

Honorable Mayor and Members of Town Council,

As a follow-up to the Fiscal Year (FY) 2026 budget work sessions held on March 15<sup>th</sup> and March 17<sup>th</sup>, 2025, the Finance Department has documented and responded to the following questions and items below:

**Meals tax increases by locality**

Councilmember Brill requested that Town Staff provide meals tax increases by locality. Please see below for proposed meals tax increases throughout the region:

- Fairfax County – Proposing a 3% to 4% Meals Tax (Currently 0%)
- City of Fairfax – Proposing a 6% Meals Tax (Currently 4%)
- Arlington County – Proposing a 5% Meals Tax (Currently 4%)
- Town of Herndon – Proposing a 4% Meals Tax (Currently 3.75%)

**Compensation increases by locality**

Councilmember Allen requested that Town Staff provide compensation increases by locality. Please see below for proposed compensation increases throughout the region:

<b><i>Locality</i></b>	<b><i>General</i></b>	<b><i>Law Enforcement</i></b>
Town of Vienna	2% Market, 1% Merit	2% Market, 2.5% Step
Fairfax County	2% Market, 0-3% Merit	2% Market, 2.58% Step
City of Fairfax	3.5% Merit	3.5% Merit, 2-5% Step
Town of Herndon	2.5% Market, 2% Merit	2.5% Market, 2% Merit
City of Falls Church	5% Merit	2% Market, 3% Step
Loudon County	4% Merit	5% Step
City of Alexandria	1% Market, 2-5% Step	2% Market, 2-5% Step
Arlington County	3.5% Merit	2-5% Step
Prince William County	3% Merit	3% Step

## **New initiatives and department budget requests**

Please see the department budget requests and council ranking attached to the back of this memo.

## **Summary of prior year new initiatives**

<b><u>Fiscal Year</u></b>	<b><u>Initiative</u></b>	<b><u>Dollar Impact</u></b>	<b><u>Department</u></b>
2025	Child Paid Leave and Family Care	\$0	Human Resources
2025	IT Support for Public Safety	\$75,000 ongoing	IT
2025	Midnight Shift Differential	\$50,000 ongoing	Police
2024	Senior Code Officer	\$100,000 ongoing	Planning & Zoning
2024	Cut Tax Rate \$0.0025	\$168,300 ongoing	Town Manager
2024	Civil and Cap Proj. Engineer(50% Capitalized)	\$75,000 ongoing	Public Works
2023	Snowflakes on Maple Avenue	\$40,000 one-time	Economic Develop
2023	Classification and Comp. Study	\$50,000 one-time	HR
2023	Holiday Lights at Town Green	\$12,000 one-time	Parks and Rec
2023	Advertising	\$15,000 ongoing	Economic Develop
2023	Tree Maintenance	\$30,000 ongoing	Parks and Rec
2023	Printing Services	\$15,000 ongoing	Economic Develop
2023	Conventions	\$14,000 ongoing	Economic Develop
2023	Pavement Manag. Coordinator	\$30,000 ongoing	Public Works
2023	Lawn & Landscape Maintenance	\$35,000 ongoing	Parks and Rec
2023	CSC Initiative	\$4,500 ongoing	Legislative
2022	Town-Branded Giveaway Items	\$6,000 one-time	Legislative
2022	Cut Tax Rate \$0.0025	\$140,000 on-going	Town Manager
2022	Maintenance Worker II	\$69,000 on-going	Public Works
2022	Videographer	\$70,200 on-going	Public Information
2022	Town Green Holiday Lights	\$11,200 on-going	Parks and Rec
2022	Sustainability Initiatives	\$10,000 on-going	Boards and Commissions
2022	Tree Replacement Program	\$18,000 on-going	Parks and Rec
2022	VPAC – Created Communities Grant	\$4,500 on-going	Boards and Commissions

### **Assessment increases by location or price-point**

Councilmember Ramakis requested that Town Staff provide more detail regarding the assessment increases by location or price-point. Every March, Finance receives a summarized version of assessment increases from the County. This summary includes the total assessed value of billable properties in Town by type (e.g. residential or commercial). The Town will receive detailed information regarding each property's assessment later this June.

However, Town Staff was able to gather additional information regarding assessment increases by district.

