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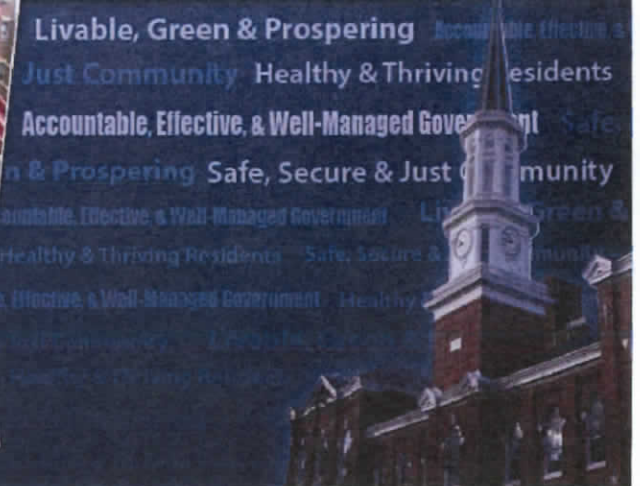
FY 2015 City Manager's Proposed Budget

February 25, 2014



PROPOSED OPERATING BUDGET

— FISCAL YEAR 2015 —
JULY 1, 2014 – JUNE 30, 2015



Overview

- Budget is balanced with:
 - No tax rate increases
 - Maintains 2.2 cents reservation for transportation; 0.5 cents designation for stormwater; and, 0.6 cents for affordable housing
 - User fee changes; no increase to sanitary sewer or solid waste fee
 - Leveraging outside resources, where possible
 - Service level changes, but continued/increased investments in key, focused service areas
 - Sustainable decisions (limited use of one-time fixes)
- Budget proposal meets Council Guidance
- Budget proposal was developed with a new framework and philosophy
- 7th straight year of budgetary challenges
- Cost of current services/previous commitments exceeds revenue growth

Council Guidance (highlights)

- Hold the line on real and vehicle personal property tax rates
- Comply with adopted/proposed debt policies and maintenance/increase of cash capital commitment
- Provide compensation that is competitive with our peer jurisdictions
- Adjust service delivery levels where performance exceeds that required by the community, or is not a strategic priority
- ACPS funding at same level as FY 2014, except to address anticipated changes in enrollment or cost saving measures
- Outside Agencies funded by the City must demonstrate an alignment of their efforts with accomplishments of the City's strategic objectives

Dramatically Changed Our Approach

Based on City Council Feedback

We want a more strategic, focused, prioritized and aligned budget to assist our policy decisions.

Understand
the trade-offs
for budget
decisions

Better
understand
what we
actually do

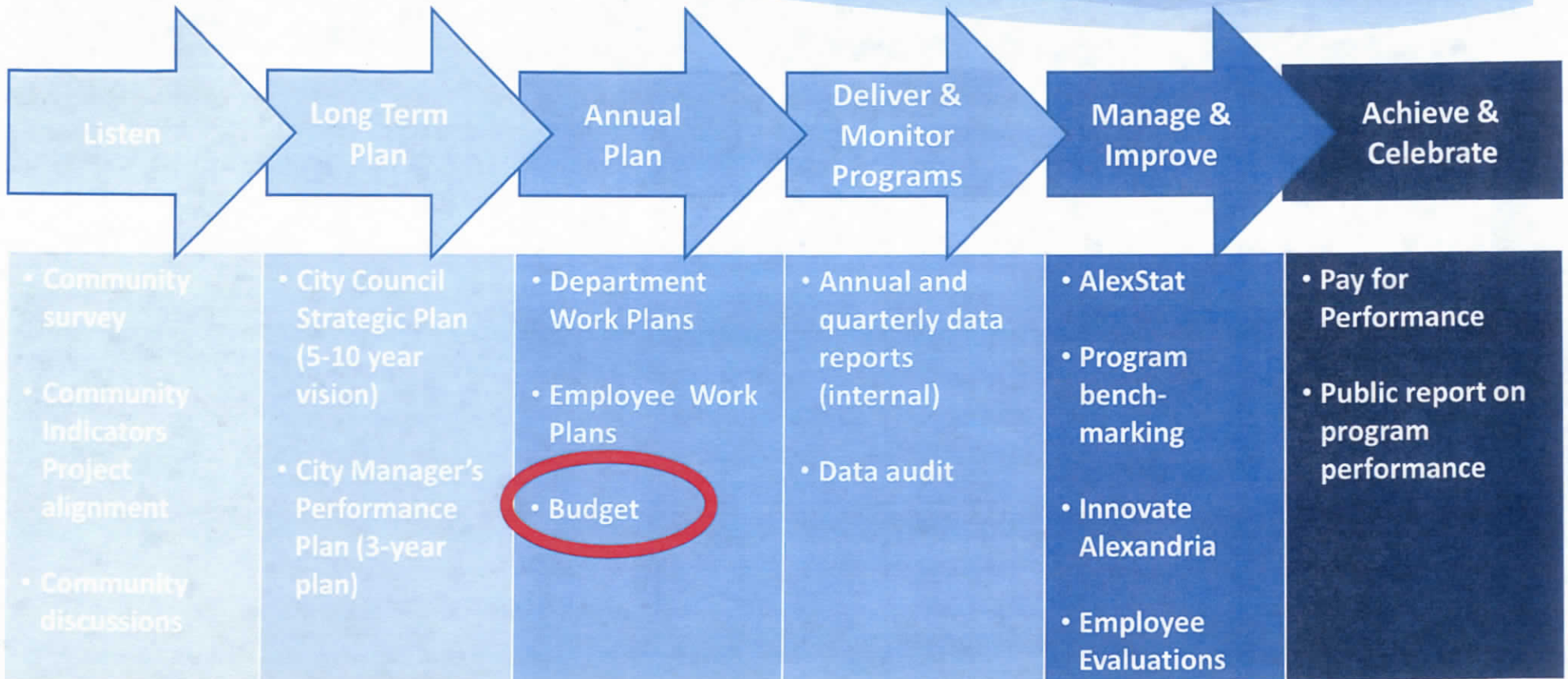
Understand
how
departments
prioritize their
work

Multi-year
budgeting/
forecasting

Focus on
the keeps,
not the
cuts

Receive
information
that allows
us to make
policy
decisions

Results Alexandria Framework



Changes to Budget Process

Started with a perceived gap

Based on a current level of service; automatic increases

Entire budget process focused on small percentage of budget (last year 8%)

