



FY26 BUDGET MEMO # 9

DATE: April 22, 2025

TO: The Honorable Mayor and Members of the City Council

THROUGH: Bryan D. Foster, City Manager

FROM: Juan Martinez, Chief Financial Officer/Assistant City Manager
Melanie Zipp, Acting Deputy City Manager

SUBJECT: Answers to Councilmember Hall's FY26 Budget Request from April 14, 2025 (emailed) and April 17, 2025 (emailed)

Councilmember Hall's April 14, 2025 Email:

I met with a few residents over the weekend, and I have some questions I hope you can answer for me:

From the budget book:

1. Question: Page 198 - other charges - from \$299,306 to \$513,000 - why?

Answer: You are comparing FY2024 actuals with FY2026 Budgeted amount. In FY2024, the budgeted amount was \$422,900, so not all of the funds were spent for that year. In FY2025, funds for the City Jobs program were moved into this division instead of the City Council budget which is where it was in FY2024. You will see a corresponding decrease in the City Council other charges (pg. 93) from FY2024 actuals to the budgeted amounts for FY2025 and FY2026.

2. Question: Page 201 - other charges - from \$149,846 to \$175,900 - why?

Answer: You are comparing FY2024 actuals with FY2026 Budgeted amount. In FY2024, the budgeted amount was \$91,150 with a supplemental appropriation of \$200,000 added, making the total budgeted amount \$291,150, all of which was not spent. This line includes other expenses related to special events, 4th of July Parade & events, other event supplies, security, and Throne restroom rentals.

3. **Question:** Page 205 - supplies and materials - from \$134,567 to \$233,050 - why?

Answer: You are comparing FY2024 actuals with FY2026 Budgeted amount. The FY2024 budgeted amount was also \$233,050. This is the normal budget each year for supplies related to ballfield, park & trail maintenance. Less was used during FY2024. Currently, FY2025 is trending to the budgeted amount.

4. **Question:** Can Parks & Rec cut 50%? It's an increase of about \$340,000 - could they cut to \$150,000?

Answer: The FY2026 proposed budget for the Parks and Recreation Department reflects a total increase of \$222,996 compared to FY2025. The vast majority of this increase — \$218,757 — is attributed to salary and fringe benefit costs. This includes the financial impact of a department reorganization completed in early FY2025, which involved reclassifying a vacant supervisor position to a Greenspace and Trails Manager at an added cost of \$34,000. The remaining \$189,000 supports temporary staffing needs and includes funding for a proposed 3.5% merit-based salary increase. If the department were required to reduce the proposed increase by \$150,000, it would significantly limit its ability to fund temporary staff. As a result, the department would not be able to fully accommodate public demand for facility rentals and programming, leading to a corresponding decrease in associated revenue. This reduction would hinder Parks and Recreation's ability to meet service expectations, support community engagement initiatives, and generate revenue to offset expenses.

5. **Question:** Page 278 - supplies and materials - from \$113,306 to \$255,285 - why?

Answer: You are comparing FY2024 actuals with FY2026 Budgeted amount. The FY2024 budgeted amount was \$230,285, so less was used during the year. These funds are for materials needed for Stormwater related maintenance & emergencies, including manhole covers, asphalt and concrete. FY2025 is trending to the budgeted amount.

6. **Question:** In general, could staff cut supplies and materials across the board, as well as other charges? Other charges...another black hole cost center

Answer: Potentially yet I want to reiterate that there were very few increases from FY2025 to FY2026. Any adjustments that were made are primarily driven by inflationary pressures or contractual obligations that are necessary to maintain current service levels. We were intentional in limiting increases and focused on sustaining essential operations without expanding beyond what is required. The overall approach was to maintain fiscal discipline while ensuring continuity of service.

7. **Question:** Could we consider delaying any vehicle purchases, outside of the ones that have been addressed in council meetings already? This is a very big number.

Answer: As Lee Hall has stated in your work session, any delay in the replacement schedule increases the repair and maintenance expenses on the operating side as older vehicles tend to need additional repairs. Each year we reevaluate all vehicles on the list for replacement to see if they can be delayed another year. Also, the salvage/sale value of surplus vehicles also diminishes as the vehicles ages. Delaying further fleet purchases beyond those already reduced may result in safety concerns due to condition and service disruptions for extend out of service times. Additionally, continued deferrals create a backlog that compounds future replacement needs and leads to more significant capital spikes in subsequent fiscal years.

