

*City Of Alexandria, Virginia*

**MEMORANDUM**

DATE: APRIL 1, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO # 53: PRELIMINARY ADD-DELETE SPREADSHEET  
AND PROCEDURAL REQUIREMENTS

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Councilman Krupicka requested a “preliminary add-delete spreadsheet” that could be used by City Council members to assess the impact of various options for revenues, expenditures and fund balance designations. The attached spreadsheet provides each Council member with the ability to insert electronically in the “City Council Input Column” their own preferences for each of the various options currently “on the table”. You may use the spreadsheet yourself or call Bruce Johnson, Director of the Office of Management and Budget, or mark it up and give it to Bruce and he’ll run your numbers for you. To use the spreadsheet yourself, you may insert your changes in any shaded boxes (blue) in the column marked “City Council Input Column”. The spreadsheet will then calculate your totals and results automatically. The options included on the spreadsheet are:

- the expenditure options presented in the “Alternative Budget” (Expenditure lines 28-58);
- the expenditure options described in Budget Memo #27 to make up for lost NVTA and VDOT transportation funding (Expenditure lines 60-81);
- the expenditure reduction options described in Budget Memo #27 to help offset lost NVTA and VDOT transportation funding (Expenditure lines 87-92);
- the real property tax options discussed by City Council and approved for advertising at its March 15 public hearing (Revenue lines 21-24);
- and those other tax options discussed at the March 18<sup>th</sup> budget work session for further staff development and possible City Council consideration during the add/delete process (Revenue lines 25-34).

You also may experiment with the assumptions in the “Assumption” column. This column allows you to change:

- the MRA assumption from 1.0% to another percentage;
- the change in the general real estate tax rate from 3 cents to another lower number;

- the change in the commercial/industrial real estate tax from 2 cents to another lower number;
- the change in the meals tax from 1.0% to another percentage less than 1%;
- the transient lodging rate from 1.0% to another percentage between 0% and 2%; and
- the transient lodging room night rate from \$1 to another number between \$0 and \$2.

Once you have determined what assumptions you wish to make, the results are automatically shown in the appropriate row of the Council member input column.

The budget resolution governing the add-delete process (Resolution #2256 printed in the appendix of your budget document) requires that all individual member “adds” be offset by equivalent “deletes”. The spreadsheet shows the net balance of all adds and deletes in line 1 at the top of the spreadsheet shaded in orange. In this preliminary spreadsheet showing all the options listed above, this line shows \$29,319 in surplus funding for the FY 2009 budget if all the add-delete options were chosen. The undesignated fund balance would increase by this amount if no designations were proposed for those funds. A member may propose any combination of adds and deletes such that line 3 remains zero or positive (signifying no change or an increase in the undesignated fund balance). Any negative amount in line 3 would need to be eliminated by reducing expenditures or increasing revenues.

One key outcome of the add-delete process for Council to consider will be to keep a minimum threshold of cash capital from current revenues for the FY 2009 CIP of about \$2.0 million for bond rating purposes. Line 123 on the expenditure side of the spreadsheet shows this crucial result. If all of the NVTA/VDOT lost revenue items were funded as shown in Budget Memorandum #27 and displayed in the add-delete options column, this amount would greatly exceed the \$2.0 million minimum (\$11.5 million). However, that assumes that all of the tax options listed on the right of page 1 of the attachment are approved.

We also recommend capping the amount of prior year funds carried over to finance the FY 2009 operating budget to no more than the \$4.6 million already proposed in the FY 2009 operating budget in order to avoid over reliance on this source of funding that may not be available in FY 2010 – which is likely to be a slow revenue growth year. This recommendation is shown in line 35 of the add-delete options column on the revenue side.

Please note that other options and technical adjustments still may be added to this list by Council member requests or by the City Manager in later budget memoranda.

- Additional technical revenue and expenditure adjustments will need to be proposed at a later date. At this point we believe that total technical revenue adjustments are likely to be negative.

