



CITY OF ALEXANDRIA
Office of Management & Budget

FISCAL YEAR 2026 PROPOSED BUDGET

February 25, 2025





AGENDA

- ▶ **Introduction**
- ▶ **Revenue & Economic Forecast**
- ▶ **Budget Priorities**
- ▶ **Development Process**
- ▶ **Proposed Operating Expenditures**
- ▶ **Proposed Capital Improvement Program (CIP)**
- ▶ **Budget Calendar**



INTRODUCTION OF THE PROPOSED BUDGET FOR COUNCIL CONSIDERATION

- ▶ **\$956.5 M General Fund operating budget; \$2.08 B 10-year CIP**
- ▶ **No real estate tax rate increase**
- ▶ **Building on progress from previous years' investments**



INTRODUCTION OF THE PROPOSED BUDGET FOR COUNCIL CONSIDERATION

- ▶ **\$6.4 M in General Fund expenditure reductions**
- ▶ **Continued targeted investment in youth, housing, infrastructure, public safety, and employees**
- ▶ **New investments to grow commercial tax base**



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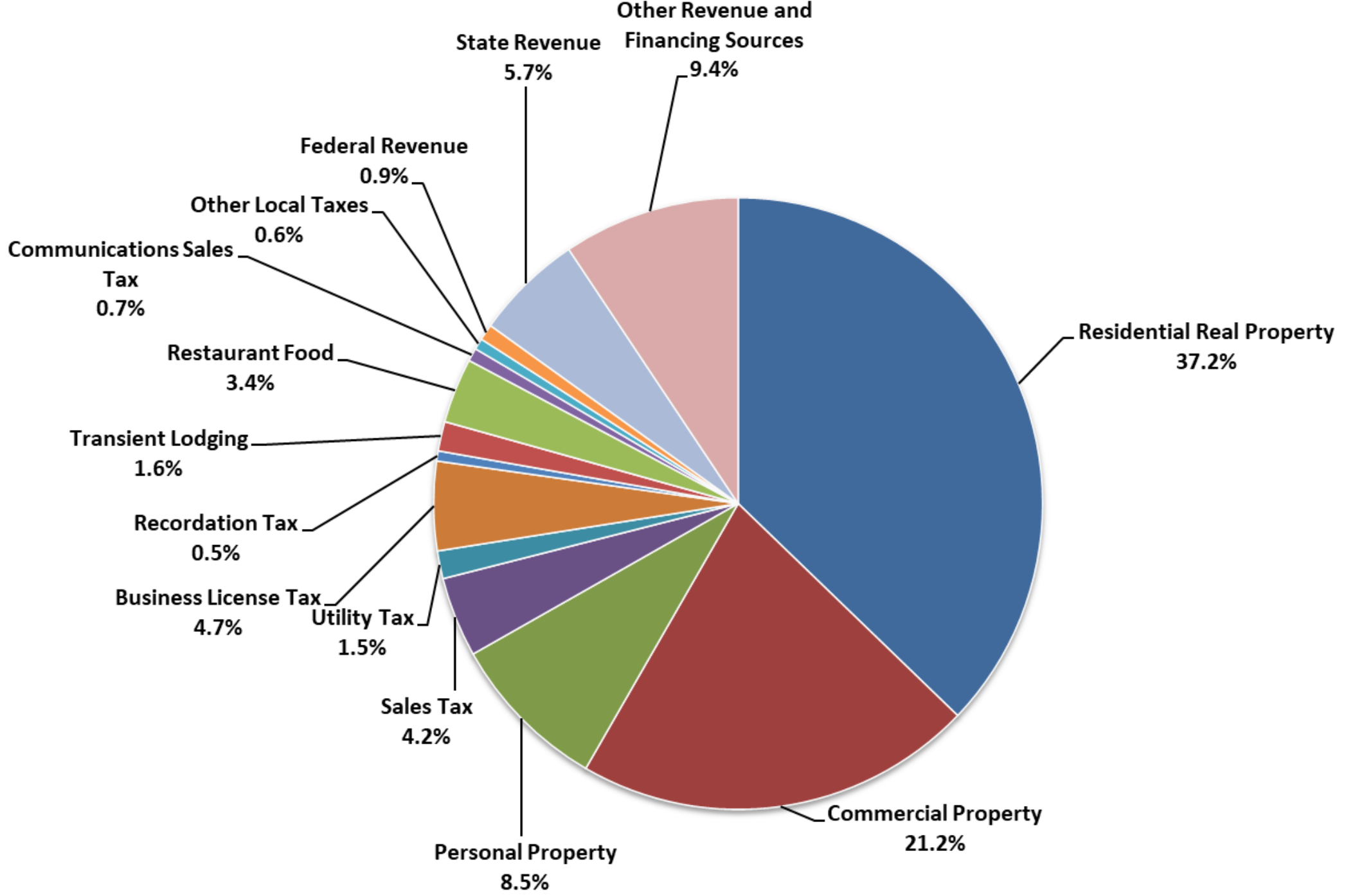
REVENUE & ECONOMIC FORECAST

February 25, 2025





GENERAL FUND REVENUE \$956.5 M





STATE OF THE ECONOMY

▶ **National Economy**

- ▶ Real GDP increased 2.8% in 2024 compared to an increase of 2.9% in 2023
- ▶ Job growth averaged 186,000 jobs per month in 2024
- ▶ Median national home price in 2024 decreased 0.9% to \$419,200
- ▶ Inflation – Consumer Price Index increased 2.9% in December 2024 compared to 3.4% in December 2023

▶ **Local Economy**

- ▶ Consumer confidence declined nearly 12% from December 2023 to December 2024
- ▶ Alexandria's unemployment rate in December 2024 was 2.2%, compared to 2.8% for the DC Metro area and 4.1% for the national rate
- ▶ Uncertainty surrounding Federal level changes



SOURCES OF UNCERTAINTY

- ▶ **Federal grants impact on state and local programs and revenues**
- ▶ **Federal trade policy impact on global/US economy**
- ▶ **Federal downsizing impact on regional economy**



