



Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

PROPOSED CIP OVERVIEW

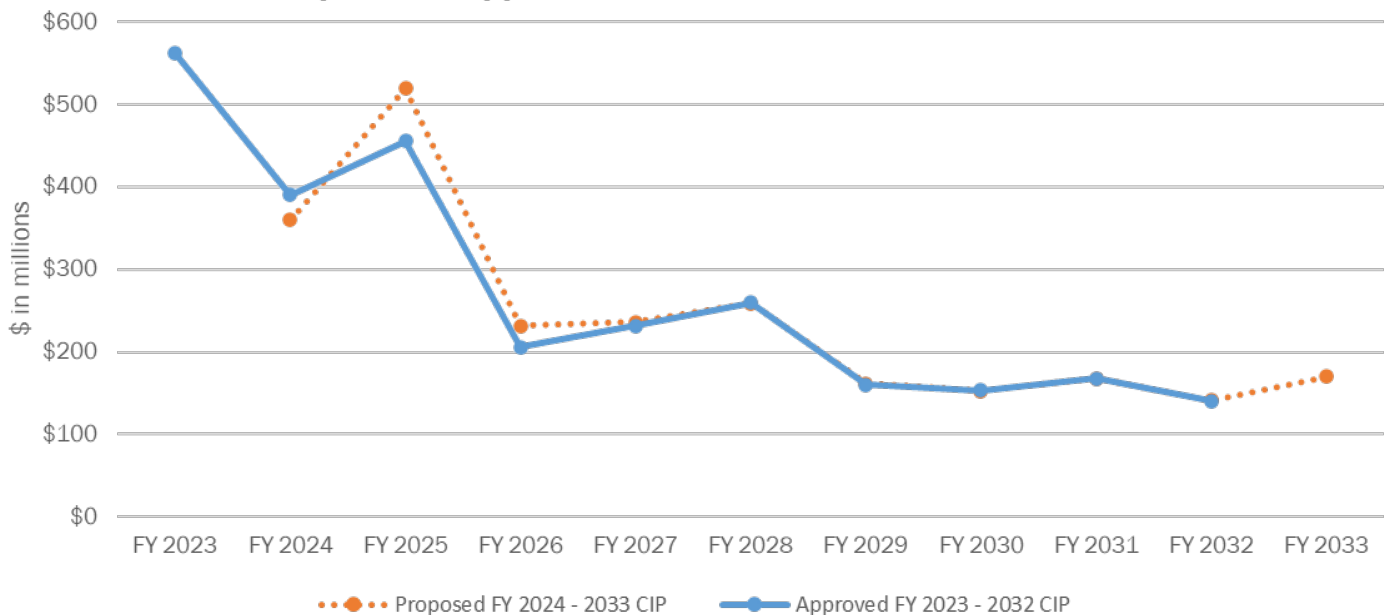
The City Manager Proposed FY 2024 - FY 2033 Capital Improvement Program (CIP) totals \$2.40 billion, which represents a \$327.3 million, or 12.0%, decrease from the Approved FY 2023 – FY 2032 CIP. This decrease in the size of the 10-year plan is largely attributable to significant investments that were appropriated as part of the FY 2023 capital budget, which is no longer included in the proposed 10-year capital planning window. The FY 2023 capital budget included projects like the acquisition and renovation of the office building that will be the City West End Service Center, funding associated with the School’s High School Project, and funding associated with the City’s contribution to the redevelopment efforts at the Landmark Mall site.

The Proposed CIP maintains the reserved 2.2 cents on the base real estate tax rate for the continuation of the City’s Transportation Improvement Program (TIP) Proposed by City Council beginning in FY 2012 to support capital infrastructure needs and new operating costs associated with new transportation capital projects.

The Proposed CIP reflects the one percent increase in the restaurant meals tax (from 4% to 5%) that was Approved by City Council beginning in FY 2019 and was dedicated to investments in Affordable Housing. For FY 2024 this equates to \$5.8 million and over the 10-year plan, this represents a \$63.3 million additional investment in Affordable Housing.

The City Manager Proposed FY 2024 - FY 2033 CIP represents a continued commitment and investment to numerous areas of critical City infrastructure, including increased investments in school facilities, maintenance of existing City assets and facilities, and continued substantial support of WMATA’s capital improvement program. Each of these investments are discussed in greater detail on the following pages.

Last Year's CIP Compared to Approved CIP



Proposed FY 2024 – FY 2033 Capital Improvement Program Overview



Supporting the City Council Priorities

The City's previous Approved Strategic Plan covered from FY 2017 – FY 2022. In lieu of developing a new five-year strategic plan, City Council adopted six priorities that are to be used to provide a cohesive framework for budget and policy decisions. These priorities were developed based upon City Council discussion at the Council Retreat, held on January 29, 2022. To operationalize these values, City staff developed interdepartmental business plans for each priority. These plans will consolidate existing plans and contain specific objectives, indicators, and quarterly progress updates. Each quarter, an in-depth update on two of the priorities will be provided to City Council and the community.

Each of the six priorities will be viewed through the following lens:

- **Equity:** Will these initiatives identify and overcome intentional and unintentional barriers in our City's systems and services?
- **Environmental justice:** Do these initiatives provide equitable access to a healthy environment and take proactive measures to mitigate and adapt to future climate change?
- **Civility & Respect:** How do we ensure that all interactions associated with these initiatives are done so in a way in which there is a healthy exchange of ideas and perspectives?
- **Transparency:** Are we operating in a way that is easy for others to see and understand what is happening in these initiatives?
- **Service:** Do these initiatives put the public's interest first and make a difference in the community?



Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

City Council 2022 Priorities

Recover from the COVID-19 Pandemic



We will advance the policies, practices, and resources needed to ensure a healthy, resilient, and equitable recovery for all residents and businesses.

Provide Diverse Housing Opportunities



We will facilitate an Alexandria housing economy that provides the necessary range of price points, safe and sustainable housing options, and the associated services to meet the needs of a thriving city.

Define Our Community Engagement Approach



Use both new and traditional outreach methods to ensure that engagement is efficient, effective and accessible to all stakeholders, creating a clear connection between community input and its effects on policy decisions, infrastructure needs and financial considerations.

Support Youth and Families



Explore ways to expand academic, social and emotional services and physical support to all youth during out-of-school hours.

Foster Economic Development



Seek out and consider budgetary, land use, regulatory and other economic development tools to foster sustainable and equitable development, diversify revenue and allow greater investment in our infrastructure.

Develop a Compensation Philosophy



Establish a new compensation philosophy to ensure we are the preferred workplace of choice and that employees feel valued.



Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

The workplans, along with key performance indicators, for each of these priorities can be found on the City’s website; <https://www.alexandriava.gov/city-council/city-council-2022-priorities>.

In addition to evaluating feasibility, project/program readiness, and impacts on level of service, the City Council Priorities and business plans, in combination with the City’s Mission, Vision, and Values, provides another critical framework in which budgetary decisions can be made.

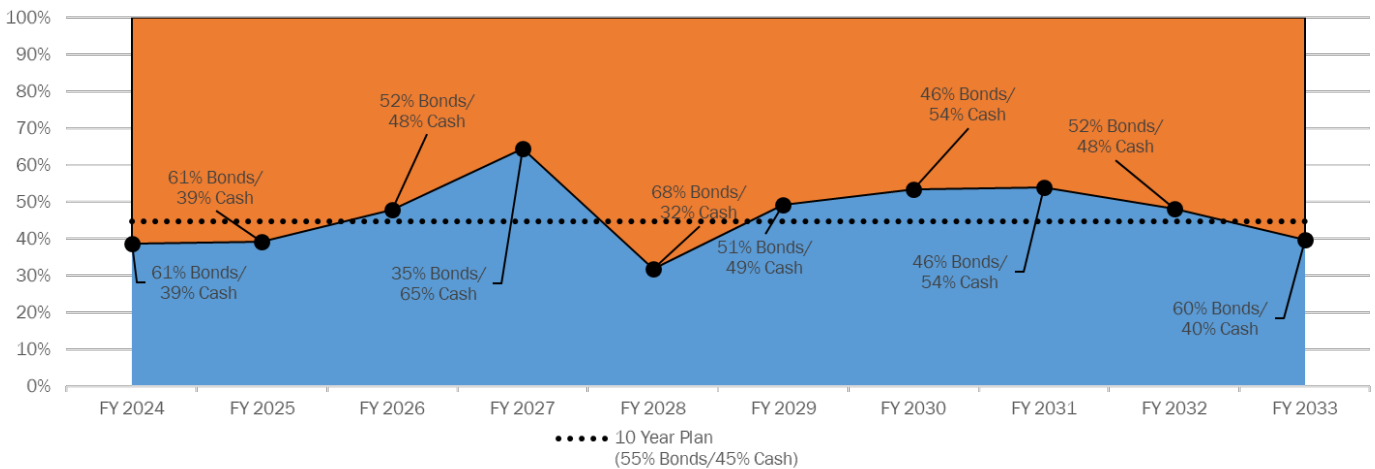
Diversity of Capital Improvement Program Funding

The funding makeup of the City’s capital program is growing increasingly diverse each year. To help organize this complexity (which also brings new opportunities), the Proposed FY 2024 – FY 2033 CIP divides revenue sources into three different types as noted below, with the table on the next page providing more detailed information.

