

City of Alexandria, Virginia

Results Alexandria

*The strategic framework and budget process to
achieve results the community values*

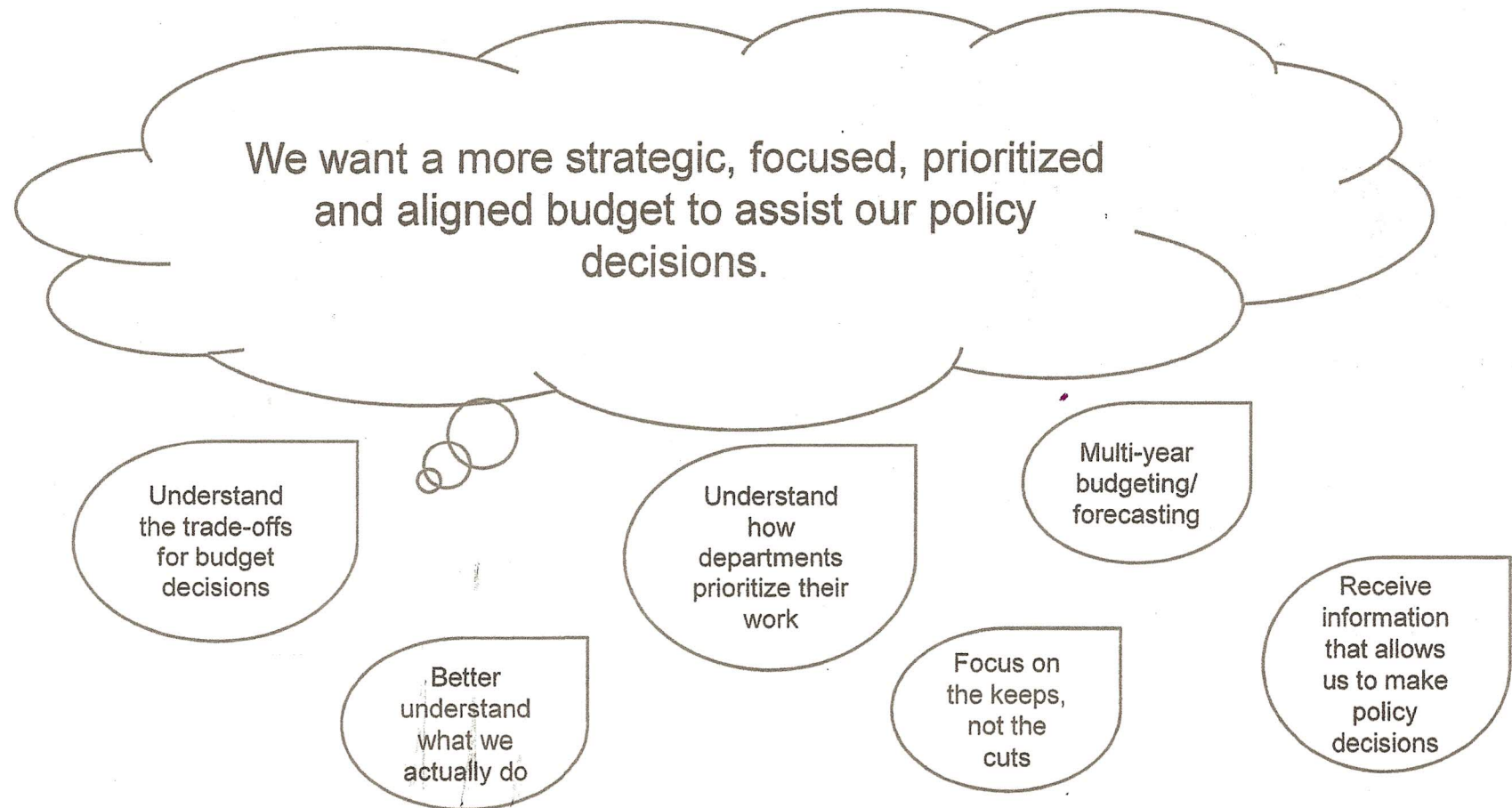
City Council – City Manager Retreat

October 4, 2013



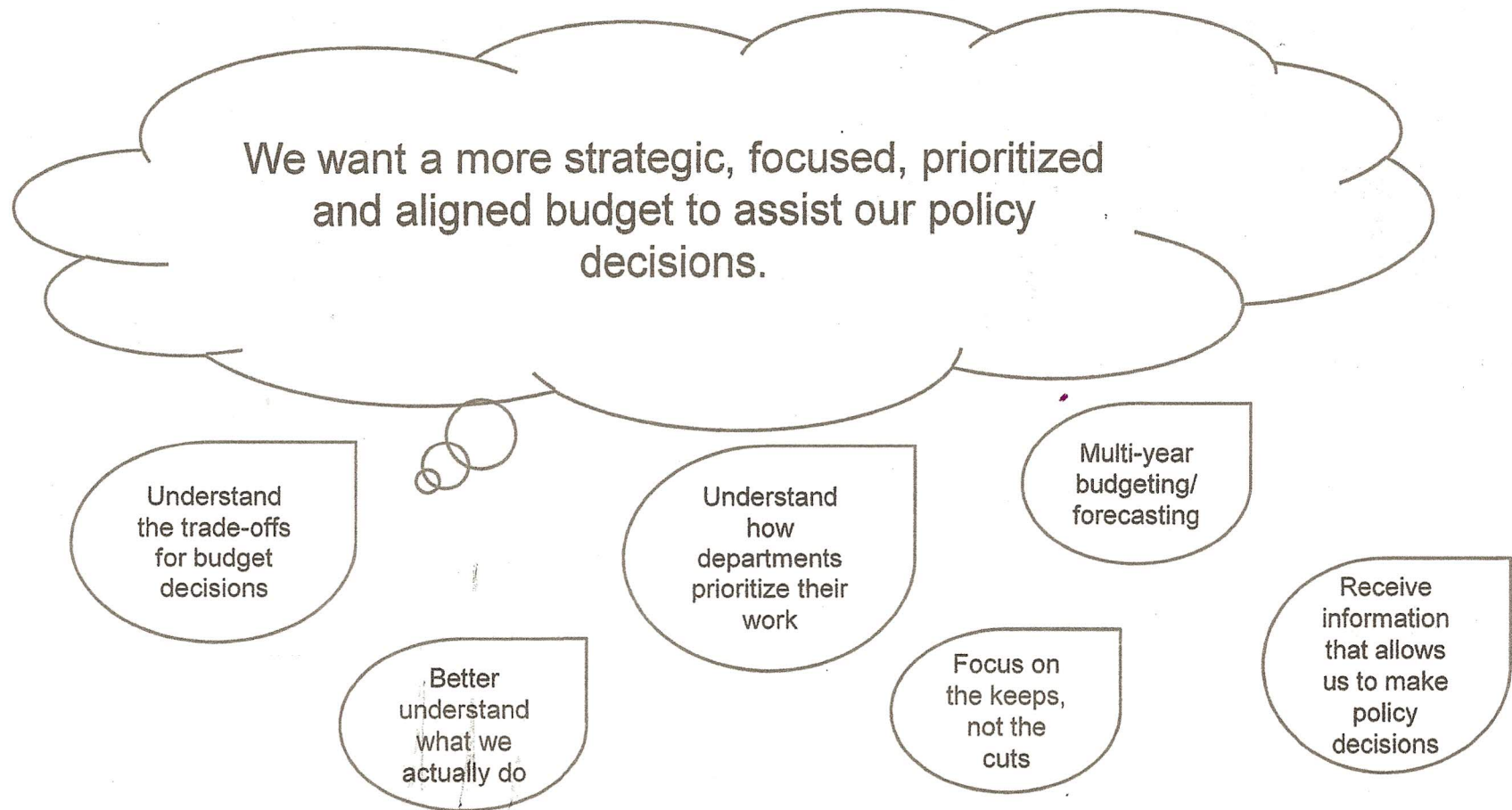
YOUR FEEDBACK

***Here's what we heard you say about the budget process.
This feedback informed the process we developed.***



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ALIGNING THE PROCESS

City Strategic Plan

Defines the Results the Community Values

Seven City Goals

City Manager's Performance Plan (CMPP)

Operationalizes City Strategic Plan; Updated Every Three Years

Department Work Plan (DWP)

