
FY 2011 – FY 2020
Capital Improvement Program
Overview

PAGE INTENTIONALLY LEFT BLANK

The City of Alexandria's Capital Improvement Program (CIP) is a comprehensive plan, which identifies capital projects related to the City's future infrastructure needs and the corresponding funding required to meet those needs.

The CIP addresses two broad areas of expenditure:

- Protection of the City's investment in existing public facilities or infrastructure (physical assets); and
- Planning and construction of major new public facilities and infrastructure, including new or replacement Information Technology systems.

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 ten-year period.

The adoption of the ten-year CIP is neither a firm commitment to a particular project nor a limitation to a particular cost. As a basic tool for 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 (FY 2011) represents a funding commitment for the project to proceed to the next stage, or to be implemented depending on the level of funding provided.

Definition of a Capital Project

- *Greater than \$10,000*
- *Acquires or improves physical assets with useful life of 3 or more years*
- *Not day-to-day maintenance*

The City defines a capital project expenditure (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. 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.

FY 2011 – FY 2020 Capital Improvement Program Overview

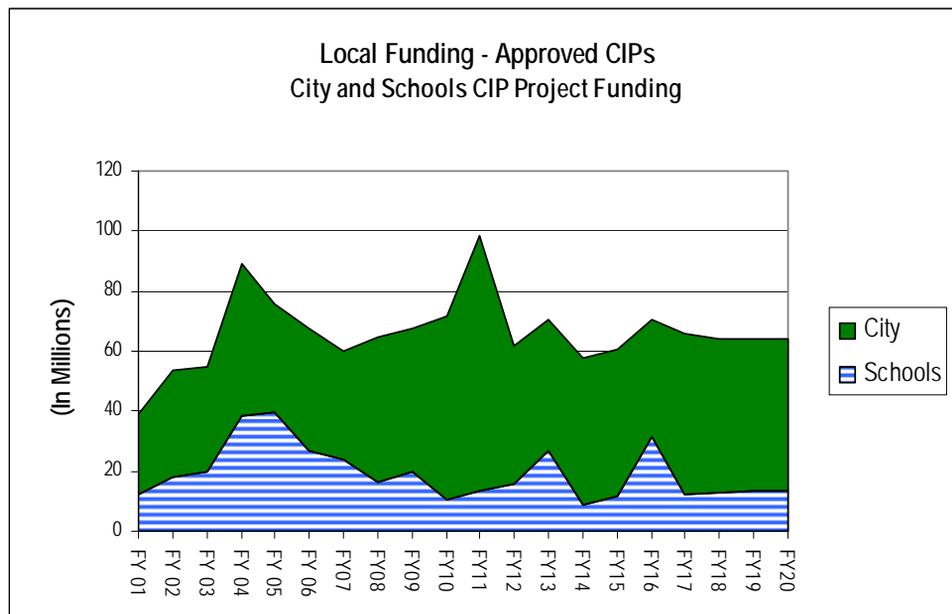
The FY 2011 – FY 2020 Capital Improvement Program represents the first time the City has published a ten-year capital plan rather than a six-year plan. For purposes of more valid, “apples to apples” comparisons, the majority of comparisons to prior year CIP’s illustrated in this document will look at the first six years (FY 2011 – FY 2016) of the Proposed Plan. (In future CIP’s, comparisons between the full ten years of planned project funding will be standard.)

The City Manager’s Proposed FY 2011-FY 2020 Base Capital Improvement Program totals \$612.4 million in local funding, and \$627.7 million in total funding. The first six years of the base plan total \$366.9 million in local funding, which represents an increase of 3.1 percent in local funding over last year’s CIP.

Including all three options for additional funding and spending on public infrastructure, the CIP totals \$454.9 million, which represents an increase of 14.2% over last year’s All Funds CIP.

FY 2010 Approved to FY 2011 Proposed "6 Year" and "10 Year" Plans				Change FY'10 Approved to FY'11 "6 Year"	
	FY 2010 Approved	FY 2011 "6 Year"	FY 2011 "10 Year"	\$	%
City Base CIP	\$355.8	\$366.9	\$612.4	\$11.1	3.1%
Special Revenues	\$14.5	\$11.3	\$15.3	-\$3.2	-22.1%
TOTAL BASE CIP	\$370.3	\$378.2	\$627.7	\$7.9	2.1%
Sanitary Sewers	\$28.1	\$46.9	\$15.5	\$18.8	66.9%
Stormwater Utility	-	\$16.6	\$29.0	-	-
Transportation Tax	-	\$13.2	\$13.2	-	-
GRAND TOTAL CIP	\$398.4	\$454.9	\$685.4	\$56.5	14.2%

The chart below shows the portion of local CIP funding dedicated to Schools capital projects versus City capital projects from FY 2001 – FY 2020. The peak in FY 2011 represents the second and largest year of funding for the New APD Headquarters. The two smaller peaks in FY 2013 and FY 2016 represent the planned construction of two new replacement elementary schools.



City Council gave the City Manager specific guidance on the CIP for FY 2011 – FY 2020.

The budget guidance given by City Council in November 2009 contained language specific to the Capital Improvement Program. The language contained the following instructions:

- The levels of “pay-as-you-go” cash capital and borrowing through general obligation bonds should not exceed those assumed in the FY 2010 Approved CIP; and
- Proposed a stormwater utility fee as necessary and appropriate for the provision of additional stormwater management capital projects.

City Council also directed that the City Manager could propose additional CIP projects above those currently funded if deemed necessary, but an appropriate source of revenue for additional projects must also be identified for consideration.

The City Manager’s Proposed Capital Improvement Program (CIP) will focus most available resources allowable under Council guidance on maintaining existing City and School facilities and public infrastructure. The prioritization process included funding most projects that involved repairs, renovations and upkeep of public facilities and infrastructure. Some major renovation projects had to be delayed to later years, but largely all those projects have been planned for some time in the decade. A limited amount of resources within the allowable funding levels are planned for a small number of new facilities and expanded or improved infrastructure on a staggered basis over the next 10 years.

Three additional options are proposed for Council consideration above the base operating budget and CIP as allowed by the Council budget resolution. In our opinion the case for these improvements is so strong that the question is not whether these programs need to be significantly enhanced, but when and exactly how to pay for them.

- To increase storm water management capacity and protect our region’s waterways and the Chesapeake Bay a Storm Water Management fee is proposed that would cost the average homeowner \$48 a year. \$19 million in improvements would be funded over 10 years by this fee and additional borrowing secured by this fee.

- To meet sanitary sewer capital and operating needs, another option is presented for an increase in the sanitary sewer usage fee (to \$1.25 per 1000 gallons of water used from \$1.00). The average residential user would pay \$17.50 more a year – a 25% increase. These funds and the borrowing it will allow would provide \$13 million more over the next 10 years. Without these funds we also may have difficulty meeting Clean Water standards. Previously, the City has committed to having users pay for these improvements through this fee and a fee imposed on new development.

- To provide for much needed transportation improvements, an option of a 3 cent tax on commercial real estate for this purpose is provided for Council consideration. Although no additional real estate tax on commercial properties for transportation purposes is included in the base budget per Council guidance, a 3 cent tax is proposed as an option, which is allowed by the Council resolution. Such a fee would provide for the capital and related operating costs of high capacity transit corridors, peak period bus service, METRO station improvements, and alternative transportation initiatives. Without such a tax, these improvements cannot be funded from existing available revenue sources.

Process to Develop the Proposed CIP for FY 2011 – FY 2020

Development of Departmental Submissions

The appetite for capital investment in the Alexandria community continues to exceed the City's funding limitations for the fourth consecutive year. The FY 2008 – FY 2013 Approved CIP identified \$85.3 million of projects above what the City projected for revenues under the approved tax rates and tax structure. This shortfall number was \$61.3 million in the FY 2009 – FY 2014 Approved CIP. And then in the FY 2010 – FY 2015 Approved Capital Improvement Plan, the gap between requested capital expenditures and the City funding capacity had grown to \$124.1 million. For FY 2011, the gap between funding requests and funding limits grew to over \$200 million.

The City Manager's goal for the FY 2011 – FY 2020 CIP was to confront and deal with the funding shortfall directly and build a ten-year plan that meets the most critical needs of the City and community while assuming realistic funding levels in each year.

In order to accomplish the goal of a true, balanced ten-year plan, the first step required City staff to differentiate between the most needed projects and other less important projects (i.e. necessary vs. desirable), and then determine realistic time constraints and logistical considerations for the higher priority projects. Departments were instructed to only request funding for projects that maintain existing City assets or service levels. The only exceptions to this guidance allowed for projects that answered a public safety concern or a specific pressing business need, or where additional funding was needed to finish a partially-completed project. The \$200 million funding gap persisted despite Departments honoring this guidance.

