



# City Manager's Message

## OVERVIEW

The following pages include the City Manager's Message from the Proposed Budget, which explains in greater detail the strategic approach used to develop the Proposed Budget and is still applicable, followed by a list of technical adjustments and Add/Delete items which detail changes in the FY 2026 Approved Budget.

On February 25, 2025, the City Manager presented the Fiscal Year (FY) 2026 Proposed Budget to City Council based on the budget guidance provided in the fall retreat. After the presentation of the Proposed budget, which proposed no increase in the City's real estate tax rate, included priority investments in quality education, employee attraction and retention, affordable housing, eliminating community disparities, and strengthening the City's economic future while maintaining established fiscal policies, City Council deliberated and the public provided input through a series of budget work sessions and public hearings.

At the conclusion of the deliberation process, City Council amended and approved a final budget through add/delete budget mark-up sessions. The FY 2026 budget was unanimously adopted on April 30, 2025, with no increase to the real estate tax rate for Alexandria residents and businesses. The FY 2026 Approved General Fund budget of \$956.5 million is \$30.1 million more than the FY 2025 Approved Budget and includes no increase over the FY 2026 City Manager's Proposed Budget. During the add/delete work sessions, City Council approved the following amendments to the FY 2026 Proposed Budget:

### Technical Adjustments to the Proposed Budget

- 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.
- **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.
- **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.

### City Council Approved Add Items

- A \$100,000 increase in on-going support for the Rental Pilot Subsidy Program.
- A \$155,000 on-going increase to align the City's Supplemental Retirement Plan retirement eligibility with the retirement eligibility for Deputy Sheriffs under the VRS Enhanced Hazardous Duty Plan.
- A \$60,000 increase in on-going support for parking garage staff contract increase.
- A \$76,800 on-going increase for additional Therapeutic Recreation seasonal staff members to support the Out of School Time Program (OSTP).

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### City Council Approved Add Items (continued)

- A \$45,000 increase in on-going funding to support the City Clerk's office education, training, operations, and public noticing.
- A one-time \$25,000 increase to support the Capital Area Food Bank (CAFB) facility, specifically refrigeration and storage needs.
- \$240,000 in one-time funding for Increased frequency of Dash Line 32 between Landmark and Van Dorn Metro.
- \$1,189,575 in additional one-time funding for the Alexandria City Public Schools (ACPS) operating transfer to add support services for the physical, social, and emotional well-being of youth and their families.
- A \$410,211 increase in one-time cash capital funding to reduce borrowing in the CIP and the impact of debt service on future operating budgets.

### City Council Approved Delete Items

- An on-going \$98,000 reduction to the Del Pepper Community Resource Center shuttle services. In lieu of the shuttle service, residents who cannot utilize public transportation or have difficulty navigating the walk from the Mark Center Transit Center due to a disability currently have the option of utilizing the Alexandria DOT Paratransit Program from their residence to 4850 Mark Center Drive free of charge within the City of Alexandria or Metro Access Paratransit for up to \$4.00 per trip.
- A one-time reduction of \$332,775 to the Inova Alexandria Hospital contingency appropriation and an on-going reduction of \$157,800 of the same contingency funding.
- A one-time reduction of \$490,575 to the Inova Alexandria Hospital contribution in the Other Health Services budget.
- A \$1,000,000 one-time savings in the city contribution budgeted to Washington Metropolitan Area Transit Authority (WMATA).

In addition, City Council assigned funding to the Contingent Reserve for staff to prepare and present recommendations on the following items:

- \$25,000 for ongoing small business support. Staff will present City Council with a proposal for providing funding to an organization of small businesses to support activities in the Old Town business district.
- \$120,510 to provide one-time support for Health Initiatives within the Health Department. Staff will provide City Council with a proposal outlining the use of this funding.
- City Council requested a one-time reallocation of \$513,055 - equivalent to one quarter of FY 2026 funding - from the DOT Paratransit program to Non-Departmental contingent reserves, with direction for staff to return following an evaluation of methods to improve the program's performance and efficiency.
- City Council requested a one-time reallocation of \$200,000 - equivalent to one third of FY 2026 funding - from the Office of Climate Action's non-personnel funding to Non-Departmental contingent reserves, with direction for staff to return to Council in September/October 2025 with a proposed work plan for future use of these funds.