Assumed all services were equally important; across the board cuts

Lacked strategic focus; programmatic prioritization



Starting place is City Strategic Plan/City Manager Performance Plan

Departments develop work plans; set priorities

No current level of service as automatic base line

No across the board cuts

Departments request funding to deliver a certain level of service and outcome

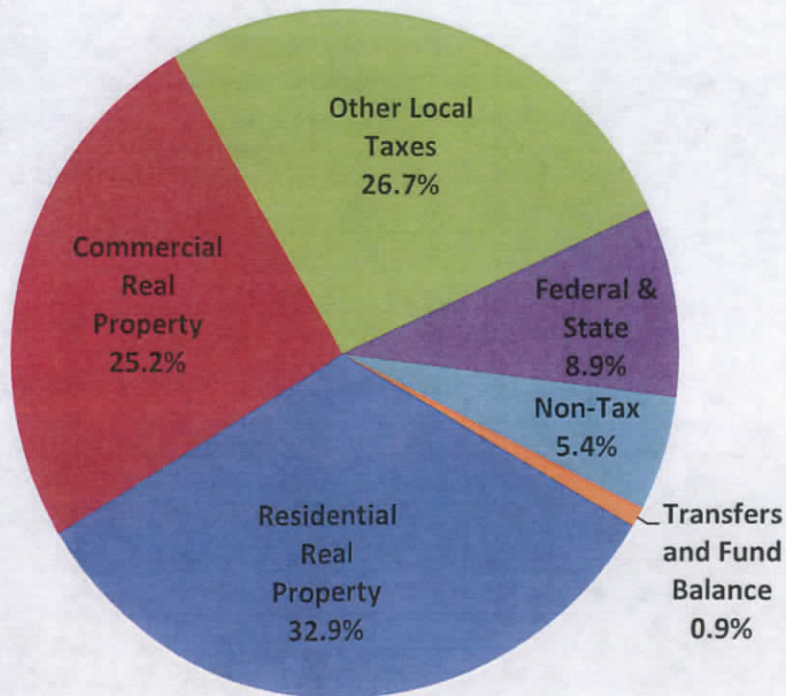
Focus Area Teams considered all services, not only incremental changes

What did the framework give us?

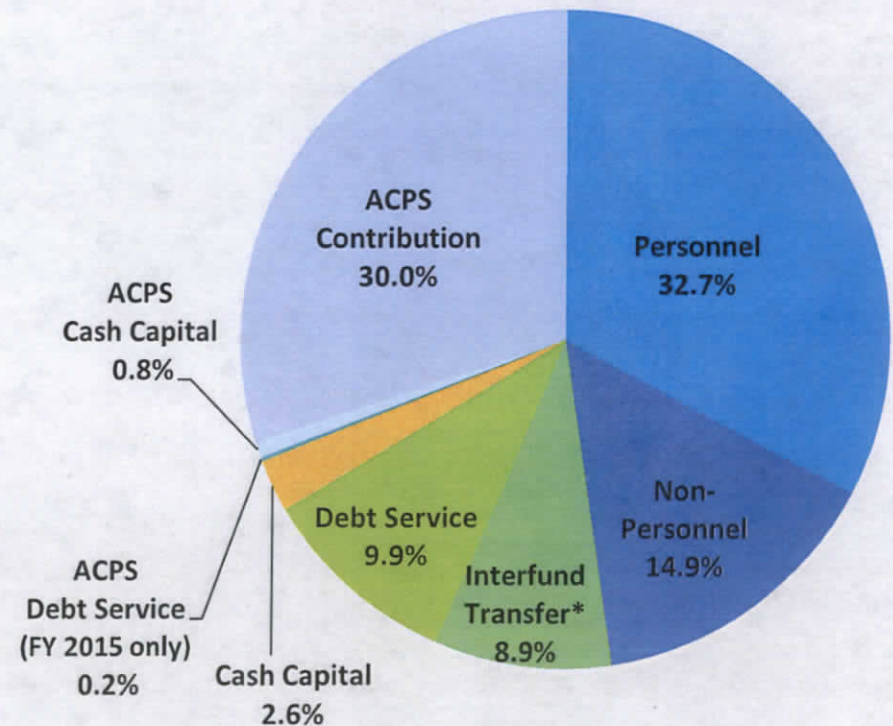
- **Our priorities:**
 - Investing in Existing Assets/Core Programs
 - Focusing resources on specific programs to achieve outcomes
 - Enhancing Effectiveness/Efficiencies/Performance
 - Evaluating external agency investments more closely

Proposed FY 2015 Budget= \$634.8 million

REVENUE OVERVIEW



EXPENDITURE OVERVIEW



*Includes transfer to DASH; Library; DCHS Transfer to Special Revenue Fund; and other miscellaneous transfers

FY 2015 General Fund Revenue Millions of Dollars

Source	FY 2014 Approved	FY 2015 Proposed	\$ Change FY 14/15	% Change FY14/15
Real Property Tax	\$357.84	\$369.02	\$11.18	3.12%
Personal Property Tax	\$41.34	\$41.29	-\$0.05	-0.12%
Sales Tax	\$27.34	\$26.90	-\$0.44	-1.61%
Utility Tax	\$11.40	\$11.50	\$0.10	0.88%
Business License Tax	\$33.00	\$33.00	\$0.00	0.00%
Recordation Tax	\$5.40	\$5.40	\$0.00	0.00%
Transient Lodging Tax	\$12.51	\$11.30	-\$1.21	-9.67%
Restaurant Meals Tax	\$17.55	\$17.70	\$0.15	0.85%
Communication Sales Tax	\$11.30	\$11.20	-\$0.10	-0.88%
Other Local Taxes	\$11.01	\$10.79	-\$0.22	-2.00%
Federal Revenue	\$10.05	\$9.98	-\$0.07	-0.70%
State Revenue	\$45.20	\$46.38	\$1.18	2.61%
Other Non-Tax Revenue	\$34.83	\$37.54	\$2.71	7.78%
Total General Fund Revenue	\$618.76	\$631.99	\$13.23	2.14%
Use of Fund Balance	\$6.19	\$2.39	-\$3.80	-61.39%
FY 14 Contingent Reserve Carryover		\$0.44		
TOTAL General Fund SOURCES	\$624.95	\$634.83	\$9.8	1.58%
Total ALL Funds Sources	\$756.2	\$794.4	\$38.2	5.1%

FY 2015 General Fund Expenditures

Millions of Dollars

Category	FY 2014 Approved	FY 2015 Proposed	\$ Change FY 14/15	% Change FY 14/15
Personnel	\$206.68	\$207.65	\$0.97	0.5%
Salaries	\$142.10	\$143.45	\$1.35	1.0%
Healthcare	\$17.15	\$14.50	(\$2.70)	-15.7%
Retirement	\$34.49	\$32.71	(\$1.78)	-5.2%
Other Fringe	\$12.94	\$17.04	\$4.10	31.7%
Non-Personnel	\$94.24	\$94.52	\$0.28	0.3%
Commodities	\$8.75	\$9.44	\$0.69	7.9%
Contractual Services	\$40.17	\$40.54	\$0.37	0.7%
Leases & Rentals	\$3.97	\$3.97	\$0.00	0.0%
Subsidies & Contributions	\$16.89	\$17.68	\$0.79	4.7%
Utilities	\$4.92	\$5.21	\$0.29	5.9%
Internal Services	\$7.29	\$6.94	(\$0.35)	-4.8%
Other Non-Personnel	\$12.25	\$10.74	(\$1.51)	-12.3%
Interfund Transfer	\$266.90	\$268.22	\$1.32	0.5%
ACPS Contribution	\$185.61	\$190.61	\$5.00	2.7%
Cash Capital	\$22.68	\$21.23	(\$1.45)	-6.4%
Other Transfers	\$58.61	\$56.38	(\$2.23)	-3.8%
Debt Service	\$57.03	\$64.44	\$7.41	13.0%
TOTAL General Fund Uses	\$624.85	\$634.83	\$9.98	1.6%
Total ALL Funds Uses	\$756.2	\$794.4	\$38.2	5.1%

