

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 17, 2001
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: PHILIP SUNDERLAND, CITY MANAGER
SUBJECT: BUDGET MEMO # 11 : FY 2002 BUDGET DATA FOR NORTHERN VIRGINIA JURISDICTIONS

Attachment 1 provides comparative budget summary data for the City of Alexandria and six of its neighboring jurisdictions (Fairfax, Arlington, Loudoun and Prince William Counties, and Falls Church and Fairfax Cities).

The major budget and tax rate information for each of the major Northern Virginia jurisdictions are described below.

Arlington County (adopted):

- The adopted CY 2001 real property tax rate of \$1.023 per \$100 of assessed value remains the same as the CY 2000 adopted tax rate.
The FY 2002 budget, when proposed, funded a 2.0 percent cost-of-living (COLA) increase for all County and school employees. Subsequent to presenting the proposed budget, the County Manager increased the recommended COLA for County and school employees to 3.0 percent. Additional pay enhancements for County employees include a 1.0 percent market adjustment, adding three steps (15, 16 and 17) to the pay scale and eliminating 2-year step increments.
The approved FY 2002 Arlington County General Fund budget represents an increase of 8.1 percent as compared to the FY 2001 approved General Fund budget.
The Board has approved the budget and formally adopted it on April 16, 2001.

1 Real property tax rates in Virginia are established on a calendar year basis, with the calendar year tax rate set in conjunction with the annual fiscal year budget.

Fairfax County (proposed):

- The proposed CY 2001 real property tax rate of \$1.23 per \$100 of assessed value is to remain the same as the CY 2000 adopted tax rate.
- The proposed FY 2002 budget funds a 1.0 percent COLA for all County employees and a 2.0 percent COLA for school employees. Funding is also provided for a pay-for-performance increase for all eligible County employees.
- In FY 2001, pay-for-performance replaced the merit increment system for all merit employees, except uniformed public safety personnel. Under the new system, all merit employees are eligible for increases of 0, 3.0, 5.0 or 7.0 percent based on their performance rating until they reach the top of the scale for their pay grade. Employees at the top of their pay scale will be eligible for annual bonuses of 0, 3.0 or 5.0 percent. Pay scales will be reviewed against the market annually and adjustments to the overall grade range will be made as necessary.
- The proposed FY 2002 Fairfax County General Fund budget represents an increase of 5.79 percent as compared to the FY 2001 approved General Fund budget.
- The Board will adopt the Fairfax County budget on April 30, 2001.

Prince William County (proposed):

- The proposed CY 2001 real property tax rate of \$1.31 per \$100 of assessed value represents a decrease of \$0.03 cents as compared to the CY 2000 adopted rate of \$1.34.
- The proposed FY 2002 budget includes funding for a 5.0 percent COLA for general government employees and a 3.0 percent COLA for school employees. Funding is also included to provide County employees with an average merit (in-step) increase of 3.1 percent to 3.8 percent based on performance.
- The proposed FY 2002 Prince William County General Fund budget represents an increase of 9.24 percent as compared to the FY 2001 approved General Fund budget.
- The Board will adopt the Prince William County budget on April 17, 2001.

Loudoun County (adopted):

- The adopted CY 2001 real property tax rate of \$1.08 per \$100 of assessed value represents a decrease of \$0.02 cents as compared to the proposed CY 2001 rate of \$1.10 and remains unchanged compared to the CY 2000 adopted rate of \$1.08.
- Loudoun County is not a comparator jurisdiction for City pay purposes. The County's adopted FY 2002 budget includes funding for a 2.0 percent COLA for general government employees. Funding is also included to provide pay-for-performance increases averaging 8.0 percent for lower grade employees and 4.0 percent for higher grade employees. School

employees will receive a 3.0 percent COLA and an average merit increase of 3.5 percent.

- The adopted FY 2002 Loudoun County General Fund budget represents an increase of 22.6 percent as compared to the FY 2001 approved General Fund budget.
- The Board adopted the Loudoun County FY 2002 budget on April 2, 2001.

City of Fairfax (adopted):

- The adopted CY 2001 real property tax rate of \$.98 per \$100 of assessed value represents a decrease of \$0.03 cents as compared to the CY 2000 adopted rate of \$1.01.
- The adopted FY 2002 budget includes funding for a 3.5 percent COLA for all City employees. In addition, funding is provided for merit (in-step) increases of 5.0 percent for eligible employees.
- The adopted FY 2002 budget has increased by 8.30 percent as compared to the FY 2001 approved General Fund budget.
- The Council adopted the City of Fairfax FY 2002 budget on April 10, 2001.

