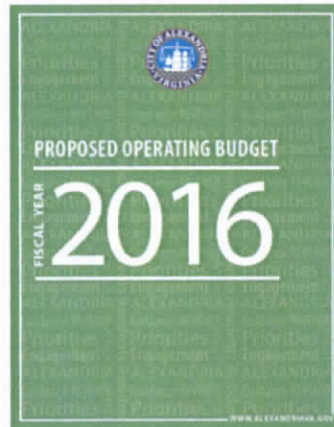




FY 2016 CITY MANAGER'S PROPOSED BUDGET

March 3, 2015

Mark Jinks, Acting City Manager



OVERVIEW



- 8th straight year of budgetary challenges
- Slowing regional economy impacts City revenues
- \$31M budgetary gap, closed with sustainable recommendations
- Budget proposal meets Council Guidance
- Diversifies revenue through continued cost recovery of programs
- Focuses on core mission with investments towards the future

[2]

ALEXANDRIA ECONOMIC CHALLENGES



- Number of jobs lost in the recessions has not been fully recovered
- Largest increase in private sector jobs since 2010 is in the lowest paying category (food service and accommodation)
- Office Vacancy Rate = 16.5% (4th qtr 2014)
- Resulting in ~ \$93M less money fueling our local economy
- Impact of federal cutbacks results in ~\$15.7B less money fueling our regional economy

[3]

COUNCIL GUIDANCE

(HIGHLIGHTS)



- Budget proposal meets Council Guidance
 - No tax rate increases (although guidance allowed)
 - Maintains 2.2 cents reservation for transportation; 0.5 cents designation for stormwater; and, 0.6 cents for affordable housing
 - Increases investment to Alexandria City Public Schools
 - Maintains commitment to Capital infrastructure; complies with debt and cash capital policies
 - Addresses compensation issues
 - Funds police entry pay increases and 4.5% increases for all sworn police officers
 - Funds all employee merit increases
 - Funds career ladders
- No Use of Fund Balance

[4]

IDENTIFIED BUDGET PRIORITIES



Priorities identified by City leadership based on input from October 2014 survey, engagement with Boards and Commissions, City Council Retreat, and Department Heads

- Diversification/expansion of City's tax base
- Sustained citizen health and social equity
- Educational achievement
- Public safety response
- Recruitment and retention of the best and brightest talent

[5]

IDENTIFIED BUDGET PRIORITIES



DIVERSIFICATION/EXPANSION OF CITY'S TAX BASE

- Waterfront parks and flood mitigation
- Potomac Yard Metrorail Station
- Increased business recruitment and retention
- Expanded veterans' business center
- New Code permitting system
- Storm and sanitary system improvements
- WMATA

[6]

IDENTIFIED BUDGET PRIORITIES



SUSTAINED CITIZEN HEALTH AND SOCIAL EQUITY

- Maintains commitment to Fund for Human Services
- Maintains programs for seniors
- Maintains funding for social safety net
- Maintains affordable housing investments to meet City goals

EDUCATIONAL ACHIEVEMENT

- \$6.0M, or 3.1%, additional investment for ACPS operating budget, represents 55% of General Fund revenue growth
- \$297M over 10 years in ACPS physical infrastructure investment; \$44.3M for FY 16
- \$125K for Children & Youth Master Plan implementation

[7]

IDENTIFIED BUDGET PRIORITIES



PUBLIC SAFETY RESPONSE

- Uniformed public safety positions maintained
- All fire stations to remain open
- Using new Computer Aided Dispatching System: undergoing Fire location/dispatching study
- Advancing dual-role Firefighter/Medic
- Police compensation adjustments
- Additional Fire career ladders

RECRUITMENT AND RETENTION OF THE BEST AND BRIGHTEST TALENT

- Making pay adjustments where necessary and strategic
 - Police pay
 - Courts pay (District Court and Juvenile Domestic Relations Court)
- Merit Increases, Avg. 2.9% growth
- Commitment to affordable healthcare options for employees
- Workplace improvements (current and future): Space planning & teleworking

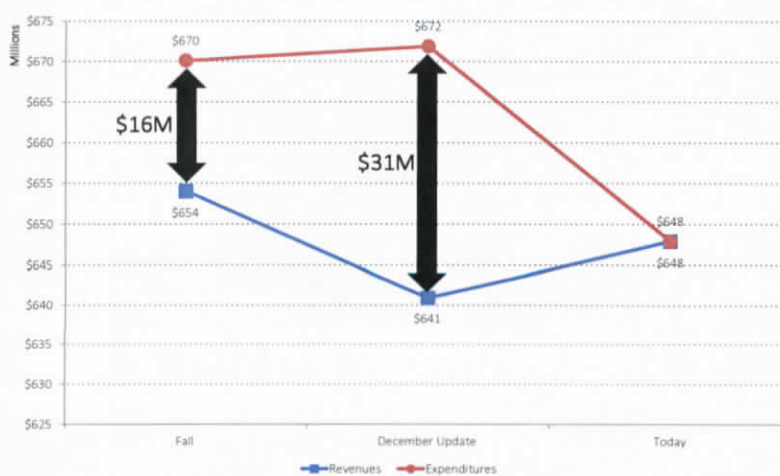
[8]



