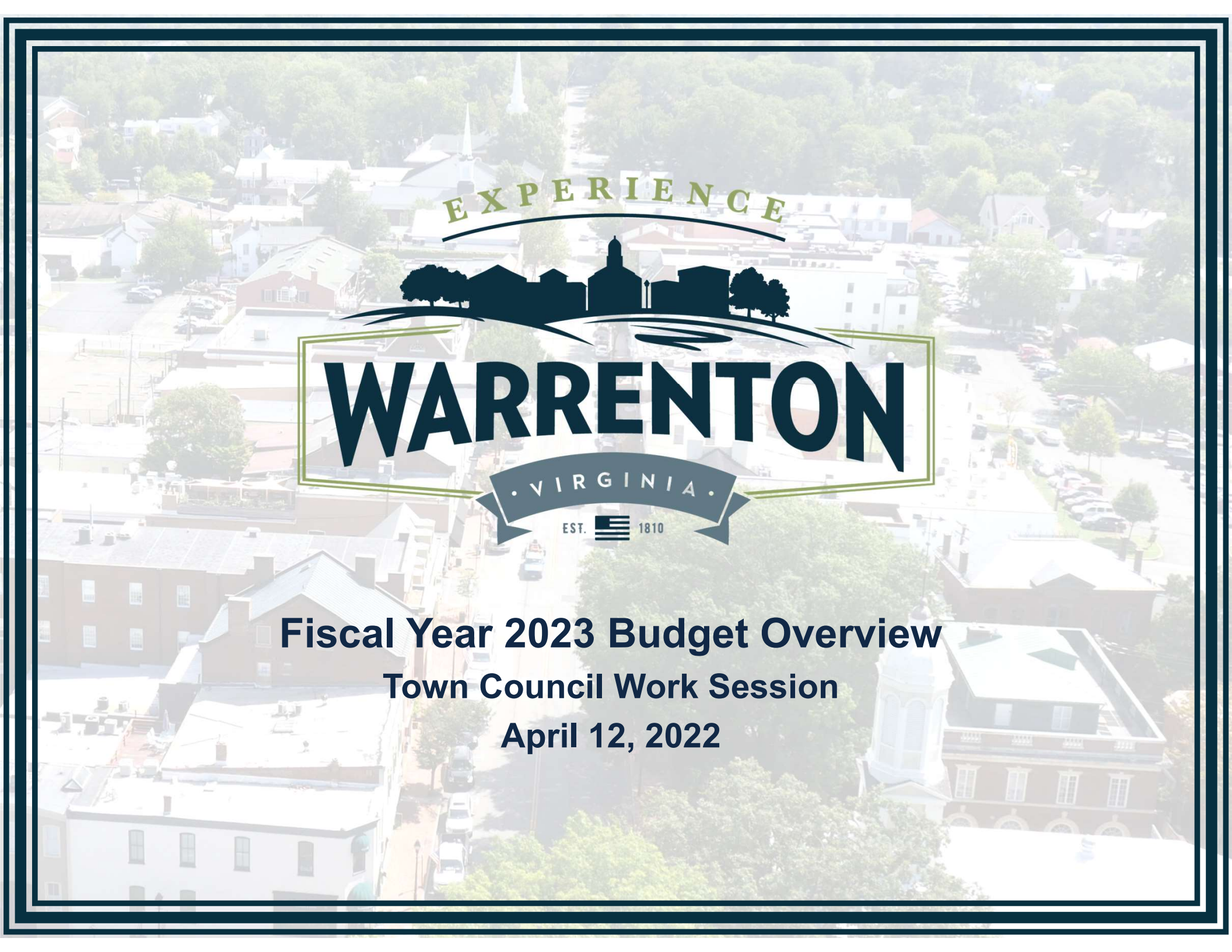


Fiscal Year 2023 Budget Overview

Town Council Work Session

April 12, 2022

Agenda

- Overview & Budget Development
- Revenue Overview
- Expenditure Overview
- Capital Improvements & Capital Asset Replacement
- Budget Calendar



Overview & Budget Development

FY2023 Budget Priorities

COVID-19 Recovery

Retain & Facilitate Economic Growth

Employee Compensation

- Enhance recruitment
- Employee retention

Maintain Delivery of Services

- Efficiency savings
- Technology opportunity

Infrastructure Investments

- Deferred maintenance
- Utilize ARPA for long-term project benefit

Community Engagement & Service Enhancements

- Technology Interfacing
- Outward facing programs

Fulfill Mission Statement

Dedicated to providing public safety, economic opportunity, and quality public services in an attractive, well-planned community with historic character for the benefit, enjoyment, and accessibility of all.

Pursuing Our Vision

Provide high level services in a cost-effective manner.

Living Our Values

- *Display honesty, respectfulness, and fairness in all relationships;*
- *support the health and economic well-being of our citizens and businesses;*
- *preserve our historic small-town character;*
- *encourage opportunities, services and infrastructure that allow people of all means to live, work and visit here*
- *address public concerns and opportunities promptly and effectively.*

Budget Strategy

- Balancing Needs
  - Services
  - Priorities
- Cost Savings, Efficiencies
  - Reductions
  - Leveraging technology
- ARPA

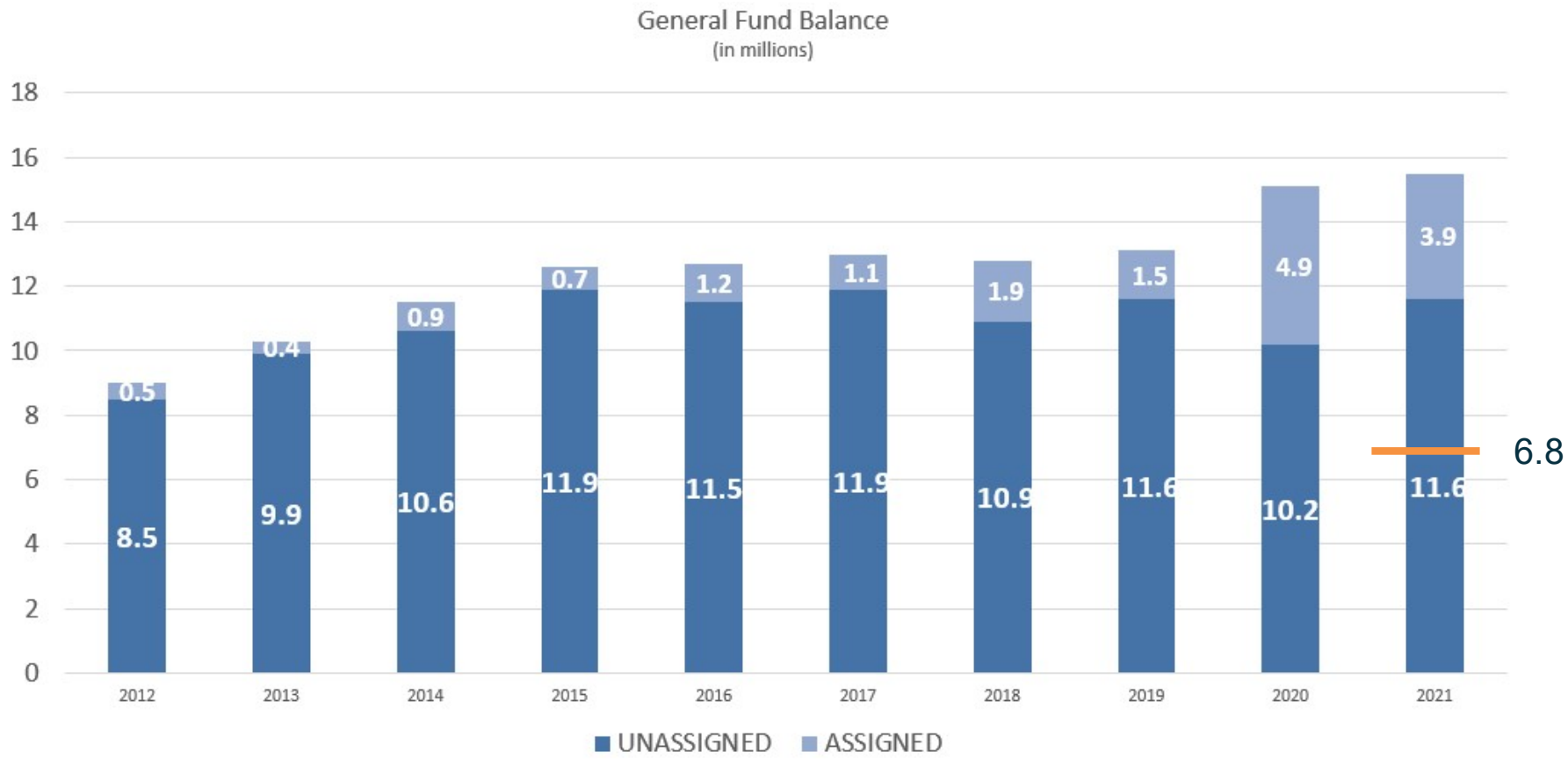
Strong Fiscal Management

- Refinancing to Achieve Savings
  - In 2021, the Town refinanced all outstanding debt to achieve NPV savings of $1.7m
- Financial Policies
  - In September 2021, Town Council adopted a comprehensive set of financial policies.
    - Fund Balance Policy (General Fund)
    - Cash Balance Policy (Water and Sewer Fund)

Strong Fiscal Management

Fund Balance Policy (General Fund)

