



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

David McGuire, At Large

Paul Mooney, At Large

| | |
|----------------------------------|---|
| Council Meeting Date: | April 11, 2023 |
| Agenda Title: | Budget Questions |
| Requested Action: | Review the questions and answers from the Town Council for the Fiscal Year 2023-2024 Proposed Budget. |
| Department / Agency Lead: | Finance / Budget |
| Staff Lead: | Stephanie Miller |

EXECUTIVE SUMMARY

This memo will be an ongoing document through the 2023-2024 Budget season to consolidate the budget questions that come from Council. Updates will be provided to Council with questions that have been posed to staff during meetings, briefings, emails and Council meetings. This is not a total collection of all questions asked and answered.

Fiscal Year 2023-2024 Budget Questions and Responses

02/25/23- Fiscal Retreat Questions

- Question from Councilmen Heroux and Semple- Credit rating, what is the process, and should we move forward?**

To start the credit rating process, we would work with our financial advisors, Davenport and Company, to compile a credit presentation that demonstrates some key metrics regarding our creditworthiness. We would then proactively reach out to rating agencies to arrange meetings.

Prior to doing so, we should perform a cost-benefit analysis to determine the suitability of pursuing a rating at this time. The following provides an overview of evaluating the need for a credit rating from the Government Finance Officers Association:

Evaluating the Need for a Credit Rating

- 1. Cost of credit rating. Issuers should evaluate the potential economic benefit from a credit rating in the form of lower bond yields compared to the cost of obtaining and maintaining the rating. Credit rating fees vary by agency and issuers should negotiate the fee structure before requesting a credit rating. Issuers should fully understand the potential economic costs and benefits in advance of pursuing a credit rating.*
- 2. Administrative burden. Issuers should also consider the administrative burden placed on staff for obtaining a credit rating and maintaining a rating throughout the*

life of the bonds. Once a rating is requested, the formal credit rating process itself may take as long as 4-6 weeks to complete. The process may include in-person meetings, calls with rating analysts and project site visits, which does not include the time and resources an issuer must commit in advance to prepare for the rating process. Issuers should be aware of the rating process timeline and potentially significant administrative burden placed on staff, particularly for first-time credit rating requests.

3. *Information required. Issuers are expected to provide a substantial amount of information to the rating agency, which may include: (1) history of issuer; (2) management and governance structure; (3) multi-year budget documents; (4) financial policies and procedures; (5) bond documents and (6) audited financial statements. Issuers should assess the availability of and burden to provide the kind of information typically requested by a rating agency in advance of pursuing a credit rating.*
4. *Size of issuance. In general, a debt issue with a lower par amount may not benefit from a credit rating as much as one with a larger par amount. While credit rating fees often vary with issue size, ratings are generally more cost effective for larger size transactions.*
5. *Frequency of issuance. In general, the more frequently an issuer plans to issue debt, the greater the potential benefit will be from obtaining a credit rating. A more frequent debt issuer may benefit from expanding its investor base in order to successfully finance a large debt program, and a credit rating may help attract a greater number of investors to a particular debt issue.*
6. *Method of sale. A debt issue sold in a public offering (via negotiated or competitive sale) may benefit from obtaining a credit rating, while a rating may not be required or necessary for a private placement or direct purchase.*

2. **Question from Councilman Heroux- Do we have a sense of whether most households in Warrenton are dual income or single income?**

Please see income data for Warrenton at:

[https://data.census.gov/table?q=S1903:+MEDIAN+INCOME+IN+THE+PAST+12+MONTHS+\(IN+2020+INFLATION-ADJUSTED+DOLLARS\)&q=160XX00US5183136&tid=ACSST5Y2021.S1903](https://data.census.gov/table?q=S1903:+MEDIAN+INCOME+IN+THE+PAST+12+MONTHS+(IN+2020+INFLATION-ADJUSTED+DOLLARS)&q=160XX00US5183136&tid=ACSST5Y2021.S1903)

3. **Median home value- is that value post-reassessment from last year?**

The peer comparison data and charts were prepared by our financial advisors. The data was that which was most recently available from Moody's MFRA, U.S. Census Bureau, and Data USA. The Median data was for municipalities with populations under 25,000.

For reference, the slide for Median Home Value shows Warrenton as \$363,000. The current Median Home Value in Warrenton per the Fauquier County Commissioner of the Revenue is \$397,300.

4. **Please provide the assessment frequency for our peer jurisdictions.**

The frequency varies, but each locality is required to reassess at least every 4 years by the Code of Virginia. The respective County Commissioner of the Revenue serves as the assessor of real estate located in Towns in Virginia. The following table provide the assessment interval for our peers:

| Locality | County | Interval (years) |
|----------------|------------|------------------|
| Warrenton | Fauquier | 4 |
| Culpeper | Culpeper | 2 |
| Front Royal | Warren | 4 |
| Middleburg | Loudoun | 1 |
| Christiansburg | Montgomery | 4 |
| Leesburg | Loudoun | 1 |
| Vienna | Fairfax | 1 |
| Purcellville | Loudoun | 1 |
| Blacksburg | Montgomery | 4 |
| Herndon | Fairfax | 1 |

5. **What percentage of the Other local taxes is meals tax?**

Based on actuals for fiscal years 2018 through 2022, meals tax has ranged from 33% to 38% of the Other local taxes category. As a percentage of total general fund revenue, it has ranged from 17% to 21%.

| Other Local Taxes | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------|------------------|------------------|------------------|------------------|------------------|
| Sales & Use | 709,036 | 709,173 | 781,649 | 925,159 | 978,837 |
| Consumer's Utility | 510,053 | 498,267 | 501,059 | 495,402 | 499,103 |
| BPOL | 2,026,990 | 1,998,815 | 2,103,568 | 2,438,043 | 1,964,786 |
| Consumption | 64,166 | 70,212 | 68,131 | 61,994 | 60,354 |
| Motor Vehicle | 195,750 | 216,600 | 237,353 | 239,788 | 219,887 |
| Bank Stock | 849,887 | 932,498 | 830,298 | 1,292,086 | 1,330,962 |
| Lodging | 236,175 | 220,994 | 182,606 | 197,050 | 261,215 |
| Meals | 2,550,799 | 2,659,254 | 2,515,018 | 2,828,431 | 3,296,859 |
| Cigarette | 171,699 | 184,943 | 202,138 | 180,436 | 173,866 |
| Total | 7,314,555 | 7,490,756 | 7,421,820 | 8,658,389 | 8,785,869 |
| | | | | | |
| Meals as % of total | 35% | 36% | 34% | 33% | 38% |
| | | | | | |
| % of Gen. Fund total | 19% | 17% | 17% | 19% | 21% |

6. For Business-related tax accounts- have Delinquent tax balances gone up or stayed the same?

For business licenses, the business needs to file for us to create the assessment. After the filing deadline each year, we mail non-filer letters to those businesses that had a Town business license in the prior year. The due date for the business license application was March 1st. As of May 1, 2023, 245 businesses have not filed renewal applications.

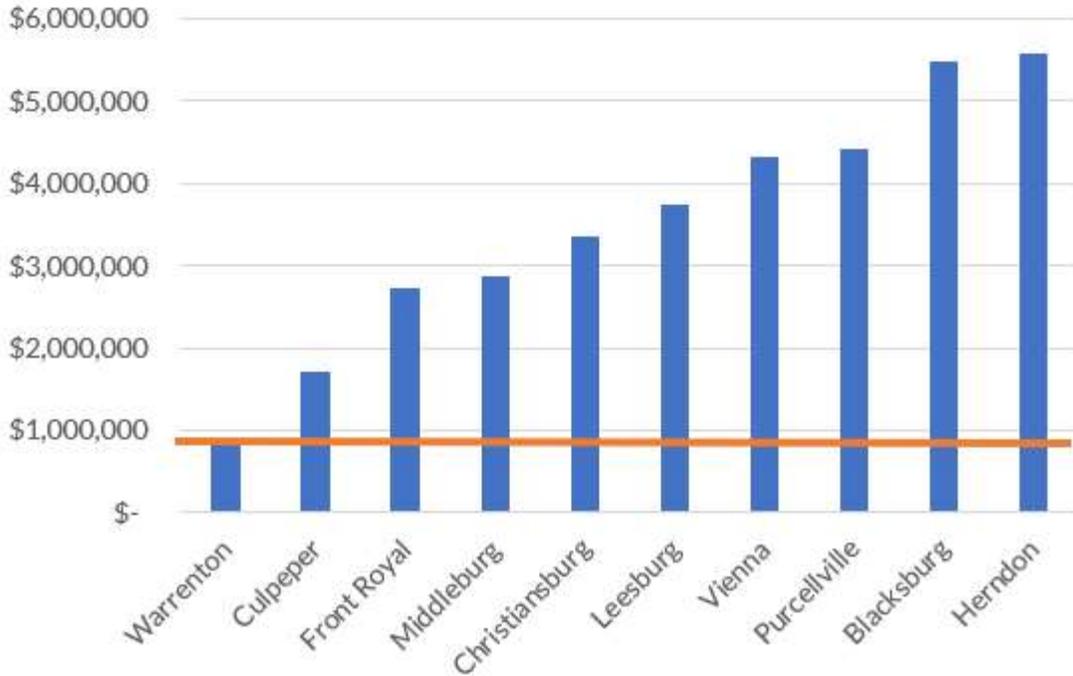
For Meals Tax, the number of businesses that are delinquent in filing returns has remained the same (6 out of 83, with 2 of those businesses having not filed for 2 consecutive months).

7. A request was made to send to Council a list of delinquent business licenses and meals tax accounts. List sent either last budget season or the year before.

This list will be provided separately.

8. Councilman Semple requested an update to the chart that was provided last year that showed how much revenue each town’s tax rate would yield in Warrenton if we adopted that rate. A table showing the data and the chart are provided below:

| Locality | Tax Rate | Revenue | Increase |
|----------------|-----------|--------------|--------------|
| Warrenton | \$ 0.0401 | \$ 844,000 | \$ - |
| Culpeper | \$ 0.0820 | \$ 1,725,885 | \$ 881,885 |
| Front Royal | \$ 0.1300 | \$ 2,736,160 | \$ 1,892,160 |
| Middleburg | \$ 0.1369 | \$ 2,881,387 | \$ 2,037,387 |
| Christiansburg | \$ 0.1600 | \$ 3,367,581 | \$ 2,523,581 |
| Leesburg | \$ 0.1774 | \$ 3,733,805 | \$ 2,889,805 |
| Vienna | \$ 0.2050 | \$ 4,314,713 | \$ 3,470,713 |
| Purcellville | \$ 0.2100 | \$ 4,419,950 | \$ 3,575,950 |
| Blacksburg | \$ 0.2600 | \$ 5,472,319 | \$ 4,628,319 |
| Herndon | \$ 0.2650 | \$ 5,577,556 | \$ 4,733,556 |



9. **A request was made to calculate the tax burden for a Warrenton resident based on the County’s tax rate.**

We have added the Fauquier County tax rate, tax bill and tax burden data for a Warrenton resident below. Please note that we have updated the median home value to the \$397,300 that was provided by the Fauquier County Commissioner of the Revenue.

| Locality | Median Home Value | Tax Rate | Tax Bill | Median Family Income | Tax Burden |
|-----------|-------------------|-----------|-------------|----------------------|------------|
| Warrenton | \$ 397,300 | \$ 0.0401 | \$ 159.32 | \$ 117,162 | 0.136% |
| Fauquier | \$ 397,300 | \$ 0.9030 | \$ 3,587.62 | \$ 117,162 | 3.062% |

10. **What are the BPOL tax rates after the Council lowered it? Please provide the rates per category and a comparison to Fauquier County’s rates.**

In 2019, the rates for two BPOL categories were lowered by 10% - professional services and business/personal services. The table below provides a log of recent changes in general fund tax rates and fees:

RECENT GENERAL FUND TAX RATE AND FEE ADJUSTMENTS

| Fiscal Year | Tax | Old Rate | New Rate | Increase / (Decrease) |
|-------------|-------------------------------|-------------|-------------|-----------------------|
| 2023 | Real Estate | \$ 0.050 | \$ 0.040 | \$ (0.010) |
| 2023 | Meals Tax | \$ 0.040 | \$ 0.060 | \$ 0.020 |
| 2023 | Cigarette Tax | \$ 0.200 | \$ 0.400 | \$ 0.200 |
| 2022 | no adjustments | | | |
| 2021 | no adjustments | | | |
| 2020 | no adjustments | | | |
| 2019 | BPOL - Professional Services | \$ 0.001870 | \$ 0.001683 | \$ (0.000187) |
| 2019 | BPOL - Business Services | \$ 0.002975 | \$ 0.002678 | \$ (0.000297) |
| 2018 | Cigarette Tax | \$ 0.150 | \$ 0.200 | \$ 0.050 |
| 2018 | Decals -> Vehicle License Fee | \$ 15.00 | \$ 25.00 | \$ 10.00 |
| 2017 | Real Estate | \$ 0.015 | \$ 0.050 | \$ 0.035 |

The following table shows the rates by category for the Town and the County:

| Business Category | Rates per \$100 of Gross Receipts | |
|-----------------------------|-----------------------------------|-----------------|
| | Town of Warrenton | Fauquier County |
| Contractor | \$ 0.0850 | \$ 0.0850 |
| Retail | \$ 0.1000 | \$ 0.1000 |
| Business / Personal Service | \$ 0.1683 | \$ 0.1870 |
| Professional Service | \$ 0.2678 | \$ 0.2975 |
| Public Service Corporations | \$ 0.0050 | \$ 0.0050 |
| Wholesale Merchant | \$ 0.0425 | \$ 0.0425 |

