



City of Alexandria
FY27 Budget

FISCAL YEAR 2027 PROPOSED BUDGET

WORKSESSION #1 – PROPOSED CIP & REVENUES

February 25, 2026



Agenda

- Proposed Capital Improvement Program (CIP)
- Revenue
 - Overview
 - Fee Adjustments
 - Tax Rate Options
- Economic Development
- Legislative Update
- Budget Calendar



City of Alexandria
FY27 Budget

Proposed Capital Improvement Program (CIP)





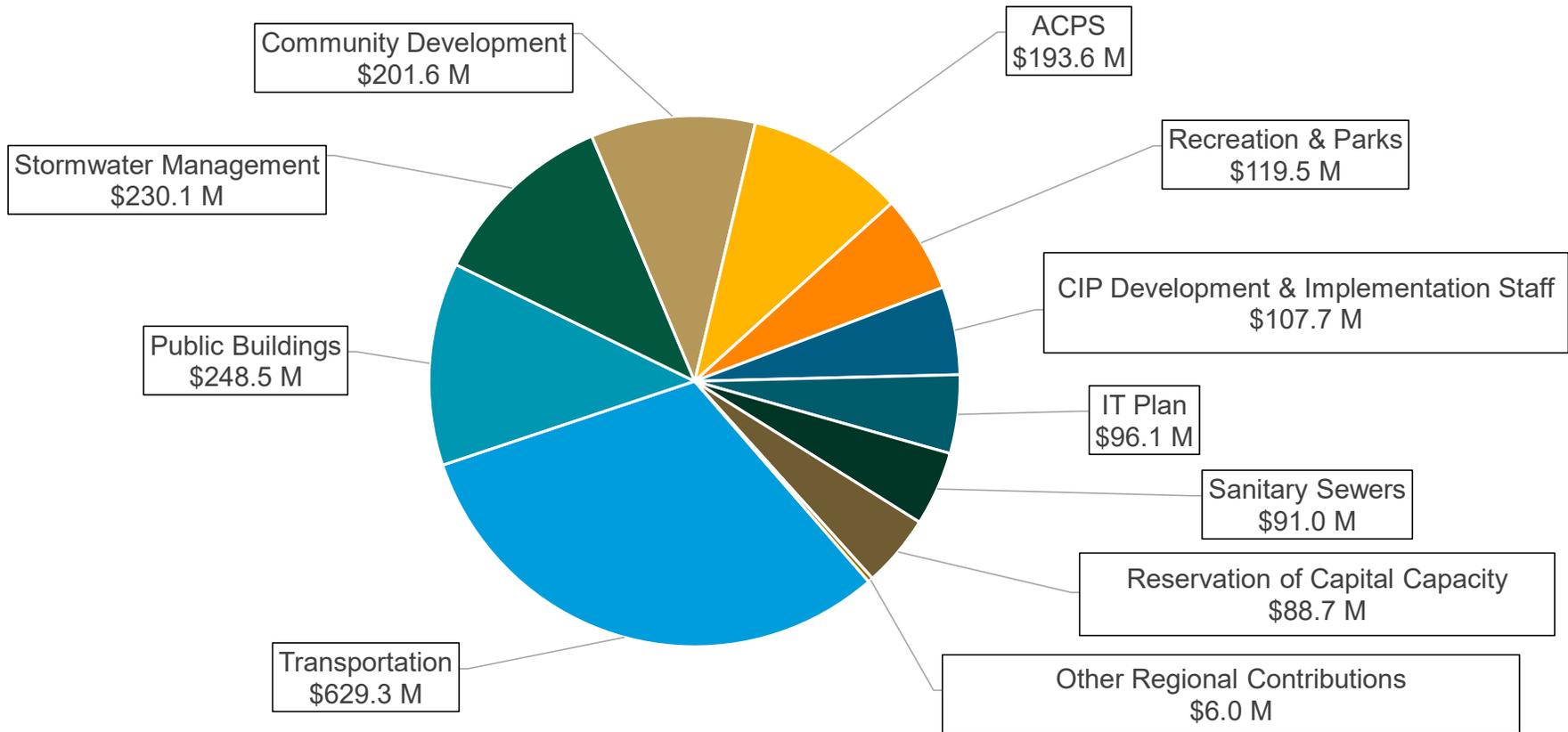
Capital Improvement Program

- 10-Year Total: **\$2.01 B** / FY 2027: **\$238.7 M**
 - **-3.1%** over last year's Approved 10-year CIP
- 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
- 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 2027 – FY 2036 CIP

