



CITY OF FREDERICKSBURG, VIRGINIA

CITY COUNCIL

MINUTES

Council Chambers, 715 Princess Anne Street
Fredericksburg, Virginia 22401

ITEM #9A

HON. MARY KATHERINE GREENLAW, MAYOR
HON. CHARLIE L. FRYE, JR., VICE -MAYOR, WARD FOUR
HON. KERRY P. DEVINE, AT-LARGE
HON. MATTHEW J. KELLY, AT-LARGE
HON. JASON N. GRAHAM, WARD ONE
HON. WILLIAM C. WITHERS, JR., WARD TWO
HON. DR. TIMOTHY P. DUFFY, WARD THREE

Council Work Session

March 30, 2021

Joint Work Session with School Board on Fiscal Year 2022 Budget Closed Meeting

The Council and School Board of the City of Fredericksburg, Virginia held a special joint work session on Tuesday, March 30, 2021, beginning at 5:30 p.m. using electronic communication through GoToMeeting pursuant to and in compliance with the City Council Ordinance 20-05, an ordinance to address Continuity of City Government during the pendency of a pandemic disaster.

Council Present. Mayor Mary Katherine Greenlaw, Presiding. Vice-Mayor Charlie L. Frye, Jr. Councilors Kerry P. Devine, Timothy P. Duffy, Jason N. Graham, Matthew J. Kelly and William C. Withers, Jr.

School Board Present. Chairman Jannan Holmes, Elizabeth Rehm, Jarvis Bailey, Kathleen Pomeroy, and Malvina Kay.

Also Present. City Manager Timothy J. Baroody, Assistant City Manager Mark Whitley, Budget Manager Brenna Erford, City Attorney Kathleen Dooley, Deputy Clerk of Council Brenda T. Martin, School Board Superintendent Marceline Catlett, Assistant Superintendent Matthew Eberhardt and Schools Director of Finance Jennifer Brody.

Mayor Greenlaw opened the meeting by announcing the electronic meeting compliance guidelines.

Fiscal Year 2022 Recommended Budget Discussions.

Councilor Duffy disclosed that he was employed by the Fredericksburg Schools System as the Principal at James Monroe High School but that he could participate in the budget discussion fairly, objectively and in the public interest.

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Vice-Mayor Frye disclosed that his wife was employed by the Fredericksburg Schools System but that he could participate in the budget discussion fairly, objectively and in the public interest.

City Budget Manager Erford presented a PowerPoint presentation and she gave key highlights on the following: Recommended Fiscal Year (FY) 2022 Budget, FY 2021 Budget Year to Date, School Operating Transfer, Total City Debt Outstanding, New School Estimates, Current City Debt Service – Government & Enterprise, Future City Dept Service – Scenario, Federal and State Update on Anticipated Fiscal Aid from the American Rescue Plan and Budget Calendar for Upcoming Meetings.

Superintendent Catlett thanked the budget team for their hard work and perseverance for a challenging pandemic year and planning for the coming year. And highlighted the topics to be presented.

Schools Finance Director Brody presented a PowerPoint presentation and gave highlights on the following: Background and Trends, Challenges and Opportunities, State Budget Update, Operating Fund Budget Overview, and Capital Fund Budget Overview.

Mayor Greenlaw opened the meeting for questions. Councilor Graham asked for clarification on the slide relating to teacher salaries lagging yet the per pupil spending being above a lot of other localities. Finance Director Brody said couldn't explain it at the moment without doing further analysis and that she would follow up with information regarding that request.

Councilor Kelly asked about the City's capital budget as it relates to the new Fire Station and whether that figure includes equipment or just the construction of the station. Budget Manager Erford relayed that it is only for the construction costs. He asked for the breakdown of the capital and operational increases over the next five years so he can understand how that relates to building a new school and the impact of those costs. In regards to the school budget he asked how COVID-19 has impacted their budget. Finance Director Brody explained they have some savings in substitute teacher costs, transportation costs, and utilities but that was off set with additional purchases due to the pandemic.

Mayor Greenlaw asked about additional funding from the state and federal government recovery funds that has provided assistance that was not known when the budget was first developed. Finance Director Brody explained that some of the funding will go to equipment and

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summer school funding. Superintendent Catlett explained additional funding is also supporting additional staff and a staff raise that is proposed to go from 4% to 5%. Some of the funding will continue into 2023 to continue to support both known and unknown needs.

Councilor Duffy thanked Superintendent Catlett and the School Board and Director of Finance Brody and the finance team for all their work on the budget and explanations on the details of the budget during the school board meetings. He also noted the work that the staff has done to get Wi-Fi to the students who needed access and other important services. He also asked about timelines as it relates to school capacity and whether staff was prepared to discuss that for the public. Councilor Withers echoed that request and that he appreciated Councilor Kelly bringing up the capital costs of the City's other projects as it relates to building a new school. He is open and willing to have these important discussions.

Councilor Kelly relayed his concerns about planning school capacity and normal expenditures beyond building a new school. He stated that in the recent past years the schools are asking for an additional \$1 million each year, he asked Dr. Catlett if that will continue to be the pattern for the foreseeable future. She agreed it would.

Mayor Greenlaw stated she is concerned about the increasing costs and how it relates to the City's ongoing projects and needs as well.

Chairman Holmes spoke to Councilor Graham's earlier question on salaries and per pupil costs she believes it has to do with the extra staff needing to be hired as it relates to special education and English language learner's increases. Director of Finance Brody explained roughly 50% of the students are disadvantaged and that doesn't include this year which has gone up and special needs students are 11.5% of the student population as of two years ago which continues to increase.

Councilor Devine stated that she and Councilor Graham have been serving on the Enrollment Expansion Task Force and that as the school population increases the need for a new school is at the eminent deciding point. She knows it will be challenging with the pressures of the other City projects, of which some will need to be delayed. She wishes that the schools will consider community needs when designing and planning the building for community usable rooms, and outdoor community spaces, etc.

Vice-Mayor Frye stated to the School Board and Staff have been creative to assist students such as in the Mobile Food Bus that distributes meals. He stated he appreciated all the

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great work the school staff is doing above and beyond due to the pandemic. He also mentioned that the need/want of a turf field at Maury Stadium is a conversation in happening in the community. City Manager Baroody did agree that is a project that is being discussed in the community and is the topic for an upcoming meeting and that he has discussed it with Superintendent Catlett.