11. **What is the amount of increase proposed to the personal property tax rate to offset the motor vehicle license fee elimination? How much manpower is required to process these fees.**

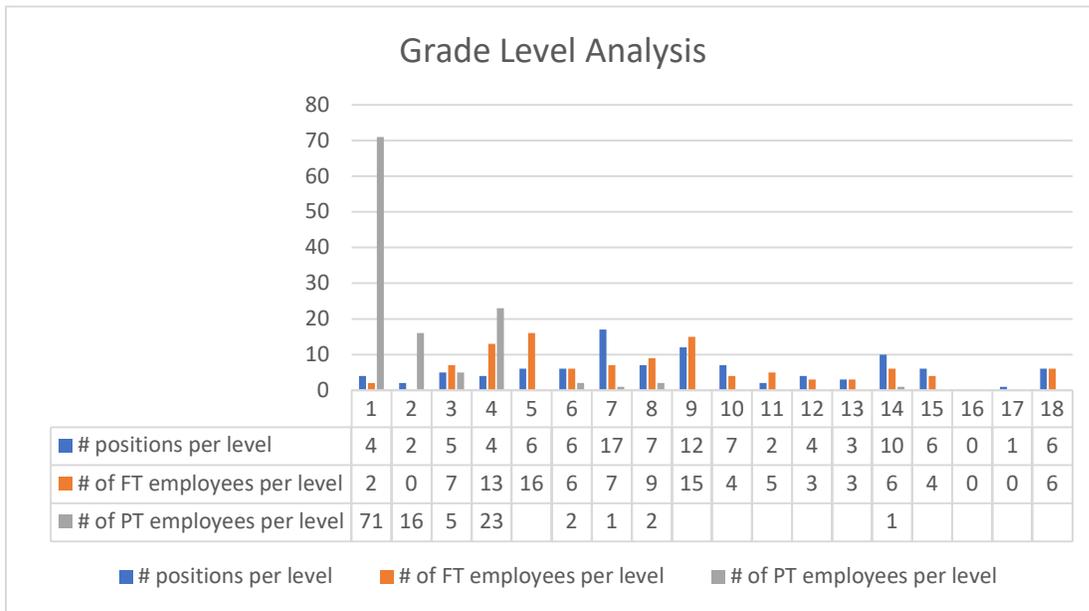
The motor vehicle license fee was estimated to yield \$236,000 in the fiscal year 2023 budget. In talking with the Commissioner of the Revenue, he estimates that our personal property tax base for fiscal year 2024 will decline by approximately 20% due to market corrections in the post-COVID used car market. To yield the same amount of revenue for fiscal year 2024 as fiscal year 2023, the rate would need to raise by \$0.50 from \$1.00 to \$1.50.

Since our personal property tax rate is low and the personal property tax relief (provided by the state) has remained at a higher level, we often mail bills to taxpayers that only have a vehicle license fee (no tax amount due). As an example, the latest mailing of supplemental assessments included 960 bills. Of that total, 491 included only a vehicle license fee (51%). This represents increased staff time to generate the bill, increased postage fees, and increased staff time responding to emails or phone calls questioning the fee.

We annually enter delinquent amounts through the Virginia Department of Taxation’s debt set-off program, which records a lien against the taxpayer’s state income tax refund. For this past year, 65% of the entries in this program were for motor vehicle license fees only. In many instances, we find that the taxpayer may not owe the amount. In that case, an abatement is processed, and the net revenue is zero.

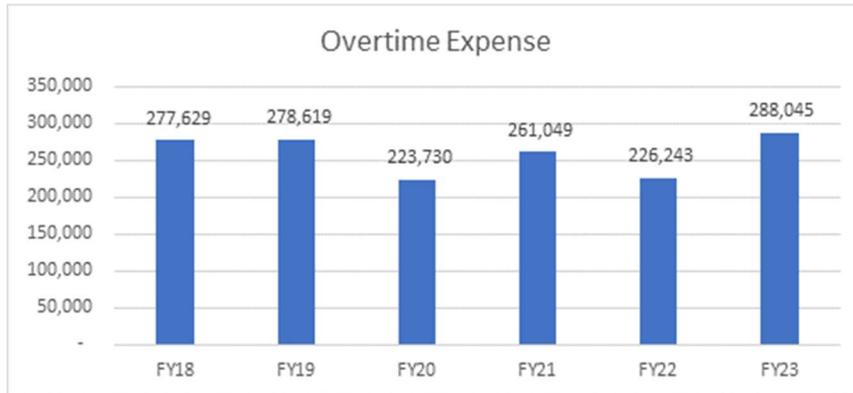
Human Capital Questions and Responses

1. See all the breakdown of numbers of personnel in each pay grade and the new paygrade.



2. **Data for total compensation. Pay for performance, spot bonus, insurance, etc. Maternity leave, time off, etc. The total package. Minimum vs what the Town does.** *A benefits comparison analysis was conducted by Paypoint HR during the classification and compensation study. Further benefits overview of the Town versus its comparators will be provided upon finalization of the study.*
3. **Show how much each position is making in overtime.** *Updated to show data through February 2023.*

Historical Overtime Expense by Fiscal Year.

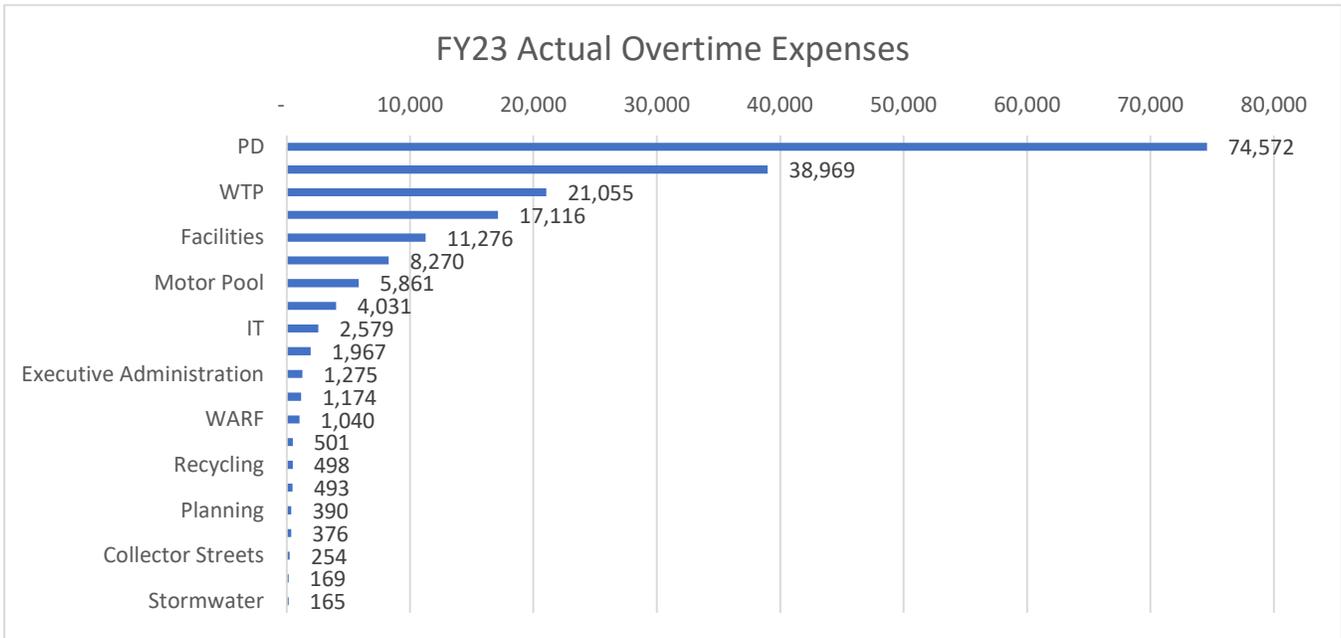
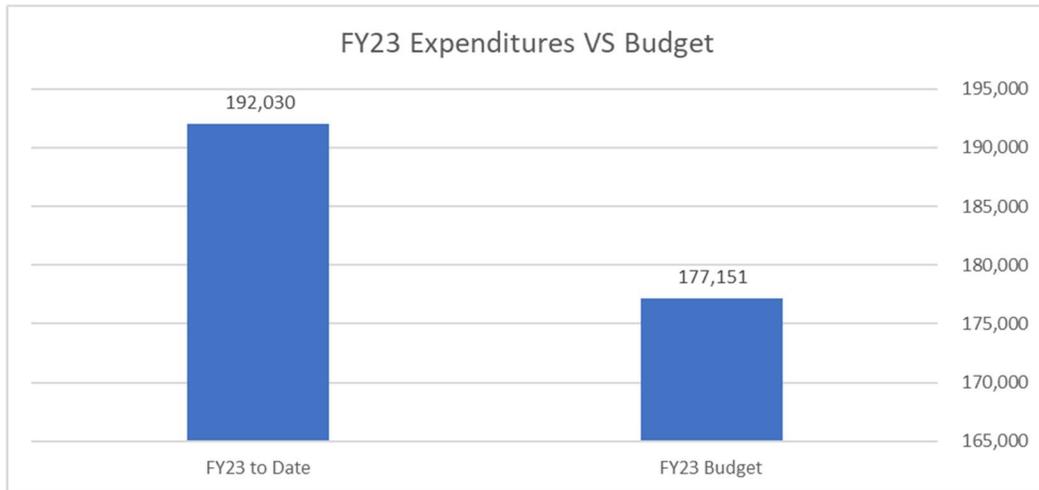


| Year | Overtime Expense | Note | YoY Change |
|------|------------------|--------------------|------------|
| FY18 | 277,629 | Per WC File | |
| FY19 | 278,619 | | 0.4% |
| FY20 | 223,730 | | -19.7% |
| FY21 | 261,049 | | 16.7% |
| FY22 | 226,243 | Per Bright | -13.3% |
| FY23 | 288,045 | *Annualized Figure | 27.3% |

FY23 Overtime Budget and Actuals (Through February 2023). Across all departments, we have overspent our budgeted amount of OT (177,151). We have spent approximately \$14,879 more than was budgeted for FY23 as of end of February, or 8 months into FY23.

For FY23 to date the police department is by far the largest user of overtime and is responsible for 47% of all overtime charges. However, their spending appears to be on track with approximately 64% of their budget spent 8 months into the year. Departments that have no OT budget in FY23 are the main drivers of OT expenses outpacing the total OT budget.

If OT continued at this pace thru end of FY total spend would be \$288,045 (budget is \$177,151).



Analysis of overtaxed positions and understaffed positions.

The Town is currently undergoing an organizational staffing study. Results are anticipated by mid-July.

4. How long will it take to replace the individuals that are leaving.

Updated data will be provided in May. As of January 30, 2023:

- *The average time to fill is roughly 38 days (from 01/01/2022 through 01/30/2023) – this data excludes Parks and Recreation positions.*

- Parks and Rec positions had an average of 21 days to fill (from 01/01/2022 through 01/30/2023).
- When all positions are combined, there is on average 26 days to fill a position (from 01/01/2022 through 01/30/2023).
- We had roughly 870 candidates apply to our positions last year.

5. Actual attrition rate and to where?

| 2022 | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | |
|-----------------------------|-----------|-----------|-----------|-----------|--------|
| FULL TIME | | | | | |
| Total Headcount - Full Time | 123 | 124 | 130 | 131 | |
| # Hires | 5 | 9 | 15 | 5 | |
| # Voluntary Sep | 6 | 8 | 9 | 4 | |
| # Involuntary Sep. | 1 | 0 | 0 | 0 | |
| # Voluntary Turnover % | 4.78% | 6.48% | 7.09% | 3.07% | |
| # Involuntary Turnover % | 0.80% | 0.00% | 0.00% | 0.00% | |
| PART TIME | | | | | |
| Total Headcount - Part Time | 121 | 114 | 114 | 123 | |
| # Hires | 12 | 15 | 12 | 16 | |
| # Voluntary Sep | 7 | 21 | 11 | 6 | |
| # Involuntary Sep. | 0 | 1 | 1 | 1 | |
| # Voluntary Turnover % | 6.01% | 17.87% | 9.65% | 5.06% | |
| # Involuntary Turnover % | 0.00% | 0.85% | 0.88% | 0.84% | |
| TOTAL FT/PT - TURNOVER % | 11.59% | 25.20% | 17.61% | 8.97% | 15.84% |
| TOTAL FT - TURNOVER % | 5.58% | 6.48% | 7.09% | 3.07% | 5.55% |
| TOTAL PT - TURNOVER % | 6.01% | 18.72% | 10.53% | 5.91% | 10.29% |

| January 1, 2022 - December 31, 2022 | | Reasons for Leaving - Full Time | | Reasons for Leaving - Part Time | | |
|-------------------------------------|----|---------------------------------|-----------------------------------|---------------------------------|-------------------------------------|----|
| Full Time Hires | 34 | 1 | Compensation | 9 | 1 Work/Life Balance (school, other) | 39 |
| Full Time Terminations | 28 | | Better Employment / Opportunity | 3 | 2 Involuntary Performance | 3 |
| Part Time Hires | 55 | 2 | New Career | 3 | 3 Not best fit - position/culture | 2 |
| Part Time Terminations | 48 | | Relocation | 3 | Retirement | 2 |
| CHURNOVERS (PT/FT - Hires/TERMS) | 6 | | Other / Unknown | 3 | 4 Compensation | 1 |
| Hired & Termed within year - FT/PT | 10 | | Retirement | 2 | New Career | 1 |
| | | 3 | Work/Life Balance (school, other) | 2 | Relocation | 0 |
| | | | Not best fit - position/culture | 2 | Resigned In lieu of Termination | 0 |
| | | 4 | Involuntary Performance | 1 | Better Employment / Opportunity | 0 |
| | | | Resigned In lieu of Termination | 0 | Other / Unknown | 0 |

Data is still being compiled on actual businesses/organizations that we lost employees to last year.

