

RESOLUTION NO.

**Setting Guidance for FY 2027 General Fund Operating
Budget and Capital Improvement Program for FY 2027
to FY 2036**

WHEREAS, the City Council of Alexandria will pass a resolution establishing Council's process for formulating the Operating Budget and the Capital Improvement Program (CIP) and requires that City Council set budget guidance for the City Manager and the School Board for the FY 2027 budget; and

WHEREAS, the City will seek input into the development of the FY 2027 budget; and

WHEREAS, the City Council's budget deliberations and annual spending decisions should reflect a balancing of the Strategic Priorities adopted by the City Council in March of calendar year 2022 and updated in January 2025; and

WHEREAS, those services directly supporting the Adopted Strategic Priorities and the corresponding business plans are considered for funding support and evaluated and prioritized through the lens of equity, environmental justice, civility, transparency, respect and service; and

WHEREAS, the Office of Management and Budget and the Racial Equity Office have adopted the use of a Budget Equity Tool to evaluate all departmental supplemental requests and reduction budget items using a scoring rubric; and

WHEREAS, the City Council is committed to continuously improving the efficiency and effectiveness of City government and expects the City Manager, City staff and all organizations that receive City budget dollars to focus on achieving service outcomes and providing programs that benefit the community and its residents to advance equity, environmental justice, civility, transparency, respect and service; and

WHEREAS, the City Council is committed to the goal of continuing to provide core services expected of a municipal government including the provision and maintenance of the City's facilities and capital infrastructure; and

WHEREAS, the City Council will make budgetary changes that support maintaining the City's 'AAA'/'Aaa' bond ratings; and

WHEREAS, the City Council acknowledges that the resources required to achieve the goals of their Adopted Strategic Priorities, various other adopted Strategic Plans and Master Plans, and other emerging priorities must be balanced with the tax responsibility placed upon residents and businesses; and

WHEREAS, the City Council recognizes the need to measure the impact of programs and against expected outcomes, to deemphasize or eliminate programs that do not yield those outcomes desired, and to identify efficiencies wherever possible; and

WHEREAS, the City Council desires to emphasize a multi-year perspective for budget decision making and for long-range fiscal planning; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF ALEXANDRIA THE FOLLOWING:

- (a) **Operating Expenditures:** The City Manager shall propose for Council consideration a proposed operating base budget that demonstrates fiscal prudence, honors prior commitments, and preserves essential services while aligning with City Council's priorities. The City Manager may consider maintaining the real estate tax rate at its current level or proposing a real estate tax rate increase, with recommendations on how additional funding should be prioritized.
- (b) **Two-Year Presentation of Operating Revenue/Expenditures:** The City Manager's proposed Operating Budget shall include estimates of all operating revenues and expenditures for the proposed Fiscal Year 2027 and the subsequent Fiscal Year 2028.
- (c) **Taxes, Fees, Fines and Service Charges:** In funding the proposed budget, the City Manager may consider changes to tax rates, tax designations/reservations, fees/fines/service charges that are equitable, fair and administratively feasible provided that these proposals are observant of the constraints imposed by the Code of Virginia. Such changes can only be considered where they advance the priorities of the Council as stipulated in this resolution, through Legislative Sessions, adopted master plans, and policies, or the Council Retreat and Work Sessions. The City Manager may consider maintaining the real estate tax rate at its current level or proposing a real estate tax rate increase, with recommendations on how additional funding should be prioritized.
- (d) **Cost Saving Measures:** The City Manager shall, in the proposed operating budget, continually identify and propose cost saving measures and efficiencies of at least one percent and consider reduction of service levels where the performance exceeds the level required by

the community, where the current level of service is not a strategic priority, or where performance, over time, has not achieved the desired outcomes.

(e) **Use of Surplus:** The City Manager may recommend use of prior-year surplus funds first to ensure that the Capital Improvement Program includes sufficient cash capital funding, then to address one-time or manageable ongoing costs that positively impact expected goals.

(f) **CIP:** The proposed FY 2027 through 2036 CIP shall incorporate the following:

1. Compliance with the City's adopted Debt Related Financial Policy Guidelines for any debt issuance planned for FY 2027 through FY 2036;
2. Consistency with the City's adopted cash capital investment policy of a General Fund cash capital transfer of no less than 2.0% with the goal of funding the FY 2027 General Fund cash capital reflected at least at the level in the current adopted CIP;
3. The optional use, as determined by the City Manager, of an additional General Fund operating budget surplus from FY 2026, if any, as commitment for capital projects in FY 2027 and beyond;
4. Specific descriptions of projects that can be funded within recommended levels of funding, their associated operating costs, estimated for all years of the CIP, and a description of the process used to prioritize which projects were included in the proposed CIP funding levels;
5. Continued funding for City and ACPS facility projects based in part on the recommendations of the Ad Hoc Joint City-Schools Facility Investment Task Force.
6. Identification of projects where the use of a project labor agreement may be practicable. The City will evaluate all capital projects with a construction budget of more than \$35 million with the intent of using a project labor agreement.
 1. Proposed CIP shall include further analysis and considerations for the use of project labor agreements including evaluation of project labor agreement parameters such as including local preferences and Small Women-Owned and Minority (SWaM) contractors

(g) **ACPS Funding:** That (1) the Alexandria City Public Schools is requested by City Council to submit a budget proposal that indicates the level of service to be provided at the City Manager's target operating transfer increase of no more than one and a half percent and debt service funding required to fund the FY 2027-FY 2036 CIP, (2) the Alexandria City Public Schools is requested by City Council to articulate in general categories and prioritize any City FY 2027 appropriation requests above the one and a half percent operating budget transfer target, (3) the City Manager shall develop options for recommend funding of proposed public school capital needs for the FY 2027 - FY 2036 time period that does not exceed the levels of funding for school capital needs that was included in the previously approved FY 2026 - FY 2035 City Council capital improvement program. The City Manager may recommend reductions or deferrals to these previously approved funding levels, in consultation with

schools staff, that reflect the readiness of previously planned projects. The Alexandria City Public Schools is requested by City Council to provide the funding and timing implications of using the Cora Kelly project to address middle school capacity concerns. (4) the City Manager shall recommend ACPS capital project debt service in the FY 2027 proposed budget and include such amount as a separate element of the total recommended FY 2027 budget for the ACPS, and (5) the Alexandria City Public Schools is strongly encouraged by City Council to evaluate all capital projects with an anticipated construction contract value of \$35 million or higher for the feasibility of utilizing a project labor agreement, with the intent of using a project labor agreement if deemed feasible.

- (h) **Partner Agencies:** Organizations outside the City government that receive funding support from the City should limit requests for base budget increases to non-discretionary items only and should self-fund requests for additional resources. Partner Agencies should demonstrate an alignment of their efforts with accomplishments of the City's strategic priorities and evaluate existing base budgets to identify efficiencies and cost saving measures equivalent to one percent of base budgets. Partner Agencies should provide a level of base budget detail equivalent to that provided by internal city departments.
- (i) **Civic Engagement:** As part of the proposed budget development process, staff should seek public input on the priorities used to formulate the budget through the collection of community comments via the budget website prior to the City Manager's final decision making for and presentation of the proposed budget and CIP.
- (j) **Alignment with Council Priorities:** The City Manager shall provide the City Council with an overview of how the proposed budget prioritizes investments in equity, environmental justice, civility, transparency, respect and service and include the scored results of the Budget Equity Tool process, in the budget document, for the transparent evaluation of equity impacts in our final decision.