

The background of the slide features a large, faint, circular seal of Gloucester County, Virginia. The seal is light blue and contains a central emblem of a plow and a sheaf of wheat. The text "GLOUCESTER COUNTY" is arched across the top, "VIRGINIA" is arched across the bottom, and "ESTAB. 1651" is on the right side.

# **County Administrator's Proposed Budget**

**Fiscal Year 2021**

**J. Brent Fedors**

# Agenda

- Introduction – Setting the stage; Objectives; Guidance from the Board
- FY 2021 Proposed Budget Highlights
- Challenge and approach
- US, Regional, State, and Gloucester County wage trends
- Proposed Pay Plan; Facilities Maintenance Repair & Replacement (FMRR)
- A look at individual funds
  - General Fund (net of transfers), Education Funds, Social Services Funds, Capital Fund, Debt Service Fund, Enterprise Funds
  - Deep Dive on Sanitary Districts
- General Fund summary & revenue outlook
- The FY 2021 Proposed Budget; Potential “Excursions”
- Capital Improvement Plan Recommendations
  - Deep dive on financing and Debt Service
- Local Sales Tax Option – Leveraging outside investment for GCPS’ CIP
- Suggested Tax Rate Advertising



# Administrator's Personal Goals

To listen, observe, and become intimately familiar with the Board's (and its members') priorities and inclinations.

To carry forward lessons learned from prior years and leverage them to create enhanced value in the future.

To continuously engage with the Board in efforts to better anticipate its (and its members') changing expectations.

To acknowledge community influences and be sensitive to the needs of each Board Member's constituencies.

To propose a budget that perfectly aligns with the Board's intent, requiring little or no change by the Board prior to adoption.



# Objectives

To propose a balanced budget that:

- Aligns with Board guidance and strategic priorities
- Delivers enhanced value to County citizens
- Aligns resources with needs; *promotes resource productivity*
- Accurately projects anticipated expenditures, revenues, and vacancy / transfer credits
- Best leverages taxpayer dollars for public benefit
- Supports the current and future needs of our community
- Sets up a resilient operating budget beyond the current year
- ***Doesn't further dilute our competitive position on compensation and benefits***



# Guidance from the Board

- Produce a budget that:
  - Is lean, but sustainable
  - Incorporates ~~little or~~ no real estate tax increase
  - Does not reduce service levels
  - Does not eliminate programs
- Develop ‘excursion options’ that give the Board the ability to contemplate:
  - Elimination of any proposed real estate tax increase
  - Use of operating revenues to meet other unmet needs
  - Use of fund balances to meet other unmet needs



# Board Strategic Priorities

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



# FY 2021 Budget Highlights

The FY21 Proposed Budget provides for:

- Maintenance of the County and Schools' established Compensation Plans
- Incremental funding for only the most critical/mandatory obligations
- Cash funding of only highest priority, non-bondable CIP & FMRR requests
- VPSA financing for design, A/E, & construction of bondable GCPS projects

The FY21 Proposed Budget incorporates:

- 100% of the CY2020 RE valuation impact (eliminates potential to equalize)
- A 1¢ increase to the real estate tax rate (that will hopefully balance out)
- 2<sup>nd</sup> half of FY21 “windfall” from presumed 2.5¢ CY2021 RE rate increase
- Natural revenue growth of approximately \$2.57M (incl. ~\$109K GCPS)
- At-risk revenue of \$328K (GCPS) and \$74K (County) – pending State budget
- Four years of lessons learned; Aggressive revenue/expense forecasting
- Expenditure underspend projections; Aggressive vacancy/transfer savings

The FY21 Proposed Budget doesn't reduce services or eliminate programs



# FY20 → FY20R Baseline OPEX

\$ 70.83M	FY20 Budget (FY20 As Adopted)
\$ 4K	Add'l Library Funding
<u>\$ 165K</u>	<u>Other Add'l Appropriations / Adjustments</u>
\$ 71.00M	FY20R Budget (FY20 As Amended)
(\$ 2.10M)	FY19 CIP Carryovers (GF funded portion)
(\$ 2.36M)	FY20 CIP (GF funded portion)
<u>(\$ 9K)</u>	<u>FY19 FMRR Carryovers (GF Funded)</u>
\$ 66.53M	FY20 Operating Baseline (excl. CIP & other 1-time items)





# Starting Point – No Material Trailing Obligation\*



\*Excluding compensation

\$ 286K	GCPS 1.8% Carryforward Compensation Deficit (Support staff only)
\$ 350K	County 1.8% Carryforward Compensation Deficit (Includes DSS)
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\$ 636K	Total Funding Deficit (100% Compensation related)

As of FY20, County employees and schools' support staff remain 1.8% below par, while 1.8% gap was closed for teachers with 3.8% FY20 compensation action

# \$9.63M Additional Ask (excl. CIP)

\$ 7.07M	Increase in transfer to schools (Incl. 7.25% (teachers), 2% (support staff), HMP ↑, VRS ↑, add'l positions, FMRR, etc.)
\$ 564K	Civic & Fire/Rescue increase requests (incl. GMHS)
\$ 442K	County 1.6% COLA / Step Excl. DSS (in transfer request)
\$ 350K	County compensation fix (1.8% carryforward deficit (GF & DSS))
\$ 258K	County VRS Increase (9.19% → 10.99% VRS rate change)
\$ 227K	Public Safety Radio O&M SUA contract renewal
<u>\$ 723K</u>	<u>Add'l (net) personnel &amp; operating requests</u>
\$ 9.63M	Net additional ask in FY20 submittals



# \$723K Additional Detail

\$ 183K	Increase in FMRR (YOY incremental ↑ net of carryovers)
\$ 154K	Other non-CIP transfers (\$58K ↑ Debt Svc (no new); \$96K ↑ DSS)
\$ 135K	Pictometry (FY20 was a skip-year)
\$ 90K	Sheriff's sworn staff retirement (1.70 → 1.85 VRS conversion)
\$ 67K	Reduction in Vacancy / Transfer Savings
\$ 50K	County HMP increase (7.5% down to 1.5% increase estimate)
<u>\$ 44K</u>	<u>Other (net) personnel &amp; operating puts/takes</u>
\$ 723K	(From previous slide)



# Creates a Huge Challenge

\$66.53M      FY20R Operating Baseline (excl. CIP & 1-time items)

\$ 9.63M      Net additional ask in FY21 submittals  
(Personnel and Operating; Incorporates Trailing Obligation Items)

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\$76.16M      FY21 GF Operating Baseline budget request  
(Excluding FY21 GF Funded Paygo / non-grant CIP Requests)

\$      0K      Total unfunded operating carryover  
(Prior Year Operating Expense funded with non-recurring funds)

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\$76.16M      Total recurring revenue funding challenge

\$ 5.08M      FY21 GF Funded CIP Request (Paygo / non-grant)

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\$81.24M      Total CIP Inclusive FY21 Budget Request  
(\$10.26M over FY20R Budget as amended)



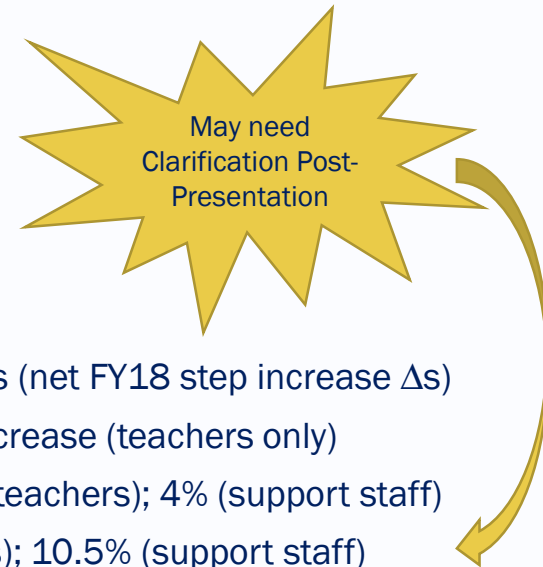
# Budget Approach - Operating

- Start working from the FY21 request – the stated need
  - NOT from the FY20 base, and NOT from the identified gap
- Evaluate costs by function, unit and type
  - Determine base needs, compare to FY17, FY18, and FY19 actuals and FY20 trend, and adjust
- Identify and capture cost savings opportunities
  - Enterprise fund overhead support, resource sharing, cost compression
- Leverage vacancies in areas of greatest need
  - Hiring “frost” / vacancy reallocations, position eliminations, resource reassignments, FT → PT conversions
- Identify and capture year-end unassigned funds
  - Vacancy savings, year-end under-transferred funds, budget over-estimates, committed fund rebalancing
- Evaluate funding sources
  - Compare to FY17, FY18, and FY19 actuals and FY20 trend, identify influencing factors and adjust
- Leverage enhanced knowledge of specific departmental needs
  - Second, and in some cases third or more meetings with directors / constitutional officers
- Exercise best judgement – balance needs vs. funding



# Salary Increase History

	County:	Schools:
FY10	None	\$400 “gratuity” (contract EEs ½ time +)
FY11	None	None
FY12	None	None
FY13	2%	2%
FY14	4.85% (band & compression only)	2%
FY15	3% bonus (Gr 2-8)	3% bonus (lower grade EEs)
FY16	None	None
FY17	4% catch-up COLA	4% catch-up COLA; 2% bonus (net FY18 step increase Δs)
FY18	2% bonus	0.355% equivalent – step increase (teachers only)
FY19	~8% Market Adjustment; 2% COLA	~7% Overall: 5.25-13.34% (teachers); 4% (support staff)
FY20:	2% COLA (3.8% + step requested by CA)	~6% Overall: 3.8% (teachers); 10.5% (support staff) (3.23% and 10.75%, respectively, requested by SB)



- Note: Does not include one-off increases for select staff (County or Schools) or VRS offsets
- From 1994 through 2009 both County and Schools saw annual increases; Between 2008 to 2018 (11 years) – about 16.6%
- 2019 Social Security increase = 2.8%; 2020 Social Security increase = 1.6%
- As of FY20, County employees remain 1.8% below par, while 1.8% gap appears to have closed for GCPS

# Salary Statistics (2016 – 2019)

## Wage growth slowing down

In December of 2019, average hourly earnings rose by 2.9 percent from a year earlier, the weakest reading since July 2018, according to the Department of Labor's monthly jobs report.



Source: Bureau of Labor Statistics, January 2020

Bankrate®



# Salary Statistics (2019 – 2020)

Total U.S. Salary-Budget Increases

Employee Category	Projected 2020 Mean	Projected 2020 Median	Actual 2019 Mean	Actual 2019 Median
Nonexempt hourly, nonunion	3.3%	3.0%	3.2%	3.0%
Nonexempt salaried	3.2%	3.0%	3.1%	3.0%
Exempt salaried	3.3%	3.0%	3.2%	3.0%
Officers/executives	3.3%	3.0%	3.3%	3.0%
All	3.3%	3.0%	3.2%	3.0%

Source: WorldatWork 2019-2020 Salary Budget Survey: Top-Level Results.





# Salary Statistics (2019 – 2020)

U.S. Hourly Earnings by Region, December 2019

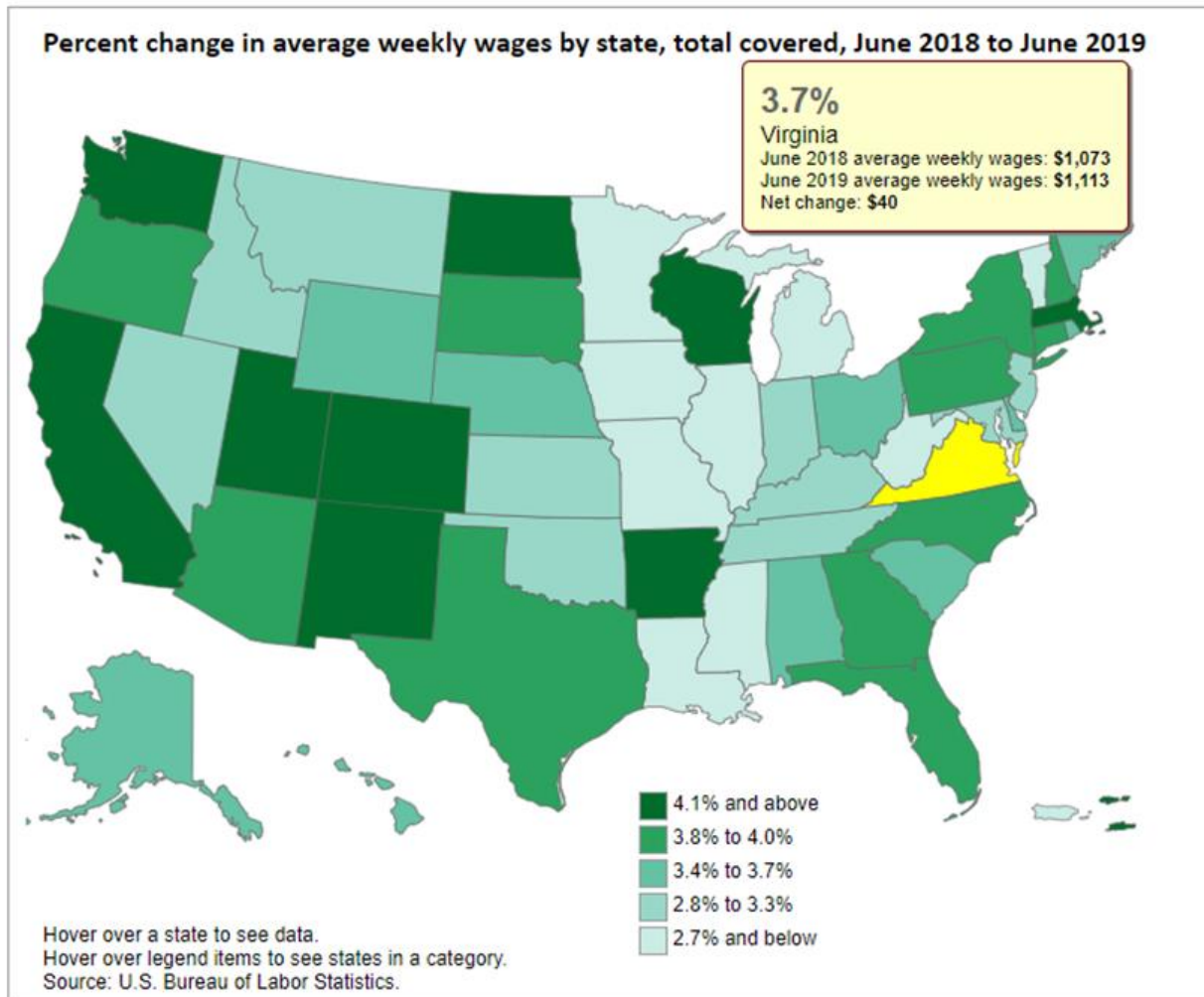
Region	Hourly Earnings	12-Month Change
West	\$29.32	+3.68%
Northeast	\$28.17	+3.44%
Midwest	\$26.08	+2.56%
South	\$26.50	+2.43%

Source: Paychex/IHS Markit Small Business Employment Watch.

Virginia is in the South @ +2.43%

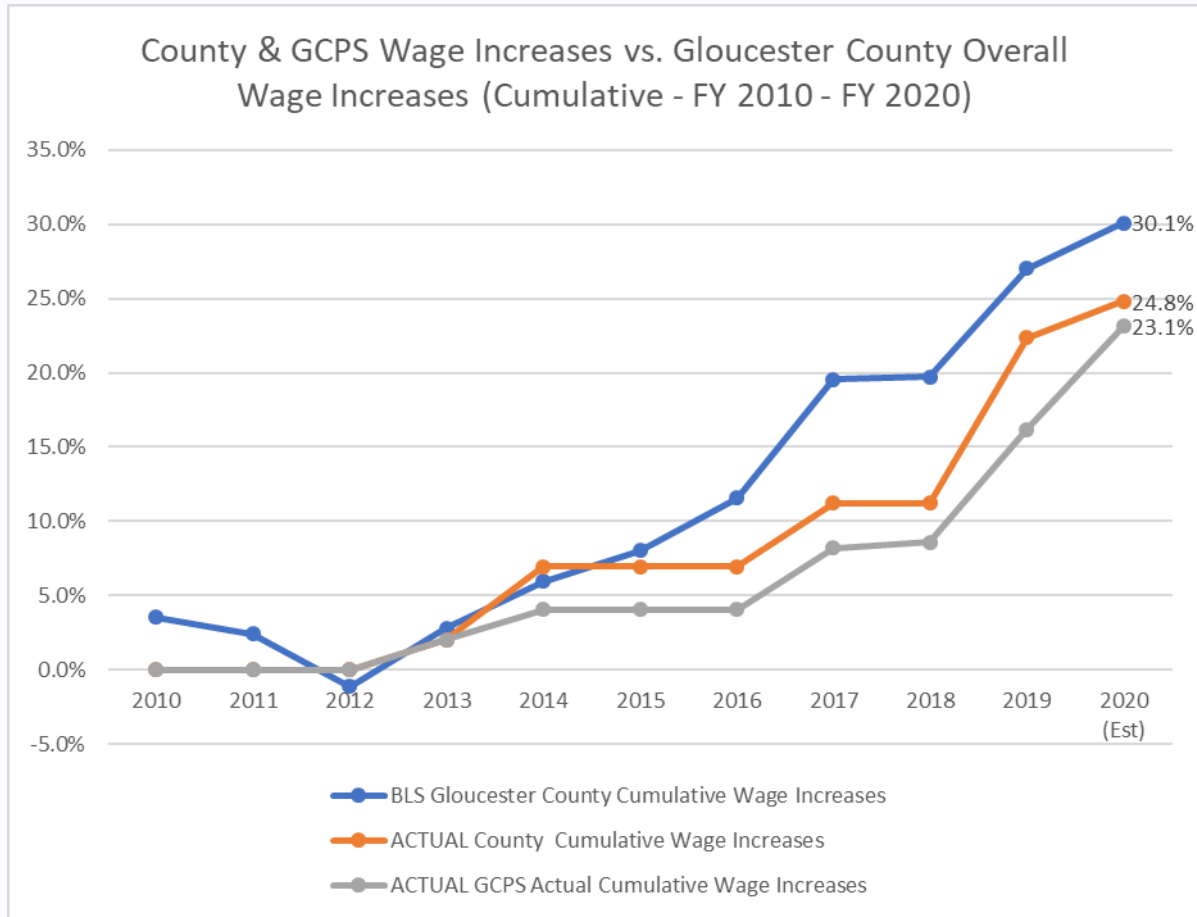


# Salary Statistics (2018 – 2019)



Gloucester  
County average  
weekly wages  
increased 6% in  
this same period.

# Salary Statistics (FY10 – FY20)



Gloucester County Local Gov't / GCPS wages trail 5.3% to 6.9% behind Gloucester County as a whole.

