BOARD OF SUPERVISORS
STAFFORD, VIRGINIA
MINUTES
Budget Work Session
March 18, 2021

Call to Order A Budget Work Session of the Stafford County Board of Supervisors was called to order by Crystal Vanuch, Chairman, at 2:00 p.m., on Tuesday, March 18, 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; Meg Bohmke; Thomas C. Coen; L. Mark Dudenhefer; and Gary F. Snellings. Mr. Dudenhefer participated in the meeting via WebEx. (joined at 2:15 p.m.);

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.

Mr. Presley began the work session by stating that the purpose of the meeting was to provide the Board with a review of the advertised tax rates, and options to adjust the General Fund Budget. He stated that the focus would be on a review of advertisement actions, and General Fund Expenditure opportunities. Mr. Presley then reviewed his budget priorities to include Core Capacity staffing in Human Resources, IT Security and Infrastructure, Operational Investments, and Financial Requirements. He added that in regards to compensation, a 2% Scale adjustment for all staff, continuation of the Board's adopted Public Safety Step Plan, and a 2.75% raise for all general government employees were additional priorities.

Ms. Light continued the work session by discussing the Budget, VPSA, and CIP advertisements. Mr. Snellings asked how the State's 5% raise would be handled. Ms. Light said that staff had seen from the Comp Board that to draw down the funds, there would have to be a 5% raise on July 1. She stated that the projections were continued with a 4.75% raise essentially for all employees. She said that another .25% raise could be added if the Board would like to draw down the remaining funds which would cost \$100K- \$125K. She explained that clarity regarding the Sheriff's office was still being sought. Ms. Bohmke asked if the 2% Scale Adjustment applied to the employees who did not receive a compensation move-up. Ms. Light explained that the market pay adjustment had been done over the past two fiscal years for all General Government staff. As of the beginning of last year, all staff should have been at their market place. She explained that this change would allow a scale adjustment for all staff to staff competitive with the market rates across Virginia. Ms. Bohmke asked for the raise breakdown.

Ms. Light proceeded to review service district tax rates and noted that there were no changes from CY2020 to CY2021 with the exception of Lake Arrowhead Service District which decreased from $0.093 to $0.084. Ms. Light asked if the Board had any questions on those rates. No questions were asked. Ms. Light then spoke about the proposed Cigarette Tax which was advertised at $0.30 per pack, and would generate an estimated $1M to be dedicated to Public Safety. Ms. Bohmke spoke about previous initiatives taken by King George County and VACo. Ms. Light reviewed the advertised 3% increase to Water and Sewer rates. Ms. Bohmke asked what kind of assumptions from the consultant's report were used when calculating the increase. Mr. Towery, Chief Public Works Officer, asked if Ms. Bohmke was referring to the benchmarking study or the rate consultant. Ms. Bohmke replied the rate consultant. Mr. Towery stated that the rates are typically set by reviewing historical averages from other counties and a model used by a consultant to develop the rates. He explained the metrics involved in the comprehensive model. Ms. Bohmke asked what Mr. Towery's thoughts would be on a 1.5% or 2% increase. Mr. Towery said that there would be an impact on the number of 3R projects that aligned with the benchmark study. He said personnel proposals would also be impacted. Ms. Bohmke stated that she would meet with Mr. Towery to review the model.

Ms. Vanuch announced that Mr. Dudenhefer joined the meeting via WebEx and noted that a vote was needed to allow for his electronic participation. Ms. Bohmke motioned. Mr. Coen seconded. The board approved the motion unanimously. Ms. Shelton spoke about site maintenance and being behind in infrastructure. She spoke about the critical need of the 3R projects. Mr. Snellings provided a historical context about utility fees. Ms. Bohmke spoke about unemployment caused by COVID-19 and the impact of increased fees.

Ms. Light discussed the advertised elimination of the Motor Vehicle License Fee (MVLF) and the future impact of that change. She then spoke about adjustments in personal property tax and the $6.10 rate. Mr. Snellings asked if the Board had the authority to change the assessment rate. Ms. Light replied no and that it was the authority of the Commissioner of the Revenue. Mr. Snellings requested comments from Scott Mayausky, Commissioner of the Revenue. Ms. Bohmke asked if the MVLF was eliminated, would the Commissioner of the Revenue have the opportunity to change the assessment. She asked if the assessment could be changed with the MVLF still in place. Ms. Light said that was correct, and explained the proposed three tier strategy of removing the MVLF, changing the assessment ration, and providing transportation funding. Ms. Bohmke clarified that one was not contingent upon the other. Ms. Light stated that was correct.

