BOARD OF SUPERVISORS
STAFFORD, VIRGINIA
MINUTES
CIP Work Session
January 18, 2022

CALL TO ORDER – A work session of the Stafford County Board of Supervisors was called to order by Crystal Vanuch, Chairman, at 1:30 p.m. on Tuesday, January 18, 2022, in Meeting Room ABC, George L. Gordon, Jr. Government Center, 1300 Courthouse Road, Stafford VA.

ROLL CALL – The following members were present: Crystal Vanuch, Chairman; Pamela Yeung, Vice Chairman; Tinesha O. Allen; Meg Bohmke; Thomas C. Coen; Darrell English; Absent: Monica Gary.

Also in attendance were Frederick J. Presley, County Administrator; Rysheda McClendon, County Attorney; Cheryl Giles, Deputy Clerk; Julia Homes, Assistant Deputy Clerk; various staff members; and other interested parties.

Ms. Vanuch called the meeting to order and noted that Ms. Gary had another important obligation but would be joining the meetings later.

Ms. Andrea Light stated that the purpose of this work session was to provide the Board and citizens with an overview of the TRC's ranking of projects and how they may be funded. She said that staff will ask for the Board's input and direction as they go through this, so they can bring back a proposed CIP that will represent their strategic objectives more closely.

Ms. Light explained that "debt capacity" is the total amount of debt the County can issue within the 10-year period and still be fiscally responsible, without jeopardizing its financial position. She said that staff has worked with the County's financial advisors to establish those proposed limitations for debt issuance and is asking the Board to approve those in their financial policies. She noted that the limitations are 2.75% of assessed value, a 10-year payout ratio at or above 60%—which means 60% of principal and interest will be paid off within 10 years, and debt service will not exceed 10% of operating budgets. She noted that the 10% continues to be the limiting factor of the three. Ms. Light also stated that these are considered best practice, and other AAA-rated localities across the nation use these sorts of limitations.

Ms. Light stated that the CIP development policy is adopted by the Board and defines the rules of the TRC and the annual CIP process. She said the policy was also in the Board packets and attached as an agenda item. She said that the TRC meets with each department, and this year the committee did several onsite meetings so that they could look at some of the projects that needed to be done. She stated that they score all of the large-scale projects but not ones that have been funded in FY22 or prior; they assume that the Board has approved them as adopted with the budget, and those just move forward. Ms. Light said they look at 3R projects—repair, replacement, rehabilitation—and score them for the first five years; school staff has their own process of scoring their own 3R projects, which staff presents to the Board as they come from the

School Board. She noted that the TRC includes four standard members, including Frank Council, Jeff Harvey, Jeff Anderson, and herself, as well as one public safety member (Joe Grainger this year) and an alternate member (Paul Santay).

Ms. Light reported that the assumptions they used when they derived the CIP included revenue assumptions using the policy guidelines for 3R, which is 3% of General Fund expenditures, and debt capacity limitations. She said they assume that they will maximize available proffers, which are provided by landowners to reduce or eliminate the impact of new development. She said that each year, departments are provided with the proffers received and a five-year projection of proffers to determine how they might be used. Ms. Light said that Planning and Zoning, the County Attorney, Finance, and Budget and Management team work with each of these departments ot maximize the use of proffers.

Ms. Light stated that the County does have use of available cash reserves by financial policies all year and revenues in excess of expenditures in the General Fund that are not assigned to specific fund balance requirements become part of capital projects reserve. She said that school year-end funds are also placed in a capital project reserve, and these funds have been used as revenue sources. She noted that they assume as they have in prior CIPs that they will be selling property at the old Moncure Elementary School and at the fire and rescue training facility; the funds from these will be put back into the CIP. She added that the County anticipates the use of maximizing the $50 million transportation 2019 bond referendum that was approved by over 76% of citizens.

Ms. Light reported that with expenditures, the team is assuming a 12% inflation increase in year one and 3.5% in the outyears. She said this is the first time they have gone to that high of an inflation rate, but these assumptions are developed through collaborative research between the County's and schools' capital project departments and the Office of Budget and Management. She said that in looking at this, they considered the producer price index for material inputs to construction, and through September 21, the index is up 15-18%; in December 2021, it reports a year-over-year increase for final demand prices of 9.7%. She added that the County is also seeing increases in fuel and lubricant costs, as well as all other commodities that impact the cost of construction. She stated that for debt service interest rates, the County works with its financial advisor at VRA to determine debt interest rates, and debt service is just the governmental term for what you are paying back.