BLS Data:

<https://www.bls.gov/cew/downloadable-data-files.htm>

2019 South Regional wage growth rate (2.43%) used for BLS 2020 Est. (conservative)



# Proposed FY21 Pay Plan

## FY21 Request:

Schools:	Support personnel – 2.0%
	Teachers – 7.25%
	HMP premium increase (18.8% - \$1.75M)
County:	FY20 missed step
	1.6% COLA (aligned w/ 2020 SSI) / FY21 step
	1.8% Carryforward compensation deficit
	HMP premium increase (1.5% - \$50K)

## FY21 Proposed:

County:	FY20 missed step + 1.6% COLA / FY21 step
Schools:	2.0% (COLA / step / market adjustment) (2.0% minimum required to retain full anticipated add'l State funding)
Both:	Fund HMP premium and VRS increases



Department	Facilities Maintenance Repair Replacement Items	FY2021	FY2022	FY2023	FY2024	FY2025
Animal Control	Livestock fencing and small barn	17,000	-	-	-	-
Animal Control	Video Surveillance	8,500				
Animal Control	Side Arms	2,450	-	-	-	-
Emergency Management	Vehicle replacement			\$ 40,000		
Facilities Management	02 Courthouse HVAC replacement phase 3- 2021	63,000	16,000	16,000	16,000	8,000
Facilities Management	Vehicle replacement	45,000	79,000	92,000	30,000	45,000
Facilities Management	Building modification	30,000	30,000	30,000	25,000	25,000
Facilities Management	Proximity card reader system (2020 DIT)	9,500	10,800	11,500	-	14,000
Facilities Management	Main St. tree replacement projects	2,500	2,500	2,500	2,500	2,500
Facilities Management	Fuel station concrete pad replacement	8,800	-	-	-	-
Facilities Management	Storm water collection improvements for CH campus	-	5,500	-	-	-
Facilities Management	Jail Fire Suppression / Dom Water Supply	18,500				
Facilities Management	FM Shop Building Roof		\$ 36,000			
Facilities Management	02CH Basement Waterproofing Project	\$ 6,000				
Facilities Management	60" 4in1 bucket for John Deere	\$ 3,500				
Library/IT	PC replacement at the Library (26)	12,250	-	-	-	-
IT	TLC System & Server upgrade for Libraries	10,300	-	-	-	-
IT	Annual PC Replacement	20,000	30,000	35,000	40,000	-
IT	Com+/Fin+ Phase I Upgrade	30,000	-	-	-	-
IT	VM Server Host Replacement/upgrade	-	30,000	-	-	-
IT	UPS Replacement for Computer Room	35,000	-	-	-	-
IT	Program & Prof. Consult Serv. Est. for CivicPlus Modules	25,600	-	-	-	-
IT	Program & d Prof. Consult Serv. Est. for CivicPlus Modules	10,100				
Sheriff	Vehicle Replacement	306,000	306,000	266,300	266,300	266,300
Sheriff	Toughbooks	-	-	-	-	118,000
PRT	Soccer Goal Replacement	-	3,500	-	3,000	
PRT	Gymnastics Equipment Replacement	5,000	-	5,000	-	5,000
PRT	Master Planning	-	-	20,000	20,000	5,000
PRT	Beaverdam Improvements - Ranger Station Renovation	7,200	4,000	10,000	-	-
PRT	Mid-Size Gator Replacement	8,500	-	-	-	-
Prt	Ark Park Improvements	7,000	15,000	-	40,000	-
PRT	Dog Park (Brown Park)	-	-	-	45,000	-
PRT	Brown Park Improvements	-	2,000	-	-	-
Total		\$ 691,700	\$ 570,300	\$ 528,300	\$ 487,800	\$ 488,800

FMRR

Minus \$100K  
"go-get"



# General Fund Operating

\$ 76.16M	FY21 GF Operating Baseline budget request (excl. CIP)
(\$ 5.63M)	GCPS Local Funding Request (see details following)
(\$ 633K)	Personnel expense Sheriff Sworn Staff Retirement Multiplier (\$90K); County 1.8% Compensation Deficit (\$350K); Animal Control (1/1 FTE - \$60K); Circuit Court Clerk (1.6/2.6 FTE - \$75K); Park Operations (WAR - \$52K); ; General OT (\$5.5K)
(\$ 62K)	Level fund / no new civic contributions (except transit) Gloucester Housing Partnership (\$29K); Tidewater Soil & Water Cons. District (\$4K); Puller Center (\$2K); Bay Transit (\$1.5K); Bay Aging (\$300); GMHS (\$16K); Boys & Girls Club (\$10K)
(\$ 46K)	Fleet Services – out-tasked maintenance / repair
(\$ 218K)	FMRR 5 year rebalancing, minus an additional \$100K
(\$ 55K)	GIS (Pictometry upgrade and street map printing)
(\$ 103K)	Other individual line item puts / takes (net)
\$ 69.41M	FY21 GF operating budget funded (excluding CIP)
\$ 1.12M	FY21 GF Transfer (Unassigned, Committed, Current Rev)
\$ 70.53M	FY21 General Fund Operating Budget Proposed



# General Fund

General Fund	FY2019 Final Budget	FY2019 Actual	FY2020 Revised	FY2020 Expected	FY2021 Proposed	Dollar Change	% Change
General Fund (10) Total	\$65,509,176	\$64,116,798	\$70,998,640	\$70,998,640	\$70,532,044	(\$466,596)	-0.7%
School Operating Fund	\$25,900,108	\$25,591,785	\$26,930,277	\$26,930,277	\$28,376,895	\$1,446,618	5.4%
Social Services	\$1,308,032	\$1,279,423	\$1,711,314	\$1,711,314	\$1,806,979	\$95,665	5.6%
Children Services Act	\$403,597	\$399,632	\$613,000	\$613,000	\$613,000	\$0	0.0%
Capital Fund	\$1,710,758	\$1,638,119	\$4,476,028	\$4,476,028	\$1,116,050	(\$3,359,978)	-75.1%
Debt Service Fund	\$4,224,734	\$4,215,159	\$3,969,539	\$3,969,539	\$4,027,772	\$58,233	1.5%
Utilities Fund	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
General Fund w/o Transfers	\$31,961,947	\$30,992,680	\$33,298,482	\$33,298,482	\$34,591,348	\$1,292,866	3.9%

\$34.59M

## FY21 General Fund operating budget funded

- \$1.29M net increase from FY20R, \$1.09M in offsets, including \$22K decrease in vacancy / transfer savings estimate; \$434K reduction associated with personnel / position changes / eliminations; \$175K RE Assessment one-time elimination, \$87K Fleet cost reduction, \$218K reduction in FMRR, and others
- Major priorities funded: \$50K HMP increase; \$311K 1.6% COLA; \$130K FY20 (missed) step, \$130K step, \$518K Volunteer F&R Increase; \$86K Pictometry; \$226K Public Safety Radio SUA increase; \$250K VRS rate increase;



# Schools' Transfer Request

\$ 26.93M	FY20 starting point (net of one-time items)
\$ 2.70M	Compensation adjustments
\$ 1.75M	HMP increase
\$ 320K	VRS Increase
\$ 1.23M	Personnel additions (23 FTEs)
\$ 71K	Two additional days added to school year
\$ 452K	FMRR & technology needs
\$ 1.27M	Other requests (incl. \$31K FY20 fund shift gap)
(\$ 109K)	New State and Federal revenue
(\$ 250K)	Internal savings (attrition, line items, etc.)
(\$ 360K)	Health insurance Rx rebates
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\$ 34.00M	FY21 local transfer request (up \$7.07M)

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





# Proposed Schools' GF Transfer

\$ 26.93M	FY20 starting point (net of one-time items)
\$ 973K	Compensation – 2% (Fully funds support staff request)
\$ 1.75M	HMP increase
\$ 320K	VRS Increase
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\$ 29.97M	Subtotal before offsets
(\$ 109K)	New State and Federal revenue
(\$ 250K)	Internal savings (attrition, line items, etc.)
(\$ 360K)	Health insurance Rx rebates
(\$ 328K)	At-risk revenue (pending State budget adoption)
(\$ 550K)	Health insurance negotiations / “go-get”
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\$ 28.38M	FY21 local transfer proposed (up \$1.45M)

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



# Schools' Operating / Debt Service

School Operating Fund	FY2019 Final Budget	FY2019 Actual	FY2020 Revised	FY2020 Expected	FY2021 Proposed	Dollar Change	% Change
Local	\$300,596	\$264,067	\$300,596	\$300,596	\$300,596	\$0	0.0%
Local Transfer	\$25,900,108	\$25,591,785	\$26,930,277	\$26,930,277	\$28,376,895	\$1,446,618	5.4%
Commonwealth	\$30,969,339	\$29,694,772	\$32,084,006	\$32,084,006	\$32,193,281	\$109,275	0.3%
Federal	\$2,482,026	\$2,435,212	\$2,486,238	\$2,486,238	\$2,486,238	\$0	0.0%
Total Revenue	\$59,652,069	\$57,985,836	\$61,801,117	\$61,801,117	\$63,357,010	\$1,555,893	2.5%
Debt Service from County GF	\$3,750,948	\$3,749,148	\$3,513,267	\$3,513,267	\$3,522,919	\$9,652	0.3%
Total County GF for Schools	\$29,651,056	\$29,340,933	\$30,443,544	\$30,443,544	\$31,899,814	\$1,456,270	4.8%

**\$28.38M**

## FY21 General Fund transfer funded (funding suggestion)

- Includes \$1.45M increase in Local Transfer toward 2.0% FY21 compensation action (to maximize anticipated State funding contribution), FY21 VRS increase, and FY21 HMP Increase
- Accounts for \$109K increase in funding from State (Governor's proposed budget)
- Assumes \$328K incremental funding from State (at-risk pending final State budget)
- Assumes \$554K negotiated reduction in HMP increase
- Assumes GCPS will leverage \$360K in Rx rebates and \$250K in attrition / line item savings in support of compensation, VRS, and HMP increases



# Education Funds

Education Funds	FY2019 Final Budget	FY2019 Actual	FY2020 Revised	FY2020 Expected	FY2021 Proposed	Dollar Change	% Change
Local	\$300,596	\$264,067	\$300,596	\$300,596	\$300,596	\$0	0.0%
Local Transfer	\$25,900,108	\$25,591,785	\$26,930,277	\$26,930,277	\$28,376,895	\$1,446,618	5.4%
Commonwealth	\$30,969,339	\$29,694,772	\$32,084,006	\$32,084,006	\$32,193,281	\$109,275	0.3%
Federal	\$2,482,026	\$2,435,212	\$2,486,238	\$2,486,238	\$2,486,238	\$0	0.0%
Subtotal Operating Revenue	\$59,652,069	\$57,985,836	\$61,801,117	\$61,801,117	\$63,357,010	\$1,555,893	2.5%
Cafeteria Fund	\$2,613,473	\$2,411,496	\$2,688,473	\$2,688,473	\$2,792,461	\$103,988	3.9%
Special Education	\$724,698	\$613,089	\$734,686	\$734,686	\$743,523	\$8,837	1.2%
Total Education Funds	\$62,990,240	\$61,010,420	\$65,224,276	\$65,224,276	\$66,892,994	\$1,668,718	2.6%

\$28.38M

## FY21 General Fund transfer funded (funding suggestion)

- Includes \$1.45M increase in Local Transfer toward 2.0% FY21 compensation action (to maximize anticipated State funding contribution), FY21 VRS increase, and FY21 HMP Increase
- Accounts for \$109K increase in funding from State (Governor's proposed budget)
- Assumes \$328K incremental funding from State (at-risk pending final State budget)
- Assumes \$554K negotiated reduction in HMP increase
- Assumes GCPS will leverage \$360K in Rx rebates and \$250K in attrition / line item savings in support of compensation, VRS, and HMP increases



# Social Services Funds

Social Services	FY2019 Final Budget	FY2019 Actual	FY2020 Revised	FY2020 Expected	FY2021 Proposed	Dollar Change	% Change
Local	\$0	\$1,368	\$0	\$0	\$0	\$0	0.0%
Local Transfer	\$1,308,032	\$1,279,423	\$1,711,314	\$1,711,314	\$1,806,979	\$95,665	5.6%
Commonwealth	\$1,522,544	\$1,311,164	\$1,561,348	\$1,561,348	\$1,594,986	\$33,638	2.2%
Federal	\$1,860,872	\$1,987,906	\$1,971,050	\$1,971,050	\$2,057,977	\$86,927	4.4%
Total Revenue	\$4,691,448	\$4,579,861	\$5,243,712	\$5,243,712	\$5,459,942	\$216,230	4.1%
Children's Services Act Fund	FY2019 Final Budget	FY2019 Actual	FY2020 Revised	FY2020 Expected	FY2021 Proposed	Dollar Change	% Change
Revenue							
Local	\$3,720	\$6,168	\$3,720	\$3,720	\$3,720	\$0	0.0%
Local Transfer	\$403,597	\$399,632	\$613,000	\$613,000	\$613,000	\$0	0.0%
Commonwealth	\$789,280	\$429,863	\$789,280	\$789,280	\$789,280	\$0	0.0%
Federal	\$18,000	\$31,303	\$18,000	\$18,000	\$18,000	\$0	0.0%
Total Revenue	\$1,214,597	\$866,965	\$1,424,000	\$1,424,000	\$1,424,000	\$0	0.0%

\$ 2.42M

FY21 General Fund transfer funded

- Includes splits / offsets to accommodate FY21 1.5% HMP increase, Missed FY20 step, 1.6% COLA / step; Does not fund 1.8% compensation gap



# Capital Funds

Capital Fund	FY2019 Final Budget	FY2019 Actual	FY2020 Revised	FY2020 Expected	FY2021 Proposed	Dollar Change	% Change
Local	\$39,556	\$17,126	\$263,974	\$263,974	\$0	(\$263,974)	-100%
Local Transfer	\$1,710,758	\$1,638,119	\$4,476,028	\$4,476,028	\$1,116,050	(\$3,359,978)	-75%
Commonwealth	\$150,000	\$195,255	\$419,435	\$419,435	\$8,228,565	\$7,809,130	1862%
Federal	\$348,013	\$258,508	\$2,668,246	\$2,668,246	\$0	(\$2,668,246)	-100%
Loan Proceeds	\$0	\$0	\$5,629,916	\$5,629,916	\$37,233,581	\$31,603,665	561%
Committed FB	\$16,932	\$0	\$33,245	\$33,245	\$0	(\$33,245)	-100%
Total Revenue	\$2,265,259	\$2,109,008	\$13,490,844	\$13,490,844	\$46,578,196	\$33,087,352	245%

\$ 1.12M

## FY21 General Fund transfer funded

- \$500K from Cable Committed Fund Balance for Broadband grant match
- \$558K from 2nd half of FY21 “windfall” from presumed 2.5¢ CY2021 RE rate ↑
- \$58K from Unassigned Fund Balance (Projected FY20 operating results)
- \$543K backstop in Capital Committed Fund (Subsequent Expenditures/Reserve)
- Cash funding of only highest priority, non-bondable CIP requests
- VPSA financing for design, A/E, & construction of bondable GCPS projects



# Debt Service Fund

Debt Service Fund	FY2019 Final Budget	FY2019 Actual	FY2020 Revised	FY2020 Expected	FY2021 Proposed	Dollar Change	% Change
Local	\$30,000	\$31,348	\$0	\$0	\$0	\$0	0.0%
Local Transfer	\$4,224,734	\$4,215,159	\$3,969,539	\$3,969,539	\$4,027,772	\$58,233	1.5%
Federal	\$235,030	\$241,457	\$277,839	\$277,839	\$233,269	(\$44,570)	-16.0%
Loan Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Total Revenue	\$4,489,764	\$4,487,964	\$4,247,378	\$4,247,378	\$4,261,041	\$13,663	0.3%

\$ 4.03M

## FY21 General Fund transfer funded

- Net reduction of \$15K due to anticipated amortization impacts of current debt
- Incremental increase of \$29K associated with startup of school bus financing program
- Combined \$14K increase in anticipated expenditures
- \$45K anticipated reduction in Federal revenue – interest expense offset
- Other funding sourced through Federal reimbursements of \$233K for Series 2011 School Bond Interest

Includes total School debt payments of \$3.52M



# Enterprise Funds

No proposed increase in water / sewer rates. Rate increase study recommended for future consideration.

Utilities Fund	FY2019 Final Budget	FY2019 Actual	FY2020 Revised	FY2020 Expected	FY2021 Proposed	Dollar Change	% Change
Charges for Services	\$4,531,200	\$4,141,621	\$4,310,700	\$4,310,700	\$4,269,000	(\$41,700)	-1.0%
Local Transfer	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Development/Connection Fees	\$418,500	\$445,014	\$500,000	\$500,000	\$695,000	\$195,000	39.0%
Loan Proceeds/DSRF	\$1,866,455	\$0	\$0	\$0	\$0	\$0	0.0%
Use of Fund Balance/Other	\$0	\$0	\$200,000	\$200,000	\$181,488	(\$18,512)	-9.3%
Total Revenue	\$6,816,155	\$4,586,634	\$5,010,700	\$5,010,700	\$5,145,488	\$134,788	2.7%
Expenditure							
Personnel (includes PT WAR)	\$1,751,181	\$1,445,537	\$2,083,467	\$2,083,467	\$2,192,720	\$109,253	5.2%
Operating	\$1,745,716	\$2,338,671	\$1,465,288	\$1,465,288	\$1,345,404	(\$119,884)	-8.2%
Capital	\$589,000	\$303,417	\$600,000	\$600,000	\$766,350	\$166,350	27.7%
Debt Service	\$2,730,258	\$66,147	\$861,945	\$861,945	\$841,014	(\$20,931)	-2.4%
Total Expenditure	\$6,816,155	\$4,153,772	\$5,010,700	\$5,010,700	\$5,145,488	\$134,788	2.7%
Full-Time Equivalents	26	26	24.5	24.5	26.5		

(\$ 167K)

## FY21 Revenue to General Fund proposed

- \$167K Enterprise transfer back into General Fund at rate of 4% of expenditures (less debt service) to offset General Fund investment in HR, recruiting, finance, purchasing, IT, Admin support, etc.
- Enterprise Fund self-supports proposed 1.6% COLA / step, FY20 missed step, and FY20 1.5% HMP increase; Enterprise budget does not fund 1.8% compensation gap



# Sanitary Districts – Deep Dive

- Sanitary District #1 was created in 1935 and enlarged in 1957
- Gloucester Point Sanitary District was created in 1967 and enlarged in 1973
- Memo from Commissioner of Revenue to Director of Engineering recommended elimination of ad-valorem in 2006 – Districts remain intact, and now fund street lighting
- Abolishing sanitary districts requires a petition to the governing body of not less than 50 voters residing in the district to be abolished
- Adding territory to sanitary districts requires a petition to the governing body of not less than 25% of qualified voters residing within the limits of the territory so added





# Sanitary Districts – Challenges

- Many parcel lines don't align with district lines, resulting in onerous administration and multiple tax bills for affected property owners
- County serves as an administrative middle-man between property owners and Dominion (who owns and maintains all except Main Street lighting)
- Not all property owners that pay within the districts have lighting near their property
- Not all lighting paid for by property owners in the districts is actually within the bounds of the districts



# Sanitary Districts – Challenges

- Cleaning up district lines to include full parcels (eliminating splits) and all areas where lighting exists would require 25% of affected property owners to sign a petition, (essentially) saying that they want to pay more taxes than they do now, with no apparent benefit – arguably an unlikely feat
- Eliminating districts would require a thorough review of all County ordinances, as many non-related ordinances rely on the bounds of the sanitary districts for geographic reference



# Sanitary Districts – Challenges

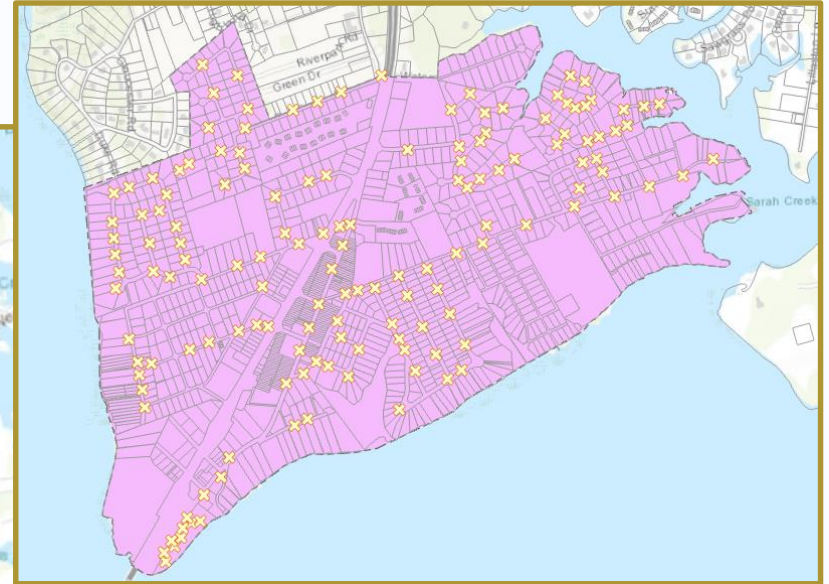
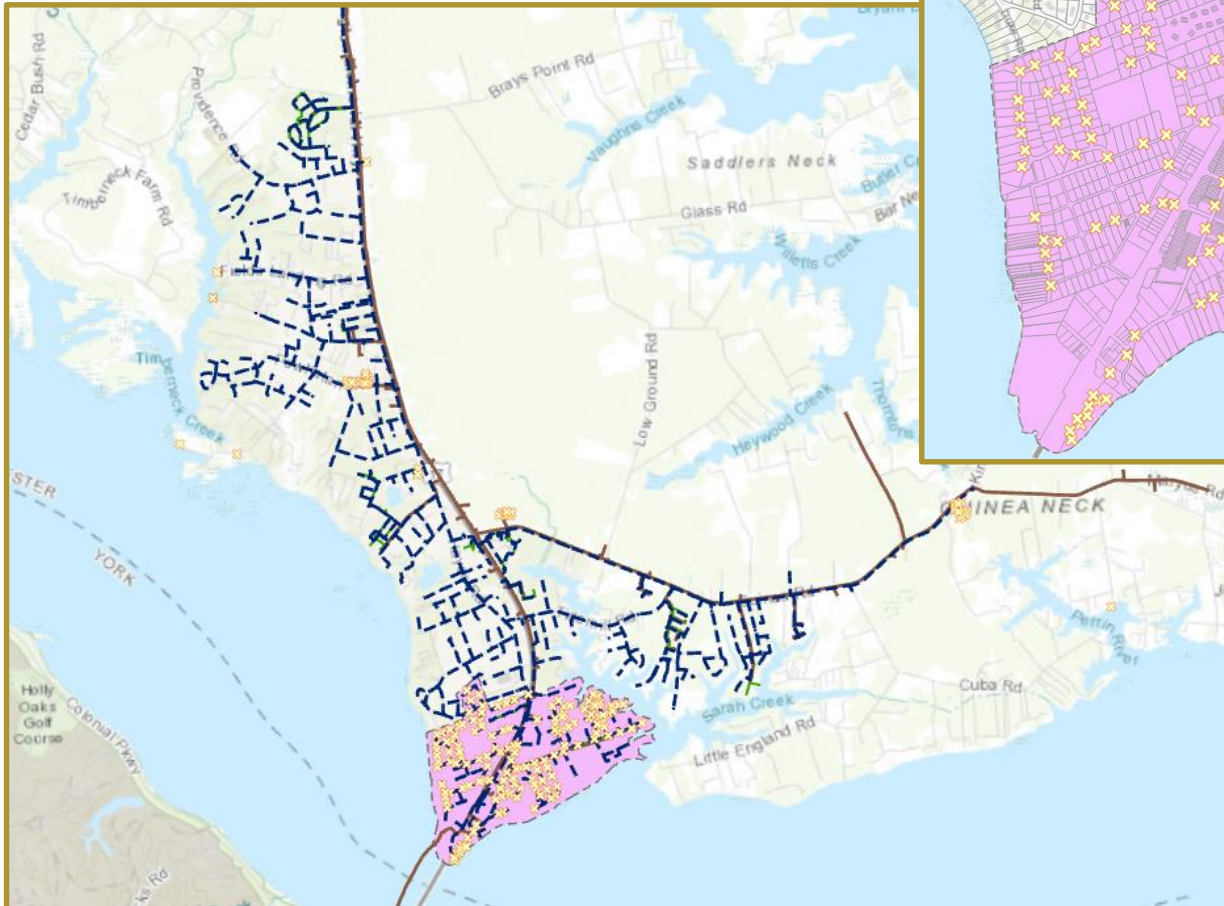
- Many water/sewer rate-payers are not located within the bounds of the sanitary districts
- Water/sewer rate payers (both within and outside of the sanitary districts) pay to backstop funding shortages for street lighting within the districts
- Water/sewer rate payers (both within and outside of the sanitary districts) benefit from fund re-balancing when revenues in the districts exceed expenditures and excess funds are transferred out to the Utility Enterprise (most recently, \$55,000 in 2013)



