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City of Fairfax City Council Special Meeting: Budget Adoption, Tuesday, May 5, 2026

Date Tuesday, May 5, 2026
Place City Hall, City of Fairfax, Virginia
Length 0h 48m (video)

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- Agenda: https://fairfax.granicus.com/AgendaViewer.php?view_id=13&clip_id=4540
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[00:00:21] Good evening. I would like to call the special meeting of May 5th, 2026 to order. Because this is a special meeting, we are only going to include action items. There will be no general public comment at tonight's meeting.

[00:00:36] I would like to acknowledge that this week from May 3rd through 9th is Public Service Week. And with that, Ms. Shinneberry? We only have one public hearing item, and that is a public hearing on appropriation resolutions for the general capital wastewater transit stormwater cable old town transportation tax and debt service funds for fy 27 budget year this will be a council consideration as agenda item 3g i'm going to recognize jc martinez our assistant city manager chief financial officer to provide

[00:01:09] the staff presentation good evening mayor council appropriation resolutions are needed for the general capital wastewater transit stormwater utility cable old town transportation tax and debt service funds in order to implement the fy 2027 budget the amounts contained in the attached staff reports and resolutions are pending approval of the final fy 27 budget adoption

[00:01:41] which is scheduled on the agenda to be item 3g i will open the public hearing ms shinneberry has this public hearing been advertised? All right. Do we have any speakers signed up? Is there anyone in the room that would like to speak but did not sign up? We ask that speakers provide their address or residents can fill out a speaker slip. Is there anyone who would like to speak? Come forward.

[00:02:19] You have three minutes. Thank you. David Geller, 10305 Darby Street. And sorry for the late appearance here about all of this, but all I have to say is I'm totally against raising the tax rate, okay? Totally. The real estate tax rate. I mean, our real estate taxes go up automatically if the price of the homes go up, which it's doing, so that should keep pace with

[00:02:54] inflation. And the fact that we're raising it more since last time we did, and now again, I'm just totally against that. So I realize the real problem is spending more than we have. and I'm against that, too. I mean, I just think we should live within our budget.

[00:03:12] Also, raising the restaurant tax, I know it's only a small amount. That's really not the point. The point is, I really just am against keep raising the taxes. The rates, okay? The taxes themselves go up. The revenues do go up so far. But raising the rates is just on top of everything.

[00:03:34] I mean, a restaurant, I mean, if there's anyone, I'm sure you've all gone to restaurants, look what it costs already just to eat at a restaurant. Raising a little more certainly isn't going to help either the person eating there or the owners of the restaurant okay fewer people will go and i just think that's bad so that's all i have to say i don't know i'm sure you're all trying your best but i just looked at the budget and went through it all a lot of things i don't understand but um uh so i do want to get clarification as time goes on but i'm just

[00:04:06] giving you my opinion about the current state of the budget the taxes and everything else so And I enjoy Fairfax City. I think it's a great place. And I'd like to keep the cost that people have to pay as low as possible.

[00:04:30] And I'm glad it's been low so far. I mean, it's been rising, but we have to keep it from rising. That's my whole point. It's just now so easy. Oh, let's just add another quarter point here, another half percent here. And now they want to add one and a half percent for the real estate.

[00:04:46] I mean, I'm just totally against it. Thanks a lot. Is there anybody else in the room that would like to speak on the appropriation resolutions for FY27 budget year? All right. With that, I will close the public hearing.

[00:05:02] Council action will be incorporated into agenda item number 3G. Our first item under items not requiring a public hearing is a consideration of an ordinance amending and readopting Chapter 90, Article 2, Division 1, Section 90-33 of the Code of the City of Fairfax, Virginia, pertaining to classification taxation of certain real property in the City of Fairfax used for or zoned for commercial and industrial purposes and to establish a separate tax rate on such real property effective as of January 1st, 2026,

[00:05:37] revenue from which would be used exclusively for transportation purposes that benefit the City of Fairfax. I'll recognize J.C. Martinez, our Assistant City Manager, Chief Financial Officer, to provide the staff report. Thank you. Mayor, Council, Section 58.1-3221.3 of the Code of Virginia was adopted as part of the transportation bill enacted during the 2007 session of the General Assembly.

