

## **Responses to Council Questions**

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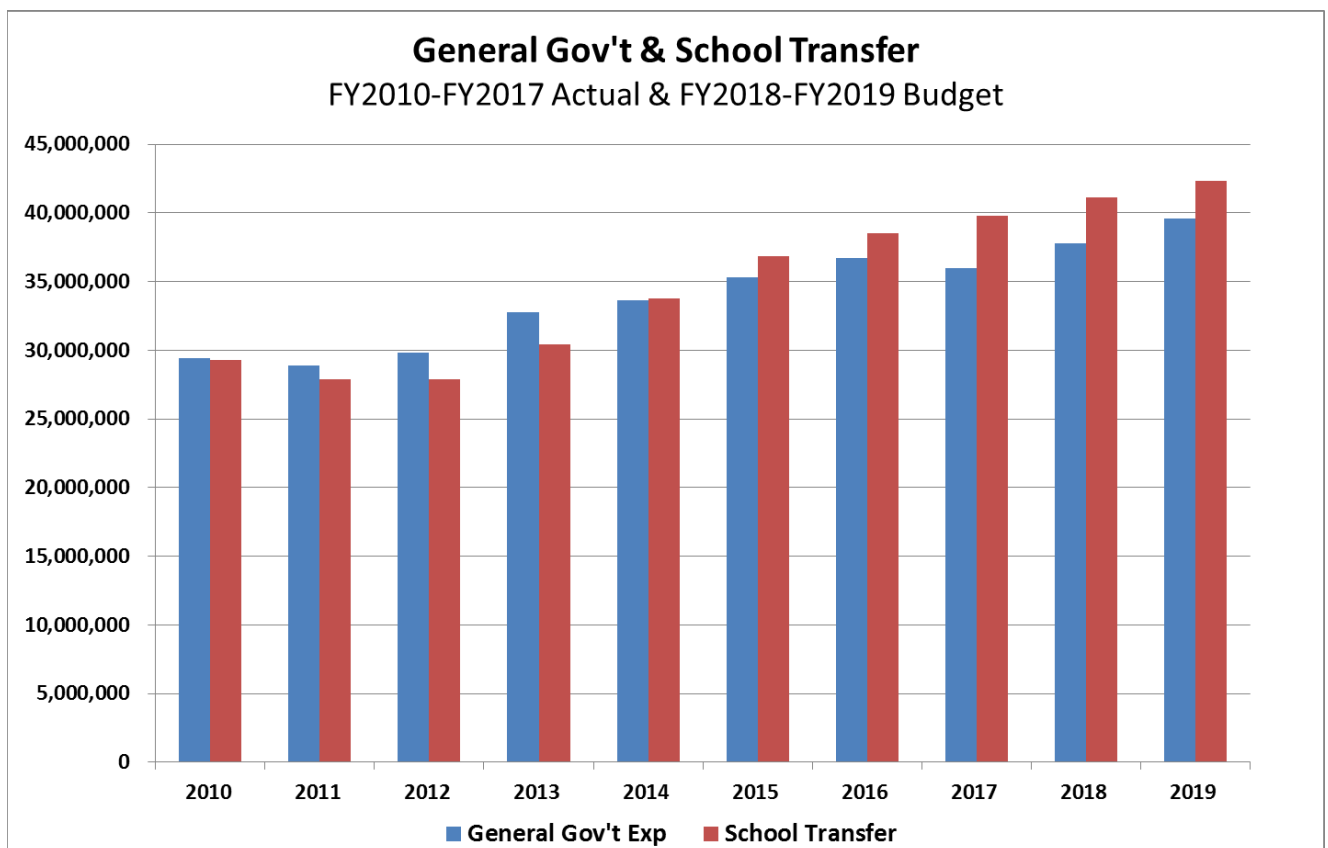
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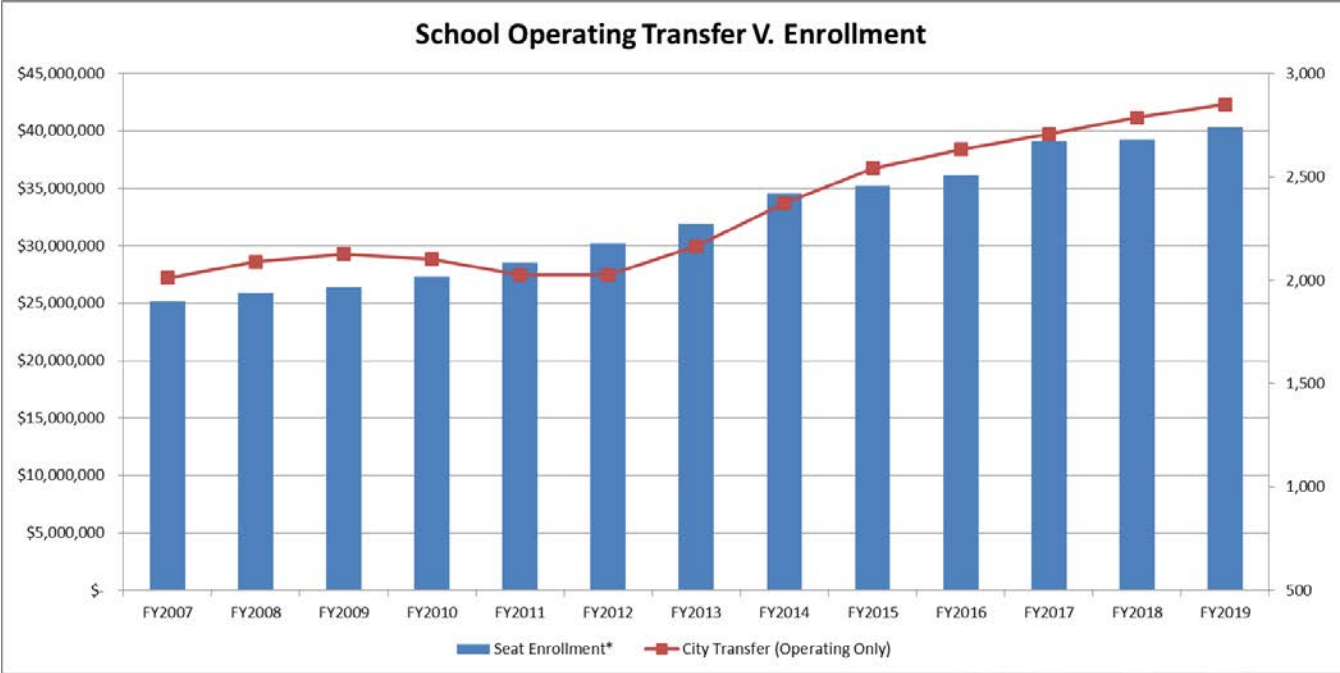
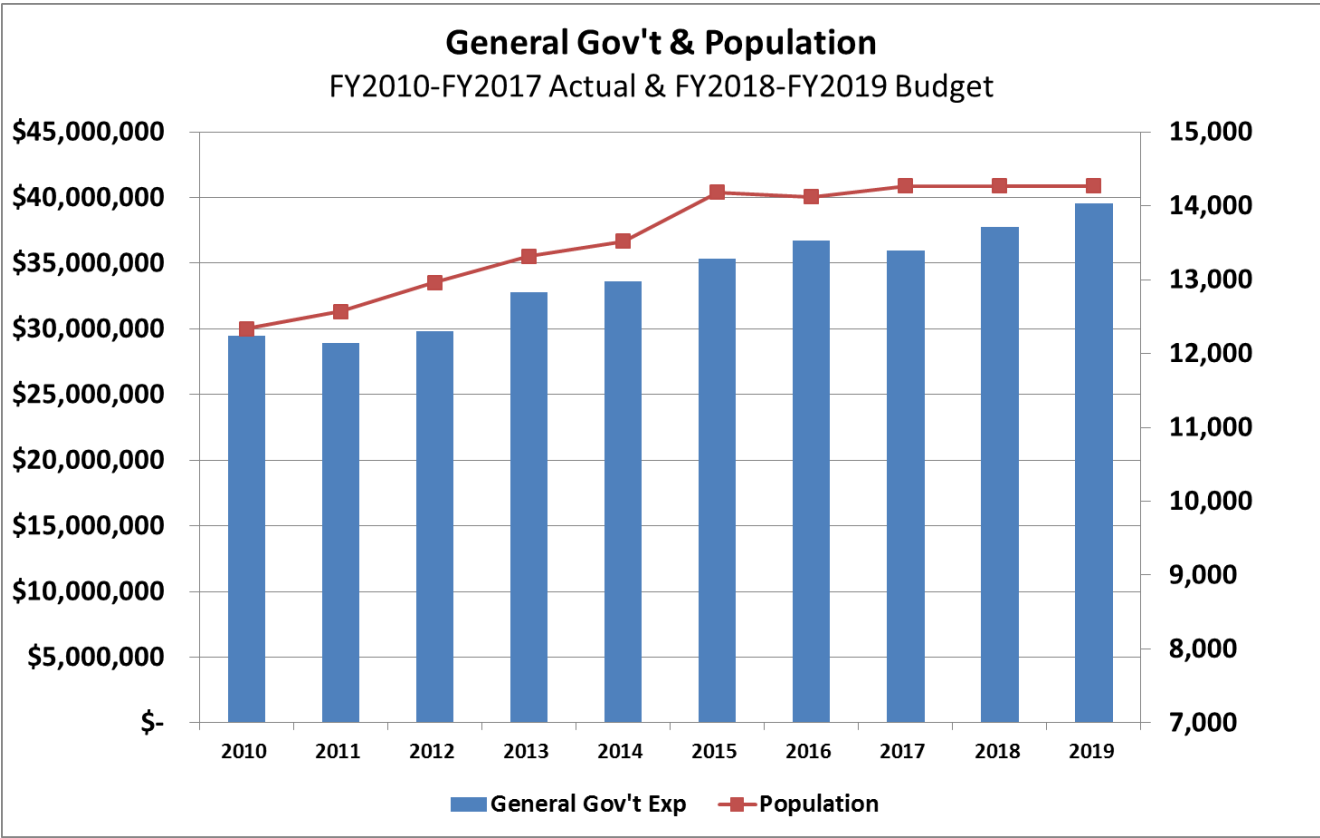
*Prepared by the CFO and CM, with assistance by City staff.*

