BOARD OF SUPERVISORS
STAFFORD COUNTY, VIRGINIA
MINUTES
FIVE YEAR FINANCIAL PLAN WORK SESSION: GENERAL FUND
October 22, 2024

CALL TO ORDER – A work session of the Stafford County Board of Supervisors was called to order by Meg Bohmke, Chairman, at 5:00 p.m. on Tuesday, October 22, 2024, in Conference Room ABC, George L. Gordon, Jr. Government Center, 1300 Courthouse Road, Stafford VA.

ROLL CALL – The following members were present: Meg Bohmke, Chairman; Tinesha O. Allen, Vice-Chair; Pamela Yeung; Crystal Vanuch; Darrell English; Monica Gary; Deuntay Diggs.

Also in attendance were Bill Ashton, County Administrator; Rysheda McClendon, County Attorney; Julia Homes, Deputy Clerk; various staff members; and other interested parties.

WORK SESSION AGENDA ITEMS

FY2026-30 FIVE YEAR FINANCIAL PLAN (FYFP) GENERAL FUND

Andrea Light, Chief Director of Financial Service, said that the agenda focused on the general fund only, and the slides provided incremental changes to the fiscal year 2025 operating budget, which stood at $427 million. She said that these incremental changes were adding to the overall budget. She said that by presenting the five-year plan ahead of the proposed budget, the Board can review opportunities and challenges and provide policy directions to staff. She said that she will highlight areas where they may need more precision in the projections.

Ms. Light said that over the five-year period, the plan projected an increase of $163.6 million in revenue. She said that this represented an incremental increase over the five years. She said that real estate remained the primary source of revenue, while schools were the major expenditure. She said that the chart illustrated the plan changes by year. She said that by breaking down the $163 million increase, fiscal year 2026 presented an initial challenge and will require the County to propose and adopt a budget soon.

Ms. Light said that there was only $19.9 million of new revenue in fiscal year 2026, representing a 4.6% increase over the operating budget of fiscal year 2025. She said that she would like to review the revenue development cycle. She said that they had a robust cycle, which had impressed bond rating agencies. She said that they begin each cycle with a departmental review of revenues, led by subject matter experts. She said that they engaged with economic development to assess growth and future trends, and they brought in the commissioner of the revenue due to the expertise in collecting sales tax.

Ms. Light said that they also collaborated with development services to ensure a comprehensive approach. She said that they gather other services to discuss their projections and insights, allowing them to analyze the qualitative data and prepare for potential future developments. She said that they conduct stress testing and assumption reviews, working closely with County administration and relevant departments. She said that this helped them consider various scenarios, including the possibility of a project coming to fruition, its potential impact, and the potential need to adjust revenue projections.

Ms. Light said that to gain a broader understanding, they also hosted an annual economic forum, featuring experts from across the state, such as an economics professor from George Mason. She said that they invited representatives from the Fredericksburg Area Association of Realtors to discuss housing trends and other experts to provide a more comprehensive view of Stafford's economic landscape.

Ms. Light said that they conducted a mid-year review before proposing a budget and continued to monitor and report to the Board throughout the year, refining their projections and assumptions as needed. She said that their five-year financial plan broke down into various components, with 57% of revenue coming from real estate, and 45% from data centers. She said that this included both real estate and personal property taxes. She said that they had made some broad assumptions, which they would discuss later, but they wanted to highlight the significance of real estate revenue.

Ms. Light said that their real estate assumptions did not include the fire levy, which was 1.31 cents per dollar. She said that they were only considering the general fund, so when evaluating this, one could add back the fire levy to understand the total burden on taxpayers. She said that their calendar year tax rate was 0.8936. She said that they were anticipating increases in years one, two, and three, but there was none in year four.

Ms. Light said that their assumptions did include increases in reassessments of 10%, which occurred in even calendar years. She said that other tax reliefs, including those for the elderly and disabled, were expected to continue growing at a rate of approximately 2%. She said that the state's unfunded mandate affected tax-exempt veterans, with an anticipated increase of around 10% per billing, or approximately 20%.

Ms. Bohmke said that she would like to clarify the calculation for the 10% per billing period. She asked how the clawback percentage would be estimated.

Ms. Light said that they had a base number that they began with and grew it at a rate every year. She said that currently, they were estimating $600,000 per year.

Ms. Gary asked, prior to the approval of the data centers, what the projections were for four and five.

Ms. Light said that last year, they were close to $1.06 at the end of the five-year period. She said that 2029 was up to $1.006. She said that under this plan, they were slightly short of that amount.

Dr. Yeung clarified that 2029 and 2030 were zero because of the data centers. She asked if this should result in a net decrease.

Ms. Light said that was a Board decision, a strategy for implementing the use of those data center funds. She said that it involved deciding whether to use those funds to reduce the tax rate, change services, or something else. She said that as they reviewed the expenditures, she believed they would see that there were various options available. She said that for example, there were numerous lines in the document that presented different choices. She said that this was just one way to begin developing a five-year plan. She said that it was the starting point.

Dr. Yeung said that they should add a footnote explaining that on the document.

