

Budget and Fiscal Affairs Advisory Committee – September 23, 2014

Present: Engin Artemel, Dak Hardwick, Jean Sun Kim, Benjamin Klein, Patrice Linehan, Laurie MacNamara, Skip Maginniss, John Renner (Chair), Leonard Rubenstein, Brent Simer, Clarence Tong and Michael Wenk.

Excused: David Baker, Margaret Gullen

Staff: Alex Braden, Nelsie Birch, Morgan Routt and Alyssa Ha

BFAAC Chair, John Renner, called the meeting to order at 7:04pm.

Approval of the Minutes

BFAAC members read and briefly discussed the minutes from the last meeting, May 20, 2014. There was a minor edit to the members in attendance at the meeting, and the minutes were approved with the amendment.

Members and Election of Officers

Members introduced themselves and the role they represent. The staff explained the process for electing officers and the Chairman called for nominations.

- Dak Hardwick nominated John Renner for the Chair position, and Engin Artemel seconded the nomination. Mr. Renner was re-elected unanimously.
- Engin Artemel nominated Dak Hardwick for the Vice-chair position, which was seconded by John Renner. Mr. Hardwick was elected unanimously.
- Engin Artemel nominated Patrice Linehan for the role of Secretary. John Renner seconded the nomination and Ms. Linehan was re-elected unanimously.

Office of Management and Budget (OMB) Report

a. OMB/CMO Staffing Changes - Alex Braden briefed the BFAAC Committee about recent staff changes and new office locations. Some reporting structures have changed with the reorganization of staff (e.g., Budget staff reports to Mr. Tom Gates; Human Services and Public Safety now report to Ms. Debra Collins). The staff agreed to distribute an Organizational Chart following a request from BFAAC members (See CMO for org chart).

b. June 2014 Monthly Financial Report - The new format for the monthly financial report was introduced, showing information more graphically and including more description of the content. The new format is more appealing, and helps tell a story with the data. It's like an executive summary that provides a snapshot so we can dig into more detail on specific topics that arise. There was some discussion of the new format compared to the former:

- Budget staff analysis of 'Revenue and Expenditure' in the old version were helpful. Staff reassured members that analysis would continue.
- There is not as much comparison across budget years as there used to be. Since budgets are different from one year to the next, comparing last year's revenue/spending to this year is less informative than the variance between 'anticipated' and 'actual' [revenue and spending] - i.e., What information does Council need to determine where revenue and expenditures are off target?
- A BFAAC member requested trend data reporting to continue.
- The economic projection helps gauge financial conditions as we move closer to the year-end when more information becomes available (e.g., news of a hotel closure can bring insight to a trend of decreasing hotel room revenue, cueing leaders about the need to attract businesses that generate rooms).
- The intent of the new format is to deliver the same content boiled down to a more digestible level. It is less wordy but with the same quality of content.

Budget and Fiscal Affairs Advisory Committee – September 23, 2014

Council will see this new report format next month for the August report, which will come before the Council in October. The staff is trying to communicate as early as possible so we have a clear picture early in the year whether we are on or off track. BFAAC is a secondary audience to the Council so we will look forward to their reaction to the new format.

c. 5-Year Financial Plan Update - A five-year financial plan is underway, and an outline was presented in the form of a Table of Contents, including the headings of six sections:

1. Introduction/Executive Summary
2. City Economic Position
3. Revenue and Expenditure Forecast (5 year projection)
4. Debt Analysis
5. Financial Balance Analysis
6. Individual Project Analyses

d. FY 2016 Budget Process Development – The Chair and staff decided to push the budget process development to the end of the meeting because the topic is integrally related to the topic of civic engagement (See ‘Other Business’, Section c below).

The staff noted that Council might have some questions in response to the 5-year financial report and BFAAC may want to anticipate some of the questions that are likely to emerge.