- 1. In regards to WMATA subsidy how and when will we know whether we will be at the worst case scenario by the time the City's budget has to be adopted? Please provide a legal opinion if no funding is included in our budget due to WMATA budget adoption timeline.**

General Assembly meeting on April 11 will provide additional information on Virginia's commitment to WMATA capital funding. However, the Governor has till June to take action on this legislation. Staff is working with NVRTA and NVRTC as the legislation evolves to find the fiscal impact to the City and the region. Information will be provided as received at the upcoming budget meetings. Also, Maryland and Washington DC have to pass their legislation for dedicated funding for WMATA.

- 2. Provide budget chart that compares General Gov't operating budget with School Transfer, school enrollment and population change.**





**3. Is real estate tax relief for seniors and disabled funded in the proposed budget? How does our program compare with other jurisdictions? Are we considering relaxing thresholds so more citizens can qualify? Also, are the stormwater dues eligible for such relief?**

Yes, the real estate tax relief is funded at \$327k which includes an increase of \$45k for over FY 2018. Any changes to tax relief would be effective at calendar year 2019 which will affect the June 2019 bill, thus the fiscal impact for half the year is accounted for in FY 2019. The Treasurer’s Office is evaluating the current program and will bring forward an ordinance with proposed changes.

There is no relief for stormwater dues.

**4. Show employee compensation over time. Provide a comparison of General Gov’t vs School compensation increases over time.**

<u>Year</u>	<u>City</u>	<u>Schools</u>
FY2011	0%; pension contribution for Basic increased from 0% to 1.6% and for police from 0% to 2.2%	No increases
FY2012	\$1800 bonus for all employees; base unchanged; Pension contribution for Basic employees increased from 1.6% to 5% and for Police employees from 2.2% to 7%	Mid-yr Step Increase (Teachers & Support); One-time bonus to staff at the top of salary scales; <b>All employees hired after July 1, 2012 pays 5% into VRS; employees hired prior to July 1, 2012 pays 0% into VRS.</b>
FY2013	5.5% total increase (some employees got more than others based on their salary so as to make sure people didn't get a paycut after the \$1800 bonus)	Step Increase (Teachers & Support); 3% Salary Scale Adj Teachers; Adjusted top steps for Support; <b>employees hired prior to July 1, 2012 pays 1% into VRS</b>
FY2014	3% Merit	1% COLA; Step Increase (Teachers & Support); <b>employees hired prior to July 1, 2012 pays 2% into VRS</b>
FY2015	3% Merit	Step Increase (Teachers & Support); 5% Salary Scale Adjustment Teachers; 1.2% Support; <b>employees hired prior to July 1, 2012 pays 5% into VRS</b>
FY2016	2.5%; police 3%	Step Increase (Teachers & Support); 4.5% Salary Scale Adjustment Teachers
FY2017	3% Merit	2% COLA (Teachers); Step Increase (Support)
FY2018	3% Merit capped at \$3,000	5% COLA (Support); Step Increase (Teachers)
FY2019	3% Merit	3% COLA

5.

**6. What is the difference between merit and COLA increases? Is positive performance review necessary for merit wage increase? Are we capping a merit increase in FY 2019 just like FY 2018? How are we benchmarking against other jurisdictions for public safety positions and wage increases?**

Merit increases are given to employees with satisfactory performance. Employees on a Performance Improvement Plan (PIP) receive delayed compensation increases upon successful completion of the PIP. The FY 2019 Proposed Budget includes a 3% merit increase for all employees. Fiscal impact of capping merit increases at \$3,000 for employees with a salary of \$100k or more would be \$49k for FY 2019.

COLA increases, or Cost of Living Adjustments, are given to all employees regardless of performance.

Summary of neighboring jurisdiction employee compensations for FY 2018 (Actual) and FY 2019 (Proposed).

Staff Pay Increase	FALLS CHURCH	VIENNA	HERNDON	FAIRFAX COUNTY	FAIRFAX CITY	PRINCE WILLIAM COUNTY	LOUDOUN COUNTY	LEESBURG	ARLINGTON
2019 Projected	3% Merit	3.5% Merit; two-tiered Performance Bonus	3.25% (1.25% MRA, 2% Merit)	4.25% County; 4.5% Law Enf; 2.25% MRA, 2% Longevity (2.25% LEO)	3.5% Merit; Increase ranges 2.6%	3% Merit	3.5% Merit, 3% Class and Comp	3% Merit	3.25% Merit; Police 2.5% sworn; Sheriff - 2% for corporal positions; Fire - 4% for sworn; plus 3.5% for uniform employees
2018 Actual	3% Merit cap of \$3K per employee;	1.1% Market Adj; 2% Merit + Performance Bonuses	3% Merit;	2% Performance, and Longevity + 2.25% uniformed Pub Safety emp; no COLA	2.5% Merit; 2% COLA	2% Merit + 1% COLA	3% Merit	3% Merit only; no COLA	3.25% Merit; Pilot Pgr - Gainsharing; Transit incentive - \$180/month (was \$130); Dependent care match; Early Retirement Incentive

**7. What percentage of total jurisdiction revenue is dedicated to the schools in Arlington, Fairfax County, Fairfax City and Alexandria?**

These comparisons can be found in the annual Washington Area Boards of Education (WABE) guide by clicking on the FY 18 report, page 27. <https://budget.fccps.org/wabe-guide>

**8. Quantify the consolidations and efficiencies in the General Government.**

Net savings of \$187,000 resulting from consolidation of Economic Development and Development Services Department and HR re-org. This includes elimination of two director positions, reducing Marketing Specialist from full time to part time position, and adding a part-time HR Specialist.

**9. What funds are being used to pay for Hillwood and Annandale light replacement post windstorm?**

One pole will be paid by insurance reimbursement. Staff is looking into the possibility of transferring funds from another project. More information will be provided once available.

