

# Sanitary Sewer Fund

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*FY2023 Proposed Budget*

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The Sewer Fund’s programs are managed by the Department of Public Works.

The Sewer Fund’s FY2023 budget includes the following:

- A rate increase of 3% is being proposed for FY2023 to accommodate increasing costs for wages and contracts. With this increase, rates will be \$10.17 per 1,000 gallons
- An allocation of \$650,000 has been made to continue the City’s sanitary sewer rehabilitation efforts. In FY2023, these are being programmed to fund upgrades at the Arlington and Alexandria Treatment plants.

## SEWER FUND REVENUES

	FY2021 Actual	FY2022 Adopted	FY2023 Proposed	Percent Change
Service Charges	\$ 3,767,550	\$ 4,100,000	\$ 4,172,000	1.8%
Other Charges	297,268	260,000	260,000	0.0%
<b>Total Charges for Services</b>	<b>4,064,818</b>	<b>4,360,000</b>	<b>4,432,000</b>	<b>1.7%</b>
Availability Fees	89,760	110,000	110,000	0.0%
Investment Revenues	26,241	20,000	10,000	-50.0%
<b>TOTAL REVENUES</b>	<b>\$ 4,180,819</b>	<b>\$ 4,490,000</b>	<b>\$ 4,552,000</b>	<b>1.4%</b>

## SEWER FUND EXPENDITURES

	FY2021 Actual	FY2022 Adopted	FY2023 Proposed	Percent Change
Management and Engineering	\$ 489,684	\$ 691,255	\$ 661,088	-4.4%
Collection and Disposal	1,560,596	1,577,752	1,776,692	12.6%
Debt Servie	1,257,333	1,345,890	1,352,220	0.5%
Other Post-Employment Benefits	2,000	2,000	2,000	0.0%
Transfer to CIP	839,760	873,103	760,000	-13.0%
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,149,373</b>	<b>\$ 4,490,000</b>	<b>\$ 4,552,000</b>	<b>1.4%</b>
<b>Permanent Position FTE</b>	<b>5.850</b>	<b>6.000</b>	<b>5.950</b>	<b>-0.8%</b>

A detailed look at expenditures follows.

## SEWER MANAGEMENT

### SUMMARY OF SERVICES PROVIDED

The Department of Public Works administers and manages the City's sanitary sewer system, including planning, design, construction, and rehabilitation of the system, which serves all of the City's residents and several hundred households in Fairfax County. The sanitary sewer system is comprised of nearly 4,000 accounts, 47 miles of sewer mains, and more than 1,000 manholes. Approximately 1.4 million gallons of wastewater is collected per day and sent to treatment plants in Alexandria and Arlington County.

### TRENDS AND ISSUES

- Rehabilitation of the sanitary sewer system through lining has increased the capacity in existing pipe; however, the system is continually under pressure from redevelopment along the commercial corridor. The City is analyzing these impacts and projecting the impacts to the system from future potential land use.
- The City will need to purchase capacity from Fairfax County in FY2023 and has engaged the County to perform a cost analysis.

### DELIVERABLES

- The City is updating the Sewer System Rate Study, last updated in 2012. A plan to incorporate the results of the study in the FY2021 budget was delayed in an effort to defray economic impact to users who are already affected economically by the COVID19 pandemic.
- Construction of the West End Pipebursting Project so that the West Falls Church Construction Project has adequate sewer service.
- The engineering group will continue to implement and oversee the sewer lining program.

### PRIORITIES FOR FUTURE FUNDING

1. Sanitary Sewer Engineer (1.00 FTE) \$140,000. This position will split the current Stormwater and Sanitary Sewer Engineer position into two positions. By doing this, Public Works will have adequate staffing to implement maintenance programs, update policies and procedures, and turn the City into a best practice City that is proactive.
2. Sanitary Sewer Intern (0.20 FTE) \$8,000. This position will help develop the next generation of engineers while providing entry level support to the senior engineer position.

### PERMANENT POSITIONS – 2.25 TOTAL FTE

- 0.10 Director, Public Works
- 0.30 Principal Engineer
- 0.60 Senior Engineer
- 0.40 Junior Engineer
- 0.50 Contract Specialist
- 0.25 GIS Analyst
- 0.10 Administrative Assistant

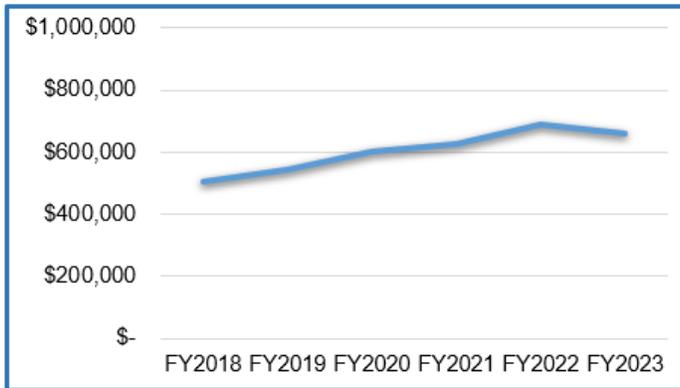
\*Temporary on-call personnel are also utilized when necessary.

