Fiscal Year (FY) 2015 presented the same challenging, fiscal outlook for the City of Alexandria since 2008: the cost of providing the same City services, at the same level, exceed projected revenues. To respond to this challenge, the City employed a new approach — under the City’s performance management system framework, Results Alexandria - than what has been done historically.

The traditional approach to budgeting, and one we have employed for many years, treats every program the same, and every cut or reduction the same. Rather than beginning the budget conversation with what departments spent last year by service and making minor adjustments to each to achieve a budget solution, the City instead looked at the outcomes set forth in the City Manager’s Performance Plan (CMPP) and the City’s Strategic Plan and focused financial resources accordingly.

The CMPP defines the performance expectations for the City Government and helps departments, agencies, and employees better understand how the goals and objectives described in the City’s Strategic Plan translate into tangible outcomes. The result is a FY 2015 Approved Budget focused on investments in existing assets and core programs; enhancing service effectiveness, efficiencies, and performance; and leveraging outside resources, where possible.

In FY 2015, the City of Alexandria will invest $636.8 million into more than 150 programs, each designed to achieve the Long Term Outcomes in the City’s four Focus Areas: 1) Accountable, Effective & Well-Managed Government; 2) Healthy & Thriving Residents; 3) Livable, Green & Prospering City; and 4) Safe, Secure & Just Community. Each Focus Area has a distinct mission and long-term outcomes that illustrate what success looks like in our community. These Focus Areas were established as part of the CMPP: www.alexandriava.gov/CMPPFY14-15.

The $636.8 million budget includes:

• An increase of 0.5 cents for real estate property tax rate to $1.043 on $100.
• Maintains 2.2 cents reservation for transportation.
• 0.5 cents designation for stormwater.
• 0.6 for affordable housing.
• Various user fee changes; however, no increase to sanitary sewer.
• Service level changes, but continued/increased investments in key, focused service areas;
• Sustainable decisions that limit the use of one-time fixes for a balanced budget;
• Operating transfer increase of $6.2 million, or 3.3%, to Alexandria City Public Schools for a total of $191.8 million for FY 2015.

For more detail on what’s included in the budget by department and program, go to alexandriava.gov/Budget.

The FY 2015 budget development process included a public hearing on the budget on Monday, March 10 at 4 p.m. and a public hearing on the tax rate on Saturday, April 12 at 9:30 a.m. Members of the public were invited to participate in the following budget-related sessions, listed below:

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Topic</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 8</td>
<td>11 a.m.</td>
<td>Work Session - Revenue, 5 Year Financial Plan and Compensation Issues</td>
<td>Location: Sister Cities Conference Room 1101</td>
</tr>
<tr>
<td>Apr. 10</td>
<td>6:30 p.m.</td>
<td>Work Session – Capital Improvement Program</td>
<td>Location: GW Middle School, 1005 Mt. Vernon Ave.</td>
</tr>
<tr>
<td>Apr. 12</td>
<td>9:30 a.m.</td>
<td>Public Hearing on Effective Tax Rate Increase</td>
<td>Location: Sister Cities Conference Room 1101</td>
</tr>
<tr>
<td>Apr. 21</td>
<td>6:30 p.m.</td>
<td>Work Session – Preliminary Add/Delete</td>
<td>Location: Sister Cities Conference Room 1101</td>
</tr>
<tr>
<td>Apr. 24</td>
<td>6:30 p.m.</td>
<td>Work Session – BFAAC and Business Tax Reform Task Force</td>
<td>Location: Sister Cities Conference Room 1101</td>
</tr>
<tr>
<td>Apr. 28</td>
<td>6:30 p.m.</td>
<td>Work Session – Final Add/Delete</td>
<td>Location: Sister Cities Conference Room 1101</td>
</tr>
<tr>
<td>May 1</td>
<td>6:30 p.m.</td>
<td>Budget and Tax Rate Adoption</td>
<td>Location: Council Chambers</td>
</tr>
</tbody>
</table>

The FY 2015 budget overview FY 2015 BUDGET OVERVIEW
The City Council approved FY 2015 – 2024 Capital Improvement Program (CIP) ($1.459 billion) and includes funding for the Potomac Yard Metrorail Station through Special Services Districts, incremental growth in the Potomac Yard real estate tax base, development contributions, and new transportation funding. Continuation of the 2.2 cents on the base real estate tax rate supports the City’s Transportation Improvement Program (TIP) and, new funding from the Northern Virginia Transportation Authority (NVTA).

HIGHLIGHTS OF THE 10-YEAR PLAN

- New NVTA funding provides additional cash sources to the City ($230.1 million) for transportation purposes, reduced planned borrowing, providing additional resources for previously planned projects, and making available additional resources to maintain existing transportation infrastructure.
- Continuation of the Potomac Yard Metrorail Station project, with $279.0 million budgeted in FY 2015 – 2017 (total estimated project costs including prior year funding are $2285.9 million).
- Funding for Alexandria City Public Schools totals $279.1 million, and includes $149.5 million to address increased enrollment trends over the life of the Capital Improvement Program (CIP) is $1.459 billion and includes funding for the Potomac Yard Metrorail Station project, with approximately $3.8 million estimated project costs for transportation improvements.
- Continuation of the Potomac Yard Metrorail Station project, with $279.0 million budgeted in FY 2015 – 2017 (total estimated project costs including prior year funding are $2285.9 million).
- Funding for Alexandria City Public Schools totals $279.1 million, and includes $149.5 million to address increased enrollment trends over the life of the

HIGHLIGHTS OF THE FY 2015 CAPITAL BUDGET

The FY 2015 Capital Year Budget is $52.5 million, an increase of approximately $7.9 million from the FY 2014 Approved Budget. The City’s contribution to Transit Subsidies is consistent with FY 2014, due to leveraging of other non-General Fund sources. The total contribution for FY 2015 is $52.5 million, an increase of approximately $7.9 million from the FY 2014 Approved Budget.

DEBT POLICIES

The Approved FY 2015 – 2024 CIP adheres to all City Council adopted debt policies in each year of the 10-year plan. The planned borrowing to cash ratio in the 10-year plan is 1.4:1 dollar, a decrease from last year’s plan which assumed a 2.41:1 dollar ratio. The ratio of cash to borrowing is 1.77:1 dollar, which equates to $59.1 million in cash sources and $33.4 million in General Obligation Bonds. Service on debt issued through FY 2014 and debt planned to be issued in FY 2015 is budgeted at $64.4 million in the City’s General Fund.