**10. Please clarify what is the target for the new fiscal policy – 20% or 15-20%?**

According to the revised fiscal policy, the City's **goal** is to maintain 20% current available fund balance with a **floor** of 15% should the City exceed the debt service to expenditure ratio or the debt payout ratio. The revised fiscal policy states "In the event City's annual debt service for all General Fund supported debt exceeds twelve percent (12%) of General Fund expenditures as stated in Section II.A.2 or the City's debt payout ratios fall below the thresholds described in Section II.A.6, the goal for available General Fund Balance (including all unrestricted and spendable fund balance) shall be twenty percent (20%) but not less than fifteen percent (15%) of the actual General Fund expenditures for the then current fiscal year."

**11. Add the work session dates along with council meetings in the Budget Schedule.**

Done.

**12. Has the City maxed out on the Utility taxes like Arlington County?**

Yes. State Code Section 58.1-3814 limits electric and gas consumer utility tax to not exceed \$3 per month, with a "grandfather" exception for localities that on July 1, 1972 imposed a utility consumer tax in excess of this limit. The City is a grandfathered locality, with a maximum of \$5 per month for consumers.

**March 19**

**13. Provide 3yr, 5yr and 7yr trends that included the proposed FY19 budget numbers, and also if Schools FY19 transfer grew at 2% guidance.**

	3 Yr Average	5 YR Average	7 YR Average
General Gov't Expenditures	2.6%	2.8%	5.0%
Total School Transfers	3.2%	4.6%	6.2%
School Transfer at 2% in FY2019	2.9%	4.5%	6.1%

**14. Provide future projections for change in WMATA subsidy.**

Based on current projections for WMATA local subsidy, the year 2020 is expected to be relatively flat, with a \$68k increase over FY2019. However, for the year 2021 a \$913k increase over FY2020 could occur unless the state plugs the hole from the “transit fiscal cliff” (see the **bottom line**, of chart, below).

	FY2018	FY2019	FY2020	FY2021*	FY2022	FY2023	FY2024
Operating (1)	2,721,742	2,786,694	2,871,000	2,958,000	3,047,000	3,139,000	3,234,000
Debt Service	17,790	178,816	178,816	178,816	178,816	178,816	178,816
Capital - Federal Formula Match, System Performance & Project Development (Cash)	587,726	1,743,879	1,800,000	2,700,000	3,100,000	3,200,000	3,300,000
<b>Subtotal Regular Contribution</b>	<b>3,327,258</b>	<b>4,709,389</b>	<b>4,849,816</b>	<b>5,836,816</b>	<b>6,325,816</b>	<b>6,517,816</b>	<b>6,712,816</b>
*Note: FY2021 Capital Funding shows a significant increase due to the possible loss of funding from the Federal Transportation Authority under the Passenger Rail Investment and Improvement Act (PRIIA).							
<b>Outside Funding Sources</b>							
Gas Tax	1,125,000	1,157,301	1,192,020	1,227,781	1,264,614	1,302,552	1,341,629
State Aid	1,258,588	1,258,588	1,296,346	1,335,236	1,375,293	1,416,552	1,459,049
<b>Total Outside Funding Sources</b>	<b>2,383,588</b>	<b>2,415,889</b>	<b>2,488,366</b>	<b>2,563,017</b>	<b>2,639,907</b>	<b>2,719,104</b>	<b>2,800,678</b>
<b>Net Local Cash Subsidy Required</b>	<b>943,670</b>	<b>2,293,500</b>	<b>2,361,450</b>	<b>3,273,799</b>	<b>3,685,909</b>	<b>3,798,712</b>	<b>3,912,138</b>
NVTA Admin Fee	11,149	11,500	11,845	12,200	12,566	12,943	13,331
<b>Total Projected Net Subsidy</b>	<b>954,819</b>	<b>2,305,000</b>	<b>2,373,295</b>	<b>3,285,999</b>	<b>3,698,475</b>	<b>3,811,655</b>	<b>3,925,469</b>
<b>Increase in Subsidy</b>		<b>1,350,181</b>	<b>68,295</b>	<b>912,704</b>	<b>412,476</b>	<b>113,180</b>	<b>113,814</b>

**15. (from Vice Mayor) A clearer explanation of staff efficiencies that are being proposed. Monday night was the first time I heard that the 1/2 time Marketing Specialist position was being added back into the budget, and other than a brief mention on Monday, Council has not been made aware of the proposed changes in HR. Several months ago I inquired about a position at Aurora House. The advisory committee wanted to hold a position, although it was not going to be funded this year, so that if the need arose to add it back it would still be a "position." At the time I was informed that HR policies do not allow positions to be held as OFTE if they are not funded. Yet that is exactly what I think I heard about the Marketing Specialist position in the discussion on Monday. Please clarify.**

The FY 2018 Adopted Budget included a 1.0 FTE Marketing specialist with the intention of holding it vacant for 6 months, it wasn't a half-time position. In FY2019, the City Manager proposes to reduce it to a temporary part-time position with \$20,000 in funding to assist with marketing the West Falls Church Economic Development project.

The Human Resources (HR) reorganization includes the addition of a 20-hour per week permanent part-time HR Specialist and the Deputy City Manager remaining as HR Director for approximately 15% of workload. Additionally, the HR Manager position is reclassified to a Deputy HR Director Position. The Deputy Director will assume the core HR employee relations and policy operations while the HR Director

will be the lead on Pension Plan Administration, Risk Management and Employee Training and Organizational Development responsibilities. The HR Specialist will provide administrative services to facilitate employee benefits and recruitment processing while freeing up the other HR team members to address core policy and programmatic responsibilities. This reorganization plan provides for 2.65 FTE versus 3 FTE but four personnel will assist in a more robust service delivery and key office coverage.

**16. When did we start separating WMATA out of the operating budget?**

Since FY2016 we have presented WMATA separate from General Government. FY 2019 is the fourth year following that trend.

**17. (from Vice Mayor) Wyatt mentioned that some of the WMATA cost is capital and some is operating. I would like to see that broken out - as best as you can with all the unknowns at the moment. The reason I am interested in this is because I would like to see a true percent increase in general government expenses. We include expenses that are levied on us by Arlington for fire & EMS as part of operating, and WMATA expenses that are truly operating could be carried the same way - although you have chosen not to present it this way. I am also requesting from the School Board the expenses that are outside of their control - as another way of more thoroughly understanding the operating expenses.**

Separating out the WMATA operating subsidy increase of \$68k and including it as part of the General Gov't expenses, the City General Government Operating Budget would increase by 1.9% over FY 2018 (relative to the 1.7% rate of increase, as presented).

**18. (from Vice Mayor) As we discuss the number of city employees, please include the caveat that a good number of employees were reduced in 2010 when the trash and recycling staff were laid off and service privatized and in 2014 when the water department employees moved to Fairfax Water. Also worth noting that a large increase came when the IT services were no longer privatized, and those employees became City employees.**

In FY2011, the City outsourced refuse collection which previously were performed by 6 FTEs. The Water Fund, which employed approximately 57 FTEs, was not part of the General Fund FTE count. The employees from the Water Fund also partially managed the Sewer Fund as well. When the Water Fund employees left, the Sewer Fund was managed by General Fund employees in the Department of Public Works. In FY2015, an additional 6 FTEs were hired in IT. Prior to that, there were 3 FTE IT personnel (with 0.6 FTE being reported under Library).

**19. (from Vice Mayor) I appreciate that the number of citizens to serve has increased and the employee numbers have not increased in most offices, which is putting a strain on employees. Does the city use any kind of planning factors to determine the optimal number of employees in each department?**

Staffing levels are set in the annual budget process. Recommendations for staffing levels are based on a level of effort required for core services and the stated deliverables in the budget document. New initiatives and projects are identified in planning documents, such as the Comprehensive Plan Goals and Objectives, the Council Work Plan, and the like. Actual staffing levels to meet those new initiatives and

projects are achieved either through reassigning existing staff administratively, or by increasing staff through the annual budget process.

**20. (from Vice Mayor) A clear presentation on staff pay bands. I understand that there is not a city step and grade system as there is for police and school employees. I would like to know how new employees are placed on the pay bands, and how they move through pay bands. (revised 4-2-18)**

Salary for a new hire is based on candidate qualifications, education, and work experience. Typically, a position that is in a higher pay band and requires extensive experience in a specialized field, starting salary will be near or at the mid-point of the City’s classification pay band. Positions requiring candidates with limited education or experience typically will start at the minimum salary in the band.