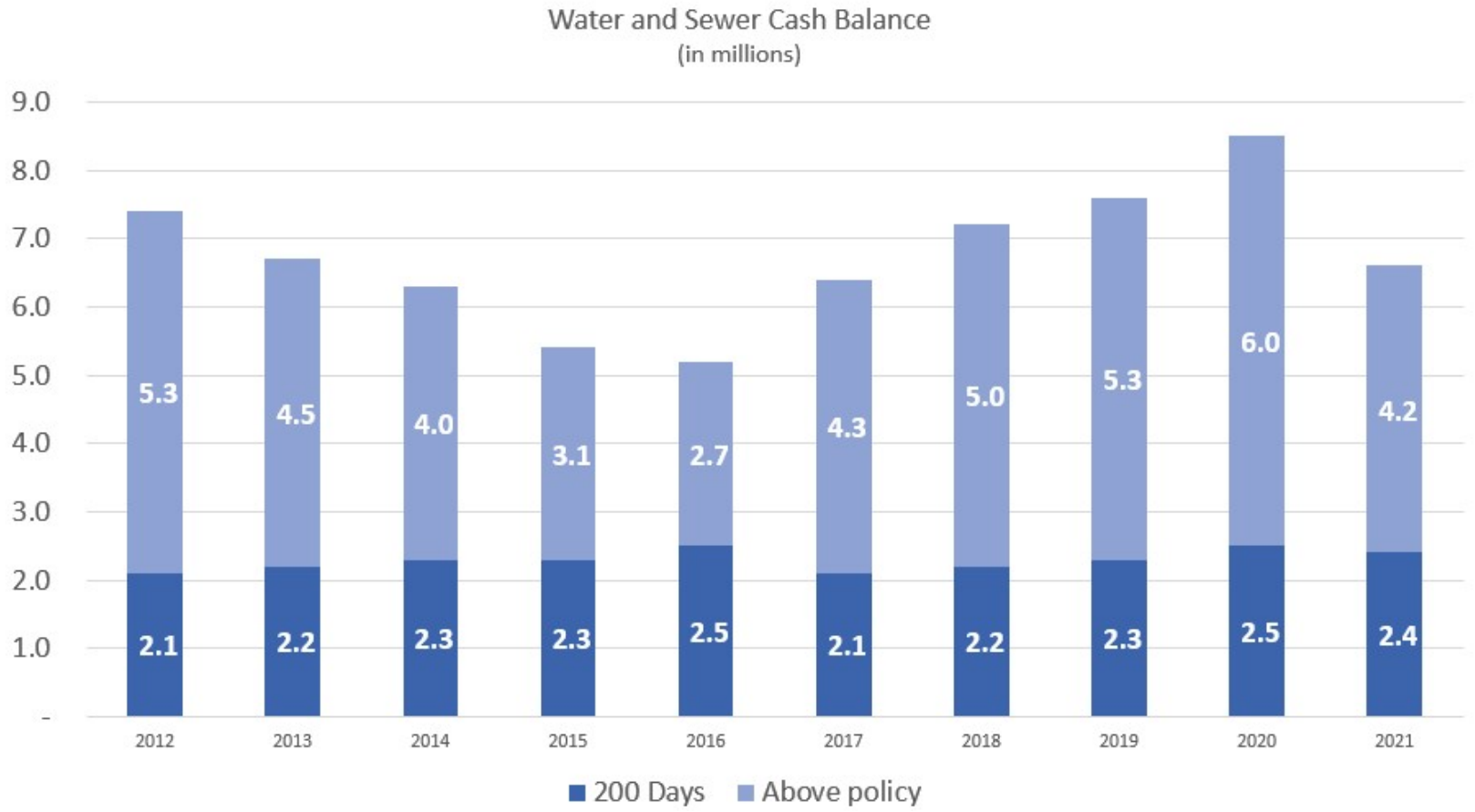
Provides that the Town maintain a minimum unassigned fund balance equal to 50% of the current operating budget.



✓ ***Policy is met in the FY23 Proposed Budget***

Strong Fiscal Management

Cash Balance Policy (Water and Sewer)
Provides that the Town maintain a minimum unrestricted cash balance equal to 200 days of operating expenses.



✓ ***Policy is met in the FY23 Proposed Budget***

Strong Fiscal Management

Importance of strong fund balance and cash balance for:

- Credit rating
- Continued ability to borrow money at favorable rates
- Levels confirmed by financial advisors in 2019
- Allows for strategic use of fund balance for capital or in times of economic uncertainty

COVID-19 Budget Response

FY 2021

- Health Insurance ($570k)
- Reduced capital ($1.3m)
- Staff work on Town Hall ($80k estimated savings)
- Parks & Rec ($134k)
- Other cuts ($130k)
- Items not funded/added back by Council
  - Merits of 0-5% ($143k)
  - Sequestered capital and staffing ($592k)

FY 2022

- Health insurance flat
- Only funded GF capital with outside funding ($210k)
  - Projects cut now funded by ARPA
- Parks & Rec ($191k)
- Cost reductions ($270k)
- No merits funded
  - COLA of 2%
  - Absorbed small health insurance increase

FY23 Proposed Budget

FY2023 Proposed Budget Total = $32.4M

- Increase of $5.9M, or 22%
  - Restoration of capital funding and deferred items

  - General Fund totals $18.2M
    - Increase of $1.8M (11.3%)
  - Water and Sewer totals $10.9M
    - Increase of $2.0M (18.1%)
    - Larger capital program, increase $1.5M
  - Stormwater Management totals $2.0M
    - Increased capital program - $944k
    - Increase of 100%
  - ARPA totals $1.0M



