

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 2027 Approved Budget.

On February 24, 2026, the City Manager presented the Fiscal Year (FY) 2027 Proposed Budget to City Council based on the budget guidance provided in the fall retreat. After the presentation of the Proposed budget, which proposed no increase in the City's real estate tax rate, included priority investments in quality education, employee attraction and retention, affordable housing, eliminating community disparities, and strengthening the City's economic future while maintaining established fiscal policies, 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. The FY 2027 budget was unanimously adopted on April 29, 2026, with no increase to the real estate tax rate for Alexandria residents and businesses. The FY 2027 Approved General Fund budget of \$979.1 million is \$22.6 million more than the FY 2026 Approved Budget. During the add/delete work sessions, City Council approved the following amendments to the FY 2027 Proposed Budget:

Technical Adjustments to the Proposed Budget

- Annually, City staff re-estimates current fiscal year and subsequent fiscal year revenues based on additional months of collection data. The result of those projections shows an overall increase of \$1,000,000 in Vehicle Personal Property tax revenue as compared to the amount estimated in the City Manager's Proposed Budget.
- **Transfer of Special Events Funding:** This movement reflects the transition of event responsibilities from Visit Alexandria to the City's Department of Recreation, Parks, & Cultural Activities (RPCA). As the City expands its role in coordinating community events such as the Scottish Walk and Boat Parade, and continues to provide logistical support for similar activities, additional resources are necessary to ensure high-quality execution. During the FY 2027 budget development process, \$100,000 in ongoing funding and \$50,000 in one-time support were programmed into RPCA's budget; however, the corresponding reduction in Visit Alexandria's budget was omitted.
- **Municipal Fiber Network Maintenance and Repair Services:** These services were not included in the proposed FY 2027 budget because the procurement process was not finalized at the time of preparation. The Information Technology Services (ITS) Department will continue to fund the fiber maintenance and repair contract with CIP funding through the end of FY 2026, after which the Department of Transportation & Environmental Services (T&ES) will assume responsibility for the contract as an operating expense.
- **Health Department Community Engagement Manager Position:** The FY 2027 proposed budget document included the addition of General Fund support for one full-time Community Outreach Manager position, previously grant-funded by the State.
- **Health Department Environmental Outreach Position:** The FY 2027 proposed budget included the elimination of one vacant Environmental Health Outreach position. Following the release of the proposed budget, the department requested the restoration of this position. This recommended adjustment retains and funds the position using \$100,000 from within the Health Department's proposed budget. In order to fund the position restoration request, OMB collaborated with Health Department staff to identify underutilized funds to help offset the associated costs. These funds, originally budgeted for supplemental retirement contributions for State employees, can be reduced without adversely affecting the ongoing support of the benefit.

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Technical Adjustments to the Proposed Budget (continued)

- Energy Contingency:** After the finalization of the proposed budget in February 2026, the City was notified by its electricity purchasing partner, the Virginia Energy Purchasing Governmental Association (VEPGA), of a significant proposed rate increase. VEPGA is currently negotiating with Dominion on the City's behalf. Since final rates will not be determined until after the FY 2027 budget is approved, staff recommend allocating funds to an energy contingency pending confirmation of a final rate increase.
- DCHS Grant Adjustments:** Grant expenses for the Virginia Department of Social Services' (VDSS) Joblink and Child Protective Services programs were budgeted with offsetting City matching funds. Further review determined that expenses would instead be paid with State and Federal reimbursements, reducing the necessary General Fund contribution by \$71,000.
- State Minimum Wage for Summer Youth Employment:** In its 2026 legislative session, the State General Assembly passed a bill increasing the minimum wage from \$12.41 per hour to \$12.77 effective January 1, 2026, with a further increase to \$13.75 scheduled for January 1, 2027. These increases will have no impact on most City employees and contracts as the City's living wage rate is \$15.00, however, it will increase the wage paid to youth employed by the City through the Department of Community and Human Services (DCHS) Summer Youth Employment program. This recommended adjustment will fund both calendar year 2026 and 2027 minimum wage increases for FY2027. Without this adjustment, the summer youth employment program would continue, but at the current funding level, it would serve fewer youth.
- Potomac Yard Real Estate Re-estimate:** The Potomac Yard special tax district real estate tax revenues for the first and second halves of the fiscal year were updated to reflect assessment increases not reflected in the proposed budget. These revenues are recorded in fund balance and are used to fund related operating costs and debt service associated with the financing of the Potomac Yard Station.
- Removal of Land Record Fee Budget:** The FY2027 proposed budget contained \$65,000 in Other Special Revenue Funds revenue. The Clerk of the Circuit Court collected Land Record fees previously to fund their digitization of court records project, but they no longer do so.
- Removal of Duplicative Finance Position:** The FY 2027 proposed budget contained a duplicative Deputy Retirement Administrator position in the Finance Department. The duplicative position does not need to remain in the system and is funded through Other Special Revenue funds. Removing this position decreases Other Special Revenue's revenue and expenditures by \$97,799.
- VDOT Employer Outreach Grant Adjustment:** The grant award was increased by the federal grantor, along with a corresponding increase in the state match; however, the City was notified of these changes after the proposed budget had been finalized. The additional funds will support seasonal staffing under the grant.
- Transit Access & Amenities Program Local Match:** Following the presentation of the Proposed FY 2027–FY 2036 CIP, City staff identified that an awarded grant for the Transit Access & Amenities Program did not include a programmed local match in FY 2027. Staff recommend funding the required local match through the GO Alex Fund. The addition of this local match will increase both revenues and expenditures in the GO Alex Fund by \$160,000.