After being hired a general government employee “moves” through the pay band based on satisfactory or higher annual performance evaluation. The amount is based on an annual budget appropriation amount, such as the 3% in the FY19 proposed budget. For the police there are additional factors for the steps based on additional certifications and responsibility assignments.

A copy of the City General Government and Police Pay Classification Plans are attached to this document.

The pay bands have been analyzed and adjusted over the last four years through three methods to ensure market competitiveness. The three methods include 1) 2014 Management Advisory Group (MAG) Study; 2) 2017 CFC Police task force; and 3) FY2017 and FY2018 compensation studies used for internal classification requests and pay equity concerns. The annual merit increase, consistent with regional peers (Question #6 above) is critical to maintaining the ongoing integrity of the City’s pay plans.

2014 MAG Study Benchmarks	HR Internal Benchmark (FY17 & FY18)
Arlington County	City of Fairfax
City of Alexandria	City of Alexandria
City of Fairfax	City of Manassas
City of Manassas	Town of Vienna
Fairfax County	Town of Herndon
Loudoun County	County of Arlington
Prince William County	
Town of Herndon	
Town of Leesburg	
Town of Vienna	

The results of the three methods are summarized below:

	2014 MAG STUDY	2017 Police Plan	Reclassifications
Outcome	Assessed the competitiveness of the City’s current compensation system against the market. Identified current pay	Researched showed that the CFC police department was not competitive for recruitment and retention as peer localities.	Five reclassification requests for FY18: *Business Revenue Auditor- <i>no adjustment recommended</i>



	<p>compression issues and recommend solutions to address those issues in a financially viable way.</p> <p>The City implemented the MAG Study new Classification Plan in FY15 and adjusted sixteen positions that were under the minimum salary range.</p>	<p>Recommended that the proposed Steps were adjusted 3% for all positions below lieutenant. The new plan became effective July 1, 2017.</p>	<p>*Sr. Admin Assistant (DPW)- 5% adjustment and grade change recommended          *Deputy City Clerk- 6.83% adjustment and no grade change recommended          *Staff Accountant (Finance)- promotion to Senior Accountant and 5% adjustment recommended          *Senior Planner (DES)- promotion to Principal Planner and 5% adjustment recommended</p> <p>Three reclassification requests for FY17:          *Housing Services Specialist- no grade change but 5% adjustment recommended          *General Registrar- adjustment not recommended          *Police Department Sergeant- salary adjustment recommended</p>
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**21. (from Vice Mayor) I would like to a full discussion on employees who are leaving. Why they are leaving and where they are going. I understand that with Cindy's dual role in the past year, we haven't been able to track as closely, but there must be some anecdotal evidence - Number of new employees in 2017 should correlate to number of people who left - Are there skilled positions that are difficult to fill that will be easier if pay increases? (revised 4-2-18)**

In the last year, 17 employees left the City – a 7.5 % turnover rate. Of these 17 positions 2 relocated to different states, 5 went to private sector jobs, 1 each went to Town of Leesburg, Fairfax City, City of Alexandria, City of Richmond and District of Columbia. Human Resources is updating the exit interview process to include more specific information on reasons for leaving City employment, new job type and location as well as feedback on the organizational operations as a whole. More detailed analysis will be available in preparation for the FY2020 budget.

Currently the majority of general government vacant positions can be filled within an average 2-month timeframe with adequate qualified applicants. Currently, two technical professional positions (Transportation Engineer and Information Technology Systems Engineer) have been difficult to fill with qualified applicants. As we analyze the situation, the root cause appears to a very competitive market and City salary/ benefits are not as competitive.

**22. What operating efficiencies are we considering at the City and the School to optimize our resources for a small city?**

General Government and Schools are consolidated in the area of health insurance, retirement (except for VRS) and Long Term Disability insurance. ITS works with FCCPS IT on redundancy for core infrastructure to all facilities and Merrifield; however General Government and Schools operate independently on purchase of equipment, phones, copiers. The Schools and Gen Govt share an enterprise wide financial software package with MUNIS, and are working together on the new modules including recruitment and employee self-serve. School bus and vehicle maintenance is done by the Gen Government at the Property Yard. Areas for further consideration include IT, Finance, HR, accounts payable, payroll. The City Manager’s recommendation is to commission an independent study on consolidation of services, jointly funded by the School Board and City Council. In the 2008 – 2010 time period, the City Manager and Superintendent developed a scope of work and budget for such a study, the City Council approved it but the School Board did not. If there is interest in pursuing this again, and for the effort to be successful, it would need the joint support of the School Board and City Council.

**23. What do ratios by population look like for public safety (first responders etc.) against increase in population?** The table below provides comparison with local jurisdictions:

Local	Population	# Sworn Officers	Pop to Ofc Ratio
Vienna	16,468	41 sworn	401 to 1
Arlington	230,000	370 sworn	621 to 1
Alexandria	153,511	320 sworn	480 to 1
Falls Church	14,300	32 Sworn	447 to 1

Workload analysis is the recommended model by ICMA to measure staffing levels for the police department. The table below provides the number of sworn officers calls for service and special events (those requiring significant police planning and staffing) over fifteen years.

Year	Sworn Officers	Calls for Service	Special Events <i>(requiring significant police planning and staffing)</i>	City Population
2004	32	22,677	4 City Sponsored	10,333
2005	32	25,730		
2006	32	22,409		
2007	34	23,801		
2008	34	27,621		11,269
2009	34	26,773	4 City Sponsored	
2010	33	23,731		12,332
2011	32	27,483		
2012	32	28,573		
2013	32	31,006		
2014	32	23,840		
2015	32	28,640		
2016	32	31,096	9 City Sponsored	13,600
2017	32	36,980		14,300

**March 26, 2018**

**24) How much is saved from realignment of HR Director and Planning/EDO Director? Did that money get distributed back to those departments or used to fund new priorities? If so, which priorities?**

There is roughly \$187k in savings by not recruiting HR and ED directors. The savings from HR Director were realized in FY 2018, and contributed to the decrease in the tax rate at that time. The savings from ED Director position in FY 2019 enabled the City’s operating costs to be lower than 2% in FY 2019, net of funding for a project manager for the High School project, and net of funding the part time HR specialist.

**25) What funding is needed for affordable housing? How much does our policy state vs the current housing fund? Specifically, what was requested to preserve The Fields, as protecting existing housing is the most effective and currently most defined? (Separately would like to have a policy discussion on all of the other affordable housing programs and prioritization, i.e. what is the need to bolster other programs to aid vulnerable populations - like the 6% ADU vs cash in lieu of units and then use cash to**

**leverage separate project, rental assistance, downpayment assistance, private partnerships, microunits, etc.)**

The City will update its strategies in the coming months with respect to affordable housing, with a task force working on the Affordable Housing Policy and through an update to the Housing Chapter of the Comp Plan. The preservation of existing affordable housing in the City will certainly be a key tenant in these policy updates.

In order to preserve the long term affordability of the Fields of Falls Church, it is anticipated that approximately \$1 million in public subsidy from the City will be needed in 2026, along with other public support in the form of federal low income tax credits and Virginia Housing Development Authority assistance. If the full balance of the affordable housing fund were put to this purpose, an additional \$101,571 annual contribution from the General Fund to the Affordable Housing Fund would be needed for the next seven years to result in a \$1 Million balance that could be drawn upon when the current tax credit financing expires in 2026.

There is currently \$289,000 balance in the Affordable Housing Fund. The current adopted Affordable Housing Policy states:

“This policy recognizes the role of City Council, on behalf of City residents, to commit resources to the preservation and creation of new affordable housing. The City Council should consider dedicating sustainable annual revenue to the Affordable Housing Fund. The City needs a dedicated pool of resources, to take action when opportunities arise to preserve affordable housing units. The fund may also be used to invest in projects that will create new affordable housing within the City or near our borders.”

