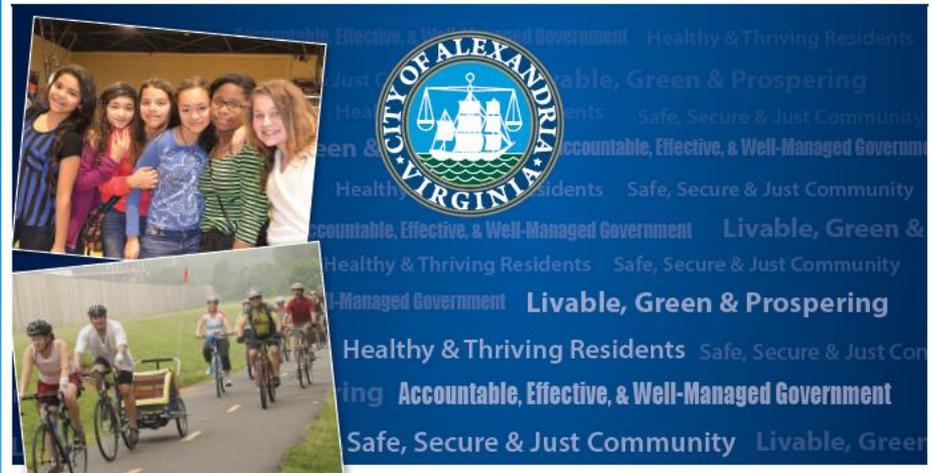


FY 2015 City Manager's Proposed Budget

Town Hall

April 3, 2014



PROPOSED OPERATING BUDGET

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



Overview

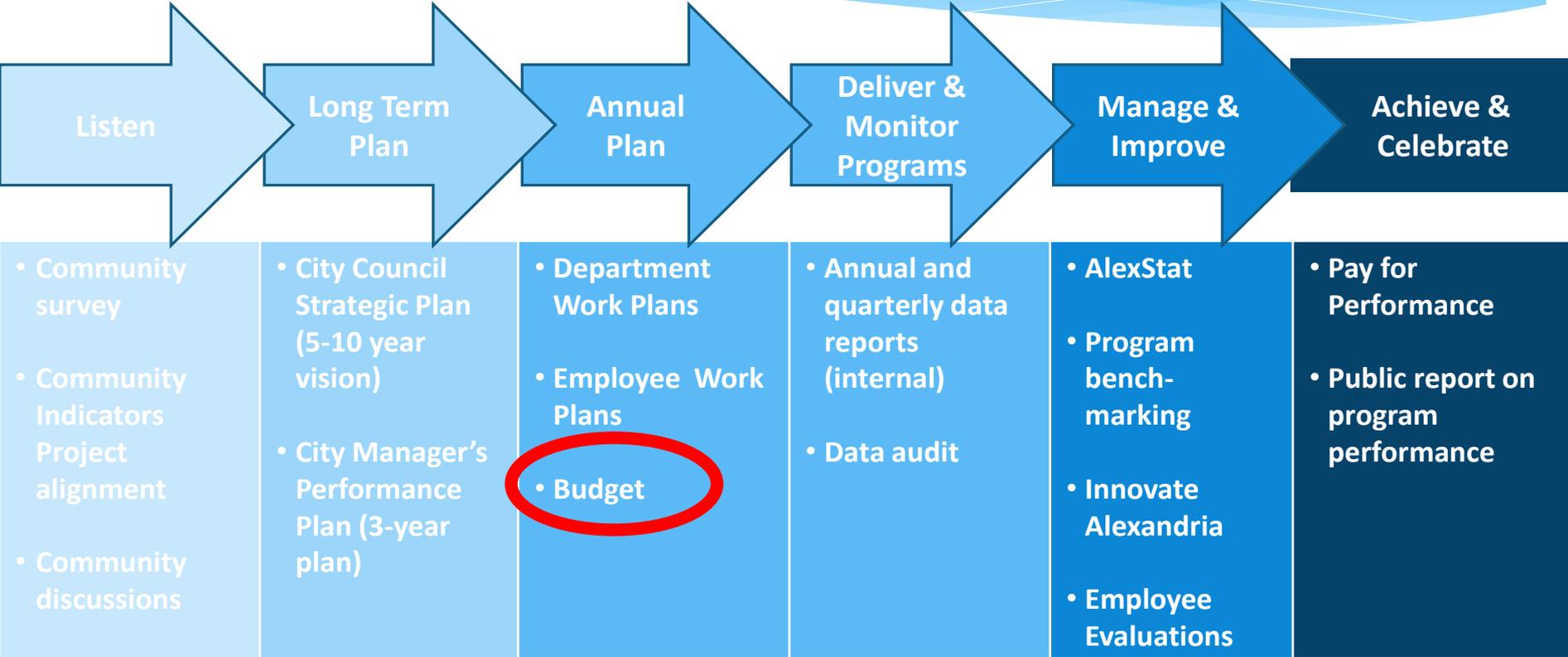
- Budget is balanced with:
 - No tax rate increases
 - Maintains 2.2 cents reservation for transportation; 0.5 cents designation for stormwater; and, 0.6 cents designation for affordable housing
 - User fee changes; no increase to sanitary sewer or solid waste fee
 - Leveraging outside resources, where possible
 - Service level changes, but continued/increased investments in key, focused service areas
 - Sustainable decisions (limited use of one-time fixes)
- Budget proposal meets City Council Guidance
- Budget proposal was developed with a new framework and philosophy
- 7th straight year of budgetary challenges
- Cost of current services/previous commitments exceeds revenue growth