6. Examine the opportunity for Bonuses and a bonus structure.

This is being examined and will be evaluated for inclusion in the FY2025 proposed budget.

April 2023 Question from Councilman Semple:

1. On Pages 4 & 5 of the Combined Budget Summary for both FY 2023 Adopted and FY 2024 Proposed would you list exactly what comprises the transfers of \$(2,478,974) and the \$(4,416,709)? The “transfers in of \$539,913” represent the IT allocation from the W/S and SW Funds? When comparing General Fund Expenditures FY 23/FY 24, am I correct that last year’s line items reflects IT allocations but this year’s does not? So are the 2023 Adopted and 2024 proposed columns apples to apples?

The “Less transfers” total was incorrect in the combined budget summary. This is due to the system adding the new vacancy savings to the transfers amount. We have created a separate line in the appropriations for the General Fund and updated the transfer total accordingly. An updated combined budget summary is below, followed by the transfer detail and finally, a calculation showing FY23 with Information Technology and Fleet as departments of the General Fund.

COMBINED BUDGET SUMMARY

The following provides a summary of the budget for Fiscal Year 2023-2024 across all appropriated funds compared to the budget for Fiscal Year 2022-2023. Greater detail is provided for the General Fund, followed by summary totals for the other funds, in the next section. Further detail is provided throughout the document.

TOTAL ESTIMATED REVENUE ALL FUNDS

| | Revenue/Sources | FY 2023 Adopted | FY 2024 Proposed | Variance (\$) | Variance (%) |
|---------------------------------|---------------------------|---------------------|---------------------|------------------|--------------|
| GENERAL FUND | General Property Taxes | \$1,449,235 | \$1,871,670 | 422,435 | 29% |
| | Other Local Taxes | 9,675,138 | 11,113,121 | 1,437,983 | 15% |
| | Permits & Fees | 328,065 | 288,064 | (40,001) | -12% |
| | Fines & Forfeitures | 139,871 | 77,500 | (62,371) | -45% |
| | Use of Money/Property | 128,257 | 500,000 | 371,743 | 290% |
| | Charges for Services | 760,877 | 1,090,439 | 329,562 | 43% |
| | Miscellaneous Revenue | 319,771 | 221,633 | (98,138) | -31% |
| | State Revenue | 2,971,638 | 2,971,638 | - | - |
| | Transfers in | - | 539,913 | 539,913 | - |
| | Bond proceeds | 200,000 | - | (200,000) | -100% |
| | Use of Fund Balance | 440,232 | 4,378,808 | 3,938,576 | 895% |
| | GENERAL FUND TOTAL | \$16,413,084 | \$23,052,786 | 6,639,702 | 40% |
| OTHER FUNDS | Capital Projects | \$50,000 | \$2,770,359 | 2,720,359 | 5441% |
| | General Asset Replacement | 150,000 | 1,646,350 | 1,496,350 | 998% |
| | Water & Sewer Operating | 6,596,935 | 8,082,832 | 1,485,897 | 23% |
| | Water & Sewer Capital | 4,111,102 | 5,466,700 | 1,355,598 | 33% |
| | Stormwater Management | 1,957,867 | 1,479,428 | (478,439) | -24% |
| | Motor Pool | 640,963 | - | (640,963) | -100% |
| | Information Technology | 1,638,011 | - | (1,638,011) | -100% |
| | ARPA Fund | 2,101,642 | 3,269,910 | 1,168,268 | 56% |
| OTHER FUNDS TOTAL | \$17,246,520 | \$22,715,579 | 5,469,059 | 32% | |
| TOTAL ALL FUNDS | \$33,659,604 | \$45,768,365 | \$12,108,761 | 36% | |
| LESS TRANSFERS | (2,478,974) | (4,956,622) | (2,477,648) | 100% | |
| TOTAL ESTIMATED REVENUES | \$31,180,630 | \$40,811,743 | \$9,631,113 | 31% | |

TOTAL APPROPRIATIONS ALL FUNDS

| | Expenditures/Uses | FY 2023 Adopted | FY 2024 Proposed | Variance (\$) | Variance (%) |
|---------------------------------------|---------------------------|---------------------|---------------------|---------------------|--------------|
| GENERAL FUND | General Government | \$2,157,328 | \$4,664,219 | 2,506,891 | 116% |
| | Public Safety | 4,255,790 | 3,791,492 | (464,298) | -11% |
| | Public Works | 4,568,483 | 5,547,571 | 979,088 | 21% |
| | Parks & Recreation | 2,608,455 | 2,410,203 | (198,252) | -8% |
| | Community Development | 1,346,411 | 1,556,705 | 210,294 | 16% |
| | Contributions | 68,354 | 58,954 | (9,400) | -14% |
| | Nondepartmental | 352,645 | 389,666 | 37,021 | 10% |
| | Debt Service | 855,618 | 824,238 | (31,380) | -4% |
| | Transfers out | 200,000 | 4,416,709 | 4,216,709 | 2108% |
| | Vacancy savings | 0 | (606,971) | (606,971) | - |
| GENERAL FUND TOTAL | \$16,413,084 | \$23,052,786 | 6,639,702 | 40% | |
| OTHER FUNDS | Capital Projects | \$50,000 | \$2,770,359 | 2,720,359 | 5441% |
| | General Asset Replacement | 150,000 | 1,646,350 | 1,496,350 | 998% |
| | Water & Sewer Operating | 6,596,935 | 8,082,832 | 1,485,897 | 23% |
| | Water & Sewer Capital | 4,111,102 | 5,466,700 | 1,355,598 | 33% |
| | Stormwater Management | 1,957,867 | 1,479,428 | (478,439) | -24% |
| | Motor Pool | 640,963 | - | (640,963) | -100% |
| | Information Technology | 1,638,011 | - | (1,638,011) | -100% |
| | ARPA Fund | 2,101,642 | 3,269,910 | 1,168,268 | 56% |
| | OTHER FUNDS TOTAL | \$17,246,520 | \$22,715,579 | 5,469,059 | 32% |
| | TOTAL ALL FUNDS | \$33,659,604 | \$45,768,365 | \$12,108,761 | 36% |
| LESS TRANSFERS | (2,478,974) | (4,956,622) | (2,477,648) | 100% | |
| TOTAL ESTIMATED APPROPRIATIONS | \$31,180,630 | \$40,811,743 | \$9,631,113 | 31% | |

← added detail for vacancy savings

Transfer detail for both years:

FY 2023 Transfers

| | |
|---|-----------|
| General Fund Transfers out (to capital) | 200,000 |
| Motor Pool | 640,963 |
| Information Technology | 1,638,011 |
| | 2,478,974 |

FY 2024 Transfers

| | |
|---|-----------|
| General Fund Transfers out (to capital) | 4,416,709 |
| Water and Sewer transfer to General Fund (IT/Fleet) | 490,830 |
| Stormwater transfer to General Fund (IT/Fleet) | 49,083 |
| | 4,956,622 |

Effect of pulling IT and Fleet into General Fund for FY23 for comparison purposes:

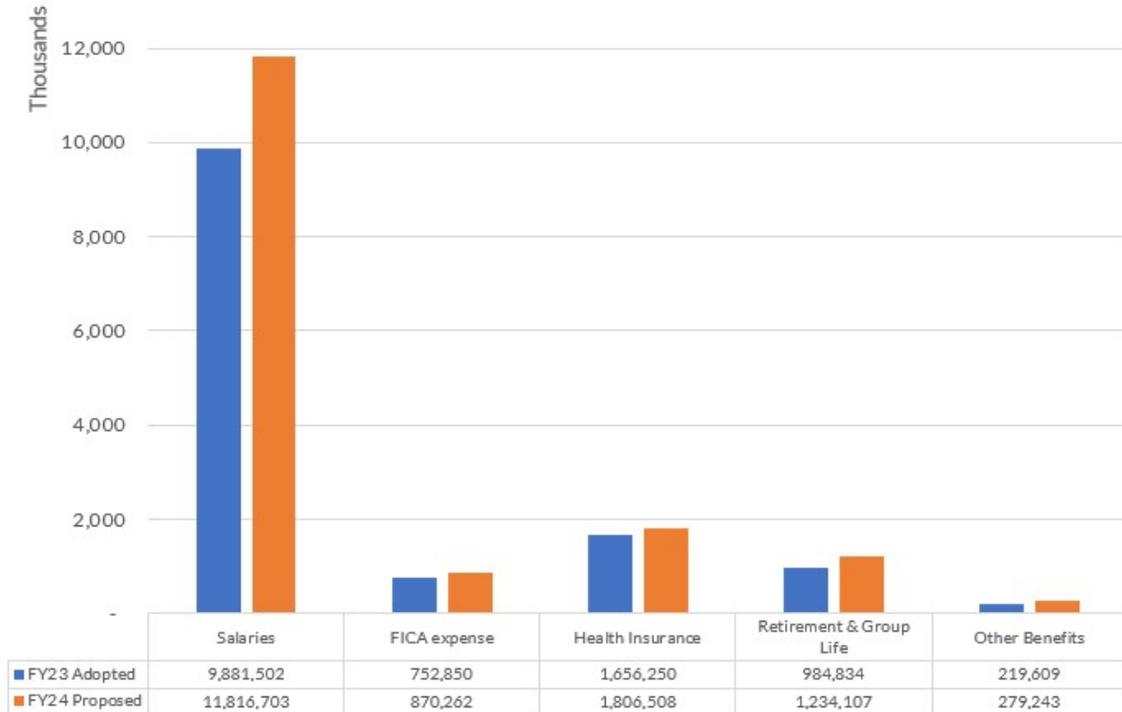
| | |
|-------------------------------------|--------------------|
| <u>FY23 General Fund Total</u> | 16,413,084 |
| Add: Information Technology total | 1,638,011 |
| Add: Motor Pool total | 640,963 |
| Less: IT allocation to General Fund | (1,327,077) |
| Less: MP allocation to General Fund | (539,298) |
| | 16,825,683 |
| | |
| FY24 General Fund Total | 23,052,786 |
| | |
| Increase | 6,227,103 37.0% |

April 11, 2023 Budget Work Session

1. **What CIP projects will be funded by debt? Will they be new projects or projects that have already been started and will then be relying on the debt to be able to be finished?**

NewGen and Davenport will provide a presentation to Council in May that will outline the projects that are proposed to be funded by debt.

2. **Total payroll costs in budget compared to last year.**



3. **Job descriptions of all position requests as well as job description of the person they report to. Cost for each position request.**

This will be provided as a separate attachment due to the volume. The following provides the cost impact.

| Position | Salary | Benefits | Total |
|--|------------------|------------------|--------------------|
| Building Official | \$96,422 | \$38,779 | \$135,201 |
| Human Capital Generalist | \$72,500 | \$33,964 | \$106,464 |
| Deputy Town Manager | \$158,472 | \$51,270 | \$209,741 |
| Economic Development Manager | \$117,202 | \$42,962 | \$160,164 |
| Communications Manager | \$65,263 | \$32,507 | \$97,770 |
| Network Engineer | \$87,458 | \$36,975 | \$124,433 |
| Fitness Supervisor | \$44,073 | \$28,241 | \$72,314 |
| Upgrade 4 Maintenance Workers from PT to FT (net increase) | \$64,289 | \$99,338 | \$163,626 |
| Totals | \$786,748 | \$353,643 | \$1,069,715 |
| Less 10% time-to-hire vacancy savings | | | -\$106,971 |
| Net impact | | | \$962,743 |

4. **Summary of items previously funded by ARPA that will now be captured in Water/Sewer Operating Funds**

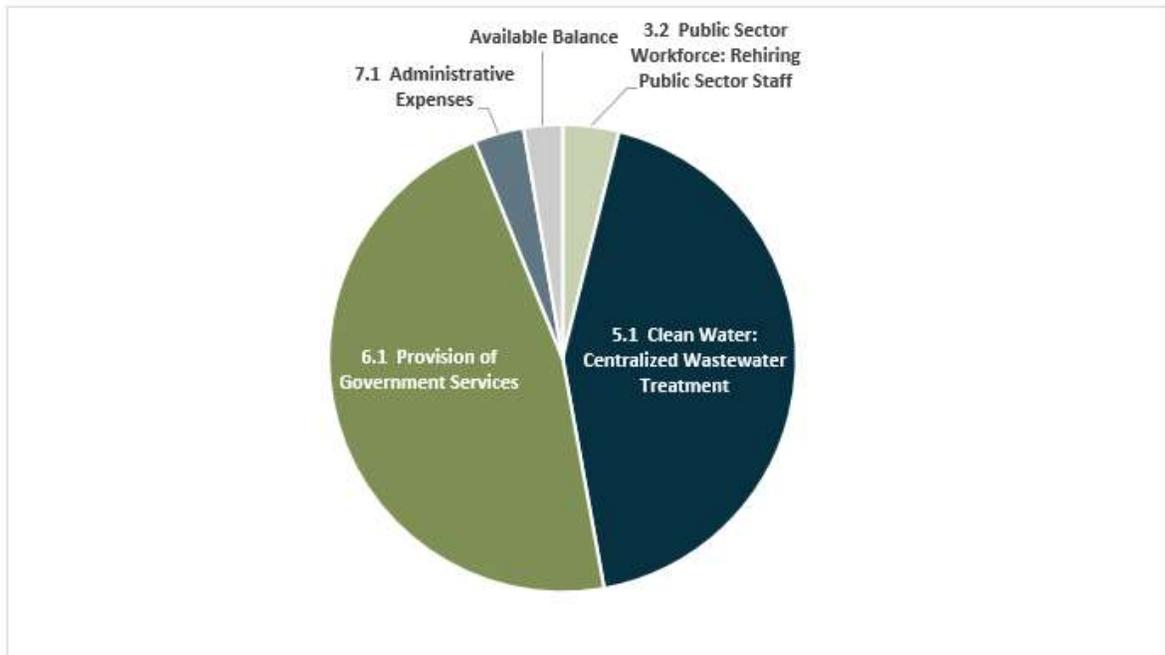
For fiscal year 2024, there are two positions that were funded by ARPA that will now need to be partially funded in the Water and Sewer Operating Fund.

| Project Coordinator | Funded by ARPA | Funded by W&S Fund | FY24 cost covered by ARPA | FY24 cost covered in W&S Fund |
|--------------------------------------|-----------------------|----------------------|---------------------------|-------------------------------|
| Assistant Director, Public Utilities | 8/15/2022-8/15/2023 | 8/16/2023-6/30/2024 | \$17,044 | \$124,989 |
| Project Coordinator | 10/11/2022-10/11/2023 | 10/12/2023-6/30/2024 | \$28,043 | \$72,110 |

Both of these positions are funded for one year from the employees' start date by ARPA. Expenses after the one year anniversary are allocated to the Water and Sewer Operating Fund.

