

City of Alexandria, Virginia
FY 2026 Proposed Operating Budget & CIP
Budget Questions & Answers

March 27, 2025

Question:

Please provide a summary of Revenue Re-Estimates and Technical Adjustments for Add/Delete and recommendations for use of additional revenues.

Response:

MEMORANDUM

DATE: MARCH 27, 2025

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES PARAJO, CITY MANAGER

SUBJECT: FY 2026 TECHNICAL ADJUSTMENTS FOR ADD/DELETE

The purpose of this memorandum is to inform City Council of the technical budget adjustments proposed by staff as part of the add/delete process, as well as provide an update staff's revenue recommendations. This presents the final revenue and expenditure update before the add/delete process.

The sum of technical adjustment expenditure changes provides a net General Fund expenditure savings of \$367,946.

The major changes from the proposed operating budget are reflected in the chart below and discussed on the following pages.

Expenditures

Health Insurance Premium Savings	\$	(452,266)
Metropolitan Washington Council of Governments		
CBRNE program fee	\$	84,320
Total Expenditure Adjustments	\$	(367,946)

General Fund Revenue Recommendations

Annually, City staff re-estimates current fiscal year and subsequent fiscal year revenues based on additional months of collection data. In keeping with this practice, staff reviewed major revenue source receipts for FY 2025 to-date and concluded that current year revenues remain healthy but found no reason to adjust estimates for FY 2026 due to current economic uncertainty. Federal grant reductions, employment and contract reduction, foreign trade policies, and looming debt ceiling challenges pose risks to the economy, especially in the metropolitan area. While there is no cause to expect FY 2026 revenues to exceed staff's proposed budget forecast, there is also insufficient experience at this point to reliably estimate any reductions. As a result, staff recommends no change to FY 2026 proposed levels.

General Fund Expenditure Changes

The following FY 2026 expenditure budget change summarized in the table on page one was identified too late to include in the proposed budget or were identified after the proposed budget was released.

Expenditures

Citywide Health Insurance Adjustment	\$	(452,266)
Metropolitan Washington Council of Governments		
CBRNE program fee	\$	84,320
Total Expenditure Adjustments	\$	(367,946)

Citywide Health Insurance Adjustment: Staff budgeted a 12% premium increase for Kaiser Permanente and a 2% increase for UnitedHealthcare health insurance premiums. The final Kaiser Permanente rate increase was 6.4% and the final UnitedHealthcare rate was 0.5%, which resulted in a General Fund expenditure savings of \$452,266.

Metropolitan Washington Council of Governments CBRNE program fee: The Metropolitan Washington Council of Governments (COG) announced an increase in jurisdictional funding requirements for FY 2026 due to the transition of the Chemical, Biological, Radiological, Nuclear, and Explosive Materials (CBRNE) maintenance program to local funding sources. The cost increase to the city is \$84,320.

Non-General Fund Revenue & Expenditure Changes Recommendations

The following FY 2026 non-General Fund revenue and expenditure change was identified after the proposed budget was released and is recommended as a technical adjustment in the final approved budget.

Non-General Fund Adjustments	Revenue	Expenditure
Office of Housing State Grant Funding for Permanent Supportive Housing	\$ 856,800	\$ -
Office of Housing Expenses for Permanent Supportive Housing	\$ -	\$ 856,800
Total Adjustments	\$ 856,800	\$ 856,800

Office of Housing Permanent Supportive Housing: Since the budget was proposed, the City has entered a Memorandum of Agreement with the State’s Department of Behavioral Health and Developmental Services (DBHDS) to receive \$856,800 in FY 2026 for the Office of Housing to implement and manage activities related to Permanent Supportive Housing for persons with Serious Mental Illness. These funds support two Housing positions and rental/utility assistance for 35 units.

FY 2026 – FY 2035 Capital Improvement Program (CIP) Revenue & Expenditure Changes

The following CIP project changes were identified after the proposed FY 2026 – 2035 CIP was released and are recommended as technical adjustments in the final Approved FY 2026 – 2035 CIP.

Capital Project Funds			
Technical Adjustment	FY 2026	FY 2026 - 2035	
Safe Routes to Schools	\$ -	\$	(250,000)
Total Expenditure Adjustments	\$ -	\$	(250,000)

Transportation (Updated Grant Funding)

Subsequent to the presentation of the Proposed FY 2026 – FY 2035 CIP, the Northern Virginia Transportation Authority informed the City it secured FY 2031 Congestion Mitigation and Air Quality (CMAQ) / Regional Surface Transportation Program (RSTP) funding for the Safe Routes to Schools project at an amount \$250,000 less than originally planned.

Safe Routes to Schools				
	Prior Appropriations	FY 2026	FY 26-35 Total	Total Appropriated & Planned Budget
<u>Proposed</u>				
Cash Capital	786,100	431,800	2,681,800	3,467,900
CMAQ/RSTP	-	-	1,500,000	1,500,000
State/Federal Grants	1,782,047	870,935	870,935	2,652,982
State/Federal Grants (Unsecured)	-	-	2,500,000	2,500,000
Subtotal	2,568,147	1,302,735	7,552,735	10,120,882
<u>Technical Adjustments</u>				
Cash Capital	-	-	-	
CMAQ/RSTP	-	-	1,750,000	
State/Federal Grants	-	-	-	
State/Federal Grants (Unsecured)	-	-	(2,000,000)	
Subtotal	-	-	(250,000)	
<u>Updated Funding Plan</u>				
Cash Capital	786,100	431,800	2,681,800	3,467,900
CMAQ/RSTP	-	-	3,250,000	3,250,000
State/Federal Grants	1,782,047	870,935	870,935	2,652,982
State/Federal Grants (Unsecured)	-	-	500,000	500,000
Updated Total Funding	2,568,147	1,302,735	7,302,735	9,870,882