MESSAGE FROM THE BFAAC COMMITTEE CHAIR

Dear Mayor Gaskins and Members of City Council,

Thank you once again for the opportunity to review and reflect upon the City Manager s Operating and Capital Budgets.

The comments offered by the members of your Budget and Fiscal Affairs Advisory Committee (BFAAC) are once again framed in the context of the uncertainty in the macroeconomic environment, both regionally and nationally. As conveyed in previous memoranda, BFAAC believes the City Manager and City budget staff continue to effectively navigate the economic challenges the City has faced, yet unprecedented events outside of the City's control and their unpredictable effects they have had on our main sources of revenue, real estate and personal/business property, our continued pandemic recovery, the uncertainty of the interest rate environment, and the future of commercial real estate, remain top of mind.

Our spring memo this year responds to both the budget and various revenue analysis-related requests Council has made of late and therefore takes a slightly different approach to the budget response memo BFAAC has typically prepared in the past. We hope you find this useful as you complete the FY2026 budget process.

I would like to personally thank the members of BFAAC for their work on this report and this year s efforts. We hope City Council will carefully consider our recommendations. We look forward to discussing these and other issues at our upcoming budget work session with City Council members.

Sincerely,

Amy Friedlander, Chair

Budget and Fiscal Affairs Advisory Committee

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 24, 2025

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: BUDGET AND FISCAL AFFAIRS ADVISORY COMMITTEE (BFAAC)

SUBJECT: MEMO #3 RECOMMENDATIONS AND OBSERVATIONS RELATED TO THE CITY MANAGER'S PROPOSED FY 2026 BUDGET

MEMO #5: REVENUE ANALYSIS & RECOMMENDATIONS

BFAAC listed a series of revenue-related topics it could explore in its 2025 Work Plan presented to City Council in November 2024. This memorandum provides BFAAC's analysis to date on several of these topics, with the main focus on revenue and spending, which coincides with our typical recommendations and observations for the FY2026 budget. Therefore, we have combined the memos and look forward to discussing everything with Council at our work session. As always, we welcome Councilmembers' feedback on issues they'd like BFAAC to explore further and/or other related questions that could be addressed in future BFAAC memos.

I. EXECUTIVE SUMMARY & RECOMMENDATIONS

As the City of Alexandria navigates the FY2026 budget cycle, BFAAC emphasizes the growing constraints on budget flexibility. Fixed and legally mandated expenditures—such as CIP commitments, debt service, collective bargaining agreements, and essential staffing—are consuming an increasing share of the budget, limiting the City's ability to fund new initiatives without significant trade-offs. At the same time, potential revenue disruptors, including shifts in federal and state funding and economic uncertainties, pose risks to the City's long-term fiscal health.

Key Findings:

A. **Declining Budget Flexibility:** Specific policy decisions by Council, such as collective bargaining, DASH Fare Free policy, and capital project investments, have resulted in increases in "reserved" costs, as defined by BFAAC in this memo, or expenditures that necessarily have limited to no flexibility in the budget process. These reserved costs have been increasing over time and in the current budget, represent over 70% of increase in the proposed FY2026 budget over FY2025, reducing discretionary spending options.

B. **Debt Service Growth**: Debt obligations will account for 11% of the total budget in FY2026, up from 8.7% in FY2018, contributing to the decline in budget flexibility.

C. **Economic and Workforce Pressures:** Competitive compensation and workforce retention require sustained investment, while regional economic shifts threaten Alexandria's commercial tax base.
D. **Revenue Uncertainty:** Federal funding fluctuations, state-level budget impacts, and commercial property market instability could create fiscal cliffs in future years.

Recommendations:

A. **Strategic Spending Prioritization:** Ensure that new funding aligns with core community priorities while acknowledging long-term obligations.
B. **Economic Development as Revenue Growth Opportunity:** Focus on business retention, real estate development predictability, and workforce support to maintain Alexandria's competitiveness.
C. **Legislative Advocacy for Revenue Stability:** Develop a multi-year strategy to secure additional revenue authority from the General Assembly.
D. **Long-Term Financial Planning:** Consider strengthening focus on a longer time horizon for fiscal planning: extend multi-year budget to a minimum of five years, increase analytical detail for projections, assessment of out-year risks, and contingency planning to anticipate economic shifts and potential revenue shortfalls.
E. **Equity-Based Fiscal Strategy:** Continue refining budget equity tools to ensure resources are allocated in a way that mitigates disparities and enhances community resilience.

Conclusion:

BFAAC urges City Council to take a proactive approach in balancing fiscal responsibility with strategic investments. As obligations grow and economic uncertainties persist, forward-thinking financial planning and targeted economic development will be essential to maintaining Alexandria's financial strength. We look forward to continued collaboration with City Council to refine these priorities.

II. DRIVERS AND VARIABLES RELATED TO SPENDING AND REVENUE

City Council asked BFAAC to analyze key variables that drive the City's revenue and spending, including the extent to which the budget has become less flexible due to legal or other spending obligations. What follows is our analysis and related reflections on factors that City Council should consider in its ongoing work.

A. City Spending Analysis

BFAAC considered three questions in its spending analysis: (1) how much of the City's annual budget consists of spending that is reserved; (2) what portion of increased annual spending is devoted to meeting these reserved costs; and (3) how this has changed over time.

On the first question, BFAAC conferred with OMB staff to compile a list of reserved spending categories. We took a fairly conservative approach to this question and captured as "reserved" spending that the City is required to use for a specific purpose, either by the State or through a legally enforceable agreement (e.g., collective bargaining). BFAAC also accounted for spending beyond what is reserved – spending that, while not legally obligated, supports salaries and benefits of City staff and other basic services that, if not funded, could lead to undesirable service cuts or other disruptions for the community. Our analysis can be found in Appendix A.

Another way to consider Council's question about flexibility is to look at how the City has allocated budget expenditure increases. The following exhibits provide a series of visuals that capture how the City Council has allocated budget expenditure increases in the past and what the City Manager has proposed for FY26. (For example, the City Manager has proposed that the City Council allocate approximately $4.8 million of the total $30 million expenditure increase to City operations, with the remainder going to City CIP, ACPS CIP/Operating, transit, and collective bargaining commitments.) When reviewing the trend since FY23, BFAAC observes a few things:

