City Council Retreat
FY 2009

October 27, 2007

Budget Challenges

- Real estate market at risk
- Other City revenues flat or increasing slowly
- State and Federal funding flat or declining
- CIP shortfall
- Maintaining quality workforce in competitive labor market environment

Strategic Responses

- MFRI
- Improved CIP planning/management
- Economic Sustainability Initiatives
- Identify other revenue sources – primarily “user pays”
- Departmental Benchmark and Efficiency Audits
- Administrative process improvements

Personnel Compensation

- Elements of Personnel Compensation Study
  - Review and evaluate current City classification & compensation system (process of classifying jobs to grade levels)
  - Review and evaluate current merit/step process and assess pay-for-performance options (process of giving employees raises based on performance and/or time in grade)

Personnel Compensation

- Elements of Personnel Compensation Study, continued
  - Review and evaluate City's current compensation philosophy (process for ensuring the City remains regionally competitive)
  - Separate efficiency and effectiveness review of the Department of Personnel Services

Personnel Compensation

- Tasks of Personnel Compensation Study
  - Survey other local governments
  - Involve City employee advisory groups
  - Provide comparative benchmark information on relative salary and benefits
  - Present options
  - Present implementation plans

Personnel Compensation

- Schedule for Personnel Compensation Study
  - Currently evaluating proposals
  - Award contract by December
  - Start work January 1
  - 6 months for initial study results

Mayor's Economic Sustainability Work Group Recommendations

- Process
  - Economic Summit (January 2006)
  - Created by Council (June 2006)
  - Researched and Discussed Issues for 12 months
  - Draft Recommendations (June 2007)
  - Town Meeting (September 2007)
  - Final Recommendations (October 2007)

Mayor's Economic Sustainability Work Group Recommendations

Alexandria's Economic Vision

- A 21st Century, knowledge-based, creative class, diverse community with a high quality of life
- A place where businesses locate and grow
- A place where planning and land use encourage smart fiscal practices with historic preservation
- Where the City government is responsive to all
- Where taxes generated by commercial activities fund community needs and help reduce taxes paid by residents and local businesses.

Mayor's Economic Sustainability Work Group Recommendations

Key Recommendations

- Re-balance real estate tax base to 50% commercial and 50% residential
- Establish employment growth targets reflecting a mix that favors an increasing share of higher paying jobs across all sectors
- Make economics part of land use decision process
- Expand business retention and recruitment efforts

Mayor's Economic Sustainability Work Group Recommendations

Key Recommendations, continued

- Capture the full economic development potential of the City's Metrorail Stations
- Redevelop Landmark Mall into a major economic center
- Create a world class waterfront
- Increase the economic benefits generated by the City's visitor industry

Mayor's Economic Sustainability Work Group Recommendations

Key Recommendations, continued

- Restructure economic development functions
- Establish positive City reputation in the regional business community
- Establish implementation blueprint and top-level group to ensure continued focus on implementing recommendations in this report. This will need separate and independent resources to accomplish.

Mayor's Economic Sustainability Work Group Recommendations

Issue: Metrorail

Findings: Metrorail is the most underutilized assent in which the has made a substantial investment and has not received a full return. This represents a major opportunity.

Issue: Commercial Economic Activity

Findings: Real estate market forces have caused conversion of office land uses to residential uses and reduced the economic and tax yield potential of redevelopment.

Mayor's Economic Sustainability Work Group Recommendations

Issue: Potomac Waterfront Potential

Findings: While there has been substantial progress made over the last three decades in improving the waterfront, there remains substantial additional potential.

Issue: Landmark Mall

Findings: Landmark Mall, as the City's only regional mall, has been an important part of the City's retail tax base and is in a state of substantial economic decline. It represents one of the top major economic development opportunities in the City.

Mayor's Economic Sustainability Work Group Recommendations

Issue: Leveraging the City's Assets

Findings: The City does not have an inventory and long range plan for properties that it owns that have development potential.

Issue: Travel and Tourism

Findings: The City and the Alexandria Convention and Visitors Association (ACVA) should work on a series of initiatives to preserve, as well as grow, the City's share of the Washington, D.C. region's tourism dollars.

Mayor's Economic Sustainability Work Group Recommendations

Issue: Focus of Economic Development Activities

Findings: The City needs to expand its execution of economic development in relation to business retention and attractions.

Issue: Responsiveness of City Bureaucracy and City Processes

Findings: The City is perceived throughout the region as unfriendly and negative to those opening or operating a business and this reputation harms economic development.

Mayor's Economic Sustainability Work Group Recommendations

Issue: Organization, Vision, and Performance of Economic Development Functions

Findings: The structure and execution of economic development has been diffused and has not led to the optimal economic development results; significant changes are needed.

Mayor's Economic Sustainability Work Group Recommendations

Issue: Tax Structure: real estate assessments in Alexandria have risen by double digit rates for the last seven years. Residential assessments have increased the fastest. Consequently, residents are shouldering more of the cost of government, and lower and middle income citizens are being forced to reduce their standard of living or relocate to more affordable areas. The City is losing valuable workers as well as its economic, social, and racial diversity.

Findings: The City (as are all other Virginia Cities and Towns) is over dependent on the real property tax; over the last eight years, the commercial real estate tax base has dropped from 49.5% to 41.0% (up from 38.2% in 2006); this has meant that homeowners are paying a higher share of the cost of government.

Mayor's Economic Sustainability Work Group Recommendations

Next Steps

- Adoption in Principle
- Implementation Plan Development
- FY 2009 Budget Recommendations
- Ongoing Implementation Oversight

General Economic Outlook

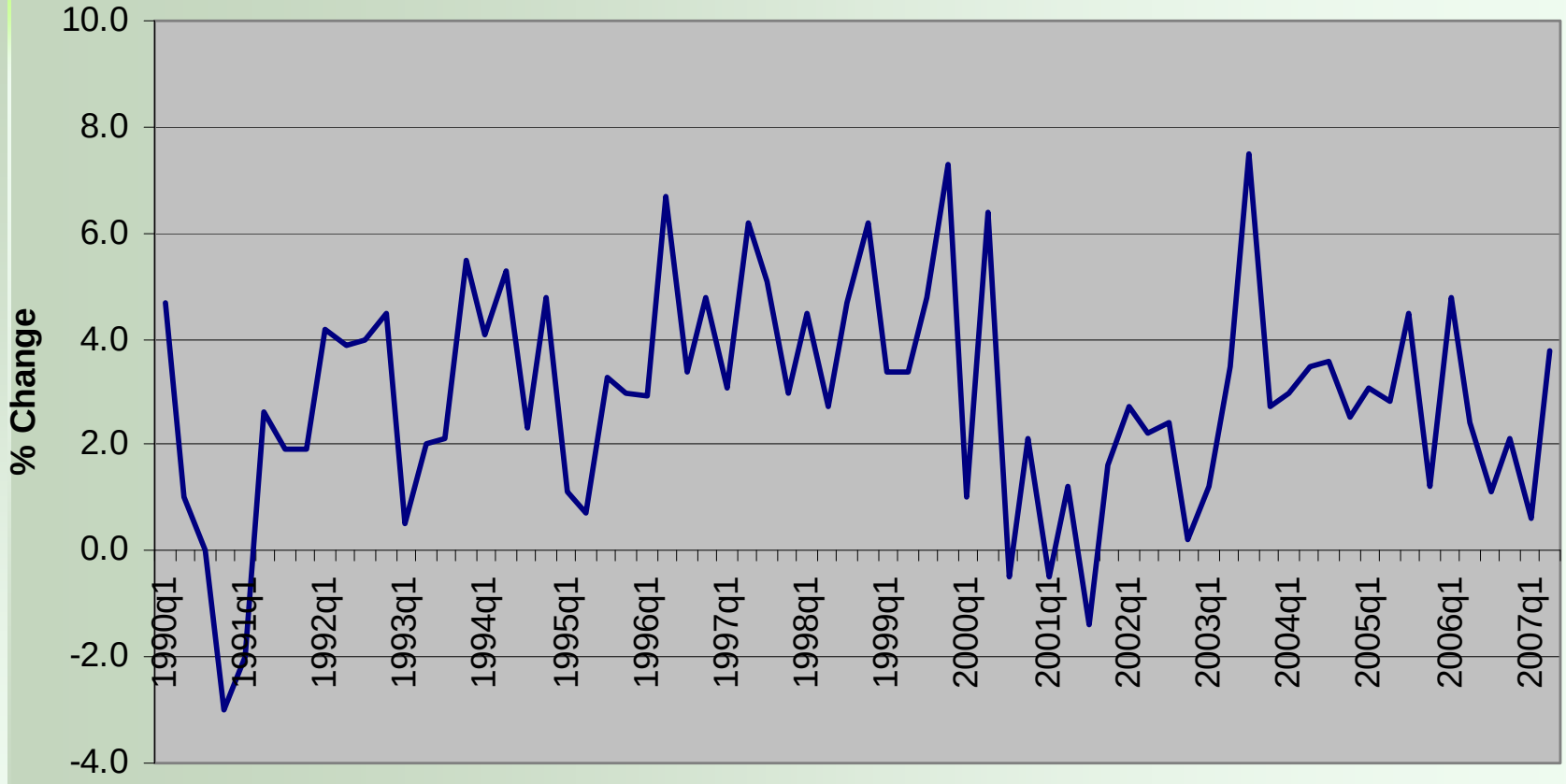
National - Regional - Alexandria

General Economic Outlook

- Sources of information
  - GMU Center for Regional Analysis
  - Delta Associates
  - Travel Industry Association
  - Goody, Clancy & Associates, Inc.
  - U.S. Department of Commerce
  - U.S. Department of Labor

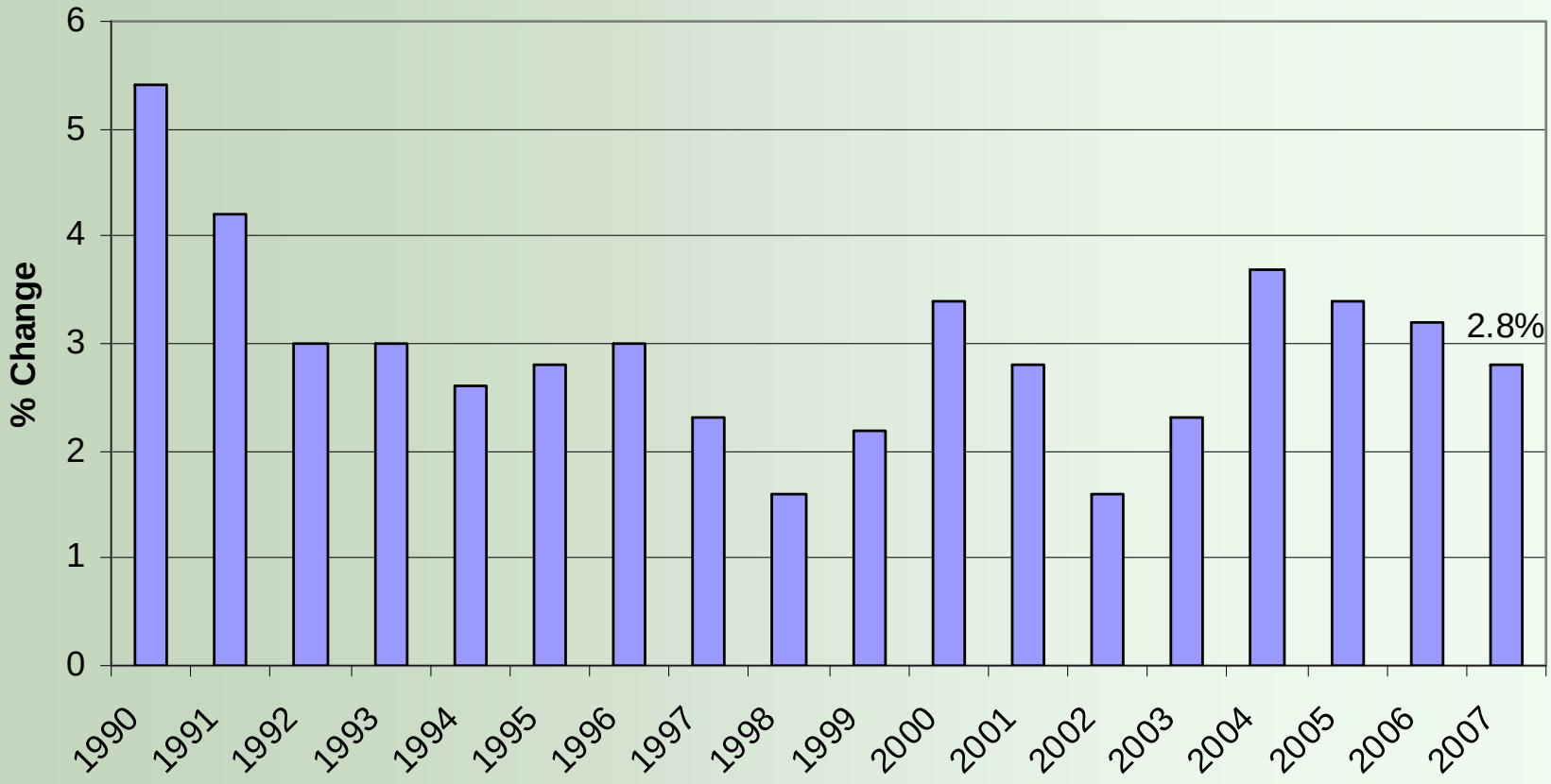
General Economic Outlook

YOY Change in GDP by Quarter
1990- 2007



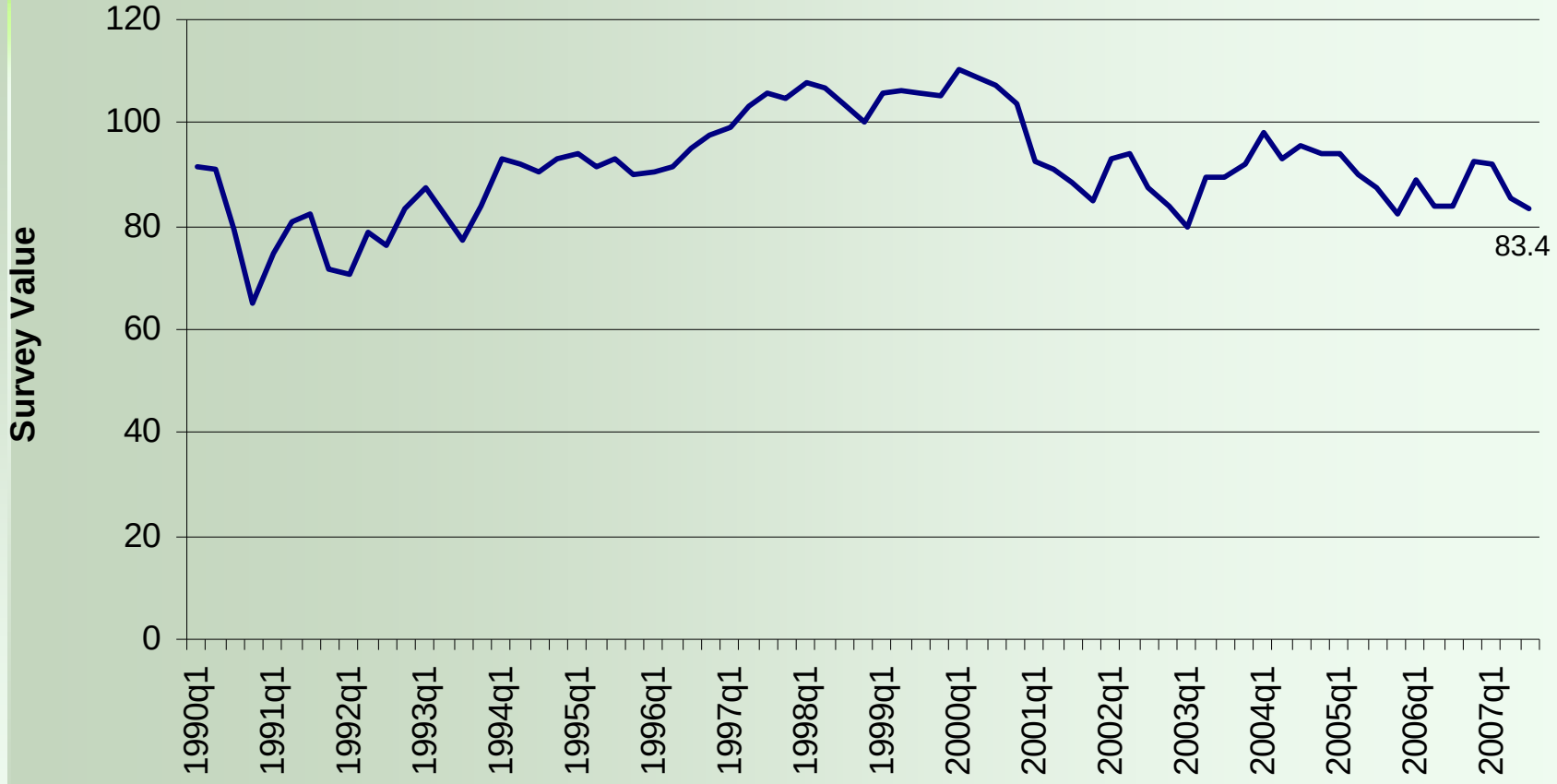
General Economic Outlook

YOY Change in Consumer Price Index
1990-2007

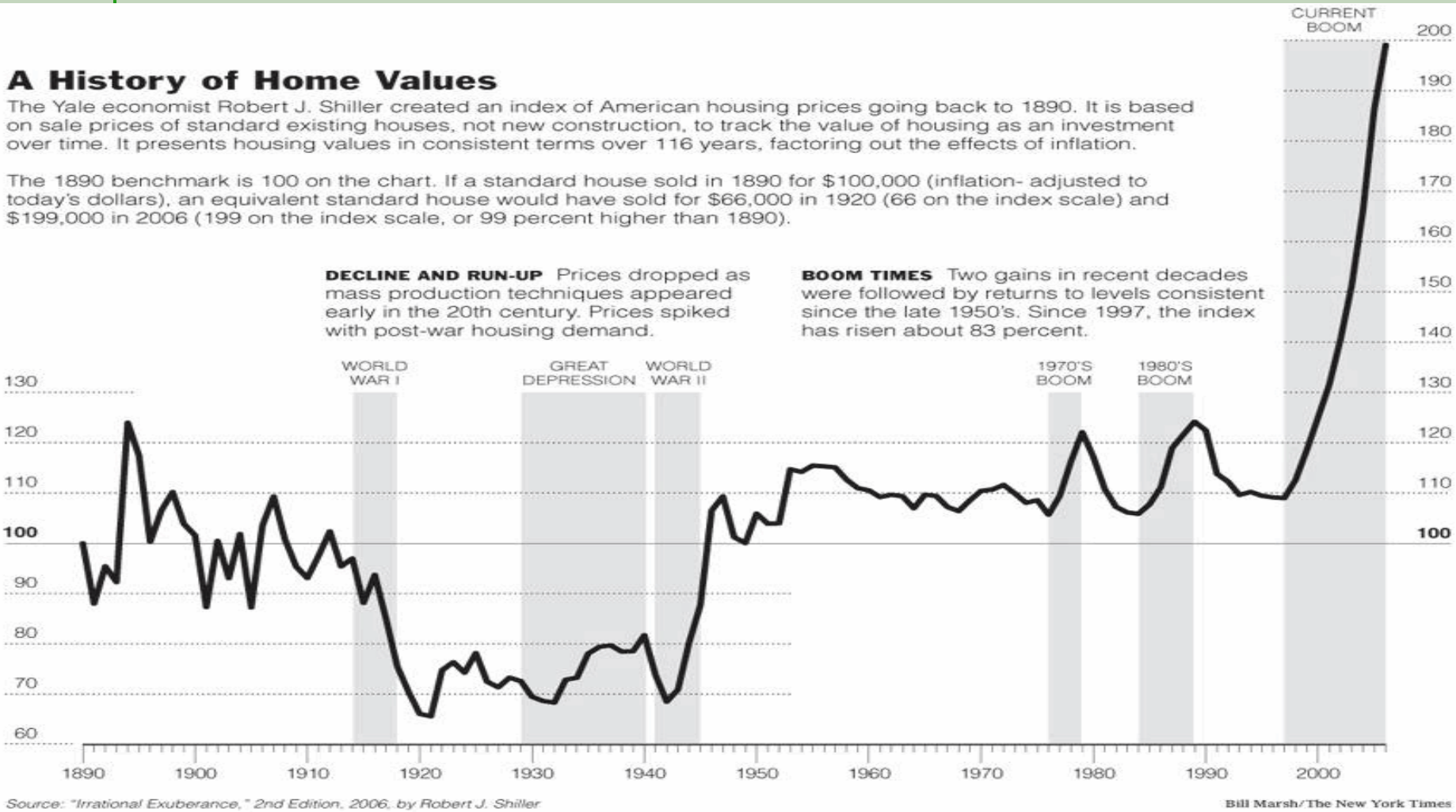


General Economic Outlook

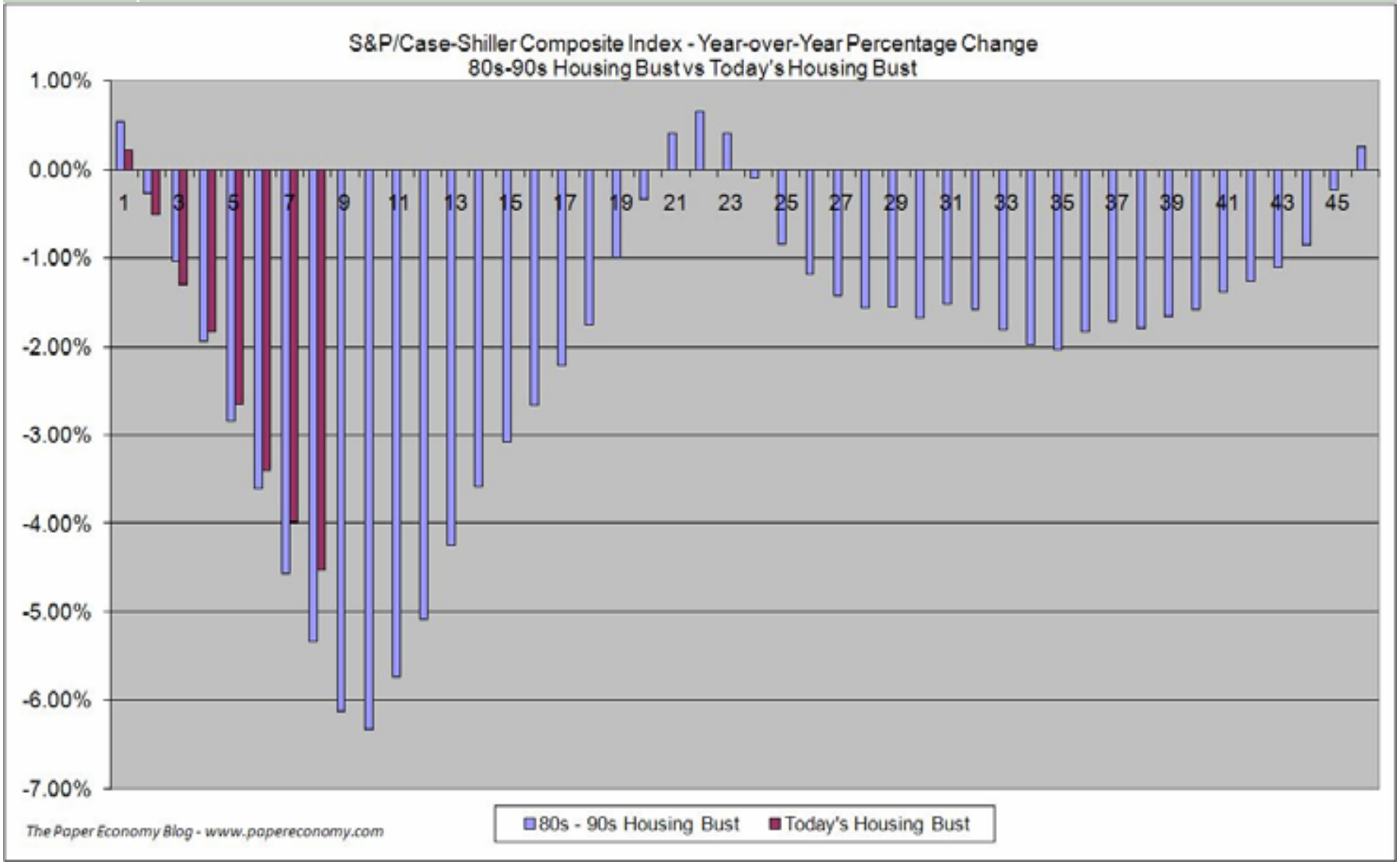
Consumer Confidence Survey
University of Michigan 1990-2007



