



MEMORANDUM

TO: Honorable Mayor and Members of City Council
FROM: Timothy J. Baroody, City Manager
RE: City Manager's Recommended Operating and Capital Budget for FY 2019
DATE: March 9, 2018 (for March 13, 2018)

INTRODUCTION

I am pleased to transmit the FY 2019 Recommended Operating and Capital Budget, which begins July 1, 2018. This document also includes the recommended FY2019-2024 Capital Improvements Plan. The Recommended Budget for FY 2019 is a balanced budget that represents a responsible spending plan, at the current tax and fee rates in the General Fund, for the upcoming fiscal year. Much work has gone into ensuring that this Recommendation is fiscally responsible, advances Council's Vision and Priorities, strengthens public safety, supports our workforce, all while meeting the needs of a growing community.

The total General Fund budget for FY 2019 is recommended to be \$96,050,000, which is an overall increase of 2.75% over the FY 2018 original adopted budget. The General Fund is the primary fund for most City operations. The budget document also includes recommendations for the following funds: Stormwater Management, Social Services, Children's Services Act, Transit, Parking, Blight Abatement, and the Celebrate Virginia South Community Development Authority.

Recommendations for the Water and Wastewater Operating and Capital Funds will be released soon. Staff is working with Spotsylvania County on several capital project items which may impact the final recommendations for these funds.

BUDGET HIGHLIGHTS

Some high points of the General Fund:

- No recommended increase in real estate tax rate or other General Fund taxes or fees. Revenue forecasts for continued modest growth in revenues – overall increase in budget over budget of 1.42%.
- Funding is included for a 1.5% increase in salary in November 2018
- Recommended increase in the transfer to Fredericksburg City Public Schools of \$500,000. The Fredericksburg City Public Schools budget forecasts additional state revenue for FY 2019 of \$385,959.
- Includes funding of \$275,000 in FY 2019 for the General Property Re-assessment that is due to become effective July 1, 2020 –

- Previous practice was to include funding for the re-assessment the year prior to implementation
- Including funding in FY 2019 will allow for the City to have more time to assess all City property
- Important because the ERP implementation will also include a new CAMA software package for the City from Tyler Technologies, and enough time will be needed to both convert to a new software package as well as the required field work and market analysis
- Includes less funding for the Rappahannock Regional Jail, with part of the savings set-aside for the Regional Detention Center Stabilization Fund. The City’s share of the costs for the Rappahannock Regional Jail are decreasing for a variety of reasons, including a decrease in the overall local cost for the facility and a decline in the City’s share of the local cost because of declining incarceration rates relative to the other local partners.
- Additional funding for the services required under the Children’s Services Act
- A turnover credit in the amount of \$250,000
- Funding in the amount of \$50,000 for a share of a regional effort to end unsheltered homelessness in the region.

REVENUES

The City Manager’s Recommended Budget for FY 2019 does not include a recommendation to change the current real estate tax rate of \$0.80 per \$100 valuation. The General Fund real estate is based on \$0.79 per \$100 valuation, with an additional \$0.01 per \$100 for the Stormwater Management Fund.

The recommended budget also does not increase other taxes or fees. The overall revenues in the General Fund are forecast for \$92,095,000. The Recommended Budget includes the use of fund balance as well, which brings the total General Fund to \$96,050,000.

Here is a summary table showing the City’s major General Fund revenues from the FY 2018 budget and showing the FY 2019 forecast in the Recommended Budget.

FY 2019 Major Revenue Summary Table

Revenue	FY 2018 Original Budget	FY 2019 Forecast
Real Estate Tax	30,990,000	31,225,000
Sales Tax	11,350,000	11,500,000
Meals Tax	11,100,000	11,500,000
Personal Property Tax	8,675,000	8,778,000
BPOL Tax	6,100,000	6,445,000
Consumer Utility Tax	1,850,000	1,800,000
Telecommunication Sales	1,750,000	1,650,000

There are additional summary tables and detailed explanations for major revenues in other sections of this document.

USE OF GENERAL FUND BALANCE

The City Manager’s Recommended Budget for FY 2019 includes the use of General Fund balance for several different purposes.

The Recommended Budget includes a total of \$3,180,000 of the Fund Balance Assigned for Capital to transfer to the City’s capital funds for cash-funded capital projects for FY 2019.

