



# CITY OF WILLIAMSBURG

Public Works & Utilities Department

## UTILITY FUND WATER AND SEWER RATE ANALYSIS FY2014-2018

The FY2014-2018 water rate review looks at the financial viability of the Utility Fund in terms of projected revenues and expenses for the next five year period. The water rate was increased last year from \$4.30/1000 gallons to \$4.55/1000 gallons. The City does not have a separate rate for sewer.

### Expenses:

There are two initiatives of the utility system that will continue to have major impacts to the Utility Fund expenses:

1. Long term supplemental water supply
2. Sanitary Sewer Special Order by Consent (SOBC)

The City signed a long-term water supply agreement with Newport News Waterworks (NNWW) in April, 2009. The agreement is a 50 year contract with 25 year renewals thereafter. Williamsburg contracted for 2 million gallons of water per day (mgd). The purchase cost is based on \$12.5 million per 1 mgd of water thus making our total commitment \$25 million for 2 mgd. The City paid \$12.5 million initially and the remaining \$12.5 million is due in 2024. However, the City can opt out of the second \$12.5 million payment at which time our allotment would drop to 1 mgd. The City's strategy for the first \$12.5 million payment was to pay \$2.5 million from the Utility Fund cash balance and it borrowed \$10 million using a 15 year bank qualified loan. That way the first payment is paid off before the second \$12.5 million payment is due (2024). In addition to the capital expense to purchase the water, there are annual operating and maintenance (O&M) expenses. Capital debt service plus O&M expenses together cost the City approximately \$.9 million per year. Given a Utility Fund budget of \$5.1 million, the impact is substantial and ongoing thru at least 2023.

On the sanitary sewer side of the Utility Fund, the City's sanitary sewer system will need to be upgraded in accordance with a Consent Order issued by the State Department of Environmental Quality (DEQ). The DEQ is responding to an initiative of the Federal Environmental Protection Agency (EPA) to control sanitary sewer overflows (SSO's) in the PDC area which is served by a regional set of sewage treatment plants operated by the Hampton Roads Sanitation District (HRSD). The consent order is a regional order affecting all jurisdictions in the PDC area. The Order was finalized in September 2007. The City is making substantial investments in the sewer system to address overflows caused primarily by stormwater infiltrating/inflowing (I/I) and grease blockages in the sanitary system. The City purchased a camera van to facilitate TV inspections of our sewer lines and is working with

engineering firms/sewer rehab companies on repairing and replacing sewer infrastructure. \$.4 million each year has been allocated in the 5 year capital improvements program. We can expect capital costs to be ongoing for the long term.

On the operating side, the Utility expects to provide level funding in FY14 and FY15 in light of the slowed economy we are experiencing. A 3% annual growth rate in expenses is predicted over the FY16-FY18 period.

## Revenue

### Growth in Water Demand:

We are projecting water revenue to remain flat over the next 2 years as the economy remains sluggish with a modest increase (.5%) over the last 3 years of the 5 year study period. Residential development is expected to remain stale – some moderate commercial activity is underway (Quarterpath Crossings, High Street, Riverside). The City has experienced some redevelopment along its major corridors which tends to reduce or keep level water consumption. Further, water conservation (e.g. College) is contributing to the slow down in water demand and thus revenue. Therefore, we are projecting no increase in revenue over the next 2 year period and a .5% yearly increase over the following 3 years of the 5 year study period. Possible revenue from JCSA was not included since water sales to the Authority are on an emergency basis only.

### Water and Sewer Fees:

The fees are broken into 3 areas: Availability fees, Hampton Roads Sanitation District (HRSD) fees and connection fees. The availability fees are designed to have new development pay for capital improvements which primarily benefit future customers. This prevents or reduces inequity to existing customers as “growth pays for growth”. The HRSD wastewater facility charge is for new connections and covers the cost of treatment capacity expansion, line extensions and pump stations. These charges are established by HRSD and reviewed on an annual basis. The City collects the charges and forwards the receipts to the District. The third fee is the connection fee which is the construction cost of the City installing the water and sewer connections to the customer’s property line. Most connections are pre-installed by the developer at the time the project is under construction and therefore, in those cases, the fee is not applicable.

The availability fees are based on meter size to reflect capacity and demand on the system. The City increased the fees substantially in FY09. This increase was predicated on new growth paying equitably in the growth of the system including securing a new water supply and the expenses associated with the SSO consent order. A review of the City’s fees compared to other water purveyors in Virginia shows our fee structure to be at or higher than average. An increase in availability fees is not recommended for FY2014. HRSD reviews its fees and rates yearly and they are expected to increase because of the SSO Consent Order they have with EPA.

The water and sewer connection fees are the costs associated with the City installing water and sewer service lines. Service lines run from the main lines to the customer's property line. For the most part, on new development, the developer installs the service line as part of the overall infrastructure of the development project. The City primarily installs service lines to infill development in existing subdivisions and small commercial sites. The water connection fee is based on meter size while the sewer connection fee is more of a flat fee for residential or commercial construction. An increase is not recommended for FY2014 since the fees are representative of actual costs of constructing water and sewer service connections.

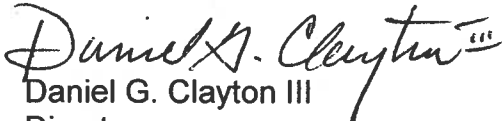
### Rate Analysis:

Working capital projections were developed for two different scenarios - one with no rate increase, one with a rate increase. The year-end working capital is essentially the Fund's cash balance - the difference between short term assets and liabilities.

Two rate scenarios are presented in Exhibits 1 and 2. Both scenarios assume no increase in revenue for FY2014 and FY2015 and a .5% increase in FY2016-2018. And no increase in the operating budget for FY2014-2015 and 3% increases for FY2016-2018. Capital improvement expenses are based on recently submitted FY2014-2018 CIP budget figures. Debt service for principal and interest along with estimated O&M costs are shown for the long term water contract with NNWW.

