

Board of Supervisors

Robert "Bob" Thomas, Jr., Chairman

Laura A. Sellers, Vice Chairman

Meg Bohmke

Jack R. Cavalier

Wendy E. Maurer

Paul V. Milde, III

Gary F. Snellings

Anthony J. Romanello, ICMA-CM
County Administrator

Finance, Audit & Budget Committee Meeting Agenda

April 19, 2016 – 1:30 PM

Conference Room A/B/C - Second Floor

Agenda Item	
1.	FY2017 Budget
2.	3rd Quarter Review

FAB04192016



BOARD OF SUPERVISORS

Agenda Item


Meeting Date:	April 19, 2016
Title:	Authorize Proposed FY2017 County Budget, Proposed Calendar Year 2016 Tax Rates, and Proposed FY2017-2026 Capital Improvement Program; and Appropriate the FY2017 Budgets
Department:	Finance and Budget
Staff Contact:	Maria Perrotte, Chief Financial Officer
Board Committee/ Other BACC:	Finance, Audit, and Budget Committee
Staff Recommendation:	Approval
Fiscal Impact:	CY2016 Tax Rates, FY2017 Budget, FY2017-2026 CIP
Time Sensitivity:	April 19, 2016 for timely processing of tax bills

ATTACHMENTS:

1.	Background Report	4.	Proposed Resolution R16-96 (CIP)
2.	Proposed Resolution R16-94 (Budget)	5.	Proposed Resolution R16-103 (Appropriation)
3.	Proposed Resolution R16-95 (Tax Rates)		

<input type="checkbox"/>	Consent Agenda	<input type="checkbox"/>	Other Business	<input checked="" type="checkbox"/>	Unfinished Business
<input type="checkbox"/>	Discussion	<input type="checkbox"/>	Presentation	<input type="checkbox"/>	Work Session
<input type="checkbox"/>	New Business	<input type="checkbox"/>	Public Hearing	<input type="checkbox"/>	Add-On

REVIEW:

X	County Administrator	
X	County Attorney	<i>Lyshede M. McIlendon for C.A.</i>

DISTRICT:	N/A
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BACKGROUND REPORT

Proposed Resolutions R16-94, R16-95, R16-96, and R16-103 authorize the following, respectively:

1. FY2017 County Budgets
2. Calendar Year 2016 Tax Rates
3. FY2017-26 Capital Improvement Program (CIP)
4. Appropriation of FY2017 Budgets

County Budgets:

Proposed Resolution R16-94 reflects the proposed budgets with changes as discussed by the Finance, Audit and Budget Committee (FAB) on April 5, 2016. The committee did not vote on the recommended changes at that meeting. These amendments to the proposed budget are as follows:

- Adds three additional fire firefighter/EMT positions, which would establish career firefighters/EMT's at every fire station in the County.
- Adds five additional Sheriff's deputy positions.
- Adds one child protective services position to the Department of Social Services.
- Adds one full-time, grant-funded position to the Victim Witness program in the Commonwealth's Attorney's office.
- Includes a technical adjustment to increase expenditures and off-set revenue to pay the R-Board's debt service in the General Fund as required by accounting standards.
- Adds one full-time position to the Department of Human Services.
 - The proposed budget recommended a part-time position.
- Increases cash capital to 3% of General Fund expenditures as part of the Board's bond ratings enhancement strategy and to provide budget flexibility.
- Eliminates the proposed new position in the Treasurer's office.
- Authorizes the County Administrator to implement a one-time payment of \$300 to regular full-time and part-time employees to offset deductibles in the new health insurance plan.
 - The payment would be made in June, 2016, using current year health insurance savings and would not be included in the FY2017 base budget.

In addition, staff recommends all new public safety positions be authorized immediately (not July 1) to assist the Sheriff's Office and Fire and Rescue Departments with immediate staffing needs.

Proposed Resolution R16-94 will be amended to reflect any additional changes recommended by the FAB Committee, at its meeting on April 19, 2016.

2016 Tax Rates:

Proposed Resolution R16-95 sets the calendar year 2016 Tax Rates as advertised by the Board. Following the advertisement of a tax rate, the Board has the option of lowering the tax rate below what was advertised. However, the Board cannot adopt a higher rate without re-advertising and holding another public hearing.

CIP:

Proposed Resolution R16-96 adopts the FY17-26 Capital Improvement Program (CIP) as proposed.

The CIP is adopted for planning purposes only. Approval of the CIP does not authorize issuance of debt or expenditure of funds. Authority to proceed is granted by the Board on a project-by-project basis. For each individual project, the Board will be asked to take action which will approve the project and the funding source, and appropriate the project budget.

The Board's agenda also includes approval of Virginia Public School Authority (VPSA) bond issuance for Schools' capital projects in accordance with the CIP. Staff recommends that the CIP be approved prior to the consideration of the bond approval.

Appropriation:

Proposed Resolution R16-103 appropriates the FY2017 budgets. To retain adequate budgetary control, staff recommends that the Board withhold appropriation of the full budget. Proposed Resolution R16-103 holds back 5% of the General Government budget (less debt service), and the Local School Transfer. Following the mid-year review and completion of the FY2016 audit, the Board would consider release of the appropriation hold in light of current financial conditions.

Capital projects are appropriated when the projects are authorized by the Board. Once appropriated, the funds do not lapse. Staff recommends the continuation of the County's practice that appropriations for grants, capital projects, and incomplete commitments and encumbrances, be carried into the next fiscal year.

The County's Memorandum of Agreement with Mosaic Realty Partners calls for annual payments to the developer of 75% of the incremental increases in the previous year's tax collection on the commercial property at Aquia Town Center. It is possible that commercial activity at the Town Center will be sufficient that this payment stream will begin in FY2017. The proposed budget does not address this potential new revenue and expenditure. Proposed Resolution R16-103 also includes language authorizing the County Administrator to increase appropriations for this item. This would be consistent with the way the County handles other restricted revenues realized throughout the year which cannot accurately be projected during the budget process. Once a history of Aquia Town Center revenue has been established, the County will include this in the regular budget process each year.

Language is included that authorizes the increase of budgets and appropriations to account for any advance refunding of debt to comply with the technical requirements of our auditors.

PROPOSED

BOARD OF SUPERVISORS
COUNTY OF STAFFORD
STAFFORD, VIRGINIA

RESOLUTION

At a regular meeting of the Stafford County Board of Supervisors (the Board) held in the Board Chambers, George L. Gordon, Jr., Government Center, Stafford, Virginia, on the 19th day of April, 2016:

MEMBERS:

Robert “Bob” Thomas, Jr., Chairman
Laura A. Sellers, Vice Chairman
Meg Bohmke
Jack R. Cavalier
Wendy E. Maurer
Paul V. Milde, III
Gary F. Snellings

VOTE:

On motion of , seconded by , which carried by a vote of , the following was adopted:

A RESOLUTION TO APPROVE THE FISCAL YEAR 2017 COUNTY
BUDGETS

WHEREAS, a public hearing on the proposed FY2017 County budgets was held on Tuesday, April 5, 2016, at 7:00 P.M., in the Board Chambers at the George L. Gordon, Jr., Government Center, located at 1300 Courthouse Road, Stafford, VA; and

WHEREAS, the Board held budget work sessions at which Board members analyzed, deliberated, and reviewed citizen input regarding the County budgets; and

WHEREAS, the Board considered the recommendations of staff, citizen input at the budget work sessions, and the public testimony, if any, at the public hearing;

NOW, THEREFORE, BE IT RESOLVED by the Stafford County Board of Supervisors on this the 19th day of April, 2016, that the FY2017 budgets for the various General Government Funds be and they hereby are adopted as follows:

