

FY 2018 Budget Community Meeting

October 13, 2016

Outline

- Budget Primer – What makes up the budget?
- Budget Pressures – What are some of the potential challenges in FY 2018?
- Budget Process – How can you get involved?



City Budget Includes

- Annual Operating Budget
- Ten Year Capital Improvement Program (CIP)
- Five Year Financial Planning Model



Annual Operating Budget

- Required to be Balanced
- Provides funding for City and ACPS services, CIP project funding, and non-City services (e.g. Metro)
- Financial Plan for Revenues and Expenditures (One Year Only)
- Statement of Policies & Priorities



Capital Improvement Program (CIP)

- 10-Year Plan for Construction, Maintenance & IT Projects
- Examples
 - Schools
 - Fire Stations
 - Recreation Centers
 - Transportation Systems
 - Sewers
- One Year Balanced Capital Budget
- Nine Year Revenue and Expenditure Plan
- Funded by the Operating Budget and Other Non-City Sources

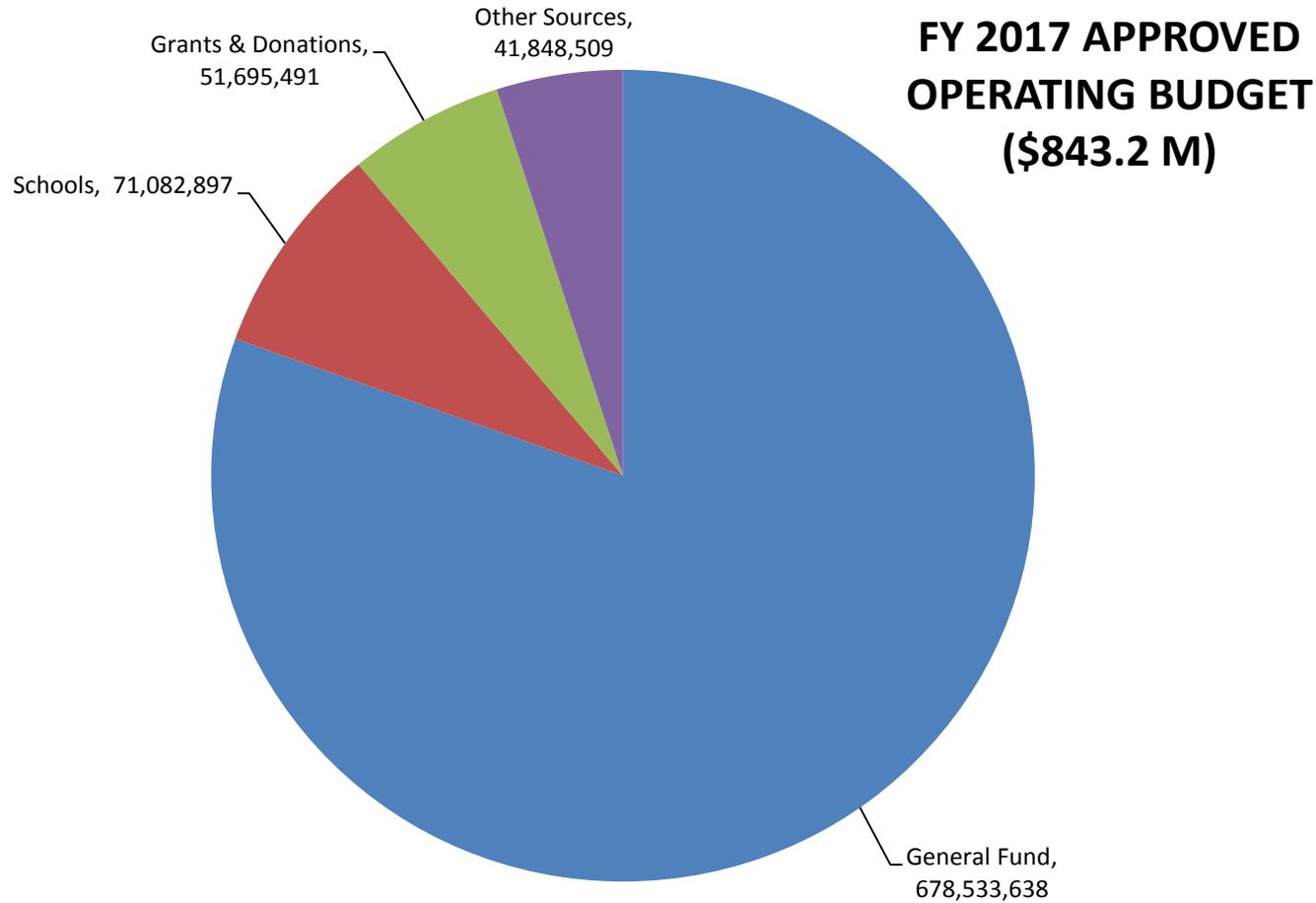


Five Year Financial Planning Model

- Five Year Revenue & Expenditure Estimates
- Balanced in Year One
- Projection of Future Surpluses & Shortfalls



