EXHIBIT NO. 2 2 5-6-02

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 3, 2002

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER PS

SUBJECT: BUDGET MEMO # 51: FINAL 2003 ADD/DELETE LIST

ISSUE: Receipt of the final FY 2003 Add/Delete List.

RECOMMENDATION: That City Council receive the final FY 2003 Add/Delete List for use on May 6 for Budget Adoption (Attachment 1).

DISCUSSION: The final FY 2003 Add/Delete List incorporates the revisions to the Preliminary Add/Delete List (Budget Memo #48) that were discussed by City Council at the April 29, 2002, budget work session. In addition, the Add/Delete List notes (item #11) that post-budget adoption action will be required by City Council in order for Council Aides to receive the full 2.5% cost-of-living adjustment. Currently, Council Aides receive $19,883 and with a 2.5% cost-of-living adjustment they would receive $20,380, which is $380 more than the established salary cap.

If any questions arise concerning this final Add/Delete List or any other budget item, feel free to contact me, Mark Jinks or Gene Swearingen any time before Monday night.

ATTACHMENTS: Attachment 1 - Final Add/Delete List

STAFF: Mark Jinks, Assistant City Manager for Fiscal and Financial Affairs
Gene Swearingen, Director, Office of Management and Budget
Carol Moore, Acting Deputy Director, Office of Management and Budget

	Expenditures		Revenues		
	Add	Delete	Add	Delete	Council Action
	(1)	(2)	(3)	(4)	(5)
A. CITY MANAGER'S PROPOSED FY 2003 GENERAL FUND OPERATING BUDGET	$373,311,244		$363,537,600		

NOTE: The net effect of the following recommended revenue adjustments in items 1 through 7 below is a net increase of $1.4 million in General Fund revenues for FY 2002. In accordance with Resolution #1998, these recommended revenue adjustments will reduce the proposed appropriation from General Fund fund balance from $9.8 million to $8.4 million. Increasing the appropriation from fund balance beyond the revised figure of $8.4 million requires a vote of 5 Council members.

1) In lieu of utilizing the $1.4 million in additional General Fund revenues to reduce the proposed appropriation from General Fund fund balance from $9.8 million to $8.4 million, consider the $1.4 million as revenue set aside for City Council's FY 2003 pending budget decisions. (Mayor Donley's request).

B. REVENUE ADJUSTMENTS

2) An increase of $0.5 million in the estimate of General Fund Business License Tax Revenue, to reflect revised projections based on receipts through March 31, 2002 (Budget memo # 29). — $500,000

3) An increase of $0.45 million in the estimate of the General Fund Other Miscellaneous Local Tax Revenues, to reflect revised projections based on receipts through March 31, 2002 (Budget memo # 29). — $450,000

		Expenditures		Revenues		
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		(1)	(2)	(3)	(4)	(5)
4)	An increase of $0.4 million in the estimate of General Fund Personal Property Tax Revenue, to reflect revised projections based on actual revenues received through March 31, 2002 (Budget memo # 29).			$400,000		
5)	An increase of $0.25 million in General Fund Real Property Tax Revenue, to reflect revised projections based on actual revenues received through March 31, 2002 (Budget memo #29).			$250,000		
6)	An increase of $0.2 million in the estimate of Intergovernmental Revenues. This increase consists of an anticipated increase of reimbursements from the Commonwealth for vehicle personal property tax relief ($0.3 million); partially offset by decreases in Law Enforcement Aid (HB 599) ($0.1 million) and Compensation Board funding ($0.016 million) (Budget memos # 29 and # 36).			$200,000		
7)	An increase of $0.1 million in the estimate of General Fund Miscellaneous Non-tax Revenues, to reflect revised projections based on actual revenues received through March 31, 2002 (Budget memo #29).			$100,000		
8)	A decrease of $0.5 million in the estimate of General Fund Penalties and Interest, to reflect revised projections based on actual revenues received through March 31, 2002 (Budget memo #29).				$500,000	

[The net fiscal impact of the revenue adjustments noted in items 2-8 above is a net increase in General Fund Revenues of $1.4 million.]

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9) A decrease in the proposed Real Estate Tax Rate of $1.09.					
Option A: Discussion of the possibility of a further real estate tax rate reduction (Mayor Donley's, Councilman Euille's and Councilman Speck's request).					
Option B: Reduce the real estate tax rate by $0.01 from $1.09 to $1.08. The cost of this would be $2.4 million [$0.8 million in FY 2002 and $1.6 million in FY 2003] (Vice Mayor Cleveland's request).				$800,000 (FY 2002) $1,600,000 (FY 2003) $2,400,000 (Total revenue impact)	
10) Amend proposed City parking lot and garage fee increases by reducing the proposed City employee rate from $90 to $75 per month and raising the non-City monthly parkers by an additional $5 per month (Budget memos #4 and #17, Councilwoman Woodson's request).			$17,000		

C. EXPENDITURE ADJUSTMENTS

(Note: The Proposed FY 2003 Non-Departmental budget includes $3,750,000 to fund a 2.5 percent general salary adjustment (COLA) for City and DASH employees, plus $2,000,000 for an increase in the employee share of health care benefits for active and retired employees. These monies will be transferred to the appropriate departmental accounts pending City Council's approval of these compensation increases. It should also be noted that the City Manager's Proposed FY 2003 City appropriation to the Alexandria City Public Schools, in the amount of $114,932,680, includes $2,600,000 for the Schools' comparable 2.5 percent COLA recommended by the City Manager for City employees).