**Sewer Management**

**BUDGET**

	FY2021 Actual	FY2022 Adopted	FY2023 Proposed	Percent Change
<b>Expenditures</b>				
Salaries and Wages	\$ 172,815	\$ 228,415	\$ 228,270	-0.1%
Benefits	46,542	63,014	56,835	-9.8%
Professional and Contractual	145,580	178,750	159,907	-10.5%
Materials, Supplies, and Other	124,747	221,076	216,076	-2.3%
<b>Total Expenditures</b>	<b>\$ 489,684</b>	<b>\$ 691,255</b>	<b>\$ 661,088</b>	<b>-4.4%</b>
<b>Permanent Position FTE</b>	<b>2.300</b>	<b>2.450</b>	<b>2.250</b>	<b>-8.2%</b>

**BUDGET TREND**



**Notes:**

- The increase in salaries for FY2019 and FY2020 and again in FY2021 is due to an adjustment in staffing allocations. This was done to reflect anticipated staff workloads related to the sanitary sewer program.

Change                      8.2%    9.8%    4.8%    10.1%    -4.4%

## COLLECTION & DISPOSAL

### SUMMARY OF SERVICES PROVIDED

This Department of Public Works operates and maintains the City’s sanitary sewer system. The system includes approximately 47 miles of pipeline ranging from 8” to 21” in diameter, and more than 1,000 manholes.

Maintenance activities include flushing the entire system several times a year to eliminate grease and debris build-up and keep sewer mains flowing at their full capacity, and television inspections of problem areas. Small repair activities such as manhole repairs and casting replacements are performed by the sanitary sewer crew. Larger repairs such as manhole replacement or pipe excavation and replacement are performed by contractors.

Costs in this cost center also include payments to our Inter-Jurisdictional (IJ) partners for conveyance and treatment of the City’s wastewater. The Sewer rehabilitation CIP program which utilizes a “trenchless” technology known as Cured In Place Pipe (CIPP) is also run out of this cost center. This technology inserts a resin impregnated fiberglass sleeve into existing sewers and then utilizes steam or hot water to inflate and cure the sleeve resulting in a new pipe within the existing pipe at 20%-30% the cost of traditional replacement.

### TRENDS AND ISSUES

- Rehabilitation of the sanitary sewer system through lining has increased the capacity in existing pipe; however, the system is continually under pressure from redevelopment along the commercial corridor. The addition of new fats, oils, and grease (FOG) generators like restaurants require additional maintenance like flushing and calls for emergency service due to blockages.

### SIGNIFICANT CHANGES

- The City will begin the implementation of an inspection campaign to reduce Fat Oil and Grease (FOG) that clogs the collection system, and causes problems in the treatment plants. This was postponed from FY2019 due to a vacancy in staffing and again in FY2021 due to COVID19.
- The responsibility for the pipe lining program will transition from Operations to the Engineering group.

### DELIVERABLES

- Flush entire system 3-4 times
- Convey approximately 1.4 Million Gallons per Day to our partner plants
- Nearly 3 miles of sewer rehabilitation

### PERMANENT POSITIONS – 3.70 TOTAL FTE

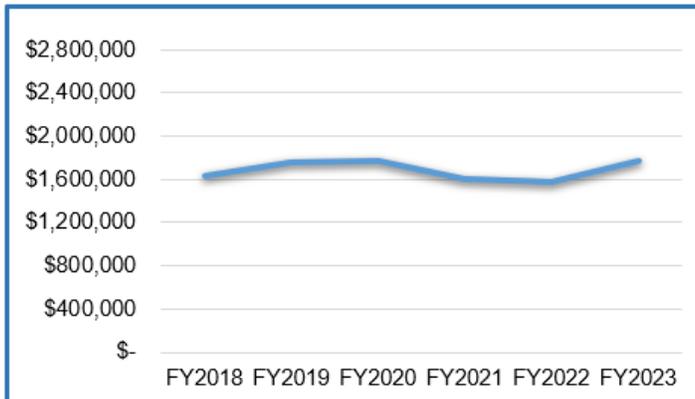
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|------------------------------------------|----------------------------|
| • 0.25 Public Works Superintendent       | • 1.00 Crew Leader         |
| • 0.25 Asst. Public Works Superintendent | • 0.10 Sr. Crew Leader     |
| • 0.10 Sr. Administrative Assistant      | • 2.00 Maintenance Workers |

Collection & Disposal

**BUDGET**

	FY2021 Actual	FY2022 Adopted	FY2023 Proposed	Percent Change
<b>Expenditures</b>				
Salaries and Wages	\$ 256,194	\$ 258,930	\$ 263,105	1.6%
Benefits	90,979	73,822	65,087	-11.8%
Professional and Contractual	1,083,111	1,185,000	1,235,000	4.2%
Materials, Supplies, and Other	17,938	60,000	60,500	0.8%
Capital Outlay	112,374	-	153,000	0.0%
<b>Total Expenditures</b>	<b>\$ 1,560,596</b>	<b>\$ 1,577,752</b>	<b>\$ 1,776,692</b>	<b>12.6%</b>
<b>Permanent Position FTE</b>	<b>3.550</b>	<b>3.550</b>	<b>3.700</b>	<b>4.2%</b>

**BUDGET TREND**



**Notes:**

- The increase in budget and revenues are largely driven by the number of customers and water usage.
- The City continues to add hundreds of new customers each year as redevelopment projects come online.

