

AGENDA

CITY COUNCIL OF ALEXANDRIA, VIRGINIA

CITY COUNCIL RETREAT
SATURDAY, NOVEMBER 10, 2018 - 9:00 A.M.

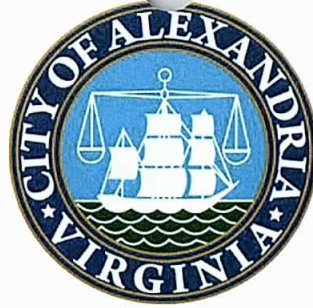
ALEXANDRIA RENEW ENTERPRISES
1800 LIMERICK ST, ALEXANDRIA, VA 22314

AGENDA

- 1) 9:00 Welcome and Opening Remarks
- 2) 9:10 FY 2020 General Fund Operating Budget Planning
 - a) Early Revenue Forecast
 - b) Expenditure Pressures and Projections
 - c) City Employee Compensation
 - d) Capital Planning
- 3) 10:15 Alexandria City Public Schools (ACPS) FY 2020 Operating Budget and Capital Planning Overview
- 4) 11:00 Status of the Joint City-Schools Facility Investment Task Force Recommendations
- 5) 11:30 Budget & Fiscal Affairs Advisory Committee (BFAAC) Discussion of the BFAAC FY 2020 Work Plan and Recommendations for FY 2020 Budget Guidance
- 6) 12:00 Working Lunch
- 7) 12:30 Discussion of the Priority Based Budgeting Initiative
- 8) 1:15 Discussion of Proposed Budget Guidance
- 9) 1:45 Presentation and Discussion of the Draft City Strategic Facilities Master Plan
- 10) 3:00 Adjournment

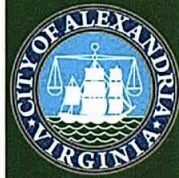
NOTICE:

Individuals with disabilities who require assistance or special arrangements to participate in the City Council Work Session may call the City Clerk and Clerk of Council's Office at 703 746-4550 (TTY/TDD 703 838-5056.) We request that you provide a 48-hour notice so that the proper arrangements may be made.



Alexandria City Council Retreat

November 10, 2018



Agenda

9:00 Welcome & Opening Remarks

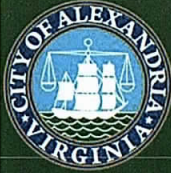
9:10 FY 2020 General Fund Operating Budget Planning

- a) Early Revenue Forecast
- b) Expenditure Pressures and Projections
- c) City Employee Compensation
- d) Capital Planning

10:15 Alexandria City Public Schools (ACPS) FY 2020
Operating Budget and Capital Planning Overview

11:00 Status of the Joint City-Schools Facility Investment Task
Force Recommendations

11:30 Budget & Fiscal Affairs Advisory Committee (BFAAC)
Discussion of the BFAAC FY 2020 Work Plan and
Recommendations for FY 2020 Budget Guidance



Agenda

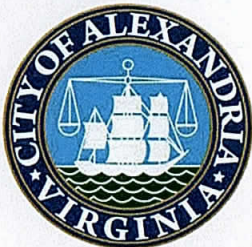
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City of Alexandria, Virginia

City Council Retreat

Economic Outlook/Revenue Discussion

November 10, 2018

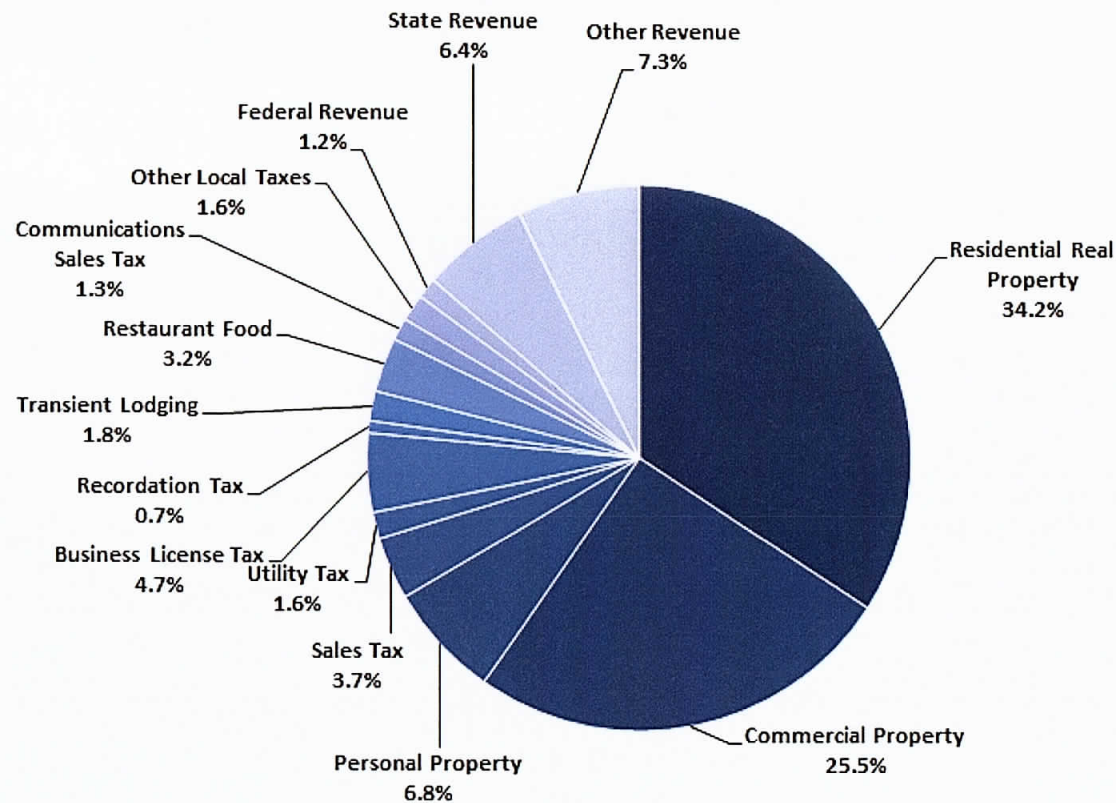


Past – Present - Forecast



- I. City Tax Revenues: Historical Results and Trends
- II. National Economy
- III. Regional Economy
- IV. Local Economy
 - Housing
 - Consumer spending
- V. Revenue Outlook

FY 2019 Approved General Fund Revenue

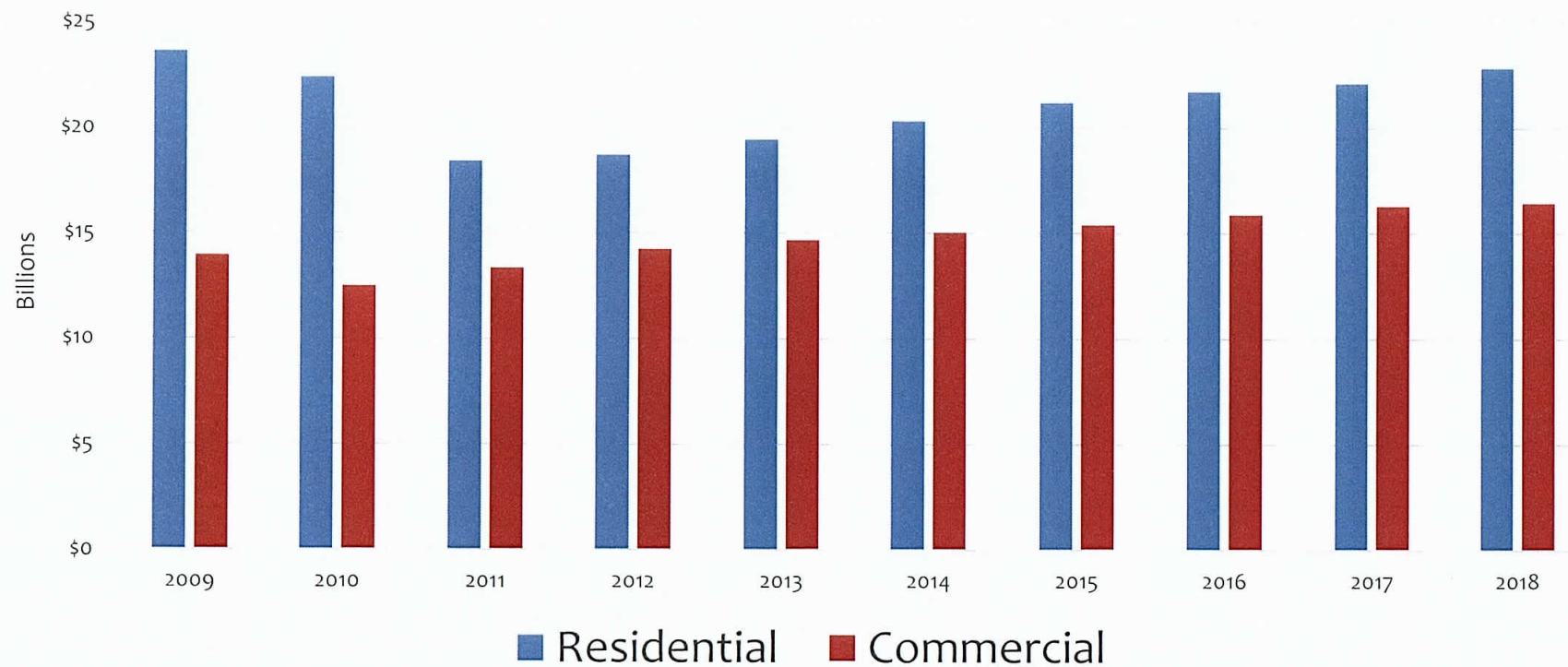


Historical Results and Trends

Real Property



Residential and Commercial Tax Base
10-year History



Historical Results and Trends

Personal Property



Personal Property
10 Year History

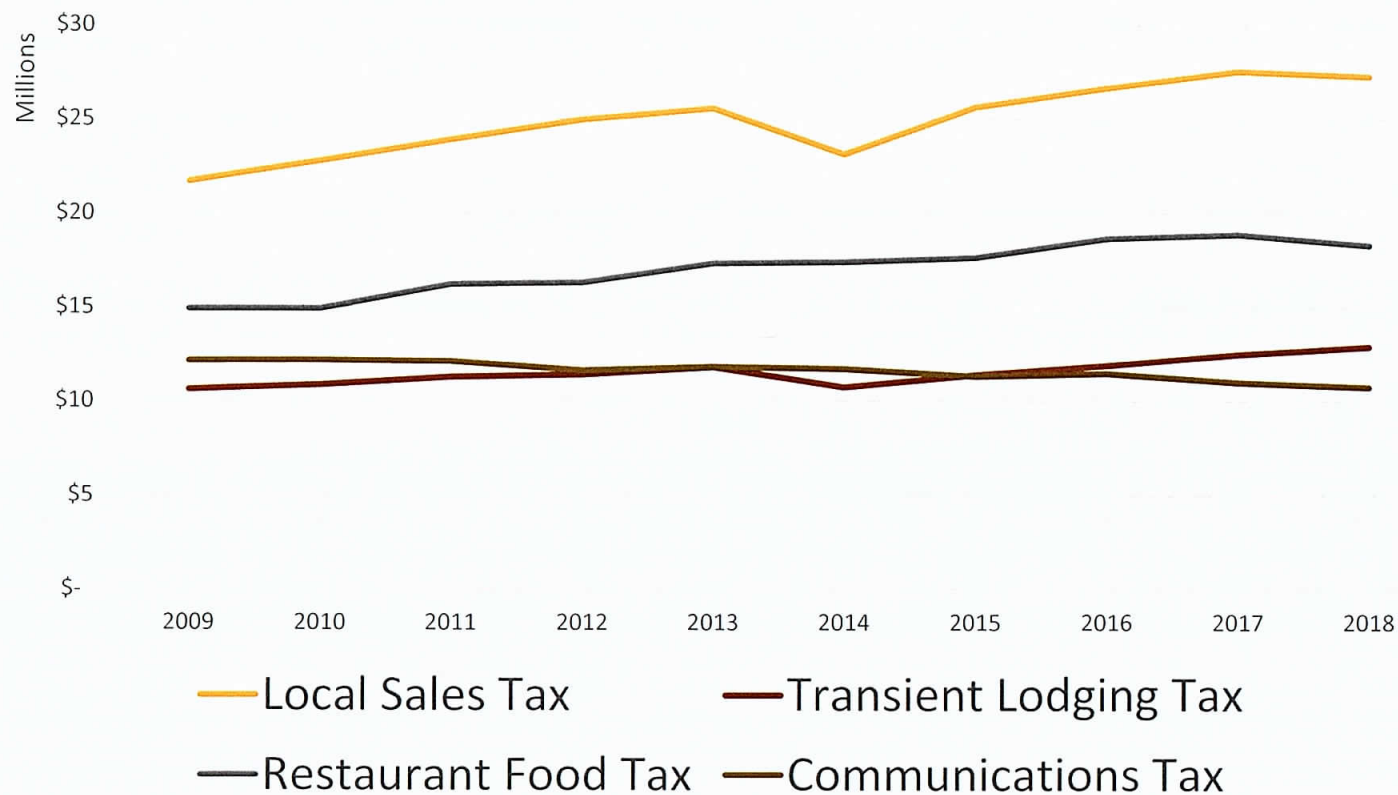


Historical Results and Trends

Major Consumer Taxes



Major Consumer Taxes
10-Year History



Historical Rates and Trends Business License/Gross Receipts Taxes



Business License/Gross Receipts Taxes
10-Year History



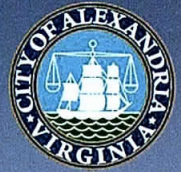
Historical Results and Trends



- Lower consumer tax revenues in FY 2018 compared to FY 2017
 - Sales tax = -1% (\$284,000)
 - Restaurant Meals tax¹ = -3.2% (\$595,000)
 - Utility tax = -1.8% (\$217,000)
 - Communications tax = -3% (\$319,000)
- Slow or no growth across most local consumer tax categories projected

¹ Prior to 1% rate increase

National Economy



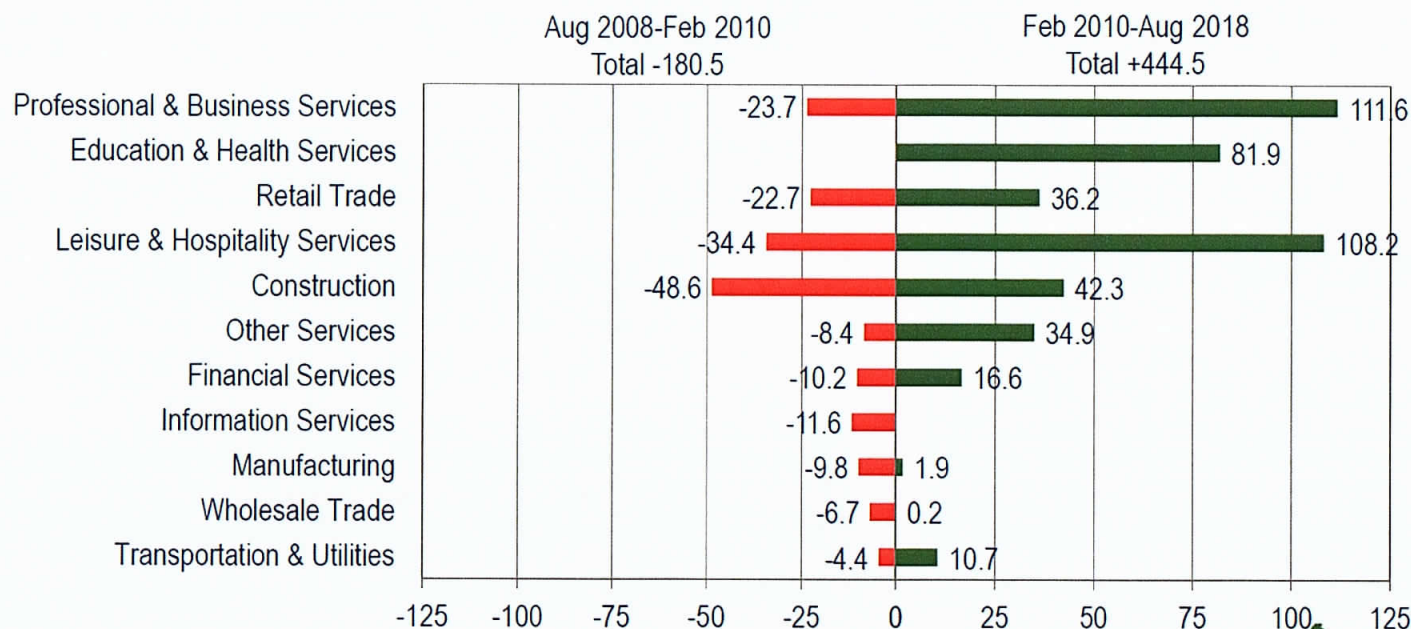
How long will the national growth business cycle continue?

- Longest growth cycle in U.S. history was 10 years
- Slowdown of business cycle is overdue
- Current cycle is at 9 years
- History predicts the national economy will slow down at some point
- Certain advanced economies have much longer cycles
- Questions are:
 - When will the slowdown start?
 - How slow will the slowdown be?
 - How long will the slowdown last?
 - Will Washington Metro Economy mirror national economy or be more resilient as it often has been?
 - Inflation of 2.3% near Fed target of 2%

Regional Economy



Washington Region Job Change: Private Sector The Great Recession and Expansion



Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU



THE STEPHEN S. FULLER INSTITUTE
For Research on the Washington Region's Economic Future

Regional Economy



The GRP* Effects of Private Sector Job Change in the Washington Region ~2007 to August 2018 (in 2018 \$s)

	<u>Job Change</u>	<u>Average GRP* Value</u>	<u>Total GRP* Value</u>
2007	-180,500	\$173,166	-\$31,256,500,000
2018	<u>+444,500</u>	<u>\$129,066</u>	<u>+\$57,369,800,000</u>
	+264,800	-\$44,100	+\$26,113,300,000

Jobs lost in 2007 were worth more than new jobs added

*Gross Regional Product

Source: The Stephen S. Fuller Institute at the Schar School, GMU

Regional Economy

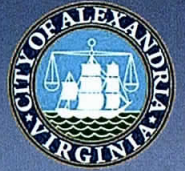


2000-2006	2010-2016
Los Angeles	SF-Oakland
Miami	Seattle
Phoenix	Detroit
Washington	Los Angeles
Philadelphia	Chicago
SF-Oakland	Dallas
Boston	Minneapolis
Houston	New York
New York	Atlanta
Seattle	Philadelphia
Minneapolis	Miami
Chicago	Phoenix
Atlanta	Boston
Dallas	Houston
Detroit	Washington

Per Capita Personal Income Growth Rank of 15 largest major U.S. Metropolitan areas reflects growth of lower income jobs in Washington Region

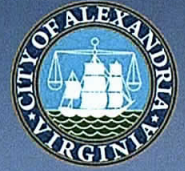
Sources: U.S. Bureau of Economic Analysis, The Stephen S. Fuller Institute at the Schar School, GMU

What does the national and regional economic condition mean to Alexandria?



