



# **FY 2021 Proposed Operating Budget & Capital Improvement Program (CIP)**

February 18, 2020

# Strategic Focus of Proposed Operating Budget and CIP

- Continued Smart, Green, and Equitable focus
- Revenue improving gradually
- Some City service improvements with no significant service reductions
- Workforce investments for employee recruitment and retention
- Education funding a priority
- Investments needed for School and City capital projects for the long-term benefit of the community

# A Smart City

- Alex 311 implementation
- Increased TES and P&Z staffing for timely land use and transportation development application processing
- Alexandria Justice Information System replacement
- Continued investment in cybersecurity protections
- Historic Preservation Initiatives
- Enhanced BPOL tax collections
- NoVA Regional Economic Development Alliance seed funding

# A Green City

- Energy and Climate Change Action Plan implementation
- Parks Initiatives
  - Improved Waterfront Park Maintenance
  - Improved Game Field Turf Maintenance
  - Synthetic Field Turf Sanitization

# An Equitable City

- Investment in two historical houses:
  - Murray-Dick-Fawcett House
  - 1315 Duke Street House
- Visit Alexandria African American History Initiative
- Language Access Plan Implementation
- Summer school and after school program expansion for +200 Head Start and VPI preschoolers

# An Equitable City (Cont.)

- Expansion of Out of School Time (i.e., after school) program capacity
- Management and evaluation of Judicial System diversion programs
- DCHS staffing to meet increased demand:
  - Child Welfare
  - Benefits Caseloads
  - Medicaid Administration Costs
- Expansion of parent infant education initiatives
- Neighborhood Health obstetrics and prenatal services

# The Economy

- Increased TES and P&Z staffing for timely land use and transportation development application processing
- North Potomac Yard Plan Revision (Virginia Tech) implementation
- Potomac Yard Metrorail Station construction continues
- NoVA Regional Economic Development Alliance seed funding

# FY 2021 Proposed Budget

- General Fund base budget expenditures of \$791.4 million increased by 3.4% and funded within existing \$1.13 real estate rate:
  - City operations increase by \$16.2 million or 4.2%
  - +2 cents for School and City capital investment raises proposed budget to \$799.9 million
  - ACPS Superintendent's proposed request of \$241.4 million from the City is 100% funded
  - ACPS School Board approved 10-year CIP of \$530.7 million is 100% funded, including \$198.8 million in FY 2021
  - WMATA operating subsidy increasing by \$5.1 million or 10.8%



# FY 2021 Proposed Budget

General Fund Expenditures (\$ in millions)	FY 2019 Actual	FY 2020 Revised	FY 2021 Proposed	\$ Chg	% Chg
City Operations					
Personnel	221.5	233.4	240.6	7.1	3.1%
Non-Personnel	92.9	90.2	96.0	5.8	6.4%
Interfund Transfers	67.1	64.3	67.6	3.3	5.1%
City Operations Subtotal	381.4	387.9	404.1	16.2	4.2%
City CIP					
Cash Capital	38.2	41.1	41.2	0.2	0.4%
City Debt Service	40.9	37.9	37.3	(0.6)	-1.5%
City CIP Subtotal	79.1	78.9	78.5	(0.4)	-0.5%
Transit	29.6	38.7	38.8	-	0.1%
ACPS					
Operating Transfer	223.8	231.7	241.4	9.8	4.2%
Schools Debt Service	28.9	28.1	28.6	0.5	1.7%
ACPS Subtotal	252.8	259.8	270.0	10.2	3.9%
Total	742.9	765.4	791.4	26.0	3.4%
2-Cent Tax Rate Increase for School and City Capital	-	-	8.5	8.5	100.0%
<b>Total General Fund Expenditures</b>	<b>742.9</b>	<b>765.4</b>	<b>799.9</b>	<b>34.6</b>	<b>4.5%</b>

# Revenue

- Revenue projected to grow by 3.4%
- Real estate values increased 4.15%
- Average residential (single-family and condo) assessment is up 4.62% which translates to a +\$312 FY 2020 average tax bill
- In order to fund increases in School and City capital investments, a 2.0 cent increase to \$1.15 in the real estate tax rate is proposed which would add \$116 to the FY 2020 average tax bill
- No proposed changes in other tax rates

