

City of Falls Church

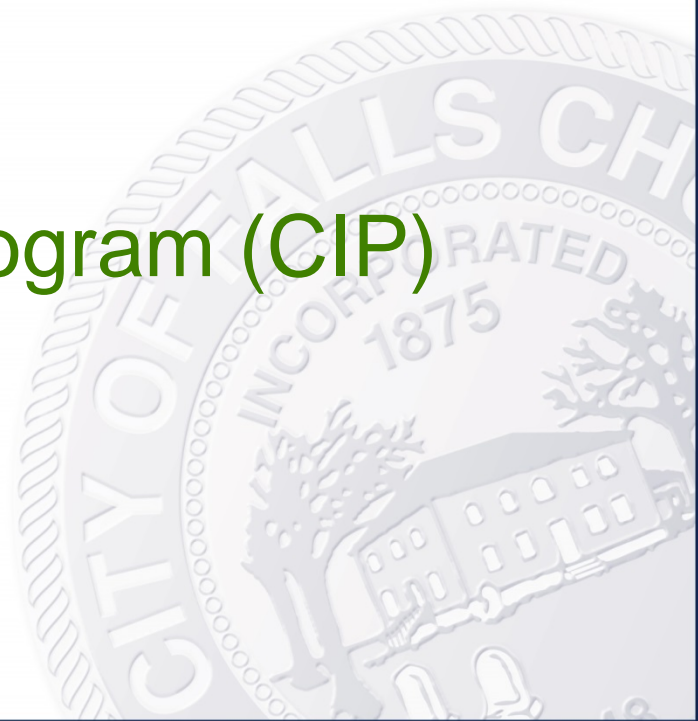
FY2018 BUDGET & CAPITAL IMPROVEMENTS PROGRAM

March 13, 2017



Overview

- Highlights from Operating Budget
- School Board Budget
- Overview of Utility Funds
- Capital Improvements Program (CIP)



Operating Budget Summary

General Fund

	Adopted FY2017	Proposed FY2018	\$ Change	% Change
General Government	\$ 36,744,573	\$ 36,916,572	\$ 171,999	0.5%
Debt Service: Gen Gov't	2,071,058	2,146,189	75,131	3.6%
WMATA & PAUG	779,482	1,284,675	505,193	64.8%
Total General Gov't	39,595,113	40,347,436	752,323	1.9%
School Transfer	39,817,030	41,285,500	1,468,470	3.7%
Debt Service: School	4,298,646	4,299,323	677	0.0%
Total Schools	44,115,676	45,584,823	1,469,147	3.3%
Capital Reserves	-	1,200,000	1,200,000	-
Interfund Transfers	2,593,631	1,358,953	(1,234,678)	-47.6%
Total	\$ 86,304,420	\$ 88,491,212	\$ 2,186,792	2.5%

Operating Budget Summary

Request for RE Estate Tax Increase

Organic Revenue Growth	\$ 2,241,351	2.7%
	General Gov't	School Board
Allocate Organic Revenue	\$ 1,166,291	\$ 1,075,060
Less: equipment financing & grants	(279,282)	
WMATA Increase	(400,044)	-
Pay As You Go Capital (PAUG)	(200,000)	-
Debt Service	(114,966)	-
	0.5%	3.7%
Less: Base Expenditure Growth	(171,999)	(1,468,470)
Additional Revenue Needed	-	(393,410)
RE Tax Increase		1 cent

Business District Improvements

- Hotel Tax: 1% increase
 - Increase from 7% to 8%
 - \$60K for commercial district improvements
 - Sustained and dedicated revenue stream
 - Lighting
 - Planters
 - Improved Signage



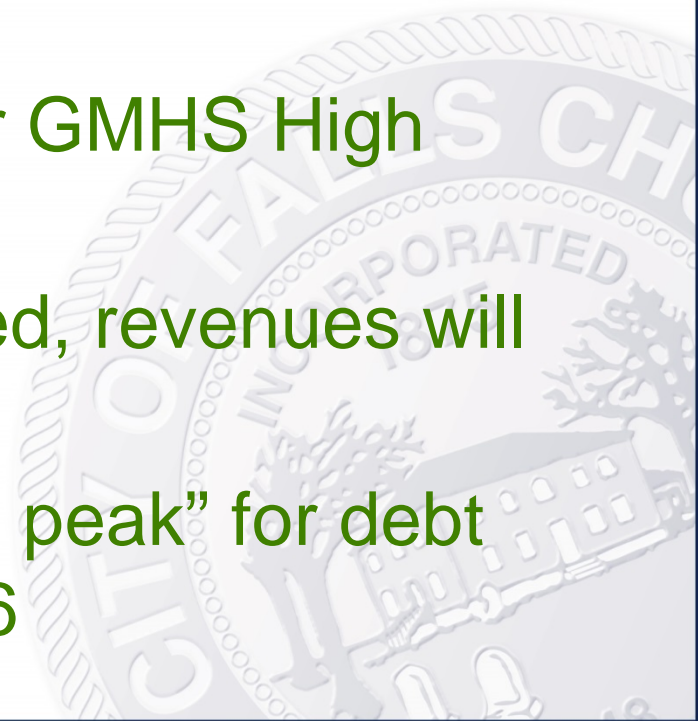
Capital Planning

- GMHS/MEHMS School Project:
 - Feasibility Study will establish costs
 - 6 to 18 cents on RE Tax Rate
- City Hall Public Safety:
 - \$13 M additional bonding
 - 2.5 cents on the RE Tax Rate
- Mary Riley Styles Library:
 - \$8.7 M estimated cost
 - 1.5 cents on the RE Tax Rate



Funding for Capital Reserves

- Recommendation:
 - 3 cents on the RE Tax Rate for Capital Reserves
 - Would generate \$1.2 M for GMHS High School Project
 - When school bond is issued, revenues will go to pay debt service
 - Pre-funding will “shave the peak” for debt service in years 2022-2026