**26) Senior tax abatement programs - while the FY19 budget includes an expansion, compare/contrast our program in terms of income and asset limits and abatement amounts at each income level vs peers - neighboring peers and small jurisdictions in the region. Show usage of program - how many people are we helping at each level and amount of tax abated/deferred. How much would it cost if we more closely aligned our abatement program and how many more people would we help? Is there opportunity to expand deferral program vs abatement?**

Information will be provided as part of a staff report on a proposed ordinance for increased elderly tax relief in FY2019. The Treasurer also recommends a comprehensive study of our tax relief program before the next budget cycle begins, so that we can better determine the full impact of changes to our program on both our elderly taxpayers and the City’s finances. Data on current City policy is as follows:

	Income limit	Relief Amount	No. of recipients	Total Amt. of Relief
Level 1:	\$0-23,200	\$4,000	30	113,677
Level 2:	\$23,201-38,650	\$3,000	11	32,000
Level 3:	\$38,651-52,550	\$1,000	5	2,000
Deferral		0	12	50,000
Personal Property		58	24	1,500
VET		100%	8	68,593
				267,770

**27) What were the key tradeoffs made for general government budget? I.e., rank order the unfunded needs list**

The unfunded needs are shown in the budget book on page 53. These have not been ranked, but staff would be happy to work with Council to prioritize them for future funding.

**28) Given 3.7% organic revenue growth projected in FY19 - higher than our forecast - how does that compare to peers and does this change future forecast? What is the latest on indicators on risk and timing of economic downturn?**

Our projections are on the higher end compared to neighboring jurisdictions, but not the highest. The national and regional economy is strong and has impacted our revenue projections for FY 2019. We are cognizant that we are in the 10 year of recovery since the 2008 recession, and some economists forecast a market adjustment in the coming 12 to 24 months.

**29) Can we explore opportunity to combine HR, IT, and Finance positions across General Government and Schools? While this may not save immediate headcount, what are pros and cons?**

Please see response to question 22, above.

**30) In general - in glancing at the budget across departments, most every department has benefits expenditures going down and we're leveraging those savings to fund increases elsewhere within the department. What are the drivers of the cost of benefits decrease? What is the net impact to employees? Should we expect this trend in the future?**

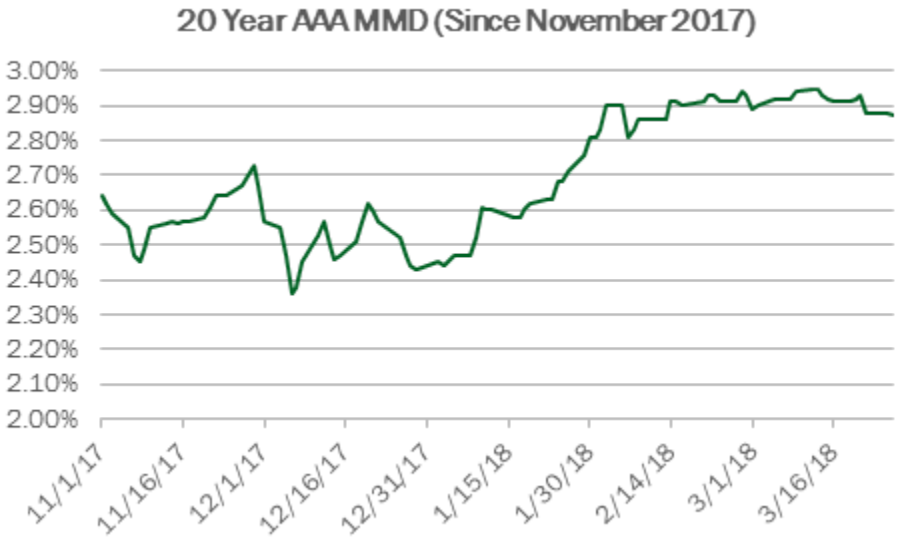
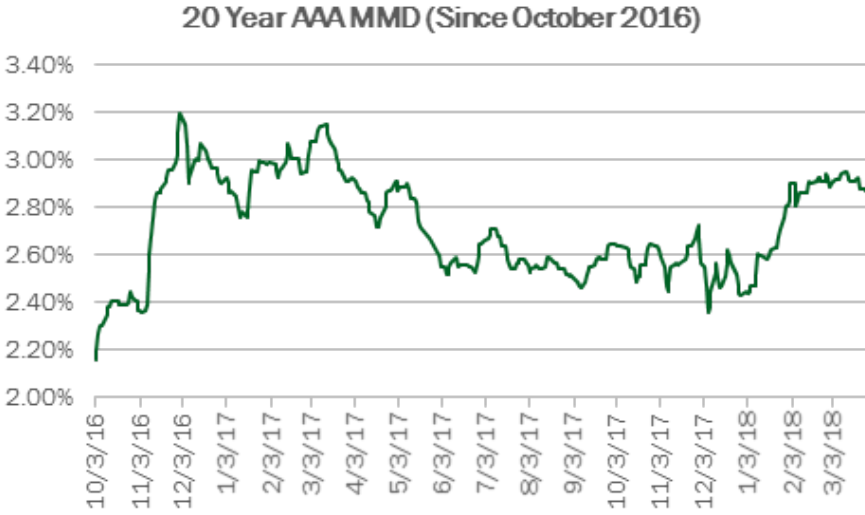
The benefit decreases are due mostly to the reduction in the actuarially determined contribution for pension. There is a slight reduction in one of our health insurance carriers' premiums but an offsetting increase in another carrier's premiums. The pension reduction has no impact to the employees as the employee contribution is not being reduced. For the health insurance, some employees will see a reduction in their 20% or 22% share while some will see an increase to their share. The pension contribution percentages always depend on how the market is doing so if we continue to even just see the expected rate of 7% return, the rate would remain relatively steady. However, any dramatic drop in market performance will potentially increase our contribution rates as we've seen in the past. The health insurance premiums are based on employee usage and we've only had three years of data so it is difficult to predict whether these numbers will be stable for the next few years

**31) Besides WMATA, what is the trend in costs that our outside of our direct control? I.e., Arlington Fire and Rescue looked steady this year - how are our other contracts with Arl and Ffx?**

Arlington is showing a slight increase and Fairfax contracts are projected to increase by 4.4%.

**32) Given the Fed just increased rates last week and all indications are that there will be future increases, what is expected interest rate in the Spring 2018 bond issuance vs our fiscal modeling last year? How much more runaway do we have before our debt service numbers will be impacted by increase in interest rates**

The two charts below showcase the trend of the AAA MMD 20-year curve, which is used as a proxy to track interest rates for municipal bonds. The first chart provides an overview of interest rate trends since October 2016 (just before the presidential election) through the present. In this chart, you can see the approximately 50 basis point uptick in rates that occurred between mid-December and February, but rates are below the high that was experienced back in November 2016. The second chart shows a shorter timeframe between November 2017 through the present, where rates have recently leveled off and declined slightly in February and March.



When looking at the interest rate estimates that we utilized for the Capital Funding Analysis back in October, we used a rate of 3.5% for capital project debt in relation to the FY18 bond issuance. This is approximately 60 basis points higher than current rates. We continue to work with City’s financial advisors to monitor the market performance.

**33) Slide 10 - RE taxes in region. Do we have something that is similar to show the "all in" tax numbers including stormwater fees, trash and brush, etc. charged in other counties for residents? Similarly, show comparison rates for businesses?**

Pending.

**34) Benchmark staffing levels for various functions vs peers. Example: police officers in per capita ratios (or other way to appropriately benchmark - crime rate?), traffic engineers in size of city, # of intersections, miles of roadways, etc. Looking to staff to understand best way to benchmark. Ultimate goal is to assess how we're staffed vs averages vs peers given the population and commercial growth in city, especially in the critical areas discussed in 2040 vision and work plan.**

The City does not have a comprehensive benchmarking of job functions to peers system. Organizations, such as ICMA and MWCOG, have in the past attempted a comprehensive benchmarking surveys but the differences in locality operations has made the analysis challenging. There are no FY2019 resources allocated for a comprehensive analysis of City positions compared to peers and functional units. Human Resources can research if there are specific fields where standardized benchmarks have been established and maintained that could be used as a preliminary methodology.

**35) When we get to the CIP presentation, I need a refresher on Pay Go funding. Page 8 references \$350,000 maintenance is pay as you go funded. Can you remind me where PayGo lands in the budget - as a CIP item or an operating item? My memory is that we are always strapped for PayGo funding. (or maybe we are strapped to set money aside for future Paygo) Is this an increase over past years? Since we don't usually set money aside for this, is this amount about a penny on this year's tax rate, being spent in the current year?**

The CIP includes \$350,000 of Pay Go funding for facility reinvestment. This is an increase of funding from past budgets. FY2018 there was a restoration of \$200,000 and this year another \$150,000 was added to reach the \$350,000 total. This aligns with the facility need assessments conducted by Public Works.

