

# **Cost of Growth (Phase 1) James City County 2001-2010**

*“Impact of Rapid Population Growth on Financial Stability”*

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# Cost of Growth. Phase 1

## James City County, 2001-2010

### *“Impact of Rapid Population Growth on Financial Stability”*

#### **Introduction and Scope of Study:**

Residential population in James City has grown by more than 3% annually over the last decade (from 50,200 in 2001 to a projected 65,717 in 2010 - per the County’s 2009 Comprehensive Plan). This same Comprehensive Plan projects a minimum population of 109,048 by 2030, which assumes an annual growth rate closer to 2.4%.

A Cost of Growth study is a projection of the public costs and revenues resulting from population growth. In the J4C July 2008 Cumulative Impact Analysis report (updated in June 2010) we asserted that “rapid growth has an adverse impact on local government budgets and the residential tax burden. At one time communities believed that growth was self-funding, and this was probably true when growth was modest and infrastructure investment was limited. Properly planned infrastructure capacity could handle modest growth in a cost effective manner. But when residential growth accelerates beyond 2-to-3%, the cost of providing needed infrastructure and services escalates dramatically.”

This Cost of Growth study will test the hypothesis that rapid residential population growth has an adverse impact on government finances and the residential tax burden. It will do so, in a sense, by costing out the Comprehensive Plan.

Analysis will involve a look back for the last ten years and a look forward for the next twenty years - consistent with the comprehensive plan horizon - with interim updates at five and ten years. The starting point is the population growth over the last ten years and the population projections incorporated in the 2009 Comprehensive Plan. The focus will be on assessing incremental costs per household attributable to this population growth, incorporating both debt service on major infrastructure capital investments and the incremental operating costs attributable to these investments. It will address the principal infrastructure areas that are the responsibility of the county: K-12 schools, fire protection and emergency services, police facilities, parks and recreation (including land preservation), storm water and flood control, other infrastructure (e.g. library, administrative offices), and water & sewer services. Transportation projects are excluded, as they are a state responsibility. In all cases the infrastructure additions or enhancements will be assumed to conform with the 2009

Comprehensive Plan and/or state and local laws and regulations. This study will necessarily exclude subjective costs and benefits of growth, such as the impact that congestion and pollution have on residents' quality of life.

The project is divided into three distinct phases:

- Phase 1. Analysis of past decade
- Phase 2. Analysis of next 20 years
- Phase 3. Discussion of alternatives

*Overview of Phase 1.* Phase 1 looks at population and financial trends over the last decade. First, it looks at population trends, highlighting household formation, student population and total population. Then it analyzes expense trends, looking both at high expenditure periods (2001-2008) as well as the later slowdown period (2008-2010). County operating costs are viewed from two perspectives - the General Fund, which is financed principally by tax revenue, and the Service Authority, which is financed by fees for services.

The General Fund, for this analysis, is composed of four groupings of activities:

1. County Operations - further subdivided by public safety, parks & recreation, storm water & flood control, and general government
2. WJCC Schools - reflects the county share of the consolidated County and City Of Williamsburg school budget, including debt service on school capital projects
3. Other - includes contributions to outside agencies and regional entities (including the jail and library), as well as debt service on non-school capital projects
4. Capital Projects - reflects both school and non-school capital projects funded in current year's budget allocation (as opposed to through debt offerings)

The Service Authority is a wholly-owned subsidiary of county government and is responsible for providing water and sewer service to county residents. It funds its operations by fees for its services and issues revenue bonds to finance large capital undertakings, specifically the Five Forks desalination facility and the water supply contract with Newport News Waterworks.

In analyzing expense trends emphasis is placed on identifying the activities growing most rapidly and highlighting the impact of capital infrastructure projects on these expense trends. The increasing debt burden and debt service requirements are scrutinized. Revenue trends are analyzed to separate the impact of this growth on the real estate tax burden from other revenue sources. Finally, overall expense growth is compared to underlying population and inflation factors. County financial records, including the annual budget submissions and other financial information maintained in county's offices, are utilized in preparation of the several financial schedules.

*Overview of Phase 2:* Phase 2 focuses on identifying the incremental costs associated with the population growth projected in the 2009 Comprehensive Plan. Key areas of study are K-12 schools, police and fire facilities, parks and recreation (including land preservation), storm water and flood control, and water & sewer services. The projections of infrastructure projects are based on current standards utilized by the operating departments in determining the need for this capital spending. All financial projections will include appropriate inflation factors. Consistent with guidelines established in the 2011 Budget, all capital spending affecting the General Fund will be funded by external debt. On the other hand, capital spending affecting the Service Authority will be funded on a pay-as-you-go basis, with the exception of the second tranche of the water supply contract with Newport News Waterworks, which will require revenue bond financing. An assessment will be made of the county's debt capacity to handle the necessary general obligation and revenue bond financing. Finally, revenue sources are estimated for future years, and the impact on the individual real estate tax burden is assessed.

*Overview of Phase 3:* Phase 3 focuses on alternatives to business-as-usual. Where the financial strain of continued high rates of growth results in significant financial strain on county resources, alternative routes to addressing growth needs will be explored. This may involve a re-look at current service guidelines used to estimate future infrastructure projects.

## **Population**

	<u>2001</u>	<u>2010</u>	<u>Cumulative Growth Rate</u>	<u>Annual Growth Rate</u>
<i>Households</i>	19,866	29,817	50.1%	4.6%
<i>Total Population</i>	50,200	65,717	30.9%	3.0%
<i>Student Population</i>	8,191	10,508	28.3%	2.8%
<i>Water Customers</i>	13,460	19,085	41.2%	4.5%
<i>Individuals per Household</i>	2.48	2.17	NA	NA

*Note: Water customer data is available only through 2009*

Over the last nine years the county saw an increase of over 30% in its population, or 3.0% per year. This translates to a population growth of over 1,700 persons per year. The Weldon-Cooper Center for Public Service ranked it as the eighth fastest growing locality in Virginia, itself a rapidly growing state.

At the same time the number of households has grown over 50%, or 4.6% per year. This translates to a household growth of over 1,100 per year. This has resulted in a reduction in the size of households, from 2.48 individuals per household in 2001 to 2.17 in 2010. This can be attributed to a demographic change over the period as the county's over-65 population has grown significantly.

Interestingly, student population in the WJCC Schools system has grown roughly at the same rate per year (2.8% vs. 3.0% for total population). This has resulted in an increase of public school students of 257 students per year.

Much of this growth has taken place within the Primary Service Area, where the Service Authority provides county water and sewer services to households. This can be seen in the 4.5% annual growth in water customers, which translates into over 700 new customers per year. Prior to the real estate slowdown in 2008, this annual growth was higher (820 new customers per year); in 2008 and 2009 new water customers dropped to an average of 307 per year).

Detailed population and other operating statistics for the period 2001-2010 are provided in the Appendix (Schedule 1).

