

BOARD OF SUPERVISORS  
STAFFORD, VIRGINIA  
MINUTES  
Budget Work Session  
April 17, 2018

Call to Order A budget work session of the Stafford County Board of Supervisors was called to order by Meg Bohmke, Chairman, at 1:20 p.m., on Tuesday, April 17, 2018, in the A/B/C Conference Room, 2<sup>nd</sup> Floor, George L. Gordon, Jr., Government Center, 1300 Courthouse Road, Stafford, VA.

Roll Call The following members were present: Meg Bohmke, Chairman; Gary F. Snellings, Vice Chairman; Jack R. Cavalier; Thomas C. Coen, Wendy E. Maurer; and Cindy C. Shelton. Mr. Dudenhefer was out of town and did not attend the budget work session.

Also in attendance were: Thomas C. Foley, County Administrator; Rysheda McClendon, Deputy County Attorney; Fred Presley, Deputy County Administrator; Marcia C. Hollenberger, Chief Deputy Clerk; associated staff and other interested parties.

Mr. Foley provided an overview of the proposed agenda for the budget work session. Budget Division Director, Ms. Andrea Light, went over the Ups and Downs hand-out, which included a change in Merchant's Capital due to a change in State legislation; a decrease in the County Attorney's budget; a decrease in the contract for the annual audit, a decrease in the FRED Bus contribution; and an increase in the cost of the contract for video services for the Board and Planning Commission meetings.

Mrs. Maurer spoke about the dollars allocated for the Capital Improvement Program (CIP), saying that she did not necessarily agree with the allocations for specific projects but wanted the money to be set aside to reflect and amount in total. Mr. Foley spoke about the one-time use of funds and allocating in total, which would come back to the Board after further scrubbing by staff. He said that there would be a full report to the Finance, Audit, and Budget (FAB) Committee in May and then a report to the full Board in June. Mrs. Maurer talked about the needs for School security and school repairs and not listing specific projects until all of the requests had been "racked and stacked" and prioritized, then the money could be allocated.

Ms. Bohmke noted Page 232 and asked the Sheriff and Fire/Rescue to provide additional details about items noted there. She said that some items looked to be more important than others and she needed a better explanation about things such as the Dive Team vehicle and the Command Center Bus. Mr. Foley said that would all come with the evolution of the CIP through the 3R criteria, scrutiny, and justification. Staff would come back with recommendations and projections to maybe push off or move the less pressing requests.

Ms. Shelton said she was interested in obligations criteria and supported more flexible language; asking for weights and values of items on the list. Mr. Foley said that time was a challenge but that the criteria started with bond-funded items and the rest would be worked out over the summer. It would be brought to the FAB in May and to the full Board in June. Ms. Shelton said she would try to be patient.

In talking about Tourism funding including Ferry Farm, partner agencies, etc., Mrs. Maurer said they should not pick winners and losers and asked why did the County give \$10,000 to soccer but not to baseball or lacrosse or other sports. She said that the County spent quite a bit of money at Riverside yet was still contributing money to them. Ms. Light said it was more so paying for a service like advertising in the Riverside programs, or for advertising on team shirts or team programs. Ms. Bohmke mentioned subsidizing the Tourism Fund with \$750,000 from the General Fund and asked if this had been done before. Chief Financial Officer, Maria Perrotte, said that it began during the recession. Mr. Foley said that it was a fairly standard practice in most localities. Mrs. Maurer question if that was done by law. Ms. Perrotte said that of the 5% taxes obtained by the County, 3% went to the Tourism Fund and 2% went into the General Fund. Mr. Foley said that any changes would be brought to the Board at its final budget work session following adoption of CY2018 taxes.

In reviewing the County's financial policies, Ms. Perrotte said there were several recommended changes that were tied to the budget including setting aside debt service savings for capital projects in a year when debt service decreased from the prior year: including in the budget process year-end money and funds from the Capital Project Reserve, according to criteria from the CIP process; increasing the CSA reserve with year-end funds from the Schools; strengthening the 5-year financial model and using it as the basis for budget development; and committing to policy that all monthly and quarterly budget reviews will be posted on the County's website. Ms. Perrotte noted that all of the above were consistent with the proposed FY2019 budget and that the entire financial policy would be brought to the FAB and full Board over the next few months. In addition to proposed policy changes, Ms. Perrotte said there were several actions that staff took in the proposed budget to support policy goals including: enhancing reserves for large capital needs such as Schools and Courts, from Meals Tax and Recordation Tax above budgets and savings in debt; adding to the Corrections reserve; developing a comprehensive vehicle replacement program; "ramp up" strategy to offset upcoming cost increases such as SAFR positions and debt service; revised CIP process, including post issuance project reporting; and revising the funding methodology for volunteer fire/rescue stations.

Ms. Light talked about cash capital funding being incorporated into the budget process. Mr. Snellings asked if the Schools budget for vacancies. Ms. Perrotte replied that they do and reduced its budget to assume vacancies. Mr. Snellings said he got a different answer; that the Schools did not budget for vacancies and did not set up a reserve to cover shortages.

Ms. Perrotte said that would be a good question to be asked at the upcoming joint budget work session with the School Board, which was scheduled for Thursday, April 19, 2018. Ms. Bohmke

said that when she was on the School Board, they did not budget for vacancies. Mrs. Maurer agreed, saying that in the past the Schools did not budget for vacancies.

Ms. Light gave a Power Point presentation on the County's FY2018 Fund Balance. Mr. Foley noted that some of the fund balance could be used for capital projects. Ms. Light said that the Board's established financial policies required a 12% undesignated fund balance and a 2% revenue stabilization fund balance. Fund balances were presented in accordance with GASB 54, which played a very active role in reporting. Mrs. Maurer asked if the \$58 Million for the courthouse was for construction and design. Ms. Light said that \$54 Million would be borrowed for construction and \$4 Million would be paid in cash for design of the new courthouse. Ms. Perrotte noted that borrowing for the courthouse was different than borrowing for Schools.