[00:06:04] The enacted legislation granted local authority to the city and other eligible jurisdictions to impose a separate real estate tax on commercial and industrial property, revenue from which shall be used exclusively for transportation purposes that benefit the city.

[00:06:22] City Council can adopt a rate between zero cents all the way to twelve and a half cents. However, no formal council action on the item would result in the rate reverting to zero cents. The attached ordinance would set the 2026 tax year's rate to \$0.12.5 per \$100 of assessed valuation, no change from 2025 tax year, and would be applicable to all affected real property as of January 1, 2026.

[00:06:54] The proposed 2026 rate of 12.5 cents per \$100 of assessed value is the maximum rate allowed by the Code of Virginia. Approximately \$2.6 million at the proposed rate will be generated from that amount.

[00:07:12] Happy to answer any questions. Are there questions of staff? Seeing none, is there a motion? Council Member Hardy-Chandler. I move to approve an ordinance re-adopting Chapter 90, Article 2, Division 1, Section 90-33 of the Code of the City of Virginia pertaining to the classification and taxation of certain real property in the City of Fairfax used for or zoned for commercial and industrial purposes.

[00:07:43] Such ordinance shall include a tax rate for such real property for calendar year 2026 of 12.5 cents per \$100 of assessed value, revenues from which will be used exclusively for transportation purposes that benefit the City of Fairfax.

[00:08:01] Second. A motion has been made by Councilmember Hardy-Chandler and seconded by Councilmember Peterson. Is there any discussion on the motion? Seeing none, a roll call vote. Councilmember McQuillan? Aye.

[00:08:17] Council Member Bates? Aye. Council Member Peterson? Aye. Council Member Hardy-Chandler? Aye. Council Member Hall? Aye. Council Member Amos? Aye. Motion passed unanimously. Go on to the next item, which is a consideration of an ordinance amending Chapter 102, Article 2, Section 102-31, M-Parens B, of the Code of the City of Fairfax, Virginia, to increase the wastewater utility rate by 6% for FY27.

[00:08:44] I'll recognize JC Martinez, our Assistant City Manager and Chief Financial Officer, to provide a staff report. Thank you. Mayor, Council, in conjunction with the City's financial advisors and consulting engineers, a wastewater utility multi-year financial and capital planning analysis had been developed.

[00:09:01] The primary goal of the analysis was to create a comprehensive cash flow planning model taking into account existing and projected operating and capital needs while minimizing rate increases for existing customers. Based on the analysis, staff recommends a user rate increase of 6% in the city's wastewater utility.

[00:09:22] The city raised rates to 10% in 2014 through 2020, 8% in FY21, and then 6% from FY22 through FY26. Increased residential and commercial wastewater user rates are required to fund the city's increasing costs associated with its aging infrastructure within the city and to cover the increasing costs associated with aging infrastructure at the Nomen Coal Wastewater Treatment Plant, also known as the plant.

[00:09:56] Major plant upgrades are necessitated by stringent federal regulations designed to improve wastewater treatment and quality. The critical plant construction and renovation projects needed to

replace and improve aging infrastructure.

[00:10:12] Happy to answer any questions. Thank you, Mr. Martinez. Are there any questions of staff? council member hall thank you sorry i have laryngitis so it's gonna be really annoying to hear me and i apologize um do we have any idea how much these like forever chemicals are going to cost us moving forward has there been any sort of analysis done by the nomenclature with regard to where they've given us 10 years out at this time i heard forever chemicals but i might have been mistaken in what you said is that yeah like the pfas the ones that are in turf and those kind of

[00:10:51] things i do not have that information this is something that we could discuss and bring back to council regarding either satoshi ito or public works director dave summers and we can get that back to you but as explained during one of the work sessions the outlook for the 10 years is over 100 million dollars in capital improvements specifically associated to the nomen coal plant yeah i just you mentioned the federal regulations and it made me wonder if some of those have been considered or not yet so I should have asked it earlier but it didn't come to me earlier so thank you any other questions of staff okay is there a