City of Falls Church (proposed):

- The advertised CY 2001 real property tax rate of \$1.21 per \$100 of assessed value represents an increase of \$0.11 cents as compared to the CY 2000 adopted rate of \$1.10. The advertised rate of \$1.21 is the maximum amount the Council can adopt.
- The FY 2002 proposed budget does not include funding for a COLA, but does include funding for a 4.4 percent average merit increase based on performance.
- The proposed FY 2002 Falls Church City General Fund budget represents an increase of 5.9 percent as compared to the FY 2001 approved General Fund budget.
- The Council will adopt the City of Falls Church budget on April 23, 2001.

ATTACHMENTS:

1. FY 2002 Budget Data for Northern Virginia Jurisdictions

STAFF:

Angela Smith, Budget/Management Analyst, OMB
Mark Jinks, Assistant City Manager

Attachment 1
 City of Alexandria, Virginia
 FY 2002 BUDGET DATA FOR NORTHERN VIRGINIA JURISDICTIONS

	Alexandria (proposed) (1)	Arlington County (adopted) ¹⁵ (2)	Fairfax County (proposed) (3)	Prince William County (proposed) (4)	Loudoun County (adopted) (5)	Falls Church City (proposed) (6)	Fairfax City (adopted) (7)
FY 2001 Approved City/County Appropriation to Schools (millions)	\$98.78	\$190.30	\$1,083.30	\$205.04	\$168.90	\$17.47	\$27.50
FY 2002 Proposed City/County Appropriation to Schools	\$108.37	\$212.00	\$1,166.40	\$225.24	\$211.40	\$20.19	\$29.50
Change from FY 2001 City/County Appropriation to Schools (millions)	\$9.59	\$21.70	\$83.10	\$20.20	\$42.50	\$2.72	\$2.00
Percentage change in City/County Appropriation to Schools	9.71%	11.40%	7.67%	9.85%	25.16%	15.57%	7.27%
FY 2001 Approved General Fund Budget, less Schools (millions)	\$222.02	\$341.70	\$1,094.50	\$230.59	\$191.40	\$22.40	\$38.80
FY 2002 Proposed General Fund Budget, less Schools	\$241.57	\$370.00	\$1,137.60	\$250.64	\$244.90	\$22.02	\$42.30
Change from FY 2001 Approved General Fund Budget (millions)	\$19.55	\$28.30	\$43.10	\$20.05	\$53.50	-\$0.38	\$3.50
Percentage change in General Fund Budget, less Schools	8.81%	8.28%	3.94%	8.70%	27.95%	-1.70%	9.02%
FY 2001 Approved General Fund (millions)	\$320.80	\$538.40	\$2,177.80	\$435.63	\$377.00	\$39.86	\$66.30
FY 2002 Proposed General Fund	\$349.92	\$582.00	\$2,304.00	\$475.87	\$462.00	\$42.21	\$71.80
Change from FY 2001 Approved Budget (millions)	\$29.12	\$43.60	\$126.20	\$40.24	\$85.00	\$2.35	\$5.50
Percentage change in General Fund	9.08%	8.10%	5.79%	9.24%	22.55%	5.90%	8.30%
General Salary Adjustment (COLA):							
General Government	3.00%	3.00% ¹⁶	1.00%	5.00%	2.00% ¹⁷	0.00% ¹⁸	3.50%
Schools	3.00%	3.00% ¹⁶	2.00%	3.00%	3.00% ¹⁷	5.00%	n/a
Merit In-Step Increases: ¹⁹							
General Government	Yes	Yes	Yes ¹⁰	Yes ¹¹	Yes ¹²	Yes ¹³	Yes
Schools	Yes	Yes	Yes ¹⁰	Yes ¹¹	Yes ¹²	Yes ¹³	n/a
Approved FY 2001 City/County Positions (Not including Schools)	2,199	3,563	9,188	2,833	2,132	250	378
Proposed FY 2002 City/County Positions (Not including Schools)	2,229	3,578	9,259	2,930	2,435	250	385
Net Change	30	15	71	97	303	0	7
Unreserved General Fund Balance, 06/30/00 (millions) ¹⁴	\$53.5	\$35.8	\$88.5	\$43.2	\$77.0	\$12.9	\$8.5
Designated:	\$33.5	\$24.3	\$40.5	\$22.9	\$40.6	\$4.2	\$0.0
Undesignated:	\$20.0	\$11.5	\$48.0	\$20.3	\$36.4	\$8.7	\$8.5
FY 2000 General Fund revenues (millions)	\$335.5	\$521.9	\$1,992.4	\$422.3	\$342.4	\$34.70	63.7
Undesignated fund balance as a percent of General Fund revenues	6.0%	2.2%	2.4%	4.8%	10.6%	25.0%	13.3%
Unreserved General Fund Balance as a percentage of General Fund revenues	15.9%	6.9%	4.4%	10.2%	22.5%	37.2%	13.3%
Adoption Date	05/07/01	04/16/01	04/30/01	04/17/01	04/02/01	04/23/01	04/10/01