Average Real Estate Tax Bill Impact

No Tax Rate Increase

Real Property	2013 (CY) Avg. Tax Bill (A)	Assessment Increase % (B)	Avg. Tax Bill Increase \$ (C)	2014 (CY) Average Tax Bill (A+C)
Residential Real Estate (Avg Value = \$490,422)	\$4,901	3.88%	\$190	\$5,091
Single Family Average (Avg Value = \$677,376)	\$6,782	3.67%	\$249	\$7,031
Condo Average (Avg Value = \$287,495)	\$2,856	4.48%	\$128	\$2,984
Commercial Average	Varies	0.68%	Varies	Varies

2013 (CY) Approved Rate = \$1.038

2014 (CY) Proposed Rate = \$1.038

**How did we get to a
balanced budget?**

How did we get to a balanced budget?

- \$35M more in budget requests than revenues available
(includes ACPS budget request, DASH & WMATA)
 - Normal cost of doing business growth
 - Additional investments
 - Re-prioritized programs/service delivery
 - Reduction in service levels
 - Service delivery changes

How did we get to a balanced budget?

- New City Revenues = \$3.4M
- New External Revenues = \$2.4M
- One-time Sources= \$5.8M
 - \$2.8M Use of Fund Balance
 - \$3.0M Capital Project Close-out (reduced need for new cash capital by this amount)
- Current Service Level Changes/Reductions= \$5.5M
- Technical Adjustments and Refined Expenditure Projections= \$7.0M
(changes made after budget request based on new information or system clean-up)
- Removed Proposed Service Enhancements = \$11.0M

FY 2015 General Fund Revenue Changes

Department	Fee	Additional Revenue
Finance	Registration Fees from Out of State Vehicles (\$100 annual Fee)	\$100,000
Finance/DCHS	Modification of Elderly Tax/Rent Relief Affordable Housing Programs	\$1,300,000
T&ES	Extend Parking Meter Hours Saturday at Carlyle 9 pm City-Wide	\$500,000
T&ES	Weekend Towed Vehicle Storage Fee (same \$50 fee)	\$104,000
T&ES	Right-of-Way (Temporary No Parking Sign) (Increase from \$100 to \$125)	\$25,000
Police	2 Additional Red Light Cameras (Duke and Walker (WB) & S. Patrick and Gibbon (SB))	\$200,000
RPCA	Various Changes based on market rate and cost recovery policy	\$277,000
Sheriff	Per Diem Increases (Falls Church, Prince William and Federal prisoners)	\$475,700

FY 2015 Proposed Budget By Focus Area

Departments by Focus Area



**Accountable,
Effective &
Well-Managed
Government**

City Attorney

City Clerk and Clerk of Council

City Council

City Manager

Communications/Public
Information

Finance

General Services

Human Resources

Information Technology Services

Performance and Accountability

Non-Departmental

Management and Budget



**Healthy &
Thriving
Residents**

Community and Human
Services

Health

Other Health Activities

Library

Recreation and Culture

Alexandria City Public Schools



**Livable,
Green &
Prospering
City**

Code Administration

Economic Development

Housing

Historic Alexandria

Planning & Zoning

Project Implementation

Transportation/Environmental
Services

Transit Subsidies



**Safe, Secure
& Just
Community**

18th Circuit Court

18th General District Court

Clerk of Circuit Court

Commonwealth's Attorney

Court Services Unit

Emergency Communications

Fire

Human Rights

Juvenile and Domestic Relations
District Court

Law Library

Other Public Safety and Justice
Programs

Police

Registrar of Voters

Sheriff

FY 2015 Budget by Focus Area

Accountable, Effective, & Well-Managed Government

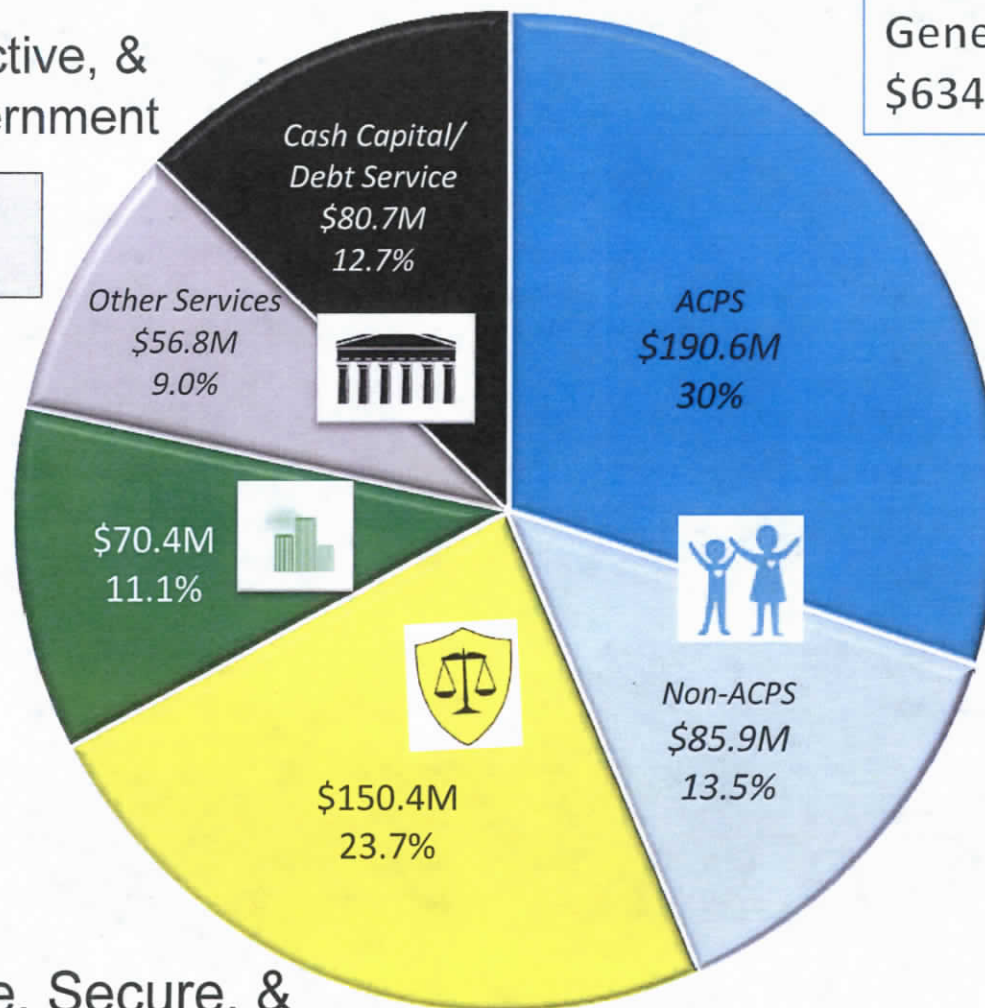
This Focus Area includes
Cash Capital /Debt Service
for ACPS = \$6.2M