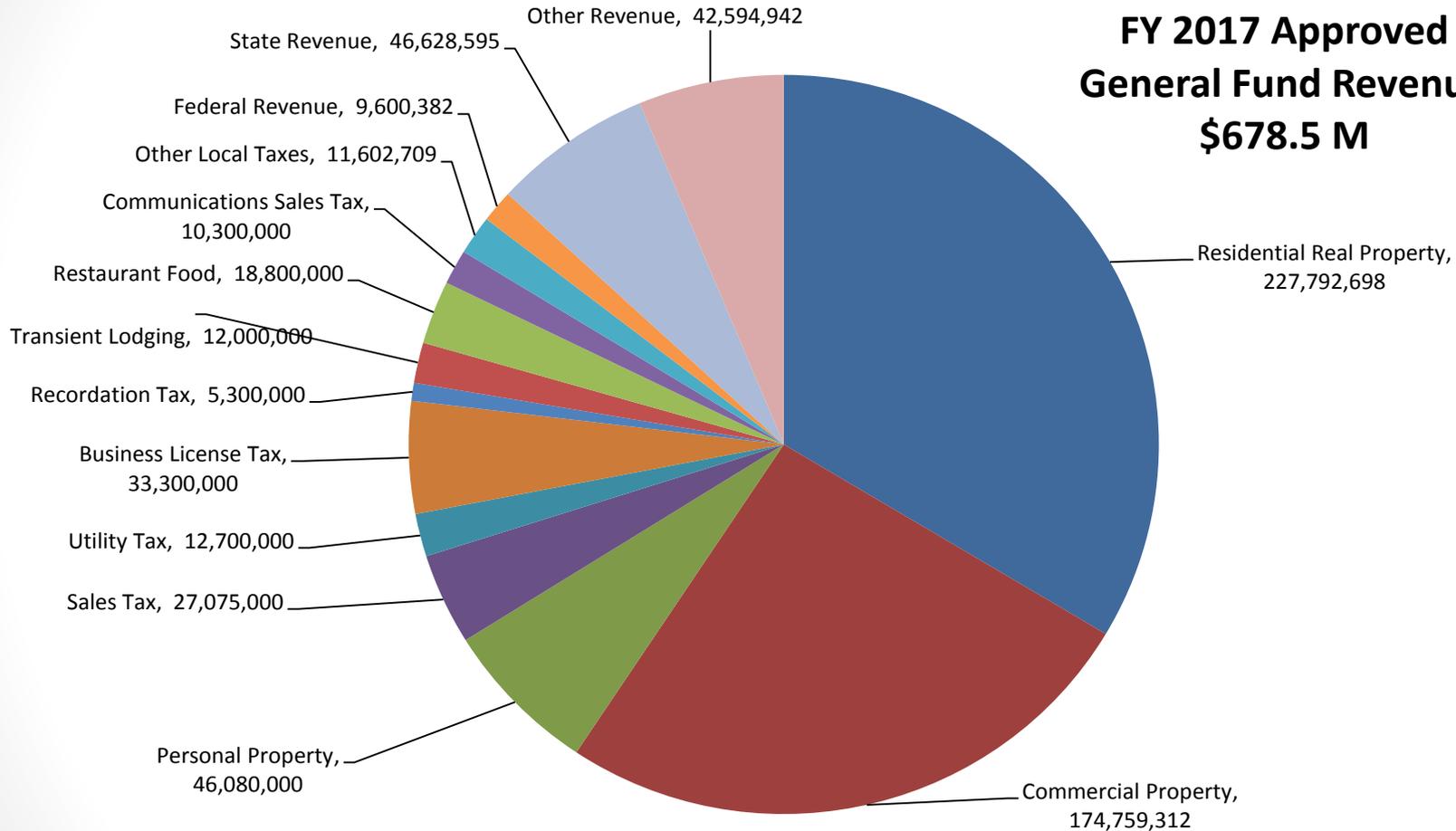
Annual Operating Budget





General Fund Revenue

**FY 2017 Approved
General Fund Revenue
\$678.5 M**



Focus Areas



City Attorney
 City Clerk and Clerk of Council
 City Council
 City Manager
 Communications/Public Information
 Finance
 General Services
 Human Resources
 Information Technology Services
 Internal Audit
 Performance and Accountability
 Non-Departmental
 Management and Budget
 Registrar of Voters

