

FY 2024

City Manager's Recommended Budget

City of Fredericksburg

March 28, 2023



City of Fredericksburg, VA
Recommended Budget
Fiscal Year 2024



Agenda

FY 2024 Recommended Budget

- Budget at a Glance – Recap
- Propositions
- Water and Wastewater Operating and Capital Budget
- Capital Improvement Plan
- Discussion on setting Tax Rates and Fees

FY 2024 BUDGET AT A GLANCE

- 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.
- 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.

PROPOSITIONS

March 21, 2023 Worksession

- Reinstatement of 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. City staff is currently gathering information related to this proposition and will be bringing additional updates later in the month at a future meeting.

Water and Wastewater Operating Fund

FY 2024 BUDGET DRIVERS

Capital Costs

Compensation

Debt Service

Inflation

FY 2024 Recommended Budget

Water Fund
\$9,154,532

Sewer Fund
\$10,456,825

Water Fund – Operating and Capital

- Compensation increase for employees between 5% - 10%.
- Debt service increases to cover issuance of 2022A bonds for the water meter replacement project.
- Rate increase of 10% effective July 1, 2023. The rate increase is formulated using a rate model commissioned by the City and updated this month.
- Transfer to the Capital Projects Fund in the amount of \$2,705,021, these projects include:
 - **Internal System Improvements** – for various line replacements.
 - **Pressure Release Valve Program** – to replace pressure release valves to adjust and maintain water pressure in the various pressure zones.
 - **Sewer and Water Master Plan** – this is additional funding needed for the development of the plan which is anticipated to have a RFP released in the coming months.
 - **Spotsylvania Shared Water Projects** – this is for Rappahannock River intake and a Regional Water Supply Plan. The City will be coordinating a meeting with the County to discuss the details of the upcoming projects. The amounts shown in the CIP are based off of information we received from the County in the fall but have no agreements have been finalized. With the help of the City Attorney, we have secured outside counsel to work with our partners in Spotsylvania related to clarifying and revising agreements related to these projects.

Wastewater Fund – Operating and Capital

- Compensation increase for employees between 5% - 10%.
- Debt service increases to cover issuance of 2022A bonds for sewer conveyance project and the loan for the Wastewater Treatment Plant.
- Four new positions included in the Recommended FY 2024 budget
 - Lead Crew Member
 - Crew Member II
 - Crew Member II
 - Equipment Operator II
- Rate increase of 10% effective July 1, 2023. The rate increase is formulated using a rate model commissioned by the City and updated this month.

Wastewater Fund – Operating and Capital

- Transfer to the Capital Projects Fund in the amount of \$1,418,356, these projects include:
 - **Annual Manhole Sewer System Rehab** – this is a phased approach to repair, rehabilitate, or replace 140 manholes that have been identified as contributors of inflow.
 - **Annual Sewer Cleaning and Inspection** – provides an annual sewer cleaning and inspection based off a 10 year cycle, 59,000 linear feet of sewer line and 200 manholes will be completed each year.
 - **Sanitary Sewer System Improvements** – for various line replacements or additions and potential lift station upgrades.
 - **Sewer and Water Master Plan** – this is additional funding needed for the development of the plan which is anticipated to have a RFP released at the beginning of FY 2024.
 - **Spotsylvania Shared Wastewater Projects** – this projects is for FMC repairs and improvements as it is operational until scheduled decommissioning in 2025. There is also funding for a sewer line replacement that collects flow from both the County and City’s Central Park sewer shed (some of this project is funded with the 2022A debt issuance).

The following chart shows the impact to a customer for a residential 5/8” meter billing cycle (every two months):