FY 2016 BUDGET OVERVIEW BY NUMBERS

[9]

WHERE WE STARTED



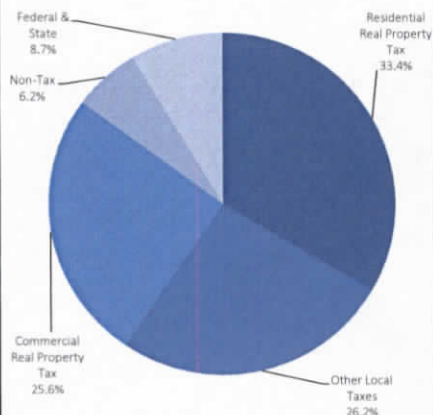
[10]

PROPOSED FY 2016 BUDGET

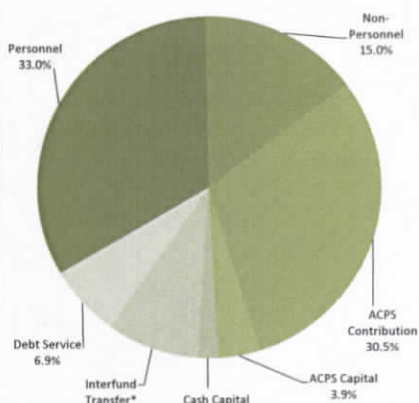
GENERAL FUND (\$647.9M)



REVENUE OVERVIEW



EXPENDITURE OVERVIEW



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

(11)

FY 2016 GENERAL FUND REVENUE

(MILLIONS OF DOLLARS; NUMBERS MAY NOT ADD DUE TO ROUNDING)



Source	FY 2015 Approved	FY 2016 Proposed	\$ Change FY 15/16	% Change FY15/16
Real Property Tax	\$369.7	\$382.1	\$12.4	3.4%
Personal Property Tax	\$41.3	\$43.9	\$2.6	6.2%
Sales Tax	\$26.9	\$25.0	-\$1.9	-7.1%
Utility Tax	\$12.2	\$12.5	\$0.3	2.5%
Business License Tax	\$33.0	\$32.0	-\$1.0	-3.0%
Recordation Tax	\$5.4	\$5.2	-\$0.2	-3.7%
Transient Lodging Tax	\$11.3	\$11.5	\$0.2	1.8%
Restaurant Meals Tax	\$17.7	\$17.8	\$0.1	0.3%
Communication Sales Tax	\$11.2	\$11.0	-\$0.2	-1.8%
Other Local Taxes	\$11.1	\$10.7	-\$0.4	-3.9%
Federal Revenue	\$10.0	\$9.7	-\$0.3	-3.3%
State Revenue	\$46.4	\$46.4	\$0.0	0.1%
Other Non-Tax Revenue	\$37.8	\$40.3	\$2.4	6.5%
Total General Fund Revenue	\$633.9	\$647.9	\$14.0	2.2%
Use of Fund Balance	\$2.4	\$0.0	-\$2.4	-
FY 14 Contingent Reserve Carryover	\$0.4	\$0.0	-\$0.4	-
TOTAL General Fund SOURCES	\$636.8	\$647.9	\$11.1	1.7%
Total ALL Funds Sources	\$804.7	\$815.0	\$10.3	1.3%

(12)

AVERAGE REAL ESTATE TAX BILL IMPACT

NO TAX RATE INCREASE IN PROPOSED FY 2016 BUDGET



REAL PROPERTY	2014 (CY) AVG. TAX BILL (A) RATE: \$1.043	ASSESSMENT INCREASE % (B)	AVG. TAX BILL INCREASE \$ (C)	2015 (CY) AVERAGE TAX BILL (A+C) RATE: \$1.043
Residential Real Estate (Avg. Value = \$509,853)	\$5,115	3.08%	\$203	\$5,318
Single Family Average (Avg. Value = \$702,098)	\$7,065	2.92%	\$258	\$7,323
Condo Average (Avg. Value = \$302,843)	\$2,999	3.51%	\$160	\$3,159
Commercial Average	Varies	0.90%	Varies	Varies

Average tax bill for single family unit will increase by \$258, or \$21.50 monthly.