**ACCOUNTABLE, EFFECTIVE
& WELL-MANAGED GOVERNMENT**

Community and Human Services
 Health
 Other Health Activities
 Library
 Recreation and Cultural Activities (RPCA)

HEALTHY & THRIVING RESIDENTS

LIVABLE, GREEN & PROSPERING CITY

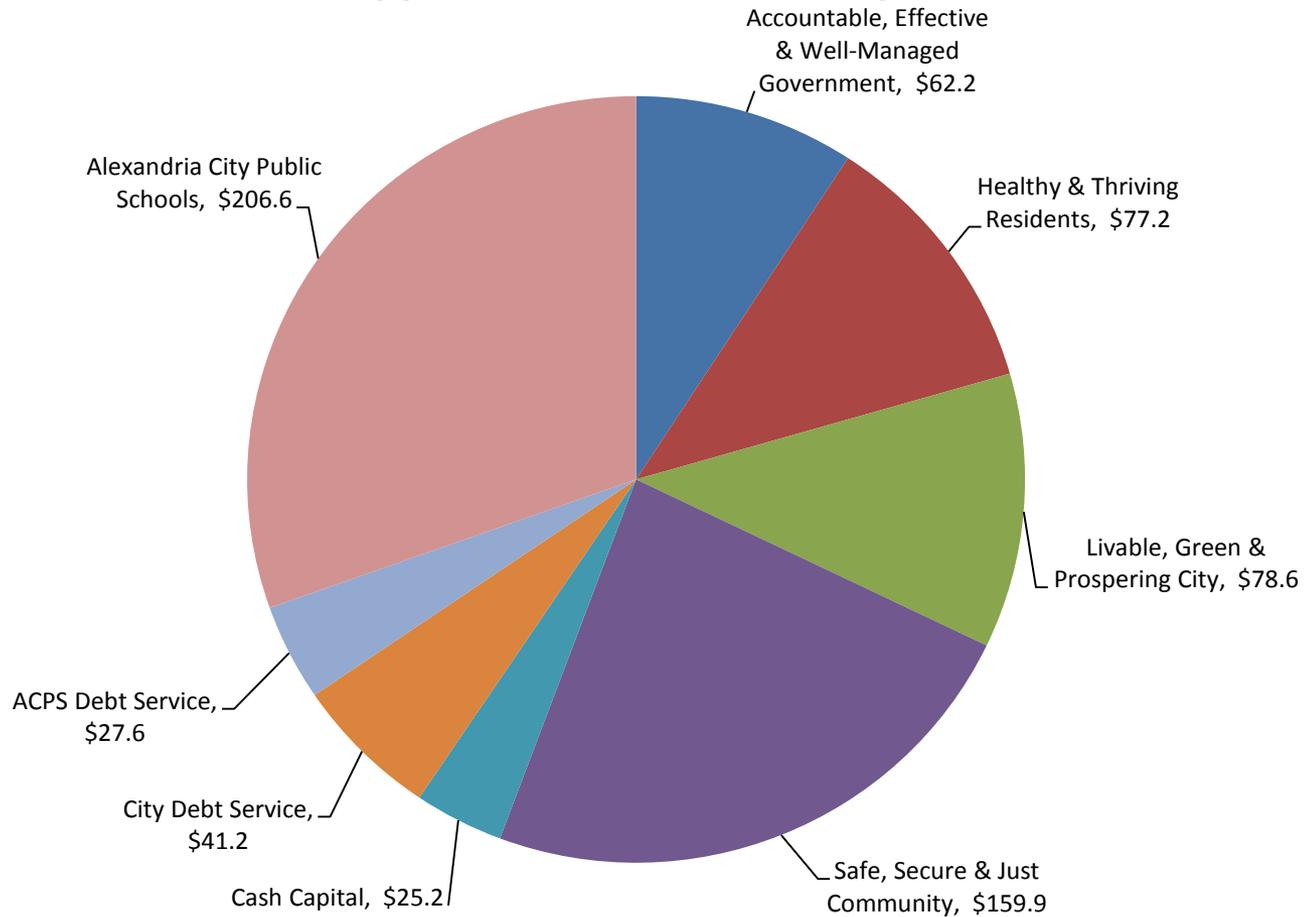
Code Administration
 Alexandria Economic Development Partnership
 Housing
 Historic Alexandria
 Planning & Zoning
 Project Implementation
 Parks (RPCA)
 Transportation/Environmental Services
 Transit Services
 Visit Alexandria

SAFE, SECURE & JUST COMMUNITY

18th Circuit Court
 18th General District Court
 Clerk of Circuit Court
 Commonwealth's Attorney
 Court Services Unit
 Emergency Communications
 Fire
 Human Rights
 Juvenile and Domestic Relations District Court
 Other Public Safety and Justice Programs
 Police
 Sheriff