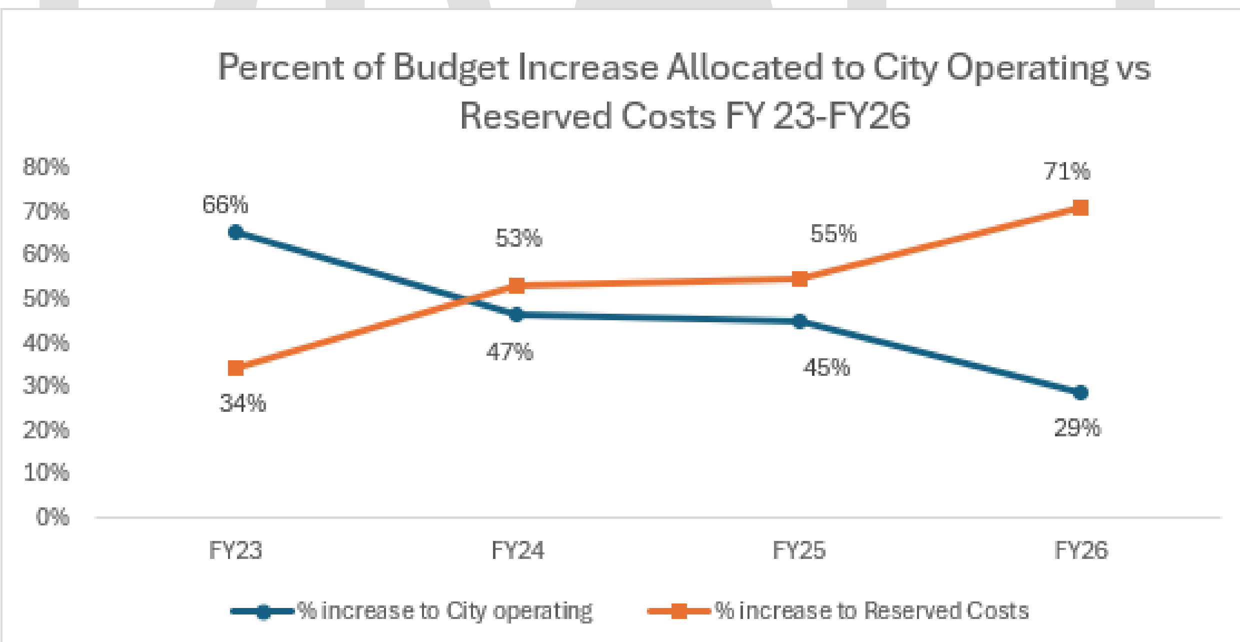
- The year-over-year annual expenditure increase in the General Fund budget has declined by more than 50% between FY23 and FY26. (See "Total Increase" column in Exhibit 1)
- The portion of the annual expenditure increase devoted to reserved costs (City CIP, ACPS CIP, ACPS Operating, and Transit), as a percentage, has doubled between FY23 and FY26. (See "Aggregate City CIP, ACPS CIP, ACPS Operating, Transit Increase as % of Total Increase" column in Exhibit 1).
- The portion of the annual expenditure increase devoted to City operations, as a percentage, has shrunk to less than half of what it was in FY23 (See "City Operating Increase as % of Total Increase" column in Exhibit 1).

This suggests that the City's ability to take on new or expanded programming within the General Fund without reducing spending elsewhere or increasing revenue has become more limited.

Exhibit 1: Expenditure Growth Distribution, FY23 to FY26 (in MM)

	Increase to General Fund (A) A = B + C			Portion of (A) Supporting City Operating Budget (B)		Portion of (A) Supporting Reserved Spending Categories (C)				
	General Fund Operating Budget	% Increase	Total Increase (A)	City Operating Increase (incl. collective bargaining)	City Operating Increase as % of Total Increase	City CIP[1] Increase	ACPS CIP[2] Increase	ACPS Operating Increase	Transit Increase	Aggregate City CIP, ACPS CIP, ACPS Operating, Transit Increase as % of Total Increase
FY23	$839.2	8.90%	$68.5	$45	65.7%	$6.1	$3.3	$9.3	$4.9	34.3%
FY24	$884.3	5.37%	$45.1	$21.1	46.8%	$9.2	$0.3	$10.0	$4.5	53.2%
FY25[3]	$926.4	4.76%	$42.1	$19.1	45.4%	-$6.3	$13.3	$14.3	$1.7	54.6%
FY26	$956.5	3.25%	$30.1	$8.7	28.9%	$9.8	$2.3	$8.2	$1.0	70.5%

Exhibit 2: Trends in Portion of Budget Increase Allocated to Operating v. Reserved Costs, FY23 to FY26



[1] CIP = CIP-related costs from the General Fund (i.e., debt service)

[2] Ibid.

[3] In FY25 a 2.5 cent tax rate increase provided $15M in additional revenue. Without this tax increase, the total General Fund operating increase would have been $27M rather than $42M. The $15M in additional revenue was split as follows: $6M for City Operating Increase; $4M for ACPS Operating Increase; $4.7M for ACPS Debt Service.

B. Potential Variables that May Impact Spending

BFAAC has conducted analysis on three variables with the potential to impact the spending dynamic described above: the relationship between the CIP and the General Fund; staffing-related decisions; and other external factors.

BFAAC has long-cautioned City Council to consider the impact of CIP development on its General Fund budget capacity. As shown in Appendix A, decisions on CIP funding create reserved costs for the General Fund in the form of debt service and relatedly, cash capital. The City has zero flexibility on debt service related to issued bonds. While technically the City has more flexibility before issuing new bonds (and thereafter incurring new debt service obligations), adjustments there impact the ability to execute on the approved CIP. On the cash capital side, there is some flexibility to use a higher level of cash capital beyond 2% to fund CIP projects. This could serve as a buffer to reduce strain on debt service costs while still maintaining approved CIP projects, but should also be approached with caution. Nevertheless, to the extent the cost of debt service on the CIP continues to rise, it will take up a larger portion of the General Fund and thus reduce the remaining amount available to support other City activities.

Exhibit 3: Change in debt service for combined City/ACPS projects from FY2018 to FY2026 in whole dollars

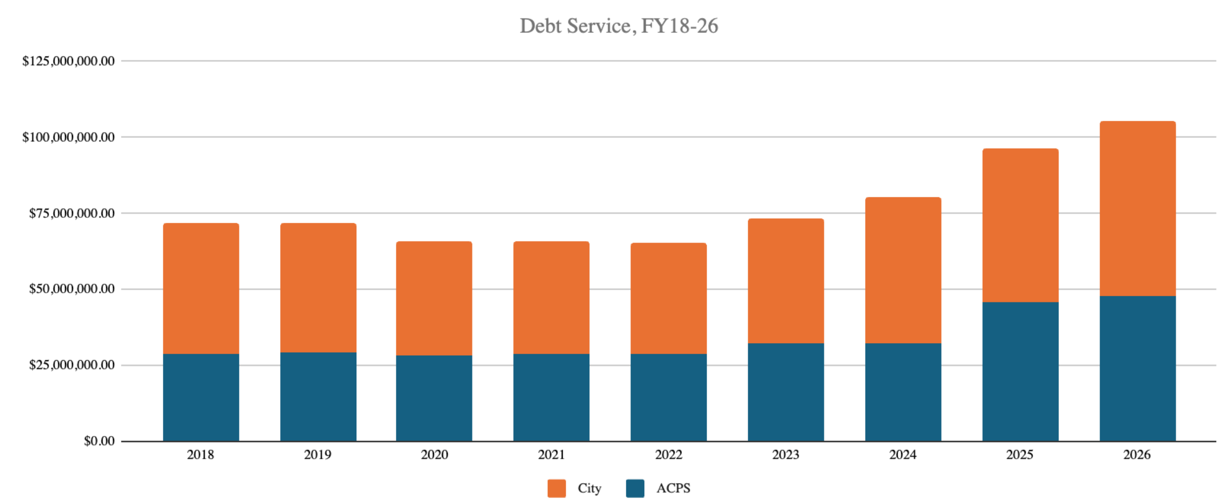
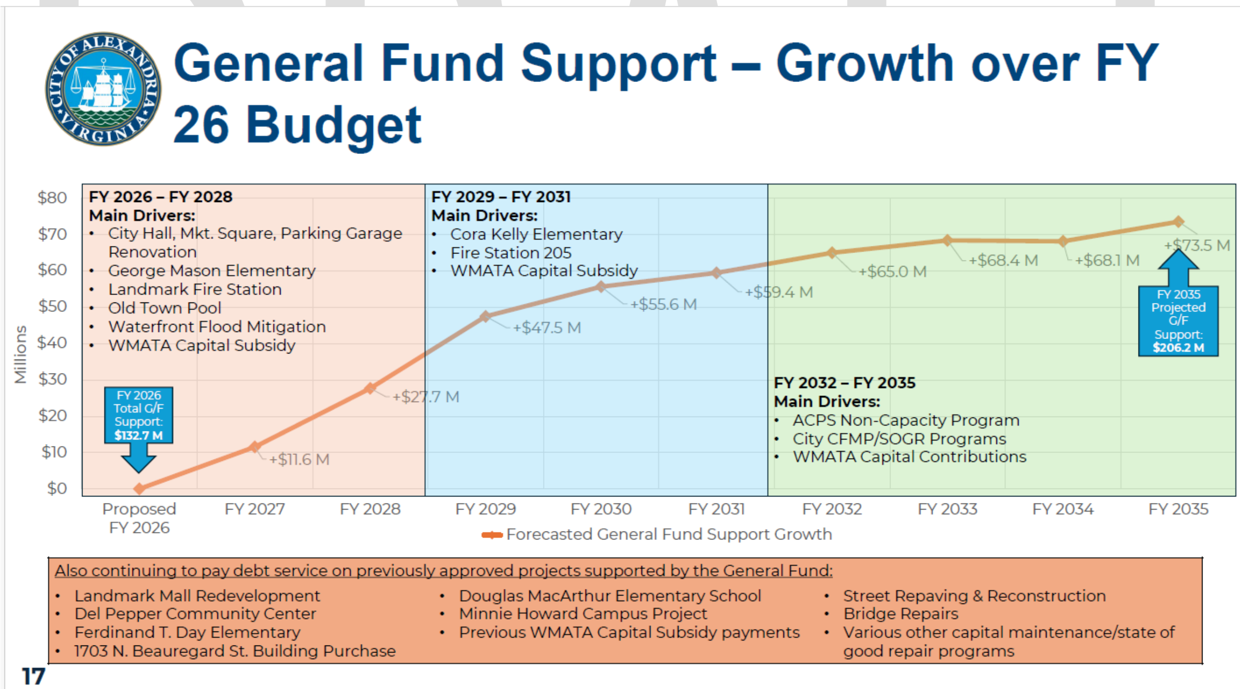