Vice-Mayor Frye mentioned the importance to the many CTE Programs and how important those classes were to him as a student at the city school when he was younger. Councilor Withers and Duffy echoed the importance of these programs as well.

Mayor Greenlaw and Chairman Holmes thanked all the members for their hard work during these unprecedented times and collaborative efforts between the two boards.

The work session meeting with the School Board adjourned at 7:15 p.m. Announcement of a Closed Session meeting for City Council meeting was made as detailed below.

Closed Session Approved. Upon a motion Councilor Graham, moved approval of a closed session under Code of Virginia 2.2-3711 (A) (3), for discussion or consideration of the acquisition of the real property for a public purpose, where discussion in a an open meeting would adversely affect the bargaining positon or negotiating strategy of the City Council; specifically, potential acquisition of real property or negotiating strategy of the City Council; specifically, potentially acquisition of real property in the City for public works and City School operations; seconded by Councilor Withers and passed by the following recorded votes. Ayes (7) Councilors Greenlaw, Withers, Devine, Duffy, Frye, Graham and Kelly. Nays (0).

Return to Open Meeting Approved. Upon the motion of Councilor Devine; seconded by Councilor Graham and passed by the following recorded votes, Council approved a return to an open meeting. Ayes (7) Councilors Greenlaw, Frye, Devine, Duffy, Graham, Kelly and Withers. Nays (0).

Resolution 21-_____, Approved, Certifying Closed Meeting. Upon the motion Councilor Devine approved Resolution 21-18 certifying the closed meeting; seconded by Councilor Graham and passed by the following recorded votes. Ayes (7) Councilors Greenlaw, Frye, Devine, Duffy, Graham, Kelly and Withers. Nays (0).

Adjournment. There being no further business to come before the Council at this time. Mayor Greenlaw declared the session officially adjourned at 8:10 p.m.

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**Brenda T. Martin
Deputy Clerk of Council
City of Fredericksburg**

Joint Work Session

March 30, 2021

FY 2022 Budget



Agenda

- Joint Work Session with Fredericksburg City Public Schools
 - Recommended Budget overview
 - School Operating Transfer history
 - City Debt Outstanding & Debt Service outlook
- State & Federal Update
- Upcoming Budget Meetings

Joint Work Session

March 30, 2022

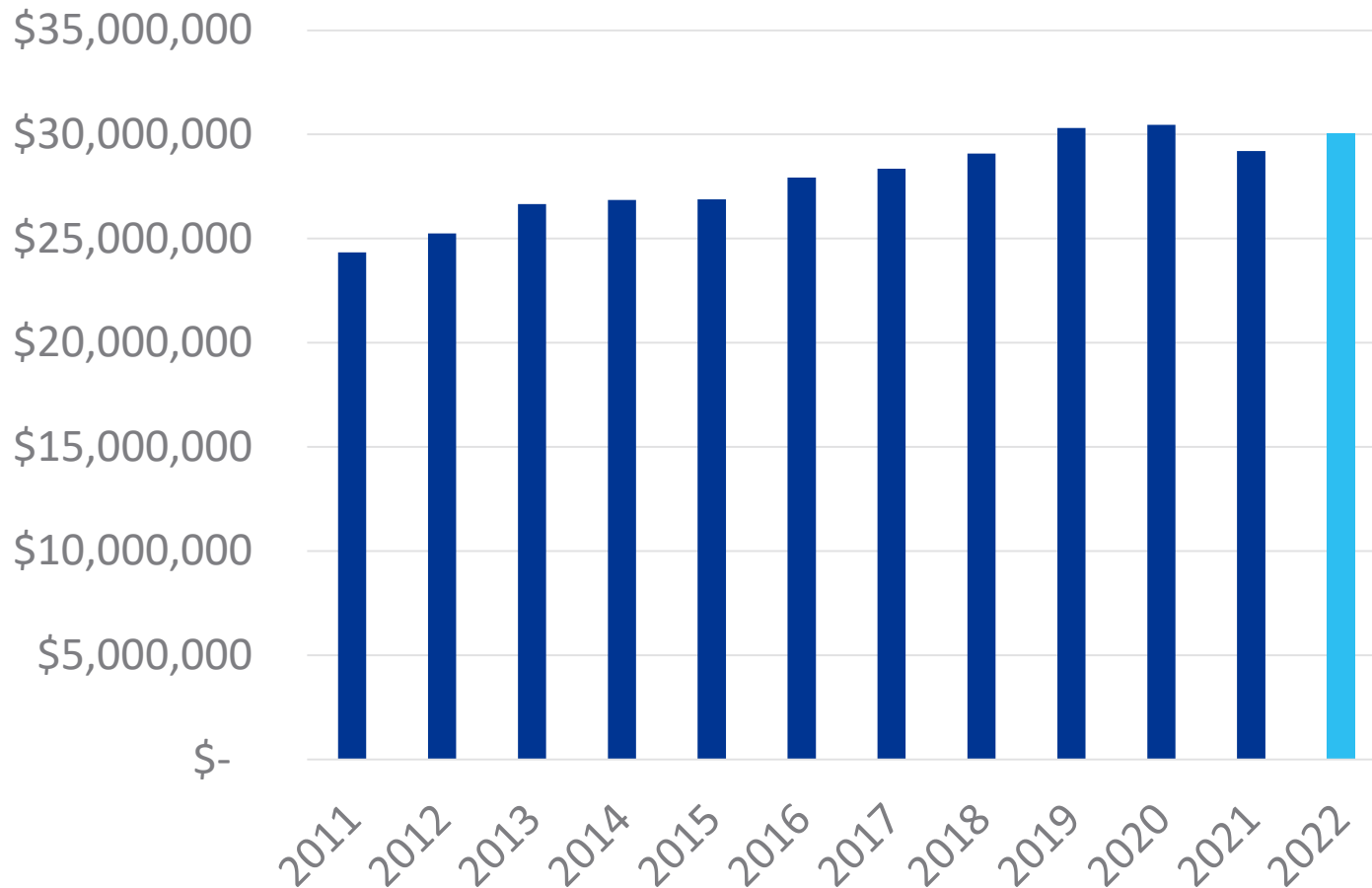
FXBG Recommended Budget

- \$102.4 million overall General Fund revenue & spending
 - 3 cent Real Estate Tax increase (\$1.35 million)
 - 3% across-the-board pay increase
 - 5 net new General Fund-supported positions
 - Major cost drivers: personnel, RRJ contribution
- Recommended Budget School Transfers
 - Operating: **\$30,049,266**
 - Capital: **\$417,000**
- City Enterprise Funds
 - 10% planned water & sewer rate increase

