

Fiscal Year 2025 Budget Questions - Packet #4

Vice Mayor Steinberg – March 11, 2024

- 1.) Is the website language feature requested by the Diversity Commission one-time or recurring?

RESPONSE: The website feature as proposed is a \$4,650 recurring cost.

Mayor Burk – March 12, 2024

- 2.) What are the other NOVA jurisdictions proposing in terms of cost-of-living adjustments?

RESPONSE: The table below summarizes Fiscal Year 2024 adopted and Fiscal Year 2025 proposed pay increases including cost-of-living/market increases and merit/performance-based pay increases.

	FY 2024 COLA/ Market	FY 2024 Merit/ Performance	FY 2025 COLA/ Market	FY 2025 Merit/ Performance
Town of Leesburg	3%	4% (average)	3%	4% (average)
<i>Loudoun County</i>				
Loudoun County has a collective bargaining agreement governing the pay of Fire and Rescue staff. Uniformed staff in the Sheriff's Office as well as Fire and Rescue are compensated based on a step and grade plan as opposed to pay bands. Step increases are similar in concept to merit increases and may vary based on grade.				
<ul style="list-style-type: none"> • General workforce • Sheriff • Fire-Rescue¹ 	<p>none</p> <p>6%</p> <p>3%</p>	<p>6%</p> <p>1 Step (3%)</p> <p>1 Step (3%)</p>	<p>none</p> <p>9.4%</p> <p>9.4%</p>	<p>7%</p> <p>1 Step (3%)</p> <p>1 Step (3%)</p>
<i>City of Fairfax</i>				
The City of Fairfax has not entered into collective bargaining agreements. Its public safety employees, however, are on a step and grade plan. Step increases are similar in concept to merit increases and may vary based on grade.				
<ul style="list-style-type: none"> • General workforce • Public Safety 	<p>2%</p> <p>1%</p>	<p>3.5%</p> <p>1 Step</p>	<p>2%</p> <p>1%</p>	<p>3.5%</p> <p>1 Step</p>
<i>City of Alexandria</i>				
The City of Alexandria has entered into separate collective bargaining agreements for sworn police, fire and rescue, and trade employees. Agreements for police and fire were in effect in Fiscal Year 2024; the agreement for trade employees took effect Fiscal Year 2025. The Labor and Trades bargaining unit includes employees in the Departments of Community and Human Services; Fire; General Services; Police; Transportation and Environmental Services; and Recreation, Parks, and Cultural Activities. In addition to the increases shown below, these employees are budgeted for a \$1,000 one-time lump sum bonus in Fiscal Year 2025 consistent with the agreement.				
<ul style="list-style-type: none"> • Non-bargaining employees • Sworn Police¹ • Fire¹ • Trade Employees¹ 	<p>2%</p> <p>not identified</p> <p>not identified</p> <p>not in effect</p>	<p>2.6%</p> <p>not identified</p> <p>not identified</p> <p>not in effect</p>	<p>2%</p> <p>2%</p> <p>2.25%</p>	<p>2.7%</p> <p>Step increases</p> <p>Step increases</p> <p>Step increases</p>
<i>City of Manassas</i>	TBD ²	3%+	TBD ²	3%

Fiscal Year 2025 Budget Questions - Packet #4
 March 15, 2024

	FY 2024 COLA/ Market	FY 2024 Merit/ Performance	FY 2025 COLA/ Market	FY 2025 Merit/ Performance
<i>Fairfax County</i>				
Fairfax County entered into collective bargaining agreements for the Police Department, Fire and Rescue Department, and Department of Public Safety Communications effective in Fiscal Year 2025. The Fire and Rescue Department and Department of Public Safety Communications are governed under the same agreement. All three units are paid under step and grade plans rather than pay bands. Step increases are similar to merit increases. While Fairfax County’s Fiscal Year 2025 budget document references merit and longevity increases for the Police union, specific percentages were not identified.				
<ul style="list-style-type: none"> • Non-IAFF and Police • IAFF¹ • Police¹ 	2% not in effect not in effect	2.06%-2.39% not in effect not in effect	2% 3% Scale 3% Scale & 2% COLA	not identified Step not identified
<i>Arlington County</i>				
Arlington County has entered into collective bargaining agreements for Firefighters and Paramedics (IAFF) and Police (APOC), both effective beginning in Fiscal Year 2024. These agreements provided for new step and grade plans for both units. Step increases under the IAFF agreement average 4%. Step increases under the APOC agreement average 2.5%. In most cases, ACOP members will receive at least 10% increases in year 1 (FY 2024) as the new plan is implemented and 2.5% increases in fiscal years 2025 and 2026. The Arlington County Sheriff’s Office is <i>not</i> covered by the APOC agreement.				
<ul style="list-style-type: none"> • Non-Bargaining • Sheriff • Service/Labor/Trades¹ • IAFF¹ • APOC¹ 	n/a	4.5% 4.5% 4.5% New Step Plan New Step Plan	n/a	4.75% 8.50% 4.75% Step Step
Town of Vienna ³	5%		3% 3%	1.0% Step (2.5%)
Town of Herndon ⁴	2%	1% and 2%	n/a	n/a
Town of Purcellville	5%	not identified	3.2%	not identified

¹ Unit is part of a collective bargaining agreement. Collective bargaining agreements may identify more than market and merit compensation increases including one-time bonuses, special incentives, tool and boot allowances, and benefit changes as well as additional positions to reduce overtime.

