

CITY OF  
*Alexandria*  
VIRGINIA

**FISCAL YEAR 2025  
PROPOSED BUDGET**

February 27, 2024



# FY 2025 Budget Priorities

## **Fulfill Our Mission**

Working together to foster a thriving Alexandria

## **Pursue Our Vision**

A culture that supports each of us and inspires excellence

## **Live Our Values**

- Respect: We are open-minded and treat all people with dignity
- Teamwork: We do great things together
- Integrity : We are thoughtful stewards of the public's trust
- Continuous Improvement: We challenge ourselves to learn and grow



# City Council Priorities

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**Community Connection**

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**Employee Attraction & Retention**

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**Housing Opportunities**

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**Eliminate Community Disparities**

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**Economic Strength**

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# Budget Development Process

- Comprehensive Financial Forecasting
- On-going input from the Community, Organizations, Boards and Commissions, Businesses and Residents
- Department Submissions (Adds and Reductions)
- Comprehensive Department Reviews
- Final Proposed Budget
- City Council Review Process
- Adoption



# Primary Fiscal Policies

- **Fund Balance**

- Spendable General Fund (GF) Balance target of 15% of GF Revenue

- **Cash Capital**

- Minimum of 2.0% recurring GF cash capital applied to the CIP

- **Debt**

- Maximum of 2.5% debt as Percentage of Fair Market Real Property Value

- **Policies support City achieving its AAA/Aaa bond rating**



# Overview

- **State of the Economy**
  - National
  - Local
- **Revenue**
- **Proposed Operating Budget**
- **Proposed Capital Improvement Program**
- **Budget Calendar**





# State of the Economy

## • National Economy

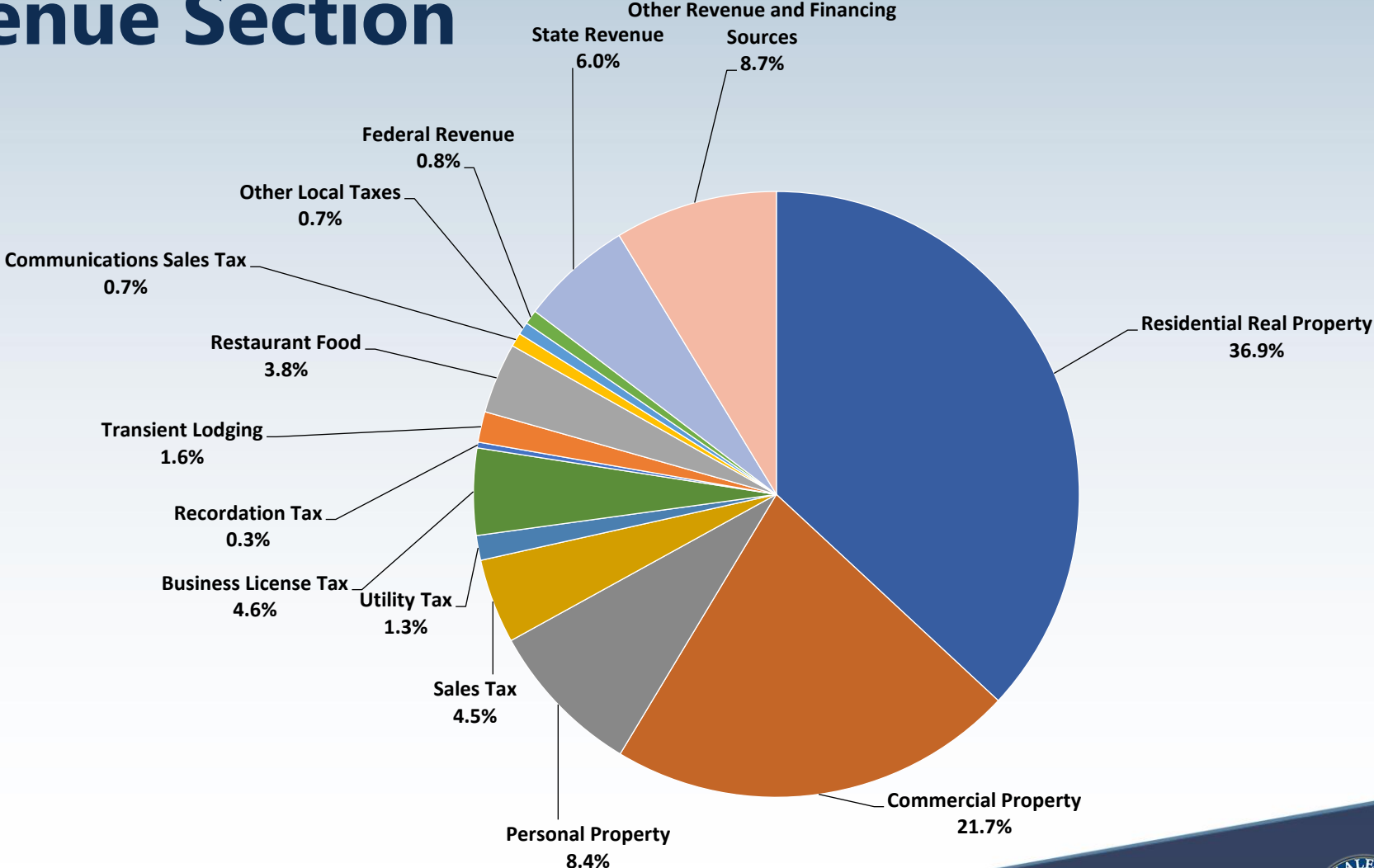
- Real GDP increased 2.5% in 2023 compared to an increase of 1.9% in 2022
- Job growth averaged 255,000 jobs per month in 2023
- Housing prices were resilient despite a historic jump in mortgage rates
- Inflation – Consumer Price Index increased 3.4% in December 2023 compared to 6.5% in December 2022

