

BOARD OF SUPERVISORS WORK SESSION

GOVERNMENT CENTER BOARD ROOM

NOVEMBER 22, 2011 - 4:00 P.M.

A. Call to Order

B. Roll Call

C. Board Discussions

1. Financial Trends (Financial Update) (Memorandum) (Attachment)
2. 2012 Legislative Program

D. Adjournment

MEMORANDUM

DATE: November 22, 2011

TO: The Board of Supervisors

FROM: Robert C. Middaugh, County Administrator

SUBJECT: Compensation Background Information

Background

As the Board will recall, in my 2012 budget message, I highlighted the need to address a pay increase for our employees no later than FY 2012. In our budget conversations, it was the consensus of the Board not to pursue any adjustments to compensation as a part of the FY 2012 budget, but that the Board would be receptive to a conversation on a compensation adjustment before the end of the calendar year if resources would support such an adjustment.

The Board is aware that no adjustments to employee compensation have been made since October 2008. James City County is one of 3 out of 21 localities and public sector entities in our area that have not adjusted employee compensation in either 2011 or 2012. Attached, the Board will find several pieces of information relative to employee compensation. While the Board has seen much of the information as a part of the FY 2012 budget discussion, this information has been updated and some new pieces have been added.

November 22 Work Session

As a component of the financial trends work session item at the November 22, 2011, Board meeting, I plan to present a variety of background information relative to employee compensation. I want to highlight that the County has been able to accumulate funds through conservative spending habits and conservative budget management in order to help offset budgetary impacts which are anticipated in the FY13 and FY14 budgets. For purposes of the compensation adjustment discussion, I believe that it can be demonstrated that a sufficient amount of funds have been secured in order to consider an adjustment to compensation for the employees at this time.

During the work session discussion, I would like the Board to consider a one-time across-the-board bonus for employees. The savings in 2011 of \$1.5 million will easily fund such an action of the Board. When the new Board is seated and during budget discussions, I will also ask the new Board to consider a modest increase to base salary. Staff will be prepared to discuss with the Board a variety of approaches and/or combinations for compensation adjustments and the cost impacts associated with different approaches. I would like to be able to solicit direction from the Board, specifically on a one-time bonus that could be considered for a formal vote at the regularly scheduled December 13, 2011, meeting of the Board.

Ordinance for December 13 Board Meeting

The Code of Virginia allows local jurisdictions to provide bonuses to employees if that jurisdiction has adopted an ordinance to provide for a bonus. In order to allow the Board the option to consider a one-time bonus at the December 13, 2011 Board meeting or at any time in the future, it will be necessary to advertise for a public hearing. In the event the Board chooses to pursue the option of a one-time bonus, it would be necessary for the Board to pass an ordinance providing for the payment of a bonus at the same meeting. In the event the Board chooses not to pursue a one-time salary bonus, the ordinance could still be adopted and the action not funded or the Board could simply choose not to adopt the ordinance.

Conclusion

As we discussed in the Fiscal Year 2012 budget meetings, the County employees are a critical resource in the provision of services to our Community. County employees have been asked to do more with less in the previous years and have responded by addressing the additional workload and minimizing the impact to our residents. Approving a one –time bonus in this calendar year will provide a morale boost and demonstrate clearly that the County values its employees and their contributions to this community.





Robert C. Middaugh

RCM/tlc
EmplComp_mem

Consumer Price Index (CPI)

		Change in CPI by Calendar Year from 2008 to 2011						
			Calendar Year	CPI	% Change			
			2008	212.650				
			2009	208.912	-1.8%			
			2010	211.775	1.4%			
			2011	220.371	4.1%			
		Change in CPI from Calendar Year 2009 to 2011						
			2009	208.912				
			2011	220.371	5.5%			
		Based on CPI for September of U.S. Department of Labor, Bureau of Labor Statistics, Consumer						
		Price Index, All Urban Customers, Not seasonally Adjusted, South Urban Area (www.bls.gov)						

Consumer Price Index for All Food Costs Calendar Years 2008 to 2011

2008	2009	2010	Projected 2011
Base	1.8% ↑	.8% ↑	3.5-4.5% ↑
			
\$105.50	\$107.40	\$108.26	\$110.16 – 112.60

Cost of Gas

November 6, 2009 to November 6, 2011



Source: GasBuddy.com

11/16/2011

					Percent change - FY2009 to FY2012
Healthkeepers with Delta Dental Premier Plan 1					
Employee	FY2009	FY2010	FY2011	FY2012	
	\$42.00	\$45.00	\$50.00	\$53.00	26.2%
Dual	\$104.00	\$112.00	\$130.00	\$137.00	31.7%
Family	\$171.00	\$182.00	\$215.00	\$224.00	31.0%
Optima with Delta Dental Premier Plan 1					
Employee	\$66.00	\$72.00	\$83.00	\$83.00	25.8%
Dual	\$153.00	\$166.00	\$190.00	\$190.00	24.2%
Family	\$246.00	\$266.00	\$301.00	\$301.00	22.4%
KeyCare with Delta Dental Premier Plan 1					
Employee	\$110.00	\$117.00	\$120.00	\$126.00	14.5%
Dual	\$242.00	\$259.00	\$270.00	\$283.00	16.9%
Family	\$370.00	\$394.00	\$411.00	\$429.00	15.9%
Average Percent Change					23.2%

Summary of Projected 2012 Salary Increases

Projected Salary Increase Budget by Employee Level <i>Includes Zeroes Where Provided</i>							
Survey Source	Number of Orgs.	Projected Pay Budgets - 2012			Actual Pay Budgets - 2011		
		Executive	Exempt	Non-Exempt	Executive	Exempt	Non-Exempt
WorldatWork	2,256	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Hay Group	N/A	3.0%	3.0%	3.0%	2.9%	2.9%	2.9%
Aon Hewitt	500	3.1%	3.0%	3.0%	2.9%	2.8%	2.7%
Mercer	1,200	2.9%	2.9%	2.9%	2.8%	2.7%	2.7%
Towers Watson	773	2.8%	2.8%	2.8%	2.6%	2.6%	2.6%
Conference Board	415	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Economic Research Institute (ERI)	N/A	2.9%	2.8%	2.7%	2.3%	2.2%	2.1%
Management Association (national)	130	2.9%	2.9%	2.9%	2.8%	2.8%	2.8%