The funding gap for the CIP continued to grow in the FY 2011 – FY 2020 Proposed CIP to over \$200 million.

All Department project requests were initially prioritized into three projects groups.

The CIP Steering Committee reviewed and prioritized over 240 existing, new, or revised projects.

CIP projects were first categorized into two categories: Maintain and Improve.

CIP Steering Committee and Priority Setting Process

The CIP Steering Committee is comprised of four department heads, OMB staff, ACPS staff, and two Deputy City Managers, and is charged with recommending CIP project priorities to the City Manager from among the many requested and needed projects within the City. The specific plan and priorities for the City Manager's FY 2011 - FY 2020 Proposed CIP were initially developed by the City's internal staff CIP Review Committee and then finalized by the City Manager.

Member Departments of the CIP Steering Committee began generating project requests for the FY 2011 CIP in July 2009. As projects were identified, Departments were asked to categorize them into one of three potential groups. These groups were:

- Group 1: Ongoing Maintenance – annualized funding streams that cover an ongoing maintenance need for an existing City asset;
- Group 2: Major, Stand-alone Maintenance Projects – 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; and
- Group 3: New, Improvement Projects – projects that result in a new or expanded level of service and can be scheduled.

Once Departments categorized the project submissions, the CIP Steering Committee reviewed all the requests and made adjustments to the identified project categories as necessary. Once this exercise was complete, the Steering Committee had a rough order of initial priority, with Group 1 projects considered the highest priority. Group 2 projects were scheduled next for an appropriate time period given logistical and funding constraints. Group 3 projects were considered the lowest initial priority. This methodology is a slight variation on staff prioritization exercises from past CIP's.

A second component of the Department submissions pertained specifically to Group 1 projects. For these ongoing maintenance funding streams, Departments were required to either identify industry standards to benchmark annual levels of effort, or to produce lists of specific deferred maintenance items planned to be addressed. These specific maintenance project plans were to extend a minimum of three years into the future. This process was further validation that the City has been steadily falling behind in many aspects of regular facility maintenance.

The Steering Committee discussed all Group 1 projects at length and reviewed evidence speaking to both the essential nature of the projects as well as the requested level of funding. An objective of the FY 2011 CIP is to establish a consistent and sufficient level of annual funding for both City and School Group 1 projects that can be the assumed baseline for the CIP each and every year.

Group 1 (ongoing maintenance) project funding levels should be justified annually, but should not be competitive with projects that expand or improve service levels.

Subgroups Maintain Group 1 through Improve Group 2 were funded in the FY 2010 and FY 2011 proposed plans. The 1-Penny Priority Group was shown next. The remaining groups were unfunded in the proposed plan.

Once the Steering Committee initially agreed upon appropriate funding levels for the Group 1 projects, they were purposefully set aside from the remaining prioritization exercises. The City and Schools Group 1 funding total starts around \$20 million in FY 2011 and gradually grows to around \$34 million by FY 2020. It is anticipated that after several years of appropriately scheduled maintenance and significant catch-up on deferred maintenance, this level of annual investment will begin to decline. For now, while it will be important to review justification for these Group 1 funding requests each year, it is equally as important that these funds be given priority during the strict competition for funds that occurs each year. The City cannot afford to sacrifice its current assets in order to grow its service levels.

Once the Steering Committee set the Group 1 baseline for the CIP, it was a simple mathematical equation to determine the level of remaining funding available below the funding guidance limits set by City Council. The next step was to discuss the Group 2 project requests. While these projects are every bit as important as Group 1 projects, both the scope and timing of the projects are often flexible. The Steering Committee heard justifications from requesting Departments covering both the funding levels and scheduling. A scheduling window was identified for these projects, with both earliest desirable and latest possible completion dates. Using these windows an initial prioritization was set, with earlier implementation dates being considered inherently more essential.

The Steering Committee underwent the same exercise for Group 3 project requests as it had for Group 2 projects. The only significant difference in the Group 3 exercise was that certain projects were deemed likely candidates for exclusion for the ten-year plan and were tentatively removed from the list.

Once the Steering Committee completed discussion of the entire FY 2011 – FY 2020 submission, a new strategy had to be implemented. In past years, the Steering Committee, City Manager, and City Council have primarily focused on the first year of the CIP, with significant discussion covering the second and third years and only a small amount of discussion of projects in the last three plan years. Because the FY 2011 CIP is intended to be a fully developed and balanced ten year plan, having the Steering Committee deliberate on decisions for all ten years would have taken far more time than was practical.

Instead, the Office of Management and Budget took the input from the CIP Steering Committee and produced a "Straw Man" CIP that sought to fit Group 2 projects within acceptable windows whenever possible, and provide funding for Group 3 projects when available and prudent. This OMB Straw Man CIP was then returned to the Steering Committee for comments and concerns. These changes were incorporated where the Committee agreed and a recommended ten-year plan was presented to the City Manager.

FY 2011 – FY 2020 Capital Improvement Program Overview

	Unallocated Balance	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	TOTAL
Group 1 Projects - City	\$11,704,147	\$14,262,867	\$17,869,808	\$17,790,860	\$17,925,059	\$20,122,332	\$19,331,679	\$22,341,100	\$21,942,594	\$21,742,594	\$21,002,594	\$194,331,487
Non-Capacity CIP - Schools	\$300,000	\$5,968,267	\$10,194,616	\$7,113,000	\$9,000,000	\$11,365,000	\$11,000,000	\$12,000,000	\$13,000,000	\$13,500,000	\$13,366,000	\$106,506,883
IT PLAN	\$3,393,131	\$4,300,000	\$2,500,000	\$2,770,000	\$2,500,000	\$2,500,000	\$2,132,500	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$26,702,500
Group 2 Projects												
Public Safety Center Slab	\$0	\$1,330,000										\$1,330,000
Edsall Road	\$1,000,000	\$1,000,000										\$1,000,000
Chiniquap (renovations)	\$0	\$0	\$1,600,000				\$1,000,000		\$2,000,000			\$6,600,000
k-9 Facility Renovation	\$0	\$0	\$0				\$270,000					\$270,000
CAD/RMS Replacement System	\$0	\$600,000	\$1,000,000	\$14,000,000	\$19,000,000	\$10,000,000	\$6,800,000					\$34,600,000
City Hall HVAC	\$0	\$0	\$0		\$1,200,000	\$200,000						\$18,000,000
Burn Building	\$0	\$0			\$200,000	\$200,000	\$250,000					\$200,000
Athletic Field Restrooms	\$0	\$0			\$100,000	\$3,000,000	\$300,000	\$300,000		\$100,000		\$6,200,000
Marina Dredging	\$0	\$0					\$500,000	\$3,250,000	\$3,000,000			\$6,750,000
Market Square Renovations	\$0	\$0					\$1,000,000	\$1,000,000	\$1,000,000		\$1,000,000	\$5,000,000
Madison/Montgomery Street	\$350,000	\$0						\$1,435,000				\$1,435,000
Street Reconst. Rev Sharing	\$0	\$0						\$2,000,000				\$3,000,000
Pistol Range	\$0	\$0						\$2,500,000	\$2,500,000			\$10,000,000
Pavement Repairs in Parks	\$0	\$0						\$400,000	\$400,000			\$800,000
Artificial Turf Field Program	\$1,425,500	\$0						\$10,885,000	\$9,900,000	\$5,600,000	\$6,500,000	\$96,235,000
Median Conversion	\$0	\$2,930,000	\$2,600,000	\$14,000,000	\$20,500,000	\$13,200,000	\$10,120,000	\$10,885,000	\$9,900,000	\$5,600,000	\$6,500,000	\$96,235,000
Subtotal Group 2 Projects	\$2,775,500	\$2,930,000	\$2,600,000	\$14,000,000	\$20,500,000	\$13,200,000	\$10,120,000	\$10,885,000	\$9,900,000	\$5,600,000	\$6,500,000	\$96,235,000
Group 3 Projects												
APD Facility	\$0	\$44,860,200	\$2,000,000									\$46,860,200
Other ACP's Capacity (modulars, etc.)	\$0	\$7,596,000	\$2,100,000									\$9,696,000
Fire Station 210 (Eisenhower Ave)	\$1,450,000	\$2,135,000	\$11,210,000									\$13,345,000
Emergency Ops Center	\$0	\$200,000	\$3,500,000	\$19,500,000								\$1,950,000
School Site #1 (P.H. w/ RPCA Space)	\$0	\$0	\$205,545	\$205,545								\$411,090
4 Mile Run Park&Stream (STAG March)	\$300,497	\$0	\$205,545	\$205,545								\$6,200,000
Fire Station 203 (Cameron Mills)	\$0	\$0		\$600,000		\$5,600,000	\$20,500,000	\$5,000,000				\$21,000,000
School Site #2	\$0	\$0					\$500,000	\$250,000				\$5,500,000
Windmill Hill Bulkhead	\$784,953	\$0						\$100,000	\$250,000			\$1,700,000
Lower King Street Flooding	\$0	\$0					\$200,000	\$1,500,000				\$1,250,000
City Marina Seawalls	\$0	\$0					\$250,000	\$1,000,000				\$1,200,000
City Marina Utility System	\$0	\$0					\$700,000	\$3,000,000	\$6,000,000			\$9,700,000
Emergency Govt Relocation Center	\$300,000	\$0						\$300,000	\$300,000	\$300,000		\$1,200,000
Fire Station 207 (Duke Street)	\$0	\$0						\$700,000	\$3,000,000	\$6,000,000		\$9,700,000
Public Art Acquisition Program	\$0	\$0										\$3,700,000
Fire Station 206 (Seminary)	\$0	\$0										\$3,000,000
Fire Station 205 (Cameron Street)	\$0	\$0								\$700,000	\$3,000,000	\$3,700,000
City Spray Parks (Aquatics Solution)	\$0	\$0								\$2,000,000	\$1,000,000	\$3,000,000
Miracle Field	\$0	\$0									\$570,000	\$570,000
Subtotal Group 3 Projects	\$2,835,450	\$54,791,200	\$20,765,545	\$19,705,545	\$600,000	\$6,100,000	\$22,250,000	\$12,950,000	\$9,300,000	\$9,000,000	\$4,870,000	\$160,332,290
Allowance for Inflation or Additional Projects				\$4,141	\$3,063	\$173,795	\$532,416	\$1,991,876	\$4,382,195	\$8,354,199	\$12,882,633	\$28,324,318
TOTAL	\$21,008,228	\$82,252,334	\$53,929,969	\$61,383,546	\$50,528,122	\$53,461,127	\$65,366,595	\$62,667,976	\$61,024,789	\$60,696,793	\$61,121,227	\$612,432,478

