BOARD OF SUPERVISORS
STAFFORD, VIRGINIA
MINUTES
Budget Work Session
March 16, 2021

Call to Order A Budget Work Session of the Stafford County Board of Supervisors was called to order by Crystal Vanuch, Chairman, at 1:13 p.m., on Tuesday, March 16, 2021 in the Board Chambers George L. Gordon, Jr., Government Center, 1300 Courthouse Road, Stafford, VA.

Roll Call The following members were present: Crystal Vanuch, Chairman; Cindy C. Shelton, Vice Chairman (arrived at 1:20 p.m.); Tinesha O. Allen; Meg Bohmke; Thomas C. Coen; L. Mark Dudenhefer; and Gary F. Snellings (arrived at 1:25 p.m.). Mr. Dudenhefer participated in the meeting via WebEx.

Also in attendance were: Frederick J. Presley, County Administrator; Michael Smith, Deputy County Administrator; Donna Krauss, Deputy County Administrator; Rysheda McClendon, County Attorney; Andrea Light, Budget Director; Cheryl Giles, Deputy Clerk; Julia Holmes, Assistant Deputy Clerk; associated staff and other interested parties.

Ms. Vanuch welcomed Ms. Light who began the work session. Mr. Coen asked if a vote was required to allow Mr. Dudenhefer's virtual participation in the meeting. Ms. McClendon confirmed that it was needed. Mr. Coen motioned. Ms. Bohmke seconded. The motion carried 5 to 0. Ms. Light began by outlining the work session's agenda. Ms. Light briefly discussed the American Rescue Plan Act of 2021 and noted that $326 Billion was coming to local and State funds. She said that $65.1B would be going to counties based on population. Ms. Light reported that Stafford County anticipated receiving $29.6M with a deadline to spend by December 31, 2024. She explained that the funds would be provided in two tranches; the first within 60 days, and the second in 12 months. She added that the Schools expected to receive $15.7M, with $3.1M to address learning loss. She then outlined initial data on allowable and prohibited uses. Ms. Light stated that staff sought guidance from the Board on how to use the funds to further their Strategic Plan Goals. She said that staff would meet to provide a process of funding requests, review, and scoring. She added that school and County funds would require public hearing as well as budget and appropriation by the Board. Mr. Coen asked if the funding to the schools came through the County first. Ms. Light replied that the money had to be appropriated by the Board of Supervisors prior to spending. Ms. Light then discussed updates from the Virginia Department of Education's direct aid templates. She noted that Stafford County Public Schools anticipated receiving $5.7M over the Superintendent and School Board's budget and a 5% raise for all school employees.

Ms. Light presented General Fund Changes to the proposed budget. She reported that the first change was to the Compensation Board funding due to anticipated revenues being in excess of the proposed budget by $169K. She then spoke on expenditure changes which included $23K in library savings and updated Health Insurance costs which were below the FY2022 proposed budget from Anthem. Ms. Bohmke asked what the $29M from the American Rescue Plan Act could be used for. Ms. Light replied that the Department of the Treasury had not produced any guidance, and the Act provided very little guidance. Ms. Light continued that the funds could be used to respond to the public health emergency, revenue replacement except for administrative acts that would have reduced revenue, water, sewer, broadband, funding to private and non-profit transportation of cargo or passengers of state or local government, and workers performing essential work and premium pay. Ms. Bohmke asked for more clarification on anticipated uses of the funding. Ms. Light said that staff was just waiting for the Department of the Treasury. Ms. Vanuch spoke about the potential guidance timeline.

Ms. Bohmke asked if the money needed to be returned if not used for the delineated purposes. Ms. Light replied that was correct. Ms. Bohmke said she would be interested in a conversation about using the funds for the County's aging water and sewer infrastructure. Mr. Coen agreed with Ms. Bohmke's comments and added that he would be interested in a discussion about applying the funds toward road infrastructure. Ms. Light stated that staff had looked at Utilities revenue loss and what could potentially be replaced with this funding. Ms. Allen inquired if money for the Capital Projects Fund was included as a part of this funding. Ms. Light replied that there were capital projects funds that would be delineated to the State. She explained that staff would have to wait to see how the State would spread the funds out and what the processes would look like. Ms. Bohmke asked if infrastructure applied to water and sewer or only broadband. Ms. Light replied all three.

