



City of Alexandria
FY27 Budget

FISCAL YEAR 2027 PROPOSED BUDGET

February 24, 2026



Agenda

- **Introduction**
- **Budget Priorities & Development Process**
- **Revenue**
- **Proposed Operating Expenditures**
- **Proposed Capital Improvement Program (CIP)**
- **Budget Calendar**
- **Budget Video**



Introduction of the Proposed Budget for Council Consideration

- \$977.3 M General Fund operating budget; \$2.01 B 10-year CIP
- No real estate tax rate increase
- \$9.0 M in All Funds expenditure reductions
- Steady progress from previous years' investments
- Continued targeted focus on City Council priorities
- Strategic funding to grow the commercial tax base



Steady Progress and Continued Investments

Major Highlights

- 32% of new City funding goes to ACPS operating and capital needs
- Funds existing collective bargaining agreements and provides step increases and 1.5% pay scale adjustment for eligible non-collectively bargained City employees
- \$33.8 million for housing support and opportunities
- Increased funding for food hubs and other survival programming
- Continuing funding for early childhood and intervention programs
- \$1.0 million for economic development



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Budget Priorities & Development Process





City Council Priorities





Budget Development Process

- **Revenue Forecasting (Sept – Jan)**
 - Based on actual receipts and forecasted economic conditions
- **Organizational Review**
 - Vacancies and turnover
 - Recruitment status/efforts
 - Market competitiveness
 - Health insurance



Budget Development Process

- **Base Budget Analysis**
 - Review costs to maintain vital services
 - Examine opportunities for efficiency savings
- **Department submit expenditure reduction options**
- **Departments submit budget increase requests with accompanying expenditure reductions**
- **Meetings with Departments to review proposals**
- **Proposed budget decisions and presentation to Council**



Budget Decision Making

- **Additions**

- Alignment with City Council priorities
- Mandated requirements
- Maintaining infrastructure
- Protecting life and safety
- Continuing vital services

- **Reductions**

- Reallocation of resources
- Taking advantage of efficiencies
- Re-examining vacant positions
- Reviewing prior-year savings
- Minimizing impact on services



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**



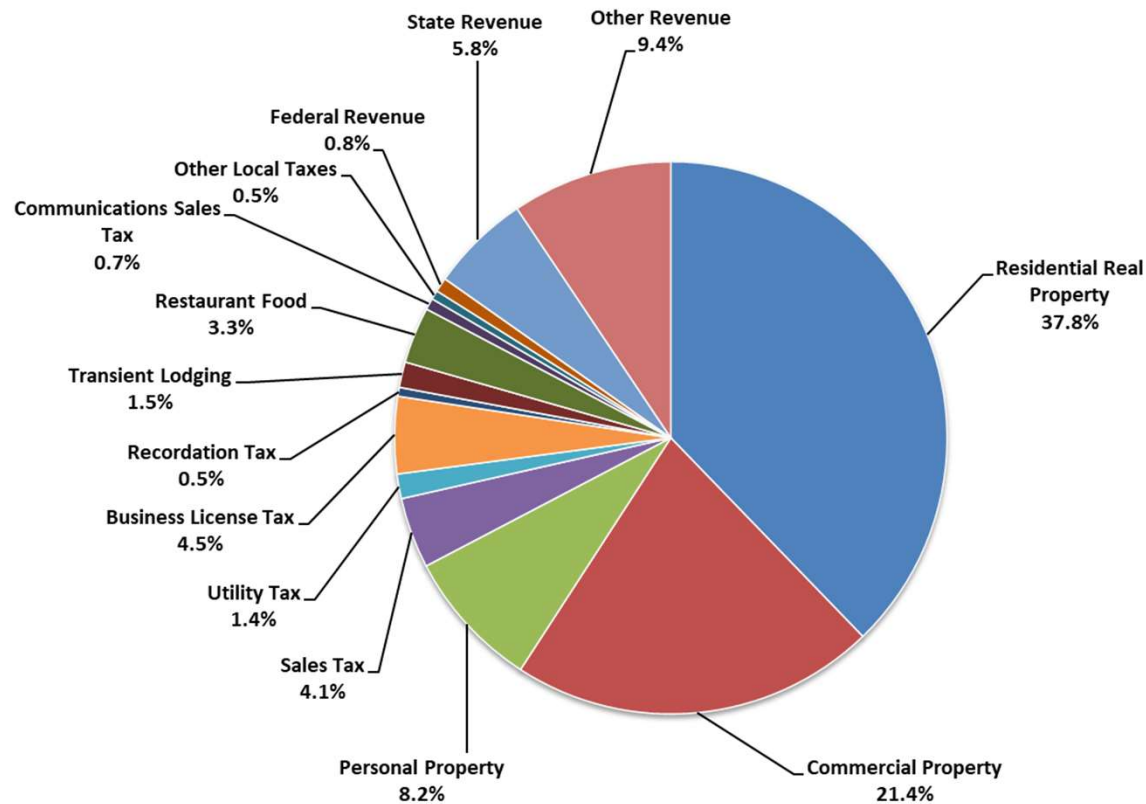
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Revenues