Council Guidance (highlights)

- Hold the line on real and vehicle personal property tax rates
- Comply with adopted debt policies and maintenance/increase of cash capital commitment to support the Capital Improvement Program (CIP)
- Provide compensation that is competitive with our peer jurisdictions
- Adjust service delivery levels where performance exceeds that required by the community, or is not a strategic priority
- ACPS funding at same level as FY 2014, except to address anticipated changes in enrollment or cost saving measures
- Outside Agencies funded by the City must demonstrate an alignment of their efforts with accomplishments of the City's strategic objectives

Dramatically Changed Our Approach

Results Alexandria Framework



Changes to Budget Process

Started with a perceived gap

Based on a current level of service; automatic increases

Entire budget process focused on small percentage of budget (last year 8%)

Assumed all services were equally important; across the board cuts

Lacked strategic focus; programmatic prioritization



Starting place is City Strategic Plan/City Manager Performance Plan

Departments develop work plans; set priorities

No current level of service as automatic base line

No across the board cuts

Departments request funding to deliver a certain level of service and outcome

Focus Area Teams considered all services, not only incremental changes

Departments by Focus Area

 Accountable, Effective & Well-Managed Government	 Healthy & Thriving Residents	 Livable, Green & Prospering City	 Safe, Secure & Just Community
City Attorney	Community and Human Services	Code Administration	18th Circuit Court
City Clerk and Clerk of Council	Health	Economic Development	18th General District Court
City Council	Other Health Activities	Housing	Clerk of Circuit Court
City Manager	Library	Historic Alexandria	Commonwealth’s Attorney
Communications/Public Information	Recreation, Parks and Cultural Activities	Planning and Zoning	Court Services Unit
Finance	Alexandria City Public Schools (ACPS)	Project Implementation	Emergency Communications
General Services		Transportation and Environmental Services	Fire
Human Resources		Transit Subsidies	Human Rights
Information Technology Services			Juvenile and Domestic Relations District Court
Performance and Accountability			Other Public Safety and Justice Programs
Non-Departmental			Police
Management and Budget			Registrar of Voters
			Sheriff

