

City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 10, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #1: PROPOSED SCHEDULE AND ADD/DELETE
PROCESS FOR FY 2010 BUDGET DELIBERATIONS

ISSUE: Proposed schedule and add/delete list process for the FY 2010 budget deliberations.

RECOMMENDATION: That City Council review this report and inform staff, at the February 11, 2009 budget work session, of any requested revisions in the due dates or in the suggested process.

DISCUSSION: Typically, specific written guidelines for the budget add/delete process have been delineated, including:

1. A timeline with specific due dates for requests for budget memoranda, public hearings and publication of public notices, and the submission of items for the preliminary add/delete list and the final add/delete list;
2. An established format for the submission of add/delete items; and
3. A statement of the specific criteria for the inclusion of add/delete list items on the preliminary and final lists.

How budget amendments such as add/deletes are to be handled was reviewed by action of City Council in and reaffirmed in Resolution No. 2256 (Attachment B) adopted on November 27, 2007. Budget Resolution 2303, passed November 19, 2008, provides the specific guidance for the FY 2010 budget (Attachment C).

Proposed Schedule

Attachment A provides the timeline recommended by staff for the FY 2010 budget process, based on the budget calendar adopted by City Council. This proposed timeline parallels the process and timeline generally used by the City Council for the last 9 years, as modified by Resolution 2256. The timeline also includes the actions required by statute to be taken by

certain dates for adopting the real estate and personal property tax ordinances. Given the provisions of Resolution 2256 and recent statutory requirements imposed by the General Assembly, this schedule attempts to give Council the maximum time possible to consider budgetary options.

Other considerations that shaped this schedule include:

- The Council must decide the maximum possible real estate tax rate to advertise 30 days (rather than the previous 7 days) before a public hearing on that rate is held. The public hearing is scheduled for Saturday, April 18, 2009. **Therefore, the Council must make this maximum real estate tax rate determination at its March 14, 2009 Saturday session.** The same schedule applies to the personal property tax rate.
- As many work sessions as feasible were scheduled before the March 14, 2009 date so that Council could have the sufficient information to determine the maximum possible real estate tax rate to advertise. In particular, the Joint Work Session with the School Board is scheduled before this date.
- All of the work sessions with City departments were scheduled at least 13 days prior to the budget public hearing, which is to be held April 13, 2009. This schedule allows Council to have this information available to it before the deadline of April 6 for the submission of major adds of more than \$50,000.
- A Work Session is scheduled with the Budget and Fiscal Affairs Advisory Committee (BFAAC) on Monday, April 6, 2009. Council should receive the BFAAC report on a few days before that meeting. This schedule will allow Council the benefit of receiving this report before being having to submit preliminary add/delete items on April 6, 2009.

Staff Responses to Council Requests for Information on the Proposed Budget and Capital Improvement Program

Budget Director Bruce Johnson, as the lead staff person on the budget, should receive all requests for information from members of Council by letter, e-mail, telephone request or orally at Council meetings or work sessions. Staff's practice is to respond to all of these Council requests as soon as feasible. The earlier those questions are asked in the process, the better the chance that Council will have full and complete answers in time to influence the add/delete process. Although staff will do its best, staff cannot promise to answer requests for information received after Friday, April 10th before April 17th, when the Preliminary Add-Delete List will be distributed to City Council.

Preparing the Preliminary Add/Delete List

To ensure that there is not a misunderstanding regarding development of the Preliminary Add/Delete List, Budget Director Johnson will contact each member of Council to determine the items the member wishes to be included on the preliminary list. This will be done on April 6 when major Adds of more than \$50,000 are due, on April 16 when major Adds raised at the April 13 public hearing may be introduced and when all other Add/Delete items are due. For each item that a Council member wishes to have included on the Preliminary Add/Delete list, staff will reach an agreement with the member on the exact language that will be used to describe the item and any accompanying justification or explanatory materials that the member wishes to include with the distribution of the preliminary add/delete list.

Multiple members may agree to support the same add/delete items. However, if different members have different approaches and language to a similar item to be added or deleted, staff will reflect the different approaches on the list and identify the member who supports each approach.