Ms. Light said that based on the increase in tax rates in years one, two, and three, and subsequent changes in assessment values and new construction in years 2029 and 2030, they anticipated an increase in revenue across the five-year period. She said that tax relief was projected to increase by 10% every billing cycle, resulting in a compounding effect of almost 20%. She said that this would yield $9.6 million in tax relief in year one.

Ms. Light said that by fiscal year 2026, she expected there to be $26 million. She said that the Commissioner of the Revenue and Mr. Toigo had recently provided information to their lobbyists regarding the potential impact of a 32% tax increase, which would result in $30 million in fiscal year 2026 and a 1.4-cent tax rate increase.

Ms. Allen asked for clarification about the projections for fiscal year 2027.

Ms. Light said that for fiscal year 2026, they had increased the amount. She said that as a result, they were behind on providing tax relief. She said that to address this, they had increased the base amount and then added a 10% year-over-year increase. She said that in fiscal year 2027, the 10% year-over-year increase remained the same, and in fiscal years 2027 and 2028, the number would start to grow year over year.

Ms. Light said that before they began this conversation, she wanted to address a couple of points regarding data centers. She said that upon reviewing the one-time uses over the weekend and last night, she realized that the expenditures should be listed in the negatives. She said that this was because the revenues they were showing were speculative at this point, and they were not yet reflected in the business personal property tax. She said that as a result, they were making some assumptions to provide a general idea of what the financials might look like. She said that they did not have a precise projection at this time.

Mr. English said that his question was regarding the data centers that they were basing this on. He asked if it was solely based on the two that they had approved.

Ms. Light said that they looked at Loudoun County, which has a long history of data centers, and they estimated approximately $23 million in tax revenue for every million square feet. She said that the Board recently approved 8.8 million square feet of data center space. She said that given this, she believed their five-year plan was slightly conservative. She said that her main concern was the fiscal year 2026 projections, which assumed half of a data center in revenue in total. She said that specifically, one data center was expected to generate $8 million in revenue, plus $2.2 million for the change in real estate value.

Ms. Light said that this represented a significant shift from a land-use property to a property with substantial real estate value. She said that they were making assumptions about this change, as well as the assumption that one building would be built out by December 31, 2025, with personal and business property in place by June 2026. She said that she believed it was essential that they have more precision in their projections, and some of this would come from further work with developers and their schedules.

Dr. Yeung said that she had a quick question regarding building. She said that she was wondering if that was distinct from phase one. She said that she was aware that the amount Mr. Mayausky was proposing was based on phases.

Ms. Light said that she did not compare this to Mr. Mayausky's previous presentation to the Board. She said that this project was focused on having one building in place by December 31. She said that she believed, as she had mentioned earlier, that this project required precision work and a collaborative effort to ensure that the details were accurate.

Ms. Vanuch said that she wanted to clarify the details regarding the projects. She said that Ms. Light had mentioned that the only project she had modeled into the budget was the Potomac Church project, which was commonly referred to as the Amazon project, located across from the courthouse. She asked if a single building was expected to be completed by 2025.

Mr. Ashton said that one building was expected to be constructed by the end of 2025.

Ms. Vanuch said that having one building constructed by 2025 was a feasible goal. She said that the timeline was from 2020 to 2025. She said that having one building constructed by 2025 was a realistic objective. She said that the timeline was from 2020 to 2025.

Ms. Bohmke clarified that the second building could not come online until the water and sewer infrastructure was built. She asked if the second building was factored into the projections for fiscal year 2027, 2028, and 2029.

Ms. Light said that yes, they had additional buildings planned for fiscal years 2027, 2028, 2029, and 2030. She said that this would include the Amazon project and the STC project, among others. She said that there were multiple projects underway simultaneously.

Ms. Bohmke said that she thought that the proposal was overly aggressive. She said that she had visited the data center located by Old Potomac Church. She said that when she drove by there about a week and a half ago, she expected the walls to be up.

Ms. Gary asked for more clarification about how the first building was factored in.

Ms. Light said that this model took into account the first building being constructed in fiscal year 2025, and the revenue would be collected for fiscal year 2026. She said that they would then continue to add additional buildings each year, assuming further expansion. She said that for example, in fiscal year 2027, it would include two additional buildings, in addition to the remaining half of the first building.

Ms. Gary asked when they would have the financial data on the next data center that they approved.

Mr. Ashton said that they met with STC about a week ago, and STC provided a rough estimate of the scheduling, which was more of a back-of-the-envelope calculation. He said that they still needed the water, so they were continuing to monitor the situation, and they were having ongoing conversations with STC. He said that they had based their estimates on their discussions with STC. He said that they were looking at a 14-month timeline for the data center building.

Ms. Gary said that she had a follow-up question to ensure they stayed informed about the Commissioner's Office needs. She said that given the numerous demands associated with the recent developments, she would appreciate it if they could keep them updated on any additional requirements.

Ms. Light said that as departments submitted their budget requests for fiscal year 2026, they would begin reviewing them in November. She said that they would be able to present the results to the Board along with the proposed budget.

Ms. Bohmke asked if Ms. Gary was referring to the data centers or department budgets.

