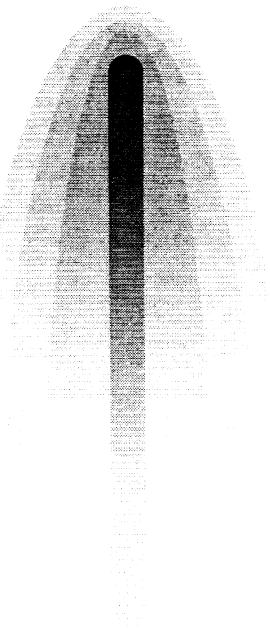


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*FY 2005 Proposed Budget and
Capital Improvement Program*



Presentation to City Council

By the City Manager

March 9, 2004

Eight Budget Themes

- Preparation of FY 2005 Operating Budget and 6-year CIP has benefited from Council's strategic planning and its preliminary long- term vision and major goals
- Eight themes emerged that have guided the budget preparation process

Themes (cont.)

- Facilitating livable neighborhoods and vibrant urban villages
- Greening Alexandria
- Achieving excellence in public education
- Enhancing public safety
- Ensuring the affordability of living in Alexandria
- Maintaining public infrastructure
- Caring for at-risk youth and families
- Ensuring a financially sustainable future


Tax Relief Measures

1. Budget proposes a real estate tax rate reduction of 3 cents - bringing the rate to \$1.005 per \$100 of assessed value
 - Includes 99.5 cents for operations, and 1 cent for open space
 - Third straight year of rate reduction (from \$1.11 in CY 2001) making our rate among the lowest in Northern Virginia
 - Approximately \$10.2 M in tax relief to property owners by this rate reduction

Tax Relief (cont.)

2. Budget proposes establishment of new affordable home ownership protection program
 - Provides an annual grant of \$250 to home owners with annual household income below \$43,500 and a residence assessed at less than the average residential value of \$362,000
 - For an eligible home owner with a \$362,000 assessed home, this grant and a 3-cent rate reduction provide a benefit of \$359, cutting the tax increase to 6%
 - Grant to be credit on November tax bills
 - Estimated 2,400 eligible homeowners

FY 2005 Operating Budget Overview

- 
1. Budget of \$433 M is proposed
 - Of this \$433 M:
 - \$256.4 M is for City operations (59.2%)
 - \$132.6 M is for school operations (30.6%)
 - \$42.4 M is for capital (9.8%)
 - \$1.5 M is for contingent reserves (0.3%)
 - Roughly equivalent to the breakdown in prior years

FY 2005 Operating Budget Overview (cont.)

2. This represents a \$35.1 M or 8.8% increase over approved FY 2004 budget

Of the increase:

- \$19.0 M (54%) is for City operations
- \$11.4 M (32%) is for School operations
- \$4.1 M (12%) is for capital
- \$0.6 M (2%) is for contingent reserves

FY 2005 Operating Budget Overview (cont.)

3. Of the \$35.1 M increase, \$27.0 M, or 77 % of the increase, is necessary to maintain current services and programs
 - City and School merit increases (\$6.2 M)
 - City and School 2.0% COLA (\$5.8 M)
 - City and School health insurance (\$2.3 M)
 - City and School retirement funding (\$5.1 M)
 - Other adjustments (\$7.6 M)
- Of the remaining \$8.1 M, 23% of the increase:
 - \$3.8 M is for City operations
 - \$2.2 M is for School operations
 - \$2.0 is for cash capital

FY 2005 Operating Budget Overview (cont.)

4. One percent expenditure reductions are taken by nearly all City departments
 - Total \$2.3 M
 - Since 9/11, reductions of \$9.9 M in City departments' spending have occurred
 - Post 9/11 reductions (\$5 M in FY 2002)
 - State budget and economic slowdown reductions (\$3.4 M in FY 2003)
 - Council add-delete reduction (\$1.5 M in FY 2004)

FY 2005 Operating Budget Overview (cont.)

