

City of Falls Church

Meeting Date: 04-27-2020	Title: (TO20-05) ORDINANCE FIXING AND DETERMINING THE BUDGET OF EXPENDITURES AND REVENUES AND APPROPRIATING FUNDS FOR THE FISCAL YEAR 2021: GENERAL FUND; SCHOOL OPERATING FUND; SCHOOL COMMUNITY SERVICE FUND; SCHOOL FOOD SERVICE FUND; CABLE ACCESS FUND; SEWER FUND; AND STORMWATER FUND	Agenda No.: 5(a)
Proposed Motion: Move to grant first reading to (TO20-05), schedule public hearings for May 11 and May 26, schedule second reading and final consideration for May 26, and advertise the same according to law.		
Originating Dept. Head: Wyatt Shields, City Manager 703.248.5004		Disposition by Council:
City Manager: Wyatt Shields 703-248-5004 FWS 4-23-2020	City Attorney: Carol McCoskrie 703.248.5010 CWM 4-23-2020	CFO: Kiran Bawa 703.248.5092 KB 4-23-2020
		City Clerk: Celeste Heath 703.248.5014 CH 04-24-20

2 **REQUEST:** Council is requested to grant first reading for the revised FY2021
3 Operating Budget (TO20-05), schedule public hearings for May 11 and May 26, and
4 schedule second reading and final consideration for May 26.
5

6 **RECOMMENDATION:** The City Manager recommends approval of the proposed
7 motion.
8

9 **BACKGROUND:** The proposed FY2021 budget is significantly revised relative to the
10 City Manager's original FY2021 budget proposal of March 9, 2021, in light of the
11 COVID-19 pandemic and its economic fallout. The revised budget reduces
12 expenditures by \$5.60 million (-5.4%) relative to the original March 9 proposal, and by
13 \$1.36 million (-1.4%) relative to the current FY2020 budget.
14

15 Council will consider the FY2021-FY2026 Capital Improvements Program (CIP) in
16 May, pending the outcome of state legislation on transportation funding.
17

18 The Tax Year 2021 (July 1, 2020 to June 30, 2021) real estate tax rate and the Tax Year
19 2020 (January 1, 2020 to December 31, 2020) personal property tax rate are to be acted
20 upon by separate ordinance (TO20-07).
21

22 The budget amounts may change, within certain standards, pursuant to Council
23 direction between first reading and second reading on May 26 without requiring a new
24 first reading of this ordinance.
25

26 Pursuant to the City Charter and state law, the Council is required to adopt, by
27 ordinance, an annual budget for the City.
28

29 On April 6, a financial update was provided to City Council with impacts to the FY2020
30 and FY2021 revenue projections. Additionally, City Council approved an emergency
31 ordinance to provide business relief by extending the due dates of certain taxes.

32

33 Staff estimates a revenue decline in FY2021 as compared to FY2020, particularly in the
34 area of sales and use tax, meals tax, transient occupancy tax, business gross receipts tax,
35 investment revenues, and charges for services for recreation and parks activities. The
36 City Manager's Budget Letter details these revenue forecasts.

37

38 In addition to the decline in revenue, the City has increased obligations to its
39 jurisdictional partners including WMATA, Arlington County, and Fairfax County.

40

41 Taken together, the decline in revenues and increase in mandatory costs creates a
42 budget gap of \$2.4M relative to the current fiscal year (FY2020). To close this gap, the
43 proposed budget eliminates salary increases for employees, cuts all training and travel
44 expenses, freezes vacant positions, and further cuts department budgets by \$228,700.
45 Initiatives that were previously put forth on March 9, such as the funding of the
46 neighborhood traffic calming program, conversion of streetlights to LED, and addition
47 of new positions have all been eliminated in this revised budget.

48

49 The School Board and administration have reduced their transfer request by \$500,000
50 as compared to FY2020 while also trying to achieve a balanced budget in light of
51 declining state revenues. The general government and school staff have worked closely
52 throughout the crisis to share information and seek out solutions to problems together,
53 and will continue to do so.

54

55 The proposed FY2021 Budget includes revenues projected from a real estate tax rate of
56 \$1.355 per hundred dollars of assessed value, unchanged from FY2020. This proposed
57 tax rate is subject to Council action in a separate proposed ordinance (TO20-07).

58

59 No rate increases are proposed for the Sanitary Sewer and Stormwater Funds in the
60 revised budget, with the goal of alleviating cost increases for residents and businesses.
61 The original March 9 budget proposed increases in both the sanitary and stormwater
62 utility rates in order to accomplish some significant capital projects. These capital
63 projects are currently being reviewed to determine prioritization and scheduling in light
64 of the recommendation for keeping the rates at their current level.