Staff is assuming, unless told otherwise, that City Council would want to have the City Manager's recommended Alternative Capital Improvement Program (i.e., what could be funded by a one penny increase in the real estate tax rate) under Section 3 of Resolution 2303 automatically included for consideration as a package of Add/Delete changes to the budget.

Criteria for Preliminary Add/Delete List

In accordance with City Council Resolution 2256 (Attachment 1), any add/delete item or group of items that adds to expenditures must be accompanied by an offsetting decrease in expenditures and/or increase in revenue. If such an offsetting item or group of items is not identified by the member, then staff will not be able to add it to the Preliminary Add/Delete List under the terms of the Resolution.

Adds of more than \$50,000 must be requested by the end of the day on Monday, April 6, after the Work Session scheduled for that day, to meet the requirements of the Resolution. If an item is raised at the Public Hearing on April 13, then a proposed Add of more than \$50,000 may be introduced by at least 3 members of City Council by April 16. Members may provide the offsetting decrease in expenditures and/or increase in revenues for these adds at a later date, so long as these offsets are identified by the final deadline of April 16.

Because there are no monies included in the Proposed Budget within the general Contingent Reserves, it cannot be used to fund an Add. (This normally is part of the annual operating budget in the Non Departmental account.)

Recommendations from the City Manager for consideration of expenditure items that were unforeseen at the time of the proposed budget or to correct technical errors must also be handled under the add/delete process described above, although the City Manager is not bound by the early submission dates of Resolution 2256 for adds of \$50,000 or more.

Preparing the Final Add/Delete List

This year's Preliminary Add/Delete List will be considered at the Monday, April 20 Work Session. Any ambiguities in the items on the preliminary list can be resolved at that work session through revisions to the language used to describe the items. Based on determinations made at this work session, staff will prepare the Final Add/Delete List and will distribute it to Council on Friday, April 24. No additions to the Preliminary Add/Delete List can be made after April 20, but any clarification of items on that list may be made in preparation of the Final Add/Delete List between April 28 and May 2.

Staff does not anticipate the need to contact members of Council after the April 20 Work Session regarding the Final Add/Delete List, since we expect Council members will have reached agreement at that session on all revisions to the Add/Delete List, including language revisions. However, if for some reason this turns out not to be the case, staff will review specific items on the Final Add/Delete List with the proposing Council member before distributing it on Friday, April 24.

ATTACHMENTS: Attachment A - Budget Work Session and Hearing Schedule and Council Action Dates
Attachment B - Budget Resolution 2256
Attachment C - Budget Resolution 2303

STAFF: Mark Jinks, Deputy City Manager
Bruce Johnson, Director, Office of Management and Budget

ATTACHMENT A
BUDGET WORK SESSION AND HEARING SCHEDULE
AND COUNCIL ACTION DATES

**All sessions at 6:30 pm in Sister Cities Conference Room 1101 in City Hall
(unless otherwise noted)**

- Wednesday, February 11, 2009 – Work Session on Revenues
- Wednesday, February 18, 2009 – Work Session on Employee Compensation
- Monday, February 23, 2009 – Work Session on Capital Improvement Program (CIP)
- Tuesday, March 3, 2009 – Work Session on Transportation and Transit Programs
- Thursday, March 5, 2009 -- Work Session on Social Safety Net Programs and Activities
- Monday, March 9, 2009 – Joint Work Session with School Board on ACPS Budget (6:30 pm Location: TBD)
- Saturday, March 14, 2009 -- Determine the Maximum Property Tax Rates for Advertising at Regular Public Hearing (9:30 am City Council Chambers, City Hall)
- Monday, March 16, 2009 – Work Session on CIP Follow-Up Issues, Recreation, Parks and Cultural Affairs, Historic Alexandria, and Library
- Monday, March 23, 2009 – Work Session on Public Safety and Administration of Justice and Other Economic Sustainability Programs and Activities
- Monday, March 24, 2009 – Work Session on Fire Department Activities (5:30 pm City Council Workroom, 2nd Floor City Hall)
- Monday, March 31, 2009 – Work Session on City Administration and Management Programs and Activities
- Monday, April 6, 2009 -- Work Session on Budget and Fiscal Affairs Advisory Committee Report