FY 2011 – FY 2020 Capital Improvement Program Overview

The FY 2011 Proposed CIP includes ten years of planned capital projects, as opposed to six.

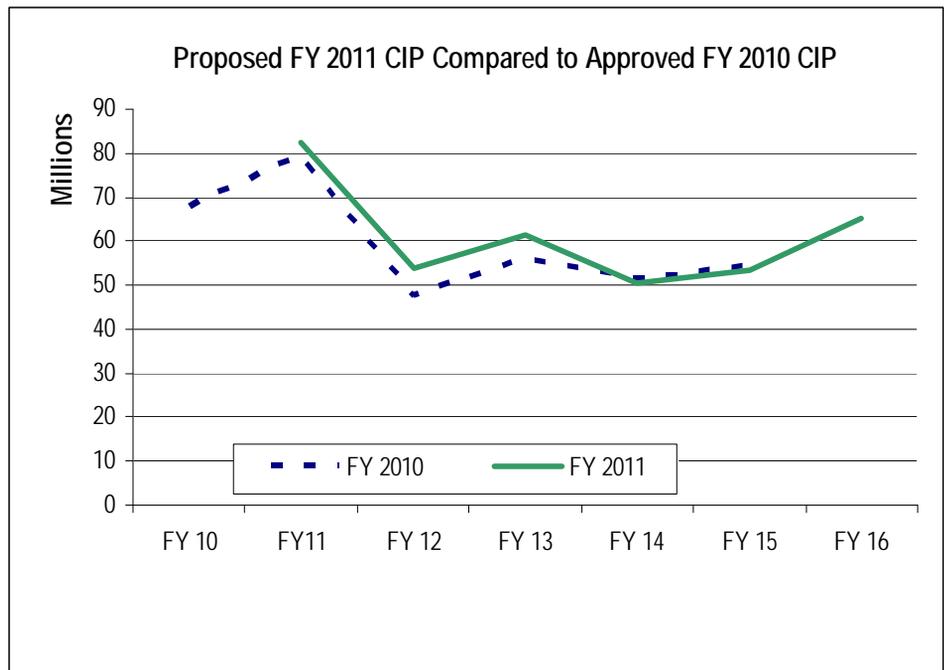
The slight increase in planned spending in FY 2012 and FY 2013 over last year's CIP is attributable to the use of Fund Balance resulting from a projected 2011 tax rate increase, sale of City property revenues, and prior year unallocated funds.

Three proposed CIP modules include planned projects above the Base CIP that are funded with new, dedicated funding streams.

A funding gap of over \$90 million exists in the FY 2011 – FY 2020 Proposed Capital Improvement Plan.

The City Manager's Proposed Plan

The City Manager's FY 2011 – FY 2020 Proposed CIP differs from previous plans in that it includes ten years of planned projects, with corresponding revenues to balance expenditures in each of the ten years. The Proposed Base CIP contains total planned projects of \$612.4 million over ten years, of which \$366.9 million are planned for the first six years of the plan (FY 2011 – FY 2016). For the FY 2011 Proposed CIP, the Base CIP includes all projects funded from general City funds, including cash capital, general obligation bonds, and other one-time cash sources. The All Funds Base CIP would include all the Base CIP projects as well as projects funded with intergovernmental revenues, such as grants, revenue sharing, and earmarks.



In addition to the Base CIP, the FY 2011 – FY 2020 Proposed CIP includes three additional “modules,” which are each funded by special dedicated fees or taxes and have restricted uses. These modules include a Sanitary Sewer Fund module (\$55.5 million), Stormwater Utility module (\$29.0 million), and a 3-cent Commercial Add-on Tax for Transportation module (\$13.2 million).

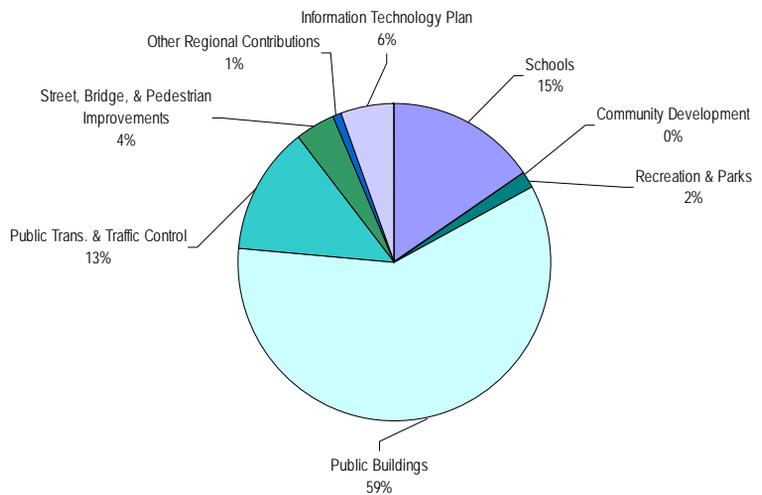
There are still many identified capital project needs that are not met in the City Manager's Proposed CIP. At the November 2009 City Council Budget Retreat, the total reported CIP shortfall exceeded \$120 million over six years. By the time all the project requests were received, this shortfall exceeded \$200 million. Although some of this shortfall has been mitigated by spreading out the planned implementation of projects over ten years (rather than six) as well as the use of new funding sources (the three CIP “modules”), over \$90 million in project requests are not included in the FY 2011 Proposed CIP.

The Proposed Base FY 2011 capital budget includes \$87.7 million in total funding and \$82.3 million in local funding.

FY 2011 Proposed CIP Expenditures

The total Proposed Base CIP for FY 2011 is for \$87.7 million, which includes \$5.5 million in grants and other special revenues. The locally funded CIP is \$82.3 million, a \$3.0 million (3.8%) increase from what was previously planned for FY 2011 in last year's Approved CIP. The additional project spending is funded through the use of re-appropriated prior year unallocated balances that are no longer needed in the immediate future for their projects.

FY 2011 All Funds Base Capital Budget By Project Category
(\$87.7 million)



A summary of the FY 2011 major capital budget highlights follows:

Public Buildings:

- \$44.9 million for construction work on the New Police Facility
- \$1.3 million for the Public Safety Center Slab Replacement project
- \$1.1 million for the City's Capital Facility Maintenance Program
- \$2.1 million for design of the new Fire Station 210 (Eisenhower Ave.)

Schools:

- \$13.6 million for Alexandria City Public Schools, including \$7.7 million to implement short-term solutions to the capacity issues, \$1.1 million to implement ADA-necessitated projects, and \$1.7 million for EcoCity-based maintenance projects that seek to create more efficient school facilities.

Highlights of the FY 2011 Capital Budget

Public Transportation and Traffic Control:

- \$7.0 million for the City's contribution to forthcoming WMATA "Metro Matters II"
- \$0.8 million for Traffic Signals and Signs Equipment
- \$1.8 million for DASH replacement buses

Street, Bridge, and Pedestrian Improvements:

- \$2.0 million for Edsall Road reconstruction to be offset by \$1.0 million in state revenue sharing
- \$0.6 million to maintain the City's bridges
- \$0.3 million for Non-Motorized Transportation projects for safety and mobility

Community Development:

- No new base funding is planned in the Community Development section for FY 2011. Prior year balances will be used for Stream, Channel, and Waterway Maintenance needs.

