

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 2, 2012

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER *Rmy*

SUBJECT: RECEIPT OF THE BFAAC REPORT ON THE CITY MANAGER'S PROPOSED OPERATING AND CAPITAL IMPROVEMENT BUDGETS FOR FY 2013

**ISSUE:** Receipt of the Budget and Fiscal Affairs Advisory Committee (BFAAC) Report on the City Manager's Proposed Operating and Capital Improvement Budgets for FY 2013.

**RECOMMENDATION:** That City Council receive the report as presented.

**DISCUSSION:** BFAAC presented its report to City Council on April 11, 2012 at a budget work session. During the discussion, BFAAC was asked by City Council to make a second presentation of their report at an upcoming legislative meeting to highlight key findings of the Committee.

City Council received BFAAC's initial report as Budget Memo #27 on April 5, 2012. BFAAC has since revised it to include two additional sections not included in the first report. Those sections include a section on operating budget transparency and a section on retirement contributions and pensions. The remainder of the report is unchanged. The revised report is attached.

**FISCAL IMPACT:** There will be no additional fiscal impact from this report.

**ATTACHMENT:** Revised BFAAC Report on the City Manager's Proposed Operating and Capital Improvement Budgets for FY 2013.

**STAFF:**

Laura Triggs, Acting Chief Financial Officer  
 Morgan Routt, Acting Director, Office of Management and Budget  
 Alex Braden, Budget Analyst, Office of Management and Budget

City of Alexandria Budget and Fiscal Affairs  
Advisory Committee

Report on the City Manager's Proposed Budget  
for Fiscal Year 2013

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## EXECUTIVE SUMMARY

### THE BUDGET PROCESS

- **BFAAC applauds the City Manager's continued "cautious optimism" and believes that continued restraint is the desired approach.**
- **Due to several factors, including increasing personnel costs and equipment replacement needs, the cost of running the City of Alexandria is rising and expenditures are outpacing revenues.**
- **BFAAC believes that cost containment must become an important part of the City's overall financial strategy and encourages the City to seek out additional areas for cost containment as it strives toward additional efficiencies in citizen service delivery.**
- **BFAAC believes that in order to maintain current levels of service, the City will have to consider a variety of financial strategies, which may include: 1) cost containment initiatives; 2) tax increases; 3) spending reductions; and 4) expansion of the tax base. Comprehensive application of these four strategies will ensure the financial health of Alexandria and BFAAC encourages careful examination of all strategies equally.**
- **City Council's new election schedule will have an impact on the consideration of the annual budget. BFAAC believes the movement of the election requires a critical examination of the traditional process used by Council of providing historically beneficial guidance to the City Manager in developing an annual budget.**
- **The City Manager should be given the maximum flexibility possible within the budget guidance in creating a budget for City Council's consideration during election years.**
- **Alexandria should examine the budget process and best practices of other jurisdictions in Virginia that have similar budget process challenges to identify the best process possible for Alexandria.**
- **BFAAC believes that an approved ACPS budget should be received for consideration in the context of an overall City budget in order for all involved in the budget process to remain accountable and for the process to remain transparent to Alexandria taxpayers.**
- **BFAAC is concerned about the process and the timeline by which ACPS delivers a capital improvement program and an operating budget to City Council and strongly reiterates its observations and recommendations from FY 2012.**
- **BFAAC recommends that City Council not proceed with any school budget deliberations in future fiscal years without the receipt of a capital improvement**

program and an operating budget from ACPS by the City Manager before he presents his budget to Council.

#### **THE PROPOSED OPERATING BUDGET**

- **BFAAC concurs with the decision to adjust the general salary schedule to be competitive with surrounding jurisdictions in keeping with the Towers-Watson consulting firm report.**
- **BFAAC concurs with the separate effort by the City, unrelated to the mid-point changes, in its proposal to ensure, that under the new merit pay approach, compensation to employees is fair.**
- **We believe that management, for reasons of employee morale, must continue its education effort with employees and employee groups to explain the changing approach to compensation and make the transition as smooth as possible.**
- **BFAAC restates its support for a move to merit pay for all employees, emphasizing a properly designed and administered program. We commend the Administration for beginning this process during the current year by moving senior management into this process, with the intent of expanding the reach of a well-designed merit system to other employees beginning in FY 2013.**
- **The success of a merit pay approach will rest on principles of understanding and trust, plus safeguards throughout the process that insure fair implementation. Extensive training of both evaluators and those being evaluated must precede and continue throughout the process.**
- **The entire merit pay program implementation needs to be transparent, relatively simple and open to dialogue in group settings about the process, such as within departments, and between the parties involved in individual evaluation sessions.**
- **The City should implement the recommendations of the Ad Hoc Retirement Benefits Advisory Committee.**
- **Council should ask the City Manager to provide options for meeting its new financial obligations under legislation enacted in 2012.**
- **Council should ask the City Manager to provide options for reducing disparities in retirement contributions and benefits among employees at similar levels of responsibility and pay depending on date of hire.**
- **BFAAC is pleased to see the end of varying percentages of sharing in health benefit costs based upon year of employment. We suggest that the City not propose any additional employee sharing beyond the current 20% in the foreseeable future.**

- **BFAAC recommends that Council establish criteria for determining priorities within and among Strategic Plan areas, which the City Manager can employ in making decisions on reduce spending and the public can use to judge decisions to choose spending in one area rather than another. The public should have input into the determination of these criteria.**
- **BFACC recommends as held in the past that Council establish work sessions with department heads to reveal and review the criteria being implemented on service increases and reductions.**
- **BFAAC recommends that Council ask the City Manager to review and report on the impact of service reductions since FY 2009 on those in need of services as a basis of identifying priority for restoration of services or other programmatic increases, if warranted, when resources allow.**

#### **THE PROPOSED CAPITAL IMPROVEMENT PROGRAM**

- **BFAAC commends the cooperation between the City and ACPS to meet the capacity needs of Alexandria's burgeoning public school population.**
- **The additional capital necessary to accommodate the projected enrollment increases in the years FY 2017 through 2022 would likely strain the City's funding and borrowing capacity, given the other capital projects slated for the same period.**
- **The City should, in consultation with ACPS, be mindful of the likely impact on student population of any land-use planning proposal considered in the next several years.**
- **The Council should consider reducing the funding to a wider range of projects to "share the pain" of overall reduced resources and funding.**
- **City Staff should furnish a more detailed explanation in the project plans to provide greater transparency of the specific factors that the City Staff considered and applied in determining that it was appropriate to reduce the funding of specific CIP projects based on "available resources," "available funding," and "project prioritization."**
- **BFAAC recommends that Council consider requesting, for future budgets, that each department or agency provide a standard type of benefit analysis information.**

#### **REVENUES AND OUTLOOK**

- **For the past 4 years, non real estate taxes and fees have accounted for a substantial part, about 18%, of the overall resident tax/fee burden. We will continue to work with**

**Staff on new metrics that provide a more comprehensive measure of the tax and fee burden on households/residents and businesses.**

- **BFAAC reminds Council of the Economic Sustainable Work Group recommendation to rebalance the real estate tax base to 50% residential and 50% commercial. Including the multifamily properties as part of the commercial base can be misleading, in particular since these properties do not generate the same net gain to the City as other commercial properties and in fact align closer to the net gain of a residential property.**
- **To diversify our commercial base, Council should set a goal for the types of business the City wishes to attract. A strategic plan should be developed that includes the necessary incentives to attract and retain such businesses.**
- **The City's current debt policy targets and limits should not be raised.**
- **Given the Potomac Yard development's very unique features—including being self-financed, projected impact on economic development and estimated long-term revenue stream for the City—BFAAC can make a reasoned case for borrowing as a part of the project's financing as an acceptable temporary exception to the debt policy guidelines. However, we recommend against additional borrowing for any other projects that would cause the City's debt to be further in excess of debt policy limits.**
- **BFAAC emphasizes that FY 2013 debt policy projections do not assume several high profile projects that have been approved and are being executed. We caution that additional borrowing to implement these additional projects would significantly deteriorate the City's performance relative to its debt policy guidelines and adversely impact our AAA/Aaa bond rating.**