- Monday, April 6, 2009 -- Deadline for Submission of Adds of \$50,000 or more
- Friday, April 10, 2009 -- Requests for Information via Budget Memos in order to be completed by April 17, 2009
- Monday, April 13, 2009 – Budget Public Hearing (4:00 pm City Council Chambers, 2nd Floor, City Hall)
- Tuesday, April 14, 2009 – Work Session with AEDP and ACVA (5:30 pm City Council Work Room, 2nd Floor, City Hall)
- Tuesday, April 14, 2009 -- Introduction of Tax Ordinances (7:00 pm City Council Chambers, City Hall)
- Thursday, April 16, 2009 -- Deadline for Submission of Adds of more than \$50,000 by 3 members of Council or more that were raised at the Public Hearing on April 13 and all other Adds and Deletes
- Friday, April 17, 2009 -- Preliminary Add/Delete List Distributed via Budget Memo
- Saturday, April 18, 2009 – Effective Tax Rates Public Hearing (9:30 am City Council Chambers, City Hall)
- Monday, April 20, 2009 – Work Session on Preliminary Adds/Deletes
- Friday, April 24, 2009 -- Final Add/Delete List Distributed via Budget Memo
- Monday, April 27, 2009 – Work Session on Final Adds/Deletes (6:00 pm City Council Work Room, 2nd Floor City Hall)
- Monday, April 27, 2009 – Special Legislative Meeting for Adoption of Operating Budget and Capital Improvement Program (7:00 p.m. City Council Chambers, City Hall)

5

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- 6
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Resolution No. 2256

7

Budget Resolution Establishing the Processes To Be Used To Plan For and to Adopt Operating Budgets and Capital Improvement Programs

WHEREAS, the Alexandria City Council wishes to establish specific policies to guide upcoming budget deliberations to ensure responsible actions with current economic resources; and

WHEREAS, resolutions No. 2008, 2150, and 2166 and previously adopted by City Council have now expired; and

WHEREAS, City Council believes there should be more flexibility in diversifying the sources of revenue available to fund the General Fund Operating Budget; and

WHEREAS, City Council's deliberations on the budget each and every year reflect a balancing of the needs of the community, with the community's ability to afford services to meet those needs; and

WHEREAS, the City Council is committed to continue performing fully its obligations to provide the core services expected of a municipal government and to continue to provide quality services and facilities for the residents and businesses of Alexandria; and

WHEREAS, residential real estate taxes have borne an increasing share of the burden of paying for City and School services; and

WHEREAS, the City Council is committed to managing the growth of City General Fund operating and capital expenditures in order to help address the issue of increased residential real estate taxes; and

WHEREAS, the City Council is committed to assisting Alexandria City Public Schools in achieving its mission and being among the best in Northern Virginia; and

WHEREAS, the City Council is committed to maintaining a fair, reasonable and competitive compensation plan for City and School employees; and

WHEREAS, the City Council is committed to continuously improving City government effectiveness and efficiency, and expects the City Manager and City staff to focus on managing for results; and

WHEREAS, the City Council is committed to maintaining its top AAA/Aaa credit ratings; and

WHEREAS, the City Council desires to achieve the vision and strategic goals and objectives outlined in the City Council's adopted Strategic Plan; and

WHEREAS, sufficient time for the budget process is necessary for the City Council and the community to deliberate on the various issues raised given the budget's complexity and importance;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Alexandria, Virginia, that the Council shall, for the purposes of consideration of the Budget for the City of Alexandria, repeal Resolution 2205, adopt this resolution in lieu thereof, and adhere to the following rules of procedure:

Section (a) The Timing of the Setting of Budget Guidance by City Council and the City Manager's Budget Submission to City Council

(1) That the City Manager shall plan and prepare the proposed Operating Budget and proposed six year Capital Improvement Program and that such preparations shall include, but not be limited to, requests for City departments to identify efficiencies, low priority programs not crucial to achieving City Council strategic objectives, potential discretionary supplemental increases crucial to achieving City Council's strategic objectives, and potential City-wide process changes that would be beneficial to City operations and to the public.

