

**City of Alexandria, Virginia**  
**BUDGET AND FISCAL AFFAIRS ADVISORY COMMITTEE (BFAAC)**

**Monthly Meeting**

March 10, 2026

Nannie J. Lee Memorial Recreation Center, Room #4  
1108 Jefferson Street, Alexandria, VA 22314

**Summary Minutes**

**Committee Members Present:** John Ruthinoski, Mayor Gaskins Designee (Chair); Randall Williams, Vice Mayor Bagley Designee (Vice Chair); Nancy Drane, School Board Designee (Secretary); Sonya Day, Citizen-at-Large; Erica Kaster, Citizen-at-Large; Mark Tonsetic, Citizen-at-Large; Jake Truex, Chamber of Commerce Designee (Virtual)

**Absent:** Mindy Lyle, Councilmember Elnoubi Designee; Lester Simpson, Councilmember Greene Designee

**Staff Present:** Morgan Routt, Director of the City of Alexandria Office of Management and Budget (Virtual); Meghan McGrane, Budget Management Analyst

**Guest:** None

1. **Call to Order: Chair Ruthinoski** called the meeting to order at 6:40 PM.
2. **Approval of the Minutes of the February 17, 2026 Meeting: Truex** made a motion to approve the minutes of the February 17, 2026 meeting, seconded by **Day**. There was one correction made (to note the members who participated virtually). The motion carried by unanimous voice vote of those present.
3. **Updates and Reports: Office of Management & Budget Report**

**Routt** provided an update on the City Manager's FY27 budget proposal. All related materials, including the budget proposal and presentations, [are available online](#). The Council has held two work sessions and one public hearing thus far, with additional sessions and hearings scheduled. During last night's public hearing the most prominent topics included funding for the Sheriff, ACPS, and affordable housing.

Tonight's legislative meeting will include setting a maximum tax rate. This does not commit them to increasing the tax rate but rather gives them the flexibility to do so up to the ceiling they set. They could also decide not to increase the tax rate at all. The City Manager is recommending to Council that if they do decide to increase the tax rate, those funds should be used to address debt and reduce future debt burdens. **Routt** noted that even without a tax

rate increase, average household tax bills will be going up in many cases due to increased property values. **Rouff** shared that the Office of Management and Budget (OMB) is currently working on responses to Councilmember budget questions that will inform the Councilmember's add/delete process.

**Williams** asked a question about State funding the City receives. The City Manager shared that only 6% of revenue comes from State and that the City puts in an additional \$30M of local funds into State mandated positions. He asked whether there is anything in the legislative package to address some of that. **Rouff** shared that there was some discussion at the General Assembly of studying this issue. **Williams** suggests that we include some reference to the legislative package and State funding in our memo.

**Ruthinoski** asked **Rouff** to address a resolution pending at tonight's Council Legislative meeting that would change Council's ACPS appropriation to be by classification as opposed to the current lump sum model and what additional strains that might put on OMB resources. **Rouff** shared that this is an approach that has been discussed in the past and that ACPS currently classifies its spending this way for Virginia state reporting. What is different is that Council would be appropriating in that way and as a result, if ACPS wanted to do something that might alter the funding per classification, that would require Council action. **Rouff** said that this would likely require additional OMB staff support, but that the details of how this would work are still in development.

**Drane** asked **Rouff** if there is anything he thinks we might highlight in our BFAAC memo. **Rouff** highlighted the significant challenge of debt service for existing projects and the fact that ongoing economic uncertainty will continue to impact the City budget. He highlighted the fact that the City funded several collective bargaining agreements and included a 1.5% COLA for non-bargained employees but eliminated 45 currently vacant positions that may be tenable short term but could have longer-term impact. With more collective bargaining, there may be a time when there is an opportunity for a retrospective on what is working or efficiencies in the process or affordability.

Finally, **Rouff** shared that about 10 years ago, BFAAC provided guidance to Council on the fiscal policies, thresholds, and guidelines that continue to guide City spending. BFAAC's assessment included a review of other AAA rated communities and their relevant fiscal policies. **Rouff** suggested that it might be time for a reassessment and that is something BFAAC could offer to do again.

