BOARD OF SUPERVISORS
STAFFORD, VIRGINIA
MINUTES
UTILITIES, TRANSPORTATION AND OTHER FUNDS BUDGET WORK SESSION
MARCH 8, 2022

CALL TO ORDER – A work session of the Stafford County Board of Supervisors was called to order by Crystal Vanuch, Chairman, at 4:01 p.m. on Tuesday, March 8, 2022, 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; Pamela Yeung, Vice Chairman; Tinesha Allen; Meg Bohmke; Thomas Coen; Darrell English; Monica Gary.

Also in attendance were Frederick J. Presley, County Administrator; Rysheda McClendon, County Attorney; Cheryl Giles, Deputy Clerk; various staff members; and other interested parties.

1. UTILITIES FUND FY2023 PROPOSED BUDGET
Director of Utilities Chris Edwards stated that the purpose of the work session today is to provide the Board with information about the Utilities Fund and rate, and he has also posted the budget on Open.gov if anyone wants additional depth.

Mr. Edwards said that there were several previous studies that feed into everything they're doing, the first being the 2018 Master Plan, which identified the need for water and sewer expansion within Centreport Parkway; the second was before the FY21 budget, when they completed a benchmarking study where they compared themselves to other utilities. He said that they scored well in some other categories, but it did show that they needed to have increased focus on the 3R program, need to address asset management, and exposed several weaknesses with retirement eligibility. He stated that they put together a five-year staffing plan to overcome some of the things they found in the benchmark study, with the goal of implementing that in the FY21 budget—but that was the same year COVID hit, so they had to postpone it to FY22. He noted that they also had some other impacts from COVID, including inflation increases of about 20% in chemicals, and they learned in the last week that they will have about a 30% in electrical costs for the next two years.

Mr. Edwards stated that with the Utilities Fund Financial Policy, the rate adjustment set as a minimal rate adjustment in the policy is 75% of the Consumer Price Index for water and sewage maintenance. He said they have seen a 3.2% increase over the past year, and they are proposing the minimum rate increase to help keep pace with inflation and maintain consistency with the Board-approved financial policy.

Mr. Edwards said the reason they've had such a big push for asset management and 3R is because the County has over 1,300 miles of buried infrastructure, which has a lifespan of about 50 years. He stated that over the next decade, about a quarter of the infrastructure will hit the end of its useful life. In addition, he said, they have four treatment facilities—three of them having over 30 years of age, and three receiving upgrades in the five-year CIP. He stated that in addition, they have 96-100 pump stations with the average age of about 30 years, so this works to build a robust pump station upgrade program.

Mr. Edwards presented a table showing the Utilities Fund plan over the next five years, noting that it accommodates the personnel and the 3R initiatives set forth and allows them to complete the CIP projects needed to help with economic development and meet regulatory requirements. He said as they discussed in the five-year plan, there is a need to take out additional bond funding, which can be seen FY22-26, and these help carry out the three major wastewater treatment and water treatment projects they have. He stated that they focused on pushing anything out that wasn't needed and concentrate on those things critical to 3R and economic development initiatives.

Ms. Bohmke asked why there were no numbers for the prior-year fund balance and the utility operating fund, FY21 actuals.

Ms. Deidre Jett, Budget and Finance Manager stated that the transfer to capital projects is an intra-fund transfer, so when they do the books at the end of the year, it kind of washes away. She said that the use of prior-year fund balance is a dollar amount savings from the budget, and her assumption is that they will not need to use the fund balance from FY20 because the actuals were higher than expenditures.

Mr. Edwards referenced the overall five-year Utilities CIP, stating that there has been a fairly steady increase in project costs over the past year or two, so they have done their best to take out any extra projects that they have not needed to complete and strip the plan down to a bare minimum. He stated that there has been a significant increase in the CIP just because of escalating costs. He reported that they are scheduled to spend about $175 million over the next five years, broken down fairly evenly because of water and wastewater projects. He said their primary focus has been a push toward 3R—so about two-thirds of spending is towards plants, pump stations, and pipeline projects; a third is dedicated to completing projects for water and sewer along Centreport Parkway.