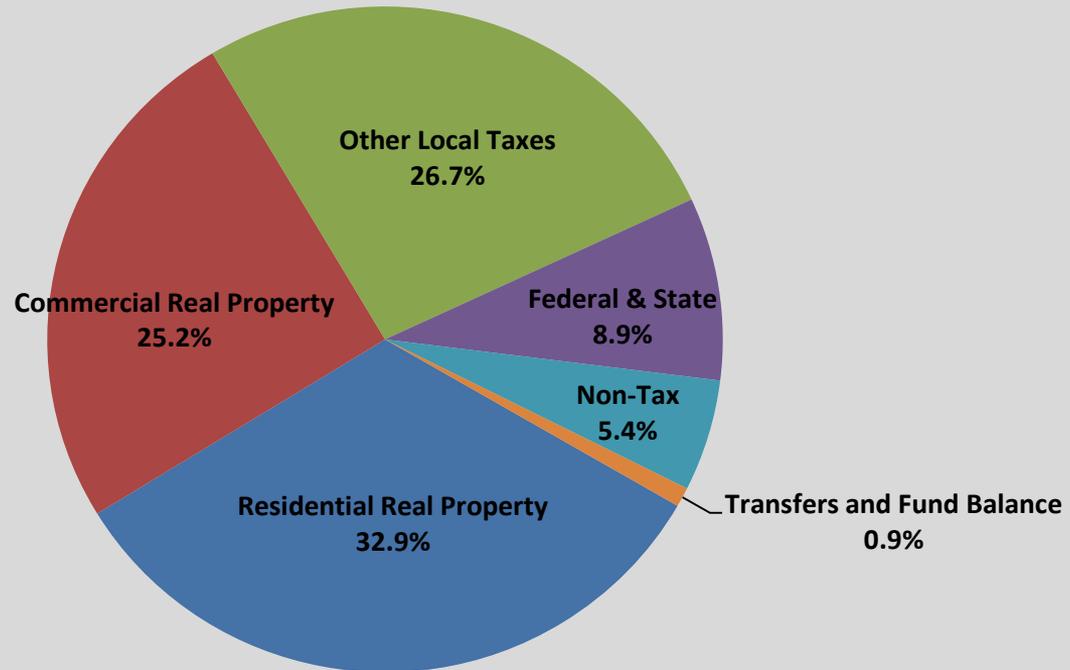
What did the framework give us?

- **Our priorities:**

- Investing in Existing Assets/Core Programs
- Focusing resources on specific programs to achieve outcomes
- Enhancing Effectiveness/Efficiencies/Performance
- Evaluating external agency investments more closely

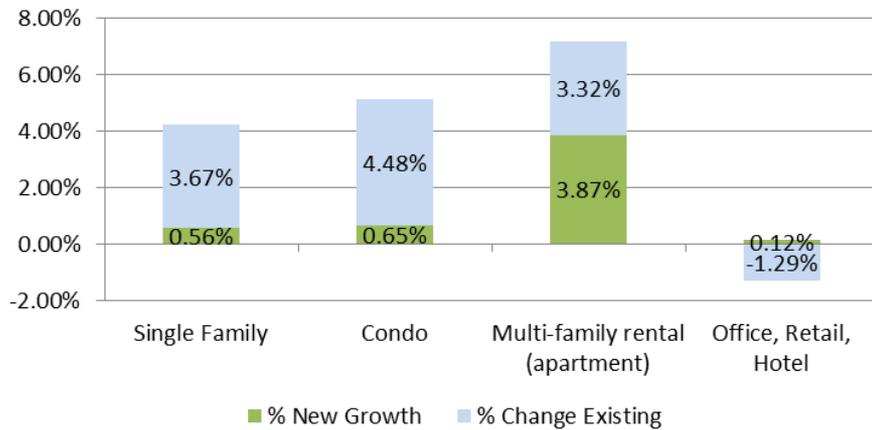
Proposed FY 2015 Budget= \$634.8 million

