

# County Administrator's Budget Message

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## To: The Members of the Board of Supervisors

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In this document I present to you and the citizens of James City County the proposed budget for the Fiscal Year 2012 beginning July 1, 2011 (FY 2012). This is a restrained budget that attempts to reallocate resources to meet community needs and avoid adding annual recurring expenditures. Even though some revenues and economic indicators are beginning to increase, this budget is prepared with a view to the next biennium (FY 2013-2014) and challenges that are anticipated.

This budget restraint could be described by what is not included for FY 2012.

- There are no changes in tax rates and no changes in fees.
- There is no overall pay increase for County employees.
- There is no increase in the number of County employees.
- There is no general reassessment of real property.

This budget proposal includes a reallocation of internal resources that I have implemented in FY 2011 and includes moving positions to target areas in the County's organization, like economic development and zoning enforcement, where I believe they can be used to significantly enhance those programs.

This year we revisited the County's Strategic Plan, the common foundation that guides our work. I have worked with staff and the Board on a revised vision and we reaffirmed the County's mission and established a new set of values. The budget document is slightly different in appearance this year in anticipation of a revised strategic plan and as we transition to a budget with a higher focus on outcomes. This budget presents for each operating department a more full explanation of the key services provided. As the County's Strategic Plan is developed the department outcomes will align with the broader goals in the plan.

The FY 2012 budget increases \$3.1 million from the adopted fiscal plan, an increase of 1.9 percent, and \$3.3 million or 2.0 percent from the FY 2011 adopted budget. After three years of declining budgets it would be tempting to use the increase in projected revenues to add to recurring spending. Several priorities such as compensation increases or additional staff or expanded contributions to the several regional agencies we participate in could be addressed. However, looking ahead to FY 2013 and FY 2014, this budget had to avoid the addition of recurring costs, if at all possible.

A portion of the increase in funding in FY 2012 has been driven by the same kind of spending increases that affect the average citizen – increases in fuel costs, health insurance, equipment maintenance and impacts of increasing rates for electricity. The rest of the revenue increase is directed to one-time spending. Examples are capital projects, a watershed study, voter redistricting, increasing the contribution to the debt service reserve fund and in creating zoning ordinance amendments to implement the recently amended 2010 Comprehensive Plan.

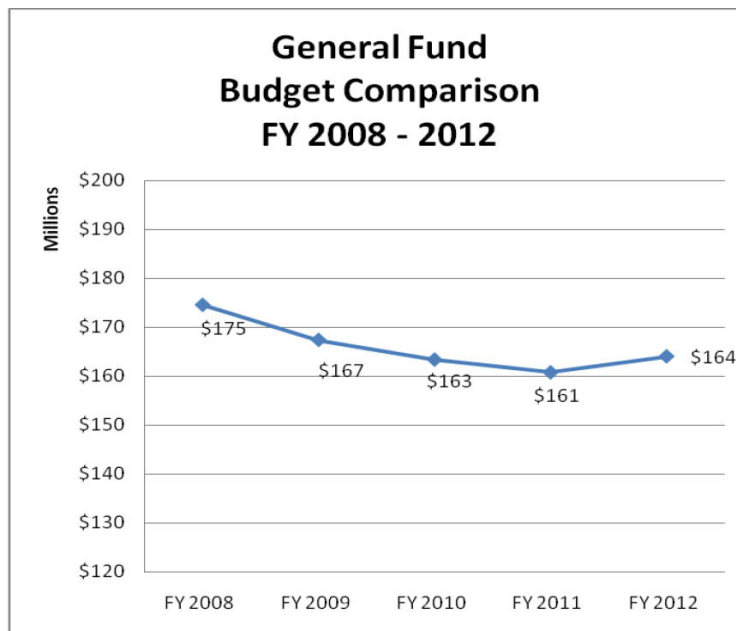
## County Administrator's Budget Message

This budget also proposes an increase in County funding beyond that in the adopted fiscal plan to the Williamsburg-James City County (WJCC) public schools. Maintaining a high-quality high-performing educational system for K-12 and pre-kindergarten programs is a priority that both the Board and the community have insisted is essential.

Targeted capital maintenance helps to retain and improve the value of prior public investments, including our public schools.

### Economic Conditions as a Backdrop

A budget proposal of \$164 million for FY 2012 needs to be considered in the context of the economic challenges experienced by the County and its residents over the past several years. Four years ago the FY 2008 adopted County budget was \$175 million and the past three budget cycles have focused on spending less money while minimizing the impact on public services.



Over 64 regular County positions have been eliminated, almost all by attrition. Local funding for WJCC Schools has been least impacted, with a slight increase, but two new schools were added in FY 2008 (Warhill High and Matoaka Elementary Schools) and two additional new schools since (Hornsby Middle and Blayton Elementary Schools in September 2010).