- Alexandria lost non-Metro located office jobs, as evidenced by vacant and converted office buildings
- Low income growth equaled less discretionary spending by consumers
- However, City and region have more consumers, albeit at lower average incomes
- Region is now less dependent on the federal government, which could positively impact the region's ability to withstand an economic downturn
- Northern Virginia is more reliant on defense spending than balance of Washington area and benefit from increased defense spending

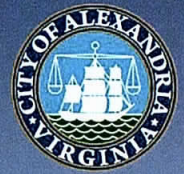
Mid-2018 Residential Real Estate



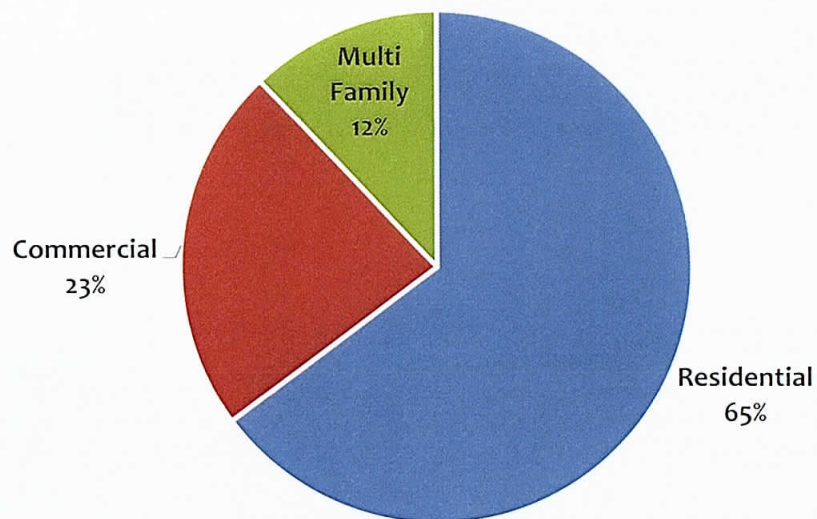
	June 2017	June 2018	% Change
# of Units in the City*	42,259	42,132	-0.3%
Average Assessment*	\$528,421	\$547,626	3.6%
# of Units Sold	1,393	1,490	7.0%
Average Sales Price	\$549,541	\$570,588	3.8%
Active Listings	467	450	-3.6%

* As of January 1 of each year.

Tax Base Distribution

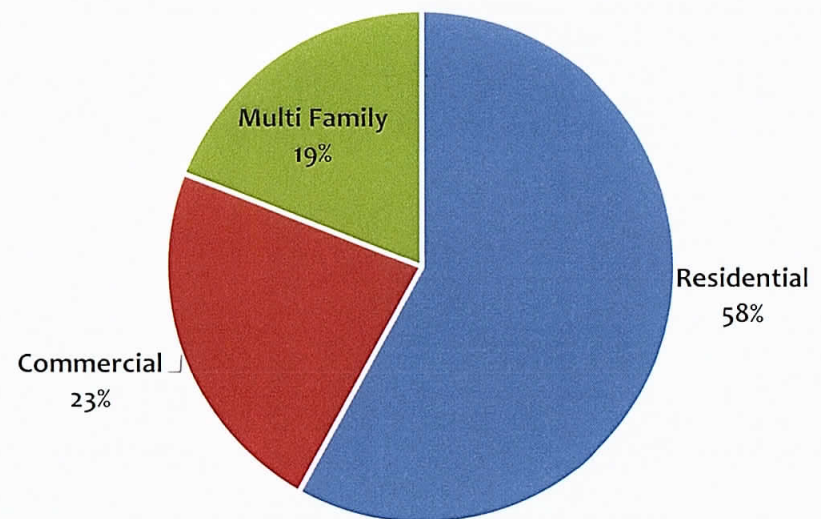


2009
Commercial-Residential Share



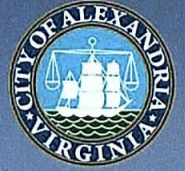
■ Residential ■ Commercial ■ Multi Family

2018
Commercial-Residential Share



■ Residential ■ Commercial ■ Multi Family

Interest Rate Impacts



Mortgage calculator based on sale price of \$547,626, with 10% down

30 year fixed

	Date	Interest Rate	P+I , w/o PMI	Difference
Low Point	November 2012	3.32%	\$2,447.28	---
	January 2015	3.66%	\$2,540.76	---
	January 2016	3.79%	\$2,577.06	\$36.30
	January 2017	4.19%	\$2,690.64	\$113.58
	January 2018	4.15%	\$2,679.16	(\$11.48)
	August 2018	4.52%	\$2,786.46	\$107.30
Highest since February 2010	October 2018	5.00%	\$2,929.13	\$142.67
Nov 2012/Oct 2018				\$481.85

FY 2020 Revenue Forecast

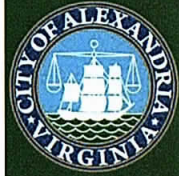


- Continued expectation of slow to no growth in local consumer taxes
- CY 2019 assessments based on 2018 sales and other market data
- Rising home prices will trigger modest increases in residential real estate assessments of 2% to 3%
- State and federal aid largely stagnant
- DCHS revenues cut, Medicaid fees expected to increase, net is likely a loss
- Internet sales tax reform could add \$1.3 million, but depends on General Assembly action

Beyond FY 2020



- New commercial construction will likely increase
- Increasing interest rates, capitalization rates and federal property tax deduction limits will create downward pressure
- Direction of national, state and regional economy will also influence overall revenue picture
- Amazon HQ2 (if it occurs) will not impact FY 2020 revenues to any significant degree

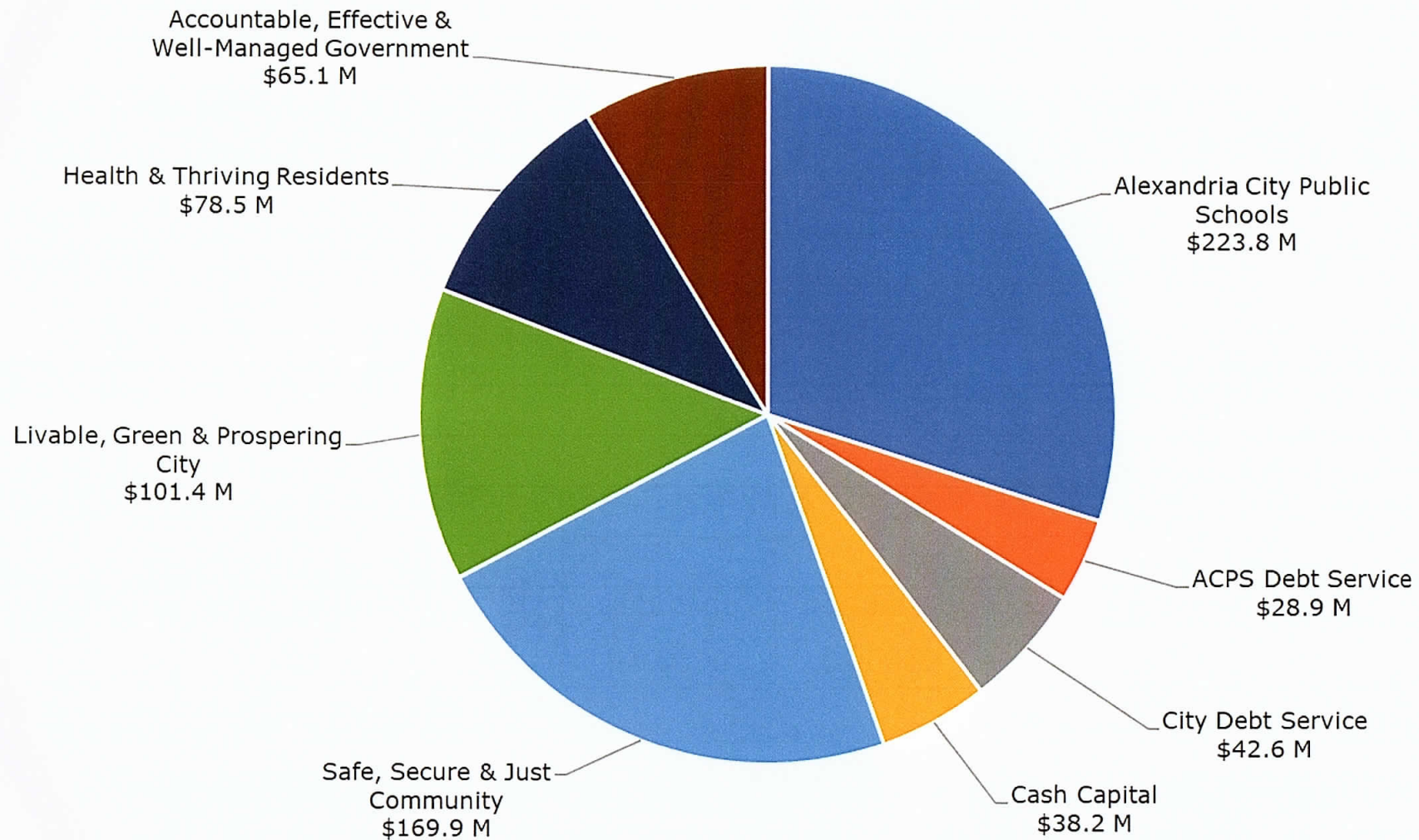


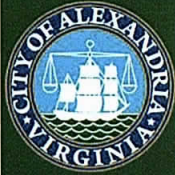
FY 2020 Preliminary Revenue Estimates

General Fund Revenue	FY 2019 Approved	FY 2020 Estimated	\$ Change	% Change
Taxes	\$ 636.8	\$ 652.3	\$ 15.5	2.4%
Federal	\$ 9.1	\$ 9.1	\$ (0.0)	0.0%
State	\$ 47.9	\$ 47.9	\$ (0.0)	0.0%
Non-Tax	\$ 54.7	\$ 53.2	\$ (1.4)	-2.6%
Carryover	\$ -	\$ 0.1	\$ 0.1	0.0%
Total	\$ 748.4	\$ 762.6	\$ 14.2	1.9%



FY 2019 Approved General Fund Expenditures





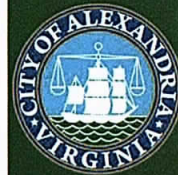
FY 2020 Preliminary Expenditure Estimates

General Fund Expenditures	FY 2019 Approved	FY 2020 Estimated	\$ Change	% Change
City Government	\$ 385.2	\$ 400.6	\$ 15.4	4.0%
Transit Services	\$ 29.6	\$ 35.8	\$ 6.2	20.9%
ACPS Transfer	\$ 223.8	\$ 246.1	\$ 22.3	10.0%
CIP Funding				
Cash Capital	\$ 38.2	\$ 39.2	\$ 1.0	2.6%
City Debt Service	\$ 42.6	\$ 39.1	\$ (3.5)	-8.2%
Schools Debt Service	\$ 28.9	\$ 29.3	\$ 0.4	1.4%
CIP Subtotal	\$ 109.7	\$ 107.6	\$ (2.1)	-1.9%
Total Expenditures	\$ 748.3	\$ 790.1	\$ 41.8	5.6%



FY 2020 Preliminary Budget Gap

	FY 2019 Approved	FY 2020 Estimated	\$ Change	% Change
General Fund Preliminary Gap				
City	\$ 385.2	\$ 400.6	\$ 15.4	4.0%
Transit	\$ 29.6	\$ 35.8	\$ 6.2	20.9%
ACPS	\$ 223.8	\$ 246.1	\$ 22.3	10.0%
Capital	\$ 109.7	\$ 107.6	\$ (2.1)	-1.9%
Total	\$ 748.3	\$ 790.1	\$ 41.8	5.6%
Revenue	\$ 748.3	\$ 762.6	\$ 14.3	1.9%
Funding Gap		\$ (27.5)		

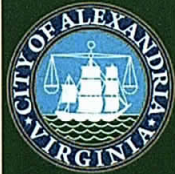


Budget Gap History

\$ in millions

FY	Initial Gap	Exp. Change	Rev. Change	Real Estate Tax Rate Increase
2015	\$35	-\$31.5	\$3.5	None
2016	\$33	-\$25.9	\$7.0	None
2017	\$24	-\$13.8	\$10.1	+1 Cent (+\$3.8)
2018	\$25	-\$ 0.9	\$24.0*	+2.7 Cents (+\$10.4)
2019	\$32	-\$26.8	\$5.0	None
2020	\$28	TBD	TBD	TBD

* Includes \$5.9 million increase in transfers from Special Revenue Funds to the General Fund

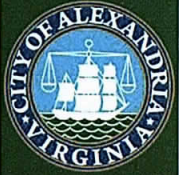


Performing More with Less

- FTE¹ in FY 2009 = 2,650
- FTE in FY 2019 = 2,579
- Net Change of -71 FTE or -2.7%
- City population has increased 8.1% since FY 2009

¹ FTE = Full-time equivalent positions

City Government Budget Drivers



- Employee salary merit increases (+\$4.5 M)
- FY 2020 increment of prior year public safety salary increases (+\$0.9 M)
- Health insurance (+8.4% = +\$1.3M)
- Inflation
- Major construction price escalation
- School funding
 - +\$22.3 M estimated by ACPS
 - Partially enrollment driven

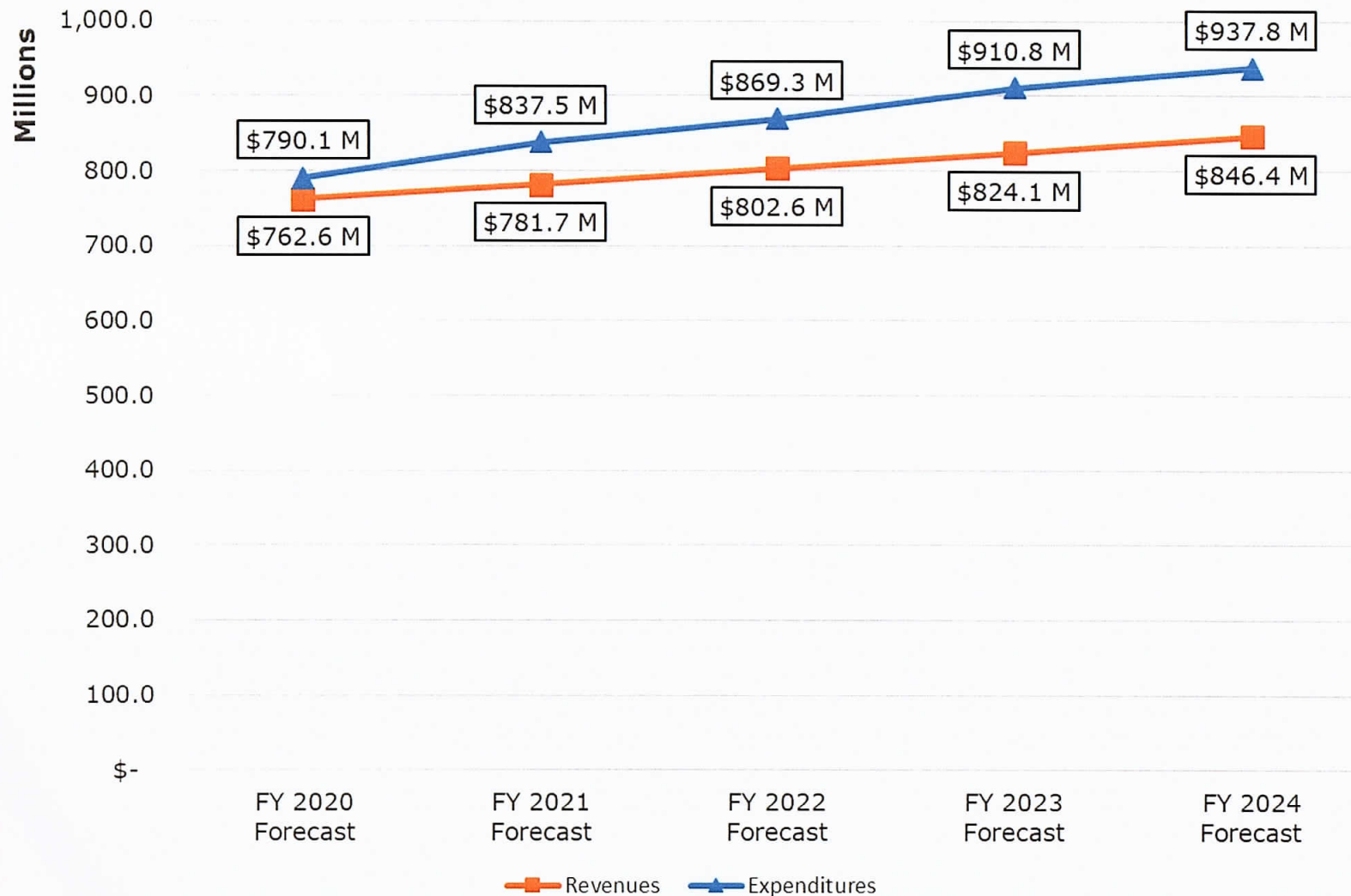
City Government Budget Drivers



- WMATA operating funding
 - +\$2.0 M impact of binding labor arbitration
 - +\$1.0 M 3% growth legislated cap
 - +\$1.0 M new service initiatives
 - +\$4.0 M total potential increase



Five Year Financial Planning Model



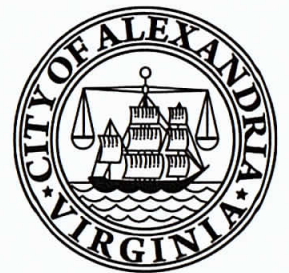


Employee Compensation

Shawnda H. Howard, Chief Human Resources Officer

Presented at City Council Retreat

Saturday, November 10, 2018



Hypercompetitive and changing labor market is driving need to evaluate City government compensation system to attract, motivate, engage, and retain talent.