- As indicated in Budget Memo #1, Council members have until April 7 to give written notice of their individual intent to offer a budget amendment (“add”) of more than \$50,000.
- Three or more Council members may request by April 17 an “add” of more than \$50,000 for a matter raised by a member of the public at the spring budget public hearing to be held April 14.
- Five or more Council members may agree to present an “add” at any time for “good cause”, including, but not limited to, a change in the amount of state or federal funding included in the proposed budget. This “good cause” exception may include adjustments required by late action by the Virginia General Assembly to “fix” the problem caused by the invalidation of NVTAs revenues by the Virginia Supreme Court.

Please feel free to consult with Bruce in your use of this spreadsheet, should you choose to use it, and any other technical or procedural questions concerning the add-delete process.

Attachment A “Preliminary Add/Delete Summary List”



EXPENDITURES (Uses of Funds)			
		Add-Delete Options	City Council Input Column
	RPCA, Aquatics Positions	\$45,446	\$45,446
	Real Estate Assessments, Appraiser/Statistician	\$60,138	\$60,138
	Non-Dept., City Council Contingent Reserves	\$175,000	\$175,000
	Other Expenditure Adds TBD	\$0	\$0
	Other Expenditure Adds TBD	\$0	\$0
	Other Expenditure Adds TBD	\$0	\$0
	Other Expenditure Adds TBD	\$0	\$0
	Other Expenditure Adds TBD	\$0	\$0
	<b>Tier I Lost NVTA/VDOT Revenue Prioritization</b>		
	DASH Facility Cash Match	\$671,662	\$671,662
	King St. Trolley	\$1,000,000	\$1,000,000
	DASH Adjustments to Base Budget Increase	\$276,565	\$276,565
	Parking Planner and Professional Services	\$166,852	\$166,852
	Transportation Planner	\$147,629	\$147,629
	<b>Tier II Lost NVTA/VDOT Revenue Prioritization</b>		
	Washington St. Reconstruction	\$800,000	\$800,000
	Contingent for Potomac Yard Metro Station Feasibility Planning	\$700,000	\$700,000
	<b>Tier III Lost NVTA/VDOT Revenue Prioritization</b>		
	King St. Paving	\$822,000	\$822,000
	Eisenhower Ave. Widening (Unfunded Urban System Project)	\$3,051,000	\$3,051,000
	<b>Tier IV Lost NVTA/VDOT Revenue Prioritization</b>		
	King St. Metro Parking Lot Reconfiguration	\$1,400,000	\$1,400,000
	<b>Tier V Lost NVTA/VDOT Revenue Prioritization</b>		
	DASH New Operating Costs (Service Expansion)	\$130,000	\$130,000
	DASH Bus Fleet Expansion	\$1,020,000	\$1,020,000
	Remainder of Contingent for Potomac Yard Metro Station Feasibility Planning	\$1,800,000	\$1,800,000
	<b>Subtotal City &amp; Schools Budget Addition Options</b>	<b>\$20,795,501</b>	<b>\$20,795,501</b>
	<b>EXPENDITURE REDUCTION OPTIONS (should be negative numbers)</b>		
	CIP Cash Capital Reduction Options (Budget Memo #27)	\$0	\$0
	DASH 5% Bus Purchase Contingency	(\$184,000)	(\$184,000)
	Madison/Montgomery St. Reconstruction	(\$700,000)	(\$700,000)
	Eisenhower Ave. City Match	(\$250,000)	(\$250,000)
	Non Public Safety Automated Vehicle Locator System	(\$100,000)	(\$100,000)
	Wayfinding Sign Program	(\$1,225,000)	(\$1,225,000)
	Other CIP Expenditure Reductions TBD	\$0	\$0
	Other CIP Expenditure Reductions TBD	\$0	\$0
	Other Operating Budget Reductions TBD	\$0	\$0
	Other Operating Budget Reductions TBD	\$0	\$0
	<b>City Budget Reductions Options</b>	<b>(\$2,459,000)</b>	<b>(\$2,459,000)</b>
	<b>Net City and School Expenditure Increases and Reductions</b>	<b>\$18,336,501</b>	<b>\$18,336,501</b>