Recreation and Parks:

- \$1.5 million is budgeted for the various maintenance programs supporting recreation and park facilities, including \$0.5 million for maintenance in neighborhood recreation facilities and \$0.2 million to continue the playground renovation program.

Other Regional Contributions:

- \$0.36 million for the City's capital contribution to the Northern Virginia Regional Park Authority
- \$136,273 for the City's annual capital contribution to Peumansend Creek Regional Jail
- \$136,732 for the City's capital contribution to the Northern Virginia Community College

Information Technology:

- \$4.9 million for Information Technology Plan projects, including \$2.2 million for the new Payroll / Human Resources system

*Highlights of the
FY 2011 Capital
Budget*

Additional Modules above the FY 2011 Base CIP

Sanitary Sewer Module:

- \$15.2 million for sanitary sewer projects funded entirely with sanitary sewer system revenues and sewer fee revenue financed bonds, including \$7.9 million for infiltration and inflow remediation in the Holmes Run sewershed and \$4.0 million for the Holmes Run Trunk Sewer

Stormwater Utility Module:

- \$2.0 million for storm sewer projects through the Stormwater Utility

Transportation Tax Module:

- \$2.0 million for DASH expansion buses
- \$0.7 million for an additional King Street trolley
- \$1.2 million for implementation of the Transportation Signage and Wayfinding project

The City Manager Proposed FY 2011 – FY 2020 Base CIP includes \$378.2 million in all sources of funding in the first six years, \$366.9 million of which is local funding.

The City Manager Proposed FY 2011-FY 2020 All Funds Base Capital Improvement Program totals \$627.7 million, of which \$378.2 million is planned in the first six years. This represents a 2.1 percent increase in All Funds, Base CIP funding over last year's CIP.

The FY 2011 - FY 2020 Capital Improvement Program focuses on repairing, refurbishing, renovating, rehabilitating, and reconstructing existing physical assets. In addition, the CIP calls for new capital projects that will save future operating costs. The chart on page 2-16 illustrates CIP spending (both City and Special Revenue sources) according to project category for each year in the six-year plan.

Schools:

- A total of \$160.2 million over ten years (FY 2011 – FY 2020) has been included in this CIP for the capital needs of the Alexandria City Public School System (ACPS) for Schools projects.
- \$53.7 million has been planned to manage ACPS capacity issues, including two new elementary schools (Patrick Henry School and one yet-to-be-identified site)

Public Buildings:

- \$46.9 million over two years (FY 2011-FY 2012) is planned for the construction of the new Police facility headquarters office on Wheeler Avenue. Of this remaining funding, \$12.17 million is for IT related equipment (including E-911 and the public safety radio system) and installation at the new APD Facility has been now included as part of this project budget. Many of these IT costs would have had to be funded during this time period independent of the need for a new Police facility.
- \$13.3 million in new funding is planned for the construction of Fire Station 210 in the Eisenhower Valley.
- Other major fire station projects are also being planned throughout the City. These include Fire Station 203 (Cameron Mills Rd), Fire Station 205 (Cameron Street), Fire Station 206 (Seminary Rd), and Fire Station 207 (Duke Street). More specific scope and cost estimates will follow programming for these projects.
- \$18.0 million is planned for the replacement of the HVAC and other integral systems at City Hall.
- \$28.5 million is planned over ten years for the various capital facility maintenance programs used to keep existing City facilities in efficient operational condition and ensure that status into the future.

*Highlights of the
FY 2011 –FY 2020
Capital Improvement Program*

Public Transportation and Traffic Control:

- \$77.4 million has been planned over ten years (FY 2011-FY 2020) to meet the City's capital obligations for Metrobus and Metrorail as part of the Washington Metropolitan Area Transit Authority's (WMATA) new Capital Improvement Program (CIP). A new multi-year capital funding agreement (beyond FY 2010) between WMATA and its funding partners is in the early stages of discussion.
- \$26.0 million has been planned for the replacement and expansion of the DASH fleet over this period. Since the City can no longer anticipate regular State Urban Funds for these buses, City funding is now the planned source.

Street, Bridge, and Pedestrian Improvements:

- \$6.0 million in City funding is planned for City participation in the State Revenue Sharing Program, with Edsall Road Reconstruction being the specific project identified for FY 2011.
- \$6.8 million is planned for the reconstruction of Madison and Montgomery Streets.
- \$3.4 million is planned for street and alleyway reconstruction and extension projects.
- \$6.0 million is planned for bridge repairs City-wide.

Community Development:

- A total of \$13.9 million over six years (FY 2011 – FY 2020) is planned for Community Development projects.
- \$13.1 million is planned for various stream and channel maintenance and dredging activities.
- Implementation projects stemming from the Waterfront, Braddock, King Street, Landmark/Van Dorn, and Arlandria area plans will be necessary within the ten-year plan, but no specific projects have been identified yet.

*Highlights of the
FY 2011 –FY 2020
Capital Improvement Program*

Recreation and Parks:

- The dedicated Open Space one percent of the real estate tax revenues was being decreased in FY 2010 to only cover related debt service costs. The \$9.0 million in remaining balance will continue to be used to acquire and do initial development work on desirable open space parcels.
- A total of \$6.6 million is planned over the ten-year period to do necessary maintenance at the Chinquapin Recreation Center in order to keep the facility safe and operational.
- \$24.9 million is planned over the ten years for the various Group 1 maintenance and repair programs for park and recreation facilities.
- A total of \$10.0 million is planned for the design and installation of artificial turf fields City-wide, as well as for the replacement of artificial turf carpets at existing fields.
- \$5.5 million remains to implement improvements to the Windmill Hill bulkhead.

Information Technology:

- The Proposed FY 2011-FY 2020 CIP continues the City's commitment to building and maintaining an essential information technology infrastructure. The plan will enhance information technology services and build on existing City hardware, networks, and software that have been implemented over the past decade.
- The Information Technology (IT) Plan totals \$61.3 million over ten years, including \$2.2 million to fund the new Payroll / Human Resources System.
- The IT Plan also includes including \$34.6 million to fund the Computer Aided Dispatch and Records Management System for Police, Fire and Emergency Medical Services.

Allowance for Inflation or Additional Projects:

- The Proposed FY 2011 – FY 2020 CIP does not include assumptions for inflationary increases moving into the future. The current CPI-U is hovering around or just below 0%. Rather than trying to predict inflation trends in the uncertain economy, the FY 2011 Proposed CIP leaves a gradually increasing amount of unprogrammed revenues each year starting in FY 2013. This annual allowance could either be maintained as a small buffer against inflation or be programmed by City Council for additional projects. The size of this allowance was determined by assuming a CIP that requires a consistent rate of growth of funding in the operating budget of about 4.5% annually, which is consistent with historical trends.

*Highlights of the
FY 2011 –FY 2020
Capital Improvement Program*

Sanitary Sewer Module:

- A total of \$55.5 million over ten years (FY 2011 - FY 2020) is planned for City-wide sanitary sewer projects, including \$25.0 million for the Holmes Run Infiltration and Inflow project and \$6.0 million to address combined sewer separation projects.
- The Sanitary Sewer Module will be financed by the revenues collected through the Sanitary Sewer Enterprise Fund (sanitary sewer connection and use fees) and bonds funded by those revenues.

Stormwater Utility Module:

- A total of \$29.0 million over then years (FY 2011 - FY 2020) is planned for the Stormwater Utility Module, including \$12.5 million to fund miscellaneous capital stormwater system capital projects .
- The Stormwater Utility will be financed by the revenues collected through the Stormwater Utility fee and an annual transfer of \$1.0 million from the Capital Fund, which represents the current level of General Fund investment.

Transportation Tax Module:

- \$8.5 million is planned for the construction of a high capacity transitway at Potomac Yard.
- \$3.3 million is planned for capital outlay needed to expand peak period service for DASH and the King Street Trolley.
- \$1.2 million to implement the Transportation Signage and Wayfinding System project.

The FY 2011 – FY 2020 CIP includes three additional “Modules” that have restricted and dedicated funding sources for projects above the Base CIP.

CIP Modules Above the Base Plan

Sanitary Sewer Module:

- The FY 2011 – FY 2020 Proposed Sanitary Sewer Module includes \$55.5 million in sanitary sewer improvement projects for reducing stormwater inflow and infiltration and expanding capacity in order to prevent sanitary sewer backups and minimize the environmental impacts of sanitary sewer discharge. These improvements are required as part of the City's compliance with state environmental permitting regulations. A sanitary sewer master plan currently under development is likely to identify additional capital needs beyond those contained in the Proposed CIP.