² The City of Manassas is undergoing a market analysis that could lead to market adjustments, but no specific rates were identified in the Fiscal Year 2024 or 2025 budgets.

³ The Town of Vienna completed a classification and compensation study in Fiscal Year 2024 that resulted in minor scale and position adjustments even though no specific across-the-board increases were identified.

⁴ The Town of Herndon approved market rate increases for Fiscal Year 2024 at two points throughout the fiscal year. The Town of Herndon’s Fiscal Year 2025 budget will be presented April 1, 2024.

Councilmember Cimino-Johnson – March 12, 2024

- 3.) **If we wanted to see pickleball courts put on a fast track to get built, what would that actually require? Is it possible and what would it take (manpower wise, project management, etc.)?**

RESPONSE: The current plan for the Pickleball Courts (#25203) is expected to have a total cost of \$1,106,500 and to be completed in fall 2026 (FY 2027). While it is anticipated that some proffers would be available for the project (approximately \$225,000), the balance of funding would be provided by the Town. To date, \$453,000 is appropriated through Fiscal Year 2024, with the remaining \$653,500 to be appropriated from FY 2025 to FY 2027. Finance has verified that this funding could be pulled forward with limited impact on the long-term financial sustainability plan of the Town. Due to the workload of Capital Projects staff, accelerating this project will require another project to be delayed. Staff have reviewed all current projects, and the only project that is appropriate to delay is W&OD Trail Lighting (#25201), mainly due to the types of external funding sources. With the addition of \$500,000 in federal community project grant funding from Congresswoman Wexton, the project will now be required to follow federal procurement guidelines, which will extend the project timeline by approximately one year. Adding this time will provide enough staff capacity to pull Pickleball forward. With the current \$453,000 we can move forward with design as soon as the CIP is approved and estimate design could be completed by December 2024, bidding complete in March 2025 and project completion in August of 2025. This pulls the project forward about 1 year. However, it must be noted that the Town does not control all factors involved with such a project such as the utility provider. Contractual and legal issues involved with procurement and contract review may also impact the schedule.

- 4.) **Do part-time and flex part-time employees have access to any employee benefits?**

RESPONSE:

Yes, some benefits are available to part time employees based on their status. There are two types of part-time employees: 1) Regular Part-Time (RPT) is defined as an employee whose regular schedule is 20 hours or more but less than 37.5 hours per week. 2) Flexible Part-Time (FPT) is defined as a temporary employee hired for an indefinite period of time for varying hours of time not to exceed 29 hours per week.

Regular Part-Time (RPT) employees are eligible for:

- Accrued annual leave (at a reduced rate)
- Accrued sick leave (at a reduced rate)
- Paid holidays (at half the FT employee rate)
- Participation in the Town's group health insurance
- Participation in the 457 plan
- Ida Lee Membership
- Access to the Employee Assistance Program (EAP) program

Flexible Part-Time (FPT) employees are eligible for the Ida Lee membership at a reduced rate.

The challenge of providing voluntary benefits to FPT employees is the inconsistency of their pay. Voluntary benefits are paid as payroll deductions, some pretax. If a FPT employee does not work during a pay period, there would be no means to make a payroll deduction.

Councilmember Wilt – March 13, 2024

5.) Looking at the recent past, in 2022 the Town ended a rather steady 7-year period of Operating Expense levels.

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Budget FY 2024	Proposed FY 2025
Restated Population (From Oct. 6 email and charts and based on average 1% growth from 2010-2020)	45,688	46,145	46,606	47,072	47,543	48,018	48,381	48,950	48,974	49,000
Residential Dwelling Units (RDUs)	15,677	15,772	15,905	16,047	16,261	16,515	16,673	16,812	16,904	16,973
General Fund (Operating)	\$ 51,885,766	\$ 54,463,995	\$ 55,918,156	\$ 57,938,068	\$ 57,272,841	\$ 58,488,872	\$ 60,144,769	\$ 66,288,935	\$ 78,393,510	\$ 81,571,973
General Fund (Operating) / RDU	\$ 3,310	\$ 3,453	\$ 3,516	\$ 3,611	\$ 3,522	\$ 3,542	\$ 3,607	\$ 3,943	\$ 4,638	\$ 4,806
General Fund (Operating) / Restated Pop	\$ 1,136	\$ 1,180	\$ 1,200	\$ 1,231	\$ 1,205	\$ 1,218	\$ 1,243	\$ 1,354	\$ 1,601	\$ 1,665

