



Surry County Budget



“Savor the Secrets of Surry”

Presented April 7, 2016

Surry County Board of Supervisors

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Tyrone W. Franklin

COUNTY ATTORNEY

William H. Hefty

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Commonwealth’s Attorney..... Derek A. Davis
Clerk of Circuit Court Gail P. Clayton
Treasurer..... Faye P. Warren
Commissioner of Revenue..... Deborah J. Nee
District Court Clerk Janeen Jackson
Registrar Lucille J. Epps

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Dir. of Planning & Community Development..... Rhonda L. Russell
Director of Parks & Recreation..... Ervin A. Jones
Director of Office on Youth Sopenia H. Pierce
Building Official Stacey T. Williams
Unit Director (Interim), VA Cooperative Extension..... Shevonne L. Newby

Director of Social Services..... Valerie P. Pierce
Division Superintendent (Interim)..... Stanley O. Jones

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Board of Supervisors Mission Statement Strategic Goals & Priorities

Surry County Mission Statement

The Board of Supervisors strives to maintain a strong commitment towards efficiency and effectiveness in County government and positively impact the public safety, health, education and welfare of the citizens of Surry through effective leadership and fiscal integrity. The Board will encourage the orderly growth and development of the community to enhance the quality of life for the citizens of Surry County.

Strategies:

- ✚ Promote growth in a manner which protects the County's agriculture, environment, quality of life and historic resources
- ✚ Balance quality of government services with fiscal integrity
- ✚ Enhance relations with the stakeholders of County government
- ✚ Keep citizens informed; encourage openness and participation in government

Priorities:

- ✚ Work with regional economic development organizations to promote Surry County as the ideal business location
- ✚ Continue to exercise sound financial management and build the County's fiscal strength while minimizing the property tax burden
- ✚ Support the development and deployment of broadband technology
- ✚ Work closely with the School System to plan joint County services and facilities
- ✚ Increase public services and facilities relative to tourism, parks & recreation and library services
- ✚ Implement a Capital Improvements Plan in conjunction with the County's Comprehensive Plan
- ✚ Promote and maintain a quality workforce; equip employees with the resources needed to be efficient and effective
- ✚ Work to ensure the safety, security and maintenance of all County facilities.
- ✚ Work closely with legislators and regional organizations in critical public policy areas



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“The Countrie it selfe, I must confesse is a very pleasant land, rich in commodities; and fertile in soyle...”

Samuel Argall, ca. 1609

TO: The Honorable Board of Supervisors

FROM: Tyrone W. Franklin, County Administrator

SUBJECT: Proposed FY17 Consolidated Budget

I am pleased to provide, for your consideration, my proposed Operating and Capital Budget for the County’s fiscal year that begins July 1, 2016 and ends June 30, 2017. The purpose of this document is to inform you of the fiscal affairs of Surry County and to provide sufficient information that will enable the Board to ultimately adopt a budget that will effectively meet the needs of the community.

Over the last several fiscal years the County has experienced a rather significant growth in public service corporation taxes due to increased assessments. The current year and FY17 projections however, show PSC revenues to be level. State and federal revenues also remain flat. We continue to be conservative with revenue projections, and maintain or reduce expenditures where possible without reducing the level of services provided. In our efforts to meet ongoing fiscal challenges and to balance the FY17 Budget, the County has established a set of guiding principles to include:

- Finding/creating efficiencies and making budget reductions where appropriate
- Reviewing vacant positions that have been unfilled, but are critical to the effective operations of the applicable department
- Effectively communicating the County’s financial position

By implementing these principles, I believe that the County is well-positioned to provide effective, efficient and accessible services to the citizens of Surry County, to better sustain unknown financial adversity and to accomplish these tasks with no increase in the current tax rate. I am pleased to recommend a proposed budget that calls for all 2016 tax rates to remain the same, including an equalized real estate rate:

2016 PROPOSED TAX RATES	
Real Estate	\$0.71 per \$100 of assessed value
Machinery & Tools	\$1.00 per \$100 of assessed value
Personal Property	\$ 4.00 per \$100 of assessed value
Mobile Homes	\$0.71 per \$100 of assessed value
Passenger Buses	\$3.00 per \$100 of assessed value
Contract Carriers	\$1.00 per \$100 of assessed value
Personal Property Tax Relief	44%

There are a few initiatives and commitments that I feel are important in the development of the FY17 budget that will strengthen the successful operations of Surry County government. While some require increases over the current year's budget, I want to assure the Board members that every effort has been made to ensure that all departments operate at existing levels, make reductions if feasible and institute adjustments where practicable. It is important to add that current year fiscal restraints, coupled with surplus not utilized due to unfilled vacancies, postponed capital initiatives in the current year and stronger local revenues than projected have enabled me to propose implementation of these initiatives without an adverse impact on the County's overall financial position. Items 1 through 4 below summarize these initiatives and commitments.

1. COMMITMENT TO EDUCATION

Public Education represents an important part of our local government and, at 44%, is second in size only to the general fund. I am proposing level-funding the local contribution to Surry County Public Schools (including the cafeteria fund) in the amount of \$12,000,000. State revenue for the schools continues to decline, a result of both reductions in aid to localities and a continuing decline in the County's school enrollment. According to the Department of Education website, fall membership in the schools has declined 26.7% from FY03 to FY16. Local funding has increased 11.3% during the same period. The school system's FY17 proposed budget projects \$16,618 less in state revenue. While this year does not provide for an increase in local dollars, the Board continues to financially support the schools by reappropriating unspent local funds from previous fiscal years.

2. CONTRIBUTION TO OUTSIDE AGENCIES

The County contributes to a number of **outside agencies**, including but not limited to, the volunteer fire departments & rescue squad, the Health Department, the Blackwater Regional Library, the District 19 Community Services Board and Williamsburg Area Transit. Contributions in the current fiscal year total \$1,071,799, or 4.5% of the general fund operating budget. The proposed contribution to these agencies and organizations in FY17 is \$984,276, a decrease of \$87,523, or 8.2%. The decrease is a result of reduced requests for adult incarceration based on actual usage and the Blackwater Regional Library because the Surry Branch project is complete. Most increases were either level-funded or reflect a minimal increase, but were determined by request and need rather than recommending the same increase for each agency. No new agencies were funded.

3. PERSONNEL

Competitive **compensation and benefits** is important to the attraction and retention of qualified employees. We are pleased to include a 2% cost of living increase for all permanent general government employees at an approximate cost of \$110,500, including related fringe benefits.

Health insurance premiums will increase by 11.5% in FY17. Because Local Choice requires that the County pay 80% of employee only coverage, this increase will be shared between the County and the employee. The increase in the employer share will be approximately \$57,404.