## I. THE BUDGET PROCESS

### A. Long Range Budget Outlook

“Cautious optimism.”<sup>1</sup> In the FY 2012 City Manager’s message to the Alexandria City Council, then-Alexandria City Manager Jim Hartmann told Council that “we can expect at least three, maybe four more years of difficult financial prospects calling for significant spending restraint.”<sup>2</sup> In the FY 2012 BFAAC report, we concurred with the City Manager, believing that “restraint should continue to be the approach.”<sup>3</sup>

In the FY 2013 Manager’s Message, BFAAC observes that new City Manager Rashad Young has adopted the same long-term outlook, noting that “we are continuing to see an economic recovery that enables us to be cautiously optimistic.”<sup>4</sup> BFAAC concurs that cautious optimism should continue to guide the City’s budget development process and that Alexandria should continue to show fiscal restraint.

While we believe in cautious optimism, BFAAC would like to stress more “caution” than “optimism.” That caution originates from one word: cost. As the City Manager notes, “rising personnel costs, maintenance agreement obligations and equipment replacement needs result in increased expenditures for providing the same level of service.”<sup>5</sup> Simply put, it is getting more expensive to run the City of Alexandria and the revenues the City relies on to deliver services to its citizens are not keeping pace with the associated costs. Therefore, BFAAC believes that cost containment must become an important part of the City’s overall financial strategy.

Cost containment, however, does not necessarily mean cuts in services. In fact, the City has already identified areas where cost containment measures have been implemented, including elimination of the City’s Risk Management positions and the decentralization of its functions and the cost savings associated with the opening of the new Police Department headquarters. BFAAC encourages the City to seek out additional areas for cost containment as it strives toward additional efficiencies in citizen service delivery.

In this and future budget years, BFAAC believes that in order to maintain current levels of service, the City will have to consider a variety of financial strategies, which may include: 1) cost containment initiatives; 2) tax increases; 3) spending reductions; and 4) expansion of the tax base. Comprehensive application of these four strategies will ensure the financial health of Alexandria and BFAAC encourages careful examination of all strategies equally.

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<sup>1</sup> FY 2012 Proposed Budget, City Manager’s Message, p. 2-1.

<sup>2</sup> *ibid.*

<sup>3</sup> FY 2012 BFAAC Report, p. 7.

<sup>4</sup> FY 2013 Proposed Budget, City Manager’s Message, p.2-1

<sup>5</sup> *ibid.*



## **OBSERVATIONS AND RECOMMENDATIONS**

- **BFAAC applauds the City Manager's continued "cautious optimism" and believes that continued restraint is the desired approach.**
- **Due to several factors, including increasing personnel costs and equipment replacement needs, the cost of running the City of Alexandria is rising and expenditures are outpacing revenues.**
- **BFAAC believes that cost containment must become an important part of the City's overall financial strategy and encourages the City to seek out additional areas for cost containment as it strives toward additional efficiencies in citizen service delivery.**
- **BFAAC believes that in order to maintain current levels of service, the City will have to consider a variety of financial strategies, which may include: 1) cost containment initiatives; 2) tax increases; 3) spending reductions; and 4) expansion of the tax base. Comprehensive application of these four strategies will ensure the financial health of Alexandria and BFAAC encourages careful examination of all strategies equally.**

### **B. Election Year Budget Guidance**

In 2009, the Alexandria City Council modified the date of election for Mayor and City Council from May to November. Since Alexandria's fiscal year runs from 1 July to 30 June, budget development by City Staff typically occurs in late summer and throughout the fall, leading to the adoption of budget guidance in November and the presentation of the Manager's proposed budget in February. Initial budget public hearings will now occur at the height of election season during election years.

BFAAC notes that during election years, should the traditional budget process be maintained, one Council will approve budget guidance while the next Council will have the responsibility for passing the budget developed via the budget guidance. Thus, it appears that one of the unintended consequences of moving the elections from May to November is that the traditional budget process used by the City will now be divided between two different Councils. As a result, BFAAC believes the movement of the election requires a critical examination of the traditional process used by Council of providing historically beneficial guidance to the City Manager in adopting an annual budget.

BFAAC recognizes the dilemma in this situation. While each Council is elected to govern for its entire term, there must be some recognition that priorities identified in the budget guidance may be modified as a result of a Council election. This circumstance creates a situation whereby the City Manager should be given the maximum flexibility possible, allowing for the incoming Council to make changes as it deems necessary.

## OBSERVATIONS AND RECOMMENDATIONS

- **City Council's new election schedule will have an impact on the consideration of the annual budget. BFAAC believes the movement of the election requires a critical examination of the traditional process used by Council of providing historically beneficial guidance to the City Manager in developing an annual budget.**
- **The City Manager should be given the maximum flexibility possible within the budget guidance in creating a budget for City Council's consideration during election years.**
- **Alexandria should examine the budget process and best practices of other jurisdictions in Virginia that have similar budget process challenges to identify the best process possible for Alexandria.**

### C. Receipt of the Alexandria City Public Schools (ACPS) Budget

In the FY 2012 BFAAC report, we wrote:

*Overall, BFAAC is concerned about the process and timeline by which ACPS delivers a capital improvement program and an operating budget to City Council. While we acknowledge some of the constraints on the development of an annual operating budget by ACPS, we believe those constraints should not necessarily preclude the timely preparation of a school budget.<sup>6</sup>*

The FY 2013 budget process for ACPS seems to be playing out exactly the way the FY 2012 played out. Two separate budget processes are occurring at similar times by both the City Council and the School Board. Given the recent revelations of problems within the capital improvement program budget at ACPS, BFAAC strongly reiterates its observations and recommendations from FY 2012. Further, we recommend that City Council not proceed with any school budget deliberations in future fiscal years without the receipt of a capital improvement program and an operating budget from ACPS by the City Manager before he presents his budget to Council.

It should also be noted that the School Board election calendar now mirrors the City Council election calendar as described in section B. Thus, BFAAC acknowledges that many of the same challenges associated with the budget development process for City Council will also be felt by the School Board and encourages a critical examination of the ACPS budget development process to ensure that public monies are appropriately budgeted and expended.

## OBSERVATIONS AND RECOMMENDATIONS

- **BFAAC believes that an approved ACPS budget should be received for consideration in the context of an overall City budget in order for all involved in the budget process to remain accountable and for the process to remain transparent to Alexandria taxpayers.**

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<sup>6</sup> FY 2012 BFAAC Report, p. 10.

- **BFAAC is concerned about the process and the timeline by which ACPS delivers a capital improvement program and an operating budget to City Council and strongly reiterates its observations and recommendations from FY 2012.**
- **BFAAC recommends that City Council not proceed with any school budget deliberations in future fiscal years without the receipt of a capital improvement program and an operating budget from ACPS by the City Manager before he presents his budget to Council.**

## II. THE PROPOSED OPERATING BUDGET

### A. Salary Schedule: Changes to Achieve Market Comparability

We concur with the decision to adjust the general salary schedule to be competitive in keeping with the Towers-Watson consulting firm report on comparability pay with surrounding jurisdictions. It appears that the method used (dropping two lower salary steps and adding one at the top of the schedule) does, in fact, accomplish the objective by moving the midpoint of the schedule (on paper) to provide such comparability.

