

City of Alexandria, Virginia

MEMORANDUM

DATE: NOVEMBER 15, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER **8**

SUBJECT: CONSIDERATION OF: (1) CITY MANAGER'S RECISIONS TO THE CITY'S FY 2009 BUDGET, AND (2) RESOLUTION ESTABLISHING FY 2010 BUDGET GUIDANCE FOR THE ALEXANDRIA CITY GOVERNMENT AND THE ALEXANDRIA CITY PUBLIC SCHOOLS

ISSUES: Spending Reduction Plans for FY 2009, and Resolution Establishing Budget Guidance for FY 2010.

RECOMMENDATIONS: That City Council:

- (1) Review the six Scenarios provided for FY 2010 budget guidance and discuss the attached resolutions regarding the FY 2010 budget guidance; and
- (2) Set the adoption of those resolutions which will establish FY 2010 budget guidance for the Alexandria City Government and the Alexandria City Public Schools at Council's November 25 legislative meeting.

FY 2009 SPENDING REDUCTION PLANS:

The City Manager provided Council with a list of planned FY 2009 Spending Reduction Plans on October 22, 2008. (This list is voluminous and can be accessed at alexandriava.gov). These plans were required in order to balance the General Fund budget in the face of a shortfall of \$10.5 million in the revenues now expected in FY 2009. The revenue shortfall is largely driven by a 5.5% project decrease in CY 2009 real estate revenues. The reductions were grouped into \$4.2 million in efficiency measures, \$5.3 million in service reductions, and \$0.9 million in increased new revenues for the General Fund. These were discussed at the Council Retreat on October 25, 2008, released to the public on that date, and posted on the City's web site. A public hearing was held on budget matters on October 30, 2008 that provided an opportunity for public comment on the proposed reductions.

The City Manager previously directed staff to immediately implement all but the service reductions. The service reductions will be implemented as soon as possible after November 19, 2008, unless Council determines to amend the proposed service reduction list by substituting a proposed reduction with a reduction of equal value not currently on the list. If no changes to the list are made, City staff will begin implementing those proposed service reductions as well. As per the City Charter, the City Manager is responsible for keeping the budget in balance, so Council need not take any action if it so chooses and the City Manager will implement all of the proposed reductions.

In addition to \$8.65 million in proposed efficiency and service reductions for FY 2009 a total of \$1,850,000 in cash capital was generally identified in the October 22, 2008 submission as a source of savings:

- \$1,516,526 from FEMA reimbursements received for June 2006 flood damage repair projects,
 - \$259,000 from unallocated balances for a future City Visitor Center expansion study, and
 - \$74,474 from environmental restoration funds available due to developer contributions.
- \$1,850,000 Total**

If Council does wish to change any of these actions, it would need to identify other potential savings to offset any savings item proposed to be dropped from the spending reduction plans.

FY 2010 BUDGET GUIDANCE:

Council has long had procedures governing its consideration of the budget, including procedures governing the “add-delete” process. In the spring of 2005 changes were made for use in the FY 2007 budget process. Council established additional procedures calling for a discussion of the budget at the Fall Retreat, after which budget guidelines would be set for the City Manager and the School Board’s guidance as they developed their respective budgets for the coming fiscal year. After the FY 2007 budget was adopted and with the installation of a new Council, a revised set of procedures was adopted in the Fall of 2006 for use in the FY 2008 budget process. Again in the Fall of 2007 revisions were made to the budget procedures for the FY 2009 budget process. This docket item proposes no additional changes in the underlying budget process, and requests specific, quantifiable guidance for the FY 2010 budgets of the City Manager and the School Board, in accordance with Resolution 2256 (Attachment 1) passed by this Council last fall to govern the budget process for the remainder of its term.

Attachment 2 provides a table that summarizes the preliminary forecasts for FY 2010 presented to City Council at its Retreat by City and Schools staff. It shows an estimate of a current services and policy baseline budget for both the City government and Alexandria City Public Schools.

Attachment 3 shows City staff’s current estimate of the revenues available in FY 2010 under current tax rates and policies.

Six scenarios for possible use by City Council in providing guidance for the FY 2010 budget have been developed based on the following elements of the FY 2010 budget:

1. the maximum tax rate to be used for real property taxation;
2. the maximum expenditure in dollars to be available for the portion of the budget managed by the City Manager including:
 - a. City Operations
 - b. Transit Subsidies
 - c. CIP-related expenditures (cash capital and debt service);
3. the maximum expenditure in dollars to be available for transfer to the Schools for operations; and
4. the minimum market rate adjustment (if any) for salaries for both City and School employees.