Sources

WorldatWork Salary Budget Survey for 2011-12

Hay Group 2011 Compensation Survey

AON Hewitt's 2011 and 2012 U.S. Salary Increase Survey

Mercer's 2011/2012 U.S. Compensation Planning Report

Towers Watson Salary Budget Survey

Conference Board U.S. Salary Increase Budgets for 2012

2012 ERI Salary Increase Survey

Management Association -2011 Salary Budget Survey

Projected Salary Structure Increase by Employee Level <i>Includes only adjustments to salary range midpoints or bands</i>							
Survey Source	Number of Orgs.	Projected Structure Increases - 2012			Actual Structure Increases - 2011		
		Executive	Exempt	Non-Exempt	Executive	Exempt	Non-Exempt
WorldatWork	2,256	2.0%	2.0%	2.0%	1.7%	2.0%	2.0%
Aon Hewitt	500	1.9%	1.9%	1.9%	1.6%	1.6%	1.6%
Mercer	1200	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Economic Research Institute (ERI)	N/A	1.7%	1.6%	1.5%	1.1%	1.0%	1.0%

Sources

WorldatWork Salary Budget Survey for 2011-12

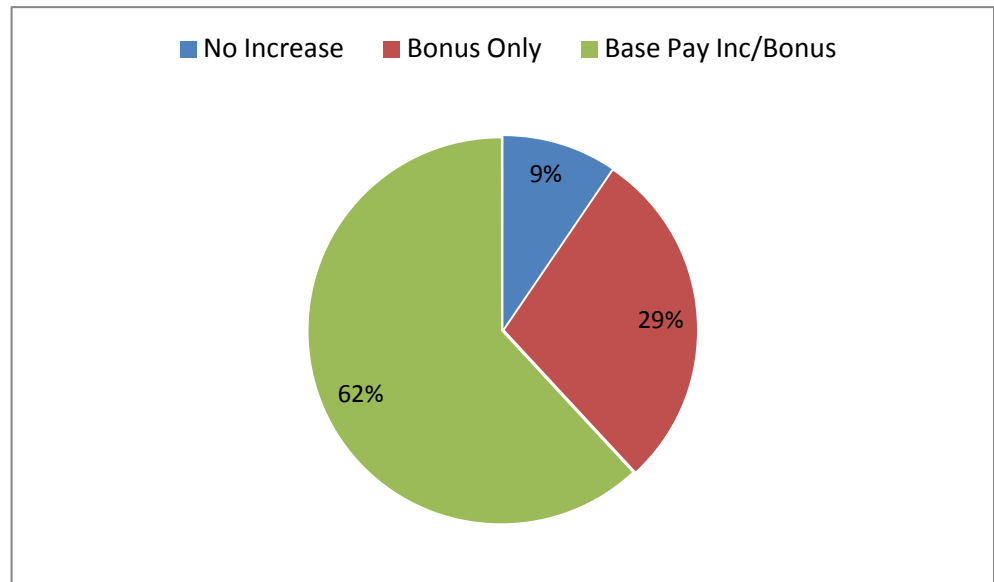
AON Hewitt's 2011 and 2012 U.S. Salary Increase Survey

Mercer's 2011/2012 U.S. Compensation Planning Report

2012 ERI Salary Increase Survey

Public Sector Salary Increases FY 2010 to FY 2012

Jurisdiction	FY 2010	FY 2011	FY 2012
No Increase			
Gloucester County	0.00%	0.00%	0.00%
York County	0.00%	0.00%	0.00%
Bonus Only			
Hampton	0.00%	0.00%	\$500
Portsmouth	0.00%	3.00%	2.00%
State of Virginia	0.00%	3.00%	0.00%
Suffolk	0.00%	2.00%	0.00%
Richmond	0.00%	0.00%	\$1,000
Norfolk	0.00%	0.00%	\$500
Base Pay Increase/Bonus			
Chesterfield County	0.00%	3% bonus	2.00%
Newport News	0.00%	\$500 bonus	2.00%
			2.3% + 4.4%
HRSD	4.4% merit	4.4% merit	merit
Isle of Wight	0.00%	0.00%	5% proposed
Chesapeake	0.00%	1.50%	1.50%
Hanover	0.00%	0.00%	2.25%
Henrico	0.00%	0.00%	2.37%
HRPDC	0.00%	0.00%	2.00%
			\$1,000 added to base and \$1,000 bonus
Poquoson	0.00%	\$1,000 bonus	bonus
SPSA	0.00%	0.00%	3.00%
Virginia Beach	0.00%	0.00%	2.50%
Williamsburg	0.00%	0.00%	2.00%
WJCC Public Schools	0.00%	0.00%	1.00%



**Profile of Employees
in Full-time Regular, Limited Term, and Other
General and Non-General Fund Positions
As of 10/28/2011**



685	Employees
56%	Male
44%	Female
44	Average Age
12	Average Years of Service
\$46,515	Average Salary
63%	Live in zip codes assigned to Williamsburg, Lanexa, Norge or Toano

Includes employees in General and Non-General Fund positions as listed in the most recent budget; does not include vacant positions.

**Number of Employees
in Full-time Regular, Limited Term, and Other
General and Non General Fund Positions
by Salary Groups
as of 10/28/2011**

	Employee Salaries Grouped in \$20K Increments	Number of Employees	Percent of Employees	
	< \$20,000	0		
	\$20,000 to \$39,999	290	42.3%	
	\$40,000 to \$59,999	289	42.2%	
	\$60,000 to \$79,000	67	9.8%	
	\$80,000 to \$99,000	22	3.2%	
	>\$100,000	17	2.5%	
		685		
Includes employees in General and Non-General Fund positions as listed in the most recent budget;				
does not include vacant positions.				

Financial Update

November 22, 2011

FY 2011 Results

	FY11 General Fund Budget	FY11 Actual	Variance
Revenues	\$160,717,221	\$165,111,997	\$4,394,776
Spending & Commitments	\$160,717,221	\$159,250,824	\$1,466,397

