

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 11, 2011

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO #55: Potential FY 2012 Add-Delete List

At the request of Mayor Euille, this memorandum provides a preliminary list of all potential adds and deletes that have been discussed in a budget memorandum issued through April 8th, and/or discussed at a budget work session. It is provided to assist you as you develop your preliminary add-delete lists for discussion at the April 25th preliminary add-delete budget work session.

The list is organized in two general sections: One for potential operating budget adds and deletes and one for potential Capital Improvement Program expenditure adds and deletes. References are provided to the budget memoranda discussing these potential budget changes and the amounts shown are those contained in the budget memoranda and/or presented at the budget work sessions. The list is provided in matrix format so that the potential expenditure changes also are categorized by strategic plan goal area.

The organization of the list is as follows:

I. Revenue changes

- A. Increase in Base Real Estate Tax Rate – City Council approved advertising an increase of up to 2.2 additional cents to the 97.8 cent base real estate tax rate contained in the City Manager’s proposed General Fund budget. Each additional cent adds approximately \$1.61 million in FY 2011 revenue and \$3.26 million in FY 2012 revenue.
- B. Technical Revenue Reestimates -- These changes automatically become part of the City Manager’s proposed budget and do not need to be proposed by a member of Council to become part of the preliminary add-delete list. They are described in Budget Memo #52. These reestimates provide an additional \$1.69 million in FY 2011 and \$1.83 million in FY 2012.
- C. Other Revenue Options – Other revenue options are provided in various Budget Memos that affect Business, Professional and Occupational License taxes, electric car parking fees, and a senior discount for recreation activities.

D. Increase in Transportation Add-On Tax – Under Virginia law, up to 12.5 cents may be added to the base real estate tax rate on certain commercial property for transportation improvements. These revenues would be segregated in a special revenue fund account for transportation improvements. Each additional cent adds \$0.48 million in revenues in the remainder of FY 2011 and \$0.98 million in revenues in FY 2012.

II. Operating Budget Expenditure Changes

- A. Technical Expenditure Reestimate – These changes automatically become part of the City Manager’s proposed budget and do not need to be proposed by a member of Council to become part of the preliminary add-delete list. These reestimates are described in Budget Memo #53 and lower FY 2012 expenditures by \$0.6 million.
- B. Proposed Supplemental Increases – Included in this section are all supplemental increases included in the City Manager’s proposed FY 2012 base budget. All of these items continue to be recommended by the City Manager, but City Council could choose not to fund any of the items identified in this section. These items are described in Budget Memo #54 and total \$1.4 million.
- C. Optional Fund Balance Uses Proposed by City Manager – These optional commitments of General Fund balance are not automatically part of the City Manager’s proposed budget and individual items must be proposed by a member of Council to become a part of the preliminary add-delete list. It is recommended that such one-time revenue sources be used to fund one-time expenditures, such as capital expenditures, and not recurring annual expenditures. To be adopted, these changes must be approved by 5 members of City Council. These items are also described in Budget Memo #54 and total \$0.96 million.
- D. Other Uses of Available Estimated FY 2011 Surplus – These additional proposed commitments of estimated surplus funds may be redirected by City Council provided 5 members support such a change in the use of fund balances. Although not recommended, if redirected, it is recommended that such one-time revenue sources be used to fund one-time expenditures and not recurring annual expenditures. These items are described in Budget Memo #32 and total \$3.4 million.
- E. Additional Miscellaneous Budget Reduction Options – These miscellaneous operating budget reductions are proposed for Council consideration as having limited programmatic impact, but do not represent a technical change in the City Manager’s proposed budget. These items are described in Budget Memo #54 and total \$0.54 million.

