

## City of Alexandria, Virginia

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MEMORANDUM

**DATE:** SEPTEMBER 6, 2011

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:**  BRUCE JOHNSON, ACTING CITY MANAGER

**SUBJECT:** CONSIDERATION OF A RESOLUTION SEEKING THE SUPPORT OF THE GOVERNOR AND THE GENERAL ASSEMBLY FOR TERMINATION OF THE LOCAL AID TO THE STATE PROGRAM

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**ISSUE:** Consideration of a Resolution seeking the support of the Governor and the General Assembly for termination of the Local Aid to the State Program.

**RECOMMENDATION:** That City Council approve the attached resolution.

**BACKGROUND:** In the 2009 General Assembly, a provision was added to the biennial State budget requiring localities to give back funds to the State to help the State deal with its revenue shortfall. This "give back" was set at \$50 million annually statewide, and was in addition to various programmatic reductions in State funding of State-local programs. The portion of the \$50 million allocated to the City of Alexandria was \$1.1 million; the City had to give back a similar amount in FY 2010. As the State's FY 2011-12 budget was prepared, this local aid to the State program was increased to \$60 million annually Statewide. The City share for the current biennium (FY 2011 and FY 2012) is approximately \$2.5 million for these two years. This then totals \$4.7 million since the program started.

The Governor announced in July that the Commonwealth ended the fiscal year with a surplus for the second year in a row. Following that announcement, Mayor Euille wrote to the Governor, asking him to eliminate the Local Aid To The State Program now that State revenues have improved (Attachment 1). A similar letter was sent jointly by the Virginia Municipal League and the Virginia Association of Counties.

With Council back in session following its summer recess, staff recommends that a resolution be approved seeking discontinuation of the program. Copies of the resolution, if passed, will be sent to the Governor and the City's General Assembly delegation.

**FISCAL IMPACT:** If legislation is implemented to amend the current State budget to eliminate this program for FY 2012, it will result in a net revenue increase of approximately \$1.23 million for the current fiscal year. If the current budget is not amended, but the program is not continued into the next biennium, it will mean the City will not have to reduce revenues approximately \$1.2 million annually to the State under the program.

**ATTACHMENTS:**

Attachment 1: Letter from Mayor Euille to Governor McDonnell, July 21, 2011

Attachment 2: August 18, 2011 Letter from Governor McDonnell

Attachment 3: Draft Resolution

**STAFF:**

Bernard Caton, Legislative Director



*City of Alexandria, Virginia*  
*301 King Street, Suite 2300*  
*Alexandria, Virginia 22314*



*William D. Euille*  
*Mayor*

*City Hall: (703) 838-4500*  
*Home: (703) 836-2680*  
*Fax: (703) 838-6433*  
*alexvamayor@aol.com*

July 21, 2011

The Honorable Robert F. McDonnell  
Governor  
Commonwealth of Virginia  
P.O. Box 1475  
Richmond, VA 23218

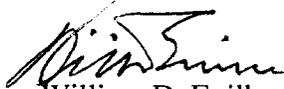
Dear Governor McDonnell:

I was happy to read of your recent announcement that the Commonwealth, for the second year in a row, has excess revenues at the end of its fiscal year. As a Mayor who has coped with the same revenue shortfalls as you have for several years, I am sure that this was welcome news for you.

I would like to request that the state now end its reliance on the program that it initiated several years ago, requiring its localities to assist the State by providing \$60 million to the State in the form of across-the-board-reductions to state-local programs—reductions that were made in addition to specific cuts to many of these programs. The \$60 million reduction program was not accompanied by any reduction in service requirements for these programs. Instead, this program simply shifted the costs to local taxpayers.

While one may argue that the Commonwealth was forced to do a number of things to balance its budget in recent years—things it would not consider in normal times of economic prosperity—I believe that the State's recovery is far enough along that the \$60 million reduction program should now be abandoned. I request that you eliminate the program for the second year of the current biennium when you submit your amendments to the current budget in December, and that you not include it in the proposed budget for the upcoming biennium.

Sincerely,

  
William D. Euille  
Mayor



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ATTACHMENT 2

# COMMONWEALTH of VIRGINIA

Office of the Governor

Robert F. McDonnell  
Governor

August 18, 2011

Honorable William D. Euille  
Mayor, City of Alexandria  
301 King Street, Ste 2300  
Alexandria, VA 22314

CITY MANAGER'S OFFICE  
ALEXANDRIA, VA  
2011 AUG 26 P 3:11

Dear Mr. Euille:

Thank you for your letter requesting restoration of aid to the localities for the City of Alexandria. I appreciate the important role the City plays in providing services and programs for the welfare of your citizens.

As you may be aware, I am in the process of developing the 2012-2014 biennial budget that will be submitted to the General Assembly this December. Although Virginia's economy shows some signs of improvement, increased demands for the core services of state government will continue to limit funding availability. I recognize the importance of maintaining a healthy partnership between the State and its localities that benefit the citizens of our Commonwealth. If your local government has identified a State mandate that is not funded or burdensome, I encourage you to supply information of it to my Commission on Government Reform and Restructuring.

Please be assured that I will give your request the utmost consideration as we continue towards the budget process. Again, I thank you for your correspondence, and I appreciate your efforts to assist the citizens of your City.