General Fund Revenue: \$977.3M





FY 2027 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)
- **\$12.0 M in elderly/disabled/veteran tax relief**
- **No change in other tax rates**



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.



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**



Average Impact on 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



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Proposed Operating Expenditures





General Fund Expenditure Changes

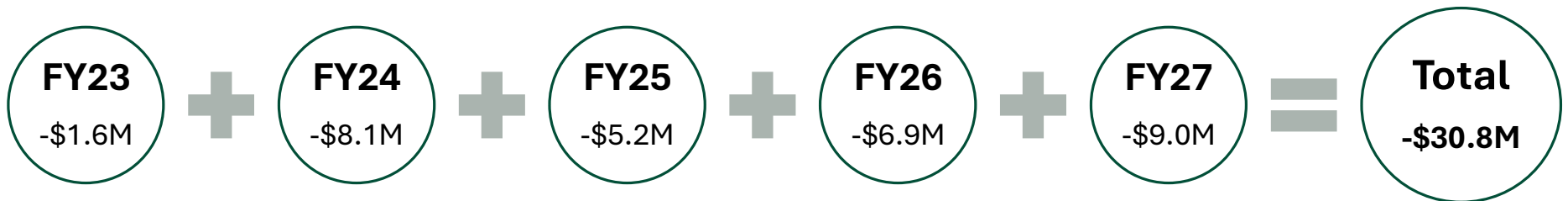
General Fund Expenditures	FY26 Approved	FY27 Proposed	\$ Change	% Change
City Operations	\$485.3	\$497.6	\$12.3	2.5%
Transit	\$50.4	\$51.9	\$1.4	2.8%
Cash Capital	\$32.8	\$30.9	(\$1.9)	-5.7%
Schools Transfer	\$282.4	\$286.6	\$4.2	1.5%
Schools Debt Service	\$47.8	\$50.3	\$2.5	5.1%
City Debt Service	\$57.7	\$60.0	\$2.3	3.9%
Total	\$956.5	\$977.3	\$20.8	2.2%

(\$ in Millions)

