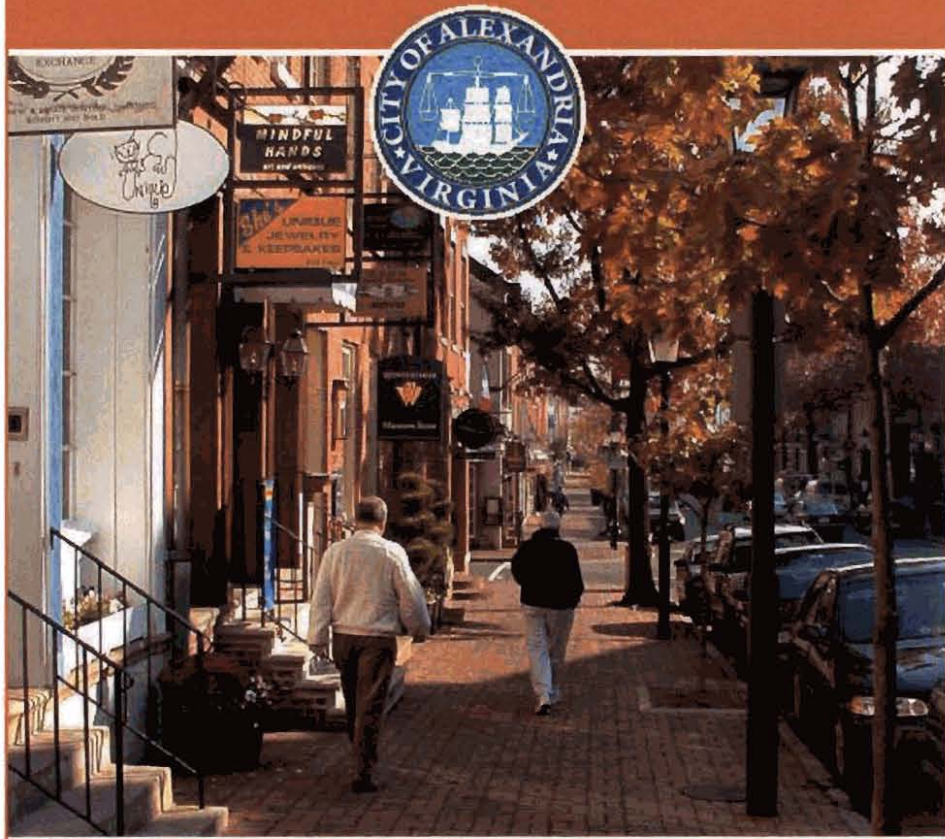


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City of Alexandria, Virginia
PROPOSED OPERATING BUDGET



FY 2013

JULY 1, 2012 – JUNE 30, 2013

Proposed Operating Budget & CIP

FY 2013

February 14, 2012

Budget Summary

- **Fifth straight year of economic challenges**
- **Cost of current services/previous commitments exceeds revenue growth**
- **Meets Council guidance**
- **Continues City's adherence to principles of strong financial management**



Council Guidance

- **No tax rate increase**
- **Increase Schools transfer and public safety at same rate as revenue growth**
- **Include merit pay for employees**
- **Continue employee retirement contributions**



Council Guidance

- **Increase health insurance contributions to 20% for all employees**
- **Provide funding to open Eisenhower Avenue Fire Station 210**
- **Maintain level funding for infrastructure**
 - Street & Sidewalk Maintenance (\$4.3 million)
 - Sanitary Sewers (\$7.5 million)
 - Storm Sewers (\$2.7 million)
- **Maintain level funding for the CIP (City and Schools)**



Budget Summary

- **Maintains core services**
 - Education: Fully funds ACPS Superintendent's transfer request and last year's CIP agreement
 - Public Safety
 - Infrastructure Maintenance
 - Transportation
- **Includes \$6.8 million in expenditure reductions and \$1.4 million in new initiatives**
 - Adds new staffing for development project implementation and performance management and accountability
 - Fire recruit class costs
 - Health Department emergency planner
 - Increased destination advertising for tourism



