

City of ALEXANDRIA, VIRGINIA



APPROVED OPERATING BUDGET
FY 2006 ♦ July 1, 2005 - June 30, 2006



On the Cover

In fall 2004 the Alexandria City Council adopted a Strategic Plan for 2004-2015 and its vision of what it believed that Alexandria could become by the year 2015. The Council developed the Strategic Plan and Vision over the last year after holding a series of work sessions, two community meetings and a public hearing to obtain community input. The Strategic Plan is the City Council's road map to fulfill its Vision, which it believes can be achieved by working together on common goals.

The pictures on the cover are meant to illustrate the strategic vision, goals and mission to be advanced by this budget and the programs it supports.

<p>Neighborhoods have their own distinct character and feeling and are safe and secure.</p> <p>(Alexandria Neighborhood)</p>	<p>The Potomac River and waterfront are attractive, accessible and usable.</p> <p>(Waterfront Park)</p>	
<p>Alexandria is an exciting place in which to live and work and to visit, where people enjoy a variety of activities.</p> <p>(Torpedo Factory Art Center)</p>	<p>The City retains a small-town "main street" feeling with community gathering places.</p> <p>(Mt. Vernon Ave. Restaurant)</p>	
<p>People feel safe and secure throughout the community.</p> <p>(Patrol Officers have state-of-the-art mobile computers)</p>	<p>Individuals with special needs are able to realize their potential and to live in the community.</p> <p>(New Health Dept. and Mental Health Clubhouse facility at 4480 King St.)</p>	<p>The City strives to make the community affordable for all.</p> <p>(Chatham Square under construction)</p>
<p>In partnership with the Alexandria City Schools, public schools that are among the best in Northern Virginia.</p> <p>(Rendition of planned new T.C. Williams High School)</p>		

City of Alexandria

FY 2006 BUDGET

ALEXANDRIA CITY COUNCIL

William D. Euille, Mayor

Redella S. Pepper, Vice Mayor

Ludwig P. Gaines

Rob Krupicka

Andrew H. Macdonald

Paul C. Smedberg

Joyce Woodson

CITY MANAGER

James K. Hartmann

Michele Evans, Assistant City Manager for Council Relations and Administration

Mark B. Jinks, Assistant City Manager for Fiscal and Financial Affairs

Daniel A. Neckel, CPA, Director of Finance

Cindy Smith-Page, ASA, Director of Real Estate Assessments

Prepared by the Office of Management and Budget

Bruce Johnson, Director

Carol Anne Moore, Budget/Management Analyst

Alfred J. Coleman, Budget/Management Analyst

Paul R. K. Doku, Budget/Management Analyst

Dana S. Douglas, Budget Management Analyst

Sandra M. Murphy, Budget/Management Analyst

Idania Padron, Budget/Management Analyst

Morgan E. Routt, Budget/Management Analyst

Kendel E. Taylor, Budget/Management Analyst

Dawn M. Webster, Administrative Officer

To recognize the individual efforts of OMB staff and to help locate responsibility for component parts of the budget document, the initials of primary and back-up OMB staff appear at the bottom of each page of the document.

OMB staff also wish to acknowledge the contributions of the General Services staff in the Mail Services Division and the City's Print Shop for their assistance in the preparation of this budget document.

GFOA Award



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

City of Alexandria

Virginia

For the Fiscal Year Beginning

July 1, 2004

A handwritten signature in cursive script, reading "Nancy L. Zelle".

President

A handwritten signature in cursive script, reading "Jeffrey R. Emer".

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Alexandria, Virginia for its annual budget for the fiscal year beginning July 1, 2004.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

Alexandria's Strategic Plan

In fall 2004 the Alexandria City Council adopted a Strategic Plan for 2004-2015 and its vision of what it believed that Alexandria could become by the year 2015. The Council developed the Strategic Plan and Vision over the last year after holding a series of work sessions, two community meetings and a public hearing to obtain community input. The Strategic Plan is the City Council's road map to fulfill its Vision, which it believes can be achieved by working together on common goals.

Alexandria Vision 2015

Alexandria 2015 is a vibrant, diverse, historic and beautiful City with unique neighborhoods and multiple urban villages where we take pride in our great community.

Alexandria Goals 2004 - 2009

GOALS:

- Quality Development and Redevelopment that is Well Planned and Consistent with Alexandria's Vision.
- A City That Respects, Protects and Enhances the Natural Environment.
- An Integrated, Multi Modal Transportation System that Gets People from Point "A" to Point "B" Efficiently and Effectively.
- A Strong City Economy that is Growing in Varied Small Businesses and Job Opportunities.
- A Caring Community that is Diverse and Affordable.
- The City Government is Financially Sustainable, Efficient and Community Oriented.
- In Partnership with the Alexandria City Schools, Public Schools that are Among the Best in Northern Virginia.

Mission of Alexandria City Government

Alexandria City Government is financially sustainable, provides excellent services that are valued by its customers, and engages the entire community as it plans for the future.

Table of Contents

<p>Table of Contents i</p> <p>I. MESSAGE</p> <p style="padding-left: 20px;">City Manager's Budget</p> <p style="padding-left: 40px;">Message 1</p> <p style="padding-left: 20px;">Executive Summary 4</p> <p style="padding-left: 20px;">City Council Budget</p> <p style="padding-left: 40px;">Calendar 29</p> <p>II. UNDERSTANDING THE BUDGET</p> <p style="padding-left: 20px;">City Organization Chart 2-1</p> <p style="padding-left: 20px;">Understanding the Budget . . . 2-2</p> <p>III. FACTS AND FIGURES 3-1</p> <p>IV. SUMMARY TABLES</p> <p style="padding-left: 20px;">a. <u>Expenditure Summaries</u></p> <p style="padding-left: 40px;">Statement of Total Revenues for Operating Funds 4-2</p> <p style="padding-left: 40px;">Statement of Total Expenditures 4-3</p> <p style="padding-left: 40px;">Statement of Total Sources and Uses For Operating and Capital Funds 4-4</p> <p style="padding-left: 40px;">Total Operating Financial Resources 4-5</p> <p style="padding-left: 40px;">Share of Budget By Department 4-8</p> <p style="padding-left: 40px;">Expenditure Summary 4-10</p> <p style="padding-left: 40px;">FY 2006 Approved Budget by Program 4-12</p> <p style="padding-left: 40px;">Budget and Fiscal Affairs Advisory Committee Program Budget Format 4-13</p> <p style="padding-left: 20px;">b. <u>Revenue Summaries</u></p> <p style="padding-left: 40px;">General Fund Revenue Distribution 4-22</p> <p style="padding-left: 40px;">Summary of Budgeted Revenues and Other Financing Sources 4-23</p> <p style="padding-left: 40px;">General Fund Revenue Summary 4-24</p> <p style="padding-left: 40px;">Real Property Tax Revenues . 4-31</p> <p style="padding-left: 40px;">Real Estate Assessments by Calendar Year 4-32</p> <p style="padding-left: 40px;">Real Property Tax Base 4-34</p> <p style="padding-left: 40px;">Real Property Revenue as a Share for Total General Fund Revenue 4-35</p>	<p style="padding-left: 20px;">Per Capita Residential Real Estate Tax Revenue 4-39</p> <p style="padding-left: 20px;">Real Property Assessments Compared General Fund Expenditures 4-42</p> <p style="padding-left: 20px;">FY 2006 Approved Tax Rates for Major Revenue Sources 4-43</p> <p style="padding-left: 20px;">Grant Funding Summary . . 4-46</p> <p style="padding-left: 20px;">Community Development Block Grant 4-52</p> <p style="padding-left: 20px;">c. <u>Fund Balance</u></p> <p style="padding-left: 40px;">Statement of Estimated General Fund Fund Balance 4-59</p> <p style="padding-left: 40px;">Statement of Projected Fund Balance 4-63</p> <p style="padding-left: 20px;">d. <u>Forecast Scenarios</u></p> <p style="padding-left: 40px;">Multi-Year Revenue and Expenditure Forecast Scenarios 4-65</p> <p style="padding-left: 20px;">e. <u>Personnel Summary</u></p> <p style="padding-left: 40px;">Employment 4-80</p> <p style="padding-left: 40px;">Changes in Full-Time Positions 4-81</p> <p style="padding-left: 40px;">General Salary Adjustments 4-89</p> <p>V. LEGISLATIVE AND EXECUTIVE</p> <p style="padding-left: 20px;">City Council 5-5</p> <p style="padding-left: 20px;">City Manager 5-9</p> <p style="padding-left: 20px;">City Attorney 5-13</p> <p style="padding-left: 20px;">City Clerk and Clerk of Council . . 5-17</p> <p>VI. COURTS AND CONSTITUTIONAL OFFICERS</p> <p style="padding-left: 20px;">18th Circuit Court 6-3</p> <p style="padding-left: 20px;">18th General District Court 6-7</p> <p style="padding-left: 20px;">Clerk of Courts 6-9</p> <p style="padding-left: 20px;">Commonwealth's Attorney 6-15</p> <p style="padding-left: 20px;">Court Service Unit 6-23</p> <p style="padding-left: 20px;">Juvenile and Domestic Relations District Court 6-31</p> <p style="padding-left: 20px;">Law Library 6-33</p> <p style="padding-left: 20px;">Other Public Safety and Justice Activities 6-37</p> <p style="padding-left: 20px;">Registrar of Voters 6-43</p> <p style="padding-left: 20px;">Sheriff 6-49</p>
---	---

Table of Contents

VII. GENERAL GOVERNMENT

Citizen Assistance	7-3
Finance	7-9
General Services	7-19
Human Rights	7-27
Information Technology Services	7-31
Internal Audit	7-43
Management and Budget	7-45
Non-Departmental	7-49
Debt Service	7-49
Contingent Reserves	7-51
Office on Women	7-57
Personnel Services	7-61
Real Estate Assessments	7-69

VIII. OPERATING AGENCIES

a. Public Safety

Fire	8-3
Police	8-25

b. Health and Welfare

Alexandria Health Department	8-41
Community Partnership, Youth, and Children's Fund	8-53
Human Services	8-61
Mental Health, Mental Retardation and Substance Abuse	8-85
Other Health Activities	8-99

c. Community Development

Housing	8-103
Other Planning and Economic Development Activities	8-115
Planning and Zoning	8-123

d. Parks, Recreation & Cultural

Historic Alexandria	8-133
Library	8-143
Other Recreation Activities	8-151
Recreation, Parks and Cultural Activities	8-153

e. Public Works

Transit Subsidies	8-169
Transportation and Environmental Services	8-177

IX. EDUCATION

Other Educational Activities	9-3
Schools	9-5

A. APPENDICES

A. Glossary	10-5
B. Compensation Philosophy	10-13
C. General Salary Schedule	10-16
D. Public Safety Salary Schedule	10-17
E. General Schedule Classification Plan	10-19
F. Public Safety Classification Plan	10-39
G. FY 2006 City Holidays	10-41
H. Relevant Budget Legislative References	10-43
I. Layperson's Guide to Fund Balance	10-55
J. Expenditure Savings from City Departments	10-61

XI. INDEX 11-1



OFFICE OF THE CITY MANAGER

301 King Street, Suite 3500
Alexandria, Virginia 22314-3211

JAMES K. HARTMANN
City Manager

(703) 838-4300
Fax: (703) 838-6343

July 25, 2005

To The Honorable Mayor and Members of City Council:

On January 10, 2005, almost seven months ago, I assumed the duties of City Manager of the City of Alexandria. Nothing is a more important duty for a City Manager than submitting a financially responsible budget that seeks to balance the community's needs for the direct services, infrastructure and facilities that only local government can provide, with the ability and willingness of residents and businesses to pay local taxes and fees. I am confident that this adopted budget and capital improvement program, which reflects Council's amendments to the proposed budget, provides that balance.