FEDERAL FUNDING

- ▶ **\$51 M or 4.3% of FY 2025 approved operating all-funds budget (\$1.2 B)**
 - ▶ **\$21 M for DCCHS programs**
 - ▶ **\$21 M for ACPS**
 - ▶ **\$8 M in reimbursements**

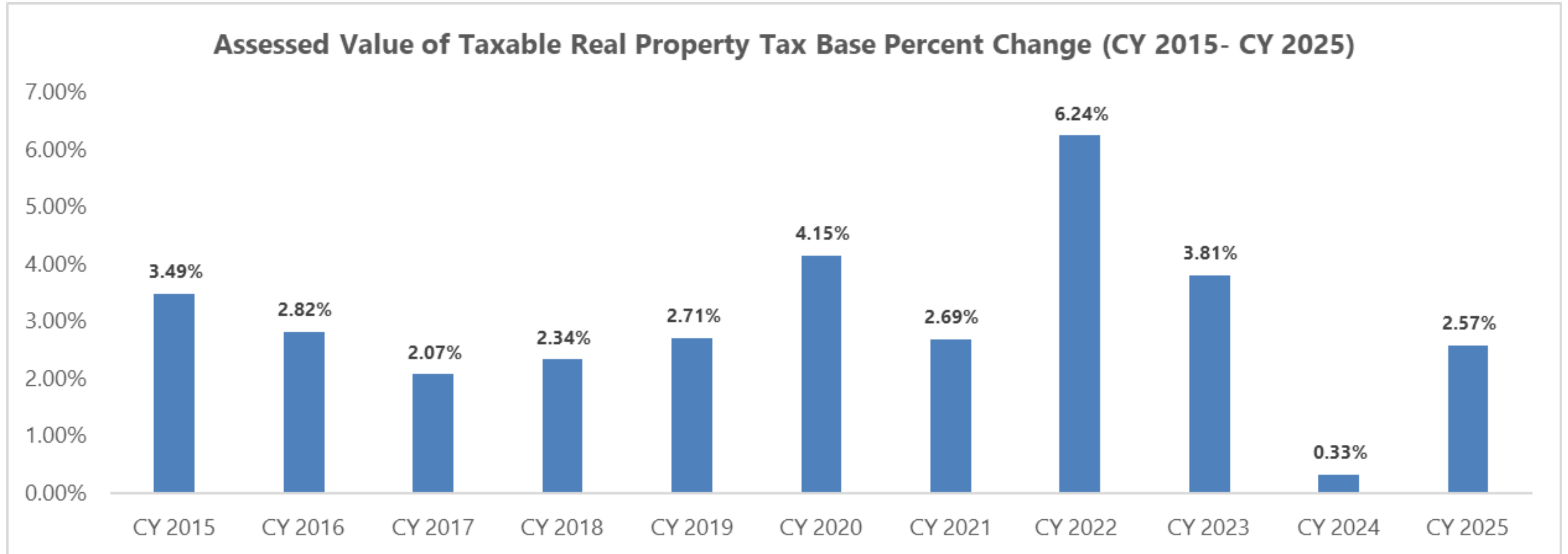


STAFF RESPONSE

- ▶ **Monitoring for impacts**
- ▶ **Consultation with grants advisors**
- ▶ **Ability to respond to changes in revenue**
- ▶ **\$3.0 M assigned for emergencies**
- ▶ **\$1.0 M assigned for lost grant funding**



PROPERTY TAX BASE





CY 2025 OVERALL REAL PROPERTY ASSESSMENT CHANGES

- ▶ **Locally Assessed Taxable Real Property assessments increased 2.54% (\$1.2 billion) from January 1, 2024, to January 1, 2025**

- ▶ **Residential Tax Base** **+ 4.55%**
 - ▶ +\$1.4 billion

- ▶ **Commercial Tax Base** **- 0.88%**
 - ▶ -\$156.4 million

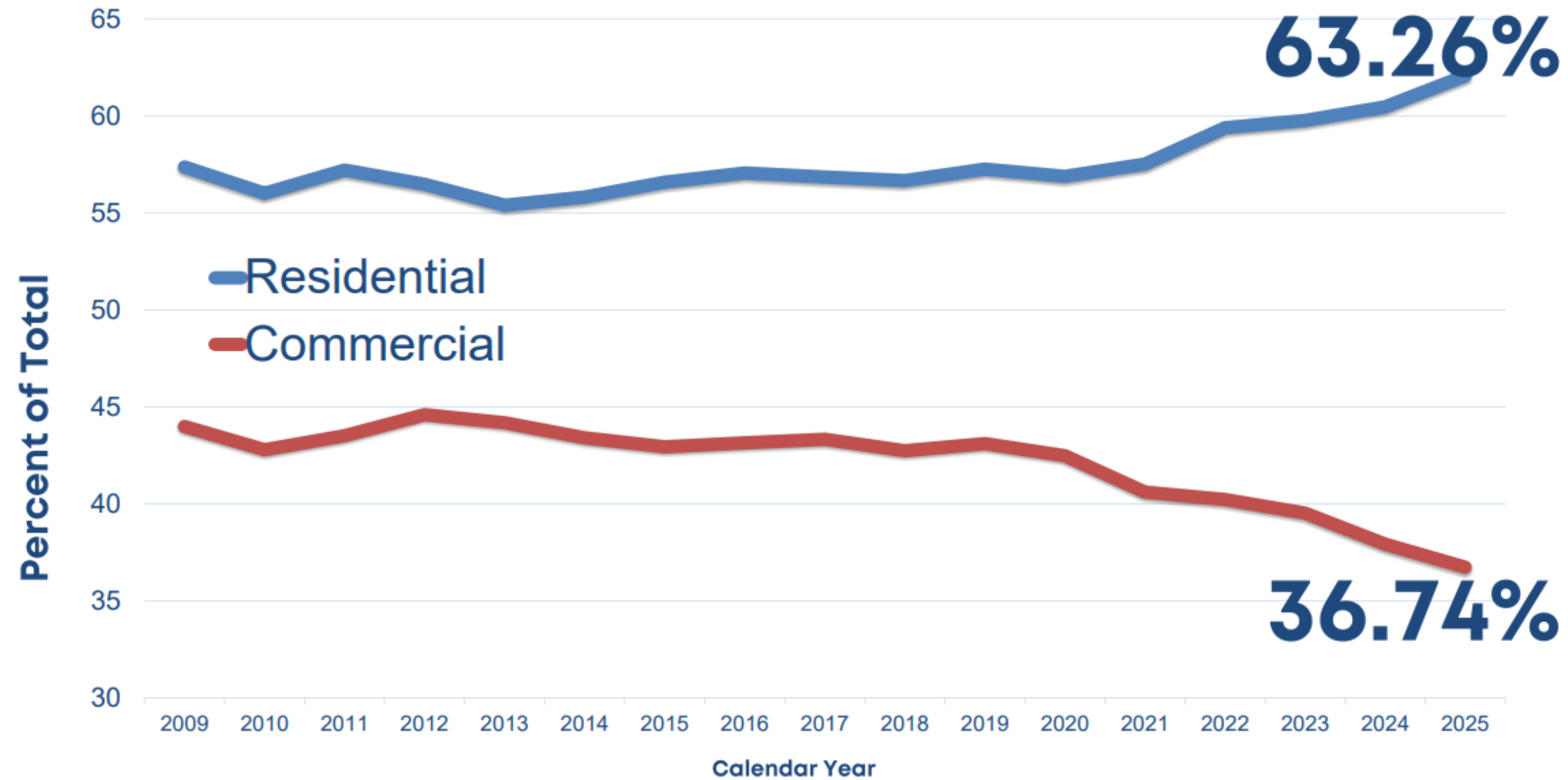
- ▶ **Non-Locally Assessed Tax Base** **+ 4.86%**
 - ▶ +\$34.1 million