# Sanitary Districts – Split Parcels

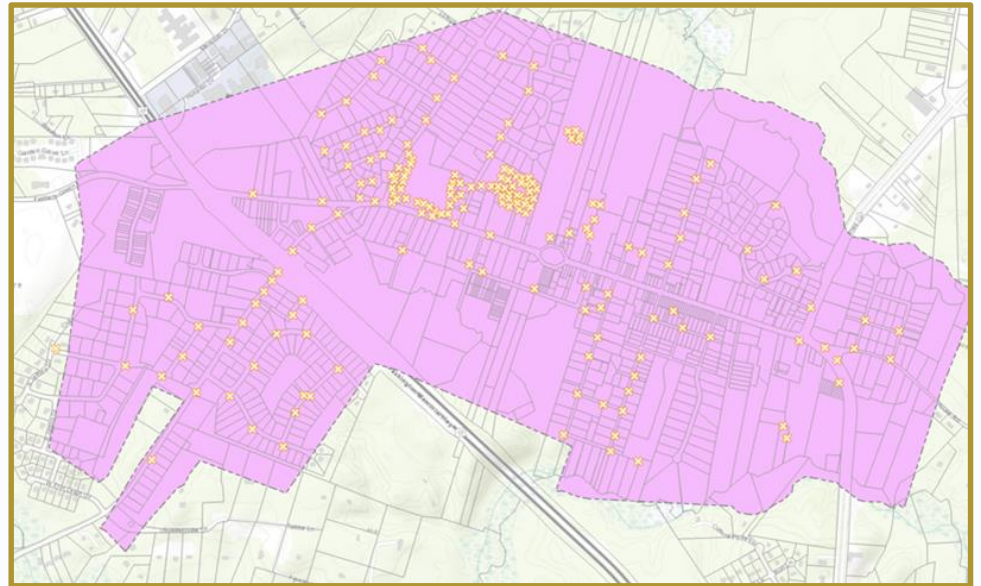
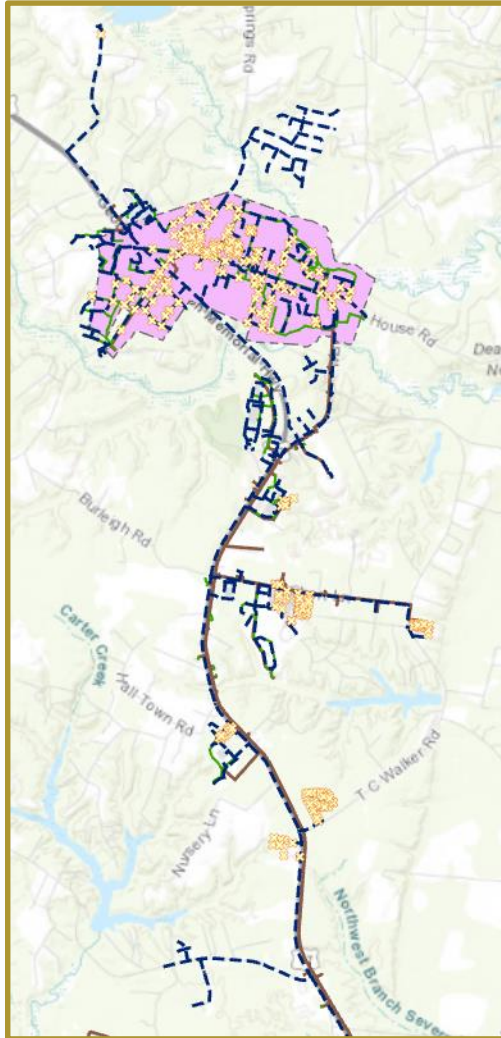


# Sanitary Districts – Maps





# Sanitary Districts - Maps



# Sanitary District #1

## Main Street Repair / Maintenance INCLUDED

<u>ALL REVENUES</u>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>TOTAL</b>	\$19,087	\$19,138	\$19,400	\$19,391	\$19,306	\$18,918	\$18,964	\$27,473
<u>ALL EXPENDITURES</u>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>TOTAL</b>	\$19,054	\$23,531	\$22,951	\$24,126	\$25,301	\$20,259	\$32,258	\$20,899
<u>DISTRICT #1</u>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>GAP (-)</b>	\$32	(\$4,393)	(\$3,551)	(\$4,735)	(\$5,995)	(\$1,341)	(\$13,294)	\$6,574

Revenues INCLUDE FY 2019 insurance recovery of \$7,960 related to 2018 claim to help offset repair costs.

FY 2013 rebalancing (\$15,000) excluded to show only typical operating expenses.

Expenditures INCLUDE repair and maintenance costs for non-Dominion owned assets (Main Street).

\$26,122 GAP over 8 years covered by Water/Sewer rate-payers, expected to grow.

Revenues at \$0.01 / hundred did not cover costs. Water/Sewer rate-payers covered significant excess.



# Gloucester Pt. Sanitary District

## No Repair / Maintenance Included (All Dominion)

<b><u>ALL REVENUES</u></b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>TOTAL</b>	\$19,986	\$20,290	\$20,173	\$20,113	\$19,960	\$19,908	\$21,362	\$22,295
<b><u>ALL EXPENDITURES</u></b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>TOTAL</b>	\$17,789	\$17,780	\$17,583	\$17,563	\$17,685	\$17,723	\$19,145	\$22,046
<b><u>GP DISTRICT</u></b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>GAP (-)</b>	\$2,198	\$2,510	\$2,589	\$2,550	\$2,275	\$2,185	\$2,217	\$249

Revenues already EXCLUDE insurance recovery, as all assets are owned by Dominion.

FY 2013 rebalancing (\$40,000) excluded to show only typical operating expenses.

Expenditures already EXCLUDE repair and maintenance, as all assets are owned by Dominion.

\$16,773 fund balance built up over 8 years, expected to grow more slowly over coming years, could be rebalanced out to benefit Water / Sewer rate-payers.

Revenues at \$0.01 / hundred covered all costs. Water/Sewer rate-payers covered no excess, and fund balance continued to grow, although at a progressively slower pace.





# Sanitary Districts (Combined)

## Main Street Repair and Maintenance INCLUDED

<u>ALL REVENUES</u>	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
TOTAL	\$39,073	\$39,428	\$39,573	\$39,504	\$39,265	\$38,825	\$40,326	\$49,768
<u>ALL EXPENDITURES</u>	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
TOTAL	\$36,843	\$41,311	\$40,534	\$41,689	\$42,986	\$37,982	\$51,404	\$42,945
<u>BOTH DISTRICTS</u>	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
GAP (-)	\$2,230	(\$1,883)	(\$962)	(\$2,185)	(\$3,720)	\$843	(\$11,077)	\$6,823

Looking at both sanitary districts combined (for illustrative purposes only, excluding fund re-balancing)...

Total revenues (INCLUDING insurance recovery) typically DID NOT COVER total Expenses (INCLUDING repair and maintenance on non-Dominion owned assets).

Combined \$9,439 GAP over 8 years covered by Water/Sewer rate-payers. This gap is expected to widen over coming years if no changes are made, as lighting and repair / maintenance costs escalate.

When combined (for illustrative purposes only) revenues at \$0.01 / hundred covered nearly all (98%+) costs. Water/Sewer rate-payers covered (net) minor excess over the 8-year period.



# Sanitary District #1

## Hypothetical: Main Street Repair and Maintenance EXCLUDED

<u>ALL REVENUES</u>	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
TOTAL	\$19,087	\$19,138	\$19,400	\$19,391	\$19,306	\$18,918	\$18,964	\$19,513
<u>ALL EXPENDITURES</u>	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
TOTAL	\$19,054	\$21,593	\$19,776	\$19,729	\$20,039	\$19,784	\$19,789	\$19,964
<u>DISTRICT #1</u>	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
GAP (-)	\$32	(\$2,455)	(\$377)	(\$337)	(\$733)	(\$866)	(\$824)	(\$451)

Revenues EXCLUDE insurance recoveries, proposed to post to the General Fund.

FY 2013 rebalancing (\$15,000) excluded to show only typical operating expenses.

Expenditures EXCLUDE repair and maintenance costs for non-Dominion owned assets (Main Street), proposed to be covered by the General Fund.

\$5,431 GAP (reduced by approximately 80%) over 8 years would have been covered by Water/Sewer rate-payers, expected to grow.

Revenues at \$0.01 / hundred would have covered nearly all (non repair / maintenance) costs. Water/Sewer rate-payers would have covered minor excess.



# Gloucester Pt. Sanitary District

## No Repair / Maintenance Included (All Dominion)

<b><u>ALL REVENUES</u></b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>TOTAL</b>	\$19,986	\$20,290	\$20,173	\$20,113	\$19,960	\$19,908	\$21,362	\$22,295
<b><u>ALL EXPENDITURES</u></b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>TOTAL</b>	\$17,789	\$17,780	\$17,583	\$17,563	\$17,685	\$17,723	\$19,145	\$22,046
<b><u>GP DISTRICT</u></b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>GAP (-)</b>	\$2,198	\$2,510	\$2,589	\$2,550	\$2,275	\$2,185	\$2,217	\$249

Revenues already EXCLUDE insurance recovery, as all assets are owned by Dominion.

FY 2013 rebalancing (\$40,000) excluded to show only typical operating expenses.

Expenditures already EXCLUDE repair and maintenance, as all assets are owned by Dominion.

\$16,773 fund balance built up over 8 years, expected to grow more slowly over coming years, could be rebalanced out to benefit Water / Sewer rate-payers.

Revenues at \$0.01 / hundred covered all costs. Water/Sewer rate-payers covered no excess, and fund balance continued to grow, although at a progressively slower pace.



# Sanitary Districts (Combined)

Hypothetical: Main Street Repair and Maintenance EXCLUDED

<u>ALL REVENUES</u>	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
TOTAL	\$39,073	\$39,428	\$39,573	\$39,504	\$39,265	\$38,825	\$40,326	\$41,808
<u>ALL EXPENDITURES</u>	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
TOTAL	\$36,843	\$39,373	\$37,360	\$37,291	\$37,723	\$37,507	\$38,934	\$42,010
<u>BOTH DISTRICTS</u>	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
GAP (-)	\$2,230	\$55	\$2,213	\$2,213	\$1,542	\$1,318	\$1,393	(\$202)

Looking at both sanitary districts combined (for illustrative purposes only, excluding fund rebalancing)...

Total revenues (EXCLUDING insurance recovery) typically WOULD HAVE COVERED total Expenses (EXCLUDING repair and maintenance on non-Dominion owned assets), with FY19 being the exception.

\$11,342 fund balance built up over 8 years, which could be re-balanced out for the benefit of Water/Sewer rate-payers, or carried forward to offset future gaps in funding.

When combined (for illustrative purposes only) revenues at \$0.01 / hundred would have covered nearly all costs each year. Water/Sewer rate-payers would have covered no (net) excess over the 8-year period.



# Sanitary Districts - Summary



**Sanitary District #1 operates at a deficit regardless of whether the District is required to pay for repair / maintenance of non-Dominion owned assets, however removal of repair / maintenance responsibility mitigates approximately 80% of the gap in funding.**

**Gloucester Point Sanitary District has historically operated at a net gain, however surpluses are declining as expenses escalate.**

**When considering the benefit to the rate payers associated with the FY 2013 re-balancing to extract (SD#1 - \$15,000 and GPSD - \$40,000) in built up fund balances:**

**Sanitary District #1 remains in a deficit (over the 8-year period) due to added repair / maintenance expense. Deficit approximately \$11,000.**

**Sanitary District #1 would be at a surplus (over the 8-year period) if repair and maintenance expenses were excluded. Surplus approximately \$10,000.**

**Gloucester Point Sanitary District remains at a surplus (over the 8-year period) regardless. Surplus approximately \$56,000.**

**Net together, the surplus would be approximately \$45,000 (including repair / maintenance) or \$66,000 (if repair / maintenance expense had been excluded).**

# Sanitary Districts - Conclusions

**In effect (and only in effect), Gloucester Point Sanitary District has backstopped the lack of funding in Sanitary District #1, and contributed significantly to the benefit of Water / Sewer rate-payers through re-balancing / extraction of excess funds to support Enterprise needs.**

**Sanitary District #1 is not currently self-sustaining at \$0.01 per hundred considering the costs associated with asset maintenance / repair.**

**In effect (and only in effect), surpluses in the Gloucester Point Sanitary District have been paying to fill the funding gap in Sanitary District #1.**

**Surpluses in the Sanitary District #1 have historically paid to the benefit of Water/Sewer rate-payers in general, although deficits in recent years have been borne by Water/Sewer rate-payers.**

**Surpluses in the Gloucester Point Sanitary District have historically paid to the benefit of Water/Sewer rate-payers in general, and surpluses (that have declined substantially in recent years) may continue to do so.**

**Moving forward, in effect (and only in effect) the two sanitary districts are nearly break-even if they were to be considered (net) combined.**

**Many taxpayers in the sanitary districts pay to support street lighting, however not all have the benefit of having a street light in close proximity to their property.**



# SDs - Recommendation



Street lighting benefits not only all taxpayers in their respective sanitary districts, but all taxpayers generally - some taxpayers benefit directly (with a light in close proximity to their property) while other taxpayers (both in and out of the districts) benefit indirectly (generally supporting and enhancing economic vitality in areas targeted for future economic growth and development).

General Fund monies are appropriately used for expenses that benefit all citizens.

Water/Sewer rate-payers should not (generally) be expected to backstop expenses that benefit all citizens, nor exclusively benefit from excess revenues collected for lighting.

Maintain \$0.01 per hundred in the sanitary districts for CY 2020, but transfer repair and maintenance responsibility to the General Fund, targeting near-break-even across the two districts combined.

In 2020, evaluate what street lighting the County should maintain responsibility for (that lighting which is determined to best benefit all taxpayers) and schedule divestiture of excess lighting obligations effective January 1, 2021, coordinating no-cost transfer of divested lighting to homeowners where such homeowners desire to retain it.

Starting January 1, 2021, migrate all funding for retained street lighting to the General Fund and reduce to an effective rate of \$0.00 per hundred in the sanitary districts.

# Sanitary Districts

GSD Fund	FY2019 Final Budget	FY2019 Actual	FY2020 Revised	FY2020 Expected	FY2021 Proposed	Dollar Change	% Change
Local Revenue	\$18,860	\$27,473	\$19,340	\$19,340	\$19,340	\$0	0.0%
Use of Fund Balance	\$6,140	\$0	\$14,660	\$14,660	\$11,660	(\$3,000)	-20.5%
Total Revenue	\$25,000	\$27,473	\$34,000	\$34,000	\$31,000	(\$3,000)	-8.8%
Expenditure							
Operating	\$25,000	\$20,899	\$34,000	\$34,000	\$31,000	(\$3,000)	-8.8%
Total Expenditure	\$25,000	\$20,899	\$34,000	\$34,000	\$31,000	(\$3,000)	-8.8%
GPSD	FY2019 Final Budget	FY2019 Actual	FY2020 Revised	FY2020 Expected	FY2021 Proposed	Dollar Change	% Change
Local Revenue	\$22,060	\$22,295	\$22,300	\$22,300	\$22,900	\$600	2.7%
Use of Fund Balance	\$0	\$0	\$1,370	\$1,370	\$100	(\$1,270)	-92.7%
Total Revenue	\$22,060	\$22,295	\$23,670	\$23,670	\$23,000	(\$670)	-2.8%
Expenditure							
Operating	\$22,060	\$22,046	\$23,670	\$23,670	\$23,000	(\$670)	-2.8%
Total Expenditure	\$22,060	\$22,046	\$23,670	\$23,670	\$23,000	(\$670)	-2.8%

Recommendation: Use General Fund monies in lieu of Enterprise Fund monies to backstop FY21 expenditures, until select lighting can be divested.





# Mosquito Control

Mosquito Control District revenue / expenditure analysis and district boundary evaluation pushed to FY21, considering FY20 neutral impact (\$30K fund balance not needed), and FY21 projection near break-even

Mosquito Control	FY2019 Final Budget	FY2019 Actual	FY2020 Revised	FY2020 Expected	FY2021 Proposed	Dollar Change	% Change
Local Revenue	\$101,390	\$98,290	\$98,390	\$98,390	\$98,390	\$0	0.0%
Use of Fund Balance	\$31,145	\$0	\$30,000	\$30,000	\$15,935	(\$14,065)	-46.9%
Total Revenue	\$132,535	\$98,290	\$128,390	\$128,390	\$114,325	(\$14,065)	-11.0%
Expenditure							
Personnel (includes PT WAR)	\$17,775	\$15,286	\$17,775	\$17,775	\$17,775	\$0	0.0%
Operating	\$114,760	\$110,091	\$110,615	\$110,615	\$96,550	(\$14,065)	-12.7%
Total Expenditure	\$132,535	\$125,377	\$128,390	\$128,390	\$114,325	(\$14,065)	-11.0%

Due to reduced demand for treatment activity in the summer of 2019, mosquito control chemicals are currently stockpiled. Use of Committed Fund Balance in FY20 is not actually expected

Projections of Committed Fund Balance use for FY21 have been reduced, and may not be needed at all pending FY21 revenue projection update to incorporate real estate valuation increase

Committed Fund Balance as of YE FY19 = \$115K



# General Fund Summary

\$ 76.16M	FY21 GF Operating Baseline budget request (excl. CIP)
(\$ 1.12M)	GF incremental operating requests unfunded
(\$ 5.63M)	GF transfer increase unfunded – GCPS
\$69.41M	FY21 GF operating budget proposed (excl. CIP)
\$ 1.12M	FY21 GF Xfer (Unassigned, Committed, Current Rev)
\$ 70.53M	FY21 General Fund Operating Budget Proposed
\$69.41M	FY21 GF operating budget proposed (excl. CIP)
\$66.53M	FY20R Operating Baseline (excl. CIP)
\$ 2.88M	Incremental Additional Recurring FY21 Expense (Increased revenue pressure over FY20R)



# Incremental Funding Summary

\$ 1.29M	FY21 General Fund operating budget funded <ul style="list-style-type: none"> <li>\$1.29M net increase from FY20R, \$1.09M in offsets, including \$22K decrease in vacancy / transfer savings estimate; \$434K reduction associated with personnel / position changes / eliminations; \$175K RE Assessment one-time elimination, \$87K Fleet cost reduction, \$218K reduction in FMRR, and others</li> <li>Major priorities funded: \$50K HMP increase; \$311K 1.6% COLA; \$130K FY20 (missed) step, \$130K step, \$518K Volunteer F&amp;R Increase; \$86K Pictometry; \$226K Public Safety Radio SUA increase; \$250K VRS rate increase;</li> </ul>
\$ 1.45M	General Fund transfer increase – GCPS (\$26.93M basis)
\$ 96K	General Fund transfer increase – Social Services/CSA
(\$ 3.36M)	General Fund transfer decrease – Capital Fund
\$ 58K	General Fund transfer increase – Debt Service
\$ 0K	General Fund transfer – Utilities / Enterprise
(\$ 466K)	Incremental Additional Funding FY19R → FY20
\$ 0K	Total unbudgeted operating carryover (Hole)
(\$ 466K)	Decreased budget versus FY20 Revised (proposed)



# FY21 Revenue Outlook Summary

General Fund Revenues	FY2019 Final Budget	FY2019 Actual	FY2020 Revised Budget	FY2020 Expected	FY2021 Proposed	Dollar Change	% Change
General Property Taxes	\$40,787,655	\$41,115,460	\$41,883,391	\$41,883,391	\$44,526,457	\$2,643,066	6.3%
Other Local Taxes	\$10,641,280	\$11,114,495	\$11,277,114	\$11,277,114	\$12,342,718	\$1,065,604	9.4%
Licenses, Permits, & Fees	\$431,580	\$459,062	\$476,535	\$476,535	\$474,580	(\$1,955)	-0.4%
Fines & Forfeitures	\$100,200	\$97,257	\$120,200	\$120,200	\$100,400	(\$19,800)	-16.5%
Use of Money & Property	\$297,046	\$481,474	\$379,295	\$379,295	\$488,619	\$109,324	28.8%
Charges for Services	\$1,089,642	\$1,119,975	\$1,138,463	\$1,138,463	\$1,135,376	(\$3,087)	-0.3%
Miscellaneous	\$199,525	\$297,976	\$183,194	\$183,194	\$202,719	\$19,525	10.7%
Recovered Costs	\$201,720	\$222,897	\$639,746	\$639,746	\$685,745	\$45,999	7.2%
Commonwealth	\$8,893,056	\$8,843,108	\$9,141,054	\$9,141,054	\$9,028,421	(\$112,633)	-1.2%
Federal	\$363,845	\$320,697	\$353,788	\$353,788	\$300,144	(\$53,644)	-15.2%
Fund Balance	\$2,503,627	\$0	\$5,405,860	\$5,405,860	\$1,246,866	(\$4,158,994)	-76.9%
<b>Total General Fund Revenues</b>	<b>\$65,509,176</b>	<b>\$64,072,400</b>	<b>\$70,998,640</b>	<b>\$70,998,640</b>	<b>\$70,532,044</b>	<b>(\$466,596)</b>	<b>-48.1%</b>

