AGENDA

• Overview
• Budget Development
• Revenue Projection
• Expenditure Budget
• Compensation & Benefits
• Priorities & Core Services
• Capital Improvement Program (CIP)
• Budget Calendar
FY 2023 Budget Priorities

Fulfill Our Mission
Working together to foster a thriving Alexandria

Pursue Our Vision
A culture that supports each of us and inspires excellence

Live Our Values
• Respect: We are open-minded and treat all people with dignity
• Teamwork: We do great things together
• Integrity: We are thoughtful stewards of the public’s trust
• Continuous Improvement: We challenge ourselves to learn and grow

Recovery
Infrastructure
Climate Change and Environmental Justice
Housing
Youth Support
Community Engagement
Employee Compensation
Strong Fiscal Management

• **Fund Balance Policy** – Reserves equal to a minimum 15% of General Fund revenue. Historically, the City has maintained reserves at or above this threshold. FY 2021 year-end was 22.62% and is forecasted to be 22.03% at FY 2022 year-end.

• **Cash Capital Policy** – General Fund Capital transfer target of 2.5% and a “floor” of 2.0% of General Fund expenditures to support the CIP. FY 2023 proposed is 4.4%.

• **10-year Debt Payout Ratio target of 50%**

• **Bond Rating** - The City continues to maintain the highest bond ratings of AAA/Aaa by two rating agencies.
# Adopted Reductions

Prioritized administrative efficiencies and reductions with minimal service impacts

## FY 2021

- 25% reduction in travel, education
- Cancelled equipment replacement charges ($4.0M in General Fund)
- Eliminated merit and career ladder pay increases
- Implemented soft hiring freeze
- $22.4 M cash capital reduction

## FY 2022

- 50% reduction in travel, education ($0.7M in General Fund)
- Reduced equipment replacement charges
- Hiring freeze for 38 positions ($3.4M)
- One-time reductions (surveys, employee parking, temporary services, marketing, contributions, etc.)
FY 2023 Proposed Budget Highlights

• FY 2023 proposed General Fund operating budget = $829.9 M

• $59.2 M (7.7%) increase over FY 2022 approved

• $30.0 M (3.7%) increase over FY 2021 proposed, which was reduced by $46.7 M in the FY 2021 approved budget due to COVID-19
FY 2023 Proposed Budget Highlights Continued

• No change in tax rates

• Significant investments in employee compensation for market competitiveness and to recruit and retain a high-quality work force

• Targeted investments in priority services areas
FY 2023 Proposed Budget Highlights Continued

• $2.73 B FY 2023-FY 2032 Capital Improvement Program (CIP)

• 2.4% increase over the previous plan

• Both the operating budget and CIP fund 100% of the School Board adopted operating budget and CIP
BUDGET DEVELOPMENT
Best Practices
Budget Strategy

• Balance the need to continue priority services and an affordable tax and fee burden

• Include fair and competitive employee compensation

• Present alternative scenarios for additional funding

• Identify cost saving measures
Budget Strategy

• Evaluate proposals for equity impacts

• Include recommendations for ARPA (presented with the proposed budget) and the Infrastructure Investment and Jobs Act (pending further information from the federal government)

• Seek public input from a community survey and budget town hall
Budget Development Process

• Forecast revenue growth coming out of the pandemic
• Determine cost of returning to pre-pandemic service levels
• Seek public input through Boards, Committees, and Commissions; community budget survey; and budget town hall
• Review regional salary competitiveness and develop pay scale adjustments
• Prioritize targeted investments
• Develop two budget alternatives for increased real estate tax rates
FY 2023 General Fund Revenue by Source

- Residential Real Property: 36.9%
- Commercial Property: 25.3%
- Personal Property: 7.6%
- Sales Tax: 4.4%
- Business License Tax: 4.6%
- Utility Tax: 1.4%
- Recordation Tax: 1.0%
- Transient Lodging: 1.3%
- Restaurant Food: 3.0%
- Communications Sales Tax: 0.9%
- Federal Revenue: 1.0%
- Other Local Taxes: 0.8%
- State Revenue: 5.9%
- Other Revenue and Financing Sources: 5.9%
FY 2023 Tax Rate Highlights

