

Budget Overview

The FY 2011 proposed General Fund Operating Budget totals \$534.1 million.

This is a 0.8% increase from the FY 2010 Approved Budget and 3.5% less than the amount needed to fund the current level of services.

The FY 2011 proposed budget includes a real estate property tax rate increase of 7.0 cents, from \$0.903 to \$0.973.

There are no other tax rate increases proposed for FY 2010.

The FY 2011 proposed General Fund operating budget of \$534.1 million reflects an increase of 4.1 million, or 0.8% from the FY 2010 approved budget. This is \$19.2 million, or 3.5%, below the amount needed to continue the current level of services. City government expenditures increase by \$0.8 million, or 0.2%, from the FY 2010 approved budget, and are \$8.3 million, or 2.2% lower than current services. City staff is reduced by a net of 55 positions, or 43.0 full-time equivalents (FTEs).

Summary of FY 2011 General Fund Operating Budget (\$ in millions)

	FY 2010 Approved	FY 2011 Proposed	\$ Change	% Change
City Operations	\$307.6	\$308.4	\$0.8	0.3%
Debt Service and Cash Capital	\$41.8	\$41.9	\$0.1	0.2%
Transit Subsidies	\$16.0	\$15.9	-\$0.1	-0.6%
Subtotal City	\$365.4	\$366.2	\$0.8	0.2%
ACPS Transfer	\$164.6	\$167.9	\$3.3	2.0%
Total	\$530.0	\$534.1	\$4.1	0.8%

Totals may not add due to rounding

The real estate property tax rate is proposed to increase by 7.0 cents, from \$0.903 to \$0.973 per \$100 of assessed value. There are no other tax increases proposed for FY 2011 in the base budget. The average homeowner will pay \$103, or 2.4%, more in taxes in FY 2011 than in FY 2010, or \$8.58 per month. The FY 2011 proposed budget also contains 15 user fee increases generating approximately \$1.0 million in increased revenue.

In addition to the revenue increases contained within the FY 2011 proposed budget, three optional tax and fee proposals have been presented as funding for specific enhanced services. These include a 3.0 cent add-on commercial real estate property tax for transportation improvements, a \$0.25 increase in the sanitary sewer usage fee per 1,000 gallons charged to water users for sanitary sewer capital improvements costing the average residential customer \$17.50 per year, and the creation of a new stormwater utility fee that would cost the typical single family detached home \$24 in FY 2011 and \$48 annually in FY 2012 to fund stormwater capital improvement projects.

FY 2011 Budget Overview

Revenues:

FY 2011 General Fund revenues increase by 0.8% compared to the FY 2010 Approved Budget.

Total real estate assessments are down 7.45% overall, with commercial assessments decreasing by 10.63% and residential assessments decreasing 5.46%.

Proposed increases in user fees, fines and charges for services contribute an additional \$1.0 million in revenue for FY 2011.

Federal and state revenues are reduced by 3.6%.

For additional information, see the Revenues section.

With the inclusion of a 7.0 real estate property tax increase, total FY 2011 General Fund taxes are expected to increase by half of one percent as compared to the FY 2010 approved budget. This is due mostly to the continuing decline of real estate property values.

Millions of Dollars

	FY 2010 Approved	FY 2010 Projected	FY 2011 Proposed	%Change 09 Approved/ 10 Proposed
Real Property Taxes	\$296.3	\$303.5	\$296.2	0.0%
Other taxes	\$149.1	\$149.4	\$151.4	1.5%
Taxes	\$445.4	\$452.9	\$447.6	0.5%
Non-tax revenue	\$27.6	\$26.1	\$28.8	4.3%
Federal & State Revenue	\$53.4	\$51.7	\$51.5	-3.6%
Prior Year Surplus & Transfers	\$3.6	\$3.6	\$6.2	72.2%
Total	\$530.0	\$534.3	\$534.1	0.8%

Real property taxes are taxes on residential and commercial real estate.

Other taxes include the personal property tax, the 1% sales tax, utility taxes, business license (BPOL) gross receipt taxes, transient lodging taxes, and others.

Non-tax revenue includes fines and forfeitures such as parking fees, and charges for services, such as solid waste fees.

