



CITY OF ALEXANDRIA

FY 2026 Budget Work Session #2

**City Council & ACPS
March 5, 2025**





Council's Approach To The Budget

- ▶ **Role of Council and Primary Fiscal Policies**
 - How do we address community needs in the short-term while also planning for the city's long-term future?
- ▶ **Review of Current Fiscal Context**
 - What potential economic or policy changes could impact revenue and expenses?
- ▶ **Impact on Residents**
 - How does the budget serve all 166,000 residents?



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

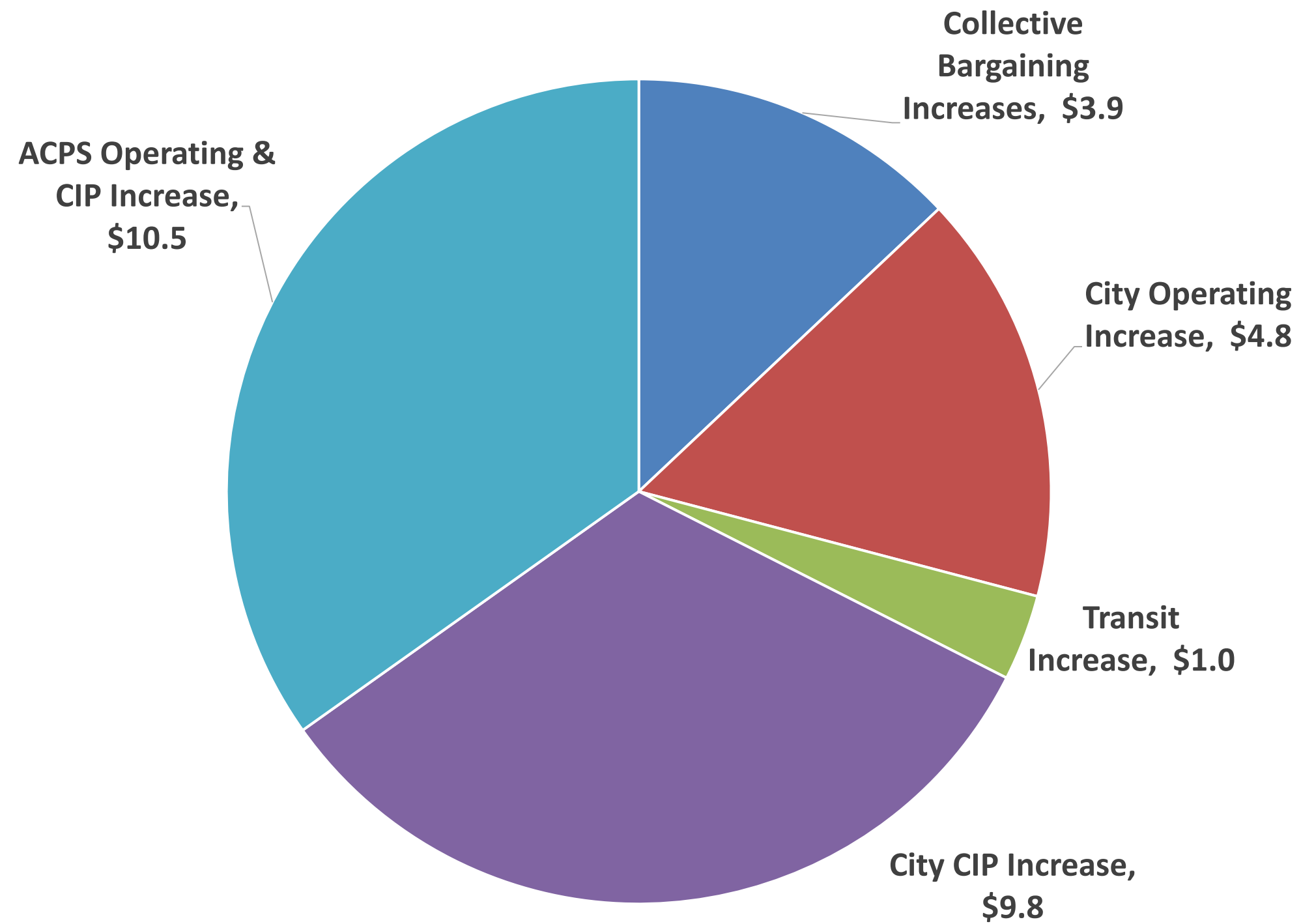
▶ **Debt**

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

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



FY 2026 Expenditure Increase (\$30 M)