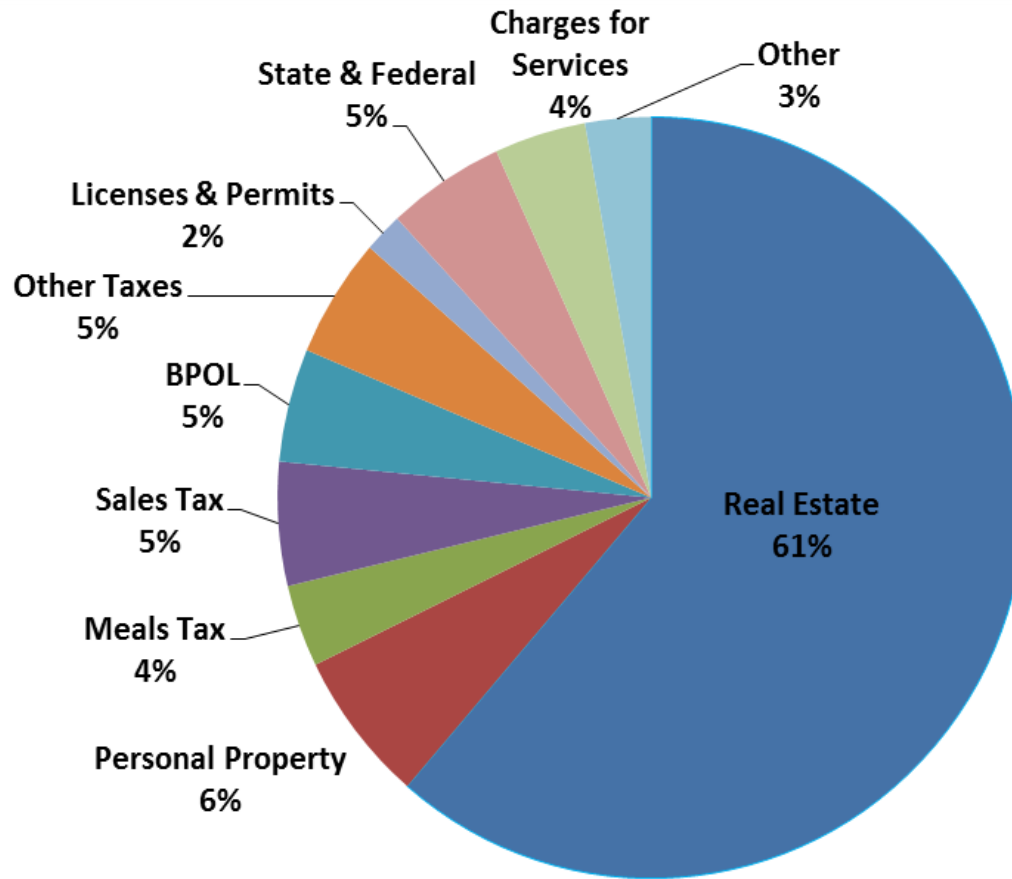
Revenues

(General Fund)

	Proposed FY2018	\$ Change	% Change
Real Estate Tax	\$54,257,000	\$3,282,536	6.4%
Local Taxes	22,213,650	672,650	3.1%
Permits & Licenses	1,492,346	(237,754)	-13.7%
State & Federal	4,494,223	90,640	2.0%
Service Charges	3,505,896	172,919	5.2%
Other	2,528,097	(93,889)	-3.6%
Use of Reserves	0	(1,700,310)	-100%
Total	\$88,491,212	\$2,186,792	2.5%

Operating Revenues

General Fund



FY2018 Assessed Values:

Single Family: + 3.2%

Townhouses: + 1.4%

Condos: + 0.9%

Commercial: + 5.9%

Apartments: + 6.7%

Overall: + 3.6%

Total Assessed Value: \$ 4.0 billion

Total AV Growth: \$140 million

New Construction: \$84 million

RE Tax Rates in Region

2017 (Proposed To Date)

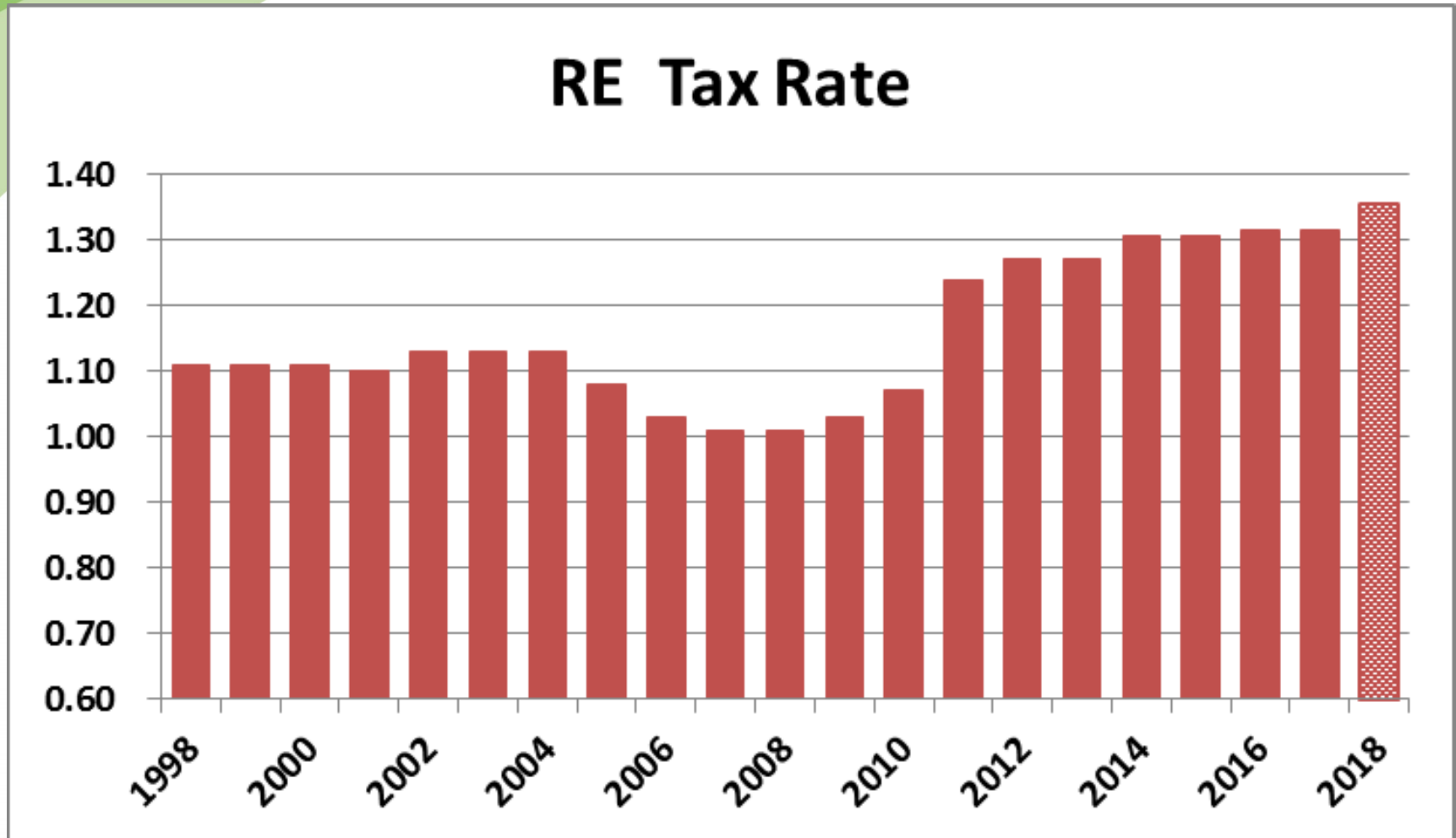
	TY2017	Extras	Comparable Tax Rate
Manassas Park City	\$ 1.55		\$ 1.55
Purcellville Town	1.36		1.36
Herndon Town	1.395		1.395
Manassas City	1.38		1.38
Vienna Town	1.355		1.355
Falls Church City	1.355		1.355
Leesburg Town	1.323		1.323
Prince William Co	1.218		1.218
Loudoun Co	1.140	0.050	1.190
Fairfax County	1.13	0.108	1.238
Fairfax City	1.062	0.010	1.074
Alexandria City	1.073	0.063	1.136
Arlington Co	0.991	0.058	1.049
AVERAGE	1.25	0.05	1.28

