City of Alexandria, Virginia

MEMORANDUM

DATE: NOVEMBER 7, 2026

TO: THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: BUDGET AND FISCAL AFFAIRS ADVISORY COMMITTEE (BFAAC)

SUBJECT: MEMO #2 – RECOMMENDATIONS FOR THE FY28 BUDGET GUIDANCE

In developing its budget guidance for FY 2028, BFAAC encourages Council to consider:

Overall Budget

- **Alignment with Council Priorities** – BFAAC recommends that Council guidance continue to ask the City Manager to demonstrate how budget investments align with Council's strategic priorities and the desired outcomes Council aims to achieve. In addition, BFAAC urges Council to utilize these same strategic priorities and outcomes to ground its own deliberations and community discussions of the proposed budget. This approach will enhance and strengthen the public's understanding of how the City approaches budget investments, particularly in a challenging fiscal environment.

- **Looking Beyond the 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, consistent with past BFAAC guidance encouraging Council to consider the impact of its budget decisions on future budget cycles. Relatedly, BFAAC was pleased to see Council looking beyond the 10-year CIP in anticipation of future, currently unaddressed needs and how they might influence the current prioritization of CIP projects. This 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 provide analytical detail for projections, assessment of out-year risks, and contingency planning to anticipate economic shifts and potential revenue shortfalls.

- **Capital Investment** – Council guidance related to the capital budget should build on its recent prioritization discussion. The rationale for any potential changes to the CIP should be data-informed. Discussion of capital needs beyond the current CIP should continue to ensure that prior prioritization decisions are 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 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.

- **Grounding Budget Discussions in Fiscal Realities** – Council should continue to ask the City Manager to ground budget presentations in 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 are opportunities to educate the public on these topics

Communication

- **Prioritizing 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 and his team 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 about revenue limitations and opportunities and about budget investments and constraints are the type of concrete communication that will lead to a more informed public and community and promote public engagement. As referenced below, explainers related to the Council's new approach to ACPS budgeting should be prominently featured in budget-related communications.

- **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 and fee increases and the budget investments which would be made possible through that additional revenue. BFAAC recommends Council include 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.

Collaboration

Continued Engagement with ACPS – The FY28 budget process is an opportunity for City and ACPS leaders to strengthen dialogue and collaboration as they implement the new approach to appropriating ACPS funding by major classification. As BFAAC and BAC emphasized in their July 15, 2026 joint memo, a smooth transition will require:

- Information sharing and dialogue at key budget milestones and during joint work sessions;
- Clear rules of engagement during Council's add-delete process, so City and ACPS staff have time to work through classification breakdowns and the impact of potential changes;
- Public communication explaining the new approach and the City's and Schools' respective roles and responsibilities; and
- Evaluation criteria set in advance to support an after-action assessment – including clear objectives and measures of success and a real-time look at the added City and ACPS staff time required so implementation capacity needs are understood.

While parts of the budget process will be new, financial constraints will likely persist. Elected leaders should make choices and tradeoffs clear to the community, which expects collaboration grounded in shared principles, clear priorities, and data. BFAAC encourages leaders to focus on common goals, including attracting and retaining a highly qualified public workforce (especially in a collective bargaining environment) and supporting youth holistically. As in the past, BFAAC urges leaders to use established guiding documents, such as the Long-Term Educational Facilities Plan, to set city-wide capital investment priorities and identify the inputs driving them.

- **Coordinated City and Regional Approach to Legislative Advocacy** – BFAAC urges greater collaboration between City and Schools, and regionally, on developing and implementing State 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.

BFAAC applauds City and Schools leaders for recently coming together for dialogue and joint planning on a community-wide strategy to make the case for greater state education investment. Together, they have the skills, expertise, and relationships to develop a shared, data-driven message at a critical moment of opportunity. This includes ideas on how state funding reform and other investments can improve student outcomes, and opportunities to urge greater state investment in school facilities and construction given our aging infrastructure, including the new local authority to propose an additional 1% sales tax for school capital projects. Meeting these challenges and seizing these opportunities will require a unified strategy and voice.