BOARD OF SUPERVISORS
STAFFORD, VIRGINIA
MINUTES
FIVE YEAR FINANCIAL PLAN WORK SESSION
OCTOBER 17, 2023

**CALL TO ORDER** – A work session of the Stafford County Board of Supervisors was called to order by Dr. Pamela Yeung, Chairman, at 3:00 p.m. on Tuesday, October 17, 2023 in the Board Chambers, George L. Gordon, Jr. Government Center, 1300 Courthouse Road, Stafford, VA.

**ROLL CALL** – The following members were present: Dr. Pamela Yeung, Chairman; Thomas C. Coen, Vice Chairman; Tinesha O. Allen (arrived at 1:22 p.m.); Meg Bohmke; Darrell E. English; Monica L. Gary; Crystal L. Vanuch

Also in attendance were Randal E. Vosburg, County Administrator; Rysheda McClendon, County Attorney; Julia Homes, Assistant Deputy Clerk; various staff members; and other interested parties.

Dr. Yeung called the meeting to order at 1:00 p.m.

**FIVE-YEAR FINANCIAL PLAN REVIEW**

Mr. Randal Vosburg, County Administrator, said that he wanted to initiate this as this formally commenced their budget season. He said that staff had taken into account the feedback from the Board last year and made several enhancements to the process as they progressed through this year. He said that this meeting was an example of one of those. He said that while they had not showcased the five-year financial plan effectively or early in the process, they were attempting to begin with a comprehensive overview. He said that as they proceeded through the work sessions and meetings going forward, they would delve into specifics. He said that he knew his Board well enough to anticipate that they would likely want to dive into numerous details once exposed to the subject matter.

Mr. Vosburg said that he kindly requested that they exercise some restraint in this regard, allowing staff to paint a broader picture for them during the meeting. He asked them to take the time to consider and reflect on the information provided, letting their thoughts wander and their mind engage with the topic. He said that as they progressed through the meetings, they could then delve into those specific details. He said that he politely asked that they refrain from jumping into a lot of details in this initial stage, as the focus was on maintaining a big-picture perspective. He said that they had improved their Q&A process year by year, as last year's sessions were rather chaotic and disorganized. He said that they were coming at them, they were overlapping questions because they were asking them independently and so they didn't know they were asking.

Mr. Vosburg said that they were trying to make an improvement to the process. He said that they had not yet initiated this change because they were still in the big picture phase, so they did not want to delve into the specifics of the questions at that time, because they felt many of these questions would be answered as the process progressed through subsequent meetings. He said that they wanted them to consider the overall process if they would. He said that at the end of the day, it was the Board's process, so they wanted it to be valuable and impactful for them, however, he was attempting to guide and steer it a bit more towards structure as they proceeded.

Dr. Yeung said that there should be no deep-dive questions, but clarifying questions for staff were welcome.

Ms. Vanuch said that while she understood the context of not asking questions, their constituents were watching, and it was important for them to add clarity on some aspects. She said that this was a five-year snapshot and that budgeting and hard work occurred during the budget process. She said that if they took everything as handed to them without making any changes or engaging in budgeting, tax rates could fluctuate. She said that the information should not be interpreted as an indication of future tax rates but rather served as a hypothetical five-year plan based on the assumption of no budgeting and no changes being made.

Andrea Light, Chief Director of Financial Services, said that she was pleased to present their five-year financial plan for the General Fund. She said that their focus today was on the General Fund, which did not include the fire levy or the fire levy tax. She said that they were not discussing the transportation fund or utilities. She said that as Dr. Yeung and Mr. Vosburg mentioned earlier, this plan would be presented to the Board on November 14th, where it would establish assumptions for the FY25 budget. She said that the five-year plan outlined several opportunities for investments in the community, such as schools paying for staffing, new personnel, debt service, partner agencies, strategic plans, and other technology investments.