• No change in real estate tax rate
  • Proposed Real Estate Tax Rate: $1.11 per $100 AV

• No change in personal property tax rates
  • $5.33/$100 of assessed value (vehicle)
  • $4.75/$100 of assessed value (business tangible personal property)

• No change in other tax rates
Enterprise Funds

• **User fees** = 100% of capital and operating and debt service expenses

• **No change in sanitary sewer rate** = $2.28 per 1,000 gallons

• **Stormwater** = $294 per year for average single-family house ($14 increase from $280)

• **No change in residential refuse rate** = $484.22
  • Commercial refuse fee increased from $411 to residential rate
Property Tax Base

Assessed Value of Taxable Real Property Tax Base
Percent Change (CY 2013-CY 2022)
Jurisdictional Comparisons

**CITY OF ALEXANDRIA**
- $1.11 residential
- No proposed rate change

**ARLINGTON COUNTY**
- $1.013 residential
- $1.138 commercial
- No proposed rate change

**FAIRFAX COUNTY**
- $1.141 residential
- $1.266 commercial
- Proposed Budget
  - February 22, 2022

**LOUDOUN COUNTY**
- $0.980 residential and commercial
  - FY 2023 Proposed = $0.895
  - 8.5¢ below the current rate

**PRINCE WILLIAM COUNTY**
- FY 2023 Proposed = $1.1325
  - 6.5¢ below the current base rate of $1.115
  - Rate includes Fire & Rescue Levy 8.0¢ and 0.25¢ Mosquito & Pest Management

**CITY OF ALEXANDRIA**
- $1.11 residential and commercial
  - No proposed rate change
FY 2023 Impact on the Average Residential Household

<table>
<thead>
<tr>
<th>Fees and Taxes</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023 Proposed</th>
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</thead>
<tbody>
<tr>
<td>Real Estate Tax</td>
<td>$6,584</td>
<td>$6,836</td>
<td>$7,281</td>
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<tr>
<td>Personal Property Tax</td>
<td>$602</td>
<td>$554</td>
<td>$604</td>
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<tr>
<td>Trash Removal Fee</td>
<td>$460</td>
<td>$484</td>
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<tr>
<td>Decal Fee</td>
<td>$0</td>
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<tr>
<td>Utility Tax on Natural Gas</td>
<td>$24</td>
<td>$24</td>
<td>$23</td>
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<tr>
<td>Utility Tax on Electricity</td>
<td>$33</td>
<td>$33</td>
<td>$32</td>
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<tr>
<td>Utility Tax on Water</td>
<td>$25</td>
<td>$24</td>
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<tr>
<td>Communication Sales and Use Tax</td>
<td>$90</td>
<td>$84</td>
<td>$81</td>
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<tr>
<td>Sanitary Sewer System Capital</td>
<td>$123</td>
<td>$123</td>
<td>$123</td>
</tr>
<tr>
<td>Investment &amp; Maintenance Fee</td>
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<tr>
<td>Storm Water Utility Fee</td>
<td>$210</td>
<td>$280</td>
<td>$294</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$8,151</strong></td>
<td><strong>$8,442</strong></td>
<td><strong>$8,946</strong></td>
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</table>
General Fund Revenue Change

- General Fund revenue increase = $59.2 M
- 55% from real estate appreciation +6.7% ($32.5 M)
- 35% from recovery in tax sources reduced by COVID-19 ($17.7 M)
  - Sales tax +15%
  - Business licenses +12%
  - Transient Occupancy +69%
  - Meals +23%
- 8% from personal property +14% ($7.9 M)
EXPENDITURE BUDGET
## General Fund Expenditure Changes