Exhibit 1 shows working capital projections with no rate increase. Exhibit 2 shows a 5.5% increase for FY2014 and a rate increase of 5% every year for FY2015-2018. With no rate increases (Exhibit 1), working capital is depleted by FY2017. Exhibit 2 maintains a positive working capital balance for the next 5 years, with a balance of \$1.817 million in FY2018. This equates to a reduction in working capital of about \$1.5 million over the next 5 year period. Therefore, in order to maintain a healthier capital balance, rate increases may need to exceed 5% projections unless the economy turns around substantially.

A comparison of our water rate with six other Hampton Roads communities is presented in Exhibit 3. Although the other localities are also considering FY2014 rate increases, rates currently in place (FY2013) are used for comparison purposes. Williamsburg remains well below all other Hampton Roads communities.

  
Daniel G. Clayton III  
Director

## WATER AND SEWER RATES COMPARISON (FY2013)

|              | WATER   | SEWER                     | TOTAL                     |
|--------------|---|---------------------------|---------------------------|
| Williamsburg | \$4.55/1000 gallons                                   | Included in water rate    | \$4.55/1000 gallons       |
| JCSA         | 0-15 \$2.85/1000 gallons<br>15-30 \$3.45/1000 gallons | \$3.22/1000 gallons       | \$6.07+/1000 gallons      |
| Newport News | \$4.75/1000 gallons                                   | \$3.72/1000 gallons       | \$8.47/1000 gallons       |
| Portsmouth   | \$4.75/1000 gallons                                   | \$3.72/1000 gallons       | \$8.47/1000 gallons       |
| VA Beach     | \$4.41/1000 gallons                                   | \$3.69/1000 gallons(est.) | \$8.10/1000 gallons(est.) |
| Norfolk      | \$5.55/1000 gallons                                   | \$4.53/1000 gallons       | \$10.08/1000 gallons      |
| Chesapeake   | \$5.59/1000gallons                                    | \$5.31/1000 gallons       | \$10.90/1000 gallons      |
| HRSD         | N.A.  | \$4.40/1000 gallons       | \$4.40/1000 gallons       |

## EXHIBIT 1

**CITY OF WILLIAMSBURG  
WATER & SYSTEM OPERATIONS-CASH FLOWS**

|  | Fiscal Year Ending June 30: |                   |                   |                   |                   |                   |                   |
|--|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | 2012                        | 2013              | 2014              | 2015              | 2016              | 2017              | 2018              |
|  | Actual                      | Estimated         | Proposed          | Projected         | Projected         | Projected         | Projected         |
| Revenue under existing rates:                            |                             |                   |                   |                   |                   |                   |                   |
| Water  | 4,139,455                   | 4,200,000         | 4,200,000         | 4,200,000         | 4,221,000         | 4,242,105         | 4,263,316         |
| Sewer  | 1,440,225                   | 1,460,000         | 1,460,000         | 1,467,300         | 1,474,637         | 1,482,010         | 1,489,420         |
| <b>Total Revenue Under Existing Rates</b>                | <b>5,579,680</b>            | <b>5,660,000</b>  | <b>5,660,000</b>  | <b>5,667,300</b>  | <b>5,695,637</b>  | <b>5,724,115</b>  | <b>5,752,735</b>  |
| Additional Water Revenues:                               |                             |                   |                   |                   |                   |                   |                   |
|  | Rate                        | Proposed          | Months            |                   |                   |                   |                   |
|  | <u>Effective Date</u>       | <u>Increase</u>   | <u>Rate</u>       | <u>Effective</u>  |                   |                   |                   |
|  | July 1, 2013                | 0.00%             | \$4.55            | 12                | 0                 | 0                 | 0                 |
|  | July 1, 2014                | 0.00%             | \$4.55            | 12                | 0                 | 0                 | 0                 |
|  | July 1, 2015                | 0.00%             | \$4.55            | 12                | 0                 | 0                 | 0                 |
|  | July 1, 2016                | 0.00%             | \$4.55            | 12                | 0                 | 0                 | 0                 |
|  | July 1, 2017                | 0.00%             | \$4.55            | 12                | 0                 | 0                 | 0                 |
| <b>Subtotal, Additional Revenue from Increases</b>       |                             |                   |                   |                   | <b>0</b>          | <b>0</b>          | <b>0</b>          |
| <b>Total Revenue from User Charges</b>                   | <b>5,579,680</b>            | <b>5,660,000</b>  | <b>5,660,000</b>  | <b>5,667,300</b>  | <b>5,695,637</b>  | <b>5,724,115</b>  | <b>5,752,735</b>  |
| <b>Other Utility Income</b>                              | <b>364,626</b>              | <b>452,760</b>    | <b>401,040</b>    | <b>401,040</b>    | <b>401,040</b>    | <b>401,040</b>    | <b>401,040</b>    |
| <b>Total Operating Revenues</b>                          | <b>5,944,306</b>            | <b>6,112,760</b>  | <b>6,061,040</b>  | <b>6,068,340</b>  | <b>6,096,677</b>  | <b>6,125,155</b>  | <b>6,153,775</b>  |
| Operation and Maintenance Expenses                       |                             |                   |                   |                   |                   |                   |                   |
| Water and Sewer Expenses                                 | -5,257,917                  | -5,667,881        | -5,864,271        | -5,864,271        | -6,040,199        | -6,221,405        | -6,408,047        |
| Add back depreciation expense                            | 796,011                     | 845,000           | 845,000           | 845,000           | 845,000           | 845,000           | 845,000           |
| <b>Total Direct Operation &amp; Maintenance Expenses</b> | <b>-4,461,906</b>           | <b>-4,822,881</b> | <b>-5,019,271</b> | <b>-5,019,271</b> | <b>-5,195,199</b> | <b>-5,376,405</b> | <b>-5,563,047</b> |
| <b>Operating Income</b>                                  | <b>1,482,400</b>            | <b>1,289,879</b>  | <b>1,041,769</b>  | <b>1,049,069</b>  | <b>901,477</b>    | <b>748,750</b>    | <b>590,728</b>    |
| Add Interest Income-Operations                           | 29,772                      | 30,000            | 26,000            | 25,000            | 25,000            | 25,000            | 25,000            |
| <b>Net Income from Operations</b>                        | <b>1,512,172</b>            | <b>1,319,879</b>  | <b>1,067,769</b>  | <b>1,074,069</b>  | <b>926,477</b>    | <b>773,750</b>    | <b>615,728</b>    |
| Major Capital Improvements                               |                             |                   |                   |                   |                   |                   |                   |
| Capital Improvements Expenses                            | -439,975                    | -1,075,000        | -1,140,000        | -755,000          | -820,000          | -1,325,000        | -1,180,000        |
| <b>Balance - Fiscal Year Operations</b>                  | <b>1,072,197</b>            | <b>244,879</b>    | <b>-72,231</b>    | <b>319,069</b>    | <b>106,477</b>    | <b>-551,250</b>   | <b>-564,272</b>   |
| Newport News Water Agreement Expenses:                   |                             |                   |                   |                   |                   |                   |                   |
| Debt Service-Principal                                   | -566,536                    | -567,905          | -581,011          | -602,853          | -611,590          | -633,433          | -454,324          |
| Debt Service-Interest                                    | -299,278                    | -249,246          | -237,888          | -222,773          | -210,715          | -192,368          | -179,698          |
| Operating Costs/Purchase of Water                        | -3,229                      | -10,000           | -70,000           | -75,000           | -75,000           | -75,000           | -75,000           |
| <b>Total Water Agreement Expenses</b>                    | <b>-869,043</b>             | <b>-827,151</b>   | <b>-888,899</b>   | <b>-900,626</b>   | <b>-897,305</b>   | <b>-900,801</b>   | <b>-709,022</b>   |
| <b>Working Capital - Beginning of Year</b>               | <b>3,766,620 *</b>          | <b>3,969,774</b>  | <b>3,387,502</b>  | <b>2,426,372</b>  | <b>1,844,815</b>  | <b>1,053,987</b>  | <b>-398,064</b>   |
| <b>Working Capital - End of Year</b>                     | <b>3,969,774</b>            | <b>3,387,502</b>  | <b>2,426,372</b>  | <b>1,844,815</b>  | <b>1,053,987</b>  | <b>-398,064</b>   | <b>-1,671,358</b> |