Uses - \$2.01 billion





Proposed FY 2027 – FY 2036 CIP

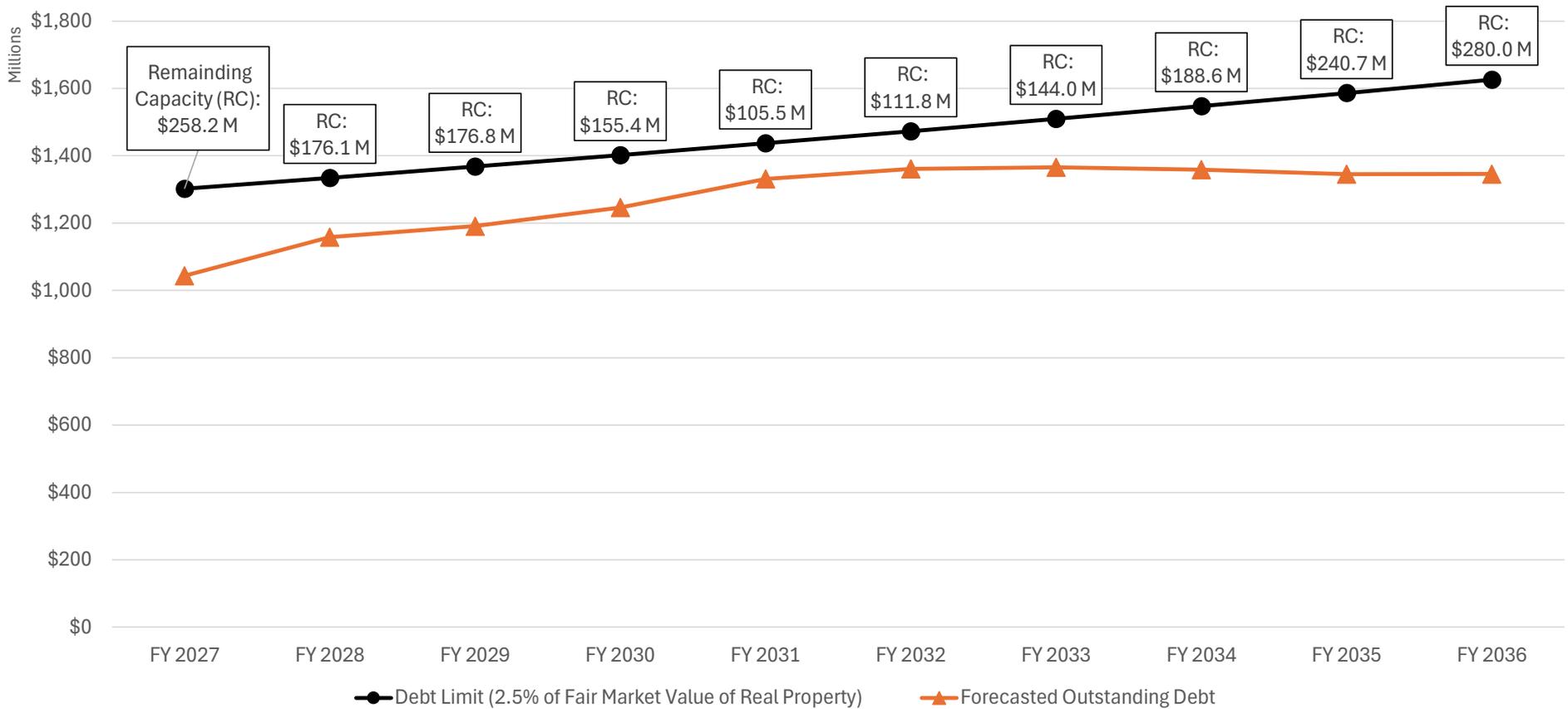
Major Changes

- **Affordable Housing**
 - FY 2027: **\$11.6 M** / 10-Year: **\$126.0 M**
 - Real Estate Dedication for Affordable Housing Transferred to CIP to consolidate management of project funds
- **Sanitary Capacity Purchase from Fairfax County**
 - FY 2027: **\$22.2 M** / Total Cost: **\$43.0 M**, including prior year balances
- **Sanitary Pitt & Gibbon Combined Sewer Capacity Project**
 - Planning level evaluation did not result in feasible capital infrastructure solution
 - FY 2028 funding removed and prior year balances will be used to identify/pursue private property-level floodproofing strategies



