

City of Alexandria, Virginia

MEMORANDUM

DATE: OCTOBER 29, 2025
TO: THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL
FROM: BUDGET AND FISCAL AFFAIRS ADVISORY COMMITTEE (BFAAC)
SUBJECT: MEMO #2 – RECOMMENDATIONS FOR THE FISCAL YEAR 2027 BUDGET GUIDANCE

In developing its budget guidance for Fiscal Year 2027, BFAAC encourages Council to consider the following:

- **Alignment with Council Priorities** – BFAAC recommends that Council guidance continue to ask the City Manager to demonstrate how budget investments proposed in the operating and capital budgets align with pre-established strategic priorities and the outcomes Council aims to achieve. In its guidance, Council should encourage the City Manager to present a variety of options to advance Council priorities and desired outcomes, rather than providing a set of specific instructions. In addition, BFAAC urges Council to utilize its strategic priorities and desired outcomes to ground its own consideration and community discussions of the proposed budget. This approach to communicating the budget will also enhance and strengthen the public’s understanding of how the City approaches budget investments, particularly in a challenging fiscal environment.
- **Impact of Changes in Federal Funding** – BFAAC recommends that Council guidance ask the City Manager to specifically detail how current and proposed changes in the Federal funding environment are and will continue to impact the City’s budget. It will be important for Council and the public to understand how changes at the Federal level may lead to pressures or gaps that the City may wish or be compelled to address to mitigate disparities and enhance community resilience.
- **Transparency on Impact of Tax Increases** – BFAAC appreciated the City Manager’s approach to presenting Council and the public with a forecast of revenue that could be realized through potential tax increases and the budget investments which would be made possible through that additional revenue. We hope Council includes a similar request in this year’s guidance. In our view, this type of presentation provides Council and the

public with a concrete sense of the risks and rewards associated with this key budget decision point.

- **Look Beyond the Current Budget Cycle** – BFAAC encourages Council to once again ask the City Manager to present a two-year forecast of operating revenue/expenditures to provide a wider view on the implications of its current and future investments. This is consistent with past BFAAC guidance that encourages Council to consider the impact its current budget decisions will have on budget cycles to come. Relatedly, BFAAC was pleased to see Council looking beyond the 10-year CIP during its October 7 work session in anticipation of future or currently unaddressed needs and how they might influence the current prioritization of CIP projects. This type of approach ensures the City stays nimble and open to change as the fiscal environment and community needs continue to shift. It is also consistent with past BFAAC recommendations to strengthen focus on a longer time horizon for fiscal planning, including multi-year budgets, analytical detail for projections, assessment of out-year risks, and contingency planning to anticipate economic shifts and potential revenue shortfalls.
- **Grounding Budget Discussions in Context of Fiscal Restraints** – Council should continue to ask the City Manager to ground budget presentations around short- and long-term revenue challenges. BFAAC encourages Council to revisit BFAAC’s [Spring 2025 memorandum](#) that provided a detailed analysis of declining budget flexibility, debt service growth, economic and workforce pressures, and revenue uncertainty. Public communications on the budget, including but not limited to Council discussions, are opportunities to educate the public on these topics.
- **Strengthened Collaboration with ACPS** – Recent staff presentations regarding Long-Range Facilities Planning modeled the potential for productive, data-driven discussion around the City’s and School’s shared priorities. BFAAC encourages Council to work with the School Board to continue to encourage staff to pursue these collaborative conversations and present the results during joint meetings related to budget needs on both the operating and capital side. As referenced below, BFAAC also encourages our City and Schools leaders to come together on areas of mutual interest, such as legislative advocacy. Finally, the City-Schools subcommittee should be utilized as both an on- and off-ramp for issues of mutual interest and a planning ground to prepare for future joint meetings.
- **Capital Investment** – Council guidance related to the capital budget should build on its recent October 7 prioritization discussion. The rationale for any potential changes to the CIP should be data-informed and data-driven. Discussion of capital needs beyond the current CIP should continue to ensure that prior prioritization decisions are continuously

assessed against available data, any new or emergent needs, and considering the changing fiscal environment. BFAAC encourages Council to involve the School Board and ACPS leadership in these long-range planning CIP priority setting conversations to ensure their input is captured as part of the discussion, and to facilitate greater information sharing and shared discussion on the capital needs across the City.

- **Coordinated City and Regional Approach to Legislative Advocacy** – BFAAC urges greater collaboration between City and Schools, and regionally, on developing and implementing legislative priorities related to State funding and revenue authority. BFAAC reiterates its past recommendation that City and Schools develop a joint, multi-year advocacy strategy for the General Assembly, to include both opportunities for additional revenue, policy changes, and the potential to secure additional revenue authority. BFAAC recommends a future joint work session between Council and the School Board with their respective legislative staff and/or outside counsel to promote this collaborative approach. We also urge our City leaders to continue to promote a coordinated set of regional positions as well.
- **Civic Engagement** – The City’s recent approach to budget-related communications and public engagement has been very positive. The Council should continue to encourage the City Manager to prioritize these efforts to engage the public in the budget process. Public communications around the budget should reflect the topics outlined in this memo, including the importance of grounding the budget in Council and community priorities and the realities of affordability. Communications should also aim to bring the public into the type of risk and reward discussion the Council will need to have as it considers the proposed budget and the difficult decisions ahead. Transparency around revenue limitations and opportunities, budget investments and limitations is the type of concrete communication that will lead to a more informed public and community and promote public engagement.

BFAAC thanks Council for this opportunity to share its feedback on the Fiscal Year 2027 budget guidance and looks forward to discussion during the November 1 budget retreat.