BOARD OF SUPERVISORS
STAFFORD, VIRGINIA
MINUTES
Budget Work Session
March 23, 2021

Call to Order A Budget Work Session of the Stafford County Board of Supervisors was called to order by Crystal Vanuch, Chairman, at 2:01 p.m., on Tuesday, March 23, 2021 in the Board Chambers George L. Gordon, Jr., Government Center, 1300 Courthouse Road, Stafford, VA.

Roll Call The following members were present: Crystal Vanuch, Chairman; Cindy C. Shelton, Vice Chairman; Meg Bohmke; and L. Mark Dudenhefer.

Also in attendance were: Frederick J. Presley, County Administrator; Michael Smith, Deputy County Administrator; Donna Krauss, Deputy County Administrator; Rysheda McClendon, County Attorney; Andrea Light, Budget Director; Cheryl Giles, Deputy Clerk; Julia Holmes, Assistant Deputy Clerk; associated staff and other interested parties.

Ms. Light began the Capital Improvement Program (CIP) focused budget work session by outlining the meeting's agenda topics which included: debt Capacity, CIP, and policy changes. Ms. Light explained that the County's financial policies limit debt capacity in one of three ways: 10% of expenditures, 2.75% of assessed value, or 60% pay-out ratio. She stated that currently, 10% of expenditures was the limiting factor on debt capacity at $460M. Ms. Light then spoke about affordability which is used as a guide to analyze how potential borrowing may strain future budgets. She stated the CIP was a $795.8M program over the ten-year period, and does not include $245M for the Utilities Fund. She pointed out that the largest category was the Schools, which comprised of 51.2% of the expenditures. Ms. Bohmke asked how the numbers may have changed over the past five to ten years. Discussion ensued about that data being previously received. Ms. Light replied that the historical vantage point was not provided in the slide, but that it did look out at major County projects over the next ten years. She continued by highlighting additional expenditures and funding sources.

Ms. Light spoke about other funding sources contributing to the CIP which included: CARES Act Set Aside $2.2M, Unspecified Proffers $1.2M, Schools Year-End Savings $960.9K, and Schools Prior Year-End $4.8M. Ms. Bohmke asked if Celebrate Virginia proffers could be used for the construction of High School #6. Ms. Light stated that she would have to work with Planning and Zoning to determine whether that was appropriate. She noted that Celebrate Virginia proffers had previously been used for transportation. She continued to review the funding sources. Ms. Bohmke asked what other projects were in competition for use of unspecified proffers. Ms. Light replied that transportation projects could be used for HS #6 and funding direction could be adjusted. Ms. Bohmke asked if the Stafford Baseball League would be contributing money. Ms. Light replied that they would take over the management of the facility. Ms. Shelton asked if CIP projects were ranked based upon weighted values to determine priority. Ms. Light replied that was correct. Ms. Shelton inquired if the projects listed were vetted based upon priority and not funding source. Ms. Light responded that was correct and that unspecified proffers had not been used on any project above Chichester Park. She explained that did not mean that the Board could not reallocate funds to reduce bond funding, expand scope, or whatever was chosen. Ms. Light continued to review funding sources.

Ms. Light presented HS # 6 budget data provided by Stafford County Schools staff that was presented at the Joint Schools Working Committee in February. The cost estimate inflated to a 2025 opening was listed at $141,817,000. She then reviewed additional data provided from the schools on VDOE cost of construction comparisons in 2020 dollars. The cost/sq. ft of HS #6 was listed as $266. Ms. Shelton asked for confirmation that the Board had previously instructed County staff to work with school staff to validate the accuracy of the numbers. Ms. Light responded that there was a joint schools and County working group that reviewed the figures together. She explained that the growth of the design had grown along with County estimates.

Ms. Light stated that High School #6 was proposed at $125.6M. She noted that the schools had a construction estimate, projected cost, and offsite cost totaling $153,884,000. She said that there was $5.8M to reduce the gap in funding and to replace $675K in current revenue. She asked how the Board would like to move forward with the project in the adopted CIP. She inquired about what additional information the Board may require. Mr. Dudenhefer spoke about conversations with Mr. Coen and stated the use of the Mary Washington property as an alternative site had not been sufficiently analyzed. He said that HS #6 could be built for significantly less at that location. He asked if there had been a full analysis of why the site would not work. Ms. Light responded that there had been a financial analysis done on the purchase of the Mary Washington site. She stated that the purchase of the site would only push the need for a new high school out by one or two years. She continued that if pushed out two years, the growth in cost for a new high school would be about $10M. She explained for that reason, the purchase was not seen as reasonable because a high school would still need to be built on the backend. Mr. Dudenhefer said that there was property in an ideal location and he was talking about building a full high school there. He asked what that would cost, and potentially save.