Exhibit 4: Debt Service as a Portion of the General Fund Expenditure Budget FY2018-FY2026

Fiscal Year	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
ACPS Debt Service	28,530,550	28,924,085	28,112,251	28,578,698	28,633,966	31,941,000	32,220,940	45,527,862	47,834,265
City Debt Service	43,159,480	42,626,096	37,863,075	37,288,071	36,851,668	41,170,131	48,235,001	50,743,148	57,703,661
Total Debt Service	71,690,030	71,550,182	65,975,326	65,866,769	65,485,634	73,111,131	80,455,941	96,271,010	105,537,926
Total Budget	728,138,029	748,426,936	761,542,268	753,276,147	770,708,947	839,213,971	884,328,028	926,395,792	956,449,705
Debt Service as % of Total Budget	9.8%	9.6%	8.7%	8.7%	8.5%	8.7%	9.1%	10.4%	11.0%

Exhibit 5: City's Projected Growth of CIP-Related General Fund Costs Through FY 2035



Compensation-related costs are also significant drivers of City spending. Staff positions that are subject to legally enforceable collective bargaining agreements present reserved spending (e.g., mandated increases from year-to-year). This can provide some predictability for the purposes of budget planning, but also adds uncertainty in years immediately prior to anticipated negotiations. It is important for City Council to understand the timeline and cadence of anticipated renegotiations and units that might be in line for a new agreement when making budget decisions, even in years prior to those where it would have a direct, budgetary impact.

Council should also keep in mind the spending demands of other legally obligated positions (i.e., Sheriff, Registrar, DCHS, Commonwealth Attorney) for which the City often exceeds the minimums required. Based on the premium of our location, the City chooses to subsidize from the general fund much of the compensation in order to attract and retain talent. This is consistent with the City's compensation philosophy, and we support paying employees at the appropriate fair market rate. In FY2026, the City proposed a budget of $41M from the general fund for these positions after the Commonwealth's contribution of $12M from comp board reimbursements or grants and other special revenue funds ($10.5M and $1.5M, respectively). This places a considerable burden on the local level. While impactful to Alexandria, it is not unique nor exclusive to Alexandria. We encourage Council to explore a greater level of commitment from Richmond.[4]

It is critical to acknowledge that City Council also has limited flexibility with non-legally obligated compensation spending, a significant portion of the City Operations budget. Staff positions that support basic government functions are not easily reduced or adjusted without disruptions in service. City Council should also consider the fiscal impact of decisions to exceed staffing and compensation minimums (e.g., salaries above State mandated minimums, ACPS-funded positions that exceed the State's standards of quality). While City Council does have choices around the extent to which its budget incorporates step, merit, or market-rate increases, there is considerable pressure to incorporate these increases to ensure the City and ACPS can recruit and retain high quality staff in a regionally competitive environment. Council should be mindful that if compensation increases to stay competitive are above revenue growth (e.g., the current average merit increase is 2.8%, higher than the average growth in revenue) it creates further strain on budget flexibility. In sum, compensation-related spending also offers limited practical flexibility to Council.

Finally, we note that there are a series of external factors that have a potential impact on our spending, including obligated spending. These include fluctuations in the interest rate environment that may change the cost of additional debt issuance. (Appendix B includes some OMB analysis on this point, including modeling that demonstrates the potential impact of an interest rate increase on future budgets.) Other factors include new or adjusted State requirements and the health of regional projects like WMATA. Factors like inflation, supply chain issues, and the rising costs of repairing or replacing the City's aging buildings may have a special impact on the CIP. In addition, population and enrollment changes can impact the demand on City services, including schools.

C. Potential Revenue Disruptors

Finally, BFAAC identified and explored potential revenue disruptions that might present budget strain. While there is a wide range of large and small potential revenue disruptions, we focused on ones that could present 'fiscal cliff' challenges to the City – meaning that the scale of the revenue disruption could not be addressed by minor adjustments in spending but rather present a significant challenge for maintaining City spending practices.

The first category is potential reductions in external funding sources. State funding makes up $105,500,000 or approximately 8.8% of the City's combined FY25 General Fund and Special

[4] Please see BFAAC memo section for "Multi-Year Legislative Strategy for Economic Development and Revenue Generation"

Revenue and Federal funding makes up $51M or approximately 4.3% of the City's combined FY25 General Fund and Special Revenue. For ACPS, State funding makes up $72,231,660 or approximately 19.5% of its FY25 Combined Funds budget and Federal funding makes up $20,569,420 or approximately 5.6% of its FY25 Combined Funds budget. While this has the potential to disrupt revenue in the positive (e.g., unanticipated State matches for compensation-related spending) it can also create uncertainty and significant budget strain when reduced.

The current Federal funding climate presents the most potential uncertainty. While relatively small on a percentage basis, these funds support a wide range of programs: nutrition services for ACPS students, after-school snacks, and summer meals; mental health and substance abuse residential programs; emergency preparedness; housing affordability; human services programs; special education programs, and Title I programs targeted at low-income students. By way of example, the ACPS proposed FY26 budget anticipates $9 million for school nutrition alone. The City and ACPS would find it difficult if not impossible to resolve gaps in these Federally-funded activities with General Funds without significant cuts elsewhere, especially reductions that are unexpected or occur in the midst of a funded project. Assuming no changes to Special Revenue fees/charges, a 50% reduction in Federal Aid and Grants could be covered by a 2.5% General Fund budget increase – but with no other changes (for example, spending increases for other City or ACPS operations in that year).