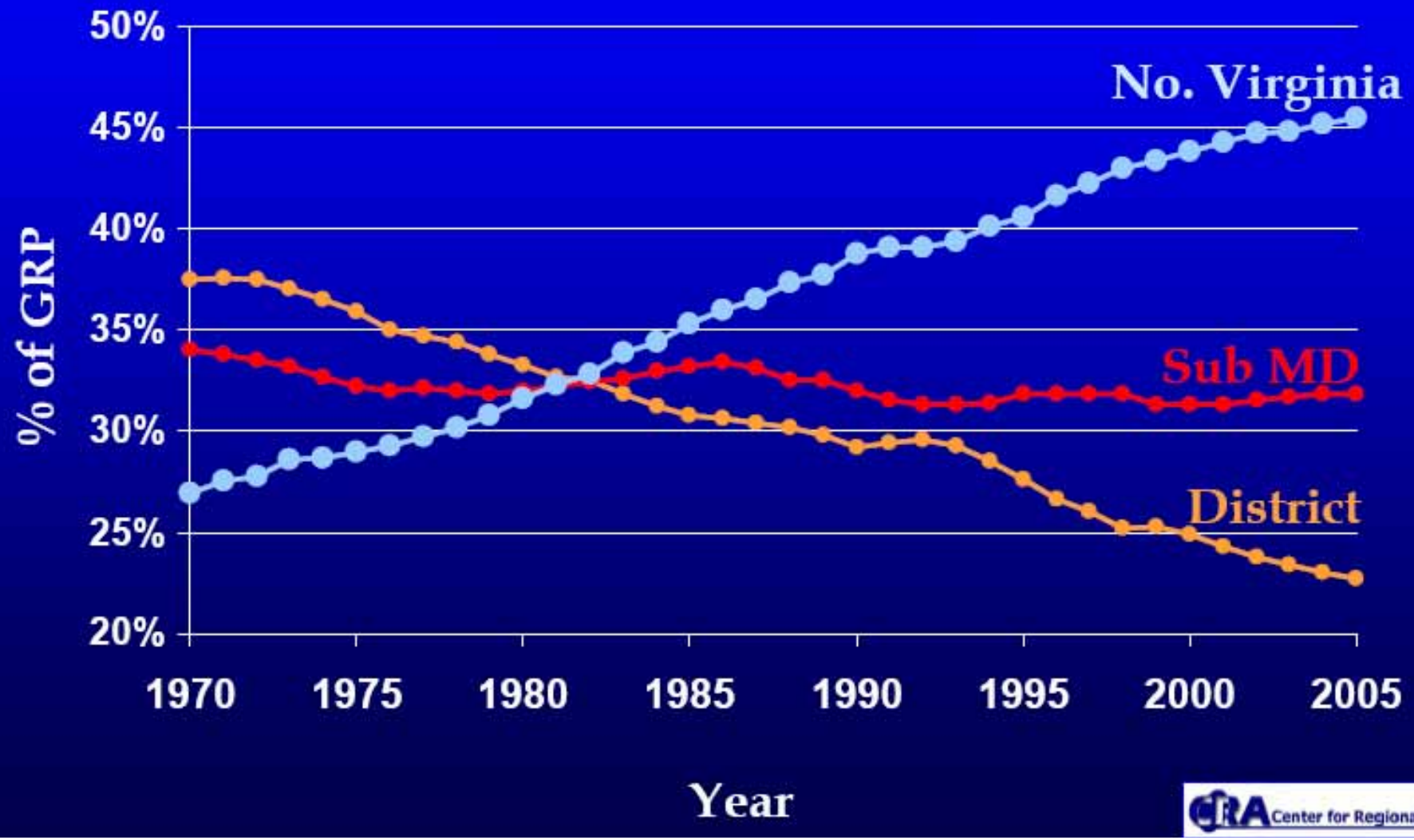
Shiller's History of Home Values



S&P/Case-Shiller Composite Index



Share of Washington Area Economy 1970-2005

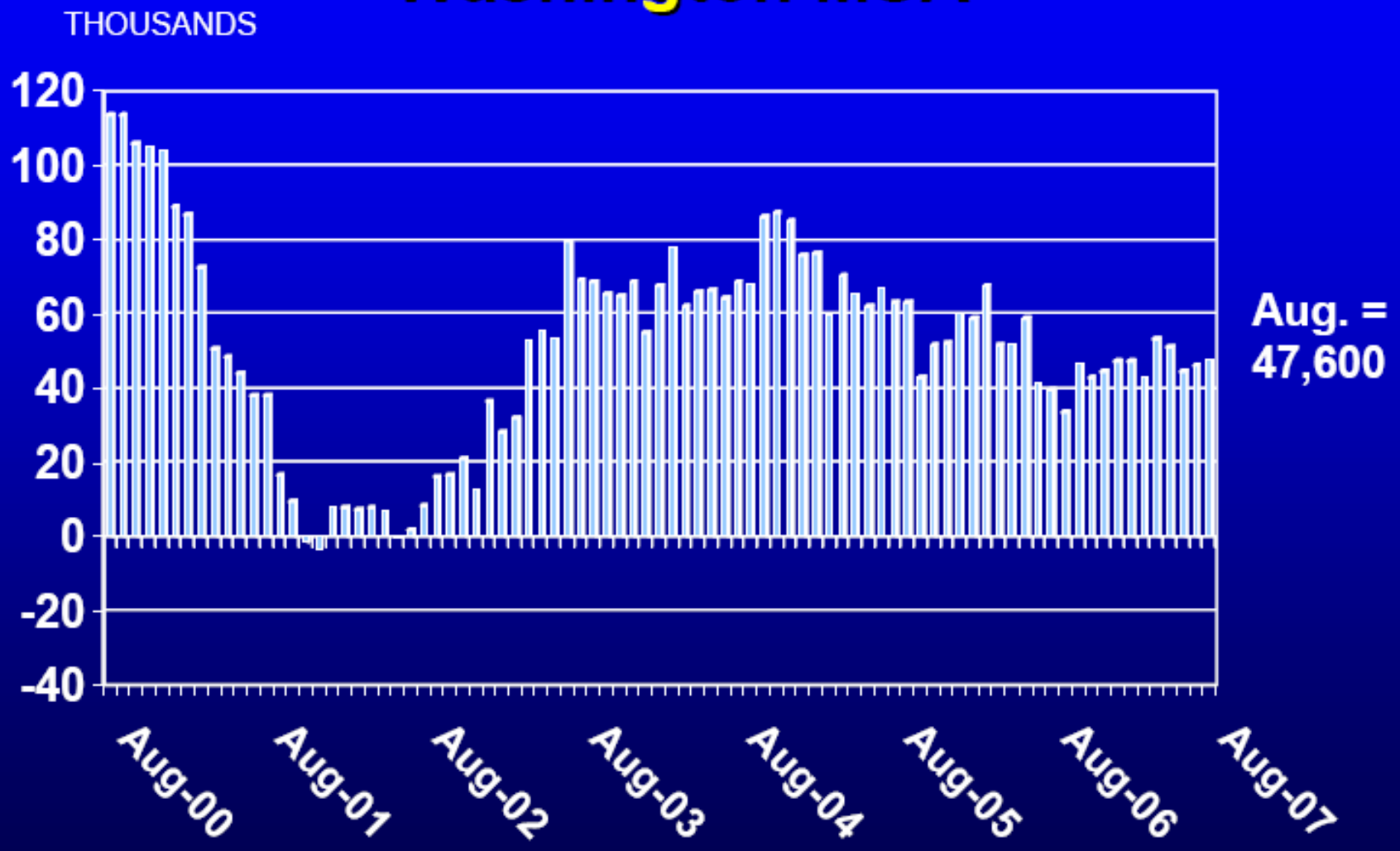


Center for Regional Analysis

Federal Spending by Type
1983 - 2006

Center for Regional Analysis

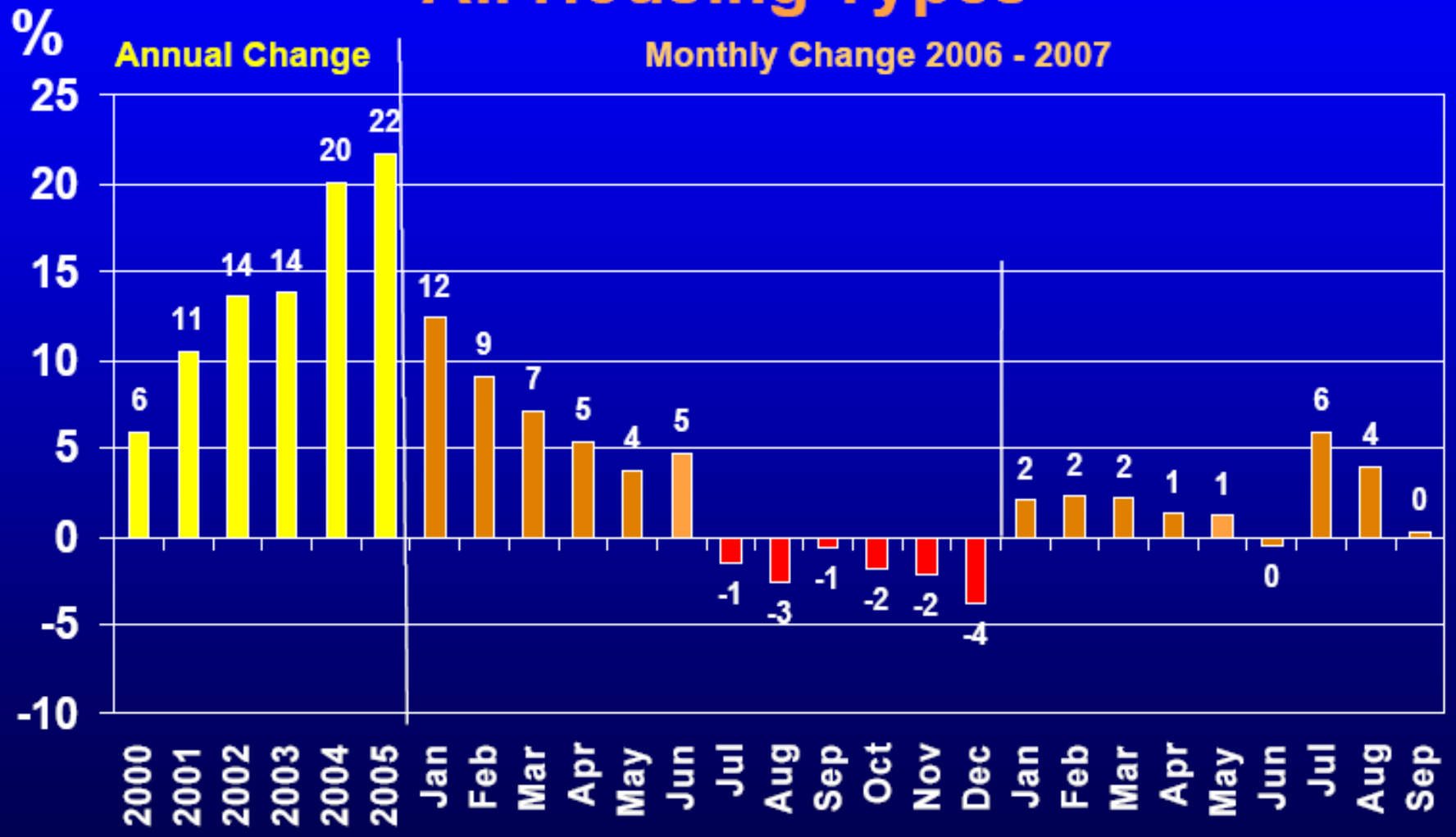
Annual Job Change
Washington MSA



Source: BLS Establishment Survey

Center for Regional Analysis

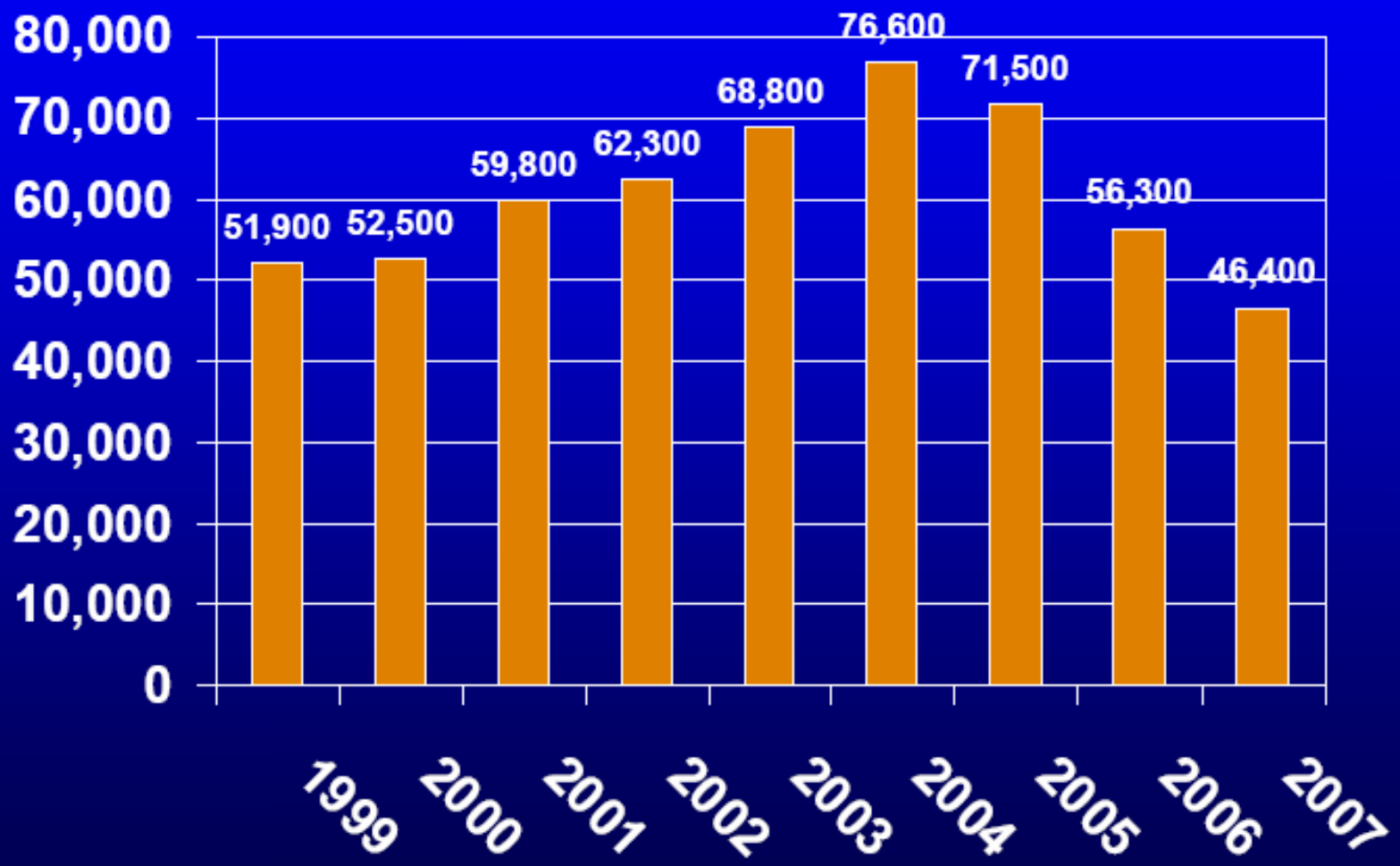
Average Sales Price Percent Change
Washington MSA
All Housing Types



Source: MRIS, GMU Center for Regional Analysis

CRA Center for Regional Analysis

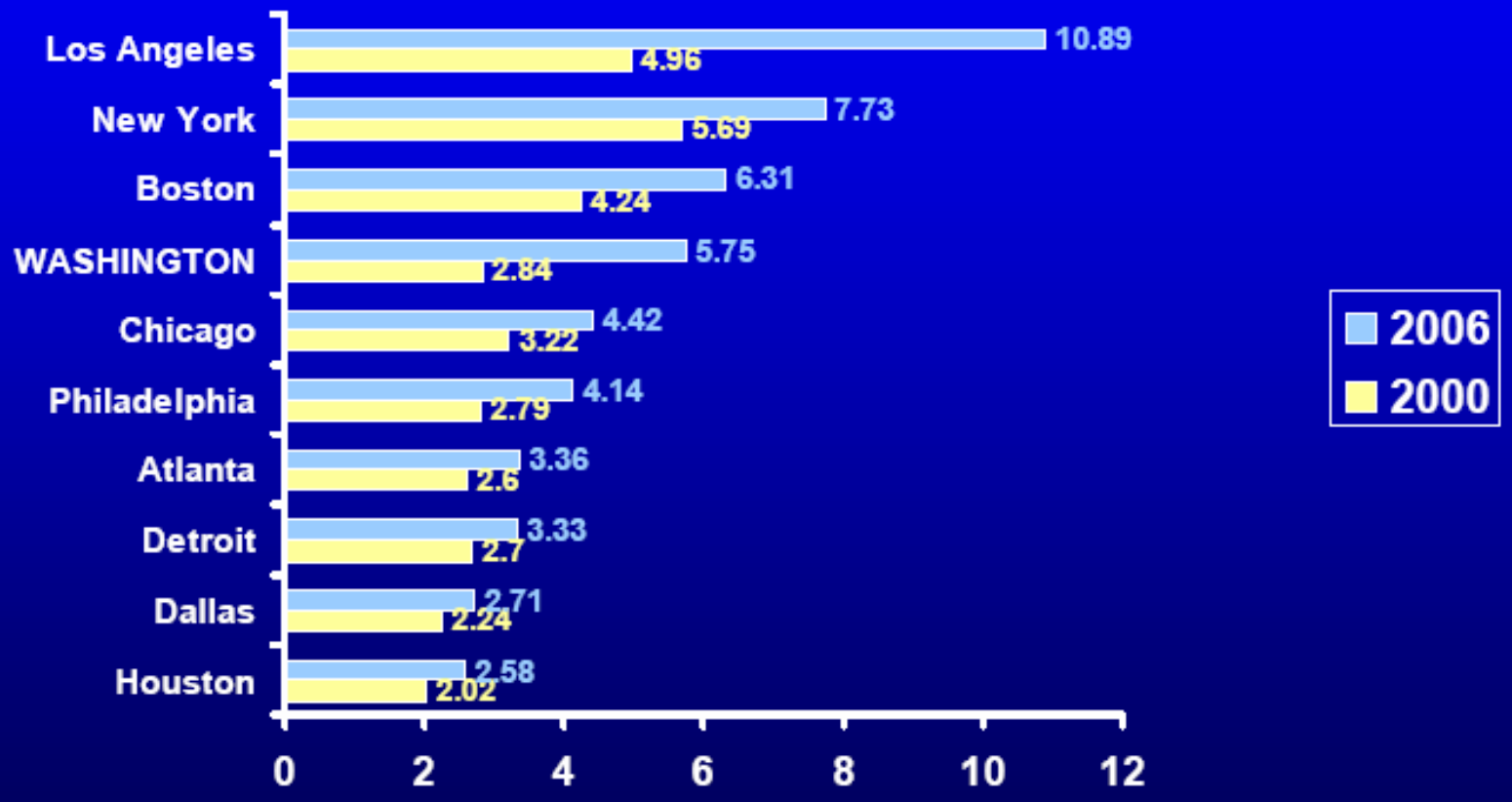
Total Existing Housing Units Sold
Washington Metro Area
Jan - Aug Each Year