(\$70.53M) FY21 Projected GF revenue (1¢ CY2020 RE rate impact and ½ FY “windfall” portion of presumed 2.5¢ CY2021 RE rate impact)



# FY21 Revenue Outlook Detail

Property Taxes	FY2019 Final Budget	FY2019 Actual	FY2020 Revised Budget	FY2020 Expected	FY2021 Proposed	Dollar Change	% Change
Revenue							
CURRENT REAL ESTATE	\$29,285,655	\$29,200,271	\$30,073,531	\$30,073,531	\$32,321,104	\$2,247,573	7.5%
DELINQUENT REAL ESTATE	\$700,000	\$735,212	\$740,000	\$740,000	\$740,000	\$0	0.0%
PUBLIC SERVICE CORP	\$1,100,000	\$1,073,556	\$1,100,000	\$1,100,000	\$1,100,000	\$0	0.0%
CURRENT PERS PROP	\$8,262,000	\$8,697,315	\$8,509,860	\$8,509,860	\$8,935,353	\$425,493	5.0%
DELINQUENT PERS PROP	\$800,000	\$804,703	\$800,000	\$800,000	\$800,000	\$0	0.0%
MANUFACTURED HOME	\$50,000	\$40,327	\$50,000	\$50,000	\$50,000	\$0	0.0%
PENALTIES	\$400,000	\$340,744	\$400,000	\$400,000	\$350,000	(\$50,000)	-12.5%
INTEREST	\$190,000	\$223,331	\$210,000	\$210,000	\$230,000	\$20,000	9.5%
Total	\$40,787,655	\$41,115,460	\$41,883,391	\$41,883,391	\$44,526,457	\$2,643,066	6.3%
Other Local Taxes	FY2019 Final Budget	FY2019 Actual	FY2020 Revised Budget	FY2020 Expected	FY2021 Proposed	Dollar Change	% Change
Revenue							
LOCAL SALES TAX	\$4,617,000	\$4,868,752	\$4,872,013	\$4,872,013	\$5,640,614	\$768,601	15.8%
CONSUMER UTILITY TAX	\$750,000	\$740,458	\$760,000	\$760,000	\$760,000	\$0	0.0%
BUSINESS LICENSE TAX	\$1,800,000	\$1,931,649	\$2,000,000	\$2,000,000	\$2,200,000	\$200,000	10.0%
MEALS TAX	\$2,339,280	\$2,377,951	\$2,400,101	\$2,400,101	\$2,472,104	\$72,003	3.0%
LODGING TAX	\$200,000	\$225,940	\$205,000	\$205,000	\$230,000	\$25,000	12.2%
OTHER LOCAL TAXES	\$935,000	\$969,746	\$1,040,000	\$1,040,000	\$1,040,000	\$0	0.0%
Total	\$10,641,280	\$11,114,495	\$11,277,114	\$11,277,114	\$12,342,718	\$1,065,604	9.4%



# Projected Fund Balance Capacity

- End of FY 20 / beginning of FY21 Unassigned Fund Balance Estimate:
  - \$16.6M (excl. FY20 YE results)
- Fund Balance Policy (14-16%) target range:
  - \$15.6M - \$17.8M
- Unassigned Fund Balance available for use:
  - \$0.0M (Without pushing further below 15% midpoint)
- CA recommended target \*\*
  - \$58,550K Unassigned Fund Balance to balance FY21 PayGo CIP,
- CA recommends reserving underspend in FY20 Results / remaining FY20 RE valuation “windfall” to support FY22 FMRR and Paygo CIP (more than first ½ of ½ already consumed in FY20 budget as adopted and amended).



# Proposed General Fund \$ for CIP

- CA proposed funding for FY21 PayGo CIP:

\$ 500K	Cable Committed Fund Balance
\$ 558K	FY21 Current revenues (2nd half FY21 “windfall” from presumed 2.5¢ CY2021 RE rate ↑)
\$ 58K	Unassigned Fund Balance from FY20 results
<u>\$ 0K</u>	<u>\$543K Capital Committed Fund Balance (reserve)</u>
\$ 1.12M	Total General Fund \$ supporting FY21 PayGo CIP



# Proposed use of Fund Balances

\$ 58K	Total Unassigned FB supporting FY21 PayGo CIP
\$ 400K	FMRR Committed Fund
\$ 500K	Cable Services Fund for Broadband Grant
\$ 6K	Cable Services Fund for Cable / PEG Program
\$ 61K	Tourism Committed Fund (Tourism Ops (\$26K); FMRR (\$35K))
\$ 38K	Asset Forfeiture (neutral impact)
\$ 183K	CA Contingency Assigned Fund
\$ 0K	Unassigned Fund Balance (to balance budget)**
<u>\$ 1.25M</u>	Total Fund Balance supporting FY21 proposed budget





# Funding the Proposed Budget

\$ 70.53M	FY21 General Fund Operating Budget Proposed
<u>(\$ 68.28M)</u>	<u>FY21 Projected revenue (w/o tax impact; no use of FB)</u>
<hr/>	
\$ 2.25M	Proposed budget/revenue GAP
<u>\$ 1.25M</u>	Total Fund Balance supporting FY21 proposed budget
\$ 558K	½ FY “windfall” from presumed 2.5¢ CY2021 RE rate ↑
<u>\$ 446K</u>	<u>1¢ CY2020 RE rate impact (will hopefully balance out)</u>
\$ 2.25M	Total proposed use of Fund balances

Using Fund balances to support FMRR could create a “hole” to start the following year’s budget process – propose to fill this gap with recurring prior year underspend allocation to FMRR Committed Fund as needed to support recurring obligation at 5-year run-rate level moving forward



# Caution: FY21 PayGo CIP Deficit

## How lean is lean enough?

Past practice relied on fiscal year end contributions to unassigned fund balance to support PayGo CIP. FY19 did not, and current / future years (FY20 and beyond) are not anticipated to contribute to unassigned fund balance in such a substantial manner as previously realized.

With fiscal year underspend anticipated to be minimal (likely enough to support recurring FMRR), funding PayGo CIP is extremely challenging in FY21 and beyond without deliberate action to fund a CIP reserve pool.

CA recommends reserving underspend in FY20 Results / remaining FY20 RE valuation “windfall” to support FY22 FMRR and Paygo CIP (more than first ½ of ½ already consumed in FY20 budget as adopted and amended / programmed for FY21 CIP).



# FY20 Mid-Year Financial Report

## FY2020 TOTAL REVENUE PROJECTIONS REVIEW

	FY20 Budget Original	FY20 Budget Revised	FY20 Mid-Year Results	FY20 Percent Received	FY20 Year End Projections	Variance to Rev Budget Pos (Neg)	Total Percent Projected
<b>REVENUES</b>							
General property taxes (incl Mosquito Control)	41,836,781	41,981,781	21,167,582	50.4%	42,158,473	176,692	100.4%
Other local taxes*	11,277,114	11,277,114	6,063,684	53.8%	11,702,241	425,127	103.8%
Permits, privilege fees, and regulatory licenses	476,535	476,535	187,147	39.3%	495,415	18,880	104.0%
Fines and forfeitures	120,200	120,200	39,321	32.7%	99,421	(20,779)	82.7%
Revenue from the use of money and property	379,295	379,295	205,217	54.1%	394,865	15,570	104.1%
Charges for services	1,138,463	1,138,463	595,090	52.3%	1,164,321	25,858	102.3%
Miscellaneous	183,194	183,194	143,106	78.1%	199,703	16,509	109.0%
Recovered costs	631,178	639,746	321,692	50.3%	641,565	1,819	100.3%
Intergovernmental revenues:							
Commonwealth	9,136,825	9,141,054	5,336,441	58.4%	9,078,968	(62,086)	99.3%
Federal	353,788	353,788	166,773	47.1%	343,667	(10,121)	97.1%
Total revenues	65,533,373	65,691,170	34,226,052	52.1%	66,278,637	587,467	100.9%



# FY20 Mid-Year Financial Report\*\*

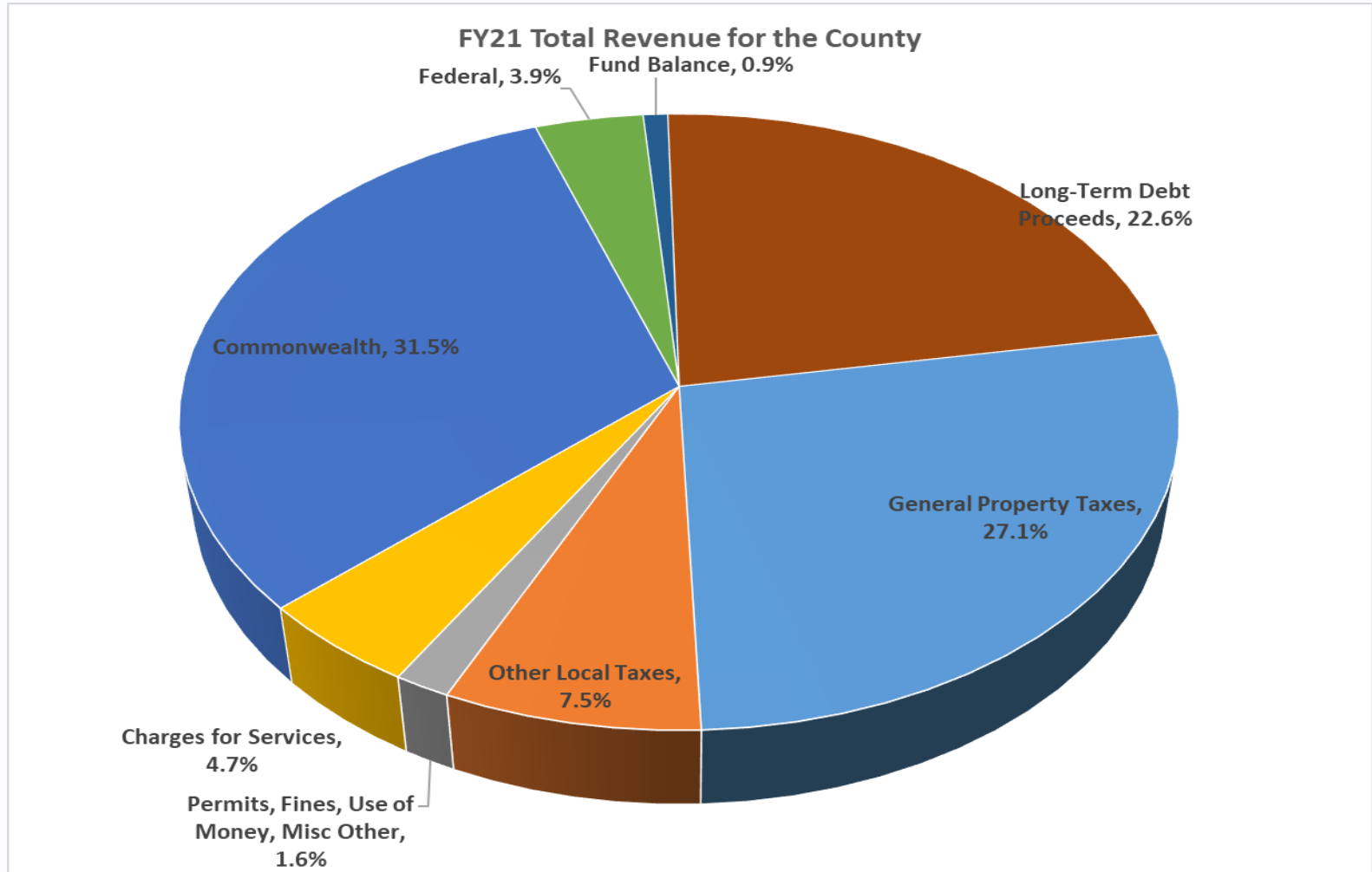
~\$ 1.75M	Estimated full year value of 6% valuation increase
~\$ 875K	Estimated half year impact in FY20
~\$ 438K	Estimate built into FY20 operating budget (3 out of 6%)
~\$ 175K	Post-FY20 adoption appropriation (RE Assessment)
~\$ 263K	Initial variance estimate (remaining unappropriated)

\$ 177K	Current variance estimate (FY20 Mid-year report)
\$ 58K	Proposed to fund FY21 CIP
\$ 119K	Remaining estimate toward FY20 YE operating results

RE valuation increase impact nearly fully consumed between FY20R budget and FY21 proposed use for CIP → small contribution to FY20 operating results

FY20 Year End Projections	Variance to Rev Budget Pos (Neg)	Total Percent Projected
42,158,473	176,692	100.4%

# Projected Revenues by Source



91% of budget growth is attributed to Capital

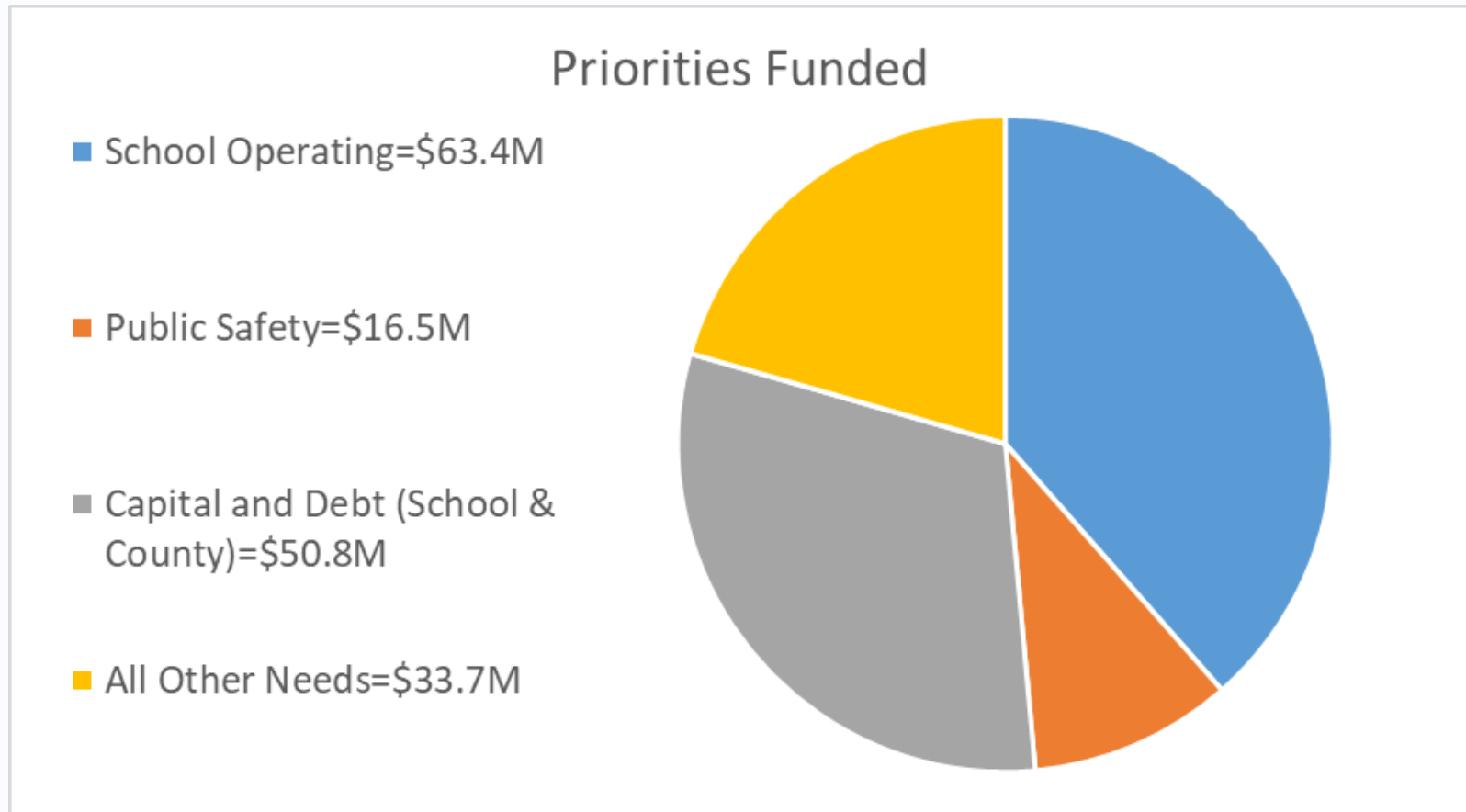
# FY 2021 Proposed Budget

General Fund	FY2019 Final Budget	FY2019 Actual	FY2020 Revised	FY2020 Expected	FY2021 Proposed	Dollar Change	% Change
General Fund Operating	\$31,961,947	\$30,992,680	\$33,298,482	\$33,298,482	\$34,591,348	\$1,292,866	3.9%
School Operating Fund	\$59,652,069	\$57,985,836	\$61,801,117	\$61,801,117	\$63,357,010	\$1,555,893	2.5%
School Cafeteria	\$2,613,473	\$2,469,338	\$2,688,473	\$2,688,473	\$2,792,461	\$103,988	3.9%
School Special Education	\$724,698	\$596,219	\$734,686	\$734,686	\$743,523	\$8,837	1.2%
Social Services	\$4,691,448	\$4,579,861	\$5,243,712	\$5,243,712	\$5,459,942	\$216,230	4.1%
Children Services Act	\$1,214,597	\$866,965	\$1,424,000	\$1,424,000	\$1,424,000	\$0	0.0%
Capital Fund	\$2,265,259	\$2,111,755	\$13,490,844	\$13,490,844	\$46,578,196	\$33,087,352	245.3%
Debt Service Fund	\$4,489,764	\$4,487,964	\$4,247,378	\$4,247,378	\$4,261,041	\$13,663	0.3%
Gloucester Sanitary District #1	\$25,000	\$20,899	\$34,000	\$34,000	\$31,000	(\$3,000)	-8.8%
Gloucester Pt. Sanitary District	\$22,060	\$22,046	\$23,670	\$23,670	\$23,000	(\$670)	-2.8%
Utilities Fund	\$6,816,155	\$4,153,772	\$5,010,700	\$5,010,700	\$5,145,488	\$134,788	2.7%
Total Governmental Expenditures	\$114,476,470	\$108,287,334	\$127,997,062	\$127,997,062	\$164,407,009	\$36,409,947	28.4%

Proposed FY21 Budget is balanced with full consumption of CY2020 Real Estate valuation increase (no opportunity to equalize), 1¢ CY2020 Real Estate rate increase (that will hopefully balance out) and 2<sup>nd</sup> half impact of presumed 2.5¢ CY2021 RE rate increase (to support CIP debt service FY22→). Aggressive, but stunted use of fund balances due to lean budget performance, enhanced Real Estate and Personal Property Tax revenue projection accuracy, and aggressive revenue growth and expenditure assumptions.



# Priorities Funded



# Excursion – Unfunded Priorities

\$ 5.63M	GCPS Local Funding Request (detail on next page)
\$ 892K	Fund a future year CIP Reserve Pool
\$ 446K	De-risk the budget / establish operating reserve / rainy day fund
\$ 350K	County 1.8% Compensation Deficit
\$ 218K	FMRR (expressed need rebalanced out / unfunded)
\$ 193K	Personnel expense Animal Control (1/1 FTE - \$60K); Circuit Court Clerk (1.6/2.6 FTE - \$75K); Park Operations (WAR - \$52K); ; General OT (\$5.5K)
\$ 90K	Sheriff Sworn Staff Retirement Multiplier
\$ 62K	Level fund / no new civic contributions (except transit) Gloucester Housing Partnership (\$29K); Tidewater Soil & Water Cons. District (\$4K); Puller Center (\$2K); Bay Transit (\$1.5K); Bay Aging (\$300); GMHS (\$16K); Boys & Girls Club (\$10K)
\$ 55K	GIS (Pictometry upgrade and street map printing)





# Excursion – Unfunded Priorities

\$ 1.72M	GCPS – Personnel expense (5.25% out of 7.25% request for teachers - \$328K = 1%)
\$ 71K	GCPS – add 2 days (180 day school year)
\$ 1.23M	GCPS – Personnel (additional positions – 23 FTE) Groundskeeper; Office Secretary; Technology Teacher; Technology Paraprofessional (2); Behavioral Specialist; Special Education Teacher (3); Special Education Paraprofessional (2); Alternative Measures Paraprofessional (5); Paraprofessional (2); Security Officer; Reading Interventionist; K-12 Equity/CTE Director; CTE Health / Medical Teacher; Gifted Resource Teacher
\$ 263K	GCPS – Instruction Requests
\$ 35K	GCPS – Administration / Insurance Requests
\$ 107K	GCPS – Grounds / Transportation Requests
\$ 475K	GCPS – Utility / Facilities Requests
\$ 452K	GCPS – FMRR Requests
\$ 786K	GCPS – Technology Requests



# Excursion – Revenues & Offsets

\$	50K	County health insurance plan reductions
~\$	400K	Estimate of Boat Tax at \$1 per hundred
\$	446K	Use of FY20 Operating results / Fund Balance** (Would create \$446K hole in FY22 budget, deferring the CY2020 1¢ RE rate increase to CY2021, pushing the CY2021 RE rate increase up from 2.5¢ (presumed for CIP Debt Service) to 3.5¢, substantially reduce UFB available for FY22 FMRR / Paygo CIP, before contemplating the balance of FY22 needs (compensation, HMP, etc.)