- F. Contract and Consulting Expenditures -- Budget memorandum # 26 provides a listing of all City proposed contracts and consulting expenses. Items from that list could be proposed as a delete, but there may be service impacts associated with any such reductions.
- G. City Manager Proposed Unfunded Priorities Above the City Manager's Base Budget -- These listing provides possible increases (adds) to the budget as recommended by the City Manager in priority order. These items total \$1.5 million.
- H. Other Possible Adds -- These items list all the options provided in various budget memoranda. They cannot be added together for a total because several budget memoranda provide multiple exclusive options. Included in this list are options for mitigating the impact of increased employee retirement contributions on take-home pay and the budget impact on the General Fund operating budget in FY 2012 of options to increase spending on Schools capital projects.

III. Capital Improvement Program (CIP) Changes

- A. Transportation Improvement Options -- This section contains the 3 different alternatives provided in the original proposed CIP, budget memo #10 and budget memo #48. The matrix shows both the increase in FY 2012 in capital expenditures and a line showing the special fund operating budget impact in FY 2012 as well.
- B. Schools CIP Request -- This section shows the increase in FY 2012 capital expenditures under two scenarios: the Schools original CIP request and the joint staff proposal described in budget memos #23 and #28.
- C. Optional CIP Reductions Proposed by the City Manager -- This section shows optional changes to the City Manager's proposed CIP. They are not automatically part of the City Manager's proposed budget and individual items must be proposed by a member of Council to become a part of the preliminary add-delete list. These items will be described in Budget Memo #56 to be issued on April 13th, and total \$3.53 million. Included in Budget Memo #56 is a discussion of how CIP reductions and other one-time expenditure reductions affect the General Fund Operating Budget.
- D. Other CIP Options -- This section lists other CIP options for additional CIP expenditures described in various budget memos. For some of the projects there are multiple options given.

Possible Adds = positive # Deletes = negative #	Taxes, Other Revenue, and Fund Balance	Expenditures									
		Goal 1	Goal 2	Goal 3	Goal 4		Goal 5		Goal 6	Goal 7	
		Land Use and Econ. Dev.	Health and Environment	Transportation	ACPS	Children, Youth and Family	Employee Pay & Benefits	Financial Sustainability	Public Safety	Non Profits	Caring Community
I. REVENUE CHANGES											
A	Increase in Base Real Estate Tax Rate (Capped at 2.2 cents)										
	FY 2011 Impact	\$ (1,607,335)									
	Fy 2012 Impact	\$ (3,258,558)									
B	Technical Revenue Reestimates BM #52										
	FY 2011 Impact	\$ (1,691,100)									
	FY 2012 Impact	\$ (1,829,557)									
C	Other Revenue Options										
	1 BPOL Tax Alternatives BM #14										
	Option 1 25% tax break between \$750,000 and \$1,000,000 threshold	\$ 212,000									
	Option 2 25% tax break between \$750,000 and \$1,250,000 threshold	\$ 402,000									
	Option 3 \$250,000 deduction from gross receipts for all businesses	\$ 1,945,000									
	Option 4 \$350,000 deduction from gross receipts for all businesses	\$ 3,098,000									
	Option 5 Use \$1,625,000 for across-the-board reduction for all businesses	\$ -									
	Option 6 6.3 cent Add-on Rate, \$6.0 million BPOL relief, and \$2.8 cents base real estate tax rate increase	\$ 13,500,000									
	Option 7 3.8 cents base real estate tax rate increase	\$ 18,200,000									
	Option 8 Apply the \$1.625 proposed BPOL tax relief to transportation projects or other City priorities	\$ (1,625,000)									
	2 Electric Car Incentives BM #45	\$ 9,400									
	3 Recreation Program 15% Senior Discount BM #35	\$ 19,463									
D	Increase in Transportation Add-On Tax (Capped at 12.5 cents)										
	FY 2011 Impact Special Rev.	\$ (479,000)									
	Fy 2012 Impact Special Rev.	\$ (975,000)									

