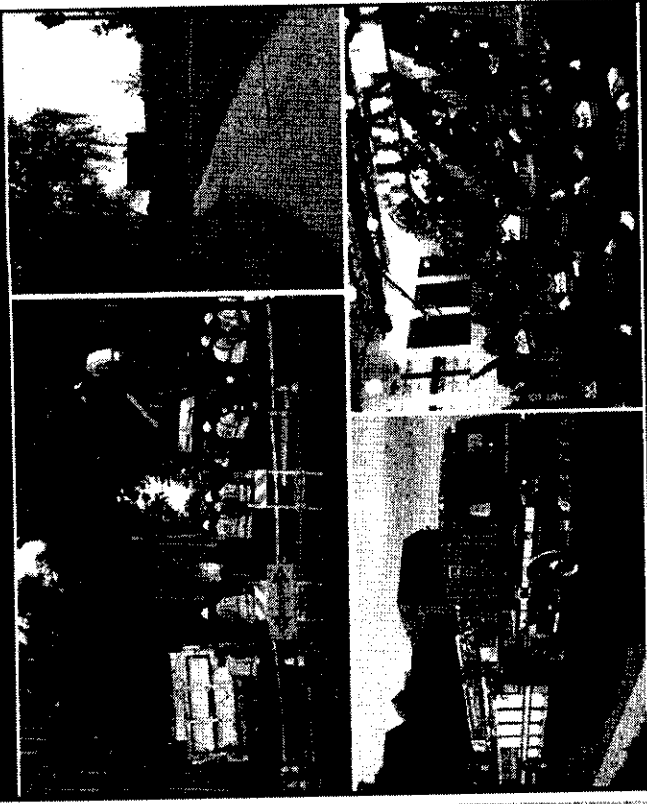




*City of Alexandria, Virginia*

## PROPOSED OPERATING BUDGET



— FISCAL YEAR 2014 —

JULY 1, 2013 – JUNE 30, 2014

# 2013 Mayor's Proposed Budget

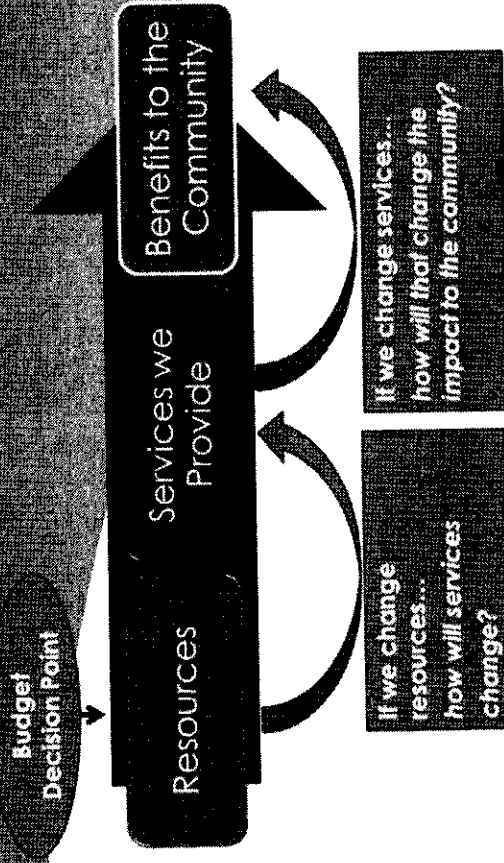
February 26, 2013





## Overview

- 6<sup>th</sup> straight year of economic challenges
- Cost of current services/previous commitments exceeds revenue growth
- Budget proposal meets Council Guidance
- Budget proposal continues to adhere to the City's Strategic Plan and strong financial management policies



- Recommendations were evaluated against their impact on the Outcomes (both Long-Term and Intermediate) that help us measure our success against the Strategic Plan
  - Balanced approach to address gap: both revenue increases and expenditure reductions are on the table
  - Developed Departmental Clusters to recommend ways to address the budget gap using Strategic Plan as guide
- Recommendations included leveraging local dollars where possible and the creation of operational efficiencies while minimally impacting the Outcomes
- Evaluated changes to employee compensation and benefits to improve market compatibility while providing for future sustainability



## Transportation and Community Development

- Transportation & Environmental Services
- Code
- Office of Historic Alexandria
- Housing
- Planning & Zoning
- Alexandria Economic Development Partnership, Alexandria Convention & Visitors' Association

## Internal Services

- Finance/OMB/Real Estate
- City Manager, City Clerk, City Attorney
- Information Technology Services
- Human Resources
- General Services
- Communications
- Internal Audit/Performance & Accountability

## Child, Youth and Family

- Department of Community & Human Services
- Health
- Library
- Recreation, Parks & Cultural Activities

## Public Safety

- Police
- Fire
- Department of Emergency Communications
- Sheriff
- Human Rights
- Court Services
- Registrar of Voters
- Commonwealth's Attorney
- Courts and Other Criminal Justice Agencies



## Budget Development Program (CIP) Process Improvement

### Created a Capital Improvement Program (CIP) Process Improvement Team

- Developed Guiding Principles that included linking projects to the Strategic Plan
- Developed a Scoring Tool to evaluate projects based on Guiding Principles

### Phased Implementation

- FY 2014-2023 CIP
  - New projects were evaluated using the Scoring Tool and Council Guidance
  - Financing Plan for all capital projects commenced, including specific sources/uses for projects
  - Re-formatting of CIP document to include clearer links to the Strategic Plan
- FY 2015-2024 CIP
  - ALL projects will be evaluated using the Scoring Tool
  - A Technical Review Committee will review the scoring and project timelines/scopes
  - Continued re-formatting of CIP document





# Council Budget Guidance

## Commitment to Strategic Plan

- Balancing needs with affordability
- Recommend increases or decreases based on their alignment with the Strategic Plan, including compensation adjustments