Source: MRIS, GMU Center for Regional Analysis

CRA Center for Regional Analysis

Ratio of Median Housing Value to Median Household Income 2000 - 2006

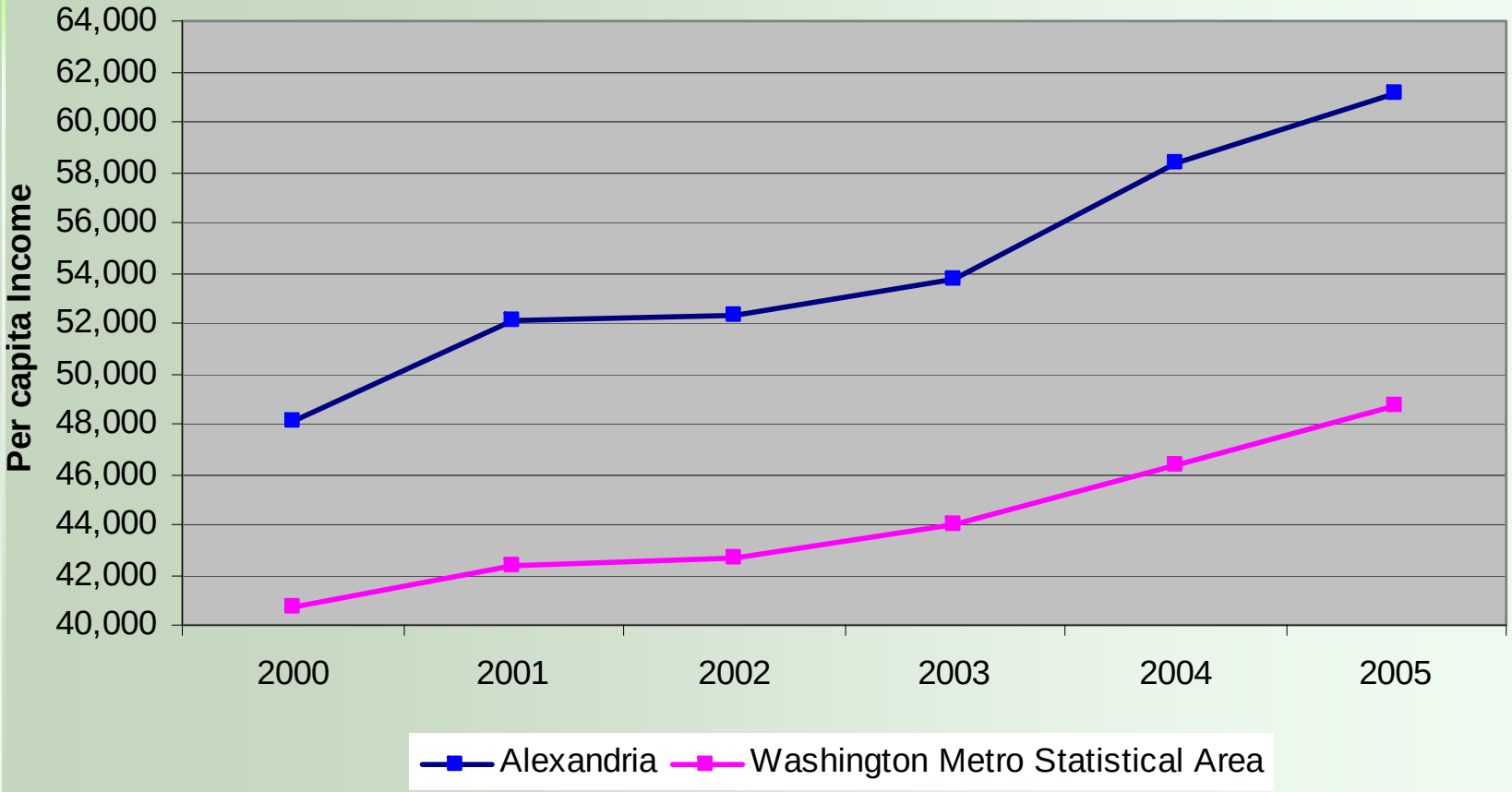


Source: 2000 Census, 2006 ACS, CRA

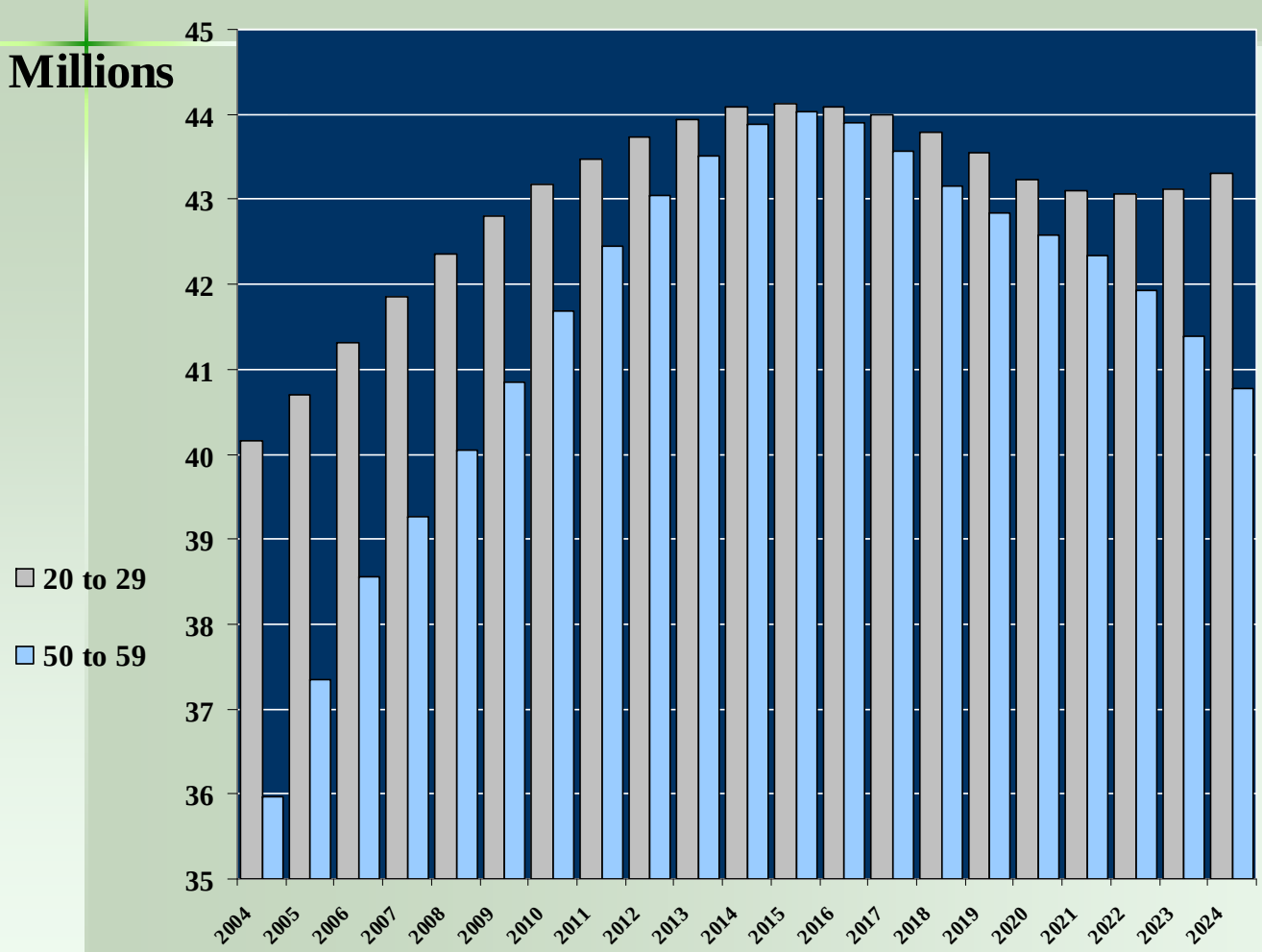
CRA Center for Regional Analysis

General Economic Outlook

Per capita income Alexandria vs. Washington DC Metro Area
2000-2005



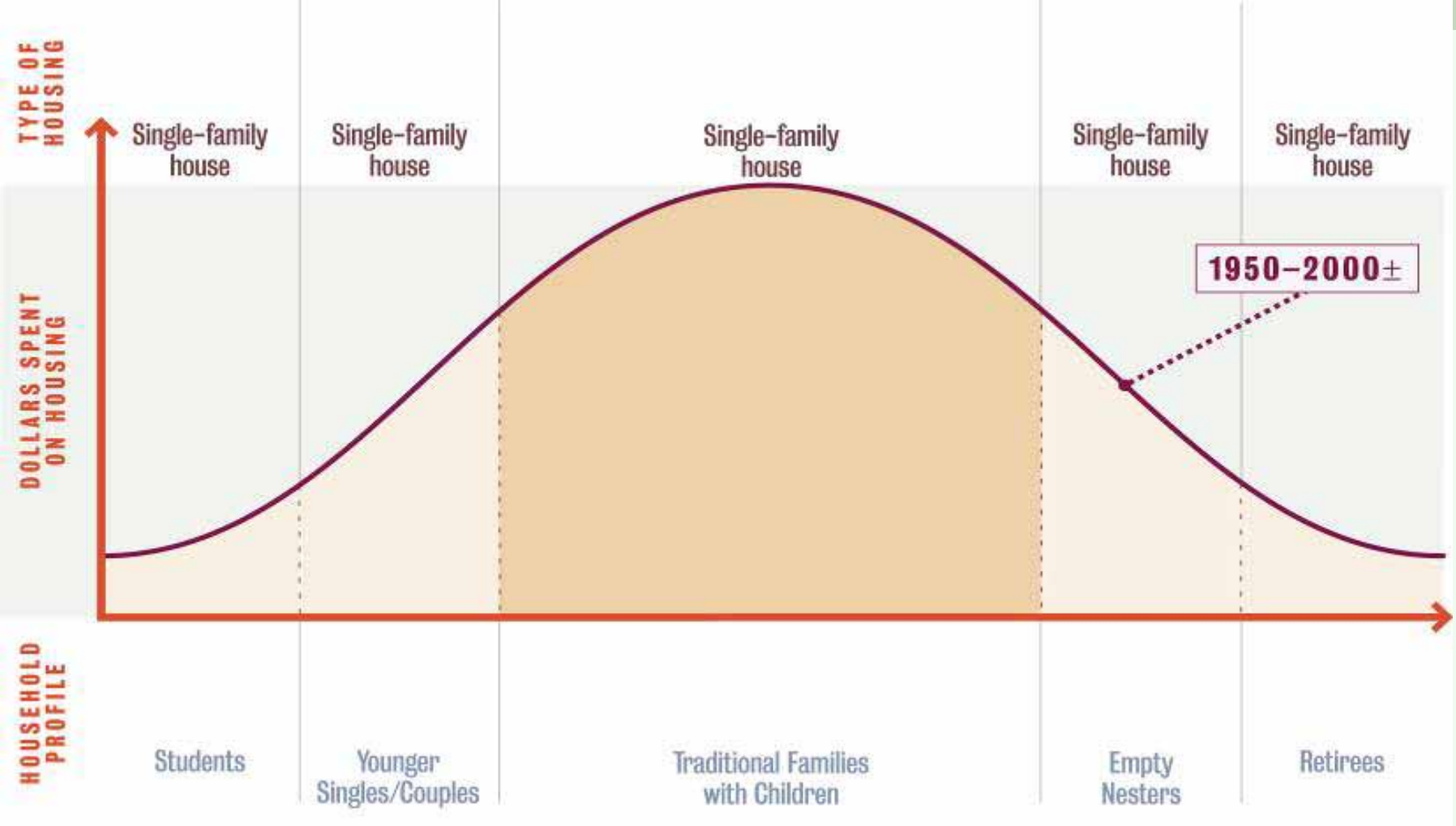
Convergence: baby boomers and millennials – 2004 to 2024



Information from Laurie Volk, Zimmerman/Volk

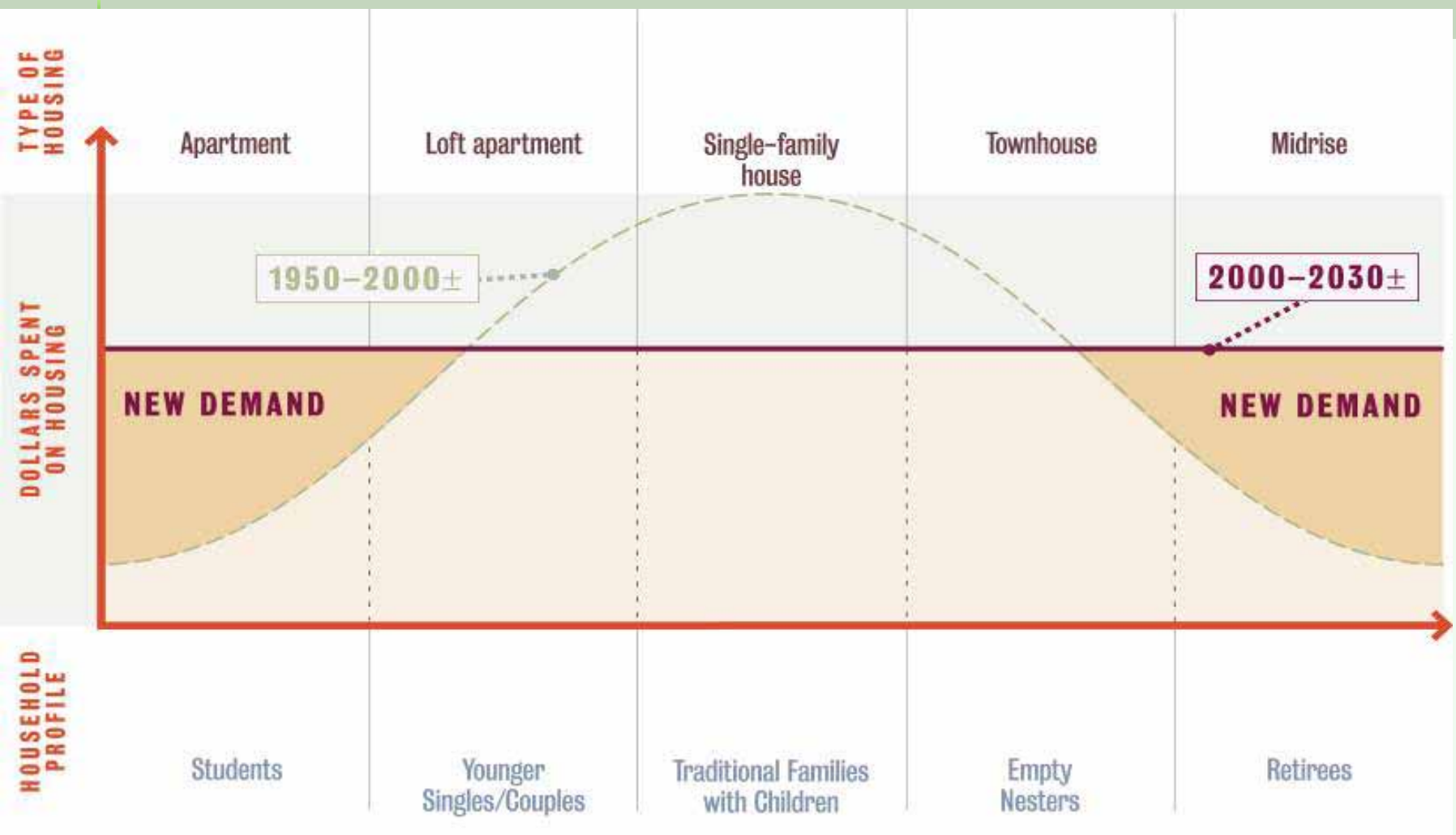
Source: Goody, Clancy & Associates Inc.

The demographics of housing demand have changed dramatically: 1950s-90s…



Source: Goody, Clancy & Associates Inc.

...today



Source: Goody, Clancy & Associates Inc.

Alexandria Economic Positives

- Location, Location, Location
- Creative Class Economy
- Quality of Life
- Low Unemployment
- High Avg. Incomes
- Declining Office Vacancy
- New & Revitalized Hotels
- National Harbor

Alexandria Economic Concerns

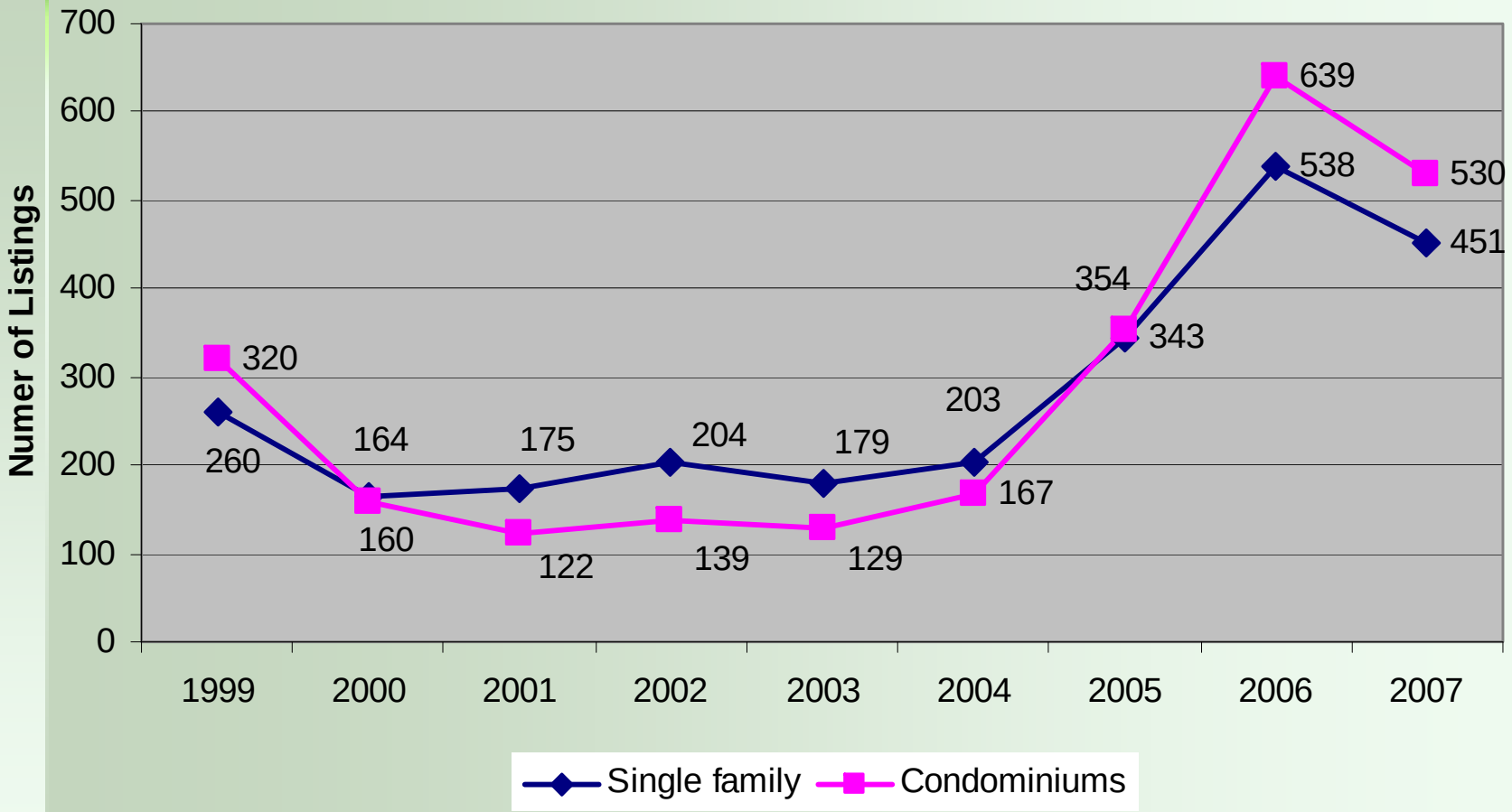
- Residential Real Estate Values
- Discretionary Consumer Spending
- Regional Competition
- Defense Job Losses (BRAC)
- Landmark Mall

Conclusion About the Alexandria Economy for FY 2008 & FY 2009

- Economics is cyclical
- Economy on “down” side of cycle
- Regional economy stable
- City economy more stable
- Real estate values will frame the budget picture

Calendar Year 2008 Real Estate Assessments

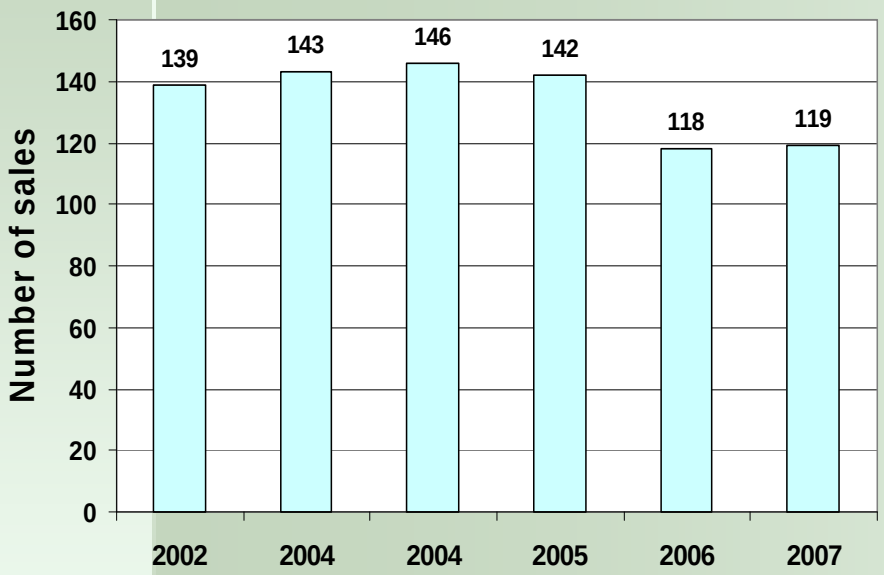
Active Real Estate Listings
September 1999 - September 2007



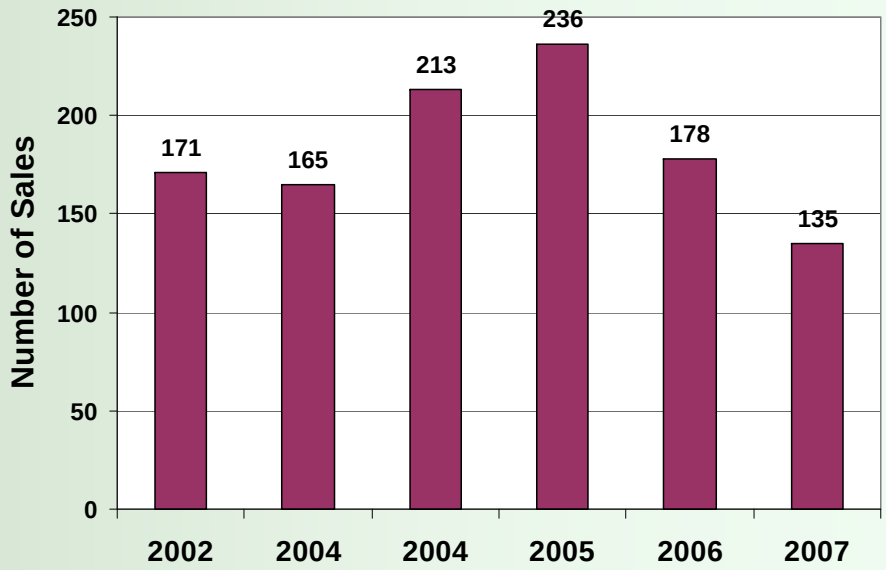
Comparison of Annual Sales Volume 2002-2007, by category

2007 Projections based on sales through August

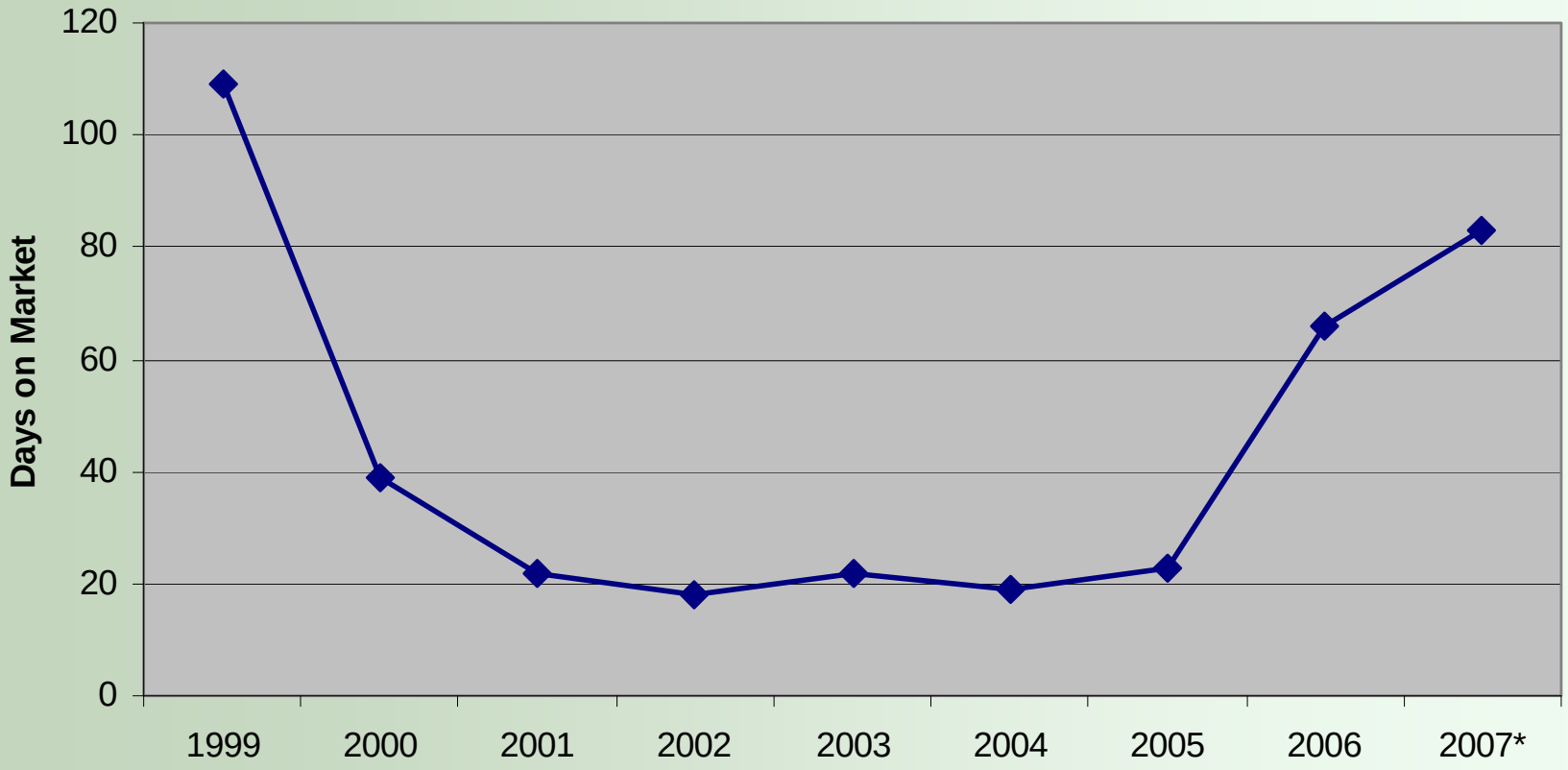
Single Family Sales Volume
Monthly Average 2002- YTD 2007