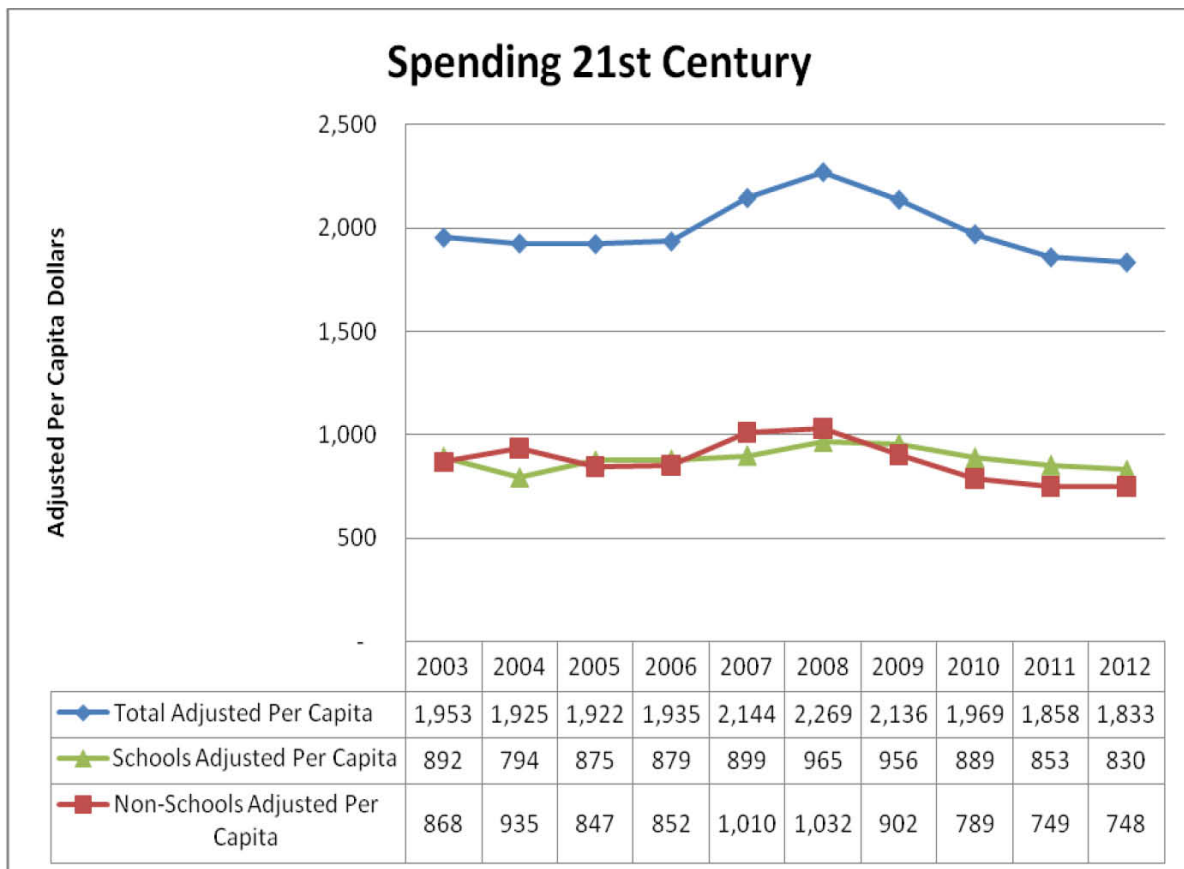
Even as budgets and personnel costs have been reduced, the need for services to citizens in most County offices is increasing. Both the economy and the County's increasing population have increased workloads in most departments.

The County's residential population has grown from an estimated 61,700 in FY 2008 to over 67,000 according to the recent 2010 census. James City County was the fifth fastest growing Virginia locality since the 2000 census. The economy has created added workload in Social Services, the courts, and in law enforcement. The combination of reductions in the workforce

## County Administrator's Budget Message

and increases in workload has added stress to existing County staff who continue to provide high quality services. This stress might be acceptable for a specific period of time but it cannot continue indefinitely. Over the next several years, service expectations need to be reduced or additional positions need to be added.

With County spending on the decline and a fast growing population, it is no surprise that per-capita spending in the FY 2012 budget, adjusted for inflation, is lower than it has been in the past decade.



# County Administrator's Budget Message

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## GENERAL FUND

### Revenues

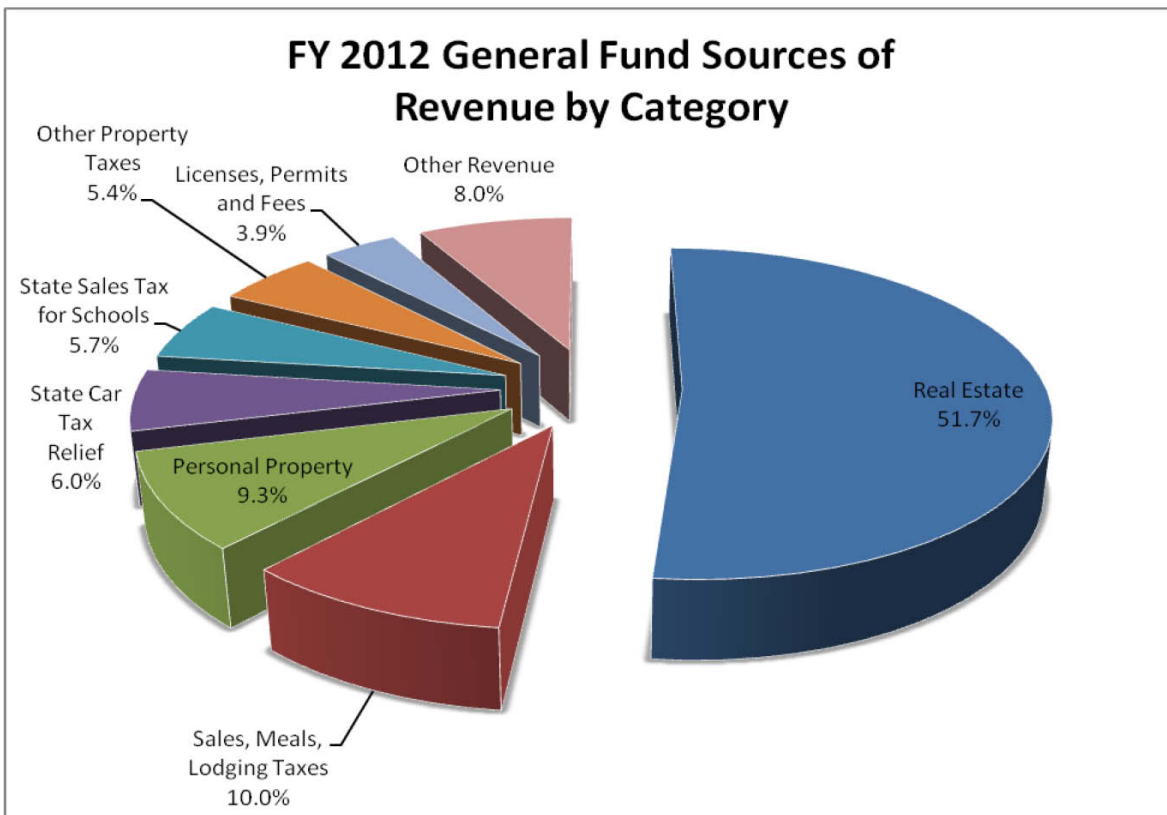
The increase in the projected property tax revenue accounts for \$2.7 million of the \$3.3 million revenue increase in FY 2012. There is no reassessment in FY 2012 nor is a tax rate increase proposed so the increase in **real property tax** revenues comes entirely from new development. New construction still continues as property owners invest in developing both residential and commercial projects. The FY 2012 budget projects an estimated 28 percent increase in **building permit fee revenue** as both residential and non-residential construction begins a modest upward curve. **Personal property taxes** also reflect the impact of the County's population growth and new vehicles have been added to the tax roles. **Machinery and tools** tax revenues also have increased as County manufacturers, led by Owens-Brockway, have invested in expansions and new equipment.

