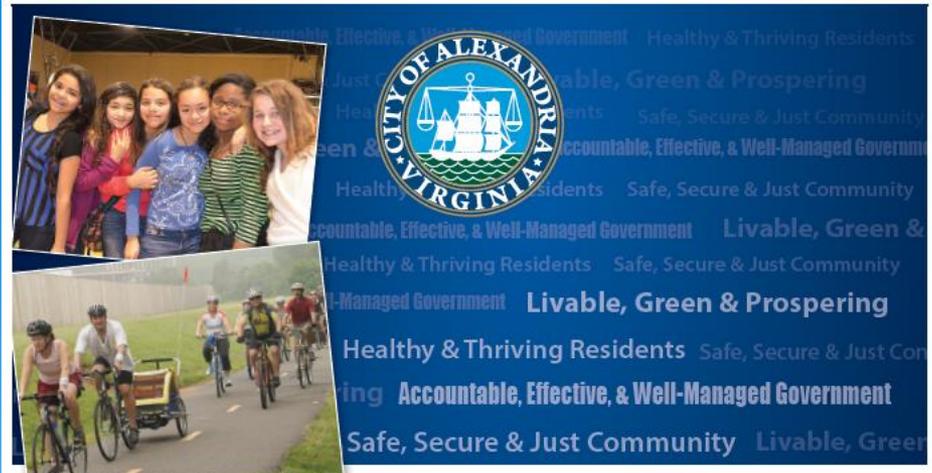


FY 2015 City Manager's Proposed Budget

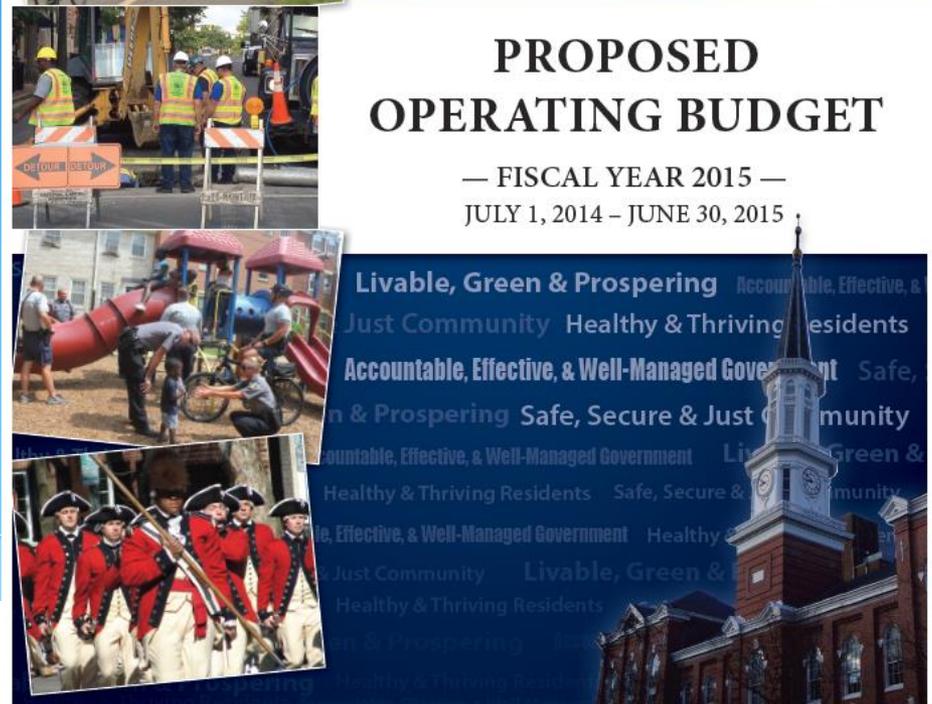
Livable, Green, and Prospering City

March 12, 2014

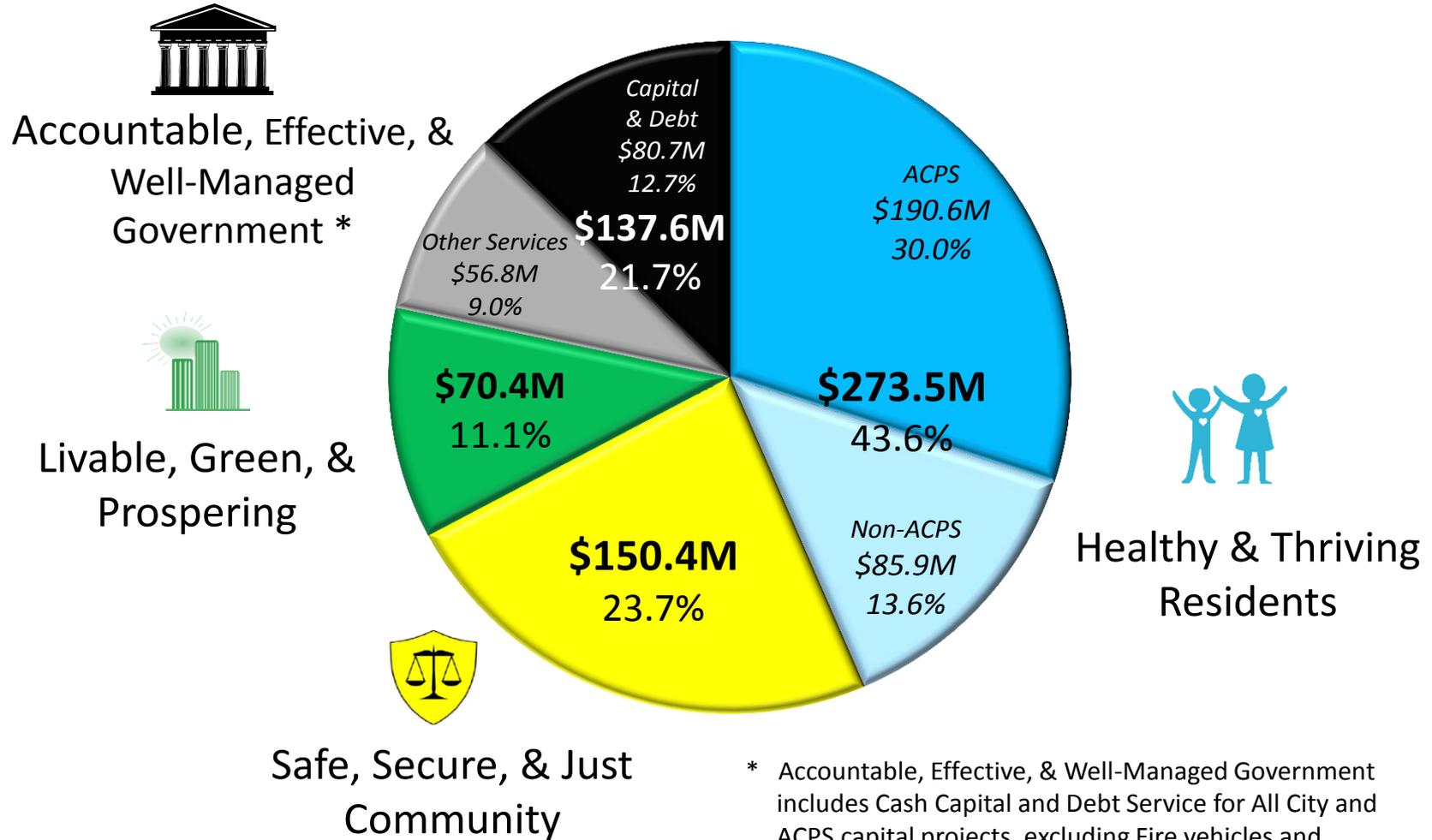


PROPOSED OPERATING BUDGET

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



FY 2015 Proposed General Fund Budget by Program



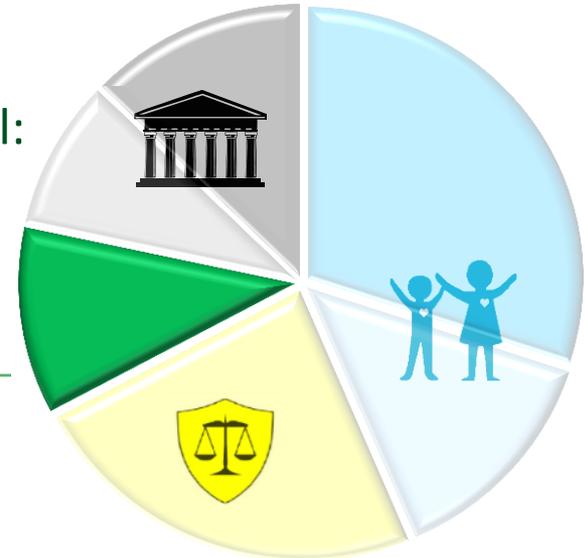
* Accountable, Effective, & Well-Managed Government includes Cash Capital