## • Local Economy

- Washington region's economy performed well in 2023, while trailing peer metro areas in job growth
- Alexandria's unemployment rate averaged 2.5% in 2022 and 2023 which was 0.4% below the state average and 1.1% below the national average



# FY 2025 \$911.3M General Fund Revenue by Source – Revenue Section





# PROPERTY TAX BASE

Assessed Value of Taxable Real Property Tax Base Percent Change (CY 2014-CY 2024)



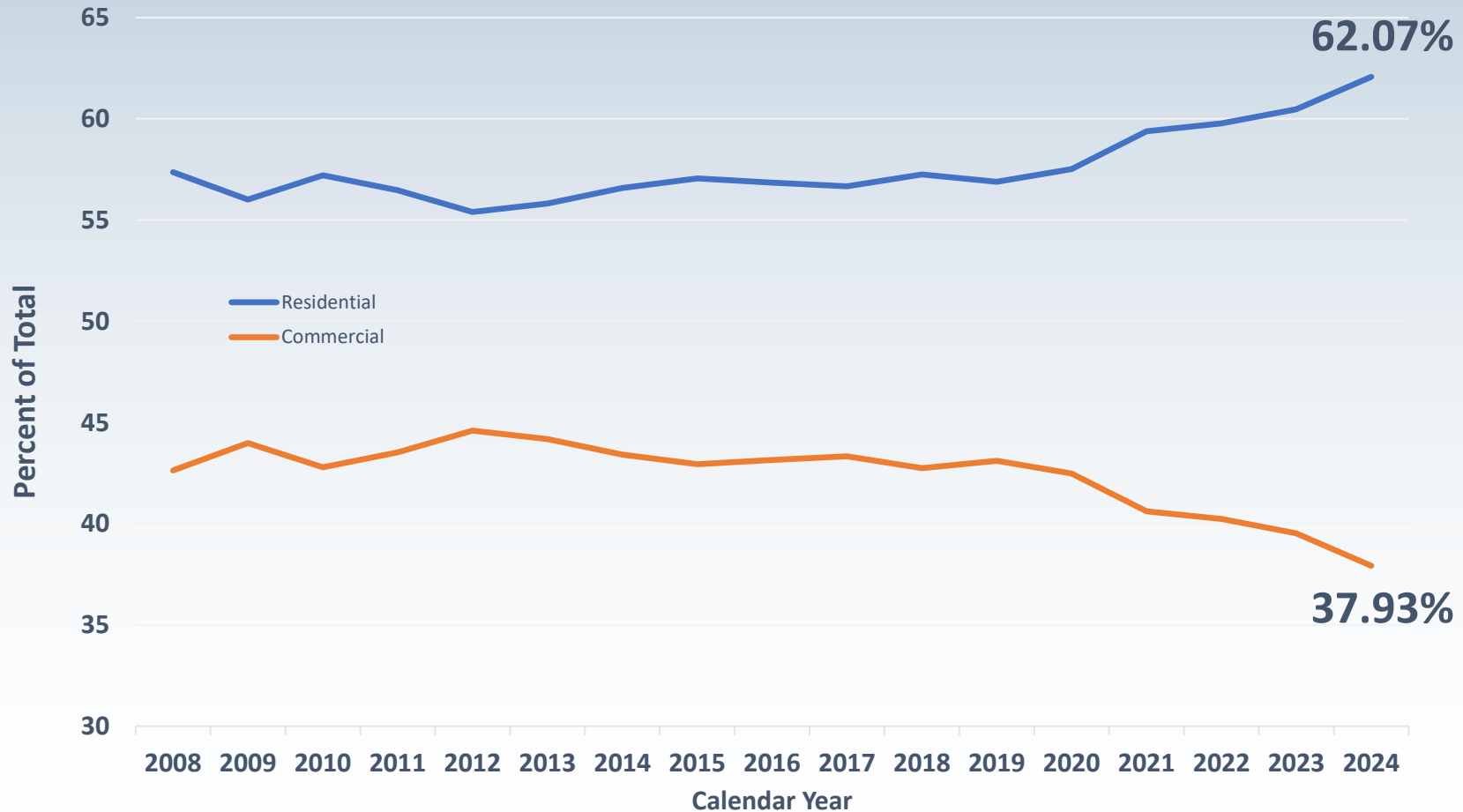
# CY 2024 Overall Real Property Assessment Changes