- Braddock District – 6.71% Increase
- Providence District – 5.96% Increase
- Hunter Mill District – 6.22% Increase
- Mason District – 5.63% Increase
- Sully District – 7.33% Increase
- Dranesville District – 6.13% Increase
- Springfield District – 6.53% Increase
- Franconia District – 6.03% Increase
- Mount Vernon – 6.68% Increase

### **Estimated cost to provide water and sewer relief to qualifying tax relief residents**

Councilmember Allen and Springsteen requested that Town Staff provide an estimated cost to provide water and sewer relief for qualifying residents. The qualification for relief would be the same as the real-estate tax relief parameters. In FY26, 179 residents qualify for some form of real-estate tax relief. Based on the FY26 proposed water and sewer rates and an average annual water and sewer bill of \$1,130, ***the cost to provide relief for water and sewer services to the Town would be \$202,270.*** This cost does not include administrative time of staff to manage a new relief program.

### **Transfer account summary**

Councilmember Allen requested that Town Staff provide a high-level summary of what makes up the various transfer accounts throughout the Town's budget. Please see below for a high-level summary:

<i>100-34510 Transfer From Water and Sewer</i>	<i>500-49201 Transfer to General Fund</i>
This general fund (Fund 100) revenue line-item accounts for the transfer from the water and sewer fund (Fund 500) for indirect costs associated with water and sewer operations. Indirect costs include salaries, benefits, invoices, purchase orders, billing, cashiering services, etc. In FY23, the Town entered into a contract with an external consultant that provided an indirect cost study report. <b><i>For FY26, the proposed transfer is \$2,750,000.</i></b>	
<i>100-34511 Transfer to Debt Service</i>	<i>400-34520 Transfer from General Fund</i>
This general fund contra-revenue line-item accounts for the transfer from the general fund to the debt service (Fund 400) fund for the general fund's portion of existing vehicle debt. Each year, Town Council approves a vehicle replacement plan. The annual plan is financed over a	

period of 4-6 years. This line-item accounts for the annual debt obligation for general fund vehicles. <b><i>For FY26, the proposed transfer is \$809,000.</i></b>	
<i>400-34510 Transfer from Water and Sewer</i>	<i>500-49202 Transfer to Debt Service</i>
This debt service revenue line-item accounts for the transfer from the water and sewer fund for existing general obligation debt. Every two years, Town Council approves a Capital Improvement Plan. The plan is financed through general obligation bonds and paid back during a period of 15-20 years. The water and sewer principal debt payments are initially paid out of the debt service fund. To reimburse the debt-service fund, the finance department prepares a year-end transfer from the water and sewer fund for its portion of the annual debt service. <b><i>For FY26, the proposed transfer is \$1,024,500.</i></b>	

### **Performance bonuses**

The Council requested Town staff to explain why performance bonuses (41015) are not budgeted within a department's divisional level. The \$75,000 budget for employee performance bonuses can be found in the reserves division (19143). The budget for the performance bonuses is then transferred to each division/department, depending on which employees qualify for the performance bonus. This structure ensures the budget is allocated to the appropriate divisions on an annual basis.

### **Water tank cell phone rental**

Councilmember Baldwin inquired as to what makes up the budget for the general fund revenue account (100-31525) Water tank Cell Phone Rental. In 2017, the Town of Vienna entered into a lease agreement with Verizon and T-Mobile regarding the Tapawingo/Frederick Street Water Tower. Each month, Verizon and T-Mobile pays the Town rent for the lease of the water tower. The rent that is paid to the Town as part of this lease agreement comprises the revenue in this account.

### **Street cut inspection fee**

Councilmember Allen inquired as to what makes up the budget for the general fund revenue account (100-31622) Street Cut Inspection Fees. As part of the permitting process for construction activities, the Town collects this fee based on the amount of disturbance being conducted within the Town's right-of-way. Based on trends from previous years, we anticipated receiving \$150,000 in fees for FY26. Therefore, the FY26 Proposed Budget recommends this amount.

### **Acronyms or glossary**

Councilmember Ramakis requested that Town Staff spell out all acronyms listed within the proposed budget or provide a glossary in the back of the budget book. The adopted budget book will include a glossary, and Town staff will also ensure that all acronyms are spelled out.

If you have any additional questions or need clarification on any of the items listed above, please feel free to let me know. Furthermore, a lesson's learned work session will be held in early June, for the Council to provide feedback and to inform next year's budget process.

Sincerely,

Steven Barlow  
Director of Finance/Treasurer  
Town of Vienna