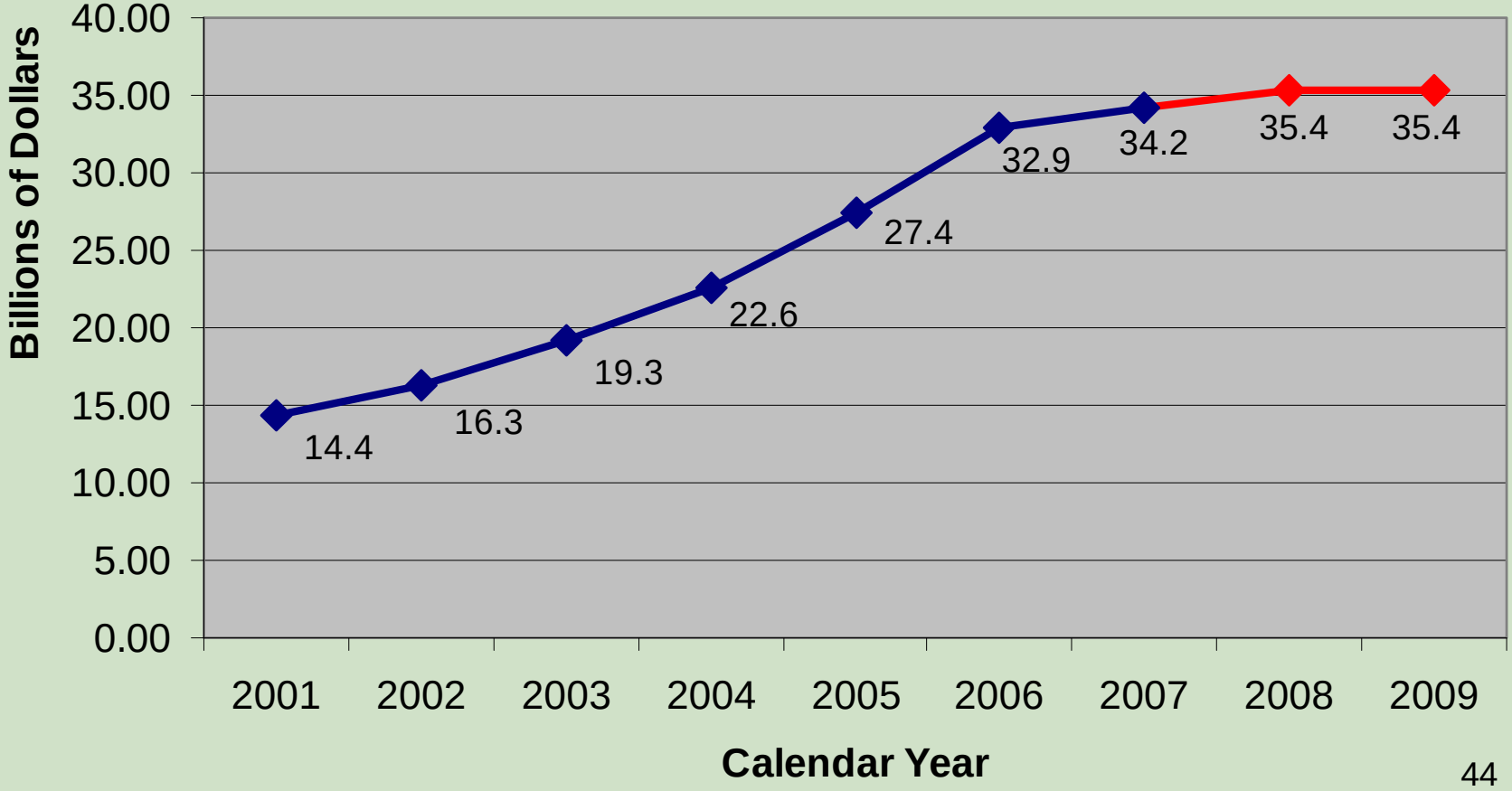
Condominium Sales Volume
Monthly Average 2002- YTD 2007



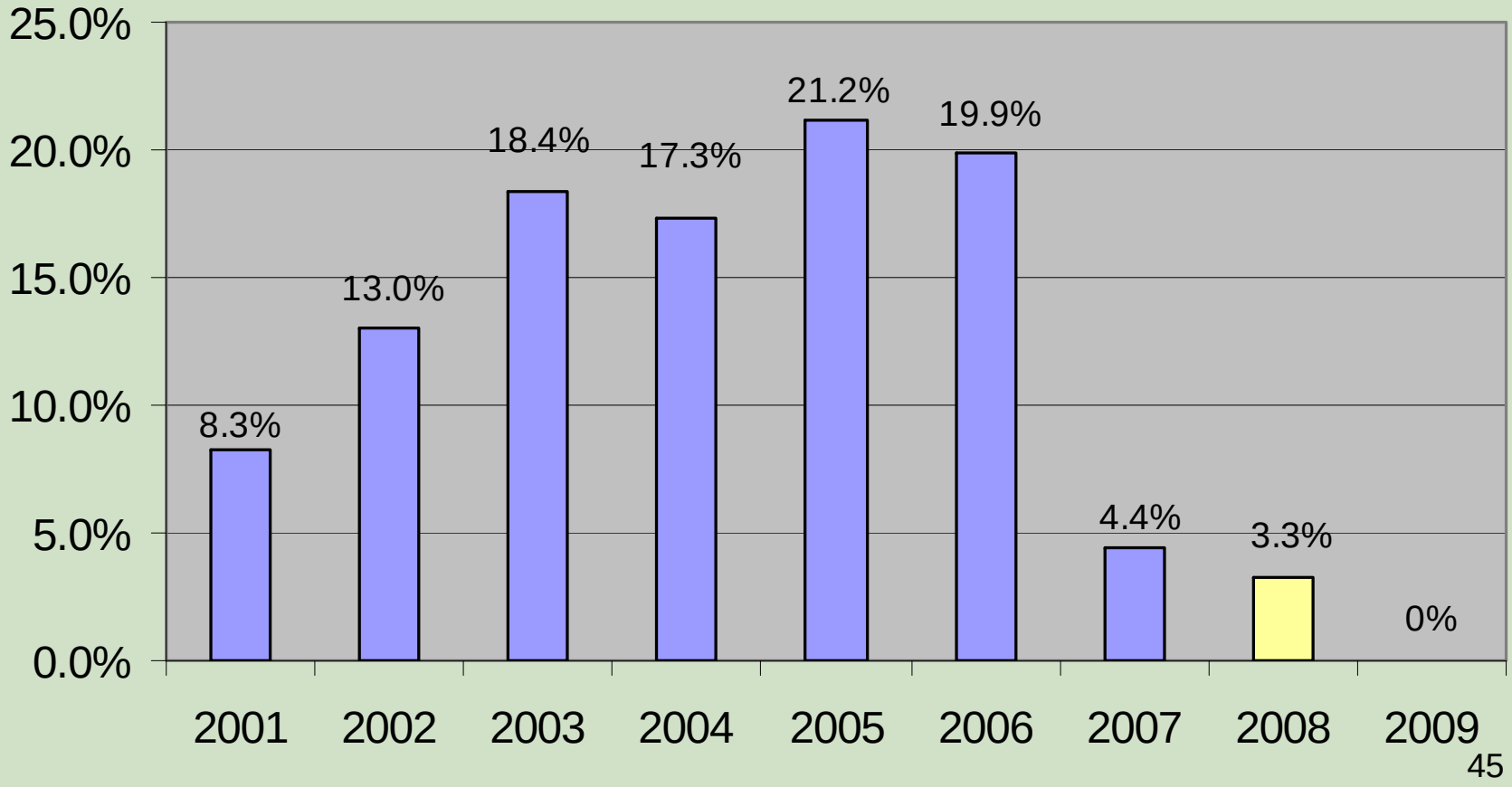
Average Annual Days on Market
1999- September 2007



Real Property Tax Base
2001- 2009
(2008 and 2009 projected)

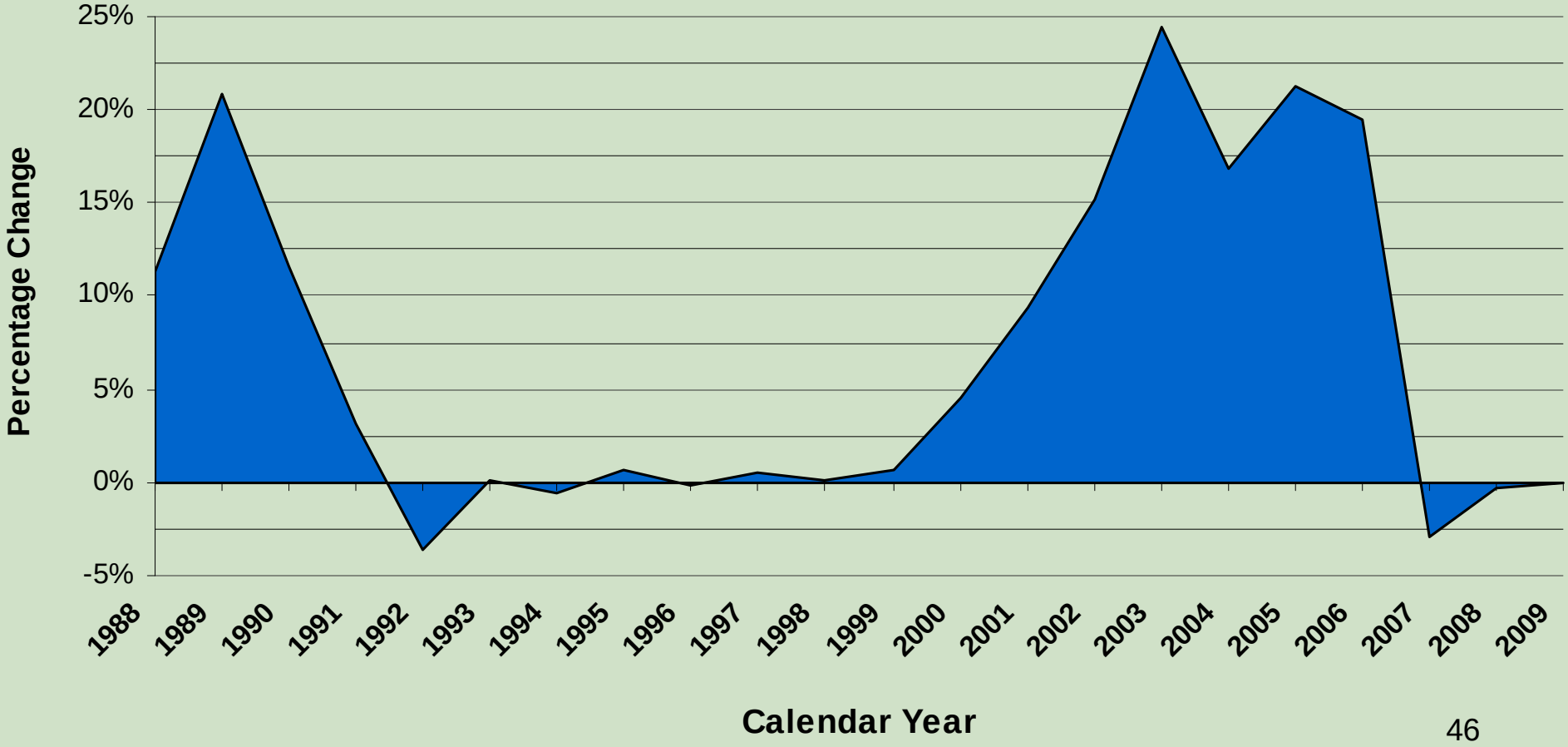


Real Property Tax Base % Change Including Projected 2008 and 2009



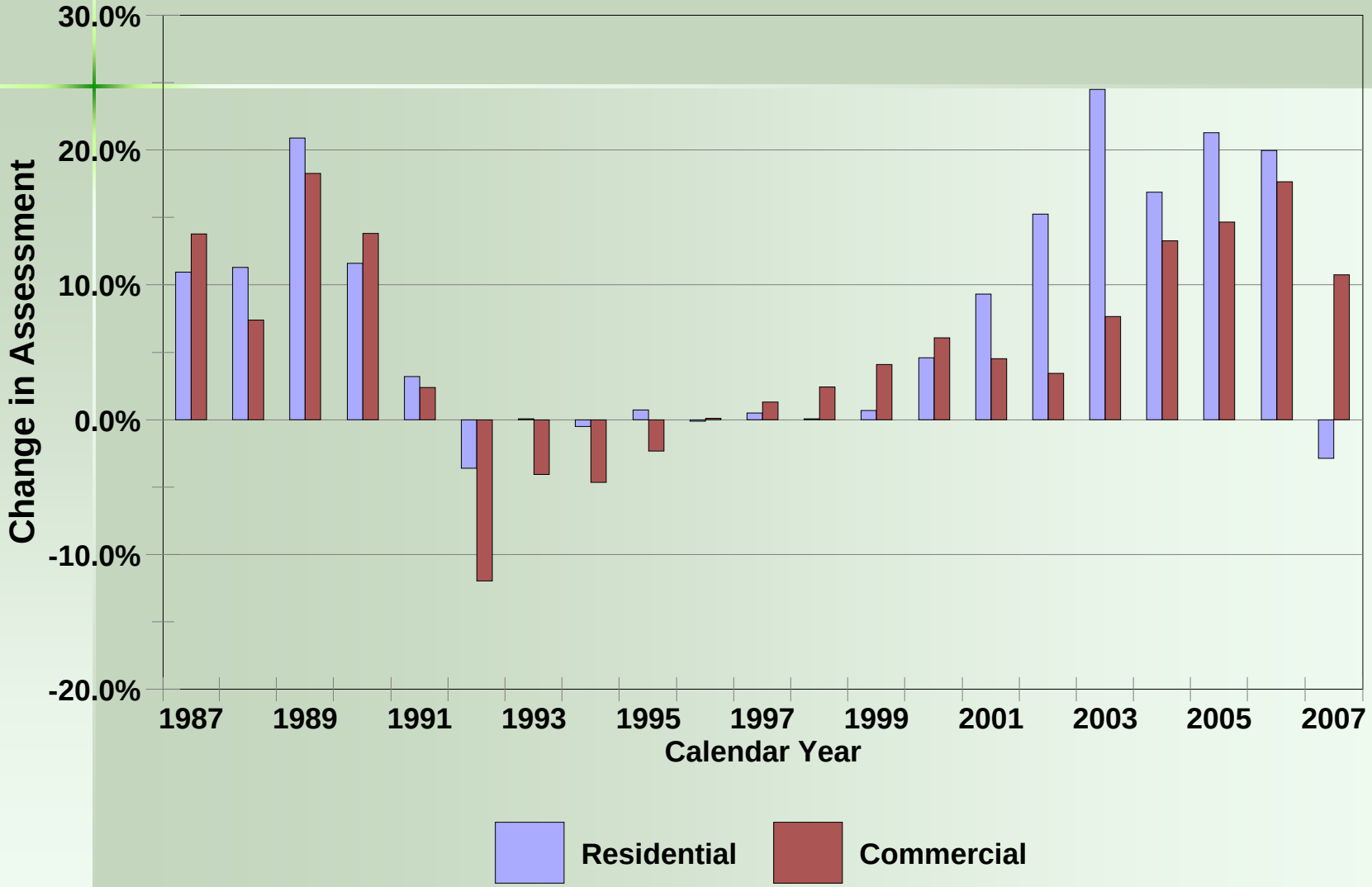
Existing Residential Appreciation % Change

1988 to 2009

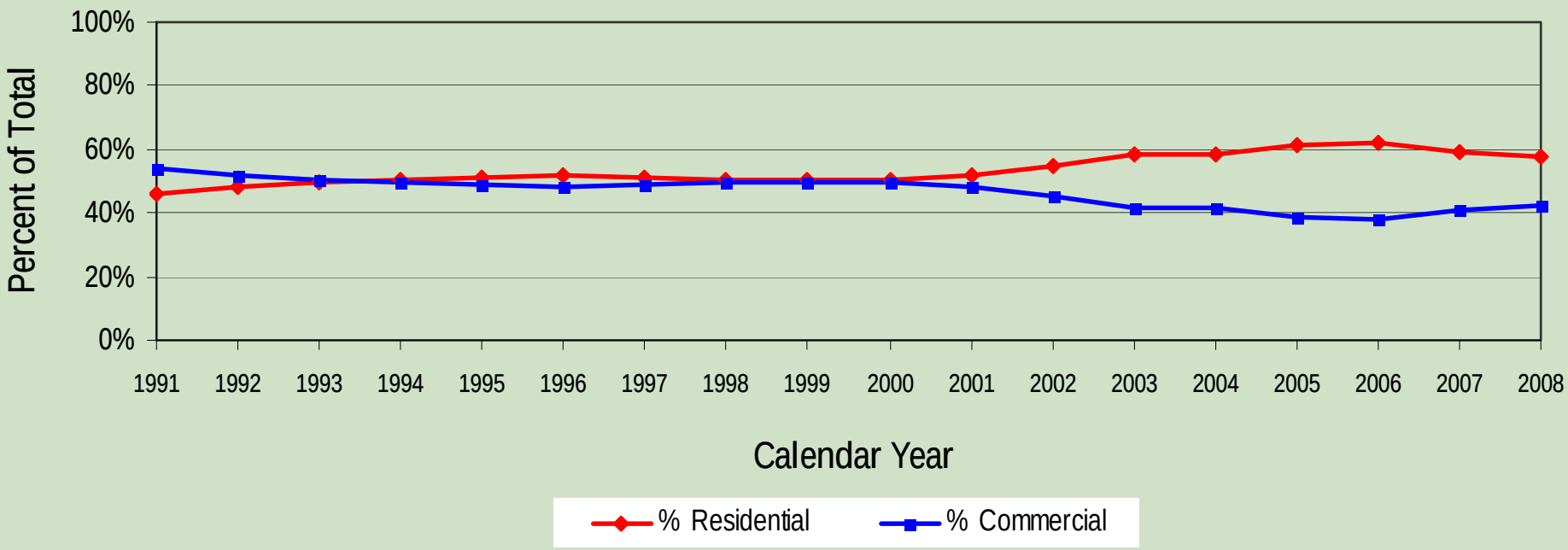


Appreciation

Commercial & Residential '87-'07



Real Property Tax
Residential Share vs. Commercial Share
CY 1991- Projected CY 2008

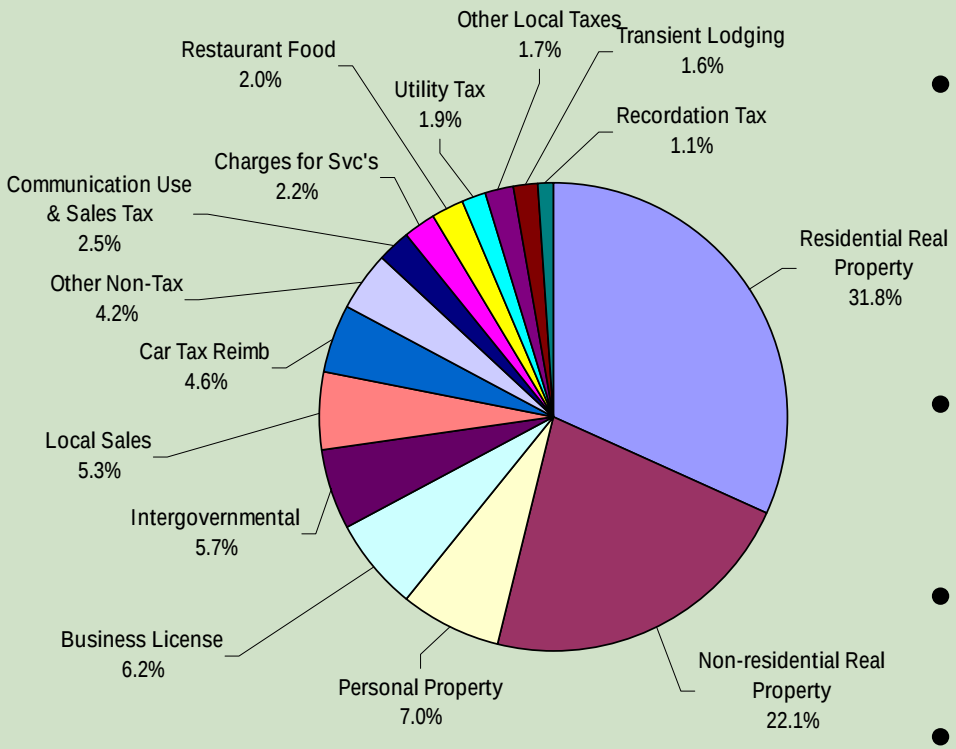


Projected Increase in Property Value

CY 2007-CY 2008

	2007 Value $ Billions	Projected 2008 Value $ Billions	% Change
Existing Residential			
Single Family	13.8	13.9	1.0%
Condos	6.4	6.2	-3.0%
Total Residential	**20.2**	**20.1**	**-0.3%**
Commercial			
Multi-family rental	4.1	4.3	5.0%
Other Commercial	9.9	10.4	4.7%
Total Commercial	**14.0**	**14.7**	**4.8%**
New Growth			
Residential	N/A	0.3	
Commercial	N/A	0.3	
Total			
Total All	**34.2**	**35.4**	**3.3%**

Revenue Outlook
at Fall Public Hearing



EARLY PROJECTIONS

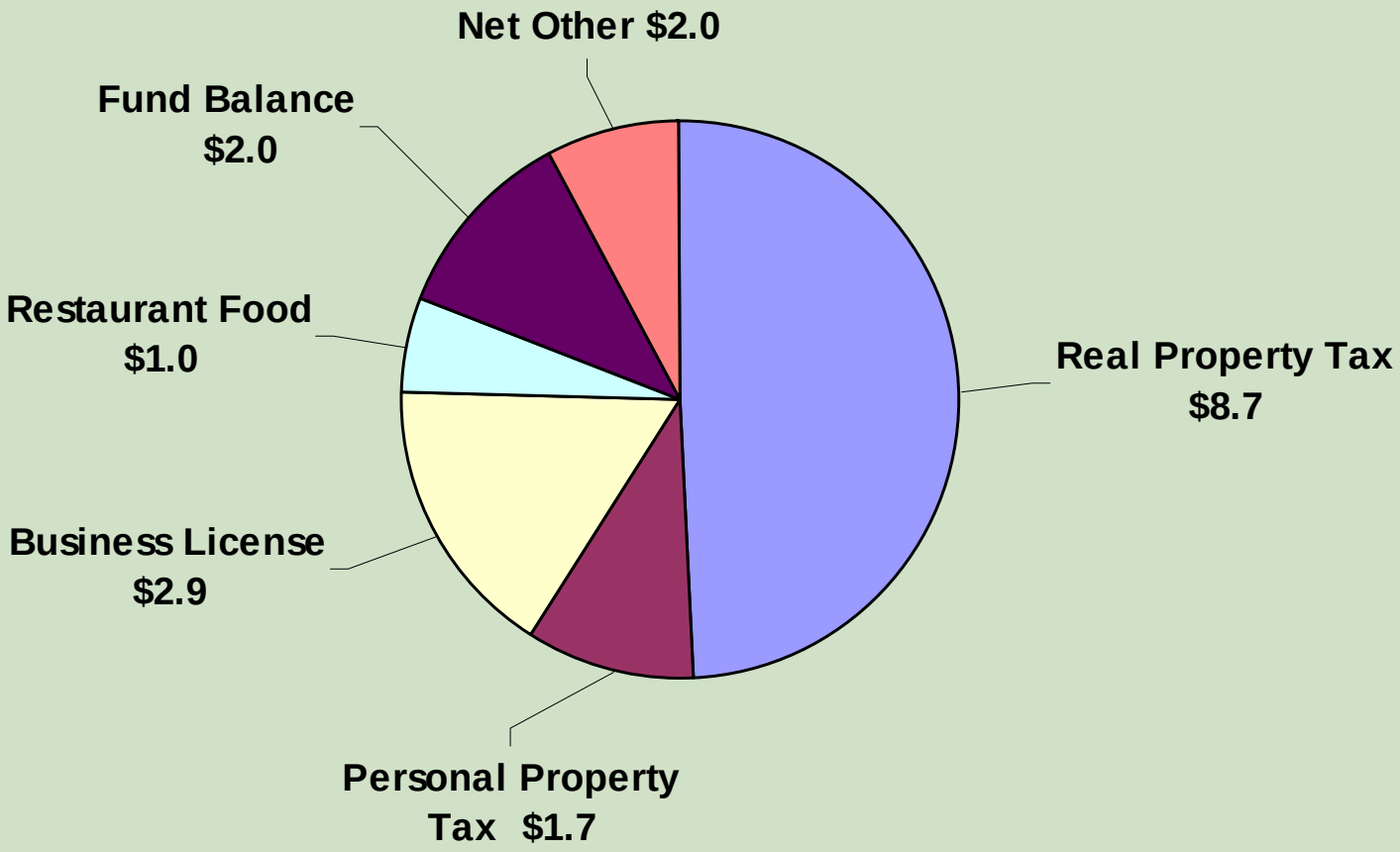
- Real estate taxes
  - More than 50% of total
  - Still uncertain
  - Very low single digit % growth at most
- Other local taxes
  - Best guess low single digit % growth
- Non-tax revenue
  - Low single digit % growth
- State Aid reductions

