

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 17, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #112: UPDATED PRELIMINARY ADD-DELETE LIST FOR DISCUSSION AT THE APRIL 20, 2009 BUDGET WORK SESSION

The preliminary add-delete budget work session is scheduled for Monday, April 20, 2009. Attachment 1 shows the preliminary recommended add/deletes for each member of Council for discussion at the work session. The attached recommendations are a work in progress as the Mayor and Council members work toward achieving consensus.

Budget Memo #1 provided instructions on City Council procedures for recommending and approving budget add/deletes. 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 revenues. Each of you has met that requirement based on the information available to you by various combinations of expenditure reductions and increases and revenue increases to the City Manager's Proposed Budget.

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. I have submitted several additional technical budget re-estimates through Budget Memos #90 and #91 that are listed on the attached preliminary add-delete spreadsheet in all members' and incorporated into the total revenues/expenditures and balances. I have also recommended additional funding options for your consideration to restore reductions included in the proposed budget (Budget Memo #73) and to use an additional one cent of the real estate property tax rate to fund capital projects (February 23, 2009 CIP budget work session and proposed FY 2010-2015 CIP page 2-8). These potential adds and my recommendation for funding them are included in the City Manager's recommendation column of the attached spreadsheet.

Preparing the Final Add/Delete List

A Council consensus column has been added to the spreadsheet to record a possible consensus position as it develops at Monday night's work session. Based on those discussions, staff will prepare the Final Add-Delete List, including those consensus decisions positions, and distribute

it to Council on Friday, April 24. No changes to the Preliminary Add-Delete List for individual members can be made after the April 20 Preliminary Add/Delete meeting, but any clarification or justifications of items on that list may be advanced between Monday, April 20 and Thursday, April 23 for inclusion with the Final Add/Delete List to be distributed on Friday, April 24.

As necessary, staff will review specific items on the Final Add/Delete List with the proposing Council member before distributing it on Friday, April 24.

