

City Of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 25, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO # 42 : ADDITIONAL DEBT SERVICE COSTS OF BORROWING \$8.5 MILLION FOR CRYSTAL CITY/POTOMAC YARD TRANSIT CORRIDOR

Councilman Krupicka inquired how much cash is needed to cover the debt service on the \$8.5 million needed for the Crystal City/Potomac Yard transit corridor project that originally was to be funded by debt issued by the Northern Virginia Transportation Authority.

At an assumed 4.0 percent interest rate and 20 year level repayment method, the debt service costs in the first full year after issuance would be \$765,000. Since we assume this debt would be issued at the end of FY 2009, the first year cost of \$765,000 would not occur until FY 2010. The year-to-year increase in planned debt service and cash capital contributions already assumed in the proposed CIP in FY 2010 was \$4.3 million (10.9%) from \$39.4 million to \$43.7 million (\$1.5 million Cash Capital and \$2.8 million debt service). The year-to-year increase in FY 2010 would be \$5.1 million (12.9%) if the City borrows these additional funds. Alternatively, issuing City funds for this project could be considered a back up option, with potential funding coming out of an upcoming General Assembly session on transportation funding as the City's first funding choice.

**Impact of Additional Debt Service for Crystal City/Potomac Yard Transit Corridor
on Operating Budget
(\$ in Millions)**

| | FY 2009 | FY 2010 |
|--|---------|---------|
| Proposed CIP Total Impact on Operating Budget | \$39.4 | \$43.7 |
| Year-to-Year Increase in Debt Service and Cash Capital | | \$4.3 |
| Additional Debt Service | \$0.0 | \$0.8 |
| Revised Year-to-Year Increase | | \$5.1 |