City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 10, 2012

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER

SUBJECT: BUDGET MEMO #69: FY 2013 BUDGET ADOPTION - ACTIONS TAKEN MONDAY, MAY 7, 2012

The following represents the budget actions taken during budget adoption Monday, May 7, 2013. City Council adopted the FY 2013 General Fund Revenue and Expenditure Operating Budget in the amount of $587,861,196, including the FY 2013 Cash Capital share of the Capital Improvement Program of $6,955,483. This budget is based on the City Manager's FY 2013 Proposed Budget of $585,605,758 with the following amendments identified in the Final Add-Delete spreadsheet, which is attached.

(Note: The actions taken by City Council and the impacts on Departmental budgets will be presented in detail in the FY 2013 Approved Operating Budget and FY 2013 to FY 2022 Capital Improvement Program documents which will be published in early July.)

This memorandum is organized into eight sections as follows:

I. Expenditure Budget Changes
   a. Technical Adjustments
   b. Changes to Proposed General Fund Operating Budget
II. Revenue Budget Changes
   a. Technical Adjustments
III. Fund Balance Designations
IV. Contingent Reserves
V. Capital Improvement Program (CIP)
   a. Changes in the Cash Capital Transfer to the CIP
   b. Changes in the Use of Fund Balance Funding of the CIP
   c. Changes in Borrowing for the CIP
   d. Changes in Non-City Funding for the CIP
VI. Summary of FY 2013 General Fund Budget
VII. Comparisons to FY 2012 Approved and FY 2013 Proposed Budgets

I. *Expenditure Budget Changes:*

a.

Technical Expenditure Adjustments to Proposed Budget (Budget Memo #53)		
$	492,000	One perecent shift in contribution rate for VRS - All Departments
$	54,400	City Supplement increase for State Employees in the Health Department - Health Department
$	34,000	City Supplement increase for State employees in the Court Service Unit, Adult Probation and Parole and the Public Defender's Office - Other Public Safety
$	(1,233,000)	Decrease in the City Appropriation to the Alexandria City Public Schools
$	(28,977)	Decrease in anticipated Kaiser Permanente rate increase - All Departments
$	441,624	Increase in anticipated United Health Care rate increase - All Departments
$	100,000	Increase in the estimate for Line of Duty premium costs - Multiple Departments
$	90,723	Transfer of lease costs for 421 King Street - TES
$	13,150	Transfer of lease costs for 421 King Street - Internal Audit
$	137,919	Increase in costs for Community Services Act cases - DCHS
$	22,036	Correction to the FY 2013 Proposed budget for seasonal staff - RCPA
$	(8,162)	Decrease in membership costs for COG and VML - Non-Departmental

$ 115,713 Total Technical Expenditure Adjustments

b.

City Council Changes to Proposed City General Fund Operating Budget Expenditures		
$	532,000	Complete Streets (Traffic Calming) - TES and Non-Departmental
$	56,607	Healthy Families - DCHS
$	61,500	Adult Clinical Services Unit position - DCHS
$	70,000	Restore reservation services provided by Senior Services of Alexandria - DCHS
$	125,067	One additional pre-school class - DCHS
$	83,368	Restore marketing and advertising funds - AEDP
$	400,000	Public Safety pay compression - Non-Departmental
$	500,000	Career ladders and promotions - Non-Departmental
$	25,000	Banner design, fabrication and initial installation - ACVA
$	6,200	Banner maintenance - TES
$	50,000	Library hours - Libraries
$	20,000	Concerned Citizen Network of Alexandria - DCHS
$	39,983	Contingent Reserves - Meals on Wheels Sunday service - DCHS
$	20,000	Contingent Reserves - Community outreach and public process technology upgrades - Planning and Zoning
$	65,000	Teen clinic funds to offset lost state aid - $65,000
$	85,000	Gang IPE position ($9,339 in new funding, remainder from existing Contingent Reserves) - CSU
$	**2,139,725**	**Net City Expenditure Increases and Reductions (Total)**

$ 2,255,438 Total Expenditure Budget Adjustments (a +b)

II. *Revenue Budget Changes:*

a.