Part of the reason for higher cost this year is due to fire apparatus which are much more expensive than typical vehicles. We have budgeted funds for both vehicles already on order to cover the remainder of the expense as well as to place orders for future vehicles. These apparatus have very long lead times that extend multiple fiscal years, so we save funds by ordering them well in advance of when they will actually go into service.

Other:

8. **Question:** The building we now own next to Fire Station 3 - is this generating any revenue?

Answer: No, the purchase price for City acquisition was negotiated down with the agreement that the City would lease the building back to the University rent-free while they are making arrangements to move occupants out. The current lease runs through September 30, 2025. The University pays all costs associated with the property during the lease period (maintenance, utilities, etc.). The City also has access to 25 parking spaces on the property during the lease term, which are currently being used to park Public Works and Parks & Rec vehicles and equipment.

9. **Question:** Is GMU paying any more for police/fire calls than they have in the past, or has that cost/ratio stayed the same?

Answer: GMU has their own 24/7 police and dispatch center, so they do not rely on our police services to handle law enforcement calls.

For Fire – GMU provides a \$225,000 voluntary payment to the City for operating and maintenance costs associated with providing emergency services to the university. Calls for service have remained basically the same. When looking at percentage of overall calls, the number has decreased due to increased call volume in both the city and county.

10. Question: What's up with the County Property Yard on Burke Station Rd? It appears they moved their equipment out of there.

Answer: The County property on Burke Station Road is currently serving as a satellite location for the Commonwealth Attorney's Office. The Commonwealth Attorney's Office is scheduled to remain there until the County's new Judicial Annex Building is ready to be occupied in late 2028. At this time, the County has not yet developed long-term plans for use of the property after the Commonwealth Attorney's Office vacates.

11. Question: Judicial Center - they will be putting in lots of affordable housing - maybe the city doesn't need to focus so heavily on this as they county will be doing a huge amount.

Answer: Fairfax County adopted a Comprehensive Plan amendment in June 2024 for the entire Judicial Center Complex, which included a recommendation that up to 300 units of workforce and/or affordable housing, with an option for supporting childcare center, be considered for the property (an earlier master plan study completed in January 2021 recommended housing at the current location of the Burkholder Center in a later phase of the redevelopment of the complex). Fairfax County approved a rezoning for the Judicial Center Complex in December 2024 to implement the plan, but excluded residential development from the rezoning, indicating that the County's Department of Housing and Community Development would need to submit a future rezoning application to implement that portion of the plan. So the County has included affordable housing in it's plans for the Judicial Center Complex, but none is approved or permitted at this time.

12. Question: It looks like Police/Fire may have separate IT, separate marketing and others - is there a way to bring these together, or is there a benefit to having them separate?

Answer: While the police department does have dedicated IT and PIO personnel those individuals maintain a dotted-line relationship with the City's central IT and Communications departments to ensure alignment and coordination. PD IT network is segregated from the city's general computer network because investigations are conducted on systems and software that is typically blocked by the city network, (Dark Web, TikTok, etc.) which opens them up to greater security risk. Greater risk of security breach requires dedicated personnel to monitor and maintain, the IT personnel works very closely with the City's IT department and could be consolidated into the City IT; however, the position would still be required to provide the specialized support. The PD PIO also serves as the records manager and FOIA officer for the PD. With the volume of requests for records and the sensitivity of the information within police records, this position could also be consolidated into Communications; however, as with IT, the position in the PD would still be required to supplement the

communications, records management and FOIA management as it currently exists. The Fire Department's IT support comes from the general IT Department, they do not have a dedicated IT specialist. The communications duties are absorbed by the Fire Administration (Deputy Chief, Chief's Admin and Captains).

13. Question: My question from the other night as well as a few others I've come up with: What at the operating costs at Green Acres, broken out by personnel vs. O&M?

Answer: Operating Budget Spent, does NOT include CIP Funds for Green Acres that was spent.

- FY2023-Actual Spent \$121,919.84
- FY2024-Actual Spent \$140,579.90
- FY2025-Actual Spent \$94,430.47 (so far)

For items such as: Maintenance, Repairs, Cleaning, Small Purchases.

Several CIP projects (such as roof and boiler and windows) have been deferred due to the uncertainty of the future of the building and the planned Willard Sherwood Center.

