

FY 2014 Budget Development City Council Work Session

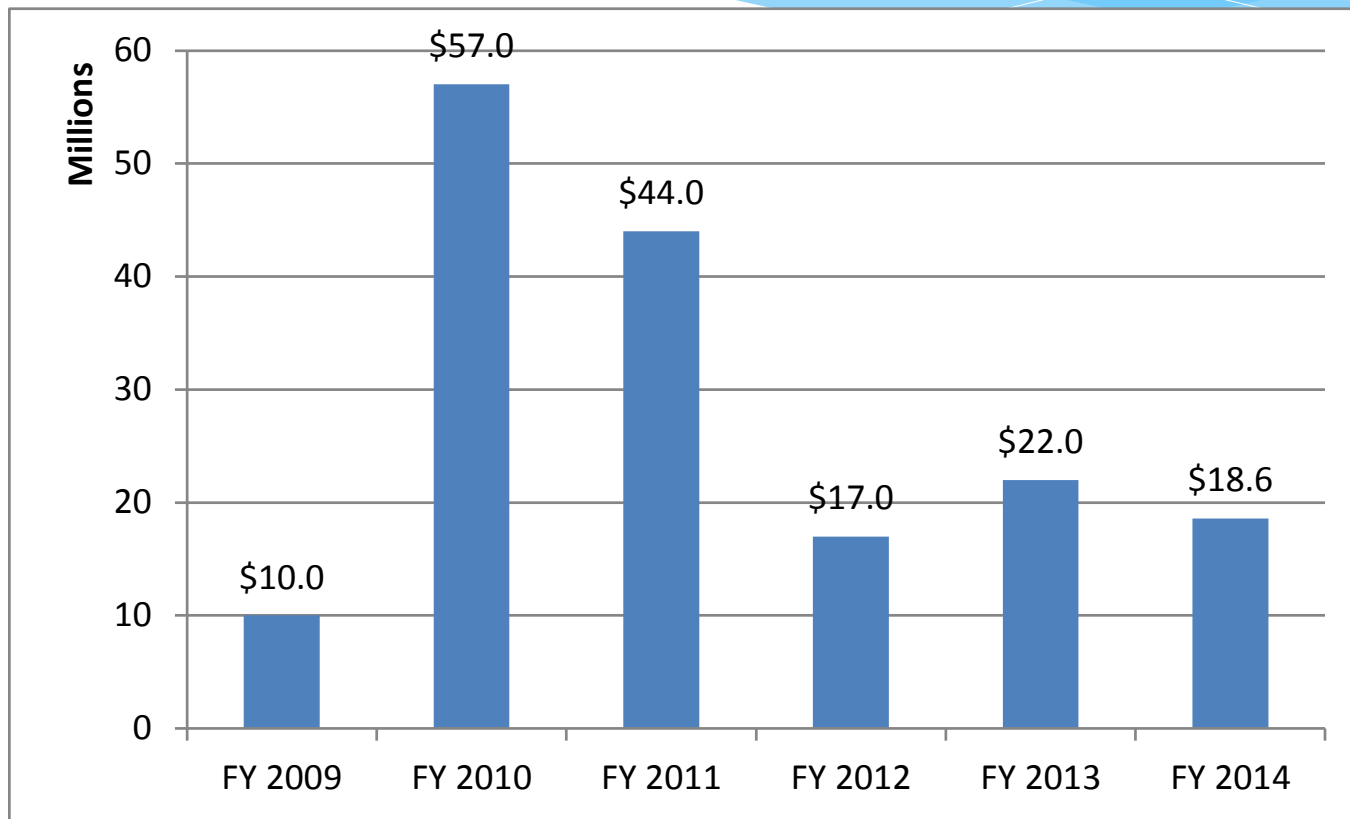


1. Economic Conditions
2. Real Property Assessments
3. FY 2014 Revenue Outlook
4. FY 2014 Expenditure Outlook
5. FY 2014 Projected Deficit
6. Budget Development
Framework
7. Guidance