5. **ARPA update (Expended, committed, remaining, by category.)**

The project status update is provided as a separate attachment. The chart below shows the amounts allocated by category.



For the different totals on summary pages provide more detail on what goes into each.

The following provides the departments of the general fund that make up the functional categories listed in the Combined Budget Summary.

| General Fund Expenditures – functional categories | |
|---|--|
| <ul style="list-style-type: none"> • General Government <ul style="list-style-type: none"> • Legislative (Town Council) • Executive (Town Manager) • Legal Services • Human Capital • Information Technology • Finance and Procurement • Other Organizations (Town Memberships) • Elections • Emergency Services • Communications • Public Safety <ul style="list-style-type: none"> • Police Department | <ul style="list-style-type: none"> • Parks and Recreation <ul style="list-style-type: none"> • WARF • Parks • Administration • Community Development <ul style="list-style-type: none"> • Development Services • Planning • Boards and Commissions • Visitors Center • Economic Development • Contributions/Non-departmental • Debt Service • Transfers (capital) |

7. Impact of increased costs of materials and supplies and how that can impact our ability to serve the town.

| Expense | Methodology and Result | Impact |
|----------------------|---|--------|
| Asphalt | Asphalt was selected as it is frequently purchased by the public works department for use in projects for Town facilities as well as on our streets throughout the Town. To ensure consistency, we have selected the type of asphalt (Surface Asphalt 9-5A) most frequently purchased from Superior Paving. After analyzing invoices from FY22 and FY23 to date, we see that the price has increased 15% per ton year over year. | 15% ↑ |
| Janitorial Services | Janitorial Services are used at facilities throughout the Town. To compare prices we have used estimates received from the janitorial services company in FY22 and FY23 for the cost to provide services throughout Town facilities. Comparing these two estimates we see that the cost has increased 5%. | 5% ↑ |
| Chemicals | Our water treatment and waste water treatment plant use a variety of chemicals in their daily processes. To ensure consistency, we have selected one chemical (Methanol Bulk Tech Liquid) that was consistently purchased over the two fiscal years from Univar. After analyzing invoices from FY22 and FY23 to date, we see that the price has increased 27% for a gallon year over year. The waste water treatment plant uses approximately 28,000 - 35,000 gallons of the Methanol Bulk Tech Liquid in a given year. | 27% ↑ |
| Sidewalk Replacement | In order to achieve the goal of walkability, the Town works to repair and replace sidewalks as needed. To ensure consistency, we have selected removal and replacement of sidewalk per square yard work done by Espina Paving. After analyzing invoices from FY22 and FY23 to date, we see that the price for this service has increased 9%. In FY22 Espina remove and replaced 489 square yards of sidewalk, with the impact of the price increase we would now only be able to do the same work for 444 square yards of sidewalk. | 9% ↑ |

8. Summary of police department salaries and tenure of officers.

| Job Title | Regular Compensation | Overtime Compensation | Total Compensation | Average Tenure (years) | Average Headcount during FY2023 |
|---------------------------------|----------------------|-----------------------|--------------------|------------------------|---------------------------------|
| Accreditation Manager | 15,578 | - | 15,578 | 4 | 1 |
| Chief of Police | 170,624 | - | 170,624 | 18 | 2 |
| Corporal, Police | 366,785 | 15,518 | 382,302 | 3 | 7 |
| Corporal, Police & Detective | 66,000 | 2,103 | 68,102 | 7 | 1 |
| Lieutenant, Police | 136,206 | 15,726 | 151,932 | 15 | 2 |
| Parking Enforcement Officer | 23,187 | - | 23,187 | 4 | 1 |
| Police Officer | 552,933 | 35,386 | 588,319 | 2 | 12 |
| Police Officer/Detective | 77,050 | 88 | 77,137 | 4 | 1 |
| Police Records Clerk | 33,648 | 496 | 34,144 | 1 | 1 |
| Senior Administrative Assistant | 47,205 | 2,463 | 49,668 | 15 | 1 |
| Sergeant, Police | 255,525 | 11,968 | 267,493 | 10 | 4 |
| Total | 1,744,741 | 83,746 | 1,828,487 | 8 | 33 |

Note: The above table accounts for the 21 paychecks received through 04/07/2023 for fiscal year 2023.

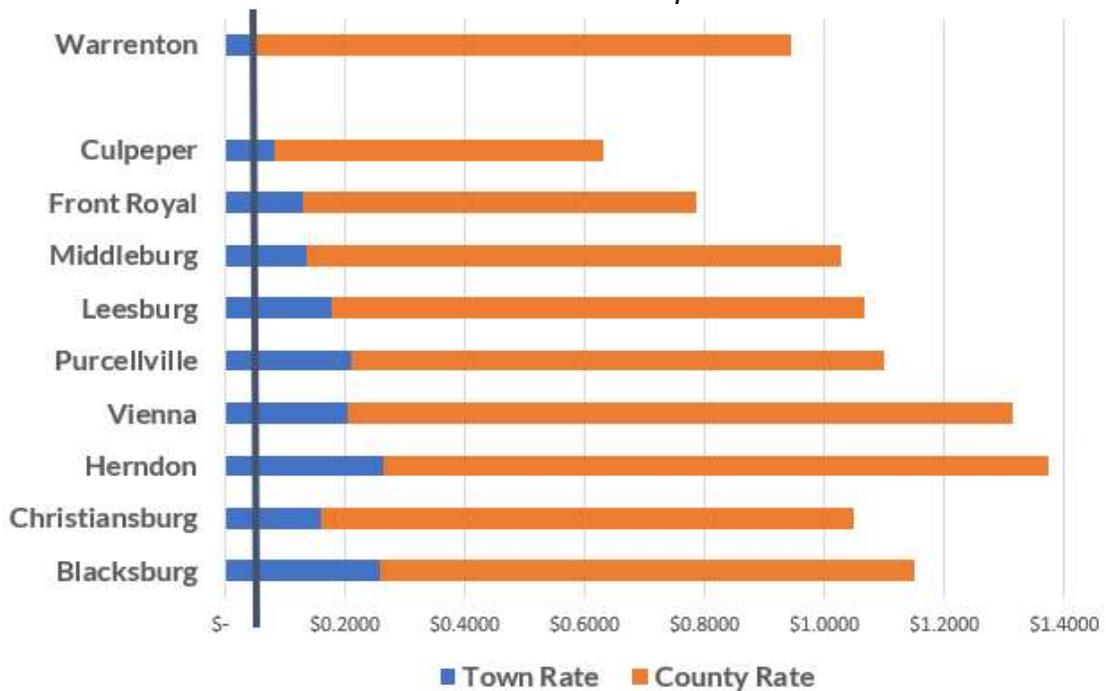
Please note that there are some limitations in the data that is pulled from the payroll software. The name of the position is associated with the pay that happened prior to the promotion or job change, thereby distorting a few of the totals above.

9. Comparison of tax rates to other municipalities (including any overlap with county taxes in our and other municipalities to show total impact that citizens see).

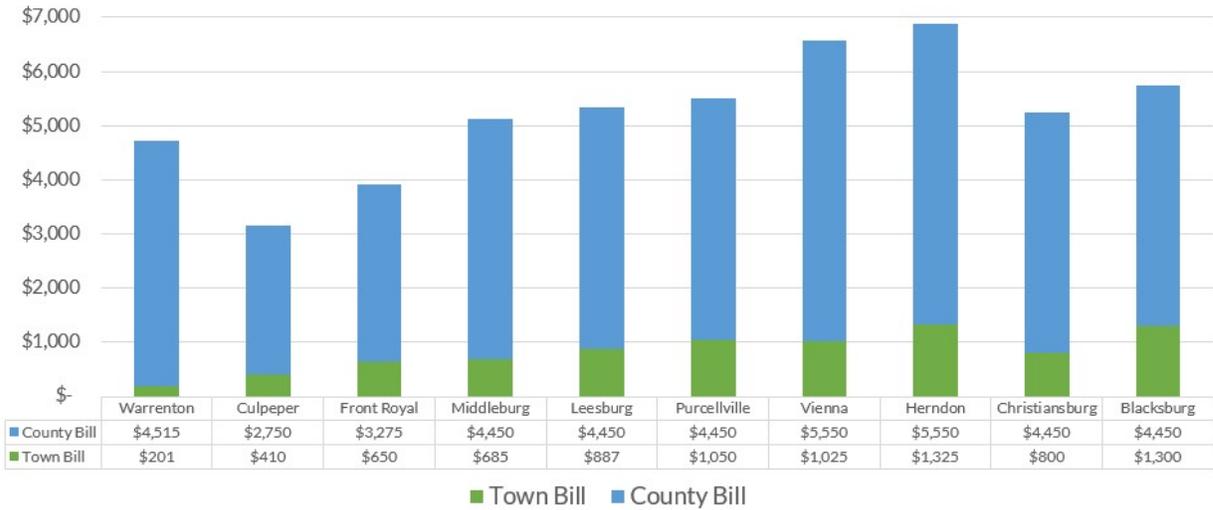
The following chart shows the composite real estate tax rates for our benchmarks, along with the tax bill for various home values:

| Town | Town Rate | County Rate | Composite Rate | Town % of Composite | Composite Tax Bill for Home Value: | | | |
|----------------|-----------|-------------|----------------|---------------------|------------------------------------|-----------|-----------|-------------|
| | | | | | \$250,000 | \$500,000 | \$750,000 | \$1,000,000 |
| Warrenton | \$ 0.0401 | \$ 0.9030 | \$ 0.9431 | 4.25% | \$ 2,358 | \$ 4,716 | \$ 7,073 | \$ 9,431 |
| Culpeper | \$ 0.0820 | \$ 0.5500 | \$ 0.6320 | 12.97% | \$ 1,580 | \$ 3,160 | \$ 4,740 | \$ 6,320 |
| Front Royal | \$ 0.1300 | \$ 0.6550 | \$ 0.7850 | 16.56% | \$ 1,963 | \$ 3,925 | \$ 5,888 | \$ 7,850 |
| Middleburg | \$ 0.1369 | \$ 0.8900 | \$ 1.0269 | 13.33% | \$ 2,567 | \$ 5,135 | \$ 7,702 | \$ 10,269 |
| Leesburg | \$ 0.1774 | \$ 0.8900 | \$ 1.0674 | 16.62% | \$ 2,669 | \$ 5,337 | \$ 8,006 | \$ 10,674 |
| Purcellville | \$ 0.2100 | \$ 0.8900 | \$ 1.1000 | 19.09% | \$ 2,750 | \$ 5,500 | \$ 8,250 | \$ 11,000 |
| Vienna | \$ 0.2050 | \$ 1.1100 | \$ 1.3150 | 15.59% | \$ 3,288 | \$ 6,575 | \$ 9,863 | \$ 13,150 |
| Herndon | \$ 0.2650 | \$ 1.1100 | \$ 1.3750 | 19.27% | \$ 3,438 | \$ 6,875 | \$ 10,313 | \$ 13,750 |
| Christiansburg | \$ 0.1600 | \$ 0.8900 | \$ 1.0500 | 15.24% | \$ 2,625 | \$ 5,250 | \$ 7,875 | \$ 10,500 |
| Blacksburg | \$ 0.2600 | \$ 0.8900 | \$ 1.1500 | 22.61% | \$ 2,875 | \$ 5,750 | \$ 8,625 | \$ 11,500 |

This provides a visual of how our real estate tax rate compares to others:



This provides a comparison of the composite real estate tax bill for a home valued at \$500,000 across our benchmarks:



