

## Non-Departmental

**Purpose Statement:** The purpose of the Non-Departmental Budget is to put into one central place all of those expenditures that support the City that cannot otherwise easily be categorized by Department. These expenditures include debt service, cash capital (pay-as-you-go capital project funding), contingent reserves, insurance costs including claims paid where the City is self-insured, City memberships, City-wide communication and publication costs, and other miscellaneous operating costs and centrally paid fringe benefits and projected changes in pay or benefits that were estimated too late to include in individual departmental budgets.

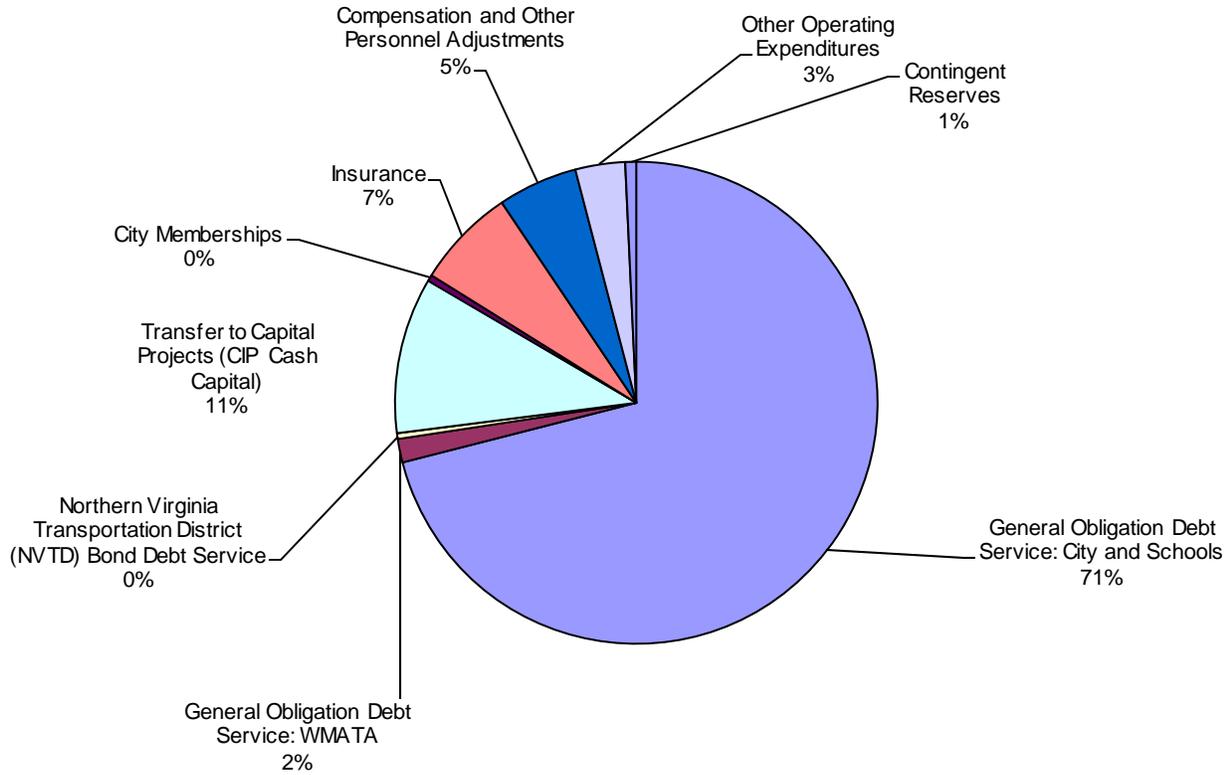
## Non-Departmental Expenditures

The Non-Departmental Expenditures section summarizes City-wide expenditures that are not department-specific such as for debt service; cash capital (pay-as-you-go capital project funding); contingent reserves; insurance costs; City memberships in regional, national and international associations; publications and communications; employee compensation; and other general City-wide expenses.

