

MINUTES
Board of Supervisors
County of Prince George, Virginia

Pre-Budget Work Session
March 16, 2023

County Administration Bldg. Boardroom, Third Floor
6602 Courts Drive, Prince George, Virginia

MEETING CONVENED. Chairman Donald R. Hunter called a regular meeting of the Board of Supervisors of the County of Prince George, Virginia, to order at 5:00 p.m. on March 7, 2023 in the Boardroom, Third Floor, County Administration Building, 6602 Courts Drive, Prince George, Virginia.

ATTENDANCE. The following members responded to Roll Call:

Donald R. Hunter, Chairman	Present
T. J. Webb, Vice-Chairman	Present
Floyd M. Brown, Jr.	Present
Alan R. Carmichael	Absent
Marlene J. Waymack	Present

Also present was: Jeffrey D. Stoke, County Administrator; Betsy Drewry, Deputy County Administrator; Julie C. Walton, Deputy County Administrator; and Dan Whitten, County Attorney.

WORK SESSION

1. Updates to Revenue Projections. Ms. Betsy Drewry, Deputy County Administrator, Finance, stated that Motor Vehicle Assessments are complete, but other Personal Property Assessments for FY2023 are still in development. The largest component is Business Furniture and Fixtures at 43% assessed. The Commissioner of Revenue Team is working diligently to complete by March 31. Motor Vehicles are 100% assessed, but the Commissioner of Revenue will make 7-8 more weeks of additions and deletions from DMV updates prior to final book for personal property tax bills. Motor Vehicle values are 11.11% lower than 04/2022 proof values {values declining, but not at pre-pandemic levels yet; more declines expected next year}. The introduced FY2024 Property Tax budget projections left Personal Property Tax Revenues at FY2023 levels (\$12,052,201; \$0 change); (used 2022 values for FY2024 projections). There is no recommendation to change personal property tax rate from \$3.90 for bills due June 5, 2023 {recommending June 16, 2023}. In April 2022, personal property tax rate was lowered from \$4.25 to \$3.90 and the motor vehicle license (decal) fee was eliminated (bills due June 5, 2022). The FY23 Adopted Budget for personal property was \$12,052,201 [due June 5, 2023]. The current rate is \$3.90 / \$100 of assessed value. Any Board change to rate this spring will impact current year FY2023 revenue [rate adopted in April 2023 impacts bills due June 5, 2023]. For Public Services Taxes, the FY23 Adopted Budget was \$2,288,372 [½ due Dec 5; ½ June 5, 2023] – assessments prepared by Division of Public Service Taxation; collections to date \$1,206,681.14; 52.7%. This tax is based on the Real Estate Tax Rate; currently \$0.82. A comfortable FY2024 estimate based on \$0.82 is \$2,300,000. This may adjust due to large solar property values provided last Friday with an increase of \$396,000.

School Revenue Sharing Calculation Discussion. Ms. Betsy Drewry, Deputy County Administrator, Finance, stated that the baseline percentage transfer of 43.07% as determined in FY2007 is adjusted annually by a 5-year rolling average of School Fall Enrollment to County Population {methodology used since FY2007}. In the last 5 years (FY2019 to FY2023), County population has increased by 6,083 (16.35%); and the School Fall Enrollment has dropped by 288 (4.62%). The large increase in County Population, combined with a reduction in school enrollment has led to a drop in percentage of General Fund Transfer to Schools again for FY2024 40.17% for FY2023 to 38.55% for FY2024 (41.88% in FY2022). If FY2024 shared revenues remained at FY2023 levels, there would be a reduction in the school transfer of \$748,223. With projected shared revenues as included in the adopted budget, and an increase in General Fund transfer to FEMS apparatus and equipment, calculated FY2024 General Fund transfer to schools is \$18,521,201 {\$18,332,006 to Operating Fund; \$189,195 to Textbook Fund}, \$31,964 less than FY2023 Adopted Transfer of \$18,553,165 {\$18,363,970 to Operating