Preliminary FY 2009 Revenue Estimates

Millions of Dollars

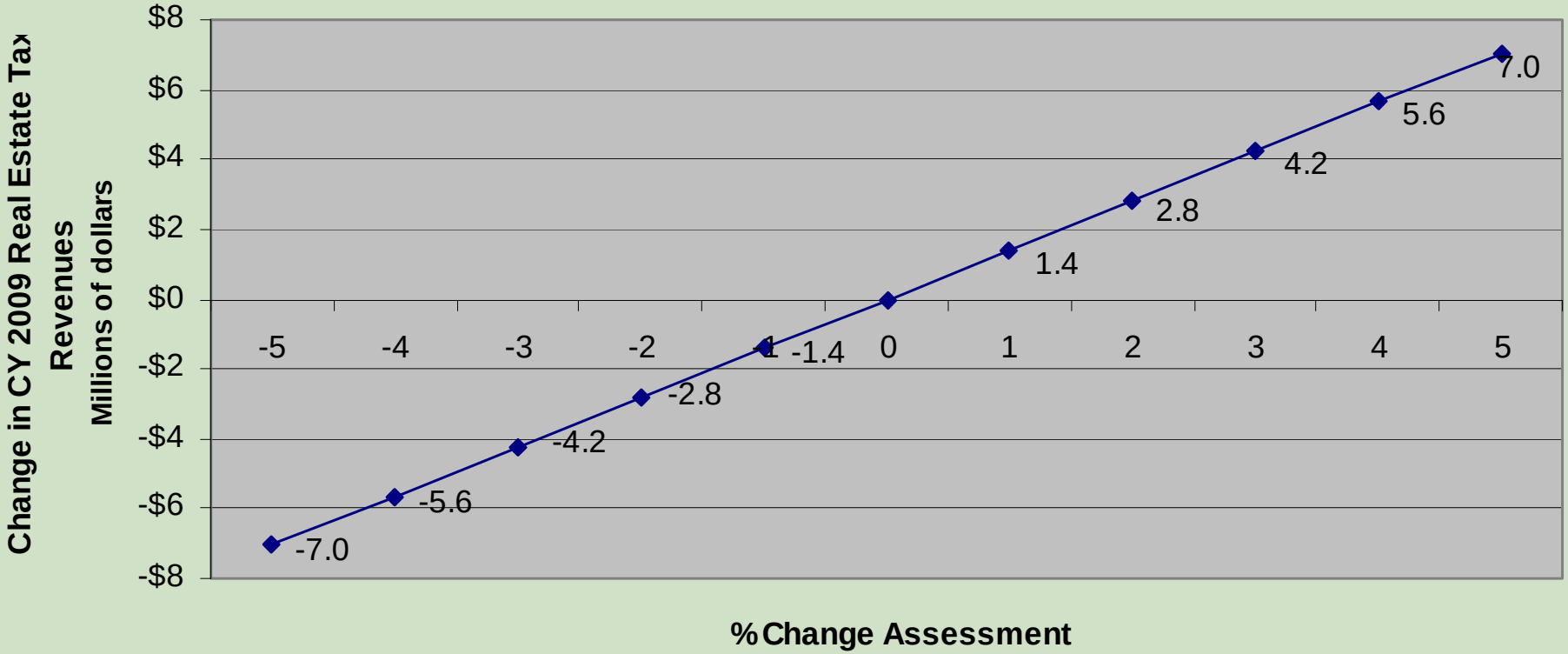
	FY 2008 Approved	FY 2008 Projected	FY 2009 Estimated	%Change 08 Appr'd/ 09 Estimated*
Real Property Taxes	$278.2	$281.6	$286.9	3.1%
Other taxes	153.7	153.3	159.7	3.9%
Non-tax revenue	31.2	31.9	31.9	2.2%
Federal & State Revenue	53.2	53.4	53.4	0.4%
Prior Year Surplus	2.0	2.0	4.0	100.0%
Transfers	1.3	1.3	1.3	0.0%
Total	$519.5	$523.5	$537.2	3.4%

Projected FY 2009 General Fund Revenue Increase
$17.7 million



Change in Real Estate FY 2009 Tax Revenues vs. Change in CY 2009 Real Estate Assessment

1% increase = $1.4 million FY 2009 Revenues



Preliminary Revenue Growth Projections at Retreat

vs. 5 year average growth rates

Revenue Source	5 year Average Growth	FY 2009 Expected Growth
Real Property	10.8%	lower
Personal Property	2.9%	normal
Intergovernmental	5.3%	lower
Sales Tax	4.0%	lower
Business License	6.4%	higher
Recordation	30.9%	lower
Transient Lodging	6.0%	normal
Restaurant Meals	3.6%	higher

Additional Revenue Option Possibilities

- Transportation Related
- User Fees and Other Charges
- Real Estate Tax Rate
  - Tax rate history
  - Value of 1 cent change

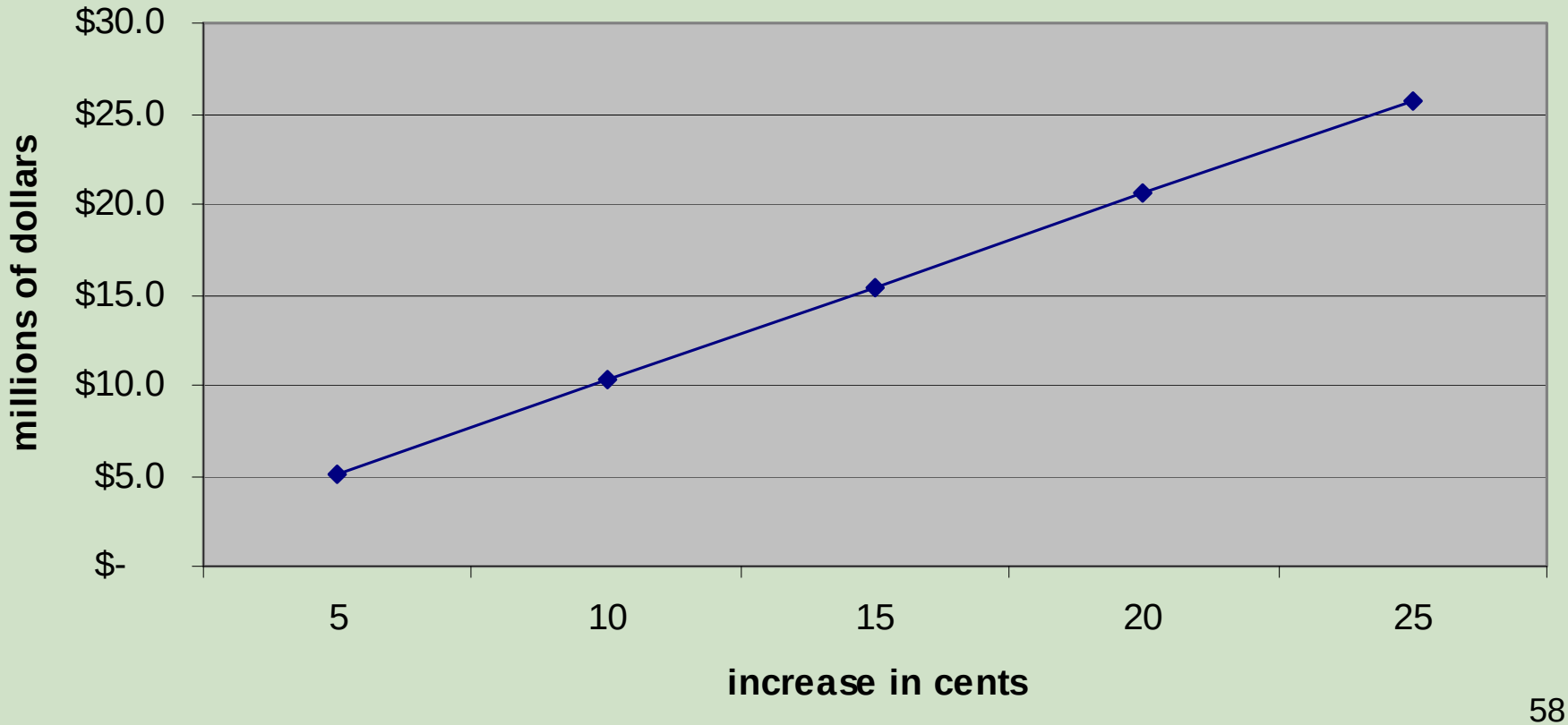
New Northern Virginia Transportation Funding

- In place:
  - +$8 on vehicle registration (started in FY 2008)
  - $0.7 million planned for CIP use
- Forthcoming (Supreme Court Reviewing):
  - New regional taxes and fees could start as early as January 2008
  - Can fund transportation capital and operating needs
  - $2.6 M revenues to City in FY 2008
  - $7.9 M revenues to City in FY 2009
  - $4.5 annual project funding held at NVTC
- Regional Metro Capital increase (around a $4.1 M annual City share)

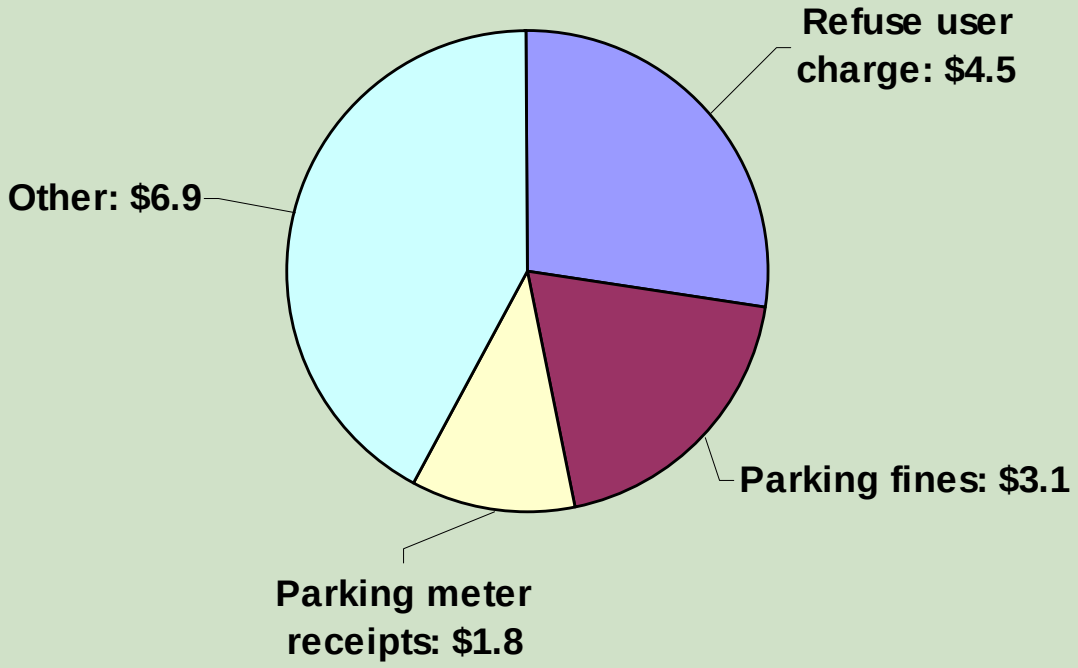
New Northern Virginia Transportation Funding

- Authorized:
  - Local option real estate tax of up to 25 cents on non-residential use commercial properties
  - Each 5 cents = $5.2 million
  - Fairfax County and Arlington plan to implement

Estimated Revenue Impact of New Separate Real Property Tax on Commercial/Industrial Property for Transportation Purposes
FY 2009
1 cent = $1.0 million

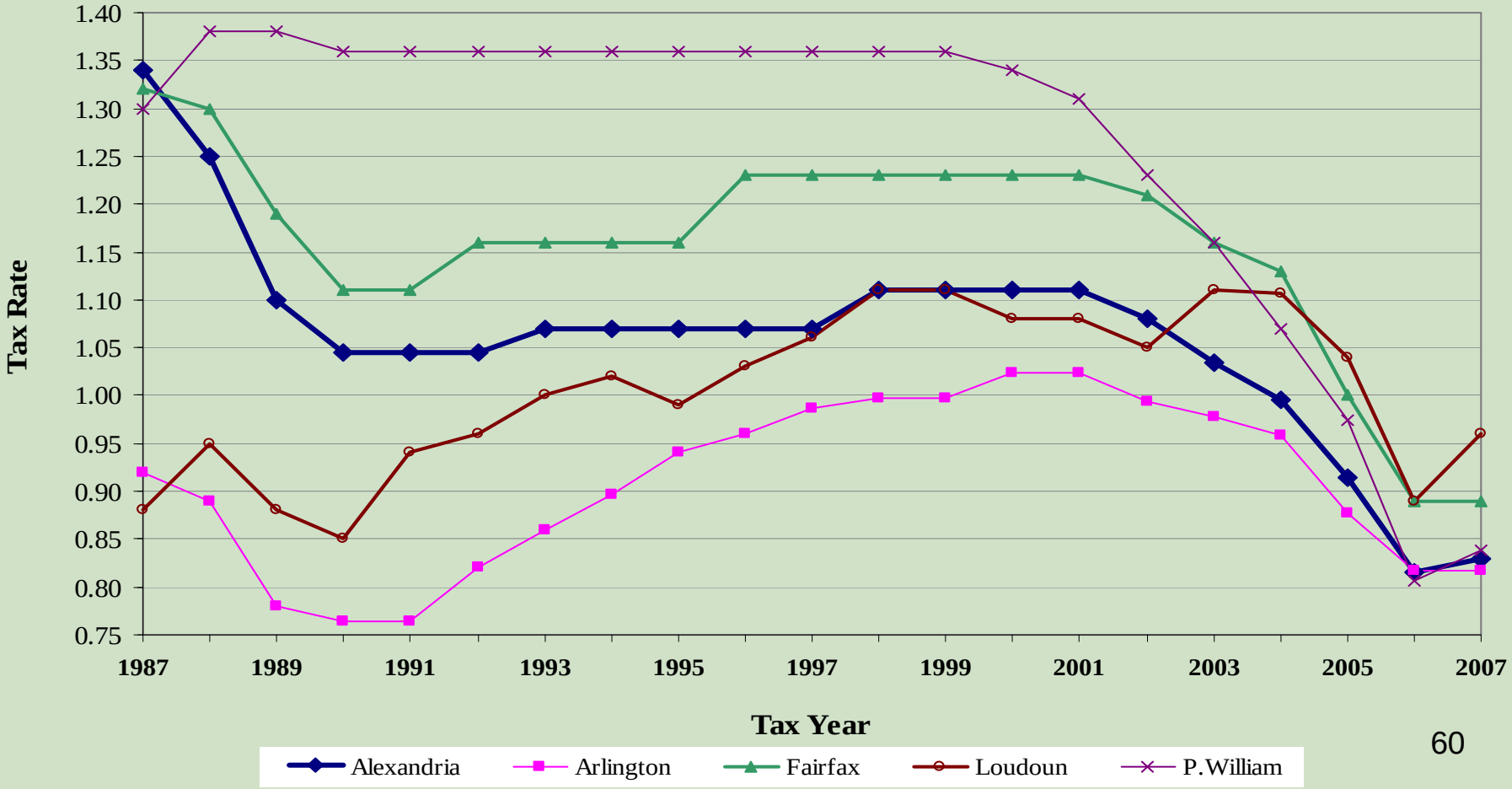


Charges for Services and Fines and Forfeitures
$ millions
Total = $16.3 million



Tax Rate Comparison with other Jurisdictions

1 Penny = $3.48 M FY2009
$1.74 M FY2008



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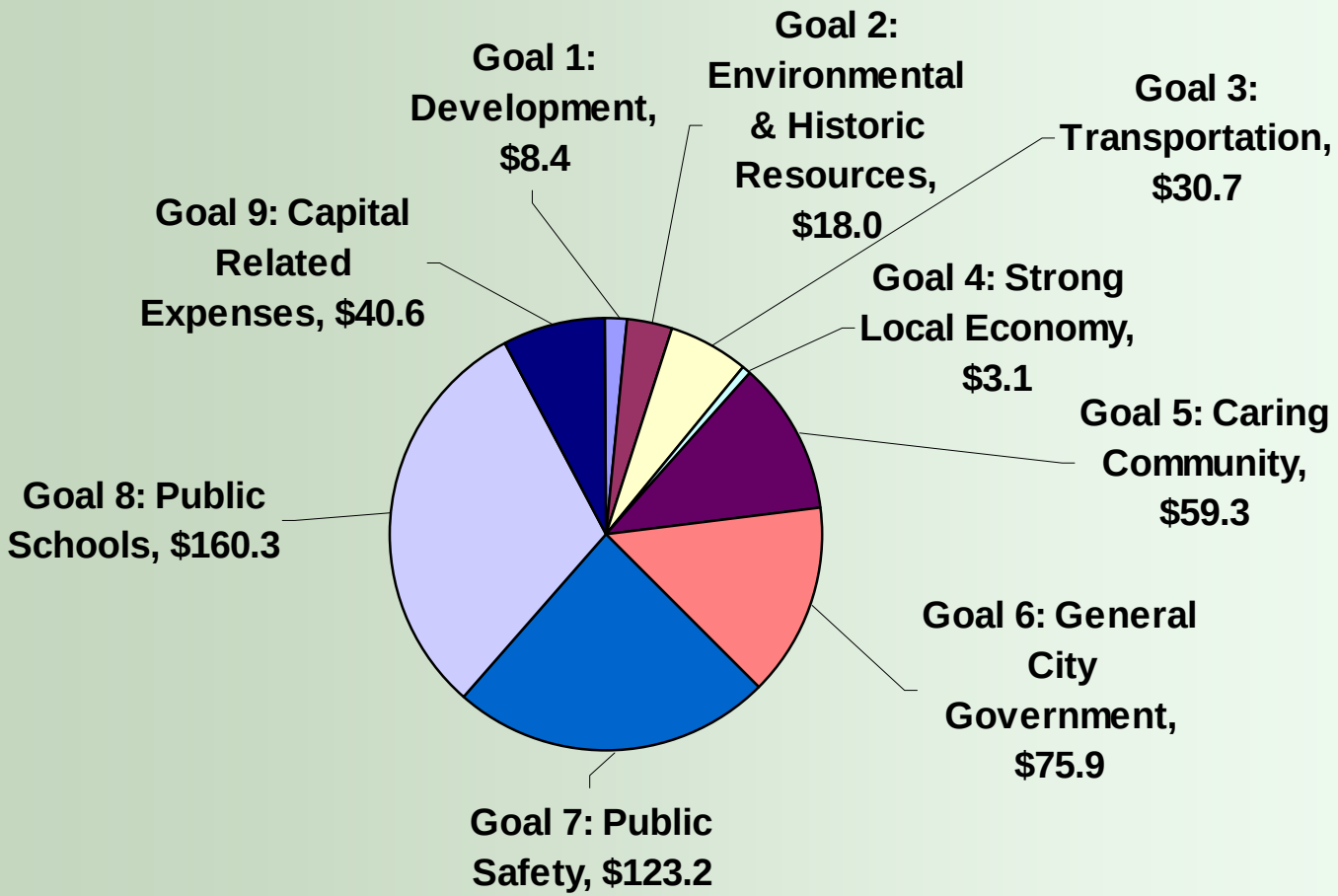
Transfers	1.3	1.3	1.3	0.0%
Total	$519.5	$523.5	$537.2	3.4%

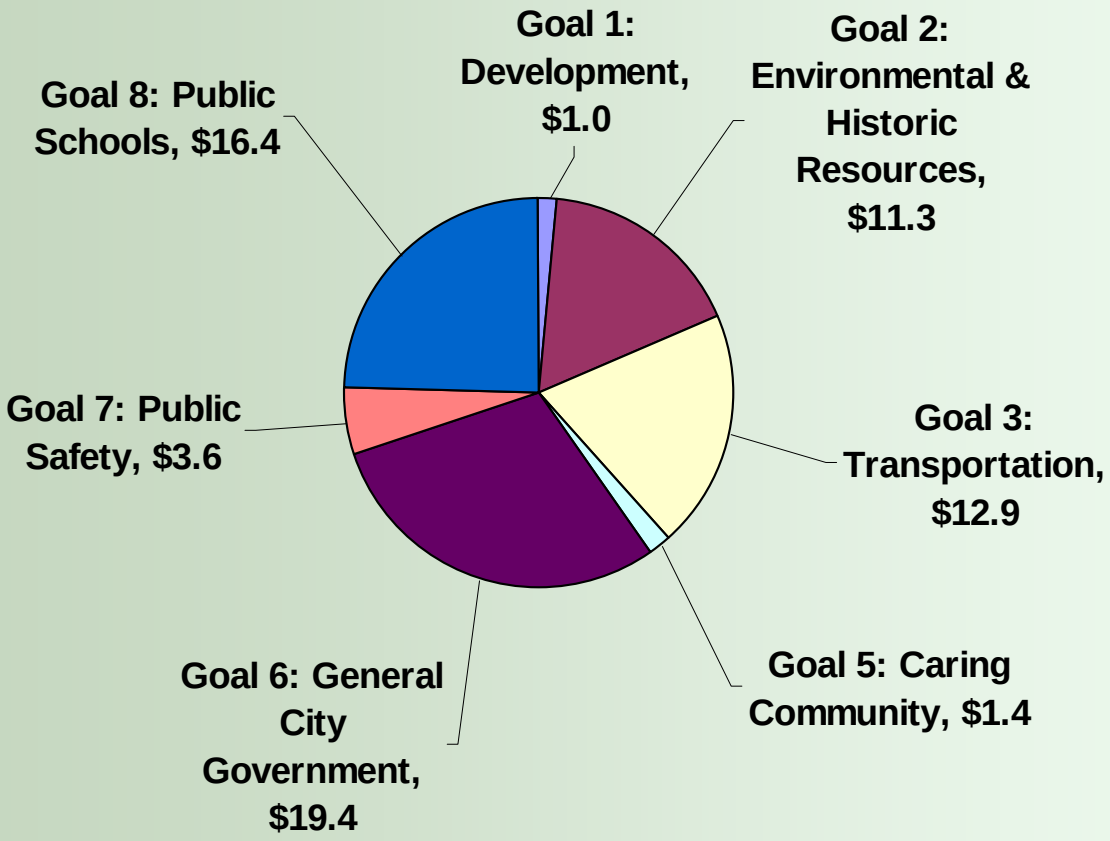
City Operating Budget by Strategic Plan Objective

FY 2008 General Fund Expenditures (millions of dollars)
Total = $519.5 million



CIP Expenditures by Strategic Plan Objective

FY 2008 - FY 2013 CIP According to City Council's Strategic Plan Goals (millions of dollars)
FY 2008 Total = $66.1 Million