Ms. Light stated that for the timing of new schools, the TRC tried to adhere to the Board's policy for planning new schools—and that's also included as the last item in the Board's packet, attached to the agenda. She explained that this requires the use of design capacity and the school opening when enrollment projections reach 100%.

Ms. Allen asked if federal legislation affected assumptions in any way, because going forward, the County will have access to funds they may not have had in prior years.

Ms. Light responded stated that they have not assumed any federal funding from the Infrastructure, Investment, and Jobs Act—so they haven't seen a lot of funding from that. She stated that they have looked at the CARES Act money used for public safety salaries and moved that into public safety projects, specifically for the Rock Hill fire and rescue station.

Ms. Bohmke asked if the Board would be seeing a list of all the cash proffers—both current and for the next 10 years.

Ms. Light replied that staff could share what those projects are, but they only do the projections for the first five years, not out 10 years because they are concerned about how accurate they would be.

Ms. Bohmke said it would be great to see that and show where they are assigned, so people can see what proffers are in their district.

Ms. Light reported that new to the CIP this year is a request for setting aside funds for land acquisition. She stated that as the County continues to see population growth, they anticipate a natural demand for increases in services, growth in the public safety system, parks, and education is a primary driver in the CIP. She said that while new construction for fire and rescue stations includes assumptions about land, the schools do not necessarily for their new projects, as they are assuming that they will be using proffered land for the middle and elementary school. She added that the projects are far enough out that they don't know where the school demand zone will be, so they have not included land costs.

Ms. Light stated that as the projects draw near, the TRC will look for guidance from the School Board and staff for student population growth and how to best make use of the new buildings. She noted that these funds do not need to be appropriated if the Board were to approve having a land acquisition within the CIP, and they could be set aside for County administration, capital projects, and school staff, to understand that there are funds that could be used to negotiate for land or purchase it ahead of construction, when prices may be more reasonable. She said the Board would have final oversight and approval of the appropriation and purchase of land.

Ms. Light said that staff recommends using some of the CARES Act funding, which has been used for public safety, and some of the capital projects reserve. She stated that in previous CIPs, the Board had directed $1 million in positive results of operations or year-end funds to be dedicated to transportation, because of the actions of the Board taken last year to find dedicated funding through the personal property tax for transportation, they feel that this $1 million could be transferred to lands. She said that over the 10-year period, they would have over $14 million, so $4 million coming from year-end reserves and $1 million over the next 10 years.

Mr. English asked how much was anticipated from the sale of the Moncure school and training facility.

Ms. Light responded that staff estimated $1.3 million for Moncure.

Mr. English commented that this seemed low.

Ms. Light explained that staff put that estimate into the CIP based on information from negotiations underway; if it were more, they would plan for that—but those funds are not planned until 2028. She said for the training center, they have $5.6 million estimated to be used in 2030. She confirmed that those were sales estimations.

Mr. English said that was a big difference between the two, and you could buy a house in Stafford for $1.3 million, so he didn't understand the low valuation.

Ms. Vanuch asked what the condition of Moncure was.

Mr. Smith indicated that they built a new school because the schools' evaluation indicated that there was about $30 million of work that needed to be done. He said they have put Anne E. Moncure out as both an RFEI and on Costar to try to get people interested in purchasing it; the only interest has been people wanting to put apartments in that location. He stated that they now have an interested party that may want to use the school site for workforce training and special needs individuals, so the County has been negotiating with them—and that's where the dollar value came from. He added that commercial retail space is down quite a bid.

Mr. English reiterated that the land should be worth more than $1.3 million.

Deputy County Administrator, Mr. Mike Smith indicated that the location of it and access to the roadway is difficult also, and the County can continue to put it out but has not had any interest from the public.

Ms. Allen asked how long the RFEI had been issued.