Mr. Edwards reported that for FY23, they have two personnel requests: a Utilities Project Manager, which will help complete some of the 3R projects and capital projects; the second is a Water Plant Operator trainee. He stated that the benchmarking study had a focus on retirement eligibility, and in looking at eligible retirements, they determined the biggest weakness to be Water Plant

Operators, and they are required to have a Class 1 or Senior Operator at each facility at all times, which takes a bare minimum of eight employees. He noted that five of those eight employees could retire moving forward, so they want to make sure they have a strong pool to pull from for water plant trainees.

Mr. English asked how retention has been with personnel.

Mr. Edwards responded that they have had fairly good retention, and they worked hard last year to make sure they revised and looked at the class and compensation to make sure everyone was where they should be. He said they have had good success recently in keeping employees, but they are eligible for retirement and Utilities wants to make sure there are people getting in to start getting trained to fill those positions.

Mr. English asked if they had difficulty hiring people.

Mr. Edwards responded that trainees are a bit easier now as entry-level positions, and there has been one senior operator vacancy for about eight months; they are seeing a lot of vacancies with other jurisdictions, so Stafford needs to make sure it trains and retains its people to ensure there are staff moving forward.

Mr. English asked if the pay was pretty comparable to other localities.

Mr. Edwards responded that it was, but it was a double-edged sword: it keeps people from going anywhere, but it is also hard to recruit people.

Mr. Edwards reported that they propose a 2.5% rate increase to help keep pace with inflation and escalating costs; the current Consumer Price Index (CPI) is about 3.2%, so the recommended increase does not fully cover that cost. He stated that the increased capital and operating costs are designed to offset increases due to inflation; on the bottom lines of FY22 and FY23, there is a pretty big increase, which is just the capital project to complete the Little Falls Run Wastewater Treatment Plant. He said that as they've added additional staffing, they've been able to boost their 3R programs and make sure those continue to work. He stated this budget helps maintain those 3R programs as adequate funding to keep them moving forward.

Mr. Edwards stated that as of now, they've programmed rate increases of about 2–2.5% in all future years; if they continue to see increases in chemical, electrical, and other commodities, they may have to ask for larger increases in the future. He noted that the electrical costs alone will be about $700K this year, which was not originally programmed into this budget.

Ms. Bohmke asked what the 3R pump station rehab projects were.

Mr. Edwards responded that it is a separate line item they have in their CIP project, which are not complete rebuilds—but the pump stations are 30+ years old and need pump piping upgrades where portions of the wet wells etc. need to be upgraded. He said that they have one project manager that helps forecast which pump stations need to upgrade, then make the minor upgrades and make sure they can last another 20–30 years into the future.

Ms. Bohmke asked if they have identified which ones are on the priority list at this point in time.

Mr. Edwards responded that there are about 5–10 on the priority list for this fiscal year, and they are all identified.

Mr. Edwards explained the change in the average customer's bill, stating that residential consumption is about 5,000-6,000 gallons per month for a family of 4-5, so a single-family home with a 6,000-gallon consumption will see an increase of about $2.33 per month. He said that in looking at a townhouse or something smaller like an apartment with usage close to 3,000 gallons per month, that was under $1.50 per month. He presented a chart showing how Stafford compares to comparable localities and noted that Stafford is under the survey average; this assumes that none of the other localities are proposing rate increases. He emphasized that it is not likely that will hold, as Hanover has a 3% water/5% sewer increase; Chesterfield is proposing a 4.8% increase. He said that with increasing infrastructure, they continue to add infrastructure at about 1.5-2% a year; additional resources are needed to maintain the same level of service. He pointed out that they have done a good job of maintaining the 3R program and building it up, and this budget helps maintain those programs and the personnel carrying out those projects.

Mr. Edwards reported that the FY23 Utilities Fund budget was developed to make sure they can meet all future CIP initiatives and regulatory requirements while still being fiscally responsible. He said that in 2010 and their 2021 update, the Board adopted their financial policy where they recognize that the rate increase should be 0.75%, or 75% of the CPI increase. He said that's what they were asking for this year—the minimum rate increase of 2.5%, which will help keep pace with escalating costs and hopefully help prevent large rate increases in the future.