Economic Conditions

General Fund Budget shortfall history

FY 2009 to FY 2014

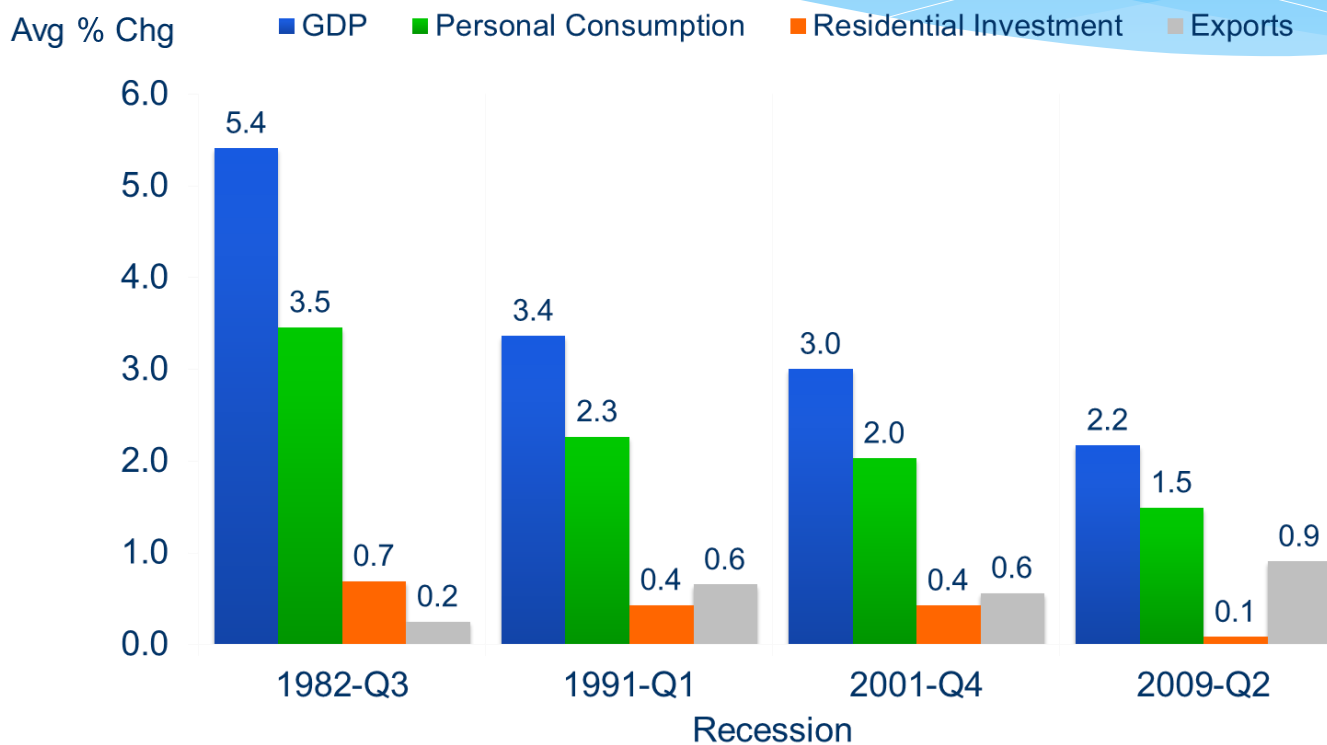




Economic Conditions

Components of Post Recession Recoveries

Average Growth After 13 Quarters



Source: Bureau of Economic Analysis

Economic Conditions Office Vacancy Rates



	CY 2012 2 nd Quarter	CY 2011 2 nd Quarter
Alexandria	14.4%	12.3%
Northern Virginia	14.2%	12.9%
Metro Area	12.3%	11.4%