Mr. Presley clarified that the schools had been asked to evaluate the location, and they returned with the feedback that the site would not work but that no real analysis had been done. He continued that County staff did a financial analysis assuming that a full high school of students could not be accommodated as currently configured. The analysis was done with the perspective of accommodating 1,000 students in an alternative high school scenario. He stated that the cost to purchase the property based on current assessments, was $40M, with $10M needed for additions and improvements to accommodate 1,000 students. He explained that based upon that analysis, it was determined that HS #6 would only be pushed off two to three years and it would become more expensive. He stated that there was not an analysis done on a site to accommodate a full 2,000 students. He said that could be reviewed. Mr. Dudenhefer said that if the schools did not want to do something, then they were sketchy with the information. He spoke about additional costs being added. He spoke about a full school being built on the Mary Washington site and that it had not been adequately analyzed. Mr. Presley stated that the schools said they would take the property and find uses for it, but that they did not provide a full analysis. Discussion continued about potential use of the Mary Washington property.

Ms. Bohmke inquired if current construction costs were built into the cost of HS #6. Bryon Counsel, Director of Capital Projects, stated that yes, the construction costs were built in to a large extent. He explained two years ago, County staff had worked with the school's independent estimator to determine estimates based on the scope of work. He spoke about accelerating prices in the construction market. Ms. Bohmke asked what the scope of work and cost looked like if there was a new project design. Ms. Shelton asked if the $10M project increase per project year deferred was derived from market cost increases. Ms. Light explained that construction costs are reviewed yearly to determine escalation factors and the $10M came from the Mary Washington site specifically.

Ms. Vanuch reiterated Ms. Light's question about what the Board needed to be comfortable moving forward with HS #6. She stated that she heard that the Board needed: information about why the schools requested a change in design and its impacts, an assessment of a costs to build a full high school on the Mary Washington site, and information about an augmented virtual setting at the Mary Washington site. Ms. Bohmke spoke about the time required to do a full analysis of the Mary Washington site and the potential impacts on the HS # 6 opening timeline. Mr. Presley stated that the schools expressed exactly that, that there was not enough time to do the evaluation for the Mary Washington site and continue with the HS #6 timeline. Ms. Vanuch stated that Mr. Coen brought up the topic during the previous year's budget work sessions, and that for the schools to say that there was not enough time, was an excuse.

Ms. Bohmke reminded the Board that when a high school is opened, that they open for the freshman class, and it grows by 400-500 per year. Mr. Dudenhefer commented that when Colonial Forge opened, they opened through the Junior class. He asked how many acres the Mary Washington property had. Mr. Presley spoke about more land being required for a traditional high school. Mr. Counsel stated that 80 acres was the desired lot size. Ms. Vanuch repeated the lot size and requested information about adjoining properties for potential expansion. Ms. Shelton asked if a new football field was being proposed in the Mary Washington area. Ms. Vanuch said that nothing was being proposed, just that information was being sought. Ms. Bohmke stated that a football field was not pressing and could be built last or later. Ms. Shelton said that her only hesitancy about a high school at the Mary Washington site came from uncertainty about its potential use. She recommended working closely with school staff to ensure opportunities are fleshed out. Mr. Dudenhefer said that while options remained unexplored, he would have difficulty moving forward with a new high school. Mr. Smith reported that the entire Mary Washington site including open fields, was 48 acres, and would not meet the school's specs for a high school at this time. Ms. Vanuch requested information about additional properties that could be acquired. Discussion ensued about school models and acreage.