Ms. Light said that these items would be covered during today's discussion. She said that to orient them to the base plan, they should refer to the large spreadsheet on their desk or attached to their packet. She said that it was likely smaller in their packet but larger if they were sitting at the dais. She said that this five-year plan, commencing from the top, initiated with a calendar year tax rate. She said that as Ms. Vanuch mentioned, this was a projection serving as a starting point for their discussions. She said that their current real estate tax rate stood at $0.93, and within the plan, they were suggesting it may need to increase to $0.97. She said that underneath that was the revenue and expenditure changes. She said that it was not $24 million in property tax; instead, it represented a $24 million change in property tax.

Ms. Light said that the school's debt service was not a $5 million total debt service but signified a $5 million change in debt service. She said that she wanted to ensure everyone understood how the sheet was structured. She said that they had made adjustments in real estate where revenues were insufficient to meet projected expenditures. She said that they examined all revenues, with cross-departmental groups analyzing various revenue streams and employing qualitative and quantitative projections to assess not only historical revenue collections but also future trends.

Ms. Light  said that there were no large-scale changes from something like data centers included in this analysis. She said that they accounted for the loss of ARPA revenue. She said that the expenditures were part of this base plan, provided based on their direction and that of previous Boards. She said that these outlined the types of investments needed to maintain their County's progress at its current rate.

Ms. Light said they would now move to address schools. She said that it was crucial to note that 62% of all new revenues supported schools in some way within this plan, either through school operating costs or debt service. She said that the debt service aligned with the CIP, except for elementary school 19, where they anticipated borrowing in Discal Year 24 and extended it to 25. She said that they were anticipating that in this plan, and if they did have to bring that back into FY25, that would be about $718,000 additional costs in FY25. She said that the school operating increases looked at the average percentage increase over the past five years and applied that, adding the County's portion of operating costs for high school 6, elementary school 18, and elementary school 19. She said that those schools were, within the five years, anticipated to be open and operational.

Ms. Light said that the capital one-time aligns with FY24-33. She said that there would be many adjustments, including positives and negatives, as they adjusted proffers or one-time amounts from year to year. She said that they were making assumptions about public day school providing a 2% increase in years two and four, which was above the base of almost $1.2 million. She said that throughout the presentation, they tried to give a base plan and then what might be faced in the upcoming budget year or next five years. She said that last year, the schools had provided a five-year financial plan covering fiscal years 24 through 28. She said that they used this plan and made an assumption for FY29, which was not a school number but served as an illustration of their projection.

Ms. Light said that the schools primarily focused on addressing needs, such as expenditures, without including revenue projections in those five years. She said that they assumed that the County transfer would continue to account for approximately 39% of their revenues. She said that on the chart on the left side of the slide, it showed FY24 with a budget amount matching the request. She said that the school Board initially asked for $49.2 million, which was a variance of

$33 million from what was approved in FY24. She said that these assumptions did not carry forward the remaining $33 million throughout the plan. She said that in FY25, she said there was a $11 million variance based on what had been presented today.

Ms. Light said this was all speculative as they had not received the Superintendent's budget at this time, and therefore, it could be $10 million or more, or less. She said that it provided an idea of what might happen and come into the FY25 plan. She said that throughout this five-year period, their variance from the schools' projected needs was approximately $29.7 million. She said that this only considered school operating expenses and did not include debt service. The said that the chart on the slide demonstrated the change in schools' debt service over time. She said that in FY27, they anticipated a significant increase in school debt service as they brought on most of the debt for high school 6, elementary schools 18 and 19. She said that as a result, school debt service would rise from over $35 million to approximately $58 million.

Ms. Light said that one of the items on their legislative agenda this year was to request that the General Assembly allow for an increase of 1% in sales tax for school construction. She said that based on the timing of approval by the General Assembly in early fiscal Calendar Year 24, on the ballot for November of 2024, they were assuming an increased sales tax in July of FY 25 or FY 26. She said that in this period within this five-year plan, she projected approximately $137 million that could be realized for use in school construction.

