### CITY OF ALEXANDRIA, VIRGINIA

### FY 2012 APPROVED BUDGET IN BRIEF

**July 1, 2011 - June 30, 2012**

The FY 2012 Approved Operating and Capital Budgets represent a continuation of years of efforts 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.

### FY 2012 APPROVED BUDGET OVERVIEW

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.

### 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.

### 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 Protects the Safety and Security of its Residents, Businesses, and Visitors.
- **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.

| Reference copies of the budget are available online at alexandriava.gov/Budget or by contacting: |
| Office of Management and Budget |
| City Hall, 301 King Street, Room 3630 |
| 703.746.3737 |
| Monday - Friday, 8:00 a.m. to 5:00 p.m. |
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 construction 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 – 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 reserved for transportation, and general obligation bonds backed by the reserved real estate tax rate provide an additional $32.2 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 Service 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 $691.8 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:
  - $409.9 million for public transit ($275.0 million for Potomac Yard Metrorail Station)
  - $93.9 million for street and bridge repairs and enhancements
  - $50.1 million for high capacity transit corridors
  - $16.2 million for non-motorized transportation
  - $13.2 million for fixed transportation equipment (including signs, signals, and meters)

• $211.1 million for public schools including new 2 K-8 schools for Jefferson-Houston and Patrick Henry

• $118.1 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.

The Approved FY 2012 CIP provides an additional $5.0 million in prior year revenues designated for use in FY 2012. As a result, a total of $569.9 million is available to support the approved City and Schools’ General Fund expenditures, a 4.1% increase in total revenues.

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.

In the City's mid-range estimate for revenues and expenditures, the long range budget forecast includes a small shortfall for 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 the City’s sustainability and maintaining the high quality of life enjoyed by Alexandrians.

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

Feb. 2  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)
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, 2nd Floor, City Hall)
May 2  7:00 p.m.  Budget and Tax Rate Adoption