Ms. Gary said that she was referring to the department budgets, as they related to the data centers, given previous requests from Commissioner Mayausky's office that they had already addressed. She said that to ensure they were prepared, she wanted to confirm if there were any additional requests or considerations that needed to be taken into account, given the significant scope of these projects.

Ms. Vanuch said that one thing they really needed was a clear explanation of the projects included, as well as those that were not, to help the public understand the scope. She said that currently, they were struggling to keep up with the information, and even they, who were closely following it, were finding it challenging. She said that to address this, she proposed creating a spreadsheet that outlined the projects, including the expected number of buildings, anticipated completion dates, and data center information.

Ms. Vanuch said that this would be helpful as they moved forward. She said that she also thought the Board should carefully consider whether to include revenue from the STC project in their projections, given that it did not yet have a fully approved water services agreement. She said that she recommended that they consider creating a separate slide to illustrate the potential implications of not having this agreement in place.

Mr. Ashton said that to address the first point, it existed. He said that he added the by-right column to the spreadsheet that day, and he ran it through the Chair, and he would be sending it out to the rest of the group later that evening.

Ms. Bohmke said that she had asked Mr. Ashton about that yesterday and requested that he include the by-right information, as she was not familiar with the projects in her district. She said that she had not yet reviewed the email, but she asked if it also included the time frame.

Mr. Ashton said that the document provided a timeline of the approvals that had been completed so far and their current stage. He said that their knowledge of the actual project scheduling was limited, as it was managed by the developer. He said that from a staff perspective, they could see that they were at a certain stage.

Ms. Bohmke said that one thing she believed the Board should consider was the number of data center requests they had received. She said that many of these requests were located in the Falmouth District. She said that as a result, she thought it was essential for the Board to weigh the advantages and disadvantages of these data centers.

Ms. Allen asked if the projections would be updated as buildings came online.

Ms. Lights said that as they moved forward with the five-year plan, the Board's retreat, and the budget process, they would continue to refine their understanding of what this looked like and bring more precision to their projections.

Ms. Bohmke said that she would also like to see a column that lists the buildings being assessed, as well as a column that shows the peripheral equipment. She said that she believed that this information was important for both the public and supervisors to see.

Mr. English said that he was concerned about the depreciation on that equipment inside. He said that he would have to monitor that, as it would inevitably depreciate over time.

Dr. Yeung said that for page three, where they had the expenditures, she would like to clarify the salary information. She said that she knew they had their salary at 10%. She said that she noticed that under schools, the salary was at 55%, which was the largest portion of the school's budget. She said that she thought it would be beneficial for them to be able to see this.

Ms. Bohmke said that she believed that particular slide was not the right place for that information. She said that she thought they needed to conduct a more in-depth analysis. She said that for the purpose of that slide, she was trying to illustrate what the pie looked like.

Ms. Light said that one option could be to examine the school's five-year financial plan, including their projected salary costs and how the $89 million would support that. She said that this could help identify potential shortfalls.

Ms. Bohmke said that the 55% figure did not account for their debt service.

Ms. Light said that it did.

Ms. Bohmke said that it should list operating budget and debt service.

Ms. Gary said that she wanted to bring to the Board's attention a conversation she had today with her counterpart on the School Board. She said that it appeared that there were some issues that would be coming to their attention this year, specifically related to the provision of necessary resources for ESOL students. She said that unfortunately, some essential items were not being addressed, and it may impact their budget. She said that she was not aware of the full extent of the issue, but she thought it was worth sharing with the Board to ensure they were aware of the potential impact.

Mr. Diggs said that he had also spoken with his colleague on the School Board regarding a budget issue that would impact them. He said that from his understanding of their conversation, it appeared that the day school would not be included in the new Drew Middle School building. He said that as a result, they would need to find a location for the day school or explore alternative services. He said that this was a conversation that they should be having as well.

Ms. Bohmke said that was on their agenda for the three-on-three.

Mr. Ashton said that they had scheduled it on the three-on-three agenda to open the conversation. He said that although he was not certain of their objective, it appeared that they intended to have a strategic level conversation about the future at the three-on-three meeting on Thursday.

Ms. Bohmke said that they needed to return to the MOU discussion. She asked if the MOU had been signed.

Ms. Krauss said that it had. She said that it was important to note that these were their schoolchildren, and it was their responsibility to educate them. She said that as a funding partner, the school must take the lead in determining their next steps.

Ms. Bohmke said that the schools decided who was admitted to the day school program.

Ms. Light said that she did want to point out that both Prince William County and Loudoun County had increased their revenue stabilization policy. She said that they explored the concept of one-time uses. She said that both counties had allocated 10% of their data center revenues to their revenue stabilization policy in some manner, with the goal of offsetting potential swings in business and personal property revenues. She said that they anticipated developing a policy to present to the Board at a later date.

Ms. Bohmke said that when considering the difference in Loudoun County's budget, it was notable that 40% of their budget was dedicated to data centers. She said that given this, they were in a distinct situation compared to Loudon County. She said that they should take this into account when establishing a revenue stabilization fund.