Attachment

**FY 2010 GENERAL FUND OPERATING BUDGET ADD/DELETE
COUNCIL OPTIONS**

		City Manager <u>Recommend.</u>	Council <u>Consensus</u>	Mayor <u>Euille</u>	Vice Mayor <u>Pepper</u>	Councilman <u>Gaines</u>	Councilman <u>Krupicka</u>	Council Member <u>Lovain</u>	Councilman <u>Smedberg</u>	Councilman <u>Wilson</u>
Options	Proposed Amount									
9 A. REVENUE INCREASES (enter as a positive number)										
	Real Estate Property Tax Rate Change (in cents):	1.8		1.8	1.8	1.8	1.6	0.0	1.6	1.6
	Increase Real Estate Tax Rate (1 cent = \$3,302,116, max increase of 1.8 cents)	5,943,809	0	5,943,809	5,943,809	5,943,809	5,283,386	0	5,283,386	5,283,386
	Revised Real Estate Property Tax Rate:	90.5	88.7	90.5	90.5	90.5	90.3	88.7	90.3	90.3
	Handicapped parking fines (Budget Memo #37)	60,400		60,400			60,400	60,400	60,400	60,400
	HOV parking fines (Budget Memo #37)	74,000		74,000	74,000			74,000	74,000	74,000
	HOV moving violation fines (Budget Memo #37)	20,625		20,625			20,625	20,625	20,625	20,625
	Cigarette Tax 5 cent increase (Budget Memo #23)	200,000		200,000	200,000		200,000	200,000	200,000	200,000
	Increase Market Fees to Cover Market Master (Budget Memo #56)	13,836		13,836	13,836		13,000		13,836	13,836
	Increase Fire Retesting Fees to Cover Costs (Budget Memo #33)	50,000		50,000	50,000		50,000	50,000	50,000	50,000
	Increase Boot Removal Fee to \$75 (Budget Memo #84)	74,250		74,250	74,250		74,250	74,250	74,250	74,250
	Increase DOT Paratransit Fares to \$2.50 for All Rides (Budget Memo #69)	25,000		25,000	25,000		25,000		25,000	25,000
	Increase Dog and Cat License Fees (Budget Memo #100)	10,454		10,454	10,454		10,454		10,454	10,454
	Assess \$3.00 Fee on Tax Payments Made at City Hall Window	67,080		67,080						67,080
	\$6 fee for Charles Houston AM Hrs Provided Community Demand Exists (Budget Memo #59)	26,520		26,520	26,520		26,520		26,520	
9 B. REVENUE RE-ESTIMATES										
	General Fund Revenue Re-estimates (Budget Memo #91)	(537,497)	(537,497)	(537,497)	(537,497)	(537,497)	(537,497)	(537,497)	(537,497)	(537,497)
	TOTAL REVENUE INCREASES/(DECREASES)	5,561,337	(537,497)	6,028,477	5,880,372	5,406,312	5,300,138	(58,222)	5,300,974	5,341,534
9 C. EXPENDITURE TECHNICAL ADJUSTMENTS										
	Expenditure Technical Adjustments (Budget Memo #90)	(315,325)	(315,325)	(315,325)	(315,325)	(315,325)	(315,325)	(315,325)	(315,325)	(315,325)
9 D. EXPENDITURE INCREASES (enter as a positive number)										
	Restoration of Proposed Budget Reductions (Budget Memo #73)									
	Human Services - Emergency shelter services	78,580		78,580	78,580	78,580	78,580	75,580		
	Human Services - Community services client intake services worker position	44,519			44,519	44,519		44,519		
	Human Services - Two public assistance eligibility worker positions	55,543			55,543	55,543		55,543		
	Human Services - Child care assistance day care fee system support	100,000		100,000	100,000	100,000	100,000			
	Human Services - Companion services supervisor and companion aide services	52,860		52,860	52,860	52,860		52,860		
	Human Services - Youth services New Horizons contract	31,739		31,739	31,739	31,739	31,739	31,739		
	Human Services - Alexandria Fund for Human Services	100,000		100,000	100,000	100,000	100,000	200,000		
	Mental Health, Mental Retardation and Substance Abuse	300,000		250,000	200,000	300,000	200,000	300,000		
	Library - Security services	99,708				99,708				
	Recreation, Parks and Cultural Activities - Three grounds maintenance position:	151,460		100,000	100,000	151,460	55,000		100,000	
	Recreation, Parks and Cultural Activities - Tree maintenance services	100,000		50,000	50,000	100,000		50,000	50,000	
	Recreation, Parks and Cultural Activities - Patrick Henry and Charles Houston staffing	200,000		150,000	150,000	200,000		75,000		
	Finance - Accounting paying and billing accountant	61,831				61,831				
	Finance - Treasury payment processing supervisor	85,015				85,015				
	Finance - Tax assessment personal property clerk	31,535				31,535				
	Finance - Customer service secretary	50,204				50,204				
	Finance - Information technology contractual services	17,918				17,918				
	General Services - Building services coordinator	60,695		60,000	60,695	60,695			60,695	
	Information Technology Services - Database administrator	128,261		130,000	130,000	128,261			128,261	
	Transportation and Environmental Services - Street paving	200,000		200,000	200,000	200,000	100,000			