I. GENERAL GOVERNMENT FUNDS:

<u>General Fund:</u>	275,231,874
Operating Budget Transfer to Schools	112,567,497
Public Day School	518,000
Shared Services / Audit	115,307
School Debt Service	31,362,759
Board of Supervisors	636,967
Capital Projects	3,992,185
Central Rappahannock Regional Library	5,179,040
Commissioner of the Revenue	2,717,285
Commonwealth's Attorney	3,149,767
Cooperative Extension	181,855
Corrections	8,587,340
County Administration	1,147,829
County Attorney	1,097,885
Clerk of the Circuit Court	1,518,935
Circuit Court	282,806
General District Court	117,250
Juvenile and Domestic Relations Court	114,700
Magistrate	8,830
15th District Court Services Unit	366,126
Debt Service County	13,649,195
Economic Development	848,402
Finance and Budget	1,709,316
Fire and Rescue	17,854,495
Human Resources	430,706
Human Services, Office of	5,047,086
Information Technology	2,317,613
Non-Departmental	2,864,908
Parks, Recreation and Community Facilities	11,903,342
Partner Agencies	2,048,791
Planning and Zoning	2,507,245
Public Works	3,961,367
Public Works - Stormwater	547,264
Registrar & Electoral Board	496,678
Sheriff	26,371,449
Social Services	7,063,008
Treasurer	1,948,646

GENERAL GOVERNMENT FUNDS, continued:

Asset Forfeiture Fund	84,819
Capital Improvements Fund	674,492
Fleet Services Fund	4,459,997
Garrisonville Road Service District Fund	480,975
Hidden Lake Special Revenue Fund	106,080
Tourism Fund	927,000
Transportation Fund	4,086,334
Transportation Impact Fee - County-Wide Fund	100,000
Utilities Funds	52,385,314

; and

BE IT FURTHER RESOLVED that the FY2017 School budget be and it hereby is approved in the following amounts:

II. SCHOOL FUNDS:

Construction Fund	128,480
Grants Fund	12,448,238
Health Services Fund	35,013,000
Nutrition Services Fund	13,496,000
School Operating Fund	269,152,658
Workers' Compensation Fund	657,911

; and

BE IT FURTHER RESOLVED that the Board desires to continue to support special education students in the County, as identified by the County's Public Schools, and authorizes the County Administrator to execute a memorandum of understanding with Stafford County Public Schools for the Public Day School program not to exceed \$518,000. The Public Day School program provides educational services in the least restrictive, most cost-effective environment, and within the community, through shared responsibility between the County and Schools for Public Day School students; and

BE IT FURTHER RESOLVED the County Administrator shall disburse funds to Stafford County Volunteer Fire and Rescue companies only after ensuring compliance with the Fire and Rescue Department, County, and State policies, regulations, rules, and procedures; and

BE IT FURTHER RESOLVED that the County Administrator is authorized to increase budgets and appropriations for the following items of non-budgeted, restricted revenue that may occur during FY2017:

1. Insurance recoveries received for damages to County properties for which County funds have been expended to make repairs;
2. Defaulted developer and builder securities to be used for uncompleted projects;
3. Donations for a specific purpose;
4. Asset forfeiture funds;
5. Grants in accordance with the grant policy;
6. Excess roll-back taxes for Purchase of Development Rights pursuant to the County's financial policies;
7. Incentive payments to developers in compliance with Board approved agreements; and
8. Advance refunding of debt.

; and

BE IT FURTHER RESOLVED that the County Administrator is authorized to recruit and maintain full-time positions up to the authorized full-time strength stated below:

General Fund	
Non-Public Safety	336 <u>345</u>
Public Safety	365 <u>393</u>
Utilities Fund	139
Capital Projects Fund	<u>3</u>
Total	843 <u>880</u>

; and

BE IT FURTHER RESOLVED that new public safety positions are authorized as of April 19, 2016, with the adoption of the FY2017 budgets; and

BE IT FURTHER RESOLVED that the additional position approved for the Commonwealth's Attorney's office is contingent on grant funding, and the continuation of that position is contingent upon future grant funding; and

BE IT FURTHER RESOLVED that a 2% salary increase is authorized, effective July 1, 2016, for all County employees whose job performance is satisfactory or better; and

BE IT FURTHER RESOLVED that the County Administrator is authorized to proceed with the next phase of the 2015 Compensation Study, effective July 1, 2016; and

BE IT FURTHER RESOLVED that in June of 2016, a one-time payment of \$300 is authorized to be made to County non-seasonal employees to offset increased medical costs associated with the implementation of the new health insurance plan, using savings from the FY2016 budgeted health insurance funds; and

BE IT FURTHER RESOLVED that the County Administrator is authorized to implement a salary supplement for employees of the General District Court and Juvenile and Domestic Relations Court to address high turnover in those offices; and

BE IT FURTHER RESOLVED that the County Administrator is authorized to approve contracts for the purchase of replacement public safety vehicles, consistent with the FY2017 budgets; and

BE IT STILL FURTHER RESOLVED that the Board approves the FY2017 Potomac and Rappahannock Transportation Commission subsidy of \$80,700 and the Virginia Railway Express subsidy of \$2,647,222, and authorizes the payment of the subsidies during FY2017 from the County's Motor Fuels Tax Revenue account.

AJR:NAC:dmo

PROPOSED

BOARD OF SUPERVISORS
COUNTY OF STAFFORD
STAFFORD, VIRGINIA

RESOLUTION

At a regular meeting of the Stafford County Board of Supervisors (the Board) held in the Board Chambers, George L. Gordon, Jr., Government Center, Stafford, Virginia, on the 19th day of April, 2016:

MEMBERS:

Robert “Bob” Thomas, Jr., Chairman
Laura A. Sellers, Vice Chairman
Meg Bohmke
Jack R. Cavalier
Wendy E. Maurer
Paul V. Milde, III
Gary F. Snellings

VOTE:

On motion of , seconded by , which carried by a vote of , the following was adopted:

A RESOLUTION TO ESTABLISH THE CALENDAR YEAR 2016
TAX RATES

WHEREAS, the Virginia Code requires that the Board establish an annual levy of certain taxes for each calendar year; and

WHEREAS, a public hearing on the proposed calendar year 2016 tax rates was held on Tuesday, April 5, 2016, at 7:00 P.M., in the Board Chambers at the George L. Gordon, Jr., Government Center, located at 1300 Courthouse Road, Stafford, Virginia; and

WHEREAS, the Commissioner of the Revenue and the Treasurer require the timely establishment of tax levies to allow time for tax bills to be processed and received by the citizens; and

WHEREAS, the Board carefully considered the recommendation of staff, and the public testimony, if any, received at the public hearing;

NOW, THEREFORE, BE IT RESOLVED by the Stafford County Board of Supervisors on this the 19th day of April, 2016, that the following tax rates be and they hereby are established for the calendar year beginning January 1, 2016:

<u>Classification</u>	<u>Rate Per One Hundred Dollars of Assessed Valuation</u>
Real Estate (Section 58.1-3200, Code of Virginia (1950), as amended.)	1.019 .99
Tangible Personal Property (Section 58.1-3500, Code of Virginia (1950), as amended. Includes all other classifications of personal property not specifically enumerated.)	6.61*
Boats or watercraft (Section 58.1-3506(A) (1.a), (1.b), (12), (28), (29), Code of Virginia (1950), as amended.)	.0001
Motor Vehicles Specially Equipped for the Disabled (Section 58.1-3506(A)(14), Code of Virginia (1950), as amended.)	.10
Personal Property Volunteer Fire & Rescue (Section 58.1-3506(A) (15), (16), Code of Virginia (1950), as amended.)	.0001
Camping trailers and recreational vehicles (Section 58.1-3506(A) (18), (30), Code of Virginia (1950), as amended.)	5.49
One motor vehicle owned and regularly used by a veteran who has either lost, or lost the use of, one or both legs, or an arm or a hand, or who is blind or who is permanently and totally disabled as certified by the Department of Veterans Services. In order to qualify, the veteran shall provide a written statement to the commissioner of the revenue or other assessing officer from the Department of Veterans Services that the veteran has been so designated or classified by the Department of Veterans Services as to meet the requirements of this section, and that his disability is service-connected. For purposes of this section, a person is blind if he meets the provisions of § 46.2-739 (Section 58.1-3506(A)(19), Code of Virginia (1950), as amended.)	.0001
Motor Carrier Transportation (Section 58.1-3506(A)(25), Code of Virginia (1950), as amended.)	.0001
All tangible personal property employed in a trade or business other than that described in Virginia Code § 58.1-3503(A)(1) through (A)(18), except for subdivision (A)(17) (Section 58.1-3506(A)(26), Code of Virginia (1950), as amended.)	5.49

