

# FY 2024

# City Manager's Recommended Budget

City of Fredericksburg

April 11, 2023



City of Fredericksburg, VA  
Recommended Budget  
Fiscal Year 2024



# Agenda

## FY 2024 Recommended Budget

- Budget at a Glance
- Update to Wastewater Capital Improvement Plan
- Personal Property Update
- Real Estate Tax Scenarios
- Proposed Propositions
- Classification/Compensation and Health Insurance
- Upcoming Meeting Schedule

## **FY 2024 BUDGET AT A GLANCE - RECAP**

- Recommended General Fund Budget \$120,552,445.
- A total of 5 full-time positions and 1 PT to FT conversion in the General Fund, 3 Social Services Fund positions, and 4 Transit Fund positions.
- Implementation of Classification/Compensation Study and Cost of Living Adjustment.
- Additional funding in the amount of \$250,000 over FY 2023 for the Fredericksburg City Public Schools.
- Real Estate Tax Rate increase from \$0.86 to \$0.88 per \$100, generating approximately \$915,000. An additional three pennies were advertised, which if approved would take the tax rate from \$0.86 to \$0.91.
- Hotel Lodging Tax increase from 6% to 8%, generating approximately \$560,000.
- Change in Parks and Recreation Fees and EMS Fees.
- Use of Regional Detention Facility Stabilization Reserve in the amount of \$682,288.
- Transfer to Capital Projects Fund in the amount of \$3,396,165.

## Wastewater Capital Improvement Plan

- There has been an update made to the Wastewater Capital Improvement Fund. The WWTP project was approved in the FY 2023 budget in the amount of \$101,020,000. The current estimated cost of the project is \$160.53 million which includes both the original project scope and consultant work related to the City's advisors regarding the design and construction management of the project. The following project sheet has been added to the Wastewater Capital Improvement Fund to include the additional funding for the project. This amount is subject to change once the final design is complete and additional reviews are performed. City Council will be required to make additional approvals along the way as the project progresses.



FY 2024 Capital Improvements Plan



## Wastewater Treatment Plant Upgrade

<b>Department</b>	Public Works	<b>Project Type</b>	Multi-Year
<b>City Council Vision Comprehensive Plan</b>	<i>Public Services—The Backbone Of Our Community 4 - Public Services, Facilities, and Preserved Open Space</i>	<b>Estimated Year of</b>	2025

**Project Description**

The City of Fredericksburg owns and operates the Fredericksburg Wastewater Treatment Plant (WWTP). The WWTP was originally built in 1955 - 1957 and has had several upgrades, including major investments in secondary treatment in the late 1960s and 1980s as well as a significant plant expansion in 1991. The plant serves commercial, industrial and residential users in Fredericksburg, Virginia and is currently designed for an average daily flow of 4.5 million gallons per day (mgd). The WWTP is regulated by Virginia Pollutant Discharge Elimination System (VPDES) Permit No. VA0025127. The current VPDES permit expires at the end of December 2025, and the Virginia Department of Environmental Quality will look to the City to complete plant expansion and upgrades in time for permit renewal. The City seeks to expand the current capacity of the WWTP from 4.5 mgd to 6.0 mgd and this expansion of capacity is planned to accommodate future residential, commercial, and industrial growth in the City. During construction, the current WWTP facility will be required to remain in operation.

During the Public-Private Educational Facilities & Infrastructure Act (PPEA) process, the City chose Ulliman Schutte Construction/Black & Veatch as the design-build team for the WWTP upgrade. The budget estimate for the project in the FY 2023 budget was \$101 million; however, inflation, labor shortages, and supply chain disruptions have increased major capital project costs. In the fall of 2022, the City’s independent engineering design consultant, Hazen & Sawyer, updated their original Opinion of Construction Cost on the project to \$160.53 million based on the current bidding environment for major wastewater construction projects in Central Virginia.

In January 2023, City Council approved an Interim Agreement with Ulliman Schutte which totaled \$19,115,000. The interim agreement will cover 85% of the design, early procurement of equipment and materials, site set-up, and site preparation. The amount budgeted in FY 2024 is the \$160.53 million updated project total, less the \$101.02 million budgeted in FY 2023. The funds appropriated but not expended in FY 2023 will carry over to FY 2024 through the capital carry over process.