Proposed Operating Expenditures



City Expenditure Reductions – All Funds



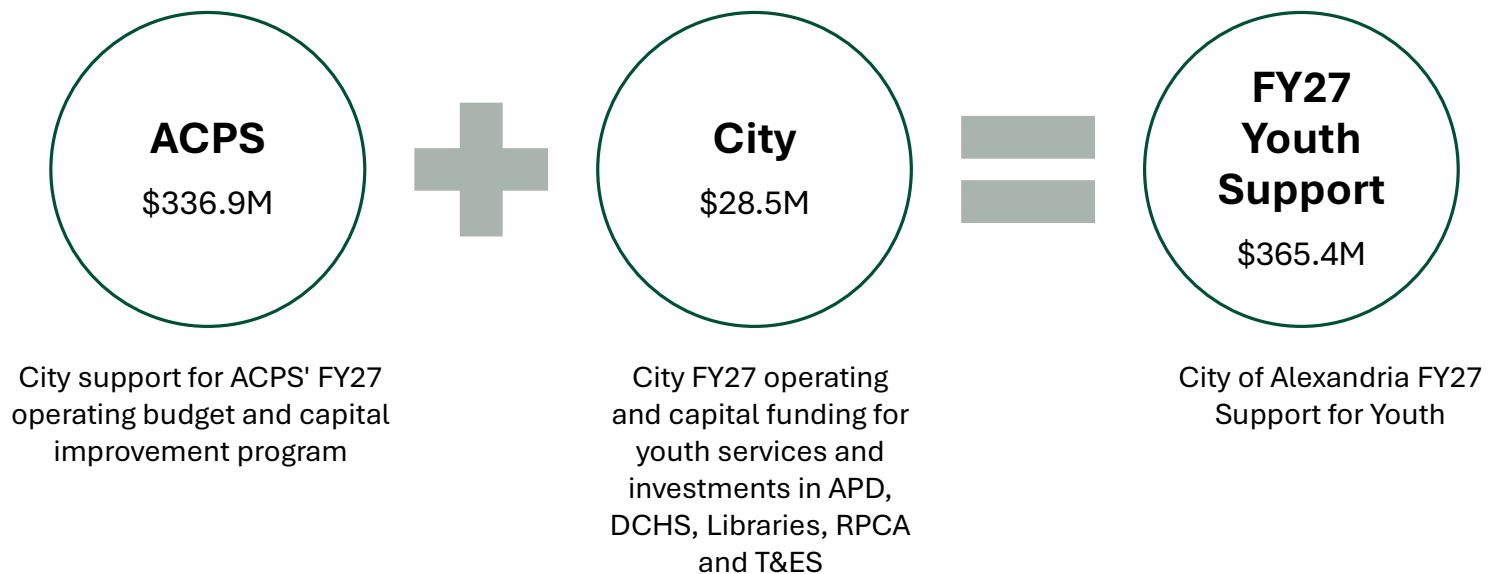


FTE Changes

- FY 2026 Amended FTE Count: **2,875.22**
- Net FTE decrease of 38.06 and 5 over hires
 - 7.00 new FTEs proposed
 - 45.06 FTEs eliminated (no filled position eliminations)
- 3.00 vacant position freezes for half the fiscal year
- FY 2027 Proposed FTE count: **2,837.16**