General Fund Expenditures

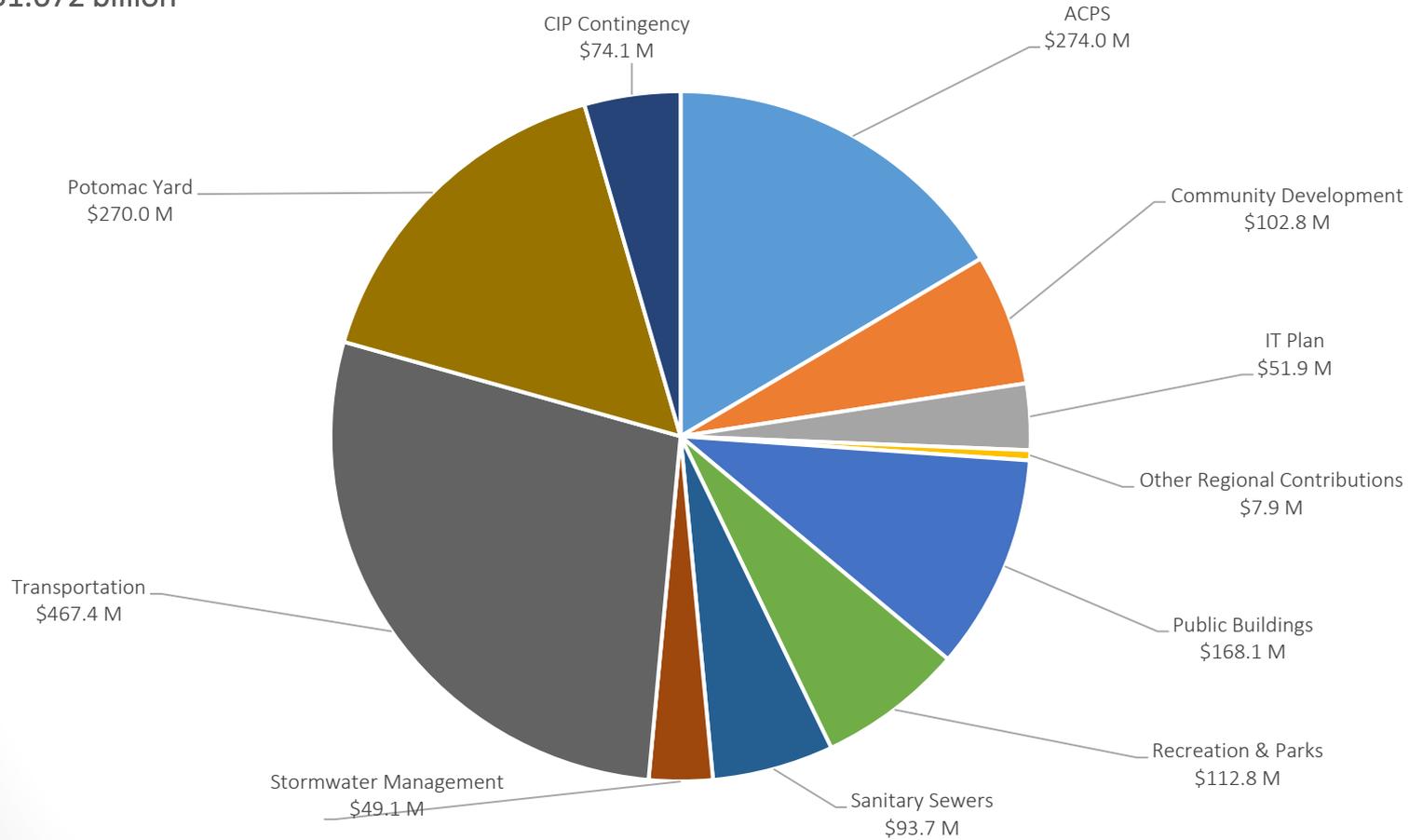
FY 2017 Approved General Fund Expenditures





