



CITY OF ALEXANDRIA
Office of Management & Budget

FISCAL YEAR 2026 PROPOSED BUDGET

February 25, 2025





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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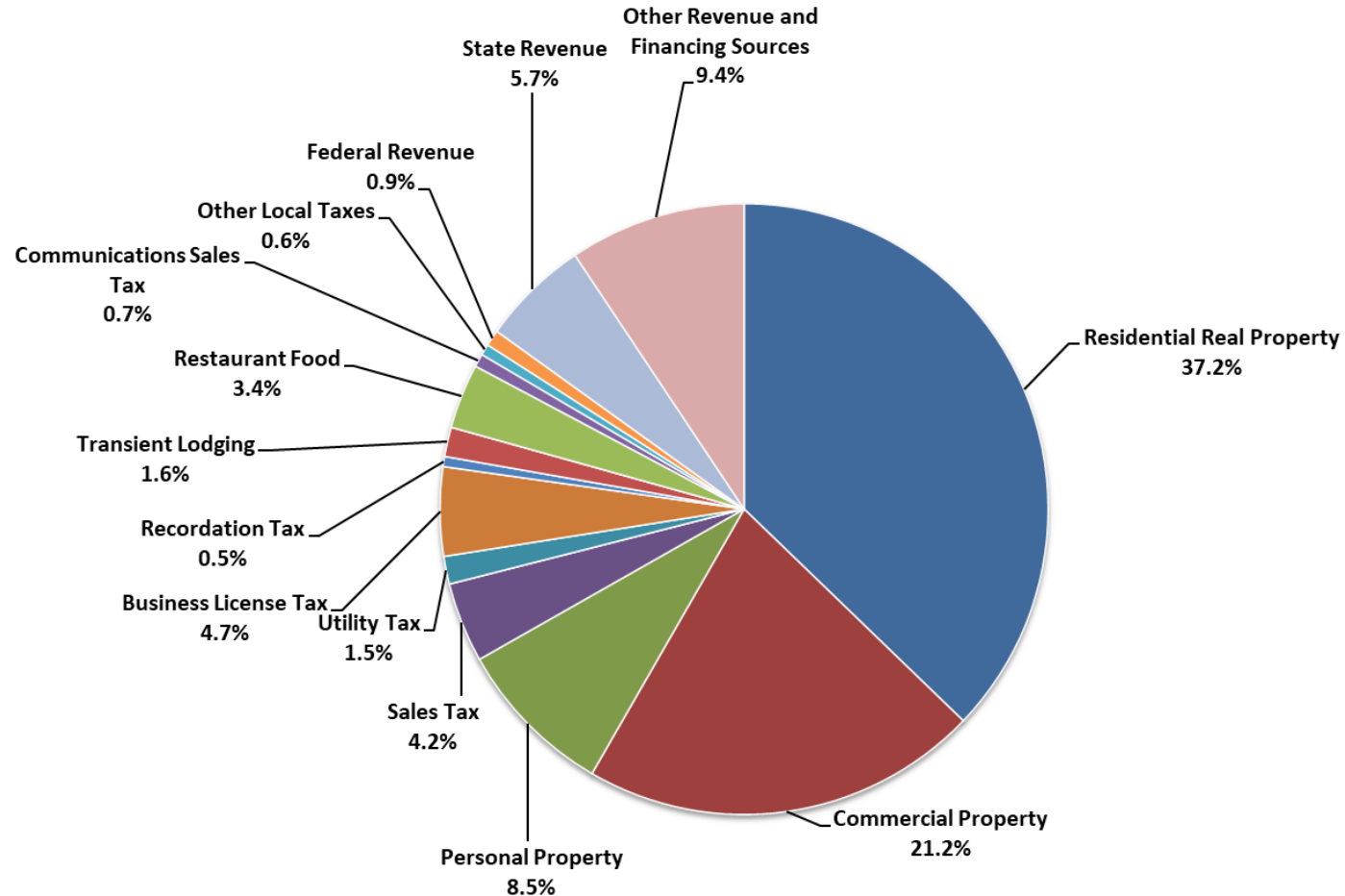
REVENUE

