

Historic Old Town Hall



City Manager's Budget Message FY 2018 Budget

FY 2018 Adopted Budget Highlights

- Expenditures for all funds total \$172,987,301, an increase of 3.9% from FY 2017.
- General Fund revenues and expenditures of \$140,046,671, an increase of 3.3% over FY 2017.
- Capital Fund expenditures for General Fund supported projects of \$9,074,482 (\$7,189,981 pay as you go and \$1,884,501 debt service) representing 6.5% of General Fund expenditures.
- A 0.2¢ real estate tax decrease (0.25¢ increase in the Stormwater Fund rate and a 0.45¢ decrease in the base real estate rate). The adopted rate is \$1.06 per \$100 of assessed value; 2.5¢ is dedicated to the Stormwater Fund; average residential tax bill to increase 0.8% (1.0% due to the increased assessed values less 0.2% resulting from a 0.2¢ decrease in the adopted tax rate).
- The real estate tax rate necessary to provide residential equalization, whereby the average homeowner would pay no more in taxes than in the prior year equates to \$1.051 per \$100 of assessed value.
- A 1.0¢ increase in the Commercial and Industrial real estate tax, from 9.5¢ to 10.5¢ per \$100 of assessed value.
- One cent on the real property tax rate is equivalent to \$609,193.
- Real estate residential assessments increase an average of 1.0% for CY 2017; commercial assessments remain flat for CY 2017; combined assessments increase an average of 0.6% for CY 2017. New construction is excluded from this calculation.
- Based on increase in value (excludes new construction), assessed value of all real property equals \$5,888,838,600, an increase of \$36,809,100 or 0.6%. The increase in assessed value due to estimated new construction is \$23,094,300 (0.4%). Assessed value of all real property equal to \$5,911,932,900, an increase of \$59,903,400 or 1.0%.
- Provides a 2.5% merit raise for eligible employees at \$235,000 (General Fund), and a 2.0% market adjustment (COLA) at \$566,000 (General Fund).
- Additional full-time and part-time employee positions have been approved for FY 2018:
 - 1 Full-Time Staff Accountant II (Finance)
 - 2 Customer Service temporaries convert to part-time (Treasurer)
 - 1 Full-Time Multimodal Traffic Planner (Transportation – funded by NVTA 30% money)
- \$100,000 was allocated from the General Fund to continue support of the Economic Development Opportunity Fund, established in FY 2016. In addition, \$200,000 is to be provided to support other economic development initiatives.
- Increases FY 2017's contribution of \$150,000 to \$200,000 to fund the City's housing improvement program (Housing Renaissance Fund).
- Wastewater utility rate increase of 10.0% to support the City's share of capital project costs required for the Noman M. Cole, Jr. Wastewater Treatment Plant.
- \$150,000 (\$100,000 increase) for downtown streetscape improvements.
- Use of \$1,329,389 Unassigned General Fund Balance.

Guide to the Budget Document

OVERVIEW

The City’s budget serves as a financial and policy plan that guides decisions made during each fiscal year. The budget is the single most important document we have for establishing control over the direction of change and determining the future of the City. It lays the groundwork for what we hope will be our community’s continued future prosperity. Within the pages of the document, the reader will find:

- A fiscal plan
- Revenue and expenditure summaries
- Policy statement
- Goals and objectives
- An annual operating program
- A long range planning guide
- A management tool to ensure financial control
- Performance measures to ensure accountability and evaluate performance

Not all narratives will contain each of these components, but rather only those that are applicable.

BUDGET PREPARATION PROCESS

The development of the City’s Operating Budget involves three phases: formulating budget requests, City Manager executive review and proposal, and City Council review and adoption. Each of the three phases is summarized as follows:

Formulating Budget Requests: September – December

- The formative stage of every budget begins in the fall.
- Work with the City’s Budget Committee throughout the entire budget process
- City Council sets guidelines for the budget in November, which provides the framework for developing the new budget. In addition, the City Manager briefs the City Council on the financial summary of the previous fiscal year, and a projection of the current and upcoming fiscal years.
- City agencies assess their budgetary needs and submit requests to the Budget Committee. Requests are typically due in the middle of December.
- Revenue estimates are derived from a review of current and projected economic indicators, current and proposed Federal and State legislation, knowledge of future events in the City and a review of historic trends.

City Manager Executive Review and Proposal: December – February

- Requests from departments are reviewed and evaluated for priority.
- Meetings are held between the departments and Budget Committee to discuss budget requests. Based on estimated revenues, funding is requested by the City Manager for the programs and services required to maintain an essential level of service or to provide for enhancements to programs identified as priorities by City Council.
- City Manager proposes the budget to City Council in late February or early March.
- By law, local government budgets must be balanced; i.e., expenditures may not exceed revenues.

City Council Review and Adoption: March – June

- City departments provide department budget presentations.
- City Council advertises the proposed real estate tax rate (mid to late March)
- Council reviews the proposed budget and a minimum of two public hearings are held to provide the public with an opportunity to comment to ensure the budget is responsive to citizen needs.
- After careful deliberation, the proposed budget, as modified for additions and deletions, is enacted by City Council as the adopted budget.
- The budget can only be amended by the City Council after proper notice and a public hearing.
- The Adopted Operating Budget takes effect on July 1, the beginning of the fiscal year.
- City Council adopts the real estate tax rate, all other rates and levies, and the budget appropriation resolution.

The Capital Improvement Program (CIP) follows a similar process whereby departments submit estimates, which are evaluated for priority and funding. The initial proposed CIP is issued in November and presented to the City Council and the Planning Commission in a joint work session for discussion. The Planning Commission holds a public hearing on the CIP and issues a memorandum to the City Council with recommendations. The City Council holds a series of work sessions and public hearings on the CIP and defers action until adoption of the operating and capital budgets in April/May. The City Manager refines the initial proposed CIP based on an evaluation of operating funding requests and available resources. A capital budget (the first year of the CIP) is included in the operating budget—together they become the adopted budget. The CIP document contains all detailed project and budgetary information for the full five year period.

BUDGET REVIEW SCHEDULE

The following dates were scheduled for City Council review and approval of the budget:

FY 2018 Budget Calendar*

Date	Action Item
November 1, 2016	Discussion of the FY 2016 Financial Results, FY 2017 Budget Update, Projections for FY 2018, and suggested FY 2018 Budget Guidelines.
November 8, 2016	FY 2018 Budget Guidelines – Public Hearing and Adoption
December 6, 2016	FY 2018 CIP Joint Work Session w/Planning Commission; Major Department CIP Presentations
February 28, 2017	FY 2018 Proposed Budget Presentation
March 7, 2017	FY 2018 Budget Staff Presentations to Council and Community Outreach
March 14, 2017	FY 2018 Budget Public Hearing; Consideration of Real Estate Tax Rate to be Advertised**
March 28, 2017	FY 2018 Public Hearing and City Council Budget Discussion Work Session
April 4, 2017	FY 2018 City Council Budget Discussion Work Session
April 18, 2017	FY 2018 Introduction of C&I and Wastewater Rates
April 25, 2017	FY 2018 RE Tax Rate Public Hearing and City Council Budget Discussion Work Session
May 2, 2017	FY 2018 City Council Budget Discussion Work Session
May 3, 2017	FY 2018 Special Council Meeting - Public Hearings: Budget, Rates & Levies, C&I, Wastewater; Budget Adoption (Please Note: WEDNESDAY replacing Tuesday's regular Work Session)

* All meetings listed are scheduled to begin at 7 pm on the designated date.
 ** Required 30 days advance notice prior to public hearing on real estate tax rate if assessments increased greater than 1%.

ORGANIZATION OF THE BUDGET

The City’s financial operations are budgeted and accounted for in a number of funds. Fiduciary funds, used to account for assets held by the City in a trustee capacity (i.e. City retirement funds), are not included. A fund is a separate accounting unit. All of the following funds are adopted (through appropriation resolutions) and can be found in proposed and adopted budget books as part of the City’s annual budget review:

General Fund — This fund is the principal operating fund of the City, used to account for all expenditures and revenues not required to be accounted for in other funds. Generally, the majority of the spending incurred in performing the normal functions of the City, such as public works, public safety, administration, etc., is captured in the General Fund. The major revenue sources that fund these functions are general property taxes, other local taxes, licenses & fees, fines & forfeitures, charges for services, use of money & property, and State & Federal aid.

General Fund (continued) – General government services and expenditures are organized into the following functions: Legislative, Judicial Administration, Electoral Board, General and Financial, Public Safety, Public Works, Social Services, Cultural and Recreation, Community Development and Planning, School Board/Education, and Non-departmental (primarily fringe benefits, debt service, expenditure details, etc). Within each General Fund function are departments that account for a specific set of governmental activities. For example, within the Public Safety function are the Fire and Police departments. Every department accounts for its activities in various accounts. While budgetary control is exercised at the department level, accounts are utilized to allow for more detailed management.

Capital Fund — Each year, the City adopts a five-year Capital Improvement Program (CIP) that serves as a blueprint for the long-term physical improvements to City infrastructure. The Capital Fund is funded through transfers from the General, Stormwater, Transportation Tax, Cable, Downtown, and Wastewater funds; the Northern Virginia Transportation Authority (NVTA); Federal and State aid; bond issues; private donations; and other outside sources. The current year CIP is included as part of the annual budget.

Stormwater Fund — This fund was established to account for major stormwater projects. 2.50¢ on the real estate tax rate is dedicated for project funding. This is a separate Capital Fund.

Cable Grant Fund — This fund receives its revenue from cable television fees, which can only be used for cable television equipment. This is a separate Capital Fund.

Old Town Service District Fund – This fund was established to fund services and capital projects in the Old Town District. The City levies an additional 6.0¢ per \$100 of assessed value on all properties in this district. The tax levy for this fund will sunset June 30, 2020.