Expenditures	FY 2011 Actual	FY 2012 Approved	FY 2013 Approved
CIP Related Expenses			
General Obligation Debt Service: WMATA	\$0	\$903,335	\$1,048,013
General Obligation Debt Service: General	\$38,479,349	\$42,278,674	\$47,210,231
Northern Virginia Transportation District (NVTD) Bond Debt Service	\$256,070	\$256,070	\$256,070
Transfer to Capital Projects (CIP Cash Capital)	\$5,545,000	\$4,915,986	\$6,955,483
City Memberships	\$273,626	\$288,774	\$280,774
Insurance	\$5,091,976	\$4,249,525	\$4,469,155
Employee Compensation (public safety pay compression & career ladders)	\$1,903,783	\$2,108,400	\$3,552,367
Other Operating Expenditures	\$1,600,179	\$2,505,107	\$2,217,904
Contingent Reserves	\$0	\$760,000	\$484,983
Other Post Employment Benefit (OPEB) Obligations	\$3,400,149	\$1,800,000	\$0
Snow and Other Natural Emergencies	\$2,465,213	\$836,127	\$836,127
<b>Total All Funds Non-Departmental Expenditures</b>	<b>\$59,015,345</b>	<b>\$60,901,998</b>	<b>\$67,311,107</b>
<b>Revenues</b>			
Special Revenue Fund	\$1,755,103	\$1,000,000	\$1,000,000
<b>Total Revenues</b>	<b>\$1,755,103</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>
<b>Total General Fund Expenditures</b>	<b>\$57,260,242</b>	<b>\$59,901,998</b>	<b>\$66,311,107</b>

# Non-Departmental

## FY 2013 Approved Non Departmental Expenditures



# Non-Departmental

## Non-Departmental Expenditures, continued

	FY 2011 <u>Actual</u>	FY 2012 <u>Approved</u>	FY 2013 <u>Approved</u>
<u>City Memberships</u>	\$273,626	\$288,774	\$280,774

**City Memberships:**

The approved budget for City memberships is decreasing by \$8,000, or 2.9 percent.

Most of the organizations in which the City is a member held their fees flat or lower in FY 2013. The approved budget of \$280,774 for City memberships includes City memberships in the Metropolitan Washington Council of Governments (\$116,731), the National League of Cities (\$9,674), the U.S. Conference of Mayors (\$12,242), the Virginia Municipal League (\$35,686), the Northern Virginia Regional Commission (\$74,182), and the Northern Virginia Transportation Commission (\$32,259).

	FY 2011 <u>Approved</u>	FY 2012 <u>Approved</u>	FY 2013 <u>Approved</u>
<u>Insurance</u>	\$5,091,976	\$4,249,525	\$4,469,155

**Insurance:**

In lieu of purchasing insurance for all potential risks, the City is self-insured for some risks. This account provides monies for payment of workers' compensation claims, claims adjustments, the current cost of health insurance for City retirees, and insurance policies held by the City. The total insurance budget is increasing \$219,630, or 5.2 percent. Increases are based on actual spending in prior years and projected premium cost increases. The most significant of these are an increase of \$86,000 for property insurance due to the new Alexandria Police Department Facility, \$77,000 for life insurance premiums for retirees, and \$48,000 for increased premium costs related to workers compensation. No increase in the maximum \$260 a month (\$3,120 per year) retiree health insurance subsidy is planned for FY 2013.

# Non-Departmental

## Non-Departmental Expenditures, continued

	FY 2011 <u>Actual</u>	FY 2012 <u>Approved</u>	FY 2013 <u>Approved</u>
<u>Other Post Employment Benefit (OPEB) Obligations</u>	\$3,400,149	\$1,800,000	\$0

### Other Post Employment Benefit (OPEB) Obligations:

•Under the new accounting standards for other post employment benefits (OPEB), State and local governments across the nation are confronted with the challenge of providing funding to meet the long-term cost of obligations made for post employment health care costs and life insurance. It is estimated that the City and Schools unfunded liability for these costs total \$91.8 million. Meeting the challenge of funding this liability will assist the City in maintaining its AAA/Aaa bond ratings during a time in which lenders are looking far more carefully at “risks” before lending money to municipal governments. This budget provides \$2.1 million in funding in FY 2013 for obligations for future benefits to City employees after retirement. In prior years the funds were budgeted here in the Non-Departmental account. In FY 2013, these funds were allocated to departmental budgets. The funds will be appropriated to the OPEB trust fund and supplemented by a transfer of \$0.7 million from fund balance to help pay estimated FY 2013 costs. Another \$4.0 million in other cash sources provide a total of \$6.8 million or 99% of the annual required contribution. This funding represents the sixth year in a multi-year plan to gradually increase the annual funding to \$6.9 million per year to address the total City unfunded liability by amortizing that unfunded liability over time. This long-term liability is approximately one-third comprised of retiree life insurance benefits, which were reduced for new employees by eliminating post-retirement life insurance benefits. This portion of the liability should shrink over time.