**FY 2010 GENERAL FUND OPERATING BUDGET ADD/DELETE
COUNCIL OPTIONS**

	Proposed Amount	City Manager <u>Recommend.</u>	Council <u>Consensus</u>	Mayor <u>Euille</u>	Vice Mayor <u>Pepper</u>	Councilman <u>Gaines</u>	Councilman <u>Krupicka</u>	Council Member <u>Lovain</u>	Councilman <u>Smedberg</u>	Councilman <u>Wilson</u>
Options										
Planning and Zoning - Board of Architectural Review part-time support position	21,000	21,000				21,000				
Police - Court liaison officer (Also Budget Memo #46)	69,478	69,478		69,478	69,478	69,478	69,478	69,478	69,478	69,478
<u>Council Adds Over \$50,000 (Budget Memo #88)</u>										
<u>Social Safety Net Items</u>										
Human Service, Substance Abuse & Volunteerism Enhancements (Home Ownership Assistance Focused on Distressed Properties)	900,000			550,000		550,000	550,000			
Social Safety Net (DHS & MHMRSA)	825,000									
<u>Economic Development Items</u>										
AEDP, ACVA, Marketing Fund & SBDC (Budget Memo #17,62,81 & 93)	250,000									
AEDP (Budget Memo #17,62,81 & 93)	250,000				250,000		234,000			
ACVA (Budget Memo #93)	100,000				100,000					
ACVA Co-op Marketing (Budget Memo #93)	50,000						50,000			
SBDC (Budget Memo #62 & 93)	75,000				50,000		75,000			
<u>Transit Subsidies Items</u>										
DASH (Budget Memo #16 & 77)	300,000			200,000	300,000	200,000	200,000	50,000		50,000
DASH related to Free Rides for MetroAccess Customers (Budget Memo #69 & 97)	10,000			10,000	10,000			10,000	10,000	
<u>Other Departmental Items</u>										
Restore Finance Department Funding at City Manager's Discretion (Budget Memo #73)	160,000			160,000	160,000			75,000	160,000	
Affordable Housing (Housing Trust Fund)(Budget Memo #103)	250,000			250,000	250,000	250,000	250,000			
Sheriff - Third inmate work crew (Budget Memo #72)	68,000				68,000		68,000	68,000	68,000	
<u>Non-Departmental</u>										
Undesignated Contingent Reserves	1,480,000				1,000,000					
Designated Contingent Reserves (See Designations Below)	1,250,000			800,000		250,000	911,000	60,000	1,755,000	1,600,000
<u>Council Adds of \$50,000 or Less</u>										
Restore 2% Pension Contributions for Sheriff/EMT/Marshals (Budget Memo #51)	4,900			4,900	4,900	4,900	4,900			4,900
Marketing Fund	50,000			50,000	50,000		25,000		50,000	50,000
Finding for Finance Dept Development and Deployment of Payment Kiosk:	67,080									67,080
Additional Day/Hours for Library System as Determined by Boarc	18,000						18,000			
Cora Kelly Summer Program Morning Hours (Budget Memo #70)	1,229			1,229	1,229		1,229		1,229	
Census Complete Count Committee (Budget Memo #78)	30,000			30,000	30,000		30,000			
Fort Ward Planning (Budget Memo #76)	50,000			50,000	50,000	50,000	50,000		50,000	
Charles Houston Morning Hours Provided Community Demand Exists (Budget Memo #59)	26,520			26,520	26,520	26,520	26,520		26,520	
Library Local History Special Collection Increased Hours	50,000				50,000				50,000	
Restore Black History Resource Museum Reduction	10,512					10,512				
Charles Houston Public Arts - Parker-Gray Mural Inside	5,000					5,000				
Parks & Recreation One Love Festival	5,000					5,000				
Project Discovery	50,000					50,000				
<u>Capital Improvement Program (Feb. 23 CIP Work Session and CIP pg 2-8)</u>										
James Polk Elementary School gymnasium	1,400,000	1,400,000		1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Back-up government operations center	300,000	300,000			300,000					
Artificial turf field program (Budget Memo #60)	900,000			900,000	900,000		900,000	500,000	900,000	900,000
Transit pedestrian improvement grant match	300,000	300,000		300,000	300,000		300,000		300,000	300,000
Street and sidewalk reconstruction	400,000	400,000		200,000	200,000		200,000	100,000	200,000	
Capital Improvement Program (CIP) (Euille, Gaines, Krupicka & Pepper)(Budget Memo #13)	2,500,000									
Delay HR/Payroll CIP Project to FY 2011	(2,000,000)					(2,000,000)	(2,000,000)	(2,000,000)		(2,000,000)