Ms. Light said that during this time, there would be significant discussions among the Board, School Board, and Board of Supervisors regarding strategic investments of that $137 million and how it best served the citizens. She said that some potential uses and investments included 3R initiatives, maintaining or flattening the debt rate or debt service, advancing other projects, such as Drew Middle School, Rising Star, Public Day School, and Hartwood Elementary. She said that these examples were not necessarily suggestions for using these funds but rather illustrated how they could be utilized.

Ms. Vanuch said that she did not wish to delve into the data on this matter but wanted the Board members to be prepared as they proceeded further. She said that when they discussed this from a legislative standpoint in the committee, it was about how to broaden the tax base without tapping into the pockets of their residents through real estate and personal property taxes. She said that as they positioned this, because it did have an impact, she was unsure if all Board members remembered that it must go to a vote in November. She said that she certainly did not want this to be presented as though they would need to continue raising taxes to fund these other initiatives and also wish for the Board members to vote on a bond referendum to increase sales tax to pay for all these additional projects. She said that the intention was to mitigate the increases in real estate and personal property taxes so that they could accelerate some of these projects without relying on raising people's home and personal property tax. She said that if this direction changes, then she believed it should be brought back to the Board because it deviated from how it was presented in the legislative committee when they agreed upon their legislative priorities. She said that it would alter their approach to educating the community and taxpayers on the referendum. She said that she wanted them to have this context as they proceeded.

Ms. Gary asked for clarification about what positions changed.

Ms. Vanuch said that when they added this item to their legislative agenda for discussion, it was about identifying an additional area to receive funding for school construction as an extra source of tax revenue without increasing real estate and personal property taxes. She said that if the schools now perceived this proposal as requesting all $50 million worth of items they had previously sought and continuing to ask for a $0.30 tax increase annually, it might hinder their ability to include this on a bond referendum, as people might question why they should continue paying higher personal and real estate property taxes to build new schools while also being asked to pay a new sales tax for the same purpose.

Ms. Gary said that she understood. She said that to clarify, they did not take an official position on the purpose of doing this, per se, but it was part of the discussion. She asked if that was correct.

Mr. Vosburg said that he would say yes, as the current intent of the legislative committee was for their County to have the ability to pursue this matter. He said that it was evident that there needed to be further discussion from the Board regarding this issue, but at present, the Board could not even consider examining the 1%. He said that the legislative action aimed to authorize them as a local jurisdiction to undertake this task. He said that the process involved multiple steps, including debate and referendum. He said that it was essential for people watching to understand that this was not something that could be easily implemented, and it first required authorization before any further discussion or debate could take place. He said that the original intent had been discussed as an alternative to help them cope with the increasing tax outlook, which led to the development of this measure. He said that once authorized, the debate would need to be further explored.

Ms. Gary thanked Mr. Vosburg for the clarification. She said that the intention in her opinion was to offset the costs, because they were significant.

Ms. Vanuch said that while discussing with those running for office, she had already found a sponsor from the House side who was genuinely enthusiastic about it. She said that however, it was with the intention that it did not then lead to an increase in real estate taxes for the same purpose. She said that they would lose support at the state level if they were simultaneously advocating for real estate tax increases as well.

Dr. Yeung asked for clarification that the projects provided originated from a list from the schools.

Ms. Light said yes, these were some of their priorities, not necessarily the School Board's priorities. She said that it was illustrative to show the projects they would like to commence within the next five years. She said that this was a highly complex discussion that would require numerous work sessions to address thoroughly.

Dr. Yeung thanked Ms. Light for her answer.

Ms. Light said that with that, they would move into market, merit, and scale adjustment strategies which were included in their base plan.

Mr. Vosburg said that he would introduce this topic. He said that a market study was funded and completed last calendar year, but it also took place during this fiscal year. He said that the prior one was done a number of years ago. He said that their plan going forward was to keep that fresh and do it every two years so were not waiting so long to then play catch-up. He said that they were obtaining the results of that market study, analyzing that data, and attempting to factor it into their budget. He said that going forward, they anticipated at least for the next couple fiscal years to have three main components to their pay structure, which were market, merit, and scale.