Utility Fund — Wastewater services are accounted for in the Utility Fund, which is an enterprise fund. Enterprise funds are those funds in which the cost of providing goods or services is funded primarily through user charges.

Transit Fund — The Transit Fund accounts for the operations of the City’s transit system. The City’s transit system owns and operates the CUE bus system and funds the City’s share of Washington Metropolitan Transportation Authority (WMATA) costs. The Transit Fund receives funding through the NVTA and the Northern Virginia Transportation Commission (NVTC).

Transportation Tax Fund – This fund levies 10.5¢ per \$100 of assessed value on all commercial and industrial properties. This fund also accounts for “30%” monies received from the NVTA pursuant to HB2331. The revenue collected is used exclusively for qualified and approved transportation projects and transit costs.

BUDGETARY BASIS

The budgets of the General and Capital funds (including Stormwater, Old Town Service District, Cable Grant, and Transportation Tax) utilize the modified accrual basis of accounting under which revenues are recorded when measurable and available to fund operations during the year. Expenditures, except for interest, are recorded when the liability is incurred. Interest is recorded when due. Budgets of the Wastewater and Transit funds utilize the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when the liability is incurred. The accounting method used for City budgeting does not materially differ from that used for financial reporting (all funds), with the notable exceptions of depreciation and amortization, and debt service reporting in the enterprise funds, which are excluded for budgeting purposes, are included in the City’s Comprehensive Annual Financial Report (CAFR).



Council Goals*

1. *Economic Development:*

Capture opportunities for economic development and advance the economic health of the City through active marketing and balanced business recruitment, retention, expansion, incubation and placement to progress a business environment that supports the quality of life to which our residential and business communities have become accustomed.

2. *Governance:*

Maintain a high-performing, transparent, efficient, and effective governing system through open, multimodal communication with our residential and business communities; active participation from our diverse citizenry; and a professional, capable City administration collectively creating a model of successful municipal governance to sustain the City as a vibrant, thriving community.

3. *Neighborhoods:*

Build strong, safe, secure, and sustainable neighborhoods and improve quality of life through active community participation, improved physical and virtual connectivity, provision of a diverse mix of housing options, a culture of shared investment and accountability, and robust City services.

4. *Transportation:*

Provide for the safe, efficient, and effective movement of pedestrians, cyclists, motorists, mass transit and commercial vehicles within and across the City and region through an improved multimodal transportation system and by promoting a culture that embraces alternatives modes of transportation that supports a sustainable and healthy community.

5. *Redevelopment:*

Preserve our sense of place, support our changing demographics, prioritize housing affordability, and enable commercial and retail success to grow the local economy through appropriate, targeted, sustainable, and transportation-oriented redevelopment.

***These goals were adopted by the City Council on July 12, 2016.**

Strategic Priorities & Goals

1 Economic Development

Capture opportunities for economic development and advance the economic health of the City.

Culture & Rec
Enhance the cultural and leisure time activities for the Fairfax community.



Community Development
Develop and support coordinated land use and development strategies and policies consistent with the City's Comprehensive Plan.



General and Financial Admin
Provide the citizens the City with a strong, diverse economy that provides a wide range of goods and services for the community and an economy that provides a high rate of taxable revenue to the City.



2 Governance

Maintain a high-performing, efficient and effective government system.

Legislative
Set goals and formulate policy for providing a variety of needed or required municipal services to City residents.



Judicial Administration
Ensure fair, effective Court services for City residents.



Electoral Board
Promote our representative form of government by ensuring the integrity of the voter registration process and conducting free and fair elections.



General and Financial Admin
Ensure that resources funded by the City Council are well managed and available to provide municipal services to City residents.



Strategic Priorities & Goals

3 Neighborhoods

Build strong, safe neighborhoods and improve residential quality of life.

Public Safety

Increase sense of safety and protection of life and property.



Public Works

Provide City residents with refuse collection, stormwater and street Maintenance.



Culture & Rec

Enhance the quality of life by planning, administering and operating leisure-time activities for City residents.

Schools

Provide the best possible educational opportunities for the citizens of Fairfax.



Social Services

Provide real estate tax relief to qualified elderly or disabled residents.



Community Development

Improve and preserve the aesthetics throughout The City.



General and Financial Admin

Foster better communication between the City and neighborhoods.



4 Transportation

Provide for the safe, efficient and effective movement of all traffic through the City.

Public Works

Improve pedestrian infrastructure, bicycle and automobile transportation.



Community Development

Improve and facilitate safe bicycle, pedestrian and vehicle mobility throughout the City.



5 Redevelopment

Enable appropriate and targeted mixed use development and redevelopment within the City.

Culture & Rec

Enhance the cultural and leisure time activities for the Fairfax community.



General and Financial Admin

Assist in finalizing and implementing current redevelopment and transportation projects



Public Works

Maintain City infrastructure to aid in attracting new economic activity to the City.



Social Services

Assure access of human services programs to all City residents.



Community Development

Facilitate well-conceived development and redevelopment projects and land use that enhance the quality of life for City residents.



Council Strategic Goals Linked by Function

The five strategic goals generated by the City Council provide the framework to align our top strategic priorities through City Departments in creating goals and objectives that support the City Council's vision and achieve operational and sustainable accountability.

The relationship between departments and related council strategic goals are identified in the chart below:

<i>Strategic Priority</i>					
<i>Function*</i>	#1 <i>Economic Development</i>	#2 <i>Governance</i>	#3 <i>Neighborhoods</i>	#4 <i>Transportation</i>	#5 <i>Redevelopment</i>
Legislative		*			
Judicial Administration		*			
Electoral Board		*			
General and Financial Administration	*	*	*		*
Public Safety			*		
Public Works			*	*	*
Social Services			*		*
Culture and Recreation	*		*		*
Community Development and Planning	*		*	*	*
School Board/Education			*		

* - See "General Fund Overview" (following) for department detail and page references.

General Fund Overview

The General Fund is the principal operating fund of the City. The majority of the spending in this fund is incurred in performing the normal, recurring functions of the City. The major revenue sources that fund these functions are general property taxes, other local taxes, licenses & fees, fines & forfeitures, charges for services, use of money & property, and State & Federal aid. Within each operational function listed below are the departments responsible for carrying out specific activities for that function. The cost of each department’s activities is tracked by account categories, such as salaries, fringe, purchased services, internal services, other charges, supplies and materials, and capital outlay.

The functions and associated departments of the City’s General Fund are:

- **Legislative (page D-2)**
 - Mayor and City Council; City Clerk
- **Judicial Administration (page D-9)**
 - General District Court; Joint Court Service; Juvenile and Domestic Court; Court Service and Custody
- **Electoral Board (page D-19)**
- **General & Financial Administration (page D-25)**
 - City Manager; City Attorney; Public Audit of Accounts; Personnel; Community Relations; Economic Development; Cable TV; Risk Management; Information Technology; Printing and Office Supplies; Fleet Maintenance; Finance and Accounting; Real Estate Assessment; Treasurer; Commissioner of the Revenue
- **Public Safety**
 - Police (page D-73)
 - Fire (page D-85)
- **Public Works (page D-97)**
 - Asphalt Maintenance; Concrete Maintenance; Snow and Ice Control; Storm Drainage; Signs, Signals, and Lighting; Refuse Collection; Facilities Maintenance; Streets and Rights of Way; Administration and Engineering
- **Social Services (page D-125)**
 - Health Department; Commission for Women; Community Services Board; Senior Citizen Tax Relief; Human Services Coordinator; Social Services
- **Culture and Recreation (page D-137)**
 - Parks and Recreation Administration; Special Events; Facilities Maintenance; Park and Ball Field Maintenance; Marketing; Library; Historic Resources; Cultural Arts
- **Community Development & Planning (page D-167)**
 - Planning and Design Review; Current Planning
- **School Board/Education (page D-177)**
 - School Board; Contracted Instruction Costs; Capital Outlay; Debt Service; Capital Leases
- **Non-departmental (page D-185)**
 - General Debt Service; Employee Fringe Benefits; Salary Vacancy; Reserve for Contingency; Contributions to Regional Agencies; Fund Transfers; Capital Leases

Wastewater

Fiscal and Operating Policies

ESTABLISHMENT OF RATES

1. Wastewater rates and fees shall be established by City Council in a transparent manner consistent with all similar City activities. To that end, customers and residents (the rate payers) shall be given notice of all meetings of the City Council when such discussions and rate settings occur. In the establishment of annual Wastewater rates, the City shall adequately disclose future growth plans and their expected impact on future rates.
2. The City shall annually prepare and include in the adopted budget a three-year future estimated rate schedule.
3. All ratepayers shall be charged uniform rates within their rate class. The determination of rates for the enterprise funds shall conform to standard municipal utility practices.
4. Rates for the enterprise funds, including the timing of rate adjustments, shall be designed to recover fixed and variable costs in such a manner as to ensure cost recovery and rate stability.
5. Rates of the enterprise funds shall be established to 1) ensure efficient and effective operation of the utilities, 2) fully recover actual operating and maintenance expenses incurred during the fiscal year, 3) repay annual debt payments for capital expenses of the enterprise fund, and 4) ensure surplus revenues are reserved to facilitate rate stability for ratepayers.

APPLICATION OF THE MANAGEMENT FEE

1. The Wastewater utility shall reimburse services received from other City departments, including but not limited to, personnel, administrative expenses, equipment and facilities. These services shall be prorated to reflect actual costs and designated as the “management fee”. The Wastewater enterprise fund shall reimburse the City for materials and services purchased during the fiscal year when consumed.
2. The procedures used to allocate each fund’s share of the management fee shall be reviewed by the City’s auditor not less frequently than every five years. The results of such a review shall be included as part of the documentation for subsequent rate proceedings. Unless otherwise justified by the auditor’s review, the total amount included in the Wastewater enterprise fund for payment to the City, or other entities, for management fee expenses may each be increased at a rate no greater than the growth rate of the City’s total budget.