\$6.0 million to help balance the next two year budget

FY 2011 Results

■ Revenues exceeding budget highlights

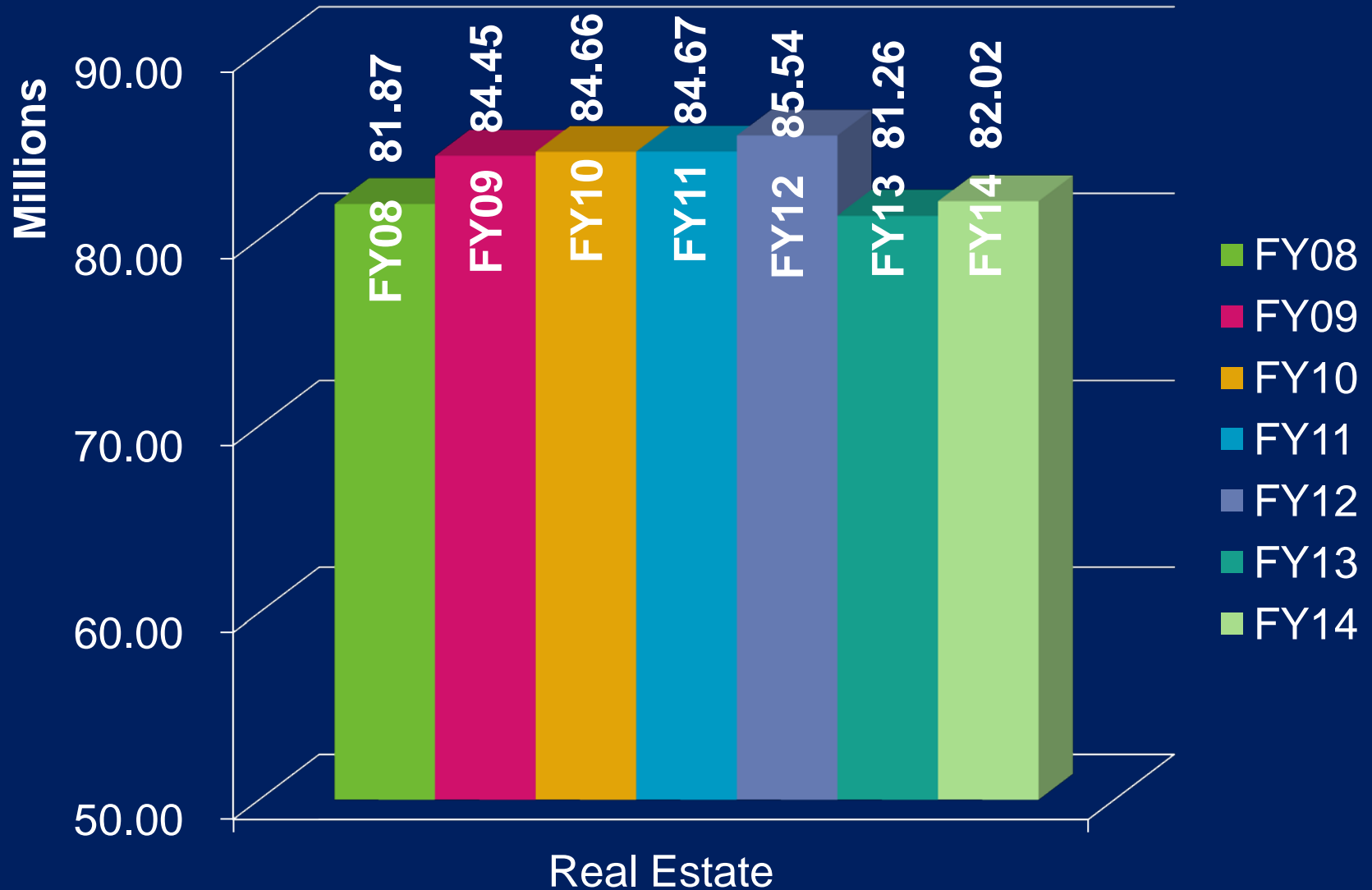
- Real Estate \$1.4 million
- Machinery & Tools \$600,000
- Local Sales Tax \$500,000
 - Mostly one time money
- Bank Franchise \$200,000
- BPOL \$550,000
- Building Permits \$200,000

FY 2012

- Revenues expected over budget:
 - Real Estate
 - Growth above expected
 - Machinery and Tools
 - BPOL

FY12 General Fund Budget	FY12 General Fund Budget Estimate	Variance
\$164.0M	\$166.0M	\$2.0M