### CASH FLOW PROJECTIONS

Other Post Employment Benefits Plan for Funding								
	2011	2012	2013	2014	2015	2016	2017	2018
Medical Subsidy*	\$ 2.4	\$ 2.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursement	\$ 2.9	\$ 3.1	\$ 3.2	\$ 3.3	\$ 3.3	\$ 3.3	\$ 3.3	\$ 3.3
Life Insurance	\$ 0.9	\$ 1.0	\$ 0.8	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9
<b>Total Cash Flow</b>	<b>\$ 6.2</b>	<b>\$ 6.6</b>	<b>\$ 4.0</b>	<b>\$ 4.2</b>				
<b>Current General Fund</b>	<b>\$ 1.7</b>	<b>\$ 1.8</b>	<b>\$ 2.1</b>	<b>\$ 2.4</b>	<b>\$ 2.7</b>	<b>\$ 2.7</b>	<b>\$ 2.7</b>	<b>\$ 2.7</b>
Fund Balance Draw Down	\$ 1.6	\$ 1.2	\$ 0.7	\$ 0.2	\$ -	\$ -	\$ -	\$ -
<b>Total Annual Contributions</b>								
(All Sources)	\$ 9.5	\$ 9.6	\$ 6.8	\$ 6.8	\$ 6.9	\$ 6.9	\$ 6.9	\$ 6.9
<b>Required Contributions</b>	<b>\$ 10.3</b>	<b>\$ 10.3</b>	<b>\$ 6.9</b>					
Investible Funds	\$ 3.3	\$ 3.0	\$ 2.8	\$ 2.6	\$ 2.7	\$ 2.7	\$ 2.7	\$ 2.7
<b>Ending Fund Balance</b>	<b>\$ 15.8</b>	<b>\$ 20.0</b>	<b>\$ 24.3</b>	<b>\$ 28.7</b>	<b>\$ 33.6</b>	<b>\$ 38.8</b>	<b>\$ 44.4</b>	<b>\$ 50.4</b>
% of Annual Required Contribution Funded	92%	93%	99%	99%	100%	100%	100%	100%
% of Annual Required Contribution Funded by Current General Fund Sources	77%	82%	88%	96%	100%	100%	100%	100%

\*The change for FY 2013 represents a change in actuarial methodology. The City's general fund contribution requirement does not change.

# Non-Departmental

## Non-Departmental Expenditures, continued

	FY 2011 <u>Actual</u>	FY 2012 <u>Approved</u>	FY 2013 <u>Approved</u>
<u>Snow and Other Natural Emergencies</u>	\$2,465,213	\$836,127	\$836,127

In FY 2010 and early in FY 2011, the City experienced two cataclysmic snow storms in December 2009 and February 2010 and an extremely severe thunderstorm in August 2010. In FY 2010, the City spent nearly \$13 million to prepare for and clean up after the snow storms. City Council appropriated \$800,000 for this storm's costs from fund balances assigned for storm emergencies as an FY 2011 Supplemental Appropriation. General Fund expenditures for these events are expected to be \$5.1 million, although at this time the amount of FEMA reimbursement is unknown.

City snow and ice management budgets were consolidated beginning in FY 2012 in the Non-Departmental section of the Operating Budget. Approximately, \$38,000 was moved from General Services and \$565,000 was moved from Transportation and Environmental Services to form a central budget for snow and other emergencies. A centralized accounting of these activities allows for quicker monitoring and reporting of costs as well as remove the unpredictable burden of random snow and ice events from Departmental budgets. Ideally, other service levels in departments should not be reduced because of a particularly bad (i.e. expensive) snow season or other event. This method would contain cost overruns (or potentially cost savings) outside Departmental budgets so they can be handled in a macro-City manner. As these costs are verified, staff will request that funds be transferred back from Non-Departmental to the appropriate Department, thus giving City Council an accurate picture of the costs of these operations at the time of the transfer resolution. In addition to budget transfers from Departments, an additional \$230,000 was approved in the Non-Departmental account in FY 2012 to provide a more realistic annual budget for this service. The FY 2013 budget remains the same as FY 2012. This centrally appropriated amount of \$836,127 will be supplemented by \$0.5 million assigned for snow and other emergencies in the City's fund balance. This is in recognition that weather patterns have become more volatile with global climate change increasing the level of moisture in the air and thereby creating more severe weather.

