

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 21, 2004

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER

SUBJECT: BUDGET MEMO #78 : DEPARTMENT BUDGETS COMPARED TO INDUSTRY STANDARDS

This memorandum responds to Councilwoman Woodson's request for information regarding (1) budgets of various departments as measured against industry standard for cities of similar size and (2) the requests of Councilwoman Woodson and Councilman Krupicka for the cost of a service audit and benchmark studies of all City departments.

Comparison of Budgets

In response to the first request, the attached table provides a comparative summary of maintenance and operations expenses for 14 jurisdictions that are either in Northern Virginia or elsewhere in Virginia with populations similar to ours. These Virginia jurisdictions were chosen because the division of responsibilities between state and local governments often varies by state. Northern Virginia jurisdictions were chosen because the cost of doing business is higher here than the rest of the State. Other jurisdictions in Virginia were chosen to be responsive to the request and to enable comparisons with some more "urban" jurisdictions. The results are presented on a per capita basis for easier comparisons. However, it should be noted that per capita measures have limited value. For instance, Alexandria spent \$542 in FY 2003 in "Health and Welfare." Fairfax County spent \$366. The difference can largely be explained by the higher level of low income households in Alexandria compared to Fairfax County.

The source of the data is the Comparative Report on Local Government Revenues and Expenditures prepared by the Commonwealth of Virginia's Auditor of Public Accounts. It presents general government operational costs in eight areas of government: general government administration; judicial administration; public safety; public works; health and welfare; education; parks, recreation and cultural activities; and community development. This report attempts to provide a uniform presentation of fiscal information; however, users are cautioned not to base conclusions solely on this report's data. For instance, the figures include grant monies received for various specific activities, and these grants can inflate the spending per capita figures for limited periods of time. Also, there are differences in the quantity or quality of services, which vary among localities due to local choices, that affect costs, as well as differences in economic efficiency. Further, there are some

differences in the ways different localities assign activities, and thus costs, to these eight different areas of government.

As mentioned in Budget Memo #37 (comparing the departmental shares of General Fund budget in various Northern Virginia jurisdictions), it should be noted that there are a number of major differences in organizational structure, responsibilities, and external factors among jurisdictions that make comparisons between them, and departments within them, not as useful as one would like. These include:

- Different demographics such as the total population, percentage of which are K-12 students, elderly, and low income residents.
- Different policies and values which can result in one jurisdiction electing to spend heavily in an area, while others choose not to.
- Different staffing requirements for urban versus suburban areas. (For example, police costs are higher in an urban setting.)
- State versus local government responsibility for roads and highways is different in Virginia cities compared to Virginia counties.
- Different responsibilities such as Alexandria's jail houses an average of 160 federal prisoners (for which the City is 100% reimbursed) while other jurisdictions do not provide any material federal prisoner housing.
- Different allocation of overhead and capital costs. (For example, if a jurisdiction rents facilities versus owns facilities.)
- Direct provision of service by government versus private provision of service.

Cost of Service Audit and Benchmark Studies

If the City were to do an audit of all City operations to examine their performance and efficiency, we recommend that this audit be approached on a department-by-department basis due to the magnitude of this kind of study and the differences between departments. An audit of all departments at once would be a massive undertaking. Also, audit studies require expert assistance that is specialized in each department or area to be examined. This need for specialized assistance limits the City's ability to hire one contractor to perform a service audit and benchmark study for all departments. We estimate that the yearly cost for such assistance would be about \$0.5 million if two to three departments were examined a year. These additional resources would augment our existing plans to review departmental performance with in-house resources as a follow up to Council's strategic planning action item of "service audits and benchmarks for measuring service quality and delivery." These additional resources would allow us to do this work in a more timely, and thoroughly fashion.