4. CAPITAL PROJECTS

The County's **Capital Project Budget** for FY17 is proposed to be funded by local dollars totaling \$1,908,410. While this use of reserves is higher than usual, reserves actually spent for capital projects in recent years has been less than what was appropriated. Specifically, \$3.46M in reserves has been approved over the last 4 fiscal years for capital projects. Because many projects are multi-year and/or pushed forward, only \$1.15M in capital reserves was actually spent. The draft CIP, a copy of which is attached to this document, is now being reviewed at the planning commission level.

FY17 projects include water systems expansions/upgrades; the construction of a rescue squad building; construction of piers, floating docks, a bath house and fuel system at the marina; new Computer Aided Dispatch (CAD) system: transfer of public safety equipment to the new tower at the industrial center; a new phone system for county buildings; property acquisition to serve as a multi-use facility; a new Governor's School bus; a new roof at the Health Department; and various technology improvements. The County continues to reserve its capital fund balance, better enabling the execution of prior commitments and critical capital improvement needs. The total capital budget for FY17 is proposed to be \$7,907,842.

Local Revenue Summary – 92% of General Fund Revenue

I. LOCAL TAX COLLECTIONS

Current real estate collections are level-funded in the proposed FY17 budget. The 2016 real estate rate is proposed to be equalized at \$0.71 per \$100 of assessed value. Reductions for various tax exemptions, along with the current collection rate have been applied in the calculation of this amount. One penny at the proposed tax rate of \$0.71 at the current collection rate of 98.01% will generate \$90,346 in real estate tax revenue.

Public Service Corporation Taxes: The ratio set by the Department of Taxation and submitted to the State Corporation Commission to adjust the tax value of the property of public service corporations in Surry greatly impacts the amount of tax revenue the County receives from public service corporations. The Commonwealth's assessment on public service properties was higher than projected in 2015, which resulted in \$251,931 more than the adopted budget. Department of Taxation values won't be distributed until September; therefore, we have conservatively budgeted revenue of \$12,790,251 in the proposed budget.

The table below shows the actual FY15, and projected FY16 tax revenue generated from real property and public service corporation taxes based on the current rate of \$0.73 per \$100 of assessed value. Proposed FY17 collections are based on the equalized \$0.71 rate. In FY17, real property taxes are estimated to account for 32% of the total tax revenue collected versus 61% based on the assessment on public service corporations.

	FY15	FY16	FY17	Dollar (\$)	Percent (%)
	Actual	Projections	Proposed	Variance	Variance
Real Property	6,483,722	6,734,628	6,700,000	(34,628)	-0.51%
Public Service	<u>13,192,605</u>	<u>13,049,053</u>	<u>12,790,251</u>	<u>(258,802)</u>	-1.98%
Total	19,676,327	19,783,681	19,490,251	(293,430)	-1.48%

Personal Property Taxes: The taxes assessed on vehicles and business property is classified as tangible personal property. The rate is proposed to remain at \$4.00 per \$100 of assessed value. One penny will produce an estimated \$12,776 in personal property tax revenue.

Personal Property Tax Relief Percentage (PPTRA): Beginning Tax Year 2006, qualifying vehicles with assessed value of more than \$1,000 are provided a percentage of tax relief, annually fixed and applied to the first \$20,000 in value. Qualifying vehicles with a value under \$1,000 will receive 100% tax relief. The amount of relief must be determined each year and is based on both the number of vehicles in the County and the values. The estimated relief rate is proposed to decrease 1% to 44% in 2016.

Machinery & Tools: The taxes assessed on manufacturers in the County constitute machinery and tools taxes. The proposed rate of \$1.00 per \$100 of assessed value reflects no change from the current rate. The County receives approximately \$17,000 each year in machinery & tools tax revenue.

II. LOCAL FEE RATE STRUCTURE

There are no proposed fee increases in utilities rates. As you know, the residential rates for both water and sewer were increased in the current fiscal year. The current/proposed rates are provided below.

Water:	Sewer:
\$30.00 up to 3,000 gallons	\$39.00 up to 3,000 gallons
\$3.00/1,000 gallons > 3,000	\$2.20/1,000 gallons > 3,000

The Virginia average rate for water is \$30.11; the average rate for sewer is \$39.33. Even at these market rates a local amount of \$197,526 is budgeted for a fund that should be self-sufficient.

Commercial solid waste collection rates are proposed to remain at \$54.40 and \$81.60 per month for 4 yard and 6 yard containers, respectively. The cost per collection for 20 and 30 yard containers remains at \$350.00 and \$410.00, respectively.

III. ADDITIONAL EXPENDITURE HIGHLIGHTS

Other major expenditures proposed in the FY17 budget include:

- Level-funding of the schools -- \$12,000,000
- Level-funding of the department of social services -- \$748,906
- Contract medical transport -- \$350,000
- Level-funding for 3 volunteer fire departments & 1 volunteer rescue squad -- \$231,000
- Full-time commonwealth's attorney's office -- \$217,179
- Two elections (Presidential, 2 primaries) -- \$100,000
- Contingency -- \$100,000

- Local share of (mandated) comprehensive services for youth & at-risk families -- \$100,000
- Maintenance/repairs for the Claremont library branch, animal shelter roof, roof and porch at the Head Start building -- \$65,500
- Two sheriff's vehicles, including radios -- \$67,000
- Workforce Investment In-School Program -- \$57,349
- Contract for services to enforce the existing property maintenance ordinance -- \$25,000
- Part-time farmers market managers -- \$22,052
- Part-time visitors center employee -- \$21,530
- Comprehensive Plan review -- \$20,000
- County-wide staff development courses -- \$20,000

CONCLUSION

Overall, the FY17 proposed expenditure plan for the County reflects a decrease of \$22,402, or .09%, from the current year adopted general fund operating budget. The FY17 total proposed budget, including all subsidiary funds, is \$52,152,303, which is \$1,115,979 or 2.2% more than the current year adopted budget. This increase can be wholly attributed to the increase in the capital fund. The proposed expenditure plan by fund is summarized in the table on the next page.