Relatedly, while not an direct revenue disruptor for the City, reductions in State and Federal spending that benefit City residents more directly could create budget pressures for the City through increased resident needs. For example: 42,388 Alexandria residents receive Medicaid for a total of $119 million in spending; 17,986 Alexandria residents receive Supplemental Nutrition Assistance Program (SNAP) for a total of $26 million in benefits; and 2,797 Alexandria residents receive Temporary Assistance for Needy Families (TANF) for a total of $494,000 in benefits. On top of that, numerous Alexandria-based nonprofits receive Federal funding for other human services functions, including refugee resettlement. These Federal funds are all potentially at risk.

Additionally, City Council should be prepared for the local macroeconomic impacts of reductions in Federal spending, especially reductions in the Federal workforce. Similarly, current planning models have made assumptions that the City's General Fund budget will increase roughly in line with property assessment increases. If that assumption fails to hold (i.e., assessments remain flat) or related assumptions fail to hold (i.e., projections for sales and meals tax revenue fluctuate; commercial property tax revenue declines more sharply) it is likely that City Council's budget flexibility will be sharply curtailed, or worse. On the positive side, coordination on State-related legislative advocacy – further discussion included in this memo – has the potential to produce positive revenue growth.

D. Summary

BFAAC hopes the City Council finds this analysis helpful in its continued understanding of its budget flexibility, particularly to support new or expanded programming. BFAAC urges City Council to be aware of and appreciate the future implications of budget drivers that create fixed or obligated spending commitments, such as CIP investments and collective bargaining agreements. City Council should also recognize that the wide range of policy decisions it makes on funding City operations create community expectations, even if they are not technically obligated. As the budget continues to get tighter, City Council will have to face tough decisions on how spending reflects community priorities and values. We hope that identifying the potential variables and disruptors that may impact the City's budget outlook will be helpful as City Council continues to do its work. While City budgets have traditionally incorporated five-year planning models, we strongly recommend that City Council invest in additional modeling and contingency planning to prepare for the revenue uncertainty threatened by a potential loss of Federal spending and other economic uncertainties.

III. ECONOMIC DEVELOPMENT AS REVENUE GROWTH OPPORTUNITY

A. Economic Development in Alexandria

For years, the City of Alexandria has aimed to expand its commercial tax base to alleviate the tax burden on residents. However, in an contradictory twist, our traditionally residential-heavy tax structure has shielded us from major budgetary shortfalls during economic downturns, including COVID-19, the office market collapse, and federal budget uncertainty. Unlike our neighbors in Fairfax and Arlington Counties, which now face significant budget deficits, Alexandria is in a position to propose modest spending increases in FY2026. This, however, should not lead to complacency.

With the increasing competition from other metropolitan statistical areas (MSAs) throughout the country seeking to attract companies and young, educated talent away from the D.C. region, Alexandria must remain proactive in protecting and expanding its commercial tax base, enhancing employment opportunities, and reinforcing our city's appeal as a place to live and work.

B. Recommendations

Targeted Commercial & Workforce/Talent Retention and Support:

- To the extent allowable by the Commonwealth, consider incentives or fee reductions for businesses renewing long-term leases in commercial corridors most vulnerable to vacancies.
- Consider providing incentives for businesses maintaining in-person or hybrid work models that drive daytime economic activity in key corridors.

Real Estate Development as Economic Development

- Clarity and predictability of expectations for development projects is critical to the real estate industry, especially as we enter a period of unprecedented market uncertainty. Capital markets, investors, and developers respond positively to reasonable and easily interpretable policy expectations, which in turn results in economic development and tax revenue for the City. If Council is considering new policies that would impact real estate development, it should prioritize making its expectations clear, reasonable, and predictable.
- Recognize that new housing, regardless of type or affordability level, is not only critical to addressing our regional housing crisis but also to our ability to attract and retain talent. Consider the ways in which the City influences (positively or negatively) all aspects of the housing development process, from existing zoning, to the entitlement and permitting process, through financing, construction, delivery, and operations/maintenance, and

opportunities to mitigate constraints that are overburdening projects or otherwise hindering the City's housing production goals.

- Speed to market is also critical to real estate development. As the 2012 Beauregard Small Area Plan (BSAP) was recently incorporated into the new AlexWest plan, we thought it prudent to reflect quickly on the history of the Beauregard Plan and how it is an excellent example of how the City's process, while well-intentioned, can stymie the development and economic growth it desires.
    - The Beauregard Plan was largely precipitated by the after-effects of the federal Base Realignment and Closure (BRAC) actions, which consolidated military office uses into Mark Center in the early 2000s.
    - Around 2008/2009 when a handful of landowners came forward to the City with proposals for redevelopment, including new multifamily housing, the City determined that a comprehensive master plan update would be required. The main driver of this planning effort was to ensure coordinated redevelopment and developer concessions, including cash contributions and affordable housing, as the area contained (and still contains) a large amount of the City's market-rate affordable housing.
    - From October 2009 to May 2012, a City-established working group called the Beauregard Community Stakeholder Group to centralize the community engagement process. The City held a series of 63 public meetings, resulting in a draft plan that was further discussed and refined until May 2012 when the BSAP was finally adopted.[5]
    - At the time of adoption, the plan area contained 5.6 million square feet of development while the existing zoning permitted up to 10 million square feet. The BSAP recommendations permitted only an additional 2.4 million square feet of development over the existing zoning.
    - Following the adoption of the Plan, the Beauregard Rezoning Advisory Group was created. This group met 11 times over the following 8 months to ensure that the Coordinated Development District (CDD) #21 & #22 rezonings that were proposed to implement the BSAP were consistent with the BSAP's recommendations.[6]
    - In April 2013, the rezonings were approved and a new group, the Beauregard Design Advisory Committee (BDAC), was established to review development projects proposed within the BSAP.
    - As of today, BDAC has met 40 times and only 10 development proposals have been presented to BDAC over the past 12 years[7].
        - Of the 5 projects presented that were in areas that had been subject to the detailed planning of the BSAP, only 1 has been built. The project that arguably originated the Beauregard planning efforts overall, Seminary Overlook, which potentially could have created 400+ new housing units as early as 2010-2011 absent the BSAP process, ultimately died due to shifts

[5] https://dockets.alexandriava.gov/FY11/051212ph/di12d.pdf

[6] https://alexandria.legistar.com/LegislationDetail.aspx?ID=1281035&GUID=07B2041C-7D40-4B41-A715-7EBD5F3E18FA&Options=&Search=

[7] https://www.alexandriava.gov/neighborhood-development/beauregard-coordinated-development-districts

        in market conditions and the landowner’s change in investment strategy.
        - The other 5 projects presented to BDAC were in areas either close to BSAP or part of the BSAP but was not a focus area and therefore needed additional planning & new master plan amendments to be enacted. Only 3 of those projects have been built to date.
        - Most unfortunately, many of the major community amenities originally contemplated by the BSAP (a new multi-purpose athletic field, fire station, significant new open space/parks, etc.) have not yet been delivered as they were effectively tied to redevelopment projects that at this point are unlikely to coalesce.
    - This process, while well-intentioned, demonstrates how misalignment of long-range planning schedules and the cyclical nature of real estate development can mean losing redevelopment opportunities that might otherwise support the City’s priorities and goals.
    - Since the BSAP experience, BFAAC is encouraged that the City has made a concerted effort to change the way it comprehensively plans these types of projects. AlexWest is a reflection of those efforts to improve and adapt the City’s planning approach.
    - BFAAC recommends that City Council encourage staff to continue to improve its long-range planning processes to ensure it is not artificially preventing otherwise appropriate or desirable projects from moving forward.
- Along a similar vein, over the past decade, the City has been a national leader in office conversion projects, particularly office-to-residential. However, they remain extremely difficult to execute given the complexity and unique characteristics of existing structures. Continue to support office-to-anything projects by addressing aspects of these projects over which the City has the most control (administrative processes and use requirements) and consider ways to mitigate unnecessary burdens on otherwise worthwhile projects.