- **Unrestricted City funds (\$1.446 billion)** - Includes general cash sources and General Obligation Bond revenues for the base CIP program.
- **Restricted City funds (\$553.6 million)** - Includes both cash and General Obligation Bond revenues associated with the Sanitary Sewer Fund, Stormwater Management Fund, Transportation Improvement Program, and other targeted sources. Because these restricted revenues all have legal restrictions on their available uses, it is beneficial to discuss financing issues with them separately.
- **Non-City funds (\$398.2 million)** generally include State and Federal grants (including NVTA funding), private developer capital contributions, and revenues from the City’s telecommunication financial agreement with Comcast. These revenues are also restricted in their use.

The City’s financing plan has a 45% cash / 55% borrowing structure in this year’s Proposed 10-year plan.

Cash vs. Borrowing Sources



In municipal finance, there are no generally recognized specific mathematical benchmarks for cash capital funding. The bond rating agencies view of cash capital is positive, but the bond rating agencies do not set minimum threshold



Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

expectations. In general, the City considers having an overall CIP which is 25% cash capital from all cash sources as healthy. Therefore, the City's 10-Year CIP cash capital level of 45% exceeds the healthy level of 25%. Individual years may fluctuate percentage shares based on type and level of project funding for specific years. This reflects the City's commitment to both execute a large dollar volume of CIP projects, but at the same time also keep its debt at reasonable AAA/Aaa levels.

Revenues	Approved FY 2023 - FY 2032	Proposed FY 2024 - FY 2033	Difference
Unrestricted			
Cash Sources (Including G/F Transfer)	\$ 367,060,890	\$ 357,450,000	\$ (9,610,890)
G.O. Bonds	\$ 1,314,403,037	\$ 1,055,971,165	\$ (258,431,872)
Reprogrammed Project Balances	\$ -	\$ 12,600,000	\$ 12,600,000
Use of CIP Designated Fund Balance	\$ 20,000,000	\$ 20,000,000	\$ -
Subtotal, Unrestricted City Revenues	\$ 1,701,463,927	\$ 1,446,021,165	\$ (255,442,762)
Restricted			
Potomac Yard (Cash Sources)	\$ 2,546,500	\$ 3,018,700	\$ 472,200
Use of ACPS Designated Fund Balance	\$ 3,774,123	\$ 5,744,123	\$ 1,970,000
Sanitary Sewer (Cash Sources)	\$ 84,105,100	\$ 85,362,000	\$ 1,256,900
Reprogrammed Project Balances (Sanitary)	\$ 4,500,000	\$ -	\$ (4,500,000)
Stormwater Management (Cash Sources)	\$ 76,090,775	\$ 109,506,788	\$ 33,416,013
Stormwater Management (GO Bonds)	\$ 226,850,000	\$ 172,615,000	\$ (54,235,000)
Use of Stormwater Fund Utility Balance	\$ 2,139,182	\$ -	\$ (2,139,182)
Use of Stormwater Tax Dedication Fund Balance	\$ -	\$ -	\$ -
Transportation Improvement Program (Cash Sources)	\$ 20,153,800	\$ 20,416,900	\$ 263,100
Meals Tax Dedication for Affordable Housing	\$ 53,718,000	\$ 63,294,000	\$ 9,576,000
Landmark Redevelopment Supported Bonds	\$ 119,000,000	\$ 93,600,000	\$ (25,400,000)
Subtotal, Restricted City Revenues	\$ 592,877,480	\$ 553,557,511	\$ (39,319,969)
Non-City			
NVTA 70%	\$ 75,000,000	\$ 90,000,000	\$ 15,000,000
NVTA 30%	\$ 44,637,000	\$ 44,412,000	\$ (225,000)
Other State and Federal Grants	\$ 308,708,671	\$ 260,797,445	\$ (47,911,226)
Private Capital Contributions	\$ 1,400,000	\$ 413,000	\$ (987,000)
Comcast Revenues	\$ 961,000	\$ 2,550,000	\$ 1,589,000
Subtotal, Non-City Revenues	\$ 430,706,671	\$ 398,172,445	\$ (32,534,226)
Total, All Revenue Sources	\$ 2,725,048,078	\$ 2,397,751,121	\$ (327,296,957)

Notes:

- The Proposed FY 2024 Capital Budget identifies \$220.6 million in projects that will be financed through borrowing. However, the City's next contemplated bond issuance may differ in size and timing, based on staff's analysis of the projected cash flow of existing on-going projects and through monitoring the schedules of newly planned projects. Any borrowing that is delayed based upon this cash flow analysis will need to be considered in future debt issuances. For debt-using capital projects, the current delayed borrowing balance totals approximately \$460.8 million and is factored into the City's debt modeling and monitoring of adopted debt management policies.



Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

Project Categorization

The Proposed FY 2024 – FY 2033 CIP addresses four broad areas of expenditure:

- Protection of the City’s investment in existing public facilities and infrastructure (physical assets) through capital maintenance or renovations;
- Planning and construction of major new public facilities and infrastructure, including new or replacement information technology systems;
- Planning and construction of major infrastructure related to the City’s stormwater management systems; and
- Alexandria City Public Schools capital infrastructure needs.

The Proposed FY 2024 – FY 2033 CIP is consistent with capital plans from recent years in that it places a emphasis on maintaining the existing core facilities and infrastructure of the City, while utilizing new funding to provide support for projects that will provide new and expanded City facilities.

Project Category	Total FY 2024 - 2033
Category 1 - Asset Maintenance	\$ 896,126,376
Category 2 - Renovations/Existing Assets	\$ 262,857,700
Category 3 - New Facilities	\$ 590,008,245
Alexandria City Public Schools (Category 1, 2, & 3 Projects)	\$ 367,163,300
Information Technology Plan	\$ 93,027,100
Affordable Housing	\$ 73,294,000
CIP Development & Implementation Staff	\$ 115,274,400
Total, All Categories	\$ 2,397,751,121

Similar to FY 2023, the Office of Management and Budget (OMB) categorized projects into one of three categories, as well as Alexandria City Public Schools (ACPS) funding, the City’s Information Technology (IT) Plan, CIP Development & Implementation Staff, and Affordable Housing. The distribution of funding across the different categories is shown above. Categories are defined as follows:

- **Category 1: Asset Maintenance** – funding streams that cover an ongoing maintenance need for an existing City asset;
- **Category 2: Renovations/Existing Assets** – specific large renovation or restoration projects that are necessary cyclically or periodically, but can be scheduled for a specific time period. These projects also pertain to existing City assets;
- **Category 3: New Facilities** – projects that result in a new or expanded facility or level of service and can be scheduled;
- **Alexandria City Public Schools (ACPS)** – represents the total of all Proposed funding for ACPS;
- **Information Technology Plan** – projects included in the ten-year plan that are Information Technology focused;
- **Affordable Housing** – represents the funding dedicated to Affordable Housing projects through the one percent increase in the restaurant and meals tax averaging about \$6.3 million per year, and the \$1 million per year for

Proposed FY 2024 – FY 2033 Capital Improvement Program Overview



Affordable Housing that the City committed to as part Northern Virginia’s efforts to attract the Amazon HQ2 campus to the Alexandria-Arlington area; and

- **CIP Development & Implementation Staff** – funding for City staff that are working directly on implementing capital projects that are charged to the CIP.

Beyond basic capital maintenance issues, the Proposed CIP reflects a vision for the City’s future, and includes a number of projects that are considered a service expansion or new facilities (Category 3 projects). Of the \$590.0 million in Category 3 projects, \$278.0 million (from both City and non-City sources) is for new and expanded transportation and transit infrastructure projects, including construction of the Beauregard/West End Transit Corridor, Duke Street Transit Corridor, and the DASH Facility and Fleet Expansion project.

Other significant Category 3 projects include:

- Funding for capital infrastructure improvements associated with the Waterfront Plan Implementation (\$48.2 million);
- Funding to renovate Four Mile Run Park (\$17.4 million); and
- Funding for targeted investments in the City’s stormwater management systems, at Commonwealth Avenue & East Glebe Road/Ashby Street & Glebe Road and at the Hooff’s Run Culvert, to mitigate flooding during major rain events (\$61.2 million).



Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

CIP PURPOSE & DEFINITIONS

The adoption of the CIP by the City Council is an indication of its support of both the capital projects that the City intends to pursue, and a plan for the anticipated levels of financing needed to fund these capital projects over the 10-year period.

The adoption of the 10-year CIP is neither a firm commitment to a particular project nor a limitation to a particular cost. As a basic tool for prioritizing and scheduling anticipated capital projects and capital financing, the CIP is a key element in planning and managing future debt service requirements. Only the first year of the CIP represents a funding commitment for the project to proceed to the next stage, or to be implemented depending on the level of funding provided.

The City defines capital project expenditures (as opposed to an operating expenditure) as:

An expenditure of more than \$10,000 that acquires, expands, repairs, or rehabilitates a physical asset with a useful life of at least three years and typically much longer than three years. These also include technology related expenditures.

It does not include day-to-day maintenance expenditures such as custodial or janitorial services, minor (less than \$10,000) carpentry, minor electrical and plumbing repairs, or repair or routine replacement of fixtures or furniture.

CIP Priorities for FY 2024 – FY 2033

The Proposed FY 2024 – FY 2033 CIP is largely consistent with- and follows the guidelines outlined during the development of the Proposed FY 2022 – FY 2031 CIP. These guidelines included:

- Using the previously Proposed CIP as the “base” for the Proposed FY 2024 – FY 2033 CIP;
- Incorporating City Council guidance, policy directions, and adopted City Council Priorities into the plan;
- Working to align projects with the City Council’s budget priorities and guidance;
- Preserving and maintaining the City’s existing physical assets;
- Addressing ACPS capital needs; and,
- Addressing Washington Metropolitan Area Transportation Authority (WMATA) capital requests.