and Debt Service for All City and ACPS capital projects, excluding Fire vehicles and apparatus CIP and transportation projects

Livable, Green, & Prospering

■ Departments:

- Code Administration
- Office of Historic Alexandria
- Housing
- Planning & Zoning
- Project Implementation
- Transportation & Environmental Services

Focus Area
General Fund Total:
\$70.4M



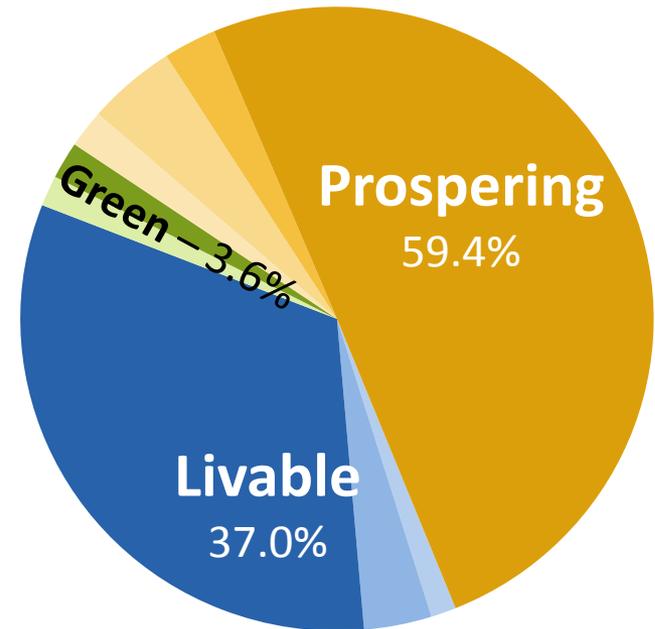
■ Notable Outside Agency Investments (\$26.5M total):