[13]

FY 2016 GENERAL FUND EXPENDITURES

(MILLIONS OF DOLLARS; NUMBERS MAY NOT ADD DUE TO ROUNDING)



CATEGORY	FY 2015 APPROVED	FY 2016 PROPOSED	\$ CHANGE FY 15/16	% CHANGE FY 15/16
Personnel	\$207.7	\$214.0	\$6.2	3.0%
Salaries	\$143.2	146.7	3.5	2.4%
Healthcare	\$14.6	14.3	-0.3	-1.8%
Retirement	\$34.0	37.2	3.1	9.2%
Other Fringe	\$15.9	15.8	-0.1	-0.6%
Non-Personnel	\$95.4	\$97.4	\$2.1	2.2%
Interfund Transfer	\$269.2	\$270.5	\$2.8	0.8%
ACPS Contribution	\$191.8	197.8	6.0	3.1%
Cash Capital	\$21.2	16.4	-4.8*	-22.8%*
Other Transfers	\$56.2	56.3	0.1	0.1%
Debt Service	\$64.4	\$66.0	\$1.6	2.4%
TOTAL General Fund Uses	\$636.8	\$647.9	\$11.1	1.7%
Total ALL Funds Uses	\$804.7	\$815.0	\$10.3	1.3%

*Reduction in Cash Capital can be mainly attributed to:

- Adhering to Cash Capital guidance set by City Council (Target of Cash Capital at 2.5% of General Fund Revenue)
- Reprogramming Transportation Improvement Program (TIP) funds to offset increased WMATA operating subsidy

[14]



FY 2016 Proposed Budget By Focus Area

[15]

FOCUS AREAS

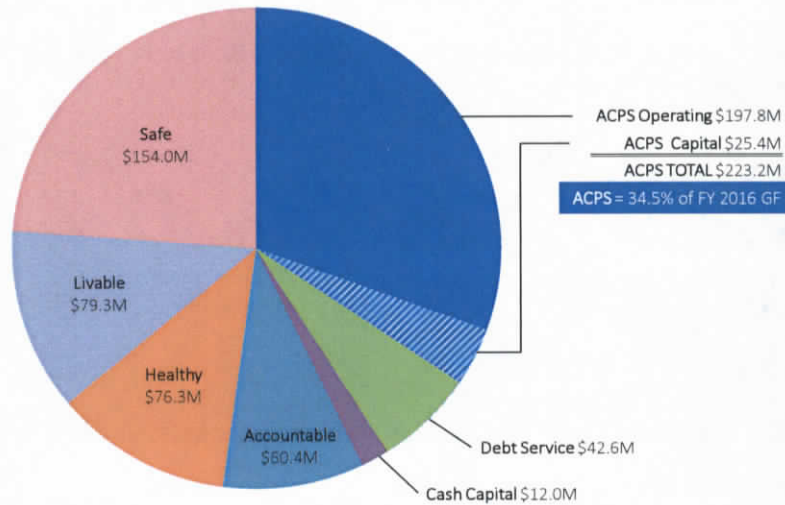


<p>City Attorney City Clerk and Clerk of Council City Council City Manager Communications/Public Information Finance General Services Human Resources Information Technology Services Internal Audit Performance and Accountability Non-Departmental Management and Budget Registrar of Voters</p> <p>ACCOUNTABLE, EFFECTIVE & WELL-MANAGED GOVERNMENT</p>	<p>Community and Human Services Health Other Health Activities Library Recreation and Cultural Activities (RPCA) Alexandria City Public Schools (ACPS)</p> <p>HEALTHY & THRIVING RESIDENTS</p>
<p>LIVABLE, GREEN & PROSPERING CITY</p> <p>Code Administration Economic Development Housing Historic Alexandria Planning & Zoning Project Implementation Parks (RPCA) Transportation/Environmental Services Transit Subsidies</p>	<p>SAFE, SECURE & JUST COMMUNITY</p> <p>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 Other Public Safety and Justice Programs Police Sheriff</p>

[16]

FY 2016 BUDGET BY FOCUS AREA

GENERAL FUND \$647.9M



[17]

HEALTHY & THRIVING RESIDENTS



DEPARTMENTS	LONG TERM OUTCOMES
Community and Human Services Health Other Health Activities Library Recreation and Cultural Activities (RPCA) Alexandria City Public Schools (ACPS)	Improve City residents' overall health
	Reduce City residents' incidence of preventable diseases
	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 developmental attainment of all residents
	Ensure all children and youth thrive and succeed


FY 2016 GENERAL FUND TOTAL: \$299.5 M

ACPS OPERATING	\$197.8 M
ACPS CAPITAL	\$25.4 M
ACPS TOTAL	\$223.2 M
	(74.5% OF HEALTHY)



[18]