Transportation and Mobility Improvements:

- Continue to invest our transportation network, including dedicated bus lanes and last-mile solutions for Metro accessibility, and support DASH’s efforts to improve service to underserved communities. Continue to work with our regional transit authority partners to advocate for better connectivity to job centers.

C. Economic Development Summary

While Alexandria’s fiscal position in FY2026 is stronger than our regional neighbors, we must not take this as an opportunity for complacency. The city's long-term economic stability relies on a balanced approach: protecting and growing our commercial tax base, maintaining a competitive edge for business attraction and workforce retention, and ensuring that our infrastructure and policies adapt to future economic shifts.

By implementing the strategies outlined above, Alexandria can not only maintain but enhance its position as a premier location for businesses and residents alike. We urge the Council to consider these priorities as part of the FY2026 budget deliberations to ensure continued prosperity for our city. We also look forward to participating in the City’s economic summit later this year.

IV. OTHER REVENUE-RELATED TOPICS

Additionally, BFAAC explored three revenue-related topics previously identified as items of interest by both the Committee and Council, the results of which are included in this section.

A. Review of Revenue Master Plan Concepts from Other Municipalities

BFAAC previously recommended in 2017 a Revenue Master Plan to align with the City's Strategic Plan and address how Alexandria's identity influences revenue growth and economic development. BFAAC recommended the creation and implementation of an actionable long-term revenue strategy and roadmap with outcome-based metrics. The plan should consider realistic revenue options available to the City and actionable strategies and outcome-based metrics for long-term fiscal stability.[8]This comprehensive approach, informed by best practices and data-driven analysis, will position Alexandria for sustainable financial health.

However, as we know, the City is strictly limited in its options for revenue sources by the powers afforded to it by the General Assembly. Absent major changes in the governing structure of Virginia, BFAAC believes the City could be more proactive in assessing its relative financial position and the impact of potential revenue trends on its desired policy outcomes. BFAAC completed a high-level literature review of financial documentation published by jurisdictions across the country. Many jurisdictions publish financial overviews or analyses that, if the City were to adopt similar documentation, could be very beneficial for Council and the community for understanding the current financial health of the City. We have provided the examples we found most insightful and some specific examples within each document in Appendix G. As a first step that could be actionable in the short term, we recommend the City to review these examples and to the extent applicable, model them in its budget document (especially in the Multi-Year Budget Planning section), its recently adopted practice of publishing a Popular Annual Financial Report (PAFR), or other regular financial documentation. Consider strengthening the focus on a longer time horizon for fiscal planning: extend multi-year budget to 5 years, increase the analytical detail provided for projections & assessment of out-year risks.

Creating a standalone Revenue Master Plan would involve a much more comprehensive approach that could include current revenue assessment, strategic enhancement, risk assessment, public engagement, and ongoing monitoring, but would also necessarily involve a legislative advocacy component. We have provided a draft outline for a Revenue Master Plan framework in Appendix B with the assistance of AI, but even more importantly, the legislative strategy for approaching the General Assembly for additional revenue-related powers would be a critical component for ensuring the success of any revenue planning effort.

B. Multi-Year Legislative Strategy for Economic Development and Revenue Generation

Recognizing that the key to creating new or more flexible revenue generation tools that would support Alexandria's long-term economic development and financial goals lies requires legislative actions by the General Assembly, BFAAC recommends that Council work with City

[8] Section C. Revenue Master Plan Development As discussed in BFAAC Budget Memo FY 2017.

staff to develop a three-phased legislative strategy for Richmond.[9] The strategy, in addition to the City's coordination with the Virginia Association of Counties (VACO) and the Virginia Municipal League (VML), should involve auditing the city's current authorities, convening internal and regional stakeholders, and formulating legislative proposals for consideration by the Virginia General Assembly. This structured approach would support Alexandria's objectives to maximize its existing economic development tools, identify opportunities for legislative advocacy, and effectively engage the community in shaping policy.

I. *Phase One: Audit of Existing Authorities and Tools*

The first phase involves conducting a comprehensive audit of the City's current authorities related to economic development and revenue generation. This could include:

- Evaluating the City's existing revenue mechanisms, land use regulations, tax authority, bonding capacity, public and private partnerships, and economic development strategies. (This is not an exhaustive list).
- Identify what is going well and what is working/not working.
- Identifying tools that are underutilized or could be expanded.
- Assessing outdated or ineffective policies that may require revision.
- Exploring whether the evolving economic environment necessitates new tools or strategies.
- Consulting with experts to assess areas for growth and improvement.

The results of this audit would serve as the foundation for the next phases.

II. *Phase Two: Internal and Regional Strategy Development*

Building on the audit findings, the City could initiate a two-tiered working group structure:

1. Internal City-Wide Working Group: This group would bring together city officials, economic development staff, and key stakeholders to:
   - Define the City's needs and priorities for economic development.
   - Explore a localized or regional approach to revenue generation.
   - Identity what regulatory areas - if changed - would make it easier for the City to provide a service or engage in economic development in the City.
   - Identify potential partnerships with peer localities or sister localities, such as Williamsburg, Charlottesville, Mecklenburg, and Shenandoah.
   - Determine how tax policies, public-private partnerships (P3), and capital improvement project (CIP) tax abatements can be leveraged to increase revenue.
   - Assess whether broader land use authority, tax flexibility, or creative bonding mechanisms could enhance economic growth.

2. Regional or Sister Locality Working Group: Recognizing that economic development is often most effective when approached regionally, this group would:

[9] Please recent report from former Assistant City Manager Sarah Taylor, dated February 28, 2025.

- Engage other municipalities in discussions about collaborative economic development efforts (e.g. Williamsburg, Charlottesville, Mecklenburg, and Shenandoah).
- Explore joint legislative proposals that benefit multiple jurisdictions.
- Strengthen Alexandria's case for legislative action by demonstrating broad-based support.

III. *Phase Three: Legislative Proposal Development and Community Engagement*

1. Loopback to Internal City Group: Once regional and sister locality discussions have shaped potential legislative proposals, the internal working group would reconvene to:
    - Prioritize strategies.
    - Determine the best approach for presenting proposals to the public.
    - Ensure proposals align with community needs and policy goals.

2. Community Engagement: Before proceeding with formal legislative action, the City would:
    - Present the proposed initiatives to the community for input and refinement.
    - Host public forums and stakeholder meetings to ensure transparency and buy-in.