Property Taxes



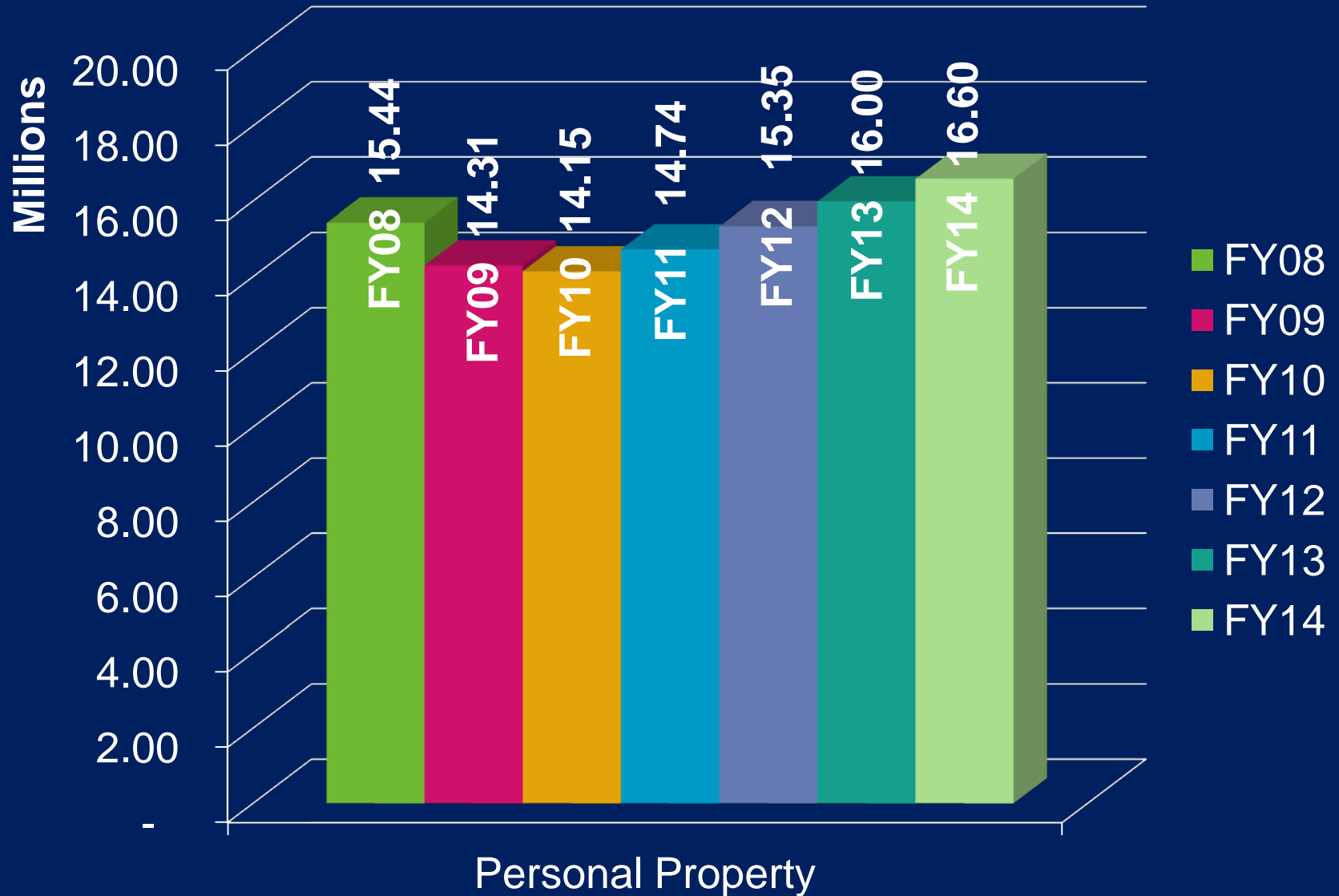
FY13 Real Estate

- Current Residential Reassessment estimated decrease—6%
- Large contingency for non residential reassessments and adjustments
- Some growth will offset reassessment decline
- Expected Real Estate Revenue budget decrease=\$3.5 million