However, there is concern by many employees that a mid-point change does not provide some salary adjustment for all employees. The study revealed that the mid-point of the schedule was comparatively low; but the study did not address the salaries of individual employees or merit raises. The proposed budget provides an actual salary change only for those employees found to be lagging in salary related to competitiveness with nearby jurisdictions: on the first two steps (occupied by none on step one and very few on the second step) and many long-term employees on the highest seniority step for their respective job designations. Newly hired employees will benefit by being employed at a higher entry level salary. Although BFAAC expresses this concern, it also notes that the Human Resources Department does have a separate process for addressing salaries of individual job classes through the use of periodic benchmarking studies.

Separately, unrelated to the study and resulting adjustments, merit raises for all employees will occur. There is \$3 million in the proposed budget for merit raises for employees who are evaluated as satisfactory or better. Each employee will receive these salary increases on their individual employment anniversary dates at a rate of 5%, 3.5% or 2.3% depending on their placement on the seniority schedule.

In addition, we also understand that the City Manager will begin moving toward the implementation of pay bands in FY 2013. This will continue the City's move away from the current pay schedule to an approach more closely tied to rewarding individual performance.

### OBSERVATIONS AND RECOMMENDATIONS

- **BFAAC concurs with the decision to adjust the general salary schedule to be competitive with surrounding jurisdictions in keeping with the Towers-Watson consulting firm report.**
- **BFAAC concurs with the separate effort by the City, unrelated to the mid-point changes, in its proposal to ensure, that under the new merit pay approach, compensation to employees is fair.**
- **BFAAC believes that management, for reasons of employee morale, must continue its education effort with employees and employee groups to explain the changing approach to compensation and make the transition as smooth as possible**

## **B. A New Evaluation and Pay System Based on Merit; New Performance Evaluation System**

As stated in prior BFAAC reports, we support a move to a merit pay system for all employees if properly designed and administered. We commend the Administration for beginning this process during the current year by moving department heads into this system, with the intent of expanding the reach of a well-designed merit system to other employees in the future. As we understand the preliminary design of the program, replacing the current "step" schedule, pay "bands" for position levels will be established, with movement within those bands to be determined by performance/merit.

As stated in prior discussions with city administrators and Council, success of a merit pay approach will rest on principles of understanding and trust, plus safeguards throughout the process that insure fair implementation. Extensive training of both evaluators and those being evaluated must precede and continue throughout. We also believe that performance objectives for a specific job should relate directly to the Managing-for-Results Initiative (MFRI) for that area of work.

The entire implementation needs to be transparent, relatively simple and open to dialogue in group settings about the process, such as within departments, and between the parties involved in individual evaluation sessions. If the evaluation of an individual is negative, an evaluator should outline opportunities for growth to the employee if he or she is to remain in the position.

This year the City has developed the format and specifications of the new performance evaluation system, in cooperation with an employee work group. This is a commendable forward step. The forms are online for use in self-evaluation followed by formal evaluations on a schedule once the new process is formally put into practice FY 2014.

### **OBSERVATIONS AND RECOMMENDATIONS**

- **BFAAC restates its support for a move to merit pay for all employees, emphasizing a properly designed and administered program. We commend the Administration for beginning this process during the current year by moving senior management into this process, with the intent of expanding the reach of a well-designed merit system to other employees beginning in FY 2013.**
- **The success of a merit pay approach will rest on principles of understanding and trust, plus safeguards throughout the process that insure fair implementation. Extensive training of both evaluators and those being evaluated must precede and continue throughout the process.**
- **The entire merit pay program implementation needs to be transparent, relatively simple and open to dialogue in group settings about the process, such as within departments, and between the parties involved in individual evaluation sessions.**

### C. Retirement Benefits

The Committee notes the report of the Ad Hoc Retirement Benefit Advisory Group, submitted to City Council in November 2011. We express our appreciation for the thoroughness and thoughtfulness of the report. We understand that as a result of the principal recommendation of the Advisory Group, the City Manager, in consultation with employee groups, has begun work proposing an adjustment mechanism created to trigger either increased employee share of premiums or adjustments to benefits when the financial health of one or more of the plan is in jeopardy.

In March 2012 the Virginia General Assembly passed legislation<sup>7</sup> that could have an impact both on future budgets and the fairness of the City's plan. From a budget standpoint, it requires employees to pay 5% of their salaries as contributions to the VRS plan, but also mandates that local governments and schools increase their salaries to offset it. Because salaries drive mandated benefits such as Social Security and Medicare, as well as overtime rates, the change could result in a significant cost to the budget. The Governor is considering allowing phase in over time, but if that is not done, the additional cost to the City would amount to \$1.8 million (and for the schools an additional \$1.2 million). That amounts to almost a penny on the tax rate.

The legislation also undercuts some of the key recommendations of the Advisory Group regarding assuring that the plan is fair to all employees. First, for employees hired after January 1, 2014, VRS will switch from a defined benefit plan (the kind of plan the Advisory Group recommended for Alexandria's retirement plans) to a hybrid plan, consisting of a defined benefit plans with lesser benefits and a defined contribution plan. Another provision lowers retirement benefits for individuals hired after July 2010 or who are not vested by the end of 2012. These changes come in addition to the existing differences between the original VRS plan and what is called VRS-2, for more recently hired employees. Alexandria general schedule employees hired after 2010, and especially in mid-2011, pay higher contributions for VRS-2 and the City's Supplemental Retirement Program, and receive fewer benefits than previously hired employees (newly hired deputy sheriffs, fire marshals and medics also contribute disparate amounts to VRS-2, though not to the City's supplemental plan). The extent of current disparities is not fully evident in the City Manager's budget proposal, which shows only the percentage of employee contributions.<sup>8</sup>

The Advisory Group recommended that the City reduce the disparities in pension contributions and benefits between previously hired and newly hired employees. For general schedule employees, the difference amounts to 6% vs. 0% of salary in contributions between newly-hired and formerly-hired employees plus lower benefits. The Advisory Group urged that the "the City initiate a review of the disparities in employee contribution rates and benefits for new employees and more tenured employees under the VRS and [Supplemental Retirement Plan]." As a result of the new legislation, some of those disparities are likely to be reduced because of the 5% contribution that will be required of current employees. Nevertheless, disparities will remain in pension contributions and benefits for individuals doing equivalent work, and the differences will understandably appear quite arbitrary and unfair to employees who experience them.

<sup>7</sup> As of this writing the Governor has not signed the bill, and the legislation could change.

<sup>8</sup> FY 2013 Proposed Budget, Personnel Summaries, p.8-17

Although morale does not yet appear to have suffered because the employees remain relatively new to City employment, the potential for poor morale exists.

Means by which to mitigate disparities in retirement contributions and benefits based on date of hire should be explored. Accordingly, we believe Council should ask the City Manager to set out options to reduce these disparities as a means of assuring internal equity in compensation and benefits, to remain competitive with other jurisdictions, to assure maintenance of high employee morale, and to assure that they remain with the City.

#### **OBSERVATION AND RECOMMENDATION**

- **The City should implement the recommendations of the Ad Hoc Retirement Benefits Advisory Committee.**
- **Council should ask the City Manager to provide options for meeting its new financial obligations under legislation enacted in 2012.**
- **Council should ask the City Manager to provide options for reducing disparities in retirement contributions and benefits among employees at similar levels of responsibility and pay depending on date of hire.**

#### **D. Cost Sharing of Employee Health Benefits**

The Committee is pleased to see the end of varying percentages of sharing in health benefit costs based upon year of employment. Now that all employees are sharing at 20% of cost, we suggest that the City not propose any additional employee sharing in the foreseeable future.

#### **OBSERVATION AND RECOMMENDATION**

- **BFAAC is pleased to see the end of varying percentages of sharing in health benefit costs based upon year of employment. We suggest that the City not propose any additional employee sharing beyond the current 20% in the foreseeable future.**

#### **E. Budget Transparency**

We want to commend City Council and City Staff for making tremendous strides in an attempt to present a budget that is both clear and concise. Budget Memo #4 "Summary of Major Adjustments" is a great step forward in moving towards a more transparent government. This allows for a more transparent budget that can provide insight into the inner workings of city government.

