


City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 18, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: CONSIDERATION OF A RESOLUTION ESTABLISHING THE PROCESSES TO BE USED TO ADOPT OPERATING BUDGETS AND CAPITAL IMPROVEMENT PROGRAMS DURING THE TERM OF THIS COUNCIL

ISSUE: Consideration of a resolution establishing the processes to be used to adopt operating budgets and capital improvement programs during the term of this council

RECOMMENDATION: That City Council adopt the attached resolution establishing budget processes for the term of this Council.

BACKGROUND: This resolution would combine and replace two prior Council adopted resolutions (#2088 and #2180) that have now expired. One prior resolution established the add-delete process for the three year term of the prior Council, and the other established the target setting process and schedule for the Council's consideration of the FY 2007 General Fund Operating Budget and Capital Improvement Program.

DISCUSSION: The new resolution would be in effect for the three-year term of this Council and would establish the following:

- The timing of the budget process and the setting of budget targets by Council. These provisions are nearly identical to those established in the Budget Resolution (#2150) that governed the FY 2007 budget process. No major changes from the FY 2007 budget process are proposed for FY 2008.
- The adoption of add-delete rules governing Council consideration of the budget exactly following that adopted by the previous Council (#2088).

The School Board is aware that the City is planning on following the new budget process instituted last year, and they have seen and discussed a draft schedule prepared by the Superintendent at the August School Board Retreat that generally follows the City's proposed budget process schedule. A copy of the draft resolution was provided to the Alexandria City Public Schools last week, so that they would be fully aware of the specific draft language of the

resolution that is being proposed for consideration by Council.

ATTACHMENT: Resolution

STAFF:

Mark Jinks, Deputy City Manager

Bruce Johnson, Director, Office of Management and Budget

**Resolution No. _____
Budget Resolution Regarding the Processes To Be Used to Plan for and
to Adopt Operating Budgets and Capital Improvement Programs**

WHEREAS, the Alexandria City Council wishes to establish specific policies to guide upcoming budget deliberations to ensure responsible actions with current economic resources; and

WHEREAS, resolutions No. 2088, 2150, and 2166 and previously adopted by City Council have now expired; and

WHEREAS, City Council's deliberations on the budget each and every year reflect a balancing of the needs of the community with the community's ability to afford meeting those needs; and

WHEREAS, residential real estate taxes have borne an increasing share of the burden of paying for City and School services; and

WHEREAS, the City Council is committed to managing the growth of City General Fund operating and capital expenditures in order to help address the issue of increased residential real estate taxes; and

WHEREAS, the City Council is committed to continuing to perform fully its obligations, to continue to provide quality services and facilities for the residents and businesses of Alexandria; and

WHEREAS, the City Council is committed to assisting Alexandria City Public Schools in achieving its mission and being among the best in Northern Virginia; and

WHEREAS, the City Council is committed to maintaining competitive compensation for City and School employees; and

WHEREAS, the City Council committed to continuously improving City government effectiveness and efficiency; and

WHEREAS, the City Council is committed to maintaining its top AAA/Aaa credit ratings; and

WHEREAS, the City Council is desires to achieve the vision and strategic goals and objectives outlined in the City Council's adopted Strategic Plan; and

WHEREAS, sufficient time for the budget process is necessary for the City Council and the community to deliberate on the various issues raised given the budget's complexity and importance;

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): The Timing of the Setting of Budget Targets by City Council and the City Manager's Budget Submission to City Council

(1) That the City Manager shall plan and prepare the proposed Operating Budget and proposed six-year Capital Improvement Program and that such preparations shall include, but not be limited to, requests for City departments to identify efficiencies, low priority programs not crucial to achieving City Council strategic objectives, potential discretionary supplemental increases crucial to achieving City Council's strategic objectives, and potential City-wide process changes that would be beneficial to City operations and to the public.

(2) That the City Manager shall present to City Council in time for the fall Council Retreat a preliminary forecast and outlook for (a) revenues (including the outlook for real estate assessments), (b) expenditures necessary to maintain appropriate services and policies (including in the City Manager's forecast of cash capital and debt service costs related to the most recently approved Capital Improvement Program and estimates of the cost of an appropriate cost-of-living adjustment for City and School staff), (c) the outlook for additional requests for City operating needs in the upcoming fiscal year and future capital needs in the upcoming fiscal year and succeeding 5 fiscal years, (d) the outlook for Federal and State grants and the costs of meeting unfunded Federal and State mandates, both current mandates and projected new mandates.

(3) That the Alexandria City School System shall separately present to City Council, but in a format coordinated with the City Manager, its preliminary forecast and outlook for (a) expenditures necessary to maintain appropriate services and policies, (b) the outlook for additional requests for Schools operating in the upcoming fiscal year and capital needs through the upcoming fiscal year and the succeeding five years, (c) the outlook for Federal and State grants, and (d) the outlook for the costs of meeting unfunded Federal and State mandates, both current mandates and projected new mandates.

(4) That as part of its fall Retreat, City Council will consider this information and any other relevant information available to it at that time from the efforts described above, including citizen input to be provided by a public hearing on the upcoming budget to be conducted prior to City Council's fall Retreat.

(5) That City Council shall, as a result of information available to it at the Retreat, direct that the City Manager prepare a budget resolution to be adopted by City Council to guide the preparation of the upcoming Operating Budget and next Capital Improvement Program and that such a resolution would contain (a) a target for City General Fund expenditure growth (including cash capital and debt service), (b) a target for a budget transfer to the Alexandria City Public Schools for operating expenses, (c) neither of the above targets shall include whatever cost-of-living adjustment is projected for City and School employees, (d) a target range for a cost-of-living adjustment for City and School staff and (e) a calculation of the estimated difference between preliminary forecast revenues and the expenditure targets to be established by City Council for the upcoming fiscal year.

(6) That City Council plans to adopt such a budget resolution during the month of November.

(7) That the Board of the Alexandria City School Schools is requested to approve an Operating Budget and Capital Improvement Program by no later than January 31, prior to the upcoming fiscal year. Such budget, if it shall exceed the Council approved budget targets for the Operating Budget transfer and Capital Improvement Program given to the Alexandria City Public Schools, shall clearly identify what operating programs and activities and capital projects would be funded if additional funding were provided above that target.

(8) That the City Manager shall submit a proposed Operating Budget and Capital Improvement Program to the City Council no later than the first legislative meeting in February, that does not exceed the target for General Fund expenditure growth established by City Council, and clearly identifies what operating programs and activities and capital projects would be recommended if additional funding were provided, and/or what tax rate changes could be enacted with whatever additional revenues might be available above the revenues needed to meet the expenditure target and still provide a structurally sound budget, including a proposed real estate tax rate necessary for financing the target budget, as well as provide tax, fee and other revenue options necessary for financing the budget, as appropriate.

(9) That City Council shall consider these recommendations and endeavor to enact an Operating Budget and Capital Improvement Program that balances the needs of the community with the community's ability to afford meeting those needs.

Section (b): Proposed Budget for the City of Alexandria

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

(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 Section (b)(1).

Section (c): 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 (b) of this resolution, or would have the effect of reducing any specific revenues below the level contained in the proposed budget specified in Section (b) 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 (b) 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 c (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 (d): Expiration -- The provisions of this resolution shall expire on June 30, 2009.

ADOPTED: September 26, 2006

William D. Euille Mayor

ATTEST:

Jacqueline M. Henderson, CMC City Clerk