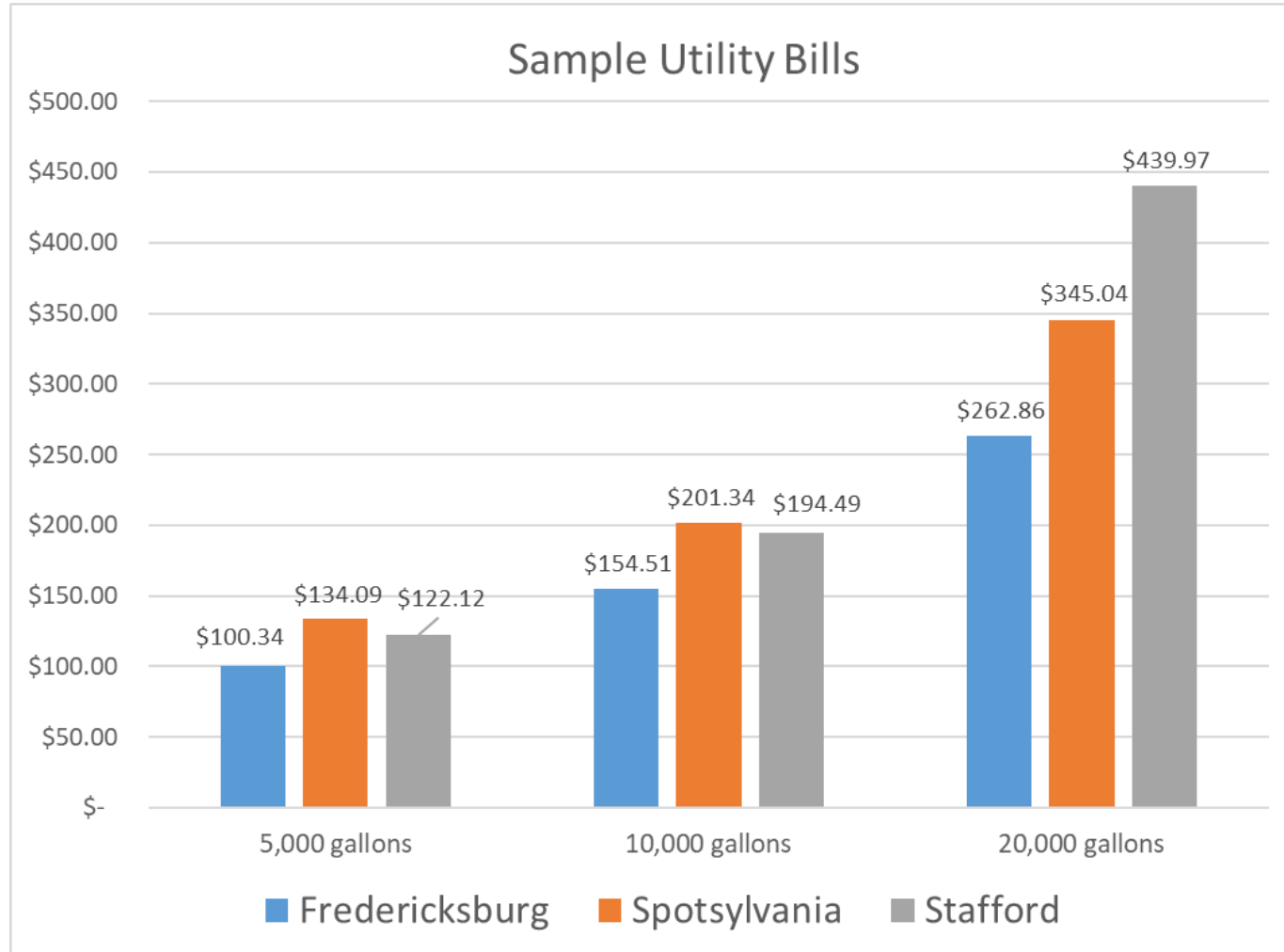
Current Rates:

<u>Gallons per billing cycle</u>	<u>Water Flat Fee</u>	<u>Water Usage Fee</u>	<u>Sewer Flat Fee</u>	<u>Sewer Usage Fee</u>	<u>TOTAL</u>
5,000	\$16.15	\$16.45	\$25.81	\$32.80	\$91.21
10,000	\$16.15	\$32.90	\$25.81	\$65.60	\$140.46
20,000	\$16.15	\$65.80	\$25.81	\$131.20	\$238.96

Recommended FY 2024 rates (including 10% Water and 10% Sewer increases).