Proposed FY 2027 – FY 2036 CIP

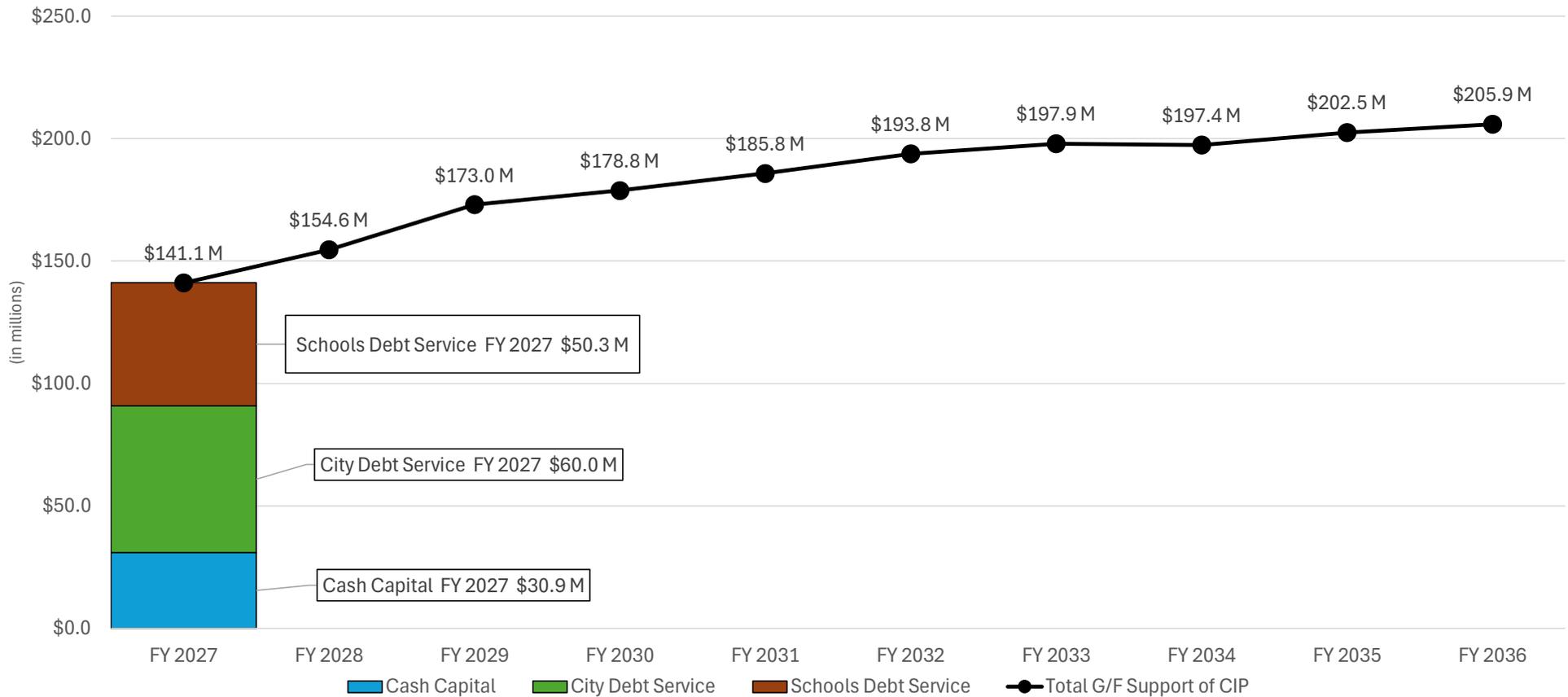
Remaining Debt Capacity





Proposed FY 2027 – FY 2036 CIP

General Fund Support of CIP

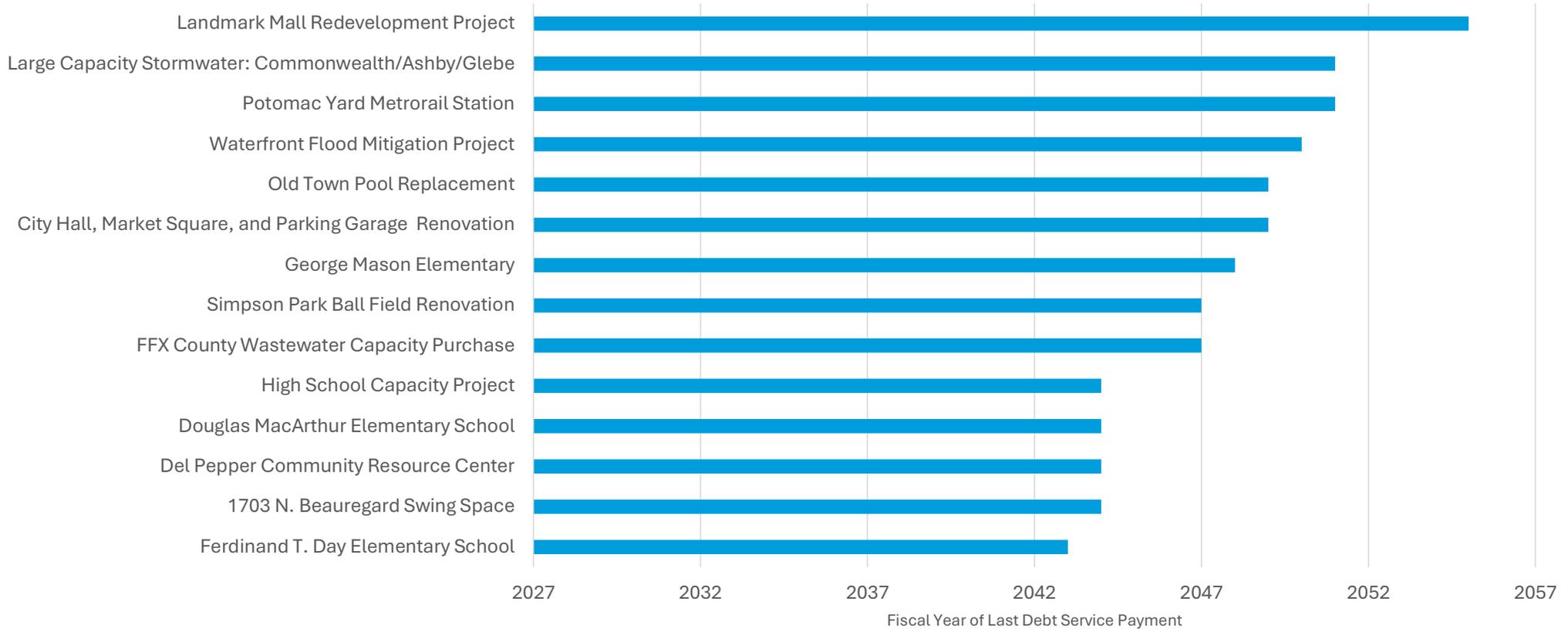




Proposed FY 2027 – FY 2036 CIP

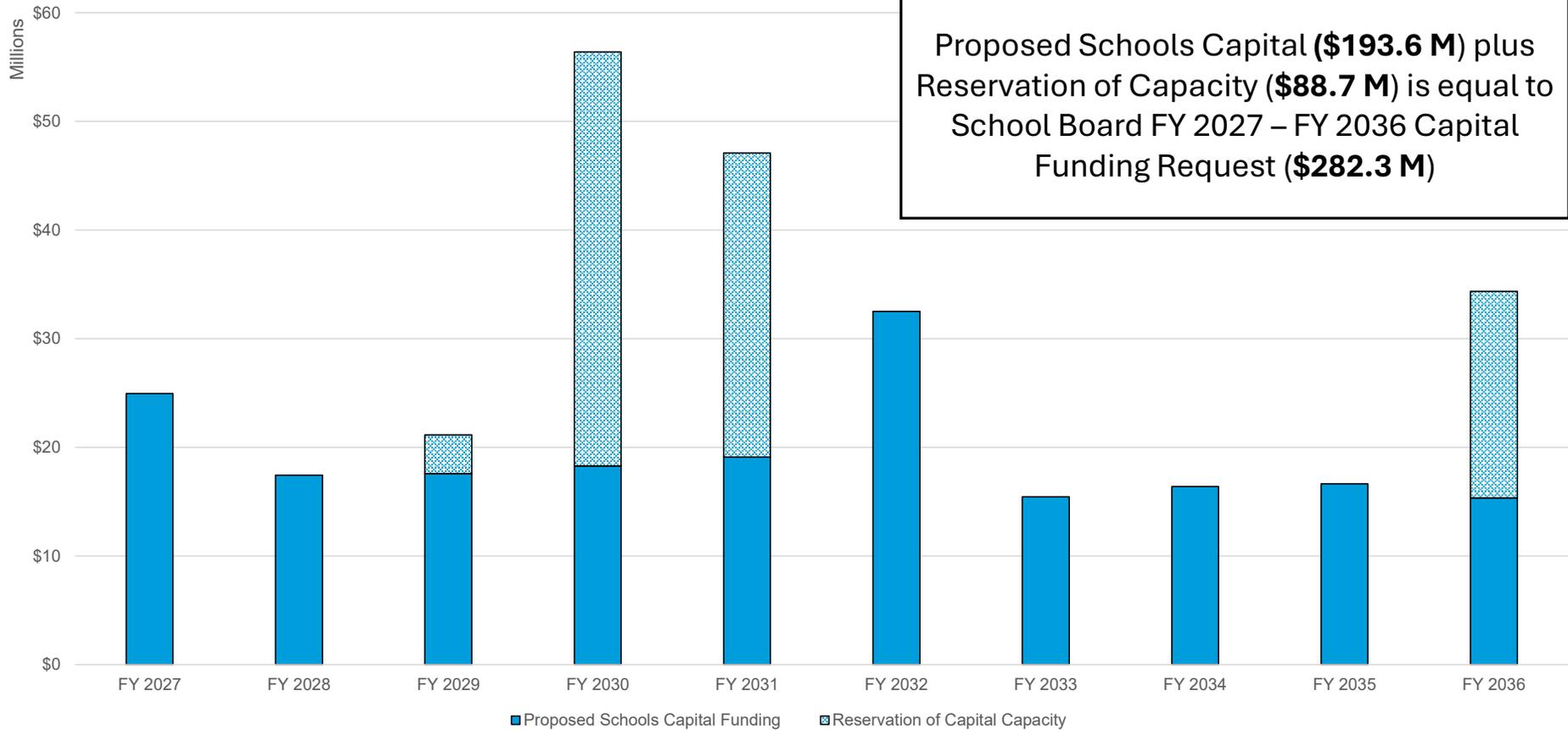
Long-Term Debt Service Impacts

MAJOR PROJECTS BEING PAID OFF





ACPS Capital Funding



Proposed Schools Capital (**\$193.6 M**) plus Reservation of Capacity (**\$88.7 M**) is equal to School Board FY 2027 – FY 2036 Capital Funding Request (**\$282.3 M**)



ACPS Capital Funding

- Proposed FY 2027 Capital Budget: **\$25.0 M**
 - Funds **100%** of School Board's FY 2027 capital budget request
- Proposed 10-Year Total: **\$193.6 M**
 - Funds **69%** of School Boards's capital funding request
 - Equivalent to Schools' Non-Capacity program
- Remainder of School Board's funding request placed in Reservation of Capital (**\$88.7 M**)
 - Funding reserved to address middle school capacity issues and renovation of Cora Kelly Elementary School
 - Addressing these needs involve significant land use decisions that must be determined by City Council
 - Funds to be moved out of reservation in future budget development cycle by City Council, informed by dialogue with School Board on these key land use decisions and their future impact on community



Alternative Penny Proposal

Forecasted FY 2028 Debt Service Increase

- General Fund debt service is projected to increase **\$15.5 M** in FY 2028
 - Largely driven by borrowing for George Mason Elementary and City Hall, Market Square, and Parking Garage Renovation project
- Raising Real Estate Tax Rate by 1.0 cent would raise **\$4.9 M** in FY 2027 reoccurring funding and **\$2.4 M** in FY 2026 one-time revenue
 - Applying combined revenue (**\$7.4 M**) to reducing borrowing would mitigate approximately **\$0.7 M** in debt service payments annually and reduce the potential FY 2028 funding gap by \$4.9 M.
 - Applying FY 2028 and beyond revenue to debt service helps mitigate increases to general fund expenditures