<u>Classification</u>	<u>Rate Per One Hundred Dollars of Assessed Valuation</u>
Programmable computer equipment and peripherals employed in a trade or business (Section 58.1-3506(A)(27), Code of Virginia (1950), as amended.)	5.49
Personal Property Volunteer Sheriff's Deputy (Section 58.1-3506(A)(32), Code of Virginia (1950), as amended.)	.0001
Machinery and Tools (Section 58.1-3507, Code of Virginia (1950), as amended.)	.0001
Merchants' Capital (Section 58.1-3509, Code of Virginia (1950), as amended. Includes all other classifications of Merchants' Capital not specifically enumerated.)	.50
Merchants' Capital of Pharmaceutical Wholesalers (Section 58.1-3510.01, Code of Virginia (1950) as amended)	0.00
Mobile Homes (Section 58.1-3506, Code of Virginia (1950), as amended.)	1.019 .99
Aircraft (Section 58.1-3506, Code of Virginia (1950), as amended.)	.0001
Garrisonville Road Special Service District (Sections 15.2-2400 through 15.2-2403, Code of Virginia (1950), as amended.)	.087 .082
Warrenton Road Special Service District (Sections 15.2-2400 through 15.2-2403, Code of Virginia (1950), as amended.)	.000
Hidden Lake Special Service District (Sections 15.2-2400 through 15.2-2403, Code of Virginia (1950), as amended.)	.421 .40
Hartlake Special Service District (Sections 15.2-2400 through 15.2-2403, Code of Virginia (1950), as amended.)	.00
Countywide Fire and Emergency Medical Services Tax District (Section 27-23.1, Code of Virginia (1950), as amended.)	.00

* The tax rate for personal property is based on the assessed value, which is established at forty percent (40%) of the estimated fair market value. The effective tax rate would be stated as \$2.64 per \$100 of the estimated fair market value.

In 2004, the General Assembly capped the amount of relief the State will provide for Personal Property Tax Relief (PPTRA) at \$950 million per year. The PPTRA cap took effect on January 1, 2006. Stafford County's share of the state allotment is \$12.5 million. This allotment is to be distributed among all the qualifying vehicles. For calendar year 2016, qualifying vehicles will be granted 40% relief.

AJR:NAC:dmo

R16-96

PROPOSED

BOARD OF SUPERVISORS
COUNTY OF STAFFORD
STAFFORD, VIRGINIA

RESOLUTION

At a regular meeting of the Stafford County Board of Supervisors (the Board) held in the Board Chambers, George L. Gordon, Jr., Government Center, Stafford, Virginia, on the 19th day of April, 2016:

MEMBERS:

Robert "Bob" Thomas, Jr., Chairman
Laura A. Sellers, Vice Chairman
Meg Bohmke
Jack R. Cavalier
Wendy E. Maurer
Paul V. Milde, III
Gary F. Snellings

VOTE:

On motion of , seconded by , which carried by a vote of , the following was adopted:

A RESOLUTION TO ADOPT THE FISCAL YEARS 2017-2026
CAPITAL IMPROVEMENT PROGRAM WITH THE INTENT TO
REIMBURSE CERTAIN CAPITAL IMPROVEMENT
EXPENDITURES

WHEREAS, a public hearing on the proposed Fiscal Years (FY) 2017-2026 Capital Improvement Program (CIP) was held on Tuesday, April 5, 2016, at 7:00 P.M. in the Board Chambers at the George L. Gordon, Jr., Government Center, located at 1300 Courthouse Road, Stafford, VA; and

WHEREAS, the Board considered the recommendations of the County Administrator and staff, and the testimony, if any, at the public hearing; and

WHEREAS, the ten-year CIP is a significant part of the Comprehensive Plan; and

WHEREAS, the Board finds that it is necessary to identify needed capital improvements;

NOW, THEREFORE BE IT RESOLVED by the Stafford County Board of Supervisors on this the 19th day of April, 2016, that the FY2017-2026 Capital Improvement Program (CIP), be and it hereby is adopted as part of the Comprehensive Plan; and

BE IT FURTHER RESOLVED that the Intent to Reimburse Certain Capital Improvement Expenditures for projects indicated in the FY2017-2026 CIP be and it hereby is adopted as follows:

	General Government
Replacement Fire & Rescue Apparatus	Route 1, Jefferson Davis Highway
Fire and Rescue Training Center	Route 711 Juggins Road
Fire and Rescue Station 14	Safety Improvements on Route 1 at Woodstock lane and Telegraph Road
Fire and Rescue Station - New	Route 606, Ferry Road
Cardiac Equipment Replacement	Route 630, Courthouse Road: Cedar Lane to Winding Creek Road
Computer-Aided Dispatch System	Route 630, Courthouse Road: Winding Creek Road to Shelton Shop road
Command Bus Replacement	Route 652, Truslow Road, West of I-95 (PPTA)
Fire and Rescue Station Renovations	Route 627, Mountain View Road Ext. to High School
Information Technology Infrastructure	Courthouse Road and Route 1 Intersection Improvements
Park at Embrey Mill - Phase 3	Enon Road & Route 1 Improvements
Duff McDuff Green Park	Butler Road
Patawomeck Park Phase 2	Garrisonville Road Eustace Road to Shelton Shop Road
New and Renovated Park Amenities	Eskimo Hill Road
Musselman Park	Shelton Shop Road
Parks Recreation and Community Facilities	Berea Church Road
Infrastructure	Tech Center Drive
Animal Shelter	Route 608, Brooke Road, South of Eskimo Hill Road
Courthouse Addition	Route 616, Poplar Road, North of Truslow Road
Library	
Belmont Ferry Farm Trail - Phase 6	
Stormwater Permit Compliance	
	Schools
Moncure Elementary Rebuild	Hartwood Elementary Renovation
Ferry Farm Elementary Rebuild	Drew Middle School Renovation
Elementary School #18	Fleet Services Addition
High School #6	Infrastructure
Mt. View High School Addition	

320 Zone Water Improvements
342 Zone Water System - Phase 1
342 Zone Water System - Phase 2
370N Water Booster Pump Station
Lake Mooney WTF Upgrade/Expansion
Able Lake Dam Improvements
Centerport Water Tank
Moncure Water Booster Pump Station
Brea Water Tank Removal
Regional Water Interconnection
Small Water Projects
Smith Lake Distribution PS Upgrade
Smith Lake WTF Filter Replacements
Water Distribution System Rehab Program
Water Extension Projects

320 Zone Extension
320 Zone Elevated Storage Tank
342 Zone Piping
Truslow Road Piping
Claiborne Run PS Parallel Force Main
Claiborne Run Pump Station Replacement
County Ridge Pump Station Replacement
Equipment Replacement - Aquia WWTF
Falls Run Pump Station Replacement
Falls Run Sewer Interceptor Replacement - Phase 2
Austin Run Gravity Sewer Replacement
Austin Run Gravity Sewer Replacement through
Stafford Village
Little Falls Run WWTF - 3rd Treatment Train

Utilities

Olde Concord to Wayside 18" Gravity Construct
Construct Lower Accokeek PS
18" Gravity Accokeek Creek
Lower Accokeek FM
8" Gravity Trunk SE
8" Extension of Ex Gravity
Rowser 10" Gravity Line
Wyche Road 12" Gravity Line
Venture to Wyche Road
8" Ex Gravity Upstream
Potomac Creek Pump Station & Force Main Replacement
Sewer Extension Projects
Small Sewer Projects
Wastewater Collection System Rehabilitation Projects
Wastewater Pump Station Rehabilitation Program
Wastewater Pump Station Replacements
Wayside Sewer Interceptor Replacement
Hilldrup Pump Station
Hilldrup PS Force Main
Route 1 Sewer (Hidden Valley to Potomac
Hills-5600LF of 30")
Aquia Creek Force Main Replacement
Aquia Creek PS Expansion
Austin Run Interceptor Section Replacement
Camp Barrett SPS FM
Stafford County Complex
Vehicles & Equipment Replacements
Contingency

NOTICE OF INTENT TO REIMBURSE
CERTAIN CAPITAL IMPROVEMENT EXPENDITURES

Section 1: Statement of Intent. The County presently intends, at one time or from time-to-time, to finance projects in the FY2017-2026 Capital Improvement Program (Projects) with tax-exempt or taxable bonds, or other obligations (Bonds), and to reimburse capital expenditures paid by Stafford County (including expenditures previously paid by the County to the extent permitted by law) in connection with the Projects before the issuance of the Bonds.