The Recommended Budget also includes a total of \$775,000 of the Unassigned Fund Balance for two separate purposes. The General Property Re-assessment, which is budgeted at \$275,000, is included in the General Fund using fund balance. The General Property Re-assessment occurs once every four years in the City of Fredericksburg. This project will occur over the next two fiscal years, and any amount that is not spent in FY 2019 should be carried forward into FY 2020 to complete the re-assessment.

The Recommended Budget also includes an amount of \$500,000 as a Contingency in the General Fund. The General Fund customarily includes this amount every year to provide the City with flexibility to handle new circumstances or needs as they may arise over the course of the next twelve months.

The Recommended Budget also includes an addition, in accordance with the City Council’s financial policies, to the Fund Balance Assigned for Regional Detention Stabilization of \$605,000 based upon a decrease in funding for the Regional Detention Facilities.

The net use of General Fund balance, both Assigned and Unassigned, in the FY 2019 City Manager’s Recommended Budget is summarized as follows:

Fund Balance Type & Use	Amount
Fund Balance Assigned for Capital – Capital Projects	\$3,180,000
Unassigned Fund Balance – Re-assessment	\$275,000
Unassigned Fund Balance – Contingency	\$500,000
<i>Subtotal – Uses of Fund Balance</i>	<i>\$3,955,000</i>
Reduction in Total Use - Addition to Fund Balance Assigned – Regional Detention Stabilization	(\$605,000)
Total Use in Budget	\$3,350,000

HUMAN RESOURCES HIGHLIGHTS

Salaries

The Recommended Budget includes a 1.5% increase for full and part-time employees effective the first full pay period in November. The cost is \$246,054 in the General Fund and the overall costs for all funds is \$269,679.

New Positions

- The Recommended Budget includes four new full-time positions. The Assistant Voter Registrar is included beginning July 1, but the other positions would be hired in January.
 - One Police Officer
 - Two EMS positions
 - One Assistant Voter Registrar

New Positions for Public Safety:

Police Officer

The City Council's **Priority #35** requests an exploration of staffing levels for the City Police and Fire Departments. The City Police Department presented findings on September 18, 2017, to the City Council. Over the next several years, the study recommended the hiring of an additional eleven full-time officers in response to population growth and increasing service demands.

The Police did apply for a federal grant to hire two additional full-time positions in the upcoming year, but the application was not funded. The FY 2019 Recommended Budget does recommend the addition of one position to help meet increased service demands.

Additional EMS Positions & Other Changes in Emergency Medical Services

The City Manager's Recommended Operating Budget for FY 2019 includes funding for two additional Emergency Medical Technician positions in the Fredericksburg Fire Department, beginning in January 2019.

The Fire Station Feasibility Study, which was presented to City Council in January 2018, looked at the City's fire and emergency medical services, including calls for service, response times, staffing, and other factors to determine whether a new station is warranted and if so, where it might be located.

The majority of calls for service for the Fire Department are emergency medical services calls. Currently, the Fredericksburg Fire Department shares responsibility for this service with the Fredericksburg Rescue Squad. The Fire Station Feasibility Study recommended expanding the Fredericksburg Fire Department's coverage by increasing the number of 24-hour medic units from one to two.

Under this scenario, the Fire Department would have two units available during nights and weekend hours, supplementing the coverage currently provided by the Fredericksburg Rescue Squad. The Fire Department should be able to expand coverage provided by the additional EMT's in the first few months of 2019, although one additional medic position may be required to provide complete 24/7 coverage for the second unit.

To partially offset the cost of this service expansion, the Recommended Budget does include a reduction in the level of support for the Fredericksburg Rescue Squad from \$250,000 to \$200,000 in FY 2019. Over the course of the next year, the City would like to work with the Fredericksburg Rescue Squad to draft a revised agreement for service provision that continues the FRS's outstanding support for our community while at the same time recognizes the challenges facing volunteer service organizations in providing coverage in a 21st century metropolitan environment.

New Position – Assistant Voter Registrar

Assistant Voter Registrar

The City currently has one full-time Voter Registrar, who is assisted by two regular part-time voter registrars. The City's Electoral Board and Voter Registrar have requested that one of the regular part-time positions be upgraded to full-time to provide additional assistance to the efforts of this office to hold elections in the City.

Health Insurance

The City received a very favorable renewal for health insurance, with no increase needed in the recommended premiums. The budgeted per employee / per year number for health insurance remains \$13,200, which is the same as the FY 2018 budgeted number.

The City Manager's Office does recommend slowly decreasing the employer share of health insurance premiums to 90% for "employee-only" and "plus one child." The "+ spouse" and "+ family" option reimbursement level is recommended to increase to 80%, over time.