\* Beginning working capital adjusted for proffered water tank - Riverside

**Assumptions:**

- 0.0% Growth in Water Consumption for FY 2014 and FY 2015
- 0.5% Growth in Water Consumption for FY 2016 thru FY 2018
- 3.0% Growth in Operating Expenses for FY2016, 2017, and 2018 and level expenses for FY2014 and 2015

## EXHIBIT 2

### CITY OF WILLIAMSBURG

### WATER & SYSTEM OPERATIONS-CASH FLOWS

|  | Fiscal Year Ending June 30: |                   |                   |                   |                   |                   |                   |
|--|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | 2012                        | 2013              | 2014              | 2015              | 2016              | 2017              | 2018              |
|  | Actual                      | Estimated         | Proposed          | Projected         | Projected         | Projected         | Projected         |
| Revenue under existing rates:                            |                             |                   |                   |                   |                   |                   |                   |
| Water  | 4,139,455                   | 4,200,000         | 4,200,000         | 4,200,000         | 4,221,000         | 4,242,105         | 4,263,316         |
| Sewer  | 1,440,225                   | 1,460,000         | 1,460,000         | 1,467,300         | 1,474,637         | 1,482,010         | 1,489,420         |
| <b>Total Revenue Under Existing Rates</b>                | <b>5,579,680</b>            | <b>5,660,000</b>  | <b>5,660,000</b>  | <b>5,667,300</b>  | <b>5,695,637</b>  | <b>5,724,115</b>  | <b>5,752,735</b>  |
| Additional Water Revenues:                               |                             |                   |                   |                   |                   |                   |                   |
|  | Rate                        | Proposed          | Months            |                   |                   |                   |                   |
| <u>Effective Date</u>                                    | <u>Increase</u>             | <u>Rate</u>       | <u>Effective</u>  |                   |                   |                   |                   |
| July 1, 2013   | 5.50%                       | \$4.80            | 12                | 231,000           | 231,000           | 231,000           | 231,000           |
| July 1, 2014   | 5.00%                       | \$5.04            | 12                | 0                 | 221,550           | 221,550           | 221,550           |
| July 1, 2015   | 5.00%                       | \$5.29            | 12                | 0                 | 0                 | 232,628           | 232,628           |
| July 1, 2016   | 5.00%                       | \$5.56            | 12                | 0                 | 0                 | 0                 | 245,309           |
| July 1, 2017   | 5.00%                       | \$5.83            | 12                | 0                 | 0                 | 0                 | 258,630           |
| <b>Subtotal, Additional Revenue from Increases</b>       |                             |                   |                   | <b>231,000</b>    | <b>452,550</b>    | <b>685,178</b>    | <b>930,486</b>    |
| <b>Total Revenue from User Charges</b>                   | <b>5,579,680</b>            | <b>5,660,000</b>  | <b>5,891,000</b>  | <b>6,119,850</b>  | <b>6,380,814</b>  | <b>6,654,601</b>  | <b>6,941,851</b>  |
| Other Utility Income                                     | 364,626                     | 452,760           | 401,040           | 401,040           | 401,040           | 401,040           | 401,040           |
| Add: Water Tank Proffer from Developer                   | 1,525,000                   |                   |                   |                   |                   |                   |                   |
| <b>Total Operating Revenues</b>                          | <b>5,944,306</b>            | <b>6,112,760</b>  | <b>6,292,040</b>  | <b>6,520,890</b>  | <b>6,781,854</b>  | <b>7,055,641</b>  | <b>7,342,891</b>  |
| Operation and Maintenance Expenses                       |                             |                   |                   |                   |                   |                   |                   |
| Water and Sewer Utility                                  | -5,257,917                  | -5,667,881        | -5,864,271        | -5,864,271        | -6,040,199        | -6,221,405        | -6,408,047        |
| Add back depreciation expense                            | 796,011                     | 845,000           | 845,000           | 845,000           | 845,000           | 845,000           | 845,000           |