FY 2021 Budget YTD

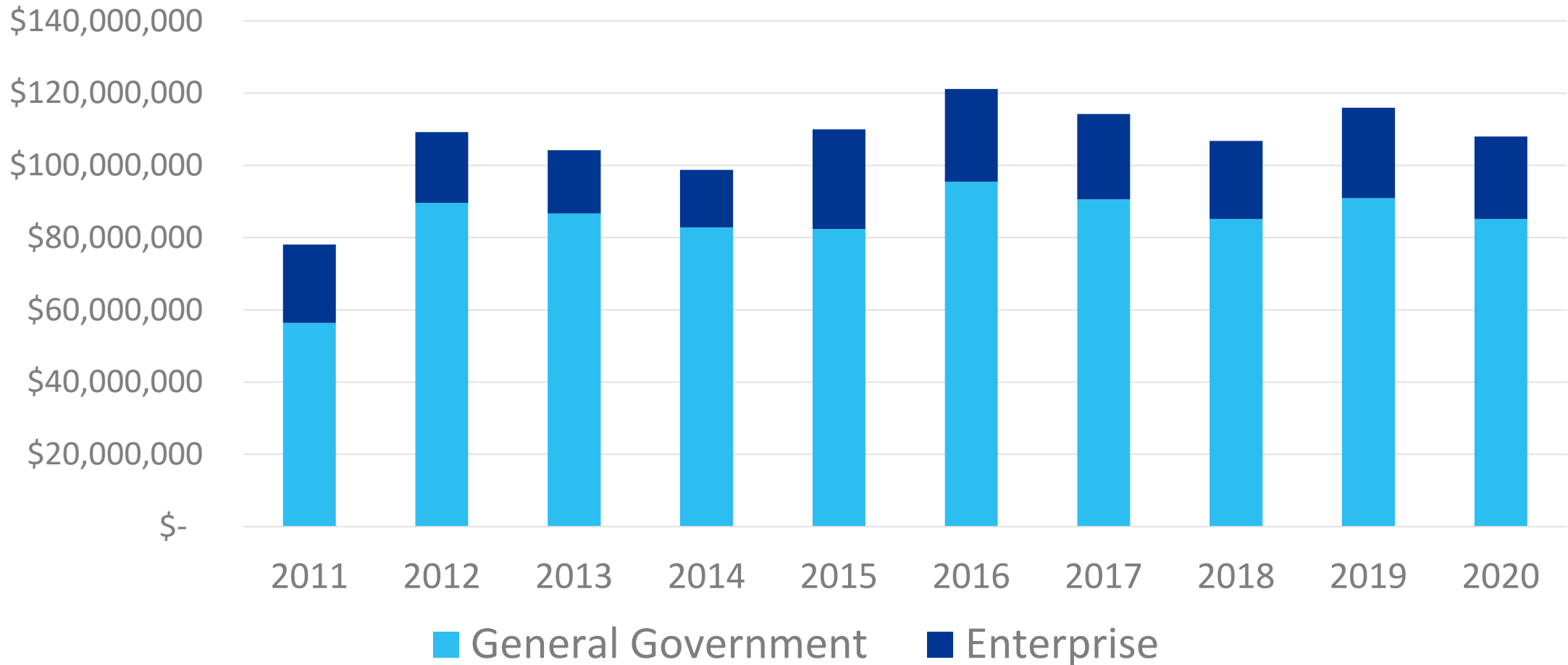
- As of March 29, City has expended 59.7% of budgeted FY2021 General Fund
 - Close of 3rd calendar quarter = 75% of fiscal year has elapsed
 - Approximately \$1 million is encumbered (not included in % above)
- City revenue collections to date represent 57.9% of projected total
 - Collections are not as “smooth” throughout year due to various collection schedules
- Federal aid (CARES Act) has offset some City expenditures that would usually be financed with City revenues

School Operating Transfer



Year	Amount	% Change
2011	\$ 24,343,841	
2012	\$ 25,243,849	3.7%
2013	\$ 26,663,850	5.6%
2014	\$ 26,853,825	0.7%
2015	\$ 26,883,825	0.1%
2016	\$ 27,937,535	3.9%
2017	\$ 28,350,929	1.5%
2018	\$ 29,088,569	2.6%
2019	\$ 30,309,183	4.2%
2020	\$ 30,458,501	0.5%
2021	\$ 29,199,266	-4.1%
2022	\$ 30,049,266	2.9%