A budget does not satisfy everyone; indeed, even a perfect budget would not. Some will think the budget does too little, or too much, for a particular group of people or a particular area of the City. Some will think it too timid, or too bold. Some may think it relies too heavily on one type of tax or revenue source and not enough on another. These are issues about which reasonable people may disagree. Ultimately, however, a budget represents the collective decision of the community as expressed by Council actions about what is most important to accomplish together, as well as how to finance those accomplishments. This budget serves as the plan and authorization to implement the priorities, vision and goals of City Council on the behalf of our residents, businesses and visitors.

The budget provides a \$562.9 million All Funds operating budget, an 8.1 percent increase from FY 2005. This budget provides funding for a \$467.8 million General Fund operating budget, an 8.1 percent or \$35.0 million increase. This adopted budget also adopts an 8-cent tax reduction to 91.5 cents, which moderates the rate of growth in property taxes for every property owner. This is the largest tax rate reduction adopted by Council in recent times, and it renders the lowest tax rate in more than 50 years. We are aware that some in the community think that the growth in the real estate tax burden, after four years of substantial growth in residential property assessments, should be reduced further. I am sensitive to this position, and I commit to continuing to search for better ways to serve more efficiently our residents, during FY 2006 and subsequent fiscal years.

The Strategic Plan formulated and adopted by City Council in FY 2005 guided us in our deliberations. This Strategic Plan (which can be found immediately prior to the table of contents), with its vision for Alexandria and specific goals and objectives, has provided an ambitious roadmap for the City. The budget provides resources for maintaining and improving the quality of life of all Alexandrians as defined by that Strategic Plan. Public funds are needed to maintain and improve the quality of our neighborhoods, our business and shopping areas, as well as the physical environment in which we live, shop and work. Funding improvements in our hard infrastructure such as road capacity, public transit systems, pedestrian and bikeways we use to move about is critical. Public funds are needed to attract and retain employers and businesses, particularly small businesses, that both employ and serve our residents. Funding is important to provide the social safety nets used to care for those in need and to remain a diverse and affordable community. Public funds minimize the risks posed by crime, fires and natural and manmade emergencies. Public funds provide for the education of our youth. I and the rest of the City staff recognize that all these public benefits need to be provided in a fashion that is efficient, financially sustainable in the long run, and in a way that promotes a sense of community.

Increased spending is inevitable if we wish to maintain the quality of life in Alexandria, accommodate inflationary costs and implement the Strategic Plan. The major elements of the \$35.0 million General Fund budget increase are summarized below:

- This budget follows the current Compensation Philosophy adopted by Council concerning pay and benefits for City employees, and those costs are estimated to increase \$10.9 million.
- An additional \$2.0 million was needed as Alexandria's share of transit subsidies to maintain current DASH and WMATA transit services.
- An additional \$2.6 million in previously planned debt service and cash capital contributions was required to pay the costs of capital projects including the construction of a new T.C. Williams High School.
- An additional \$5.3 million was needed in non-personnel costs such as rent, fuel and utilities to maintain the same level of City services as this year.
- Also, the budget adopts an increase of \$8.6 million for the Schools, a 6.6 percent increase, which funds 98.5 percent of the School Board's request.
- An additional \$6.2 million was adopted for new and ongoing initiatives to accomplish strategic plan goals - such as the dedication of one cent of the real estate tax rate (\$2.8 million) for affordable housing purposes and the

addition of 14 police officers for patrol. This amount is offset by \$1.1 million in expenditure reductions and efficiencies - such as the contracting-in of facilities management and e-government functions - for a net increase of only \$5.1 million for new initiatives.

- Of the above, it should be highlighted that the budget provides more than \$4 million in additional City funding offsetting the decline or flattening of federal and state assistance in order to continue providing essential services.
- More than \$6 million in requests from City departments was eliminated during the review of budget submissions. Many of these difficult choices are shown for you in the details for each department.

Due to the property assessment increases, we have looked for other methods to provide tax relief. As described below, this budget provides real estate tax relief totaling almost \$40 million with both the overall tax rate reduction discussed earlier, as well as targeted tax relief to low and moderate income households and the elderly and disabled.

This budget also continues a targeted approach to provide more assistance to those low and moderate household incomes below \$62,000 by substantially increasing the grants that provide real estate tax relief through the Affordable Home Ownership Preservation (AHOP) program. Last year Council approved on a pilot basis the first real estate tax grant program for low and moderate-income homeowners in Virginia. The program was successful, so Council determined it appropriate to continue it in 2005 on a greatly expanded basis.

In the AHOP grant program for 2005, for most homeowners below \$40,000 in income the increase in this grant, coupled with the 8-cent rate reduction, will *entirely offset* any real property tax increase. For those with incomes between \$40,000 and \$50,000, the increase in this grant will help offset about one half of the property tax increase. The budget also adopts a one-time set aside of new recordation tax revenues of \$0.9 million for affordable housing use. Tax relief for the elderly and disabled has increased and now totals \$2.5 million – almost the value of one cent on the real estate tax rate.

Since the core of the Alexandria business community is comprised largely of small businesses and start-up entrepreneurs, in addition to real estate tax relief, the approved budget reflects major business license tax relief, reform and simplification for small and medium sized businesses in their first two years of operation – when each dollar is vital to the future success of a business.

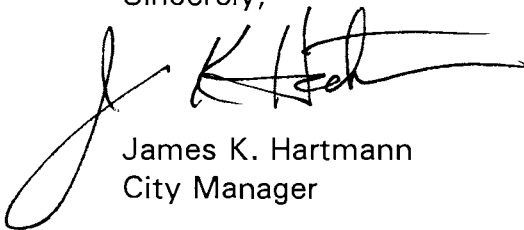
In April, we reevaluated our revenues. [See below Budget Memorandum #49 to City Council, dated April 16, 2005.] These revenue reestimates resulted in \$4.7

million in additional funds and provided City Council an opportunity to further reduce the real estate tax rate. Additionally, there were other options that the Council considered and adopted to provide further real estate tax relief or capacity for other priorities. [See below Budget Memorandum #48, dated April 16, 2005, which provided \$11.7 million in options above the revenue reestimates.] Among other changes, Council chose to diversify the revenue base by establishing or increasing other taxes or fees. These changes included creating a \$3 per month tax on cell phones, creating a 50 cent per ticket tax on movies, entertainment and other events, increasing the tax on cigarettes and accelerating by one year the planned increase in the sanitary sewer usage fee. Council also chose to make \$3.7 million in reductions to the City and School operating budgets and \$2.1million in reductions to cash funding for capital projects.

Lastly, Council has adopted an resolution to establish a framework for a new budget process for FY 2007. Council will set fiscal expenditure targets in the fall for the City Manager and the Schools, but also have both parties bring forth additions they would like to have added above those targets. Those targets would be set by Council resolution in November after a budget public hearing and the Council retreat. The budget resolution adopted by Council also sets a timetable that gets the budget to Council three weeks earlier. This requires both the City Manager and the Schools to accelerate their budget process.

I want to thank Council, residents, business persons and City staff for the warm support and assistance over the last seven months in helping me to learn much about the City, its people and its aspirations. In particular I wish to thank Bruce Johnson, the Director of the Office of Management and Budget, his staff, as well as other City staff in each department for their support in developing and producing the proposed budget and capital plan.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. K. Hartmann', with a large, sweeping flourish extending to the left and under the name.


James K. Hartmann
City Manager

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 16, 2005

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO #48: ADD-DELETE AMENDMENTS TO IDENTIFY \$16.4 MILLION IN BUDGET RESOURCES TO PAY FOR ADDITIONAL 4 CENT REAL ESTATE TAX RATE REDUCTION

At the budget work session on April 11th, we discussed and received Council's direction for a procedure and schedule for handling the add-delete process in light of Council's decision to advertise the proposed real estate tax rate at \$0.915 cents, which is 4 cents lower than the City Manager's budgeted rate of \$0.955. (See budget memorandum #36.) As we noted then, unless City Council were to decide to readvertise this rate again at a higher level, it is the maximum rate that may be used for purposes of adopting the FY 2006 Operating Budget and Capital Improvement Program (CIP) for FY 2006 to FY 2011. A rate of \$0.915 cents reduces revenues by \$16.4 million compared to the City Manager's proposed budget.

As requested, to assist the City Council in identifying such adjustments necessary to identify \$16.4 million in budget resources and fund a real estate tax rate reduction of 4 cents below the City Manager's proposed tax rate, with this memorandum we are providing a list of possible amendments to the City Manager's proposed budget that would close the \$16.4 million gap. In summary, these amendments are:

\$4.7 M	Revenue re-estimates for FY 2005 of \$2.5 M and for FY 2006 of \$2.2 M (to be discussed separately in detail in budget memorandum #49.)
\$5.0 M	New or increased tax and fee options (previously discussed in detail with Council at the April 12 th legislative session.)
\$2.5 M	Specific City operating budget reductions
\$1.2 M	A general reduction in the City transfer to the School's operating budget
\$4.9 M	Specific CIP budget reductions that net to \$4.9 million in FY 2006, of which \$350 thousand is for school capital projects.
\$0.7 M	An increase in CIP financing resources from a bond premium paid at issuance of the latest general obligation bond.
-\$2.6 M	A net <u>increase</u> in fund balance designations, including the designation of \$3.0 million for possible changes in sworn public safety (Police, Fire, Sheriff) personnel compensation.
<u>\$16.4 M</u>	<i>Total Additional Budget Resources</i>

As specified in budget memorandum #36 and agreed by Council, this list will be used as the base starting point for constructing a preliminary add-delete list for consideration at Council's work session on Wednesday, April 27th.