No more than 1% of Fund Balance used to balance budget

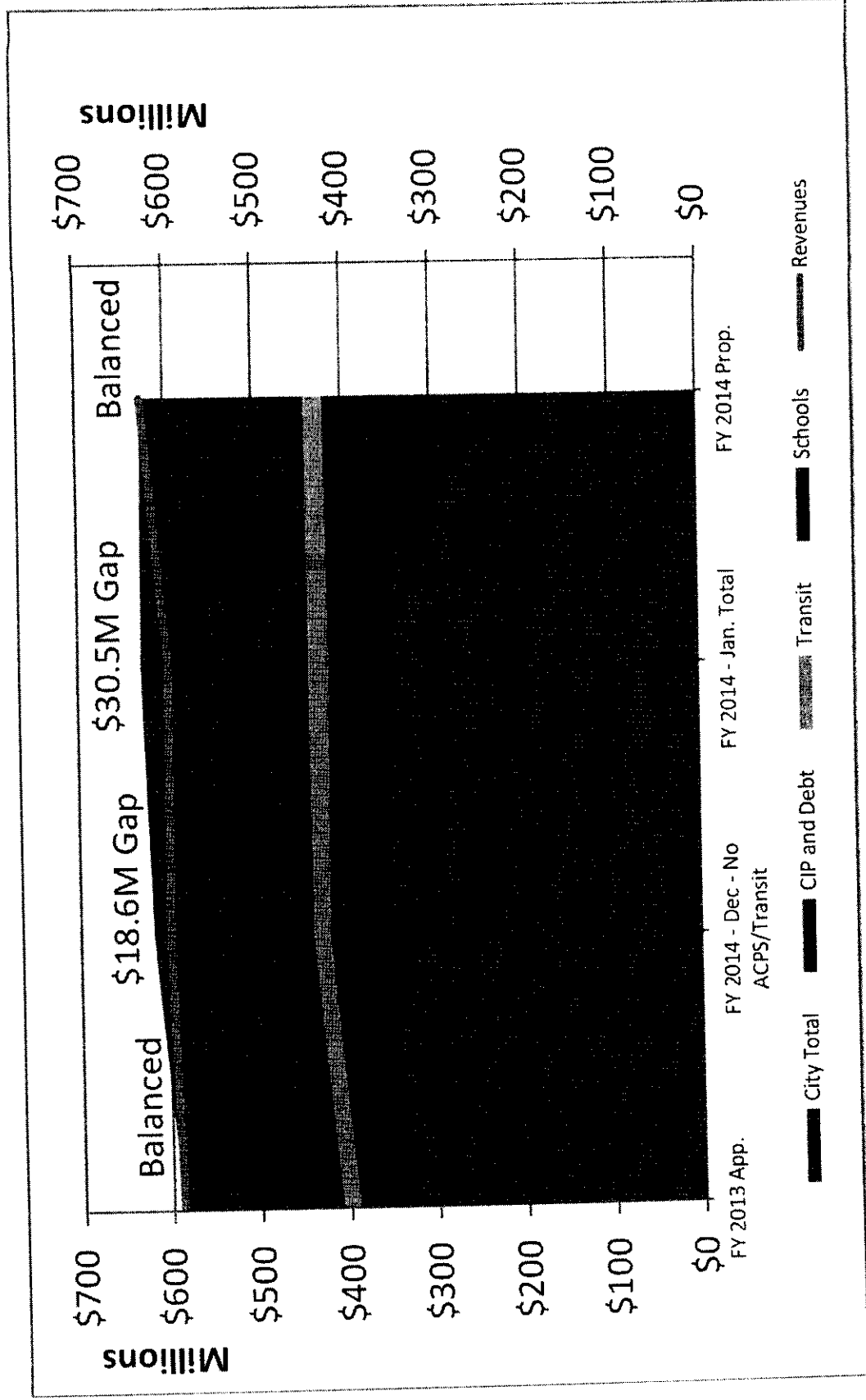
Maintain cash capital (pay-as-you-go) funding for capital projects at FY 13 levels

ACPS funding changes based on student enrollment or cost saving measures

Align City funding to Strategic Plan and focus on education, physical plant capacity, sewer and other basic infrastructure, public safety, and recreation enhancements

Propose a CIP Package to reflect the commitment of additional revenue

# Evolution of Budget Situation





# Proposed Budget Overview

## Proposed All Funds Budget

= \$759.0M

- 6.1% higher than the FY 2013 Approved Budget

## Proposed General Fund Budget

= \$626.6M

- 6.6% higher than the FY 2013 Approved Budget
- 3.3% General Government Growth (exc. Schools and Capital)
- 3.3% ACPS Operating Budget Growth
- 34.3% Debt Service and Cash Capital Growth
  - Includes an additional \$0.03 tax rate for cash-funded capital projects
  - 17.3% growth exclusive of additional tax rate (\$3.9M Cash Capital; \$8.2M increased debt service)

## Proposed FY 2014-FY2023 CIP

= \$1.27B

- Major additions include ACPS capacity projects and Fire equipment/apparatus
- Includes \$126.7M in additional projects from \$0.03 tax rate