REVENUE OVERVIEW

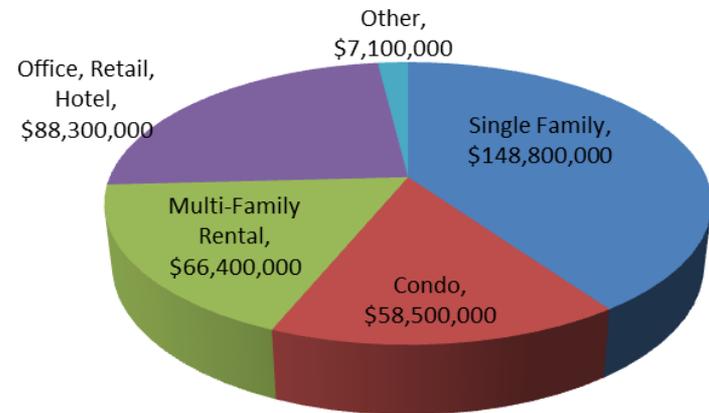


Real Estate Revenues by Property Type

Assessment Change by Property Type



Real Estate Revenues from Property Type



FY 2015 General Fund Revenue Millions of Dollars

Source	FY 2014 Approved	FY 2015 Proposed	\$ Change FY 14/15	% Change FY14/15
Real Property Tax	\$357.84	\$369.02	\$11.18	3.12%
Personal Property Tax	\$41.34	\$41.29	-\$0.05	-0.12%
Sales Tax	\$27.34	\$26.90	-\$0.44	-1.61%
Utility Tax	\$11.40	\$11.50	\$0.10	0.88%
Business License Tax	\$33.00	\$33.00	\$0.00	0.00%
Recordation Tax	\$5.40	\$5.40	\$0.00	0.00%
Transient Lodging Tax	\$12.51	\$11.30	-\$1.21	-9.67%
Restaurant Meals Tax	\$17.55	\$17.70	\$0.15	0.85%
Communication Sales Tax	\$11.30	\$11.20	-\$0.10	-0.88%
Other Local Taxes	\$11.01	\$10.79	-\$0.22	-2.00%
Federal Revenue	\$10.05	\$9.98	-\$0.07	-0.70%
State Revenue	\$45.20	\$46.38	\$1.18	2.61%
Other Non-Tax Revenue	\$34.83	\$37.54	\$2.71	7.78%
Total General Fund Revenue	\$618.76	\$631.99	\$13.23	2.14%
Use of Fund Balance	\$6.19	\$2.39	-\$3.80	-61.39%
FY 14 Contingent Reserve Carryover		\$0.44		
TOTAL General Fund SOURCES	\$624.95	\$634.83	\$9.8	1.58%
Total ALL Funds Sources	\$756.2	\$794.4	\$38.2	5.1%

FY 2015 Budget by Focus Area

General Fund Only:
\$634.8M

Accountable, Effective, & Well-Managed Government

This Focus Area includes
Cash Capital /Debt Service
for ACPS = \$25.9M

Cash Capital/
Debt Service
\$80.7M
12.7%

Other Services
\$56.8M
9.0%



Livable, Green, & Prospering City

This Focus Area includes
Cash Capital /Debt Service
for Transportation = \$3.8M

\$70.4M
11.1%



Safe, Secure, & Just Community

This Focus Area includes
Debt Service
for Fire Equipment = \$1.2M

\$150.4M
23.7%



Healthy & Thriving Residents

ACPS
\$190.6M
30%

Non-ACPS
\$85.9M
13.5%

Departments & Long Term Outcomes



Accountable, Effective, & Well-Managed Government

Departments
City Attorney
City Clerk and Clerk of Council
City Council
City Manager
Communications/Public Information
Finance
General Services
Human Resources
Information Technology Services
Performance and Accountability
Non-Departmental
Managment and Budget