- ▶ **Total Taxable Real Property** **+2.57%**



REAL ESTATE TAX BASE DISTRIBUTION CY 2009 TO CY 2025

INCLUDING MULTI-FAMILY RENTAL ASSESSMENTS WITH COMMERCIAL ASSESSMENTS





CY 2025 COMMERCIAL PROPERTY

Commercial *decreased* 0.88%

Office Buildings	-10.28%
General Commercial	+4.94%
Multi-family	-1.11%
Warehouses	+0.10%
Hotels	+20.05%
Shopping Centers	+4.91%

**Total Commercial Assessment Change:
-\$156.4 million**



FY 2026 TAX RATE HIGHLIGHTS

- ▶ **No change in real estate tax rate**
 - ▶ Proposed Real Estate Tax Rate: \$1.135 per \$100 AV

- ▶ **No change in personal property tax rates**
 - ▶ \$5.33/\$100 of assessed value (vehicle)
 - ▶ \$4.75/\$100 of assessed value (business tangible personal property)

- ▶ **\$10.3 M in elderly/disabled/veteran tax relief**

- ▶ **No change in other tax rates**



GENERAL FUND FEE INCREASES & COLLECTIONS

▶ **RPCA**

- ▶ Rental Fee Adjustment – Increasing rental fees to better align with market rates and current costs of providing these services.
- ▶ Indoor Moon Bounce and Soft Play equipment – a proposed \$75 fee to enhance the party rental experience by way of adding indoor moon bounce and soft play equipment rental due to customer demand.
- ▶ Youth Sports Fee – Align youth sports registration fees with market rates and current costs of providing these services.

▶ **P&Z – Short Term Residential Administration and Enforcement Permit Fee**

- ▶ The proposed fee will allow the City to better monitor and regulate STRs currently operating in the City as well as revoke permits for those that become a neighborhood nuisance.

▶ **Residential Permit Parking Fees**

- ▶ Current rate: \$40 for the first vehicle \$50 for the second vehicle \$150 for each additional vehicle.
- ▶ Proposed rate: \$55 for the first vehicle \$75 for the second vehicle \$250 for each additional vehicle.



ENTERPRISE FUNDS FEE INCREASES

- ▶ **No change in sanitary sewer rate** = \$2.28 per 1,000 gallons
- ▶ **Stormwater rate** = \$340.30 per year for average single-family house (\$16.20 increase from \$324.10) continues previously planned 5% growth to fund future project needs
- ▶ **No change in residential or commercial refuse rate** = \$500



AVERAGE IMPACT ON TAX BILLS

Classification	Average Assessed Value	Real Estate Tax Bill Increase at the Current Tax Rate (\$1.135)
Single Family	\$1,001,336	\$443
Condominium	\$447,612	\$271
Overall	\$729,925	\$353



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BUDGET PRIORITIES & DEVELOPMENT PROCESS

February 25, 2025





FY 2026 BUDGET PRIORITIES

Fulfill Our Mission

Working together to foster a thriving Alexandria

Pursue Our Vision

A culture that supports each of us and inspires excellence

Live Our Values

- ▶ Respect: We are open-minded and treat all people with dignity
- ▶ Teamwork: We do great things together
- ▶ Integrity: We are thoughtful stewards of the public's trust
- ▶ Continuous Improvement: We challenge ourselves to learn and grow



CITY COUNCIL PRIORITIES

Community Connection (this priority will be integrated into the remaining priority areas)

Employee Attraction & Retention

Housing Opportunities

Eliminate Community Disparities

Economic Strength



BUDGET DEVELOPMENT PROCESS

- ▶ **Revenue Forecasting (Sept – Jan)**
 - ▶ **Based on actual receipts and forecasted economic conditions**

- ▶ **Organizational Review**
 - ▶ **Vacancies and turnover**
 - ▶ **Recruitment status/efforts**
 - ▶ **Market competitiveness**
 - ▶ **Health insurance**



BUDGET DEVELOPMENT PROCESS

- ▶ **Base budget analysis**
 - ▶ Review cost to maintain vital services
 - ▶ Examine opportunities for efficiency savings
- ▶ **Departments submit budget increase requests**
- ▶ **Department submit expenditure reduction options**