# City Manager's Message



Mayor Gaskins, City Council, and all Alexandrians—

As we respond to the dynamic shifts impacting our community, it's crucial that we keep our eyes on the future, building on the progress we've worked so hard to achieve together. I'm proud to present the proposed FY 2026 budget, which is both grounded in our history and focused on the opportunities ahead.

Driven by careful analysis and fiscal prudence, the budget emphasizes service delivery, resident quality of life, program sustainability, affordability, and community investment. The proposed budget takes a fiscally cautious approach, reflective of uncertainty due to federal administration changes and how those changes can impact our residents and businesses.

The proposed FY 2026 General Fund Operating Budget totals \$956.5 million, making key investments in City Council priority areas without raising real estate or property tax rates. The proposed FY 2026 – 2035 Capital Improvement Program (CIP) totals \$2.08 billion and is focused on our existing infrastructure and making strategic new investments.

This budget also prioritizes key investments in several areas, including employee attraction and retention, affordable housing, eliminating community disparities, and strengthening the City's economic future.

**Key highlights of the Proposed FY 2026 General Fund Operating Budget include:**

- Maintains the current real estate tax rate of \$1.135 per \$100 of assessed value;
- Implements the planned stormwater utility fee rate increase from \$324.10 to \$340.30;
- Provides a step increase and 1% pay scale adjustment for non-collectively bargained City employees;
- Fully funds the second year of Labor and Trades collective bargaining agreements and the third year of Police and Fire collective bargaining agreements;
- Funds an increase of \$8.2M, or 3.0%, in the ACPS Operating transfer to support the ACPS operating budget;
- Increases DASH funding to support collective bargaining and inflationary costs of operations;
- Funds an in-house pharmacy within the Fire Department;
- Supports community-based food hub operations;
- Funds the Alexandria Recovery Court within Circuit Court;

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- Funds a business accelerator pilot program operated by the Alexandria Economic Development Partnership (AEDP);
- Allocates funding for early childhood support and intervention projects;
- Increases funding for Neighborhood Health, a Federally Qualified Health Center and;
- Uses \$6.4 million in efficiency and cost-cutting savings to balance the budget.

**Key highlights of the proposed Capital Improvement Program budget include:**

- \$289.2 million for Schools capital projects which is consistent with the funding levels and timing included for schools in the Approved FY 2025 – FY 2034 CIP and the funding guidance provided to ACPs;
- \$186.4 million to support capital program of WMATA regional public transit system;
- \$66.0 million over the ten-year plan for street reconstruction and repaving program;
- \$800.2 million to fund the City's Capital Facility Maintenance Programs, State of Good Repair programs, and other major renovations projects (i.e., City Hall);
- \$250.1 million for investments in the City's stormwater management systems, including improvements to mitigate flooding during major rain events;
- \$207.3 million and state and federal grant sources identified to support transportation and transit projects throughout the City and;
- \$82.0 million, over the 10-year plan, to support affordable housing initiatives, including funds from the one percent dedication of the restaurant meals tax and other committed funds.

# City Manager's Message



## **Community Engagement and Public Input**

City Council and City Staff will hold a series of meetings during the budget process to discuss and deliberate the FY 2026 budget. This year, there will be five budget public hearings and a public presentation. All meetings begin at 7 p.m., unless otherwise noted. Scheduled budget meetings will have both in-person and remote attendance options. Visit [alexandriava.gov/Budget](https://alexandriava.gov/Budget) for the most up-to-date list of meeting dates, times, and locations.