Federal & State revenue is aid from the federal government and the Commonwealth of Virginia which goes into the City's General Fund and is not generally restricted to special activities. Federal and State revenue which is restricted is budgeted in the City's Special Revenue Fund.

Prior Year Surplus & Transfers finances the difference between the General Fund revenue projection and the General Fund expenditure budget. This category includes accumulated surpluses from prior years and Sewer Fund debt service.

FY 2011 Budget Overview

General Fund Expenditures by Strategic Plan Goal:

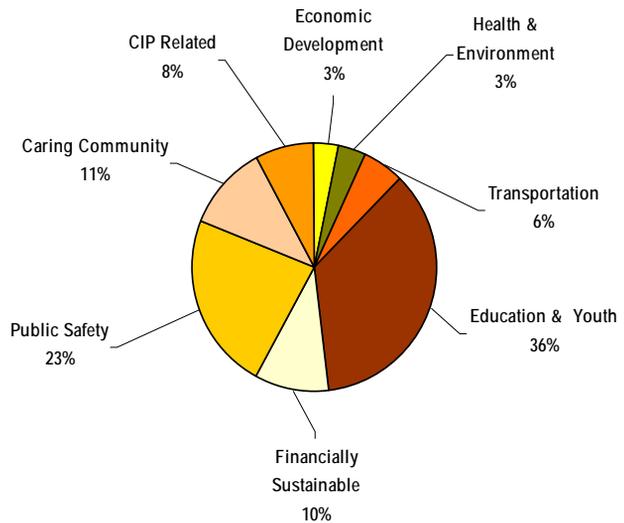
When measured by the goals of the Strategic Plan, the largest share of the proposed operating budget (36%) is dedicated to Education and Youth. When combined with Public Safety, the two goal areas comprise over half (59%) of the City's budget.

Over a two year period, from FY 2009 to FY 2011, only the Strategic Plan goal areas of Health & Environment and Education & Youth as well as CIP related expenditures have increased funding. Public Safety has experienced a decrease of less than one percent.

More information regarding the Strategic Plan being developed by City Council and Alexandria's future can be found on the City's web site.

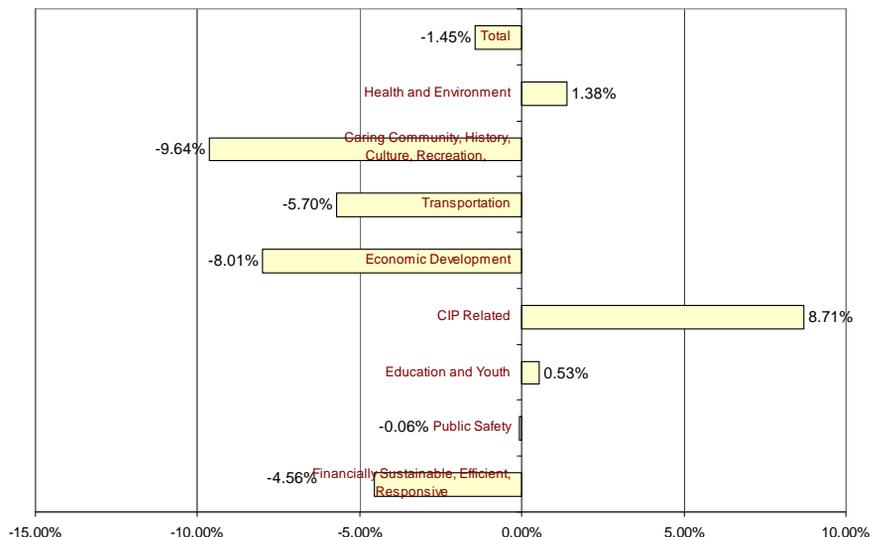
<http://alexandriava.gov/StrategicPlanning>

The Operating Budget & Strategic Plan Goals



The chart above allocates the FY 2011 proposed operating budget by the City Council's strategic goals. There is overlap in how expenditure activities apply to the strategic goals. (For example, street maintenance included under goal 3 is also important to Goal 4, maintaining a strong local economy.) However, the chart shows generally the strategic alignment of operating budget expenditures. The chart below shows the percent change in budgeted resources over a two year period by goal area. For example, Health and Environmental expenditures have increased by 1.38% since FY 2009 while expenditures in the Caring Community goal area have decreased by 9.64% over the same period.