February 25, 2025



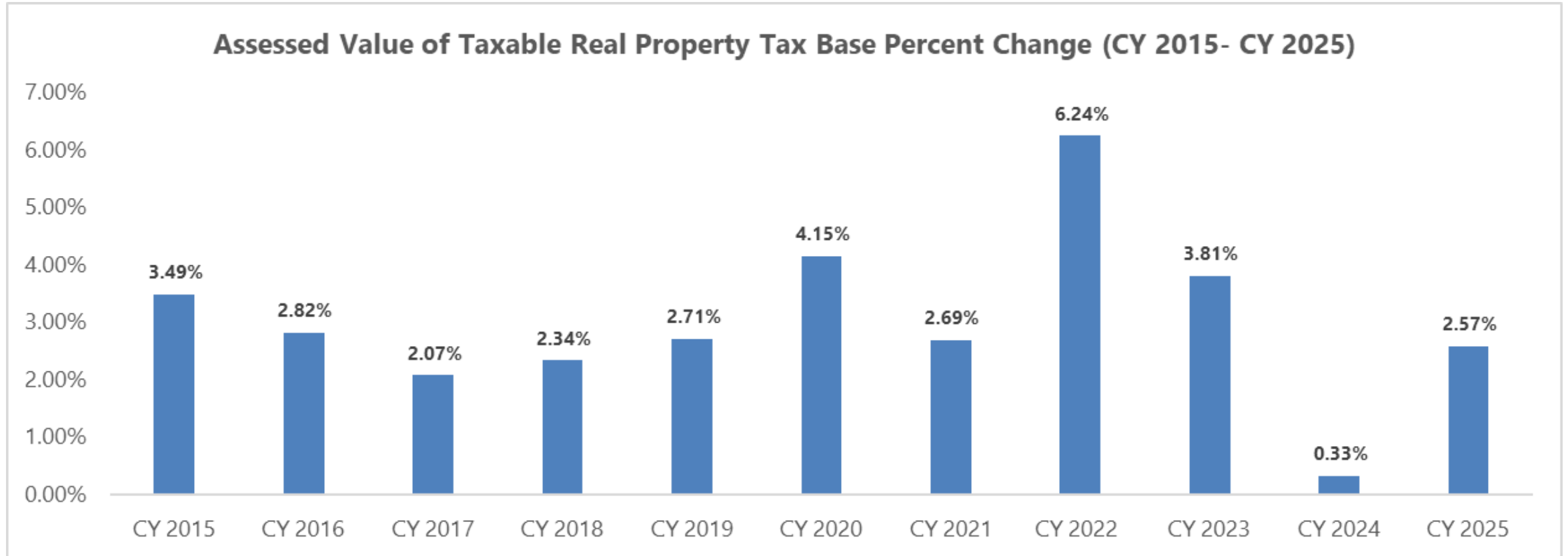


GENERAL FUND REVENUE \$956.5 M





PROPERTY TAX BASE





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**



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



FEDERAL FUNDING

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



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EXPENDITURES BY PRIORITY