Tues., Feb. 25	Proposed Budget Presentation
Wed., Feb. 26	Work Session #1: City Capital Improvement Program
Thur., Feb. 27	Public Budget Presentation
Wed., March 5	Work Session #2: City Council & ACPS School Board
Mon., March 10	Budget Public Hearing (5:30 p.m.)
Tues., March 11	Introduce and Set the Maximum Property Tax Rates
Wed., March 12	Work Session #3
Sat., March 15	Budget Public Hearing (9:30 a.m.)
Mon., Mar. 17	Work Session #4
Wed., March 26	Work Session #5
Tues., April 8	Tax Rate Public Hearing and Add/Delete Public Hearing (5:30 p.m.)
Tues., April 22	Non-Real Estate Tax Public Hearing (6:30 p.m.) and Preliminary Add/Delete Work Session
Mon., April 28	Final Add/Delete Work Session <i>(if necessary)</i>
Wed., April 30	Budget Adoption/Tax Rate Adoption (6 p.m.)

There will also be a series of community engagement activities and pop-ups throughout the season, aimed at meeting our residents where they are and making the budget process a truly accessible and inclusive opportunity for all Alexandrians. Visit [alexandriava.gov/Engage](https://alexandriava.gov/Engage) for more information.

## **Stay Informed and Engaged**

For more details on the budget process and upcoming meetings, visit [alexandriava.gov/Budget](https://alexandriava.gov/Budget). Public participation is crucial to ensure the future Alexandria is building together remains one where all can succeed.

Best,

James F. Parajon  
City Manager



# Budget Equity Tool

## WHAT IS BUDGET EQUITY TOOL

The Budget Equity Tool (BET) is intended to explicitly incorporate considerations of racial and social equity in the development of the City's budget. It is both a process and a product. The process in that staff, fiscal representatives, and department leaders are expected to thoughtfully evaluate their proposed supplementals and reductions for their equity impacts by answering five questions, based on people, place, and benefits/burdens. The five questions are as follows:

1. What specific racial and/or social inequities in Alexandria does this proposal intend to address/reduce? (0-4 points)
2. Who will benefit from this proposal? Who will be burdened? Externally, which communities will be impacted; internally, who/what levels of staff will be impacted? Please answer both benefit and burden for full evaluation. (0-4 points)
3. What areas of the city will be impacted by your proposal? (0-4 points)
4. How does this proposal impact your department's capacity to engage with community (externally) and/or City staff (internally)? (0-4 points)
5. Describe how this proposed supplemental/reduction contributes to your department's ability to advance racial and social equity. (0-4 points)

The supplementals and reductions that are proposed for the FY 2026 budget are then evaluated by the Office of Race and Social Equity (RASE) to develop a scored product on a five-point scale from being "highly likely" to lead to more equitable community, staff, or departmental outcomes to "no specific connection to increasing or maintaining current equity outcomes for community, staff, or department." The aim is that the City will continue to advance its commitment to *ALL Alexandria* through equitable decision making in budget, policy, practice, procedure, and culture.

Five scales (highly likely, likely, maintains, very unlikely, no specific connection) are created based on the following criteria:

- **Highly Likely** to lead to more equitable community, staff, or departmental outcomes (17-20 points)
- **Likely** to contribute to increased equitable community, staff, or departmental outcomes (13-16 points)
- **Maintains** a current level of operation and outcomes related to equity for community, staff, and department (9-12 points)
- **Very Unlikely** and could exacerbate or perpetuate inequities for community, staff, or departmental outcomes (4-8 points)
- **No specific connection** to increasing or maintaining current equity outcomes for community, staff, or department (0-3 points)

Budget equity scores of the supplementals and reductions that are included in the FY 2026 proposed budget are provided in the following table. While reading the table, it should be noted that the score of "highly likely" is still contingent upon equitable implementation of the program outlined.