Livable, Green, & Prospering City

This Focus Area includes
Cash Capital /Debt Service
for Transportation = \$3.8M

Safe, Secure, & Just Community

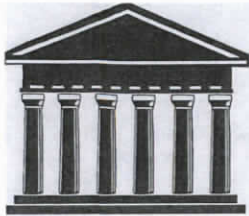
This Focus Area includes
Cash Capital /Debt Service
for Fire Equipment = \$1.2M



General Fund Only:
\$634.8M

Healthy & Thriving Residents

Departments & Long Term Outcomes



Accountable, Effective & Well-Managed Government

Departments
City Attorney
City Clerk and Clerk of Council
City Council
City Manager
Communications/Public Information
Finance
General Services
Human Resources
Information Technology Services
Performance and Accountability
Non-Departmental
Management and Budget

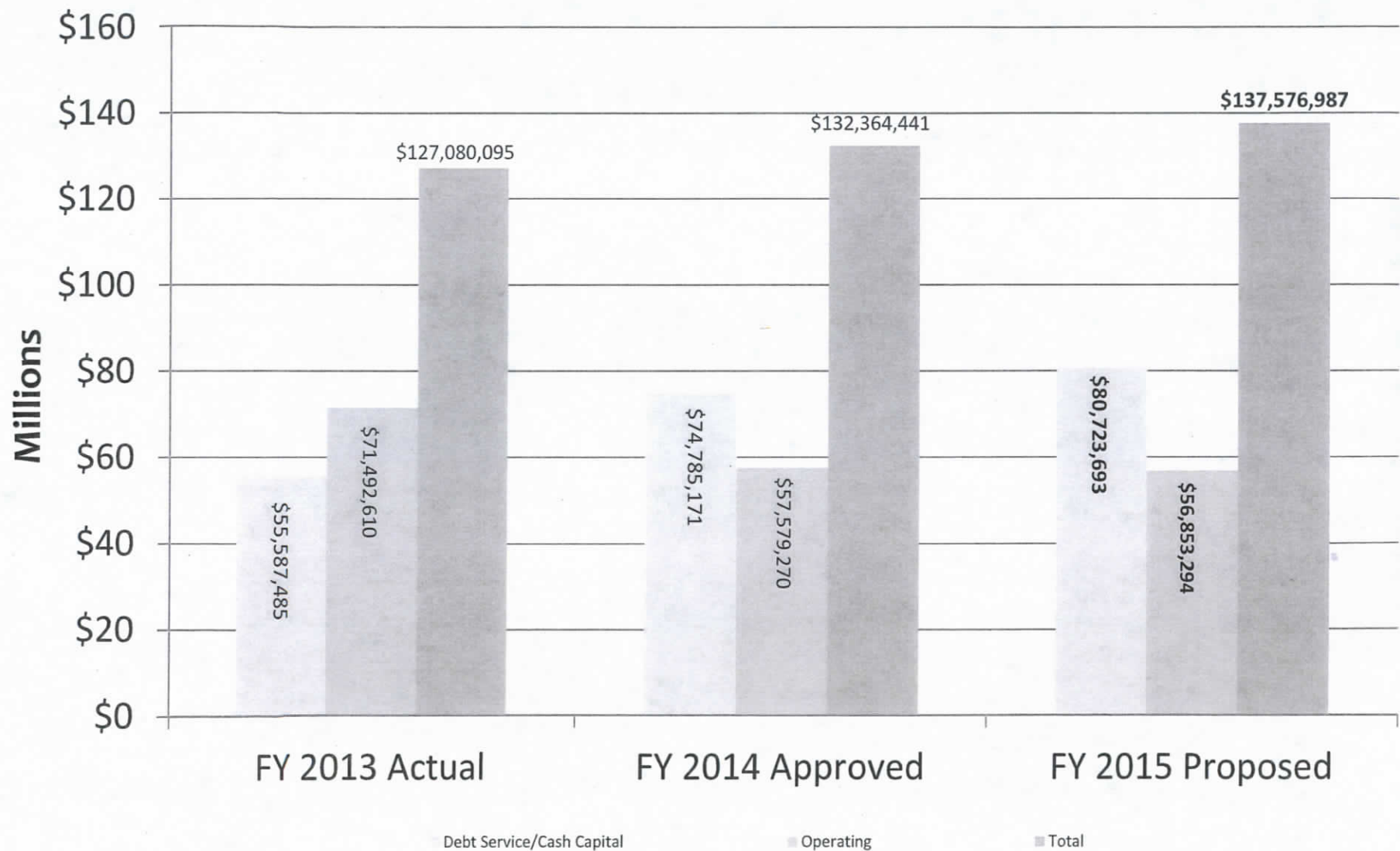
Ensure City Government is accountable to the community

Achieve results that the community values

Ensure fiscal strength of the city government



Accountable, Effective & Well-Managed Government



Excludes debt service and cash capital for Fire equipment and transportation projects, which are reflected in their respective Focus Areas



Priorities and Trade-Offs

Investing in Existing Assets/Core Programs

City Workforce; Professional Development & Training

IT Infrastructure and Network Security

Preventative Maintenance of City buildings & equipment

Enhance Effectiveness, Efficiencies & Performance

Continued energy conservation and analysis

Engagement/Call.Click.Connect Refinement

Risk mitigation and management

Increased investment in performance-based analysis

Consolidation of two departments

Closer Evaluation of External Agency Investments

Renegotiated contract with Animal Welfare League of Alexandria for savings

Employee Compensation and Benefits

- Invested in our human capital:
 - Merits = \$4.6M
 - Average merit 3.2% GS; 3.5% PS
 - Career Ladders (\$400K General Schedule; Public Safety \$300K)
 - Increased investment of \$40k for Professional Development & Training
- Health Insurance/Benefits
 - No increase in employee premiums (City/Employee blended share remains at 80/20); increase in healthcare costs budgeted at 2.4%
 - Exploring new vision/dental programs and an HMO with no deductibles
- Workers Compensation budgeted in programs; holding departments more accountable
- Increased transit subsidy to \$130 from \$75 per employee per month
- Eliminated Life Insurance Premiums paid for by the City for Retirees (coverage still provided)