CATEGORY	FY15 Actual Expenditures	FY16 Adopted Budget	FY16 Projected Expenditures	FY17 Proposed Budget	Increase/ (Decrease)
Genl' Government Administration	1,411,122	1,829,741	1,725,396	1,688,309	(141,432)
Judicial Administration	429,063	451,037	475,031	543,961	92,924
Public Safety	3,020,359	3,383,433	3,065,514	3,323,597	(59,836)
Public Works	1,202,276	1,271,110	1,238,827	1,434,820	163,710
Health & Welfare	641,828	633,479	623,601	627,355	(6,124)
Colleges & Universities	1,415	3,945	3,945	3,944	(1)
Parks, Recreation & Cultural	688,658	632,303	638,756	639,735	7,432
Community Development	530,753	512,815	522,361	593,209	80,394
Transfers to School Fund	11,757,565	12,000,000	12,000,000	12,000,000	0
Transfers to Other Funds	2,426,275	3,190,986	4,138,465	3,031,517	(159,469)
Subtotal-General Operating	22,109,314	23,908,849	24,431,896	23,886,447	(22,402)
Debt Service Fund	14,529,269	1,912,080	1,912,336	1,921,234	9,154
VPA Funds (3)	1,672,924	2,089,876	1,994,901	2,022,383	(67,493)
Comprehensive Services Fund	153,999	183,621	183,621	172,648	(10,973)
School Funds	15,895,138	16,300,498	16,300,498	15,790,803	(509,695)
Sheriff's DEA/Task Force	12,141	25,000	25,000	25,000	0
Indoor Plumbing Fund	0	11,720	11,720	11,720	0
Economic Development Fund	0	0	0	80,000	80,000
Capital Fund	2,307,229	6,147,954	3,373,660	7,907,842	1,759,888
Utilities Fund	280,204	456,726	294,584	334,226	(122,500)
TOTAL OPERATING BUDGET	56,960,218	51,036,324	48,528,216	52,152,303	1,115,979

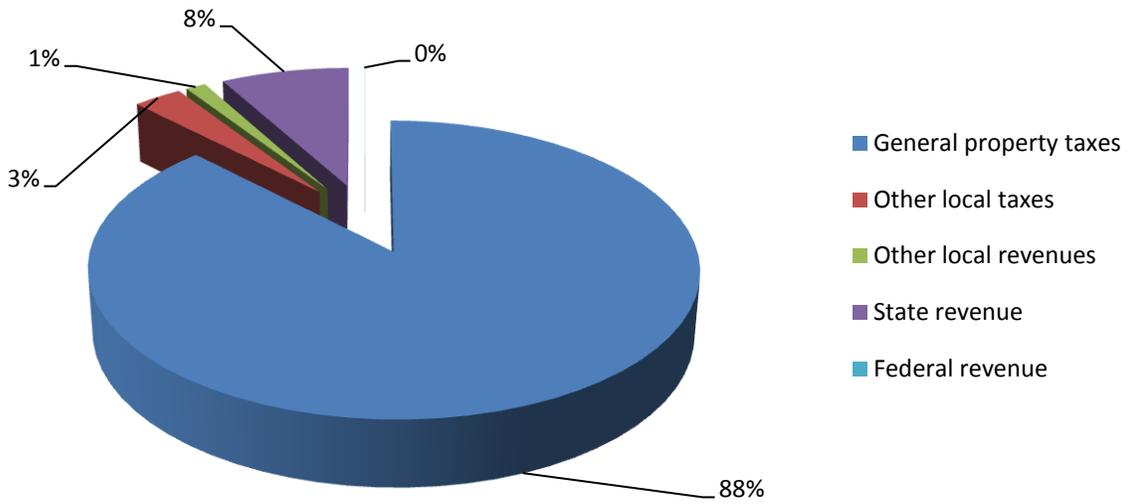
I hope that this proposal will allow the Board to provide meaningful input to assist the County in finalizing a budget that addresses continued commitments to education, citizens, departments and employees while providing a framework of financial stewardship over available resources. The proposal presented reflects a strategy that still employs core services and programs, reduces various operating costs where feasible and adjusts for certain increases that may be outside our immediate control. I wish to express my appreciation to all who have been good stewards of County resources. I look forward to working with you as we further deliberate the FY17 budget and develop a financial plan that continues to invest in our infrastructure, technology, economic opportunity and people.