# Budget Equity Tool



## BUDGET EQUITY SCORES

Addition/ Reduction	Department	Proposal Title	BET Score
Reduction	18th General District Court	Efficiency Reduction in Fees for Professional Services	No connection
Reduction	Alexandria Criminal Justice Services	Efficiency Reduction in Overtime	No connection
Addition	Circuit Court Judges	Recovery Court Supplemental	Highly Likely
Reduction	Circuit Court Judges	Efficiency Reductions in Non-Personnel Expenditures- Circuit Court	Maintains
Addition	City Attorney	FOIA Tracking System	Highly Likely
Reduction	City Attorney	Efficiency Reduction in Outside Legal Counsel	Very Unlikely
Reduction	City Clerk and Clerk of Council	Cost Reduction in Fees for Professional Services	Maintains
Reduction	City Manager's Office	Efficiency Reduction in Consulting Services	Maintains
Addition	Community and Human Services	Alexandria Food Security System Work—Food Hubs Continuation	Highly Likely
Addition	Community and Human Services	Partial Funding for Food Security Coordinator	Highly Likely
Addition	Community and Human Services	Early Childhood Support and Intervention Projects: Alexandria Fund for Human Services (AFHS)	Highly Likely
Reduction	Community and Human Services	State funds offset for Youth Substance Use Disorder Services	Maintains
Reduction	Community and Human Services	Dental Program Budget Reduction	Very Unlikely
Reduction	Community and Human Services	Professional Services Reduction in Operations	No Connection
Reduction	Community and Human Services	Lease Savings from 6101 Stevenson Ave	No Connection
Reduction	Community and Human Services	Additional State Funding for Assessment Programming	No Connection
Reduction	Community and Human Services	One Time State Funds for Staff salaries	No Connection
Reduction	Community and Human Services	Sober Living Unit Positions Suspension	No Connection
Addition	Economic Development	Visit Alexandria - Sustaining Advertising	Likely
Addition	Economic Development	AEDP - Empower & Excel Business Accelerator	Likely
Addition	Economic Development	Other Economic Development-Streamlining Commercial Development	Likely



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## BUDGET EQUITY SCORES

Addition/ Reduction	Department	Proposal Title	BET Score
Reduction	Economic Development	Visit Alexandria- Trade Show Reduction	Maintains
Reduction	Economic Development	Visit Alexandria- Visitor Guide Circulation Reduction	Maintains
Reduction	Economic Development	AEDP- Targeted Business Attraction	Maintains
Reduction	Economic Development	AEDP- Business Operations Efficiencies	Maintains
Reduction	Emergency and Customer Communications	Quality Assurance Program Enhancement	Maintains
Addition	Finance	Data Quality & Process Improvements in Employee Compensation and Retirement Admin - Joint Proposal	Highly Likely
Reduction	Finance	Reduce One Vacant Accounting Position	Maintains
Addition	Fire	EMS Incident Response	Highly Likely
Addition	Fire	Professional Standards Officer	Highly Likely
Addition	Fire	ESO Solutions Records Management System	Maintains
Addition	Fire	Promotional Processes for Officer Ranks (EMS Captain and Fire Captain)	No Connection
Addition	Fire	Funding for 2nd Recruit School	No Connection
Reduction	Fire	Reduce One Vacant Assistant Fire Marshal position	Very Unlikely
Reduction	Fire	Non-Personnel Reductions in the Incident Response unit	Very Unlikely
Reduction	General Services	Reclassification of Capital Projects Manager to Technical Project Manager	Maintains
Reduction	General Services	Decrease in City Hall Janitorial Services	No Connection
Reduction	General Services	Decrease in City Hall Landscaping Services	No Connection
Reduction	General Services	Decrease in City Hall Security Services	No Connection
Reduction	General Services	Reduction in Custodial Services	No Connection
Reduction	General Services	Reductions in Non-Personnel to Fund a Reclassification	No Connection
Reduction	Health	Reduction of City Supplemental Retirement	Likely
Addition	Historic Alexandria	Alexandria Community Remembrance Project	Highly Likely
Addition	Historic Alexandria	Sail Virginia 2026 Affiliate Harbor Participation	Likely
Reduction	Historic Alexandria	Historic Preservation and Maintenance Reduction	Likely



