

County of Henrico, Virginia

County Manager's Overview and Expenditure Highlights Proposed FY2010-11 Annual Fiscal Plan



April 5, 2010

FY2010-11 Proposed Budget

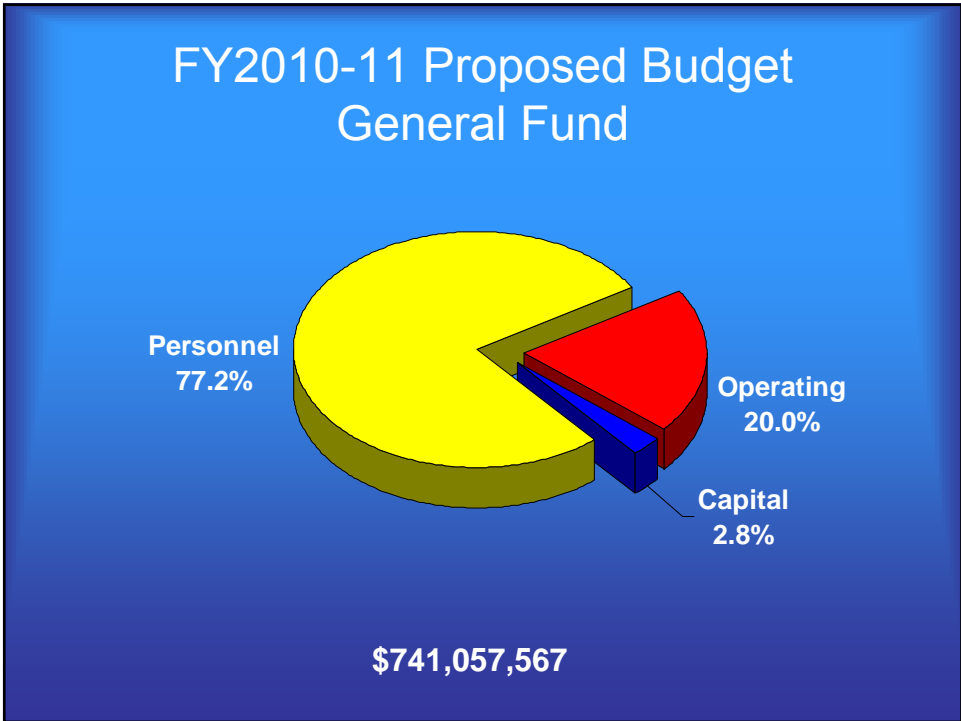
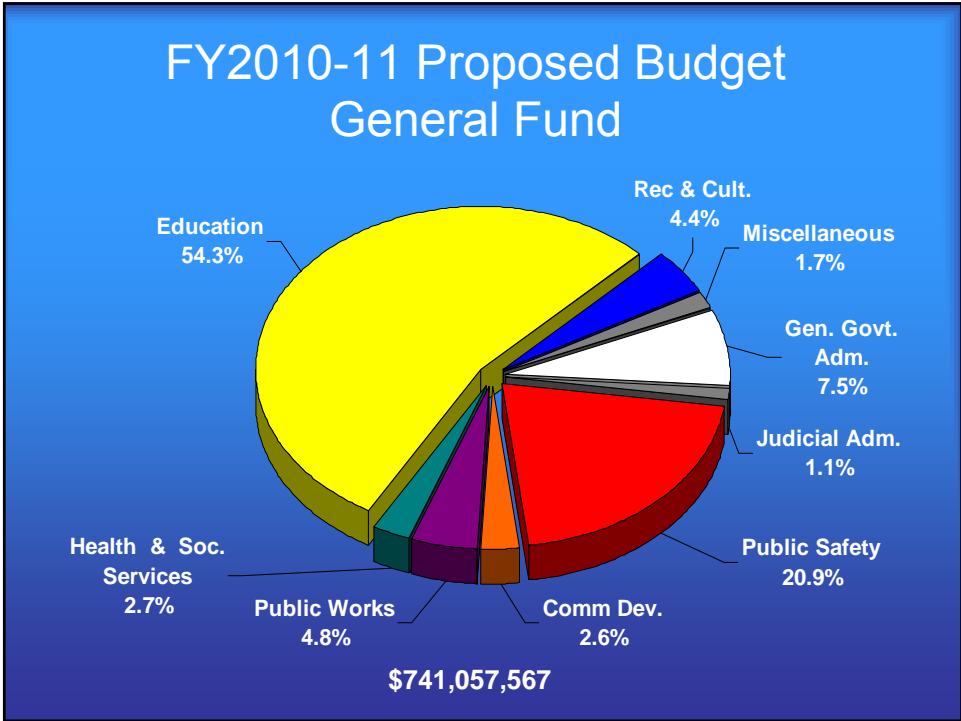
- There have been three prevailing goals throughout this budget creation process:
 - 1) No tax rate increase.
 - 2) No reduction in service levels.
 - 3) Avoid layoffs
- I am proud to tell you that this budget meets all three of these criteria.
- This was quite a difficult feat when you consider General Fund revenues are declining in FY2010-11.