## Operating Expense Trends

	<u>General Fund (\$000s)</u>			<u>Cumulative Growth Rate (%)</u>			<u>Annual Growth Rate (%)</u>		
	<u>2001</u>	<u>2008</u>	<u>2010</u>	<u>01/08</u>	<u>08/10</u>	<u>01/10</u>	<u>01/08</u>	<u>08/10</u>	<u>01/10</u>
<b><i>County Operations:</i></b>									
<i>Public Safety</i>	10,940	21,227	21,428	94.0	0.9	95.9	9.9	0.5	7.8
<i>Parks &amp; Recreation</i>	3,181	6,129	5,712	92.7	(8.4)	79.6	9.8	(3.4)	6.7
<i>Stormwater</i>	0	2,800	749	NA	NA	NA	NA	NA	NA
<i>General Government</i>	14,628	24,393	22,035	66.8	(9.7)	50.6	7.6	(5.0)	4.7
<b><i>Total County Operations</i></b>	<b>28,749</b>	<b>54,549</b>	<b>49,924</b>	<b>89.7</b>	<b>(8.5)</b>	<b>73.6</b>	<b>9.6</b>	<b>(4.3)</b>	<b>6.3</b>
<i>WJCC Schools</i>	50,571	91,438	94,833	80.8	3.7	87.5	8.8	1.8	7.2
<i>Other</i>	9,523	22,368	18,754	134.0	(16.2)	96.9	13.0	(8.4)	7.8
<i>Capital Projects</i>	1,660	6,166	600	271.4	(92.7)	(73.9)	20.6	(68.8)	(73.9)
<b><i>Total General Fund</i></b>	<b>90,504</b>	<b>174,521</b>	<b>164,111</b>	<b>92.8</b>	<b>(6.0)</b>	<b>81.3</b>	<b>9.8</b>	<b>(3.0)</b>	<b>6.8</b>

Over the last nine years General Fund operating costs have increased 81%, or 6.8% per year. This contrasts with a 5.4% increase per year in the sum of population growth and consumer inflation (3.0% + 2.4%). Significant contributors to this above average growth in expenses are public safety operations, contributions to the regional school system, and contributions to non-county operations (i.e. regional library, regional jail, health & human services, and transfers to various county funds). Incorporated in these results is the impact of major capital outlays in the 2006-2009 timeframe. These expenditures are reflected in both debt service costs on borrowed funds and capital costs allocated annually from the General Fund. A detailed analysis of these costs is provided in the following sections entitled Capital Outlays and Debt Capacity.

However, these overall figures do not convey the full picture. The period 2001-2008 was characterized by high growth

rates, followed by a dramatic slowdown in the 2008-2010 timeframe. Over the seven year period 2001-2008 General Fund operating costs increased 93%, or 9.8% per year. All segments of county operations contributed to this dramatic expense growth. Contributions to the regional school system and non-county operations also contributed. The largest cause, however, was the impact of major capital outlays during the period 2006-2008, with continued heavy capital spending in to 2009.

Spending fell dramatically in the period 2008-2010, with all segments except for public safety operations and contributions to the regional school system decreasing.

**James City Service Authority (JCSA)**

	(\$000s)			<u>Cumulative Growth Rate (%)</u>			<u>Annual Growth Rates (%)</u>		
	<u>2001</u>	<u>2008</u>	<u>2010</u>	<u>01/08</u>	<u>08/10</u>	<u>01/10</u>	<u>01/08</u>	<u>08/10</u>	<u>01/10</u>
<b>Total Costs</b>	10,999	17,737	17,168	61.3	3.2	60.1	7.1	(1.6)	5.1

Operating costs for JCSA increased 60% over the last nine years, or 5.1% per year. Growth was more rapid in the period through 2008, increasing 7.1% per year. In 2009 costs grew a further 14.4%, as the impact of the debt service costs for the water supply contract with Newport News Waterworks kicked in. Without these debt service costs of \$1.8 million, costs would have increased only 4.4%. In 2010 costs declined 14.4%, reflecting the impact of dramatically reduced capital allocations. It should be noted that capital projects are traditionally funded internally by provision of annual allocations to a reserve fund, so reduced capital allocations are a vehicle to reduce costs when revenues fall short.

Detailed operating cost trends for the period 2001-2010 are provided in the Appendix (Schedule 2).

## Capital Outlays

<u>General Fund</u> (\$000s)	<u>Total</u> <u>2001-2010</u>	<u>Total</u> <u>2006-2009</u>
<b>County Operations:</b>		
<b>Public Safety</b>		
Radio System (2001)	7,000	0
Police Building (2010)	13,700	0
Other	9,006	5,127
Capital Maintenance	<u>1,145</u>	<u>895</u>
<b>Total Public Safety</b>	<b>30,851</b>	<b>6,022</b>
<b>Parks &amp; Recreation</b>		
Community Gym	6,973	2,229
Greenspace/PDR	9,317	5,390
Warhill Sports Complex (2006)	13,514	11,429
Freedom Park (2006)	4,877	4,192
Sports Stadium (2006)	7,093	6,918
Other	4,429	1,070
Capital Maintenance	<u>1,523</u>	<u>1,332</u>
<b>Total Parks &amp; Recreation</b>	<b>47,726</b>	<b>32,560</b>
<b>Stormwater</b>	<b>4,637</b>	<b>2,665</b>

<u>General Fund</u> (\$000s)	<u>Total</u> <u>2001-2010</u>	<u>Total</u> <u>2006-2009</u>
<b>General Government</b>		
Public Facilities	5,819	2,339
Warhill Site Development (2006)	11,757	11,757
School Site (2006)	1,500	1,500
Other	6,040	1,821
Capital Maintenance	<u>2,456</u>	<u>2,037</u>
<b>Total General Government</b>	<b>27,572</b>	<b>19,454</b>
<b>Total County Operations</b>	<b>110,786</b>	<b>60,701</b>
<b>WJCC Schools</b>		
Warhill High School (2006)	42,353	42,158
Mataoka Elementary School (2006-2007)	21,875	21,875
4 <sup>th</sup> Middle School (2009)	50,858	50,858
9 <sup>th</sup> Elementary School (2009)	28,200	28,200
Other	3,941	202
(City Share)	(3,432)	(3,432)
Capital Maintenance (net of City Share)	<u>23,965</u>	<u>18,900</u>
<b>Total WJCC Schools</b>	<b>167,760</b>	<b>158,761</b>
<b>Total General Fund</b>	<b>278,546</b>	<b>219,462</b>

Over the last decade the county authorized over \$278 million in capital projects, of which 79% occurred during the period 2006-2009. Of this \$278 million, schools capital outlays accounted for \$168 million, or 60% of the total; approximately 95% of this schools spending occurred in the 2006-2009 period.

In the case of schools spending, capital outlays are driven by student population increases. During the 2006-2009 period capital outlays were approved for one high school (Warhill - 2006), one middle school (4<sup>th</sup> middle school - 2009) and two elementary schools (Mataoka - 2006/07, 9<sup>th</sup> elementary - 2009). These four projects accounted for over 85% of schools capital spending over the last decade. All projects were funded by debt financing. The remaining 15% of capital outlays reflected capital maintenance projects - e.g. HVAC replacement, new roofs, and refurbishment - which were funded from annual allocations from the County's General Fund.