PayGo funding is in the CIP as it is not funding operating maintenance but rather addresses more significant infrastructure replacement items such as HVAC, roofs, windows, structural supports. These items are necessary reinvestments but are not eligible for debt financing. Therefore, Pay Go funding as built into the base tax rate in FY2018 and FY2019 should continue as a key component of keeping infrastructure in good working order and avoiding larger replacement costs down the road.

**36) Page 8 - Confirm that the MRSPL construction funding is set to be bonded in FY19.**

The FY2018 issuance includes \$1M for design phase of the library renovation project with completion anticipated in May 2019 and beginning of construction phase in July 2019. It is planned that the debt for the construction of Library will be issued in FY2020. In the

meantime, staff will continue to provide periodic library renovation project updates to the City Council.

**37) Page 42/general question - There are increasing requests for Police, DPW and Parks & Rec staff to help with community events - Mardi Gras parade, January Walk for Racial Justice, Women's History Walk. How much do these events actually cost the City? Is the cost absorbed into departments or do groups pay them? When will it be time to start charging groups who want to hold these kinds of events? (or at least letting them know that the event that was held cost \$x and the city covered it as a community event.)**

The costs to staff events are spread across departments operating budgets – Public Works, Recreations and Parks, and Public Safety. The principal challenge with adding additional special events is staffing levels – it is not simply a question of paying overtime, as staff overtime is relied upon heavily for overtime to emergencies and the existing slate of special events. Adding FTEs is something that the City does not do lightly, and adding FTEs solely to staff additional special events is a tough case to make. This issue is undergoing more study, including the extent to which private partners might be willing to cover additional new special events on a continued, sustainable basis, which might form a more solid case for adding staff levels in the future.

**38) Page 210 - reference mid-page to the Downtown Planning Opportunity Area Improvements using \$240,000 proceeds from Hillwood Avenue property sale. What are these improvements? We sold that Hillwood property for more than \$250k. Where else are these funds being deployed or held?**

We received a net amount of \$594,700 from the sale of the Hillwood Ave property. These funds are currently held in the General Fund as an Assigned Fund Balance for Future Capital expenditures. They are expected to be deployed, over multiple years to leverage our other transportation funding grants and eligible uses, in FY2019 for Downton POA improvements, in FY2020 (\$200,000) for Multimodal connectivity, and in FY2021 (\$154,700) for Downtown POA.

The Downtown Planning Opportunity Area (POA) CIP projects will implement recommended projects from the Downtown Planning Opportunity Small Area Plan adopted by City Council in June 2014. Projects under this program will implement the vision for this area as more inviting to pedestrians and commercial activity. Projects may consist of streetscape enhancements, more accessible pedestrian facilities, traffic calming, landscaping, traffic signal upgrades and other related projects. Specifically in FY2019 the focus is on Park Ave Great Street from State Theatre to the Library. The Hillwood sale proceeds are just one funding source.

**39) General salary question - although we are generally saying a 3% increase for all staff, various departments reflect more or less than 3%. Does it actually combine to 3% for all?**

Some staff members receive salary adjustments during the year due to attainment of certifications/additional education or reclassification based on changing job descriptions or market analysis. Staff turnover also impacts the salary change as some may be hired at lower or higher rate than the predecessor. Another reason for the differences is the allocations of certain employees who work on CIP projects. Their salaries are allocated to CIP projects and the estimated percentages may



vary from year to year (specifically Public Works and CPEDS/DDS employees) with an impact to General Fund.

The 3% increase is the merit increase that will be given to staff if they complete the year with satisfactory ratings.

**40) Page 242 - FCC-TV salaries are set to increase 8%. That seems like a lot. How is it broken down between full time staff and hourly employees?**

Full-time salary for two FTEs is \$114,629, an increase of \$10,214 over FY18 due to a reclassification of the positions. Compensation for hourly employees is budgeted at \$18,591, unchanged from FY2018.

**41) Page 237 says the Fields were originally developed in 1996. Is that correct? They seem a lot older than 1996. Did something else happen in 1996 to keep them affordable?**

The Fields are older than 1996. The current financing for the Fields, which includes affordable housing financing was completed in 1996 and expires in 2026.

**42) Page 50 - Is a new position being added at the library?**

Two part-time hourly positions without benefits were converted into part-time with benefits as the employees were working at least 20 hours every week. City policy dictates that when employees work at least 20 hours every week, they are provided with benefits.

**43) Page 50 - Can you break out the merger of Department of Development Services/ Economic Development in such a way that we can see what was funded last year as Economic Development department and zeroed out this year to merge into DDS.**

This page will be changed in the Adopted budget book to reflect the reorganization between ED and DDS and clarify the changes. The following table shows a breakdown of FTE changes for these two departments:

	FY18	FY19
EDO Staffing:	3 FTEs	-
DDS Staffing:	19 FTES	-
CPEDS Staffing: -		<u>21.3</u>
Total:	22	21.3

The combined departments have a decrease in .7 FTE's which reflects the change in the Marketing Specialist from a full time to a part time position.

**44) This year's budget book looks back to say that we had 17.40 in Executive adopted in FY17 (not even mentioning that Economic Development Department once existed on its own) and 22 in DDS. For the sake of memorializing what actually happened, it should reflect what it was in 2017 not what it would have been had departments been merged 2 years earlier. At the same time, we eliminated an economic development position in 2018 budget, but it says 22 in DDS for 2018. It seems like it should**

**be 2 for Economic development and 19 for DDS in 2018. Please confirm the FTE counts for Executive Branch and DDS.**

Please see response, above, to question 44.

## **April 9, 2018**

**45) General concern - for new capital projects/new investments - do we have sufficient operating dollars to maintain the new thing? ie - the most common one I hear about is improvements in parks and how it's tough for Parks and Urban Forestry to keep up with the new areas. Most notably, this Council has advocated for these things to make sure we fund the long term operating needs so they operate as envisioned:**

**-Bus shelters**

**-Bike racks**

**-Coming soon in FY19 - bike share (although we do have operating dollar grant funding too, I believe)**

**-Sharrows - need to regularly refresh the paint**

**-Parking restrictions - 2 hour signs and neighborhood parking restrictions - do we have sufficient parking enforcement?**

**-Downtown lights**

**-Benches, trash cans/recycling cans - are these being emptied regularly?**

Maintenance items for maintaining new features added each year:

- Bus shelters
  - Replacement cost \$20,000 each if damaged and no accountability.
  - Cleaning \$125/month/shelter (12 shelters)
  - Current funding \$640/year total
- Bike racks
  - Replacement cost \$400 each if damaged and no accountability.
  - Cleaning not necessary.
  - No current funding source.
- Bike share
  - Replacement of bikes cost is covered under agreement.
  - Maintenance cost is covered under grant of \$500,000 for 5 years.
    - Bikes are durable, as an example Arlington County is using 90-95% of original stock of bikes and just replacing parts as necessary through their contract with Motivate. The City would be required to replace bikes that are run over or stolen, at the beginning of each new fiscal year. This is less than 5% of stock annually.
- Sharrows
  - Replacement of existing paint \$10,000 (life approx. 2 years)
  - No current funding source

- Parking enforcement: Police have sufficient parking enforcement officers which is in addition to patrol officers issuing tickets. What is needed are the governance mechanisms [i.e. meter kiosks] to turn over vehicles per specified parking period. This allows police to monitor expired periods and enforce as appropriate.
- Downtown lights
  - Current FY19 budget \$60,000 per year
- Benches
  - Replacement cost \$1,748 each if damaged and no accountability.
  - Cleaning cost \$25/month/ea.
  - No current funding source
- Trash cans/recycling cans
  - Replacement cost \$1,000 ea.
  - Cost to increase pickup from once a week to twice a week \$156 per year per can

**46) For traffic calming - at 200K funding level/year. Confirm how many projects/throughput per year at that funding level vs the current queue. Also, I recall that even if we put more money into NTC, we wouldn't be able deliver more projects because of limited staff time, correct?**