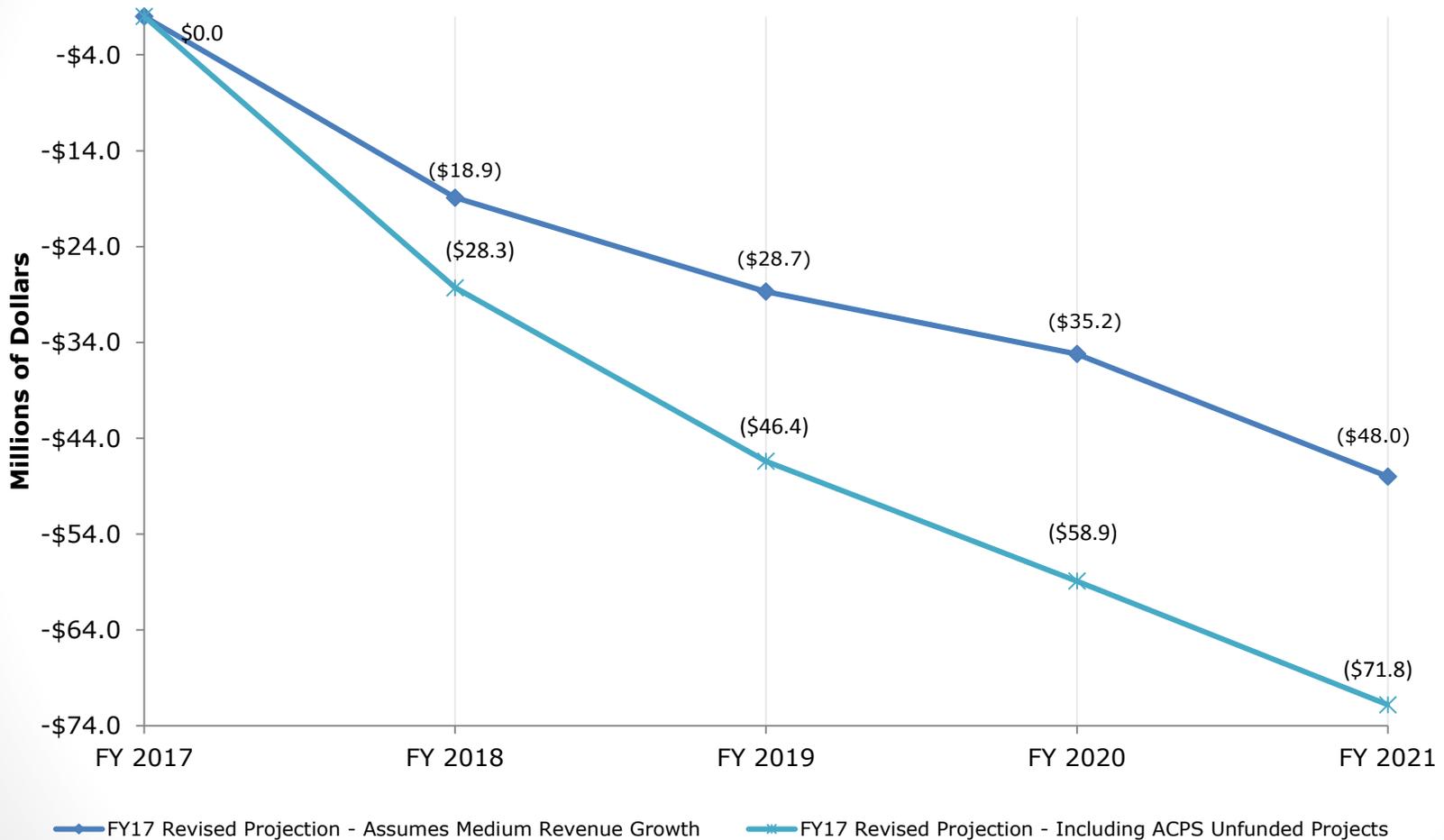
Capital Improvement Program

FY 2017 - FY 2026 Capital Budget Expenditures
\$1.672 billion





Five Year Financial Forecast



Budget Pressures

- Regional Economy/Revenue Growth
- School Enrollment
- Metrorail/Metrobus
- Streets & Buildings State of Good Repair
- Stormwater Management
- Other Service Demands

Revenue Growth

- Real Estate Property Values +2.6 to +3.5% annual growth, 2011-2016
- Other Sources of Revenue +2.9% annually, FY 2010-2015
- Five Year Revenue Forecast +2.4% annual growth
- Forecast Expenditure Growth +4.3%