| <b>Total Direct Operation &amp; Maintenance Expenses</b> | <b>-4,461,906</b>           | <b>-4,822,881</b> | <b>-5,019,271</b> | <b>-5,019,271</b> | <b>-5,195,199</b> | <b>-5,376,405</b> | <b>-5,563,047</b> |
| <b>Operating Income</b>                                  | <b>1,482,400</b>            | <b>1,289,879</b>  | <b>1,272,769</b>  | <b>1,501,619</b>  | <b>1,586,655</b>  | <b>1,679,236</b>  | <b>1,779,844</b>  |
| Add Interest Income-Operations                           | 29,772                      | 30,000            | 26,000            | 25,000            | 25,000            | 25,000            | 25,000            |
| <b>Net Income from Operations</b>                        | <b>1,512,172</b>            | <b>1,319,879</b>  | <b>1,298,769</b>  | <b>1,526,619</b>  | <b>1,611,655</b>  | <b>1,704,236</b>  | <b>1,804,844</b>  |
| Major Capital Improvements                               |                             |                   |                   |                   |                   |                   |                   |
| Capital Improvements Expenses                            | -439,975                    | -1,075,000        | -1,140,000        | -755,000          | -820,000          | -1,325,000        | -1,180,000        |
| <b>Balance - Fiscal Year Operations</b>                  | <b>1,072,197</b>            | <b>244,879</b>    | <b>158,769</b>    | <b>771,619</b>    | <b>791,655</b>    | <b>379,236</b>    | <b>624,844</b>    |
| Newport News Water Agreement Expenses:                   |                             |                   |                   |                   |                   |                   |                   |
| Debt Service-Principal                                   | -566,536                    | -567,905          | -581,011          | -602,853          | -611,590          | -633,433          | -454,324          |
| Debt Service-Interest                                    | -299,278                    | -249,246          | -237,888          | -222,773          | -210,715          | -192,368          | -179,698          |
| Operating Costs/Purchase of Water                        | -3,229                      | -10,000           | -70,000           | -75,000           | -75,000           | -75,000           | -75,000           |
| <b>Total Water Agreement Expenses</b>                    | <b>-869,043</b>             | <b>-827,151</b>   | <b>-888,899</b>   | <b>-900,626</b>   | <b>-897,305</b>   | <b>-900,801</b>   | <b>-709,022</b>   |
| <b>Working Capital - Beginning of Year</b>               | <b>3,766,620</b>            | <b>3,969,774</b>  | <b>3,387,502</b>  | <b>2,657,372</b>  | <b>2,528,365</b>  | <b>2,422,715</b>  | <b>1,901,150</b>  |
| <b>Working Capital - End of Year</b>                     | <b>3,969,774</b>            | <b>3,387,502</b>  | <b>2,657,372</b>  | <b>2,528,365</b>  | <b>2,422,715</b>  | <b>1,901,150</b>  | <b>1,816,972</b>  |

#### Assumptions:

- 0.0% Growth in Water Consumption for FY 2014 and FY 2015
- 0.5% Growth in Water Consumption for FY 2016 thru FY 2018
- 3.0% Growth in Operating Expenses for FY2016, 2017, and 2018 and level expenses for FY2014 and 2015

**CITY OF WILLIAMSBURG, VIRGINIA**  
**Fiscal Year 2014 Operating Budget**

**Debt Service**

**Computation of Legal Debt Margin (as of June 30, 2012)**

|  |              |                      |
|--|--------------|----------------------|
| Assessed Value of Real Estate<br>Subject to Taxation - June 30, 2012 |              | \$1,736,157,600      |
| Debt Limit: 10 Percent of Assessed Value*                            |              | \$173,615,760        |
| Total Bonded Debt  | \$15,440,738 |                      |
| Total Amount of Debt Applicable to Debt Limit                        |              | <u>\$15,440,738</u>  |
| Legal Debt Margin  |              | <u>\$158,175,022</u> |

\*Virginia statute limits bond issuing authority of Virginia cities to 10% of the assessed real estate value.  
The above calculation includes all debt secured by the full faith and credit of the City

**Summary of Debt Issues:**

| Bond: | Fund    | Purpose                           | Date          | Matures    | Interest Rate | Amount Issued |
|-------|---------|-----------------------------------|---------------|------------|---------------|---------------|
| 1     | Utility | Newport News Water Agreement      | October, 2010 | June, 2027 | 2.75%         | \$9,291,800   |
| 2     | General | Parking Garage (re-fi short term) | October, 2010 | June, 2027 | 2.75%         | \$1,343,200   |
| 3     | General | Parking Garage / School           | June, 2012    | June, 2020 | 1.31%         | \$5,180,000   |