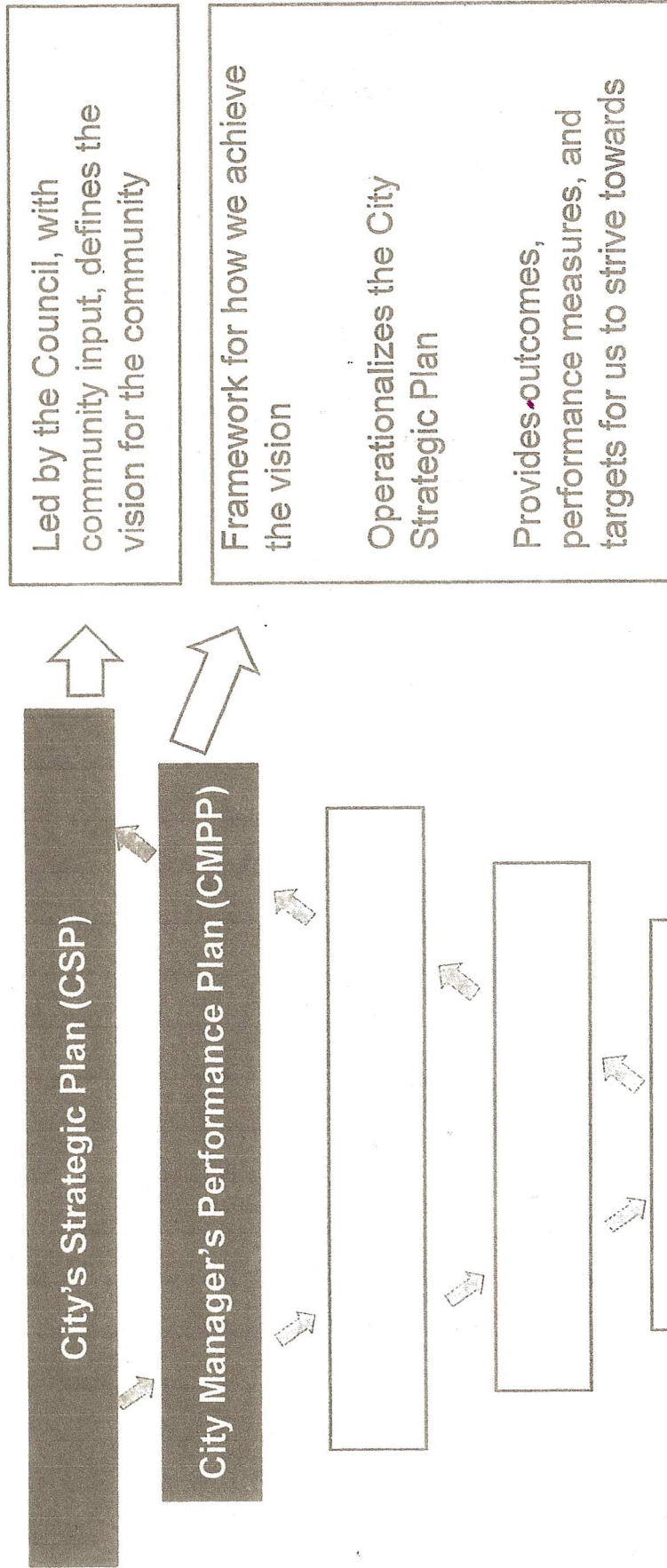
Annual plan to use resources to achieve CMPP