## Revenue (Cont.)

- Sanitary Sewer fee remains flat
- Increase of 11.9% in solid waste fee = +\$49 per year
- Increase of 4.5% in storm sewer fee = + \$6.30

# Revenue (Cont.)

- User fee increases, include:
  - Some development related fees
  - Special events permits and park/athletic rental fees
  - Recreation center admissions
  - Ambulance transports
  - Museum tours and rentals
  - Out of School Time Programs

# Workforce Investment

- Budget includes merit step increases for eligible employees
- 1.5% competitiveness adjustment to all pay scales = \$3.5M
- Targeted competitiveness pay adjustments for a number of Public Safety job classifications = \$0.8M
- Overhire Deputy Sheriff positions to maintain minimum staffing levels
- +6 Fire staffing relief positions to reduce overtime and improve employee health and wellness
- Increased professional health hours for fire fighters and medics
- Part-time DEC Psychologist for post-trauma/stress counseling and support

# Workforce Investment (Cont.)

- Reduced employee health insurance premium for 1,000 employees from 20% to 15% for employees making less than \$70K
- Health Insurance
  - UHC = 0% increase, one-month premium holiday
  - Kaiser = 5% increase, pre-deductible services added
  - Creation of Employee + Child(ren) health insurance option
- More flexible use of 6-week parent leave
- Full-year funding of Work'N Well employee wellness program
- Mandated VRS retirement funding increases = \$1.45M

# Workforce Investment (Cont.)

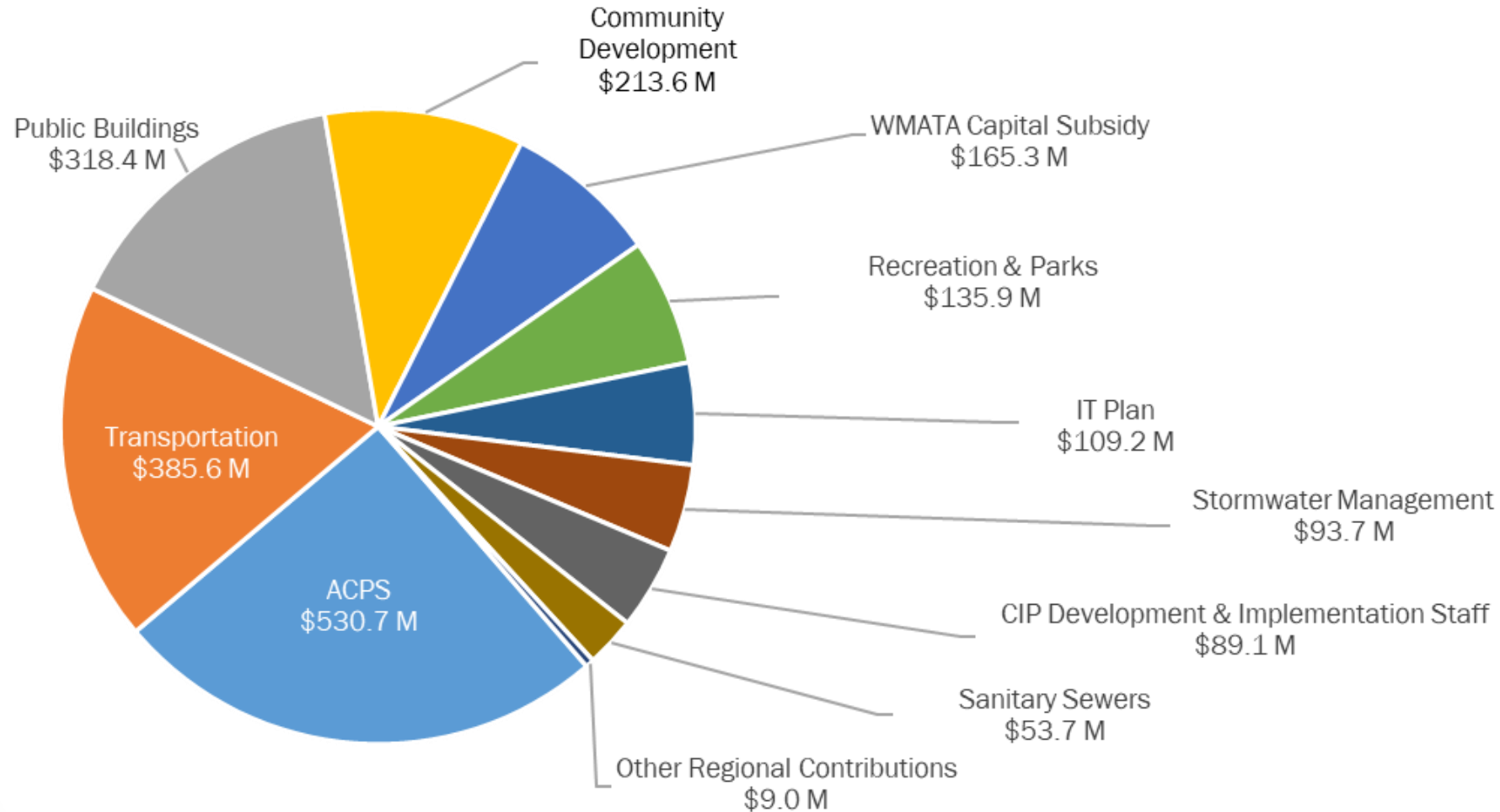
- Reestablish employee down payment assistance for City and ACPS employees to buy and own homes in the City
- Continued conversion of long-standing temporaries into permanent positions
- FTEs increase by +34 from 2,643 to 2,677
  - Equivalent to staffing level in FY 2009
  - City employees per capita were 195 employees per 10,000 residents in FY 2009, and will be 165.2 per 10,000 residents in FY 2020
  - Public Safety positions = +39.5 since FY 2009