(2) That the City Manager shall present to City Council in time for the fall Council Retreat a preliminary forecast and outlook for (a) revenues (including the outlook for real estate assessments), (b) expenditures necessary to maintain appropriate services and policies (including in the City in the City Manager's forecast of cash capital and debt service costs related to the most recently approved Capital Improvement Program and estimates of the cost of an appropriate cost-of-living adjustment for City and School staff), (c) the outlook for additional requests for City operating needs in the upcoming fiscal year and succeeding 5 fiscal years, (d) the outlook for Federal and State grants and the costs of meeting unfunded Federal and State mandates, both current mandates and projected new mandates.

(3) That the Alexandria City School System shall separately present to City Council, but in a format coordinated with the City Manager, its preliminary forecast and outlook for (a) expenditures necessary to maintain appropriate services and policies, (b) the outlook for additional requests for Schools operating in the upcoming fiscal year and capital needs through the upcoming fiscal year and the succeeding five years, (c) the outlook for Federal and State grants, and (d) the outlook for the costs of meeting unfunded Federal and State mandates, both current mandates and projected new mandates.

(4) That as part of its fall Retreat, City Council will consider this information and any other relevant information available to it at that time from the efforts described above, including citizen input to be provided by a public hearing on the upcoming budget to be conducted prior to City Council's fall Retreat.

(5) That City Council shall, as a result of information available to it at the Retreat, direct that the City Manager prepare a budget resolution to be adopted by City Council to guide the preparation of the upcoming Operating Budget and next Capital Improvement Program and that such a resolution would contain (a) a maximum real estate tax rate (b) a maximum target for City General Fund expenditures (including any market rate adjustment (MRA) for City staff and cash capital and debt service), and (c) a target for a budget transfer to the Alexandria City Public Schools (including the cost of any MRA for School staff). The City Manager must include this amount in the proposed budget to be submitted in accordance with section 9 below.

(6) City Council shall establish for the City Manager and the Schools what preliminary minimum percentage MRA should be included in the guidance established in sections 5(a), 5(b) and 5(c) above.

(7) That City Council plans to adopt such a budget resolution during the month of November.

(8) That the Board of the Alexandria City Schools is requested to approve an Operating Budget and Capital Improvement Program by no later than January 31, prior to the upcoming fiscal year. Such budget, if it shall exceed the Council approved budget guidance for the Operating Budget transfer given to the Alexandria City Schools, shall clearly identify what operating programs and activities would be funded if additional funding were provided above that guidance.

(9) That the City Manager shall submit a proposed Operating Budget and Capital Improvement Program to the City Council no later than the first legislative meeting in February, that does not exceed the guidance for the rate of change in the real estate tax rate, and the guidance for General Fund expenditures established by City Council. Such budget shall clearly identify what operating program and activities and capital projects would be recommended if additional funding were provided, and/or what other tax rate and fee changes could be enacted with whatever additional revenues might be available above the revenues needed to meet the expenditure guidance and still provide a structurally sound budget, including a proposed real estate tax rate necessary for financing the budget provided for that rate, as well as provide tax, fee and other revenue options necessary for financing the budget, as appropriate, so long as the real estate tax rate proposed does not exceed that allowable under section 5(a) above.

(10) That the City Manager shall endeavor to produce a budget that substitutes other taxes, fines, fees and charges for real estate taxes, as well as reductions in programs and activities through efficiencies and reduced service levels in order to balance the budget as required by section 6.05 of the City Code. To the extent that the City Manager deems additional expenditures in excess of those included in the proposed budget within the guidance provided by section 5(a) of the resolution, but within the guidance provided by sections 5(b) and (c) of this resolution, the City Manager shall separately specify as a recommended "add" to the proposed budget the additional recommended expenditures by program and activity and the reasons therefore, and the required real estate tax rate necessary to balance the budget.