3. Drafting and Advocacy for Legislative Action: The final step will be developing specific legislative proposals for submission to the Virginia General Assembly. This could include:
    - Demonstrating to the General Assembly that Alexandria has fully leveraged its existing tools and now seeks targeted authority to enhance revenue generation.
    - Ensuring that legislative proposals reflect feedback from internal and regional discussions.
    - Crafting bills that maximize Alexandria's economic development potential while addressing challenges faced by peer localities.
    - Engaging legislative partners to champion these initiatives in Richmond.

Finally, BFAAC encourages Council to continue to strengthen its coordination and collaboration with the Schools. Regarding legislative and lobbying efforts in Richmond, BFAAC encourages Council to gain a deeper understanding about how the City lobbyist and Schools lobbyist coordinate in Richmond.

For example, during the City-Schools Joint Work Session this month, there was considerable discussion and agreement about the importance of City and Schools coming together to ensure there is advocacy alignment on lobbying efforts directed to the State of Virginia and state-level elected representatives.[10] The topics discussed[11] during that session, including State support for school construction, the LCI and SOQ (not an exhaustive list), provide a strong foundation to build on in ensuring collaboration between City and Schools on lobbying efforts.

This phased approach also provides a strategic, methodical pathway for Alexandria to advance economic development and revenue generation. Rather than presenting isolated legislative requests to the General Assembly each session, this strategy ensures that proposals are well researched, regionally supported, and aligned with community priorities. By engaging stakeholders at every level, Alexandria will position itself to advocate effectively for enhanced economic development authority and greater revenue flexibility. We look forward to discussing this approach further and welcome any feedback from Council members as we refine these efforts.

C. Equity Lens-Based Review of Revenue Related Topics

BFAAC understands that equity-based analysis of the City's policies, particularly related to the Budget, is an important priority of City Council. The City has incorporated this analysis into its processes via its comprehensive Budget Equity Tool (BET)," which is designed to integrate racial and social equity considerations into the City budget's development. It involves a process where staff, fiscal representatives, and department leaders assess the equity impacts of their budget proposals by answering five specific questions focused on people, place, and benefits/burdens.[12]

BFAAC chose to further explore the application of BET frameworks in other jurisdictions to understand how they ensure resource allocation, promote fairness and addresses disparities. Several U.S. cities have successfully adopted similar tools to evaluate and prioritize budget

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[10] ACPS works with an external consultant, Kathy Burcher of Advantus Strategies. A cited advantage of working with Ms. Burcher is that she works collaboratively with and/or on behalf of other K-12 jurisdictions across the state which in turn facilitates collective action on education-related legislative advocacy. A recent update to the School Board from Ms. Burcher is available at: https://go.boarddocs.com/va/acps/Board.nsf/files/DDNNB25F1058/$file/250206_Presentation_ACPS%20Cross%20Over%20Update_v2.pdf.
This includes charts of relevant bills: https://go.boarddocs.com/va/acps/Board.nsf/files/DDLJPM4E29B3/$file/250206_Att1_ACPS%20Crossover%20Bill%20List_250204_v1.pdf and https://go.boarddocs.com/va/acps/Board.nsf/files/DDMPDW642D05/$file/250206_Att2_ACPS%20Budget%20Comparision_Updated_v2.pdf.
Note this is dated February 6, 2025, before the current session in Richmond ended.

[11] Some of the topics discussed during the joint session included:

- opportunities to address some of the findings in the 2023 JLARC study on the K-12 funding formula, including the fact that Virginia's investment falls below nationwide average
- how the standards of quality (SOQ) formula undervalues ACPS' actual investments in core functions
- adequacy of funding for special populations (English learners, special education, etc.)
- adjusting the local composite index (LCI) (the index that drives the local/state split for SOQ formula funding)
- state investment in capital needs, including aging school buildings
- need for more state-subsidized grant funding to support schools-related needs

[12] City of Alexandria Approved Operating Budget. The Budget Equity Tool (BET) from page 13 to 20

https://media.alexandriava.gov/content/budget/FY2025ApprovedOperatingBudget.pdf?_gl=1*19wrhd*_ga*ODg2ODE3NzMxLjE3MTAzNTU2OTY.*_ga_249CRKJTTH*MTc0MTIxNDAxMC4xMy4xLjE3NDEyMTUyMDguMC4wLjA.

decisions. BFAAC identified the following jurisdictions and their BET frameworks and/or policies as models suggested for further review by City Council and staff:

- Portland, Oregon, and Seattle, Washington, use equity toolkits to assess the impacts of budget proposals on various communities.
- Minneapolis, Minnesota, and San Francisco, California, have integrated equity impact assessments into their budgeting processes.
- Austin, Texas, Louisville, Kentucky, Boston, Massachusetts, and New York City, New York, have all developed frameworks to ensure their budget decisions address inequities and promote social justice.

V. APPENDICES

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Appendix A: FY25 Approved Budget, General Fund Analysis

Note: We considered spending "reserved" if the City is required to use it for a specific purpose, either by the State or through a legally enforceable agreement.

Spending Categories	Total FY25 Approved	Reserved* Portion	Reserved Portion Notes	Remaining Portion Notes
City Operations	$476,923,124	$59,220,811 (12%)	• CB increases for Police, Fire, Labor & Trades groups ($3,439,906) • City mandated match for the Health Dep't cooperative budget ($4,217,731) • Insurance Charges for risk ($4,579,000) • Closed Public Safety Pension Plan ($850,000) • General fund retirement ($46,134,174)	The remaining portion of City Operations ($417,702,313) includes salary and benefits for City staff[13] ($175,766,217) and other city operations ($241,936,096) except those listed below. This portion covers a wide range of critical city services, including City's Public Safety, Public Works, Health and Human Services and other Community Resources.
Cash Capital	$29,476,152	$18,527,916 (63%)	Represents minimum cash capital transfers, 2.0% of general fund expenditures per CC policy	The remaining portion of Cash Capital ($10,948,236) includes spending beyond the 2%.[14]

[13] On City Operations, Salary and Benefits - note that this includes base salary and benefits for groups under a collective bargaining agreement and compensation for some legally obligated services (i.e., Sheriff, Registrar, DCHS, Commonwealth Attorney). In some cases the City provides services, staffing, or salaries above the minimum legally obligated threshold.

[14] On Cash Capital - note that funding only the 2% cash capital would require reductions to the CIP as the City cannot bond for some expenditures (e.g., IT Plan). Capitalized staffing costs for FY25 totaled $18.3 M, so if you went to the minimum policy, there would be no cash available for other sections of the CIP, which have non-bondable expenditures planned.

Spending Categories	Total FY25 Approved	Reserved* Portion	Reserved Portion Notes	Remaining Portion Notes
City-Related Debt Service	$50,743,148	$50,743,148 (100%)	Payment on debt principal, interest is considered mandatory b/c City has already issued bonds	N/A
Transit	$50,691,206	$16,723,552 (33%)	• WMATA ($14,671,352) • DOT ($2,052,200). The City's obligations for DOT are mandatory but would not be required if City did not fund DASH	The remaining portion of Transit ($33,967,654) is for transportation services provided by DASH and the King Street Trolley. It includes City contributions that fund the difference between transit agencies' cost of services, gas tax, State aid, miscellaneous revenue and fare revenues among other transit-related expenses.
Schools Transfer, School- Related Debt Service	$318,562,162	$273,034,300 (operating fund) $45,527,862 (debt service)	Operating fund is transfer to ACPS based on ACPS budget request Payment on debt principal, interest is considered mandatory b/c City has already issued bonds	N/A
TOTAL	**$926,395,792**	**$463,777,589 (50%)**	**N/A**	**N/A**

Appendix B: Interest Rate Scenario Planning

At BFAAC request, OMB recently provided guidance on debt service modeling. The City's CY 2024 issuance had an All-In true interest cost (TIC) of 3.4%. That said, the City regularly checks with its financial advisors about what is reasonable for long-term forecasting of debt. While 4.5% is conservative relative to what has been experienced in recent issuance, we still believe it to be prudent for our modeling. The chart below reflects the cost of debt service at an assumed 4.5% rate, with principal paid evenly over 10 years, one interest payment in year one, and one principal payment and two interest payments in year two to year ten.

