

# City of Alexandria, Virginia

## MEMORANDUM

**DATE:** APRIL 10, 2015

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**THROUGH:** MARK B. JINKS, ACTING CITY MANAGER

**FROM:** MORGAN ROUTT, ASSISTANT DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

**SUBJECT:** BUDGET MEMO #17: RESPONSE TO COUNCIL QUESTIONS

The Office of Management & Budget issues a Budget Memo to answer questions posed by members of City Council that can be addressed in a question and answer format. Below are answers to some of the questions posed thus far.

### PERSONAL PROPERTY TAXES (J. Wilson)

**Question:** What would be the financial impact of eliminating both the vehicle personal property tax decal and the personal property tax decal fee? If the loss of that revenue was absorbed by an increase in the vehicle Personal Property Tax rate, what rate increase would be necessary?

**Answer:** The vehicle personal property tax decal and fee serves as proof of registration with the City and payment of personal property tax. Any person who registers a vehicle for personal property tax must also purchase and display a personal property tax decal within 30 days of moving into the City or purchasing a vehicle. The City decal expires annually on the tax due date and must be removed and replaced by November 15. At this time, the decal is still the most cost-effective tool the City can use toward the goal of ensuring that all Alexandrians pay their personal property taxes.

It is important to note that the elimination of the personal property tax decal and fee does not necessarily result in lower taxes for taxpayers. In fact, most jurisdictions that eliminated their decal fee maintained their revenues by: (a) continuing to assess an annual motor vehicle license fee or registration fee that generally matches the decal fee schedule prior to elimination; (b) increasing their personal property tax rates; or (c) altering the basis for vehicle assessments (e.g. from loan value to trade-in value) in a manner that increased personal property tax assessments.

Based on FY 2014 statistics, revenue losses, if the decal were eliminated, would include approximately \$3.5 million in decal fee revenue and an estimated \$1.1 million

in ticket revenue and personal property taxes collected as a result of decal enforcement activities. A revenue loss of this magnitude would require the City to increase the personal property tax rate from \$5.00 per \$100 of assessed value to \$5.45 per \$100 of assessed value. The average tax bill would increase by \$40.

Please note the option of eliminating the vehicle personal property tax decal and the decal fee is not feasible to implement for the 2015 tax year billing due to decal production timelines, system program changes and implementation. The advanced personal property tax bills and decals must be ordered by the beginning of April for delivery in June due to factory production timelines. The Finance Department has started the approval process with Graphic Communications Group for the 2015 tax year decal, together with the other participating Northern Virginia jurisdictions. To minimize risk, staff strongly recommends that if City Council is considering eliminating the vehicle decal and fee, that they direct staff to implement these changes for tax year 2016 (calendar year) and provide a year to implement the significant program changes. However, the projected tax increase of \$40 is greater than the current car decal fee of \$33, and the City has found the decal to be an effective collection tool.

#### JOBLINK EMPLOYMENT SERVICES (J. Wilson)

**Question: Can you please detail the addition of 2.17 FTE to the JobLink Employment Services Program Area? What outcome does this addition support?**

**Answer:** The Proposed FY 2016 Budget reflects the transfer of two FTEs and their existing Temporary Assistance for Needy Families (TANF) caseloads from Benefit Programs to Joblink so that appropriate staffing levels are at the JobLink location to process TANF cases. The TANF program requires work activity and so it is linked with the JobLink program. The positions are Virginia Department of Social Services (VDSS) positions and are focused on eligibility determination and review of the TANF program. The transfer does not change overall service levels

The 0.17 FTE was the reconciling number to balance the total FTE count due to realignments in a new system and does not represent an FTE increase in DCHS.

The outcome that is addressed by this service is: Increase in self-sufficiency and meaningful quality of life for the City's most vulnerable adults. The related goal is: Process applications within the State required timeframes.