Source: CoStar

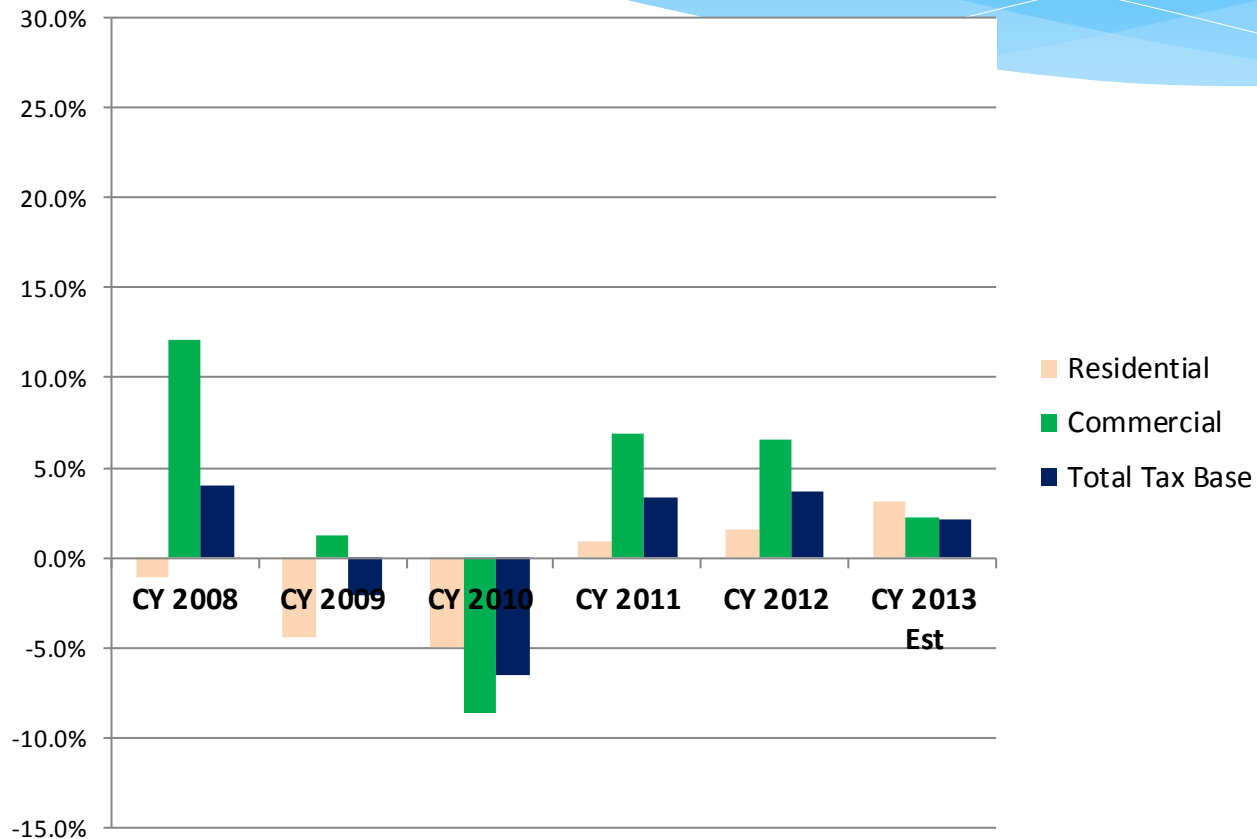
Real Property Assessments



- **Residential**
- **Commercial**
- **Total Tax Base**

Real Property Assessments - History

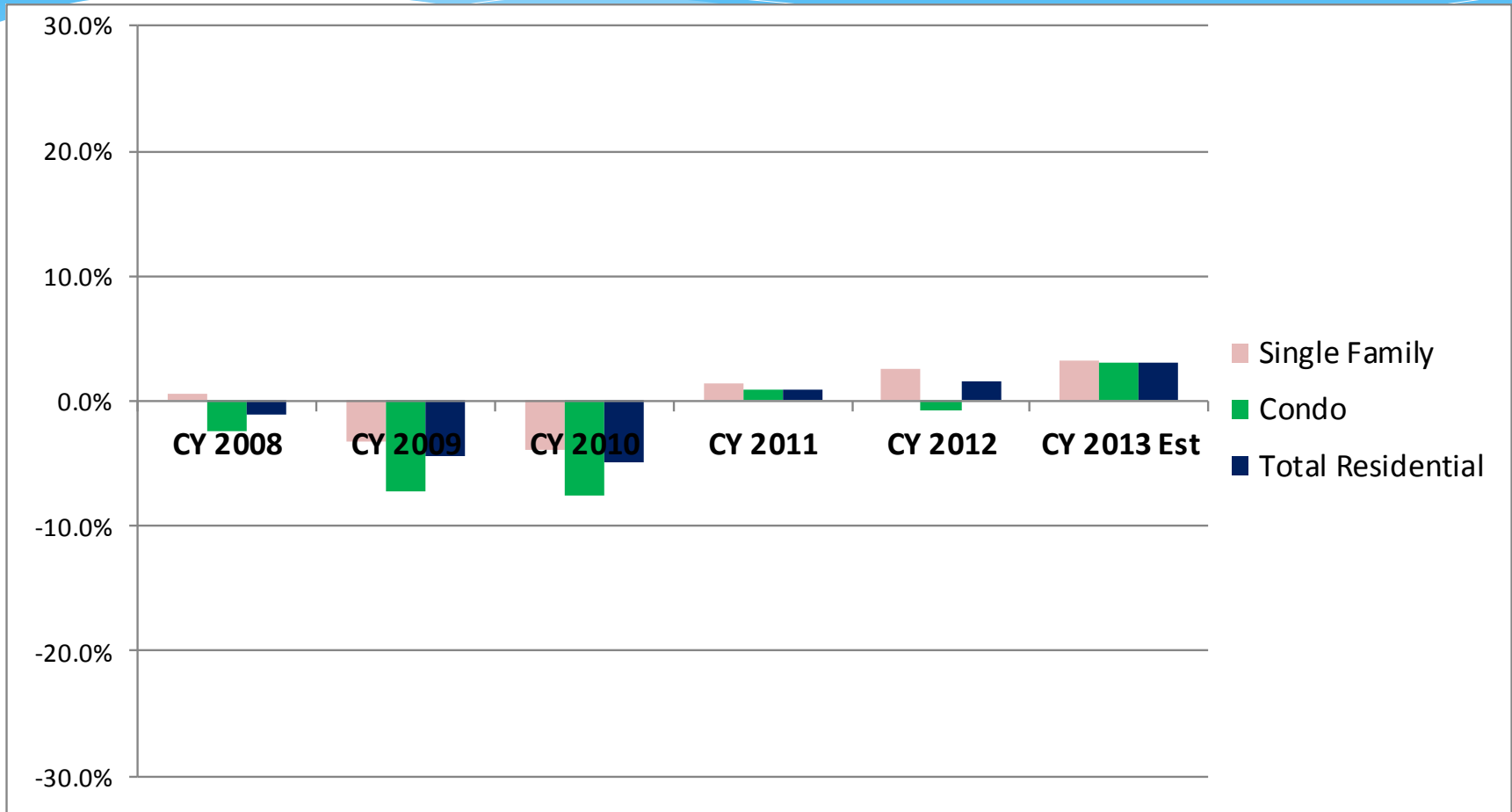
CY 2008 to CY 2013



Real Property Assessments - History

Residential

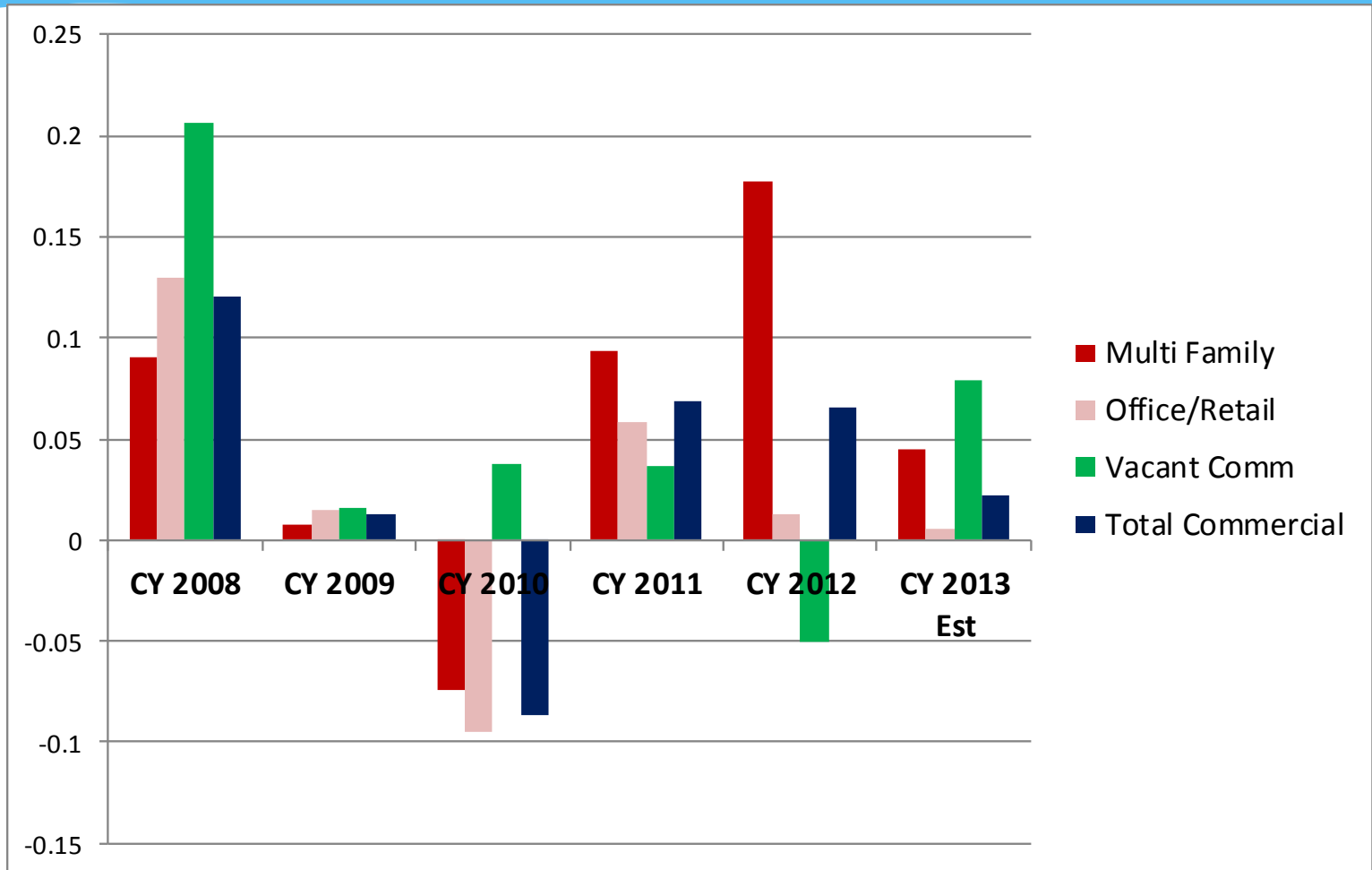
CY 2008 to CY 2013



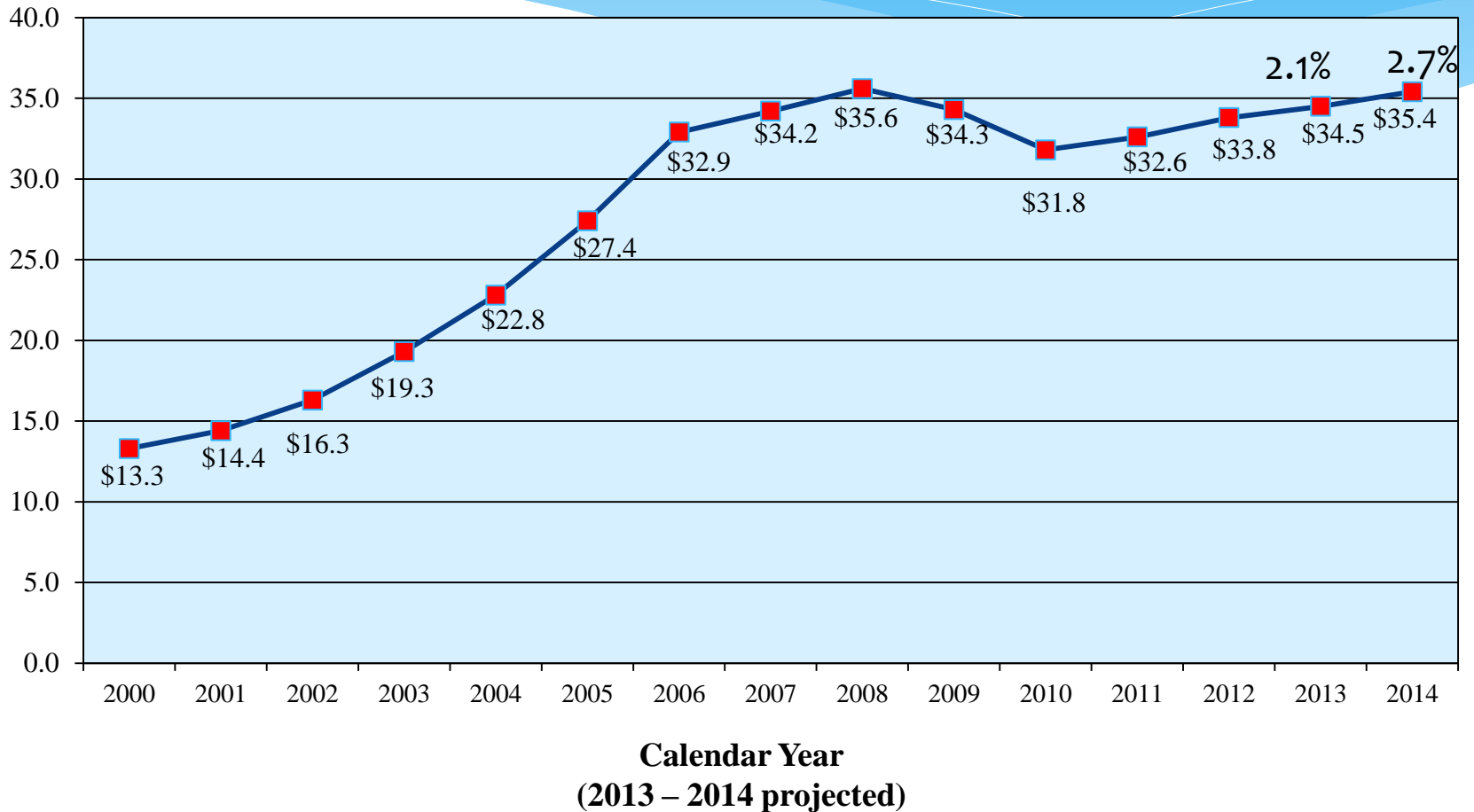
Real Property Assessments - History

Commercial

CY 2008 to CY 2013



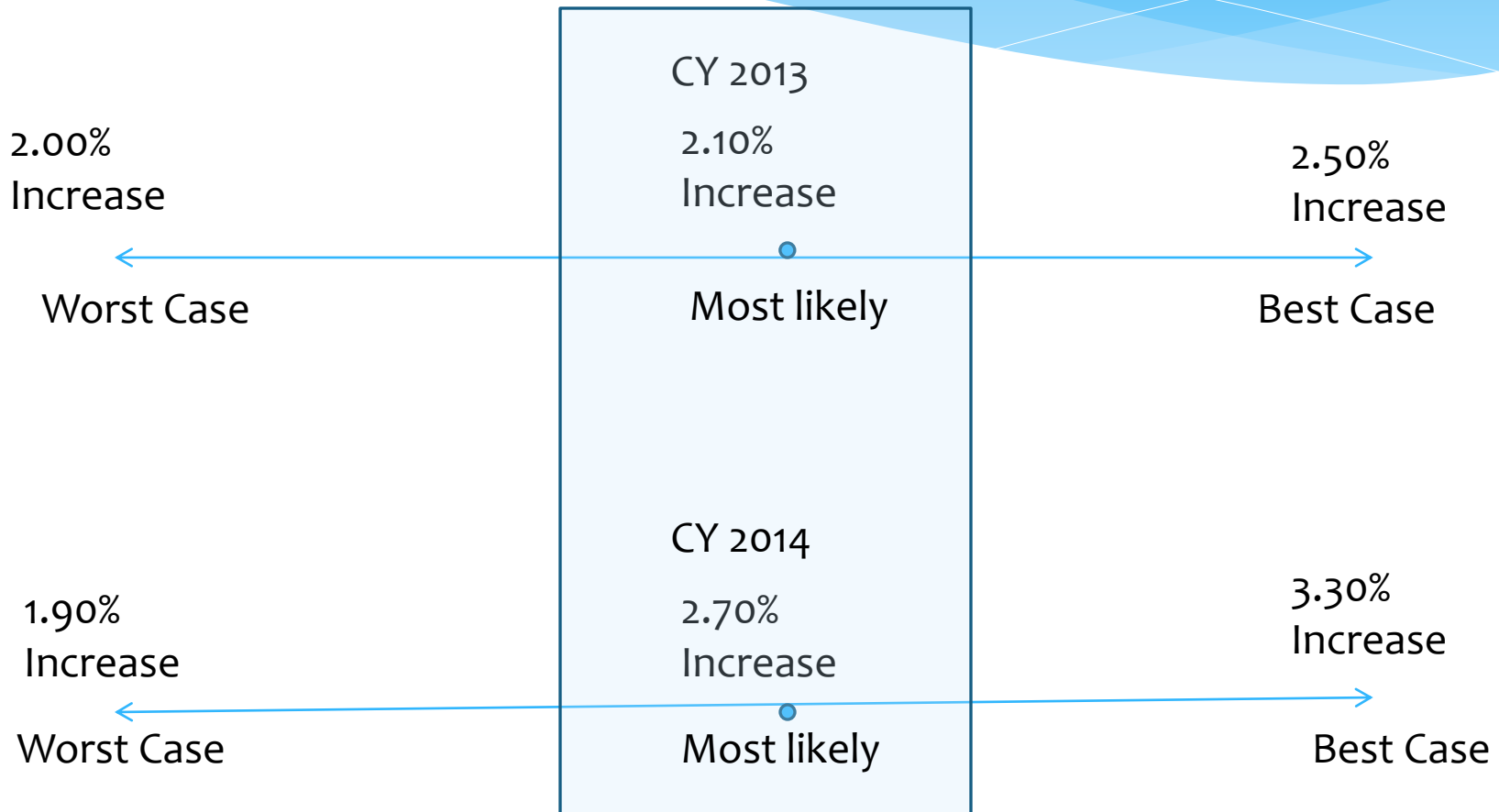