General Fund Revenues

Millions of Dollars

	FY 2012 Approved	FY 2012 Projected	FY 2013 Proposed	%Change 12 Approved/ 13 Proposed
Real Property Taxes	\$321.7	\$326.0	\$334.9	4.1%
Other taxes	157.8	160.2	162.9	3.2%
Taxes	479.5	486.2	497.8	3.8%
Non-tax revenue	25.9	26.1	26.7	3.3%
Federal & State Revenue	53.0	53.5	53.4	0.8%
Prior Year Surplus & Transfers	8.6	8.6	7.7	-10.6%
Total	\$566.9	\$574.4	\$585.6	3.3%



General Fund Revenues

- **No real estate tax rate increase**
- **General Fund revenue increase \$18.7 million or 3.3%**
- **Real estate assessment growth is 3.37% in CY 2012 and 2.48% in CY 2013 (adjusted for GenOn plant closure in CY 2012)**
 - Growth without GenOn closure is 3.53% in CY 2012 and 2.92% in CY 2013
 - Value of GenOn facility (excluding land) is \$198.1 million
- **Real Estate Tax Revenue Increase is \$13.3 million**



Aver. Residential Real Estate Tax Bill

	CY 2011	CY 2012	\$ Change	% Change
Single Family Detached	\$6,199	\$6,317	+ \$118	1.9%
Condomini m	\$2,684	\$2,664	- \$20	-0.8%
Overall Resi ntial	\$4,523	\$4,575	+ \$52	1.2%



Estimated FY 2012 Revenue Surplus

Use	Amount (\$)
Increase Use of Fund Balance to Support FY 2013 Expenditures	\$2,210,000
Existing Encumbrances	1,700,000
One-time Land Use and Planning Studies	835,000
Compliance with Financial Policies	1,000,000
Funding for the FY 2014 CIP	1,755,000
Total	7,500,000



General Fund Expenditures

(\$ in millions)

Expenditures	FY 2011 Actual	FY 2012 Approved	FY 2013 Proposed	\$ Chg FY12/13	% Chg FY12/13
City Operations	\$304.8	\$316.2	\$324.7	\$8.5	2.7%
Transit Subsidies	\$16.3	\$16.6	\$18.4	\$1.8	11.1%
Total City Operations & Transit	\$321.1	\$332.8	\$343.1	\$10.3	3.1%
Operating Budget Support to the CIP (Cash Capital and Debt Service)	\$43.0	\$59.1	\$61.7	\$2.6	4.5%
Total City Expenditures	\$364.1	\$391.9	\$404.9	\$13.0	3.3%
ACPS Transfer	\$167.9	\$175.0	\$180.7	\$5.8	3.3%
Total General Fund	\$532.0	\$566.9	\$585.6	\$18.7	3.3%



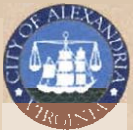
Expenditure Budget Summary

Overall expenditures increase by 3.3% (\$18.7 million)

- **Down from 6.6% increase in the FY 2012 Approved Budget (including 2.2 cents for Transportation) and 4.1% in the FY 2012 Proposed Budget**

ACPS increase of \$5.8 million is \$0.2 million greater than the amount requested in the Superintendent's proposed budget

- **City Operations up \$8.5 million, or 2.7%**
- **CIP funded at same level as planned in FY 2012**
- **Collectively Fire, Emergency Communications, Police and the Sheriff increase by 4.7% (\$5.6 million)**



Changes from FY 2012 to FY 2013

- **\$18.4 million to maintain current services and previous commitments**
 - \$9.6 million personnel
 - \$2.6 million CIP cash capital and debt service
 - \$2.2 million Eisenhower Fire Station 210 opening
 - \$2.0 million transit current services and planned DASH expansion
 - \$2.0 million maintenance agreements
- **\$5.8 million ACPS increase**
- **\$1.4 million City service expansion**
- **\$6.8 million City reductions**
- **\$18.7 million net increase**



Personnel Costs

- **\$9.1 million current policies**
 - \$4.5 million retirement
 - \$3.3 million merit/step Increases
 - \$0.9 million health insurance premiums
 - \$0.4 million saved by increasing contribution to 20% for all employees
 - City cost would be \$1.3 million otherwise
 - \$0.2 million retiree benefits
 - \$0.2 million line of duty
- **\$0.4 million general employee pay scale adjustment**
 - eliminates 2 lowest steps
 - adds to the top of grade
- **\$0.1 million public safety top of grade compensation**