In addition to previous years, we noted that while the proposed budget properly made reference to the Strategic Plan, there existed no criteria for determining funding reductions for services within and among Strategic Plan categories. As a result, citizens are unclear in how decisions were made to reduce function for one service and not for another. In FY 2012, there were major differences in reductions of services within the Strategic Plan and it was not possible to assess the rationale for choosing to reduce one service rather than another. To address this lack of

transparency, BFAAC suggested establishing standards and guidelines for allocating funds among and within Strategic Plan categories to enable Council and citizens to better understand the priorities of the City Manager.

The same lack of transparency is present in this year's budget regarding reduction of services. The proposed budget contains a group of services or initiatives which saw reduced funding, but failed to provide criteria which provides details on why reductions happened.

Many programs across many departments experienced a reduction of funds in the proposed budget. In examining Budget Memo #4 programs such as 4-1 "Eliminate a part-time Social Worker", 4-9 "Eliminate the Community Service/New Horizons program", 7-2 "Reduction in JobLink transportation" and 7-18 "Reduce contract tree maintenance" all experienced a service reduction, yet there is no explanation of the reduction. We understand that some programs might experience fund reduction due to lost revenue sources such as federal and state funds or external grants. The budget does a great job in explaining scenarios like that. For example In the Budget Memo #4, 4-4 "Child Care Day Free System payments taken over by the state resulting in the elimination of the 10% local match". In terms of presenting a more transparent government programs that are a true service reduction such as the programs mentioned above or programs that see reduce funding from federal and state level should contain reasons on why the service was chosen. In addition the budget should note services that experienced reduced funding from the federal or state government but that the City agreed to take on the responsibility of funding.

We recognize that City Council might not have the necessary information to establish and apply explicit standards or guidelines in determining when to make reductions. However a more transparent dialogue should be established between department heads and City Council since department heads understand the facts and reasoning behind a proposed reduction in program funding. This would allow City Council and the public to get a better understanding for the reasons the City Manager chose to reduce funds. In their absence however, decisions on reductions in services will be made with insufficient information available to the public to know the bases for the decision.

We commend the City Manager and Council for exercising fiscal discipline during the economic downturn. We believe that a review of the impact of the service reductions resulting from the decrease in personnel, particularly among the most vulnerable citizens, is warranted.

## **OBSERVATIONS AND RECOMMENDATIONS**

- **BFAAC recommends that Council establish criteria for determining priorities within and among Strategic Plan areas, which the City Manager can employ in making decisions on reduce spending and the public can use to judge decisions to choose spending in one area rather than another. The public should have input into the determination of these criteria.**
- **BFACC recommends as held in the past that Council establish work sessions with department heads to reveal and review the criteria being implemented on service increases and reductions.**



- **BFAAC recommends that Council ask the City Manager to review and report on the impact of service reductions since FY 2009 on those in need of services as a basis of identifying priority for restoration of services or other programmatic increases, if warranted, when resources allow.**

### III. THE PROPOSED CAPITAL IMPROVEMENT PROGRAM

#### A. Overview

The CIP budget summary states that:

*[i]n November 2011, City Council provided staff with guidance for the preparation of the Proposed FY 2013 – FY 2022 Capital Improvement Program. The guidance directed that cash capital from current revenues and general obligation debt be equal to the levels included in the Approved FY 2012 – FY 2021 CIP. Allowances were made for increases to the plan where special revenue sources (e.g. state or federal grants, sewer funds, etc.) or one-time City funding sources (e.g. prior year operating budget surpluses, sale of assets, etc.) could be identified.<sup>9</sup>*

As a result, the CIP increased by a net amount of approximately \$38.2 million. The net change reflects an increase in sanitary sewer funding of \$64.3 million from \$38.1 million in the FY 2012 CIP to \$102.4 million in the FY 2013 CIP and decreases of \$33.7 million in other CIP areas. The majority of the reductions are in the Transportation Improvement Program (\$28.2 million). The sanitary sewer funding will be provided by a dedicated revenue source.

As a whole, the CIP reflects very little departure from the baseline established in the FY 2012 CIP. BFAAC believes that this is an appropriate strategy for the City, given a tepid economic recovery and the uncertainty created by the national discussion on the size and scope of the Federal government. The FY 2012 CIP contained significant commitments to the improvement of the City's infrastructure and current economic conditions do not provide a reason to change course.

BFAAC also notes the City Staff under the leadership of the interim City Manager honored the previous City Manager's commitment to refine the CIP development process. This year's CIP development process included further efforts to integrate the capital plan with City's Strategic Plan.<sup>10</sup> Also, in this submission, BFAAC recognizes the continued progress in describing the CIP's impact on the operating budget. The CIP acknowledged the City Manager's commitment to develop a more quantitative project scoring system to support project prioritization. It also discussed the obstacles to developing such a prioritization scheme. Despite these obstacles, BFAAC encourages the City Manager to pursue a more quantitative methodology to assist with project prioritization. The FY 2013 CIP continues to balance future capital needs and fiscal responsibility.

The FY 2013 CIP sizes and shapes the three very expensive, but strategic, capital investments set forth in the FY 2012 CIP: the Alexandria City Public Schools CIP; various transportation projects; and the Potomac Yard Metro Station. The transportation projects portfolio has been resized to be consistent with 2.2 cents of the base real estate tax rate and additional General Fund cash capital for continuation of the City's Transportation Improvement Program approved by City Council in FY 2012. The Metro Station funding is consistent with the sources set forth in the FY 2012 CIP. The City and ACPS have achieved consensus on the CIP from FY 2013

<sup>9</sup> City of Alexandria – FY 2013 Proposed CIP, p. 2-3

<sup>10</sup> *Ibid*, p. 2-5

through FY 2016. There remain significant differences between the City and ACPS over the remaining six years of the CIP.

## **B. Alexandria City Public Schools**

School capacity issues continue to challenge Alexandria's Capital Improvement Budget. The official enrollment for the current school year is 12,395 students, an increase of 396 students or 3.3% over last year.<sup>11</sup> Student population growth has averaged 3.8% per year for the past six years, and current projections show annual increases in student population of around 3% per year continuing until at least FY 2018.<sup>12</sup> Such projected increases would add 2,450 students to ACPS by FY 2018, more than the current population at TC Williams High School.<sup>13</sup>

In March 2012, the School Board approved a 10-year CIP budget totaling \$357.8 million for FY 2013 through FY 2022.<sup>14</sup> The City Manager's proposed CIP appropriations for ACPS during that time period totaled \$202.7 million. Continuing the discussions between city and ACPS staffs begun during last year's budget process, the City Manager's proposed 10-year CIP budget fully funds the ACPS CIP request for FY 2013 through FY 2016, but leaves a \$155.1 million deficit in the out-years, FY 2017 through FY 2022.<sup>15</sup> The City Manager is committed to continue working with ACPS staff to stay informed of its capital needs in the out-years.<sup>16</sup>

BFAAC remains concerned about the potential impact of the ACPS estimated capital needs in the out-years. As noted in our FY 2012 report, if increases in student population continue at this pace, then the City would potentially have to fund the additional \$155.1 million of ACPS's CIP budget for the Fiscal Years 2017 through 2022. That level of capital spending would strain the City's funding and borrowing capacity, potentially crowding out other capital projects.<sup>17</sup>

BFAAC commends the cooperation between the City and ACPS over the past year on these important issues, and we encourage the City and ACPS to continue working collaboratively on these issues going forward. In particular, we encourage the City to consider likely impacts on ACPS as land-use planning decisions are made.<sup>18</sup> The Potomac Yard development, the likely redevelopments of the Beauregard Corridor and Landmark, along with possible development in the Eisenhower Valley, each have the potential to impact school populations in the City.