Commercial RE Tax Rates

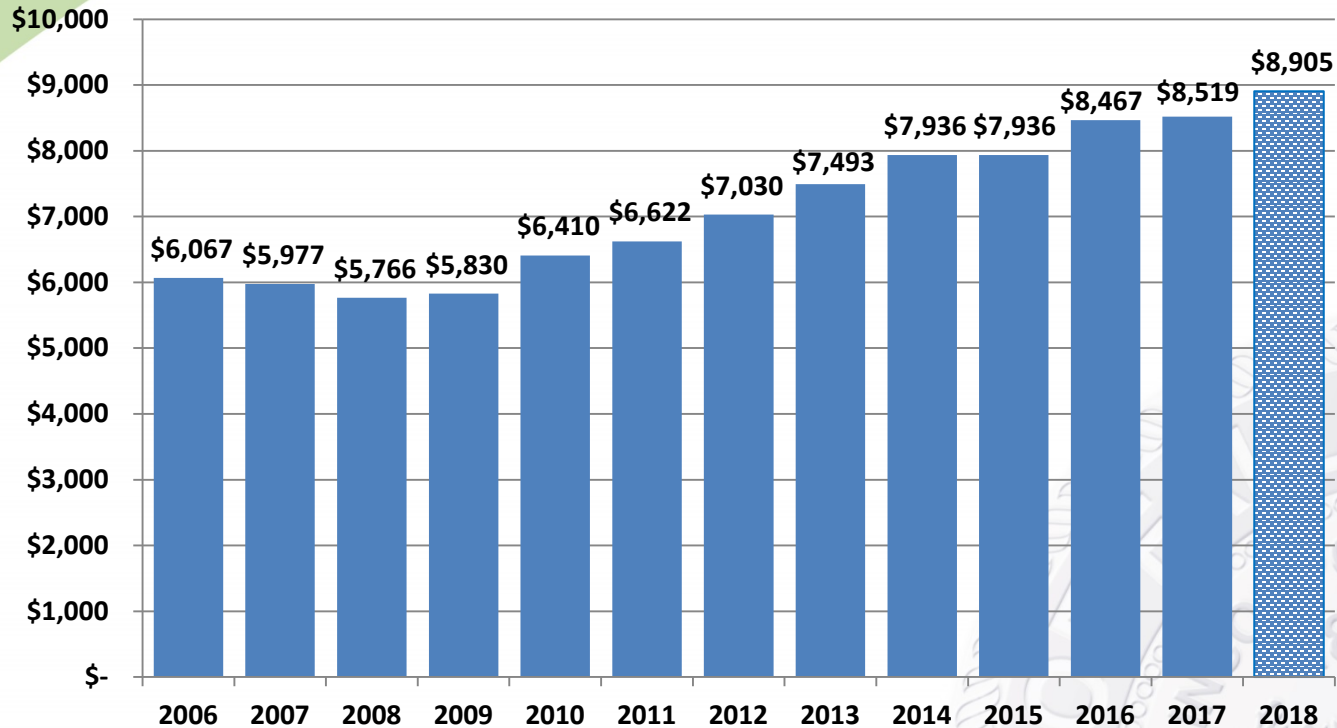
Tyson's Corner: \$ 1.13	Base Rate
.19	Dulles Rail
.12	Transportation
.05	Tyson's Service
<u>.001</u>	<u>West Nile Prev</u>
1.491	Total Tax Rate

Note: County 2.5 cents for stormwater is not included, as City has stormwater fee separate from tax rate.

