



# **FY 2022 Proposed Budget**

Revenue & Compensation Work Sessions

February 16, 2021



# FY 2022 Highlights

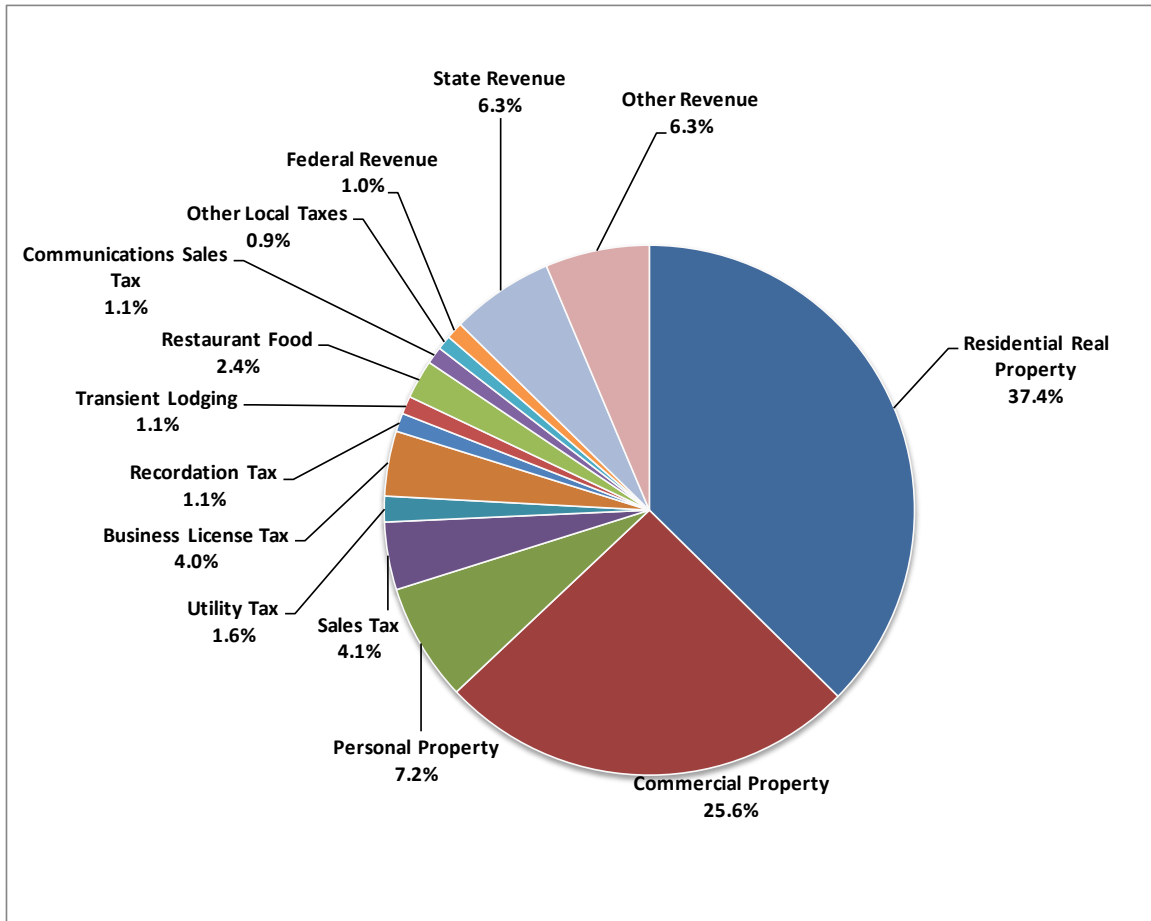
- Decrease in real estate tax rate
  - Base operating and capital budgets balanced at \$1.11 proposed rate
  - Decrease the tax rate by 2-cents
- No change in personal property tax rates
  - \$5.33/\$100 of assessed value (vehicle)
  - \$4.75/\$100 of assessed value (business tangible personal property)
- No change in other tax rates

# Enterprise Funds

- User Fees = 100% of capital and operating and debt service expenses
- No change in sanitary sewer rate
  - Sanitary sewer = \$2.28 per 1,000 gallons
- Stormwater = \$280 per year for average single family house assumed
- No change in residential refuse rate