The following table shows the personal property tax rates for our benchmarks, along with the applicable County rate, and a composite rate:

| | TOWN | | | | COUNTY | | | COMPOSITE | | |
|----------------|----------|----------|-------------------|----------|----------|----------|-------------------|-----------|----------|-------------------|
| | Personal | Business | Machinery & Tools | VL Fee | Personal | Business | Machinery & Tools | Personal | Business | Machinery & Tools |
| Warrenton | \$ 1.00 | \$ 1.00 | \$ 1.00 | \$ 25.00 | \$ 3.45 | \$ 3.45 | \$ 3.45 | \$ 4.45 | \$ 4.45 | \$ 4.45 |
| Culpeper | \$ 0.75 | \$ 1.00 | \$ 0.80 | \$ - | \$ 3.00 | \$ 3.50 | \$ 2.00 | \$ 3.75 | \$ 4.50 | \$ 2.80 |
| Front Royal | \$ 0.64 | \$ 0.64 | \$ 0.64 | \$ 25.00 | \$ 3.80 | \$ 4.00 | \$ 2.05 | \$ 4.44 | \$ 4.64 | \$ 2.69 |
| Middleburg | \$ 1.00 | \$ 1.00 | \$ 1.00 | \$ 25.00 | \$ 4.15 | \$ 4.15 | \$ 2.75 | \$ 5.15 | \$ 5.15 | \$ 3.75 |
| Leesburg | \$ 1.00 | \$ 1.00 | \$ 1.00 | \$ 25.00 | \$ 4.15 | \$ 4.15 | \$ 2.75 | \$ 5.15 | \$ 5.15 | \$ 3.75 |
| Purcellville | \$ 1.05 | \$ 0.55 | \$ 0.55 | \$ 25.00 | \$ 4.15 | \$ 4.15 | \$ 2.75 | \$ 5.20 | \$ 4.70 | \$ 3.30 |
| Vienna | \$ - | \$ - | \$ - | \$ 33.00 | \$ 4.57 | \$ 4.57 | \$ 2.00 | \$ 4.57 | \$ 4.57 | \$ 2.00 |
| Herndon | \$ - | \$ - | \$ - | \$ 25.00 | \$ 4.57 | \$ 4.57 | \$ 2.00 | \$ 4.57 | \$ 4.57 | \$ 2.00 |
| Christiansburg | \$ 0.45 | \$ 0.45 | \$ 0.45 | \$ 32.00 | \$ 2.55 | \$ 2.55 | \$ 1.82 | \$ 3.00 | \$ 3.00 | \$ 2.27 |
| Blacksburg | \$ - | \$ - | \$ - | \$ 25.00 | \$ 2.55 | \$ 2.55 | \$ 1.82 | \$ 2.55 | \$ 2.55 | \$ 1.82 |

Staff will provide various options for different rate categories during the work session.

Questions from Councilman Semple, submitted April 9 2023:

- As you know, I have been recommending that we compare our proposed budget against the 2023 adopted budgets as amended *and* our projected results for 2023. Your slide presentation showed a dramatic increase in or fund balance of \$2.2 million. I would like to see a breakdown, if possible, e.g., 23 Approved Budget, 23 Projected, 24 Proposed.
 - A separate file will be provided due to the volume of data.*

2. Related to the above, since the Town is asking for a 50% increase in the personal property tax rate, I'd like to see a breakdown of the subcategories for "General" and "Other Local Taxes" year over year.

- *Here is the detail for General Property Taxes*

| | FY23 Adopted | FY24 Proposed |
|-------------------------|---------------------|---------------------|
| Real Estate Taxes | \$ 831,380 | \$ 844,000 |
| Personal Property Taxes | 581,000 | 985,670 |
| Public Service Taxes | 14,232 | 15,000 |
| Penalties and Interest | 22,623 | 27,000 |
| | <u>\$ 1,449,235</u> | <u>\$ 1,871,670</u> |

- *The comparison for Other local taxes is provided on page 35 of the budget document.*

3. Is it possible to give me a total categorical budget year over year, e.g., Total Payroll: salaries, benefits, etc., as shown by the attached example?

- *Provided as part of the response to question 1.*

4. What contributions to the 2023 budget and forecast are being funded by ARPA? How many employees funded by ARPA (and by how much) will no longer be paid for under ARPA? (I count 3, one in general and two in enterprise).

- *The enterprise fund employees will transition into the Water and Sewer fund upon the expiration of one year from the date the ARPA funding began. The ARPA Financial Coordinator is programmed to provide support for the administration of the ARPA funding through the end of 2024.*

For fiscal year 2024, there are two positions that were funded by ARPA that will now need to be partially funded in the Water and Sewer Operating Fund.

| Project Coordinator | Funded by ARPA | Funded by W&S Fund | FY24 cost covered by ARPA | FY24 cost covered in W&S Fund |
|--------------------------------------|-----------------------|----------------------|---------------------------|-------------------------------|
| Assistant Director, Public Utilities | 8/15/2022-8/15/2023 | 8/16/2023-6/30/2024 | \$17,044 | \$124,989 |
| Project Coordinator | 10/11/2022-10/11/2023 | 10/12/2023-6/30/2024 | \$28,043 | \$72,110 |

Both of these positions are funded for one year from the employees' start date by ARPA. Expenses after the one year anniversary are allocated to the Water and Sewer Operating Fund.

5. I would like to understand the vacancy/time-to-hire offset. What is this based on? To what extent will this be recaptured in future years and/or impact total payroll, including the 7 new positions? Logically, the actual impact for new hires budgeted for 2023-24 will cumulatively "come to roost" by the end of the 2024-25 budget year, when presumably all of the positions are filled.

- This is based on historical data compiled for personnel expenses. The budget to actual for personnel expenses has averaged a variance of 7% for the last 5 years in the general fund. Vacant positions are budgeted at the mid-point of the salary range and include family level health insurance coverage, so there may be variances once the position is filled depending on experience and health insurance elections.
- The 7 new positions are all programmed in the general fund, so there will be a certain length of time required to fill those positions. It is assumed that it will take 45 days to hire those new positions and bring them onboard, which would equate to 12.5%.
- The salary savings credit programmed in the budget is calculated at 6% of general fund personnel costs. This estimate was budgeted in the general fund only, as that is where 80% of the Town's employees are funded and there is the most consistency in the estimate.

Personnel Budget to Actual

All Funds

| Fiscal Year | Amended Budget | Actual | \$ Variance | % Variance |
|-------------|----------------|------------|-------------|------------|
| 2024 | 16,083,323 | | 606,971 | 4% |
| 2023 | 13,567,642 | 12,411,841 | 1,155,801 | 9% |
| 2022 | 12,375,337 | 11,651,561 | 723,776 | 6% |
| 2021 | 11,418,542 | 10,750,480 | 668,062 | 6% |
| 2020 | 11,637,810 | 10,563,325 | 1,074,486 | 9% |
| 2019 | 11,017,085 | 10,045,808 | 971,277 | 9% |
| 2018 | 10,638,209 | 10,089,850 | 548,359 | 5% |
| 2017 | 10,030,941 | 9,323,600 | 707,341 | 7% |
| 2016 | 9,910,575 | 9,328,472 | 582,103 | 6% |
| 2015 | 9,092,828 | 8,707,660 | 385,169 | 4% |
| 2014 | 8,716,727 | 8,346,599 | 370,128 | 4% |

projected based on 1/2 year actual

General Fund Only

| Fiscal Year | Amended Budget | Actual | \$ Variance | % Variance |
|-------------|----------------|-----------|-------------|------------|
| 2023 | 11,802,828 | | 606,971 | 5% |
| 2022 | 9,400,217 | 8,884,389 | 515,828 | 5% |
| 2021 | 8,889,343 | 8,248,218 | 641,125 | 7% |
| 2020 | 9,002,821 | 8,147,534 | 855,288 | 10% |
| 2019 | 8,466,000 | 7,825,975 | 640,025 | 8% |
| 2018 | 8,154,142 | 7,876,961 | 277,181 | 3% |
| 2017 | 7,629,010 | 7,345,847 | 283,163 | 4% |
| 2016 | 7,422,081 | 7,130,301 | 291,780 | 4% |

| |
|------------|
| projection |
| proposed |

6. The budget asks for seven new positions and upgrading two part-time. Should I assume that these do not include any of the employees separately proposed to cover the new committees? Mr. Mooney yesterday said he would like to see job descriptions for the seven positions and their immediate bosses.

- *The new positions were proposed to support other objectives. The job descriptions and those of their supervisors have been added to the budget work session agenda item for 4/26/2023.*

7. We appear to be adding 18.45 new full-time equivalents. What would the full-time equivalents been for 2023 if the same approach to classifying WARF employees were used?

| | FY23 Budget | Adjustment for WARF Employees | Adjusted FY23 Budget | FY24 Budget | Change |
|------------------------------------|----------------|----------------------------------|-------------------------|----------------|--------|
| TOTAL FULL-TIME EQUIVALENTS | 157 | 10 | 167 | 176 | 9 |

8. Do we have any employees who are being paid at the 50th percentile consistent with the compensation policy we reviewed at the retreat? Why does *everybody* get a 10% bump? That is, why wouldn't past merit increases have taken up some of the slack? Looking at Page 13 of the strategic budget retreat document, assuming equivalent grades, don't we have employees already at the "Salary Mid"? Can we overlay our current payroll on the suggested reformulation and found out how many are below, at, or above the 50th percentile? Just keep in mind that a 10% pay increase across the board is not an easy sell to my constituents.

In the new proposed pay scale:

- 22% of our current workforce will be aligned to the mid-point of the salary scale range
- 73% of our current workforce will be aligned to the min-point salary grade range
- 5% of our current workforce will be aligned to the max-point salary grade range

These percentages are based on full-time and part-time personnel. As reviewed and discussed at the budget retreat and 4/26 work session, the 10% is not a performance-based merit or just a salary increase; the 10% request is to keep up with the competitive landscape of our comparators to help ensure the Town remains competitive in its recruitment and retention efforts. Yes, we can overlap our current payroll to the current salary grade range points, and if still requested, we can provide this additional information when we submit the next round of questions to the Town Council. It is also important to note that our current pay scale is based on a classification and compensation study that was finalized in 2015; therefore, the salary scale is not an accurate depiction of a favorable competitive recruitment and retention market to our comparators.

9. Along the same lines, can we produce a per capita analysis of our payroll, say over the past four years (pre COVID, COVID, post COVID). As I have suggested in the past, it would be even more useful to track "the cost of government" per capita over the past decade, stripping out inflation. What I cannot reconcile is how much money we appear to

spend in creating “efficiencies,” but at the end of the day we hire more employees anyway, to serve the same number of residents we had essentially a decade ago.

| | FY2021 Actual | FY2022 Actual | FY2023 Adopted | FY2024 Proposed |
|---------------------------|------------------|---------------|----------------|-----------------|
| Salaries and Wages | 7,402,630 | 8,548,515 | 9,531,683 | 11,384,332 |
| Inflation Adjustment | <i>Base Year</i> | 3% | 10% | 14% |
| Adjusted Personnel Cost | 7,402,630 | 8,330,528 | 8,557,545 | 9,734,743 |
| Population | 10,057 | 10,109 | 10,144 | 10,179 |
| Personnel Cost per Capita | \$ 736 | \$ 824 | \$ 844 | \$ 956 |

10. Comparing this year’s CIP and CARP (General Asset Replacement) to the past two years has inspired many questions. We awarded a paving contract to Chemung Contracting for \$651,560. Where does this show up in the budget? Why, all of a sudden, is the Town asking for \$950,000 in new vehicles, especially two \$300,000 wheel loaders. And what is an enterprise resource planning system? How is that justified in light of question #9?

- *The contract for Chemung Contracting is for milling and paving, which is part of the VDOT highway maintenance efforts undertaken by the Arterial and Collector Street Divisions of Public Works. Costs for these types of milling and repaving operations are captured in the capital outlay for those departments. Public Works is compiling a pavement program that will detail the milling and repaving schedule for streets in town.*
- *Requests for new vehicles are presented as required by the town’s adopted Fleet Management Policy. There is only one \$310,000 wheel loader requested in the CARP for FY24. The cost is split between the general fund and the water and sewer fund (\$155,000 each).*
- *The enterprise resource planning system (ERP) refers to new software for finance and other departments to manage day-to-day business activities such as tax assessment, utility billing, treasury, budgeting, accounting, procurement, project management, risk management and compliance functions.*

11. Under Funding Sources for Capital Improvements and/or Capital Asset Replacement, for all years shown, can we break out the ARPA allocation was?

The ARPA funding presented in the CIP is as follows:

General Fund Projects

PR-001: ADA improvements

Previous Allocation - \$150,000

FY24 - \$300,000

FY25 - \$150,000

TC-002: Waterloo Speed/Safety Improvements

Previous Allocation - \$70,200

Sewer Projects

S-001: Primary Clarifier & Sludge Pump Station

Previous Allocation - \$4,500,000

The ARPA funding presented in the CARP is as follows:

General Government

HVAC Replacement

Previous Allocation - \$55,000

Traffic Light Updates

Previous Allocation - \$28,800

Public Safety

Fleet Management Vehicles: Police

Previous Allocation - \$98,262

Parks and Recreation

Fitness Equipment Replacement

Previous Allocation - \$25,000

12. Finally, I think you answered this, but the capital outlay per department: what is that and why isn't it included in the general asset replacement program? Or is it?