- The Sanitary Sewer Module is funded by a combination of sewer connection fees charged to developers for tying new structures in to the system and sanitary sewer usage fees charged to existing property owners on the quarterly water bill base on gallons consumed. The sewer connection fees are adjusted annually according to the CPI-U. The sewer usage fee has not been increased since FY 2006, when it was raised from \$0.60 per 1,000 gallons to \$1.00 in accordance with a multi-year plan to create this separate fund and gradually increase the fee to \$1.00. The current rate costs the typical household approximately \$70 annually, or \$17.50 per quarter. The \$0.25 per 1,000 gallon increase currently proposed would cost the typical household approximately \$17.50 per year, or \$4.38 per quarter.

Stormwater Utility Module:

- The overall Proposed Stormwater Utility Module would include funding from three separate sources and would encompass both capital and operating costs associated with the City's storm sewer system. In keeping with City Council guidance restricting the use of a Stormwater Utility to supplant existing operating and capital levels of effort, the Fund would collect an annual transfer in of \$0.9 million from the City's General Fund for operating maintenance and \$1.0 million from the Capital Fund for capital maintenance. These maintain the current level of effort in these areas and establish a baseline moving into the future. Additionally, this Fund would gather revenues from the proposed Stormwater Utility Fee, estimated at \$2.25 million annually. The fees from the Proposed Stormwater Utility Fee would be used primarily for capital projects (about \$2 million per year), but would also support some expanded operating costs (\$250,000 per year) needed to help design and manage the expanded capital program. The total ten-year spending for this Module would be \$40.9 million (\$29.0 million capital and \$11.9 million operating).

CIP Modules Above the Base Plan

Stormwater Utility Module, continued:

- Examples of some of the projects that would be initiated in the first few years of stormwater utility fee revenue would address street, property, and/or basement flooding problems in the areas of Commonwealth Ave. and Glebe Rd. (Auburn Village), Hoof's Run Park, Beverly Dr., N. Paxton St. and N. Pegram St., and Templeton Place. Most of the individual projects specifically attached to the new fee are currently included under the Miscellaneous Storm Sewers CIP Project. The exception is the Braddock and West Flood Mitigation Project, which would also require this fee if the City is to plan for implementation in this FY 2011 – FY 2020 CIP time period.

Transportation Tax Module:

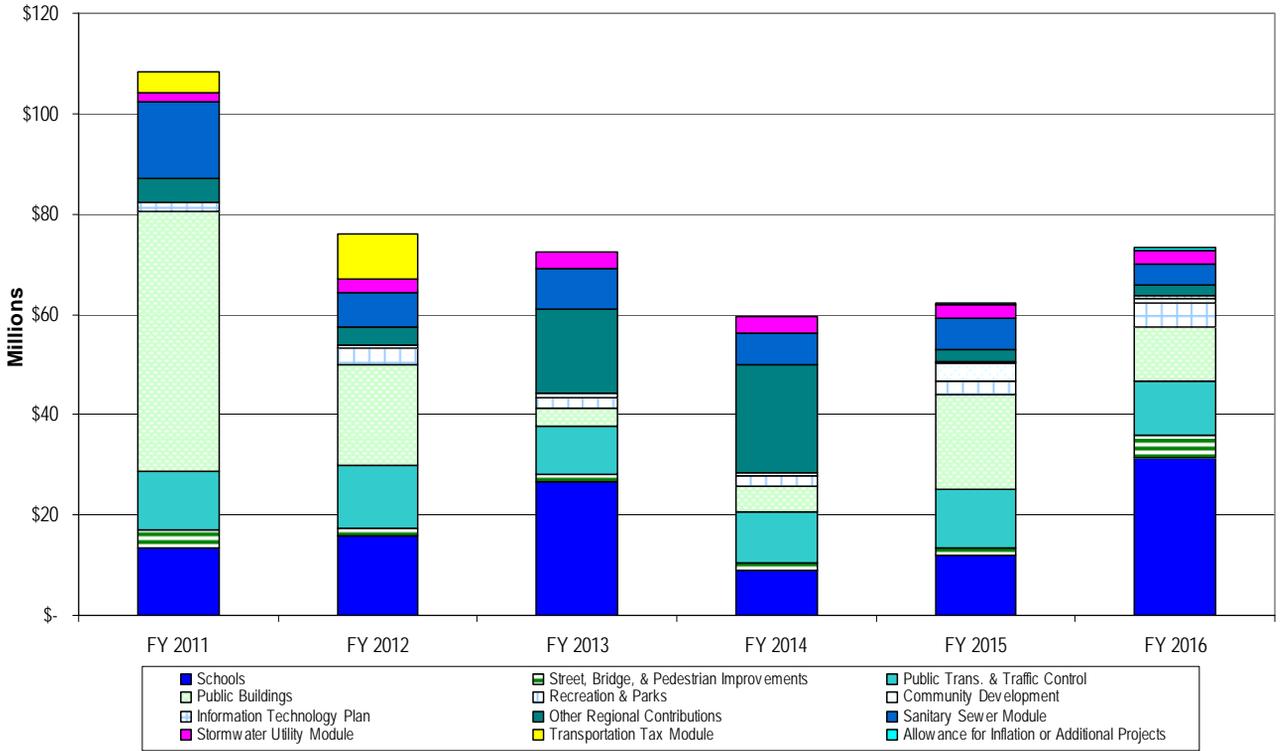
- Due to Northern Virginia's severe transportation challenges, state code allows Northern Virginia regional jurisdictions to adopt a differentiated real estate property tax on commercial properties to generate revenues to fund transportation improvements. Arlington and Fairfax Counties have adopted add-on tax rates of 12.5 and 11 cents respectively. A 3-cent increase in the City's rate would generate approximately \$4 million in FY 2011 and annual revenues of \$2.5 million in FY 2012 increasing to \$3.5 million by FY 2020. The revenues would be used to fund only capital projects that provide expanded transportation services and the operating costs associated with them.

- The projects included in the Proposed CIP reflect the principles of the Transportation Master Plan to provide high capacity transportation corridors, increased peak period bus service, Metro station improvements, and alternative transportation initiatives. The priority and timing of potential projects will be re-evaluated annually through the budget and CIP process. Because projects would be funded through a combination of pay-as-you-go capital and debt financing, the cost of projects funded in a given year may not equal the amount of revenue generated by the tax in any given year.

The FY 2011 – FY 2020 CIP includes three additional "Modules" that have restricted and dedicated funding sources for projects above the Base CIP.

These three modules are not part of the FY 2011 base budget, but are presented as policy options for City Council consideration.

CIP USES: FY 2011 - FY 2016



Over \$90 million in requested CIP projects have not been included in the Base CIP or additional CIP Modules.

Project Requests Not Included in the CIP

Extending the FY 2011 CIP to a ten-year plan helped alleviate a significant portion of the over \$200 million funding gap. The proposed use of add-on CIP Modules helped eliminate a little more of that gap. Even with these new methods to close the gap, the remaining gap between project requests and available funding is more than \$90 million. As such, in order to put together a plan that balances expenditures with revenues in each fiscal year, \$90 million in projects have been excluded from the FY 2011 – FY 2020 CIP.

The following are some of the major projects that are not included in this CIP.

- **Chinquapin Recreation Center - \$13.6 million**
 - A request for \$20.2 million was submitted for a major renovation or reconstruction project at Chinquapin Recreation Center to occur within the next six years. This project at the requested scope could not fit within City Council guidance before FY 2020, but the Proposed CIP does include \$6.6 million to perform crucial maintenance to facility. Without a significant level of investment within the next few years, Chinquapin will likely decline to a condition that approaches inoperability.
- **Patrick Henry Recreation Center - \$6.1 million**
 - The Patrick Henry Recreation Center project is not included as a stand-alone project in the FY 2011 CIP. The project has been tied to the ACPS new Patrick Henry School project. Although the proposed budget for the Patrick Henry School project is not sufficient to provide the full scope identified in the Recreation Center project, RPCA programming needs at the Patrick Henry site will be an important component of the ACPS project.
- **Warwick Pool Replacement - \$3.3 million**
 - The Warwick Pool Replacement project has not been included in the FY 2011 CIP for two primary reasons. First, the cost of this pool renovation or replacement project is prohibitive in the immediate future. Second, the City is beginning to look at the Citywide aquatics program plan and it is currently unknown what the ideal mix of aquatics facility types and locations is. The Warwick Pool is under the threat of imminent failure in the next few years and will be closed at that time unless additional CIP funding is identified for a solution.
- **Artificial Turf Field Program - \$1.2 million**
 - Continuation of the Artificial Turf Field program has been delayed until FY 2017 when funding again becomes available. Even with this delay, the City anticipates opening a new field at Brenman Park using prior year balances, two new fields at Witter using Woodrow Wilson Bridge settlement funds, and a new field at Hammond Upper included in the ACPS capital plan.
- **Public Art Acquisition Program - \$1.5 million**
 - The start of an annual funding stream dedicated to the acquisition of new public art has been delayed until FY 2017 when funding becomes available.