RE Tax Rate Over Time



Median Home Owner RE Tax Bill



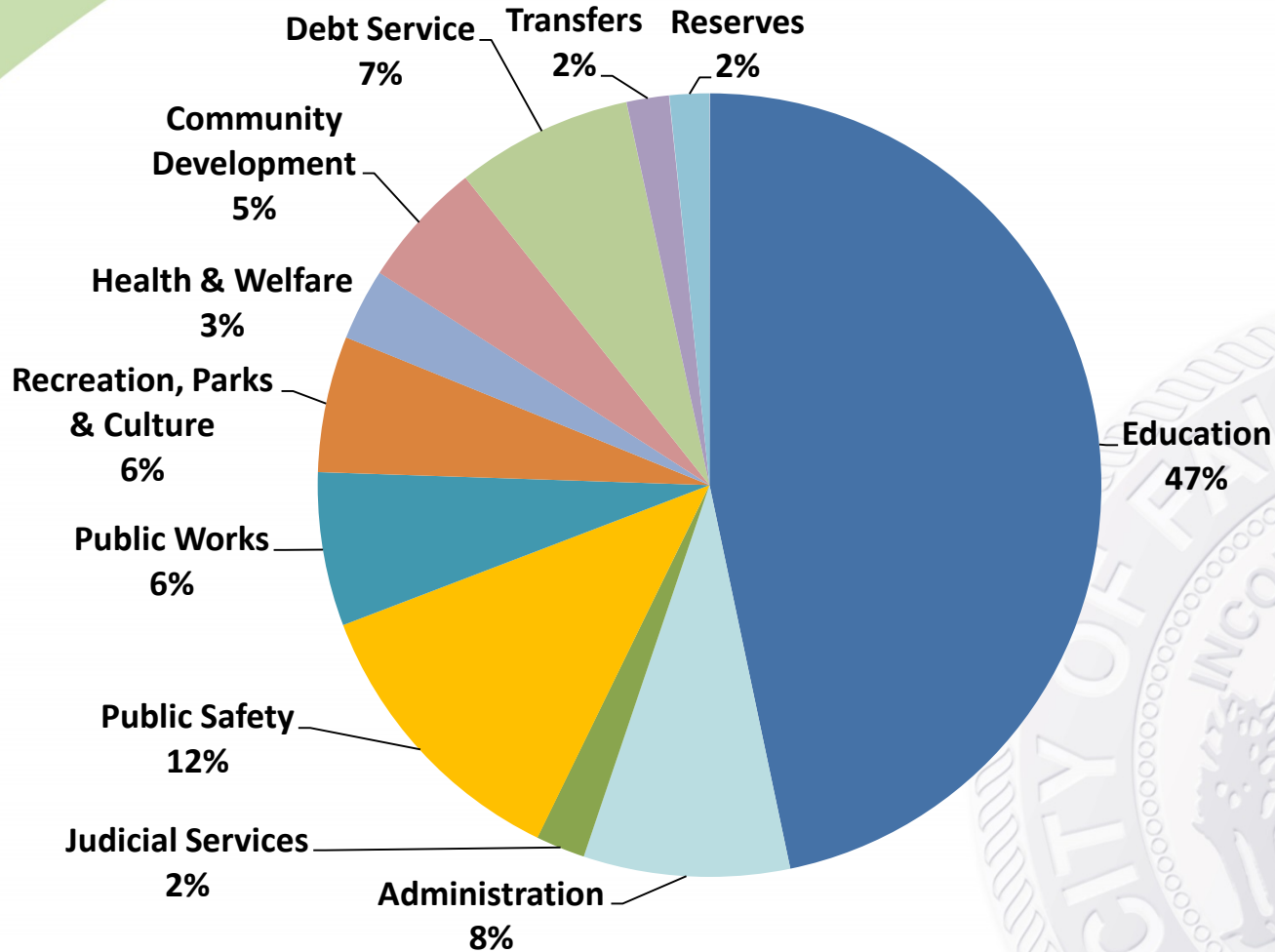
2017 median home value: \$657,200

Home assessments 1.6% market increase, 1% new construction

2017: 4 cent tax rate increase = \$262 increase for median home

FY2018 Expenditures

General Fund

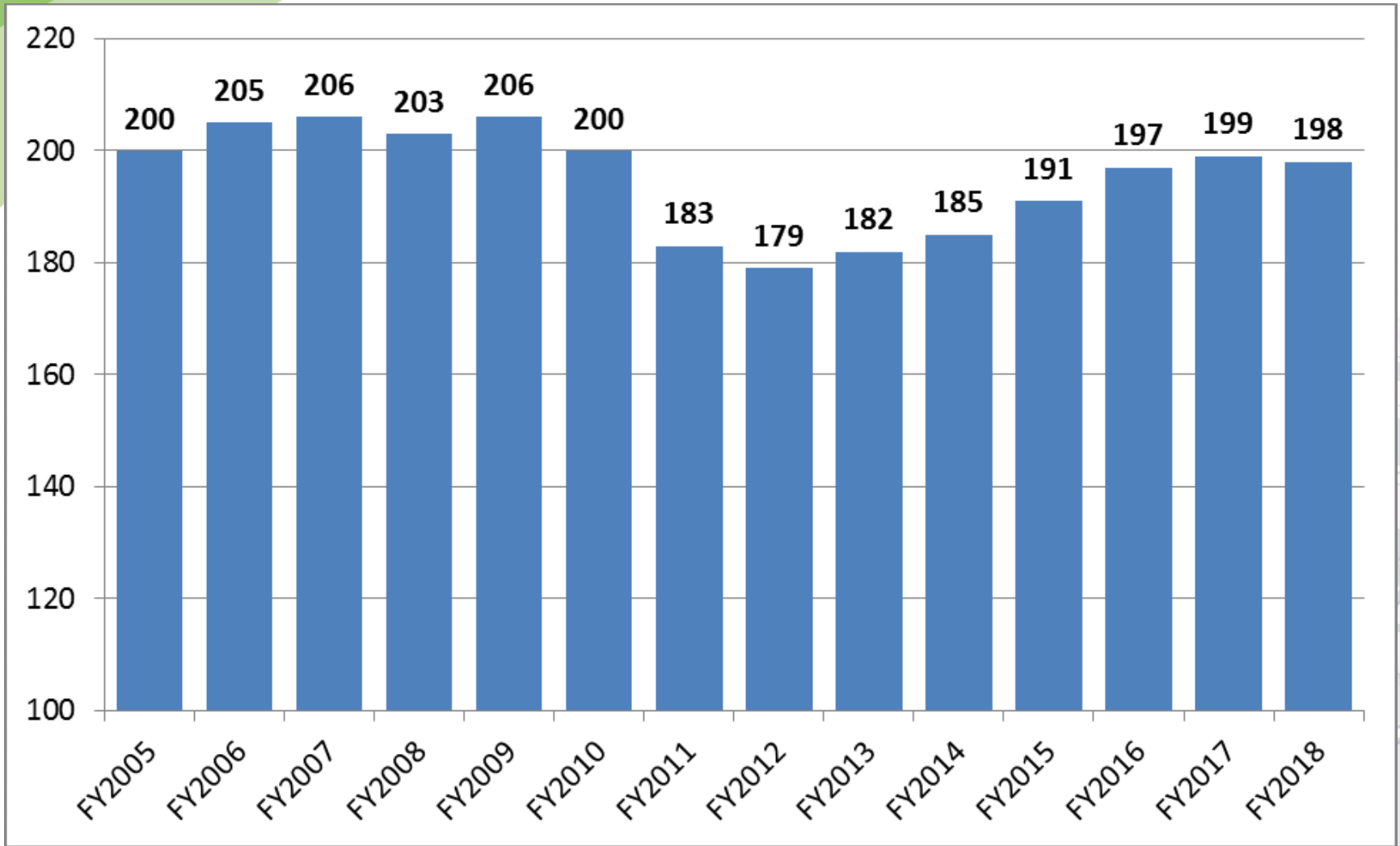


Employee Compensation

- **Goal:**
 - Recruit and retain high performing work force
- **Salary:**
 - 3.0% merit increase, \$3,000 cap
 - 3.0% step increase for Police; 0% COLA
 - We are assessing FY18 regional local government proposals for competitiveness
- **Health insurance premium increase**
 - 6.6% Anthem
 - 0% Kaiser

Positions Over Time

(General Fund)



Dividend from Water Sale Proceeds

- In 2015, the City Council allocated \$9.2 M to the Pension Fund
- Purpose: earn a permanent dividend by lowering pension costs
- \$140,000 market return for FY2016 factored into FY18 Budget

WMATA Costs

	FY2017	FY2018	Change
Net Local Subsidy	\$764,656	\$1,068,670	\$304,044
Sources:			
Local Revenue	564,626	964,670	
NVTA 30%	200,000	104,000	

Note: GMHS / MEHMS School Feasibility Study is underway

Fleet Replacement

- **Public Safety Vehicles (3): \$159k**
- **Public Works Service Trucks: \$60k**
- **Financed with short term (5 year) debt**



Priorities for Future Funding

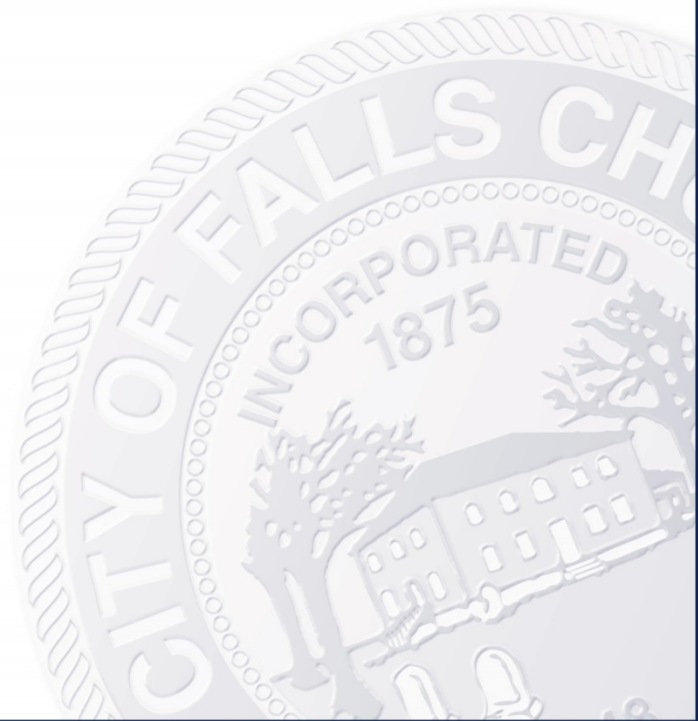
- **Police Officers (4):** \$ 320,000
- **Dispatcher (2):** \$ 120,000
- **Library ILS Software:** \$ 59,000
- **Annual Paving:** \$ 500,000
- **Sidewalk Maint:** \$ 400,000
- **IT Refresh (annual):** \$ 115,000