Technical Revenue Re-estimates to Proposed Budget (Budget Memo #48)	
FY 2013	
$ (1,000,000)	Decrease in Delinquent Real Estate Tax Collections
$ 700,000	Increase in Recordation Tax revenue
$ 304,352	Increase in Personal Property Tax revenue
$ 505,000	Increase in Penalties and Interest payments
$ (300,000)	Decrease in Consumer Utility Tax collections
$ 40,000	Increase in Business License Tax (BPOL) collections
$ 500,000	Restaurant Food Tax collections
$ 256,000	Increase in Local Sales and Use Tax collections
$ 40,000	Increase in Telecommunications Tax (Right of Way) collections
$ (200,000)	Decrease in Tobacco Tax revenue
$ 210,000	Increase in Intergovernmental revenue
$ (124,464)	Decrease in Licenses, Permits and Fees
$ (100,000)	Decrease in Fines and Forfeitures
$ 400,000	Increase in Charges for Services
$ 20,000	Increase in Miscellaneous Revenue
$ 12,509	Increase in Use of Fund Balance based on revenue re-estimates
$ 1,263,397	**Total FY 2013 Technical Revenue Re-estimates**
$ 1,263,397	**Total Increase in Revenue and Other Sources Approved by City Council**

III. *Fund Balance Designations*

City Council Fund Balance Commitments (requires Super majority)	
Designations	
$ 75,661	Commitment for Gang IPE position (Source is FY 2012 remaining Contingent Reserve for gang prevention activities)
$ 1,700,000	Commitment for existing encumbrances
$ 535,000	Commitment for one-time land use and planning studies
$ 1,100,421	Commitment for current financial policy compliance
$ 1,755,000	Commitment to fund the FY 2013 (and beyond) CIP
$ 255,762	Commitment for equipment replacement
$ 200,000	Commitment for professional development
$ 200,000	Commitment for an innovation fund
$ 50,000	Commitment to implement Alex Stat
$ 928,879	Increase in the commitment to fund the FY 2013 General Fund Operating Budget
$ (125,051)	Decrease in the commitment for the FY 2013 Capital Improvement Program

$ 6,675,672 **Changes in Fund Balance (as of the end of FY 2012)**

IV. *Contingent Reserves*

City Council Changes and Reservations of City Council Contingent Reserves	
$ 39,983	Meals on Wheels service expansion
$ 20,000	Community outreach and public process
$ 59,983	**Increase in Contingent Reserves**

V. *Capital Improvement Program Budget Changes*

a.

City Council Changes in the Cash Capital Transfer to the CIP	
$ 350,000	Traffic Calming
$ 350,000	**Total FY 2013 Cash Capital Transfer Increases to the CIP**

b.

City Council Changes in the Use of Fund Balance Funding of the CIP	
$ (125,000)	Fire Station 210 - Adjust project budget for actual FY 2013 cash flow needs
$ (51)	Adjustment required for rounding of General Obligation Bond borrowing
$ (125,051)	**Total FY 2013 Use of Fund Balance for the CIP**

c.

City Council Changes in Borrowing for the CIP	
$ 34,871,000	Full budget authority for new Jefferson-Houston K-8 facility to align with signing of primary construction documents. Includes funding for synthetic turf field.
$ 34,871,000	**Total FY 2013 Borrowing Increase to the CIP**

d.

City Council Changes in Non-City Funding for the CIP	
$ 394,000	DASH Bus Replacement - Fully appropriate the balance of Urban Funds planned for FY 2014 in FY 2013 to provide funding flexibility in future bus purchases.
$ 394,000	**Total FY 2013 Non-City Funding Increase to the CIP**

VI. *Summary of the FY 2013 General Fund Budget*

Summary of Growth in FY 2013 Budget	
$ 585,605,758	FY 2013 Proposed General Fund Operating Revenues and Expenditures
$ 2,255,438	Total Change in City General Fund Operating Budget Expenditures over Proposed
$ 587,861,196	Resulting FY 2012 General Fund Operating Budget
$ 6,675,672	Change in Fund Balance Designations (at the end of FY 2012)
$ 350,000	Change in Cash Capital Funding of the FY 2013-FY 2022 CIP