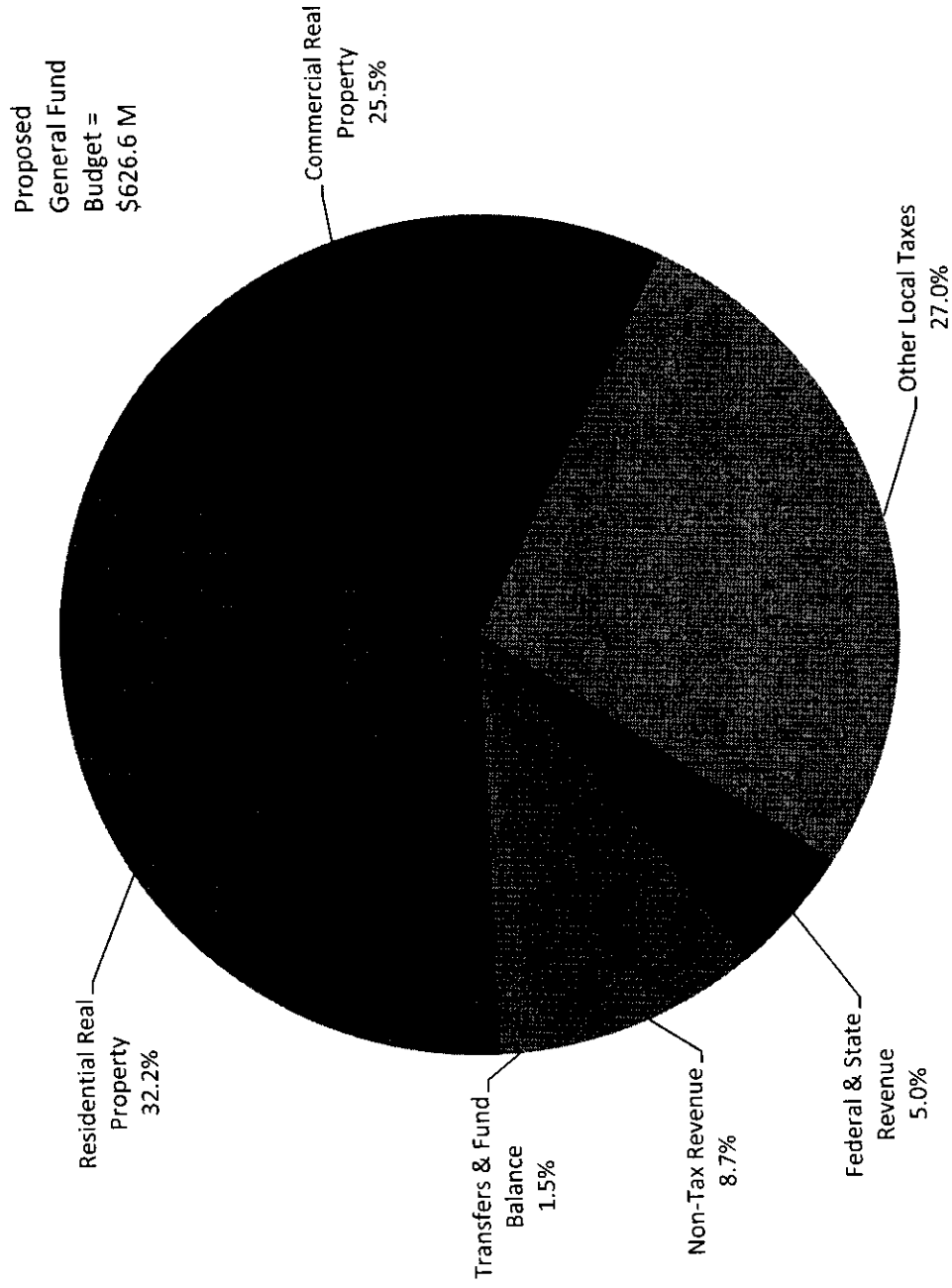
## Proposed FY 2014 Capital Budget

= \$83.1M

- 13.6%, or \$23.8M higher than the FY 2014 Prior Year Plan



# Revenue Overview





### FY 2013 Adopted Budget

= \$587.9M

### FY 2014 Adjustments to Tax Base (what we knew in December)

+ \$10.0M

### Revenue Increases Based on Growth in Tax Base or Other Adjustments (since December)

- Includes \$0.6M Indirect Cost Allocation

+ \$3.4M

### Local Aid to the State Repeal

+ \$1.1M

### Other Tax/Fee Revenue Changes

- ACVA Advertising Impact (Sales, Transient, Meals)
- Fire Permits & Inspections Fee Increases
- Increases in Parking Meter Hours, Garage Rates & Enforcement
- Revenue from Compliance Positions (Finance/Real Estate)
- Development Fee Increases and Alignment of Fees for Services Received
- Recreation & Marina Fee Increases
- Commercial Refuse Fee
- Solid Waste Household Rate Reduction

+ \$0.5M

+ \$0.3M

+ \$1.3M

+ \$0.3M

+ \$0.5M

+ \$0.3M

+ \$0.1M

- \$0.4M

### Revenue Increases Based on Change in Tax Rate

- Real Estate Tax Rate Increase of 2.5 cents
- Real Estate Tax Rate Increase of 3.0 cents for cash capital investments
- Motor Vehicle Personal Property Tax Rate Increase (\$4.75 to \$5.00)
- Tobacco Tax Increase (\$0.80 to \$0.90 per pack)

+ \$8.6M

+ \$10.5M

+ \$2.0M

+ \$0.3M

= \$626.6M

### FY 2014 Proposed Budget



# Increases Going?

## Real Estate Tax for Schools and Capital

**2.5 cents**  
(\$8.64M)

\$6.0M, Schools

\$2.14M, Cash Capital/Debt Service

\$0.5M, Transit (DASH/WMATA) Operating Increases

**3.0 cents**  
(\$10.5M)

\$10.5M, Additional Cash for Capital Investments

## Base Revenue Growth; User Fee Increases for Core Services

**Fee Increases (\$5.6M)**  
&  
**Base Revenue Growth (\$13.4M)**

\$9.9M Cash Capital/Debt Service

General Government Operations

## Vehicle Personal Property Tax for Transit

**25 cents**  
(\$2.0M)

\$2.0M, Transit (Dash/WMATA) Operating Increases



# Average Impact Real Estate Tax Rate

2013 CY Impact

Real Property	2012 (CY) Avg. Tax Bill (A)	Assessment Increase % (B)	Assessment Increase only \$ (C)	2.5 Cents Rate only (D)	3.0 Cents Rate only (E)	2013 (CY) Average Tax Bill (includes assessment increase and 5.5 cent tax rate increase) (F) (A+C+D+E=F)
Residential Real Estate	\$4,571	2.72%	\$126	\$118	\$141	\$4,956
Single Family Average	\$6,314	2.97%	\$188	\$163	\$195	\$6,860
Condo Average	\$2,672	2.22%	\$59	\$68	\$83	\$2,882
Commercial Average	\$53,643	4.15%	\$2,226	\$1,400	\$1,679	\$58,948