Real Estate Segments



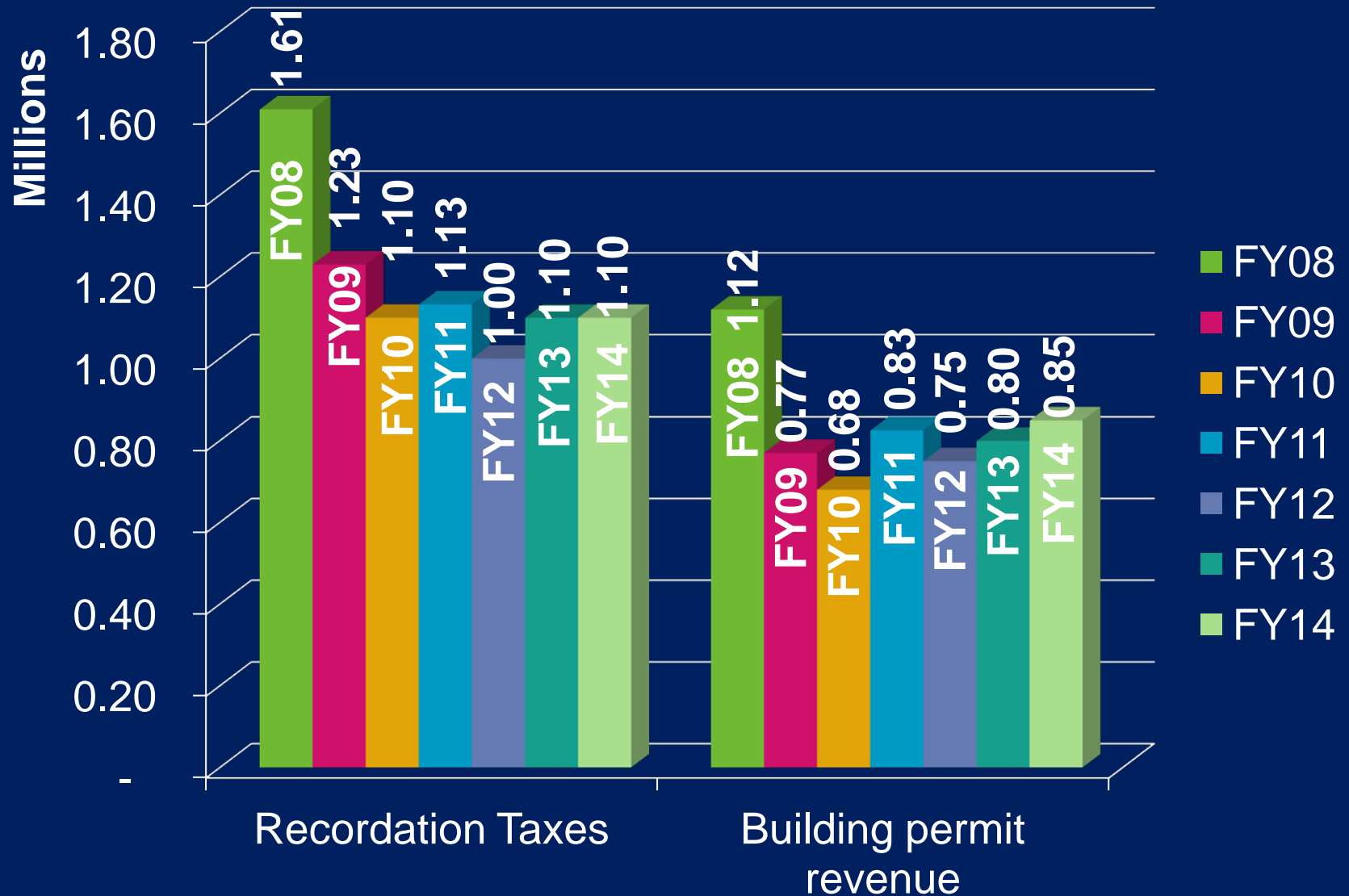
Property Taxes



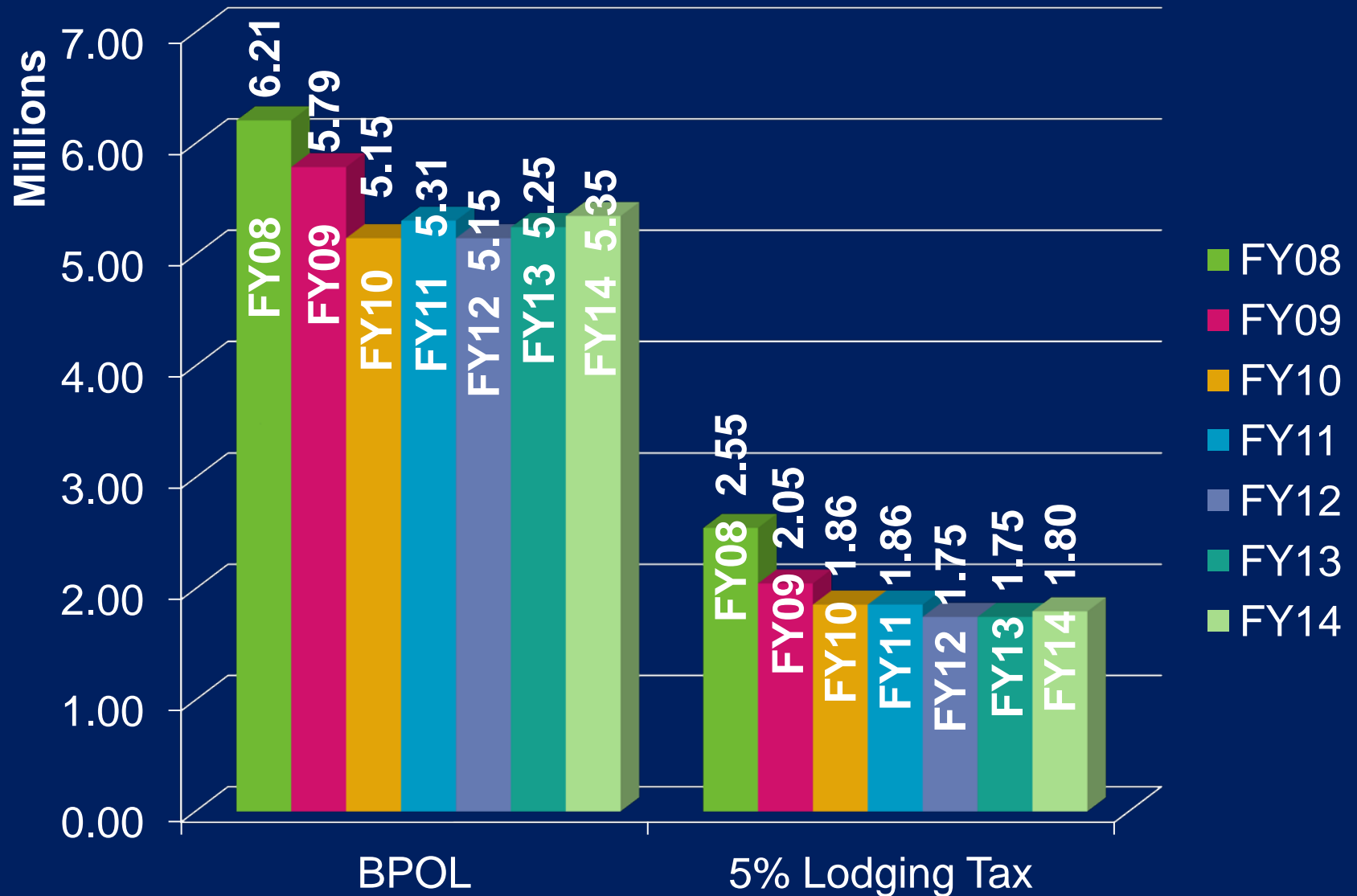
Other Property Taxes

- Positive trends in:
 - Personal Property
 - Machinery and Tools
 - Public Service
- Expected budgeted increase= \$1.2M

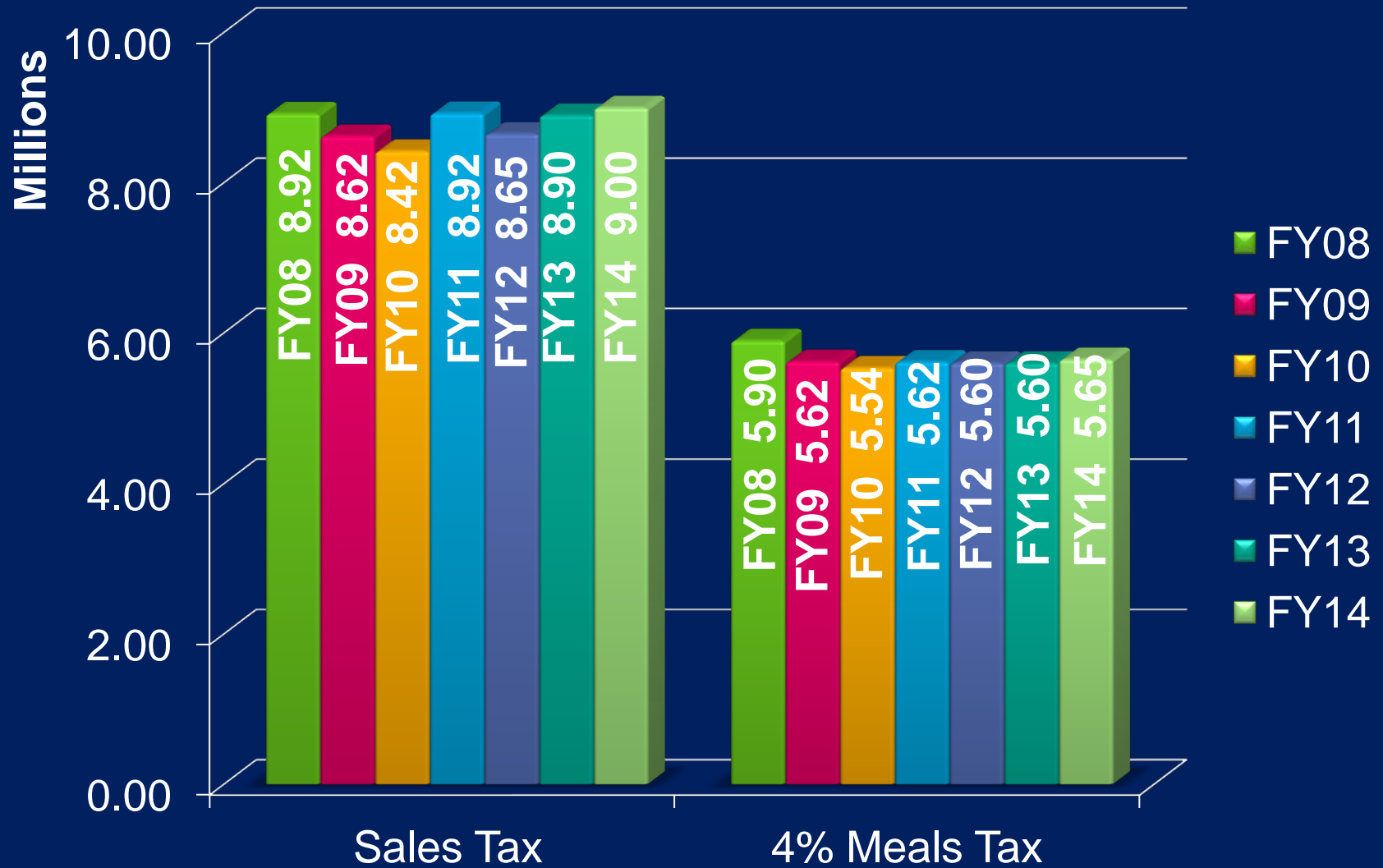
Building Related Revenues



Consumer Driven Revenues



Consumer Driven Revenues



JCC General Fund Revenues

FY12 Budget	\$164.0M
Real Estate	(\$3.5)M
Other Property Taxes	\$1.2M
Other Revenues	\$1.3M
FY13 Budget	\$163.0M

