City Of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 9, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #_78__: REVISED ADD/DELETE WORKSHEET

The Add/Delete worksheet presented to City Council members in Budget Memo #53 to assess the impact of various options for revenues, expenditures and fund balance designations has been updated. This new version includes adds of more than $50,000 by City Council members submitted by the April 7 deadline. Technical revenue and expenditure reductions for FY 2008 and FY 2009 explained in other budget memoranda are also included in this version. One other difference in this version is the change in the projected revenue associated with Transient Lodging Tax Rate. The estimated revenue for each 1% increase in this rate has increased to $1,600,000 (from $1,237,332 estimated previously in Budget Memo #25). A two percentage point maximum increase on the Transient Lodging Tax Rate has been established by City Council's action on April 8 and the possibility of an increase in the Room Night tax of $1.00 has been foregone as Council did not advertise that change. The spreadsheet reflects these revenue changes.

An important consideration while reviewing the Add/Delete Worksheet is that neither the subtotals nor total dollar amounts listed in the options column reflect a comprehensive package of options to be proposed or adopted in whole. Because the worksheet includes all options currently available for consideration by City Council, some of the subtotal and total amounts shown in the options column are simply placeholders. Council members will have to make choices in order to balance the adds and deletes and cannot adopt all the options. Also, individual subtotals will depend on those choices. For instance, line 165 shows the City transfer to ACPS if all changes are adopted. However, the amount shown is around $171 million, which exceeds the total ACPS request. Upon closer consideration, this amount is high because it includes both the "1% MRA" and the "1% Bonus in Lieu of an MRA" options. These items have been proposed as mutually exclusive options and will not both appear in a Council member's add/delete list or in the Approved Budget. As City Council members make add/delete recommendations to balance the budget, issues of this nature will work themselves out naturally.

As previously communicated in Budget Memo #1, this year's Preliminary Add/Delete List will

be considered at the Monday, April 28 Work Session. To ensure that there is not a misunderstanding regarding development of the Preliminary Add/Delete List; Budget Director 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 17 when major adds raised at the April 14 public hearing may be introduced, and on April 23 for other add/delete items. 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.

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 accordance with City Council Resolution 2256, 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.

If an item is raised at the Public Hearing on April 14, then a proposed Add of $50,000 or more may be introduced by at least 3 members of City Council by April 17. Members may provide the offsetting decrease in expenditures and/or increase in revenues for these adds at a later date, so long as these offsets are identified by the final deadline of April 23.

Attachment A – “FY 2009 Add/Delete Worksheet”

FY 2009 Add/Delete Worksheet

Summary of Results

FY 2009 BUDGET SURPLUS/(SHORTFALL):	***($9,235,637)***
FY 2008 Surplus Revenues after Balancing FY 2009 Budget:	**$6,253,915**
City % Increase over FY 2008 Amended Budget:	**8.0%**
Schools % Increase over FY 2008 Amended Budget:	**6.7%**
TOTAL Rate of Increase over FY 2008 Amended Budget	**7.6%**
2009 Residential Real Property Tax Rate (in cents):	**86.0**
2009 Commercial Real Property Tax Rate (in cents):	**88.0**

EXPENDITURES (Uses of Funds)