2012 (CY) Rate = \$0.998; 2013 (CY) Proposed Rate = \$1.053



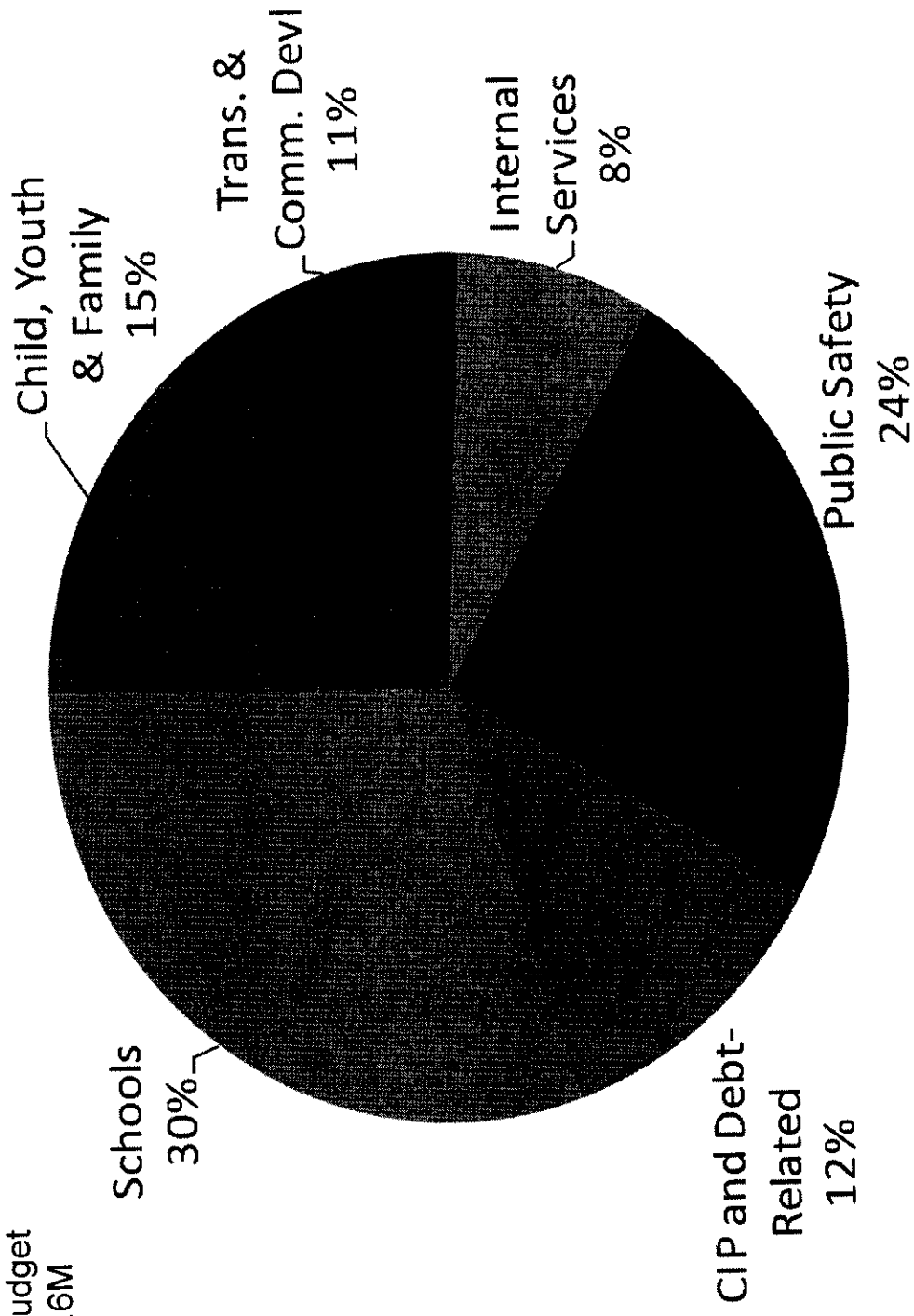
## 2019-2020 Personal Property Tax

Assessment	\$5,000	\$10,000	\$18,000	\$25,000	\$32,000
Taxpayer Owes Current	\$93	\$186	\$333	\$608	\$940
Taxpayer Owes Proposed	\$93	\$186	\$405	\$700	\$1,050
Impact	\$0	\$0	\$72	\$92	\$110

Proposed Increase from \$4.75 to \$5.00/ \$100 of AV

# FY 2014 General Fund Expenditures

Proposed General  
Fund Budget  
= \$626.6M







# OFFICE OF THE CITY MANAGER EXECUTIVE MANAGEMENT REPORT - JUNE 2014 (CONFIDENTIAL)

= \$587.9M  
 + \$26.7M

- FY 2013 Budget
- Maintain Current Services/Previous Commitments
  - Personnel \$14.1M
  - Non-Personnel \$0.5M
  - Cash Capital/Debt Service \$12.1M
- ACPS Request
- Transit Increase (DASH and WMATA)
- FY 2014 Preliminary Budget

+ \$9.2M  
 + \$4.6M  
 = \$628.4M

\$30.5M  
 Gap  
 (assumes  
 \$10.0M in  
 Revenue  
 growth;  
 Revenue =  
 \$597.9)

- \$8.5M  
 - \$3.2M  
 - \$2.1M  
 + \$1.4M  
 + 10.6M

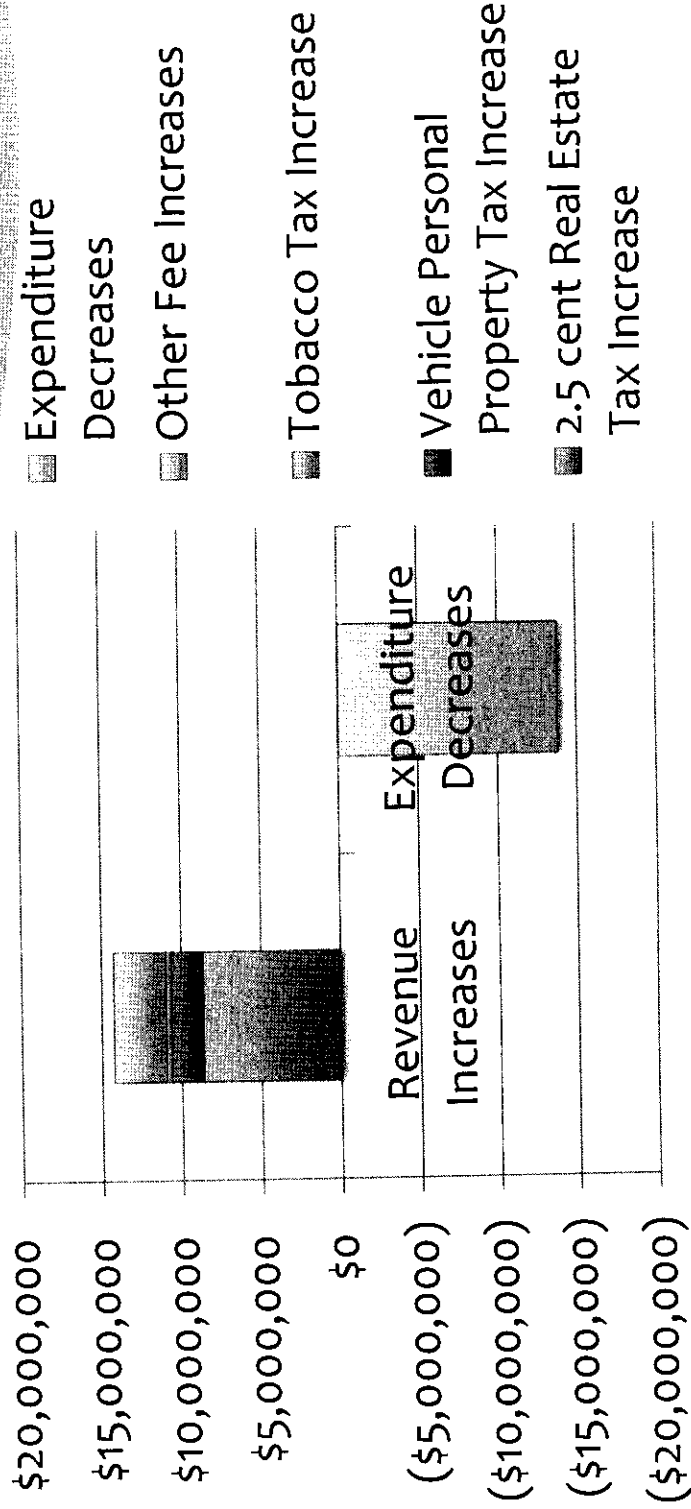
- Expenditure Reductions
- ACPS Non-Enrollment Change (Requested vs. Proposed)
- Transit—DASH/WMATA (Requested vs. Proposed)
- New or Broadened Initiatives
- \$0.03 Cash Capital