Department Budget Proposal

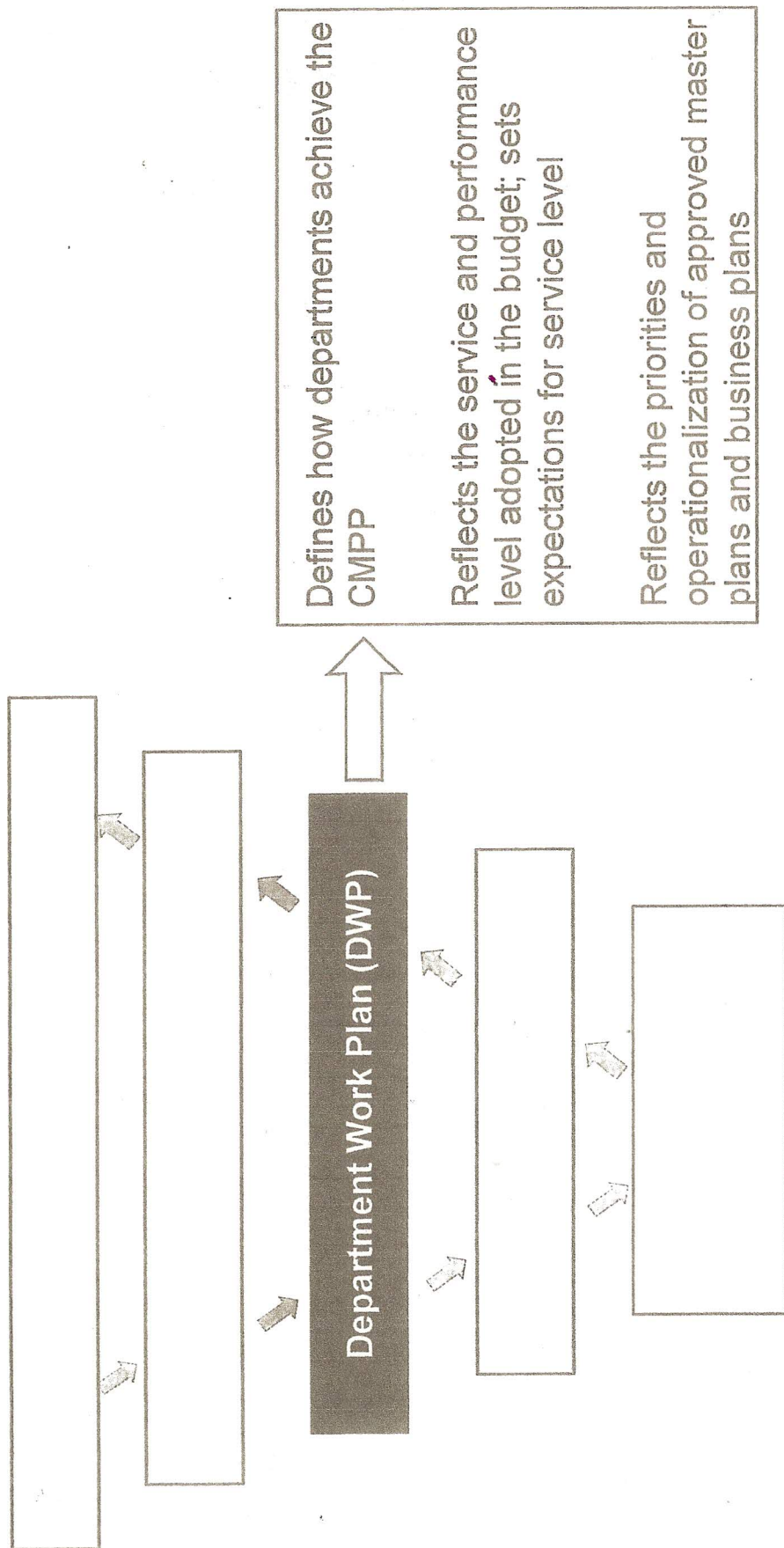
Annual request for resources + expected results

