

# CITY OF ALEXANDRIA, VIRGINIA

Leadership & Management Institute Graduates



Emergency Operation Center Staff



Workers during Blizzard 2010

M A N A G I N G   F O R   R E S U L T S

## FY 2012 APPROVED BUDGET IN BRIEF JULY 1, 2011 – JUNE 30, 2012



### ALEXANDRIA CITY COUNCIL

William D. Euille, Mayor

Kerry Donley, Vice Mayor

Frank H. Fannon

Alicia Hughes

Rob Krupicka

Redella S. Pepper

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### ACTING CITY MANAGER

Bruce Johnson

Information about the budget is available online at [alexandriava.gov/budget](http://alexandriava.gov/budget) or by contacting:

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Monday - Friday 8AM - 5 PM

# Budget in Brief

## **FY 2012 Approved Budget OVERVIEW**

The FY 2012 Approved Operating and Capital Budgets represent a continuation of years of effort to redesign our approach to fiscal planning, make our budgeting processes more inclusive and transparent, and improve upon our strategic decision-making. These fiscal recommendations to City Council were developed using the same framework employed by City Council to craft the City's Strategic Plan. Focusing on the goals of the City as defined by Council and the community, cross-departmental staff teams have worked for several months to recommend where taxpayer resources are best invested to accomplish our objectives and realize our goals, while still working within a constrained resource environment. The result is total General Fund spending increases by 6.6% or \$35.3 million compared to the FY 2011 Approved Budget. The appropriation to Schools increases \$7.1 million. This amount provides a 4.2% rate of growth in the City's transfer to the Schools for operating expenses.

The approved operating budget includes a 2.0 cent real estate property tax rate increase from 97.8 cents to 99.8 cents, of which 0.5 cents is applied to the stormwater management fund, 0.6 cents is dedicated for affordable housing, and 0.3% is dedicated to open space acquisition. The Council decided beginning in FY 2012 to reserve 2.2 cents for transportation. The remainder is applied to general government expenditures. The average homeowner's real estate taxes will change modestly by 2.4% (\$107) with a tax increase of 2.0 cents. The tax rate for commercial property owners will remain significantly lower than surrounding jurisdictions.

## BUDGET SUPPORTS SEVEN GOALS OF THE COUNCIL'S STRATEGIC PLAN

**In June 2010, City Council adopted a new Strategic Plan containing the City's overall vision, goals, objectives and initiatives. The goals of the new plan currently are:**

- Goal 1: Alexandria has Quality development and Redevelopment, Support for Local Businesses, and a Strong, Diverse, and Growing Local Economy.
- Goal 2: Alexandria Respects, Protects, and Enhances the Health of its Citizens and the Quality of its Natural Environment.
- Goal 3: A Multimodal Transportation System that Supports Sustainable Land Use and Provides Internal Mobility and Regional Connectivity for Alexandrians.
- Goal 4: Alexandria is a Community that Supports and Enhances the Well-Being, Success and Achievement of Children, Youth and Families.
- Goal 5: Alexandria is Financially Sustainable, Efficient, Community Oriented and Values its Employees.
- Goal 6: The City Protects the Safety and Security of its Residents, Businesses, Employees and Visitors.
- Goal 7: Alexandria is a Caring and Inclusive Community That Values its Rich Diversity, History and Culture, and Promotes Affordability.

By advancing these goals, the Approved Operating budget and CIP are intended to work toward the City Council's long term vision for Alexandria.

### **That vision is:**

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

### **Our mission 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 its future.*

# Budget in Brief

## FY 2012 APPROVED EXPENDITURE INCREASES (In Millions)

<b>General Fund</b>	<b>FY 2011 Approved</b>	<b>FY 2012 Approved</b>	<b>\$ Change</b>	<b>% Change</b>
City Operating Expenditures	305.5	316.2	10.7	3.5%
Transit Subsidies	16.0	16.6	0.6	3.8%
Capital Projects/Debt Service	42.2	59.1	16.9	40.0%
<i>City Subtotal</i>	<i>363.7</i>	<i>391.9</i>	<i>28.2</i>	<i>7.8%</i>
City Appropriation to Schools	167.9	175.0	7.1	4.2%
<b>Total General Fund Budget</b>	<b>\$531.6</b>	<b>\$566.9</b>	<b>\$35.3</b>	<b>6.6%</b>