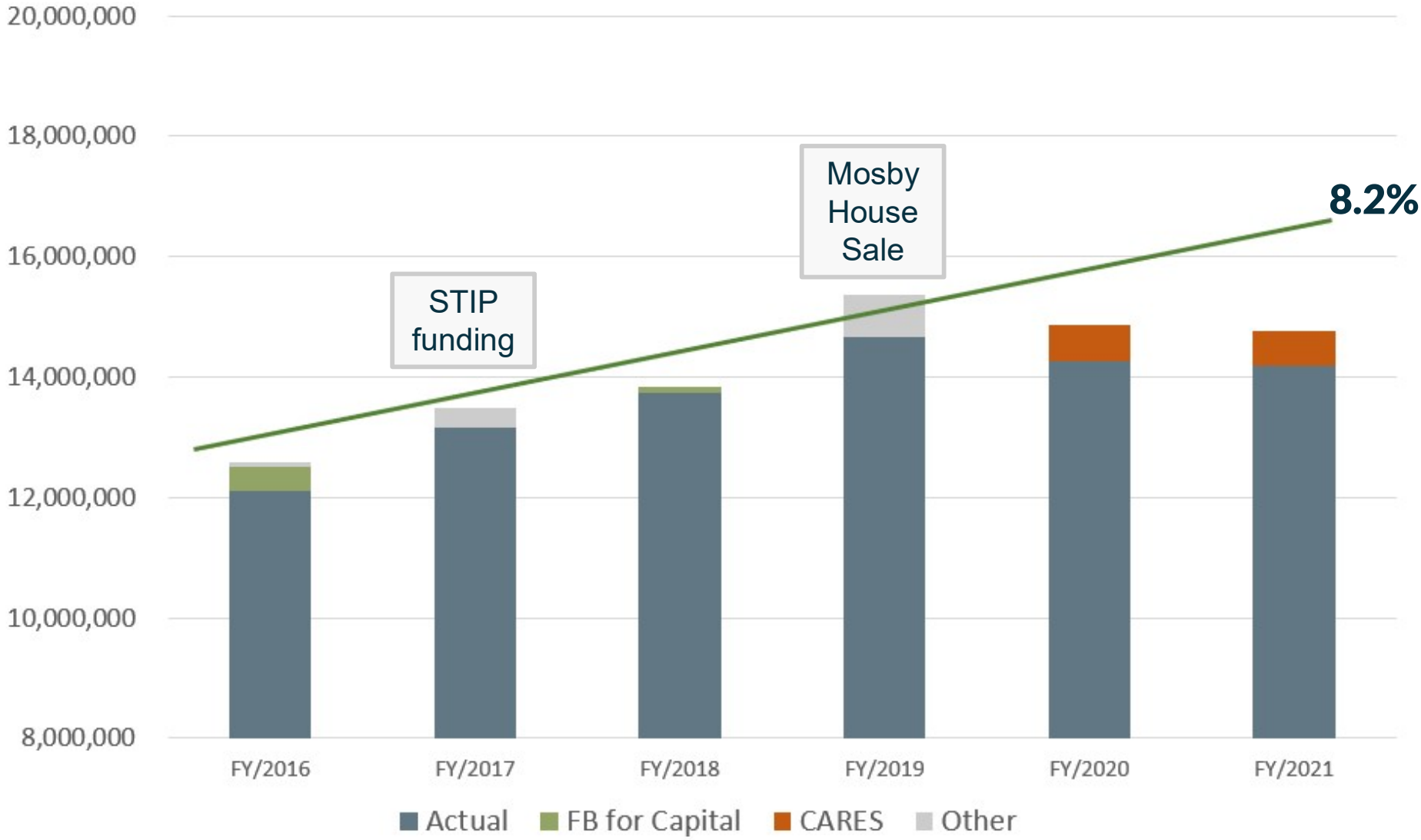
Revenue Overview

Revenue Assumptions

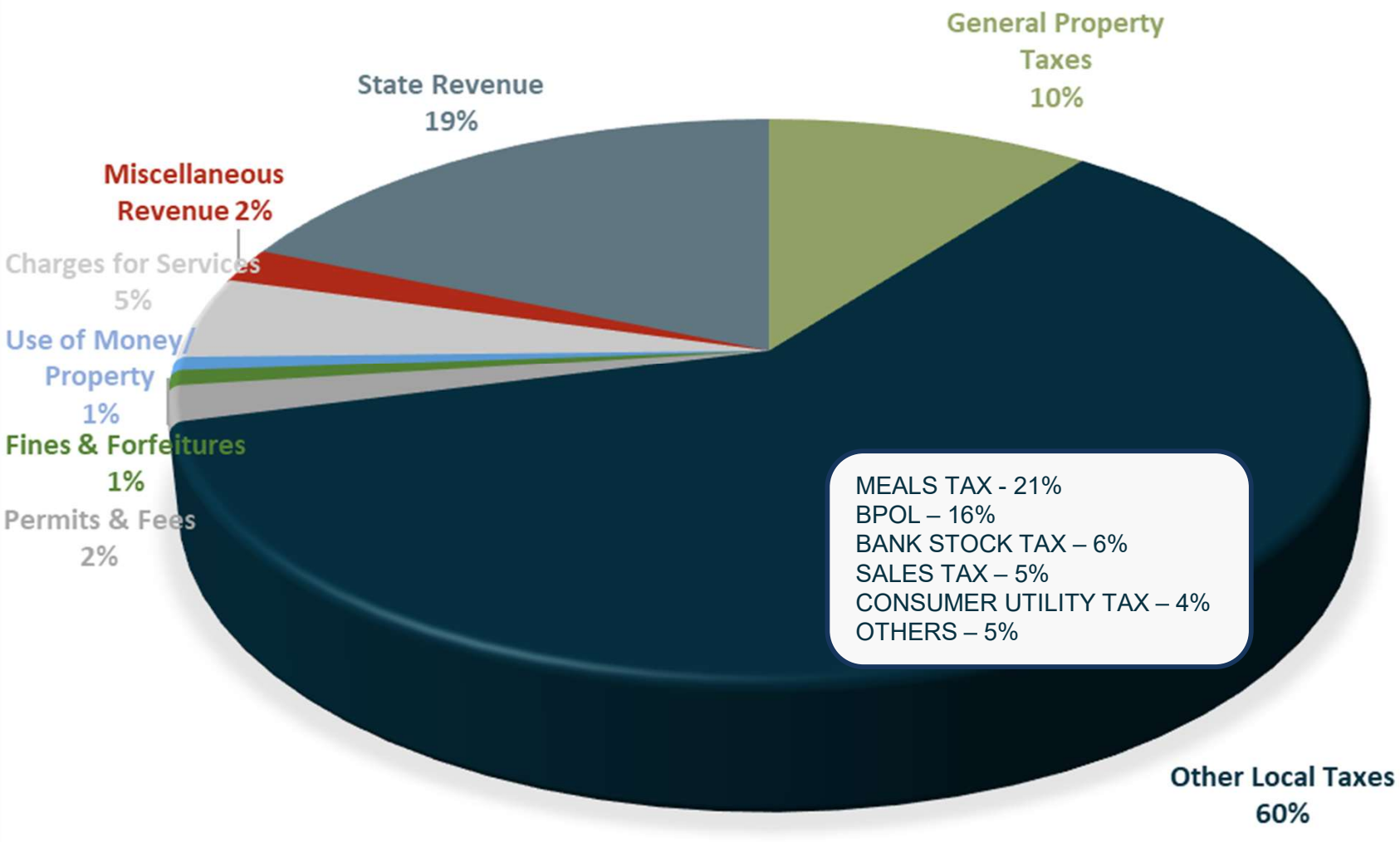
- Property Tax remains $0.05 per $100 of assessed value (+$220k)
- Reduced Sales Tax due to elimination of grocery tax (-$200k)
- Continued slow rebound in charges for services (+$66k)
- Reduction in fines and forfeitures (-$45k)
- Aligning certain rates to neighboring jurisdictions
  - Meals tax = 6%
    - Additional $1.5M
  - Cigarette tax = $0.40 per pack
    - Additional $200k to offset sales tax losses
- Water and Sewer Rate study rates

