

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 18, 2003

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: BUDGET MEMO #41: PRELIMINARY FY 2004 ADD/DELETE LIST

ISSUE: Receipt of the preliminary FY 2004 Add/Delete List.

RECOMMENDATION: That City Council receive the preliminary FY 2004 Add/Delete List (Attachment 1). This item will be discussed at the April 21 work session and staff will incorporate any requested revisions prior to the distribution of the final Add/Delete list, which will be available prior to budget adoption on April 29.

Consistent with City Council’s budget procedures that are established under Resolution Number 1998 (Attachment 2), for City Council to consider any motion that would increase an expenditure outlay above the baseline proposed budget, City Council must include in the motion at least an equivalent reduction in other specific budget outlays, an increase in other specific revenues, or a combination of both. In addition, the resolution states “any appropriation from the Undesignated Fund Balance or like account beyond that proposed in the Manager’s proposed budget shall require an affirmative vote of five Council Members.” The resolution also states in the event that the City Manager recommends final revenue adjustments that result in a net change from the revenue estimates included in the Proposed Budget (as did occur this year), the net increase in the revenue estimate shall be reflected as a change in the proposed appropriation from the Undesignated Fund Balance.

DISCUSSION: The preliminary FY 2004 Add/Delete List consists of all items identified by members of Council either orally or in writing for inclusion in the Add/Delete List.

The preliminary Add/Delete list also includes proposed transfers from the non-departmental budget for proposed employee compensation adjustments.

ATTACHMENTS: Attachment 1 - Preliminary FY 2004 Add/Delete List
Attachment 2 - Resolution No. 1998, Budget Resolution Regarding the
Treatment of Final Revenue Adjustments During the Budget Process

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

	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
A. CITY MANAGER'S PROPOSED FY 2004 GENERAL FUND OPERATING BUDGET	\$398,623,187		\$392,039,586		

NOTE: The net effect of the following recommended revenue adjustments in items 1 through 6 below is a net increase of \$1.3 million in General Fund revenues for FY 2004. In accordance with Resolution #1998, these recommended revenue adjustments will reduce the proposed appropriation from general fund fund balance from \$6.6 million to \$5.3 million. Increasing the appropriation from fund balance beyond the revised figure of \$5.3 million requires a vote of 5 Council members.

B. REVENUE ADJUSTMENTS

- | | |
|---|-------------|
| 1) An increase of \$1.0 million in the estimate of General Fund Real Property Tax Revenue, to reflect revised projections based on receipts through March 31, 2003 (Budget Memo # 26). | \$1,000,000 |
| 2) An increase of \$0.8 million in the estimate of the General Fund Business License Tax Revenue, to reflect revised projections based on receipts through March 31, 2003 (Budget Memo # 26). | \$800,000 |
| 3) An increase of \$0.6 million in the estimate of sanitary sewer fee revenues in order to cover sanitary sewer debt service budgeted for FY 2004 in the General Fund (Budget Memo # 26). | \$600,000 |
| 4) An increase of \$0.4 million in General Fund Recordation Taxes, to reflect revised projections based on actual revenues received through March 31, 2003 (Budget Memo #26). | \$400,000 |

CITY OF ALEXANDRIA, VIRGINIA
 FY 2004 PRELIMINARY ADD/DELETE LIST, PAGE 2

	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
5) A decrease of \$1.2 million in the estimate of General Fund Revenue from the Use of Money and Property (i.e., interest rate earnings on investments) to reflect revised projections based on actual revenues received through March 31, 2003 (Budget Memo #26).				(\$1,200,000)	
6) A decrease of \$0.3 million in the estimate of General Fund Meals Sales Tax, to reflect revised projections based on actual revenues received through March 31, 2003 (Budget Memo #26).				(\$300,000)	
[The net fiscal impact of the revenue adjustments noted in items 1-6 above is a net increase in General Fund Revenues of \$1.3 million.]					
7) A decrease in the proposed real estate tax rate of \$1.05 (Budget Memos #1, #4, #10, #12, #26, #29).					
<u>Option A:</u> Reduce the real estate tax rate by \$0.02 from \$1.05 to \$1.03 (Councilman Euille, Councilwoman Pepper's request).				(\$3,904,000)	
<u>Option B:</u> Reduce the real estate tax rate by \$0.03 (Mayor Donley, Vice Mayor Cleveland, Councilman Speck's request).				(\$5,856,000)	
<u>Option C:</u> Reduce the real estate tax rate by \$0.035 (Councilwoman Eberwein's request).				(\$6,832,000)	
8) An increase in the proposed real estate tax rate over the rate decided in #7 above by \$0.01 and dedicate the funds for open space acquisition (Budget Memos #3, #28, Mayor Donley, Councilman Speck and Councilwoman Eberwein's request).					\$1,952,000