FY2010-11 Proposed Budget

<u>Fund</u>	<u>FY2009-10 Approved</u>	<u>FY2010-11 Proposed</u>	<u>Percent Change</u>
General Fund - Education	\$424,250,000	\$402,409,019	(5.1%)
General Fund – General Government	347,949,570	338,648,548	(2.7%)
Special Revenue Fund	116,690,603	119,333,547	2.3%
Enterprise Funds	74,738,455	72,996,037	(2.3%)
Internal Service Funds	25,610,472	29,427,625	14.9%
Debt Service Fund	57,782,472	51,832,472	(10.3%)
Agency Fund	11,593,129	8,526,540	(26.5%)
Total, Proposed Budget	\$1,058,614,701	\$1,023,173,782	(3.3%)

FY2010-11 Proposed Budget General Fund

	<u>FY2009-10 Adopted</u>	<u>FY2010-11 Proposed</u>	<u>Pct. Change</u>
General Government Admin.	\$ 59,366,920	\$ 55,916,358	(5.8%)
Judicial Administration	8,311,621	7,975,999	(4.0%)
Public Safety	157,800,222	154,575,794	(2.0%)
Public Works	35,935,899	35,855,526	(0.2%)
Health & Social Services	20,439,876	20,109,792	(1.6%)
Education	424,250,000	402,409,019	(5.1%)
Recreation, Parks, & Culture	33,169,410	32,334,940	(2.5%)
Community Development	20,668,681	19,352,132	(6.4%)
Miscellaneous	12,256,941	12,528,007	2.2%
Total General Fund	\$772,199,570	\$741,057,567	(4.0%)



FY2010-11 Proposed Budget

- To achieve a balanced budget, efficiencies have been realized in several areas:
 - Across-the-board reductions as well as department specific reductions to targeted line items
 - Telecommunications, technology replacement, gasoline and diesel, and utilities.
 - Travel and tuition (for the exception of Countywide programs in HR) were removed from Department budgets.
 - Outside agency funding reduced 10.0 percent.
 - Eliminated 101 vacant positions.

FY2010-11 Proposed Budget

- Securing Efficiencies
 - In calendar year 2009, four individual bond refundings to realize significant reductions in the County's debt service requirements.
 - Concerted efforts by Information Technology have realized approximately \$1.0 million in telecommunications costs annually.
 - Computer equipment will be replaced on a four or five year schedule opposed to a three year schedule.
 - Since FY2008-09, 54 vehicles scheduled for replacement have been downsized.

FY2010-11 Proposed Budget

- *Highlights*
 - Recommended funding fully meets the operating funding request of the Henrico County School Board.
 - No merit or cost of living increase.
 - Fund operating costs for new and renovated facilities.
 - Recommends a 5.0 percent increase in Water & Sewer rates and a \$1 increase in greens fees for Belmont Golf Course.
 - Continues REAP for disabled and senior citizens at current levels.
 - Includes the issuance of \$77.5 million in G.O. Bonds that were originally scheduled in FY2009-10.