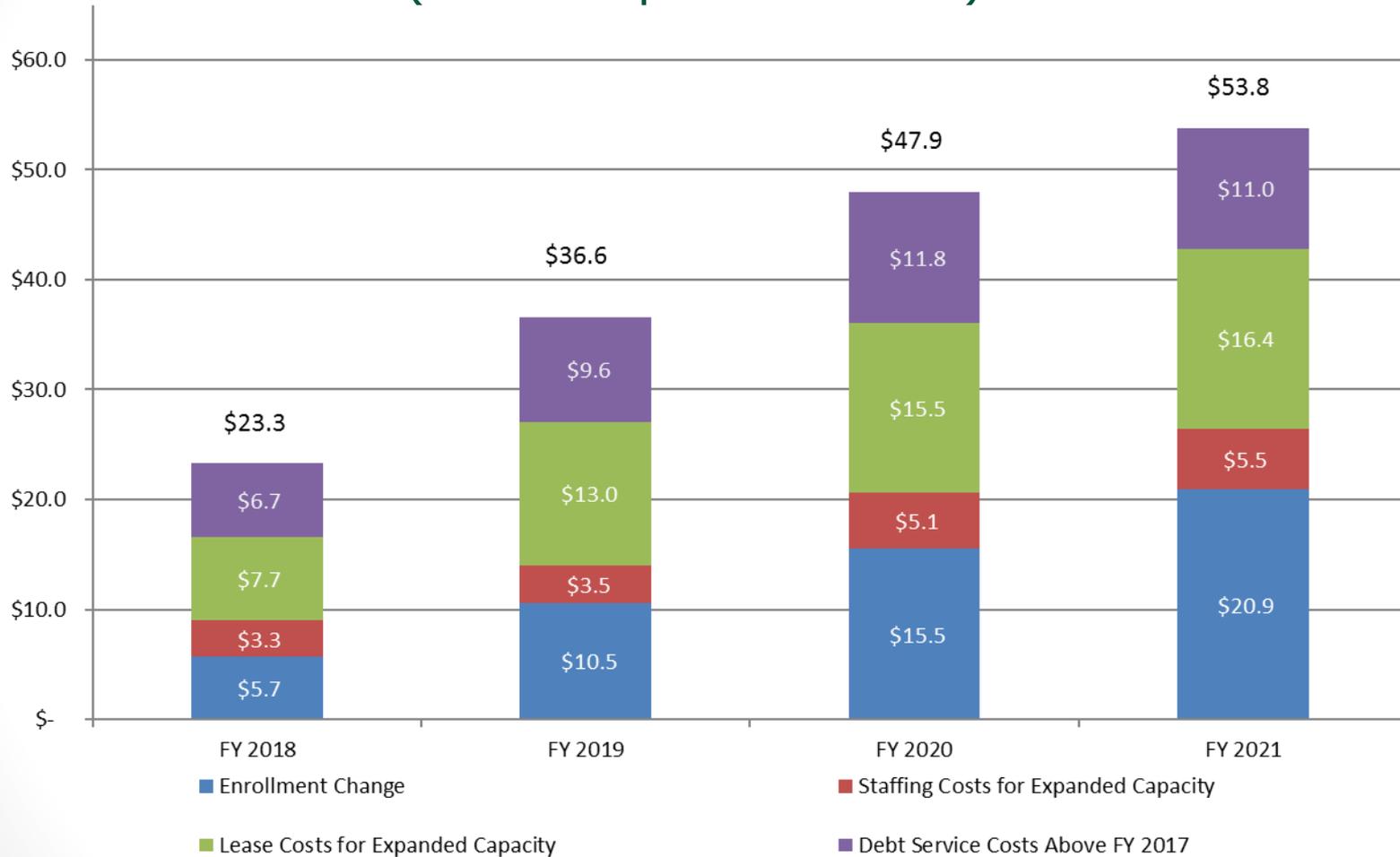
ACPS Enrollment

- 15% growth forecast FY 2017 – 2021
- 2,200 new students, from 15,300 in FY 2017 to 17,500 in FY 2021
- +3.4% annually
- Fiscal Impacts:
 - Instructional staff
 - Facility expansion
 - Support staff



