Fiscal Year (FY) 2018 is the tenth straight year of budgetary challenges for the City of Alexandria. The regional economy continues to grow very slowly, and has not achieved prior growth rates. This, combined with uncertainty in changes to federal policy and spending, which fuels the region’s economy, has resulted in the City’s economy not producing adequate revenue growth.

In FY 2018, the City will invest $728.1 million into more than 150 programs, each designed to advance the City’s 2017-2022 Strategic Plan, in the City’s four Focus Areas: (1) Accountable, Effective & Well-Managed Government; (2) Healthy & Thriving Residents; (3) Livable, Green & Prospering City; and (4) Safe, Secure & Just Community. This investment represents a 5.8% increase over the City’s level of investment in FY 2017 and focuses on core mission and essential spending. Within this budget, City government operations increased by just 2.3%.

This year’s budget process links spending to long-term outcomes with additional emphasis placed on civic engagement. Community input influenced City Council’s budget guidance, the City Manager’s Targeted Investment Goals, and the proposed budget.

HIGHLIGHTS OF THE $728.1 MILLION BUDGET INCLUDE:

- Raises the current real estate tax rate 5.7 cents to $1.13 per $100 of assessed value, of this, 3.0 cents was allocated primarily to City and school facility capital needs.
- With this 3.0 cents, added an additional $130.1 million in City CIP funding to address City and school facility needs over the new decade. Recommendations for the use of this funding will be provided to Council by the newly created Ad Hoc Joint City School Facilities Investment Task Force.
- City operations, increased 2.3%, and reflects $5.0 million in savings and service reductions.
- Provides $4.3 million in one-time funding for a major affordable housing project.
- Maintains 2.2 cents real estate tax reservation for transportation and 0.6 cents designation for affordable housing, plus $4.3 million in one-time funding for affordable housing.
- Increases the Sanitary Sewer System Capital Investment and Maintenance Fee from $1.40 to $1.82 per 1,000 gallons and the current solid waste fee from $353 to $363.
- Stormwater Utility fee implementation scheduled for January 1, 2018 for all residential and commercial property owners. This will raise additional funds over the long-term to meet unfunded state stormwater mandates in a more equitable manner than funding with real property taxes.

FACTORs INFLUENCING THE BUDGET:

- First phase of pension reforms implemented for FY 2018 and beyond in regards to lump sum payouts.
- Adds an additional step to the pay scales for City employees.
- Implements dual-role incentive pay to retain and recruit dual-role providers in Fire Department.
### HIGHLIGHTS OF THE 2010 YEAR PLAN
- Funding for Alexandria City Public Schools totals $373.0 million which is a 6% increase from last year’s CIP.
- $52.7 million to fund the City’s Capital Facility Maintenance Programs and other major renovations.
- An additional $130.1 million to fund City and School facility projects recommended by the Ad Hoc Joint City/School Facilities Investment Task Force.
- Sanitary Sewer funding totals $461.4 million, including $390.2 million to conduct state and federally mandated work to mitigate sanitary sewer overflows at the City’s four combined sewer outflows.
- Stormwater funding totals $62.1 million to begin to address long-term capital infrastructure needs related to federally mandated improvements.
- Funding to continue the City’s Street Reconstruction and Repaving program totals $51.6 million over the ten-year plan.
- WMATA capital funding totaling $256.1 million.

### HIGHLIGHTS OF THE FY 2018 CAPITAL BUDGET
The FY 2018 Capital Budget (only year formally adopted and appropriated by City Council) totals $145.3 million and highlights of the projects are as follows:
- $19.0 million in new City funding to Alexandria City Public Schools to fund non-capacity/maintenance projects.
- $10.0 million for identified maintenance and repair projects, as part of the City’s Capital Facilities Maintenance Programs (CFMPs).
- $10.9 million to fund the City and School facility project recommendations of the Ad Hoc Task Force.
- $17.1 million for the City’s contribution to WMATA’s capital program. This includes funding for the City’s portion of the purchase of new 7000 series railcars by WMATA.
- $18.0 million to ramp up planning efforts at the City’s four combined sewer outfalls (CSOs) to mitigate sanitary sewer overflows ($50.0 million).
- $5.3 million for street reconstruction and resurfacing. Resurfacing of lane miles will increase from an estimated 22 miles in FY 2014, to over 55 miles in FY 2018.
- $3.5 million for DASH Bus Fleet Replacements.

### DEBT AND CAPITAL FUNDING POLICIES
- The Approved CIP reflects increases to the City’s adopted debt ratio ceilings, such as an increase in the debt to tax base ratio ceiling, from 1.6% to 2.5%. The Approved CIP is in compliance with these policies throughout the ten-year plan.
- The CIP is comprised of 46% cash sources and 54% bonds over the life of the 10-year CIP.
- The General Fund Cash Capital Transfer is above the City Council approved target of 2.5% of General Fund expenditures annually. The percentage as relates to total General Fund expenditures in FY 2018 is 5.2% and averages 5.0% over the ten-year plan.

### FY 2018 APPROVED GENERAL FUND EXPENDITURES

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2018 Actual</th>
<th>FY 2018 Approved</th>
<th>$ Chg</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Expenditures</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>City Operations</td>
<td>$352,037,867</td>
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<td>$16,938,124</td>
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</tr>
<tr>
<td>City Related Service</td>
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<td>$41,599,480</td>
<td>$3,183,262</td>
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<tr>
<td>Cash Capital</td>
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<tr>
<td>Bond Refunding</td>
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<tr>
<td>TOTAL EXPENDITURES</td>
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### FY 2018 APPROVED OPERATING EXPENDITURES

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