- Economic Development Activities:
 - ACVA – \$3.2M
 - AEDP – \$1.5M / SBDC – \$279K
 - Holiday Lights – \$72K / First Night – \$45K
- Alexandria Housing Development Corporation – \$139K
- **Transit Subsidies - \$21.3M**

Livable, Green, & Prospering General Fund Expenditures

The City is proposing to invest **\$70.4M** (11.1% of General Fund revenues) in FY15 on the following outcomes:

Livable		
\$26.1 M in 21 Programs (General Fund Only)	FY14	FY15
Promote neighborhoods that are amenity rich	\$1.9M	\$905K
Promote neighborhoods that are inclusive and diverse	\$2.3M	\$2.4M
Promote an attractive urban environment that reflects our history and provides well-functioning infrastructure	\$20.2M	\$22.7M

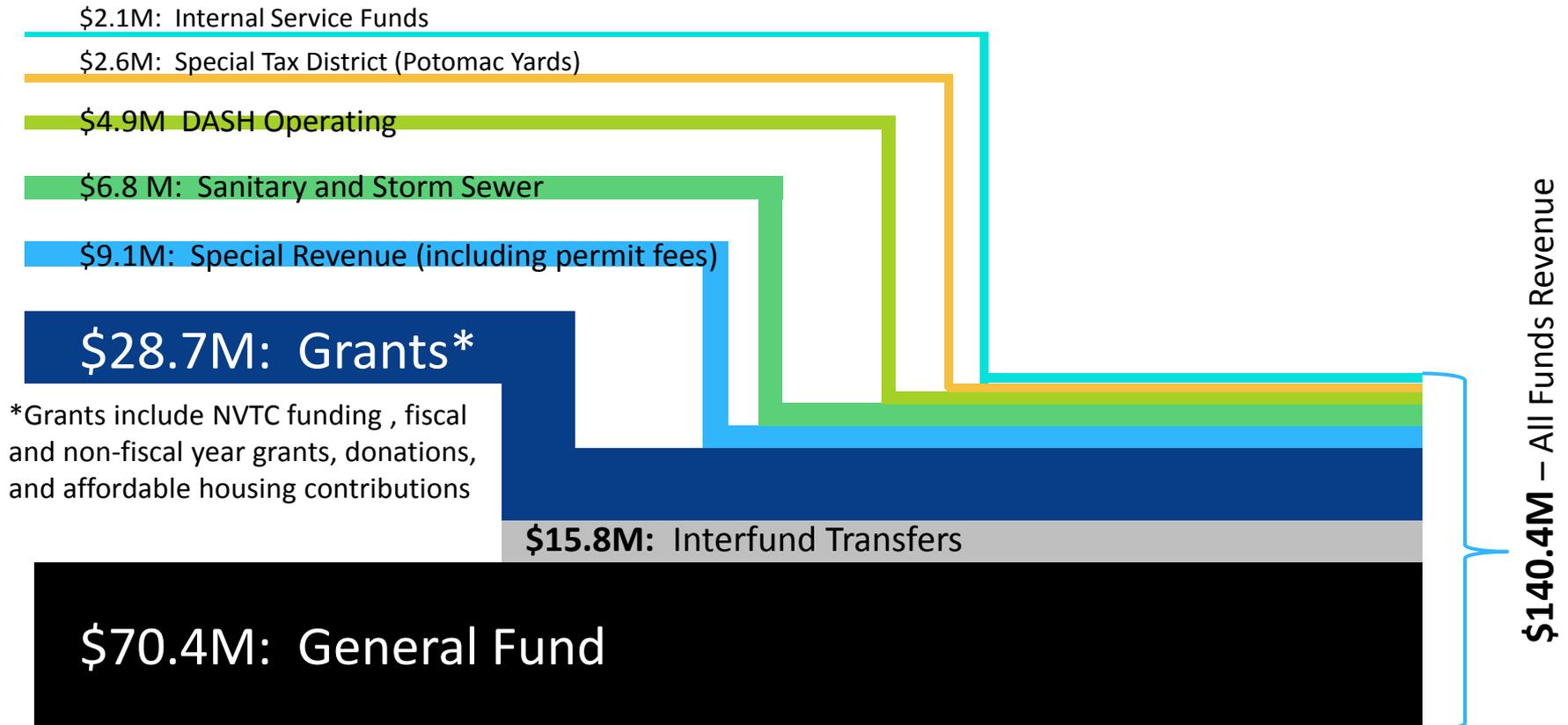


Green		
\$2.5M in 2 Programs (General Fund Only)	FY14	FY15
Improve the City's air quality	\$1.2M	\$1.1M
Sustain the natural quality of land within the City		
Improve the health of City waterways	\$1.3M	\$1.4M