RECOVERY OF CAPITAL INVESTMENT

1. Utility physical plant investments in excess of normal and customary repair and replacement will be capitalized and amortized for rate setting over their useful lives, either through depreciation/amortization or sinking fund amortization of borrowings. Normal and customary repair and replacement will be expensed when incurred during the fiscal year. Depreciation and amortization shall conform to standard municipal utility practices.

UNDESIGNATED FUNDS

1. Surplus revenues, also known as Undesignated Funds, will be used in lieu of customer revenues, if possible, when those surplus funds reach a level equal to 100% of the prior year’s fund expenses, unless such funds are to be held for pay-as-you-go capital expenses.
2. Surplus revenues shall be invested through the City and the interest earned shall be credited to the Wastewater Fund. Surplus revenues shall not be transferred from the Wastewater account to be used for non-utility purposes.



Noman M. Cole Wastewater Treatment Plant

Council Adopted Financial Policies

To establish and document a policy framework for fiscal decision-making and to strengthen the financial management of the City, in April 2000, the City Council initially enacted a comprehensive set of Financial Policies, as detailed below. The goal of these policies is to ensure that financial resources are well managed and available to meet the present and future needs of the citizens of the City of Fairfax. Revisions to the financial policies were incorporated per recommendations by the Budget Committee and approved by the City Council in November of 2008.

Budgeting Policies:

1. The City's annual operating budget, capital budget and Capital Improvement Program (CIP) shall be coordinated with, and shall be in concert with, the City's Comprehensive Plan.
2. The City shall adhere to the following guidelines in preparing, implementing and executing the annual budget:
 - a. Mayor and City Council shall develop general budget guidelines and provide them to the City Manager by November 15.
 - b. The Capital Improvement Program shall be considered by the City Council prior to its consideration of the annual budget.
 - c. Where appropriate, revenues related to expenditures shall be reflected in the budget documents.
 - d. The Mayor and City Council shall meet with selected boards and commissions in work sessions as part of the budget deliberations to review budget items concerning areas of interest to the boards and commissions.
 - e. The Mayor and City Council shall conduct a quarterly review of the implementation of the budget.
3. Budgeted current revenues must be greater than budgeted current expenditures.
 - a. Significant one-time revenues shall be used only for one-time expenditures.
 - b. Revenues must be increased or expenditures decreased, in the same fiscal year, if deficits appear.

4. The target for the General Fund transfer to the Capital Fund shall be at least 5 percent of General Fund expenditures to help ensure adequate reinvestment in capital plant and equipment. This transfer percentage incorporates the City’s use of annual debt service payments toward capital projects.
5. The City shall set utility rates for the *Wastewater Fund that will ensure industry-standard operation of the enterprise functions.

Reserve Policies:

1. The target for the General Fund balance shall be, at minimum, approximately 10 percent of General Fund expenditures.

Debt Policies:

1. Debt Service Targets
 - a. Annual debt service expenditures shall be less than 9 percent of annual expenditures.
 - b. Outstanding Debt shall be less than 3 percent of assessed valuation.
2. The term of any bond issue shall not exceed the useful life of the capital project/facility or equipment for which the borrowing is intended.

Revenue/Cash Management Policies:

1. The City shall develop an aggressive economic development effort in order to lessen the impact of any future real estate rate increases.
2. The City shall maintain a diversified revenue base in order to shelter City finances from short-term fluctuations in any single revenue stream.
3. Annual City revenues shall be projected by an objective and thorough analytical process.
4. The City shall deposit all funds within 24 hours of receipt.
5. Investment of City funds shall emphasize the preservation of principal with safety, with liquidity and yield being the primary factors considered.

* Amended to exclude policies relating to the City’s Water Fund. The City transitioned out of the water treatment and distribution system business January 2014.

Accounting/Auditing and Financial Reporting Policies:

1. The City shall take necessary action to ensure receipt of the Government Finance Officers Association annual accreditation for the budget and for the comprehensive annual financial report (audit).
2. An independent audit shall be performed annually and a management letter shall be received by City Council. City administration shall prepare a response to the management letter on a timely basis to resolve any issues contained in the letter.

Council Adopted Budget Guidelines

FY 18 Budget Guidelines were approved by the City Council in November of 2016.

Revenue:

- Projected revenues must equal or exceed proposed expenditures. Significant one-time revenues shall be used only for one-time expenditures.
- The City will pursue federal, state and private grants but will strictly limit financial support of these programs to avoid commitments which continue beyond funding availability.
- Sufficient user charges and fees shall be budgeted to support the full cost (operating, direct, indirect and capital) of operations. Market rates and charges imposed by other public and private organizations for similar services should be considered when establishing tax rates, fees and charges.

Operating:

- Maintain City services at existing levels and to the extent possible minimize reliance on tax increases to balance the City's Proposed Budget.
- Continually review City government programs and operations to achieve the most efficient and effective delivery of community services possible.
- The annual budget process shall weigh all competing requests for City resources within expected fiscal constraints. New initiatives shall be financed by reallocating existing City resources to programs and services with the highest priorities or through new revenue sources.
- Consider allocating funds to the school tuition reserve to absorb unforeseen deficits in future school tuition budgets

Employee Staffing/Compensation/Administration:

- Consider a fair and affordable market adjustment and performance based increase for employees to retain parity with other local governments.
- The City's budget shall fully fund the Annual Required Contribution (ARC) to the City's Supplemental Retirement Plan, as determined by the City's actuaries.

Capital Improvement Program (CIP):

- Maintain the General Fund CIP transfer to provide the minimum funding required for repairs and maintenance to adequately protect the City's investment in infrastructure. The sources of funding will largely be determined based on the useful life of the project. However, the City will use the pay as you go funding method whenever practical.

Fund Balance:

- Maintain an Unencumbered General Fund balance equal to approximately 10 percent of the general fund expenditures in conformance with the City Council financial policy.

Financial:

- Follow the rating agencies and financial advisor directives, in order to maintain the highest possible credit rating.
- Adhere to the Council’s adopted financial policies.

Community Profile

City Government

Date of Incorporation	1799
Date of City Charter	1961
Form of Government	Council—Manager
City Employees (Adopted FY 2018)	402.05

Physiographic

Land Area - Square Miles	6.34
Acres of Public Parks & Open Space	188
Paved – Lane Miles	169
Sidewalks	87

Utilities

Telephone	Verizon
Electric	Dominion Virginia Power
Gas	Washington Gas
Water	Fairfax Water
Wastewater	City of Fairfax
Cable	COX Cable / Verizon

Economic Indicators:

Largest Private Employers (June 2016)

The Wackenhut Corporation
Ted Britt Ford Sales
Inova Health System
Zeta Associates
Multivision, Inc
Fairfax Volkswagen, Honda
Farrish of Fairfax, Inc.

Largest Public Employers (June 2016)

City of Fairfax
Dominion Virginia Power
U.S. Postal Service
Department of Rehabilitation Services
U.S. Department of the Treasury

Taxes:

Real Estate Tax Rate

FY 2017: \$1.062 per \$100 assessed value
 FY 2018: \$1.060 per \$100 assessed value

Personal Property Tax Rate

FY 2017: \$4.13 per \$100 assessed value
 FY 2018: \$4.13 per \$100 assessed value

City Finances – Bond Ratings

Moody's Investors Service, Inc	Aaa
Standard & Poor's	AAA

Population

2015 UVA Weldon Cooper Ctr. Estimate	23,183
2015 U.S. Census Estimate	24,013
2010 U.S. Census	22,565
2000 U.S. Census	21,498
1990 U.S. Census	19,622

Households

2011-15 American Community Survey Estimate	8,467
2010 U.S. Census	8,347
2000 U.S. Census	8,035
1990 U.S. Census	7,362

Average Household Size

2011-15 American Community Survey	2.70 persons
2010 U.S. Census	2.64 persons
2000 U.S. Census	2.61 persons

Age (2015 Census Estimate)

(1-19)	24.4%
(20-34)	20.4%
(35-64)	39.0%
(65 +)	16.2%

Race and Ethnicity (2015 Census Estimate)

White	58.3%
Asian	16.9%
Hispanic	16.8%
Black	4.9%
Other/Mixed	3.1%

Note: White, Asian and Black categories include non-Hispanics only.

Source: U.S. Census Bureau

Unemployment

	CY 2015	CY 2016
City of Fairfax	3.4%	3.0%
Virginia	4.4%	4.0%
United States	5.3%	4.9%

Vacancy Rates

	FY 2015	FY 2016
Office Space	15.0 %	14.1 %
Retail Space	3.0 %	3.4 %

City of Fairfax Employment by Industry

The largest major industry sector was Retail Trade with 19.4% of the employment followed by Health Care and Social Assistance with 17.2%, Professional, Scientific and Technical Services with 15.8%, and Accommodation and Food Services with 11.8 %. The following is a listing of major industries and the number employed in those sectors for 2016 in the City of Fairfax.

Industry Group	Employees
Retail Trade	3,744
Health Care and Social Assistance	3,312
Professional, Scientific & Technical Services	3,047
Accommodation and Food Services	2,278
Administrative and Waste Services	1,430
Other Services (Except Public Administration)	1,086
Finance and Insurance	802
Arts, Entertainment and Recreation	675
Construction	670
Education Services	597
Public Administration	544
Information	353
Transportation and Warehousing	285
Real Estate, Rental and Leasing	207
Management of Companies and Enterprises	128
Manufacturing	112
Wholesale Trade	35

*Source: Virginia Employment Commission,
Quarterly Census of Employment and Wages, Second Quarter 2016*

Economic Condition and Outlook

An independent jurisdiction of 6.34 square miles, just 15 miles west of Washington D.C., the City of Fairfax lies at the geographic center of Northern Virginia. Bounded by Interstate 66 to the north and less than five miles west of the Capital Beltway, the City is at the crossroads of the area's major north/south and east/west highways. Two major airports, Washington Dulles International Airport and Ronald Reagan National Airport, are within 30 minutes of the City. The City-run CUE bus system provides direct access to Metro (rapid transit) at the Vienna/Fairfax/GMU station, less than three miles from the center of the City.



