



STAFF REPORT

Board Meeting Date:	April 27, 2021
Agenda Title:	Fiscal Year 2022 Budget Adoption
District Impact:	All
Requested Action:	Adopt Fiscal Year 2022 Budget
Department / Agency Lead:	Management & Budget
Staff Lead:	David Sinclair, Director

EXECUTIVE SUMMARY

Fiscal Year 2022 Budget adoption is scheduled for April 27, 2021.

The Prince William Board of County Supervisors marked up the Proposed FY2022 Budget on April 20, 2021. The following adjustments were made during the markup session:

FY2022 Budget Markup - Tax Rate and Revenue Changes:

- Real Estate Tax – The real estate tax rate was lowered \$0.01 from \$1.125 to \$1.115 per \$100 valuation. The revenue impact is a \$6,852,000 reduction in real estate tax revenue compared to the proposed budget. Of this amount, the County government share is \$2,930,600 and the Schools’ share is \$3,921,400 based on the general revenue split of 42.77% to the County government and 57.23% to the Schools.
- Business Tangible Personal Property Tax – Computer Equipment and Peripherals – The business tangible personal property tax on computer equipment and peripherals was lowered from the advertised tax rate of \$1.60 to \$1.50 per \$100 valuation. The revenue impact is a \$1,887,000 reduction in personal property tax revenue compared to the proposed budget. Of this amount, the County government share is \$807,070 and the Schools’ share is \$1,079,930.
- Cigarette Tax – The cigarette tax is a new tax funding the FY2022 Budget. During the budget markup session, the cigarette tax rate was increased from \$0.015 per cigarette (\$0.30 per pack) to \$0.02 per cigarette (\$0.40 per pack) which is the maximum rate authorized by the Code of Virginia. The revenue impact is a \$1,000,000 increase in cigarette tax revenue compared to the proposed budget. Of this amount, the County government share is \$427,700 and the Schools’ share is \$572,300.

Local authority to levy the cigarette tax does not become effective until July 1, 2021 and will require a future local ordinance for the Board’s consideration after July 1, 2021. The cigarette tax will not be adopted at this time because the County does not have the authority to levy the tax until July 1, 2021. Action will be required by the Board via local ordinance to levy the tax after July 1, 2021.

- Investment Income – General revenue resulting from investment income increased \$600,000 compared to the proposed budget due to projected higher investment portfolio yield and higher cash balances resulting from anticipated American Rescue Plan Act (ARPA) funding. Of this amount, the County government portion is \$256,620 and the Schools’ portion is \$343,380.

FY2022 Budget Markup – Expenditure Budget Changes:

- Transportation Roadway Improvement Program (TRIP) – TRIP is fully funded at \$1,575,000 with each magisterial district receiving \$225,000 in FY2022. The Proposed FY2022 Budget funded TRIP from general fund recordation tax revenue. During budget markup, 50% of TRIP will be funded by Northern Virginia Transportation Authority (NVTVA) 30% local funding (\$787,500) and 50% will be funded by general fund recordation tax revenue (\$787,500). In addition, the Brentsville District TRIP allocation will be fully funded by NVTVA 30% funds as proposed by Supervisor Lawson which yields an additional \$112,500 of general fund recordation tax savings. Therefore, total general fund recordation tax savings available to support the FY2022 Budget is \$900,000.
- Sheriff Body Worn Cameras and Tasers – The Sheriff worked with a vendor and presented two payment options to the County Executive on April 16, 2021, for acquiring 90 body worn cameras, 5 spare body worn cameras, and 45 tasers in FY2022. The options included payments over three years or five years. During budget markup, the Board directed staff to include the five-year payment schedule in the FY2022 budget adoption resolutions at a cost of \$349,248. The cost includes a new Sheriff position to review and redact body worn camera data and coordinate requests from the Commonwealth’s Attorney and Public Defender’s Office.
- Western Homeless Navigation – A total of \$271,566 was added to the budget for homeless navigation services in the Sudley corridor. This includes \$60,000 for a new Community Partner, Serving Our Neighbors, and \$211,566 for homeless case management services.
- Contingency – The Contingency budget was reduced from \$750,000 in the proposed budget to \$500,000 yielding \$250,000 in general fund savings.
- Property Code Enforcement – The Property Code Enforcement budget in Public Works Neighborhood Services increased \$62,000.

The markup budget is balanced due to these budget markup actions.

Budget Highlights in Budget Adoption Resolutions

- Tax Rates – The markup budget is funded at a real estate tax rate of \$1.115 in FY2022. The business tangible personal property tax rate on computer equipment and peripherals is \$1.50 per \$100 valuation.
- Fire Levy Rate – Funding Fire and Rescue system-wide initiatives requires a levy rate of \$0.080 in FY2022.
- Development Fee Increase – Development fee schedules for Land Development, Building Development, and Fire Marshal’s Office increase 4.5% and will be effective July 1, 2021.

Budget Adoption Resolutions

The following resolutions and ordinances adopt the FY2022 Budget:

- 7-A. Adopt Fiscal Year 2022 Real Estate Property Tax Levy, Fire Levy, Personal Property Tax Levies, Business Professional and Occupational License Tax Levies, Motor Vehicle License Tax Levies, Personal Property Tax Relief, Special District Levies, and Parks, Recreation and Tourism Fees to Support the Fiscal Year 2022 All Funds Budget
- 7-B. Adopt Fiscal Year 2022 Stormwater Management Fees, Solid Waste User Fees, Land Development Application Review and Inspection Fees, Land Use Application (Zoning, Rezoning and Special Use Permit) Fees, Building Development Fees and Fire Marshal's Office Fees to Support the Fiscal Year 2022 All Funds Budget
- 7-C. Budget and Appropriate the Fiscal Year 2022 All Funds Budget and Adopt the Fiscal Year 2022-2027 Capital Improvement Program
- 7-D. Budget and Appropriate Fiscal Year 2022 School Budget
- 7-E. Budget, Appropriate and Transfer Fiscal Year 2022 Transit Special Revenue Fund
- 7-F. Authorize the Contribution of Fiscal Year 2022 Operating Surplus to Maintain the Required Fund Balances Identified in the Principles of Sound Financial Management
- 7-G. Adopt Fiscal Year 2022-2026 Five-Year Plan
- 7-H. Amend the Fiscal Year 2022 Fiscal Plan to Budget and Appropriate the Remaining Balance of \$891,000,000 for Estimated Encumbered Purchase Orders and Contracts and the Estimated Unencumbered Capital Construction Project and Grant Project Balances as of June 30, 2021

STAFF CONTACT INFORMATION

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