#### 4. Reactions to City Manager Proposed FY27 Budget

**Ruthinoski** asked BFAAC members if they had a view on contents for memo. Three themes emerged:

Importance of advancing a fiscal legislative agenda that advocates for greater State revenue opportunities. Topics to include:

- Schools or education related funding (i.e., at risk add-on, school construction)
- Schools funding formula (i.e., Local Composite Index recalculation)
- For both City and Schools, revising State norms for staffing that the City traditionally exceeds (i.e., Standards of Quality)
- For both City and Schools, revising State norms for salary that are not in keeping with Northern Virginia's cost of living, etc.
- Deeper understanding that some State supports create additional City financial burdens (i.e., a State bonus for teachers still may require a City match, and City may be entirely on the hook for bonuses for staff that exceed State minimums if wish to distribute equitably to all staff)

The expectation of continued economic uncertainty will require Council to manage community expectations around City services and better articulate tradeoffs. Topics to include:

- Pressures on City financial capacity:
  - Greater use of collective bargaining agreements on City and Schools side creates less year-to-year flexibility with respect to compensation, which makes up a considerable percentage of both City and Schools funding
  - Revenue stagnation
  - Regional and/or Federal forces that impact local economic climate (i.e., recent Brookings presentation to Council)
  - Financial pressures on individual Alexandria residents amid economic uncertainty creates burdens on City services and, conversely, less appetite for raising taxes, fees, or other revenue generators
  - Debt on capital project pressures (see below)
- Tradeoffs to present:
  - Exploring tax increases (i.e., real estate, personal property, sales, etc.) or fees vs. keeping revenue relatively flat
  - Eliminating FTEs to maintain or grow staff compensation – even if those positions are currently vacant – may create longer-term negative impacts
  - Growing compensation (especially within collective bargaining agreements) may require staff reductions or adjusting per capita

- calculations (i.e., APD CBA included reduction in force, increased class sizes at ACPS, etc.)
- While human-supported work may be the current approach, AI may bring efficiencies to internal or administrative functions
- Generally, reduction of services to support other investments
- Balancing and assessing relative value of community facing versus administrative positions, acknowledging need for internal capacity
- Things to keep in mind:
  - Importance of having access to models to plan and project
  - Need to identify better, smarter, faster ways to do things
  - Need to better understand the long-term impact of budget efficiencies (i.e., move to contractors v. in-house staff) or loss of FTEs – what is the impact of these funding reductions over time?
  - Potential adjustment of our fiscal policies

The community needs to better understand the continued and long-term challenges presented by capital investments.

- Acknowledging the short- and long-term implications of capital investment:
  - Short-term pain associated with long term investments which won't see benefits for some time
  - Long tail of costs associated with debt associated with capital projects
  - Costs associated with delaying projects (i.e., deferred maintenance)
- Limitations of our current fiscal policies and why these are important (i.e., bond rating and implications if reduced)
  - Potential for BFAAC to revisit its recommendations from 10 years ago on City's financial policies with a "refresh" of past research on fiscal policies of other AAA rated communities

Process Recommendation: ACPS Funding Approach

- Role for BFAAC to provide an objective overview of the Council's recent resolution citing intent to appropriate by classification
- BFAAC could provide a memo exploring the following:
  - The objectives Council is trying to achieve through this process change
  - Whether and how this change could advance those objectives
  - Practical implications for staff and budget process generally
  - Overview of the experience of other jurisdictions that have shifted to this funding approach
  - Analysis of any history in Alexandria of this type of approach

**Ruthinoski** also shared that our memo will include a preview of our budget framework memo with an opportunity for feedback from Council during the Work Session. Three pieces – Strategic Alignment – Decision Alignment – Communications Alignment

**Ruthinoski** then turned to the process of memo development. Our goal is to finalize the memo by March 20. We will meet again on March 17. **Drane** will share an outline of the memo with placeholders for further drafting and/or discussion.

**5. Updates and Reports**

- a. **McGrane** reminded BFAAC members that we will join the Council at its March 25 Work Session. She will inquire about where in the agenda our BFAAC presentation will fall.
- b. **McGrane** also reported that we have 4 current vacancies: one Chamber of Commerce; Councilmember Chapman; Councilmember Aguirre; and new Councilmember (once elected).

6. **Adjournment:** A motion was made by **Drane** and seconded by **Williams** to adjourn the meeting. The motion was carried by unanimous voice vote. The meeting adjourned at 8:27 P.M.

**Upcoming Meeting(s) / Important Dates:**

<i>Event</i>	<i>Date/Time</i>	<i>Location</i>	<i>Status</i>
BFAAC Regular Meeting	Tuesday, Mar 17, 2026 – 6:30pm	Lee Center, Conference Rm #4	<i>Noticed</i>
City Council FY27 Budget Work Session	Wednesday, Mar 25, 2026 –7:00pm	Del Pepper Community Resource Center	<i>Noticed</i>
BFAAC Regular Meeting	Tuesday, Apr 14, 2026 – 6:30pm	Lee Center, Conference Rm #4	<i>Noticed</i>
BFAAC Regular Meeting	Tuesday, May 19, 2026 – 6:30pm	Lee Center, Conference Rm #4	<i>Noticed</i>

Note: Calendar items in ***bold and italic*** have changed or been added since the previous month’s agenda.