



# City Manager's Message

## OVERVIEW

The following pages include the City Manager's Message from the Proposed Budget, which explains in greater detail the strategic approach used to develop the Proposed Budget and is still applicable, followed by a list of technical adjustments and Add/Delete items which detail changes in the FY 2024 Approved Budget.

On February 28, 2023, the City Manager presented the Fiscal Year (FY) 2024 Proposed Budget to City Council based on the budget guidance provided in the fall. After the presentation of the Proposed Budget, which proposed no increase in the City's real estate tax rate and included priority investments in employee compensation, race and social equity initiatives, public safety support programming, climate change initiatives, and full funding of the Schools operating budget request, City Council deliberated and the public provided input through a series of budget work sessions and public hearings. At the conclusion of the deliberation process, City Council amended and approved a final budget through add/delete budget mark-up sessions. On May 3, 2023, the Alexandria City Council approved a \$884.3 million General Fund, \$45.1 million more than compared to the FY 2023 Approved Budget and an additional \$3.2 million more than the FY 2024 City Manager Proposed Budget. Of the \$3.2 million funding increase approved by City Council through add/delete, roughly one-half is to reduce Capital Improvement Program (CIP) borrowing for ongoing financial sustainability, and the other half is to expand or improve services provided in the operating budget. During the add/delete work sessions, City Council approved the following amendments to the FY 2024 Proposed Budget:

### Technical Adjustments to the Proposed Budget

- Revenue re-estimates from an improving economy and higher than anticipated restaurant meals and transient lodging taxes totaling an increase of \$2,395,189 in the General Fund.
- A \$400,000 reduction in Non-Departmental early childhood contingency due to City Council's approval to assign these funds to existing early childhood programs for one-time use on March 28, 2023. This technical adjustment removes the FY 2024 contingency funding due to the one-time nature of the approved FY 2023 funding.
- A \$125,500 increase in the City Manager's Office budget in response to a request for resources identified after the FY 2024 budget was proposed. This will provide additional training funds for the City Manager's Office, including for Race and Social Equity.
- A \$100,000 reduction in the City Attorney's Office's (CAO) budget. Following the completion of the FY 2024 proposed budget, staff identified an oversight within both the City Attorney's Office's (CAO) non-personnel budget and the Office of Performance Analytics' (OPA) personnel budget. In order to resolve this issue, staff reallocated \$100,000 in excess funding from CAO's non-personnel budget to resolve a deficit in OPA's personnel budget.
- A \$100,000 increase in the Office of Performance Analytics' (OPA) budget. Following the completion of the FY 2024 proposed budget, staff identified an oversight within both the City Attorney's Office's (CAO) non-personnel budget and the Office of Performance Analytics' (OPA) personnel budget. In order to resolve this issue, staff reallocated \$100,000 in excess funding from CAO's non-personnel budget to resolve a deficit in OPA's personnel budget.
- A \$460,000 increase in the one percent share of the City's restaurant meals tax rate dedication for affordable housing. In the March revenue re-estimate, the budget for meals tax FY 2024 revenue was increased by \$2,300,000 based on higher than anticipated receipts to date in FY 2023. The one percent share of that increase is \$460,000, and the General Fund transfer of dedicated meals tax funding to the affordable housing fund increased by that amount.
- An \$89,000 decrease in the Planning and Zoning department's budget due to a funding shift from the General Fund to the Special Revenue Fund for a senior planning technician position.

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### City Council Approved Add/Delete Items

- A \$200,000 General Fund increase supports permanent part-time staffing at RPCA Out of School Time (OSTP) program locations and supports a staffing framework for OSTP that provides consistent quality across all locations. This addition will be funded by an increase in the OSTP program fee for full rate payers.
- A \$490,000 General Fund increase adds an additional 5 photo speed monitoring devices to school crossing zones prioritized by Transportation & Environmental Services. This addition will be funded by \$500,000 in revenue from the implementation of the enforcement program.
- A \$657,629 General Fund decrease in appropriation for the Northern Virginia Juvenile Detention Center places those funds into contingent reserves. This contingent allocation will remain pending until further Council action. This change does not impact the remainder of the City's appropriation. The expectation is that alternatives should be before the Council this fall and this allocation should not impact the services provided to youth at the facility today.
- A \$50,000 General Fund increase provides child-minding services at Council Town Hall events (4) and select board, committee, and commission (BCC) meetings.
- At City Council's direction, the proposed budget included a set of proposals that the City Manager would recommend funding with a one-cent real estate tax rate increase. This included an emergency bed finder to assist in locating and placing psychiatric patients in available beds. City Council did not include a real estate tax rate increase in add/delete, however it directed staff to fund the Emergency Bed Finder position out of the existing Inova Alexandria Hospital contingency, resulting in a general contingency of \$411,325 and an emergency bed finder contingency of \$79,250.
- A \$150,000 General Fund increase provides eviction assistance to 40 households in FY 2024.
- A \$110,000 General Fund increase to explore a new position or series of positions that could advance the efforts to connect immigrant communities with information, resources, and services and address the unique challenges of Alexandria's immigrant populations.
- A \$75,000 General Fund increase to develop a mental health pilot program focused on youth at two RPCA facilities. The recommendation is to place the funds into contingency to give staff more time to determine the best sites for the pilot and other key program design elements.
- A \$214,943 General Fund increase to expand the Summer Youth Employment program by 50%, serving 255 total youth, or 85 more than the current program.
- A \$250,000 General Fund increase adds funding for a study to determine how best to structure (e.g. legal review, subsidy amounts, landlord engagement, etc.) a voucher-like program that stabilizes housing and enables access for low-income households across the City's private rental market.
- A \$70,000 General Fund increase adds funding to maintain library security staffing at current levels.

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### City Council Approved Add/Delete Items

- A \$19,000 General Fund increase adds funding to fill the gap created by Virginia budget formula changes related to the Older Americans Act. If the gap is eliminated by changes to the Commonwealth's budget upon final adoption, the Aging & Adult Services Office (DAAS) may use the funds to serve individuals on its personal services waiting list.
- A \$120,000 General Fund increase adds funding to expand DASH Line 33 service from 60 minutes to every 30 minutes on Sundays.
- A \$78,000 General Fund increase provides additional funding for advertising by Visit Alexandria, which they may use for any sort of media, online, or print advertising, either regionally or nationally at their discretion.
- A \$5,300 General Fund increase in funding provides Council Aides with the same 2% general scale compensation adjustment proposed for other general scale employees within the FY 2024 budget.
- A \$20,000 General Fund increase adds funding for a private security incentive program to be held in contingency until staff presents a programming recommendation.
- A \$147,208 General Fund increase provides for the continuation of the Alexandria Economic Development Partnership (AEDP) Economic Recovery Manager position (ERPM). The role of the ERPM is to create and manage economic recovery initiatives to support the business community's recovery and long-term resiliency.
- A \$15,000 General Fund increase provides resources to fund a fee waiver for the Summer Out of School Time Program (OSTP) participants eligible for SNAP and TANF.
- A \$1,509,689 increase in the cash capital funding for the adopted Capital Improvement Program to reduce required borrowing and associated debt service. This additional funding reduces planned borrowing by \$15 million and mitigates \$7 million in debt service payments.
- A \$136,000 Special Revenue Fund increase for the Rental Inspection Program Enhancement. The additional contingency funding will allow for staff to evaluate an enhanced proactive inspection and follow up of non-compliant multi-family rental properties.

# 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.

# City Manager's Message



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.

# City Manager's Message



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 black ink, appearing to read "J. F. Parajon".

James Parajon  
City Manager