Sources of Funding

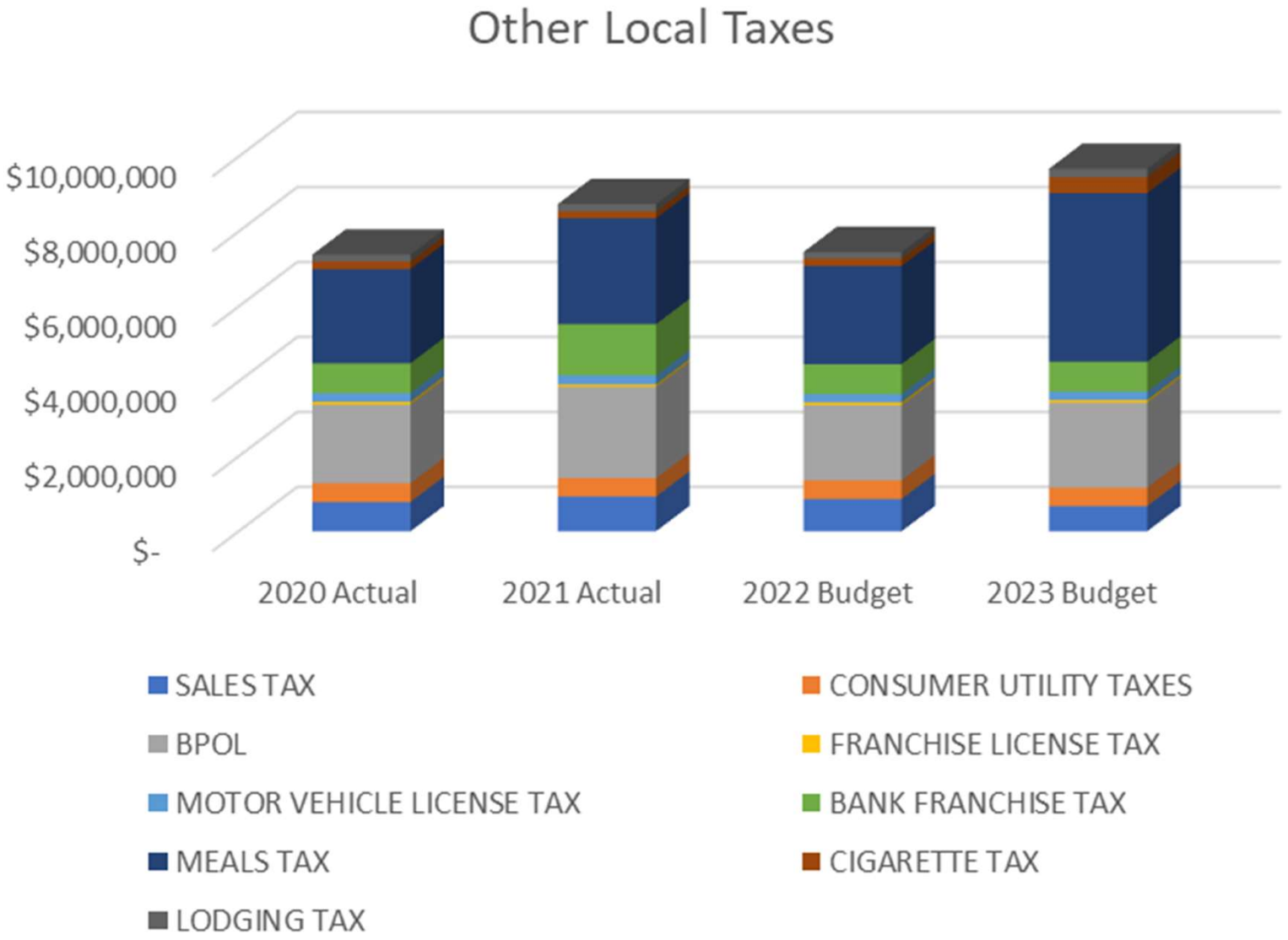
General Fund



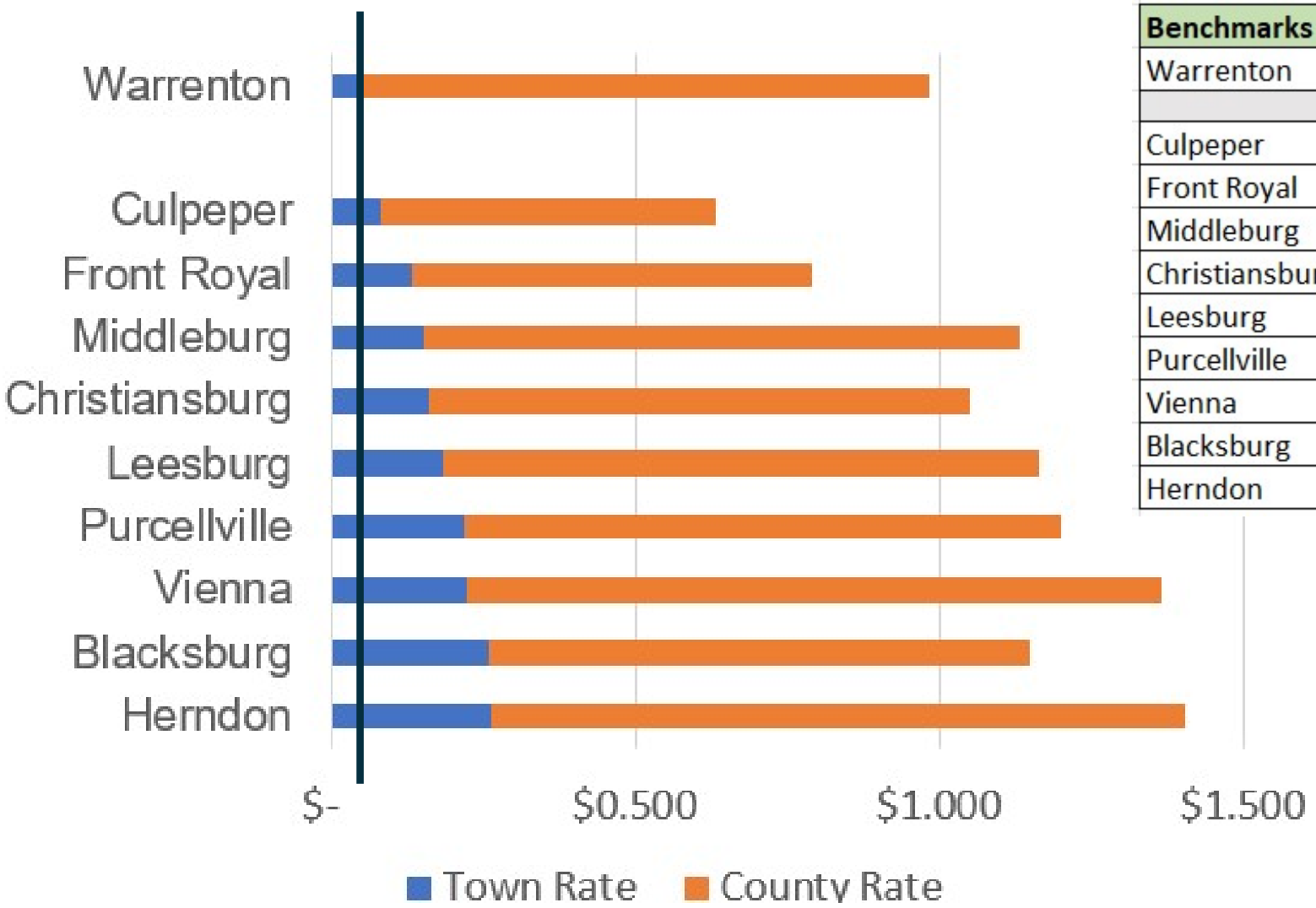
GENERAL FUND REVENUES



General Fund Revenues

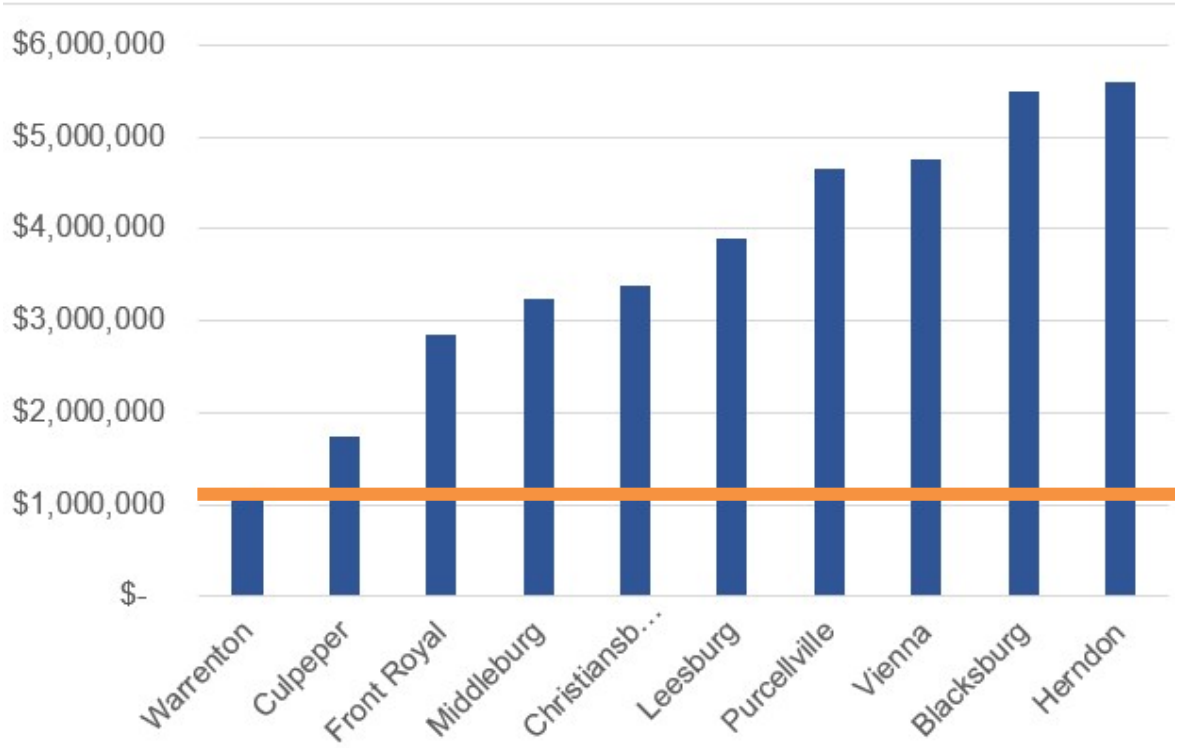


Real Estate Tax Rates



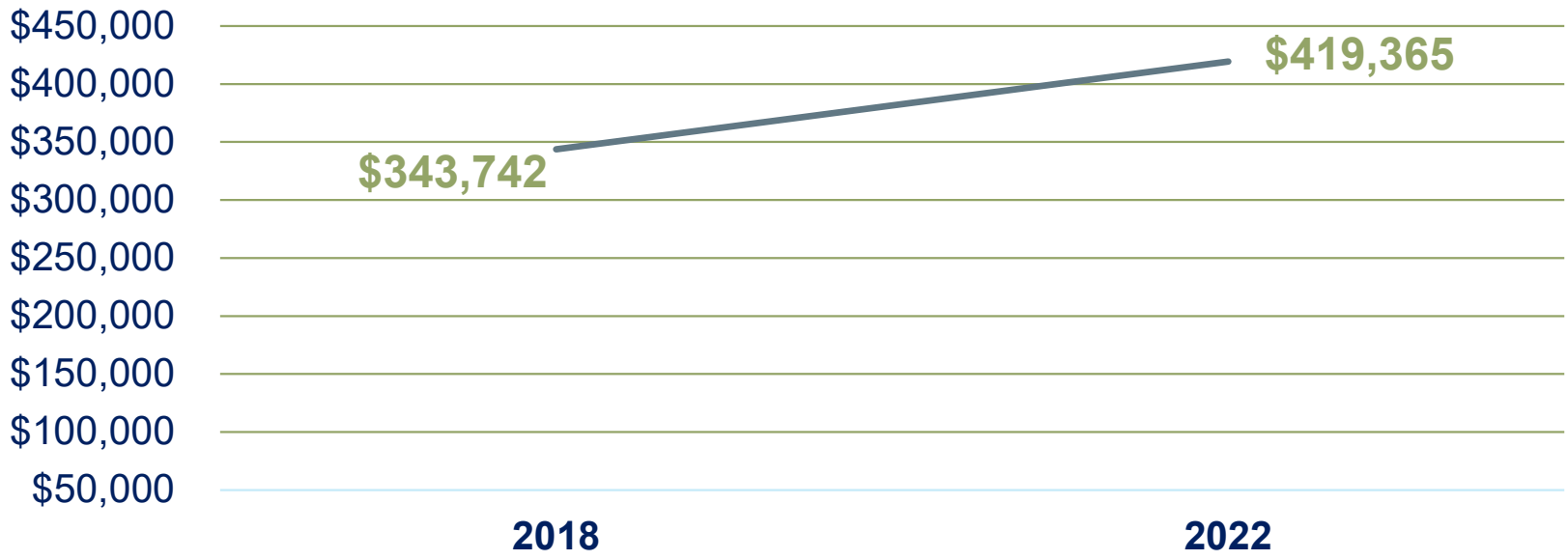
Benchmarks	Town Rate	County Rate
Warrenton	$ 0.050	$ 0.933
Culpeper	$ 0.082	$ 0.550
Front Royal	$ 0.135	$ 0.655
Middleburg	$ 0.153	$ 0.980
Christiansburg	$ 0.160	$ 0.890
Leesburg	$ 0.184	$ 0.980
Purcellville	$ 0.220	$ 0.980
Vienna	$ 0.225	$ 1.140
Blacksburg	$ 0.260	$ 0.890
Herndon	$ 0.265	$ 1.140

Real Estate Revenue



Benchmarks	Rate	Revenue	Increase
Warrenton	$0.050	$1,055,957	$ -
Culpeper	$0.082	$1,731,770	$ 675,813
Front Royal	$0.135	$2,851,085	$1,795,128
Middleburg	$0.153	$3,231,230	$2,175,272
Christiansburg	$0.160	$3,379,064	$2,323,106
Leesburg	$0.184	$3,885,923	$2,829,966
Purcellville	$0.220	$4,646,213	$3,590,255
Vienna	$0.225	$4,751,809	$3,695,851
Blacksburg	$0.260	$5,490,979	$4,435,021
Herndon	$0.265	$5,596,574	$4,540,617