JCC General Fund Revenues

	FY12 Budget	FY13 Budget	FY14 Budget
General Property Taxes	\$108.9	\$106.6	\$108.0
Other Local Taxes	\$18.4	\$18.9	\$19.1
Licenses, Permits and Fees	\$6.4	\$6.9	\$7.1
Revenue from the Commonwealth	\$24.9	\$25.0	\$25.0
Other	\$5.4	\$5.6	\$5.6
Total	\$164.0	\$163.0	\$164.8

FY13/14 Recap

- Revenue budget decrease estimated at \$1.0M
- Use FY11 surplus over next few years to mitigate revenue decreases
 - Decrease debt service contribution by \$3 M each of the next two years.

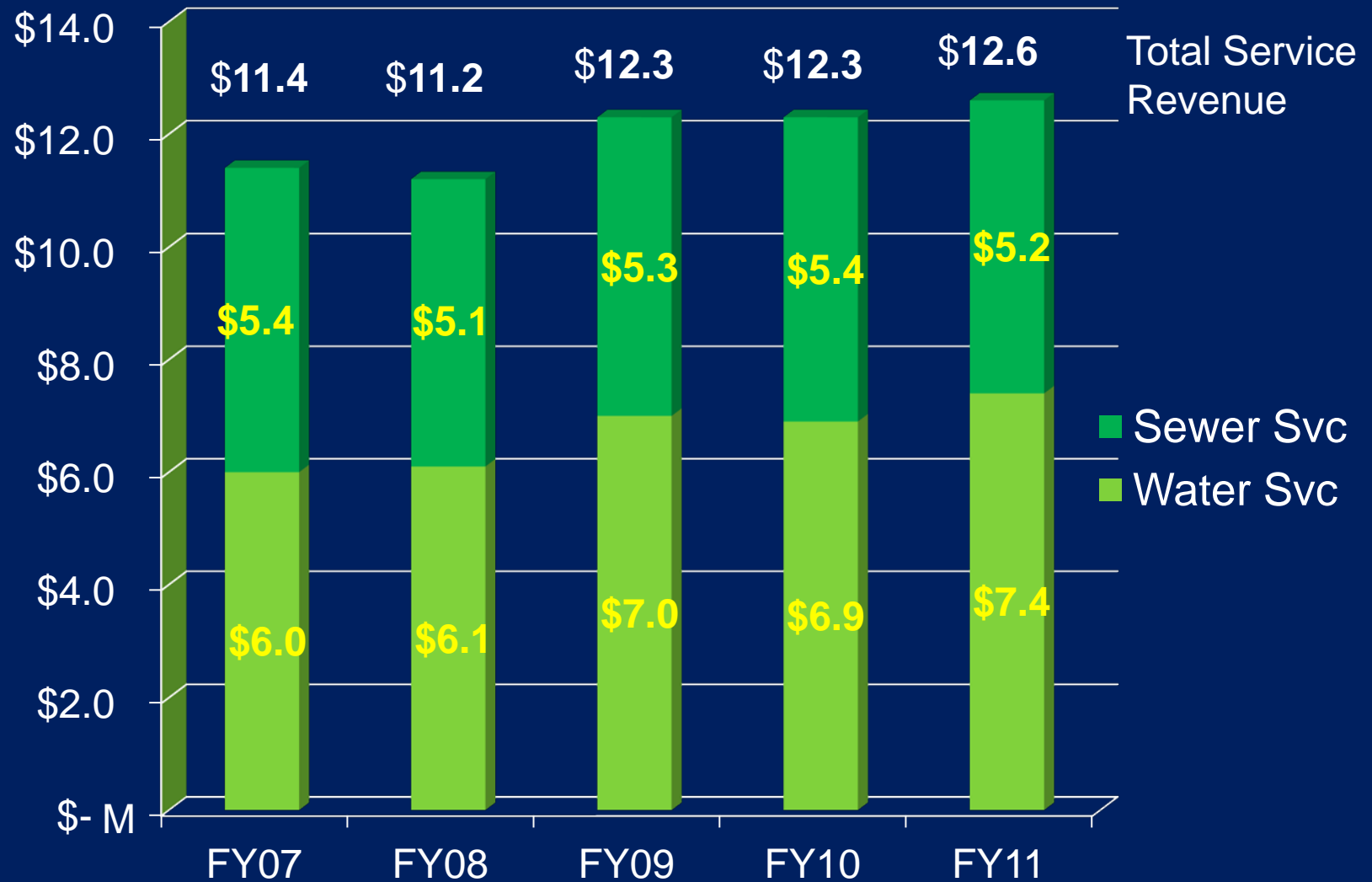
FY 2013/2014 Spending Issues

- Capital Maintenance in CIP
- VRS increases for both County and Schools
- TMDL
- Compensation