Ongoing performance monitoring,
evaluation, improvement

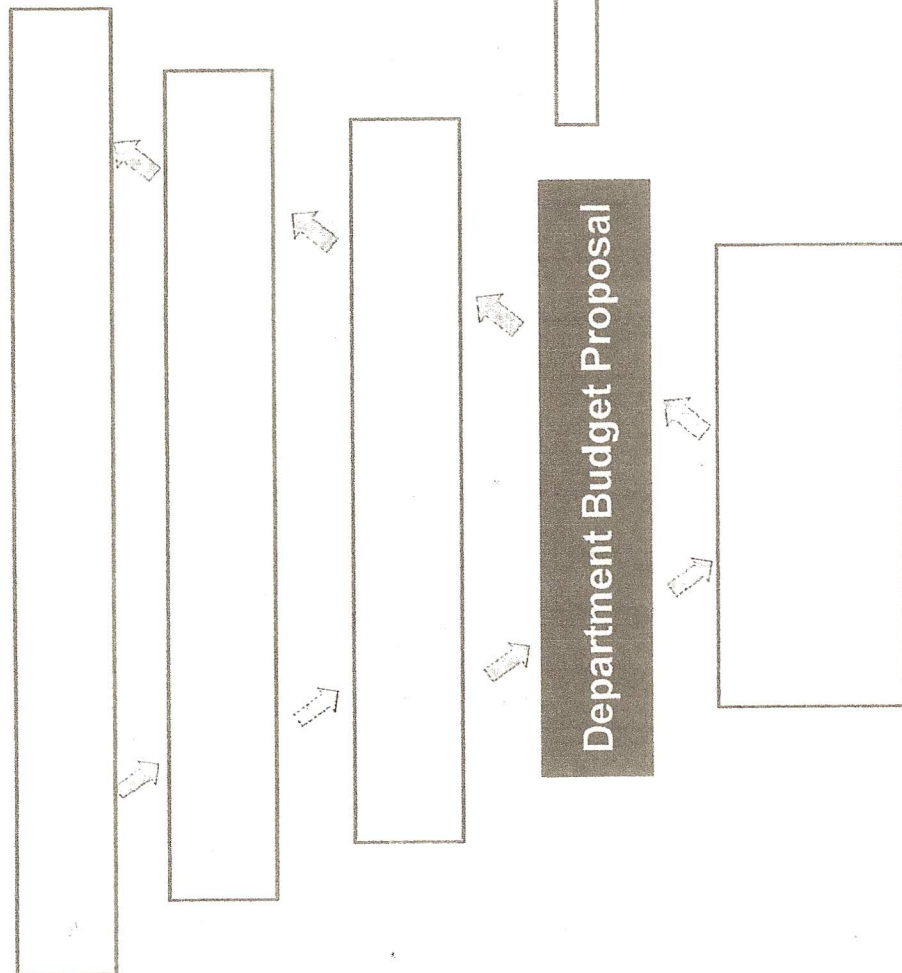
ALIGNING THE PROCESS



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Defines the resources needed to achieve the results established in our plans

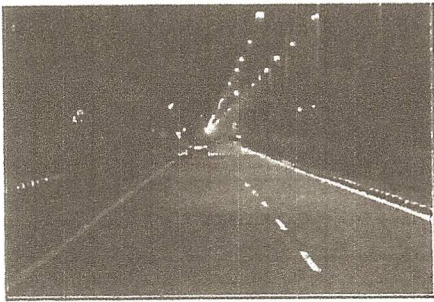
Assumes no baseline; requires departments to explain the entire program and resources requested

Significantly reduces the conversation at the margins and brings focus to the entire program offered and its impact on outcomes

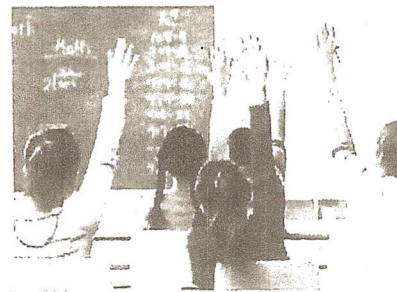
Provides the framework for balanced decision-making for resource allocation within and among the focus areas

AN EXAMPLE

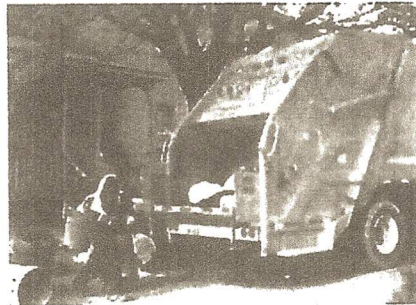
Imagine the City of Alexandria provided only these core services ...



Roads



Schools



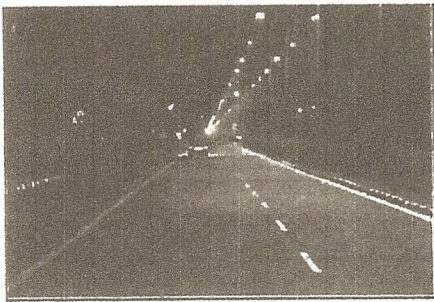
Trash



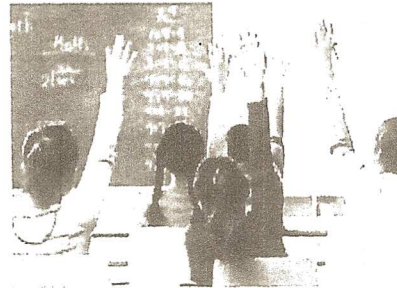
Public Safety

AN EXAMPLE

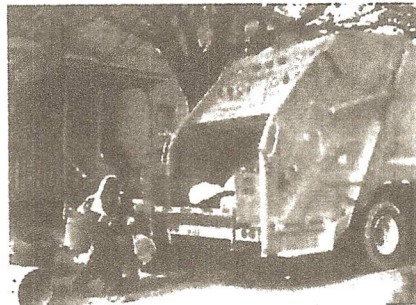
Imagine the City of Alexandria provided only these core services ...