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II. OPERATING BUDGET EXPENDITURE CHANGES														
A	Technical Expenditure Reestimates BM #53													
1	Court Service Unit - Reduce City Salary Supplement for State Employees as a result of State pay raise												\$ (63,675)	
2	Other Public Safety - Reduce City Salary Supplement for State Employees as a result of State pay raise												\$ (103,950)	
3	AEDP - Additional Revenue from Bond Sales	\$ (24,052)												
4	DCHS - Increase CSB Turnover Savings													\$ (90,000)
5	DCHS - Shift cost to Special Revenue													\$ (40,000)
6	DCHS - Reduce Aging Adm. to reflect actual exp.													\$ (40,000)
7	DCHS - Reduce Companion Program to reflect actual exp.													\$ (94,000)
8	DCHS - Reduce Dental Services Program to reflect actual exp.													\$ (50,000)
9	Sheriff - Reduce Alien Assistance Program to reflect new cost est.													\$ (12,694)
10	Sheriff - Reduce Medical Services contract to reflect new cost est.													\$ (100,000)
11	Sheriff - Reduce Mental Health Services contract to reflect new cost est.													\$ (61,820)
12	DCHS - Reduce estimate for Out-of-School efficiencies and utilization								\$ (30,000)					
13	DCHS - Reduce Child Care Assistance to reflect new cost est.								\$ (50,000)					
14	Finance - Reduce cost of Parking Adjudication Contract									\$ (12,000)				
15	Finance - Reduce Overtime estimated costs									\$ (20,000)				
16	RPCA - Begin Mobile Stage Depreciation one year later													\$ (10,000)
17	RPCA - Potomac Greens Park maintenance not needed in FY 2012													\$ (62,500)
18	Gen. Serv. - Reduced lease costs for ASAP									\$ (76,650)				
19	Gen. Serv. - Rekey public safety fleet vehicles for resale									\$ 28,750				
20	Other Public Safety - Animal Shelter contract cost reestimate												\$ 10,471	
21	ITS - Microsoft Enterprise Agreement									\$ 125,000				
22	City-wide - Increase in estimated cost of health insurance premiums									\$ 170,000				

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B	Proposed Supplemental Increases											
1	ACVA Advertising	\$ 300,000	\$ (300,000)									
2	ACVA Group Sales Position	\$ 75,000	\$ (75,000)									
3	ACVA Brochure Printing		\$ (21,200)									
4	Planning and Zoning Work Program (P&Z)		\$ (120,000)									
5												
	Stormwater Civil Engineer (TES) (only \$21,000 GF Savings)			\$ (21,000)								
6	Youth Master Plan (DCHS)					\$ (100,000)						
7	Fleet Services Management Analyst Position (GS)							\$ (85,328)				
8	City Hall Security (GS)							\$ (31,169)				
9	Police HQ Facility Property Manager (GS)							\$ (118,821)				
10	Police HQ Facility Systems Tech (GS)							\$ (74,402)				
11	Emergency Comm. Training (DEC)								\$ (100,000)			
12	Gang Prevention and Intervention (CSU)								\$ (85,000)			
13	Tree and Flower Watering Crews (RPCA)										\$ (67,174)	
14	Aquatics Equipment Replacement (RPCA)										\$ (22,210)	
15	Civil War Sesquicentennial (OHA)										\$ (25,000)	
16	General Fund Transfer to Offset Reduced Library Fees and Fines (Library)										\$ (100,000)	
17	Library Security Guards (Library)										\$ (19,375)	
C	Optional Fund Balance Uses Proposed by City Manager BM #54											
1	Current Unused FY 2011 Contingent Reserves (reflects possible use of funds for Torpedo Factory on April 12 Council Agenda)	\$ (460,214)										
2	Fund Balance Assignment Reduction for Snow Emergencies from \$1.0 M to \$0.5 M)	\$ (500,000)										
D	Other Uses of Available Estimated FY 2011 Surplus BM #32 (Requires 5 vote supermajority to change City Manager's proposal)											
1	Funds used as source for Proposed CIP projects	\$ (2,530,000)										
2	Fund proposed to keep ratio of spendable fund balance to General Fund Revenues near target ratio	\$ (860,000)										

