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City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 12, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #1: PROPOSED SCHEDULE AND ADD/DELETE
PROCESS FOR FY 2009 BUDGET DELIBERATIONS

ISSUE: Proposed schedule and add/delete list process for the FY 2009 budget deliberations.

RECOMMENDATION: That City Council review this report and inform staff, at the February 13, 2008 budget work session, of any requested revisions in the due dates or in the suggested process.

DISCUSSION: Typically, specific written guidelines for the budget add/delete process have been delineated, including

1. A timeline with specific due dates for requests for budget memoranda, public hearings and publication of public notices, and the submission of items for the preliminary add/delete list and the final add/delete list;
2. An established format for the submission of add/delete items; and
3. A statement of the specific criteria for the inclusion of add/delete list items on the preliminary and final lists.

How budget amendments such as add/deletes are to be handled was reviewed by action of City Council in and reaffirmed in Resolution No. 2256 (Attachment B) adopted on November 27, 2007. Budget Resolution 2257, passed at the same time, provides the specific guidance for the FY 2009 budget (attachment C).

Proposed Schedule

Attachment A provides the timeline recommended by staff for the FY 2009 budget process, based on the budget calendar adopted by City Council. This proposed timeline parallels the process and timeline generally used by the City Council for the last 8 years, as modified by Resolution 2256. The timeline also includes the actions required by statute to be taken by certain dates for adopting the real estate and personal property tax ordinances. Given the provisions of Resolution 2256 and new statutory requirements imposed by the General Assembly, this schedule attempts to give Council the maximum time possible to consider

budgetary options.

There are two notable changes in the schedule this year.

1. The Council must decide the maximum possible real estate tax rate to advertise 30 days (rather than the previous 7 days) before a public hearing on that rate is held. The public hearing is scheduled for Tuesday, April 22, 2008. Therefore, the Council must make this determination at its March 15, 2008 Saturday session. The same schedule applies to the personal property tax rate.
2. By that date the Council also must decide the maximum effective real estate tax rate, if any, to advertise for a potential real estate tax to be imposed on commercial and industrial property for transportation purposes. To assist it in these deliberations an Ad Hoc Commercial Transportation Tax Option Committee will report to Council on this issue as requested by February 29, 2008.

Other considerations that shaped this schedule include:

- As many work sessions as feasible were scheduled before the March 15, 2008 date so that Council could have the sufficient information to determine the maximum possible real estate tax rate to advertise. In particular, the Joint Work Session with the School Board was scheduled before this date, which is much earlier than usual.
- All of the work sessions with City departments were scheduled at least 7 days prior to the budget public hearing, which is to be held April 14, 2008. This schedule allows Council to have this information available to it before the deadline of April 7 for the submission of major adds of \$50,000 or more.
- The report of the Budget and Fiscal Affairs Advisory Committee is scheduled on April 16, 2008 so that Council may the benefit of this report well before being having to submit preliminary add/delete items.
- The BFAAC report and input from the public hearing in advance of deadlines for the submission of preliminary add/delete items

Staff Responses to Council Requests for Information on the Proposed Budget and Capital Improvement Program

Budget Director Bruce Johnson, as the lead staff person on the budget, should receive all requests for information from members of Council by letter, e-mail, telephone request or orally at Council meetings or work sessions. Staff's practice is to respond to all of these Council requests as soon as feasible. The earlier those questions are asked in the process, the better the

chance that Council will have full and complete answers in time to influence the add/delete process. Although Staff will do its best, Staff cannot promise to answer requests for information received after Wednesday, April 16 before April 23, when all Add/Delete items are due.

Preparing the Preliminary Add/Delete List

To ensure that there is not a misunderstanding regarding development of the Preliminary Add/Delete List, Budget Director Johnson will contact each member of Council to determine the items the member wishes to be included on the preliminary list. This will be done on April 7 when major adds of \$50,000 or more are due, on April 17 when major adds raised at the April 14 public hearing may be introduced, and on April 23 for other add/delete items. For each item that a Council member wishes to have included on the Preliminary Add/Delete list, staff will reach an agreement with the member on the exact language that will be used to describe the item and any accompanying justification or explanatory materials that the member wishes to include with the distribution of the preliminary add/delete list.

Multiple members may agree to support the same add/delete items. However, if different members have different approaches and language to a similar item to be added or deleted, staff will reflect the different approaches on the list and identify the member who supports each approach.

I hereby am requesting that City Council include the City Manager's recommended changes in the Alternative Budget for consideration as a package of Add/Delete changes to the budget.

Criteria for Preliminary Add/Delete List

In accordance with City Council Resolution 2256 (Attachment 1), any add/delete item or group of items that adds to expenditures must be accompanied by an offsetting decrease in expenditures and/or increase in revenue. If such an offsetting item or group of items is not identified by the member, then staff will not be able to add it to the Preliminary Add/Delete List under the terms of the Resolution.