In the case of non-schools spending, capital outlays are driven by general population growth and citizen demand for additional services. Of the \$111 million in overall capital spending during the last decade, over 60% took place in the 2006-2009 period. Much of the spending reflected pent-up demand for public safety and parks & recreation projects.

In the case of public safety, two projects stand out - \$7 million for a county-wide radio system in 2001 and \$13.7 million for a new police building on the Warhill tract in 2010; both are funded by debt financing.

In the case of parks & recreation projects, capital spending results directly from the strategies of the 2003 Comprehensive Plan to develop active recreational facilities at the Warhill Sports Complex, build new historical interpretation features at Freedom Park, complete the county portion of the Virginia Capitol Trail, and build out facilities at the Chickahominy Riverfront Park. Many of these projects were funded in the \$15 million bond referendum approved in 2005. Further, the Sports Stadium was approved in 2006 and funded by debt financing. The greenspace/PDR projects reflect annual allocations from the General Fund based on two pennies of the real estate tax rate. A \$20 million bond referendum, approved in 2005, provides for future spending.

The storm water category is shown to highlight the potential for large spending in the future, as the county has, pending authorization, a \$30 million bond referendum in 2010 to address a series of deferred projects for stream restoration, storm water ponds and retrofits, flood mitigation, and drainage improvements. Spending over the last decade in these areas has been minimal.

Finally, general government spending on other facilities has occurred throughout the last decade. Over 70% of this spending

occurred in the 2006-2009 period and was centered on site development for Warhill and new schools in 2006; these expenditures were financed by new debt. Other general facilities spending over the last decade were mostly funded through annual General Fund allocations.

James City Service Authority (JCSA)

Over the last decade the JCSA had two major capital projects, both funded by external financing. They were the Five Forks desalination plant in 2003, at a cost of \$14.1 million, and the water supply contract (PDA) with Newport News Waterworks in 2008, at a cost of \$25 million. Debt service for the Five Forks plant was funded by allocations from the Water Fund at an incremental cost of \$1.4 million per year and required only modest surcharges to normal water rates. Debt service for the PDA was handled differently, as incremental connection charges of \$1.8 million for new water hookups were gauged sufficient to handle these incremental costs. This avoided the need to increase rates on water usage. Unfortunately, as noted earlier, new connections in 2008 and 2009 averaged only 307 per year compared to an average of 820 in the prior seven years. This led in 2010 to a revenue shortfall which required a significant reduction in capital allocations.

Detailed capital outlay trends for the period 2001-2010 are provided in the Appendix (Schedule 3).

## Debt Capacity

<b><i>General Fund</i></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
<b><i>Debt Service (\$000s)</i></b>							
<i>General Government</i>	2,054	2,640	3,259	5,436	6,251	6,042	8,223
<i>Schools</i>	<u>8,164</u>	<u>8,005</u>	<u>10,272</u>	<u>17,186</u>	<u>19,401</u>	<u>19,083</u>	<u>18,601</u>
<b><i>Total Debt Service</i></b>	<b><u>10,218</u></b>	<b><u>10,645</u></b>	<b><u>13,531</u></b>	<b><u>22,622</u></b>	<b><u>25,652</u></b>	<b><u>25,125</u></b>	<b><u>26,824</u></b>
<i>Ratio of Debt Service To Total Expenditures</i>	7.2%	6.9%	7.9%	11.3%	12.1%	12.0%	13.5%

Per the County's Statement of Fiscal Goals annual debt service should target 10% or less of total operating revenue and should not exceed 12%. During the first half of the past decade debt service was at a level well within the policy strictures. Starting in 2007, as the result of several new debt issuances, these guidelines were jeopardized and, finally, exceeded in 2010. It is noteworthy that debt service for school debt ranged from 69% to 75% of the total during the period 2007-2010.

<b><i>Debt Levels:</i></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
<i>Net Bonded Debt (\$000s)</i>	\$65,947	98,913	92,913	215,024	200,071	187,214	192,365
<i>Assessed Valuation (\$mm)</i>	\$6,803	7,575	9,049	10,704	11,610	12,079	12,016
<i>Personal Income (\$mm)</i>	\$2,101	2,290	2,600	2,790	NA	NA	NA
<i>Total Population</i>	53,952	56,463	58,893	60,867	61,195	63,378	64,973
<i>% Debt to Assessed Valuation</i>	1.0%	1.3%	1.9%	2.0%	1.7%	1.6%	1.6%
<i>% Debt to Personal Income</i>	3.1%	4.3%	3.6%	7.7%	NA	NA	NA
<i>Debt per Capita (\$)</i>	\$1,222	\$1,749	\$1,578	\$3,533	\$3,269	\$2,954	\$2,965
<i>Bond Rating (S &amp; P)</i>	AA	AA	AA+	AA+	AA+	AA+	AA+

Per the County's Statement of Fiscal Goals, debt should not exceed 3% of assessed valuation of real property. Over the last decade this goal has been easily met, although the ratio has increased considerably. Contributing to the moderation in this measure is the 77% increase in assessed valuation since 2004; this equates to a 10% annual growth rate. Further, per these Fiscal Goals, debt should target 7.5% or less, and should not exceed 9%, of personal income in any year. This is similar to the ratio (Debt/GDP) employed to measure the debt capacity of sovereign nations. In the case of James City County, the data is lacking beyond 2007 to assess the county's debt capacity, but it is clear that the county is approaching the upper level of this fiscal goal.

Finally, when measuring the amount of county debt carried per capita, this ratio has increased considerably (143% since 2004), or 15.9% per year. It is important to note that reported bonded debt levels do not include \$17.5 million in unfunded pension obligations to county employees (does not include school employees). Although not bonded debt, pension obligations are a legally binding obligation of the county, and not funding them adequately understates operating expenses in past years, and understates the debt burden.

#### James City Service Authority (JCSA)

Prior to 2003 the JCSA had no outstanding debt. In 2003 revenue bonds of \$14.65 million were issued for the Five Forks plant; in 2008 revenue bonds of \$25 million were issued for the PDA with Newport News Waterworks. Because of the Service Authority's conservative policy of funding all normal capital projects in advance via annual allocations to a reserve fund, debt capacity has been sufficiently strong to retain at least AA bond ratings. One note of caution is that, while revenue available for debt service has been more than adequate over the last decade, the standard coverage ratio has declined significantly and had dropped to 2.67 by 2009.

Detailed debt service and debt level trends for the period 2001-2010 are provided in the Appendix (Schedule 4).