Whatever scenario is chosen, the reduction (or increase) from the FY 2009 Approved Budget should be shared proportionately between the City and the Schools budget – at least in the initial targets.

- Both the City and the Schools will have a difficult time living within such guidance, but both should be asked to display the impact of such reductions on their activities and services to the public.
- If Council decides next spring to divide the available funds in a different fashion, it will have the opportunity to do so.

Basic Scenarios

Scenario A reflects a maximum real property tax rate of 84.5 cents – an amount equal to the current rate. Expected revenues would provide a total General Fund Budget of \$506.6 million that is 6.54% less than the FY 2009 Approved Budget. If Council chooses this scenario as the basis for guidance and also reduces the School's transfer by an equal, proportionate share of minus 6.54%, the guidance for the City would be a budget of no more than \$349.6 million and for the Schools, \$157.0 million.

Scenario B reflects a maximum real property tax rate of 89.5 cents – an amount that would yield an average residential tax for 2009 equal to that paid in 2008. Expected revenues would provide a total General Fund Budget of \$522.7 million that is 3.56% less than the FY 2009 Approved Budget. If Council chooses this scenario as the basis for guidance and also reduces the School's transfer by an equal, proportionate share of minus 3.56%, the guidance for the City would be a budget of no more than \$360.7 million and for the Schools, \$162.0 million.

Scenario C reflects a maximum real property tax rate of 91.3 cents – an amount that would yield an average residential real estate tax for 2009 equal to 2.0% more than that paid in 2008. Expected revenues would provide a total General Fund Budget of \$528.5 million that is 2.49% less than the FY 2009 Approved Budget. If Council chooses this scenario as the basis for guidance and also reduces the School's transfer by an equal, proportionate share of minus 2.49%, the guidance for the City would be a budget of no more than \$364.7 million and for the Schools, \$163.8 million.

Scenario D reflects a maximum real property tax rate of 93.1 cents – an amount that would yield an average residential tax for 2009 equal to 4.0% more than that paid in 2008 – approximately the amount of expected inflation. Expected revenues would provide a total General Fund Budget of \$534.3 million that is 1.42% less than the FY 2009 Approved Budget. If Council chooses this scenario as the basis for guidance and also reduces the School's transfer by an equal, proportionate share of minus 1.42%, the guidance for the City would be a budget of no more than \$368.7 million and for the Schools, \$165.6 million.

Scenario E reflects a maximum real property tax rate of 95.5 cents – an amount that would yield an average residential tax for 2009 equal to 6.7% more than that paid in 2008. Expected revenues would provide a total General Fund Budget of \$542.1 million that is approximately equal to the FY 2009 Approved Budget, which is a 0.01% increase. If Council chooses this scenario as the basis for guidance and also keeps the School's transfer equal to its FY 2009 Approved amount, the guidance for the City would be a budget of no more than \$374.05 million and for the Schools, \$168.05 million.

Scenario F reflects a maximum real property tax rate of 101.5 cents – an amount that would yield an average residential tax for 2009 equal to 13.4% more than that paid in 2008. Expected revenue would provide a total General Fund Budget of \$561.5 that would be sufficient to maintain current services, which is a 3.57% increase over the FY 2009 Approved Budget. If Council chooses this scenario as the basis for guidance and splits the funds to maintain current services in both the City and the Schools, the guidance for the City would be a budget of no more than \$385.6 million (a 3.09% increase) and for the Schools, \$175.9 million (a 4.70% increase).

Market Rate Adjustment (MRA) Scenarios

While providing a market rate adjustment is highly desirable, given the severity of the budget situation in Alexandria as well as in the region, based on preliminary discussions it appears that no major Northern Virginia locality's budget (when proposed) will include a market rate adjustment. A few proposed budgets may not include scheduled merit increases. The Maryland localities work under collectively bargained labor contracts, and subsequent negotiations and renegotiations make comparisons difficult. Although Prince George's County and Montgomery County may have labor agreements that call for salary increases, they are both contemplating significant furloughs as a means to balance their budgets that effectively negate any pay increases being provided to employees.¹ To the extent that Council directs an MRA or one-time bonus to be included in the City and Schools budgets, both organizations may be forced to consider more severe cutbacks in employee benefits than those that may otherwise be proposed.