(11) The City Manager may recommend, and Council may adopt, a different percentage MRA in his proposed budget than that established by City Council under section 6 above, but such a recommendation shall not change the guidance established by sections 5(a), (b) and (c) above. The proposed Operating Budget shall include as a line item of expenditure (instead of as a designation of fund balances) the cost of any other market-based salary adjustments proposed to maintain the City's ability to attract and retain any class or classes of employee. The City Manager may separately list all or a portion of the minimum market rate adjustment as one of those additional expenditures that would need to be added to the proposed budget to be paid for by an increase in the real estate tax rate under section 10 above. If that expenditure is so listed it would also reduce the Schools target specified in section 5(c) above by the amount of the minimum market rate adjustment for Schools employees.

(12) That City Council shall consider these recommendations and endeavor to enact an Operating Budget and Capital Improvement Program that balances the needs of the community with the community's ability to afford services to meet those needs.

Section (b) Proposed Budget for the City of Alexandria –

- (1) For purposes of this resolution, the proposed budget of revenue rates and expenditure levels for the fiscal year shall be that proposed by the City Manager.
- (2) For purposes of this resolution, the Office of Management and Budget shall provide revenue and/or expenditure projections for any motion or amendment that could affect the proposed budget specified in Section (b) (1).

Section (c) Maximum Expenditure Levels May Not Exceed Sum of Projected Revenue and Appropriation from Undesignated Fund Balance in Proposed Budget

- (1) It shall not be in order in the Alexandria City Council to consider any motion or amendment to the proposed budget of the City of Alexandria if such motion or amendment would have the effect of increasing any specific budget outlays above the level of such outlays contained in the proposed budget specified in Section (b) of this resolution, or would have the effect of reducing any specific revenues below the level contained in the proposed budget specified in Section (b) of this resolution, unless such motion or amendment makes at least an equivalent reduction in other specific budget outlays, identifies an equivalent increase in other specific revenues, or an equivalent combination thereof.
- (2) In the Alexandria City Council, any appropriation from the Undesignated Fund Balance or any like account beyond that proposed in the Manager's proposed budget shall require an affirmative vote of five Council Members.
- (3) In the event that the City Manager recommends final revenue adjustments that result in a net increase or net decrease from the revenue estimates specified in section (b) of this resolution, the net change in the revenue estimate shall be reflected as a change in the proposed appropriation from the Undesignated Fund Balance. As specified in Section c (2), any appropriation from the Undesignated Fund Balance beyond that proposed in the Manager's proposed budget, including the net effect of final revenue adjustments, shall require an affirmative vote of five Council Members.
- (4) It shall not be in order for any member of the Alexandria City Council to initiate any amendment to the proposed budget of the City of Alexandria which would increase any specific budget outlay by more than \$50,000, unless written public notice of the member's intent to offer such an amendment, and a general description of the proposed amendment, is given to the City Manager and City Clerk at least one week prior to the spring budget public hearing.

(a) The provisions of this paragraph may be waived if the proposed amendment is raised by a member of the public at the spring budget public hearing (but not an amendment raised at the separate public hearing on the effective real estate tax) and at least three members of the Alexandria City Council formally request a budget memorandum from staff in regard to such proposed amendment within 3 days of the public hearing.

(b) The provisions of this paragraph also may be waived for good cause by an affirmative vote of five Council Members. As used in this paragraph, "good cause" shall include, but not be limited to, a change in the amount of state or federal funding included in the proposed budget.

Section (d) Adoption of Budget that exceeds target.

The adoption of a budget that in total exceeds the guidance established in accordance with sections 5(a), 5(b) and 5(c) (or the highest target if more than one target is established for each section) shall require an affirmative vote of five Council Members.

Section (e) Expiration – The provisions of this resolution shall expire on June 30 2009.