2020 GA Session: Potential to amend Gloucester into the Halifax Local Option Sales Tax by Referendum to support school capital projects – up to 1% incremental sales tax

\$	TBD	Major service reduction / program elimination
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**Questions?**

# CIP Objectives / Approach

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



# FY21 CIP Summary (Excl. Utilities)

Department	Project Title	Year One FY2021	Funding
Sheriff	Next Generation (NG)-911		VITA (State)
Schools	RENOVATION of Gloucester High School	29,847,288	Debt
FM	Arc Flash (New!)	116,050	Paygo
Schools	Bus Safety Communication System	350,000	Paygo
Schools	Bus Compound	4,750,000	Debt
Schools	School Bus Prog. (8/per yr, 7/per yr FY24 & 25)	500,000	Debt
Engineering	Court Circle Site Improvements	150,000	Paygo
Schools	HVAC Replacement	955,000	Debt
Engineering	Aberdeen and Timberneck Dredging	6,000,000	Debt/Grant
Administration	Broadband Initiative	2,728,565	Paygo/Grant
Schools	Lighting Replacement	683,293	Debt
Schools	Paving Project	498,000	Debt
Total FY 2021 Non-Enterprise CIP (Excluding Prior Year Carryforwards)		46,578,196	



# FY21 CIP Summary

\$ 1.12M	FY21 Non-enterprise PayGo CIP, w/o carryforwards
\$45.46M	FY21 Non-enterprise debt funded CIP
\$ TBD	FY20 → FY21 carryforwards
<hr/>	
\$46.58M	Total Proposed FY21 CIP (Capital Fund)

\$ 706K  
Proposed FY21  
Enterprise CIP  
(Utilities) – All  
cash funded

Department	Project Title	Year One FY2020	Funding
Public Utilities	Water System Risk and Resilience Assessment	75,000	Paygo
Public Utilities	PS #13 Collection System Rehab/Repair	150,000	Paygo
Public Utilities	PS #11 Sewer Rehab/Repair	200,000	Paygo
Public Utilities	Radio Read Conversion	100,000	Paygo
Public Utilities	Surface Water Treatment Plant Façade Repairs	95,000	Paygo
Public Utilities	Building #4 Basement Repairs / Renovation	86,350	Paygo
Total FY 2020 Enterprise CIP		706,350	



# FY21 CIP Funding (Excludes Enterprise CIP)

FY21 CIP (Non-Enterprise) Proposed Funding Sources			
School Buses - Lease/purchase financing (Commercial financing through 3rd party)			\$ 500,000
GCPS Lighting - (Commercial financing through 3rd party)	Lumped into Borrowing		\$ -
GCPS Bondable Projects - VPSA Borrowing	Added Lighting		\$ 36,733,581
Dredging Projects - Grant (may need short term financing until reimbursed to avoid cash flow issue)			\$ 6,000,000
Next Generation 911 - Grant	Funded Directly by VITA		\$ -
Broadband - Grant (may need short term financing until reimbursed to avoid cash flow issues)			\$ 1,451,398
Broadband - Other (In-Kind, Private Sector Investment, etc.)			\$ 777,167
Broadband - Cable Committed Fund Balance	No Carryover Required		\$ 500,000
Unassigned Fund Balance	FY20 Op Results Reserved for FY22 CIP		\$ 58,550
Operating Revenues (presumed windfall - 2.5¢ CY 2021 RE Rate ↑ estimated for FY22 Debt Svc)			\$ 557,500
Capital "Subsequent Expenditures" Reserve (\$543K balance) only if needed			\$ -
Total FY21 CIP Funding			\$ 46,578,196



# FY21 CIP Funding (Excludes Enterprise CIP)

\$ 500K	Cable Committed Fund balance
\$ 558K	FY21 Current revenues (2nd half FY21 “windfall” from presumed 2.5¢ CY2021 RE rate ↑)
\$ 58K	Unassigned fund balance from FY20 results
<u>\$ 0K</u>	<u>\$543K Capital Committed Fund balance (reserve)</u>
\$ 1.12M	Total General Fund \$ supporting FY21 PayGo CIP
\$ 500K	School bus financing program proceeds
\$ 36.73M	VPSA debt proceeds
<u>\$ 8.23M</u>	<u>Grants / private investment (May require short term borrowing)</u>
\$ 46.58M	Total FY21 CIP funded





# Pay-Go / Cash Project Plan

Department	Project Title	CA Quartile	Schools 1-9 Ranking	Dept Dir Wtd	CIP Team Wtd	Plan Com Wtd	Average Wtd
Sheriff	Next Generation (NG)-911	4	N/A	9.4	9.4	6.7	8.5
Radio O&M	Public Services Radio Tower and Microwave Upgrades	4	N/A	8.6	8.2	5.8	7.5
Radio O&M	Public Services Radio Fire Station Alerting, HVAC & Electric	4	N/A	8.1	8.2	5.6	7.3
FM	Arc Flash (New!)	4	N/A	7.2	6.2	5.2	6.2
Schools	Bus Safety Communication System	4	4	7.0	5.6	4.9	5.8
PR&T	Restrooms/Concession Building	3	N/A	7.5	7.0	3.8	6.1
Engineering	Court Circle Site Improvements	3	N/A	6.3	6.9	4.8	6.0
Schools	Roofing Replacement/Recoating	3	8	7.6	5.1	5.3	6.0
Administration	Broadband Initiative	3	N/A	5.2	5.5	5.1	5.3
Schools	Playground Equipment Replacement	3	6	6.5	5.2	4.0	5.2
PR&T	Athletic Field Lighting	3	N/A	5.6	5.6	3.7	5.0
PR&T	Number Nine Road Paving	3	N/A	6.0	3.4	4.1	4.5
IT	Replacement for Finance Plus & Community Plus Software	3	N/A	5.2	3.5	4.8	4.5
PR&T	Paving & Striping Parking Lots	2	N/A	6.7	5.4	3.0	5.1
FM	County Garage Roof Replacement/ Demolition	2	N/A	4.1	4.4	3.6	4.0
Engineering	Asphalt Paving and Overlay - 2002 Courthouse	2	N/A	3.4	3.4	5.0	4.0
Engineering	Hutchinson House Demolition	2	N/A	2.6	2.9	3.7	3.1
FM	Generator Installation - Building 1	2	N/A	2.6	4.0	2.4	3.0
FM	Generator Installation - Building 2	2	N/A	2.6	4.0	2.4	3.0
PR&T	Beaverdam Park New Lodge	2	N/A	3.1	2.9	2.8	2.9
PR&T	Support Facilities	1	N/A	5.7	4.4	2.7	4.3



Impact of reduced  
UFB availability

# Pay-Go / Cash Project Plan

Department	Project Title	Total Cost	Year One FY2021	Year Two FY2022	Year Three FY2023	Year Four FY2024	Year Five FY2025	Year Six and Beyond
Sheriff	Next Generation (NG)-911	0						
Radio O&M	Public Services Radio Tower and Microwave Upgrades	389,400		389,400				
Radio O&M	Public Services Radio Fire Station Alerting, HVAC & Electric	216,700				216,700		
FM	Arc Flash (New!)	116,050	116,050					
Schools	Bus Safety Communication System	350,000	350,000					
PR&T	Restrooms/Concession Building	665,000			665,000			
Engineering	Court Circle Site Improvements	150,000	150,000					
Schools	Roofing Replacement/Recoating	225,000		225,000				
Administration	Broadband Initiative	2,728,565	2,728,565					
Schools	Playground Equipment Replacement	752,689		276,015	238,337	238,337		
PR&T	Athletic Field Lighting	1,375,000		480,000		395,000	500,000	
PR&T	Number Nine Road Paving	262,000		262,000				
IT	Replacement for Finance Plus & Community Plus Software	736,000		736,000				
PR&T	Paving & Striping Parking Lots	1,751,000		226,000	291,000	501,000	441,000	292,000
FM	County Garage Roof Replacement/ Demolition	75,000		75,000				
Engineering	Asphalt Paving and Overlay - 2002 Courthouse	168,000		168,000				
Engineering	Hutchinson House Demolition	115,000			115,000			
FM	Generator Installation - Building 1	100,000		100,000				
FM	Generator Installation - Building 2	150,000		150,000				
PR&T	Beaverdam Park New Lodge	529,000						529,000
PR&T	Support Facilities	785,000		160,000		132,000	493,000	0
Total Pay-go		11,639,404	3,344,615	3,247,415	1,309,337	1,483,037	1,434,000	821,000



# FY 21 Pay-Go Funding Challenge

Department	Project Title	Year Two FY2022	Comments
Schools	Roofing Replacement/Recoating	225,000	Shifted out one year due to lack of available funds
Schools	Playground Equipment Replacement	276,015	Shifted all out one year due to lack of available funds
PR&T	Number Nine Road Paving	262,000	Shifted out one year due to lack of available funds
IT	Replacement for Finance Plus & Community Plus Software	736,000	Implementation
PR&T	Paving & Striping Parking Lots	226,000	Shifted all out one year due to lack of available funds
FM	County Garage Roof Replacement/ Demolition	75,000	Shifted out one year due to lack of available funds
FM	Generator Installation - Building 1	100,000	Shifted out one year due to lack of available funds
FM	Generator Installation - Building 2	150,000	Shifted out one year due to lack of available funds

May qualify for bundling into VPSA borrowing w/ custom amortization schedule



# GCPS Focus – Proposed:

May qualify for bundling into VPSA borrowing w/ custom amortization schedule

Department	Project Title	Comments
Schools	Bus Safety Communication System	Reduced from \$390,452 to \$350,000
Schools	Roofing Replacement/Recoating	Shifted out one year due to lack of available funds and ineligibility for LT Debt
Schools	Playground Equipment Replacement	Shifted all out one year due to lack of available funds; ineligible for LT Debt
Schools	RENOVATION of Gloucester High School	OK - Financed by LT Debt; added \$1,305,288 to Yr 1 from FF; added \$364,412 to Yr 2 from FF for \$41,869,700 total project with \$3.69M funded in FY20
Schools	Bus Compound	OK - Financed by LT Debt - Increased from \$2.65M to \$4.75M for a \$5.5M total project with \$750K funded in FY20
Schools	School Bus Prog. (8/per yr, 7/per yr FY24 & 25)	OK for year one if Supplier or third party Financed; ineligible for LT Debt; Reduced by \$300K (5 busses each year)
Schools	HVAC Replacement	Yrs 1 & 2 pulled into Yr 1; Yrs 3-5 pulled into Yr 2 - to align with LT Debt window
Schools	Lighting Replacement	Bundled all 3 yrs into year one to support Supplier or other third party Financing; ineligible for LT debt
Schools	Paving Project	Yrs 1 & 2 pulled into Yr 1; Yrs 3-5 pulled into Yr 2 - to align with LT Debt window

Acceleration of GCPS' out-year requests into larger projects – bundle with VPSA / Alternative Financing  
Non-bondable (Pay-Go) projects shifting to out-years



# Bond / Financed Project Plan

Department	Project Title	CA Quartile	Schools 1-9 Ranking	Dept Dir Wtd (/10)	CIP Team Wtd (/10)	Plan Com Wtd (/10)	Average Ranking
Radio O&M	Public Safety Radio Portable & Mobile Replacement	4	N/A	8.9	7.8	6.3	7.7
Schools	RENOVATION of Gloucester High School	4	1	9.4	6.2	4.4	6.7
Schools	Bus Compound	4	2	8.3	4.1	3.0	5.1
Schools	School Bus Prog. (8/per yr, 7/per yr FY24 & 25)	3	7	7.2	5.6	5.4	6.1
Schools	HVAC Replacement	3	3	8.0	4.7	4.7	5.8
Engineering	Aberdeen and Timberneck Dredging	3	N/A	6.2	6.2	4.4	5.6
Library	Construction of County Library	3	N/A	5.4	5.0	3.0	4.5
Schools	Lighting Replacement	2	5	10.0	6.4	4.1	6.8
Schools	Paving Project	2	9	4.6	3.4	3.9	4.0

Department	Project Title	Total Cost	Year One FY2021	Year Two FY2022	Year Three FY2023	Year Four FY2024	Year Five FY2025	Year Six and Beyond
Radio O&M	Public Safety Radio Portable & Mobile Replacement	3,224,630						3,224,630
Schools	RENOVATION of Gloucester High School	38,179,700	29,847,288	8,332,412				
Schools	Bus Compound	4,750,000	4,750,000					
Schools	School Bus Prog. (8/per yr, 7/per yr FY24 & 25)	2,654,568	500,000	515,000	530,450	546,364	562,754	
Schools	HVAC Replacement	2,135,000	955,000	1,180,000				
Engineering	Aberdeen and Timberneck Dredging	6,000,000	6,000,000					
Library	Construction of County Library	5,600,000			5,600,000			
Schools	Lighting Replacement	683,293	683,293					
Schools	Paving Project	1,513,000	498,000	1,015,000				
Total Financed (Non-VP SA)		17,479,198	6,500,000	515,000	6,130,450	546,364	562,754	3,224,630
Total Financed (VP SA)		47,260,993	36,733,581	10,527,412				



# Borrowing Considerations

- Project scopes / cost ceilings must be finalized
- Decisions made this year (to fund construction) are critical, as debt service on approved projects will begin in FY22
  - Board must appropriate full project scopes for FY21 award
- FY22 (next budget season) decisions will need to be made on how to fund the debt service associated with approved projects
- Potential for major impact to CY2021 RE Tax Rate (beyond est. 2.5¢)
- Potential alternate funding – up to 1% local option sales tax subject to referendum – SB224 pending Governor’s signature – “major renovation or construction of schools” project qualifications TBD
- Borrowings to be scheduled (likely annually during project execution) as needed... NOT attempting to borrow all up front



# Debt Policy Benchmarking

Entity	VACo Region	Ratings			Local Revenue <sup>(1)</sup>		Debt per Capita		Debt to Assessed Value			Debt Service to Expenditures			10 Year Payout Ratio		
		Moody's	S&P	Fitch	Budget (\$M)	Population <sup>(1)</sup>	In Place	Level	In Place	Level	Basis	In Place	Level	Basis	In Place	Level	Basis
1 Gloucester <sup>(2)</sup>	2				58	36,983	<input checked="" type="checkbox"/>	1,700	<input checked="" type="checkbox"/>	3.0%	Net Debt (non-Utility) & Assessed Value	<input checked="" type="checkbox"/>	10.0%	General Government Expenditures			
Regional Budget and Population Peers																	
2 Louisa	7				74	34,316											
3 Isle of Wight	1	Aa2	AA	AA	72	37,074			<input checked="" type="checkbox"/>	4.0%	Total taxable value of real & personal property.	<input checked="" type="checkbox"/>	12.0%	Non-self-supporting debt. General Govt. Exp. + Schools Less Local Cont. & Cap. Proj.			
4 Mecklenburg	4				67	31,347											
5 Orange	7	Aa2	AA+		56	33,777			<input checked="" type="checkbox"/>	2.5%	Direct net (tax-supported) debt & assessed value of taxable property.	<input checked="" type="checkbox"/>	12.0%	Direct D/S. Total governmental funds expenditures (including Schools).	<input checked="" type="checkbox"/>	55%	Tax-Supported.
6 Accomack	1				52	33,330			<input checked="" type="checkbox"/>	2.5%	Net Debt & Estimated Taxable Value.	<input checked="" type="checkbox"/>	12.0%	Governmental Fund Expenditures.	<input checked="" type="checkbox"/>	55%	Tax-Supported.
7 Powhatan	5	Aa2	AA+		49	28,696			<input checked="" type="checkbox"/>	4.0%	Net tax-supported debt & assessed value of taxable property.	<input checked="" type="checkbox"/>	12.0-15.0%	Total Govt. Fund & school fund operating expenditures (net of local transfer).	<input checked="" type="checkbox"/>	50%	Tax-Supported. Shall be this level by end of 5-year CIP.
8 Prince George	1	Aa2		AA+	48	36,656			<input checked="" type="checkbox"/>	3.5%	Tax-supported direct net debt & estimated market value of taxable property.	<input checked="" type="checkbox"/>	10.0%	General Fund expenditures net of interfund transfers & inclusive of School expenditures.	<input checked="" type="checkbox"/>	55%	Tax-Supported.
9 Caroline	7	Aa2			48	29,704			<input checked="" type="checkbox"/>	3.0%	Total AV of real & personal property.	<input checked="" type="checkbox"/>	12.0-15.0%	General Fund & School Operating Revenue Net of Local Transfer.	<input checked="" type="checkbox"/>	60%	Total Outstanding Principal should reach this level by end of 5-year CIP.
10 King George	7	Aa2	AA+	AA	47	24,724			<input checked="" type="checkbox"/>	3.5%	Tax-supported debt & total assessed value.	<input checked="" type="checkbox"/>	10.0-12.0%	Tax-supported D/S. General Fund op. exp., op. transfers, School op. exp., & D/S.			
11 Goochland	5	Aaa	AAA		46	22,312			<input checked="" type="checkbox"/>	2.75%	Net Debt & Estimated Market Value of Taxable Property.	<input checked="" type="checkbox"/>	12.0%	Total General Fund Exp. inclusive of transfers to other funds.			
12 Fluvanna	5	Aa2	AA		42	26,133			<input checked="" type="checkbox"/>	3.5%	Tax-supported debt & taxable value of property.	<input checked="" type="checkbox"/>	12.0%	Debt for which primary source of payment is General Fund rev.Total Govt. Fund op. rev.			
13 Dinwiddie	4	Aa3	AA		41	28,363			<input checked="" type="checkbox"/>	5.0%	Internal Benchmark.	<input checked="" type="checkbox"/>	10.0%	Internal Benchmark.			
14 New Kent	3				37	20,895			<input checked="" type="checkbox"/>	4.5%	Direct net debt & Estimated Market Value of Taxable Property.	<input checked="" type="checkbox"/>	12.0%	Direct net debt service. Total Governmental Fund Expenditures.	<input checked="" type="checkbox"/>	50%	Direct debt.

(1) For comparative purposes, the Local Revenue and population data was obtained for rated and non-rated Virginia Counties for FY 2017 from the Auditor of Public Accounts; Local Revenue excludes revenues from State and Federal sources.

(2) Prior to the August 12, 2015 Refunding of the EDA Lease Revenue Refunding Bonds, Series 2006, the County's Lease Revenue Bonds were rate AA/AA- by S&P and Fitch, respectively. The County was not rated by Moody's.

Davenport recommends eliminating Debt per Capita policy and adding 10 Year Payout policy



# Proposed Debt Policy Limits



## Summary | Capacity Limits by Term

Term In Years	Limiting Ratio	Debt Capacity <sup>(1)</sup>	Annual Debt Service	Incremental Cost <sup>(2)</sup>
15	Debt to Assessed Value	99,892,524	9,301,373	22.15 ¢
20	10 Year Payout	62,540,882	4,912,616	11.70 ¢
30	10 Year Payout	23,205,224	1,552,822	3.70 ¢

Davenport recommends eliminating Debt per Capita policy and adding 10 Year Payout policy

Estimated Capacity <sup>(1)</sup>	Proj. FY 20 Levels <sup>(3)</sup>	Current Policy	Bronze Level	15 Years 4.50%	20 Years 4.75%	30 Years 5.25%
Debt to Assessed Value	0.75%	3.0%	3.0%	99,892,524	99,892,524	99,892,524
Annual Debt Service				9,301,373	7,846,604	6,684,501
Debt Service to Expenditures	4.4%	10.0%	15.0%	131,094,884	155,400,016	182,416,366
Annual Debt Service Capacity				12,206,744	12,206,744	12,206,744
Debt Per Capita Annual Debt Service	893	1,700	N/A			
10 Year Payout Annual Debt Service	80.4%	N/A	50.0%	Unlimited N/A	62,540,882 4,912,616	23,205,224 1,552,822

(1) Debt Capacity is estimated based upon issuing debt in FY 2020 with full annual level debt service payments commencing in FY 2021.

(2) The incremental cost is based upon the Value of a Penny of \$420,000 as provided by County Staff; does not include growth.

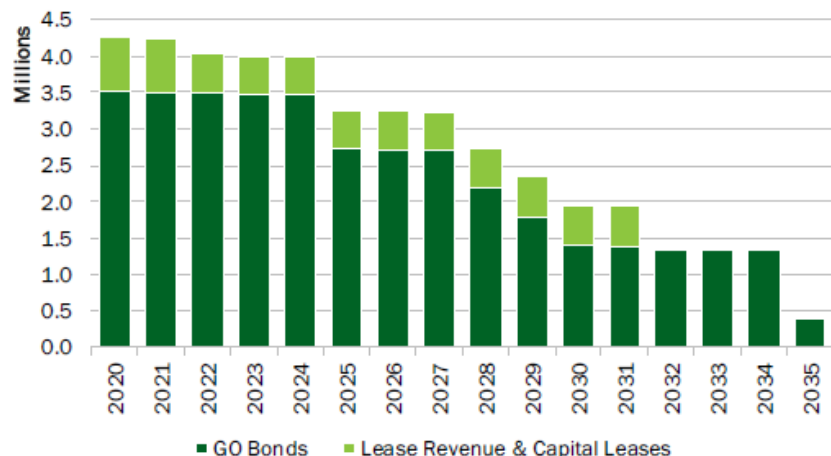
(3) Calculated as of FY 2020; assumes the County does not issue additional debt prior to FYE 2019.



# Existing Tax-Supported Debt Profile



## Tax-Supported Debt Service



## Par Outstanding – Estimated as of 6/30/2019

Type	Par Amount
General Obligation Bonds	\$27,227,783
Lease Revenue & Capital Leases	5,958,063
<b>Total</b>	<b>\$33,185,846</b>

Note: 2011 & 2012 QSCB interest shown gross of federal subsidy.

Does not include County's Utility debt.

Does not include the Non-Governmental EDA Debt.