However, so as to understand market rate adjustments and consider them, the following scenarios are provided:

Scenario 1 would provide a 2 percent MRA or one time bonus for both City and Schools employees. The cost of doing so would be \$7.6 million -- \$4.4 million for City staff, \$3.0 million for Schools staff, and \$0.2 million for DASH employees. This MRA or one time bonus would have to be provided within the maximum expenditure amounts provided in Scenarios A-F.

Scenario 2 would provide a 1 percent MRA or one time bonus for both City and Schools employees. The cost of doing so would be \$3.8 million -- \$2.2 million for City staff, \$1.5 million for Schools staff, and \$0.1 million for DASH employees. This MRA or one time bonus would have to be provided within the maximum expenditure amounts provided in Scenarios A-F.

Scenario 3 would provide a 0.5 percent MRA or one time bonus for both City and Schools employees. The cost of doing so would be \$1.9 million -- \$1.1 million for City staff, \$0.75 million for Schools staff, and \$0.5 million for DASH employees. This MRA or one time bonus would have to be provided within the maximum expenditure amounts provided in Scenarios A-F.

Scenario 4 would provide no MRA or one time bonus for either City or Schools employees.

¹ Furloughs are not recommended for consideration because they have an impact on service to the public and do not address the long-term structural budget problem facing the City.

Expenditure Ceilings

Council could establish a maximum expenditure ceiling based on a different scenario than the one used to determine a maximum tax rate or no expenditure ceiling at all. This guidance would allow the City Manager to recommend two budgets, a base budget using the maximum tax rate; and a higher alternative budget. This guidance would be similar to that provided for the FY 2009 budget.

Transportation Funding

Unless Council otherwise directs, staff plans to bring forward during its deliberations on the budget next spring the establishment of a separate commercial/industrial real estate tax for transportation purposes. However at this time, we do not recommend that Council include such a tax in its guidance. There will be time next Spring to weigh the advantages of such a tax against the impact of reduced funding on transportation operating programs and capital projects without such a tax.

Open Space Funding

Unless Council otherwise directs, staff plans to bring forward in December an ordinance that would amend the one percent of real estate tax revenues for open space to a level that would pay for debt service only. This action, while representing a FY 2010 decision, needs to be taken in December before the start of the calendar year in which the tax applies. If during the budget deliberations, the City Manager or Council wishes to increase the open space dedicated percentage to a higher amount than that necessary to fund only debt service; it can be done then. If no action is taken in December, then the one percent tax rate is locked in.

Summary:

The tables on the next two pages show the 6 basic Scenarios and compare those Scenarios to the available revenue.

Table 1: GUIDANCE SCENARIOS

	SCENARIO DESCRIPTIONS	City (\$ in M)	City % Increase over FY 2008	Schools (\$ in M)	Schools % Increase over FY 2008	Total (\$ in M)	Total % Increase over FY 2008
	FY 2009 Approved Budget	\$374.0		168.0		542.0	
A	No increase in the tax rate of 84.5 cents	\$349.6	-6.54%	\$157.0	-6.54%	\$506.6	-6.54%
B	No increase in the average residential tax bill (an 89.5 cent tax rate)	\$360.7	-3.56%	\$162.0	-3.56%	\$522.7	-3.56%
C	A 2.0% increase in the average residential tax bill (a 91.3 cent tax rate)	\$364.7	-2.49%	\$163.8	-2.49%	\$528.5	-2.49%
D	No increase in the inflation adjusted average residential tax bill (a 93.1 cent tax rate)	\$368.7	-1.42%	\$165.6	-1.42%	\$534.3	-1.42%
E	A flat budget with no increase in expenditures over the FY 2009 approved budget (a 95.5 cent tax rate)	\$374.1	+0.01%	\$168.0	+0.01%	\$542.1	+0.01% %
F	A current services budget (a 101.5 cent tax rate)	\$385.6	+3.09%	\$175.9	+4.70%	\$561.5	+3.58%

The following table shows the six scenarios in relation to real estate revenues:

Table 2: Guidance Scenarios Effect on Real Estate Taxes				
	SCENARIO DESCRIPTIONS	Real Estate Tax Rate (per \$100 assessed value)*	Average Residential Real Estate Tax (Existing Properties)*	% Increase in Average Existing Residential Real Estate Tax Bill*
	FY 2009 Approved Budget	\$0.845	\$4,214	
A	No increase in the tax rate of 84.5 cents	\$0.845	\$3,979	-5.6%
B	No increase in the average residential tax bill	\$0.895	\$4,214	-0.0%
C	A 2.0% increase in the average residential tax bill	\$0.913	\$4,299	+2.0%
D	No increase in the inflation adjusted average residential tax bill	\$0.931	\$4,384	+4.0%
E	A flat budget with no increase in expenditures over the FY 2009 approved budget	\$0.955	\$4,497	+6.7%
F	A current services budget	\$1.015	\$4,780	+13.4%

* These calculations assume that the average residential assessment will decline 5.6%. This is consistent with the preliminary forecast of assessments presented at Council's fall retreat on October 25, 2008.

