



Legislation Text

File #: 22-0436, Version: 1

City of Alexandria, Virginia

MEMORANDUM

DATE: NOVEMBER 2, 2021

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

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

DOCKET TITLE:

Consideration of a Resolution to Establish FY 2023 Budget Guidance. [ROLL-CALL VOTE]

ISSUE: Consideration of a Resolution to Establish FY 2023 Budget Guidance.

RECOMMENDATION: That City Council adopt the FY 2023 Budget Guidance Resolution (Attached) which will provide guidance to the City Manager to be used in the preparation of the Proposed FY 2023 Operating Budget and Proposed FY 2023 to FY 2032 Capital Improvement Program to be presented on February 15, 2022, for City Council consideration.

BACKGROUND: The attachment in this docket reflects guidance adopted in prior resolutions, updated with FY 2023 budget development information. The City Council Retreat will be held on November 6, 2021, at which time staff will present an economic outlook and estimated budget gap for FY 2023 not including to-be-determined employee compensation increases beyond merit pay, supplemental funding requests from departments and other agencies, or capital project increases beyond the current funding plan.

City Council has, since the FY 2007 budget process, annually adopted a resolution that provides the City Manager with guidance for the preparation of the forthcoming budget and 10-year Capital Improvement Program. The proposed Budget Guidance Resolution for the FY 2023 Operating Budget and FY 2023 to FY 2032 Capital Improvement Program reflects many of the same principles and features as the FY 2022 Council adopted Budget Guidance Resolution with the following changes:

- (1) The City Manager is again directed to propose an operating budget and 10-year Capital Improvement Program (CIP) that seeks to balance the need to continue priority services and the need for an affordable tax and fee responsibility which may include tax and/or fee increases and increases in operating and capital project expenditures to fund priority services, including employee compensation initiatives, but

may also include service reductions to provide funding for higher priority services and minimize any tax rate increases; and

- (2) The City Manager is again directed to present two alternative budget scenarios, however those scenarios have changed from the FY 2022 scenarios:
 - (a) one that identifies further service reductions that would be recommended to balance the budget if the real estate tax rate is lowered; and
 - (b) one that identifies the amount of revenue and real estate tax rate increase that would be required to fund a budget with additional employee compensation increases, supplemental operating budget requests, and capital funding with few service reductions.
- (3) The City Manager is directed to make compensation a priority for FY 2023 budget consideration and is directed to review the City's employee compensation philosophy and recommend options for employee compensation increases for market competitiveness in all three scenarios.
- (4) The City Manager is directed to include a proposal for the allocation of \$29.6 million in Federal American Rescue Plan Act (ARPA) tranche #2 funding to be received in May 2022, and to seek public input into the priorities used to formulate the budget through a community survey and budget town hall meeting prior to the City Manager's final decision making for and presentation of the proposed budget and CIP.
- (5) The City General Fund budget increase for the combined Alexandria City Public Schools (ACPS) operating transfer and debt service to fund the debt service increase required to fund the High School project, the Douglas MacArthur project, and the new school building and an operating transfer that funds the operating cost increases associated with the Douglas MacArthur and North Beauregard projects and enrollment changes while balancing the need for an affordable tax and fee burden.

As always, staff will seek to absorb as many costs increases as possible by identifying efficiencies, increasing cost recovery, and reducing lower priority services to fund higher priority needs. City departments have been asked to provide reduction options of 2.5% to consider. The reduction options may contain service reductions and program cuts or eliminations which will be selected based on City priorities from this 2.5% options list. The flexibility to consider a real estate tax rate increase would provide greater opportunity to prioritize and minimize service eliminations while also addressing unmet or underserved needs, particularly in the areas related to employee compensation, capital project funding, the COVID-19 pandemic and recovery from it, climate change, race and social equity, and technology.

FISCAL IMPACT: None

ATTACHMENT: FY 2023 General Fund Operating Budget and Capital Improvement Program for FY 2023 to FY 2032 Budget Guidance Resolution

STAFF:

Laura Triggs, Deputy City Manager

Morgan Routt, Director, Office of Management and Budget