

FY 2012 Budget Overview

Budget Overview

The FY 2012 General Fund Operating Budget is \$566.9 million.

This is a 6.6% increase over the FY 2011 budget.

The FY 2012 budget includes a real estate tax rate reservation of 2.2 cents per \$100 of assessed value and a 0.2 cent reduction in the general real estate tax rate for a net rate increase of 2.0 cents.

City government operating costs increase by \$10.7 million, or 3.5%

Alexandria City Public Schools funding increases by \$7.1 million, or 4.2%

Capital projects funding increases by \$16.9 million, or 40.0%, due to the funding in FY 2012 of \$13.5 million for transportation improvements funded in part by the 2.2 cent real estate tax rate reservation for transportation and \$3.0 million for Schools capital projects.

The following is a brief overview of the major elements of the FY 2012 General Fund Operating Budget.

Millions of Dollars					
	FY 2010 Actual	FY 2011 Approved	FY 2012 Approved	\$ Chg FY11/12	% Chg FY11/12
City Operating	304.8	305.5	316.2	10.7	3.5%
Transit Subsidies	13.1	16.0	16.6	0.6	3.4%
Capital Program Funding	39.5	42.2	59.1	16.9	40.0%
City Total	357.3	363.7	391.9	28.2	7.7%
ACPS	164.6	167.9	175.0	7.1	4.2%
City & ACPS General Fund Total	521.9	531.6	566.9	35.3	6.6%
All Funds Budget	871.5	659.8	698.5	38.7	5.9%

General Fund revenues increase by 35.3 million, or 6.6%. This includes a real estate tax rate reservation of 2.2 cents per \$100 of assessed value for transportation improvements and a 0.2 cent reduction in the general real estate tax rate for a net increase of 2.0 cents in calendar year 2011. There are no other tax or fee increases in the FY 2012 budget.

City Operating expenditures increase by \$10.7 million, or 3.5%. Of that increase, \$8.2 million is the cost of continuing the FY 2011 services in FY 2012 and \$2.5 million in new or expanded services to implement the new Strategic Plan adopted in June 2010.

Transit Subsidies increase by \$550,000, or 3.4%. The transportation improvement plan funded by the 2.2 cent real estate tax reservation includes a \$700,000 increase for trolley service.

Capital Program Funding increases by \$16.9 million, or 40.0%, due to the addition of the 2.2 cent real estate tax reservation and \$3.0 million in additional funding for Schools capital projects beyond that which was proposed in the base Capital Improvement Program (CIP). The CIP includes \$144.8 million for transportation improvements and \$211.1 million for Schools capital projects over ten years.

The Alexandria Public Schools Transfer increases by \$7.1, or 4.2%, and includes 196,992 added by City Council for expanded preschool access.

FY 2012 Budget Overview

Revenues

FY 2012 General Fund revenues increase by 6.6% over the FY 2011 budget.

Real estate assessments increase by 2.55% overall.

The real estate property tax is increased by 2.0 cents per \$100 of assessed value to \$0.998 cents per \$100.

The real estate property tax includes a 2.2 cent reservation for Transportation Improvements.

There are no other tax and fee increases included in this budget.

For additional information, see the Revenues section.