Mr. Vosburg said that scale, another way was COLA, so keeping up with the cost of living. He said that the market study, as it had returned, had a significant cost associated with it, and they had considered how they could adopt a multi-year approach on market adjustments. He said that if they maintained their pay scale, they should be able to reduce or eliminate that market adjustment and focus mainly on merit and scale. He said that additionally, the Board had expressed desire for more emphasis on merit. He said that they had a merit component in their pay system, which he would refer to as "merit light," and they were transitioning this into either a "merit medium" or a "merit heavy" approach, which was pushing more towards a merit-heavy scale.

Ms. Vosburg said that this was part of their plan that they were working on over the next couple of fiscal years, with the intention to make a full transition. He said that they would be primarily focused on merit and scale, but there would still be a small market component that they adjusted every few years to ensure they remained competitive on the market. He said that the increased market pressure was due to their lack of significant market adjustments in the past, and it was expected to be more prominent in the upcoming years' outlook. He said that they had taken into account different revenue sources throughout the five-year period, with the aim of making further market adjustments in years three, four, and five.

Ms. Light said that within their assumptions, they found that the base plan was divided into general government, which included non-uniformed public safety members, sheriff, and fire and rescue. She said the figures tended to vary from year to year based on a targeted and disciplined approach. She said the market pay study would be presented to the Board on November 14, along with all relevant information for them to review before entering budget season. She said in this plan, they had made certain assumptions regarding new personnel. She said general government and sheriff's deputies were maintaining positions per capita, while fire and rescue added two new engine crews. She said there was a need to increase vacancy savings, which meant more savings, so there would be more savings over the five-year plan.

Ms. Light said this aligned with historical budgeting trends and adding new individuals. She said when they started to look at staffing comparisons in the five-year plan to what had actually been done in the past for general government, over the past three years, they added an average of 13 new positions each year, outside of uniform public safety and social services. She said in the sheriff's department, over the past three years, there had been an average of eight uniform positions added rather than the four that were in this plan each year. She said the number did not include school protection officers since they were part-time and in a one-time kind of influx of new positions.

Ms. Light said the sheriff's office and the fire and rescue departments, along with all other departments, were currently working on their budget requests and new positions. She said they would have more information regarding the proposed budget as they progressed. She said in the plan for fire and rescue, there were two engine companies, which equated to 24 positions over a five-year period. She said the anticipated need may include four 12-member engine crews, four six-member ambulance crews, safety officers, field training officers, planned leave coverage, and additional staff to meet the required staffing levels. She said regarding fire and rescue, they were not specifically focusing on their non-uniform positions; instead, they were considering them as part of general government.

Ms. Bohmke asked if there was an update on the grant.

Mr. Vosburg they had not received any official communication regarding this matter; however, they had been discouraged by the fact that most of the funds designated for distribution had already been distributed. He said that it seemed likely that they would not receive the grant in question, but no formal denial had been issued yet.

Ms. Light said that one of the initiatives Fire and Rescue had brought to the Board was the 24-72 staffing, which was not included in the five-year plan. She said that they did have an anticipated cost of $6.9 million in today's dollars if they were to implement it. She said as they examined the plan and considered potential changes in tax rates at the end, the initiative was not included.

Dr. Yeung asked for context regarding the 1.5 increase, whether it was related to the fire and rescue budget or something else.

Mr. Vosburg said the $0.015 was for capital. He said that originally, it was $0.03.

Ms. Bohmke noted that the presentation did not include the changing shift schedule. She asked why this was included in their budget presentation and if it had reached the Board.