## Revenues

				<u>Cumulative Growth Rates (%)</u>			<u>Annual Growth Rates (%)</u>		
	<u>2001</u>	<u>2008</u>	<u>2010</u>	<u>01/08</u>	<u>08/10</u>	<u>01/10</u>	<u>01/08</u>	<u>08/10</u>	<u>01/10</u>
<b><u>General Fund</u> (\$000s)</b>									
<i>Real Property Taxes</i>	\$38,825	82,611	83,869	112.8%	1.5	116.0	11.4	0.8	8.9
<i>Other Property Taxes</i>	14,350	22,573	22,913	57.3	1.5	59.7	6.7	0.8	5.3
<i>Other Local Taxes</i>	13,876	22,555	18,480	62.5	(19.7)	33.2	7.2	(9.5)	3.2
<i>Intergovernmental</i>	14,746	25,731	25,460	74.5	(1.1)	72.7	8.3	(0.5)	6.3
<i>All Other</i>	<u>8,569</u>	<u>21,052</u>	<u>13,389</u>	145.6	(37.4)	56.2	13.7	(20.3)	5.1
<b><i>Total General Fund:</i></b>	<b>90,366</b>	<b>174,522</b>	<b>164,111</b>	<b>93.1</b>	<b>(5.7)</b>	<b>81.2</b>	<b>9.9</b>	<b>(3.0)</b>	<b>6.9</b>
<b><i>Real Property</i></b>									
<i>Tax Rate</i>	0.87	0.77	0.77						
<i>Valuation (\$mm)</i>	\$4,586	10,672	11,112	132.7%	4.1	142.3	12.8	2.0	10.3

Over the last nine years General Fund revenues have increased 81% or 6.9% per year. However, real property taxes, which represent over 50% of total revenues, have grown 116%, or 8.9% per year. Since this is the revenue source that most affects individual homeowners, this higher growth factor is important. Even though the real property tax rate (expressed as cents per \$100 of property valuation) has declined ten cents over the last decade, revenues have grown significantly because of the increase in property valuation (10.3% per year). Other revenue sources, including revenue sharing from the Commonwealth, have also grown but at growth rates considerably below real property taxes.

If one looks at the last decade more closely and analyzes revenue growth during the two discrete periods - one of high

growth during the period 2001-2008, the other of the recessionary period 2008-2010, the differences are striking. During the high growth period General Fund revenues grew 93%, or 9.9% per year. Real property taxes grew 113%, or 11.4% per year. Real property values increased 133%, or 12.8% per year. During the subsequent recessionary period General Fund revenues declined 5.7%, or 3.0% per year. Real property taxes grew 1.5%, or 0.8% per year and real property values increased a modest 4.1%, or 2.0% per year. On the other hand, all other revenues decreased dramatically during this recessionary period.

**James City Service Authority (JCSA)**

	(\$000s)			<u>Cumulative Growth Rate (%)</u>			<u>Annual Growth Rates (%)</u>		
	<u>2001</u>	<u>2008</u>	<u>2010</u>	<u>01/08</u>	<u>08/10</u>	<u>01/10</u>	<u>01/08</u>	<u>08/10</u>	<u>01/10</u>
<b>Total Costs</b>	10,998	17,736	17,168	61.3	3.2	60.1	7.1	(1.6)	5.1

Revenues are generated from usage charges on both residential and commercial customers. These charges take the form of fees for water usage (calculated as tiered charges), sewer treatment (based on household water usage) and connection fees for new customers. Revenues have grown at rates consistent with population but have also included rate increases (especially in 2005 and 2007) and new connection fees (starting in 2009). As noted earlier, a portion of these revenues have been allocated to a reserve fund to fund annual capital maintenance expenditures. By June 2009 this reserve fund aggregated \$38.4 million.

Detailed revenue trends for the period 2001-2010 are provided in the Appendix (Schedule 5).

## **Key Findings and Observations:**

The past decade has been one of extremely rapid growth for James City County. Over this period total population increased 3% per year, putting pressure on the county administration to build the core infrastructure and provide the services required for a growing community. The county is characterized as the eighth fastest growing locality in Virginia during this period.

During this Phase 1 of our Cost of Growth study we've analyzed county data to test the hypothesis that rapid rates of growth have an adverse impact on local government budgets and the residential tax burden. The key findings and observations for the General Fund are:

1. Operating expenses have grown at rates considerably higher than normal, which may be defined as the sum of population growth (3.0% per year) and consumer inflation (2.4% per year). In particular, operating expenses grew 9.8% during the period 2001-2008 before declining 3.0% per year in the following 2008-2010 recession.
2. Capital spending contributed significantly to this above normal operating expense growth, with capital spending concentrated in the 2006-2009 period. Capital outlays totaled \$278 million during the decade, of which \$219 million took place in the 2006-2009 timeframe. Heavy spending for new schools and parks and recreation facilities accounted for the largest share of this spending, as new infrastructure was built to accommodate population growth.
3. Debt capacity remains above average, with all bond rating agencies showing strong ratings (e.g. Standard & Poor's currently rates general obligation bonds as AA+). However, there has been marked deterioration in debt capacity rating measures. The ratio of debt service to total operating expenditures has increased from 7.2% in 2004 to 13.5% in 2010 (Note: The county's fiscal policy goal is that this measure not exceed 12%). The ratio of debt to assessed valuation of property has increased from 1.0% to 1.6% over the same period (Note: the county's goal is to keep this ratio less than 3%). And, illustratively, it should be noted that debt per capita has risen dramatically, from \$1,222 in 2004 to \$2,965 in 2010. While retaining a strong bond rating is critical to the county, it is clear that margins for error in retaining this rating are narrowing.
4. The county's revenue base is still very dependent on its real property valuations, with over 50% of total revenues from this source. During the high growth period (2001-2008), real property tax revenues grew 11.4% per year as

property values increased 12.8% per year. This growth is more than double a normal growth factor of 5.4% for population and consumer inflation. The county's revenue stream began to decline in 2009 and this trend continues through 2011. The county's five year projections provide for a modest 0.7% increase in total revenues in 2012 before growing to an average 3.5% in each of the years 2013-2015. Real property revenues grow 0.9% in 2012 and increase 5.0% in 2013, 2.5% in 2014 and 3.5% in 2015.

For JCSA the story is somewhat different. Costs and revenues have grown at rates more in line with general population increases. Its finances are in good condition, with revenues comfortably covering operating costs. Adequate revenues have been generated as well to cover debt service and provide reserves for future contingencies and replacements. The big question is whether usage rates may have to increase in future years to cover water purchased from Newport News under the 2008 water supply agreement.

### **Summary:**

It is clear from these findings that rapid population growth has been accompanied by higher than normal expense and revenue growth. Further, high capital investments in new infrastructure have contributed greatly to this expense growth. While debt capacity exists to fund some level of future investment, debt capacity is weaker than in prior years. And, because of continued heavy reliance on the real property tax base for general obligation bonds, the burden of funding future investment falls principally on property owners.