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C1 - Compensation Adjustments					
11) Approve the 2.5 percent cost of living adjustment (COLA) for all City employees, including the City Manager, City Attorney, City Clerk, City Council aides, and the Mayor's aide. For City Council aides, receiving the full 2.5 percent increase would be contingent upon City Council amending its adopted Special Regulation in regard to the maximum $20,000 City Council aide salary prior to the start of FY 2003.		Monies for a 2.5% COLA are included in FY 2003 Proposed Budget.			
12) Approve merit-in-step increases for all eligible city employees. The eligibility of the City Manager, City Attorney, and City Clerk for this increase shall be conditioned upon a satisfactory evaluation by City Council, and the amount of any increase shall be set by Council.		No net impact. Monies are included in FY 2003 Proposed Budget within each department's baseline budget.			
13) Approve an increase in the employer share of health care benefits for active and retired City employees to help offset part of the expected cost increases.		No net impact. Monies are included in FY 2003 Proposed Budget.			
14) Approve the creation of a new step "O" at the end of the City's pay scales to remain competitive in the compensation arena.		No net impact. Monies are included in FY 2003 Proposed Budget.			

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15)	Approve an adjustment in the way overtime is calculated from an "hours worked" to "hours paid," which will make the earning of time-and-one-half more equitable among all City employees.		No net impact. Monies are included in FY 2003 Proposed Budget.			
16)	Confirm an overtime policy change in which double-time overtime hours for employees who worked on Sunday, or on the seventh day of the work week have been switched to a time-and-one-half pay rate.		No net impact. Savings are reflected in FY 2003 Proposed Budget.			
	C2 - Other Expenditure Adjustments					
17)	Add funding to the School Operating Fund for the addition of a 2.3% longevity step to the School System's employees pay scales (Budget memo#12).					
	Add $397,000 to the School Operating Fund when combined with $280,000 of additional State Aid would provide the needed $677,000 for full funding of the added step (Mayor Donley's, Vice Mayor Cleveland's, Councilwoman Eberwein's, Councilman Euille's and Councilman Speck's request).	$397,000				
18)	Add $56,000 in funding for vocational services for high school graduates with mental retardation or developmental disabilities (Budget memo #39, Mayor Donley's, Councilman Euille's, Councilman Speck's and Councilwoman Woodson's request).	$56,000				

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19)	Add $20,000 in funding to the Health Department for the Alexandria Neighborhood Health Services, Inc. (ANHSI) Arlandria Clinic (Mayor Donley's request).	$20,000				
20)	Continue DASH About Shuttle Service (Budget memos #26 and #47).					
	Option A: Nine month program at 15 minute frequencies (Mayor Donley's and Councilman Euille's request).	$120,000				
	Option B: Add $150,000 to continue DASH About Shuttle Service with maximum flexibility. Months of service and frequencies to be determined (Councilman Speck's request).	$150,000				
21)	Utilize $731,980 of the General Fund State Aid Loss Contingent to cover State aid losses of the City's Special Revenue Fund (Budget memo #36, Mayor Donley's request). This leaves $768,020 in the State Aid Loss Contingent.	$-0-				
22)	Add $100,000 in funding to Alexandria Libraries contingent upon Libraries spending this $100,000 on additional books and materials for the Burke Library, with a requirement to report back to City Council on the utilization of the funds (Budget memo #33, Vice Mayor Cleveland's request).	$100,000				

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23)	Add $50,000 in funding for professional consulting services to implement the new development review process and/or to carry out the development of new area plans (e.g., Mt. Vernon, Eisenhower West, etc.) (Budget memo # 49, Councilwoman Eberwein's request).	$50,000				
24)	Add $35,000 in funding for the Arts Grant Program in FY 2003, with $35,000 in additional funding intended to be added in FY 2004 (Budget memo #28, Councilman Euille's, Councilwoman Pepper's, and Councilman Speck's request).	$35,000				
25)	Add $50,000 in funding to the Department of Transportation and Environmental Services to purchase additional (about 60) new street trash cans (Councilman Euille's request).	$50,000				
26)	Add $80,000 in funding to the Department of Human Services for child day care center rate and Fee System eligibility increases (Budget memo #43, Councilman Euille's request).	$80,000				