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	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
9) Expansion of real estate tax relief for the elderly and disabled (Budget Memo #12, Mayor Donley and Councilman Speck's request).				(\$200,000)	
10) Creation of a new real estate tax deferral program (Budget Memo #12, Councilwoman Woodson and Councilwoman Pepper's request). <u>NOTE:</u> Funding for this deferral program is proposed to come from the Housing Trust Fund as a 'transfer in' to the General Fund.				(\$300,000)	

C. EXPENDITURE ADJUSTMENTS

(Note: The Proposed FY 2004 Non-Departmental budget includes \$3,870,000 to fund a 2.25 percent general salary adjustment (COLA) for City and DASH employees, plus \$1,000,000 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 2004 City appropriation to the Alexandria City Public Schools, in the amount of \$122,361,334, includes \$2,430,000 for the Schools' comparable 2.25 percent COLA recommended by the City Manager for City employees).

C1 - Compensation Adjustments

11) Approve the 2.25 percent cost of living adjustment (COLA) for all City employees, including the City Manager, City Attorney, City Clerk and for City Council aides and the Mayor's aide.

Monies for a 2.25% COLA are included in FY 2004 Proposed Budget.

Alternative Option: Decrease the COLA funding by \$430,000 for City employees from 2.25% to 2.0% (Mayor Donley, Councilman Speck and Councilwoman Eberwein's request). NOTE: Please see item #30 for the \$270,000 reduction for this adjustment to School COLA funding.

(\$430,000)

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	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
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 2004 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 2004 Proposed Budget.
14) Approve an annual increase in funding for the City's Supplemental Retirement Plan for general employees to begin to address a significant unfunded liability.					No net impact. Monies are included in FY 2004 Proposed Budget.
15) Approve an increase in the employer share of life insurance benefits to help offset anticipated rate increases.					No net impact. Monies are included in FY 2004 Proposed Budget.
16) Confirm the incorporation of savings in the multi-year replacement cycle for desktop personal computers City-wide. This slow down can occur without impairing the reliability and functionality of desktop computers.					No net impact. Savings are reflected in FY 2004 Proposed Budget.

	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
C2 - Other Expenditure Adjustments					
17) Add \$50,000 funding to purchase Burke Library books (Vice Mayor Cleveland's request).	\$50,000				
18) Add \$50,000 for an Arlandria Teen Center Study (Vice Mayor Cleveland's request).	\$50,000				
19) Add \$40,000 for Arts Grants funding with the intent that it continues the multi-year step up in funding (Councilman Euille's request).	\$40,000				
20) Add \$150,000 for a Youth Ride-On Program (DASH/WMATA). (Budget Memo # 14 Councilman Euille's request).	\$150,000				
21) Add \$10,000 for the new street trash can match program (Councilman Euille's request)	\$10,000				
22) Increase funding for the Community Partnership Fund (Budget Memo #32)					
<u>Option A:</u> Increase funding by \$124,500 (Mayor Donley, Councilman Speck's request).	\$124,500				
<u>Option B:</u> Increase funding by \$100,000 (Councilman Euille's request).	\$100,000				

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 FY 2004 PRELIMINARY ADD/DELETE LIST, PAGE 6

	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
23) Increase Family Day Care Home Provider Rates (Budget memos #5, #43).					
<u>Option A:</u> Increase funding by \$378,000 (Councilwoman Woodson, Councilwoman Pepper's request).	\$378,000				
<u>Option B:</u> Increase funding by \$150,000 (Mayor Donley, Councilman Speck's request).	\$150,000				
24) Add \$500,000 to the Housing Trust Fund (Councilwoman Woodson's request).	\$500,000				
25) Add \$100,000 for additional consultant studies in the Department of Planning and Zoning (Councilwoman Eberwein's request).	\$100,000				
26) Change the proposed new Traffic Studies Engineer position in Transportation and Environmental Services to consultant funds in lieu of a position (Budget Memo #33, Councilwoman Eberwein's request).		No net new cost.			
27) Designate \$70,000 in the Contingent Reserves towards dock-related improvements to the rowing facility with the Schools to provide the balance of the funds (Mayor Donley, Councilman Speck's request).	\$70,000				