5. Public Schools' Operating Budget is funded at \$132.6 M -- 99.3% of the amount requested (a \$960,000 reduction)
- Yields \$11.4 M, or 9.4% , increase over FY 2004
 - Compares to \$19.0 M, or 8.0% increase for City operations

* 1/3 financed by cash capital

FY 2005 – 2010 CIP

Overview

1. Total 6-year CIP is \$567 M - \$304 M from City funds and \$263 M from non-City funds
2. City CIP costs are declining
 - Last year's CIP totaled \$340 M in City funds
 - This year's CIP totals \$304 M, a 10.6% decline
 - Decline due to
 - completion of funding for several major projects in FY 2004
 - a number of projects not being funded

FY 2005 – 2010 CIP Overview (cont.)

3. City CIP funds are distributed, in part, as follows:
 - \$106 M for public schools (100% of request)
 - \$68 M for public buildings and facilities
 - \$57 M for parks and recreation
 - \$27 M for transportation and transit infrastructure
 - \$22 M for storm and sanitary sewer infrastructure
 - \$18 M for information technology projects

Vision and Goals:

- The Proposed Operating Budget and CIP advance 8 themes derived from preliminary Council Vision and Strategic Goals
- The budget and CIP supports these themes in the following ways:

Facilitating unique livable neighborhoods and vibrant urban villages through quality land use planning and transportation improvements

- Planning staff and consultants (\$675,000)
- Transportation studies (\$175,000)
- Improve DASH bus service \$(125,000)
- Increased traffic enforcement (\$114,000)
- Widening Eisenhower Ave. (\$3.0 M in CIP)

Facilitating unique livable neighborhoods and vibrant urban villages (cont.)

- DASH maintenance facility (\$22.8 M in CIP)
- DASH buses (\$1.3 M in CIP)
- Maintain current DASH, WMATA bus and rail, and paratransit operations (\$1.1 M)
- Arlandria pedestrian improvements in (\$900,000 in CIP)

Achieving excellence in public education

- \$11.4 M increase brings School funding to \$132.6 M -- \$960,000, or 0.7%, less than request
- Covers costs necessary to maintain current services and programs, including:
 - Merit increases (\$3.2 M)
 - COLA (\$2.3 M)
 - Retirement contributions to VRS (\$3.5 M)
 - Health insurance (\$640,000)
 - No Child Left Behind Act mandates (\$429,000)

Achieving excellence in public education

(cont.)

- Provides \$3.14 M for new initiatives, such as:
 - Laptops for all T.C. Williams students (approximately 2,000 students)
 - Increase and realign support staff salaries
 - Implement modified school calendar at one elementary school
 - Additional math specialists at elementary schools
 - Achievement incentive pay plan for Jefferson-Houston
 - Additional staff to manage construction projects

Achieving excellence in public education

(cont.)

- Six-year CIP proposes:
 - T.C. Williams: additional \$5.5 M, for Schools' total estimated cost of \$80.5 M
 - Ninth Grade Center: additional \$580,000, for Schools' total estimated cost of \$13.8 M
 - New gymnasium at Polk (\$825,000)
 - Media center/classroom additions at Maury (\$475,000)
 - System-wide fire alarm systems (\$2.0 M)
 - System-wide roof replacement (\$1.1 M)

*Ensuring the affordability of living in Alexandria
for households of all incomes*

- 3 cent reduction in the real estate tax rate (\$3.3 M in FY 2004 and \$6.9 M in FY 2005)
- New pilot program to help keep home ownership affordable by providing \$250 annual grant to households with incomes below \$43,500 and home assessed below \$362,000 (\$500,000)

Ensuring the affordability of living in Alexandria

(cont.)

- Continuation of the indexed Tax Relief Program for Elderly and Disabled Persons (\$1.8 M)
- Funding for Housing Opportunities Fund (\$1.0 M)
 - Operating costs for new Alexandria housing development organization to be provided from these funds
- Funding for other Homeownership Programs (\$2.5 M)
 - HAP, MIHP, Home Rehabilitation Loans

Caring for at-risk youth and families

- Additional funds mandated for Community Services Act services for at-risk youth (\$1.0M)
- Additional assistance to seniors through increased companion aides and senior taxi service (\$280,000)

Caring for at-risk youth and families (cont.)