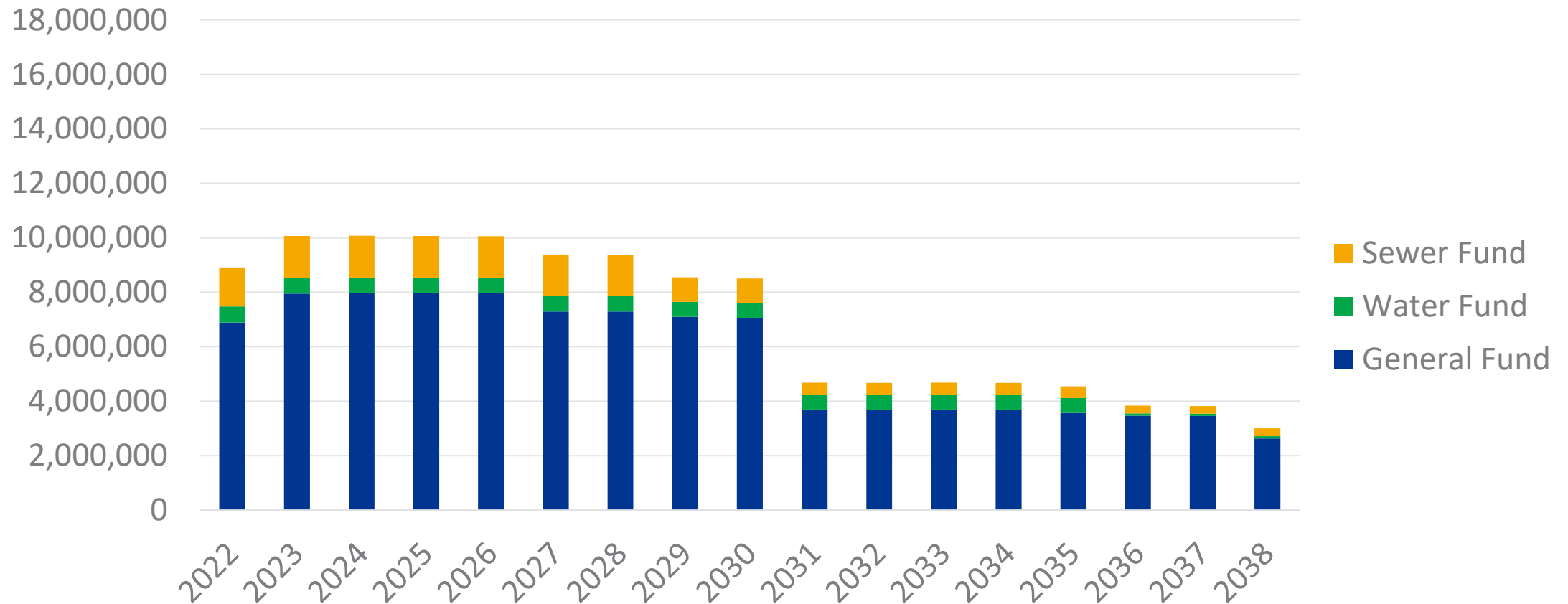
Total City Debt Outstanding



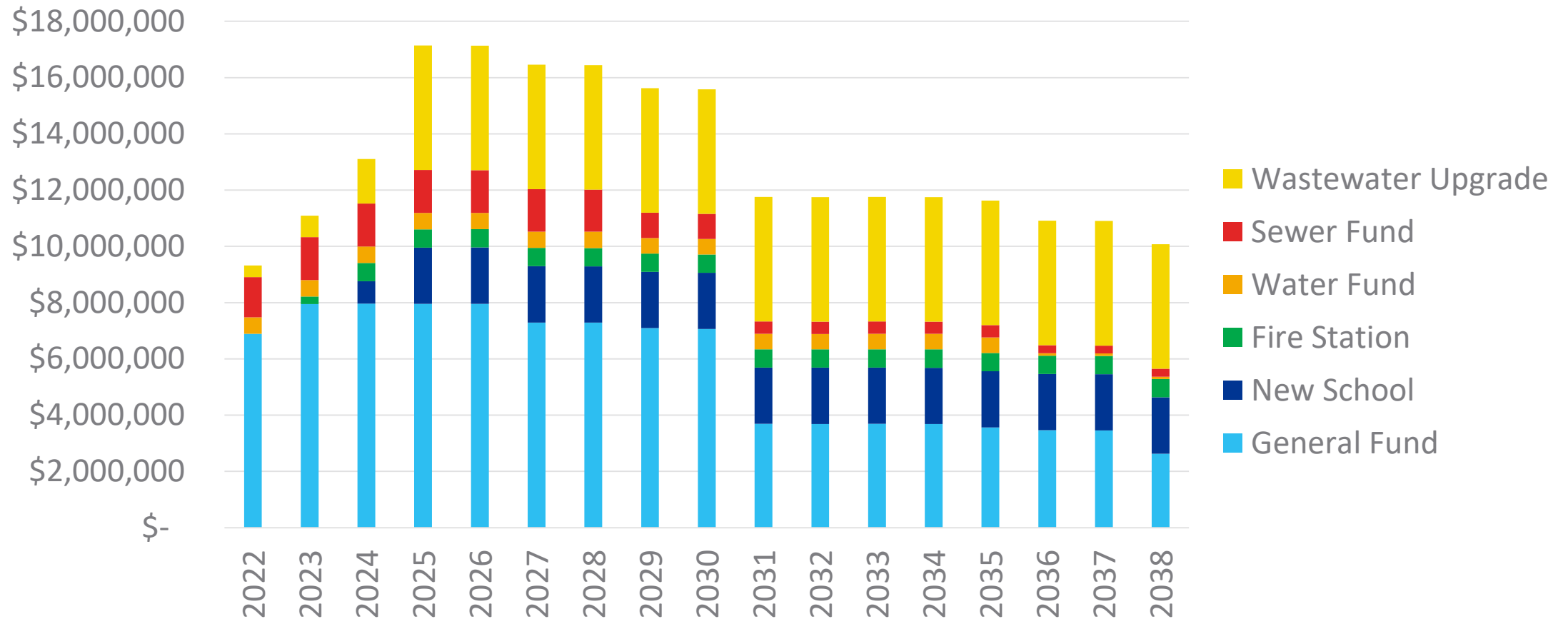
New School

- \$30 - \$35 million cost estimate for building
- Annual debt service
 - \$1.99 million at \$30 million
 - \$2.33 million at \$35 million
- Additional \$1.5 million annual operating impact
 - Personnel, supplies, equipment, overhead, regular maintenance

Current City Debt Service – Gov. & Enterprise



Future City Debt Service - Scenario



Federal & State Update

March 30, 2022

Anticipated Fiscal Aid

- Federal: American Rescue Plan
 - Approximately **\$5.6 million** for City
 - \$2 million for cash capital projects
 - \$2 million set-aside for homelessness prevention
 - \$1 million for additional pandemic-related response
 - ESSER Funding for Schools
 - Additional funding for capital, transit, other service
- State
 - School compensation supplement

Budget Calendar

			PPTRA Rate Discussion
April 6, 2021	6:00 p.m.	Budget Work Session	CIP: New Fire Station & Station 1 Expansion, Pond D & Stream Restoration, Colonial Lights & downtown sidewalks, Wastewater and Water Projects
April 13, 2021	5:30 p.m.	Budget Work Session	FY 22 Budget Discussion
April 20, 2021	5:30 p.m.	Budget Work Session	
	7:00 p.m.	Budget Public Hearing	
April 27, 2021	7:30 p.m.	Regular Session	First Reading of the Budget
May 11, 2021	3:00 p.m.	Regular Session (TENTATIVE TIME)	Second Reading of the Budget