### **Appendices:**

Schedule 1 - Operating Statistics, 2001-2010

Schedule 2 - Operating Costs, 2001-2010

Schedule 3 - Capital Outlays, 2001-2010

Schedule 4 - Debt/Debt Service, 2001-2010

Schedule 5 - Revenues, 2001-2010

# **Appendices**

## **Cost of Growth**

**Schedule 1 - Operating Statistics**

**Schedule 2 - Operating Costs**

**Schedule 3 - Capital Outlays**

**Schedule 4 - Debt**

**Schedule 5 - Revenues**

## Schedule 1. Operating Statistics, 2001-2010

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b><u>I. Population</u></b>										
Households	19,866	20,533	21,160	22,095	22,974	23,478	26,507	27,567	28,670	29,817
Population	50,200	51,800	53,100	55,200	56,600	59,183	61,495	62,237	64,038	65,717
Individuals per Household	2.48	2.48	2.47	2.46	2.43	2.48	2.28	2.23	2.20	2.17
Per Capita Personal Income	\$34,859	\$37,261	\$38,028	\$38,942	\$40,558	\$44,148	\$45,838	NA	NA	NA
Consumer Price Index - % Incr.	2.8%	1.6%	2.3%	2.7%	3.4%	3.2%	2.8%	3.9%	-0.3%	2.3%
Population Incr. - %	4.4%	3.2%	2.5%	4.0%	2.5%	4.6%	3.9%	1.6%	2.9%	2.6%
<b><u>II. County Operations</u></b>										
<b><u>A. Public Safety</u></b>										
Police - Calls for Service	15,970	17,678	17,574	18,433	18,574	20,615	21,897	21,319	21,963	NA
Fire - Calls for Service	1,972	2,389	2,307	3,001	2,411	2,822	3,064	3,575	2,969	NA
EMS Responses	3,971	4,158	4,227	4,642	4,688	4,869	5,219	4,851	5,276	NA
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	4	5	5	5	5	5	5	5	5	5
<b><u>B. Parks &amp; Recreation</u></b>										
Community Ctr Admissions	241,048	283,457	284,448	321,656	349,107	333,299	315,480	409,706	353,862	NA
Park Attendance	NA	NA	NA	848,750	1,021,620	1,100,051	1,151,574	1,236,968	1,368,462	NA
Participants in Programs	NA	NA	NA	NA	NA	228,504	250,042	408,905	422,009	NA
Park Acreage	245	245	245	181	333	1,547	1,749	1,622	1,622	1,622
Playgrounds	3	4	4	5	6	7	8	10	10	10
Ballfields Maintained	43	43	43	54	58	17	23	30	30	30
<b><u>III. School Division</u></b>										
Student Enrollment:										
Elementary School	3,780	3,791	3,792	3,944	4,170	4,337	4,470	4,444	4,568	4,680
Middle School	1,898	2,010	2,087	2,206	2,245	2,335	2,381	2,327	2,283	2,351
High School	<u>2,513</u>	<u>2,606</u>	<u>2,674</u>	<u>2,809</u>	<u>2,987</u>	<u>3,148</u>	<u>3,254</u>	<u>3,366</u>	<u>3,397</u>	<u>3,477</u>
Total Student Enrollment	8,191	8,407	8,553	8,959	9,402	9,820	10,105	10,137	10,248	10,508



## Schedule 2. Operating Costs, 2001-2010 (\$000s)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>I. General Fund</b>										
<b>A. County Operations</b>										
<b>1. Public Safety</b>										
Fire Department	4,096	4,523	4,792	5,223	5,627	5,940	6,547	6,839	6,960	6,992
EMS	1,054	1,109	1,376	1,370	1,476	1,869	2,016	2,141	2,178	2,208
Police Department	3,711	3,992	4,737	4,790	5,150	5,734	7,172	8,180	8,226	8,006
Animal Control	122	129	148	146	154	177	189	187	203	182
Sheriff	723	755	820	880	965	1,006	1,084	1,204	1,234	1,259
Emergency Management	107	112	156	141	148	147	215	258	261	255
Emergency Communications	<u>1,127</u>	<u>1,273</u>	<u>1,419</u>	<u>1,465</u>	<u>1,688</u>	<u>2,160</u>	<u>2,161</u>	<u>2,418</u>	<u>2,533</u>	<u>2,526</u>
<b>Total Public Safety</b>	<b>10,940</b>	<b>11,893</b>	<b>13,448</b>	<b>14,015</b>	<b>15,208</b>	<b>17,033</b>	<b>19,384</b>	<b>21,227</b>	<b>21,595</b>	<b>21,428</b>
<b>2. Parks &amp; Recreation</b>	<b>3,181</b>	<b>3,320</b>	<b>4,471</b>	<b>4,569</b>	<b>4,747</b>	<b>4,962</b>	<b>6,004</b>	<b>6,129</b>	<b>5,920</b>	<b>5,712</b>
<b>3. Stormwater</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,800</b>	<b>1,032</b>	<b>749</b>
<b>4. General Government</b>										
Administrative	1,097	1,135	1,129	1,156	1,104	1,099	1,179	1,275	1,558	1,415
Citizen Services	602	614	657	691	749	814	996	1,060	1,133	911
Elections	210	221	231	260	285	275	298	362	347	295
Human Resources	590	612	656	667	692	737	789	828	786	750
Financial Administration	2,464	2,560	3,125	3,214	3,311	3,442	3,955	4,191	4,236	3,927
General Services (ex Stormwater)	3,005	3,441	3,822	3,812	4,700	4,946	5,846	6,799	6,920	6,407
Information Resources Mgmt	1,306	1,368	1,720	1,717	1,780	1,937	1,959	2,071	2,070	2,027
Development Management	3,049	3,092	3,619	3,619	3,670	4,049	4,944	5,093	4,189	3,707
Judicial	1,855	1,902	2,308	2,391	2,515	2,567	2,153	2,320	2,296	2,263
Community Services	<u>450</u>	<u>455</u>	<u>583</u>	<u>515</u>	<u>525</u>	<u>468</u>	<u>385</u>	<u>394</u>	<u>347</u>	<u>333</u>
<b>Total General Government</b>	<b>14,628</b>	<b>15,400</b>	<b>17,850</b>	<b>18,042</b>	<b>19,331</b>	<b>20,334</b>	<b>22,504</b>	<b>24,393</b>	<b>23,882</b>	<b>22,035</b>
<b>Total County Operations</b>	<b>28,749</b>	<b>30,613</b>	<b>35,769</b>	<b>36,626</b>	<b>39,286</b>	<b>42,329</b>	<b>47,892</b>	<b>54,549</b>	<b>52,429</b>	<b>49,924</b>
<b>B. WJCC Schools</b>	<b>50,572</b>	<b>53,355</b>	<b>58,539</b>	<b>62,324</b>	<b>66,150</b>	<b>71,882</b>	<b>78,921</b>	<b>91,438</b>	<b>93,296</b>	<b>94,833</b>