ACPS Potential Cost

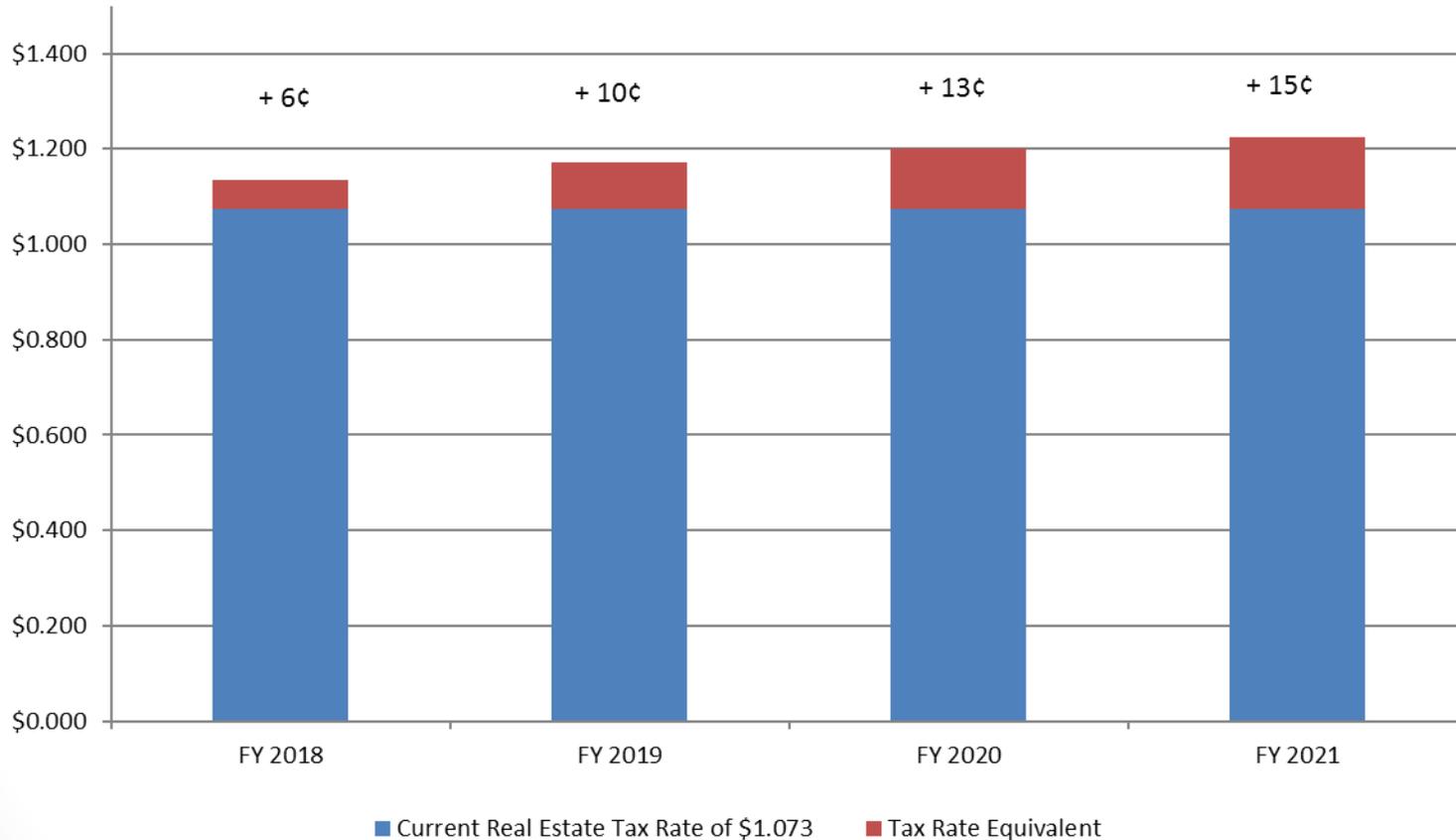
Operating and Capital Construction
(based on prior ACPS CIP)