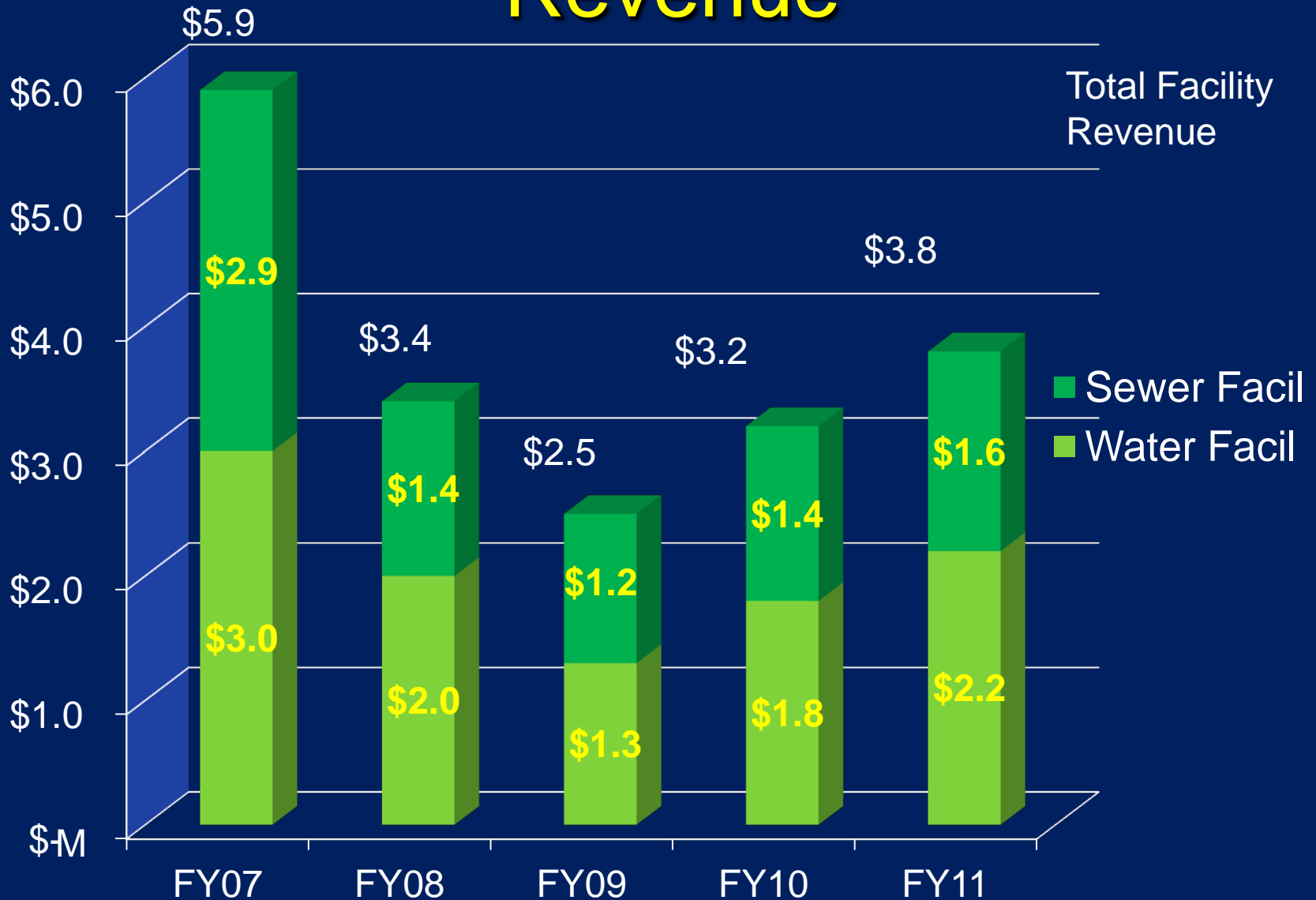
JCSA FY 2013/2014 Budgetary Issues

- Consent Order likely to start FY14
- Costs & timeline fluid, subject to regulatory approval and results achieved over time
- Current estimate \$4.0M/year over 20 years for Consent Order items, FY12 entire CIP budget is \$3.3M – Sewer \$1.6M, Water \$1.5M, Other \$200K
- Sewer connection revenue (FY12 budget-\$1.3M) won't cover Consent Order costs, investigating options

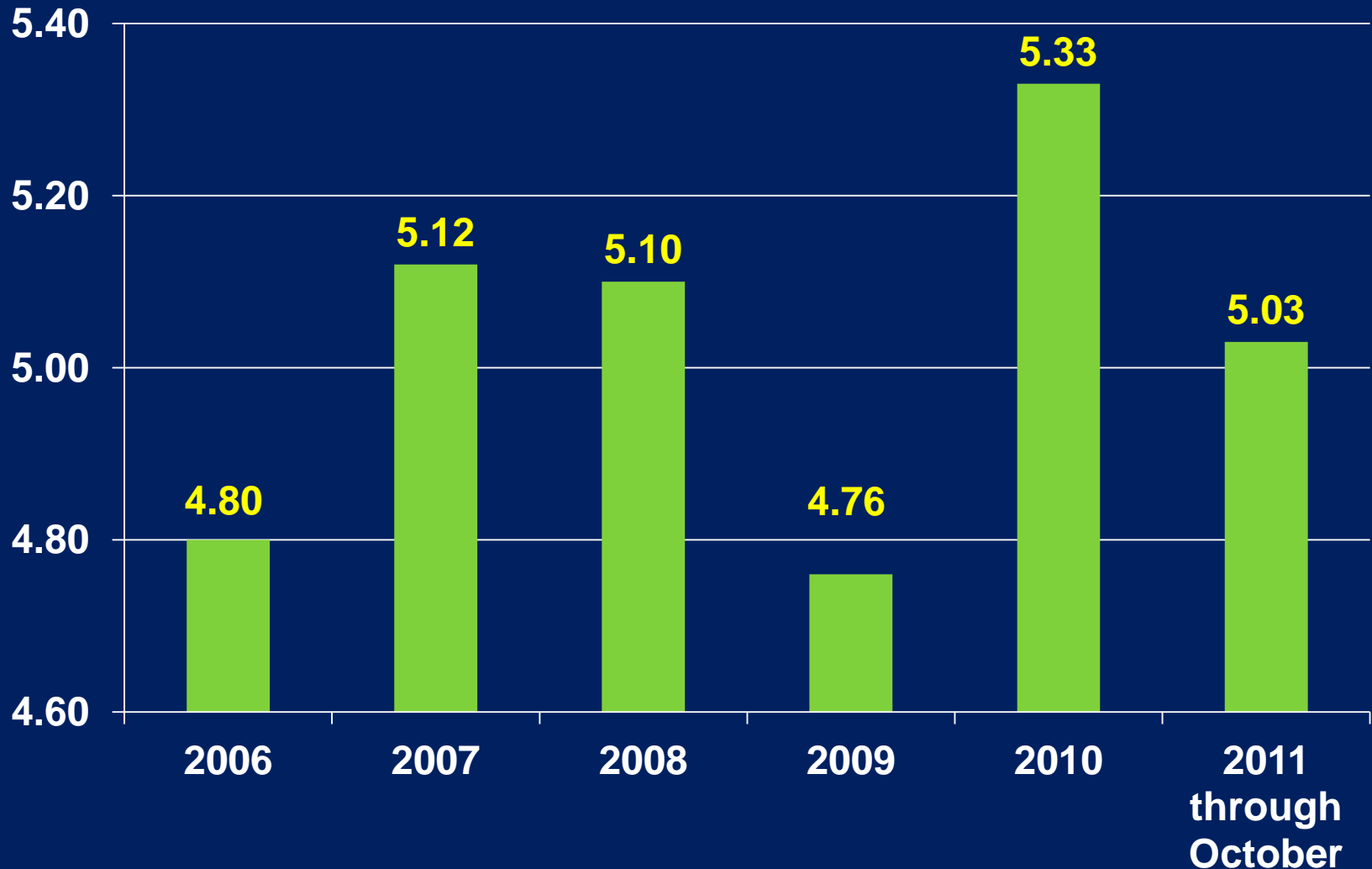
JCSA Service Revenue



JCSA Facility (Connection) Revenue



Average Daily Water Production- Millions of Gallons Per Day



Questions?