<u>Gallons per billing cycle</u>	<u>Water Flat Fee</u>	<u>Water Usage Fee</u>	<u>Sewer Flat Fee</u>	<u>Sewer Usage Fee</u>	<u>TOTAL</u>
5,000	\$17.77	\$18.10	\$28.39	\$36.08	\$100.34
10,000	\$17.77	\$36.19	\$28.39	\$72.16	\$154.51
20,000	\$17.77	\$72.38	\$28.39	\$144.32	\$262.86

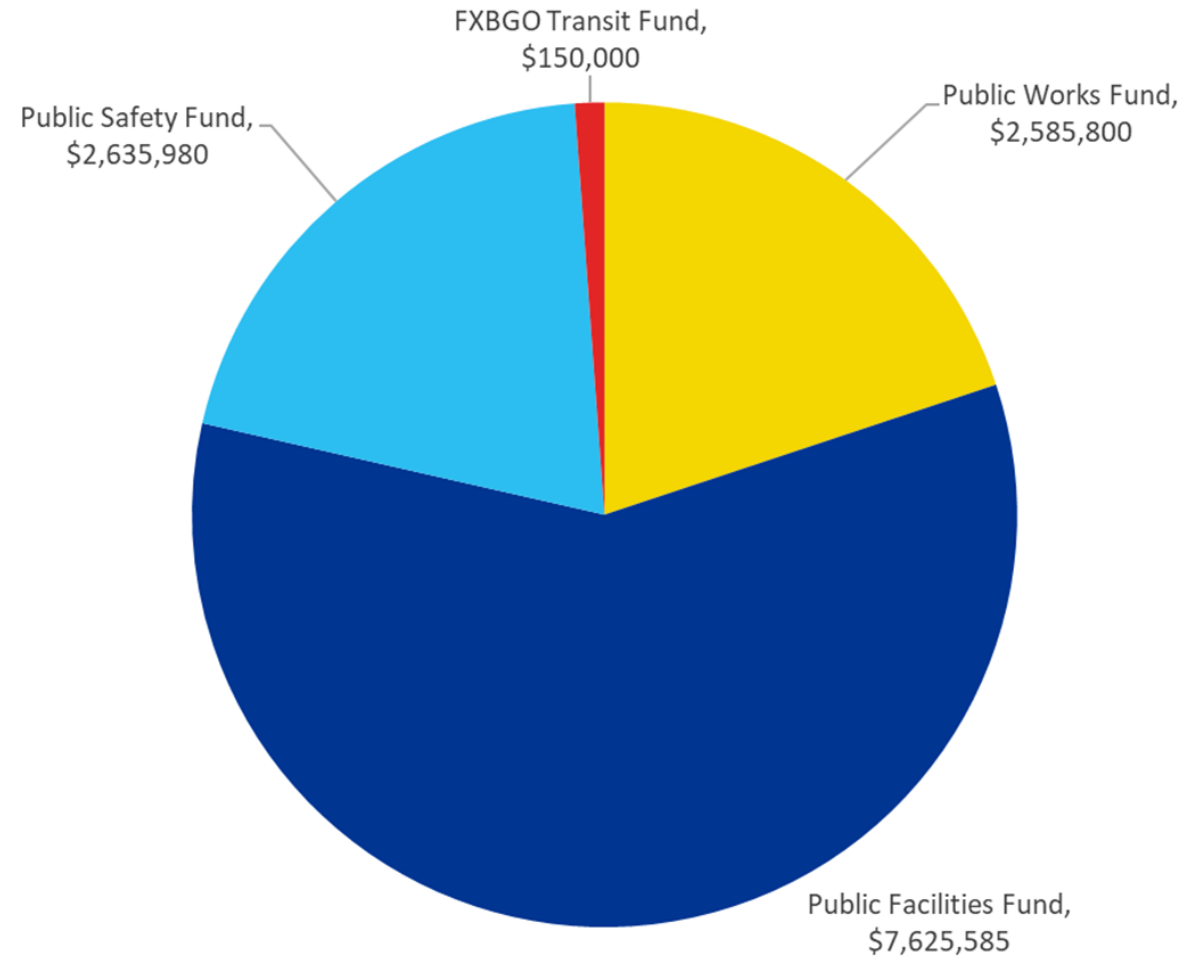
The following chart shows sample bills for the City in comparison with neighboring localities based on proposed FY 2024 rates:



Note – these are based off of proposed rates for all three localities and are subject to change based off of final approvals.

