FY 2021 Proposed Operating Budget & Capital Improvement Program (CIP)

February 18, 2020
Strategic Focus of Proposed Operating Budget and CIP

• Continued Smart, Green, and Equitable focus

• Revenue improving gradually

• Some City service improvements with no significant service reductions

• Workforce investments for employee recruitment and retention

• Education funding a priority

• Investments needed for School and City capital projects for the long-term benefit of the community
A Smart City

- Alex 311 implementation
- Increased TES and P&Z staffing for timely land use and transportation development application processing
- Alexandria Justice Information System replacement
- Continued investment in cybersecurity protections
- Historic Preservation Initiatives
- Enhanced BPOL tax collections
- NoVA Regional Economic Development Alliance seed funding
A Green City

• Energy and Climate Change Action Plan implementation

• Parks Initiatives
  • Improved Waterfront Park Maintenance
  • Improved Game Field Turf Maintenance
  • Synthetic Field Turf Sanitization
An Equitable City

• Investment in two historical houses:
  • Murray-Dick-Fawcett House
  • 1315 Duke Street House

• Visit Alexandria African American History Initiative

• Language Access Plan Implementation

• Summer school and after school program expansion for +200 Head Start and VPI preschoolers
An Equitable City (Cont.)

• Expansion of Out of School Time (i.e., after school) program capacity

• Management and evaluation of Judicial System diversion programs

• DCHS staffing to meet increased demand:
  • Child Welfare
  • Benefits Caseloads
  • Medicaid Administration Costs

• Expansion of parent infant education initiatives

• Neighborhood Health obstetrics and prenatal services
The Economy

- Increased TES and P&Z staffing for timely land use and transportation development application processing
- North Potomac Yard Plan Revision (Virginia Tech) implementation
- Potomac Yard Metrorail Station construction continues
- NoVA Regional Economic Development Alliance seed funding
FY 2021 Proposed Budget

- General Fund base budget expenditures of $791.4 million increased by 3.4% and funded within existing $1.13 real estate rate:
  - City operations increase by $16.2 million or 4.2%
  - +2 cents for School and City capital investment raises proposed budget to $799.9 million
  - ACPS Superintendent's proposed request of $241.4 million from the City is 100% funded
  - ACPS School Board approved 10-year CIP of $530.7 million is 100% funded, including $198.8 million in FY 2021
  - WMATA operating subsidy increasing by $5.1 million or 10.8%
### FY 2021 Proposed Budget

<table>
<thead>
<tr>
<th>General Fund Expenditures</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>$ Chg</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in millions)</td>
<td>Actual</td>
<td>Revised</td>
<td>Proposed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>221.5</td>
<td>233.4</td>
<td>240.6</td>
<td>7.1</td>
<td>3.1%</td>
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<tr>
<td>Non-Personnel</td>
<td>92.9</td>
<td>90.2</td>
<td>96.0</td>
<td>5.8</td>
<td>6.4%</td>
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<tr>
<td>Interfund Transfers</td>
<td>67.1</td>
<td>64.3</td>
<td>67.8</td>
<td>3.3</td>
<td>5.1%</td>
</tr>
<tr>
<td>City Operations Subtotal</td>
<td>381.4</td>
<td>387.9</td>
<td>404.1</td>
<td>16.2</td>
<td>4.2%</td>
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<tr>
<td>City CIP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Capital</td>
<td>38.2</td>
<td>41.1</td>
<td>41.2</td>
<td>0.2</td>
<td>0.4%</td>
</tr>
<tr>
<td>City Debt Service</td>
<td>40.9</td>
<td>37.9</td>
<td>37.3</td>
<td>(-0.6)</td>
<td>-1.5%</td>
</tr>
<tr>
<td>City CIP Subtotal</td>
<td>79.1</td>
<td>78.9</td>
<td>78.5</td>
<td>(-0.4)</td>
<td>-0.5%</td>
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<tr>
<td>Transit</td>
<td>29.6</td>
<td>38.7</td>
<td>38.8</td>
<td>-</td>
<td>0.1%</td>
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<tr>
<td>ACPS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Transfer</td>
<td>223.8</td>
<td>231.7</td>
<td>241.4</td>
<td>9.8</td>
<td>4.2%</td>
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<tr>
<td>Schools Debt Service</td>
<td>28.9</td>
<td>28.1</td>
<td>28.6</td>
<td>0.5</td>
<td>1.7%</td>
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<tr>
<td>ACPS Subtotal</td>
<td>252.8</td>
<td>259.8</td>
<td>270.0</td>
<td>10.2</td>
<td>3.9%</td>
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<tr>
<td>Total</td>
<td>742.9</td>
<td>765.4</td>
<td>791.4</td>
<td>26.0</td>
<td>3.4%</td>
</tr>
<tr>
<td>2-cent Tax Rate Increase for School and City Capital</td>
<td>-</td>
<td>-</td>
<td>8.5</td>
<td>8.5</td>
<td>100.0%</td>
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<tr>
<td>Total General Fund Expenditures</td>
<td>742.9</td>
<td>765.4</td>
<td>799.9</td>
<td>34.6</td>
<td>4.5%</td>
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</table>
Revenue