- *These are smaller equipment purchases or items like furniture and fixtures that don't rise to the level of scheduling a replacement on a certain estimated useful life cycle. The capital outlay for arterial and collector streets includes milling and paving operations that are funded by VDOT Highway Maintenance funding.*

Questions from Councilman Heroux:

Historical Impact of Inflation on Taxable Assessed Value: I am trying to understand the short- and long-term impact of inflation on the Warrenton budget. To do this, I have attempted to use a constant dollar analysis. I used the CPI measurements from BLS. The reason for CPI is this is a metric our citizens can relate to. The CPI reflects the impact of inflation on purchased items. A tax one can assume is a purchase.

The first analysis I did examines the total taxable assessed value in the Town of Warrenton in constant 2023 dollars. These are draft numbers and may be in error. What this seems to be telling me is that in the past 10 years, the overall value of assessed value has grown \$365M. When one compares 2013 to 2023 without the constant dollar adjustment, it would appear an increase of \$811M. See the table below for my calculations. The orange columns represent the re-assessment windows.

| CPI IMPACT - 2023 CONSTANT DOLLARS - TOTAL TAXABLE ASSESSED VALUE (A) | Assessment | 2023 Constant Dollar Value | Difference YOY |
|---|---------------------|----------------------------|--------------------|
| 2013 | \$ 1,508,411,842.00 | \$ 1,954,407,881.00 | |
| 2014 | \$ 1,679,553,641.00 | \$ 2,141,413,865.00 | \$ 187,005,984.00 |
| 2015 | \$ 1,685,067,569.00 | \$ 2,145,896,938.00 | \$ 4,483,073.00 |
| 2016 | \$ 1,696,762,765.00 | \$ 2,133,871,453.00 | \$ (12,025,485.00) |
| 2017 | \$ 1,693,787,269.00 | \$ 2,085,696,696.00 | \$ (48,174,757.00) |
| 2018 | \$ 1,846,239,494.00 | \$ 2,219,219,471.00 | \$ 133,522,775.00 |
| 2019 | \$ 1,847,402,940.00 | \$ 2,181,096,992.00 | \$ (38,122,479.00) |
| 2020 | \$ 1,865,327,390.00 | \$ 2,175,421,284.00 | \$ (5,675,708.00) |
| 2021 | \$ 1,885,068,308.00 | \$ 2,099,795,098.00 | \$ (75,626,186.00) |
| 2022 | \$ 2,319,489,988.00 | \$ 2,319,489,988.00 | \$ 219,694,890.00 |
| 2023 | | | \$ 365,082,107.00 |

My questions are:

1. Is this an appropriate way to examine year over year growth in assessments for public sector?
 - a. *It does tell a story in that in the years in between reassessments, the value of town's tax base is effectively lowered.*
2. What does this table tell us (in constant dollars) about the growth/no growth of assessed value assets in the town?
 - a. *During the non-reassessment years, it is apparent that the decline would impact the purchasing power of the town. The correction that occurs every fourth year does not offset the impact of inflation during the previous 2-3 years of "no growth".*
3. Please clarify if the model for revenue is not simply the tax rate but rather needs to examine the health and viability of the assessed assets.
 - a. *For real estate, the housing market in any community is a reflection of many factors, not the least of which is the health of the asset itself, but also the community, the means of the owners to perform regular maintenance, and market conditions at the time of the assessment. For vehicles, there are many variables that determine what an individual may own and how long they may retain the asset. For business personal property, the assets are dictated both by the nature of the business and the estimated useful lives of the assets.*
4. This chart seems to indicate an increase in assessment value due to the re-assessment that occurs. The question I have is do we have any data that shows if we have actually seen an increase in taxable assets? Are we taxing the same assets or new assets?
 - a. *Yes, our increases are primarily due to reassessment of real estate since the town has not experienced significant population growth or increase in development. This figure also includes vehicles, so there is limited growth there (apart from anomalies such as the spike in used car values during the*

pandemic). We can provide more data regarding parcels and number of vehicles, average values, etc. With real estate, the underlying asset will mostly be unchanged from year to year outside of any new development, additions, or a reassessment year. For vehicles, there will be an aging and then replacement of vehicles by residents, which can vary greatly by household.

Historical Impact of Inflation on Tax Rate: I am trying to understand the short- and long-term impact of inflation on the real estate tax and personal property tax rate. To do this, I have attempted to use a constant dollar analysis. I used the CPI measurements from BLS. The reason for CPI is this is a metric our citizens can relate to. The CPI reflects the impact of inflation on purchased items. A tax one can assume is a purchase.

The first analysis I did was to try and make the total tax rate constant in 2023 dollars. These are draft numbers and may be in error. Meaning, if we taxed at a certain rate in 1997, then what would that rate be today in 2023. Then I modeled if we taxed in 2023, the rate in 1997, what would that rate be in 1997 dollars. See the table below for my calculations.

| CPI IMPACT - 2023 CONSTANT DOLLARS - Real Estate Tax Rate (A) | Rate (B) | CPI Adjusted: If In Year (A) We Taxed At the Rate of (B), then in 2023 that Rate Would Be | CPI Adjusted: If In 2023 We Taxed At the Rate of B Then The Tax Rate in Year X (A) Would Be |
|---|----------|---|---|
| 1997 | \$ 0.18 | \$ 0.34 | \$ 0.10 |
| 1998 | \$ 0.17 | \$ 0.31 | \$ 0.09 |
| 1999 | \$ 0.14 | \$ 0.25 | \$ 0.08 |
| 2000 | \$ 0.11 | \$ 0.21 | \$ 0.07 |
| 2001 | \$ 0.05 | \$ 0.09 | \$ 0.03 |
| 2002 | \$ 0.03 | \$ 0.05 | \$ 0.02 |
| 2003 | \$ 0.03 | \$ 0.05 | \$ 0.02 |
| 2004 | \$ 0.03 | \$ 0.05 | \$ 0.02 |
| 2005 | \$ 0.03 | \$ 0.05 | \$ 0.02 |
| 2006 | \$ 0.015 | \$ 0.03 | \$ 0.01 |
| 2007 | \$ 0.015 | \$ 0.03 | \$ 0.01 |
| 2008 | \$ 0.015 | \$ 0.03 | \$ 0.01 |
| 2009 | \$ 0.015 | \$ 0.03 | \$ 0.01 |
| 2010 | \$ 0.015 | \$ 0.03 | \$ 0.01 |
| 2011 | \$ 0.015 | \$ 0.03 | \$ 0.01 |
| 2012 | \$ 0.015 | \$ 0.03 | \$ 0.02 |
| 2013 | \$ 0.015 | \$ 0.03 | \$ 0.02 |
| 2014 | \$ 0.015 | \$ 0.03 | \$ 0.02 |
| 2015 | \$ 0.015 | \$ 0.03 | \$ 0.02 |
| 2016 | \$ 0.015 | \$ 0.03 | \$ 0.02 |
| 2017 | \$ 0.05 | \$ 0.06 | \$ 0.04 |
| 2018 | \$ 0.05 | \$ 0.06 | \$ 0.04 |
| 2019 | \$ 0.05 | \$ 0.06 | \$ 0.04 |
| 2020 | \$ 0.05 | \$ 0.06 | \$ 0.05 |
| 2021 | \$ 0.05 | \$ 0.06 | \$ 0.04 |
| 2022 | \$ 0.05 | \$ 0.05 | \$ 0.04 |
| 2023 | \$ 0.04 | \$ 0.04 | \$ 0.04 |

| CPI IMPACT - 2023 CONSTANT DOLLARS - Personal Property Tax Rate (A) | Rate (B) | CPI Adjusted: If In Year (A) We Taxed At the Rate of (B), then in 2023 that Rate Would Be _ | CPI Adjusted: If In 2023 We Taxed At the Rate of B Then The Tax Rate in Year X (A) Would Be _ |
|--|----------|---|---|
| 1997 | \$ 2.25 | \$ 4.23 | \$ 1.20 |
| 1998 | \$ 2.25 | \$ 4.17 | \$ 1.22 |
| 1999 | \$ 2.25 | \$ 4.08 | \$ 1.24 |
| 2000 | \$ 2.25 | \$ 3.94 | \$ 1.28 |
| 2001 | \$ 1.00 | \$ 1.71 | \$ 0.59 |
| 2002 | \$ 1.00 | \$ 1.68 | \$ 0.60 |
| 2003 | \$ 1.00 | \$ 1.64 | \$ 0.61 |
| 2004 | \$ 1.00 | \$ 1.60 | \$ 0.63 |
| 2005 | \$ 1.00 | \$ 1.55 | \$ 0.65 |
| 2006 | \$ 1.00 | \$ 1.50 | \$ 0.67 |
| 2007 | \$ 1.00 | \$ 1.46 | \$ 0.69 |
| 2008 | \$ 1.00 | \$ 1.40 | \$ 0.71 |
| 2009 | \$ 1.00 | \$ 1.41 | \$ 0.71 |
| 2010 | \$ 1.00 | \$ 1.38 | \$ 0.72 |
| 2011 | \$ 1.00 | \$ 1.34 | \$ 0.75 |
| 2012 | \$ 1.00 | \$ 1.31 | \$ 0.76 |
| 2013 | \$ 1.00 | \$ 1.30 | \$ 0.77 |
| 2014 | \$ 1.00 | \$ 1.27 | \$ 0.78 |
| 2015 | \$ 1.00 | \$ 1.27 | \$ 0.79 |
| 2016 | \$ 1.00 | \$ 1.26 | \$ 0.80 |
| 2017 | \$ 1.00 | \$ 1.23 | \$ 0.81 |
| 2018 | \$ 1.00 | \$ 1.20 | \$ 0.83 |
| 2019 | \$ 1.00 | \$ 1.18 | \$ 0.85 |
| 2020 | \$ 1.00 | \$ 1.17 | \$ 0.86 |
| 2021 | \$ 1.00 | \$ 1.11 | \$ 0.90 |
| 2022 | \$ 1.00 | \$ 1.03 | \$ 0.97 |
| 2023 | \$ 1.00 | \$ 1.00 | \$ 1.00 |

My questions are:

1. Is this an appropriate way to examine year over year growth in tax rates for public sector?
 - a. *It can be. The impact of the reassessment cycle and other market fluctuations factor into the calculation that determines the revenue.*
2. What does this table tell us (in constant dollars) about the tax rate and its ability to keep up with inflation?
 - a. *The tax rates have not managed to keep pace with inflation.*
3. Please clarify if the model for revenue is not simply the health and viability of the assessed assets but the viability of the tax rate to keep pace with inflation and buying power?

- a. *Again, the impact of the tax rate not keeping pace with inflation is compounded by the four-year interval between real estate reassessments.*
4. When the tax rate was dropped in half, what was the impact on revenue? Did revenue rise or drop in those years? It would appear that for almost 16 years, the tax rate was not keeping up with inflation. Was that overcome by revenue increases, expense reductions? Other?
 - a. *The General Government Tax Revenues by Source attachment needs to be updated for recent years but shows the years in question (between 2001 and 2002). The shift appears to be from property taxes to meals taxes and subsequently there is an increase in BPOL.*

Historical Impact of Inflation on Total Appropriations: I am trying to understand the short- and long-term impact of inflation on total appropriations. To do this, I have attempted to use a constant dollar analysis. I used the CPI measurements from BLS. The reason for CPI is this is a metric our citizens can relate to. The CPI reflects impact of inflation on purchased items. A tax one can assume is a purchase.

The analysis I did was to try and make the total appropriations constant in 2023 dollars. See the table below for my calculations. These are draft numbers and may be in error.

| CPI IMPACT - 2023 CONSTANT DOLLARS | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Total Appropriations | \$ 24,428,526.00 | \$ 34,257,486.00 | \$ 24,968,045.00 | \$ 23,084,688.00 | \$ 26,503,025.00 | \$ 31,180,630.00 | \$ 41,351,656.00 |
| FY23 Constant Dollars | \$ 29,266,718.00 | \$ 40,311,392.86 | \$ 29,022,671.59 | \$ 25,629,396.38 | \$ 27,244,263.86 | \$ 31,180,630.00 | \$ - |
| Delta | \$ 4,838,192.00 | \$ 6,053,906.86 | \$ 4,054,626.59 | \$ 2,544,708.38 | \$ 741,238.86 | \$ - | \$ - |

My questions are:

1. Is this an appropriate way to examine year over year growth in total appropriations for public sector?
 - a. *It would probably be better to look at operating only due to the nature of budgeting for capital projects.*
2. What does this table tell us (in constant dollars) about the appropriations ability to keep up with inflation?
 - a. *Governments must plan for future needs when setting rates and also consider partial debt financing for projects that will benefit multiple generations. It is important to also consider the need to adjust rates to cover additional debt service when debt is issued.*
3. Please clarify what happened in 2019 when the budget jumped \$10M. In constant dollars, we have been over \$40M for an annual appropriation before.
 - a. *The totals above include capital, which can distort the picture when trying to compare year over year or analyze an increase in operations. In 2019, there was a large increase in the capital program – an increase of \$1 million for general projects and an increase of \$7.6 million for water and sewer projects.*

4. When examining year over year appropriations, is there anything across these years that makes them unique? COVID comes to mind but in any of these years did the Town do anything significant that drove those appropriations? Said another way, year over year, did the budget do generally the same thing?
 - a. *As mentioned above, capital spending can vary greatly. Due to the requirement to have a budget appropriation in place to issue a contract, the entire amount of a project's funding often has to be in place at the beginning of the project, even though the project may span several years. An analysis of operating only is probably a better indicator, although there can be fluctuations there as well.*

Per Unit and Outcome Metrics to Bring Context To the Expenditures: In reviewing the budget, the main “per unit” measurement I found was headcount. While this is an effective measure to understand the manpower required to provide the service to the citizen, I am wondering if there are additional ones we need to use. A simple example of General Funds and Other Funds expense per citizen or mile is provided below.

| GF and OF Cost Per Overall Unit | 21 Budget | Unit | 21 Cost Per | 22 Budget | Unit | 22 Cost Per |
|---------------------------------|------------------|-----------|-----------------|------------------|-----------|-----------------|
| Citizen | \$ 23,084,688.00 | 10,057.00 | \$ 2,295.39 | \$ 26,503,025.00 | 10,109.00 | \$ 2,621.73 |
| Square Miles | \$ 23,084,688.00 | 4.33 | \$ 5,331,336.72 | \$ 26,503,025.00 | 4.33 | \$ 6,120,790.99 |
| GF and OF Cost Per Overall Unit | 23 Budget | Unit | 23 Cost Per | 24 Budget | Unit | 24 Cost Per |
| Citizen | \$ 31,180,630.00 | 10,199.98 | \$ 3,056.93 | \$ 41,351,656.00 | 10,291.78 | \$ 4,017.93 |
| Square Miles | \$ 31,180,630.00 | 4.33 | \$ 7,201,069.28 | \$ 41,351,656.00 | 4.33 | \$ 9,550,036.03 |

Other examples:

Public Safety: Our police protect our citizens, households and patrol our roads. When I take the current population of Warrenton and divide it by the FY24 budget request, it comes out to about \$368 per person per year. About \$1 a day for protection. They also patrol our roads (93 miles) and when divided by FY24 budget, that equates to ~\$40K per patrol mile. Is that affordable? Reasonable? Understandable?