BUDGET DEVELOPMENT PROCESS

- ▶ **Meetings with Departments to review proposals**
- ▶ **Proposed budget decisions and presentation to Council**



BUDGET DECISION MAKING

▶ Additions

- ▶ Alignment with City Council priorities
- ▶ Mandated requirements
- ▶ Maintaining infrastructure
- ▶ Protecting life and safety
- ▶ Continuing vital services

▶ Reductions

- ▶ Reallocation of resources
- ▶ Taking advantage of efficiencies
- ▶ Re-examining vacant positions
- ▶ Reviewing prior-year savings
- ▶ Minimizing impact on services



PRIMARY FISCAL POLICIES

▶ **Fund Balance**

- ▶ Spendable General Fund (GF) Balance target of 15% of GF Revenue

▶ **Cash Capital**

- ▶ Minimum of 2.0% recurring GF cash capital applied to the CIP

▶ **Debt**

- ▶ Maximum of 2.5% debt as Percentage of Fair Market Real Property Value

▶ **Policies support City achieving its AAA/Aaa bond rating**



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PROPOSED OPERATING EXPENDITURES

February 25, 2025





GENERAL FUND EXPENDITURE CHANGES

(\$ IN MILLIONS)

General Fund Expenditures	FY25 Approved	FY26 Proposed	\$ Change	% Change
City Operations	\$ 476.9	\$ 485.7	\$ 8.7	1.8%
Transit	50.7	51.7	1.0	2.0%
Cash Capital	29.5	32.3	2.9	9.7%
Schools Transfer	273.0	281.2	8.2	3.0%
Schools Debt Service	45.5	47.8	2.3	5.1%
City Debt Service	50.7	57.7	7.0	13.7%
Total	\$ 926.4	\$ 956.5	\$ 30.1	3.2%

General Fund revenues and City Debt Service expenditures include \$5.2 M in Landmark redeveloping financing expenditures funded by a transfer from the CIP. Without it, overall revenue and expenditure growth is \$24.9 M and 2.7%



FTE CHANGES

- ▶ **2.63 Net FTE increase**
- ▶ **9.63 new positions**
- ▶ **7.00 vacant position reductions**



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EXPENDITURES BY PRIORITY

February 25, 2025





CITY SUPPORT FOR YOUTH



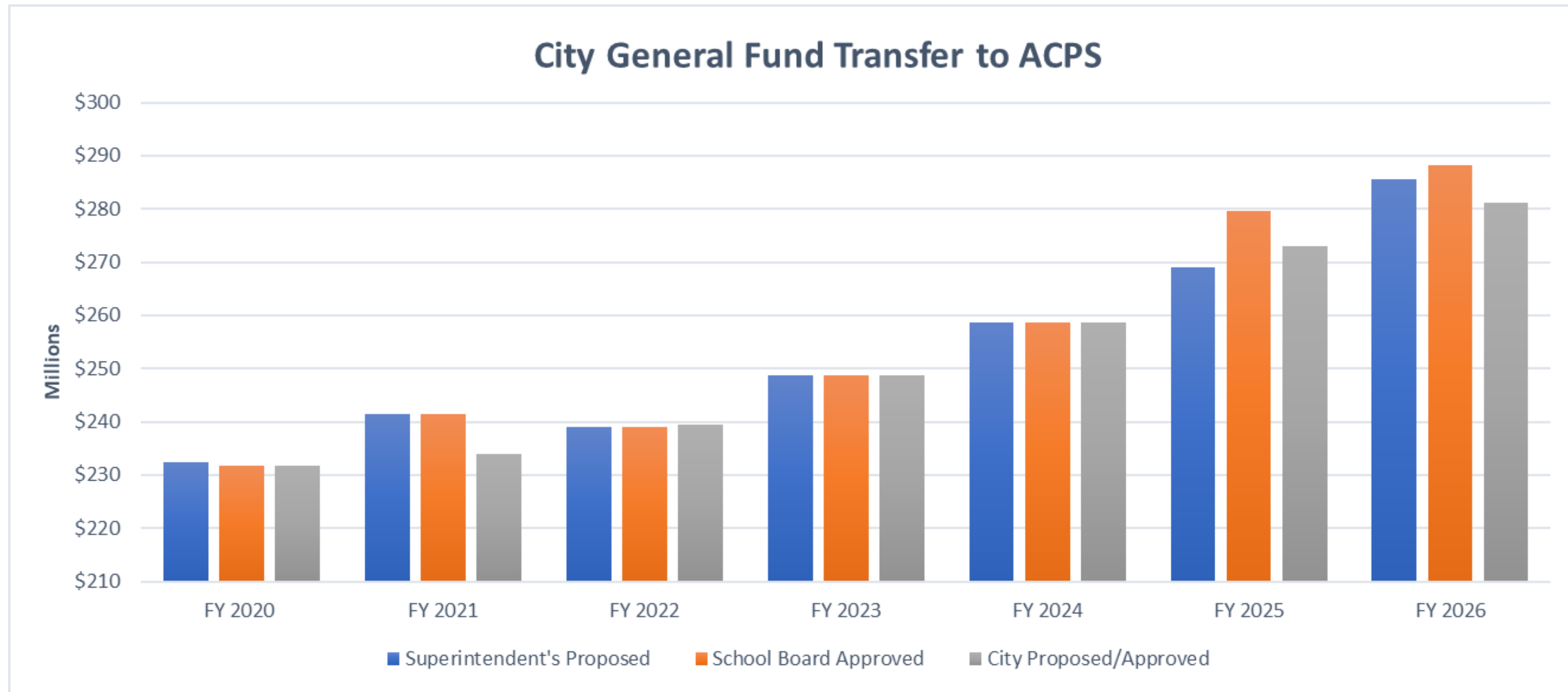
City support for ACPS' FY26 operating budget and capital improvement program

City FY26 operating and capital funding for youth services and investments in APD, DCHS, Libraries, RPCA, and T&ES

City of Alexandria FY26 Support for Youth



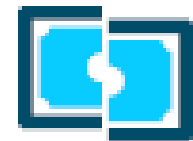
CITY GENERAL FUND SUPPORT TO ACPS





PRIORITY: EMPLOYEE ATTRACTION & RETENTION

The City of Alexandria is one of few jurisdictions that provides employees with two defined benefit plans, one of which includes a defined contribution element.