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E	Additional Miscellaneous Budget Reduction Options										
1	Council Contingent Reserves							\$ (300,000)			
2	First Responder Line of Duty Health and Death Benefit Costs (Non Dept.)							\$ (240,000)			
F	Contract and Consultant Services BM #26 (various options possible for specific reductions)										
G	City Manager Proposed Unfunded Priorities Above the Base Budget - See Page 3-4 of the Operating Budget Overview and Dept. Budget Sections										
1	Increase Street Paving (T&ES)			\$ 1,000,000							
2	Gang Prevention Funding (Court Services Unit)								\$ 150,000		
3	Increase Access to Preschool (DCHS - Also see BM #44 for Joint City/ACPS Plan for Maximizing Funds for Preschool Needs)					\$ 450,000					
4	Increase Sidewalk Maintenance (T&ES)			\$ 300,000							
5	Public Art Manager Position (RPCA)										\$ 87,500
6	Fort Ward Stage II-A Archeology (Also see BM #46)										\$ 75,000
7	Additional Civil War Sesquicentennial Funding (OHA)										\$ 75,000
8	Staff for Attracting Federal Office Relocations (AEDP)	\$ 75,000									
9	Web Site Design (ACVA)	\$ 30,000									

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III. CIP CHANGES											
A	Transportation Improvement Options										
	Initial CM Proposal			\$ 18,020,000							
	Capital Project Expenditures			\$ 150,461							
	Special Fund Expenditure Change										
	Budget Memo #10 Alt.			\$ 17,500,000							
	Capital Project Expenditures			\$ 670,461							
	Special Fund Expenditure Change										
	Budget Memo #48 Alt.			\$ 13,200,000							
	Special Fund Expenditure Change			\$ 661,352							
B	Schools CIP Request BM #13, 23, 28										
	a Schools Original Proposal					\$ 16,342,900					
	b Joint City/School Staff Proposal					\$ 8,291,859					
C	Optional CIP Reductions Proposed by the City Manager										
1	Reprogram prior year unallocated balance for WMATA capital contribution as a CIP funding source (G.O. bonds)			\$ (1,800,000)							
2	Reallocate prior year allocated (\$572,000) and unallocated balance (\$785,000) for the Windmill Hill Park Bulkhead project as a CIP funding source (G.O. bonds); will need to reprogram or add funds in future CIP when the project moves forward.										\$ (1,356,607)
3	Eliminate new FY 2012 funding for Non-Motorized Transportation (safety) projects, stretch available unallocated balances to cover			\$ (100,000)							
4	Eliminate new FY 2012 funding for Non-Motorized Transportation (Mobility) project, stretch available unallocated balances to cover			\$ (150,000)							
5	Eliminate new FY 2012 funding for Environmental Restoration project, stretch available unallocated balances to cover		\$ (122,000)								

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D	Other CIP Options													
1	Miracle Field Project Acceleration BM #24 No impact in FY 2012. Impact would be to shift \$285,000 from FY 2014 to FY 2013)													\$ -
2	Athletic Fields Improvement Program BM #41 (CIP cost of 1 additional field)													\$ 2,000,000
3	Mt. Vernon Ave. Pedestrian Lighting BM #37													
	a Cost Sharing Pilot Program for one block No Cost Sharing Pilot Program for one b block	\$ 40,000												
	No Cost Sharing Pilot Program for four c blocks	\$ 71,000												
		\$ 274,200												
4	Eisenhower Ave. Project Widening Fund BM #20 (Possible CIP Reallocations to Other Transportaton Projects)													
	a DASH bus replacement					\$ 3,100,000								
	b King & Beauregard Intersection Eisenhower Ave. Metro Bus Facility					\$ 2,100,000								
	c Improvements BRAC Area Intersection and Turn Lane					\$ 2,100,000								
	d Improvements Holmes Rim Greenway/Eisenhower East					\$ 2,000,000								
	e Shared-Use Paths Eisenhower Ave. Metro Platform					\$ 1,750,000								
	f Extension					\$ 450,000								