



City Manager's Message

FY 2024 CITY MANAGER BUDGET MESSAGE

Mayor Wilson, City Council, and Alexandrians—

Guided by City Council's Priorities, sound fiscal management principles, and thoughtful deliberations with City government leaders, I am pleased to submit the FY2024 Proposed Budget for consideration by the Mayor and City Council.

The Fiscal Year Budget reflects the cautious optimism resulting from our steady recovery from the economic impacts of the pandemic, balanced against the uncertainty surrounding both local and global inflationary pressures. Although challenges remain ahead of us, our financial outlook coupled with the City's stellar fiscal policies will allow us to continue to execute on the many key initiatives adopted by the City Council in the past year while strategically investing in some key areas with this budget.

The General Fund operating budget of \$881.1 million encompasses expenditures for FY24 (July 1, 2023-June 30, 2024) as well as a proposed \$2.40 billion 10-Year Capital Improvement Program (CIP) beginning in FY24 through 2033. This proposal provides a clear connection to established City Council Priorities and is the result of a collaborative effort across City departments and community input.

With a responsible spending plan, I am proud that we will have the capability to fulfill our funding commitments while limiting the burden on our residents. The average household will see a \$239 increase in their real estate tax bill for calendar year 2023 due to growth in assessments, and a planned 5.0% or \$14.70 increase in the stormwater utility fee; there are, no increases to water, refuse, or sanitary sewer fees.

Alexandria has maintained its strong bond ratings through our exemplary fiscal policies that reflect the long-term commitment to systematic and well-designed debt issuance. In our review of the City's credit in the fall of 2022, the credit rating agencies all reaffirmed the City's AAA bond ratings for another year. These extremely favorable ratings mean savings to our city residents and businesses through lower interest rates for debt issuance.

The City of Alexandria has undertaken many initiatives in the past year that have improved the lives of so many of our residents. This FY24 Budget Proposal maintains funding for these City's commitments, including:

- Providing increased support for the Alexandria City Public Schools (ACPS) operations and facilities, including a new high school to provide adequate space for learning and development.
- Making City services more accessible to our residents through the re-location of services, including the Department of Community and Human Services (DCHS) and the Alexandria Health Department, into 4850 Mark Center Drive.
- Continuing to respond to the behavioral health crises through the Alexandria Co-Response Program (ACORP).
- Ensuring trust, transparency, and accountability in policing in our community through the launch of the Alexandria Body Worn Camera program.



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Protecting these investments has been a top priority in the development of this Proposal. Through an intentional and systematic approach, we've refined our focus on the sustainability and affordability of the 10-Year Capital Improvement Program and our commitment to critical City infrastructure, including school facilities, streets, stormwater, information technology, and affordable housing. What we know is our continued economic development is a critical component of the growth and sustainability of our City.

Additionally, proposed investments bolster the City's endeavor to be an Employer of Choice. Funding for our two historic collective bargaining agreements with the International Association of Fire Fighters and the Police Benevolent Association is a priority.

As well as City-wide staff merit increases ranging from 2.3-5.0%, and a 2.0% increase in General Schedule and Sheriff's Deputy pay scales.

These investments in our staff will pay dividends in implementing the communities' priorities and addressing critical needs equitably through the recruitment and retention of our talented workforce.

City Council adopted six priorities that provide a cohesive framework for budget and policy decisions for the next fiscal year. This budget Proposal reiterates the City's commitment through:

- **Public Safety**- Investing in our public safety areas to maintain a safe and secure community with the addition of staff for the Commonwealth Attorney for Body Worn Cameras, increased fire department staffing and other funding to support our police and sheriff departments.
- **Affordable Housing**- Providing Diverse Housing Opportunities through funding for eviction prevention, affordable housing construction and a Housing Analyst position to assist residents with housing instability and landlord tenant activities.
- **Multi-lingual Community Engagement**- Allocating funding for community engagement opportunities with Community Cooks-out, City Council town halls, staffing for hybrid public meetings, and multilingual accessibility. This funding builds upon Council's efforts last year to revamp the City's community engagement strategy.
- **Our Youth and Families**-Supporting Youth and Families by expanding Parks and Recreation classes and camps; Expanding staffing for early childhood programs; including, a Senior Therapist for the Parent and Infant Education (PIE) program; and providing administrative support for the Health Department Teen Wellness Center.
- **Economic Development Growth**- Fostering Economic Development through continued diverse small business support and continued support for the catalyst Landmark Mall Redevelopment.
- **Staff Retention and Recruitment**--Ensuring the City is the "Employer of Choice" by committing funding for collective bargaining agreements with PBA and IAFF, continuing to focus on compensation adjustments, and support for targeted staffing studies.
- **Climate Action**-Responding to our climate crisis by fully funding the new Office of Climate Action, investing in upgrading facilities, and an additional Urban Forester position to support the augmentation of our tree canopy.