City Council Approved Add/Delete Items

- A \$30,000 increase in on-going support for arts grants with a focus specifically on visual and performance arts.
- A \$25,000 increase in on-going support to reinstate the Secret Shopper program in multiple languages.
- A \$619,920 addition in on-going support to increase the frequency of DASH Line 32.
- A \$558,500 increase in on-going support for the Rental Assistance program. As part of the add/delete work session discussion of this item, City Council indicated that in future years this funding may be used for strategies related to advancing housing opportunities that include but are not limited to rental assistance.

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City Council Approved Add/Delete Items (continued)

- A \$83,000 one-time addition for the support of the Healthy Homes Action Plan.
- A \$139,200 increase for technology upgrades in Juvenile & Domestic Relations courtrooms. This total includes \$116,000 in one-time funding for installation and \$23,200 in on-going maintenance funding and will be transferred to the existing courts technology project within the Capital Improvement Program (CIP).

In addition, City Council assigned funding to the Contingent Reserve for staff to prepare and present recommendations on the following items:

- \$27,000 to evaluate and address pay disparity for Alexandria Animal Control Officers.
- \$200,000 to provide one-time support for a Jail Operational Efficiency Study, to be funded by a transfer from the Alexandria Sheriff's general fund operating budget.
- \$123,480 for Out of School Time (OSTP) staffing, with an emphasis on therapeutic recreation seasonal staffing. Staff is asked to assess space and staffing needs that remain unmet within the program and return to the Council with a plan for space and staffing model options.
- The FY 2027 proposed budget included an increase in parking citation fines from \$40 to \$50, an increase in parking meter rates from \$1.75 to \$2.50, and the implementation of Sunday parking meter hours. City Council directed the City Manager to address a potential revenue \$726,844 shortfall should the Sunday parking ordinance not be adopted. During the Preliminary Add/Delete work session on April 21, the City Council decided not to implement Sunday parking meter hours and came to consensus on the following option to address the potential revenue gap:
 - Increase existing parking meter rates (Monday through Saturday) by \$0.25, from the proposed \$2.50 per hour to \$2.75 per hour, generating approximately \$605,900 in additional revenue; and
 - Increase parking citation fines by \$5, from the proposed \$50 to \$55, generating approximately \$450,000 in additional revenue.
 - This option, referred to as Option E, closes the \$726,844 revenue gap and generates an additional \$329,056, which staff has allocated to contingent reserves for future use.

City Manager's Message



Mayor Gaskins and City Council Members and All Alexandrians-

The City of Alexandria enters Fiscal Year 2027 guided by one clear theme: Steady Progress. In the year ahead, we will focus on stability, essential services, and long-term community well-being—delivering reliable services while stewarding public resources responsibly.

The FY27 General Fund Operating Budget totals \$977.3 million and proposes no increase to the real estate or personal property tax rates. The budget aligns spending with available revenues while protecting core services, advancing equity, preserving and improving critical infrastructure, and maintaining the important services that help our residents and businesses.

FY27 will fund existing collective bargaining agreements and provide a step increase and 1.5% pay scale adjustment for eligible non-collectively bargained City employees. It also advances key City Council priorities, including increased investment in Alexandria City Public Schools (ACPS), support for critical food security programs, affordable housing initiatives, efforts to eliminate community disparities, and strategies to strengthen and grow Alexandria's economy.