Ms. Light said that Prince William's approach to this issue focused on business personal property, rather than the real estate itself. She said that in other revenue streams, they had assumed a $3.1 million increase in other consumption tax, which was based on a rate change. She said that specifically, they had looked at the meals tax rate in Stafford County, which was currently 5%. She said that the City and Spotsylvania were at 6%, the maximum rate they could consider. She said that at 6%, this would translate to approximately $3.1 million in revenue. She said that it was possible that the Board may have different decisions.

Ms. Vanuch asked if they were assuming meals tax would be increased.

Ms. Light said that the $3.1 million was based on that, and as a result, the $19.9 million allocated for fiscal year 2026 included $3.1 million of additional revenue.

Ms. Bohmke said that it was already built into the budget, so if they lowered the meals tax, it would lower revenues.

Ms. Vanuch said that this slide was a big deal because they had received substantial pushback from restaurants regarding the meals tax, as well as from constituents.

Dr. Yeung asked what the increase was.

Ms. Light said that the proposed increase would be from five to six percent, which was the same rate as the City and Spotsylvania County. She said that they also took into account other revenue sources, including the Board's increase in parks and recreation fees, as well as development service fees. She said that next, they would review their general fund expenditures, with approximately 55% of the budget allocated to schools. She said that education was the primary driver of their five-year plan. She said that the proposed increase in education funding was $89.2 million over the five-year period, out of a total of $163.6 million.

Dr. Yeung said that in previous budgets, the Board had discussed the concept of a shared service agreement or a shared initiative, where they could provide a certain percentage to the school system. She said that she had been waiting to discuss this further until they had a deal with Amazon. She said that perhaps they could offer 2% or a similar percentage towards their expenses. She said that the School Board had brought this up on multiple occasions, including in

2023 and possibly 2024. She said that she would like the Board to consider this proposal again as they evaluated their options.

Ms. Bohmke said that it was essential that they considered the entire picture when it came to the budget. She said that when looking at their needs in the County, including their schools, it was clear that they could have this conversation without fragmenting it into separate issues.

Ms. Light said that the education funding of $89.2 million included debt service, operating increases, and small increases for public day schools of $107,000 over the five-year period. She said that approximately $30,000 was added in years one, three, and five.

Ms. Gary asked whether the operating increases included the new schools being built and their corresponding operating costs.

Ms. Light said that they had explored schools from various perspectives.

Ms. Gary asked how recent the school figures were.

Ms. Light said that they were from the last CIP. She said that when they began analyzing the debt service, they initially assumed all debt issuance from fiscal year 2025 through 2034 and a projected savings from elementary schools 18 and 19. She said that the schools' construction bids came in lower than expected, so she had assumed all of that within the projected savings for the last four years.

Ms. Light said that if they did not realize that $18 million in savings over the four-year period, this would increase the amount by $1.3 million by fiscal year 2030. She said that they did examine operating inputs in various ways. She said that in the first year, there was $19.9 million in operating inputs. She said that approximately 50% of that went to the schools in the first year. She said that a portion of that was allocated to debt service, and the remaining portion was allocated to operating revenue, which was approximately $5.1 million.

Ms. Bohmke asked what accounted for the decline from fiscal year 2025 to 2026.

Ms. Light said that to maintain per pupil funding, there would need to be a $7 million transfer to the schools instead of the $5.1 million allocation in the first year, which was equivalent to 0.7 cents on the tax rate. She said that to get to the School Board's five-year financial plan in the first year, their contribution would be approximately $11.3 million, or 2.2 cents on the tax rate.

Ms. Light said that typically, they used a rolling average when creating the five-year financial plan, which would result in an allocation of around $11 million in the first year, or 2.1 cents on the tax rate. She said that what they were really seeing was that very constrained revenue in fiscal year 2026, just under $20 million, and they needed to determine how to allocate that amount to meet the various needs of the County.

Ms. Bohmke said that if they were to remove the $3.1 million increase in meals tax, the impact became even worse.

Ms. Light said that they had examined the school's needs for the upcoming elementary schools and the high school. She said that the County contribution in fiscal year 2026 would primarily focus on the high school and elementary school 18, and it would be about $1.4 million. She said that this amount may change, and they anticipated an additional $2 million in 2027, with smaller increases in 2028 and 2029. She said that they also expected to allocate $1.5 million in 2030.

Ms. Gary asked if the increases in 2027 accounted for the elementary school and the high school.

Ms. Bohmke said that one thing that would be happening was that they would not need to staff the schools at 100 percent capacity. She said that they could utilize the existing teachers from overcrowded schools to bring their numbers down to a more manageable level. She said that she was assuming that they had conversations regarding their projections.

Ms. Light said that in their conversations with schools or any other department, when they were examining the operating needs for a capital item, they were listing those out position by position, without lumping them together. She said that this allowed them to review the schools' specific requirements and say, for example, that each school needed a library and a librarian, as these were core positions that could not be shared. She said that similarly, each school required a principal, a bookkeeper, and counselors, which were essential roles that could not be filled by positions from other schools.

Dr. Yeung said that for the positions that needed to be filled, including librarians, staff, kitchen staff, and others, those were essential. She said that when they were discussing the teachers who would be joining them, that was one aspect. She said that then there was a significant number of teachers who would be needed. She asked, if those positions did not get filled, and she was considering the social workers and psychiatrists who were particularly challenging to fill, were they planning to provide the necessary funding in advance.

