

The City of Alexandria, Virginia
The 2014 Budget and Beyond
What Are Our Priorities? Are We Being Fiscally Responsible?

Introduction: Alexandria has more than \$1 billion in projected operating deficits and capital obligations facing us over the next 9+ years yet much of our focus seems to center on expanding social programs. We prepare detailed operating budgets focused only on the ensuing 12 months, invariably approving the plan within weeks of the fiscal year commencing. Continual analysis and prolonged discussion are not adequate substitutes for addressing the harsh realities and making difficult choices with long-term implications. Deferring focused, responsive funding actions only makes the hill ever steeper and the ultimate resolutions ever more expensive. "Kicking the can down the road" is neither a practical nor a viable path to resolution.

There is a huge disparity between us and our neighbors in terms of proposed FY 2014 capital expenditures per capita: Prince William spends 31% more, Fairfax 45% more, Loudoun 71% more and Arlington 195% more. It's not as though we don't have urgent capital needs and obligations (see below). We are told it's because of the "huge expenditure that we incur...(on) safety net programs." While those programs are clearly desirable, there comes a point where we simply can't afford to do all we'd like to do. Compassion doesn't pay the mortgage, or build schools, or repair infrastructure. Until this community has a clear plan of how we are going to fund the \$1+ billion, we need to be very circumspect about attracting more and more people to move to Alexandria in order for them to benefit from the safety net that our increasingly stretched funds must pay for.

Fiscal Realities: There is little disagreement that we cannot adequately fund all the things the community would like to see addressed over the next decade. Yet the City operating budget only focuses on the immediately ensuing 12 months – hardly a long-term perspective. The FY 2014 budget is ostensibly in balance but we have no plan and appear to have given precious little attention to the \$657 million operating deficit projected over the next nine years. Is that being fiscally responsible?

The capital expenditure challenges are no less onerous yet we seem to be a City long on discussion but short on specific, tangible, meaningful, impactful action:

- The proposed Potomac Yard Metro station is receiving a lot of attention but considerable time and money appears to have been wasted pursuing a site that is, by federal law, not viable. Now we run the risk of developers contributing less than anticipated as a consequence of having to accept what they may view as a secondary location. Some respected individuals continue to question the extent of the City's bonding capacity that this one project will require – in the face of many other urgent capital projects. What contingencies do we have should development (and resultant tax revenues) at Potomac Yards proceed at a pace appreciably slower than currently projected?
- Our school system is projected to need \$129 million in capital expenditures over the coming decade and "(City) staff continues to discuss capital needs with ACPS staff" while "a joint City-ACPS work group is looking into long range enrollment projections." In the meantime who is focused on where the actual dollars – whatever the final amount – will come from?
- Major improvements to our sewer/storm water infrastructure are projected to cost \$350-500 million over the next 25 years. "The City is developing an analysis to help refine costs and narrow the scope...projects will be prioritized..." Again, whatever the outcome of the analysis, the obligation is not going away. Who is focused on how we will fund our obligations?