- **Locally Assessed Taxable Real Property** assessments increased **0.28%** (\$134.4 million) from January 1, 2023, to January 1, 2024
- **Residential Tax Base** + 2.98%
  - +\$871.3 million
- **Commercial Tax Base** - 4.00%
  - -\$736.9 million
- **Non-Locally Assessed Tax Base** + 3.45%
  - +\$23.4 million
- **Total Taxable Real Property** **+0.33%**



# Real Estate Tax Base Distribution CY 2008 to CY 2024

Including Multi-Family Rental Assessments with Commercial Assessments



CY 2024 Real Estate Assessment Presentation – Feb. 13, 2024



# CY 2024 Commercial Property

**Commercial *decreased* 4.00%**

Office Buildings	-12.38%
General Commercial	-2.12%
Multi-family	-2.26%
Warehouses	+0.47%
Hotels	+4.32%
Shopping Centers	+3.04%

**Total Commercial Assessment Change:  
-\$736.88 million**



# FY 2025 Impact on the Average Residential Household – Revenue Section

Fees and Taxes	FY 2023	FY 2024	FY 2025
Real Estate Tax	\$7,281	\$7,520	\$7,757
Personal Property Tax	\$604	\$624	\$726
Trash Removal Fee	\$500	\$500	\$500
Communications and Utilities Tax	\$160	\$160	\$160*
Sanitary Sewer System Capital Investment & Maintenance Fee	\$123	\$123	\$123
Storm Water Utility Fee	\$294	\$309	\$324
<b>Total</b>	<b>\$8,962</b>	<b>\$9,236</b>	<b>\$9,590</b>

\* Estimates based on FY 2024 values



# General Fund Expenditure Changes

General Fund Expenditures	FY24 Approved	FY25 Proposed	\$ Change	% Change
City Operations	\$ 457.8	\$ 471.2	\$ 13.3	3.0%
Transit	49.0	50.5	1.5	3.0%
Cash Capital	38.3	24.3	-14.0	-36.6%
Schools Transfer	258.7	269.0	10.3	4.0%
Schools Debt Service	32.2	45.5	13.3	41.3%
City Debt Service	48.2	50.7	2.5	5.2%
<b>Total</b>	<b>\$ 884.3</b>	<b>\$ 911.3</b>	<b>\$ 27.0</b>	<b>3.0%</b>