FY2010-11 Proposed Budget - Elimination of Vacant Positions

FY2010-11 Proposed Budget

- 101 Vacant Positions Eliminated
 - Since October, 2008, County has operated under a more restrictive “hiring freeze”.
 - Before eliminations, County had over 220 vacancies.
 - Decision to eliminate vacant positions not only for FY2010-11, but important looking out for FY2011-12 and beyond.
 - Exhaustive review to decide which positions to be eliminated.

FY2010-11 Proposed Budget

Departments with eliminated positions:

Public Utilities	Commonwealth's Attorney	Library
Mental Health	Community Revitalization	Public Works
Finance	Permit Centers	Sheriff's Office
General Services	PRAMS	Information Technology
Human Resources	Social Services	Recreation & Parks
CATC	Real Property	Building Inspections
Circuit Court Clerk	Community Corrections	Planning
Police	Fire	

FY2010-11 Proposed Budget

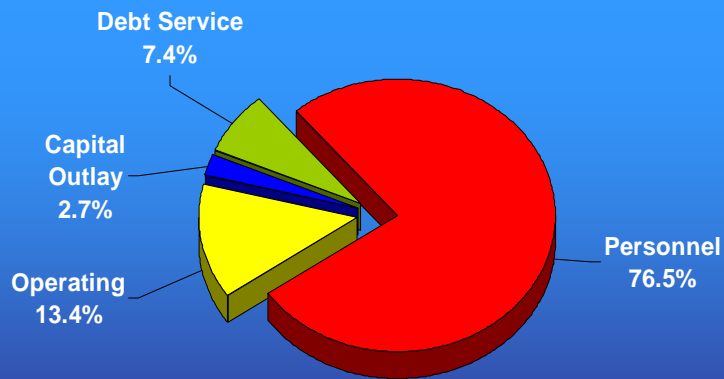
- Vacant Positions (cont'd)
 - Remaining vacancies will remain frozen and isolated into “Reduction Complement” slots.
 - New vacancies will be frozen and isolated in “Reduction Complement”.
 - Special exceptions may be granted if there is a well-substantiated critical need.

FY2010-11 Proposed Budget - Education Highlights

FY2010-11 Proposed Budget Education

	FY2009-10 Adopted	FY2010-11 Proposed	Percent Change
General Fund	\$424,250,000	\$402,409,019	(5.1%)
Special Revenue	54,130,040	55,648,334	2.8%
Debt Service	40,054,789	36,522,774	(8.8%)
Total:	\$518,434,829	\$494,580,127	(4.6%)

FY2010-11 Proposed Budget Education (All Funds)



\$494,580,127

FY2010-11 Proposed Budget - Education

- The Education General Fund appropriation of \$402,409,019 represents a decrease of \$21,840,981 or 5.1 percent.
 - Of this decrease, \$13,390,852 is due to VRS rate reduction.
- Within this total is \$10,659,019 for operating costs of Holman Middle School and Glen Allen High School as approved by the voters in the March 2005 Bond Referendum.
- The proposed budget includes 60 new FTEs for Holman Middle School and Glen Allen High School.