ADOPTED: November 27, 2007

_____/SS_____
WILLIAM D. EUILLE, MAYOR

ATTEST:

_____/SS_____
Jacqueline M. Henderson, CMC City Clerk

Resolution No. 2303

12

Budget Resolution Setting Guidance for FY 2010 General Fund Operating Budget

WHEREAS, the City Council of Alexandria passed Resolution 2256 on November 27, 2007, established The process to be sued for formulating the budget during the remaining term of this Council and requires that City Council set budget guidance for the City Manager and the School Board for the FY 2010 budget;

WHEREAS, the City Council held a public hearing on the FY 2009 budget on October 30, 2008; and

WHEREAS, the City Manager and the Alexandria City Public Schools presented to City Council at its October 25, 2008, retreat their preliminary forecasts of revenues, expenditures and capital needs; and

WHEREAS, The City Council's deliberations on the budget each and every year reflect a balancing of the needs of the community, with the community's ability to afford services to meet those needs; and

WHEREAS, the City council is committed to continuously improving City government effectiveness And efficiency, and expects the City Manager and City staff to focus on managing for results; and

WHEREAS, sufficient time for the budget process is necessary for the City Council and the community To deliberate on the various issues raised given the budget's complexity and importance;

WHEREAS, the City Council is committed to continue performing fully its obligations to provide the core services expected of a municipal government and to continue to provide quality services and Facilities for the residents and businesses of Alexandria; and

WHEREAS, the FY 2010 Budget process presents the City Council and City government with a Unique set of unprecedented challenges amid the most stringent economic environment in the past Thirty years;

WHEREAS, This places demands on the City's ability to deliver services, maintain and expand its Infrastructure as well as meeting the expectations of City residents; and

WHEREAS, The City cannot tax our way out of this problem, but by the same token the City cannot Cut its way out of it either, and

WHEREAS, The City Manager's initial round of \$10.5 million of service cuts and efficiency Measures have begun the process of adjusting City expenditures for the FY 2010 revenue that we are Currently forecasting; and

WHEREAS, With a gap of at least \$35 million (assuming replication of nearly all of FY 2009 cuts into FY 2010) in FY 2010, coupled with our existing Capital Improvement Program funding needs, significant Intergovernmental revenue cuts (state and Federal), and further revenue deterioration in FY 2009, the City faces difficult decisions:

WHEREAS, City Council fully expects that there will be substantial service reductions in the Proposed budget.

WHEREAS, City Council furthermore recognizes that this proposed budget will likely contain Significant reductions in the City workforce.

WHEREAS, City Council recognizes that the situation requires an approach to this effort that reflects full clarity, aggressive communication and above-all, compassion.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF ALEXANDRIA:

1. **Real Property Tax Rate:** That the City Manager shall submit a proposed FY 2010 Operating Budget and Capital Improvement Program to the City Council no later than February 10, 2008, that contains a proposed real estate tax rate that will be based on the average homeowner paying the same amount of real estate tax in 2009 as paid in 2009.
2. **Alternative Revenue and Efficiency Options:** That the City Manager shall endeavor to produce a budget that considers other taxes, fines, fees and charges, as well as reductions in programs and activities through efficiencies and reduced service levels, in order to balance the budget as required by section 6.05 of the City Code. The Council encourages the City Manager and City Staff to identify new and creative revenue sources and to make any such proposals to the Council that are deemed appropriate.
3. **Alternative Capital Improvement Program:** To the extent that the City Manager deems additional capital expenditures in excess of those included in the proposed budget within the guidance provided by section 1 of this resolution, the City Manager shall provide an alternative CIP budget option for the Council and community to consider that allows for an additional one cent on the Real Estate Tax Rate fully allocated to capital improvement projects.
4. **Schools Transfer:** That the School Board of the Alexandria City Public Schools is requested to approve a FY 2010 Operating Budget and Capital Improvement Program by no later than February 10, 2008.
 - a. Such budget shall seek not to exceed a target of \$164,594,674 for the operating budget transfer provided to the Alexandria City Public Schools. (This is a 2.0% decline from the previous year's budget).
 - b. The City Manager must include this guidance amount in the proposed budget to be submitted by the City Manager to Council on February 10, 2008.