[00:11:30] motion councilmember Hardy Chandler I move to approve an ordinance amending and readopting chapter 102 article 2 section 102 - 31 B of the code of the city of Fairfax Virginia to increase the rates for wastewater services by six percent second a motion has been made by council member Hardy Chandler and seconded by councilmember Peterson is there any discussion on the motion seeing none a roll call vote councilmember Amos aye councilmember Hall aye councilmember Hardy Chandler aye councilmember Peterson aye councilmember

[00:12:07] Bates council member councilmember McQuillan aye motion passed unanimously the next item is a consideration of an ordinance amending chapter 102 article 5 section 102 - 203 in Prince B of the code of the city of Fairfax Virginia to set the rate for stormwater utility service furnished by the city at thirty six dollars and two cents per BU imprints billing unit a 5% increase I'm going to recognize JC Martinez our assistant city manager and chief financial officer to provide the staff report thank you again mayor council the

[00:12:44] city stormwater utility funds initial rate of twenty eight dollars and 80 cents per billable unit was set at the time when the stormwater utility was created in December 14th, 2021. Since its establishment, the annual rate increase has averaged 6%. However, the proposed adjustment for calendar year 2026 reflects a modest increase of 5%. The action is to set the rate at \$36.02 per billable unit for the calendar year beginning January 1, 2026. The expected user fees, which will be generated from this increase, are

[00:13:22] approximately 3.4 million dollars or roughly an increase of 162 000 from the previous year happy to answer any questions are there questions of staff on this item seeing none is there a motion councilmember hardy chandler i move to approve an ordinance amending and readopting chapter 102 article 5 section 102-203 b setting the rate per billing unit to be used in calculating

[00:13:54] the stormwater utility fee for the calendar year beginning january 1 2026 at 36 dollars and two cents second a motion has been made by council member hardy chandler and seconded by council member peterson is there any discussion on the motion seeing none a roll call vote council member mcquillan aye council member bates aye council member peterson aye council member hardy chandler Aye.

[00:14:23] Councilmember Hall? Aye. Councilmember Amos? Aye. Motion passed unanimously. We'll go to the next item, which is a consideration on an ordinance amending Chapter 90, Imparens Taxation, Article 6, Imparens Tax on Meals, Section 90-262 of the Code of the City of Fairfax, Virginia, pertaining to a proposed increase in the levy and the amount of tax on meals.

[00:14:46] I'm going to recognize J.C. Martinez, our Assistant City Manager, Chief Financial Officer, to provide the staff report. Thank you. Mayor, Council, Section 90-262 of the city code currently provides for a 4% meals tax. The proposed ordinance would increase the amount of the meals tax to 4.5% as set forth in the city manager's recommended FY27 budget.

[00:15:12] The effective date of this change would be July 1, 2026. The previous meals tax change was from 2% to 4% in 2004, over 22 years ago. An increase in the meals tax reduces the financial burden on residents as the meals tax can offset the need for higher real estate taxes due to visitors and non-residents paying this tax.

[00:15:36] The half percent proposed increase would generate approximately an additional \$1.3 million in meals tax revenues. This change would result in a tax increase of approximately \$0.25 to a \$50 meal. Happy to answer any questions.

[00:15:53] Are there questions of staff? Council Member Amos. No questions. Just reiterating comment I've said before as we move forward, just keeping an eye out once we get the 1% sales tax, how that can accumulate and stack in the future. So just keeping that in mind. Any other questions about this?

[00:16:12] Okay. Is there a motion? Councilmember Hardy-Chandler. I move to approve an ordinance amending Chapter 90, Article 6, Section 90-262 of the Code of the City of Fairfax, Virginia, pertaining to the levy and amount of the meals tax.

[00:16:29] I further move to set the meals tax rate for the City of Fairfax at 4.5% effective July 1, 2026. Second. Motion's been made by Council Member Hardy-Chandler and seconded by Council Member Peterson. Is there any discussion on the motion? Council Member McQuillan.

[00:16:48] I will not be supporting the meals tax increase tonight. Earlier today, I shared with Council a newly completed regional report on food system resilience in Fairfax City. While I know you've just received it, the findings are important and directly relevant to this discussion.

[00:17:05] The report makes clear that food insecurity in our region is not only real, it's growing and becoming more severe. Estimates show up to 26% of residents are experiencing food insecurity and the number of households facing the most severe levels have increased year over year.

