

## Top 10 Budget Assumptions - Proposed FY 2024-25

3/6/24

### Proposed budget increase by fund

	Budget Overview			
	Adopted FY 2023-2024 Budget	Proposed FY 2024-2025 Budget	Net Change	Percentage Increase (Decrease)
General Fund	\$ 31,542,700	\$ 33,074,250	\$ 1,531,550	4.9%
Debt Service Fund	\$ 5,470,020	\$ 6,511,700	1,041,680	19.0%
Water & Sewer Fund	\$ 12,246,990	\$ 13,410,950	1,163,960	9.5%
Stormwater Fund	\$ 752,040	\$ 769,720	17,680	2.4%
<b>Operating Budget Total</b>	<b>\$ 50,011,750</b>	<b>\$ 53,766,620</b>	<b>\$ 3,754,870</b>	<b>7.5%</b>

1. Real Estate Tax rate stays at \$0.195 per \$100 of assessed value. Since 2022, that cuts 3.0 cents from the rate from \$0.225 in 2021 to \$0.195 continuing into 2025. The tax rate has not increased since 2012 (13 years).

### Recent RE Tax Rate Changes

	Town of Vienna			Fairfax County			
	Year	Rate	Amt Change	%Change	Rate	Amt Change	%Change
2022	\$ 0.2225	\$ (0.0025)	-1.11%		\$ 1.140	\$ (0.010)	-0.87%
2023	\$ 0.2050	\$ (0.0175)	-7.87%		\$ 1.110	\$ (0.030)	-2.63%
2024	\$ 0.1950	\$ (0.0100)	-4.88%		\$ 1.0950	\$ (0.015)	-1.35%
<b>Proposed 2025</b>	<b>\$ 0.1950</b>	<b>\$ -</b>	<b>0.00%</b>		<b>\$ 1.1350</b>	<b>\$ 0.04</b>	<b>3.65%</b>
<b>4 Year Total</b>		<b>\$ (0.03)</b>	<b>-13.85%</b>		<b>\$ (0.01)</b>	<b>-1.20%</b>	

- Higher mortgage rates do not seem to be having a major dampening effect in Vienna. Inflation ranged between 4-6% during the assessment period.
- Residential assessments increased 6.2% (County 2.9%)
- Commercial assessment **decreased** 1.6% (County **dec** 1.2%)
- This generates an overall 5.0% increase in assessed value
- One cent of taxes is a change of \$707,000
- One-half cent of taxes is a change of \$354,000
- One-quarter cent of taxes is a change of \$176,700

- The average resident will see an **\$135** annual increase in taxes.
2. Water and sewer rate will continue to increase for several years, mainly based on debt costs for increased infrastructure improvements and cost increases in wholesale water rates, based on FCWA's increased supply and personnel costs.
    - Water rate increase of 10.0%
    - Sewer rate increase of 10.0%
    - Service charge increase of 15% (\$5 from \$35 to \$40 a quarter, or \$20 a year) to bring fixed charges more in line with national standards.
    - Minor increases to connection fees in line with Fairfax County and FCWA
    - Average resident with 12,000 gallons of consumption will have an increase of **\$25 quarterly or \$100 annually**
  3. Salary increases are 4% for civilian employees - 3% Market Rate Adjustment (MRA) and 1% Merit. Police sworn officers will get 5.5% including step and MRA. Based on the results of the latest class and compensation study, this brings us close to the 60th percentile with the rest of the region, including in total for the last three years. Vienna is not the wage leader, but is competitive. CDL bonuses have been successful in filling vacant positions and remain in the budget for 2024-25, \$65k in the general fund and \$15k in the WSF.
  4. For the second year in a row, health insurance costs did not increase.
  5. New Budget Initiatives:
 

As a result of conference session and ranking in February 2024, the proposed General Fund budget includes the top three ranked choices of the consensus of Council:

As part of the discussion, these items were added into the budget:

- New paid child care and family leave	\$0
- IT support with Police	\$75,000
- Police night shift differential	\$50,000
  6. Other costs increased to include impacts of historically high levels of inflation. Mostly costs increased in fuel, utilities (electricity), and smaller cost increases in supplies.
  7. The budget includes no new programs other than the new Council initiatives included in #5 above and relative increases for items affected by inflation.
  8. Increased vehicle prices affecting general fund budget. While vehicles are financed over a four-year period, higher vehicle costs and higher interest rates are driving up this part of the budget.

9. Parks and Recreation operations continue to build volume after the end of the pandemic, increasing fee revenue partially offset by associated expenditures. The other most significant increases in budgeted revenues are in state support of streets, and sales and business license taxes.
10. Meals taxes are budgeted at \$3.4 million, which is close the amount forecasted for FY 2023-24 and less than 1% over FY 2023-24 budget. Restaurant business is starting to show the impact of some popular new restaurants, but post-Covid pent up demand has slowed down.

Finally, the budget is balanced using \$300k of a \$1.1 million revenue stabilization fund, or excess rainy day fund. This underscores the pressure on the budget of wage and cost increases not fully matched by other revenue increases, but that is the purpose of this fund.

*Disclaimers:*

- *The top ranked budget initiatives by Council members that can fit into the budget appear in the proposed budget, which is a draft until its approval in May.*
- *Council always has the discretion to change their views of any of the budget initiatives. The initiatives that Councilmembers ranked the highest appear in the draft, proposed budget so that Council may discuss these items at budget conference sessions. Staff expects Councilmembers to revise the draft, proposed budget up until the budget is adopted in May, as historically has been the case.*