

Resolution No. _____

**Budget Resolution Setting Guidance for FY 2011 General Fund Operating Budget
and Capital Improvement Program for FY 2011-FY 2020**

WHEREAS, the City Council of Alexandria passed Resolution 2368 on November 10, 2009, that established the process to be used for formulating the budget during the term of this Council and requires that City Council set budget guidance for the City Manager and the School Board for the FY 2011 budget;

WHEREAS, the City Council held a public hearing on the FY 2010 budget on October 17, 2009; and

WHEREAS, the City Manager and the Alexandria City Public Schools presented to City Council at its November 7, 2009, retreat their preliminary forecasts of revenues, expenditures and capital needs; and

WHEREAS, THE City Council's deliberations on the budget each and every year reflect a balancing of the needs of the community, with the community's ability to afford services to meet those needs; and

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

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

WHEREAS, the national economy has suffered the worst recession in at least 30 some years and perhaps 50 years;

WHEREAS, the regional and local economy has also declined significantly, although not at the rate of the national economy;

WHEREAS, a decline in real estate values in the City is expected between 5.7% and 9.4% with a best estimate of 8.1%;

WHEREAS, a loss in State revenues is expected for both the City General Fund budget and the Schools operating budget;

WHEREAS, these reductions in General Fund revenues due to the decline in the national, regional and local economies presents the City Council and City government

with an overall decline of revenues of between 5.4% and 1.8%; with a best estimate at this time of a decline in revenues of -3.9% for FY 2011;

WHEREAS, this decline places demands on the City's ability to deliver services, maintain and expand its infrastructure as well as meeting the expectations of City residents; and

WHEREAS, City Council fully expects that there will be substantial service reductions in the proposed budget and that these reductions may need to be continued for the foreseeable future;

WHEREAS, the budget must contain for all contractual commitments, including debt service; and

WHEREAS, City Council will not make any other material changes that may threaten the City's AAA/Aaa bond rating.

NOW, THEREFORE, BE IT RESOVED BY THE CITY COUNCIL OF ALEXANDRIA:

1. **Base Budget for City-Managed Programs and Activities:** That the City Manager shall submit a proposed FY 2011 Operating Budget for City-managed programs and activities of no more than \$365,408,344 million for City operations, debt service and cash capital to fund the CIP, and transit subsidies, plus an additional amount required to be appropriated to receive Build America Bond subsidy from the Federal government (\$833,088 in FY 2011) and whatever amount is proposed for storm water operating and capital expenditures to be funded by a storm water utility fee (see section 8 below) .
2. **City Staffing Levels:** That the City Manager shall not increase total City employment levels (as measured on a full-time equivalency basis) in the base budget above those estimated in the Approved FY 2010 operating budget.
3. **Cost Saving Measures:** That the City Manager shall continue to identify and implement cost saving measures and efficiencies in all City operations, including public safety.
4. **City Staff Compensation:** That the City Manager shall include in the base budget funding for merit/step increases for eligible employees and an additional step (the "Q" step) on the pay scale.
5. **Market Rate Adjustment:** That the City Manager shall not include a market rate adjustment for either City or Schools staff;
6. **Schools Transfer:** That the City Manager shall include in the base budget a transfer to the Schools for operating expenses of \$167,886,567.

7. **Capital Improvement Program (CIP):** That the City Manager's proposed CIP shall include:
 - a. Specific estimates for FY 2011 through FY 2016 and preliminary estimates for FY 2017 through FY 2020;
 - b. No more cash capital from current revenues than that planned for FY 2011 through FY 2015 in the Approved FY 2010 – FY 2015 CIP;
 - c. No more debt issuance than that planned for FY 2011 through FY 2015 in the Approved FY 2010 – FY 2015 CIP;
 - d. The use of General Fund operating budget surplus expected in FY 2010 as a designation for capital projects in FY 2011 and beyond, provided that the first \$3.6 million of any such surplus will be designated for the FY 2012 General Fund operating budget;
 - e. Specific descriptions of projects that can be funded within recommended levels of funding and their costs estimated for all years (FY 2011 – FY 2020); and
 - f. Identification of projects that exceed the recommended levels of funding whether or not the estimated costs are identified or remain to be developed. These projects should be shown by year if known or alternatively listed in a general appendix.

8. **Storm Water Utility Fee:** That the City Manager shall propose a storm water utility fee as necessary and appropriate for the provision of additional storm water capital projects and operating costs above those contained in the Approved FY 2010 – 2015 CIP. Such additional Special Revenue Fund expenditures and fees proposed for storm water utility operations and capital projects under this section shall be considered as a part of the base budget allowed by section 1 above.

9. **Taxes, Fees, Fines and Service Charges:** That the City Manager shall propose whatever combination of taxes, fees, fines and service charges that are necessary and appropriate to balance the base budget provided that these proposals:
 - a. Are within the constraints imposed by the Code of Virginia;
 - b. Maximize the non-real estate revenue sources available to the City within those constraints; and
 - c. Do not contain an additional real estate tax for transportation purposes on commercial real estate.

10. **Sale/Lease of Capital Assets:** That the City Manager shall propose measures to sell or lease excess City capital assets as appropriate in the base budget and use those proceeds to fund the CIP as cash capital.

11. **Options for Additional Operating and CIP Expenditures:** That the City Manager may propose whatever additional operating costs and capital projects as deemed appropriate for Council consideration above those specified in the base budget, together with appropriate sources of revenue available within the constraints imposed by the Code of Virginia, so long as those options would provide additional operating expenditures to improve public safety, transportation

or educational services or provide additional capital expenditures deemed necessary and appropriate by the City Manager.

12. **Fiscal Year 2012 Special Analysis:** That the City Manager shall prepare a special analysis that shows the projected expenditures and revenues for FY 2012.

That analysis shall contain:

- a. Revenue estimates at the same level of detail as shown in the long range forecast section of the budget document, including three forecast estimates – high, mid and low level.
- b. Revenue estimates that assume the same tax rates as those proposed for FY 2011 in the base budget.
- c. Expenditure estimates in the same level of detail as provided in the long range forecast section of the budget document.
- d. A detailed estimate of the impact in FY 2012 of any recommended expenditures in the FY 2011 base budget.
- e. The impact on FY 2012 revenues and expenditures of any of the options for additional operating and CIP expenditures proposed under the authority of section 11 above; and
- f. A general discussion of the types of actions that might be necessary to balance the FY 2012 budget if there is a projected deficit for that year.

The City Manager shall also provide estimates of the revenue and expenditure impact in FY 2012 of any budget amendment proposed by a Council member for consideration during the FY 2011 budget development process.

ADOPTED: _____

ATTEST:

WILLIAM D. EUILLE MAYOR

Jacqueline M. Henderson, CMC, City Clerk