5. **Guidance for the Preparation of the Capital Improvement Program (CIP):**

The budgeting of no new CIP (City & Schools) spending aside from those expenditures meeting the following exceptions:

- a. Expenditures related to the new Public Safety Center.
- b. Expenditures subject to contractual obligations or other situations where cancellation or deferral would cause significant financial loss for the City.
- c. Expenditures to maintain existing infrastructure and those that are deemed emergency in nature.
- d. Expenditures that may be funded using prior-year unallocated balances already within the CIP.

6. **Clear Priorities for Community and Council Evaluation:** That the budget documents of both the City Manager and the School Board shall clearly describe what operating programs and activities and capital projects could be funded within the budget guidance and what operating programs and activities and capital projects and other policy options may exceed the budget guidance and, to the extent possible, what the impact would be on the performance of those programs (the results) that are proposed either for possible expansion or reduction.

7. **Market Rate Adjustment Salary Increases in Budget Proposal:** That the City Manager and the School Board shall assume on a preliminary basis that no minimum market rate adjustment is included in the guidance established in the sections above.

- a. The City Manager may recommend, and Council may adopt, a different percentage market rate adjustment than that assumed above, but such a recommendation shall not change the guidance established by the section above.
- b. City and School employees should be competitively compensated. The City Manager should closely monitor regional employee trends to ensure that Alexandria is not at a competitive disadvantage in our efforts to attract and retain the City's workforce.
- c. In addition, the Council encourages the City Manager to identify creative forms of compensation to reward employees, including additional vacation accrual, reduced evening meetings, and opportunities to work from home.
- d. During FY 2010, using the input from the completed Watson Wyatt study, the City Council shall adopt revisions to its Compensation Philosophy as well as a multi-year plan for implementation.

8. **Credit Rating:** The City Manager's proposed budget shall not make any material changes that may threaten the City's AAA/aaa bond rating.

9. **Additional Guidance:**

- a. **Use of Unreserved, Undesignated Fund Balance:** Aside from the use of prior-year surpluses, City Council requests that the City Manager's proposed budget not include the use of unreserved, undesignated fund balance.
- b. **Public Safety:** The City Manager should propose a budget that provides for the public safety of our residents:
- c. **Safety Net:** The City Manager's proposed budget shall strive to maintain critical health and safety net services for the most vulnerable in the community.
- d. **Education:** The City Manager should work closely with the Superintendent to minimize any program cuts that would harm classroom education and the progress we have made in recent years. The Manager is also asked to identify and execute on opportunities to combine additional programs or services with ACPS.
- e. **Property Values:** The City Manager should work to avoid reductions in areas where cuts would directly harm property values or would diminish Alexandria's ability to recover from this economic downturn.
- f. **Economic Sustainability:** The City Manager should work to avoid reductions to spending that generate additional commercial tax revenues to the City-including economic development and business retention efforts.
- g. **Transportation:** The proposed budget should provide sufficient funding so that transportation provided during peak-travel times should not be diminished.
- h. **Regional Cooperation:** The City Manager is encouraged to work with his counterparts in the region to determine if there are inter-jurisdictional initiatives that could yield savings for Alexandria taxpayers-including the creation of regional authorities to provide critical services.
- i. **Civic Partnerships:** City Council encourages the City Manager to look for new ways for civic associations, service clubs and residents to take over some municipal responsibilities – for example, expansion of the Adopt-A-Park program, utilization of CERT volunteers for Special Events, the expansion of neighborhood public safety programs, etc.

10. **Additional FY 2009 Budget Reductions:** The City Manager evaluate which of the FY 2010 cuts could be implemented prior to the end of FY 2009 and shall be prepared, with the release of the City Manager's proposed budget, to implement an additional \$2 million of sustainable (able to be carried forward in FY 2010) cuts to the approved FY 2009 Operating Budget. These cuts shall be identified as part of the budget presentation in February.

11. **Inconsistencies with Resolution 2256:** Where any inconsistencies exist between the provisions of this Resolution and Resolution 2256, the provisions of this Resolution shall prevail.

16

ADOPTED: November 19, 2008

WILLIAM D. EUILLE, MAYOR

ATTEST:

Jacqueline M. Henderson, CMC City Clerk