Consumer spending, as reflected in **sales, meals and lodging taxes** paid by both residents and visitors, remains relatively flat. Revenues from **fees and charges for services** are expected to decline overall as budget-conscious consumers are reducing discretionary spending for services like the before- and after-school recreation programs and memberships at the Community Center.

**State revenues** decline slightly, except for the pass-through of the one-penny sales tax for education. The **State Sales Tax for Education** is one penny of the State wide five-cent sales tax distributed to the localities in proportion to the number of school age children and the increase for the County represents both the growth in retail sales Statewide and a higher census of school-age children.

## County Administrator's Budget Message

	<b>FY 2011 Adopted</b>	<b>FY 2012 Proposed</b>	<b>Share of FY 2012 Budget</b>	<b>% Change from FY 2011</b>
Real Estate	\$ 83,302,075	\$ 84,786,304	51.7%	1.8%
Sales, Meals, Lodging Taxes	\$ 16,375,000	\$ 16,400,000	10.0%	0.2%
Personal Property	\$ 14,590,859	\$ 15,331,816	9.3%	5.1%
State Car Tax Relief	\$ 9,770,137	\$ 9,770,137	6.0%	0.0%
State Sales Tax for Schools	\$ 8,900,000	\$ 9,350,000	5.7%	5.1%
Other Property Taxes	\$ 8,312,500	\$ 8,797,500	5.4%	5.8%
Licenses, Permits and Fees	\$ 6,241,250	\$ 6,377,000	3.9%	2.2%
Other Revenue	\$ 13,225,400	\$ 13,187,243	8.0%	(0.3%)
	<b>\$160,717,221</b>	<b>\$164,000,000</b>	<b>100.0%</b>	<b>2.0%</b>



# County Administrator's Budget Message

## Personnel and Compensation

Costs for full time salaries increase by an insignificant amount from FY 2011. There is no general pay raise. Included in these increased costs are salary adjustments for employees who complete the requirements to advance along a career ladder, such as Police Officer to Senior Police Officer, and adjustments to fewer than 10 positions which have changed significantly or are significantly behind the market. \$48,000 is set aside for annual **Line of Duty Act (LODA)** payments recently adopted as an unfunded mandate by the State. The program already exists and is designed to help first responders and their families in the event of a catastrophe. The recent State budget challenges, however, have resulted in a shift of program costs from the State to local governments.

**Overtime policies**<sup>1</sup> for Police and Fire employees are being changed so that paid time off will count towards time worked in calculating overtime. This has an additional estimated annual cost of \$80,000 and is being recommended to retain and recruit these employees in an environment where most other localities in the Hampton Roads region already have enacted this provision.

**Virginia Retirement System (VRS)**<sup>2</sup> payments continue to be budgeted and paid based on the contribution rate adopted by the VRS Board of Trustees. The County has the ability to require employees hired after July 1, 2010, unless they were already covered by VRS through a former employer, to pay the employee share of VRS. These employees are designated as Plan 2 employees of which half are new hires in public safety (police and fire). A legislative proposal to allow the County to require all employees to pay 5 percent of their salaries towards VRS was not passed by the General Assembly. For reasons of competitiveness and equity among employees, this budget does not recommend that Plan 2 employees pay the employee share. Newly-hired firefighters and police officers experiencing a 5 percent reduction in pay would be especially vulnerable to being hired away by other localities after we have invested heavily in their training. When the legislation passes that would allow the County to consider having every County employee pay into VRS, then it will be my recommendation that the County enact that change, with a corresponding raise.