# FY 2022 Proposed General Fund Revenue

TOTAL = \$767.6M



# General Fund Revenue



	FY 2020	FY 2021	FY 2021	FY 2022	\$ Chg FY22	% Chg FY22
	Actual	Approved	Projected	Proposed	Proposed/ FY21	Proposed/ FY21
<b>General Fund Revenue</b>					Approved	Approved
General Property Tax Revenue						
Real property tax	\$459.8	\$477.6	\$476.9	\$483.3	\$5.8	1.2%
Personal property tax	54.5	55.2	53.0	55.1	(0.1)	-0.2%
Penalties and Interest	3.0	2.8	2.6	2.6	(0.2)	-7.4%
<b>Total general property tax revenue</b>	<b>\$517.3</b>	<b>\$535.6</b>	<b>\$532.5</b>	<b>\$541.0</b>	<b>\$5.5</b>	<b>1.0%</b>

# CY 2021 Real Estate Assessed Values



Classification	% Change from CY20
Residential Single Family	+5.02
Residential Condo	+8.12
<b>Total Residential</b>	<b>+6.02%</b>
Commercial Multi-family	+3.53
Commercial Office, Retail & Service	-6.87
<b>Total Commercial</b>	<b>-1.96</b>
Non-locally Assessed	+1.74
<b>Total Taxable Property</b>	<b>+2.69%</b>



# Real Estate Tax Rates

- Alexandria \$1.11 residential and commercial
  - -2¢ below the current rate
- Arlington \$1.013 residential/\$1.138 commercial
  - Proposed Budget – February 20, 2021
- Fairfax County \$1.151 residential/\$1.276 commercial
  - Proposed Budget – February 23rd
- Loudoun County \$1.035 residential and commercial
  - FY 2022 Proposed= \$1.005
  - -3¢ below the current rate
- Prince William County \$1.2275 residential and commercial
  - Proposed Budget – February 16, 2021



## Impact on the Average Residential Real Estate Tax Bill

	Average Assessed Value	Average Tax Bill
CY 2020	\$582,636	\$6,584
CY 2021	\$615,858	\$6,836*
Difference	<b>+\$33,222</b>	<b>+\$252/year = +4%</b> <b>+0.69¢/day @ household</b>





# Business Compliance Pilot Program

- Pilot program will identify businesses that have failed to obtain a business license
- Business Taxes will be assessed for the current and prior years, as may be applicable.



# General Fund Revenue

	FY 2020 Actual	FY 2021 Approved	FY 2021 Projected	FY 2022 Proposed	\$ Chg FY22 Proposed/ FY21 Approved	% Chg FY22 Proposed/ FY21 Approved
<b>General Fund Revenue</b>						
Other local tax revenue						
Local sales tax	29.9	26.2	30.8	31.7	5.5	21.1%
Utility tax	12.1	12.7	12.1	12.1	(0.6)	-5.1%
Business licenses	35.2	22.0	29.5	30.4	8.4	38.3%
Motor vehicle licenses	0.2	-	-	-	-	0.0%
Recordation	7.1	5.9	8.6	8.6	2.7	46.5%
Cigarette	2.3	2.6	2.1	2.0	(0.6)	-24.7%
Transient Lodging	8.7	10.8	4.5	8.4	(2.4)	-22.5%
Restaurant food	19.8	20.5	17.4	18.2	(2.3)	-11.1%
Admissions	0.4	0.5	0.1	0.1	(0.4)	-75.2%
Communications service	8.2	8.3	8.4	8.1	(0.2)	-2.3%
Other miscellaneous	4.3	5.1	4.3	4.6	(0.5)	-10.1%
<b>Total other local tax revenues</b>	<b>128.2</b>	<b>114.6</b>	<b>117.7</b>	<b>124.2</b>	<b>9.6</b>	<b>8.4%</b>