Proposed FY 2024 – FY 2033 Capital Improvement Program Overview



Development of Proposed CIP

The development of the Proposed FY 2024 – FY 2033 CIP began in July 2022, with the submission of project change requests by departments. The Proposed CIP represents an 'off-year', where major revisions to projects are not contemplated for the majority of projects. Departments were asked to limit project changes to the following circumstances:

- The project is being delayed and funding is no longer needed on the schedule originally approved;
- The project has had a change in the amount and/or timing of Non-City funding;
- A significant change in estimated project cost/timing has been identified and cannot wait for the next full CIP development process; or,
- The project represented a direct life/safety or asset failure risk.

Project submission forms were due in mid-September 2022.

During the fall of 2022, the CIP Steering Committee began meeting to discuss and make recommendations on the development of the CIP. The committee is responsible for recommending the project composition and funding levels of the Proposed CIP to the City Manager. This committee consists of members of the City Manager's Office and the department heads of the most capital project intensive departments in the City. For the FY 2024 – FY 2033 CIP Development process, the committee included department heads from the Department of General Services; Recreation, Parks & Cultural Activities; the Department of Transportation & Environmental Services; the Department of Information Technology Services; the Department of Project Implementation; and the Department of Planning & Zoning. The Steering Committee is chaired by a Deputy City Manager and coordinated through the Office of Management and Budget (OMB).

Additionally, during the fall of 2022, City staff held a CIP worksession with City Council to provide additional time to deliberate on capital needs and discuss some of the major projects and policy issues facing the City's capital program, held a Joint City Council/School Board session to discuss the Schools' capital needs, and presented at the annual City Council Retreat on CIP affordability and sustainability.

The CIP Steering Committee and smaller staff work teams met throughout fall 2022/winter 2023 to craft a CIP recommendation for the City Manager and to outline major policy issues facing the CIP. The committee presented its recommendations to the City Manager in January 2023. Subsequently, the City Manager worked with OMB to finalize the project composition and funding levels recommended in the Proposed FY 2024 – FY 2033 CIP for presentation to City Council on February 28, 2023.



Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

Utilization of Project Labor Agreements for City Capital Projects

On November 22, 2022, City Council approved a resolution to amend the FY 2024 Budget Guidance, so that the guidance document included the consideration of the use of Project Labor Agreements (PLAs) in large capital projects. Specifically, the following statements were added to the FY 2024 Budget Guidance:

f.6 Identification of projects where the use of a project labor agreement may be practicable. The City will evaluate all capital projects with a construction budget of more than \$35 million with the intent of using a project labor agreement.

f.6.i. Proposed CIP shall include further analysis and considerations for the use of project labor agreements including evaluation of project labor agreement parameters such as including local preferences and Small Women-Owned and Minority (SWaM) contractors.

Over the subsequent months, a team of City staff has started to explore the implementation of the use of PLAs in significant capital project, including what criteria should be used to evaluate capital projects for the use of PLAs, the varying models for implementing and monitoring PLAs, the impact of utilizing PLAs on capital projects and programs that may utilize federal, state, or regional grants, and the impact of PLAs on local, small, and minority vendors.

City staff will be able to provide an update to City Council in late spring 2023 on its continued outreach efforts to subject matter experts, draft criteria for evaluating projects, and the program’s impact on the City’s pool of contractors.

Potential Capital Projects and Program

The City Manger’s Proposed FY 2024 – FY 2033 CIP, includes 7 capital projects or programs with a construction contract value estimated to be greater than \$35 million. These projects (listed in the following table) will be explored further for implementation of PLAs.

CIP Section	Project/Program Title	FY 24-33 Funding Total	Estimated Construction Cost
Public Buildings	City Hall Renovation and HVAC Replacement	\$110.2 M	\$89.4 M
Stormwater Management	Large Capacity - Hooffs Run Culvert Bypass	\$48.5 M	\$48.5 M
Stormwater Management	Large Capacity – Commonwealth & E. Glebe/Ashby & Glebe	\$12.6 M	\$39.0 M
Stormwater Management	Storm Sewer Capacity Projects	\$73.9 M	TBD / Multiple Contracts
Transportation	Seminary Road at Beauregard Street Ellipse	\$36.3 M	\$33.0 M
Transportation	Transit Corridor "B" - Duke Street	\$75.0 M	\$55.8 M
Transportation	Transit Corridor "C" - West End Transitway	\$62.2 M	\$32.6 M

In addition to the list above, the Proposed FY 2024 – FY 2033 CIP includes \$367.2 million over the 10-year plan to support School capital projects. A number of projects contemplated within the School capital program will likely have a construction contract value of \$35 million or greater, including George Mason Elementary School and Cora Kelly Elementary School.



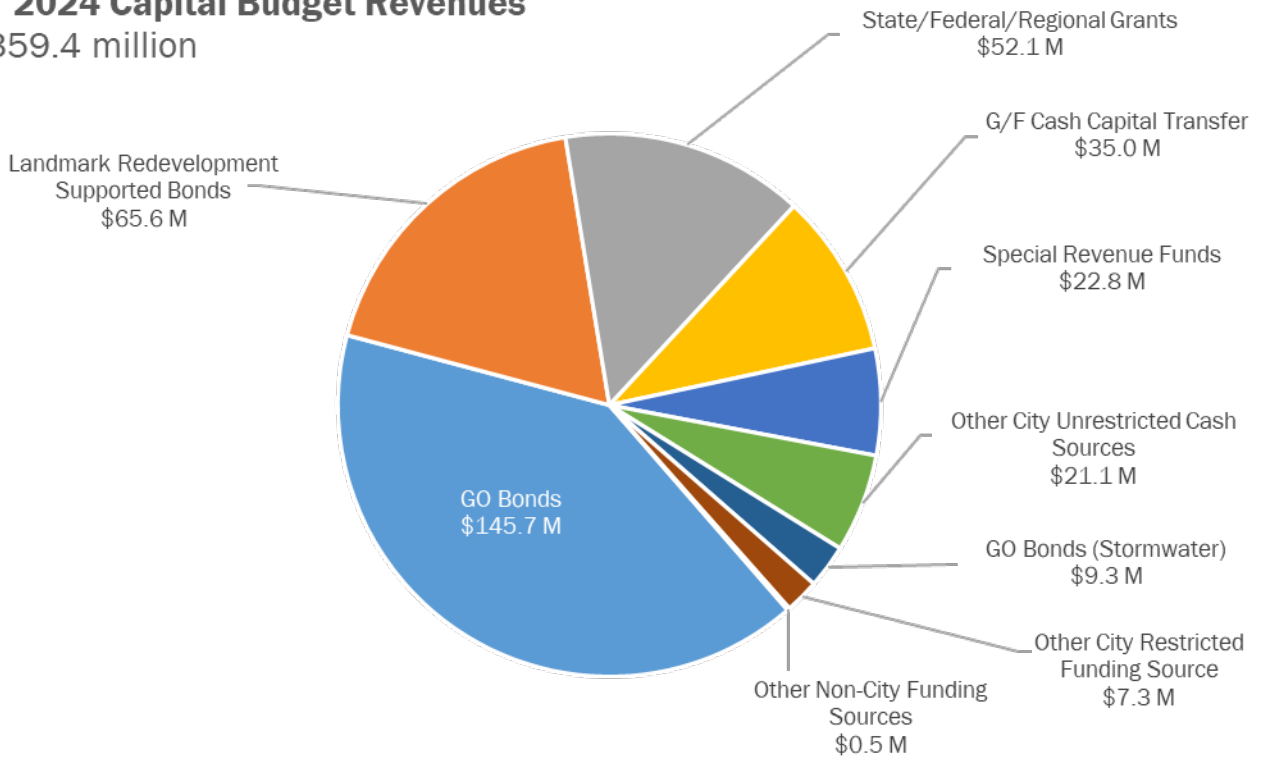
Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

FY 2024 PROPOSED CIP SOURCES AND USES

FY 2024 Capital Year Budget Revenues (Sources)

The total Proposed single year capital budget for FY 2024 is \$359.4 million; a \$30.8 million decrease from FY 2024 in last year's Approved CIP, which is largely attributable to targeted reductions to projects with on-going funding streams which have adequate balances available to meeting FY 2024 project needs and capacity. **A listing of all revenues included in the FY 2024 – FY 2033 CIP including the FY 2024 Capital Year Budget can be found in the Summary Funding Tables section of the Full CIP Document.**

FY 2024 Capital Budget Revenues \$359.4 million



Proposed FY 2024 – FY 2033 Capital Improvement Program Overview



Revenue highlights of the Proposed FY 2024 Capital Year Budget expenditures include:

- FY 2024 revenues are split between borrowing (61%) and cash sources (38%). In municipal finance, there are no generally recognized specific mathematical benchmarks for cash capital funding. In general, having an overall CIP which is 25% cash capital from all cash sources over time is considered healthy.
- The General Fund Cash Capital Transfer (excluding dedicated TIP cash capital) amount is \$35.0 million, or 4.0% of all General Fund Expenditures. In January 2015, City Council set a target of 2.5%, and a minimum of 2.0% (which would have been equal to \$17.6 million).
- The Proposed CIP continues to reflect the one percent increase in the restaurant and meals tax that was Proposed by City Council beginning in FY 2019 and was dedicated to investments in Affordable Housing. This dedication totals \$5.8 million in FY 2024.
- The Proposed FY 2024 CIP includes \$9.3 million in revenue from the Stormwater Utility fee in FY 2024 and \$9.3 million in GO Bonds, backed by Stormwater Utility fee revenue. The Proposed FY 2024 capital budget continues to reflect the increased investment in flood mitigation and stormwater infrastructure recommended to City Council in January 2021.
- Non-City revenue sources, including Comcast revenues, State/Federal grants and Northern Virginia Transportation Authority (NVTA) revenues total \$52.6 million.