Virginia Retirement System



City of Alexandria Supplemental Retirement Plan



457 Deferred Compensation Plan

This plan allows employees to make pre-tax (457(b)) or post-tax (Roth 457) payroll-deducted contributions to save for retirement.



Roth IRA

This individual retirement savings plan with MissionSquare Retirement allows after-tax contributions via payroll deduction.



PRIORITY: EMPLOYEE ATTRACTION & RETENTION

- ▶ Health insurance, including vision, dental, and coverage for retirees**
- ▶ Transit benefits, including WMATA and Capital Bikeshare**
- ▶ Employee Homeownership Incentive**
- ▶ 6 weeks paid parental leave**
- ▶ Nationally recognized wellness program**



PRIORITY: EMPLOYEE ATTRACTION & RETENTION

- ▶ **12% vacancy rate as of January 31st**
- ▶ **Strategies to address**
 - ▶ Continued funding for cyclical compensation adjustments at \$1.0M
 - ▶ Steps @ \$2.4M for non-bargained employees
 - ▶ Steps @ \$1.8M for bargained employees
 - ▶ Cost-of-Living Adjustment @ \$1.3M
 - ▶ Collective Bargaining Agreements @ \$2.1M



PRIORITY: EMPLOYEE ATTRACTION & RETENTION

- ▶ **Other compensation supplementals**
 - ▶ Employee Survey (\$40,000)
 - ▶ Promotional Processes for Officer Ranks (EMS Captain and Fire Captain) (\$220,000)
 - ▶ Employee Orientation Enhancements (\$10,000)



PRIORITY: HOUSING OPPORTUNITIES

Dept	Program	FY 2026
Housing Office	Home Ownership	0.83
	Housing Rehabilitation	1.24
	Tenants & Landlords	0.53
	Affordable Housing Development & Preservation	6.33
	Leadership & Management	0.77
	Affordable Housing Development & Preservation (Budgeted in the Proposed FY 2026 – 2035 CIP)	7.57
DCHS	Homelessness Prevention	0.14
	Tenant Assistance	0.07
	Homeless Shelter	1.07
	Community Services Block Grant	0.30
	Older Adult Rent Relief	0.78
	Eviction Prevention	0.47
Finance	Elderly/Disabled/Veteran Tax Relief	10.30
	Total (in Millions)	30.40

- ▶ **Office of Housing totals \$17.3 million**
 - ▶ Includes annual dedicated revenue: 1 cent real estate tax, 1% meals tax, and additional \$1 million City commitment
 - ▶ Affordable Housing investments includes \$11 million for the Sanse & Naja project
- ▶ **DCHS Housing initiatives total \$2.8M**



PRIORITY: ELIMINATE COMMUNITY DISPARITIES

- ▶ Circuit Court Judges Recovery Court (\$120,000)**
- ▶ Noise/Disturbance Compliance Inspector (\$130,000)**
- ▶ DCHS Food Hubs (\$321,000)**
- ▶ Early Childhood Support and Intervention Projects (\$720,353)**
- ▶ Neighborhood Health Funding Support (\$200,000)**
- ▶ Alexandria Community Remembrance Project (\$50,000)**
- ▶ Library Mobile Hotspot Lending (\$8,000)**
- ▶ \$0.6M in RPCA fee assistance provided to residents in FY24 with a similar level of support expected in FY25 and FY26**



PRIORITY: ECONOMIC STRENGTH

- ▶ **Total FY26 Economic Development Funding: \$9.1M**
- ▶ **Visit Alexandria Sustaining Advertising (\$250,000)**
- ▶ **AEDP Small Business Accelerator (\$200,000)**
- ▶ **\$1M assignment for Economic Development incentives**
- ▶ **Other Economic Development Items:**
 - ▶ **One Start for Land Development**
 - ▶ **Permit Expediting (\$100,000)**
 - ▶ **Property Asset Study (\$200,000)**



CONTINUED CITY SUPPORT FOR NON-PROFITS AND PARTNER AGENCIES

- ▶ **ACT for Alexandria (\$0.08M)**
- ▶ **ALIVE (\$0.5M)**
- ▶ **Carpenter Shelter (\$1.3M)**
- ▶ **Criminal Justice Academy (\$1.1M)**
- ▶ **DASH (\$50.0M)***
- ▶ **Library (\$10.1M)***
- ▶ **Neighborhood Health (\$1.0M)**
- ▶ **NV Juvenile Detention Center (\$2.4M)**
- ▶ **NOVA Regional Park Authority (\$0.9M)***
- ▶ **Sheltercare (\$1.95M)***
- ▶ **Volunteer Alexandria (\$0.1M)**
- ▶ **Voter Registration (\$3.0M)***
- ▶ **VRE (\$0.2M)**
- ▶ **WMATA (\$83.8M)***

*Portion of these investments are budgeted in the Proposed FY 2026 – 2035 Capital Improvement Program (CIP)



CITY SUPPORT OF STATE POSITIONS & CONSTITUTIONAL OFFICERS

- ▶ **Total FY26 City Funding: \$41.0.M**
- ▶ **Adult Probation**
- ▶ **Public Defender**
- ▶ **Court Service Unit**
- ▶ **General District Court**
- ▶ **Juvenile Domestic Relations Court**
- ▶ **Alexandria Health Department**
- ▶ **Magistrate**
- ▶ **Clerk of Court**
- ▶ **Commonwealth Attorney**
- ▶ **Sheriff**
- ▶ **Finance**
- ▶ **Registrar**