Mr. Towery, Chief Public Works Officer began his presentation on the Utilities FY2022 CIP and Budget by outlining the topics of discussion. Mr. Towery provided a recap of the Benchmarking Study which revealed that the renewal and replacement rate was below the bottom of the 25th percentile. He added that the planned maintenance ratio was low as well. He spoke about high retirement eligibility and potential knowledge loss. He also noted the need for GIS, IT, Recruitment, Finance, and Legal support. Mr. Towery then spoke about departmental impacts from COVID-19. He then provided a 2021 recap and noted a continued 2% growth and stated that the system continues to expand at a rapid rate. He spoke about 3R concerns, and emergency expenditures to address aging infrastructure. He discussed staff going above and beyond throughout the pandemic and highlighted that 100% operations had been maintained, and that there were no disruptions to service. Mr. Towery then spoke about additional achievements. He then discussed CARES Act funding uses.

Mr. Towery proceeded to speak about FY2022 Recover, Restore, Realign initiatives. He explained that the focus was on 3R, Personnel, and the Capital Improvement Plan. Mr. Towery then provided highlights of the first five years of the Utilities CIP which had a proposed $127M in spending focusing on economic development and growth and CIP spending associated with 3R. Mr. Towery presented a map that outlined the key County water projects to be worked on over the next five years. He discussed wastewater pipeline projects and Little Falls Wastewater Treatment Facility upgrades.

Mr. Towery then discussed FY2022 position requests. He stated that the benchmarking study revealed that industry standards were not being met in personnel. The requested positions included previous FY2021 requests which were a Property Acquisition Specialist, an Asset Program Manager, and a Recruitment and Training Specialist. Position requests for FY2022 included a GIS Technician, a Civil Engineer, and Accounting Technician, a Pre-Treatment Inspector, and a Water Sampler. Mr. Towery then reviewed Five Year plan projections within the Utilities Fund. He then provided a budget summary of revenues and expenses.

Mr. Towery addressed the proposed 3% FY2022 Utilities rate increase. He stated that a typical residence would see a monthly increase of $2.71. Mr. Towery then provided data on peer locality utility rates. He gave additional rate perspective by reviewing a national water and sewer index comparison. Mr. Towery then reviewed his presentations topics and asked for Board feedback on the proposal. Ms. Vanuch reminded the Board that they would be voting to advertise the public hearings for the rate increases at the evening's meeting. She stated that Mr. Towery was proposing a 3% rate increase. She asked if that was 2% below the water and sewer average. Mr. Towery said that Stafford was well within, if not below, the industry average.

Ms. Bohmke asked where the funds for the new Little Falls Facility design were coming from. She then asked what the $5.3M in FY2024 was and if the $26M would be issued all at one time, or in tranches. Mr. Towery replied that there was more than Little Falls, and that there were additional projects on Falls Run and 342 which were all projects to deliver water and sewer. He said that the new Little Falls was expected to be ready for bid next Spring. He said funding for that project would start at the beginning of FY2023. He explained that the bonds were for construction. Ms. Bohmke asked where the design was being paid for out of the budget. Mr. Towery replied that it was already funded in prior year funds. Mr. Coen requested an analysis of the increased utility rate on the out years in five year financial planning. Ms. Vanuch said that with no additional questions, that it looked like the Board would be advertising at the 3% rate.

Mr. Towery then began the FY2022-31 Transportation Budget and Capital Improvement Plan presentation and outlined the agenda topics. Mr. Towery then provided a Transportation Funds overview and referred the Board to pages 287-292 of the budget book. He spoke about revenues and expenditures within the Transportation Fund, County-Wide Impact Fee Fund, Garrisonville

Service District, and the Warrenton Road Service District. Mr. Towery discussed Transportation Impact Fees and stated that there were estimated revenues of $750K from the fees that would be transferred to the Transportation Fund to repay impact fee projects. He reported that a County-wide Impact Fee study was still being worked on. He said that the desire was to do a conjoined Transportation Master Plan and Impact Fee study. He stated that the County was planning on collaborating with the TPB to bring forth a robust study and model to be delivered in the FY2023 timeframe. Mr. Towery then reported on the Garrisonville Road Service District. He stated that there was no change in the tax rate. He then spoke about continued support of debt service, the Flatford sidewalk construction phase, and the Staffordboro design phase within the Service District.

Mr. Towery began discussion of the FY2022-2031 non-bond projects and referred the Board to page 482 in the budget book. He stated that in a nutshell, the projects that he was highlighting were funded without non-revenues. He said they were being funded through a combination of the General Fund, PRO, and State and Federal funds. He highlighted the Butler Road STAR Study, Emergency Access Drive, and the Brooke Road Reconstruction. Mr. Towery then presented a table of FY22-31 Bond Projects. He continued by summarizing CIP adjustments from since January 19, 2021. Mr. Towery then spoke about key CIP issues and risks and emphasized funding and stable revenue sources as the primary issues.