Federal Role in Alexandria's Economy

- ▶ Alexandria has nearly 13,000 federal workers.
- ▶ The City receives nearly \$29 million in direct federal funding. ACPS receives \$21 million.
- ▶ Federal agencies lease 2,635,172 SF of office space.
- ▶ Top Employers in Alexandria:
 - U.S. Department of Defense
 - Institute for Defense Analyses
 - National Science Foundation
 - USDA Food & Nutrition Service
 - U.S. Patent & Trade Office (U.S. Department of Commerce)



Federal Role in Alexandria's Economy

- ▶ Many residents depend on federal programs that support basic needs (SNAP, Medicaid, TANF, etc.) that are at risk of cuts.

	# People Served in ALX	\$\$
SNAP	17,986	\$26,156,859
TANF	2,797	\$494,884
MEDICAID	42,388	\$119,778,349

- ▶ Department of State, which funds U.S. Refugee Resettlement & Placement programs, informed U.S. non-governmental organizations to stop incurring any new expenses.
- ▶ Many local non-profits also depend on federal funding.



Proposed FY 2026 Operating Budget

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



Proposed FY 2026 – FY 2035 CIP

- ▶ **Continues to execute previously approved CIP**
 - ▶ Continues commitment to Schools' capital plan from approved CIP
 - ▶ Maintains investments in state of good repair of City capital assets
- ▶ **City projects were reprioritized and reduced, and one-time funding sources were deployed to increase funding for select capital investments without increasing overall City funding.**

Year 1 (FY 2026) Capital Budget
\$205.87 million
10-Year Proposed Funding
\$2.08 billion
FY 2026 General Fund Cash Capital
\$30.5 million
FY 2026 General Fund Debt Service
\$105.5 million
Cash / Borrowing Split
46% Cash / 54% Borrowing
September 2024 Bond Rating
AAA/Aaa (32 nd Consecutive Year)