Adds of \$50,000 or more must be requested by the end of the day on Monday, April 7, after the Work Session scheduled for that day to be meet the requirements of the Resolution. If an item is raised at the Public Hearing on April 14, then a proposed Add of \$50,000 or more may be introduced by at least 3 members of City Council by April 17. Members may provide the offsetting decrease in expenditures and/or increase in revenues for these adds at a later date, so long as these offsets are identified by the final deadline of April 23.

In addition monies included within the general Contingent Reserves (which is part of the annual operating budget in the Non Departmental account and is budgeted at \$200,000 in the FY 2009 Proposed Budget) cannot be used to fund and add without specific approval to transfer those monies to an operating agency account. Therefore, if a Council member wishes to fund an add

by the use of these monies, a deletion from Contingent Reserves must be proposed to offset such an add.

Recommendations from the City Manager for consideration of expenditure items that were unforeseen at the time of the proposed budget or to correct technical errors must also be handled under the add/delete process described above, although the City Manager is not bound by the early submission dates of Resolution 2256 for adds of \$50,000 or more.

Preparing the Final Add/Delete List

This year's Preliminary Add/Delete List will be considered at the Monday, April 28 Work Session. Any ambiguities in the items on the preliminary list can be resolved at that work session through revisions to the language used to describe the items. Based on determinations made at this work session, staff will prepare the Final Add/Delete List and will distribute it to Council on Friday, May 2. No additions to the Preliminary Add/Delete List can be made after April 28, but any clarification of items on that list may be made in preparation of the Final Add/Delete List between April 28 and May 2.

Staff does not anticipate the need to contact members of Council after the April 28 Work Session regarding the Final Add/Delete List, since we expect Council members will have reached agreement at that session on all revisions to the Add/Delete List, including language revisions. However, if for some reason this turns out not to be the case, staff will review specific items on the Final Add/Delete List with the proposing Council member before distributing it on Friday, May 2.

ATTACHMENTS: Attachment A - Budget Work Session and Hearing Schedule and Council Action Dates
Attachment B - Budget Resolution 2256
Attachment C - Budget Resolution 2257

STAFF: Mark Jinks, Deputy City Manager
Bruce Johnson, Director, Office of Management and Budget

ATTACHMENT A
BUDGET WORK SESSION AND HEARING SCHEDULE
AND COUNCIL ACTION DATES

**All sessions at 7:00 pm in Sister Cities Conference Room 1101 in City Hall
(unless otherwise noted)**

- Wednesday, February 13, 2008 – Work Session on Revenues
- Wednesday, February 20, 2008 – Work Session on Employee Compensation
- Monday, February 25, 2008 – Work Session on Capital Improvement Program
- Friday, February 29, 2008 -- Report of Ad Hoc Commercial Transportation Tax Option Study Committee Due
- Monday, March 3, 2008 – Joint Work Session with School Board on ACPS Budget (7:30 pm T.C. Williams High School Rotunda Room)
- Monday, March 10, 2008 – Work Session on Development-Related Programs and Activities
- Tuesday, March 11, 2008 – Work Session with AEDP and ACVA (5:00 pm City Council Work Room, 2nd Floor, City Hall)
- Saturday, March 15, 2008 -- Determine the Maximum Property Tax Rates for Advertising at Regular Public Hearing (9:30 am City Council Chambers, City Hall)
- Tuesday, March 18, 2008 – Work Session on Transportation and Transit Programs and Activities
- Monday, April 1, 2008 – Work Session on Public Safety and Administration of Justice Programs and Activities
- Monday, April 7, 2008 – Work Session on Caring Community and Other Programs and Activities
- Monday, April 7, 2008 -- Deadline for Submission of Adds of \$50,000 or more
- Monday, April 14, 2008 – Budget Public Hearing (4:00 pm City Council Chambers, 2nd Floor, City Hall)

- Wednesday, April 16, 2008 – Work Session on Budget and Fiscal Affairs
Advisory Committee Report
- Wednesday, April 16, 2008 -- Requests for Information via Budget Memos in
order to be completed by April 23, 2008
- Thursday, April 17, 2008 -- Deadline for Submission of Adds of \$50,000 or
more by 3 members of Council or more that were m
raised at the Public Hearing on April 14
- Tuesday, April 22, 2008 – Effective Tax Rates Public Hearing (7:00 pm City
Council Chambers, City Hall)
- Wednesday, April 23, 2008 -- Deadline for all other Adds and Deletes not
previously submitted
- Friday, April 25, 2008 -- Preliminary Add/Delete List Distributed via Budget
Memo
- Monday, April 28, 2008 – Work Session on Preliminary Adds/Deletes
- Friday, May 2, 2008 -- Final Add/Delete List Distributed via Budget Memo
- Monday, May 5, 2008 – Work Session on Final Adds/Deletes (6:00 pm City
Council Work Room, 2nd Floor City Hall)
- Monday, May 5, 2008 – Special Legislative Meeting for Adoption of
Operating Budget and Capital Improvement
Program (7:00 p.m. City Council Chambers, City
Hall)