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MEMORANDUM

Date: November 20, 2024  
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL  
FROM: BUDGET AND FISCAL AFFAIRS ADVISORY COMMITTEE (BFAAC)  
SUBJECT: MEMO #1 – BFAAC FY 2025 Work Plan

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BFAAC is pleased to present City Council with its proposed work plan for FY 2025.

The following are the anticipated memoranda that BFAAC will produce this year:

- MEMO #1: BFAAC FY2025 WORK PLAN (November 2024 - this memo)
- MEMO #2: RECOMMENDATIONS FOR THE FY 2026 BUDGET GUIDANCE (November 2024): BFAAC will provide recommendations for Council to consider as it develops the FY 2026 budget guidance;
- MEMO #3: RECOMMENDATIONS AND OBSERVATIONS RELATED TO THE CITY MANAGER’S PROPOSED FY 2026 BUDGET: BFAAC will provide the Council with a memo with recommendations regarding the major issues facing the City in FY 2026. The memo will follow up on revenue and process recommendations made in previous budget response memoranda.
- MEMO #4: BFAAC/BAC Joint Memorandum, timing and topic to be determined.

The following are two additional topic-specific memos we plan to prepare as the remainder of our work this year. Details about each memo are included below:

- MEMO #5: Revenue “Deep-Dive”
- MEMO #6: Education Series Final Work Products

**ANNUAL DEEP-DIVE TOPIC:**

Revenue has been a consistent theme in BFAAC’s internal discussions, historical memos to Council, and direct conversations with Council over the past twelve years. BFAAC will explore topics related to revenue generation and diversification for our work this year culminating in a formal memo to Council. Potential areas of exploration are listed below, but given BFAAC’s capacity and schedule, it may not be possible to produce a memorandum that speak to every single topic – we may also explore other revenue-related topics that are relevant to this analysis.

- Understanding revenue-related powers afforded to Alexandria given the legal structure in which it operates between its unique status as a chartered independent city and the Dillon

Rule conditions of Virginia, especially as it relates to conveying the same to the community-at-large about what Council can and cannot do in terms of revenue;

- Comparison of expenditure-related powers & processes to neighboring jurisdictions and potentially elsewhere in the country (referendums, bonding, etc.) and comparison of independent cities vs counties in Virginia;
- Relative amount of revenue that is “locked-in” to certain expenditures on an annual basis, i.e., dedicated revenues, amount of general revenues necessary to cover debt service, collective bargaining contracts, etc., vs what is more flexible;
- Identifying potential untapped federal and state sources of revenue, with an understanding of City’s current work with Richmond, lobbyists, federal grant consultants, considering its applicability to ACPS or other agencies.
- Amount of general fund revenue subsidizing state-level employees (Sheriff’s office, Commonwealth’s Attorney, courts), or an update to OMB’s previous report on the same;
- Literature review of “revenue master plan” concepts, if they exist, from other municipalities;
- Availability or applicability of public-private partnerships, non-general fund revenue sources;
- Economic development & impacts on commercial vs residential tax revenue balance;
- Major fiscal cliffs & potential dedicated revenue impacts, especially transportation-related (DASH, WMATA);
- Considering revenue-related topics from an equity lens; and
- Projected federal administration-change revenue impacts, if known.

We welcome your prioritization or highlighting of specific topics of interest we have identified.

### **EDUCATION SERIES FOLLOW-UP:**

As you may recall, we focused our work last year on educating ourselves about the budget process through what we nicknamed “Budget 101” sessions with various City departments. The intent of this effort, which will continue through this year, is to develop a reference library that helps to demystify how the City budget is developed, for use by current and future Council members and staff, BFAAC members, and community members. We recognize that this is especially important this year as we welcome newly elected Council members and new members of BFAAC.

We hosted the following sessions over the course of last year and are finalizing the associated summary materials for each session.

<b>Topic</b>	<b>Notes</b>	<b>Assigned Reading/Review</b>
Budget Process/ Components Overview	<ul style="list-style-type: none"> <li>• Timeline (public and internal)</li> <li>• Major components/drivers</li> </ul>	<ul style="list-style-type: none"> <li>• Understanding the Budget</li> <li>• Budget in Brief</li> <li>• City Manager’s Message</li> </ul>
Revenues	<ul style="list-style-type: none"> <li>• Assessments, BPOL, Commercial Real Estate</li> <li>• TIFs/Tax Districts, Other Financial Tools</li> </ul>	<ul style="list-style-type: none"> <li>• Revenues Summary</li> </ul>
Finance	<ul style="list-style-type: none"> <li>• Annual Financial Report</li> <li>• OPEB</li> <li>• Fund Balance</li> <li>• Investment Policy</li> </ul>	<ul style="list-style-type: none"> <li>• ACFR</li> <li>• Monthly Financial Report</li> </ul>
CIP	<ul style="list-style-type: none"> <li>• Affordability, debt, cash capital, components, etc</li> </ul>	<ul style="list-style-type: none"> <li>• CIP Overview</li> <li>• Summary Tables</li> <li>• Understanding the CIP</li> </ul>
ACPS Budget	<ul style="list-style-type: none"> <li>• Joint with BAC</li> <li>• ACPS CFO, budget staff and others as determined by ACPS</li> </ul>	<ul style="list-style-type: none"> <li>• ACPS Budget Document/Summary</li> </ul>

We are working with staff to schedule and complete the following Budget 101 sessions this year:

<b>Topic</b>	<b>Notes</b>	<b>Assigned Reading/Review</b>
Special/ Dedicated Revenue Funds & Grants	<ul style="list-style-type: none"> <li>• TIP, Sanitary, Storm, Permit, Equipment Replacement, etc</li> <li>• What are the funds?</li> <li>• What are the permitted uses?</li> <li>• What was the logic behind creating these funds?</li> </ul>	<ul style="list-style-type: none"> <li>• Grant Funds and Special Revenue Funds</li> </ul>
Personnel & Compensation	<ul style="list-style-type: none"> <li>• Size of workforce</li> <li>• Cost centers</li> <li>• Salary &amp; benefits process</li> <li>• Collective bargaining</li> <li>• Market competitiveness (reclass/regrading)</li> <li>• MRA post-budget proposal tool</li> </ul>	<ul style="list-style-type: none"> <li>• Personnel and Compensation Summary</li> </ul>

BFAAC will prepare materials to summarize the remaining budget sessions and compile them with the materials prepared for last year’s sessions for sharing via the BFAAC website.

## **CONCLUSION**

We look forward to discussing our proposed work plan with you at the Council Budget Retreat and to working with you this year.