Ms. Bohmke asked about the Insurance line. Ms. Perrotte said that the due date was changed from June 30<sup>th</sup> to July 1<sup>st</sup> so the money was set aside because although it appeared there was no payment for one year, the funds were made available for payment the next year.

Mr. Foley said the decision was made to hold onto the funds now because reducing the County's fund balance was a red flag to rating agencies. He suggested beefing up the fund balance to 13%, from the current 12% as required by the Board's financial policies in order to get the best bond ratings. Ms. Bohmke asked for full breakdown of the General Fund-fund balance by category and thanked staff saying that she never saw it before the way they presented it. Ms. Light noted that the unassigned fund balance in FY2017 was \$34,369,821, composed of funds that have not been restricted, committed, or assigned to specific purpose within the General Fund.

Next Ms. Light discussed the Schools' adopted CIP priorities including (in order) the purchase and renovation of Fredericksburg Christian School (FCS) and renovation of the Gari Melcher's complex at a projected cost of \$14.2 Million; rebuilding or renovating Ferry Farm ES at a projected cost of \$26 Million to renovate or \$41.2 to rebuild; building HS #6 for a projected cost of \$137 Million; rebuilding Hartwood ES (one a new site) for a projected cost of \$48.1 Million; and building a new ES #18 at a projected cost of \$50.9 Million. Ms. Light said that School Board had approved the above-listed priorities at its meeting on April 10, 2018.

Ms. Light spoke about constraints including debt capacity of \$314.5 Million, and affordability. Mrs. Maurer asked where the Gari Melcher's renovations came from as it was never discussed by the Joint CIP committee. Ms. Bohmke said it was a combined project with the purchase and renovation of FCS. Mr. Cavalier said it was a classic north/south thing. Mr. Snellings suggested reserving these questions for the joint budget work session on Thursday, 4/19/18.

Mr. Cavalier said that the School Board's list did not include an operational plan or cost for operating these new and/or renovated facilities; he would need to see that before he could make a final decision. Mr. Foley said there were estimated debt service and operating costs shown in

Column 2 on the right hand side of the chart. Mr. Cavalier asked about the cost of the lease for the Alternative School and if there was a cost benefit to moving it from that location to another County (or School) owned property. Mr. Coen said he toured FCS and asked capacity questions, which had not yet been answered. Mr. Foley said he was awaiting further responses from the School Board and hoped to have them by Thursday's joint budget work session.

Mr. Cavalier said that FCS had no basement; it was built on a slab and questioned the cost of running sewer lines so that each classroom had a bathroom as was stipulated for Pre-K and special education classrooms, and asked if that would be a problem. Mr. Foley said he would ask for a breakdown of the \$3 to \$4 Million in renovation costs as the estimate provided no level of detail. Mr. Cavalier said it would be hard to approve anything without the details. Mrs. Maurer talked about keeping the old Moncure ES and not purchasing FCS and getting an estimate and opinion from the School Board on the cost for that option. Mr. Cavalier said that none of the numbers justified building two new elementary schools.

Ms. Bohmke said her concerns were also about redistricting for elementary school students, and also she wondered if the School Board would be distracted by the need to hire a new Superintendent. Mr. Cavalier said that he would not hear that excuse. He said that there was no deficit in capacity until 2028 as he read the numbers, and there was no need for two new elementary schools. Or, if there was a need, he wanted additional justification. Mr. Coen said that he needed additional enrollment projections for the out years, per school. He added that Leeland Station was booming and nowhere were those additional incoming students accounted for. Ms. Bohmke said that she spoke with Patricia Healy, Chairman of the School Board who told her that the most current numbers available were what was provide to the Board.

Ms. Shelton said that when looking at the School Board's number vs. the County's growth projections, they did not match up. Mrs. Maurer spoke about already approved subdivisions but not knowing when, or even if, the developers would begin construction and the County had no control over that.

Mrs. Maurer said that at FCS, 20 out of the available 21 classrooms would be taken up immediately and asked how many classrooms there were at the old Moncure ES. She asked if bathrooms in each classroom were a "shall" or a "should," and talked about them not necessarily being mandates. Ms. Perrotte said that in Pre-K classrooms, bathrooms could be shared in a Jack and Jill bathroom set-up. She said that bathrooms were mandatory but the Jack and Jill set-up was an acceptable option when the layout permitted it.

Mr. Snellings asked Ms. McClendon if the County could take ownership of all School properties then lease them back to the School Division. Ms. McClendon replied that Code allows the Schools to own the properties; the Board cannot require the School Board to give them back to the County. Ms. Perrotte noted that in King George County, the County owns the

properties and the School Board owns the buildings. She added that the County controls the purse strings, and giving them back to the Board would have to be voluntary, not mandatory.

Ms. Shelton asked if the Schools' used the County's numbers for its projections based on future developments, etc., and the Board and staff used those same details, how was it that using the same information yielded different results. Mr. Foley said that the Schools' worked with the Department of Planning and Zoning but did not know the pace of development of the already permitted subdivisions. Mr. Snellings said that it was very hard to know when developers would get underway; Embrey Mill was approved in 1998. Mr. Foley said that school sites that were good when proffered may no longer be the best site in which to locate new schools.

Adjournment At 2:23 p.m., the Chairman declared adjourned the April 17, 2018 budget work session of the Stafford County Board of Supervisors.

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Thomas C. Foley  
County Administrator

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Meg Bohmke  
Chairman