**Debt Service by Fiscal Year:**

| Fiscal Year | Fund    | Principal Payments | Interest  | Total Debt Service |
|-------------|---------|--------------------|-----------|--------------------|
| 2011        | General | \$1,088,610        | \$326,357 | \$1,414,967        |
| 2013        | General | \$692,095          | \$140,391 | \$832,486          |
| 2014        | General | \$683,990          | \$152,188 | \$836,178          |
| 2015        | General | \$712,147          | \$126,003 | \$838,150          |
| 2016        | General | \$723,410          | \$113,635 | \$837,045          |
| 2017        | General | \$741,568          | \$92,333  | \$833,901          |
| 2018        | General | \$730,676          | \$77,502  | \$808,178          |
| 2019        | General | \$757,571          | \$50,331  | \$807,902          |
| 2020        | General | \$774,465          | \$35,307  | \$809,772          |
| 2021        | General | \$71,991           | \$19,412  | \$91,403           |
| 2022        | General | \$73,886           | \$17,253  | \$91,139           |
| 2023        | General | \$77,043           | \$14,000  | \$91,043           |
| 2024        | General | \$80,832           | \$10,533  | \$91,365           |
| 2025        | General | \$83,358           | \$7,919   | \$91,277           |
| 2026        | General | \$85,884           | \$5,229   | \$91,113           |
| 2027        | General | \$88,410           | \$2,652   | \$91,062           |

| Fiscal Year | Fund    | Principal Payments | Interest  | Total Debt Service |
|-------------|---------|--------------------|-----------|--------------------|
| 2011        | Utility | \$29               | \$392,311 | \$392,340          |
| 2013        | Utility | \$567,905          | \$249,245 | \$817,150          |
| 2014        | Utility | \$581,011          | \$237,888 | \$818,899          |
| 2015        | Utility | \$602,853          | \$222,773 | \$825,626          |
| 2016        | Utility | \$611,590          | \$210,715 | \$822,305          |
| 2017        | Utility | \$633,433          | \$192,368 | \$825,801          |
| 2018        | Utility | \$454,324          | \$179,699 | \$634,023          |
| 2019        | Utility | \$467,430          | \$166,069 | \$633,499          |
| 2020        | Utility | \$480,535          | \$151,106 | \$631,641          |
| 2021        | Utility | \$498,009          | \$134,288 | \$632,297          |
| 2022        | Utility | \$511,115          | \$119,347 | \$630,462          |
| 2023        | Utility | \$532,957          | \$96,850  | \$629,807          |
| 2024        | Utility | \$559,168          | \$72,867  | \$632,035          |
| 2025        | Utility | \$576,642          | \$54,781  | \$631,423          |
| 2026        | Utility | \$594,116          | \$36,171  | \$630,287          |
| 2027        | Utility | \$611,590          | \$18,348  | \$629,938          |

**Assessed Value of Taxable Property- Last Ten Fiscal Years**

| Fiscal Year | Real Estate   | Personal Property | Public Service Corporations: |                   | Total         |
|-------------|---------------|-------------------|------------------------------|-------------------|---------------|
|             |               |                   | Real Estate                  | Personal Property |               |
| 2004        | 1,117,426,100 | 68,635,038        | 53,151,294                   | 0                 | 1,239,212,432 |
| 2005        | 1,202,692,600 | 67,621,580        | 55,531,820                   | 17,388            | 1,325,863,388 |
| 2006        | 1,338,705,000 | 72,164,111        | 52,041,889                   | 0                 | 1,462,911,000 |
| 2007        | 1,547,651,600 | 71,871,600        | 51,334,159                   | 21,358            | 1,670,878,717 |
| 2008        | 1,803,239,200 | 70,304,080        | 52,220,912                   | 13,527            | 1,925,777,719 |
| 2009        | 1,851,350,800 | 76,702,715        | 51,598,088                   | 14,870            | 1,979,666,473 |
| 2010        | 1,891,045,000 | 73,274,874        | 57,063,079                   | 12,804            | 2,021,395,757 |
| 2011        | 1,827,509,200 | 74,745,531        | 58,838,278                   | 16,191            | 1,961,109,200 |
| 2012        | 1,736,157,600 | 74,858,716        | 58,529,832                   | 0                 | 1,869,546,148 |
| 2013        | 1,627,903,200 | 77,078,529        | 60,096,469                   | 3,450             | 1,765,081,648 |

**Ratio of Annual Debt Service Expenditures for G.O. Bonded Debt to Total General Governmental Expenditures - Last Ten Fiscal Years**

| Fiscal Year | Principal | Interest | Total Debt Service | Total General Governmental Expenditures | Ratio of Debt Service to Total General Governmental Expenditures * |
|-------------|-----------|----------|--------------------|---|--|
| 2001        | 788,000   | 323,094  | 1,111,094          | 25,544,970                              | 4.35%  |
| 2002        | 788,000   | 290,907  | 1,078,907          | 27,507,905                              | 3.92%  |
| 2003        | 908,000   | 361,125  | 1,269,125          | 32,029,353                              | 3.96%  |
| 2004        | 5,413,000 | 352,333  | 5,765,333          | 37,274,645                              | 15.47%   |
| 2005        | 918,000   | 437,444  | 1,355,444          | 31,518,436                              | 4.30%  |
| 2006        | 5,872,179 | 505,332  | 6,377,511          | 40,393,943                              | 15.79%   |
| 2007        | 992,425   | 554,257  | 1,546,682          | 43,943,851                              | 3.52%  |
| 2008        | 2,314,249 | 477,006  | 2,791,255          | 44,038,522                              | 6.34%  |
| 2009        | 1,036,704 | 377,798  | 1,414,502          | 40,852,067                              | 3.46%  |
| 2010        | 1,064,816 | 337,621  | 1,402,437          | 39,137,556                              | 3.58%  |
| 2011        | 1,388,610 | 326,357  | 1,714,967          | 37,643,699                              | 4.56%  |
| 2012        | 886,240   | 250,284  | 1,136,524          | 37,454,613                              | 3.03%  |