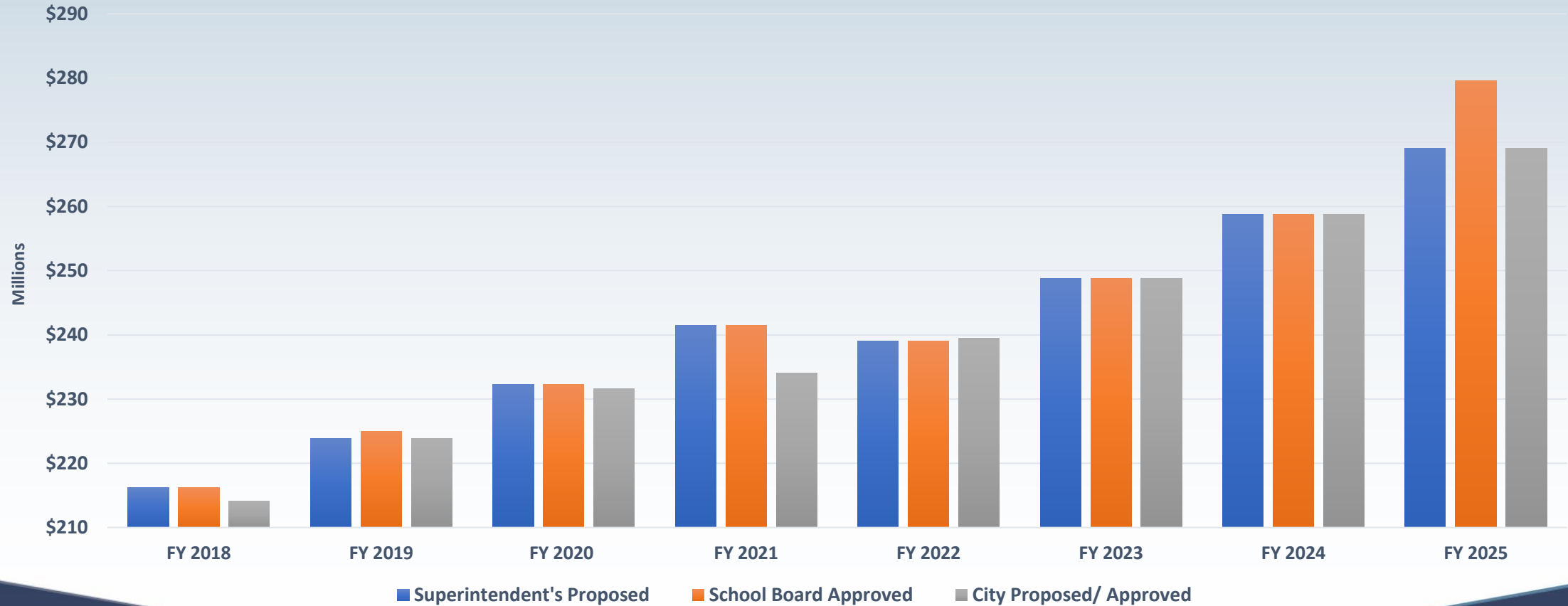
(\$ in Millions)





# City General Fund Support to ACPS

City General Fund Transfer to ACPS



# FY 2025 Proposed Budget Highlights

- **FY 2025 proposed General Fund operating budget = \$911.3 M**
- **\$27.0 M (3.0%) increase over FY 2024 approved**
- **8.0 new non-sworn FTEs**
- **No change in tax rates**
- **Fully funds ACPS' superintendent's operating budget request**
- **Continues and builds upon investments from the FY 2023 and FY 2024 budgets**
- **\$3.7 M in new budget requests**
- **Health insurance increases – UHC 5.0%, Kaiser 7.5%**
- **-\$2.2 M in efficiency savings**



# Community Connection

- **Alexandria Community Remembrance Project**
- **Free admission to Tons of Trucks Community Event**
- **Mobile Hotspot and Chromebook Lending**
- **Arts Program Grants**



# Employee Attraction & Retention

- **Collective bargaining agreements**
  - Police
  - Fire
  - Labor & Trades
  - DASH
- **Employee compensation**
  - Step increases (2.3-5.0%)
  - 2% pay scale adjustment for non-collectively bargained employees



# Housing Opportunities

- Housing Master Plan Update
- Residential Services Program Manager (State Funded)

Dept	Program	FY 2025
Housing Office	Home Ownership	0.87
	Housing Rehabilitation	1.73
	Tenants & Landlords	0.63
	Affordable Housing Development & Preservation	17.60
	Leadership & Management	0.81
Non-Dept	Rental Assistance Study*	0.25
CIP	Landmark Affordable Housing Study*	0.25
DCHS	Tenant Assistance	0.07
	Homeless Shelter	1.02
	Community Services Block Grant	0.30
	Senior Rent Relief	0.78
	Eviction Prevention	0.73
Finance	Elderly/Disabled/Veteran Tax Relief	8.03
	<b>Total</b>	<b>33.08</b>