Prospering		
\$41.8M in 10 Programs (General Fund Only)	FY14	FY15
Increase the value of the City's real estate tax base	\$1.3M	\$1.4M
Increase the economic benefits of tourism to the City	\$3.2M	\$3.2M
Ensure Alexandria supports, retains, and attracts businesses	\$1.9M	\$1.9M
Increase transportation system mobility, connectivity, and accessibility that supports the City's economy	\$37.5M	\$35.4M

All Funds Revenues – \$140.4M

- The Livable, Green, and Prospering Focus Area leverages the use of funding beyond the General Fund to provide additional services to achieve long-term outcomes

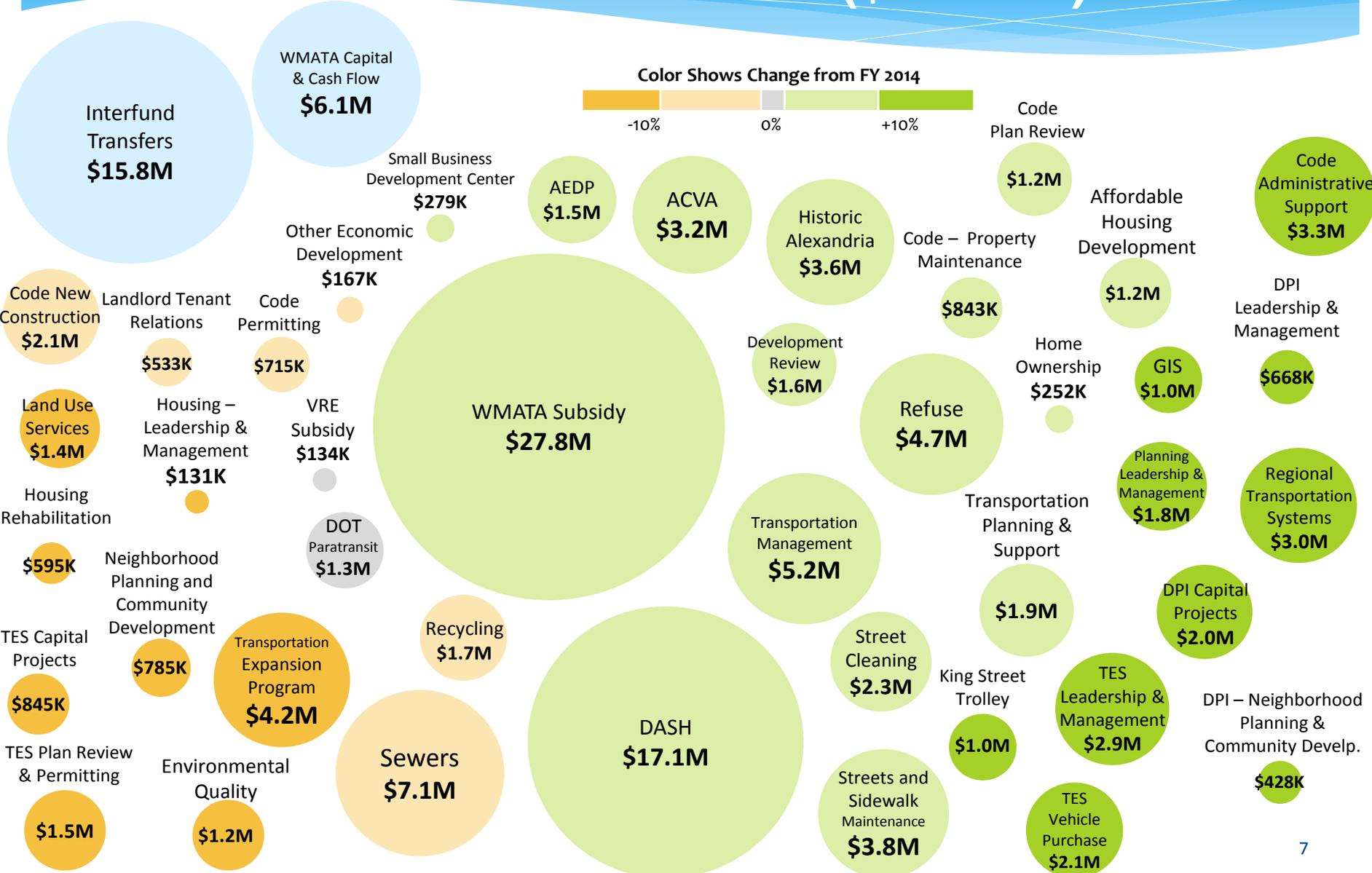


Changes in All Funds Revenues

Fund	FY 2014	FY 2015	Change	%	Comments
General Fund	\$70.8M	\$70.4M	(\$400K)	-0.6%	Funding allocation decisions made by Focus Area Team and City Manager
NVTC, Grants, Donations, and Affordable Housing	\$7.9M	\$28.7M	\$20.7M	261%	<ul style="list-style-type: none"> • Transit funding from Northern Virginia Transportation Commission (NVTC) • Increase in Historic Alexandria revenue generation • Reduction in expected new developer contributions for Affordable Housing
DASH Operating	\$3.6M	\$4.9M	\$1.3M	36.3%	Increase in DASH operating budget with 45% of increase covered by increased fare revenues
Sanitary and Storm Sewer	\$6.6M	\$6.8M	\$218K	3.3%	<ul style="list-style-type: none"> • Decrease in projected revenues from sewer maintenance and connection fees • Associated revenue increase from property taxes to 0.5 cent stormwater dedication
Special Revenue	\$6.6M	\$9.1M	\$2.5M	38.5%	Increase in use of prior year permit fee revenues for new permit plan system
Potomac Yard Special Tax District	\$1.5M	\$2.6M	\$1.1M	77.7%	Increase in special tax district revenue and tax base growth
Internal Service	\$1.6M	\$2.1M	\$536K	34.0%	T&ES vehicle acquisitions
Interfund Transfers	\$17.1M	\$15.8M	(\$1.3M)	-7.8%	
Total	\$115.7M	\$140.4M	\$24.7M	21.3%	

Size and Changes in All Funds Program Allocations (\$140.4M)

Color Shows Change from FY 2014



Priorities and Trade-Offs

Focusing resources on specific programs to achieve outcomes

Invest in Historic Alexandria to expand presence & utilization

Invest in a new permit system to enhance customer service to residents & the development community

Prioritize available housing funds to focus on multi-family affordable housing initiatives