Section 2: Source of Interim Financing and Payment of Bonds. Stafford County expects to pay the capital expenditures related to the Projects, and incurred before the issuance of the Bonds, with an inter-fund loan or loans from the General Fund or funds from temporary appropriations or loans from the General Capital Projects Fund. Stafford County expects to pay debt service on the Bonds from the General Fund consisting of general tax revenues for the projects to be financed in the FY2017-2026 Capital Improvement Program. The maximum amount of the Bonds expected to be issued for the Projects is \$409,334,139.

Section 3: Effective Date; Public Inspection. This Resolution is adopted for the purpose of complying with Treasury Regulation Section 1.150-2 (26 CFR 1.150-2) or any successor regulation, and shall be in full force and effect upon its adoption. The Clerk of the Board shall file a copy of this Resolution in the records of Stafford County, available for inspection by the general public during Stafford County's normal business hours.

AJR:NAC:dmo

PROPOSED

BOARD OF SUPERVISORS
COUNTY OF STAFFORD
STAFFORD, VIRGINIA

RESOLUTION

At a regular meeting of the Stafford County Board of Supervisors (the Board) held in the Board Chambers, George L. Gordon, Jr., Government Center, Stafford, Virginia, on the 19th day of April, 2016:

MEMBERS:

Robert "Bob" Thomas, Jr., Chairman
Laura A. Sellers, Vice Chairman
Meg Bohmke
Jack R. Cavalier
Wendy E. Maurer
Paul V. Milde, III
Gary F. Snellings

VOTE:

On motion of , seconded by , which carried by a vote of , the following was adopted:

A RESOLUTION TO APPROPRIATE THE FISCAL YEAR 2017
COUNTY BUDGETS

WHEREAS, the Board is committed to maintaining the undesignated fund balance, and wishes to retain adequate budgetary control given the challenging economic climate;

NOW, THEREFORE, BE IT RESOLVED by the Stafford County Board of Supervisors on this the 19th day of April, 2016, that General Fund General Government expenditures (other than debt service) and Local School Transfer (other than debt service) be and they hereby are appropriated at 95% of the adopted FY2017 budgets; and

BE IT FURTHER RESOLVED that debt service is appropriated at 100% of the adopted FY2017 budgets; and

BE IT FURTHER RESOLVED that the FY2017 budgets for the various General Government Funds be and they hereby are appropriated as follows:

I. GENERAL GOVERNMENT FUNDS:

<u>General Fund:</u>	263,823,908
Operating Budget Transfer to Schools	106,939,122
Public Day School	492,100
Shared Services / Audit	109,542
School Debt Service	31,362,759
Board of Supervisors	605,119
Capital Projects	3,792,576
Central Rappahannock Regional Library	4,920,088
Commissioner of the Revenue	2,581,421
Commonwealth's Attorney	2,992,279
Cooperative Extension	172,762
Corrections	8,260,998
County Administration	1,090,438
County Attorney	1,042,991
Clerk of the Circuit Court	1,442,988
Circuit Court	268,666
General District Court	111,388
Juvenile and Domestic Relations Court	108,965
Magistrate	8,389
15th District Court Services Unit	347,820
Debt Service County	13,649,195
Economic Development	805,982
Finance and Budget	1,623,850
Fire and Rescue	16,961,770
Human Resources	409,171
Human Services, Office of	4,794,732
Information Technology	2,201,732
Non-Departmental	2,721,663
Parks, Recreation and Community Facilities	11,308,175
Partner Agencies	1,946,351
Planning and Zoning	2,381,883
Public Works	3,763,299
Public Works - Stormwater	519,901
Registrar & Electoral Board	471,844
Sheriff	25,052,877
Social Services	6,709,858
Treasurer	1,851,214

GENERAL GOVERNMENT FUNDS, continued:

Asset Forfeiture Fund	84,819
Capital Improvements Fund	674,492
Fleet Services Fund	4,459,997
Garrisonville Road Service District Fund	480,975
Hidden Lake Special Revenue Fund	106,080
Tourism Fund	927,000
Transportation Fund	4,086,334
Transportation Impact Fee - County-Wide Fund	100,000
Utilities Funds	52,385,314

; and

BE IT FURTHER RESOLVED that the FY2017 School budget be and it hereby is appropriated in the following amounts:

II. SCHOOL FUNDS

Construction Fund	128,480
Grants Fund	12,448,238
Health Services Fund	35,013,000
Nutrition Services Fund	13,496,000
School Operating Fund	263,492,618
Workers' Compensation Fund	657,911

; and

BE IT FURTHER RESOLVED that the Board intends to consider the appropriation of the 5% balance of the general fund, general government budget (less debt service), and the local school transfer (less debt service), following the mid-year review and completion of the FY2016 audit, in consideration of the then current financial conditions; and

BE IT FURTHER RESOLVED that at the close of the fiscal year, all appropriations shall lapse for budget items other than capital projects, encumbrances, commitments, and grants. The County Administrator is authorized to maintain the following appropriations as noted or until the Board, by resolution or ordinance, changes or eliminates the designated appropriations:

- (i) Capital projects, until the completion of the project;
- (ii) Encumbrances and commitments; and
- (iii) Grant funds for the duration of the grant.

; and

BE IT FURTHER RESOLVED that the County Administrator is authorized to increase budgets and appropriations for the following items of non-budgeted, restricted revenue that may occur during FY2017:

1. Insurance recoveries received for damages to County properties for which County funds have been expended to make repairs;
2. Defaulted developer and builder securities to be used for uncompleted projects;
3. Donations for a specific purpose;
4. Asset forfeiture funds;
5. Grants in accordance with the grant policy;
6. Excess roll-back taxes for Purchase of Development Rights pursuant to the County's financial policies;
7. Incentive payments to developers in compliance with Board approved agreements; and
8. Advance refunding of debt.

; and

BE IT FURTHER RESOLVED that the County Administrator is authorized to approve insurance settlements less than \$100,000, in concurrence with the County's insurance carrier; and

BE IT FURTHER RESOLVED that to comply with Governmental Accounting Standards Board's standards and Generally Accepted Accounting Practices, some projects or sets of accounts may need to be moved between funds, and the County Administrator is authorized to make such transfers; and

BE IT STILL FURTHER RESOLVED that to ensure the taxpayers of Stafford County are paying the lowest tax rates possible, all outside funding sources such as state funds, federal funds, proffers, and user fees will be designated to be spent first, with any local matches that are required. After these funds are spent, local tax dollars will be spent.

AJR:NAC:kah

BOARD OF SUPERVISORS
Agenda Item

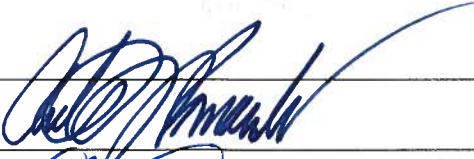
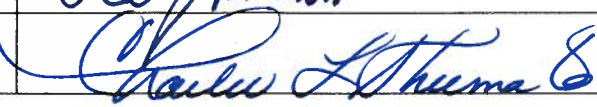
Meeting Date:	April 19, 2016
Title:	Authorize Fiscal Years 2017-2018-2019 Virginia Public School Authority Debt
Department:	Finance and Budget
Staff Contact:	Maria Perrotte, Chief Financial Officer
Board Committee/ Other BACC:	Finance, Audit, and Budget Committee
Staff Recommendation:	Approval
Fiscal Impact:	Increases the Schools' construction budget by \$30.4 million
Time Sensitivity:	Should be adopted at the same time as the FY2017 budget

ATTACHMENTS:

1.	Background Report	3.	Proposed Resolution R16-92
2.	Proposed Resolution R16-97		

<input type="checkbox"/>	Consent Agenda	<input type="checkbox"/>	Other Business	<input checked="" type="checkbox"/>	Unfinished Business
<input type="checkbox"/>	Discussion	<input type="checkbox"/>	Presentation	<input type="checkbox"/>	Work Session
<input type="checkbox"/>	New Business	<input type="checkbox"/>	Public Hearing	<input type="checkbox"/>	Add-On

REVIEW:

X	County Administrator	
X	County Attorney	

DISTRICT:	N/A
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BACKGROUND REPORT

The School's capital projects are included in the County's Capital Improvement Program (CIP) and financed incrementally through the Virginia Public School Authority (VPSA). These financings are a general obligation debt of the County. Issuance requires approval by the Board. A public hearing was held on April 5, 2016. There were no public comments on this matter. The Board is now being asked to authorize the bond issuance, and to budget and appropriate the funds.