**NTC STATUS**

Projects Delivered

- Parker & Kent – 2015
- Pennsylvania Ave – 2016
- N Maple Ave – 2017
- N Cherry St – 2017
- Lincoln Ave – 2017
- N West St – 2017
- Annandale & Gundry – 2017

Projects Queued

- Annandale & Gundry, priority *medium*, applied 2016
- S West St, priority *medium*, applied 2015
- Grove Ave, priority *low*, applied 2015 – VC from Founders Rows
- N Oak St, priority *low*, applied 2016
- Nolan St, priority *low*, applied 2017
- W Greenway Blvd, data collection spring 2018, applied in 2017

Projects Without Completed Petitions

- E Columbia St, petition distributed 2017
- S Lee St, petition distributed 2017
- S Oak St, petition distributed 2017
- N Virginia Ave, petition distributed 2016
- Jackson St, petition distributed 2016
- W Marshall St, petition distributed 2015
- S Spring St, petition distributed 2015

**NTC Processing**

- Cost per case: Depending on the scope of the project, number of changes being made, heavy or light solution, typical residential street NTC project costs range from \$50,000 to \$100,000.
- Queued cases: There are 6 queued cases. Based on auto speeds, counts and proximity to pedestrian generators, 2 of the cases are medium priority, 3 are low, and 1 is awaiting traffic counts (scheduled for spring 2018)
- Program funding: The funds programmed in the CIP for FY 19 should be sufficient to complete the 2 queued medium cases. The BPSP funds could be used to convert some of the already completed light solutions to heavy solutions.
- Cases at a time: With employee allocating 1 to 2 days per week, staff can actively work with two neighborhood groups at a time. As one case completes, the next one is started. Staff rarely start two cases at the same time.
- Staffing: More project funding would not allow more cases to be processed. To execute more projects in a shorter timeframe an additional .5 FTE is required to support project management and field construction. Note: two of the six queue projects are medium and the remainder are low. Three of the seven pending petitions are from 2017 and the remainder are older.

**Program Funding**

This is based on the previously approved and proposed CIP this chart provides a summary of NTC funding investments:

<b>Fiscal Year</b>	<b>Fund Source</b>	<b>Program Funds</b>	<b>Running Total</b>
2014	C&IE - General Fund & Bond Proceeds	\$100,000	\$100,000
2015		-	\$100,000
2016	Water Sale	\$200,000	\$300,000
2017	General Fund	\$200,000	\$500,000
2018		-	\$500,000
2019	30% Funds	\$200,000	\$700,000
2020	BPSP	\$636,000	\$1,336,000
2021		-	\$1,336,000
2022	30% Funds	\$100,000	\$1,436,000
2023	BPSP	\$800,000	\$2,236,000
2024 and Beyond		-	\$2,236,000
<b>Total</b>	<b>Various</b>	<b>\$2,236,000</b>	<b>\$2,236,000</b>

***47) Condos/mixed use trash and recycling - per 3/26 meeting when we heard from Park Towers. Putting into list of budget questions so we don't forget. Looking for staff assessment of whether city/trash fees should be assessed in buildings with private trash/recycling services.***

Over the City's history, when multifamily projects were approved through the site plan process the requirement for HOA or Owner supplied trash services were included in that site plan approval, and the curb side solid waste pickup, by code, is limited to townhouses, duplexes and single family homes. It will require more study determine options for expanding trash services to apartments and condos, to project the costs associated with such services, and alternative billing mechanisms. Because this is a major policy area, staff would request further direction from Council about adding this to the Work Plan.

**48) How are temp workers counted in the overall City headcount charts, and how do they impact salary and benefit costs? For example, the library had two part time temp workers converted to permanent part time positions, but the salary impact appears minimal. Looks like several other departments use temporary workers too.**

Part time workers are classified as permanent part time, and temporary part time (such as summer camp counselors, or athletic referees, and the like. Hourly workers are not counted in the FTE headcount but they are included in the budget as part of the Salaries and Wages line. Permanent part time employees are included in the FTE headcount.

**49) Are attorney fees for GMHS, Fellows, etc handled within City Attorney budget or in project (ie, CIP)?**

Contract attorney fees are typically handled in the City Attorney's budget. In the case of GMHS project, because of the size of that project, outside legal expenses will be charged to the project, and are currently being covered through capital reserves, by appropriation of the City Council.

**50) City communications - given that social media is moving to more advertising/paid promotions - are we tracking the impressions/reach over time to understand if we should increase spend in that channel?**

We have been advertising on Facebook mostly, and sometimes Instagram. Our biggest audience is on FB. We've mostly promoted events like community forums and the Halloween Carnival. We have found the advertising to be effective, and we plan to use the advertising budget more for online rather than print ads. We are concerned about Facebook going more toward pay-for-play for organizations like ours, so we continue to evaluate the cost effectiveness.

**51) How much does the \$20 match per pay period for 457 Savings cost? (vs \$5 previously) Does that explain the jump in benefits category within HR (Or is that cost spread out to each department?)**

The increase from \$5 to \$20 per pay period is about \$46,000. The cost is recorded in departmental budgets, not in HR. The increase in HR's benefits budget of approximately \$14,900 is mostly due to the addition of a part-time permanent position in FY2019. The Deferred Comp match is responsive to the 2017 Employee Benefits Taskforce recommendation and encourages long-term financial planning and tax benefits which also provides another recruitment and retention tool.

**52) Similar to last week's question - explain the recommended 12-14 FTEs in IT based on industry standard? Is it based on employee population, city population, etc? Please benchmark.**

The IT staffing benchmark is based on industry standard as confirmed by the Gardner Group. There are four core factors used to calculate the required FTEs as described below:

- Staff count- based on 199 FTE count utilizing IT services on a regular basis and adjusted for specialty functions such as Library, Police and Public Works;
- Systems count- based on desktop, laptop, tablets and mobile devices such as police cruiser MCTs; includes help desk-service ticket support;
- Infrastructure configuration- based on multiple locations and all servers, switches, network routing as well as the disaster recovery (DR) site and Continuity of Operations Plan (COOP) systems; and
- Lines of service- based on system administration, network engineering, 24x7 on-call, cyber-security, project management, new initiatives to deliver evolving department technology needs, and specialty software systems such as MUNIS, GIS, RecTrac, WebTrac, Library LIS, Police CAD and RMS, and Blue Beam Plan Review.

As noted on page 86 of the FY2019 Proposed Budget this staffing benchmark does not include telecommunications, radio and AV which for our City operations is one FTE. To date these service delivery components is handled within the existing 9 FTE.

**53) Do we have high priority candidates for additional photo enforcement intersections? While \$175K is not a small amount, it seems like the cost would be recouped within 8 mos and has the benefit of slowing down speeding and potentially freeing up traffic enforcement work by patrol officers.**

Photo Enforcement is an outstanding tool for traffic safety and there are other intersections that are excellent candidates for enforcement. Photo Enforcement can be a force multiplier for enforcing traffic violations at intersections that are otherwise dangerous for physical enforcement measures. All violations are reviewed by the vendor and a list of license plates of the violating vehicles is then sent to the PD. The tags are run through a secure database to get vehicle and owner information and send it back to the vendor. The vendor compiles the information with the video and photos and sends it back to the PD for review and approval by a sworn law enforcement officer. In any given month there are up to about 700-800 potential violations to be reviewed. Of those between 400-500 summons are approved, with additional review by a supervisor. The sworn officer prepares the court docket for any violations that are not prepaid. There is typically an approximately 80% pre-pay rate, so anywhere from 80 -100 summons are docketed each month. Currently, the officer staffing necessary to conduct

reviews is limited due to other higher priority assignments. As a result, a command staff member reviews violations when an officer cannot be assigned due to other duties.

In 2016-17, a traffic study was conducted on all City intersections controlled by traffic lights. While there were a few intersections that should be considered for Photo Enforcement, one intersection in particular, Annandale Rd and S Washington St, experiences a high number of red light violations and would experience the greatest safety benefit from the Photo Red Program.

Financially, the program has proven to be cost neutral over time – the violation payments approximately cover contract costs and staff costs to review the violations and administer the program. Expanding the program to include additional intersections would enhance the level of traffic safety in the City. However, it would be difficult, if not impossible for the Police Department, with current staffing, to provide the additional resources necessary to adequately administer an expanded program.