Attachment

SUMMARY OF MAINTENANCE AND OPERATIONS EXPENSES

Source: Commonwealth of Virginia Comparative Report of Local Government

GENERAL GOVERNMENT ADMINISTRATION

Locality	<i>FY 2002</i>			<i>FY 2003</i>		
	Population	Amount	Per Capita	Population	Amount	Per Capita
CITY OF:						
Alexandria	137,500	\$24,570,271	\$178.69	137,100	\$25,043,811	\$182.67
Fairfax	22,400	5,051,528	225.51	23,600	4,778,607	202.48
Falls Church	11,100	2,654,409	239.14	11,100	2,569,774	231.51
Hampton	145,200	12,986,803	89.44	144,400	13,672,874	94.69
Manassas	37,000	4,040,762	109.21	37,100	4,668,028	125.82
Manassas Park	11,700	1,572,938	134.44	12,400	1,850,371	149.22
Newport News	179,300	15,916,360	88.77	180,900	15,921,151	88.01
Portsmouth	98,400	NA	NA	97,600	12,704,148	130.17
Richmond	193,000	NA	NA	195,300	39,174,716	200.59
COUNTY OF:						
Arlington	194,300	\$39,321,053	\$202.37	192,900	\$26,721,450	\$138.52
Fairfax	1,006,300	113,952,858	113.24	1,012,100	102,193,992	100.97
Loudoun	205,800	19,681,487	95.63	223,800	22,082,986	98.67
Prince William	311,700	24,405,000	78.30	328,100	28,504,000	86.88
Stafford	102,700	6,151,841	59.90	109,700	7,329,827	66.82

JUDICIAL ADMINISTRATION

Locality	<i>FY 2002</i>			<i>FY 2003</i>		
	Population	Amount	Per Capita	Population	Amount	Per Capita
CITY OF:						
Alexandria	137,500	\$12,274,326	\$89.27	137,100	\$12,661,216	\$92.35
Fairfax	22,400	320,666	14.32	23,600	494,860	20.97
Falls Church	11,100	500,482	45.09	11,100	429,730	38.71
Hampton	145,200	4,723,244	32.53	144,400	5,214,985	36.11
Manassas	37,000	812,710	21.97	37,100	825,363	22.25
Manassas Park	11,700	235,596	20.14	12,400	282,373	22.77
Newport News	179,300	6,002,553	33.48	180,900	6,063,436	33.52
Portsmouth	98,400	NA	NA	97,600	5,526,990	56.63
Richmond	193,000	NA	NA	195,300	11,106,269	56.87
COUNTY OF:						
Arlington	194,300	\$12,574,780	\$64.72	192,900	\$12,777,126	\$66.24
Fairfax	1,006,300	31,771,340	31.57	1,012,100	30,254,502	29.89
Loudoun	205,800	6,915,453	33.60	223,800	8,349,464	37.31
Prince William	311,700	10,625,000	34.09	328,100	11,652,000	35.51
Stafford	102,700	3,299,297	32.13	109,700	3,743,166	34.12

SUMMARY OF MAINTENANCE AND OPERATIONS EXPENSES (cont'd)

PUBLIC SAFETY

Locality	<i>FY 2002</i>			<i>FY 2003</i>		
	Population	Amount	Per Capita	Population	Amount	Per Capita
CITY OF:						
Alexandria	137,500	\$74,877,517	\$544.56	137,100	\$83,313,906	\$607.69
Fairfax	22,400	1,417,470	643.64	23,600	15,228,409	645.27
Falls Church	11,100	6,581,011	592.88	11,100	7,616,087	686.13
Hampton	145,200	50,769,420	349.65	144,400	53,734,282	372.12
Manassas	37,000	13,151,580	355.45	37,100	17,102,552	460.99
Manassas Park	11,700	3,288,679	281.08	12,400	4,329,038	349.12
Newport News	179,300	74,995,499	418.27	180,900	79,912,904	441.75
Portsmouth	98,400	NA	NA	97,600	60,828,439	623.24
Richmond	193,000	NA	NA	195,300	119,359,691	611.16
COUNTY OF:						
Arlington	194,300	\$103,521,574	\$532.79	192,900	\$115,180,041	\$597.10
Fairfax	1,006,300	362,007,968	359.74	1,012,100	396,888,819	392.14
Loudoun	205,800	60,659,194	294.75	223,800	66,041,809	295.09
Prince William	311,700	107,215,000	343.97	328,100	121,084,000	369.05
Stafford	102,700	26,237,558	255.48	109,700	31,044,070	282.99

