

FY 2012 Budget Overview

Budget Overview

The FY 2012 Proposed General Fund Operating Budget is \$553.4 million.

This is a 4.1% increase over the FY 2011 Approved Budget.

The FY 2012 Proposed Budget includes no tax rate or fee increases.

City government operating costs increase by \$9.9 million, or 3.2%

Alexandria City Public Schools funding increases by \$6.9 million, or 4.1%

Capital projects funding increases by \$5.1 million, or 12.1%

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

Millions of Dollars

	FY 2010 Actual	FY 2011 Approved	FY 2012 Proposed	\$ Chg FY11/12	% Chg FY11/12
City Operating	304.8	305.5	315.4	9.9	3.2%
Transit Subsidies	13.1	16.0	15.9	(0.1)	-0.9%
Capital Program Funding	39.5	42.2	47.3	5.1	12.1%
City Total	357.3	363.7	378.6	14.9	4.1%
ACPS	164.6	167.9	174.8	6.9	4.1%
City & ACPS Total	521.9	531.6	553.4	21.8	4.1%

General Fund revenues increase by 21.8 million, or 4.1%. Of that increase, \$18.9 million is due to a 3.1% increase in real estate property values. There are no tax and fee increases proposed in the FY 2012 budget. A proposal to increase the commercial real estate property tax rate to fund transportation is presented in the Capital Improvement Program (CIP). The FY 2012 budget includes a reduction in business license taxes for businesses with annual gross receipts of less than \$750,000.

City Operating expenditures increase by \$9.9 million, or 3.2%. Of that increase, \$8.6 million is the cost of continuing the FY 2011 services in FY 2012 and \$1.3 million in new or expanded services to implement the new Strategic Plan adopted in June 2010.

Transit Subsidies decrease by \$150,000, or 0.9%. A \$2.1 million, or 10.5%, increases in the City's subsidy for Metro and is funded entirely from the City's share of State and regional gas tax transit funding available through the Northern Virginia Transportation Commission with no impact on the General Fund. The City also receives \$150,000 from the federal government as the first of four reimbursements for the amortized cost of DASH bus rehabilitation funded by the City to provide increased service to Mark Center.

Capital Program Funding increases by \$5.1 million, or 12.1%, due to increased debt service on bonds issued to fund major capital construction projects recently completed or currently underway, such as the New Police Facility, School construction, and the City's share of the Metro capital improvements.

The Alexandria Public Schools Transfer increases by \$6.9 million, or 4.1%, which is equivalent to the percent growth in General Fund revenues.

FY 2012 Budget Overview

Revenues

FY 2012 General Fund revenues increase by 4.1% over the FY 2011 Approved Budget.

Real estate assessments increase by 2.55% overall.

Business license taxes are reduced by \$1.6 million.

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

A proposal to increase the real estate tax rate on commercial properties to fund transportation is presented in the CIP.

For additional information, see the Revenues section.

General Fund Revenues

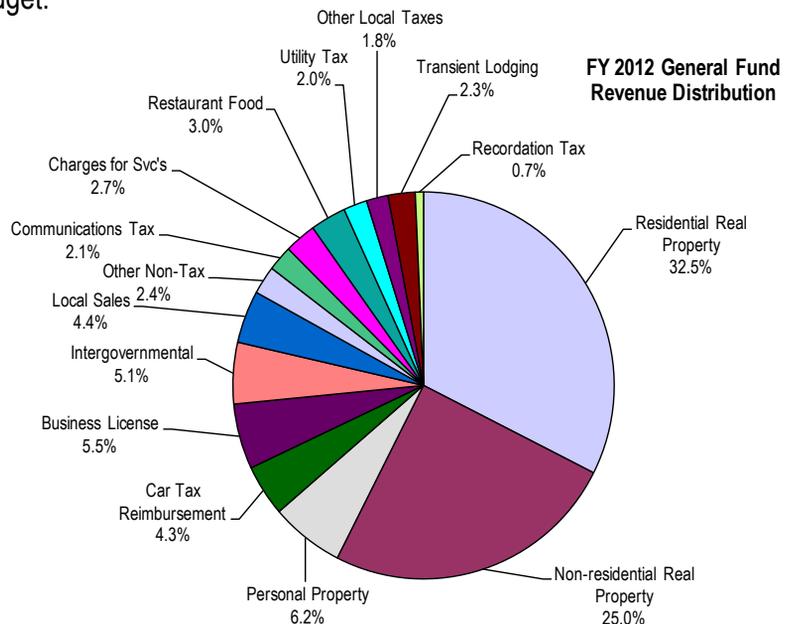
Millions of Dollars

	FY 2011 Approved	FY 2011 Projected	FY 2012 Proposed	%Change 11 Approved/ 12 Proposed
Real Property Taxes	\$296.2	\$308.0	\$315.2	6.4%
Other taxes	149.1	150.2	153.8	3.2%
Taxes	445.3	458.2	469.0	5.3%
Non-tax revenue	27.6	26.5	27.7	0.4%
Federal & State Revenue	51.7	52.4	51.7	0.0%
Prior Year Surplus & Transfers	6.9	6.9	5.0	-27.5%
Total	\$531.5	\$544.0	\$553.4	4.1%

Real Estate Property Taxes increase by \$18.9 million, or 6.4% as a result of an estimated 2.55% increase in property values (January 2010 to January 2011). There is no increase proposed in the City's real estate property tax rate of 97.8 cents per \$100 of assessed value. A proposal to increase the real estate property tax rate on commercial properties to fund transportation projects is included in the Capital Improvement Program (CIP).

Business License Taxes are reduced by \$1.6 million as a result of an increase in the minimum gross receipts threshold from \$100,000 to \$350,000 and a tax rate reduction for businesses receiving between \$350,000 and \$750,000.