FY2010-11 Proposed Budget - Education

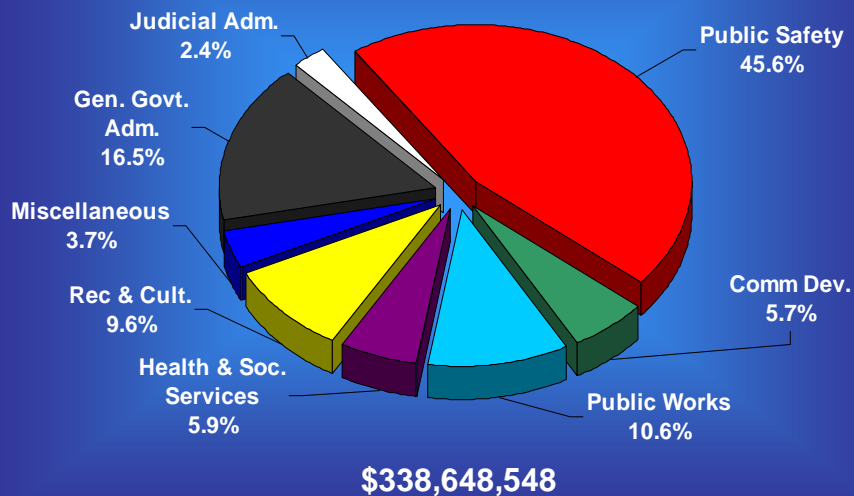
- Actions taken by School Board to conserve funding:
 - Increased PTR by 0.75.
 - Eliminated 123 FTE's (98 Teaching positions, 22 Central Office positions, and 3 other positions. All positions are either vacant or will become vacant through attrition).
 - Each Cost Center reduced 20.0 percent.
 - Efficiencies in utilities, fuel costs, and middle school laptops.
 - Reduce Central Office take-home vehicles.
 - Reduce funding for the MathScience Innovation Center and Maggie L. Walker Governor School.
 - Defer the replacement of 16 buses for one year.

FY2010-11 Proposed Budget - General Government General Fund

FY2010-11 Proposed Budget General Fund, General Government

	FY2009-10 <u>Adopted</u>	FY2010-11 <u>Proposed</u>	Pct. <u>Change</u>
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Judicial Administration	8,311,621	7,975,999	(4.0%)
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Recreation, Parks, & Culture	33,169,410	32,334,940	(2.5%)
Community Development	20,668,681	19,352,132	(6.4%)
Miscellaneous	12,256,941	12,528,007	2.2%
Total General Fund	\$347,949,570	\$338,648,548	(2.7%)

FY2010-11 General Government Proposed Budget



FY2010-11 Proposed Budget – General Government

- New Facility Costs:
 - 2 new School Resource Officers for Holman Middle and Glen Allen High Schools.
 - 10 new positions and operating costs for the anticipated opening of the Eastern Henrico Recreation Center.
 - Operating costs associated with the renovation and addition at Glen Allen Library.
 - Operating costs associated with the rebuild of FS#8 and renovation and expansion of FS#12.

FY2010-11 Proposed Budget – General Government

- Continuing Programs
 - Division of Police's assigned and take-home vehicle programs for sworn officers.
 - Division of Fire's apparatus replacement, SCBA upgrade, and EMS equipment enhancement programs.
 - General Services' building maintenance program.
 - Recreation's facility rehabilitation and equipment replacement.
 - REAP program.

FY2010-11 Proposed Budget - Other Funds

FY2010-11 Proposed Budget Special Revenue Fund

	<u>FY2009-10</u>	<u>FY2010-11</u>	<u>Percent Change</u>
Education	\$54,130,040	\$55,648,334	2.8%
MH/DS/SA	32,111,037	32,014,819	(0.3%)
General Government	14,648,737	14,949,428	2.1%
Solid Waste	12,064,068	12,166,612	0.8%
CATC	3,666,521	4,471,854	22.0%
Street Lights	70,200	72,500	3.3%
Total	\$116,690,603	\$119,333,547	2.3%

FY2010-11 Proposed Budget

- Mental Health
 - \$226,376 for individuals to be provided with Day Support Services. This continues the goal of providing these services to all eligible individuals without a waiting list.
 - \$482,735 for State-mandated pharmacy program
- CATC
 - Increased 22.0% due to the full-year impact of the City of Richmond to the Consortium.

FY2010-11 Proposed Budget Enterprise Funds

	<u>FY2009-10</u>	<u>FY2010-11</u>	<u>Percent Change</u>
Water and Sewer*	\$73,545,976	\$71,769,446	(2.4%)
Belmont Golf Course	1,192,479	1,226,585	2.9%
Total	\$74,738,455	\$72,996,031	(2.3%)