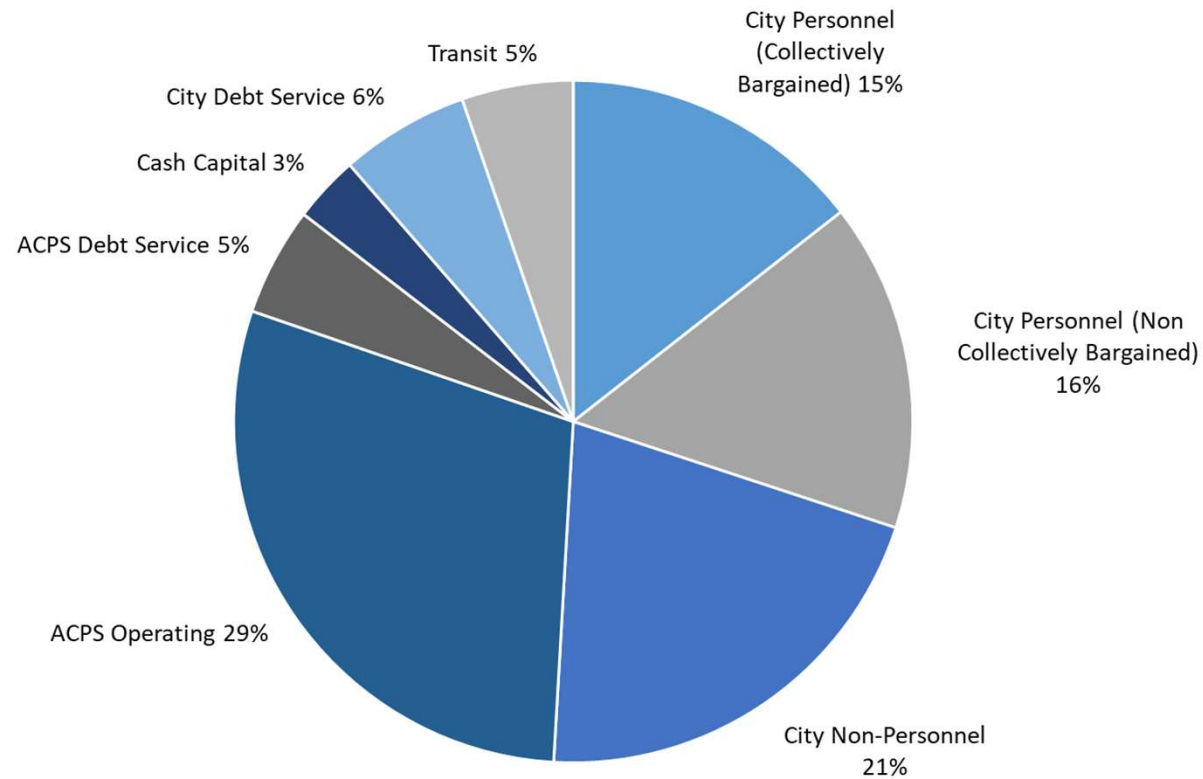


City Support for Youth



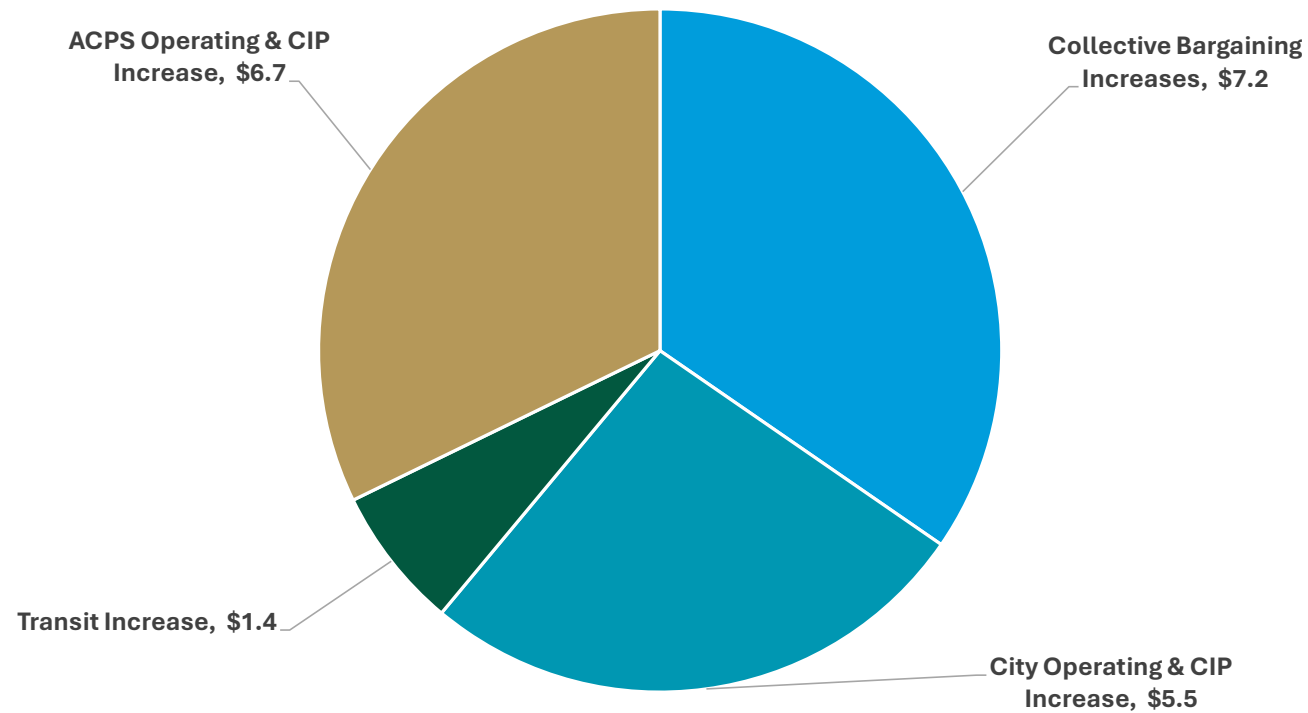


FY 2027 Proposed Expenditures (\$977.3 M)