It should also be noted that the Police Department administers the school's Photo Stop Arm Enforcement Program.

**54) What maintenance items will be handled, using the new facilities reinvestment/PAUG funding? (started last year?) For ex - there is a 10K annual need for community center facilities reinvestment, but unfunded. Will that come from future PAUG funding? Do we have a list of prioritized other facilities work needed in the next 5-10 years? Another ex: SB is also requesting 650K for MEH facilities needs but no funding source identified. Will that total list of other reinvestment/facilities maintenance put further pressure on annual operating budgets in the out years?**

Pay As You Go (PAUG) is the best way to fund facility maintenance. Debt can be used for replacement of large items with a long life, but is not appropriate for maintenance expenses.

Department of Public Works has prepared an annual facility reinvestment plan that prioritizes maintenance needs across all facilities. The FY2019 Pay Go \$350K facility reinvestment items include:

**Community Center:** HVAC replacement, flat roof replacement (new wing), commercial appliance replacement, boiler, chiller and cooling tower replacement, elevator car and hydraulic system replacement and sump pit installation at the;

**Aurora House:** ADA compliance, stair replacement, roof replacement, commercial appliance and freezer replacements, and bathroom renovations;

**Cherry Hill Farmhouse:** basement structural support replacement, structural additions to prevent water intrusion, humidity control, and HVAC replacement;

**Cherry Hill Barn:** structural work, siding replacement, fire suppression and security system  
**Property Yard:** fuel management system, replacement of shop roof and bay doors, chimney replacement, safety glass replacement, infrared heater installation, and security upgrades to doors and lighting; ramp replacement at the Property Yard lease space (217 Gordon Rd); structural repairs to garage building at Property Yard B (7111 Gordon Rd),

**Gage House:** replacement of kitchen fixtures at the Gage House;

**Firehouse:** curb and gutter work and concrete apron replacement for bay door entrance.

The Community Center \$10K unfunded request is for items that are not CIP eligible such as annual wear and tear painting, damaged carpet replacement, bathroom plumbing repairs and gym bleacher repairs.

**55) *Is the big change in Aurora House costs due to new revenue to add Transitional Living Program?***

No. The additional revenues represents primarily contractual fee increase from Arlington County, and to a smaller degree, Comprehensive Services Act (CSA) clients (from Fairfax, Arlington, and Alexandria) as our client base from that program has now grown. Arlington's share of the cost per the agreement is based on their usage as a percent of total usage. Arlington's share has increased over the last two years.

**56) *What is the latest on CDBG funding from HUD given the president's budget eliminates it, but we still plan to administer it? Would we have alternative grant sources, or would CDBG recipients receive nothing?***

***Staff review pending.***

**57) *Future turf replacement - does the new GMHS turf have the next replacement scheduled in the CIP?***

Synthetic turf fields have a life cycle of about nine years. The synthetic turf field that is located at George Mason High School is the primary competition field used by the schools with secondary use by the Recreation and Parks Department. Prior to installation of the synthetic turf, the previous natural grass field had a maximum 75 uses per year. The synthetic turf field is currently only limited by the number of hours in a day. Maintaining a safe natural grass Bermuda field for competition purposes an over a nine year period would cost more than replacing the synthetic turf every nine years and would result in significantly less access for all entities using the field.

The synthetic turf field at George Mason High School was completed in December 2015 and will need to be replaced again in December 2024. With FY2018 planned Larry Graves Park field will be due for replacement in 2027. The proposed 6-year CIP includes turf field replacement of \$450K in FY2023 and in the 10-year look ahead \$400K.

The \$100K of unfunded needs listed under Recreation and Parks (page 55 of proposed FY2019 budget) is noted for the purpose of establishing a reserve for the turf replacement need in the 10-year look ahead CIP period.



**58) Given that we are making money from Rec programs, albeit only 56K/year - would more funding bring in more revenues? Or we are constrained by facilities/space to hold the programs?**

Currently there is \$549,000 revenues budgeted in FY18 for the hobby classes, and the current year-end projection is anticipated to be roughly \$500,000, (approximately \$40,000 short this fiscal year).

It is really hard to say that facilities could simply offer more classes and thus increase revenues. For various reasons it is believed that we may have hit our saturation point at this time, in other words, it is expected that there is leveling off on the total number of registrants regardless of the number of offerings. In the past few years attempts have been made to both increase the number of offerings and decrease but offer more slots in the programs offered, and both have resulted in the same numbers for the most part. Thus, it appears that more spaces would give more options for class offerings but not likely it will automatically turn into more revenues.

Space is an issue right now but with more space will come more demands for staff and supplies. We currently turn about a 30% profit as 70% goes to pay the instructor/contractor, staff and provide needed equipment and supplies.

Competition is also a big factor. There is more and more competition every day, and even more recently our schools and the various PTA organizations have begun to tap into our regular users by offering enrichment programs at the schools for our citizens. This is not a bad thing for the community but is cutting into our overall registrations. Yes population is increasing but in just the last 6 or 7 years the Falls church area has added several businesses that provide similar services as the Rec & Parks such as MOBU Kids, 24 hour fitness, 2 different swim schools, Cycling, yoga, and other fitness type businesses.

It should be noted that the \$500,000 we do bring in is a much bigger number than that of several of the small recreation departments in our region.

Here is some comparative data as of the third quarter performance:

	<b>Q3 Total</b>	<b>Target</b>	<b>over/(under)</b>	<b>April-June 2017</b>	<b>Year-End total</b>	<b>Variance</b>
Program Fees	\$11,402	\$9,000	\$2,402	\$2,942	\$14,344	\$5,344
Athletics	\$379,625	\$408,000	-\$28,375	\$41,105	\$420,729	\$12,730
Events	\$102,581	\$144,000	-\$41,419	\$54,862	\$157,442	\$13,443
Classes	\$421,589	\$549,000	127,411	\$84,508	\$506,097	-\$42,903
Camps	\$623,612	\$900,000	-\$276,388	\$205,887	\$829,499	-\$70,501
Rent	\$40,000	\$22,170	\$17,830	\$11,297	\$51,297	\$29,127
<b>TOTAL =</b>						<b>-\$52,759.86</b>

**59) Permit activity is trending down since the high point in 2014 which could be a leading indicator of a slowdown in revenue growth. Discounting the impact of the Mason Row delay - are the associated resources working on permits fungible within CPED? (Similar to permit reserves - which cushions against decrease in permit revenues - are the resources also able to be redeployed to other areas if needed?)**

The permit receipts fees are highly volatile due the impact that a single large project can have on annual revenue numbers. The 2014 numbers relative to 2016 are an example of this. For the purposes of revenue forecasting, the City seeks to find an appropriate median number that will be sufficient to cover building safety plan review and inspections over the long term. In years where there is a major project, excess fees are set aside to be used when actual building inspections are occurring, often two years later. The Building Permit Reserve, with a current balance of \$900k, was created by the Council in 2016 and serves to smooth out the volatility experienced in fee revenue.

**60) What is the 125K increase in professional and contractual expenses within CPED? Is that the PM for WFC?**

Yes, that is correct.

**61) Gas taxes - how many gas stations in the city (that ultimately contribute to the \$1.1M in gas tax money) and what is the impact if one closes? Will the difference to WMATA have to be made up somewhere?**

Any loss of revenue will have to be made up somewhere. We have tried to ask NVTC to provide us with impact on gas taxes for closure of a gas station. However, they are not able to provide us this information for a few reasons: (1) The revenue by gas station is a proprietary information, (2) even if he were to provide an average, it is believed that a closure may not necessary have that impact but will depend largely on the location of the station, and (3) the hold harmless clause will also impact our total revenues and may offset some of the loss.

**62) How do the new CIP additions added in the out years of the CIP map to the fiscal modeling done for the GMHS/Full CIP decision from last summer? I believe there was an assumption that we need \$X million every few years as part of the CIP modeling.**

Our out-year projections include an allowance of \$5M to be issued every other year beginning in FY2026. We will want to maintain this in the model given that the 10-Yr CIP is not fully developed yet. Through FY2024, the projection is changed primarily for the TJ Elementary School project, which we projected in the summer of 2017 to be issued for \$15M in FY2020. The current CIP contemplates that the project will not be started until sometime in FY2025-FY2028 and the cost would be \$11,680,000.