

**Jackie Henderson**

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11-11-14

**From:** Nelsie Birch  
**Sent:** Tuesday, November 11, 2014 2:10 PM  
**To:** City Council; City Council Aides  
**Cc:** Rashad Young; Laura Triggs; Tom Gates; Mark Jinks; Debra Collins; OMB Staff; James Banks; Jackie Henderson  
**Subject:** Update to Add/Delete Form and Resolution  
**Attachments:** Add Delete Form.pdf; Resolution for FY 2016 General Fund Operating Budget and CIP 11.11.14.pdf  
  
**Importance:** High

Mayor and Members of Council-

I have attached, for your consideration, an update to both the Budget Guidance Resolution and the Budget Proposal Form based on our discussion Saturday.

I have tracked the changes on the Resolution. On the form, we added both the capital and operating 5-year costs, and provided a place to show how you plan to offset an add to the budget or a delete from the budget.

Please let me know if you have any questions/concerns that you would like to discuss before this evening.

Nelsie

# ADD/DELETE FORM

## FY 2016 CITY COUNCIL BUDGET PROPOSAL



DATE:

CITY COUNCIL SPONSOR:



CO-SPONSOR:

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> MAYOR EUILLE          | <input type="checkbox"/> COUNCILMAN CHAPMAN  | <input type="checkbox"/> COUNCILMAN SMEDBERG |
| <input type="checkbox"/> VICE MAYOR SILBERBERG | <input type="checkbox"/> COUNCILMAN LOVAIN   | <input type="checkbox"/> COUNCILMAN WILSON   |
|  | <input type="checkbox"/> COUNCILWOMAN PEPPER |  |

REQUESTED CHANGE AFFECTS:

- |                                    |                                  |                               |
|------------------------------------|----------------------------------|-------------------------------|
| <input type="checkbox"/> OPERATING | <input type="checkbox"/> CAPITAL | <input type="checkbox"/> BOTH |
|------------------------------------|----------------------------------|-------------------------------|

ADD/DELETE

- |                              |                                 |
|------------------------------|---------------------------------|
| <input type="checkbox"/> ADD | <input type="checkbox"/> DELETE |
|------------------------------|---------------------------------|

| INITIATIVE/PROGRAMMATIC<br>ADJUSTMENT   | WHAT IS THE IMPACT OF THIS ADD/DELETE?  |                |   |                |                |
|---|---|----------------|---|----------------|----------------|
|   |   |                |   |                |                |
| <b>FIVE YEAR IMPACT</b>   | <b>FY 2016</b>  | <b>FY 2017</b> | <b>FY 2018</b>  | <b>FY 2019</b> | <b>FY 2020</b> |
| OPERATING EXPENDITURE/(SAVINGS)   |   |                |   |                |                |
| CAPITAL EXPENDITURE/(SAVINGS)   |   |                |   |                |                |
| IS THIS CHANGE ALIGNED WITH THE<br>CITY COUNCIL GUIDANCE? HOW?  |   |                |   |                |                |
| DOES THIS ADD/DELETE IMPACT<br>LEVERAGING OF OTHER FUNDS (I.E.<br>MATCHING FUNDS FROM GRANTS,<br>STATE PROGRAMS OR FEDERAL<br>PROGRAMS)? HOW? |   |                |   |                |                |
| If an ADD, how do you plan to<br>offset addition costs?   | <input type="checkbox"/> REVENUE ENHANCEMENT<br><input type="checkbox"/> DELETE FROM OTHER AREA   |                | Please Explain (i.e. which delete(s) corresponds to this add) |                |                |
| If a DELETE, what do you plan to do<br>with the savings?  | <input type="checkbox"/> ADD TO OTHER AREA<br><input type="checkbox"/> ADD TO FUND BALANCE<br><input type="checkbox"/> CONTRIBUTE TO TAX/FEE<br>REDUCTION |                | Please Explain (i.e. which add(s) corresponds to this delete) |                |                |

**Resolution \_\_\_\_\_**

**Setting Guidance for FY 2016 General Fund Operating Budget  
and Capital Improvement Program for FY 2016 – FY 2025**

**WHEREAS**, the City Council of Alexandria passed a resolution (Resolution #2537) establishing Council's process for formulating the Operating Budget and the Capital Improvement Programs (CIP) during the term of this Council and requires that City Council set budget guidance for the City Manager and the School Board for the FY 2016 budget; and