Sincerely,

  
Robert F. McDonnell

RESOLUTION NO. \_\_\_\_\_

Resolution Seeking the Support of the Governor and General Assembly for the  
Termination of the Local Aid to the State Program

WHEREAS, State financial assistance for mandated and high priority programs, including public education, health and human services, public safety and constitutional officers, is \$800 million less in FY 2012 than in FY 2009; and

WHEREAS, cities and counties must balance their budgets during a time in which local revenues are relatively stagnant, future state assistance is unreliable, federal stimulus dollars are dwindling, and expenses are rising; and

WHEREAS, the Appropriation Act contains \$60 million in across-the-board cuts to cities and counties for both FY 2011 and FY 2012, under which localities are required to either elect to take reductions in particular state aid programs, or to send the State a check for the amounts determined by the Virginia Department of Planning and Budget (“Local Aid to the State”); and

WHEREAS, the reductions are applied to essential services, including law enforcement, jail administration, foster care and child protection services, election administration and mental health and social services; and

WHEREAS, the City of Alexandria does not have the authority to unilaterally decide to discontinue providing services such as election administration, services to children at risk, or the confinement of certain juveniles in secure facilities; and

WHEREAS, the State budget cuts are not accompanied by any reductions in State-imposed mandates, standards and service requirements, nor do they provide any administrative flexibility for local agencies; and

WHEREAS, localities have not seen a reduction in the services needed by the public from these state-local programs; and

WHEREAS, the City of Alexandria remitted approximately \$1,090,442 million in FY 2009, \$1,093,227 in FY 2010, \$1,280,514 in FY 2011, and is required to remit \$1,234,981 in FY 2012; and

WHEREAS, the Commonwealth’s cities and counties will have provided the State with a total of \$220 million from FY 2009 through FY 2012 for this “Local Aid to the State” program; and

WHEREAS, these reductions shift State costs to local taxpayers and artificially increase the amount of state surplus revenue; and

WHEREAS, State revenues have begun to recover and the State has enjoyed a revenue surplus for two years in a row; and

WHEREAS, the State should not shift its share of the costs for mandates and responsibilities to local governments;

NOW, THEREFORE, BE IT RESOLVED, that the Alexandria City Council asks Governor Robert McDonnell to submit a budget amendment to the 2012 session of the General Assembly to reverse the \$60 million-a-year reduction for the current year, FY 2012, and to eliminate the aid to localities reduction in the budget he submits this December for FY 2013 and FY 2014; and

BE IT FURTHER RESOLVED, that the members of the General Assembly support a budget amendment in the 2012 session of the General Assembly to reverse the \$60 million-a-year reduction for the current year, FY 2012, and to eliminate the aid to localities reduction in the budget submitted for FY 2013 and FY 2014; and

BE IT FURTHER RESOLVED, that copies of this resolution be provided to the Governor, the members of the City's General Assembly delegation, and the Chairs of the House Appropriations and Senate Finance Committees.

Adopted: September 13, 2011

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WILLIAM D. EUILLE MAYOR

ATTEST:

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Jacqueline M. Henderson, MMC City Clerk

**RESOLUTION NO. 2470**

Resolution Seeking the Support of the Governor and  
General Assembly for the Termination of the Local Aid to the State Program

**WHEREAS**, State financial assistance for mandated and high priority programs, including public education, health and human services, public safety and constitutional officers, is \$800 million less in FY 2012 than in FY 2009; and

**WHEREAS**, cities and counties must balance their budgets during a time in which local revenues are relatively stagnant, future state assistance is unreliable, federal stimulus dollars are dwindling, and expenses are rising; and

**WHEREAS**, the Appropriation Act contains \$60 million in across-the-board cuts to cities and counties for both FY 2011 and FY 2012, under which localities are required to either elect to take reductions in particular state aid programs, or to send the State a check for the amounts determined by the Virginia Department of Planning and Budget ("Local Aid to the State"); and

**WHEREAS**, the reductions are applied to essential services, including law enforcement, jail administration, foster care and child protection services, election administration and mental health and social services; and

**WHEREAS**, the City of Alexandria does not have the authority to unilaterally decide to discontinue providing services such as election administration, services to children at risk, or the confinement of certain juveniles in secure facilities; and

**WHEREAS**, the State budget cuts are not accompanied by any reductions in State-imposed mandates, standards and service requirements, nor do they provide any administrative flexibility for local agencies; and

**WHEREAS**, localities have not seen a reduction in the services needed by the public from these state-local programs; and

**WHEREAS**, the City of Alexandria remitted approximately \$1,090,442 million in FY 2009, \$1,093,227 in FY 2010, \$1,280,514 in FY 2011, and is required to remit \$1,234,981 in FY 2012; and

**WHEREAS**, the Commonwealth's cities and counties will have provided the State with a total of \$220 million from FY 2009 through FY 2012 for this "Local Aid to the State" program; and

**WHEREAS**, these reductions shift State costs to local taxpayers and artificially increase the amount of state surplus revenue; and

**WHEREAS**, State revenues have begun to recover and the State has enjoyed a revenue surplus for two years in a row; and

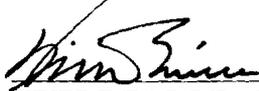
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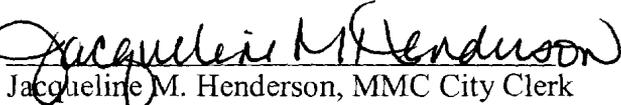
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**BE IT FURTHER RESOLVED**, that copies of this resolution be provided to the Governor, the members of the City's General Assembly delegation, and the Chairs of the House Appropriations and Senate Finance Committees.

Adopted: September 13, 2011

  
WILLIAM D. EUILLE MAYOR

ATTEST:

  
Jacqueline M. Henderson, MMC City Clerk