Average Residential Assessed Value





Average increase in assessed value is 22.05%

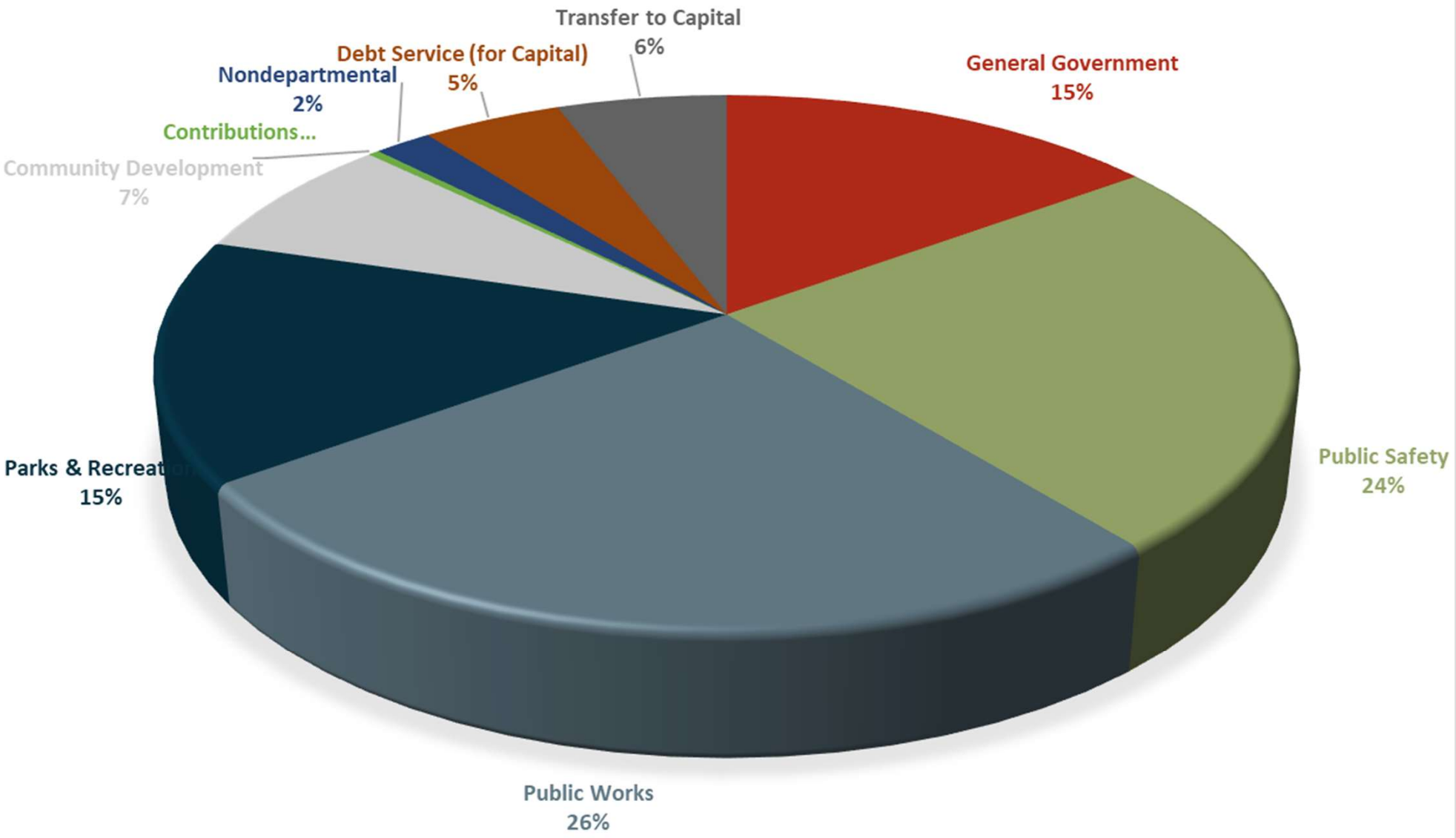
<u>Tax Rate of $0.05 per $100 of assessed value</u>
2018 Tax bill = $171.87
2022 Tax bill = $209.68

Increase of **$37.81** per year for average residential property



Expenditure Overview

GF EXPENDITURES



Expenditure Driver: Personnel

Enhancements

- Merit Increase (0-2%) *will not apply to all employees*
- Market Rate Adjustments (5%)

} Total = $710k

Pay Scale adjustments (not included)

- *Minimum Adjustments at entry level*
- *Compensation study to be completed in FY23*
  - *Likely multi-year approach to implementation.*

} Potential for ARPA Premium Pay assistance

Adjustments

- VRS increase
  - Actuarial adjustment ($85k)
  - 1.85% multiplier for public safety ($34k)
- 5.1% Health Insurance rate increase ($95k)

Benchmarking

	Plans for FY23	FY22 increases	CARES, ARPA, or other pay
Town of Leesburg	2% COLA; 4% merit pool	4% merit	Did not use CARES or ARPA to issue hazard or premium pay
Town of Blacksburg	8% COLA	3% COLA	$1,000 lump sum bonus for all full-time employees; $250 for part-time; used general funds
Town of Herndon	N/A	3% merit	Did not use CARES or ARPA to issue hazard or premium pay
Town of Christiansburg	N/A	N/A	Using ARPA and general fund to give bonuses (between $2-3k per employee)
Town of Culpeper	8% COLA	Gave two merit increases to equal up to 4.5%	Used CARES to give hazard pay to police and other staff for on-site hours worked; using ARPA and general fund to give bonuses to full-time employees
Town of Vienna	7%	N/A	Used CARES funding to give $3 per hour hazard pay
Town of Front Royal	4% merit	3% merit	Provided a bonus to Police Officers and Solid Waste workers, but used general funds
Town of Purcellville	6% COLA	N/A	Using $200k of ARPA for premium pay
Town of Middleburg	5% COLA plus merit TBD	2% COLA plus merit	N/A
Fauquier County	5%	3% July 1; addt'l 2% Jan. 1	Raising minimum pay level to $15/hr and addressing compression
Town of Warrenton	5% COLA; 2% merit	2% COLA	Has not issued CARES or ARPA to issue hazard or premium pay

Others: Manassas Park: 10%, Manassas: 7-8%, Dumfries- 7-8%, Falls Church- 3%, Alexandria- 4%-6.2%, Arlington- 4.25%-6.5%, Amherst- up to 10%

Employee Turnover

13.06% Total turnover for Calendar Year 2021

Rates for select departments:

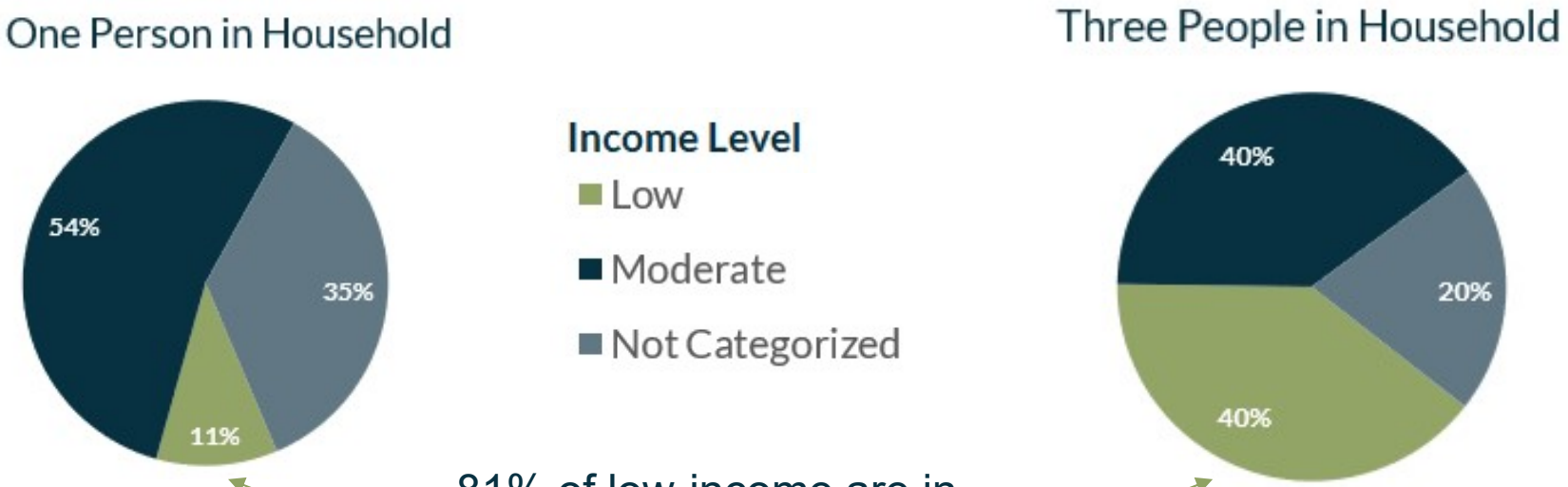
Calendar Year 2021		
Department	Voluntary Separations	Turnover Rate
Police	8	23.13%
Public Utilities	17	17.82%
Public Works - FT	10	36.47%

Top reasons for leaving:

1. Compensation
2. Retirement
3. Better Employment Opportunity, advancement

ARPA Premium Pay

(not included in proposed budget)



81% of low-income are in "traditional" essential roles (e.g. – public works, public utilities, police)

Full-time Employees

- Based on standards set forth in the guidance, 11% of FT employees considered low income (1-person household)
- Expands to 40% based on a 3-person household

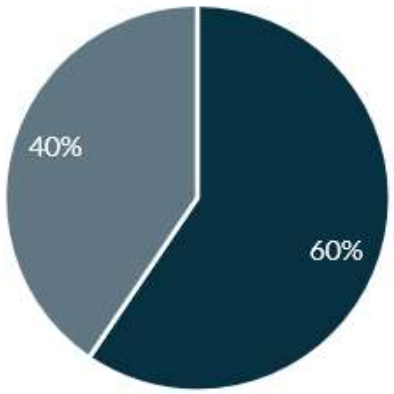
Current minimum = $12.80/hr. ($26,624)

Premium Pay Scenario

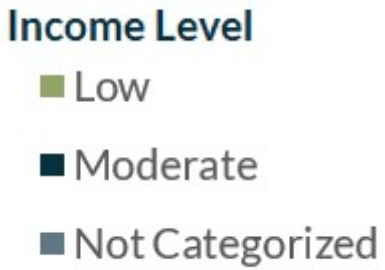
(adjusting minimum pay)

Adjustment to Minimum Pay
Full Time Cost
$135,822

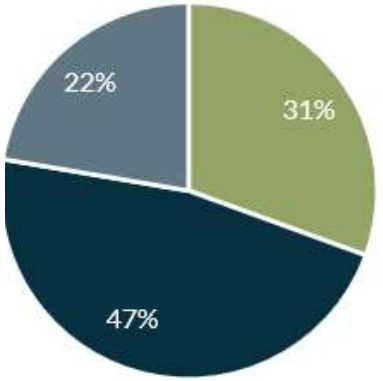
One Person in Household



Eliminates all low income



Three People in Household



Shifts 11 from low to moderate

New minimum pay = $17.38/hr. ($36,150)

Expenditure Driver: New Personnel

Police Department

- Sergeant - $97,047

Council

- Town Clerk (PT to FT; previously combined with Exec. Asst.) - $46,709

Human Capital

- Human Resources Generalist (PT) - $46,580

Public Utilities *(once a separate department)*

- Deputy Director - $155,840
- Junior Engineer—Utilities, Capital, Plan Review, SWM - $133,391

Capital Improvement Program

- Project Coordinator, previously funded, eliminated FY21 - $120,849

Town Manager

- Grants Officer - $120,850 *(expenditure offset by grant funding obtained)*

Finance, Parks & Recreation

- Adjustments in staffing assignments, revenue neutral.

