



Legislation Details (With Text)

File #: 23-0520 **Name:** Consideration of a Resolution to Establish FY 2023 Budget Guidance

Type: Resolution **Status:** Agenda Ready

File created: 11/14/2022 **In control:** City Council Legislative Meeting

On agenda: 11/22/2022 **Final action:**

Title: Consideration of a Resolution to Update FY 2024 Budget Guidance. [ROLL-CALL VOTE]

Sponsors:

Indexes:

Code sections:

Attachments: 1. 23-0520_ FY24 Budget Guidance Resolution, 2. 23-0520_3118 siged resolution

Date	Ver.	Action By	Action	Result
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City of Alexandria, Virginia

MEMORANDUM

DATE: NOVEMBER 15, 2022

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

THROUGH: JAMES F. PARAJON, CITY MANAGER /s/

FROM: MORGAN ROUTH, DIRECTOR OF MANAGEMENT AND BUDGET

DOCKET TITLE:
Consideration of a Resolution to Update FY 2024 Budget Guidance. [ROLL-CALL VOTE]

ISSUE: Consideration of a Resolution to Update FY 2024 Budget Guidance.

RECOMMENDATION: That City Council update the FY 2024 Budget Guidance Resolution (Attachment). This resolution will provide guidance to the City Manager to be used in the preparation of the Proposed FY 2024 Operating Budget and Proposed FY 2024 to FY 2033 Capital Improvement Program to be presented on February 28, 2023, for City Council consideration.

BACKGROUND: City Council adopted the FY 2024 Budget Guidance Resolution (Attachment) on November 9, 2022 following the City Council Retreat on November 5, 2022, at which staff presented an economic outlook and estimated budget gap for FY 2024 not including employee compensation increases

beyond merit pay, supplemental funding requests from departments and other agencies, or capital project increases beyond the current funding plan. On November 12, 2022, following a discussion of project labor agreements in City Capital Improvement Program (CIP) projects, Council directed staff to revise the budget guidance resolution to include project labor agreements in the CIP. A new section (f) 6 has been added to the CIP guidance in the attached resolution.

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 2024 Operating Budget and FY 2024 to FY 2033 Capital Improvement Program reflects many of the same principles and features as the FY 2023 Council adopted Budget Guidance Resolution with the following changes:

- (1) The City Manager shall propose for Council consideration a proposed operating budget and 10-year Capital Improvement Program and one alternative budget scenario; and
- (2) One budget scenario will be recommended to balance the budget if the real estate tax rate remains at its current level, and one will include recommendations for a real estate tax or other tax rate increases.
- (3) The proposed CIP will evaluate projects with a construction contract of more than \$35 million for the feasibility of using a project labor agreement.

As always, staff will seek to absorb as many cost increases as possible by identifying efficiencies, increasing cost recovery, and reducing lower priority services to fund higher priority needs. The reduction options may contain service reductions and program cuts or eliminations which will be selected based on City priorities from this 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.

Criteria for considering if the use of a project labor agreement is practicable may include:

- (1) Use of a project labor agreement advances the City's interest in producing labor-management stability, and ensuring compliance with laws and regulations governing safety and health, equal employment opportunity, labor and employment standards, and other matters;
- (2) The project requires multiple construction contractors or subcontractors employing workers in multiple crafts or trades;
- (3) The total construction costs, not including planning or ongoing operations and maintenance, of the contract to the City is anticipated to be \$35 million or more; and
- (4) The use of a project labor agreement does not adversely impact the ability to attract and utilize local, small, women-owned, and minority vendors.

Work on the use of project labor agreements is fairly new to capital projects in Northern Virginia, which makes finding benchmarks for this process difficult. District of Columbia's Code governing Use of Project Labor Agreements sets a threshold of a construction value of \$75 million or higher. The White House's Executive Order on Use of Project Labor Agreements for Federal Construction Projects promotes the use of project labor agreements on 'large-scale construction projects' which is further defined as having a construction value of \$35 million or greater.

FISCAL IMPACT: None.

ATTACHMENT: FY 2024 General Fund Operating Budget and Capital Improvement Program
for FY 2024 to FY 2033 Budget Guidance Resolution.

STAFF:

Amanda Hamm, Assistant Director, Management and Budget

Arthur Wicks, CIP Manager, Management and Budget