Roads



Schools



Trash



Public Safety

AN EXAMPLE...

OUR APPROACH HISTORICALLY

2015 Revenue Projection

\$100,000

Spread the 4%
equally;
thinning the
soup

Service	Projected Cost in 2015	4% Cuts	Budget Amount After Cuts
Roads	\$26,000	-\$1,000	\$25,000
Trash	\$26,000	-\$1,000	\$25,000
Schools	\$26,000	-\$1,000	\$25,000
Public Safety	\$26,000	-\$1,000	\$25,000
TOTAL	\$104,000	-\$4,000	\$100,000

We haven't talked
about how this will
impact our
performance and
achieving our
outcomes

We have a gap
of \$4,000; we
need to cut 4%

AN EXAMPLE...

OUR FUTURE APPROACH

2015 Revenue Projection

\$100,000

We have \$100k to spend – what do we want to spend it on?

Service	Project- ed Cost in 2015	4% Cuts	Budget Amount After Cuts	Results Alexandria Aligned Budget	
Roads	\$26,000	-\$1,000	\$25,000	\$20,000	Re-compete contract; gain efficiencies
Trash	\$26,000	-\$1,000	\$25,000	\$20,000	Cut a service that was ineffective per CMPP & DWP
Schools	\$26,000	-\$1,000	\$25,000	\$35,000	Additional resources for new education program that will improve outcomes per CMPP & DWP
Public Safety	\$26,000	-\$1,000	\$25,000	\$25,000	
TOTAL	\$104,000	-\$4,000	\$100,000	\$100,000	Re-engineer processes + improve outcomes

WHAT THIS MEANS

What the proposed budget will have...

It will focus on achieving the results that are consistent with our strategic direction

It will have information on service/performance levels

A budget that is not about solving for a gap but about the full amount

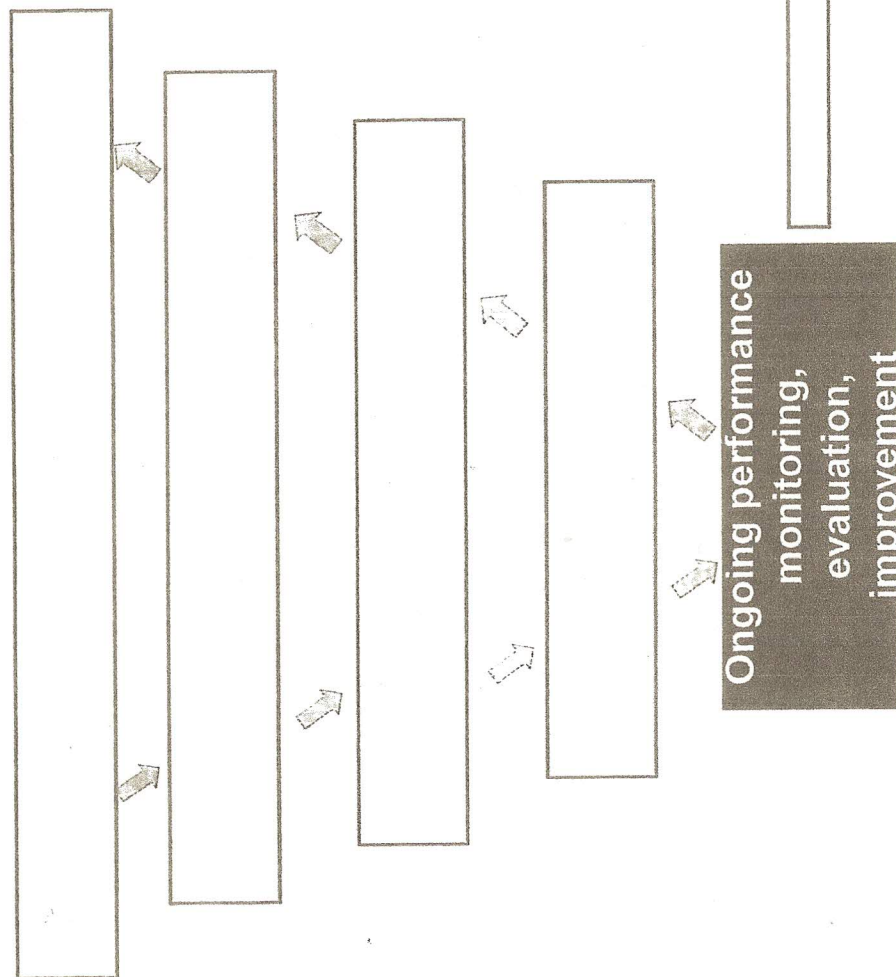
How this helps you in approving the budget...