Over \$90 million in requested CIP projects have not been included in the Base CIP or additional CIP Modules.

Project Requests Not Included in the CIP, continued

- Fire Station 211 (new West End Site) - \$9.7 million
 - A new Fire Station to be located in the Beauregard Corridor west of I-395 is currently being contemplated. This area of the City receives the heaviest volume of calls and is regularly served by Fairfax County and Arlington County fire and EMS units. The start of this project has been delayed to beyond the ten-year timeframe represented in the FY 2011 CIP.
- Street Reconstruction Revenue Sharing Program - \$4.0 million
 - Participation in the Virginia revenue sharing program for street reconstruction projects is not budgeted in FY 2012 – FY 2015. Participation in this program requires projects of at least \$2 million in eligible, annual costs, with the state reimbursing the City for \$1 million. This project was not included because no eligible projects have yet been identified and the City match could not fit within City Council guidance.
- Computer Aided Dispatch System Replacement - \$15.4 million
 - The proposed budget for the CAD Replacement project is roughly estimated at \$34.6 million. The full scope and costs of this project are not yet known. If the costs more closely approximate the CAD replacement system implemented recently by Fairfax County, an additional \$15 to \$16 million may need to be identified for the project. However, these additional funds are not included or assumed in the FY 2011 proposal.
- DASH Expansion Fleet - \$34.8 million
 - The requested expansion plan from DASH calls for an increase of 62 buses over the next ten years. The City cannot afford this level of capital outlay for additional buses in the FY 2011 CIP, and can certainly not afford the corresponding operating costs associated with this fleet expansion plan in the foreseeable future. The total annual operating impact of a single expansion bus can range from \$150k to \$190k, depending on the specific service added.
- Other Projects - \$1.9 million
 - Several other smaller CIP project requests totaling about \$1.9 million were not included in the FY 2011 – FY 2020 Capital Improvement Program. These projects include a Community Running Track, Fort Ward Barracks Hall, Edsall Road (additional components to the included project), and Wilkes Street Tunnel.

FY 2011 – FY 2020 Proposed CIP Funding Sources

The City will continue to use both pay-as-you-go cash capital financing and debt issuance over the next ten years in a manner that maintains compliance with its debt-related financial policies and, to the extent possible, as dictated by the economy and resulting pressure on the operating budget. The chart on the following page shows the breakdown of funding sources (both City and Special Revenue sources) for each year of the six-year plan.

Funding the total ten-year capital program of \$685.4 million for the City and the Schools will be provided through a mix of sources including:

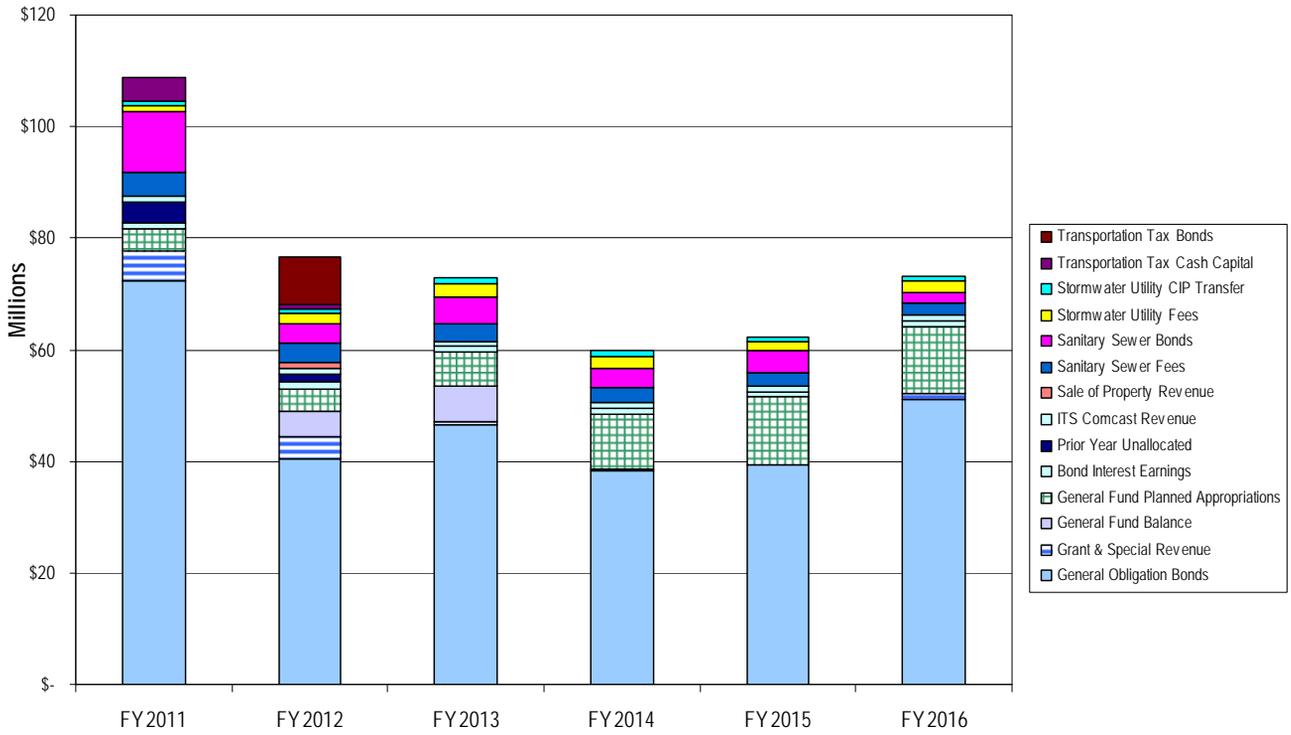
- \$468.4 million in general obligation bond borrowing for the Base CIP;
- \$10.0 million in general obligation bonds for storm water projects;
- \$28.3 million in bonds backed by sanitary sewer revenues;
- \$8.5 million in bonds backed by the commercial add-on tax;
- \$15.3 million in grants and other special revenue; and
- \$194.9 million in cash from various sources, including:
 - \$105.0 million in cash capital appropriations;
 - \$27.2 million in cash capital from sanitary sewer fees;
 - \$19.0 million in stormwater utility fees;
 - \$4.7 million in commercial add-on tax revenues;
 - \$10.4 million in bond interest earnings,
 - \$1.2 million in sale of property revenues;
 - \$11.0 million in general fund balance for capital projects;
 - \$9.9 million in Comcast revenues;
 - \$5.2 million in prior year unallocated funds; and
 - \$1.5 million in other cash sources.

The FY 2011 - FY 2020 capital funding plan reflects the planned issuance of \$515.2 million in bonds through FY 2020. These bonds would fund 71% of the total CIP over ten years as follows:

- \$73.3 million in general obligation bonds and \$10.9 million in sanitary sewer bonds in FY 2011;
- \$41.3 million in GO bonds, \$3.5 million in sanitary sewer bonds, and \$8.5 million in transportation tax bonds in FY 2012;
- \$47.7 million in GO bonds and \$4.9 million in sanitary sewer bonds in FY 2013;
- \$39.4 million in GO bonds and \$3.5 million in sanitary sewer bonds in FY 2014;
- \$40.4 million in GO bonds and \$3.8 million in sanitary sewer bonds in FY 2015;
- \$52.1 million in GO bonds and \$1.8 million in sanitary sewer bonds in FY 2016;
- \$48.4 million in GO bonds in FY 2017;
- \$46.5 million in GO bonds in FY 2018;
- \$45.2 million in GO bonds in FY 2019; and
- \$44.2 million in GO bonds in FY 2020.

The FY 2011 – FY 2020 CIP will be primarily financed with General Obligation Bonds, Cash Capital, Grants and Other Special Revenue, and Bond Interest Earnings.

CIP SOURCES: FY 2011-FY 2016



FY 2011 – FY 2020 Capital Improvement Program Overview

Annual impact on the operating budget significantly impacts amount of debt the City can issue.

Debt service payments increase each year of the CIP, peaking at \$68.3 million in FY 2019.