# Non-Departmental

## Non-Departmental Expenditures, continued

	FY 2011 Actual	FY 2012 Approved	FY 2013 Approved
<u>Employee Compensation and other Personnel Adjustments</u>			
Line of Duty Benefit Costs	\$0	\$230,000	\$0
Pension (Public Safety - Closed Deferred Benefit system)	\$1,701,200	\$1,700,000	\$1,700,000
BRAC Coordinator	\$33,850	\$0	\$0
Employee Compensation (public safety pay compression & career ladders)	\$0	\$0	\$900,000
Additional Fire overtime	\$0	\$0	\$465,000
Office of Project Implementation	\$0	\$0	\$308,967
Tuition Assistance	\$168,733	\$178,400	\$178,400
<b>Total Employee Compensation and other Personnel Adjustments</b>	<b>\$1,903,783</b>	<b>\$2,108,400</b>	<b>\$3,552,367</b>

### Employee Compensation and other Personnel Adjustments

- Funding for these various operating expenses is increasing \$1,456,187, or 69.1 percent.
- Significant impacts in this category are:
  - Line of Duty Benefit costs have been allocated by department according to the number of eligible positions. In total, the FY 2013 budget includes approximately \$677,000 toward this liability, an increase of \$447,000 compared to FY 2012.
  - \$499,000 is approved to bring the general pay scale more in line with the market (by shifting it approximately 6 percent), by eliminating the two lowest steps and adding an additional step to the top of the schedule. An additional step is approved to be added to the top of the public safety pay scale as well. These funds have also been allocated by department.
  - Deficits in overtime spending continue in the Fire Department. Included in Non-Departmental is an additional \$465,000 to offset the costs of recruit classes. This is in addition to funds designated in Contingent Reserves. Additional resources needed by the Fire Department are approved to come from savings within the Department.
  - \$308,967 is approved to create an Office of Project Implementation to facilitate the implementation of high priority capital projects, including the recently adopted Waterfront Plan and flood mitigation and other complex capital plans. The funds budgeted here were established by transferring vacant positions in other departments. No new funds have been added to the FY 2013 budget to implement this new office.
  - Tuition Assistance is approved to remain at the same level as FY 2012.
  - During the add-delete process, City Council added \$500,000 for career ladders and City employee promotions (\$500,000). The career ladder and promotions allocation will fund the movement of employees in existing career ladders to the next job classification level within their program. The Career Ladder Program is designed to provide upward mobility to employees who grow in skill and capability to meet increased job responsibilities. These employees will receive pay increases in addition to merit increases, in recognition of growth in skills and abilities.
  - Also during the add-delete process, City Council added \$400,000 to address public safety pay compression as a result of the analysis of public safety salaries to be completed during 2012. The analysis will compare how the City's pay structure and practices deliver pay over an employee's career relative to pay provided public safety employees of the City's five comparators. The analysis will also help identify and alter specific pay structures or practices to achieve comparability as defined in the City's Compensation Philosophy.

# Non-Departmental

## Non-Departmental Expenditures, continued

	FY 2011 <u>Approved</u>	FY 2012 <u>Approved</u>	FY 2013 <u>Approved</u>
<u>Other Operating Expenses</u>	\$1,600,179	\$1,505,107	\$1,217,904
	FY 2011 <u>Actual</u>	FY 2012 <u>Approved</u>	FY 2013 <u>Approved</u>
<u>Other Operating Expenses</u>			
Public Safety Radio System	\$460,848	\$400,000	\$419,577
Efficiency/Best Practices Studies	\$117,398	\$0	\$0
Community Indicators	\$0	\$45,000	\$0
Waste-To-Energy Plant Property Taxes	\$586,168	\$580,000	\$290,000
Citizen Academy (Including Police Citizen Academy)	\$2,368	\$4,300	\$4,300
City-Wide Telecommunications	\$90,391	\$0	\$0
Targeted Recruitment	\$7,151	\$0	\$0
<u>Other Expenditures</u>	<u>\$335,855</u>	<u>\$475,807</u>	<u>\$504,027</u>
<b>Total Other General Fund Operating Expenditures</b>	<b>\$1,600,179</b>	<b>\$1,505,107</b>	<b>\$1,217,904</b>
Allowance for Special Revenue Fund Grants and Donations		\$1,000,000	\$1,000,000
<b>Total Other All Funds Operating Expenditures</b>	<b>\$1,600,179</b>	<b>\$2,505,107</b>	<b>\$2,217,904</b>

### Other Operating Expenses :

- Funding for these various operating expenses is decreasing \$299,423, or 19.9 percent.
- Significant impacts in this category are:
  - \$270,000 remains in the Non-Departmental budget for affordable housing purposes. These are the remaining funds from the dedicated real estate revenue for affordable housing (not currently being used to pay for debt service). The majority of the 0.6 cents of real estate tax revenue dedicated for affordable housing purposes is used to pay existing debt service. There is also \$414,722 budgeted in the Office of Housing for total resources of approximately \$685,000 of funds available for affordable housing initiatives.
  - The public safety radio system budget was increased (\$19,577) to reflect actual expenditures in FY 2011 and increased lease costs.
  - The amount needed for Waste to Energy plant property taxes is reduced by \$290,000, based on the new agreement with Covanta.