

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.

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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.

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.