Departments & Long Term Outcomes



Healthy & Thriving Residents

Departments
Community and Human Services
Health
Other Health Activities
Library
Recreation and Culture
Alexandria City Public Schools

Improve City residents' overall health

Reduce City residents' incidence of preventable disease

Reduce food insecurity and homelessness among City residents

Increase self-sufficiency and meaningful quality of life for the City's most vulnerable adults

Eliminate abuse and neglect in the community

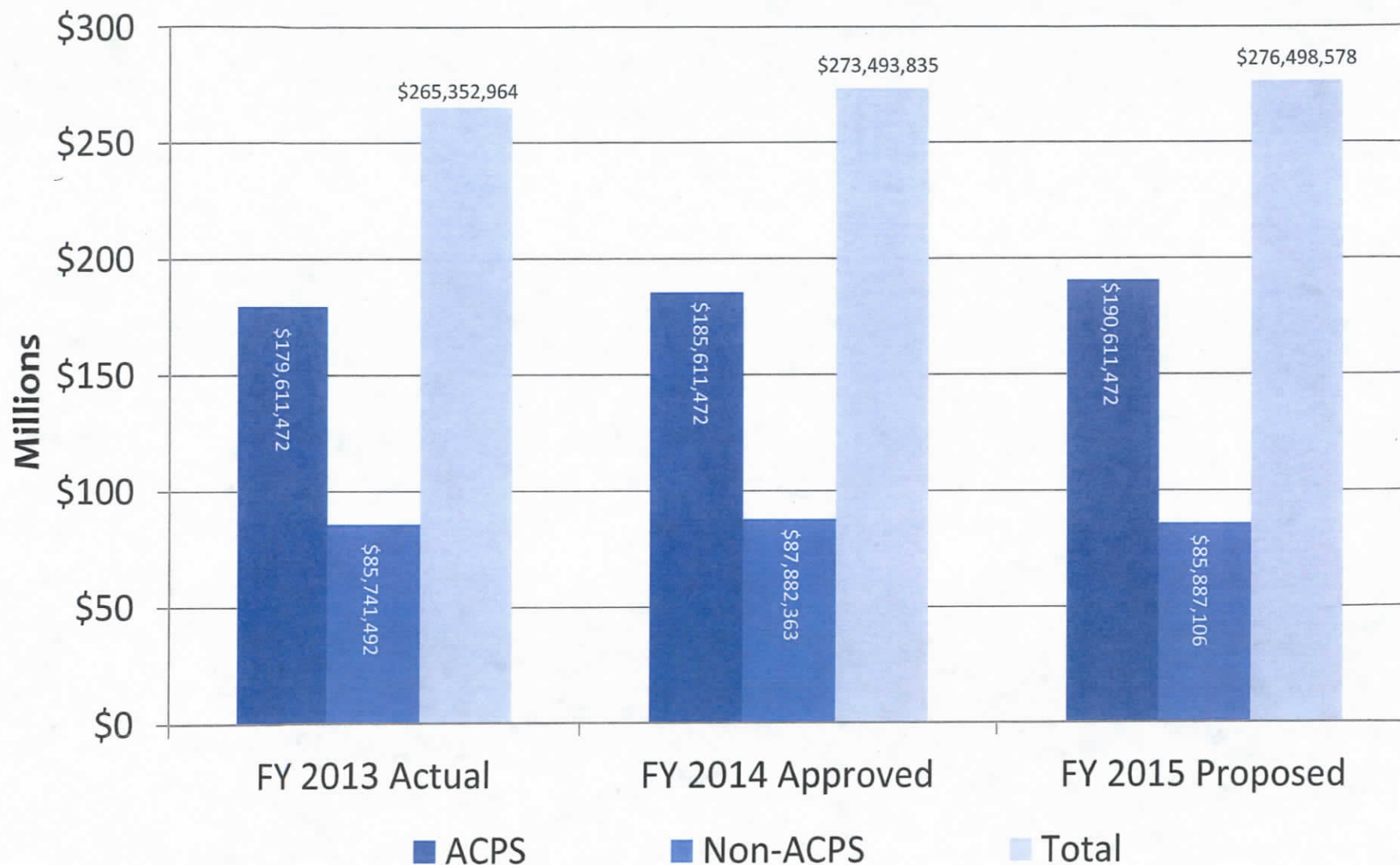
Improve the quality of residents' leisure time

Ensure the educational and development attainment of all residents

Ensure all children and youth thrive and succeed



Healthy & Thriving Residents





Priorities and Trade-Offs

Focusing resources on specific programs to achieve outcomes

Preserve investments in mental health & substance abuse services

Senior Affordable Housing—Enhance and expand senior rent relief program; modify senior tax relief program

Preserve dental clinic services through a contract

Invest in direct instructional growth at ACPS

Change service model of adult Job Link services and preserve investments in youth employment

Enhance Effectiveness, Efficiencies, & Performance

Eliminate Senior Tax

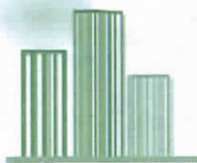
Change service delivery model of recreation and parks operations

Closer Evaluation of External Agency Investments

Reduce contribution to INOVA, ANHSI, & Fund for Human Services

Eliminate direct contribution to Concerned Citizens Network & Northern Virginia Family Services

Departments & Long Term Outcomes



Livable, Green & Prospering City

Departments
Code Administration
Economic Development
Housing
Historic Alexandria
Planning & Zoning
Project Implementation
Transportation/Environmental Services
Transit Subsidies

Promote neighborhoods that are amenity rich

Promote neighborhoods that are inclusive & diverse

Promote an attractive urban environment that reflects our history & provides well-functioning infrastructure