- Talent competition among federal, state, and local agencies – and more agile, flexible private sector is a growing competitor for some City government job classification groups.
- Increasing competition for talent can lead to excessive turnover and disengaged employees as well as difficulty in recruitment and retention – and undesirable organizational, team, and individual performance.



Background

City's compensation system is intended to maintain a competitive market position and provide pay, retention, and reward programs to foster a high-performance organization and to ensure fair and equitable treatment of all employees.

Compensation Responses

As City government and labor market conditions change, focus is on outcome of recruitment and retention with targeted solutions.

What the City has done

- Activated four employee work groups
- Added step to all City pay scales (2.3% increase) (FY 2018)
- Public safety compensation benchmark study (FY 2018)
- Created new Citywide paid parental leave program (FY 2019)
- Employee work groups identified ways to improve retention in public safety agencies (FY 2019)
- Approved \$3.6 million for public safety pay increases (FY 2019)
- Improved public safety talent selection and hiring processes (FY 2019)
- Increased living wage from \$14.13 to \$15.00 (FY 2019)
- Implemented public safety pay increases (FY 2019)
 - firefighters and medics received 5% pay increase;
 - police officers received 6.22% pay increase;
 - four Sheriff's Office job classifications received pay grade increase (equivalent to 5% or 10% pay increases).

Compensation Responses

As City government and labor market conditions change, focus is on outcome of recruitment and retention with targeted solutions.

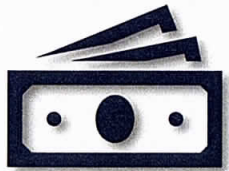
FY2019 and beyond – what we are working on and talking about

- RFP for Citywide pay scale study
- Actuarial study underway by VRS to determine cost to move Sheriff's uniformed officers to VRS LEOs
- Employee turnover data and retention analysis – identify root causes and drivers
- Innovative recruitment strategies – move beyond “post-and-wait” approach
- Benchmark salary surveys for General Schedule and Executive positions

Public Safety Work Group Ideas

Employees of public safety work groups discussing a multi-year plan to maintain market competitiveness and improve public safety recruitment and retention capabilities.

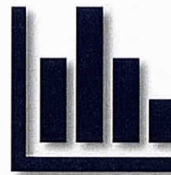
**Competitive pay
at 100% of
market average**



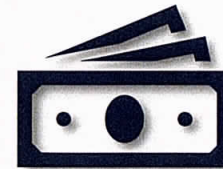
**Update and possibly
expand labor market
comparators**



**Use benchmark pay
analysis to inform
annual budget
planning process**



**Consider total cash
compensation
(base pay, variable
pay, benefits)**



**Consider shortening
pay scales
to enhance
career growth**





General Schedule

City government intends to maintain competitiveness of General Schedule positions.

2018 Benchmark Salary Survey

- Collaborate to review methodology and results, and provide feedback on action plan.
- 1,305 out of 2,805 (46.5%) active positions are being surveyed.
- Career ladders to foster employee career development and retention.



Thank You

Shawnda H. Howard

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AlexandriaVA.gov/HR



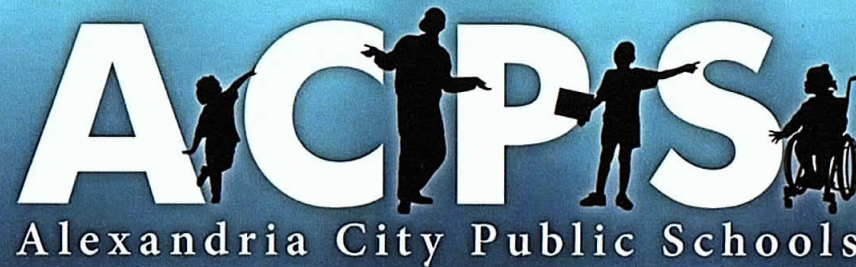
Capital Planning

- FY 2020 will continue to fund:
 - Increased funding for facilities and infrastructure maintenance including street reconstruction
 - Recommendations of the Ad Hoc Joint City-Schools Facilities Investment Task Force, including bond capacity reservation for land acquisition and combined City & Schools feasibility and planning
 - Regional increased investment in Metro
 - Affordable housing funding stream added to the CIP in FY 2019
- FY 2020 will address changes in sanitary sewer funding associated with CSO transfer to Alex Renew

FY 2020 – FY 2024 Fiscal Forecast

Alexandria City Council Retreat

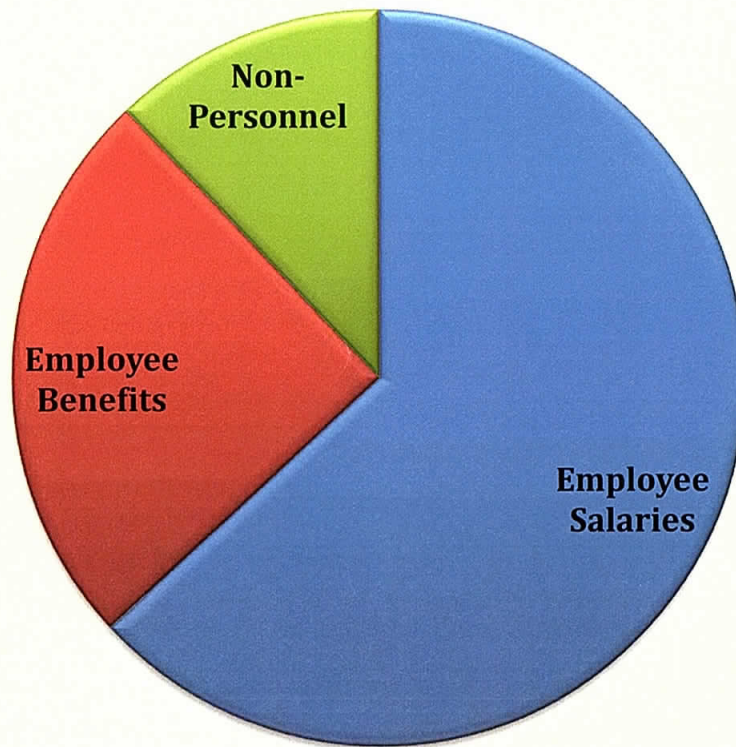
November 10, 2018



Every Student Succeeds

FY 2019 Final Budget Operating Expenditures

88% Employee
Compensation



Source	Funds (\$)	Funds (%)
Salaries	\$173.0M	63.2%
Benefits	\$67.7M	24.7%
Non-Personnel	\$33.1M	12.1%
Total	\$273.8M	100.0%

Historical Enrollment

ACPS Actual Enrollment: FY 2009 - FY 2019

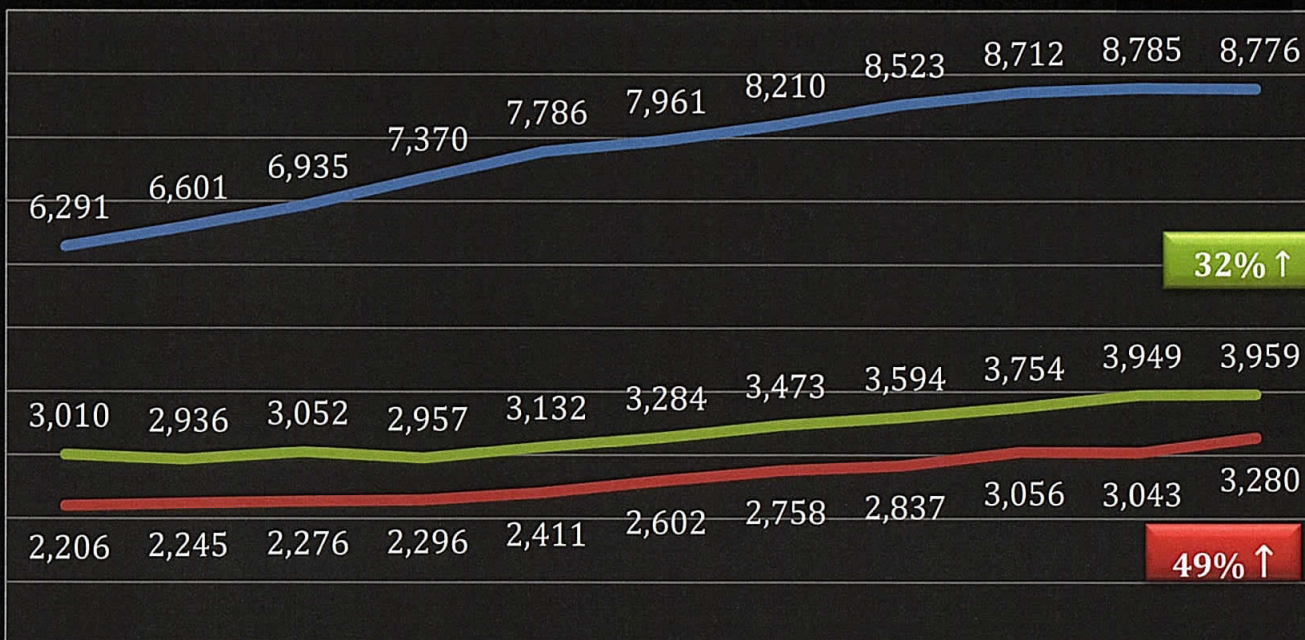
Enrollment (Number of Students)

10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
-

40% ↑

32% ↑

49% ↑

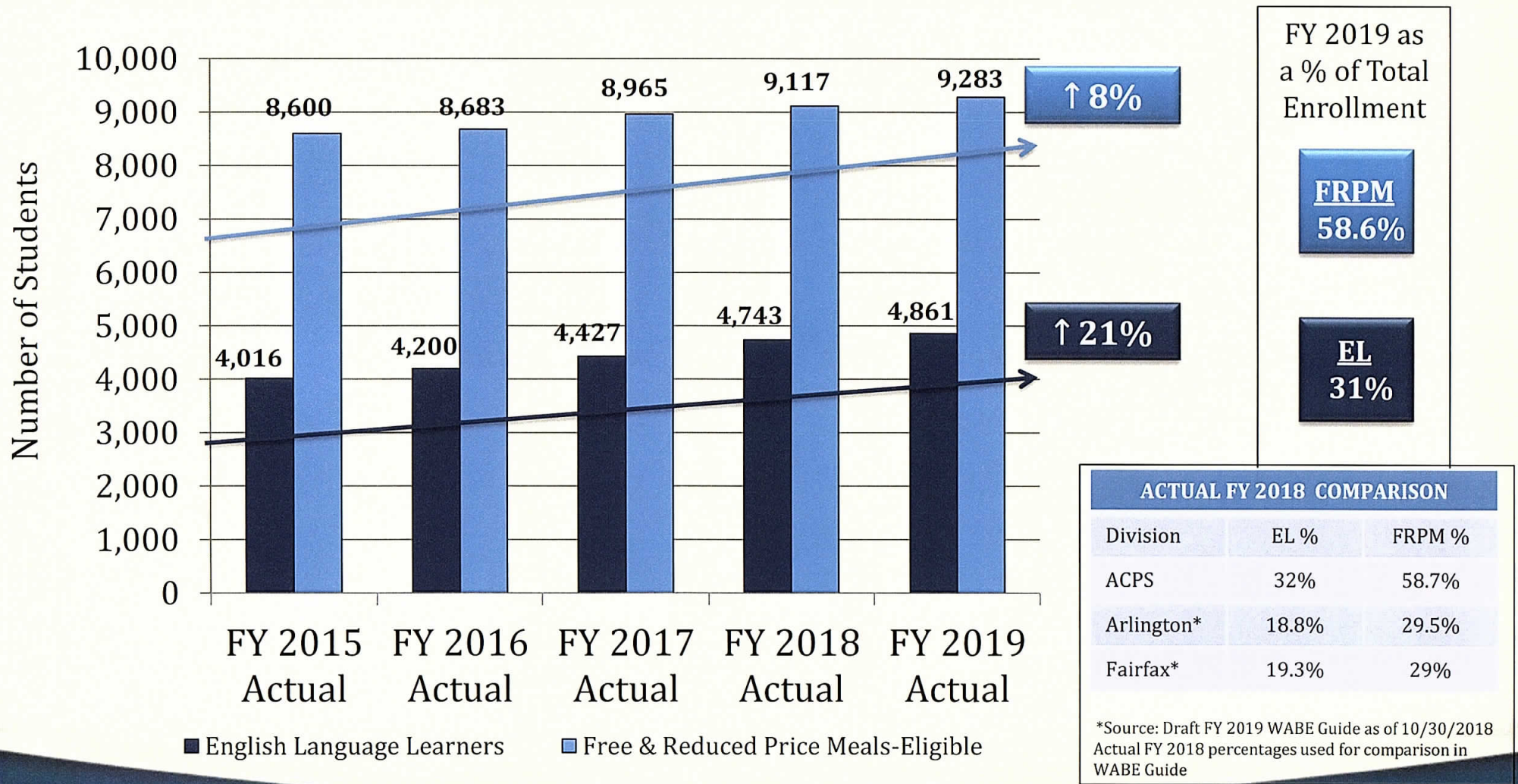


	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual
Pre-K/Elementary Enrollment*	6,291	6,601	6,935	7,370	7,786	7,961	8,210	8,523	8,712	8,785	8,776
Middle School Enrollment	2,206	2,245	2,276	2,296	2,411	2,602	2,758	2,837	3,056	3,043	3,280
High School Enrollment	3,010	2,936	3,052	2,957	3,132	3,284	3,473	3,594	3,754	3,949	3,959

*Includes 284 partner Pre-K program slots in each year. Excludes special placements.

Key Budget Drivers

Enrollment: English Learners and Free & Reduced Price Meals



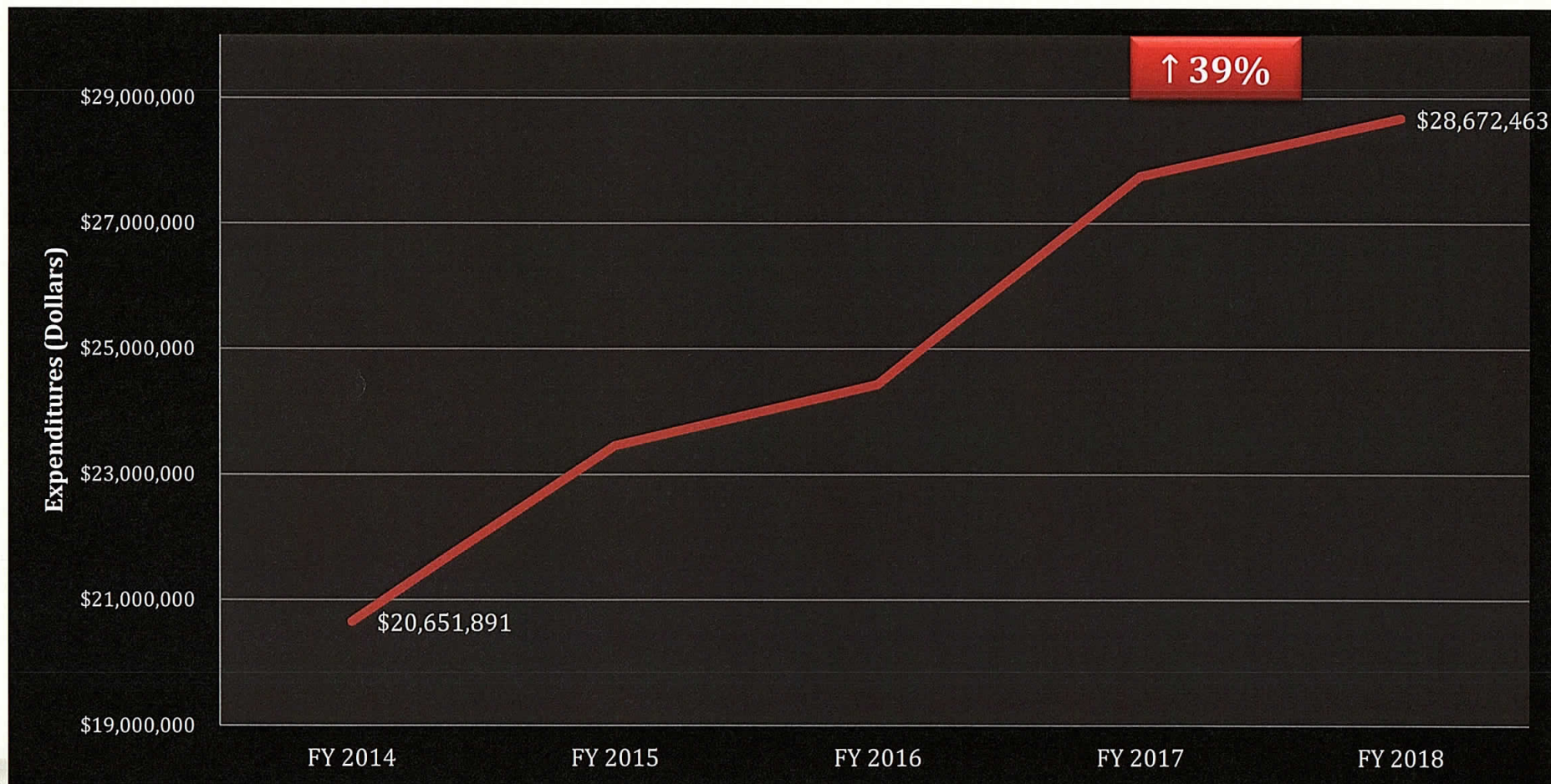
Recruiting and Retaining an Exemplary Staff

	<u>FY 2015</u>		<u>FY 2016</u>		<u>FY 2017</u>		<u>FY 2018</u>		<u>FY 2019</u>	
Jurisdiction	MRA	STEP	MRA	STEP	MRA	STEP	MRA	STEP	MRA	STEP
Alexandria City Public Schools	Yes, 2% Support 1% Other	No	No	Full Step	No	Full Step	No	Full Step	*	Full Step
Arlington County Schools	Yes, 2%	No	No	Full Step	No	Full Step	Yes, Specific Employees	Full Step	Yes, Specific Employees	Full Step
Fairfax County Schools	No	Full Step	Yes, .62%	Full Step	Yes, 1%	Full Step	No	Full Step	Yes	Full Step
City of Alexandria	No	Full Step	No	Full Step	No	Full Step	No	Full Step	No	Full Step

*ACPS in FY 2019 removed its lowest step and added a new top step for all grades.
Market Rate Adjustment (MRA)