Ms. Bohmke asked what the staff vacancy would look like and if they had run the analysis comparing 100% staffing to reality.

Mr. Ashton said that they could certainly request that the schools provide them with that information.

Ms. Bohmke said that she believed that would be very helpful because it would provide clarity on whether tax increases or decreases were necessary. She said that typically, if a project did not require additional funding, taxes would decrease. She said that however, if the project had a steady revenue stream, taxes might remain the same. She said that she recalled that in the past, they would ask about projected vacancy rates.

She said that if they could obtain some statistical information on the matter, she would like to know if the additional funding to help fill hard-to-fill positions was effective. She said that specifically, she would like to know if they were able to fill these positions with the extra money allocated to them last year.

Ms. Krauss said that it might be helpful if the Board had questions that needed to be addressed in the presentation on the financial update. She said that gathering those questions in advance and providing them to the school beforehand would ensure that everyone was getting the answers they wanted.

Ms. Bohmke said that they should also include scale adjustments. She said that sometimes, people expressed frustration when they did not receive a raise.

Ms. Light said that moving from education to salaries, this was their next large item, totaling $17.1 million over the five years, with $10.5 million of that coming from new revenues. She said that the salaries effectively supported the Board's strategic priorities, specifically maximizing retention and recruitment. She said that in the first year, General Government assumed a 2% scale adjustment and a 2% pay increase. She said that they used the terms "pay increase" and "merit" interchangeably, and then they maintained a 1.75% scale adjustment in the out years and a 2% pay increase.

Ms. Light said that for uniformed public safety, there was a difference in how they were approaching general government market pays. She said that uniformed public safety conducted year-over-year reviews of uniformed positions and adjusted accordingly, which supported the Board's strategic priority. She said that with general government, they conducted small market studies in years 1, 3, and 5, and larger studies with a consultant in fiscal years 2027 and 2029. She said that HR had reached out to departments to conduct small studies on a small group of people, resulting in a disparity between the first year of uniformed public safety and general government.

Ms. Light said that new positions were estimated to cost $23.3 million over the five years, representing a 14.3% increase. She said that General Government had added an average of 3.3% of positions year over year in the past three years. She said that applying this rate, they would have significantly more positions than those outlined in the five-year plan. She said that they had traditionally maintained positions per capita, averaging eight per year. She said that however, they had recently reduced this number, particularly in fiscal year 2026, based on revenue and the reality of filling those positions.

Ms. Light said that Fire and Rescue had two ambulance crews and staffing for Embrey Mill, with a total of 18 individuals, including an ambulance crew and 12 firefighters. She said that there were two stations without ambulance crews and three stations without fire crews that were not adequately funded within this five-year plan.

Ms. Bohmke asked what stations would get the ambulance crews.

Ms. Gary asked if they were on track with the property in the town center for the new station, and how that would impact staffing when the new building was completed.

Ms. Light said that there were three stations without fire crews: Widewater, Brooke, and Potomac. She said that there were two stations without ambulance crews, although she did not note their specific locations. She said that she did not believe that either of these stations was Aquia, which was staffed by an 18-member crew. She said that the staffing needs in the out years should not be impacted.

Ms. Light said that for staffing at the Sheriff's Department, in years one and two, no new positions were added. She said that this was largely due to the revenue stream. She said that currently, the Sheriff's Office had some vacancies. She said that in the appropriation resolution, the Board authorized up to a 15% overfill for the Sheriff's Department, which allowed them to remain flexible. She said that if the staffing or market pool changed, they could hire up to 15% above their full-time authorized strength.

Ms. Light said that she would like to take some time this evening to discuss systems investments, which totaled approximately $5.7 million over the next five years. She said that the CAD system was a key component of this investment. She said that the Sheriff's Department provided information on the replacement of their CAD system, which was the core processing of their emergency calls. She said that this new system would streamline workflow, increase performance, and improve the quality of work.

Ms. Light said that the benefits included reduced time processing calls, quicker response times to emergencies, and a lower workload. She said that the new system would enable responders to receive critical information more quickly. She said that it would replace an antiquated system from 2013, which itself was a major upgrade from a 30-year-old system that was first implemented in 1994 and 1995.

Ms. Light said that another item within this five-year plan was to replace the financial system in fiscal year 2026. She said that the current system, which was implemented in 1999, lacked modern reporting capabilities and was considered antiquated. She said that currently, a few staff members had the ability to use the reporting system, but as they left, they may face challenges.

Ms. Light said that the federal government had enacted the Federal Data Transparency Act, which required local governments to transition to machine-readable and structured data formats by 2027. She said that this meant that their information had to be compatible with the federal government's requirements, similar to how a corporation would report to the SEC. She said that if someone had taken accounting classes, they may recall exercises that simulated this process. She said that while they could be engaging, the reality was that extracting data from their current system would be difficult.

Dr. Yeung said that there were some excellent financial systems available, but many of them were isolated to financial systems only. She asked if they were considering acquiring a system that could integrate with other modules, such as HR, to maximize its value.