\* Fiscal Years 2004 and 2006 included debt principal payoff

**Property Tax Rates (per \$100 of valuation)**

| Fiscal Year | Real Estate | Personal Property | Personal Property Tax Relief Rate | Machinery & Tools |
|-------------|-------------|-------------------|-----------------------------------|-------------------|
| 2004        | 0.54        | 3.50              | 70.0%                             | 3.50              |
| 2005        | 0.54        | 3.50              | 70.0%                             | 3.50              |
| 2006        | 0.54        | 3.50              | 70.0%                             | 3.50              |
| 2007        | 0.54        | 3.50              | 70.0%                             | 3.50              |
| 2008        | 0.54        | 3.50              | 65.0%                             | 3.50              |
| 2009        | 0.54        | 3.50              | 60.0%                             | 3.50              |
| 2010        | 0.54        | 3.50              | 54.0%                             | 3.50              |
| 2011        | 0.54        | 3.50              | 58.0%                             | 3.50              |
| 2012        | 0.54        | 3.50              | 60.0%                             | 3.50              |



**Principal Employers- Current and Nine Years Ago**

| <b><u>Employer</u></b>                       | <b>2003</b>                         |                    |   | <b>2012</b>                         |                    |   |
|--|-------------------------------------|--------------------|---|-------------------------------------|--------------------|---|
|  | <b><u>Employees<sup>1</sup></u></b> | <b><u>Rank</u></b> | <b><u>Percentage of total City Employment</u></b> | <b><u>Employees<sup>1</sup></u></b> | <b><u>Rank</u></b> | <b><u>Percentage of total City Employment</u></b> |
| College of William & Mary                    | 1,000+                              | 1                  | 16.25%  | 1,000+                              | 1                  | 22.56%  |
| Colonial Williamsburg Foundation             | 1,000+                              | 2                  | 12.58%  | 1,000+                              | 2                  | 9.70%   |
| Colonial Williamsburg Company                | 1,000+                              | 3                  | 6.63%   | 1,000+                              | 3                  | 6.56%   |
| Williamsburg Community Hospital <sup>2</sup> | 500 to 999                          | 4                  | 4.88%   |                                     |                    |   |
| W-JCC Schools                                |                                     |                    |   | 250 to 499                          | 4                  | 1.93%   |
| Aramark                                      | 250 to 499                          | 5                  | 1.56%   | 250 to 499                          | 5                  | 1.67%   |
| City of Williamsburg                         | 100 to 249                          | 6                  | 1.25%   | 250 to 499                          | 6                  | 1.61%   |
| Williamsburg Hospitality House               | 100 to 249                          | 7                  | 0.63%   |                                     |                    |   |
| Red Lobster & The Olive Garden               | 100 to 249                          | 8                  | 0.63%   | 100 to 249                          | 7                  | 0.62%   |
| Walsingham Academy                           |                                     |                    |   | 100 to 249                          | 8                  | 0.62%   |
| Patrick Henry Inn                            | 100 to 249                          | 9                  | 0.63%   |                                     |                    |   |
| National Center for State Courts             | 100 to 249                          | 10                 | 0.63%   | 100 to 249                          | 9                  | 0.62%   |
| Outback Steakhouse                           |                                     |                    |   | 100 to 249                          | 10                 | 0.31%   |

<sup>1</sup> includes part-time and seasonal employees

<sup>2</sup> now Sentara Healthcare-relocated to neighboring York County in August 2006

**Unemployment Rate and Labor Force**

(Source, Virginia Employment Commission)

| <b>Year</b> | <b>Labor Force</b> | <b>Employed</b> | <b>Unemployed</b> | <b>Unemployment Percentage</b> |
|-------------|--------------------|-----------------|-------------------|--------------------------------|
| 2003        | 4,647              | 4,276           | 371               | 8.0%                           |
| 2004        | 4,669              | 4,319           | 350               | 7.5%                           |
| 2005        | 4,800              | 4,457           | 343               | 7.1%                           |
| 2006        | 4,815              | 4,533           | 282               | 5.8%                           |
| 2007        | 5,087              | 4,800           | 287               | 5.6%                           |
| 2008        | 5,338              | 4,879           | 459               | 8.6%                           |
| 2009        | 5,576              | 4,721           | 855               | 15.3%                          |
| 2010        | 6,109              | 5,216           | 893               | 14.6%                          |
| 2011        | 6,295              | 5,404           | 891               | 14.2%                          |
| 2012        | 6,274              | 5,433           | 841               | 13.4%                          |

**Land Area of Original City of Williamsburg and Subsequent Annexations**

| <b>Year</b> | <b>Description</b> | <b>Annexation Area (Sq. Miles)</b> | <b>Accumulative Area (Sq. Miles)</b> |
|-------------|--------------------|------------------------------------|--------------------------------------|
| 1722        | Original City      | 0                                  | 0.86                                 |
| 1915        | Annexation         | 0.11                               | 0.97                                 |
| 1923        | Annexation         | 0.48                               | 1.45                                 |
| 1941        | Annexation         | 1.66                               | 3.11                                 |
| 1964        | Annexation         | 2.06                               | 5.17                                 |
| 1984        | Annexation         | 3.88                               | 9.05                                 |