**WHEREAS**, the City Council has held a series of public outreach efforts designed to collect community input into the development of the FY 2016 budget; and

**WHEREAS**, the City Council's budget deliberations and annual spending decisions reflect a balancing of the goals articulated in the City's Strategic Plan; and

**WHEREAS**, through the Results Alexandria framework those services directly supporting the achievement of the City's strategic goals are considered for funding support; and

**WHEREAS**, the City Council is committed to continuously improving the efficiency and effectiveness of City government and expects the City Manager and City staff to focus on achieving service outcomes and providing programs that benefit the community and its residents; and

**WHEREAS**, the City Council is committed to continue providing core services expected of a municipal government including the provision and maintenance of the City's capital infrastructure; and

**WHEREAS**, the City Council will not make budgetary changes that may threaten the City's 'AAA'/'Aaa' bond ratings; and

**WHEREAS**, the City Council acknowledges that the resources required to achieve the goals of the Strategic Plan must be weighed against the appropriateness of the tax burden placed upon citizens; and

**WHEREAS**, the City Council recognizes the need to measure the impact of programs and lines of business against expected outcomes, to deemphasize or eliminate programs that do not yield those outcomes desired, and to identify efficiencies wherever possible; and

**WHEREAS**, the City Council desires to emphasize a multi-year perspective for fiscal planning; and

**WHEREAS**, the City Council established an Add/Delete Process Review Committee to review the current add/delete process and recommend appropriate revisions or modifications to address the challenges of orienting the final budget discussion toward types and levels of service

desired for the community, providing opportunity for staff to fully review proposed changes for consequences, reaching consensus, and improving transparency;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF ALEXANDRIA THE FOLLOWING:**

(a) **Operating and Capital Improvement Program Expenditures:** The City Manager may propose for Council consideration, increases in operating and capital project expenditures including compensation adjustments so long as any increased operating or capital project expense can be demonstrated as necessary to meet the strategic goals and outcomes of the City, and/or can be demonstrated to diminish a specific risk to the community. Likewise, the City Manager may propose decreases in operating and capital project expenditures provided the decrease can be demonstrated to be of lesser utility in achieving the goals and objectives of the City's Strategic Plan. An appropriate source, or sources, of revenue, compliant with applicable laws regarding revenue sources as established by the Code of Virginia, must be identified for all proposed operating and capital project expenditures.

(b) **Taxes, Fees, Fines and Service Charges:**

Option 1: In funding the proposed budget, the City Manager shall maintain the existing \$1.043 Real Estate Tax and \$5.00 Vehicle Personal Property Tax rates, as well as the existing dedications and reservations. The City Manager may propose changes to other tax policies, tax rates, tax designations, fees, fines and service charges that are equitable, fair and administratively feasible provided that these proposals are observant of the constraints imposed by the Code of Virginia.

Option 2: In funding the proposed budget, the City Manager may consider changes to tax rates, tax designations/reservations, fees/fines/service charges that are equitable, fair and administratively feasible provided that these proposals are observant of the constraints imposed by the Code of Virginia. Such changes can only be considered where they advance the priorities of the Council as stipulated in this resolution, through Legislative Sessions, or the Council Retreat.

(c) **Growth-oriented Tax Policy Changes:** Informed by the recommendations of the Business Tax Reform Task Force, the City Manager may consider changes to the business tax policy through administrative regulation/procedural changes as well as any tax rate changes, that the City Manager believes will promote the short/medium-term revenue growth and that aligns with the City's targeted economic development strategies.

(d) **Cost Saving Measures:** The City Manager shall continually identify and implement cost saving measures and efficiencies in all City and School operations and consider reduction of service levels where the performance exceeds the level required by the community, where the current level of service is not a strategic priority, or where performance, over time, has not achieved the desired outcomes.

(e) **City Workforce:** The City Manager shall ensure that the proposed budget includes employee compensation (salary and benefits) that recognizes strong performance and continues investments in professional growth and development opportunities. The City Manager shall also incorporate into the 5-Year Financial Plan a compensation strategy that enables the City to achieve and maintain pay competitiveness for positions throughout the organization, including correcting inequitable pay practices and compensation structures, in an effort to attract and retain top talent. The compensation strategy should be considered within the City's overall priorities and investment obligations.