Mr. Coen asked about the 2–2.5% budgeted in the out years, as Mr. Edwards had referred to that level as a minimum.

Mr. Edwards explained that the 2.5% is the minimum for this year, and they have budgeted a 2–2.5% rate increase for future years. He said that the minimum is generally the 0.75% of the CPI.

Mr. Coen asked for a breakdown at some point of the other localities' increases.

Mr. Edwards responded that he could, but it's challenging because each locality's rates are set up a bit differently. He said there are different uses for different rates, and the easiest way to present it was to look at the average usage and compare that average use of 6,000 gallons.

Mr. Coen asked if the $700K cost that they hadn't budgeted for this year was taken into account with the 2.5%.

Mr. Edwards responded that the $700K was not incorporated into the budget, and that would most likely come out of contingency as the year goes on. He said if they continue to see chemical and electrical increases, or other commodities, they will probably need to look at a larger increase than just the 75% of the CPI. He confirmed that would be next year, and there would likely be a slightly larger increase next year because of escalating costs.

Ms. Yeung asked if it would be better to have additional funds in the budget this year than next year in terms of raising taxes.

Mr. Edwards responded that the change in electrical just hit them last Friday, and they had already advertised the rate increase and wouldn't want to go back on that. He said it would be easier on the department to have a larger rate increase this year, but that was up to the will of the Board. He said one of the things they wanted to do was maintain the same rate increase that they had advertised and will have to live within that for this year.

Ms. Bohmke said in looking at Page 10 of the graph, Stafford is fairly well in line with or just slightly higher than Prince William, Spotsylvania, Henrico, etc.—but Chesterfield is down at $63 dollars, and they are a huge community that has grown tremendously over the last 15 to 20 years, like Stafford. She asked what Chesterfield had done to be able to keep rates that much lower.

Mr. Edwards responded that the City of Fredericksburg had a 9% increase last year and is ramping up again; when they did their budget last year, it was proposed for 3%, three-time, 9–10% increase. He also pointed out that not all utilities are the same, and some of it had to do with development of water sources, which are usually $100–200 million and require pretty large rate increases. He said for Chesterfield exclusively, he wasn't sure why there's was so much lower than everyone else's, but Stafford tends to fall in line with Spotsylvania, Hanover, and Henrico.

Ms. Bohmke commented that perhaps Chesterfield has addressed some of its capital improvement needs sooner, and that has helped level things out for them.

Ms. Vanuch stated that if there was not a majority of support to move forward with the 2.5%, the Board would need to have an additional meeting on Thursday and discuss what they wanted to cut back on, or they could address it at the end of this meeting. She said she would poll the Board at this time to gauge their feeling about the proposed increase.

Ms. Allen stated that she was okay with it.

Mr. Coen said he was okay with it, noting that they could go lower at the public hearing.

Ms. Vanuch stated that they needed to give Mr. Edwards direction to come back to the Board and show what he would cut from his budget—not figure that out on the spot at the public hearing.

Ms. Yeung said that she was okay with it as is.

Ms. Bohmke said she was too but expressed concern about the 20% chemical cost increase and the 30% increase for other needs, but that was what they were living with right now.

Ms. Gary stated that she was okay with it.

Mr. English asked what the fee was when someone connected to water and sewer.

Mr. Edwards responded that there were two fees: availability and the connection fee. He explained that availability ranges about \$5,000-\$6,000 a piece for water and sewer, and that has not changed a lot over the last 10 years or so; this is within the average of most other localities. He said that they see an increase of about a thousand each year, or 80 to 100 availability fees, but they are seeing a drop in the overall number of connections.

Ms. Bohmke asked Mr. Edwards to address how these numbers were put together and where they start the process, as a financial company looks at all of the different components.

Mr. Edwards responded that Stafford used Raftelis, a financial company that also provided those services for other localities and water departments such as Fairfax. He explained that they took the overall for 10 years or so and figured out the average rate increase, then put escalators on what costs would be. He said they built the 10-year CIP and figured out what the costs would be, the escalation would be, then assumed the rate model and revenues, and made sure they had enough money at the end of 10 years where the 11th year wasn't drained down to zero.

