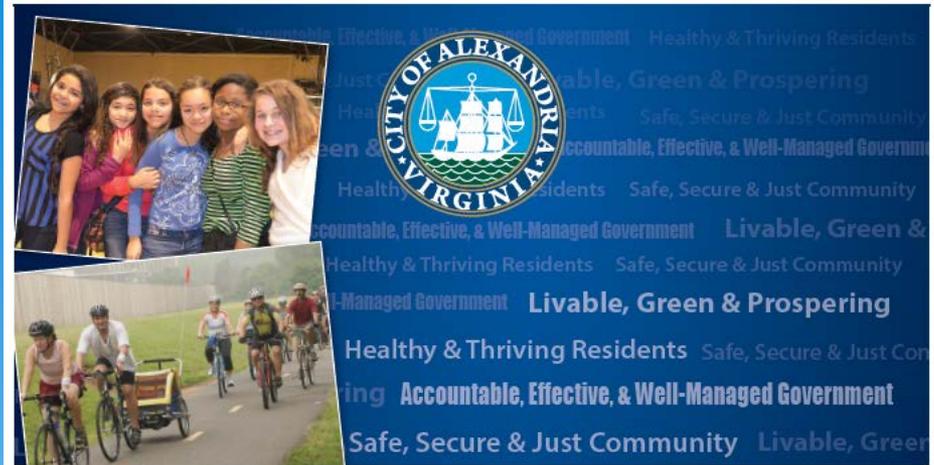
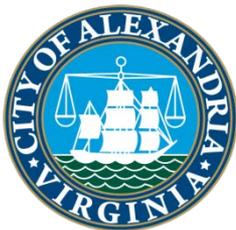


FY 2015 City Manager's Proposed Budget

Budget and Fiscal Affairs Advisory Committee Report

April 24, 2014



PROPOSED OPERATING BUDGET

— FISCAL YEAR 2015 —
JULY 1, 2014 – JUNE 30, 2015

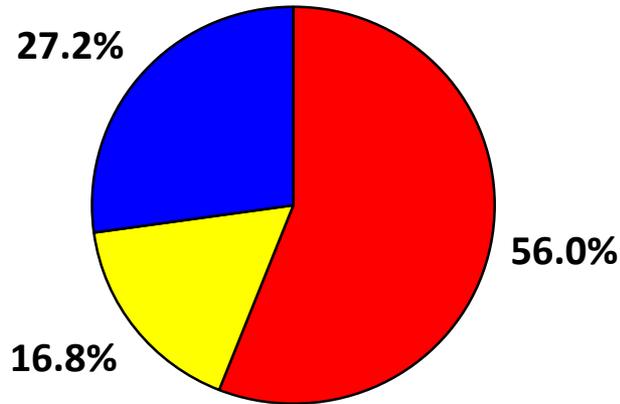


Revenues and Outlook

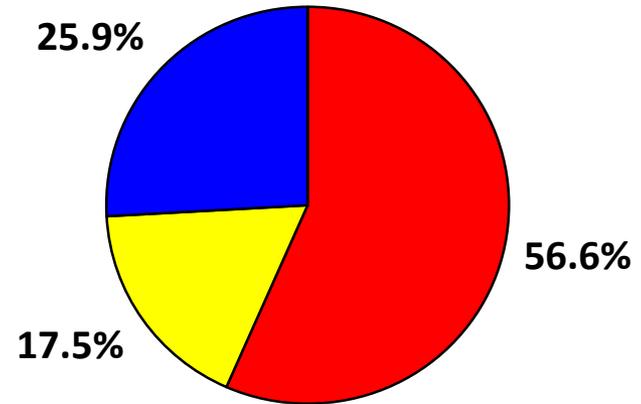
- **Residential Tax and Fee Burden** – BFAAC notes the residential tax and fee burden as a percentage of average household income is continuing to increase
- **Commercial vs. Residential & Multi-family Assessments** – BFAAC remains concerned about the declining percentage of commercial assessments relative to residential and multi-family assessments
- **Stimulating Business Activity** – BFAAC encourages Council to undertake policy and administrative actions to stimulate business activity in the City. BFAAC recognizes short-term investments will be required to grow the revenue base in the long-term
- **Long-term Revenue Plan** – BFAAC recommends developing a long-term revenue plan to guide decision-making, including identifying alternative revenue sources to help close funding gaps in the short-term

Percentage of Real Estate Assessments by Property Type (CY 2013 and 2014)