Key highlights of the proposed budget include:

- Maintains the current real estate tax rate of \$1.135 per \$100 of assessed value and continues elderly, disabled, and veteran tax relief programs;
- No proposed change to personal property tax, sanitary sewer, or refuse rates;
- Increases stormwater utility fee rates from \$349.30 to \$357.40 as scheduled;
- Fully funds the third year of Labor and Trades collective bargaining agreement and the first year of the Administrative & Technical, Fire, and Police collective bargaining agreements;
- Provides a step increase and 1.5% pay scale adjustment for eligible non-collectively bargained City employees;
- Funds an increase of \$4.2M or 1.5% in the ACPS Operating transfer to support the ACPS operating budget, which is the level of funding outlined by City Council's budget guidance;
- Provides substantial new ongoing funding for critical services including emergency shelter and meals for seniors;
- Supports community-based food hub operations;
- Allocates funding for early childhood support and intervention projects;
- Supports small business recovery through strategic marketing efforts;
- Uses \$9.0 million in efficiency reductions, cost-cutting savings, and vacant position reductions to balance the budget.

City Manager's Message



Key Highlights of the Proposed Capital Improvement Program budget include:

- \$25.0 million for Alexandria City Public Schools capital funding request which reflects 100% of the School Board's Year 1 (FY 2027) capital funding request;
- \$22.3 million for stormwater management projects; including \$7.1 million for capacity improvements at Commonwealth Ave, E. Glebe Road, and Ashby St;
- \$22.2 million to purchase wastewater capacity at AlexRenew;
- \$15.8 million for the City's contribution to WMATA's Capital Improvement Program;
- \$12.0 million for the renovation of City Hall, Market Square Plaza, and Parking Garage;
- \$11.6 million for investments in affordable housing;
- \$9.3 million to support DASH Bus Fleet Replacement/state of good repair rolling stock replacement;
- \$9.3 million to support Old Town Pool Renovation project;
- \$5.6 million for street reconstruction and resurfacing, which will support the resurfacing of approximately 50-55 lane miles in FY 2027;
- \$5.0 million for capital maintenance of parks, playgrounds, recreation centers, and other public spaces; and
- \$2.0 million for improvements at Ewald Park.

These initiatives and programs maintain the essential services residents rely on every day: public safety, education, infrastructure maintenance, human services, libraries, recreation, and environmental programs, while positioning the City for long-term resilience. Across every department, City employees continue to serve the community with professionalism, dedication, and care. These efforts reflect a City that remains steady, responsive, and committed to meeting today's needs while preparing for tomorrow's opportunities.

City Manager's Message



Stay Informed and Engaged

For more details on the budget process and upcoming meetings, [visit alexandriava.gov/Budget](http://alexandriava.gov/Budget). Public participation is crucial to ensure the future Alexandria is building together remains one where all can succeed.

While the development of the proposed FY2027 operating and capital budgets was challenging in light of federal government decisions, uncertainty in the economy, and significant cost pressures felt by residents and businesses, the recommended operating and capital budgets reflect the steady progress this community can make by working together.

Best,

James F. Parajon
City Manager

A handwritten signature in blue ink that reads "J. F. Parajon".

Budget Equity Tool



WHAT IS BUDGET EQUITY TOOL

The Budget Equity Tool (BET) is intended to explicitly incorporate considerations of racial and social equity in the development of the City's budget. It is both a process and a product. The process in that staff, fiscal representatives, and department leaders are expected to thoughtfully evaluate their proposed supplementals and reductions for their equity impacts by answering five questions, based on people, place, and benefits/burdens. The five questions are as follows:

1. What specific racial and/or social inequities in Alexandria does this proposal intend to address/reduce? (0-4 points)
2. Who will benefit from this proposal? Who will be burdened? Externally, which communities will be impacted; internally, who/what levels of staff will be impacted? Please answer both benefit and burden for full evaluation. (0-4 points)
3. What areas of the city will be impacted by your proposal? (0-4 points)
4. How does this proposal impact your department's capacity to engage with community (externally) and/or City staff (internally)? (0-4 points)
5. Describe how this proposed supplemental/reduction contributes to your department's ability to advance racial and social equity. (0-4 points)

The supplementals and reductions that are proposed for the FY 2027 budget are then evaluated by the Office of Race and Social Equity (RASE) to develop a scored product on a five-point scale from being "highly likely" to lead to more equitable community, staff, or departmental outcomes to "no specific connection to increasing or maintaining current equity outcomes for community, staff, or department." The aim is that the City will continue to advance its commitment to *ALL Alexandria* through equitable decision making in budget, policy, practice, procedure, and culture.