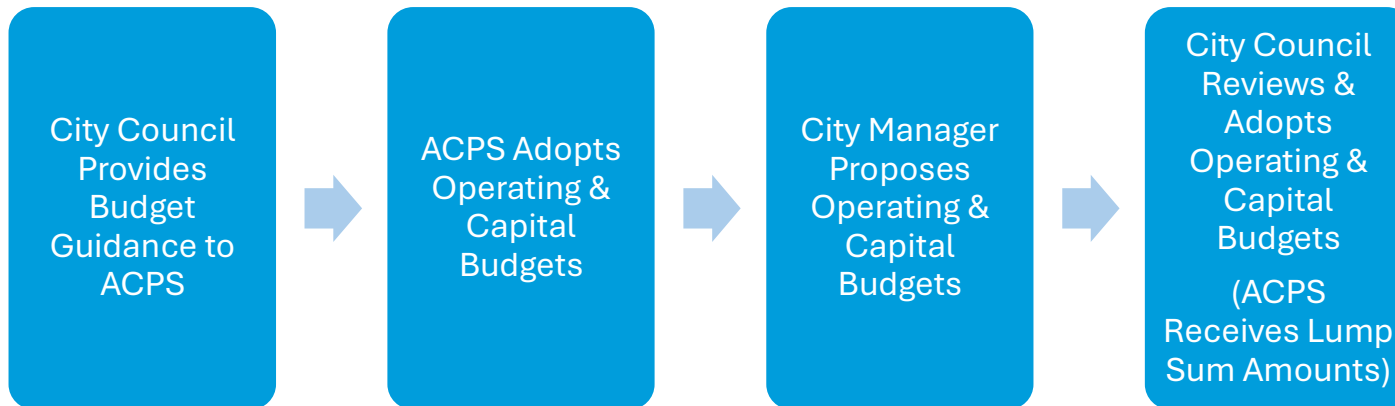


FY 2027 Expenditure Increase (\$20.8M)





ACPS Budget Process





ACPS Funding – FY 2027

- The Schools' FY27 operating transfer of \$286.6M represents a \$4.2M or 1.5% increase from FY26
- The Schools' increase in the operating transfer and debt service totals \$6.7M, which is a 2.0% increase over the FY26 approved budget and 32% of all City General Fund budget growth



ACPS Funding – FY23-FY27

- ACPS Operating Transfer + Debt Service
 - \$56.2 M Increase
 - 20.0% Increase
- ACPS Enrollment
 - 237 Student Increase
 - 1.5% Increase



Steady Progress: Affordability

- No proposed tax rate increases
- Continuing elderly, disabled, and veteran tax relief
- Continues free DASH services



Steady Progress: Advancing Housing Opportunities

	Program	FY27 \$
Housing Office	Home Ownership	\$0.79M
	Housing Rehabilitation	\$1.24M
	Tenants & Landlords	\$0.53M
	Affordable Housing Development & Preservation	\$4.00M
	Leadership & Management	\$0.80M
	Affordable Housing Development & Preservation (Budgeted in the Proposed FY 2027 - 2036 CIP)	\$11.60M
DCHS	Homelessness Prevention	\$0.13M
	Tenant Assistance	\$0.07M
	Homeless Shelter	\$1.07M
	Community Services Block Grant	\$0.34M
	Older Adult Rent Relief	\$0.78M
	Eviction Prevention	\$0.47M
Finance	Elderly Disabled/Veteran Tax Relief	12.00M
Total		\$33.8M

- Office of Housing totals \$18.0M
 - \$10.6 M dedicated for affordable housing (\$813,279 increase)
 - Includes annual dedicated revenue: 1 cent real estate tax, 1% meals tax, and additional \$1 million City commitment
- Affordable Housing investments including the Sanse & Naja project
- DCHS Housing initiatives total \$2.8M



Steady Progress: Reducing Community Disparities

- \$750,000 funding for ALIVE! food hubs
- \$325,000 in new ongoing funding for other survival programming, including 24/7 emergency shelter and meals for seniors
- \$720,353 for one-time funding for early childhood and intervention programs, including child healthcare referrals, home visits, and preschool activities
- Funding for a Community Outreach Manager for ALX Breathes, previously grant-funded by the State
- One-time funding for continuation of DASH Line 32 service between Landmark and the Van Dorn metro station
- \$120,000 in ongoing funding for the Alexandria Recovery Court
- \$15,000 for one-time funding to Volunteer Alexandria
- \$1.0 M fund balance designation for lost grant funding



Steady Progress: Strengthening Our Economy

- \$200,000 in Visit Alexandria funding supports expanded mixed media programs, specialized travel marketing, and marketing for historically marginalized neighborhoods.
- \$750,000 for *ALX Forward* creates a path forward for economic development investments by outlining a vision, goals, strategies, actions and tactics toward the City's economic future.
 - Includes \$300,000 in small business support
- \$1.0 M fund balance designation for economic incentives



Steady Progress: Recruit & Retain a Thriving Workforce

- Collective Bargaining Agreements: \$7.16M
 - Police Total General Fund Costs = \$3.64M
 - Fire Total General Fund Costs = \$1.52M
 - Includes 4.0 Fire Fighter FTEs to reduce work schedules from 49 to 46 hours per week
 - Labor & Trades Total General Fund Costs = \$0.56M
 - Administrative & Technical Total General Fund Costs = \$1.44M



