

Resolution ____

**Setting Guidance for FY 2019 General Fund Operating Budget
and Capital Improvement Program for FY 2019 – FY 2028**

WHEREAS, the City Council of Alexandria passed a resolution establishing Council's process for formulating the Operating Budget and the Capital Improvement Programs (CIP) during the term of this Council and requires that City Council set budget guidance for the City Manager and the School Board for the FY 2019 budget.

WHEREAS, the City will conduct public outreach designed to collect input into the development of the FY 2019 budget; and

WHEREAS, the City Council's budget deliberations and annual spending decisions should reflect a balancing of the goals articulated in the adopted FY 2017 to FY 2022 City's Strategic Plan (the "Strategic Plan"); and

WHEREAS, those services directly supporting the achievement of the City's strategic goals are considered for funding support; 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; and

WHEREAS, the City Council is committed to continue providing 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 not make budgetary changes that may threaten the City's 'AAA'/'Aaa' bond ratings; and

WHEREAS, the City Council acknowledges that the resources required to achieve the goals of the Strategic Plan must and various other adopted strategic plans and master plans be weighed against the appropriateness of the tax burden placed upon citizens; 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; and

WHEREAS, the City Council desires to emphasize a multi-year perspective for fiscal planning

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

(a) **Operating and Capital Improvement Program Expenditures:** The City Manager may propose for Council consideration, increases in operating and capital project expenditures including compensation adjustments so long as any increased operating or capital project expense can be demonstrated as necessary to meet the strategic goals and outcomes of the City, and/or can be demonstrated to diminish a specific risk to the community. Likewise, the City Manager may propose decreases in operating and capital project expenditures provided the decrease can be demonstrated to be of lesser utility in achieving the goals and objectives of the Strategic Plan. An appropriate source, or sources, of revenue, compliant with applicable laws regarding revenue sources as established by the Code of Virginia, must be identified for all proposed operating and capital project expenditures.

(b) **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, or the Council Retreat.

(c) **Cost Saving Measures:** The City Manager shall continually identify and implement 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.

(d) **Use of Surplus:** The City Manager will 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 the expected goals in the Strategic Plan.

(e) **CIP:** The proposed FY 2019-2028 CIP shall incorporate the following:

1. Compliance with the City's adopted Debt Related Financial Policy Guidelines for any debt issuance planned for FY 2019 through FY 2028;
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 2019 General Fund cash capital reflected 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 2018, if any, as commitment for capital projects in FY 2019 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 on the recommendations of the Ad Hoc Joint City-Schools Facility Investment Task Force.

(f) **ACPS Funding:** That (1) the City Manager shall recommend for transfer to the Alexandria City Public Schools operating funding within a range of amounts, with the low end of the range being an appropriation equal to the amount approved by City Council for FY 2018 plus the overall General Fund FY 2019 revenue rate of growth and the high end of the range being the low end amount plus the cost of FY 2019 increased enrollment and the new West End elementary school operating costs, (2) the Alexandria City Public Schools is requested by City Council to articulate in general categories and prioritize any City FY 2019 appropriation requests above the low end of the range, (3) the City Manager shall develop options for potential funding of proposed public school capital needs for the FY 2019 through FY 2028 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 2019 proposed budget and include such amount as a separate element of his total recommended FY 2019 budget for the ACPS.

(g) **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 objectives. In cases where there is discretion over the level of funding, organizations external to the City government must demonstrate the purpose and consequence of the funding.

(h) **Add/Delete Process:** The City Council shall adhere to the following Add/Delete Rules of Engagement for amending and adopting the final budget. These Rules of Engagement were first adopted for use during the FY 2016 budget process and continued in the FY 2017 and FY 2018 budget process:

1. Continue use of the add/delete spreadsheet that was produced by OMB prior to the FY 2016 budget process and reintroduced in the FY 2017 budget process.
2. A City Council Budget Proposal form will be required in order to add or delete anything from the City Manager's Proposed Budget. The form will require the following prior to Council consideration:
 - i. Additional information related to how the change advances the Council's goals/priorities.
 - ii. Additional information related to how the change impacts the performance of that program, service or goal.
 - iii. The support of at least 3 of 7 Council members (the original sponsor and two co-sponsors).
 - iv. Must be accompanied by an add/delete spreadsheet prepared by the Council member or OMB in which the sum of the individual Council member's adds and deletes, including the items originally sponsored

by that member and those co-sponsored by that member, are in balance or produce a revenue surplus.

3. The completed City Council Budget Proposal form must be returned to the Office of Management & Budget (OMB), with each of the steps from #2 above completed, at least 14 days prior to the adoption of the budget [for FY 2019, April 19].
4. A combined list of all City Council Budget Proposals that meet the criteria in #2, any technical adjustments from OMB, and any City Manager recommended changes, will be provided and discussed at the 2nd Legislative Meeting in April [for FY 2019, April 24].
5. Council will work with OMB to refine/develop funding figures based on the proposals submitted, to be completed 7 days prior to budget adoption [for FY 2019, April 26].
6. Completed Council Budget Proposals, with funding, will be circulated to Council and the public the Friday prior to budget adoption [for FY 2019, April 27].
7. City Council will be required to keep the budget in balance once all decisions are made.
8. Final decisions will be made 72 hours prior to budget adoption and discussed at a Special City Council work session [for FY 2019, April 30].
9. Final decisions will be made available to the public 48 hours prior to budget adoption [for FY 2019, May 1]
10. Budget Adoption will occur on May 3, 2018 with all City Council Budget Proposals, those approved and those not approved, made public upon adoption of the budget.

ADOPTED:

Allison Silberberg Mayor

ATTEST:

Gloria A. Sitton, CMC City Clerk