

City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 17, 2005

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO # 1: PROPOSED SCHEDULE AND ADD/DELETE PROCESS FOR THE FY 2007 BUDGET DELIBERATIONS

ISSUE: Proposed schedule and add/delete list process for the FY 2007 Budget deliberations.

RECOMMENDATION: That City Council review this report and inform staff, at the March 22nd budget work session, of any requested revisions in due dates or in the suggested process.

DISCUSSION: Seven years ago, specific written guidelines for the budget add/delete process were delineated, including (1) a timeline with specific due dates for budget memos, the preliminary add/delete list and the final add/delete list, (2) an established format for the submission of add/delete items, and (3) a statement of the specific criteria for the inclusion of add/delete list items on the preliminary and final lists. How budget amendments such as add/deletes are to be handled was affirmed by action of City Council in November 2003, and applied each year since then in the budget deliberation process (Resolution No. 2088, attachment 1). After the FY 2006 budget cycle, staff held debriefing meetings with City Council members, from which additional changes were formulated and documented in a memorandum to City Council.

The table on the next page provides the timeline recommended by staff for the FY 2007 budget process, based on the budget calendar adopted by City Council. This proposed timeline parallels the process and timeline generally used by the City Council for the last six years, including last year by this Council. Some adjustments are necessary to reflect the modified timing of the add/delete process necessary to accommodate City Council's schedule. The timeline also includes the actions required by statute to be taken by certain dates for adopting the real estate and personal property tax ordinances.

This year, in response to Council's request for an earlier Budget and Fiscal Affairs Advisory Committee (BFAAC) report, we will request BFAAC transmit its report on the Operating Budget and Capital Improvement Program by March 30 at the latest for discussion at the April 3 work session. This schedule will provide the BFAAC report to Council well before the Council submission of preliminary add/delete items.

CALENDAR FOR FY 2007 BUDGET DELIBERATIONS

Wednesday, February 22:	First Budget Work Session: Taxes, Fees and Other Revenues.
Tuesday, February 28:	Introduction and 1 st Reading Real Estate and Personal Property Tax Rate Ordinance.
Wednesday, March 1:	Second Budget Work Session: Capital Improvement Program Issues.
Monday, March 6:	Third Budget Work Session: Employee Compensation Issues.
Monday, March 13:	Public Hearing on the FY 2007 Proposed Operating Budget, and the FY 2007 to FY 2012 Capital Improvement Program.
Saturday, March 18:	Public Hearing on Effective Real Estate Tax Rate Increase. ¹
Monday, March 20:	Fourth Budget Work Session: City Operating Budget Issues.
Monday, April 3:	BFAAC Report Presentation and Discussion.
Wednesday, April 5:	Fifth Budget Work Session, with the School Board on Schools Capital Improvement Program and FY 2007 Operating Budget.
Wednesday, April 5:	Suggested deadline for Council requests requiring a written budget memorandum response.
Wednesday, April 12:	Deadline (by 5:00 p.m.) for identifying items for the Preliminary Add/Delete List. (See process discussed below in sections 2 and 3.)
Friday, April 14:	Preliminary Add/Delete List delivered to Council.
Monday, April 17:	Sixth Budget Work Session: Discussion of Preliminary Add/Delete List.
Friday, April 21:	Final Add/Delete List delivered to City Council, based on revisions discussed at April 17 work session. (See process discussed below in section 4.)
Monday, April 24:	Seventh and last budget work session and Budget Adoption at a special legislative meeting of Council. Adoption of Budget and 2 nd reading and final passage of tax rate.

¹**Wednesday/Thursday, March 1/2:** Advertisement on Public Hearing on Effective Real Estate Tax Rate Increase to be held March 18th.

Particular elements of the proposed calendar for budget deliberations are discussed below:

1. Staff Responses to Council Requests for Information on the Proposed Budget and Capital Improvement Program

Budget Director Bruce Johnson, as the lead staff person on the budget, should receive all requests from members of Council in writing, by e-mail, by telephone request, or through requests at Council meetings or budget work sessions. Staff's practice is to respond to all of these Council requests as soon as feasible. The earlier those questions are asked in the process, the better the chance that Council will have full and complete answers in time to influence the add/delete process. Staff cannot promise to answer questions received after Wednesday, April 5th before the preliminary add/delete suggestions are due to staff on Wednesday, April 12th.

2. Preparing Preliminary Add/Delete List

To ensure that there is not a misunderstanding regarding the development of the Preliminary Add/Delete List, Budget Director Bruce Johnson will contact each member of Council by telephone to determine the items the member wishes to be included on the preliminary list. This will be done prior to the release of the budget memo that transmits this preliminary list. For each item that a Council member wishes to have included on the Preliminary Add/Delete List, staff will reach an agreement with the member on the language that will be used in the list to describe the item. This will be done either orally over the telephone or through an exchange of faxes or e-mails. No language describing an add/delete item will be placed in the preliminary list unless it has been agreed to by the "sponsoring" Council member. Once agreement has been reached with all members regarding the items they wish to have included in the Preliminary Add/Delete List, staff will finalize and forward to Council the budget memorandum that contains this list. If different members have different approaches to the same item to be added to or deleted from the preliminary list, staff will reflect the different approaches on the list and will identify the member who supports each approach.

3. Criteria for Preliminary Add/Delete List Items

In accordance with the City Council's adopted Budget Resolution (Attachment D), any add/delete item or group of items that adds to expenditures must be accompanied by an offsetting decrease in expenditures or increases in revenue. If such an offsetting item or group of items is not identified by a member, then staff will not add to the Preliminary Add/Delete List the item which the member wishes to have placed on the list. Other than this, Council members may use their own criteria in determining the items they wish to have added to the Preliminary Add/Delete List.

In addition, monies included within the general contingent reserves account (which is part of the annual operating budget and is budgeted at \$376,500 in the FY 2007 Proposed Budget) cannot be used to fund an addition without specific Council approval to transfer these monies to an operating agency account. As a result, if a Council member wishes to fund an addition by the transfer of monies from the general contingent reserves account, this transfer and the corresponding added items' expenditure must be included on the add/delete list. Recommendations from the City Manager for consideration of expenditure items that were unforeseen at the time the proposed budget was presented will also be handled in this manner. No additions to the Preliminary Add/Delete List

can be made after April 17th, but any clarifications of items on that list may be made in reaching the Final Add/Delete List.

4. Preparing Final Add/Delete List

This year's Preliminary Add/Delete List will be considered at the Monday, April 17th work session. Any ambiguities in the items on the preliminary list can be resolved at that work session, through revisions to the language used to describe the items. Based on determinations made at this work session, staff will prepare its Final Add/Delete List and will distribute it to Council on Friday, April 21st. We do not anticipate the need to contact any Council members after the April 17th work session regarding the Final Add/Delete List, since we expect Council will have reached agreement at that session on all revisions to the preliminary list, including language revisions. However, if, for some reason, this turns out not be the case, staff will review specific items on the Final Add/Delete List with the proposing Council member before distributing it on Friday, April 21st.

ATTACHMENT: Approved Budget Resolution Regarding the Treatment of Final Revenue Adjustments During the Budget Process

STAFF: Mark Jinks, Deputy City Manager
Bruce Johnson, Director, Office of Management and Budget