- Revenue projected to grow by 3.4%

- Real estate values increased 4.15%

- Average residential (single-family and condo) assessment is up 4.62% which translates to a +$312 FY 2020 average tax bill

- In order to fund increases in School and City capital investments, a 2.0 cent increase to $1.15 in the real estate tax rate is proposed which would add $116 to the FY 2020 average tax bill

- No proposed changes in other tax rates
Revenue (Cont.)

• Sanitary Sewer fee remains flat

• Increase of 11.9% in solid waste fee = +$49 per year

• Increase of 4.5% in storm sewer fee = + $6.30
Revenue (Cont.)

• User fee increases, include:
  • Some development related fees
  • Special events permits and park/athletic rental fees
  • Recreation center admissions
  • Ambulance transports
  • Museum tours and rentals
  • Out of School Time Programs
Workforce Investment

- Budget includes merit step increases for eligible employees
- 1.5% competitiveness adjustment to all pay scales = $3.5M
- Targeted competitiveness pay adjustments for a number of Public Safety job classifications = $0.8M
- Overhire Deputy Sheriff positions to maintain minimum staffing levels
- +6 Fire staffing relief positions to reduce overtime and improve employee health and wellness
- Increased professional health hours for fire fighters and medics
- Part-time DEC Psychologist for post-trauma/stress counseling and support
Workforce Investment (Cont.)

• Reduced employee health insurance premium for 1,000 employees from 20% to 15% for employees making less than $70K

• Health Insurance
  • UHC = 0% increase, one-month premium holiday
  • Kaiser = 5% increase, pre-deductible services added
  • Creation of Employee + Child(ren) health insurance option

• More flexible use of 6-week parent leave

• Full-year funding of Work’N Well employee wellness program

• Mandated VRS retirement funding increases = $1.45M
Workforce Investment (Cont.)

• Reestablish employee down payment assistance for City and ACPS employees to buy and own homes in the City

• Continued conversion of long-standing temporaries into permanent positions

• FTEs increase by +34 from 2,643 to 2,677
  • Equivalent to staffing level in FY 2009
  • City employees per capita were 195 employees per 10,000 residents in FY 2009, and will be 165.2 per 10,000 residents in FY 2020
  • Public Safety positions = +39.5 since FY 2009
10-year Capital Investment Plan (FY 2021 - FY 2030)

• 10-year CIP totals $2.1 billion

• First revamped CIP since Fall 2017
  • Construction cost increases have substantially increased since then
  • Specific annual repricing building into CIP projects over 10 years
  • Increased contingents incorporated

• $2.1 billion = +30%, reflect higher construction costs, plus increased investments in schools, public buildings, recreation and park facilities, and public transit investments

• ACPS School Board Approved CIP is 100% funded
10-year Capital Investment Plan (FY 2021 - FY 2030)

- Transportation: $385.6 M
- ACPS: $530.7 M
- Public Buildings: $318.4 M
- Community Development: $213.6 M
- WMATA Capital Subsidy: $165.3 M
- Recreation & Parks: $135.9 M
- IT Plan: $109.2 M
- Stormwater Management: $93.7 M
- CIP Development & Implementation Staff: $89.1 M
- Sanitary Sewers: $53.7 M
- Other Regional Contributions: $9.0 M

CIP Total = $2.1 billion
Capital Investment Plan Highlights

• Schools
  • $530.7 M School Board request is fully funded
  • 53% of ACPS CIP occurs in first two years of the CIP, 73% in five years of CIP
    ▪ $198.8 M in FY21
      o MacArthur Elementary replacement and expansion = $69 M
      o TC Williams addition (Minnie Howard campus rebuild) = $158 M

• Continued emphasis on state of good repair based on condition assessments and best practices

• Waterfront Flood Mitigation and City Hall Renovation
  • Priced in 10-year CIP at 75% of “full” projected costs until more planning and options are reviewed
10-year Capital Investment Plan (FY 2021 - FY 2030)

