

Jackie Henderson

14
11-24-15

From: Justin Wilson
Sent: Saturday, November 21, 2015 12:21 AM
To: William Euille; Allison Silberberg; Timothy Lovain; Paul Smedberg; John Chapman; Del Pepper
Cc: Mark Jinks; Morgan Routt; Laura Triggs; Willie Bailey; Jackie Henderson
Subject: Budget Guidance/Retreat Discussion

Colleagues,

During the discussion tomorrow on the budget guidance, I would like to suggest two areas of changes for the Manager's proposed budget guidance resolution (I have no changes to the process resolution at this time).

In Section b, the Manager's recommended language currently reads:

"(b) Taxes, Fees, Fines and Service Charges: 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."

I would propose the following:

"(b) **Taxes, Fees, Fines and Service Charges:** In funding the proposed operating budget, the City Manager shall maintain the existing \$1.043 Real Estate Tax and \$5.00 Vehicle Personal Property Tax rates, but may propose changes to 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. In funding the proposed capital budget, the City Manager may propose changes to the existing \$1.043 Real Estate Tax rate. 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. "

I would also like us to discuss and entertain changes to section I. The Manager's proposed version reads:

"(I) Add/Delete Process: The City Council shall adhere to the following Add/Delete Rules of Engagement for amending and adopting the final budget. These Rules of Engagement were first adopted for use during the FY 2016 budget process:

1. Eliminate the add/delete spreadsheet that was produced by OMB prior to the FY 2016 budget process.
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 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 2017, April 21].
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 2017, April 26].
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 2017, April 28].
6. Completed Council Budget Proposals, with funding, will be circulated to Council and the public the Friday prior to budget adoption [for FY 2017, April 29].
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 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 2017, May 2].
9. Final decisions will be made available to the public 48 hours prior to budget adoption [for FY 2017, May 4]
10. Budget Adoption will occur on May 5, 2016 with all City Council Budget Proposals, those approved and those not approved, made public upon adoption of the budget."

To start the discussion, I would suggest the following alternate version:

"(I) **Add/Delete Process:** The City Council shall adhere to the following Add/Delete Rules of Engagement for amending and adopting the final budget. These Rules of Engagement were first adopted for use during the FY 2016 budget process:

1. 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. Support of 3 members of Council for the proposal.

2. The completed City Council Budget Proposal form must be returned to the Office of Management & Budget (OMB), along with a proposed funding plan from each member to balance any amendments, at least 14 days prior to the adoption of the budget [for FY 2017, April 21].

3. A combined list of all City Council Budget Proposals that meet the criteria in #2, proposed funding plans, 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 2017, April 26].

4. 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 2017, April 28].

5. Completed Council Budget Proposals, with funding, will be circulated to Council and the public the Friday prior to budget adoption [for FY 2017, April 29].

6. Final decisions will be made 72 hours prior to budget adoption and discussed at a Special City Council work session [for FY 2017, May 2].

7. Final decisions will be made available to the public 48 hours prior to budget adoption [for FY 2017, May 4]

8. Budget Adoption will occur on May 5, 2016 with all City Council Budget Proposals, those approved and those not approved, made public upon adoption of the budget. "

Justin M. Wilson, Member
Alexandria City Council
Office: 703.746.4500
Home: 703.299.1576
justin.wilson@alexandriava.gov

Jackie Henderson

14
11-24-15

From: Mark Jinks
Sent: Tuesday, November 24, 2015 12:59 PM
To: City Council
Cc: Willie Bailey (w.baileyforcouncil@gmail.com); Laura Triggs; Morgan Routt; Jackie Henderson
Subject: Draft FY 2017 Budget Guidance Resolution
Attachments: Draft FY 2017 Budget Guidance Resolution 11.24.15.pdf
Importance: High

Please find attached a revised FY 2017 budget guidance resolution for your consideration at tonight's legislative meeting.

Mark B. Jinks
City Manager

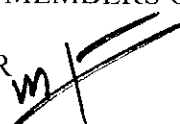
14
11-24-15

City of Alexandria, Virginia

MEMORANDUM

DATE: NOVEMBER 24, 2015

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER 

SUBJECT: DRAFT FY 2017 BUDGET GUIDANCE RESOLUTION

Please find attached a revised FY 2017 budget guidance resolution for your consideration at tonight's legislative meeting. On Saturday, November 21, 2015, City Council discussed a draft proposal for its FY 2017 City Council budget guidance. Based on that discussion and what appeared to be general Council direction, staff amended the draft resolution to contain the following changes:

1. Section (g), CIP: The guidance has been revised so that only debt policy guideline amendments related to the Potomac Yard Metrorail station would be included in the proposed CIP. The specific revision is:

CIP: The proposed FY 2017-2026 CIP shall incorporate the following:

1. Compliance with the City's adopted/proposed Debt Related Financial Policy Guidelines for any debt issuance planned for FY 2017 through FY 2026;
2. An updated proposal for financing the planned Potomac Yard Metrorail station.
3. Consistency with the City's adopted cash capital investment policy of a General Fund cash capital transfer amount of between 2.0% and 2.5% of General Fund revenues;
4. The optional use, as determined by the City Manager, of an additional General Fund operating budget surplus from FY 2016, if any, as commitment for capital projects in FY 2017 and beyond;
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; and,
6. Proposed amendments to the City's Debt Related Financial Policy Guidelines necessary for the proposed Potomac Yard Metrorail station project, ~~and for other priority capital purposes.~~

