



CITY OF FALLS CHURCH

Office of Communications

703-248-5003 (TTY 711)

FAX 703-248-5146

publicinfo@fallschurchva.gov

FOR IMMEDIATE RELEASE
Tuesday, March 9, 2010

CONTACT:
Barbara J. Gordon or
Hyun June Lee
703-248-5003 (TTY 711)

City Manager's Proposed FY 2011 Budget Cuts Employee Compensation, Raises Tax Rate, Fully Funds Schools

Falls Church City Manager Wyatt Shields proposes a Fiscal Year (FY) 2011 budget of \$64.2 million, an overall reduction of 4.5 percent. Annual operating expenditures for general government are reduced by 7.12 percent from the current year, through defunding 16 positions, reducing payroll expenditures, and reductions to programs and hours of operation. The proposed budget requires an increase in the real estate tax rate by 20 cents from \$1.07 to \$1.27 per \$100 of assessed value. Shields submitted his proposed budget and the Five-Year Capital Improvements Program (CIP) to the City Council at its regular meeting on March 8. The Council will adopt a final budget on April 26, after numerous public hearings and town hall meetings. The 2011 fiscal year runs from July 1, 2010 through June 30, 2011.

Shields said, "During this very difficult economic climate we are focusing on priorities and seeking opportunities to deliver City services as cost effectively as possible. This budget requires sacrifice from employees and tax payers alike, but will allow us to continue to deliver the vital services that help make the City an attractive place to live and work."

The Manager's proposed FY2011 budget includes the School Board's adopted budget request of \$28.2 million, a 4.5 percent decrease from the current year.

The proposed Capital Improvements Program is funded entirely by federal and state grants and their required local match in FY2011. The FY2011 CIP provide \$1.2 million in new federal grant projects already awarded, which comes on top of \$8.5 million in state and federal capital funds awarded in recent years. These funds will be used for transportation, pedestrian, and storm water infrastructure improvements to help spur economic development in the City.

The total City Budget, including the School transfer, and local funding for the CIP reduces spending by 4.5 percent. The spending reductions are a necessary response to the overall decline in revenues associated with the current recession, Shields said. The total value of all real estate in the City as of Jan. 1 decreased 6.4 percent, sales tax receipts are down almost 19 percent, and investment returns are down 56 percent.

While overall tax revenues for the City are down by 4.5 percent, the proposed 20-cent real estate tax rate represents a 15 percent increase in the tax bill for the median homeowner in the City. In the period between FY2007 and FY2010, real estate tax bills for the median homeowner declined slightly.

-more-

Other proposed budget details include:

- The budget provides dedicated revenue of 3 cents of the proposed tax rate to fund local matches to federal capital grants, and restore fund balance.
- Increases employee contribution rates to pension and health benefits to reduce City costs by \$534,000, but results in a decrease in take home pay for employees.
- No employee pay raise for the second year in a row.
- A significant downsizing of City staff with 16 positions (8 percent of total positions) defunded due to vacancies and employees taking the recently offered early retirement incentive. The Manager's budget has no layoffs.
- Out-sourcing refuse collection for a net savings of \$150,000. All employees no longer needed for refuse collection will fill other City jobs.
- 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 contribution to the Watch Night Celebration for Dec. 31, 2010.
- Cutting back street sweeping by one-third.
- 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.
- Funds a reduced GEORGE bus service.
- Increases in Recreation and Parks program fees and building permit fees.
- No other tax increases or fee increases.

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. However, a water and sewer rate study is underway.

While Shields outlined the shared sacrifices of general government and schools he added, "The City Council and School Board have been working together since last summer to prepare for a difficult budget, and make sure that the budget process includes as much public participation as possible to ensure that final budget decisions reflect community priorities. Working together, there is every reason to remain confident that the financial challenges faced by the City of Falls Church will be successfully overcome. The City's unemployment rate remains low and per capita income remains high, and residential property values are under-girded by our strategic location, great schools and quality City services." Shields also noted that is important to make necessary decisions to reduce costs and raise sufficient revenue to achieve the City's long term goals.

Copies of the Proposed FY11 Budget are available at www.fallschurchva.gov and at the Mary Riley Styles Public Library (120 N. Virginia Ave.).

###

www.fallschurchva.gov