Strategic Plan Goal Areas
Changes in Funding
FY 09 to FY 11



The Strategic Plan Goals:

The City is currently in the process of developing a new strategic plan to replace the original plan adopted in 2004 and amended in 2006. The goals of the new plan currently are (as of February 16, 2010):

Goal 1: There is Quality development and Redevelopment, Support for Local Businesses, and a Strong, Diverse, and Growing Local Economy.

Goal 2: The City Respects, Protects, and Enhances the Health of its Citizens and the Quality of its Natural Environment.

Goal 3: There is an Integrated, Multimodal Transportation System that Efficiently and Effectively Gets People from Point "A" to Point "B."

Goal 4: Alexandria is a Community with Public Schools Amongst Northern Virginia's Best and Where Our Recreational Programs Provide Youth the Opportunity to Succeed.

Goal 5: The City Government is Financially Sustainable, Efficient, Community Oriented and Values its Employees

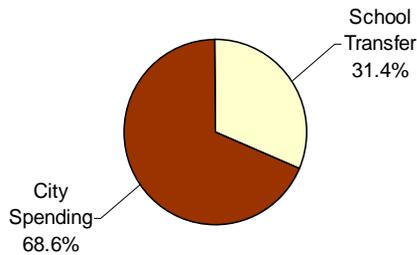
Goal 6: The City Protects the Safety and Security of its Residents, Businesses and Visitors.

Goal 7: Alexandria is a Caring Community That is Affordable and Diverse With a Rich History and Culture.

General Fund Expenditures by Type:

City Operations account for 69% of General Fund expenditures and the transfer to Schools account for 31%.

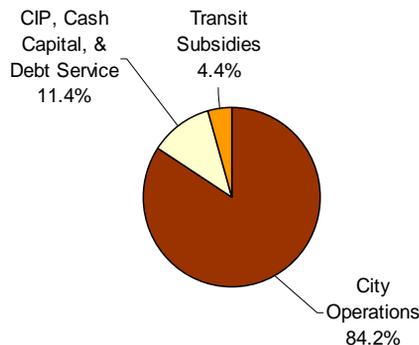
General Fund Expenditures
\$534.1 Million



Under the FY 2011 proposed budget, the City would transfer \$167.9 million of its General Fund revenue to the Alexandria School System, not including spending on School capital improvement projects, or for School related debt service.

After transfers to the Alexandria School System, the remaining General Fund expenditures of \$366.2 million are divided among City operations, funding for the Capital Improvement Program, Cash Capital and Debt Service, and funding for transit programs such as DASH, Metrobus, Metrorail, VRE and the King Street Trolley.

General Fund Expenditures Excluding School Transfers
\$366.2 Million

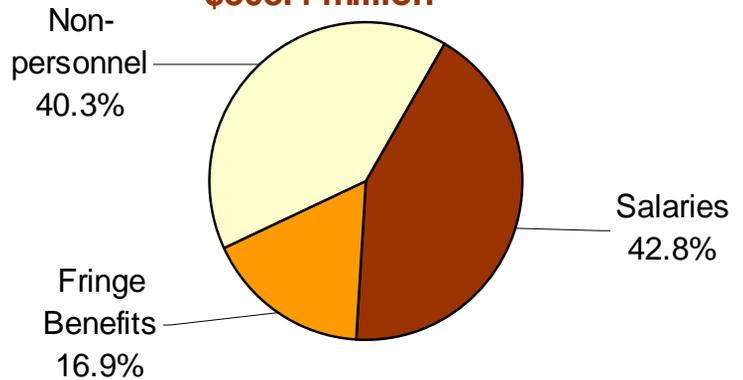


Of the \$366.2 million proposed for City government expenditures in FY 2011, City operations account for \$308.4 million, CIP cash capital and debt service account for \$41.9 million, and transit subsidies for DASH bus, Metrobus and Metrorail, DOT paratransit, the Virginia Railway Express (VRE), and the King Street Trolley account for \$15.9 million.

General Fund Expenditures for City Operations

(less Schools, Transit, Cash Capital & Debt Service)

\$308.4 million



Excluding transit subsidies, cash capital and debt service, approximately 60% of the budget is devoted toward salaries and fringe benefits.