<table>
<thead>
<tr>
<th>General Fund Expenditures</th>
<th>FY22 Approved</th>
<th>FY23 Proposed</th>
<th>$ Change</th>
<th>% Change</th>
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<tbody>
<tr>
<td>City Operations</td>
<td>$ 391.8</td>
<td>$ 428.5</td>
<td>$ 36.7</td>
<td>9.4%</td>
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<tr>
<td>Transit</td>
<td>39.6</td>
<td>43.4</td>
<td>3.8</td>
<td>9.6%</td>
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<tr>
<td>Cash Capital</td>
<td>34.4</td>
<td>36.2</td>
<td>1.8</td>
<td>5.2%</td>
</tr>
<tr>
<td>Schools Transfer</td>
<td>239.4</td>
<td>248.7</td>
<td>9.3</td>
<td>3.9%</td>
</tr>
<tr>
<td>Schools Debt Service</td>
<td>29.0</td>
<td>31.9</td>
<td>3.3</td>
<td>11.5%</td>
</tr>
<tr>
<td>City Debt Service</td>
<td>36.9</td>
<td>41.2</td>
<td>4.3</td>
<td>11.7%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$ 770.7</strong></td>
<td><strong>$ 829.9</strong></td>
<td><strong>$ 59.2</strong></td>
<td><strong>7.7%</strong></td>
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</tbody>
</table>

($ in Millions)
FY 2023 Proposed General Fund Budget

- City Personnel: 31%
- City Non-Personnel: 21%
- Schools Transfer: 30%
- Schools Debt Service: 4%
- City Debt Service: 5%
- Cash Capital: 4%
- Transit: 5%
FTEs per Capita

City of Alexandria FTEs per 1,000 Population
Employee Turnover
Compensation Enhancements

• **Recommending approval of merit increases (2.3-5%)**

• **Market Rate Adjustments**
  • Sworn Fire, Medics and Fire Marshals – 6%
  • Sworn Police and Sheriff’s Deputies – 5%
  • Non-public Safety – 4%

• **Expanding General Scale Pay Ranges**
  • Adding 3 steps
  • 7% increase in salary potential
  • 328 employees at end of pay range would be eligible for merit increases
## Average Salary Adjustment

<table>
<thead>
<tr>
<th></th>
<th>BEFORE</th>
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<th>AFTER</th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>MIN</td>
<td>MID</td>
<td>MAX</td>
<td>MIN</td>
</tr>
<tr>
<td><strong>FIREFIGHTERS (6%)</strong></td>
<td>-10.26%</td>
<td>-5.72%</td>
<td>-3.16%</td>
<td>-4.02%</td>
</tr>
<tr>
<td><strong>MEDICS (6%)</strong></td>
<td>-8.75%</td>
<td>-4.22%</td>
<td>-1.66%</td>
<td>-2.59%</td>
</tr>
<tr>
<td><strong>FIRE MARSHALS (6%)</strong></td>
<td>1.76%</td>
<td>5.51%</td>
<td>7.63%</td>
<td>7.32%</td>
</tr>
<tr>
<td><strong>POLICE (5%)</strong></td>
<td>-5.43%</td>
<td>-3.50%</td>
<td>-2.42%</td>
<td>-0.41%</td>
</tr>
<tr>
<td><strong>SHERIFF (5%)</strong></td>
<td>-5.84%</td>
<td>-2.75%</td>
<td>-1.00%</td>
<td>-0.80%</td>
</tr>
<tr>
<td><strong>GENERAL SCALE (4% + 3 steps)</strong></td>
<td>-4.95%</td>
<td>-9.15%</td>
<td>-11.86%</td>
<td>-0.58%</td>
</tr>
</tbody>
</table>
Employee Benefits

• **Health Insurance premiums being finalized**
  • Estimates: Kaiser +9.0%; United Healthcare+15.6%

• **Ways to save**
  • **Alex**: Financial guidance tool helps identify the best benefits for employees
  • **Work's Well**: Offers up to $600 health care premium savings per year by tracking fitness, attending wellness events and recognizing peers.
  • **Summer**: Financial wellbeing tool that helps employees save on student loan payments and access personal guidance from student loan advisors.
  • **Spring Health**: Employee Assistance Program (EAP) that offers personalized mental healthcare with mental health resources, coaching, in-app wellness exercises, virtual therapy, and crisis support.
City Government Operations