### MAJOR “BUDGET DRIVERS” SHAPING THE APPROVED BUDGET

The FY 2012 Approved Budget includes a new reservation of 2.2 cents of the 99.8 cent tax rate for transportation purposes, generating \$10.7 million for FY 2012 and \$94.4 million over ten years. In addition, a 20 cent per \$100 tax on real estate in the Tier 1 part of the Special Tax District of Potomac Yard is included in this budget to support initial costs leading to a potential Potomac Yard Metrorail Station.

The budget includes a net increase in spending and revenues of \$35.3 million due to increased costs to maintain current services, finance new transportation and schools capital projects, and increase the schools operating subsidy.

# Budget in Brief

## ALEXANDRIA CITY PUBLIC SCHOOLS

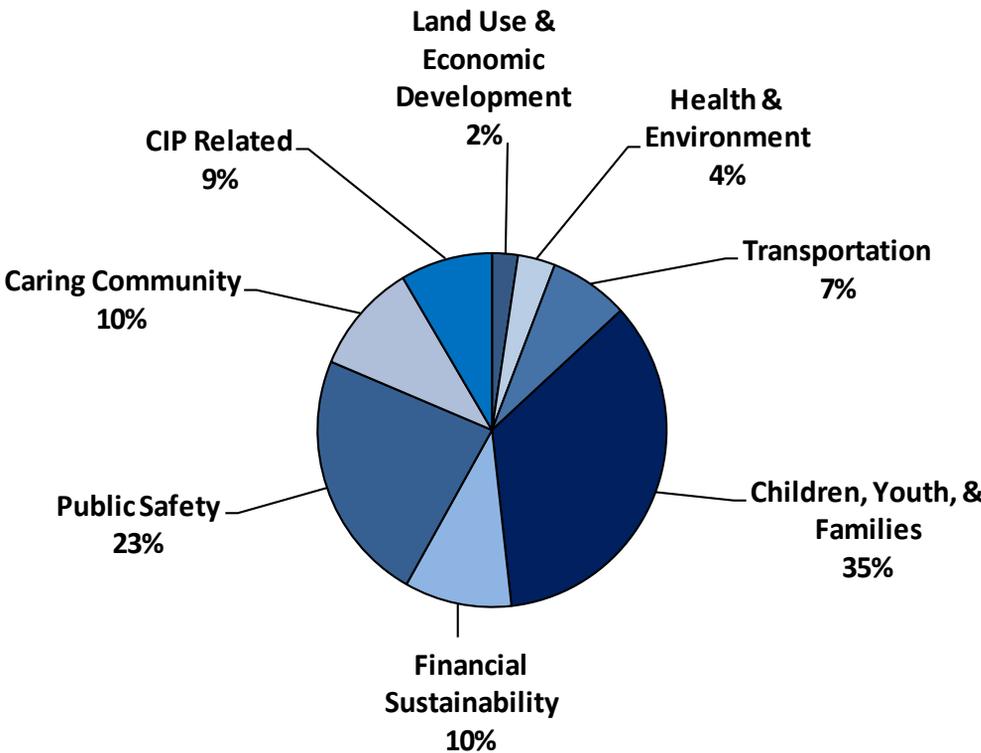
The approved General Fund transfer to the Alexandria City Public Schools (ACPS) in FY 2012 is \$175.0 million, an increase of \$7.1 million, or 4.2%, compared to FY 2011. Of this increase, \$196,992 was specifically added by City Council to the School's operating budget transfer for the purpose of expanding preschool services for 4 year olds.

The City Manager's Proposed Budget included a transfer to the ACPS that followed initial City Council guidance that would maintain the percentage of the proposed total General Fund budget transferred to the Schools for operating expenses equal to the same percentage in FY 2011. The Approved Budget contained an additional \$196,992 that was added by City Council during the add-delete process based on a joint City and Schools staff recommendation to expand preschool services for 4 year olds. The final increase of 4.2% in the Schools transfer was less than the overall rate of growth in the budget because additional cash capital for school and transportation capital projects was added to the budget at a higher rate of growth.