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	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
28) Designate \$245,000 in the Contingent Reserves for the Campagna Center Kids before and after school program (Budget Memo #39, Mayor Donley and Councilman Speck's request).	\$245,000				
29) Add \$20,000 for the Meals on Wheels Program to the Department of Human Services (Budget Memo #37, Mayor Donley, Councilman Speck's request).	\$20,000				
DELETES					
30) Decrease COLA funding by \$270,000 to the School Operating Fund for School employees from 2.25% to 2.0% (Mayor Donley, Councilman Speck, and Councilwoman Eberwein's request). <u>NOTE:</u> See item #11 for the \$430,000 reduction for this adjustment to City COLA funding.				(\$270,000)	
31) Decrease by the General Fund transfer to the School Operating Fund.					
<u>Option A:</u> Decrease the transfer by \$1,500,000 (Mayor Donley, Councilman Speck, Councilman Euille's request).				(\$1,500,000)	
<u>Option B:</u> Decrease the transfer by \$2,200,000 (Councilwoman Eberwein's request).				(\$2,200,000)	

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 FY 2004 PRELIMINARY ADD/DELETE LIST, PAGE 8

	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
32) Decrease by 1%, which equates to \$1,860,000, the City government's General Fund personnel and non-personnel budget (Budget Memo #42, Mayor Donley, Councilman Speck, Councilwoman Eberwein's request).		(\$1,860,000)			
33) Decrease by 3%, which equates to \$1,286,000, the City Government's non-personnel budget (Budget Memo #42, Councilman Euille, Councilwoman Pepper's request).		(\$1,286,000)			
34) Delete \$600,000 of the proposed City subsidy to WMATA due to higher State and gas tax revenues received by Northern Virginia Transportation Commission (Budget Memo #27, Mayor Donley, Councilman Speck, Councilwoman Pepper, Councilwoman Eberwein and Councilman Euille's request).		(\$600,000)			
D. APPROPRIATION FROM FUND BALANCE					
35) Make an appropriation from General Fund Balance necessary to balance the FY2004 Budget. (The City Manager's proposed budget includes an appropriation of \$5,283,601. Based on the recommended revenue and expenditure adjustments in Section C, this amount may change).					

Additional expenditures which would increase fund balance utilized:

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	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
<u>Option A:</u> Councilwoman Pepper's requests \$596,000			\$596,000		
<u>Option B:</u> Mayor Donley and Councilman Speck's requests (\$109,500)				(\$109,500)	
<u>Option C:</u> Councilman Euille's requests (\$483,000)				(\$483,000)	
<u>Option D:</u> Councilwoman Eberwein's requests (\$78,000)				(\$78,000)	

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

F. ADOPTION OF THE FY 2004 GENERAL FUND BUDGET AS AMENDED

Move to adopt the FY 2004 General Fund budget as amended in the following amounts:

<u>Total</u>	<u>Total</u>
<u>Expenditures</u>	<u>Revenues</u>
_____	_____

including a General Fund appropriation to the Alexandria City Public Schools of \$_____ (\$122,361,334 is proposed).

There is a decrease proposed in the real property tax rate of three cents, from \$1.08 to \$1.05 (1 cent = \$2.91 million for the 18 months that this rate affects), and no increase proposed in the personal property tax rate of \$4.75 (1 cent = \$100,000).

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	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add	Delete	Add	Delete	
	(1)	(2)	(3)	(4)	(5)

G. ADOPTION OF THE FY 2004 TO FY 2009 CAPITAL IMPROVEMENT PROGRAM

The proposed FY 2004 to FY 2009 Capital Improvement Program totals \$327,740,715, with the following annual funding requirements: FY 2004--\$86,594,838; FY 2005--\$66,319,806; FY 2006--\$60,026,855; FY 2007--\$44,117,152; FY 2008--\$57,238,305; FY 2009--\$13,443,759. [In the event that City Council approves amendments to the Capital Improvement Program, these totals, and the CIP funding plan, will be adjusted accordingly.]

36) Add to the cash capital contribution to the capital projects fund for Open Space (Budget Memo #3, #28)

Option A: Add \$1,952,000 (Mayor Donley, Councilman Speck, Councilwoman Eberwein's request).