FY 2024 Capital Budget

FY 2024 Recommended Capital Budget by Fund



New projects included in the FY 2024 –FY 2028 CIP

Public Works Fund – Fund 0302

Lafayette Drainage Upgrade

- Project is for a section of Lafayette Blvd which experiences periodic flooding at times of heavy rain events. An evaluation needs to be done to evaluate improvements needed to handle stormwater flow.
- This project includes engineering in FY 2025 and a construction project will be added to the CIP based off of the evaluation report.

Pavement Condition Study

- This study is for the inspection and evaluation of the existing pavement conditions of City maintained streets. A pavement condition index will be assigned to each street, which will then help identify streets for the annual Paving and Rehabilitation program.

Sidewalk & Access Ramp Replacement

- Annual program to replace sidewalks throughout the City that have deteriorated, displaced, or are non-ADA compliant. The goal is to replace 1800 linear ft per year or 375 4x5 squares.

New projects included in the FY 2024 –FY 2028 CIP

Public Facilities Fund – Fund 0305

Alum Spring Park

- This is for a site level or master plan of the park and parking lot development. Once this plan has been completed, it will give a guide of how to prioritize the improvements to the park.

Dog Park ADA Access and Equipment Replacement

- This project is to resurface the dog pens, update water fountains, and agility equipment. The pathways need to be altered to allow ADA access to the roaming areas.

Doris E Buffett Pool

- The maintenance facility at the pool, the pool building and pool house require repair and envelope protection work on roofs, siding, doors, and gates.

Dorothy Hart Community Center Improvements

- This project is for a dehumidification system, auditorium flooring, and ADA access ramp and stair replacement.

Fredericksburg Area Museum

- The sandstone foundation and mortar is showing significant signs of deterioration. This is for repairs to the foundation. A consultant is evaluating and proposing the procedures for restoration. The HVAC system needs replaced to keep the environment stable in the museum. This is important due to the sensitive nature of the artifacts presented in the museum.

New projects included in the FY 2024 –FY 2028 CIP

Public Facilities Fund – Fund 0305

Hazel Run Open Space

- The Area 7 plan envisions this City owned acreage as community open space. This is for a master plan with development to follow after the plan has been completed.

Motts Run Reservoir

- This is for a site level or master plan of the park and parking lot development. Once this plan has been completed, it will give a guide of how to prioritize the improvements to the park.

Police Department HVAC Replacements

- The HVAC units and chiller system are nearing the end of their life expectancies and the replacement units are scheduled out accordingly in this project.

Train Station Infrastructure Plan

- The Area 7 plan identified a need for this type of plan. It will provide concepts and cost estimates for an expanded train station. It would identify parking, signage, wayfinding and ticket sales. This plan should be in place prior to the construction of the third track.

Carryover of previous year's projects

- The Current CIP will not include a project sheet for any projects that were previously approved in FY 2023 as part of the Capital Budget unless changes need to be made to the project (ex: scope of work, costs).
- The funds associated with those projects are appropriated as part of the Capital Budget and then “carried over” as part of the year end accounting process.
- We did include a section in the transmittal speaking to some of those larger projects that were approved last year but are in the beginning stages. Two examples of those are the Wastewater Treatment Plant and the new Middle School.

Tax Rates and Fees

- Discussion

Upcoming Budget Meetings

3/28/23	5:30 pm	Work Session: FY 2024 Budget Discussion	Water and Wastewater Budget Discussion Decisions needed on Tax Rates and Other Fees for advertisement
4/4/23	6:00 pm	Joint Work Session with Schools on FY 2024 Budget	Joint Meeting with FCPS, CIP Discussion, and possible Personal Property Tax Rate Discussion
4/11/23	5:30 pm	Work Session: FY 2024 Budget Discussion	HR – Personnel/Health Insurance City Council Propositions/Discussion
4/18/23	6:00 pm 7:00 pm	Work Session: FY 2024 Budget Discussion FY 2024 Budget Public Hearing	City Council Propositions/Discussion
4/25/23	5:30 pm 7:30 pm	Work Session: FY 2024 Budget Discussion Regular Session – First Reading on the FY 2024 Budget	Budget Discussion
5/9/23	7:30 pm	Regular Session – Second Reading on the FY 2024 Budget	

Thank you

Questions?



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