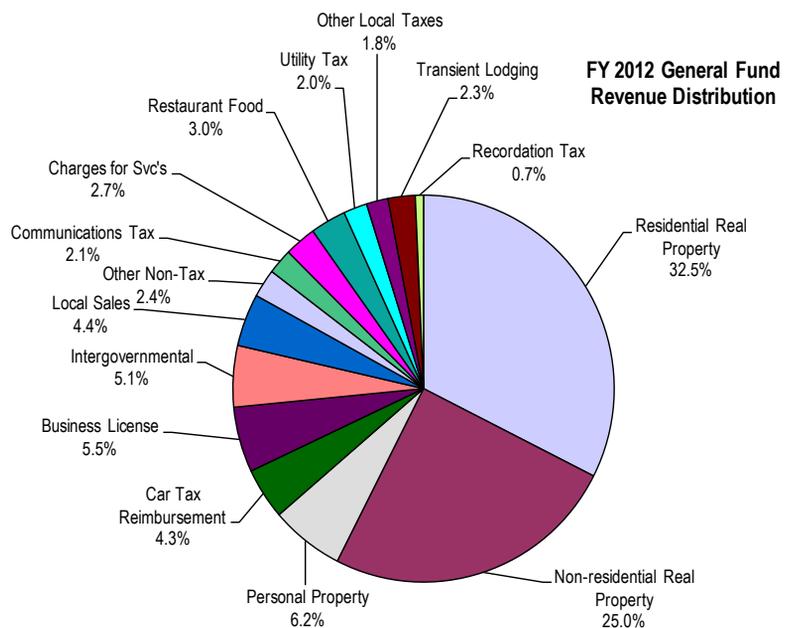
General Fund Revenues

Millions of Dollars

	FY 2011 Approved	FY 2011 Projected	FY 2012 Approved	%Change 11 Approved/ 12 Approved
Real Property Taxes	\$296.2	\$311.1	\$321.7	8.6%
Other taxes	149.1	151.1	155.9	4.6%
Taxes	445.3	462.2	477.6	7.2%
Non-tax revenue	27.6	26.9	27.7	0.3%
Federal & State Revenue	51.7	52.9	53.0	2.5%
Prior Year Surplus & Transfers	6.9	6.9	8.6	24.0%
Total	\$531.6	\$548.9	\$566.9	6.6%

Real Estate Property Taxes increase by \$25.5 million, or 8.6% as a result of a tax rate increase of 2.0 cents per \$100 of assessed value and an estimated 2.55% increase in property values (January 2010 to January 2011). The real estate property tax rate includes a 2.2 cent reservation of funding for transportation improvements. The 2.2 cent transportation reservation for residential and commercial property is in lieu of the commercial add-on tax presented in the proposed budget.

Other tax and fee revenue increases by \$7.2 million as a result of increased retail, food and hotel sales. There are no tax rate or fee increases included in the budget.



FY 2012 Budget Overview

City Operating Expenditures

City government operating costs increase by \$10.7 million, or 3.5%.

Most of the increase is due to personnel salary and benefit cost increases for current staffing.

Overall net City staffing increases by one-tenth of one percent.

Non-personnel costs increases to maintain current services are mostly offset by \$2.8 million in expenditure reductions.

Non-personnel costs include a \$2.5 million for new or expanded services set forth in the Strategic Plan.

City General Fund Operating Expenditures

Millions of Dollars

	FY 2010 Actual	FY 2011 Approved	FY 2012 Approved	\$ Chg FY11/12	% Chg FY11/12
Personal Services	180.2	180.6	187.6	7.0	3.9%
Non Personal Expenditures	78.9	82.5	85.0	2.4	2.9%
Capital Outlay	0.3	0.2	0.2	(0.0)	-9.4%
Interfund Transfers	45.3	42.1	43.4	1.3	3.2%
Total	304.8	305.5	316.2	10.7	3.5%
FTEs (all Funds)	2,580.7	2,540.2	2,542.3	2.1	0.1%

General Fund personnel costs for current City employees increase by \$7.0 million, or 3.9%. Most of this increase includes merit pay increases and the increased cost of retirement and health insurance benefits, which are partially offset by increases in employees' share of the cost of these benefits. The FY 2012 budget includes only five new General Fund positions – one facility engineer and one system technician in General Services to maintain and operate the new Police facility, two new Special Police Officers to provide security at the new Police facility, and one new management analyst in Fleet Services to improve data systems, financial management and overall fleet efficiency and service. Overall, City staffing increases by a net of 2.1 FTEs, but 2.5 positions are funded by special revenue sources. Position reductions are found in the Sheriff's Office; Library; Community & Human Services; and Recreation, Parks & Cultural Activities.