Steady Progress: Recruit & Retain a Thriving Workforce

- Salary enhancements for non-collectively bargained employees:
 - Step and benefit rate adjustments
 - Cost-of-Living Adjustment @ 1.5%*
- Continued funding for cyclical compensation adjustments at \$1.0M
- Costs are offset by savings resulting from lower-than-projected contribution rates to the Virginia Retirement System (VRS)

**Subject to change based on number of employees ineligible for inclusion in the bargaining unit at the time of budget adoption.*



Steady Progress: Recruit & Retain a Thriving Workforce

- Other Items
 - Fire
 - Promotional Process = \$220,000
 - DECC
 - Hiring Bonus for Public Safety Officers = \$10,000
 - Training Pay = \$6,000



Steady Progress: Recruit & Retain a Thriving Workforce

- Health insurance, including vision, dental, and coverage for retirees
- Transit benefits, including WMATA and Capital Bikeshare
- 12 weeks parental leave (6 paid)
- Nationally recognized wellness program
- Flexible hybrid work environment



Steady Progress: Recruit & Retain a Thriving Workforce

The City of Alexandria is one of few jurisdictions that provides employees with two defined benefit plans, one of which includes a defined contribution element.



Virginia Retirement System



457 Deferred Compensation Plan

This plan allows employees to make pre-tax (457(b)) or post-tax (Roth 457) payroll-deducted contributions to save for retirement.



City of Alexandria Supplemental Retirement Plan



Roth IRA

This individual retirement savings plan with MissionSquare Retirement allows after-tax contributions via payroll deduction.



Other Significant Investments

- WMATA \$7.0 M increase funded mostly by NVTC
- Funding to improve the appearance of City facilities and the waterfront
- Increased storm emergency funding to \$1.0 M
- \$3.0 M fund balance designation for emergencies
- Special events funding in RPCA
- Automatic vehicle locators (AVL) for City fleet vehicles



Continued City Support for Non-Profits & Partner Agencies

- ACT for Alexandria (\$0.05M)
- ALIVE (\$0.7M)
- Carpenter Shelter (\$1.5M)
- Criminal Justice Academy (\$1.1M)
- DASH (\$46.6M)*
- Library (\$11.9M)*
- Neighborhood Health (\$1.2M)
- NV Juvenile Detention Center (\$2.4M)
- NOVA Regional Park Authority (\$0.9M)*
- Sheltercare (\$2.0M)
- Volunteer Alexandria (\$0.1M)
- Voter Registration (\$2.0M)
- VRE (\$0.2M)
- WMATA (\$90.2M)*

*Portion of these investments are budgeted in the Proposed FY 2027 – 2036 Capital Improvement Program (CIP)



City Support of State Positions & Constitutional Officers

Total FY27 City Funding: \$30.1 M

- Adult Probation
- Public Defender
- Court Service Unit
- General District Court
- Juvenile Domestic Relations Court
- Alexandria Health Department
- Magistrate
- Clerk of Court
- Commonwealth Attorney
- Sheriff
- Finance
- Registrar



Potential FY 2028 Challenges

- National and regional economic uncertainty
- Collective bargaining
 - Professional
 - Labor & Trades
 - ACPS
- Projected \$15M increase in debt service for City and ACPS CIP projects in FY28
- An additional 1 cent would be recommended for allocation towards capital in FY 2027



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Proposed Capital Improvement Program (CIP)