**JAMES CITY COUNTY
DRAFT 2012 LEGISLATIVE PROGRAM**

Part I. Legislation to be Introduced on Behalf of the County

1-1. INCLUSION OF JAMES CITY COUNTY AMONG THOSE LOCALITIES WHICH MAY ENACT AGRICULTURAL AND FORESTAL DISTRICTS OF LOCAL SIGNIFICANCE

Amend Virginia Code §§ 15.2-4402 and 15.2-4407 to include James City County among those localities which may establish agricultural and/or forestal districts of local significance.

1-2. AMEND TAX REVENUE SHARE IN LOCAL TOURISM ZONES

Amend Virginia Code § 58.1-3851.1 to remove references to “one percent” of sales tax revenues in favor of the revenue collected from “the one percent sales tax.”

1-3. INCREASED CIVIL CHARGES FOR INDIVIDUALS WHO VIOLATE CHESAPEAKE BAY PRESERVATION ORDINANCES

Amend Virginia Code § 10.1-2109.E(2) to permit localities to provide for a one-time payment of civil charges for each violation in an amount not to exceed \$25,000 for each violation.

1-4. INCREASED CIVIL PENALTIES FOR OWNERS OF PROPERTY UPON WHICH EXCESSIVE TRASH AND/OR UNCUT GRASS IS PRESENT

Amend Virginia Code § 15.2-901.C to allow localities to assess civil penalties in the amount of \$200 for the first violation and up to \$1000 for each subsequent violation of an ordinance adopted pursuant to Virginia Code § 15.2-901.

1-5. LOCALITY AGREEMENTS TO ADMINISTER VDOT PROJECTS

Amend Virginia Code § 33.1-75.3 to provide that the governing body of locality must agree to locally administer a Virginia Department of Transportation (VDOT) project. Such an amendment will assure local buy-in on VDOT projects and avoid an unfunded mandate.

1-6. MAINTENANCE OF MEDIANS

James City County supports legislation authorizing the Virginia Department of Transportation (VDOT) to enter into median maintenance agreement with localities provided that there is no reduction in VDOT funding for the maintenance of state-owned medians.

**JAMES CITY COUNTY
DRAFT 2012 LEGISLATIVE PROGRAM**

Part II. Position/Legislation Supported by the County

2-1. STATE FUNDING FOR TOURISM

The County urges the General Assembly to increase funding for the Virginia Tourism Corporation (“VTC”) to promote tourism in Virginia generally, and the Historic Triangle in particular.

2-2. APPLICATION OF TRANSIENT OCCUPANCY TAX TO TRAVEL COMPANIES AND INTERNET SALES

James City County supports a clarification of Virginia Code § 58.1-3819 et seq., to make sure that the transient occupancy tax applies to the entire amount charged for rooms by travel companies and on Internet sales regardless of any discounted rates paid by such companies for such rooms. This would provide equal taxing of room sales by Virginia businesses and Internet sales companies.

2-3. INTER-CITY RAIL IN SOUTHEAST VIRGINIA

The County supports planning for a commuter rail system from Richmond through the Peninsula to Virginia Beach to connect urban centers for commuters and provide transportation alternatives for tourism.

2-4. TRANSPORTATION FUNDING

James City County urges the General Assembly to address critical transportation infrastructure needs. Transportation should be addressed as a statewide issue rather than a regional or local issue.

2-5. MAINTENANCE OF NEW AND EXISTING SECONDARY ROADS

James City County opposes any legislation that would transfer to counties the responsibilities to construct, maintain or operate new or existing roads without adequate state funding.

2-6. BEHAVIORAL HEALTH AND COMPREHENSIVE SERVICES ACT (“CSA”) FUNDING

James City County urges the General Assembly to: 1) adequately fund the Medicaid waiver program to reduce the waiting list of individuals and families now eligible for services; 2) provide services to children with serious emotional disorders; and 3) to cover reasonable administrative costs for CSA programs. Adequate funding and services will help prevent the mentally ill from being released early from treatment, living on the streets, going to jail, or being inappropriately placed in residential facilities or other government programs.

2-7. SUBSTANCE ABUSE AND MENTAL HEALTH TREATMENT

James City County supports maintaining State funding for mental health and substance abuse treatment in jails and juvenile detention facilities given the overwhelming percentage of adults and juveniles in the system diagnosed with mental health and/or substance abuse conditions.

2-8. TAX EQUITY BETWEEN CITIES AND COUNTIES

James City County supports equal taxing authority for cities and counties.

2-9. STATE FUNDING FOR PUBLIC EDUCATION, PRE-K, K-12 AND HIGHER EDUCATION

The County supports restoring the funding cuts made to pre-K and K-12 funding. In addition, the County supports restoring the funding cuts made to higher education which could cripple some of the most prestigious higher education institutions in the world, including the College of William & Mary.

2-10. ADEQUATE FUNDING FOR PUBLIC LIBRARIES

James City County supports the State maintaining funding to public libraries to make sure that the State and the localities maintain their proportionate share of funding.

2-11. PROVIDE ADEQUATE FUNDING FOR STATE MANDATES

Given the difficult budget year faced by the Commonwealth and localities, James City County calls upon the General Assembly to oppose unfunded mandates and to reduce existing State mandates commensurate with any reduction in State funding to localities. This is consistent with Governor McDonald's initiative to reduce imposing unfunded mandates on localities.

2-12. MAIN STREET FAIRNESS ACT / STREAMLINED SALES TAX AGREEMENT

James City County supports legislation enabling Virginia to endorse the Streamlined Sales Tax Agreement and to become a full member of the Streamlined Sales Tax Governing Board.

2-13. LEGISLATIVE PROGRAMS OF THE VIRGINIA MUNICIPAL LEAGUE, THE VIRGINIA ASSOCIATION OF COUNTIES AND THE VIRGINIA COALITION OF HIGH GROWTH COMMUNITIES

James City County supports the legislative programs of the Virginia Municipal League, the Virginia Association of Counties and the Virginia Coalition of High Growth Communities.