City Council members have one week to consider additional possible amendments (to that list and to the base budget) before submitting any other specific, preliminary add-delete list amendments to the Office of Management and Budget by the April 22nd deadline previously established in Budget Memorandum #1. As has been previously planned, Staff then will provide a consolidated list of all add-delete items to City Council on Monday, April 25th by budget memorandum, for its consideration at the Wednesday, April 27th work session on the preliminary add-delete list.

SPECIFIC ADD-DELETE AMENDMENTS

FY 2005 Revenue Reestimates (See budget memorandum #49 for additional details.)

-\$5.364 million	Loss of revenue due to additional 4 cent real estate tax rate reduction
+\$2.489 million	FY 2005 revenue reestimates from other sources
<hr/>	
-\$2.875 million =	Net Change in FY 2005 Revenues

FY 2006 Revenue Reestimates (See budget memorandum #49 for additional details.)

-\$11.04 million	Loss of revenue due to additional 4 cent real estate tax rate reduction
+\$0.2 million	Reestimate of amount of elderly and disabled real estate tax relief due to additional 4 cent real estate tax rate reduction
+\$2.05 million	FY 2006 revenue reestimates from other sources
<hr/>	
-\$8.79 million =	Net change in FY 2006 revenues

FY 2006 New Revenue Sources

+\$1.3 million	New 50 cent Admissions Tax
+\$1.7 million	New \$3.00/month Cell Phone Tax
+\$0.8 million	Increase of 20 cents in Cigarette Tax
+\$1.2 million	Accelerate increase in Sewer Connection Fee from \$0.60 to \$1.00
<hr/>	
+\$5.0 million =	Total Available from New Revenue Sources in FY 2006

FY 2006 City Operating Budget Reductions of Supplemental Budget Additions

The following City operating budget changes are proposed. While the positions and programs represented by the reductions can all be justified by need, and represent a reasonable proposed public expenditure, these positions and programs are of a lower priority than others contained in the proposed budget and therefore were prime candidates for inclusion in this reduction list. It is planned that while the need for these positions will again be reviewed for the FY 2007 budget process, these positions would receive priority reconsideration when the FY 2007 budget is prepared.

-\$150,000	Eliminate three of four JobLink positions to be continued with City funding after expiration of the federal grants. Continue one position for youth employment services.
-\$57,691	Eliminate one new telecommunications staff position in Information Technology Services.
-\$68,296	Eliminate one new research analyst position in the Department of Real Estate Assessments.
-\$56,368	Eliminate two new part-time positions in the Department of Recreation, Parks and Cultural Affairs for events administration and volunteer/outreach coordination.
+\$62,643	Add \$62,643 to the estimated mandated costs for the Comprehensive Services Act administered by the Alexandria Community Policy Management Team (See budget memorandum # 40 for additional details.)
+\$66,755	Add back to the budget and reverse the expenditure reduction contained in the proposed budget for the reduction in Saturday hours and the elimination of Sunday operations at neighborhood recreation centers.
+\$70,000	Add a 3 percent inflation adjustment to each of the FY 2006 budgets of the following economic development entities with City funds in FY 2005 that have staff costs: (1) \$50,000 for the Alexandria Convention and Visitors Association, (2) \$17,000 for the Alexandria Economic Development Partnership, (3) \$2,000 for the Alexandria Small Business Development Center, (4) \$1,000 for the Eisenhower Avenue Public Private Partnership. (The \$500,000 designation of fund balances for these entities and other economic development entities seeking City funds for the first time would be eliminated. See below.)
-\$2.0 million	The Washington Metropolitan Area Transit Authority's (WMATA) request for METRO operating budget subsidy from the City has been decreased by \$500,000 since the City Manager's proposed budget was formulated. Also, estimates of state aid that off-set the City's required subsidy for METRO have been increased by \$1.5 million due in part to additional funds coming from the Commonwealth of Virginia due to recent legislative action by the State and to increased transit aid to the Northern Virginia Transportation Commission. (See budget memorandum #50 for additional information on these changes in METRO subsidy estimates.)

- \$250,000 Reduction in the estimated cost of Affordable Homeownership Preservation Grant Program (AHOP) at grant levels \$175 less than that proposed in the City Manager's budget. The adjusted grant amounts of \$275, \$475 and \$675 adjusted by household income would still be more than last year's flat rate of \$250, regardless of household income.

\$2,522,957 = **Net change from City Operating Budget Reductions**

FY 2006 Schools Operating Budget Reduction

- \$1,160,000 A reduction in the City's transfer for School operations from the funding level recommended in the City Manager's proposed budget. The School Board has the authority to reallocate its available resources in whatever manner it determines; however, for purposes of disclosure this proposed reduction was derived in the following manner:

- \$300,000 – Taken from new, "out-of-classroom" positions requested by the School Board for FY 2006. City staff calculates that \$1.7 million of the City Manager's proposed School's budget increase of \$9.8 million is for out-of-classroom positions.
- \$700,000 – This reduction would be a financial adjustment to reduce the over funding of the School's Supplemental Retirement System (S.S.R.S.). The School's FY 2004 Comprehensive Annual Financial Statement (CAFR) shows an accumulated over funding of some \$5.3 million as of June 30, 2004. This reduction in over funding could continue for a number of years beyond FY 2006. This adjustment has the effect of suspending further budgeted payments into the S.S.R.S. fund for at least FY 2006. This change does not affect any employee retirement benefits that are authorized to be paid in FY 2006 and beyond.
- \$160,000 – A technical adjustment that reflects final action by the Commonwealth of Virginia on its budget that provides additional State aid to ACPS beyond that assumed in the proposed budget, which can offset the City's subsidy.

Capital Improvement Program (CIP) Expenditure Reductions

In developing the list of potential capital budget reductions, staff looked at both the priority of these capital projects in comparison to other capital projects in the CIP, as well as reviewed the project schedules, which were developed last fall when the City's CIP process started. For some of these projects the project schedules have shifted and now are estimated to begin at a later date

than they appeared in the fall. As a result, these projects can be slipped from FY 2006 to FY 2007. When the FY 2007 CIP is prepared, prioritization and project scheduling issues will be undertaken again. The exception to this shifting of projects to FY 2007, is that it now appears reasonable that the Charles Houston Recreation Center project will occur earlier and move beyond the staff planning stage to the architectural and engineering, and then construction stage in FY 2006.

-\$200,000	This reduction postpones funding for the School Bus Parking Lot Expansion pending a redesign of the possible use of space in this location as part of the possible relocation of the Police Headquarters and related changes in this area.
-\$150,000	This reduction eliminates \$150,000 of \$350,000 requested for the establishment of a School's "hot site" for maintaining information technology (IT) services in the event of an emergency at the regular location for IT equipment. These costs should be able to be reduced as result of City/Schools collaboration on locating the School's hot site at the new City Network Operations Center at Tavern Square.
-\$1,000,000	This reduction postpones \$1.0 million in new funding for the next phase of the Old Town utility undergrounding project.
-\$2,130,000 –	This reduction postpones \$2.13 million in previously planned funding for the design of the new Police Headquarters. This change will not significantly impede the project due to the time required for the site selection process to conclude.
-\$1,803,890 --	This reduction cancels \$1.8 million in unallocated balances from prior years available for renovations to Market Square. These funds will then be available for other FY 2006 projects. These funds will be restored to the CIP in FY 2007 when this project is now expected to be ready for design and construction.
-\$1,500,000	This reduction postpones \$1.4 million in project funding contained in the City's Information Technology Plan from FY 2006 to FY 2007 or later. These changes were discussed with Council at the Budget Work Session on April 11 th . \$221,000 of these funds are unallocated balances from prior years and \$1,279 is new funding originally proposed for FY 2006.
-\$250,000	This reduction accounts for the fact that the cost of moving a sewer line contained in the budget for the new DASH bus facility project can be funded by State Urban funds.
+\$2,170,000	This change restores \$2.17 million to the FY 2006 CIP for the renovation of the Charles Houston Recreation Center. The proposed budget had recommended moving \$2.5 million from FY 2006 to FY 2007. Most of this funding can be returned to FY 2006 so that significant progress can be made as soon as possible on this project.
-\$4,863,890 =	Net Change CIP Expenditure Reductions

CIP Financing

+\$683,153 A bond premium was paid to the City of \$0.7 million as a result of the issuance of \$54.825 million in General Obligation bonds earlier in FY 2005. These funds are immediately available to the City to help defray the costs of the CIP.

Fund Balance Designations

-\$500,000 This change eliminates the designation of funds for economic development entities contained in the proposed budget. Instead an approximate three percent inflation adjustment of \$70,000 in total is proposed above for those economic development entities that have staff costs and provided City funds in FY 2005.

+\$65,000 Due to the recent spike in fuel costs, this change increases the designation for the possible fuel cost increases above the \$180,000 contained in the proposed budget.

+\$3,000,000 This designation sets aside funds for any possible changes in compensation for sworn public safety (Police, Fire, Sheriff) employees that will be studied and presented to Council for consideration in FY 2006.

+\$2,565,000 Net Change in Fund Balance Designations

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 16, 2005
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES HARTMANN, CITY MANAGER *J*
SUBJECT: BUDGET MEMO # 49: FY 2005 AND FY 2006 FINAL REVENUE
ADJUSTMENTS

ISSUE: FY 2005 and FY 2006 Revenue Adjustments

RECOMMENDATION: That City Council approve the following FY 2006 General Fund revenue and expenditure adjustments, which result, along with re-estimates for FY 2005, in an increase of \$1.850 million as compared to the revenue estimates outlined in the Proposed FY 2006 budget document. FY 2005 positive revenue adjustments of \$2.489 are discussed in the Fiscal Impact paragraph beginning on page three of this report. The FY 2006 adjustments described below reflect current policies and do not reflect the proposals currently under City Council consideration, including the further real property tax rate reduction, and the cell phone, tobacco, and admissions taxes, as well as the acceleration of sanitary sewer fees.

DISCUSSION: The FY 2006 revenue estimates in the Proposed FY 2006 Budget document were based on revenues and trends through December 2004. The latest estimates are based on revenue collections through early April 2005.