FY 2022 Adopted School Board Budget

*Forward and Upward,
Leading @ the Speed of Change*

Fredericksburg City Public Schools
March 30, 2021



Presentation Highlights

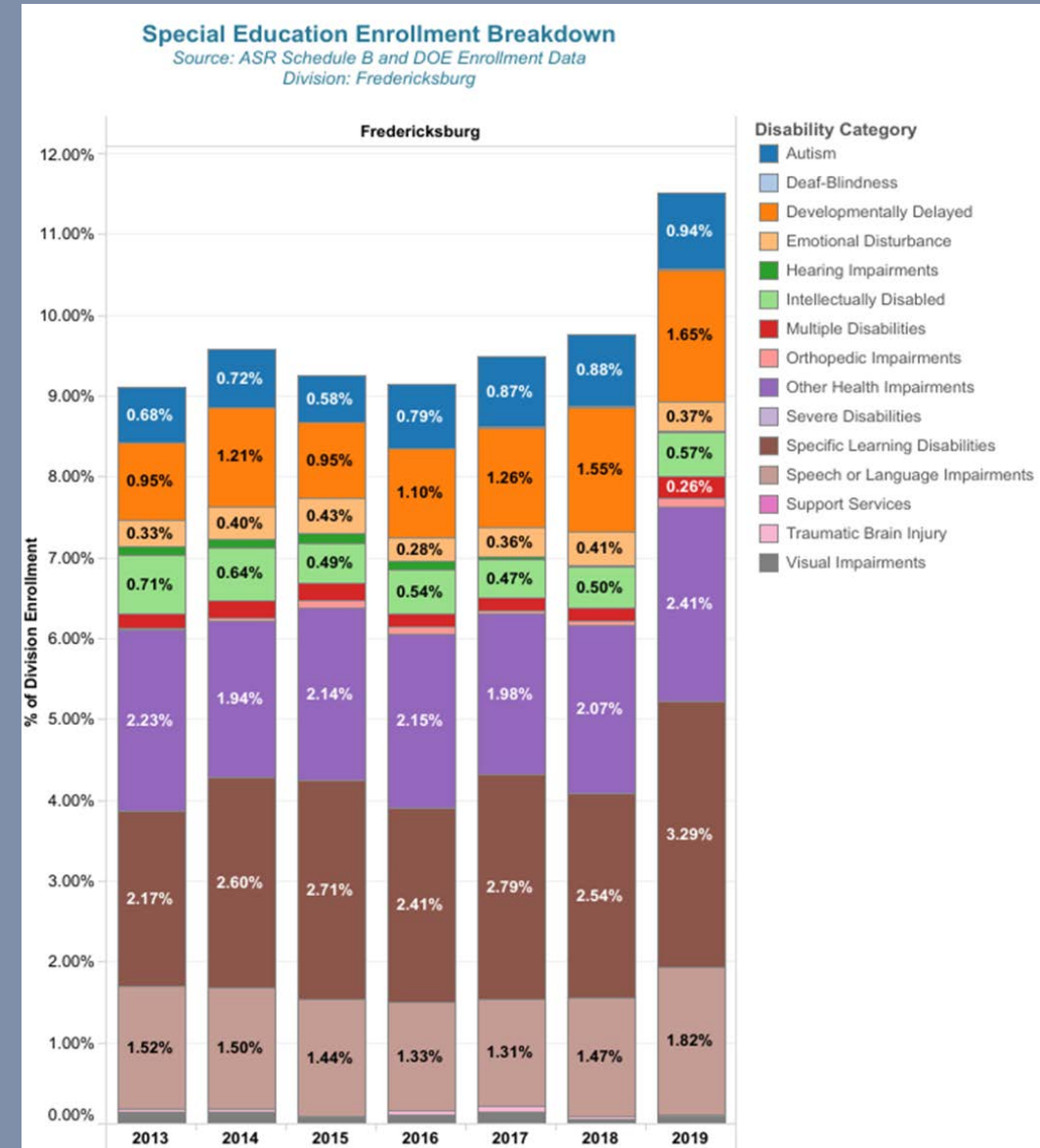
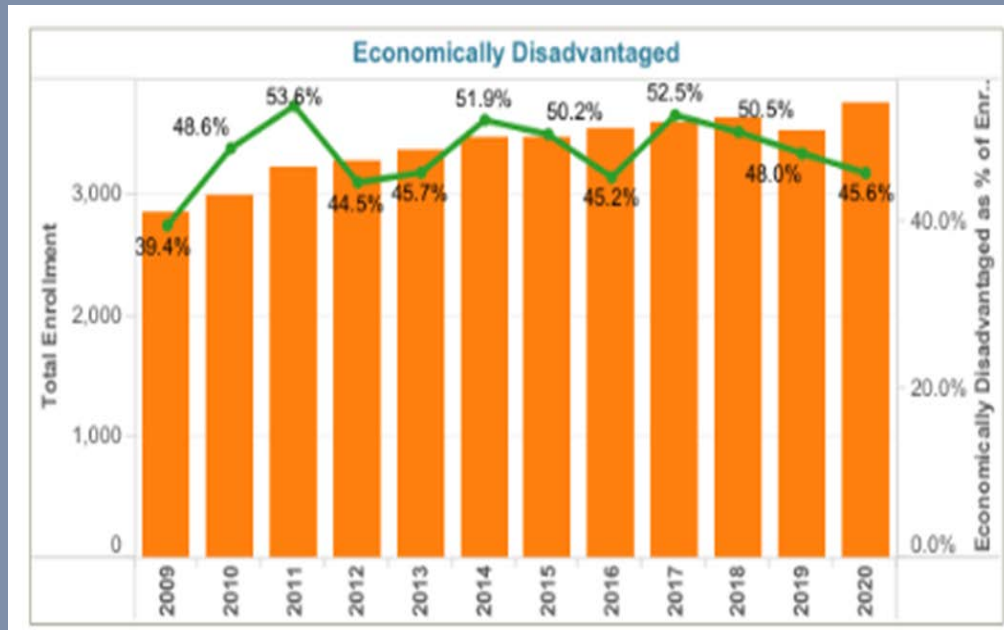
1. Background and Trends
2. Challenges and Opportunities
3. State Budget Update
4. Operating Fund Budget Overview
5. Capital Fund Budget Overview



