

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 29, 2005
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER *J*
SUBJECT: RESOLUTION PERTAINING TO THE FY 2007 BUDGET PROCESS

ISSUE: Make changes in the FY 2007 budget process

RECOMMENDATION: That City Council adopt the Resolution.

DISCUSSION: The Resolution would establish a framework for planning FY 2007 by having Council set a fiscal expenditures guideline in the fall for the City Manager and the Schools but also have both parties bring forward any additions they would like to have added above that guideline. That guideline would be set by Council resolution in November after a budget public hearing and the Council Retreat. The budget resolution also sets a timetable that gets the budget to Council three weeks earlier. This requires both the City Manager and the Schools to also accelerate their budget processes. The City Attorney has reviewed these resolutions and indicated they are consistent with the City Charter.

RESOLUTION NO. _____

WHEREAS, the City of Alexandria's Fiscal Year 2006 General Fund Budget, as approved by City Council on May 2, 2005, provided a reduction in the real estate tax rate by 8 cents from \$0.995 to \$0.915; and

WHEREAS, this tax rate reduction was the largest single real estate tax rate reduction in 17 years and maintains Alexandria's real estate tax rate as among the lowest in Northern Virginia; and

WHEREAS, in spite of this tax rate reduction, average real estate property taxes for the average residential property in Alexandria would increase 11.5 percent in 2005 due to rising real property assessments; and

WHEREAS, residential real estate taxes have borne an increasing share of the burden of paying for City and School services; and

WHEREAS, the City Council is committed to managing the growth of City General Fund operating and capital expenditures in order to help address the issue of increasing residential real estate taxes; and

WHEREAS, the City Council also is committed to continuing to perform fully its obligations, to continue to provide quality services and facilities for the residents and businesses of Alexandria, to maintain competitive compensation for City and School employees, to see continuous improvement in City government effectiveness and efficiency, and to achieve the vision and strategic goals and objectives outlined in the City Council's adopted Strategic Plan; and

WHEREAS, Council's deliberations on the budget each and every year reflect a balancing of the needs of the community with the community's ability to afford meeting those needs; and

WHEREAS, more time during the budget process is necessary for the City Council and the community to deliberate on the various issues raised given the budget's complexity and importance;

NOW THEREFORE BE IT RESOLVED BY THE COUNCIL OF
THE CITY OF ALEXANDRIA, VIRGINIA

1. That the City Manager shall begin immediately to plan and prepare the FY 2007 Operating Budget and FY 2007 - 2012 Capital Improvement Program and that such preparations shall include, but not be limited to, requests for City departments to identify efficiencies, low priority programs not crucial to achieving City Council strategic objectives, potential discretionary supplemental increases for FY 2007 crucial to achieving City Council's strategic objectives, and potential City-wide process changes that would be beneficial to City operations and to the public.
2. That the City Manager shall present to City Council in time for the fall Council Retreat a preliminary forecast and outlook for (a) revenues (including the outlook for real estate assessments), (b) expenditures necessary to maintain appropriate services and policies (including in the City Manager's forecast of cash capital and debt service costs related to the approved FY 2006 - 2011 Capital Improvement Program), (c) the outlook for additional requests for City operating needs in FY 2007 and capital needs in FY 2007 through FY 2012, (d) the outlook for Federal and State grants, and (e) the outlook for the costs of meeting unfunded Federal and State mandates, both current mandates and projected new mandates.

3. That the Alexandria City School System shall separately present to City Council, but in a format coordinated with the City Manager, its preliminary forecast and outlook for (a) expenditures necessary to maintain appropriate services and policies, (b) the outlook for additional requests for Schools operating in FY 2007 and capital needs through FY 2007 through FY 2012, (c) the outlook for Federal and State grants, and (d) the outlook for the costs of meeting unfunded Federal and State mandates, both current mandates and projected new mandates.
4. That as part of its fall Retreat, City Council will consider this information and any other relevant information available to it at that time from the efforts described above, including citizen input to be provided by a public hearing on the FY 2007 budget to be conducted prior to City Council's fall Retreat.
5. That City Council shall, as a result of information available to it at the Retreat, direct that the City Manager prepare a budget resolution to be adopted by City Council to guide the preparation of the FY 2007 Operating Budget and FY 2007 to FY 2012 Capital Improvement Program and that such a resolution would contain (a) a target for City General Fund expenditure growth (including cash capital and debt service), (b) a target for a budget transfer to the Alexandria City Public Schools for operating expenses and capital expenditure needs in FY 2007 to FY 2012, and (c) a calculation of the estimated difference between FY 2007 preliminary forecast revenues and the expenditure targets to be established by City Council.
6. That City Council plans to adopt such a budget resolution during the month of November 2006.
7. That the Board of the Alexandria City School Schools is requested to approve a FY 2007 Operating Budget and FY 2007 to FY 2012 Capital Improvement Program by no later than January 31, 2006. Such budget shall seek not to exceed the Council approved budget targets for the Operating Budget transfer and Capital Improvement Program given to the Alexandria City Public Schools, and clearly identify what operating programs and activities and capital projects would be funded if additional funding were provided above that target.
8. That the City Manager shall submit a proposed FY 2007 Operating Budget and FY 2007 to FY 2012 Capital Improvement Program to the City Council no later than February 14, 2006, that does not exceed the target for General Fund expenditure growth established by City Council, and clearly identifies what operating programs and activities and capital projects would be recommended if additional funding were provided, and/or what tax rate changes could be enacted with whatever additional revenues might be available above the revenues needed to meet the expenditure target and still provide a structurally sound budget.
9. That City Council shall consider these recommendations and endeavor to enact a FY 2007 Operating Budget and FY 2007 to FY 2012 Capital Improvement Program that balances the needs of the community with the community's ability to afford meeting those needs.

Attest:

Jacqueline M. Henderson, CMC, City Clerk

By _____
William D. Euille, Mayor