February 25, 2025





CITY COUNCIL PRIORITIES

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

Employee Attraction & Retention

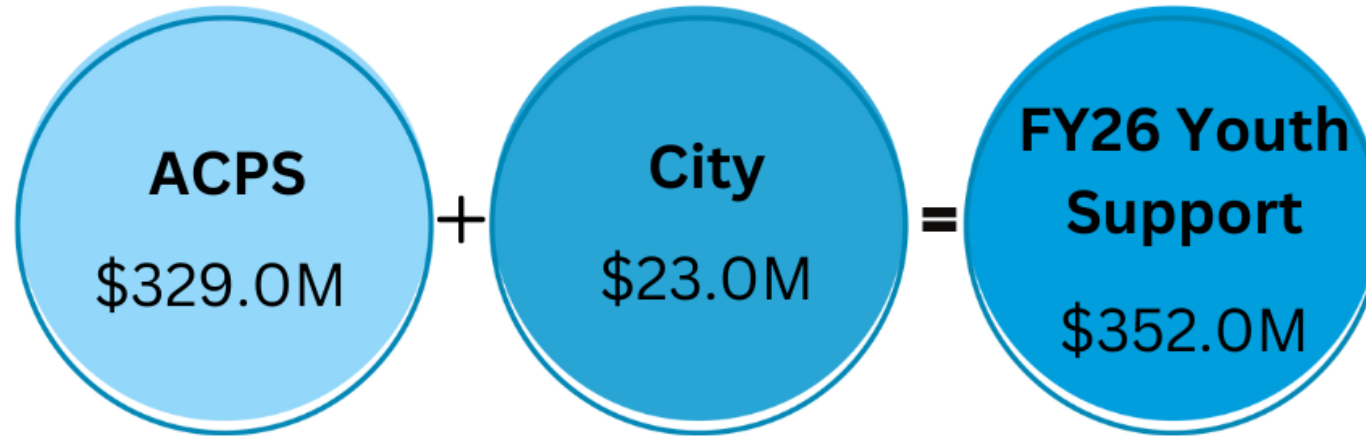
Housing Opportunities

Eliminate Community Disparities

Economic Strength



CITY SUPPORT FOR YOUTH



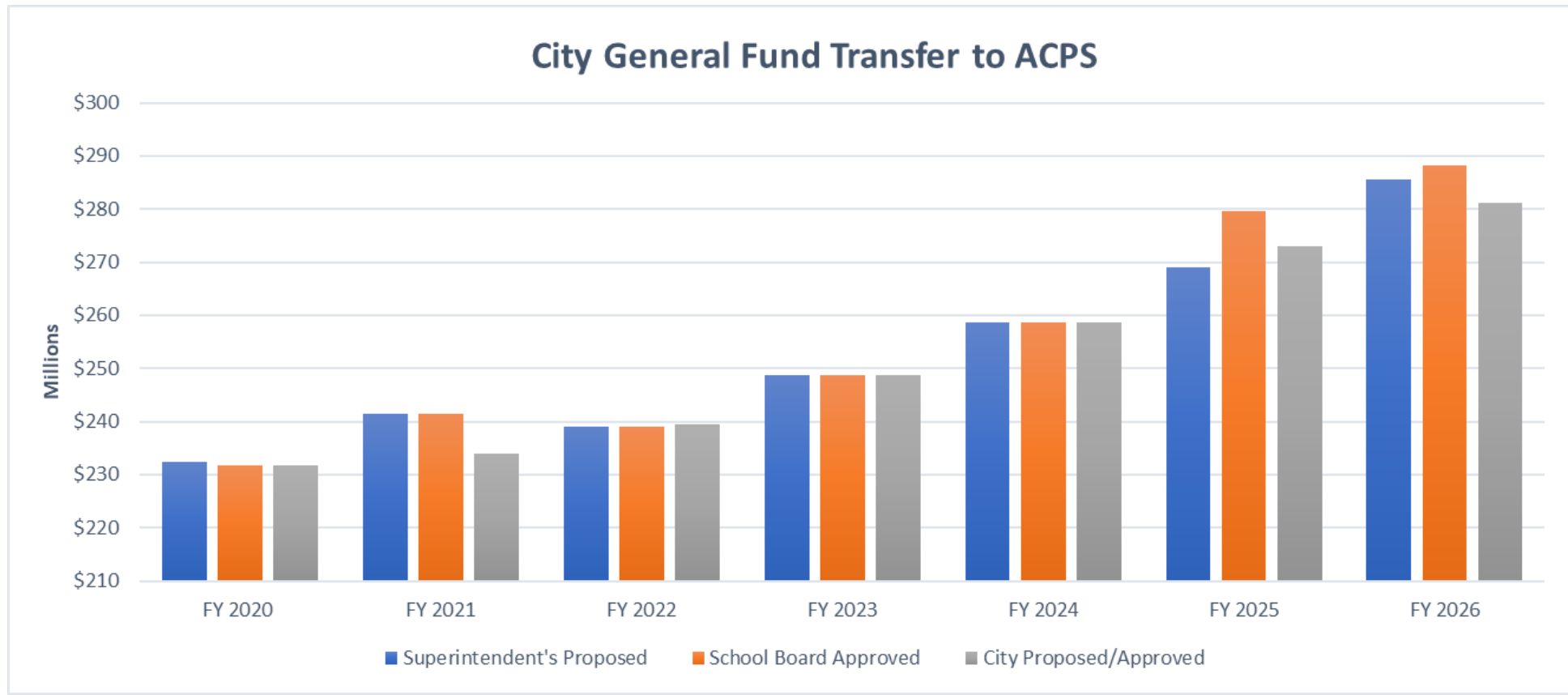
City support for ACPS' FY26 operating budget and capital improvement program