Background and Trends

Increase in students needing special education services in each of last four years

Increase in economically disadvantaged students over last ten years



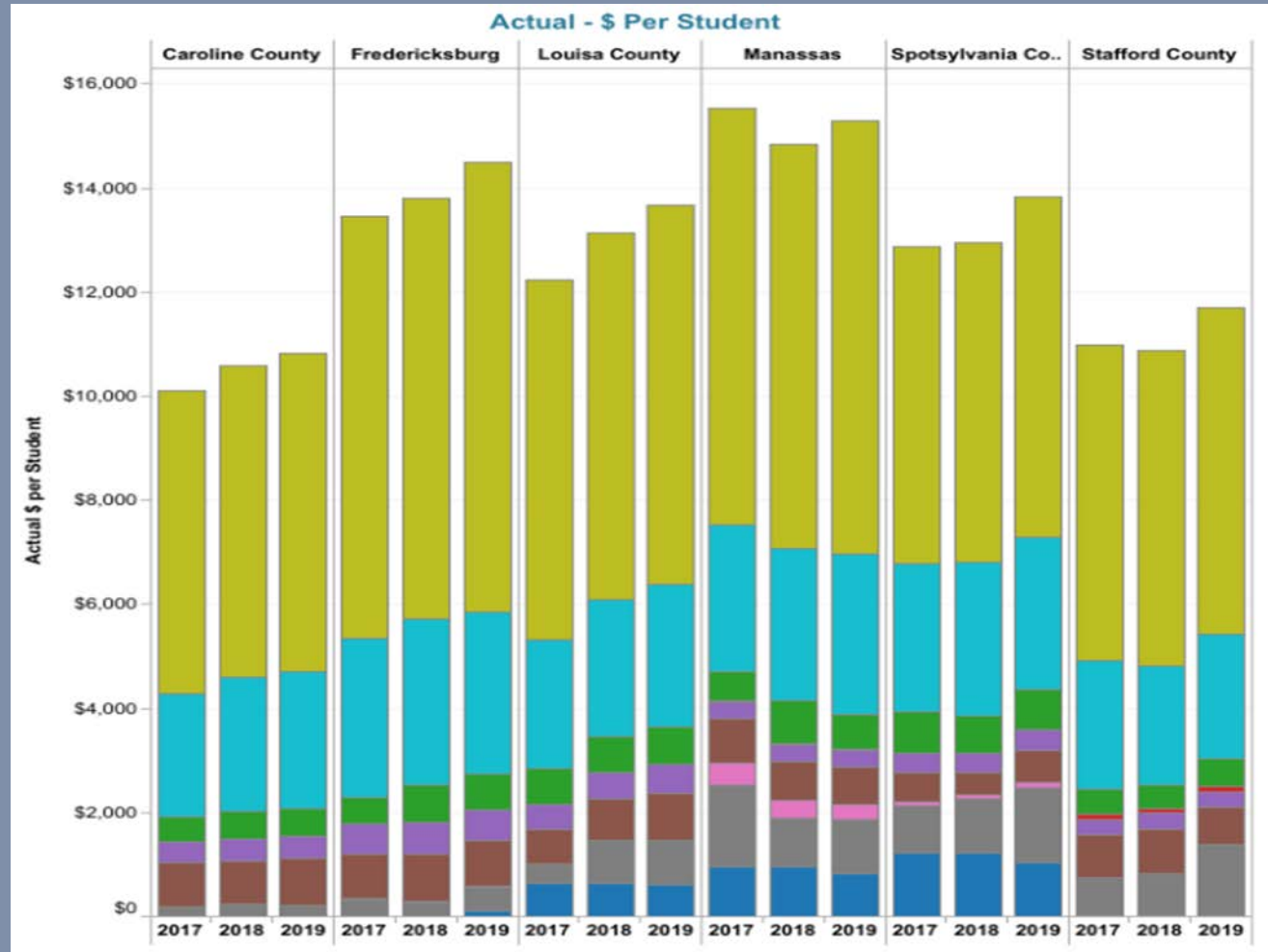
Background and Trends (cont.)



Increase in per pupil spending each year

Higher per pupil spending than the state average and some surrounding school divisions

