

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 7, 2006

TO: HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #90: ADD/DELETE MENU OF OPTIONS FOR COUNCIL CONSIDERATION

This budget cycle and the new budget process have created a plethora of options for City Council to consider during its preliminary add/delete session scheduled for Monday, April 17, 2006. To assist Council members in developing their add/delete proposals, Attachment A lists all of those possible adds and deletes previously identified by City staff.

My proposed General Fund Operating Budget, presented to City Council on February 14, 2006, specified possible expenditure options to get to the lower alternative budget target previously established by Council last November (the “6% growth target”). As requested by Council at the March 20, 2006 Budget Work Session Budget Memorandum #50 (“Identification of Options to Reach a General Fund Operating Budget With 5% Growth”, dated March 31, 2006) identified additional expenditure options to be considered to reach a 5% growth target. As is customary, City staff also presents a technical re-estimate of revenues and some technical re-estimates of spending needs just prior to the Council’s preliminary add/delete session. That process was accelerated slightly this year when City staff presented Budget Memorandum #52 (“Final Revenue Projections and Adjustments” dated March 31, 2006).

In addition, I am proposing two more technical spending re-estimates at this time.

- ▶ Budget Memorandum #89 describes the derivation of my recommendation that \$1.8 million be reduced from the operating budget transfer to the Schools, which represented a preliminary estimate of the reduced costs of health insurance premiums paid by the Schools on behalf of school staff. That reduction in costs has been confirmed by the Schools to be equal to \$1,726,160. *Therefore, I am proposing that the transfer be increased by \$73,840 and the remaining \$1.8 million fund balance set-aside for possible higher rate of growth in health insurance premiums be eliminated in its entirety.* Such a recommendation would not provide funds to the Schools to use the \$1.7 million in savings to decrease the share of premiums paid by School staff, as recommended by the School Board in its approved budget as an alternative use of these funds if not needed to meet premium increases. Rather it would give Council more flexibility in setting the budget and real estate tax rate.

- Based on information just recently provided me by the Commonwealth Attorney's Office, I am proposing a decrease of \$65,627 for the Victim Witness Assistance Program administered by that Office. The Commonwealth Attorney's Office states that they expect to have more grant money available in FY 2007 than originally anticipated to offset City provided funding for this program.

Consistent with City Council's budget procedures that are established under Resolution Number 2088 (Attachment B), for City Council to consider any motion that would increase expenditures or decrease revenues from the budget baseline of revenue rates and expenditure levels for the fiscal year proposed by the City Manager, City Council must include in the motion at least an equivalent reduction in other *specific* budget outlays, an increase in *specific* revenues, or a combination of both.¹ The City Manager's baseline budget is what has become commonly referred to as the "7% growth budget" totaling \$503.5 million in General Fund expenditures.

Individual Council members should provide Bruce Johnson, Director of the Office of Management and Budget, with their recommended add/delete items by close of business, Wednesday, April 12, 2006, so that we may provide a consolidated add/delete list for City Council on Friday, April 14, 2006. If members wish to provide a short narrative statement explaining the reasons for any of their adds and deletes individually or collectively, that will be included in the April 14 preliminary add/delete package sent to Council members.²

¹The preliminary add/delete list, as per long standing City procedures, also will include proposed transfers from the Non-departmental budget for proposed employee compensation adjustments to specific departments as specified in the City Manager's proposed budget.

²Council members should be aware that the "contingent reserves" budgeted in FY 2007 in the proposed Non-Departmental budget contain \$376,500 for future anticipated needs and deletes from this account cannot exceed that sum.

CITY ALEXANDRIA, VA
PRELIMINARY ADD/DELETE SUMMARY LIST BY MEMBER

LAST UPDATED:

April 7

(Positive # = increase in General Fund or CIP Expenditures; reductions in General Fund Revenue; or increase in Fund Balance)
 Negative # = reduction in General Fund or CIP Expenditures; increase in General Fund Revenue; or decrease in Fund Balance)