Public Works & Community Development, IT – no new positions

Unfunded Requests

Two additional police officers ($80,237)
- Growing special event activities, request for increased traffic enforcement

Director for Utilities ($176,951)
- Position previously eliminated, growth in Capital Investment and deferred maintenance.

Communications Director/PIO ($133,990)
- Expectations with social media communication, website management, press coordination.

Building Inspector ($96,470)
- Eliminated in FY21 to fund Emergency Service Coordinator
- Council priority related to property code enforcement, construction permitting numbers are up

Planning Commission Clerk ($80,241)
- Council priority for transparency and broadcasting of meetings.

Human Capital Generalist ($92,186)
- Full Time request for assistance in recruitment and retention efforts (PT)

ADA Coordinator ($96,470)
- Requirement from the state, certifications and inspections.
- Only one inspector in Community Development, need unmet

PD requested $50k starting salary for officers

Tree maintenance ($50k)

Christmas decoration replacement

Pay scale adjustments noted previously

INFORMATION TECHNOLOGY

Formation of Information Technology Department in 2019 to better serve citizens and businesses.

Implemented Information Technology Standards and Compliance that was out of date.

Established an inventory system for internal controls and developed an inventory of computers and network equipment. Updated all end-of-life equipment to conform to standards.

Migrated legacy systems not protected by security controls to cloud-based systems.

New Town Web site to allow for better citizen engagement and digital government services.

Implemented digital online FOIA request system for better tracking and transparency. Implemented remote work program for employees to work outside the office. The program allocated cell phones and laptops to employees who were essential to government operations.

Implemented on-line permit tracking system with digital submission and tracking of the application.

Automated application process, onboarding and payroll to reduce risk compliance and improve efficiencies.

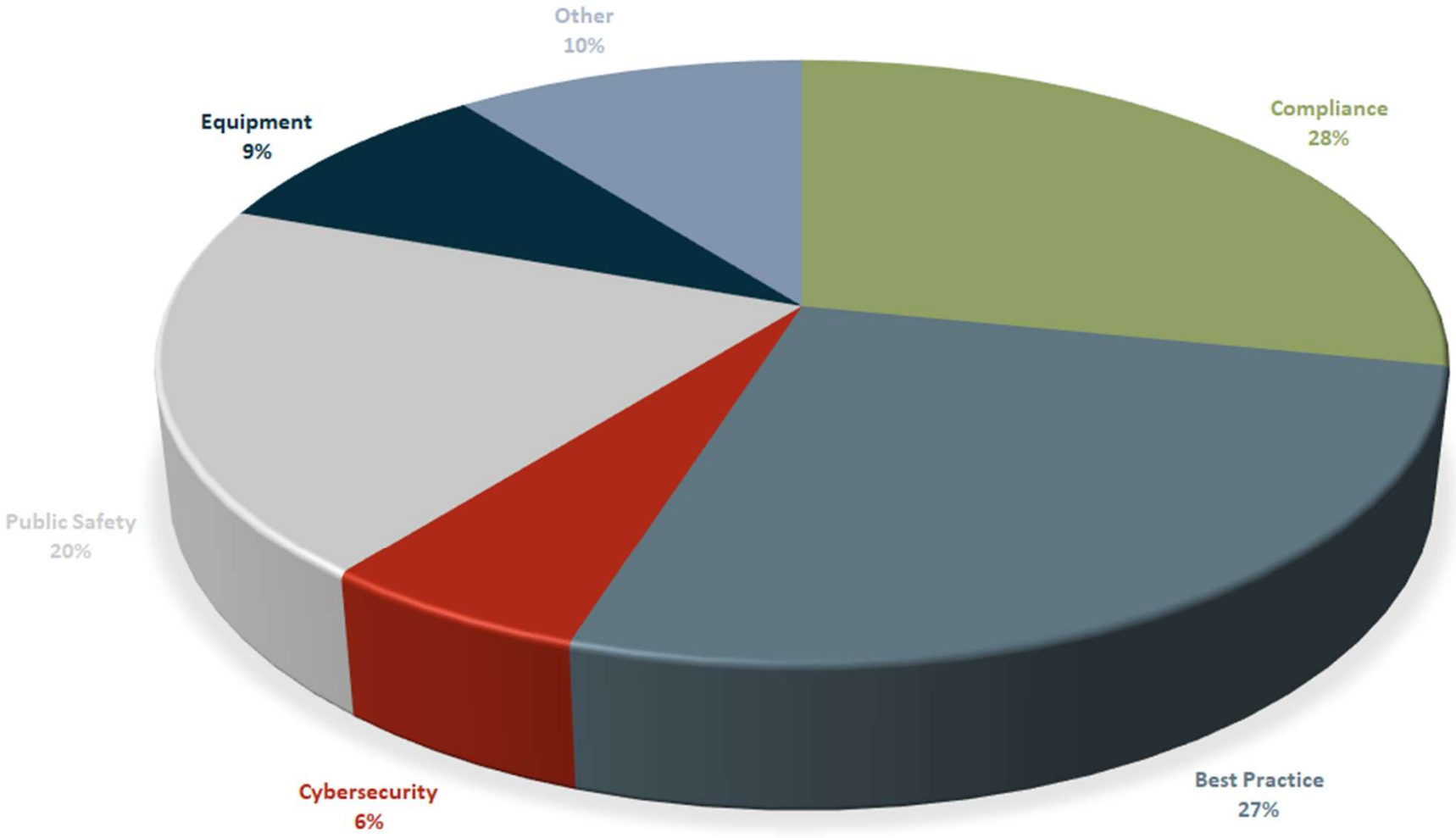
Implemented online meals, lodging and business license tax feature

INFORMATION TECHNOLOGY

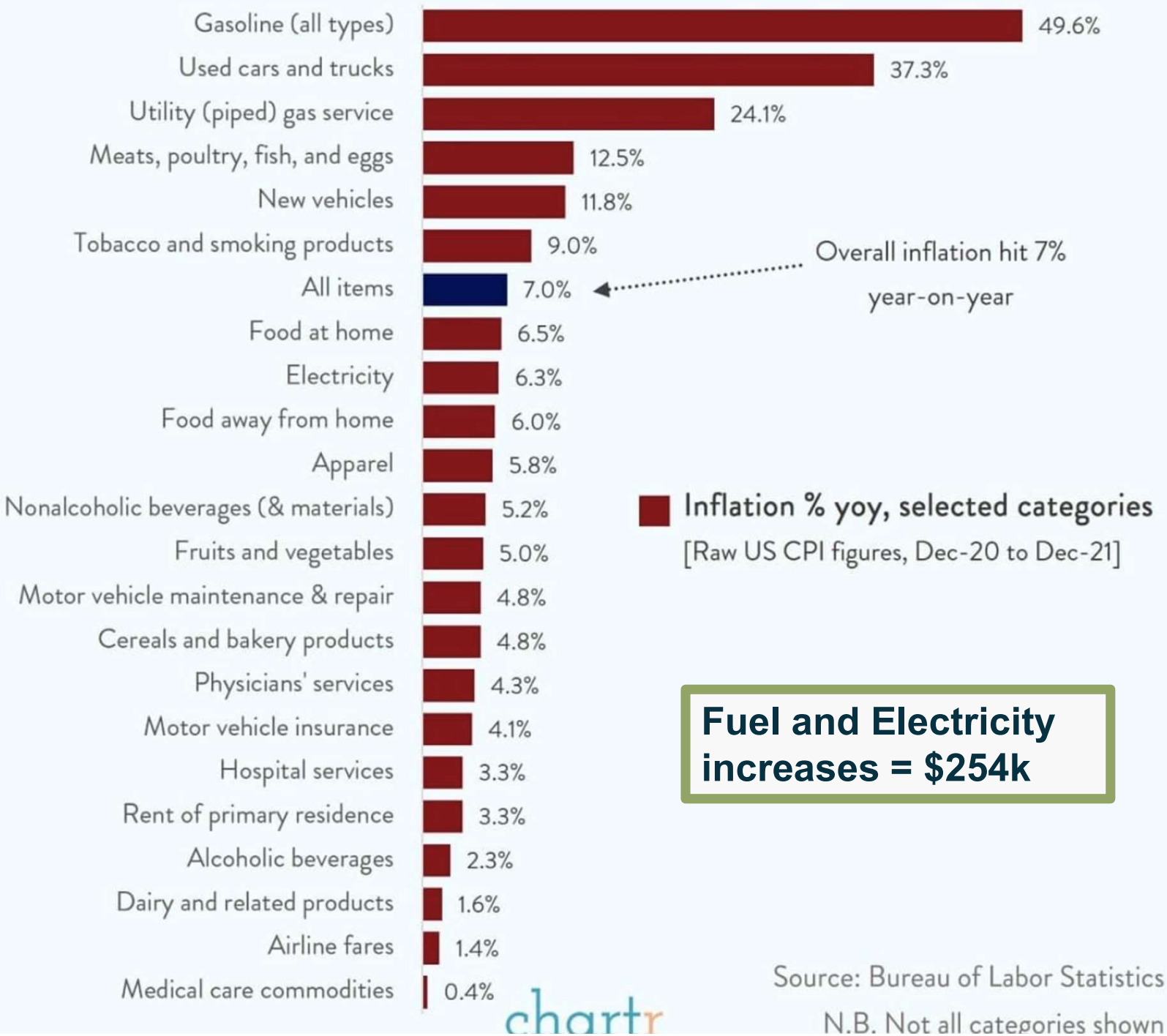
Police Department

- Migrated all police department servers to a virtual setup and upgraded all application software.
- Upgraded police vehicles with data services from FirstNet which reduced downtime and loss of signal which were frequent using the Verizon wireless network.
- Implemented “always on” network connection to County dispatch which now allows both Warrenton PD and Fauquier County Sheriff’s office to share resources.
- Upgraded police department body worn cameras and mobile data terminals.