## DEBT SERVICE

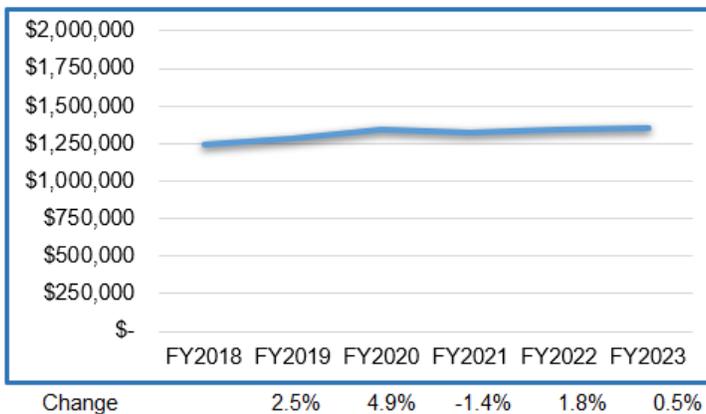
In prior years, debt was issued by the Sewer Fund to finance its share of the cost of Arlington County’s and the Alexandria Renew wastewater treatment plants improvement.

In FY2023, the Fund expects to issue approximately \$2.0 million in debt in order to finance the purchase of capacity from Fairfax County and to pay for costs of the upgrades currently being done at the Arlington County wastewater treatment plants. We anticipate that debt will be issued towards the first half of the year, thus the following budget for debt service includes new debt service.

### BUDGET

	FY2021 Actual	FY2022 Adopted	FY2023 Proposed	Percent Change
<b>Expenditures</b>				
Principal	\$ 1,022,734	\$ 1,113,722	\$ 1,130,775	1.5%
Interest	234,599	232,168	221,445	-4.6%
<b>Total Expenditures</b>	<b>\$ 1,256,833</b>	<b>\$ 1,345,890</b>	<b>\$ 1,352,220</b>	<b>0.5%</b>

### BUDGET TREND



**Debt Service**

The following shows projected debt service requirements over the next several years, including any bond issuances that are contemplated in the fund’s six-year CIP:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
FY2023	1,130,775	216,550	1,347,325
FY2024	1,235,624	256,577	1,492,201
FY2025	1,280,019	286,094	1,566,113
FY2026	973,851	337,476	1,311,327
FY2027	952,039	366,612	1,318,651
FY2028-FY2032	4,384,269	1,492,639	5,876,908
FY2033-FY2037	2,356,766	919,628	3,276,393
FY2038-FY2042	1,759,673	469,740	2,229,413
FY2043-FY2047	894,533	100,155	994,688
<b>Total</b>	<b>14,967,549</b>	<b>4,445,471</b>	<b>19,413,019</b>

Assumptions for the new debt issuances include the following:

- interest rate ranges from 4.5% to 5%,
- Level principal payments over 20-year term, and
- 2% cost of issuance.

## OTHER POST-EMPLOYMENT BENEFITS

In addition to pension, the City provides health insurance and life insurance benefits of \$5,000 for employees who have both vested in the City’s pension plan and retire from the City. Together, these are referred to as “Other Post-Employment Benefit” (OPEB).

For employees hired prior to April 1, 2008 the City pays 50% of the retiree’s health insurance premium and 100% of the premiums for life insurance policy with the benefit vesting after either five years of creditable service or eligibility to retire, whichever comes first. For employees hired on or after April 1, 2008 the City pays 20% of the retiree’s health insurance premium after 10 years’ credible service and the benefit increases by 2% per year up to 50% at 25 years of service.

The following table shows the portion of this ARC that is allocable to current retirees. Throughout the Sewer Fund Expenditures budget, a portion of the ARC has been allocated to active employees. The total amount budgeted for the Sewer Fund for all active employees and retirees is approximately \$5 thousand. Portions of the ARC are also allocated to the employees and retirees of the General and Stormwater Funds.

### BUDGET

	FY2021 Actual	FY2022 Adopted	FY2023 Proposed	Percent Change
<b>Expenditures</b>				
Benefits	\$ 2,000	\$ 2,000	\$ 2,000	0.0%
<b>Total Expenditures</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>0.0%</b>

**Transfers & Reserves**

**TRANSFERS & RESERVES**

The Sewer Fund transfers funds to its Capital Improvements Project (CIP) Fund in order to pay for projects that are not debt-funded or grant-funded. In FY2023, the Sewer Fund budget includes a transfer of \$760,000 to its CIP. These will be used towards funding capacity purchase at Fairfax County as well as upgrades to treatments plants. These improvements are being funded out of current year revenues from rates and availability fees. Availability fees are designated for system expansion costs.

