

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 23, 2015

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

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

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

SUBJECT: BUDGET MEMO #28: 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.

ACVA & AEDP REDUCTIONS (J. Wilson)

Question: Reductions were made to the ACVA regional advertising and advertising design budgets. Reductions were also made the AEDP marketing efforts and the SBDC counseling service. These reductions were used to pay for the addition of a new professional associate within AEDP. Can Staff please detail the reasoning that went into proposing this trade-off and what the impacts are believed to be?

Answer: The reductions made to Visit Alexandria's (formerly ACVA) advertising budgets, AEDP marketing efforts and the SBDC counseling service were not considered as trade-offs to fund the addition of the new professional associate but was identified as reduction/efficiencies during the budget process. The professional associate was ranked as the highest initiative to fund and recommended by the City Manager to expand the City's tax base by increasing the City's office occupancy. The new professional will work exclusively on increasing office occupancy in the City by spending intensive time in the marketplace to aggressively source and bring back to the City and AEDP team prospects and potential office leasing deals. This work will result in a decrease of commercial vacancy rates and support the construction of new commercial buildings one of the highest ROI activities the City supports.

The reductions identified by Visit Alexandria's, AEDP and SBDC were evaluated and accepted because they represented reductions with the least overall impact to service delivery. Visit Alexandria was able to generate the majority of the savings (\$76,000) by extending the life of its existing digital video ads for another year.

Additionally, Visit Alexandria reduced its regional advertising media buy by \$25,000, because its recent ROI research showed that overnight visitors spend approximately 3 times as much as day visitors, so local advertising would have the least impact on City hotel, restaurant and retail sales. The reduction of \$20,000 in AEDP's marketing efforts will reduce outreach to prospective tenants, investors, developers and other commercial real estate professionals. The reduction of \$14,380 in SBDC's paid counseling service hours will require the organization to privately fundraise to maintain current levels of service, or redirect clients to partner organization SCORE, which provides more basic, general and non-Alexandria specific counseling for start-up entrepreneurs.

STORMWATER GENERAL FUND SUPPORT (J. Wilson)

Question: How much General Fund support is going towards stormwater (provide over the next 5 years)?

Answer: There are significant operating and capital costs associated with the operations and maintenance of the stormwater system. The FY 2016 proposed budget includes \$1.8M in dedicated stormwater funding and \$2.5M in additional General Fund support. There is \$9.8M in dedicated revenue and \$21.5M in additional General Fund support estimated over the next five years.

Operating Budget

Currently, there is a 0.5 cent dedication for stormwater, equaling \$1.8M in FY 2016. This dedication supports Department of Transportation & Environmental Services (T&ES) stormwater operations (personnel and non-personnel), Department of Project Implementation (DPI) staff working on capital projects, and indirect costs. Additional General Fund contributions of approximately \$1.8M over and above the 0.5 cent dedication support stormwater related operating budget activities in the Street, Sidewalk, & Sewer Maintenance; Stormwater & Sanitary Infrastructure; and General Services Facilities BMP programs.

As indicated in the chart below, the Operating funding for stormwater is projected to increase from approximately \$3.6M in FY 2016 to \$5.7M in FY 2020. The biggest drivers of this increase include: (a) personnel costs for engineering staff required to develop the formal plan to meet the 35% pollution reduction requirement associated with Phase II of the Chesapeake Bay TMDL stormwater mandate, (b) T&ES and DPI construction staff required for project implementation and (c) operating supplies and equipment necessary to maintain BMPs and other infrastructure installed as part of Phase I and Phase II. As funding is appropriated on an annual basis by City Council, the amount of investment needed in stormwater on an annual basis will be reviewed as part of the annual operating budget development process.

Capital Budget

Projected stormwater capital expenses supported by the General Fund for infrastructure improvements over the next five years include approximately \$5.3M in cash capital, and the issuance of \$12.5M in General Obligation Bonds with the debt

service paid by the General Fund. Details of specific stormwater projects can be found on pages 327 – 340 of the City Manager’s FY 2016 – 2025 Proposed Capital Improvement Program (CIP). The Proposed CIP includes funding for a Stormwater Utility (SWU) study and full time employee (FTE), in the amount of \$640K. This study will provide the data required to determine if implementing a stormwater utility in FY 2018 is feasible. If it is feasible and City Council elects to implement a stormwater utility, the SWU can provide all operating and capital funding needed for the City’s stormwater system, thus alleviating the General Fund of those funding responsibilities. It is also important to note that if Council elects to proceed with a utility, resources above those outlined here will be required to administer the utility.

FY 2016 – 2020 Stormwater Expenditure Projections

A projection of all expenditures through FY 2020, both operating and capital, are included in the chart below and reflect the total stormwater funding which includes the 0.5 cent dedication and the additional General Fund support provided to stormwater operating and capital budget initiatives.

	FY2016	FY2017	FY2018	FY2019	FY2020
Operating Funding	\$3.6M	\$4.1M	\$4.8M	\$5.2M	\$5.7M
Cash Capital	\$0.6M	\$1.0M	\$1.3M	\$0.8M	\$1.5M
Estimated Debt Service on GO Bonds	\$0.1M	\$0.2M	\$0.5M	\$0.8M	\$1.1M
Current Dedication (0.5 cents)	\$1.8M	\$1.9M	\$2.0M	\$2.0M	\$2.1M
Additional General Fund Support	\$2.5M	\$3.4M	\$4.6M	\$4.8M	\$6.2M

CITY COUNCIL STIPEND (P. Smedberg)

Question: When was the last time the City Council stipend was increased and how does it compare to other jurisdictions?

Answer: The City Council stipend was last increased in 2003, from \$20,000 to \$27,500 for members of Council and from \$25,000 to \$30,500 for the Mayor.

Below is a table that outlines rate of pay for elected officials in neighboring jurisdictions:

Jurisdiction	Mayor's/Chair's Salary	Council/Board's Salary
Alexandria	\$30,500	\$27,500
Arlington	\$55,140	\$50,127
City of Falls Church	\$9,800	\$9,200
City of Fairfax	\$6,500	\$4,500
Fairfax County*	\$100,000	\$95,000
Loudoun County*	\$50,000	\$41,200
Montgomery County	\$124,641	\$113,310
Prince George's County	\$103,716	\$103,716
Prince William County	\$49,452	\$43,422

**Increase to go in effect Jan, 01 2016*