On March 17, 2011 the Alexandria City School Board approved a FY 2012 operating budget that included a City appropriation equal to the amount included in the City Manager's Proposed Budget. The School Board adopted a final budget on May 12, 2011 that adjusted the City appropriation to account for the \$196,992 added by City Council during the add-delete process.

### FY 2012 GENERAL FUND EXPENDITURES WHERE IT GOES... \$566.9 Million

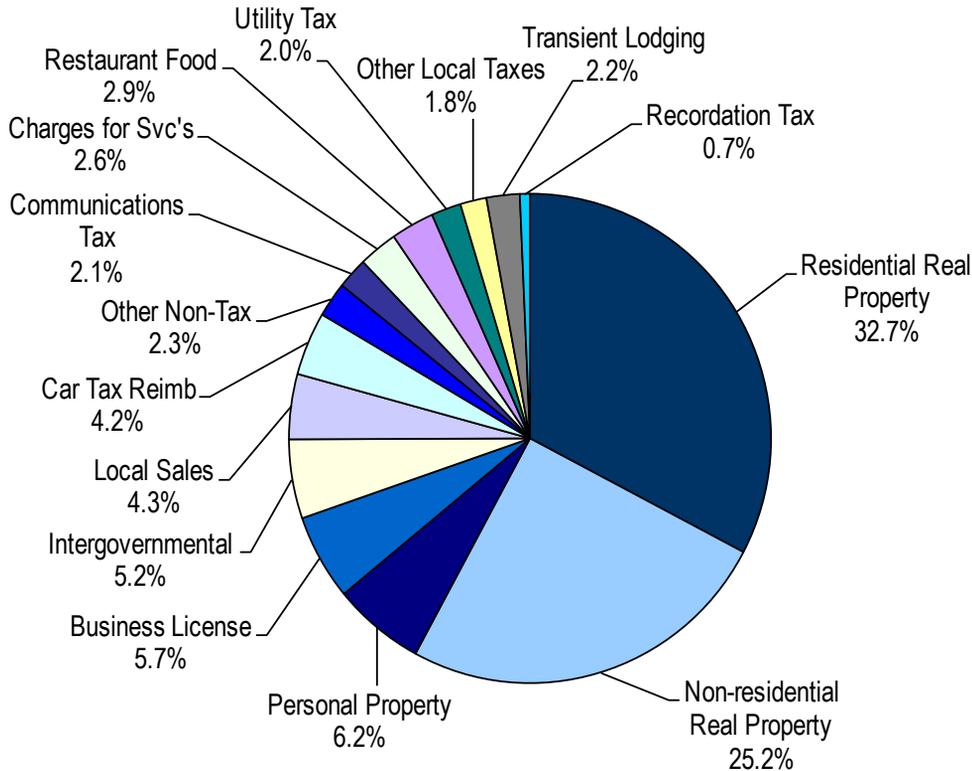
### The Operating Budget By Strategic Plan Goals



# Budget in Brief

## FY 2012 COMBINED GENERAL FUND REVENUES, WHERE IT COMES FROM... \$561.8 million

(excluding prior-year surplus and sewer fund transfer)



FY 2012 Proposed General Fund Revenues	\$561.9
Use of Prior-Year Surplus	\$5.0
<b>Total General Fund Revenues</b>	<b>\$566.9</b>

The Approved General Fund revenues are projected at \$561.9 million. An additional \$5.0 million in prior year revenues have been designated for use in FY 2012. As a result, a total of \$566.9 million is available to support the approved City and Schools' General Fund expenditures, a 6.6% increase in total revenues.

# Budget in Brief

## FY 2012 APPROVED REVENUE SUMMARY

Total taxes paid by residents, visitors and businesses exclusive of Federal, State, and other sources will increase by \$35.3 million in the base budget. In lieu of a transportation add on tax, City Council increased the tax rate to 99.8 cents with a reservation of 2.2 cents for transportation improvements, generating \$10.7 million for FY 2012 and \$94.4 million over ten years. With a 99.8 cent real estate tax rate, the average homeowner would pay \$107.40 more a year (+2.4%). The CY 2011 total overall value of real property increased 2.5% from last year's January 2010 assessments.

