



CITY OF FREDERICKSBURG, VIRGINIA

CITY COUNCIL

MINUTES

Council Chambers, 715 Princess Anne Street
Fredericksburg, Virginia 22401

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. JONATHAN A. GERLACH, WARD TWO
HON. DR. TIMOTHY P. DUFFY, WARD THREE

Council Work Session

March 21, 2023

Fiscal Year 2024 Recommended Budget Discussions

The Council of the City of Fredericksburg, Virginia held a work session on Tuesday, March 21, 2023, beginning at 5:30 p.m. in the Council Chambers of City Hall.

Council Present. Mayor Mary Katherine Greenlaw, Presiding. Vice-Mayor Charlie L. Frye, Jr. (7:41), Councilors Kerry P. Devine, Timothy P. Duffy, Jonathan A. Gerlach, Jason N. Graham, and Matthew J. Kelly.

Also Present. City Manager Timothy J. Baroody, Assistant City Manager Mark Whitley, Assistant City Manager David Brown, City Attorney Kathleen Dooley, Finance Director Robyn Shugart, Budget Analyst Donna Leahy, Executive Assistant Brenda Martin, and Clerk of Council Tonya B. Lacey.

Fiscal Year 2024 Recommended Budget Discussions. Finance Director Shugart presented a PowerPoint presentation and in her presentation she discussed the budget drivers, the revenue, personnel, inflation, debt service, Fredericksburg City Schools approved budget, next steps and upcoming budget meetings. (See Attachment I for more information).

Councilor Graham asked what the tax rates were in Spotsylvania and Stafford and Ms. Shugart stated that Spotsylvania advertised a \$.10 increase and that would put them at \$.84/\$100 and Stafford advertised \$.09 and their current rate is \$.85/\$100.

Ms. Shugart presented a slide on the Fiscal Year 2024 Recommended Wastewater and Water Funds. The Water fund recommended budget was \$9,154,532 and for the Wastewater the recommended budget is \$10,390,042. There is a proposed 10 percent increase in the recommended FY24 budget for both water and wastewater. She also listed the drivers for this increase as new debt service, capital project costs, inflation on goods and compensation.

Mayor Greenlaw added that the 10 percent impact is what the City has carried to General Assembly and the Secretary. She said the City has looked at every grant and source of money to assist because this increase is a burden on the taxpayer.

Vice-Mayor Frye asked if the City would be able to apply a destination tax for lodging and for other tourist type visits to the City. Mr. Whitley explained that the City currently has an admissions tax at six percent and it goes towards amusements. Ms. Shugart said she was not aware of a destination tax and she would need clarity on the tax.

Councilor Graham had a question on the \$90,000 motor fuels increase under the shop/garage. Ms. Shugart said FY23 is expected to have a higher amount spend on it and that was the reason for the increase.

Mayor Greenlaw commended staff for looking out for the employees she said they have been particularly concerned about public safety in recent years and she was glad to see staff's needs being taken into consideration.

Councilor Kelly said the budget was a good basic budget and staff was being taken care of. He said he does not like comparing tax rate with other localities he said the driver should be what level of service is needed to provide to the community and what will it costs. He said Stafford and Spotsylvania County were having similar issues as the City with staff retention. He said Stafford County did a mid-year increase for their Sheriff's department but he reminded everyone that the City was at a disadvantage because it is not a County and the counties get State support whereas, the City does not get that much compensation because it is a City. He said this puts the City behind. The Stafford all in with the mid-year, the increase is 17.75 percent increase. Due to this increase Spotsylvania County has revamped their pay scale.

Stafford County will have 14 new Sheriff positions and 15 new fire/EMS positions and Spotsylvania will have 13 new Sheriff positions and 15 Fire/Rescue and Mr. Kelly said this is what the City would be competing with. He said between 2014 and 2023 the City picked up an additional three firemen and 10 EMS and the Police Department is up three officers.

