RESOLUTION NO. 3118

Setting Guidance for FY 2024 General Fund Operating Budget and Capital Improvement Program for FY 2024 to FY 2033

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 2024 budget; and

WHEREAS, the City will seek input into the development of the FY 2024 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

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 lines of business against expected outcomes, to deemphasize or eliminate programs that do

not yield those outcomes desired, and to identify efficiencies wherever possible, to utilize Priority Based Budgeting to assist in setting budget priorities and funding level; 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 and Capital Improvement Program Expenditures:** The City Manager shall (1) propose for Council consideration a proposed operating budget and 10-year Capital Improvement Program and one alternative budget scenario; and (2) One budget scenario will be recommended to balance the budget if the real estate tax rate remains at its current level, and one will include recommendations for a real estate tax or other tax rate increases.

(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 2024 and the subsequent Fiscal Year 2025.

(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. Additionally, the City Manager shall present one alternative tax rate scenario in which the real estate tax rate remains at its current level or includes recommendations for a real estate tax or other tax rate increases.

(d) **Cost Saving Measures:** The City Manager shall, in the proposed operating budget and one alternative scenario, continually identify and propose cost saving measures and efficiencies in all City operations 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 2024 through 2033 CIP shall incorporate the following:

1. Compliance with the City's adopted Debt Related Financial Policy Guidelines for any debt issuance planned for FY 2024 through FY 2033;
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 2024 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 2023, if any, as commitment for capital projects in FY 2024 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 criteria used to prioritize the projects as recommended by the Budget and Fiscal Affairs Advisory Committee (BFAAC);
5. Proposed 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.
    i. 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 City Manager shall recommend Alexandria City Public Schools combined operating transfer and debt service funding that funds the debt service increase required to fund projects and enrollment changes while balancing the need for an affordable tax and fee burden, (2) the Alexandria City Public Schools is requested by City Council to articulate in general categories and prioritize any City FY 2024 appropriation requests above the current amount, (3) the City Manager shall develop options for potential funding of proposed public school capital needs for the FY 2024 through FY 2033 time period taking under advisement the recommendations of the Ad Hoc Joint City-Schools Facility Investment Task Force, and (4) the City Manager shall recommend ACPS capital project debt service in the FY 2024 proposed budget and include such amount as an separate element of the total recommended FY 2024 budget for the ACPS.

(h) **Outside Agencies:** Organizations outside the City government that receive funding support from the City must demonstrate an alignment of their efforts with accomplishments of the City's strategic priorities and show efficiencies and cost saving measures. In cases where there is discretion over the level of funding, organizations external to the City government must demonstrate the purpose, benefits outcomes, and consequence of City funding.

(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 as an appendix for the transparent evaluation of equity impacts in our final decision.

ADOPTED: November 22, 2022

Justin M. Wilson, Mayor

ATTEST:

Gloria A. Sitton, CMC, City Clerk