VII. *Comparisons to the FY 2013 Proposed and FY 2012 Approved General Fund Budgets*

	City	Schools	Total
FY 2012 Approved General Fund Budget	$391.9	$175.0	$566.9
FY 2013 Proposed General Fund Budget	$404.9	$180.7	$585.6
FY 2013 Tentative General Fund Budget	$408.4	$179.5	$587.9
Amount Over FY 2012 Approved	$16.5	$4.5	$21.0
Percent Over FY 2012 Approved	4.2%	2.6%	3.7%

1 FY 2013 General Fund Operating Budget Add/Delete

2	Revenue & Expenditure Surplus/(Shortfall)		(916,380)	(236,764)	(916,380)	(225,581)	(226,781)	(767,312)	532,892	127,430	(335,704)	(713,697)
3	FY 2013 Add/Delete	Estimated Amount	Possible Consensus Option A	Possible Consensus Option B	Final Adoption	Mayor Euille	Vice Mayor Donley	Councilman Fannon	Councilwoman Hughes	Councilman Krupicka	Councilwoman Pepper	Councilman Smedberg
4												
5	Revenue re-estimate	1,263,397	1,263,397	1,263,397	1,263,397	1,263,397	1,263,397	1,263,397	1,263,397	1,263,397	1,263,397	1,263,397
6												
7	Real estate tax rate: value of one cent	3,398,079										
8	Tax rate increase/(decrease)(in		0.00	0.20	0.00	0.20	0.20	(0.40)	0.00	0.75	0.10	0.00
9	FY 2013 revenue increase/(decrease)		0	679,616	0	679,616	679,616	(1,359,232)	0	2,548,560	339,808	0
10	Revised tax rate (cents per $1,000 of value)	99.80	99.80	100.00	99.80	100.00	100.00	99.40	99.80	100.55	99.90	99.80
11												
12	Other Revenue Adjustments											
13	BPOL reduction for businesses serving seniors/clean fuel services	(10,000)	0	0	0	0	0	0	0	(10,000)	0	0
14	Use of Fund Balance											
15	Gang IPE Position	75,661	75,661	75,661	75,661	75,661	75,661	75,661	75,661	75,661	75,661	75,661
16												
17	Net Revenue		1,339,058	2,018,674	1,339,058	2,018,674	2,018,674	(20,174)	1,339,058	3,877,618	1,678,866	1,339,058
18												
19	Expenditures											
20	Technical Adjustments Increase (including VRS & Schools)	115,713	115,713	115,713	115,713	115,713	115,713	115,713	115,713	115,713	115,713	115,713
21												
22	Expenditure Increases (Adds):											
23	Complete Streets (Traffic Calming) - One program coordinator ($82,000), annual on-going maintenance ($100,000), annual capital ($350,000)	532,000	532,000	532,000	532,000	532,000	532,000	532,000	0	532,000	375,000	532,000
24	Healthy Families - Restore funding reduced by the State	56,607	56,607	56,607	56,607	56,607	56,607	56,607	0	56,607	56,607	56,607
25	Community Service Board - Restore mental health, intellectual disability, and substance abuse funding reduced in the FY 2013 proposed budget	597,950	0	0	0	0	0	0	0	200,000	0	0

1 FY 2013 General Fund Operating Budget Add/Delete

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3	FY 2013 Add/Delete	Estimated Amount	Possible Consensus Option A	Possible Consensus Option B	Final Adoption	Mayor Euille	Vice Mayor Donley	Councilman Fannon	Councilwoman Hughes	Councilman Krupicka	Councilwoman Pepper	Councilman Smedberg
26	Community Service Board - Restoration of one older adult clinical services unit position	61,500	61,500	61,500	61,500	61,500	61,500	0	61,500	61,500	61,500	0
27	Senior taxi - Restore funding for reservation services provided by Senior Services of Alexandria	70,000	70,000	70,000	70,000	70,000	70,000	0	70,000	0	70,000	70,000
28	Preschool classroom - One additional school-based preschool class serving 16 four year olds	125,067	125,067	125,067	125,067	125,067	125,067	0	625,335	125,067	125,067	125,067
29	Child care fee subsidy - $100,000 to restore the family child care provider rate supplement and restoration of one administrative position to process payments ($72,000)	172,000	0	0	0	0	0	0	172,000	0	0	0
30	AEDP - Restore marketing and advertising funds reduced in	83,368	83,368	83,368	83,368	83,368	83,368	83,368	83,368	83,368	0	83,368
31	Contingent Reserves - Add designated funding in Contingent Reserves for AEDP	200,000	0	0	0	0	0	0	0	100,000	0	0
32	Parades - Provide funding for the City to assume the full cost of the Scottish Christmas Walk,	38,000	0	0	0	0	0	0	0	0	0	0
33	Public safety pay compression - Funding to address salary compression issues in public safety agencies	400,000	400,000	400,000	400,000	400,000	400,000	0	400,000	400,000	400,000	400,000
34	Career ladders and promotions - Funding to expand career ladders and create additional promotional opportunities for City employees	500,000	500,000	500,000	500,000	500,000	500,000	0	0	750,000	500,000	500,000