Ensure City Government is accountable to the community

Achieve results that the community values

Ensure fiscal strength of the city government



Priorities and Trade-Offs

Investing in Existing Assets/Core Programs

City Workforce; Professional Development & Training

IT Infrastructure and Network Security

Preventative Maintenance of City buildings & equipment

Enhance Effectiveness, Efficiencies & Performance

Continued energy conservation and analysis

Citizen Engagement/Call.Click.Connect Refinement

Risk mitigation and management

Increased investment in performance-based analysis

Consolidation of two departments

Departments & Long Term Outcomes



Healthy & Thriving Residents

Departments
Community and Human Services
Health
Other Health Activities
Library
Recreation, Parks and Cultural Activities
Alexandria City Public Schools (ACPS)

Improve City residents' overall health

Reduce City residents' incidence of preventable disease

Reduce food insecurity and homelessness among City residents

Increase self-sufficiency and meaningful quality of life for the City's most vulnerable adults

Eliminate abuse and neglect in the community

Improve the quality of residents' leisure time

Ensure the educational and development attainment of all residents

Ensure all children and youth thrive and succeed



Priorities and Trade-Offs

Focusing resources on specific programs to achieve outcomes

Preserve investments in mental health & substance abuse services

Senior Affordable Housing—Enhance and expand senior rent relief program; modify senior tax relief program

Preserve dental clinic services through a contract

Invest in direct instructional growth at ACPS

Change service model of adult Job Link services and preserve investments in youth employment

Enhance Effectiveness, Efficiencies, & Performance

Eliminate Senior Taxi

Change service delivery model of recreation and parks operations

Closer Evaluation of External Agency Investments

Reduce contribution to INOVA, ANHSI, & Fund for Human Services

Eliminate direct contribution to Concerned Citizens Network & Northern Virginia Family Services

Departments & Long Term Outcomes



Livable, Green, & Prospering City

Departments
Code Administration
Economic Development
Housing
Historic Alexandria
Planning & Zoning
Project Implementation
Transportation & Environmental Services
Transit Subsidies

Promote neighborhoods that are amenity rich

Promote neighborhoods that are inclusive & diverse

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

Improve the City's air quality

Improve the health of City waterways

Sustain the natural quality of land within the City

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

Increase the economic benefits of tourism to the City

Ensure Alexandria supports, retains & attracts businesses

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



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 highest priority 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 visitor 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 and Potomac Yard Bus Rapid Transit service

Departments & Long Term Outcomes



Safe, Secure, & Just Community

Departments
18th Circuit Court
18th General District Court
Clerk of Circuit Court
Commonwealth's Attorney
Court Services Unit
Emergency Communications
Fire
Human Rights
Juvenile and Domestic Relations District Court
Other Public Safety and Justice Programs
Police
Registrar of Voters
Sheriff

Reduce harm to people and property from fire

Reduce crime

Increase survivability from medical emergencies and traumatic injuries

Ensure all community members are treated justly and protected under the law



Priorities and Trade-Offs

Investing in Existing Assets/Core Programs

Open new Fire Station 210 (Eisenhower Avenue)

Modify service delivery of Fire Marshals & Emergency Management programs

Eliminate Peak-Time Medic Unit

Transfer Engine 204 (Powhatan Park) to operate Station 210

Invest in public safety technology systems: new Computer Aided Dispatch (CAD) & Records Management System

Career Ladders

Enhance Effectiveness, Efficiencies, & Performance

Close 12 satellite Police facility locations

Closer Evaluation of External Agency Investments

Reduce support to the Northern Virginia Juvenile Detention Home

Increase direct contribution to Sheltercare; eliminate pass-through from Court Services

Eliminate contribution to Law Library

FY 2015 – 2024 Proposed Capital Improvement Program (CIP)