#### CARLYLE PARKING POLICY (J. Chapman)

**Question: What would be the fiscal impact to revert parking in the Carlyle area back to the FY 2013 parking policy?**

**Answer:** If meters in the Carlyle area were to revert back to the FY 2013 parking policy, the rates would remain the same at \$1.75 per hour for multi-space meters and \$1.25 per hour for single space meters; however, the hours of operation would change to 8 a.m. to 5 p.m. on Monday through Friday as opposed to the current operating hours of 8

a.m. to 9 p.m. on Monday through Saturday. Staff does not recommend reverting Carlyle area parking back to the FY 2013 5 p.m. ending time, as the change to 9 p.m. has had the desired effect of creating more parking space turnover and space availability which is consistent with the City's parking pricing strategy.

The fiscal impact of reverting to the FY 2013 parking policy would be:

<b>Expenditure/Revenue Impact</b>	<b>Fiscal Impact</b>
One Time Costs (Reprogram Meters, Staff Costs/Hours, Signage Change to reflect change in hours of operation)	\$7,500
Annual Decrease in Revenues	\$75,000
Total Fiscal Impact FY 2016	\$82,500
Total Annual Fiscal Impact for FY 2017 and beyond	\$75,000 (Lost Revenue)

**CIP APPROPRIATION TO ACPS (J. Chapman)**

**Question: Are we able to put some or all of ACPS CIP money into contingency until their full CIP (and long range plans) are released publicly and approved?**

**Answer:** Should City Council elect to hold some or all of ACPS CIP funding in FY 2016 until their full CIP and long range plans have been approved, or until some other benchmark has been reached, City staff recommends setting aside an amount determined by City Council in a "capital projects to be determined" line item. If City Council's concerns are Patrick Henry related, once ACPS determines the cost of Patrick Henry and communicates those costs to City Council, City Council could then elect to release some or all of the "capital projects to be determined" funding to ACPS.

**CAPITAL PROJECT MANAGEMENT PROGRAM (J. Wilson)**

**Question: What percentage of the Capital Project Management Program personnel costs (within the Department of Project Implementation (DPI)) are funded by the capital budget and what percentage are funded by the operating budget? Do we have greater opportunities to shift those positions currently assigned to the Operating Budget to individual capital projects?**

**Answer:** In FY 2016, while not charged directly to specific capital projects, 53% of the entire DPI budget of \$3.0M is charged to non-General Fund sources including the Sanitary Sewer Fund, Stormwater Management, Potomac Yard Special Revenue Fund, and the Transportation Improvement Program.

Additionally in FY 2016, a new 1.0FTE capital projects inspector position was added to DPI, and will be charged directly to capital projects as work is completed. Staff believes that charging this position to multiple capital projects will have a minimal impact on project budgets, which contain sufficient project contingencies to cover the FY 2016 inspection costs. Staff will use this position to evaluate the possibilities of

charging additional staff time to capital projects – if sufficient financial resources exist within project budgets – for FY 2017.

#### CAPITAL PROJECTS STAFFING TIME (J. Wilson)

**Question: Can we fund more existing staff time to existing capital projects (not implementation)?**

**Answer:** At this point in time, staff does not recommend charging additional position costs to capital projects for FY 2016. If City Council desired to charge non-implementation staff to the capital budget, staff would recommend additional resources be added to project budgets to account for staff costs. Adding financial resources would reduce expenditures from one source of funding, but would require those savings be shifted to the capital budget to support staff costs – thus resulting in no savings to the operating budget. Without additional resources, staff costs would reduce planned infrastructure improvements funded in the capital budget, ultimately resulting in higher on-going operating maintenance costs due to maintaining infrastructure at below acceptable standards.