BFAAC also encourages the City to work with ACPS on creative funding alternatives for increasing school capacity.

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<sup>11</sup> ACPS FY 2013 – 2022 CIP Budget, p. 11.

<sup>12</sup> *Ibid.*

<sup>13</sup> *Ibid.* p. 13.

<sup>14</sup> FY 2013 ACPS CIP Budget, approved March 8, 2012.

<sup>15</sup> Proposed FY 2013 CIP Budget p. 2-5.

<sup>16</sup> *Ibid.*

<sup>17</sup> FY 2012 Budget Memo #34, City of Alexandria Budget and Fiscal Affairs Advisory Committee, *Report on the City Manager's Proposed Budget for Fiscal Year 2012*, p. 22.

<sup>18</sup> *Ibid.* p. 23

## OBSERVATIONS AND RECOMMENDATIONS

- **BFAAC commends the cooperation between the City and ACPS to meet the capacity needs of Alexandria’s burgeoning public school population.**
- **The additional capital necessary to accommodate the projected enrollment increases in the years FY 2017 through 2022 would likely strain the City’s funding and borrowing capacity, given the other capital projects slated for the same period.**
- **The City should, in consultation with ACPS, be mindful of the likely impact on student population of any land-use planning proposal considered in the next several years.**

### C. Process Transparency

As previously discussed in the section of this report regarding the Proposed FY 2013 Operating Budget, BFAAC is also concerned with the lack of “process transparency” in the proposed FY 2013 – 2022 CIP Budget. The proposed CIP budget provides detailed information on each of the approximately 180 proposed capital improvement projects. This detail identifies projects for which the City Manager recommends changes in relation to the Approved FY 2012 – 2021 CIP.

Of those approximately 180 capital improvement projects, only six had their funding reduced. The justifications given for recommending reductions to these projects were “available resources,” “available funding,” or “project prioritization.”

The six projects were:

- Tree and Shrub Capital Maintenance - Priority: Essential, reduced \$25,500 and 75,000 for FY 2013, 2014 and 2015 respectively, p. 9-11
- Open Space Acquisition and Parks - Priority: Desirable, reduced \$250,000, p. 9-31
- Expanded Trolley Service – Priority: Desirable, reduced \$700,000, p. 11-22
- Transit Corridor “A” Streetcars – Priority: Desirable, reduced \$2.5 million, p. 11-30
- Reconstruction and Expansion of Sanitary Sewers – Priority: Essential, reduced by \$4.28 million, p. 12-13
- Storm/Combined Sewer Assessment and Remediation – Priority: Essential, reduced by \$3.67 million, p. 12-28.

BFAAC is concerned with the recommendations to reduce funding to these six projects on two levels. First, the CIP documents do not adequately explain why the funding for these particular projects was reduced. For example, if the projects were to be funded from a designated revenue source that was reduced—such as federal funding that was no longer available—that designated source was not identified. If the funding for these projects was from general revenue, the specific criteria for determining these six projects warranted reductions due to a lack of “available resources,” “available funding,” or sufficient “project prioritization” were not clearly stated. In the interest of increasing transparency in future CIP budgets, BFAAC recommends

that all bases behind a recommendation to reduce funding for a previously approved project be detailed.

Second, and more generally, the City's CIP documents do not uniformly include a benefit analysis for proposed capital improvement projects. As a result, when, as this year, the City's fiscal outlook necessitates making hard choices among capital projects, Council, as well as the public, does not have adequate information to evaluate the cuts proposed by the Manager. Similarly, Council and the public lack sufficient information to determine whether there are additional projects over which the pain of funding cuts should appropriately be shared. BFAAC recommends that Council consider requesting, for future CIP budgets, that each department or agency provide a standard type of benefit analysis for projects within its purview.

The detailed information on each of the approximately 40 Information Technology ("IT") projects in the current CIP budget provides a good example of the type of information BFAAC believes would be useful to Council and would improve transparency. For each IT project, the CIP budget documents include the following information:

- Project Description: What does this project do?
- Critical Drivers: Why is this project needed now?
- Performance Expectation: How can we measure the project success?
- Alignment with Mission: How does this project fulfill the City's mission?

This information provides a clear and concise explanation of the rationale used by City IT staff in developing its proposed budget. Although the analysis of and information provided for these projects include many IT-specific aspects, the four central tenets of the analysis included is not limited to IT. The benefit analysis for each project specifies what the project does, why it is needed now, how success is to be measured, and the specific City mission the project advances. Armed with this information, Council is better prepared to determine if a specific project is appropriate for funding in a given fiscal year, and the public is better able to evaluate Council's funding decisions.

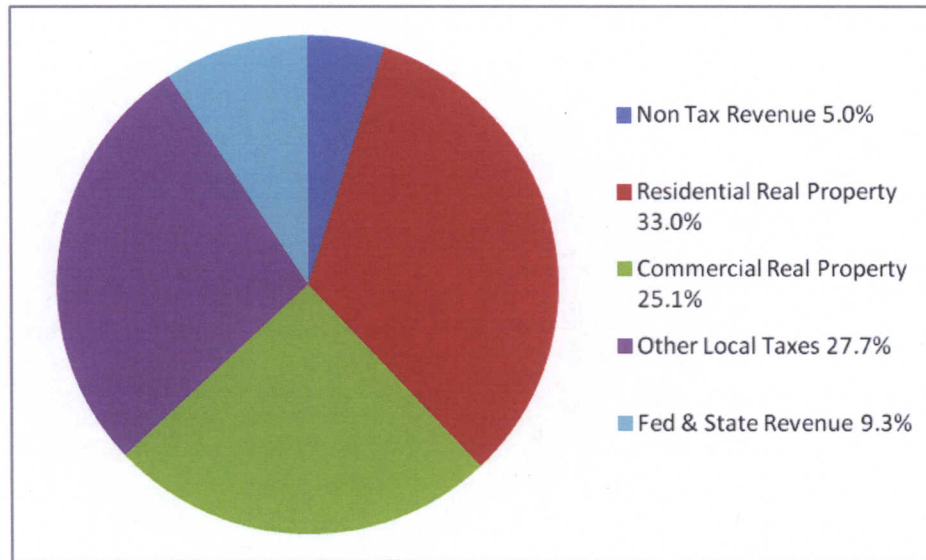
#### **OBSERVATIONS AND RECOMMENDATIONS**

- **The Council should consider reducing the funding to a wider range of projects to "share the pain" of overall reduced resources and funding.**
- **City Staff should furnish a more detailed explanation in the project plans to provide greater transparency of the specific factors that the City Staff considered and applied in determining that it was appropriate to reduce the funding of specific CIP projects based on "available resources," "available funding," and "project prioritization."**
- **BFAAC recommends that Council consider requesting, for future budgets, that each department or agency provide a standard type of benefit analysis information.**

#### IV. REVENUES AND OUTLOOK

Historically, the City has relied on the following sources of revenue: Residential Real Estate Tax; Commercial Real Estate Tax; Other Local Taxes; Non-Tax revenue; and Federal and State revenue. (See Chart I.) For years, the City has attempted, with limited success, to diversify the non-tax revenue. The City continues to rely upon Real Estate taxes to fund the majority of the budget. This revenue is derived from residential as well as commercial properties. We will address each of these sources separately.

**Chart I: City of Alexandria Revenue Sources by Percent**



##### A. Residential Tax and Fee Burden Issues

Council requested that BFAAC work with City Staff to explore the development of new metrics to measure the tax and fee burden for residents and businesses. These new metrics would more fully track the City-imposed financial burdens on residents *and* businesses.

For the past two budget cycles, we have been working with City Staff to develop these new metrics, but more time to collect and assemble the data is needed. The data in Table I below show that for the past four years, non real estate taxes and fees accounted for approximately eighteen percent of the overall resident tax/fee burden.