**Demographic and Economic Statistics,  
 Last Ten Fiscal Years**

| <b>Fiscal Year</b> | <b>City Population</b> | <b>Area Population<sup>2</sup></b> | <b>Personal Income (thousands of dollars)<sup>2</sup></b> | <b>Per Capita Personal Income<sup>2</sup></b> | <b>Public School Enrollment<sup>3</sup></b> | <b>Unemployment Rate<sup>1</sup></b> |
|--------------------|------------------------|------------------------------------|---|---|---|--------------------------------------|
| 2003               | 13,288                 | 66,802                             | 2,515,632   | 38,389  | 8,959                                       | 8.0%                                 |
| 2004               | 13,438                 | 69,198                             | 2,793,123   | 40,974  | 9,402                                       | 7.5%                                 |
| 2005               | 13,344                 | 71,560                             | 2,952,937   | 41,692  | 9,820                                       | 7.1%                                 |
| 2006               | 13,411                 | 73,879                             | 3,289,020   | 44,480  | 10,105                                      | 5.9%                                 |
| 2007               | 13,416                 | 75,912                             | 3,641,841   | 47,825  | 10,137                                      | 5.6%                                 |
| 2008               | 13,574                 | 77,367                             | 3,985,612   | 51,274  | 10,248                                      | 8.6%                                 |
| 2009               | 13,758                 | 78,755                             | 3,797,197   | 47,581  | 10,503                                      | 15.3%                                |
| 2010               | 14,068                 | 81,077                             | 4,020,593   | 49,355  | 10,549                                      | 14.6%                                |
| 2011               | 14,256                 | 83,130                             | 4,316,358   | 52,228  | 10,671                                      | 14.2%                                |
| 2012               | 14,503                 | 84,049                             | n/a   | n/a   | 10,748                                      | 13.4%                                |

<sup>1</sup> Virginia Employment Commission

<sup>2</sup> Source - Weldon Cooper Center; U.S. Dept of Commerce, Bureau of Economic Analysis, Regional Accounts Data - income & area population figures based on figures for the City of Williamsburg and neighboring James City County combined

<sup>3</sup> Source - Williamsburg-James City County Public Schools - Sept 30th figures

**Miscellaneous Statistics - June 30, 2012**

|   |                 |
|---|-----------------|
| Date Established by Virginia General Assembly | 1699            |
| Date of Incorporation by Royal Charter        | 1722            |
| Form of Government since 1932                 | Council-Manager |
| Population (2000 U.S. Census)                 | 11,998          |
| Population (2010 U.S. Census)                 | 14,068          |
| Population (2011)*                            | 14,256          |
| Area  | 9.05 Sq. Miles  |
| Miles of Streets                              | 50.02           |
| Number of Traffic Signals                     | 15              |
| Fire Protection:                              |                 |
| Number of Stations                            | 1               |
| Firemen: full-time                            | 36              |
| volunteer                                     | 30              |
| Police Protection                             |                 |
| Number of Stations                            | 1               |
| Sworn Officers                                | 36              |
| Education:                                    |                 |
| Schools (owned by joint school system)        |                 |
| Grades:                                       |                 |
| K-5   | 9               |
| 6-8   | 3               |
| 9-12  | 3               |
| Recreation:                                   |                 |
| Number of Parks                               | 4               |
| Number of Ball Fields                         | 6               |
| Number of Tennis Courts                       | 10              |
| Number of Total Acres                         | 2,036           |
| Culture:                                      |                 |
| Number of Public Libraries (Regional)         | 2               |
| Number of Volumes - June 2012                 | 345,667         |
| Number of Patrons - June 2012                 | 48,421          |
| Number of Items Circulated - FY 2012          | 1,218,469       |
| Municipal Water Department                    |                 |
| Number of Residential Connections             | 3,651           |
| Number of Commercial Connections              | 921             |
| Average Daily Consumption (gallons FY 2012)   | 2,717,000       |
| Miles of Water Distribution                   | 48              |
| Number of Water Tanks                         | 6               |
| Municipal Employees                           | 183.5           |
| Number of Hotels & Motels                     | 48              |
| Number of Bed & Breakfasts                    | 33              |
| Number of Restaurants                         | 89              |

\* Weldon Cooper Center for Public Service

**Accounting System** - The total set of records and procedures which are used to record, classify, and report information on the financial status and operations of the City.

**Accrual Basis of Accounting** - The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at that time) and expenditures are recorded when goods and services are received (whether cash disbursements are made at that time or not).

**Account Number** - A numerical code identifying Revenues and Expenditures by Fund, Department, Activity, Type and Object.

**Activity** - One of the tasks, goals, etc., of a departmental program.

**Allocate** – To set apart or earmark for a specific purpose

**Appropriation** - An authorization granted by the City Council to make expenditures and to incur obligations for purposes specified in the budget.

**Assessment** – The value set by the City Assessor annually for a particular real property in the City.

**Balance Budget** – The City Manager annually proposes, and the City Council adopts, a budget or financial plan for the upcoming year in which the revenues available (including any available fund balance from prior years) match or exceed the projected expenditures.

**Budget** - A comprehensive plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. The City's annual budget is established by City Council with a budget resolution.

**Budget Revision** - A formal change in the total amount of budgeted expenditures during a fiscal year by action of City Council.

**Budget Transfer** - A formal transfer from one activity [usually a departmental line item] to another, without changing a department's budget total. Transfers are approved at the City Manager level, and do not require action by City Council.

**Capital Equipment** - An expenditure for a fixed asset that has an expected life of more than (1) year and the cost of which is in excess of \$20,000. Capital items include office equipment, furniture, computers, etc.

**Capital Improvement** - New or expanded physical facilities for the community that are of relatively large size, are relatively expensive, and permanent in nature. For example: street improvements, sidewalks, bridge rehabilitation, buildings, park improvements, and City vehicles. Capital improvements are accounted for in either the Sales Tax Fund for general improvements, or the Utility Capital Improvement Fund for water and sewer related projects.

**Carryover** – Refers to the process of transferring specific funds and obligations previously approved by City Council from the end of one fiscal year to the next fiscal year. City policy is to use this process only for capital projects.

**Constitutional Offices** – The offices or agencies directed by elected officials whose positions (Sheriff, Treasurer, Commissioner of the Revenue, etc.) are established by the Constitution of the Commonwealth of Virginia or its statutes.

**Contingency Account** - A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted for.

**Contractual Service** - An expenditure for services performed by a non-employee. For example: computer, building, and copy machine maintenance, special studies, etc.