### **The budget proposal includes previously realigned and existing positions moved to other responsibilities:**

- A position vacated by retirement in Real Estate Assessments has been re-designated as a programmer analyst in Information Resources Management and will provide tools and services to help improve productivity;
- An existing Fire Department employee, whose major responsibilities have focused on fire safety and citizen education programs, has been moved within the Fire Department to Emergency Management;

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<sup>1</sup> Please see addendum on pages A-16 for changes from the proposed budget to adopted budget.

<sup>2</sup> Please see addendum on pages A-16 for changes from the proposed budget to adopted budget.

## County Administrator's Budget Message

- A Senior Planner has been assigned the responsibilities of a Business Development and Retention Coordinator within the Office of Economic Development to expand the County's efforts in these areas;
- A Development Management Assistant has been assigned the responsibilities of a Zoning Officer in a newly separated Zoning Enforcement Division to allow the County to respond to complaints more quickly and to be proactive in addressing issues before they become problems;
- A vacant position in Financial and Management Services has been re-designated as a Buyer in Purchasing to provide the staffing necessary to reap the potential savings from this shared service with the Schools;
- An Inclusion Coordinator in Parks and Recreation has been added to coordinate services to disabled children and to assist in meeting licensing requirements in several recreation programs, including before- and after-school and summer recreation camps. This position was reallocated from the Treasurer's Office, which has opted for a part-time position.
- Several positions are being moved from the Stormwater Division to other departments and divisions. A Senior Civil Engineer is being moved from the General Service's Stormwater Division to Development Management's Engineering and Site Development Division, which was previously named the Environmental Division.<sup>3</sup> The County Engineer, previously in Stormwater, and a Stormwater Inspector position have been moved from Stormwater to Capital Projects within General Services. These reassignments are designed to clarify the lines of business by assigning all duties to Development Management while a private project is under development or construction in the County. Construction and maintenance of County projects and infrastructure will remain the responsibility of General Services. Duties for dam safety inspections and floodplain and watershed management studies become the responsibilities of the Division of Engineering and Site Development. While no positions are being transferred, the Code Compliance Division has been renamed as the Division for Building Safety and Permits.

**Health insurance** renewals have resulted in an average 4.3 percent increase for the three plans now offered County employees. Health insurance costs are, and will continue to be, shared between the County and the employees. Other employer costs for employees, such as **worker's compensation** and **unemployment**, have actually declined.

Compensation for temporary positions is the only compensation area showing an increase in FY 2012 and directly relates to election officers. The County's population increase as reported by the 2010 Federal Census will require the redistricting of local, State and Congressional voting districts. Primaries originally scheduled this fiscal year will be pushed into the next – four general and primary elections are projected in FY 2012 – and additional precincts will be added for a growing number of registered voters.

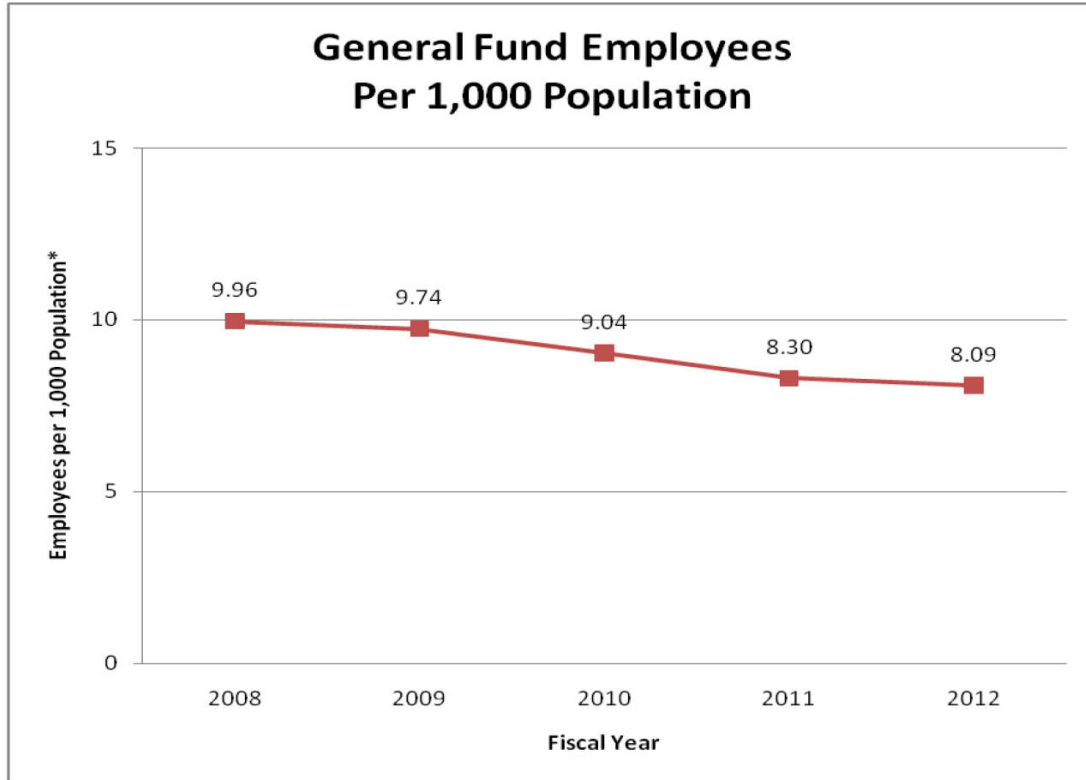
As previously stated in this message – there are no new positions and budgeted salaries increase by 1 percent in FY 2012. All changes and reallocations have been made with little impact on the

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<sup>3</sup> Please see addendum on pages A-16 for changes from the proposed budget to adopted budget.