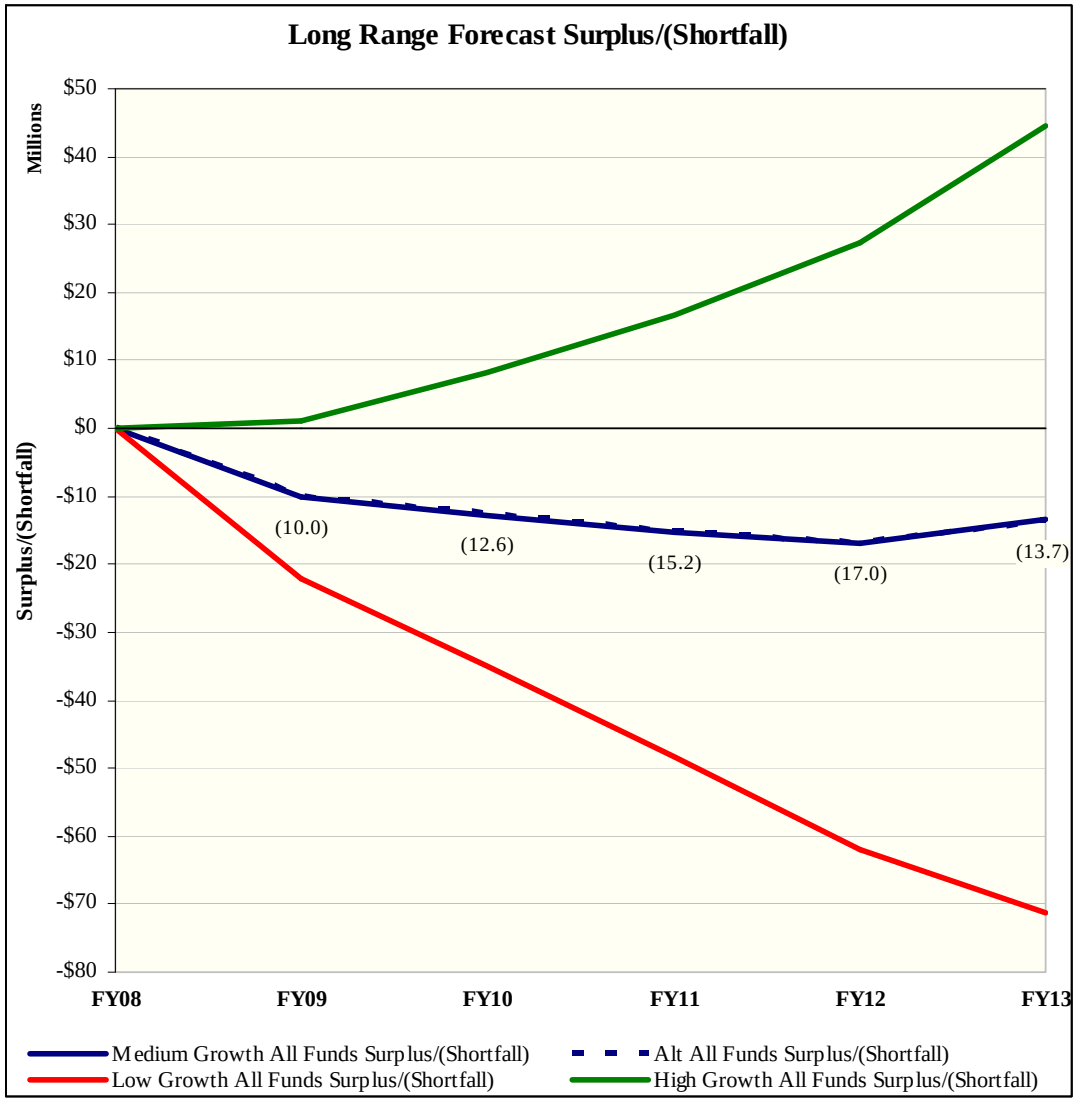


Multi-year Budget Model

Medium-Growth Revenues	
General Fund	
Real Property	
FY 2009	3.0%
FY 2010	6.0%
FY 2011	6.0%
FY 2012	6.0%
FY 2013	6.0%
Tranportation RE Tax	$0.00
Personal Property	5.0%
Penalties and Interest	1.0%
Local Sales	5.0%
Utility	2.0%
Comm'n Sales & Use	3.0%
Business License	6.0%
Motor Vehicle	2.0%
Recordation	6.0%
Tobacco	0.0%
Transient Lodging	6.0%
Restaurant Food	6.0%
Other Misc.	3.0%
Licenses, Permits, Fees	6.0%
Fines and Forfeitures	0.0%
Use of Money & Prop.	2.0%
Charges for Services	3.0%
Intergovernmental	1.0%
Misc.	0.0%
Approp from Fund Balance	
City GF Balance	1,999,550
San Sewer Tranfer	1,311,109

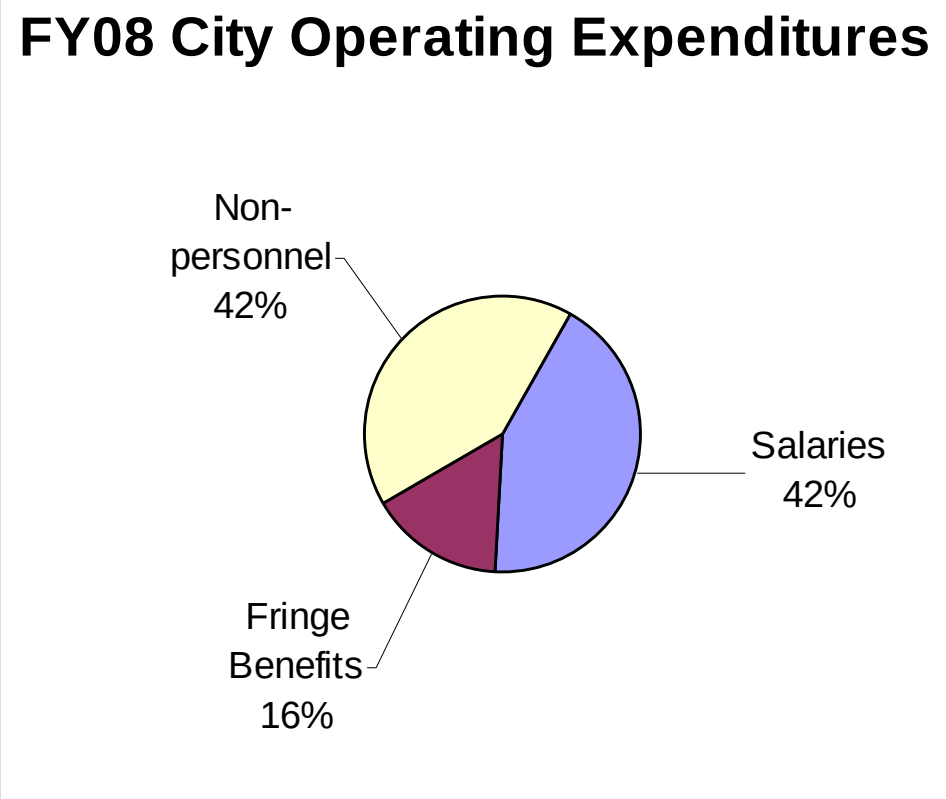
Expenditures	
Personnel	
Salaries	
City MRA	2.0%
City Step Increases	1.8%
City Base Emplym't Levels	0%
Fringe Benefits	
City Healthcare	10.0%
Social Security	0.0%
Retirement Rate Change	1.1%
Grp Life Ins. Rate Change	0.0%
LT Disability Rate Change	0.0%
Other Fringe Benefits	4.5%
Schools	
Schools MRA	2.0%
Schools other Pers (incl step)	3.0%
Schools Non-Personnel	3.0%
Non-Personnel	
City Non-Personnel	3.0%
Transit Subsidies	10.0%
Debt Service & Cash Capital	
FY 2009	45,172,705
FY 2010	50,515,238
FY 2011	56,138,792
FY 2012	61,153,366
FY 2013	61,325,789

Cumulative Avg Medium Revenue Growth=	**4.3%**
Cumulative Avg Expend Growth=	**4.7%**



City Employee Compensation

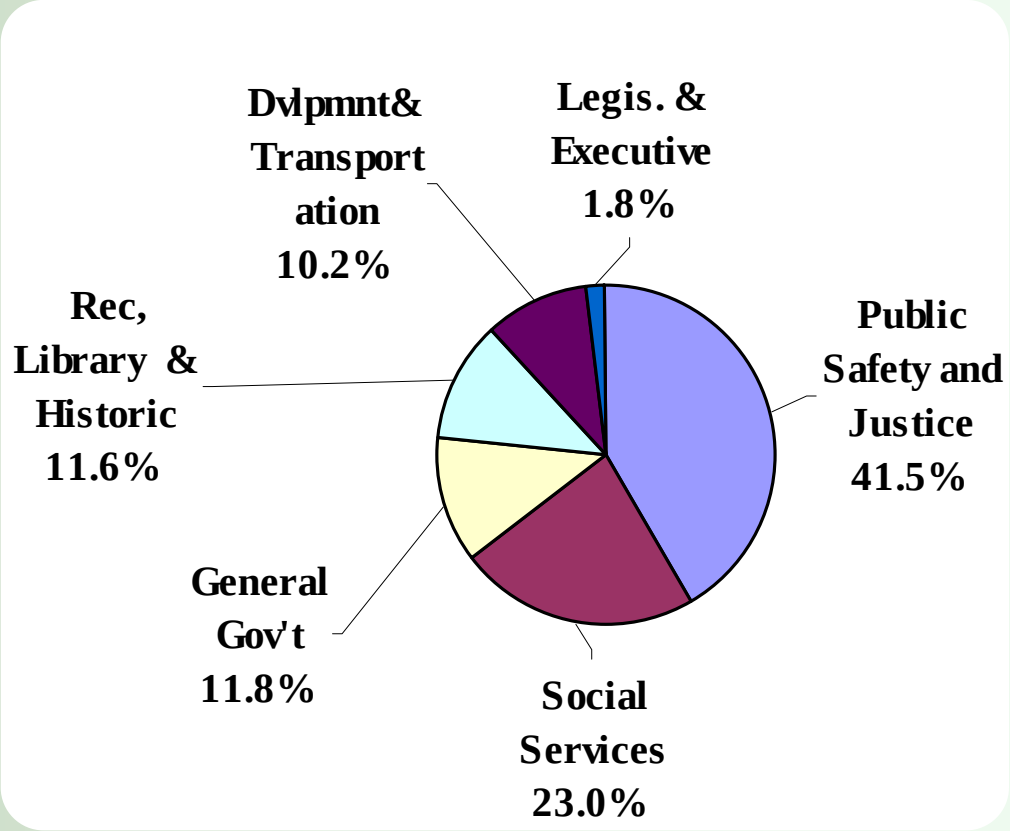
- More than half of City operating expenditures for employee compensation



Employee Profiles

- 2,637 City FTE's
- 41.5% are Public Safety and Justice

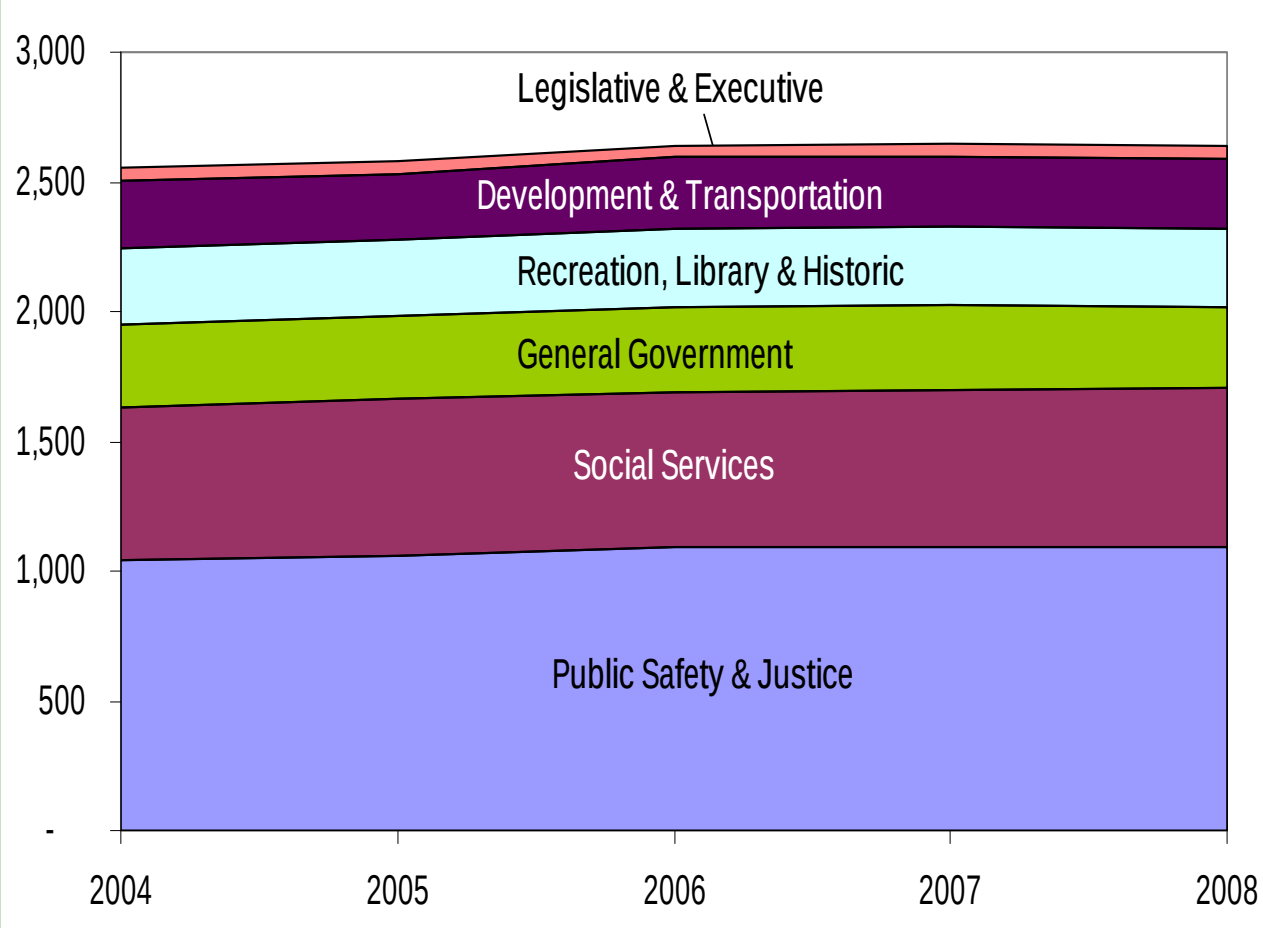
Employees by Line of Business



Employee Profiles

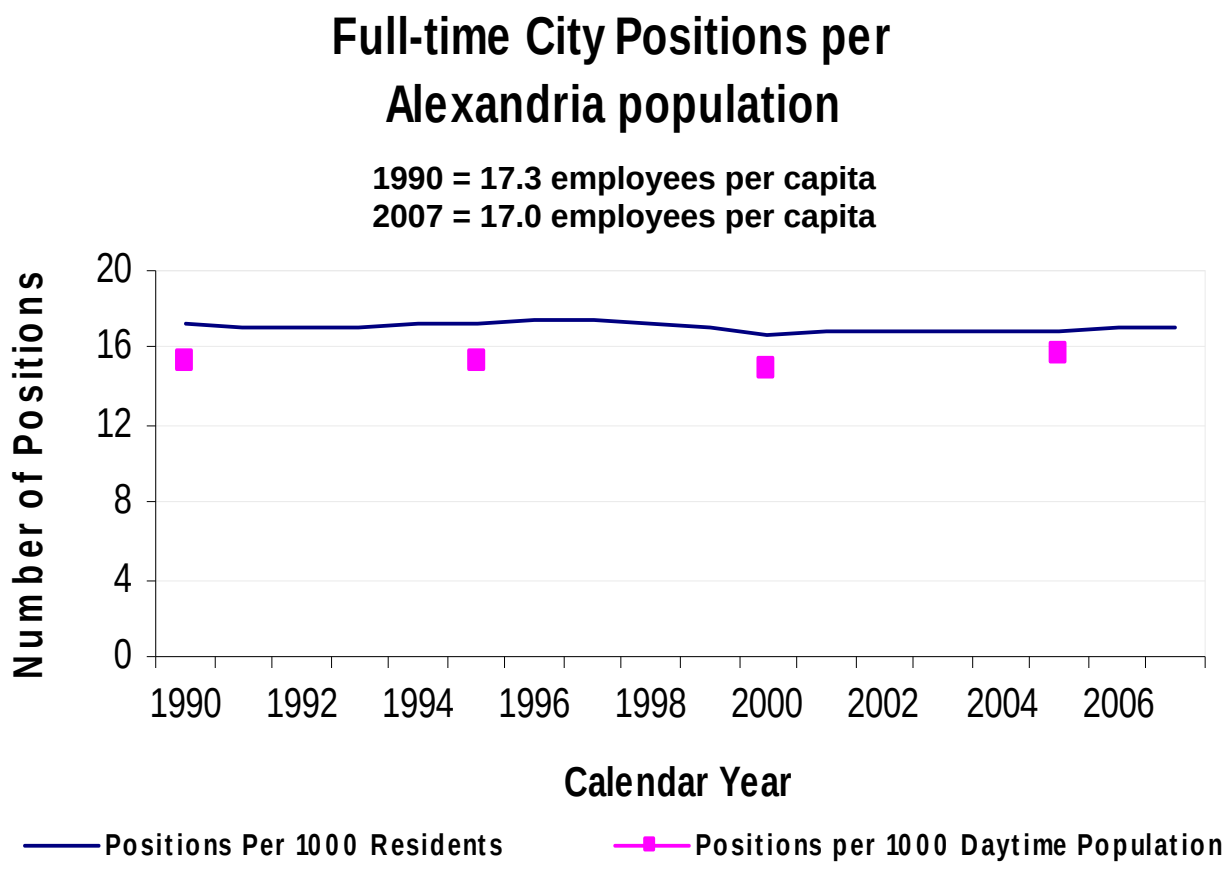
FTE's FY 2004 Approved through FY 2008 Approved

- Public Safety & Justice has maintained its large share of the total staffing over time.