- FY 2021 CIP projects total $342.7 million including $198.8 million to fund School Board FY 2021 CIP request

- RE Tax Rate Increase for Capital
  - +2 cents on the RE tax rate in FY 2021, adds + $12.8 million
  - Projected Funding Needs =
    - +2 cents in FY 2023 = +4 cents
    - +2 cents in FY 2025 = +6 cents
  - +6 cents in total added by FY 2025
    - Would add to the existing RE tax, but not be hard wired dedicated
    - All cash at first then converts to debt service
    - Funds about $260 million in over 10 years

- 10-year CIP is comprised of 35% cash and 65% borrowing

- Affordable housing = $69.3 M for 10 years
Proportion of City and Schools Capital

Approved FY 2020 Capital Budget
City 74%
$140.0 M

Proposed FY 2021 Capital Budget
Schools 58%
+$202.8 M
+$145%

City 42%
$145%

Schools 26%
$140.0 M
Proposed Tax Rate Increases to Support School and City Capital Needs

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>FY 2026</th>
<th>FY 2027</th>
<th>FY 2028</th>
<th>FY 2029</th>
<th>FY 2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase</td>
<td>$8.6 M</td>
<td>$12.4 M</td>
<td>$21.4 M</td>
<td>$32.4 M</td>
<td>$41.9 M</td>
<td>$45.9 M</td>
<td>$50.8 M</td>
<td>$58.7 M</td>
<td>$62.9 M</td>
<td>$67.1 M</td>
<td></td>
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<tr>
<td>from FY 2020 Base Support of CIP</td>
<td>+2¢/FY 2021, +2¢/FY 2023, +2¢/FY 2025</td>
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<tr>
<td>Existing Tax Rate</td>
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Proposed Real Estate Tax Increases to Support School and City Capital

FY 2020 Base Support

(Existing Tax Rate)
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
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</thead>
<tbody>
<tr>
<td>Wednesday, February 26</td>
<td>CIP Work Session</td>
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<tr>
<td>Wednesday, March 4</td>
<td>ACPS Joint Work Session</td>
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<tr>
<td>Wednesday, March 11</td>
<td>Compensation</td>
</tr>
<tr>
<td>Wednesday, March 18</td>
<td>Accountable and Healthy and Thriving Focus Areas</td>
</tr>
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<td>Wednesday, March 25</td>
<td>Livable Focus Area</td>
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<tr>
<td>Wednesday, April 1</td>
<td>Safe &amp; Just Focus Area</td>
</tr>
<tr>
<td>Monday, April 13</td>
<td>BFAAC and Follow-up</td>
</tr>
<tr>
<td>Date</td>
<td>Event</td>
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<td>--------------------</td>
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<tr>
<td>Thursday, February 20</td>
<td>Public Budget Presentation</td>
</tr>
<tr>
<td>Monday, March 9</td>
<td>Budget Public Hearing</td>
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<tr>
<td>Tuesday, March 10</td>
<td>Tax Rate Ordinance Introduction</td>
</tr>
<tr>
<td></td>
<td>Set Maximum Tax Rate</td>
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<tr>
<td>Friday, March 27</td>
<td>Deadline for budget questions</td>
</tr>
<tr>
<td>Monday, April 6</td>
<td>Staff notification for items requiring an ordinance</td>
</tr>
<tr>
<td>Friday, April 10</td>
<td>Revenues Re-estimates and technical adjustments posted online</td>
</tr>
</tbody>
</table>
FY 2021 Budget Milestones

Thursday, April 16  Preliminary Add Delete Proposals due
Friday, April 17  List of Preliminary Add/Delete Proposals posted to the public
Saturday, April 18  Maximum Tax Rate Public Hearing
Tuesday, April 21  Budget Public Hearing on Add/Delete Proposals
Thursday, April 23  Preliminary Add/Delete Work Session
Monday, April 27  Results of Preliminary Add/Delete Work Session posted online
Wednesday, April 29  Final Add/Delete Work Session
Wednesday, April 29  Budget Adoption
Fiscal Year 2021 Budget Development

On November 2, 2019, City Council held its annual Retreat to kick-off the development of the budget, and on November 12, 2019 City Council adopted its FY 2021 budget guidance. The FY 2021 proposed budget is scheduled to be presented by the City Manager to City Council on February 18, 2020.

Please see the FY 2021 Budget Calendar and Resources link below for more information on the Council Retreat, Council Budget Guidance and overall budget process.

- FY 2021 Budget Calendar
- FY 2021 Budget Resources
- Comment on the FY 2021 Proposed Budget

www.alexandriava.gov/Budget