## Tax-Supported Debt Service

FY	Principal	Interest	Total	10-Year Payout
<b>Total</b>	<b>\$ 33,185,846</b>	<b>\$ 10,386,624</b>	<b>\$ 43,572,470</b>	
2020	2,922,931	1,319,847	4,242,779	80.4%
2021	3,017,217	1,210,257	4,227,474	83.5%
2022	2,941,853	1,094,219	4,036,072	87.4%
2023	3,013,258	990,546	4,003,804	90.1%
2024	3,102,126	891,857	3,993,983	93.6%
2025	2,464,284	795,755	3,260,039	98.5%
2026	2,538,046	706,926	3,244,972	100.0%
2027	2,612,162	619,702	3,231,864	100.0%
2028	2,184,650	539,749	2,724,399	100.0%
2029	1,873,490	471,933	2,345,423	100.0%
2030	1,513,490	420,231	1,933,720	100.0%
2031	1,561,490	364,873	1,926,363	100.0%
2032	1,022,712	315,313	1,338,025	100.0%
2033	1,057,713	282,310	1,340,023	100.0%
2034	1,087,713	247,910	1,335,623	100.0%
2035	272,713	115,194	387,907	100.0%



# Overview of Updated CIP



- The County is currently contemplating the following projects related to its CIP:

		2020	2021	2022	2023	2024	2025	2026	2027	Total
<b>Projects</b>										
1	Page Athletic Fields	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400,000
2	Achilles Bus Loop	789,916	-	-	-	-	-	-	-	789,916
3	Renovation of Gloucester HS A&E <b>(A)</b>	3,690,000	-	-	-	-	-	-	-	3,690,000
4	Fleet/Tran. Facility (Bus Compound) A&E	750,000	-	-	-	-	-	-	-	750,000
5	School Lighting Replacement	-	683,293	-	-	-	-	-	-	683,293
6	School HVAC Replacement	-	955,000	1,180,000	-	-	-	-	-	2,135,000
7	School Paving Project	-	498,000	1,015,000	-	-	-	-	-	1,513,000
8	Renovation of Gloucester HS <b>(B)</b>	-	29,847,288	8,332,412	-	-	-	-	-	38,179,700
9	Fleet/Tran. Facility (Bus Compound)	-	4,750,000	-	-	-	-	-	-	4,750,000
10	School Bus Program <b>(C)</b>	-	500,000	515,000	530,450	546,364	562,754	562,754	562,754	3,780,076
11	Aberdeen and Timberneck Dredging <b>(D)</b>	-	6,000,000	-	-	-	-	-	-	6,000,000
12	County Library Construction <b>(E)</b>	-	-	-	5,600,000	-	-	-	-	5,600,000
13	Radio Project	-	-	-	-	-	-	-	3,224,630	3,224,630
<b>Total Projects</b>		<b>\$ 5,629,916</b>	<b>\$ 43,233,581</b>	<b>\$ 11,042,412</b>	<b>\$ 6,130,450</b>	<b>\$ 546,364</b>	<b>\$ 562,754</b>	<b>\$ 562,754</b>	<b>\$ 3,787,384</b>	<b>\$ 71,495,615</b>

- For each scenario herein, the following assumptions have been made:

- (A)** – All FY 2020 and 2021 amounts for projects 1-7 above are funded via the 2020 VPSA Fall Pool (FY 2021).
- (B)** – The Renovation of Gloucester HS and Fleet/Tran. Facility (Bus Compound) would be ready for construction within the next 13-15 months and 6-9 months, respectively, and are materially funded in the 2021 VPSA Spring Pool (FY 2021) along with the FY 2022 amounts for projects 6-7.
- (C)** – The School Bus Program is funded in perpetuity at a constant level of \$562,754 in FY 2025 and beyond.
- (D)** – The Aberdeen and Timberneck Dredging Project is assumed to be grant funded and excluded from the remainder of this analysis.
- (E)** – The County Library and Radio Project are debt funded in the FYs shown above.

- In order to provide the County with perspective on Debt Affordability with respect to the updated CIP illustrated above, the following scenarios have been analyzed:

- Scenario 1** – Planning Interest Rates
- Scenario 2** – Current Market Interest Rates (estimated as of 2/19/2019)

(1) Based on preliminary guidance from Bond Counsel, projects under **(A)** and **(B)** above are assumed to be qualifying projects under the new legislation. Bond Counsel is currently researching and working towards verifying eligibility: subject to change.



# Comparative Summary of Scenarios | Preliminary Results



- The Summary below illustrates the results of the analysis that has been conducted herein.

Preliminary Results		Scenario 1 Planning Interest Rates	Scenario 2 Current Market Interest Rates <sup>(1)</sup>
1	Total Projects Funded	\$65,495,615	\$65,495,615
2	Total Proposed Debt Service (Through FY 2043)	\$102,068,217	\$87,485,599
3	Estimated Additional Local Sales & Use Tax Increase Required		
4	Increase in Local Sales & Use Tax Rate	0.87%	0.72%
5	Annual Equivalent Revenues Generated	\$3,923,049	\$3,253,181
6	Up-Front FY 2022 Tax Impact (Without Additional Local Sales & Use Tax)		
7	County	1.13¢	1.02¢
8	Schools	8.59¢	7.28¢
9	Total	9.72¢	8.31¢
10	Up-Front FY 2022 Tax Impact (With Additional Local Sales & Use Tax)		
11	County	1.13¢	1.02¢
12	Schools	1.03¢	1.03¢
13	Total	2.16¢	2.05¢
14	Debt Ratios (Worst Shown)	Preliminary Results	Preliminary Results
15	Debt as % of Assessed Value	1.8%	1.7%
16	# of Years out of Compliance	0	0
17	Debt Service to Governmental Expenditures	7.7%	7.1%
18	# of Years out of Compliance	0	0
19	10-Year Payout Ratio	51.8%	52.8%
20	# of Years out of Compliance	0	0
21	Debt per Capita	2,262	2,073
22	# of Years out of Compliance	6	5

(1) Current Market Interest Rates are preliminary as of 2/19/2020 and subject to change. Includes preliminary estimates for costs of issuance.

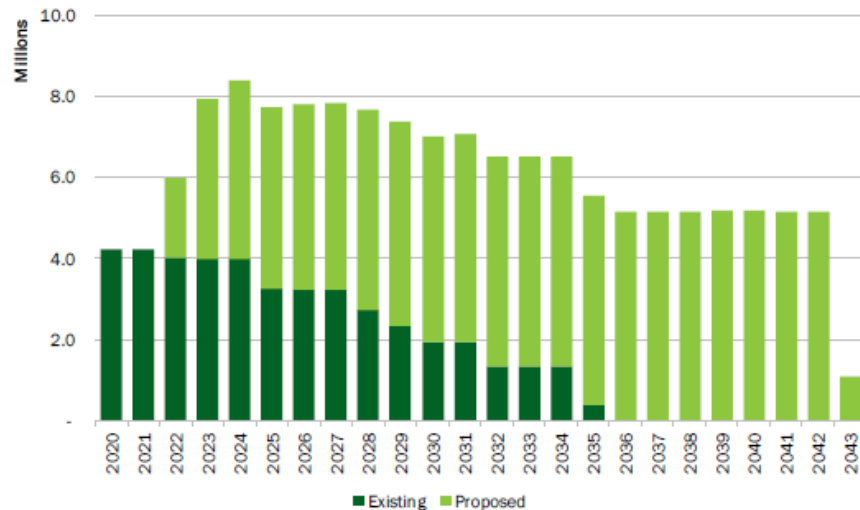
Please note: totals may not foot due to rounding



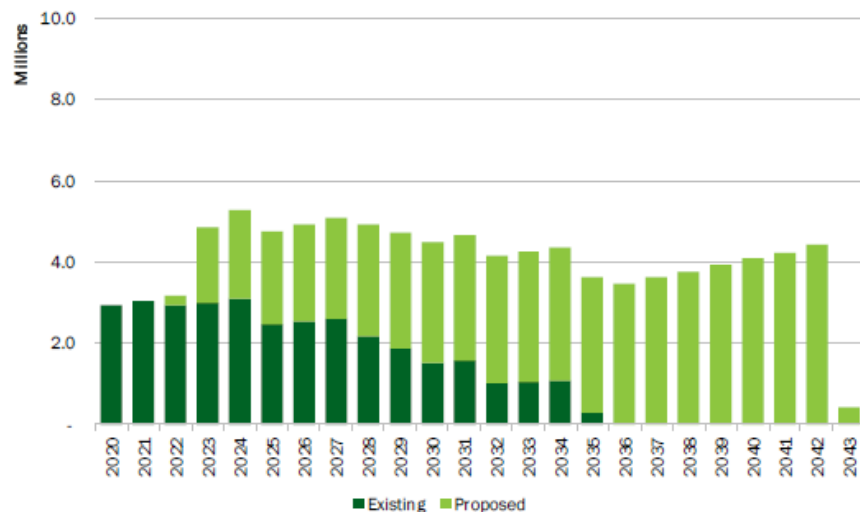


# Proposed Debt Service | Scenario 1

## Proposed Debt Service



## Proposed Principal



## Financing Assumptions

- **VPSA Fall Pool 2020 – 20-Year Level Debt Service**
  - Project Amount \$7,766,209
  - Interest Rate 4.0%
  - First Local Principal & Interest 7/15/2021
  - Final Local Maturity 7/15/2041
- **VPSA Spring Pool 2021 – 20-Year Level Debt Service**
  - Project Amount \$45,124,700
  - Interest Rate 4.0%
  - First Local Interest 1/15/2022
  - First Local Principal 7/15/2022
  - Final Local Maturity 7/15/2041
- **School Bus Program – 10-Year Level Debt Service (Rolling Stock)**
  - Project Amount \$500,000+/YR
  - Interest Rate 3.0%
  - First Principal & Interest FY 2022
- **Library – VRA Spring Pool 2023 – 20-Year Level Debt Service**
  - Project Amount \$5,600,000
  - Interest Rate 4.0%
  - First Local Principal & Interest 10/1/2023
  - Final Local Maturity 10/1/2042
- **Radio Project – VRA Spring Pool 2027 – 15-Year Level Debt Service**
  - Project Amount \$3,224,630
  - Interest Rate 3.5%
  - First Local Principal & Interest 10/1/2027
  - Final Local Maturity 10/1/2041





# Debt Affordability Analysis | Scenario 1

## Option A | No Additional Local Sales and Use Tax Revenues



### County

A	B	C	D	E	F	G	H	I	J
Debt Service			Revenues		Debt Service Cash Flow Surplus (Deficit)				
Existing County Debt FY	Proposed County Debt Service	Total Existing & Proposed Debt Service	GF Budgeted Debt Service	Revenue from Prior Tax Impact	Capital Reserve Utilized	Adjusted Surplus / (Deficit)	Estimated Incr. Tax Equiv.	Capital Reserve Fund Balance	
2020	734,111	-	734,111	734,111	-	-	-	-	-
2021	738,122	-	738,122	738,122	-	-	-	-	-
2022	546,779	-	546,779	546,779	504,688	-	504,688	1.13%	504,688
2023	544,194	-	544,194	544,194	514,832	-	514,832	-	1,019,520
2024	541,365	405,067	946,432	541,365	519,980	-	114,914	-	1,134,434
2025	547,170	407,100	954,270	547,170	525,180	-	118,080	-	1,252,514
2026	546,568	404,200	950,768	546,568	530,432	-	126,232	-	1,378,746
2027	545,642	406,000	951,642	545,642	535,736	-	129,736	-	1,508,482
2028	547,349	684,060	1,231,410	547,349	541,094	(142,967)	-	-	1,365,515
2029	543,718	677,275	1,220,993	543,718	546,505	(130,770)	-	-	1,234,745
2030	544,748	681,950	1,226,698	544,748	551,970	(129,980)	-	-	1,104,765
2031	548,331	680,963	1,229,293	548,331	557,489	(123,473)	-	-	981,291
2032	-	679,400	679,400	-	563,064	(116,336)	-	-	864,956
2033	-	682,175	682,175	-	568,695	(113,480)	-	-	751,476
2034	-	684,188	684,188	-	574,382	(109,806)	-	-	641,670
2035	-	680,525	680,525	-	580,126	(100,399)	-	-	541,271
2036	-	681,200	681,200	-	585,927	(95,273)	-	-	445,998
2037	-	681,113	681,113	-	591,786	(89,326)	-	-	356,671
2038	-	680,263	680,263	-	597,704	(82,558)	-	-	274,113
2039	-	683,563	683,563	-	603,681	(79,881)	-	-	194,231
2040	-	685,913	685,913	-	609,718	(76,195)	-	-	118,037
2041	-	677,500	677,500	-	615,815	(61,685)	-	-	56,352
2042	-	678,325	678,325	-	621,973	(56,352)	-	-	-
2043	-	408,000	408,000	-	628,193	-	220,193	-	220,193
Total Tax Effect							1.13%		
Total	6,928,097	12,248,777	19,176,874	6,928,097	12,468,970	(1,508,482)	1,728,675		

### Schools

K	L	M	N	O	P	Q	R	S	T	U	V	W
Debt Service				Revenues		Debt Service Cash Flow Surplus (Deficit)						
Existing Schools Debt FY	Proposed Schools Debt Service	School Bus Rolling Stock Program	Total Existing & Proposed Debt Service	GF Budgeted Debt Service & QSCB Subsidy	Additional Local Sales & Use Tax Rev.	Total Revenues	Revenue from Prior Tax Impact	Capital Reserve Utilized	Adjusted Surplus / (Deficit)	Estimated Incr. Tax Equiv.	Capital Reserve Fund Balance	
2020	3,508,667	-	3,508,667	3,508,667	-	3,508,667	-	-	-	-	-	-
2021	3,489,351	-	3,489,351	3,489,351	-	3,489,351	-	-	-	-	-	-
2022	3,489,293	1,879,184	5,368,477	3,489,293	-	3,489,293	3,830,036	-	1,892,237	8.59%	1,892,237	-
2023	3,459,610	3,828,700	7,288,310	3,459,610	-	3,459,610	3,907,020	(40,669)	-	-	1,851,567	-
2024	3,452,618	3,832,000	7,284,618	3,452,618	-	3,452,618	3,946,090	(67,084)	-	-	1,784,483	-
2025	2,712,869	3,827,400	6,540,269	2,712,869	-	2,712,869	3,985,551	(87,074)	-	-	1,697,410	-
2026	2,698,404	3,829,800	6,528,204	2,698,404	-	2,698,404	4,025,406	(115,590)	-	-	1,581,819	-
2027	2,686,222	3,829,000	6,515,222	2,686,222	-	2,686,222	4,065,660	(140,508)	-	-	1,441,311	-
2028	2,177,050	3,829,900	6,006,950	2,177,050	-	2,177,050	4,106,317	(166,723)	-	-	1,274,588	-
2029	1,801,705	3,827,400	5,629,105	1,801,705	-	1,801,705	4,147,380	(189,132)	-	-	1,085,456	-
2030	1,388,973	3,831,300	5,220,273	1,388,973	-	1,388,973	4,188,854	(217,530)	-	-	867,926	-
2031	1,378,033	3,831,400	5,209,433	1,378,033	-	1,378,033	4,230,742	(241,714)	-	-	626,212	-
2032	1,338,025	3,832,600	5,170,625	1,338,025	-	1,338,025	4,273,050	(207,963)	-	-	418,249	-
2033	1,340,023	3,824,900	5,164,923	1,340,023	-	1,340,023	4,315,780	(163,131)	-	-	255,118	-
2034	1,335,623	3,828,100	5,163,723	1,335,623	-	1,335,623	4,358,938	(126,960)	-	-	128,159	-
2035	387,907	3,831,800	4,219,707	387,907	-	387,907	4,402,527	(88,992)	-	-	39,167	-
2036	-	3,826,000	3,826,000	-	-	-	4,445,553	(39,167)	-	-	-	-
2037	-	3,825,600	3,825,600	-	-	-	4,491,018	-	5,699	-	5,699	-
2038	-	3,830,200	3,830,200	-	-	-	4,535,928	-	46,009	-	51,708	-
2039	-	3,829,600	3,829,600	-	-	-	4,581,288	-	91,968	-	143,676	-
2040	-	3,828,700	3,828,700	-	-	-	4,627,101	-	138,681	-	282,358	-
2041	-	3,827,300	3,827,300	-	-	-	4,673,372	-	186,352	-	468,710	-
2042	-	3,830,100	3,830,100	-	-	-	4,720,105	-	230,286	-	698,996	-
2043	-	659,719	659,719	-	-	-	4,767,306	-	4,107,587	-	4,806,583	-
Total Tax Effect										8.59%		
Total	36,644,373	78,460,984	113,585,357	126,463,813	36,644,373	-	36,644,373	94,626,022	(1,892,237)	6,698,820		

(1)

- Assumed FY 2020 Value of a Penny <sup>(2)</sup>: \$420,000
- Assumed FY 2021 Value of a Penny <sup>(2)</sup>: \$446,000

- Assumed Growth Rate: 1.0%

- QSCB debt service is shown per sinking fund requirements, gross of earnings and with gross interest expense. At issue, interest expense should be fully subsidized by the Federal Government. Due to sequestration, a reduction in subsidy was implemented. Due to a difference in budgeted vs. actual subsidy, the Credits incorporated into column P above reflect an amount exceeding the budgeted amount for FY 2019.
- Provided by Staff.



Please note, totals may not foot due to rounding

# Debt Affordability Analysis | Scenario 1

## Option B | Includes Additional Local Sales and Use Tax Revenues



■ As it relates to the Additional Local Sales and Use Tax in the Schools Affordability Analysis below:

- A tax rate of 0.87% would yield approximately \$3.9 Million as is illustrated below, be collected over 20 years, and approximate the projected debt service related to the Schools projects.
- Alternatively, the County could potentially raise the effective Sales Tax rate by the full 1.0%, equating to approximately \$4.5 Million per year through FY 2039, at which point, the collections are estimated to be equal to the projected debt service related to the Schools projects.

### County

A	B	C	D	E	F	G	H	I	J
	Debt Service			Revenues	Debt Service Cash Flow Surplus (Deficit)				
	Existing County Debt Service	Proposed County Debt Service	Total Existing & Proposed Debt Service	GF Budgeted Debt Service	Revenue from Prior Tax Impact	Capital Reserve Utilized	Adjusted Surplus / (Deficit)	Estimated Incr. Tax Equiv.	Capital Reserve Fund Balance
FY									
2020	734,111	-	734,111	734,111	-	-	-	-	-
2021	738,122	-	738,122	738,122	-	-	-	-	-
2022	546,779	-	546,779	546,779	504,688	-	504,688	1.13%	504,688
2023	544,194	-	544,194	544,194	514,832	-	514,832	-	1,019,520
2024	541,365	405,067	946,432	541,365	519,980	-	114,914	-	1,134,434
2025	547,170	407,100	954,270	547,170	525,180	-	118,080	-	1,252,514
2026	546,568	404,200	950,768	546,568	530,432	-	126,232	-	1,378,746
2027	545,642	406,000	951,642	545,642	535,736	-	129,736	-	1,508,482
2028	547,349	684,060	1,231,410	547,349	541,094	(142,967)	-	-	1,365,515
2029	543,718	677,275	1,220,993	543,718	546,505	(130,770)	-	-	1,234,745
2030	544,748	681,950	1,226,698	544,748	551,970	(129,980)	-	-	1,104,765
2031	548,331	680,963	1,229,293	548,331	557,489	(123,473)	-	-	981,291
2032	-	679,400	679,400	-	563,064	(116,336)	-	-	864,956
2033	-	682,175	682,175	-	568,695	(113,480)	-	-	751,476
2034	-	684,188	684,188	-	574,382	(109,806)	-	-	641,670
2035	-	680,525	680,525	-	580,126	(100,399)	-	-	541,271
2036	-	681,200	681,200	-	585,927	(95,273)	-	-	445,998
2037	-	681,113	681,113	-	591,786	(89,326)	-	-	356,671
2038	-	680,263	680,263	-	597,704	(82,558)	-	-	274,113
2039	-	683,563	683,563	-	603,681	(79,881)	-	-	194,231
2040	-	685,913	685,913	-	609,718	(76,195)	-	-	118,037
2041	-	677,500	677,500	-	615,815	(61,685)	-	-	56,352
2042	-	678,325	678,325	-	621,973	(56,352)	-	-	-
2043	-	408,000	408,000	-	628,193	-	220,193	-	220,193
Total	6,928,097	12,248,777	19,176,874	6,928,097	12,468,970	(1,508,482)	1,728,675	1.13%	-

### Schools

K	L	M	N	O	P	Q	R	S	T	U	V	W
	Debt Service			Revenues	Debt Service Cash Flow Surplus (Deficit)							
	Existing Schools Debt Service	Proposed Schools Debt Service	School Bus Rolling Stock Program	Total Existing & Proposed Debt Service	GF Budgeted Debt Service & QSCB Subsidy	Additional Local Sales & Use Tax Rev.	Total Revenues	Revenue from Prior Tax Impact	Capital Reserve Utilized	Adjusted Surplus / (Deficit)	Estimated Incr. Tax Equiv.	Capital Reserve Fund Balance
FY												
2020	3,508,667	-	-	3,508,667	3,508,667	-	3,508,667	-	-	-	-	-
2021	3,489,351	-	-	3,489,351	3,489,351	-	3,489,351	-	-	-	-	-
2022	3,489,293	1,879,184	58,615	5,427,092	3,489,293	3,923,049	7,412,342	459,739	-	2,444,989	1.03%	2,444,989
2023	3,459,610	3,828,700	118,989	7,407,299	3,459,610	3,923,049	7,382,659	468,980	-	444,340	-	2,889,329
2024	3,452,618	3,832,000	181,174	7,465,792	3,452,618	3,923,049	7,375,667	473,670	-	383,545	-	3,272,875
2025	2,712,869	3,827,400	245,224	6,785,493	2,712,869	3,923,049	6,635,918	478,406	-	328,831	-	3,601,706
2026	2,698,404	3,829,800	311,196	6,839,400	2,698,404	3,923,049	6,621,453	483,191	-	265,243	-	3,866,949
2027	2,686,222	3,829,000	377,168	6,892,391	2,686,222	3,923,049	6,609,272	488,022	-	204,903	-	4,071,852
2028	2,177,050	3,829,900	443,140	6,450,090	2,177,050	3,923,049	6,100,099	492,903	-	142,912	-	4,214,764
2029	1,801,705	3,827,400	509,112	6,138,217	1,801,705	3,923,049	5,724,754	497,832	-	84,369	-	4,299,133
2030	1,388,973	3,831,300	575,084	5,795,357	1,388,973	3,923,049	5,312,022	502,810	-	19,475	-	4,318,608
2031	1,378,033	3,831,400	641,056	5,850,489	1,378,033	3,923,049	5,301,082	507,838	(41,569)	-	-	4,277,039
2032	1,338,025	3,832,600	648,413	5,819,038	1,338,025	3,923,049	5,261,074	512,916	(45,047)	-	-	4,231,992
2033	1,340,023	3,824,900	654,011	5,818,934	1,340,023	3,923,049	5,263,073	518,046	(37,816)	-	-	4,194,176
2034	1,335,623	3,828,100	657,798	5,821,521	1,335,623	3,923,049	5,258,673	523,226	(39,623)	-	-	4,154,553
2035	387,907	3,831,800	659,719	4,879,426	387,907	3,923,049	4,310,956	528,458	(40,012)	-	-	4,114,542
2036	-	3,826,000	659,719	4,485,719	-	3,923,049	3,923,049	533,743	(28,927)	-	-	4,085,614
2037	-	3,825,600	659,719	4,485,319	-	3,923,049	3,923,049	539,080	(23,190)	-	-	4,062,425
2038	-	3,830,200	659,719	4,489,919	-	3,923,049	3,923,049	544,471	(22,399)	-	-	4,040,026
2039	-	3,829,600	659,719	4,489,319	-	3,923,049	3,923,049	549,916	(16,354)	-	-	4,023,671
2040	-	3,828,700	659,719	4,488,419	-	3,923,049	3,923,049	555,415	(9,955)	-	-	4,013,716
2041	-	3,827,300	659,719	4,487,019	-	3,923,049	3,923,049	560,969	(3,001)	-	-	4,010,715
2042	-	3,830,100	659,719	4,489,819	-	-	-	566,579	(3,923,240)	-	-	87,475
2043	-	-	659,719	659,719	-	-	-	572,245	(87,475)	-	-	-
Total	87,019,712	78,460,984	11,358,456	126,463,813	36,644,373	78,460,984	115,105,357	11,358,456	(4,318,608)	4,318,608	1.03%	-

(1)

- Assumed FY 2020 Value of a Penny <sup>(2)</sup>: \$420,000
- Assumed FY 2021 Value of a Penny <sup>(2)</sup>: \$446,000

■ Assumed Growth Rate: 1.0%

- (1) QSCB debt service is shown per sinking fund requirements, gross of earnings and with gross interest expense. At issue, interest expense should be fully subsidized by the Federal Government. Due to sequestration, a reduction in subsidy was implemented. Due to a difference in budgeted vs. actual subsidy, the Credits incorporated into column P above reflect an amount exceeding the budgeted amount for FY 2019.
- (2) Provided by Staff.