**BUDGET**

	FY2021 Actual	FY2022 Adopted	FY2023 Proposed	Percent Change
<b>Expenditures</b>				
Transfer to CIP	\$ 839,760	\$ 873,103	\$ 760,000	-13.0%
Reserves	-	-	-	0.0%
<b>Total Expenditures</b>	<b>\$ 839,760</b>	<b>\$ 873,103</b>	<b>\$ 760,000</b>	<b>-13.0%</b>

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# Storm Water Fund

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*FY2023 Proposed Budget*

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The City's stormwater facilities are managed by the Department of Public Works. In 2014, the City created a storm water enterprise fund to manage the growing costs of regulatory compliance, flood mitigation, water quality improvement, and to maintain aging stormwater infrastructure. Revenues for this fund are generated by a new fee based on impervious coverage.

The management of stormwater in the City includes administering the following programs:

- VA DEQ/MS4 Permit
- Compliance, BMP Management
- Stormwater Conveyance Infrastructure Rehabilitation/Replacement
- TMDL Compliance
- Private Development Oversight
  - Chesapeake Bay Program
  - Erosion and Sediment Control
  - Site Plan / Grading Plan Review
- Capital Improvement Program
- National Flood Insurance Program / Community Rating System Program
- Street Sweeping
- Geographic Information Systems

The greatest need of the City's stormwater conveyance system is capital maintenance. The system has aged or was built with insufficient conveyance capacity and, consequently, in many parts of the City fails to adequately carry a 2-year storm event (ie, a storm with a 50% chance of occurring during any given year). Approximately 28% of the system is composed of corrugated metal piping (CMP). Given the age of the system much of the CMP is at or past its service life and is responsible for many of the service calls Operations receives. The City will address these critical needs through a comprehensive conditions assessment and planned infrastructure upgrades.

Compliance with state and federal mandates to reduce sediment, nitrogen, and phosphorus from stormwater runoff will be a challenge for the City. Staff estimates the City will need to spend several million dollars on stormwater quality projects by 2025 in order to meet the Chesapeake Bay water quality targets set by the state. City staff administer various programs and activities in order to comply with an array of related regulations that include the Federal Clean Water Act (e.g., National Pollutant Discharge Elimination System (NPDES), Municipal Separate Storm Sewer System (MS4) Permit, Total Maximum Daily Load (TMDL) and the Federal Emergency Management (FEMA) Flood Insurance Program where the City actively participates in the Community Rating System (CRS) to provide a flood insurance discount for its residents.

The City's Geographic Information Systems program is also supported by the Stormwater fund. GIS is integral to the stormwater utility, as it is used to establish billing units by analyzing imagery to determine impervious coverage of parcels. GIS is also used to catalogue data about all manner of operations on the stormwater system.

# STORMWATER FUND REVENUES

	FY2021 Actual	FY2022 Adopted	FY2023 Proposed	Percent Change
Service Charges	\$ 1,679,714	\$ 1,695,500	\$ 1,732,000	2.2%
Fines and Forfeitures	(4,613)	2,500	2,500	0.0%
Revenue from Use of Money and Property	9,731	10,000	5,000	-50.0%
<b>TOTAL REVENUES</b>	<b>\$ 1,684,832</b>	<b>\$ 1,708,000</b>	<b>\$ 1,739,500</b>	<b>1.8%</b>

The FY2023 budget includes the fee of \$19.28 per 200 square feet of impervious coverage, an increase of 3% over the FY2022 rate of \$18.72 per 200 square feet of impervious coverage. The increase is necessary to fund increasing operating costs.

Other charges in FY2023 represents fees estimated to be collected for grading plan reviews.

# STORMWATER FUND EXPENDITURES

	FY2021 Actual	FY2022 Adopted	FY2023 Proposed	Percent Change
Management	\$ 580,323	\$ 672,183	\$ 725,411	7.9%
Operations & Maintenance	570,511	753,955	776,788	3.0%
Debt Service	232,016	281,862	237,301	-15.8%
<b>TOTAL EXPENDITURES</b>	<b>1,382,849</b>	<b>1,708,000</b>	<b>1,739,500</b>	<b>1.8%</b>
<b>Permanent Position FTE</b>	<b>7.050</b>	<b>7.050</b>	<b>7.100</b>	<b>0.7%</b>

A detailed look at expenditures follows.

## Stormwater Management

**STORMWATER MANAGEMENT****SUMMARY OF SERVICES PROVIDED**

The Department of Public Works provides management and operation of the City's stormwater conveyance system, including planning, design, construction, and rehabilitation of the system. In addition, funding is used to develop and implement capital improvements needed to provide high quality and reliable service. The department also manages the day-to-day operations of the Stormwater Utility Fund, which includes outreach, customer service, impervious coverage mapping updates, and credit program.

**TRENDS AND ISSUES**

- Debt service costs from recent stormwater capital projects is coming online and pressuring the operating budget. Small increases in revenue will be needed in out years to continue investments in the infrastructure.
- The fund's operating budget continues the trend of shifting expenses from the engineering to operation group to focus on system repairs and rehabilitation.