# 10-year Capital Investment Plan (FY 2021 - FY 2030)

- 10-year CIP totals \$2.1 billion
- First revamped CIP since Fall 2017
  - Construction cost increases have substantially increased since then
  - Specific annual repricing building into CIP projects over 10 years
  - Increased contingents incorporated
- \$2.1 billion = +30%, reflect higher construction costs, plus increased investments in schools, public buildings, recreation and park facilities, and public transit investments
- ACPS School Board Approved CIP is 100% funded



# 10-year Capital Investment Plan (FY 2021 - FY 2030)



CIP Total = \$2.1 billion

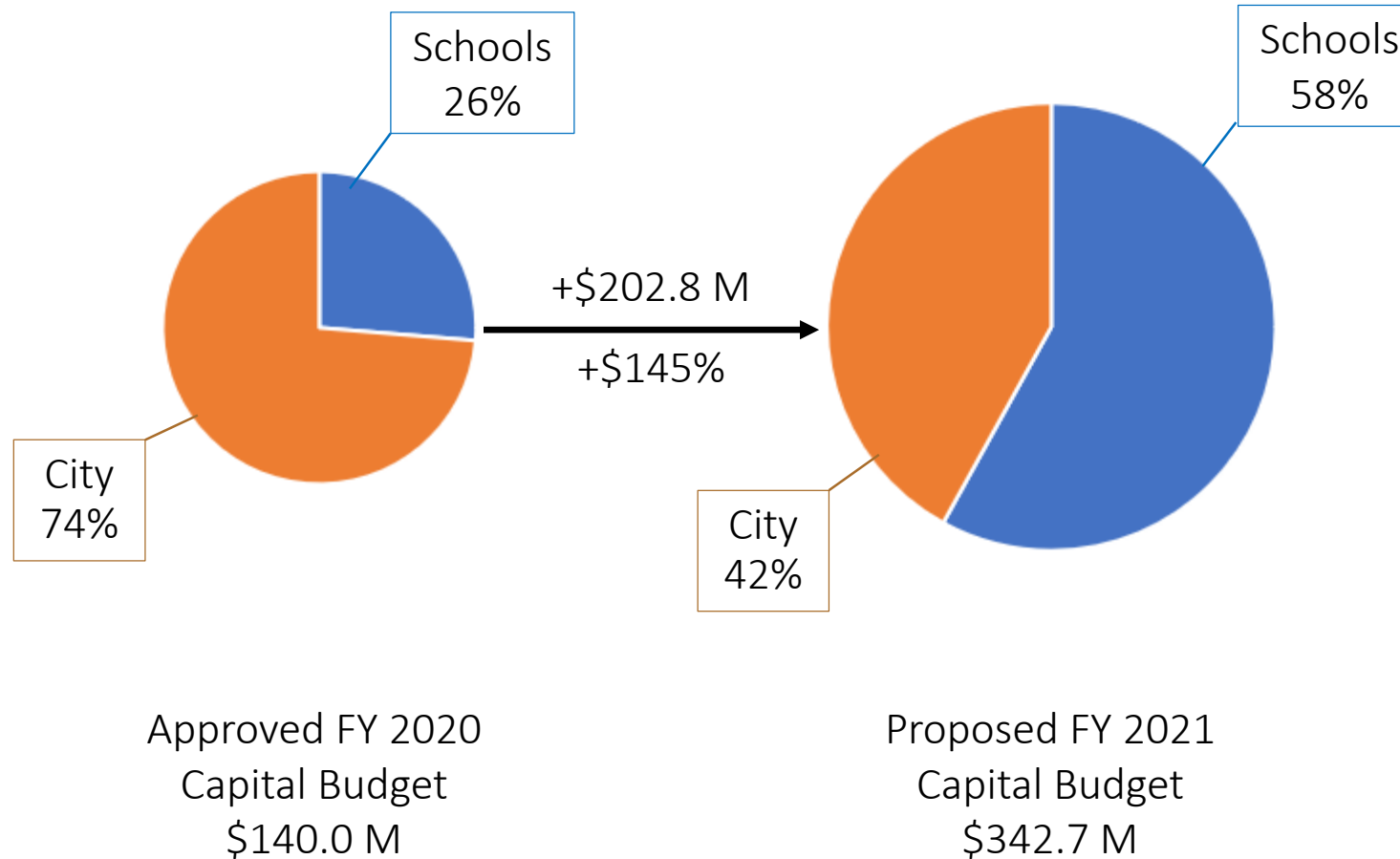
# Capital Investment Plan Highlights

- Schools
  - \$530.7 M School Board request is fully funded
  - 53% of ACPS CIP occurs in first two years of the CIP, 73% in five years of CIP
    - \$198.8 M in FY21
      - MacArthur Elementary replacement and expansion = \$69 M
      - TC Williams addition (Minnie Howard campus rebuild) = \$158 M
- Continued emphasis on state of good repair based on condition assessments and best practices
- Waterfront Flood Mitigation and City Hall Renovation
  - Priced in 10-year CIP at 75% of “full” projected costs until more planning and options are reviewed

