

Spotsylvania County



Equalized Scenario & Tax Rate Adoption
April 9, 2020

Equalized Rate Scenario

Expense Adjustments –

- Eliminate all COLAs, merits, Public Safety steps & related adjustments (-\$3.4M)
- Eliminate added positions with exception of Social Services positions and financial system admin backup (-\$357K)
- Eliminate funding for salary study (policy calls for every 3 years; FY 2021 would have been 5 years) (-\$81K)
- Eliminate tuition reimbursement funding & all travel/training/mileage other than mandates & requirements for maintaining staff certifications (-\$317K)

Equalized Rate Scenario

Expense Adjustments –

- Reduce payments to Jail, Juvenile Center, and level-fund Library (-\$354K)
- Level-fund other regional agencies (-\$85K)
- Reduce regional tourism (revised request) (-\$101K)
- Reduce volunteer per diems by one-half (-\$107K)
- Reduce F/R & Sheriff's Office added overtime (-\$159K)
- Update calculations of vehicle/equipment fuel, and electricity (-\$29K)
- Recalculate transfer to approved incentives (-\$50K)
- Delay next 1/5th of OPEB until FY 2022 (-\$504K)

Equalized Rate Scenario

Expense Adjustments –

- Delay update of GPS monuments one year (-\$70K)
- Delay consulting for landfill, solid waste GPS & fixed asset ID by one year (-\$40K)
- Remove one-time planning/market analysis study (-\$75K)
- Delay Legion Field irrigation/grading of various fields one year (-\$32K)
- Eliminate on-going \$700K transfer to Transportation
- Remove one-time \$700K transfer to Transportation
- Remove \$1.9M one-time transfer to capital projects
- Level-fund Schools + \$700K ongoing for debt service (-\$3.3M)

Equalized Rate Scenario

Expense Adjustments –

- Board member request – add \$10K for Rapp. Railroad Museum
- Board member request – add \$100K one-time for YMCA

Equalized Rate Scenario

Revenue Adjustments –

- Factor in last assessment update (+\$380K)
- DSS State revenue increase (+\$183K)
- Recalc of Comm. Sales & Personal Property taxes (+\$242K)
- \$3.9M reduction in projection for consumption-based revenues as a result of virus emergency (sales, meals, business license, transient occupancy & interest earnings)
- Use of \$3.9M from Budget Stabilization Reserve to backfill what is anticipated to be a temporary reduction in consumption-based revenues
- Use forfeiture/seizure reserves for ½ of one-time Sheriff's Office equipment/items orig. planned to be funded with one-time \$

Equalized Rate Scenario

Revenue Adjustments –

- Increased tax rate permitted by General Assembly action this session:
 - Increase meals tax rate from 4% to 5% midyear (+\$750K)
 - Increase transient occupancy tax rate from 5% to 7% midyear (+\$200K)
 - Implement \$0.02/cigarette; \$0.20/pack cigarette tax midyear (+\$100K)
- Implement \$100 annual fee for use of landfill and convenience sites (+\$1.5M)
- Use Tourism Reserve for Board-requested \$ to Rail Museum (\$10K)

Equalized Rate Scenario

Revenue Adjustments –

- Reduce RE tax rate to \$0.8094 - slightly below equalized rate (-\$11.3M in on-going funding and -\$5.6M in one-time funding)

Breakdown of Real Estate Rate in This Scenario	
Base rate	\$0.7709*
Public Safety compensation	\$0.0384
Total	\$0.8094

*3.91¢ less than equalization

Equalized Rate Scenario

From Top of Next Year's Budget? –

FY 2022 Added Revenue Requirements	
Transfer to Schools	\$TBD
OPEB – Delay in FY 2021 creates need to fund two years' worth of on-going increases in FY 2022 to meet policy goal	~\$1.0M
Cash to Capital – Restart of policy-level increases to continue offset of a portion of financed projects	~\$2.0M
Transfer to Transportation – Will need to add back the removed \$1.4M plus more to sustain the fund in the near term	~\$2.2M

Equalized Rate Scenario

From Top of Next Year's Budget? –

FY 2022 Added Revenue Requirements	
<p>Replenish ½ of Budget Stabilization Reserve - Policy calls for any use to be replenished in two years</p>	\$2.0M
<p>COLA & Merit/Step – Reduction of the recommended COLA in FY 2020 and elimination in FY 2021 puts us at risk of falling behind market. While others are dealing with the same declining economic conditions as we are for FY 2021, we are aware that others made significant changes in pay in FY 2020</p>	<p>~\$755K for 1% COLA</p> <p>\$750K – P.S. step</p> <p>\$640K – G.G. step</p>

Equalized Rate Scenario

Next Year's Budget? –

FY 2022 Added Revenue Requirements

<p>Salary Study – FY 2022 will be sixth year since the Evergreen study was completed. Policy calls for studies to occur every three years</p>	<p>~\$82K</p>
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Tax Rate Decision

Tax	CY 2019 Rate	CY 2020 Adv. Rate
Real Estate	\$0.8474	\$0.8797
PP – boats/boat trailers	\$6.25	\$6.25
PP – Vehicles other than boats/boat trailers (taxed at 50% value)	\$6.55	\$6.55
Aircraft	\$0.000001	\$0.000001
Business PP	\$5.95	\$5.95
Data Center Equip.	\$1.25	\$1.25
Mobile Homes	\$0.8474	\$0.8797
Machinery & Tools	\$2.50	\$2.50
Heavy Duty Equip.	\$2.00	\$2.00

Tax Rate Decision

Tax	CY 2019 Rate	CY 2020 Adv. Rate
Massaponax SSD	\$0.16	\$0.17
Harrison Crossing SSD	\$0.50	\$0.48
Lee Hill East SSD	\$0.25	\$0.25
Lee Hill West SSD	\$0.48	\$0.48

Next Steps

Date	Recommended Next Steps
April 9	Adopt 2020 tax rates
By April 22	Come to consensus on local transfer to Schools
April 28	Adopt FY 2021 Budget and first year of CIP (FY 2021)
May/June	Adopt FY 2022 – FY 2025 CIP (out-years)