\$4.8 million in unmet needs identified

School Budget

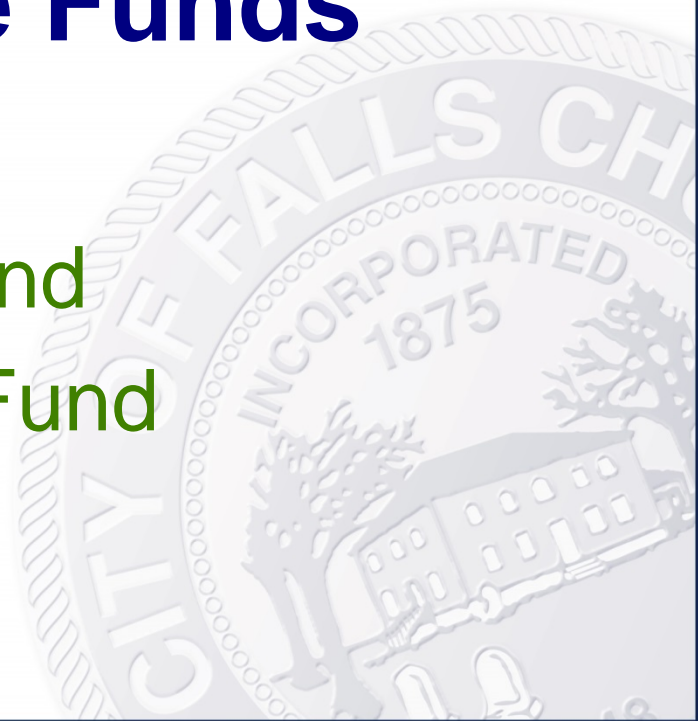


FALLS CHURCH CITY
PUBLIC SCHOOLS



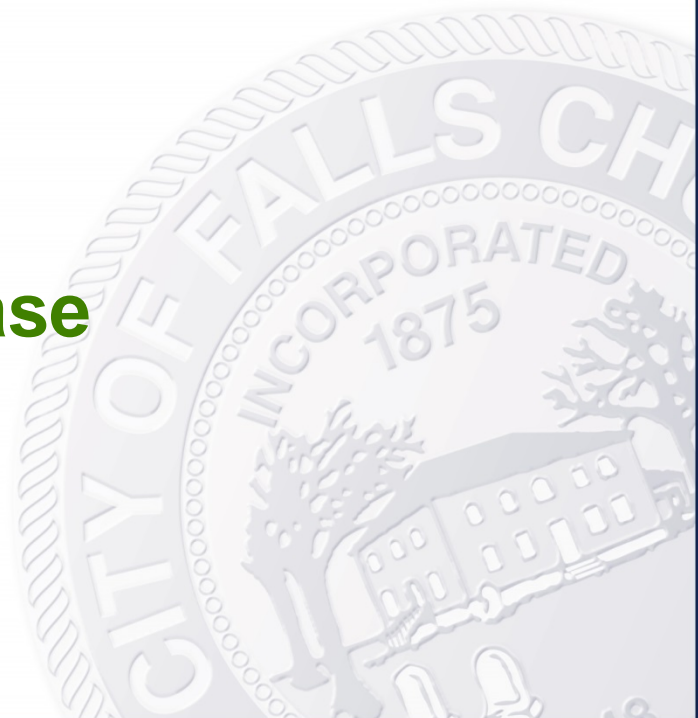
Utility Enterprise Funds

Stormwater Fund
Sanitary Sewer Fund



Storm Water Utility

- **Goals:**
 - Comply with federal mandates to improve water quality
 - Mitigate local flooding
 - Repair and replace ~60 year old infrastructure
- **Five Year CIP: \$4 M**
 - \$4 million in facility reinvestment
 - Potential grant funded projects
- **Storm Water Fee: no increase**
 - \$18.36 per 200 square feet
 - Cost for Average Home: \$255 per year



Sanitary Sewer Utility

- **Sewer Capital Improvements:**
 - \$1,000,000 in FY18
 - Dorchester Sewer Main Expansion
 - Paid for with developer fees
 - \$500,000 annually sewer pipe rehabilitation
 - Sewer Capacity Study near completion
- **Sewer Fee: no rate increase**
 - Rate remains at \$9.87 per 1,000 gallons



FY2018-2022 Capital Improvements Program



March 13, 2017

Capital Improvements Program

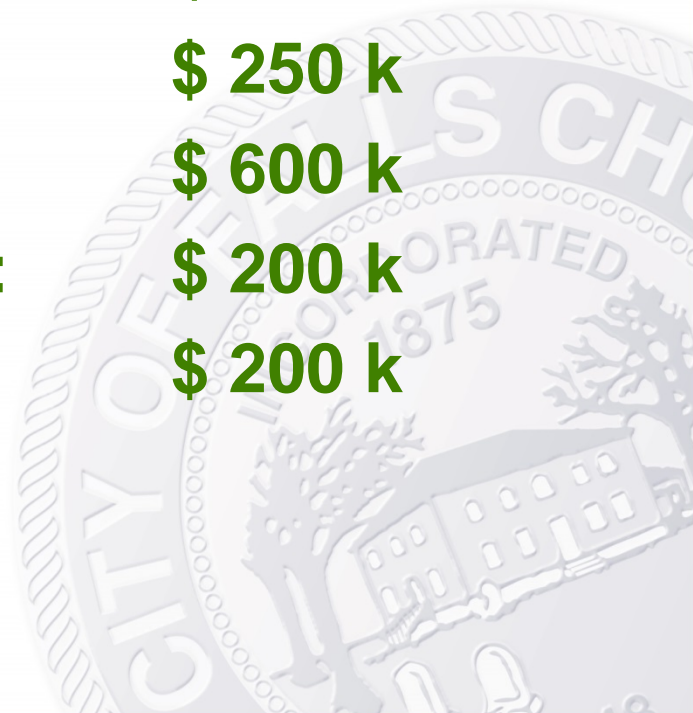
(Does Not Include GMHS / MEHMS Schools)

	FY2018	Five Years
Information Technology	\$ 250,000	\$ 250,000
Public Safety	800,000	1,473,000
Public Facilities *** (excludes GMHS & MEHMS costs of \$40M to \$165M options)	1,273,606	10,108,605
Transportation	5,162,123	33,900,885
Recreation & Parks	1,075,000	2,825,000
Total	\$8,560,729	\$48,557,490

Note: GMHS / MEHMS School Feasibility Study is underway

FY18 Funded Projects

- **GMHS and MEHMS:** **\$TBD**
- **Library:** **\$ 1.1 million**
- **Larry Graves Park Turf:** **\$ 1.1 million**
- **Voting Equipment:** **\$ 250 k**
- **Firing Range:** **\$ 600 k**
- **Fire Station 6 Improvements:** **\$ 200 k**
- **City Facilities Reinvestment:** **\$ 200 k**



FY18 Transportation Projects

Primarily funded with grants

- **Van Buren Bridge** **\$1.8 M**
- **Roosevelt Ped Improvements** **\$1.4 M**
- **Traffic Signals** **\$ 600 k**
 - **Cherry and E. Broad Intersection Improvements**
- **Bike Share** **\$2 M**