HEALTHY & THRIVING RESIDENTS



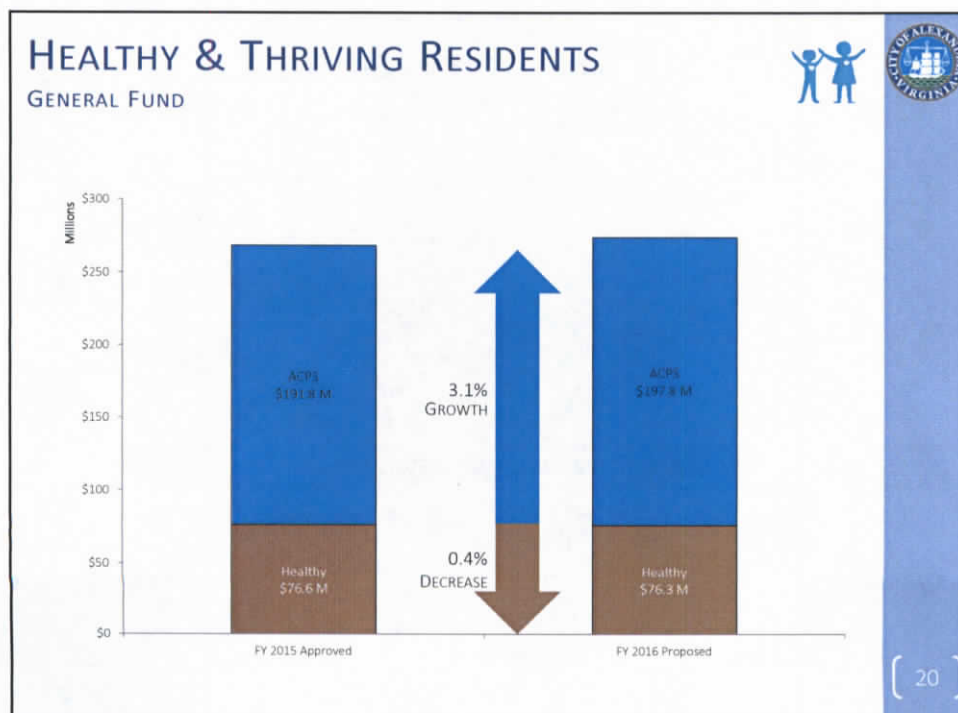
FOCUSING RESOURCES ON SPECIFIC PROGRAMS TO ACHIEVE OUTCOMES

- Provide resources to Children & Youth Master Plan
- Invest in direct instructional growth at ACPS
- Maintain commitment to Fund for Human Services

ENHANCE EFFECTIVENESS, EFFICIENCIES & PERFORMANCE

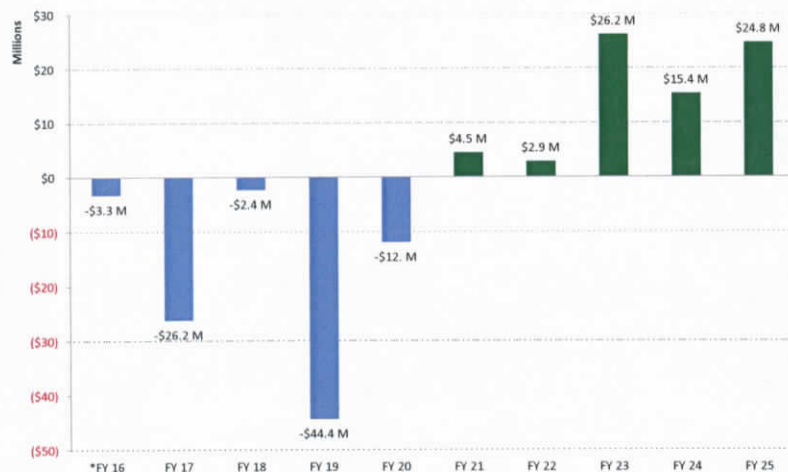
- Maintain Library Hours
- Provide one-time match for increased Library materials
- Continue cost recovery for Recreation Centers

[19]



CITY PROPOSED VS. SCHOOL BOARD APPROVED CIP

DIFFERENCE BETWEEN CITY PROPOSED CIP AND ACPS SCHOOL BOARD APPROVED CIP



From FY 2016 - FY 2020, ACPS CIP is \$88.2 M above City Proposed CIP
 From FY 2021 - FY 2025, City Proposed CIP is \$73.7 M above ACPS CIP



[21]

LIVABLE, GREEN & PROSPERING CITY

DEPARTMENTS	LONG TERM OUTCOMES
Code Administration Economic Development Housing Historic Alexandria Planning & Zoning Project Implementation Parks (RPCA) Transportation/Environmental Services Transit Subsidies	Promote neighborhoods that are amenity-rich
	Promote neighborhoods that are inclusive and diverse
	Promote an attractive urban environment that reflects our history and 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, and attracts businesses
	Increase transportation system mobility, connectivity, and accessibility that supports the City's economy

FY 2016 GENERAL FUND TOTAL: \$79.3 M



[22]