	Assumption	Add-Delete Options	City Council Input Column
TECHNICAL ADJUSTMENTS			
Technical Expenditure Adjustments (Budget Memo #)			
FY 2008 Expenditure Reductions to Ensure a Balanced Budget		($2,030,350)	($2,030,350)
Animal Welfare League of Alexandria Increased FY 2009 Costs (Budget Memo #58)		$13,000	$13,000
EXPENDITURE INCREASE OPTIONS	**Assumption**		
Market Rate Adjustment (Budget Memos #)	**1.0%**		
City (& DASH) employees		$2,336,570	$2,336,570
School employees		$1,422,398	$1,422,398
Subtotal MRA Option		**$3,758,968**	**$3,758,968**
Full Funding of School Board Request (exc. MRA)		**$1,511,483**	**$1,511,483**
City Operating Budget (Alternative Budget Options)			
Fire, Three Shift Safety Officers		$342,489	$342,489
Fire, Bike Medic Team Equipment		$13,414	$13,414
Fire, Emergency Management Planning		$200,000	$200,000
Fire, Depreciation of Grant Funded Equipment		$188,259	$188,259
Sheriff, Emergency Response Team		$40,000	$40,000
Sheriff, Marked Vehicles		$2,365	$2,365
Sheriff, Lengthen Contract for GED Instructor		$7,296	$7,296
Police, Red Light Camera Program ($450,000 in revenue (see right) will offset this add; Budget Memo #45)		$675,000	$675,000
Police, Gridlock Reduction Program (Budget Memo #46)		$150,000	$150,000
Police, Elementary School Resource Officer		$77,000	$77,000
Health, Emergency Planner		$113,867	$113,867
DHS, Child Care Fee System Waiting List		$591,269	$591,269
MHMRSA, Infant Development Specialist		$60,500	$60,500
Housing, Housing Opportunities Fund		$100,000	$100,000
P&Z, Historic Preservation Positions		$169,278	$169,278
P&Z, Neighborhood and Community Development Positions		$235,021	$235,021
ACVA, Regional Marketing Initiatives		$100,000	$100,000
AEDP, Regional Marketing Initiatives		$93,000	$93,000
AEDP, Consulting Services/Marketing Graphics Arts		$50,000	$50,000

REVENUES (Sources of Funds)

	Assumption	Add-Delete Options	City Council Input Column
TECHNICAL ADJUSTMENTS			
Revenue Re-estimates (Budget Memo #)			
FY 2008 Revenue Adjustments (Technical)		($2,030,350)	($2,030,350)
FY 2009 Revenue Adjustments (Technical)		($4,449,863)	($4,449,863)
Increased Pet License Revenues From Added AWLA PT Position (B.M. #58)		$21,600	$21,600
TAX AND FEE OPTIONS (Budget Memos #25)	**Assumption**		
Red Light Camera Revenues (Budget Memo #45)		$455,000	$455,000
General Real Estate Tax Rate Increase (may not exceed 3 cents)	**3.0**		
General Real Estate Tax Rate - FY 2009 Impact		$10,507,827	$10,507,827
Commercial & Industrial Real Estate Tax Add-On (may not exceed 2 cents)	**2.0**		
Commercial & Industrial Real Estate Tax Add-On Fy 2009 Impact		$2,000,000	$2,000,000
BPOL Tax Threshold for Retailers Raised to $1 million FY 2009 Impact		($400,000)	($400,000)
+1%, Restaurant Meals Tax Increase (% Increase)	**1.0%**		
Restaurant Meals Tax Increase FY 2009 Impact		$3,700,000	$3,700,000
+1%, Transient Lodging Tax Rate Increase (could be up to 2% increase)	**2.0%**		
Transient Lodging Tax Rate Increase FY 2009 Impact		$3,200,000	$3,200,000
Other Tax and Fee Options TBD		$0	$0
Other Tax and Fee Options TBD		$0	$0
Other Tax and Fee Options TBD		$0	$0
Other Tax and Fee Options TBD		$0	$0
Other Tax and Fee Options TBD		$0	$0
Other Tax and Fee Options TBD		$0	$0
Other Tax and Fee Options TBD		$0	$0
Use of FY 2008 Surplus Above $4.6 million in Proposed (not recommended)		$0	$0
Subtotal Tax and Fee Options		**$19,462,827**	**$19,462,827**
Subtotal FY 2009 Revenue Options Total		**$15,012,964**	**$15,012,964**