Other tax and fee revenue increases by \$6.4 million as a result of increased retail, food and hotel sales. There are no tax rate or fee increases included in the budget.



City Operating Expenditures

City government operating costs increase by \$9.9 million, or 3.2%.

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 of \$3.0 million are mostly offset by \$2.8 million in expenditure reductions.

Non-personnel costs include a \$1.1 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 Proposed	\$ Chg FY11/12	% Chg FY11/12
Personal Services	180.2	180.6	187.7	7.0	3.9%
Non Personal Expenditures	78.9	82.5	84.3	1.8	2.1%
Capital Outlay	0.3	0.2	0.2	(0.0)	-9.4%
Interfund Transfers	45.3	42.1	43.2	1.1	2.7%
Total	304.8	305.5	315.4	9.9	3.2%
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 \$1.8 million, or 2.1%, as a result of a \$3.0 million increase in the cost of continuing FY 2011 levels of service in FY 2012, \$2.8 million in expenditure reductions, and \$1.1 million in new or expanded services to implement the Strategic Plan approved in June 2010. A list of these non-personnel increases is provided on the following page.

Interfund Transfers increase by \$1.1 million, or 2.7%, 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.

Unfunded priorities above the City Manager's base budget are items identified during the budget process as high priority requests that were not able to be funded within the amount of revenues available at current tax and fee rates. They are presented as the City Manager's highest priorities for funding if additional funding becomes available and are listed on the following page.

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 \$1.3 million for new initiatives that offer a return on investment or are necessary to implement the City's Strategic Plan.

Of the \$1.3 million in new initiatives, \$0.2 million in is staffing and \$1.1 million is for non-personnel expenditures listed to the right.

\$2.2 million of additional high priority requests are not included in the budget but are recommended by the City Manager for funding if additional resources become available.

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.

New or Expanded Services to Implement the Strategic Plan

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
Planning & Zoning Work Program	120,000
T&ES Civil Engineer	18,000
Youth Master Plan (Community & Human Services)	100,000
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)	45,000
Department of Emergency Communications Training	100,000
Mobile Stage Replacement Depreciation (RPCA)	10,000
Library Security Guards	19,000
Civil War Sesquicentennial Funding (OHA)	<u>25,000</u>
Total	1,309,000

The following items, ranked in priority order, were not able to be funded at within the amount of revenue available at current tax and fee rates but are recommended for funding if additional resources become available.

Unfunded Priorities Above the City Manager's Base Budget

1. Increase Street Paving (T&ES)	1,000,000
2. Court Services Unit Gang Prevention Funding	150,000
3. Increased Access to Quality & Affordable Pre-K (DCHS)	450,000
4. Increase Sidewalk Maintenance (T&ES)	300,000
5. Public Art Manager Position (RPCA)	87,500
6. Fort Ward Archaeology (OHA)	75,000
7. Additional Civil War Sesquicentennial Funding (OHA)	75,000
8. AEDP Staff for Attracting Federal Office Relocations (Economic Development)	75,000
9. ACVA Web Site Re-design (Economic Development)	<u>30,000</u>
Total	2,242,500

Capital Program Funding

The FY 2012 General Fund operating budget includes \$47.3 million in capital project funding.

Capital project funding increases by \$5.1 million, or 12.0%, as a result of increased debt service on bonds issued to fund capital construction.

A proposal to increase in the real estate property tax on commercial properties to fund transportation is presented in the Capital Improvement Program (CIP).

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

The FY 2012 General Fund operating budget includes \$47.3 million in funding for capital improvement projects. This includes \$42.2 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), \$4.0 million in pay-as-you-go cash capital funding, \$0.9 million in debt service on bonds issued to fund the City's share of Washington Metropolitan Area Transit Authority (WMATA)(otherwise known as Metro) capital improvements, and \$0.3 million in debt service on the City's share of bonds issued by the Northern Virginia Transportation Commission (NVTC) on behalf of the region for transportation capital improvements.

General Fund support of the CIP increases by \$5.1 million, or 12.1%, due to an increase in the cost of debt service on bonds issued to fund capital projects. Some of the projects funded by those bonds include the new Police facility, Alexandria City Public Schools construction, and Metro safety and service improvements.

Highlights of the FY 2012 capital budget include:

- Schools Construction (\$13.7 million)
- Various Transit Improvements (\$13.1 million)
- New Fire Station (\$9.2 million)
- King Street/Beauregard Avenue Traffic Improvements (\$2.1 million)
- BRAC-133 Transportation Improvements (\$2.0 million)
- Shared-Use Paths (\$1.9 million)
- Parks and Recreation Improvements (\$1.9 million)

A proposal to increase the real estate tax rate on commercial properties to fund transportation projects is also included in the CIP. The proposed tax increase is not included in the FY 2012 Proposed Budget, but could be adopted through the budget add/delete process. A list of projects proposed to be funded through the tax increase is presented in the CIP and includes:

- High Capacity Transit Corridors
- DASH Bus Expansion
- Metrorail Station Improvements
- Shared-Use Paths & Trails
- Street Improvements

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 include 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 Proposed 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 were funded and have been presented on the previous pages as new or expanded services to implement the Strategic Plan. Due to revenue limitations, others were not funded and have been presented as unfunded priorities above the City Manager's base budget. 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 calendar year 2011.

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. Additional opportunities for public participation and the schedule for the remainder of the budget process is listed on the following page.

FY 2012 Budget Schedule

Budget Schedule

Members of the public are invited to participate in a public hearing on the budget scheduled for 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 will also hold a series of eight public work sessions denoted to the right, followed by adoption on May 2, 2011.

All work sessions are 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)