Mr. Ashton said that the main vendors operating in the local and state government space utilized full enterprise resource planning systems, which integrated human resources and financial functions.

Ms. Light said that they had issued an RFP for a new financial system that encompassed utility billing, human resources, financial systems, budgeting, and other related functions. She said that this comprehensive system would provide a detailed overview, which they would present to the Board as part of the proposed budget.

Ms. Vanuch said that her only request for the RFP was to consider including AI capabilities. She said that many local governments were already incorporating AI into their systems, and it had proven to be beneficial in areas such as plan approval, site planning, engineering projections, transportation projections, and cost savings. She said that AI was saving counties significant amounts of money nationwide. She said that she believed they should definitely explore incorporating AI into their plans, rather than investing millions of dollars in outdated technology that would likely become obsolete by the time they implemented it.

Dr. Yeung said that they could also ensure that project management was included in the plan, as it sometimes may be an oversight on their part.

Ms. Light said that the partner agencies' investments totaled $5.9 million, which represented 3.6% of their projected revenues. She said that the assumptions were outlined in this plan. She said that the jail anticipated 7.5% in the first year. She said that while the average growth over the past three years had been 9.1%, this may be slightly conservative. She said that the juvenile center also projected 7.5%.

Ms. Light said that the juvenile center had undergone significant changes in its revenue structure. She said that the library maintained a consistent rate of 4.4%, comparable to last year's budget. She said that the health department initially projected 7.5% in the first two years, with 5% in the out years, and an additional $127,000 in funding. She said that this would bring the health department's total to $1.2 million by the end of fiscal year 2030.

Mr. English said that he suggested that they consider including the Health Department's need for a new building in their plans. He said that he was unsure how to incorporate it, as it seemed to fall under both capital improvements and the agency's needs.

Ms. Allen said that they first had to find a building, and the state would pay the rent.

Ms. Bohmke asked for more information about the changes for the juvenile center from the state.

Ms. Light said that they had made some changes to the amount they provided for the children who were detained in the juvenile center. She said that this was part of a regional program. She said that if a juvenile was incarcerated within that system, there was a program to help them stay near their family. She said that for example, one might be incarcerated at the juvenile center in Stafford if their family lived in Stafford or Spotsylvania. She said that the state was not increasing the amount they provided for daily costs, so instead, localities that supported the juvenile center would be responsible for covering those costs.

Ms. Light said that this meant that there was some revenue being lost due to consistent expenditures continuing to occur. She said that at the same time, they were seeing an increase in juvenile center incarceration. She said that she would like to briefly discuss the Strategic Plan Investments. She said that the $1.9 million allocated for Phase 2 of the Strategic Plan was scheduled to begin in February 2025.

Ms. Light said that this amount included budgeted priorities, which had been identified. She said that they also reviewed strategic plans from various departments and identified investments that fell into three main categories: staff development, economic development, and technology modernization and efficiencies. She said that these areas were also incorporated into the plan. She said that she would like to highlight the capital and other investments, which totaled $9.8 million, representing 6% over the next five years. She said that transportation was the first item, with a budget increase from $8.3 million in fiscal year 2025 to $9.6 million, representing a 3% annual increase.

Ms. Allen asked if 3% was a standing percentage that they had been using, or if it was an opportunity to reassess and aim for a more competitive percentage, such as four or five percent. She said that she believed they were not likely to reach the exact number they needed, but they could put themselves in a better position to be competitive for the programs that required matching funds, given the changes to the formula.

Ms. Light said that the projection for investing in transportation had a bit of a history. She said that when they first came to the Board, they associated some personal property tax revenue with supporting transportation. She said that they had looked back at personal property tax and found that it increased by 3% to 3.5% every year, systematically. She said that what they were looking at now was the revenues provided, rather than the expenses. She said that they would bring back some information on transportation at the next five-year plan presentation. She said that the Board could then make informed decisions about whether a 3% increase was the right amount to pursue.

Ms. Allen said that she would love to see that when they returned, as they were approaching the funding season and preparing to submit applications. She said that if they could provide charts and graphs that showed the expected outcomes at 3%, 4%, and 5%, that would be helpful. She said that this would give them a clear understanding of what they could realistically expect from each project or application, and what they truly needed.

Mr. Lehane said that the 3% was projected as an inflationary increase, not necessarily an increase in Board funding as a percentage of the total budget. He said that it was more of a general increase in costs per year. He said that any additional funding above 3% would be considered additional tax revenue that would need to be generated. He said that at their next transportation update, he planned to give a brief presentation at the November meeting to discuss some of the potential financial implications, including results from the Smart Scale project.

Mr. Lehane said that they had three projects that were expected to be bid later this year and early next year, which would provide them with construction costs. He said that if these costs were higher than their estimates, they may face issues. He said that, conversely, if they were lower, they would be in a better position. He said that he wanted to bring these critical points to the Board's attention at the next meeting, so they could make informed decisions later this year and early next year.

Dr. Yeung asked if the red dashboard items would change to green.