**On-going Grant Applications to implement adopted
Mobility for All Modes and Small Area Plans**

Traffic Calming projects

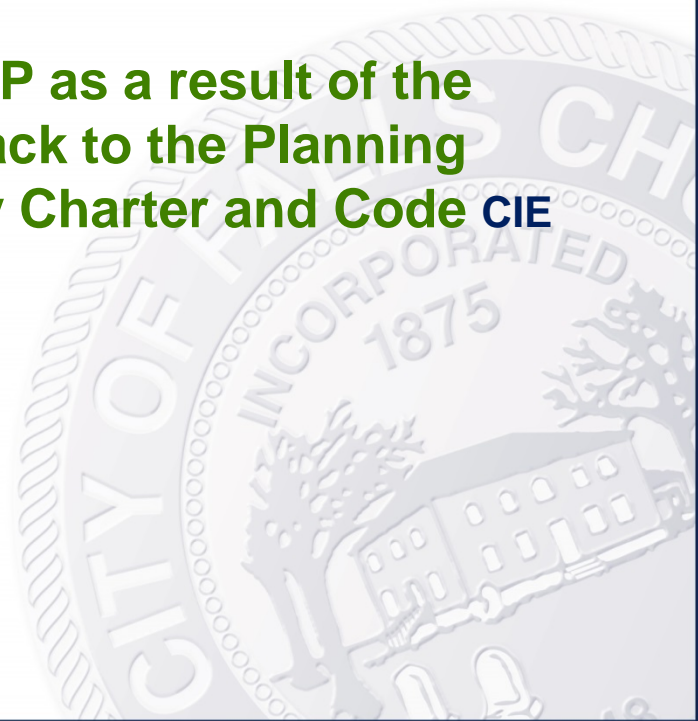
- **FY2018 Projects:**
 - \$200 k allocated in FY2017
 - North Maple Ave
 - Lincoln Ave Pedestrian Crossings
 - N. West Street Pedestrian Crossings
 - Neighborhood Traffic Calming Process
- **FY2019 Plan of Action**
 - Application for BPSP* Grant has been submitted
 - \$600,000 for multiple projects

*Virginia Bicycle and Pedestrian Safety Program Grants

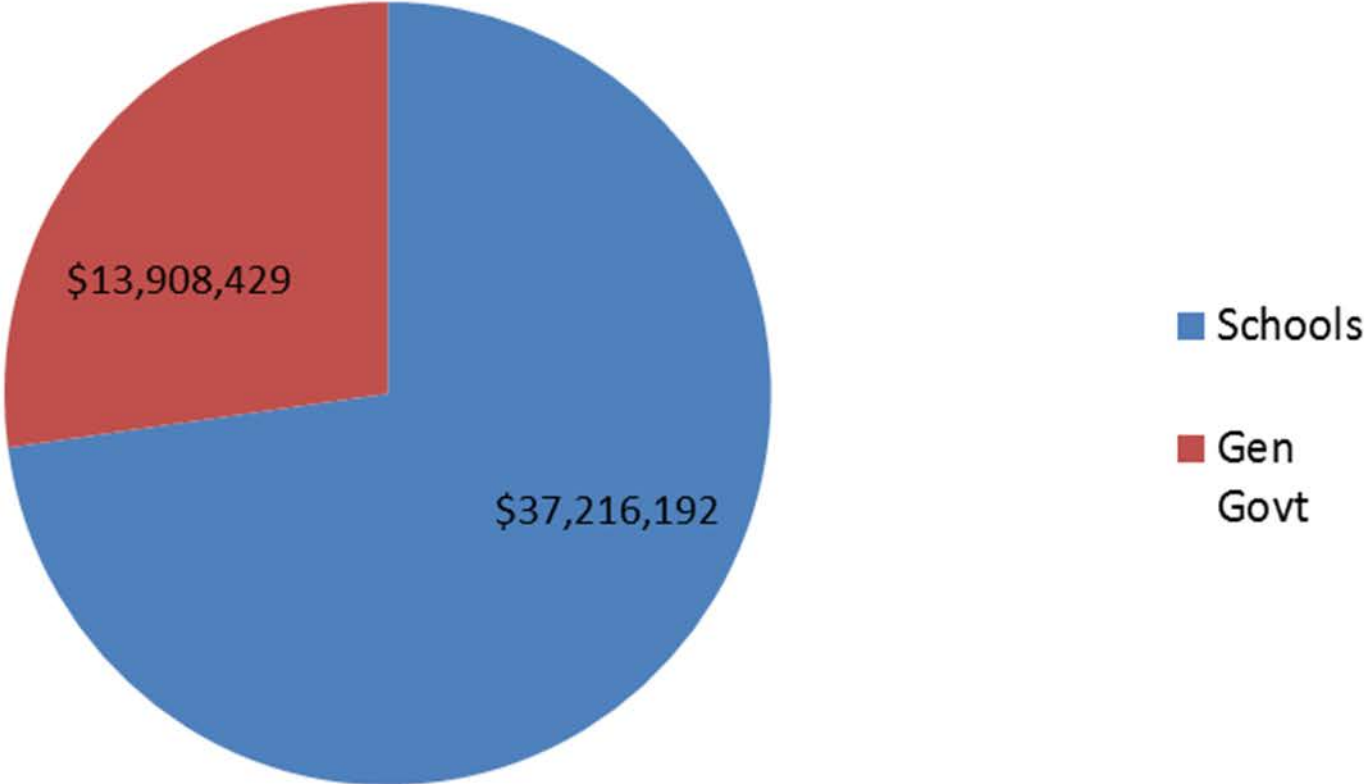
Planning Commission CIP Recommendation

**Approved FY2018-2022 CIP with no modifications
and one stipulation:**

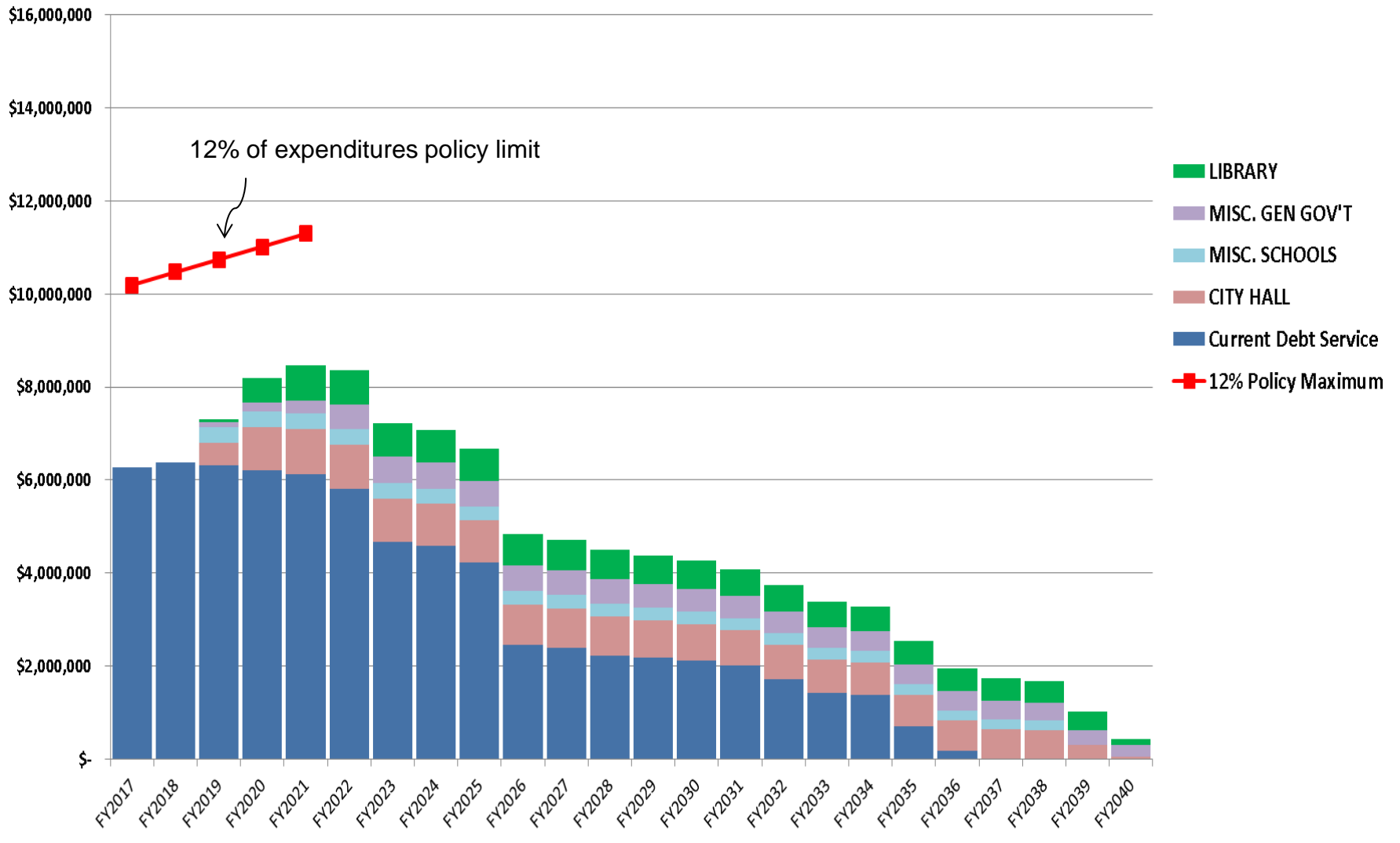
- That any future amendment to the CIP as a result of the GMHS/MEHMS project be referred back to the Planning Commission consistent with the City Charter and Code CIE