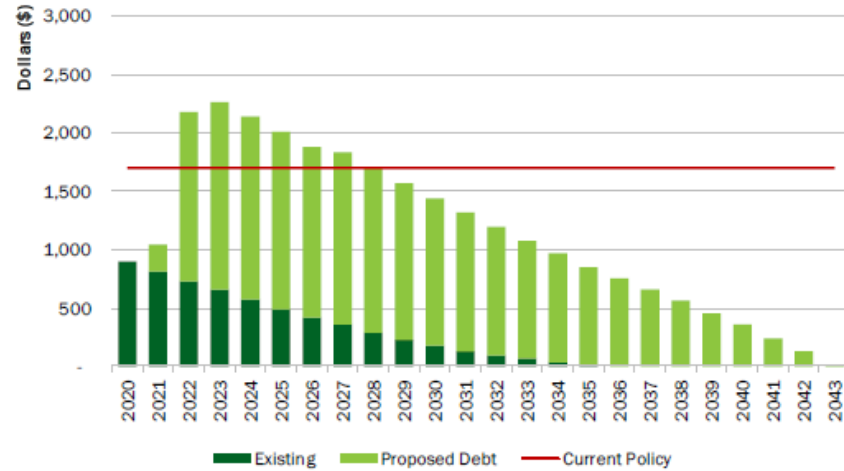


Please note, totals may not foot due to rounding

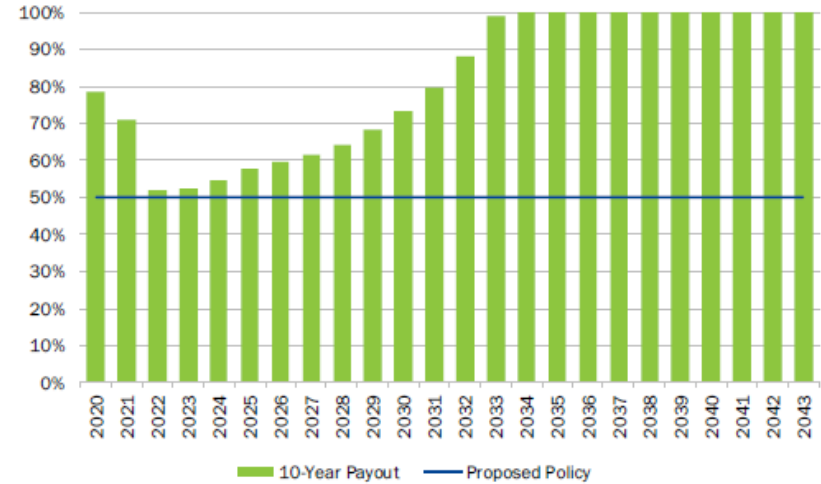
# Proposed Debt Service | Scenario 1



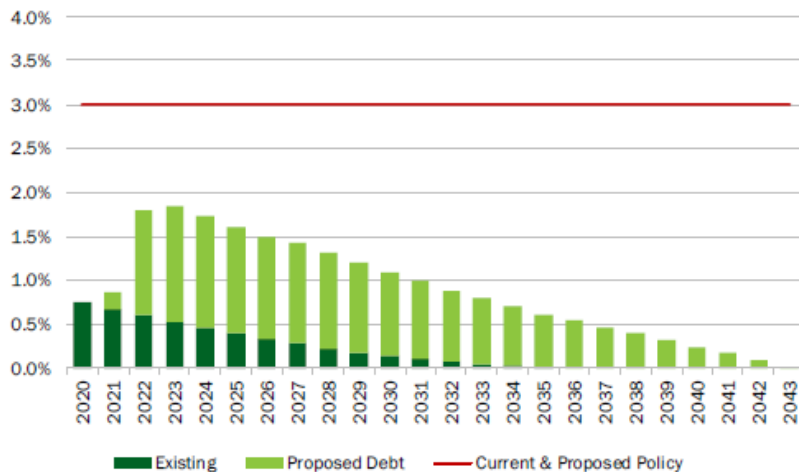
## Debt per Capita<sup>(1)</sup>



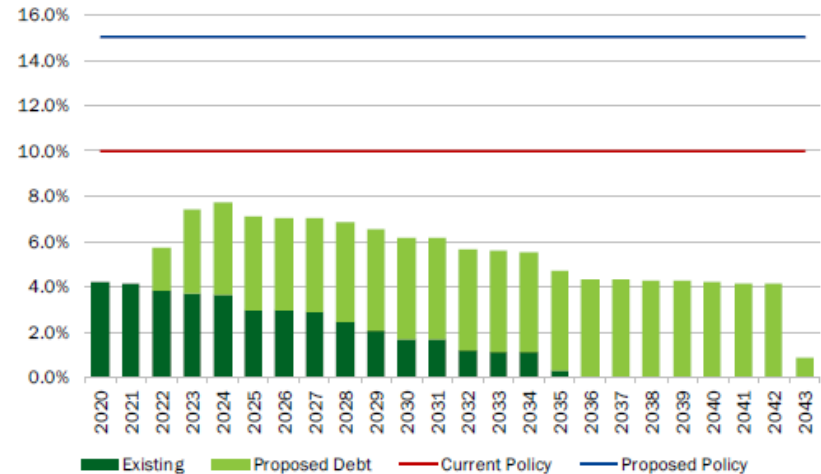
## 10-Year Payout<sup>(1)</sup>



## Debt to Assessed Value<sup>(1)</sup>



## Debt Service to Expenditures<sup>(2)</sup>



(1) Excludes Bus Program.

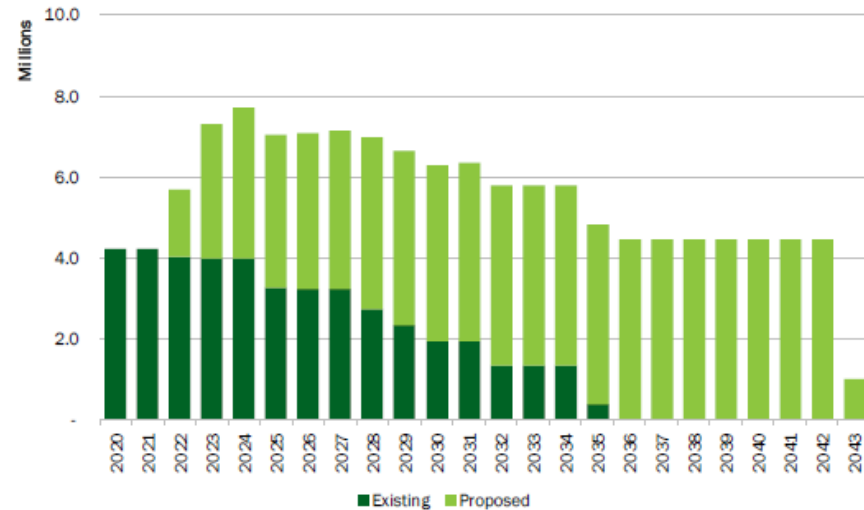
(2) Includes Bus Program.



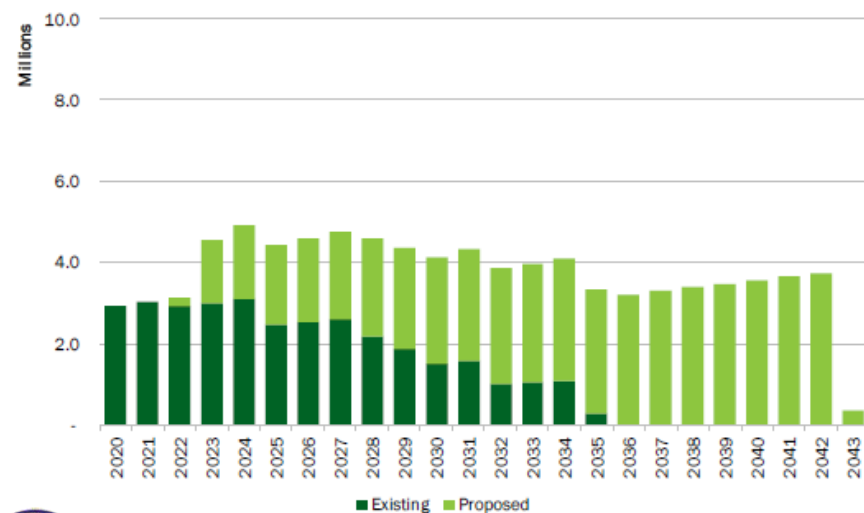
# Proposed Debt Service | Scenario 2



## Proposed Debt Service



## Proposed Principal



## Financing Assumptions

- **VPSA Fall Pool 2020 – 20-Year Level Debt Service**
  - Project Amount \$7,766,209
  - Interest Rate 2.0%
  - First Local Principal & Interest 7/15/2021
  - Final Local Maturity 7/15/2041
- **VPSA Spring Pool 2021 – 20-Year Level Debt Service**
  - Project Amount \$45,124,700
  - Interest Rate 2.0%
  - First Local Interest 1/15/2022
  - First Local Principal 7/15/2022
  - Final Local Maturity 7/15/2041
- **School Bus Program – 10-Year Level Debt Service (Rolling Stock)**
  - Project Amount \$500,000+/YR
  - Interest Rate 3.0%
  - First Principal & Interest FY 2022
- **Library – VRA Spring Pool 2023 – 20-Year Level Debt Service**
  - Project Amount \$5,600,000
  - Interest Rate 2.1%
  - First Local Principal & Interest 10/1/2023
  - Final Local Maturity 10/1/2042
- **Radio Project – VRA Spring Pool 2027 – 15-Year Level Debt Service**
  - Project Amount \$3,224,630
  - Interest Rate 1.7%
  - First Local Principal & Interest 10/1/2027
  - Final Local Maturity 10/1/2041





# Debt Affordability Analysis | Scenario 2

## Option A | No Additional Local Sales and Use Tax Revenues



### County

A	B	C	D	E	F	G	H	I	J
	Debt Service			Revenues					
	Existing County Debt Service	Proposed County Debt Service	Total Existing & Proposed Debt Service	GF Budgeted Debt Service	Revenue from Prior Tax Impact	Capital Reserve Utilized	Adjusted Surplus / (Deficit)	Estimated Incr. Tax Equiv.	Capital Reserve Fund Balance
2020	734,111	-	734,111	734,111	-	-	-	-	-
2021	738,122	-	738,122	738,122	-	-	-	-	-
2022	546,779	-	546,779	546,779	456,191	-	456,191	1.02%	456,191
2023	544,194	-	544,194	544,194	465,361	-	465,361	-	921,552
2024	541,365	357,699	899,064	541,365	470,014	-	112,315	-	1,033,866
2025	547,170	358,438	905,607	547,170	474,714	-	116,277	-	1,150,143
2026	546,568	359,981	906,550	546,568	479,461	-	119,480	-	1,269,623
2027	545,642	361,013	906,654	545,642	484,256	-	123,244	-	1,392,867
2028	547,349	618,502	1,165,851	547,349	489,099	(129,403)	-	-	1,263,464
2029	543,718	616,481	1,160,199	543,718	493,990	(122,492)	-	-	1,140,972
2030	544,748	614,184	1,158,932	544,748	498,929	(115,255)	-	-	1,025,717
2031	548,331	615,991	1,164,321	548,331	503,919	(112,072)	-	-	913,646
2032	-	621,644	621,644	-	508,958	(112,686)	-	-	800,960
2033	-	616,272	616,272	-	514,048	(102,224)	-	-	698,735
2034	-	619,875	619,875	-	519,188	(100,687)	-	-	598,048
2035	-	617,325	617,325	-	524,380	(92,945)	-	-	505,103
2036	-	618,622	618,622	-	529,624	(88,998)	-	-	416,105
2037	-	621,588	621,588	-	534,920	(86,668)	-	-	329,438
2038	-	616,528	616,528	-	540,269	(76,259)	-	-	253,179
2039	-	615,722	615,722	-	545,672	(70,050)	-	-	183,129
2040	-	618,963	618,963	-	551,129	(67,834)	-	-	115,295
2041	-	618,750	618,750	-	556,640	(62,110)	-	-	53,184
2042	-	615,391	615,391	-	562,206	(53,184)	-	-	-
2043	-	360,547	360,547	-	567,828	-	207,281	-	207,281
Total	6,928,097	11,063,514	17,991,610	6,928,097	11,270,795	(1,392,867)	1,600,148	1.02%	-

### Schools

K	L	M	N	O	P	Q	R	S	T	U	V	W
	Debt Service			Revenues						Debt Service Cash Flow Surplus (Deficit)		
	Existing Schools Debt Service	Proposed Schools Debt Service	School Bus Rolling Stock Program	Total Existing & Proposed Debt Service	GF Budgeted Debt Service & QSCB Subsidy	Additional Local Sales & Use Tax Rev.	Total Revenues	Revenue from Prior Tax Impact	Capital Reserve Utilized	Adjusted Surplus / (Deficit)	Estimated Incr. Tax Equiv.	Capital Reserve Fund Balance
2020	3,508,667	-	-	3,508,667	3,508,667	-	3,508,667	-	-	-	-	-
2021	3,489,351	-	-	3,489,351	3,489,351	-	3,489,351	-	-	-	-	-
2022	3,489,293	1,581,850	58,615	5,129,758	3,489,293	-	3,489,293	3,248,589	-	1,608,123	7.28%	1,608,123
2023	3,459,610	3,174,263	118,989	6,752,862	3,459,610	-	3,459,610	3,313,885	-	20,634	-	1,628,757
2024	3,452,618	3,169,775	181,174	6,803,567	3,452,618	-	3,452,618	3,347,024	(3,925)	-	-	1,624,833
2025	2,712,869	3,176,374	245,224	6,134,467	2,712,869	-	2,712,869	3,380,494	(41,104)	-	-	1,583,729
2026	2,698,404	3,173,806	311,196	6,183,406	2,698,404	-	2,698,404	3,414,299	(70,703)	-	-	1,513,026
2027	2,686,222	3,176,946	377,168	6,240,337	2,686,222	-	2,686,222	3,448,442	(105,672)	-	-	1,407,353
2028	2,177,050	3,175,541	443,140	5,795,731	2,177,050	-	2,177,050	3,482,927	(135,755)	-	-	1,271,599
2029	1,801,705	3,169,591	509,112	5,480,409	1,801,705	-	1,801,705	3,517,756	(160,947)	-	-	1,110,651
2030	1,388,973	3,168,844	575,084	5,132,900	1,388,973	-	1,388,973	3,552,934	(190,994)	-	-	919,657
2031	1,378,033	3,177,668	641,056	5,196,756	1,378,033	-	1,378,033	3,588,463	(230,261)	-	-	689,396
2032	1,338,025	3,175,810	648,413	5,162,248	1,338,025	-	1,338,025	3,624,348	(199,875)	-	-	489,521
2033	1,340,023	3,178,145	654,011	5,172,179	1,340,023	-	1,340,023	3,660,591	(171,565)	-	-	317,956
2034	1,335,623	3,176,295	657,798	5,169,716	1,335,623	-	1,335,623	3,697,197	(136,896)	-	-	181,060
2035	387,907	3,171,738	659,719	4,219,364	387,907	-	387,907	3,734,169	(97,288)	-	-	83,772
2036	-	3,172,501	659,719	3,832,221	-	-	-	3,771,511	(60,710)	-	-	23,062
2037	-	3,172,569	659,719	3,832,288	-	-	-	3,809,226	(23,062)	-	-	-
2038	-	3,174,189	659,719	3,833,908	-	-	-	3,847,318	-	13,410	-	13,410
2039	-	3,172,482	659,719	3,832,201	-	-	-	3,885,791	-	53,590	-	67,000
2040	-	3,175,961	659,719	3,835,681	-	-	-	3,924,649	-	88,968	-	155,968
2041	-	3,176,271	659,719	3,835,991	-	-	-	3,963,896	-	127,905	-	283,873
2042	-	3,173,012	659,719	3,832,731	-	-	-	4,003,535	-	170,803	-	454,676
2043	-	-	659,719	659,719	-	-	-	4,043,570	-	3,383,850	7.28%	3,383,527
Total	36,644,373	65,063,630	11,358,456	113,066,459	36,644,373	-	36,644,373	80,260,612	(1,628,757)	5,467,284	-	-

(1)

- Assumed FY 2020 Value of a Penny <sup>(2)</sup>: \$420,000
- Assumed FY 2021 Value of a Penny <sup>(2)</sup>: \$446,000

- Assumed Growth Rate: 1.0%

- QSCB debt service is shown per sinking fund requirements, gross of earnings and with gross interest expense. At issue, interest expense should be fully subsidized by the Federal Government. Due to sequestration, a reduction in subsidy was implemented. Due to a difference in budgeted vs. actual subsidy, the Credits incorporated into column P above reflect an amount exceeding the budgeted amount for FY 2019.
- Provided by Staff.



# Debt Affordability Analysis | Scenario 2

## Option B | Includes Additional Local Sales and Use Tax Revenues



- As it relates to the Additional Local Sales and Use Tax in the Schools Affordability Analysis below:
  - A tax rate of 0.72% would yield approximately \$3.25 Million as is illustrated below, be collected over 20 years, and approximate the projected debt service related to the Schools projects.
  - Alternatively, the County could potentially raise the effective Sales Tax rate by the full 1.0%, equating to approximately \$4.5 Million per year through FY 2036, at which point, the collections are estimated to be equal to the projected debt service related to the Schools projects.