Mr. Lehane said that as they had discussed earlier at the Board meeting in September, they had briefly touched on the status of some of their projects. He said that for their legacy projects, Berea Church Road was currently under construction. He said that once the construction was completed, it would be removed from the dashboard. He said that Route 1 Courthouse Road and Route 1 Telegraph Woodstock were also nearing completion, with the bidding process and construction phases expected to follow soon.

Dr. Yeung said that her only concern was that she did not want to be in situations where she was asked about how the team managed to take on so many more projects without completing the existing ones. She said that she wanted to ensure that if there was a need for additional staff or resources, they would let the Board know so they could assist them. She said that this comment was in reference to the five-year strategic plan.

Dr. Yeung said that she would like to know if transparency was planned, and if it was feasible to make it available online as they progressed, allowing individuals to follow their journey and access background information. She said that she would be sending an email requesting additional information and background to help her better understand the plan.

Mr. Ashton said that they could review that. He said that he believed Dr. Yeung was raising a critical point. He said that without contextualization, presenting it in its raw form may not effectively convey the purpose the Board was trying to achieve. He said that they could explore ways to contextualize it to get them to where they needed to be.

Mr. Lehane said that they were currently on track. He said that they had a history of struggling to retain staff. He said that for instance, they had a project manager position open for two to three years due to difficulties in finding suitable applicants. He said that they were finally fully staffed last month, but another project manager was leaving. He said that this had been a concern as they had taken on new projects. He said that while they could secure funding, staffing remained a critical issue that they must address to maintain their progress.

Ms. Bohmke asked for more information about the project manager who was leaving.

Mr. Lehane said that they were moving to Maryland.

Ms. Light said that ARPA had concluded that fiscal year. She said that for fiscal year 2026, they had exhausted their available ARPA funding. She said that the only remaining ARPA funding was a $301,000 allocation for body-worn cameras, which was part of their plan to transition to using operating funds and had been incorporated into the plan. She said that as they previously discussed, they had assumed that 10% of data center revenues would be set aside for capital needs in years two through five. She said that they had also included courthouse operating costs in the end of the plan, which included expenses for seven deputy sheriffs, custodial staff, and park maintenance staff in 2030. She said that these costs were not reflected in the position counts they had previously presented.

Ms. Gary asked if the body-worn camera funding was referring to residual leftover costs, or if it would be a recurring expense.

Ms. Light said that it would be a recurring expense. She said that it was a portion of what they paid annually. She said that the costs would transition to general fund expenses.

Mr. Ashton said that it was a cloud-based solution.

Ms. Bohmke asked for an update on the cost associated with the implementation of body-worn cameras, now that they were fully operational. She said that they had previously estimated the cost to be around $450,000.

Ms. Light said that she could follow up with that information.

Ms. Bohmke said that she believed it was crucial for the Board to review the data center category, particularly the allocation of 10% of revenues for capital needs. She said that as it stood, 10% of the revenue was being set aside for capital needs, and another 10% was being allocated to a revenue stabilization fund. She said that she would like to bring to everyone's attention the specifics of how these data center numbers were being dedicated and set aside.

Ms. Light said that the 10% of revenue set aside for capital needs was the same 10% they had previously discussed. She said that one potential approach to addressing changes in data center revenue was to allocate 10% into a reserve that could be used for one-time capital needs. She said that they would budget for this reserve, and if they secured the funding, they would use it for capital needs. She said that if they did not secure the funding, they would explore alternative funding options. She said that this reserve provided a different level of flexibility compared to a traditional revenue stabilization reserve.

Ms. Light said that the Board needed to revisit this policy and have a thorough discussion about how to invest the data center revenues and assess the Board's risk tolerance for such investments. She said that they should then develop policies to help the Board meet its goals, which may include setting aside a portion of the data center revenues for future one-time capital needs. She said that for instance, they had realized the importance of setting aside funds for transportation. She said that alternatively, they could establish a revenue stabilization reserve, monitoring its growth as revenues fluctuated with changes in the market for data center operations.

Ms. Bohmke said that she believed they needed to have some very optimistic revenue projections when it came to the peripheral equipment after it depreciated in five years.

Mr. Ashton said that they wanted to have those conversations with the Board to obtain guidance on how to fiscally plan for these projects, but it needed to be at an appropriate time when they had more data.

Dr. Yeung asked if the courthouse was part of these conversations.

Ms. Light said that regarding the operating costs for years 2029 and 2030, based on the projected timeline of when the courthouse was completed, this may be a bit too early to include in the plan. She said that as they continued to refine their understanding of the courthouse's opening date, they would be able to more accurately determine the timing of when they would need additional deputies.

Mr. Ashton said that he had received the courthouse study prior to the meeting, and staff would be reviewing it shortly.

Ms. Allen said that they should consider the County's CIP needs. She said that over the past few months, they had been focusing on the school CIP needs. She said that it appeared that they had neglected their own needs. She said that she would like to see if they had included these needs in their five-year plan. She said that preliminary numbers were eye-popping, and if they had serious needs, they should not be delaying them to the out years. She said that they should be addressing these needs now and incorporating them into their five-year plan. She said that they could allocate a percentage of the funds every year for the County's CIP needs.

