



Legislation Text

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File #: 18-6969, Version: 1

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City of Alexandria, Virginia

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MEMORANDUM

**DATE:** NOVEMBER 8, 2017

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

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

**DOCKET TITLE:**

Consideration of the Resolutions to Establish the FY 2019 Budget Guidance. [ROLL-CALL VOTE]

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**ISSUE:** What budget guidance should be adopted for FY 2019?

**RECOMMENDATION:** That City Council:

1. Adopt the proposed resolution (Attachment 1) updating the Process to Be Used to Adopt the FY 2019 Operating Budget and the FY 2019 to FY 2028 Capital Improvement Program; and
2. Adopt the FY 2019 Budget Guidance Resolution (Attachment 2).

These resolutions would establish the framework for City Council's deliberations for budget adoption, and give guidance to the City Manager to be used in his preparation of the Proposed FY 2019 Operating Budget and FY 2019 to FY 2028 Capital Improvement Program to be presented for Council consideration on February 20, 2018.

**BUDGET PROCESS RESOLUTION (Attachment 1):** 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). At this time, the current in-place budget process resolution is proposed with no policy changes. This Budget Process Resolution is proposed at this time because the prior Budget Process Resolution has expired.

**BUDGET GUIDANCE RESOLUTION (Attachment 2):** Council has long had a resolution in place that provided 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 2019 Operating budget and FY

2019 to FY 2028 Capital Improvement Program reflects the same principles and features as the FY 2018 Council adopted Budget Guidance Resolution with the following changes.

1. CIP guidance related to proposed amendments to the City's debt related financial policies has been removed as a result of City Council's adoption of the debt related financial policy amendments as part of the FY 2018 budget adoption.
2. Guidance related to the ACPS operating budget has been updated to include a specific target range for the General Fund transfer in the City Manager's proposed budget based on the rate of anticipated revenue growth, enrollment growth, and cost to open the new elementary school. The low end of the range is proposed to be a percent growth rate tied to the overall FY 2019 projected General Fund revenue growth rate. The high end of the range is the low-end target plus the cost of enrollment growth and the cost of opening of the new West End elementary school. The guidance also request ACPS to itemize and prioritize in general categories amounts of General Fund City appropriation included in the ACPS proposed budget above the minimum threshold of the guidance.

The preliminary estimate of FY 2019 General Fund revenue growth is just over one-percent. At the current real estate tax rate, that growth rate would produce less than \$10 million in total City-wide new General Fund revenue available to cover City and ACPS operating and capital growth. 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. The range set forth in the guidance would clarify the use of funds requested by ACPS above the revenue growth. It is important to note that City Council cannot direct the Superintendent or School Board as to the contents of the ACPS budget, however the presentation of the use of funds beyond revenue growth would be vital information for public understanding and discussion as both the City and ACPS prioritize the use of limited funding FY 2019.

**FISCAL IMPACT:** None.

**ATTACHMENTS:**

- Attachment 1: Budget Resolution Establishing the Process To Be Used to Adopt Operating Budgets and Capital Improvement Programs
- Attachment 2: Setting Guidance for FY 2019 General Fund Operating Budget and Capital Improvement Program for FY 2019 to FY 2028

**STAFF:**

Laura Triggs, Deputy City Manager  
Morgan Routt, Director, Office of Management and Budget