Councilor Kelly said he was concerned with the two percent rate for schools and he said the City has to be upfront with the public with what the City will be facing not just this year's budget but next year's. He said there would be significant increase in personnel over the next 5 years. He said staff has done a great job with the budget but he would like to have a conversation about priorities.

Mayor Greenlaw said she has found projections in the budget for the Fire Department in particular. It says they will need 20 to staff and they noted their equipment would need to be ordered in advanced. Mayor Greenlaw reminded Mr. Kelly that the City has added as many as 20 public safety positions over the last 10 years. She also noted that the only reason the Fire Department construction was held off was because other pressing issues.

Mayor Greenlaw said she had a sense of what would be coming up in the future but she said they really could not be sure what calendar years 2023 and 2026 would be like because of inflation it is hard to project. She said staff could project anticipated needs.

After further discussion on the staff needs for Police and Fire the Mayor asked Councilor Kelly if he was suggesting a larger tax increase. Councilor Kelly said it would be good to keep in mind and worth a conversation. He said the core services should be taken care of first and everything else second and sometimes things must fall off.

Councilor Kelly said as the City plans forward it needs to look out further so that citizens can know what is coming in the next few years and what the costs look like.

Councilor Graham expressed his concern that looking out further and looking at the cost only would be an incomplete conversation. He said if the Council only focused on the cost it would not be doing the council or the citizens a service because there is a lot to look at from the revenue not just real estate but also from economic development. He did not want to give the impression that the City was standing still, yet increasing costs. He said what surprised him the most was when the city came out the pandemic. He said it was shocking to see the revenue increases after the pandemic. He does not want to concern citizens when all the information is not presented.

Mr. Baroody agreed with Councilor Graham and he said between 2019 and 2023 revenues had increased by 25 percent, this include the tax increases. He said the City was an attractive area to build in and he would suggest that if it stays at this pace there would be no concerns meeting the future needs of the City.

Councilor Duffy was appreciative of staff's efforts and how conservative they have been on growth. He was concerned with the overall expenses with the parks in the Capital Improvements Plan. He noted that there was a significant increase on the office on youth but he was concerned about the contributions from the regional partner.

Mayor Greenlaw said this budget sets staff recruitment and retention at a high priority and it reflects the Council. She said there were other elements that were high priority such as Wastewater, Police, Fire and Rescue. She said the funding clearly shows what is important. The schools have also been a statement of priority as well as the CIP.

Councilor Devine thanked all of staff for their work on the budget. She said the budget reflects the Council's priorities. She said this was a building year for the City and the City is looking at build significant infrastructure. She emphasized that the future needs were not being ignored and personnel responsibilities were being planned for. The City currently has staffing issues but by increasing the pay it will help attract personnel and retain those who work for the City now. Councilor Devine said there is a lot of interest in the City as a place to live, play and work and she was optimistic of the continual strong growth. With the staff's management she was confident in where the City was headed. She said the City works hard to make the City and residents a strong community. This budget is fiscally responsible and it plans for the future.

Councilor Gerlach was in agreement with his fellow Councilors and said the budget was impressive and it gives a good idea of how all the pieces fit together.

Councilor Kelly expressed the importance of looking at Stafford and Spotsylvania's budget to see what they are doing for their employees.

He also asked if the funding for the Thurman Brisben Center could be kept whole to get them through this budget year because Stafford was cutting them and Spotsylvania was level funding. They do not get State or Federal funding and he was not sure what King George was going to do.

Councilor Graham was in agreement with level funding Thurman Brisben Center. He said they provide an important service to the community and he suggest evaluating them in the future.

Vice-Mayor Frye arrived late and he clarified his question about the destination tax. He said everywhere he has traveled recently has had a destination tax. Mr. Whitley said it may be similar to Virginia Beach's tax that they charge along their waterfront.

Adjournment. There being no further business to come before the Council at this time. Mayor Greenlaw declared the session officially adjourned at 7:46 p.m.



**Tonya B. Lacey, MMC
Clerk of Council
City of Fredericksburg**