Mr. Smith responded that they put it out for about 60 days a year ago and has had it on Costar continuously, which is where real estate actually happens, and he would check with John Holden to make sure it's still out there.

Ms. Vanuch asked if it was also on Loopnet, as she had seen a lot of commercial properties on there.

She also asked if they could also have a list readily available to the Board under school ownership or County ownership that were dedicated to have some type of County property on it at any point.

Ms. Light reported that Lionel White and school staff prepared enrollment projections every year, working closely with Planning and Zoning to gather assumptions. She said they use a student generation rate from new and existing residential development, cohort survival, and birthrate to calculate projections. She presented projections and stated that for elementary and high schools, there are two different sets of design-capacity limits, and the second schools are ES #18 in FY2030 and HS #6 in FY2026. Ms. Light stated that it's a school planning policy that directs staff on when to add new schools to the CIP, and the policy does not restrict or limit the Board for the timing of the new schools. She noted that the elementary school is planned at 100%, and the middle school is not in once it reaches 100%—because based on the ranking and the amount of funds, they were unable to fit the middle school in to open in FY2030. She pointed out that staff is seeking Board direction and hoping for their input.

Ms. Bohmke stated that she reviewed one of the charts the previous evening but couldn't read some of the numbers, and she hoped that Mr. White could address that and change the colors, so they are legible. She said that she was recently over at Conway Elementary School, and she confirmed with staff that the major redistricting of elementary schools had been done in 2019. She stated that in looking at Rocky Run, Hartwood, and Conway, those three schools have trailers—and Conway Elementary is absurd in terms of how that principal must operate that school. She said that it is not acceptable, and every square inch of the building is used for students, and she is recommending for the public record that the superintendent do some spot redistricting throughout. Ms. Bohmke commented that some of the numbers do not seem to match the need, and the community must be shocked at the statement that a new elementary school isn't needed until 2030. She emphasized that the Board needed to help the School Board make some of those decisions on behalf of what's good for all students in the division.

Ms. Yeung stated that the school system is a sovereign body with its own ranking, and she wondered if the criteria was similar so that both bodies are on the same page, especially in terms of needing the school now and not as far off as 2030. She said that this should be mirrored between schools and local government so that the public knows exactly what's going on.

Ms. Light said that there are definitely some differences between the School Board and Board of Supervisors, and when it comes to ranking projects, the School Board is looking at a more narrow focus because it's only about those schools; the Board of Supervisors is looking at a broader need outside of schools with transportation and what would bring economic development, etc.—so it almost creates two lenses that she is unsure how to reconcile, other than having the School Board come and talk to the Board of Supervisors about how TRC rankings differ from School Board priorities.

Ms. Light stated that when a school opens, the Board's policy is at 100% of design capacity, but school staff and the School Board would promote the use of program capacity for elementary schools—so design capacity says that if you build a building, this classroom has 25 seats in it, for example. She said that this works well for middle and high schools, but not always for elementary because so many classrooms have pullouts for English, math, and reading. She noted that there is a K-3 initiative for several schools that says they can only have a certain class size to receive funding. She said that may be a point in which they could bring both boards together to have some policy discussion and a bit more alignment on that type of direction.

Ms. Allen asked if design capacity was tied into it being 100%, where the Board triggers it, and if they could examine their policy to perhaps move that number to alleviate some of those concerns.

Ms. Light responded that the need to put it in at 100% is a direction for the TRC and helps the committee note where the project would start and finish, but the Board does not have to adhere to that policy and isn't setting aside their policy to move the school up or back. She emphasized that the Board has the autonomy to decide when the school is needed based on the response from constituents.

Ms. Allen asked if adjusting the capacity number would impact the schools' rating in the TRC process.

Ms. Light responded that she felt it would impact that slightly because capacity would be measured in a different manner.

Ms. Allen asked how the Board would address this.

Ms. Vanuch stated that it would be on the last slide, which includes follow-up and next steps.

