

# City of Alexandria, Virginia

## MEMORANDUM

DATE: MARCH 15, 2013

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

THROUGH: RASHAD M. YOUNG, CITY MANAGER *M FOR*

FROM: NELSIE L. SMITH, DIRECTOR, OFFICE OF MANAGEMENT & BUDGET *ms*

SUBJECT: BUDGET MEMO #9: RESPONSE TO COUNCIL QUESTIONS

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Every Friday, the Office of Management & Budget will issue Budget Memos to answer questions posed by members of City Council. We will prepare the memos in a question and answer format. Below are answers to some of the questions posed thus far:

### CONSOLIDATING TO A SINGLE HEALTH INSURANCE PROVIDER (J. Wilson)

**Question:** “What is the estimated savings by eliminating one of the health insurance providers—and consolidating with a single provider?”

**Response:** Presently, City employees have the option of choosing among two health insurance providers: United Health Care (UHC) or Kaiser Permanente. If all current participants were consolidated into the UHC plans, this would cost the City approximately \$1.3 million more per year. On the other hand, if all current participants were consolidated into the Kaiser plans, this would save the City approximately \$1.6 million per year. The variance in cost/savings between the two plans is that the Kaiser plan provides a less expensive plan offering due to its business model’s ability to control costs while providing less flexibility. There are arguments for and against consolidation to a single health insurance provider:

#### **Arguments for consolidation:**

- Having one provider would help staff administer the insurance plans more efficiently by reducing the number of policies and procedures with which they would need to familiarize themselves.
- Having one provider could potentially provide the City with more bargaining power by increasing the number of participants and could

allow for a single platform for health management and wellness program initiatives.

**Arguments against consolidation:**

- Having only one provider limits the bargaining power of the City by eliminating competition among providers which reduces their incentive to offer a competitive variety of services.
- The diversity among the City’s two existing providers allows employees to have more flexibility in the types of health care services they prefer.
- UHC is able to be more flexible in plan design, special benefit offerings, physicians and facilities while maintaining consistent costs for such benefits across states.
- Kaiser is not as flexible when it comes to plan design and physician/facilities options; however, it provides a lower cost due to their “one stop shop” model. Moving to Kaiser only, however, while convenient for a portion of those insured would be less convenient for others.
- Consolidation would cause existing members to experience a disruption in their current healthcare services because Kaiser and UHC physicians are mutually exclusive, meaning there is no overlap of physicians who participate in both UHC and Kaiser plans. Whichever plan that would become the exclusive provider would require nearly half of the insured population to switch physicians to accommodate the new plan.

Over the coming year, the Human Resource Department will be comprehensively reviewing its employee health benefits to assure compliance with the Affordable Care Act and to offer employees viable plan options at affordable and sustainable costs.

NORTHERN VIRGINIA GANG TASK FORCE (J. Wilson)

**Question:** “The proposed budget includes \$25,000 to provide Alexandria’s share of the lost Federal funds to maintain administrative and support staff for the Northern Virginia Gang Task Force. What existing resources support the Task Force? What results have been achieved through Alexandria’s involvement with this Task Force?”

**Response:** The Alexandria Police Department currently assigns one full-time detective position to the Northern Virginia Gang Task Force (NVGTF). The cost of this position (including salary and benefits) totals \$97,248. The NVGTF provides funds for the cost of a rental vehicle and \$10,000 in overtime funds. In addition, NVGTF provides multiple training opportunities for Alexandria’s detective.

The detective assigned to NVGTF is assigned approximately 15 Alexandria gang related cases per year. In addition, the detective works with NVGTF members and detectives from other local jurisdictions to deter and prevent gang activity both within the City of Alexandria and throughout the region. The detective assigned to NVGTF is very familiar with Alexandria's local gang members and knows which gangs operate out of which neighborhood.

NVGTF provides an added resource to the city. At any time, APD can have as many as 14 additional detectives from NVGTF partner jurisdictions assisting with gang investigations within the City. APD has utilized this resource on several past criminal cases. Alexandria has seen a significant drop in gang related crimes since assigning a detective to NVGTF. Since 2007, gang related activity has decreased by approximately 74 percent within the City of Alexandria.

#### WAITING LIST FOR CHILD-CARE SERVICES (J. Wilson)

**Question:** "The proposed budget provides the funding necessary for 750 children to receive child-care services. At that funding level, what is the estimate waiting list? What would be the cost of clearing that waiting list?"

**Response:** As of March 4, 2013, there were 318 families on the Child Day Care Fee System waiting list. Based on our experience, when given the opportunity to get off the waiting list and complete the application process, roughly 50% of the families on the waiting list will do so. Of that 50%, roughly 70% will be determined to be eligible for services. Using past experience as a guide, we estimate that of the 318 families on the waiting list, 111 would respond and qualify for child care services. Based on an average of 1.5 children per family, we estimate there would be 167 children in these families.

At a per child cost of \$5,394 per year, the cost of clearing the waiting list is estimated to be \$1,065,641. Of that, \$900,798 is required for child care expenses and an additional \$164,843 is required for additional staff. The maximum recommended child care caseload is 65, which means that serving the additional 111 families would require at least two additional FTE's.

#### OVERNIGHT PARKING PERMIT FOR CITY MARINA SLIP HOLDERS (J. Wilson)

**Question:** "What would be the revenue and expense impact of offering City Marina Slip Holders the option of purchasing an overnight parking permit for a City garage along with their annual Slip renewal?"

**Response:** Allowing slip holders to park overnight at City garages would not have a revenue or expenditure impact. While we typically discourage the practice, overnight parking by daily parkers is an allowable activity. These customers are subject to the normal daily parking rates which they pay in full when exiting the garage.