Fund; \$189,195 to Textbook Fund}. The introduced budget keeps funding for schools the same as in FY2023 (level funding) \$18,553,165 {\$18,363,970 to Operating Fund; \$189,195 to Textbook Fund}. GAP Request to Introduced Budget is \$1,827,502 [Request - \$20,380,667 {\$20,191,472 Operating; \$189,195 Textbook; \$1,827,502 increase}; Introduced Budget \$18,553,165]. Historically, the budgeted local transfer to schools has differed from calculation. Prince George County Public Schools receives Impact Aid Funding and Department of Defense Funding because of Fort Lee, a large tax-exempt property. FY2024 real estate valuation of Fort Lee was nearly \$2.3 Billion {Tax Value of \$2.3B in FY2021 at \$0.86 was \$19.6 million; today at \$0.82 \$18.7 million}. Therefore, Ms. Drewry stated that we should not be expected to provide the same amount of local support, nor are we are required to, as other localities in the region. Not all localities have equal wealth. If we were to add impact aid and another Department of Defense supplement, that would equate to \$863.40 more per child, which would bring us ahead of Dinwiddie by \$197.40 per student. The Board of Supervisors has the ability to provide higher than the calculated transfer [requires applying any increases in revenue (over Introduced Budget) or reducing County expenditures included in introduced budget]. Ms. Drewry went over Dr. Pennycuff's total needs of the School Division including previous commitments for a total of \$5,082,690. Ms. Drewry stated that budgeting is a series of choices. The introduced budget from the County has about a \$150,000 contingency. The budget that was adopted by the School Board has over a \$1 million contingency in it. Not all of the choices are always easy, but there are certainly resources that could be used to handle some of the requests. Mr. Stoke added that we both have contingencies because we are flying a little blind right now. The General Assembly is not even coming back together until April 11. Ms. Drewry mentioned decision points for continued discussion with the School Division prior to adoption. State revenues are not yet known, with required pay increase to SOQ funded school positions {we understand larger increases are requested to compete regionally}. Personal Property Tax Revenue Estimates still being finalized. We are unsure of status of school health insurance renewal – shown as an estimated 5% increase; \$309,911. The School Budget, as presented by Superintendent and adopted by the School Board, includes a Contingency of \$1,091,015. The Board has a scheduled work session on March 30 (if needed). Staff is recommending cancellation, and holding the April 19 work session. No budget change decisions are being requested tonight. Mr. Webb asked if any of that information is revealed before April 19, to please send it to the Board.

ORDER OF BUSINESS

3. Resolution; Authority to Advertise Increase in Utility Rates. Mr. Haltom stated that Amendments to Chapter 82 of the County Ordinance are recommended to modify the water and wastewater user charges and rate block schedules. The recommendation includes a 5% increase in the water user charges and a 5% increase in sewer user charges. This recommendation is to ensure fair and equitable rates to all ratepayers that are adequate to cover the projected costs of the utility and maintain responsible reserves for unexpected and future costs. The proposed rate increases would be effective July 1, 2023. Amendments to Chapter 82 of the County Code of Ordinances are required to revise water and wastewater user charges. Prior to amendments of the code, a public hearing must be held. Therefore, Staff requests authorization to hold a public hearing on April 11, 2023 to amend and reenact The Code of Prince George County, Virginia, 2005, as amended, by amending sections 82-262 and 82-537 to revise water and wastewater user charges and rate block schedules. Mrs. Waymack made a motion, seconded by Mr. Brown, to authorize the advertisement to hold a public hearing on April 11, 2022 to consider amendments of the Code of Prince George County, Virginia, 2005, as amended, by amending sections 82-262 and 82-537 to revise water and wastewater user charges and rate block schedules. Roll was called on the motion.

R-23-061

RESOLUTION: AUTHORITY TO ADVERTISE A PUBLIC HEARING FOR ORDINANCE AMENDMENTS TO THE CODE OF THE COUNTY OF PRINCE GEORGE, VIRGINIA BY AMENDING SECTIONS 82-262 AND 82-537 TO REVISE WATER AND WASTEWATER USER CHARGES AND RATE BLOCK SCHEDULES.

WHEREAS, County Code Sections 82-262 defines the use charges rendered to residential and nonresidential users for water production and the use of the water distribution system; and County Code Section 82-537 defines the use charges rendered to residential and nonresidential users for wastewater disposal and the use of the wastewater collection system.

NOW, THEREFORE BE IT RESOLVED: That the Board of Supervisors of the County of Prince George this 16th day of March, 2023, does hereby authorize the advertisement of a public hearing on April 11, 2023 for ordinance amendments to The Code of the County of Prince George, Section 82-262 Water User Charge Schedule, and Section 82-537 Wastewater User Charge Schedule.

On roll call the vote was:

In favor: (4) Hunter, Webb, Brown, Waymack

Opposed: (0)