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## BUDGET EQUITY SCORES

Addition/ Reduction	Department	Proposal Title	BET Score
Reduction	Housing	Re-Allocation of Leadership Salaries fro General Fund Savings	No Connection
Addition	Human Resources	Continued Retention	Highly Likely
Addition	Human Resources	Deputy Director - Benefits and Learning & Development	Likely
Addition	Human Resources	Communications and Project Management position	Likely
Addition	Human Resources	DHR - Executive Assistant	Maintains
Reduction	Human Resources	Continuing Education Reduction	Maintains
Reduction	Human Rights	Efficiency Reduction in Seasonal Employment	No connection
Reduction	Human Rights	Efficiency Reduction in ADA Accommodations	No connection
Reduction	Human Rights	Efficiency Reduction in Personal Auto/Mileage	No connection
Addition	Information Technology Services	Cable TV Franchise Renewal	Likely
Reduction	Information Technology Services	Gartner Reduction	Maintains
Reduction	Information Technology Services	Brainstorm Quickhelp Tool	Very Unlikely
Reduction	Information Technology Services	Cybersecurity Collaborative Annual Renewal	No connection
Reduction	Information Technology Services	Citrix Professional Services	Maintains
Reduction	Juvenile and Domestic Relations Court	Efficiency Reductions in Non-Personnel Expenditures -JDRC	No connection
Addition	Library	Mobile Hotspot Lending	Highly Likely
Reduction	Library	Passport Program Expansion	Likely
Addition	Non-Departmental	City support for Alex Beyond	Likely
Addition	Non-Departmental	City support for Alexandria Symphony	Maintains
Addition	Northern Virginia Juvenile Detention Center	NVJDC base budget increase	Maintains
Reduction	Office of Communications and Community Engagement	Efficiency Reductions in Translation & Interpretation Services	Maintains
Reduction	Office of Independent Policing	Efficiency Reductions in Operating Materials	Maintains
Reduction	Office of Management and Budget	Reduction to Part Time and Seasonal Staffing	Maintains
Addition	Other Health Services	Essential Primary Health Care for Alexandria City Low-Income and Uninsured Residents	Highly Likely

# Budget Equity Tool



## BUDGET EQUITY SCORES

Addition/ Reduction	Department	Proposal Title	BET Score
Addition	Performance Analytics	Employee Survey for Continued Retention	Highly Likely
Addition	Performance Analytics	Data quality and process improvements in employee compensation and retirement administration	Highly Likely
Addition	Performance Analytics	Transition a filled Performance Analyst from an overhire status	Highly Likely
Addition	Planning and Zoning	Short-term Residential permitting system	Likely
Reduction	Planning and Zoning	Eliminate One Vacant Principal Planner position	Maintains
Reduction	Planning and Zoning	Efficiency Reductions in Non-Personnel Expenditures- P&Z	Maintains
Reduction	Police	Police rent supplement	Maintains
Reduction	Police	Reduction in Non-Personnel Expenditures -Police	No Connection
Reduction	Police	Vehicle Rentals	No Connection
Reduction	Project Implementation	DPI Non-Personnel Reductions	No Connection
Addition	Public Defender	Salary Supplements to Public Defender's Office Staff	Likely
Reduction	Recreation, Parks, & Cultural Activities	Utility Costs at Minnie Howard Aquatics Facility	No Connection
Reduction	Recreation, Parks, & Cultural Activities	Reduction in Seasonal Staff	No Connection
Addition	Sheltercare	Sheltercare Base budget increase	Likely
Addition	Sheriff	Inmate Medical Services Contract Increase	Maintains
Reduction	Sheriff	Reduction of two vacant Classification Counselor positions	Maintains
Reduction	Transit Services	Software Systems Reductions	Maintains
Reduction	Transit Services	Rider Guides Reduction	Very Unlikely
Addition	Transportation and Environmental Services	Curbside Composting & Yard Waste Study	Likely
Addition	Transportation and Environmental Services	Noise/Disturbance Compliance Inspector	Maintains
Addition	Transportation and Environmental Services	Resource Recovery Division Driver Trainer	Very Unlikely
Reduction	Transportation and Environmental Services	Parking Meter Credit Card Processing Charges	No Connection
Reduction	Transportation and Environmental Services	Refuse Disposal Reduction	No Connection
Addition	Volunteer Alexandria	Volunteer Alexandria Budget Increase Request	Likely