[00:17:21] At the same time, the cost of living continues to rise. A family of four in our region now needs over \$100,000 annually just to meet basic needs, including food. Importantly, the report highlights that our food system is fragile, dependent on long shared supply chains, where disruptions can quickly impact access and affordability.

[00:17:43] So when we talk about a meals tax, we are talking about a tax directly connected to food at a time when both affordability and access are already under pressure. I fully support fiscal responsibility in a balanced budget, but I do not believe this is the right place or the right time to increase this particular tax, and for those reasons, I will be voting no.

[00:18:05] Thank you. Any other questions, discussion on the motion? Seeing none, a roll call vote. Council Member Amos? Aye. Council Member Hall? No. Council Member Hardy-Chandler? Aye. Council Member Peterson? Aye. Council Member Bates?

[00:18:21] Aye. Council Member McQuillan? No. motion passed four to two go to the next item which is a consideration on an ordinance to amend chapter 90 in parents taxation article 7 in parents transient occupancy tax section 90-302 of the code of the city of fairfax virginia pertaining to a proposed increase in the levy and rate of the transient occupancy tax i'll recognize jc martinez assistant city manager Chief Financial Officer to provide the staff report. Thank you again, Mayor of Council. Section

[00:18:55] 90-302 of the City Code currently establishes a transit occupancy tax, also known as a TOT. Currently, the rate is at 4%. The proposed ordinance would increase the TOT rate to 10.5% effective July 1, 2026. An increase in the TOT shifts a portion of the tax burden from residents to visitors and other non-residents, thereby helping to mitigate the need for higher real estate taxes.

[00:19:25] The proposed 6.5% increase would generate approximately an additional \$812,500 in TOT revenues. Each 1% equals about \$125,000. Happy to answer any questions.

[00:19:41] Are there any questions of staff? Councilmember Amos. No questions. Just reiterating again. I know we had extensive conversation on this last week, and I think we got to a good place, even though I would have preferred under 10. I get it. The only thing I'll ask is that, assuming this gets approved, monitoring the impact on hotels, and if it's proving to be significant, having a plan to provide support when necessary.

[00:20:06] Questions or comments from the staff on this? Okay. Is there a motion, Councilmember Hardy-Chandler? I move to adopt an ordinance amending Chapter 14, Businesses, Article 2, Licenses, Division 2, Classification of Certain Businesses, of the Code of the City of Fairfax.

[00:20:25] That's the wrong motion. One to four. Item E. Three. I will start again.

[00:20:42] I move that the City Council approve the attached ordinance amending Chapter 90, Taxation, Article 7, Transient Occupancy Tax, Section 90-302, pertaining to the levy and rate of the same. Is there a second?

[00:21:00] Second. A motion has been made by Council Member Hardy-Chandler and seconded by Council Member Peterson. Is there a discussion on the motion? Council Member Hall. i just want to read a little bit of what i wrote to some of the hotels that reached out today again it's not painful for me i know it's painful for you so i'm really sorry um there were some other things that i said but i ended with it is also important to recognize that this is a change being considered within the context of the upcoming budget cycle while decisions made now set direction they are not necessarily permanent and there may be future opportunities to revisit

[00:21:37] the structure if continues change conditions change or if unintended unintended consequences emerge at this stage only time will we fully reveal the long-term impact so we do hear you and we will be following up with this but unfortunately i think right now it's something that we do need thank you uh any other discussion on this motion seeing none a roll call vote

[00:22:06] Councilmember McQuillan. Aye. Councilmember Bates. Aye. Councilmember Peterson. Aye. Councilmember Hardy-Chandler. Aye. Councilmember Hall. Aye. Councilmember Amos. Aye. Motion

passed unanimously. We'll go to the next item, which is a consideration on an ordinance amending Chapter 14, MPRM Businesses, Article 2, MPRM's Licenses, Division 2, MPRM's Classification of Certain Businesses of the Code of the City of Fairfax, Virginia, pertaining to a proposed increase to the levy of annual license taxes on certain business classifications.

[00:22:42] I'll recognize J.C. Martinez, our Assistant City Manager and Chief Financial Officer for the staff report. Thank you again, Mayor, Council. Section 14-73 of the City Code currently provides a rate of \$0.40 per \$100 of gross receipts related to annual license taxes for every person engaged in financial services, real estate services, or professional services.