\*One-time funding provided in FY 2024



# Eliminate Community Disparities

- **Voting expansion**
- **Support for Food security**
- **Support for ADA/PREA program**
- **Youth Safety and Resilience**
- **Drug Treatment Court**





# Economic Strength

- **Continued support for economic development & tourism agencies**
- **Economic & Fiscal Impact Studies**
- **Advertising support for Visit Alexandria**
- **Clean Team/Litter Control pilot program**



# Public Safety

- **Cadet Pilot Program (Police & Sheriff)**
- **Continued support for Body Worn Camera (BWC) program**
- **Volunteer Alexandria CERT Training**
- **Fire Fleet replacement & equipment**
- **Public Defender Paralegal**



# Other Highlights

- **Minnie Howard Aquatics Facility Operations**
- **Cybersecurity Services**
- **NVJDC**
- **Sheltercare**



# FY 2025 Tax Rate Highlights

- **No change in real estate tax rate**
  - Proposed Real Estate Tax Rate: \$1.11 per \$100 AV
- **No change in personal property tax rates**
  - \$5.33/\$100 of assessed value (vehicle)
  - \$4.75/\$100 of assessed value (business tangible personal property)
- **No change in other tax rates**
- **Includes options for funding from a one-cent real estate tax rate increase**



# Alternative Budget Options

- **Recommendations for use of 1 cent real estate tax rate increase if considered through add/delete \$4.7 M**
  - CIP sustainability \$3.4 M
  - Implementation of ongoing cyclical classification reviews \$1M
  - Additional Youth Safety Resilience funding \$165,000
  - Sheriff's Deputy position \$100,000



# General Fund Fee Increases & Collections

- **Fire – Ambulance Billing**
  - Aligning fees with regional comparators
- **RPCA**
  - Special events – return to pre-pandemic levels after temporary reduction
  - Out of School Time Program – increase in after school program fees to maintain cost recovery (full rate only)
- **P&Z – Civil Penalties for zoning violations**
  - Most common violation increases from \$50 for the first violation and \$100 for the second violation to \$200 for the first violation and \$500 for the second violation
- **Personal Property Tax Delinquency**
  - Additional fee on delinquencies more than 30 days late
- **Business Registration Pilot Program**





# Enterprise Funds Fee Increases

- **No change in sanitary sewer rate** = \$2.28 per 1,000 gallons
- **Stormwater** = \$324.10 per year for average single-family house (\$15.40 increase from \$308.70) continues previously planned 5% growth to fund future project needs
- **No change in residential or commercial refuse rate** = \$500