2. Section (h), ACPS: The guidance has been revised to add inflationary costs as one of the criteria for an increase in the ACPS appropriation in the City Manager's proposed budget. The specific revision is:

(h) **ACPS Funding:** That the City Manager, (1) recommend for transfer to the Alexandria City Public Schools an appropriation equal to the amount approved by City Council for FY 2016, except that the City Manager may vary from FY 2016 approved appropriation if specifically to address anticipated changes in student enrollment, inflationary increases not related to enrollment growth, 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, and (2) develop options for potential funding of proposed public school capital needs for the FY 2017 through FY 2026 time period.

3. Section (l), Add/Delete Process: The guidance has been revised to reintroduce the add/delete spreadsheet from previous fiscal year budget processes and include a requirement that each individual Council member must submit a balanced set of adds and deletes. The requirement to complete a submission form relating the add/delete item to Council goals and priorities and program performance remains, as does the requirement for co-sponsorship by three other Council members (4 total). Additionally, the deadline for making final decisions available to the public has been corrected in Item #9. The specific revisions are:

(I) **Add/Delete Process:** The City Council shall adhere to the following Add/Delete Rules of Engagement for amending and adopting the final budget. These Rules of Engagement were first adopted for use during the FY 2016 budget process:

1. ~~Eliminate-Reintroduce~~ the add/delete spreadsheet that was produced by OMB prior to the FY 2016 budget process.
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 majority (4 of 7) of Council's support for the proposal.
 - ~~iii-iv.~~ Must be accompanied by an add/delete spreadsheet in which the sum of the individual Council member's adds and deletes are in balance or produce a revenue surplus.
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 2017, April 21].
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 2017, April 26].
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 2017, April 28].
6. Completed Council Budget Proposals, with funding, will be circulated to Council and the public the Friday prior to budget adoption [for FY 2017, April 29].
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 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 2017, May 2].
9. Final decisions will be made available to the public 48 hours prior to budget adoption [for FY 2017, May 3-4].
10. Budget Adoption will occur on May 5, 2016 with all City Council Budget Proposals, those approved and those not approved, made public upon adoption of the budget.

CC: Laura Triggs, Deputy City Manager
Morgan Routt, Director, Office of Management and Budget

Resolution _____

**Setting Guidance for FY 2017 General Fund Operating Budget
and Capital Improvement Program for FY 2017 – FY 2026**

WHEREAS, the City Council of Alexandria passed a resolution 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 2017 budget.

WHEREAS, the City has held a series of public outreach efforts designed to collect community input into the development of the FY 2017 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;

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

**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:** 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 work of the Alexandria Economic Development Partnership, and the work of the Finance Department, the City Manager may consider changes to the business tax policy through administrative regulation/procedural changes as well as any tax rate or policy changes, that the City Manager believes will promote in a cost-effective manner the short/medium-term commercial tax 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 Planning Model 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 or manageable ongoing costs that positively impact the expected goals in the Strategic Plan.

(g) **CIP:** The proposed FY 2017-2026 CIP shall incorporate the following:

1. Compliance with the City's adopted/proposed Debt Related Financial Policy Guidelines for any debt issuance planned for FY 2017 through FY 2026;
2. An updated proposal for financing the planned Potomac Yard Metrorail station.
3. Consistency with the City's adopted cash capital investment policy of a General Fund cash capital transfer amount of between 2.0% and 2.5% of General Fund revenues;
4. The optional use, as determined by the City Manager, of an additional General Fund operating budget surplus from FY 2016, if any, as commitment for capital projects in FY 2017 and beyond;
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; and,
6. Proposed amendments to the City's Debt Related Financial Policy Guidelines necessary for the proposed Potomac Yard Metrorail station project.

(h) **ACPS Funding:** That the City Manager, (1) recommend for transfer to the Alexandria City Public Schools an appropriation equal to the amount approved by City Council for FY 2016, except that the City Manager may vary from FY 2016 approved appropriation if specifically to address anticipated changes in student enrollment, inflationary increases not related to enrollment growth, 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, and (2) develop options for potential funding of proposed public school capital needs for the FY 2017 through FY 2026 time period.

(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. These Rules of Engagement were first adopted for use during the FY 2016 budget process:

1. Reintroduce the add/delete spreadsheet that was produced by OMB prior to the FY 2016 budget process.
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:
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 - ii. Additional information related to how this change impacts the performance of that program, service or goal.
 - iii. A majority (4 of 7) of Council's support for the proposal.
 - iv. Must be accompanied by an add/delete spreadsheet in which the sum of the individual Council member's adds and deletes are in balance or produce a revenue surplus.
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8. Final decisions will be made 72 hours prior to budget adoption and discussed at a Special City Council work session [for FY 2017, May 2].
9. Final decisions will be made available to the public 48 hours prior to budget adoption [for FY 2017, May 3].
10. Budget Adoption will occur on May 5, 2016 with all City Council Budget Proposals, those approved and those not approved, made public upon adoption of the budget.