Healthcare Costs

- Health-Benefit Fund Expenditures

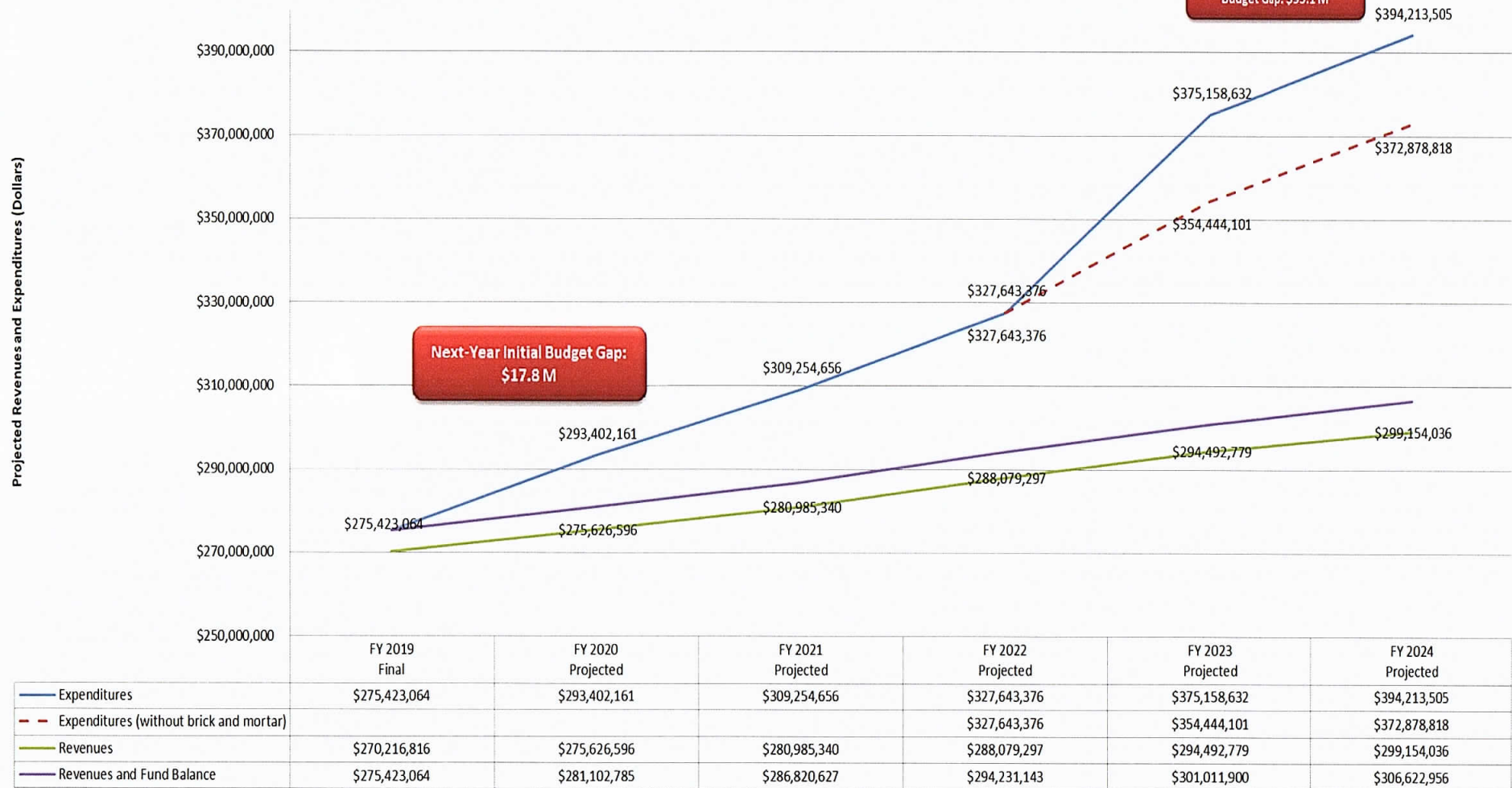


Textbooks and Implementation

Materials	Age of Texts	FY 2020	FY 2021	FY 2022
Secondary Math	14 years (average)	\$708,750		
1-4 Social Studies	8 years	\$554,625		
9-12 Social Studies and AP Psychology	8 years	\$535,260		
English Language Arts 6-8	17 years	\$394,680		
English Language Arts 9-12	15 years	\$535,260		
Sub-Total		\$2,728,575		
Elementary Math	10 years		\$985,550	
Elementary Science	18 years		\$642,750	
Social Studies 6-8	9 years		\$322,920	
Social Studies 5	9 years		\$105,750	
Sub-Total			\$2,056,970	
Secondary Science	9 years (average)			\$1,172,880
World Languages	12 years (average)			\$452,250
Sub-Total				\$1,625,130

Operating Fund Fiscal Forecast

Operating Fund Fiscal Forecast: FY 2019 - FY 2024



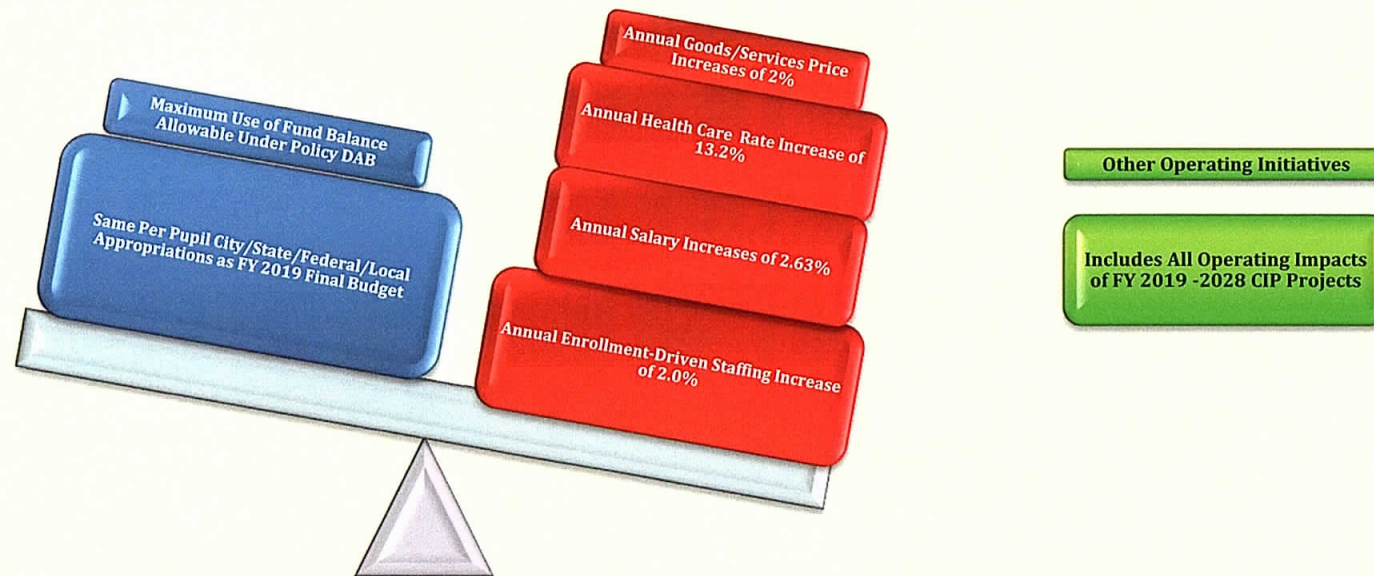
Fiscal Forecast Assumptions

Operating Fund

Revenue
Assumptions

Expenditure
Assumptions

Other
Assumptions



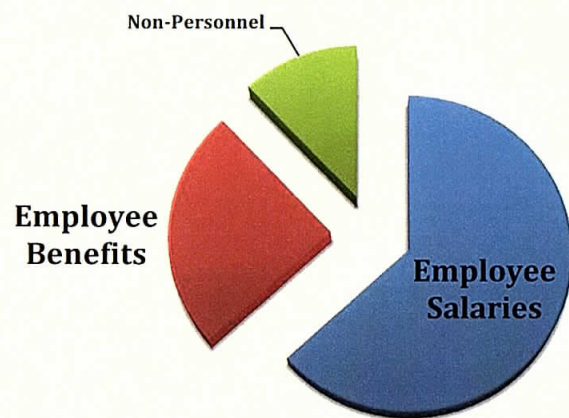
Fiscal Forecast Assumptions

Operating Fund

- Revenue increases based on \$/Pupil remaining constant
- Max use of allowable fund balance
- Full step increase
- Healthcare costs rising at historic level
- Inflation of 2%
- Staffing increases based on enrollment increases
- Operating impacts of CIP projects
- Support to implement both the TAG and SPED evaluations
- Other Operating Initiatives (Execu-time, Cleaning Services, Etc.)

Addressing Our Structural Deficit

➤ Controlling Personnel Expenditures



- Absorbing Growth
 - Review of Staffing Formulas
- Healthcare Committee
 - Advising on Potential Options
- Contractual Services
 - Outsourcing Where Beneficial

Funding Textbooks and Implementation

Year	Original Request	Targeted Subject Areas ₁	COP Financing ₂
FY 2020	\$2,728,575	\$708,750	\$1,405,056
FY 2021	\$2,056,920	\$1,089,885	\$1,405,056
FY 2022	\$1,625,130	\$929,940	\$1,405,056
FY 2023		\$985,550	\$1,405,056
FY 2024		\$1,071,420	\$1,405,056
FY 2025		\$1,172,880	
FY 2026		\$452,250	
FY 2027		\$1,000,000	\$1,677,710

1. With this option we'd dedicate \$1M /year to adopt a targeted subject to stay on a defined replacement schedule.

2. Rate=4.5% Term=5 years Principal=\$6,410,625 Interest Paid=\$614,654 For initial Certificate of Participation (COP)

A COP is a type of financing option.

Improved Efficiency and Fiscal Stewardship

- Refinement of Budget Process
- Building Capacity within Instructional Leaders for Fiscal Stewardship
- Accountability during Quarterly School Improvement Plan (SIP) Meetings

Questions/Comments

Dr. Gregory C. Hutchings, Jr.
Superintendent of Schools

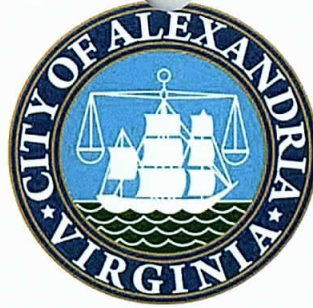
Gregory.Hutchings@acps.k12.va.us

703-619-8001

Dominic B. Turner
Acting Chief Financial Officer

Dominic.Turner@acps.k12.va.us

703-619-8141



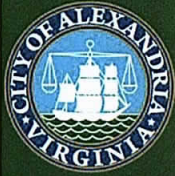
Ad Hoc Joint City-Schools Facilities Investment Task Force Recommendations

Status of Implementation

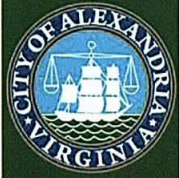
City Council Retreat
November 10, 2018

Progress highlights since Task Force report

- 2 Visioning Sessions resulting in joint guiding principles, criteria, prioritization of Task Force recs
 1. Joint Facilities Master Plan
 2. Civic Engagement/Leadership
 3. Common Approach to Preventative Maintenance
- Monthly Capital Council meetings
- Joint Facilities Master Plan scope of work and RFP development
- Recommendation for addressing operating budget and CIP process decoupling



Progress highlights since Task Force report



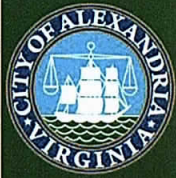
- Procurement staff meeting to discuss joint efforts
- Public-private-partnership position proposed in CMO
- Work group to develop SOW for Preventative Maintenance System study
- Staff improving use of City's financial system for capital purchase order work flow for acps

Progress highlights since Task Force report

• Quarterly updates to City/School Subcommittee

JOINT CITY-SCHOOLS FACILITIES INVESTMENT TASK FORCE RECOMMENDATIONS - PROGRESS STATEMENTS
as of 11/10/18

#	Key Observations	Recommendations	Page #	Responsible Party	Status	Progress Description
Capital Planning and Implementation Subcommittee						
1	Alexandria lacks a unified and distilled vision for the future	We recommend Alexandria define its "Targeted New Reality" to clarify priorities for decision making when considering how best to deliver capital projects and services.	Pg. 13	City Council/School Board	In process	Through visioning sessions, the City Council and School Board have begun establishing a framework for future collaboration and decision-making which will inform the Targeted New Reality. Both bodies have participated in two visioning sessions to date, resulting in the development of joint guiding principles and prioritized decision criteria providing a common framework for future decision making. This framework was used by both bodies to discuss, evaluate and prioritize Task Force recommendations. A final report for the second Visioning Session will be circulated as soon as it is available at which time both bodies can make a determination as to next steps.
2	The City and ACPS have a tendency to jump to capital solutions rather than explore broader options to deliver services ("capabilities").	We recommend the City and ACPS jointly develop and implement a "Capability Delivery Model" to assist City Council and the School Board with determining how best to deliver services to the residents of Alexandria.	Pg. 14	City/ACPS CIP development staff	Early brainstorming	As reported last quarter, staff will collaboratively create a capability delivery model to assess all capital projects, not limited to facilities. In order for the model to work most effectively, collaboration between departments on assessing capital needs, establishing the definition and criteria for required capabilities and how to measure them will need to occur prior to proposing capital budgets. Endorsement of this collaboration will need to be given by ACPS and City leadership. As reported, a model would not be able to be fully implemented for the upcoming FY 2020-2029 CIP budget cycle, but could be developed and implemented by the FY 2021-2030 CIP budget cycle. Staff anticipates incorporating a capability delivery model framework into the development of the Joint Facilities Master Plan.
3	The CIP process lacks joint City and ACPS vision, collaboration, coordination, and execution.	We recommend that a Joint Capital Management Council be formed to oversee the operation of the Capability Delivery Model and capital allocation process.	Pg. 16	City Manager and ACPS Superintendent	In process	The City Manager and ACPS Superintendent have established a standing meeting with their respective staff to discuss implementation of Task Force recommendations and other joint issues. The Task Force's intent of this group was to review and make final determinations on proposed budgets after staff have collaboratively applied the capability delivery model and developed a preliminary prioritization of funds. A first step in this process may include adding ACPS staff to the City's CIP Steering Committee, which will need to be approved by ACPS and City leadership.
4	The CIP process provides a fragmented view of capital needs citywide.	We recommend the City and ACPS develop long-term Joint Facilities Master Plan to provide a comprehensive, integrated, citywide view of Alexandria's capital needs.	Pg. 17	City: Planning & Zoning, Department of General Services, Procurement ACPS: Operations	Early brainstorming	Funds were allocated in both the City's and ACPS's CIPs to conduct a Joint Facilities Master Plan. The decision criteria and guiding principles established in the visioning sessions will be used to define a framework for the scope and execution of developing this plan. During the 2nd visioning session, participants generally agreed that the development of this Plan was most urgently needed. Staff is actively working on a scope of work to inform a joint RFP planned for early 2019.
5	The current budget cycle lacks sufficient time to deliberate on capital needs and proposed project solutions.	We recommend that the City and ACPS consider revising the budget calendar to decouple the annual operating and annual capital budgeting cycles in order to provide adequate time and resources to review, engage, and make capital decisions.	Pg. 19	City/ACPS CIP Development Staff	In process	Staff from the City and ACPS have begun drafting a proposal to potentially implement this change and are proposing options to the City/Schools Subcommittee during its November meeting.
6	The 10-year duration of the CIP makes it challenging to provide the same rigor of analysis for all projects, apply prioritization criteria equitably and clearly, and manage expectations cycle to cycle.	We recommend that City Council consider changing the way it reflects projects within the CIP. When a certain level of rigor is met, individual projects and their associated funding amounts should be identified. However, when project assumptions are more speculative, projects should be reflected within contingency accounts so that expectations can be more adequately managed.	Pg. 20	City/ACPS CIP Development Staff	Early brainstorming	As recommended by the Task Force, a contingency fund for major capital projects was included in the FY2019-2028 CIP. The intent is for projects that are more speculative be reflected within this account. With an established capability delivery model, CIP development staff can better determine the readiness of projects and more accurately reflect them within the CIP. As the model identifies those projects that are increasingly ready to proceed and whose cost and schedule estimates become firmer, the CIP can be adjusted accordingly, setting realistic expectations for project implementation.
7	Implementation practices largely focus on the management of individual projects rather than as programs within a citywide portfolio, therefore limiting the yield of benefits that standardization and interconnectivity could provide.	We recommend the City and ACPS employ "best in class" project, program, and portfolio management practices to maximize the return on investments and meet strategic objectives.	Pg. 20	City Department of General Services, Alexandria Fire Department and ACPS Operations staff, City/ACPS Procurement staff	Early brainstorming	City and ACPS staff are planning to jointly develop a standardized process for managing the citywide portfolio. ACPS and City Procurement staff have begun conversations to develop criteria that meet the needs of both entities so that all future contracts may be shared. Now that the new ACPS Procurement Director is on board, more progress is expected in the coming months on this effort.



