



OFFICE OF THE CITY MANAGER  
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JAMES F. PARAJON  
City Manager

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September 26, 2025

Dear City Board, Committee, and Commission Chairs,

I would like to thank you for bringing your expertise and leadership to one of our City boards, committees and commissions. Your experience and knowledge are an integral part of the policy development process in our city. As a part of an advisory body, your recommendations respond to changing conditions in the City as we continue to grow and strive to meet the expectations of the residents we serve.

The FY 2026 budget and Capital Improvement Program (CIP) adopted in April were guided by City Council's priorities, and while they evolve to complement our community's needs, they remain grounded in Community Connection, Employee Retention & Attraction, Increased Diverse Housing Opportunities, the Elimination of Community Disparities, and Building Economic Strength. This budget took a fiscally cautious approach, reflective of uncertainty due to federal administration changes and how those changes may impact our residents and businesses.

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

- Maintains the current real estate tax rate of \$1.135 per \$100 of assessed value;
- No changes to personal property tax, sanitary sewer, or refuse rates;
- Increases stormwater utility fee rates from \$324.10 to \$340.30 as scheduled;
- 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 third year of Police and Fire collective bargaining agreements;
- Funds an increase of \$9.4 million in the ACPS Operating transfer to support the ACPS operating budget including a one-time \$1.2 million investment in support services for Alexandria City Public Schools (ACPS) to help improve the physical, social, and emotional well-being of students and families;
- Increases DASH funding to support collective bargaining and inflationary costs of operations and increases the frequency of DASH Line 32 between Landmark and Van Dorn Metro;
- Funds an in-house pharmacy within the Fire Department;
- Supports community-based food hub operations;

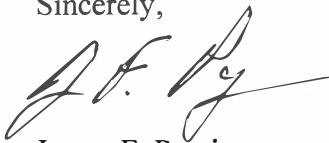
- Adds therapeutic recreation funding for the City's Out of School Time Program;
- Funds the Alexandria Recovery Court within Circuit Court Judges;
- Expands curbside composting service and glass recycling drop-off locations;
- Funds a business accelerator pilot program operated by the Alexandria Economic Development Partnership (AEDP);
- Allocates funding for early childhood support and intervention projects;
- Increases funding for Neighborhood Health, a Federally Qualified Health Center;
- Supports the City harbor's participation in Sail Virginia 2026; and
- Uses \$6.4 million in efficiency and cost cutting savings to balance the budget.

FY 2027 will be a challenging fiscal year as we (1) monitor continued economic uncertainty and respond to the dynamic shifts impacting our community, (2) maintain investments in employee recruitment and retention, youth and education, public safety programs, and eliminating community disparities, (3) increase affordable housing, (4) continue to navigate the financial sustainability of the CIP, specifically the need to reduce required borrowing and associated debt service and (5) build the City's economic strength through diversification of our tax base.

I would appreciate input on the priorities of your board, committee, or commission to help inform my budget priorities and decision making. Specifically, it would be helpful to know the policy and programmatic areas that are the highest priorities for continued funding in light of limited resources. Your feedback will assist City staff in developing budget proposals that support the priorities of our community at large.

Please provide feedback to me, coordinated through your staff liaison, by **Monday, November 3, 2025**. Thank you in advance for thoughts as the City begins the development of the FY 2027 budget.

Sincerely,



James F. Parajon  
City Manager

cc: The Honorable Mayor and Members of City Council  
Morgan Routt, Director, Office of Management & Budget  
City Department Heads  
Staff Liaisons to Boards, Committees and Commissions