

PROPOSED BUDGET-IN-BRIEF

FISCAL YEAR 2026

FY 2026 PROPOSED BUDGET OVERVIEW

The City Manager's FY 2026 Proposed Budget invests in employee compensation, School operating needs, and advances the City's progress across several strategic priorities. FY 2026's budget development forecasted expense pressures driven by the City's collective bargaining obligations, Alexandria City Public Schools (ACPS) operating and capital budget requests, and City and Schools debt service obligations. Increased City expenditures and modest City general fund revenue growth required collaborative efforts to close an initial \$18.0 million budget gap.

The proposed FY 2026 General Fund Operating Budget totals \$956.5 million and makes several investments in City Council priority areas without proposing a real estate or property tax rate increase, or significant service reductions. The budget recommends a step increase and a 1% pay scale adjustment for non-collectively bargained City employees and funds the respective collective bargaining agreements for Fire, Police, and Labor and Trades groups. The proposed budget also recommends strategic investments to several City Council priority areas including employee attraction and retention, affordable housing, eliminating community disparities, and improving the City's economic strength. Key highlights of the proposed budget include:

- Maintains the current real estate tax rate of \$1.135 per \$100 of assessed value;
- No proposed change to personal property tax, sanitary sewer, or refuse rates;
- Increases stormwater utility fee rates from \$324.10 to \$349.30 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 \$8.2M or 3.0% in the ACPS Operating transfer to support the ACPS operating budget and a 1% pay scale adjustment for ACPS staff;
- Increases DASH funding to support collective bargaining and inflationary costs of operations;
- Funds an in-house pharmacy within the Fire Department;
- Budgets funding for the City's cable TV franchise renewal;
- Supports community-based food hub operations;
- Funds the Alexandria Recovery Court within Circuit Court Judges;
- Adds funding for an environmental pollution control specialist;
- 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;
- Funds the purchase of electric leaf blowers;
- Supports the City harbor's participation in Sail Virginia 2026; and
- Uses \$6.4 million in efficiency and costcutting savings to balance the budget.

ALEXANDRIA CITY COUNCIL

Mayor Alyia Gaskins

Vice Mayor Sarah R. Bagley

Councilman Canek Aguirre

Councilman John T. Chapman

Councilman Abdel-Rahman Elnoubi

Councilwoman Jacinta E. Greene

Councilman R. Kirk McPike

CITY MANAGER

James F. Parajon

BUDGET DIRECTOR

Morgan Routt

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CAPITAL IMPROVEMENT PROGRAM

The Proposed FY 2026 – 2035 Capital Improvement Program (CIP) totals \$2.08 billion and is a \$324.5 million decrease over last year's 10-Year CIP.

HIGHLIGHTS OF THE 10-YEAR PLAN

- \$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.

HIGHLIGHTS OF THE FY 2026 PROPOSED CAPITAL BUDGET

The FY 2026 Capital Budget (only year formally appropriated by City Council) totals \$205.9 million, which is a \$46.9 million decrease from last year's approved CIP. Highlights of the FY 2026 projects are as follows:

- \$21.0 million for Alexandria City Public Schools capital funding request which reflects the funding level requested for FY 2026 in the School Board Approved capital funding request;
- \$40.0 million to support the Waterfront Flood Mitigation project;
- \$15.4 million for the City's contribution to WMATA's Capital Improvement Program;
- \$19.3 million for the renovation of City Hall, Market Square Plaza, and Parking Garage.
- \$5.5 million for street reconstruction and resurfacing, which will support the resurfacing of approximately 50-55 lane miles in FY 2026;
- \$5.0 million to provide multimodal upgrades as part of the South Van Dorn Bridges project;
- \$5.2 million to support DASH Bus Fleet Replacement/state of good repair; and
- \$1.8 million to support Old Town Pool Renovation project.

DEBT AND CAPITAL FUNDING POLICIES

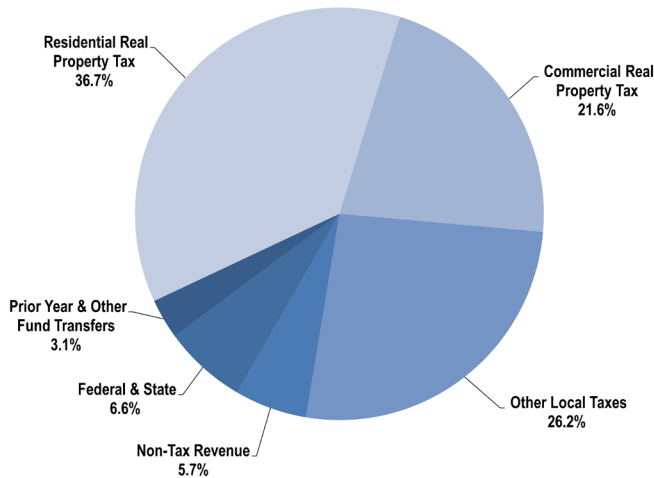
- The Proposed CIP is in compliance with the City's adopted debt ratios throughout the ten-year plan. See the Proposed CIP document for additional details.
- The CIP has 46% cash sources versus 54% bonds over the life of the 10-year CIP
- The General Fund Cash Capital Transfer is in compliance with the City Council-approved policy. The percentage as it relates to the total General Fund expenditures in FY 2026 is 3.2%.

