

2/23/23 Citizens' Budget Advisory Committee (CBAC)

Meeting Notes

Committee Members Present: Mr. Brian Bondurant, Mr. Gene Johnson, Ms. Shelia Walters, Mr. Chip Hughey

County Staff Present: David Oakley – Budget Manager; Stephanie Davis – Budget Analyst, Shane Hill – Principal Analyst

The meeting was brought to order at 9:05 am

1. Welcome

- a. Approval of December 15, 2022 minutes

2. Revenue work session

- a. Mr. Hill provided a revenue forecast update emphasizing that the County is in a solid position going into FY2024.
- b. National
 - i. Chesterfield is following the same trends as what is being seen on the national level.
 - ii. At the national level, payroll employment and the national employment rate have surpassed pre-pandemic. The unemployment rate is the lowest that it has been in 20 years.
 - iii. Mr. Johnson asked whether low unemployment is contributing to inflationary pressures. Mr. Hill responded that the federal reserve is at a critical point and at some point will have to do something to bring down inflation because efforts so far have not been effective. Mr. Hughey provided additional insight regarding interest rate hikes and monetary policy.
 - iv. Overall retail sales have been resilient. Inventories remain elevated but production appear to be cooling off.
 - v. Home and used car prices are starting to go normalize which impacts personal property assessments.
- c. Local
 - i. Chesterfield has the lowest unemployment rate in the Richmond region.
 - ii. Mr. Hughey whether the historic low unemployment was right before the financial crisis. Mr. Oakley state that it was, and the current rate of 2.6 is not a sustainable unemployment rate.
 - iii. Slowdown in new construction home sales but average home prices are up.
 - iv. At the local level, sales tax helps to measure consumer spending. These taxes are derived primarily from food and beverage industry, general merchandise, and restaurants.
 - v. Mr. Hughey inquired whether sales taxes are adjusted for inflation in the analysis. Mr. Hill stated that local sales taxes are nominal.

- vi. Commissioner of Revenue has estimated a drop in car values for 2023; no change to the personal property rate is being proposed.
 - vii. In 2023, permit activity is down but they were elevated for so long they are normalizing.
 - viii. Mr. Johnson inquired about how many of the multifamily units are owner occupied vs tenant. Mr. Oakley stated that he will have to look into that number (Roughly 73 percent of the county is owner occupied).
 - ix. Beginning in FY2024, tourism dollars will be in their own fund like Central Virginia Transportation Authority (CVTA) and storm water because those funds are earmarked.
 - x. Chesterfield seeing a signs that some revenue sources may be slowing down and realigning with pre pandemic levels.
 - xi. Residential revaluation is averaging at 8.8 percent for calendar year 2023.
 - xii. \$948 million in revenue is expected in FY2024 and most of it is allocated to base expenditures such as the second phase of the government pay plan and a \$17 million increase to the County contribution to schools.
 - xiii. Central Virginia Waste Management Authority (CVWMA) contract is ending and the County will no longer be charging residents through the real estate billings.
- d. Timeline
- i. Schools budget is due to the County Administrator March 1st.
 - ii. County Admin will receive County proposed budget March 8th.
 - iii. Community meetings will be held in March out in the community.
 - iv. The budget public hearing is March 22nd.
 - v. Budget adoption is planned for April 5th.

3. Review of expenditures

- a. County departments submitted 173 requests for additional funding for FY2024's budget.
- b. Mr. Hughey asked if Additional Funding Requests (AFR) are captured in committed or discretionary. Mr. Hill shared that they are within both areas
- c. IST contracts are being fully funded to ensure security as part of the workforce continues to work from home. There are 87 contracts being funded.
- d. Funding will be added for (Community Oriented Policing Services) COPS grant positions being transitioned to general fund.
- e. Mr. Johnson inquired about grants like the COPS grant that are available for Fire/EMS? Mr. Oakley referred to the Staffing for Adequate Fire and Emergency Response (SAFER) grant and the recent denial.
- f. \$8.4 million is planned for the second phase of the non-public safety positions pay plan.
- g. A 3.5 percent merit is planned for January 2024.
- h. Mr. Hughey asked whether adjustments were being made on the fly for inflation or is merit percent locked in. Mr. Oakley said the County did 2-5-2 percent merits in January 2022, May 2022, and January 2023.

- i. Implementing AFRs in wave one and wave two is a cautious approach to addressing needs while being cognizant of economic uncertainty. Wave one will be implemented on July 1 and wave 2 is slated for January 2024.
- j. Mr. Hughey asked if there has been any other discussion about a county app, Mr. Oakley will check in with IST on the progress of the app and shared that there is a feature on the County website to receive resident emails.
- k. Sheriffs' office is bringing on three mental health positions from the Mental Health department to work in the behavioral health programs. The state will be providing financial assistance for two positions.
- l. Peak Demand Ambulance was funded by American Rescue Plan Act (ARPA) and those 15 positions will be locally funded in FY2025.
- m. Fire/EMS will get 36 positions in January to obtain the 1.3 minimum staffing rate.
- n. In FY2024, the Stegmaier Fellowship will onboard its first graduate or undergraduate for a 2-year rotation. For the first 6-12 months the fellow will be in the Budget office and then spend their remaining time in other parts of the organization to get a better understanding of local governments. This will help create a talent pipeline for the County.
- o. Mr. Hughey will reach out to the Committee by email to ask what the priorities are that the committee would like to have in the memo. His desire is to get something finalized between the 9th and 22nd of March.

Meeting adjourned 10:43