# CAPITAL IMPROVEMENT PROGRAM





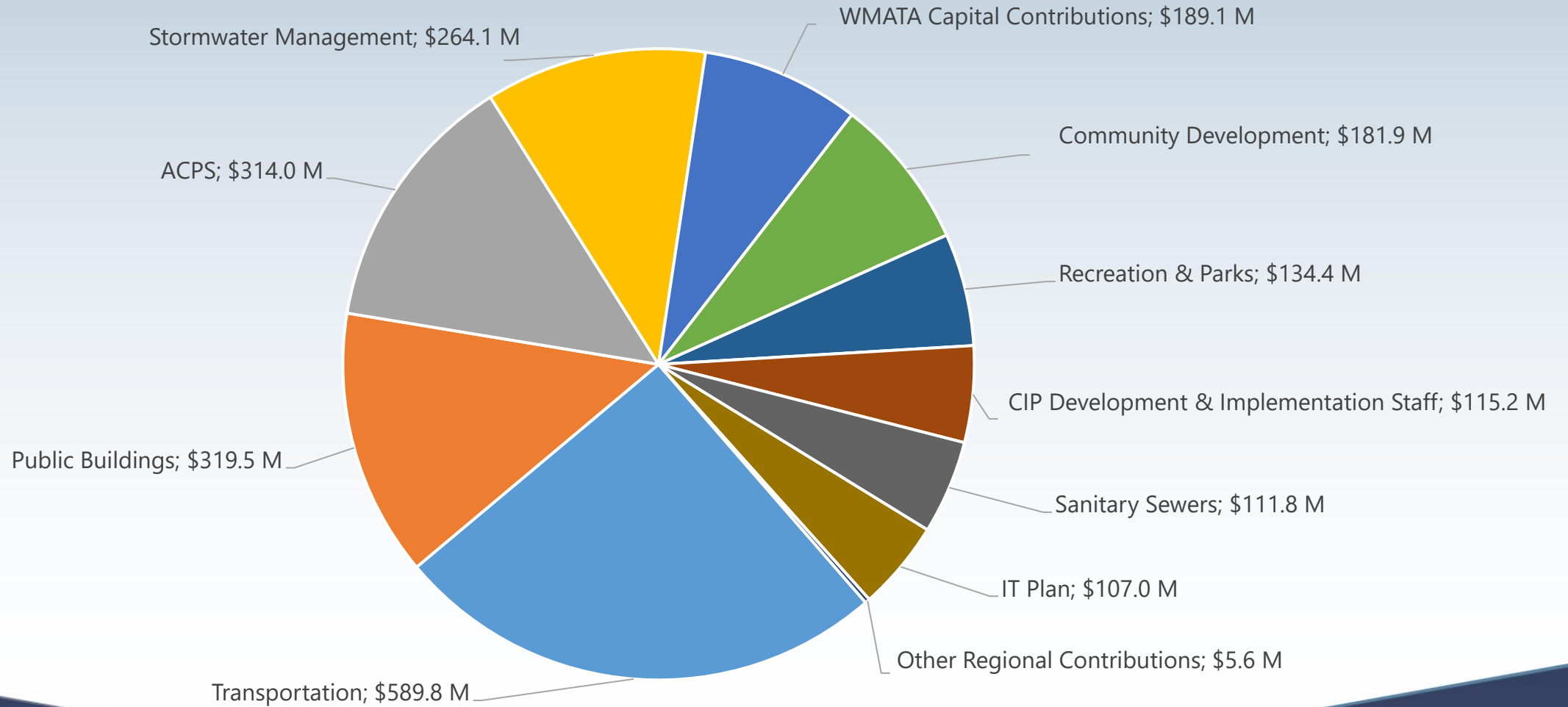
# Capital Improvement Program

- **10-Year Total: \$2.33 B**
  - FY 2025 Capital Budget: \$470.7 M
- **Maintains compliance with all City adopted capital financial management policies**
  - ✓ Debt as Percentage of Fair Market Real Property Value
  - ✓ Debt Service as Percentage of General Government Expenditures
  - ✓ 10-Year Debt Payout Ratio
  - ✓ Recurring General Fund Cash Capital Transfer as Percentage of General Fund Expenditures