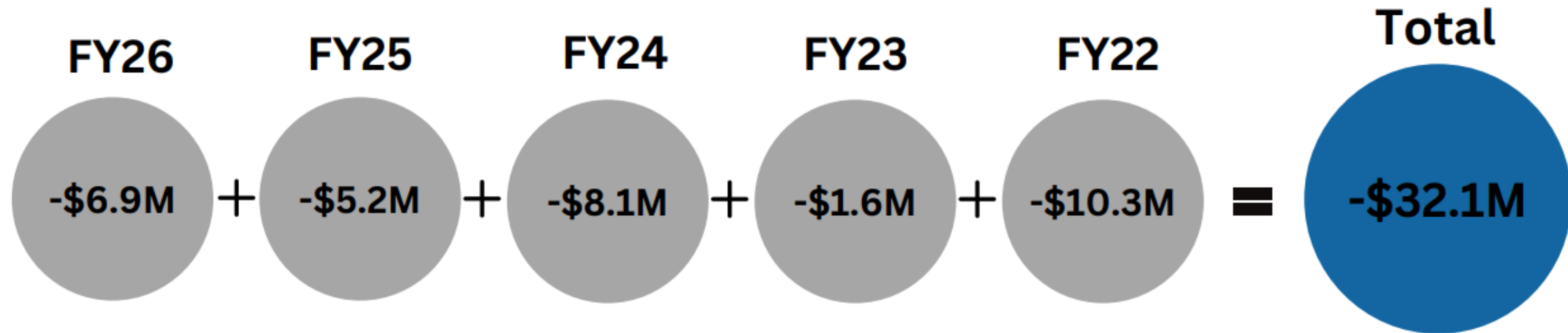


PUBLIC SAFETY

- ▶ **Total FY26 Funding: \$218,006,407**
- ▶ **Sheriff Inmate Medical Services (\$780,000)**
- ▶ **Fire Pharmacy Project (\$756,825)**
- ▶ **Fire Professional Standards Officer (\$168,000)**
- ▶ **Fire 2nd Recruit School (\$495,000)**
- ▶ **ESO Emergency Management Software (\$50,379)**



EXPENDITURE REDUCTIONS – ALL FUNDS





POTENTIAL FY 2027 CHALLENGES

- ▶ **Federal funding uncertainty**
- ▶ **National and regional economic uncertainty**
- ▶ **Collective bargaining**
 - ▶ Public safety
 - ▶ Admin & technical
 - ▶ ACPS
- ▶ **Projected increases in debt service for City and ACPS CIP projects**
- ▶ **No recommendation for an additional 1 cent provided for FY 2026**



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CAPITAL IMPROVEMENT PROGRAM





CAPITAL IMPROVEMENT PROGRAM

▶ **10-Year Total: \$2.08 B / FY 2026: \$205.9 M**

- ▶ -13.5% over last year's Approved 10-year CIP
- ▶ Decrease due to major projects appropriated in FY 2025 that are no longer part of 10-year capital planning window

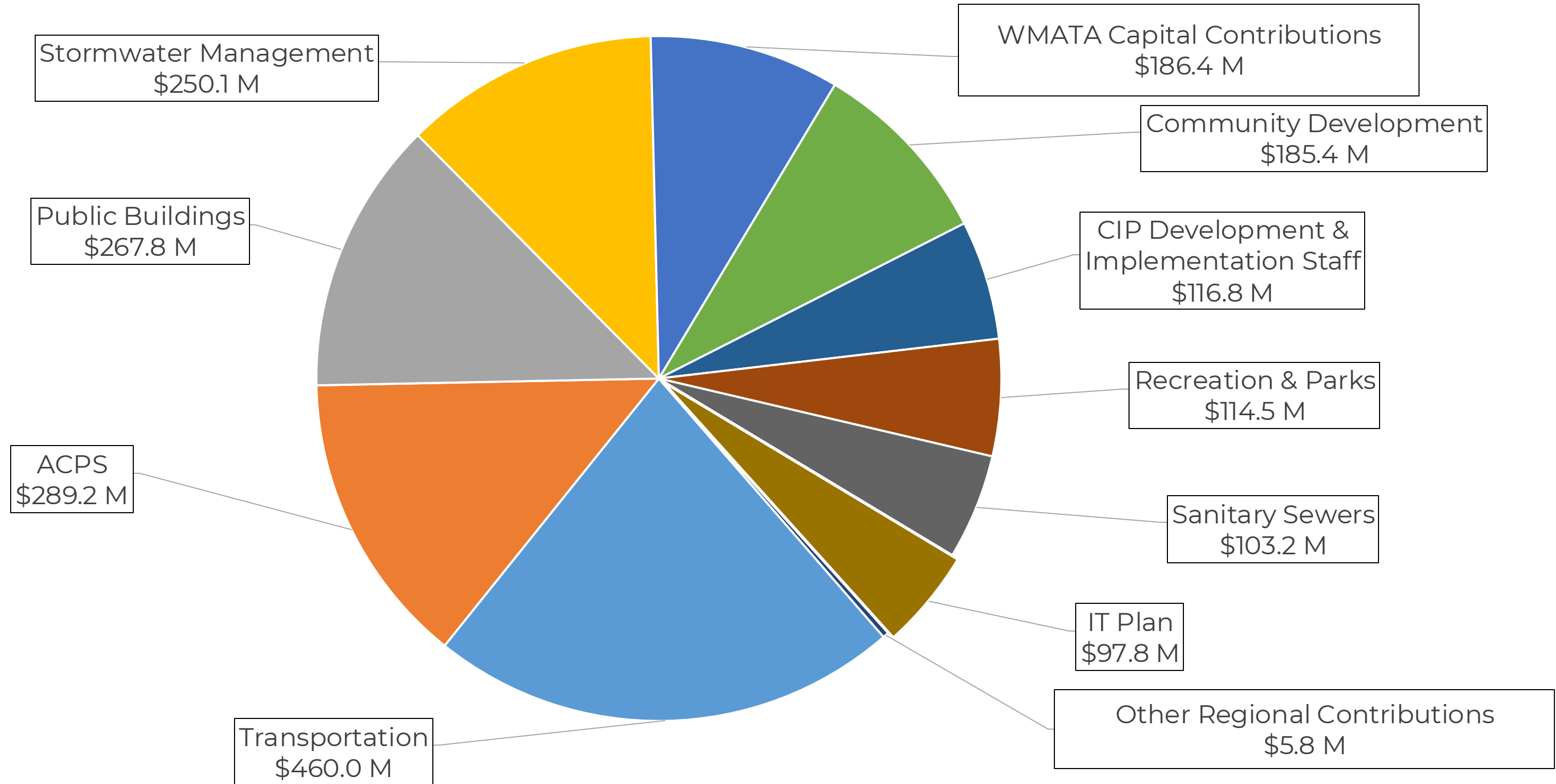
▶ **Maintains compliance with all City adopted capital financial management policies**