Enhance civic engagement efforts

Provide additional public and private resources for planning, development & project implementation needs

Increase King Street Trolley service hours and accelerate Wayfinding Implementation to enhance mobility

Focus marketing campaign funds on retail & restaurants in specific geographic areas such as Del Ray & Old Town

Investing in Existing Assets/Core Programs

Increase road and sidewalk maintenance; 22 lane miles in FY 14 to approximately 40 lane miles in FY 15

Increase investment in stormwater management to comply with state and federal mandates

Invest in expanded DASH bus service, King Street Trolley, and Potomac Yard Bus Rapid Transit service

Programmatic Investments by Long-Term Outcome

Includes Targeted Investments as well as relationships
to Capital Improvement Plan (CIP) Initiatives

All Values Provided as All Funds



Promote neighborhoods that are amenity rich

Total Investment in Outcome:

FY14: \$1.9M

FY15: \$1.6M



Key Performance Measures	FY14	FY15	
Number of City code violations cited and resolved	4,000	4,000	↔
Number of neighborhood and community plans and studies completed	2	3	↑

Targeted Investments:

- Development Activity
 - Waterfront Plan implementation
 - WMATA bus barn site planning initiation
 - Eisenhower West Small Area Plan process
 - ARHA Redevelopment planning
 - Beauregard Implementation
 - Bicycle-pedestrian Master Plan update
 - Potomac Yard Metrorail Station LPA selection
 - Robinson Terminal North & South planning
- Implement “What’s Next, Alexandria?”

Promote neighborhoods that are inclusive and diverse

Housing Rehabilitation
FY14: \$1.4M
FY15: \$1.2M

Total Investment in Outcome:
All Funds: FY14: \$980K / **FY15: \$2.8M**
Cumulative Funds: FY14: \$9.6M / **FY15: \$12.2M**



Note: These figures include cumulative funds such as loan repayment revenue and carryover funding from previous years not included in the FY 2015 All Funds total.

Targeted Investments:

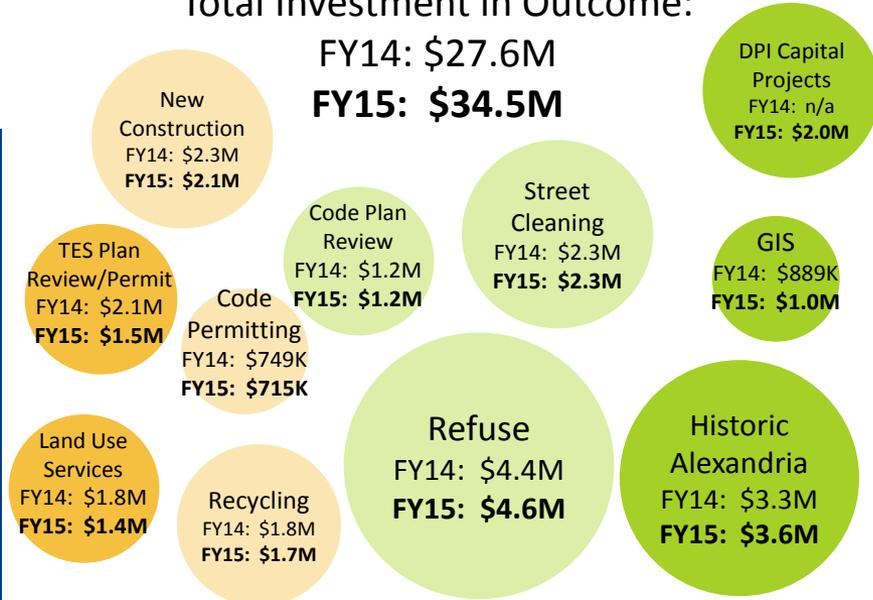
- Home Ownership: **\$214K** for five additional home ownership loans made to low and moderate income Alexandria residents. (from revolving loan funding)
- Affordable Housing: Reallocation of **\$800K** in home ownership loan repayments from Housing Opportunities Fund towards securing multi-family affordable housing units