Real Property Assessments Total Tax Base 2000-2014



Real Property Assessments

Potential Ranges of Assessment Forecasts

CY 2013 and CY 2014



FY 2014 Revenue Outlook



- **Total General Fund Revenue**
- **State and federal revenue consideration**
- **Gen-On Impacts**

FY 2014 Revenue Outlook

Total General Fund Revenue



FY 2014 Revenue Estimates

Millions of Dollars

Millions of Dollars	FY 2012 Actual	FY 2013 Approved	FY 2014 Projected	\$ Chg FY13/14	% Chg FY13/14
Real Property Tax	\$323.8	\$333.9	\$341.4	\$7.5	2.2%
Personal Property Tax	37.9	37.5	39.4	1.9	5.1%
Sales Tax	24.9	24.9	27.1	2.2	8.8%
Utility Tax	10.3	11.1	10.2	-0.9	-8.1%
Business License Tax	30.3	33.0	33.0	0.0	0.0%
Recordation Tax	5.2	4.9	4.9	0.0	0.0%
Transient Lodging Tax	11.4	12.4	12.4	0.0	0.0%
Restaurant Meals Tax	16.3	16.9	17.4	0.5	3.0%
Communication Sales Tax	11.0	11.3	11.3	0.0	0.0%
Other Local Taxes	11.6	10.4	10.4	0.0	0.0%
Federal Revenue	10.8	9.7	9.7	0.0	0.0%
State Revenue	44.7	43.9	43.8	-0.1	-0.2%
Other Non-Tax Revenue	32.3	31.1	31.0	-0.1	-0.4%
Total General Fund Revenue	570.5	581.0	592.0	10.9	1.9%
Use of Fund Balance ¹	0.0	6.8	5.9	-0.9	-13.4%
Total Sources	570.5	587.9	597.9	10.0	1.7%

¹ FY 2014 Fund Balance usage reduced to 1% of revenues

FY 2014 General Fund Revenue Outlook



State and federal revenue considerations and GenOn

- No change in State and federal revenue
- Use fund balance as fiscal cliff contingency (if necessary)
- FY 14 impact of GenOn Closure \$-1.5M