Five scales (highly likely, likely, maintains, very unlikely, no specific connection) are created based on the following criteria:

- **Highly Likely** to lead to more equitable community, staff, or departmental outcomes (17-20 points)
- **Likely** to contribute to increased equitable community, staff, or departmental outcomes (13-16 points)
- **Maintains** a current level of operation and outcomes related to equity for community, staff, and department (9-12 points)
- **Very Unlikely** and could exacerbate or perpetuate inequities for community, staff, or departmental outcomes (4-8 points)
- **No specific connection** to increasing or maintaining current equity outcomes for community, staff, or department (0-3 points)

Budget equity scores of the supplementals and reductions that are included in the FY 2027 proposed budget are provided in the following table. While reading the table, it should be noted that the score of "highly likely" is still contingent upon equitable implementation of the program outlined.

Budget Equity Tool



BUDGET EQUITY SCORES

Addition/ Reduction	Department	Proposal Title	BET Score
Addition	Circuit Court Judges	Funding for the Alexandria Recovery Court ("ARC")	Likely
Reduction	City Clerk and Clerk of Council	1% Reduction to Advertising	No Connection
Reduction	City Manager's Office	1% Reduction to Education & Training	Maintains
Reduction	Communications	1% Reduction in Translation & Interpretation Services	Maintains
Reduction	Community and Human Services	Personnel Adjustment for New Waiver Slots	Maintains
Reduction	Community and Human Services	Program Redesign Efficiencies	Maintains
Reduction	Community and Human Services	Reimbursement Efficiency Initiative	No Connection
Reduction	Community and Human Services	Reduction in Administrative Support	Maintains
Reduction	Community and Human Services	Elimination of Crisis Childcare through Alternative Funding Source	Maintains
Reduction	Community and Human Services	Operations Budget Efficiency Savings	No Connection
Reduction	Community and Human Services	Travel Policy Adjustment	Maintains
Reduction	Community and Human Services	Child and Family Behavioral Health Services Organizational Alignment	Maintains
Addition	Community and Human Services	Early Childhood Monitoring Position	Highly Likely
Addition	Community and Human Services	Benefits Compliance Management	Highly Likely
Addition	Community and Human Services	Early Childhood Support and Intervention Projects	Highly Likely
Addition	Community and Human Services	Strategic HR Support for Mental Health Staffing	Maintains
Reduction	Criminal Justice Services	Partial reduction to the NVFS contract	Likely
Addition	DCJS (formerly ACJS)	Supplemental Funding for In-House Alcohol Safety Action Program (ASAP)	Highly Likely
Reduction	Economic Development	AEDP Reduction Proposal #3-- Research Tools reduction	Maintains
Reduction	Economic Development	AEDP Reduction Proposal #1--Furniture Efficiency Savings	No Connection
Reduction	Economic Development	AEDP Reduction Proposal #2- Small Business Support reduction	Maintains

Budget Equity Tool



BUDGET EQUITY SCORES

Addition/ Reduction	Department	Proposal Title	BET Score
Reduction	Economic Development	Visit ALX- Business Development	No Connection
Reduction	Economic Development	Visit ALX - Professional Development	No Connection
Reduction	Economic Development	Visit ALX - Giftshop Investment	No Connection
Reduction	Economic Development	Visit ALX - Event Production	Maintains
Addition	Economic Development	Visit Alexandria - one time marketing	Maintains
Addition	Economic Development	AEDP - ALX Forward	Likely
Addition	Emergency and Customer Communications	Hiring Bonus for newly hired Public Safety Communication Officers (PSCO) & certified 9-1-1 personnel	Maintains
Addition	Emergency and Customer Communications	DECC Training Pay Increase	Maintains
Reduction	Finance	Elimination of Fiscal Officer III	No Connection
Addition	Finance	Management Analyst I / Shared with Housing	Likely
Reduction	Fire	Overtime Reduction	Maintains
Addition	Fire	EMS Language Line	Likely
Addition	Fire	Promotional Process Continuation	No Connection
Addition	Fire	Emergency Management Positions	Likely
Reduction	General Services	Budget Reduction - City Hall Custodial Services	No Connection
Reduction	General Services	Budget Reduction - City Hall Elevator PM Services	No Connection
Reduction	General Services	Budget Reduction - City Hall Water Treatment Services	No Connection
Reduction	General Services	Budget Reduction - City Hall Alarm Monitoring Services	No Connection
Reduction	General Services	Budget Reduction - City Hall Pest Control Services	No Connection
Reduction	General Services	Budget Reduction - City Hall Chiller/HVAC PM Service	No Connection
Reduction	General Services	Budget Reduction - City Hall Landscaping Services	No Connection