**Table I: Tax and Fee Burdens as a Percent of Household Income<sup>19</sup>**

	FY 2008	FY 2009	FY 2010	FY 2011
<b>Mean Household Income*</b>	\$110,677	\$107,925	\$110,485	\$113,026
<b>Fees and Taxes</b>				
Real Estate Tax	\$ 4,232	\$ 4,227	\$ 4,255	\$ 4,380
Personal Property Tax	\$ 279	\$ 277	\$ 212	\$ 241
Trash Removal Fee	\$ 264	\$ 301	\$ 331	\$ 331
Decal Fee	\$ 57	\$ 59	\$ 50	\$ 53
Utility tax on Natural Gas	\$ 24	\$ 24	\$ 22	\$ 22
Utility tax on electricity	\$ 33	\$ 32	\$ 29	\$ 29
Utility tax on water	\$ 22	\$ 23	\$ 22	\$ 25
Communication Sales and Use Tax	\$ 168	\$ 149	\$ 141	\$ 142
Sanitary Sewer Maintenance Fee	\$ 69	\$ 69	\$ 69	\$ 95
<b>Total Fees and Taxes</b>	\$5,149	\$5,161	\$5,132	\$5,319
<b>Percentage of total household income</b>	4.7%	4.8%	4.6%	4.7%
*Data from the American Community Survey, published by the Census Bureau.; FY 2011 is a projected value, based on an assumption of 2.3% growth from FY 2010				

<sup>19</sup> Source: OMB email communication to BFAAC, March 13, 2012.

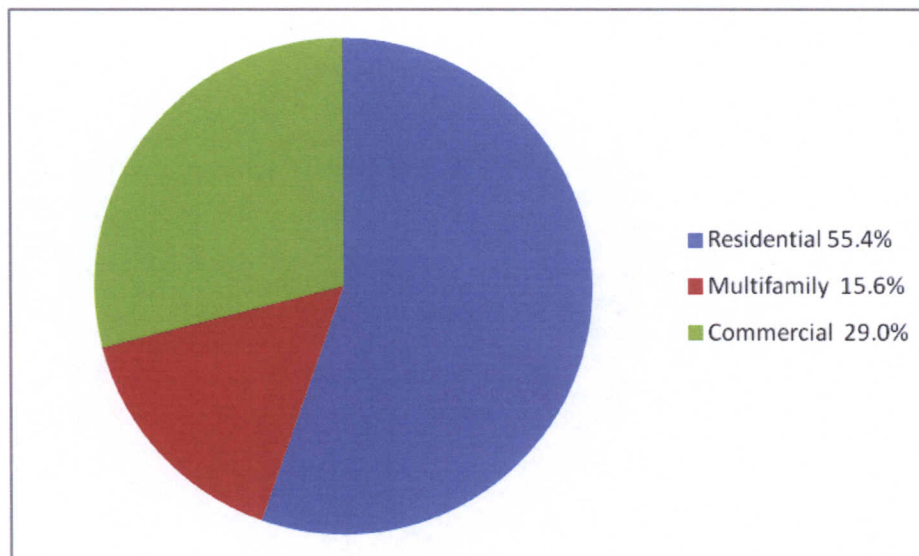
## OBSERVATION

- For the past 4 years, non real estate taxes and fees have accounted for a substantial part, about 18%, of the overall resident tax/fee burden. We will continue to work with Staff on new metrics that provide a more comprehensive measure of the tax and fee burden on households/residents and businesses.

### B. Commercial Real Estate Tax

Between 1984 and 2000, residential and commercial assessments each accounted for approximately 50 percent of the City's tax base. However, since 2000, residential assessments have begun to significantly increase as a share of the tax base. At this time, the commercial share (including multifamily residential properties) is 43.2% and residential is up to 56.8%. If we were to remove the multifamily share from the commercial total, the commercial share represents only 29.0% of the total assessed value. The chart below is a representation of the current assessment mix.

**Chart II: Real Estate Tax Assessments by Property Type**



One of the challenges facing the City, as it looks to rebalance the real estate tax base, is to understand what mix of properties might be best for the City. Hotels have the highest net gain to the City, and multifamily and residential properties have the lowest. In fact, 71.0% of the tax revenue is generated by properties that have the least net gain to the City. The recommendation of the Economic Sustainability Work Group was to realign our base to a 50/50 balance.<sup>20</sup> When multifamily properties are excluded from the commercial category, the City is much further away from the goal than many realize.

<sup>20</sup> Source: Recommendations from the Mayor's Economic Sustainability Workgroup, October 27, 2007, p.4



It should also be noted that with rebalancing to a 50/50 commercial and residential tax base, additional revenue from gross receipt sales, business licensing and restaurant/food tax would be realized as well.

## **OBSERVATIONS AND RECOMMENDATIONS**

- **BFAAC reminds Council of the Economic Sustainable Work Group recommendation to rebalance the real estate tax base to 50% residential and 50% commercial. Including the multifamily properties as part of the commercial base can be misleading, in particular since these properties do not generate the same net gain to the City as other commercial properties and in fact align closer to the net gain of a residential property.**
- **To diversify our commercial base, Council should set a goal for the types of business the City wishes to attract. A strategic plan should be developed that includes the necessary incentives to attract and retain such businesses.**

### **C. Federal and State Revenue**

The chart on page 17 reflects the revenue sources for the operating budget. However, there are substantial additional federal and state funds not reflected in these numbers. When including the Grant Funding and Special Revenue Funds as part of the City's total budget, federal and state revenue accounts for 20% of that total.

Given the certainty of additional state and federal budget cuts, the City lacks an accurate picture of its financial health in FY 2013 and beyond. Federal and state budget cuts will reduce the City's revenue but will also have a substantial indirect affect on the City's finances. For example, a shrinking federal workforce will likely reduce the tax base of the City, depress home values, and reduce revenue from businesses that are dependent on federal contracts and grants.

### **F. Debt Burden Issues**

BFAAC has long supported adherence to City debt policy guidelines as an important tool in promoting financial discipline and ensuring maintenance of Alexandria's AAA/Aaa bond rating. The guidelines include three benchmarks against which the magnitude of borrowing can be assessed for its impact on the City's fiscal condition: 1) debt service as a percent of general government expenditures; 2) debt as a percent of real property assessed value; and 3) debt as a percent of personal income. For each of these benchmarks, the City sets both targets and limits.

Since the start of the Great Recession in 2008, the City's short-term projections for two of the three benchmarks (debt as a percent of real property assessed value and debt as a percent of personal income) have exceeded the debt policy targets, but not the limits. In its last two reports, BFAAC noted that at some point over the ten-year budget window, all three of the metrics exceeded the targets and approached the limits, and raised concerns that this borrowing trajectory could crowd out the operating budgets.

Whether the Potomac Yard development is or is not included greatly impacts the City's adherence to these debt policy guidelines.