= \$626.6M

- FY 2014 Proposed Budget

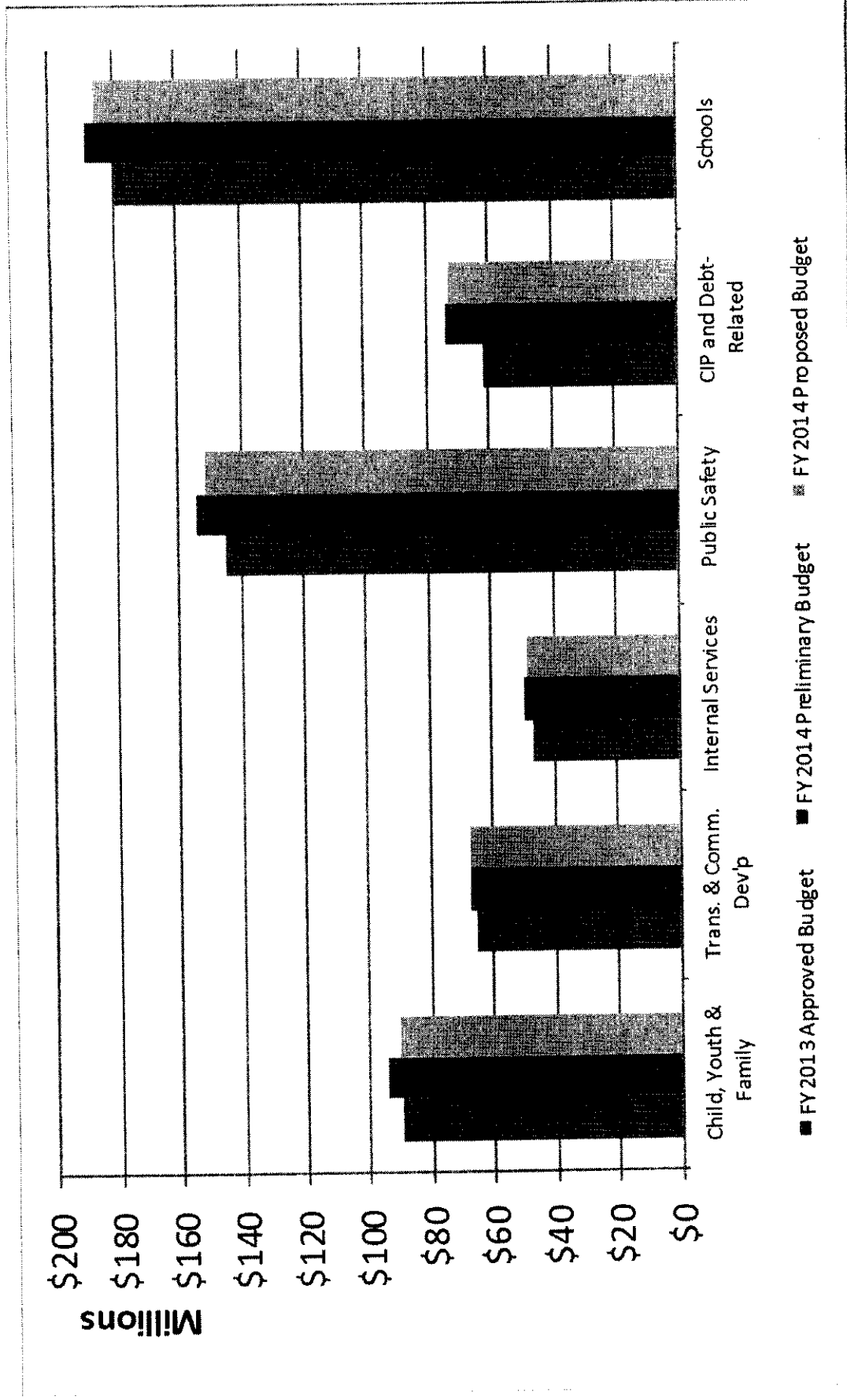


# Budgetary Gap



Includes only new tax and fee revenues used to balance the \$30.5M budgetary gap; does not include base revenue growth, aid to state repeal, or additional 3.0 cent real estate tax rate increase for cash capital.

# All Contributed to Solution



\*Trans. & Comm. Dev'p includes the increased operating costs for DASH and WMATA.

# FTE Changes by Clusters

Clusters	FY 2013 Approved FTE Count	FTE Position Increase	FTE Position Decrease
Transportation & Community Development (mostly environmental positions)	345.7	17.125	-0.5
Internal Services	312.0	2.0	-1.0 (1.0 filled)
Public Safety	1,059.6	2.0	-9.0 (1.0 filled)
Child, Youth & Family	840.3	2.0	-17.3 (12.0 filled)
Total:	2,544.6	23.125*	-27.8

\*Includes All Funds including those services paid for by grants and specific revenues.

**Capital and Operating Budgets**

**Goal  
for Both  
Capital and Operating  
Budgets**



Alexandria is a vibrant, diverse community with a rich history and a bright future. We are committed to providing a high quality of life for all residents and fostering a strong, diverse and growing local economy.