Ms. Light continued the CIP presentation by reviewing school 3R projects. She noted that the Board had directed staff to add back in the North Stafford High School Fine Arts Wing renovation which aligned with the School Board's request. Ms. Light then discussed funding of the Aquia Fire Station. She explained that the project would require $3.3M in Lease Revenue Bonds. She asked if the Board supported the Aquia Station project. Mr. Dudenhefer said he opposed putting public facilities behind closed gates because of a lack of direct access. Ms. Vanuch requested that Ms. Light state the site location. Ms. Light explained that there were property acquisition dollars built into the request, and that Fire and Rescue along with County Administration, was reviewing sites that would not be behind a gate. Ms. Shelton spoke about site being chosen to address those concerns.

Ms. Bohmke praised the use of different funding sources for the Aquia Station project and stated that she was ready to move forward with it. Mr. Dudenhefer asked if the $3.3M was based on the funding that had been received and not what could be received. Ms. Light said that was correct. Mr. Dudenhefer asked if more CARES money could be used to reduce borrowing. Ms. Light explained that all of the $5.2M of CARES funding could be used to reduce the borrowing if the Board was comfortable. She stated that incoming funds did not have use guidance yet. Ms. Vanuch spoke about Treasury guidance of previous CARES Act funding. Discussion ensued about potential use of CARES funding.

Ms. Shelton said that she supported Aquia Station funding. Ms. Bohmke said she was supportive as long as there was not additional debt beyond $3.3M. Ms. Vanuch asked if the previously mentioned, $1.2M in unassigned proffers could be used for the Aquia Station project. Ms. Light stated that staff would confirm with Planning and Zoning, but believed it was unspecified. Ms. Shelton requested information about the impact on debt services. Ms. Light stated that lease revenue bonds would probably sell at a AA if entered in a pool, rather than a AAA. She said that at $3.3M the County would probably do that because the compared cost of doing it alone. She added that staff would bring all available funding options to the Board. Ms. Vanuch asked what had been done about refinancing County debt. Ms. Light reported that at this point, the County's financial advisor did not see immediate options for refinancing.

Ms. Light reviewed the County's Repair, Replace, and Rehab (3R) projects. She highlighted the Brooks Park Skate Park project. Ms. Light then spoke about Capital Budget and Appropriation Policy changes. She then asked the Board if they had additional changes that they would like to see in the CIP. Ms. Bohmke inquired about converting the two Pratt Park tennis courts into pickle ball courts. Discussion ensued about pickle ball court usage between Stafford and Fredericksburg.

Ms. Light then reviewed the upcoming work sessions. Ms. Vanuch reported that Mr. Snellings and Mr. Coen were in favor of cancelling the March 25 work session. She added that she was in favor of cancelling the March 30 work session as well. Ms. Shelton agreed. Ms. Bohmke agreed. Ms. Vanuch stated that there was a consensus to cancel the March 25 and 30 work sessions.

Ms. Light asked for the Board members to consider proposed resolution R21-123 which would allow the County Administrator to advertise a public hearing for an elderly and disabled tax rate exemption program expansion. Ms. Vanuch reminded the Board that the item had been on the previous meeting's agenda and was pulled. Ms. Vanuch requested that the public see the same information presented to the Board regarding income requirements. Ms. Bohmke asked if Mr. Mayausky's previous figures of fifteen individuals being added to the program totaling $45K was still accurate. Ms. Light said that was correct. Ms. Vanuch clarified that the action would move individuals to different tiers in the program. Ms. Light stated that she believed that was correct. She explained that the $45K was already encapsulated. Mr. Dudenhefer asked how disabled was defined. Mr. Presley said it would be a part of the public hearing. Ms. Vanuch stated that the item could be added to the April 6 Board meeting if they felt more time was needed. Ms. Bohmke stated that the definition was key and asked for clarity. Ms. McClendon clarified that the definition was as provided by State code. She stated that no changes were being made to the definition. She explained that a three-tiered program was being collapsed to a two-tiered program. Ms. Vanuch spoke about the limiting factors of the program being net income and net worth. Ms. Bohmke requested that the item come back at the next Board meeting. Ms. Light explained the item public hearing would happen after the approval of the budget if pushed out and spoke about adjustments to the budget. Ms. Bohmke stated that the Board should wait. Ms. Vanuch polled the Board about adding the item to the April 6 consent agenda. The Board agreed unanimously.

Adjournment At 3:00 p.m., Chairman Vanuch adjourned the March 23, 2021 Stafford County Board of Supervisors budget work session.

Frederick J. Presley
County Administrator

Crystal L. Vanuch
Chairman