Bonds are typically sold on a cash-flow basis to minimize debt service costs, but State law requires that funds be appropriated before contracts can be let. To meet schedules set forth in the CIP, the contract for the rebuilding of Anne E. Moncure Elementary School (ES) will be awarded beginning in February, 2017. The Board will be asked to appropriate the entire construction budget, and authorize any associated debt for the project, as part of the FY2017 budget consideration.

The Board previously authorized the bonds, and budgeted and appropriated all funds for the Mountain View High School (HS) expansion. Both the Moncure ES and Mountain View HS projects span more than one fiscal year. Infrastructure improvement projects can be completed in one fiscal year.

Depending on bond market conditions, bonds can sell at a premium or a discount, meaning that the actual proceeds may be higher or lower than the par amount. To receive the actual amount identified for the projects, the issue amount may be slightly higher or lower than the net proceeds. To ensure sufficient funding for the projects, the County's bond counsel recommends that the County include a 5% bond-market contingency cushion to manage potential fluctuations in the bond market. Therefore, the bond authority will be slightly higher than the amount budgeted and appropriated. The market contingency will not increase project budgets or debt service costs.

To maintain the schedules shown in the adopted CIP, Board action is required as follows:

	CIP Project Amount	Budget/Appropriate Project Budget	Authorize Bond with Contingency for Market Fluctuation *	Bonds to be sold in FY2017
FY2017 Bond Issue		Proposed Resolution R16-92	Proposed Resolution R16-97	
Mountain View HS Expansion	7,316,000	Authorized R15-107 and R15-117		7,316,000
Moncure ES Rebuild	11,431,000	11,431,000 *	9,431,000	9,431,000
Infrastructure	<u>3,550,000</u>	<u>3,550,000</u>	<u>3,550,000</u>	<u>3,550,000</u>
	22,297,000	14,981,000	12,981,000	20,297,000
FY2018 Bond Issue				
Moncure ES Rebuild	16,431,000	16,431,000	16,431,000	
FY2019 Bond Issue				
Moncure ES Rebuild	1,000,000	1,000,000	1,000,000	
Contingency for Market Fluctuation			1,588,000	1,013,000
Total	39,728,000	32,412,000	32,000,000	21,310,000
* School Board will provide \$2 million cash for Moncure ES rebuild.				

Staff recommends approval of proposed Resolution R16-97, which authorizes issuance of the general obligation school bonds; and proposed Resolution R16-92 which budgets and appropriates FY2017-2018-2019 VPSA bond proceeds.

The Board will be asked to appropriate the \$2 million cash for Moncure Elementary School in conjunction with consideration of the \$8.3 million FY2015 carryover following the Schools' forensic audit.

R16-97

PROPOSED

BOARD OF SUPERVISORS
COUNTY OF STAFFORD
STAFFORD, VIRGINIA

RESOLUTION

At a regular meeting of the Stafford County Board of Supervisors (the Board) held in the Board Chambers, George L. Gordon, Jr., Government Center, Stafford, Virginia, on the 19th day of April, 2016:

MEMBERS:

Robert “Bob” Thomas, Jr., Chairman
Laura A. Sellers, Vice Chairman
Meg Bohmke
Jack R. Cavalier
Wendy E. Maurer
Paul V. Milde, III
Gary F. Snellings

VOTE:

On motion of , seconded by , which carried by a vote of , the following was adopted:

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$32,000,000 IN GENERAL OBLIGATION SCHOOL BONDS OF THE COUNTY OF STAFFORD, VIRGINIA TO BE SOLD TO THE VIRGINIA PUBLIC SCHOOL AUTHORITY

WHEREAS, the Board of Supervisors (Board) of the County of Stafford, Virginia (County) has received a request from the Stafford County School Board (School Board) to contract a debt and issue general obligation school bonds (Bonds) of the County in an amount not to exceed \$32,000,000 to finance (a) capital school improvement projects for public school purposes (collectively, Projects), including, but not limited to, the rebuilding of Anne E. Moncure Elementary School and other general school infrastructure projects that are approved for bond funding in the Capital Improvements Program (such as school site improvements, paving improvements and environmental upgrades) as the Board may amend it from time to time; and (b) costs of issuing the Bonds; and

WHEREAS, the Board has determined that it is necessary and expedient to issue the Bonds in an amount not to exceed \$32,000,000 to finance the Projects; and

WHEREAS, the Board held a public hearing on April 5, 2016, on the issuance of the Bonds in accordance with the requirements of Virginia Code § 15.2-2606; and

WHEREAS, the Board has determined that it may be necessary or desirable to advance money to pay the costs for the Projects and to reimburse such advances with proceeds from one or more series of Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF STAFFORD, VIRGINIA:

1. Authorization of Bonds and Use of Proceeds. The Board hereby determines that it is advisable to contract a debt and to issue and sell the Bonds of the County in the aggregate principal amount not to exceed \$32,000,000 for the purpose of financing the Projects. The issuance and sale of Bonds to Virginia Public School Authority (VPSA) in one or more series is hereby authorized and approved, provided, no more than \$12,981,000 in aggregate principal amount of Bonds may be issued in fiscal year 2017 and the remainder may be issued in fiscal year 2018 or any subsequent fiscal year.

2. Declaration of Intent. The Board hereby adopts this declaration of official intent under Treasury Regulation § 1.150.2. The Board reasonably expects to reimburse advances made or to be made by the County or School Board to pay the cost of the Projects.

3. Submission of Application to VPSA. The Board hereby authorizes and directs the County Administrator of the County (the "County Administrator") to submit an application to VPSA in order to sell the Bonds to VPSA at such sale or sales of VPSA as the County Administrator may determine in his sole discretion, subject to the limitations set forth in paragraph 1 above.

4. Form of the Bonds. Each series of Bonds shall be in such form as may be attached to any subsequent resolution that approves the details of such series of Bonds.

5. Payment. All payment terms of a series of Bonds shall be set forth in a subsequent resolution that approves the details of such series of Bonds.

6. Execution of the Bonds. No Bonds shall be executed until the Board adopts a subsequent resolution approving of and setting forth the details of the Bonds.

7. Pledge of Full Faith and Credit. For the prompt payment of the principal of, and the premium, if any, and the interest on the Bonds as the same shall become due, the full faith and credit of the County are hereby irrevocably pledged, and in each year while any of the Bonds shall be outstanding there shall be levied and collected in accordance with law an annual ad valorem tax upon all taxable property in the County subject to local taxation sufficient in amount to provide for the payment of the principal of, and the premium, if any, and the interest on the Bonds as such principal, premium, if any, and interest shall become due, which tax shall be without

limitation as to rate or amount and in addition to all other taxes authorized to be levied in the County to the extent other funds of the County are not lawfully available and appropriated for such purpose.

8. Filing of Resolution. The appropriate officers or agents of the County are hereby authorized and directed to cause a certified copy of this Resolution to be filed with the Circuit Court of the County.

9. Further Actions. Subject to the limitation on the execution of Bonds set forth in Section 6, the County Administrator, the Chairman of the Board, and all such other officers, employees and agents of the County as either of them may designate are hereby authorized to take such action as the County Administrator or the Chairman of the Board may consider necessary or desirable in connection with the issuance and sale of the Bonds and the filing of any application with VPSA and any such action previously taken is hereby ratified and confirmed.

10. Effective Date. This Resolution shall take effect immediately.

The undersigned Clerk of the Board of Supervisors of the County of Stafford, Virginia, hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the Board of Supervisors held on April 19, 2016, and of the whole thereof so far as applicable to the matters referred to in such extract. I hereby further certify that such meeting was a regularly scheduled meeting and that, during the consideration of the foregoing resolution, a quorum was present. The front page of this Resolution accurately records (i) the members of the Board of Supervisors present at the meeting, (ii) the members who were absent from the meeting, and (iii) the vote of each member, including any abstentions.

WITNESS MY HAND and the seal of the Board of Supervisors of the County of Stafford, Virginia, this 19th day of April, 2016.

