

**City of Alexandria, Virginia**  
**FY 2027 Proposed Operating Budget & CIP**  
**Budget Questions & Answers**

**April 7, 2026**

**Question:**

What are neighboring jurisdictions doing in terms of technology fees to fund AI initiatives? More broadly, can we understand the methods other organizations are using to implement new technology systems and replace aging infrastructure?

**Response:**

Local jurisdictions predominantly use general fund revenues to procure AI technologies and replacement systems. Arlington County, VA has a 10-year plan that uses a pay-as-you-go method for funding capital projects and/or short-term financing. Fairfax County, VA uses two dedicated funds that primarily use current revenues and internal service fees rather than long-term debt. The City's information technology capital program spans over 10 years for continued lifecycle management and procurement of new technology systems.

In addition, Code Administration uses dedicated fees to cover the cost for prior system replacement (Permit Plan to APEX), on-going hardware replacements, and software licensing costs related to technology for land use management. The revenues generated from these dedicated fees fund the technology investments for primary system users, including Planning and Zoning, Code, Fire, and Transportation and Environmental Services. Public safety agencies acquire technologies through various available grant opportunities. The Police department may use asset forfeiture to fund new technology needs, provided the equipment is strictly intended for law enforcement purposes and is not replacing existing City-funded equipment.

The Department of Information Technology Services will continue to work with agencies and departments with regards to fee structures to assist with technological investment needs.