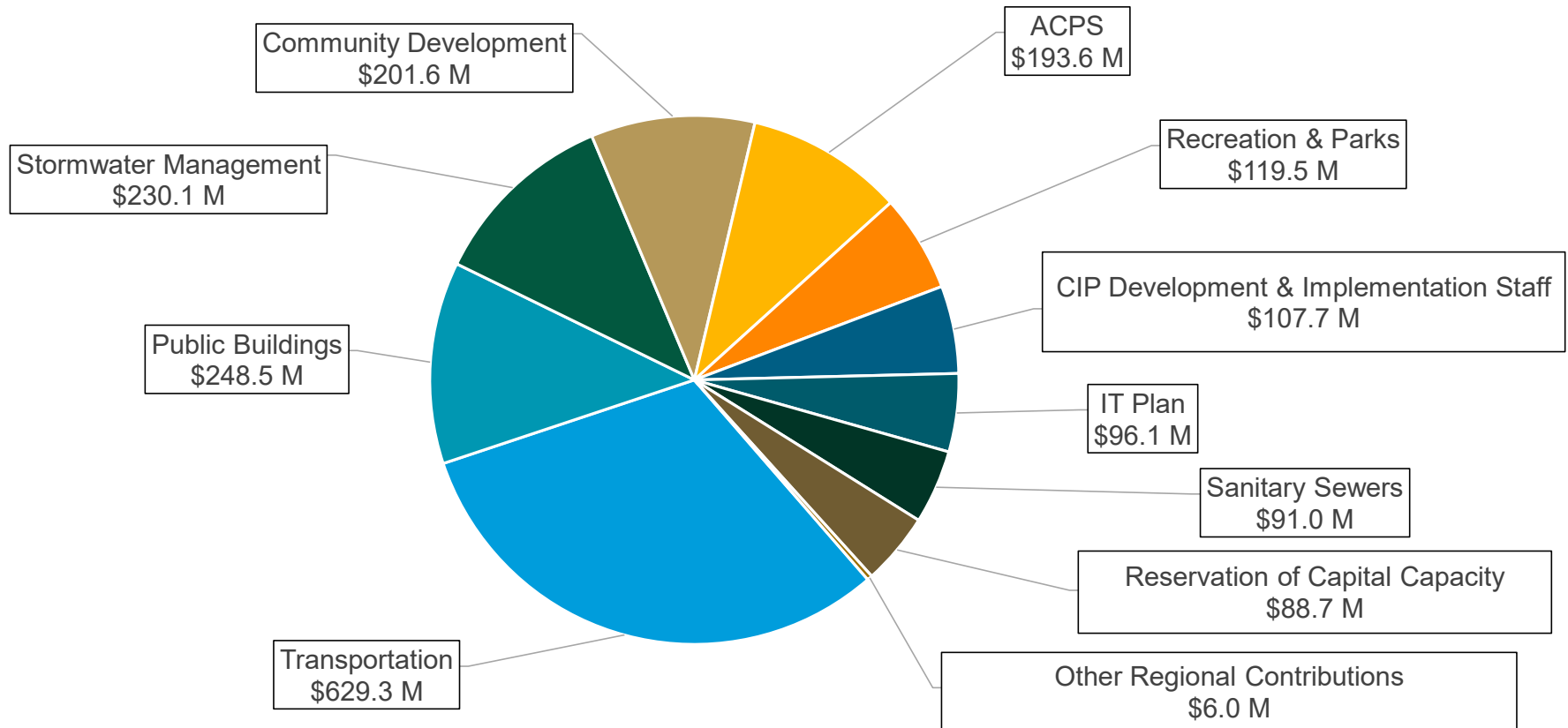
Capital Improvement Program

- 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



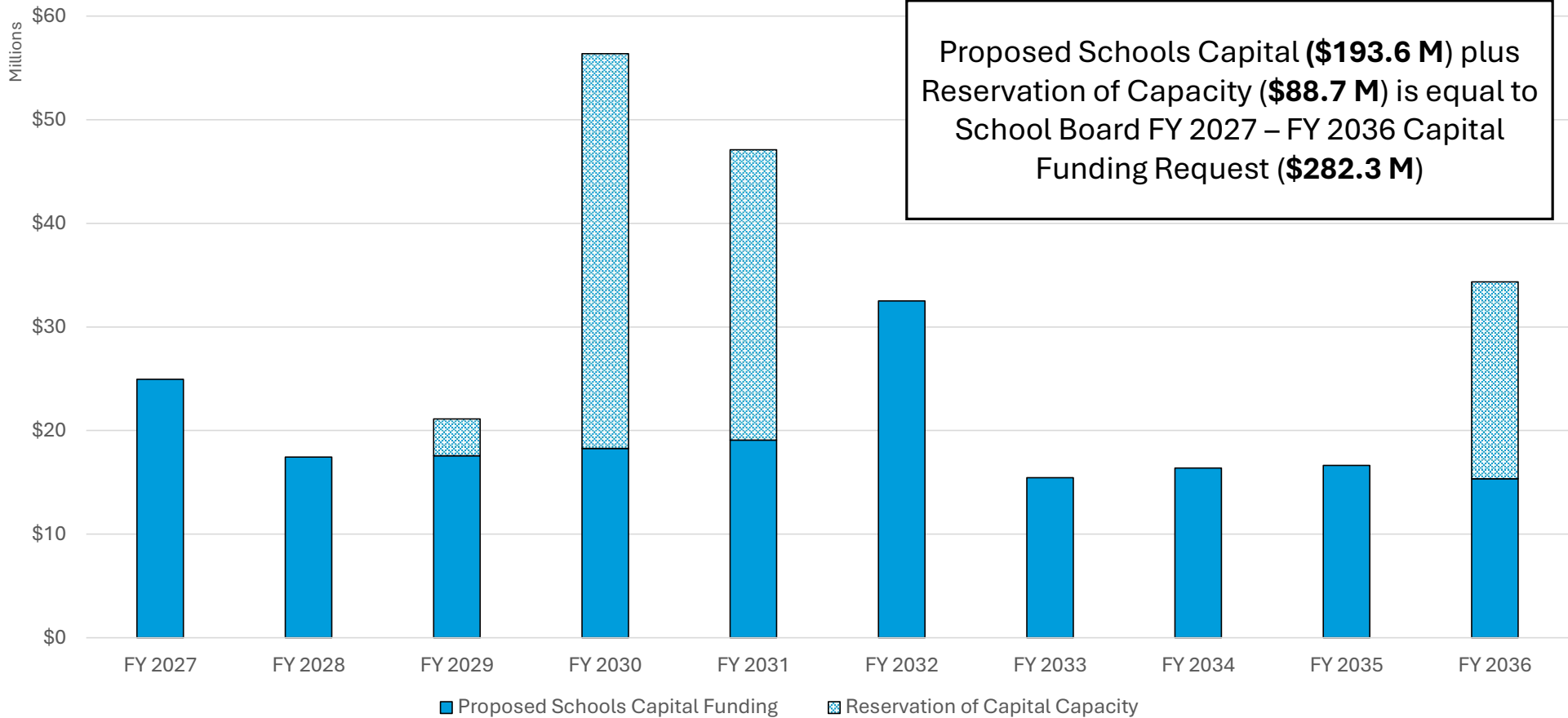


ACPS Capital Funding

- 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 Capacity (**\$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