## County Administrator's Budget Message

total personnel budget for County operations. There are 8.09 full-time General Fund positions per 1,000 residents in the FY 2012 budget, a significant reduction from the 9.96 positions per 1,000 in FY 2008.



\*Population data obtained from Population Estimates provided by Weldon Cooper Center for Public Service as updated on February 14, 2011 for 2008-2009, 2010 Census, and the James City County Planning Division for 2011-2012.

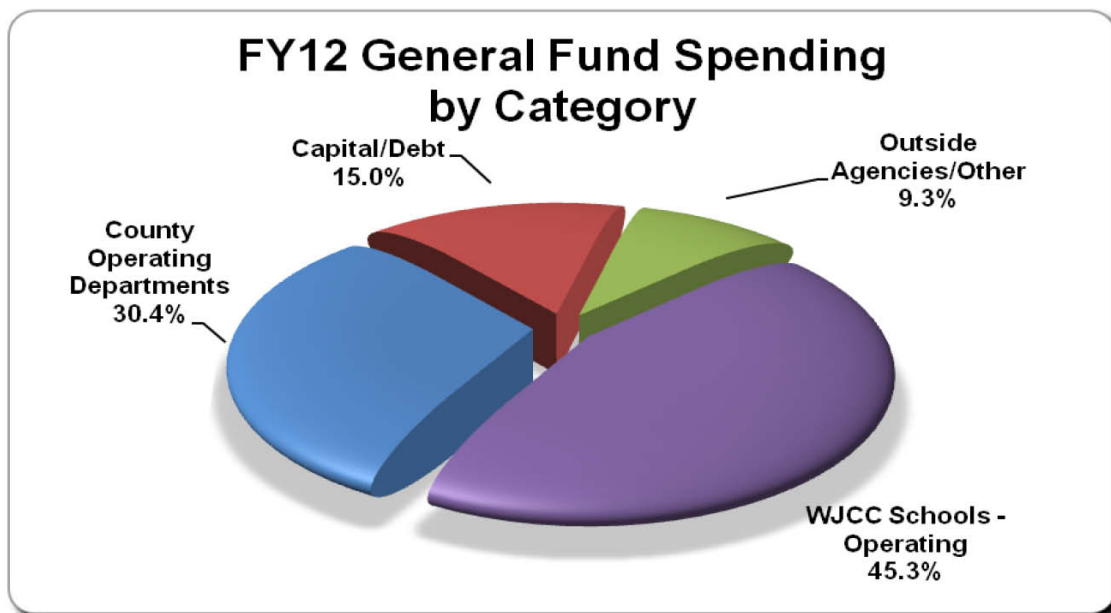
### Non Personnel-Related County Operating Expenditures

The County has been aggressively pursuing energy savings – retrofits to doors and windows, replacing HVAC elements, creating more user awareness of costs, modernizing servers, printers and appliances and is investing in alternative energies such as geo-thermal and/or alternative-fueled automobiles. Projected increases in fuel costs and Dominion Virginia Power rate increases certainly justify the County's past initiatives in saving energy but they result in reduced savings, and in some cases increased costs, in basic utility operations.

Increased costs for leases and maintenance of emergency communications systems and the County's fiber network are included in the FY 2012 budget, as are the costs of opening three new public facilities – the new police building, the Freedom Park interpretive center, and a new Fire Administration and Training facility (an expansion and renovation of the current Law Enforcement Center) – although all are being opened with no increase in current staff. Postage costs increase due to the timing of several large mailings to County residents, including new voter registration cards in the summer of 2011 and changes in property reassessment notices in March 2012.

## County Administrator's Budget Message

	<b>FY 2011 Adopted</b>	<b>FY 2012 Proposed</b>	<b>Share of FY12 Budget</b>	<b>% Change from FY11</b>
County Operating Departments	\$ 48,630,199	\$ 49,935,562	30.4%	2.7%
Capital/Debt	\$ 23,800,000	\$ 24,643,000	15.0%	3.5%
Outside Agencies/Other	\$ 14,487,022	\$ 15,171,438	9.3%	4.7%
WJCC Schools - Operating	\$ 73,800,000	\$ 74,250,000	45.3%	0.6%
	<b>\$160,717,221</b>	<b>\$164,000,000</b>	<b>100.0%</b>	<b>2.0%</b>



### Education

This budget includes an additional \$450,000 contribution of County funds to the operations of the Williamsburg-James City County Schools, an increase from both FY 2011 and from what had been planned for the Schools in FY 2012. This recommendation does not fully fund the Schools Board's request, however, it falls \$525,000 short of that figure. The County's investment focuses on a "budget of need" for school operations, even if it does not fully fund a proposed contingency, represented by a request for a number of budgeted positions that are held in "reserve". If circumstances and enrollment changes in FY 2012 reach the point that additional teaching positions are needed and cannot be funded any other way, I will recommend a supplemental appropriation in mid-year.

State revenue reductions and the end of Federal stimulus money has created a challenging budget environment for WJCC and has resulted in increases in the School Board's funding requests to both the City of Williamsburg and the County. The County's funding does not quite fully fund

## County Administrator's Budget Message

the School Board's funding request for the operating budget but does provide \$74,250,000 or 99.3% of what was requested. Both the County and the School Board must look ahead to the next biennium and the reduction in property tax revenues resulting from a general reassessment of real property in the County.

### Outside Agencies

Funding requests from outside agencies are always critically reviewed by a variety of staff and community groups and while the FY 2012 budget recommends funding at the level identified in the adopted fiscal plan for most of the agencies, a few will see reduced levels of funding and a few will receive no funding at all.