Consistent spending in each category over the last three years

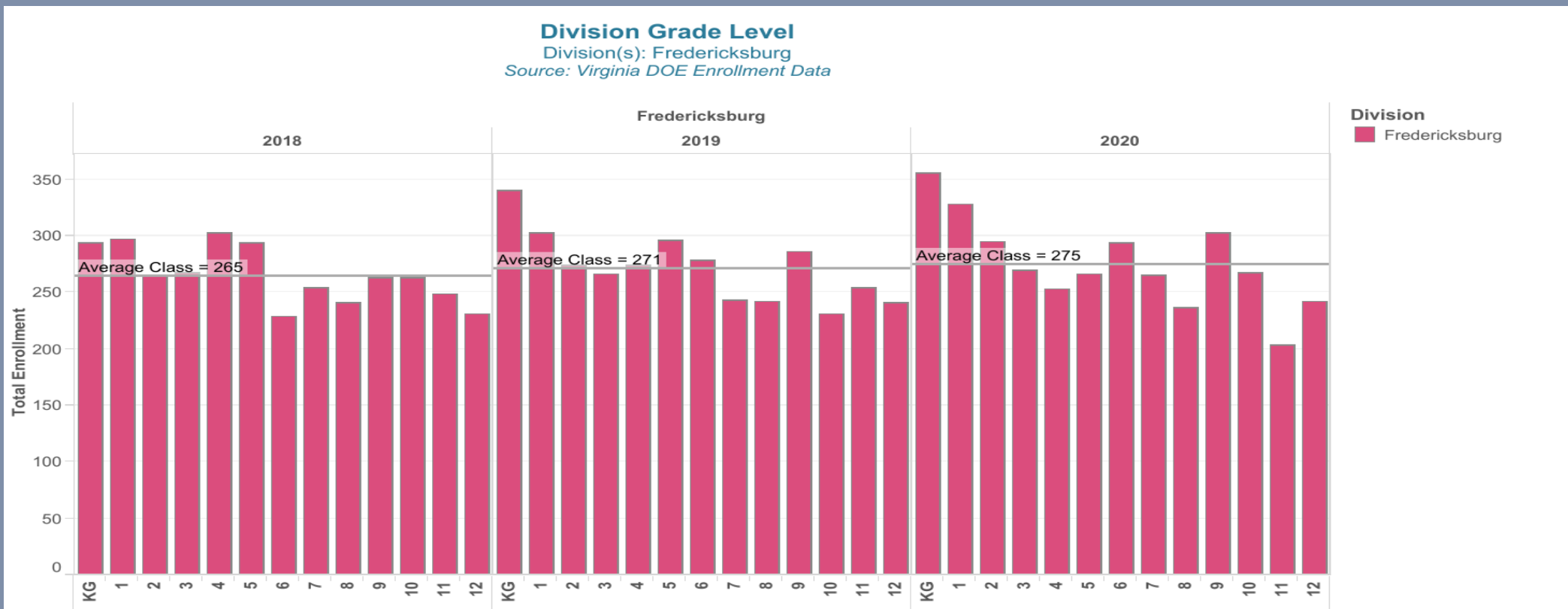


Background and Trends (cont.)

Significant Increases in Student Enrollment at lower elementary level

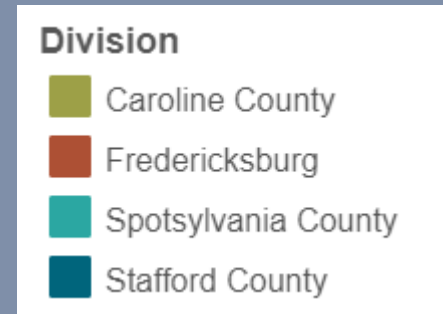
7.26% growth in 2018-2019 school year

6.77% growth in 2019-2020 school year



Background and Trends (cont.)

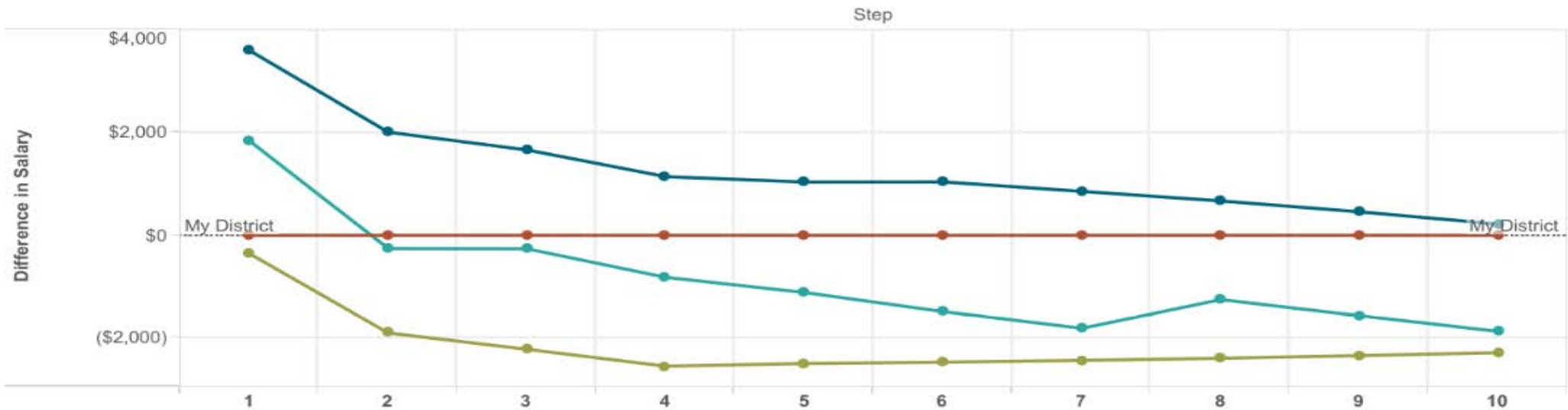
Teacher salary scale not competitive until Step 10



Salary Schedule Comparison Graph
For Lane: BA - 0

Source: Salary Schedules

Note: In order to standardize schedules for comparisons, any 1/2 steps have been removed and for divisions with lettered steps (or numbered steps that don't begin with 1), the first step of each division's schedule has been shifted to Step 1. Additionally, lanes labeled with more than one description (i.e. B+60/MA) have been split into two separate lanes to aid with comparisons between divisions. To submit your salary schedule and be added to the visual, please email salarieschedule@forecast5analytics.com.



Challenges and Opportunities



State Budget Update

Revenue

Updated Sales tax and Lottery revenue projections to reflect higher sales tax estimates

Restore unallotted Early Childhood funding

No Loss funding to supplement any other state funding losses due to declining enrollment caused by the COVID-19 pandemic

Learning loss funding to support one-time programs and initiatives

Expenditures

Decreased ratio for School Counselors (new 325-to-1 ratio for all schools)

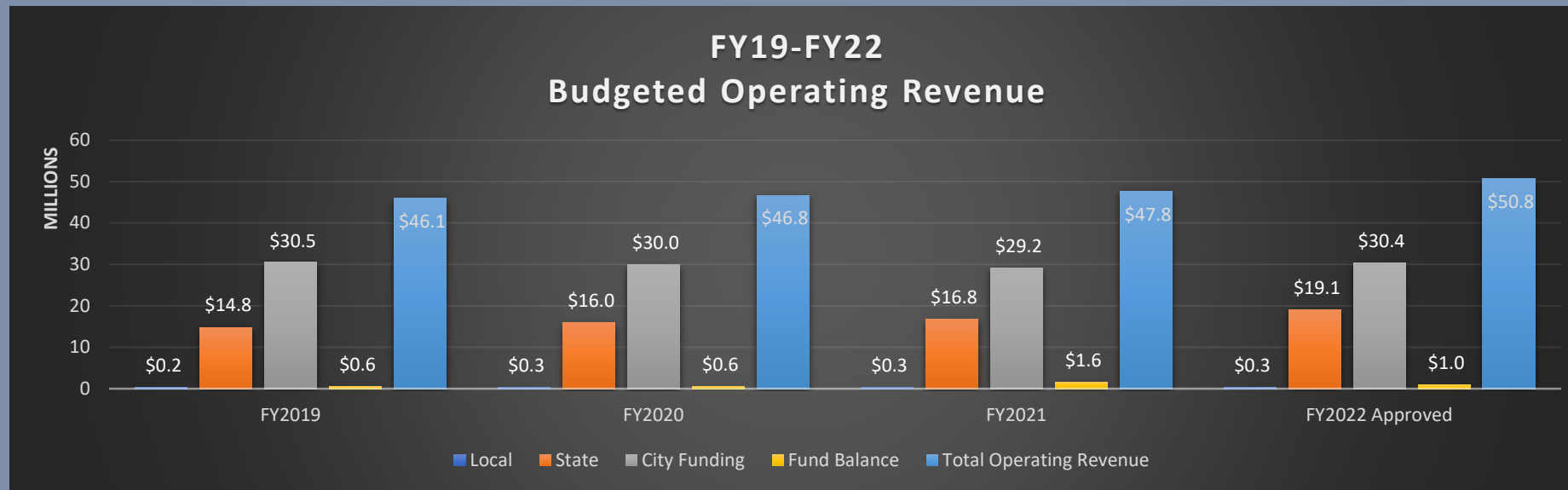
5% salary increase for all SOQ-funded positions no later than September 1, 2021