City of Alexandria
FY27 Budget

General Fund Revenue Overview





Revenue Overview

Tax Rates

- **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)
- **\$12.0 M in elderly/disabled/veteran tax relief**
- **No change in other tax rates**



Revenue Overview

Total General Fund Revenue

	FY 2026 Approved	FY 2026 Re- estimate	FY 2027 Proposed
General Fund Revenue			
Real Estate Taxes	558.0	563.1	578.1
Personal Property Taxes	81.0	78.4	79.8
Other Local Taxes	164.7	161.1	162.3
Intergovernmental	62.9	64.7	65.2
Other Non-Tax Revenue	75.8	77.6	77.5
Use of Fund Balance	14.0	-	14.4
Total	956.4	944.9	977.3



Revenue Overview

Locally Assessed Taxable Real Property assessments
increased **3.51%** (\$1.7 billion)

from January 1, 2025, to January 1, 2026

- ▶ Residential Tax Base +4.40%
+\$1.4 billion
- ▶ Commercial Tax Base 1.91%
+\$334.8 million
- ▶ Non-Locally Assessed Tax Base -2.79%
-\$20.5 million

Total Taxable Real Property +3.41%

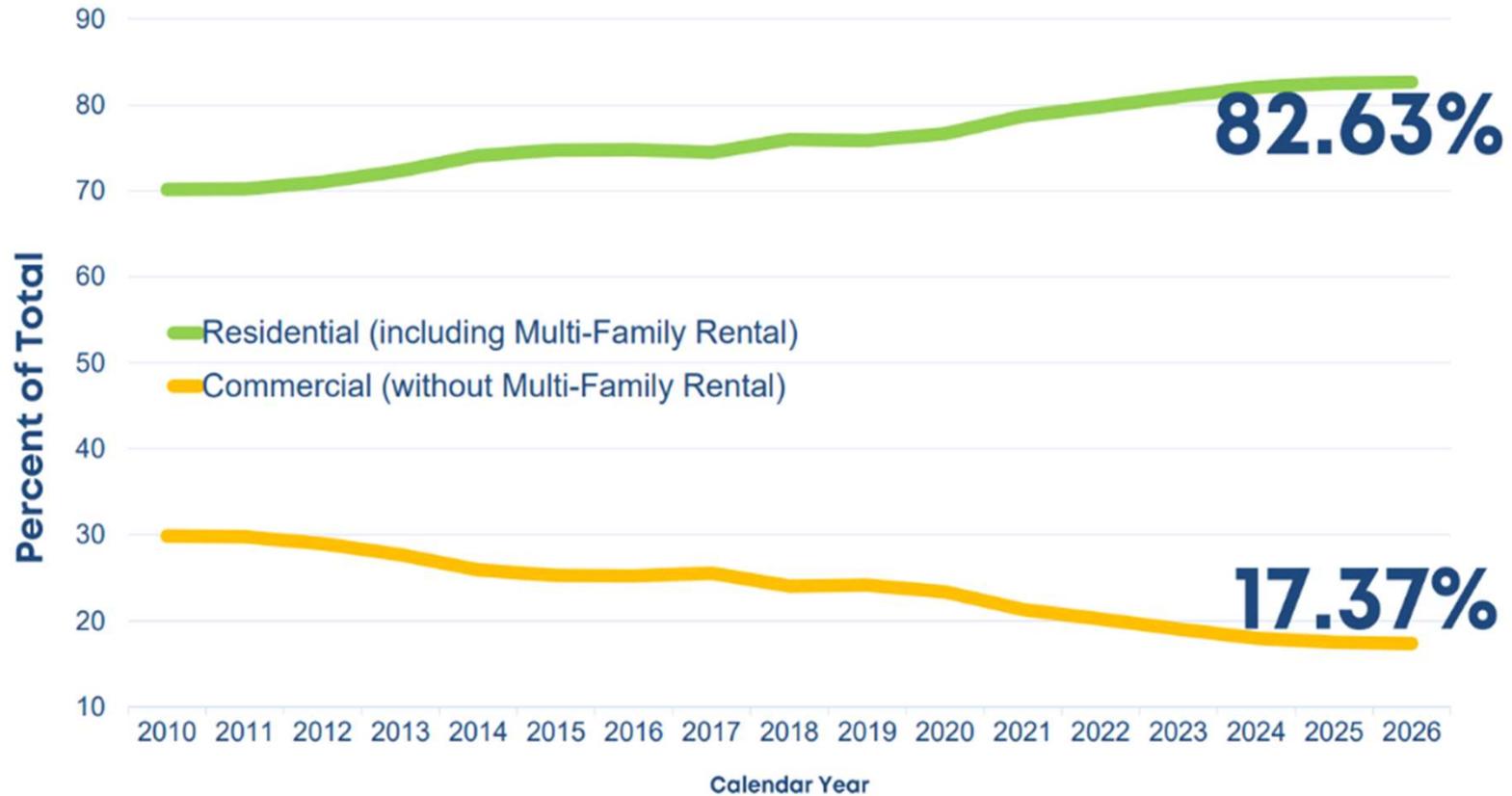
CY 2026 Real Estate Assessment Summary Land Book (Attachment 1)



Revenue Overview

Real Estate Assessments: Real Estate Tax Distribution CY2010 to CY2026

Including Multi-Family Rental Assessments with Residential Assessments





Revenue Overview

Average Impact on Real Estate Tax Bills

Classification	Average Assessed Value	Real Estate Tax Bill Increase at the Current Tax Rate (\$1.135)
Single Family	\$1,045,750	+\$504
Condominium	\$460,185	+\$143
Overall	\$757,706	+\$315