Includes all or portions of programs from the following Clusters: Transportation & Community Development, Child, Youth & Family

## A. General Fund Changes

- Increase in ACVA destination advertising resulting in increased tax revenue (sales, meals and transient taxes)
- Shift SBDC communications funding from staff cost to IT investment
- Eliminate regional economic development membership (Greater Washington Initiative)
- Increase developer fees to better cover the costs of processing development applications





## B. Capital Investments in FY2014

- Next Phase of Wayfinding Sign Implementation
- Waterfront Plan Design and Engineering
- Complete Potomac Yard Metrorail Station EIS

## C. Other Non-General Fund Investments

- Expand the Permit Center to Improve Customer Service
  - Transfer positions and general expenses from General Fund to Code Enterprise Fund
  - Invest in new positions to improve the customer experience
  - Increase construction permit fees to better cover costs



Includes all or portions of programs from the following Clusters: Child, Youth and Family; Transportation & Community Development

## A. General Fund Changes

- Commence year-round mulch, brush collection, and grass recycling programs
  - Funded through tip fee reduction at Covanta Plant
  - Customers will also receive a \$20/year reduction in the solid waste fee
- Reduce early morning hours at Charles Houston Recreation Center and Close Charles Barrett, Mt. Vernon, & Patrick Henry Recreation Centers on 3 City Holidays (MLK, Presidents Day and Day after Thanksgiving)
- Close Warwick Pool



## B. Capital Investments in FY 2014

- Open Space Acquisition
- Northern Virginia Regional Park Authority capital contributions
- Playground renovations and Recreation center upgrades
- Pedestrian and Intersection Improvements

## C. Other Non-General Fund Investments

- Storm Water/Sanitary Sewers
  - Increased staff support related to the upcoming State and Federal mandates
  - Increased Sewer inspections and maintenance
  - Multi-family Sanitary Sewer Connection Fee Increase



includes portions of programs  
from Transportation &  
Community Development

## A. General Fund Changes

- WMATA operating subsidy increase to base (including Silver Line expansion) and new Bus Rapid Transit operating needs; (no fare increase)
- DASH operating subsidy increased due to base and service expansion operating needs
- Cancel implementation of the Arlandria/Del Ray Shuttle
- Increase King Street Trolley headways from 15 minutes to 20 minutes

## B. Capital Investments in FY 2014

- Street Paving
- WMATA Capital Investments
- DASH Fleet Replacements
- Bus Shelter Upgrades including improved ADA accessibility



### C. Transportation Improvement Program (TIP)

- DASH Fleet and Route Expansion
- Continued implementation of Capital Bikeshare
- Bicycle Master Plan Update
- Bus Rapid Transit



Includes all or portions of programs from the following Clusters: Child, Youth & Family; Transportation & Community Development

## A. General Fund Changes

- Increase Housing staff support to oversee Beauregard relocation process
- Incorporate coupon/means testing for Senior Taxi
- Reduce grant funding by 6% for non-profit human services grants
- Reduce Library hours by two hours per week at Barrett, Burke and Duncan

## B. Capital Investments in FY 2014

- Library Upgrades at Beatley, including water infiltration remediation and new carpeting





### C. Operating Investments in ACPS

- Team of City and ACPS Staff began meeting throughout the year to discuss enrollment-related needs
- Manager's Proposed Budget is based on the results of these meetings

Manager's FY2014 Proposed Operating Budget for ACPS      = \$185.5M

- ACPS FY 2014 Operating Budget Request      = \$188.7M
- FY 2013 Operating Budget for ACPS      = \$179.5M



## D. Capital Investments in ACPS

- Focused on Enrollment Needs and Trends
- First 5 Years of Capacity Needs in CIP Funded
- Second 5 Years of CIP Continuing to Discuss

Manager Proposed CIP FY 2014-2023 for ACPS	= \$216.7M
– With additional 3.0 cents for capital investments	= \$19.4M
– ACPS FY 2014- FY 2023 <i>Proposed Request</i>	= \$357.4M

Manager Proposed FY 2014 Capital Budget	= \$10.0M
– ACPS FY 2014 <i>Capital Budget Request</i>	= \$18.1M



includes all or portions of programs from the following Clusters: Child, Youth & Family; Transportation & Community Development; Internal Services

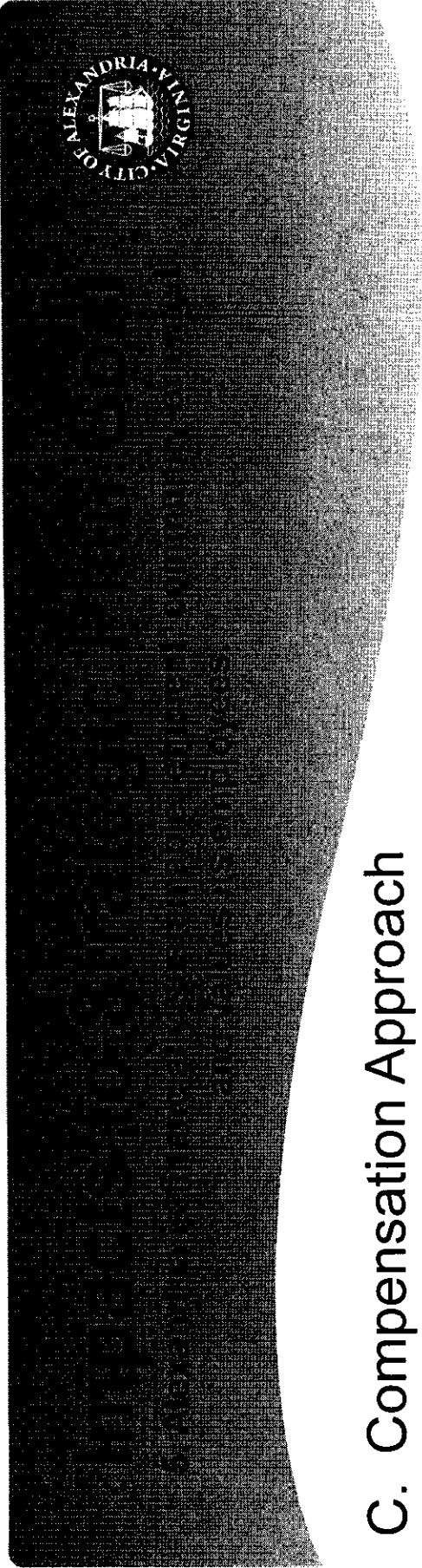
## A. General Fund Changes

- Invest in tax compliance resources to increase revenue collections for self-reported taxes and real estate assessments
- Implement Automated Parking at 3 facilities: Cameron/St. Asaph; Henry; and, Thompson's Alley
- Shift Parking Adjudication from Finance to General District Court
- Raise parking fees by 20-25% in the 8-City managed parking garages
- Extend parking meter hours by 2 hours (from 7pm to 9 pm)



## B. Capital Investments in FY 2014

- Information Technology upgrades that increase security, efficiency and improves the customer experience
- Energy Management and efficiency improvements in public buildings
- City Hall HVAC Improvements



## C. Compensation Approach

- Become more competitive to address attraction/retention issues
- Create a balanced and sustainable benefits plan
- Begin shift to a Pay for Performance approach



### Adjusted These:

- Health benefit plan design changes
  - Introduced deductibles and co-pay changes
  - Creation of Healthcare Work Group to facilitate on-going discussion
- Increase employee share of pension costs
- Eliminate sick-leave bonus pay to employees
- No market rate or cost of living adjustment

