

Material changes from last year's resolution are noted with **highlights**, changes proposed by Councilman Krupicka's draft from those proposed by the City Manager are also noted with underlining, and Councilman Wilson amendments to the Krupicka draft are shown in *italics*.

Resolution No. _____
Budget Resolution Establishing 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 believes changes in resolution No. 2205 previously adopted by this Council for its term are appropriate to provide more focus on changes in the average residential real estate taxes in the budget process; and]

WHEREAS, City Council believes there should be more flexibility in diversifying the sources of revenue available to fund the General Fund Operating Budget; 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 services to meet those needs; and

WHEREAS, the City Council is committed to continue performing fully its obligations to provide the core services expected of a municipal government and to continue to provide quality services and facilities for the residents and businesses of Alexandria; 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 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 a fair, reasonable and competitive compensation plan for City and School employees; and

WHEREAS, the City Council is committed to continuously improving City government effectiveness and efficiency, and expects the City Manager and City staff to focus on managing for results, and

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

WHEREAS, the City Council 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, repeal Resolution 2205, adopt this resolution in lieu thereof, and adhere to the following rules of procedure:

Section (a) The Timing of the Setting of Budget Guidance 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.

Material changes from last year's resolution are noted with **highlights**, changes proposed by Councilman Krupicka's draft from those proposed by the City Manager are also noted with **underlining**, and Councilman Wilson amendments to the Krupicka draft are shown in ***italics***.

(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 maximum rate in the real estate tax rate** (b) a maximum target for City General Fund expenditures (including any **market rate adjustment (MRA)** for City staff and cash capital and debt service), and (c) a target for a budget transfer to the Alexandria City Public Schools (including the cost of any MRA for School staff). **The City Manager must include this amount in the proposed budget to be submitted in accordance with section 9 below.**

(6) City Council shall establish for the City Manager and the Schools what preliminary minimum percentage MRA should be included in the guidance established in sections 5(a), 5(b) and 5(c) above.

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

(8) 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 guidance for the Operating Budget transfer given to the Alexandria City Public Schools, shall clearly identify what operating programs and activities would be funded if additional funding were provided above that guidance.

(9) 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 **guidance** for the rate of change in the real estate tax rate, and the **guidance** for General Fund expenditures established by City Council. Such budget shall clearly

identify what operating programs and activities and capital projects would be recommended if additional funding were provided, and/or what other tax rate and fee changes could be enacted with whatever additional revenues might be available above the revenues needed to meet the expenditure guidance and still provide a structurally sound budget, including a proposed real estate tax rate necessary for financing the budget provided for that rate, as well as provide tax, fee and other revenue options necessary for financing the budget, as appropriate, so long as the real estate tax rate proposed does not exceed that allowable under section 5 (a) above.

(10) That the City Manager shall endeavor to produce a budget that substitutes other taxes, fines, fees and charges for real estate taxes, as well as reductions in programs and activities through efficiencies and reduced service levels in order to balance the budget as required by section 6.05 of the City Code. To the extent that the City Manager [is unable to balance the budget] deems additional expenditures in excess of those included in the proposed budget within the guidance provided by section 5(a) of this resolution, but within the guidance provided by sections 5 (b) and (c) of this resolution, the City Manager shall separately specify as a recommended "add" to the proposed budget the additional recommended expenditures by program and activity and the reasons therefore, and the required real estate tax rate necessary to balance the budget. Provided that the City Manager shall not include the minimum market rate adjustment specified in section 6 above as one of those additional recommended expenditures.

(11) The City Manager may recommend, and Council may adopt, a different percentage MRA in his proposed budget than that established by City Council under section 6 above, but such a recommendation shall not change the guidance established by sections 5 (a), (b) and (c) above. The proposed Operating Budget shall include as a line item of expenditure (instead of as a designation of fund balances) the cost of any other market-based salary adjustments proposed to maintain the City's ability to attract and retain any class or classes of employee. The City Manager may separately list all or a portion of the minimum market rate adjustment as one of those additional expenditures that would need to be added to the proposed budget to be paid for by an increase in the real estate tax rate under section 2 above. If that expenditure is so listed it would also reduce the Schools target specified in section 4 by the amount of a the minimum market rate adjustment for Schools employees.

(12) 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 services to meet 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 that 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.

(4) It shall not be in order for any member of the Alexandria City Council to initiate any amendment to the proposed budget of the City of Alexandria which would increase any specific budget outlay by more than \$50,000, unless written public notice of the member's intent to offer such an amendment, and a general description of the proposed amendment, is given to the City Manager and City Clerk at least one week prior to the spring budget public hearing.

(a) The provisions of this paragraph may be waived if the proposed amendment is raised by a member of the public at the spring budget public hearing (but not an amendment raised at the separate public hearing on the effective real estate tax) and at least three members of the Alexandria City Council formally request a budget memorandum from staff in regard to such proposed amendment within 3 days of the public hearing.

(b) The provisions of this paragraph also may be waived for good cause by an affirmative vote of five Council Members. As used in this paragraph, "good cause" shall include, but not be limited to, a change in the amount of state or federal funding included in the proposed budget.

Section (d) Adoption of Budget that exceeds target.

The adoption of a budget that in total exceeds the ~~guidance~~ established in accordance

with sections 5(a), 5(b) and 5(c) (or the highest target if more than one target is established for each section) shall require an affirmative vote of five Council Members.

Section (e) Expiration -- The provisions of this resolution shall expire on June 30, 2009.