50	RPCA, Brenman Park Storm Water Pond Maintenance	$20,000	$20,000		50
51	RPCA, Stream Bank Mowing	$30,000	$30,000		51

	EXPENDITURES (Uses of Funds)		Add-Delete Options	City Council Input Column	
54	RPCA, Aquatics Positions		$45,446	$45,446	54
55	Real Estate Assessments, Appraiser/Statistician		$60,138	$60,138	55
56	Non-Dept., City Council Contingent Reserves (*does not factor into total due to double counting*)		$175,000	$175,000	56
57	Payscale Adjustments from Watson-Wyatt Study Contingent Reserve Designation (Wilson, Krupicka)		$500,000	$500,000	57
58	Fire Department Safety Improvements Contingent Reserve Designation (Krupicka, Wilson; Budget Memo #48)		$500,000	$500,000	58
59	Intersection Safety Improvements - GRIP, Red Light Camera, Signage Contingent Reserve Designation (Krupicka; Budget Memos #45 & #46)		$825,000	$825,000	59
60	Arts Districts (Krupicka, Smedberg; Budget Memo #60)		$50,000	$50,000	60
61	Pre-K Quality and Expanded Services ($300K - $500K; Krupicka)		$500,000	$500,000	61
62	Small Business Development Center ($50K - $75K; Wilson, Krupicka, Smedberg)		$75,000	$75,000	62
63	DASH Service Expansions Beyond Tier V Listed Below ($270K; Wilson, Krupicka; Budget Memo #57)		$270,000	$270,000	63
64	Bonus in Leiu of MRA for City (Wilson)		$1,740,000	$1,740,000	64
65	Bonus in Leiu of MRA for Schools (Wilson)		$1,260,000	$1,260,000	65
66	Youth Summer Employment Program Sustainability/Expansion (Euille, Gaines)		$50,000	$50,000	66
67	Senior Taxi - One Additional Round Trip per Month (Pepper)		$136,800	$136,800	67
68	Planning Consultants for Aging Study (Pepper)		$50,000	$50,000	68
69	Commercial Recycling Position		$90,300	$90,300	69
70	Monitor for Mirant ($35K - $40K; Smedberg)		$40,000	$40,000	70
71	Other Expenditure Adds TBD		$0	$0	71
72	Other Expenditure Adds TBD		$0	$0	72
73	Other Expenditure Adds TBD		$0	$0	73
74	Other Expenditure Adds TBD		$0	$0	74
75					75
76	**Tier I Lost NVTA/VDOT Revenue Prioritization**				76
77	DASH Facility Cash Match		$671,662	$671,662	77
78	King St. Trolley		$1,000,000	$1,000,000	78
79	DASH Adjustments to Base Budget Increase		$276,565	$276,565	79
80	Parking Planner and Professional Services		$166,852	$166,852	80
81	Transportation Planner		$147,629	$147,629	81
82					82
83	**Tier II Lost NVTA/VDOT Revenue Prioritization**				83
84	Washington St. Reconstruction		$800,000	$800,000	84
85	Contingent for Potomac Yard Metro Station Feasibility Planning		$700,000	$700,000	85
86					86
87	**Tier III Lost NVTA/VDOT Revenue Prioritization**				87
88	King St. Paving		$822,000	$822,000	88
89	Eisenhower Ave. Widening (Unfunded Urban System Project)		$3,051,000	$3,051,000	89
90					90
91	**Tier IV Lost NVTA/VDOT Revenue Prioritization**				91
92	King St. Metro Parking Lot Reconfiguration		$1,400,000	$1,400,000	92
93					93
94	**Tier V Lost NVTA/VDOT Revenue Prioritization**				94
95	DASH New Operating Costs (Service Expansion)		$130,000	$130,000	95
96	DASH Bus Fleet Expansion		$1,020,000	$1,020,000	96
97	Remainder of Contingent for Potomac Yard Metro Station Feasiblity Planning		$1,800,000	$1,800,000	97
98					98
99	**Subtotal City & Schools Budget Addition Options**		$26,882,601	$26,882,601	99

100	**EXPENDITURES (Uses of Funds)**			
101			**Add-Delete Options**	**City Council Input Column**
102	**EXPENDITURE REDUCTION OPTIONS (should be negative numbers)**			
103				
104	CIP Cash Capital Reduction Options (Budget Memo #27)		$0	$0
105	DASH 5% Bus Purchase Contingency		($184,000)	($184,000)
106	Madison/Montgomery St. Reconstruction		($700,000)	($700,000)
107	Eisenhower Ave. City Match		($250,000)	($250,000)
108	Non Public Safety Automated Vehicle Locator System		($100,000)	($100,000)
109	Wayfinding Sign Program		($1,225,000)	($1,225,000)
110	Other CIP Expenditure Reductions TBD		$0	$0
111	Other CIP Expenditure Reductions TBD		$0	$0
112	Other Operating Budget Reductions TBD		$0	$0
113	Other Operating Budget Reductions TBD		$0	$0
114				
115	**City Budget Reductions Options**		($2,459,000)	($2,459,000)
116				
117	**Net City and School Expenditure Increases and Reductions**		**$24,423,601**	**$24,423,601**
118				