LIVABLE

Key Performance Measures	FY14	FY15	
Number of affordable home purchase opportunities made available	4	9	↑
Code violations, energy efficiency, lead based paint, accessibility issues addressed	13	12	↓
Number of displaced residents assisted with relocation counseling	25	57	↑
Number of affordable units secured through the development process	10	28	↑

Promote an attractive urban environment that reflects our history and provides well-functioning infrastructure

Total Investment in Outcome:



Targeted Investments:

Historic Alexandria:

- Greater resident and tourist experience at Historic Alexandria museums
- \$66K** for Director of Development position to focus on developing non-City financial resources for museum operations, services, and departmental initiatives
- \$47K** for reclassification of existing Museum Director to Deputy Director to support increased retail and special event revenues.
- \$25K** for seasonal staff to enhance public access to information and new exhibits at the Alexandria Archaeology Museum
- \$23K** (from permit fee revenues) for part-time staff to support Archaeological Protection Code activities as waterfront development and other large City projects begin.
- \$36K** to convert Records Management Analyst to full-time to address the increased number of historic records needed to be preserved and cataloged.
- \$25K** in additional funding to allow Lyceum staff to properly care for City collections and make them available to visitors.

Planning and Zoning:

- \$77K** to convert two GIS Analyst positions funded from CIP to the operating budget for half year to assist with CAD/RMS, asset management, and permitting systems.

Project Implementation:

- \$57K** for a part-time urban planner to accelerate Small Area Plan implementation.
- \$151K** (from TIP) to add Civil Engineer position to increase number of projects delivered.

Code (all investments funded through permit fee revenues)

- \$1.7M** for permitting system to replace the current 20+ year old permitting system.
- \$39K** for part-time Records Clerk position to do daily scanning and filing for all departments with Permit Center.

Transportation and Environmental Services

- \$250K** to be charged to refuse account to properly budget for workers' compensation claims costs and to reduce the General Fund burden

Key Performance Measures	FY14	FY15
OHA museum visitors	189,395	160,000
Zoning enforcement inspections completed by Land Use Services	1,000	1,500
Capital projects managed by DPI	25	40
Building and trade plans reviewed per week	267	264
Commercial building permits issued	4,907	7,500
New construction inspections performed	610	610
Development projects inspected on schedule	100%	100%
Recycling diversion rate	48.7%	49.0%



Livable: CIP Initiatives Related to Operating Budget

Livable: Capital Improvement Program

- *Promote Neighborhoods that are Amenity Rich*
- *Promote an Attractive Urban Environment that Reflects our History and Provides Well-Functioning Infrastructure*

Soft Surface Trails

FY 2014/\$60,000
FY 2015/\$120,000

Shared-Use Paths

FY 2014/\$118,000
FY 2015/\$300,000

Improvements to the City's existing trails connecting parks was listed as a very high priority in the 2013 Recreation Needs Assessment by survey respondents. FY 2015 provides more than double the amount of funding in FY 2014 for long-term improvements to these trails that are an important part of navigating to amenities within the City. A regular improvement cycle reduces more expensive as-needed repairs when infrastructure begins to fail.

Green: All Long-Term Outcomes

Improve the City's air quality; and Sustain the natural quality of land within the City

Environmental
Quality
FY14: \$1.23M
FY15: **\$1.17K**



Key Performance Measure	FY14	FY15
Acreage treated by storm water best management practice facilities	7	7



Targeted Reduction:

- Reduce General Fund support for Air Pollution Control Specialist by **\$59K**. 50% funded by VA Paving SUP Special Revenue

GREEN

Improve the health of City waterways

Sewer
Maintenance
FY14: \$7.8M
FY15: **\$7.1M**



Key Performance Measure	FY14	FY15
Percentage of City owned BMP's that receive required annual maintenance	25%	75%



Targeted Investments:

- \$345K for seven new positions to increase the number of City owned BMPs properly maintained, and help to ensure that state and federal regulatory requirements are being met.
- Sanitary and Stormwater implementation and planning

Storm and Sanitary Sewers Special Revenues

The Stormwater special revenue will focus on operational capacity within the T&ES Storm Sewers program and the DPI Capital Projects. The Sanitary Sewer revenues support operating, capital and debt service on bonds backed by the revenues.

Stormwater Changes (dedicated 0.5 cents on base real estate tax rate)

- Special Revenue: FY 2014 = \$1.7M; FY 2015 = \$1.8M:
- Through the special-revenue source, an additional 7 positions will maintain the City's critical stormwater infrastructure, ensuring compliance with federal and state clean water regulations.

Sanitary Sewer Changes (sewer line maintenance and connection fees)

- Special Revenue: FY 2014 = \$8.1M FY 2015 = \$8.0M:
- Through the special-revenue source, an additional Civil Engineer position will be added in T&ES to improve project planning and management related sewer infrastructure (combined sewer separation projects, combined sewer overflow monitoring, etc.).
- Approximately \$342K is proposed for cleaning and corrective maintenance activities, as well as \$625K for Flow Metering and Sewer Modeling to ensure the long-term stable capacity of this critical infrastructure.
- \$100K to be charged to sanitary sewer fees to account properly budget for workers compensation claim costs and reduce General Fund burden.

