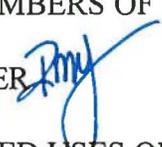


City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 26, 2012

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER 

SUBJECT: BUDGET MEMO #58: RECOMMENDED USES OF FY 2012 SURPLUS REVENUES

Based on a review of actual revenues received to date, staff estimates a \$1,722,563 surplus in FY 2012 revenues beyond those identified in the FY 2012 proposed budget. The total estimated FY 2012 surplus is \$9.2 million, of which \$7.5 million was recommended through the proposed budget presentation for one-time uses.¹

The FY 2012 revenue surplus should be considered a one-time occurrence to be used for one-time expenditures. The FY 2013 revenue budget has been adjusted accordingly through the re-estimate process.² The following are staff's recommendations for use of the surplus:

1. Fund balance – According to the City's financial policies, \$100,421 from the surplus should be set aside as fund balance in order to maintain fund balance within an acceptable percentage of General Fund revenues;
2. Equipment replacement fund – Staff recommends setting aside \$500,000 to replace vehicles, other motorized equipment, and computer equipment that are currently being operated beyond their normal replacement schedule due to the economic downturn;
3. Professional development fund – The quality of services provided by the City depends on the capability of its workforce. Staff recommends setting aside funds in the amount of \$250,000 to provide opportunities that would be outside departmental budgets to support employee professional development. These training and development opportunities will be in alignment with employee development plans that are in support of organizational strategic objectives. Some potential uses of funding in support of exceptional employee professional development include the Harvard Leadership Program, the Sorensen Institute for Political Leadership at the University of Virginia, the Aspen Institute, and fellowship opportunities;

¹ Proposed one-time uses for the \$7.5 million surplus include \$1.7 million for existing encumbrances, \$2.2 million to support FY 2013 expenditures, \$0.8 million for one-time land use and planning studies, \$1.8 million for the FY 2014 CIP, and \$1.0 million to maintain compliance with existing financial policies.

² See Budget Memo #48 for details of the FY 2012 and FY 2013 revenue re-estimates.

4. Innovation fund – Staff recommends setting aside funds in the amount of \$250,000 for entrepreneurial efforts that hold promise for improving the efficiency and effectiveness of public service delivery. It is expected that the work of the newly established Office of Performance and Accountability will, through management analysis and performance measurement, be a resource for identification of innovative practices. The fund would enable departments to submit proposals for one-time funding to assist with implementation of pilot initiatives that have a defined and described cost/benefit analysis and return-on-investment (ROI) statement;
5. Office of Performance and Accountability AlexStat space – Funding in the amount of \$50,000 is recommended to establish physical space to conduct AlexStat meetings, discussions concerning the operational performance of our public service delivery programs. These reviews will require meeting space that permits for senior management and staff discussions of program performance. The AlexStat room must be technologically enabled to clearly display information, be conducive to public viewing of the meeting, and structured in a fixed arrangement specifically for AlexStat reviews;
6. Alexandria Economic Development Partnership (AEDP) – Staff recommends designating \$75,000 in Contingent Reserves for AEDP, with the funds to be requested from Contingent Reserves by AEDP upon completion of their strategic plan, and that AEDP report back to Council on the use of the funds. This would allow the forthcoming AEDP strategic plan to help frame the priorities for the use of additional funding;
7. One-time add/delete items – The remaining \$497,142 we would recommend be returned to fund balance to further protect against future revenue shortfalls or could be available for FY 2013 add/delete items that represent one-time outlays, such as a studies or projects.

STAFF: Laura Triggs, Acting Chief Financial Officer
 Morgan Routt, Acting Budget Director
 Kendel Taylor, Assistant Budget Director