1 FY 2013 General Fund Operating Budget Add/Delete

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3	FY 2013 Add/Delete	Estimated Amount	Possible Consensus Option A	Possible Consensus Option B	Final Adoption	Mayor Euille	Vice Mayor Donley	Councilman Fannon	Councilwoman Hughes	Councilman Krupicka	Councilwoman Pepper	Councilman Smedberg
35	King Street tree lighting - Extend the lighting of street trees in Old Town to year-round - *Pay for banners on King Street, fund senior clinical services provider on line 24*	95,700	31,200	31,200	31,200	30,000	31,200	31,200	0	95,700	95,700	0
36	Council & Aide salaries - Funding for salary increases for	120,000	0	0	0	0	0	0	45,000	50,000	0	0
37	Community Lodgings	63,250	0	0	0	0	0	63,250	63,250	63,250	0	0
38	Library hours	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	0
39	Concerned Citizen Network of Alexandria	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	0
40	Contingent Reserves: Senior Services - Meals on Wheels	39,983	39,983	39,983	39,983	30,000	30,000	0	60,000	39,983	39,983	0
41	New Budget Analyst to Monitor School Capital and Operating Budgets and related Transfer Requests	90,000	0	0	0	0	0	0	90,000	90,000	0	0
42	Contingent Reserves - Community outreach and public process technology upgrades	20,000	20,000	20,000	20,000	20,000	20,000	0	0	20,000	20,000	20,000
43	Teen clinic funds to offset lost State aid (if necessary)	65,000	65,000	65,000	65,000	65,000	65,000	0	65,000	65,000	0	65,000
44	Living wage - Increase the minimum pay rate for contractors and City employees	147,000	0	0	0	0	0	0	0	147,000	0	0
45	Gang IPE position	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
46	Schools transfer	600,000	0	0	0	0	0	0	0	600,000	0	0
47												
48	Total Expenditure Increases		2,255,438	2,255,438	2,255,438	2,244,255	2,245,455	1,037,138	2,006,166	3,750,188	2,014,570	2,052,755
49												
50	Expenditure Decreases											
51	Schools transfer	(1,200,000)	0	0	0	0	0	(290,000)	(200,000)	0	0	0
52	City Contracts	(1,000,000)	0	0	0	0	0	0	(1,000,000)	0	0	0
53												
54	Total Expenditure Decreases	(2,200,000)	0	0	0	0	0	(290,000)	(1,200,000)	0	0	0
55												
56	Net Expenditure Adjustments		2,255,438	2,255,438	2,255,438	2,244,255	2,245,455	747,138	806,166	3,750,188	2,014,570	2,052,755
57												
58	Revenue & Expenditure		(916,380)	(236,764)	(916,380)	(225,581)	(226,781)	(767,312)	532,892	127,430	(335,704)	(713,697)
59												