However, these should be considered targets, and placed in context with overall premium costs, plus overall compensation packages and City competitiveness in the area labor market. The Recommended Budget for FY 2019 recommends maintaining the current reimbursement levels.

Virginia Retirement System

The Virginia Retirement System has revised the City's cost for system benefits for the upcoming two fiscal years – FY 2019 and FY 2020. The cost, which is assessed as a percentage of full-time payroll, has decreased slightly, from 12.55% of payroll to 12.37% of payroll.

Based on the payroll included in the FY 2019 recommended budget, the City's overall cost for VRS decreased under the new rate by \$37,118.

Turnover Credit

A turnover credit of \$250,000 is included in the Recommended Budget for FY 2019, which is the same amount as FY 2018.

The turnover credit is entered as a negative number in the General Fund Expenditures at the beginning of the fiscal year. Based on prior experience, departments will experience turnover throughout the year as employees separate from City employment for various reasons. During the year, budget authority is transferred from departments to the turnover credit as savings from turnover is realized. At the close of the fiscal year, the turnover credit will be zero as a result of these activities.

Commonwealth Attorney's Office

The City Manager's Recommended Budget for FY 2019 includes additional salary funding for the Commonwealth's Attorney's office. The Commonwealth's Attorney has requested an increase in the total amount allocated for salary in her office because of significant turnover for prosecuting attorneys. These new resources would support the conversion of an Assistant Commonwealth Attorney position to a Deputy Commonwealth Attorney position.

There is currently a budget amendment pending at the state level that, if passed, would require localities to hire an additional attorney position for every 50 body-worn cameras operated by law enforcement. Commonwealth Attorney's state-wide have seen an increase in the time spent to prepare and prosecute cases because of the time needed to review the additional evidence presented by police body camera recordings.

The Commonwealth Attorney had initially requested an additional local-only attorney position for the budget, as the impact of reviewing the evidence of body-worn cameras has affected the City's Commonwealth's Attorney's Office. The City Manager's Recommended Budget does not include funding for both the salary supplement and the additional position. However, City

Council should be aware going into the review process that the additional position could become mandated by the state as the General Assembly considers its review on the budget.

FREDERICKSBURG CITY PUBLIC SCHOOLS

The City Manager's Recommended Operating Budget for FY 2019 includes a transfer to the Fredericksburg City Public Schools of \$28,844,710. This represents an increase of \$500,000 over the FY 2018 transfer of \$28,344,710. The transfer to schools for operations represents approximately 30% of the City's total General Fund budget.

The overall Fredericksburg City Public School budget, adopted by the School Board on March 5, 2018, requested a transfer from the City of \$846,023. Fredericksburg City Public Schools is anticipating an additional \$385,989 from the Commonwealth. The total School Board budget for the School Operating Fund based upon that level of transfer is \$44,972,812. The School Grants Fund total is requested as \$5,376,277.

REGIONAL AND LOCAL PARTNERS

Rappahannock Regional Jail

The City's contribution to the Rappahannock Regional Jail is recommended to decline based on lower costs for the total local share of Jail operations and debt service and based on lower utilization by the City of the facility. The FY 2019 Recommended Budget includes funding for the RRJ of \$3,120,000 – well below the level of \$4,325,323 for the FY 2018 budget.

There is additional discussion of the funding for the Rappahannock Regional Jail in the narrative section of the budget document.

The City Council's **Priority #31** is to explore and implement community programs to reduce incarceration. The Circuit Court had proposed to the Rappahannock Regional Jail a program to expand the current drug court, which provides supervision and treatment for identified candidates in the criminal justice system as an alternative path to detention. The Jail did not fund the program as part of their initial budget discussions, but agreed to seek alternative funding sources.

Central Rappahannock Regional Library

The City Manager's Recommended Operating Budget for FY 2019 includes level funding for the Central Rappahannock Regional Library. The Library had requested \$1,300,990, which is an increase of approximately \$50,000 from the FY 2018 level of funding.

During FY 2018, the City took over the maintenance of the Library's Fredericksburg Branch (formerly the Headquarters Branch) at 1201 Caroline Street. Prior to FY 2018, the City provided a set amount to the Library for the Library to maintain the building, which was a unique arrangement within the system. The City and the Library both agreed that it was better for the City to maintain the branch utilizing our Public Facilities team.

The City has found that additional resources are necessary for the maintenance of the branch. Funding for branch maintenance is recommended to increase, from \$185,000 in FY 2018 to \$227,250 in FY 2019.