Respectfully Submitted,

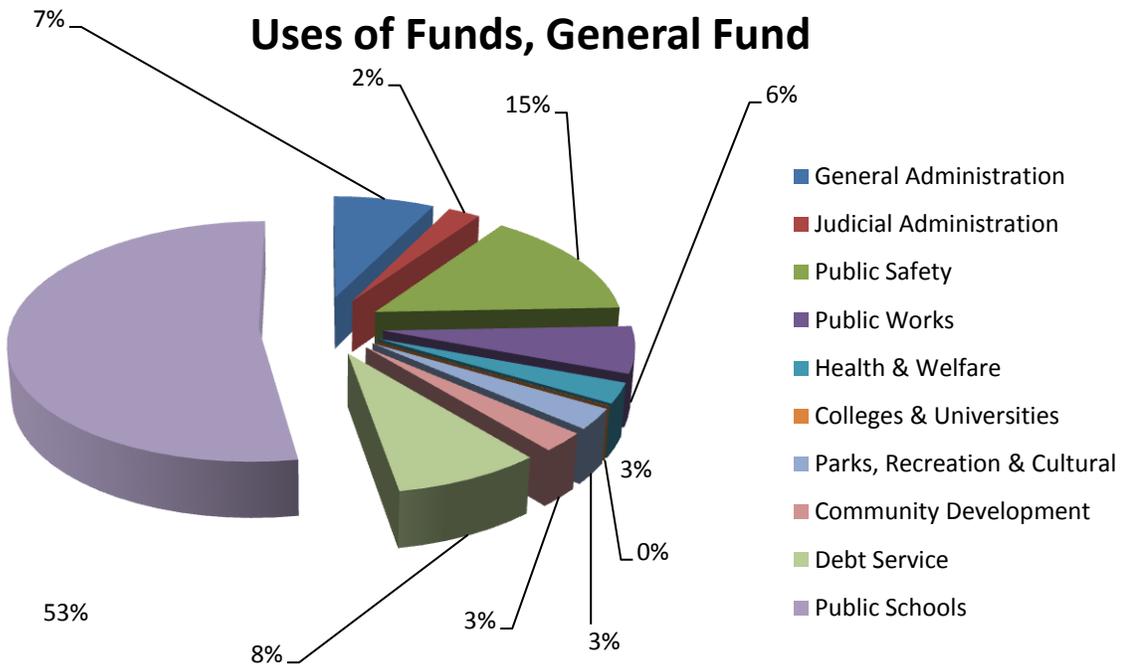


Tyrone W. Franklin
County Administrator

Sources of Funds, General Fund



Uses of Funds, General Fund



FY17 PRELIMINARY REVENUE PROJECTION SUMMARY

Primary Government:	FY15 Actual	FY16 Budget	FY16 Projected	FY17 Proposed	Increase/ (Decrease)
Real Property Taxes	6,483,722	6,850,000	6,734,628	6,700,000	(34,628)
Public Service Taxes	13,192,605	12,797,122	13,049,053	12,790,251	(258,802)
Personal Property	1,280,543	1,276,000	1,275,052	1,321,000	45,948
Penalty & Interest	162,990	175,000	141,136	135,000	(6,136)
Other Local Taxes	644,425	670,000	624,148	724,500	100,352
Use of Money & Property	89,189	84,126	96,595	94,126	(2,469)
Other Local Sources	290,537	245,646	247,309	203,599	(43,710)
Total from Local Sources	22,144,011	22,097,894	22,167,921	21,968,476	(199,445)
Noncategorical Aid	756,874	756,369	756,941	758,082	1,141
Shared Expenses	845,629	841,639	864,985	951,895	86,910
Welfare Admin. & Assistance	297,680	439,101	439,101	476,861	37,760
Other Categorical Aid	240,888	192,097	244,686	202,194	(42,492)
Total from State Sources	2,141,071	2,229,206	2,305,713	2,389,032	83,319
Public Assistance & Welfare	868,804	761,548	761,548	724,396	(37,152)
Categorical Aid	116,479	20,850	37,423	4,500	(32,923)
Total from Federal Sources	985,283	782,398	798,971	728,896	(70,075)
Total Revenue General Fund	25,270,365	25,109,498	25,272,605	25,086,404	(186,201)
School/Cafeteria Funds:					
Local Sources	236,526	250,000	250,000	250,000	0
State Sources	2,830,666	2,625,103	2,625,103	2,608,485	(16,618)
Federal Sources	1,012,990	932,318	932,318	932,318	0
Total School/Cafeteria Funds	4,080,182	3,807,421	3,807,421	3,790,803	(16,618)
Sub Total Operating Revenue	29,350,547	28,916,919	29,080,026	28,877,207	(202,819)
SUMMARY					
Local	22,380,537	22,347,894	22,417,921	22,218,476	(199,445)
State	4,971,737	4,854,309	4,930,816	1,661,214	(3,269,602)
Federal	1,998,273	1,714,716	1,731,289	4,997,517	3,266,228
Total All Sources	29,350,547	28,916,919	29,080,026	28,877,207	(202,819)

FY17 BUDGET GENERAL FUND EXPENDITURES

Function/Department	FY15 Actual Expenditures	FY16 Adopted Budget	FY17 Recommendation	Increase/Decrease
<u>General Government Administration</u>				
Board of Supervisors	78,472	86,097	102,565	16,468
Contingency	136,919	120,000	100,000	(20,000)
Board of Equalization	0	175,064	5,428	(169,636)
County Administrator	332,708	424,055	415,525	(8,530)
County Attorney	82,890	84,450	86,089	1,639
Treasurer	271,883	280,847	273,497	(7,350)
Independent Auditor	35,900	43,000	40,000	(3,000)
Commissioner of the Revenue	189,528	202,474	203,146	672
Finance	172,476	182,012	182,584	572
Network Services	155,225	165,371	164,595	(776)
Board of Elections	92,035	113,844	114,880	1,036
SubTotal	1,548,036	1,877,214	1,688,309	(188,905)
<u>Judicial Administration</u>				
Circuit Court	9,860	18,760	19,000	240
Combined Court	14,476	14,181	15,842	1,661
Magistrate	443	725	725	0
Circuit Court Clerk	248,180	256,425	257,337	912
Commonwealth's Attorney	131,247	131,060	217,179	86,119
Victim/Witness Program	24,857	29,886	33,878	3,992
SubTotal	429,063	451,037	543,961	92,924
<u>Public Safety</u>				
Sheriff's Office	1,526,655	1,632,220	1,653,770	21,550
Riverside Criminal Justice Agency	14,585	12,847	12,883	36
Fire & Rescue Services	607,623	612,334	611,774	(560)
Correction & Detention	261,797	277,718	206,571	(71,147)
Building Inspections	115,283	138,903	138,419	(484)
Inspections Enforcement	558	50,000	25,000	(25,000)
Animal Control	175,741	200,706	193,675	(7,031)
Emergency Services	233,443	402,514	389,404	(13,110)
E911 Communications	57,264	56,191	92,101	35,910
SubTotal	2,992,949	3,383,433	3,323,597	(59,836)
<u>Public Works</u>				
Sanitation	552,750	607,669	738,903	131,234
Litter Prevention	6,357	5,997	5,979	(18)
Maintenance	605,366	608,922	689,938	81,016
SubTotal	1,164,473	1,222,588	1,434,820	212,232

FY17 BUDGET GENERAL FUND EXPENDITURES, CONTINUED

Function/Department	FY15 Actual Expenditures	FY16 Adopted Budget	FY17 Recommendation	Increase/Decrease
<u>Health & Welfare</u>				
Health Department	209,664	209,664	209,664	0
Surry Free Clinic	7,500	8,000	8,000	0
Employment Resource Center	24,957	26,495	26,995	500
Horizon Health Services, Inc.	-	2,400	2,400	0
Improvement Association	29,604	29,604	29,604	0
Workforce Development	88,376	90,851	57,349	(33,502)
Office on Youth	184,346	189,521	190,245	724
VJCCCA	26,256	31,475	30,601	(874)
District 19 Community Services Board	59,236	59,236	59,236	0
Southside Virginia Legal Aid	7,261	7,261	7,261	0
Crater Area Agency on Aging	1,033	2,000	2,000	0
Genieve Shelter	3,600	4,000	4,000	0
SubTotal	641,833	660,507	627,355	(33,152)
<u>Community Colleges</u>				
John Tyler Community College	1,415	1,445	1,444	(1)
Virginia State University	0	2,500	2,500	0
SubTotal	1,415	3,945	3,944	(1)
<u>Parks, Recreation & Cultural</u>				
Williamsburg Area Transit	36,750	36,750	36,750	0
Parks & Recreation Administration	419,921	438,971	464,478	25,507
Recreation Programs	66,944	38,337	38,880	543
Captain Smith Deckhouse Restoration	22,034	0	0	0
Rawls Museum Arts	-	500	500	0
Blackwater Regional Library	143,011	117,745	99,127	(18,618)
SubTotal	688,660	632,303	639,735	7,432
<u>Community Development</u>				
Planning	346,017	375,374	362,808	(12,566)
Wetlands Board	0	874	880	6
Board of Zoning Appeals	2,584	3,391	3,095	(296)
Crater Small Business Development Center	2,500	2,500	2,500	0
Economic Development	73,593	68,066	110,404	42,338
Planning Commission	3,785	11,645	11,645	0
Transportation Safety Commission	927	1,091	1,085	(6)

