

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 2, 2011

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO: 88 FY 2012 BUDGET ADOPTION - ACTIONS TAKEN
MONDAY, MAY 2, 2011

The following represents the budget actions to be considered during budget adoption Monday, May 2, 2011. City Council will consider (based on the Mayor's possible consensus add/delete list as of Monday, May 2) and adopt the FY 2012 General Fund Revenue and Expenditure Operating Budget in the amount of \$566,144,192, including the FY 2012 Cash Capital share of the Capital Improvement Program of \$5,823,439. This budget is based on the City Manager's FY 2012 Proposed Budget in the amount of \$553,374,401 with the following amendments derived from the "Mayor's possible consensus" option identified in the Final Add-Delete spreadsheet, which is attached. Of course, any changes made at the Final Add-Delete work session at 6:00 p.m. will be incorporated into these draft actions prior to adoption at the Special Session to be held at 7:00 p.m.

(Note: The actions taken by City Council and the impacts on Departmental budgets will be presented in detail in the FY 2012 Approved Operating Budget and FY 2012 to FY 2021 Capital Improvement Program documents which will be published in early July.)

This memorandum is organized into eight sections as follows:

- I. Expenditure Budget Changes
 - a. Technical Adjustments
 - b. Changes to Proposed General Fund Operating Budget
- II. Revenue Budget Changes
 - a. Technical Adjustments
 - b. Changes to Proposed General Fund Operating Budget
- III. Fund Balance Designations
- IV. Contingent Reserves
- V. Capital Improvement Program (CIP)
 - a. Changes in the Cash Capital Transfer to the CIP
 - b. Changes in Borrowing for the CIP
- VI. Special Revenue Fund Budget Changes
- VII. Summary of FY 2012 General Fund Budget
- VIII. Comparisons to FY 2011 Approved and FY 2012 Proposed Budgets

I. Expenditure Budget Changes:

a.

Technical Expenditure Adjustments to Proposed Budget (Budget Memo #53)	
\$ (63,675)	City supplement decrease due to increased State funding -Court Services Unit
\$ (103,950)	City supplement decrease due to increased State funding - Other Public Safety
\$ (24,052)	Alexandria Economic Development Partnership
\$ (90,000)	Turnover rate to 3% (from 2.5%) - DCHS
\$ (40,000)	Shift portion of 1.0 FTE costs to Special Revenue Fund - DCHS
\$ (40,000)	Reduction in administration costs in the Office of Aging - DCHS
\$ (94,000)	Optimizing Medicaid waiver revenue decreasing General Fund expenditures - DCHS
\$ (30,000)	Reduction in administration costs for Out of School Time administration - DCHS
\$ (50,000)	Reduction in supplement to day care providers based on actual expenditures - DCHS
\$ (50,000)	Reduction in support for dental services based on actual expenditures - DCHS
\$ (12,694)	Bringing in-house State Criminal Alien Assistance Program (SCAAP) - Sheriff
\$ (100,000)	Reduction in medical services contract based on utilization - Sheriff
\$ (61,820)	Reduction in mental health services based on actual expenditures - Sheriff
\$ (12,000)	Reduction in contract costs associated with parking adjudication - Finance
\$ (20,000)	Reduction in tax season overtime - Finance
\$ (10,000)	Shift depreciation of new mobile stage to FY 2013 - RPCA
\$ (62,500)	Potomac Greens Park maintenance beginning in FY 2013 - RPCA
\$ (76,650)	Transfer of City's Alcohol Safety Action Program (ASAP) to State - General Services
\$ 28,750	Re-key Police and Sheriff's surplus vehicles - General Services
\$ 10,471	CPI adjustment for Animal Shelter - Other Public Safety Agencies
\$ 125,000	Second year of Microsoft Enterprise Agreement - ITS
\$ 170,000	Health insurance premium increase for Kaiser Permanente (5% to 7.5%) - City-wide
\$ (607,120)	Total Technical Expenditure Adjustments

b.

City Council Changes to Proposed City General Fund Operating Budget Expenditures	
\$ 150,000	Gang prevention funding - Court Services Unit
\$ 450,000	Increased access to preschool - DCHS
\$ 75,000	Fort Ward archaeology Stage II-A- Office of Historic Alexandria
\$ 75,000	Fort Ward archaeology Stage II-B - Office of Historic Alexandria
\$ 75,000	Additional Civil War Sesquicentennial funding - Office of Historic Alexandria
\$ 375,000	Increased street paving
\$ 573,000	Contingent Reserve Designations
\$ 1,600,000	Do not implement the 1% employee retirement contribution - City-wide
\$ 100,000	Inova indigent care
\$ 24,500	Library evening hours
\$ 175,000	Increase Cash Capital to CIP for Detention Center security cameras
\$ 2,991,859	ACPS CIP request - Joint City/ACPS staff proposal (Cash Capital)
\$ 108,141	ACPS CIP request - Joint City/ACPS staff proposal (Debt Service)
\$ 907,453	Increase Cash Capital for Transportation Improvement Fund
\$ (2,250,874)	Decrease in Cash Capital due to CIP expenditure reductions & use of fund balance
\$ (120,000)	Planning and Zoning (P & Z) work program
\$ (31,169)	City Hall security
\$ (300,000)	City Council contingent reserves
\$ (240,000)	First responder line of duty health and death benefit costs (Non-Dept.)
\$ (661,000)	Reduction in salary scale adjustment - City-wide
\$ (425,000)	Fire overtime reduction to Contingent Reserves
\$ (275,000)	Fire overtime reduction
\$ 3,376,911	Net City Expenditure Increases and Reductions (Total)

\$ 2,769,791 *Total Expenditure Budget Adjustments (a +b)*

II. Revenue Budget Changes:

a.