- ✓ Debt as Percentage of Fair Market Real Property Value
- ✓ Debt Service as Percentage of General Government Expenditures
- ✓ 10-Year Debt Payout Ratio
- ✓ Recurring General Fund Cash Capital Transfer as Percentage of General Fund Expenditures



PROPOSED FY 2026 – FY 2035 CIP

Uses - \$2.08 billion



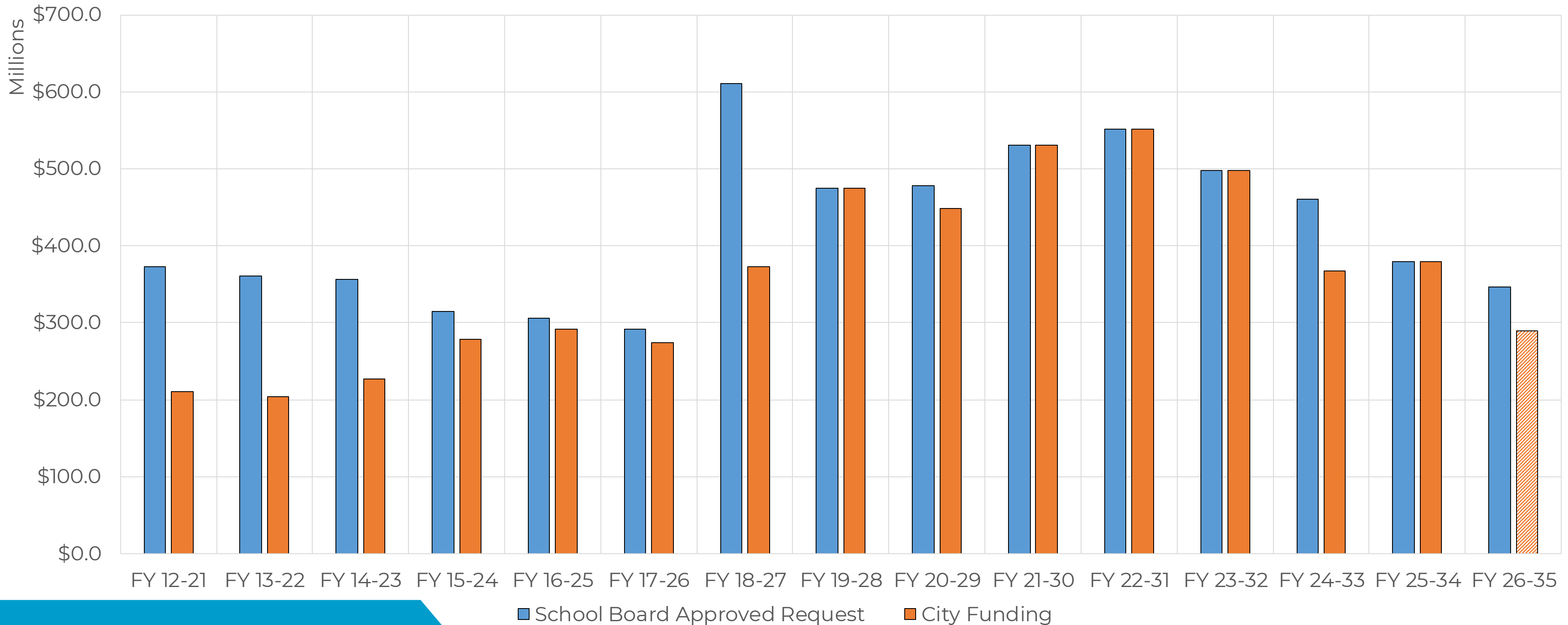


CAPITAL IMPROVEMENT PROGRAM

- ▶ Continues to execute previously approved CIP
 - ▶ Maintains investments in state of good repair of City capital assets
 - ▶ Continues commitment to Schools' capital plan from approved CIP
- ▶ Select investments in critical needs for on-going City projects or state of good repair programs
 - ▶ Waterfront Flood Mitigation(+ \$40 M)
 - ▶ City Hall, Market Square Plaza, and Parking Garage Renovation (+30 M)
- ▶ Reprioritizations funded through reductions/reallocations from other City projects or one-time funding sources