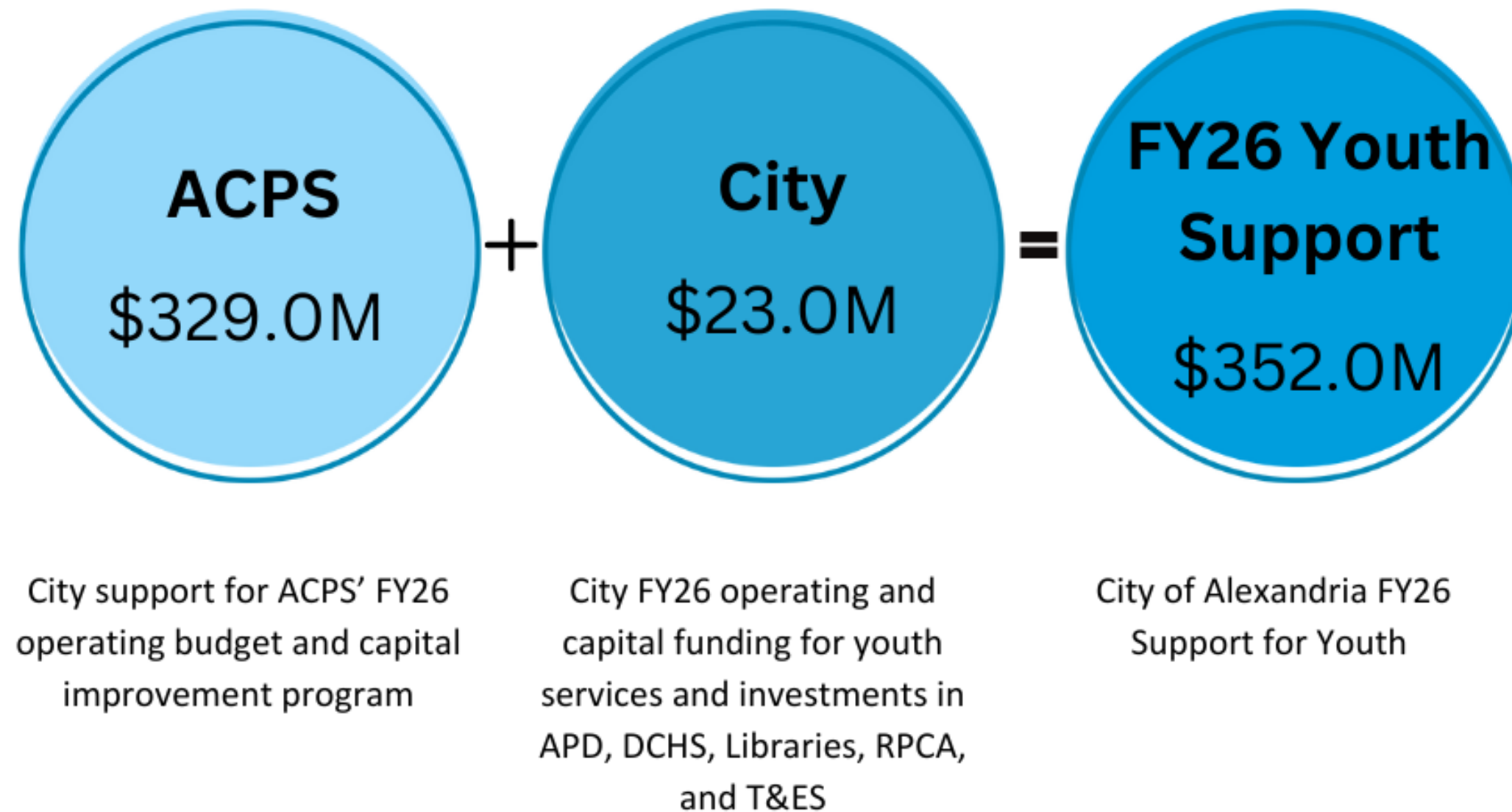


Children Are Priority Residents

- 29,433 Alexandria residents are under the age of 18
- 2024 ACPS student enrollment is 16,334
- Issues children don't leave behind when they come into classroom:
 - For every 20 children in Alexandria, 3 live in poverty.
 - From 2021 to 2023, the avg. number of children receiving childcare assistance increased 40%, from 274 to 683.
 - As of October 2024, 7,624 ACPS students were eligible for FARM.
 - 2 out of 3 households of color with children are food insecure.
 - The number of youth reporting feeling safe in their home, school, and community has decreased by 20% over the last decade.