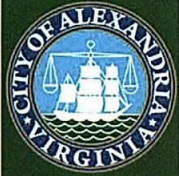


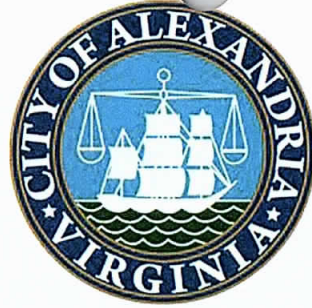
Capital Planning

- Ad Hoc Joint City-Schools Facility Investment Task Force recommended decoupling the operating budget and CIP processes in early 2018
- City and ACPS staff will be proposing a modification to the CIP process starting in FY 2021-2030

Budget & Fiscal Affairs Advisory Committee (BFAAC)

- FY 2020 Work Plan
- Recommendations on Budget Guidance





Priority Based Budgeting

CITY COUNCIL BUDGET RETREAT

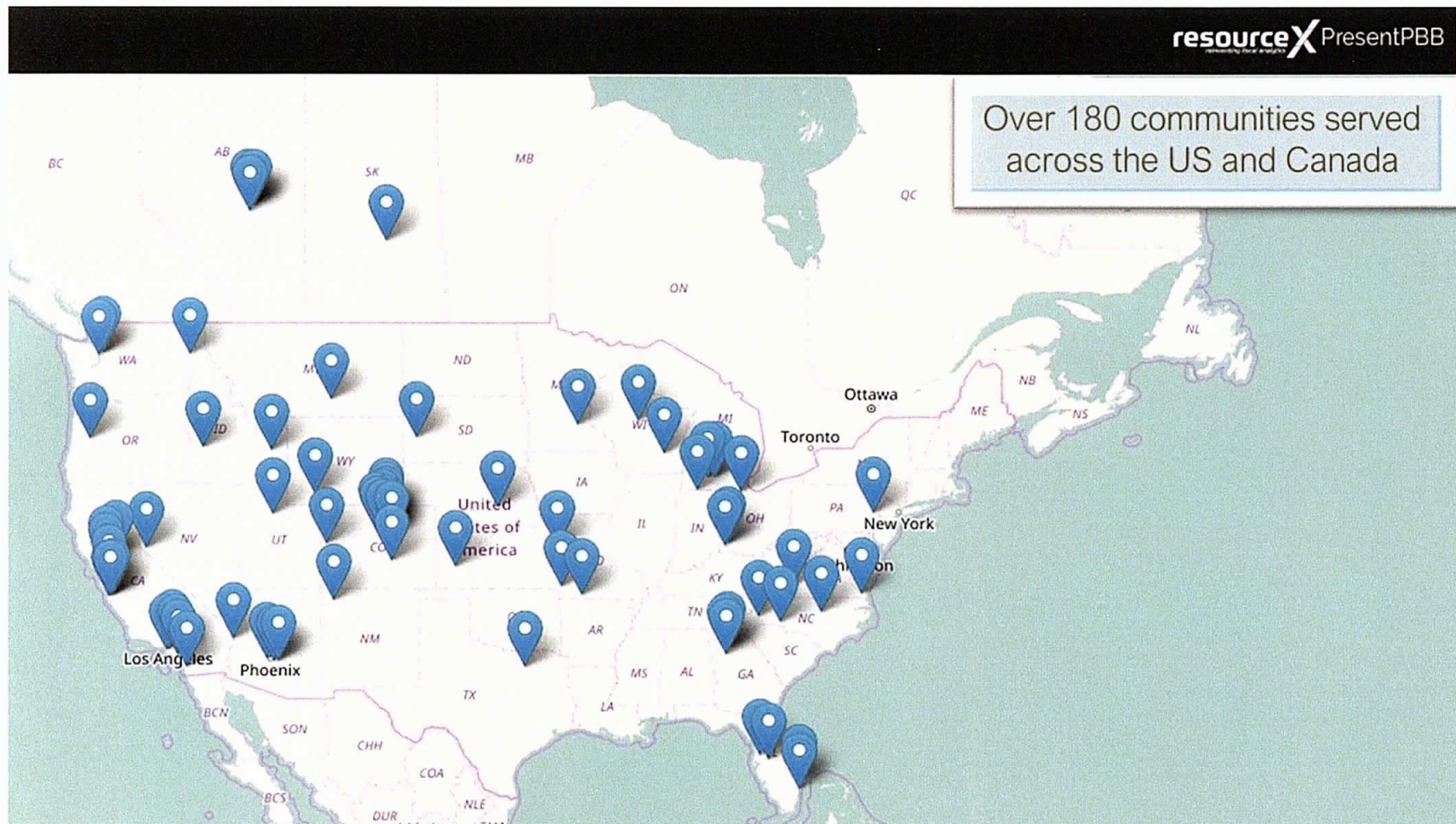
NOVEMBER 10, 2018

A different budget lens, similar focus



- Recognized as a Best Practice
- Identifies what is most important
- Questions current assumptions and practices
- Educates City Council and the Community about services we provide
- Does not replace annual review and analysis

Priority Based Budgeting





PBB Blue Print

To Fund the Future

We have new needs...

- ...to launch new programs to tackle emerging challenges
- ...to enhance current programs that need additional resources

We have no new needs...

- Preserve, maintain current services
- Or seek to lower tax rates or refund tax-payers

Free-up &
Re-
allocate
Resources

Sourcing

Efficiencies

Service Levels

- Can we leverage partners, or source services with public/private providers, in order to free up our resources?
- Focus on the *irreducible core*
- Can we apply technology to automate or free up human resources?
- Can we augment service delivery with volunteers?
- For programs less aligned with Results, can we reduce service levels, and free up resources? Or can we eliminate services to free resources?

Generate
New
Revenue

Fees, Charges

Grant Funding

Taxes, Rates

- Do our fees cover the costs of providing the service?
- Can we in-source, or provide any services regionally for a fee?
- Are we reporting the true cost of services to granting agency?
- Can we recoup additional funding, or attain new grant opportunities?
- Last Resort
- Do we have no options left besides raising additional revenue from tax and rate payers?



Basic Attributes

Mandate

Cost Recovery

Population Served

Reliance



Community

Flourishing Arts, Culture and
Recreation

Thriving Children and Youth

Distinctive and Vibrant
Neighborhoods

Environmental Sustainability

Healthy Residents

Inclusive City

Multi-modal Transportation

Safe and Resilient Community

Strong Economy

OR



Governance

Conduct

Resources

Workforce

Advisory

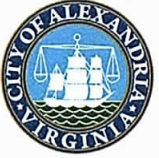
Leadership

Bond Rating/Value of
Service

Communication

Service

Trust



Draft Results

Less Aligned with Priorities

Most Aligned with Priorities

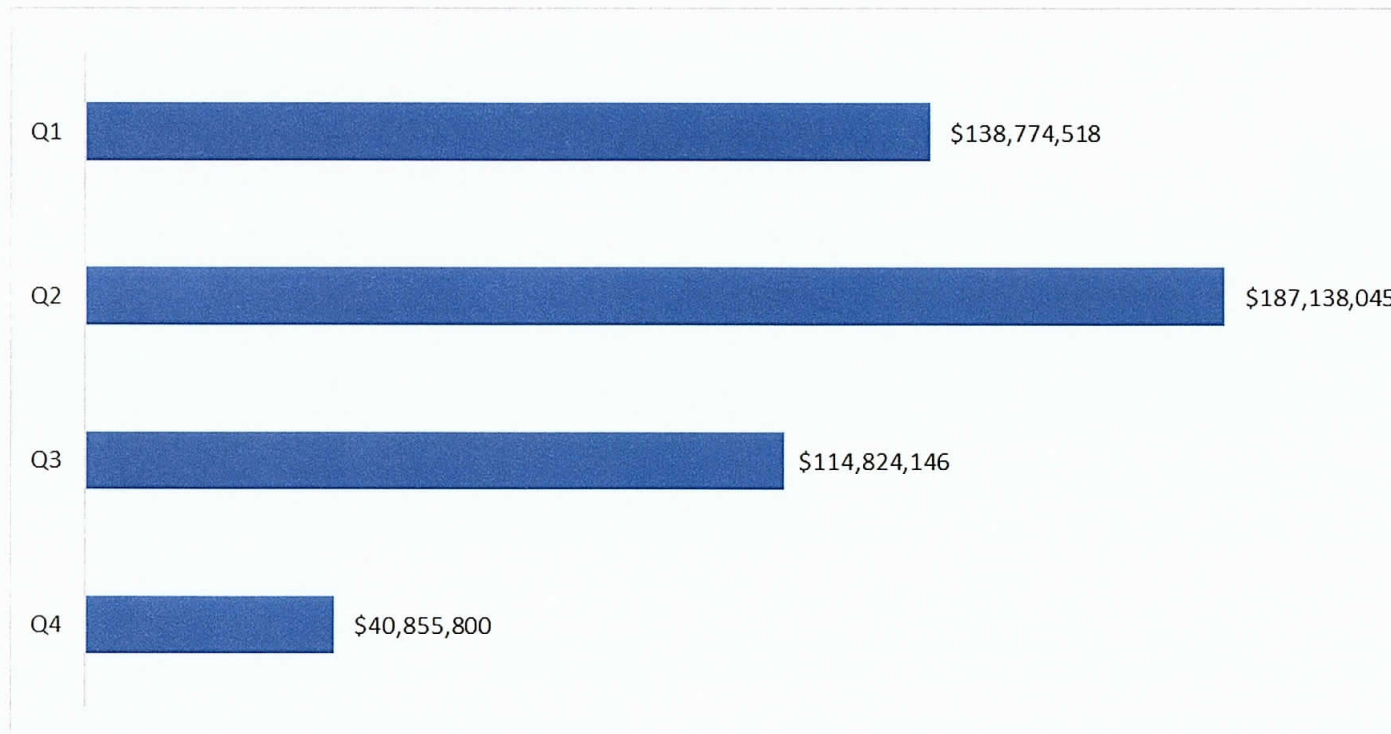
Least aligned services are Quartile 4



Most aligned services are Quartile 1



Draft Results - Citywide





Draft Results

ServiceType	Department	Service	Quartile
Governance	OMB	Budget Development and Evaluation	1
Governance	OMB	CIP Budget Development and Evaluation	2
Governance	OMB	Budget Implementation & Monitoring	2
Governance	OMB	CIP Budget Implementation & Monitoring	2
Governance	OMB	Research and Analysis	4



Policy Questions

Policy Question 1

Are we over-providing to high mandate programs with low alignment to our priorities?

- Mandate = 4
 - Required by higher level of government
- Q3/Q4
 - Doesn't achieve priorities to a high degree

Is there a way to achieve the mandate for the program with a decreased service level?

Policy Question 2

Are we over-providing to self imposed mandates?

- Mandate = 2
 - Self Imposed
- Q3/Q4
 - Doesn't achieve priorities to a high degree

Can we change our own policy to open up opportunities for re-allocation?

Policy Question 3

Can we share our expertise with others through Public or Private partnerships?

- Reliance = 3
 - We do this well
- Q1/Q2
 - Is well aligned with our priorities

This is important to our community and we plan to stay in the business, but can we find an opportunity to partner and recover costs?

Policy Question 4

There are others who can provide this service - can we contract with them to take this service over?

- Reliance = 2
 - There are others in the community who offer this service
- Q3/Q4
 - Doesn't achieve priorities to a high degree

Does outsourcing free up time and funds to reallocate to other services?

Policy Question 5

What is the impact of this program on our community?

- Mandate = 0 or 1
 - No mandate
- Reliance = 0 or 1
 - There are other providers
- Q3/Q4
 - Doesn't achieve priorities to a high degree

Can we review our cost and revenue for this program?



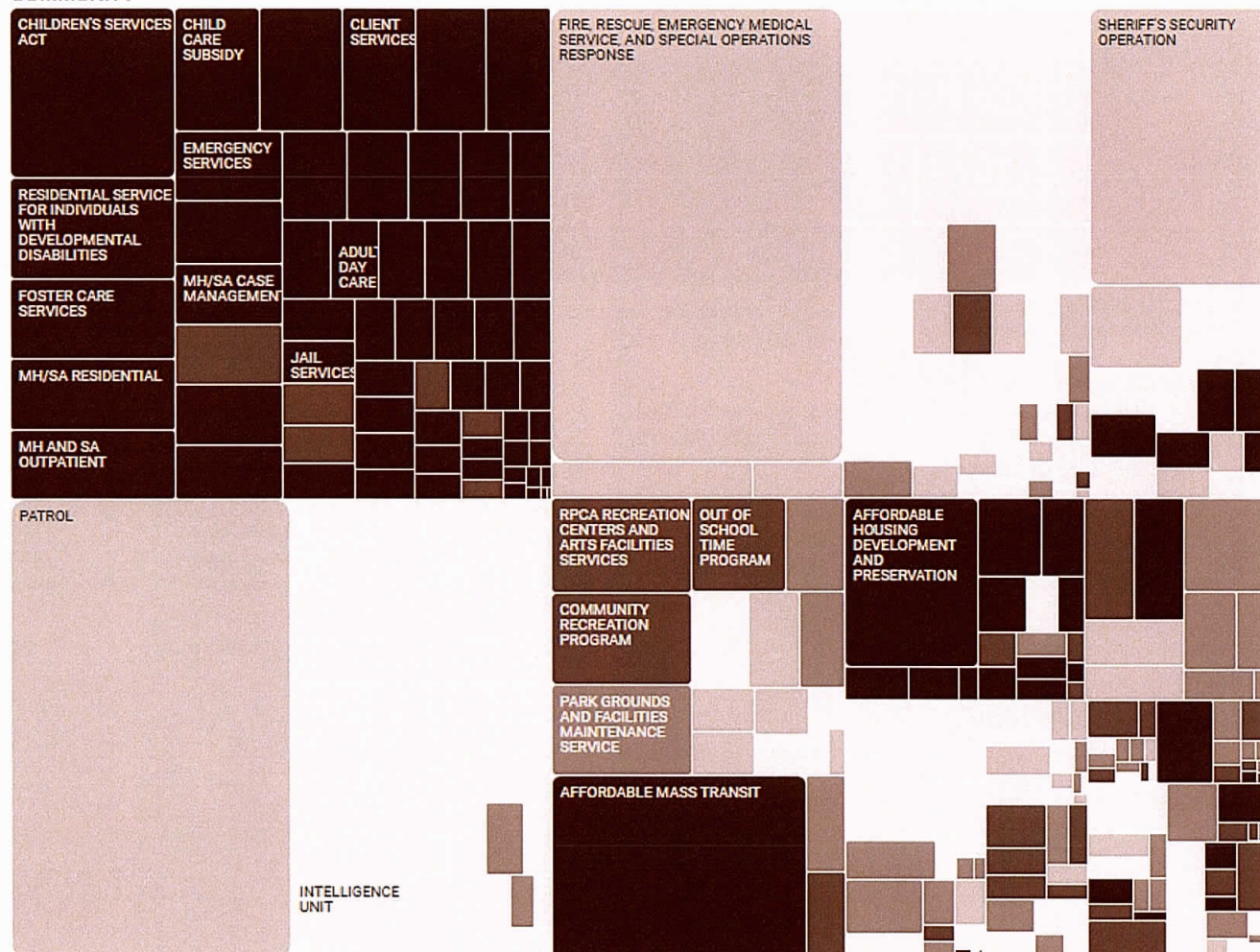
Draft Results - TreeMap

Result Area – Inclusive City

Size of box – Larger the box
means greater the total dollars

Color of the box – Darker the
color, the higher the alignment
with the result area

COMMUNITY





Process for FY 2020

Budget reduction options will be prepared

Initial quartile rankings (prioritization) will be used to inform supplemental budget addition proposals and reduction options

Departments budgets will be determined in part by the PBB prioritization



Future Use

Departments will review services based on alignment to the City's Strategic Plan and specific evaluation criteria

Identify areas of investment and potential opportunities for savings in future budgets

Budget process continuous improvement

- Reinforce alignment between budget and strategic goals
- Longer term planning approach
- Examines entire budget
- Communicates choices



Next Steps – Community

Scoring results will be displayed in the FY 2020 Proposed Budget

Opportunity to engage the public in the next round of scoring

- Online/engagement survey
- Help define results and priorities



Questions?

Office of Management and Budget

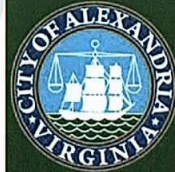
301 King St., Room 3400

Alexandria, VA 22314

703.746.3737

www.alexandriava.gov/Budget

FY 2020 Council Budget Guidance



- Draft Resolution Included in Packet
- Based Largely on FY 2019 Resolution
- Docketed for Council Adoption on November 13th



City of Alexandria

Overview of 2018 Draft Strategic Facilities Plan

November 10, 2018





Existing Conditions

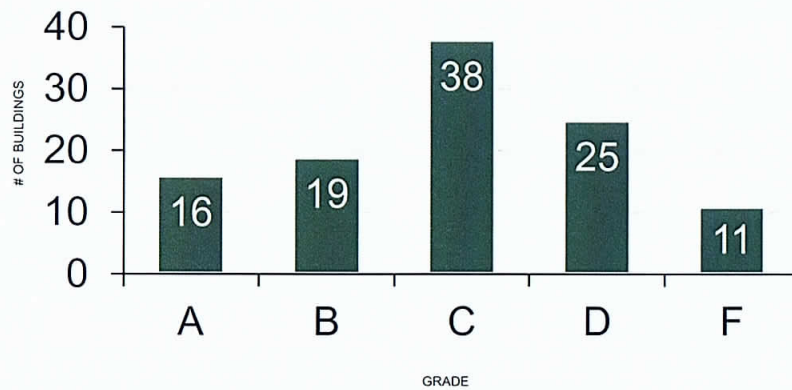
CITY/ACPS FACILITIES OVERVIEW

151 **4.3m** **94%**

BUILDINGS SQUARE FEET OWNED (BY SF)

Does not include parking garages, surface parking lots, surface industrial lots
Does include DCHS operated residential facilities

CITY FACILITY CONDITION ASSESSMENT

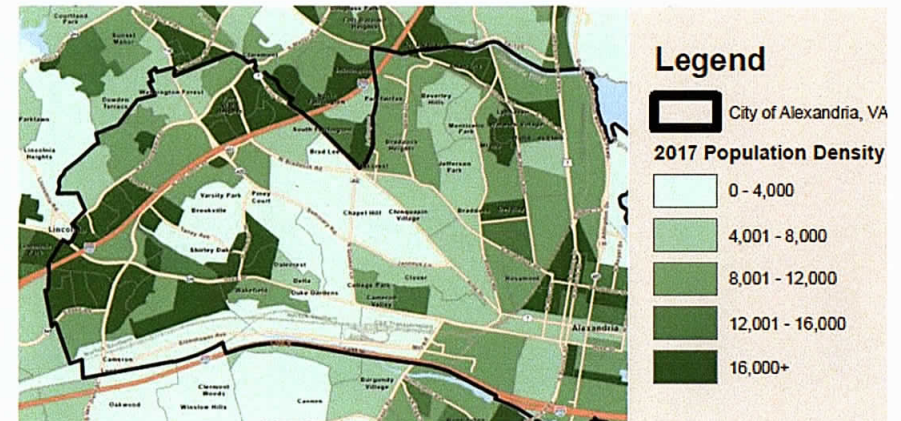


109 **1.9** **C** **62** **\$298**

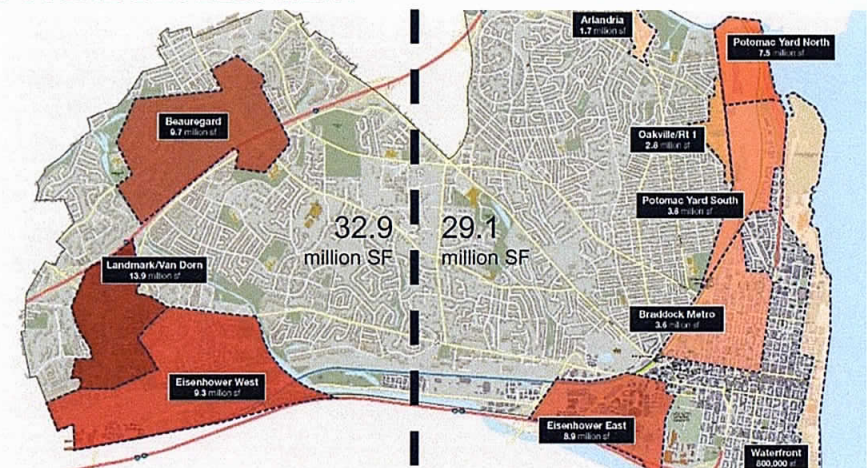
BUILDINGS INCLUDED MILLION SF INCLUDED AVERAGE GRADE AVERAGE AGE (YEARS) M

10-YEAR NEEDS

PROJECTED 2022 POPULATION DENSITY



FUTURE DEVELOPMENT





Gaps

- 1 Site Collocations/Consolidations**
Entities with uses that can be collocated with other entities or otherwise consolidated.
- 2 Fleet & Maintenance Synergies**
Departments with fleet and general maintenance space needs that could be consolidated.
- 3 General Storage Needs**
Departments with either a lack of storage or the potential to consolidate off-site storage.
- 4 Insufficient Parking**
Departments with insufficient staff or visitor parking at specific facilities.
- 5 Infrastructure Concerns**
Departments that have infrastructure concerns at some of its facilities.
- 6 Need To Reconfigure**
Departments that indicate service delivery would be improved with reconfigured space.
- 7 New Location for Better Service**
Departments that indicate service delivery would be improved in a new location.
- 8 Negative Recruitment Impacts**
Departments that report the facilities negatively impacts staff recruitment and retention.
- 9 Service Gaps in West End**
Departments that have service gaps in the West End area of the City.