**Community Service Agencies**<sup>4</sup> like Avalon and the Community Action Agency that provide safety net services for the County's neediest citizens are funded in accordance with the fiscal plan. One exception is the Historic Triangle Senior Center (HTSC), whose funding would be re-designated in some form to refocus services on low-income seniors or those at-risk. The funding was originally approved with that target group in mind but the population served by the Center has shifted. Funding to the HTSC for its programmed activities has been eliminated. The current funding recommendation is focused exclusively on the RIDES program offering transportation for seniors to medical appointments.

Funding has also been eliminated for the Peninsula YMCA where contributions to a capital campaign have been made to allow use of the pool on Mooretown Road by WJCC high school swim teams. The pool has not been used by the teams for practice or competition so the final installment of \$50,000 in FY 2012 has been eliminated.

A contribution to Big Brothers/Big Sisters (BB/BS) has been eliminated but the Department of Social Services has added funds to contract with BB/BS for mentoring services to children at-risk.

**Business and Regional Associations**<sup>5</sup> are important partners in a variety of ways but in evaluating what the citizens of James City County actually receive in services, these funding levels have been adjusted. Funding allocations to the Crossroads Group, the Peninsula Chamber of Commerce, the Regional Air Service Enhancement Fund (the County's Economic Development Authority funds this as well) and to those advocating for Virginia High Speed Rail have been eliminated. Reductions have been made in the funding requested by the Military and Federal Facilities Alliance and the Hampton Roads Partnership. One new funding allocation has been allotted to the NASA Aeronautics Support Team for their green aviation lobbying initiatives.

**Educational and Environmental** agency requests have not been fully funded, including a request for site improvements at the Hampton campus of Thomas Nelson Community College. The request of the Colonial Soil and Water Conservation District (CSWCD) is not funded

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<sup>4</sup> Please see addendum on pages A-16 for changes from the proposed budget to adopted budget.

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## County Administrator's Budget Message

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through a general contribution of County funds. Departmental funding, however, is in place to contract with the CSWCD for specific services relating to services connected with the County's water quality initiatives.

**Public Safety Agency** budget requests continue to be funded. With the County assuming responsibility for motor fuels and vehicle and equipment maintenance and with the recent approval of a new mechanic in the County's Fleet Maintenance function, the James City-Bruton Volunteer Fire Department (JCBVFD) budget request is fully funded, as is a requested contribution to the JCBVFD capital campaign.

The **Health Services and Regional Entities** category includes agencies that receive relatively significant levels of County funding, such as Olde Towne Medical Center, Williamsburg Regional Library (WRL), Virginia Peninsula Regional Jail, Merrimac Center, Colonial Behavioral Health and the Peninsula Public Health Department. As a group these agencies are essentially flat funded, with reductions in funding to WRL offset by modest increases to agencies such as the Virginia Peninsula Regional Jail and the Group Home Commission.

One exception is the County's contribution to the Public Health Department where the General Assembly reduced fees for State Health Department inspections of restaurants and passed a portion of the funding on to the localities. This resulted in a 10.5 percent increase in County funding of \$34,492.

**Tourism Agency Funding** comes from two sources, 60% of the revenues collected by the County's 5% lodging tax (estimated at \$1,080,000) and 100% of a special assessment of \$2 per lodging night (estimated at \$700,000 and directed by law to the Williamsburg Area Destination Marketing Committee). The lodging tax proceeds have usually been split between a marketing contribution to the Greater Williamsburg Chamber and Tourism Alliance (Alliance) and venues or events such as Jamestown-Yorktown Foundation and Historic Jamestowne.

As the locality with the fewest hotel rooms in the Historic Triangle, James City County is making the largest contribution to the Alliance for tourism marketing. In FY 2012 the contribution to the Alliance is being reduced to provide a similar contribution as the City. The reduction in funding from the current \$875,000 to a level that matches the City contribution of \$650,000 may be the first year of a multi-year program to equalize contributions to the Alliance on a "per hotel room" basis. The County contribution, even at this reduced level in FY 2012, is still larger than York's, and James City County has fewer hotel rooms. Funding is not recommended for a request for funds received from the Hotel/Motel Association.

In FY 2012 a portion of the lodging tax proceeds (\$280,000) will be invested in a **Tourism Investment Fund** for County-specific projects, venues, and special events.

Funds in the amount of \$500,000 will be transferred from the County General Fund to the **Special Projects Fund** - \$200,000 to be administered by the Engineering and Site Development Division for a watershed study of the York River tributaries, \$250,000 for neighborhood storm drainage and stream restoration projects, and \$50,000 for a pilot program to invest in property improvements that minimize the impacts of localized flooding. These projects might include

## County Administrator's Budget Message

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raising heat pump units or landscaping improvements to divert flood waters from entering into homes.

### **CAPITAL PROJECTS FUND**

The Capital Projects Fund includes both a one-year FY 2012 **Capital Budget** and a six-year **Capital Improvement Plan**. The Capital Budget for FY 2012 totals \$8,698,000 with a majority of the spending on three projects – a rebuilt and expanded Fire Station #4 on Olde Towne Road, improvements and replacements for facilities (including Kidsburg) at Mid County Park, and the renovation and reallocation of space at Building D in the Government Center. The Mid County Park project would also light baseball fields at Jamestown High School which will replace fields that will be eliminated in the master plan changes at Mid County. The rest of the Capital Budget consists of smaller capital maintenance projects requested by either the Schools or General Services. A replacement ambulance is also included.