City Support For Youth in FY26

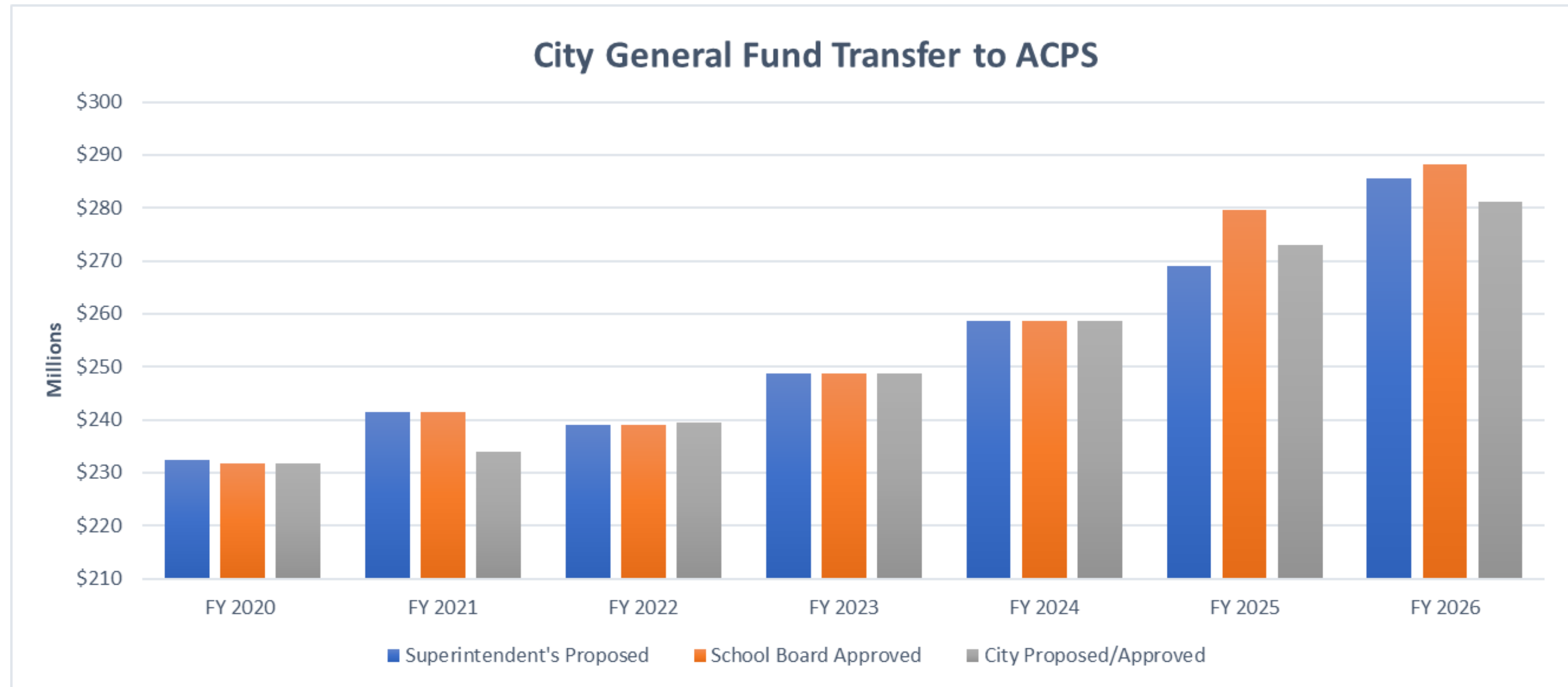


▶ City program examples:

- ▶ Early childhood, 1,877 children served
- ▶ Out of School Time, 1,340 children served
- ▶ Youth Development, Programming, and Counseling, 16,872 children served
- ▶ Workforce Development, 256 children served
- ▶ Child and Behavioral Health, 748 children served



