

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 \$349.30;
- 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 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;
- 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.

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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 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 for more information.

Stay Informed and Engaged

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

Best,

A handwritten signature in cursive script, appearing to read "J. F. Parajon".

James F. Parajon
City Manager