# 10-year Capital Investment Plan (FY 2021 - FY 2030)

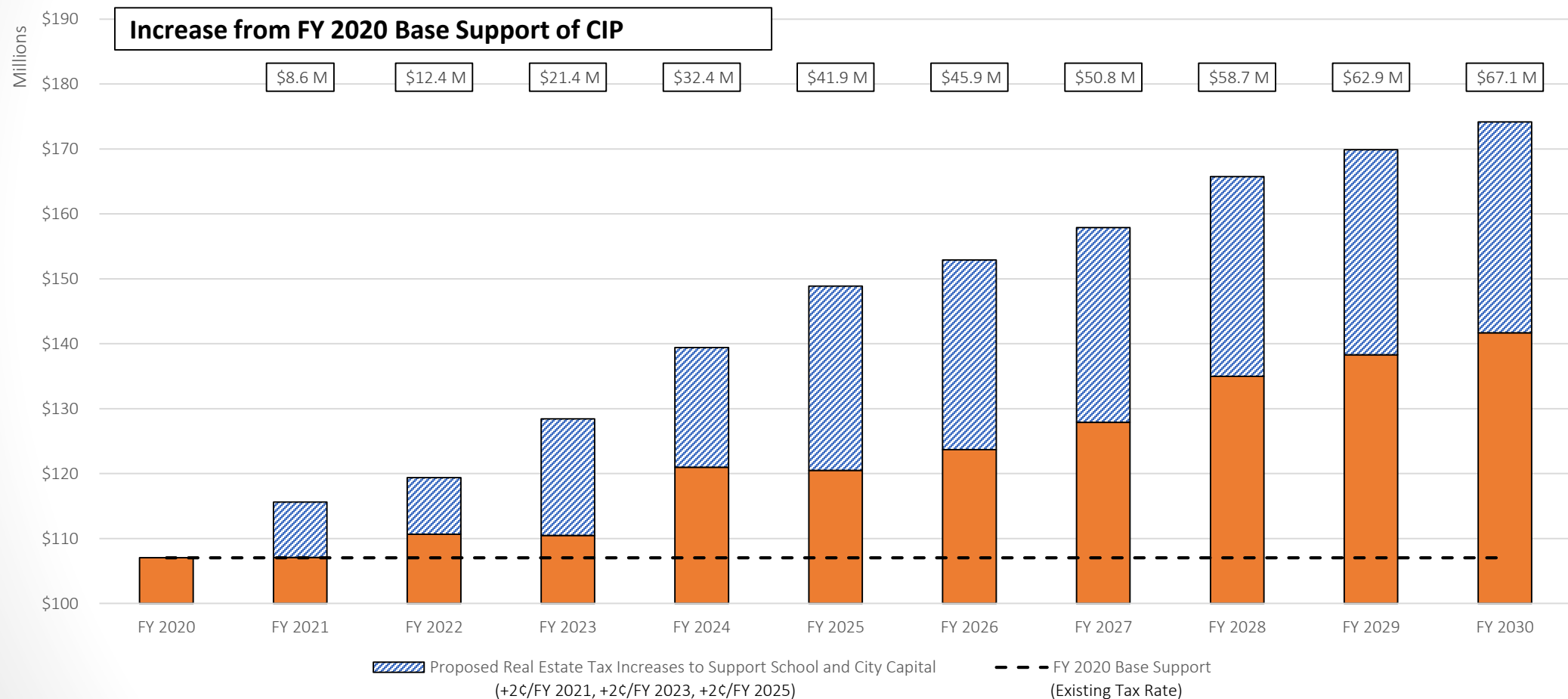
- FY 2021 CIP projects total \$342.7 million including \$198.8 million to fund School Board FY 2021 CIP request
- RE Tax Rate Increase for Capital
  - +2 cents on the RE tax rate in FY 2021, adds + \$12.8 million
  - Projected Funding Needs =
    - +2 cents in FY 2023 = +4 cents
    - +2 cents in FY 2025 = +6 cents
  - +6 cents in total added by FY 2025
    - Would add to the existing RE tax, but not be hard wired dedicated
    - All cash at first then converts to debt service
    - Funds about \$260 million in over 10 years
- 10-year CIP is comprised of 35% cash and 65% borrowing
- Affordable housing = \$69.3 M for 10 years

# Proportion of City and Schools Capital





# Proposed Tax Rate Increases to Support School and City Capital Needs





# FY 2021 Budget Work Sessions

(Tentative Schedule for Topics)

Wednesday, February 26	CIP Work Session
Wednesday, March 4	ACPS Joint Work Session
Wednesday, March 11	Compensation
Wednesday, March 18	Accountable and Healthy and Thriving Focus Areas
Wednesday, March 25	Livable Focus Area
Wednesday, April 1	Safe & Just Focus Area
Monday, April 13	BFAAC and Follow-up



# FY 2021 Budget Milestones

## (Tentative Schedule for Topics)

Thursday, February 20	Public Budget Presentation
Monday, March 9	Budget Public Hearing