# General Fund Revenue

	FY 2020 Actual	FY 2021 Approved	FY 2021 Projected	FY 2022 Proposed	\$ Chg FY22 Proposed/ FY21 Approved	% Chg FY22 Proposed/ FY21 Approved
<b>General Fund Revenue</b>						
Non-tax revenue						
Licenses, permits, and fees	1.4	2.3	3.6	2.1	(0.2)	-8.4%
Fines forfeitures	4.1	3.5	3.6	4.0	0.5	13.1%
Use of money and property	8.6	5.5	3.9	4.2	(1.3)	-23.2%
Charges for services	11.2	14.3	9.7	13.5	(0.8)	-5.4%
Intergovernmental revenues (PPTRA )	23.6	23.6	23.6	23.6	-	0.0%
Intergovernmental revenues	33.3	34.7	32.5	32.6	(2.1)	-5.9%
Miscellaneous	2.0	2.0	1.9	2.1	0.1	4.5%
<i>Total non-tax revenue</i>	<i>84.1</i>	<i>85.9</i>	<i>78.7</i>	<i>82.2</i>	<i>(3.7)</i>	<i>-4.4%</i>
<i>Total Transfers In</i>	<i>9.3</i>	<i>17.2</i>	<i>16.8</i>	<i>20.1</i>	<i>3.0</i>	<i>17.2%</i>



# Compensation



# Employee Compensation

- No merit increases provided during FY 2021 due to COVID-19 related pay freeze
- FY 2022 budget includes merit increases for eligible employees (2.3% to 5.0%) = General Fund cost of \$2.9 million
- 80% of employees will be eligible for merit increases.

# Health Insurance

- UnitedHealthcare (self-insured)
  - 0% - no change in overall premium rates for third year
  - Premium holiday for 3 pay periods proposed due to reserve increase
  - Active employees in current UHC plan and tiers costs \$429,000

## Employee Savings (3 pay periods):

	CDHP	Choice (EE <\$70,000)	Choice (EE >\$70,000)	Choice Plus
EE	\$147.06	\$164.31	\$219.08	\$432.03
EE+Spouse	\$303.83	\$339.49	\$452.65	\$943.20
EE+Ch(ren)	\$249.99	\$279.33	\$372.44	\$734.45
EE+Family	\$418.99	\$468.16	\$624.22	\$1,300.81

# Health Insurance

- Kaiser (insured)
  - 2.65% decrease in overall premium rates
- Continue to recalibrate costs between employee only and family tiers for UHC and Kaiser Plans
  - Family re-tiering due to addition of Employee + Child(ren) coverage last year (nearly 250 employees chose)
  - Budget neutral:
    - UHC – Increases family tier cost for CDHP and Choice Plan by \$3.67-\$5.47 per pay period and decreases other tiers
    - Kaiser – family rates flat due to 2.65% reduction and decreases in other tiers



# Other Benefits

- Continue funding Work'n Well employee program, valued at \$360,000 (current budget is \$400,000)
  - Work'n Well Rewards: \$50 per month incentive for each quarter level 3 is reached (up to \$600/year); raffles for reaching levels 1, 2 and 4
  - Enrollment and Engagement: 54% of employees are participating and more than 530 employees are currently receiving level 3 incentive





# Other Benefits

- Add second opinion consults with top national doctors working with UnitedHealthcare's partner, 2nd MD
  - Can be used by all employees, including Kaiser participants and employees who opt out of healthcare coverage
  - Rate is \$2,136/case, charged as a claim when used
- Working with employee task force to review mental health resources partnership

# Other Benefits

- Life insurance changes:
  - No increase in City basic life costs for active employees and retirees
  - No change for active employee supplemental life rates (decreased 15% last year)
  - 15% increase for retiree supplemental life rates for next 2 years (deferred last year)

# Other Benefits

- Life insurance rates allocated to be consistent with risks:
  - Retiree supplemental life rate increase of 15% each year for next two years (from \$0.286/\$1,000 to \$0.33/\$1,000 in FY22), but partially offset by lower imputed income and tax impact
    - Cost impact varies based on amount of insurance, age, and tax rate



# Other Benefits

- Dental Plan (employees pay 100% of costs)
  - No change
- Vision Plan (employees pay 100% of costs)
  - No change

# Retirement Costs

Retirement Plan	FY 2021	FY 2022	Change
VRS	9.92%	9.92%	NC
City Supplemental - General Schedule	6.78%	5.43%	-1.35%
City Supplemental - Medic & Fire Marshal	11.18%	9.01%	-2.17%
City Supplemental - Deputy Sheriff	9.68%	7.73%	-1.95%
Firefighters & Police Officers Pension	34.60%	34.99%	0.39%
Firefighters & Police Officers Disability	2.50%	1.67%	-0.83%
OPEB	0.35%	0.16%	-0.19%
Line of Duty	6.71%	7.48%	0.77%