[00:23:06] The proposed ordinance would increase the amount of the annual license tax to \$0.45 per \$100 of gross receipts, matching the average Northern Virginia localities. Again, the state maximum allowed rate is \$0.58 per \$100 of gross receipts.

[00:23:24] Section 14-74 of the City Code currently provides for a rate of \$0.27 per \$100 of gross receipts related to annual license taxes for every person engaged in repair services, personal service, business service, or any other business, trade, profession, occupation, or calling not specifically listed or exempted from license taxation according to the provision of this article.

[00:23:52] The proposed ordinance would increase the amount of the annual license tax to \$0.30 per \$100 of gross receipts, matching the average Northern Virginia localities. The state maximum allowed rate is \$0.36 per \$100 of gross receipts.

[00:24:11] The effective date of the change would be January 1, 2027. The city's business and professional license, also known as BPOL, tax rates have remained unchanged for more than 30 years. The proposed B poll rate increases are projected to generate approximately \$809,000 in additional annual revenue.

[00:24:34] A five-cent increase of the professional real estate and financial rate would generate about \$450,000. A three-cent increase to the services rate would generate about \$360,000.

[00:24:50] Happy to answer any questions. Are there any questions of staff? Councilmember Peterson. Our economic development director isn't here this evening, but based on a prior conversation, I'm suspecting that this is an area that would be included in her evaluation and assessment of this sector of the economy and the efforts that we are making to attract and retain these different segments combined.

[00:25:20] And so we would look forward to her being able to shed more light on this in the future. It's my impression that what we're doing here is a safe progression forward. However, obviously, this is a key part of our economic development community, and we want to be sensitive to that. Is that a fair characterization of where we are?

[00:25:36] That is correct. Thank you. Any other questions? Is there a motion, Council Member Hardy-Chandler? Now, I move to adopt an ordinance amending Chapter 14, Businesses, Article 2, Licenses, Division 2, Classification of Certain Businesses of the Code of the City of Fairfax, Virginia, pertaining to a proposed increase in the levy and amount of annual license fees on certain business classifications.

[00:26:07] Second. A motion's been made by Council Member Hardy-Chandler and seconded by Council Member Peterson. Is there any discussion on the motion? Council Member Hall. Thank you. I know I'm the one who brought this up, and I understand that we're meeting at .45 cents, which is a 5-cent increase compared to what we had advertised, which is an 8-cent increase.

[00:26:29] I do wish we had been able to meet at the middle of 0.44. And again, like we're doing with the transient occupancy tax, I would like to continue to monitor this and see how things go.

[00:26:45] I also, I mentioned this before, but I want to have a conversation for the next budget cycle where we talk about the possible exemption of \$10,000 and see if there's a need to increase that and how that might impact things. So thank you. Any other discussion on this motion?

[00:27:05] Okay, seeing none, a roll call vote. Council Member Amos? Aye. Council Member Hall? Aye. Council Member Hardy-Chandler? Aye. Council Member Peterson? Aye. Council Member Bates? Aye. Council Member McQuillan? Aye. Motion passed unanimously. We'll go to the last agenda item for tonight, which is a consideration and appropriation of the FY 2027 budget, including all sub-budgets contained therein.

[00:27:30] together with the FY 2027 schedule of rates and levies, the FY 2027 through 2031 capital improvement program, and the establishment of the corresponding real estate tax rate and the personal property tax rates. I'll recognize JC Martinez, our assistant city manager and chief financial officer, to provide the staff report.

[00:27:51] Thank you, Mayor, Council. The attached package includes the staff recommended procedures for, one, adoption of the FY27 budget, including the FY27 schedule of rates and levies, and the FY27 through 31 capital improvement program.

[00:28:11] Two, the establishment of the corresponding real estate and personal property tax rates. And three, the appropriation of all FY27 budget funds. All right. Are there any questions of staff this time? No. Okay. There are a series of motions the City Council will walk through to consider the budget funds, the rates and levies, employee benefits and salary adjustments, and set the real estate tax rate, the personal property tax rates.