FUND BALANCE, CONTINGENT RESERVES, & CIP CASH CAPITAL CONTRIBUTION

	Add-Delete Options	City Council Input Column
FUND BALANCE DESIGNATION OPTIONS		
Total FY 2008 Surplus Real Estate Tax Revenues Available for Designations - *Note that the amount to the right assumes that all of the real estate property tax options shown on page 1 (on the right) are adopted*	**$6,253,915**	**$6,253,915**
Use of FY 2008 Surplus Above $4.6 million in Proposed Budget **(input value in revenue line 35)**	$0	$0
Other Fund Balance Designations TBD	$0	$0
Other Fund Balance Designations TBD	$0	$0
Total Undesignated Surplus to FY 2010 CIP	**$6,253,915**	**$6,253,915**
CONTINGENT RESERVE DESIGNATION OPTIONS		
Amount in City Manager's Proposed Budget	$200,000	$200,000
Amount added in City Manager Alternative Budget	$175,000	$175,000
Remaining amount added by Council Member Adds	$1,450,000	$1,450,000
TOTAL CONTINGENT RESERVES AVAILABLE FOR DESIGNATION	**$1,825,000**	**$1,825,000**
Contingent Reserve Designation Options		
Pay Scale Adjustments after Watson-Wyatt Study (Wilson, Krupicka)	$500,000	$500,000
Fire Department Safety Improvements (Krupicka, Wilson; Budget Memo #48)	$500,000	$500,000
Intersection Safety Improvements - GRIP, Red Light Camera, Signage, etc. (Krupicka; Budget Memos #45 & #46)	$825,000	$825,000
TBD	$0	$0
TBD	$0	$0
Undesignated Amount Remaining	**$0**	**$0**
CASH CAPITAL CONTRIBUTION TO THE CIP		
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 NVTA funded projects on page 2 are adopted*	**$11,505,662**	**$11,505,662**

RATE OF GROWTH IN FY 2009 BUDGET & RESULTS COMPARED TO INDIVIDUAL TARGETS

RATE OF GROWTH IN FY 2009 BUDGET		
FY 2009 City Manager Proposed Budget and Combined Targets	2.94%	2.94%
FY 2009 City Manager Alternative Budget and Combined Targets	4.35%	4.35%
Preliminary Expenditure Increases Over Proposed Budget if All Changes Adopted	$24,408,601	$24,248,601
Grand Total City Schools General Fund Expenditure Budget if All Changes Adopted	$559,199,606	$559,039,606
nt Increase/(Decrease) over FY 2008 Amended Budget (Expenditures) if All Changes Adopted	7.6%	7.6%
TARGETS		
Proposed Budget Target City	$368,000,000	$368,000,000
Alternative Budget Target City	$377,200,000	$377,200,000
Preliminary Result City if All Changes Adopted	$388,016,441	$388,016,441
Preliminary Expenditure Increases Over Alternative Budget and Target if All Changes Adopted	$10,816,441	$10,816,441
nt Increase/(Decrease) over FY 2008 Amended Budget (Expenditures) if All Changes Adopted	8.01%	8.01%
Proposed Budget Target Schools Transfer	$166,829,284	$166,829,284
Alternative Budget Target Schools Transfer	$168,200,000	$168,200,000
Preliminary Result Schools if All Changes Adopted	$171,023,165	$171,023,165

166	Preliminary Expenditure Increases Over Proposed Budget and Target if All Changes Adopted	$2,823,165	$2,823,165		166
167	nt Increase/(Decrease) over FY 2008 Amended Budget (Expenditures) if All Changes Adopted	6.72%	6.72%		167