Staff will continue to monitor actual revenues and adjusts the revenue projections for the current fiscal year in the context of the Monthly Financial Report. Based on actual receipts and trends through the end of the third quarter of FY 2005, the FY 2006 revenue estimates are recommended to be adjusted as follows:

Revenue Adjustment	Description
\$0.5 million	Increase in Personal Property Tax Revenue from \$31.47 million to \$32.0 million, to reflect an increase in the effort to identify and collect personal property taxes, in advance of the changes to the State reimbursement practice. The increased focus on current collections, which is expected to result in \$0.8 million in increased revenue is expected to result in a decrease in estimated delinquent collections of \$0.27 million.
(\$1.9 million)	Decrease in Business License Tax Revenue from \$28.8 million to \$26.9 million based on actual collection in FY 2005 and anticipated growth of 3% and not the historical rate of 5.5% which was previously projected.
\$0.6 million	Increase in Sales Tax Revenue from \$23.8 million to \$24.4 million, based on collections through March 2005 and anticipated growth of 3.5 percent in FY 2006.
(\$0.1 million)	Decrease in the estimate of Utility Tax Revenue, from \$18.7 million to \$18.6 million, to reflect actual receipts through March 2005. The rate of growth is expected to be 2.8 percent in FY 2006.
\$1.1 million	Increase in the estimate of Recordation Tax Revenue, from \$3.0 million to \$4.1 million, based on collections to date.
\$264,000	Increase in the estimate of Bank Franchise Tax Revenue, from \$1.1 million to \$1.364 million, based on actual collections
(\$0.1 million)	Decrease in the estimate of Tobacco Tax revenue, from \$2.4 million to \$2.3 million, based on actual monthly collections through March 2005.
\$0.2 million	Increase in the estimate of Transient Lodging Tax Revenues, from \$7.5 million to \$7.7 million, based on collections to date and an anticipated growth rate in FY 2006 of 4.1 percent.
\$1.0 million	Increase in the estimate of Intergovernmental Revenues, from \$46.6 million to \$47.7 million, to reflect an \$0.4 million increase in the expected Personal Property Tax Reimbursement from the State resulting from increased collection efforts, and a \$0.631 million increase compensation board funding for the Sheriff and Finance Departments and the Offices of the Commonwealth's Attorney and the Clerk of the Courts, based on the approved State budget.

Revenue Adjustment	Description
(\$0.1 million)	Decrease in the estimate of Fines and Forfeitures, from \$3.977 million to \$3.877 million, to reflect a decline in revenue from parking fines based on collections to date, and a continuation of this trend.
\$25,000	Increase in the estimate of Charges for Services, from \$10.934 million to \$10.959 million, to reflect a \$0.1 million increase in revenue from ambulance charges offset by a decrease of \$0.075 million in revenue from parking meter receipts. Both adjustments are based on current collections.
\$0.3 million	Increase in the estimate of Use of Money and Property from \$5.8 million to \$6.1 million, based on a \$0.3 million increase in the City's Interest on General Fund Investments to reflect higher interest rates.

These revenue adjustments will be reflected on the final Add/Delete list.

FISCAL IMPACT: The net fiscal impact of these final FY 2006 revenue adjustments is an increase in the FY 2006 General Fund revenue projections of \$1.850 million.

These changed FY 2006 revenue estimates are based on FY 2005 projections. Based on preliminary data for the first nine months of FY 2005, projected additional positive variances (i.e., additional revenues in excess of budgeted revenues) are currently projected to be \$2.489 million, including an additional \$0.6 million in Personal Property tax revenues, and \$1.9 million in Recordation Tax revenues, \$0.2 million in Transient Lodging tax revenues, \$0.5 million in Local Sales Tax revenues, \$0.6 million in Intergovernmental revenues, \$0.11 million in Use of Money and Property, \$0.264 million in Bank Stock Taxes. These positive variances are offset by an expected decrease in tax revenues from the Business License tax (\$1.2 million), in Utility Tax (\$0.1 million), Fines and Forfeitures (\$0.21 million), Tobacco Tax (\$0.1 million) and Charges for Services (\$0.075 million).

ATTACHMENT:

Attachment 1 - Revised Summary of Budgeted General Fund Revenues and Other Financing Sources

City of Alexandria, Virginia

SUMMARY OF BUDGETED REVENUES AND OTHER FINANCING SOURCES

For the three fiscal years ending June 30, 2006

	FY 2004 Actual (1)	FY 2005		FY 2006	
		Approved (2)	Projected (3)	Proposed (4)	Revised (5)
General Fund					
General property tax revenue					
Real property tax	210,922,789	228,514,157	236,828,839	261,897,530	261,897,530
Personal property tax	30,944,060	32,491,000	31,300,000	31,470,000	32,000,000
Penalties and interest	1,657,923	1,500,000	1,500,000	1,500,000	1,500,000
Total general property tax revenue	243,524,772	262,505,157	269,628,839	294,867,530	295,397,530
Other local tax revenue					
Local sales tax	22,541,886	23,100,000	23,600,000	23,800,000	24,400,000
Utility tax	17,899,001	17,700,000	18,100,000	18,700,000	18,600,000
Business licenses	25,601,366	26,600,000	26,100,000	28,800,000	26,900,000
Motor vehicle licenses	2,427,656	2,350,000	2,350,000	2,400,000	2,400,000
Recordation	4,046,516	2,600,000	5,000,000	3,000,000	4,100,000
Tobacco	2,430,092	2,600,000	2,300,000	2,400,000	2,300,000
Transient lodging	6,323,906	6,100,000	7,400,000	7,500,000	7,700,000
Restaurant food	9,051,520	9,625,000	9,500,000	10,100,000	10,100,000
Other miscellaneous	3,639,013	3,667,500	3,849,000	3,585,000	3,849,000
Total other local tax revenue	93,960,956	94,342,500	98,199,000	100,285,000	100,349,000
Non-tax revenue					
Licenses, permits, and fees	3,246,126	3,261,000	3,399,000	3,422,000	3,422,000
Fines and forfeitures	4,164,370	3,952,000	4,007,000	3,977,000	3,877,000
Use of money and property	4,048,135	4,615,500	5,436,500	5,799,500	6,099,500
Charges for services	9,587,174	10,507,700	10,302,700	10,933,717	10,958,717
Intergovernmental revenues	49,460,664	48,903,400	46,333,400	46,635,400	47,666,400
Miscellaneous	348,866	429,619	459,619	459,619	459,619
Total non-tax revenue	70,855,335	71,669,219	69,938,219	71,227,236	72,483,236
Total General Fund revenues	408,341,063	428,516,876	437,766,058	466,379,766	468,229,766
Other financing sources (uses)					
Appropriation from city fund bal:	0	4,334,000	4,334,000	4,330,000	4,330,000
Appropriation from open space fund balance	0	0	0	0	0
Appropriation from recycling fur	0	0	0	0	0
Appropriation from ACPS	0	0	0	0	0
Total General Fund revenues and other financing sources	408,341,063	432,850,876	442,100,058	470,709,766	472,559,766

FY 2006 Budget Executive Summary

Introduction

The adopted fiscal year 2006 Operating Budget and the fiscal year 2006-2011 Capital Improvement Program (CIP) provides a detailed roadmap for financing the implementation of the City Council's recently adopted strategic plan – including its long-term vision and set of major goals for Alexandria and its statement of the mission of our City government. The budget uses the seven goals of the strategic plan, plus one additional, implicit goal concerning public safety, as the foundation for budget planning. Those goals are:

- Quality development and redevelopment that is well planned and consistent with Alexandria's vision.
- A City that respects, protects and enhances the natural environment.
- An integrated, multi modal transportation system that efficiently and effectively gets people from point "A" to point "B."
- A strong local economy that is growing in varied small businesses and job opportunities.
- A caring community that is diverse and affordable.
- A City government that is financially sustainable, efficient and community oriented.
- Public schools that are among the best in Northern Virginia (in partnership with the Alexandria Schools).
- A safe community maintained by high quality public safety organizations and efficient judicial administration.

By advancing these goals, the adopted operating budget and CIP are intended to work toward the City Council's long-term vision for Alexandria. That vision is:

Alexandria 2015 is a vibrant, diverse, historic, and beautiful City with unique neighborhoods and multiple urban villages where we take pride in our great community.

The mission of Alexandria's City government is:

Alexandria City Government is financially sustainable, provides excellent services that are valued by its customers, and engages the entire community as it plans for the future.

Preparation of the adopted operating budget and CIP also has been guided by the several specific financial policies and practices that have guided the City's budgets in past years. These include the Council-adopted policies relating to City debt, fund balances and employee compensation. The adopted operating budget and CIP are consistent with these policies that have served Alexandria well over the years.

The budget proposals place the City on a sustainable and responsible future financial course. The forecast scenarios for the five years following fiscal year 2006 show that expected revenues are generally in line with anticipated levels of City spending at service and program levels in the adopted fiscal year 2006 budget. Also, future borrowing for long-term capital projects will be at acceptable levels. In this sense, the adopted budget and CIP appropriately address the needs of current Alexandrians in a manner that is consistent with the City's financial ability to meet the needs of future generations.

Approved

Operating Budget and CIP Overview

The adopted budget provides a General Fund Operating Budget of \$ 467.8 million, an increase of \$35.0 million, or 8.1 percent, over the Approved FY 2005 Operating Budget. Of this budget, \$282.2 million, or 60 percent is allocated for City and transit operations; \$138.8 million, or 30 percent, is allocated to the public schools; \$46.8 million, or 10 percent, is allocated to debt service and cash capital.

The adopted budget reflects a real estate tax rate reduction of eight cents (approximately \$22.1 million in FY 2006 revenues and \$10.7 million in FY 2005 revenues), bringing the rate down to \$0.915 per \$100 of assessed value. This represents the fourth rate decrease since 2002 when the rate decreased from \$1.11 to \$1.08. This also represents the lowest effective real estate tax rate in more than five decades. The 91.5 cents adopted rate for the City compares to the adopted rates of 87.8 cents for Arlington County, 97.0 cents for Prince William County (including a general tax levy and two special levies that apply throughout that jurisdiction), \$1.00 for Fairfax County, and \$1.04 for Loudoun County.

One cent continues to be dedicated to the open space program. An additional one cent has been dedicated during the FY 2006 budget process to affordable housing purposes. This leaves 89.5 cents available for operating expenses (and debt service and cash capital). In addition, the budget reflects the expansion of a new program approved by City Council starting in FY 2005 to provide targeted grants to lower and moderate income home owners and to keep home ownership affordable. Also, additional one-time funds from the tax on recorded real property transactions were set aside for dedication to affordable housing purposes.

To maintain and improve the City's infrastructure in support of the strategic plan, the adopted CIP requires \$327 million in City funding over six years through fiscal year 2011, an increase of 2.7 percent from last year's amended CIP of \$318 million. The adopted CIP provides \$94.4 million for the public schools, 87.6 percent of the public schools' request for \$107.8 million.

Major Factors Shaping the Fiscal Year 2006 Budget

1. The budget provides \$6.2 million (a 2.5 percent increase) in discretionary supplementals for City and transit operations that are designed to help the City achieve the strategic vision, mission and goals described above. These increased costs represent a clear choice for the City on when and how it wishes to move toward this vision of Alexandria in 2015 and an improved quality of life, and accomplish the general mission given to City government. At the end of this executive summary a table is provided linking specific budget items with the eight specific goals.