Budget Equity Tool



BUDGET EQUITY SCORES

Addition/ Reduction	Department	Proposal Title	BET Score
Reduction	General Services	Budget Reduction - City Hall Sprinkler Inspection Services	No Connection
Reduction	General Services	Budget Reduction- City Hall Tower Clock PM Services	No Connection
Reduction	Health	Reduction of Clinical Services - Family Planning	No Connection
Reduction	Health	Reduction of EH Vector Control	No Connection
Addition	Health	Maintaining AHD's Community Engagement Manager for Better Health Outcomes	Highly Likely
Reduction	Historic Alexandria	Historic Alexandria Operations Reduction	Maintains
Addition	Historic Alexandria	Alexandria Community Remembrance Project	Highly Likely
Reduction	Housing	Housing Leadership Cost Offsets	Maintains
Addition	Housing	Shared Staffing with Finance Department	Likely
Reduction	Human Resources	Removal of Payfactors Technology service	Maintains
Reduction	Human Resources	Offsetting Reduction: Decrease in Classification and Compensation's Special Events Funding	Maintains
Addition	Human Resources	One-time employee relations funding	Maintains
Reduction	Human Rights	Efficiency savings in non-personnel budget aligning budget with actual spending	Maintains
Reduction	Information Technology Services	Verizon Internet Service 1st & 2nd Circuits	No Connection
Reduction	Information Technology Services	Research and Advisory Reduction	Maintains
Reduction	Information Technology Services	Equipment/Maintenance - IT Courts	No Connection
Reduction	Information Technology	Equipment/Maintenance- Planning and Project Man-	No Connection
Addition	Information Technology Services	Cloud Architect Engineer (Network Engineer III)	Maintains
Addition	Information Technology Services	Security Engineer (Computer Programmer Analyst IV)	Maintains
Reduction	Internal Audit	Efficiency savings in memberships, trainings and mileage	No Connection
Reduction	Juvenile and Domestic Relations Court	Reduction to printing and binding	No Connection

Budget Equity Tool



BUDGET EQUITY SCORES

Addition/ Reduction	Department	Proposal Title	BET Score
Addition	Library	Outreach Coordinator	Maintains
Reduction	Office of Analytics, Innovation, and Data	Survey funding change to match proposed cadence	No Connection
Reduction	Office of Independent Policing	Efficiency savings in the non-personnel budget	No Connection
Reduction	Office of Management and Budget	Reduction to part-time seasonal staffing	No Connection
Reduction	Planning and Zoning	1% Reduction - Overhire Personnel Adjustment	No Connection
Reduction	Police	Renegotiation of security contract	Maintains
Reduction	Police	Elimination of six vacant Parking Enforcement Officer positions	No Connection
Reduction	Recreation, Parks, & Cultural Activities	City Hall Plaza Flower Basket and Planting Bed	No Connection
Reduction	Recreation, Parks, & Cultural Activities	Insourcing flower watering services for Waterfront/Marina	No Connection
Reduction	Recreation, Parks, & Cultural Activities	City Staff Park Landscape & Mowing Services	No Connection
Addition	Recreation, Parks, & Cultural Activities	Expansion waterfront Debris Mgmt	No Connection
Addition	Recreation, Parks, & Cultural Activities	One-time enhancement of recreation centers with seasonal ornamental color	No Connection
Addition	Recreation, Parks, & Cultural Activities	Head lifeguard position adjustment	Likely
Addition	Recreation, Parks, & Cultural Activities	Colasanto spray park inspections	Maintains
Reduction	Transportation and Environmental Services	Efficiency due to Parking Meter Credit Card Fees	No Connection
Reduction	Transportation and Environmental Services	Refuse Disposal Reduction (General Fund)	No Connection
Reduction	Transportation and Environmental Services	Fuel Reductions/Efficiency	No Connection
Addition	Transportation and Environmental Services	Replacement of Dated Dumpsters at City Facilities	Maintains
Addition	Transportation and Environmental Services	Automatic Vehicle Locator (AVL) and GPS-Telematics System	No Connection
Addition	Transit Services	One-Time DASH Line 32 Expansion	Likely