Mr. Towery reviewed the proposed personnel requests which included two additional Project Managers in FY2022, a Property Acquisition Specialist, and a Project Manager in FY23. He spoke about the need for additional staffing to meet increased workload and that additional CIP projects would require additional funding and personnel. Mr. Towery gave a budget summary of FY2022 operations and capital. He then discussed the transportation funding strategy and reported that staff recommended modifications in CY2021 to include: adjustment assessment ratio to 50%, eliminate the Motor Vehicle License Fee, and an increase in the personal property tax rate in FY2022. Ms. Vanuch asked how much revenue the County gains on the MVLF. Ms. Light replied $3.2M. Ms. Vanuch began to poll the Board on the removal of the MVLF. Mr. Coen stated that he was in favor of it. Ms. Shelton was undecided and wanted to discuss it in conjunction with the effective tax rate. Ms. Bohmke said that she was undecided, but was not in favor because of concerns over personal property tax going up. Mr. Snellings said he did not want to commit until there were public hearings. Ms. Vanuch asked if he was okay sending it to public hearing. He replied yes. Ms. Allen agreed with Mr. Snellings. Mr. Dudenhefer was okay with sending the item to public hearing. Ms. Vanuch summarized that the Board was in favor of sending the item to public hearing, but would need additional discussion about its relation to the effective tax rate.

Mr. Towery spoke about an amendment to the financial policies to align with the Board's Strategic Plan priority to develop a comprehensive funding strategy to establish a dependable revenue source. He stated that as a part of the budget, the Board would be asked to approve the financial policies. Mr. Towery asked for the Board's direction on the amendment. Ms. Vanuch asked if any Board members had an issue with the proposal. No comments were brought forward. Mr. Towery remarked that concluded his presentation. Ms. Vanuch asked if there were any additional questions. Ms. Bohmke asked if what had been reported at FAMPO, that there would not be additional revenue sharing until FY2027-28, was correct. Mr. Towery replied that was correct. He explained that VDOT stated that FY2021-22 funds would now be received in FY2025-26, and the next round of applications would be for FY2027-28. He said that effectively, VDOT skipped FY2021-24, which equated to \$20M. Ms. Bohmke asked where that money was diverted to and what the reasoning was. Mr. Towery replied that the reasoning was unclear, but seemed to be a response to COVID-19. Ms. Shelton mentioned that there were conversations about taking the revenue sharing down further. She spoke about the need for additional transportation positions due to the increased number of projects. Mr. Towery responded that in meeting with VDOT, they expressed concern about the County's ability to complete projects without sufficient staffing.

Ms. Light began the last section of the budget work session to cover service districts and other funds. Ms. Light reviewed the Lake Carroll Service District and noted no change in the proposed tax rate, repayment of loans in FY2022, and a construction contract for the Lake Carroll dam to be bid in March 2021. She then spoke about the Lake Arrowhead Service District which proposed a tax rate of \$0.084 per \$100 of assessed valuation. She stated that their loan amount and operating costs were going down slightly. Ms. Light reported no change to the Lynhaven Lane and Hidden Lake Service District tax rates. Ms. Light then spoke about Board consideration of budgeting and appropriating funds from the Armed Services Memorial which still receives revenue from sale of memorial bricks. She then discussed funds received from asset forfeiture and tourism. Ms. Light concluded the presentation and asked the Board if they thought the tentative work session on Thursday, March 18 was needed.

Mr. Coen asked Ms. Light to check in with Anthony Toigo, Constituent and Legislative Affairs Officer about asset forfeiture in regards to the Legislative Committee. Ms. Vanuch asked the Board if they felt the Thursday work session was needed. Ms. Light stated that the next work session would be for the CIP on Tuesday March 23 followed by a series of as needed work sessions. Ms. Vanuch polled the Board about the March 18 work session. Ms. Allen said the March 18 work session was not needed and to wait for the March 23 CIP work session. Mr. Coen stated that he would wait for the 23rd. Ms. Shelton said that she always liked another work session. Ms. Bohmke stated that she felt the March 18 work session was needed. Mr. Dudenhefer said he personally felt that another work session was not needed, but that he would vote with the majority of the Board. Ms. Vanuch stated that the Board would wait until after the evening's 7:00 p.m. session to determine whether the March 18 work session was needed.

Adjournment At 2:19 p.m., Chairman Vanuch adjourned the March 16, 2021 Stafford County Board of Supervisors budget work session.

Frederick J. Presley
County Administrator

Crystal L. Vanuch
Chairman