2. Three measures are adopted to reduce rising real estate tax bills and the City's increasing reliance on real estate tax revenue, as well as increase funding for affordable housing programs.

To reduce this dependence on real estate tax revenue and provide home owner tax relief from rising assessments, the budget provides three measures: (a) a real estate tax rate reduction of eight cents, (b) expansion of the new program begun in FY 2005 to provide targeted real estate tax relief to certain home owners to keep home ownership affordable, and (c) dedication of one cent of the real estate tax for affordable housing programs.

The economic outlook for the City in fiscal year 2006 is very good, and as a consequence, at current tax rates, the City would have more than enough funds to meet all its needs. Unfortunately, however, the rapid increase in real estate values poses four problems for which the budget provides four separate responses:

- The budget provides a reduction of 8 cents to the real estate tax rate. The City can become too dependent on real estate taxes that cannot continue to increase annually at double digit rates indefinitely. Based on 2005 assessments and with no change in the tax rate, real estate tax revenue would have grown about 20.2 percent in FY 2006 over last year's budgeted amount. The 8 cent reduction reduces this rate of increase to 9.9 percent. At the same time, the rest of the City's General Fund revenues are expected to increase only 6.2 percent. Even with this change in the real estate tax rate, the City's reliance on real estate tax revenue would increase from 53.3 percent of current General Fund revenue in last year's approved budget to 54.2 percent in the fiscal year 2006 budget.
- The City Council adopted several options to diversify the revenue base and reduce this dependency on real estate taxes. They are:
 1. Creating a \$3 per month tax on cell phones similar to land line phones. (\$1.7 million)
 2. Creating a 50 cent per ticket tax on movies, entertainment and other events. (\$1.3 million)
 3. Increasing the tax on cigarettes by 20 cents a pack (\$0.8 million)
 4. Accelerating by one year the planned increase in the sanitary sewer usage fee to achieve 100 percent cost recovery from 80 cents to \$1.00. (\$1.2 million)

The **Operating Budget** increase of \$35.0 million is allocated as follows:

- \$21.7 million for City operations (a 8.7 percent increase) including the dedication of 1 cent of the real estate tax to affordable housing (\$2.8 million) and a 2.0 percent cost of living adjustment (COLA) for City employees and other pay adjustments to maintain comparability with other jurisdictions;
- \$2.1 million in increased transit subsidies for WMATA and DASH (a 20 percent increase).
- \$8.6 million for the Alexandria City Public Schools (ACPS or public schools) (a 6.6 percent increase), including the effects of a 2.0 percent COLA for school employees; and
- \$2.6 million in debt service and cash contributions for capital projects (a 5.8 percent increase).

- To help low and moderate income homeowners, the budget provides an increase to the grant amounts available under the Affordable Home Ownership Preservation Grant Program (AHOP) from \$250 to a maximum of \$675 and a minimum of \$275, depending on income levels. The rapid increase in real estate assessments and therefore real estate taxes also poses burdens for low and moderate income homeowners. The average residential tax bill would go up 21.3 percent or \$772 if tax rates are unchanged. The 8 cent rate reduction is a \$354 reduction for the average homeowner that reduces the rate of increase to 11.5 percent. Together with the eight cent rate reduction, the adopted increase in AHOP grants from \$425 to \$25 will reduce or completely eliminate the effects of the rise in assessments for those homeowners qualifying for this program. Home owners with annual household income below \$62,000 and homes assessed at less than \$442,000 (up from \$362,000 last year) would be eligible for these annual grants. The actual costs of this program would depend upon participation rates. The budget provides \$0.75 million for this tax relief program and assumes a doubling of the number receiving AHOP grants to over 1,300 households.
- The budget sets aside \$3.65 million (\$2.76 million by dedicating one cent of real estate tax revenues, and \$0.9 million from a portion of the tax on recording real property transactions for affordable housing). The increasing price of homes, increasing rental rates, and conversion of apartments to condominiums is leading to a crisis in affordable housing for Alexandria low and moderate income homeowners and renters. Alexandria has a variety of affordable housing programs to assist these residents. An ongoing new stream of new revenue, together with voluntary developer contributions, federal grants and other appropriations from the City's General Fund, will provide a significant source of funding for affordable housing programs. This option also responds to the fact that Federal funding for these programs is in jeopardy given the adopted budget cutbacks in this area presented to Congress by the Administration.

An eight cent tax rate reduction reduces fiscal year 2006 revenue by \$22.1 million and fiscal year 2005 revenue by \$10.7 million. An additional \$7.1 million in assistance is provided for Alexandria home owners and renters through the \$0.75 million home owner grant program, tax relief for elderly and disabled worth approximately \$2.5 million, assistance for elderly renters at \$0.2 million and an additional \$3.65 million set aside for affordable housing use.

3. Significant increased costs are necessary to maintain current services and programs. The cost of serving Alexandria taxpayers and doing the City's business is not static. The costs of maintaining current services and policies change each year due to forces outside of the City's control or the momentum of past policy decisions. This year, cost increases just to maintain current City provided services and operating programs are again considerable--approximately \$16.0 million or an 6.4 percent increase compared to last year's City operating budget. In addition, the cost increase to maintain DASH and WMATA transit services is an additional \$2.0 million or a 20 percent increase compared to last year's transit operating budget.

Of the \$16.0 million, \$10.9 million is attributable to compensation-related increases for City employees, including merit pay increases of \$3.4 million and \$3.6 million for a 2.0 percent COLA. The adopted budget continues to adhere to the City's compensation philosophy that is directed at maintaining comparability with pay levels provided by other comparator jurisdictions for public employees. To do so, the budget provides \$0.9 million to make necessary adjustments in the pay schedules of certain positions that lag behind similar positions in other Washington area jurisdictions. Also, to comply with various laws and policies governing retirement and other benefits, the budget provides \$1.5 million for marketplace driven increases in health funding for current and retired City employees. Also, \$0.8 million is necessary to meet increased actuarial driven requirements for contributions to the Virginia

Retirement System. Lastly \$0.7 million is necessary to budget adequately for necessary public safety overtime costs.

The remaining \$5.1 million of the \$16.0 million in cost increases to maintain current City services and operating programs is comprised of a variety of items. The adjoining box describes the magnitude of these cost drivers in non-personnel costs by departments. City departments were asked to specifically justify any additional expenses above last year's budget for (1) increases to maintain current services for such things as rent, utilities, building maintenance, vehicle maintenance and fuel, information system annual maintenance and software licenses, insurance, dealing with natural emergencies; (2)

Examples of other cost increase increases necessary to maintain current services:

- Public Safety non-personnel costs (\$978,000)
- Transportation and Environmental Services non-personnel costs (\$786,000)
- Mental Health and Human Services non-personnel costs (\$1,722,000)
- Recreation non-personnel costs (\$420,000)
- General and legal services and information technology non-personnel costs (\$1,166,000)

increases to implement City Council prior approved policies and programs; and (3) increases necessary to meet legal requirements such as required health and safety measures and other federally or state mandated programs. (These types of increases are described in more detail in each of the adopted department budgets as "adjustments to maintain current services and policies.")

4. The operating budget also has to bear the debt service costs reflecting previous decisions to borrow as a means of financing City and School capital projects. Debt service in the FY 2006 budget is estimated to grow \$5.1 million or 22.3 percent. Almost all of this increase (\$5.0 million) reflects the impact of borrowing \$54.8 million in November 2004 and \$64.7 million in January 2004 for CIP projects and the previously approved CIP plan to borrow an additional \$35.6 million in FY 2006. It should be noted that debt service includes costs related to the construction of the new \$99 million T.C. Williams High School as well as improvements to other public schools.

5. A close review was undertaken of the base budget and the adjustments needed to maintain current services and policies. One review looked at the extent to which anticipated vacant position savings could be captured in this budget. Although a position may be approved in prior year budgets, the position may not be occupied for the entire year as attrition occurs. As a result of an analysis of historical vacancy savings in each City department over the last three years, the vacancy savings rates were adjusted so that \$4.0 million in salary and benefit costs were deducted from the departmental budget requests. This review resulted in an increase of \$0.8 million in vacancy savings compared to those deductions taken in the FY 2005 budget. The resulting vacancy savings rate of 2.10 percent Citywide is higher than the 1.83 percent Citywide rate of vacancy savings in salary and benefits actually achieved in fiscal year 2004.

Another review resulted in expenditure reductions of \$1.1 million taken by City-managed departments. This year each City department was again required to propose for consideration expenditure reductions from their fiscal year 2004 approved budget. After close scrutiny, the budget provides savings totaling \$1.1 million, an amount equal to about 0.4 percent of the FY 2005 budget for those City-managed departments. The results of this process are summarized in the Appendices section of the budget (Appendix J), and any service reductions adopted are described specifically in the budget for each department.

6. The public schools' operating budget provides an \$8.6 million or 6.6 percent increase. Several technical adjustments were adopted, along with one substantive reduction in the Schools' proposed increase to provide 98.5 percent of the amount requested, and the Schools' capital request through FY 2011 is funded at 88 percent.

The School Board-approved operating budget request (including a 2.0 percent COLA for school employees) totals \$140.8 million in City funding, an 8.2 percent increase. A total of \$2.06 million, or 1.5 percent of the School Board's submitted budget, has not been funded. Technical adjustments adopted by City Council included a revised and closer to actual assumption about vacancy savings (\$620,000) available to the schools due to employee turnover, additional State revenues (\$440,000) expected to be received for school operations, and reduction in the overfunding of the School's Supplemental Retirement System (\$700,000). Also, a \$300,000 reduction was taken for "out-of-classroom" positions requested by the School Board. City funding for public education operations increases by 6.6 percent over fiscal year 2005, which compares to the average 7.1 percent rate of growth in the school's budget over the last 5 years, excluding the School's share of debt service and cash capital funding for the CIP.

7. CIP costs are up reflecting the cost of past borrowing and future plans to continue to improve the City's infrastructure. Last year's amended CIP totaled \$318.2 million; this year's adopted CIP totals \$326.8 million. The adopted CIP contains some new projects, increased costs for existing projects, and some reductions compared to last year's CIP. These new projects and increased costs are supporting the eight goals

City department expenditures have been reduced in each of the past four fiscal years.