Outstanding Tax-Supported Debt February 2017

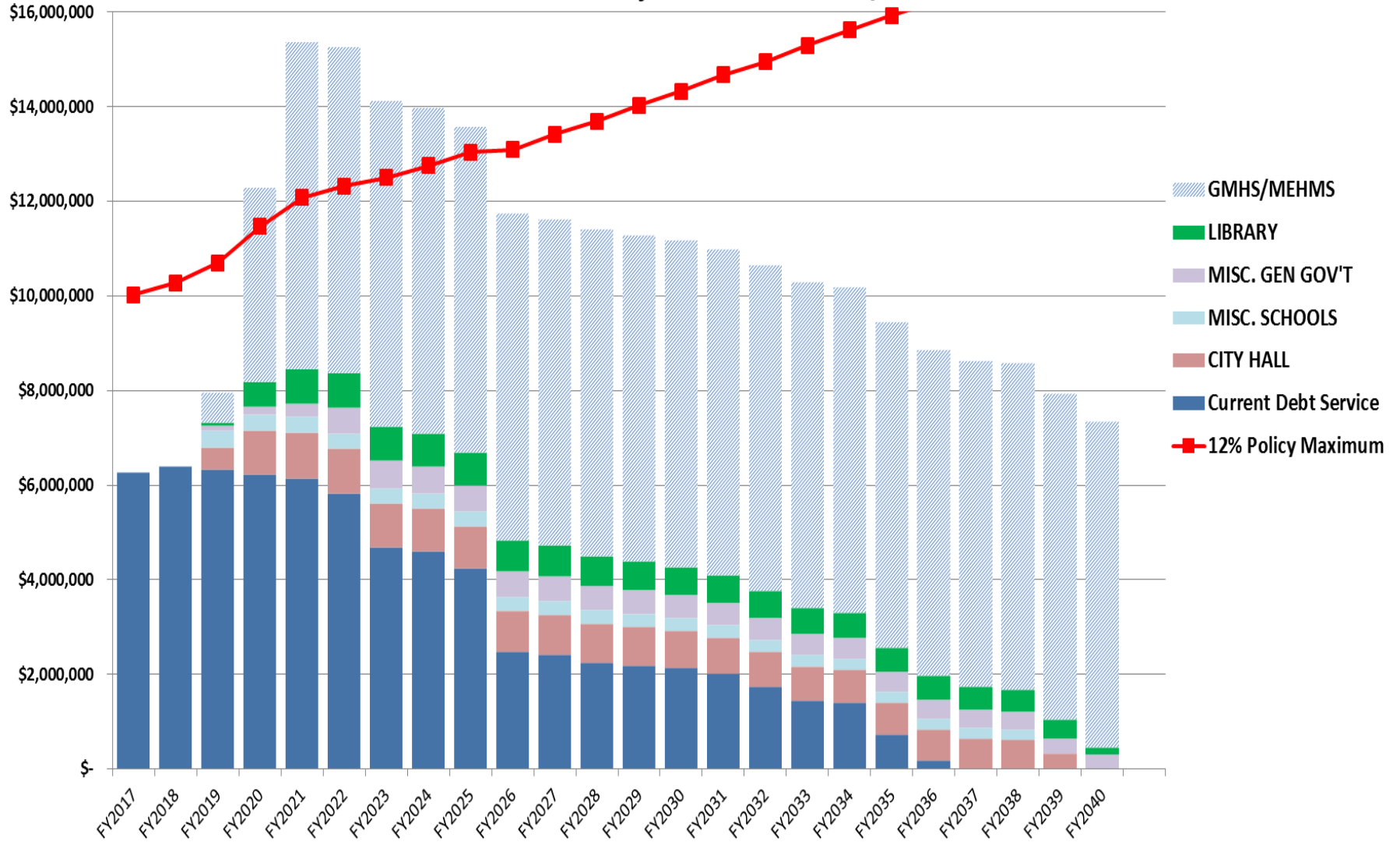


Annual Debt Service Projection



Debt for the GMHS & MEHMS projects not included in the above projection.