Mr. Vosburg said that it was brought up in committee, but it did not make it out of committee. He said that there was interest beyond, so that was why it was included in the base plan. He informed the Board that it was not included in the five-year plan. He said if they wanted to consider it for inclusion, because there had been discussion about out years and potentially looking at it, they could find the potential cost footnoted. He said that if they wanted it to be included in year three, four, or five, they would need to start thinking about that, but they had not received any direction to include it. He said they were pointing it out because it was discussed and there was some talk about out years, but nothing formal from the Board.

Ms. Bohmke said that she had some reservations about the method they employed for managing committees when there was debate on a subject and then, unexpectedly, it appeared in their five-year financial presentation. She said she did not believe that is how things had been done.

Mr. Vosburg said that they received some questions regarding the expenditure from a couple of different supervisors, so they included it; however, he emphasized that it was not part of their five-year plan.

Ms. Bohmke said she understood, but she was discussing the structure of committees. She said when a matter was raised at a committee level and suddenly appeared on their five-year financial plan, she had a problem with that. She said that this should have been discussed at the Public Safety Committee and then brought up to the full Board before it arrived in a presentation like this.

Ms. Light said that under the County side, they were beginning to experience inflationary concerns regarding some of their projects. She said that on December 12, they would bring this matter back to the Board during a work session, and Budget and Capital Construction would collaborate to present it to them. She said that the school Board had approved a request for $770.8 million in projects over the first five years. She said this was $499 million more than what was approved in the last CIP within the same five-year period, not over the 10-year period. She said it represented an approximately 184% increase, significantly above what was previously approved. She said this was a concern that they had.

Ms. Light said that they had not incorporated these additional costs into the five-year plan. She said transportation only received the current transfer of approximately $8 million with a 3% annual escalation. She said when examining their sheet and locating line 81, it stated, "transfer to transportation," and it amounted to $241,000. She said that was in addition to the $8 million, so it was not only a $241,000. She said that the Board had sufficient presentations from Capital Construction and Transportation to examine the unfunded needs. She said that they knew there was insufficient funding to cover all of the projects within their CIP.

Ms. Light said that in their partner agencies, they had made some assumptions about these. She said that their jail increased by 10% in the first year and 6% in subsequent years. She said the jail last year had implemented a two-year market pay increase, so they were anticipating a larger request from them this year. She said that the juvenile detention center had assumed an annual growth rate of 4%, and the library at 4.4% annually, which matched the FY 23 to 24 approved increase. She said they had received additional requests from other partner agencies. She said GWRC, which came today, was included in this presentation or discussion. She said the Health Department had requested approximately $1.2 million in FY25, or an additional $637,000. She said they also asked for an 11% increase in the out years, so they included a 10% increase in the first year and smaller amounts in the out years.

Mr. English clarified that they were not considering including something for a new facility.

Ms. Light said no.

Dr. Yeung asked if there was a way they could estimate what the one, six, and four percentages were.

Ms. Light said that regarding the health department specifically, on line 52 of the base budget, if they applied a 10% increase annually, this would result in an additional $56,000 in year one, with a 5% increase in subsequent years amounting to $31,032. She said that over the five-year period, they would receive an extra $189,000. She said that the requested funding for FY25 was $1.2 million, which represented a $637,000 increase compared to their current plan. She said that museum funding was not included in this proposal; however, she wanted to bring this matter to the Board's attention as it had been previously discussed at the committee level and presented to the full Board during prior budget years.

Ms. Light said the museum representatives were advocating for the transient occupancy tax option, and as part of this year's budget process, they would be asking the Board whether they intended to increase the transient occupancy tax, allocate a portion of their existing tax, or require the museum to go through the partner agency submission process like other partner agencies did. She said that the Board had been actively engaged in the strategic planning process, which was currently underway. She said that early identification of some of the Board's initiatives had taken place, with their five-year plan serving as a placeholder for ongoing funds and one-time funding for consultant fees or studies.

