

CITY OF COLONIAL HEIGHTS, VIRGINIA
Special Meeting of City Council
April 22, 2025

1. Call to Order.

The Special Meeting of the City Council was called to order by Mayor Kochuba at 6:00 P.M.

2. Roll Call.

Present: Councilwoman Elizabeth G. Luck
Councilwoman Tricia L. Palmer
Councilman Craig R. Skalak
Councilman Brad E. Slaybaugh
Vice Mayor John E. Piotrowski
Mayor T. Gregory Kochuba

Absent: Councilman John T. Wood

Also Present: Mr. Douglas E. Smith, City Manager
Mr. Hugh P. Fisher, III, City Attorney
Mrs. Jeri-Ann F. Tomlin, Deputy City Clerk

The Clerk announced the purpose of the closed meeting.

3. Declarations of Personal Interest

Declarations were read by Mayor Kochuba and Mr. Slaybaugh, then filed with the Clerk.

4. Work Session on the Following Items:

A. Review and Discussion of the Proposed FY 2025-2026 City of Colonial

The total appropriation included in this FY2025-26 Annual Budget, net of inter-fund transfers (and not including Water and Sewer Fund capital outlay), is \$128,880,239 which is around 0.8% more than the current fiscal year's adopted budget.

Some significant changes between the current year adopted budget and this budget are the decreased budget for Use of Fund Balance in Miscellaneous Revenue (approximately \$1.3 million less than FY 25) and decreased appropriations in the Capital Projects Fund (about \$9.6 million less than FY 25).

Proposed FY 25-26 Budget by Fund

| Fund | Amount | % of Budget |
|--------------------------------|--------------|------------------------|
| General Fund | \$50,256,500 | 39% (net of transfers) |
| IT Service Fund | \$869,566 | 0.7% |
| Economic Development Authority | \$369,580 | 0.29% |
| Recreation Fund | \$156,534 | 0.1% |

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|--------------------------------------|----------------------|------|
| Colonial Heights Public Schools Fund | \$65,790,454 | 51% |
| Capital Projects | \$4,524,984 | 3.5% |
| Stormwater Fund | \$953,707 | 0.7% |
| Utilities Fund | \$5,958,915 | 4.6% |
| TOTAL BUDGET (net transfers) | \$128,880,239 | |

The City's total General Fund budget for the upcoming fiscal year of \$81,827,970 is an increase of 5.1% from the original FY 2024-25 General Fund budget of \$77,863,214 (the proposed FY 26 General Fund Budget net of interfund transfers is \$50,256,500 as shown in the graph on the previous page). The General Fund budget includes a significant transfer of \$2,241,129 to the Capital Projects Fund for FY 26 for various capital projects (pass through funds); however, this is less than the \$3,541,008 transfer to the Capital Projects fund budgeted for FY 25. The total use of Fund Balance (assigned/restricted) in the FY 26 Proposed Budget is \$3,481,283 which is \$1,329,740 lower than last year. If the FY 26 Proposed General Fund budget included the same use of fund balance as last year, the overall increase in the General Fund Budget would be 6.8% instead of 5.1%.

The funding for Colonial Heights Public Schools through the Memorandum of Understanding (MOU) between the School Board and City Council increased in the upcoming budget (further details regarding the School Budget are included below). Under this MOU, the School division receives 50.73% of the City's top six revenue sources as the local contribution to schools. The City's transfer is adjusted to the actual revenue received from these six sources at the end of the fiscal year.

The budget for Colonial Heights Public Schools totals \$65,790,454, which is 51% of the total budget and an increase of \$7,701,816 over the current year. The line-item detail of the school budget is found in the back of this document.

Transfers from the General Fund to other funds represent the largest expenditure of the General Fund budget. The General Fund transfer to the Colonial Heights School system is budgeted at \$28,522,911, which is 9.9% higher than the \$25,965,051 transfer in the current fiscal year budget.

The FY 26 General Fund budget includes: a net increase of two new full-time positions, employee compensation adjustments, increases in health insurance premiums, technology equipment replacement, other equipment replacements, and funding in contingency for additional school funding (not yet included in the School budget appropriation) due to revised revenue projections.