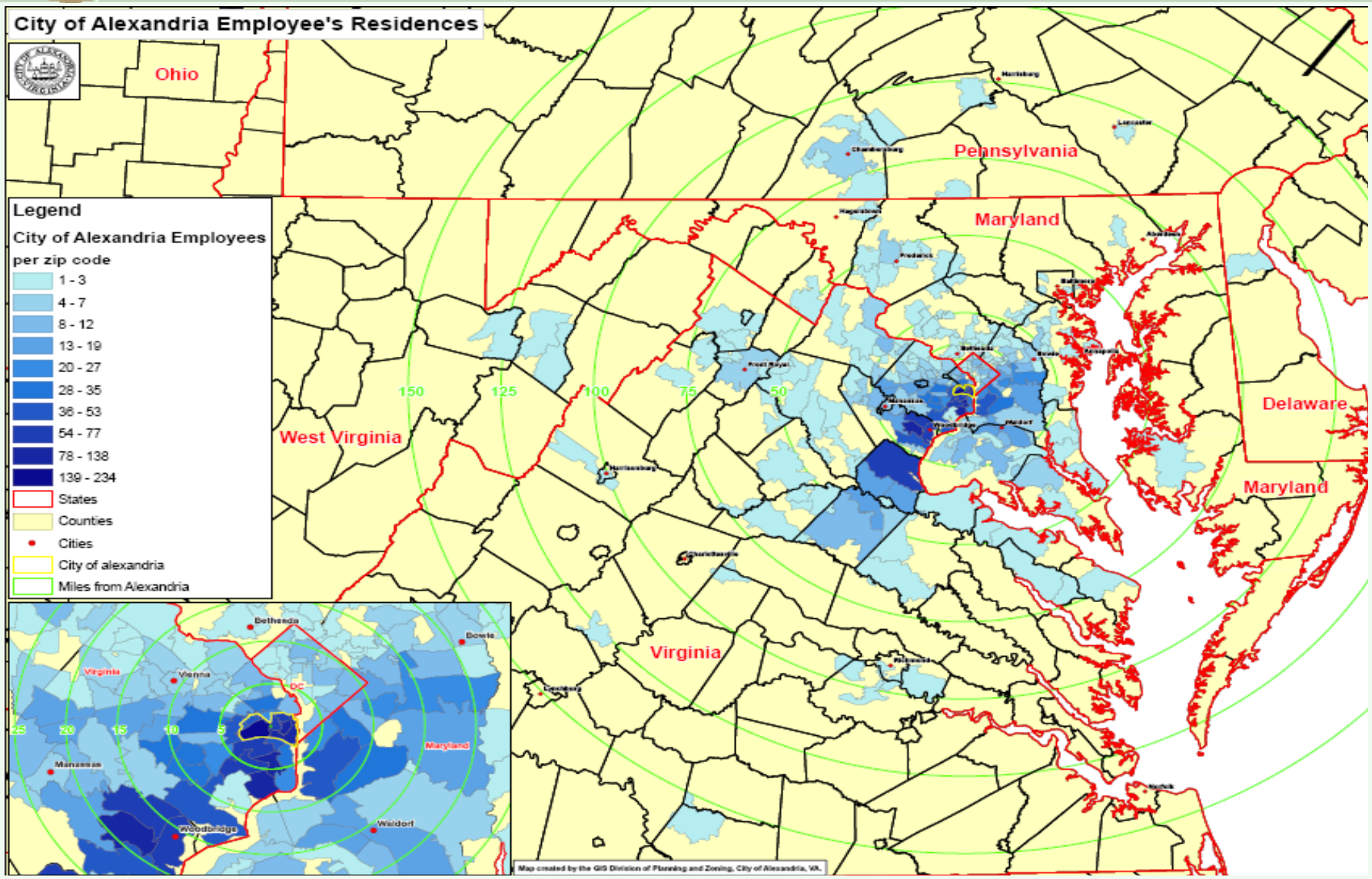


City Workforce Size

- City workforce levels in total have grown only in proportion to the population

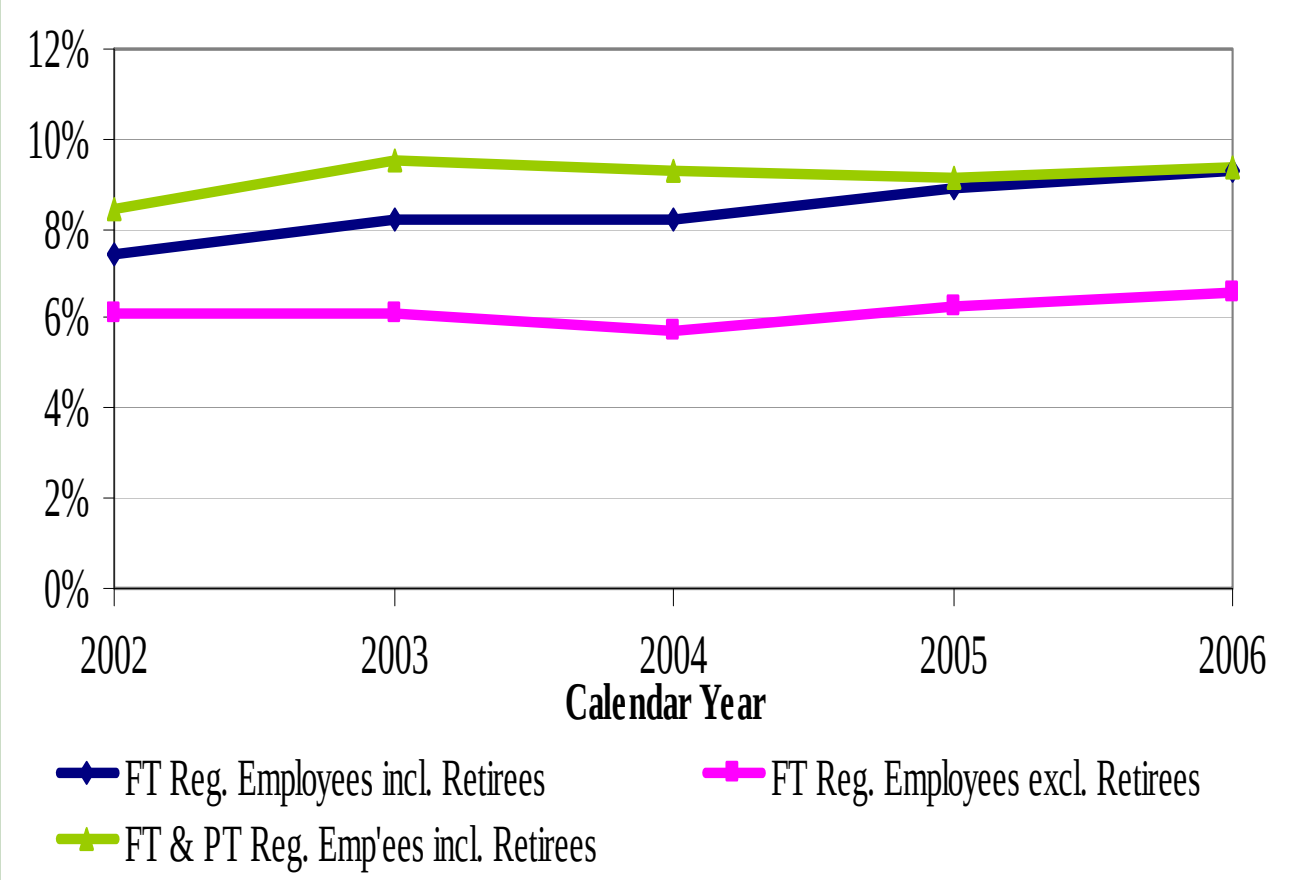


Alexandria Competes in the Regional Labor Market



History of City Staff Attrition

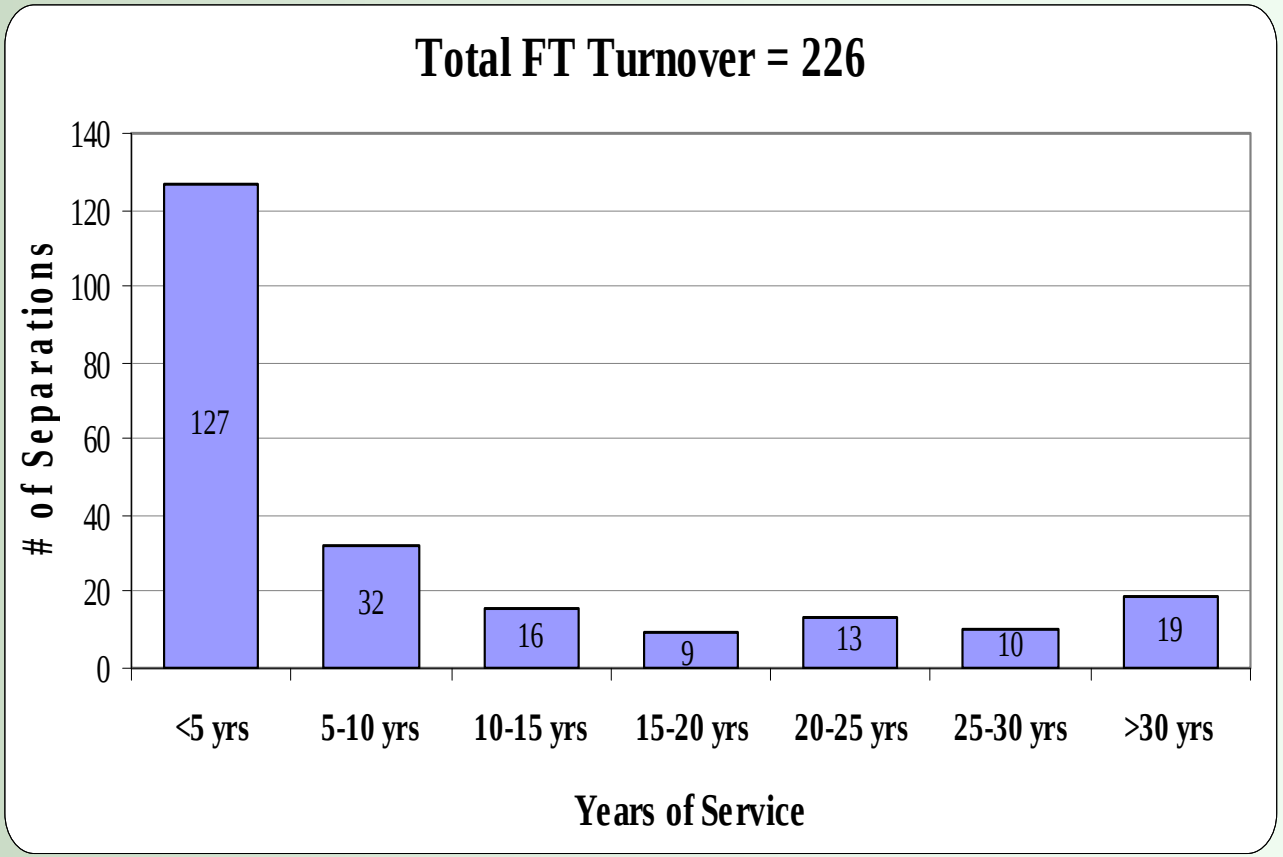
- Attrition rates relatively steady
- Slight increase considering full-time retirements



Employee Profiles

CY 2006 Turnover, All FT Employees

- Turnover focused on employees w/ less than 5 years of service
- 56% of total

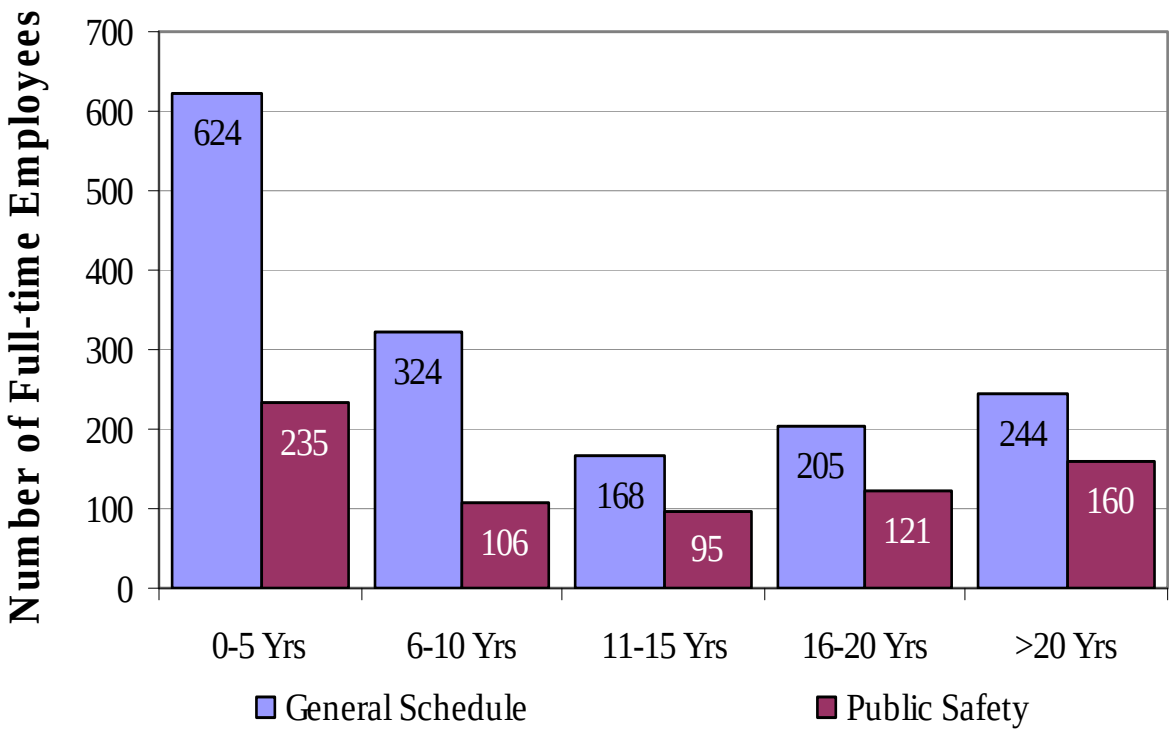


Employee Profiles

Length of Employment for Full-time Employees

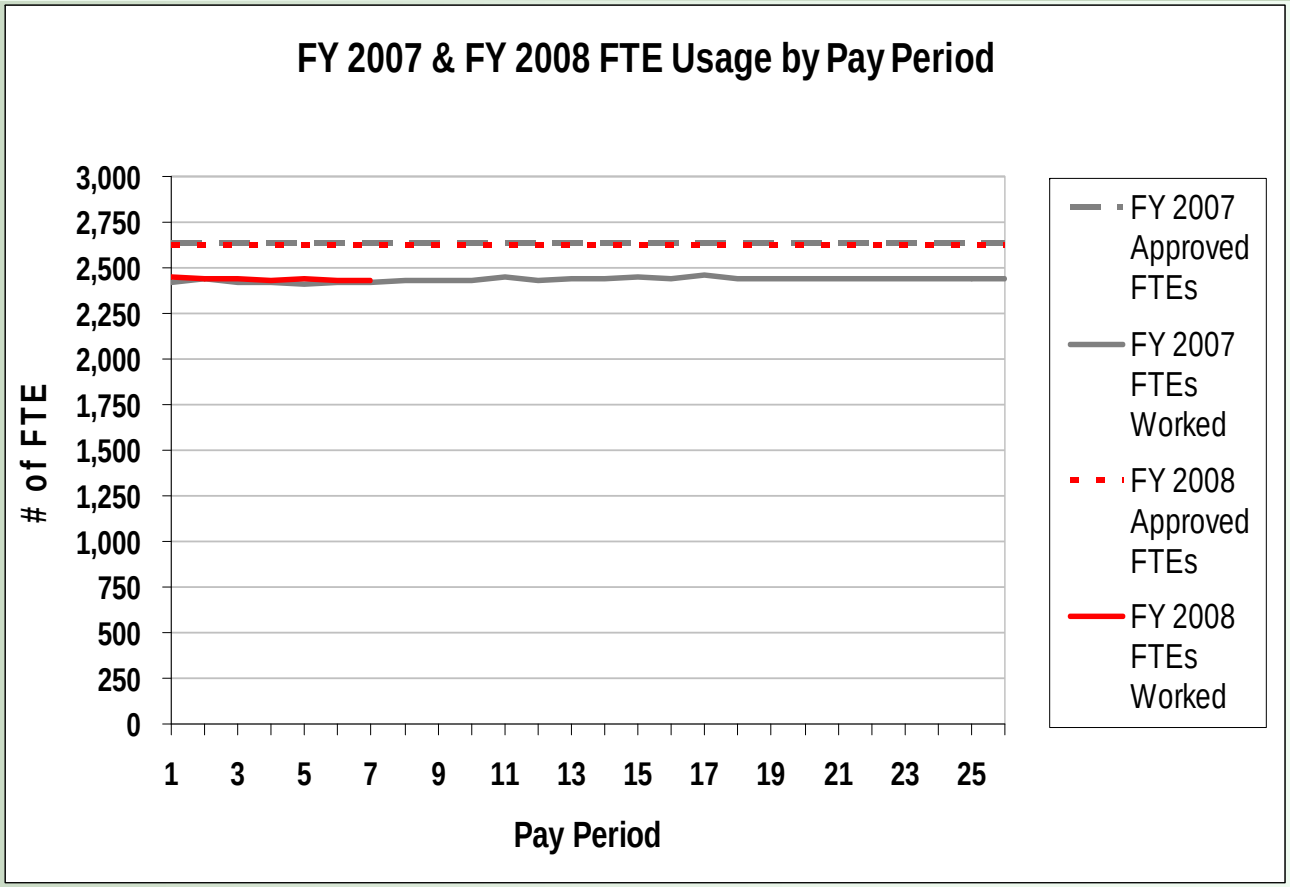
57% of all employees < 10 years

- 38% of full-time employees have 5 or fewer years of service



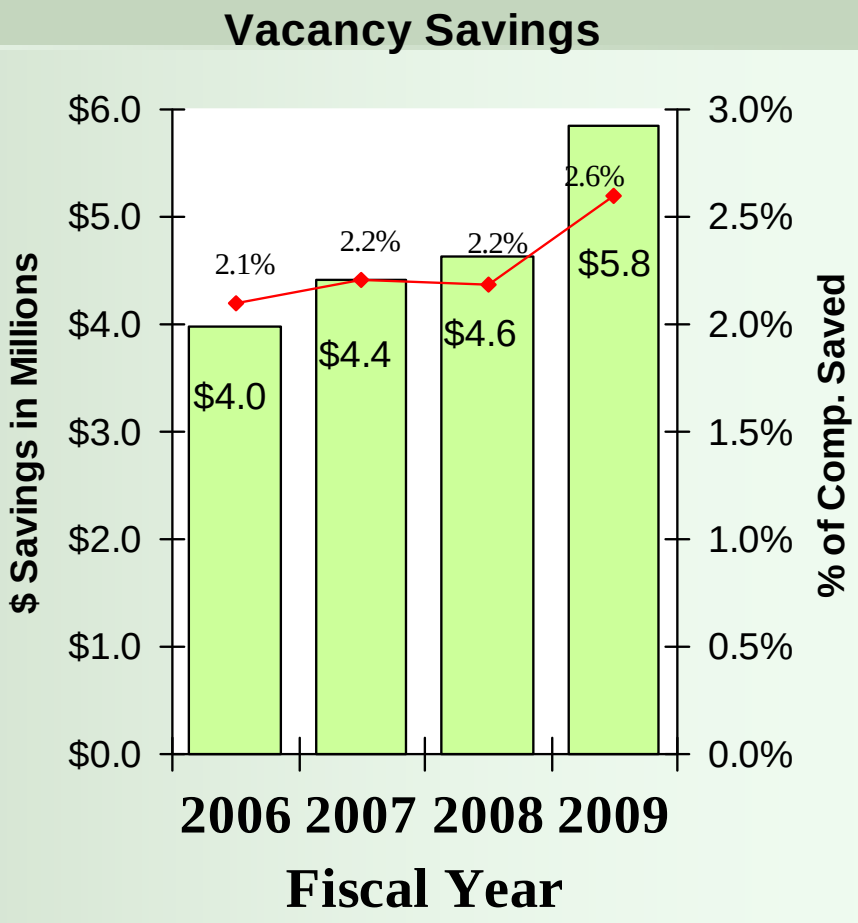
Vacancy Rates

- City now able to compete and replace departing employees
- Stable vacancy rate last 14 months



Vacancy Savings

- Adjustments made to capture savings due to expected vacancies
- $5.8 million reduction due to expected vacancies in FY 2008
- Equivalent to 2.6% of city-wide compensation



Cost of Market Rate Adjustment

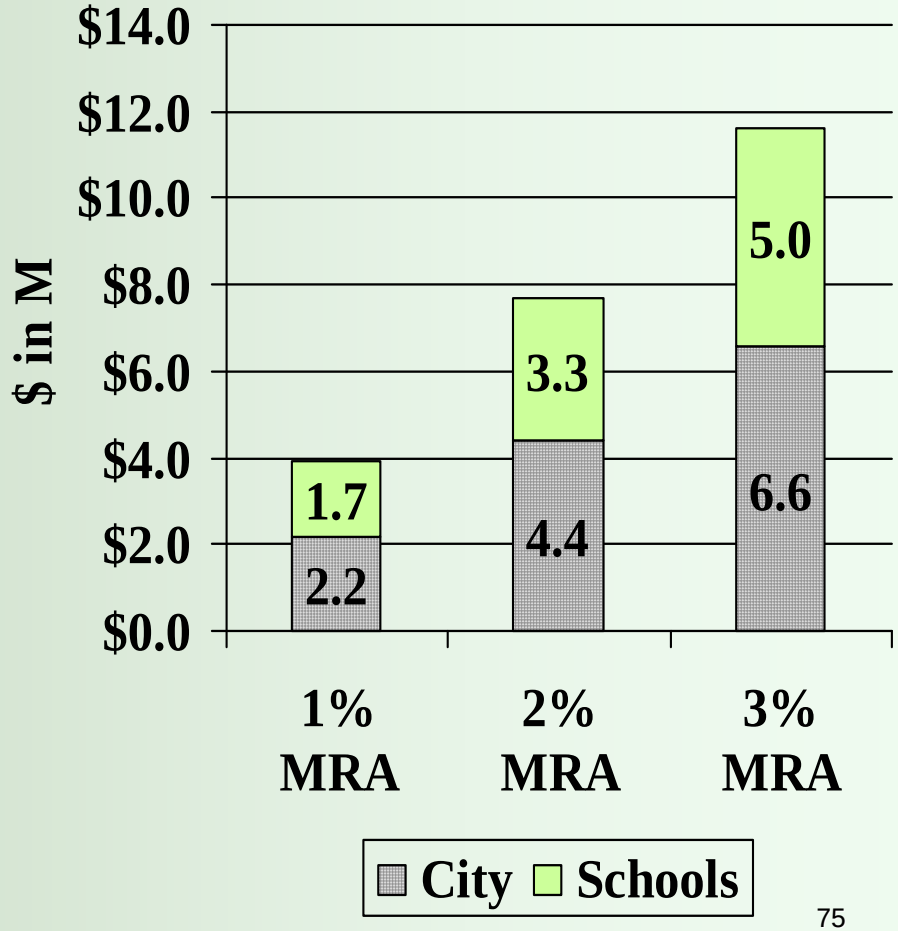
MRA

- CPI-U inflation at 3.4% in region, 2.8% national
- Cost of 1% MRA

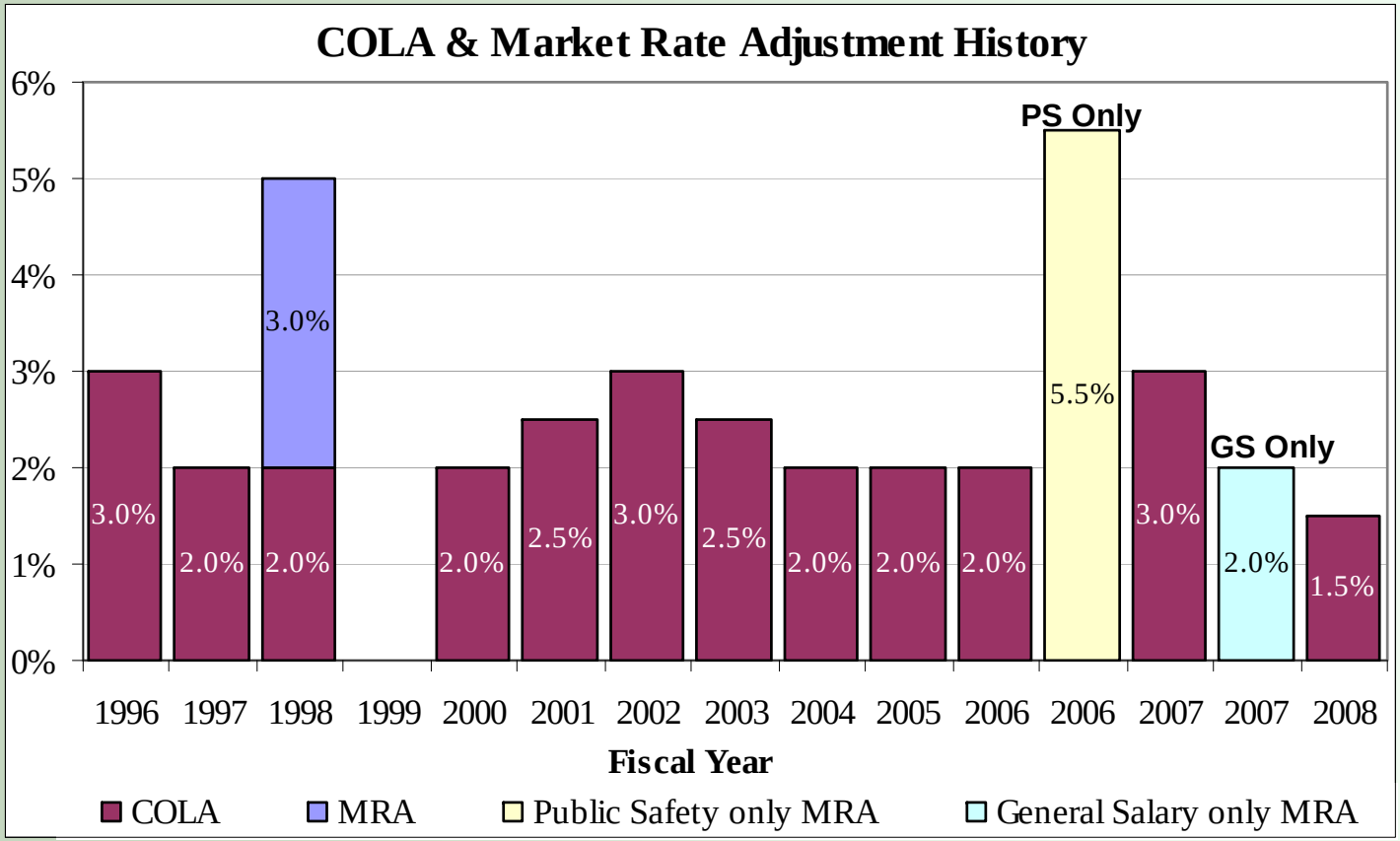
  $2.2 M for City

  +<u>$1.7 M</u> for School

  $3.9 M Total



Compensation Increases



Compensation Increases

- Step Increases
  - Progression through salary scale equals $3.6 M in total in FY 2009
  - Equivalent to 1.6% average increase in compensation Citywide
- Each employee/position different
  - % increase depends on step
  - Top of grade receives no increase except MRA if funded (15% of FT employees)

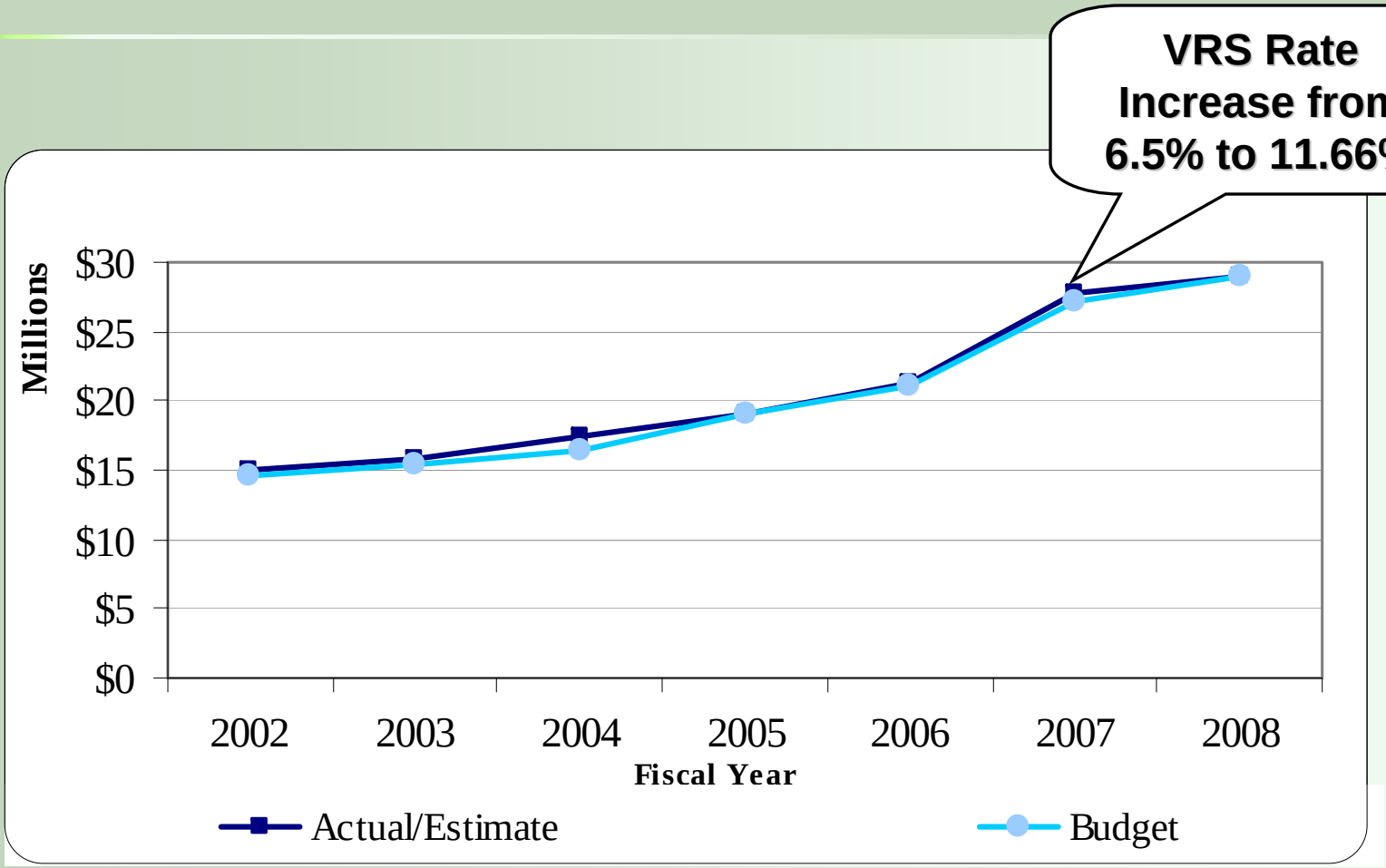
City Employee Health Benefits

- Preliminary Retreat estimate assumes increases in premiums could be up to 10%
  - Assumes no change in plan design at this time
  - If 10% premium increase, City costs will increase an estimated $0.9M or 5.2%
  - Increase in City cost limited by phase-in of employee premium cost sharing saving ($0.8 M)
    - All full-time employees will pay 10% of premiums
    - All part-time employees continue to pay 50% of premiums
- City's rate of growth not out of line with other Mid-Atlantic governments