	FY24	FY25	FY26	FY27	FY28	Total
<b>Infrastructure</b>	<b>\$ 59,510,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 59,510,000</b>
WWTP Upgrade & Expansion	\$ 59,510,000	\$ -	\$ -	\$ -	\$ -	\$ 59,510,000
<b>Source</b>	<b>\$ 59,510,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 59,510,000</b>
Clean Water Revolving Fund Loan	\$ 11,880,000	\$ -	\$ -	\$ -	\$ -	\$ 11,880,000
Fund Reserves	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
Recovered Cost	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
State Appropriated Funds	\$ 12,000,000	\$ -	\$ -	\$ -	\$ -	\$ 12,000,000
State ENRCPP Grant	\$ 13,580,000	\$ -	\$ -	\$ -	\$ -	\$ 13,580,000
Water Quality Improvement Fund (Grant)	\$ 19,050,000	\$ -	\$ -	\$ -	\$ -	\$ 19,050,000

## Personal Property Update

- The Commissioner of Revenue has received the first data file from NADA which assesses the vehicles for the City. These results are extremely preliminary as there is still additional assessments to be completed including business personal property which gets updated by the Commissioner of Revenue.
- As mentioned above this information is preliminary but with the information we have to date, it looks like there is on average a **XX%** decline in values.
- The “normalized rate” Council approved last year was \$2.95 per \$100 for qualified vehicle classes due to the unprecedented increase in vehicle values caused by the pandemic. The current advertised rate is \$3.40 per \$100, alterations to the rate may be deemed appropriate once more information is received from the Commissioner of Revenue.
- The current recommendation from staff is to provide a transmittal at the City Council meeting on 4/18 outlining the process. The Commissioner of Revenue will have additional information in the upcoming weeks. A discussion will be scheduled for the worksession at the 4/25 meeting and staff will be requesting first and second read on the rate at the regular meeting that evening. The rate will be determined based off of the tax base of assessed vehicles.

## Real Estate Tax Scenarios

The chart below shows the impacts to a homeowner on an annual basis based on various tax rates:

Value of Property	\$0.86	\$0.88	\$0.89	\$0.90	\$0.91
\$200,000	\$1,720	\$1,760	\$1,780	\$1,800	\$1,820
\$250,000	\$2,150	\$2,200	\$2,225	\$2,250	\$2,275
\$300,000	\$2,580	\$2,640	\$2,670	\$2,700	\$2,730
\$350,000	\$3,010	\$3,080	\$3,115	\$3,150	\$3,185
\$400,000	\$3,440	\$3,520	\$3,560	\$3,600	\$3,640
\$450,000	\$3,870	\$3,960	\$4,005	\$4,050	\$4,095
\$500,000	\$4,300	\$4,400	\$4,450	\$4,500	\$4,550
\$550,000	\$4,730	\$4,840	\$4,895	\$4,950	\$5,005
\$600,000	\$5,160	\$5,280	\$5,340	\$5,400	\$5,460
\$650,000	\$5,590	\$5,720	\$5,785	\$5,850	\$5,915
\$700,000	\$6,020	\$6,160	\$6,230	\$6,300	\$6,370

## **PROPOSITIONS**

- Reinstatement level funding from FY 2023 from \$60,000 to \$80,000 for Thurman Brisben Shelter.
- Consider two or three additional pennies to potentially further advance public safety, and other salaries, while considering some budget offsets.
- Add a Medic position to the Fire Department budget.



## Health Insurance

### CURRENT

- Three Anthem medical plans: KeyCare 300, Healthkeepers 20 and Consumer-Driven Health Care (High-Deductible) paired with HSA.
- Medical Tiers: EE only, EE + Child, EE + Spouse and Family / Dental and Vision have EE + Children tier
- Dental: Ameritas (high/low plans)
- Vision: Anthem Blue View Vision. Additional coverage offered through Eye-Med.
- City paid \$4,496,748 in claims cost in FY2021, and \$5,442,354 in FY 2022. The YTD for FY 2023 is \$4,870,195 through the first week of April.

## **Health Insurance**

- The City issued a Request for Proposal (RFP) for health insurance administrative services, reinsurance, as well as dental insurance, vision insurance, and Employee Assistance Programs (EAP).
- Responses: Anthem, United Health Care, Delta Dental, Ameritas, United Concordia and National Vision Administrators, LLC.
- In addition to the RFP, the city made an application to the state's Local Choice program to receive an additional proposal.

## **Recommendation**

- Anthem (bundled with vision). Also includes Employee Assistance Program.
- Delta Dental
- Fiscal Impact: Anthem overall premium increase is 12.39%. Delta Dental's proposal will result in an overall savings of \$41,756.

**Classification/Compensation**

Upcoming Budget Meetings

<p><b>4/18/23</b></p>	<p><b>6:00 pm 7:00 pm</b></p>	<p><b>Work Session: FY 2024 Budget Discussion FY 2024 Budget Public Hearing</b></p>	<p><b>City Council Propositions/Discussion</b></p>
<p><b>4/25/23</b></p>	<p><b>5:30 pm 7:30 pm</b></p>	<p><b>Work Session: FY 2024 Budget Discussion Regular Session – First Reading on the FY 2024 Budget</b></p>	<p><b>Budget Discussion</b></p>
<p><b>5/9/23</b></p>	<p><b>7:30 pm</b></p>	<p><b>Regular Session – Second Reading on the FY 2024 Budget</b></p>	

# Thank you

Questions?



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