Non-personnel costs increase by \$2.4, or 2.9%, as a result of the new or expanded services presented on the following page. The cost of maintaining current services is offset almost entirely by \$2.8 million in expenditure reductions.

Interfund Transfers increase by \$1.3 million, or 3.2%, and are the City's transfers of General Fund support to non-General Fund programs such as those in Community & Human Services, Housing and the Library. Most of the increase is the result of increased personnel costs for partially federal and State-funded positions.

FY 2012 Budget Overview

City Operating Expenditures

In addition to the cost of maintaining FY 2011 levels of service in FY 2012, the City operating budget includes \$2.5 million for new initiatives that offer a return on investment or are necessary to implement the City's Strategic Plan.

Of the \$2.5 million in new initiatives, \$0.2 million in is staffing and \$2.3 million is for non-personnel expenditures.

FY 2012 Budget Adjustments

The following new or expanded services are funded in the FY 2012 budget based on their ability to generate a return on the investment their necessity in order to implement the City's Strategic Plan adopted by City Council in June 2010. For more on these items, please see the departmental section in which they are located.

ACVA Advertising (Economic Development)	300,000
ACVA Group Sales Position (Economic Development)	75,000
ACVA Brochure Printing (Economic Development)	21,000
Snow Removal Increase (Non-Departmental)	230,000
T&ES Civil Engineer	18,000
Youth Master Plan (Community & Human Services)	75,000
Community Indicator Project (Non-Departmental)	45,000
Tree & Flower Watering Crews	65,000
Aquatics Equipment Replacement (Recreation)	22,000
Adult Sports Programs (RPCA)	10,000
Youth Sports Programs (RPCA)	19,000
General Services Fleet Management Position	85,000
City Hall Security (General Services)	13,831
Department of Emergency Communications Training	100,000
Mobile Stage Replacement Depreciation (RPCA)	10,000
Library Security Guards	19,000
Civil War Sesquicentennial Funding (OHA)	25,000
Increased Access to Pre-School	450,000
Fort Ward Archaeology & Planning	260,000
Civil War Sesquicentennial	75,000
Street Paving	375,000
INOVA Indigent Care	100,000
Alexandria Neighborhood Health Services	75,000
Total	2,467,831

Capital Program Funding

The FY 2012 General Fund operating budget includes \$59.1 million in capital project funding.

Capital project funding increases by \$16.9 million, or 40.0%, as a result of the addition of a real estate tax reservation of 2.2 cents for transportation improvements, increased funding for Schools capital projects and increased debt service on bonds issued to fund capital construction.

The FY 2012 General Fund operating budget includes \$59.1 million in funding for capital improvement projects. Capital project funding consists of \$43.4 million in debt service on general obligation bonds previously issued or planned for issuance in FY 2012 to fund the City's Capital Improvement Program (CIP) and \$15.7 million in pay-as-you-go cash capital funding.

The CIP includes \$32.8 million for transportation improvements and \$22.0 million in Schools projects in FY 2012 and \$524.7 million for transportation improvements and \$211.1 for School construction over ten years. The transportation improvements are funded in part by a real estate tax rate reservation of 2.2 cents per \$100 of assessed value established by City Council in the FY 2012 budget, which is providing \$9.8 million for transportation capital in FY 2012.

Highlights of FY 2012 transportation improvements include:

- DASH bus purchases (\$7.8 million)
- Metro bus and rail capital maintenance (\$6.1 million)
- King Street Metro station improvements (\$4.2 million)
- High capacity transit corridor C/Beauregard (\$2.1 million)
- King/Beauregard intersection improvements (\$2.1 million)
- BRAC-133 transportation improvements (\$2.0 million)
- Shared use paths (\$1.9 million)
- High capacity transit corridor A/Potomac Yard (\$1.6 million)

Other highlights of the FY 2012 capital budget include:

- Schools capital needs \$22.0 million)
- New Fire Station (\$9.2 million)
- Parks and Recreation Improvements (\$1.9 million)

For additional information, see the CIP document or the CIP section of the operating budget document.