(f) **Use of Surplus:** The City Manager will recommend use of prior-year surplus funds first to ensure that the Capital Improvement Program includes sufficient cash capital funding, then to address one-time costs that positively impact the expected goals in the Strategic Plan.

(g) **CIP:** The proposed FY 2016-2025 CIP shall incorporate the following:

1. Compliance with the City's adopted/proposed debt policies for any debt issuance planned for FY 2016 through FY 2025;
2. An updated proposal for financing the planned Potomac Yard Metrorail station, including any debt policy amendments necessary;
3. Maintenance or increase of cash capital commitment from approved FY 2015-2024 CIP, provided the City Council has not adopted a superseding Capital Investments Policy that provides for alternate flexibility;
4. The optional use, as determined by the City Manager, of expected additional General Fund operating budget surplus from FY 2015 as commitment for capital projects in FY 2016 and beyond; and,
5. Specific descriptions of projects that can be funded within recommended levels of funding, and their associated operating costs, estimated for all years of the CIP.

(h) **ACPS Funding:** That the City Manager recommend for transfer to the Alexandria City Public Schools an appropriation equal to the amount approved by City Council for FY 2015, except that the City Manager may vary from FY 2015 approved appropriation if specifically to address anticipated changes in student enrollment, expense changes resulting from cost saving measures employed by ACPS, or cost changes which results from efficiencies gained through the sharing of services with other entities.

(i) **Outside Agencies:** Organizations outside the City government that receive funding support from the City must demonstrate an alignment of their efforts with accomplishments of the City's strategic objectives. In cases where there is discretion over the level of funding, organizations external to the City government must demonstrate the purpose and consequence of the funding.

(j) **Non-Profit Partnerships:** The City Manager shall seek to incorporate the recommendations of the Alexandria Fund for Human Services (AFHS) Citizen Review Committee in the proposed budget.

(k) **Disposition of Surplus Property:** As detailed in the approved Housing Master Plan, the City Manager shall identify any surplus property that may be appropriate for alternate disposition for social service needs in furtherance of the City's Strategic Plan. Revisions to the Real Estate Disposition Policy shall be proposed as appropriate.

(l) **Add/Delete Process:** The City Council shall adhere to the following Add/Delete Rules of Engagement for amending and adopting the final budget:

1. Eliminate the add/delete spreadsheet that is produced by OMB.
2. A City Council Budget Proposal form will be required in order to add or delete anything from the City Manager's Proposed Budget. The form will require the following prior to Council consideration:
  - i. Additional information related to how the change advances the Council's goals/priorities.
  - ii. Additional information related to how this change impacts the performance of that program, service or goal.
  - iii. A five year cost estimate for any proposed addition to the budget. Any capital budget addition must also show the corresponding operating budget impact over the five year period.
  - iii.iv. A corresponding offset (whether revenue enhancement or other programmatic/service reductions) for any additions proposed to the budget.
  - iii.v. A majority (4 of 7) of Council's support for the proposal.
3. The completed City Council Budget Proposal form must be returned to the Office of Management & Budget (OMB), with each of the steps from #2 above completed, at least 14 days prior to the adoption of the budget [for FY 2016, April 23].
4. A combined list of all City Council Budget Proposals that meet the criteria in #2, any technical adjustments from OMB, and any City Manager recommended changes, will be provided and discussed at the 2nd Legislative Meeting in April [for FY 2016, April 28].
5. Council will work with OMB to refine/develop funding figures based on the proposals submitted, to be completed 7 days prior to budget adoption [for FY 2016, April 30].
6. Completed Council Budget Proposals, with funding, will be circulated to Council and the public the Friday prior to budget adoption [for FY 2016, May 1].
7. City Council will be required to keep the budget in balance once all decisions are made. ~~Although a specific funding offset is not required for a proposal to be considered (if that proposal adds funds to the budget).~~ Council will be required to either increase tax/fee rates or make cuts to other programs to fund their priorities in order to maintain a balanced budget.
8. Final decisions will be made 72 hours prior to budget adoption and discussed at a Special City Council work session [for FY 2016, May 4].

9. Final decisions will be made available to the public 48 hours prior to budget adoption [for FY 2016, May 5]
10. Budget Adoption will occur on May 7, 2014 with all City Council Budget Proposals, those approved and those not approved, made public upon adoption of the budget.