Ms. Vanuch stated that she was also okay with the proposal.

2. TRANSPORTATION AND OTHER FUNDS

Ms. Andrea Light, Budget and Management Director reported that she would review all the other funds they have not yet discussed, beginning with the Transportation Fund. She said that this operating fund is funded primarily by gas tax, and staff proposed $4.4 million revenue in gas tax, and PRTC came back with their proposed budget on March 3, and that had increased to about $4.5 million. She noted that the County generally uses PRTC's proposed gas tax, and they work with a company that helps them establish those projections.

Ms. Light reported that the primary driver for capital revenues is transferred in from other funds, mostly the General Fund, of about $5.5 million comprised of a proffer of about $644K and $4.9 million in General Fund transfer, which is from personal property tax. She said there is also transfer in from impact fees that they would talk about on another slide. She stated that staff proposed PRTC at about $120K, and their budget came in at $45K, so there would be some savings there. He said that VRE was about $1.9 million, proposed at 75% of their pre-pandemic rate, so staff anticipates that going back up to $2.4 or $2.5 million in FY24.

Ms. Light stated that FRED Bus continues to use federal funds to keep jurisdictional costs down, and their typical budget is about $400K; this year it will be $114K. She said the County Administrator's budget proposed to move Gateway funding from Transportation to General Fund, so the Board won't see that again in transportation. She stated that there were a number of capital projects that will continue or begin to start in FY23. She said that they have assumed $775K in revenue from impact fees, and with a transfer back to the Transportation Fund to help repay that fund for prior projects they've done where the County spent cash or other resources. She noted that staff was working to renew the impact fee study, so they anticipate that impacting future budgets, but not this one.

Ms. Light reported that Garrisonville Road, the property tax rate is proposed to be reduced from .085 cents to .068 cents, which would produce a reduction in revenue. She said they anticipate VDOT transportation alternative funds of more than $1 million and prior year fund balance of about $250K. She said those revenue sources would all help pay for sidewalk projects: Staffordboro, Foreston Woods, and Salisbury Drive, and the debt service for Garrisonville Road.

Ms. Light stated that other service districts include Lake Carroll, which is proposed to go down from $.26 to $.24, and that would provide about $8,000 in additional real estate revenue, which would help pay for personnel costs for project management. She said that Lake Arrowhead was proposed to go from $.084 to $.07 about a $1,000 increase to real estate, which helps make up for the lack of interest in that fund next year. She stated that Lynhaven Lane Service District rate was proposed to be adjusted to continue to provide $5,500 a year and to be used for a future project to bring the lane into VDOT's secondary road system. She noted that Hidden Lake would have a slight rate reduction, generating a slight increase in revenue that would help pay for increased personnel costs.

Ms. Light said the E-Summons is a new fund this year that would account for the cost of implementing and maintaining electronic summons systems, and the revenue would be generated from a fee that is part of a cited violation. She said additional support would be necessary to implement a new software system, with a one-time cost of about $293K, and ongoing support of the program will need General Fund support of about $48K. She said the Tourism Fund had an increase from transient occupancy tax (TOT) from 5% to 7%, but that additional 2% is anticipated to come back to the General Fund. She stated that there is one new person proposed for tourism, a Tourism Associate, so they do have increased expenditures.

Ms. Light reported that for the Armed Services Memorial, there is revenue and expenditures for brick sales at about $2,000 each; Asset Forfeiture Fund is for the Sheriff and Commonwealth Attorney's use, as provided by state and federal legislation from assets related to drug enforcement. She said the current tax rate for the Warrenton Road Service District is $0, with no budget proposed for FY23.

Ms. Light presented an outline of ARPA funds and a list of what is in the proposed budget for the Board to consider. She said the first item was courthouse upgrades for video systems to support body-work cameras; the courts currently do not feel they have sufficient facilities to provide that and would need video cameras, TVs, etc. She stated that what's shown at $600K is a very rough estimate that IT has been working on, and they are working to really finalize that. She said in County Administration, there is 75% of cost for Grants Coordinator, and 25% of that is back into the general fund.