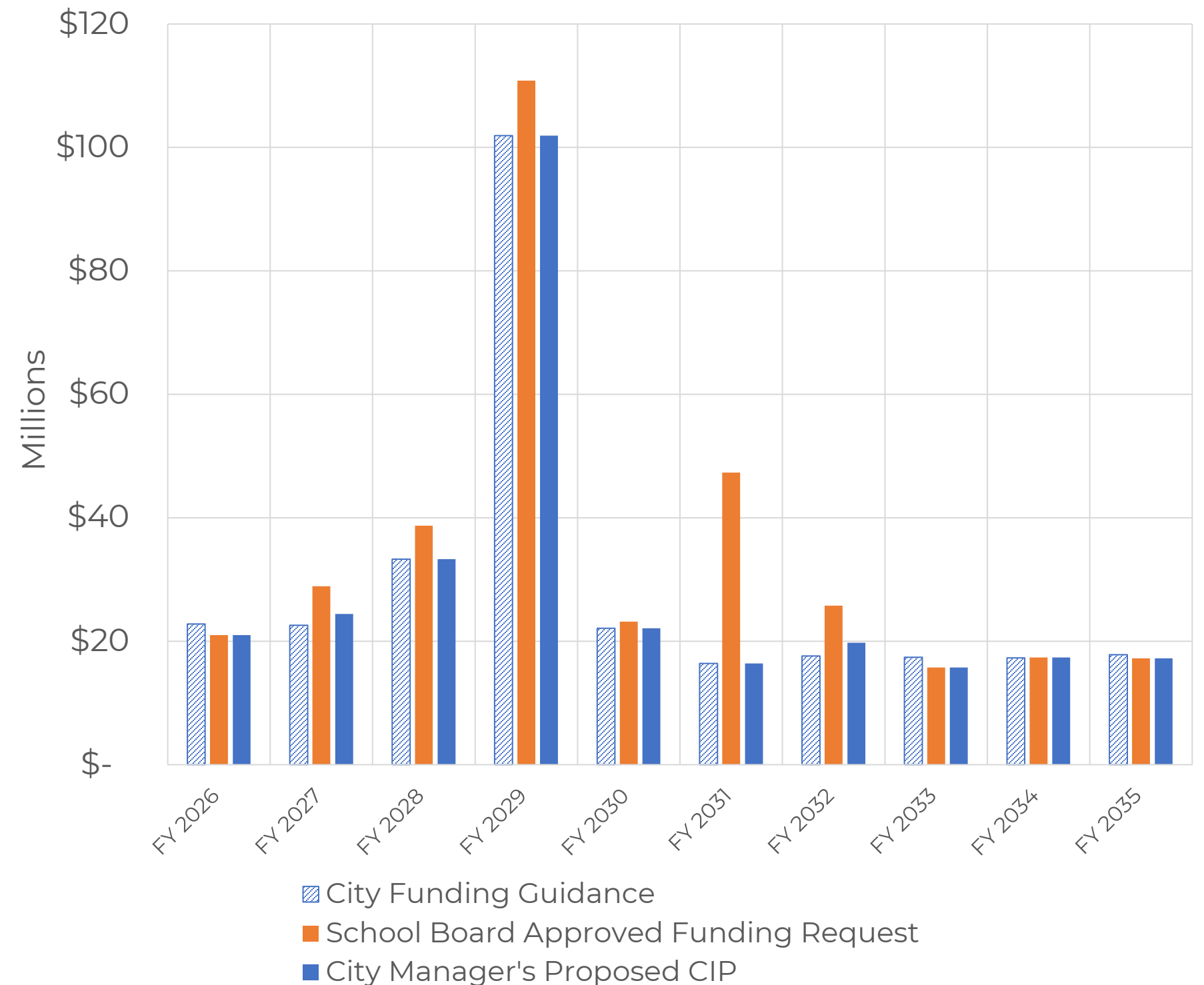
Growing Investments in ACPS





FY 26 Proposed CIP Investment in ACPS

- ▶ Funding Guidance provided fall 2024 by City Manager and City Council
 - ▶ Remain within funding levels from previous Approved CIP
 - ▶ Total 10-year funding target: **\$289.2 million**
- ▶ School Board Funding Request totals **\$346.0 million**
- ▶ City Manager's Proposed funding level totals **\$289.2 million** (84% of request)
 - ▶ Provides funding for 100% of Year 1 (FY 2026) capital request





Impact of Funding ACPS Total Operating Request

- ▶ The City Manager's proposed budget includes a 3.2 % increase in the ACPS operating budget. The total percentage increase that the School Board is seeking is 5.6% in operating.
- ▶ \$7 M of additional cuts are needed to fund ACPS' full operating request.
 - That would be double the number of cuts we are taking to other departments.
 - This would come from other departments that also serve children and youth.
- ▶ If we didn't take the cuts, a 1.5 cent tax increase would be needed on top of the increases residents already seeing due to rising property values. That would add \$109 more to the average tax bill.