[00:28:49] Is there a motion to begin the budget adoption actions? Council Member Hardy Chandler. I move to adopt the General Fund, Capital Fund, Wastewater Fund, Stormwater Utility Fund, Cable Grant Fund, Old Town Service District Fund, Transit Fund, Transportation Tax Fund, and Debt Service Fund FY 2027 budgets as presented by the city manager together with the proposed FY 2027 schedule of rates and levies.

[00:29:20] The FY 2027 through 2031 Capital Improvement Program, the FY 2027 Health Benefit Contribution Rates Attachment 2, a 2% market rate adjustment to general pay scales effective July 1, 2026, a 1% cost of living adjustment, COLA, for general employees effective July 1, 2026,

[00:29:45] a 2% COLA for public safety employees, effective July 1, 2026, a 3% salary adjustment increase, effective January 1, 2027, for eligible general-scale employees, and the programmed annual step increase for public safety employees.

[00:30:05] Second. A motion's been made by Council Member Hardy-Chandler and seconded by Council Member Peterson. before i ask for a roll call vote on the main motion are there any changes council would like to make to the budget adjustment sheet attachment one okay i call for a roll call vote to approve the budget no this is other budget yes council yes mr lovekerman motion number two would be next

[00:30:43] motion number two no vote on motion number one until we get a little farther along in the process Okay. So, motion number two. Council Member Hart-Chandler. I move to amend the main motion

to incorporate all changes included in the budget amendment sheets, attachment one.

[00:31:04] Is there a second? I'm not sure. I quite understand. So, Council Member, this motion, the second motion, is to incorporate the changes that are listed as attachment one, the budget adjustment sheets.

[00:31:33] those are all the debits and the credits that were listed and that we previously discussed and that was sent out as well so now where the manager had proposed the original budget plus all the actions that we just took and incorporating the budget adjustment sheets that now sort of makes it one so this was not a motion to make any budget change no correct great thank you i'd like to second great a motion has been made by council member hardy chandler and seconded by council

[00:32:04] member Peterson. Is there any discussion on the motion? Council member Bates. Just one quick clarification. The motion that was read has a 2% public safety coal increase, but the change sheet has a 1%. So that's a 1%. Is that right? Absolutely correct. The manager's proposed budget was a 1%. Council in deliberations and discussion wanted to add an additional 1%. So this combines

[00:32:39] both. All right. Yeah. Thank you. Sure. Okay. Who am I recognizing? Council Member McQuillen.

[00:33:01] While I did not support the meals tax increase and voted against that specific measure, I will be supporting the budget tonight. And I want to explain why. This budget was not easy to build. For months, council, staff, partners, and residents, we worked through difficult conversations and priorities, needs, and costs. We reviewed this budget line by line, and we asked tough questions. We requested additional information, we challenged assumptions, and we weighed every decision against one central question. How do we protect city services while also respecting the financial pressures our residents are already feeling? Because residents are feeling pressure,

[00:33:38] the cost of living in Northern Virginia continues to rise. Housing costs are rising, food costs are rising, utilities and assessments are rising. We heard that clearly throughout this process, and that really shaped our discussions every step of the way. Now, no budget is perfect. There are components of this budget, I would have approached differently, including the meals tax increase, but budgets are ultimately about balance. And what gives me confidence in supporting this budget tonight is the process we went through to get here. This council took the process seriously.

[00:34:06] We worked collaboratively. We debated openly. We spent long hours reviewing details, and we remained focused on fiscal responsibility and long-term stability. I appreciate that this budget reflects the restraint. It continues funding core services without expanding government staffing.

[00:34:24] It maintains the city's strongest financial position, and it continues investing in the things residents consistently tell us matter most. Public safety, schools, infrastructure, parks, mobility, and reliable city services. Most importantly, this budget keeps the city moving forward while maintaining financial stability, and I think that matters. I also want to thank city staff and our finance team, our department directors, our school board partners, and the residents who participated throughout this process. Public engagement makes us better and this budget is stronger because of that input. As we move forward, I look forward to continuing conversations

[00:35:02] about long-term sustainability, operational efficiencies, and economic development while protecting the level of service our community expects. For those reasons, I'll be supporting the adoption

of this budget tonight thank you okay so there will be opportunities later on for any other comments people want to make there will be an opportunity for that at this time this is the opportunity for city council to make any motions to increase or decrease decrease any revenues or expenditures okay i call for a roll call vote to approve the budget adjustment sheet

[00:35:41] as amended by the city council incorporating all changes and making it part of the budget council member mcquillen aye council member bates aye council member peterson aye council member hardy chandler aye council member hall aye council member amos aye motion passed unanimously do i have a motion to set the tax rates for personal property and real estate council member hardy

[00:36:08] I move to set the real estate tax rate effective as of January 1, 2026 at \$1.7.5 per \$100 of assessed value. 107.25 per \$100 of assessed value.