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
General Fund										
City	57,703,661	60,779,386	71,579,132	83,749,110	88,690,449	92,791,955	99,127,023	103,056,621	105,110,775	110,017,316
Schools	47,834,265	50,038,867	52,461,298	54,880,128	59,802,983	58,797,435	57,674,717	56,501,489	53,566,824	53,380,260
Subtotal: General Fund	105,537,926	110,818,253	124,040,430	138,629,238	148,493,432	151,589,390	156,801,740	159,558,110	158,677,599	163,397,576
Other Funds										
Potomac Yard	10,208,750	10,114,844	12,292,688	12,355,282	12,403,876	12,433,595	12,469,064	12,509,283	12,554,202	13,764,687
Stormwater	1,390,677	2,016,247	3,970,970	7,419,419	10,056,188	12,513,688	15,169,906	18,036,197	20,555,885	22,839,077
Sanitary	1,473,214	1,427,871	1,520,678	1,776,300	2,544,133	3,161,719	3,909,607	4,177,571	4,476,570	5,199,087
Subtotal: Other Funds	13,072,641	13,558,962	17,784,336	21,551,001	25,004,197	28,109,002	31,548,577	34,723,051	37,586,657	41,802,851
Total Debt Service	**118,610,567**	**124,377,215**	**141,824,766**	**160,180,239**	**173,497,629**	**179,698,392**	**188,350,317**	**194,281,161**	**196,264,256**	**205,200,427**

OMB also calculated the fiscal impact of the City, based on current market conditions, of downgrading to a AA rating. It is estimated that this would increase the City's interest rates 25-50 basis points (+0.25% to +%0.50%).

The debt modeling above uses a planning rate of 4.5% annualized interest rate, so in a scenario in which the City was downgraded to AA would result in modeling at a 5.0% interest rate. The table below shows the annual impact of this higher rate on general fund, other funds, and all funds debt service projected for the Proposed CIP. Over the 10-year planning window this would have a cumulative impact of $36.6 M ($30.2 M in the General Fund) in additional operating budget support.

DELTA

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
General Fund Debt Service	251,693	874,955	1,677,507	2,541,963	3,174,889	3,652,479	4,108,725	4,426,741	4,663,236	4,839,069
Other Funds Debt Service	10,712	61,123	197,558	384,485	555,447	716,663	886,656	1,054,524	1,195,613	1,321,057
All Funds Debt Sertice	**262,405**	**936,078**	**1,875,065**	**2,926,448**	**3,730,336**	**4,369,142**	**4,995,381**	**5,481,265**	**5,858,849**	**6,160,126**

It is important to note that the interest rate increase of 25-50 basis points is predicated on current market conditions. If the market were to tighten (i.e. a recessionary environment) we would expect the spread between AAA and AA ratings to widen, resulting in higher interest rates for AA rated municipalities. Based on current conditions, a downgrade to AA bond rating would result in interest rates +0.25% to +0.50% over interest rates for AAA jurisdictions. This result in debt planning/modeling at a rate of 4.75%-5.0% annualized interest

Main Takeaways

- Based on current conditions, a downgrade to AA bond rating would result in interest rates +0.25% to +0.50% over interest rates for AAA jurisdictions
    - This result in debt planning/modeling at a rate of 4.75%-5.0% annualized interest
- Assuming an issuance of $100 million, an increase in the interest rate of 0.25% would result in an additional $3.5 million of debt service over the 20-year repayment schedule
- If City experienced a 0.50% increase in interest rates, it would cost an additional $30.2M in general fund debt service (over the 10-year planning window) to implement the Proposed CIP.

Appendix C: Model Multi-Year Financial Plans & Fiscal Analyses

1. **New York City, New York**:

The city has a detailed budget process and financial plan known as the Financial Plan or Financial Management Plan, which includes revenue projections, expense forecasts, and strategies to manage both.

- Reference: Review of the Financial Plan of the City of New York Report 21-2025 https://www.osc.ny.gov/files/reports/osdc/pdf/report-21-2025.pdf

2. **Chicago, Illinois**:

Chicago develops an Annual Financial Analysis that includes revenue projections, long-term financial forecasts, and budget recommendations to address fiscal challenges.

- Reference: Overview & Analysis Of Annual Comprehensive Financial Report City of Chicago Fiscal Year 2023Aug 12, 2024

  https://www.chicago.gov/content/dam/city/depts/COFA/OtherReports/ACFR-2023.pdf

3. **San Francisco, California**:

San Francisco releases a Five-Year Financial Plan that outlines revenue projections, expenditure plans, and fiscal policies aimed at maintaining financial stability.

- Reference: City and County of San Francisco, California, Proposed Five-Year Financial Plan Fiscal Years 2025-26 through 2029-30

  https://media.api.sf.gov/documents/Five_Year_Financial_Plan_FY_25-26_through_FY_29-30_FINAL_0.pdf

4. **Seattle, Washington**:

Seattle has a comprehensive financial management system, which includes revenue forecasts, expenditure controls, and strategic planning documents to guide fiscal policy.

- Reference: 2022-2026 Strategic Plan Financial Forecast

  https://www.seattle.gov/documents/Departments/CityLight/StrategicPlan/2022-2026StratPlanEng-App.pdf

5. **Boston, Massachusetts**:

Boston prepares a Five-Year Revenue and Expenditure Forecast that includes strategies for revenue enhancement, expenditure management, and long-term fiscal planning.

- City of Boston, Michelle Wu, Mayor, Operating Budget Fiscal Year 2025, Capital Plan Fiscal Years 2025-2029

  https://www.boston.gov/sites/default/files/file/2024/04/FY25%20Full%20Budget%20Document.pdf

6. **Austin, Texas**:

Austin publishes a Financial Forecast and Five-Year Financial Plan, which includes revenue projections, expenditure estimates, and strategies for financial sustainability.

- Financial Services Department Five-Year Financial Forecast Report FY 2025 - FY 2029

  https://www.austintexas.gov/sites/default/files/files/FY25%20Financial%20Forecast%20Report%20-%20FINAL%201.pdf

7. **Portland, Oregon**:

Portland prepares a Five-Year Financial Plan, which outlines revenue forecasts, expenditure plans, and fiscal policies to ensure financial health.

- Five-Year Financial Plan Fiscal Years 2023-24 Through FY 2027-28

  https://www.portland.gov/ppd/documents/bds-five-year-financial-plan-fiscal-year-2023-24/download

8. **San Diego, California**:

San Diego publishes a Multi-Year Financial Outlook, which includes revenue projections, expenditure forecasts, and fiscal strategies to maintain a balanced budget.

- Fiscal Year 2026-2030 Five-Year Financial Outlook

  https://www.sandiego.gov/sites/default/files/2024-12/fy2026-2030-five-year-financial-outlook-and-attachments-general-fund.pdf

These cities, among others, recognize the importance of strategic financial planning and have established processes to regularly update and refine their revenue plans. By doing so, they aim to ensure financial stability, optimize revenue sources, and provide high-quality services to their residents.