Green: CIP Initiatives Related to Operating Budget

Green: Capital Improvement Program

- *Improve the Health of City Waterways*
- *Sustain the Natural Quality of Land within the City*

Lake Cook Stormwater Management

FY 2015/\$1.2 million (Grant)
FY 2014-2015 \$1.2 - \$1.8 million (City)
Total/\$2.4 - \$3.0 million

Once completed, this project is expected to treat stormwater from a total of 300 acres, including approximately 100 impervious acres, and is expected to meet approximately 5% of the total pollution reduction requirements of the City as well as meet the first five-year permit requirements. New stormwater positions added in the FY 2015 Proposed Operating Budget will be utilized to maintain these types of new structures that will assist in meeting federal MS4-TDML requirements.

Prospering: First Two Long-Term Outcomes

Increase the value of the City's real estate tax base

Development
Review
FY14: \$1.56M
FY15: \$1.60M

Key Performance Measure	FY14	FY15
Number of square feet in development applications	4.5 million	4.5 million



Increase the economic benefits of tourism to the City

Alexandria
Convention and
Visitors Association
FY14: \$3.16M
FY15: \$3.20M

Key Performance Measure	FY14	FY15
Number of rooms, meals, and retail taxes collected	\$48.3 million	\$47.6 million



Ensure Alexandria supports, retains, and attracts businesses

Total Investment in Outcome:

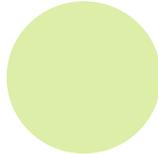
FY14: \$1.92M

FY15: \$1.91M

Other Economic
Development
Activities
FY14: \$252K
FY15: \$167K



Small Business
Development
Center
FY14: \$255K
FY15: \$279K



Alexandria Economic
Development
Partnership
FY14: \$1.42M
FY15: \$1.46M



Key Performance Measures	FY14	FY15
Office vacancy rate	18.6%	18.0%
Number of individual in small business counseled	341	550
Total hours counselling small businesses	1,180	2,025



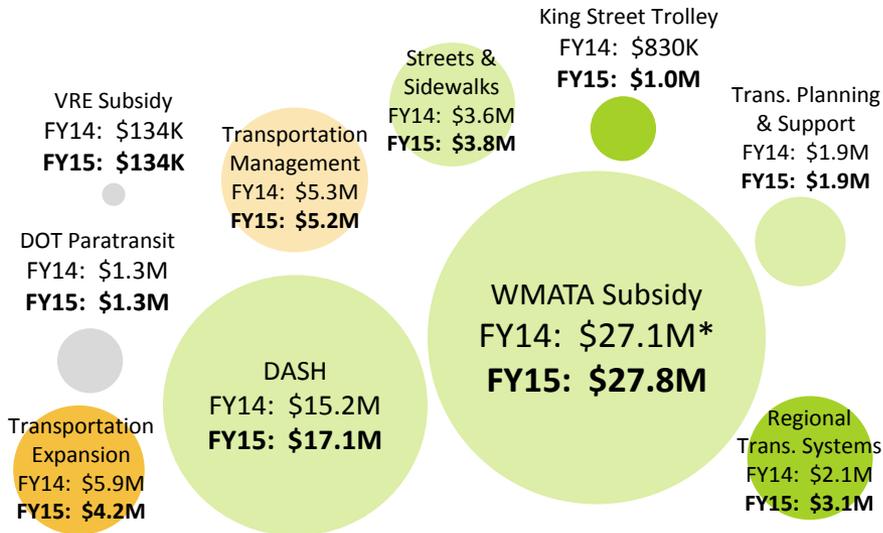
PROSPERING

Increase transportation system mobility, connectivity, and accessibility that supports the City's economy

Total Investment in Outcome:

All Funds: FY14: \$52.4 / **FY15: \$70.7M**

Cumulative Funds: FY14: \$62.5* / **FY15: \$70.7M**



Note: The FY14 WMATA subsidy includes NVTC contribution that was previously not budgeted in the City as it went directly to NVTC.

Key Performance Measures	FY14	FY15	
Average Pavement Condition Index (PCI) Score (71 is satisfactory)	62	65	↑
Street Light Outages responded to	770	770	↔
Number of paratransit trips scheduled	55,100	55,100	↔
Number Complete Streets of projects completed	32	32	↔

Targeted Investments:

- Start NVTA Funding Implementation
- \$74K** for new shared position for Civic Engagement/Public Communications, to improve communications, including website management, outreach, and public meeting presence.
- Streets & Sidewalk Maintenance: Use of TIP reserved funding:
 - Increase of \$200K** to provide enhanced levels of service in street & sidewalk maintenance to increase the number of lane miles maintained, number of linear feet of sidewalk repaired and/or replaced (**\$700K total**)
 - Increase of \$40K** to provide enhanced levels of service in bus shelters to increase the number of bus shelters maintained throughout the City (**\$140K total**)
- Transportation Management: **\$100K** in professional services to support maintenance and operation of parking meter and traffic management infrastructure to improve service delivery by ensuring equipment is working properly
- Transportation Planning & Support:
 - \$149K** to increase the Employee Transit Benefit from \$70 per month to \$130 per month per employee
 - \$20K** for the distribution of print materials to better inform users of the City's multimodal transportation system about options available for bike routes.
- Transportation Expansion: **\$66K** for new position ensure that expanded transitway facilities & transit stations (Bus Shelters and associated public rights-of-way) are properly maintained.
- Transit Subsidies: **\$195K** for additional operating hours for King Street Trolley.
- Potomac Yard Metrorail Station: \$1.1M increase in tax base revenue growth.