FY 2011 Budget Overview

General Fund Changes by Department: FY 2010 Approved to FY 2011 Proposed

	FY10 Approved	FY11 Proposed	\$ Change	% Change
<u>Legislative & Executive</u>				
City Council	524,157	528,231	4,074	0.8%
City Manager	1,654,638	1,703,698	49,060	3.0%
City Attorney	2,806,519	2,999,272	192,753	6.9%
City Clerk & Clerk of Council	419,178	411,493	(7,685)	(1.8%)
Total Legislative & Executive	5,404,492	5,642,694	238,202	4.4%
<u>Courts & Constitutional Officers</u>				
18th Circuit Court	1,340,904	1,387,480	46,576	3.5%
18th General District Court	79,228	59,585	(19,643)	(24.8%)
Clerk of Court	1,563,551	1,519,459	(44,092)	(2.8%)
Commonwealth Attorney	2,626,465	2,620,781	(5,684)	(0.2%)
Court Services Unit	1,381,760	1,337,411	(44,349)	(3.2%)
Juvenile & Domestic Rel. Court	34,155	34,512	357	1.0%
Law Library	116,927	115,935	(992)	(0.8%)
Other Public Safety & Justice	5,173,292	5,192,552	19,260	0.4%
Registrar of Voters	1,070,439	1,128,902	58,463	5.5%
Sheriff	25,826,168	26,639,084	812,916	3.1%
Total Courts & Constitutional	39,212,889	40,035,701	822,812	2.1%
<u>General Government</u>				
Citizens Assistance	557,595	553,903	(3,692)	(0.7%)
Finance	8,496,407	9,460,110	963,703	11.3%
Procurement	910,105	946,506	36,401	4.0%
General Services	11,400,484	11,735,647	335,163	2.9%
Human Rights	614,003	611,052	(2,951)	(0.5%)
ITS	6,504,441	6,946,545	442,104	6.8%
Internal Audit	223,233	228,976	5,743	2.6%
Office of Management & Budget	1,139,968	1,186,244	46,276	4.1%
Non-Departmental	12,264,978	10,630,132	(1,634,846)	(13.3%)
Cash Capital	4,400,038	4,000,000	(400,038)	(9.1%)
Debt Service	37,418,614	37,916,774	498,160	1.3%
Office on Women	1,321,444	1,404,675	83,231	6.3%
Human Resources	3,090,821	2,660,918	(429,903)	(13.9%)
Real Estate	1,516,494	1,665,618	149,124	9.8%
Office of Communications	1,306,261	1,232,716	(73,545)	(5.6%)
Total General Government	91,164,886	91,179,816	14,930	0.0%
<u>Operating Agencies</u>				
Fire	39,443,967	40,076,376	632,409	1.6%
Police	53,632,400	52,137,574	(1,494,826)	(2.8%)
Emergency Communications	0	318,301	318,301	-
Health	6,866,006	7,042,544	176,538	2.6%
Other Health Activities	1,038,600	1,038,600	-	-
Human Services	29,709,708	28,673,636	(1,036,072)	(3.5%)
MH / MR / SA	17,222,379	18,345,546	1,123,167	6.5%
Housing	2,306,072	1,619,223	(686,849)	(29.8%)
Economic Development Activities	3,246,153	3,520,653	274,500	8.5%
Planning & Zoning	5,337,436	5,359,355	21,919	0.4%
Historic Alexandria	2,533,323	2,476,606	(56,717)	(2.2%)
Library	6,074,971	6,247,735	172,764	2.8%
RPCA	18,949,746	19,313,139	363,393	1.9%
Transit Subsidies	16,035,685	15,939,422	(96,263)	(0.6%)
Transportation & Environ Svc's	27,217,327	27,262,282	44,955	0.2%
Total Operating Agencies	229,613,773	229,370,992	(242,781)	(0.1%)
<u>Education</u>				
Schools	164,594,674	167,886,567	3,291,893	2.0%
Other Educational Activities	12,304	12,229	(75)	(0.6%)
Total Education	164,606,978	167,898,796	3,291,818	2.0%
Grand Total	530,003,018	534,127,999	4,124,981	0.8%

FY 2011 Budget Overview

City Personnel & Compensation Overview:

The FY 2010 General Fund proposed salaries and benefits budget increase by 1.2% from FY 2010.