PUBLIC WORKS

Locality	<i>FY 2002</i>			<i>FY 2003</i>		
	Population	Amount	Per Capita	Population	Amount	Per Capita
CITY OF:						
Alexandria	137,500	\$29,985,321	\$218.08	137,100	\$32,232,552	\$235.10
Fairfax	22,400	7,361,551	328.64	23,600	8,137,352	344.80
Falls Church	11,100	3,085,459	277.97	11,100	4,316,086	388.84
Hampton	145,200	24,627,569	169.61	144,400	23,133,299	160.20
Manassas	37,000	7,178,431	194.01	37,100	6,820,809	183.85
Manassas Park	11,700	1,653,584	141.33	12,400	2,350,021	189.52
Newport News	179,300	30,592,386	170.62	180,900	30,180,695	166.84
Portsmouth	98,400	NA	NA	97,600	22,587,312	231.43
Richmond	193,000	NA	NA	195,300	35,489,893	181.72
COUNTY OF:						
Arlington	194,300	\$41,296,120	\$212.54	192,900	\$43,068,492	\$223.27
Fairfax	1,006,300	152,138,358	151.19	1,012,100	157,182,941	155.30
Loudoun	205,800	18,521,372	90.00	223,800	19,310,876	86.29
Prince William	311,700	27,655,000	88.72	328,100	30,462,000	92.84
Stafford	102,700	4,318,302	42.05	109,700	5,449,108	49.67

SUMMARY OF MAINTENANCE AND OPERATIONS EXPENSES (cont'd)

HEALTH AND WELFARE

Locality	<i>FY 2002</i>			<i>FY 2003</i>		
	Population	Amount	Per Capita	Population	Amount	Per Capita
CITY OF:						
Alexandria	137,500	\$68,021,847	\$494.70	137,100	\$74,287,183	\$541.85
Fairfax	22,400	3,829,786	170.97	23,600	4,026,908	170.63
Falls Church	11,100	3,424,337	308.50	11,100	2,995,640	269.88
Hampton	145,200	43,460,240	299.31	144,400	44,682,613	309.44
Manassas	37,000	7,097,587	191.83	37,100	8,182,425	220.55
Manassas Park	11,700	2,566,955	219.40	12,400	2,914,769	235.06
Newport News	179,300	59,339,329	330.95	180,900	63,862,340	353.03
Portsmouth	98,400	NA	NA	97,600	31,588,014	323.65
Richmond	193,000	NA	NA	195,300	90,385,543	462.80
COUNTY OF:						
Arlington	194,300	\$93,751,305	\$482.51	192,900	\$122,432,866	\$634.70
Fairfax	1,006,300	351,551,040	349.35	1,012,100	370,289,782	365.86
Loudoun	205,800	49,618,971	241.10	223,800	52,992,303	236.78
Prince William	311,700	50,591,000	162.31	328,100	53,231,000	162.24
Stafford	102,700	13,588,422	132.31	109,700	14,401,386	131.28