[00:36:35] Set the personal property and machinery and tools tax rate effective as of January 1, 2026 at \$4.13 per \$100 assessed value based upon the assessment ratio of 100% of fair market value and set the personal property tax rate effective as of January 1st, 2026 at \$0.01 per \$100 assessed valuation for those members of volunteer fire departments or volunteer rescue squads qualifying under the city code.

[00:37:09] Second. A motion has been made by Council Member Hardy-Chandler and seconded by Council Member Peterson. Is there any discussion on the motion? I call for a roll call vote to adopt the real estate tax rate and the personal property tax rates council member amos aye council member hall aye council member hardy-chandler aye council member peterson aye council member bates aye council member mcquillan aye motion passed unanimously we will now move back to the main motion incorporating all of the

[00:37:45] budget actions up to this point i call for a roll call vote to adopt the main motion adopting the overall budget including the schedule of rates and levies the fy 2027 to 2031 cip the fy 2027 health benefit contribution rates attachment two and a two percent market rate adjustment to general pay scales effective july 1 2026 and a one percent cola for general employees effective july 1 2026 and a two percent cola for public safety employees effective july 1 2026 a three

[00:38:21] percent salary adjustment increase effective january 1 2027 for eligible general scale employees and the programmed annual step increase for public safety employees council member mcquillan aye council member bates aye council member peterson aye council member hardy chandler aye council member hall aye council member amos aye motion passed unanimously the final action for council consideration is a set of appropriation resolutions for all of the budget funds do i have a motion to

[00:38:58] this effect councilmember hardy chandler i move to approve the appropriate appropriation resolutions for the general capital wastewater transit storm water utility cable old town transportation tax and debt service funds for the fiscal year beginning july 1st 2026 reflecting all changes approved as part of the fy 2027 budget adoption immediately prior to this action second a motion has been made by council member hardy chandler and seconded by council member peterson is there any

[00:39:30] discussion on the final motion or final comments on the fy 2027 budget council member hall thank you and i will provide these to the clerk since some of you might not be able to hear me can you you hear me at all? So tonight we'll adopt a city of Fairfax budget that reflects months of careful work, collaboration, and tough choices. The city manager proposed a rate of 1.08 and the advertised

[00:40:00] rate was 1.095, but through continued effort we're bringing that down to 1.0725. This means a \$462.50 increase for the average priced home in the city. This is \$335 in natural growth assessment and \$127.50 attributed to the tax rate increase.

[00:40:23] I point this out because I think it's important to know how the numbers shake out. So this matters. It shows we listened, pushed for efficiencies, and stayed focused on balancing community needs with affordability. This budget makes important investments in our people.

[00:40:40] It includes a 2% market rate adjustment, a 1% COLA for general employees, along with a 2% COLA for our public safety personnel beginning in July. It also provides a 3% salary adjustment for eligible employees in January and continues step increases for public safety staff.

[00:40:56] We're also increasing advanced life support pay for eligible fire personnel, recognizing the critical work they do every day to keep our community safe. At the same time, we're making long overdue updates to how we generate revenue. This includes adjustments to the business professional and occupational license tax, BPOL, which hasn't been updated in over 30 years.

[00:41:18] We're also adding 1.5% to the meals tax and increasing the transient occupancy tax from 4% to 10.5%. Both taxes are also paid by non-residents who use and benefit from our city. While I do not support the increase in our meals tax and wish we had found an alternate means, I do understand it is needed to support a balanced budget.

[00:41:40] Our school tuition with Fairfax County Public Schools continues to be one of the biggest challenges in our budget. I will paraphrase the CFO, from fiscal year 2023 to the fiscal 2026 estimate, cost of increase by 17.4 million, a 31.5% jump, equivalent to about 19.7 cents on the real estate tax rate.