A merit/step increase is included, but no market rate adjustment.

Employee cost sharing of health insurance premiums is increased.

67 full- and part-time positions are proposed to be reduced, which equal 55.0 full-time equivalent positions (FTEs).

Compared to the original approved FY 2009 budget, the number of FTEs has decreased by 125.0, or 4.7%.

For additional information, see the Personnel Compensation section.

The FY 2011 General Fund proposed personnel budget is increased by \$2.2 million, or 1.2%, from the FY 2010 approved budget.

The proposed budget includes merit based step increases for employees but no market rate adjustment. Employee cost sharing of health insurance premiums is increased.

FTE Summary

	FY 2009 Approved	FY 2010 Approved	New	Deleted	FY 2011 Proposed	Change (FY11/10)	
						#	%
Full-time Permanent	2,405.0	2,346.0	12.0	(39.0)	2,319.0	(27.0)	(1.2%)
Part-time (FTE)	202.7	195.7	0.0	(12.0)	183.7	(12.0)	(6.1%)
Approved Overhire	57.0	41.0	0.0	(4.0)	37.0	(4.0)	(9.8%)
Total (FTE)	2,664.7	2,582.7	12.0	(55.0)	2,539.7	(43.0)	(1.7%)

A total of 67 full- and part-time positions, or 55.0 full-time equivalents, are proposed to be reduced. These reductions are offset by an increase of 12 new full-time positions for a total decline of 43, or 1.7%, FTEs. Over two years, staffing levels decreased by 125 FTEs, or 4.7%.

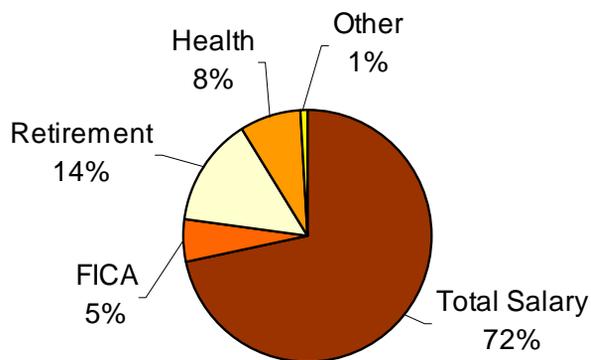
FY 2011 Budget Overview

City Personnel & Compensation Overview

General Fund salaries increase by one half of one percent while benefit costs increase by 3.2%. Overall, compensation costs increase 1.2%.

Title	FY 2010 Approved	FY 2011 Proposed	\$Change FY10/11	%Change FY10/11
Total Salary	\$131.5	\$132.1	\$0.6	0.5%
<u>Fringe</u>				
FICA	9.9	9.9	0.0	0.0%
Retirement	24.8	25.9	1.1	4.4%
Health	14.3	14.7	0.4	2.8%
Other	1.4	1.5	0.1	7.1%
Total Fringe	50.4	52.0	1.6	3.2%
Total Personnel	\$181.9	\$184.1	\$2.2	1.2%

FY 2011 City General Fund Personnel Budget \$184.1 M



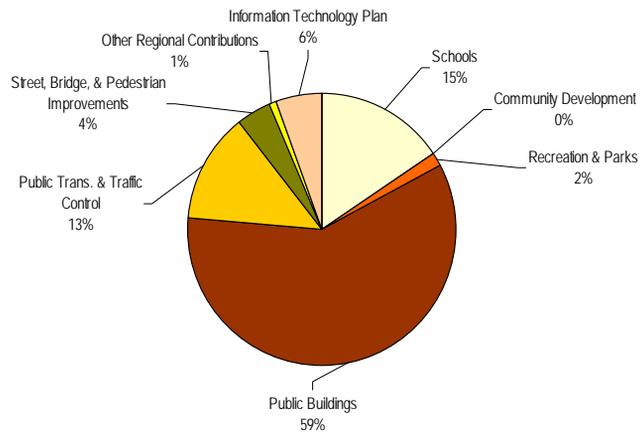
For additional information, see the Personnel Compensation section.