Public Facilities: A common benchmark in the commercial sector relating to facilities is the cost per square foot. Perhaps that is a metric to understand what the Warrenton Facilities cost and even do a per facility cost comparison.

There are numerous examples like this. My question is:

1. Is a cost per citizen for the budget elements a relevant way to provide an additional view of the budget to understand its cost?

- a. *It is one way to look at the budget and can be useful, however it may not provide a complete picture.*
- 2. Is a cost per mile for the budget elements a relevant way as well?
 - a. *Similar to the above, this measure could be useful but may not provide a complete picture.*
- 3. For the WARF, do we have historical data on the amount of visitors to get a cost per visitor? Are costs rising or remaining steady?

We have our history of visits and have provided, as an attachment, dating back 2018. We have seen an increase in the cost per visit as it relates to an increase in our operating budget over the years. We have not actively tracked this measure during my tenure as the Parks and Recreation Director.

4. What other “per unit” definitions are better to helping understand the budget?

We prepared the below based on general fund operating only. The totals above include capital and enterprise funds, which are self-supporting.

| | Warrenton |
|---|------------------|
| FY 24 Proposed General Fund Budget | \$ 19,243,051 |
| Town Size (Square Miles) | 4.25 |
| Town Population | 10,109 |
| | |
| GF Budget per Square Mile | \$ 4,527,777 |
| GF Budget per Capita | \$ 1,904 |

Specific Budget Element Questions

Transportation and Circulation: This budget item requests \$6,852,920.00. Based on my analysis, 85% of that budget is for Broadview Safety Improvement. The remaining budget is for Waterloo and Main Street improvements and sidewalk improvements. My questions are:

1. Roads – several documents refer to our 97 miles of roads in the town. Does the Town have a rating by street/road of which ones are in the worst to best shape? Where are our problems?
 - a. *Roads – several documents refer to our 97 miles of roads in the town. Does the Town have a rating by street/road of which ones are in the worst to best shape? Where are our problems?*
 - b. *Analysis provided separately by email.*

2. What is the impact of inflation on our ability to fix our roads? How much T &C work was done 4 years ago (as an example) as compared to today?
 - a. *The above question requires additional data to properly respond. The full answer will be compiled and added to this document in a later update.*

3. Going back from 2000, has this budget item been correctly funded to maintain a quality level of our roads?
 - a. *The answer to this question requires more extensive analysis.*

4. How many miles of sidewalks do we have in Warrenton? From a Comprehensive Plan perspective and the emphasis on walkability, how close are we to achieving that goal? Where are we on this?
 - a. *An update will be provided once the data has been compiled.*

5. Are we over investing in 2024 in one road (Broadview) at the expense of other roads?
 - a. *Broadview is a VDOT-administered project that has been in the works for many years and is on their timeline.*

WARF: I am trying to understand the economics of the WARF.

My questions are:

1. Revenues: Do we have historical data on the revenues produced by the WARF? If so, can they be provided? I assume COVID has impacted WARF visits.

Yes, we do have historical data and it has been provided as an attachment to this document. COVID did impact the operation of the WARF, but we have “recovered” faster from the facility’s shutdown than we anticipated. If you are seeking data from additional fiscal years, please let us know.

2. Revenues: Outside of the WARF building, what other revenues does the WARF bring in?

We have been working over the last two years to expand our recreation programming portfolio of programs. Historically, the department did not offer many recreational opportunities outside of fitness related programs within parks. While this has taken time, we have created a couple of events that serve as sources of revenue for the department. They include, Flashlight Candy Hunt (Halloween), Trunk or Treat (Halloween), three types of Easter Egg Events (daylight/flashlight/aquatic). Additionally, we generate revenue from our parks through pavilion rentals and we have one sports camp that rents space for their camp at Rady Park.

3. Expenses: Do we have historical data on the expenses of the WARF? Is there a cost recovery target or goal for the WARF and is it meeting it?

Yes, we do have historical data and it has been provided as an attachment to this document. We do not currently have a cost recovery goal. As a part of our FY24 budget submission, we are seeking funds to perform a master plan review for the department and if approved, drafting a cost recovery target will be included within the scope of work.

4. Expenses: Outside of the WARF building, what other expenses do the citizens pay for?

I’m a little unclear on the question, are you seeking information regarding our operations budget or services that citizens may purchase? If it is the latter, we charge registration fees for the programs identified in Q2 and have a 100% recovery goal for these programs. Additionally, we charge for park/pavilion/court rentals for events.

5. Capital Improvement: Is there a long-range capital improvement or replacement plan for the WARF? The building is aging and we have recently seen a series of water breaks. Is there a 10-year forecast on capital improvements needed to replace aging infrastructure?

We are currently engaging in this review and beginning to “build out” a long-range plan for operational components of the WARF. For example, we spent over \$100K this FY to redo the whitecoat on the competition and leisure pools. This is recommended for service every 7-9 years so this project will be included in our long-range capital improvement/replacement plan. Another example, the WARF has an industrial size chiller that was evaluated over the last couple of weeks. We will be adding it to our replacement

schedule, and next year's CIP, to be addressed in FY25. Collaboration with our Facility's Team is underway, and we will have a complete list of items in the coming months.

Community Development: I am trying to understand what, if any, improvements to Community Development need to occur to help our Town prosper.

My questions are:

1. Are the current ordinances in need of an overhaul to align with the Comprehensive Plan, reflect 21st century planning and community development and incentivize development and investment? If so, what would that cost and how long would it take?

Yes. The Comprehensive Plan created Character Districts throughout the Town each having different visions. Each District will need to be created and updated in the Zoning Ordinance while continuing to keep the fabric of existing structures. The recent mixed-use text amendment to the C District was essentially a band aid that allows the vision of horizontal mixed-use housing as long as it complies with the recommendations of the Comp Plan. There are also a number of other issues that need to be addressed such as affordable/attainable housing incentives that would allow increased density and interest. We also need to address upcoming uses such as breweries and brew pubs (more geared towards manufacturing but allowing for a tasting room). Right now, a brewery is only allowed when it is subordinate to a restaurant. We have allowed breweries to go into a space in the past (Wild Hare, Wort Hog, and Altered Suds) piggy backing on the nearby restaurants delivering food to the customers. When discussions were taking place about the Comp Plan, one of the consultants gave a price of \$30K per Character District to draft zoning text.

2. Do we have enough enforcement resources to ensure ordinances are properly followed in our Town? For example, we have several historic district properties that are clearly out of compliance. Do we have the resources to work with these property owners to bring them into compliance or if needed, to take legal action?

Hunter, Mike and Rob are currently enforcing the Town and State Ordinances throughout the Town. Hunter and Mike devote only a small portion of their time to enforcement (site inspections) which equate to a part time position. In 2022, the Town received approximately 47 enforcement cases to oversee. In 2023, the Town is tracking approximately ten (10) enforcement cases four months into the calendar year. There are additional properties that we have received complaints on, however, we do not have the staff/time to pursue enforcement on all of the cases at this time. The Town is using Venable, LLC to pursue an enforcement case on 92 Winchester Street through the court system related to an existing 6 foot fence that was built without permits. The total cost from Venable on this issue is approximately \$79K to date and there has been no

resolution. The Town Attorney has staff that could aid in code enforcement but will charge \$290 per hour after exceeding the allotted 40 hours per month. Enforcement cases are time consuming to abate. The creation of the Building Official position will create a vacancy of Hunter's previous position. This position can be filled with a property maintenance/zoning enforcement staff member.

3. Over the next few years, the Amazon Data Center will be a major project in the town. Does C&D have the proper resources and levels to manage this project and perform the required enforcements per the SUP and other ordinances?

Community Development is receiving proposals to perform background noise studies before the construction of the data center. This should give enough data to determine the ambient noise levels in the area and the amount of noise being given off by the data center with future noise evaluations. The PD is also looking to outfit a cruiser with the ability to measure sound levels during a typical drive by. This is currently being done in Prince William County. The only problem I see with this approach is that the noise has to be measured by a certified professional utilizing a professionally calibrated meter. The readings can be taken by staff, but we will have to hire a professional to take readings and verify the noise levels. Community Development is short staffed when it comes to zoning and property maintenance enforcement.

Town of Warrenton Budget Questions from Councilman Heroux – Round 2

Revenues: Taxes

Questions:

1. Please elaborate on what assumptions drive the Meals Tax Revenue estimate to be \$5,500,000. This equates to about \$92M in gross receipts. Constant dollars from FY22 put gross receipts at \$84.7M. A gross receipts of \$92M would be (per my estimate) the highest sales the town has ever received. Understanding the assumptions on this highly volatile revenue source, with economic projections being very cautious nationwide, is needed to ensure our citizens understand the risk (if any) we are taking with this estimate.

FY23 year-to-date gross receipts reported total \$68.7M, which is roughly \$7.6M per month. With 3 months left in the fiscal year, if we take an estimate of \$7.5M for each of those remaining months, the total gross receipts for the fiscal year would be \$91.2M. We are projecting FY23 to end around \$5.3M in tax revenue for this category.

- Since 2013, in constant dollars, the lodging/hotel tax appears to be flat. In constant 2023 dollars, I estimate that it has never broken \$300,000 (between 2013 and 2023). Do we have any insight as to why this revenue stream remains flat? Are we collecting lodging taxes from any Airbnb or other platforms?

We project our revenue streams based on historical trends absent any additional information that would alter that projection. This is relatively flat, suffered more than other categories during covid, but has returned to the pre-pandemic trend. We do collect taxes from a handful of Air BnB's.

- Please elaborate on the assumptions for the Business License tax revenue estimate for FY24. Since 2014, this is another revenue stream in constant dollars (2023, my estimate) that remains relatively flat or with minimal increases. Is there any readily available data showing the gross receipts from 2013 to 2023 so our citizens can see if our business base is growing? Also, is there any available data showing how many businesses were issued licenses and paid their tax? This will help our citizens see if more, less, or a steady state of businesses contribute to our tax base. Are the same businesses paying the taxes yearly, or are new ones coming to Warrenton?

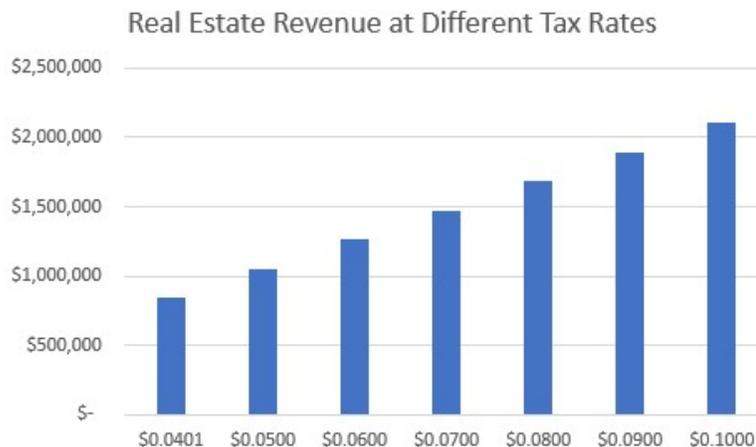
The FY2013-FY2023 BL Data attachment is provided showing historical data for business licenses.

- Please clarify if any population assumptions were made in this budget. This can impact tax revenue forecasts, including real estate, personal property, and meals tax. Based on the Town of Warrenton 2022 Annual Financial Report, between 2013 and 2022, the town had a net gain of 306 residents. It also shows a population decline in 4 of those years.

We do not typically factor population changes into our estimates.

- Can you model the real estate tax at different rates from \$0.04 to \$0.10?

| Tax Rate | Revenue |
|-----------|--------------|
| \$ 0.0401 | \$ 844,000 |
| \$ 0.0500 | \$ 1,052,369 |
| \$ 0.0600 | \$ 1,262,843 |
| \$ 0.0700 | \$ 1,473,317 |
| \$ 0.0800 | \$ 1,683,791 |
| \$ 0.0900 | \$ 1,894,264 |
| \$ 0.1000 | \$ 2,104,738 |



Public Works: Refuse and Recycle

Question: What assumptions are being made about tons collected? Are we expecting to collect less waste and recycling? If we expect \$5.5M in meal tax, would we not see an increase in this area due to more waste from sit-down and fast-food restaurants?