• $36.8 M total increase
  • $20.0 M compensation
  • $ 7.0 M priority investments
  • $ 3.1 M increase in dedicated revenue for affordable housing, transportation improvements, and Potomac Yard Metro
  • -$1.3 M efficiency savings
  • $ 8.0 M return to pre-pandemic service levels
    • $3.4 M to restore 38 positions frozen during the pandemic
    • $1.5 M to restore equipment replacement funding
    • $0.8 M to restore travel and training
Budget Efficiency Reductions

• Departments received a 2.5% budget reduction target

• Efficiencies include in the proposed budget:
  • Provided $1.3M in citywide efficiency savings
    • Eliminates 4.8 positions, all vacant
    • No reductions in City programs or services are expected
  • DCHS Short Term Substance Use Disorder Contract Savings ($429,824)
  • Finance Cancellation of Legacy Personal Property Tax Support Contract ($235,000)
  • DCHS Birmingham Green Savings ($200,000)
  • T&ES Garage Management Contract Reduction ($50,000)
  • ITS City Internet Circuit Efficiency Savings ($48,000)
Recovery

- **ACORP (Alexandria Co Response Program) Expansion for DCHS Senior Therapist and Police Officer:** $277,313 (GF) + 2.0 FTEs
- **Body Worn Camera Consulting Services:** $200,000 (GF)
- **Citywide COVID Expense, Response and ARPA Grant Administration:** $2.0 M (ARPA)
- **Enhanced Cleaning Supplies for City Facilities:** $200,000 (ARPA)
- **Volunteer Alexandria CERT Training:** $106,000 (ARPA)
- **Re-Employment and Upskilling Project:** $500,000 (ARPA Continuation of Tranche #1 Project)
- **Economic Sustainability Study:** $200,000 (ARPA)
Infrastructure

- **DASH Staffing Enhancements:** $350,000 (GF)
- **T&ES Grants Coordinator:** $127,012 (GF)
- **Broadband Initiative Staffing:** $432,000 (ARPA)
- **Stormwater Development Plan Reviewer:** $120,937 (Other Funds)
- **Network Cybersecurity Monitoring:** $28,000 (GF)
- **Cloud Backup Solution:** $80,000 (GF)
Infrastructure (continued)

• **4850 Mark Center Drive**
  - 5 General Services FTE’s: $439,539 (GF)
  - Operations & Maintenance: $1,577,724 (GF)
  - Shuttle Service: $150,000 (GF)
  - Finance Branch: 2.0 FTEs & $161,550 (GF)
  - Neighborhood Health Equipment and Furniture: $400,000 (ARPA)

• **Contract Telecommunications Engineer, West End:** $137,959 (GF)
Climate Change & Environmental Justice

• **Electric Vehicle Charging Station Navigator** (FY 2021 Carryover added to FY 2023 Budget) (GF)

• **Brine System Canopy:** $45,000 (FY 2022 Carryover) (GF)

• **Energy and Climate Change Action Plan Heat Vulnerability Analysis, Planning, and Community Engagement:** $100,000 to be funded in FY 2022 from revenue surplus (GF)
Housing

- Rent Relief for Elderly and/or Disabled Renters with Low Incomes: $306,000 (GF)
- Arlandria Chirilagua Housing Cooperative: $2.5M (ARPA)
- AHDC Arlandria Project Infrastructure: $10M (ARPA in FY 2024)
- Eviction Prevention and Support Services: $500,000 (ARPA Continuation of Tranche #1 Project)
- Eviction Prevention Data Analytics: $99,782 (ARPA Continuation of Tranche #1 Project)
Youth Support

• **Out of School Time Program Investments:** $200,000 (GF)

• **Enhanced Support for Children with Disabilities Participating in After School and Summer Out of School Time Programs:** $77,185 (GF)

• **Mental Health Services for Court Involved Youth and Families:** $115,000 (GF) + 1.0 FTE
Community Engagement