## Schedule 2. Operating Costs, 2001-2010 (\$000s)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>C. Other</b>										
Outside Agencies	1,567	1,580	1,860	1,929	2,724	3,300	3,698	3,824	3,324	2,933
Nondepartmental	1,843	1,781	3,836	3,572	3,455	3,886	5,516	7,432	3,709	4,542
Library and Arts Center	2,956	3,103	3,540	3,638	3,807	3,956	4,278	4,440	4,492	4,493
Other Regional Entities	1,187	1,274	1,249	1,266	1,613	1,627	2,276	2,309	3,049	3,118
Health & Social Services	1,970	2,151	1,097	1,107	1,226	1,311	1,442	1,511	1,663	1,552
Transfer to Other Funds	<u>0</u>	<u>0</u>	<u>1,721</u>	<u>1,857</u>	<u>1,847</u>	<u>1,972</u>	<u>2,533</u>	<u>2,852</u>	<u>2,402</u>	<u>2,116</u>
<b>Total Other</b>	<b>9,523</b>	<b>9,889</b>	<b>13,303</b>	<b>13,369</b>	<b>14,672</b>	<b>16,052</b>	<b>19,743</b>	<b>22,368</b>	<b>18,639</b>	<b>18,754</b>
<b>D. Capital Projects</b>	<b>1,660</b>	<b>1,850</b>	<b>810</b>	<b>1,190</b>	<b>1,465</b>	<b>2,232</b>	<b>8,339</b>	<b>6,166</b>	<b>2,995</b>	<b>600</b>
<b>Total General Fund</b>	<b>90,504</b>	<b>95,707</b>	<b>108,421</b>	<b>113,509</b>	<b>121,573</b>	<b>132,495</b>	<b>154,895</b>	<b>174,521</b>	<b>167,359</b>	<b>164,111</b>
<b>% Increase</b>		<b>5.7%</b>	<b>13.3%</b>	<b>4.7%</b>	<b>7.1%</b>	<b>9.0%</b>	<b>16.9%</b>	<b>12.7%</b>	<b>-4.8%</b>	<b>-2.0%</b>
<b>% Incr - 2001 to 2010</b>										<b>81.3%</b>
<b>II. JCSA</b>										
<b>A. Water Fund</b>										
Admin Fund Allocation	1,455	1,516	1,695	1,724	1,872	1,972	2,283	2,392	2,628	2,506
Direct Expenses	986	1,007	1,484	1,854	2,510	2,577	2,557	2,799	2,736	2,921
Capital Projects	25	27	88	220	199	78	64	130	121	157
Operating Reserve		0	0	0	119	120	0	0	0	0
PDA Operating Costs	0	0	0	0	0	0	0	0	330	150
PDA Water Purchase	0	0	0	0	0	0	0	0	0	0
CIP Allocation	2,886	3,314	1,490	1,661	1,895	2,092	1,390	3,372	3,432	664
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,300</u>	<u>1,385</u>	<u>1,382</u>	<u>1,383</u>	<u>1,384</u>	<u>3,164</u>	<u>3,033</u>
<b>Total Water Fund</b>	<b>5,352</b>	<b>5,864</b>	<b>4,757</b>	<b>6,759</b>	<b>7,980</b>	<b>8,221</b>	<b>7,677</b>	<b>10,077</b>	<b>12,411</b>	<b>9,431</b>
<b>B. Sewer Fund</b>										
Admin Fund Allocation	2,009	2,094	2,341	2,381	2,585	2,724	3,153	3,303	3,630	3,461
Direct Expenses	933	955	1,358	1,458	1,620	1,693	1,873	2,356	2,247	2,367
Operating Reserve	0	0	0	0	133	135	0	0	0	0
Grinder Pump Expenses	0	0	0	0	0	0	0	0	300	309
Capital Projects	104	90	67	50	93	87	112	60	95	80
CIP Allocation	<u>2,501</u>	<u>2,487</u>	<u>2,625</u>	<u>1,710</u>	<u>1,065</u>	<u>1,575</u>	<u>1,358</u>	<u>1,241</u>	<u>1,437</u>	<u>1,335</u>
<b>Total Sewer Fund</b>	<b>5,547</b>	<b>5,626</b>	<b>6,391</b>	<b>5,599</b>	<b>5,496</b>	<b>6,214</b>	<b>6,496</b>	<b>6,960</b>	<b>7,709</b>	<b>7,552</b>



### Schedule 3. Capital Outlays, 2001-2010 (\$000s)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Non-Maintenance</b>										
<b>I. General Fund</b>										
<b>A. County Operations</b>										
<b>1. Public Safety</b>										
Police Building								393	1,000	13,700
Mobile Data Terminals						69	300	880		342
Police Fingerprint System										95
Radio System	7,000									
Fire Equipment	832	555	1,586	54			1,010			
ECC Expansion						620				
Other Equipment			<u>125</u>	<u>125</u>	<u>165</u>	<u>265</u>	<u>425</u>	<u>165</u>		
<b>Total Public Safety</b>	<b>7,832</b>	<b>555</b>	<b>1,711</b>	<b>179</b>	<b>165</b>	<b>954</b>	<b>1,735</b>	<b>1,438</b>	<b>1,000</b>	<b>14,137</b>
<b>2. Parks &amp; Recreation</b>										
Community Gym								2,229		4,724
Greenways/Trails	75	75	50	365	50	50	100	50		50
Greenspace/PDR	400	420	919	1,035	1,153	1,339	1,831	2,220		1,221
Warhill Sports Complex	940	685	210	250		10,308	655		466	
Freedom Park			360	75	250	4,192				
Chickahominy Riverfront						500				
Sports Stadium				75	100	6,918				
Other Facilities	<u>455</u>	<u>365</u>	<u>623</u>	<u>50</u>			<u>370</u>			
<b>Total Parks &amp; Recreation</b>	<b>1,870</b>	<b>1,545</b>	<b>2,162</b>	<b>1,850</b>	<b>1,553</b>	<b>23,307</b>	<b>2,956</b>	<b>4,499</b>	<b>466</b>	<b>5,995</b>

### Schedule 3. Capital Outlays, 2001-2010 (\$000s)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>3. Stormwater</b>										
Stormwater/Drainage	167	250	355			550	845	270	900	1,200
<b>Total Stormwater</b>	<b>167</b>	<b>250</b>	<b>355</b>	<b>0</b>	<b>0</b>	<b>550</b>	<b>845</b>	<b>270</b>	<b>900</b>	<b>1,200</b>
<b>4. General Government</b>										
Housing Development Fund	100	75								
Development Management	410	410				312				
Industrial Development	2,146	420								
Transportation	205	452						600	909	
Public Facilities	2,121	398		774	187	700	666	973		
Warhill Site Development						11,757				
School Sites						1,500				
<b>Total General Government</b>	<b>4,982</b>	<b>1,755</b>	<b>0</b>	<b>774</b>	<b>187</b>	<b>14,269</b>	<b>666</b>	<b>1,573</b>	<b>909</b>	<b>0</b>
<b>Total County Operations</b>	<b>14,851</b>	<b>4,105</b>	<b>4,228</b>	<b>2,803</b>	<b>1,905</b>	<b>39,080</b>	<b>6,202</b>	<b>7,780</b>	<b>3,275</b>	<b>20,155</b>
<b>B. Schools</b>										
Jamestown High Multi-Purpose										2,489
Classroom Technology										1,190
Bldg Security System										60
Warhill HS	195			1,625	713	39,820				
Multipurpose Building					3,181					
Mataoka ES						14,500	7,375			
4th MS								5,000	45,898	
9th ES								5,000	23,200	
Stonehouse ES Fiber Network								95		
Rapid Responder								107		
(City Share)							-671	-343	-2,418	
<b>Total Schools</b>	<b>195</b>	<b>0</b>	<b>0</b>	<b>1,625</b>	<b>3,894</b>	<b>54,320</b>	<b>6,704</b>	<b>9,859</b>	<b>66,680</b>	<b>3,739</b>
<b>Total General Fund</b>	<b>15,046</b>	<b>4,105</b>	<b>4,228</b>	<b>4,428</b>	<b>5,799</b>	<b>93,400</b>	<b>12,906</b>	<b>17,639</b>	<b>69,955</b>	<b>23,894</b>