LIVABLE, GREEN & PROSPERING

FOCUSING RESOURCES ON SPECIFIC PROGRAMS TO ACHIEVE OUTCOMES

Increasing operating and capital subsidy to WMATA; no expansion of other transit/transportation programs (i.e. DASH expansion)

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

Addressing office property vacancies

Investing in Waterfront parks and flood mitigation

Investing in Potomac Yard Metrorail Station

INVESTING IN EXISTING ASSETS/CORE PROGRAMS

Continuing to invest in road/sidewalk maintenance


Continuing investment in sanitary and stormwater management to comply with state and federal mandates

ENHANCE EFFECTIVENESS, EFFICIENCIES & PERFORMANCE

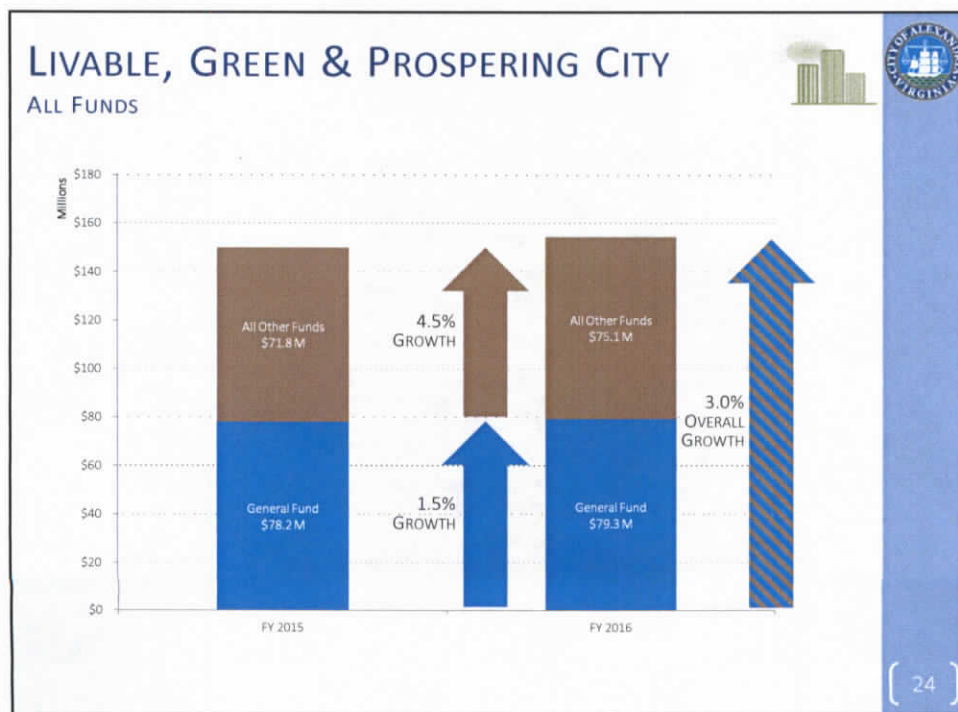
Optimizing Solid Waste program

Expanding Paving program

Enhancing Storm sewer program



[23]



SAFE, SECURE & JUST COMMUNITY



DEPARTMENTS	LONG TERM OUTCOMES
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 Other Public Safety and Justice Programs Police Sheriff	Reduce harm to people and property from fire
	Reduce crime
	Increase survivability from medical emergencies and traumatic injuries
	Reduce harm to people or property from disasters
	Ensure all community members are treated justly and protected under the law

FY 2016 GENERAL FUND TOTAL: \$154.0 M



[25]

SAFE, SECURE & JUST COMMUNITY



INVESTING IN EXISTING ASSETS/CORE PROGRAMS

Keep all existing Fire Stations open
 Increase Court Salary Supplements
 Maintain sworn staffing levels in Police/Sheriff
 Invest \$2.1M in increased compensation to address Police recruitment/retention issues
 Expand Fire Career Ladder
 Provide planning funds to rebuild Cameron Mills Fire Station 203
 Convert 2 COPS officer positions to motor officer positions

CLOSER EVALUATION OF EXTERNAL AGENCY INVESTMENTS

Realize one-time \$1.0M savings from renegotiated contract with Northern Virginia Juvenile Detention Center
 Remove one-time transitional funding for Law Library

[26]

ACCOUNTABLE, EFFECTIVE & WELL-MANAGED GOVERNMENT



DEPARTMENTS	LONG TERM OUTCOMES
City Attorney City Clerk and Clerk of Council City Council City Manager Communications/Public Information Finance General Services Human Resources Information Technology Services Internal Audit Performance and Accountability Non-Departmental Management and Budget Registrar of Voters	Ensure City Government is accountable to the community
	Achieve results that the community values
	Ensure fiscal strength of the city government

FY 2016 GENERAL FUND TOTAL: \$60.4 M



(27)