\$1,952,000 \$1,952,000

Option B: Add \$600,000 (Vice Mayor Cleveland's request).

\$600,000

Option C: Add \$500,000 (Councilwoman Woodson's request).

\$500,000

Option D: Add \$200,000 (Councilman Speck's request).

\$200,000

37) Add \$50,000 to the cash capital contribution to the Capital Projects Fund for the Central Alexandria Traffic Calming Demonstration Project (with the \$100,000 balance to come from the FY 2004 budget of Transportation and Environmental Services). (Budget Memo #38, Councilwoman Eberwein's request).

\$50,000

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	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
38) Add to the cash capital contribution to the Capital Projects Fund for the acceleration of the preliminary planning for improvements to the Patrick Henry and Charles Houston Recreation Centers (Budget Memo #20).					
<u>Option A:</u> Add \$100,000 (Councilwoman Eberwein's request).	\$100,000				
<u>Option B:</u> Add \$200,000 (Councilman Specks's request).	\$200,000				
39) Delete \$500,000 of the cash capital contribution to the Capital Projects Fund as a result of the increased sanitary sewer fee (Budget Memo #27, Mayor Donley, Councilman Speck, Councilwoman Pepper, and Councilwoman Eberwein's request).				(\$500,000)	
40) Delete \$4,986,000 of the cash capital contribution to the Capital Projects Fund by increasing the capital projects designation by the same amount (Vice Mayor Cleveland's request).				(\$4,986,000)	

	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	

H. CHANGES IN FUND BALANCE DESIGNATIONS

- | | | | | | |
|-----|---|--|-------------|-------------|--|
| 41) | Increase capital project designation
(Vice Mayor Cleveland's request). | | \$4,986,000 | | |
| 42) | Delete the existing designation of \$270,000
for the Capital Development Foundation
(Vice Mayor Cleveland's request). | | | (\$270,000) | |

RESOLUTION NO. 1998**Budget Resolution Regarding the Treatment of
Final Revenue Adjustments During the Budget Process**

WHEREAS, the City of Alexandria and the Greater Washington region face continued economic challenges; and

WHEREAS, the Alexandria City Council has previously exhibited restraint when considering its annual budget and financial policies; and

WHEREAS, the Alexandria City Council wishes to establish structure surrounding upcoming budget deliberations to ensure responsible actions with current economic resources;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Alexandria, Virginia, that the Council shall, for the purposes of consideration of the Budget for the City of Alexandria, adhere to the following rules of procedure:

Section (a) Proposed Budget for the City of Alexandria -

(1) For purposes of this resolution, the budget baseline of revenue rates and expenditure levels for the fiscal year shall be that proposed by the Manager of the City of Alexandria.

(2) For purposes of this resolution, the Office of Management and Budget shall provide revenue and/or expenditure projections for any motion or amendment which could affect the proposed budget specified in paragraph (1).

Section (b) Maximum Expenditure Levels May Not Exceed Sum of Projected Revenue and Appropriation from Undesignated Fund Balance in Proposed Budget -

(1) It shall not be in order in the Alexandria City Council to consider any motion or amendment to the proposed budget of the City of Alexandria if such motion or amendment would have the effect of increasing any specific budget outlays above the level of such outlays contained in the proposed budget specified in section (a) of this resolution, or would have the effect of reducing any specific revenues below the level contained in the proposed budget specified in section (a) of this resolution, unless such motion or amendment makes at least an equivalent reduction in other specific budget outlays, identifies an equivalent increase in other specific revenues, or an equivalent combination thereof.


(2) In the Alexandria City Council, any appropriation from the Undesignated Fund Balance or any like account beyond that proposed in the Manager's proposed budget shall require an affirmative vote of five Council members.

(3) In the event that the City Manager recommends final revenue adjustments that result in a net increase or net decrease from the revenue estimates specified in section (a) of this resolution, the net change in the revenue estimate shall be reflected as a change in the proposed appropriation from the Undesignated Fund Balance. As


specified in Section (b)2, any appropriation from the Undesignated Fund Balance beyond that proposed in the Manager's proposed budget, including the net effect of final revenue adjustments, shall require an affirmative vote of five Council members.

Section (c) Expiration -- The provisions of this resolution shall expire on June 30, 2003.

ADOPTED: March 27, 2001


KERRY J. DONLEY MAYOR

ATTEST:


Beverly I. Jett, CMC City Clerk