Local Economy

Economic recovery remains somewhat soft in the City. Private sector employment within the City actually decreased year over year. As of the end of 2016, there were 19,567 jobs within the City of Fairfax (as reported by the Bureau of Labor Statistics), representing a decrease of 0.5% from 2014. Encouragingly, the City's 2016 unemployment rate of 3.0% was well below state (4.0%) and national (4.9%) averages.

Downsizing by federal contractors, coupled with a flattening of demand for suburban office space, has had a discernable impact on the regional office market. Additionally, many of the City's office buildings and complexes are aging and in need of property owner investment. These factors taken together result in an increase over the last year, reaching 15% for FY 2017. Fortunately the retail market continues to bolster the City's economy; at 3.4%, the City's retail vacancy rate remains among the lowest in the region. Slight upticks in that number are likely the direct result of vacancies caused by commercial redevelopment.

Three key revenue sources are bellwethers for the local economy - general property taxes, local sales and use tax, and Business Professional and Occupational License (BPOL) taxes. General property tax revenues increased \$3.8 million or 5.4% in F/Y 16 over F/Y 15, resulting from both an increase in assessed values (2.8%) and a higher real estate tax rate for the second half of the fiscal year. BPOL increased slightly (1.1%). Local sales and use tax revenues remain flat.

Economic Development Program

The Economic Development Office (EDO) in partnership with the Economic Development Authority (EDA) focuses on developing a strong economic base across the City. The EDO promotes the City's office and retail spaces to business prospects and vacant commercial properties to developers, assists businesses in their location decisions and processing through the City's administrative procedures, and acts as a facilitator for existing businesses in understanding and working through issues with City ordinances and policies.

City Council was the driving force behind increased outreach and communication with the business community over the last year. Recognizing the importance small businesses have on the City's economy, City leadership formalized a component role of the Economic Development Office as that of a business ombudsman, or liaison with the business community.

Within the last year the City's EDO, in partnership with the EDA, has established a tax incentive zone with a focus on attracting technology based businesses within the City. This new technology zone provides relief and assistance for qualified businesses with BPOL taxes after entering into a performance agreement (commitment to expand within, relocate to, or create jobs within the City.) A similar ordinance targeting cultural arts and entertainment businesses is anticipated to be introduced within 2017.

The EDO and EDA have also partnered together on a number of initiatives seeking to leverage the City's strong civic programs and cultural arts activities. 2016 marked the first occurrence of Rock the Block After Dark, which encourages City residents and visitors to patronize downtown businesses following a series of concerts held at the City's new downtown park.

The City EDO and EDA also recently launched a façade improvement program. Façade improvement programs traditionally improve the quality of clustered building facades with the goal of increasing commercial traffic throughout a commercial corridor. The historic downtown was selected for the initial phase of the City's façade improvement program because of the age of the buildings and anticipated focus on leasing and redevelopment. Initiatives like the façade improvement program and Rock the Block After Dark reaffirm the City's commitment to creatively addressing challenges faced by all City businesses, and the EDO is continuing to develop and expand new programs for the benefit of all City residents and businesses.

Major Projects

Commercial:

Major mixed-use development projects are currently in process, and aim to fulfill the most recent publication of the City's Fairfax Boulevard Master Plan.

Fairfax Circle Plaza Shopping Center Redevelopment: Final plans to redevelop approximately 108,000 square feet of commercial space (the oldest dating back to 1964) were approved in 2014. The mixed-use development will include 400 multifamily apartments (known as Scout on the Circle, described below) and 88,000 square feet of retail space, including a 54,000 square feet grocery store. Ground breaking is expected in late 2017.

Northfax: The \$43.4 million Northfax transportation and stormwater improvement project is underway creating new and significant opportunities for public and private investment on Fairfax Boulevard.

Residential:

Eleven Oaks: This project is currently under construction and consists of 12 single family detached units.

Main Street Residences: This project includes 40 luxury town homes with a majority sold as of the date of this letter.

Canfield Village: This project includes approximately 16,000 square feet of commercial (office and first floor retail) space and 14 town homes. The majority of the commercial space has now been leased and all of the homes sold.

Mount Vineyard: This project includes 132 dwelling units (94 condominiums and 38 townhouses) to replace an aged garden style apartment complex. Completion is expected in late 2017.

The Enclave: An 80-unit condominium project broke ground in 2016. The project will add high quality condominiums to a property with existing office and educational uses.

Novus Fairfax Gateway: This project will add over 403 rental apartments and 29,000 square feet of commercial space to the Kamp Washington area. The project will construct new streets to connect to a roadway system supporting redevelopment of other parcels in the area. Ground breaking is expected in 2017.

Scout on the Circle: This project, as part of the Fairfax Circle Plaza Shopping Center Redevelopment, replaces an existing shopping center at Fairfax Circle with 400 rental apartments and 88,000 square feet of retail space. Groundbreaking is expected in late 2017.

Mayfair: This project includes 25 townhouse-style condominiums above a shared, secured parking structure. The project is currently under construction.

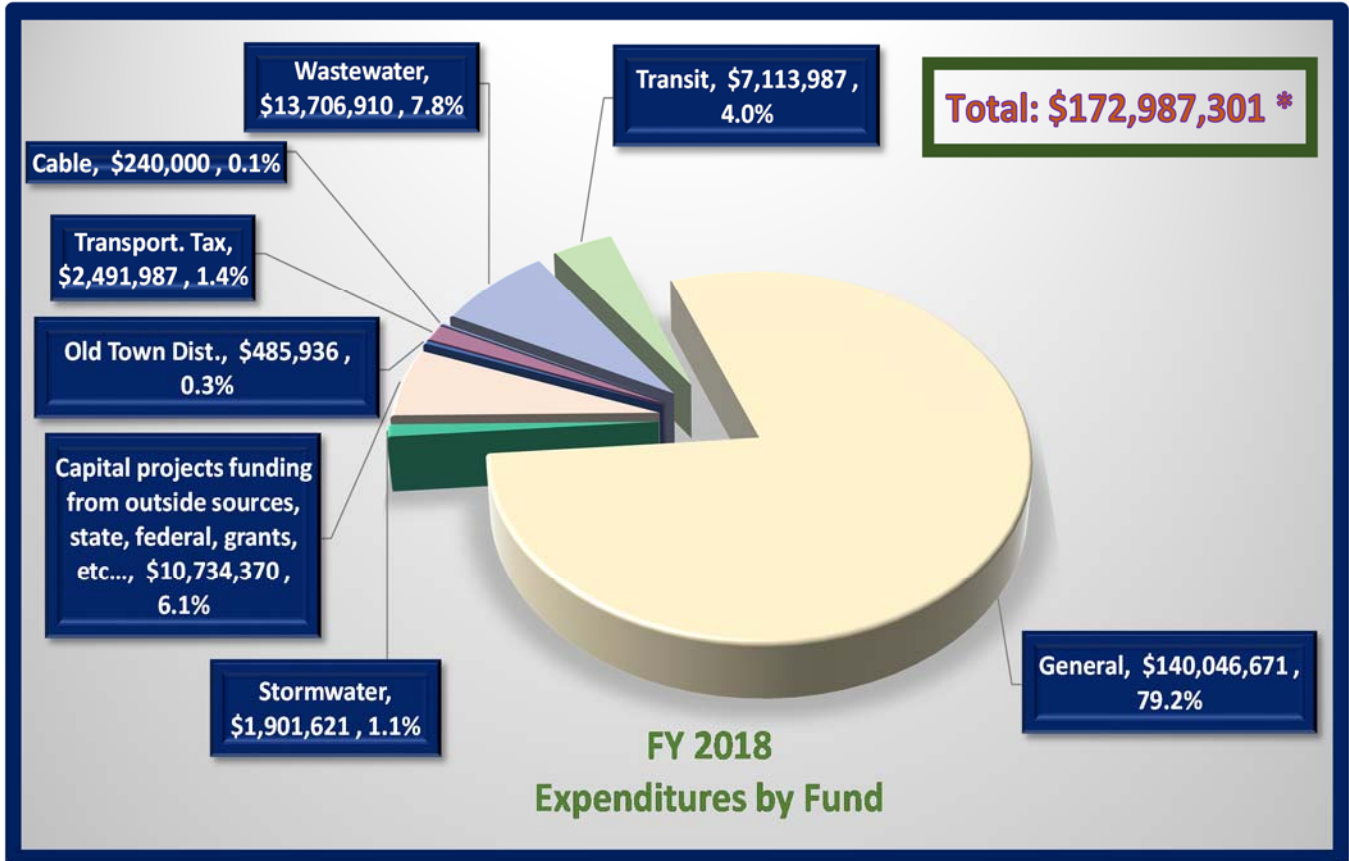
Paul VI Site: The Diocese of Arlington recently announced that Paul VI High School will be relocating to Loudon County creating significant development opportunity in the center of the City. The Diocese is currently working with a developer and the City to create a plan. Paul VI High School is expected to remain in the City until at least 2019.