2013

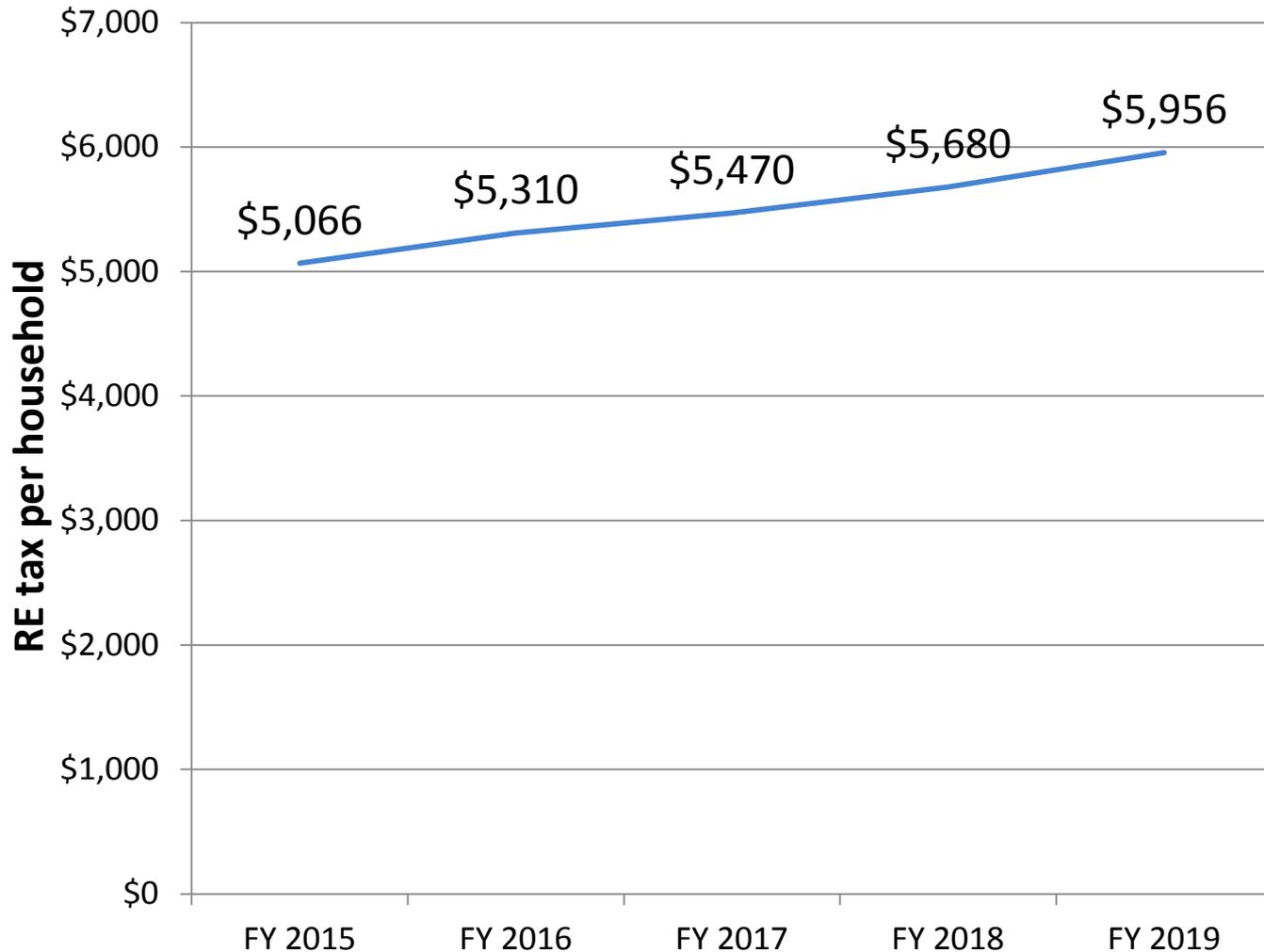


2014



-  Residential
-  Multi-Family
-  Commercial

Average Real Estate Tax Per Household Necessary to Sustain Current Services (No Change in Policy)



Budget Process

- **Results Alexandria** – BFAAC is encouraged by the use of the *Results Alexandria* performance measurement process, but is concerned the scope of the program is not consistent across focus areas
 - Of the City’s \$634.8M budget, \$220.5M (~35%) was not subject to the *Results Alexandria* performance metrics
- **Needs-based Budgeting** – BFAAC urges Council to direct the FY 2016 City Manager’s proposed budget to include identification of needs for services and the percentage of need met in current programs and proposed spending
- **Budget Alignment with ACPS Budget** – BFAAC notes the budget development process between ACPS and the City is misaligned and urges Council and the School Board to rectify the misalignment
- **“Add-Deletes”** – BFAAC is encouraged that Council add-deletes will be scored against a five-year forecast to see both long-term costs and/or savings

