

# *City of Alexandria, Virginia*

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## **MEMORANDUM**

DATE: DECEMBER 16, 2015

TO: MEMBERS OF THE TRANSPORTATION COMMISSION

FROM: CARRIE SANDERS, ACTING DEPUTY DIRECTOR, T&ES

SUBJECT: AGENDA ITEM # 5 - FY 2017-2026 BUDGET

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**ISSUE:** Update on FY 2017 - FY 2026 Budget.

**RECOMMENDATION:** That the Transportation Commission (Commission) receive the update of the FY 2017 budget.

**BACKGROUND:** Each year the City Manager presents a proposed City Budget to the City Council for consideration and action. As part of the budget process, a ten-year Capital Improvement Program (CIP) is developed that programs funding for major capital projects in the City. Funding for CIP comes from the City's general fund, grants, and other non-City sources of funding such as developer contributions.

On October 21, 2015, the Commission provided guidance to staff on the FY 2017 budget, maintaining the general recommendations from the previous year (See Attachment 1) with the following amendments: 1) the Commission recommended continuing to consider capitalizing staff positions; and, 2) the Commission recommended amending the HOV language of last year's recommendations with a recommendation to invest in enforcement to help manage parking and on-street infrastructure resources that promote safety through such measures as HOV, speeding, red light and parking enforcement.

WMATA's operating and capital programs continue to put significant pressure on City funding sources, and in particular, its transportation sources. As a result, through the upcoming FY 2017 budget, it will be necessary to once again assess WMATA's operating and capital impact and consider this through the budget process. At its November 18, 2015 meeting, staff presented the FY 2017 operating and capital budget options being considered by WMATA.

During the fall, the City held a series of community meetings to gather input on budget priorities. The meetings provided an overview of the FY 2017 budget process, and some of the major budgetary challenges currently faced by the City. The results of these efforts were presented to City Council at its annual retreat on November 21, 2015. Some of the key transportation issues that were raised by the public included the need for improved and preventative maintenance of roads, pedestrian and bicycle facilities, and transit improvements.

**DISCUSSION:** On November 24, 2015, the City Council provided budget guidance to the City Manager. The budget guidance is included in Resolution No. 2699 (Attachment 2). Some of the guidance items include:

- The City Manager may propose increases in operating and capital project expenditures if they are necessary to meet the Council’s strategic goals and/or can be demonstrated to diminish a specific risk to the community;
- The City Manager may propose decreases in operating and capital project expenditures if they are of lesser utility in achieving the goals/objectives of the City’s Strategic Plan;
- The City Manager may consider changes to tax rates, tax designations/reservations, fees/fines/service charges that are equitable, fair and feasible;
- The City Manager may consider changes to the business tax policy and tax rate that will promote—in a cost-effective manner—short/medium-term commercial tax revenue growth that aligns with the City’s economic development strategies;
- The City Manager shall ensure that the budget includes employee compensation that recognizes strong performance and continues investment in professional growth and development opportunities as well as maintains salary competitiveness;
- The City Manager will recommend use of prior year surplus funds to ensure the CIP includes sufficient cash capital funding to address ongoing costs that positively impact the goals of the Strategic Plan;
- The City Manager may recommend an appropriation to Alexandria City Public Schools equal to the amount approved by Council for FY 2016, and the amount may vary in order to address anticipated changes in enrollment, inflation not related to enrollment, expense changes resulting from cost savings by ACPS, or cost changes resulting from sharing of services efficiencies;
- Outside organizations that receive City funding must demonstrate an alignment of their efforts with the City’s strategic objectives. Where there is discretion over the amount of funding, the organizations must demonstrate the purpose and consequence of the funding.
- Specific to the FY 2017-2026 CIP, the CIP shall incorporate the following:
  - Compliance with the City’s adopted/proposed Debt Related Financial Policy Guidelines for any debt issuance planned for FY207-26;
  - Updated proposal for financing the Potomac Yard Metrorail Station;
  - Consistency with the City’s adopted cash capital investment policy of a General Fund cash capital transfer amount of between 2% and 2.5% of General Fund revenues;
  - The optional use of an additional General Fund operating budget surplus from FY 2016 as commitment for FY 2017-26 capital projects
  - Specific descriptions of projects that can be funded within recommended levels of

- funding, and their associated operating costs, estimated for all years in the CIP; and
- Proposed amendments to the City’s Debt Related Financial Policy Guidelines necessary for the proposed Potomac Yard Metrorail Station.

Prior to the release of the draft budget the Director of T&ES is planning to hold another meeting with Commission chairs/vice chairs to discuss the budget.. The draft budget will be presented by the City Manager in late February, and staff will present the budget to the Transportation Commission at its March 16 meeting, and will hold a public hearing. The final budget is scheduled for adoption on May 5, 2016.

Upcoming dates:

- Late Feb. 2016** Proposed Budget Presentation by City Manager’s Office
- March 16, 2016** Transportation Commission Public Hearing / Recommendations
- April 26, 2016** City Council Discussion of Budget Proposals
- May 5, 2016** Final Budget and Tax Rate Adoption

**Attachments:** 1) FY 2016 CIP Budget Guidance by Transportation Commission  
2) City Council guidance on the FY 2017-26 Budget