ADOPTED:

William D. Euille Mayor

ATTEST:

Jacqueline M. Henderson, CMC City Clerk

Material changes from last year's resolution are noted with **highlights**, changes proposed by Councilman Krupicka's draft from those proposed by the City Manager are also noted with underlining, and Councilman Wilson amendments to the Krupicka draft are shown in *italics*.

RESOLUTION NO. _____

Budget Resolution Setting Guidance for FY 2009 General Fund Operating Budget

WHEREAS, the City Council of Alexandria passed Resolution _____ on _____ that established the process to be used for formulating the budget during the remaining term of this Council and requires that City Council set budget guidance for the City Manager and the School Board for the FY 2009 budget;

WHEREAS, the City Council held a public hearing on the FY 2009 budget on October 13, 2007; and

WHEREAS, the City Manager and the Alexandria City Public Schools Superintendent have presented to City Council at its October 27, 2007 retreat their preliminary forecasts of revenues, expenditures and capital needs; and

WHEREAS, the 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 services to meet those needs; and

WHEREAS, the City Council is committed to continue performing fully its obligations to provide the core services expected of a municipal government and to continue to provide quality services and facilities for the residents and businesses of Alexandria; 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 exploring all possible non-real estate tax revenue options in order to minimize the impact of rising municipal costs on homeowner real estate taxes.

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 a fair, reasonable and competitive compensation plan for City and School employees; and

WHEREAS, the City Council is committed to continuously improving City government effectiveness and efficiency, and expects the City Manager and City staff to focus on managing for results; and

WHEREAS, the City Council is committed to maintaining its top AAA/Aaa credit ratings; 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 CITY COUNCIL OF ALEXANDRIA:

Material changes from last year's resolution are noted with **highlights**, changes proposed by Councilman Krupicka's draft from those proposed by the City Manager are also noted with underlining, and Councilman Wilson amendments to the Krupicka draft are shown in *italics*.

1. **In the Initial Budget Proposal Keep the Existing Real Property Tax Rate :** That the City Manager shall submit a proposed FY 2009 Operating Budget and Capital Improvement Program to the City Council no later than February 12, 2008, that contains a proposed real estate tax rate of \$0.83 cents per \$100 assessed valuation.

2. **Seek Out Alternative Revenue and Efficiency Options Prior to Consideration of Increase in Real Property Tax Rates:** That the City Manager shall endeavor to produce a budget that substitutes other taxes, fines, fees and charges for real estate taxes, as well as reductions in programs and activities through efficiencies and reduced service levels, in order to balance the budget as required by section 6.05 of the City Code. To the extent that the City Manager *is unable to balance the budget* deems additional expenditures in excess of those included in the proposed budget within the guidance provided by section 1 of this resolution, but within the guidance provided by sections 3 and 4 of this resolution, the City Manager shall separately specify as a recommended "add" to the proposed budget the additional recommended expenditures by program and activity and the reasons therefore, and the required real estate tax rate necessary to balance the budget. *Provided that the City Manager shall not include the minimum market rate adjustment specified in section 5 below as one of those additional recommended expenditures.*

3. **Hold City Budget Growth to Five Percent:** That the City Manager's proposed FY 2009 Operating budget shall not exceed a \$377.2 million for General Fund expenditures (5% growth over the previous year's budget). The guidance includes the cost of whatever market rate adjustment is to be provided to City employees. This guidance does not include the operating budget transfer to the Alexandria City Public Schools.

4. **Hold School Transfer Growth to Five Percent:** That the School Board of the Alexandria City Public Schools is requested to approve a FY 2009 Operating Budget and Capital Improvement Program by no later than January 31, 2008. Such budget shall seek not to exceed a target of \$168.2 million for the operating budget (5% growth over the previous year's budget) transfer provided to the Alexandria City Public Schools. This guidance includes the cost of whatever market rate adjustment is to be provided to Schools employees. Such budget, if it shall exceed the Council approved budget guidance for the Operating Budget transfer, shall (as specified in section a (8) of Resolution _____) clearly identify what operating programs and activities would be funded if additional funding were provided above that target. The City Manager must include this amount in the proposed budget to be submitted on February 12, 2008.

5. **Develop Clear Priorities for Community and Council Evaluation:** That the budget documents of both the City Manager and the School Board shall clearly describe what operating programs and activities and capital projects could be funded within the budget guidance and what operating programs and activities and capital projects and other policy options may exceed the budget guidance and, to the extent possible, what the impact would

Material changes from last year's resolution are noted with **highlights**, changes proposed by Councilman Krupicka's draft from those proposed by the City Manager are also noted with underlining, and Councilman Wilson amendments to the Krupicka draft are shown in *italics*.

be on the performance of those programs (the results) that are proposed either for possible expansion or reduction.

6. Include Market Rate Adjustment Salary Increases in Budget Proposal: That the City Manager and the School Board shall assume on a preliminary basis that a minimum market rate adjustment of 1.0 % is included in the guidance established in sections 3 and 4 above. The City Manager may recommend, and Council may adopt, a different percentage market rate adjustment than that assumed above, but such a recommendation shall not change the guidance established by sections 3 and 4 above. The City Manager may separately list all or a portion of the minimum market rate adjustment as one of those additional expenditures that would need to be added to the proposed budget to be paid for by an increase in the real estate tax rate under section 2 above. If that expenditure is so listed it would also reduce the Schools target specified in section 4 by the amount of a the minimum market rate adjustment for Schools employees.

ADOPTED: _____

WILLIAM D. EUILLE

MAYOR

ATTEST:

Jacqueline M. Henderson, CMC

City Clerk