- The events of September 11 and their resulting impact on the regional and City economy led to a one-time \$5 million reduction in FY 2002 operating budgets, as the City experienced a decline in tourism and related businesses.
- In late 2002, to cope with State budget reductions and the continuing economic downturn, most City department FY 2003 budgets were reduced by another 3 percent, a total of \$3.4 million in one-time savings. (Public safety agencies were required to cut only their non-personnel budgets.)
- As part of the approval of the FY 2004 budget, departmental budgets were reduced by \$1.5 million.
- In FY 2005, \$2.3 million in savings were taken as a result of a similar review. The fiscal year 2004 and 2005 savings, as well as the FY 2006 savings are built into the budget "base," so that a total of \$5.1 million in savings now provide a starting point for future budgets.

The CIP for fiscal years 2006 through 2011 provides \$326.8 million as follows:

- \$94.4 million for public schools;
- \$68.5 million for public buildings, including \$48.8 million for the construction of a new police headquarters.
- \$56.2 million for recreation and parks, including \$20 million for renovations and improvements to the Chinguapin Recreation Center, \$5 million in City funds for a possible all-City Sports Complex, and \$14.2 million for open space acquisition;
- \$54.7 million for streets, bridges, pedestrian improvements, undergrounding of utilities and traffic improvements and mass transit;
- \$23.3 million for reconstruction, extension and rehabilitation of sewers;
- \$20.9 million for information technology projects; and
- \$8.6 million for community development, libraries, and regional commitments.

identified above. Importantly, the funding plan for the adopted CIP, which again combines borrowing with a significant cash capital contribution, will be able to maintain our double triple A bond ratings. The adopted CIP incorporates the Schools' estimated cost to build a new T.C. Williams High School and the rest of the School Board-approved capital program through FY 2008 (except for a minor reduction of \$150 thousand in funding for the School's emergency information services "hot site" enabled by collocating that site with the City's hot site.). Beginning with FY 2009, there are two major changes to the adopted School Board- approved capital program. The request for a major renovation and expansion of the Minnie Howard Ninth Grade Center, while funded in the same years as requested by the School Board, is limited to the amount approved in last year's CIP, pending further analysis of future construction costs and enrollment trends. Also, funding for FY 2011 is reduced by \$2.5 million, as specific projects were not identified in the School's CIP request for this \$2.5 million.

An Opportunity to Make Progress Toward the City Council's Long Term Vision and Major Goals for Alexandria

The adopted fiscal year 2006 Operating Budget and six-year CIP allocate available additional resources to advance toward the major strategic plan goals that have been identified by Council and, in turn, to make progress toward Council's long-term vision for the City and stated mission of the City government. The Council's statement of vision, mission and goals in the adopted strategic plan have played a major role in determining whether, and if so how, to expend additional City revenue.

Additional revenue projected for fiscal year 2006, beyond the \$18.0 million necessary to maintain current City, DASH and WMATA operations and services, and after taking into account the adopted measures to reduce the real estate tax rate, totals \$17.0 million, or 3.9 percent of the Approved Fiscal Year 2005 budget. The additional revenue has been assigned, structurally, in the adopted budget as follows:

- \$5.8 million in net, discretionary supplemental funding for City services – including \$2.8 million for affordable housing purposes;
- \$2.6 million for additional debt service and cash capital funding for capital projects;
- \$8.6 million in net additional funding for the public schools.

Using the eight budget goals listed at the outset of this message, the following discusses how these additional revenues will be used programmatically.

1. Quality development and redevelopment that is well planned and consistent with Alexandria's vision.

The pace of growth and change in the physical landscape of the City has increased to such a rate in the last several years that it presents both challenges and opportunities. Sustained and systematic attention needs to be given to land use planning and regulatory activities so that Alexandria can manage these changes to become a vibrant, diverse, historic, and beautiful City with unique neighborhoods and multiple urban villages. In this area, the operating budget and CIP propose the following funding increases:

- The Department of Planning and Zoning would receive funding for one additional temporary staff for a total staffing level of 37 full-time permanent positions, and its budget would increase by \$269 thousand or 7.6 percent over last year's budget.

- \$921 thousand would be available for planning and transportation studies to be conducted under contract to the City.
- \$211 thousand is adopted for two additional positions for transportation site plan reviews and capital projects management.
- \$400 thousand to begin planning and implementing a City-wide sign program.
- \$24 thousand is adopted for a new residential sign program in the CIP that would fund four neighborhoods on a pilot basis to develop a system of modest City funding for signs that identify and welcome people to specific neighborhoods.
- \$45 thousand to enhance Geographic Information System (GIS) activities.

2. An integrated, multi modal transportation system that efficiently and effectively gets people from point “A” to point “B.”

Improvements to our transportation infrastructure and operations, including funding for not only roads and travel by personal vehicle, but also by transit and other alternative modes of transportation such as bicycling and walking, is an important objective for the City as traffic congestion in the Washington metropolitan region seems to be increasing exponentially. A major increase of 20 percent equal to \$2.0 million is adopted for transit subsidies in the operating budget just to maintain current services. The CIP also provides \$10.8 million in FY 2006 for transit, traffic, street, bridge and pedestrian improvements. Specifically, the budget provides the following funding increases to achieve a better transportation system in Alexandria.

- \$4.9 million in total is adopted to meet the City’s obligations under the Metro Matters funding arrangement for increased capital costs of the Washington Metropolitan Area Transit Authority (WMATA).
- \$1.5 million is adopted for the Washington Metropolitan Area Transit Authority (WMATA) to meet increased operating costs and declining state aid.
- \$0.5 million is adopted for increased DASH operating costs necessary to maintain current services.
- \$454 thousand is adopted to meet the costs of maintaining an appropriate schedule to repave existing City streets.
- \$200 thousand more is adopted for traffic calming.
- \$250 thousand more is adopted for parking systems and meters in the PTO area.
- \$300 thousand is adopted for a study of the flooding problem at Braddock Rd. and West St.
- \$292 thousand more is adopted for pedestrian improvements at transit facilities and pedestrian crosswalk installation and maintenance costs.
- \$204 thousand is adopted for 2 percent cost of living increase (COLA) for DASH employees and improved retirement benefits for DASH workers.
- \$200 thousand more is adopted for the reconstruction of the Wilkes St. ramp and tunnel
- \$178 thousand is adopted to meet the expected additional costs of timely snow removal.
- \$70 thousand is adopted for bus shelters.
- \$45 thousand is adopted to meet the costs of the current transit benefit program for City employees and increasing the maximum employee transit benefit from \$50 to \$75 a month.

3. A caring community that is diverse and affordable.

Enabling families and individuals of all incomes to continue residing in Alexandria is an unmistakable, clear goal of the City and City Council. In this area, the adopted operating budget provides the following:

- \$750 thousand is adopted for continuation and expansion of the Affordable Home Ownership Preservation (AHOP) program. The funding would be used to expand this new program begun in FY 2005. To help keep home ownership affordable by providing targeted real estate tax relief assistance to lower and middle income home owners, home owners with annual household income below \$62,000 and homes assessed at less than \$442,000 would be eligible for a tax reduction grants from \$675 to \$275 depending on income.
- \$3.65 million is provided for affordable housing programs by the dedication of one cent from the real estate tax rate, and assignment in FY 2006 of a portion of the tax on recording real property transactions. The increasing price of homes, increasing rental rates, and conversion of apartments to condominiums is leading to a crisis in affordable housing for Alexandria low and moderate income homeowners and renters. Alexandria has a variety of affordable housing programs to assist these residents funded by voluntary developer contributions, federal grants and other appropriations from the City's General Fund. This continuing dedication of one cent of the real estate tax rate will provide a significant source of new funding for these affordable housing programs. This proposal also responds to the fact that federal funding for these programs is in jeopardy given the adopted budget cutbacks in this area presented to Congress by the Administration.
- \$2.5 million in real estate tax relief is budgeted to be provided to the elderly and disabled to offset their real estate tax bills.
- \$3.3 million is adopted for funding for the Housing Opportunities Fund from various sources to provide gap financing and other financial assistance to non-profit developers of affordable rental and sales housing. These funds also will be used to assist the independent, non-profit housing development organization recently created by Council.

The budget continues many efforts to promote affordable home ownership through a combination of funding for various programs managed by the Office of Housing. The budget would allocate \$7.8 million from various federal, state and local funding sources for housing assistance in the forms of loans and grants, exclusive of the administrative costs of managing those programs.

Alexandria has long maintained a commitment to helping residents who are in need or particularly at risk. Continuing this commitment is an important component of Council's vision for the City. The adopted budget pursues this commitment in the following ways:

- \$659 thousand more is adopted to the Department of Human Services to maintain current services – much of which reflects the increased costs to Alexandria of matching and administering grant-funded programs.
- \$364 thousand to expand the eligibility guidelines to 250 percent of poverty for the Child Day Care Fee System.
- \$255 thousand more is adopted to improve supervision at City-supervised apartments and group homes for persons with mental illness, mental retardation or substance abuse problems.
- \$146 thousand more is adopted to create a child assessment and treatment center that coordinates the provision of health and social services for pre-school age children.
- \$116 thousand more is adopted for the Community Partnership Fund, the Youth Fund and the Children's Fund to provide City grant support to non-profits providing social services to Alexandrian's of all ages.
- \$112 thousand more is adopted for the support of developmentally disabled youth now in transition to adulthood.
- \$63 thousand more is adopted for an additional social worker to help supervise the provision of companion aide services to elderly residents.

- \$60 thousand more is adopted to improve and adequately fund the indigent burial assistance program and energy assistance and rent relief for the poor.
- \$50 thousand more is adopted to replace partially the loss of federal grants for the Job Link program that assists Alexandria residents in finding employment.
- \$46 thousand to replace lost federal grant funding for home health aides serving seniors living in Alexandria Redevelopment and Housing Authority properties.
- \$37 thousand more is provided to follow-up on the recent assessment of the health of Alexandrians.
- \$30 thousand more is adopted for youth summer employment opportunities.

4. A strong local economy that is growing in varied small businesses and job opportunities.

Alexandria needs to be an even more attractive place to work, operate a business and visit. A strong local economy will not only increase employment opportunities within the City, it will diversify the City's revenue sources and help achieve a financially sustainable future. The adopted budget works toward this goal by providing the following:

- \$660 thousand is adopted for the last phase of the Mt. Vernon Ave. utility undergrounding project.
- \$215 thousand more is provided to fund various entities (such as the Alexandria Convention and Visitors Association, the Alexandria Economic Development Partnership, the Alexandria Small Business Development Center, the Eisenhower Partnership, the Marketing Fund and the Holiday Marketing Program) that help promote economic development in Alexandria as a whole and in various parts of the City.
- \$200 thousand in tax relief, reform and simplification for small and medium sized businesses in their first two years of operation – when each dollar is vital to the future of a business. Thereafter, these tax changes should save small and medium sized businesses – the core of the Alexandria business community – \$400 thousand a year.
- \$150 thousand is adopted as a new category in the CIP to help maintain and repair and replace equipment at the historic properties owned and maintained by the City.
- \$143 thousand is adopted for the Recreation Department to help promote the Arts in Alexandria and market the various City sponsored special events that occur throughout the year.