ATTACHMENTS:

- Attachment 1 Resolution #2256
- Attachment 2 Preliminary FY 2010 Forecast
- Attachment 3 Current Revenues Estimates for FY 2010

STAFF:

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

Resolution No. 2256

**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. 2008, 2150, and 2166 and previously adopted by City Council have now expired; 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 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 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 maximum 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 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 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 program 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 deems additional expenditures in excess of those included in the proposed budget within the guidance provided by section 5(a) of the 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.

(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 10 above. If that expenditure is so listed it would also reduce the Schools target specified in section 5(c) above by the amount of 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: November 27, 2007

/SS

WILLIAM D. EUILLE, MAYOR

ATTEST:

/SS

Jacqueline M. Henderson, CMC City Clerk

City General Fund Summary

(\$ in millions)



		City Ops	ACPS Ops	Transit	CIP	Total
FY 2009 Approved GF		\$318.7	\$168.0	\$16.7	\$38.6	\$542.0
Subtotal Compensation		+\$3.4	+\$7.4	-	-	\$10.8
Subtotal Non-Personnel		+\$3.3	+\$0.5	\$1.3	\$3.0	\$8.1
FY 2010 Current Services		\$323.4	\$175.9	\$18.0	\$41.6	\$560.9
Schools Programs Net Additions and Reductions		-	-\$3.1	-	-	-\$3.1
Continuation of FY 2009 Spending Reductions (Debt Service impact shown above)		-\$6.8	-	-\$0.3	-\$1.9	-\$9.0
FY 2010 Current Services (adjusted)		\$316.6	\$172.8	\$17.7	\$39.7	\$548.8
Fire/Police Communications						
2% MRA		+\$4.6	+\$3.0	+\$0.2		\$7.8



City General Fund Summary

(\$ in millions)

		City Ops	ACPS Ops	Transit	CIP	Total
FY 2009 Approved		\$318.7	\$168.0	\$16.7	\$38.6	\$542.0
Compensation Increases						
Step		+\$4.4	+\$3.8			\$8.2
Health/Benefits		+\$1.0	+\$2.5			\$3.5
Retirement (OPEB)		-	+\$0.8			\$0.8
Other		-\$2.0	+\$0.3			\$1.7
Subtotal Compensation		+\$3.4	+\$7.4			\$10.8



City General Fund Summary

(\$ in millions)

		City Ops	ACPS Ops	Transit	CIP	Total
Non-Personnel						
Contracts/Contributions		+\$0.8	+\$0.5			\$1.3
Fuel/Utilities		+\$0.3	+\$0.4			\$0.7
CIP Operating Impacts		+\$0.3				\$0.3
CSA		+\$2.0				\$2.0
Transit				+\$1.3		\$1.3
Cash Capital/Debt Service					+\$3.0	\$3.0
One-time reductions		-\$0.1	-\$0.4			-\$0.5
Subtotal Non-Personnel		\$3.3	\$0.5	+\$1.3	+3.0	\$8.1

FY 2010 Preliminary Revenue Estimates

Millions of Dollars

	FY 2009 Approved	FY 2010 Projected	\$ Change	% Change
Real Property Taxes (1)	\$293.6	\$270.3	-\$23.3	-7.9%
Personal Property Tax (2)	33.7	28.3	-5.4	-16.0%
Utility Tax	10.7	10.6	-0.1	-0.9%
Business license tax	33.5	33.1	-0.4	-1.2%
Recordation	4.8	3.3	-1.5	-31.3%
Transient Lodging	11.5	11.8	0.3	2.6%
Restaurant Food	15.0	15.1	0.1	0.7%
Communications	13.0	13.2	0.2	1.5%
Interest on General Fund Investments	3.1	2.9	-0.2	-6.5%
Intergovernmental Revenues (3)	29.2	28.1	-1.1	-3.8%
Miscellaneous	0.6	0.7	0.1	16.7%
Fund Balance	6.6	2.6	-4.0	-60.6%
Total including others not mentioned above	\$542.0	\$506.6	-\$35.4	-6.5%