Improve the City's air quality

Improve the health of City waterways

Sustain the natural quality of land within the City

Increase the value of the City's real estate tax base

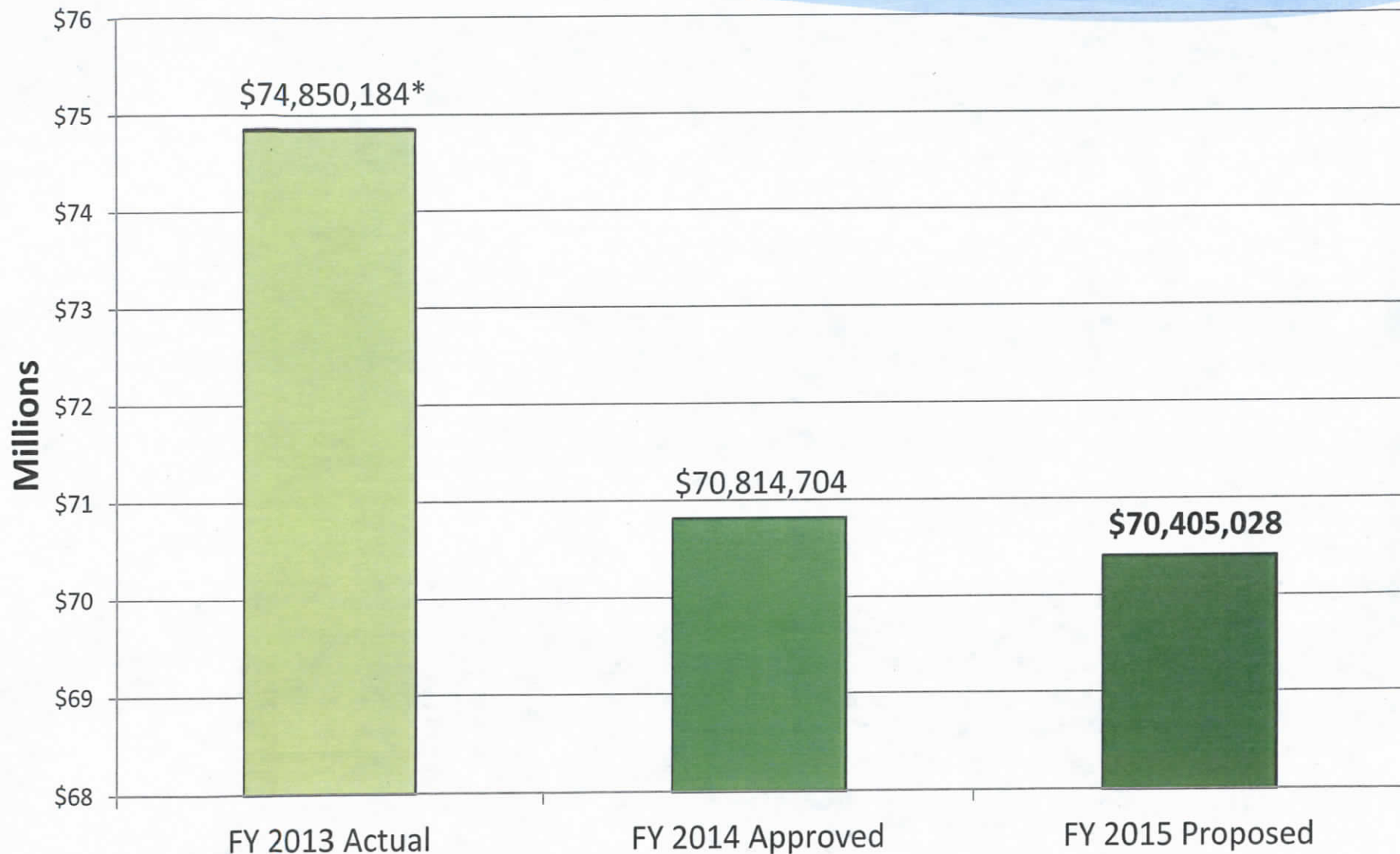
Increase the economic benefits of tourism to the City

Ensure Alexandria supports, retains & attracts businesses

Increase transportation system mobility, connectivity, and accessibility that supports the City's economy



Livable, Green & Prospering City



**FY 2013 reflect \$6.8 million of carry-forward balances within the TIP from FY 12*



Priorities and Trade-Offs

**Focusing resources on
specific programs to
achieve outcomes**

Invest in Historic Alexandria to
expand presence & utilization

Invest in a new permit system to enhance customer service to
residents & the development community

Prioritize available housing funds to focus
on highest priority affordable housing initiatives

Enhance civic engagement efforts

Provide additional public and private resources for planning,
development & project implementation needs

Increase King Street Trolley Service Hours and accelerate
Wayfinding Implementation to enhance visitor mobility

Focus marketing campaign funds on retail & restaurants in
specific geographic areas of Del Ray & Old Town

**Investing in Existing
Assets/Core Programs**

Increase road and sidewalk maintenance; 22 lane miles
in FY 14 to approximately 40 lane miles in FY 15

Increase investment in stormwater management to
comply with state and federal mandates

Invest in expanded DASH bus service and Potomac Yard
Bus Rapid Transit service

Departments & Long Term Outcomes



Safe, Secure & Just Community

Departments
18th Circuit Court
18th General District Court
Clerk of Circuit Court
Commonwealth's Attorney
Court Services Unit
Emergency Communications
Fire
Human Rights
Juvenile and Domestic Relations District Court
Law Library
Other Public Safety and Justice Programs
Police
Registrar of Voters
Sheriff