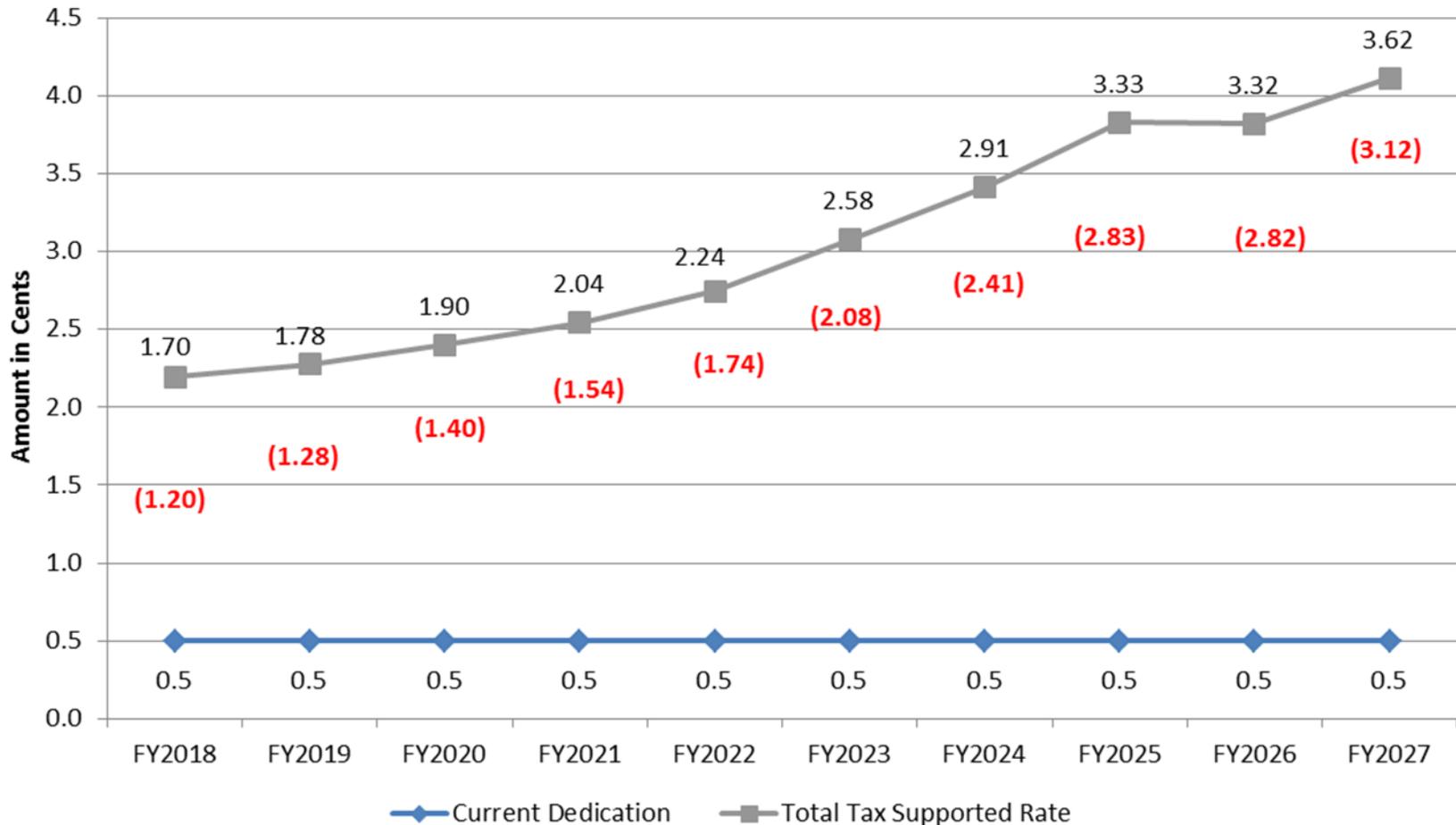
ACPS Tax Rate Impact

If Potential Fiscal Impacts Funded by Real Estate Tax Increase



Storm Water Management

**Estimated Stormwater Expenditures
in Tax Rate Equivalent***



State of Good Repair

- 123 City-owned facilities
 - 12 over 100 years old
 - 5 over 200 years old
- 36 facilities assessed in FY 2015
- Facility Condition Index
 - \$101 M gap over 10 years to attain grade level 'C'
- Increased real estate tax rate 2 cents in FY 2017 for capital improvements as a first step in addressing the issue



State of Good Repair

- 560 street lane miles
- 8-12 year target resurfacing cycle
- Paving Condition Index
- \$54 million planned for FY 2017-2026
- \$17 million in the FY 2013-2022 CIP

Metro Operating

- \$275 M gap in FY 2018
- Under Discussion (Not Yet Proposed)
 - Potential \$55-144 M subsidy increase
 - Roughly \$2-6 M Alexandria share
 - Off Peak Rail Station Closures
 - Bus Route Eliminations

Metro Capital

- \$6.2 M in FY 2013
- \$14.3 M planned for FY 2019
- Current capital funding agreement ending in FY 2017
- Negotiations for new agreement starting soon
- Anticipate future requests for significant investment

Other Service Demands

- Access to Healthcare
- Affordable Housing
- Athletic Fields
- Bicycle and Pedestrian Improvements
- Children, Youth & Families Master Plan
- Historic Preservation
- Library Services
- Open Space
- Traffic calming and enforcement

Financial Pressures

- Revenue growth forecast = +2.4%
- Expenditure growth forecast = +4.3%
- \$60 M gap by FY 2020
 - Does not fully address ACPS capacity
 - Does not fully address state of good repair
 - Does not include potential new Metro needs
 - Does not fully fund other service demands

Summary

- A significant challenge, but not a crisis
- Strengths
 - Growing tax base
 - AAA/Aaa bond ratings
 - Low unemployment
- Challenges
 - Regional economy/revenue growth
 - Demand for services/capital investments
 - Balancing the two

Budget Process





Upcoming Schedule

- Online Engagement
- Boards, Committees, and Commissions Priorities by October 31st
- City Council Retreat, November 5
 - 2900 Business Center Drive
- City Council Guidance, November 9
 - City Hall
- Proposed Budget Presentation to City Council
 - February 21, City Hall
- Public Budget Presentation, February 23
 - Beatley Library

After Budget Presentation

- Online Engagement Continues
- Public Hearings, March 13 and April 22
- Budget Work Sessions, Feb 21 – Apr 19
- Add/Delete Apr 25 – May 1
- Adoption May 4



Roundtable Discussion