ACCOUNTABLE, EFFECTIVE & WELL-MANAGED GOVERNMENT



INVESTING IN EXISTING ASSETS/CORE PROGRAMS

Preventative maintenance of City buildings & equipment

INVESTING IN EMPLOYEE DEVELOPMENT AND RETENTION

Telework and space planning initiative
 Management Fellowship
 Career ladders
 Competitive Police pay

(28)

EMPLOYEE COMPENSATION AND BENEFITS



Investments in our human capital:

- Merits = \$4.8M
 - Average merit 2.9% (all employees)
- Expanding Career Ladders (Fire \$300K)
- Police Compensation \$2.1M (Beyond Merit Increases)
 - Entry Pay Adjustments
 - 4.5% Increase for all sworn
 - Further adjustment to Police Lieutenant rank
- Health Insurance/Benefits
 - Commitment to affordable healthcare options for employees
 - Introduction of a new consumer-driven health plan option
- Increased transit subsidy to \$120 from \$100 per employee per month
- Maintain funding for Tuition Reimbursement and Professional Development

Increased monthly parking rates at City owned garages to \$100 from \$90 per month

(29)

POSITION REDUCTIONS/ADDITIONS



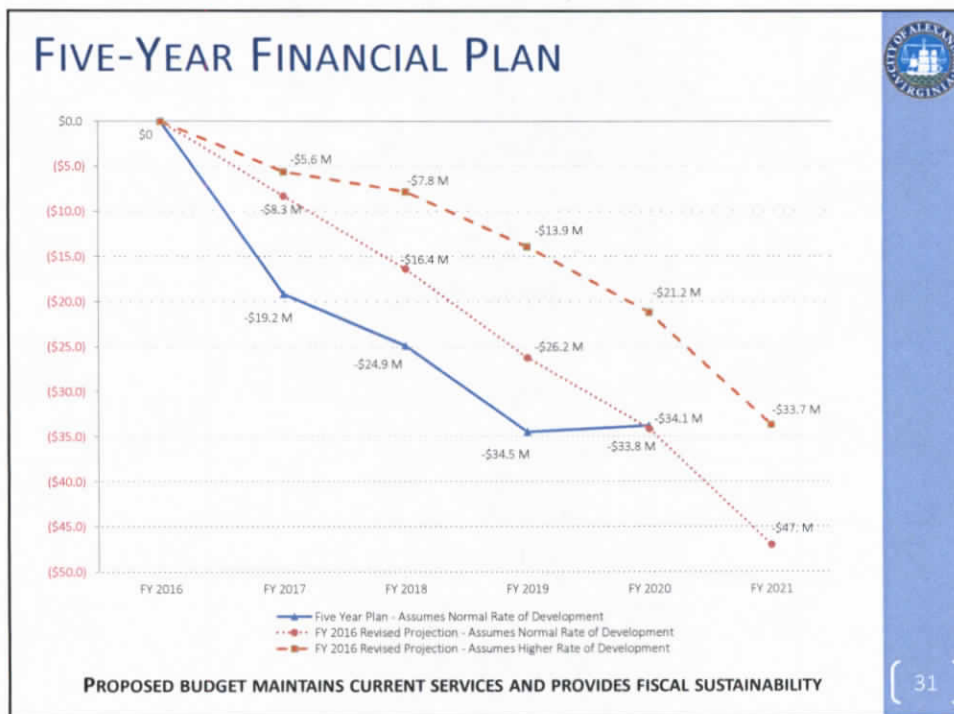
FOCUS AREA	REDUCTIONS		ADDITIONS	
	General Fund	Other Funds	General Fund	Other Funds
Accountable, Effective & Well-Managed Government	-3.0	-	0.4	-
Healthy & Thriving Residents	-	-	0.3	-
Livable, Green & Prospering City	-10.5	-	4.0	6.0
Safe, Secure & Just Community	-1.0	-	-	-
Total	-14.5	-	4.7	6.0
Net FTE Change				-3.8

- FY 2016 FTE Count = 2,542.8
- City has reduced 121.2 FTE's since the FY 2009 peak

City FTE Count (FY 2007 – FY 2016)



(30)



City Manager's Proposed FY 2016 – 2025 Capital Improvement Program (CIP)

10-YEAR CIP OVERVIEW

(FY 2016 – FY 2025)



Primary Outcomes Achieved

- ✓ Promote an attractive urban environment that reflects our history and provides well-functioning infrastructure
- ✓ Increase transportation system mobility, connectivity, and accessibility that supports the City's economy
- ✓ Increase the value of the real estate tax base
- ✓ Ensure all children and youth thrive and succeed
- ✓ Ensure the fiscal strength of the City government
- ✓ Achieve the results that the community values

[33]

10-YEAR CIP OVERVIEW

(FY 2016 – FY 2025)



- Adheres to City Council adopted debt ratios for each year of 10-year plan (excluding Potomac Yard debt)