Recognition

- ✚ Insurance Services Office (ISO) upgraded the City Fire Department's Public Protection Classification to Class 01 from the City's previous rating of Class 03. This classification ranks cities and towns on how well they are protecting residents from fire and other natural hazards, and plays an important role in the underwriting process at insurance companies. Class 01 is the highest ranking achievable and has only been awarded to 241 other localities in the country (top .5% of total localities rated).
- ✚ Wallethub ranked the City of Fairfax # 9 among the 2017 "Best Places to Raise a Family in Virginia".
- ✚ 24/7 Wall St. ranked the City of Fairfax as # 8 in the "Top 10 Best Places to Live" in the nation for 2017.
- ✚ Commission for Accreditation of Parks and Recreation Agencies - The Parks and Recreation Department received accreditation for a five year period. The Commission for Accreditation of Park and Recreation Agencies (CAPRA) accredits park and recreation agencies for excellence in operation and service. This is a national program with only 141 agencies across the United States having been approved. This rigorous process was a year-long culmination of effort from the entire department.
- ✚ Google named the City of Fairfax as 2014 e-City for Virginia. Google's eCity Awards "recognize the strongest online business community in each state," observing how businesses in each city use their Web presence for business development and customer service.
- ✚ The Mason Enterprise Center at George Mason University was recently named as one of the Top 10 U.S. and Top 20 Global University Business Incubators (UBI) by the UBI Index. A project spearheaded and supported by the City of Fairfax in an ongoing partnership with Mason, the Mason Enterprise Center (MEC) is an integrated network of programs and professional resources. It provides direct support for university and corporate-based entrepreneurship, technology transfer and innovation, as well as support for private sector clients engaged in business start-up and expansion.
- ✚ The City of Fairfax Parks & Recreation Department wins the National Gold Medal Award, 2011. The National Recreation and Park Association Gold Medal Award honors communities throughout the United States that demonstrate excellence in long-range planning, resource management, and agency recognition. Each agency is judged on its ability to address the needs of those it serves through the collective energies of citizens, staff, and elected officials.
- ✚ Forbes called the City "a great place for entrepreneurs" and stated the City's sole-proprietors-per-capita ranks in the top 1% nationwide.
- ✚ The Atlantic magazine, a brand of Atlantic Media, which is dedicated to equipping opinion leaders with breakthrough ideas and original insights," recently identified the City as one of the nation's top jurisdictions for its high concentration of "creative class" workers.
- ✚ The City's bond ratings continue to be Aaa (Moody's) and AAA (Standard & Poor's), placing the City in the top tier of municipal bond issuers.

Overview – All Funds

Expenditures for all funds total \$176,721,482 less Fund transfers (\$3,734,181), result in net total expenditures of **\$172,987,301**. This is an increase of 3.9% from the FY 2017 Budget. Further details follow in the accompanying sections of the budget book.



*Note: Percentages may not total due to rounding; sums may differ immaterially due to rounding
Total expenditures by fund (\$176,721,482) reduced by \$3,734,181 to eliminate double accounting of City-wide expenditures.

Cash Management / Fund Balance

Financial policies recommended by the City’s financial advisors, the City’s auditors, and as adopted by the City Council, require an unassigned fund balance equal to a minimum of approximately 10 percent of General Fund expenditures. More than being key to maintaining the City’s bond rating, an adequate fund balance allows the City to cope with revenue shortfalls, to pay for unbudgeted expenditures or unanticipated needs, to pay for other one-time large expenditures, and provide for adequate cash flows to absorb fluctuating expenditures and revenues during the fiscal year. The Adopted FY 2018 Budget results in a 10.0% General Fund balance at the end of the year.

The following chart provides a history of the City’s General Fund Balance:

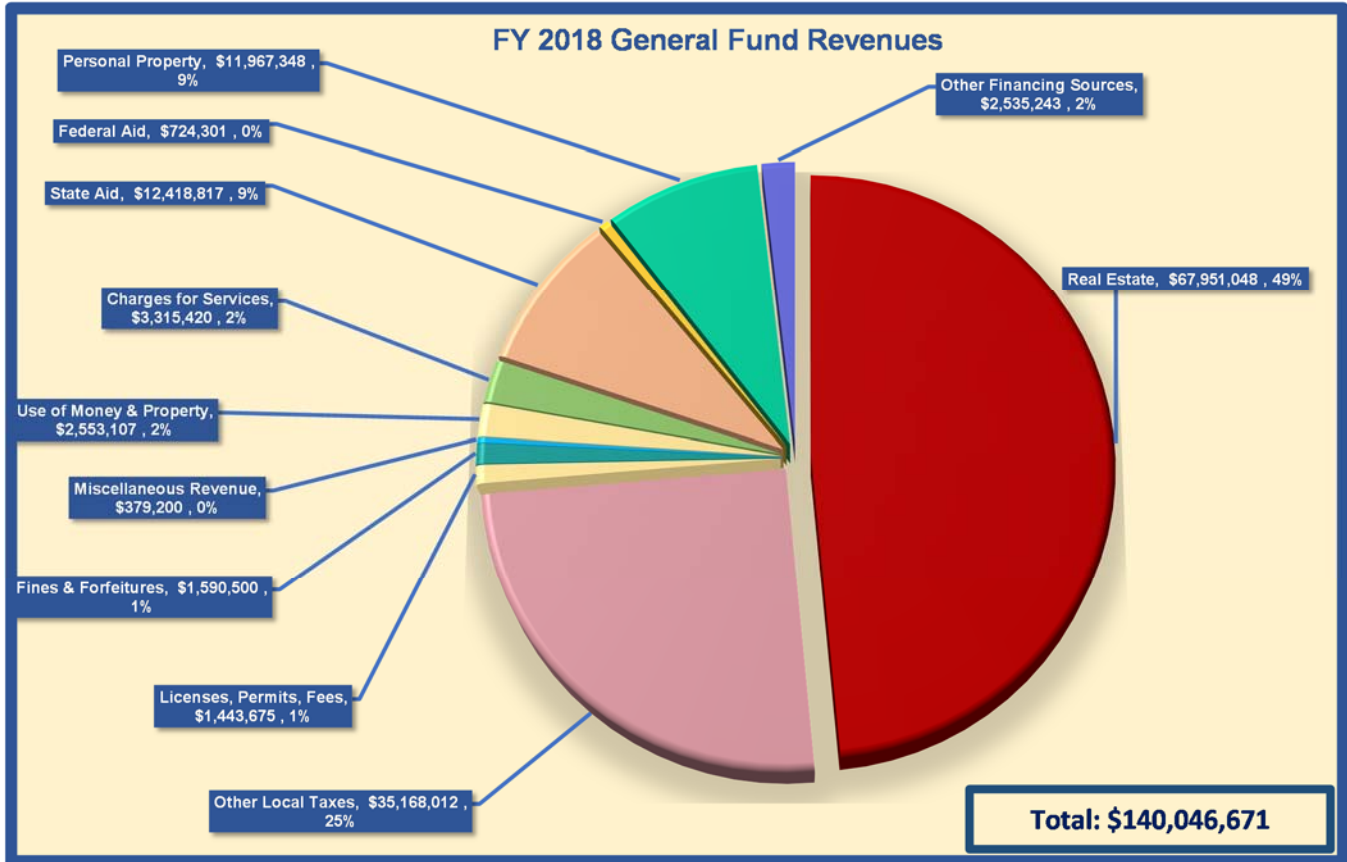
General Fund - Fund Balance		
Fiscal Year	Amount	% of Expenditures
2018*	\$ 14,073,752	10.0%
2017*	15,903,141	11.7%
2016	15,244,854	11.6%
2015	13,429,441	10.4%
2014	15,130,848	12.0%
2013	16,288,209	13.7%
2012	13,205,665	11.4%
2011	15,171,679	13.8%
2010	15,569,907	14.1%
2009	14,420,568	13.1%
2008	15,834,008	14.8%
2007	14,612,497	14.6%
2006	14,278,483	14.6%
2005	12,534,246	11.3%
2004	10,975,387	13.4%

*** Estimate**

General Fund Revenues

Overview – General Fund

General fund revenues equate to \$140,046,671 for FY 2018, which represents an increase of 3.3% (\$4,531,539) over FY 2017. The following chart provides a summary overview of revenues by category for FY 2018.



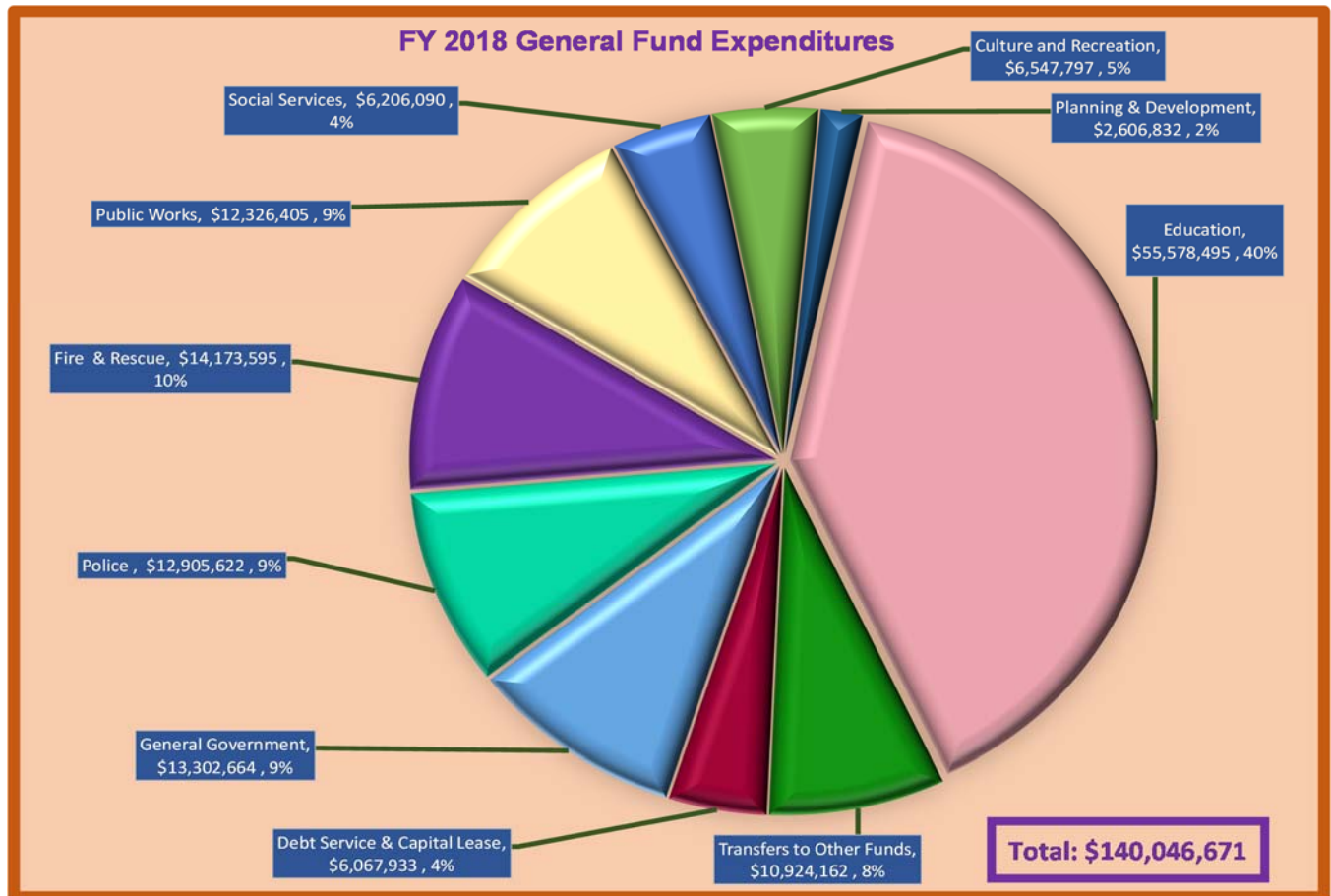
Note: Percentages may not total due to rounding; sums may differ immaterially due to rounding