The FY25-26 Budget continues the City's practice of being a balanced, financial plan. It was created with input from all department heads.

The budget includes the continuation of existing services and programs; support for existing staff and operations; and funding for equipment replacement and selected new investment. The City's budget is comprised of eight (8) funds:

- General Fund – (\$50.26M, net of \$31.57M transfers) The General Fund provides for the majority of city services; the funding of the General Fund comes from taxes, charges for services, fines and forfeitures, and intergovernmental revenue, among others. All functions not included in one of the other six funds are provided through the General Fund.
- School Fund – (\$65.8) This fund accounts for revenues and expenditures related to the operation of the Colonial Heights Public School System (CHPS). The City makes a lump-sum transfer of funds to the school division based on a formula as set in a Memorandum of Understanding (MOU) between the School Division and the City. While the school funds are appropriated by City Council in total, the School Board allocates and manages these funds.
- Economic Development Authority Fund – (\$369,580) This fund receives transfers from the General Fund for funding specific economic incentives approved by the Economic Development Authority and City Council.
- Recreation Fund – (\$156,534) The Recreation fund holds revenues and expenditures relating to specialized recreation services including athletic leagues, community events, youth sport sponsorships, classes, etc. Salaries of the Recreation and Parks staff and basic activities of the department are funded through the General Fund.
- Capital Projects Fund– (\$4.5M) Large capital purchases are planned through the City's Capital Improvement Plan, which is a supplemental document to this Operating Budget and integral part of the City's budgeting process. The Capital Projects Fund accounts for expenditures related to the purchase, construction, and installation of capital projects as included in the City's Capital Improvement Plan. Revenue sources include transfers from other funds, debt proceeds, or capital grants used to fund these large-scale projects.
- Information Technology Service Fund– (\$869,566) This fund is funded through charges to each department for the ongoing maintenance and ultimate replacement of desktop and laptop computers in service in departments and computer licenses. These charges are accumulated in the IT Service Fund, which provides funding for the City's outsourced technology support and computer licenses. Additional funding is also transferred for computer replacement and other costs.

- Stormwater Management Fund* – (\$953,707) Stormwater management activities are funded through a stormwater fee on City utility bills. The stormwater fees are deposited to the Stormwater Management Fund.
- Water and Sewer Fund* – (\$5.96M) The City's potable water and sanitary sewer services are recorded in the Water and Sewer Fund.

*Designates Enterprise Funds

The FY25-26 budget document is presented in a format similar to prior years. Preceding most departmental budgets is a title page that includes a brief narrative with information as to departmental activities, duties, and responsibilities. Also, on this page are performance indicators providing statistical data of that department's volume of work and a summary of personnel resources. As was included in the current year budget, this document includes a five-year plan for equipment, furnishings, fixtures, vehicles and other one-time capital outlays in each major department.

FY2025-26 ANNUAL BUDGET - Budget Highlights and Issues

The City of Colonial Heights continues to respond to financial challenges through the effective management of its available resources. As we look into the future, infrastructure replacement, increased demands for services, and general increases in costs will continue to stretch current financial resources. This budget does not anticipate deficit spending and/or utilization of unassigned fund balance for operating expenses (some of the assigned fund balance utilized in the proposed budget is yet to be assigned; these assignments will be proposed to Council prior to the final adoption of the FY 26 budget).

The following is a brief discussion of various issues impacting the FY25-26 Annual Budget:

- **Cost of Operations** - The City has experienced increased costs in various areas. Providing a compensation increase to employees is a critical item for rewarding our employees and for helping with recruitment and retention. The proposed budget includes a 3% cost of living adjustment for full-time employees who are not included in the Public Safety Pay Plan. Additional adjustments are also included for a group of maintenance employees. For positions in the Public Safety Pay Plan, the proposed budget includes significant changes to the pay plan which provide for increased compensation for employees as well as movement of one step in the step plan (the one step movement will come later in the fiscal year for employees who are in a recruit school/academy).

Health insurance costs increased 5.6% for FY 26 with the City taking on 80% of the increased cost for all employee plans (approximate additional cost of \$183,000).