### County

A	B	C	D	E	F	G	H	I	J
	Debt Service			Revenues	Debt Service Cash Flow Surplus (Deficit)				
	Existing County Debt Service	Proposed County Debt Service	Total Existing & Proposed Debt Service	GF Budgeted Debt Service	Revenue from Prior Tax Impact	Capital Reserve Utilized	Adjusted Surplus / (Deficit)	Estimated Incr. Tax Equiv.	Capital Reserve Fund Balance
2020	734,111	-	734,111	734,111	-	-	-	-	-
2021	738,122	-	738,122	738,122	-	-	-	-	-
2022	546,779	-	546,779	546,779	456,191	-	456,191	1.02%	456,191
2023	544,194	-	544,194	544,194	465,361	-	465,361	-	921,552
2024	541,365	357,699	899,064	541,365	470,014	-	112,315	-	1,033,866
2025	547,170	358,438	905,607	547,170	474,714	-	116,277	-	1,150,143
2026	546,568	359,981	906,550	546,568	479,461	-	119,480	-	1,269,623
2027	545,642	361,013	906,654	545,642	484,256	-	123,244	-	1,392,867
2028	547,349	618,502	1,165,851	547,349	489,099	(129,403)	-	-	1,263,464
2029	543,718	616,481	1,160,199	543,718	493,990	(122,492)	-	-	1,140,972
2030	544,748	614,184	1,158,932	544,748	498,929	(115,255)	-	-	1,025,717
2031	548,331	615,991	1,164,321	548,331	503,919	(112,072)	-	-	913,646
2032	-	621,644	621,644	-	508,958	(112,686)	-	-	800,960
2033	-	616,272	616,272	-	514,048	(102,224)	-	-	698,735
2034	-	619,875	619,875	-	519,188	(100,687)	-	-	598,048
2035	-	617,325	617,325	-	524,380	(92,945)	-	-	505,103
2036	-	618,622	618,622	-	529,624	(88,998)	-	-	416,105
2037	-	621,588	621,588	-	534,920	(86,668)	-	-	329,438
2038	-	616,528	616,528	-	540,269	(76,259)	-	-	253,179
2039	-	615,722	615,722	-	545,672	(70,050)	-	-	183,129
2040	-	618,963	618,963	-	551,129	(67,834)	-	-	115,295
2041	-	618,750	618,750	-	556,640	(62,110)	-	-	53,184
2042	-	615,391	615,391	-	562,206	(53,184)	-	-	-
2043	-	360,547	360,547	-	567,828	-	207,281	-	207,281
Total	6,928,097	11,063,514	17,991,610	6,928,097	11,270,795	(1,392,867)	1,600,148	1.02%	

### Schools

K	L	M	N	O	P	Q	R	S	T	U	V	W
	Debt Service					Revenues		Debt Service Cash Flow Surplus (Deficit)				
	Existing Schools Debt Service	Proposed Schools Debt Service	School Bus Rolling Stock Program	Total Existing & Proposed Debt Service	GF Budgeted Debt Service & QSCB Subsidy	Additional Local Sales & Use Tax Rev.	Total Revenues	Revenue from Prior Tax Impact	Capital Reserve Utilized	Adjusted Surplus / (Deficit)	Estimated Incr. Tax Equiv.	Capital Reserve Fund Balance
2020	3,508,667	-	-	3,508,667	3,508,667	-	3,508,667	-	-	-	-	-
2021	3,489,351	-	-	3,489,351	3,489,351	-	3,489,351	-	-	-	-	-
2022	3,489,293	1,581,850	58,615	5,129,758	3,489,293	3,253,181	6,742,474	459,739	-	2,072,456	1.03%	2,072,456
2023	3,459,610	3,174,263	118,989	6,752,862	3,459,610	3,253,181	6,712,792	468,980	-	428,910	-	2,501,366
2024	3,452,618	3,169,775	181,174	6,803,567	3,452,618	3,253,181	6,705,799	473,670	-	375,902	-	2,877,268
2025	2,712,869	3,176,374	245,224	6,134,467	2,712,869	3,253,181	5,966,051	478,406	-	309,990	-	3,187,258
2026	2,698,404	3,173,806	311,196	6,183,406	2,698,404	3,253,181	5,951,585	483,191	-	251,369	-	3,438,627
2027	2,686,222	3,176,946	377,168	6,240,337	2,686,222	3,253,181	5,939,404	488,022	-	187,089	-	3,625,716
2028	2,177,050	3,175,541	443,140	5,795,731	2,177,050	3,253,181	5,430,231	492,903	-	127,403	-	3,753,119
2029	1,801,705	3,169,591	509,112	5,480,409	1,801,705	3,253,181	5,054,887	497,832	-	72,310	-	3,825,429
2030	1,388,973	3,168,844	575,084	5,132,900	1,388,973	3,253,181	4,642,154	502,810	-	12,064	-	3,887,493
2031	1,378,033	3,177,668	641,056	5,196,756	1,378,033	3,253,181	4,631,214	507,838	(57,704)	-	-	3,779,789
2032	1,338,025	3,175,810	648,413	5,162,248	1,338,025	3,253,181	4,591,206	512,916	(58,125)	-	-	3,721,664
2033	1,340,023	3,178,145	654,011	5,172,179	1,340,023	3,253,181	4,593,205	518,046	(60,929)	-	-	3,660,735
2034	1,335,623	3,176,295	657,798	5,169,716	1,335,623	3,253,181	4,588,805	523,226	(57,685)	-	-	3,603,050
2035	387,907	3,171,738	659,719	4,219,364	387,907	3,253,181	3,641,088	528,458	(49,817)	-	-	3,553,233
2036	-	3,172,501	659,719	3,832,221	-	3,253,181	3,253,181	533,743	(45,296)	-	-	3,507,937
2037	-	3,172,569	659,719	3,832,288	-	3,253,181	3,253,181	539,080	(40,026)	-	-	3,467,910
2038	-	3,174,189	659,719	3,833,908	-	3,253,181	3,253,181	544,471	(36,255)	-	-	3,431,655
2039	-	3,172,482	659,719	3,832,201	-	3,253,181	3,253,181	549,916	(29,104)	-	-	3,402,551
2040	-	3,175,961	659,719	3,835,681	-	3,253,181	3,253,181	555,415	(27,084)	-	-	3,375,467
2041	-	3,176,271	659,719	3,835,991	-	3,253,181	3,253,181	560,969	(21,840)	-	-	3,353,627
2042	-	3,173,012	659,719	3,832,731	-	-	-	566,579	(3,266,152)	-	-	87,475
2043	-	-	659,719	659,719	-	-	-	572,245	(87,475)	-	-	-
Total	79,372,107	65,063,630	11,358,456	113,066,459	36,644,373	65,063,630	101,708,003	11,358,456	(3,837,493)	3,837,493	1.03%	

(1)

- Assumed FY 2020 Value of a Penny <sup>(2)</sup>: \$420,000
- Assumed FY 2021 Value of a Penny <sup>(2)</sup>: \$446,000

- Assumed Growth Rate: 1.0%

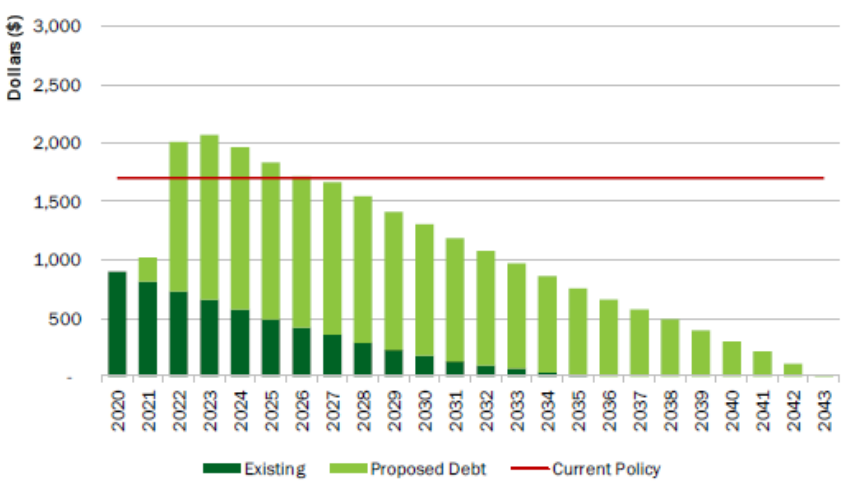
- QSCB debt service is shown per sinking fund requirements, gross of earnings and with gross interest expense. At issue, interest expense should be fully subsidized by the Federal Government. Due to sequestration, a reduction in subsidy was implemented. Due to a difference in budgeted vs. actual subsidy, the Credits incorporated into column P above reflect an amount exceeding the budgeted amount for FY 2019.
- Provided by Staff.



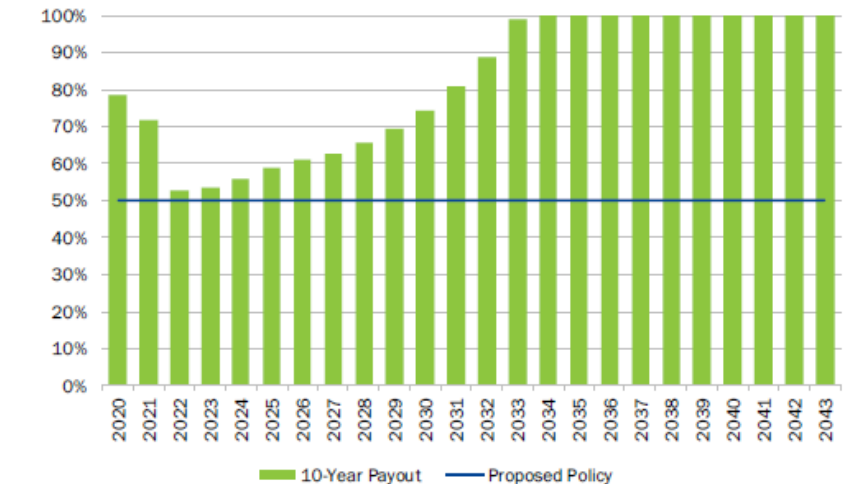


# Proposed Debt Service | Scenario 2

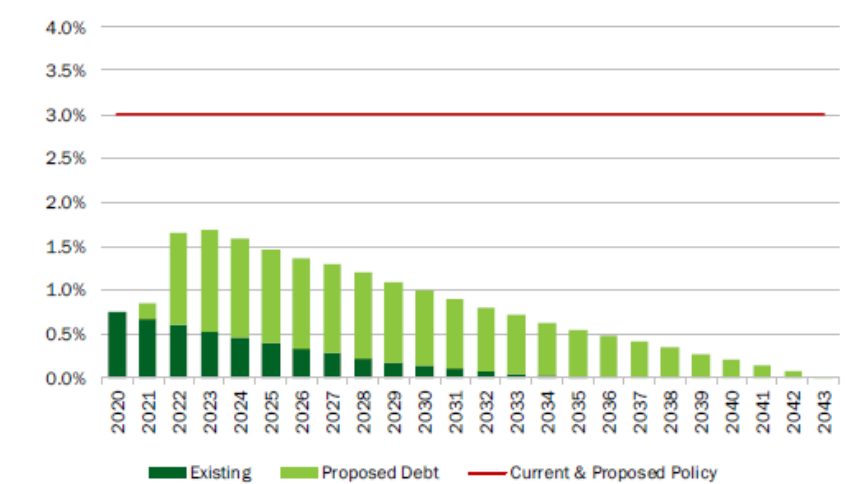
Debt per Capita<sup>(1)</sup>



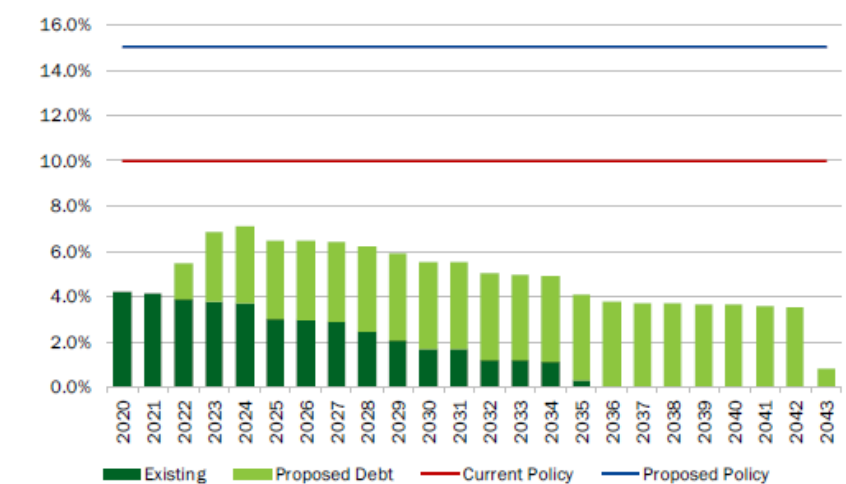
10-Year Payout<sup>(1)</sup>



Debt to Assessed Value<sup>(1)</sup>



Debt Service to Expenditures<sup>(2)</sup>



(1) Excludes Bus Program.

(2) Includes Bus Program.



# Comparative Summary of Scenarios | Preliminary Results



- The Summary below illustrates the results of the analysis that has been conducted herein.

Preliminary Results		Scenario 1 Planning Interest Rates	Scenario 2 Current Market Interest Rates <sup>(1)</sup>
1	Total Projects Funded	\$65,495,615	\$65,495,615
2	Total Proposed Debt Service (Through FY 2043)	\$102,068,217	\$87,485,599
3	Estimated Additional Local Sales & Use Tax Increase Required		
4	Increase in Local Sales & Use Tax Rate	0.87%	0.72%
5	Annual Equivalent Revenues Generated	\$3,923,049	\$3,253,181
6	Up-Front FY 2022 Tax Impact (Without Additional Local Sales & Use Tax)		
7	County	1.13¢	1.02¢
8	Schools	8.59¢	7.28¢
9	Total	9.72¢	8.31¢
10	Up-Front FY 2022 Tax Impact (With Additional Local Sales & Use Tax)		
11	County	1.13¢	1.02¢
12	Schools	1.03¢	1.03¢
13	Total	2.16¢	2.05¢
14	Debt Ratios (Worst Shown)	Preliminary Results	Preliminary Results
15	Debt as % of Assessed Value	1.8%	1.7%
16	# of Years out of Compliance	0	0
17	Debt Service to Governmental Expenditures	7.7%	7.1%
18	# of Years out of Compliance	0	0
19	10-Year Payout Ratio	51.8%	52.8%
20	# of Years out of Compliance	0	0
21	Debt per Capita	2,262	2,073
22	# of Years out of Compliance	6	5

(1) Current Market Interest Rates are preliminary as of 2/19/2020 and subject to change. Includes preliminary estimates for costs of issuance.

Please note: totals may not foot due to rounding



# Not Contemplated in 5yr Plan

Department	Project Title	CA Quartile	Schools 1-9 Ranking	Dept Dir Wtd (/10)	CIP Team Wtd (/10)	Plan Com Wtd (/10)	Average Ranking
PR&T	Support Facilities	1	N/A	5.7	4.4	2.7	4.3
PR&T	Community Center	1	N/A	4.5	4.7	2.7	4.0

Department	Project Title	Total Cost	Year One FY2021	Year Two FY2022	Year Three FY2023	Year Four FY2024	Year Five FY2025	Year Six and Beyond
PR&T	Support Facilities	4,039,000		0		0	0	4,039,000
PR&T	Community Center	18,692,000						18,692,000
Total not contemplated in FY20 - FY24 CIP		22,731,000	0	0	0	0	0	22,731,000

Also not contemplated: County backing of EDA land purchase and/or development for economic development initiatives



Deprioritized  
considering other  
opportunities to  
address the need

# Utilities – Enterprise Funded

Average Ranking	Department	Project Title	Total Cost	Year One FY2021	Year Two FY2022	Year Three FY2023	Year Four FY2024	Year Five FY2025	Year Six and Beyond
9.1	Public Utilities	Water System Risk and Resilience Assessment	150,000	75,000	75,000				
8.7	Public Utilities	PS #13 Collection System Rehab/Repair	1,650,000	150,000	180,000	180,000	180,000	180,000	780,000
8.7	Public Utilities	PS #11 Sewer Rehab/Repair	1,150,000	200,000	200,000	200,000	200,000	200,000	150,000
8.5	Public Utilities	Rebuild Pump Station #11 - Courthouse North	1,150,000				150,000		1,000,000
8.0	Public Utilities	Rebuild PS #13 (Courthouse South)	1,250,000					250,000	1,000,000
7.6	Public Utilities	Replace Water Treatment Plant Motor Control Center	350,000						350,000
7.5	Public Utilities	Rebuild PS #12 - Summerville	900,000						900,000
7.3	Public Utilities	South St/Martin St/Carriage Ct	250,000					50,000	200,000
7.3	Public Utilities	Radio Read Conversion	600,000	100,000	100,000	100,000	100,000	100,000	100,000
7.3	Public Utilities	Surface Water Treatment Plant Façade Repairs	95,000	95,000					
7.3	Public Utilities	Cedar Lake and Holly Springs Waterline Replacement	900,000						900,000
7.3	Public Utilities	Chiskiake Village Subdivision Waterline Replacement	360,000				60,000	300,000	
7.2	Public Utilities	Belroi Rd / Roaring Springs Rd Waterline Improvements	1,000,000					75,000	925,000
7.1	Public Utilities	Surface Water Treatment Plant Roof Replacement	100,000			100,000			
7.1	Public Utilities	Gloucester S and Clements Ave Water Improvements	200,000		200,000				
7.1	Public Utilities	Independence Road Waterline Improvements	130,000				130,000		
7.0	Public Utilities	George Washington Mem Highway Widening (Water)	100,000		50,000			50,000	
6.9	Public Utilities	Terrapin Cove Road Waterline Improvements	500,000						500,000
6.9	Public Utilities	Azalea Pt Rd & Shane Rd Waterline Improvements	300,000						300,000
6.9	Public Utilities	Tillage Heights Subdivision Waterline Replacements	160,000					35,000	125,000
6.8	Public Utilities	Bellehaven Subdivision Waterline Replacement	180,000				30,000	150,000	
6.8	Public Utilities	Riverdale & Holly Cove Subdivision Waterlines	310,000						310,000
6.8	Public Utilities	George Washington Mem Highway Widening (Sewer)	180,000		30,000			150,000	
6.7	Public Utilities	Berkeley Point Subdivision Waterline Improvements	250,000						250,000
6.7	Public Utilities	Lewis Avenue Waterline Replacement	360,000						360,000
6.7	Public Utilities	Water Treatment Plant SCADA Upgrade	300,000		100,000	100,000	100,000		
6.6	Public Utilities	Sawgrass Point Waterline Replacement	155,000		35,000	120,000			
6.0	Public Utilities	Wyncote Avenue Extended Waterline Replacement	470,000						470,000
5.1	Public Utilities	Utility Yard	1,500,000						1,500,000
5.0	Public Utilities	N Waltons Lane Waterline Loop	65,000						65,000
3.8	Public Utilities	Building #4 Basement Repairs / Renovation	175,450	86,350	89,100				
Total Utilities (Enterprise Funded Through FY25)			15,240,450	706,350	1,059,100	800,000	950,000	1,540,000	10,185,000



The background of the slide features the official seal of Gloucester County, Virginia. The seal is circular with a blue outer ring containing the text "GLOUCESTER COUNTY" at the top and "VIRGINIA ESTAB. 1651" at the bottom, separated by two gold stars. The center of the seal depicts a landscape with a green field, a body of water, and a large, striped, conical object (possibly a cornucopia or a stylized mountain) rising from the field.

# **CIP Questions?**

# Local Sales Tax Funding Option

GCPS proposes ~\$47.2M in bond-worthy CIP FY20-23

\$47.2M financed at current market rates over 20 years requires ~\$3.2M in annual debt service

Currently, the Real Estate Tax Rate is the only option.

\$3.2M = about 7¢ on the Real Estate Tax Rate

OR

\$3.2M = about 0.7% on the Sales Tax Rate





# The Sales Tax Environment

York, James City County, Williamsburg – Currently 7%

Base 5.3% plus 0.7% additional for roads, 1% additional for Tourism

Rest of Hampton Roads – Currently 6%

Base 5.3% plus 0.7% additional for roads

All Middle Peninsula – Currently 5.3%

Gloucester County is seeking General Assembly authorization to ask Gloucester County citizens (by referendum) if they would approve a sales tax increase (up to 1%) to fund school capital needs – SB224



# Hypothetically...

If authorized by the GA, if asked by the BOS, and if approved by Gloucester County citizens...

0.7% increase in the sales tax rate would likely cover 100% of the GHS Renovation– financing \$40M+

Gloucester's sales tax rate would be 6%

Base 5.3% plus 0.7% additional for schools

1% less than neighboring jurisdictions to the south (York, JCC, Williamsburg)

The same as the rest of Hampton Roads

0.7% higher than the rest of the Middle Peninsula



# Sales Tax vs. Real Estate Tax

	Sales Tax	Real Estate Tax
Who pays?	Everyone shopping in Gloucester	Only Gloucester County property owners – 100%
Who funds more of the incremental need?	People who spend more in Gloucester	Only Gloucester County property owners – 100%
Retail “sticker” prices	No change	Retail prices escalate to cover added expense
Business profitability	No change	...and/or Business profitability reduced to cover added expense
Consumer discretionary income:	Negligible change	Reduced, as Gloucester property owners (only) pay more in RE taxes
P&L event for businesses?	No	Yes



# Debt Service Funding

## Conclusions

Gloucester County is seeking General Assembly authorization to ask Gloucester County citizens (by referendum) if they would approve a sales tax increase (up to 1%) to fund school capital needs. (SB224)

*Sales tax approach* – creates **better outcomes** for Gloucester businesses and residents

*Real Estate tax approach* – creates **greater challenges** for Gloucester businesses and residents

Recommendation: Let Gloucester County voters determine which they prefer...



The background of the slide features a large, faint, circular seal of Gloucester County, Virginia. The seal has a blue outer ring with the text "GLOUCESTER COUNTY" at the top and "VIRGINIA ESTAB. 1651" at the bottom. Inside the ring is a central emblem depicting a landscape with a river, a bridge, and a rising sun or moon.

# **Funding Option Questions?**

# Proposed Tax Rate Advertising

	CY 2019	Suggested Advertising (CY 2020)
Real Estate	\$0.695	\$0.745
Manufactured Home	\$0.695	\$0.745
Public Service Corporation	\$0.695	\$0.745
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 11	Budget Work Session
March 17	Joint Work Session w/School Board*
TBD ?	Chair / Vice Chair Budget Town Hall
March 25	FY21 Budget & Tax Rate Public Hearings*
April 1	Possible Budget Work Session
April 7	Regular Meeting w/ potential Budget items
April 9	Possible Budget Work Session
April 13	FY21 Budget Adoption
April 21	Regular Work Session

Note: \*At Thomas Calhoun Walker Education Center

Note: All meetings at 7PM unless otherwise noted