	City Manager Adjustments And Options	Mayor Euille	Vice Mayor Pepper	Councilman Krupicka	Councilman Smedberg	Councilman Gaines	Councilwoman Woodson	Councilman Macdonald
FY 2007 Proposed Budget	\$503,519,491	\$503,519,491	\$503,519,491	\$503,519,491	\$503,519,491	\$503,519,491	\$503,519,491	\$503,519,491
TECHNICAL ADJUSTMENTS								
Revenue Re-Estimates								
FY 2006 Revenue Adjustments (Technical)	(\$1,400,000)	(\$1,400,000)	(\$1,400,000)	(\$1,400,000)	(\$1,400,000)	(\$1,400,000)	(\$1,400,000)	(\$1,400,000)
FY 2007 Revenue Adjustments (Technical)	(\$3,100,000)	(\$3,100,000)	(\$3,100,000)	(\$3,100,000)	(\$3,100,000)	(\$3,100,000)	(\$3,100,000)	(\$3,100,000)
Subtotal Revenue Re-estimates	(\$4,500,000)	(\$4,500,000)	(\$4,500,000)	(\$4,500,000)	(\$4,500,000)	(\$4,500,000)	(\$4,500,000)	(\$4,500,000)
Expenditure Adjustments (Technical)								
Increased cost to medical services contract @ Jail	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Correction to Northern Virginia Regional Park Authority	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Correction to School Transfer for Health Insurance Premiums	\$73,840	\$73,840	\$73,840	\$73,840	\$73,840	\$73,840	\$73,840	\$73,840
Correction to Commonwealth Attorney	(\$85,627)	(\$85,627)	(\$85,627)	(\$85,627)	(\$85,627)	(\$85,627)	(\$85,627)	(\$85,627)
Subtotal Technical Expenditure Adjustments	\$268,213	\$268,213	\$268,213	\$268,213	\$268,213	\$268,213	\$268,213	\$268,213
Fund Balance Designations (Technical)	\$4,231,787	\$4,231,787	\$4,231,787	\$4,231,787	\$4,231,787	\$4,231,787	\$4,231,787	\$4,231,787
OPTIONS								
Real Estate Tax Rate Options								
(Note: City Manager Proposed Rate Reduction of 8.8 cents in base)								
Additional 1.8 cent Real Est. Tax Rate Reduction with Alt. Target Budget	\$2,903,078							
Additional Real Estate Tax Rate Reduction (each 1 cent = \$4.9 M)	NA							
Subtotal Real Estate Tax Rate Options	\$2,903,078	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fund Balance Options								
Reduction in Fund Balance for Schools (Health Ins. Premiums)	(\$1,800,000)							
Subtotal Fund Balance Options	(\$1,800,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School Operating Budget Reduction Options								
To reach Alternative Target Budget	(\$500,000)							
To reach 5% Growth Target	(\$1,100,000)							
Additional School Op. Budget Reduction	NA							
Subtotal School Op. Budget Reduction Options	(\$1,600,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
City Operating Budget Reduction Options								
To reach 8% Growth Target								
Office on Women - VDH Grant Replacement	(\$18,000)							
Info & Technology Svcs - Telecomm Specialist	(\$63,170)							
Real Estate - Board of Equalization Pay Increase	(\$12,000)							
Non-Departmental - Sister Cities Youth Conference	(\$50,000)							
Court Service Unit - Fiscal Analyst	(\$44,177)							
MHM RSA - Group Home Nurse	(\$63,000)							
Human Service Contribution - Inflation Increase	(\$124,791)							
Recreation, Parks - Recreation Center Public Computers	(\$79,579)							
Recreation, Parks - Buddy Ford Nature Center Expenses	(\$8,050)							
Library - Computer Equipment	(\$20,000)							
Finance - Saturday hours reduction	(\$40,000)							
Finance - Senior Contract Administrator	(\$83,500)							
Info & Technology Svcs - Contracted Web Programming	(\$56,000)							
Info & Technology Svcs - Lotus Notes Programmer	(\$72,000)							
Info & Technology Svcs - Computer Equipment Replace	(\$150,000)							
Non-Departmental - Planning Studies Consultant	(\$100,000)							
Recreation, Parks - Reduce Seasons of Color Program	(\$30,000)							

Attachment A 4/5/07

CITY OF ALEXANDRIA, VA
PRELIMINARY ADD/DELETE SUMMARY LIST BY MEMBER

LAST UPDATED:

April 7

(Positive # = increase in General Fund or CIP Expenditures; reductions in General Fund Revenue; or increase in Fund Balance)
 Negative # = reduction in General Fund or CIP Expenditures; increase in General Fund Revenue; or decrease in Fund Balance)