In December, 2010, City Council approved the Tier I Special Services Tax District for Land Bay F, G, and H and the multi-family portion of Land Bay I in Potomac Yards. The Tax District will help providing funding for improvements in Potomac yards, including the development of a Metrorail station in Potomac Yards.

There will be no fee increases for FY 2012. Federal and State revenues are estimated to increase by \$0.6 million, or 2.5%. City asset sales will raise \$0.9 million for capital program purposes.

### *Millions of dollars*

	<b>FY 2011 Approved</b>	<b>FY 2011 Projected</b>	<b>FY 2012 Approved</b>	<b>% Change 11 Approved/ 12 Approved</b>
Real Property Tax	\$296.2	\$308.0	\$325.2	9.8%
Other Taxes	149.1	150.2	155.9	4.6%
Non-tax revenue	27.6	26.5	27.7	0.4%
Fed & state revenue	51.7	52.4	53.0	2.5%
PY surplus & other fund transfers	6.9	6.9	5.0	(27.5%)
<b>Total</b>	<b>\$531.6</b>	<b>\$544.0</b>	<b>\$566.9</b>	<b>6.6%</b>

## CAPITAL IMPROVEMENT PROGRAM HIGHLIGHTS

The Approved FY 2012-FY 2021 Capital Improvement Program (CIP) totals \$1.1 billion. When including in the prior year the Potomac Metro Yard Station approved by City Council in June 2010, this ten-year program represents a \$114.2 million increase over the Approved FY 2011 – 2020 CIP, primarily due to the reserved 2.2 cents real estate tax rate for transportation projects and fully funding two new K-8 schools and additional modular classrooms for Alexandria City Public Schools (ACPS).

The Approved FY 2012 – 2021 addresses two broad areas of expenditure:

- Protection of the City's investment in existing public facilities or infrastructure (physical assets); and
- Planning and construction of major new public facilities and infrastructure, including new or replacement Information Technology systems.

The Approved FY 2012 – FY 2021 CIP addresses several critical infrastructure issues in the City over the ten-year plan:

- The Approved CIP provided an additional \$53.0 million over the Approved FY 2011 – 2020 CIP for ACPS which will fully fund two new K-8 schools (Jefferson-Houston and Patrick Henry), provide 20 additional modular classrooms and increase the annual investment in maintenance and rehabilitation projects at existing facilities.
- New transportation funding from the reserved 2.2 cents on the real estate tax rate, additional cash capital reserved for transportation, and general obligation bonds backed by the reserved tax rate provide an additional \$93.2 million for transportation capital project construction.
- Funding for the Potomac Yard Metro Station is included at \$275.0 million, and will be funded with the resources that the City would obtain from multiple sources including net new tax revenues from Potomac Yard, a Special Services Tax District and from developer contributions. It is estimated that through the year 2040 Potomac Yard could potentially generate for the City's General Fund \$661.8 million in new local tax revenues.

The Approved CIP for FY 2012 – FY 2021 provides \$1.1 billion as follows:

- \$524.7 million for transit & transportation including:
  - \$402.9 million for public transit (\$275.0 million for Potomac Yard Metrorail Station)
  - \$39.3 million for street and bridge repairs and enhancements
  - \$50.1 million for high capacity transit corridors
  - \$19.2 million for non-motorized transportation
  - \$13.2 million for fixed transportation equipment (including signs, signals, and meters)
- \$211.1 million for public schools including two new K-8 schools for Jefferson-Houston and Patrick Henry
- \$111.8 million for public buildings;
- \$75.9 million for recreation and parks;
- \$54.5 million for information technology projects including \$18.0 million to fund the Computer Aided Dispatch and Records Management System for Police, Fire and Emergency Medical Services;
- \$32.4 million for community development, and other regional commitments;
- \$28.5 million for stormwater management projects;
- \$38.1 million for the sanitary sewer system; and
- \$19.3 million allowance for inflation or additional projects.

# Budget in Brief

## FINANCIAL OUTLOOK

In the City's mid-range estimate for revenues and expenditures, the long range budget forecast includes a small shortfall in FY 2013. Most of the deficit is due to expenditure increases, which are projected to total a little over 4% in FY 2013. The model, however, assumes no across the board salary adjustment for employees in FY 2012. Revenues, while increasing, are expected to increase by slightly less than the rate of expenditure increase.