### Schedule 3. Capital Outlays, 2001-2010 (\$000s)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>II. JCSA</b>										
Desalination Plant			14,108							
PDA w/Newport News									25,000	
Water Supply	2,336	2,594		1,223	385	592	610	2,493	2,607	664
Water Distribution/Storage	500	670	1,490	1,080	1,510	1,500	780	879	825	
Sewer System Improvements	2,501	2,888	2,625	1,710	1,065	1,575	1,358	1,241	1,437	1,335
Other Projects	150	180	360	500	435	325	800	700	170	185
<b>Total JCSA</b>	<b>5,487</b>	<b>6,332</b>	<b>18,583</b>	<b>4,513</b>	<b>3,395</b>	<b>3,992</b>	<b>3,548</b>	<b>5,313</b>	<b>30,039</b>	<b>2,184</b>
<b>Total Non-Maintenance</b>	<b>20,533</b>	<b>10,437</b>	<b>22,811</b>	<b>8,941</b>	<b>9,194</b>	<b>101,384</b>	<b>16,454</b>	<b>22,952</b>	<b>99,994</b>	<b>26,078</b>
<b>Capital Maintenance</b>										
<b>I. General Fund</b>										
<b>A. County Operations</b>										
<b>1. Public Safety</b>										
Fire SCBA Upgrades										250
EOC HVAC								150		
Ambulance								185		
Heavy Rescue Vehicle									355	
JCBY Rescue Medic Unit									205	
<b>Total Public Safety</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>335</b>	<b>560</b>	<b>250</b>
<b>2. Parks &amp; Recreation</b>										
James Beach Campground										191
JCW Community Ctr Renovation								780	500	
Midcounty Park								52		
<b>Total Parks &amp; Recreation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>832</b>	<b>500</b>	<b>191</b>
<b>3. Stormwater</b>										
Courthouse								100		
<b>Total Stormwater</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>

### Schedule 3. Capital Outlays, 2001-2010 (\$000s)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>4. General Government</b>										
Parking Lot/Road Overlay										105
Techno System Replacements								100		
HR/Payroll System Replacement								350		
TNCC Site Work								336		
Crossroads Youth Home								200		
Satellite Office Renovation								75		
Aerial Photography Upgrade								68		
County Library Roof									131	
Fiber Ring									700	
Other Misc.								77		233
<b>Total General Government</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,206</b>	<b>831</b>	<b>338</b>
<b>Total County Operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,473</b>	<b>1,891</b>	<b>779</b>

### Schedule 3. Capital Outlays, 2001-2010 (\$000s)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>B. Schools</b>										
Middle School Rehab										2,400
Berkeley MS Projects				191				520		1,441
Middle School Gym Lighting										100
James Blair MS Projects			460	170			180	117	222	
Toano MS						66	605			
Clara Byrd Baker ES Projects							80	1,664	1,427	
Matthew Whaley ES Projects				201				1,387		
D J Montague ES Projects							80			613
Norge ES Projects				455	434	594		251	49	350
Rawls Byrd ES Projects							1,945			59
James River ES Projects			413				216		60	
Stonehouse ES Projects				66		2,113				
Other ES Projects								74		
Jamestown HS Projects			184	185		66	104	135		272
Lafayette HS Projects			262	298	84	89	344		67	
Warhill HS Projects										55
New Horizons Capital Contrib.										82
School Buses							1,109			
Technology									1,492	
Security Card Access									60	
Other Facility Improvements (City Share)	612	565	<u>-153</u>				255	201		
<b>Total Schools</b>	<b>612</b>	<b>565</b>	<b>1,166</b>	<b>1,566</b>	<b>518</b>	<b>2,928</b>	<b>4,471</b>	<b>3,968</b>	<b>3,259</b>	<b>4,912</b>
<b>Total General Fund</b>	<b>612</b>	<b>565</b>	<b>1,166</b>	<b>1,566</b>	<b>518</b>	<b>2,928</b>	<b>4,471</b>	<b>6,441</b>	<b>5,150</b>	<b>5,691</b>
<b>II. JCSA</b>										
<b>Total JCSA</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Maintenance</b>	<b>612</b>	<b>565</b>	<b>1,166</b>	<b>1,566</b>	<b>518</b>	<b>2,928</b>	<b>4,471</b>	<b>6,441</b>	<b>5,150</b>	<b>5,691</b>
<b>Grand Total</b>	<b>21,145</b>	<b>11,002</b>	<b>23,977</b>	<b>10,507</b>	<b>9,712</b>	<b>104,312</b>	<b>20,925</b>	<b>29,393</b>	<b>105,144</b>	<b>31,769</b>



## Schedule 4. Debt /Debt Service, 2001-2010

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Debt Service/Total Expenditures:</b>										
Total Expenditures (\$000s)	101,459	126,110	136,887	142,380	154,635	171,918	199,622	212,383	209,058	198,218
<b>% - Debt Service to Expendi.</b>	<b>10.08%</b>	<b>7.59%</b>	<b>7.08%</b>	<b>7.17%</b>	<b>6.88%</b>	<b>7.87%</b>	<b>11.30%</b>	<b>12.08%</b>	<b>12.02%</b>	<b>13.53%</b>
Note: Annual debt service should target 10% or less of total operating revenue (i.e. total expenditures) and should not exceed 12% (per County's Statement of Fiscal Goals)										
<b>II. JCSA (\$000s)</b>										
Five Forks Desalination (2003)									1,384	1,385
PDA w/Newport News (2008)									1,780	1,648
<b>Total JCSA</b>									<b>3,164</b>	<b>3,033</b>
<b>Revenue Bond Coverage:</b>										
Revenue for Debt Service (\$000s)	6,798	4,996	5,803	6,814	8,564	9,984	11,362	7,910	8,081	NA
Debt Service (\$000s)	0	0	496	1,308	1,382	1,383	1,384	1,384	3,164	3,033
<b>Coverage</b>	<b>*</b>	<b>*</b>	<b>11.70</b>	<b>5.21</b>	<b>6.20</b>	<b>7.22</b>	<b>8.21</b>	<b>5.71</b>	<b>2.67</b>	<b>NA</b>
<b>Debt Levels</b>										
<b>I. General Fund</b>										
Net Bonded Debt (\$000s)	78,894	74,208	70,851	65,947	98,913	92,913	215,024	200,071	187,214	192,365
Assessed Valuation (\$ millions)	5,147	5,745	6,226	6,803	7,575	9,049	10,704	11,610	12,079	12,016
Personal Income (\$ millions)	1,717	1,895	1,989	2,101	2,290	2,600	2,790	NA	NA	NA
Population	49,256	50,858	52,303	53,952	56,463	58,893	60,867	61,195	63,378	64,873
<b>% - Debt to Assessed Valuation</b>	<b>1.48%</b>	<b>1.29%</b>	<b>1.14%</b>	<b>0.97%</b>	<b>1.30%</b>	<b>1.03%</b>	<b>2.01%</b>	<b>1.72%</b>	<b>1.55%</b>	<b>1.60%</b>
<b>% - Debt to Personal income</b>	<b>4.59%</b>	<b>3.92%</b>	<b>3.56%</b>	<b>3.14%</b>	<b>4.32%</b>	<b>3.57%</b>	<b>7.71%</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Ratio: Debt per Capita</b>	<b>1,602</b>	<b>1,459</b>	<b>1,355</b>	<b>1,222</b>	<b>1,749</b>	<b>1,578</b>	<b>3,533</b>	<b>3,269</b>	<b>2,954</b>	<b>2,965</b>
<b>Notes:</b>										
Per County's Statement of Fiscal Goals:										
1. Debt shall not exceed 3% of assessed valuation of real property.										
2. Debt should target 7.5% or less, and should not exceed 9%, of total personal income in any year.										
<b>II. JCSA</b>										
<b>Debt: (\$000s)</b>										
Five Forks. Revenue Bonds (2004)	0	0	0	14,650	13,916	13,034	12,134	11,254	10,349	9,414
PDA. Revenue Bonds (2008)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>24,167</u>	<u>23,334</u>
<b>Total JCSA Debt</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,650</b>	<b>13,916</b>	<b>13,034</b>	<b>12,134</b>	<b>36,254</b>	<b>34,516</b>	<b>32,748</b>