IT BUDGET BY CATEGORY (NON-PERSONNEL)

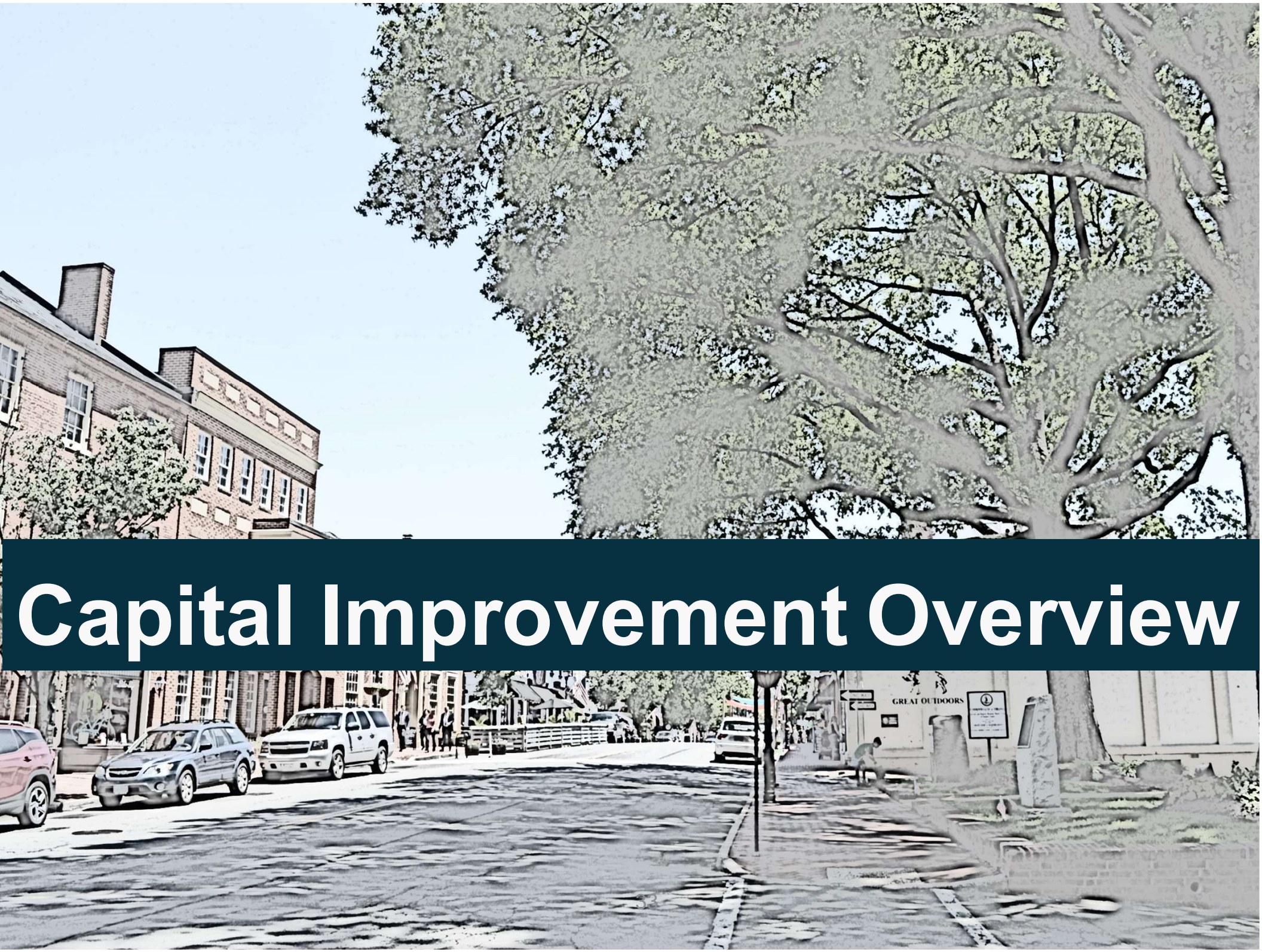


Inflation: What's Rising The Most?



Fuel and Electricity increases = $254k

Source: Bureau of Labor Statistics
N.B. Not all categories shown



Capital Improvement Overview

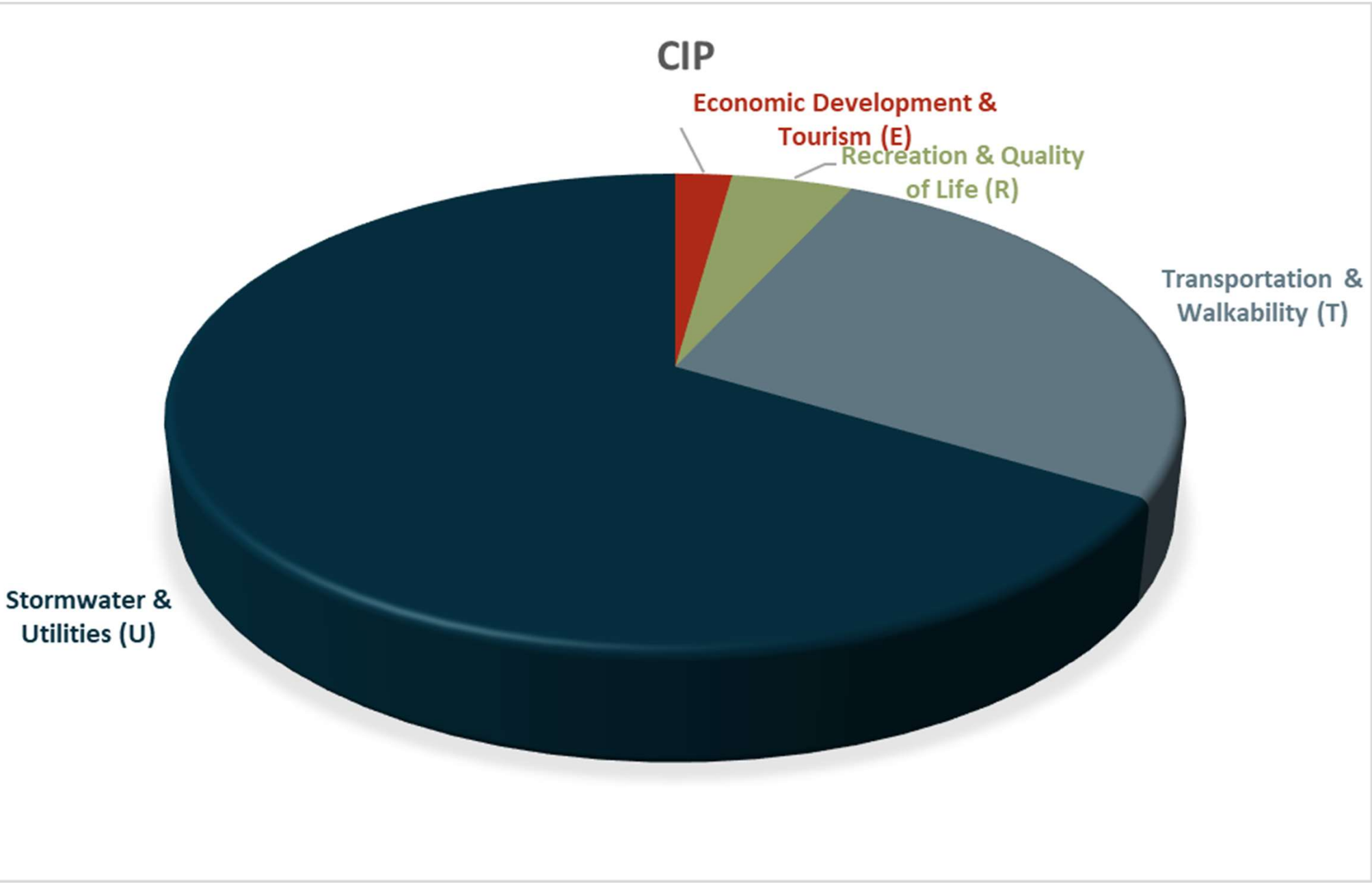
Capital Investment & Asset Replacement

Focus on addressing Council priorities:

- Walkability
- Recreation accessibility
- Addressing deferred maintenance
- Offsetting with grant funding where possible
- Historic character

Fulfill Mission Statement

Dedicated to providing public safety, economic opportunity, and quality public services in an attractive, well-planned community with historic character for the benefit, enjoyment, and accessibility of all.