**SIGNIFICANT CHANGES**

- Staff will perform approximately 1/3 of the required BMP inspections.
- Engineering staff will be responsible for large scale pipe repair and lining projects.
- ARPA funding is being used for several of the Priority Six projects

**DELIVERABLES**

- Construction of the Harrison Branch and Wren Branch projects
- Submittal of Annual MS4 Report
- Processing of Stormwater Credit Applications

**PRIORITIES FOR FUTURE FUNDING**

1. Capital funding \$870,000. Funding for stormwater facilities reinvestment to replace pipes that have exceeded their expected life and are in poor shape. The Stormwater Task Force and Staff worked jointly to determine that the City doesn't have enough maintenance funds to maintain the existing storm pipes.
2. Grants Manager (1.00 FTE) \$100,000. This position will allow for an aggressive Stormwater CIP program that proactively pursues grant opportunities, applied for grant reimbursements, and other grant related activities.
3. Storm Sewer Intern (0.20 FTE) \$8,000. This position will help develop the next generation of engineers while providing entry level support to the senior engineer position.

**PERMANENT POSITIONS – 2.60 TOTAL FTE**

- |                                    |                                 |
|------------------------------------|---------------------------------|
| • 0.10 Director of Public Works    | • 0.10 Administrative Assistant |
| • 0.30 Principal Engineer          | • 0.50 GIS Manager              |
| • 0.60 Senior Engineer             | • 0.05 Grants Manager           |
| • 0.40 Junior Engineer             | • 0.45 Contract Specialist      |
| • 0.10 Civil Engineering Inspector |                                 |

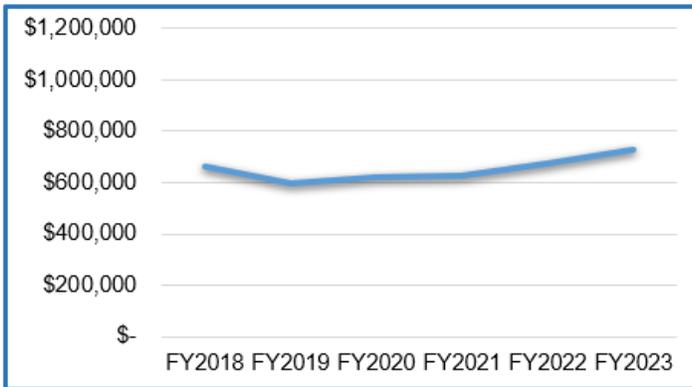
\*The City also employs term employees who work on specific projects. Additionally, some of the positions above are allocated to capital projects and the General Fund.

**Stormwater Management**

**BUDGET**

	FY2021 Actual	FY2022 Adopted	FY2023 Proposed	Percent Change
<b>Expenditures</b>				
Salaries and Wages	\$ 218,612	\$ 229,913	\$ 275,917	20.0%
Benefits	57,384	64,232	68,254	6.3%
Professional and Contractual	158,497	206,038	214,190	4.0%
Materials, Supplies, and Other	23,158	37,500	37,550	0.1%
Capital Outlay	3,151	4,500	4,500	0.0%
Administrative Cost to General Fund	119,521	130,000	125,000	-3.8%
<b>Total Expenditures</b>	<b>580,323</b>	<b>672,183</b>	<b>725,411</b>	<b>7.9%</b>
<b>Permanent Position FTE</b>	<b>2.500</b>	<b>2.500</b>	<b>2.600</b>	<b>4.0%</b>

**BUDGET TREND**



Change                      -10.2%      4.4%      0.6%      7.7%      7.9%

**Notes:**

- Yearly increase to account for inflation are needed. This was done for FY2022 and is being proposed for FY23
- Equipment and procedures are outdated and need modernizing

## OPERATIONS & MAINTENANCE

### SUMMARY OF SERVICES PROVIDED

The operations crew is responsible for inspection, cleaning and repairing the stormwater system, which includes more than 26 miles of storm drain, 1,400 appurtenances and 8,100 feet of stream channel in the Four Mile Run and Tripps Run watersheds. The vast majority of the City's stormwater system was originally installed as the City grew during the 1930s through the 1960s. Today, many of these stormwater pipes and structures are beyond their expected life span and in some locations have failed or are near failing.

The Stormwater Crew utilizes vacuum and flusher trucks to clean structures and pipes, and to keep debris out of our streams. The crew also uses a television inspection truck to inspect and catalogue the condition of the infrastructure and diagnose problems, develop maintenance and repair priorities, and establish a record of system condition.

### TRENDS AND ISSUES

- A four-man stormwater crew was established in May of 2014. Since its creation the crew has mainly focused on the City's greatest immediate needs; inspecting and cleaning storm pipes and performing repairs to stormwater inlets and manholes.
- The crew also coordinates with Stormwater Administration to systematically collect hundreds of feet of pipe condition data using closed circuit television inspections.
- The current practices of maintaining open waterways is archaic and will not be allowed on the next permit cycle. DPW is investigating alternative equipment and vehicles to modernize practices and have less of an impact on the environment.