The FY 2012 Capital Budget does not have many school projects. Funds that already exist, in the form of residual appropriations for the construction of Hornsby Middle and Blayton Elementary Schools, will be used for a variety of projects over the next year. These projects include an expansion of Jamestown High School with a multi-use gymnasium facility, structural repairs to Lafayette High School, a refurbishment, both interior and exterior, for DJ Montague Elementary School, including a new geo-thermal HVAC system, and temporary mobile classroom additions at Hornsby and Berkeley Middle Schools.

The **Capital Improvement Plan** focuses on maintenance projects over the next six years. The only significant new capital investments are projected in FY 2017 when a new school administration building is planned for construction and James Blair converts back into a middle school. There are a number of potential new investments that the Board has previously adopted through master plans - including future phases of the Warhill Sports Complex, a community gymnasium, and Shaping our Shores investments at Chickahominy Riverfront Park, Jamestown Campground and the Jamestown Marina. There is no significant investment over the next six years to implement these plans. Very little is included for water quality projects to meet new Federal and State stormwater requirements, including those recently announced for the Chesapeake Bay. When additional information is available and the County develops a formal strategic approach to these investments, the Capital Improvement Plan will need to be amended.

### **OTHER FUNDS**

The County operates separate funds for those public services that do not depend on local tax money – the major revenue sources are Federal and State or user fees for specific services, like water and wastewater.

The **Department of Social Services** (DSS) continues to provide a safety net for basic community services to County residents and with the recent economic conditions, the number of clients has expanded significantly. Non-local funding has been used to convert one part-time position to full-time with an accompanying reduction in temporary hours. The County's contribution to DSS increases in FY 2012 by 1.1 percent to fund an increase in the County share

## County Administrator's Budget Message

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of increased costs for child care and child mentoring under a contract with Big Brothers and Big Sisters (BB/BS). This increase is partially offset by a reallocation of monies previously contributed to BB/BS.

**Special Projects** is the fund used to account for one-time non-capital projects, grant-funded projects or major program spending like the Comprehensive Services Act (CSA). Grant matches for the CSA and the Virginia Department of Transportation revenue sharing program are shown in Special Projects, as is the investment in the York tributaries watershed master plan.

**Housing and Community Development** is actively involved in Community Development Block Grant programs in low-income areas and provides housing assistance under Federal programs such as Section 8. The County's contribution towards housing programs declines by 1.1 percent.

**Colonial Community Corrections** operates community-based probation and pre-trial services for six localities. The County's contribution in FY 2012 is the same as the amount contributed in FY 2011.

A **Tourism Investment Fund** is being created in FY 2012 with an initial \$280,000 in room tax proceeds. The purpose of the fund is to make investments in venues, sponsor special events, and develop beautification projects, regional marketing initiatives, and other programs and projects that would work to attract visitors to the County.

### **JAMES CITY SERVICE AUTHORITY**

The James City Service Authority (JCSA) acts as the County's water and sewer utility and provides these services in parts of the County. The JCSA is financed entirely by user fees and receives no tax money from James City County. Beyond the normal operations of a utility, the JCSA capital budget targets additional engineering and construction costs related to requirements of the Federal Environmental Protection Agency and State Department of Environmental Quality for mandated sewer system improvements. These mandated services, under a consent order, cover all of Hampton Roads and impact every community.

The FY 2012 Operating Budget for the JCSA increases 1.6 percent from the adopted FY 2011 budget, an increase funded by new customers, both water and sewer. Spending is primarily focused on maintenance, although two of the three full-time positions proposed are to develop and support a Fats, Oils and Grease (FOG) program to allow for inspections and education of those operating commercial kitchens to reduce the incidence of clogged sewer pipes and, as a result, reduce the incidence of spills and breakage. The FOG program is one initiative that is in response to the consent order, yet another unfunded mandate, created by the Federal Environmental Protection Agency and the State Department of Environmental Quality.

In the FY 2012 JCSA Capital Budget, funded by facility charges provided by new connections, a replacement service vehicle and \$100,000 in match money for the improvement of Tewning Road are the only Capital Budget items that do not target the sewer system improvements mandated by the consent order.

# County Administrator's Budget Message

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## DEBT SERVICE AND YEAR END BALANCES

The contribution to Debt Service in FY 2012 has increased by \$1,065,000; however, this is not because the County has incurred additional indebtedness. In FY 2011 and FY 2012, the County will have retired \$29 million in outstanding debt and is planning to issue only \$1 million to partially fund the Jamestown High School multi-use space. The increase is intended to add funds to the Debt Service Reserve and bank the funds for the upcoming two-year budget cycle, FY 2013 and FY 2014.

A similar proposal will be made for the expected FY 2011 revenue surplus of approximately \$1.6 million. When that figure is finalized, as part of the FY 2011 audit, I will recommend that it be contributed to the debt service reserve for use in addressing the budget challenges in the coming two years.

## SUMMARY

The FY 2012 budget, as submitted, is a maintenance budget – it attempts to maintain the extraordinary quality of life in James City County; maintain programs and services; maintain community facilities and regional partnerships and maintain the current taxes and fees that County residents pay for these services. There are some modifications designed to improve a number of County services and programs, but most have been proposed by re-directing currently existing funds and staff. Education is and has been a high priority and increased funding to the Williamsburg-James City County Schools is included in this budget.

The following fiscal year, FY 2013, will continue a period of challenging fiscal environments for the County.