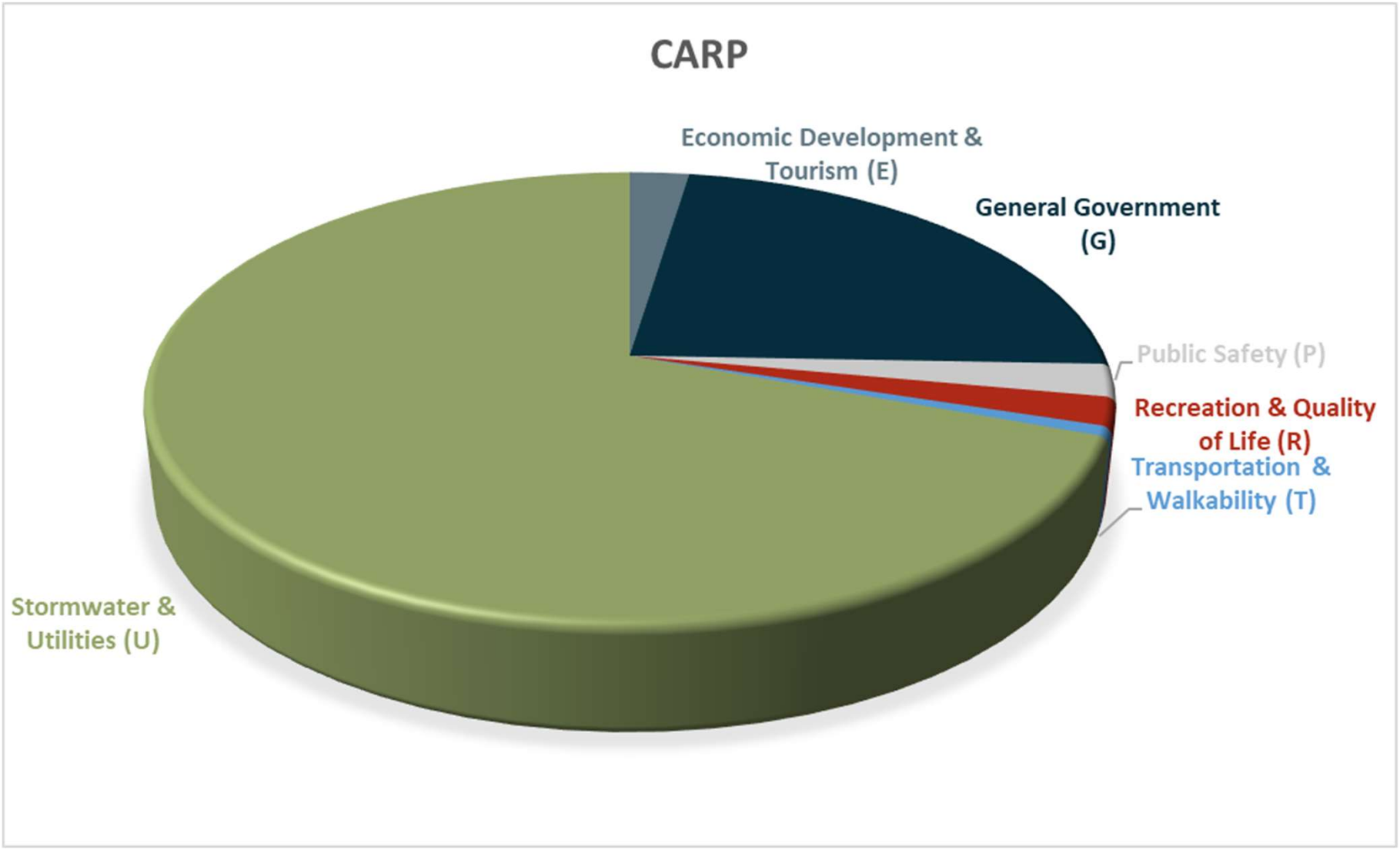

CIP
Economic Development & Tourism (E)
Recreation & Quality of Life (R)
Transportation & Walkability (T)
Stormwater & Utilities (U)

General Capital Improvement Program

Project	FY23 Proposed
Town Gateway Wayfinding	$ 70,000
ADA Playground Replacements	$ 150,000
Waterloo Speed/Safety Improvements	$ 70,200
Walkability: Sidewalk Construction	$ 18,260
Timber Fence Trailway	$ 508,890
Walkability Pedestrian Crossing - Blackwell Rd. & Moorhead	$ 96,236
4th to 5th Street Connector	$ 101,137
Guard Rail Replacement - Town Wide	$ 50,000
Walkability Ped. Crossing Improvements- Greenway at Falmouth	$ 25,000

CIP	$	1,089,723
ARPA funds approved	$	359,696
CIP after ARPA	**$**	**730,027**

Capital Asset Replacements



General Capital Asset Replacements

Project	FY23 Proposed
Seasonal Beautifications	$ 50,000
Survey of Local Historic District	$ 25,000
Zoning Ordinance Update	$ 50,000
IT Infrastructure	$ 100,000
Fleet Management Vehicle: Refuse Trucks	$ 616,804
Fleet Management Vehicle: Leaf Machine	$ 85,000
Fleet Management Vehicle: Salt Spreaders	$ 68,000
HVAC Replacement	$ 55,000
Fleet Management Vehicle: Police	$ 98,262
Fitness and Studio Floor Replacement	$ 60,000
Fitness Equipment Replacement	$ 25,000
Traffic Light Updates	$ 28,800

CARP	$ 1,261,866
ARPA funds approved	$ 616,804
CARP after ARPA	**$ 645,062**

Outside Organizations

Agency	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Proposed
Aging Together	$ -	$ 4,250	$ 4,250	$ 4,250
Allegro Community School for the Arts	9,000	9,000	-	-
Bluemont Concert Series	-	-	-	-
Boys & Girls Club	9,000	7,650	7,650	7,650
Comfort and Care Support (aka Hospice)	-	4,250	4,250	4,250
Families4Fauquier	-	-	-	-
Fauquier CADRE	1,800	1,530	-	-
Fauquier Community Action Committee	9,000	7,650	7,650	7,650
Fauquier Community Child Care	4,050	3,443	3,443	3,443
Fauquier Community Food Bank	3,375	2,869	2,869	2,869
Fauquier County Youth Orchestra	-	2,125	1,750	1,750
Fauquier Family Shelter Services	6,030	5,126	5,126	5,126
Fauquier Free Clinic	9,000	7,650	7,650	7,650
Fauquier Habitat for Humanity	-	8,500	-	-
Fauquier Historical Society	9,000	7,650	-	15,300
Gloria Dingus Music Alliance	2,500	2,125	-	-
Leadership Fauquier	2,700	2,295	-	-
Literacy Volunteers	2,700	1,913	1,913	1,913
Lord Fairfax Community College	6,750	5,738	5,738	5,738
Piedmont Dispute Resolution Center	900	765	765	765
Rappahannock Rapidan Regional Commis	-	-	-	-
Total	**$ 75,805**	**$ 84,529**	**$ 53,054**	**$ 68,354**

Budget Improvements

- Implementing new software for FY24
- Working towards award submission

POLICE DEPARTMENT

PERSONNEL	FY/2022 BUDGET	FY/2023 BUDGET	CHANGE
Chief of Police	1	1	-
Deputy Chief	1	1	-
Police Lieutenant	2	2	-
Police Corporal	5	5	-
Police Sergeant	5	6	1
Police Officer	16	16	-
Sr. Administrative Assistant	1	1	-
Records Clerk	-	1	1
Total Full-Time Personnel	31	33	2
Part-Time Personnel			
Accreditation Manager	0.73	0.73	-
Parking Enforcement Officer	0.73	0.73	-
Records Clerk	0.73	-	0.73
Intern	1.45	1.45	-

Goals, Objectives, and Measures

Mission: The mission of the Warrenton Police Department is to work in partnership with the residents and businesses of our community to provide a safe and secure environment.
The following goals and objectives have been identified by the Police Department. Performance metrics have also been named, but the department will begin to track them in FY23.

Goals	Objectives	Performance Metrics
Develop strategies to reduce crime and improve the quality of life for those who reside in and visit Warrenton.	• Identify and develop expertise to address current and emerging crime trends to include quality of life concerns.	• Identify crime mapping
		• Identify key times for calls
		• Use hot spot policing
		• Reduce traffic crashes by 10%
		• Reduce part 1 crime by 20%
	• Create and update assignments in order to stay current with policing in the	• Create traffic safety program
		• Keep investigations staffed
		• Create a K-9 unit
Build community policing strategies that promote meaningful partnerships and opportunities for productive interactions with the community.	• Create avenues of communication between the police department and the community.	• Create business coalition
		• Conduct town hall meetings in each of the towns 5 wards.
		• Assign an officer to each ward
		• Include local business owner in Community Action Team
	• Develop opportunities for community engagement.	• Include the Volunteer Program in Community Events
		• Create youth academy

FY23 Budget Calendar

Date	Event
October 2021	Request for Budget Submissions sent to Town Departments and Outside Agencies
December 31, 2021	Fiscal Year 2023 Budget Submissions due to the Budget Manager
January 2022	Budget Submissions compiled by the Budget Manager and forwarded to the Town Manager
January 31, 2022	Outside Organization Funding Requests due to the Budget Manager
February – March 2022	The Town Manager will review budget requests, studies and reports, and work with the Budget Manager to draft Proposed Budget.
February 22, 2022	Planning Commission Work Session to review the Draft 2023 – 2028 Capital Improvement Plan for consistency with the Comprehensive Plan
March 15, 2022	Planning Commission Public Hearing on the Draft 2023 –2028 Capital Improvement Plan
March 31, 2022	Delivery of the Town Manager's Proposed Budget to the Town Council
April – May 2022	Work Sessions and Special Meetings held by the Town Council to review the Proposed Budget
May 10, 2022	The Town Council will hold a Public Hearing on the Fiscal Year 2023 Proposed Budget
June 14, 2022	Anticipated Adoption of the Fiscal Year 2023 Budget by the Town Council
July 1, 2023	Beginning of Fiscal Year 2023

Calendar

- Public Hearings in May
  - Real Estate Tax Rate (1% increase)
    - Adoption of tax rates per Town Code
  - Proposed Budget
- Work Sessions