Clerk, Board of Supervisors of the
County of Stafford, Virginia

(SEAL)

BOARD OF SUPERVISORS
COUNTY OF STAFFORD
STAFFORD, VIRGINIA

RESOLUTION

At a regular meeting of the Stafford County Board of Supervisors (the Board) held in the Board Chambers, George L. Gordon, Jr., Government Center, Stafford, Virginia, on the 19th day of April, 2016:

MEMBERS:

Robert “Bob” Thomas, Jr., Chairman
Laura A. Sellers, Vice Chairman
Meg Bohmke
Jack R. Cavalier
Wendy E. Maurer
Paul V. Milde, III
Gary F. Snellings

VOTE:

On motion of , seconded by , which carried by a vote of , the following was adopted:

A RESOLUTION TO BUDGET AND APPROPRIATE FUTURE BOND
PROCEEDS FROM GENERAL OBLIGATION SCHOOL BONDS IN
THE AMOUNT OF \$30,412,000 TO THE SCHOOLS’
CONSTRUCTION FUND

WHEREAS, the County’s budget must be amended to permit the County to receive future bond proceeds from the Virginia Public School Authority (VPSA) bond sales, and transfer them to the Schools’ Construction Fund; and

WHEREAS, on April 5, 2016, pursuant to Virginia Code § 15.2-2507, a public hearing on the proposed budget was held at the George L. Gordon, Jr., Government Center; and

WHEREAS, the Board carefully considered the recommendations of staff and the public testimony, if any, at the public hearing;

NOW, THEREFORE, BE IT RESOLVED by the Stafford County Board of Supervisors on this the 19th day of April, 2016, that the County Administrator be and he hereby is authorized to budget and appropriate the FY2017 budget as follows:

GENERAL CAPITAL PROJECTS FUND:

Revenue:

Proceeds from future VPSA Bond Sales	\$30,412,000
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Expenditure:

Transfer to Schools' Construction Fund	\$30,412,000
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SCHOOLS' CONSTRUCTION FUND

Revenue:

Transfer from Capital Projects Fund	\$30,412,000
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Expense:

Schools' Construction Fund	\$30,412,000
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AJR:MJP:nac

BOARD OF SUPERVISORS
Agenda Item

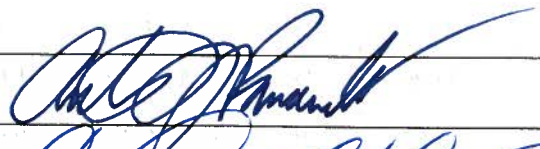
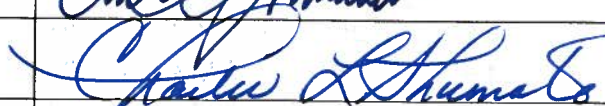
Meeting Date:	April 19, 2016
Title:	Amend and Reordain Fees for Providing Public Water and Sewer Service
Department:	Utilities
Staff Contact:	Michael T. Smith
Board Committee/ Other BACC:	Infrastructure Committee; Utilities Commission
Staff Recommendation:	Approval
Fiscal Impact:	See Background Report
Time Sensitivity:	See Background Report

ATTACHMENTS:

1.	Background Report	2.	Proposed Ordinance O16-19
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<input type="checkbox"/>	Consent Agenda	<input type="checkbox"/>	Other Business	<input checked="" type="checkbox"/>	Unfinished Business
<input type="checkbox"/>	Discussion	<input type="checkbox"/>	Presentation	<input type="checkbox"/>	Work Session
<input type="checkbox"/>	New Business	<input type="checkbox"/>	Public Hearing	<input type="checkbox"/>	Add-On

REVIEW:

X	County Administrator	
X	County Attorney	
X	Finance and Budget	Maria Penote

DISTRICT:	N/A
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BACKGROUND REPORT

The Utilities Fund is an enterprise fund. An enterprise fund establishes a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. This fund is not commingled with the revenues and expenses of other government activities. Tax dollars are not used for any purpose related to the Utilities Fund enterprise, and the Utilities Fund fees are not used to supplement the tax supported General Fund, other than those funds transferred for services rendered, such as human resources, purchasing, legal services, finance, and other support services.

The goods and services provided by the Utilities Department are the production and delivery of treated drinking water and the collection and treatment of wastewater.

The Utilities Fund is broken into two categories: a Capacity Expansion Fund and an Operating Fund.

The Capacity Expansion Fund is funded with availability and pro rata fees, bond proceeds, and interest on investments. These revenues are “one time” funds and are used for projects required by the system’s expansion or changes in regulations or technology.

The Operating Fund provides for operational activities including annual operating and maintenance activities, long-term repair, renewal, and rehabilitation of capital assets and debt service, which are funded with user fees collected in accordance with the Board approved rates.

During the rapid residential growth in the 1980’s and 1990’s, the Utilities Department built up a large cash reserve through the collection of availability and pro rata fees. These fees were collected to ensure expansion could be provided when needed, such as the new Lake Mooney Reservoir and water treatment facility. With such a large balance, previous Boards did not see the need to raise user fees between 1995 and 2005, which left the Capacity Expansion Fund the only source for rehabilitation projects and kept the user fees at an unsustainably low level.

FY	Approved Rate Increases	Percent Growth in Customer base	Water Sales Percent Change	Actual Revenue Increase	Average Monthly User Fee (5,000 gal)	Consumer Price Index Change	Average User Fee if increased Based on CPI Change Only
1995	0%	7%	5%	5%	\$32.49	2.8%	\$33.40
1996	0%	5%	5%	5%	\$32.49	3.0%	\$33.46
1997	0%	6%	9%	9%	\$32.49	2.3%	\$33.24
1998	0%	7%	18%	18%	\$32.49	1.6%	\$33.01
1999	0%	6%	0%	0%	\$32.49	2.2%	\$33.20
2000	0%	4%	4%	4%	\$32.49	3.4%	\$33.59
2001	0%	6%	12%	12%	\$32.49	2.8%	\$33.40
2002	0%	7%	-2%	-2%	\$32.49	1.6%	\$33.01
2003	0%	7%	7%	7%	\$32.49	2.3%	\$33.24
2004	0%	3%	3%	3%	\$32.49	2.8%	\$33.40
2005	0%	4%	4%	4%	\$32.49	3.4%	\$33.59

	Approved Rate	Percent Growth in	Water Sales	Actual Revenue	Average Monthly	Consumer Price	Average User Fee if increased
FY	Increases	Customer base	Percent Change	Increase	User Fee (5,000 gal)	Index Change	Based on CPI Change Only
2006	9%	3%	-4%	3%	\$32.93	3.2%	\$33.98
2007	9%	2%	2%	11%	\$34.20	2.8%	\$35.16
2008	9%	1%	-5%	1%	\$37.35	3.8%	\$38.77
2009	0%	2%	3%	3%	\$37.35	-0.4%	\$37.20
2010	0%	3%	3%	4%	\$37.35	1.6%	\$37.95
2011	3%	1%	1%	4%	\$41.90	3.2%	\$43.24
2012	7%	0%	-3%	2%	\$44.81	2.1%	\$45.75
2013	8%	3%	0%	8%	\$44.81	1.5%	\$45.48
2014	8%	2%	-3%	5%	\$48.35	1.6%	\$49.12
2015	7%	2%	2%	-----	\$52.23	0.7%	\$49.46
2016	6%	-----	-----	-----	\$55.36	-----	-----

Meeting Financial Policy Goals

Although the Operating Fund is able to cover the daily operational costs, the money in the fund is insufficient to account for debt service or maintenance/rehabilitation projects in the Capital Improvements Program (CIP). Debt service payments are recurring expenditures and are used by the rating agencies when considering the County's Utility Fund bond rating. This is why the Board's adopted fiscal policy dictates that "The Department of Utilities will establish rates and fees for services provided by the system to ensure that, in each fiscal year, Net Revenues (Gross Revenues less Operating Expenses) are greater than or equal to 100% of Total Debt Service, after excluding 100% of non-recurring revenues such as availability fees, pro rata fees, connection fees and reserves (this ratio will be met no later than FY 2018)." If the proposed CIP is adopted with the additional projects, a rate increase will be required to bring in sufficient revenue to meet the recurring costs and the debt ratio as described in the Fiscal Policy.