102 FUND BALANCE, CONTINGENT RESERVES, & CIP CASH CAPITAL CONTRIBUTION 102				
		Add-Delete Options	City Council Input Column	
103 <b>FUND BALANCE DESIGNATION OPTIONS</b> 103				
104 Total FY 2008 Surplus Real Estate Tax Revenues Available for Designations - Note that the amount to the right assumes that all of the tax options shown on page 1 (on the right) are adopted 104				
105 Use of FY 2008 Surplus Above \$4.6 million in Proposed Budget (input value in revenue line 35) 105		\$6,253,915	\$6,253,915	
106 Other Fund Balance Designations TBD 106		\$0	\$0	
107 Other Fund Balance Designations TBD 107		\$0	\$0	
108 Total Undesignated Surplus to FY 2010 CIP 108		\$6,253,915	\$6,253,915	
109				
110 <b>CONTINGENT RESERVE DESIGNATION OPTIONS</b> 110				
111 Amount in City Manager's Proposed Budget 111		\$200,000	\$200,000	
112 Amount added by Council Member Adds 112		\$175,000	\$175,000	
113 Contingent Reserve Designation Options 113				
114 TBD 114		\$0	\$0	
115 TBD 115		\$0	\$0	
116 TBD 116		\$0	\$0	
117 Undesignated Amount Remaining 117		\$375,000	\$375,000	
118				
119				
120 <b>CASH CAPITAL CONTRIBUTION TO THE CIP</b> 120				
121 Cash Capital Transfer Amount to the CIP - Note that the amount to the right assumes that all the tax options listed on page 1 (to the right) totaling \$18.4 million and the formerly 121				
122 NVTA funded projects on page 2 are adopted 122		\$11,505,662	\$11,505,662	
123				
124				
125 <b>RATE OF GROWTH IN FY 2009 BUDGET &amp; RESULTS COMPARED TO INDIVIDUAL TARGETS</b> 125				
126				
127 <b>RATE OF GROWTH IN FY 2009 BUDGET</b> 127				
128 FY 2009 City Manager Proposed Budget and Combined Targets 128		2.94%	2.94%	
129 FY 2009 City Manager Alternative Budget and Combined Targets 129		4.35%	4.35%	
130 Preliminary Expenditure Increases Over Proposed Budget if All Changes Adopted 130		\$18,336,501	\$18,336,501	
131 Grand Total City Schools General Fund Expenditure Budget if All Changes Adopted 131		\$553,127,506	\$553,127,506	
132 Net Increase/(Decrease) over FY 2008 Amended Budget (Expenditures) if All Changes Adopted 132		6.5%	6.5%	
133				
134 <b>TARGETS</b> 134				
135 Proposed Budget Target City 135		\$368,000,000	\$368,000,000	
136 Alternative Budget Target City 136		\$377,200,000	\$377,200,000	
137 Preliminary Result City if All Changes Adopted 137		\$383,352,337	\$383,352,337	
138 Preliminary Expenditure Increases Over Alternative Budget and Target if All Changes Adopted 138		\$6,152,337	\$6,152,337	
139 Net Increase/(Decrease) over FY 2008 Amended Budget (Expenditures) if All Changes Adopted 139		6.71%	6.71%	
140				
141 Proposed Budget Target Schools Transfer 141		\$166,841,288	\$166,841,288	
142 Alternative Budget Target Schools Transfer 142		\$168,200,000	\$168,200,000	
143 Preliminary Result Schools if All Changes Adopted 143		\$169,775,169	\$169,775,169	
144 Preliminary Expenditure Increases Over Proposed Budget and Target if All Changes Adopted 144		\$1,575,169	\$1,575,169	
145 Net Increase/(Decrease) over FY 2008 Amended Budget (Expenditures) if All Changes Adopted 145		5.94%	5.94%	