**FY 2010 GENERAL FUND OPERATING BUDGET ADD/DELETE
COUNCIL OPTIONS**

	Proposed Amount	City Manager <u>Recommend.</u>	Council <u>Consensus</u>	Mayor <u>Euille</u>	Vice Mayor <u>Pepper</u>	Councilman <u>Gaines</u>	Councilman <u>Krupicka</u>	Council Member <u>Lovain</u>	Councilman <u>Smedberg</u>	Councilman <u>Wilson</u>
Options										
DASH Bus Replacement	600,000			600,000			600,000			600,000
Capital Improvement Program (CIP) Reduced Borrowing	2,500,000			400,000		3,300,000	2,000,000		1,700,000	4,200,000
		3,300,000	0	3,800,000	3,100,000	2,700,000	3,400,000	0	4,500,000	5,400,000
E. EXPENDITURE REDUCTIONS (enter as a negative number)										
WMATA subsidy reduction for MetroAccess Cost Containment (Budget Memo #69)	(50,000)			(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Hold Dep. Director of Cultural Activities Vacant for Full Year (Budget Memo #26)	(104,606)			(104,606)	(104,606)	(104,606)	(104,606)		(104,606)	(104,606)
Eliminate AHOP (Budget Memo #30)	(300,000)				(300,000)		(200,000)		(300,000)	(300,000)
Eliminate Sister Cities Funding (Budget Memo #48)	(11,160)					(5,000)	(11,160)		(11,160)	(11,160)
Eliminate Greater Washington Initiative (Budget Memo #17)	(25,000)					(25,000)			(25,000)	(25,000)
Eliminate Lights on King Street (Budget Memo #107)	(99,210)									(99,210)
Keep King Street Lights on for One Quarter of the Year (Budget Memo #107)	(42,350)			(42,350)		(42,350)	(48,000)		(42,350)	
Reduction to Contribution to Inova Alexandria Hospital (FY09 Budget Memo #65)	(70,000)									(70,000)
Special Events Cut (Budget Memo #53)	(200,000)			(100,000)	(100,000)		(100,000)	(100,000)	(200,000)	(200,000)
Retiree Life Insur.for Curr. Empl. w/ > 4 Yrs to Retirement (Budget Memo #106)	(500,000)			(500,000)			(500,000)	(500,000)	(500,000)	(500,000)
F. SCHOOLS TRANSFER (enter as a positive or negative number)										
Increase/(Decrease) in the General Fund Transfer to the Schools										
TOTAL EXPENDITURE INCREASES/DECREASES		5,025,021	(315,325)	6,193,025	6,054,132	5,599,997	5,299,355	252,394	5,530,742	5,566,157
REVENUE SURPLUS/(SHORTFALL)		536,316	(222,172)	(164,548)	(173,760)	(193,685)	783	(310,616)	(229,768)	(224,623)
G. FUND BALANCE (enter as a positive or negative number)										
<u>Changes in Fund Balance</u>										
Surplus of FY 2009 Funds Due to Real Estate Tax Rate Increase (No FY 2010 Budget Impact)		3,048,071	0	3,048,071	3,048,071	3,048,071	2,709,397	0	2,709,397	2,709,397
Additional FY 2009 Revenue Generated by FY 2010 Real Estate Tax Rate increase		230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000
City Manager Recommended Use of Fund Balance								80,616		
Use of Additional Fund Balance (Requires Super Majority Vote)										
SURPLUS/(SHORTFALL) AFTER FUND BALANCE CHANGE		766,316	7,828	65,452	56,240	36,315	230,783	0	232	5,377
<u>Fund Balance Designations (No FY 2010 Budget Impact)</u>										
FY 2010 Revenue Shortfall Reserve		3,048,071		3,048,071	3,048,071	3,048,071	2,709,397		2,709,397	2,709,397
Option										
Option										
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Option										
		3,048,071	0	3,048,071	3,048,071	3,048,071	2,709,397	0	2,709,397	2,709,397
H. CONTINGENT RESERVE DESIGNATIONS (enter as a positive number)										
<u>Contingent Reserve Designations</u>										
<u>(Requires a Contingent Reserve expenditure addition above)</u>										
Econ Dev - AEDP, ACVA, SBDC and Marketing Fund (Budget Memo #17,62,81 & 93)	250,000			200,000		250,000				
Economic Development - AEDP (Budget Memo #17,62,81 & 93)	110,000								175,000	80,000
Economic Development - ACVA (Budget Memo #93)	60,000								100,000	90,000
Economic Development - Marketing Fund	50,000									