FY 2014 Expenditure Outlook



- **Current Services Estimates**
- **Projected Deficit**
- **Budget Development Framework**

FY 2014 Expenditure Outlook

Current Services Estimate



- **Personnel - \$14.1M**
 - \$3.6M – FY 2014 Merit
 - \$0.7M – Top of Grade Bonus
 - \$2.3M - Fire/Police Pension Liability
 - \$0.7M – 1% VRS/Pay Scale Shift
 - \$0.6M – Line of Duty Liability
 - \$3.1M – Health insurance premiums
 - \$0.2M – OPEB
 - \$1.6M – FY 2013 Merit
 - \$1.3M – Other staffing costs

FY 2014 Expenditure Outlook

Current Services Estimate



- Personnel - \$14.1M
- Non-Personnel – \$4.7M
- Cash Capital/Debt -\$9.7
 - \$28.6 million (4.9% above FY 13)

Plus Schools and Transit

FY 2014 Projected Deficit



- \$10.0 in new revenue
- \$28.6 million in potential investments
- \$18.6 million difference
- Plus Schools and Transit

Budget Development Framework

What We Want to Achieve



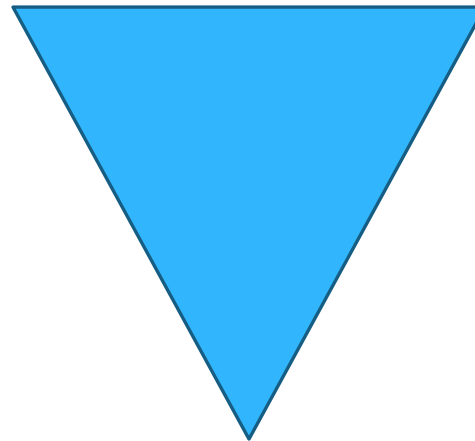
- Programs that align with the strategic plan
- Balanced budget
- A team approach to budget development

Considerations



What we do

How we do it



Who does it

Budget Development Framework



- Developing a new way of looking at what we do and why – focused on strategic plan
 - First budget process with this strategy and we are building the framework for the future
 - Making investment and allocation decisions that prioritize services that support Strategic Plan Goals