FY 2011 Budget Overview

Capital Improvement Program Overview:

The total CIP proposed for FY 2011 is \$87.7 million, which includes \$5.4 million in grants and other cash revenues. The locally funded CIP is \$82.3 million, a \$3.0 million (3.8%) increase from what was previously planned for FY 2011 in last year's approved CIP.

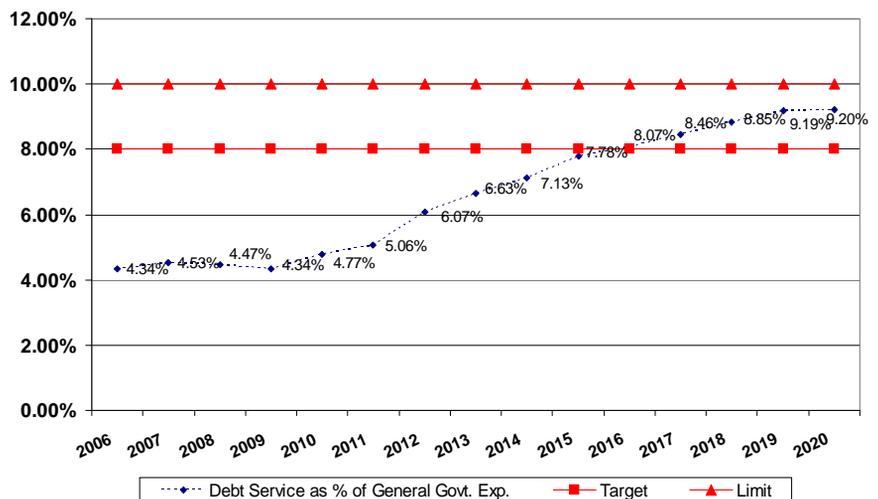
FY 2011 All Funds Base Capital Budget By Project Category (\$87.7 million)



The FY 2011 – FY 2020 proposed Capital Improvement Program (CIP) is the first time the City has published a ten-year capital plan rather than a six-year plan. It is a completely balanced plan, not just over the life of the plan but within each fiscal year.

The City will not exceed the guideline set by Council that debt service as a percent of General Governmental (all funds) expenditures not exceed 10% as a limit and be below 8% as a target. However, the proportion of the budget being devoted to debt service is steadily increasing.

Proposed CIP FY 2011-2020
Debt Service as Percent of General Government Expenditures



FY 2011 Budget Overview

General Fund pay-as-you-go support for the CIP decreases by \$0.4 million in FY 2010, while debt service increases \$0.5 million.

CIP focus is on maintaining existing assets, not expanding them.

Significant Police and Fire facility needs including a new Police headquarters and new and/or improved Fire stations are included in the CIP.

For additional information, see the Capital Improvement Program section and Capital Improvement Program budget document.

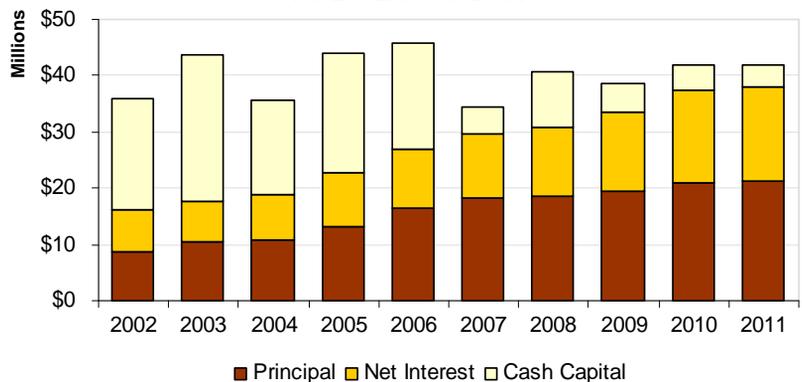
The FY 2011 General Fund proposed budget includes a \$0.4 million reduction from FY 2010 in cash capital funding to support the Capital Improvement Program (CIP).

The primary focus of the CIP is maintaining the current City and Schools facilities and infrastructure with some limited funding for construction of new or expanded Schools and public safety facilities.