Ms. Light reported that Finance and Procurement have two positions—the Grants Accountant, which is already approved in FY22, with 75% of that in ARPA; and a new proposed position for an ERP Systems Accountant, with 75% paid by ARPA. She said that Budget and Management proposes to implement a new priority-based budgeting system, and ARPA funds can be used for this but since it is an ongoing cost, they anticipate using 75% of ARPA funds.

Ms. Light stated that in Information Technology, for the fiber project to connect fiber to the existing stations has an associated anticipated increase of $224K, which are the funds that were in the CIP last year and were switching out with ARPA funds for this project. She said that this also includes an ERP Systems Analyst at 75% of the cost. She reported that the Sheriff's Office body-worn camera costs are about $840K, and they are using ARPA revenue replacement to help ramp up to being able to fully cost that within the General Fund; staff anticipates 90% of that in ARPA for FY23. She said Sheriff's security implementation is based on a study they had done.

Ms. Light added that in economic development funding, the Bay Consortium Work Force Development had asked for funding from all of its jurisdictions to support that program.

Ms. Bohmke stated that she appreciated the list of items under ARPA funds—but they really need to see something that shows what ongoing costs would be, as there would likely be ongoing costs for 60% of these items. She stated that Chairman Vanuch had brought the body-worn camera item back after a meeting in Virginia Beach, and Ms. Bohmke said her recollection was that they were going to start small and bring them on gradually.

Ms. Light responded that body-worn cameras are a 10-year contract with an annual cost of about $840K, which would bring on the body cameras, tasers, and in-car cameras. She said the actual deployment of the cameras will be implemented slowly and methodically by the Sheriff's Office in tandem with the Commonwealth Attorney to make sure they would have a successful implementation.

Ms. Bohmke said the ongoing cost would be $840K but was not including the actual purchase of the body-worn cameras.

Ms. Light explained that the cost of the cameras is included in that amount, as well as two replacements.

Ms. Vanuch noted that they basically got a 10-year contract for 15 years' worth of cameras—and they already voted on the contract back in December. She said that they needed to ramp up staffing for the Commonwealth Attorney and Sheriff's Office, which was why they're phasing it in slowly; to save the $1 million they did and get cyclical replacement, they had to sign the contract when they purchased the in-car cameras to save that money; the $840K is essentially that total amount broken into 10 years, instead of paying for it all up front.

Ms. Yeung asked where the money would come from to support the camera system for the next 10 years or so.

Ms. Light explained that when they implemented the cameras and brought them before the Board in November, they talked about a ramp-up period. She said in FY23, they propose to use 90% of ARPA funds, but in FY24, they will ramp that up a bit higher, possibly to 75% of ARPA funds and 25% of general funds—so that it's an incremental increase that doesn't cause a large swing in those costs in one year.

Ms. Yeung asked if they had the staff currently to use these cameras.

Ms. Light responded that the Sheriff is asking for three positions this year: a Sergeant and an Administrative Specialist that would start in the beginning of the fiscal year, and a records person brought on midyear to focus on FOIA, as the department anticipates an increased look at FOIA. She said the Commonwealth Attorney also has three positions, with one beginning in July and two positions in midyear to help support this function.

Ms. Yeung said they had talked about a position to coordinate these applications.

Ms. Light explained that this was for CAD, which staff anticipates in the five-year plan to come in FY24, and the Sheriff's Department is looking at an iterative rollout for these body cameras, starting in February or March with a dozen. She added that they will look at these systems as they go through.

Mr. English asked if the ARPA funds had a time limit for being used.

Ms. Light said they had to be encumbered by December 31, 2024 and expended by 2026.

Mr. English asked if the County Administrator's grant coordinator would be a continuous cost.

Ms. Light confirmed that it was, and staff included it at 75% of ARPA funding for this year, with 25% in the General Fund. She said they anticipate with the Grants Coordinator and Grants Accountant is for the two functions to pay for themselves, because outside of ARPA, which is the immediate need, the position would be able to assist other departments in finding other funding. She said they would help fund themselves, but staff didn't want to overestimate their success in the first year, so they put 25% in General Fund.

Mr. English asked if the economic development position was also continuous.

Ms. Light responded that the Bay Consortium is a one-time cost as she recalls, and they are asking for funding from jurisdictions to support workforce development.