My understanding is that the Town was operating effectively in 2022 so this is the spending level that I'll call "Baseline". The 2025 proposed budget is \$21 million higher than the 2022 Baseline. I'd like to understand the major drivers of this \$21 million difference. Could you produce a chart like the example below:

Causal Factor	Impact
a) 3 years of Inflation	\$10-\$12 million
b) 1.5% resident growth	\$1 million
c) ___% increased crime incidents	\$__ increased LPD spending
d) increase in zoning / development applications	\$__ increase in Planning spending
e) ___ FTE increase in staff HC and ___% increase in average employee compensation	\$__
f)	
g)	
h)	

RESPONSE: The budgeted amounts shown in the table above for Fiscal Years 2024 and 2025 include the transfer of pay-go from the General Fund to the Capital Projects Fund for project administration. Since this is not an operational expenditure, the historical spending is not reflected in the Annual Comprehensive Financial Report (ACFR) due to accounting rules. Adjusting for this, the Fiscal Year 2024 and 2025 amounts should be \$76,157,546 and \$79,405,567, respectively. Based on this amount for Fiscal Year 2025, the budget is \$19.2 million higher than spending was in Fiscal Year 2022. There are several reasons for the increase, including increased debt service costs, compensation increases (both wages and mandatory retirement contributions), an excess of vacancy savings in Fiscal Year 2022, increases in the recycling contract, contingencies added to the budget since Fiscal Year 2022, and others. As of February 2024, the Consumer Price Index for All Urban Consumers (CPI-U) has increased 13.7% since the beginning of Fiscal Year 2022 and the Fiscal Year 2025 budget accounts for months that range from four to sixteen months from now (July 2024 to June 2025).

Purpose	Increase \$	Increase %
Debt Service (for CIP and CARP)	\$1,739,951	20%
New Positions since FY 2022 (26.0 FTE salary and benefits)	\$3,174,110	n/a
Existing Positions (289.5 FTE salary and benefits)	\$8,418,652	23%
Paving, Sidewalk, Curb, & Gutter work	\$1,024,073	215%
Professional Services (architectural, engineering, fiscal, and management)	\$558,414	64%
Refuse and recycling contract	\$593,479	17%
Contractual services for cloud and technology	\$1,505,993	76%
Electricity, natural gas, heating & propane	\$226,204	19%
Contingencies (inclement weather, fuel, general)	\$1,254,000	n/a

Fiscal Year 2025 Budget Questions - Packet #4
March 15, 2024

Debt Service. Debt service costs have increased \$1.7 million since Fiscal Year 2022, or 20%. These increases can be attributed to the annual lease financing costs related to the Capital Asset Replacement Program (CARP), the debt service related to the bond sale that will take place this month (March 2024), and the retirement of older debt.

Compensation Increases. The Fiscal Year 2025 proposed budget for compensation is \$11.6 million (\$8.4M existing positions; \$3.2M new positions) higher than Fiscal Year 2022 actuals. In FY 2022, the Town recognized vacancy savings of \$3 million, compared to a budget of \$539,000. The Leesburg Police Department (LPD) represented \$1.8 million of FY 2022 vacancy savings. This higher level of vacancy savings was the result of a higher-than-normal townwide turnover rate of 13.61%. The turnover rate in Fiscal Year 2023 was 12.3% and year-to-date in Fiscal Year it is 6.59%. As LPD has seen improvement in its recruitment efforts and as the labor market normalizes, the Fiscal Year 2025 budget anticipates vacancy savings to return to more typical levels. Approximately \$1.4 million is budgeted for vacancy savings in Fiscal Year 2025. In addition to higher vacancy and turnover rates in Fiscal Year 2022, three years of compensation increases have been approved by the Council. This includes a 3% pay-for-performance increase and a 2% cost-of-living adjustment (COLA) in Fiscal Year 2023 as well as a 4% pay-for-performance increase and a 3% COLA approved in Fiscal Year 2024 and proposed for Fiscal Year 2025.

Paving, Sidewalk, Curb, & Gutter work. Spending on paving, sidewalk, curb, and gutter work did not return to normal in Fiscal Year 2022. While the revised budget was \$1.4 million, only \$475,926 was spent. A large share of the balance, however, was carried forward to Fiscal Year 2023 on an open purchase order. The Proposed Fiscal Year 2025 budget for these services is \$1.5 million, approximately \$375,000 more than the Fiscal Year 2022 adopted budget. This increase reflects the increased cost of delivering the same service as bid prices increased by 25% (sidewalk, curb, and gutter), the inclusion of escalation clauses in the contracts tied to the consumer price index for all urban consumers (CPI-U), and additional lane miles were added to the system. There were 268.61 lane miles in Fiscal Year 2022 and staff estimates 272.84 lane miles in Fiscal Year 2025.