Ms. Light reported that High School #6 is adopted in the prior CIP at just over $124 million, and the TRC is recommending increasing the project cost to $150 million. She stated that the schools used an independent cost estimator for the projected cost, and County capital construction staff and Mr. Smith participated in the review, finding the cost to be rather reasonable. She stated that in looking at the producer price index for material inputs for construction, that is going up 15-18%; recent construction of a Falls Church high school had a cost of $267 per square foot, and the estimate for Stafford's HS#6 was $266/SF, so it seems to be in the right range. She noted that schools were anticipated to be issuing an RFP for construction later this year, probably in CY22.

Ms. Light said that the TRC also recommends adding $14.7 million to this project for the offsite costs. She noted that there had been concern from the Board in prior CIPs that the $124 million was a more reasonable price than the $150 million, and the TRC recommends that if the Board didn't want to go to $150 million as part of this CIP, they at least leave capacity there so that schools have flexibility when the go out with the RFP to build the high school; the high school is projected to be out of capacity in 2024.

Mr. Coen asked for confirmation that the total would be $165 million with that addition.

Ms. Light confirmed this.

Mr. Coen asked if the schools have been planning at the $124 million or the higher number.

Executive Director of Facilities and Maintenance for Stafford County Public Schools, Mr. John Anderson, explained that they have done estimates and comparables, and to build a complete, comprehensive high school, the schools feel confident with their requested budget. He said that they have written design contracts with the $124 million so that both budgets can be met, but that means that part of the high school project would need to be eliminated to get down to the lower number. He stated that the only way to build it at the lower estimates would be to reduce the scope of the project, and the designers are in that process now; first they will design the building, but they will also identify where the building size can be reduced, such as number of seats. He emphasized that this would be a difficult conversation to have because they need to build the entire high school, and it would be much more cost-effective to built it all at one time, rather than in two phases.

Mr. Coen stated that the schools are starting at $150 million and paring down—rather than planning it at the $124 million that's been discussed for the last four years.

Mr. Anderson responded that they are basing the number of seats and program on existing high schools, with Stafford High School being the last one—so if you were to build that high school today, it would cost more than the budget currently approved by the County. He stated that they are looking for efficiencies in the new design to save money, but the biggest way to do that is to reduce the square footage or some project component, which they would want ot be able to do later for a comprehensive high school similar to those that exist now.

Ms. Bohmke asked if the school division had gone out and met with the community to find out what they wanted for this high school, similar to what they had done with redistricting. She stated that it was important for the community to know that they have 12% increases in materials right now, which is reflected in grocery store shopping. She emphasized that learning is changing, and she asked how the design of new school facilities has changed with the new way of COVID learning and remote education. She asked if that change in design was ready for public review.

Mr. Anderson responded that the schools held an excellent community engagement in December and received a lot of good input, which the designers are considering as they go through the process. He said that they have also had a lot of input early on for the education specifications, with a steering committee and meetings with high school students to get their input. He noted that some of the designs are embracing more collaborative spaces, which is less of a cost issue and more of a teaching style change. He noted that many community members have simply said to build the schools quickly and large enough that they won't experience overcrowding.

Mr. English asked why they wouldn't build above capacity, as scaling down would be ridiculous.

Mr. Anderson thanked him and agreed, stating that this was something they worked into the design contract, requiring the designers' plan for future expansion.

Mr. English said that the schools never seem to do that and always build for today. He emphasized that they should build 300-400 over capacity to avoid being in the position they are now. He asked if anyone had looked at Mary Washington College and using that as a high school, as the property was already there.

Mr. Anderson responded that he has been in that facility several times and felt there were some things they could use to avoid the space problems, but it's not the same as a high school—so if you compare it side by side in terms of room sizes and contents, it was very different from a new high school but could help alleviate the space crisis and address some future needs. He added that they should be looking at this even more closely in terms of how it might help accommodate growth.

Ms. Yeung commented that it wouldn't be as if it were another high school, because it isn't comparable, and she reiterated Mr. English's point of not wanting to be in the same position they were when Stafford High School was built. She said that they had problems there and ended up cutting corners, which they do not want to do with the new high school. She stated that the new design should incorporate maker spaces and future learning, and it should be efficient and what's right for the community.