EDUCATION

Locality	<i>FY 2002</i>			<i>FY 2003</i>		
	Population	Amount	Per Capita	Population	Amount	Per Capita
CITY OF:						
Alexandria	137,500	\$138,267,527	\$1,005.58	137,100	\$146,098,681	\$1,065.64
Fairfax	22,400	26,510,752	1,183.52	23,600	27,391,629	1,160.66
Falls Church	11,100	23,171,415	2,087.51	11,100	24,777,663	2,232.22
Hampton	145,200	168,533,071	1,160.70	144,400	171,324,844	1,186.46
Manassas	37,000	58,790,224	1,588.92	37,100	59,806,480	1,612.03
Manassas Park	11,700	17,595,553	1,503.89	12,400	19,551,850	1,576.76
Newport News	179,300	283,313,882	1,301.25	180,900	251,851,114	1,392.21
Portsmouth	98,400	NA	NA	97,600	121,555,522	1,245.45
Richmond	193,000	NA	NA	195,300	259,052,898	1,326.44
COUNTY OF:						
Arlington	194,300	\$249,831,359	\$1,285.80	192,900	\$271,512,764	\$1,407.53
Fairfax	1,006,300	1,487,303,425	1,477.99	1,012,100	1,542,995,401	1,524.55
Loudoun	205,800	313,751,913	1,524.55	223,800	362,744,769	1,620.84
Prince William	311,700	436,327,000	1,399.83	328,100	479,414,000	1,461.18
Stafford	102,700	152,087,307	1480.89	109,700	170,580,363	1,554.97

SUMMARY OF MAINTENANCE AND OPERATIONS EXPENSES (cont'd)

PARKS, RECREATION, AND CULTURAL

Locality	<i>FY 2002</i>			<i>FY 2003</i>		
	Population	Amount	Per Capita	Population	Amount	Per Capita
CITY OF:						
Alexandria	137,500	\$21,030,414	\$152.95	137,100	\$23,772,897	\$173.40
Fairfax	22,400	3,105,367	138.63	23,600	3,260,786	138.17
Falls Church	11,100	2,800,843	252.33	11,100	2,785,537	250.95
Hampton	145,200	19,965,019	137.50	144,400	22,839,929	158.17
Manassas	37,000	3,327,665	89.94	37,100	3,741,059	100.84
Manassas Park	11,700	1,269,527	108.51	12,400	1,272,938	102.66
Newport News	179,300	21,694,862	121.00	180,900	21,922,967	121.19
Portsmouth	98,400	NA	NA	97,600	11,575,747	118.60
Richmond	193,000	NA	NA	195,300	25,704,207	131.61
COUNTY OF:						
Arlington	194,300	\$40,088,286	\$206.32	192,900	\$44,195,581	\$229.11
Fairfax	1,006,300	107,299,321	106.63	1,012,100	112,561,933	111.12
Loudoun	205,800	26,735,379	129.91	223,800	27,198,394	121.53
Prince William	311,700	28,667,000	91.97	328,100	31,784,000	96.87
Stafford	102,700	7,078,118	68.92	109,700	7,218,015	65.80

COMMUNITY DEVELOPMENT

Locality	<i>FY 2002</i>			<i>FY 2003</i>		
	Population	Amount	Per Capita	Population	Amount	Per Capita
CITY OF:						
Alexandria	137,500	\$9,785,063	\$71.16	137,100	\$12,390,541	\$90.38
Fairfax	22,400	2,165,260	96.66	23,600	2,536,742	107.49
Falls Church	11,100	1,175,211	105.87	11,100	1,016,705	91.60
Hampton	145,200	12,349,429	85.05	144,400	17,616,772	122.00
Manassas	37,000	1,651,796	44.64	37,100	1,888,050	50.89
Manassas Park	11,700	268,665	22.96	12,400	194,240	15.66
Newport News	179,300	19,140,724	106.75	180,900	19,784,224	109.37
Portsmouth	98,400	NA	NA	97,600	6,151,986	63.03
Richmond	193,000	NA	NA	195,300	9,573,076	49.02
COUNTY OF:						
Arlington	194,300	\$10,309,618	\$53.06	192,900	\$15,270,630	\$79.16
Fairfax	1,006,300	93,028,894	92.45	1,012,100	109,356,626	108.05
Loudoun	205,800	24,248,885	117.83	223,800	26,243,285	117.26
Prince William	311,700	14,271,000	45.78	328,100	33,752,000	102.87
Stafford	102,700	2,609,442	25.41	109,700	2,744,647	25.02