

EXHIBIT NO. 2

2
4-29-03

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 21, 2003

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: BUDGET MEMO #48: APPROVED ADD/DELETE LIST

In order that the FY 2004 budget decisions by City Council are memorialized with a more detailed written record of actions than meeting minutes would contain, attached you will find an Approved Add/Delete list. This list notes what add/delete proposals were approved and not approved. It also provides text that qualifies, or elaborates upon, approved Council budget actions. By filing this in your FY 2004 Budget notebooks, you will have a document to reference during the fiscal year, in addition to the Approved Budget and CIP documents which will be available at the beginning of July.

Attachment

cc: Mark Jinks, Assistant City Manager
Carol Moore, Acting Deputy Director, Office of Management and Budget

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

**A. CITY MANAGER'S PROPOSED
 FY 2004 GENERAL FUND
 OPERATING BUDGET**

	\$398,623,187		\$392,039,586
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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 | APPROVED |
| 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 | APPROVED |
| 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 | APPROVED |
| 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 | APPROVED |

	<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)	APPROVED
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)	APPROVED
[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)	Deleted by sponsoring Members.
<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)	APPROVED AT \$4,880,000 (A REDUCTION OF \$0.025)
<u>Option C:</u> Reduce the real estate tax rate by \$0.035 (Councilwoman Eberwein's request).				(\$6,832,000)	Deleted by sponsoring Member.

	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
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, Councilwoman Eberwein, Councilman Euille and Councilwoman Pepper's request).			\$1,952,000		APPROVED
9) Expansion of real estate tax relief for the elderly and disabled (Budget Memo #12, Mayor Donley, Vice Mayor Cleveland, Councilman Speck, Councilwoman Eberwein, Councilwoman Woodson, Councilwoman Pepper and Councilman Euille's request).				(\$200,000)	APPROVED
10) Creation of a new real estate tax deferral program (Budget Memo #12, Councilwoman Woodson's request): NOTE: Funding for this deferral program of \$300,000 is proposed to come from the Housing Trust Fund as a 'transfer in' to the General Fund to replace the deferred real estate tax revenues.				No net cost to the General Fund.	NOT APPROVED

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

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. | |
| | <u>Alternative Option:</u> 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). <u>NOTE:</u> Please see item #30 for the \$270,000 reduction for this same 2.25% to 2.0% adjustment to School COLA funding. | (\$430,000) | APPROVED |
| 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. | APPROVED |

	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
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.					APPROVED
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.					APPROVED
15) Approve an increase in the employer share of life insurance benefits to help offset anticipated rate increases.					APPROVED
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.					APPROVED
C2 - Other Expenditure Adjustments					
17) Add \$50,000 funding to purchase Burke Library books (Vice Mayor Cleveland's request).	\$50,000				APPROVED AT \$15,500

CITY OF ALEXANDRIA, VIRGINIA
 FY 2004 APPROVED ADD/DELETE LIST, PAGE 6

	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
18) Add \$50,000 for an Arlandria Teen Center Study (Vice Mayor Cleveland's request):	\$50,000				NOT APPROVED. However, it was discussed that the monies currently set aside in the FY 2003 budget to conduct a feasibility study for a non-City teen center may include a study of the Arlandria area as well as other areas of the City.
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				Deleted by sponsoring Member.
20) Add \$150,000 for a Youth Ride-On Program (DASH/WMATA). (Budget Memo # 14 Councilman Euille's request):	\$150,000				NOT APPROVED
21) Add \$10,000 for the new street trash can match program (Councilman Euille's request)	\$10,000				APPROVED
22) Increase funding for the Community Partnership Fund (Budget Memo #32)					
<u>Option A:</u> Increase funding by \$124,500 (Mayor Donley, Councilman Speck and Councilman Euille's request).	\$124,500				APPROVED. The funding will be split proportionately between the Community Partnership Fund and the Youth Fund (\$22,410 to Youth Fund (18%) and \$102,090 (82%) to the Community Partnership Fund).