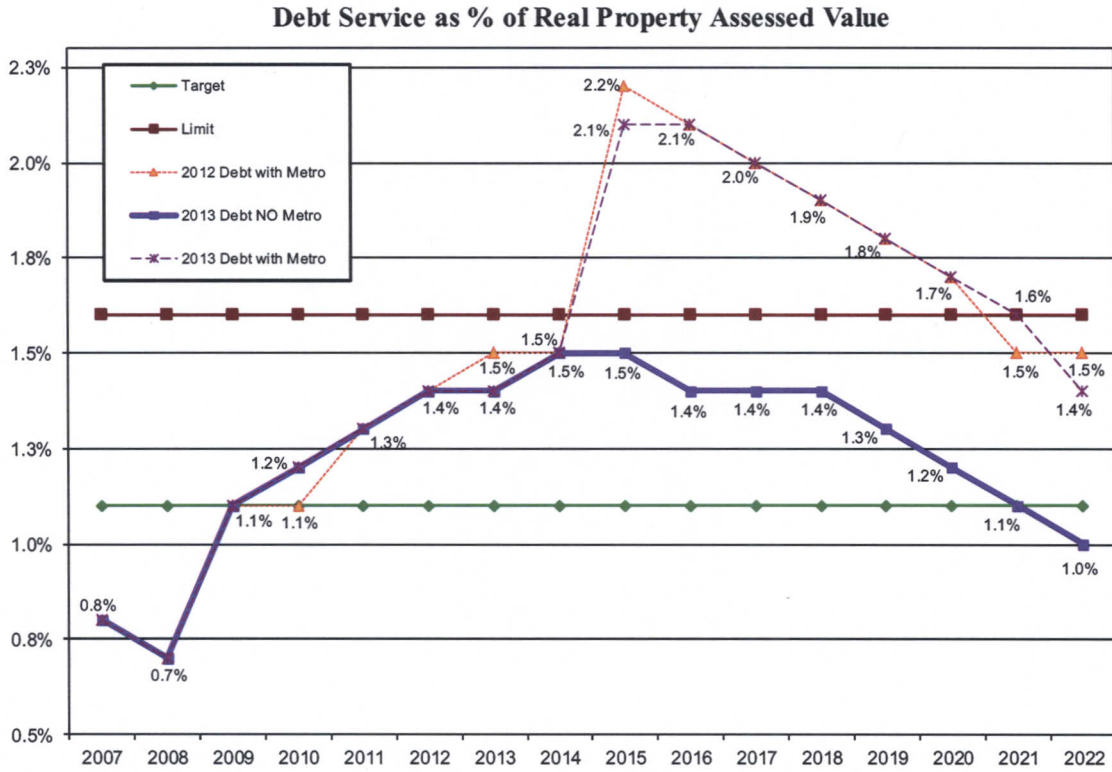
Excluding Potomac Yard Development: With the costs of the Potomac Yard development excluded, FY 2013 budget projections for two of debt policy benchmarks—debt as a percent of personal income and debt as a percent of general governmental expenditures—show deterioration relative to the FY 2012 budget. These two benchmarks have moved closer to the limit compared to last year's budget projections. Two of the metrics—debt as a percent of real property assessed value and debt as a percent of personal income—meet or exceed the targets for the entire budget window, until FY 2022. Last year, these metrics were below targets in several of the out-years.

Including Potomac Yard Development: The City's adherence to its debt policy guidelines in the FY 2013 budget deteriorates with the inclusion of the Potomac Yard development. For both benchmarks—debt as a percent of real property assessed value and as a percent of personal income—the City not only exceeds the target levels, it exceeds the limits between FY 2015 and FY 2021 as well.

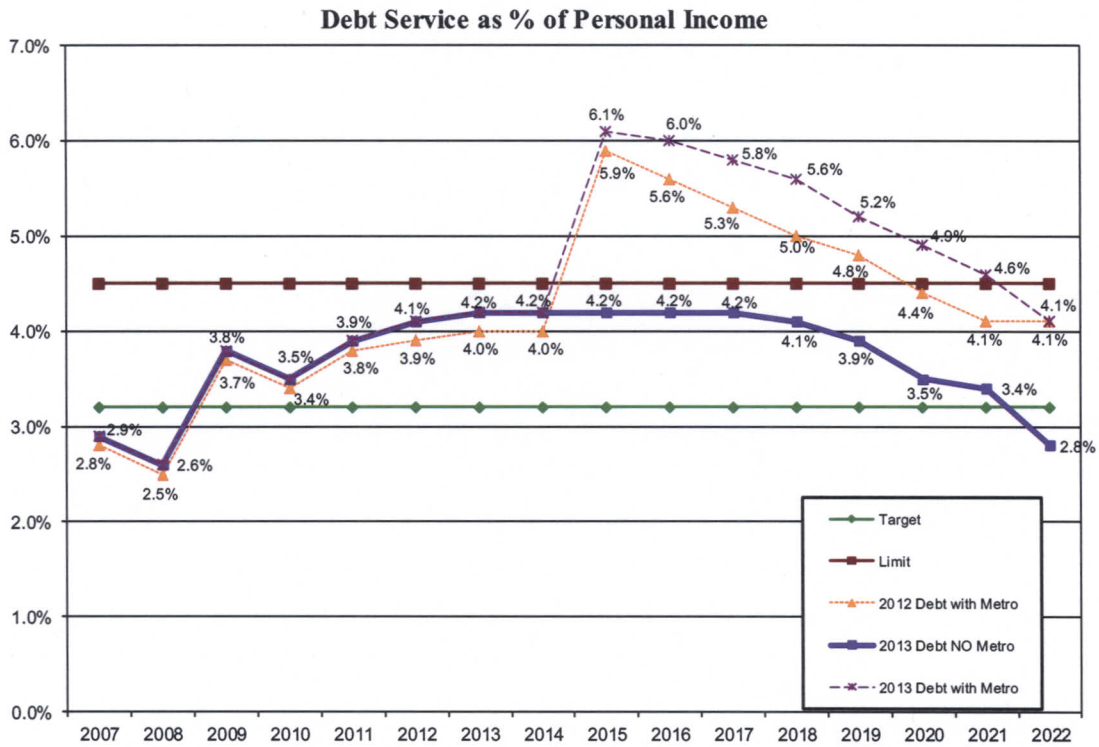
The appendix provides a table that compares the City's FY 2013 projections for these three debt policy benchmarks to the FY 2012 projections (which include the impact of the Potomac Yard Metro), as well as to the targets and limits. We call attention to the red shaded areas in the last column, which represent the years in which the relevant debt burden metric exceeds the City's prescribed limits.

For each graph below, we call attention to the blue thick line, which represents the FY 2013 debt percentage for that particular metric without the impact of the Potomac Yard Metro. Note the significant increase in these percentages in both the 2012 and 2013 estimates with the cost of the Metro included, and how inclusion of the Metro moves these metrics either above or closer to the City's debt limits.

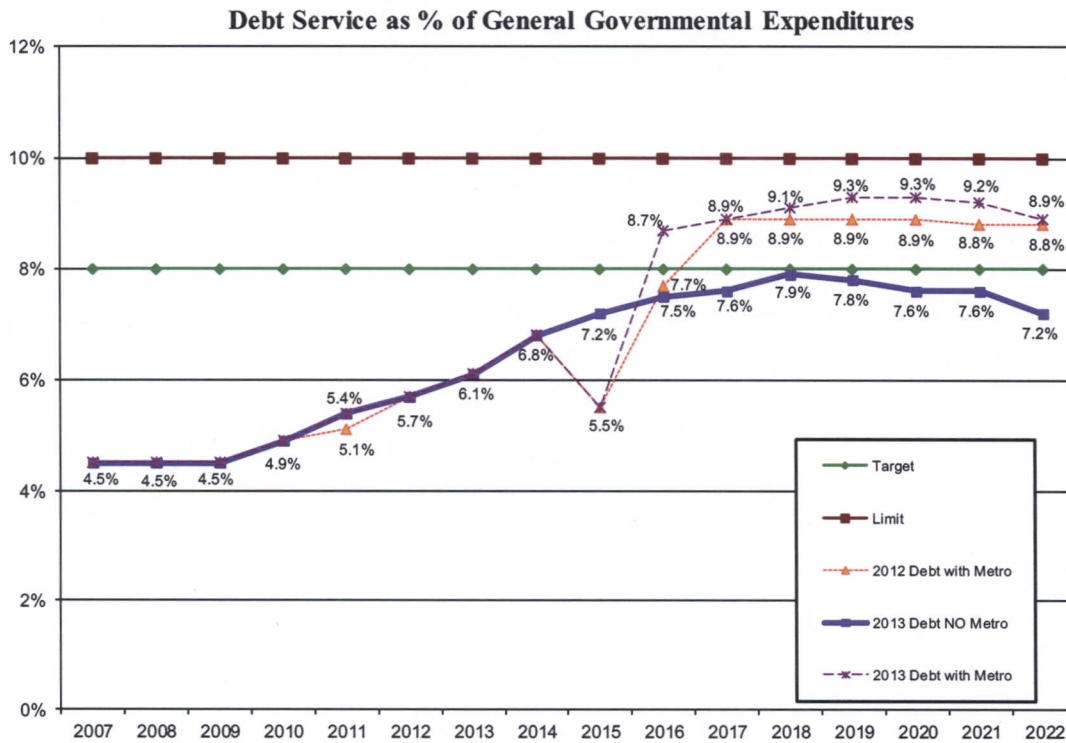
**Table II: Debt Service as a Percent of Real Property Assessed Value**