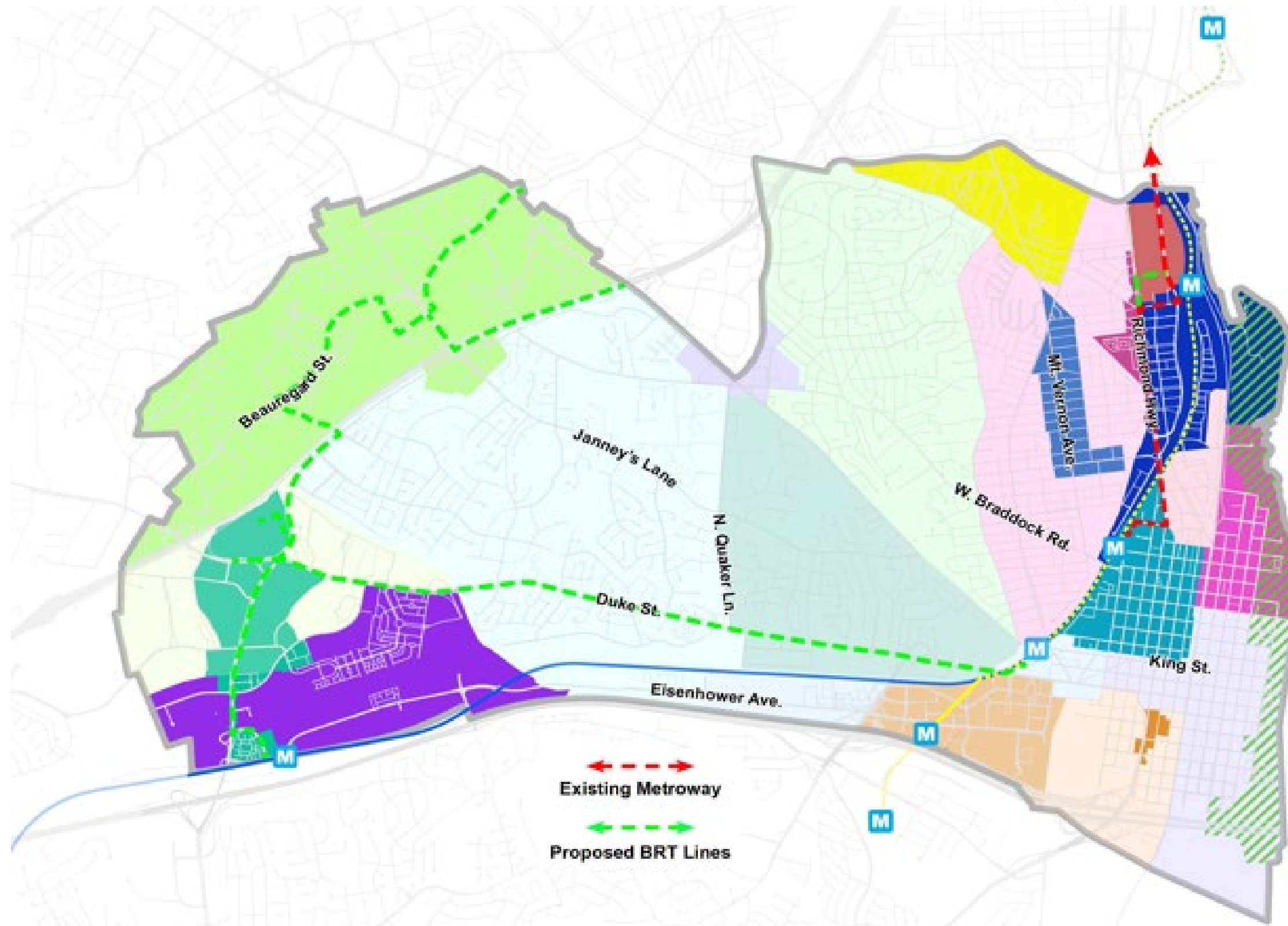
Impact of Funding ACPS Total Capital Request

- ▶ ACPS is asking for \$57 M above the FY 2026 - 2035 CIP guidance that was provided by the City Manager and what was included the previously approved CIP.
- ▶ The bulk of this additional funding request is in FY 2031, which would bring the City to 96% of it's borrowing capacity.
- ▶ If we were to fund the full capital request, while not increasing debt, it would require an additional 1.2 cent tax increase.



The Need for Comprehensive Planning

How We Plan: Master Plan and Small Area Plans (SAP)