The City is also involved in the work to renovate the third floor for expanded library services for the public. The third floor of the building is available to be re-purposed as the administrative staff was moved to new office space on Lafayette Boulevard.

Finally, the Recommended Budget includes a capital project assigned to Fiscal Year 2020 to assist the Library with renovating and updating the theater space at the downtown headquarters branch. The proposed renovation would enable the theater space to increase in capacity to 220 members of the audience, and would help to meet City Council's **Priority #5**, to advance the cause of increased space for the performing arts. The City is also working with the University of Mary Washington on a potential performing arts center.

Rappahannock Health District and Rappahannock Area Community Services Board

The City Manager's Recommended Budget for FY 2019 maintains level funding for the Rappahannock Health District at \$414,280. The City Manager's Recommended Budget for FY 2019 includes an increase for the RACSB of 6.1%, from \$261,835 in FY 2018 to \$272,529 in FY 2019. This additional funding will assist in offsetting the cost of a Nurse position at the Fredericksburg Clinic and an additional Substance Abuse Case Manager position. The Substance Abuse Case Manager position will help in keeping citizens engaged in substance abuse services, which is critical to successful treatment for substance addiction.

Initiative to End Functional Homelessness – GWRC & Community Collaborative

The City Council's **Priority #33** expresses support for the establishment of a regional housing and homeless plan. The Community Collaborative developed a plan to end functional homelessness in the region by providing housing and services to an already-identified chronic homeless population of approximately 40 individuals.

The cost of the program for the region for the first two years was estimated to be \$484,700 in FY 2019 and \$416,199 for FY 2020. The provision of housing and mental health and other related services would greatly improve the quality of life for the impacted citizens. In addition, the initial costs for the program would be balanced against decreased demand for services for police, emergency medical, hospital emergency rooms, courts, and jail.

The City Manager's Recommended Budget for FY 2019 does include an amount of \$50,000 for an initial start for the program. The George Washington Regional Commission would serve as the fiscal agent for the program.

The City Manager's Recommended Budget for FY 2019 includes a detailed list of funding recommendations for regional and local partners in the budget book.

OTHER OPERATING FUNDS

Water Operating Fund & Wastewater Operating Fund

Recommendations concerning these operating funds will be provided as soon as possible during the review process.

Transit Operating Fund

The Transit Operating Fund is recommended to be \$5,979,624 for FY 2019. This is an increase of 2.5% over the FY 2018 adopted budget of \$5,833,614. The City's operating share for FRED Transit for FY 2019 is recommended to be \$480,000, which is the same level as FY 2018.

Parking Fund

The City's Parking Fund is recommended to decline from \$872,239 in FY 2018 to \$734,809 in FY 2019. The Parking Fund accounts for the operations of the Sophia Street Parking Garage, and also the costs of lease agreements on several smaller lots in the downtown area. The cost of the replacement revenue collection system at the Parking Garage is included in FY 2018, but it is not necessary to repeat this expense in FY 2019.

City Grants Fund

The City Grants Fund is recommended to be funded at \$1,605,545 in FY 2019 – an increase of 5.26% over FY 2018. The City applies for a variety of grants throughout the year, and this fund is amended from time to time if the City is awarded a federal or state grant.

The transfer to the City Grants Fund from the General Fund is recommended to decline based upon the grant activity currently in the Fund. In FY 2018, the original adopted budget included a transfer of \$346,500 to various activities in the City Grants Fund. The FY 2019 recommendation is for a transfer of \$308,096 – a decline of 11.8%.

Social Services Fund & Comprehensive Services Act Fund

The City's Social Services Fund is recommended to increase overall from \$5,642,468 in FY 2018 to \$6,126,905 in FY 2019. The City's transfer to Social Services from the General Fund is recommended to decrease, from \$1,040,000 in FY 2018 to \$940,000 in FY 2019. The increase in the total budget reflects additional revenue for social services programs from the state and federal governments.

The Children's Services Act Fund is also recommended to increase in FY 2019. The City Manager's Recommended Budget for FY 2019 is \$2,794,989. The FY 2018 adopted budget for the CSA Fund is \$1,949,468. This 43.37% increase is related to an increase in mandated Special Education plans of treatment, particularly those that involve private providers of special services. Although the majority of the increase will be reimbursed by the Commonwealth, the City's transfer to CSA from the General Fund is recommended to increase from \$675,275 in FY 2018 to \$940,000 in FY 2019.