*Includes Debt Service

FY2010-11 Proposed Budget

- Water and Sewer Enterprise Fund Highlights
 - Proposed 5.0 Percent Rate Increase for FY2010-11.
 - Decrease in Debt Service costs due to recent refunding.
 - Decrease in Water & Sewer is mostly due to reductions in personnel costs.
 - 13 positions eliminated, vacancy savings.
 - \$311,776 reduced in operating & capital outlay despite \$1.0 million increase in purchase of water from the City of Richmond.
- \$1 Greens Fee increase for Belmont Golf Course

FY2010-11 Proposed Budget Internal Service, Debt Service, and Agency Funds

	<u>FY2009-10</u>	<u>FY2010-11</u>	<u>Percent Change</u>
Central Auto Maintenance	\$ 21,722,651	\$20,502,272	(5.6%)
Technology Replacement	2,810,424	3,035,008	8.0%
Risk Management	4,986,413	4,984,603	0.0%
Healthcare Fund	80,843,361	85,155,906	5.3%
Debt Service	57,782,472	51,832,472	(10.3%)
JRJDC	5,593,129	5,526,540	(1.2%)
OPEB	6,000,000	3,000,000	(50.0%)
Total	\$179,738,450	\$174,036,801	(3.2%)

FY2010-11 Proposed Budget - Looking Toward FY2011-12

Looking Toward FY2011-12

- Concerns for FY2011-12 and beyond:
 - Economic Recovery
 - State Revenues
 - VRS Rates
 - Energy/Fuel Costs
 - Operating Costs for New Facilities

Looking Toward FY2011-12

- Economy
 - Nationally, there are some signs that things are moving towards recovery.
 - Locally, unemployment rate is still considerably higher than historical averages.
 - All revenues will suffer until jobs start recovering.

Looking Toward FY2011-12 – Annual Local Unemployment

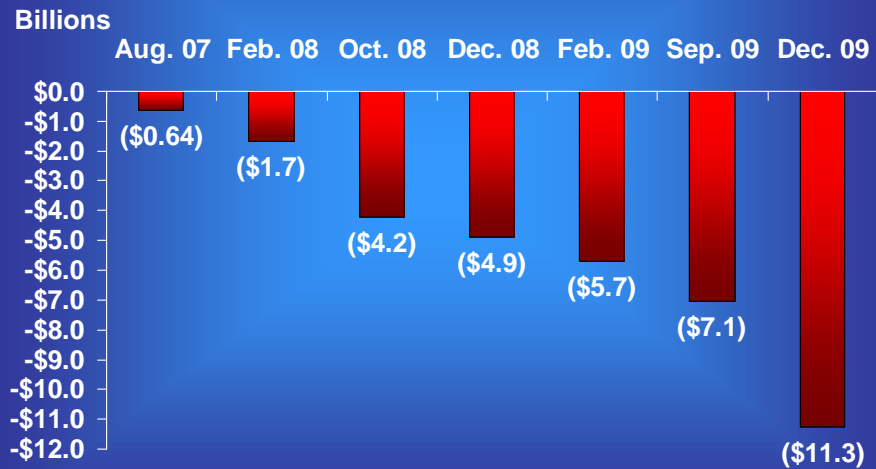


Current Henrico Unemployment (January, 2010) = 7.4%

Looking Toward FY2011-12

- Continued State Budget Woes
 - 2010-2012 Biennial Budget balanced on basis of General Fund revenue growth in FY2010-11 and FY2011-12.
 - Continuing efforts to shift costs to localities.

State Budget Shortfall – A Timeline



Looking Toward FY2011-12

- Areas where State funding has been reduced
 - Funding for Education
 - Funding for Education infrastructure (elimination of Lottery funds for Capital Projects in FY2009-10)
 - Constitutional Officers (All)
 - Electoral Board
 - House Bill #599 funds for Public Safety
 - Mental Health
 - Social Services
 - Virginia Juvenile Community Crime Control Act (VJCCCA) Funds
 - Funding for Roads Infrastructure
 - Victim/Witness
 - Funding for Libraries
 - Juvenile Detention including the James River Juvenile Detention Center
 - Fire Program Funds

Looking Toward FY2011-12

- Virginia Retirement System
 - 2010-2012 Biennial Budget includes changes to benefits for new employees after July 1, 2010.
 - Underfunding actuarial rate.