Budget Process

The FY 2012 Budget was developed based on community priorities set forth in the Strategic Plan and City Council's budget guidance.

The budget development process included 3 fall work sessions with City Council and one fall budget public hearing.

Additional opportunities for public participation and comment included 8 City Council work sessions, one spring budget public hearing and several tax rate public hearings.

Members of the public may also review the budget and provide comments online at:

<http://alexandriava.gov/Budget>

FY 2012 Budget Process

The FY 2012 budget was developed based on the community's priorities as identified in the Strategic Plan adopted by City Council in June 2010 and budget guidance adopted by City Council in November 2010.

Staff from City departments collaborated through work teams representing each of the Strategic Plan's seven goals to identify the steps necessary to implement the plan and achieve the community's strategic goals.

The resulting initiatives were categorized as either 1) able to be implemented without additional resources, 2) requiring additional resources in FY 2012, or 3) requiring additional resources in FY 2013 and beyond. Items in category 2 were prioritized by the goal groups and presented to the City Manager's senior staff for funding consideration in FY 2012. Some included in the City Manager's proposed budget and presented to City Council.

Following presentation of the City Manager's proposed budget, City Council held a series of six public work sessions and a public hearing to discuss and deliberate its contents. Following the work sessions and public hearing, City Council conducted two add/delete work sessions to consider and decide upon its changes for the approved budget. City Council approved the final FY 2012 budget with its add/delete changes on May 2, 2011. The results of the approved budget have been described on the preceding pages. A more detailed account of the actions of the add/delete work sessions is contained in the City Manager's updated message.

Category 2 items that did not receive funding in FY 2012 and category 3 items will be scheduled along with category 1 items that do not need additional resources into a multi-year plan during the FY 2013 budget process.

The budget development process also included three City Council work sessions in the fall on revenues, compensation issues and current service budget estimates and one fall budget public hearing, all of which were open to the public. A schedule of the FY 2012 approved budget process from the City Manager's proposal to City Council adoption is presented on the following page.

FY 2012 Budget Schedule

Budget Schedule

Members of the public participated in a public hearing on the budget on Monday, March 7, 2011 at 4:00 pm and a public hearing on the tax rate on Saturday, April 16 at 9:30 am.

City Council also held a series of eight public work sessions denoted to the right, followed by adoption on May 2, 2011.

All work sessions were held in City Hall, Sister Cities Conference Room #1101, at 7:00 pm unless otherwise noted.

- 2/8 Proposed Budget Presentation (7:00 pm in Council Chambers)
- 2/9 Work Session - Revenues & CIP
- 2/15 Work Session - Transportation and Economic Development
- 2/23 Work Session - Compensation and Financial Sustainability
- 3/7 Budget Public Hearing (4:00 pm in Council Chambers)
- 3/12 Public Hearing Docket Item to Advertise the Maximum Tax Rate (9:30 in Council Chambers)
- 3/14 Joint City/Schools Work Session (7:00 pm at George Washington Middle School)
- 3/16 Advertise Effective Tax Rate
- 3/21 Work Session - Health and the Environment; Children, Youth & Families; and Caring and Inclusive Community
- 3/22 Introduce Tax Rate Ordinances (if necessary)
- 4/11 Work Session - Budget & Fiscal Affairs Advisory Committee (BFAAC) and Public Safety
- 4/16 Public Hearing on Tax Rate Ordinances (if necessary) and Effective Tax Rate
- 4/18 City Council Add/Delete Items Due
- 4/25 Work Session - Preliminary Add/Delete
- 5/2 Work Session - Final Add/Delete (6:00 pm in City Council Work Room)