### SIGNIFICANT CHANGES

- Operations will transition oversight of the large-scale pipe repairs and lining to the engineering group.
- Operations is having trouble recruiting two positions on the crew
- Operations is re-evaluating their maintenance procedures to modernize and become a "Best Practice" crew

### DELIVERABLES

- Sweep each street 2 times
- Clean 700 structures
- Flush 13 miles of pipe
- Video inspect 6 miles of pipe
- Fleet and new equipment purchases to modernize and lessen impacts to the environment
  - If the City doesn't modernize equipment some maintenance activities will have to cease

### PRIORITIES FOR FUTURE FUNDING

1. Street Sweeper \$100,000. By purchasing a street sweeper the City will be able to bring those services in house and save approximately \$20,000 per year. We'll also have the capacity to perform sweeping activities on-demand and will not have to wait on contractors and vendors to provide service.

**Operations & Maintenance**

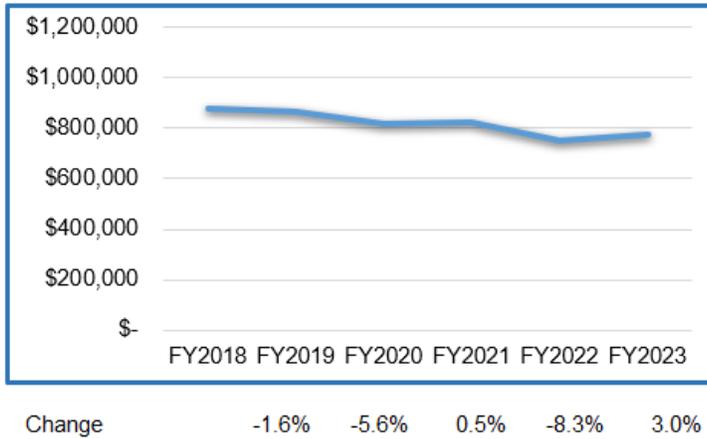
**PERMANENT POSITIONS – 4.50 TOTAL FTE**

- 0.25 Superintendent of Public Works
- 0.25 Asst. Superintendent of Public Works
- 0.10 Sr. Administrative Assistant
- 0.90 Sr. Crew Leader
- 3.00 Maintenance Worker

**BUDGET**

	FY2021 Actual	FY2022 Adopted	FY2023 Proposed	Percent Change
<b>Expenditures</b>				
Salaries and Wages	\$ 295,015	\$ 301,726	\$ 326,336	8.2%
Benefits	94,282	100,614	100,648	0.0%
Professional and Contractual	92,691	274,000	179,689	-34.4%
Materials, Supplies, and Other	88,523	77,615	70,115	-9.7%
Capital Outlay	-	-	100,000	0.0%
<b>Total Expenditures</b>	<b>570,511</b>	<b>753,955</b>	<b>776,788</b>	<b>3.0%</b>
<b>Permanent Position FTE</b>	<b>4.550</b>	<b>4.550</b>	<b>4.500</b>	<b>-1.1%</b>

**BUDGET TREND**



## DEBT SERVICE

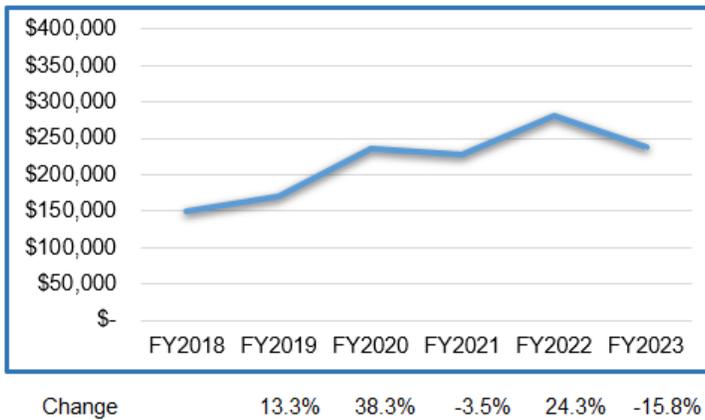
Over the past three years, the City issued General Obligation Bonds to fund the capital projects for the Stormwater Fund.

In FY2021, Council approved a Capital Improvement Program (CIP) to fund six projects that required the issuance of several million dollars of debt. In FY2022, with the receipt of ARPA funds, Council approved the use of those funds to finance a majority of the costs of the projects. Additionally, the City is applying for state and federal funds to finance some of the remaining costs of the six projects. Therefore, no debt is expected to be issued until FY2025.

### BUDGET

	FY2021 Actual	FY2022 Adopted	FY2023 Proposed	Percent Change
<b>Expenditures</b>				
Principal	\$ 142,478	\$ 169,777	\$ 169,911	0.1%
Interest	89,538	112,085	67,390	-39.9%
<b>Total Expenditures</b>	<b>232,016</b>	<b>281,862</b>	<b>237,301</b>	<b>-15.8%</b>

### BUDGET TREND



**Debt Service**

The following shows projected debt service requirements over the next several years, including any bond issuances that are contemplated in the fund’s six-year CIP:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
FY2023	169,911	67,390	237,301
FY2024	170,047	60,630	230,677
FY2025	256,256	141,023	397,279
FY2026	255,328	131,194	386,522
FY2027	254,167	121,734	375,901
FY2028-FY2032	1,247,463	473,805	1,721,268
FY2033-FY2037	1,000,083	271,641	1,271,724
FY2038-FY2042	609,524	116,152	725,676
FY2043-FY2047	173,400	13,005	186,405
<b>Total</b>	<b>4,136,179</b>	<b>1,396,573</b>	<b>5,532,752</b>

Assumptions for the new debt issuances include the following:

- Interest rate ranges from 4.5% to 5%,
- Level principal payments over 20-year term, and
- 2% cost of issuance.