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

- ▶ **Health insurance, including vision, dental, and coverage for retirees**
- ▶ **Two defined benefit plans**
- ▶ **Virginia Retirement System (VRS)**
- ▶ **457 Deferred Compensation Plan**
- ▶ **City of Alexandria Supplemental Retirement Plan**
- ▶ **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: 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)**

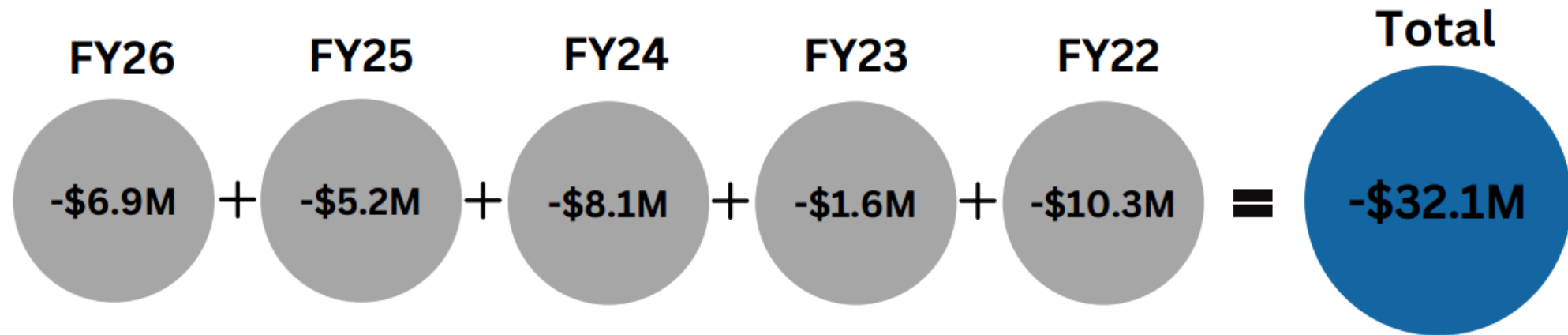


PUBLIC SAFETY

- ▶ **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

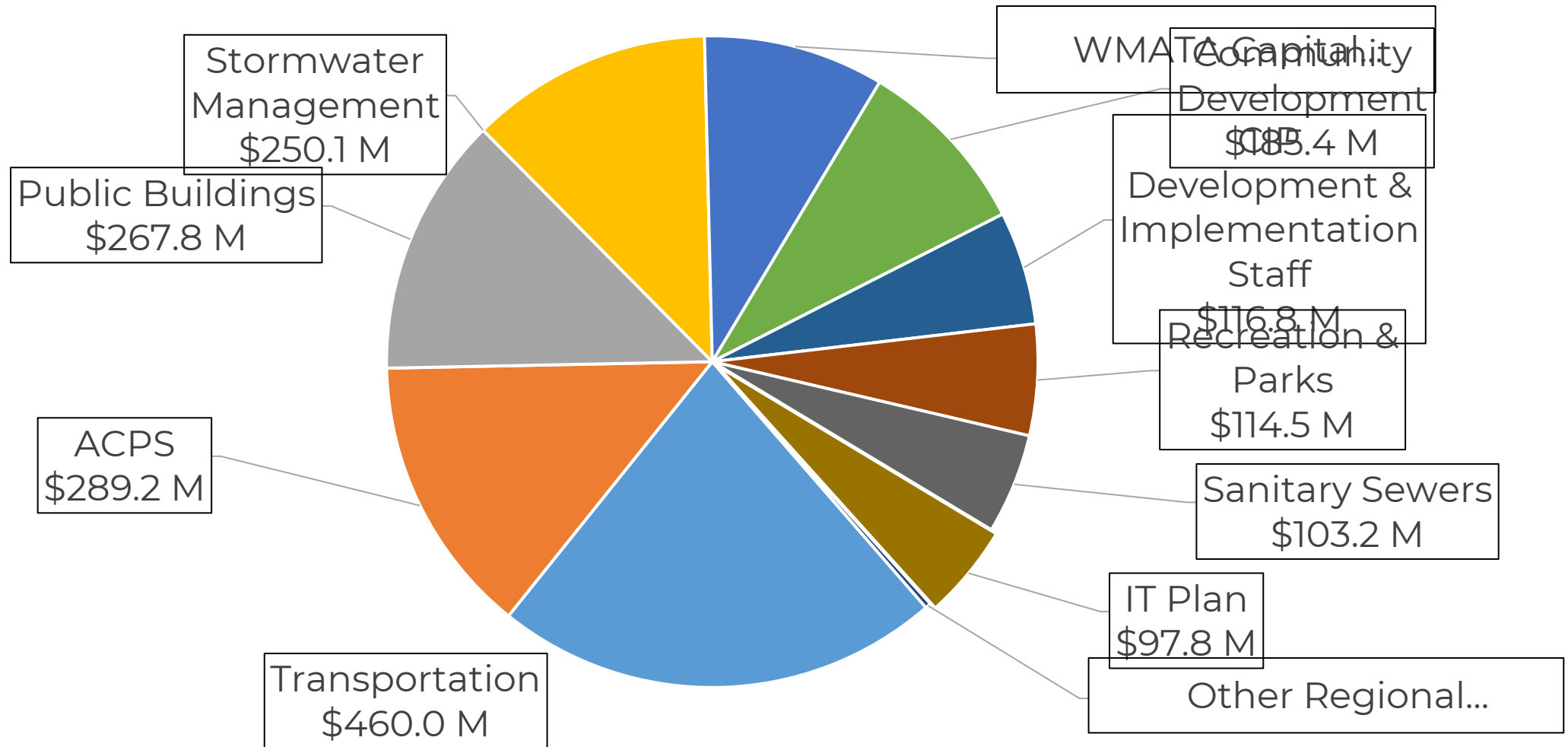
▶ **Maintains compliance with all City adopted capital financial management policies**

- ✓ 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



BUDGET DEVELOPMENT DATES

Date	Time	Meeting Topic
Tuesday, February 27, 2024	7:00pm	FY 2025 Proposed Budget Presentation
Wednesday, February 28, 2024	7:00pm	Joint Budget Work Session: Capital Improvement Program - City/ACPS
Thursday, February 29, 2024	7:00pm	FY 2025 Proposed Budget Public Presentation
Wednesday, March 6, 2024	7:00pm	Budget Work Session: Alexandria City Public Schools
Monday, March 11, 2024	5:30pm	Public Hearing FY 2025 Budget
Tuesday, March 12, 2024	7:00pm	Introduce the Maximum Property Tax Rates
Wednesday, March 13, 2024	7:00pm	Budget Work Session: #3
Saturday, March 16, 2024	9:30am	Additional Public Hearing FY 2025 Budget
Wednesday, March 20, 2024	7:00pm	Budget Work Session: #4
Wednesday, April 3, 2024	7:00pm	Budget Work Session: #5
Thursday, April 4, 2024		Add/deletes due
Saturday, April 13, 2024	9:30am	Add/Delete Public Hearing
Wednesday, April 24, 2024	6:00pm	Tax Rate Public Hearing/Budget Work Session: Preliminary Add/Delete Discussion
Monday, April 29, 2024	7:00pm	Budget Work Session: Final Add/Delete Discussion (if needed)
Wednesday, May 1, 2024	7:00pm	Budget Adoption/ Tax Rate Adoption



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