ACPS CAPITAL PROGRAM SUPPORT





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BUDGET CALENDAR



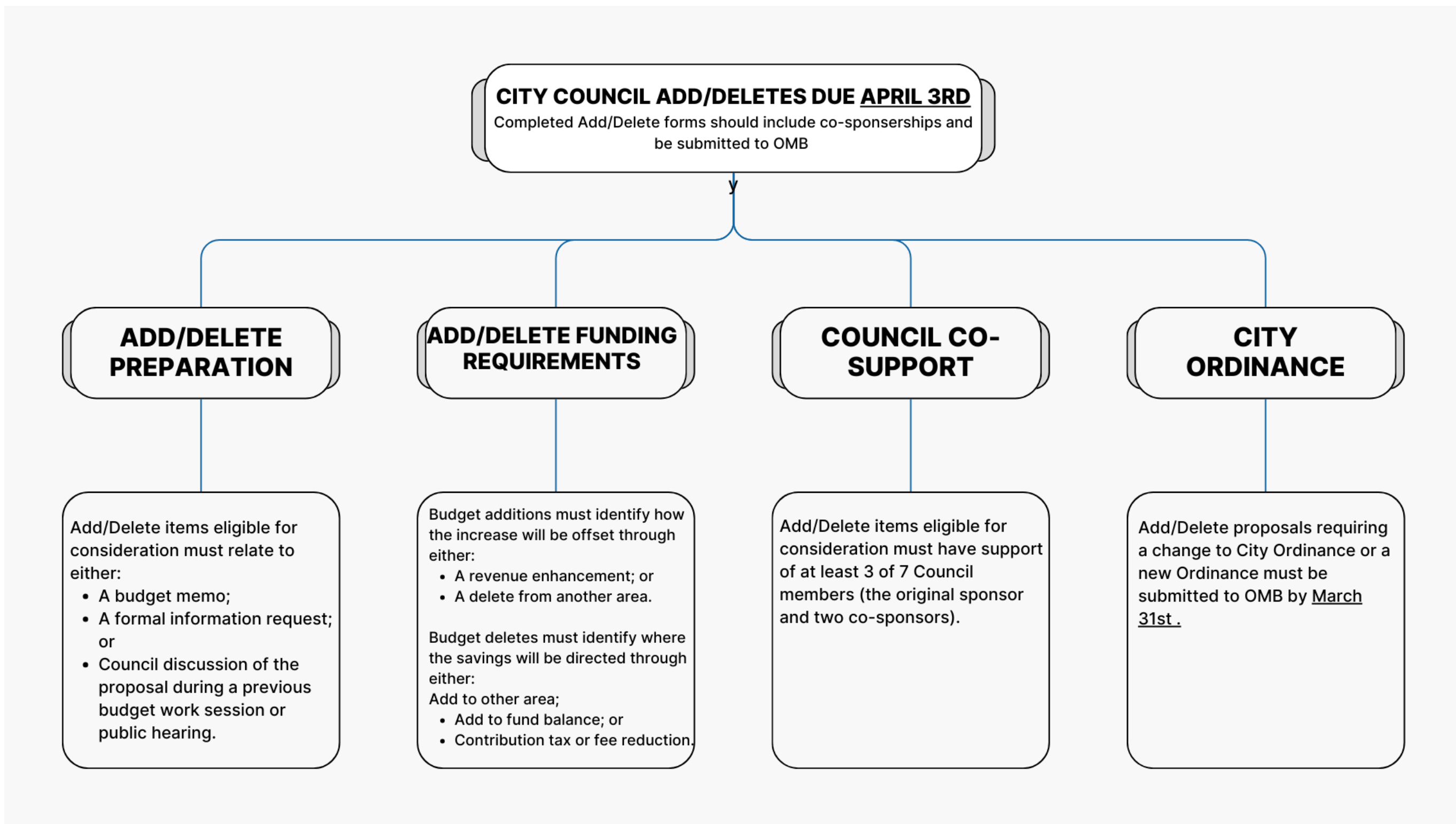


BUDGET DEVELOPMENT DATES

Date	Time	Meeting Topic
Tuesday, February 25, 2025	7PM	Proposed Budget Presentation to City Council
Wednesday, February 26, 2025	7PM	Budget Work Session #1 - CIP
Thursday, February 27, 2025	7PM	Proposed Budget Public Presentation (Beatley Library)
Wednesday, March 5, 2025	7PM	Budget Work Session #2 - ACPS
Saturday, March 8, 2025	10AM	City Manager Budget Pop-Up (Market Square)
Monday, March 10, 2025	5:30PM	Budget Public Hearing
Tuesday, March 11, 2025	7PM	Introduce Maximum Property Tax Rate
Wednesday, March 12, 2025	7PM	Work Session #3
Saturday, March 15, 2025	9:30AM	Budget Public Hearing
Monday, March 17, 2025	7PM	Budget Work Session #4
Wednesday, March 19, 2025	6PM	City Manager Budget Pop-Up (Del Pepper Center)
Thursday, March 20, 2026	11:30AM	Budget Bonanza (Market Square)
Wednesday, March 26, 2025	7PM	Budget Work Session #5
Thursday, April 3, 2025		Add/Delete submissions due from City Council members
Tuesday, April 8, 2025	5:30PM	Tax Rate Public Hearing
Tuesday, April 8, 2025	6PM	Add/Delete Public Hearing
Tuesday, April 22, 2025	6:30PM	Non-Real Estate Tax Public Hearing
Tuesday, April 22, 2025	7PM	Budget Work Session #6 - Preliminary Add/Delete
Monday, April 28, 2025	7PM	Budget Work Session #7 - Final Add/Delete Work Session (if needed)
Wednesday, April 30, 2025	6PM	Budget Adoption



ADD/DELETE PROCESS





REVIEW AND COMMENT ON THE BUDGET

Fiscal Year 2026 Budget Development

On November 23, 2024, City Council held its annual retreat to kick off the budget process. City Council adopted its budget guidance on November 23, 2024 and City Manager Jim Parajon is scheduled to present the FY 2026 proposed budget to City Council on February 25, 2025. For more information, please use the links below.

- [FY 2026 City of Alexandria & ACPS Budget Timeline](#) 
- [FY 2026 City of Alexandria Budget Development Calendar](#)
- [FY 2026 Budget Development Resources](#)
- [FY 2026 Budget Questions and Answers](#)
- [FY 2026 Public Comments Received](#)  (as of 02/06/2025)

We're excited to hear your thoughts as we shape the Fiscal Year 2026 Budget! Share your comments using the link below.

[FY 2026 Budget Public Comment Submissions](#)

www.alexandriava.gov/Budget



BUDGET VIDEO

<https://www.dropbox.com/scl/fo/lj14715lxyy2ckfrn5rah/AI4vXbWr3YKGjfjB-DWcMvl?rlkey=tes10mb2ewvqy514ndwwb4yd7&st=4vw41yrq&dl=0>