



STAFF REPORT

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| Board Meeting Date: | April 23, 2024 |
| Agenda Title: | Fiscal Year 2025 Budget Adoption |
| District Impact: | All |
| Requested Action: | Adopt Fiscal Year 2025 Budget |
| Department / Agency Lead: | Management & Budget |
| Staff Lead: | David Sinclair, Director |

EXECUTIVE SUMMARY

Fiscal Year 2025 Budget adoption is scheduled for April 23, 2024.

During budget recap on April 9, the proposed budget was funded at a real estate tax rate of \$0.940 per \$100 of assessed value. The FY2024 general revenue estimate increased \$8,006,000. Of this amount, the County government share was \$3,424,000 and the Schools' share was \$4,582,000. Additional general fund budget recap adjustments resulted in an FY2025 available balance of \$537,000 to the County.

The Prince William Board of County Supervisors (BOCS) marked up the Proposed FY2025 Budget on April 16, 2024. The following adjustments were made during the markup session:

FY2025 Budget Markup - Tax Rate and Revenue Changes:

- Business Tangible Personal Property Tax – Computer Equipment and Peripherals – The business tangible personal property tax on computer equipment and peripherals was increased to the advertised tax rate of \$3.70 per \$100 valuation. The revenue impact is a \$54,766,000 increase in personal property tax revenue and interest on taxes compared to budget recap. Of this amount, the County government share is \$23,423,000 and the Schools' share is \$31,343,000.
- Real Estate Tax Rate – The real estate tax rate was further reduced from \$0.940 at budget recap to \$0.920 per \$100 of assessed value. The revenue impact is a \$21,071,000 decrease in real estate tax revenue compared to budget recap. Of this amount, the County government share of the decreased real estate tax revenue is \$9,012,000 and the Schools' share is \$12,059,000.
- General Revenue Changes Summary – The table below summarizes the aforementioned general revenue changes compared to budget recap:

| Revenue Source | County | Schools | Total |
|---|---------------------|---------------------|---------------------|
| Computer equipment/peripherals tax rate at \$3.70 | \$23,423,000 | \$31,343,000 | \$54,766,000 |
| Real estate tax rate at \$0.92 per \$100 | (\$9,012,000) | (\$12,059,000) | (\$21,071,000) |
| Net General Revenue Increase | \$14,411,000 | \$19,284,000 | \$33,695,000 |

FY2025 Budget Markup – Expenditure Budget Changes:

- Transfer to Prince William County Schools (PWCS) – As shown in the table on the previous page, the County's transfer to PWCS from budget markup will increase \$19,284,000. Combined with the \$4,582,000 increase in the school transfer from budget recap, the total increase is \$23,866,000 above the original revenue forecast in February which was used to develop PWCS' budget.

As reflected in agenda item 6-D (Budget and Appropriate Fiscal Year 2025 School Budget), PWCS has allocated approximately \$9 million of additional County funding to their operating fund/instruction state category and \$15 million to their construction fund/facilities state category.

- Parks and Recreation Facilities Maintenance – A total of \$1,200,000 will be dedicated for Parks and Recreation facilities maintenance in the County's Building and Facility Capital Program.
- Pedestrian Mobility and Safety Projects – A total of \$1,000,000 in capital funding is provided for pedestrian mobility and safety projects managed by the Department of Transportation.
- BOCS Office Capacity – A total of \$724,148 is added to the BOCS budget as the position value (salary, benefits, and employer taxes) of Board members and the Chair are shifted from magisterial district office budgets to the BOCS Administration program. Magisterial district office budgets are sustained at budget recap levels of \$525,000 for each Board member and \$535,000 for the Chair.
- Data Center Ordinance Update – A total of \$600,000 is added to the Planning Office for the data center ordinance update. The funding will assist the Data Center Ordinance Advisory Group with developing changes to the County Zoning and Design Construction Standards Manual ordinances.
- Retiree Health Credit – The retiree health credit benefit is increased \$1.00 from \$5.50 to \$6.50 per month per year of service at a cost of \$514,000.
- Litter Control Crew – One additional litter control crew consisting of four (4) new positions (4.0 FTE) is added to the Department of Public Works at a cost of \$417,000.
- County Sponsored Special Events – A total of \$250,000 is included in the Department of Parks and Recreation for County sponsored community special events.
- Sustainability Environmental Analyst – This analyst position (1.0 FTE) in the Office of Executive Management will be responsible for implementing the County's Community Energy Sustainability Master Plan and analyzing progress towards climate mitigation and resiliency goals. The cost of the position is \$145,000.
- Sheriff Telecommunicator Market Adjustment and On-Call Pay – A total of \$125,000 is included in the Sheriff's Office for Sheriff telecommunicator market adjustments (\$25,000) and on-call pay (\$100,000) as presented by the Sheriff during the budget work session on April 2.