The Use of Appropriated Fund Balance in the amount of \$1,329,389 is funded from the FY 2017 estimated Unassigned General Fund balance. The estimated ending Unassigned General Fund balance in FY 2018 is equal to 10.0 percent (\$14.0 million) of General Fund expenditures.

General Fund Expenditures

Overview- General Fund

The City’s adopted General Fund expenditures are budgeted at \$140,046,671 for FY 2018. The largest spending category remains Education, followed by the Fire Department, General Government, Police Department and Public Works. The “Transfers to Other Funds” category notes the General Fund transfers to the Capital Budget, Old Town Fund, Stormwater Fund, and Transportation Tax Fund.



Note: Percentages may not total due to rounding; sums may differ immaterially due to rounding

General Fund Revenue and Expenditure Changes – FY 2017 to FY 2018

The following chart highlights the major changes in expenses from last year’s budget:

FY 2018 General Fund Expenditure Changes	
Increase / (Decrease) in Expenditures	\$ Change
Changes in Personnel Costs:	
Merit (2.5%, eligible employees only)	235,122
Fringe	709,555
COLA (2.0%)	566,022
Pay Study Impact	189,125
FTE Additions	107,253
Temp Help	208,608
School Tuition Contract	1,384,652
CIP Transfer	698,814
Fund Transfers (Storm .25¢, C&I 1.0¢)	436,791
Contract Services	349,043
County Contracts - Non Education	297,936
All Other Changes	179,729
Economic Development Office	160,000
Debt Service (Refunding \$778,285)	(991,110)
Total Increase / (Decrease) in Expenditures	4,531,539

The following chart highlights the major changes in revenues from last year’s budget:

FY 2018 General Fund Revenue Changes	
Increase / (Decrease) in Revenues	\$ Change
Real Estate Taxes	1,729,790
Personal Property Taxes	1,111,348
State Sales Tax & Basic Aid	406,874
All Other Changes	362,517
C&I Taxes (1.0¢ increase)	269,120
Classroom Rentals	250,000
FEMA Reimbursements	215,019
Fines & Forfeitures	189,200
Recycling Rebate	180,000
Stormwater Tax (.25¢ increase)	167,671
BPOL	150,000
Communication Taxes	(200,000)
Transient Lodging	(300,000)
Total Increase / (Decrease) in Revenues	4,531,539

Education

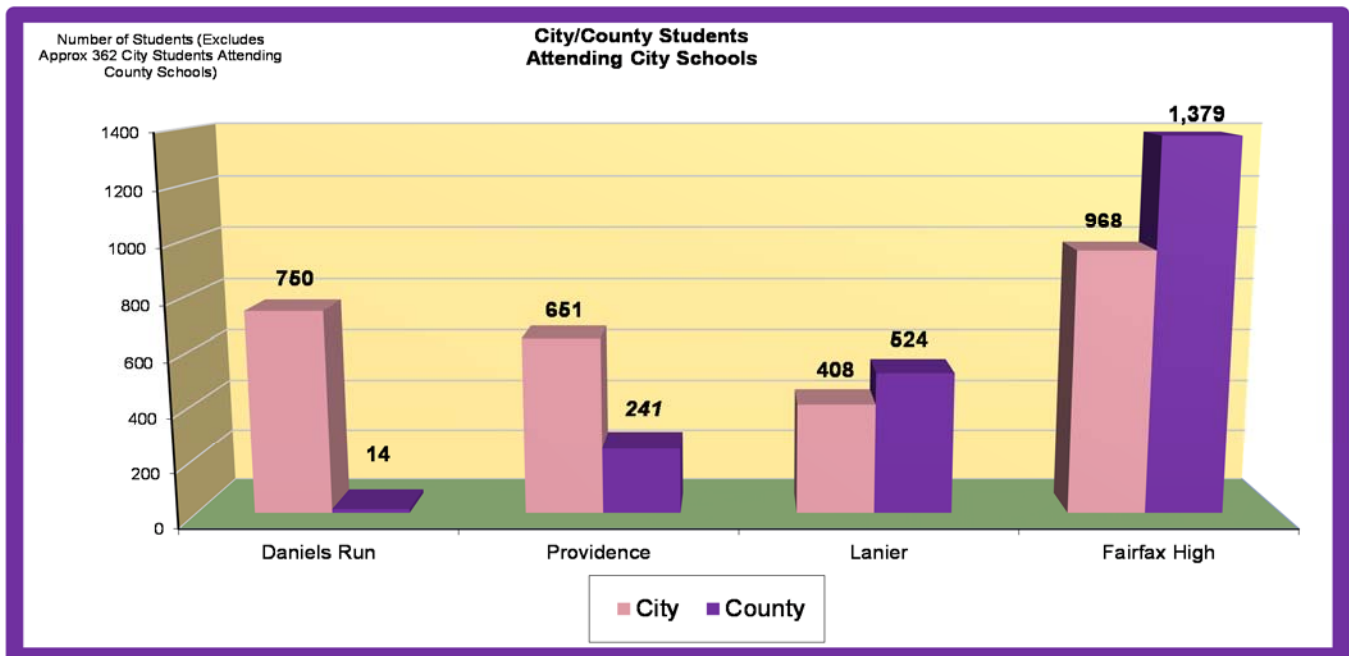
The total budget for the schools is \$55.6 million, an increase of 1.4% (\$0.8 million). Administrative costs account for \$1.0 million, and combined debt/lease payments equate to \$6.0 million. The largest portion of this budget is the school tuition contract with Fairfax County Public Schools, budgeted at \$48.6 million, an increase of 2.9% (\$1.4 million) over the FY 2017 budget. The following chart highlights the historical costs associated with the school tuition contract.

Fiscal Year	Final Tuition Bill (excludes Classroom Rental Fee)	ADM
2018*	\$48,595,370	3,100
2017**	47,210,718	3,100
2016	45,300,452	3,125
2015	45,389,893	3,160
2014	44,029,716	3,078
2013	43,361,720	3,039
2012	40,392,677	3,046
2011	37,927,714	2,976
2010	37,380,696	2,905
2009	37,625,873	2,764
2008	37,806,032	2,771
2007	34,188,018	2,766
2006	32,785,342	2,745
2005	30,679,214	2,784
2004	27,291,210	2,767
2003	26,534,379	2,751

* These figures are reconciled to actual amounts after the close of the respective fiscal year and may be adjusted