- City-Wide Community Outreach and Engagement: $400,000 (GF)
- RASE Program Manager: $97,500 & 1.0 FTE (GF)
- Land Use Services Urban Planner III: $77,748 & 1.0 FTE (GF)
- Alexandria Community Remembrance Project: $115,000 (ARPA)
- City 275th Commemoration: $230,000 (ARPA)
- Scottish Christmas Walk: $72,000 (Other Funds)
Community Engagement (continued)

• Improved Virtual and Hybrid Public Meeting Spaces in City Hall: $100,000 (ARPA)
• Contracted Staff to Support Boards and Commissions Meetings: $50,000 (ARPA)
• Virtual Public Meeting Platform Licenses: $60,000 (ARPA)
• Audio Video Technical Support Staff: $220,000 (ARPA)
• Library Mobile Hotspot & Chromebook Lending: $30,000 (ARPA)
Public Safety

• 20 SAFER grant-funded firefighters: 20.0 FTE & $2.2M (Grant)

• Weapons Violation Taskforce staffing for the Police Department: 5.0 FTE & $591,200 (GF)

• 5.0 Over hire Sheriff Deputies: $340,000 (GF)
ARPA Funds ($59.6M Total)

<table>
<thead>
<tr>
<th>FY22 City Council Approved Uses (Tranche #1)</th>
<th>$29.8M</th>
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</thead>
<tbody>
<tr>
<td><strong>FY23 ARPA Projects Previously Committed</strong></td>
<td></td>
</tr>
<tr>
<td>• Employee Bonuses (3.0M)</td>
<td></td>
</tr>
<tr>
<td>• COVID Response &amp; City-Wide Cleaning (2.2M)</td>
<td></td>
</tr>
<tr>
<td>• Re-Employment &amp; Upskilling (0.5M)</td>
<td></td>
</tr>
<tr>
<td>• Eviction Prevention and Support (0.5M)</td>
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</tr>
<tr>
<td>• Arlandria Chirilagua Housing Cooperative (2.5M)</td>
<td></td>
</tr>
<tr>
<td><strong>AHDC Arlandria Project infrastructure</strong></td>
<td>$10.0M</td>
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<tr>
<td><strong>Additional FY23 ARPA Projects Proposed</strong></td>
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</tr>
<tr>
<td>• COVID-19 Recovery (0.1M)</td>
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<tr>
<td>• Community Engagement (0.6M)</td>
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<tr>
<td>• Historic Alexandria &amp; Economic Growth (0.8M)</td>
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<tr>
<td>• Eviction Analysis (0.1M)</td>
<td></td>
</tr>
<tr>
<td>• Community Infrastructure (0.8M)</td>
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</tr>
<tr>
<td><strong>Overall FY23 Total</strong></td>
<td>$21.1</td>
</tr>
<tr>
<td><strong>Remaining ARPA Funding</strong></td>
<td>$8.7M</td>
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</tbody>
</table>
Alternative Budget Option 1

One cent = $4.6M and $66 on the average residential tax bill

- Pay scale adjustment: $1,300,000 (0.5% increase across the board)
- ACORP positions: $277,000 (2 FTE)
- Incentive program encouraging green building renovations for existing buildings: $250,000
- CPACE outreach plan and funding: $100,000
- Electric vehicle charging infrastructure readiness strategy implementation: $55,000
- Replacement of gas-powered equipment: $200,000
- Cash Capital: $2,438,416
Two cents = $9,240,832 Total; Option 1 Plus:

- Remote Work and Community Engagement: $150,000
- Affordable Housing: $2.75 M
- City Hall Design: $600,000
- Electric Vehicle Charging Infrastructure at City Facilities to Transition City Fleet to electric: $1.1 M
Capital Improvement Program

- $2.73 B for FY 2023 – FY 2032
  - +2.4% over last year’s Approved CIP
- Maintains funding for previously planned initiatives, while accommodating funding for new initiatives, and complying with City debt policies:
  - Collocated City Services at Minnie Howard Campus ($12.1 M)
  - ACPS Purchase/Renovation of 1705 N. Beauregard Office Building ($42.0 M)
  - ACPS Inclusion of Aquatics Facility at Minnie Howard ($12.5 M)
  - Funding to continue efforts to renovate and revitalized Torpedo Factory Arts Center ($19.4 M)
- Funds 100% of School Board Approved FY 2023 – FY 2032 capital funding request ($497.8 M)
Proposed FY 2023 – FY 2032 CIP