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As we look toward our future with this proposed budget, it is important to recognize while we are making the steady recovery from the pandemic, we should also highlight we're moving in the right direction, but change takes time. We must continue to focus on keeping our community healthy, safe and prosperous now and for future generations of All Alexandrians. The lessons learned and the successes realized, in the past three years particularly, about adaptability and flexibility are important and have informed our approach in this proposed budget.

I am enthusiastic to continue this work on behalf of our community, doing our best, as a City, to foster a thriving Alexandria.

Sincerely,

A handwritten signature in cursive script that reads "J. F. Parajon".

James Parajon
City Manager



Alternative Budget Scenario

FY 2024 PROPOSED ALTERNATIVE OPTION

On November 9, 2022, City Council adopted Resolution 3111 setting guidance for the FY 2024 General Fund operating budget and Capital Improvement Program for FY 2024 through FY 2033. As part of that guidance, Council directed that staff prepare for Council consideration a proposed operating budget and 10-year Capital Improvement Program and one alternative budget scenario.

At the time, staff was forecasting a potential budget shortfall of \$17 million plus employee compensation increases, collective bargaining increases and supplemental funding requests from departments and other agencies. As a result, City Council guidance granted staff the flexibility to propose one budget scenario to balance the budget if the real estate tax rate remains at its current level, and one budget scenario with recommendations for a real estate tax or other tax rate increases.

However, real estate assessments and other key revenue growth areas exceeded expectations and staff was able to propose a budget that included employee compensation increases, collective bargaining increases, and investments in key priority areas without a real estate tax rate increase or significant service reductions. In keeping with Council guidance to present one alternative tax rate and budget scenario, the following page contains recommendations on items to fund with a 1 cent real estate tax rate increase.



Alternative Budget Scenario

FY 2024 PROPOSED ALTERNATIVE OPTION

ALTERNATIVE BUDGET OPTION #1: 1 Cent Increase

A one-cent rate increase on the real estate tax rate would generate approximately \$4.7 million in additional revenue in FY 2024 plus \$2.4 million from the second half payment in FY 2023. If City Council considers a 1 cent rate increase, staff recommends funding the following:

- **Cash capital:** Cash capital funding for the CIP was significantly reduced during the pandemic and has not been restored to previously planned levels, and debt service to fund the proposed CIP is expected to increase by \$14.2 million in FY 2024. Increasing cash capital in FY 2024 would reduce the amount of bond funding required to fund the CIP, and a portion could be converted to debt service funding in FY 2025 to reduce in the overall General Fund increase in CIP funding. (\$4,641,175)
- **Pay scale adjustment:** A 1% pay scale adjustment to increase the pay scale adjustments in the proposed budget. (\$1,600,000)
- **Emergency Services Hospital Bed Finder:** The pandemic has severely impacted the number of psychiatric beds available across the State. This funding proposes one FTE to assist clinicians in locating hospital beds across the State in order to expedite placement. (\$80,00 and 1 FTE)
- **Bilingual Clinical Psychologist II:** This funding proposes one FTE to provide substance abuse and mental health treatment to both English and Spanish speaking youth. The clinician would also provide support to the Juvenile Detention Center and the Sheltercare facilities. (\$166,380 and 1 FTE)
- **Construction Technical Project Manager:** The proposal is to add one FTE to the Construction Management team and allow DPI to provide more internal Construction Management and Inspection (CMI) services and utility coordination. (\$212,445 and 1 FTE)
- **Out of School Time Staff Stabilization (OSTP):** The proposal is to increase permanent part-time staffing at RPCA Out of School Time program locations and supports a staffing framework for OSTP that provides consistent quality across all locations. To improve recruitment and retention of these staff, RPCA is requesting more positions that offer employees paid leave and benefits. The proposal builds on a partially funded request in the FY2023 budget that supported the creation of six part time, benefited Recreation Leader II positions for OSTP. (\$200,000 and six 0.5 FTEs)