Other Business

a. Staff Response to FY 2015 BFAAC Report – A formal response will be presented soon. The content is ready but staff is verifying a few pieces of information before editing and formatting the final document.

b. Add/Delete Process Sub-Committee - The Council recently decided to form an Add/Delete Subcommittee to review and suggest ways to improve the process. The Mayor will appoint two members of Council and two staff people. The Chair will appoint a member of BFAAC to have input as well. The Council was curious about the history of the Add/Delete process. The recommendations of the subcommittee are expected to add structure to the process. Someone recommended creating a timeline tracing back to the legislative policy that guides the process.

c. Civic Engagement - An effort is underway by City staff to enhance public engagement in the budget process. Some of the initial work in this area relates to restructuring the calendar. Since the Alexandria City Public Schools (ACPS) budget accounts for a large portion of the City budget, the City and ACPS staffs have worked to align the budget timelines for each entity, to make sure the schools adopt their budget before the City announces the maximum tax rate. The School Board approved a revised [budget timeline for FY 16](#) in response to the work of the City-School Workgroup.

There are certain dates the City and School Board have to adhere to because of outside mandates, while other dates are negotiable. There was some discussion about which dates are required and which ones are flexible to allow greater civic engagement.

- The Council sets the real estate tax rate in May
- The City has to send out a tax notice one month before the bill is due. The bill is payable in two installments in June and November
- The June payment projection is made based on the tax rate and property assessments

There was a suggestion to send out a calendar year assessment to coincide with the fiscal year.

- This would require some changes but it would be more accurate.
- Proposing the budget in early to mid-March, with a later adoption date in May (approx. third week), would allow time for more civic engagement in the process.
- The staff is looking at options to improve the process through better scheduling for public comment, providing structure by using an online tool [that would capture public input in a more structured way to improve budget input], and/or other low-cost ways to gather input.
- Right now, the staff is considering a significant survey undertaking for 2016. The staff welcomes any thoughts on the survey design or collection efforts that will improve the process without costing too much.

The goal is to use the survey results and other information to make sure we are basing our decisions on more accurate information rather than relying solely on opinion. Improving the process is also expected to avoid huge fight over small issues by gaining a better understanding of citizens' spending priorities. There was a question about the role of the commissions in informing the budget. Typically, the Commission membership has not helped to develop budget requests.

d. Committee Organization – Approach to Budget Season - The Council is often drawn into detailed budget conversations rather than evaluating the City budget at a policy level. The role should be more advisory, turning to staff when more information is needed or becomes available. There was some discussion about the budget season timeline and how BFAAC could add value throughout the process.

- Guidance is released in November, following the Council retreat.
- Since the outcomes of the retreat inform the legislative timeline, BFFAC should communicate with Council prior to the retreat and subsequent guidance.
- Look forward instead of backward on the process.
- Go back to the BFAAC recommendations – Translate the recommendations into guidance for the Council Retreat on how the process can be improved looking forward.
- It was suggested that BFAAC be more proactive about letting City Council know what the committee's plan is for completing the report.
- One or two members will take responsibility for preparing each memo.

As a result of the discussion, BFAAC decided to prepare a series of three good memos that can be distributed to Council at critical points in the process.

- November memo - Big picture considerations based on BFAAC report recommendations to serve as guidance before the retreat
- January - Revenue projection memo following the guidance with some of the process information included since the timing of the forecasting can be done ahead of the budget.
- Approximately March – Capital Improvement Projects and Operations input along with any related process considerations
 - Note: The distribution of this memo would come once the maximum property tax rate has been released and revenue projections are available.

Budget and Fiscal Affairs Advisory Committee – September 23, 2014

Dak Hardwick and Ben Klein agreed to lead the development of the first memo and members will give input on the draft they prepare.

The next meeting is scheduled for October 21, 2014 at 7:00pm in Sister Cities #1101, City Hall.

Engin Artemal made a motion to adjourn and Clarence Tong seconded the motion. The meeting was adjourned at 8:52.

Minutes respectfully submitted by Patrice Linehan