5. A City that respects, protects and enhances the natural environment.

The protection and enhancement of Alexandria's natural environment is a goal whose accomplishment depends not only on the City's own best efforts, but on actions at the state, federal and international levels. The adopted CIP in FY 2006 provides substantial reconstruction and extension of storm sewers (\$1.7 million), reconstruction and extension of sanitary sewers (\$0.5 million), and sewer rehabilitation and abatement, including the inflow/infiltration projects in the Four Mile Run and Commonwealth sewer sheds (\$7.9 million), and utility undergrounding (\$1.1 million). To make progress toward this goal, to the extent such progress is within the power of the City, the budget provides the following new funding:

- \$630 thousand for the eastern phase of a Holmes Run Trunk Sewer.
- \$500 thousand for new culverts on Key Drive.
- \$314 thousand increase in the designation of funds for open space as part of the increasing value of the 1 cent of the real estate tax dedicated for this purpose.
- \$203 thousand to maintain current residential refuse collection services (an amount to be paid for by those using these City services).

- \$100 thousand for replacement and upgrades to City owned street trash cans.
- \$82 thousand for an air pollution control specialist assist in efforts to reduce air pollution in the City.
- \$75 thousand for increased contract mowing at City maintained parks and grounds.
- \$44 thousand for purchasing ultra low sulfur fuel for DASH buses.

6. A City government that is financially sustainable, efficient and community oriented.

Constant attention must be given to maintaining the fundamental physical infrastructure that allows the City to provide a quality environment and services to those who live and work in Alexandria. Also, care must be taken to maintain the human resources that provide services to City residents and manage the infrastructure necessary to deliver those services. In this area, the budget provides for FY 2006:

- \$2 million is set aside in the CIP to design and engineer a possible new All-Sports Complex for City youth and adults.
- \$708 thousand for the increased cost of rent at various leased City facilities.
- \$475 thousand for an additional step on the pay scale for employees who are at the top of their pay grade.
- \$460 thousand for the purchase of emergency back up generators to maintain power for various facilities located throughout the City in case of emergencies or natural disasters and for preventive maintenance of the existing emergency generators.
- \$205 thousand for the costs of physically maintaining additional new space.
- \$198 thousand for improved space management and utilization through relocating various City departments, remodeling City Hall to maximize its use after some City departments relocate, and examine the long-term space needs of the Department of Human Services.
- \$156 thousand for libraries – including \$115 for capital improvements at Beatley Library and an additional \$41 thousand for improved operations at various libraries.
- \$42 thousand for the Recreation Department to provide appropriate supplies and other non-personnel costs for serving 5,000 seniors.
- \$80 thousand for operating a new after-school transportation program for West-End youth.
- \$65 thousand to assist in the development of performance measures and the management of performance benchmark and audit studies.

7. Public schools that are among the best in Northern Virginia (in partnership with the Alexandria Schools).

Alexandria wants public schools that always are among the very best in Northern Virginia. The City's primary role in achieving this end is responsibly funding the Schools' operating and capital needs. The adopted operating budget for fiscal year 2006 provides \$138.8 million in City funds for operations, an \$8.6 million increase over last year totaling \$2.1 million less than the amount of City funds requested by the School Board (reflecting three technical adjustments of \$1.8 million and a substantive cut in "out-of-classroom" new positions requested of \$0.3 million). City funding for public education operations increases by 6.6 percent over fiscal year 2005, which compares to the average 7.1 percent rate of growth in the School's budget over the last 5 years.

This \$8.6 million increase is sufficient to fund all the costs necessary to maintain current services and programs, such as merit increases, a 2.0 percent COLA, increased retirement and health insurance costs, and implementation of the federally-mandated No Child Left Behind Act mandates. The technical adjustments of \$1.8 million represent a revised, closer-to-actual experience assumption about vacancy

savings (\$620 thousand) available to the schools due to employee turnover, additional State revenues (\$440 thousand) to be received for school operations, and the elimination of overfunding of the School's Supplemental Retirement System (\$700 thousand).

Ultimately, the School Board has the authority to determine how to distribute the \$138.8 million provided by City Council. Among the highlights of the budget proposed by the Schools are the following:

- \$3.4 million for step increases for eligible employees.
- \$2.4 million to fund 36 net new positions.
- \$1.7 million for textbook adoptions and replacement of other materials.
- \$1.3 million for increases in employee health benefits.
- \$0.6 million to fund a required contribution increase to the Virginia Retirement System.
- \$0.4 million to expand the modified school calendar concept to Mt. Vernon Community School.
- \$0.3 million for a copier implementation plan.

The adopted CIP provides \$94.4 million for the School Board's submitted capital program for fiscal years 2006 through 2011 and fully funds that program's \$67.0 million costs through FY 2008, except for one small \$150,000 reduction in the cost of the Schools emergency information technology "hot site" enabled by collocating that site with the City's hot site. The Schools proposed no changes to last year's amended CIP amounts through FY 2008. The adopted CIP also provides \$27.4 million for FY 2009 through FY 2011. Major changes to the School's request include a reduction of \$10.6 million for the request for a major renovation and expansion of the Minnie Howard Ninth Grade Center. This project is funded in the same years as requested by the School Board, but is kept at the amount approved in last year's CIP, pending further analysis of construction costs and enrollment trends, both of which may be subject to change from current assumptions. Also, funding for FY 2011 is reduced by \$2.5 million, as no specific school projects were identified for those monies.

In fiscal years 2009 to 2011, the School's request includes the following new projects:

- \$2.6 million for additional classrooms at Patrick Henry, Cora Kelly and Charles Barrett. By fiscal year 2011, with the addition of these classrooms at these schools and based on current enrollment, the schools will have eliminated the need for temporary trailers. \$1.2 million for roof replacements at Hammond Middle School and Jefferson Houston. \$1.1 million for additional gym space at James Polk.
- \$0.9 million to resurface all elementary school playgrounds to use a safer, recycled rubber product.
- \$0.5 million for field upgrades at Hammond Middle School.

8. A safe community maintained by high quality public safety organizations and judicial administration.

Public safety is an essential purpose of local government, and a major element of the Council's vision for Alexandria. Public safety encompasses the traditional functions of law enforcement, fire suppression, emergency medical service, maintenance of the jail and operation of the courts, and a relatively "new" function of critical importance, emergency preparedness. Alexandria is an extremely safe place to live with major crime now at its lowest level in 35 years, quality fire suppression and emergency medical services, and an extremely well operated jail and court system. It is essential that Alexandria remain this way. To accomplish this, new funding is adopted for the following:

- \$1 million to hire, train, and equip 14 new police officers for patrol duty.
- \$889 thousand for the Sheriff's department to maintain current services and operations, largely reflecting the increased costs of medical services, food, and janitorial services at the jail, and overtime offset by the application of vacancy savings.
- \$898 thousand for the Police department to maintain current services and operations, reflecting increased costs for leased space, overtime, laptop software maintenance and licensing, facility maintenance, equipment, and furnishings.
- \$394 thousand for the Fire Department to maintain current services and operations, largely reflecting increased depreciation for mobile IT equipment, Code Enforcement operations and leased space, fuel, and increased IT software and maintenance costs.
- \$597 thousand for renovations of the Courthouse and additional furniture and equipment.
- \$695 thousand for renovations and refurbishment of Fire Station 202 in Del Ray.
- \$600 thousand for design of a possible new fire station.
- \$290 thousand for increased contributions to regional public safety organizations.
- \$256 thousand for expanded hack inspector operations required by pending changes in the regulation of the tax cab business in Alexandria.
- \$218 thousand for improvements to the Northern Virginia Juvenile Detention Center.
- \$195 thousand for improvements to the Emergency Operations Center.
- \$173 thousand to improve Code Enforcement operations.
- \$74 thousand to provide bilingual mental health staff services at the jail.
- \$69 thousand to replace an expiring homeland security grant for police operations.

In addition \$3 million of fund balances have been designated as set-aside funds for possible changes in compensation for sworn public safety (police, fire and sheriff) employees that will be presented to Council for consideration in FY 2006.

Supplemental Information

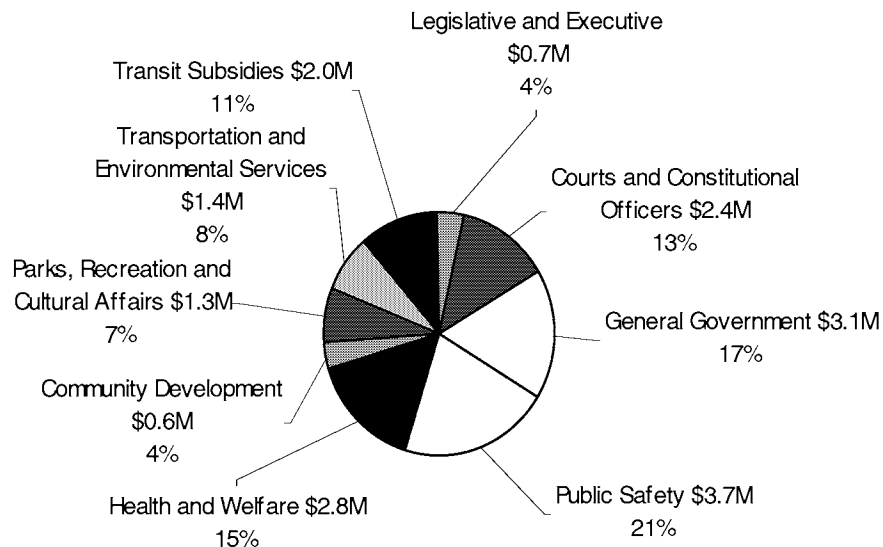
General Fund Operating Budget

The adopted General Fund Operating Budget expenditures total \$467.8 million.

This is a \$35.0 million increase over the fiscal year 2004 Approved Budget or an 8.1 percent increase. This increase is partly mandatory – required to maintain current services and programs – and partly discretionary.

- \$16.0 million or 46 percent of the increase maintains current City services and programs (including the provision of a COLA and implementation of the pay benchmark study).
- \$2.0 million maintains current WMATA and DASH transit services.
- The budget also provides \$6.2 million in new discretionary spending on City operations. Of this amount, \$2.8 million is the dedication of one cent of the real estate tax rate to affordable housing. This new spending is partially offset or “funded” by approximately \$1.1 million in expenditure reductions, for a net increase in City, DASH and WMATA operations is \$5.1 million.