ACPS		DCHS	Fire	Health								T&ES		
ACPS		DASH		Fire							RPCA		T&ES	DGS Fleet
	Courts		DCHS	Fire	Health	Library	OHA		Police	RPCA			City Hall*	DGS Fleet
	Courts		DCHS	Fire	Health	Library	OHA						City Hall*	
ACPS	Courts	DASH	DCHS	Fire	Health	Library	OHA	Visit Alex		RPCA	Sheriff	T&ES	City Hall*	DGS Fleet
ACPS	Courts		DCHS	Fire		Library	OHA				Sheriff		City Hall*	
	Courts		DCHS	Fire			OHA							
	Courts		DCHS											
	Courts		DCHS											
ACPS			DCHS	Fire							RPCA			

*City Hall occupancy currently undergoing analysis.



Department Expressed Needs & Priorities

The City's needs, as identified by each Department separately, have been categorized into five broad groups below. Please note that the needs below represent the ideals and needs expressed by each department and do not necessarily represent projects that are planned, budgeted, validated or approved by the City Council to move forward.

■ COLLOCATE OR CONSOLIDATE

Opportunities to collocate or consolidate staff or services located in multiple facilities.

1. DCHS / Health Department / Neighborhood Health
2. City Fleet operations (ACPS, DGS, FIRE, T&ES, DASH, RPCA)
3. T&ES operations staff at T&ES Traffic Shop (3200 Colvin St) into Business Center Dr (2900 Business Center Dr)
4. RPCA administrative staff at Lee Center (1108 Jefferson St) & Business Center Dr staff (2900 Business Center Dr)
5. Fire "non-responder" staff (located in Fire Stations)

■ NEW / EXPAND

Facilities in need of expansion or net new facilities for the City.

1. Expand Fire maintenance capability
2. Expand Library presence in City (kiosks)
3. New satellite salt storage facility (T&ES)
4. Expand Police evidence storage capabilities
5. New pool in West End (RPCA)
6. Expand DASH (3000 Business Center Dr) bus storage
7. Increase Library capabilities in Del Ray

■ REPURPOSE / RECONFIGURE

Facilities in need of significant renovation or reconfiguration to improve service delivery.

1. Renovate/reconfigure Courthouse (520 King St) (Courts)
2. Reconfigure cell blocks, kitchen and infrastructure at Public Safety Center (2001-2003 Mill Rd) (Sheriff)
3. Repurpose Old Dash Building (116 S Quaker Ln) (DGS)
4. Repurpose T&ES Traffic Shop (3200 Colvin St) (T&ES)
5. Repurpose T&ES Maintenance (133 S Quaker Ln) (as part of larger plan) (T&ES / RPCA)
6. Repurpose lower level at Burke Library (4701 Seminary Rd) (Libraries)
7. Increase recreation center services & programming (RPCA)

■ REPLACE / RELOCATE

Facilities that would provide better service if replaced or relocated.

1. Maintain tactical and pistol capabilities (Police)
2. Relocate Fire Station 205 (1210 Cameron St)
3. Relocate Fire Station 206 (4609 Seminary Rd) or 208 (175 N Paxton St)
4. Relocate Fire Station 207 (3301 Duke St)
5. Replace Burn Building (805 S. Payne St)
6. Relocate Washing Facility (DASH)
7. Relocate Library Special Collections (717 Queen St/Barrett)
8. Increase visibility of Museum of Archeology (OHA)

■ CONTINGENT MOVES

Facilities to be replaced if repurposed for another department

1. Relocate RCPA at Business Center Dr (2900 Business Center Dr) if repurposed for T&ES
2. Replace Archives & Records (801 S Payne St) if AlexRenew (1800 Limerick St) expands
3. Replace overflow impound lot when DASH expands



Sites/Buildings Considered for Follow Up

SITE	TYPE	BLDG SIZE	SITE SIZE	NOTES
Fire Station 205 (1210 Cameron St)	Monetize	7,854	8,844	Site could be monetized to offset acquisition costs if Fire relocates
Fire Station 206 (4609 Seminary Rd)	Monetize	5,248	37,422	Site could be monetized to offset acquisition costs if Fire relocates (unless Station 208 is relocated, in which case Station 206 would remain)
Fire Station 207 (3301 Duke St)	Monetize	8,103	38,050	Site could be monetized to offset acquisition costs if Fire relocates
Fire Station 208 (175 N Paxton St)	Monetize	11,800	33,868	Site could be monetized to offset acquisition costs if Fire relocates (unless Station 206 is relocated, in which case Station 208 would remain)
Health Department (4480 King St)	Monetize or Repurpose	55,200	34,824	Site could be monetized or treated as cost avoidance through repurposing to offset acquisition costs if DCHS/Health relocates (identified as potential swing space in near-term or administrative space consolidation in the long term)
Casey Clinic (1200 N Howard St)	Repurpose	18,452	18,452	Dependent on INOVA (Hospital rebuild plans will guide the discussion)
Substance Abuse Center (2355 Mill Rd)	Assess	27,313	39,968	Assess for monetizing as area develops and asset value increases
Old DASH Building (116 S Quaker Ln)	Campus realignment	37,900	62,734	Old Dash Facility used for storage
Motor Equipment Building (3550 Wheeler Ave)	Campus realignment	37,040	714,471	DGS Fleet Maintenance Facility is not fully utilized
Fire Maintenance Building (3552 Wheeler Ave)	Campus realignment	3,800	714,471	Fire Fleet Maintenance Facility that does not accommodate needs of Fire Dept
ACPS Bus Parking Facility (3540 Wheeler Ave)	Campus realignment	11,254	714,471	ACPS Fleet Maintenance Facility that does not accommodate needs of ACPS
T&ES Traffic Shop (3200 Colvin St)	Campus realignment	21,600	68,858	T&ES Traffic Shop could be repurposed if T&ES vacates to consolidate at 2900 Business Center
Business Center Dr (2900 Business Center Dr)	Campus realignment	59,898	159,162	Building users (T&ES / RCPS) have both outgrown available space
DASH (3000 Business Center Dr)	Campus realignment	160,000	401,240	DASH bus maintenance infrastructure could be shared with City on alternate shift schedule
T&ES Maintenance (133 S Quaker Ln)	Campus realignment	30,440	714,471	T&ES Maintenance facility to be studied in conjunction with Witter/Wheeler campus
Fuel Island (3400 Duke St)	Campus realignment	6,100	32,426	Site currently being studied. Facility has outlived its useful life
Ramsey Visitor Center (221 King St)	Assess	1,946	3,071	ADA Access
1701 N Beauregard	Vacancy	~40,000	N/A	ACPS beginning to utilize the space.

WITTER/WHEELER CAMPUS



Prioritization Criteria Worksheet

Category	Question	Score = 0	Score = 1	Score = 2	Score
Required/Mandated	Is the project required to meet legal, compliance, or regulatory mandates?	No	Not Yet, But Will Be	Yes	
Life Safety/Health	Is the project critical to address health and safety improvements?	Not Critical	Somewhat Critical	Critical	
Urgency	How urgent is the project?	8+ Years	4-7 Years	1-3 Years	
Demonstrated Need	Is there is a demonstrated need backed by analytics, data or business plan?	No	Somewhat	Yes	
Community Benefit	How much direct impact (i.e. public facing facilities or programs) will this project have on the community?	Limited	Indirect	Direct	
Stakeholder Receptivity	How will the project be received or perceived by the community?	Low	Moderate	High	
Financial Impact	How will the project impact the City's capital or operating budget?	Increase	Neutral	Decrease	
Project Feasibility	How manageable is the project from a City resources standpoint (financial, time, capability)?	Not Manageable	Somewhat Manageable	Manageable	
Risk of Deferring Project	What is the impact of deferring the project?	Low	Moderate	High	
Strategic Plan Alignment	Is the project aligned with the themes from the City Strategic Plan and/or the ACPS 2020 Strategic Plan?	No	Somewhat	Yes	
Economic Development	Will the project advance economic development opportunities in the City?	No	Somewhat	Yes	
Collocation Opportunity	Does the project present an opportunity for collocation with other departments, programs, services or partners?	No	Somewhat	Yes	
				Total	



Sample Site Suitability Criteria

SITE SUITABILITY CRITERIA SHOULD BE USED AS A TOOL TO GUIDE SITE AND BUILDING SELECTION WHEN EVALUATING AND COMPARING FACILITIES TO BUILD, LEASE OR OWN. "WEIGHT" CAN BE ADJUSTED BASED ON SPECIFIC REQUIREMENT.

Criteria	Weight	Score = 1	Score = 0	Total Score
Ability to Accommodate Needs <i>(over 10 Years)</i>	2x	Yes	No	
Proximity to Clients <i>(vs current situation)</i>	2x	Better/ similar	Worse	
Access to Public Transportation <i>(within ¼ mile)</i>	2x	Yes	No	
Site Access / Visibility	2x	Good / fair	Poor	
Total 10-20 Year Cost <i>(vs current situation if replacement site)</i>	1x	Decrease / neutral	Increase	
Capital Investment <i>(Capital required to build/reconfigure)</i>	1x	Minimal / moderate	Significant	
Building Quality <i>(HVAC, ADA, image, etc)</i>	1x	Good / fair	Poor	
Security / Safety	1x	Sufficient	Insufficient	
Area Amenities <i>(food, etc within ¼ mile)</i>	1x	Good / Fair	Poor	
Adequate Parking	1x	Yes	No	

TOTAL =



Recommendations

RECOMMENDATION

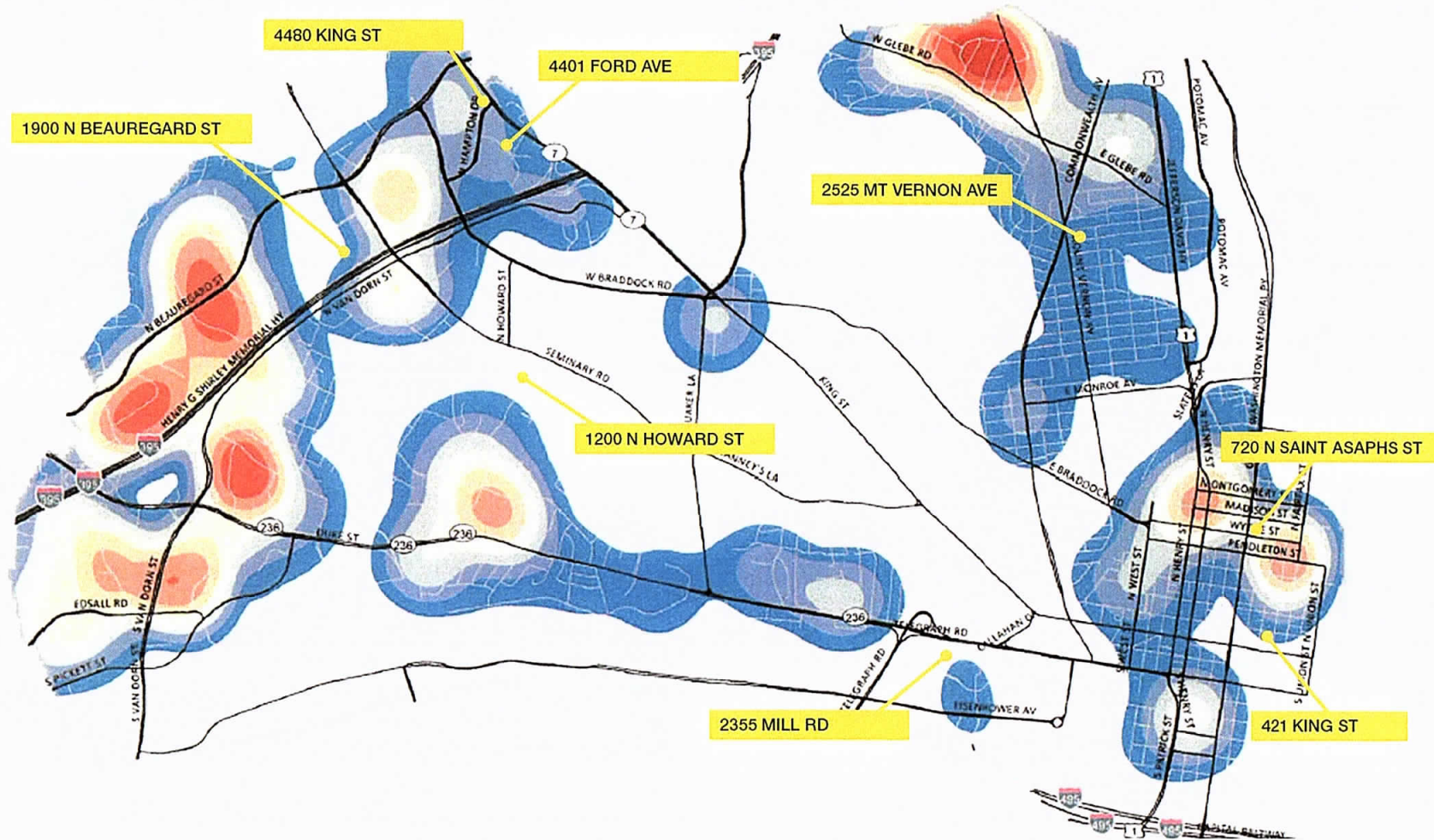
- 1 Collocate DCHS / Health Department / Neighborhood Health locations
- 2 Develop Witter/Wheeler campus plan
- 3 Identify & evaluate optimal Fire Station sites
- 4 Evaluate public serving facilities to better align with population growth
- 5 Explore partnerships with private sector and regional partners
- 6 Engage with neighboring jurisdictions
- 7 Increase City/ACPS dialog regarding facility needs
- 8 Develop off-site city-wide storage plan
- 9 Continue to evaluate and fund CFMP programs
- 10 Continue evaluation of utilization of City-owned sites
- 11 Develop short-term and long-term parking solutions

ACTION

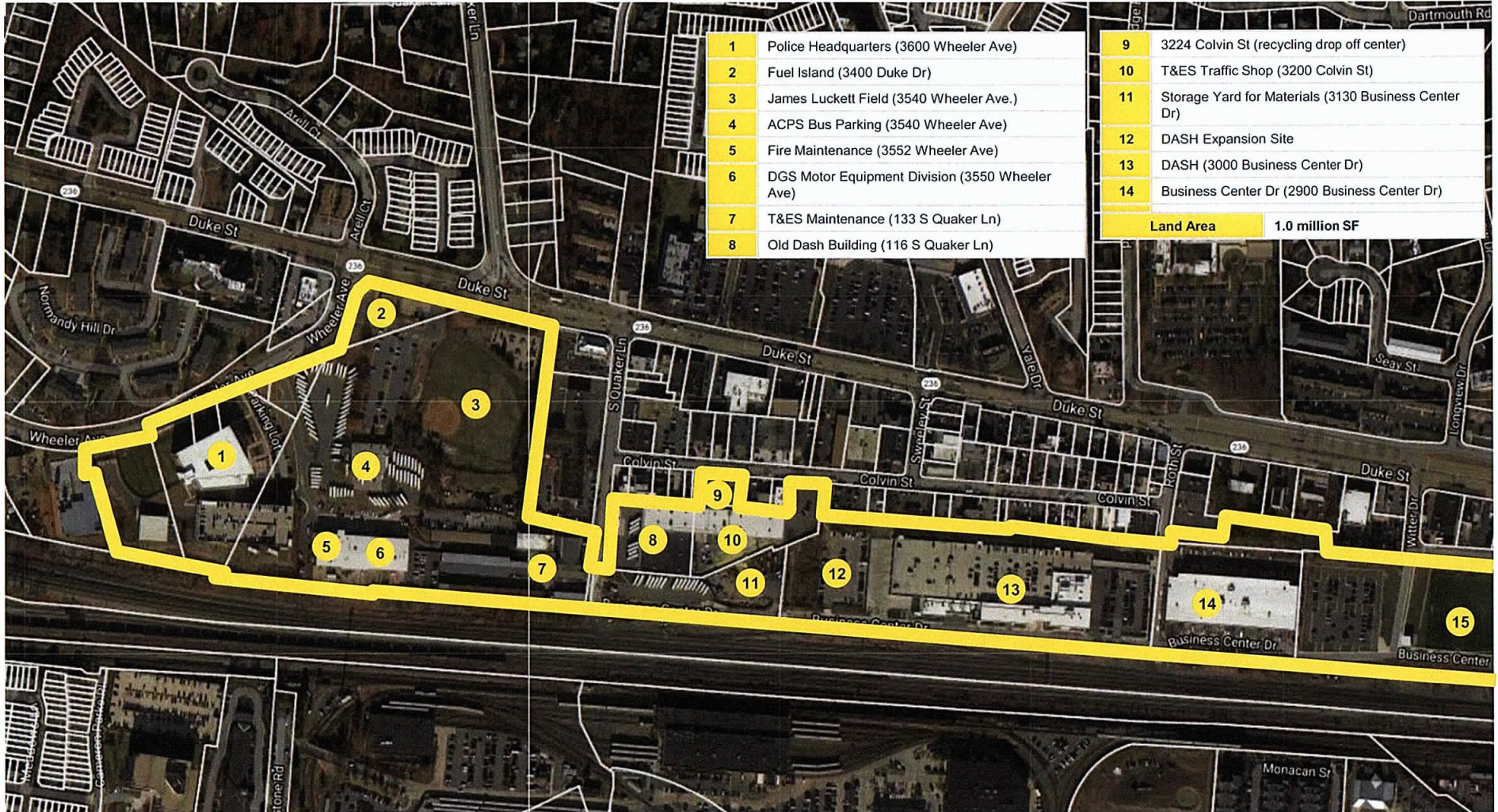
- Develop program and site selection test fits
- Develop campus master plan for 23 acre City-owned land in advance of CIP-requested/funded projects
- Develop high level strategic plan and comprehensive list of sites for each potential station relocation
- Develop a high level strategic plan and location study for the City's Recreation Centers and Libraries (similar to the Fire Station Optimal Location Study)
- Engage the private sector utilizing the PPEA legislation, other public solicitations and through negotiated potentially development partnerships.; Identify community partners (Affordable Housing, Campagna Center)
- Schedule meeting with regional partners to discuss joint facility needs, challenges and best practices
- Establish committee, regular meetings, processes and procedures between City and ACPS to evaluate potential sites and joint occupancy (Steering Committee already created)
- Develop occupancy scenarios (lease vs purchase) for off-site storage solution
- Continue to sufficiently fund CFMP programs per Conditions Facilities Report (in progress)
- Investigate candidates for monetization or sites with excess capacity to determine highest and best use
- Investigate and develop plan short- and long-term parking solutions

