

Budget and Fiscal Affairs Advisory Committee (BFAAC) Minutes
City Hall, Sister Cities Conference Room #1101
December 20, 2016

Present: Dak Hardwick, Skip Maginniss, Margaret Gullen, David Baker, Michael Wenk, Ben Klein, Laurie MacNamara, Len Rubenstein, Martin Frost, Patrice Linehan, Clarence Tong

Absent (excused): Robert Shea, Michael Carrasco

OMB staff members: Morgan Routt, Whitney Harris, Alex Braden

1. **Call to Order.** A quorum being present, the meeting was called to order at 7:06 pm by Chair Dak Hardwick.
2. **Minutes.** A motion to accept the minutes as submitted from November 15 was made by Michael Wenk and seconded by David Baker. The motion was approved unanimously.
3. **Introduction of new ACPS representative.** Patrice Linehan introduced Kathy Stetzel as the new ACPS representative.
4. **Finance Discussion.** Morgan Routt provided updates on the latest developments at the State and City levels. The Governor's biennial budget, facing a significant deficit, does not include any negative impacts localities. ACPS just adopted its CIP budget, with swing space, land acquisition, and pre-K needs as the major drivers of the \$95M increase in ACPS CIP funding request. A scheduled December 21 meeting with ACPS staff will focus on swing space needs and impact (capital/operating) on FY 2018 and out years.
5. **City Manager Discussion.** Mr. Hardwick introduced Mark Jinks to discuss revenue and cost implications, ACPS-City CIP, and other items.
 - a. **Operating budget.** Mr. Jinks indicated that the City is taking a more strategic approach to operating cost containment. A notional five percent reduction list, not including public safety, is being prioritized by five City Staff focus teams against targets, with a scenario-based add process. A compensation program review is also being undertaken.
 - b. **CIP.** CIP project prioritization is being accomplished in a tiered fashion with timing of investments a major variable to manage costs and financing needs.
 - c. **Revenue Master Plan/Revenue Strategy.** Mr. Jinks noted that BFAAC's concept of a Revenue Master Plan, as discussed in the Committee's FY 2017 Report, is a useful concept but encouraged the use of the term "Revenue Strategy." He noted that providing a menu of options to achieve the revenue targets reflected in the City's Five-Year Financial Plan would be a valuable BFAAC initiative. Mr. Jinks then provided an extensive list of current and potential revenue growth objectives and sources:
 - i. **Grow the City's tax base** – through economic development-focused initiatives such as the Alexandria Chamber of Commerce's Tomorrow's Alexandria; AEDP's Economic Sustainability 2.0 Workgroup, and the AEDP Tenant Profile
 - ii. **Review and revise the City's revenue policy.** Make better use of existing or proposed options such as user fees (resource recovery, sanitary/stormwater sewers, recreation tier structure, P&Z fees, utilizing

existing tax policy more effectively, admission tax (movie theaters), and restaurant/meals taxes; improving personal property and business licensing tax collection improvement; seeking expanded tax authority from Richmond; and increasing real estate tax deferrals in specific circumstances

- iii. **Pursue a dedicated Metro funding source** – in collaboration with the federal government and neighboring jurisdictions through means such as and add-on sales tax (noting that a dedicated add-on 1% sales tax would result in approximately \$24M in funding per year)
 - iv. **Pursue increased State aid** – Redouble efforts to get Richmond to equitably pay for state employees and improve the means by which Richmond reimburses Alexandria for Metro capital funding; pursue and Internet sales tax structure and also expand the sales tax structure to tax certain services
6. **New Business.** Mr. Hardwick proposed that BFAAC provide a Revenue Strategy memorandum to City Council in March 2017. He also proposed that the debt policy guidelines and ACPS-City CIP options recommendations requested earlier by City Council be addressed in separate memoranda on schedules to be determined.
- a. **Revenue Strategy.** Mr. Hardwick named Laurie MacNamara and Ben Klein as co-chairs of the Revenue Strategy memorandum development initiative, and requested an annotated outline and memorandum timeline to be discussed at BFAAC’s January meeting.
 - b. **Recognition of Patrice Linehan.** Mr. Hardwick recognized and thanked Ms. Linehan for her service to BFAAC as ACPS representative.
 - c. **Other items.** An updated BFAAC membership roster will be provided.
7. **Adjournment.** Having no further business, the meeting was adjourned at 8:40 pm. Laurie MacNamara made the motion to adjourn, with a second by Margaret Gullen.