



Legislation Text

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City of Alexandria, Virginia

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MEMORANDUM

**DATE:** JUNE 5, 2013

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:** RASHAD M. YOUNG, CITY MANAGER /s/

**DOCKET TITLE:**

Public Hearing, Second Reading and Final Passage of an Ordinance to Amend and Reordain Section 3-1-2 of the City Code to Remove the Real Estate Tax Dedication to the Open Space Trust Fund Account. [ROLL-CALL VOTE]

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**ISSUE:** To remove the real estate property tax rate dedication of 0.3% of real estate property tax revenues to the Open Space Trust Fund Account, with no change in the amount of funding for the program for FY 2014.

**RECOMMENDATION:** That City Council hold the public hearing and approve the attached ordinance that removes the 0.3% of real estate tax revenues dedicated to the Open Space Trust Fund Account.

**DISCUSSION:** During the FY 2014 budget process, the Budget and Fiscal Affairs Advisory Committee (BFAAC) expressed opposition to the use of revenue set-asides (automatic revenue dedications) that fall outside of the General Fund or Capital Improvement Program (CIP) budget process. This citizen group noted that during a challenging budget year such as this one, Council should have flexibility to evaluate all spending and determine priorities based on the City's Strategic Plan.<sup>1</sup> On May 6<sup>th</sup>, Council motioned to remove the 0.3% of the real estate tax revenues dedicated to the Open Space Trust Fund Account.

**FISCAL IMPACT:** The removal of this tax rate dedication would have no impact on the amount of funding

for the open space program in the FY 2014 budget. The amount of revenue provided to fund this program would remain the same as adopted in the budget; however, the dedication of a portion of the tax rate would be removed.

The FY 2014 adopted budget included a 0.3% real estate tax revenue dedication for open space which provides approximately \$0.5 million in revenue to pay debt service on bonds previously issued for open space acquisition. Additionally, the CIP includes \$23.3 million programmed for new open space acquisition and development through FY 2023. The funding provided through this dedication and other sources will remain the same as adopted in the FY 2014 budget, regardless of the dedication.

**ATTACHMENT:**

Proposed Ordinance to Remove Real Estate Tax Dedication to the Open Space Trust Fund Account.

**STAFF:**

Mark Jinks, Deputy City Manager

Nelsie Smith, Director, Office of Management and Budget

Morgan Routt, Assistance Director, Office of Management and Budget

Christina Zechman Brown, Assistant City Attorney

Paul Doku, Budget/Management Analyst, Office of Management and Budget