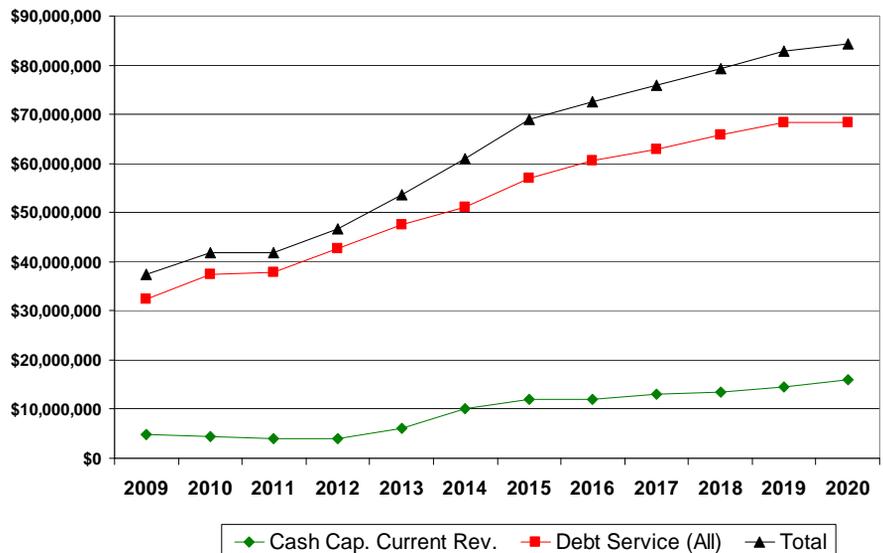
The FY 2011 Proposed CIP also plans to grow the annual cash capital contribution each year before peaking at \$16 million in FY 2020.

The proposed capital program, while accommodating many needs, does not address all of the requests from City agencies and the community. As referenced earlier, over \$90 million in project requests are not included in the ten-year capital plan. The impact on the operating budget of proposing additional cash capital or bond issuance to fund this \$90 million is more than existing or projected revenues at proposed tax rates could finance.

The increasing amount of debt outstanding will not endanger the City's hard-earned AAA/Aaa bond ratings, but will impact the annual operating budget.

As illustrated by the chart below, the annual repayment on the principal and interest due on our general obligation bonds will increase from \$37.9 million in FY 2011 to \$42.7 million in FY 2012, and increase each year until peaking at \$68.3 million in FY 2019. While the growth rate on annual debt service increases each year until FY 2019, it is actually the planned growth of the annual cash capital contribution to the CIP from \$4 million in FY 2011 to \$16 million in FY 2020 that drives much of the increased impact on the operating budget, as opposed to increasing debt service. This proposed financing structure would keep the average pay-as-you-go portion of the CIP at just around 30% for the ten-year period.

CIP Impact on Operating Budget
(with Proposed FY 2011-FY 2020 CIP)



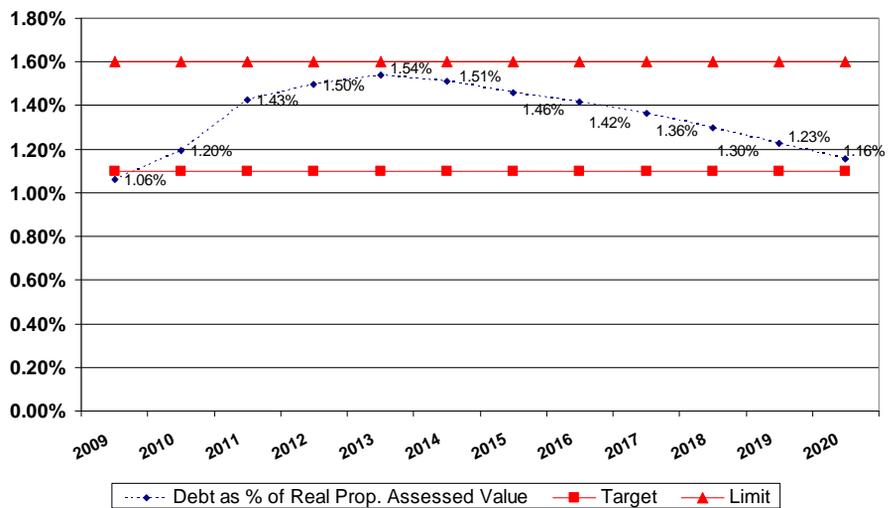
FY 2011 – FY 2020 Capital Improvement Program Overview

The City will remain in compliance with adopted debt ratio limits, but will exceed the debt ratio targets.

As shown in the “Summary Funding Tables” section of the document and in the figures below, the City will remain in compliance with our adopted debt ratio limits, but will likely exceed our debt ratio targets within the ten year plan.

Under this funding plan, the City's debt as a percentage of the fair market value of real property moves above the 1.1 percent target and approaches the 1.6 percent limit in FY 2013 and FY 2014. This is the most important debt ratio considered by the bond rating agencies.

**Proposed CIP FY 2011-2020
Debt as Percent of Real Property Assessed Value**



Debt as a percent of fair market value exceeds the City's target, and approaches, but does not exceed, the target.

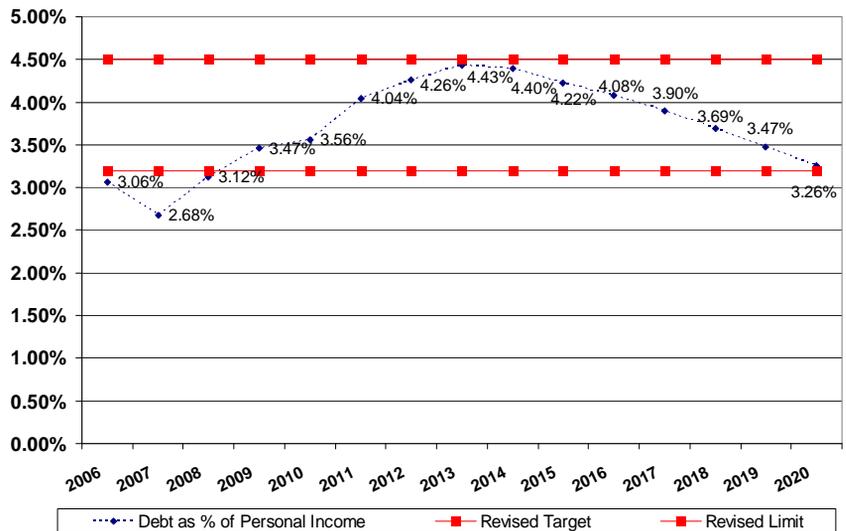
The City's projected debt to tax base ratio peaks in FY 2013 at 1.54% and then begins to move back down towards the target. As the overall projected value of the tax base in Alexandria continues to decline slightly over the next year and then remains flat, this ratio naturally suffers. As the City projects assessed values to start to recover a few years from now, this ratio improves accordingly. Most of this debt level still continues to be well below that of most of the other AAA/Aaa jurisdictions in Virginia and Maryland.

FY 2011 – FY 2020 Capital Improvement Program Overview

The City Manager recommended and City Council adopted a revision of the debt policy guidelines (Debt as a percent of Personal Income).

Based on comparison with other AAA/Aaa rated jurisdictions and recommendations by the Budget and Fiscal Affairs Advisory Committee (BFAAC), the City Manager recommended and Council adopted on June 24, 2008, a revision to one guideline: the debt per capita as a percent of per capita income guidelines was adjusted upward to a 3.2 percent target and 4.5 percent limit. This new target and limit are in the range of what other Washington area jurisdictions experience that have a triple A bond rating. This revision also would resynchronize this guideline with that for debt as a percent of the fair market value of real property. These two indicators had diverged since they were last reviewed and adopted by City Council in December 1997.

**Proposed CIP FY 2011-2020
Debt as Percent of Personal Income**

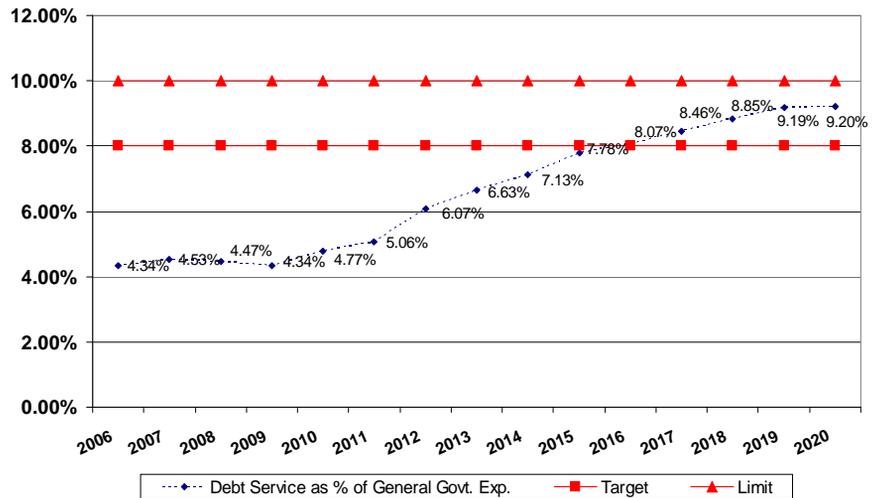


The City's FY 2011 ratio of debt as a percent of personal income at the end of the fiscal year will be 4.0 percent, which will exceed the 3.2 percent target, but stay below the limit of 4.5 percent. This is up from the FY 2010 ratio of 3.6 percent. While this plan takes the City very close to the debt ratio limit in FY 2013 and FY 2014, the ratio steadily improves as we move into the later years of the plan. This projected improvement after FY 2014 should be considered realistic as the FY 2011 – FY 2020 CIP fully programs project expenditures in every year of the plan. In other words, the City would not anticipate any significant changes to total out-year spending levels under the current revenue assumptions, although substitutions may be made as necessary.