Stormwater Operating Fund

The City Manager's Recommended Budget for FY 2019 funds the Stormwater Operating Fund at \$581,323 – an increase of 3.42% from the FY 2018 level of \$562,099. There is slightly more funding for engineering services for FY 2019, but there are no changes to the total number of positions and the general level of service is not recommended to change.

Blight Abatement Fund

The City's Blight Abatement Fund continues to provide a potential source of funding for various blight abatement or historic preservation needs. The Fund also provides a mechanism outside the General Fund for financing blight abatement activities that are reimbursed to the City by property owners, such as grass cutting and similar nuisance abatements.

The Recommended Budget includes a recommended appropriation for this activity of \$95,000, which is the same level as FY 2018.

Celebrate Virginia South CDA Fund

The City is the fiscal agent for the Celebrate Virginia South Community Development Authority, and by agreement the City includes the CDA assessments in the budget in a separate fund. The total CDA assessment for FY 2019 is \$1,746,150.

CITY MANAGER'S RECOMMENDED CAPITAL IMPROVEMENTS PLAN

FY 2019 – 2024

The City Manager's Recommended Budget includes a Capital Budget for FY 2019 and a recommendation for the Capital Improvements Plan for FY 2019 – 2024. There are project sheets for each of the projects already included in the recommendation. This section of the memorandum serves to provide additional commentary on selected highlighted projects.

Riverfront Park (Public Works Capital Fund)

City Council's **Priority #7** is to construct a Riverfront Park, incorporating the recommendations of the Parking Action Plan as appropriate. Design on the park is currently underway, and 50% plans and updated cost estimates are to be presented in April 2018.

The adopted budget for FY 2018 includes \$5,000,000 for park construction; however, construction will not be underway during this fiscal year. The recommendation for the FY 2019 budget is for the \$5,000,000 to be re-appropriated in FY 2019. The project will require the City to issue debt, and the project would become part of an upcoming bond issue.

Executive Plaza (Public Facilities Capital Fund)

The City Manager's Recommended Budget includes a project for work on the Executive Plaza building, located at 601 Caroline Street in the City.

Currently, the Executive Plaza building has seven floors, five of which are occupied and in use. The first floor and fourth floor (with the exception of one office) were vacated when the offices of the Fredericksburg City Public Schools relocated to the newly renovated Walker-Grant Center.

The City has been evaluating a proposal to move the Visitor's Center and the offices of the Department of Economic Development and Tourism from their current location at 701 Caroline Street to the Executive Plaza.

In addition, the Public Facilities staff has been evaluating the sufficiency of the HVAC systems in the building. The evaluation has determined that the HVAC needs to be replaced throughout the building in order to adequately heat and cool the office space.

The recommended project of \$3.2 million in FY 2019 for the replacement of the HVAC systems, plus some funds for limited exterior renovations, first floor renovations, and for bathroom renovations to improve accessibility. These funds would need to be included in a recommended bond issue for FY 2019.

School Expansions (School Capital Fund)

The City Manager's Recommended Budget includes in the Capital Budget a recommended funding allowance of \$250,000 for feasibility planning to evaluate expansions at Walker-Grant Middle School and James Monroe High School. The potential scope also includes evaluating potential sites for a new school in the City, including but not limited to land the City currently

owns just north of the Idlewild subdivision. Should current enrollment projections hold true, the growth of the City will require additional capacity in the school system.

The expansion of James Monroe High School is included in the capital improvements plan beginning in FY 2023. JMHS is constructed with the ability to expand. The expansion would increase the capacity by adding eight to ten classrooms at that school, and based upon the current enrollment projections the expanded high school would be able to accommodate future enrollment.

The potential expansion of Walker-Grant Middle School is more challenging and requires further study. The ability to expand the school may be constrained by capacity of core functional areas such as the cafeteria and the library. However, the most recent enrollment projections indicate that the capacity of WGMS will be exceeded beginning in FY 2020.

The City Manager's Recommended Capital Improvements Plan includes funding for design work for a middle-school expansion beginning in FY 2022, with construction in FY 2023. The City recognizes and acknowledges that this plan may necessitate the installation of temporary mobile classrooms at the middle school, as the core capacity will likely be exceeded before any additions could be completed.

The current enrollment projections indicate that the capacity at Lafayette Upper Elementary School and Hugh Mercer Elementary School will not be exceeded during the five-year CIP period. Actual enrollments will need to be monitored and enrollment projections updated to ensure that this continues to be the case.

