments

Stormwater Initiatives

# 5-year Capital Improvement Plan

- Current adopted plan includes (continued):
  - Refurbishments – four elementary schools
  - JCSA sewer consent order improvements
  - Jamestown Beach infrastructure improvements
  - Fiber Optic Ring phase II
  - Replacement Fire/EMS vehicles
  - Parks & Recreation Operations Center
  - Replacement – Warhill Sports artificial turf fields
  - Classroom technology improvements

# 5-year Capital Improvement Plan

- Reviewed each year by the Schools, Planning Commission, County Administration and the Board of Supervisors
- Includes a funding scheme for each year based on current assumptions
- A revised 5-year plan will be submitted as a part of the FY2015 Proposed Budget
- CIP is zero-based every two years, based on the County's two-year budget cycle

# Capital Budget

- Included as the first year of the five year capital improvement plan – only year for which the Board will actually appropriate funds
- Proposed FY2015 capital budget will be constructed from budget submissions, priorities focusing on capital maintenance (facilities, property and equipment) and mandated spending (such as stormwater and JCSA consent order)

# Capital Budget

- FY2015 Capital Budget proposals for everything other than capital maintenance have been submitted to the Planning Commission and a priority list has been adopted, that list is attached
- FY2015 Capital Budget proposals for capital maintenance are due from departments and agencies by the end of January

# Capital Budget

- **Challenges for FY2015**

Balancing budgets over the last seven years has resulted in a reduction in the allocation of current revenues (pay-go) to capital projects, which has

reduced the annual investment in capital improvements

deferred some investments

increased the pressure for debt as a source of funding

# Capital Budget

- Challenges for FY2015 – most significant

Funding – pay-go and debt

Middle school site/design

Stormwater

General Services and Parks Operations Facilities

Capital refurbishments – Jamestown HS, Human Services Building

Incremental infrastructure improvements – Jamestown Beach and Chickahominy Riverfront parks

School technology initiatives and replacement school buses

# Capital Budget

Board questions and/or guidance?