#### ENERGY MANAGEMENT POSITION (J. Chapman)

**Question: I noticed that the proposed budget includes the addition of an energy management specialist. Have we looked to see if there is any savings by contracting our energy management out? What would those savings be?**

**Answer:** A 0.6 FTE Utilities Analyst position was created in the Approved FY 2015 Budget. Newly created positions go through Human Resources' classification process and during this process the position was retitled as an Energy Management Analyst. The 0.6 FTE provides intake, processing, auditing, and payment of 7,800 utility bills per year on behalf of all City departments. The 0.6 FTE also conducts quality assurance and control of data extracted from utility bills and stored in the City's Energy Management System. At 0.6 FTE, the position contributes to the outcomes of the City's focus on an accountable, effective, & well-managed government.

The FY 2016 Proposed Budget requests an additional 0.4 FTE to the existing 0.6 FTE Energy Management Analyst position to make it a full 1.0 FTE. The limitation of the existing 0.6 FTE position is the insufficient time available to perform the necessary analysis and reporting that make possible increased opportunities for energy efficiency and energy conservation strategies for energy cost avoidance. These strategies include, but are not limited to: energy & fuel use and cost analyses; rate & rate structure analyses; benchmarking; savings measurement & verification analyses; and conventional & advanced energy reporting to all departments. Such strategies, individually or in combinations, are performed on an ongoing basis in order to maximize energy cost avoidance opportunities. It should be noted that the 0.6 FTE position is partially able – as any available time permits – to intake utility billing and utility data for the Alexandria Public School System (ACPS) operations, but does not have sufficient time available to conduct quality assurance or quality control, or

conduct analysis or reporting that adds value to ACPS's energy management and energy cost avoidance efforts. The additional 0.4 FTE makes available the ability to conduct periodic analysis and reporting to inform and assist ACPS's energy management and energy cost avoidance efforts. The new 0.4 FTE abilities are estimated to save the City, organizationally, \$88K annually by allowing agencies to better monitor and manage energy usage. As such, converting the existing 0.6 FTE to a full 1.0 FTE, amplifies the position's effectiveness. The full-time position will also further contribute towards many of the goals and actions of the City's Eco-City Charter, Environmental Action Plan, Energy & Climate Change Action Plan, and the outcomes of the City's focus of a livable, green, and prospering city.

To evaluate the relative cost or savings from contracting the Energy Management Analyst position, General Services considered representative labor rates sourced from regional contract vehicles reflecting various energy management services. Representative labor rates reflect positions that are approximately equivalent to the Energy Management Analyst position according to the role, responsibilities, and knowledge, skills, and abilities outlined in the position's classification. Considering the City's burdened labor rate (including benefits and retirement contributions), General Services estimates contracting for the 1.0 FTE position could potentially result in a cost increase in the range of about \$39,000 to \$63,000 greater than the current proposed budgeted amount (\$94,000). Based on staffs' understanding, the cost difference is largely due to the contracting entity's mark-up, which typically includes overhead, contingency, and profit margin.

#### PARKING METER EXTENSION (J. Chapman)

**Question: What is the fiscal impact of implementing 3 hour parking in parts of Old Town and Carlyle?**

**Answer:** The fiscal impact of extending the limit on parking at meters to three (3) hours in parts of Old Town or Carlyle would be one-time costs of approximately \$5,000-\$8,000 plus associated existing staff time equal to approximately \$2,500. The existing staff time is included in the proposed budget, but the one-time costs would require additional resources. These cost estimations are based on replacing all of the signage, as approximately 350 new blank signs, and the associated materials for fabrication, would need to be purchased.

The parking meter time extension would require the following:

- 1) Updating the policy in the City Code;
- 2) Updating back-office software for the meter operating contractor;
- 3) Fabricating and installing new signs to reflect the change and;
- 4) Updating the multi-space meters to reflect the change.

Since parking fees would be collected for the same total number of hours during enforcement periods, staff does not anticipate major parking revenue increases or losses due to this policy change.

Staff recommends that no FY 2016 budget action be taken on the 3 hour parking limit change. Further consideration by Council of this change would best occur after the Old Town Area Parking Study (OTAPS) group reports to Council. Any costs of changing signs could be absorbed by the T&ES operating budget.

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