Operating Fund Budget Overview

Changes to FY2022 operating fund revenue include:

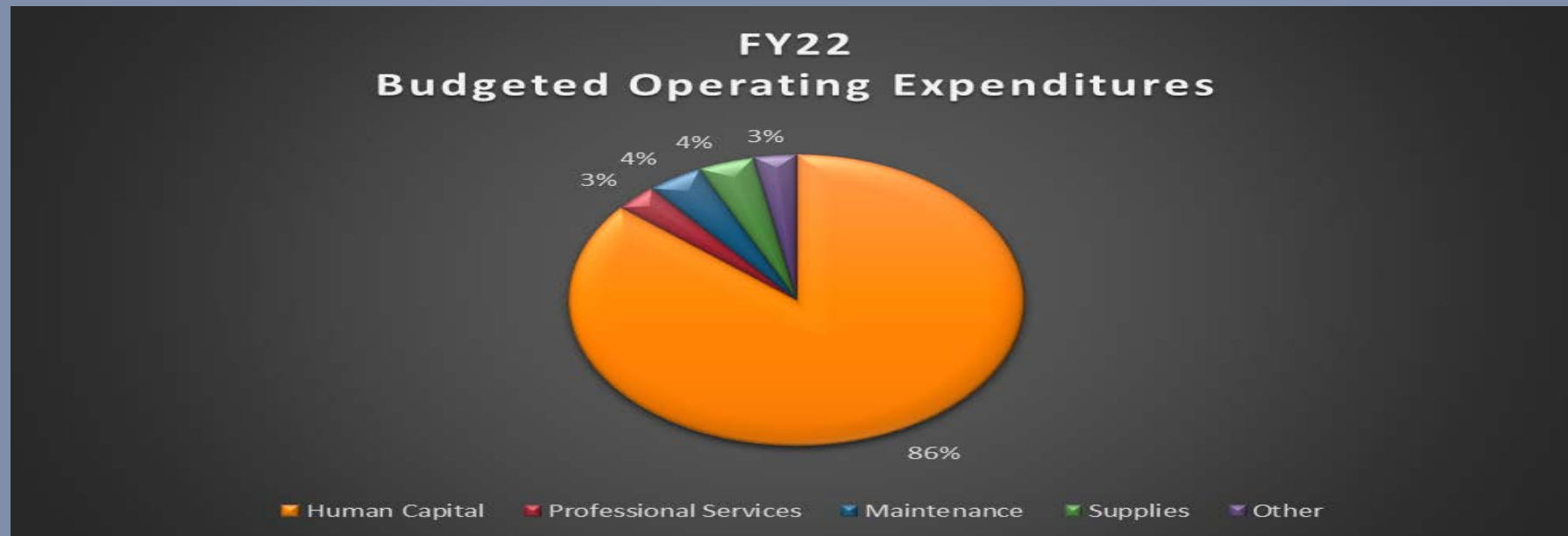
1. Increase in state funding due to proposed amendments to the Governor's biennial budget, including the following programs:
 - \$643,783 No Loss Funding
 - Slight increase to Basic Aid and Sales Taxes
2. Use of \$1,000,000 fund balance and contingency budgeted in original appropriated budget
3. Increased City funding request of \$1,228,153



Operating Fund Budget Overview (cont.)

Changes to FY2022 operating fund expenditures include:

1. Salary increase for all staff
2. Addition of new instructional positions
3. Increased health insurance premiums
4. Addition of equity professional development for all staff
5. Expanded Mentor Teacher program.



Capital Fund Budget Overview

Annual Needs

- School Buses \$320,000
- Computer Technology \$400,000
- Capital Improvements \$100,000
- Learning Cottages \$300,000
- Contingency \$50,000

One-time Requests

- Re-sod football practice field \$51,000
- Cafeteria Improvements \$118,000
- Parking Lot Resurfacing \$118,000
- Playground Enhancements \$30,000
- Replacement of Mechanical Systems \$250,000



Capital Fund Budget Overview

Source of Revenues

Capital Fund	Adopted FY2020	Revised FY2020	Actual FY2020	Adopted FY2021	Proposed FY2022	Percent of Budget
Revenues (Source of Funds)						
General Fund Transfers	764,000	764,000	764,000	-	817,000	47.04%
School Proffers	-	-	-	-	300,000	17.27%
Use of Fund Balance	429,000	429,000	590,500	700,000	370,000	21.30%
To Be Determined	-	-	-	-	250,000	14.39%
Total Capital Fund Revenue	1,193,000	1,193,000	1,354,500	700,000	1,737,000	100.00%
Expenditures (Use of Funds)						
All Expenditures	1,143,000	1,143,000	1,227,921	700,000	1,687,000	97.12%
Contingency Reserve	50,000	50,000	-	-	50,000	2.88%
Total Capital Fund Expenditures	1,193,000	1,193,000	1,227,921	700,000	1,737,000	100.00%

Multi-year CIP with proposed revenue sources and capital requests broken down in to baseline capital needs and one-time requests

FY 2022 Adopted School Board Budget

Questions and Discussion

Fredericksburg City Public Schools
March 30, 2021