FY17 BUDGET GENERAL FUND EXPENDITURES, CONTINUED

Function/Department	FY15 Actual Expenditures	FY16 Adopted Budget	FY17 Recommendation	Increase/Decrease
Historic & Architectural Review Board	100	595	610	15
Sussex Housing Programs	-	2,000	2,000	0
Habitat for Humanity	5,500	5,500	5,000	(500)
Peanut, Soil & Water	10,000	10,000	10,000	0
Cooperative Extension	73,248	80,301	83,182	2,881
SubTotal	518,254	561,337	593,209	31,872
<u>Transfers to Other Funds</u>				
VPA Fund	536,654	748,906	748,906	0
School/Cafeteria Funds	11,757,565	12,000,000	12,000,000	0
CSA Fund	92,516	100,000	100,000	0
Economic Development Fund	0	80,000	80,000	0
Debt Service Fund	1,646,312	1,912,080	1,905,085	(6,995)
Utilities Fund	150,793	350,000	197,526	(152,474)
SubTotal	14,183,840	15,190,986	15,031,517	(159,469)
Total General Fund:	21,526,690	23,983,350	23,886,447	(96,903)

FY17 BUDGET, FUNDING FOR OUTSIDE AGENCIES

Department Name	FY15 Actual	FY16 Adopted Budget	FY17 Proposed	Difference	Percent Inc/Dec
Riverside Criminal Justice Agency	14,585	12,847	12,883	36	0.28%
Department of Forestry	12,510	12,510	12,510	0	0.00%
Claremont Fire Department	50,000	50,000	50,000	0	0.00%
Dendron Fire Department	55,000	55,000	55,000	0	0.00%
Surry Fire Department	54,000	54,000	54,000	0	0.00%
Surry Rescue Squad	72,000	72,000	72,000	0	0.00%
Chesterfield Med Flight	700	900	200	(700)	-77.78%
ODEMSA	814	814	814	0	0.00%
Adult Incarceration	209,300	224,453	155,946	(68,507)	-30.52%
Juvenile Detention	46,339	52,496	53,265	769	1.46%
HR Metro Medical Response System	1,385	1,395	1,393	(2)	-0.14%
Health Department	209,664	209,664	209,664	0	0.00%
Surry Free Clinic	7,500	8,000	8,000	0	0.00%
Horizon Health Services, Inc.*	-	2,400	2,400	0	0.00%
SSG Improvement Association	29,604	29,604	29,604	0	0.00%
District 19 CSB	59,236	59,236	59,236	0	0.00%
Legal Aid Justice Center	7,261	7,261	7,261	0	0.00%
Crater Agency on Aging	1,033	2,000	2,000	0	0.00%
Genivieve Shelter	3,600	4,000	4,000	0	0.00%
John Tyler Community College	1,415	1,445	1,444	(1)	-0.07%
Virginia State University	0	2,500	2,500	0	0.00%
Williamsburg Area Transit	36,750	36,750	36,750	0	0.00%
Rawls Museum Arts*	-	500	500	0	0.00%
Blackwater Regional Library	142,615	117,245	98,627	(18,618)	-15.88%
Chowan River Basin	7,050	7,050	7,050	0	0.00%
Crater Small Bus Dev Center	2,500	2,500	2,500	0	0.00%
Virginia Gateway Region	26,229	26,229	26,229	0	0.00%
Sussex Housing Program*	-	2,000	2,000	0	0.00%
Habitat for Humanity	5,000	5,500	5,000	(500)	-9.09%
Peanut, Soil & Water	10,000	10,000	10,000	0	0.00%
Airfield/4H Conference Center	1,500	1,500	1,500	0	0.00%
	1,067,590	1,071,799	984,276	(87,523)	-8.17%

*First contribution, FY16



County of Surry, Virginia
Fiscal Years 2017-2021
Capital Improvements Plan

FY2017-2021 Project Expenditures by Category

General Administration	\$	414,000
Maintenance of Public Facilities	\$	5,731,935
Public Safety	\$	1,801,907
Parks, Recreation & Cultural	\$	6,500,000
Education	\$	60,000
Grand Total: Project Expenditures	\$	<u>14,507,842</u>

FY2017-2021 Revenue Sources

General Fund Operating Revenue

CIP Reserves	\$	<u>2,183,410</u>
Total General Fund Revenues	\$	2,183,410

Other Revenues

Long-Term Debt	\$	12,202,413
Grant Funds	\$	122,019
	\$	<u>12,324,432</u>
Grand Total: Project Revenues	\$	<u>14,507,842</u>

**Surry County Planning
Commission**

Eddie F. Brock
John F. Stokes
Stephen W. Berryman
Gabriella W. Clark
Thomas S. Hardy
Carmen D. Judkins
Theodore R. Lunsford
A. Kevin Monahan
William E. Seward IV
Giron Wooden Jr.

Judy S. Lyttle
***Board of Supervisors
Representative***

Tyrone W. Franklin
County Administrator

Rhonda L. Russell
***Director of Planning & Community
Development***

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**INTERESTED IN LEARNING ABOUT THE
STATUS OF AN EXISTING PROJECT?
CALL 757-294-5271**

Introduction

Capital Improvements Programming is a method of planning for the effective and efficient provision of public facilities, infrastructure improvements, major maintenance requirements, and acquisition of property & equipment. The first year of the *Capital Improvements Plan (CIP)* represents the County Administrator's proposal to the Board of Supervisors as the FY17 Capital Improvements Budget.

A five-year CIP allows the Board of Supervisors and citizens an opportunity to view both the five-year capital construction and infrastructure maintenance needs of the county. With the CIP the county is better able to plan a financing strategy for capital Improvements, annual operating requirements and multi-year projects.

What is a CIP?

Each locality establishes its own criteria for capital improvements projects. For Surry County, a capital improvements project has a cost in excess of \$25,000 and a life expectancy of at least five years. Although the CIP is a means of implementing the recommendations of the county's Comprehensive Plan, proposed projects are not limited to those listed in the plan. Projects pertaining to the renovation, maintenance and/or construction of public facilities, equipment purchases and land acquisition for public use are included in the capital improvements plan. All projects included in the CIP are classified in five categories: General Government Administration, Facility Maintenance, Public Safety, Parks, Recreation & Cultural and Education.