City Employee Retirement

- VRS Employees (GS and Sheriff/ERT) Retirement
  - Information from actuarial review of VRS to be provided in December 2007, rates might decrease
  - For now, assumes no change in % charged by VRS
- Police/Fire Fighters Retirement & Disability
  - Increased rates due to updated actuarial projections
  - $0.62 M increase in retirement
  - $0.74 M increase in disability

City Employee Retirement
Total Costs



OPEB – Health and Life Insurance for Retirees

- Governmental Accounting Standards Board (GASB) and SEC disclosure and reporting mandates for post-retirement benefits
- Historically, near universal practice of pay-as-you-go cash accounting
- Mandate requires reporting, recording, and accounting for long-term
- FY 2008 GASB reporting requirement in CAFR
- SEC, bond rating agency expectations

Health Insurance for Retirees

- Current Programs (City Government)
  - Must be enrolled in City Health Plan at retirement
  - $260 per month/$3,120 per year <u>maximum</u>
  - 683 total participants
    - 446 in City health plans, currently 237 reimbursed
  - $2.0 million estimated pay-as-you-go cash cost in FY 2008

Life Insurance for Retirees

- City pays for Basic Life Insurance
- 2 x basic annual earnings
- Amount decreases after age 65 to 50% of basic annual earnings by age 70
- Example: 2 x $75,000 = $150,000 value of life insurance which declines by age 70 to $37,500 and remains at that level until death

Post Retirement Benefits for Retirees

- Liability calculated by actuaries using trust fund model with 7.5% annual return assumed

	Estimated Unfunded Liability	Annual Required Contribution (ARC)
City[1,3]	$88.8 M	$12.3 M
Schools[2]	$39.0 M	$4.9 M
	$127.8 M	$17.2 M

[1] 2007 draft study

[2] 2006 study

[3] assumes no change in $260 monthly rate

Post Retirement Benefits for Retirees

Post Retirement Benefits Interjurisdictional Comparison (excludes schools, $ in millions)[1]

	(AAL) Liability	(ARC) Annual Contribution
Alexandria	$88.8	$12.3
Arlington	$516.0	$50.0
Fairfax County	$191.0	$16.0
Loudoun	$234.0	$31.0
Prince William[2]	$67.4	$7.4
Montgomery (MD)	$2,600.0	$240.0

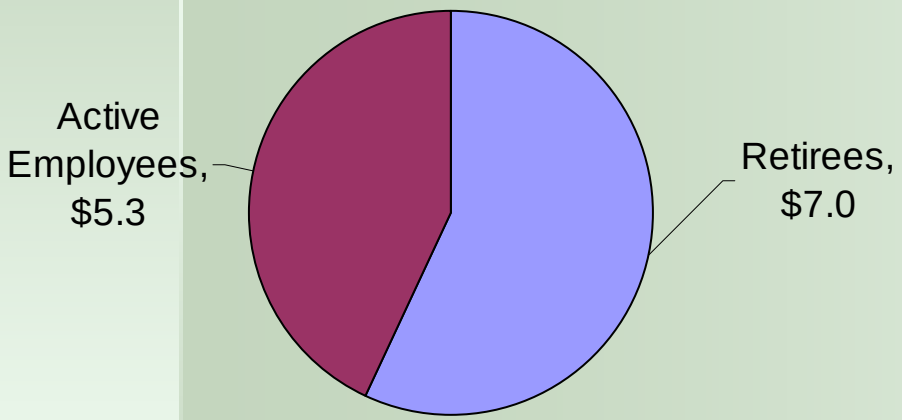
[1] Source: Fall 2007 survey

[2] Includes schools

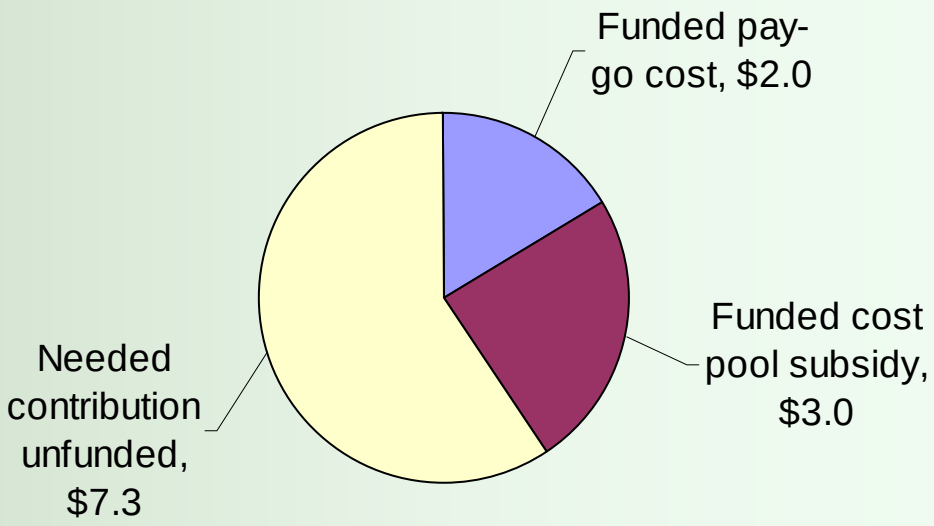
Post Retirement Benefits for City Government Retirees

Annual Required Contribution (ARC)

Uses



Sources



$12.3 million estimated ARC

Post Retirement Benefits for City Government Retirees

Proposed Funding Plan for $12.3 million ARC[1]

	FY 2009	FY 2010	FY2011	FY 2012	FY2013
Current "pay-go"	$2.0	$2.0	$2.0	$2.0	$2.0
Costpool subsidy	3.0	3.0	3.0	3.0	3.0
F.B. designation draw down	4.2	3.1	2.0	1.4	-
New funding	1.4	2.8	4.2	5.6	7.3
TOTAL	**$10.6**	**$10.9**	**$11.2**	**$12.0**	**$12.3**
% ARC Funded	86%	89%	91%	98%	100%

[1] Figures subject to periodic actuarial analysis, trust fund earnings, health insurance costs, and assumed no change in the $260 monthly reimbursement rate.

Post Retirement Benefits for Retirees

Summary

- FY 2009 Budget Impact
  - $1.4 City + $0.8 Schools = +$2.2 million
- FY 2013 Budget Impact
  - $7.3 City + $4.1 Schools = +$11.4 million
- Proposed 5-year funding phase-in for City and Schools
- Establish trusts before end of FY 2008
- Creation of separate trusts by City and Schools

City Non-Personnel Cost Increases

- Multiple non-personnel items in the City budget may need to increase by about 3% ($3.3 million) to maintain current service levels
  - contractual services
  - commodities/fuels
  - leases/rent
  - subsidies
  - equipment
  - General Fund grant matches

Replacing / Augmenting Federal and State Revenue Sources

- Reductions in State and Federal Revenues may result in the need to consider budget increases simply to maintain current service levels
  - Commonwealth's budget situation is highly uncertain
  - Federal sources of revenue are increasingly unreliable

Other Possible Increases Requested and Under Consideration

- Have not received T&ES, Fire, Police, and Sheriff submissions yet (anticipating multiple substantial requests)
- RPCA property maintenance
- Registrar of Voters – Cost of Presidential and City Council Election
- Pension and City Investment Management
- DMV Select program position
- Real Estate Appraiser Positions
- P&Z Planner Positions
- MH/MR/SA Parent Infant Education program
- Health Department, Director, Office of Emergency Preparedness & Response

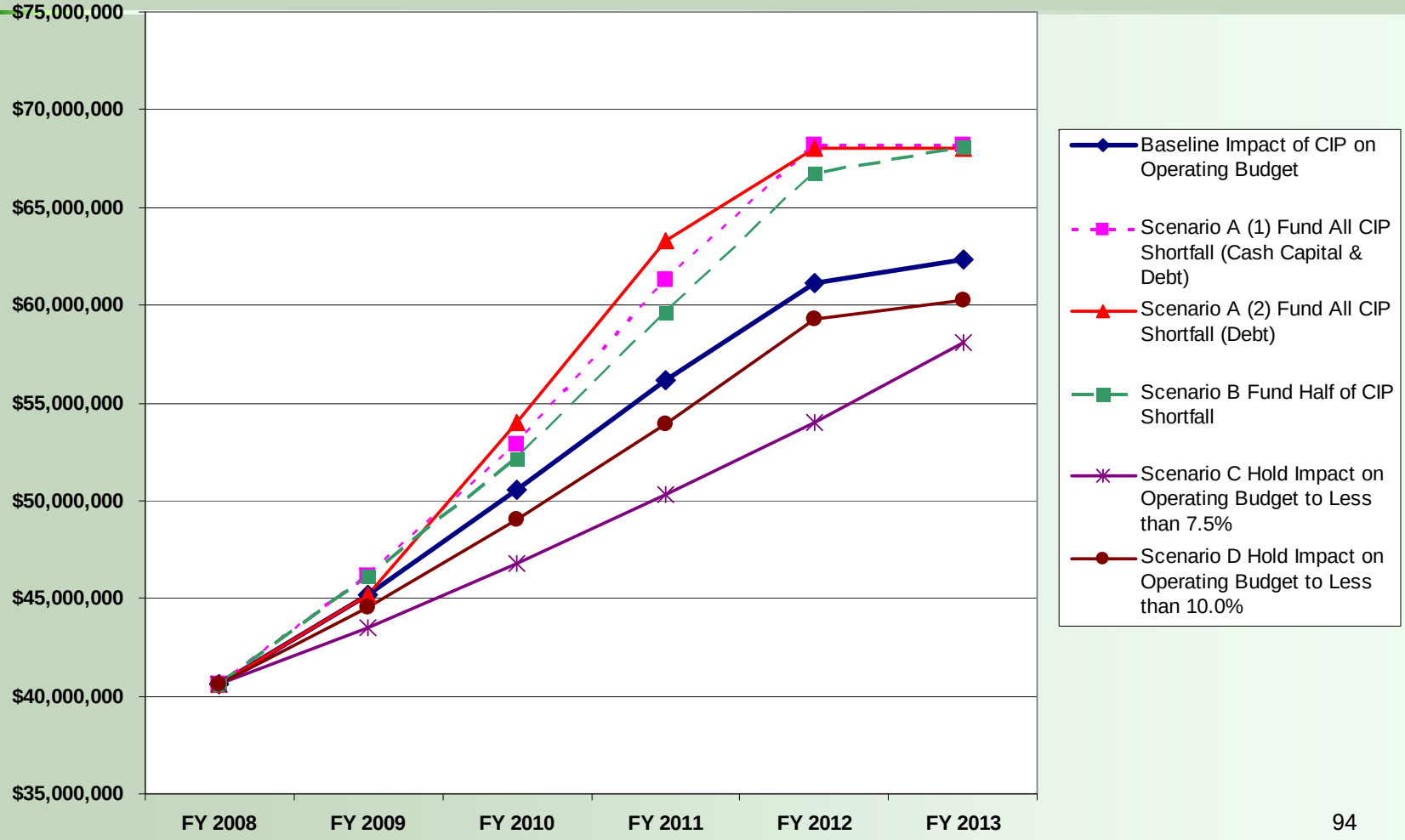
Budget Public Hearing Requests

- Multiple funding requests at the Fall Budget Public Hearing…
  - Early Childhood (pre-K) Initiatives
  - Parent Leadership Training Initiatives
  - Offender Aid Restoration
  - Waterfront Initiatives
  - Health Clinics
  - Recreation Centers
  - Historic Resources
  - Potomac Dredging Study at Cameron Run
  - Arts
  - Senior Services
  - 4th person on fire trucks (Firefighter Assoc. written comments)

Impact on the Operating Budget of Scenarios

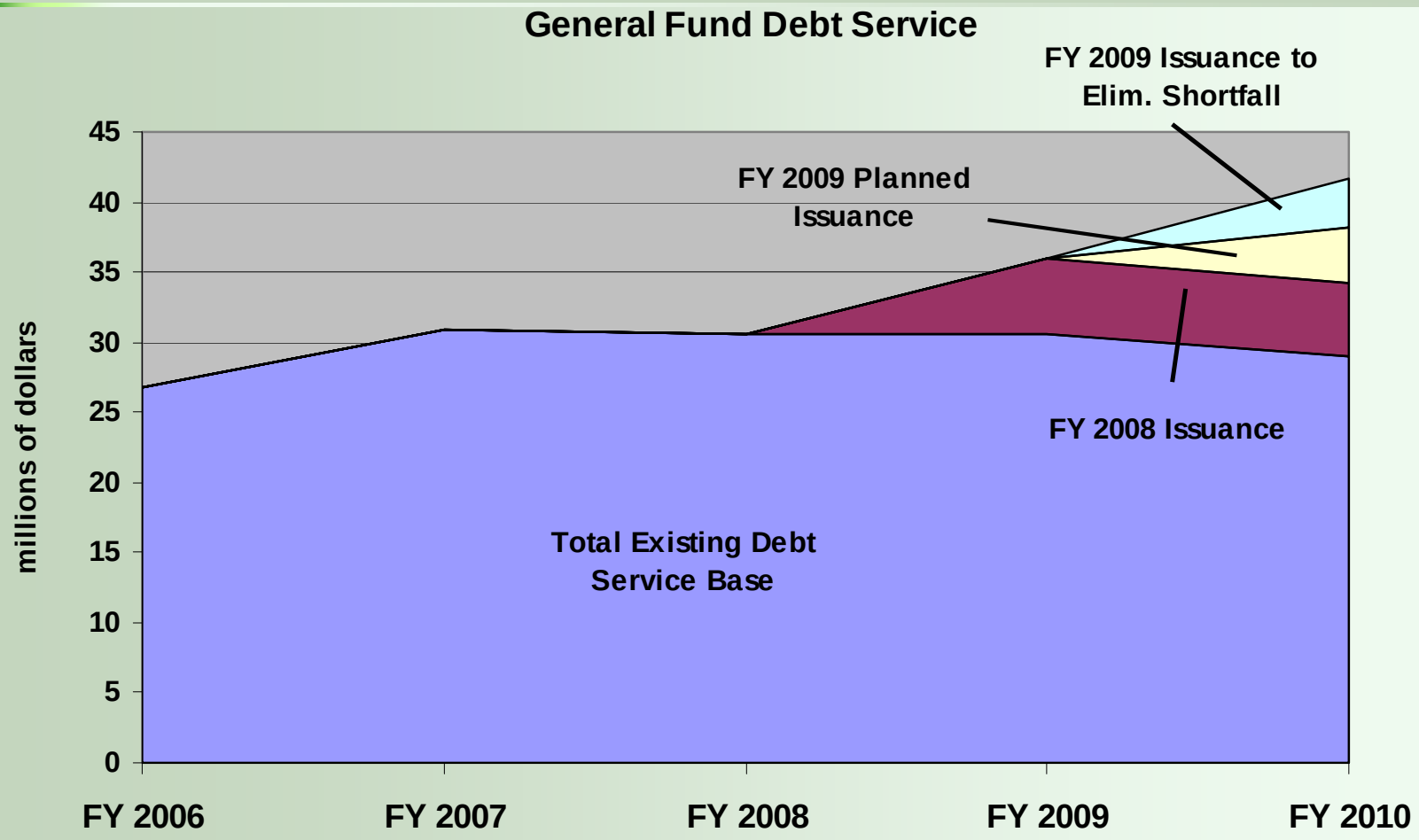
- Baseline Impact of Approved CIP
- Scenario A (1) - Fund All CIP Shortfall (Cash Capital and Debt)
- Scenario A (2) - Fund All CIP Shortfall (Debt only)
- Scenario B - Fund Half of CIP Shortfall in FY 2009/FY 2010 and postpone half of shortfall to FY 2011 and FY 2012
- Scenario C - Hold Operating Budget Impact to +7.5% per year
- Scenario D - Hold Operating Budget Impact to +10% per year

Impact of CIP on the Operating Budget - Cash Capital and Debt Service Combined



General Fund Debt Service

(100% CIP Shortfall Funded w/ Debt Only)



Cost of Debt Service and Cash Capital Compared to Baseline Scenario

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Baseline Scenario	$40.6 M	$45.2 M	$50.5 M	$56.1 M	$61.2 M	$62.3 M
Scenario A1	+$0.0 M	+$1.0 M	+$2.4 M	+$5.1 M	+$7.0 M	+$5.9 M
Scenario A2	+$0.0 M	+$0.0 M	+$3.5 M	+$7.1 M	+$6.9 M	+$5.7 M
Scenario B	+$0.0 M	+$1.0 M	+$1.7 M	+$3.5 M	+$5.6 M	+$5.8 M
Scenario C	+$0.0 M	-$1.7 M	-$3.7 M	-$5.8 M	-$7.1 M	-$4.2 M
Scenario D	+$0.0 M	-$0.6 M	-$1.5 M	-$2.2 M	-$1.8 M	-$2.0 M

*** 1 cent on the FY 2009 real estate tax = $3.5 million**

	Preliminary Forecast							
	City Forecast				Schools Forecast		Grand Total	
	City Ops	Transit	CIP	Subtotal City	Low Scenario	High Scenario	w/ Low ACPS	w/ High ACPS
FY 2008 Approved Budget	$ 303.3	$ 15.4	$ 40.6	$ 359.3	$ 160.2	$ 160.2	$ 519.5	$ 519.5
Adjustments to Maintain Current Service Levels and Policies								
Personnel								
Step Increases	$ 3.6	$ -	$ -	$ 3.6	$ -	$ 4.3	$ 3.6	$ 7.9
Increase in Lapse/Vacancy Savings	$ (1.2)	$ -	$ -	$ (1.2)	$ (1.8)	$ (1.9)	$ (3.0)	$ (3.1)
Other Salary Increases	$ -	$ -	$ -	$ -	$ 1.3	$ 1.3	$ 1.3	$ 1.3
Retirement+ Disability	$ 1.4	$ -	$ -	$ 1.4	$ 2.9	$ 2.9	$ 4.3	$ 4.3
Health Insurance	$ 1.6	$ -	$ -	$ 1.6	$ 0.9	$ 0.9	$ 2.5	$ 2.5
Retiree Health Benefits (increased pay-as-you-go)	$ 0.2	$ -	$ -	$ 0.2	$ 0.2	$ 0.2	$ 0.4	$ 0.4
Other Post-Employment Benefits (OPEB) Funding	$ 1.4	$ -	$ -	$ 1.4	$ 0.8	$ 0.8	$ 2.2	$ 2.2
Other Miscellaneous Personnel Costs	$ -	$ -	$ -	$ -	$ 0.5	$ 0.5	$ 0.5	$ 0.5
Subtotal Personnel	**$ 7.0**	**$ -**	**$ -**	**$ 7.0**	**$ 5.0**	**$ 9.2**	**$ 11.9**	**$ 16.1**
Non-Personnel								
City Assorted Non-Personnel Costs (3% increase)	$ 3.3	$ -	$ -	$ 3.3	$ -	$ -	$ 3.3	$ 3.3
ACPS Non-Personnel Costs	$ -	$ -	$ -	$ -	$ 2.7	$ 2.7	$ 2.7	$ 2.7
DASH Subsidies (based on preliminary DASH request)	$ -	$ 0.5	$ -	$ 0.5	$ -	$ -	$ 0.5	$ 0.5
WMATA Subsidy (6.5% increase)		$ 0.4		$ 0.4	$ -	$ -	$ 0.4	$ 0.4
GF transfer to Housing Fund	$ 0.1	$ -	$ -	$ 0.1	$ -	$ -	$ 0.1	$ 0.1
CIP Debt Service (approved plan)	$ -	$ -	$ 5.5	$ 5.5	$ -	$ -	$ 5.5	$ 5.5
CIP Cash Capital (approved plan)	$ -	$ -	$ (0.9)	$ (0.9)	$ -	$ -	$ (0.9)	$ (0.9)
National Harbor Initiatives	$ -	$ 0.7	$ -	$ 0.7	$ -	$ -	$ 0.7	$ 0.7
Subtotal Non-Personnel	**$ 3.4**	**$ 1.6**	**$ 4.6**	**$ 9.6**	**$ 2.7**	**$ 2.7**	**$ 12.3**	**$ 12.3**
School Fund Balance and Other Financing Changes	**$ -**	**$ -**	**$ -**	**$ -**	**$ 0.8**	**$ 0.8**	**$ 0.8**	**$ 0.8**
Total Adjustments to Maintain Current Service Levels & Policies	$ 10.4	$ 1.6	$ 4.6	$ 16.6	$ 8.5	$ 12.7	$ 25.0	$ 29.2
Total Current Services and Policies Baseline	**$ 313.7**	**$ 17.0**	**$ 45.2**	**$ 375.9**	**$ 168.7**	**$ 172.9**	**$ 544.6**	**$ 548.8**
% Increase	3.4%	10.4%	11.3%	4.6%	5.3%	7.9%	4.8%	5.6%
Market Rate Adjustment Scenarios (MRA)								
1%	$ 2.1	$ 0.1	$ -	$ 2.2	$ -	$ 1.7	$ 3.9	$ 3.9
1.5%	$ 3.2	$ 0.1	$ -	$ 3.3	$ -	$ 2.5	$ 5.8	$ 5.8
2%	$ 4.3	$ 0.1	$ -	$ 4.4	$ -	$ 3.3	$ 7.7	$ 7.7
Total Current Services and Policies Baseline + 2% MRA	**$ 318.0**	**$ 17.1**	**$ 45.2**	**$ 380.3**	**$ 168.7**	**$ 176.3**	**$ 552.3**	**$ 556.5**
% Increase	4.8%	11.0%	11.3%	5.8%	5.3%	10.0%	6.3%	7.1%

Budget Target Options

	Scenario	City	% Increase Over FY 2008	Schools	% Increase Over FY 2008	Total	% Increase Over FY 2008	$ Increase Over Scenario A
	FY 2008 Approved	$ 359.3	-	$ 160.2	-	$ 519.5	-	
A	Current Revenue Rates & Policies	$ 371.5	3.4%	$ 165.7	3.4%	$ 537.2	3.4%	$ -
B	4% Growth	$ 373.7	4.0%	$ 166.6	4.0%	$ 540.3	4.0%	$ 3.1
C	Avg. Res. Real Estate Taxes Up 3%	$ 376.1	4.7%	$ 167.7	4.7%	$ 543.8	4.7%	$ 6.6
D	Current Revenue Rates and Policies + 10-cent Trans. Tax	$ 378.7	5.4%	$ 168.9	5.4%	$ 547.6	5.4%	$ 10.4
E	Current Services and Policies (no MRA)[1]	$ 375.9	4.6%	$ 172.9	7.9%	$ 548.8	5.6%	$ 11.6
F	Scenario "E" + 1% MRA[1]	$ 378.1	5.2%	$ 174.6	9.0%	$ 552.7	6.4%	$ 15.5
G	Scenario "E" + 1.5% MRA[1]	$ 379.2	5.5%	$ 175.4	9.5%	$ 554.6	6.8%	$ 17.4
H	Scenario "E" + 2% MRA[1]	$ 380.3	5.8%	$ 176.2	10.0%	$ 556.5	7.1%	$ 19.3

[1] scenarios include "high estimate" for the Schools