65

66 The federal government has allocated \$3.5 billion to the Commonwealth through the
67 CARES Act. The manner and timing of the distribution of these funds is still being
68 determined. As a result, funding from the CARES Act is not included in the proposed
69 budget.

70

71 In many respects, the proposed FY2021 budget is an interim budget that allows an
72 initial set of decisions to be made, with an acknowledgement that further amendments
73 will be necessary and appropriate once a clearer picture emerges on the economic
74 impacts of the COVID-19 pandemic.

75

76 **FISCAL IMPACT:** Adoption of the proposed will set the operating budget for Fiscal
77 Year 2021, which begins on July 1, 2020 and ends June 30, 2021.

78

79 **TIMING:**

80

81 **Monday, May 4, 7:30 pm:** Budget work session

82

83 **Monday, May 11, 7:30 pm:** Public hearing on budget and tax rates

84

85 **Monday, May 18, 7:30 pm:** Budget work session

86

87 **Tuesday, May 26, 7:30 pm:** Public hearing, second reading, and final consideration of
88 budget and tax rates and first reading of proposed CIP ordinance

89

90 **Monday, June 22, 7:30 pm:** Second reading and final consideration of CIP

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92 **ATTACHMENTS:**

93 1. City Manager's Budget Message to the Council and Community of Falls Church

94 2. Letter from the School Board

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ORDINANCE FIXING AND DETERMINING THE BUDGET OF EXPENDITURES AND REVENUES AND APPROPRIATING FUNDS FOR THE FISCAL YEAR 2021: GENERAL FUND; SCHOOL OPERATING FUND; SCHOOL COMMUNITY SERVICE FUND; SCHOOL FOOD SERVICE FUND; CABLE ACCESS FUND; SEWER FUND; AND STORMWATER FUND

THE CITY OF FALLS CHURCH HEREBY ORDAINS that the annual budget of the City of Falls Church, Virginia, for the General Fund, Sanitary Sewer Fund, Stormwater Fund, School Operating Fund, School Community Service Fund, School Food Service Fund, and Cable Access Fund for Fiscal Year 2021, is hereby fixed, determined and appropriated as hereinafter set forth:

- a. \$97,936,497 for the General Fund revenues; and
\$97,936,497 for the General Fund expenditures.
- b. \$4,420,000 for the Sanitary Sewer Fund revenues; and
\$4,420,000 for the Sanitary Sewer Fund expenditures;
- c. \$1,673,000 for the Stormwater Fund revenues; and
\$1,673,000 for the Stormwater Fund expenditures;
- d. \$52,191,532 for the School Operating Fund revenues; and
\$52,191,532 for the School Operating Fund expenditures.
- e. \$2,419,126 for the School Community Service Fund revenues; and
\$2,419,126 for the School Community Service Fund expenditures.
- f. \$1,103,600 for the School Food Service Fund revenues; and
\$1,103,600 for the School Food Service Fund expenditures.
- g. \$187,780 for the Cable Access Fund revenues; and
\$187,780 for the Cable Access Fund expenditures,

FY2021 APPROPRIATION OF FUNDS				
		FY2020 Adopted	FY2021 Proposed	FY2021 Adopted
1	General Fund Expenditures by Department			
2				
3	Legislative	1,143,568	1,121,537	-
4	Executive	3,378,579	3,247,066	-
5	Finance	1,597,651	1,544,506	-
6	Commissioner of the Revenue	881,110	750,268	-
7	Treasurer	959,972	919,187	-
8	Registrar	287,792	286,009	-
9	Sheriff	1,445,357	1,315,659	-
10	Clerk of Court	47,825	43,132	-
11	Public Safety	9,919,628	9,603,208	-
12	Public Works	6,127,223	5,757,883	-
13	Human Services	3,918,817	4,179,770	-
14	Recreation and Parks	3,266,023	3,002,187	-
15	Library	2,115,385	2,027,186	-
16	Community Planning & Economic Development	3,373,709	3,118,028	-
17	Education and Transfers to Schools	43,396,814	42,897,249	-
18	Non-departmental	17,432,423	18,123,622	-
19				
20	Total General Fund Expenditures	99,291,876	97,936,497	-
21				
22	General Fund Revenue			
23				
24	Property Taxes	64,269,200	65,809,500	-
25	Property Taxes - Non Assessed	400,000	384,000	-
26	General Sales & Use Taxes	4,979,000	4,950,000	-
27	Selective Sales & Use Taxes	6,666,000	5,349,900	-
28	Gross Receipts Business Taxes	4,369,000	2,987,400	-
29	Other Taxes	1,051,000	970,650	-
30	Licenses & Permits	1,410,626	1,256,200	-
31	Federal Grants	335,213	314,595	-
32	State Operating Grants	1,554,924	1,366,027	-
33	State Shared Revenue	3,170,778	3,170,808	-
34	Charges for Services	3,778,389	3,382,817	-
35	Fines & Forfeitures	605,200	504,000	-
36	Investment Revenues	350,000	350,000	-
37	Rental Income	274,946	267,400	-
38	Contributions Private Sources	7,000	4,100	-
39	Interfund Operating Transfers	1,427,000	1,462,000	-
40	Use of Assigned & Restricted Fund Balance	3,613,800	4,988,300	-
41	Dispositions & Sales	40,800	29,800	-
42	Recovered Costs	30,000	30,000	-
43	Debt Proceeds	959,000	359,000	-
44				
45	Total General Fund Revenues	99,291,876	97,936,497	-
46				