The CIP also includes several tax and fee proposals for funding additional projects beyond the base level of funding. These include a 3.0 cent add-on commercial property tax for transportation improvements, a new stormwater utility fee for stormwater management projects, and an increase of \$0.25 per 1,000 gallons of water used in the sanitary sewer usage fee to fund sanitary sewer improvements.

Debt service increases \$0.5 million as compared to the FY 2010 approved budget.

**Debt Service and Cash Capital
FY 2002 to FY 2011**



- Cash capital payments are made to the Capital Improvement Program fund out of the General Fund on a pay-as-you-go basis.
- Debt service payments are composed of principal and interest payments on past bonds issued to finance capital projects.

FY 2011 Budget Overview

Budget Schedule:

Citizens are invited to participate in a public hearing on the budget scheduled for Wednesday, March 10, 2010 at 4:00 pm and a public hearing on the tax rate on Saturday, April 17 at 9:30 am.

City Council will also hold a series of ten public work sessions denoted to the right, followed by adoption on May 3, 2010.

All work sessions are held in City Hall, Sister Cities Conference Room #1101, at 6:30 pm unless otherwise noted.

- **February 16th** – Introduction and Presentation of Budget (7:00 pm City Council Chambers, City Hall)
- **February 16th** – Combined Work Session on Revenues and Human Resources and Compensation (City Council Chambers or Work Room following the City Council legislative meeting)
- **February 24th** – Work Session on CIP
- **March 1st** – Work Session on Public Safety
- **March 3rd** – Work Session on Health and the Environment
- **March 10th** – Budget Public Hearing (4:00 pm City Council Chambers, City Hall)
- **March 13th** – Regular Public Hearing – Set Maximum Tax Rate (9:30 am City Council Chambers, City Hall)
- **March 15th** – Joint Work Session on Education and Youth (Location to be determined)
- **March 23rd** – Legislative Meeting – Introduce Tax Rate Ordinances (7:00 City Council Chambers, City Hall)
- **March 24th** – Work Session on Caring Community
- **April 5th** – Work Session on Transportation
- **April 14th** – Work Session on Financial Sustainability and BFAAC Report
- **April 17th** – Regular Public Hearing – Tax Rate Ordinances and Effective Tax Rate Hearing (9:30 am City Council Chambers, City Hall)
- **April 26th** – Work Session on Preliminary Add/Delete
- **May 3rd** – Work Session on Final Add/Delete (5:30 pm, City Council Work Room, City Hall)
- **May 3rd** – Budget Adoption (6:30 pm, City Council Chambers, City Hall)

FY 2011 Budget Overview

A brief guide to the departments and page references to detailed descriptions of the departments in the Proposed Operating Budget is included below:

Section IX (Also see the School Board's Proposed Operating Budget)

- **Education** includes the Alexandria City Public Schools.

Section VIII

- **Public Safety** includes the Fire and Police Departments.

Section VII

- **General Government** includes, among other departments, Office of Communications, General Services, Finance, Personnel Services, and Real Estate Assessments.

Section VIII

- **Public Works** includes the Department of Transportation and Environmental Services, which maintains City streets and the City sanitary and sewer system. Transit subsidies to WMATA (METRO rail and METRO bus system), DASH, the City's bus system, and Virginia Rail Express (VRE) are also included in "Public Works."

Section VI

- **Courts and Constitutional Officers** includes departments with elected officials such as the Office of Sheriff, which manages the Alexandria Detention Center, the Commonwealth's Attorney, the Clerk of Courts, and the Registrar of Voters.

Section VIII

- **Parks & Recreation** include the Office of Historic Alexandria, the Alexandria Library system, and the Department of Recreation, Parks, and Cultural Activities, which manages the City's parks and manages youth programs.

Section VII (Non-Departmental)

- **Debt Service & Cash Capital.** Debt Service is the amount the City repays in principal and interest on outstanding bonds issued for infrastructure improvements. Cash Capital represents funds in the current operating budget designated for capital improvements.

Section VIII

- **Health & Welfare** includes the Health Department, the Department of Human Services, and the Department of Mental Health, Mental Retardation, and Substances Abuse.

Section VIII

- **Community Development** includes the Departments of Housing, Economic Development, and Planning and Zoning, as well as the City's economic development agencies.