The increase in the meals tax prediction is based mostly on the increase in the rate combined with an increased trend in reported gross receipts. The Town is not required to pick up commercial trash.

Public Works: Fleet

Questions:

1. I understand the Town has 286 pieces of equipment. Is the fleet department responsible for maintaining all that equipment? If not, what is the estimate of the number of fleet assets this department maintains?

The Fleet Management team maintains, repairs, and manages all aspects of the 286 pieces of equipment. This number represents the number of assets that require some level of repair, whether they are motorized, mechanized, or fixed assets. The fleet replacement plan highlights 149 of these 286 to be considered major pieces of equipment. However, the number will grow to approximately 450 assets if you factor in all other assets requiring some level of management (portable radios, mobile radios, telematics systems, lighting & siren control systems, specialized police vehicle systems, etc.)

2. Please explain the overall condition of the fleet assets. It would be helpful if you could break down where in their life cycle of use, they are (e.g., ten years or more, between 3 and 9 years, or end of life). Whatever method you use is fine—just trying to get a sense of the overall condition of the fleet.

The fleet replacement plan is the guiding principle in replacing major fleet assets. This plan has been in force and supported by the council for the past six years. This commitment results in the fleet being in good overall condition. We are replacing aging assets as planned and forecasted in the capital asset replacement plan. The Fleet Replacement Plan was the initial document that brought the conversation and implementation of the CARP. Our current CMMS (computerized maintenance management system) is unable to report life cycle analysis per asset. We are transitioning to a complete work order system that will serve all public works and utilities divisions to include asset life cycle reporting on all assets.

3. Please explain the overall condition of the fleet assets. It would be helpful if you could break down where in their life cycle of use, they are (e.g., ten years or more, between 3 and 9 years, or end of life). Whatever method you use is fine—just trying to get a sense of the overall condition of the fleet.

The fleet replacement plan is the guiding principle in replacing major fleet assets. This plan has been in force and supported by the council for the past six years. This commitment results in the fleet being in good overall condition. We are replacing aging assets as planned and forecasted in the capital asset replacement plan. The Fleet Replacement Plan was the initial document that brought the conversation and implementation of the CARP. Our current CMMS (computerized maintenance management system) is unable to report life cycle analysis per asset. We are transitioning to a complete work order system that will serve all public works and utilities divisions to include asset life cycle reporting on all assets.

Public Works: Streets

The below questions require additional data to properly respond. The full answers will be compiled and added to this document in a later update.

Questions:

1. Please elaborate on street maintenance. Please confirm how much street repair and repaving is in this number. Are all the collector and arterial streets maintained for this number (understand the Broadview Ave expense)? It will be helpful for our citizens to understand if we are maintaining all 93.57 miles of Warrenton roads for this budget.
2. Please elaborate on the overall condition of the 93.57 miles of roads in the town. What, in your professional judgment, is the condition of our roads? If you can classify them on some grading scale, that would be very helpful for our citizens to understand their status (perhaps A = Excellent with no repairs needed in next ten years B = Good but need repairs in next five years C = Poor condition and need repair in next two years and D = Dangerous and In Need of Immediate Action).

3. Please elaborate on the same data from question 2 for sidewalks. Additionally, can you share with us how many more miles of sidewalks are needed to achieve the 2040 walkability goals? Where are those costs allocated in the budget (current year and/or out-year – perhaps not if General Fund expense)?
4. Please elaborate on the plan for road painting. Across the town, we have divider lines fading and crosswalks with little to no markings. Is the cost to repaint lines across the town included in this budget?

Public Works: Facilities

Questions:

1. Please elaborate on how much square footage the town operates in facilities.

The Facilities Management team operates, maintains, repairs, and manages 163,735 square feet of facilities on the General and Utility Fund Sides. This figure does not include the library or old visitor center as these facilities are not maintained by the Town per their respective lease agreements. The square footage number or physical asset count will drastically increase if all other facilities are included in this figure (signs, traffic lights, parking lots, trails, parks, green spaces, etc.).

Public Works: Acreage

Questions

1. Please confirm how many acres the PW department maintains for the Town. The Annual Financial Report for 2022 defines 88.94 acres in 2022.

The 88.94 acres reported in the ACFR is related to Parks acreage only. Please see the attached properties list for full detail of the 379.20 acres owned by the Town.

Public Works: Water and Sewer

Questions:

1. Please provide the amount of water produced at the Wastewater Treatment Plant and the Water Treatment Plant, if available, going back to 2013 (again, if easily available).

Wastewater Treatment Plant:

| Total Flow monthly in million gallons 2013 to 2023 | | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Jan | 59.24 | 70.66 | 61.10 | 54.44 | 48.69 | 47.77 | 81.05 | 57.78 | 62.55 | 51.80 | 50.40 |
| Feb | 57.27 | 64.64 | 50.52 | 78.03 | 40.72 | 56.54 | 71.15 | 57.10 | 61.63 | 49.61 | 49.33 |
| March | 75.14 | 68.38 | 67.22 | 58.18 | 49.56 | 54.04 | 79.83 | 53.00 | 64.52 | 52.43 | 51.03 |
| April | 59.91 | 66.13 | 62.56 | 51.78 | 54.83 | 57.59 | 61.45 | 57.23 | 56.12 | 53.70 | |
| May | 61.30 | 80.65 | 56.36 | 63.37 | 67.16 | 65.01 | 84.96 | 58.94 | 51.63 | 57.74 | |
| June | 65.50 | 62.67 | 57.01 | 52.05 | 52.11 | 69.48 | 62.34 | 55.51 | 47.86 | 49.54 | |
| July | 70.85 | 55.87 | 58.62 | 48.74 | 53.11 | 61.75 | 50.82 | 44.32 | 44.92 | 53.09 | |
| Aug | 55.23 | 50.67 | 47.66 | 47.41 | 50.76 | 76.16 | 44.11 | 56.70 | 45.06 | 44.62 | |
| Sept | 47.57 | 49.63 | 44.57 | 43.03 | 49.47 | 70.01 | 40.31 | 52.46 | 50.63 | 42.65 | |
| Oct | 60.82 | 54.10 | 54.69 | 43.12 | 48.71 | 66.08 | 44.82 | 57.28 | 49.33 | 42.69 | |
| Nov | 53.59 | 48.95 | 53.54 | 39.56 | 48.18 | 82.70 | 47.33 | 60.61 | 47.00 | 42.48 | |
| Dec | 75.02 | 62.23 | 63.64 | 42.48 | 46.09 | 84.16 | 52.60 | 76.82 | 43.70 | 52.90 | |
| Total Yr. | 741.44 | 734.58 | 677.49 | 622.19 | 609.39 | 791.29 | 720.77 | 687.75 | 624.95 | 593.25 | 150.76 |

Water Treatment Facility

| Year | Raw Water | Finished Water | Wells |
|------|-----------|----------------|--------|
| 2015 | 490.868 | 423.364 | 11.618 |
| 2016 | 484.98 | 422.201 | 15.423 |
| 2017 | 487.767 | 427.884 | 6.374 |
| 2018 | 466.714 | 406.424 | 26.499 |
| 2019 | 454.248 | 400.153 | 32.395 |
| 2020 | 431.223 | 389.377 | 19.985 |
| 2021 | 433.752 | 399.049 | 6.731 |
| 2022 | 427.651 | 392.262 | 7.537 |

All amounts are in Million Gallons

Please Note: Through the continued detection and repairs of water leaks throughout Town paired with newer flow meters more accurate readings are obtained.

2. Please provide historical data on the number of residential and business accounts the town has served between 2013 and 2023. (again, if data is readily available).

Data can be provided but is not readily available at that level. The total number of accounts is provided each year in the budget document. For FY23, the total is 5,011.

We do not flag commercial accounts separately because there is only one rate structure.

3. Please provide similar data on page 103 for the Water and Sewer Operating Fund (Summary of Budget Table) for 2022 and 2021.

| Summary of Water and Sewer Operating Budget | | | | |
|---|---------------------|---------------------|-----------------------|--|
| | FY 2021 Adopted | FY 2022 Proposed | Increase / (Decrease) | |
| Revenue | | | | |
| Permits, Fees & Licenses | \$ 10,500 | \$ 10,500 | \$ - | |
| Use of Money/Property | 246,844 | 246,844 | - | |
| Charges for Services | 5,858,685 | 6,028,530 | 169,845 | |
| Recoveries & Rebates | 20,000 | 20,000 | - | |
| Miscellaneous Revenue | - | - | - | |
| Grant Revenue | - | - | - | |
| Non-Revenue Receipts | - | - | - | |
| Transfers & Reserves | - | - | - | |
| Total W/S Op. Revenue | \$ 6,136,029 | \$ 6,305,874 | \$ 169,845 | |
| Expenses | | | | |
| Water Supply & Distribution | \$ 2,312,756 | \$ 2,367,976 | \$ 55,220 | |
| Wastewater Treatment | 1,923,634 | 1,994,933 | 71,299 | |
| Administration | 791,911 | 983,512 | 191,601 | |
| Debt Service | 720,657 | 772,236 | 51,579 | |
| Subtotal Operations | \$ 5,748,958 | \$ 6,118,657 | \$ 369,699 | |
| Transfers | \$ 387,071 | \$ 187,216 | \$ (199,855) | |
| Total W/S Op. Expenses | \$ 6,136,029 | \$ 6,305,873 | \$ 169,844 | |

4. Please elaborate, if possible, on the effect of prices on the chemicals used at the Wastewater and Water Treatment plant. What are you seeing in year-over-year price increases for the materials needed to provide our citizens and businesses with this water service?

Chemical prices are a large driving factor in the overall operating budgets of the facilities. In both the Wastewater and Water Treatment Facilities the GL Code: 6025 indicates chemical cost allocations and is usually the largest budgeted line item in their respective budgets.

Chemical prices are dependent on the economy at any given time, they can fluctuate up and down but generally will increase on a yearly basis around 5 to 7 percent, although during the pandemic certain chemicals tripled in price as demand increased (Example: Sodium Hypochlorite (bleach) increased from \$0.82 cents per gallon to \$2.40 cents per gallon).

5. The town operates 87 miles (my understanding) of water main lines and 67 miles of sewer lines. Please provide an overview of the condition of these pipes and how far we are reaching a point where we do not refer to them as an “aging water-sewer system.” I am trying to understand how far along we are in removing the aging risk from the T&D network.

This is a bit of a tricky question to answer with certainty as this type of work is a “moving target” and will never truly be completed. Most areas of concern on the water distribution side are laid out in the proposed CIP, such as the cast iron waterline replacement. For the sewer side of things, the Town has an ongoing I&I reduction program through sewer pipe relining, routine sewer line videoing and replacements as necessary. All in all, as long as we continue to be proactive with our efforts that is how we continue to remove the risk of an aged system.

6. Will the proposed water and sewer rate increases negate the use of fund balances to cover expenses, OR is the \$867,503 fund balance use being used for another purpose? Either way, does the rate increase allow the WWTP and WTP to operate in a break-even or positive cash flow mode? Additionally, how do the proposed rate increases compare to WSA rates?

NewGen and Davenport will present at the May Council work session. The rates will likely be different from those proposed in the budget based on the work they have done the past few weeks. The model factors in the debt service coverage ratio and our cash balance policy (200 days of operating expenses), so the rates presented should ideally cover both policies.

NewGen will provide a comparison of our current rates, the proposed rates, and those of other water and sewer providers, which will include Fauquier WSA.

Public Safety

Questions:

1. Please elaborate on the following table. This data was extracted from the 2022 Town of Warrenton Comprehensive Annual Report. It shows a significant decline in traffic violations. Our citizens tell us they are concerned about speeding in the town. Please help us understand why there is such a significant decline in traffic violations. I am not implying that is a bad thing, only an observation when we see an increase in traffic and believe we have speed issues.

| Fiscal Year | Physical Arrests | Traffic Violations | Total | YOY Difference |
|--------------------|-------------------------|---------------------------|--------------|-----------------------|
| 2022 | 218 | 933 | 1151 | -845 |
| 2021 | 239 | 1757 | 1996 | -924 |
| 2020 | 232 | 2688 | 2920 | -1112 |
| 2019 | 307 | 3725 | 4032 | 1422 |
| 2018 | 320 | 2290 | 2610 | 424 |
| 2017 | 164 | 2022 | 2186 | -1383 |
| 2016 | 194 | 3375 | 3569 | -43 |
| 2015 | 295 | 3317 | 3612 | -1991 |
| 2014 | 248 | 5355 | 5603 | -1344 |
| 2013 | 390 | 6557 | 6947 | |

A response will be provided by the Chief after further review.

STAFF RECOMMENDATION

Note: *Additional questions were posed during our meetings with Councilmembers Heroux, Mooney and Semple. Further, some of the questions above require additional data to properly respond. Those responses in addition to those posed during the work session conducted on April 26, 2023 will be compiled and provided upon completion.*

Fiscal Impact

Legal Impact

ATTACHMENTS

1. General Fund Budget to Actual
2. Budget Detail (in Excel)
3. General Government Tax Revenues by Source
4. FY2013-FY2023 BL Data
5. Parks and Recreation Yearly Comparison
6. Properties List
7. Town of Warrenton Fleet Replacement Plan