Guiding Principles

Basic principles are used to help shape the Capital Improvements Plan. These principles include, but are not limited to, developing a balanced capital strategy to fund projects in a variety of program areas while meeting those needs with the highest priority. This ensures the CIP will be the platform for development in the county and business community while preserving the existing tax base. To further guide the CIP decision-making process, potential projects in the CIP are evaluated based on the following objectives:

- ✓ A legal obligation or federal or state mandate is met
- ✓ Outside funding is available through a match of federal or state funding
- ✓ Health concerns, safety or emergency needs are met
- ✓ Results in a positive community impact and broad community support
- ✓ Prior commitments are met
- ✓ Are funded within the parameters of established debt financial policies

Benefits of Capital Improvements Programming

The primary benefit of Capital Improvements Plan is that it requires the county to plan for its capital needs in concert with available financing over a five-year period. This process contributes to a responsible fiscal policy. Other benefits of the CIP include:

- ✓ The fostering of a sound and stable financial program over a five-year period based on current economic trends
- ✓ The coordination of projects that promote informed decisions and joint programs among county departments
- ✓ The enabling of private businesses and citizens to know when certain public improvements will be undertaken, allowing more efficient and effective planning
- ✓ The focused goals and needs of the community are met through the provision of new facilities and infrastructure Improvements
- ✓ The annual evaluation of the infrastructure needs for the provision of services for the public health and safety of the citizens of the county
- ✓ The provision of a logical process for assigning priorities to projects based on their impact on the county

CIP Process & Discussions

The annual CIP process occurs during the normal budget process. Suggested projects normally come from county departments, administrative staff and the Board of Supervisors. A CIP committee composed primarily of the County Administrator and Directors of

Finance & Information Technology, Parks & Recreation and Planning & Community Development. These positions are inclusive to the areas of economic development, public works, public safety and information technology, which are integral departments to the CIP process. A preliminary planning session is conducted to review the current year's Capital Budget and CIP; subsequent meetings may follow. Adjustments may be necessary based on priority, funding, legal requirements and other factors. Newly requested projects are reviewed and placed in the proposed CIP in accordance with established criteria.

Once a consensus has been reached on a recommended list of projects, an annual schedule for the current and next four fiscal years is developed for each project along with the proposed funding sources. The Board of Supervisors conducts a public hearing where the proposed CIP is presented. After all public comments have been received and discussion satisfied, the CIP is then adopted. This is usually done in conjunction with the public hearing and adoption of the annual operating budget. The first year of the CIP is incorporated into the County Administrator's Recommended Budget as the Capital Improvements Budget for the upcoming fiscal year.

Capital Improvements Plan Timeline

Month	Task
December	Annual Budget Process Begins
April	Draft CIP Presented to Planning Commission
April	Planning Commission Reviews and Approves CIP; Recommendation sent to BOS
June	Public Hearing is Held on the Proposed CIP
June	Adoption by the BOS

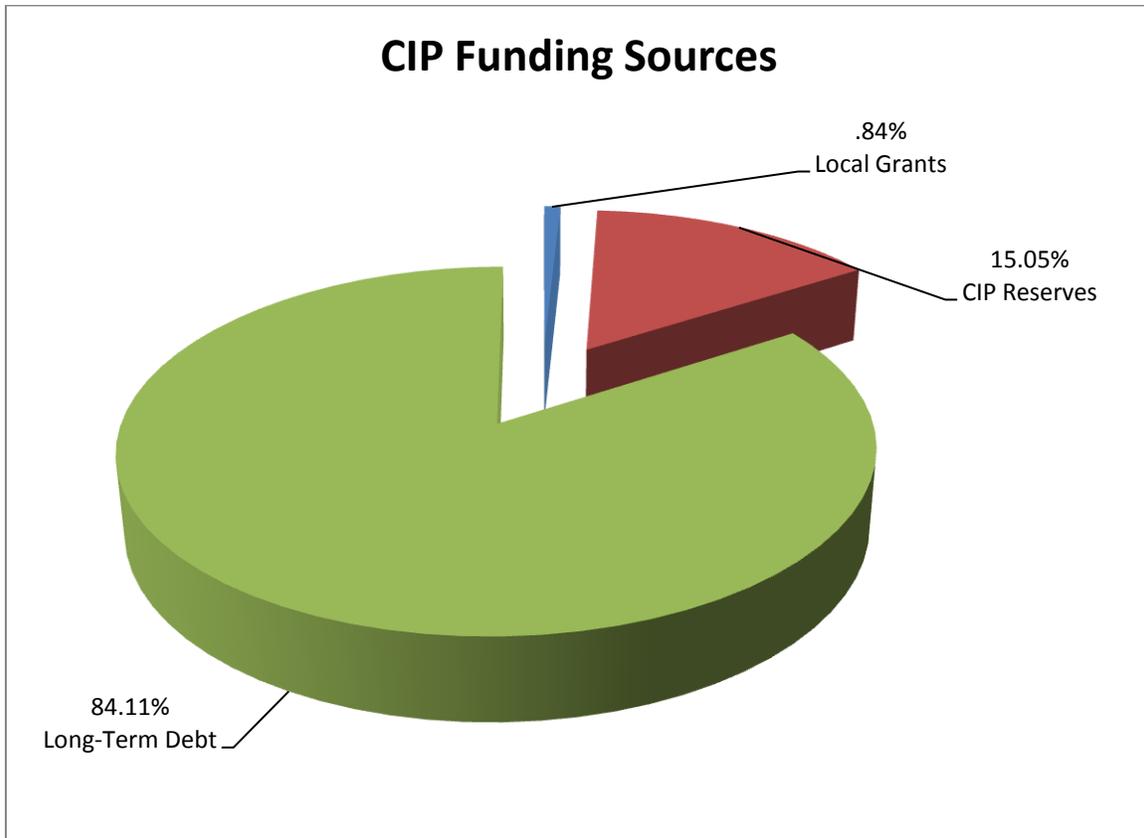
The Board of Supervisors holds budget planning work sessions, which includes identifying capital needs in the county. This CIP document identifies the capital improvement needs and priorities over a five-year period in conjunction with projected funding levels and the Board of Supervisor's vision & principles. Actual programming of projects is dependent upon the financial resources available. Funding constraints may preempt the actual inclusion of projects in the current CIP, but may be listed as priorities for funding should resources become available. While every need is not addressed, the CIP intends to serve as a critical planning tool and foundation for future decision making.

Financial Advisor

The Board of Supervisors may retain a financial advisor to work with county staff to review & make recommendations for changes in fiscal policies for the county, to develop a long range funding plan that addresses the county's capital needs and to prepare the county for anticipated debt levels and ratios over the life of the CIP and beyond.