Annual Debt Service Projection with GMHS/MEHMS \$117M

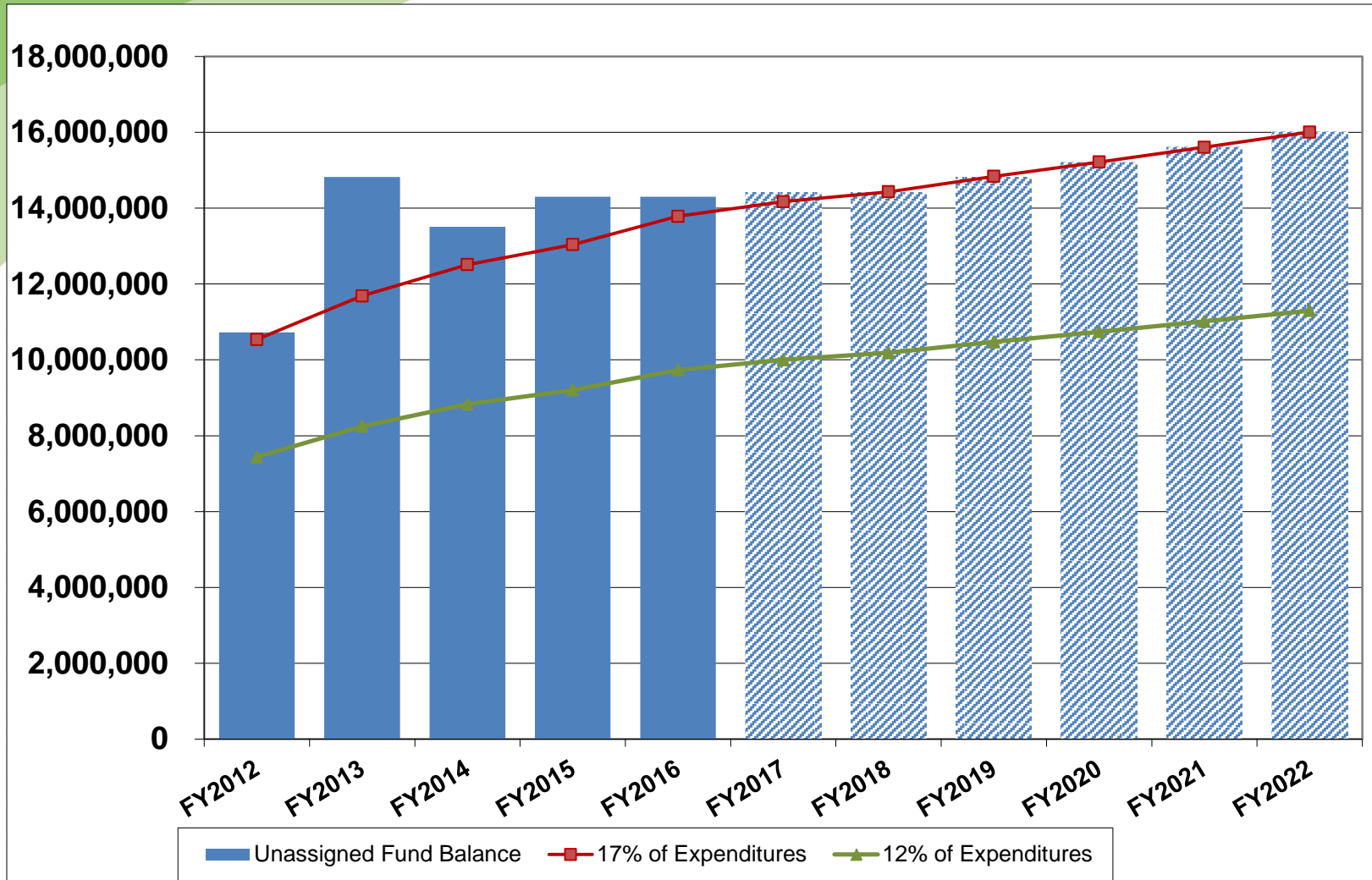


Capital Capacity Challenges

- **The City has significant capital needs**
- **City is exploring strategies accomplish the GMHS and MEHMS Projects at lower cost to taxpayers**
- **Growing the City's Capital Reserves is necessary if City is to accomplish CIP goals**



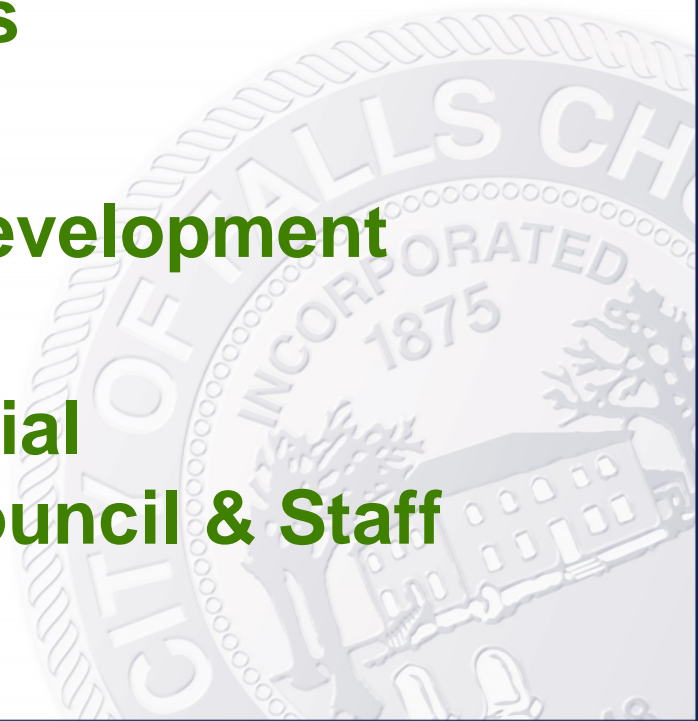
Fund Balance



Debt service for the GMHS & MEHMS projects not included in the above projection which would increase total expenditures and drive the 12% minimum and 17% targets up.

Capital Capacity Strengths

- **AAA / AAA / Aa+ ratings are indication of strength:**
 - ✓ **Fund balance at policy target**
 - ✓ **Strong Capital Reserves**
 - ✓ **Fully funded pensions**
 - ✓ **Significant economic development in the City**
 - ✓ **Record of strong financial management by City Council & Staff**



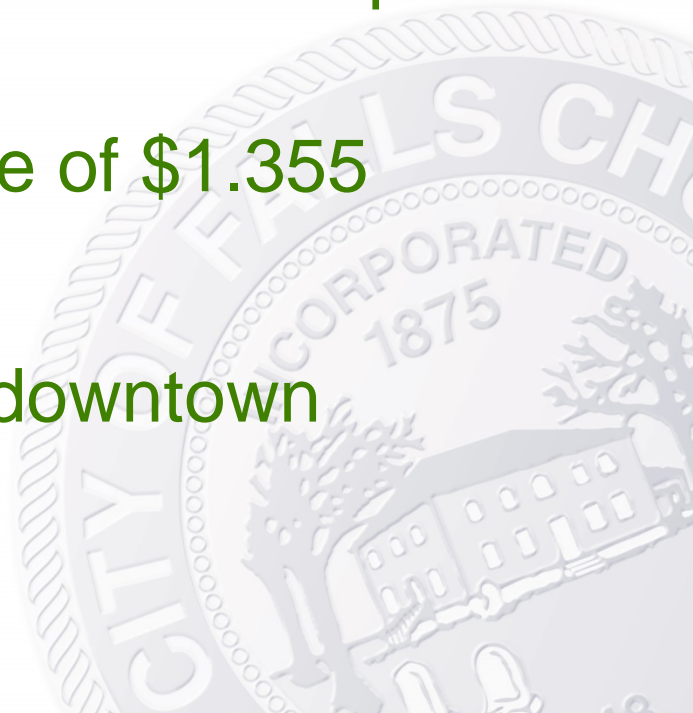
Proposed Changes to Tax Rates

Real Estate Tax: \$1.355 rate

- Increase of 1 cents for School Operations
- Increase of 3 cents for High School Capital Reserve
- Recommend Advertised rate of \$1.355

Hotel Taxes: 8% rate

- Increase of 1% (\$60k) for downtown enhancements



Schedule

- **March 20, 7:30 pm: Budget Open House**
- **April 2, 3:00 pm: Town Hall Meeting**
- **March 27, 7:30 pm: Public Hearing**
1st Reading on Budget & Tax Rate Ord.
- **April 10, 7:30 pm: Public Hearing**
- **April 24, 7:30 pm: Public Hearing**
- **April 24, 7:30 pm: Adoption**
– 2nd Reading Budget and Tax Rate Ord.

Public Information & Comment

- All Budget Presentations and data can be found at:

www.fallschurchva.gov/budget

- Send comments to:
[**budget@fallschurchva.gov**](mailto:budget@fallschurchva.gov)