Marina slip holders could utilize this service at any time, but would only have access to their vehicles during normal garage operating hours.

Currently, all City-owned garages and lots are at capacity and have waiting lists for monthly permits. Providing an option for overnight parking at these facilities using monthly pass cards would be very difficult to administer without negatively impacting current daily and monthly parkers. Such an option would also be difficult to defend as fair and equitable, as the individuals on the waiting lists could perceive this as being bumped farther back on the waiting list. The waiting lists include both private citizens and City employees and currently stand at 11 at Thompson's Alley, 8 at Union Street and 91 at Market Square. In many cases, the people on these lists have been waiting for parking spots for several years.

Additionally, leasing a boat slip at the City's Marina does not currently come with a defined parking benefit, so providing a dedicated parking option would represent a policy change and would require a change in the lease terms. The City's Marina has 63 slips of which 54 are occupied by annual leaseholders. A parking option would need to be extended to all of them equally, so we would potentially need to accommodate up to 54 individuals. This would far exceed our available capacity for monthly parking spots.

POLICE OFFICER TRAINING (J. Wilson)

**Question:** "What is the cost of training one new police officer--from hire until the officer has completed Field Training?"

**Response:** The cost to train one new police officer in FY13 is approximately \$88,184. This estimate includes personnel costs associated with the new recruit during the training period, the cost of local training, and the Police Department's share of the City's contribution to the Northern Virginia Criminal Justice Academy (NVCJA). This estimate does not include recruitment costs (\$5,050 per officer), which is unrecoverable if the officer decides to leave employment with the Police Department. This includes such items as medical, psychological and polygraph tests, background checks, and other pre-employment screenings and examinations which are required.

It is important to note that the cost per new officer will vary in future fiscal years due to the fluctuation in the number of recruits sent to the academy. The City's contribution to the NVCJA is based on the number of authorized sworn officers rather than the number of recruits attending the academy. As a result, if the number of recruits is lower, the cost per new officer will be increase; or vice versa.

PLAYGROUNDS RENOVATIONS (J. Wilson)

**Question:** “(CIP 9-13) Can I get the last renovation dates for the playgrounds proposed for renovation in FY 2014/2015/2016?”

**Response:** Renovation dates are shown below:

Planned Fiscal Year Renovation	Playground Name	Last Renovation	Estimated Budget
FY 2014	Chinquapin	1997	\$235,000
FY 2014	Beverley	1995	\$430,000
FY 2015	Sunset Mini	2000	\$139,000
FY 2015	Lynhaven	2001/2003	\$440,000
FY 2015	Four Mile Run Park	1997	\$228,500
FY 2016	Simpson	1999	\$425,000
FY 2016	Brookvalley	1998	\$137,500
FY 2016	Buchanan	2000	\$150,000

ARTIFICIAL TURF CONVERSION (J. Wilson)

**Question:** “(CIP 9-23) What existing fields are the candidates envisioned for conversion to artificial turf in FY 2017/FY 2018, and what would be the fiscal impact of advancing one of those projects to FY 2014?”

**Response:** Recreation, Parks and Cultural Activities (RPCA) recommended fields for artificial turf in FY 2017-2019 include:

- FY 2017 – Minnie Howard Howard re-turf and installation of a new field portion extending to the ballfield area (estimated at \$1.6 million)
- FY 2018 – Hensley (estimated at \$1.8 million – higher costs due to site topography and utilities)
- FY 2018 – Ft. Ward re-turf (estimated at \$0.5 million)
- FY 2019 – Patrick Henry (estimated at \$1.5 million – to coincide with school and recreation center renovation)

If one of the City owned fields were to be advanced, RPCA staff recommends Hensley field, per the 2009 Fields Priority Plan. While Hensley field is scheduled after Minnie Howard field, RPCA staff recommends the new field installation at Minnie Howard coincide with the re-turf of the existing field, which is not required until FY 2017. Hensley, which is a field conversion, would then be advanced to FY 2014, as there are no externalities which would delay field conversion. The fiscal impact on the CIP in FY 2014 would be an additional \$1.8 million dollars. City budget and finance staff recommends that if this field is advanced to FY 2014, City Council either appropriate additional cash resources to fund the field conversion, or propose to delay or eliminate other capital projects in FY 2014 in an amount equal to \$1.8 million. Funding would then be reduced in FY 2018 by \$1.8 million since Hensley will have already been completed.

RPCA staff also notes that the 2009 Fields Priority Plan identifies that the most immediate field conversions needed Citywide (City and Alexandria City Public Schools (ACPS) owned fields) are George Washington fields one and two, which are owned by ACPS. The estimated conversion cost provided by RPCA for these two fields is \$2.3 million, although it is noted that ACPS staff has not confirmed those costs or provided their own internal field prioritization. Should City Council wish to advance these field conversions, a decision on project management between ACPS and RPCA would need to be made. City budget and finance staff recommends RPCA manage the conversion, as any project cost savings could be applied to other capital projects Citywide.

SPECIAL TAX DISTRICT REVENUES (J. Wilson)

**Question:** “(CIP 11-13) The proposed CIP shows the Special Tax District/ Developer contributions accumulating as financing to the Potomac Yard Metrorail Project until FY 2016. Do those revenues become Operating Budget revenue at that point in order to fund debt service?”

**Response:** Debt service on the planned General Obligation Bonds required for Potomac Yard Metrorail Station construction will come from Tier 1 and Tier 2 Special Tax District Revenues, Tax Increment Financing District Revenues, and Development Contributions.