### To Achieve These:

- Merit increase, average 3.1%; top of grade (one-time) compensation
- Career Ladder investments
  - New General Schedule Career Ladders
  - Pay grade adjustment for Fire to align with market and help with recruitment/retention (Career Ladders in '15)





## Career Ladders

- FY 2014 Investment = \$0.90M
- FY 2013 Investment = \$0.50M
  - Invested in the Career movement for 107 People (91 positions in Public Safety)
  - FY 2014 Cost Incorporated into budget from 2013 Investments = \$0.56M
- Continued Commitment to ensure Career Ladder opportunities for those newly eligible within existing career ladder designations

## Compression Issues

- FY 2013 Investment = \$0.40M
  - Addressed pay compression in Police and Sheriff's Office
  - 50 Police Officers and Deputy Sheriffs' pay adjusted



6. The City provides the safety and security of its residents, businesses, employees and visitors. Includes all of portions of programs from the following Clusters: Public Safety and Child, Youth & Family

#### A. General Fund Changes

- Reduce overtime by redeploying 12 fire suppression staff slated for Station 210 until new station opens (~ May 2014)
- Delay hiring of 8 Medics from July until November (for Station 210)
- Eliminate one of three supervised inmate work details
- Reduce size of specialized Police units (Traffic Enforcement, Tactical, and Narcotics) and redeploy the 5 officers back to patrol and eliminate hiring 5 new officers
- Reduce contracted marina security from 8 hours (9pm - 5 am) to 6 hours (10 pm - 4 am)
- Increase fees for fire prevention & life safety to recover costs of service
- Increase in Federal Per Diem revenue for federal prisoners
- Increase parking enforcement resources by adding two additional officers



## B. Capital Investments in FY 2014

- Police K-9 Facility Renovation
- Complete Funding for Emergency Operations Center (EOC)
- Fire Replacement Vehicles and Apparatus (36 total throughout entire CIP)



7. Alexandria is an historic city with many one-of-a-kind values, including diversity, history and culture.

includes all portions of the following Cluster:  
Transportation & Community  
Development

## A. General Fund Changes

- 6% decrease in non-profit arts grants
- Add a part-time position at Black History Museum
- Reduce Historic Alexandria public information officer to part-time
- Reduce marketing funds for Civil War Sesquicentennial

## B. Capital Investments in FY 2014

- Public art acquisition
- Maintenance funding for historic buildings
- Northern Virginia Community College capital contributions

# Additional Capital Projects



## Additional Capital Projects

- 3-cent real estate tax rate increase
- Revenue generated over 10-year plan = \$126.7M
  - Additional \$5.0M Generated in FY 2014 due to the increased tax rate on the June 2013 real estate tax payment (falls in FY 2013)
- Additional operational costs are not included
- Additional costs for school capacity and storm/sanitary sewer federal mandates are not fully funded



## Additional Capital Projects

### ACPS Capacity/Non-Capacity

=\$19.4M

### Transportation

=\$22.3M

- Additional Street Resurfacing (\$49.7M already programmed into CIP) = \$7.6M
- Additional Bridge Repairs (\$5.7M already programmed into CIP) = \$3.0M
- Additional Street & Alley Reconstructions (\$7.3M already programmed into CIP) = \$3.6M
- Sidewalk/Shared-Use Paths Maintenance (\$9.2M already programmed into CIP) = \$5.8M
- Bus Shelters and Benches (\$0.54M already programmed into CIP) = \$0.22M
- Complete Streets (\$10.2M already programmed into CIP) = \$1.75M
- Rte. 1 @ E Reed Intersection Improvements = \$0.39M





# Additional Capital Projects

= \$1.5M

= \$38.8M

- Open Space (\$23.3M already programmed into CIP) = \$3.0M
- Large Park Framework Plan Improvements = \$10.5M
- Four Mile Run Park Expansion & Duron Building = \$0.3M
- Aquatics Plan Implementation = \$25.0M

= \$4.4M

- Facility Maintenance = \$1.9M
- CIP Project Planning/Design/Engineering = \$0.5M
- Market Square Renovations = \$2.0M

= \$26.5M

= \$10.0M

= \$2.8M

= \$1.0M



General Fund	FY 2013 Approved	FY 2014 Proposed	\$ Change	% Change
City Operations	\$327.9	\$336.8	\$8.9	2.7%
Transit Subsidies	\$18.4	\$20.9	\$2.5	13.6%
<b>Total City Operations &amp; Transit</b>	<b>\$346.3</b>	<b>\$357.7</b>	<b>\$11.4</b>	<b>3.3%</b>
Cash Capital and Debt Service (includes additional 3 cents)	\$62.1	\$83.4	\$21.3	34.3%
<b>Sub Total City Expenditures</b>	<b>\$408.4</b>	<b>\$441.1</b>	<b>\$32.7</b>	<b>8.0%</b>
City Appropriation to Schools	\$179.5	\$185.5	\$6.0	3.3%
<b>Total General Fund Budget</b>	<b>\$587.9</b>	<b>\$626.6</b>	<b>\$38.7</b>	<b>6.6%</b>



# 2014 Budget Process

Date		Proposed Start Time	Product
January 8		7:00 pm	Introduce Budget Guidance
February 26		7:00 pm	City Manager's Proposed Budget and Introduction of Tax Rates Ordinance
March 4		5:30 pm	Double Work Session- 5:30 pm Performance Management & 7:30 pm Revenues/Expenditures
March 6		7:00 pm	Public Presentation of Budget (7:00 pm) - (Beatley Library)
March 11		4:00 pm	Budget Public Hearing(4:00 pm to 8:00 pm)
March 12		7:00 pm	1 <sup>st</sup> Legislative Mtg. Need to Set Maximum Tax Rate
March 14		N/A	Advertise Maximum Tax Rate
March 16		9:30 am	Saturday Public Hearing
March 20		5:30 pm	Double Work Session - 5:30 pm Capital & 7:30 pm Joint Work Session with ACPS Board (GW Middle School Library)
March 27		7:00 pm	2 <sup>nd</sup> Legislative Mtg.
March 24 to 31		N/A	Easter Week and Spring Break
April 3		6:30 pm	Work Session - Topic TBD
April 4		6:30 pm	Work Session - Employee Compensation
April 9		7:00 pm	1 <sup>st</sup> Legislative Meeting
April 13		9:30 am	Public Hearing on Tax Rates
April 15		6:30 pm	Work Session - BFAAC
April 23		7:00 pm	2 <sup>nd</sup> Legislative Mtg.
April 29		6:30 pm	Preliminary Add Delete
May 6		6:00 pm	Final Add Delete
May 6		7:00 pm	Budget Adoption