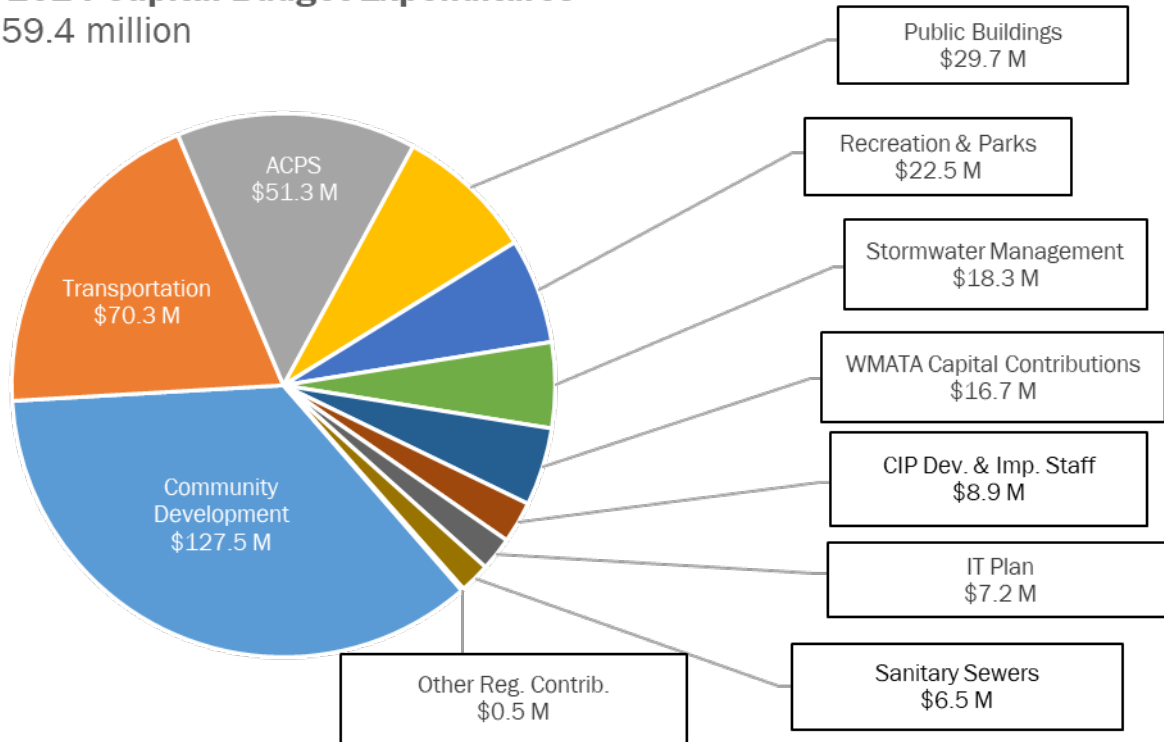


Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

FY 2024 Capital Year Budget Expenditures (Uses)

The total Proposed single year capital budget for FY 2024 is \$359.4 million; a \$30.8 million decrease from FY 2024 in last year’s Approved CIP, which is largely attributable to targeted reductions to projects with on-going funding streams which have adequate balances available to meeting FY 2024 project needs and capacity. **A listing of all projects included in the FY 2024 – FY 2033 CIP, including the FY 2024 Capital Year Budget, can be found in the Summary Expenditure Tables section of the full CIP document.** The chart below and the narrative below detail only FY 2024 Capital Year Budget highlights by CIP document section.

FY 2024 Capital Budget Expenditures \$359.4 million



Project highlights of the Proposed FY 2024 Capital Year Budget expenditures include:

- **Alexandria City Public Schools (\$51.3 million FY 2024 Capital Year Budget)**
 - \$34.7 million to maintain the anticipated funding level planned for FY 2024 in the previously approved CIP to support ACPS identified capacity and non-capacity needs.
 - \$16.5 million in additional funding to support cost escalations to projects currently underway by the school division, and to address estimated cost increases associated with the George Mason Elementary School project.



Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

- **Transportation (\$87.0 million FY 2024 Capital Year Budget)**
 - \$16.7 million to support the WMATA Capital Improvement Program. This funding level reflects the impact of legislation passed by the Virginia General Assembly in 2018 to provide a dedicated funding stream for WMATA’s capital improvement needs.
 - \$5.2 million for Street Reconstruction and Resurfacing. The planned investment will support the resurfacing of approximately 50-55 lane miles in FY 2024.
 - \$2.7 million for bridge repairs and refurbishments.
 - \$24.6 million to continue work on the Beauregard/West End Transit Corridor (Transit Corridor “C”).
 - \$4.8 million to support DASH Bus Fleet Replacement and Electrification.

- **Recreation and Parks (\$22.5 million FY 2024 Capital Year Budget)**
 - \$16.5 million to convert the large diamond field to synthetic turf and reconstruct the small natural turf diamond field at Eugene Simpson Stadium Park (including regrading, a new irrigation system, and replacement of ancillary facilities, like the bleachers, press box, dugouts, and storage structure).
 - \$0.8 million for capital maintenance of parks, playgrounds, recreation centers, and other public spaces.
 - \$0.6 million for the renovation and maintenance of trees planted along City Streets, in parks, and on school grounds and other public properties.
 - \$1.0 million to continue the study and planning of the Torpedo Factory Revitalization efforts.

- **Public Buildings (\$29.7 million FY 2024 Capital Year Budget)**
 - \$11.5 million to begin design efforts for the renovation of City Hall.
 - \$4.0 million to begin preliminary planning and design efforts related to the relocation of Fire Station 208 to the Landmark Mall Redevelopment site.
 - \$4.6 million for a portion of identified maintenance and repair projects, as part of the City’s Capital Facilities Maintenance Programs (CFMPs).

- **Information Technology Plan (\$7.2 million FY 2024 Capital Year Budget)**
 - \$4.3 million is budgeted to maintain the City’s IT infrastructure, with \$0.4 million of those costs offset by Comcast revenue earmarked for specific network infrastructure improvements.
 - \$1.9 million in investments in Public Safety Systems, including \$1.7 million in radio system infrastructure for the City’s radio system that serves Police, Fire, T&ES, RPCA, ACPS and other City departments.

Proposed FY 2024 – FY 2033 Capital Improvement Program Overview



- **Sanitary Sewers (\$6.5 million for FY 2024 Capital Year Budget)**
 - FY 2024 funding maintains the portions of the Sanitary Sewer system under the City’s responsibility, along with supporting AlexRenew’s efforts to construct Combined Sewer Outfall (CSO) overflow mitigation projects. In 2018, the City entered into an agreement with Alexandria Renew Enterprises (AlexRenew) to transfer ownership of the CSOs, along with responsibility for constructing and financing infrastructure to mitigate CSO overflows.

- **Stormwater Management (\$18.3 million FY 2024 Capital Year Budget)**
 - The Proposed FY 2024 capital budget continues to reflect the increased investment in floor mitigation and stormwater infrastructure recommended to City Council in January 2021. This includes:
 - \$12.6 million for major capacity improvements to address flooding at the intersection of Commonwealth Avenue and East Glebe Road and Ashby Street and East Glebe Road.
 - \$2.4 million for Storm Sewer System Spot Improvement projects
 - \$0.8 million to continue the Floodproofing Grant Program to assist private property owners with efforts to mitigate flooding impacts
 - \$0.5 million for inspection, cleaning, and repair of existing stormwater infrastructure
 - \$0.3 million to continue Stream & Channel Maintenance projects

- **Community Development (\$127.5 million FY 2024 Capital Year Budget)**
 - \$65.6 million to support infrastructure improvements to be construction by the developer at the Landmark Mall site.
 - \$48.2 million for the Waterfront Flood Mitigation project. The construction funding for this project was split over FY 2023 (\$35.0 million) and FY 2024 (\$48.2 million).
 - \$6.8 million for investments in Affordable Housing. This includes \$5.8 million in funding from the restaurant and meals tax dedication Approved by City Council in 2018, and an additional \$1 million committed to Affordable Housing by the City as part of the region’s efforts to attract the Amazon HQ2 campus to Northern Virginia.

- **Other Regional Contributions (\$0.5 million FY 2024 Capital Year Budget)**
 - \$0.5 million in capital improvements for the NOVA Parks.



Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

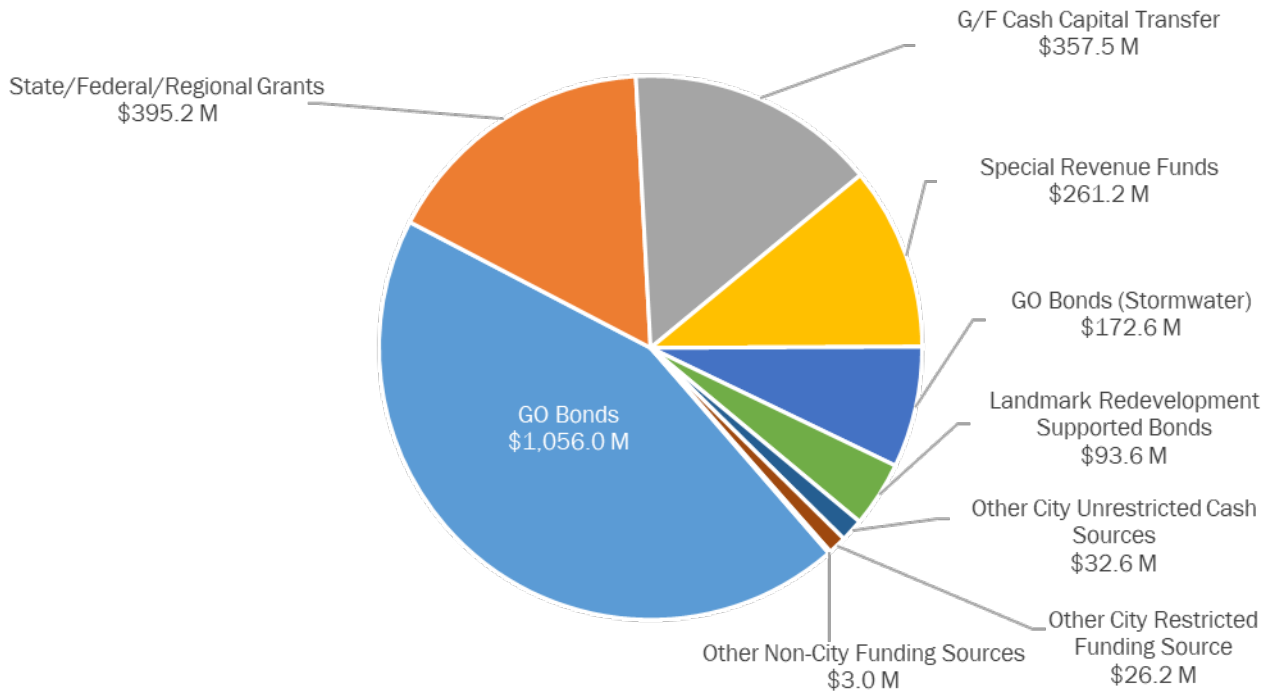
FY 2024 – FY 2033 APPROVED CIP SOURCES AND USES

FY 2024 – FY 2033 Capital Improvement Program – Ten-Year Sources and Uses Overview

The City Manager Proposed FY 2024 - FY 2033 Capital Improvement Program (CIP) totals \$2.40 billion, which represents a \$327.3 million, or 12.0%, decrease from the Approved FY 2023 – FY 2032 CIP. This decrease in the size of the 10-year plan is largely attributable to significant investments appropriated as part of the FY 2023 capital budget, that are not included in the proposed 10-year capital planning window. The FY 2023 capital budget included projects like the acquisition and renovation of the office building that will be the City West End Service Center, funding associated with the School’s High School Project, and funding associated with the City’s contribution to the redevelopment efforts at the Landmark Mall site.

A listing of all funding sources included in the FY 2024 – FY 2033 CIP can be found in the Summary Funding Tables section of the full CIP document. The narrative below provides only highlights of the 10-year plan revenues and expenditures.

FY 2024 - FY 2033 CIP Revenues \$2.40 billion



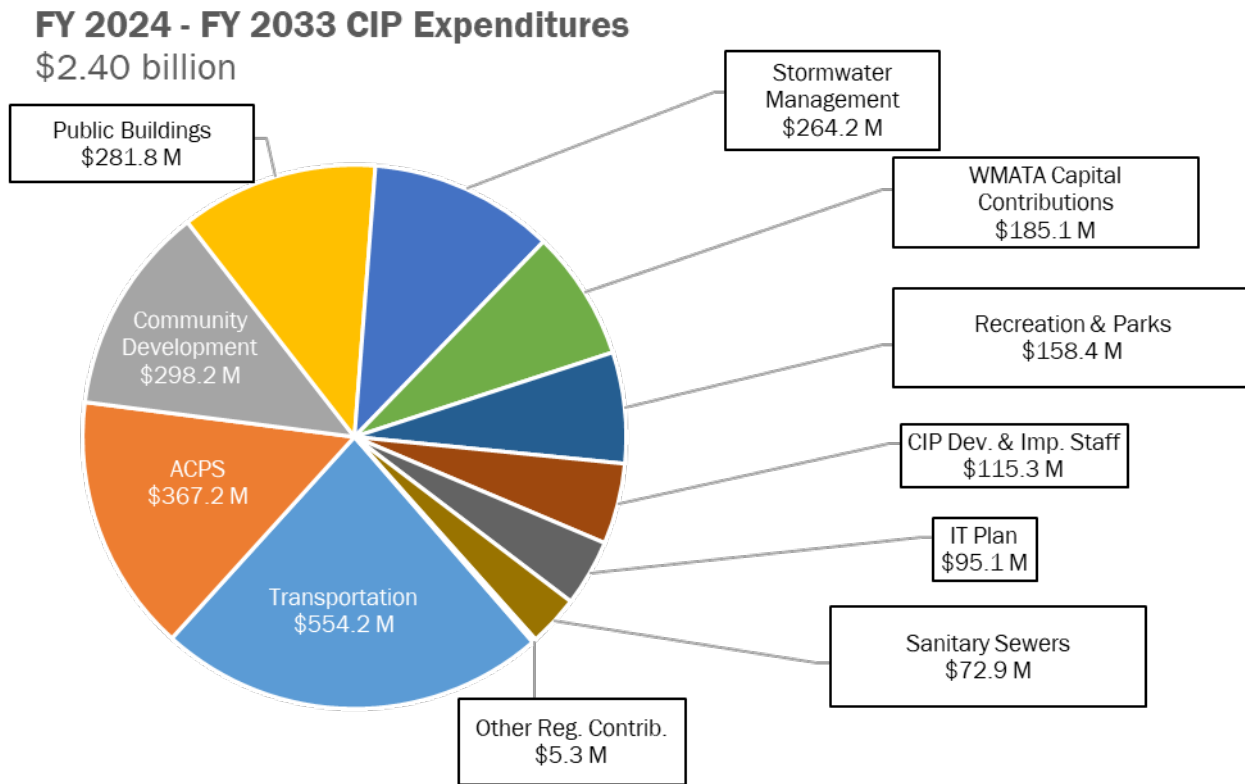


Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

FY 2024 – FY 2033 CIP Revenue (Sources) highlights include:

- Continued use of Northern Virginia Transportation Authority (NVTA) for both regional (Transit Corridor “C” – West End Transitway) and local (DASH bus replacements) projects. A total of \$134.4 million is budgeted from NVTA sources in the FY 2024 – FY 2033 Proposed CIP.
- The General Fund Cash Capital Transfer is above the City Council adopted target of 2.5% of General Fund expenditures annually, averaging 3.6% over the ten-year plan. The percentage as it relates to total General Fund expenditures in FY 2024 is 4.0%.
- The Proposed CIP reflects the one percent dedication of the restaurant meals tax to investments in Affordable Housing. This dedication, along with additional committed funds, totals \$73.3 million over the 10-year plan.
- Private capital contributions supporting capital infrastructure projects throughout the City totals \$2.6 million.
- Stormwater Utility Fees will provide an estimated \$109.5 million in cash funding for the Proposed CIP and an additional \$172.6 million in utility fee backed GO Bonds.
- State and federal grant sources provide \$258.5 million over the 10-year plan to support investments in the City’s transportation infrastructure, including improvements to streets, bridges, and intersections (\$54.9 million), public transit (\$111.1 million), and the City’s Smart Mobility Program (\$12.2 million).

FY 2024 – FY 2033 CIP Project (Uses) highlights include:



Proposed FY 2024 – FY 2033 Capital Improvement Program Overview



- The City Manager’s Proposed CIP provides \$367.2 million for Schools capital projects. This provides funding to maintain the anticipated funding level planned for FY 2024 – FY 2032 in the previously approved CIP to support ACPS identified capacity and non-capacity needs, along with an additional \$39.5 million in funding to support cost escalations to projects currently underway by the school division, and to address estimated cost increases associated with the George Mason Elementary School project, and \$34.5 million to support the Schools Boards funding request for FY 2033.
- The Proposed CIP includes \$252.3 million to fund the City’s Capital Facility Maintenance Programs (CFMPs) and other major renovations (i.e. City Hall).
- Stormwater funding totals \$282.1 million and is inclusive of the expanded and accelerate work program to address flood mitigation and stormwater infrastructure that was presented to City Council in January 2021.
- Funding for the Waterfront Plan and to construct flood mitigation infrastructure, totaling \$48.2 million for the Waterfront Flood Mitigation project. The construction funding for this project was split over FY 2023 (\$35.0 million) and FY 2024 (\$48.2 million). As the City continues to refine scope and design for this project, it is likely that the funding for this project will need to be revisited.
- Funding for implementation of the Transit Corridor “C” – West End Transitway totals \$62.2 million in the ten-year plan.
- Funding to continue the City’s Street Reconstruction and Repaving program totals \$63.3 million over the ten-year plan.
- DASH Bus Fleet Replacements total \$105.1 million over the ten-year plan, which will allow DASH to begin electrification of the bus fleet.
- WMATA capital funding totaling \$185.1 million. This capital support includes the City’s local match required as part of the recently enacted State dedicated funding. This amount does not include the planned use of NVTC proceeds from State and gas tax funding which the City will use to offset some of the capital costs.



Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

DEBT RATIOS, CASH CAPITAL, & DEBT SERVICE

The Proposed FY 2024 – FY 2033 Capital Improvement Program assumes borrowing in the amount of \$1.32 billion to fund the capital infrastructure needs identified throughout this document. Included in that amount are \$172.6 million in bonds for Stormwater Management projects backed by the Stormwater Utility and \$93.6 million to fund land acquisition and infrastructure investments to support redevelopment at the Landmark Mall site. A total of \$1.06 billion in bonds are planned over the ten years for other City projects, including Alexandria City Public Schools capital infrastructure needs (borrowing comprises \$354.5 million of future ACPS capital costs in the ten-year plan, primarily associated with school capacity projects).

While the ten-year CIP includes additional borrowing, the plan also assumes the re-payment of \$940.7 million in principal payments on prior year and planned bond issuances. Of this \$940.7 million in principal payments, \$103.0 million will be paid through Sanitary Sewer fees, Stormwater Utility fees, and Potomac Yard generated tax revenues. The debt service on the remaining bonds is paid back through the City's General Fund. This amount of debt planned is consistent with debt ratios that support the City's hard-earned AAA/Aaa bond ratings. Additional borrowing will impact the annual operating budget through increased debt service payments.

City Council Approved Debt Ratios

City Council passed a set of debt-related financial policies on June 9, 1987. During FY 1998, the Budget and Fiscal Affairs Advisory Committee (BFAAC), a City Council appointed citizen committee, analyzed these debt-related financial policies, and examined the City's financial condition in comparison to other jurisdictions with superior credit ratings (other double-triple A rated jurisdictions). The BFAAC and the City Manager recommended that City Council reaffirm the updated debt-related financial policies, incorporating BFAAC's recommended updates to the policies to establish a consistent set of appropriate relationships between debt targets and limits.

City Council reaffirmed its commitment to sound financial management and adopted the updated debt-related financial policies on December 9, 1997. City Council amended the policies on October 26, 1999, to allow priority consideration for an increase in the assignment of fund balance for capital project funding. On June 24, 2008, City Council adopted the City Manager's recommendation, endorsed by BFAAC, to revise the target and limit upward, reflecting the ratio of debt as a percentage of total personal income.

As part of the FY 2018 – FY 2027 CIP, City Council approved modifications to the City's Adopted Debt Ratios, endorsed by BFAAC, that (1) accommodate the City's current capital needs, (2) give the City the flexibility to meet future/unanticipated capital needs, and (3) maintain a fiscally moderate position for the City that is in line with regional comparators and what bond rating agencies would view as acceptable. The changes outlined as follows will continue to support the City's status as an AAA/Aaa bond rated jurisdiction.



Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

Debt Ratio	City Council Changes Adopted Debt Management Policies		
	Target	Limit	Exclusions
Debt as a Percentage of Fair Market Real Property Value	Set by CIP	2.50%	Sanitary Sewer & Stormwater Debt
Debt Service as a Percentage of General Government Expenditures	Set by CIP	12.00%	Sanitary Sewer & Stormwater Debt
10-Year Debt Payout Ratio	65.00%	50.00%	Debt Issuances Specific to Assets with a 20+ year Useful Life

Staff recommended changes to the Debt as a Percentage of Real Property Value and Debt Service as a Percentage of General Government Expenditures policies after comparing the City’s current policy and forecasted capital needs to the adopted policies and actual practices of relevant comparator jurisdictions. The ratios’ limits were adjusted to a level that was sufficient to address anticipated future needs, provide additional capacity for unanticipated needs, remain compatible with each other, and avoid another adjustment in the near future, while being considered reasonable by the rating agencies. The methodology for selection of the proposed rate included review by the City’s financial advisors.

The establishment of a 10-Year Debt Payout Ratio target of 50% formalizes the City’s current practice of structuring debt with level principal payments. Highly rated jurisdictions such as the City of Alexandria often structure debt using level principal payments.

Each year of the 10-year plan stays within these limits for the Debt as a Percentage of Fair Market Real Property Value, Debt Service as a Percentage of General Government Expenditures, and the 10-Year Debt Payout ratios.

Planned FY 2024 Borrowing

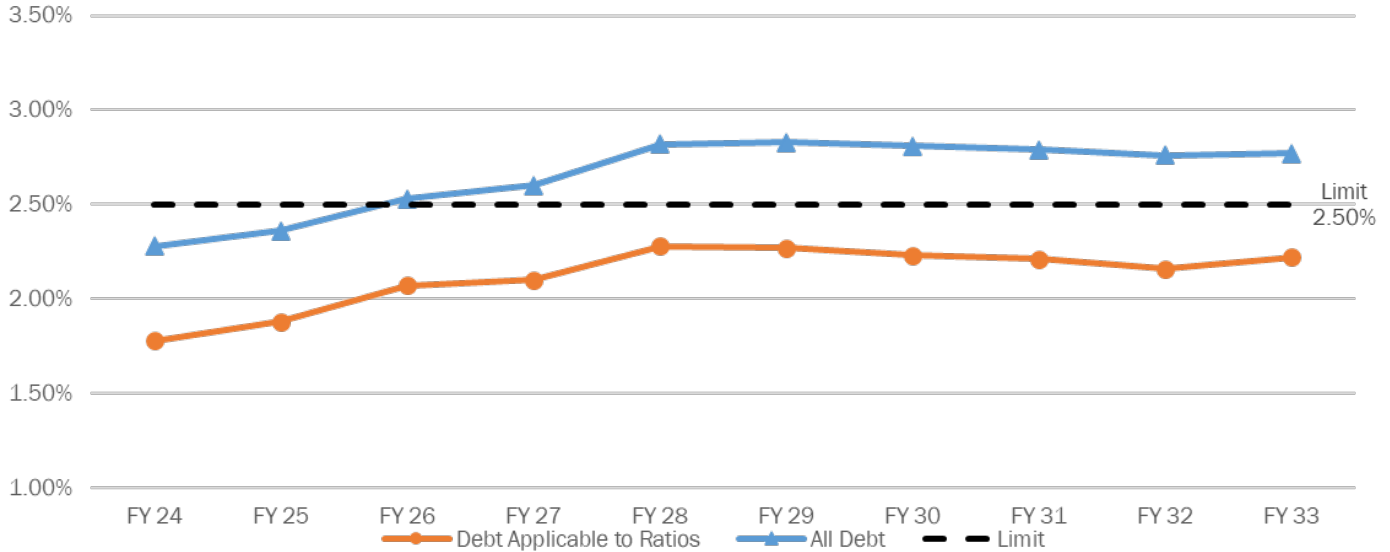
The Proposed FY 2024 Capital Budget identifies the use of \$220.6 million in authorized borrowing to support critical investments in City facilities, School Facilities, and transportation and environmental infrastructure. The City’s next contemplated bond issuance will differ in size and timing, based on staff’s analysis of the projected cash flow of existing on-going projects and through monitoring the schedules of newly planned and appropriated projects. Additionally, future bond issuances will need to address borrowing deferred based on previous cash flow forecasts (approximately \$461 million). As such, the debt ratio projections on the following pages and the debt service expenditures included in the Proposed Operating Budget reflect a borrowing schedule that accounts for both previously deferred borrowing and the assumption that the cash-flow needs of newly appropriated project may not require all of their bond proceeds during FY 2024.



Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

Debt as a Percentage of Fair Market Real Property Value

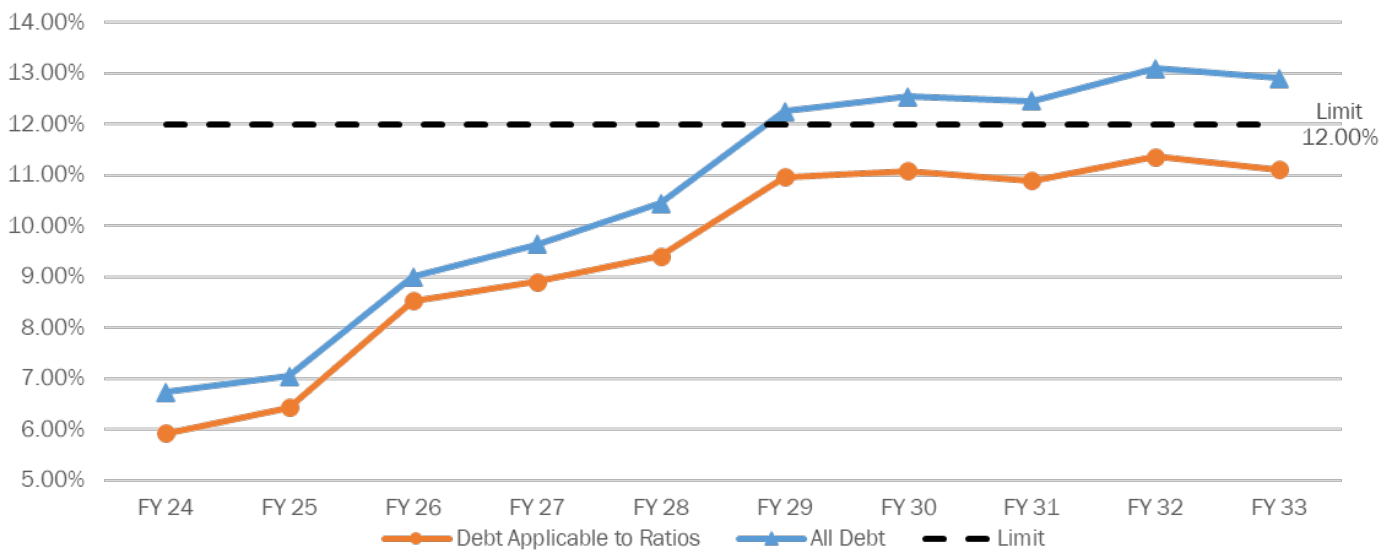
Limit = 2.50 percent; FY 2024 = 1.8 percent



This ratio indicates the relationship between the City’s debt and the full value of real property in the City as assessed annually at fair market value. It is an important indicator of the City’s ability to repay debt because real property taxes are the primary source of the City’s revenues used to repay debt. A small ratio is an indication that the City will be better able to withstand possible future economic downturns and continue to meet its debt obligations. The City will be in compliance with this debt ratio for all 10 years of the plan.

