

# County Eyes More Taxes, Fees

## Property Owners Would Pay More In FY2018 Plan

By NOLAN STOUT Daily News-Record

**HARRISONBURG** — Rockingham County property owners will pay more in taxes and fees under the draft spending plan for the upcoming fiscal year.

The proposed \$377.6 million budget for fiscal 2018, which begins July 1, includes a 4 cent hike in real estate taxes and 10 cents for personal property taxes, and, for some residents, hikes in water and sewer fees.

County officials discussed the proposal in a meeting with the media Tuesday.

The budget is 4.6 percent larger than the \$360.9 million budget as adopted for fiscal 2017, but slightly smaller than the amended budget, which is \$379.2 million.

“A significant amount of [the 2018 budget] is for schools,” County Administrator Stephen King said.

Rockingham County Public Schools asked for a \$4 million increase in local funds for the upcoming fiscal year. The county’s proposed budget includes \$1 million less than the \$63.4 million requested by the division.

The county provides about half the division’s proposed \$138.1 million budget. State and federal money generally account for the rest of the RCPS’ spending plan.

Among the big-ticket items for the school system are a 2 percent salary increase for all employees, an additional raise for teachers with more than 10 years experience, the digital conversion initiative, three construction projects and engineering for two others.

Schools Superintendent Carol Fenn said in a phone interview Tuesday the division was still considering ways to cut costs.

“The School Board at this time is continuing to take a look at our budget and take a look at where they want to cut,” she said, adding it was unclear where cuts would be made.

### **Tax Increases**

The increase in real estate taxes would bring the levy to 74 cents per \$100 of assessed value, its highest point since 2000. It’s also the second straight year of an increase after three years of a stagnant rate. The current rate is 70 cents per \$100 of assessed value.

For a home valued at \$200,000, the change would amount to an additional \$40 per tax bill.

The increase is expected to generate about \$3 million in additional revenue.

The budget proposes increasing the personal property tax rate by 10 cents to \$3, which if approved, would be the second year the rate has increased.

Including tax relief from the state, owners of a \$10,000 car would see their bill go up by \$11.30 a year. On a \$25,000 car, the tax would increase \$32.20.

The change will generate about \$500,000 in additional funds, according to the county.

A smaller increase was applied to the personal property tax because revenue has steadily increased, as opposed to stagnant real estate revenue.

“There has been growth in the personal property,” King said. “People are buying more cars.”

The budget also includes an increase in monthly water and sewer rates for the Three Springs sanitary district. The district covers McGaheysville and, if the budget is approved, would adsorb the Penn Laird Sewer Authority.

The base rate for water up to 3,500 gallons used would jump \$1 to \$12.50. The rate per 1,000 gallons used between 3,500 and 5,000 gallons would increase by \$1.22 to \$3.80.

The budget proposes a constant rate per 1,000 gallons used over 3,500, rather than the current fee schedule, which charges a higher rate for water used over 5,000 gallons.

“It unnecessarily complicated the equation,” King said, adding “we felt like there should be a minimum.”

The spending plan also proposes changing the fees for sewer usage.

Residents are now only charged after using 1,000 gallons. The proposal sets a minimum sewer rate of \$6 for less than 999 gallons. The cost for sewer used over 1,000 gallons would increase six cents to \$5.15 per 1,000 gallons.

King said the average household uses 5,000 gallons per month, which translates to about a \$3 per monthly bill increase and about \$38 more per year.

### **Budget Gap**

The tax increases were necessary to cover a \$6 million gap between revenues and expenditures, Finance Director Trish Davidson said.

The county cut some funding requests to reduce spending, but still plans to pull about \$2.9 million from reserve funds to cover the revenue gap.

Among the cuts was a reduction in the sheriff's office request for nine new vehicles to six; and elimination of \$1 million for construction of a new emergency response station around the intersection of Port Republic and Stone Spring roads.

King said officials haven't decided where to put the facility or what the building will include, which factored into the decision to remove funding. If the county decides to move forward with the project during the next fiscal year, King suggested it be financed through a loan.

Several positions were also removed from the budget, including deputy county administrator. The position has been vacant since King took over for former County Administrator Joe Paxton in July.

King said officials tried to reduce the revenue gap as much as possible to lessen the impact of a tax increase.

"The board agonized — still is agonizing — over this increase," he said. "It's not something that they wanted to do. It's definitely not something that we wanted to propose."

## **Expenditures**

King said the budget doesn't include many large projects or expenditures, but it does contain a few construction items.

Among them is the county's portion of the Reservoir Street widening project.

Crews will expand the two-lane street between the city limits and Stone Spring Road to four lanes with a median.

The county expects to seek construction bids this month for the \$4.8 million project. Davidson said most of the funding already has been set aside, with some additional revenue allocated in the budget.

Also included is a project to replace aging water lines in McGaheysville.

Most of the area's lines were built in the 1960s, and the county plans to replace them at a cost of \$6.1 million.

The county started replacing a portion of the lines after one broke near the intersection of U.S. 33 (Spotswood Trail) and Judy Lane last month.

The budget includes \$600,000 to upgrade pumps at the Three Springs water plant as part of the project.

The county also plans to seek engineering and design work for the project and replacing lines from Power Dam Road to Resort Drive this spring.

Funding for the project comes from the water and sewer fund, which is financed through the rate increases.

King said the budget also includes state and private funding for a turn lane on U.S. 33 from Stone Spring Road to Massanetta Springs Road.

Other expenditures include:

- \$1.8 million for a 2 percent salary increase for all employees.
- A \$1 million increase in contributions to the Virginia Retirement System.
- \$1 million for the first part of an upgrade to the Rockingham County Jail's heating and air-conditioning system.
- \$155,000 for a school resource officer for Broadway High School and the addition of a K-9 sheriff's deputy.
- \$230,000 for a new tanker for the McGaheysville Fire Department and an ambulance costing \$235,000. The county has applied for a grant that would cover half the cost of the ambulance.
- Federal funding for nine new fire and rescue positions — six personnel at Hose Company No. 4's Rock Street station in Harrisonburg and three at the Bridgewater Volunteer Fire Company station. King's letter to the Board of Supervisors notes the funding will end in December 2018 and the county will be responsible for the cost of the positions.
- \$1.5 million for the Harrisonburg-Rockingham Emergency Communications Center's computer aid dispatch and data management project. King said the data management portion of the project will gather information on inmates at the Rockingham County Jail, the lack of which Commonwealth's Attorney Marsha Garst has said is hindering efforts to reduce overcrowding at the Rockingham County Jail.

Harrisonburg is expected to budget a similar amount for the project.

“If you look at education and public safety, those are the two overriding factors in this budget,” Davidson said.

The budget anticipates a \$400,000 increase in sales tax revenue, \$100,000 in meals tax and \$224,570 in building permit fees based on increased development southeast of the city.

A public hearing on the budget is scheduled for 6 p.m. during the April 12 Board of Supervisors meeting at the County Administration Center, 20 E. Gay St. The board is expected to vote on the budget at its April 26 meeting.