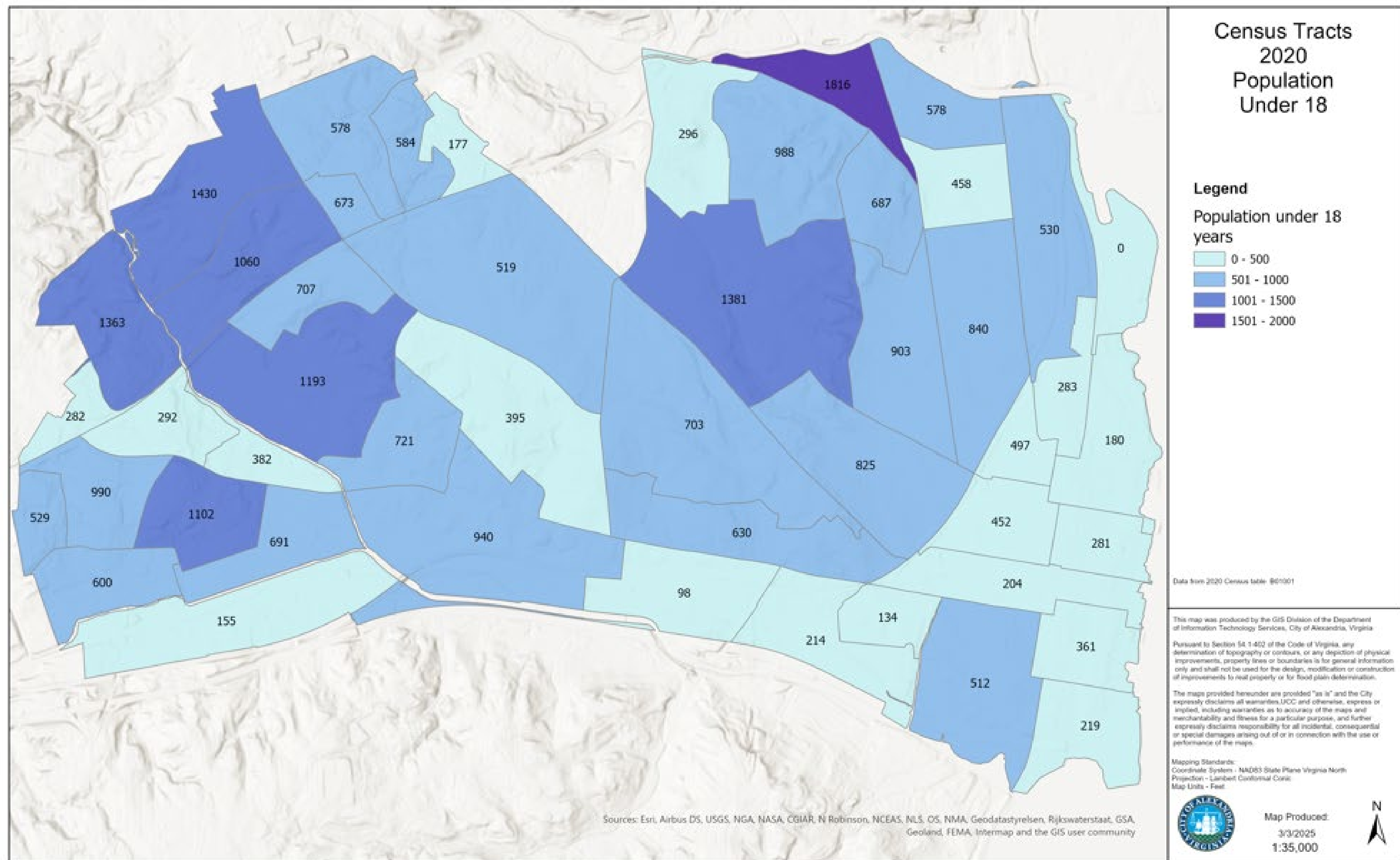
Recent SAPs

- AlexWest**
Land Area: 1,200 ac
Planned Dev.: 7M sf
- Arlandria-Chirilagua**
Land Area: 230 ac
Planned Dev.: 2.8 M sf
- Eisenhower East**
Land Area: 245 ac
Planned Dev.: 19.1M sf
- S Patrick Street Housing Affordability Strategy***
Land Area: 17 ac
Planned Dev.: 918k sf
- North Potomac Yard**
Land Area: 73 ac
Planned Dev.: 7.5M sf
- Old Town North**
Land Area: 200 ac
Planned Dev.: 6.5M sf
- Oakville Triangle/Route 1 Corridor***
Land Area: 37 ac
Planned Dev.: 2.7 M sf
- Eisenhower West**
Land Area: 621 ac
Planned Dev.: 9.3M sf
- Waterfront**
Land Area: 357 ac
Planned Dev.: 811k sf
- Landmark / Van Dorn Corridor Plan***
Land Area: 607 ac
Planned Dev.: 12.5M sf
- Braddock Metro Neighborhood Plan***
Land Area: 237 ac
Planned Dev.: 3.6M sf
- Mount Vernon Avenue Business Area Plan***
Land Area: 123 ac
Planned Dev.: 577k sf
- Potomac Yard/Potomac Greens**
Land Area: 382 ac
Planned Dev.: 4.2M sf