FY 2017-2021 Funding Sources

Each project in the FY2017-2021 Capital Improvements Plan utilizes one or more of the following sources: long-term debt proceeds, general fund reserves, federal, state or local government grants and lease financing agreements.



General Obligation Bonds

The issuance of bonds is a method used by many localities to fund capital projects. Bond issuances are governed by state laws and regulations. A loan is issued to the county based on appropriate levels of debt, revenue and reserves in exchange for the promise to repay the loan with interest. The term of the bond is usually 15 to 30 years. Typically, government regulations require that the proceeds from bonds issues be expended on one-time capital projects within a certain time frame after the issuance. Bond proceeds have been used to finance school as well as general government projects. The level of debt that the county incurs is governed by Board approved financial policies.

Contributions from the General Fund (Assigned Fund Balance)

The General Fund receives taxes and fees, including real estate and personal property taxes, which are collected to support the general operation of the county. Where current financial policies do not dictate a certain percentage of use of estimated General Fund revenues each year for the Capital Budget, a certain amount of funds are allotted based on the availability of prior year reserves. In other words, funds that remain unspent from the operating budget from year to year may be used to

finance certain capital projects on a pay-as-you go basis. This has enabled the county to pay for projects such as solid waste management facilities, landfill closure activities, technology improvements, governmental studies and planning-related updates.

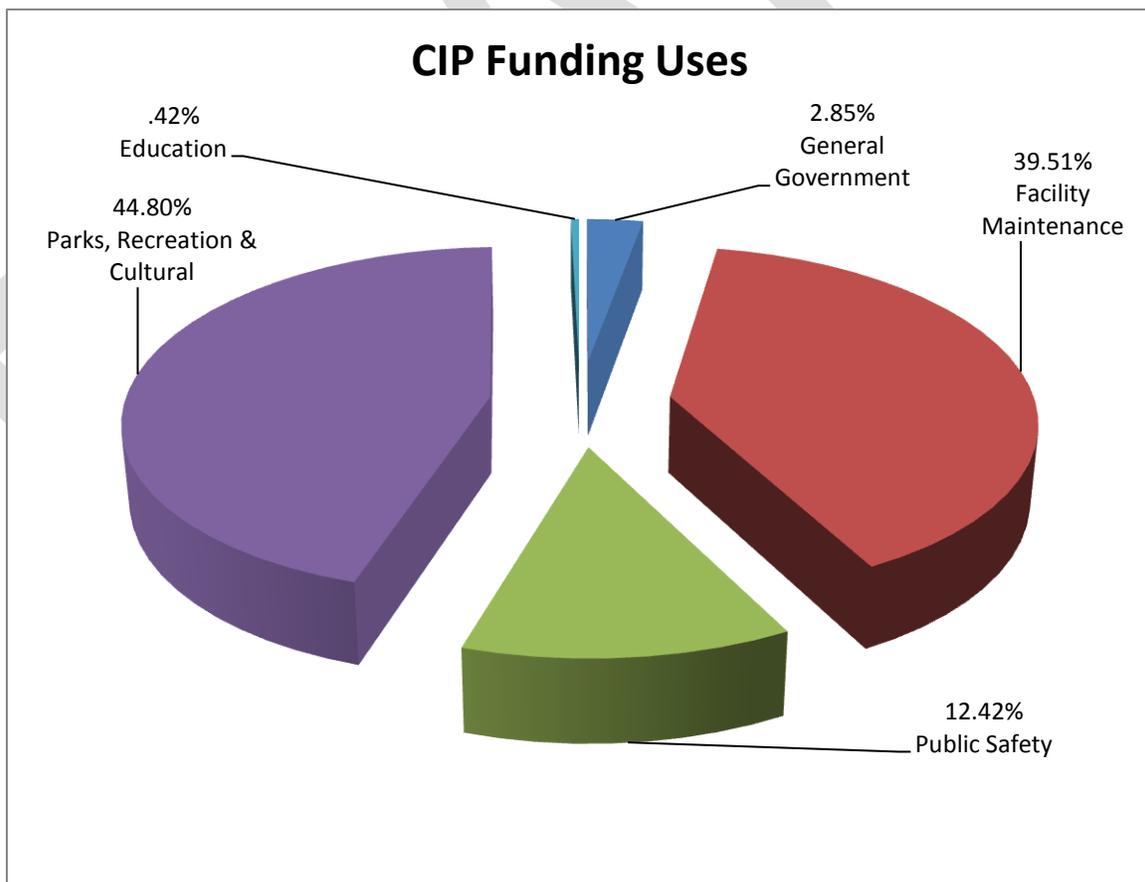
Federal and State Government

The federal and state governments may provide funding in the form of grants. In Surry, state funds have been used to support the broadband initiative. In the past, state and/or federal funds have been used to support community improvements programs and enterprise activities (i.e. water and sewer improvements). It is important to note that funding received from these sources may require a local match from the county.

Lease Financing Agreements

Lease financing allows the lessee to preserve capital and reduce borrowing capacity because it offers 100% financing, low closing costs and lower monthly payments than traditional borrowing. This financing alternative is subject to all local and state laws and regulations. In the recent past the county has utilized lease financing agreements to acquire funding for public safety equipment and the renovation of the government center and circuit courthouse.

FY2017-2021 EXPENDITURE CATEGORIES



Capital Budget for Fiscal Year 2017

FY2017 Project Expenditures by Category					
		Local	Grant	Long-Term	Total
		Funding	Funding	Debt	Funding
Health Department Roof	\$ 29,522	\$ 29,522	\$ -	\$ -	\$ 29,522
Water Upgrades	\$ 4,202,413	\$ -	\$ -	\$ 4,202,413	\$ 4,202,413
Technology Improvements	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ 25,000
Marina Project	\$ 1,500,000	\$ 300,000	\$ 1,200,000	\$ -	\$ 1,500,000
Governor's School Bus	\$ 60,000	\$ 60,000	\$ -	\$ -	\$ 60,000
Rescue Squad Building	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000	\$ 1,500,000
PS Equipment on BB Tower	\$ 170,972	\$ 48,953	\$ 122,019	\$ -	\$ 170,972
Property Acquisition	\$ 139,000	\$ 139,000	\$ -	\$ -	\$ 139,000
CAD System	\$ 130,935	\$ 130,935	\$ -	\$ -	\$ 130,935
Phone System	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ 150,000
Grand Total: Project Expenditures	\$ 7,907,842	\$ 883,410	\$ 1,322,019	\$ 5,702,413	\$ 7,907,842
FY2017 Revenue Sources					
General Fund-CIP Reserves	\$ 1,908,410				
Long-Term Debt	\$ 5,702,413				
Local Grants	\$ 122,019				
Local Receipts	\$ 175,000				
Grand Total: Project Revenues	\$ 7,907,842				

Capital Budget Descriptions for Fiscal Year 2017

Technology Upgrades **\$25,000**

The County currently houses municipal software on an IBM mainframe. While the hardware is working well and continues to have adequate room for growth, IBM is phasing out support for these machines. Any maintenance would cost almost as much as a new server. IBM offers a low interest lease-to-own; therefore \$10,560 is included for the first year of this lease. The cost to purchase a new server is \$47,268. Also, the County continues to replace individual computers based on a rotation list. The remaining \$14,440 will be allocated to these replacements.