	City Manager Adjustments And Options	Mayor Euille	Vice Mayor Pepper	Councilman Krupicka	Councilman Smedberg	Councilman Gaines	Councilwoman Woodson	Councilman Macdonald
- To reach 5% Growth Target								
City Health Insurance Co-Pay Increase	(\$635,000)							
City Health Insurance Premium Cost Sharing	(\$500,000)							
Additional City Operating Budget Reductions	NA							
Reduction to Contingent Reserves	NA							
Subtotal City Op. Budget Reduction Options	(\$2,149,267)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contingent Reserves (\$376,500 available)	NA							
City Capital Improvement Program Reductions Options								
To reach 6% Growth Target								
Chinquapin Rec Center - Postpone until FY 2008	(\$500,000)							
Space Management Plan - Postpone until FY 2008	(\$300,000)							
Capital Facilities Maint Plan - Postpone until FY 2008	(\$100,000)							
Sheriff Capital Facilities Maint Plan - Postpone until FY 2008	(\$100,000)							
Emergency Operations Center - Postpone until FY 2008	(\$75,000)							
Ball Court Renovations - Postpone until FY 2008	(\$125,000)							
Park/Playground Renovations - Postpone until FY 2008	(\$66,000)							
Alley Rehabilitation - Postpone until FY 2008	(\$200,000)							
West End Streets - Postpone until FY 2008	(\$100,000)							
Miscellaneous Undergrounding - Eliminate Funding	(\$75,000)							
Emergency Generators - Postpone until FY 2008	(\$262,500)							
Space Management Plan - Postpone until FY 2008	(\$200,000)							
MHMRSA - Group Homes - Postpone repairs until FY 2008	(\$77,500)							
Energy Conservation - Partial Elimination	(\$75,000)							
Fire Station Renovations - Postpone until FY 2008	(\$80,000)							
Fire Truck Lift - Postpone until FY 2008	(\$120,000)							
Park Drainage Improvements - Postpone until FY 2008	(\$250,000)							
Timberbranch Bridge - Postpone until FY 2008	(\$75,000)							
Public Pools/Marina - Eliminate partial funding	(\$45,000)							
Park/Playground Renovations - Postpone until FY 2008	(\$16,000)							
Rec. Facility Needs Assessment - Postpone until FY 2008	(\$300,000)							
Sidewalk, Curb & Gutter - Eliminate the FY 2007 funding	(\$100,000)							
Ornamental Street Cans - Postpone until FY 2008	(\$118,000)							
Bus Shelters - Postpone until FY 2008	(\$100,000)							
Mt. Vernon Alley - Postpone until FY 2008	(\$350,000)							
- To reach 5% Growth Target								
Revised Funding Schedule for Police Headquarters	(\$2,800,000)							
Undergrounding of Utilities - Postponement	(\$500,000)							
Additional CIP Reductions	NA							
Subtotal City CIP Budget Reduction Options	(\$7,110,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total All Budget Reduction Options	(\$9,756,191)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Resulting Budget with All Add/Deletes	\$493,763,300	\$503,519,491	\$503,519,491	\$503,519,491	\$503,519,491	\$503,519,491	\$503,519,491	\$503,519,491
5% Growth Budget Target (Total City, Schools and COLA)	\$494,100,000							
Alternative (6% Growth) Budget Target (Total City, Schools and COLA)	\$497,600,000							
City Manager Proposed Budget (Total City, Schools and COLA)	\$503,519,491							
Budget Target (Total City, Schools and COLA)	\$509,000,000							

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**Resolution No. 2088
Budget Resolution Regarding the Treatment of
Final Revenue Adjustments During the Budget Process**

Attachment B

WHEREAS, the City of Alexandria and the Greater Washington region face continued economic challenges; and

WHEREAS, the Alexandria City Council has previously exhibited restraint when considering its annual budget and financial policies; and

WHEREAS, the Alexandria City Council wishes to establish structure surrounding upcoming budget deliberations to ensure responsible actions with current economic resources;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Alexandria, Virginia, that the Council shall, for the purposes of consideration of the Budget for the City of Alexandria, adhere to the following rules of procedure:

Section (a) Proposed Budget for the City of Alexandria -

- (1) For purposes of this resolution, the budget baseline of revenue rates and expenditure levels for the fiscal year shall be that proposed by the City Manager of the City of Alexandria.**
- (2) For purposes of this resolution, the Office of Management and Budget shall provide revenue and/or expenditure projections for any motion or amendment which could affect the proposed budget specified in paragraph (1).**

Section (b) Maximum Expenditure Levels May Not Exceed Sum of Projected Revenue and Appropriation from Undesignated Fund Balance in Proposed Budget -

- (1) It shall not be in order in the Alexandria City Council to consider any motion or amendment to the proposed budget of the City of Alexandria if such motion or amendment would have the effect of increasing any specific budget outlays above the level of such outlays contained in the proposed budget specified in section (a) of this resolution, or would have the effect of reducing any specific revenues below the level contained in the proposed budget specified in section (a) of this resolution, unless such motion or amendment makes at least an equivalent reduction in other specific budget outlays, identifies an equivalent increase in other specific revenues, or an equivalent combination thereof.**
- (2) In the Alexandria City Council, any appropriation from the Undesignated Fund Balance or any like account beyond that proposed in the Manager's proposed budget shall require an affirmative vote of five Council Members.**
- (3) In the event that the City Manager recommends final revenue adjustments that result in a net increase or net decrease from the revenue estimates specified in section (a) of this resolution, the net change in the revenue estimate shall be**

reflected as a change in the proposed appropriation from the Undesignated Fund Balance. As specified in Section 2 (b), any appropriation from the Undesignated Fund Balance beyond that proposed in the Manager's proposed budget, including the net effect of final revenue adjustments, shall require an affirmative vote of five Council Members.