

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 12, 2004

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER

SUBJECT: BUDGET MEMO # 40 : PROPOSED EFFICIENCY-BASED AND MARGINAL SERVICE-BASED REDUCTIONS FOR FY 2005

This memo responds to Councilwoman Woodson's request for an explanation of the Proposed Budget's recommendation to require expenditure reductions from nearly all City-managed departments through Efficiency-Based and Service-Based Reductions equal to one percent of each agency's Approved FY 2004 General Fund Budget. Councilwoman Woodson also requested the percent reduction actually achieved by this process for each City department.

According to Budget Guidance Memorandum #4, issued September 4, 2004, at least 50 percent of these savings were to come from Efficiency-Based Reductions, and no more than 50 percent from Service-Based Reductions.

Three examples demonstrate the proposed Efficiency-Based and Service-Based Reductions process:

1. The Alexandria Fire Department proposed expenditure reductions totaled \$280,004. Of this amount, Efficiency-Based expenditure reductions totaled \$138,754, including the decrease of fees for temporary employment; fees for professional services; operating supplies and materials; education and training; and vehicle equipment maintenance repair and parts. Marginal Service-Based expenditure reductions totaled \$141,250, and included a reduction in employee overtime; fees for professional services; education and training; and equipment maintenance. *See Proposed FY 2005 Budget Document, Section 8, p. 7*
2. The Office on Women's proposed expenditure reductions totaled \$10,884. Of this amount, Efficiency-Based expenditure reductions totaled \$5,500, including the decrease of office supplies, overtime, and conferences. Marginal Service-Based expenditure reductions totaled \$5,384, and reflect a decrease in the contract amount for professional services. *See Proposed FY 2005 Budget Document, Section 7, p. 59*

3. The Finance Department's proposed expenditure reductions totaled \$95,800. Of this amount, Efficiency-Based expenditure reductions totaled \$60,700, including the implementation of an advanced vehicle decal process for personal property tax collection purposes. Marginal Service-Based expenditure reductions totaled \$35,100, and are expected to positively effect service levels to the public. These savings are primarily attributable to a reduction in activities related to administering the Personal Property Tax Relief Act as the City is switching from a "positive affirmation" to an exception reporting system (which will save both the City and its taxpayers time and money). *See Proposed FY 2005 Budget Document, Section 7, p. 11*

The results of this process are summarized in the attached table "Expenditure Savings from City Departments" (Attachment 1), which shows the breakdown for all City-managed departments and constitutional offices; and the percentage captured in Efficiency-Based and Service-Based Reductions.

EXPENDITURE SAVINGS FROM CITY DEPARTMENTS

Expenditure Savings From City Departments	Efficiency Savings	Service Reductions	Total Savings and Reductions	% of FY04 Budget Captured in Savings and Reductions
Police*	-\$292,348	-\$110,000	-\$402,348	-1.0%
Fire	-\$138,754	-\$141,250	-\$280,004	-1.0%
T&ES	-\$122,820	-\$97,703	-\$220,523	-1.0%
Sheriff	-\$78,286	-\$107,559	-\$185,845	-1.0%
Human Services	-\$202,874	\$0	-\$202,874	-1.2%
Recreation	-\$64,000	-\$53,800	-\$117,800	-1.8%
MH/MR/SA	-\$60,513	-\$60,513	-\$121,026	-1.0%
General Services	-\$110,800	\$0	-\$110,800	-1.2%
Transit Subsidies	-\$113,140	\$0	-\$113,140	-1.3%
Finance	-\$60,700	-\$35,100	-\$95,800	-1.3%
Health	-\$74,116	-\$35,225	-\$109,341	-1.6%
Information Tech. Services	-\$61,100	\$0	-\$61,100	-1.0%
Library	-\$27,361	\$0	-\$27,361	-0.5%
Planning and Zoning	-\$32,221	\$0	-\$32,221	-1.0%
Personnel Services	-\$22,765	\$0	-\$22,765	-1.0%
Commonwealth Attorney	-\$22,108	\$0	-\$22,108	-1.0%
Historic Alexandria	-\$20,166	-\$2,027	-\$22,193	-1.0%
City Manager	-\$18,562	\$0	-\$18,562	-1.0%
City Attorney	-\$14,700	\$0	-\$14,700	-1.0%
Housing	-\$17,615	\$0	-\$17,615	-1.3%
Clerk of Court	-\$13,240	\$0	-\$13,240	-1.0%
18th Circuit Court	-\$11,777	\$0	-\$11,777	-1.0%
Office on Women	-\$5,500	-\$5,384	-\$10,884	-1.0%
Real Estate	-\$9,311	\$0	-\$9,311	-0.9%
OMB	-\$9,487	\$0	-\$9,487	-1.0%
Registrar of Voters	-\$5,957	-\$3,000	-\$8,957	-1.0%
Court Service Unit	-\$8,251	\$0	-\$8,251	-1.0%
Citizen Assistance	-\$5,750	\$0	-\$5,750	-1.0%
City Council	-\$5,460	\$0	-\$5,460	-1.0%
Human Rights	-\$3,000	-\$1,405	-\$4,405	-1.0%
City Clerk and Clerk of Council	-\$3,500	\$0	-\$3,500	-1.0%
Internal Audit	-\$1,840	\$0	-\$1,840	-1.0%
18th General District Court	-\$855	\$0	-\$855	-1.0%
Law Library	-\$757	\$0	-\$757	-1.0%
Juvenile and Domestic Rels. Ct.	-\$339	\$0	-\$339	-1.0%
Total City Departments	-\$1,639,973	-\$652,966	-\$2,292,939	-1.0%
Percent of Total	71.5%	28.5%	100.0%	

* Efficiency savings includes \$202K in Equipment Replacement Fund to be transferred to Undesignated General Fund balance.