Debt Service as a Percentage of General Government Expenditures

Limit = 12.0 percent; FY 2024 = 5.9 percent



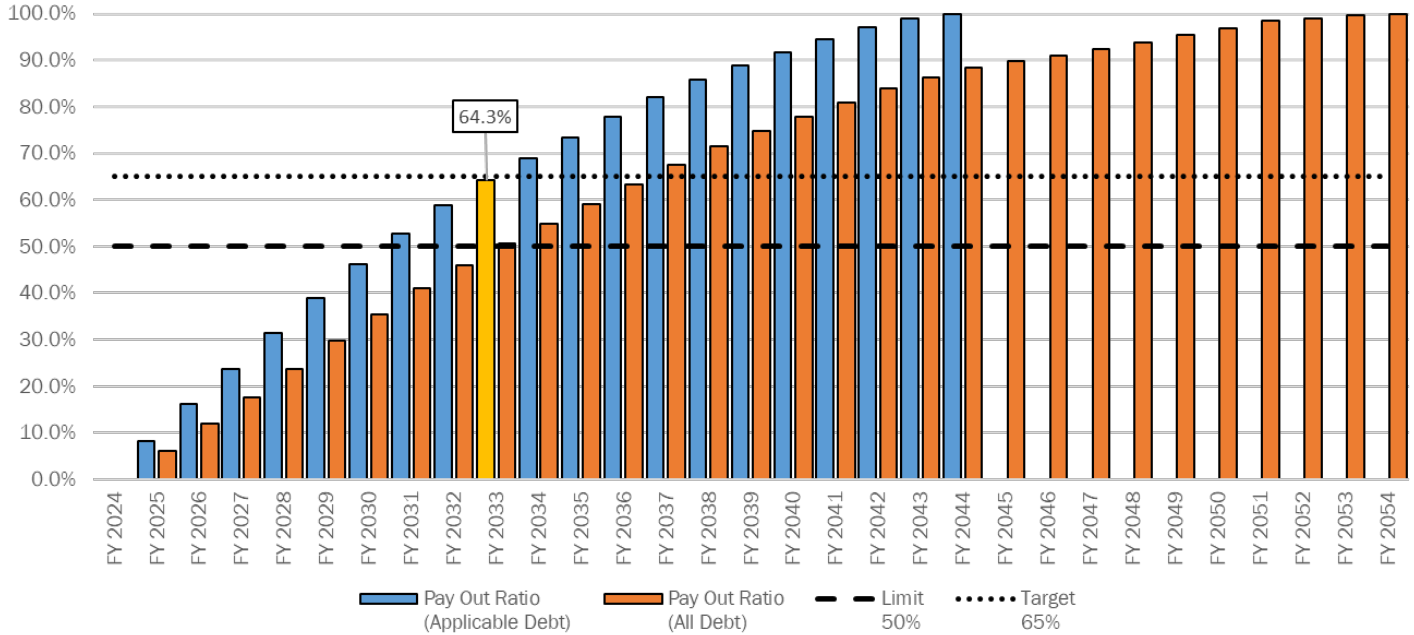
This ratio is a measure of the City’s ability to repay debt without hampering other City services. A small ratio indicates a lesser burden on the City’s operating budget. The City will be in compliance with this debt ratio for all 10 years.



Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

10-Year Debt Payout Ratio

Limit = 50.0 percent; Target = 65.0 percent; FY 2024 = 64.3 percent



This ratio compares how much debt is structured to be paid off in a given period of time. A more aggressive repayment structure results in a higher ratio. The speed of the repayment of outstanding debt is one of the areas in which local governments are evaluated by the bond rating agencies. A payout ratio at or greater than 50 percent is typically viewed favorably and as best practice for municipal debt management.

This adopted debt management policy includes exemptions for debt issuances specific to assets that have a useful life of 20 years or greater. This City’s borrowing plan incorporates longer-term debt instruments for the Potomac Yard Metrorail Station and infrastructure improvements for redevelopment at the Landmark Mall site. When factoring in these longer-term issuances, the City’s 10-year debt payout ratio is 50.8%. This payout schedule is reflected in orange bars on the graph above, whereas the blue bars represent only debt applicable to this ratio.



Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

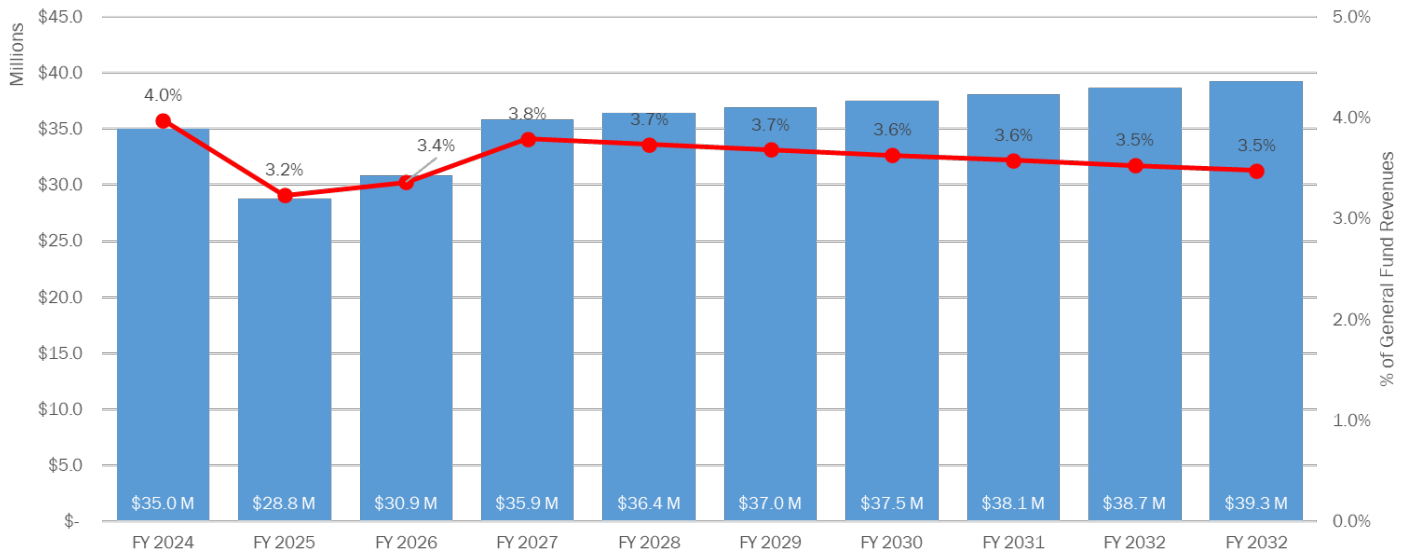
General Fund Cash Capital Transfer

City Council adopted, in January 2015, a General Fund Cash Capital Transfer target of 2.5% and a “floor” of 2.0% of General Fund expenditures to support the CIP. Providing a minimum and a target helps ensure that cash capital will be maintained at a healthy level, while maintaining flexibility in setting budget priorities between the annual General Fund Operating Budget and annual cash capital transfer from the General Fund to the CIP.

This cash capital policy provides City staff the flexibility to develop sustainable and affordable General Fund support to the CIP through debt service paid on General Obligation Bonds and a recurring cash capital transfer supporting City Council capital infrastructure priorities in the ten-year CIP. Furthermore, this policy ties the cash capital closely to the General Fund, and allows cash capital to grow or decrease proportionally with the General Fund, while still providing the necessary resources to maintain the City’s capital infrastructure. The Proposed 10-year CIP reflects a cash capital transfer equal to 3.6% of General Fund expenditures.

The chart below details the planned level of the General Fund Cash Capital Transfer in each year of the CIP along with the percentage of estimated General Fund expenditures comprised by the General Fund Cash Capital Transfer. The General Fund Cash Capital Transfer represents 33.2% of all cash sources used to finance the ten-year plan.

General Fund Cash Capital Transfer - FY 2024 - 2033



The Proposed CIP contemplates a decrease in cash capital in FY 2025 and FY 2026 to offset increases in debt service that are forecasted to occur. The main drivers of debt service increase will be the debt issued to support the Schools’ High School and Douglas MacArthur Elementary School projects, land acquisition related to the Landmark Mall site redevelopment, and the purchase of the City’s West End Service Center office building. To offset this reduction in cash capital, the CIP will utilize portions of the fund balance designation for future capital improvement projects to ensure adequate pay-as-you-go cash funding is included in the CIP.