Recent Budget Shortfall History

- **\$10 million mid-year FY 2009**
- **\$57 million FY 2010**
- **\$44 million FY 2011**
- **\$17 million FY 2012**
- **\$22 million FY 2013**



FY 2013 Shortfall

- **City Current Services Shortfall at October Work Session = \$14.4 M**
- **Shortfall with ACPS and Transit = \$22.2 M**
- **Shortfall eliminated due to:**
 - Increased Revenues (\$9.0 M)
 - Expenditure Reductions (\$6.8 M)
 - Revised Fire Station 210 Estimate (\$1.5 M)
 - Reduced Retirement Costs (\$1.7 M)
 - Revised Maintenance Cost Estimates (\$3.2 M)



Position Reductions

- **27 full-time and part-time positions are eliminated**
- **8 are filled (3 FT and 5 PT)**
- **20.8 FTEs and \$1.4 million**
- **5 additional vacant positions are reallocated to expand services within existing resources**



Land Use & Economic Development

- **Contributions to AEDP & SBDC reduced by \$100,632**
- **\$100,000 increase in ACVA destination advertising offset by tourism revenue increase**
- **Rodent abatement in Code Administration \$50,000**
- **Positions in Planning & Zoning, T&ES, ITS and Finance reallocated from the General Fund to building permit revenues to reflect their role in staffing and supporting the permit center**



Health & the Environment

Health Department new emergency planner \$106,008 offset by \$281,287 in reductions

- Public health nurses (2)
- Public health nurse aide
- Environmental health supervisor
- Administrative support positions

- **DCHS Reductions**

- Eliminate senior taxi reservation service provided by Senior Services of Alexandria \$70,000
- Day Support program part-time technician \$24,910
- Assistant Director of Community Support Services \$135,626
- IT Division Chief \$162,414
- **T&ES positions reallocated from the General Fund to the Sanitary Sewer Fund to reflect actual work activities \$834,784**



Transportation

- **\$1.0 million for DASH expansion (funded by 2.2 cent real estate tax reservation)**
 - Options under consideration by DASH include:
 - New crosstown route
 - AT6 peak period service frequency increase
- **Reduction of \$180,000 in less productive DASH service**
 - Options under consideration by DASH include:
 - Saturday AT4 service
 - Weekday midday AT4 service
 - Weekday evening AT4 service
 - Saturday AT1/7 restructuring
- **3 position reductions in T&ES \$254,156**
 - 2 positions reallocated to Internal Audit and Project Implementation
 - 1 position eliminated



Children, Youth & Families

- **\$5.8 million ACPS increase fully funds the Superintendent's request**
- **New home-based youth therapist \$85,816 (\$49,816 General Fund)**
- **RPCA Out-of-School Time Fee Revenue Increase \$260,000**
- **DCHS Reductions**
 - Child day care fee system taken over by the State eliminates \$414,352 General Fund match
 - City share of Comprehensive Service Act mandated service reduced \$346,000
 - Out of School Time services \$53,871
 - Urban League funding for Community Services/New Horizons \$104,509
 - Early childhood social worker \$37,055
 - Supervisory administrative analyst \$71,576



Financial Sustainability

- **City-wide ethics initiative added \$25,000**
- **Risk Management positions eliminated in Finance and functions decentralized to departments \$220,449**
- **Parking garage automation pilot program savings \$33,644**
- **Other position reductions**
 - Vacant City Manager's Office administrative position reallocated to Project Implementation \$112,889
 - Finance position reallocated to Internal Audit \$74,085
 - Real Estate Assessments reallocated to Internal Audit \$75,529
 - General Services fleet specialist and parts driver eliminated \$113,986
 - One General Services capital project manager eliminated \$104,903
 - One General Services capital project manager reallocated to CIP funding \$154,498



Public Safety

- **New Fire station staffing (\$2.2 million & 20 FTEs)**
- **Fire staffing cost**
 - \$425,000 in Contingent Reserves in FY 2012 and FY 2013
 - \$465,000 added in FY 2013 for recruit class costs (\$215,000 coming from 2 vacant non-suppression positions eliminated in Fire)
 - Remaining costs to be covered by savings within Fire
- **New Police facility savings \$1.2 million**
- **\$0.6 million increased revenue by Sheriff's Office housing of additional federal prisoners**