Ms. Light presented school projects and how they ranked by the TRC, and there were definitely a few differences. She explained that HS#6 and offsite costs were not ranked by the TRC, as they were already underway, and HS#6 is recommended at $150 million. She said that Drew Middle School renovation is planned to include the upgrading and modernization of ADA accessibility, fire, alarm, electrical, fire suppression sprinklers, HVAC life, safety, and plumbing. She noted that the TRC visited the school and held their meeting onsite, and based on some of the safety issues, the TRC ranked this project highly. She pointed out that there are about $8.5 million of 3R projects included, which are mechanical systems and finishes over the 10 years that wouldn't be duplicated within the renovation.

Ms. Light stated that Elementary School #18 is a 964 design-capacity building, with no cost of land associated with that; Middle School #9 is planned for 1,100 students. She said that due to the scoring and available funding, they could not bring this to open at 100% capacity. She noted that the TRC is seeking Board direction on where to place them in the proposed project list and adopted CIP, which was not a decision they needed to make today.

Ms. Light reported that with Judicial and Public Safety projects, Aquia Station was approved in the 2022 CIP, and the TRC did not score that project. She said that the TRC met at the Brooke Fire and Rescue Station and found it very informational. She stated that the Rock Hill Fire and Rescue rebuild would provide one County-owned facility, and those are currently in two volunteer stations, which is not the most efficient setup. She said that White Oak would also provide for the same one County-owned facility; Brooke Fire and Rescue is built on a creek, and there is not adequate space there. She said that the TRC sat at the station's kitchen table and looked through an open window to their apparatus, which was concerning. She stated that Embrey Mill Station is a new project introduced this year, and this was from the standards of cover that the fire and rescue report did to provide where they would need stations.

Ms. Light reported that there is a joint training center, and the need is to accommodate the Fire and Rescue Department's current education and fleet functions, including proper classrooms, securable equipment storage, appropriate housing of training simulators, and safe apparatus repair facilities. She said that this would also provide space for the sheriff's department to have vehicle impound and to be used for training.

Ms. Light reported that for Parks and Recreation projects, the Carl Lewis Center is 100% proffer funded and would add capacity by adding another hall with a commercial kitchen, paved ADA parking, and ADA-accessible restrooms. She stated that there is a need for added storage equipment at both Duff and Chichester to protect their equipment, and both Duff and Mountain View would follow after a master plan and may require a bond referendum. She said that this plan assumes debt issuance in the final years of the CIP, but it would have to go before a referendum.

Ms. Light stated that Patawomeck and Musselman parks would be funded by proffers, and in comparing costs from year to year, those have come down because projection for proffers has diminished slightly. She stated that Two Stone Platform at River Road Park was submitted after the TRC completed its work, so it's not included in the scoring and is not in the CIP presentation, but it is provided to the Board as requested so they have the full picture. She explained that this would construct a platform and overlook at the site and would include ADA parking, as well as a train connecting it to the historic Port of Falmouth Park. She said the platform would provide a site to fish and view the river, and the trail would connect the Belmont Ferry Farm located near the port and Shelton's cottage.

Ms. Light stated that in Calendar Year 2021, with the adoption of the FY22 budget, the Board approved an increase to the personal property tax rate to help support the road bond projects through the $50 road bond approved in 2019 by more than 76% of voters. She noted that transportation did not have a lot of funding sources—fuel, sales tax, and impact fees, as well as some proffers. She said that a General Assembly action in 2021 took away state recordation, and in the transportation funding, the TRC is assuming more than $50 million in state revenue, but that hasn't been approved yet and there are some risks that the projects will not go forward as presented.

Ms. Allen asked if the Governor's plan to freeze and/or eliminate the gas tax will affect the assumptions related to transportation funding.

Ms. Light said that they currently get about $4.5 million in gas sales tax, and all of that goes to support the transportation fund, which pays for operating costs such as VRE, PRTC, and FRED Bus. She noted that if that funding were to go away, the General Fund would have to absorb the cost of that.

Ms. Yeung asked about impact fees such as the one Garrisonville has, and she wanted to know how much that was and how much went back into Garrisonville.

Ms. Light responded that she did not have the tax rate with her for Garrisonville but could share it with the Board later. She explained that Garrisonville has a taxed service district, and that goes into a fund that goes 100% to support road projects in that district.

Ms. Allen asked if they know where the transportation master plan stood, as this would have an impact on fees and other factors.