Ms. Bohmke mentioned that at last week's town hall meeting with the Governor, she specifically asked about workforce development and commented on how dysfunctional the organization has been—which she heard specifically from all the executive directors in the state. Ms. Bohmke said that Governor Youngkin said they are revamping the entire program and have realized in the first seven weeks that it is not functioning the way that it should, especially since workforce is the biggest problem in the Commonwealth.

Ms. Bohmke said to Ms. Light that she wasn't sure the $38K was one time, as that person coming online may be a continuing expense; everyone in the Bay Consortium would have to pay their proportionate share, and failure to do so could impact the other localities' shares.

Ms. Bohmke asked if there would be a step-up with the other departments in terms of funds, as it would be for the cameras.

Ms. Light responded that she anticipated this for both the ERP Systems Accountant and the ERP Systems Analyst, which are both allowable under ARPA and can be funded that way through December 2024. She said they anticipate that next year, instead of going to 75%, they would go to 50% ARPA for the first half of the year; the following year would be 100% General Fund.

Ms. Bohmke asked Ms. Light if she could provide a chart that showed how these funds would flow so they have an idea of what they're adding to their budget for the next three to four years.

Ms. Light agreed.

Mr. Coen asked if she could email him some details on the priority-based budgeting, if there were a cost, and whether it would be ongoing.

3. FY2023 PROPOSED BUDGET UPS AND DOWNS

Ms. Light reported that the advertised tax rate now was 88.5 cents, and the proposed tax levy was 6.6 cents. She said that as they go through, the Board can change items to see how it will impact the $2,389,000 bottom line. She said they had some adjustments to expenditures to consider, and at the last meeting, Mr. Toigo mentioned membership into the Coalition of High-Growth Communities at a $4,000 membership cost, which is reflected here. She said they have added the general government and public safety salary increase at 6.5% overall, including a step and scale adjustment for public safety, and a scale adjustment and raise for general government.

Ms. Bohmke asked Ms. Light to delineate those numbers for general government so they can see what's scale and what's salary.

Ms. Light said that she would.

Ms. Light stated that the audit costs are as shown, and Mr. Munch would be discussing with Finance, Audit and Budget committee next week about the need to change auditors or at least go out with an RFP. She said they do anticipate an increase in audit costs that wasn't anticipated when they began the budget process. She stated that like utilities, they had an increase for electrical in the General Fund of $90K, and this would mean an increase of about $700K for schools.

Ms. Allen asked if the number for public safety salary increases was just to maintain it.

Ms. Light replied that it was, stating that it would move them 3% if they were below midpoint or 2.5% if the were above midpoint, based on their step.

Ms. Allen asked what surrounding jurisdictions were doing in terms of salary increases for both.

Ms. Light stated that staff has seen salary increases from 3% to 5%, and she confirmed for Ms. Allen that Stafford is above that average.

Ms. Allen asked if it would affect their pay and step scales if they bring it down to 5% for both public safety and general government.

Ms. Light explained that it wouldn't affect it unless the Board went below the 2.75% for the public safety step plan.

Ms. Allen asked if she could show the budget area impacts to the tax rate if they brought the salary increases down to 5% or 4%.

Ms. Vanuch said she had also wanted to see that, as well as a 3%—and she would also like to break it out for public safety because they get their step and the COLA increase, whereas general government is essentially just an increase.

Ms. Light stated that anything below 5% has revenue repercussions because they are anticipating shared services at 5% increase and would have to provide a 5% raise to those such as Commissioner of Revenue, elected officials, and Sheriff's Department. She noted that if they go below 5%, there will also be a negative in the revenue line as well because of the Comp Board amount.

Ms. Vanuch asked her to explain Line 28.

Ms. Light explained that there is a "Health Insurance Holiday" proposed for FY23 that would provide that all employees would not have to pay for health insurance for the entire year, and this would be funded by health insurance savings from the prior fiscal year, so it had a net impact of $0. She noted that they would also include this with utilities and landfill as well.

Ms. Vanuch commented that employees on average pay about $300 a month for a family plan, so this is money guaranteed back in their pockets to help offset inflation.