CITY OF ALEXANDRIA, VIRGINIA
 FY 2004 APPROVED ADD/DELETE LIST, PAGE 7

	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add	Delete	Add	Delete	
	(1)	(2)	(3)	(4)	
					Deleted by sponsoring Member.
Option B: Increase funding by \$100,000 (Councilman Euille's request).	\$100,000				
23) Increase Family Day Care Home Provider Rates to increase the earned income of family day care home providers (Budget memos #5, #43).					
<u>Option A: Increase funding by \$378,000 (Councilwoman Woodson, Councilwoman Pepper's request).</u>	\$378,000				APPROVED AT \$200,000
<u>Option B: Increase funding by \$150,000 (Mayor Donley, Councilman Speck's request).</u>	\$150,000				
24) Add \$500,000 to the Housing Trust Fund (Councilwoman Woodson's request).	\$500,000				Deleted by sponsoring Member.
25) Add \$100,000 for additional consultant studies in the Department of Planning and Zoning (Councilwoman Eberwein's request).	\$100,000				APPROVED AT \$75,000 AS A DESIGNATION IN CONTINGENT RESERVES.
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.				NOT APPROVED. POSITION WILL REMAIN AS PROPOSED IN THE T&ES BUDGET.

CITY OF ALEXANDRIA, VIRGINIA
 FY 2004 APPROVED ADD/DELETE LIST, PAGE 8

	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
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).		Designation. No new addition to the General Fund.			NOT APPROVED
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).		Designation. No new addition to the General Fund.			APPROVED AS A DESIGNATION IN CONTINGENT RESERVES.
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				APPROVED

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

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). (\$270,000) APPROVED
NOTE: See item #11 for the \$430,000 reduction for this same 2.25% to 2.0% adjustment to City COLA funding.
- 31) Decrease by the General Fund transfer to the School Operating Fund.
Option A: Decrease the transfer by \$1,500,000, and count as revenue in the School Operating Fund \$670,000 in additional State aid. This lowers the expenditure side impact in the School Operating Fund by \$830,000. (Mayor Donley, Councilman Speck, Councilman Euille and Councilwoman Eberwein's request). (\$1,500,000) APPROVED AT A DECREASE OF \$900,000, TO BE OFFSET BY AN ADDITIONAL \$670,000 IN STATE AID. THE NET EFFECT TO THE SCHOOLS IS A DECREASE OF \$230,000.

If #30 and #31 are approved the FY 2004 City transfer to the School Operating Fund will total \$120,591,334 which will represent a 4.4% increase from FY 2003. The total FY 2004 School Operating budget would then total \$144,217,486 which will represent a 4.9% increase from FY 2003. This does not include the School's share of increases in cash capital and debt service which both will increase in FY 2004.

CITY OF ALEXANDRIA, VIRGINIA
 FY 2004 APPROVED ADD/DELETE LIST, PAGE 10

	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
Option B: Decrease the transfer by \$2,200,000 (Councilwoman Eberwein's request):		(\$2,200,000)			Deleted by sponsoring Member.
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)			APPROVED AT A DECREASE OF \$1,500,000. (to be allocated between operating and capital by the City Manager)
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)			Deleted by sponsoring Members.
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)			APPROVED

	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
D. APPROPRIATION FROM FUND BALANCE					
35) Make an appropriation from General Fund Balance necessary to balance the FY 2004 Budget. The City Manager's proposed budget included an appropriation of \$6,000,000. (Revised per budget memo #26 to \$5,283,000). Based on the recommended revenue and expenditure adjustments in Section C, this amount may change).					APPROPRIATION FROM FUND BALANCE WAS APPROVED AS ORIGINALLY PROPOSED BY THE CITY MANAGER AT \$6,000,000.
Additional expenditures which would change fund balance utilized:					
Option A: Councilwoman Pepper's requests increase use of Fund Balance by \$796,000			\$796,000		NOT APPROVED
Option B: Mayor Donley and Councilman Speck's requests decrease use of Fund Balance by (\$109,500)				(\$109,500)	NOT APPROVED
Option C: Councilman Euille's requests decrease use of Fund Balance by (\$297,500)				(\$297,500)	NOT APPROVED
Option D: Councilwoman Eberwein's requests increase use of Fund Balance by \$822,000			\$822,000		NOT APPROVED
Option E: Vice Mayor Cleveland's request increase of use Fund Balance by \$200,000			\$200,000		NOT APPROVED