1 FY 2013 General Fund Operating Budget Add/Delete

2	Revenue & Expenditure Surplus/(Shortfall)		(916,380)	(236,764)	(916,380)	(225,581)	(226,781)	(767,312)	532,892	127,430	(335,704)	(713,697)
3	FY 2013 Add/Delete	Estimated Amount	Possible Consensus Option A	Possible Consensus Option B	Final Adoption	Mayor Euille	Vice Mayor Donley	Councilman Fannon	Councilwoman Hughes	Councilman Krupicka	Councilwoman Pepper	Councilman Smedberg
60	FY 2012 Revenue Impacts	Amount	Possible Consensus Option A	Possible Consensus Option B	Final Adoption	Mayor Euille	Vice Mayor Donley	Councilman Fannon	Councilwoman Hughes	Councilman Krupicka	Councilwoman Pepper	Councilman Smedberg
61												
62	Real estate tax rate: value of one cent	1,680,689										
63	Tax rate increase/(decrease)		0.00	0.20	0.00	0.20	0.20	(0.40)	0.00	0.75	0.10	0.00
64	FY 2013 revenue		0	336,138	0	336,138	336,138	(672,276)	0	1,260,517	168,069	0
65												
66	Revenue Re-estimate	1,722,563	1,722,563	1,722,563	1,722,563	1,722,563	1,722,563	1,722,563	1,722,563	1,722,563	1,722,563	1,722,563
67												
68	Use of Fund Balance		916,380	236,764	916,380	225,581	226,781	767,312	(532,892)	(127,430)	335,704	713,697
69												
70	Sources Available		806,183	1,821,937	806,183	1,833,120	1,831,920	282,976	2,255,455	3,110,509	1,554,928	1,008,866
71												
72	Potential Uses (One-time only)											
73	Holiday tree (capital cost)	32,000	0	0	0	32,000	0	0	0	0	0	0
74	Lee/Fendall House	50,000	0	0	0	0	0	0	0	50,000	0	50,000
75	Contribution to Fund Balance - Maintain financial policies	100,421	0	0	100,421	0	0	0	0	449,000	0	0
76	Equipment replacement - Vehicles, other motorized equipment, and computers beyond their useful life	500,000	0	0	255,762	0	0	0	0	0	0	0
77	Professional development fund - Employee development opportunities	250,000	0	0	200,000	0	0	0	0	0	0	0
78	Innovation fund - Funding for entrepreneurial efforts to improve efficiency and effectiveness	250,000	0	0	200,000	0	0	0	0	0	0	0
79	Office of Performance and Accountability AlexState space - Outfitting of AlexStat review meeting space	50,000	0	0	50,000	0	0	0	0	0	0	0
80	Contingent Reserves - Funding for AEDP upon completion of its strategic plan	75,000	0	0	0	0	0	0	0	0	0	0

1 FY 2013 General Fund Operating Budget Add/Delete

2	Revenue & Expenditure Surplus/(Shortfall)		(916,380)	(236,764)	(916,380)	(225,581)	(226,781)	(767,312)	532,892	127,430	(335,704)	(713,697)
3	FY 2013 Add/Delete	Estimated Amount	Possible Consensus Option A	Possible Consensus Option B	Final Adoption	Mayor Euille	Vice Mayor Donley	Councilman Fannon	Councilwoman Hughes	Councilman Krupicka	Councilwoman Pepper	Councilman Smedberg
81	DASH bus replacement/acquisition - accelerate schedule	1,200,000	0	0	0	0	0	0	0	1,200,000	0	0
82	Miracle Field and other field improvements - accelerate schedule	1,200,000	0	0	0	0	0	0	0	1,200,000	0	0
83												
84	Total Uses		0	0	806,183	32,000	0	0	0	2,899,000	0	50,000
85												
86	Remainder (to Fund Balance)		806,183	1,821,937	0	1,801,120	1,831,920	282,976	2,255,455	211,509	1,554,928	958,866
87												
88	Summary Information		Possible Consensus Option A	Possible Consensus Option B	Final Adoption	Euille	Donley	Fannon	Hughes	Krupicka	Pepper	Smedberg
89	FY 2012 Approved General		566,862,748	566,862,748	566,862,748	566,862,748	566,862,748	566,862,748	566,862,748	566,862,748	566,862,748	566,862,748
90	FY 2013 Tentative General Fund Budget		587,861,196	587,861,196	587,861,196	587,850,013	587,851,213	586,352,896	586,411,924	589,355,946	587,620,328	587,658,513
91	$ Change FY 2012 to FY 2013		20,998,448	20,998,448	20,998,448	20,987,265	20,988,465	19,490,148	19,549,176	22,493,198	20,757,580	20,795,765
92	% Change FY 2012 to FY 2013		3.7%	3.7%	3.7%	3.7%	3.7%	3.4%	3.4%	4.0%	3.7%	3.7%
93	Average residential real estate tax bill increase		$52	$61	$52	$61	$61	$34	$52	$86	$57	$52