Reduce harm to people and property from fire

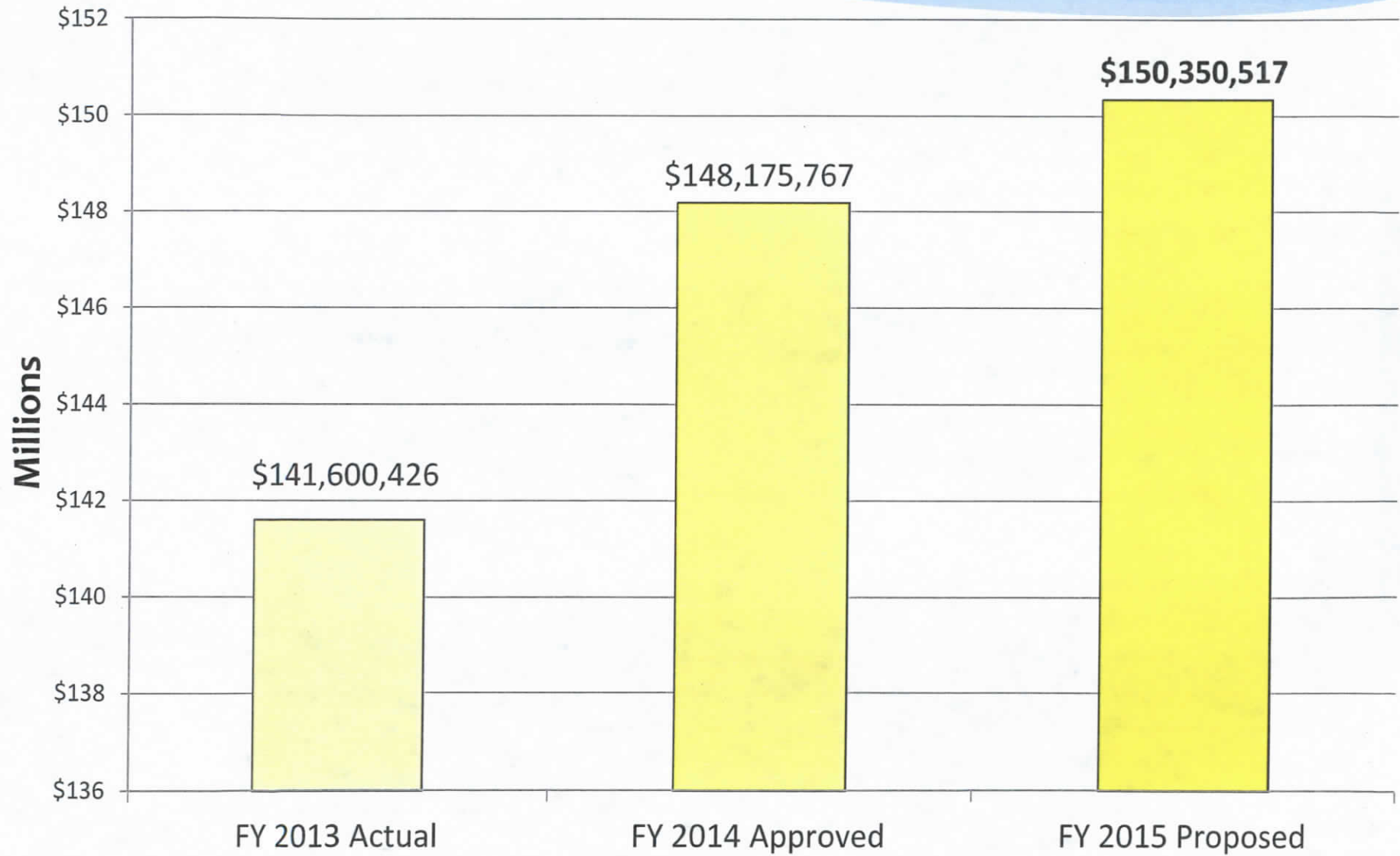
Reduce crime

Increase survivability from medical emergencies and traumatic injuries

Ensure all community members are treated justly and protected under the law



Safe, Secure & Just Community





Priorities and Trade-Offs

Open New Fire Station 210 (Eisenhower Avenue)

Modify service delivery of Fire Marshals & Emergency Management programs

Eliminate Peak-Time Medic Unit

Transfer Engine 204 (Powhatan Park) to operate Station 210

Invest in public safety technology systems: new Computer Aided Dispatch (CAD) & Records Management System

Career Ladders

Investing in Existing Assets/Core Programs

Enhance Effectiveness, Efficiencies, & Performance

Close 12 satellite Police facility locations





Closer Evaluation of External Agency Investments

Reduce support to the Northern Virginia Juvenile Detention Home

Increase direct contribution to Sheltercare; eliminate pass-through from Court Services

Eliminate contribution to Law Library

Position Reductions/Additions

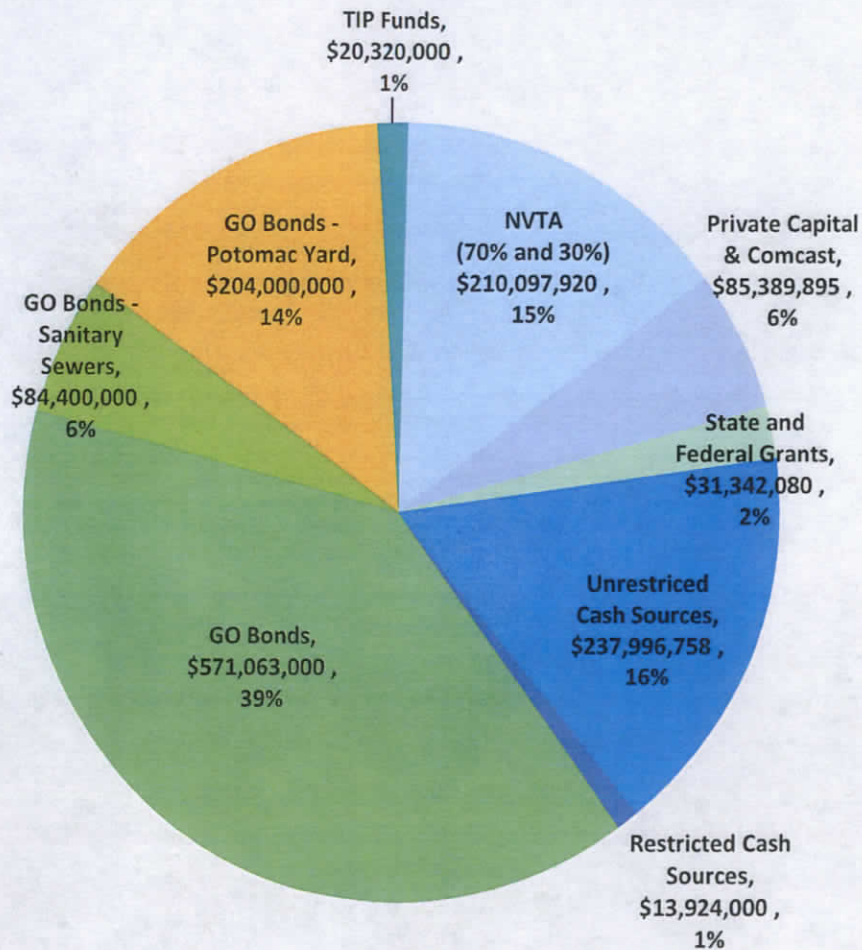
Focus Area	Reductions (2.5% of total workforce)		Additions
	Vacant	Filled	
Accountable, Effective & Well-Managed Government 	3	1	8.8
Healthy & Thriving Residents 	9	21.6	3.5
Livable, Green & Prospering City 	0.5	0	18.8
Safe, Secure & Just Community 	25.5	7	3.5
Total	38	29.6 *	34.5
Net FTE Change = - 33 FTE			