[00:42:04] Looking ahead, the fiscal year 2027 estimate is 76.4 million, bringing that total increase to 21.1 million since fiscal year 2023 or 38.2 percent roughly 23.9 cents on the tax rate these are real costs that we are required to pay with limited input or oversight while we continue to look for efficiencies in other areas of the budget this remains a significant and ongoing driver and our investments in our students is not optional this budget allows us to continue

[00:42:41] moving forward with school renovations, while I remain hopeful that an additional 1% sales tax option will advance enrichment and give voters a chance to weigh in on this in November. The budget also restores funding to the Fairfax Renaissance Housing Program, provides a one-time grant to support Beacon Landing, and includes an important investment in protecting our 100 acres of wooded forests. I also want to sincerely thank our staff for their tireless work throughout this process developing a budget of this scale and complexity takes an enormous amount of time

[00:43:14] expertise and dedication i'm especially grateful to our city manager our chief financial officer our budget director and the entire budget team as well as staff across all departments who work diligently to provide the data analysis and transparency needed to help us make informed decisions is it perfect no but it reflects real progress it's a balanced thoughtful plan that supports our workforce invests in our priorities and respects the financial pressures our residents are facing and i'm very proud of the work that got us here thank you council member peterson well thank you i also would like to

[00:43:54] provide a brief statement and i'll submit that to the city clerk uh later and i am very pleased to support this budget agreement i believe it reflects what our residents expect from us careful stewardship thoughtful decision making and a clear focus on both present needs and our long-term future the budget

demonstrates that we can meet the needs of our city while respecting the financial realities facing residents the adopted real estate tax of 1.0725 it's a dollar seven and a quarter cents per hundred

[00:44:29] represents less than a two cent increase over last year and is more than two cents below the advertised rate of 1.095 that outcome reflects the work we have done together this year to identify efficiencies and make more disciplined choices and it builds on the intensive work undertaken last year. I've consistently said that we shouldn't necessarily accept higher tax rates as a default. Instead we should be doing the harder work of reviewing spending carefully, improving processes and finding better solutions including alternate sources of revenue. I believe

[00:45:06] this budget reflects that approach. At the same time we are continuing to invest in what matters most for our community public safety education environmental stewardship energy cost control support for seniors and vulnerable residences residences targeted approaches to housing and protection of our city's character and quality of life we're also making important improvements in how we govern this is the first budget built for the full year a full five-year financial forecast which will help ensure stability and avoid disruptive swings in the future

[00:45:42] and just as importantly this year's process has been more transparent more collaborative and more responsive than ever to our residents the depth of insight and detail and budget questions and comments by citizens this year reflects that i also want to thank our city manager our chief financial officer staff across all departments and the many residents who engaged in the process their work has made this a stronger budget and a better process this is the kind of outcome we should continue to strive for protecting affordability strengthening our

[00:46:16] community acting as good stewards and planning responsibly for the future I'm proud to support this budget and I look forward to continuing to work together thank you any other comments council member Bates I just want to thank our staff for their hard work on this budget and I want to acknowledge that while Certainly none of us love the idea of raising taxes, and we certainly understand the difficulties that that can pose.

[00:46:53] On the other hand, you know, a lot of our staff, it would be very difficult, I would say, particularly early career staff and even first responders to live, you know, even within a half hour of where they work. And I think that this budget takes a very important step in the direction of making sure that our staff are taken care of and also, importantly, funds the Pay and Classification Study, which will look at the entire city.

[00:47:23] And it will be incumbent on future councils to make sure that they're taking that into consideration and taking a good hard look at how we're taking care of our staff and how we are compensating them and making sure that going forward we can all take pride in the fact that this is a city that values the work that our staff does.

[00:47:52] Thank you. Any other comments? All right. With that, a roll call vote. Council Member Amos? Aye. Council Member Hall? Aye. Council Member Hardy-Chamber? Aye. Council Member Peterson?

[00:48:08] Aye. Council Member Bates? Aye. Council Member McQuillan? Aye. Motion passed unanimously. With thanks to everyone, staff, and council for all the hard work, I now adjourn this meeting at 7.48 p.m.



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