- Maritime Master Plan – A total of \$125,000 is added to Economic Development for a maritime master plan similar to the agribusiness/agritourism master plan included in the proposed budget. The funding source for both master plans is transient occupancy tax fund balance.
- Public Defender Interpreter Services – A total of \$106,000 is included for Public Defender interpreter services.
- Child Protective Services Liaison with PWCS – One new position (1.0 FTE) is added to the Department of Social Services to coordinate child protective services with PWCS. The total cost of the position is \$110,138 with 75% of the position cost funded by the Virginia Department of Social Services (50%) and PWCS (25%). The County's portion of the position cost (25%) is \$27,534.

FY2025 Budget Markup – Unbudgeted Designations to Reserves

- Affordable Housing Reserve – An additional \$3,000,000 was added during budget markup for contributions to the affordable housing reserve in FY2025. When added to the \$2,500,000 included in budget recap, the total FY2025 contribution is \$5,500,000. The table below shows total contributions to the affordable housing reserve in FY2025 in addition to what is programmed in FY2026-2029.

| | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 |
|--|---------------|---------------|---------------|---------------|---------------|
| Contributions to affordable housing reserve* | \$5,500,000 | \$5,500,000 | \$5,000,000 | \$5,000,000 | \$5,000,000 |

* Table does not include \$5.0M contributed in FY2024 funded by FY2023 operating surplus.

- Data Center Stabilization Fund – A new data center stabilization fund reserve is created with \$1,000,000 in FY2025 and programmed annually in FY2026-2029. This reserve is established in the event of an unanticipated downturn in revenue received from data centers similar to the County's revenue stabilization fund reserve.
- Purchase Development Rights (PDR) – A \$1,000,000 one-time contribution was added during budget markup to begin a PDR program in the County. This initiative begins funding to implement a program previously established by a County code amendment in 2021.

FY2025-2029 Five-Year Plan Available Capacity

After budget markup, the available budget capacity in the Five-Year Plan is as follows:

| | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 |
|--------------------|---------------|---------------|---------------|---------------|---------------|
| Available Capacity | \$4,782,626 | \$6,429,634 | \$7,849,799 | \$9,843,307 | \$9,313,072 |

Budget Highlights in Budget Adoption Resolutions

- Tax Rates – The markup budget is funded at a real estate tax rate of \$0.920 per \$100 of assessed value in FY2025. The business tangible personal property tax rate on computer equipment and peripherals is \$3.70 per \$100 valuation.
- Fire Levy Rate – Funding Fire and Rescue system-wide initiatives requires a levy rate of \$0.072 per \$100 of assessed value in FY2025.
- Stormwater Management Fee – The stormwater management fee will be \$52.26 for single family homes and \$39.20 for townhouses, apartments, condominiums, and mobile homes.
- Solid Waste Fee – Solid waste fees are unchanged from FY2024 and remain \$75.00 for single family homes, \$67.50 for townhouses, \$60.00 for mobile homes, and \$50.19 for apartments and condominiums.
- Development Fees – Development fee schedules for Land Development will increase 5.0% and Building Development will increase 2.0% and Fire Marshal's Office fee schedules will increase 4.0%.

Budget Adoption Resolutions

The following resolutions and ordinances adopt the FY2025 Budget:

- 6-A. Adopt Fiscal Year 2025 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 and Recreation Fees to Support the Fiscal Year 2025 All Funds Budget
- 6-B. Adopt Fiscal Year 2025 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 2025 All Funds Budget
- 6-C. Budget and Appropriate the Fiscal Year 2025 All Funds Budget and Adopt the Fiscal Year 2025-2030 Capital Improvement Program
- 6-D. Budget and Appropriate Fiscal Year 2025 School Budget
- 6-E. Budget, Appropriate and Transfer Fiscal Year 2025 Transit Special Revenue Fund
- 6-F. Authorize Amendments to the Position Classification and Pay Plan in Accordance with the County's Adopted Compensation Policy
- 6-G. Authorize Continuation of the Hiring Incentives Plan for Hard to Fill Positions with Recommended Changes and Authorize Implementing an Incentivized Retention Period for the Adult Detention Center Sworn Jail Officer New Hires

- 6-H. Authorize the Contribution of Fiscal Year 2025 Operating Surplus to Maintain the Required Fund Balances Identified in the Principles of Sound Financial Management
- 6-I. Adopt Fiscal Year 2025-2029 Five-Year Plan
- 6-J. Amend the Fiscal Year 2025 Fiscal Plan to Budget and Appropriate the Remaining Balance of \$956,932,751 for Estimated Encumbered Purchase Orders and Contracts, Estimated Unencumbered Capital Construction Project and Grant Project Balances, Estimated Non-Capital Small Project Construction Balances, Economic Development Opportunity Fund Grants, and the Estimated Unencumbered Community Services Balances Supported by State and Federal Revenue as of June 30, 2024

STAFF CONTACT INFORMATION

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