## Schedule 5. Revenues, 2001-2010

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Revenue Source (\$000s)</b>										
<b>I. General Fund</b>										
General Property Taxes:										
Real Property	38,825	41,388	45,547	50,035	54,202	61,083	74,908	82,611	83,124	83,869
Other Property	<u>14,350</u>	<u>18,884</u>	<u>19,386</u>	<u>18,709</u>	<u>18,666</u>	<u>20,055</u>	<u>20,756</u>	<u>22,573</u>	<u>23,980</u>	<u>22,913</u>
Total General Property Taxes	53,175	60,272	64,933	68,744	72,868	81,138	95,664	105,184	107,104	106,782
Other Local Taxes	13,876	14,368	14,948	15,297	17,230	17,995	21,370	22,555	20,210	18,480
Licenses, Permits, Fees	4,563	5,788	6,241	7,234	7,168	8,098	8,634	9,745	7,965	7,366
Fines & Forfeitures	60	204	240	288	300	313	320	413	375	350
Money & Property	1,624	1,196	681	288	639	464	1,009	<u>1,312</u>	1,315	780
Charges for Services	2,198	2,681	3,233	3,486	3,236	3,279	3,602	7,912	4,678	4,733
Intergovernmental	14,746	18,079	18,053	18,504	20,300	21,126	23,997	25,731	25,289	25,460
Miscellaneous	<u>124</u>	<u>301</u>	<u>184</u>	<u>117</u>	<u>122</u>	<u>83</u>	<u>430</u>	<u>1,670</u>	<u>422</u>	<u>160</u>
<b>Total General Fund Revenues</b>	<b>90,366</b>	<b>102,889</b>	<b>108,513</b>	<b>113,958</b>	<b>121,863</b>	<b>132,496</b>	<b>155,026</b>	<b>174,522</b>	<b>167,358</b>	<b>164,111</b>
<b>Tax Rates:</b>										
Real Property	0.87	0.87	0.87	0.86	0.825	0.785	0.77	0.77	0.77	0.77
<b>Ratios:</b>										
Population	49,256	50,858	52,303	53,952	56,463	58,893	60,867	61,195	63,378	64,873
<b>Total Revenues per Capita (\$)</b>	<b>1,966</b>	<b>2,023</b>	<b>2,075</b>	<b>2,112</b>	<b>2,200</b>	<b>2,410</b>	<b>2,587</b>	<b>2,736</b>	<b>2,608</b>	<b>2,530</b>
Real Property Valuation (\$Millions)	4,586	4,983	5,458	6,025	6,781	8,190	9,822	10,672	11,165	11,112
<b>Real Prop. Value per Capita (\$)</b>	<b>93,105</b>	<b>97,994</b>	<b>104,353</b>	<b>111,673</b>	<b>122,262</b>	<b>139,066</b>	<b>161,368</b>	<b>174,393</b>	<b>176,165</b>	<b>171,288</b>

## Schedule 5. Revenues, 2001-2010 (\$000s)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>II. JCSA</b>										
<b>Water Fund:</b>										
Service Charges	3,377	3,453	4,227	4,225	5,402	5,666	5,332	5,593	6,113	6,221
Interest	604	634	941	405	305	319	319	500	550	477
Miscellaneous	<u>373</u>	<u>386</u>	<u>517</u>	<u>533</u>	<u>563</u>	<u>587</u>	<u>636</u>	<u>611</u>	<u>537</u>	<u>421</u>
<b>Total Water Fund</b>	<b>4,354</b>	<b>4,473</b>	<b>5,685</b>	<b>5,163</b>	<b>6,270</b>	<b>6,572</b>	<b>6,287</b>	<b>6,704</b>	<b>7,200</b>	<b>7,119</b>
<b>Sewer Fund:</b>										
Service Charges	3,313	3,368	3,322	3,974	4,374	4,544	4,533	4,884	5,382	5,433
Interest	232	243	253	135	138	140	220	500	500	433
Grinder Pump Charges	0	0	0	0	0	0	0	0	200	209
Miscellaneous	<u>129</u>	<u>136</u>	<u>191</u>	<u>200</u>	<u>262</u>	<u>274</u>	<u>385</u>	<u>335</u>	<u>189</u>	<u>142</u>
<b>Total Sewer Fund</b>	<b>3,674</b>	<b>3,747</b>	<b>3,766</b>	<b>4,309</b>	<b>4,774</b>	<b>4,958</b>	<b>5,138</b>	<b>5,719</b>	<b>6,271</b>	<b>6,217</b>
<b>CIP Fund:</b>										
Water Facility Charges					1,509	1,701	1,867	3,394	3,591	1,988
Sewer Facility Charges					<u>1,358</u>	<u>1,530</u>	<u>1,681</u>	<u>1,832</u>	<u>2,228</u>	<u>1,344</u>
Total Facility Charges	2,970	3,452	3,365	3,140	2,867	3,231	3,548	5,226	5,819	3,332
Proffers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	87	<u>1,000</u>	500
<b>Total CIP Fund</b>	<b>2,970</b>	<b>3,452</b>	<b>3,365</b>	<b>3,140</b>	<b>2,867</b>	<b>3,231</b>	<b>3,548</b>	<b>5,313</b>	<b>6,819</b>	<b>3,832</b>
<b>Total JCSA Revenues</b>	<b>10,998</b>	<b>11,672</b>	<b>12,816</b>	<b>12,612</b>	<b>13,911</b>	<b>14,761</b>	<b>14,973</b>	<b>17,736</b>	<b>20,290</b>	<b>17,168</b>