It will provide a foundation and a framework to focus decision-making discussions on achieving “results” rather than “wants”

You can discuss, change, and ultimately know what level of service/performance you are adopting for the next year, and staff will report back to you on that performance

You will know better what the choices/tradeoffs are and the related impacts

ALIGNING THE PROCESS



The part of the process that ensures we achieve the plans we have established

Multi-faceted and includes performance and fiscal/budget monitoring and evaluation tools

PERFORMANCE MONITORING/ EVALUATION TOOLS

What we want to do...	How we do it...
Track and report performance information and be transparent	Report performance measure data internally and publicly
Make sure our data is accurate (because we will be making decisions with it)	Audit performance data
Monitor, evaluate, and improve our performance	AlexStat
See how our performance compares with others in the DC region	Program benchmarking
Engage employees to see how we can improve city performance	InnovateAlexandria
Ensure we are all accountable for our work and reward good performance with pay	Employee pay for performance

FISCAL MONITORING/EVALUATION TOOLS

What we want to do...	How we do it...
Plan for rising costs while setting a path forward to ensure fiscal sustainability	Multi - Year Financial Plan
Align capital projects with the outcomes of the City	Capital Projects are Prioritized and Ranked; Reflected in Budget Book
Provide a report on the progress we are making on capital projects that were approved in the budget process	Quarterly Capital Project Status Report (in lieu of monthly capital allocation process)
Provide a monthly report on the budget performance	Monthly Financial Report

Is it Multi-Year Budgeting *OR* is it Long(er) Term Financial Planning?

Multi-year (biennial) budgeting can take the approach of ...

- One two-year appropriation

Or

- Two separate one-year appropriations

Long(er) term financial planning is used to identify future financial challenges

+

opportunities through financial forecasting and analysis

=

devise strategies to achieve financial sustainability

Why do we think it's Long(er) Term Financial Planning?

We have heard it said as multi-year budgeting but consider ...

- Timing of biennial budgets to election cycles
- Biennial budgets get re-done in the off years anyway
- Limited time horizon (usually two years)
- Increase administrative workload without improving our ability to prepare for future fiscal challenges/opportunities

Whereas ... long(er) term financial planning

- Provides a longer time horizon (5 years)
- Ability to model the impact of current decisions on future years (particularly for capital projects, development impacts and compensation costs)
- Can be flexible or more structured (depending on whether it's a balanced plan or unbalanced forecast)