Other SAPs

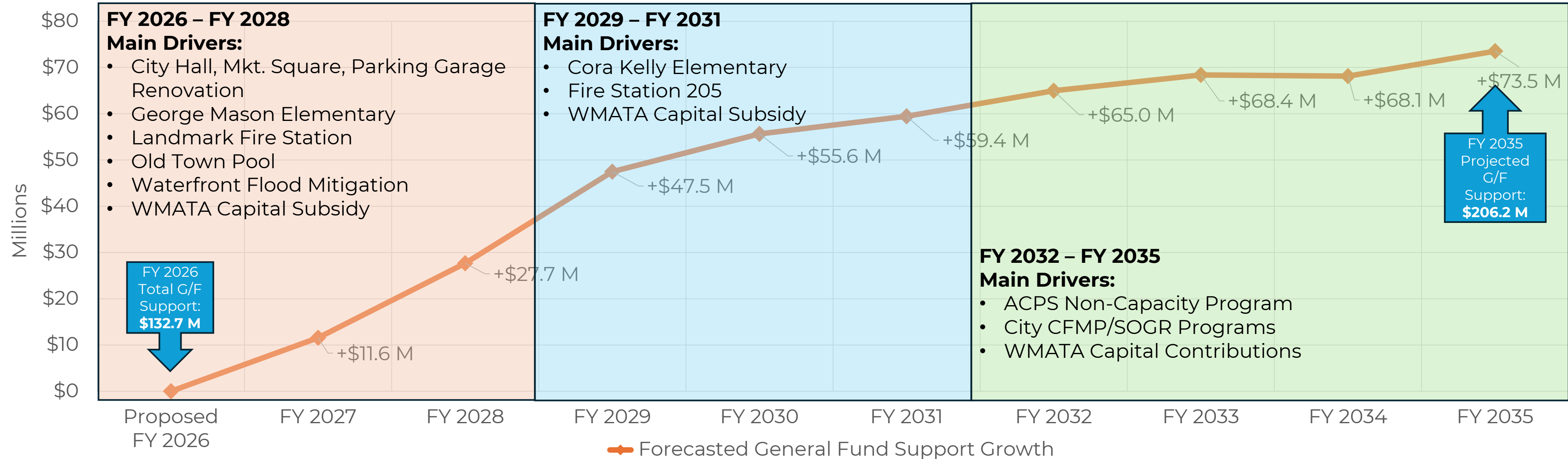
- Fairlington/Bradlee
- King St Metro/ Eisenhower Av
- Landmark/Van Dorn
- North Ridge/Rosemont
- Northeast
- Old Town
- Potomac West
- Seminary Hill/Strawberry Hill
- Southwest Quadrant
- Taylor Run/Duke Street

*Overlay Plan





General Fund Support – Growth over FY 26 Budget



Also continuing to pay debt service on previously approved projects supported by the General Fund:

- | | | |
|--|---|---|
| • Landmark Mall Redevelopment | • Douglas MacArthur Elementary School | • Street Repaving & Reconstruction |
| • Del Pepper Community Center | • Minnie Howard Campus Project | • Bridge Repairs |
| • Ferdinand T. Day Elementary | • Previous WMATA Capital Subsidy payments | • Various other capital maintenance/state of good repair programs |
| • 1703 N. Beauregard St. Building Purchase | | |



Where Do We Go From Here?

- How do ACPS CIP proposals align with planned or proposed citywide development goals, small area plans, and economic development goals?
- How are we incorporating the data and recommendations of previous plans (ex. The Long-Range Educational Facilities Plan, Facility Assessment, etc.)?
- What is the impact on ACPS CIP proposals to other school and city projects that children and families depend on (e.g. fire stations, parks, etc.)?
- Have we vetted all options for community facilities, including schools?
- Any decision we make will have operational costs, including staffing, maintenance, and utilities. How do costs compare for a new vs. existing facilities?