STAFFING

Green Acres is managed by a central desk. This desk is supported by both PT/benefitted and PT/unbenefited staff. The regular operating hours for the building are Monday-Thursday 8a-9p. Fridays-8a-5p. Saturdays-Sundays 9a-2p. However we are often open later for rental events.

It would not be possible to have only one person manage the building alone if not for the support staff at the Senior Center and our Operations Staff. The Senior Center staff manages the Center and Fitness Center as well as senior programming that occurs in the classrooms. The Operations staff coordinates the custodial services and also assists with building operations.

- Green Acres Front Desk Staffing Cost: FY2025- \$147,000 (2 PT/B, Support from PT/UB) (B=PT benefits; UB=no benefits).
- Senior Center Staffing Costs: FY2025- \$335,000 (1 FT, 1 PT/B, 4 PT/UB).
- Operations Staffing Costs: FY2025- \$68,400 (0.6 FTE, 1PT/B).

I have estimated the staffing costs using FY2025 due to the transition to PT/benefitted staff that occurred at the beginning of FY2025. This has slightly increased overall staffing costs.

- 14. Question:** What are the parameters for Smart Scale funding? It appears we can use it for sidewalk work (see CIP item 103 - CBR Ped and Bus Stop Improvements - Taba Cove to Warwick for \$5.7M). Could we consider bringing the CUE bus into neighborhoods and then take advantage of Smart Scale funds for sidewalk and bus stop improvements in there?

Answer: Chloe Ritter reviewed the latest guidance on the Smart Scale website (<https://smartscale.virginia.gov/how-it-works/>), and we don't believe sidewalks and bus stops on local streets would be eligible for this funding. The sidewalks and bus stops on Chain Bridge Road were eligible because it is on Route 123, part of the Regional Network. Even where sidewalks are eligible, an application for a stand-alone sidewalk project may not be successful, since Smart Scale and other competitive grants in Northern Virginia weight congestion mitigation more heavily than other factors.

In the past we have typically sought Revenue Sharing funding for local sidewalks, a state fund which requires a 50% local match. For example, the sidewalk constructed on Burke Station Road a few years ago used Revenue Sharing funds, and planned sidewalks on Oak, First, and Second Streets have also been allocated Revenue Sharing funds.

- 15. Question:** What sort of benefits do our staff have as far as medical and such? How do we negotiate these rates? Are employees provided with a "total compensation package" that includes the benefits the city pays for them/on their behalf, or do they only see their salary figures? We provide a total comp package to our employees each year so they can see what is paid on their behalf - there is so much more than just a salary that an employee receives.

Answer: With regards to showing total compensation, this information has been available in the online portal our employees use to access their paystubs, W-2s, etc. Here is a snapshot of what information employees had access to regarding total package:

Total Benefit Cost:	\$84,520.46
Total Employee Compensation:	\$239,770.46
Benefits as a Percentage of Earnings:	54.44%
Benefits as a Percentage of Total Employee Compensation:	35.25%

This snapshot is from the old Employee Access Center (EAC). We have just transitioned (March 31) to the new Tyler/Munis payroll system so the online portal doesn't yet have this information. IT/HR is working with the vendor to ensure that this information is added for all employees.

With regards to health insurance, the City participates in the Local Choice ([The Local Choice - Home](#)), which is administered by the State. We are one of 335 local jurisdictions, school systems, etc., that participate in the program. We do not directly negotiate rates. Options include the following:

- For health insurance, we offer two Anthem PPO plans (250 & Expanded) and Kaiser HMO, all our insurance plans include dental and vision.
- We also offer a standalone dental plan with Dominion National, they can add in addition to or as a standalone.
- McGriff is our benefits provider for flexible spending and dependent care.

Other services that are 100% employee paid:

- Legal Resources (free will when you join, 25% discount off various attorney services, and free webinars to all employees).
- Standard Life Insurance (2x salary coverage paid by city up to 200k for full time and part time, additional coverage can be purchased for self, dependent, spouse).
- AllOne Health Employee Assistance Program (free).

We provide new employees information in their orientation packet and a recap sheet that gives a synopsis of those coverages, they also receive retirement guides.

- 16. Question:** I'm having trouble agreeing to an across the board merit increase. There should be some way to identify those that are really working hard and doing a great job vs. those that are not.

Answer: You are correct that these are across the board increases. We do performance reviews for employees, but they are not tied to compensation, so using the term merit increase is really a misnomer. Unlike general employees, sworn public safety employees are on a step scale system. These steps are also an across the board increase and are not tied to any type of performance review.

