

WS  
4-29-03

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 24, 2003  
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL  
FROM: PHILIP SUNDERLAND, CITY MANAGER  
SUBJECT: BUDGET MEMO #5: FINAL FY 2004 ADD/DELETE LIST

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

**RECOMMENDATION:** That City Council receive the final FY 2004 Add/Delete List for use on Budget Adoption on April 29 (Attachment 1).

**DISCUSSION:** The final FY 2004 Add/Delete List incorporates the revisions to the Preliminary Add/Delete List (Budget Memo #41) that were discussed by City Council at the April 21, 2003, budget work session, as well as any that were submitted by City Council members subsequent to April 21st.

If any question arise concerning this final Add/Delete List or any other budget item, feel free to contact me or Mark Jinks any time before Tuesday night.

**ATTACHMENTS:** Attachment 1 - Final FY 2004 Add/Delete List

**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)	
<b>A. CITY MANAGER'S PROPOSED            FY 2004 GENERAL FUND            OPERATING BUDGET</b>		\$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.

*Q Dept*

**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   |

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CITY OF ALEXANDRIA, VIRGINIA  
 FY 2004 FINAL 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)	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)	
<u>Option C:</u> Reduce the real estate tax rate by \$0.035 (Councilwoman Eberwein's request):				(\$6,832,000)	Deleted by sponsoring Member.
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	

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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, Vice Mayor Cleveland, Councilman Speck, Councilwoman Eberwein, Councilwoman Woodson, Councilwoman Pepper and Councilman Euille's request).				(\$200,000)	
10) Creation of a new real estate tax deferral program (Budget Memo #12, Councilwoman Woodson's request). <u>NOTE:</u> 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.	

**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%

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

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	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
<b>C2 - Other Expenditure Adjustments</b>					
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)	<del>Add \$40,000 for Arts Grants funding with the intent that it continues the multi-year step up in funding (Councilman Euille's request).</del>	<del>\$40,000</del>			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			
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 and Councilman Euille's request).	\$124,500			
	<del><u>Option B:</u> Increase funding by \$100,000 (Councilman Euille's request).</del>	<del>\$100,000</del>			Deleted by sponsoring Member.

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CITY OF ALEXANDRIA, VIRGINIA  
 FY 2004 FINAL 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 to increase the earned income of family day care home providers (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) <del>Add \$500,000 to the Housing Trust Fund (Councilwoman Woodson's request).</del>	<del>\$500,000</del>				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				
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).		Designation. No new addition to the General Fund.			

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

	<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).		Designation. No new addition to the General Fund.			
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				



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

**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)

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)

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.

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CITY OF ALEXANDRIA, VIRGINIA  
 FY 2004 FINAL ADD/DELETE LIST, PAGE 9

	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
<u>Option B</u> : 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)			
33) <del>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).</del>		(\$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)			
<b>D. APPROPRIATION FROM FUND BALANCE</b>					
35) Make an appropriation from General Fund Balance necessary to balance the FY 2004 Budget. (The City Manager's proposed budget includes an appropriation of \$5,283,601 (Revised per budget memo #26). Based on the recommended revenue and expenditure adjustments in Section C, this amount may change).					

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

Additional expenditures which would change fund balance utilized:

Option A: Councilwoman Pepper's requests increase use of Fund Balance by \$796,000

\$796,000

Option B: Mayor Donley and Councilman Speck's requests decrease use of Fund Balance by (\$109,500)

(\$109,500)

Option C: Councilman Euille's requests decrease use of Fund Balance by (\$297,500)

(\$297,500)

Option D: Councilwoman Eberwein's requests increase use of Fund Balance by \$822,000

\$822,000

Option E: Vice Mayor Cleveland's request increase of use Fund Balance by \$200,000

\$200,000

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

(\$722,000)

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

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

**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 Expenditures</u>	<u>Total Revenues</u>
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including a General Fund appropriation to the Alexandria City Public Schools of \$\_\_\_\_\_ (\$122,361,334 was included in the proposed budget).

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).

**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 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
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	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add (1)	Delete (2)	Add (3)	Delete (4)	
<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)			
<u>Option B:</u> Add \$1,200,000 (Vice Mayor Cleveland's amended request).	\$1,200,000				
<del><u>Option C:</u> Add \$500,000 (Councilwoman Woodson's request).</del>	<del>\$500,000</del>				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				
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				

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	<u>Expenditures</u>		<u>Revenues</u>		Council Action
	Add	Delete	Add	Delete	
	(1)	(2)	(3)	(4)	(5)
<u>Option B:</u> Add \$200,000 (Councilman Speck'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 amended request).				(\$5,586,000)	
<b>H. CHANGES IN FUND BALANCE DESIGNATIONS</b>					
41) Increase capital project designation (Vice Mayor Cleveland's amended request).			\$5,586,000		
42) Delete the existing designation of \$270,000 for the Capital Development Foundation (Vice Mayor Cleveland's request).				(\$270,000)	