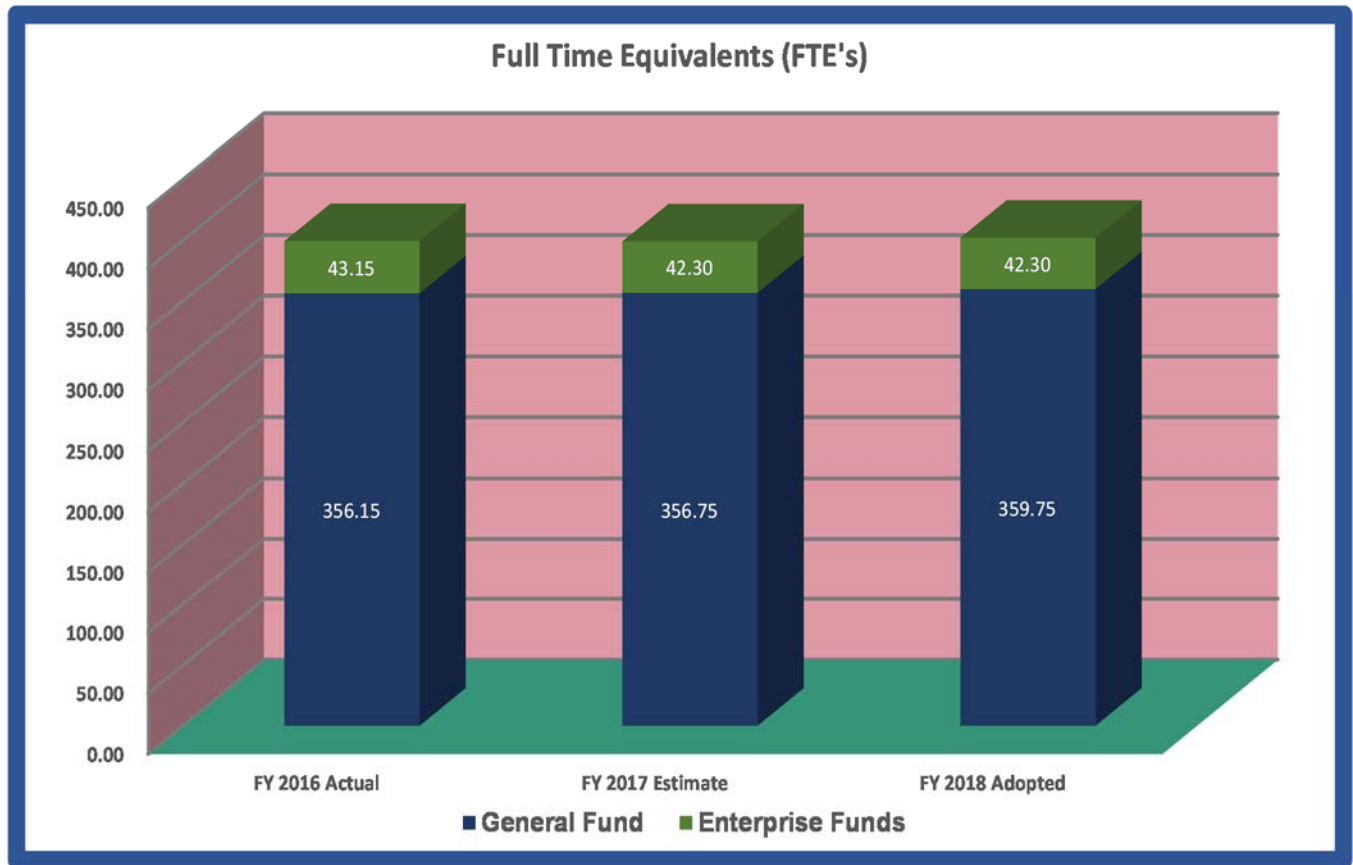
**Per FY 2017 Budget

City students comprise a majority of the total population at both Daniels Run and Providence Elementary Schools at 98.2% and 73.0%, respectively. Lanier Middle School and Fairfax High School statistics note that City students represent 42.0% of their schools' populations.



Employees, Salaries and Fringe Benefits

The FY 2018 budget provides for a 2.5% merit (step) increase for eligible employees, and a 2.0% market adjustment (COLA). Employee benefits remain unchanged; however, FY 2018 retirement costs in the General Fund are projected to increase due to an increases in the Virginia Retirement System, health insurance, and in the recommended City contribution to its supplemental retirement plan (\$750k). Projected savings in employee retirement benefit costs are offset by moderate increases in health insurance and worker’s compensation.



For FY 2018, three positions were added:

<u>Department</u>	<u>Position</u>	<u>Full Time Equivalents (FTE'S)</u>
Treasurer	Two part time Customer Service Representatives	1
Public Works	Multi-Modal Traffic Planner	1
Finance	Staff Accountant II	1

Contract Services

Expenses for county and regional service contracts make up 41.3 percent of the City’s General Fund expenditures. The City contracts with Fairfax County for many services, the largest of which is the City’s School Tuition Contract.

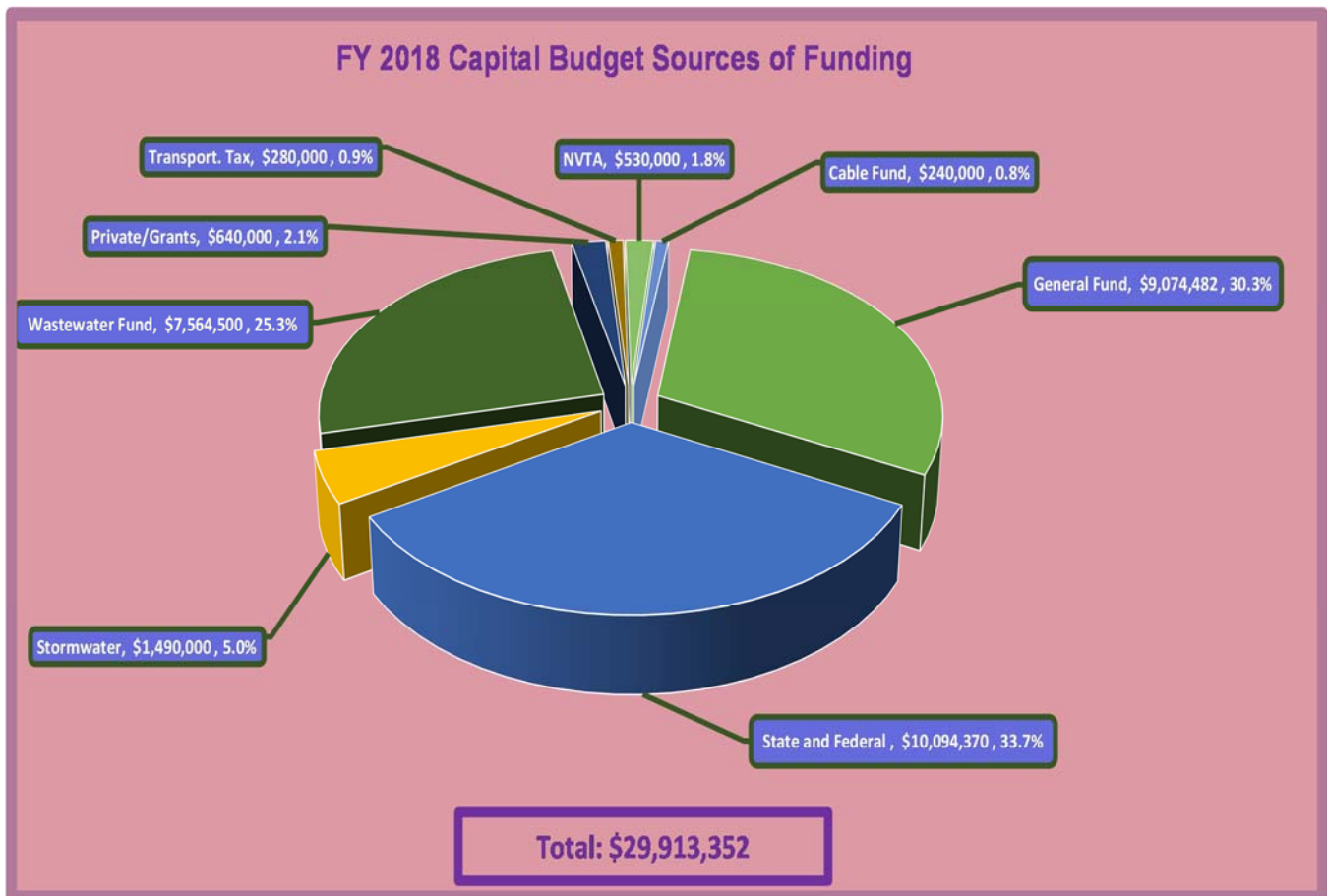
City-County and Regional Service Contracts				
	FY 2017 Budget	FY 2018 Adopted	Variance to Budget \$	Variance to Budget %
City-County Contracts:				
School Tuition Contract	\$47,210,718	\$48,595,370	\$ 1,384,652	2.93%
Library Services	831,638	826,926	(4,712)	-0.57%
Joint Court Service	306,846	306,666	(180)	-0.06%
Juvenile and Domestic Court	485,451	517,632	32,181	6.63%
Commonwealth Attorney	117,712	119,707	1,995	1.69%
Jail and Custody Service	1,709,259	1,910,869	201,610	11.80%
Fire & Rescue – Operations	194,000	194,000	-	0.00%
Refuse Disposal	450,000	372,000	(78,000)	-17.33%
Extension - County Agent	50,039	47,680	(2,359)	-4.71%
Social Services	1,762,012	1,824,449	62,437	3.54%
Health Department	1,285,076	1,306,883	21,807	1.70%
Community Services Board	1,691,995	1,755,153	63,158	3.73%
Subtotal City-County Contracts	56,094,746	57,777,334	1,682,588	3.00%
Regional Agencies:				
Council of Governments	17,846	26,190	8,344	46.76%
Health Systems Agency	2,350	2,350	-	0.00%
Area Agency on Aging	44,477	44,477	-	0.00%
Legal Services of NoVa	24,801	25,545	744	3.00%
NoVa Community College	1,933	1,784	(149)	-7.71%
NoVa Regional Commission	19,417	19,141	(276)	-1.42%
NoVa Regional Park Authority	46,273	45,385	(888)	-1.92%
Volunteer Center	9,130	8,692	(438)	-4.80%
Subtotal Regional Agencies	166,227	173,564	7,337	4.41%
Total Contract Services	\$ 56,260,973	\$ 57,950,898	\$ 1,689,925	3.00%

Capital Fund

The adopted Capital Improvement Program for FY 2018 totals **\$29,913,352**. The chart below summarizes the City’s adopted capital improvement plan and compares to the adopted FY 2017 program.

Category	FY 2017 Adopted	FY 2018 Adopted	Change	
			\$	%
Schools	\$ 604,613	\$ 302,000	\$ (302,613)	-50.05%
General Government	2,866,386	3,989,021	1,122,635	39.17%
Recreation / Community Appearance	560,169	633,961	73,792	13.17%
Environment	7,774,000	9,379,500	1,605,500	20.65%
Transportation	14,379,104	15,608,870	1,229,766	8.55%
Total Capital Improvement Program	\$ 26,184,272	\$ 29,913,352	\$ 3,729,080	14.24%

In addition to the General Fund, support for the Capital Fund comes from the Wastewater Fund, Federal and State funds (including NVTA 70% funds available under HB 2331), the Cable Fund, privately donated funds, the Stormwater Fund, and the Transportation Tax Fund (includes NVTA 30% funds available under HB2331 and the Commercial and Industrial Tax). The following chart illustrates the sources of funding for the adopted Capital Budget in FY 2018; detailed information can be found in Section G of this budget.