- **Funding Enterprise Operations** - The City's water and sewer rates were last adjusted effective January 1, 2025, and the current stormwater rate was also increased effective January 1, 2025. The monthly stormwater fee is proposed to increase from \$4.75 to \$5.25 per equivalent residential unit beginning January 1, 2026. A rate increase is also proposed for water and sewer rates beginning January 1, 2026 to generate an increase of 5% for water/sewer user charge revenue. Prior to January 1, 2026, staff will have further discussion with City Council on recommendations for the stormwater and water/sewer funds to be self-sustaining including potentially revising the proposed January 1, 2026 rate recommendations.
- **Budget Organization and Structure** - A new division is added under Health & Social Services for Opioid Abatement which provides for budgeted revenue and expenditures for Opioid Abatement outside funding.
- **Capital Outlay and Capital Project Funding** - As mentioned earlier, the FY25-26 operating budget supports various capital projects through the transfer of funds from the General Fund (\$2,241,129 in fund balance proposed to be transferred by the General Fund budget to the Capital Projects Fund for FY 26). The City also plans the one-time utilization of \$473,827 in assigned (or restricted) General Fund balances for specific capital outlay purchases/projects in the General Fund. The use of general fund assigned (or restricted) fund balance is planned for the following:
 - Sheriff's Office Vehicle: \$65,000 (Sheriff restricted funds)
 - Police Patrol Vehicle: \$65,500
 - Police Admin. Vehicle: \$40,000
 - Police Fingerprint System: \$11,327 (State asset forfeiture funds)
 - Animal Control Vehicle: \$55,000
 - Animal Shelter Gazebo (Donations): \$2,000
 - Fire Department Cardiac Monitors: \$90,000
 - Public Works Dump Truck: \$90,000
 - Public Works Truck: \$55,000
- **Fees and Rates** - The Personal Property Tax Rate of \$3.50 per \$100 of assessed value for calendar year 2025 is proposed to stay the same for calendar year 2026. No change is proposed for the real estate tax rate.

The monthly rate for garbage/recycling is proposed to increase from \$21.25 to \$22.00 following solid waste collection and recycling rate adjustments through the Central Virginia Waste Management Authority.

- **Specific Personnel Needs/ Staffing** - The budget includes funding in FY25-26 for two hundred seventy-seven (277) full-time positions, in addition to multiple part-time and seasonal positions. This is a net increase of two full-time positions over the original adopted FY 25 budget. A full-time Accounting Manager position is added in the Finance Department, and a new Utilities Superintendent position is added in the Water & Sewer Fund. An Outreach Program Coordinator position (grant funded) was added to the General Pay Plan during FY 25 (it is shown in the Office on Youth position chart in this budget document). One full-time Deputy position is removed from the Sheriff's office, reverting to two-part time employees instead. Other personnel changes include various title and classification changes.
- **Vehicles, Furniture, Fixtures & Equipment** - Planned replacement and acquisitions of vehicles, furniture, fixtures, equipment and other capital outlay items in the General Fund for FY 25-26 total \$985,806. This is an increase of 26.5% when compared to the FY24-25 figure of \$779,320. Some items included in the proposed FY 26 budget include three police vehicles, equipment for the Fire Department, vehicles for the Sheriff's Office and Public Works, and equipment for Parks Maintenance. The chart below illustrates General Fund equipment, furniture, fixtures, and vehicle spending/other capital outlay planned in FY 26 by functional category.
- **General Fund Vehicles, Furniture, Fixture, and Equipment/Other Capital Outlay: Planned FY 26 Spending**

| Budget Category | Amount | Percent of Total |
|------------------------------------|------------------|------------------|
| Legislative | 4,300 | 0.44% |
| General & Financial Administration | 6,500 | 0.66% |
| Judicial | 111,360 | 11.30% |
| Public Safety | 623,790 | 63.28% |
| Public Works | 174,456 | 17.70% |
| Culture and Recreation | 56,500 | 5.73% |
| Community Development | 8,900 | 0.90% |
| TOTAL | \$985,806 | |

Capital Improvement Plan FY2026-FY2030

The budget process included the development of a separate five-year Capital Improvement Plan (CIP). The City's capacity for issuing new debt over the period of the CIP was analyzed and funding alternatives for capital projects were identified.