Ms. Allen asked what the salary impact would be at 4%.

Ms. Light responded that maintaining rates of 88.5 and 6.6 cents, there would be a reduction of $1.1 million, or about 1/2 penny on the tax rate.

Ms. Light reported that the County has some savings from General Obligation Bond refunding, which Mr. Munch had brought back to the Board the previous week, with a reduction in debt service of $154K in FY23. She said if there were any other changes the Board would like to see she could adjust them as they go.

Ms. Vanuch said that what they've done in the past is to see the impact of an effective tax rate on the individual budget numbers shown.

Ms. Allen asked what they would need to lower salary increases at if they didn't want to do the 6.5% at least to keep it within the advertised rate.

Ms. Light said at the advertised rate of 88.5 cents, it is at the 6.5%, which was part of the County Administrator's proposed budget. She said if the tax rate were reduced and the Board wanted to find some parity with other jurisdictions in salary increases, they may be able to reduce the increase to something more palatable.

Ms. Allen suggested that they poll the Board, for those who don't want to go above the 88.5 or even above the 78, as a starting point to consider, to at least provide parity between the two sides of government and keeping people on the step scale while giving them increases that were in line with surrounding jurisdictions.

Ms. Vanuch said that she could do that but felt it might be early because there were a lot of other facts that played into the budget, but she would poll the Board if Ms. Allen felt it was necessary.

Ms. Allen said she felt they should because they would at least be able to eliminate what people were willing to do with salary instead of coming back to it. She stated that she wasn't necessarily looking to identify 3%, 4%, or 5%, but was just looking for the Board's thoughts on whether to go below 6.5%.

Ms. Yeung asked what the tax rate would be with 4%.

Ms. Light began to respond and noted the inclusion of the fire tax levy.

Ms. Vanuch said if the County Administrator's budget had a tax rate of 88.5 cents, the fire tax levy should be taken out and not even discussed at this point.

Mr. English said that for the time being, he would like to keep the employee increases where they were originally proposed at 6.5%.

Ms. Gary said she understood they were not deciding anything at this point, but she agreed to consider a lower amount.

Ms. Bohmke stated that it was way too early to consider because it seems to signal the "I Believe" button on the County Administrator's budget, and she was not ready to do that yet.

Ms. Allen clarified that she was not prepared to do that either, but since this was in front of them, she would like to know what the Board has in mind now in terms of the salaries so she had that in the back of her mind when they were presented with other options to reduce the budget.

Ms. Bohmke said it was complicated because of the fire tax, which is not embedded in the 88.5 cents and was in addition to that.

Ms. Yeung stated that she would consider all options, and that didn't have to be now.

Mr. Coen said that he too would look at anything, and he wondered if the health care benefit were something that would be in lieu of part of the salary increase.

Ms. Allen stated that if surrounding jurisdictions were not more than 5%, she didn't know if they had to go to 6.5%, given the potential need to look for some savings.

Mr. Coen asked Ms. Light to check and see if they would get taxed with the health care holiday proposed, as that happened to him one year when the school system did that, and it was not a pleasant surprise.

Ms. Vanuch stated that they would also be taxed on the salary increase.

Mr. Coen said that they would be taxed on both that and the health care.

Mr. English commented that the salary increase is better for employees in the long term.

Ms. Vanuch stated that she was not in favor of going below 5%, especially for public safety because of the Comp Board employees, and she would also like to do the health insurance holiday.

She added that she would also like to see what other numbers they can cut from the budget before they commit to anything.

Ms. Bohmke asked what generated the health care savings.

Ms. Light responded that it was savings within the projected health care costs in the budget, and they project in February from the year before. She explained that the County is self-insured, meaning the claims that come through can fluctuate up and down. She said that they try to be conservative yet still have this amount of savings.

Ms. Bohmke stated that it was basically a good year without a lot of claims, and she asked what staff was projecting for the coming year.

Ms. Light said they were projecting health insurance to stay flat both for the employee and the employer because they are projecting that people are going back to the doctor more often, so they have not increased health insurance.

Ms. Vanuch noted that the County employees have paid into this, so it is their money and they should have that back to help hedge inflation.