Mr. Snellings asked if Mr. Mayausky intended to adjust the assessment ratio from 40% to 50%. Mr. Mayausky explained that commissioners do not raise that rate to generate revenue. He said that his assessment increase would coincide with a lower tax rate, and that it would generate the same amount of revenue. Ms. Vanuch asked what other tools would be available if the MVLF were to be eliminated. Mr. Mayausky said the only times he had seen commissioners increase assessment rations, were in situations where the MVLF was eliminated. Ms. Vanuch stated that he had not answered the question and spoke about limited choices in the future. She asked about what had been done in peer localities. Mr. Mayausky spoke about Hanover and Winchester Counties. He stated that the ratio was only an assessment tool, and not a revenue generating tool. He said that the revenue tools were in the Board's hands with the tax rate. He said that he never anticipated coming off 40%, but once 50% was reached, that there was no reason why he would move beyond that. Ms. Vanuch requested information on a reduced, but not eliminated, MVLF. Discussion ensued about local options.

Ms. Shelton said that she would research why there was such a disparity in the assessment ratio among peer communities. Mr. Snellings replied that if you were to look at Prince William, Albermarle, Henrico, you would see that they are heavy spenders. Ms. Shelton stated that it was curious. Mr. Snellings asked what Stafford's real estate tax was like compared to peer localities. Ms. Light responded that Stafford had the second highest real estate tax among the comparative jurisdictions. Discussion continued about comparative localities. Ms. Bohmke said that Mr. Mayausky could find the information for Ms. Shelton. Mr. Mayausky stated that he could try, but that from what his previous research would indicate, that it was uncertain that anyone would know the history. He noted that Albemarle and Prince William were counties without Commissioners of the Revenue. He explained that in those situations, it was easier for those Boards to order finance departments to adjust the assessment ratios. Ms. Vanuch requested additional information from Mr. Mayausky about those dynamics and ratios. She asked that the information be brought back before April 6.

Ms. Light proceeded to discuss the Real Estate tax rate which was advertised at $1.01. She then highlighted alternative tax rates and the expenditure reductions that would be required. She continued by reviewing a chart of General Fund expenditures listed from high to low and their percent operating increases. Ms. Vanuch asked if the Public Safety pay scale adjustment and salary increases were added together on the spreadsheet. Ms. Light replied yes.

Ms. Light reviewed information received after the creation of the proposed budget which included additional revenues and savings. Ms. Bohmke informed the Board about two $35K payments to the library from CARES act money. She added that Spotsylvania County made no payments. Ms. Shelton replied that she would follow-up with Ms. Bohmke offline about the item. Discussion ensued about the Library Board. Ms. Light continued to review the variances which totaled $540,948, which could be reallocated or used to reduce the tax rate. Ms. Bohmke asked if the referenced partner agencies included everyone. Ms. Light responded that it would only be those for the general fund. She referred the Board to page 140 of the budget book for the list of partner agencies.

Ms. Light then discussed the Board's interest in delaying the implementation of body worn cameras. She stated that this would reduce the FY2022 proposed budget by $691,493. Ms. Bohmke said she felt very strongly about this and said that because the Sheriff's Department had been doing implicit bias training for ten years, and received certification on use of force, that the money could be used for something else. Ms. Shelton agreed. Mr. Coen agreed and spoke about perception issues being alleviated over the summer. He said that it may need to be done at some point. He spoke about the Sheriff and his team being strong in outreach. Ms. Vanuch stated that she agreed with her colleagues and that staff had their direction.