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**FY 2010 GENERAL FUND OPERATING BUDGET ADD/DELETE
COUNCIL OPTIONS**

	Proposed Amount	City Manager <u>Recommend.</u>	Council <u>Consensus</u>	Mayor <u>Euille</u>	Vice Mayor <u>Pepper</u>	Councilman <u>Gaines</u>	Councilman <u>Krupicka</u>	Council Member <u>Lovain</u>	Councilman <u>Smedberg</u>	Councilman <u>Wilson</u>
<u>Options</u>										
Economic Development - SBDC (Budget Memo #62 & 93)	40,000								40,000	40,000
Acute Human Services Needs	750,000						200,000		750,000	700,000
Watson Wyatt Implementation	250,000			600,000			651,000		600,000	600,000
Sheriff Creation of an Additional Sober Living Unit	60,000						60,000	60,000	60,000	60,000
Census Contingent Reserve (Budget Memo #78)	TBD								30,000	30,000
Subtotal Contingent Reserves Designations		0	0	800,000	0	250,000	911,000	60,000	1,755,000	1,600,000

I. SUMMARY OF FY 2010 BUDGET IMPACT

FY 2010 Proposed General Fund Budget:	524,272,044	524,272,044	524,272,044	524,272,044	524,272,044	524,272,044	524,272,044	524,272,044	524,272,044	524,272,044
FY 2010 General Fund Budget After Adds & Deletes:	529,297,065	523,956,719	530,465,069	530,326,176	529,872,041	529,571,399	524,524,438	529,802,786	529,838,201	529,838,201
\$ Change from FY 2010 Proposed:	5,025,021	(315,325)	6,193,025	6,054,132	5,599,997	5,299,355	252,394	5,530,742	5,566,157	5,566,157
% Change from FY 2010 Proposed:	1.0%	-0.1%	1.2%	1.2%	1.1%	1.0%	0.0%	1.1%	1.1%	1.1%
\$ Change from FY 2009 Approved:	(12,681,282)	(18,021,628)	(11,513,278)	(11,652,171)	(12,106,306)	(12,406,948)	(17,453,909)	(12,175,561)	(12,140,146)	(12,140,146)
% Change from FY 2009 Approved:	-2.3%	-3.3%	-2.1%	-2.1%	-2.2%	-2.3%	-3.2%	-2.2%	-2.2%	-2.2%

	<u>City Manager Recommend.</u>	<u>Council Consensus</u>	<u>Mayor Euille</u>	<u>Vice Mayor Pepper</u>	<u>Councilman Gaines</u>	<u>Councilman Krupicka</u>	<u>Council Member Lovain</u>	<u>Councilman Smedberg</u>	<u>Councilman Wilson</u>
Revenue Increases	5,561,337	(537,497)	6,028,477	5,880,372	5,406,312	5,300,138	(58,222)	5,300,974	5,341,534
Expenditure Increases	5,025,021	(315,325)	6,193,025	6,054,132	5,599,997	5,299,355	252,394	5,530,742	5,566,157
Use of Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>80,616</u>	<u>0</u>	<u>0</u>
Surplus/(Shortfall)	536,316	(222,172)	(164,548)	(173,760)	(193,685)	783	(230,000)	(229,768)	(224,623)
FB Designations	3,048,071	0	3,048,071	3,048,071	3,048,071	2,709,397	0	2,709,397	2,709,397
CR Designations	0	0	800,000	0	250,000	911,000	60,000	1,755,000	1,600,000



City of Alexandria, Virginia

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MEMORANDUM

DATE: APRIL 16, 2009

TO: THE HONORABLE MAYOR & MEMBERS OF THE CITY COUNCIL

FROM: COUNCILMAN JUSTIN M. WILSON

SUBJECT: FY 2010 ADD/DELETE PROPOSALS

Summary:

In November, when we adopted the guidance for the City Manager, we knew that we were facing a defining budget for the City—one that would question our priorities and challenge our values.

