



Office of the Town Manager

Tommy Cureton

STAFF REPORT

Warrenton Town Council

Carter Nevill, Mayor

Heather Sutphin, Ward 1

William Semple, Ward 2

Brett Hamby, Ward 3

James Hartman, Ward 4 Vice Mayor

Jay Heroux, Ward 5

Paul Mooney, At Large

David McGuire, At Large

Council Meeting Date:	April 11 th , 2023
Agenda Title:	Initial Presentation of the Fiscal Year 2023-2024 Annual Budget
Requested Action:	Information only
Department / Agency Lead:	Finance
Staff Lead:	Stephanie Miller

EXECUTIVE SUMMARY

The budget is one of the most important tools that we use to plan the improvements and continued service delivery that make the Town of Warrenton a great place to live. The Town Council received the Fiscal Year 2024 Proposed Budget on Friday, March 31st, 2023. The proposed budget has been developed in support of the Council's mission, values, and long-term vision for the Town. During the last six months, Town staff have continued to align our activities with Plan Warrenton 2040 in furtherance of our commitment to delivering quality services to the community.

The total proposed budget for FY 2024 is \$41.2 million to fund governmental and utility operations, and investment in the Town's capital infrastructure. This is an increase of \$10 million over the FY 2023 budget. The bulk of this change is the capital program, which increased by \$9.1 million. The operating increase across all funds is \$919,607, or 3.7%. The General Fund operating increase is \$788,552, or 4.3% compared to FY23.

HIGHLIGHTS

- Elimination of Motor Vehicle License Tax: The budget proposes to eliminate the Motor Vehicle License Tax. This is a \$25 per vehicle tax that is assessed annually and is not subject to proration. Many taxpayers receive a bill from the Town that only includes this fee, since we continue to offer 100% tax relief on vehicles valued less than \$20,000.
 - This is offset by an increase in the personal property tax rate from \$1.00 to \$1.50 per \$100 of assessed value to produce neutral revenue. If this change is adopted, many taxpayers who own older vehicles will not receive a personal property tax bill from the Town.
- Internal Service Funds: To enhance transparency, we have dissolved the internal service funds – Information Technology and Fleet (formerly Motor Pool). These are now departments within the General Fund. The Water and Sewer Fund and the Stormwater Management Fund will transfer funds to the General Fund to account for the services provided to their respective functions. The change may distort some of the year over year comparisons in this first year. We have added footnotes to assist in understanding the impact.
- Capital Improvement Program: The Draft 2024-2029 Capital Improvement Program totals \$13.8 million for FY 2024. This includes \$7.9 million for General Fund projects, \$5 million for Water and Sewer projects, and \$0.9 million for Stormwater projects. We have reviewed the capital program with our financial advisors. The Town has the capacity to issue debt to support these

intergenerational projects and those issuances will be brought forward to Council as the need for the funding approaches. There is no debt proposed in the FY24 budget; however, debt will need to be issued in the future to support the capital program.

- Water and Sewer Rates: The Town engaged the services of a consultant to conduct a rate study update due to the realignment of the capital program and inflationary concerns. The preliminary results of the rate study have been incorporated. An average monthly In-Town residential bill (based on 3,000 gallons of consumption) will increase from \$36.19 to \$43.03. The model assumes the issuance of debt in future years to support the system's capital needs. We continue to work with the consultant and our financial advisors to refine the model and will have a formal presentation at the May work session.
- Human Capital
 - Classification and Compensation: At the fiscal retreat, Council received the results of the Classification and Compensation Study. The budget includes the recommended 10% across the board adjustment to the pay of current employees to advance them to the correct range on the new pay scale. The last time that a compensation study was undertaken and partially implemented was 2015, so the adjustment is long overdue. The total impact of this adjustment is \$941,426.
 - Merit Program: Another recommendation discussed during the retreat was a modification in the timing of merit increases. Previously, merit increases and cost-of-living (COLA) adjustments were provided on July 1. The COLA will remain on July 1 and the merit will be implemented each year on January 1. The proposed budget includes a proposed merit range of 0-3% with a total impact of \$135,644.
 - New positions: The proposed budget includes the addition of seven positions and the upgrade to full-time of four existing part-time Maintenance Workers. The new positions are:
 - Communications Manager
 - Network Engineer
 - Human Capital Generalist
 - Deputy Town Manager
 - Economic Development Manager
 - Building Official
 - Fitness Supervisor

STAFF RECOMMENDATION

Staff will provide a presentation on the proposed budget with suggested dates and topics for additional work sessions.

Service Level/Policy Impact

The proposed budget includes several new positions in support of the Town's mission, vision, and values.

Fiscal Impact

The total proposed budget for FY 2024 is \$41.2 million to fund governmental and utility operations, and investment in the Town's capital infrastructure.

Legal Impact

- Town Code Section 15-1 provides that tax rates must be set by May 14th.
- Code of Virginia Section 15.2-2503 requires that the local governing body approve the budget no later than the date on which the fiscal year begins.

ATTACHMENTS

1. FY 2024 Budget
2. FY 2024 Capital Improvement Program