Ms. Light said that this would be brought back to the full Board during their retreat, where it may be adopted or proposed alongside the FY25 budget. She said that regarding technology upgrades, Microsoft Office 365 had been approved by the Board at a recent meeting. She noted that there would be additional costs in future years, but the implementation of O365 was anticipated with enthusiasm. She said that there was a CAD system for the sheriff fire rescue departments to enhance public safety measures. She said that was part of the RFP process. She said that it was being studied and examined, but they anticipated that some of those costs would be included in the FY25 budget.

Ms. Light said that a new financial system was being considered. She said that their current financial system had been implemented in 1998 and had not undergone significant changes or upgrades since then. She said they were going through a migration program from green screen interfaces to cloud-based systems. She said the interface looked better, and the underlying functionality remained unchanged, including activity reporting, training, and support. She noted that this system lacked some modern features, which had been brought before the Board in previous five-year plans. She said this may finally be approaching fruition. She said the County had recently completed a needs assessment under IT's direction, and they were now considering starting that project in FY 2026.

Dr. Yeung asked what the backup plan was for the data. She asked if the project could be accelerated before FY26.

Ms. Light said that she believed they should adopt a highly structured approach to this matter. She said that many CFOs CIOs in local organizations did not continue their employment due to poor performance in financial system implementation. She said this was not a path they wished to pursue. She said they had opted for a cloud migration, which was currently being worked on by IT and finance departments. She said in a week's time, they would finalize this project, significantly enhancing their data security. She said both IT and finance staff were developing a project plan to present to the County administration. She said this was an ongoing effort that they would continue to work on diligently, focusing on the implementation of a feasible solution.

Mr. Andrew Spence, Chief Director of Information Services, said that the IT department ensured that they had a project to transition their entire system over to the cloud. He said they had backups in place to guarantee that they could efficiently move to a new financial system by FY26, and that they were provided with protection during this time.

Ms. Light said that with all of these investments in their community, this base plan then laid out a tax rate that started at 97 cents and moved all the way to $1.18. She said that the items discussed throughout the presentation included increases for schools to meet their five-year financial plan requirements, increases for general government, sheriff, and fire and rescue staffing, increases for health department, and a new line for transportation. She said the increase would provide $18.2 million over the plan to fund some, if not all, of these items, or approximately 30%.

Ms. Light said that the Board may have opportunities in the future for some economic growth impacts that had not been included as a revenue source. She said that they would consider those in FY27, 28, and 29. She said without these factors, the outcome would be almost $1.28; however, with them included at the end of five years, they could reach as high as $1.17. She said that as they shifted from discussing a tax rate that had the potential to rise to $1.17 or even higher, they had some strategies for impacting the bottom line. She said they anticipated presenting a fees and charges policy before the Board prior to the FY 25 budget.

Ms. Light said the policy would examine holistically across the County what they were currently charging, where they should be, and make recommendations and suggestions for changes. She said they were examining an enhanced grant funding process, and they would discuss this topic further during the three o'clock session when the grant policy was presented to the Board for consideration. She said they would explore any other economic initiatives that supported revenue increases which had not yet been considered. She said that as always, they adhered to Board direction in order to use it as the basis for their proposed FY25 budget. She said this matter would be brought back to them on November 14 for additional guidance. She said they anticipated providing a five-year plan for utilities, fire levy, and transportation at that time.

Ms. Bohmke said that the Regional Transportation Authority was discussed at FAMPO last night. She said that they were engaged in serious conversations and working to create legislation that may be submitted to the General Assembly. She said some of these road projects could potentially be funded by the RTA. She said they anticipated voting on this matter during the November FAMPO meeting or possibly a special called meeting in December. She said that they preferred to create their own legislation rather than having it imposed upon them. She said they were being proactive.

**ADJOURNMENT**

At 1:44 p.m., Chairman Yeung adjourned the October 17, 2023 Stafford County Board of Supervisor's Five Year Financial Plan work session.

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| Randal E. Vosburg | Dr. R. Pamela Yeung |
| County Administrator | Chairman |