**Table III: Debt Service as a Percent of Personal Income**



**Table IV: Debt Service as a Percent of General Governmental Expenditures**



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BFAAC cautions that while the debt policy projections in the FY 2013 budget include the impact of the Potomac Yard development, they do not include the full impact of several other planned, high-profile projects that could involve significant amounts of additional borrowing: the full out-year CIP request for the ACPS; the Waterfront Plan; the Landmark/Van Dorn Plan; and the Master Transportation Plan. OMB has informed BFAAC that the impact of these projects is excluded from its debt projections because the costs, including the combination of developer financing and City revenue, are simply not known at this time. The costs of any one of these projects would likely further weaken the City's financial position as measured by the debt policy guidelines.

BFAAC has found borrowing in excess of the City's debt policy guidelines acceptable only if the projects to be funded are essential under strategic goals and result in significant long-term benefit to the City, or represent the City's commitment to fulfill a prior obligation.<sup>21</sup>

### **OBSERVATIONS AND RECOMMENDATIONS**

- **The City's current debt policy targets and limits should not be raised.**
- **Given the Potomac Yard development's very unique features—including being self-financed, projected impact on economic development and estimated long-term revenue stream for the City—BFAAC can make a reasoned case for borrowing as a part of the project's financing as an acceptable temporary exception to the debt policy guidelines. However, we recommend against additional borrowing for any other projects that would cause the City's debt to be further in excess of debt policy limits.**
- **BFAAC emphasizes that FY 2013 debt policy projections do not assume several high profile projects that have been approved and are being executed. We caution that additional borrowing to implement these additional projects would significantly deteriorate the City's performance relative to its debt policy guidelines and adversely impact our AAA/Aaa bond rating.**

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<sup>21</sup> Budget Memo #48, BFAAC Report on the City Manager's Proposed Budget for Fiscal Year 2011, p. 30.

## APPENDIX

### CITY OF ALEXANDRIA DEBT BURDEN METRICS: 2013 Budget Projections Compared to 2012 Budget, City Targets, and City Limits

#### DEBT AS PERCENT OF REAL PROPERTY ASSESSED VALUE:

	Target	Limit	2012 Approved CIP (with Metro)	2013 Budget Estimates		Comparisons:		
				Without Potomac Yard Metro	With Potomac Yard Metro	2013 Vs 2012 Estimates WITH METRO	2013 Estimate Vs Target WITH METRO	2013 Estimate Vs Limit WITH METRO
2012	1.1%	1.6%	1.4%	1.4%	1.4%	0.0%	+0.3%	-0.2%
2013	1.1%	1.6%	1.5%	1.4%	1.4%	-0.1%	+0.3%	-0.2%
2014	1.1%	1.6%	1.5%	1.5%	1.5%	0.0%	+0.4%	-0.1%
2015	1.1%	1.6%	2.2%	1.5%	2.1%	-0.1%	+1.0%	+0.5%
2016	1.1%	1.6%	2.1%	1.4%	2.1%	0.0%	+1.0%	+0.5%
2017	1.1%	1.6%	2.0%	1.4%	2.0%	0.0%	+0.9%	+0.4%
2018	1.1%	1.6%	1.9%	1.4%	1.9%	0.0%	+0.8%	+0.3%
2019	1.1%	1.6%	1.8%	1.3%	1.8%	0.0%	+0.7%	+0.2%
2020	1.1%	1.6%	1.7%	1.2%	1.7%	0.0%	+0.6%	+0.1%
2021	1.1%	1.6%	1.5%	1.1%	1.6%	+0.1%	+0.5%	+0.0%
2022	1.1%	1.6%	-	1.0%	1.4%	-	+0.3%	-0.2%

#### DEBT AS PERCENT OF PERSONAL INCOME:

	Target	Limit	2012 Approved CIP (with Metro)	2013 Budget Estimates		Comparisons:		
				Without Potomac Yard Metro	With Potomac Yard Metro	2013 Vs 2012 Estimates WITH METRO	2013 Estimate Vs Target WITH METRO	2013 Estimate Vs Limit WITH METRO
2012	3.2%	4.5%	3.9%	4.1%	4.1%	+0.2%	+0.9%	-0.4%
2013	3.2%	4.5%	4.0%	4.2%	4.2%	+0.2%	+1.0%	-0.3%
2014	3.2%	4.5%	4.0%	4.2%	4.2%	+0.2%	+1.0%	-0.3%
2015	3.2%	4.5%	5.9%	4.2%	6.1%	+0.2%	+2.9%	+1.6%
2016	3.2%	4.5%	5.6%	4.2%	6.0%	+0.4%	+2.8%	+1.5%
2017	3.2%	4.5%	5.3%	4.2%	5.8%	+0.5%	+2.6%	+1.3%
2018	3.2%	4.5%	5.0%	4.1%	5.6%	+0.6%	+2.4%	+1.1%
2019	3.2%	4.5%	4.8%	3.9%	5.2%	+0.4%	+2.0%	+0.7%
2020	3.2%	4.5%	4.4%	3.6%	4.9%	+0.5%	+1.7%	+0.4%
2021	3.2%	4.5%	4.1%	3.4%	4.6%	+0.5%	+1.4%	+0.1%
2022	3.2%	4.5%	-	2.8%	4.1%	-	+0.9%	-0.4%

#### DEBT AS PERCENT OF GENERAL GOVERNMENTAL EXPENDITURES:

	Target	Limit	2012 Approved CIP (with Metro)	2013 Budget Estimates		Comparisons:		
				Without Potomac Yard Metro	With Potomac Yard Metro	2013 Vs 2012 Estimates WITH METRO	2013 Estimate Vs Target WITH METRO	2013 Estimate Vs Limit WITH METRO
2012	8.0%	10.0%	5.7%	5.7%	5.7%	0.0%	-2.3%	-4.3%
2013	8.0%	10.0%	6.1%	6.1%	6.1%	0.0%	-1.9%	-3.9%
2014	8.0%	10.0%	6.8%	6.8%	6.8%	0.0%	-1.2%	-3.2%
2015	8.0%	10.0%	5.5%	7.2%	5.5%	0.0%	-2.5%	-4.5%
2016	8.0%	10.0%	7.7%	7.4%	8.7%	+1.0%	+0.7%	-1.3%
2017	8.0%	10.0%	8.9%	7.6%	8.9%	0.0%	+0.9%	-1.1%
2018	8.0%	10.0%	8.9%	7.9%	9.1%	+0.2%	+1.1%	-0.9%
2019	8.0%	10.0%	8.9%	7.8%	9.3%	+0.4%	+1.3%	-0.7%
2020	8.0%	10.0%	8.9%	7.6%	9.3%	+0.4%	+1.3%	-0.7%
2021	8.0%	10.0%	8.8%	7.6%	9.2%	+0.4%	+1.2%	-0.8%
2022	8.0%	10.0%	-	7.2%	8.9%	-	+0.9%	-1.1%