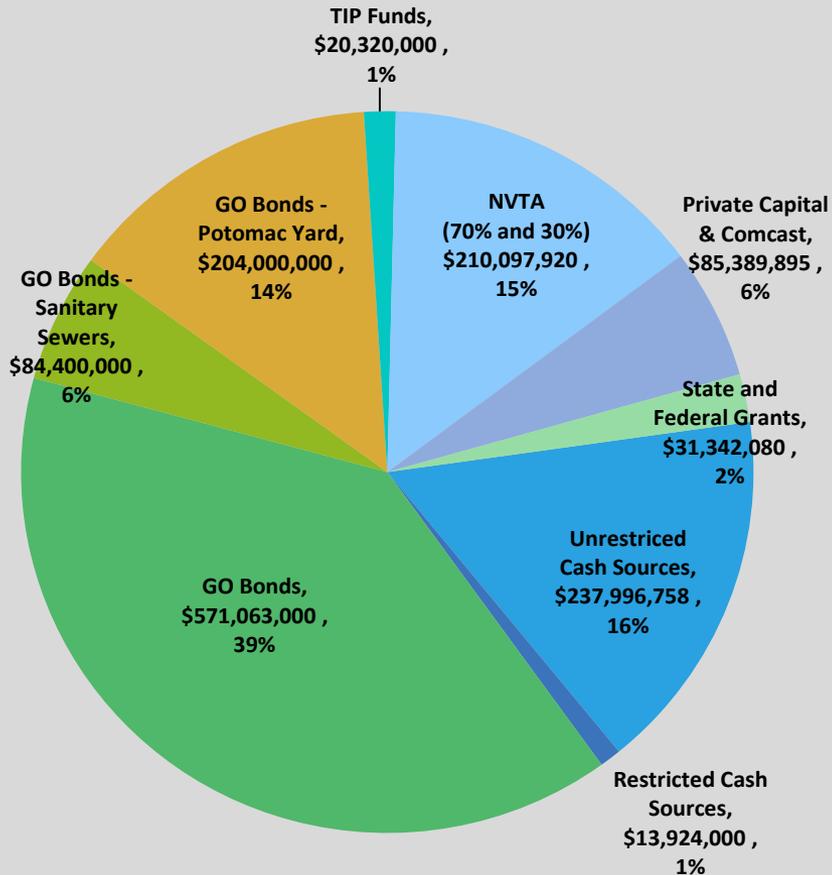
Capital Improvement Program

CIP Development Objectives

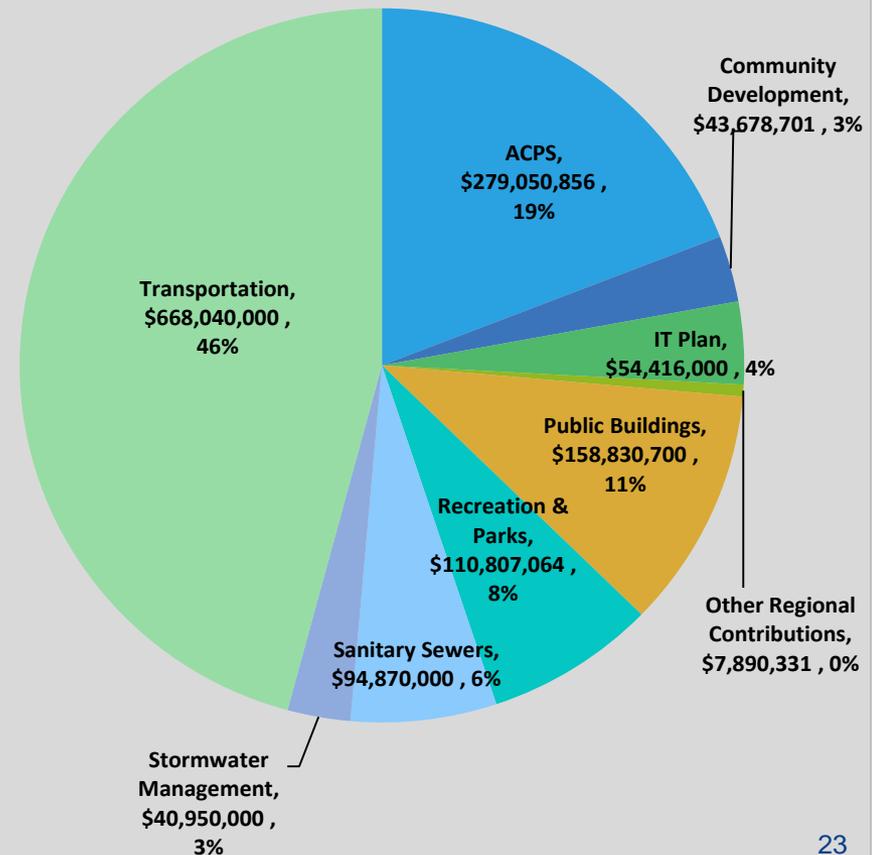
- ✓ Alignment with City Council guidance, the City's Strategic Plan, and the City Manager's Performance with emphasis on maintaining existing infrastructure
- ✓ Leverage new transportation funding to provide additional resources for maintaining existing City infrastructure and reduce debt
- ✓ Program future capital costs associated with storm water mandates and ACPS projected capacity needs
- ✓ Review debt ratios based on updated economic indicators (personal income and assessed value growth)
- ✓ Utilize project rankings to inform budget decisions