Type	Unit	CY 2024 Approved Rate	CY 2025 Proposed Rate
Real Estate	\$100/AV	\$1.135	\$1.135
Personal Property	\$100/AV	\$5.33	\$5.33
Refuse Collection Disposal	Household	\$500	\$500
Average Condominium Assessed Value.....		\$447,612	
Average Residential Tax Bill CY 2024 (\$1.135 Approved Rate).....		\$4,810	
Average Residential Tax Bill CY 2025 (\$1.135 Proposed Rate).....		\$5,080	
Average Single-Family Home Assessed Value		\$1,001,336	
Average Residential Tax Bill CY 2024 (\$1.135 Current Rate Rate).....		\$10,992	
Average Residential Tax Bill CY 2025 (\$1.135 Approved Rate).....		\$11,365	

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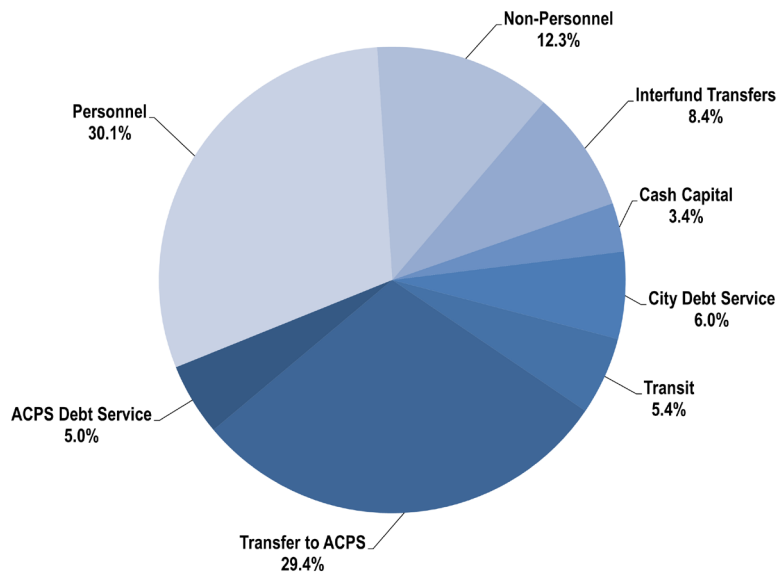
GENERAL FUND REVENUES & EXPENDITURES

FY 2026 PROPOSED GENERAL FUND REVENUES



	FY 2025 Approved	FY 2025 Projected	FY 2026 Proposed	% Change From FY 25 Approved
Real Property Tax	545.4	546.6	558.0	2.3%
Other Taxes	237.3	246.1	250.9	5.7%
Non-Tax Revenue	56.6	56.0	54.7	-3.4%
Fed & State Revenue	62.5	62.7	62.9	0.6%
Prior Year Surplus & Other Fund Transfers	24.6	24.6	29.9	21.5%
TOTAL:	926.4	936.0	956.4	3.2%

FY 2026 PROPOSED OPERATING EXPENDITURES



General Fund Expenditures	FY 2024 Actual	FY 2025 Approved	FY 2026 Proposed	\$ Change	% Change
City Operations	\$453,121,466	\$476,923,124	\$485,667,050	\$8,743,926	1.8%
City Related Debt Service	\$65,448,051	\$50,743,148	\$57,703,661	\$6,960,513	13.7%
City Subtotal	\$518,569,517	\$527,666,272	\$543,370,711	\$15,704,439	3.0%
Schools					
School Operations	\$258,686,800	\$273,034,300	\$281,194,986	\$8,160,686	3.0%
School Related Debt Service	\$32,220,940	\$45,527,862	\$47,834,265	\$2,306,403	5.1%
Schools Subtotal	\$290,907,740	\$318,562,162	\$329,029,251	\$10,467,089	3.3%
Transit Services	\$48,680,946	\$50,691,206	\$51,705,030	\$1,013,824	2.0%
Cash Capital	\$48,392,581	\$29,476,152	\$32,344,713	\$2,868,561	9.7%
Total Expenditures	\$906,550,784	\$926,395,792	\$956,449,705	\$30,053,913	3.2%



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BUDGET CALENDAR

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 virtual attendance options.

Tue., Feb. 25	City Manager's FY 2026 Proposed Budget Presentation
Wed., Feb. 26	Work Session #1: City Capital Improvement Program
Thu., Feb. 27	Public Presentation of the FY 2026 Proposed Budget
Wed., Mar. 5	Work Session #2: City Council & ACPS School Board
Mon., Mar. 10	Budget Public Hearing (5:30 p.m.)
Tue., Mar. 11	Introduce and Set the Maximum Property Tax Rates
Wed., Mar. 12	Work Session #3
Sat., Mar. 15	Budget Public Hearing (9:30 a.m.)
Mon., Mar. 17	Work Session #4
Wed., Mar. 26	Work Session #5
Tue., Apr. 8	Tax Rate Public Hearing and Add/Delete Public Hearing (5:30 p.m.)
Tue., Apr. 22	Non-Real Estate Tax Public Hearing (6:30 p.m.) Preliminary Add/Delete Work Session (7 p.m.)
Mon., Apr. 28	Final Add/Delete Work Session (if necessary)
Wed., Apr. 30	Budget Adoption/Tax Rate Adoption (6 p.m.)

Visit alexandriava.gov/Budget for the most up-to-date list of meeting dates, times, and locations.