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

~~Option F: Councilwoman Woodson's requests decrease use of Fund Balance by (\$722,000)~~

~~(\$722,000)~~

NOT APPROVED

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:

Total	Total
<u>Expenditures</u>	<u>Revenues</u>
<u>\$394,843,187</u>	<u>\$394,843,187</u>

including a General Fund appropriation to the Alexandria City Public Schools of \$121,191,334 (\$122,361,334 was proposed and the reduction of \$900,000 to the School Operating Fund and the reduction of \$270,000 in the School COLA resulted in the approved appropriation amount).

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). The real property tax rate was further reduced and approved at \$1.035 per \$100 of assessed value with \$.01 devoted to open space acquisition.

	<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.] The approved FY 2004 to FY 2009 Capital Improvement Program totals \$341,685,715, with the annual funding requirements: FY 2004 - \$89,549,838; FY 2005 - \$68,348,806; FY 2006 - \$62,136,855; FY 2007 - \$46,311,152; FY 2008 - \$59,521,305; FY 2009 - \$15,807,759.

Note: The FY 2004 amounts and total for FY 2004 to FY 2009 may be reduced by part of the \$1,500,000 overall reduction that is allocated to cash capital.

36) Add to the cash capital contribution to the capital projects fund for Open Space (Budget Memo #3, #28)					
<u>Option A:</u> Add \$1,952,000 in FY 2004 and add similar amounts projected in budget memo #3 in years FY 2005, FY 2006, FY 2007, FY 2008 and FY 2009 (Mayor Donley, Councilman Speck, Councilwoman Eberwein's request).	\$1,952,000		\$1,952,000		APPROVED
<u>Option A-1:</u> Delete \$200,000 in proposed CIP of cash capital funding of Open Space in FY 2004 (as well as delete the same amount in FY 2005, FY 2006, FY 2007, FY 2008, and FY 2009). (Councilman Speck's request).			(\$200,000)		APPROVED
<u>Option B:</u> Add \$1,200,000 (Vice Mayor Cleveland's amended request).	\$1,200,000				NOT APPROVED

CITY OF ALEXANDRIA, VIRGINIA
 FY 2004 APPROVED ADD/DELETE LIST, PAGE 14

	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
Option C: Add \$500,000 (Councilwoman Woodson's request):	\$500,000				Deleted by sponsoring Member.
37) Add \$50,000 to the cash capital contribution to the Capital Projects Fund for the Central Alexandria (Seminary/Quaker/Janney's) 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				APPROVED
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).					
Option A: Add \$100,000 (Councilwoman Eberwein's request):	\$100,000				NOT APPROVED
<u>Option B:</u> Add \$200,000 (Councilman Speck's request).	\$200,000				APPROVED. \$200,000 was approved to be transferred from the Open Space allocation to fund this project.

	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
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)	APPROVED
40) Delete \$5,586,000 of the cash capital contribution to the Capital Projects Fund by increasing the capital projects designation by the same amount (Vice Mayor Cleveland's amended request).				(\$5,586,000)	NOT APPROVED
H. CHANGES IN FUND BALANCE DESIGNATIONS					
41) Increase capital project designation (Vice Mayor Cleveland's amended request):			\$5,586,000		NOT APPROVED
42) Delete the existing designation of \$270,000 for the Capital Development Foundation (Vice Mayor Cleveland's request):				(\$270,000)	NOT APPROVED
43) Establish capital projects fund designation of \$953,000 for open space acquisition June 2003 (FY 2003) from 1 cent of real estate tax rate designation (companion item to #7).			\$953,000		APPROVED