FY2021 APPROPRIATION OF FUNDS				
		FY2020 Adopted	FY2021 Proposed	FY2021 Adopted
47	Sanitary Sewer Fund Expenditures			
48				
49	Administration and Engineering	599,381	627,919	
50	Collection and Disposal	1,767,656	1,608,421	
51	Debt Service	1,340,962	1,321,660	
52	Interfund Transfers	862,001	862,000	
53				
54	Total Sanitary Sewer Fund Expenditures	4,570,000	4,420,000	-
55				
56	Sanitary Sewer Fund Revenues			
57				
58	Charges for Services	4,490,000	4,340,000	
59	Revenue from Property and Money	80,000	80,000	
60				
61	Total Sanitary Sewer Fund Revenues	4,570,000	4,420,000	-
62				
63	Stormwater Fund Expenditures			
64				
65	Administration and Engineering	620,140	624,197	
66	Stormwater Operations	817,767	821,978	
67	Debt Service	235,013	226,825	
68				
69	Total Stormwater Fund Expenditures	1,672,920	1,673,000	-
70				
71	Stormwater Fund Revenues			
72	Charges for Services	1,650,500	1,650,500	
73	Fines and Forfeitures	2,500	2,500	
74	Revenue from Property and Money	20,000	20,000	
75				
76	Total Stormwater Fund Revenues	1,673,000	1,673,000	-
77				
78	School Operating Fund Expenditures			
79				
80	Uses of Funds	52,300,119	52,191,532	-
81				
82	Total School Operating Fund Expenditures	52,300,119	52,191,532	-
83				
84	School Operating Fund Revenues			
85				
86	Use of Fund Balance	450,000	450,000	-
87	Sales Tax	2,863,706	2,577,336	-
88	Federal Funds	586,162	573,462	-
89	State Funds	4,172,489	4,862,972	-
90	Other	971,985	971,985	-
91	City Appropriation	43,255,777	42,755,777	-
92				
93	Total School Operating Fund Revenues	52,300,119	52,191,532	-
94				

FY2021 APPROPRIATION OF FUNDS				
		FY2020 Adopted	FY2021 Proposed	FY2021 Adopted
95				
96	School Community Service Fund Expenditures			
97				
98	Uses of Funds	2,419,126	2,419,126	
99				
100	Total School Community Services Fund Expenditures	2,419,126	2,419,126	
101				
102	School Community Services Fund Revenues			
103				
104	User Fees	1,879,626	1,879,626	
105	City Appropriation	107,500	107,500	
106	City Appropriation - Day Care	-	-	
107	Other Income	179,000	179,000	
108	Use of Fund Balance	253,000	253,000	
109				
110	Total Community Services Fund Revenues	2,419,126	2,419,126	
111				
112	School Food Service Fund Expenditures			
113				
114	Uses of Funds	1,103,600	1,103,600	
115				
116	Total School Food Service Fund Expenditures	1,103,600	1,103,600	
117				
118	School Food Service Fund Revenues			
119				
120	User Fees	852,100	852,100	
121	State and Federal Funds	120,500	120,500	
122	Other Income	1,000	1,000	
123	Transfer from School Operating Fund	30,000	30,000	
124	Use of Fund Balance	100,000	100,000	
125				
126	Total School Food Service Fund Revenues	1,103,600	1,103,600	
127				
128	Cable Access Fund Expenditures			
129				
130	TV Station Programming	223,067	187,780	-
131				
132	Total Cable Access Fund Expenditures	223,067	187,780	-
133				
134	Cable Access Fund Revenues			
135				
136	Transfer from City	223,067	187,780	-
137				
138	Total Cable Access Fund Revenue	223,067	187,780	-

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143 1st Reading: _____
144 2nd Reading: _____
145 Adoption: _____
146 (TO20-05)