Results Alexandria

Full, Partial and Non-Participating Departments/Agencies

Focus Area	Participating Fully (Dept. Work Plan + Performance Measures for Programs)		Partial Participation (Performance Measures for budget book only)		Not Participating (No Dept. Work Plan, No Measures)	
Accountable, Effective and Well-Managed Government	City Attorney	\$2,768,749	Non-Departmental	\$87,023,075	City Council	\$515,815
	City Clerk and Clerk of Council	\$425,944			Animal Welfare League of Alexandria	\$1,064,255
	City Manager	\$2,083,630				
	Communications	\$2,213,928				
	Finance (including Real Estate)	\$13,519,701				
	General Services	\$12,550,922				
	Human Resources	\$3,933,587				
	ITS	\$9,348,392				
	Performance & Accountability (including Internal Audit)	\$863,882				
Management and Budget	\$1,265,046					
Healthy and Thriving Residents	Community and Human Services	\$48,448,558			ACPS	\$190,611,472
	Health	\$6,144,044			Northern Virginia Community College	\$11,877
	Library	\$6,658,057			Alexandria Fund for Human Services Grantees (through DCHS)	\$1,921,430
	Recreation, Parks & Cultural Activities	\$20,761,260			Arts Grantees (through RPCA)	\$177,730
					Other Health (Coroner's Office, ANHSI, INOVA, Dental Services, Coroner's Office)	\$1,765,350
Livable, Green and Prospering City	Code Administration	\$120,000	Small Business Development Center (SBDC)	\$279,225	DASH	\$11,142,000
	Housing	\$2,438,468			DOT Paratransit	\$1,330,328
	Historic Alexandria	\$2,913,433			King Street Trolley	\$1,025,000
	Planning and Zoning	\$6,322,919			Virginia Railway Express (VRE)	\$133,894
	Project Implementation	\$2,053,865			WMATA	\$6,375,156
	Transportation and Environmental Services	\$31,443,110			Other Economic Development Activities	\$167,000
	Alexandria Economic Development Partnership (AEDP)	\$1,463,277				
	Alexandria Convention and Visitor Association (ACVA)	\$3,197,353				
Safe, Secure and Just Community	Court Service Unit	\$1,542,654	Circuit Court	\$1,578,593	Adult Probation and Parole	\$289,071
	Emergency Communications	\$7,197,239	General District Court	\$62,452	Alternative Community Service Program	\$20,000
	Fire	\$43,806,789	Juvenile and Domestic Relations District Court	\$36,129	Northern Virginia Criminal Justice Training Academy	\$571,949
	Human Rights	\$703,818	Commonwealth Attorney	\$2,761,293	Northern Virginia Juvenile Detention Home	\$1,287,435
	Police	\$55,445,255	Clerk of Circuit Court	\$1,616,542	Office of the Magistrate	\$158,174
	Sheriff	\$30,072,886	Law Library	\$0	Peumansend Regional Jail	\$421,289
			Registrar of Voters	\$1,275,660	Office of the Public Defender	\$529,791
					Sheltercare Program	\$972,299
Totals		\$319,706,826		\$94,632,969		\$220,491,315

\$634,831,110

Proposed Operating Budget

- **Retiree Life Insurance** – BFAAC encourages the City to examine alternatives that prevent imposing an immediate cut of City funded retiree life insurance premiums
- **Employee Health Insurance** – BFAAC recommends in the anticipated review of employee health plans that Council carefully assess proposed changes in plan design and that alternatives to deductibles and high hospitalization co-pays be explored
- **Non-Profit Partnerships** – BFAAC supports the Alexandria Fund for Human Service Review Committee recommendation to improve oversight and performance measures and will continue to monitor efforts by the City to implement stronger performance management measures