# Proposed FY 2025 – FY 2034 CIP

## \$2.33 billion

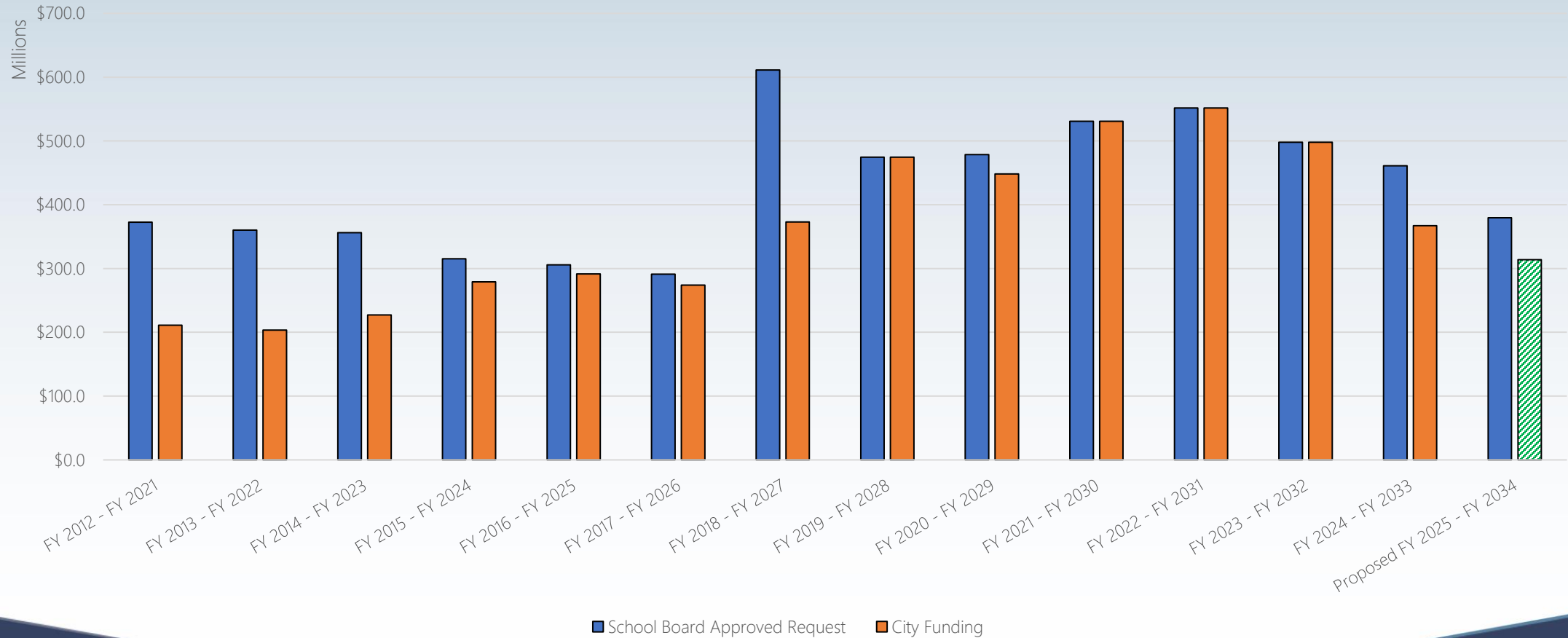


# Capital Improvement Program

- \$2.33 B for FY 2025 – FY 2034
  - -3.0% over last year's Approved CIP
- Begins work to reposition capital program for more sustainable growth, while maintaining investments in core maintenance and commitments
  - ACPS Capital Program (\$314.0 M)
  - Stormwater Infrastructure & Flood Mitigation (\$264.1 M)
  - Capital Facility Maintenance Programs [CFMPs] (\$238.6 M)
  - WMATA Capital Program (\$186.1 M)
  - City Hall and Market Square Garage Renovation (\$102.7 M)



# ACPS Capital Program Support



# Budget Development Dates

Date	Time	Meeting Topic
Tuesday, February 27, 2024	7:00pm	FY 2025 Proposed Budget Presentation
Wednesday, February 28, 2024	7:00pm	Joint Budget Work Session: Capital Improvement Program - City/ACPS
Thursday, February 29, 2024	7:00pm	FY 2025 Proposed Budget Public Presentation
Wednesday, March 6, 2024	7:00pm	Budget Work Session: Alexandria City Public Schools
Monday, March 11, 2024	5:30pm	Public Hearing FY 2025 Budget
Tuesday, March 12, 2024	7:00pm	Introduce the Maximum Property Tax Rates
Wednesday, March 13, 2024	7:00pm	Budget Work Session: #3
Saturday, March 16, 2024	9:30am	Additional Public Hearing FY 2025 Budget
Wednesday, March 20, 2024	7:00pm	Budget Work Session: #4
Wednesday, April 3, 2024	7:00pm	Budget Work Session: #5
Thursday, April 4, 2024		Add/deletes due
Saturday, April 13, 2024	9:30am	Add/Delete Public Hearing
Wednesday, April 24, 2024	6:00pm	Tax Rate Public Hearing/Budget Work Session: Preliminary Add/Delete Discussion
Monday, April 29, 2024	7:00pm	Budget Work Session: Final Add/Delete Discussion (if needed)
Wednesday, May 1, 2024	7:00pm	Budget Adoption/ Tax Rate Adoption



# Review and Comment on the Budget

## FY 2025 Budget Development

On November 4, 2023, City Council held its annual retreat to kick-off the budget process. City Council adopted its budget guidance on November 14, 2023 and City Manager Jim Parajon is scheduled to present the FY 2025 proposed budget to City Council on February 27, 2024. For more information please use the budget resources links below:

- [FY 2025 Budget Calendar](#)
- [FY 2025 Budget Resources](#)
- [FY 2025 Budget Questions and Answers](#)
- [FY 2025 Public Comment Form](#)
- [FY 2025 Public Comments Received](#) 

[www.alexandriava.gov/Budget](http://www.alexandriava.gov/Budget)