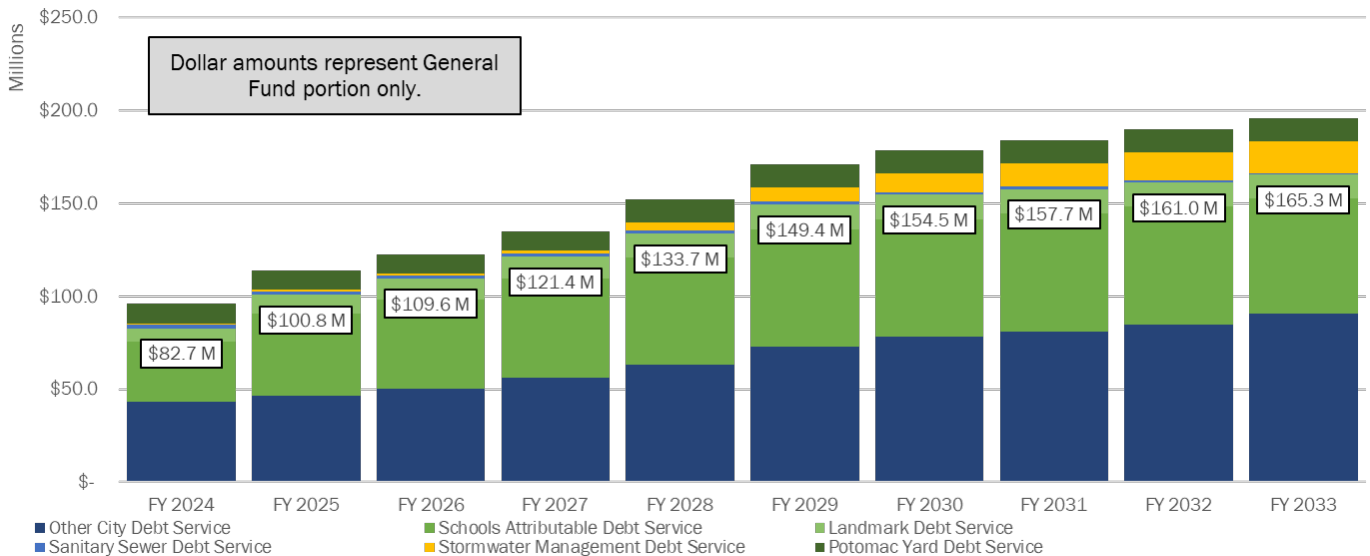
Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

Debt Service

While the City stays within fiscally prudent debt guidelines for General Fund supported projects, debt service payments will continue to grow in order to fund the debt service on previously issued and planned debt issuances. As debt service continues to grow (as evidenced in the chart below), and City revenues continue to experience minimal to moderate growth, the City will be facing a tax rate increase and/or a capital/operating funding set of decisions. The chart below provides details on the projected debt service payments for both existing debt (issued through FY 2023) and planned debt (FY 2024 through FY 2033). It should be noted that the charts below accurately depict the large long-term increase of debt service needed to fund currently planned projects, however near-term debt issuances will need to be further smoothed out by closely monitoring cash-flow needs or reconsidering project scopes and timing, to make year to year increases more sustainable.

Debt service is broken down into six categories – General Fund Supported Debt Service, Sanitary Sewer Debt Service, Stormwater Management Debt Service, Potomac Yard Debt Service (which is paid for by Potomac Yard generated tax and developer revenues), and Landmark Debt Service. In FY 2024, \$95.8 million is estimated for debt service payments, of which \$2.7 million will be paid from the Sanitary Sewer Fund and the Stormwater Utility enterprise funds, \$10.4 million will be paid from the Potomac Yard fund, and \$2.3 million will be paid by capitalized interest bond proceeds related to Landmark Mall site redevelopment.

FY 2024 - 2033 Debt Service Attribution





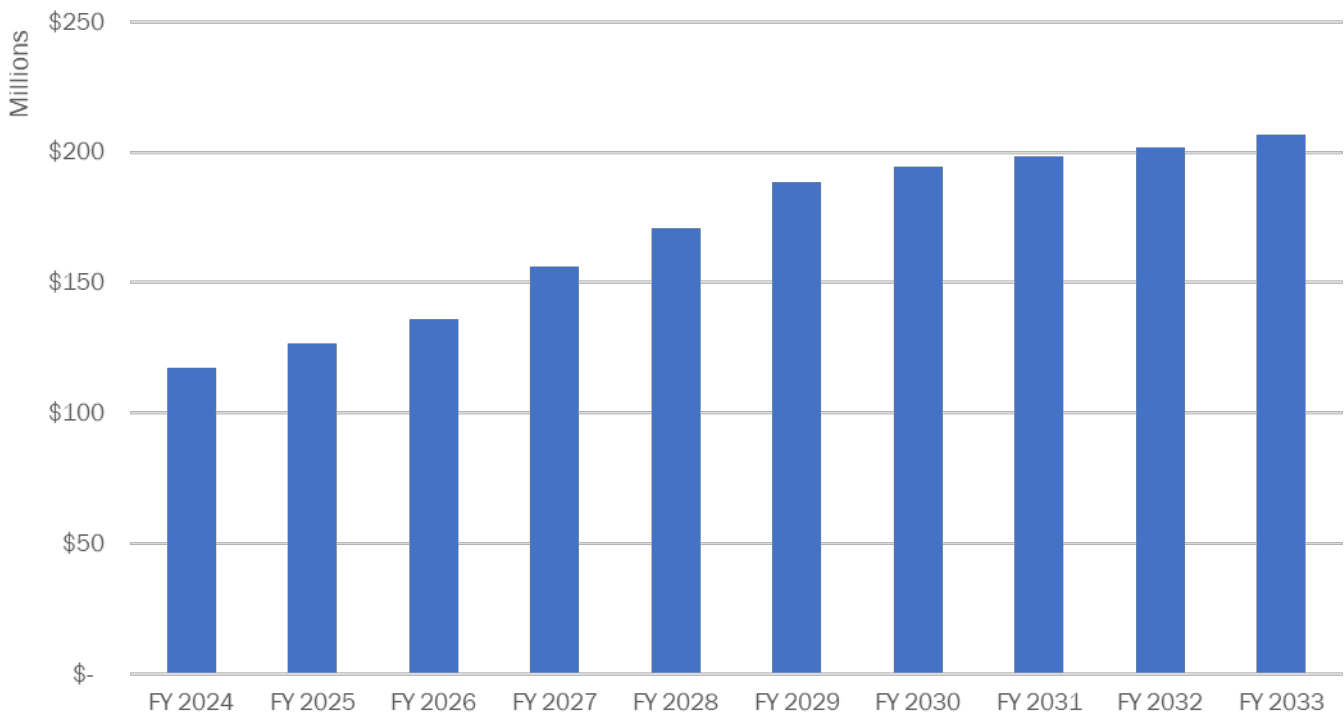
Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

GENERAL FUND SUPPORT OF CAPITAL PROGRAM

The Proposed FY 2024 – FY 2033 CIP represents a substantial commitment and investment in the City and School’s capital needs, resulting in a total 10-year capital spending plan of \$2.40 billion.

Although the City continues to pursue a diversified funding stream for the CIP, including \$398.2 million in Non-City funds in the Proposed 10-year plan, financing the capital program will require a significant investment of both cash capital from- and borrowing serviced by the City’s General Fund. The Proposed CIP contemplates a use of direct cash capital and borrowing (and the debt service that this requires) that will result in \$1.7 billion of general fund operating budget expenditures over the course of the 10-year plan.

General Fund Operating Budget Support of Capital Program



The general fund support of the CIP is forecasted to grow at an annual average rate of 6.6%, significantly higher than the experienced rate of general fund revenue growth. Executing the Proposed 10-year capital investment plan will ultimately require significant allocation of additional general fund sources to meet cash capital and debt service needs, which would need to be achieved via tax rate increases, significant reductions in the General Fund operating budget, or a combination of both. Subsequent capital investment plans will continue to monitor and adjust the capital program to ensure affordability and sustainability of the plan.



Proposed FY 2024 – FY 2033 Capital Improvement Program Overview

ADDITIONAL OPERATING IMPACT

In addition to the General Fund impacts of both the Cash Capital transfer and debt service payments, the CIP also has operating impacts based on the actual projects implemented. These costs can be as simple as additional operating funding to maintain a new park, to utility costs and staffing costs associated with operating a new City facility.

Operating Impact estimates were collected during the FY 2023 – 2032 CIP development process. These impacts were projected out to FY 2033 in the Proposed FY 2024 – FY 2033 CIP, and impacts are noted on applicable individual project pages of the Capital Improvement Program document. While not all impacts will be charged against the General Fund, the estimated operating impact could be as much as \$18.7 million in additional resources needed in FY 2033 as a result of City capital projects (excluding the operating impacts of ACPS capital projects).

In some cases, these additional increases noted may be offset with new revenues or transitioning from shifting priorities or changing business practices within the City. Additional operating impacts are updated bi-annually and are refined as the project moves closer to the current capital year budget. The chart below indicates the additional operating impact by fiscal year. Year 1 of the Capital Improvement Program does not identify any additional operating budget impacts, as these costs will be reflected in departmental operating budgets.

FY 2024 - FY 2033 CIP Annual Operating Impact (All Funds)