$2.73 billion

- Transportation $571.2 M
- ACPS $497.8 M
- Community Development $366.9 M
- Public Buildings $362.7 M
- Stormwater Management $288.4 M
- WMATA Capital Contributions $181.8 M
- Recreation & Parks $157.1 M
- CIP Development & Implementation Staff $110.6 M
- IT Plan $106.1 M
- Sanitary Sewers $77.3 M
- Other Regional Contributions $5.0 M
BUDGET CALENDAR
## Budget Development Dates

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Meeting Topic</th>
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<tbody>
<tr>
<td>Tuesday, February 15, 2022</td>
<td>7:00pm</td>
<td>FY 2023 Proposed Budget Presentation</td>
</tr>
<tr>
<td>Thursday, February 17, 2022</td>
<td>7:00pm</td>
<td>Proposed Budget Presentation - Public (virtual)</td>
</tr>
<tr>
<td>Wednesday, February 23, 2022</td>
<td>7:00pm</td>
<td>Budget Work Session: Capital Improvement Program</td>
</tr>
<tr>
<td>Wednesday, March 2, 2022</td>
<td>7:00pm</td>
<td>Budget Work Session: Alexandria City Public Schools</td>
</tr>
<tr>
<td>Monday, March 7, 2022</td>
<td>5:30pm</td>
<td>Public Hearing FY 2023 Budget</td>
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<tr>
<td>Tuesday, March 8, 2022</td>
<td>7:00pm</td>
<td>Introduce the Maximum Property Tax Rates</td>
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<tr>
<td>Wednesday, March 9, 2022</td>
<td>7:00pm</td>
<td>Advertise tax rate</td>
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<tr>
<td>Wednesday, March 16, 2022</td>
<td>7:00pm</td>
<td>Budget Work Session: Healthy &amp; Thriving Residents</td>
</tr>
<tr>
<td>Wednesday, March 23, 2022</td>
<td>7:00pm</td>
<td>Budget Work Session: Livable, Green &amp; Prospering City</td>
</tr>
<tr>
<td>Wednesday, March 30, 2022</td>
<td>7:00pm</td>
<td>Budget Work Session: Safe, Secure &amp; Just Community</td>
</tr>
<tr>
<td>Wednesday, April 6, 2022</td>
<td>7:00pm</td>
<td>Budget Work Session: Accountable, Effective &amp; Well-Managed Government/BFAAC</td>
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<tr>
<td>Thursday, April 14, 2022</td>
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<td>Add/deletes due</td>
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<tr>
<td>Wednesday, April 20, 2022</td>
<td>7:00pm</td>
<td>Budget Work Session: Topic TBD (if needed)</td>
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<tr>
<td>Saturday, April 23, 2022</td>
<td>9:30am</td>
<td>Tax Rate Public Hearing/ Add/Delete Public Hearing</td>
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<tr>
<td>Tuesday, April 26, 2022</td>
<td>7:00pm</td>
<td>Budget Work Session: Preliminary Add/Delete Discussion</td>
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<tr>
<td>Monday, May 2, 2022</td>
<td>7:00pm</td>
<td>Budget Work Session: Final Add/Delete Discussion</td>
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<tr>
<td>Wednesday, May 4, 2022</td>
<td>7:00pm</td>
<td>Budget Adoption/ Tax Rate Adoption</td>
</tr>
</tbody>
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City Council Add/Delete Process

• Council member proposals due no later than April 14
• Must be co-sponsored by 3 members (sponsor + 2)
• Must have been the subject of a work session, public hearing, budget memo, or public discussion
• Adds must be presented with equal revenue source or expenditure reduction
• Contact Office of Management & Budget with questions
FISCAL YEAR 2023
PROPOSED BUDGET

February 15, 2022