In order to balance the FY 2013 budget, it will probably be necessary again to do a combination of revenue and tax increases and expenditure reductions. The exact balance between the two types of actions would be determined by Council.

We must continue to work together responsibly as we emerge from this financial crisis with a long term perspective and strategy. As Council has directed, we will continue working to develop a 10 year blueprint for linking the strategic plan – its goals, objectives and initiatives – to future budgets. This Operating Budget and Capital Improvement Program for FY 2012 is only a first step in developing a 10 year blueprint for both a long term, strategic focus on financial sustainability and maintaining the high quality of life enjoyed by Alexandrians.

# Budget in Brief

## TAX FACTS & ASSESSED VALUE

Type	Unit	CY 2010 Actual Rate	CY 2011 Approved Rate
Real Estate	\$100/AV	97.8 cents	99.8 cents
Personal Property & Relief Percentage	\$100/AV	\$4.75 / 69%	\$4.75 / TBD
Refuse Collection Disposal	Household	\$331	\$336

Average Residential Home Assessed Value CY' 2011.....	\$449,411
Average Residential Tax Bill CY'2010 (Equalized).....	\$4,378.72
Average Residential Tax Bill CY'2011 (Approved 99.8 cents rate) .....	\$4,485.12

### Median Assessed Value of Homes and Condominiums CY 2011

<u>Assessed Value</u>	<u>Units</u>	<u>Total Value</u>	<u>Median</u>
Less than \$100,000	682	\$59,273,022	\$88,167
\$100,000-\$249,999	10,453	\$1,935,548,995	\$186,646
\$250,000-\$499,999	15,566	\$5,820,859,692	\$375,193
\$500,000-\$749,999	8,803	\$5,343,817,617	\$600,637
\$750,000-\$999,999	3,190	\$2,697,749,622	\$833,752
\$1,000,000-\$1,999,999	1,501	\$1,924,082,494	\$1,206,012
\$2,000,000 and over	173	\$468,778,569	\$2,395,782

Source: Department of Real Estate Assessments

The value of each one-cent on the real property tax rate is approximately \$3.258 million for CY 2011.

# Budget in Brief

## FY 2012 BUDGET CALENDAR

Citizens were invited to participate in a public hearing on the budget on Monday, March 7 at 4PM and a public hearing on the tax rate on Saturday, April 16 at 9:30AM. City Council also held nine public work sessions denoted below (all sessions were held in City Hall, Sister Cities rm. #1101, unless otherwise noted):

Feb. 8	7:00 p.m.	Introduction and Presentation of Budget (Council Chambers)
Feb. 9	7:00 p.m.	Work Session: Revenues and Capital Improvement Program Overview
Feb. 15	7:00 p.m.	Work Session: Transportation and Economic Development
Feb. 23	7:00 p.m.	Work Session: Financial Sustainability
March 7	4:00 p.m.	Budget Public Hearing (Council Chambers)
March 12	9:30 a.m.	Public Hearing on Maximum Tax Rate (Council Chambers)
March 14	7:00 p.m.	Joint Work Session with School Board on ACPS Budget (George Washington Middle School)
March 21	7:00 p.m.	Work Session: Health and the Environment; Children, Youth, and Families; Caring and Inclusive Community
March 22	7:00 p.m.	Introduction of Tax Ordinances (Council Chambers)
March 30	7:00 p.m.	Joint Work Session with School Board on ACPS Budget (George Washington Middle School)
April 11	7:00 p.m.	Work Session: BFAAC Report, Public Safety
April 16	9:30 a.m.	Public Hearing on Effective Tax Rate Increase (Council Chambers)
April 25	7:00 p.m.	Work Session: Preliminary Add/Delete
May 2	6:00 p.m.	Work Session: Final Add/Delete (Council Work Room, 2 <sup>nd</sup> Floor, City Hall)
May 2	7:00 p.m.	Budget and Tax Rate Adoption

Reference copies of the budget are available online at [alexandriava.gov/budget](http://alexandriava.gov/budget) and are also available at all Alexandria City public libraries.