

*City of Alexandria, Virginia*

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MEMORANDUM

DATE: APRIL 20, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO # 114: DEDICATION OF 0.3% OF REAL ESTATE TAX REVENUES FOR OPEN SPACE FUNDING

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In follow up to Saturday's public hearing discussion on the open space dedicated tax issue, attached you will find the docket item from December, 2008 which established the minimum open space dedicated funding level at 0.3% of real estate tax revenues for tax year (i.e., calendar year) 2009. This docket item explains in more detail why the 0.3% funding level is now locked in as the minimum funding level for 2009. If Council wishes to unlock the formal dedication (which now only funds debt service), it can do so for 2010 by amending the existing open space ordinance before the end of calendar year 2009. Since the 0.3% is now in place for 2009 and is not proposed on the preliminary add/delete list by any Council Member for an increase in 2009, no further Council action is necessary or will be requested by staff when the FY 2010 budget is adopted on April 27.

Attachment

EXHIBIT NO

1

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12-13-08

557  
~~15~~  
~~12-9-08~~

*City of Alexandria, Virginia*

MEMORANDUM

DATE: DECEMBER 4, 2008  
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL  
FROM: JAMES K. HARTMANN, CITY MANAGER *J*  
SUBJECT: AN ORDINANCE ESTABLISHING A MINIMUM OPEN SPACE FUNDING LEVEL STARTING IN CALENDAR YEAR 2009

**ISSUE:** Establishing future budget flexibility.

**RECOMMENDATION:** That Council approve the proposed ordinance on first reading and set it for public hearing, second reading, and final passage on December 13.

**DISCUSSION:** When the FY 2010 budget is prepared, having maximum budget flexibility in setting taxing and spending priorities is in the City's overall interest. With the estimated \$38.8 million gap between projected revenues and the estimated cost to deliver current services, being able to set budget priorities, as well as to rethink previously established priorities, will enable Council to determine the right balance of services and capital investments within constrained revenue resources.

Currently, as written in City ordinance, funding for open space acquisition and related costs is set at a fixed 1% of City real estate revenues annually (estimated at approximately \$2.8 million per year in calendar year 2009). If as of January 1, 2009, the open space funding ordinance remains unchanged at the 1% funding level, then the open space funding level cannot be set during the upcoming FY 2009 budget process at a percentage rate less than the current 1% rate. However, if the open space funding level is set at the 0.3% minimum rate necessary to fund only the open space debt service obligation of \$0.8 million for FY 2009, then Council can set any open space funding level during the FY 2010 budget process equal to or higher than the minimum 0.3% funding level needed for debt service.

Open space funding flexibility established by setting a lower funding percentage rate starting in 2009 is recommended knowing that the Open Space Trust Fund account has a significant balance for potential open space acquisition over the next several years. As of the end of 2008, the Open Space Trust Fund account is projected to have a balance of approximately \$10 million. Such an amount should be more than sufficient to acquire key priority parcels that are under active discussion for acquisition.

It should be noted that the 1-cent of the real estate tax rate dedicated to affordable housing is established by resolution, and its funding level can be addressed during the FY 2010 budget process and does not need to be acted upon at this time.

**FISCAL IMPACT:** If the open space funding amount is set at 0.3% starting in 2009, this will create \$1.9 million of additional budget flexibility in comparison with the current 1% funding level.

**ATTACHMENT:** Proposed Open Space Trust Fund Account Ordinance

**STAFF:**

Mark Jinks, Deputy City Manager

Bruce Johnson, Director, Office of Management and Budget

EXHIBIT NO. 2

|                                 |          |
|---------------------------------|----------|
| Introduction and first reading: | 12/09/08 |
| Public hearing:                 | 12/13/08 |
| Second reading and enactment:   | 12/13/08 |

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE to amend and reordain Section 3-1-2 (OPEN SPACE TRUST FUND ACCOUNT) of Chapter 1 (GENERAL PROVISIONS) of Title 3 (FINANCE, TAXATION AND PROCUREMENT) of the Code of the City of Alexandria, Virginia, 1981, as amended.

Summary

The proposed ordinance reduces the amount of real estate tax set aside for the Open Space Trust Fund starting on January 1, 2009, to the amount necessary to cover debt service on Open Space Trust Fund supported bonds (0.3% of estimated 2009 real estate tax revenue). As part of the FY 2010 budget cycle, City Council can increase the amount set aside for this Trust Fund.

Sponsor

Staff

Mark Jinks, Deputy City Manager  
Bruce Johnson, Director, OMB  
Ignacio Pessoa, City Attorney

Authority

§ 6.15, Alexandria City Charter

Estimated Cost of Implementation

None

Attachments in Addition to Proposed Ordinance and its Attachments (if any)

None

EXHIBIT NO. 3

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE to amend and reordain Section 3-1-2 (OPEN SPACE TRUST FUND ACCOUNT) of Chapter 1 (GENERAL PROVISIONS) of Title 3 (FINANCE, TAXATION AND PROCUREMENT) of the Code of the City of Alexandria, Virginia, 1981, as amended.

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

Section 1. That Section 3-1-2 of the Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended to read as follows:

Sec. 3-1-2 Open Space Trust Fund Account.

(a) Establishment of account. There is hereby established for the City of Alexandria a permanent account within the Capital Projects Fund to be known and designated as The City of Alexandria Open Space Trust Fund Account, which account shall be accounted for and maintained separate and apart from all other accounts maintained by the City of Alexandria.

(b) Funding of account. There is hereby assigned and appropriated to such account, from January 1, ~~2007~~ 2009 until June 30, ~~2007~~ 2009, and for the fiscal year commencing July 1, ~~2007~~ 2009 and in each succeeding fiscal year, from the tax on real estate levied pursuant to section 3-2-181 of this Code, in addition to all other appropriations made to such account, if any, the sum of ~~one~~ 0.3 percent of the total amount of tax so levied.

(c) Expenditures from account. Notwithstanding any contrary provision of law, appropriations from the said account shall be authorized and made exclusively to finance permanent open space public improvements included in the capital budget. Unexpended appropriations to such account shall not lapse or expire at the end of the fiscal year in which made, irrespective of whether such appropriations were encumbered within such fiscal year.

(d) Open space public improvements defined. As used in this section, permanent open space public improvements means land acquired by the city in fee or by perpetual easement, and dedicated to outdoor recreational and park uses, whether active, passive or natural resource area, for the use of the general public, together with accessory buildings and structures incidental and subordinate to the outdoor recreational and park uses of such acquired land, and capital expenditures including but not limited to, demolition, clean-up, grading, engineering and design work, and the acquisition and installation of furniture, structures, landscaping, apparatus and facilities, for such use and improvement of the site.

Section 2. That this ordinance shall become effective upon the date and at the time of its final passage.

WILLIAM D. EUILLE  
Mayor

**Introduction:** 12/09/2008  
**First Reading:** 12/09/2008  
**Publication:**  
**Public Hearing:**  
**Second Reading:**  
**Final Passage:**

ORDINANCE NO. 4568

AN ORDINANCE to amend and reordain Section 3-1-2 (OPEN SPACE TRUST FUND ACCOUNT) of Chapter 1 (GENERAL PROVISIONS) of Title 3 (FINANCE, TAXATION AND PROCUREMENT) of the Code of the City of Alexandria, Virginia, 1981, as amended.

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Section 2. That this ordinance shall become effective upon the date and at the time of its final passage.

WILLIAM D. EUILLE  
Mayor

Final Passage: December 13, 2008