Revenue Overview

Personal Property Tax

	FY 2026 Approved	FY 2026 Re- estimate	FY 2027 Proposed
Personal Property Tax			
Vehicle Personal Property	61.1	59.0	60.4
Business Personal Property	19.9	19.4	19.4
Subtotal	81.0	78.4	79.8



Revenue Overview

Other Local Taxes

Other Local Taxes	FY 2026 Approved	FY 2026 Re- estimate	FY 2027 Proposed
Sales Tax	40.5	40.5	40.5
Utility Tax	14.1	14.1	14.1
BPOL	45.0	42.8	44.1
Bank Franchise	3.2	2.5	2.5
Recordation	5.1	5.1	5.1
Tobacco	1.5	1.7	1.6
Transient Lodging	14.9	14.5	14.6
Meals	32.9	32.1	32.2
Communication Sales	6.6	6.8	6.6
Other Miscellaneous	1.0	1.0	1.0
Subtotal	164.7	161.1	162.3



Revenue Overview

Intergovernmental Revenue

	FY 2026 Approved	FY 2026 Re-estimate	FY 2027 Proposed
Intergovernmental			
PPTRA	23.6	23.6	23.6
Other Federal & State	39.4	41.1	41.6
Subtotal	63.0	64.7	65.2



Revenue Overview

Other Non-Tax Revenue

	FY 2026 Approved	FY 2026 Re- estimate	FY 2027 Proposed
Other Non-Tax Revenue			
Penalties & Interest	5.2	6.9	6.0
Permits, Fees & Licenses	3.0	3.3	3.6
Fine & Forfeitures	5.7	5.7	6.7
Charges for Services	19.2	19.1	22.3
Use of Money & Property	22.3	22.7	20.2
Miscellaneous	4.4	4.0	4.3
Transfers	15.9	15.9	14.4
Use of Fund Balance	14.0	-	14.4
Subtotal	89.8	77.6	91.9



City of Alexandria
FY27 Budget

Fee Adjustments





General Fund Fee Increases & Collections

- **T&ES**
 - \$3,444,538 from parking meter fee rates, addition of Sunday hours, and parking citation fines
 - \$534,810 in VDOT roadway maintenance revenue due to additional lane miles
- **Fire**
 - \$418,338 from retesting fee and fire prevention permit fee adjustments
- **RPCA**
 - \$316,967 from City Marina Fees, Party Package Fees, Parking Fees, Power-full Fun Day Program Fee, Youth Sports User Fees, OSTP Fees, Special Event Fees, Trail Rental Fees, and Film and Photography Fees.
- **Planning & Zoning**
 - \$65,036 from Development Fees and Historic Preservation Fee Schedule Updates.
- **Office of Historic Alexandria**
 - \$500 in revenue from site and program fees.



Revenue Fee Adjustments

Enterprise Fund Fees

- No change in sanitary sewer rate = **\$2.28 per 1,000 gallons**
- Stormwater rate = **\$357.40** per year for average single-family house (\$17.10 increase from \$340.30) continues previously planned 5% growth to fund future project needs
- No change in residential or commercial refuse rate = **\$500**



City of Alexandria
FY27 Budget

Tax Rate Options





Revenue Tax Rate Options

Potential Tax Rate Adjustments

Tax Rate Options	Current Rate	Maximum Rate	Potential Revenue	Potential Impact	Arlington County	Fairfax County	Loudoun County	Prince William County
Real Estate	\$1.135 per \$100 of assessed value	None	Each Penny = \$5.08 m.	Each Penny = approximately \$76 per average residential tax bill	\$1.033 per \$100	\$1.1225 per \$100	\$0.805 per \$100	\$0.9060 per \$100 (plus \$0.0720 Fire & Rescue levy)
Vehicle Personal Property	\$5.33 per \$100 of assessed value	None	Each Penny = \$151,200	Each Penny = about \$1.09 per Car Tax bill (though range of impact depends on value of car)	\$5.00 per \$100	\$4.57 per \$100	\$4.15 per \$100	\$3.50 per \$100
Business Personal Property, Furniture, Fixtures, Computers	\$4.75 per \$100 of assessed value	None	Each Penny = \$38,746	Each Penny = about \$5.35 per tax bill	\$5.00 per \$100	\$4.57 per \$100	\$4.15 per \$100	\$3.70 per \$100
Business Personal Property, Machinery & Tools	\$4.50 per \$100 of assessed value	None	Each Penny = \$1,704	Each Penny = about \$90 per tax bill	\$5.00 per \$100	\$2.00 per \$100	\$2.75 per \$100	\$2.00 per \$100
Sales Tax	1.0%	1%	N/A	N/A	1%	1%	1%	1%
Meals Tax	5.0%	None for Cities	Each 1% = \$6.44 m.	Each 1% = about \$12,250 per business	5%	4%	N/A	3%
Transient Lodging (excludes Virginia's regional transportation tax of 3%)	6.5% + \$1.25 per night	None for Cities	Each 1% = \$2.02 m.	Each 1% = about \$35,466 per business	5.25% (0.25% restricted to promote tourism & business travel)	4% (2% is dedicated to promote tourism, non-profit convention & visitor's center)	5% (3% dedicated to promote tourism)	5% (3% dedicated to promote tourism)