Absent: (1) Carmichael

4. Resolution; Authority to Advertise Tax Rates. Ms. Drewry stated that the County Administrator presented the Fiscal Year 2023-2024 introduced budget at the March 14, 2023 Board meeting. The budget was developed from Board consensus on spending priorities and consideration of maintaining current property tax rates. The introduced budget recommends keeping the 2023-2024 Real Property, Personal Property and Machinery and Tools tax rates at current year rates. If any tax rate increases are desired, Code of Virginia § 58.1-3007 states that the public hearing must be published in a paper of general circulation at least seven days before the hearing. The recommended public hearing date is April 25, 2023. Prince George County as a practice, advertises tax rates, holds a public hearing and adopts rates by resolution regardless of whether there is an increase or decrease in the tax rates. The Personal Property tax rates are typically required to be adopted by April 15th in order for the Commissioner of Revenue and the Treasurer's Office to print the tax bills and have them mailed by April 26th for the June 5th collection date. Because the tax rates are scheduled for adoption on April 25, Staff recommends delaying the June 5, 2023 due date for Personal Property taxes until June 16, 2023. A resolution to revise the due date will be considered as a separate resolution on March 28. This revision will impact the due dates for real estate (2nd half of FY2023 RE Taxes); Personal Property Taxes; Stormwater Utility Fees; and Public Service Taxes. For consistency, and to avoid confusion, Staff recommends delaying the due date for the second half of 2023 Real Estate Taxes until June 16, 2023 also. Mr. Brown made a motion, seconded by Mrs. Waymack to advertise the tax rate hearing as requested. Roll was called on the motion.

R-23-062

RESOLUTION; AUTHORITY TO ADVERTISE A PUBLIC HEARING FOR SETTING A TAX RATE FOR REAL PROPERTY, PERSONAL PROPERTY, MACHINERY AND TOOLS AND MOBILE HOMES.

NOW, THEREFORE, BE IT RESOLVED That the Board of Supervisors of the County of Prince George this 16th day of March, 2023, does hereby authorize the advertisement of an April 25, 2023 public hearing for the following FY 2023-24 tax rates:

Real Property:	\$0.82 per \$100.00 of assessed value*
Personal Property:	\$3.90 per \$100.00 of assessed value*
Machinery & Tools:	\$1.50 per \$100.00 of assessed value*
Mobile Homes:	\$0.82 per \$100.00 of assessed value*

*All rates same as current tax rates

On roll call the vote was:

In favor: (4) Hunter, Webb, Brown, Waymack

Opposed: (0)

Absent: (1) Carmichael

5. Resolution; Authority to Advertise Effective Tax Increase from Increased Real Property Values (Increase in Assessed Values). Ms. Drewry stated that The County Administrator presented the Fiscal Year 2023-2024 Introduced Budget at the March 14, 2023 Board meeting and recommended keeping the Real Property, Personal Property, and Machinery and Tools tax rates at the current year rates, based on Board consensus of spending priorities. The assessed values (excluding new construction and improvements) have grown by more than

1%. Estimated FY2024 assessed values, net of new construction and improvements, have grown by 6.5% over 2022 values. The equalization rate would be 77¢ (a 5¢ reduction from the current 82¢ rate). The introduced budget will recommend a tax rate of 82¢, same as the current rate, not the equalization rate of 77¢. If the assessed value increases by more than 1% (excluding new construction and improvements), §58.1-3321 Code of Virginia, the County must reduce tax rate so that revenues <= 101% of prior year levies (equalization / “reduced rate”) or the County may increase tax rate after advertising and holding public hearing with notice of the “effective tax rate increase.” There is no recommendation to lower the tax rate to 77¢, and the introduced budget proposes keeping the real property tax rate at 82¢. Mr. Brown made a motion, seconded by Mrs. Waymack to advertise the public hearing on March 16, 2023 to meet the 30-day advertising requirement and to be able to conduct the public hearing on April 25, 2023. Roll was called on the motion.

R-23-063

RESOLUTION; AUTHORITY TO ADVERTISE A PUBLIC HEARING FOR AN EFFECTIVE REAL PROPERTY TAX INCREASE – EQUALIZED RATE CONSIDERATION.

NOW, THEREFORE, BE IT RESOLVED That the Board of Supervisors of the County of Prince George this 16th day of March, 2023, does hereby authorize the advertisement of a public hearing to be held on April 25, 2023, for an Effective Real Property Tax Increase – Equalized Rate Consideration.

On roll call the vote was:

In favor: (4) Hunter, Webb, Brown, Waymack

Opposed: (0)

Absent: (1) Carmichael

6. Draft Minutes – March 7, 2023 Work Session. Mr. Webb made a motion, seconded by Mr. Brown to approve the March 7, 2023 Work Session minutes. Roll was called on the motion.

ADJOURNMENT. Mr. Brown moved, seconded by Mrs. Waymack to adjourn. Roll was called on the motion.

On roll call the vote was:

In favor: (4) Hunter, Webb, Brown, Waymack

Opposed: (0)

Absent: (1) Carmichael

The meeting adjourned at 5:32 p.m.

[Draft Minutes prepared March 20, 2023 for consideration on March 28, 2023; adopted by unanimous vote.]

Donald R. Hunter
Chairman, Board of Supervisors

Jeffrey D. Stoke
County Administrator