



CITY OF FALLS CHURCH

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FOR IMMEDIATE RELEASE

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Falls Church City Council Approves FY 2011 Budget *Includes Limited City Program Reductions, Fully Funds Schools, And 17-cent Increase in Real Estate Tax Rate*

The Falls Church City Council tonight (April 26) unanimously approved a Fiscal Year (FY) 2011 budget that retains most core general government services and fully funds City schools. Expenditure reductions agreed to by the Council resulted in a tax rate that is 3 cents lower than that proposed by the City Manager early in March. The FY11 budget totals \$64,040,348 -- 6.8 percent less than the current year -- and included an increase in the real estate tax rate of 17 cents from \$1.07 to \$1.24 per \$100 of assessed value. The 2011 fiscal year runs from July 1, 2010 through June 30, 2011.

The FY11 budget fully funds the budget approved by the Falls Church School Board. Increases in state revenues and decreases in expenditures for pension and health costs realized since the School Board acted on its budget request on March 2 allowed the Council to reduce the school transfer amount by \$426,000 without affecting the school programs, while allowing the schools to take advantage of additional technology funding from the state. The school transfer for FY11 will be \$27,861,600, a 6 percent reduction to this year's school transfer amount.

The General Government FY11 Operating Budget of \$28,475,800 represents an 8.5 percent reduction in spending compared to the current year. The budget requires reductions in virtually every department, a City employee pay freeze for the second year in a row, and City employee layoffs.

The Council deferred final action on the FY11 through FY14 Capital Improvements Program (CIP) until May 24. The budget provides an additional \$1.3 million for fund balance restoration in support of future capital improvements. The FY11 Budget restores fund balance to within Council adopted policy limits.

The long list of spending reductions in the adopted budget is in response to the overall decline in revenues associated with the current recession, the loss of return on investment from the water system due to a recent court ruling (under appeal), and the loss of sales tax revenue the state sent to Falls Church City due to situs errors.

Even with the decline in real estate values, the 17-cent real estate tax rate increase means Falls Church City property owners will see an increase in their tax bill. The 2010 assessed values declined 3 percent overall for residential property and 14 percent overall for commercial property. With the \$1.24 real estate tax rate, a single family detached home with a median assessment of \$587,300, the median tax bill would increase by \$798 or 12.31 percent.

For the fifth consecutive year, water and sewer commodity fees will remain unchanged. The water rate will remain at \$3.03 per 1,000 gallons in FY11 and the sewer rate will remain at \$5.91 per 1,000 gallons. The City's water rates are below average for the National Capital Region.

Other budget details include:

- Elimination of 17.5 full-time equivalent general government positions, or 23 fewer positions than FY09, for an 11 percent reduction in the workforce.
- Requiring employees to pay for increased health insurance and pension costs; elimination of the deferred compensation match and reducing tuition assistance for employees.
- No cuts in the number of police on the street. Two supervisor-level positions, including the emergency management coordinator, will be filled through internal promotion and outside recruitment.
- Reduction in funding for urban forestry, library materials and databases, technology equipment and special events.
- Reduction in funds for printing brochures and flyers and other Communication publications.
- Sale of the Pendleton House (a former group home).
- Partial funding for the GEORGE bus (service will continue at least until fall) to allow time to develop options for alternative funding streams and operations.
- Out-sourcing refuse collection.
- Closing the Mary Riley Styles Public Library on Sundays and reducing hours during the week.
- Reducing the hours of operation at the Community Center.
- Cancelling the July 4th celebration for 2011.
- Cancelling the City's cash contribution to the Watch Night Celebration for Dec. 31, 2010.
- Reducing the frequency of street sweeping.
- Increasing Recreation and Parks program fees and building permit fees.
- Reducing the City's contribution to the Falls Church Housing Corporation.
- Restoration of the fund balance, protecting the City's financial condition.

The City Council will hold first reading on the CIP on May 10 and second reading and scheduled adoption on May 24. The Planning Commission will discuss the CIP on May 17.

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