Utilities Systems Expansion & Upgrade..... **\$4,230,187**

The county recently acquired the Town of Dendron's water system because it could not afford to maintain and upgrade the system. The current Dendron water system was constructed in the 1970s and upgraded in the 1980s. It consists of 2 wells, a storage/pumping facility and a distribution system. The original well has an estimated safe yield of over 320 GPD and pumps to a 40,000 gallon ground storage tank. A second well has an estimated pump capacity of over 225 GPD and discharges straight into the storage tank. There are currently approximately 155 customers. The total project cost of \$2,064,290 was included in the long-term debt issued in 2014 through the Virginia Resources Authority. This is a multi-year project, and \$500,000 is estimated to be spent during FY16, primarily on engineering services.

This project will require \$2,138,123 in new debt in FY17 to fund additional expansions, including the construction of an elevated storage tank.

Rescue Squad Building \$1,500,000

The Surry Volunteer Rescue Squad building will be constructed adjacent to the fire department building across from the Government Center. The total project cost of \$1,700,000 was included in the long-term debt issued in 2014 through the Virginia Resources Authority. A multi-year project, the remainder included in the FY17 CIP is primarily for the costs of construction.

Marina Project..... \$1,500,000

The Gray's Point Park/Marina spans approximately 18 acres and is the county's first public access to deep water. The construction of a boat ramp, fixed dock and parking area was completed in FY15. The Surry Seafood Company, the marina restaurant, opened in the spring of 2016. The final phase of construction for the marina itself, including the piers & floating docks and the bath house building is scheduled to be completed in FY17.

Public Service Equipment on Broadband Tower..... \$170,972

The county's public safety equipment is currently located on a privately owned tower behind the Government Center. Once construction on the County's new broadband tower is completed, this equipment will be transferred. The County will again be applying for grant funds for this project.

Computer Aided Dispatch (CAD) System..... \$130,935

A CAD system serves as the primary tool to document information and protect the county in the event of litigation involving emergency personnel. The current system was provided by the state over 10 years ago and is unreliable and obsolete. This is a multi-year project; servers and certain hardware totaling approximately \$50,000 were purchased in FY16.

Surry County High Governor's School Bus..... \$ 60,000

The bus used to daily transport students to the Governor's School in Petersburg is 12 years old and has 301,000 miles on it. It has a capacity of 20 students.

Property Acquisition..... \$139,000

The County is considering the purchase of a building in the Dendron area to serve as a multi-use facility. These uses may include as polling place, a location for group activities and community organization meetings.

Telephone System..... \$ 150,000

The County's current telephone system is approximately 10 years old. The system is obsolete and no longer is manufactured and maintained, and departmental allocation reports no longer available. The proposed system will operate over the new fiber infrastructure that connects County buildings and provide telephone service over the new fiber optic backbone. This same fiber trunk provides the County's internet service.

Health Department Roof..... \$ 29,522

The Health Department roof is approximately 15 years old. The roof itself has a non-traditional shape and is prone to leaks that are difficult to locate and repair.

FIVE YEAR CAPITAL IMPROVEMENTS PLAN SUMMARY

CAPITAL IMPROVEMENTS PLAN FISCAL YEARS 2017 through 2021

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Grand Total	Total ST/LT Debt	Total Local/Other Local	Grants & Other Sources
GENERAL GOVT ADMINISTRATION									
Technology Improvements	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 125,000	\$ -	\$ 125,000	\$ -
Phone System	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 150,000		\$ 150,000	
Property Acquisition	\$ 139,000	\$ -	\$ -	\$ -	\$ -	\$ 139,000	\$ -	\$ 139,000	\$ -
Total General Administration	\$ 314,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 414,000	-	414,000	-
FACILITY MAINTENANCE									
Health Department Roof	\$ 29,522	\$ -	\$ -	\$ -	\$ -	\$ 29,522	\$ -	\$ 29,522	\$ -
Water Upgrades	\$ 4,202,413	\$ -	\$ -	\$ -	\$ -	\$ 4,202,413	\$ 4,202,413	\$ -	\$ -
Warehouse Garage	\$ -	\$ -	\$ 750,000	\$ 750,000	\$ -	\$ 1,500,000	\$ 1,500,000	\$ -	\$ -
Total Public Works	\$ 4,231,935	\$ -	\$ 750,000	\$ 750,000	\$ -	\$ 5,731,935	\$ 5,702,413	\$ 29,522	\$ -
PUBLIC SAFETY									
Rescue Squad Building	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	\$ 1,500,000	\$ -	\$ -
CAD System	\$ 130,935	\$ -	\$ -	\$ -	\$ -	\$ 130,935	\$ -	\$ 130,935	\$ -
PS Equipment on BB Tower	\$ 170,972	\$ -	\$ -	\$ -	\$ -	\$ 170,972	\$ -	\$ 48,953	\$ 122,019
Total Public Safety	\$ 1,801,907	\$ -	\$ -	\$ -	\$ -	\$ 1,801,907	\$ 1,500,000	\$ 179,888	\$ 122,019
PARKS, RECREATION & CULTURAL									
Marina Project	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	\$ -	1,500,000	\$ -
Rec. Multi-Modal Study/Improvements	\$ -	\$ -	\$ -	\$ 2,500,000	\$ 2,500,000	\$ 5,000,000	\$ 5,000,000	\$ -	\$ -
TOTAL PARKS, REC. & CULTURAL	\$ 1,500,000	\$ -	\$ -	\$ 2,500,000	\$ 2,500,000	\$ 6,500,000	5,000,000	1,500,000	-
EDUCATION									
Governor's School Bus	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ -
TOTAL EDUCATION	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ -
TOTAL ALL PROJECTS	\$ 7,907,842	\$ 25,000	\$ 775,000	\$ 3,275,000	\$ 2,525,000	\$ 14,507,842	\$ 12,202,413	\$ 2,183,410	\$ 122,019

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***** Approved by the planning commission XXXXX, 2016
Adopted by the Board of Supervisors XXXXX, 2016