Caring Community

- **RPCA class and camp instructors \$50,000 and youth sports programming \$24,566 funded from increased fee revenues**
- **DCHS Reductions**
 - Joblink client transportation \$15,000
 - General Relief for unattached minors \$86,525
 - Community Lodgings \$63,250
- **Elimination of 7 part-time librarian and library assistant positions (3.0 FTEs)**
- **RPCA reductions**
 - City birthday celebration \$36,200
 - Close Ewald pool \$22,000
 - Reduce urban forestry and waterings \$139,174
 - Graffiti removal \$35,000
 - Fort Ward weekend on-duty staffing \$22,000



One-time Funding Initiatives

- **One-time items funded from FY 2012 surplus**
 - Landmark/Van Dorn \$100,000
 - Eisenhower West Transportation \$175,000
 - Waterfront/Union Street Congestion \$300,000
 - Waterfront Contingency \$100,000
 - Public Arts Master Plan \$60,000
 - Real Estate Data Quality Study \$75,000
 - Old Town Valet Parking Start-up \$25,000



Implementation of Priority Capital Projects

Create an Office of Project Implementation to facilitate the implementation of high priority capital projects (\$308,967 transferred from vacant positions in other departments)

- **Complex priority capital plans need focused implementation**
 - Recently adopted Waterfront Plan, Potomac Yard and Landmark Redevelopment
- **Requires cross departmental coordination and collaboration**
- **Two positions (senior project director and civil engineer) created by reallocation of other existing positions.**
- **Organizational location, responsibilities and further details to be determined**