- 1.1% of FY 2014 total workforce
- **FY 2015 FTE Count = 2,536**

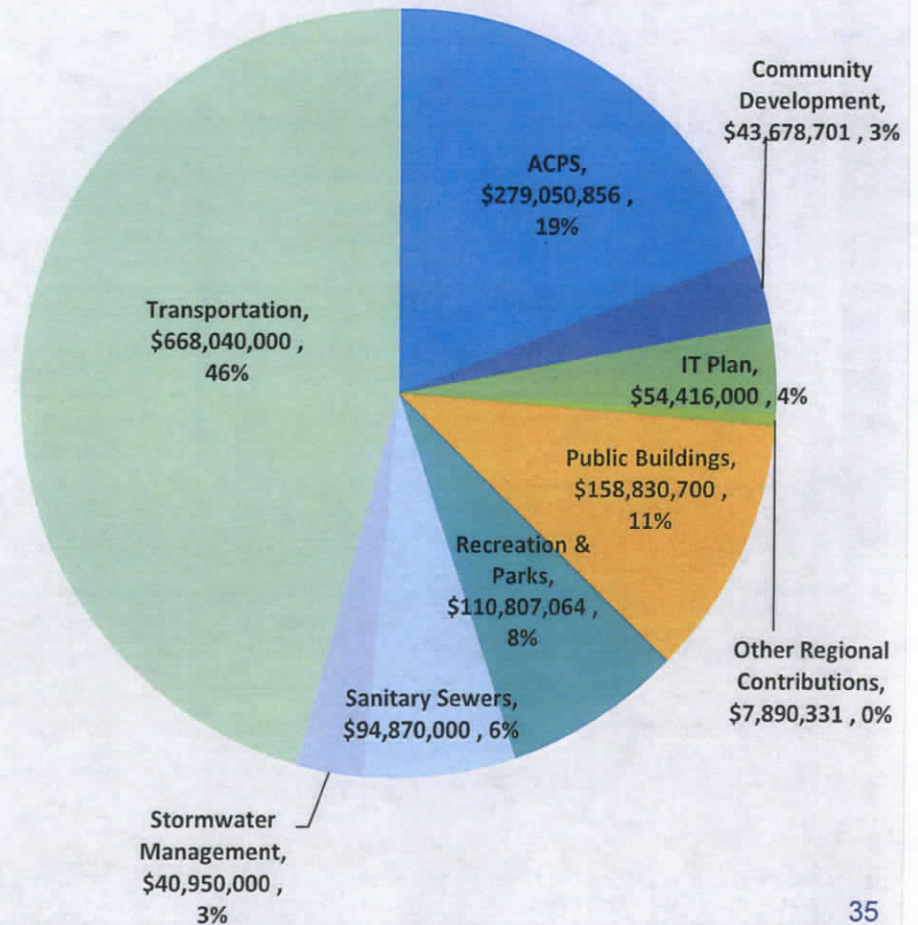
Capital Improvement Program (CIP)

CIP Overview

Proposed FY 2015 - 2024 CIP - All Revenues
\$1.459 Billion



Proposed FY 2015 - 2024 CIP - All Expenditures
\$1.459 Billion



10-Year CIP Overview (FY 2015 – FY 2024)

- 10-Year Capital Improvement Plan= \$1.46 Billion
 - \$859.5M, Total Bonds to be Issued
 - \$227.7M, General Fund Unrestricted Cash Capital
 - \$10.3M, Other Unrestricted Cash Capital
 - \$361.1M, All Funds Cash Capital (net of General Fund)
 - Transportation , Sanitary Sewer, etc.

Capital Improvement Plan

Major Funding Changes from Last Year's Plan to this Year's Plan

- Budgeted new transportation funds:
 - NVT A 70% (\$165.0M)
 - NVT A 30% (\$45.1M)
 - Beauregard Corridor Developer Contributions (\$64.4M)
- Reduction of \$128.7M in GO borrowing in the first five years of the Proposed CIP, as compared to last year's CIP
 - Reduced Potomac Yard Metrorail station borrowing by \$61.3M in FY 2017 (anticipating NVT A 70% funding)
- Debt to Cash Ratio
 - Last year's CIP 70.6% borrowing/29.4% cash sources
 - This year's Proposed CIP changes the ratio to 58.9% borrowing/41.1% cash sources

Capital Improvement Plan

Major Project Changes from Last Year's Plan to this Year's Plan

- Increased capital investments in Schools and Stormwater
- Provides \$279.1M for ACPS, up from \$229.6M in last year's CIP
- Provides \$41.0M for stormwater funding, up from \$15.8M in last year's CIP
 - \$3.65M in FY 2015; with \$25.3M planned from FY 2020 – 2024 when larger capital infrastructure improvements will be required
 - Working to leverage additional grants to support infrastructure improvements
 - FY 2015 will be a sanitary sewer planning year with future CIPs reflecting CSO mitigation costs

Capital Improvement Plan

Major Project Changes from Last Year's Plan to this Year's Plan

- Transportation projects total \$668.0M, up from \$543.1M in last year's plan, including construction of the Potomac Yard Metrorail Station
 - Private developer contributions for Beauregard corridor
 - \$116.8M for high capacity transit corridor investments
- Moved City Hall HVAC/Infrastructure project from FY 2015 to FY 2020 – 2021
 - Total cost \$18.0M in last year's plan to a revised cost of \$33.7M if we were to begin in FY 2015
 - Comprehensive space utilization study planned for all facilities

FY 2015 Capital Budget

(one-year only)

- **FY 2015 Capital Budget = \$92.5M**
 - \$21.1M Cash Capital General Fund
 - \$18.1M recurring Cash Capital
 - \$3.0M one-time project closeout balances
 - \$38.0M Cash Capital All Funds (Net of GF)
 - \$33.4M General Obligation Bonds
- **FY 2015 Debt Service = \$64.4M** (down from \$67M projected)
 - \$61.9M existing debt service from previous projects
 - \$2.5M new debt service from bonds to be issued

Capital Improvement Plan

FY 2015 Capital Year Budget (One Year Only)

- **Notable Continuing Projects (previously planned in the CIP)**
 - Increased funding for road resurfacing (increased from 22 to approximately 40 lane miles resurfaced), sidewalk reconstructions, and shared-use path improvements while continuing to invest \$1.0M in Complete Streets initiatives
 - Waterfront Small Area Plan
 - Further design/engineering/feasibility work
 - Dredge the City marina
 - Design and engineering to replace the Windmill Hill Park bulkhead (construction in FY 16)
 - Expand stormwater capacity at Lake Cook (first MS4-TDML project)
 - Design work on a rebuild of Fire Station 203 (Cameron Mills), with construction planned in FY 2016
 - New Permit Processing and electronic plans submission system in Code (paid out of Code Fund)
- **New Projects/Funding**
 - Move the City's Network Operations Center (NOC) to the Public Safety facility
 - New restrooms in the marina area (partnership with new restaurant)
 - Grant funding to replace existing and install new bus shelters
 - Repair the Health Department parking garage (4480 King Street)

Key Budget Development Dates

Monday, March 3, 2014	Work Session: Five-Year Financial Planning Model; Revenues; Compensation
Monday, March 10, 2014	City Council Special Public Hearing: FY 2015 Budget
Tuesday, March 11, 2014	City Council Legislative Meeting: Introduce Tax Rate Ordinances
Wednesday, March 12, 2014	Work Session: Livable, Green and Prospering Focus Area
Monday, March 17, 2014	Public Town Hall Meeting at Beatley Library
Tuesday, March 18, 2014	Work Session: Healthy and Thriving Residents Focus Area
Wednesday, March 26, 2014	Work Session: Safe, Secure, and Just Community Focus Area
Wednesday, April 2, 2014	Work Session: Accountable, Effective and Well-Managed Government Focus Area
Thursday, April 10, 2014	Work Session: Capital Improvement Plan
Saturday, April 12, 2014	City Council Public Hearing: Tax Rate Ordinances
Monday, April 21, 2014	Work Session: Preliminary Add/Delete
Thursday, April 24, 2014	Work Session: BFAAC and Tax Reform Task Force
Monday, April 28, 2014	Work Session: Final Add/Delete
Thursday, May 1, 2014	FY 2015 Budget Adoption