A rate increase is also required to meet the fiscal policy regarding cash reserves. The policy states, "An Operating Reserve will be established and maintained in a total amount equivalent to not less than 150 days annual operating and maintenance expenses to ensure against short-term revenue shortfalls and unanticipated operating and/or maintenance expenses." The rate increase proposed will meet the fiscal policy on the "3R" reserve capacity and ensure we have sufficient cash flow to meet generally accepted accounting principles.

State/Federal Mandates Adding to Operational Costs

Both County wastewater treatment facilities were upgraded in 2007 at a cost of \$34 million to meet stricter nitrogen and phosphorus removal requirements. Revenue bonds were issued for these improvements and debt service was included in the recurring costs covered by the Operations Fund. The lower limits also increased the need for chemical additions and electrical usage for nutrient removal, resulting in an annual increase of approximately \$675,000.

Changes to water regulations have also added some additional operational costs. Total Organic Carbon (TOC) monitoring was mandated as a part of the Disinfection Byproduct Rule, requiring a prescribed percentage of TOC removal from the source water before distribution to the water system.

In 2006, the Smith Lake Water Treatment Facility was not able to meet this Environmental Protection Agency (EPA) mandate with their existing treatment process resulting in a switch in chemical coagulants. The switch in coagulant chemicals caused additional changes in corrosion inhibiting chemicals as well, which increased the daily operational costs.

In general most of the costs associated with the distribution and treatment of water and the collection and treatment of wastewater are mandated by the state or federal government. Maintenance of the infrastructure is also a mandate. The inventory of pipes, hydrants, manholes, valves, etc. has increased in Stafford by 24% over the last ten years.

Increasing Expenditures and Declining Water Sales

Another factor driving the need for a rate increase is the decline in water sales due to new, more efficient plumbing fixtures and a decline in outdoor watering, which started during the recession. The table below shows the number of accounts and the corresponding water sales each year. Although the County's customer accounts, and the infrastructure required to service those customers, has increased by 19%, the total amount of water distributed and the resulting revenue has decreased by 1.2%.

	Percent Growth	Water Distribution	Water Distribution
FY	in Cust base	Millions of gallons	Percent Change
2006	-----	2,836.7	-----
2006	3%	2,717.0	-4.22%
2007	2%	2,752.4	1.30%
2008	1%	2,703.2	-1.79%
2009	2%	2,826.0	4.54%
2010	3%	2,834.4	0.30%
2011	1%	2,826.0	-0.30%
2012	0%	2,746.8	-2.80%
2013	3%	2,746.0	-0.03%
2014	2%	2,734.1	-0.43%
2015	2%	2,794.5	2.21%
Totals	19%	-----	-1.22%

Proposed Rate Increases

Utilities throughout the country are experiencing the same decrease in consumption with an increase in customer-base. Although the decrease in consumption appears to decrease the need for system expansion, this is not the case. The design of the treatment capacity and delivery system must be based on a peak flow day. In other words, treatment facilities and pipes must be designed to fulfill the peak demand expected of the customers. The County must provide the facilities to supply the maximum amount of water needed on a nice summer Saturday when customers are watering the lawns, washing their cars and doing laundry, and still provide supply for an emergency such as a house fire. In order to provide water and sewer service, fees need to be collected from customers for these fixed costs, which are not related to the amount of water/sewer used each month. on usage. This provides more stable revenue to the Utilities Fund during low usage amounts and still provides incentives for conservation with the usage fee.

Each meter setting puts a demand on the County's system even if their usage is minimal. In order to account for this demand, the proposed rate change increases the fixed demand for each meter setting, as well as a five percent increase on the fees based the Utilities Fund balance has decreased \$42 million dollars over the last ten years. The proposed ten year CIP contains projects totaling \$197 million, \$120 million of which are related to economic development or capacity expansion (\$37.6 million is replacement of existing infrastructure with additional capacity), and \$76 million in infrastructure maintenance projects. In addition, there is \$7-13 million of debt service payments per year.

The current rate structure, remaining fund balance, expected availability, and pro rata funds are not sufficient to cover the proposed CIP and recurring operational costs. An overall rate increase of 9% would provide the needed funds to proceed with the CIP as proposed and provide for rehabilitation of the existing aging infrastructure.

The proposed fee increases are shown below using an average water bill of 5,000 gallons per month:

5% user fee + fixed fee for three years	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Overall Revenue Increase	Current	9.0%	9.0%	9.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Fixed Charges	\$16.44	\$20.05	\$24.08	\$28.60	\$29.46	\$30.34	\$31.25	\$32.19	\$33.16	\$34.15
Change in Fixed Charge	N/A	\$3.61	\$4.03	\$4.52	\$0.86	\$0.88	\$0.91	\$0.94	\$0.97	\$0.99
Monthly Residential Bill										
Variable User fee increase	N/A	5.0%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
5,000 Gallons per month fee	\$42.40	\$44.51	\$46.77	\$49.06	\$50.53	\$52.05	\$53.61	\$55.22	\$56.87	\$58.58
Variable User fee actual increase	N/A	\$2.11	\$2.26	\$2.29	\$1.47	\$1.52	\$1.56	\$1.61	\$1.66	\$1.71
Total Residential Bill @ 5, 000 gal	\$58.84	\$64.56	\$70.85	\$77.66	\$79.99	\$82.39	\$84.86	\$87.41	\$90.03	\$92.73
Total Change in Monthly Bill	N/A	\$5.72	\$6.29	\$6.81	\$2.33	\$2.40	\$2.47	\$2.55	\$2.62	\$2.70

Currently Stafford County has one of the lowest Utilities rates of peer localities. The proposed rate increases would keep Stafford in line with the other localities.

On March 24, 2016, the Utilities Commission held a public hearing on the proposed rate increases. There were no speakers at the public hearing. Subsequent to the public hearing, the Utilities Commission voted 5-0 (Ms. Lovitt was absent and the Hartwood District seat is vacant) to recommend adoption of the rate increases as advertised.

On April 5, 2016, the Board held a public hearing on the proposed rate increases as required by the Virginia Code.

Staff recommends approval of proposed Ordinance O16-19, which amends fees for providing water and sewer service. The rates would be effective on June 1, 2016 and would appear on resident's bills on July 1, 2016.

PROPOSED

BOARD OF SUPERVISORS
COUNTY OF STAFFORD
STAFFORD, VIRGINIA

ORDINANCE

At a regular meeting of the Stafford County Board of Supervisors (the Board) held in the Board Chambers, George L. Gordon, Jr., Government Center, Stafford, Virginia, on the 19th day of April, 2016:

MEMBERS:

Robert "Bob" Thomas, Jr., Chairman
Laura A. Sellers, Vice Chairman
Meg Bohmke
Jack R. Cavalier
Wendy E. Maurer
Paul V. Milde, III
Gary F. Snellings

VOTE:

On motion of , seconded by , which carried by a vote of , the following was adopted:

AN ORDINANCE TO AMEND AND REORDAIN THE FEES
FOR PROVIDING WATER AND SEWER SERVICE

WHEREAS, the Board is authorized to set reasonable fees and charges for public water and sewer service; and

WHEREAS, such authority may be found in Virginia Code §§ 15.2-2111, 15.2-2119, 15.2-2122, and 15.2-2143; and

WHEREAS, the Board desires to set the fees for these services commensurate with the services provided by the County; and

WHEREAS, Stafford County Code Chapter 25 authorizes the establishment of public water and sewer fees; and

WHEREAS, the Board carefully considered the recommendations of the Utilities Commission and staff, and the public testimony, if any, at the public hearing;

NOW, THEREFORE, BE IT RESOLVED by the Stafford County Board of Supervisors on this the 19th day of April, 2016, that the fees for providing public water and sewer service be and they hereby are amended and reordained as follows:

