Changes in the Budget Process

Presented to Agenda Alexandria
September 26, 2005

Resolution 2150

- Adopted by City Council on May 2, 2005
- “Whereas”
  - 8 cent real estate tax rate reduction in CY 2005
  - Largest rate reduction in 17 years
  - Alexandria’s rate among lowest in N. VA

Resolution 2150

- “Whereas”
  - Average residential property tax increase still 11.5% in CY 2005
  - Residential real estate taxes have borne an increasing share of the total tax burden

Resolution 2150

- Whereas
  - Council stated commitments to
    - Manage growth of expenditures
    - Meet needs of residents and businesses,
    - Maintain competitive compensation for employees
    - Improve effectiveness and efficiency of City government
    - Achieve vision and strategic plan goals and objectives

Resolution 2150

- Whereas
  - Budget deliberations reflect balancing of community needs with ability to fund those needs
  - More time needed for Council and the community deliberations

Preview

- Resolution 2150
- City Actions Currently Underway
- Schedule of Major Budget Events
- Conclusion
Resolution 2150

- Council directed the City Manager
  - To begin immediately working on the FY 2007 Operating Budget and FY 2007 – 2012 Capital Improvement Program
  - To present to Council at the fall Council Retreat a preliminary budget forecast and outlook

Resolution 2150

- Schools requested to provide similar information to Council before the Retreat
- Public Hearing to be held on Oct. 15 before Retreat
- Council will adopt a budget resolution after the Retreat containing two expenditure targets
  - A target for City General Fund growth
  - A target for City funding for School operations

Resolution 2150

- Schools requested to approve a FY 2007 Operating Budget and CIP program by no later than January 31, 2006
- Schools requested to identify what would be funded at or below the target and what would be funded above the target

Resolution 2150

- The City Manager has been directed
  - To submit a Proposed Operating Budget and CIP by February 14, 2006
  - To not exceed the targets

Resolution 2150

- The City Manager also is directed
  - To identify what operating programs and activities and capital projects would be recommended if additional funding were provided above the target and/or
  - To identify what tax rate changes could be enacted with whatever additional revenues might be available above the expenditure target
**Resolution 2150**
- City Council shall consider these recommendations and endeavor to enact a budget
- "that balances the needs of the community with the community's ability to afford meeting those needs"

**Actions Currently Underway**
- On June 2, 2005 City Manager directed City departments to
  - Undertake continuous improvement initiatives
  - Begin FY 2007 budget preparations

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**Actions Currently Underway**
- Continuous Improvement Initiatives
  - City staff tasked to identify possible immediate and long-term improvements to City-wide administrative services
  - 140+ suggestions being reviewed

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**Actions Currently Underway**
- Continuous Improvement Initiatives
  - Continuous improvement teams established for
    - Personnel classification, recruitment and selection
    - Personnel training
    - Purchasing
    - Facilities management
    - Fleet management

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**Actions Currently Underway**
- Continuous Improvement Initiatives
  - Other actions to be examined in areas of
    - Budgeting
    - Accounting
    - Information Technology
    - Citizen Assistance
    - Miscellaneous

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**Actions Currently Underway**
- Continuous Improvement Initiatives
  - Contractors engaged to conduct efficiency studies of
    - Fire Department
    - Department of Transportation and Environmental Services
  - Several contractors qualified for upcoming efficiency studies of other departments
**Actions Currently Underway**

- Continuous Improvement Initiative
- Contractor engaged to assist City in improving performance measurements
- Restructuring efforts underway to get the right people in the right jobs doing the right things
- Each department charged with identifying possible departmental process improvements yielding efficiencies and improved effectiveness

**Actions Currently Underway**

- FY 2007 Budget Preparations
  - Identifying savings due to immediate process improvements within each department
  - Identifying low priority programs
  - Identifying potential discretionary supplemental requests
  - Constructing inventory of existing fees and charges for services and identifying potential changes

**Schedule of Major Budget Events**

- Sat. 10/15/05 – Council Public Hearing on FY 2007 Budget
- Sat. 10/29/05 – Council Budget Retreat
- Thurs. 11/3/05 – Superintendent submits proposed CIP to School Board
- Weds. 11/9/05 – Council establishes budget targets
- Thurs. 12/1/05 – School Bd. Public hearing on proposed CIP

**Schedule of Major Budget Events**

- Thurs. 12/15/05 – Superintendent submits proposed Operating Budget to School Board
- Thurs. 1/5/06 – School Board approves proposed CIP
- Thurs. 1/14 – School Board public hearing on proposed Operating Budget
- Tues. 1/26/06 – School Board approves proposed Operating Budget
- Tues. 2/14/06 – City Manager submits proposed Operating Budget and CIP to City Council
- Sat. 3/18/06 – Effective Tax Rate Public Hearing
- Late March – Council public hearing on budget
- Late March – Joint School Board/City Council Work Session on Budget
Schedule of Major Budget Events

- Mon. 4/17/06 – Council Preliminary Add-Delete Work Session
- Mon. 4/24/06 – Council Budget and Tax Rate Adoption

Conclusion

- Resolution 2150 makes fundamental changes by
  - Changing the timing of the budget process
  - Establishing targets in the fall for City and School budget submissions
- Intent is to provide
  - More time for public and Council consideration of the budget
  - More useful information on choices facing the community
  - More flexibility to make the best choices