- Establishment of Safe Haven facility for hard-to-reach homeless (\$112,000)
- Increase in Community Partnership, Youth and Children's Funds (\$105,000)
- Increased assistance to Arlandria Health Center (\$25,000)
- Renovations to the Flora Krause Casey Health Clinic and the Women's Shelter (\$708,000 in CIP)

Greening Alexandria through a healthy urban living environment and exciting leisure activities

- Expanded and improved maintenance of public trees, City gateways and landscaped street medians (\$165,000)
- Development of an urban forestry plan (\$25,000)
- Expanded operations at Durant Recreation and Buddie Ford Nature Centers (\$237,000)
- Expansion of residential curbside recycling program by contracting out the service (\$197,000 annual savings, and \$480,000 one-time cost savings)

Greening Alexandria (cont.)

- Establishment of commercial recycling program and addition of staff to oversee recycling and solid waste planning (\$55,000)
- Increase in residential refuse collection fee from \$185 to \$205 to recover 100 percent of the direct cost of service
- Improved maintenance of bus shelters and brick sidewalks (\$115,000)

Greening Alexandria (cont.)

- Acquisition of open space (\$16 M in CIP)
- Improvements to City athletic fields, ball courts, playgrounds and field drainage systems (\$4.5 M in CIP)
- Energy conservation efforts in City facilities (\$500,000 in CIP)
- Feasibility study for a City all-sports facility (\$100,000 in CIP)
- Expansion of Chinquapin Recreation Center and improvements to Charles Houston and Patrick Henry Recreation Centers (\$23.6 M in CIP)

Enhancing public safety

- Funding the new Office of Emergency Management (\$303,000)
- Addition of Advanced Life Support-trained personnel to EMS units (\$212,000)
- Improvements in Fire Department mobile communications system (\$125,000)

Enhancing public safety (cont.)

- Upgrades to Police mobile computer system and public safety radios (\$1.2 M in CIP)
- Improvements to existing Public Safety Center and construction of new Police Department facility (\$51.1 M in CIP)
- Study of potential need and location for a new Fire station (\$100,000 in CIP)

Maintaining the City's public infrastructure

- Continuation of substantial reconstruction, rehabilitation and extension of storm and sanitary sewers (\$22.2 M in CIP) funded in part with previously planned \$0.20 sanitary sewer fee increase
- Improved stream/channel maintenance and City marina dredging (\$1.6 M in CIP)
- Study of Lower King Street flood mitigation (\$500,000 in CIP)

Maintaining public infrastructure (cont.)

- Increased maintenance costs for existing and soon-to-open City buildings (\$323,000)
- Staff and equipment for expanded City facilities or to maintain basic on-going operating systems (\$493,000 for libraries, information technology services, personnel and finance departments)
- E-mail systems development (\$250,000 in FY 2005 in CIP)
- New, enhanced on-line Library information and circulation system (\$250,000 in FY 2005 in CIP)

Ensuring a financially sustainable future

- Significant 17% increase for ACVA to increase communications and marketing (\$243,000)
- Expert assistance for new City-wide signage system to move visitors and residents more easily to points of interest and activity (\$300,000 in CIP)

Ensuring a financially sustainable future
(cont.)

- A 50% increase in City support for Small Business Development Center to assist small businesses (\$20,000)
- Potential City support, in lieu of the holiday parking program, for increased marketing and other purposes during the holiday season (\$125,000)
- City support for the 2nd Annual Festival of the Arts (\$25,000)

Conclusion

- FY 2005 Operating Budget and CIP:
 - Provide significant tax relief by proposing 3-cent real estate tax rate reduction, to rate of \$1.005, with 1 cent dedicated for open space
 - Make home ownership more affordable by proposing new tax relief grant program for lower income Alexandrians
 - Reflect 1% savings by City departments
 - Advance major goals identified by Council in strategic planning process

Conclusion (cont.)

- Comply with City's debt policies and financial reserve guidelines
- Maintain triple-A bond ratings
- Are financially sustainable as demonstrated by the 5-year forecast scenarios