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27) Health Insurance for Family Day Care Providers (Budget memo #44)					
A: Refer the request of the Family Day Care providers to BFAAC for study, with a report and recommendations from BFAAC to City Council requested. The BFAAC study would analyze public policy issues, costs and benefits, options, precedence, as well as other issues which BFAAC may determine pertinent.					
B: Make a designation within Contingent Reserves, in the amount of $375,000 (Councilwoman Woodson's request).	No net fiscal impact.				
28) Add $15,000 in funding to the Department of Recreation, Parks and Cultural Activities to provide for an irrigation system for King Street Gardens (Councilman Speck's request).	$15,000				
29) Add $50,000 for closed captioning of City Council meetings (Budget memo #41, Councilwoman Woodson's request).	$50,000				
30) Add $10,000 to the Department of Planning and Zoning to develop customer information/ education brochures (Budget memo #42, Councilwoman Eberwein's and Councilwoman Woodson's request).	$10,000				

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31)	Add $25,000 to the Department of Recreation, Parks and Cultural Activities to initiate a public arts program (Councilwoman Woodson's request).	$25,000				
32)	Expand Senior Taxi Service Program to a ten mile radius outside City limits for medically-related appointments only (Budget memo #13, Vice Mayor Cleveland's, Councilwoman Pepper's and Councilwoman Woodson's request).	$33,125				
33)	Add funding in the amount of $27,500 for a 2.5% COLA for Campagna Center's Campagna Kids School-Age child care program workers (Budget memo # 50, Mayor Donley's request).	$27,500				
DELETES						
34)	Vice Mayor Cleveland's requests					
	a) Delete $350,000 from the Health Insurance Contingent (Budget memo #37).		$350,000			
	b) Delete $47,000 from the State Aid Contingent.		$47,000			
	c) Delete $2,500,000 from the cash capital contribution to the Capital Projects Fund.		$2,500,000			

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35) Councilwoman Pepper's request					
a) Delete $200,000 from the Health Insurance Contingent (Budget memo #37).		$200,000			
D. APPROPRIATION FROM FUND BALANCE					
36) Make an appropriation from General Fund Balance necessary to balance the FY2003 Budget. (The City Manager's proposed budget includes an appropriation of $8,376,644. Based on the recommended revenue and expenditure adjustments in Section C, this amount may change).					
Additional expenditures which would increase fund balance utilized:					
Option A: Mayor Donley's requests $620,500				$620,500	
Option B: Vice Mayor Cleveland's requests $33,125				$33,125	
Option C: Councilwoman Eberwein's requests $657,000				$657,000	
Option D: Councilman Euille's requests $738,000				$738,000	
Option E: Councilwoman Pepper's requests $68,125				$68,125	
Option F: Councilman Speck's requests $653,000				$653,000	
Option G: Councilwoman Woodson's requests $732,125				$732,125	

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E. RECESS TO ENABLE STAFF TO COMPLETE NECESSARY CALCULATIONS BEFORE ADOPTION OF THE TAX RATE ORDINANCE.

F. ADOPTION OF THE FY 2003 GENERAL FUND BUDGET AS AMENDED

Move to adopt the FY 2003 General Fund budget as amended in the following amounts:

Total Expenditures	Total Revenues
_____	_____

including a General Fund appropriation to the Alexandria City Public Schools of $_____ ($114,932,680 is proposed).

There is a decrease proposed in the real property tax rate of two cents, from $1.11 to $1.09 (1 cent = $2.4 million for the 18 months that this rate affects [i.e., $0.8 million in FY 2002 and $1.6 million in FY 2003]), and no increase proposed in the personal property tax rate of $4.75 (1 cent = $100,000).

G. ADOPTION OF THE FY 2003 TO FY 2008 CAPITAL IMPROVEMENT PROGRAM

The proposed FY 2003 to FY 2008 Capital Improvement Program totals $183,577,058, with the following annual funding requirements: FY 2003–$54,478,360; FY 2004--$43,317,884; FY 2005--$36,980,791; FY 2006--$24,194,806; FY 2007--$13,675,961; FY 2008--$10,929,256. [In the event that City Council approves amendments to the Capital Improvement Program, these totals, and the CIP funding plan, will be adjusted accordingly.]

37) Provide (at no net new cost to the CIP) $1,250,000 for the Duncan Library expansion by using $1,250,000 previously budgeted for the Market Square parking garage related improvements for the Duncan Library expansion and then using the $1,250,000 planned for the Duncan Library expansion in FY 2004 for Market Square parking

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garage related improvements (Budget memo #34, Vice Mayor Cleveland's and Councilman Euille's request).					
38) Add funding for the proposed Skateboard Park (Budget memos #14 and #46)					
Option A: City funding of $200,000 (Councilwoman Eberwein's, Councilwoman Pepper's and Councilwoman Woodson's request).	$200,000				
Option B: City funding of $150,000 and a requirement for $50,000 in funds or in-kind services, given or pledged, to come from private sources (Councilman Euille's and Councilman Speck's request).	$150,000				
H. CHANGES IN FUND BALANCE DESIGNATIONS TO BE USED FOR CAPITAL PROJECTS					
Option A: Increase capital project designation (Vice Mayor Cleveland's request).			$2,500,000		
Option B: Increase capital project designation (Councilman Euille's and Councilman Speck's request).			$150,000		