NOTES:

- ¹⁵ Reflects adopted budget.
- ¹⁶ Represents funding level in contingency. The County Manager has recommended a 3 percent COLA for Government and School employees. Increased government pay scale by 1% in addition to COLA.
- ¹⁷ Although Loudoun County is not a comparator for pay purposes, 2.0 percent COLA has been adopted for government employees and 3.0 percent COLA for school employees.
- ¹⁸ The Council is discussing the COLA funding issue.
- ¹⁹ In many cases, in-step increases vary depending upon length of service and type of employee. "Yes" indicates that monies are included in the proposed budget to fully fund these merit (in-step) increases.
- ¹⁰ Pay-for-Performance replaced the merit increment system for all merit employees except uniformed public safety personnel. Under the new system, all merit employees will be eligible for increases of 0, 3.0, 5.0, or 7.0 percent based on their performance rating until they reach the top of their pay grade. Employees at the top their pay scale will be eligible for annual bonuses of 0, 3.0, or 5.0 percent.
- ¹¹ Prince William County General Government will receive a Merit in-Step increase from 3.1 to 3.8 percent for eligible employees and School employees will receive a step increase of 2.6 percent for satisfactory performance.
- ¹² Although Loudoun County is not a comparator jurisdiction for pay purposes, a Pay-for-Performance increase averaging 8.0% for lower grade employees and 4.0 percent for higher grade employees has been adopted for government employees. School employees will receive an average increase of 3.5 percent for FY 2002.
- ¹³ Falls Church has a Pay for Performance system, with an average increase of 4.4 percent.
- ¹⁴ Unreserved General Fund Balance is the accumulated total of all prior years' General Fund revenues in excess of expenditures. The larger the unreserved General Fund balance, the greater a jurisdiction's ability to cope with financial emergencies and fluctuations in revenue cycles. Unreserved General Fund balance is composed of "designated" and "undesignated" resources. Designated unreserved General Fund balance contains resources set aside for contingencies and specific purposes.

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City of Alexandria, Virginia

FY 2002 BUDGET DATA FOR NORTHERN VIRGINIA JURISDICTIONS

	Alexandria	Arlington County	Fairfax County	Prince William County	Loudoun County	Falls Church City	Fairfax City
	(proposed)	(adopted)	(proposed)	(proposed)	(adopted)	(proposed)	(adopted)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Real Property Tax Rates							
CY 2000	\$1.11	\$1.023	\$1.23	\$1.34 ^{\1}	\$1.08	\$1.10 ^{\2}	\$1.01
CY 2001	\$1.11	\$1.023	\$1.23	\$1.31 ^{\1}	\$1.08	\$1.21 ^{\2}	\$0.98
Change in tax rate	No change	No change	No change	Decrease of 3 cents	No change	Increase of 11 cents	Decrease of 3 cents
2001 total real property tax base (millions) ^{\3}	\$13,295	\$21,289	\$87,814	\$16,400	\$17,100	\$1,233	\$2,158
2002 total real property tax base (millions) ^{\3}	\$14,632	\$23,397	\$99,793	\$18,500	\$21,400	\$1,405	\$2,436
Percentage change in real property tax base	10.06%	9.90%	13.64%	12.80%	25.15%	13.97%	12.88%
Dollar change in real property tax base (millions)	\$1,337	\$2,108	\$11,979	\$2,100	\$4,300	\$172	\$278
Change in average existing residential assessments	9.35%	10.66%	11.26%	8.30%	14.39%	14.00%	11.00%
Change in average existing commercial assessments	4.64%	8.50%	5.92%	10.00%	13.56%	13.04%	10.00%
Average assessment of a residential property	\$212,467	\$224,390	\$231,561	\$156,894	\$217,317	\$245,875	\$199,392
Change in average tax bill for: ^{\4}							
Residential property at current tax rate	\$202	\$221	\$288	\$161	\$422	\$332	\$204
Residential property at proposed or adopted tax rate	\$202	\$221	\$288	\$114	\$422	\$603	\$128

NOTES:

- ^{\1} Prince William County has proposed a tax rate of \$1.31, a decrease of 3 cents. The FY 2002 proposed fiscal plan includes a Tax Trigger Plan aimed to reduce the real estate tax rate to \$1.28 by FY 2004.
- ^{\2} The City of Falls Church set the advertised rate at \$1.21, an increase of 11 cents. The advertised rate is the maximum rate that could be adopted on April 23, 2001.
- ^{\3} Tax base figures include new growth.
- ^{\4} Calculations are reported by jurisdictional staff.