ACPS Capital Funding





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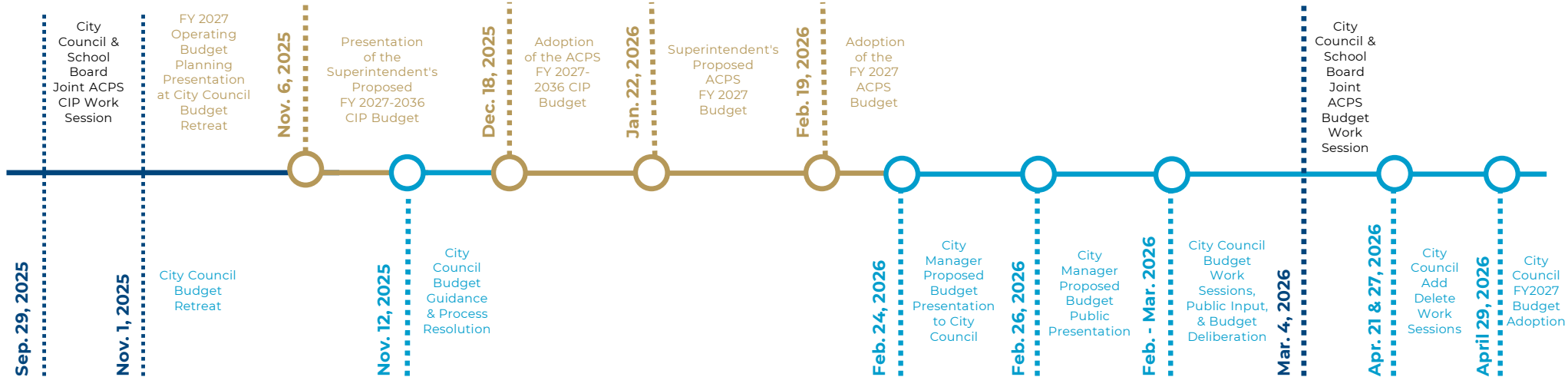
Budget Calendar





FY27 City & ACPS Budget Calendar

ACPS BUDGET CALENDAR



CITY 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



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Budget Video