New Fire Station (Public Safety Capital Fund)

The recommendation for the new fire station is to include funds for design of a new station in FY 2019, in the amount of \$675,000. Funds for construction are recommended for FY 2021, in the amount of \$6,175,000 and would need to be borrowed. The funds for the design work were included in a previous bond issue and are currently available.

The Fire Station Feasibility Study recommended that the City adopt a plan to construct a new fire station in one of two locations, both of which would involve extensions of Gateway Boulevard north from Route 3. The northern-most site was the intersection of Gateway Boulevard extended at Fall Hill Avenue, and the other suggested - and more likely - site was the intersection of Gateway Boulevard extended to Cowan Boulevard.

The Study evaluated a location on Gordon W. Shelton Boulevard, in Celebrate Virginia South, for suitability for a new station. The Gordon W. Shelton Boulevard site was not recommended in comparison to the other sites because it is located geographically at the edge of the City and is not well connected to other sections of the City.

Small Area Plans (Public Facilities Capital Fund)

The City Council's **Priority #2** is to complete the Small Area Plans over the next three fiscal years. The City currently is in the process of working on ten Small Area Plans as a complement to the overall Comprehensive Plan for the City. The Small Area Plan process recognizes the great diversity throughout the City in our built environment, and examines and plans for each of the ten areas in detail.

The City has already completed Area 3 (along S.R. 3 between Jefferson Davis Highway and Interstate 95, south of Cowan Boulevard) and Area 6 (largely the Jefferson Davis Highway, Fall Hill Avenue, and Princess Anne Street corridors, between the Rappahannock Canal and the Rappahannock River). The next Small Area Plan is the downtown area, known as Area 7.

The Recommended Capital Improvements Plan includes \$200,000 in FY 2019 and \$175,000 in FY 2020. This will allow for the completion of Area 1 (Central Park & Celebrate Virginia South); Area 2 (Fall Hill Avenue east of I-95); and Area 4 (Cowan Boulevard & Mary Washington Medical Center) in the upcoming fiscal year. The final year will include Area 5 (UMW & College Heights); Area 8 (Dixon Street & Mayfield); Area 9 (Braehead and the National Park); and Area 10 (Lafayette Boulevard and Jefferson Davis Highway corridors south of the VCR Trail).

Future City Debt

The City Manager's Recommended Capital Budget for FY 2019 includes several projects in a proposed bond issue. The FY 2019 recommendations include an additional \$450,000 in estimated debt service for FY 2019 based upon estimates for a proposed bond issue of \$11.9 million. The City is currently evaluating a PPEA proposal that would add an additional \$1.5 million in water line replacements and \$2.64 million in sanitary sewer line replacements to the bond issue. The debt service on that portion of the bond issue would be paid from the Water and Sewer Funds.

Also added to the proposed bond issue would be the City's obligation to fund a share of various Spotsylvania County utility projects. The timing and amount of some of these projects are not yet finalized as of this date, so the final amount of the proposed FY 2019 bond issue is not yet available.

The City's total transfer for General Fund debt for FY 2019 is \$8,300,000, which includes an allowance for the proposed bond issue. This amount is 1.85% higher than the General Fund transfer for debt service for FY 2018, which is \$8,149,008.

Conclusion & Next Steps

The budget document you have before you is the result of many hours of work on the part of our departments, Constitutional Officers, local and regional partners, and many others. I would especially like to thank our Budget Manager, Fiscal Affairs, and the Assistant City Managers for tireless efforts in bringing the recommended budget and capital improvements plan together.

The capital improvement plan in particular has a new look this budget cycle, as project sheets have been added to the summary information thanks to the hard work of the budget office and the requesting departments. All Departments this year were also asked to submit a preliminary look at FY 2020 along with their FY 2019 request. This approach combined with additional information on future operational expenses in the capital projects section prepares staff and Council to make better, longer term decisions.

Again, these recommendations are fiscally responsible, strengthen public safety, and support our workforce, all while meeting the needs of a growing community. They also work to advance Council's Priorities to a point at which we will be best positioned to successfully report on achieving prescribed timing milestones at your biennial offsite meeting this coming October.

The City Manager's Recommended Budget will be updated with additional information over the next couple of months. As of the final preparation of these recommendations, the General

Assembly has not yet finished the budget process for the Commonwealth. The state is a major partner for many City operations, including in the General Fund and the School Operating Fund.

I look forward to working with you over the next couple of months to answer any questions you might have about the budget, to update any information as conditions change, and to make any changes you wish prior to adoption in the budget.