The City Manager has proposed a budget that is responsive to the guidance of the City Council. His proposed budget protects the core services that our residents depend on. It provides for our health and safety, the education of our children and the preservation of the basic elements of our quality of life.

Our budget staff, led by our Chief Financial Officer, Bruce Johnson, should be applauded for again preparing an exemplary budget—under the most difficult of circumstances.

As the City Council makes its imprint on this proposed budget, I believe there are a few areas that require adjustments to reflect the priorities of this Council and the priorities of our community.

My proposed additions and deletions focus on the following areas:

- Addressing acute Human Service needs in a difficult economy
- Addressing our basic infrastructure needs, and ensuring appropriate borrowing practices
- Continuing our expansion of the use of logical user fees to offset the costs of services
- Ensuring our Economic Development capacity to hasten and prepare to benefit from the recovery
- Positioning the City to address employee compensation challenges in the future

Taken together, I believe these amendments will reflect a balance of our obligations to those most in need against the needs of our taxpayers grappling with challenging family budgets. I also believe that this approach will best equip us to face the challenges that lie before us in the FY 2011 budget.

In light of our need to continue offsetting service costs with the development of fees, my proposed amendments suggest \$394,809 of new fees and fines. I have included \$5.2 million from increasing the real estate tax rate to 90.3 cents, and \$200,000 from increasing the Cigarette Tax by 5 cents. As I will detail below, my proposal is to devote all additional tax revenue to one-time, capital costs and reducing planned borrowing.

I have proposed \$1,359,976 of cuts to on-going City operating costs. These cuts more than offset the minimal additions to the operating budget that I have suggested.

As I stated last month, I do believe that any recurring additions that we make to the operating budget be offset by recurring cuts to existing services. We must make that commitment to prevent compounding our considerable challenge in FY 2011.

I have suggested a \$700,000 contingent reserve to address the most acute one-time human service needs (Food, Shelter & Childcare) as they arise and are identified by the City Manager, and approved by the City Council during FY 2010.

"Home Town of George Washington and Robert E. Lee"

I have also suggested adding an additional \$600,000 to the contingent reserve that we set up last year to implement the recommendations of our Watson Wyatt Personnel Compensation study.

In light of our need to best position the City to benefit from the economic recovery, I have suggested an additional \$260,000 for the City's Economic Development activities—benefitting AEDP, SBDC, ACVA and the Marketing Fund.

The most important thing that we can do in FY 2010 to ease the impact of FY 2011 is to address our Capital funding needs, and reduce our level of borrowing. With that goal, I have proposed \$5.4 million (all of the revenue from the additional real estate tax increase) of operating funds to be transferred to our Capital Improvement Program. My suggestion is that \$4,200,000 be allocated to reduce planned borrowing in FY 2010, a delay of the Payroll/Human Resources System Project to FY 2011, and the remainder be allocated across four existing un-funded CIP projects that I have suggested for funding.

I look forward to our deliberations.

New Proposals:

- I have proposed that the City assess a \$3 fee for tax payments that are made in person at City Hall. I have proposed that the revenues from this fee be used to develop and deploy kiosks so that taxpayers without access to the Internet will be able to make payments in person without assistance.
- As discussed in Budget Memo 106, I have proposed eliminating retiree life insurance for all future retirees—providing exceptions for those eligible for retirement within 5 years of July 1, 2009. My amendments have partially reduced the City's OPEB obligation accordingly and reserved those funds in Contingent Reserves for the Watson Wyatt Personnel Compensation Study Implementation (in addition to the \$228,522 we set aside for this purpose last year).
- The Sheriff has submitted a grant application for the funding of an ESL Sober Living Unit within the Jail. I have proposed \$60,000 in contingent reserves in support of that effort.
- I have proposed a one year delay of the Payroll/Human Resources System currently programmed with funding in FY 2010 and FY 2011 of the CIP. I believe this delay will allow the City Manager to explore possible leveraging of the existing ACPS payroll system, systems available in neighboring jurisdictions, or outsourced service provider relationships.