Tuesday, March 10	Tax Rate Ordinance Introduction Set Maximum Tax Rate
Friday, March 27	Deadline for budget questions
Monday, April 6	Staff notification for items requiring an ordinance
Friday, April 10	Revenues Re-estimates and technical adjustments posted online



# FY 2021 Budget Milestones

Thursday, April 16	Preliminary Add Delete Proposals due
Friday, April 17	List of Preliminary Add/Delete Proposals posted to the public
Saturday, April 18	Maximum Tax Rate Public Hearing Budget Public Hearing on Add/Delete Proposals
Tuesday, April 21	Preliminary Add/Delete Work Session
Thursday, April 23	Results of Preliminary Add/Delete Work Session posted online
Monday, April 27	Final Add/Delete Work Session
Wednesday, April 29	Budget Adoption



# Review and Comment on the Budget

## Fiscal Year 2021 Budget Development

On November 2, 2019, City Council held its annual Retreat to kick-off the development of the budget, and on November 12, 2019 City Council adopted its FY 2021 budget guidance. The FY 2021 proposed budget is scheduled to be presented by the City Manager to City Council on February 18, 2020.

Please see the FY 2021 Budget Calendar and Resources link below for more information on the Council Retreat, Council Budget Guidance and overall budget process.

- [FY 2021 Budget Calendar](#)
- [FY 2021 Budget Resources](#)
- [Comment on the FY 2021 Proposed Budget](#) ←

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