Appendix D: Potential Revenue Master Plan Framework

1. Introduction and Purpose

Objective: To establish a structured approach for optimizing and managing the City's revenue streams to ensure long-term fiscal sustainability and the continuous provision of high-quality services to residents.

Scope: This plan covers all major revenue sources, including taxes, fees, grants, and other income streams. It aims to identify opportunities for revenue enhancement, cost-efficiency, and risk management.

2. Current Revenue Assessment

- **Inventory of Revenue Sources**: Categorize and quantify current revenue streams (e.g., property taxes, sales taxes, utility fees, service charges).
- **Trend Analysis**: Review historical data to identify patterns and trends in revenue performance over the past five to ten years.
- **Comparative Benchmarking**: Compare Alexandria's revenue performance with similar cities (e.g., Arlington, VA, Falls Church, VA) to identify potential gaps or opportunities (GFOA Best Practices in Revenue Analysis, 2023).

3. Economic and Demographic Analysis

- **Economic Assessment**: Evaluate current economic conditions, including employment rates, major industries, and income levels.
- **Demographic Trends**: Assess population growth, age distribution, and other demographic factors that could impact revenue streams.
- **Projections**: Use data to forecast future economic and demographic trends and their potential impact on revenue.

4. Revenue Enhancement Strategies

- **Tax Policy Adjustments**: Evaluate potential changes to tax rates, structures, or bases. Consider implementing progressive taxation where feasible.
- **Fee Optimization**: Review and adjust fees for city services to ensure they cover costs and are competitive with neighboring jurisdictions.
- **Grant Maximization**: Identify and apply for federal, state, and private grants to supplement city revenue (Catalog of Federal Domestic Assistance, CFDA, 2023).
- **Public-Private Partnerships (P3s)**: Explore opportunities for P3s to fund infrastructure projects or service delivery (National Council for Public-Private Partnerships, NCPPP, 2023).
- **Asset Management**: Optimize the use of city-owned assets through leasing, sales, or repurposing underutilized properties.

5. Efficiency and Cost-Reduction Measures

- **Operational Efficiency**: Implement process improvements and technology solutions to reduce operational costs without compromising service quality.
- **Cost Management**: Identify areas where costs can be controlled or reduced, including energy savings, procurement efficiencies, and workforce optimization.

6. Public Engagement and Communication

- **Communication Plan**: Develop a strategy to inform and engage residents about the Revenue Master Plan, including public meetings, online platforms, and community surveys.
- **Feedback Mechanisms**: Establish channels for residents to provide input and feedback on revenue strategies and priorities.

7. Implementation and Monitoring

- **Action Plan**: Develop a detailed timeline and action plan for implementing revenue enhancement strategies.
- **Performance Metrics**: Establish key performance indicators (KPIs) to monitor revenue performance and the effectiveness of implemented strategies.
- **Regular Reporting**: Schedule regular updates and reports to city officials and the public on the progress of the Revenue Master Plan.

8. Risk Management

- **Risk Assessment**: Identify potential risks to revenue streams, such as economic downturns, legislative changes, or demographic shifts.
- **Contingency Planning**: Develop contingency plans to address identified risks and ensure financial resilience.

9. Long-Term Financial Planning

- **Alignment with Strategic Goals**: Ensure the Revenue Master Plan aligns with the city's long-term strategic goals and comprehensive plan.
- **Integration with Other Financial Plans**: Coordinate the Revenue Master Plan with other financial documents, such as the Capital Improvement Program and Operating Budget, for a cohesive financial strategy.

Conclusion

The Revenue Master Plan for the City of Alexandria aims to provide a structured, strategic approach to revenue management and enhancement. By leveraging best practices, engaging the community, and continually monitoring performance, the city can ensure fiscal sustainability and the continued delivery of high-quality services.

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- Catalog of Federal Domestic Assistance (CFDA). (2023).
- National Council for Public-Private Partnerships (NCPPP). (2023).
- International Association for Public Participation (IAP2). (2023).
- Project Management Institute (PMI). (2023). Project Management Standards.
- Committee of Sponsoring Organizations of the Treadway Commission (COSO). (2023). Risk Management Frameworks.

Appendix E: Model BET Frameworks for Further Review by City Council and Staff

1. **Portland, Oregon**:

   Portland has been a pioneer in implementing Budget Equity Tools to evaluate the equity impacts of budget decisions. The city uses the tool to ensure that all budget proposals consider the impacts on different communities, particularly those historically underserved.

   - City of Portland Office of Equity and Human Rights: portlandoregon.gov/oehr
   - Portland Budget Office: portlandoregon.gov/cbo

2. **Seattle, Washington**:

   Seattle has integrated an Equity and Environment Initiative into its budget process. The city uses a Racial Equity Toolkit to analyze the equity implications of budget decisions, ensuring that they promote social justice and environmental equity.

   - City of Seattle Office for Civil Rights: seattle.gov/civilrights
   - Seattle Department of Finance and Administrative Services: seattle.gov/fas

3. **Minneapolis, Minnesota**:

   Minneapolis uses a Racial Equity Impact Analysis as part of its budget process. This tool helps city officials assess how budget decisions affect racial and ethnic groups, aiming to reduce disparities and improve outcomes for marginalized communities.

   - City of Minneapolis Race & Equity Division: minneapolismn.gov/government/departments/finance/race-equity
   - Minneapolis Budget Office: minneapolismn.gov/government/departments/finance/budget

4. **San Francisco, California**:

   San Francisco has incorporated an equity analysis into its budgeting process. The city uses an Equity Impact Assessment to evaluate how budget proposals affect various demographic groups, ensuring that resources are allocated fairly.

   - City and County of San Francisco Office of Racial Equity: sfgov.org/oceia/racial-equity
   - San Francisco Office of the Controller: sfcontroller.org

5. **Austin, Texas**:

   Austin has developed an Equity Office that works closely with the city's budget office to apply an equity lens to budget decisions. The city uses an Equity Assessment Tool to review and prioritize budget proposals based on their potential impacts on equity.

   - City of Austin Equity Office: austintexas.gov/department/equity

- Austin Budget Office: austintexas.gov/financeonline

6. **Louisville, Kentucky**:

   Louisville uses a Budget Equity Assessment Tool to evaluate the equity implications of budget proposals. This tool helps the city allocate resources in a way that addresses disparities and promotes equity.

   - Louisville Metro Office of Equity: louisvilleky.gov/government/equity
   - Louisville Metro Office of Management and Budget: louisvilleky.gov/government/management-budget

7. **Boston, Massachusetts**:

   Boston has implemented a Budget Equity Framework to ensure that budget decisions consider the needs of all residents, particularly those from underrepresented and underserved communities. The framework guides city departments in evaluating the equity impacts of their budget proposals.

   - City of Boston Office of Budget Management: boston.gov/departments/budget
   - Boston Office of Fair Housing and Equity: boston.gov/departments/fair-housing-and-equity

8. **New York City, New York**:

   New York City incorporates equity considerations into its budgeting process through tools and frameworks designed to assess the impacts of budget decisions on different communities. The city aims to promote fairness and address inequities through its budget allocations.

   - New York City Mayor's Office for Economic Opportunity: nyc.gov/opportunity
   - New York City Office of Management and Budget: nyc.gov/omb