FY 2011 – FY 2020 Capital Improvement Program Overview

Although the City will remain below its debt policy ratio ceiling for debt service to general governmental expenditures, as the figure below shows, the impact of debt service on the operating budget is increasing at a significant rate. Under current assumptions for the next ten years, the annual increase to total debt service increases at a faster rate than total City spending. For this reason, the ratio trends higher in each year of the plan, before leveling off in FY 2019 and FY 2020. Although the City would exceed the targeted 8% level of this ratio for the first time, the City would remain at or below our limit of 10% and the levels of many triple A rated jurisdictions.

**Proposed CIP FY 2011-2020
Debt Service as Percent of General Government Expenditures**



Future Revisions to Debt Policy Guidelines to be Considered:

At the time of the presentation of the FY 2011 to FY 2020 City Capital Improvement Program, the City was actively considering a major land use change in the former Potomac Yard rail yard site. As one of the largest undeveloped sites in the central core area of the Washington DC Metropolitan area, this site is under consideration for a major upzoning and the City's biggest economic development initiative which could add some 7.5 million square feet of new mixed use smart growth development. In order to serve such a develop a new Metrorail station would need to be constructed to serve Potomac Yard. While this project would entail a significant investment by the City, it would have a long-term economic return to the City

This new Metrorail station could cost as much as \$240 million (2015 dollars), and could be funded by a package that would include significant developer contributions, a 20-cent special tax district assessment, and by some of the net new tax revenues generated by this development. Federal and state aid for this project would likely be a small part of any funding package. The City also is working with the owner of the 50-acre plus Landmark Mall site on its redevelopment which may entail the issuance of tax increment financing (TIF) bonds, or other type of municipal credit support.

However, the issuance of bonds to finance the construction of the Metrorail station, as well as TIF bonds to finance a portion of Landmark Mall public infrastructure redevelopment, which would be repaid by by these aforementioned project revenues, would entail the issuance of a significant amount of new debt. Whether these would be general obligation or revenue bonds, or a combination of both remain to be determined.

However, if such bonds are issued it would mean that the City's conservative debt policy guidelines previously described in this CIP chapter would need to be amended and the targets and limits revised upward. These changes in the guidelines would likely occur in FY 2011 only if and after the proposed upzoning of Potomac Yard is approved.

The City Manager has implemented a five phase capital review process to improve the management of major capital projects.

CIP Phase Review Process

Following the CIP worksession with City Council, the CIP Steering Committee formed two workgroups to develop proposals to implement the recommended best management practices. The City Manager reviewed these proposals and is recommending their implementation.

The first best management practice to be implemented is the capital project phase review process. This process includes the following five phases:

- Identification of Need or Problem,
- Development of Initial Requirements/Initial Study,
- Alternatives Analysis, Design,
- Invitation to Bid Issuance, and
- Construction Contract.

In FY 2010, the following 14 projects were identified to be part of this review process:

- New Police Facility
- Fire Station 203 Expansion (Cameron Mills)
- Fire Station 206 (Seminary Rd)
- Fire Station 210 (Eisenhower Valley)
- Public Safety Center Slab
- Emergency Operations Center
- Holmes Run Infiltration & Inflow
- Madison/Montgomery
- Chinquapin Recreation Center
- Artificial Turf Field Program
- Patrick Henry Recreation Center
- Windmill Hill
- Transportation Signage and Wayfinding Program

In addition, certain Information Technology projects such as the acquisition of a new City phone system , the replacement of the financial/human resource/purchasing systems, as well as other significant IT systems will also be subject to a similar review process.

The City Manager has implemented a five phase capital review process to improve the management of major capital projects.

CIP Phase Review Process, continued

In the FY 2011 – FY 2020, the following project will be added to the review process:

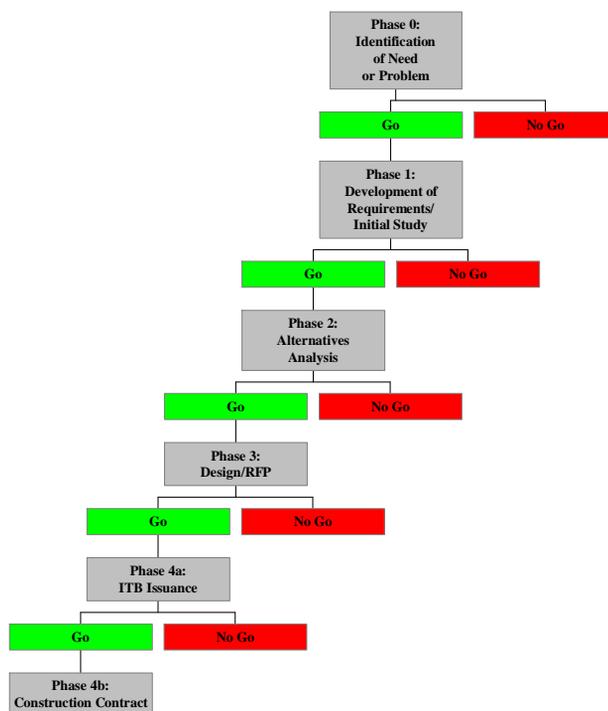
- Computer Aided Dispatch System Replacement
- City Hall HVAC System Replacement
- Fire Station 207 (Duke Street)
- Fire Station 205 (Cameron Street)
- City Marina Seawalls and Utility Upgrades

Departments are required to submit project information for approval before it can proceed to the next phase.

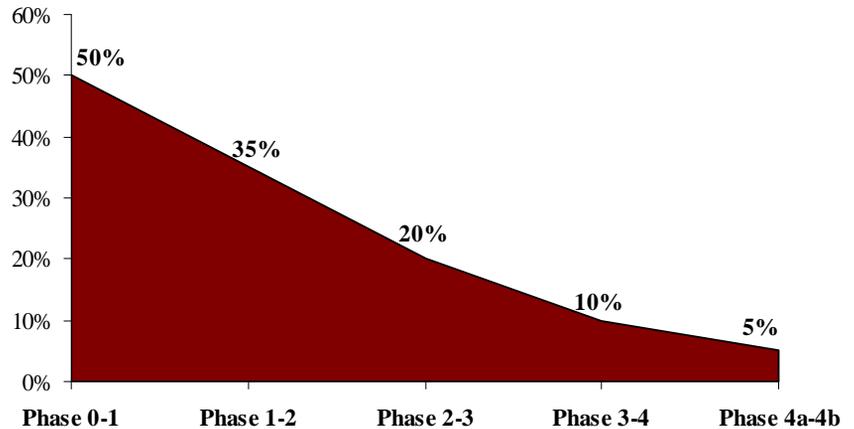
When a project is ready to proceed to the next phase, Departments are required to submit the information listed below to City Manager’s Office.

- Project Scope/Concept
- Cost Estimate
- Financing Estimate
- Schedule
- Customer Service Level Impact
- Quantity
- Efficiency
- Quality
- Criticality or Risk of not doing project
- Operating Budget Impact Management Team
- Public/Stakeholder Input
- SUP/Other Formal Approval Required

The City Manager’s Office then decides whether or not the project should move forward. The chart below illustrates this process.



As a project proceeds through each phase of this process, the accuracy of information required (specifically the cost and financing estimates) becomes greater. In Phases 0-1, cost estimates appearing in the budget may vary by +/- 50 percent. However, when a project reaches Phase 4a, the variance allowable decreases to +/-10 percent. The chart below illustrates the level of accuracy expected as a projects move through each of the phases.



Cost estimates increase in accuracy as project moves through phase review process.

Capital project performance measures will be used to keep projects on-budget and on-schedule.

Capital project performance measures have been developed for each of the projects in the phase review process. All projects will be measured on whether they are on-time and on-budget. The measures below illustrates how these measures appear in the budget document.

Capital Performance Measures
On-time (within projected time period)
On-budget (within projected range of costs)
Quality measures to be determined

In addition, managing departments have developed or will develop measures assessing the quality of the project (i.e. customer satisfaction). These quality measures vary by project.

Departments have also provided the customer service level impact for projects in the phase review process. In addition, the operating impact is provided for all projects. A summary table of the operating impacts is included on the following page. This information can be found under the project descriptions located in the Capital Details Summary.

PAGE INTENTIONALLY LEFT BLANK