- The County will see a general reassessment of real property values and both residential and commercial values may drop by an estimated 3 to 5 percent.
- Efforts by the Federal government to reduce the annual spending deficit are expected to reduce funding for many County programs, among them Schools, Social Services and Community Development.
- Higher gasoline prices will both raise the costs of services like Police and Fire and could negatively impact consumer spending (including local sales tax revenues) by both residents and visitors.
- Another round of mandated and unfunded, local service initiatives focusing on water quality and stormwater is expected as the legislative efforts of the Federal and State government solidify and are written and enforced as regulations.
- The 2010 Census count identified over 67,000 County residents, a 39.3% increase from the year 2000 count of 48,100, and workloads in County Departments have shown a commensurate growth rate even as both spending and the number of employees have declined over the past four years.
- Inflationary pressures on commodities such as food, gasoline, energy and clothing are creating additional pressure on people in the community, including County employees, and pay increases cannot be deferred beyond FY 2012.

## County Administrator's Budget Message

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Despite, or perhaps as a result of, the challenges, James City County will continue to pursue excellence in incremental steps. The County's public infrastructure is well-maintained and its programs are well-designed and mature. Employees are dedicated, professional and experienced and County residents enjoy a superior local government as the costs per resident decline.

In my short tenure, it has been possible to identify a number of initiatives that will begin in FY 2011 and extend into FY 2012. A refocused and expanded economic development effort is being launched. Opportunities for the community to be involved in County Government and to communicate with County Government have started and will expand. The County will also undertake a redrafting of its Strategic Plan and a system and process to assure that the Board's and community's expectations are identified and prioritized in each future fiscal year. My staff and I look forward to working with the Board of Supervisors to address these and other opportunities to make this County the best County in which to live, work or visit.

Respectively submitted,

Robert C. Middaugh  
County Administrator

# County Administrator's Budget Message

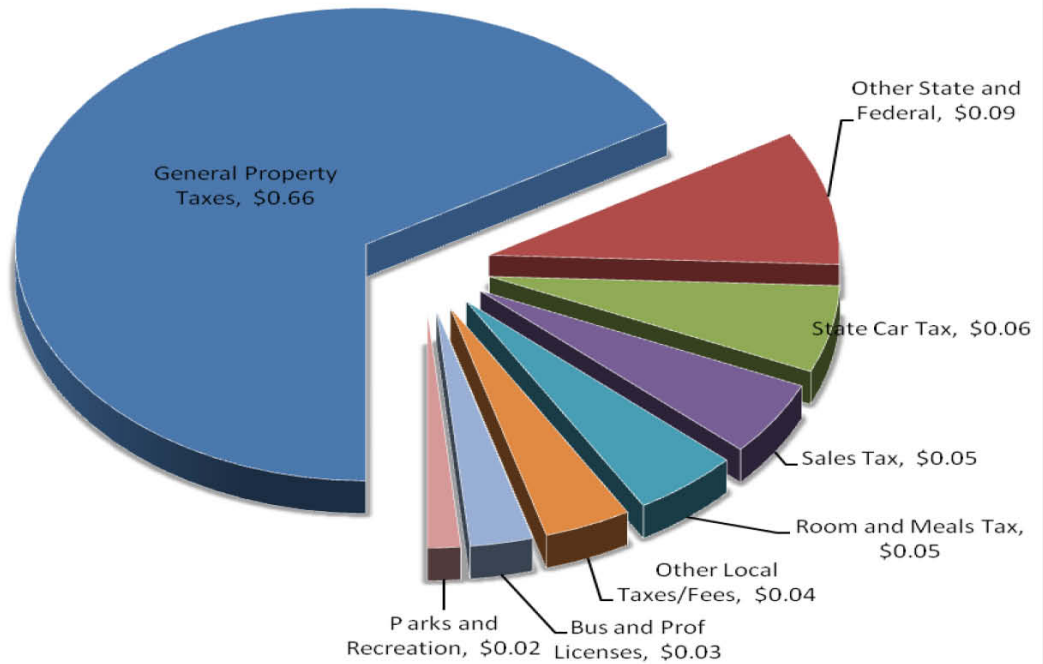
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## Changes from the Proposed to Adopted FY 2012 Budget

- An increase of \$1,000 to Contributions to Other Outside Agencies for Peninsula Chamber of Commerce funding.
- An increase of \$20,950 to Contributions to Other Outside Agencies for Historic Triangle Senior Center funding.
- A net decrease in expenditures of \$3,505 resulting from a reduction in funding for proposed Senior Program funding and a correction made to the fringe benefits calculation within the Parks and Recreation budget.
- A decrease in expenditures of \$20,333 to reflect cost savings in rent expenses within the Economic Development budget.
- An increase in expenditures of \$13,000 to reflect extending the change in overtime policy to all employees.
- A net decrease of \$11,112 in Operating Contingency resulting from funding provided for Peninsula Chamber of Commerce funding, extending the new overtime policy to all employees, and correcting the fringe benefits calculation for Parks and Recreation.
- The Board of Supervisors agreed that VRS Plan 2 employees will pay the employee share of VRS effective July 1, 2011, and will approve a 5.7 percent increase in salary for Plan 2 employees hired by June 30, 2011 in order to maintain take home pay for those employees. The Board also agreed to allow an entry level salary that is up to 5.7 percent above the current beginning salary for Plan 2 Police and Fire recruits.
- The proposed name change for the Environmental Division was changed from Engineering and Site Development to Engineering and Resource Protection.

# County Administrator's Budget Message

## FY2012 - Where each dollar in the County comes from



## FY2012 - How each dollar in the County will be spent