Ms. Light said that she would expand the list for the next time they meet so the Board can see the impact of individual items on the budget and see how changes affect those.

Ms. Bohmke asked if it would be prudent for them to look at the fire tax separately, as not part of the General Fund, and look at different budget items from the Fire Department that would levy the fire tax. She mentioned some of the line items such as battalion chiefs and three stations, and she wanted to put that out there for public input.

Ms. Light agreed to bring that back.

Mr. English stated that he had done some research and learned that the fire tax must go toward equipment and can't go to buildings, and each district can have its own rate.

Ms. Light confirmed this but asked Ms. McClendon to comment.

Ms. McClendon clarified that they can ultimately have separate fire districts, but that's not what is before the Board this year. She said that one fire district was established in 2009, so if the Board wanted to do separate districts, they would need to establish them via ordinance and perhaps address it in next year's budget.

Ms. Yeung asked how much the fire tax would yield in a year.

Ms. Light responded that it would yield $14.5 million at the 6.6-cent rate.

Ms. Vanuch noted that it's exactly what they would lose in the Veterans' tax relief.

Ms. Yeung asked what Fire and Rescue's budget was.

Ms. Light responded that it was approximately $30 million in FY23.

Ms. Allen asked if the fire tax could only cover personnel and staff and not for infrastructure such as buildings, as Mr. English had indicated.

Ms. McClendon said she would need to pull up the code, but her understanding is that it could be used for infrastructure that supports fire and rescue services—not just personnel.

Mr. Coen stated that he was interested in determining where their need was, because initially the .015 was intended to go to the three positions. He said he would also like to know what happens if they don't use that, such as not being able to hire one position, and whether it went back in the General Fund or only into Fire and Rescue. He commented that one year, they were looking at new police positions and determined they were not going to start until the next calendar year.

Ms. Vanuch said that was during COVID when the Academy was shut down.

Mr. Coen said it's helpful to know when things will start for the budget year.

Ms. Vanuch asked if the training academy classes were back on track.

Major Jason Dembowski confirmed that they were.

Ms. Vanuch said there are five deputies in the budget for this year, and she asked him if they could start July 1.

Major Dembowski responded that they could, but they generally wait until they have the position before they try to fill them; but if they had enough time to hire, they could start by September.

Ms. Bohmke commented that it's a slippery slope to set different tax rates for different districts, because they are deploying all of their Fire and Rescue assets all over the County—and she didn't know how they would ever figure out a per-district equitable tax, even with pulling data.

Ms. Vanuch said if they wanted to pursue different district taxes, they could consider it after this budget season and bring it back on a new agenda, then have the discussion then.

Ms. McClendon clarified that the code says the fire tax fund is "for the maintenance and operation of fire departments established within the section," so maintenance and operation would go to infrastructure and capital, not just personnel. She added that it had fairly broad latitude as long as it went for fire and rescue purposes.

Mr. Coen said there were several stations that needed work, and it may be more palatable to people to have it go to specific named projects. He stated that they needed to have discussions about the problems with their facilities and how they would address those, as the .015 was not going to get them there.

Ms. Bohmke agreed with having the discussion but said that the residents of one district would not be able to pay a tax for an entire structure, as the tax would likely be too high.

Mr. English stated that he had originally said there were different tax rates in Prince William's districts, but he has since learned that they were the same.

Ms. Vanuch said she did not feel there was need for an additional work session on Thursday because they were all well-aligned with the funds they discussed today, and she asked Ms. Light to review what they would discuss on March 15.

Ms. Light responded that they would discuss the CIP and those projects, look at the General Fund revenues and expenditures, changes in tax rate and how those would affect it, and a separate fire tax levy and what it might support.

Ms. Vanuch noted that the CIP and General Fund discussions would likely be the most involved.

Ms. Allen asked if they could have access to the spreadsheets so they could work with them.

Ms. Vanuch stated that she had done that before.

Ms. Light agreed to share them.

ADJOURNMENT

At 5:18 p.m., Chairman Vanuch adjourned March 8, 2022 Stafford County Board of Supervisors Budget work session.

Frederick J. Presley
County Administrator

Crystal L. Vanuch
Chairman