# Background Slides



## Debt Service/Cash Capital Increase

### Cash Capital - \$3.88 million increase

- \$3.19 million for planned increase from last year's FY 2013-2022 CIP
- \$1.375 million transfer from the General Fund for street resurfacing
- Reduction of \$677,603 as bond premiums were used as a one-time source

### Debt Service - \$8.2M increase

- \$5.3 million due from past bond issuances
- \$2.9 million for Cost of FY 2014 (July 2013) bond issuance



## FY 2014 Capital Budget

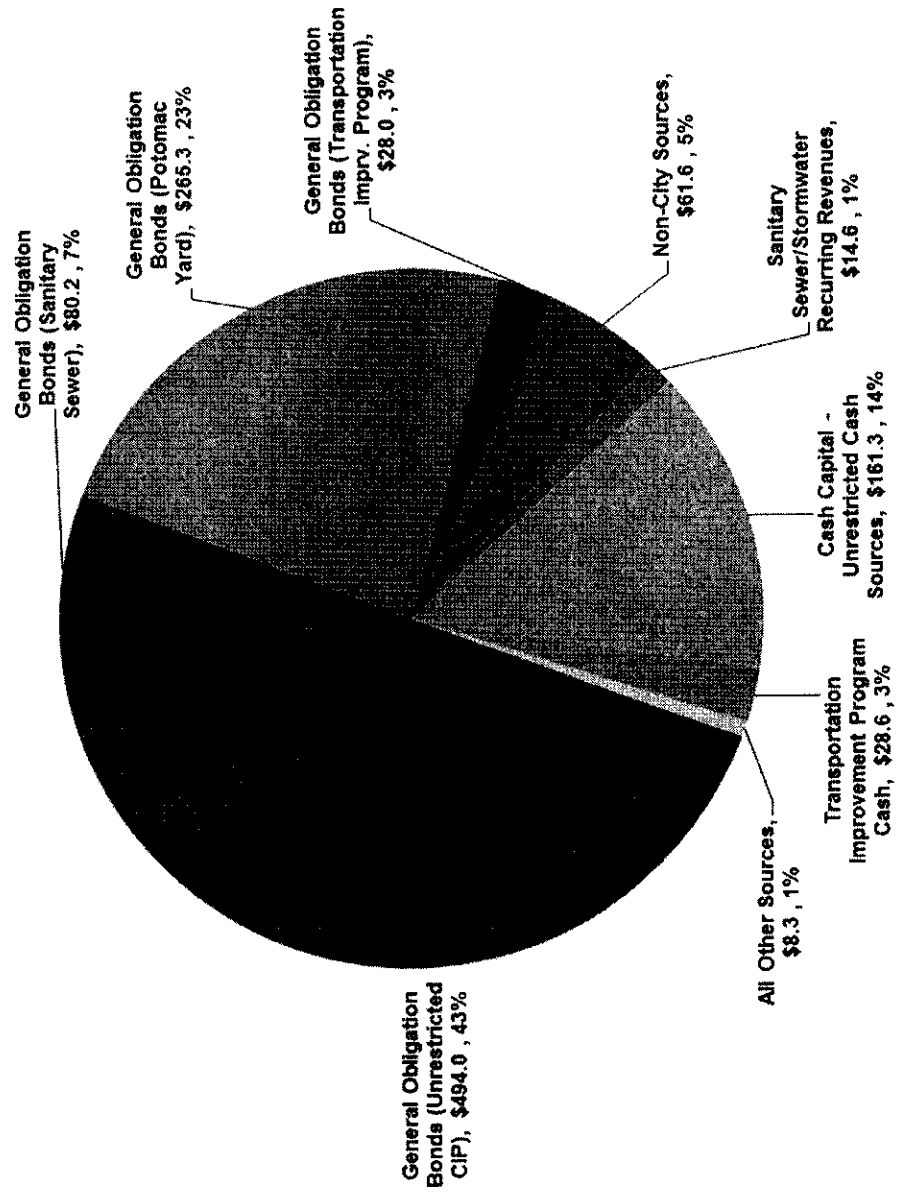
- \$8.1M Increase in Capital Investment Compared to Prior Year Approved\*
  - \$9.47M Additions
    - \$1.1M More Funding for ACPS
    - \$1.4M Transferred Street Paving from Operating to Capital
    - \$0.7M for Fire Vehicles and Apparatus
    - \$1.3M to Complete Funding for EOC
    - \$0.8M for Waterfront Planning/Engineering
    - \$0.6M for Open Space
    - \$0.6M for Beatley Library Improvements
    - \$0.5M for Chinquapin Aquatics Center Improvements
    - \$0.5M for Police K-9 Facility Renovation
    - \$0.5M IT Improvements/Upgrades
    - \$0.35M Patrick Henry Recreation Center Upgrades
    - \$0.37M Adult Detention Center HVAC
    - \$0.2M Courthouse HVAC
    - \$0.2M Roof Replacement
    - \$0.24M Energy Management Program
  - \$9.1M Reductions/Eliminations
  - \$7.7M Increase due to private contributions (\$1.0M for Braddock Road Small Area Plan) and Grant Fund Appropriations

\*Excludes projects funded by additional 3 cent tax rate increase

# Funding Sources for CIP

## (10-year)

Proposed FY 2014 - 2023 CIP  
All Funding Sources - \$1,142 Billion  
(\$ in millions)



\*Does not include additional 3 cents for cash capital.





## Initiatives

Del. Tax collector	\$69,345
Real estate assessor	\$66,498
Urban Planner III	\$95,420
Advertising	\$200,000
Workers Comp	\$500,000
PEOs	\$110,000
Interns	\$75,000
Employee Communications	\$30,000
Contingent Reserves	\$250,000
Regional Gang Task Force	\$25,000
TOTAL	\$1,442,031

Does not include  
changes/increases  
in solid waste.



## Revenue Budget

Revenue Category	FY 2013 Approved	FY 2013 Projected	FY 2014 Proposed
Residential Real Property	185.0	190.3	202.0
Commercial Real Property	148.9	153.2	160.0
Other Local Taxes	162.4	163.9	169.4
Federal & State Revenue	29.3	29.2	31.5
Non-Tax Revenue	53.6	53.5	54.4
Transfers & Fund Balance	8.7	1.9	9.3
<b>Total Revenue</b>	<b>587.9</b>	<b>591.9</b>	<b>626.6</b>