Looking Toward FY2011-12

- Energy/Fuel Costs
 - Able to capture savings in these areas for FY2010-11 after peaks in 2008.
 - Seen steady increases in fuel costs recently.
 - Recent history of volatility suggests costs could increase significantly.

Looking Toward FY2011-12

- Operating costs of bond project facilities
 - \$11.5 million for new/renovated/expanded facilities in FY2010-11.
 - Through FY2010-11, \$59.6 million in operating costs for new/renovated/expanded facilities funded since FY2001-02.
 - \$30.9 million currently projected for operating costs through FY2013-14
 - \$10.6 million in FY2011-12
 - \$9.0 million in FY2012-13
 - \$11.3 million in FY2013-14

Looking Toward FY2011-12 – Creating Efficiencies

Looking Toward FY2011-12

- Energy Efficiencies have saved the County 580 trillion BTU's in energy consumption since FY2003-04. Latest efforts in this area include:
 - CAM's utilization of used motor oil for heat.
 - LEED initiatives for new facilities.
 - Landfill gas-to-energy project.
- \$2.8 million EECBG through the stimulus bill was awarded to the County in the current fiscal year and is being utilized to continue many of these efforts.

Looking Toward FY2011-12

- In December, a committee was established to garner sustainable ideas as to how the County can permanently operated more cost effectively.
- In February, Department Heads were brought together to discuss ideas on “Changing How Henrico Does Business” as a way to share ideas on how the County can operated more cost effectively now and in the future.
- These efforts will continue in FY2010-11.

FY2010-11 Proposed Budget – Other Localities

FY2010-11 Proposed Budget

- Other Locality Actions to Balance Budget:
 - Fairfax
 - \$278.9 million shortfall filled with \$119.6 million in expenditure reductions, \$121.4 million in revenue enhancements, and the use of \$37.9 million from reserves.
 - 8 cent Real Estate Tax Rate increase, reinstatement of the vehicle license fee eliminated in 2006.
 - 298 positions eliminated (approximately 100 filled).
 - \$16.3 million reduction in local support for schools.
 - Loudoun
 - Programmatic reductions of \$8.3 million and a reduction of 104.65 FTEs for General Government.
 - 15.5 cent Real Estate Tax Rate Increase to \$1.40 and 27 fees increased/created.
 - In 2006, tax rate was \$0.89

FY2010-11 Proposed Budget

- Other Locality Actions (cont'd)
 - Arlington
 - 9 cent Real Estate Tax Rate Increase as part of \$16.2 million in revenue enhancements along with \$16.2 million in expenditure reductions.
 - Libraries closed for one day, half of community policing cut, 87 positions including public safety positions (approximately 20 filled).
 - Hanover
 - No Tax Rate increase, but \$337,000 in new fees.
 - Reducing hours in libraries, solid waste centers, increase in employee share of health care, and 70 positions reduced (all vacant).
 - Chesterfield
 - No Tax Rate increase, but \$25 recycling fee
 - 84 Full-time and 61 Part-time positions eliminated, nine library branches closing one day per week, closing historic sites, and close two waste and recycling centers two days per week.

FY2010-11 Proposed Budget - Summary

FY2010-11 Proposed Budget

- Budget is balanced with no tax rate increase, no reductions in service levels, and no layoffs.
- Tough decisions to balance, including capturing savings energy and fuel costs, extending the replacement cycle of computer equipment, reviewed each department by line item detail to capture savings, and the elimination of 101 vacant positions.

FY2010-11 Proposed Budget

- We will continue to seek efficiencies to better the County's services in this revenue environment.
- While there are real concerns with fixed costs and revenues, we will continue to strive to provide the service levels our citizens have come to expect.

FY2010-11 Proposed Budget

- Four Issues to be Resolved This Week:
 - Funding for Transit
 - Employee Cafeteria
 - Stormwater Utility Fee
 - 5.0% Water & Sewer Increase

County of Henrico, Virginia

County Manager's Overview and
Expenditure Highlights
Proposed FY2010-11 Annual Fiscal Plan



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