Livable: CIP Initiatives Related to Operating Budget

Prospering: Capital Improvement Program

- *Increase the Value of the City's Real Estate Tax Base*
- *Increase the Economic Benefits of Tourism to the City*
- *Increase Transportation System Mobility, Connectivity, and Accessibility that Supports the City's Economy*

Waterfront Initiatives

Waterfront Plan Implementation (Design/Engineering)	FY 2015/\$1.4 million
City Marina Restrooms	FY 2015/\$75,000
City Marina Dredging	FY 2014-2015/\$3.0 million
City Marina Maintenance	FY 2015/\$90,000
Windmill Hill Bulkhead	FY 2015/\$300,000 (Design/Engineering) FY 2016 (\$3.7 million)

These Waterfront initiatives collectively achieve a number of outcomes which will eventually impact the operating budget, primarily through increased maintenance costs. Continued planning and design for Waterfront infrastructure and amenities will provide for a more vibrant Waterfront, increasing resident use and tourism activities and spending while creating long-term improvements.

Capital Bikeshare	FY 2015 Capital/\$484,000 (Grants) FY 2015 Operating/\$239,000 (TIP)
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FY 2015 will expand the City's network of bikeshare stations **from 8 to approximately 30 stations**. All operating costs are paid through the TIP, and all capital costs are paid for with State grants. The expansion of the programs keeps with the development of multi-modal transportation infrastructure through the City by increasing system mobility and connectivity.

Livable: CIP Initiatives Related to Operating Budget

Prospering: Capital Improvement Program

- *Increase the Value of the City's Real Estate Tax Base*
- *Increase the Economic Benefits of Tourism to the City*
- *Increase Transportation System Mobility, Connectivity, and Accessibility that Supports the City's Economy*

Street Resurfacing and Reconstructions

FY 2014/\$2.295 million

FY 2015/\$4.493 million

Expanding definition of the TIP allows for an increase in number of lane miles to be resurfaced from **22 miles in FY 2014** to approximately **40 miles in FY 2015**. The preferred outcome would be to provide funding to resurface approximately 56 lane miles (10% of all lane miles) annually. A more consistent paving cycle may decrease spot maintenance over time as road are resurfaced before they begin to fail. Roads in failing condition require a much higher level of regular repair (e.g. pothole repairs).

Transportation Improvement Program (TIP) Changes

Composition of TIP Prior to FY 2015

- Funding Source: 2.2 cent reservation on real property tax revenues.
- Use: Expand transportation and transit infrastructure, including annual operating costs associated with those expansion projects

Changes to TIP for FY 2015 and beyond

- Revised Use of TIP: Eligible uses propose to include maintaining and enhancing existing transportation and transit infrastructure including resurfacing, potholes, and bus shelter maintenance, while still supporting new and expanded programs.
- Additional funding also removes any further GO Bond borrowing leveraged by the TIP. NVTA funding reduces GO Bond borrowing by \$28.0 million over the 10 year CIP.
- While the definition is proposed to be expanded, the entire 2.2 cents is still entirely reserved for transportation purposes

Why Change the TIP?

- New NVTA funding has restrictions similar to the City definition of eligible TIP expenditures
- NVTA funding, which is significantly more the TIP will generate, can be used to provide additional funding for planned projects and reduce borrowing
- By changing the definition of the TIP, the City can provide additional resources to maintain its existing infrastructure, and leverage NVTA dollars to support expanded transportation and transit infrastructure.

Key Budget Development Dates

Tuesday, February 25, 2014	FY 2015 Proposed Budget Presentation
Saturday, March 8, 2014	Work Session: Revenues, Five-Year Financial Planning Model; Compensation
Monday, March 10, 2014	City Council Special Public Hearing: FY 2015 Budget
Tuesday, March 11, 2014	City Council Legislative Meeting: Introduce Tax Rate Ordinances
Wednesday, March 12, 2014	Work Session: Livable, Green and Prospering Focus Area
Monday, March 17, 2014	Public Town Hall
Tuesday, March 18, 2014	Work Session: Health and Thriving Residents Focus Area
Wednesday, March 19, 2014	Work Session: Alexandria City Public Schools
Wednesday, March 26, 2014	Work Session: Safe, Secure, and Just Community Focus Area
Wednesday, April 2, 2014	Work Session: Accountable, Effective and Well-Managed Government Focus Area
Thursday, April 10, 2014	Work Session: Capital Improvement Plan
Saturday, April 12, 2014	City Council Public Hearing: Tax Rate Ordinances
Monday, April 21, 2014	Work Session: Preliminary Add/Delete
Thursday, April 24, 2014	Work Session: BFAAC and Business Tax Reform Task Force
Monday, April 28, 2014	Work Session: Final Add/Delete
Thursday, May 1, 2014	FY 2015 Budget Adoption