- Adheres to City Council guidance on cash capital

General Fund Cash Capital Transfers (\$185.2 M)

% of General Fund Expenditures

FY 2016	2.47%
FY 2017 – FY 2025	2.50%

[34]

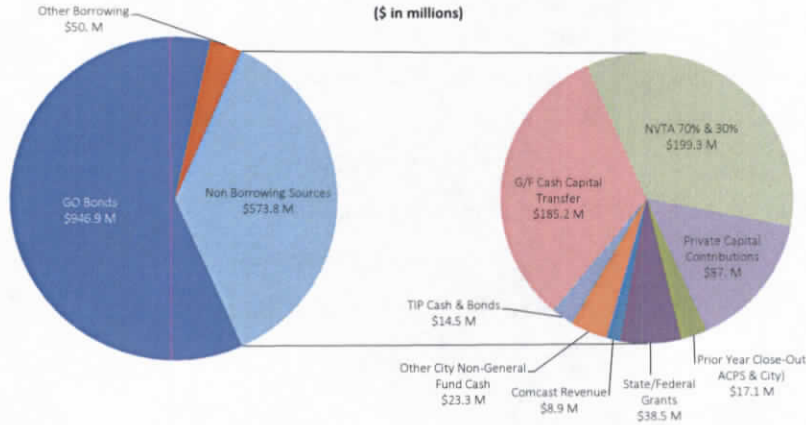
10-YEAR CIP FUNDING OVERVIEW

(FY 2016 – FY 2025)



BY CIP FUNDING SOURCES - \$1.57 B

(\$ in millions)



BORROWING VS. CASH

NON-BORROWING SOURCES

[35]

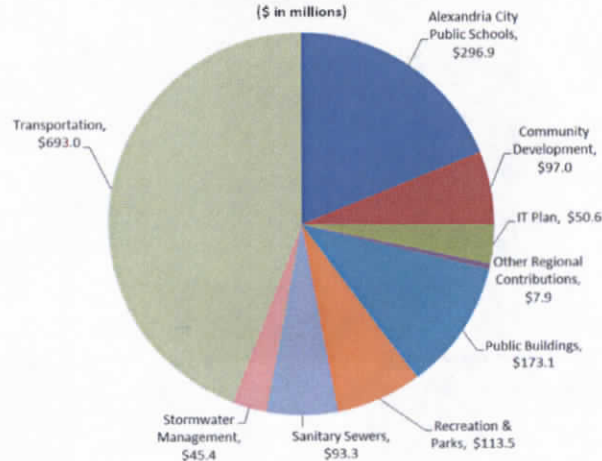
10-YEAR CIP PROJECTS OVERVIEW

(FY 2016 – FY 2025)



BY CIP PROJECT SECTION - \$1.57B

(\$ in millions)



[36]

10-YEAR CIP PROJECTS OVERVIEW

(FY 2016 – FY 2025)



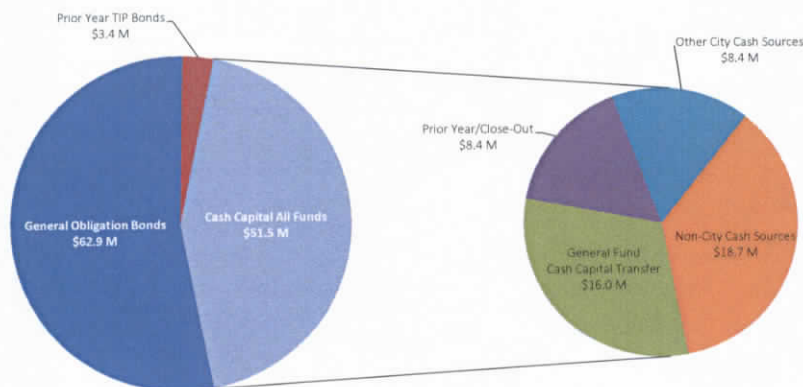
SIGNIFICANT PROJECTS IN 10-YEAR PLAN

PROJECT	GENERAL FUND SUPPORTED	OTHER FUNDING SOURCES
Alexandria City Public Schools Funding	\$296.9M	\$0
Potomac Yard Metrorail Station	\$0	\$274.0M
Waterfront Plan Implementation (property value increases will support debt service payments)	\$55.5M	\$6.0M
Sanitary Sewers & Stormwater Infrastructure	\$48.1M	\$90.7M
WMATA Capital Contributions Including Metro 2025 Funding	\$100.3M	\$14.2M
Transit Corridor "C" - Beauregard	\$0	\$89.3M
Street Resurfacing	\$38.7M	\$15.4M
City Hall HVAC Replacement and Restoration	\$53.3M	\$0
Open Space and City Athletic Fields	\$39.1M	\$0

[37]

FY 2016 CAPITAL BUDGET (\$117.8M)

(ONE-YEAR ONLY)



