

# City of Alexandria, Virginia

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## MEMORANDUM

DATE: APRIL 22, 2011

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO: 78 ADDITIONAL FY 2012 BUDGET ADJUSTMENTS

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This memo has been prepared to bring attention to several changes to the proposed budget that will need to be reflected in upcoming Appropriations Ordinance, as well as additional federal budget information.

On May 2, the ordinance to establish a special tax rate in the Potomac Yard Special Services Tax District will be docketed. It was introduced on March 12, 2011, and the public hearing was held on April 16. If adopted, this special services district will provide \$510,380 in additional real property tax, to be posted to the general fund and transferred to the CIP. The revenue from this special tax district provides funding to be used exclusively for the purpose of providing facilities and services related to the construction of the Potomac Yard Metrorail Station and possibly the construction of a pedestrian bridge over the existing rail lines. Although the Proposed CIP reflects these revenues, the Proposed Operating Budget did not reflect this additional amount of general fund real estate revenue. Staff will include language in the motions for May 2<sup>nd</sup> to include the effects of City Council's establishment of the special services district tax rate. Expenditures will equal revenues so there would be no net impact on the General Fund. If the ordinance is adopted on May 2<sup>nd</sup>, the Appropriations Ordinance, docketed for the first meeting in June will reflect the additional real property tax General Fund revenue generated by the special services district.

Subsequent to the completion of Budget Memo #53, which identified technical expenditure adjustments to the Proposed Operating Budget, the Department of Recreation, Parks and Cultural Activities and the Office of Historic Alexandria developed a Memorandum of Understanding to transfer the responsibility of managing the contract for mowing the historic areas of Fort Ward Park from the Recreation Department to OHA. Recreation and Parks would continue mowing the balance of the park. The cost for this existing contract in FY 2012 is \$31,360. There is no net cost increase to the General Fund in making this adjustment. Staff recommends transferring these funds at this time and reflecting the change in the Appropriations Ordinance and the FY 2012 Approved Operating Budget. (The alternative would be to wait until the Fall Reappropriation Ordinance and execute an inter-departmental transfer at that time.

Finally, the Office of Housing has described potential federal reductions in CDBG and HOME revenue throughout the budget development process. Although the exact amounts are not yet known, it is anticipated that federal revenue reductions will be about \$223,000 in CDBG revenue and \$110,000 in HOME revenue compared to the estimated FY 2011 revenue amounts. The Office of Housing is evaluating the impact of these revenue reductions on service levels. No adjustment to the General Fund operating budget is recommended at this time; however, Council could do so if it wishes. A budget memo on the impact of federal reductions will be issued early next week. The application for federal funds will be presented as a docket item for City Council consideration on May 10, at which time the program implications will be more clearly defined. Housing revenue adjustments to the FY 2012 budget will be brought back to City Council in the Fall Reappropriation Ordinance when the actual revenue amounts are known.