

City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 8, 2011

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 2012 BUDGET DELIBERATIONS

ISSUE: Proposed schedule (Attachment 1) and add/delete list process for the FY 2012 budget deliberations.

RECOMMENDATION: That City Council review this report and inform staff, at the February 9, 2011 budget work session, of any requested revisions in the due dates or in the suggested process or schedule.

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 hearing, 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 adjusted in Resolution No. 2368 (Attachment 2) adopted on November 10, 2009. Budget Resolution 2426, passed November 23, 2010, provides specific guidance for the FY 2012 budget (Attachment 3).

Proposed Schedule

Attachment 1 provides the timeline recommended by staff for the FY 2012 budget process, based on the budget calendar recently adopted by City Council. This proposed timeline generally parallels the process and timeline generally used by the City Council for many years, as modified recently by Resolution No. 2368. 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 No. 2368 and 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 should decide the maximum possible real estate tax rate to advertise 30 days before a public hearing on that rate is held. Such a public hearing is scheduled for Saturday, April 16, 2011. **Therefore, the Council must make this maximum real estate tax rate determination at its March 12, 2011 Saturday public hearing meeting.** The same schedule applies to the personal property tax rate.
- The budget public hearing is to be held Monday, March 7, 2011 at 4:00 pm. This schedule allows Council to have public input from the hearing available to it before it establishes a maximum real estate tax rate to advertise.
- A Work Session is scheduled with the Budget and Fiscal Affairs Advisory Committee (BFAAC) on Wednesday, April 11, 2011. Council should receive the BFAAC report 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 Monday, April 18, 2011 (see below).

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

Chief Financial Officer 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 received after Friday, April 8th before April 18th. The April 18th date is important because that is when Council members must submit Preliminary Add-Delete items so that they are received seven days before the Preliminary Add-Delete work session on April 25, 2011, as called for by Resolution #2368.

Preparing the Preliminary Add/Delete List

To ensure that there is not a misunderstanding regarding development of the Preliminary Add/Delete List, CFO 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 18th when these items are due at the close of the day. 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 prior to that meeting. 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.

In light of the provisions of Resolution No. 2426 allowing selected items, including the Transportation Add-On Tax and related expenditure items as well as other unfunded priorities requested above the City Manager's base budget, Staff will automatically include these items as

described in the City Manager's budget materials as additions to the base General Fund Operating Budget and Capital Improvement Program as a package of Add/Delete changes to the budget.

Criteria for Preliminary Add/Delete List

In accordance with City Council Resolution 2368 (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. Please note that reductions in the General Contingent Reserves (in the amount of \$300,000 contained in the Proposed Budget) can be used as an offset to such an Add. (Such funds are part of the annual operating budget in the Non Departmental account.)

Recommendations from the City Manager for consideration of expenditure or revenue items that were unforeseen at the time of the proposed budget or that 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 No. 2368.

Preparing the Final Add/Delete List

This year's Preliminary Add/Delete List will be considered at the Monday, April 25, 2011 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 29, 2011. No additions to the Preliminary Add/Delete List can be made after April 25th, but any clarification of items on that list may be made in preparation of the Final Add/Delete List between April 26 and May 3. Staff does not anticipate the need to contact members of Council after the April 26 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 29th.

ATTACHMENTS:

Attachment 1 - Budget Work Session and Hearing Schedule and Council Action Dates

Attachment 2 - Budget Resolution 2368

Attachment 3 - Budget Resolution 2426

STAFF: Bruce Johnson, Chief Financial Officer

ATTACHMENT 1
BUDGET WORK SESSION AND HEARING SCHEDULE
AND COUNCIL ACTION DATES

**All sessions at 7:00 pm in Sister Cities Conference Room 1101 in City Hall
(Unless otherwise noted)**

- Tuesday, February 8, 2011 – Budget Presentation – in Council Chambers
- Wednesday, February 9, 2011 – Work Session #1 – Revenues and Capital Improvement Program Overview
- Tuesday, February 15, 2011 – Work Session #2 – Strategic Goal #3, Transportation and Strategic Goal #1, Economic Development and Redevelopment
- Wednesday, February 23, 2011 – Work Session #3 – Strategic Goal #5, Financial Sustainability (includes Compensation and Staffing issues)
- Monday, March 7, 2011 – Budget Public Hearing – 4:00 p.m. in Council Chambers
- Saturday, March 12, 2011 – Regular Public Hearing – Set Maximum Tax Rate – 9:30 in Council Chambers
- Monday, March 14, 2011 – Joint Work Session #4 School Board and City Council -- at George Washington Middle School
- Wednesday, March 16, 2011 – Advertise Effective Tax Rate 30 days prior to public hearing
- Monday, March 21, 2011 – Work Session #5 – Strategic Goal #2, Health and the Environment, Strategic Goal #4, Children, Youth and Families, Strategic Goal #7, Caring and Inclusive Community
- Wednesday, March 22, 2011 – 2nd Legislative Meeting – Introduce Tax Rates Ordinances (if necessary) – Council Chambers
- Wednesday, March 30, 2011 – Work Session – Back up date if additional Work Session necessary
- Monday, April 11, 2011 – Work Session – Budget and Fiscal Affairs Advisory Committee Report and Strategic Goal #6, Public Safety
- Saturday, April 16, 2011 – Regular Public Hearing – Tax Rates Ordinances Hearing(s) if necessary and Effective Tax Rate Hearing – 9:30 a.m. Council Chambers
- Monday, April 18, 2011 – Add- Delete Items due from Council members to CFO -- 6:00 p.m.
- Monday, April 25, 2011 – Work Session #7 -- Preliminary Add-Delete
- Monday, May 2, 2011 – Work Session #8 -- Final Add/Delete – 6:00 p.m. Council Work Room and Budget Adoption – 7:00 p.m. in Council Chambers