Wastewater Fund

	FY 2016 Actual*	FY 2017 Budget	FY 2017 Estimate	FY 2018 Adopted
Revenues	\$ 6,831,097	\$ 12,617,676	\$ 12,882,175	\$ 14,942,299
Expenditures	\$ 5,987,575	\$ 11,717,660	\$ 11,755,100	\$ 13,706,910
Rate Increase	10%	10%	10%	10%

* Actuals, as reflected in the City’s CAFR, are exclusive of financing activity.

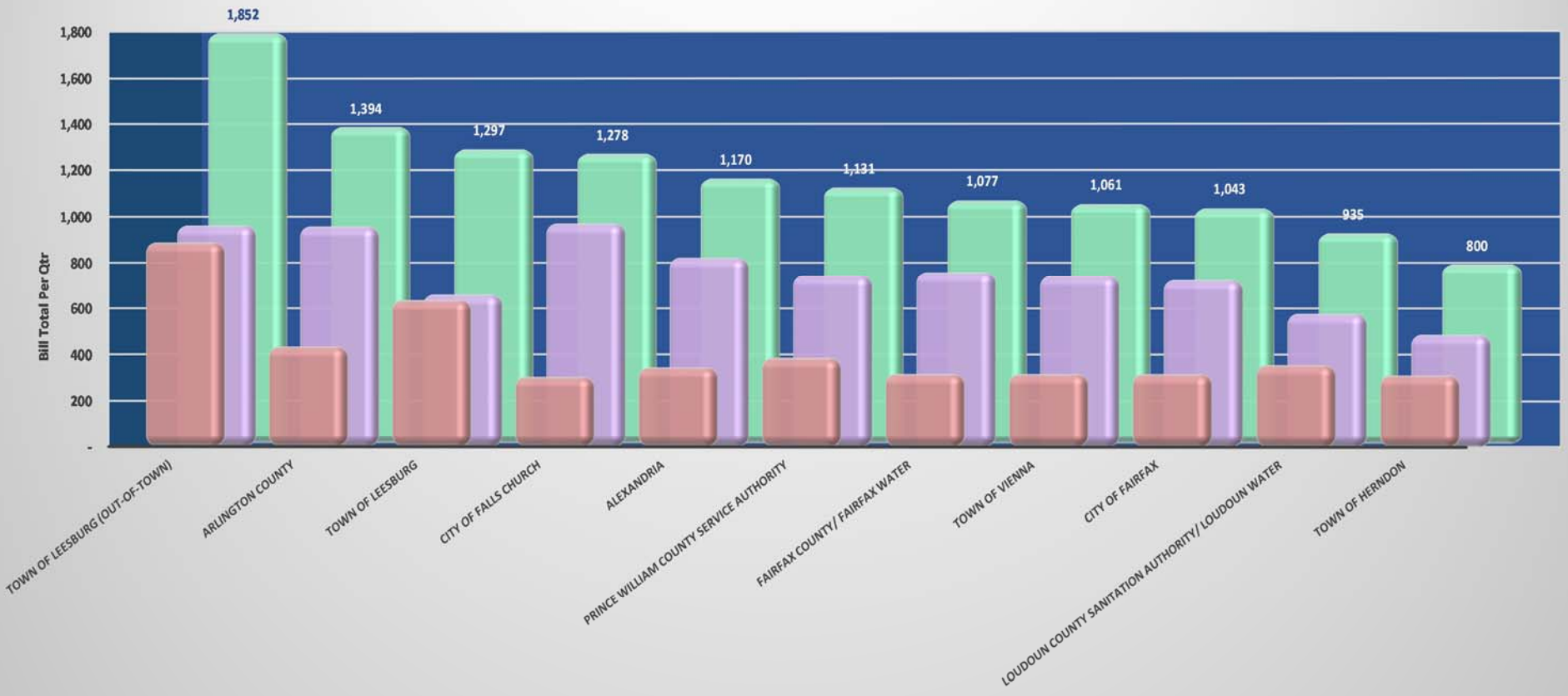
For FY 2018, a rate increase of 10.0 % has been adopted for the Wastewater Fund in order to keep pace with future operating, capital, and debt service costs as well as building the Wastewater Fund balance to industry recommended levels. In FY 2010, the City was officially notified of planned cost increases related to the City’s cost sharing agreement with Fairfax County for the treatment of the City’s wastewater at the County’s Noman M. Cole Water Pollution Control Plant. This plant is subject to continuing stringent environmental standards to protect the Chesapeake Bay and therefore, numerous process upgrades to reduce nitrogen and phosphorus are mandated. Additionally, there are general capital upgrade costs, unrelated to treatment techniques that must be addressed at this facility. The City’s portion of these upgrades is projected to be approximately \$31.3 million over the next 5 years. These annual capital costs are projected to continue in the foreseeable future. Future rate increases to enable repayment of the debt for the Wastewater treatment plant upgrades and modifications will be significant. Establishment of a future rate increase schedule was prepared to match the financial forecast and ensure rate stabilization.

Apart from the financial requirements of the Wastewater treatment facility, in FY 2009 the City undertook an analysis of the Wastewater collection system. Numerous infrastructure recommendations were made by the City’s consulting engineers and financial advisors which resulted in the preparation of a multiyear Capital Improvement Plan. FY 2018 will require \$1,957,500 for continued wastewater conveyance maintenance to include GIS modeling, system evaluation, pipe relining, manhole rehabilitation and various other capital projects detailed in section G.

The three-year forecast for Wastewater fee increases is 10.0% per year. These increases are primarily driven by needed infrastructure improvements, particularly at the Noman M. Cole Water Pollution Control Plant.

The chart on the following page is a comparison of the average quarterly residential cost for wastewater treatment by local jurisdiction.

**FY18 Adopted Annual
TOTAL RESIDENTIAL WATER & WASTEWATER BILLS
(Based on 96 tgal of water consumed per year)**



	Town of Leesburg (Out-of-Town)	Arlington County	Town of Leesburg	City of Falls Church	Alexandria	Prince William County Service Authority	Fairfax County/ Fairfax Water	Town of Vienna	City of Fairfax	Loudoun County Sanitation Authority/ Loudoun Water	Town of Herndon
Water	889	435	636	306	347	387	319	319	319	357	313
Wastewater	963	959	660	972	823	744	758	742	724	577	487
Combined	1,852	1,394	1,297	1,278	1,170	1,131	1,077	1,061	1,043	935	800

Transit Fund

	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimate	FY 2018 Adopted
Revenues:				
Local	\$ 532,671	\$ 559,000	\$ 556,000	\$ 551,500
GMU Contribution	750,000	750,000	750,000	750,000
NVCT	728,000	828,000	828,000	728,000
DRPT	2,317,305	3,173,353	3,405,000	3,402,500
Transfer from Transportation Tax Fund	1,749,752	1,945,920	1,945,920	1,681,987
Total Revenues	\$ 6,077,728	\$ 7,256,273	\$ 7,484,920	\$ 7,113,987
Expenditures:				
Operating Expenditures	\$ 4,037,333	\$ 4,082,921	\$ 4,042,399	\$ 3,711,487
DRPT transfer to NVCT Fund	2,317,305	3,173,353	3,405,000	3,402,500
Total Expenditures	\$ 6,354,638	\$ 7,256,274	\$ 7,447,399	\$ 7,113,987

The City/University/Energysaver (CUE) bus system provides an alternative transportation mode for City and area residents and George Mason University (GMU) students and faculty throughout the City and to and from GMU and Metro. The City has operated the CUE system since 1985 and provides 12 buses on a fixed route system traveling 441,430 vehicle miles during 30,215 hours of operation each year.

The adopted basic fare (cash or Smartrip) is \$1.75, which is 25¢ less than the Washington Metropolitan Area Transit Authority (WMATA) rate of \$2.00. GMU currently contributes \$750,000 annually to help offset the cost of student and faculty ridership. The chart above summarizes CUE’s financial results and projections. As directed by the Department of Rail and Public Transportation (DRPT) in FY 2014, Transit Fund revenues and expenditures reflect the pass through of funds from DRPT to the WMATA on the City’s behalf. CUE has not required a General Fund subsidy since FY 2012 because supplemental funding was made available from the Transportation Tax Fund.

Acknowledgements

The budget is the product of an intensive effort by staff in all City departments. Appreciation is expressed to David Hodgkins, Assistant City Manager / Director of Finance and Kerry Kidd, Budget Manager who have principal responsibility for the preparation of this document. Additional thanks go to each of the Department Directors, the City School Superintendent and staff, the Constitutional Officers and every employee who participated in the budget process.



Old Town Square Fountains

Budget Information Request

Copies of the FY 2018 Adopted Budget and FY 2018-2022 Capital Improvement Program (CIP) are available as follows:

Office of Finance
City Hall
10455 Armstrong Street, Room 312
Fairfax, VA 22030
Phone: 703-385-7870
E-mail: romelyn.guzman@fairfaxva.gov

City website: <http://www.fairfaxva.gov/government/finance/budget>

2016 – 2018 Elected Officials

Mayor

David L. Meyer*
david.meyer@fairfaxva.gov

City Council

Michael J. DeMarco
michael.demarco@fairfaxva.gov

Daniel F. Drummond**
dan.drummond@fairfaxva.gov

Jeffrey C. Greenfield
jeff.greenfield@fairfaxva.gov

Janice M. Miller
janice.miller@fairfaxva.gov

Eleanor D. Schmidt
eleanor.schmidt@fairfaxva.gov

Jon R. Stehle, Jr.
jon.stehle@fairfaxva.gov

*R. Scott Silverthorne resigned as Mayor on August 11, 2016. He was replaced by former Councilmember Steven C. Stombres, who served as Interim Mayor until David L. Meyer was elected Mayor on February 7, 2017 in a special election.

**Daniel F. Drummond was appointed by the City Council to fill a vacant City Council seat created by the election of David Meyer as Mayor in February 2017. A special election will be held in September 2017 to elect a new councilmember.

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