Ms. Light covered Capital Funding and discussed one-time capital used to reduce reliance on debt. She reviewed optional funding sources. Ms. Shelton expressed that she did not want the County's credit to be increased. She said she was against debt service being added to. Ms. Vanuch spoke about measures using CARES funds to avoid raising taxes. Ms. Light spoke about other considerations which included redirection of funding for the Diversity Advisory Coalition, Library Administrative Center, and a portion of an ambulance. Ms. Shelton spoke about the partner agencies listed on page 140 of the budget book. She stated that the $30K for the Diversity Advisory Coalition was outside of normal practices and spoke about the funds being allocated to other agencies. Mr. Snellings stated that he did not know what the committee requested the funds for, or if it was put in anticipation of a request. Ms. Vanuch stated that it was put in as a cushion. Mr. Snellings said he would be in favor of taking the funding out if there was no plan for its use. Ms. Shelton replied that she had forgotten that it was put in as a place holder and agreed with Mr. Snellings. Ms. Bohmke agreed and spoke about the partner agency list.

Ms. Vanuch polled the Board about whether they would like Ms. Light to work with Ms. Krauss to identify which partner agencies should receive the $30K previously allocated to the Diversity Advisory Coalition. Mr. Snellings said that the requests and allocations needed to be reviewed. Ms. Vanuch asked Ms. Krauss if all of the partner agencies received the funding they requested. Ms. Krauss said no. Ms. Bohmke stated that unless an agency was not getting what they needed, then the numbers should be left alone. Ms. Bohmke asked if CASA received additional funding. Ms. Krauss replied that they received grants and had additional funding streams. Ms. Krauss stated that there was a tremendous process involved with the partner agencies but that they budgeted to a number to align with other budget priorities. She said that there was a little room for additional funding for the non-profits. Ms. Shelton said that she thought they should not be doing the $30K but she was open to other opportunities. Mr. Coen agreed and stated that he was open to reviewing additional funds for the partner agencies. Mr. Dudenhefer said that the funds should not be reallocated until the tax rate was set. Ms. Vanuch agreed with Mr. Coen and Mr. Dudenhefer. Ms. Bohmke asked why Habitat for Humanity did not request any funding. Ms. Krauss stated that they were going through changes in how their organization was set up, and that they did not wish to put in a request this year.

Ms. Light reviewed school funding. She reported that the schools are anticipated to receive $5.7M from the state which reduced the need to meet the School Board's request by $1M. She then outlined the School Board Budget highlights to include a $20.2M increase over the FY2021 budget, teacher scale and service scale/non-teacher enhancements of 5%, service scale enhancements of $4.3M, and 60.6 new positions. Ms. Shelton asked about the previous issue about filling funded positions. Ms. Light stated that she could request that information from the schools. Ms. Vanuch requested information about how many of the new positions were mandated by the State versus additional positions proposed by the School Board. Ms. Bohmke asked about the additional classroom at Heather Enfield. Ms. Krauss responded that there was one more classroom for six children, which brought the count to six classrooms. Ms. Bohmke asked how much money the schools had received in the previous fiscal year and what they anticipated receiving this year. Ms. Light replied that the schools had received approximately $6.5M- $7M from the County's allocation of CARES funding and an additional $5M in the second round of the Governor's budget. She stated they are anticipated to receive about $15M in the next Federal funding, $3M of which would have to be used for learning loss. Ms. Bohmke requested information about restrictions were on the money and how much was spent, incumbered, and outstanding. Ms. Light stated that for new positions there were 9.4 required, 10.6 best practice, and 4 teachers for ESOL that were best practice and required.

Ms. Light proceeded to discuss per pupil, school funding. She said that meeting the FY2020 level, the School Operating Transfer could be reduced by $8.7M, but would not allow the 5% raise or drawdown funds. She reported that to provide an additional 4.5% over the FY2020 per pupil, the School Operating Transfer could be reduced by $2.9M. She stated that this strategy would require a Real Estate Tax Rate of $0.98. Mr. Snellings asked if that reduction would allow for the 5% increase. Ms. Light replied yes. Mr. Snellings inquired if the reduction overall would still allow the increase for County employees. Ms. Light said yes. She then clarified that the reduction overall would allow for a 4.75% increase. If a 5% increase was given, then an increase of approximately $94K would be needed for general government. She stated it would have to be calculated for Public Safety due to their scale. She anticipated additional funds for Public Safety and that information would be brought back. Ms. Bohmke asked if the leftover funds from the schools were known yet. Ms. Light replied that the leftover funds from FY2020 were $4.1M, $3.3M of which were programmed into the CIP in FY2022 for High School #6. She said there were $950K that remained that could be programmed into their CIP or as one-time funds. No requests from the schools had been made yet. Ms. Bohmke asked about bonds for North Stafford High School. Ms. Light responded that there was only one VPSA issuance done which was in the fall. Discussion ensued about VPSA options.