CURRENT FORECAST

Forecast Scenarios

High Growth Scenario

Revenues	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Real Estate Property	357,840,000	368,933,000	380,370,000	392,161,000	404,318,000	416,852,000	429,775,000	443,098,000	456,834,000	470,996,000
Personal Property	41,340,000	42,663,000	44,028,000	45,437,000	46,891,000	48,391,000	49,940,000	51,538,000	53,187,000	54,889,000
Penalties & Interest	2,375,000	2,387,000	2,399,000	2,411,000	2,423,000	2,435,000	2,447,000	2,459,000	2,472,000	2,484,000
Local Sales Tax	27,340,000	28,160,000	29,005,000	29,875,000	30,771,000	31,695,000	32,645,000	33,625,000	34,633,000	35,672,000
Business License Tax	33,000,000	34,320,000	35,693,000	37,121,000	38,605,000	40,150,000	41,756,000	43,426,000	45,163,000	46,969,000
Transient Lodging Tax	12,510,000	13,010,000	13,531,000	14,072,000	14,635,000	15,220,000	15,829,000	16,462,000	17,121,000	17,806,000
Restaurant Food Tax	17,550,000	18,340,000	19,165,000	20,027,000	20,929,000	21,870,000	22,855,000	23,883,000	24,958,000	26,081,000
Other Misc. Taxes	39,114,000	40,092,000	41,094,000	42,121,000	43,175,000	44,254,000	45,360,000	46,494,000	47,657,000	48,848,000
Other Revenues	87,694,000	90,763,000	93,940,000	97,228,000	100,631,000	104,153,000	107,798,000	111,571,000	115,476,000	119,518,000
Use of Fund Balance	6,086,000	6,387,000	6,592,000	6,805,000	7,024,000	7,250,000	7,484,000	7,726,000	7,975,000	8,233,000
Total Revenues	624,849,000	645,055,000	665,817,000	687,258,000	709,402,000	732,270,000	755,889,000	780,282,000	805,476,000	831,496,000
Expenditures										
City Personnel	206,673,000	214,940,000	223,537,000	232,479,000	241,778,000	251,449,000	261,507,000	271,967,000	282,846,000	294,160,000
City Non-Personnel	84,749,000	86,444,000	88,173,000	89,936,000	91,735,000	93,570,000	95,441,000	97,350,000	99,297,000	101,283,000
Grants Match	47,034,000	47,974,000	48,934,000	49,912,000	50,911,000	51,929,000	52,968,000	54,027,000	55,107,000	56,210,000
Cash Capital	22,679,000	22,509,000	22,826,000	22,260,000	22,150,000	23,096,000	23,437,000	23,710,000	24,011,000	24,334,000
Debt Service	57,027,000	64,045,000	68,533,000	73,310,000	91,937,000	97,443,000	98,926,000	101,686,000	102,908,000	106,769,000
Transient Subsidies	21,076,000	23,942,000	27,199,000	30,898,000	35,100,000	39,873,000	45,296,000	51,456,000	58,454,000	66,404,000
Schools	185,611,000	192,108,000	198,832,000	205,791,000	212,993,000	220,448,000	228,164,000	236,150,000	244,415,000	252,969,000
Total Expenditures	624,849,000	651,962,000	678,034,000	704,586,000	746,604,000	777,808,000	805,739,000	836,346,000	867,038,000	902,129,000
Surplus/(Shortfall)	0	-6,907,000	-12,217,000	-17,328,000	-37,202,000	-45,538,000	-49,850,000	-56,064,000	-61,562,000	-70,633,000

NEW FORECAST

(How does it differ?)

- Incorporate development trends into future revenue forecast
 - If a development process happens in one fiscal year, it may take several years to recognize revenue (we want to capture this and improve our current forecast)
 - Financial Forecast 
 - Biennial Budget 
- Incorporate operating costs for approved capital projects
 - If we approve a new facility be built, it will take at least two fiscal years for the operating costs to hit the budget (we want to capture this and improve our current forecast)
 - Financial Forecast 
 - Biennial Budget 

DISCUSSION

How can these tools we
introduced help you make
aligned, strategic budget
decisions?

WHAT YOU ASKED FOR & WHAT WE ARE DOING

Strategic, Focused, Prioritized and Aligned Budget and Policy Decisions

- Results Alexandria Framework
- Will be multi-year and iterative

Understand the Trade-Offs; Better Understand what we do; Prioritization of Work

- Operationalized the City Strategic Plan by creating and aligning the City Manager Performance Plan + Departmental Work Plans + Budget Submissions through outcomes

Focus on Keeps, not Cuts

- Budgetary discussions will show how the needle will move on outcomes and established service delivery will be determined.
- Information will be provided in the budget book that will show how the services we are providing are moving the needle on outcomes.

Multi-Year Budgeting/Forecasting

- Develop a Multi-Year Financial Forecast that links impacts of today's decisions on tomorrow's resources and allows us to more timely identify future financial challenges to ensure financial health and sustainability.

Receive valuable information that allows us to make policy decisions

- Provide performance data about City programs during the budget process.
- Provide greater level of detail about the services we provide and the level of service to be expected in the budget book and on-line.