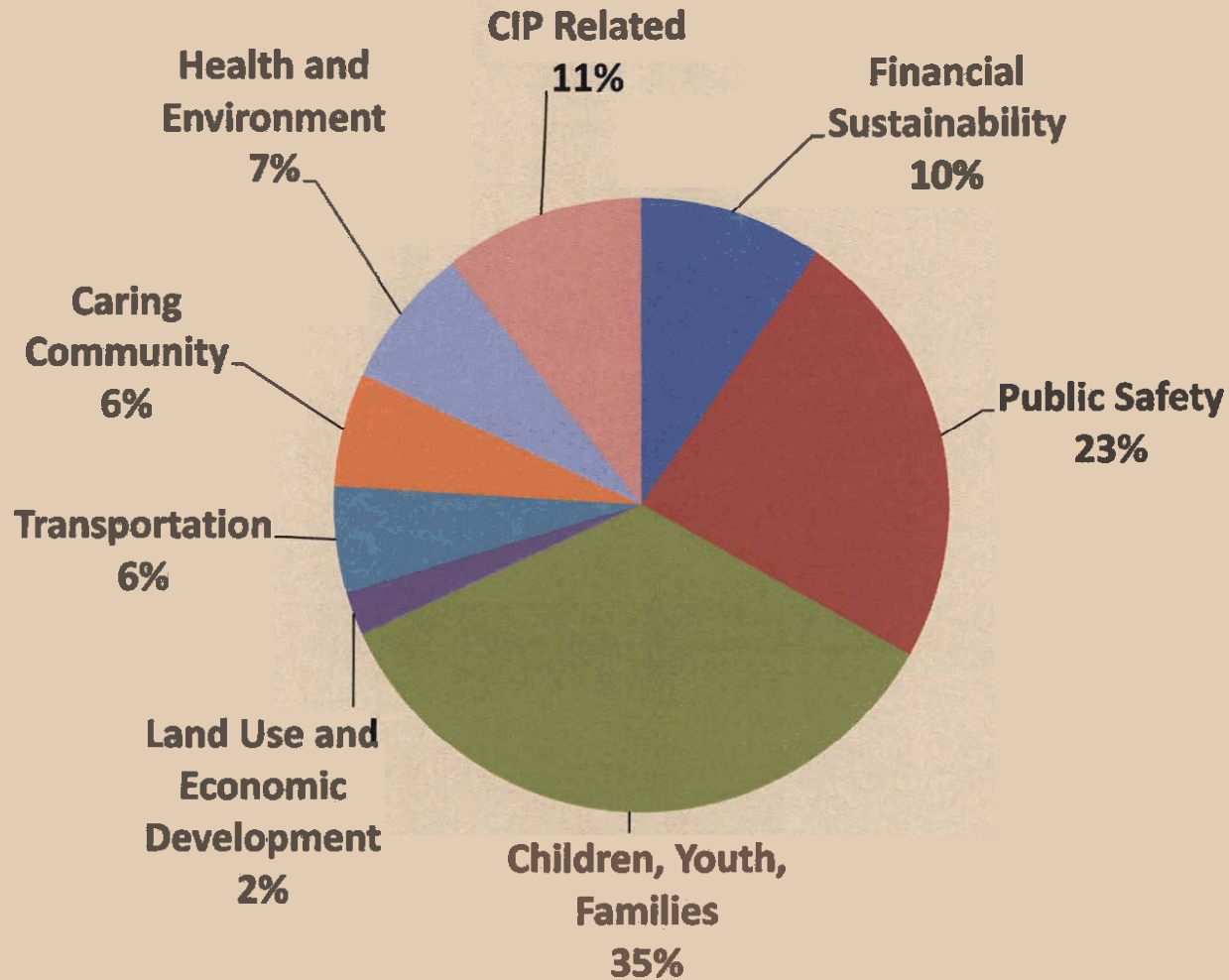
Performance and Accountability

Expand the scope of Internal Audit Office to enhance operational performance and increase the accountability of our organization by:

- Working collaboratively with Department Heads and key senior staff to assess management performance;
- Using data to consistently examine issues affecting service delivery;
- Focusing on efficiency and effectiveness measures that improve departmental service delivery;
- Reporting regularly to the City Manager and Senior Staff on service delivery benchmarks, targets and accomplishments.



Budget by Goal Area



Capital Improvement Program

- **10-Year funding = \$1.1 billion**
- **FY 2013 funding = \$99.0 million**
 - \$93.25 million in City funds
 - \$5.75 million from non-City sources
- **\$61.7 million in the operating budget for cash capital and debt service (existing and FY 2013 planned issuances)**
 - \$2.6 million increase over FY 2012



CIP Major Projects in FY 2013

(\$ amounts represent total project costs not FY 2013 expenditures)

- Computer-aided dispatch \$15.0 million
- Fire Station 210/Impound Lot \$16.1 million
- Potomac Yard rapid transit vehicles \$4.0 million
- Holmes Run Greenway \$5.6 million
- Waterfront open space acquisition and flood mitigation \$1.8 million
- Jefferson-Houston K-8 \$41.1 million



CIP Major Out-year Projects

(\$ amounts represent total project costs)

- Potomac Yard Metro Station \$275.0 million
- Fire station renovations \$35.3 million
- Sewer capacity expansion \$73.0 million
- New Patrick Henry K-8 facility \$43.0 million and \$6.1 million Patrick Henry recreation center



Budget Schedule

- **Public Hearing & Work Session Dates and Proposed Topics**
 - Feb 22nd – CIP & Transportation
 - Feb 29th – ACPS
 - Mar 5th – Public Hearing
 - Mar 7th – Public Safety Staffing
 - Mar 21st – Topic TBD or Cancel
 - Mar 28th – Topic TBD or Cancel
 - Apr 11th – BFAAC
 - Apr 14th – Public Hearing on Tax Rate Ordinance & Effective Rate
 - Apr 30th – Preliminary Add/Delete
 - May 7th – Final Add/Delete and Budget Adoption





City of Alexandria, Virginia
301 King Street, Suite 2300
Alexandria, Virginia 22314

ECO-CITY ALEXANDRIA



Rob Krupicka
Member of Council

(703) 746-4500
Fax: (703) 746-6433
Rob.krupicka@alexandriava.gov

TO: The Honorable Mayor and Members of the City Council

CC: Rashad Young, City Manager
Bruce Johnson, Chief of Staff
Laura Triggs, Acting CFO

FROM: Councilman Rob Krupicka

SUBJECT: Budget Discussion Items

Colleagues:

During this budget process, I'd like to start a conversation about a few significant policy issues. I don't expect we'll be able to fully address all of these, but I'd like to see us set out some clear plans to make progress on these over the next few years. I would appreciate your comments as well as the thoughts and comments of the community about these issues and the best course of action to take.