# Affordable Housing Fund

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*FY2023 Proposed Budget*

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# AFFORDABLE HOUSING FUND

## **SUMMARY OF SERVICES PROVIDED**

The City of Falls Church Affordable Housing Fund (AHF) provides funding both to maintain existing affordable housing and to develop additional affordable housing opportunities in the City for households with gross income less than 120% of the median income for the Washington Metropolitan statistical area. Funds are awarded on a rolling application basis through a public application process. Non-profit, for-profit, or government organizations are eligible for funding. Contributions to the AHF have come from developers and City General Fund.

## **ELIGIBLE ACTIVITIES**

- Acquisition, rehabilitation, and/or development of multi-family or single-family buildings; or
- Acquisition, rehabilitation, and/or development of specialized housing for the elderly, mentally or physically disabled or homeless; or
- Acquisition/rehabilitation of properties for adaptive reuse; or
- Loan program for acquisition, rehabilitation, and/or development of multi-family or single-family properties.

## **USE OF FUNDS**

1. Bridge loans
2. Financing
3. Predevelopment Grants

In 2020 the City received recommendations in a 2020 Affordable Housing Analysis from the National Housing Trust to update policies of the AHF. These recommendations included:

- Direct all cash-in-lieu collected through the Affordable Dwelling Unit program to the AHF.
- Develop an objective and transparent process for allocating the AHF that reflects the City's affordable housing priorities.

City staff, along with the Housing Commission, are working to institute these recommendations. Priorities will include housing for those at incomes below 120% of the median income for the Washington Metropolitan statistical area.

## **TRENDS AND ISSUES**

Similar to neighboring jurisdictions, the City of Falls has been facing rising housing costs over the past decade for both renters and owners. According to the November 11, 2020 Washingtonian Magazine "October data from multiple listing service Bright MLS, the median price for all housing types in the city of DC reached \$705,000 in October, a record high. The city of Falls Church also achieved a record—the median price for single-family detached houses there hit the all-time high of \$1,530,000. The median for all types of housing in the entire DC-metro area was \$535,000, a seven-percent increase from October 2020:".

In reviewing median gross rent (MGR) from the American Housing Survey (2016-2020) comparing the City of Falls Church with Arlington County; Fairfax County; Montgomery County, MD; Washington D.C.; and Virginia as a whole, Falls Church has the highest MGR at \$2,044.

<b>Jurisdiction</b>	<b>Median Gross Rent</b>
Falls Church	\$2,044
Arlington County	\$2,005
Fairfax County	\$1,898
Montgomery County	\$1,784
Washington, D.C.	\$1,007
Virginia	\$1,257

In recent years the City has seen a significant decrease in the number of market rate affordable (housing which is affordable due to market forces) rental homes. In December 2019 there were only 31 market rate apartments affordable to families at or below 60 percent of U.S. Department of Housing and Urban Development (HUD) Area Median Income (AMI). This is a decrease from 224 homes in 2012, a net loss of 193. This decrease in the market rate affordable housing stock may be attributed to rents in the City rising faster than wages.

In addition, the covenants for many committed affordable properties are expiring in the very near future including the covenants for the Byron Condominiums which expired December 2021.

The City of Falls Church applied for and was awarded two separate \$3,750,000 grant awards from Virginia Housing Amazon REACH funding. The first award (Amazon 2) funding is to 1) establish an affordable homeownership program (\$3.4 million) and 2) extend the covenants for Teacher Workforce Units (TWU) (\$350,000) in the City. The second award (Amazon 3-5) is to create an acquisition strike fund (\$3,750,000) that will target acquisition of approximately four to seven properties in Virginia Village. The grant will serve as the equity portion for each acquisition, and as a revolving fund to facilitate the ownership acquisition, consolidation, and eventual new construction/redevelopment of affordable housing in Virginia Village. A total of \$500,000 from the affordable housing fund was used as match for both projects.

In the past year the City’s Economic Development Authority acquired three new Virginia Village quadriplexes (five in total) in its efforts to preserve market rate affordable housing in the City. These buildings have significant rehabilitation needs which will be covered with ARPA and grant funds in the short term.

Tax credits for The Fields of Falls Church are due to expire in 2027. This will necessitate a plan to determine how to preserve these units. The City continues to work to navigate a way to preserve housing for the families who will be affected.

Loans previously granted through the AHF for the First Time Homebuyer Program will be repaid to the Fund in the event of a sale.

After the Amazon REACH match funds have been utilized there will be approximately \$106,000 left in the affordable Housing Fund. However, as detailed, there remains significant affordable housing needs.

Included in the FY2023 Proposed budget for the General Fund is another transfer of \$100,000 to AHF. It is key that this continue as an annual transfer. It is advocated in both the Affordable Living Policy and the Housing Affordability Study.

**PRIORITIES FOR FUTURE FUNDING**

The Affordable Living Policy requires dedicated annual revenue to the AHF to promote the acquisition and preservation of permanently affordable homes.