Costs to Maintain Current Services and Policies = \$18.0M
(Excluding Education)
(City Operations = \$16.0M; WMATA & DASH = \$2.0M)



The following table shows the changes in the general fund budgets of the various departments, cross walking from the FY 2005 approved budget, through adjustments to maintain current services and policies, discretionary supplementals and expenditure reductions, and showing the final net change for each department in dollars and percentage terms.

**ANALYSIS OF GENERAL FUND CHANGES
FY 2005 APPROVED BUDGET
TO
FY 2006 APPROVED BUDGET**

	FY 2005 Approved Budget	Adjustments to Maintain Current Services and Policies		Discretionary Supplementals		Expenditure Reductions		Change from FY 2005 to Approved FY 2006		FY 2006 Approved Budget
		\$	%	\$	%	\$	%	\$	%	
Legislative and Executive										
City Council	\$536,569	-\$2,584	-0.5%	\$0	0.0%	-\$2,756	-0.5%	-\$5,340	-1.0%	\$531,229
City Manager	\$1,939,072	\$34,546	1.8%	\$0	0.0%	\$0	0.0%	\$34,546	1.8%	\$1,973,618
City Attorney	\$1,791,405	\$520,726	29.1%	\$0	0.0%	-\$7,714	-0.4%	\$513,012	28.6%	\$2,304,417
City Clerk and Clerk of Council	\$301,692	\$16,022	5.3%	\$15,470	5.1%	-\$2,050	-0.7%	\$29,442	9.8%	\$331,134
Subtotal Legislative and Executive	\$4,568,738	\$568,710	12.4%	\$15,470	0.3%	-\$12,520	-0.3%	\$571,660	12.5%	\$5,140,398
Courts and Constitutional Officers										
18th Circuit Court	\$1,218,075	\$12,010	1.0%	\$0	0.0%	-\$12,181	-1.0%	-\$171	0.0%	\$1,217,904
18th General District Court	\$84,638	\$0	0.0%	\$0	0.0%	-\$846	-1.0%	-\$846	-1.0%	\$83,792
Clerk of Court	\$1,492,296	\$19,107	1.3%	\$9,649	0.6%	-\$14,923	-1.0%	\$13,833	0.9%	\$1,506,129
Commonwealth Attorney	\$2,228,367	\$165,570	7.4%	\$0	0.0%	-\$11,230	-0.5%	\$154,340	6.9%	\$2,382,707
Court Services Unit	\$1,002,276	\$112,291	11.2%	\$89,442	8.9%	-\$10,023	-1.0%	\$191,710	19.1%	\$1,193,986
Juvenile and Domestic Relations Court	\$33,609	\$0	0.0%	\$0	0.0%	-\$336	-1.0%	-\$336	-1.0%	\$33,273
Law Library	\$80,150	\$3,261	4.1%	\$0	0.0%	-\$802	-1.0%	\$2,459	3.1%	\$82,609
Other Public Safety & Justice	\$3,866,074	\$289,523	7.5%	\$0	0.0%	\$0	0.0%	\$289,523	7.5%	\$4,155,597
Registrar of Voters	\$954,197	\$45,247	4.7%	\$0	0.0%	-\$9,642	-1.0%	\$35,605	3.7%	\$989,802
Sheriff	\$19,805,396	\$1,069,667	5.4%	\$123,411	0.6%	-\$127,823	-0.6%	\$1,065,255	5.4%	\$20,870,651
Subtotal Courts and Const. Officers	\$30,765,078	\$1,716,676	5.6%	\$222,502	0.7%	-\$187,806	-0.6%	\$1,751,372	5.7%	\$32,516,450
General Government										
Citizen Assistance	\$616,759	\$21,942	3.6%	\$0	0.0%	\$0	0.0%	\$21,942	3.6%	\$638,701
Finance	\$7,774,285	\$208,213	2.7%	\$5,375	0.1%	-\$59,140	-0.8%	\$154,448	2.0%	\$7,928,733
General Services	\$10,369,369	\$650,077	6.3%	\$75,000	0.7%	-\$92,400	-0.9%	\$632,677	6.1%	\$11,002,046
Human Rights	\$456,999	\$56,255	12.3%	\$0	0.0%	\$0	0.0%	\$56,255	12.3%	\$513,254
Information Technology Services	\$6,550,009	\$468,827	7.2%	\$123,881	1.9%	-\$65,650	-1.0%	\$527,058	8.0%	\$7,077,067
Internal Audit	\$190,032	\$5,494	2.9%	\$0	0.0%	\$0	0.0%	\$5,494	2.9%	\$195,526
Management and Budget	\$976,816	-\$45,011	-4.6%	\$64,770	6.6%	-\$1,635	-0.2%	\$18,124	1.9%	\$994,940
Non-Departmental										
Other Operating Exps. & Fringe Benefits	\$4,698,560	\$251,454	5.4%	\$60,000	0.0%	\$0	0.0%	\$251,454	6.6%	\$5,010,014
Insurance	\$3,765,678	\$481,286	12.8%	\$0	0.0%	\$0	0.0%	\$481,286	12.8%	\$4,246,964
City-wide Communications/Publications	\$184,016	\$5,069	2.8%	\$0	0.0%	\$0	0.0%	\$5,069	2.8%	\$189,085
City Memberships	\$313,641	-\$24,437	-7.8%	\$0	0.0%	\$0	0.0%	-\$24,437	-7.8%	\$289,204
Office on Women	\$1,157,741	\$76,664	6.6%	\$0	0.0%	\$0	0.0%	\$76,664	6.6%	\$1,234,405
Personnel Services	\$2,627,390	\$63,102	2.4%	\$134,624	5.1%	-\$26,274	-1.0%	\$171,452	6.5%	\$2,798,842
Real Estate	\$1,071,914	\$70,491	6.6%	\$106,582	9.9%	-\$10,279	-1.0%	\$166,794	15.6%	\$1,238,708
Subtotal General Government	\$40,753,209	\$2,289,426	5.6%	\$570,232	1.4%	-\$255,378	-0.6%	\$2,544,280	6.2%	\$43,357,489

**ANALYSIS OF GENERAL FUND CHANGES
FY 2005 APPROVED BUDGET
TO
FY 2006 APPROVED BUDGET**

	FY 2005 Approved Budget	Adjustments to Maintain Current Services and Policies		Discretionary Supplementals		Expenditure Reductions		Change from FY 2005 to Approved FY 2006		FY 2006 Approved Budget
		\$	%	\$	%	\$	%	\$	%	
Operating Agencies										
Public Safety										
Fire	\$30,147,115	\$834,735	2.8%	\$273,540	0.9%	-\$128,227	-0.4%	\$980,048	3.3%	\$31,127,163
Police	\$42,317,562	\$721,886	1.7%	\$1,015,959	2.4%	-\$174,500	-0.4%	\$1,563,345	3.7%	\$43,880,907
Subtotal Public Safety	\$72,464,677	\$1,556,621	2.1%	\$1,289,499	1.8%	-\$302,727	-0.4%	\$2,543,393	3.5%	\$75,008,070
Health and Welfare										
Alexandria Health Department	\$6,264,489	-\$58,836	-0.9%	\$37,400	0.6%	-\$37,645	-0.6%	-\$59,081	-0.9%	\$6,205,408
Community Partnership Fund	\$862,775	\$0	0.0%	\$61,669	7.1%	\$0	0.0%	\$61,669	7.1%	\$924,444
Youth Fund	\$292,226	\$0	0.0%	\$9,581	3.3%	\$0	0.0%	\$9,581	3.3%	\$301,807
Children's Fund	\$1,053,814	\$0	0.0%	\$45,140	4.3%	\$0	0.0%	\$45,140	4.3%	\$1,098,954
Human Services	\$19,406,467	\$956,081	4.9%	\$503,082	2.6%	-\$4,715	0.0%	\$1,454,448	7.5%	\$20,860,915
Ment. Health, Ment. Retardation, Subst. Abuse	\$13,637,395	\$691,001	5.1%	\$366,939	2.7%	-\$42,299	-0.3%	\$1,015,641	7.4%	\$14,653,036
Other Health Services	\$978,400	\$0	0.0%	\$10,000	1.0%	\$0	0.0%	\$10,000	1.0%	\$988,400
Subtotal Health and Welfare	\$42,495,566	\$1,588,246	3.7%	\$1,033,811	2.4%	-\$84,659	-0.2%	\$2,537,398	6.0%	\$45,032,964
Community Development										
Housing	\$1,455,085	\$184,838	12.7%	\$2,760,185	189.7%	-\$14,551	-1.0%	\$2,930,472	201.4%	\$4,385,557
Economic Development	\$2,479,336	\$70,000	2.8%	\$110,000	4.4%	\$0	0.0%	\$180,000	7.3%	\$2,659,336
Planning and Zoning	\$3,550,167	\$197,061	5.6%	\$106,965	3.0%	-\$35,502	-1.0%	\$268,524	7.6%	\$3,818,691
Subtotal Community Development	\$7,484,588	\$451,899	6.0%	\$2,977,150	39.8%	-\$50,053	-0.7%	\$3,378,996	45.1%	\$10,863,584
Parks, Recreation and Cultural										
Historic Alexandria	\$2,283,020	\$89,410	3.9%	\$3,000	0.1%	-\$5,000	-0.2%	\$87,410	3.8%	\$2,370,430
Library	\$5,969,144	\$111,200	1.9%	\$40,999	0.7%	-\$34,691	-0.6%	\$117,508	2.0%	\$6,086,652
Other Recreation	\$236,898	\$10,254	4.3%	\$10,000	4.2%	\$0	0.0%	\$20,254	8.5%	\$257,152
Recreation, Parks & Cultural Affairs	\$16,841,750	\$683,200	4.1%	\$177,407	1.1%	-\$63,926	-0.4%	\$796,681	4.7%	\$17,638,431
Subtotal Parks, Recreation and Cultural	\$25,330,812	\$894,064	3.5%	\$231,406	0.9%	-\$103,617	-0.4%	\$1,021,853	4.0%	\$26,352,665
Public Works										
T&ES	\$23,018,467	\$1,036,699	4.5%	\$665,513	2.9%	-\$54,318	-0.2%	\$1,647,894	7.2%	\$24,666,361
Transit Subsidies	\$10,408,321	\$2,045,376	19.7%	\$134,000	1.3%	-\$100,000	-1.0%	\$2,079,376	20.0%	\$12,487,697
Subtotal Public Works	\$33,426,788	\$3,082,075	9.2%	\$799,513	2.4%	-\$154,318	-0.5%	\$3,727,270	11.2%	\$37,154,058
Subtotal Operating Agencies	\$181,202,431	\$7,572,905	4.2%	\$6,331,379	3.5%	-\$695,374	-0.4%	\$13,208,910	7.3%	\$194,411,341