- 1) **Access to 4-Year Old Pre-K:** With this budget, it is my hope that the City and Schools can establish a collective policy that no family in Alexandria be turned away from access to quality Pre-K due to financial constraints. We know that children that show up for Kindergarten ready for school are more likely to succeed in later years. And we know through our own evaluation data that Pre-K has a clear impact on student readiness for school. We have made huge progress on this issue over the last decade and now have a waiting list of less than 100 children. I would like to see us eliminate that waiting list and establish by Resolution a policy that makes it clear that Alexandria is committed to providing access to 4-Year Old Pre-K. I will propose a resolution to do this in the coming weeks.
- 2) **Parks, Fields, Trees and Open Space:** Almost ten years ago the City started a bold campaign to preserve 100 acres of open space. Due to economic conditions, we have had to pause that effort at about 70 acres. Rapid growth of families in Alexandria has put enormous pressure on our field and recreation resources; we don't have enough quality play services. In our urban community we need to maximize the use of every sports field, which means using synthetic materials. Storms and age over the years have done

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significant damage to city trees and we have not made substantial progress to implement our Urban Forestry Plan.

In addition, we have significant park improvements awaiting support: 4-Mile Run, Ft. Ward, Ben Brenman, our recently adopted Waterfront plan and more. In short, our park, field, tree and open space resources need some attention after years of limited investment. Therefore I propose we identify the costs of a ten-year park, field, tree and open space initiative and discuss new revenue sources to fund such an initiative.

As part of this budget process, I'd like to understand from the Parks and Recreation staff as well as the community what additional items would need to be added to the capital budget in order to ensure we are properly supporting these resources. If there are concerns about taking on a new fiscal challenge in these times, I would be open to the idea of a public referendum to determine public support. I am confident that most residents of Alexandria value their parks and fields and would like to see them well cared for.

- 3) **Council Salaries and Staff Support:** It has been over 9 years since the last pay raise for the Alexandria Council. And our part-time Aides are also significantly underpaid. It is always politically difficult to talk about council pay. As an outgoing member of Council, perhaps I can at least start the conversation. Council work requires 25-40 hours a week for required and community meetings, to meet with city staff and to meet with citizens who rightly expect regular and easy access. At \$27,500 Council members are paid less than elected officials in most every other major government in the region. And that salary has not changed for more than 9 years. I believe the idea of a part time Council should be maintained. A part-time Council helps ensure Council members have day-jobs that expose them to the same realities of life that residents face. But the current salaries are far less than part-time, especially in a city where the median income is over \$100,000 and the cost of living is increasing.

In addition, growing expectations for citizen access to the Council and management of a wide range of city issues necessitates that we discuss giving Council members the option of having fulltime equivalent, rather than halftime, Council Aides. Council members could choose to hire either one person for the FTE, or more than one person to divide the position. The proliferation of electronic communications since 2003 has resulted in more emails, more inquires for Council members and their Aides to be responsive to, combined with a greater expectation of timely responsiveness due to multiple methods of electronic communications. Citizens are often frustrated they can't have the level of access to Council Members and their Aides that they would like. Full time Aides would help the Council better manage the many issues they are expected to be actively engaged with. Previous reviews of the effectiveness of the Council have recommended the option of full time Aides. I'd like to suggest we change our current system to give Council members that option. In today's information connected society, constituents expect and deserve a level of service that part time Aides are just not in a position to provide.

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Aide salaries are just like City Council salaries—they must be explicitly changed by City Council – Aides do not receive step increases or other adjustments in salary when other City employees are provided either within grade step and/or cost of living adjustments. I think a discussion needs to occur about a way to tie Council Aide salaries to an equivalent position in the City so that when City employees get a cost of living adjustment, Council Aides receive some sort of pay adjustment. The salary in 2003, was \$20,788. In FY07 Aides received a 3% COLA and in FY09, Aides, along with all City employees received a one-time \$500 bonus. Currently Aides make \$21,411.52. This is well below market for the duties most Aides perform for Members of City Council, most of whom have college degrees and professional experience.

Over the next few weeks, I intend to offer the outlines of a Council resolution that could provide a consistent and clear guide for the salary policy for our elected officials and their Aides and which could inform our choices during this budget process.