We can certainly revamp the system to tie pay increases to a true merit system based upon performance. However, that would take a bit of work to put such a system in place and educate employees and supervisors as to how that system should work. City Council would still need to budget funds each year in order to fund any salary increases.

In a different email, you indicated a preference to fund a pay increase for public safety employees and not all employees as part of a revised scenario. That is certainly the prerogative of City Council. However, singling out one group of employees for a raise over others sends the wrong signal to employees as to whether or not they are valued. Only sworn police and fire employees are on the public safety pay plan. Non-sworn police and fire employees such as dispatchers, administrative employees, civilians, etc., are on the general employee pay scale. Police and Fire could not do their jobs as

well as they do without the support of the rest of the City team, whether it's Fleet taking care of their vehicles, HR taking care of their benefits, Public Works maintaining traffic signal pre-emption for emergency vehicles, or Finance ensuring that their pay is done properly. Another example is our community response team which has a human service clinician that is not a part of public safety. They've had good success helping the community, but again, would be treated differently under a proposal that does not fund raises for all employees.

Councilmember Hall's April 17, 2025 Email:

17. Question: Calculating some rough figures for Green Acres based on what you provided, and rounding the \$94k to \$120k for O&M, it looks like the 2025 cost will be about \$670k. I understand there has been deferred maintenance and repairs, totally makes sense. I understand your concerns about certain groups of employees over others. However, if I recall correctly from my meetings with both fire and police, not maintaining a step increase could have larger/longer lasting impacts with regard to hiring/retention/etc. over simply not implementing a merit increase. Would you agree with this? Finally, Non-sworn police and fire employees such as dispatchers, administrative employees, civilians, etc., are on the general employee pay scale. What would the cost be for this specific group of employees to receive a 1.5% merit increase? What would a total merit increase for all employees of 1.5% be?

Answer: With regards to your question about the impacts of not doing a public safety step, I do not agree. There are two different things at play – there is the scale itself and there is the employee's placement on the scale.

Regarding the scale itself, that needs to be adjusted over time so that we remain competitive in the market. That is what most affects hiring, retention, etc., as that is what is being compared to other agencies. COLA adjustments to the scale (which the employee receives the benefit of) is what keeps us competitive. The step scale shows what the employee can expect to receive on an annual basis assuming pay increases are funded. Step scales are also the common system for school teachers, and when you hear discussions from them about being competitive, retention, etc., it is the continual adjustment of the scale itself that impacts that.

This same concept applies to general employees although they are not on a step scale. Their positions fall into a salary range. That range needs to be adjusted over time to remain competitive in the market. It is just as important for recruitment and retention that the scales remain competitive with our neighboring jurisdictions.

Not funding a step increase keeps the employee at their current step and they would not receive a raise. This is the same as not giving a raise to general fund employees. I believe most employees understand that when budgets are tight, a raise may not be possible. If a raise is not received, that may cause individual employees to consider

looking elsewhere. However, if the scale is competitive, my experience across multiple jurisdictions tells me most employees understand and won't be looking to leave just because a raise didn't occur in a single year. Employees value work culture, the work they do, the people they work with, etc., and pay is usually not the top reason as to why people leave their job. For those people who pay is the number one motivating factor, it doesn't matter what you do – they will always be chasing the dollar.

You specifically asked about the cost of a 1.5% merit increase. For only non-sworn positions in police and fire to receive such an increase, the cost would be approximately \$60,000. A 1.5% increase for all general employees would cost approximately \$189,000.

Maintaining equity among departments is essential to organizational cohesion, culture and morale. Historically, disparities in compensation—as happened approx. 10 years ago when public safety employees received increases while general employees did not—have led to tension and division, as reflected in feedback from a long-tenured fire department employee. Our workforce operates collaboratively across departments, exemplified by the collective effort on July 3, 4, and 5 when staff from almost every department work extended hours—some even volunteering their time—to ensure a safe and successful community celebration for Independence Day. To sustain a unified, motivated workforce, it is critical that all employees feel equally valued and supported.

If we were to do a COLA adjustment to the PS scale, employees would receive that increase. They would not advance a step under this scenario. Likewise, if we did a COLA for general employees of the same percentage, that would be treating all employees fairly.

We can discuss this more at the work session on April 22nd.