Technical Revenue Re-estimates to Proposed Budget (Budget Memo #52)	
<u>FY 2012</u>	
\$ 500,000	Increase in Personal Property Tax revenue
\$ 100,000	Increase in Sales Tax revenue
\$ 200,000	Increase in Utility Tax revenue
\$ 225,000	Increase in Business License Tax revenue
\$ (100,000)	Decrease in Transient Lodging Tax revenue
\$ (275,000)	Decrease in Restaurant Meals Tax revenue
\$ (100,000)	Decrease in Admissions Tax revenue
\$ (75,000)	Decrease in Telecommunications Tax revenue
\$ 60,000	Increase in Licenses, Permits and Fee revenue
\$ 32,468	Increase in Charges for Services
\$ 1,262,089	Increase in Intergovernmental revenue
\$ 1,829,557	Total FY 2012 Technical Revenue Re-estimates
\$ 1,829,557	Total Increase in Revenue and Other Sources Recommended by the City Manager

City Council Changes in Proposed Tax and Fee Rates and New Revenues	
\$ 1,625,000	Apply the \$1.625 million proposed BPOL tax relief to other City priorities
\$ (651,712)	Reduction in the Real Estate Property Tax revenue for general operating
\$ 973,288	Total Increase in Tax and Fee Rates and New Revenues
\$ 2,802,845	Total Revenue Increases (a+b)

III. Fund Balance Designations

City Council Changes in Proposed Fund Balance Designations (requires Super majority)	
Designations	
\$ (321,467)	Reduction in Fund Balance designation for CIP (FY 2011 Tax Rate \$0.02 adjustment: 50% FY 2012, 50% FY 2013)
\$ 500,000	Increase in Fund Balance designation for CIP (reduction in snow emergencies designation: 50% FY 2012, 50% FY 2013)
\$ 1,691,000	Increase in Fund Balance designation for CIP (FY 2011 technical revenue re-estimates: 50% FY 2012, 50% FY 2013)
\$ 460,214	Increase in Fund Balance designation for CIP (FY 2011 Contingent Reserves: 50% FY 2012, 50% FY 2013)
\$ 2,329,747	Changes in Fund Balance (as of the end of FY 2011)

IV. Contingent Reserves

City Council Changes and Reservations of City Council Contingent Reserves	
\$ (300,000)	City Council contingent reserves
\$ 425,000	Fire overtime
\$ 73,000	Healthy Families
\$ 75,000	Other Fort Ward Management Plan funds
\$ 273,000	Increase in Contingent Reserves

V. Capital Improvement Program Budget Changes

City Council Changes in the Cash Capital Transfer to the CIP	
\$ (50,000)	Non-Motorized Transportation (Safety) projects
\$ (75,000)	Non-Motorized Transportation (Mobility) projects
\$ (61,000)	Environmental Restoration project
\$ (900,000)	WMATA capital program
\$ (1,164,874)	FY 2012 Fund Balance designation for CIP
\$ 175,000	Detention Center security cameras - Sheriff
\$ 2,991,859	ACPS CIP request - Joint City/ACPS staff proposal
\$ 907,453	Transportation Improvement Fund Cash Capital
\$ 1,823,439	Total FY 2012 Cash Capital Transfer Increases to the CIP

City Council Changes in Borrowing for the CIP	
\$ 5,300,000	ACPS CIP request - Joint City/ACPS staff proposal (General Obligation Bonds)
\$ 5,300,000	Total FY 2012 Cash Capital Transfer Increases to the CIP

VI. Special Revenue Budget Changes

City Council Changes in Special Revenue Budgets	
\$ 44,129	Third year of state funding for Crisis Intervention Team - DCHS
\$ 10,704,965	Dedicated Real Estate Tax rate for Transportation Improvement Fund
\$ 510,380	Tier I Potomac Yard Metrorail Station Special Services District
\$ 11,259,474	Total Increases to Special Revenue Funds

VII. Summary of the FY 2012 General Fund Budget

Summary of Growth in FY 2012 Budget	
\$553,374,401	FY 2012 Proposed General Fund Operating Revenues and Expenditures
\$ 2,769,791	Total Change in City General Fund Operating Budget Expenditures over Proposed
<u>\$556,144,192</u>	Resulting FY 2012 General Fund Operating Budget
\$ 2,329,747	Change in Fund Balance Designations (at the end of FY 2011)
\$ 1,823,439	Change in Cash Capital Funding of the FY 2012-FY 2021 CIP

VIII. Comparisons to the FY 2011 Approved and FY 2012 Proposed General Fund Budgets

	City	Schools	Total
FY 2011 Approved General Fund Budget	\$363.8	\$167.8	\$531.6
FY 2012 Proposed General Fund Budget	\$378.6	\$174.8	\$553.4
FY 2012 Approved General Fund Budget	\$381.3	\$174.8	\$556.1
Amount Over FY 2011 Approved	\$17.5	\$7.0	\$24.5
Percent Over FY 2011 Approved	4.8%	4.2%	4.6%