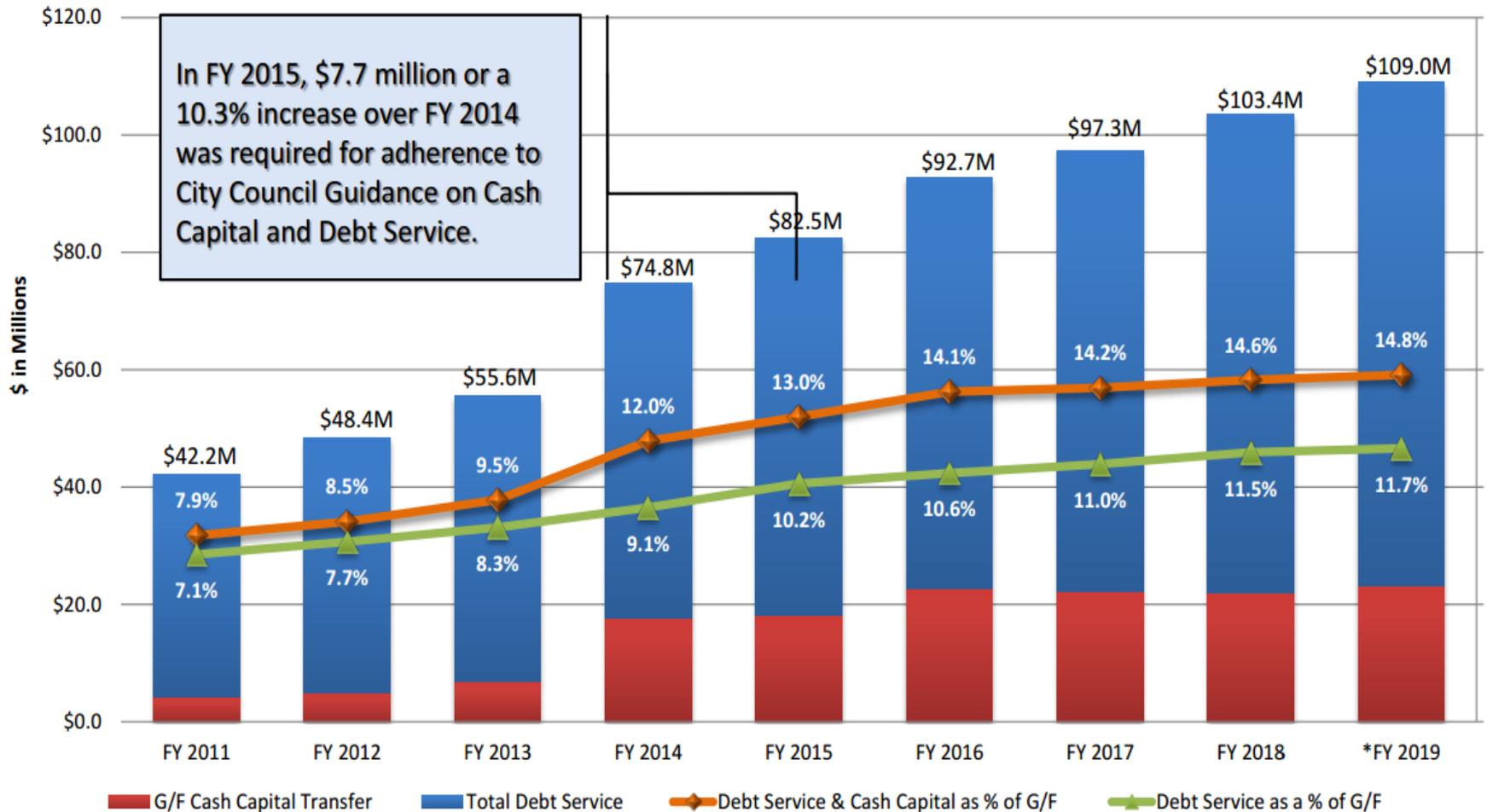
Capital Improvement Program

- **Project Priority Ranking** – BFAAC recommends all CIP projects (new and previously approved) should be ranked and, in the event of any significant revenue downturn, believes the CIP should not be held harmless
- **Financial Models that Address Similar CIP Projects** – BFAAC recommends OMB explore what other municipalities are doing to fund major CIP related efforts and consider options which may also fit in future CIP funding
- **ACPS and the CIP Process** – BFAAC encourages the City to review the *Results Alexandria* budget framework with ACPS in more detail and urge the school division to adopt a well-defined process for evaluating program performance
- **CIP Program Impacts on Specific Projects** – BFAAC believes that CIP programs and projects should concentrate primarily building the City’s revenue base, addressing federal mandates and maintaining long term health and welfare of the City. BFAAC encourages Council to fund CIP projects where the City can get “the biggest bang for the buck”

Long-Range Financial Planning, Future Forecasts, and Debt Burden Issues

- **Long-Range Forecasting Tool** – BFAAC applauds the Office of Management and Budget for developing a long-range financial plan and forecasting tool
- **Future Tax Rate Changes** – BFAAC notes, without high economic growth, the real estate tax rate will need to continue to increase to sustain budget balance. BFAAC urges Council to carefully consider any future rate increases in light of the already increasing residential tax and fee burden (and rising property values)
- **Debt Policy** – BFAAC reiterates its concern that the City will exceed its limits on two of the metrics when including the costs of the Potomac Yard Metro Station and sanitary sewer upgrades
- **Impacts of Capital Investments on Operations Budget** – BFAAC encourages Council to develop better tools to look at the operational impacts of long-term capital investments, including potentially setting a target based on the overall size of capital investments (cash capital and debt service) relative to the General Fund

Impact of Debt Service and General Fund Cash Capital Transfer



Note: *Debt Service excludes Potomac Yard Metrorail Station Debt beginning FY 2019
 General Fund Growth is assumed at 3.8% from FY 2016 – FY 2019

Change in Budget Gap with BPOL Tax Reduction One Cent Below Arlington Rate Over Two Years Under Various Economic Growth Scenarios