\$5 million will need to be raised in order to preserve the long-term affordability of The Fields of Falls Church when the current tax credit financing expires in 2027.

**POSITIONS BY FTE – 0.0 TOTAL**

This program is managed and staffed by the Department of Housing and Human Services.

**BUDGET**

- The Affordable Housing Fund does not expect to incur additional expenditures in FY2023 but may carry-forward appropriations for the Amazon REACH grant from FY2022 if necessary.

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# Cable Access Fund

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*FY2023 Proposed Budget*

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# CABLE ACCESS FUND

## SUMMARY OF SERVICES PROVIDED

Falls Church Community Television (FCCTV), administratively managed by the Office of Communications (OCOM), operates under a tripartite agreement between the City government, the public schools, and the public (represented by the Falls Church Cable Access Corporation). FCCTV delivers programming via cable channels (Cox channel 11, RCN channel 2, Verizon channel 35), YouTube video uploads, and public broadcasting and online streaming of City Council, School Board, Planning Commission and other public meetings.

FCCTV is supported by Public-Education-Government (PEG) Grant funds provided by Cox and Verizon via the franchise agreements with the City government. PEG Grants may be spent only on capital expenditures for FCCTV. Operating expenditures are supported by the local taxes from the General Fund.

FCCTV provides services to the government by recording and editing City Council and Planning Commission meetings, town hall-style meetings, marketing promotions, special events, program and services demonstrations, and more. Recorded meetings help the government achieve transparency and accessibility for the community.

FCCTV provides services to the public schools by recording and editing School Board meetings, town hall-style meetings, special events, program and services demonstrations, and more.

FCCTV provides services to the public in conjunction with the Cable Access Corporation by providing classes on studio production, field production, and editing and providing studio space and equipment library.

All programs have the potential to be broadcast via FCCTV channels.

## TRENDS AND ISSUES

- FCCTV has a \$10,000 operating budget, and it is not sufficient to maintain a broadcast production studio.

## DELIVERABLES

- Produce at least 12 videos featuring City programs, services, events, or employees, and at least 12 videos featuring School programs, services, events, or employees.
- Record, produce, and broadcast approximately 52 Council Meetings, 26 Planning Commission Meetings, 26 School Board Meetings, and 10 additional special meetings per year.
- Complete full high definition (HD) conversion, dependent on funding and cable company timelines.
- Produce promotional videos and enhance social media presence for FCCTV to raise awareness and cultivate interest for Access Corporation.

**PERMANENT POSITIONS – 2.00 TOTAL FTE**

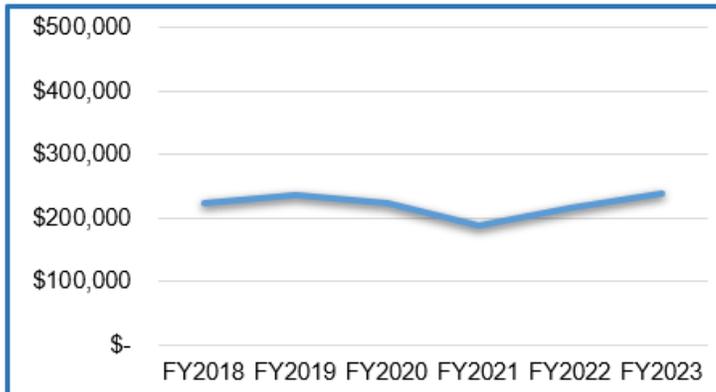
- 1.00 Senior Video Specialist
- 1.00 Cable TV Videographer

\*Temporary personnel are also employed on as needed basis.

**BUDGET**

	FY2021 Actual	FY2022 Adopted	FY2023 Proposed	Percent Change
<b>Expenditures</b>				
Salaries and Wages	\$ 69,746	\$ 125,142	\$ 150,562	20.3%
Benefits	9,275	26,817	22,195	-17.2%
Professional and Contractual	901	3,000	3,000	0.0%
Materials, Supplies, and Other	3,182	6,537	6,537	0.0%
Capital Outlay	81,086	56,000	56,000	0.0%
<b>Total Expenditures</b>	<b>164,191</b>	<b>217,496</b>	<b>238,294</b>	<b>9.6%</b>
<b>Revenues</b>				
Transfer from the City	83,105	161,496	182,294	12.9%
PEG Grant	81,086	56,000	56,000	0.0%
<b>Total Revenues</b>	<b>164,191</b>	<b>217,496</b>	<b>238,294</b>	<b>9.6%</b>
<b>Revenues Over Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Permanent Position FTE</b>	<b>2.000</b>	<b>2.000</b>	<b>2.000</b>	<b>0.0%</b>

**BUDGET TREND**



**Notes:**

- Prior to FY2014, the FCCTV activities were accounted for by the School Board in their Community Services Fund.
- In FY2017, the TV Station Supervisor position was eliminated and replaced with a Videographer.
- FY2021 reflects the freezing of a vacant position in response to the economic impact of the COVID19 pandemic.
- FY2022 reflects the full funding of a vacant position.

Change                      6.4%    -6.1%    -15.8%    15.8%    9.6%