FY 2016 Debt Service = \$66.0 million

- \$63.9 million in prior bonds issued through FY 2015 (approximately \$21.0 million ACPS)
- \$2.1 million new debt service from bonds to be issued in FY 2016 (approximately \$0.4 million ACPS)

[38]

FY 2016 CAPITAL BUDGET PROJECTS



SIGNIFICANT PROJECTS IN FY 2016

PROJECT	GENERAL FUND SUPPORTED	OTHER FUNDING SOURCES
Alexandria City Public Schools Funding	\$44.3M	\$0
Potomac Yard Metrorail Station	\$0	\$3.0M
WMATA Capital Contributions Including Metro 2025 Funding	\$9.2M	\$4.0M NVTC
Street Resurfacing, Sidewalks, Shared-Use Paths & Complete Streets Projects	\$5.1M	\$1.9M
King Street Metrorail Station	\$1.4M	\$2.3M
Patrick Henry Recreation Center	\$5.9M	\$0
Windmill Hill Park Bulkhead	\$5.0M	\$0
Permit Processing System (Code Fee Funded)	\$0	\$1.8M
Stormwater Utility Study	\$0.6M	\$0

[39]

SUMMARY



- No tax rate increase
- Slow growth economically
- Sustainable responsible budget proposed at a 1.7% increase
 - No use of fund balance
 - Services and programs maintained
- Priority investments:
 - ACPS
 - Police compensation
 - Employee merits
 - WMATA
 - Waterfront parks and flood mitigation

[40]

EMBARGOED UNTIL MARCH 3, 2015, 5 p.m.

Acting Alexandria City Manager Mark B. Jinks Proposes Fiscal Year 2016 Budget

For Release: March 3, 2015, 5 p.m.

News Highlights

- On March 3, Acting City Manager Mark B. Jinks proposed a General Fund Operating Budget of \$647.9 million and an All Funds budget of \$815.0 million, which represent increases over the current year of 1.7% and 1.3%, respectively.
- The proposal includes no increase in any tax rate.
- This year's budget process incorporated an approach first used to develop the FY2015 budget, which links spending with the long-term outcomes and core City services Alexandria's residents want.
- The proposed budget includes a transfer of \$197.8 million to Alexandria City Public Schools, or a 3.1% increase over current funding. This represents a \$6.0 million increase over the current fiscal year and represents allocation of nearly 55% of all new General Fund revenue to schools.
- The Capital Improvement Program proposes a \$1.6 billion capital investment over the next 10 years, including nearly \$300 million for schools.

More Information

- www.alexandriava.gov/Budget

On March 3, Acting City Manager Mark B. Jinks presented City Council with a proposed General Fund Operating Budget of \$647.9 million and an All Funds budget of \$815.0 million, which represent increases over the current year of 1.7% and 1.3%, respectively. This budget includes a \$197.8 transfer to schools, a 3.1% increase over FY 2015 funding. The proposed budget includes no increase in any tax rate, and invests \$1.6 billion over 10 years in Alexandria's Capital Improvement Program.

"My budget provides a sustainable path forward and retains core services," said Jinks. "I am proposing the necessary investments to ensure a bright future for Alexandria."

The proposed budget reflects City Council's Strategic Plan, analysis in the City's Five-Year Financial Plan, the five budget priorities first adopted by the previous city manager, and extensive input from community engagement meetings and online forums.

"City Council looks forward to carefully reviewing the Acting City Manager's proposals," said Mayor William D. Euille. "We share the goal of a strategic and forward-thinking budget that values our entire community."

The City faces the eighth straight year of budgetary challenges, due to the slow recovery from the national recession, a regional economic downturn, and a sluggish revenue forecast. These factors combined to create a \$31 million revenue gap as this year's budget was being prepared. The budget process incorporated the new approach first used to develop the FY 2015 budget, which seeks to link spending to long-term outcomes. In addition, each department contributed options to reduce spending strategically, without making the kind of across-the-board cuts that tend to encourage quantity over quality. Incorporating many of these options is one reason why the proposed budget avoids the need for more dramatic cuts.

The budget underscores the City's investment in its workforce, funding merit increases for employees who earn them through performance, increasing starting pay for police officers, providing an across-the-board salary increase for all other sworn police positions, and adding an additional step to the firefighter/paramedic career ladder.

City Council will hold eight work sessions throughout March and April to review the proposed budget with City staff; a public budget presentation on March 5 at Samuel Tucker Elementary School; a special budget public hearing on March 16; and a tax rate public hearing on April 21. All sessions are open to the public and will be recorded and posted online. The public may submit comments online, or speak at the public presentations and hearings.

Details about the proposed budget, public budget presentation and public meetings, and online comments are located at alexandriava.gov/Budget.

For media inquiries, contact Craig Fifer, Director of Communications and Public Information, at 703.746.3965 or craig.fifer@alexandriava.gov.