USER FEES Effective for water usage on or after June 1, 2016 and reflected on bills on or after July 1, 2016							
User Category	CONSUMPTION CHARGES, per 1,000 gallons						Code Section
	WATER			SEWER			
RESIDENTIAL (including Apartments)	Current	Proposed	Change	Current	Proposed	Change	25-96(b)
0 - 2,000 gallons	\$2.29	\$2.40	\$0.11	\$5.42	\$5.69	\$0.27	25-98(b,c)
3,000 - 4,000 gallons	\$3.18	\$3.34	\$0.16	per 1,000 gallons for all usage up to non-seasonal average + 20%	per 1,000 gallons for all usage up to non-seasonal average + 20%	per 1,000 gallons for all usage up to non-seasonal average + 20%	
5,000 - 8,000 gallons	\$4.36	\$4.58	\$0.22				
9,000 - 12,000 gallons	\$8.76	\$9.20	\$0.44				
13,000 - 25,000 gallons	\$11.11	\$11.67	\$0.56				
Above 25,000 gallons	\$15.45	\$16.22	\$0.77				
NON-RESIDENTIAL (Commercial, Industrial, Multi-Family, Public, Semi-Public and Mobile Homes) All Consumption	\$4.27	\$4.44	\$0.17	\$5.42	\$5.69	\$0.27	25-96(b) and 25-98(b,c)
Water-Dependent, Home-Based Business	\$10.67	\$11.10	\$0.43	\$5.42	\$5.69	\$0.27	25-96(b) and 25-98(b,c)
Irrigation, Bulk, Construction and Hydrant Meters	\$15.45	\$16.07	\$0.62	n/a	n/a	n/a	25-96(e)
Monthly Customer Service Charge (per account)	\$2.07	\$2.25	\$0.18	\$2.10	\$2.29	\$0.19	25-96(c) and 25-98(d)
Monthly Demand Charge (per Meter Equivalent, per account)	\$5.19	\$6.63	\$1.44	\$7.08	\$8.88	\$1.80	25-96(d) and 25-98(e)
USER FEES Effective for water usage on or after June 1, 2017 and reflected on bills on or after July 1, 2017							
User Category	CONSUMPTION CHARGES, per 1,000 gallons						Code Section
	WATER			SEWER			
RESIDENTIAL (including Apartments)	Current	Proposed	Change	Current	Proposed	Change	25-96(b)
0 - 2,000 gallons	\$2.40	\$2.52	\$0.12	\$5.69	\$5.98	\$0.29	25-98(b,c)
3,000 - 4,000 gallons	\$3.34	\$3.51	\$0.17	per 1,000	per 1,000	per 1,000	

5,000 - 8,000 gallons	\$4.58	\$4.81	\$0.23	gallons for all usage up to non-seasonal average + 20%	gallons for all usage up to non-seasonal average + 20%	gallons for all usage up to non-seasonal average + 20%	
9,000 - 12,000 gallons	\$9.20	\$9.66	\$0.46				
13,000 - 25,000 gallons	\$11.67	\$12.25	\$0.58				
Above 25,000 gallons	\$16.22	\$17.03	\$0.81				
NON-RESIDENTIAL (Commercial, Industrial, Multi-Family, Public, Semi-Public and Mobile Homes) All Consumption	\$4.44	\$4.62	\$0.18	\$5.69	\$5.98	\$0.29	25-96(b) and 25-98(b,c)
Water-Dependent, Home-Based Business	\$11.10	\$11.54	\$0.44	\$5.69	\$5.98	\$0.29	25-96(b) and 25-98(b,c)
Irrigation, Bulk, Construction and Hydrant Meters	\$16.07	\$16.71	\$1.96	n/a	n/a	n/a	25-96(e)
Monthly Customer Service Charge (per account)	\$2.25	\$2.45	\$0.20	\$2.29	\$2.50	\$0.21	25-96(c) and 25-98(d)
Monthly Demand Charge (per Meter Equivalent, per account)	\$6.63	\$8.24	\$1.61	\$8.88	\$10.89	\$2.01	25-96(d) and 25-98(e)
USER FEES Effective for water usage on or after June 1, 2018 and reflected on bills on or after July 1, 2018							
User Category	CONSUMPTION CHARGES, per 1,000 gallons						Code Section
	WATER			SEWER			
RESIDENTIAL (including Apartments)	Current	Proposed	Change	Current	Proposed	Change	25-96(b)
0 - 2,000 gallons	\$2.52	\$2.65	\$0.13	\$5.98	\$6.27	\$0.29	25-98(b,c)
3,000 - 4,000 gallons	\$3.51	\$3.68	\$0.17	per 1,000 gallons for all usage up to non-seasonal average + 20%	per 1,000 gallons for all usage up to non-seasonal average + 20%	per 1,000 gallons for all usage up to non-seasonal average + 20%	
5,000 - 8,000 gallons	\$4.81	\$5.05	\$0.24				
9,000 - 12,000 gallons	\$9.66	\$10.14	\$0.48				
13,000 - 25,000 gallons	\$12.25	\$12.86	\$0.61				
Above 25,000 gallons	\$17.03	\$17.89	\$0.81				
NON-RESIDENTIAL (Commercial, Industrial, Multi-Family, Public, Semi-Public and Mobile Homes) All Consumption	\$4.62	\$4.80	\$0.18	\$5.98	\$6.27	\$0.29	25-96(b) and 25-98(b,c)

Water-Dependent, Home-Based Business	\$11.54	\$12.00	\$0.46	\$5.98	\$6.27	\$0.29	25-96(b) and 25-98(b,c)
Irrigation, Bulk, Construction and Hydrant Meters	\$16.71	\$17.38	\$0.67	n/a	n/a	n/a	25-96(e)
Monthly Customer Service Charge (per account)	\$2.45	\$2.67	\$0.22	\$2.50	\$2.72	\$0.22	25-96(c) and 25-98(d)
Monthly Demand Charge (per Meter Equivalent, per account)	\$8.24	\$10.05	\$1.81	\$10.89	\$13.16	\$2.27	25-96(d) and 25-98(e)

AJR:MTS

FY2016 3rd Quarter Review



April 19, 2016

Revenue



- ❧ Revenues are projected to exceed budget by 2%.
 - ❧ Some is one-time money.
- ❧ Assuming the Board adopts the effective real estate tax rate of 99¢, real estate tax is projected to be \$1M above budget.
- ❧ Personal property, sales tax, meals tax, permit activity, ambulance fees, and recordation continue to be strong.
- ❧ Planning revenues are projected to be below budget.

Expenditures



- ❧ Total expenditures will be under budget.
- ❧ Vacancy savings was distributed equally among departments.
- ❧ Actual vacancy savings did not occur that way.
- ❧ Individual departments will show positive and negative variances.
- ❧ But overall, budgeted managed attrition of \$1.1M will be achieved.

Expenditures



- ❧ Health insurance is tracking slightly under budget. We had reserved FY2014 health insurance savings as a hedge against budget overage.
- ❧ Staff recommends using part of the health insurance savings to provide a one-time payment of \$300 to each non-seasonal County employee to offset deductibles in the new health insurance plan.
 - ❧ Cost of the one time payment is \$250k in the General Fund
 - ❧ Payment would be made in June 2016

Expenditures



- ✧ We are projecting that Fire & Rescue and CSA expenditures will exceed budget.
- ✧ Savings in Social Services, Debt Service, Corrections, Contingency and other departments will be sufficient to ensure that the overall budget is balanced.

Expenditures: Fire & Rescue



- ❧ Fire & Rescue has experienced high turnover.
- ❧ Staff is working extra overtime in order to provide adequate coverage.
- ❧ We are projecting the department's personnel lines will exceed budget. This assumes the spring academy 30 recruits.
- ❧ Savings in operating lines will partially offset this overage.
- ❧ Projection: \$480k over budget
- ❧ The FY17 budget addresses this challenge.
 - ❧ It includes 18 new positions and the next step in the implementation of the compensation study. We are also asking the Board to authorize new public safety positions with the adoption of the FY17 budget.

Expenditure: CSA



- Private day school placements for special needs students is rising.
- We project that CSA expenditures will exceed budget by \$420k.
- There is a revenue offset of \$185k for a net County cost of \$235k

Expenditures: Voting Machines



- ❧ The Registrar purchased new voting machines last summer.
- ❧ The Board approved the purchase using master lease proceeds, but we have not yet borrowed the money.
 - ❧ Typically, master lease debt is issued at the end of the fiscal year for all eligible items.
- ❧ We are projecting sufficient savings in the current year to pay cash instead of issuing debt for the voting machines.
- ❧ This is in keeping with the Board's bond rating enhancement strategy to reduce reliance on debt.

Revenue Stabilization Reserve



- Recent enhancements to the Board's financial policies increase the Revenue Stabilization Reserve from 1/2% to 2% of General Fund Revenues by 2018.
- At this time we are projecting sufficient positive results of operations to fund the Revenue Stabilization Reserve.
- The funding of the reserve will be seen positively by ratings agencies.

Questions?