Colonial Heights will need to renovate and replace core infrastructure and facilities to continue the service levels enjoyed by its citizens. By planning for these needs over the long term and matching them to the available resources for that exact period, City Council and City Management can proactively address community needs in a systematic, planned manner that maintains a stable tax base and allows for continued excellence in our services to the public.

The following projects are included and recommended for funding in the first year of the Capital Improvement Plan. They will be appropriated in the Capital Projects Fund as part of this Budget:

- Fire & EMS Medic 933 Replacement
- Total Maximum Daily Load Project
- Repaving of Conduit Road from Ellerslie Avenue to Riveroaks Drive
- Boulevard Sidewalks
- Boulevard at Temple Intersection Improvements
- Appomattox River Greenway Trail Phase 6
- Bridge Repairs
- Water Tower Rehabilitation and Coating Replacement
- White Bank Park – Pavilion Roofing and Lighting Replacement
- White Bank Park – Parking Lot Repairs
- Lakeview Park – Parking Lot Repairs
- Violet Bank Museum Restoration – Phase III
- Splash Pad
- Colonial Heights Technical Building – HVAC Replacement

For additional information on all capital projects, including those proposed for funding in future years, please see the City's Fiscal Years 2026-2030 Capital Improvement Plan.

The General Fund budget includes a transfer of \$2,241,129 to the Capital Projects Fund from various assigned or restricted fund balances for funding toward some of the projects listed above.

Other Items

- FY 25 Debt Issuance – The FY 26 budget includes funds for the first debt payment for the debt issuance that was proposed for FY 25 for Roanoke Avenue Reconstruction

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and stormwater projects. While the debt was not issued earlier in FY 25, the City plans to participate in the upcoming summer 2025 debt issuance through the Virginia Resources Authority pooled financing program.

- Information Technology Services Fund – A \$426,327 transfer from General Fund assigned fund balance to the Information Technology Services Fund is included in the proposed budget.
- Economic Development Authority Fund – The Economic Development Authority Fund includes \$340,000 from General Fund assigned fund balance for payments for several previously approved Economic Development incentives (development of 401 Temple Avenue and the TownePlace Suites hotel).
- Compensation Adjustments – The proposed budget includes funding for employee
- Employee Health Insurance – As mentioned previously, premiums for FY 25-26 increased 5.6%, after an approximate 5.8% increase in the previous year. The City is absorbing a significant amount of this increase at a cost of approximately \$183,000 for all funds.
- Financial Policies – The City of Colonial Heights' financial management policies are also included in this document. In summation, the FY25-26 budget does show an increase from the previous fiscal year.

However, the City faces cost increases requiring additional funding, and it is critical for the City to provide meaningful compensation adjustments to our employees.

B. Discussion Concerning the Qualifications and Recruitment of a New City Attorney.

Ms. Carpenter provided Council with the City Attorney's job description and website announcement, and both she and Mr. Fisher provided comments and guidance regarding the advertisement of the position. After several minutes of discussion, it was the consensus of the Council for Ms. Carpenter to immediately release the ad to the City website for public viewing.

C. City of Colonial Heights Audit Statement

City of Colonial Heights Audit Statement

In accordance with requirements in the Code of Virginia §15.2-2511, if a locality's audit is not completed as required by statute, the locality must promptly post a statement on its website with the following information:

- That the required audit is pending,

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- The reasons for the delay,
- And the estimated date of completion.

City of Colonial Heights Audit Statement

The City of Colonial Heights' audit for the fiscal year ending June 30, 2024, is pending. The major factor for the delay of the audit is: delay in completion of the audit for the fiscal year ending June 30, 2023, resulting in significant delay in the year-end close and audit work for the fiscal year ending June 30, 2024. Our estimated date of completion for the audit report is May 30, 2025.

7. Adjournment.

A motion to adjourn the Special Meeting was made by Mrs. Palmer, seconded by Mrs. Luck, and carried unanimously on voice vote at 9:18 P.M.

APPROVED:

T. Gregory Kochuba, Mayor

ATTEST:

Pamela B. Wallace, City Clerk