Mr. Smith responded that the County has an RFP out and was doing evaluations of the bidders, but they haven't actually started the plan yet. He said they would be hiring those engineers and beginning that plan to bring forward to the Board within the next month or two on the proposed contract—but it wouldn't affect this year's CIP.

Ms. Light presented a list of transportation road bond projects, and she offered to answer questions from the Board. She stated that there isn't much difference between the CIPs from last year and this year with these projects, as some of the state funding that would move around the timing of the project and cost to the County had not yet been received. She noted that this was the risk previously mentioned with the $50 million of assumed state funding in the outyears. She added that there are some other large projects in the CIP that are not part of the road bond projects—Stefangia Road and Mountain View Road intersection improvements and Brooke Road reconstruction—and because they were adopted as part of the FY22 CIP, the TRC did not look at those. She said that roadway safety/widening improvements happen every year, and the County typically has about $1 million for that; US-17 Business STARS improvements are also in the adopted CIP and total $9.8 million in FY28.

Ms. Bohmke asked if the County had any conversations with the state as to the federal infrastructure bill and how those monies would potentially flow to the different localities.

Staff indicated that they had not, and Ms. Vanuch commented that it was too soon.

Ms. Light reported that the U.S. Department of Treasury just finalized the ARPA instructions, and the hope is that they will now focus on the IAJA funding, but she is not yet aware of any projects.

Ms. Bohmke asked if the Board could see anything as it comes out, because it would be great to move these projects along with additional dollars from the infrastructure bill.

Ms. Light referenced the 3R projects and explained that County TRC members review County projects for the first five years; schools review, score, and recommend to the School Board the list of their 3R projects; and County staff provides these to the Board.

Ms. Light stated that the TRC is looking for direction from the Board on land acquisition, HS#6, Parks and Recreation projects, fire stations, the courthouse, transportation, and 3R projects. She said that the County Administrator would provide a proposed budget on February 15, which will include a proposed CIP for the 10 years, and staff will continue to work with the School Board and school staff toward better alignment with the CIP now and in the future.

Ms. Yeung suggested inviting school representatives to the budget work session so they would be aware early as to what the County is anticipated, so it's not a surprise.

Mr. Presley stated that there are already meetings scheduled with the Superintendent and Chris Fulmer with budget staff to review their proposed budget, local government's budget, and the CIP. He said there would also be work sessions with the two bodies.

Ms. Allen requested that the Board reconsider the design capacity conversation, because if that has a significant impact on school ratings, they should discuss the possibility of moving the number from 100%.

Ms. Bohmke stated that the process has evolved over the years, and she asked if the school division had taken a holistic view of the division. She explained that Drew Middle School in her district has 684 students, and they are looking at a $30 million renovation for a school with low enrollment numbers—which have been that way since Dixon-Smith opened. She said they also had the Heather Empfield Day School on the back of Drew, which occupies five classrooms, and that's another 100-125 children. She stated that her question was whether they would be better off taking that $30 million and putting it into a new middle school because they have needs throughout the whole County, to ensure they are getting the best bang for the buck. She asked if that was a conservation the School Board has had.

Ms. Yeung stated that the schools look holistically at the district, but the Board cannot always agree—and it was the pleasure of the Board to go along with those who decided the current direction. She said that the School Board considered what was best and contemplated having an elementary school and middle school in the area that serves most of the children, but votes matter, and they will have to see this year how it goes.

Mr. Anderson said that they are in a comprehensive study of Drew Middle School and Hartwood, and they would be having their final meetings with principals over the next few weeks—after which, it would be presented to the Superintendent and School Board. He stated that they were looking at this from a lot of different angles and trying to come up with different options because of the challenges they are facing.

Mr. Coen stated that there is some flexibility in what they could do, as the schools closest to Drew Middle School are Dixon-Smith and Gale, and there are different options to be considered.

Mr. Anderson said that they are considering all options and would provide a more readable chart for the Board's benefit.

Adjournment At 2:29 p.m., Chairman Vanuch adjourned the January 18, 2022 Stafford County Board of Supervisors CIP Work Session.

Frederick J. Presley
County Administrator

Crystal Vanuch
Chairman