Professional Services (architectural, engineering, fiscal, and management). Some professional services are recurring in nature, such as the cost to have the County bill and collect property taxes on behalf of the Town or bridge inspections, while others may be one-time in nature such as those for capital projects. Increases between Fiscal Year 2022 and the proposed Fiscal Year 2025 budget include \$85,500 for bridge inspections; \$105,000 for the Department of Finance and Administrative Services for County billing, vendor identification, banking services, and a new timekeeping system; \$70,000 for cyber security, database services, and Microsoft 365 services; and \$240,000 for engineering services for the Town's MS4 permit and illicit discharge/spill response services.

Refuse and Recycling Contract. The refuse and recycling contract has increased almost \$600,000 since Fiscal Year 2022. Since Fiscal Year 2022, the number of residents has increased 3%. Annual service rates are increased each year by the rate of inflation while tipping fees for municipal solid waste (MSW), recycling, and yard waste are also adjusted. The table below illustrates the rate increases for Fiscal Years 2022 – 2025 (estimated). As shown, the Town was able to recognize savings in the recycling tip fees beginning in the current fiscal year as a result of the calculation and our ability to reduce some of the contamination of recycling.

Fiscal Year 2025 Budget Questions- Packet #4
 March 15, 2024

Description	2022	2023	2024	2025 (Est)
Number of residents	11,890	12,019	12,094	12,244
Tip Fees				
• MSW	\$48	\$52	\$55	\$55
• Recycle	\$136.58	\$145.64	\$115.23	\$115.23
• Yard waste	\$37	\$38.86	\$38.86	\$38.86
CPI-U	3.6%	5.4%	5.4%	6.7%
Total % Increase	5.38%	6.34%	5.45%	5.9%
Contract	\$3.50M	\$3.84M	\$3.9M	\$4.1M

Beginning in Fiscal Year 2023, costs also included a fuel surcharge. The Fiscal Year 2024 and 2025 budgets have programmed the funding for this surcharge as a contingency (discussed later). After budgeting \$500,000 in Fiscal Year 2024, the surcharge contingency was reduced to \$200,000 for Fiscal Year 2025.

Contractual Services for Cloud and Technology. This category includes telecommunication charges, online service charges, computer software and computer hardware. Telecommunication charges have increased as a result of new fiber connects to newly leased space, services for 911 calls, and for automatic vehicle location services. Online services include a host of technology solutions used throughout the Town including the enterprise resource planning system (up 17%), network observability (up 26%), the internet service provider (up 19%), electronic document management (up 16%), and M365 cloud productivity platform (up 47%). New technology solutions added since the Fiscal Year 2022 budget include a new IT helpdesk solution, GIS portal hosting and software, a password management solution, an e-signature solution, a new land development system, a new calling plan, and significant investment in cybersecurity. Software solutions added since Fiscal Year 2022 include a zoning ordinance platform, energy and sustainability management software, labor force modelling, an upgraded learning management system, drone software, accreditation software, crime analysis software, traffic system maintenance, and MS4 permit compliance software.

Electricity, Natural Gas, Heating & Propane. Such utility costs have increased approximately \$225,000 or 19% since Fiscal Year 2022. Compared to \$1.2 million in spending in Fiscal Year 2022, the Town paid \$1.4 million for these services in Fiscal Year 2023. These costs are expected to level off in Fiscal Year 2025, and so they are budgeted at a total of \$1,440,500.

Contingencies. Several contingencies have been added to the budget since Fiscal Year 2022. As previously noted, a fuel surcharge has been in effect since Fiscal Year 2022. While budgeted at \$500,000 in the Fiscal Year 2024 budget, this contingency has been reduced to \$200,000 for Fiscal Year 2025. This funding will only be used if needed; otherwise, it will be recognized as savings and lapse to fund balance at the end of the fiscal year. An increase in the Emergency and Inclement Weather Response budget was included beginning in Fiscal Year 2023 and budgeted as a contingency. The request was based off historical spending on snow response and reflected the increase in lane miles that had occurred over the previous 10 years. The total Fiscal Year 2025 proposed budget for emergency weather response is \$1.25 million.

Councilmember Cimino-Johnson – March 14, 2024

- 6.) Topics still being researched by staff and will have more information by the Monday, March 18 budget work session:
- Electric Vehicle Charging Stations for Town Hall
 - Part-time Elective Employee Benefits
 - Comprehensive Parks Master Plan
 - Moving Up the Pickleball Court Construction Project Schedule