1 Collocate DCHS / Health Department

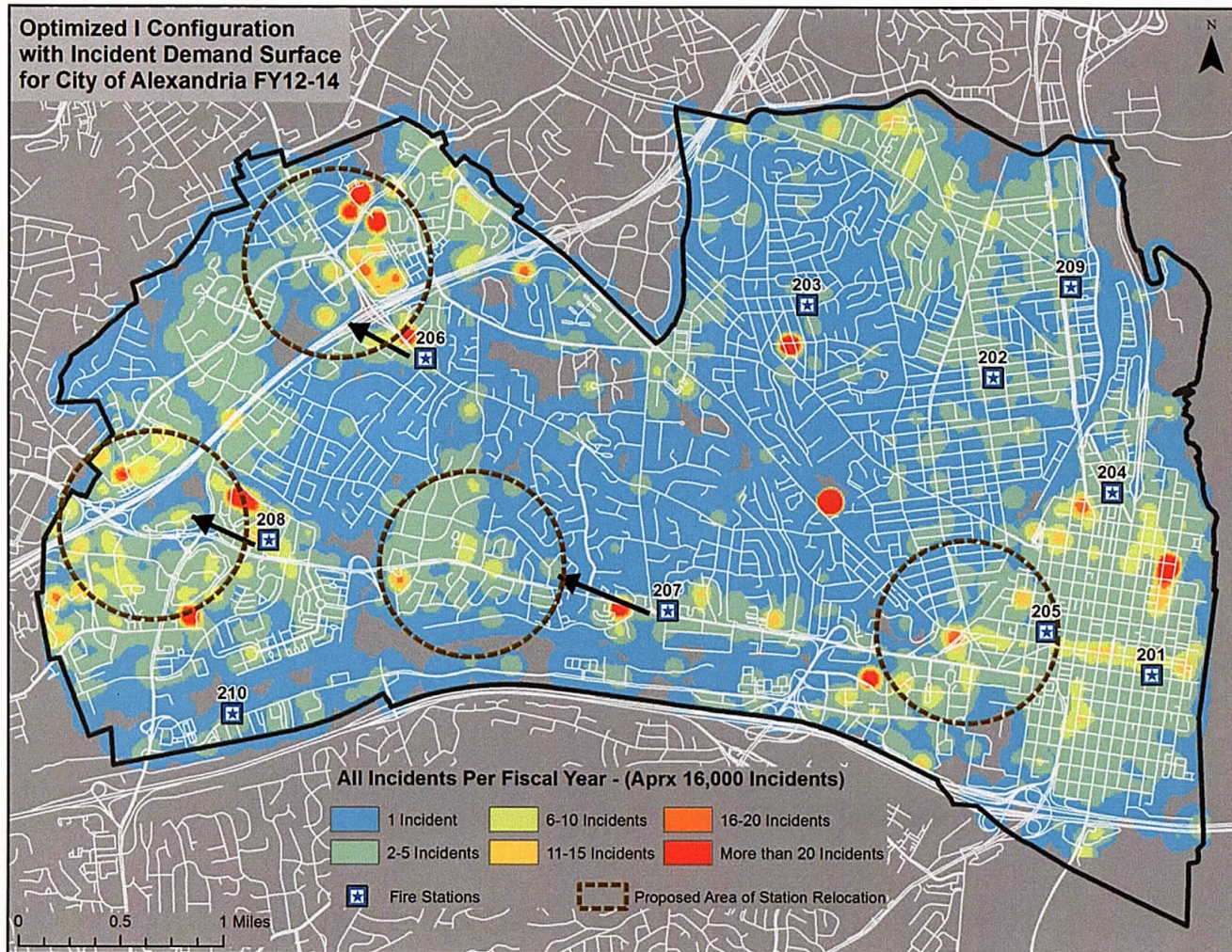
DCHS CLIENT HOT SPOT



2 Develop Witter/Wheeler Campus Plan

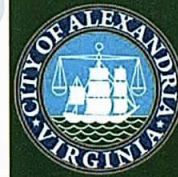


3 Identify & Evaluate Optimal Fire Station Sites



Adjournment

Thank you!



JOINT CITY-SCHOOLS FACILITIES INVESTMENT TASK FORCE RECOMMENDATIONS - PROGRESS STATEMENTS
as of 11/10/18

#	Key Observations	Recommendations	Page #	Responsible Party	Status	Progress Description
Capital Planning and Implementation Subcommittee						
1	Alexandria lacks a unified and distilled vision for the future.	We recommend Alexandria define its "Targeted New Reality" to clarify priorities for decision making when considering how best to deliver capital projects and services.	Pg. 13	City Council/School Board	In process	Through visioning sessions, the City Council and School Board have begun establishing a framework for future collaboration and decision-making which will inform the Targeted New Reality. Both bodies have participated in two visioning sessions to date, resulting in the development of joint guiding principles and prioritized decision criteria providing a common framework for future decision making. This framework was used by both bodies to discuss, evaluate and prioritize Task Force recommendations. A final report for the second Visioning Session will be circulated as soon as it is available at which time both bodies can make a determination as to next steps.
2	The City and ACPS have a tendency to jump to capital solutions rather than explore broader options to deliver services ("capabilities").	We recommend the City and ACPS jointly develop and implement a 'Capability Delivery Model' to assist City Council and the School Board with determining how best to deliver services to the residents of Alexandria.	Pg. 14	City/ACPS CIP development staff	Early brainstorming	As reported last quarter, staff will collaboratively create a capability delivery model to assess all capital projects, not limited to facilities. In order for the model to work most effectively, collaboration between departments on assessing capital needs, establishing the definition and criteria for required capabilities and how to measure them will need to occur prior to proposing capital budgets. Endorsement of this collaboration will need to be given by ACPS and City leadership. As reported, a model would not be able to be fully implemented for the upcoming FY 2020-2029 CIP budget cycle, but could be developed and implemented by the FY 2021-2030 CIP budget cycle. Staff anticipates incorporating a capability delivery model framework into the development of the Joint Facilities Master Plan.
3	The CIP process lacks joint City and ACPS vision, collaboration, coordination, and execution.	We recommend that a Joint Capital Management Council be formed to oversee the operation of the Capability Delivery Model and capital allocation process.	Pg. 16	City Manager and ACPS Superintendent	In process	The City Manager and ACPS Superintendent have established a standing meeting with their respective staff to discuss implementation of Task Force recommendations and other joint issues. The Task Force's intent of this group was to review and make final determinations on proposed budgets after staff have collaboratively applied the capability delivery model and developed a preliminary prioritization of funds. A first step in this process may include adding ACPS staff to the City's CIP Steering Committee, which will need to be approved by ACPS and City leadership.
4	The CIP process provides a fragmented view of capital needs citywide.	We recommend the City and ACPS develop long-term Joint Facilities Master Plan to provide a comprehensive, integrated, citywide view of Alexandria's capital needs.	Pg. 17	City: Planning & Zoning, Department of General Services, Procurement ACPS: Operations	Early brainstorming	Funds were allocated in both the City's and ACPS's CIPs to conduct a Joint Facilities Master Plan. The decision criteria and guiding principles established in the visioning sessions will be used to define a framework for the scope and execution of developing this plan. During the 2nd visioning session, participants generally agreed that the development of this Plan was most urgently needed. Staff is actively working on a scope of work to inform a joint RFP planned for early 2019.
5	The current budget cycle lacks sufficient time to deliberate on capital needs and proposed project solutions.	We recommend that the City and ACPS consider revising the budget calendar to decouple the annual operating and annual capital budgeting cycles in order to provide adequate time and resources to review, engage, and make capital decisions.	Pg. 19	City/ACPS CIP Development Staff	In process	Staff from the City and ACPS have begun drafting a proposal to potentially implement this change and are proposing options to the City/Schools Subcommittee during its November meeting.
6	The 10-year duration of the CIP makes it challenging to provide the same rigor of analysis for all projects, apply prioritization criteria equitably and clearly, and manage expectations cycle to cycle.	We recommend that City Council consider changing the way it reflects projects within the CIP. When a certain level of rigor is met, individual projects and their associated funding amounts should be identified. However, when project assumptions are more speculative, projects should be reflected within contingency accounts so that expectations can be more adequately managed.	Pg. 20	City/ACPS CIP Development Staff	Early brainstorming	As recommended by the Task Force, a contingency fund for major capital projects was included in the FY2019-2028 CIP. The intent is for projects that are more speculative be reflected within this account. With an established capability delivery model, CIP development staff can better determine the readiness of projects and more accurately reflect them within the CIP. As the model identifies those projects that are increasingly ready to proceed and whose cost and schedule estimates become firmer, the CIP can be adjusted accordingly, setting realistic expectations for project implementation.
7	Implementation practices largely focus on the management of individual projects rather than as programs within a citywide portfolio, therefore limiting the yield of benefits that standardization and interconnectivity could provide.	We recommend the City and ACPS employ "best in class" project, program, and portfolio management practices to maximize the return on investments and meet strategic objectives.	Pg. 20	City Department of General Services, Alexandria Fire Department and ACPS Operations staff, City/ACPS Procurement staff	Early brainstorming	City and ACPS staff are planning to jointly develop a standardized process for managing the citywide portfolio. ACPS and City Procurement staff have begun conversations to develop criteria that meet the needs of both entities so that all future contracts may be shared. Now that the new ACPS Procurement Director is on board, more progress is expected in the coming months on this effort.

JOINT CITY-SCHOOLS FACILITIES INVESTMENT TASK FORCE RECOMMENDATIONS - PROGRESS STATEMENTS
as of 11/10/18

#	Key Observations	Recommendations	Page #	Responsible Party	Status	Progress Description
Alternative Delivery Methods Subcommittee						
8	Traditional practices, a 'business as usual' culture, and 'silos' within our city have stifled innovation, which we believe has resulted in missed opportunities for high-impact solutions for designing and delivering citywide capabilities and projects.	We recommend that leadership proactively challenge traditional practices and methods for capital project and service delivery by exploring new best practices to keep Alexandria competitive and attractive to potential partners and developers. This includes embracing opportunities such as public private partnerships, joint use, co-location, shared municipal services, adaptive reuse, and others as identified.	Pg. 28	City and ACPS Leadership to develop; all departments to implement	In process	As part of the FY 2019 City budget, a new public-private partnership (P3) position in the City Manager's Office was proposed to facilitate future public-private partnerships. This position would, among other duties, actively research and help implement alternative delivery solutions. Breadth of responsibilities would include collaborating with other agencies (P&Z, ACPS, AEDP, Procurement, etc.) and bringing their expertise to the table to help review, develop, negotiate and implement P3 operating and capital projects. City Council has requested additional information about this position before approving this proposal.
9	Creative and innovative solutions that have occurred are a result of ad hoc and reactive efforts rather than a cohesive, replicable process.	We recommend a framework and process be developed so staff are empowered to pursue alternative delivery of projects in a consistent manner. In order to develop this new framework and process, initiate a pilot project to serve as a model that can be modified and expanded over time.	Pg. 29	City and ACPS Leadership	Early brainstorming	Collaborative leadership will work to develop a framework of expectations for how projects, capital and otherwise, are pursued and explored to achieve the best possible outcomes. The high school capacity project is serving as a pilot project of this process as it will be collaborative between City and ACPS departments from start to finish. The project will also define the capability of how students can best be served, and explore all options rather than assuming a specific capital project.
10	Existing city and private resources have not been consistently or adequately leveraged, which has limited the return on investment of projects to date or the ability to effectively launch new efforts.	We recommend that adequate resources be identified to support and expand citywide technical expertise so that efforts can be coordinated, informed, and executed strategically. These resources include direction and commitment from leadership, leveraging existing groups such as Alexandria Economic Development Partnership, and new staff, systems, and access to specialized consultants.	Pg. 30	City Council/School Board; City and ACPS Leadership	In process	The proposed addition of the public-private partnership (P3) position in the City Manager's Office (see #8 above) to look at these options would commit added resources to these efforts. ACPS has increasingly utilized the Alexandria Economic Development Partnership (AEDP) and will continue to do so. Continued commitment by leadership to support delivery alternatives will further the development of P3 solutions.
11	Civic engagement is critical, but should not be treated as a substitute for strong leadership by elected representatives.	We recommend leadership ensure that current civic engagement policies and practices focus on the public becoming well-informed champions of citywide issues while providing input on individual projects. Leadership must remain transparent in decision making and feel empowered to choose solutions that are best for all of Alexandria.	Pg. 32	City Council/School Board	Early brainstorming	During the 2 nd visioning session, the City Council and School Board applied jointly developed decision criteria to the Task Force recommendations. The final report will provide more information relative to this recommendation.

JOINT CITY-SCHOOLS FACILITIES INVESTMENT TASK FORCE RECOMMENDATIONS - PROGRESS STATEMENTS
as of 11/10/18

#	Key Observations	Recommendations	Page #	Responsible Party	Status	Progress Description
Maintenance and Operations Subcommittee						
12	There is no standardization of capital asset data between the City and ACPS that would allow for a comparison of asset conditions.	We recommend the City and ACPS identify a common set of objectives and requirements for asset data for use in facilities planning, maintenance, and operations.	Pg. 40	City: Department of General Services, Fire Department, Procurement ACPS: Facilities and Procurement	In process	City and ACPS staff have recently formed an internal work group to develop objectives and execute an RFP for a Preventative Maintenance System Study. The selected 3 rd party expert will provide a series of findings and recommendations that address the following based on each entities needs: - Computerized Maintenance Management System (CMMS) - Facility Condition Assessment (FCA) and Software - Project Management Software
13	DGS, ACPS, and AFD have three different work order tracking systems with varying and often limited capabilities for preventive maintenance scheduling, which creates inefficiencies and lacks standard performance outcomes.	We recommend DGS, ACPS, and AFD establish a common, cost-effective approach to track and manage preventive maintenance needs, either by enhancing an existing system(s) or selecting a new system that meets the collective needs.	Pg. 42	City: Department of General Services, Fire Department, Procurement; ACPS: Facilities and Procurement	In process	See response to 12.
14	Existing staffing levels and other resources are strained and rely on vendors to inform and complete the majority of preventive maintenance work.	We recommend the City and ACPS identify optimal staffing levels, structures, and resources for maintenance and operation needs with strategies for how best to provide that capability. Seriously consider and adopt a plan to expedite deferred maintenance, similar to WMATA's SafeTrack program.	Pg. 43	City: Department of General Services, Fire Department, Procurement, Office of Management and Budget	In process	ACPS's recent Facilities Audit also recommended some of the changes suggested by the Task Force. Some organizational structure changes are being implemented. Staff need to determine if this will be part of the Joint Facilities Master Plan, or part of a separate plan to accompany the Joint Facilities Master Plan, to outline an expedited program for deferred maintenance in alignment with major capital modernizations. ACPS's and the City's annual facility budget process would be the annual opportunity to identify needed maintenance resources, as well as determine the appropriate mix of staff and contractors.
15	There is inconsistency in the level of standards and specifications that inform project design and construction between City and ACPS, which in turn can impact maintenance and operations.	We recommend the City and ACPS develop, implement, and regularly update design guidelines and specifications and standard operating procedures that meet lifecycle goals and objectives.	Pg. 45	Department of General Services, Alexandria Fire Department, ACPS Facilities	Early brainstorming	Staff will compile an inventory of all standards and specifications. Any gaps determined and opportunities to share will be identified. Having similar or the same design standards may offer opportunities for future sharing of maintenance, design or construction contracts. This recommendation will be addressed in more detail during the development of the Joint Facilities Master Plan.
16	Procurement manages a broad and diverse workload, which creates challenges in focusing time and efforts on capital project and maintenance and operations actions.	We recommend the City and ACPS identify and implement ways to increase procurement resources and efficiencies, including the feedback loop between procurement and technical staff, expanding best value negotiation options, shared service agreement opportunities, and other new approaches for executing and coordinating procurements.	Pg. 47	City/ACPS Procurement staffs	Early brainstorming	See #7 above. City and ACPS staff intend to look for ways to maximize the efficiency of each entities' procurement staff, processes, and procurement methods in the future. Any resources needed or potential improvements through collaboration will be explored. One improvement currently being pursued is the use of the City's financial system to improve capital purchase order work flow for ACPS and minimize the impact to procurement, technical and budget staff. The internal working group has met twice this fall to execute this potential improvement and identified improvements will be implemented following completion of their work.