**Debt Service** – Principal and interest that the City pays on funds borrowed for capital projects.

**Department** - The Department is the primary administrative unit in City operations. Each is directed by a department head. Departments are generally composed of divisions of activities which share a common purpose.

**Depreciation** - (1) Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence; (2) that portion of the cost of a capital asset which is charged as an expense during a particular period.

**Enterprise Fund** - Used to account for the financing of services where all or most of the operating expenses involved are recovered in the form of charges to users of such services.

**Expenditure** - An expenditure is a decrease in net financial resources for the governmental funds. This includes current operating expenditures requiring the present or future use of current assets.

**Expense** - The same as above when applied to a fund accounted for on an accrual basis, such as the City's Utility Fund.

**Fiscal Year** - The twelve month period on which the City operates its financial affairs. The City of Williamsburg's fiscal year is July 1 through June 30.

**Fixed Asset** - An expenditure for a good that has an expected life of more than (1) year and the cost of which is in excess of \$5,000. Capital items include real property, office equipment, furnishings and vehicles.

**Fund** - A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

**Fund Balance** - The equity of a fund, oftentimes incorrectly referred to as "surplus". It is the difference between a fund's assets and liabilities. Fund Balance is calculated by taking the beginning balance as of the beginning of the fiscal year, adding in all revenues received during the year, and deducting the year's expenditures. It is available to support the spending needs of the fund if necessary.

**General Fund** – The fund type that accounts for the daily operations of the City, supported by local taxes, fees, and State revenues. It is the largest fund in the City's budget.

**Infrastructure** - Roads, bridges, curbs and gutters, streets, sidewalks, drainage systems and lighting systems installed for the common good.

**Line Item** - An individual expenditure (or expense) category listing in the budget (salaries, supplies, etc.)

**Modified Accrual Basis of Accounting** - (a) Revenues are recognized in the accounting period in which they become available and measurable and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and certain similar accrued obligations, which should be recognized when due.

**Pay-As-You-Go** - Refers to the method of financing capital projects from savings or normal cash flow. This requires annual appropriation of existing resources without the need to borrow funds.

**Personal Property** – A category of property identified for purposes of taxation in Virginia. It is comprised of personally owned vehicles, as well as corporate property and business equipment. Examples include automobiles, motorcycles, trailers, boats, airplanes, business furnishings, and manufacturing equipment.

**Real Property** – Real estate, including land and improvements, classified for purposes of assessment.

**Retained Earnings** - The total earnings of an enterprise fund (in governmental accounting) since the establishment of the fund. The amount is adjusted by the fund income less expenses - on a full accrual basis of accounting.

**Revenue** – The yield of sources of income that the City of Williamsburg collects and receives into the treasury to pay for public services. Taxes, fees for services and grants are sources of revenue, for example.

**Sales Tax Fund** - This fund accounts for the scheduled major capital improvements for the upcoming year. Williamsburg also refers to this as the General Capital Improvements Program, and is supported exclusively by 1% retail sales tax revenues returned to the locality from the Commonwealth of Virginia, and interest earnings.

**Supplemental Appropriation** – An increase to a department's budget (spending authority) approved by City Council during the course of the fiscal year. It generally involves appropriation of a grant or other outside revenue.

**Surplus** - The excess of revenues over expenditures for a fund during a fiscal year.

**Taxes** - Compulsory charges levied by a government, school, sewer or other special district for the purpose of financing services performed for the common benefit.

**Tax Base** – The total market value of real property (land, buildings, and related improvements), public service corporation property, and personal property (cars, boats, and business tangible equipment) in the City.

**Tax Levy** - The total amount to be raised by either real or personal property taxes.

**Tax Rate** - The amount of taxes levied for each \$100 of assessed valuation, either real or personal property.

**Transfer** - A transfer is a movement of monies from one fund, activity, department, or account to another. This includes budgetary funds and/or movement of assets.

**Working Capital** – Current assets less current liabilities. This measure indicates the relatively liquid portion of total enterprise fund capital, which constitutes a margin or buffer for meeting obligations.

**Workload Measures** – Represent the numerical inputs, outputs and/or outcomes of City operating programs.

**Commonly Used Governmental Acronyms:**

**BPOL** - Business, Professional and Occupational License Tax, administered by the Commissioner of the Revenue.

**CDBG** – Community Development Block Grant program, funded by the U.S. Dept of Housing & Urban Development (HUD). These grant funds are used in the City to improve housing, neighborhoods, and economic conditions of the City’s low and moderate income residents. The City works exclusively with the Williamsburg Redevelopment & Housing Authority (WRHA), as the agency receives Federal funds directly for CDBG projects.

**CIP** – Capital Improvement Program – a five-year plan for capital projects, with the first year of the plan appropriated by City Council by budget resolution.

**CSA** – Comprehensive Services Act for Youth and Families

**FY** – Fiscal Year – City’s FY begins July 1<sup>st</sup> each year.

**GAAP** – Generally accepted accounting principals. Uniform minimum standards for financial accounting, recording, and reporting purposes.

**GASB** – Governmental Accounting Standards Board – A non-profit organization organized in 1984 as an operating entity of the Financial Accounting Foundation (FAF) to establish standards of financial accounting and reporting for state and local governmental entities.

**GFOA** – Government Finance Officers Association of the United States and Canada. The purpose of the GFOA is to enhance and promote the professional management of governments for the public benefit.

**FTE** - Full-Time Equivalent - The percentage of time a staff member works represented as a decimal. A full-time authorized staff position is 1.00, equating to 2,080 hours of work per year (2,912 for uniformed firefighters) a half-time person is .50 and a quarter-time person is .25.

**I T** – Information Technology, a department responsible for the City’s current and future technology requirements, including local area network and infrastructure, computer hardware, software, maintenance, and replacement plan, voice, video, security, and disaster recovery.