Budget Development Framework



Resources

Services we
Provide

Benefits to the
Community

Budget Development Framework



Resources

Services we
Provide

Benefits to the
Community

If we change resources...
*how will services
change?*

Budget Development Framework



Resources

Services we
Provide

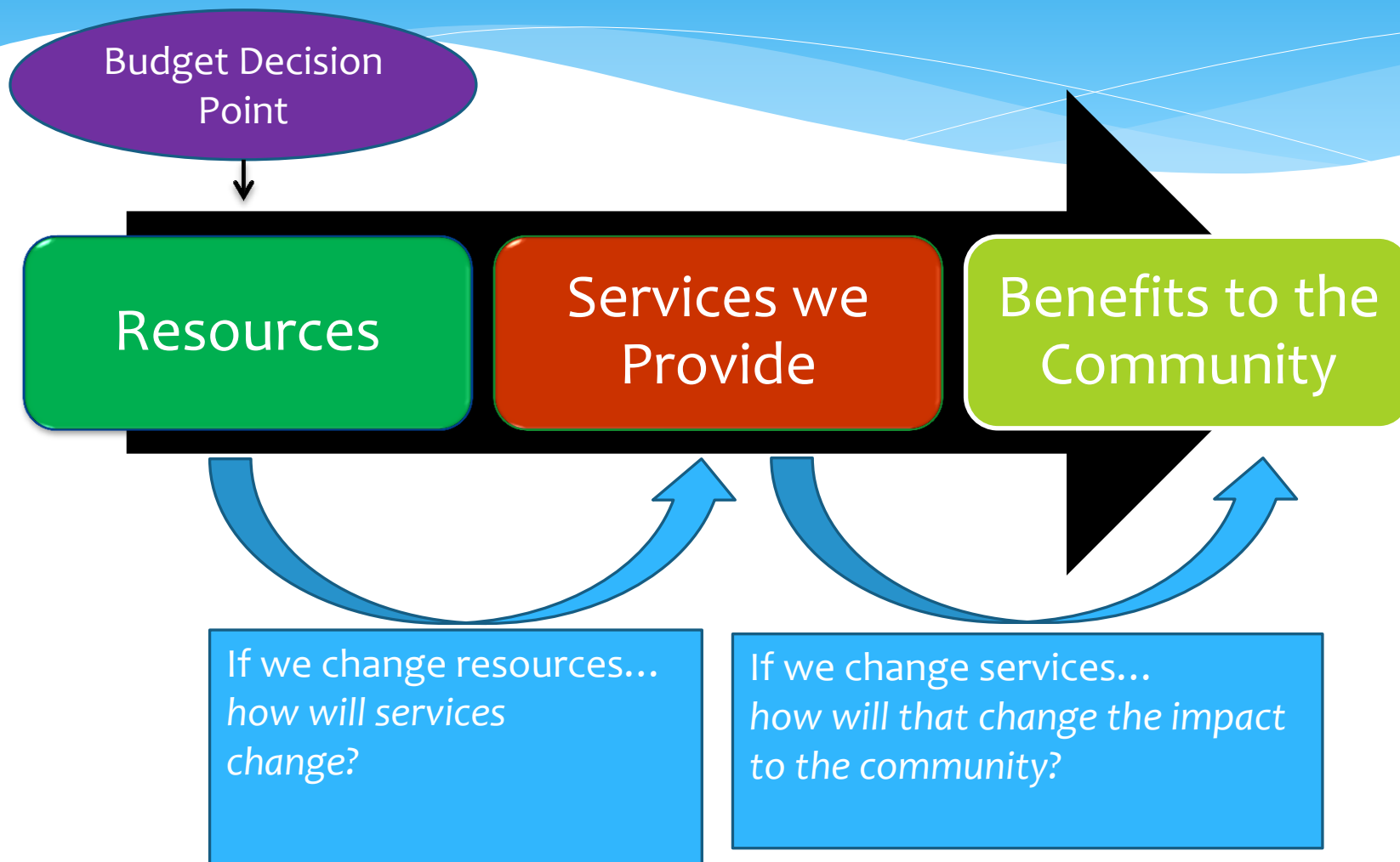
Benefits to the
Community

If we change resources...
*how will services
change?*

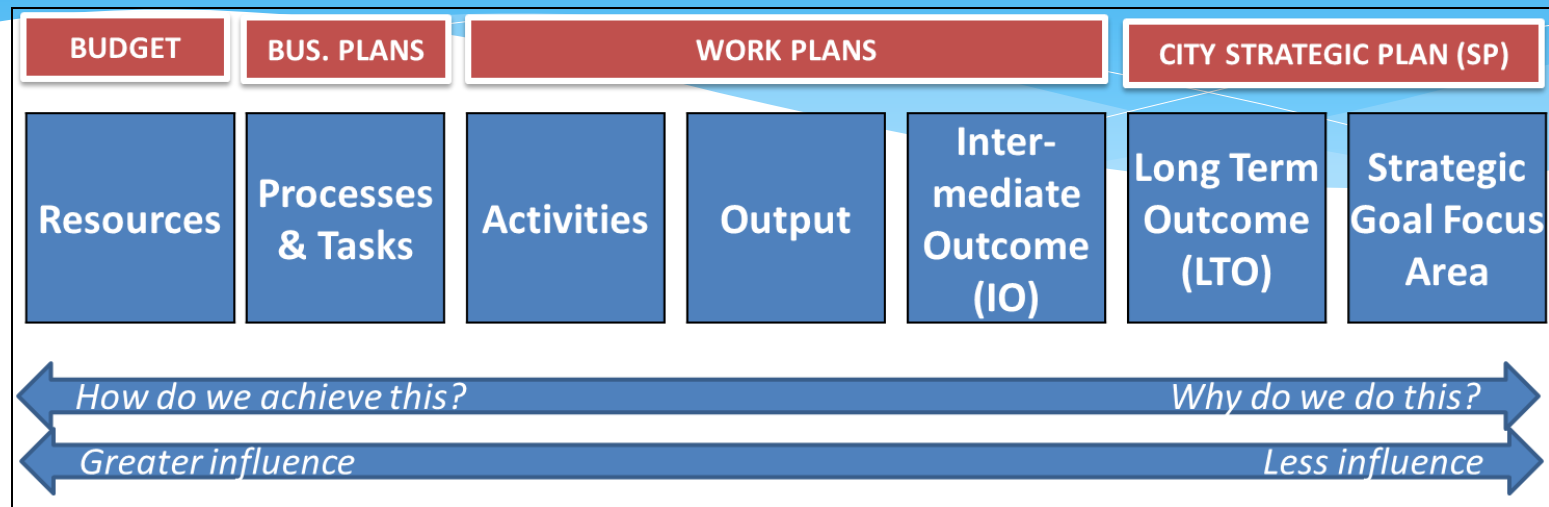
If we change services...
*how will that change the impact
to the community?*



Budget Development Framework



Budget Development Framework



- Above is what the City has been working on implementing over the last several months, this is our planning approach.
- This is the City's first year doing this, we will continue to learn and improve as this process unfolds
- Throughout this process we will use this as our lens through which we will discuss, evaluate, and recommend the proposed budget to the City Council

Guidance



- Provide more flexibility
- Introduce resolution on January 8th
- Final passage of guidance on January 12th
- Budget Presentation scheduled for February 26, 2013
- Work Sessions to follow