Revenue Tax Rate Options

Potential Tax Rate Adjustments

Key Categories, Business, Professional & Occupational Licenses (BPOL)	Max Rate Per State Law	City of Alexandria	Potential Revenue At State Max Tax Rate	Potential Impact on Average	Arlington County	Fairfax City	Fairfax County	Falls Church City	Loudoun County	Prince William County
Tax Rates per \$100 of Gross Receipts										
Business Services	\$0.36	\$0.35	\$325,630	\$129	\$0.35	\$0.27	\$0.19	\$0.36	\$0.17	\$0.21
Financial Services	\$0.58	\$0.35	\$2,108,745	\$10,042	\$0.36	\$0.40	\$0.19	\$0.52	\$0.16	\$0.33
Hotels and Motels	\$0.36	\$0.35	Included in PS	Included in Personal Svc	\$0.36	\$0.27	\$0.26	\$0.36	\$0.23	\$0.26
Personal Services	\$0.36	\$0.35	\$67,019	\$66	\$0.35	\$0.27	\$0.19	\$0.36	\$0.23	\$0.21
Professional Services	\$0.58	\$0.58	N/A	N/A	\$0.36	\$0.40	\$0.31	\$0.52	\$0.33	\$0.33
Repair Services	\$0.36	\$0.35	\$25,911	\$96	\$0.35	\$0.27	\$0.19	\$0.36	\$0.16	\$0.21
Restaurants	\$0.20	\$0.20	N/A	N/A	\$0.20	\$0.20	\$0.17	\$0.19	\$0.17	\$0.17
Retail	\$0.20	\$0.20	N/A	N/A	\$0.20	\$0.20	\$0.17	\$0.19	\$0.17	\$0.17



City of Alexandria
FY27 Budget

New Investments in Economic Development





ALX Forward- \$750,000

- January 13, 2026 City Council resolution adopting ALX Forward: A Strategic Framework for Economic Growth
- Three catalytic initiatives recommended in plan, selected by consultant team based on:
 - ability to generate revenue
 - drive Alexandria's competitiveness in a rapidly evolving economic landscape, and
 - build on existing assets and opportunities
- Full ALX Forward plan at alexandriava.gov/ALXForward



ALX Forward

Catalytic Initiatives

TRANSFORMATIVE PLACE-BASED INVESTMENTS

FOCUS ON THE EXPERIENCE ECONOMY

Lease incentives for Arts, Entertainment and Innovation Uses \$250,000

STREAMLINE DEVELOPMENT & PLACEMAKING EFFORTS

Communications & Business Outreach in Old Town \$75,000

ALX Open Rewards \$25,000

TARGETED BUSINESS DEVELOPMENT

FOSTER A COLLABORATIVE BUSINESS ENVIRONMENT

Alexandria Investment Fund- Small business/high growth set-aside \$200,000

THRIVING ENTREPRENEURIAL ECOSYSTEM

EXPAND INCUBATOR AND ACCELERATOR SPACES

Innovation Lab- Potomac Yard \$200,000

TOTAL FY2027 INVESTMENT

\$750,000



Goal 1- Transformative Place-Based Investments

FOCUS ON THE EXPERIENCE ECONOMY

Lease incentives for Arts, Entertainment and Innovation Uses \$250,000

Create a grant funding pool to incentivize arts, entertainment and innovation uses in leased spaces across the City. Mechanism would improve the City’s ability to attract and retain companies in the target industries identified in ALX Forward and funds would be used to cover tenant improvement build-out and other eligible expenses.

STREAMLINE DEVELOPMENT & PLACEMAKING EFFORTS

Communications & Business Outreach in Old Town \$75,000

City Manager’s Office to provide coordinated communications and outreach to the Old Town business community around ongoing City-funded/sponsored projects like: City Hall and Market Square construction, waterfront flood mitigation, King Street block closures, changes in management and execution of special events.

ALX Open Rewards \$25,000

Continue the AEDP pilot ALX Rewards Program- an Alexandria affinity initiative that encourages regional shoppers to spend at locally owned small businesses and maintain the only city-wide comprehensive directory of brick-and-mortar establishments. No cost to businesses, provides customers with 3% rewards on eligible purchases that must be redeemed at another Alexandria business—creating a continuous cycle of local spending. Impact- increased visibility for merchants, 30X ROI to date with 2,034 users and 731 participating businesses.

Goal 1 Subtotal \$350,000



Goal 2- Targeted Business Development

FOSTER A COLLABORATIVE BUSINESS ENVIRONMENT

Alexandria Investment Fund- small business/high growth set-aside \$200,000

Each year, the City maintains a \$1 million balance in the Alexandria Investment Fund (AIF), traditionally used to provide a match to state incentives for businesses growing or locating in the City. This proposal would add and set aside \$200,000 to establish a discretionary small business incentive fund—to support business attraction, retention, and expansion in Alexandria for small businesses not meeting thresholds for state-supported incentives. The fund would require a formal application, staff review, impact-based approval, defined award caps, and post-award reporting, with regular updates to City Council.

Eligible uses would include coworking or office space costs, virtual addresses, legal and consulting fees, cash grants tied to job creation or leases, equipment purchases, local membership fees, permit and licensing reimbursements, retention incentives for renewals or expansions, and employee training reimbursement. Overall, the program is designed to provide flexible, targeted support for small and growing businesses and directly aligns with multiple ALX Forward strategies focused on economic growth, relocation incentives, adaptive reuse of office space, and stronger integration into Alexandria’s entrepreneurship ecosystem.