Ms. Light reviewed a summary of changes to the budget. She highlighted that body cameras would be moved out of FY2022, Capital funding was to use CARES Act or alternative one-time non-debt service funds, other items were to be replaced with one-time funding, partner agencies would be reviewed for additional changes, and that the Board would like more information from the Schools on CARES Act funds and their restrictions. Ms. Bohmke added that she would like projections on remaining CARES Act money and their expiration dates. Mr. Coen asked if answers had been received from the joint session. Ms. Light stated that the heat maps had been received and would be provided to the Board. She said that there was not additional information provided. Mr. Coen asked about the dollar differential for the Standards of Quality (SOQ) individuals. Ms. Light replied that under the new direct aid templates, there were $6.2M from the State for the SOQ positions. She said she would come back with the actual numbers.

Ms. Light spoke about the elderly and disabled tax relief program. She then asked if the Board authorized staff to advertise the public hearing. Mr. Snellings agreed. Mr. Coen agreed. Ms. Shelton agreed. Mr. Dudenhefer stated he was all right with advertising. Ms. Bohmke said that if the Board agreed to advertise and the train had left the station, it would be difficult to say no. She wanted to know the financial impact and how many people would be affected. Ms. Vanuch replied that it was fifteen people, $45K, and that it was already budgeted. Ms. Bohmke stated that she had missed that. Ms. Vanuch spoke about the previous steps taken for the item and requested clarity about the income requirement in the advertisement. Ms. Bohmke said she was fine with advertisement.

Ms. Light provided an overview of what the debt service looks like over the next five years within the Five Year Financial Plan. Ms. Shelton stated that last year debt service was $40M a year and it was anticipated to increase to $44M, but now saw it was sitting at $43. She inquired about the difference. Ms. Light replied that modifications had been made for the High School and cash sources were used whenever possible. She spoke about funds used for the master lease. Mr. Snellings commented that the schools seemed unwilling to look at the $153M for the High School. He asked if they had come back with cuts to return to $124M. Ms. Light stated that the data was based on $124M. Mr. Snellings asked if the schools knew they were getting $124, period. Ms. Light replied yes and that was what had been included in the budget. Ms. Light continued to discuss projections.

Ms. Light reviewed the upcoming scheduled work sessions, meetings, and topics to be addressed. Ms. Bohmke inquired about page 281 in the budget book. She asked if the Celebrate Virginia taxes had been paid. Ms. Light said that the taxes were what the County used to pay as part of having property in the area. She stated that was no longer a cost, and that there was no longer a budget in FY2022. Ms. Bohmke asked about the alternative obligations. Ms. Light replied that was funding in case of changes through departments, through the Board, or through County Administration where a program was desired to be put in place. She explained that was kept at a low balance every year. Ms. Bohmke asked about the career path funds. Ms. Light stated that she did not remember the details. Ms. Bohmke said that the information could be brought back. Ms. Bohmke asked about Special Programs – Human Resources. Ms. Light said that was for professional development training. Ms. Bohmke questioned what fees were paid for the landfill. Ms. Light replied that there was a $40K fee for roadside pickup and gateway money. She said there was also gateway funding within the Transportation Fund. Ms. Bohmke asked about the $70K increase in radio maintenance. Ms. Light stated that contracts were being expanded and there were normal increases in Motorola contracts. Ms. Light said she would provide a breakdown of the contracts. Ms. Shelton asked where the Marlborough Point tower replacement project was. Ms. Light said she would bring back information. Ms. Vanuch said that staff had their directives and spoke about determining the need for additional work sessions during the March 23 work session.

Adjournment At 3:34 p.m., Chairman Vanuch adjourned the March 18, 2021 Stafford County Board of Supervisors budget work session.

Frederick J. Presley
County Administrator

Crystal L. Vanuch
Chairman