(1) Assumes 5% CY 2010 assessment reduction

(2) Assumes 15% CY 2010 reduction in vehicle assessments

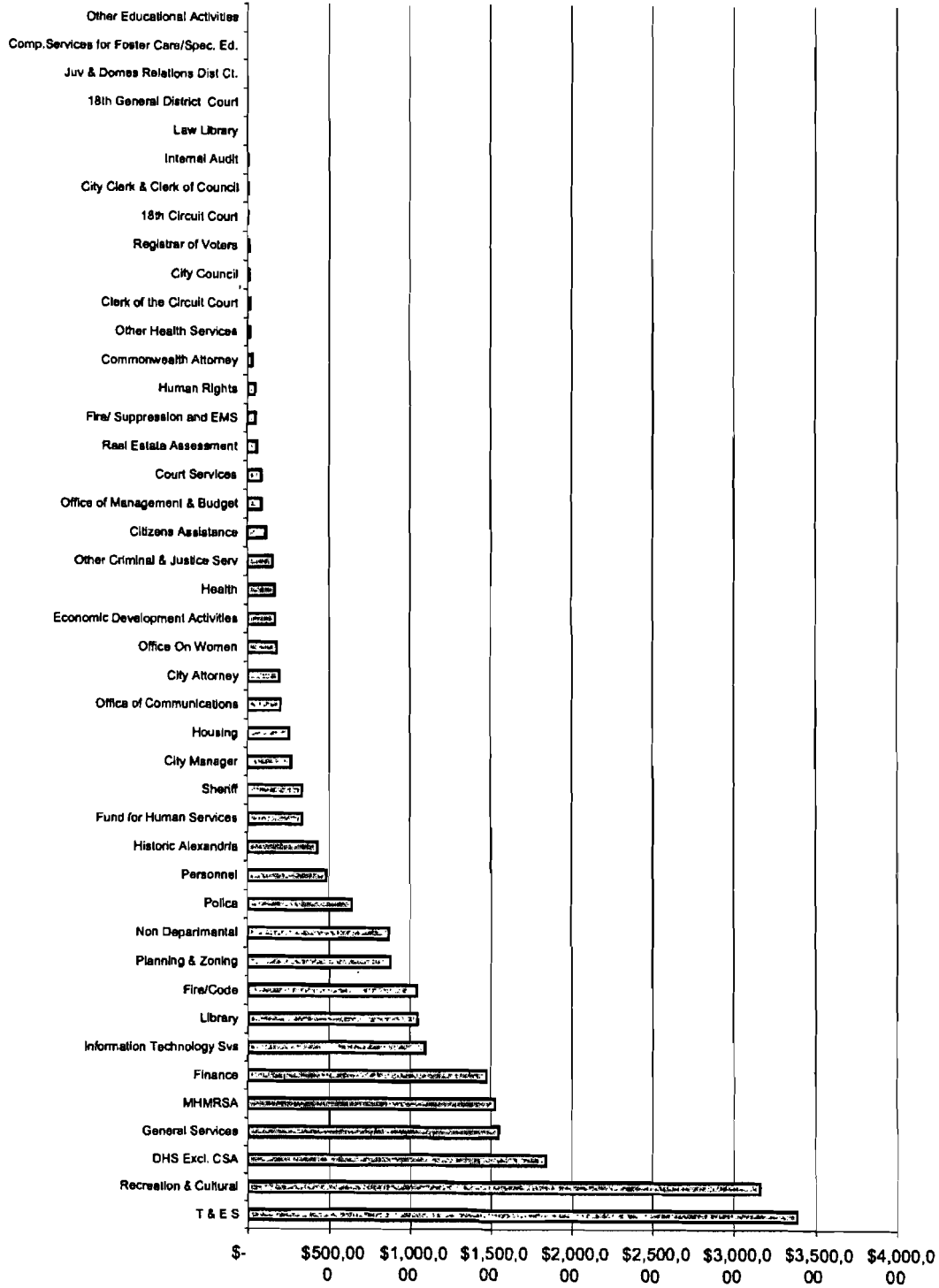
(3) State takeback of \$1M federal per diem reimbursement



City of Alexandria

FY 2010 Council Retreat

**\$ Reductions From Current Services by Department
(Excluding Debt Service, Cash for Capital Projects and Transit Subsidies)**



**% Reduction from Current Services by Department
(Excluding Debt Service, Cash for Capital Projects and Transit Subsidies)**