Goal 2 Subtotal \$200,000



Goal 3- Thriving Entrepreneurial Ecosystem

EXPAND INCUBATOR AND ACCELERATOR SPACES

Innovation Lab- Potomac Yard \$200,000

As part of the recently launch National Innovation Quarter (National IQ), AEDP has identified a need for non-office space (lab/warehouse/R&D) to be used by industry partners in proximity to the Virginia Tech Innovation building. A space like this does not currently exist in National Landing (or the DMV region to our knowledge) and would deliver a unique value proposition for the district and Alexandria. Based on research, this space could serve as "neutral ground" facility for industry partners that allows prototyping, testing and secure collaboration without the high overhead or access restrictions of their own proprietary corporate sites. Alongside Virginia Tech, AEDP is exploring the feasibility of building out such a space in Potomac Yard – either in warehouses, vacant retail or temporary structures near the VT campus. AEDP has identified potential grant partners to match any City investment.

Goal 3 Subtotal \$200,000



Summary

- ALX Forward implementation will span multiple years, guided by the adopted Framework
- Recommended FY2027 budget expenditures shaped by catalytic initiatives, with a focus on:
 - ability to generate revenue
 - drive Alexandria's competitiveness in a rapidly evolving economic landscape, and
 - build on existing assets and opportunities
- First ALX Forward implementation progress report to be provided at beginning of 4th Quarter FY 2026



City of Alexandria
FY27 Budget

Legislative Update

Anticipated Costs and Revenues
2026 General Assembly





Budget Amendments (Current Status)

- Freedom House Accessibility
 - Ask: \$2 million
 - In Budget Bills: \$1 million in the Senate bill (not in House)
- Locally-Subsidized State Employees Work Group
 - Ask: A work group to examine costs and interaction
 - Requirement for Department of Planning and Budget to collect data on employee counts and costs in all applicable departments
- Urban Area Security Initiative
 - Ask: \$12.2 million each year for FY2027 and FY2028
 - In Budget Bills: \$3.2 million each year for FY2027 and FY2028 (not in Senate)



Potential Costs (Contingent Upon Enactment)

- WMATA Funding
 - (\$153 million funding gap for FY2027)
 - Different Solutions in House and Senate
- Schools: Pay Increases
 - House proposes FY26 bonus and 2% pay increases each year
 - Senate proposed 3% pay increases each year
- Collective Bargaining: Binding Arbitration
 - No requirement to consider budget constraints
- State Employee: Pay Increases
 - 2% per year each year



Potential Revenues (Contingent Upon Enactment)

- **School Construction Tax Referendum**: Could provide the City \$40.5 million per year for dedicated funding for school construction.
- **Cannabis Excise Taxes**: approximately \$71 million for the state as well as local excise tax revenues.
- **Firearm and Ammunition Taxation**: approximately \$98 million for the state over the biennium.
- **Skill Games Taxes**: approximately \$265 million for the state as well as local tax revenues and public safety funding.



Important Remaining 2026 General Assembly Dates

February 26

Each Chamber
Must Act on
Their Budget
Proposal

March 4

Each Chamber
must Act on
Budget and
Revenue Bills
from the other
Chamber

Also March 4

Budget
Conferees
Appointed

March 9

Deadline for
Committee
Action on All
Legislation

March 14

Adjourn
Sine Die

April 22

Reconvened
Session to
Consider
Governor's
action on Bills
and Budget Item



Office of Legislative Affairs

Wendy Ginsberg

Legislative Director

Wendy.Ginsberg@alexandriava.gov



City of Alexandria
FY27 Budget

Budget Calendar





Budget Development Dates

Date	Time	Event
Tuesday, February 24, 2026	7PM	City Manager's Proposed Budget Presentation
Wednesday, February 25, 2026	7PM	Work Session #1 - CIP & Revenues
Thursday, February 26, 2026	7PM	Proposed Public Budget Presentation (Charles Houston Rec Center)
Wednesday, March 4, 2026	7PM	Work Session #2 - ACPS Operating & Capital Budgets
Monday, March 9, 2026	5:30PM	Budget Public Hearing
Tuesday, March 10, 2026	7PM	Council sets Maximum Tax Rate
Wednesday, March 11, 2026	7PM	Work Session #3 - Safe, Secure, & Just
Saturday, March 14, 2026	9:30AM	Additional Budget Public Hearing
Monday, March 16, 2026	7PM	Work Session #4 - Livable, Green, & Prospering
Wednesday, March 18, 2026	7PM	Work Session #5 - Healthy, Thriving, & Equitable
Wednesday, March 25, 2026	7PM	Work Session #6 - Accountable, Effective, & Well-managed Government
Thursday, April 9, 2026		Add/Delete deadline for City Council
Saturday, April 18, 2026	9:30AM	Tax Rate Public Hearing (as part of regular Saturday public hearing)
Saturday, April 18, 2026	9:30AM	Add/Delete Public Hearing (as part of regular Saturday public hearing)
Tuesday, April 21, 2026	7PM	Work Session #7 - Preliminary Add/Delete
Monday, April 27, 2026	7PM	Work Session #8 - Final Add/Delete (if needed)
Wednesday, April 29, 2026	6PM	FY 2027 Budget Adoption