



News Release

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City Manager Announces Employee Furloughs and Salary Reductions, and other Budget Cuts

(Fredericksburg, VA) April 16, 2020 - In the past month, in response to the COVID-19 threat, the City of Fredericksburg has taken several steps to maintain an appropriate level of services to the community while protecting public health and the health of City employees. This has included the closure of City buildings to the public and controlling the number of City employees in those buildings at any one time to reduce the potential for large groups of employees to be exposed to COVID-19 in the workplace. The number of employees with the capability to work remotely has been increased significantly and a “tier of operations” plan has been adopted to further reduce operations if the impact of COVID-19 on the community increases even further.

Social distancing, school closures and stay at home orders are proving to be productive in “flattening the curve” of infection. The City must now take the same type of very aggressive action to reduce spending to “eliminate the gap” between revenue and spending. These actions are being taken with limited information on what the near term future will be (e.g., when our community and the nation will again be open for business, how quickly will we return to whatever the “new normal” will be, etc.). Having said that, we do project a \$4 to \$8 million gap in revenues this current fiscal year.

The single largest demand for funds in any local government budget takes the form of wage and benefit costs for employees who provide the many and varied services to the community. Thus, any effort to significantly reduce the City’s costs must include reductions in these costs.

Earlier today, approximately forty City employees (approximately three-quarters of whom are permanent part-time employees, with the remainder being permanent full-time employees) were notified that they will be placed on furlough status as of May 2. These employees have been told that the furlough period is expected to last until at least July 31 and that they will be notified by mid-July of their employment status after that date.

Also, we are implementing a salary reduction of two percent of salaries up to \$70,000 and three percent of salaries above \$70,000 for all remaining non-public safety employees effective on the same date as the furloughs. Other reductions include immediate (FY2020) actions to freeze most hiring, retraction of some spending planned for the library, our schools, Buffett Pool at Dixon Park and other parks, and many City planned capital projects.



Addressing these actions, City Manager Tim Baroody said that, “It is always a challenge, even in normal times, to meet the community’s service needs while providing a competitive and attractive package of salaries and benefits for those who work diligently each day to meet those needs. The current crisis, given its uncertain length as well as the unknowable extent to which it will change all of our lives over the long term, has made this challenge infinitely more difficult to meet. However, as we retract spending, we do so with an eye to the future. Ensuring a strong footing financially now will position the City to continue the important work of community building, admittedly at a slower pace, that City Council began several years ago by crafting its 2036 Vision and adopting a strategic plan to achieve that vision.”

Mr. Baroody also said that the City will continue to plan for school capacity expansions, to work on Small Area Plans, to protect historic resources, to provide the highest quality of public safety services and to continue to implement environmental priorities. “With several hundred million dollars of current public and private investment creating economic development momentum (Chatham Bridge, Liberty Place, Frederick Street Lofts, William Square, the baseball Stadium, the Silver Hotel, VA Clinic, MWHC, and others) our overall economy is still moving ahead,” he said. “As we currently focus our efforts on addressing the current and near term future challenges, we can do so with confidence that we will emerge from these challenges stronger for having done so. Even now, with these painful measures, we are enabling our great City to soon once again lead Virginia in quality of life, strength in economy and - as an employer of choice.”

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