CIP Overview – Revenues & Expenditures

Proposed FY 2015 - 2024 CIP - All Revenues
\$1.459 Billion



Proposed FY 2015 - 2024 CIP – All Expenditures
\$1.459 Billion



Capital Improvement Program

FY 2015 Capital Year Budget (\$92.5 million)

- **Notable Continuing Projects (previously planned in the CIP)**
 - Increased funding for road resurfacing (increased from 22 to approximately 40 lane miles resurfaced), sidewalk reconstructions, and shared-use path improvements including bike trails
 - Invests \$1.0M in Complete Streets initiatives
 - Waterfront Small Area Plan
 - Further design/engineering/feasibility work
 - Dredge the City marina
 - Design and engineering to replace the Windmill Hill Park bulkhead (construction in FY 2016)
 - Expand stormwater capacity at Lake Cook (first MS4-TDML project)
 - Design work on a rebuild of Fire Station 203 (Cameron Mills), with construction planned in FY 2016
 - New Permit Processing and electronic plans submission system in Code (paid out of Code Fund)

Capital Improvement Program

FY 2015 Capital Year Budget (\$92.5 million)

■ New Projects/Funding

- Move the City's Network Operations Center (NOC) to the Public Safety facility
- New restrooms in the marina area (partnership with new restaurant)
- Grant funding to replace existing and install new bus shelters
- Repair the Health Department parking garage (4480 King Street)

Capital Improvement Program

Debt Ratios

City Council imposed debt ratios must be adhered to in each year of the balanced 10-year plan (excluding Potomac Yard debt).

Debt Ratio	Target/Limit
Debt as a Percentage of Fair Market Real Property Value	Target: 1.1% Limit: 1.6% *FY 2015: 1.45%
Debt as a Percentage of Total Personal Income	Target: 3.2% Limit: 4.5% *FY 2015: 4.13%
Debt Service as a Percentage of General Government Expenditures	Target: 8.0% Limit: 10.0% FY 2015: 7.64%

Capital Improvement Program Planned Borrowing

Borrowing Category	FY 2015 – 2019 Last Year's CIP	FY 2015 – 2019 This Year's CIP	Difference
General Government and Schools GO Bonds	\$325.8 million	\$287.8 million	(\$38.1 million)
Potomac Yard Metrorail Station	\$265.3 million	\$204.0 million	(\$61.3 million)
Sanitary Sewers	\$42.1 million	\$40.1 million	(\$2.0 million)
Transportation Improvement Program (TIP)	\$27.3 million	\$0	(\$27.3 million)
Total Borrowing	\$660.5 million	\$531.9 million	(\$128.7 million)

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 City Focus Area
Tuesday, March 18, 2014	Work Session: Healthy and Thriving Residents Focus Area
Wednesday, March 19, 2014	Work Session: Alexandria City Public Schools (ACPS)
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 3, 2014	Public Town Hall
Thursday, April 10, 2014	Work Session: Capital Improvement Program (CIP)
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