Ms. Light said that to clarify, the assumptions within the five-year plan were those approved in the CIP. She said that she believed there were differences in cost between the courthouse as approved in the CIP and the preliminary planning that had been done. She said that they had not increased the cost or altered the expected timeline for the courthouse to come online. She said that as a result, these factors would undoubtedly change.

Ms. Light said that inflationary pressures included $6.2 million over the next five years. She said that contracted services and other costs were at a 2% annual increase, resulting in small changes. She said that there were small changes in utility costs. She said that the primary driver of this change was health insurance, with 7% increases in years one through three, 6% in year four, and 5% in year five.

Ms. Light said that the Board may recall that at the end of fiscal year 2023, overall funds, not just the general fund, were over budget on health insurance by approximately $1.3 million, with about $1 million of that related to the general fund. She said that following the pandemic, they observed a decrease in health insurance costs due to reduced doctor visits, which had changed.

Ms. Bohmke asked if the 3% to 6% range was because the consultant had not performed a full analysis of utilities.

Ms. Light said that it referred to the County's utility needs.

Mr. Diggs said that he would like to revisit the inflation slide related to health insurance. He said that he previously brought this topic up, and he would like to reiterate his concerns. He said that recently, he discovered that some of their County employees required hearing aids, which were not currently covered under their health insurance policy. He asked what the County could do to help offset the costs.

Ms. Vanuch said that no insurance was required to cover hearing aids, but the VA did cover hearing aids under certain conditions. She said that she did not want to go down that path, because there were also ocular and dental needs that were unmet. She said that it could be costly for the County to cover.

Ms. Gary asked if other localities covered hearing aids.

Ms. Krauss said that this had come up before, and they had conducted an investigation into this matter. She said that adding it to their plan would require an estimated $100,000. She said that it would also depend on usage, as circumstances can change. She said that the information she provided was from approximately a year and a half ago. She said that there were alternative options to consider. She said that while these options would also come with costs, they would not fully cover all expenses. She said that ultimately, it would depend on what they currently had and what was needed for the employee.

Mr. Diggs said that while it was a cost, they must also consider the expenses associated with taking care of their employees and addressing recruitment and other related matters. He said that he believed it was worth investigating further, as there appeared to be a small number of employees who had concerns about this issue.

Ms. Bohmke said that while they were discussing health insurance, she would like to inquire about any staff perspectives or potential changes that had occurred over the past year or two. She asked if there were any additional health insurance considerations that the Board should be aware of.

Ms. Krauss said that they were currently tied with the schools in terms of their insurance plan. She said that she did not believe this was the year they would be renewing their plan. She said that when they did renew the insurance, they would take that into consideration. She said that they reviewed all the data and obtained quotes from different companies when they put out the bid with the schools. She said that at that time, if there were any additional factors they needed to consider, they did so.

Dr. Yeung asked if they could ask more about the shared initiative. She said that specifically, she would like to know if they had looked into this and if they had any background information on what they would like to see.

Ms. Vanuch said that she suggested scheduling a separate meeting to discuss their preferences regarding the projected data center revenues. She said that there were various options, including lowering taxes, allocating it to the schools, public safety, or transportation. She said that she believed it was essential that they presented these options and reached a consensus before proceeding.

Mr. Ashton said that they intended to do that, staff just required more information.

Ms. Gary said that she believed they should also consider having follow-up meetings with the Planning Commission as new applications continued to come in. She said that although they had those meetings in preparation, if they needed joint meetings in the near future to keep the applications in mind, she would like to know more about that.

Ms. Bohmke said that she believed that would be challenging to do that in a public meeting, as it would require discussing very specific applications. She said that they did not want to, and could not, do that, so it was not feasible.

Mr. Ashton said that he had sent the Board a spreadsheet. He said that it outlined upcoming projects and he believed it would be beneficial for them all to have a discussion about policy and share their thoughts.

Ms. Gary said that although they could not make specific decisions on individual projects at this time, if they were aware of potential projects on the horizon, they could still have those conversations. She said that they had done this before.

Ms. Bohmke said that her planning commissioner had been keeping her informed about various data center projects. She said that she would poll the Board on having three-on-three meetings.

Ms. Vanuch said she was not in favor of three-on-three meetings.

Mr. English said that he was not in favor.

Dr. Yeung said that she was in favor.

Ms. Bohmke said that she was not in favor.

Ms. Allen said that she was not in favor.

Ms. Gary said that she was not in favor.

Mr. Diggs said that he was not in favor.

Ms. Bohmke said that they needed more information.

Ms. Light said that the fiscal year 2026 budget pressures were again a concern, and she would like to highlight some of the key issues. She said that the schools were facing almost $5 million in increased debt. She said that the projected revenue was approximately $20 million, with 8% allocated for salary increases, totaling $1.6 million. She said that an additional $1.1 million was being allocated for new positions, without considering deputy positions. She said that the addition of partner agencies and inflation increases were also factors. She said that the Board could submit any questions through the portal, as well.

ADJOURNMENT

At 6:29 p.m., Chairman Bohmke adjourned the October 22, 2024 Stafford County Board of Supervisor's Five Year Financial Plan Work Session: General Fund.

William Ashton, II
County Administrator

Meg Bohmke
Chairman