City of Alexandria, Virginia

MEMORANDUM

DATE: NOVEMBER 7, 2018

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: BUDGET AND FISCAL AFFAIRS ADVISORY COMMITTEE (BFAAC)

SUBJECT: MEMO #1 - BUDGET AND FISCAL AFFAIRS ADVISORY COMMITTEE
FISCAL YEAR 2020 WORK PLAN

Again this year, BFAAC plans to provide Council with memos throughout the year rather than delivering one comprehensive report in the spring. Last year, in addition to a work plan and budget guidance, BFAAC delivered two memos jointly with the School Board's Budget Advisory Committee (BAC) commenting on the recommendations of the Ad Hoc Joint City Schools Facilities Investment Task Force, which primarily addressed budget process, broad City planning and facilities maximization. BFAAC also provided memos addressing the ten-year cumulative impact of budget cuts on core City services, and recommendations related to the City Manager's proposed FY 2019 budget. The latter memo also included a recommendation to plan for long term revenue needs.

Recognizing a new Council will be seated in January, BFAAC proposes the following preliminary work schedule for 2020, largely continuing work already in progress. We also invite requests from Council during the course of the year to address other topics of concern.

RECOMMENDATIONS FOR THE FY 2020 BUDGET GUIDANCE (November 2018) – BFAAC's first memo will provide recommendations for Council to consider as it develops FY 2020 budget guidance. The memo, along with this one, will be the foundation for BFAAC's briefing to Council at its November 10 retreat.

SUSTAINABLE CITY SUPPORT FOR AFFORDABLE HOUSING (Q1 2019) – BFAAC recognizes the negative impact of a dwindling supply of affordable housing on quality of life for residents, economic development, and our ability to house providers of key City services within Alexandria, and applauds the efforts of Council, City staff and local partners to address this need. BFAAC will issue a report assessing the budget's readiness to support affordable housing goals and exploring opportunities to maximize resources for affordable housing including creative or alternative approaches to financing.

RECOMMENDATIONS OF THE JOINT TASK FORCE (Q1 2019) – BFAAC plans to work with the School Board’s BAC to monitor the implementation of the Joint Task Force recommendations.

RECOMMENDATIONS AND OBSERVATIONS RELATED TO THE CITY

MANAGER’S PROPOSED FY 2020 BUDGET (April 2019) – BFAAC will provide Council a memo with recommendations regarding major issues facing the City in FY 2020. The memo will follow up on revenue and process recommendations made in BFAAC’s FY 2019 Budget memo. BFAAC continues to recommend the creation of a Revenue Master Plan and identifying actionable strategies to grow the City’s revenue base with a focus on increasing the commercial contribution to the tax base. In this memo BFAAC also intends to address employee compensation (both general schedule and public safety), and the costs of recruiting and maintaining staff.

ADDITIONAL MEMOS TBD – BFAAC will be available to support Council throughout the year as matters may arise, welcoming requests from Council on matters where guidance can be helpful.

BFAAC appreciates Council’s support of its work and will endeavor to continue to provide the best recommendations possible on the budget and fiscal affairs of the City of Alexandria.

City of Alexandria, Virginia

MEMORANDUM

DATE: NOVEMBER 7, 2018

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: BUDGET AND FISCAL AFFAIRS ADVISORY COMMITTEE (BFAAC)

SUBJECT: MEMO #2: RECOMMENDATIONS FOR THE FY 2020 BUDGET GUIDANCE

As Council develops its budget guidance for FY 2020, BFAAC encourages Council to:

- **Focus on Policy Outcomes** – BFAAC reiterates its previous recommendation that guidance focus on achieving policy outcomes, rather than giving the City Manager specific instructions. BFAAC recommends Council avoid giving specific instructions in areas such as: employee compensation, school division transfers, tax rates, number of full-time equivalents in specific departments, etc. and allow the City Manager to present Council a variety of options to meet strategic objectives identified in its guidance.
- **Implement the Ad Hoc Joint City Schools Facilities Investment Task Force** – BFAAC encourages Council to use the guidance to reiterate its support for implementing the Task Force recommendations.
- **Set a Five-Year Revenue Target** – BFAAC encourages Council to set a five-year revenue goal and direct staff to develop an actionable plan with strategies to grow and diversify the City's revenue base.
- **Examine the Budget Timeline** – BFAAC encourages Council, as part of this guidance, to ask staff to develop a process, starting with FY 2021, to separate the consideration of the CIP, which represents long-term needs, from the operating budget, which represents annual needs. Likely this would involve Council setting the CIP budget in the fall, and the operating budget in the spring. BFAAC recognizes that City and ACPS budget staffs have begun exploring this change, which also was recommended in the Joint Task Force report, and encourages both to make necessary process adjustments to implement the separation beginning in FY 2021.
- **Consider Regional Uncertainty** - BFAAC encourages staff, to the best of its ability, to address safeguards for uncertainty in our region including federal funding and employment; and Metro service and support, which make Alexandria vulnerable to both expense and revenue shifts outside our control.

City of Alexandria, Virginia

MEMORANDUM

DATE: NOVEMBER 7, 2018

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

TITLE: Consideration of the Resolution to Establish the FY 2020 Budget Guidance.
[ROLL-CALL VOTE]

ISSUE: Consideration of the Resolution to Establish the FY 2020 Budget Guidance.

RECOMMENDATION: That City Council adopt the FY 2020 Budget Guidance Resolution (Attachment). This resolution will provide guidance to the City Manager to be used in his preparation of the Proposed FY 2020 Operating Budget and FY 2020 to FY 2029 Capital Improvement Program to be presented for Council consideration on February 19, 2019.

BACKGROUND: The attachment in this docket reflects guidance adopted in prior resolutions, updated with FY 2020 Budget Development information. The City Council Retreat is scheduled for November 10, 2018 at which time the attached budget resolution will be discussed. An adjusted version will be presented at the City Council meeting if changes come out of the Retreat discussions.

BUDGET GUIDANCE RESOLUTION (Attachment 1): Council has for some time annually adopted a resolution that provides the City Manager with guidance for the preparation of the forthcoming budget and multi-year Capital Improvement Program. The proposed Budget Guidance Resolution for the FY 2020 Operating budget and FY 2020 to FY 2029 Capital Improvement Program reflects the same principles and features as the FY 2019 Council adopted Budget Guidance Resolution with the following changes:

1. The whereas section recognizes Priority Based Budgeting as a tool to help set budget priorities and funding levels.
2. Section (b) **Taxes, Fees, Fines and Services** Charges, incorporates general language that allows the City Manager the flexibility to consider changes to tax rates, tax designations/reservations, and other fees as part of the City Manager Proposed Budget.
3. Section (h) **Add/Delete Process** is not included in the attached Guidance resolution and will be included in the *Resolution Establishing the Process To Be Used to Adopt the*

Operating Budget and Capital Improvement Program, which is docketed as the next item on the Council agenda after this Budget Resolution docket item.

The preliminary estimate of FY 2020 General Fund revenue growth is just over two-percent. At the current real estate tax rate, that growth rate would produce approximately \$14 million in total City-wide new General Fund revenue. A City and ACPS operating and capital expenditure pressure of \$42 million is projected. This creates a \$28 million starting General Fund budget gap which will need to be closed. In order to contain overall expenditures within the revenues available, it will be necessary that both the City government and ACPS manage expenditure growth pressures, as well as to reprioritize existing operations and capital investments.

FISCAL IMPACT: None.

ATTACHMENT: Setting Guidance for FY 2020 General Fund Operating Budget and Capital Improvement Program for FY 2020 to FY 2029

STAFF:

Laura Triggs, Deputy City Manager

Morgan Routt, Director, Office of Management and Budget

RESOLUTION NO. ____

**Setting Guidance for FY 2020 General Fund Operating Budget
and Capital Improvement Program for FY 2020 to FY 2029**

WHEREAS, the City Council of Alexandria passed 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 2020 budget.

WHEREAS, the City will conduct public outreach designed to collect input into the development of the FY 2020 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 and various other adopted strategic plans and master plans must 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, 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 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 and Work Sessions.

(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 2020 through 2029 CIP shall incorporate the following:

1. Compliance with the City's adopted Debt Related Financial Policy Guidelines for any debt issuance planned for FY 2020 through FY 2029;
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 2020 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 2019, if any, as commitment for capital projects in FY 2020 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 2019 plus the overall General Fund FY 2020 revenue rate of growth and the high end of the range being the low end amount plus the cost of FY 2020 increased enrollment, (2) the Alexandria City Public Schools is requested by City Council to articulate in general categories and prioritize any City FY 2020 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 2020 through FY 2029 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 2020 proposed budget and include such amount as an separate element of the total recommended FY 2020 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.

ADOPTED:

Allison Silberberg Mayor

ATTEST:

Gloria A. Sitton, CMC City Clerk

City of Alexandria, Virginia

MEMORANDUM

DATE: NOVEMBER 7, 2018

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

TITLE: Consideration of a Budget Resolution Establishing the Process to be Used to Adopt the FY 2020 Operating Budget and the FY 2020 to FY 2029 Capital Improvement Program. [ROLL-CALL VOTE]

ISSUE: To determine the process that will guide the FY 2020 budget deliberations.

RECOMMENDATION: That City Council adopt the proposed resolution (Attachment 1) establishing the Process to Be Used to Adopt the FY 2020 Operating Budget and the FY 2020 to FY 2029 Capital Improvement Program.

BACKGROUND: This resolution would establish the framework for City Council's deliberations for the FY 2020 Operating Budget and FY 2020 to FY 2029 Capital Improvement Program to be presented for Council consideration on February 19, 2019.

City Council has long had a resolution in place to frame the budget process roles and responsibilities of Council, the City Manager and the Alexandria City Public Schools (ACPS). The attached budget process resolution reflects the language and process used for FY 2019. The dates proposed in this resolution reflect the adopted City Council calendar for 2019. The only format difference from last year's budget process resolution is that the add/delete language has been moved in its entirety from the budget guidance resolution to this budget process resolution.

During the FY 2019 budget debriefing City Council discussed the possibility of adding a second public hearing to obtain public input on the preliminary add/deletes proposed by City Council. In lieu of a second public hearing on the budget, staff could provide an online solution that would allow electronic add/delete comments by the public. This solution would be more accessible to a greater audience as comments could be received for a greater length of time and at all hours of the day. In addition, this option would also allow the current calendar to remain largely unchanged, whereas the addition of another budget public hearing would require significant changes to the work session and add/delete schedule and result in a compression of the Council budget consideration process.

FISCAL IMPACT: None.

ATTACHMENT: Budget Resolution Establishing the Process to Be Used to Adopt Operating Budget and Capital Improvement Program

STAFF:

Laura Triggs, Deputy City Manager

Morgan Routt, Director, Office of Management and Budget

Resolution No. _____

Budget Resolution Establishing the Process to be Used to Adopt the FY 2020 Operating Budget and the FY 2020 to FY 2029 Capital Improvement Program

WHEREAS, the Alexandria City Council wishes to establish policies to guide upcoming budget deliberations to ensure responsible actions with current economic resources; and

WHEREAS, resolutions No. 2088, 2150, 2166, 2256, 2368, 2587, 2653, 2747, and 2796 previously adopted by City Council have now expired, or will soon expire; and

WHEREAS, City Council believes that flexibility is needed for both the preparation and evaluation of expense items as well as with regard to diversifying the sources of revenue available to fund the General Fund Operating Budget; and

WHEREAS, City Council's deliberations on the budget each year reflect a balancing of the needs of the community with the community's ability to afford services to meet those needs; and

WHEREAS, City Council desires to provide the core services expected of a municipal government and to continue to provide quality services and facilities for the residents and businesses of Alexandria, but understands that economic reality will require significant trade-offs between services and revenues; and

WHEREAS, City Council is committed to managing the cost of City General Fund operating and capital expenditures in order to properly balance the tax burden placed on the community; and

WHEREAS, City Council is committed to achieving the vision and strategic goals, long term outcomes, objectives, and initiatives as outlined in the City Council's Strategic Plan; and

WHEREAS, City Council desires to allow for a thoughtful and deliberate budget process given the budget's complexity and importance;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Alexandria, Virginia, that the Council shall, for the purposes of consideration of the Budget for the City of Alexandria, adopt this resolution and adhere to the following rules of procedure:

Section (a) The City Manager's Budget Submission to City Council and the Setting of Budget Guidance by City Council

(1) That the City Manager shall plan and prepare the proposed Operating Budget and proposed ten-year Capital Improvement Program and that such preparations shall include those programs and resources necessary to achieve the City Council Strategic Plan.

(2) That the City Manager shall present to City Council a preliminary forecast and outlook for (a) revenues and (b) expenditures necessary to maintain existing services and policies (including the City Manager's forecast of cash capital and debt service costs related to the most recently approved Capital Improvement Program).

(3) That City Council shall direct that the City Manager prepare a budget resolution to be adopted by City Council to guide the preparation of the upcoming Operating Budget and next Capital Improvement Program.

(4) That the City Manager shall submit a proposed Operating Budget and Capital Improvement Program to the City. Such budget shall meet any guidance for General Fund revenues and expenditures established by City Council and should include no more than one percent of unreserved fund balance.

Section (b) The Budget Submission to City Council by the Alexandria Public Schools (ACPS)

(5) That the Alexandria City School System (ACPS) shall separately present to City Council, but in a format coordinated with the City Manager, its preliminary forecast and outlook for (a) expenditures necessary to maintain appropriate services and policies, (b) the outlook for additional requests for Schools operating in the upcoming fiscal year and capital needs through the upcoming fiscal year and the succeeding 9 years, (c) projected ACPS capital related debt service for the upcoming fiscal year, (d) the outlook for possible budget reductions and increases in fees, fines and charges for services, (e) the outlook for Federal and State grants, and the costs of meeting unfunded Federal and State mandates, both current mandates and projected new mandates.

(6) That the Board of the Alexandria City Public Schools is requested to adopt a Capital Improvement Program no later than December 20, 2018 and an Operating Budget no later than February 21, 2019 so that any request may be considered by City Council in parallel with the City Manager's proposed operating budget and Capital Improvement Program. If the ACPS budget request exceeds or otherwise does not comply with any guidance regarding fiscal limitation provided by City Council to ACPS, then ACPS shall clearly identify what operating programs and activities would be funded if additional funding were provided.

Section (c) Actions of City Council Concerning The Budget Submissions of the City Manager and the Alexandria Public Schools (ACPS)

(7) That as part of a preliminary forecast of assessments and expenditures provided by the City Manager, City Council will consider this information and any other relevant

information available to it at that time including the comments of residents provided via a public hearing or other public input opportunities.

(8) That the Council shall hold a budget public hearing on the City Manager's proposed budget in the month following the budget submission by the City Manager and should reserve time for public comment once the Preliminary Add/Delete list of City Council Budget Proposals and technical adjustments by the Office of Management and Budget has become available and distributed to the community. Any additional public hearing shall not conflict with or serve in place of a public hearing regarding the establishment of an effective tax rate as required by the Code of Virginia.

(9) That Council directs City staff to organize at least one public meeting outside of City Hall to present the budget to interested residents, and solicit input. Additionally, City staff shall provide an opportunity for residents and organizations to submit written budget comments to the Council in lieu of or in addition to participation in public meetings.

(10) That Council directs City staff to prepare motions for adoption of the Operating Budget and Capital Improvement Program and a summary of decisions made in the Final Add/Delete worksession following the worksession. Those motions and the summary of final decisions shall be released for public review no later than 48 hours prior to the scheduled adoption.

(11) That City Council shall consider these proposals and endeavor to enact an Operating Budget and Capital Improvement Program that balance the needs of the community with the community's desire and ability to pay for services to meet those needs.

(12) That City Council plans to adopt such a budget resolution.

Section (d) Proposed Budget for the City of Alexandria

(13) For purposes of this resolution, the proposed budget of revenue rates and expenditure levels for the fiscal year shall be that proposed by the City Manager.

(14) For purposes of this resolution, the Office of Management and Budget shall provide revenue and/or expenditure projections for any motion or amendment that could affect the proposed budget specified in Section (a) (2).

Section (e) Maximum Expenditure Levels May Not Exceed Sum of Projected Revenue and Appropriation from Fund Balance in Proposed Budget

(15) It shall not be in order in the Alexandria City Council to consider any motion or amendment to the proposed budget of the City of Alexandria if:

- (i) there has not been a Budget Memo or formal information request submitted that relates to the specific item proposed for consideration or a Council

discussion of the proposal during a budget work-session or public hearing has not occurred; and

(ii) any such motion or amendment that has the effect of increasing any specific budget expenditures proposed by the City Manager or would have the effect of reducing any specific revenue proposed by the City Manager unless such motion or amendment provides for a specific offset of either expenditure or revenue and ensures the maintenance of the fiscal balance of the proposed budget; and

(iii) such motion or amendment is not provided in the form of a City Council budget proposal submitted to the Office of Management and Budget (OMB) or an OMB technical adjustment at least 14 days prior to the adoption of the budget in accordance with the FY 2019 Rules of Engagement for the Add/Delete Process.

(16) In the Alexandria City Council, any appropriation from the Fund Balance or any like account beyond that proposed in the Manager's proposed budget shall require an affirmative vote of five Council Members.

Section (f) Actions of City Council Concerning the Add/Delete Process

(17) 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 each of the subsequent budget processes:

(i) 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.

(ii) 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:

1. Additional information related to how the change advances the Council's goals/priorities.
2. Additional information related to how the change impacts the performance of that program, service or goal.
3. The support of at least 3 of 7 Council members (the original sponsor and two co-sponsors).
4. 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.

(iii) 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 2020, April 18].

(iv) 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 2020, April 23].

(v) 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 25].

(vi) Completed Council Budget Proposals, with funding, will be circulated to Council and the public the Friday prior to budget adoption [for FY 2020, April 26].

(vii) City Council will be required to keep the budget in balance once all decisions are made.

(viii) Final decisions will be made 72 hours prior to budget adoption and discussed at a Special City Council work session [for FY 2020, April 29].

(ix) Final decisions will be made available to the public 48 hours prior to budget adoption [for FY 2020, April 30]

(x) Budget Adoption will occur on May 2, 2019 with all City Council Budget Proposals, those approved and those not approved, made public upon adoption of the budget.

Section (g) Expiration – The provisions of this resolution shall expire on June 30, 2019.

ADOPTED:

Allison Silberberg Mayor

ATTEST:

Gloria A. Sitton, CMC City Clerk