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FY 2013 – FY 2022  
CAPITAL IMPROVEMENT  
PROGRAM OVERVIEW

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## **CIP Overview Contents**

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## FY 2013 – FY 2022 Proposed Capital Improvement Program

In November 2011, City Council provided staff with guidance for the preparation of the Proposed FY 2013 – FY 2022 Capital Improvement Program. The guidance directed that cash capital from current revenues and general obligation debt be equal to the levels included in the Approved FY 2012 – FY 2021 CIP. Allowances were made for increases to the plan where special revenue sources (e.g. state or federal grants, sewer funds, etc.) or one-time City funding sources (e.g. prior year operating budget surpluses, sale of assets, etc.) could be identified. In following this guidance, the Proposed FY 2013 – FY 2022 Capital Improvement Program is increased by approximately \$38.2 million from the Approved FY 2012 – 2021 CIP. This overall increase is primarily attributable to the inclusion of additional sanitary sewer projects, which are projected to be funded through increases in the Sewer Line Maintenance Fee and Sewer Connection Fee charged to developers beginning in FY 2015.

The Proposed FY 2013 – 2022 CIP incorporates the 2.2 cents on the base real estate tax rate and additional General Fund cash capital for continuation of the City's Transportation Improvement Program approved by City Council in FY 2012. This funding will provide \$65.0 million over ten years for capital improvements associated with expanded transportation infrastructure and transit options. This represents a decrease of \$28.2 million over the Approved FY 2012 – 2021 CIP, due to the additional operating impact resulting from planned capital investments. City staff in developing the proposed ten-year plan performed detailed analysis on the additional operating impacts associated with these transportation expansion projects. Additional operating impacts associated with expanded DASH bus and trolley/circulator service and High Capacity Transit Corridors (specifically Potomac Yard/Crystal City and Beauregard Corridors) were factored into the ten-year plan, as the Transportation Improvement Program was created to pay for capital improvements, resulting operating impacts, and debt service from General Obligation Bonds. While this resulted in a significant decrease in capital investments, the total amount of funding for expanded transportation and transit options including additional operating impact and debt service from General Obligation Bonds is consistent with total funding in last year's plan.

The Proposed FY 2013 – 2022 CIP includes \$1.135 billion in total funding, of which \$28.7 million comes from non-City sources (state and federal grants, private contributions, developer contributions). For comparison purposes, the Approved FY 2012 – 2021 CIP totaled \$1.096 billion in total funding, of which \$21.9 million was from non-City sources. The increase in non-City sources (\$6.8 million) is attributable to programming six years of Congestion Mitigation and Air Quality (CMAQ) grants for the first time in the ten-year plan. The Proposed FY 2013 – 2022 CIP again includes Potomac Yard Metrorail Station funding. A comparison of last year's and the proposed plan is included on the next page.

***In FY 2012, City Council approved a reserved 2.2 cents on the real estate tax rate and a continuing annual cash capital contribution of \$900k for improvements to the City's transportation infrastructure and services.***

***The Proposed FY 2013 – FY 2022 Capital Improvement Program includes \$1.135 billion in planned expenditures.***

# FY 2013 – FY 2022 Proposed Capital Improvement Program Overview

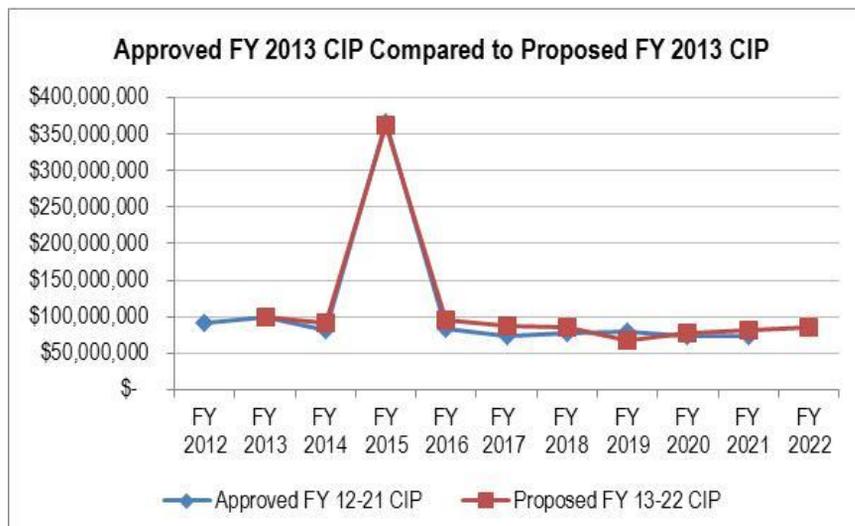
FY 2012 Approved to FY 2013 Proposed			Change FY 2013 to FY 2012	
	FY 2012 Approved	FY 2013 Proposed	\$	%
Unrestricted City Funds	\$629.8	\$630.0	\$0.2	0.0%
Potomac Yard Metrorail Station Funding	\$275.0	\$273.8	(\$1.2)	-0.4%
Sanitary Sewer Funding	\$38.1	\$102.4	\$64.3	168.8%
Stormwater Funding	\$28.5	\$24.2	(\$4.3)	-15.1%
Transportation Imprv. Program Funding	\$93.2	\$65.0	(\$28.2)	-30.3%
Other Restricted Sources	\$9.9	\$10.5	\$0.6	6.1%
Non-City Funding	\$21.9	\$28.7	\$6.8	31.1%
Ten-Year Total	\$1,096.4	\$1,134.6	\$38.2	3.5%

**The Proposed FY 2013 – FY 2022 CIP continues to incorporate a diverse funding structure.**

The funding makeup of the City capital program is growing increasingly diverse each year. To help organize this added complexity, the FY 2013 – FY 2022 CIP divides revenue sources into three different types. Unrestricted City funds include general cash sources and General Obligation Bond revenues for the base CIP program. Restricted City funds include both cash and G.O. Bond revenues associated with the Sanitary Sewer Fund, Stormwater Management Fund, Transportation Improvement Program, Potomac Yard Metrorail Station, and other targeted sources. Because these revenues all have legal restrictions on their available uses, it is easier to discuss financing issues with them separately. Non-City funds generally include State and Federal grants and earmarks and are also restricted in their use.

**CIP expenditures remain relatively consistent as compared to the Approved FY 2012 – FY 2021 CIP**

The final results of the CIP Steering Committee and City Manager review and decision making is a proposed, ten-year \$1.135 billion CIP. This represents an increase of \$38.2 million, or 3.5% over the Approved FY 2012 – 2021 CIP. The chart below illustrates the difference in funding between the Approved FY 2012 – 2021 and Proposed FY 2013 – 2022 CIP.



**\* Peak in FY 2015 is due to \$265.3 million in General Obligation Bond issuance for Potomac Yard Metrorail Station**

# FY 2013 – FY 2022 Proposed Capital Improvement Program Overview

***This CIP continues to place a strong emphasis on funding to maintain the City's core facilities and infrastructure.***

***The CIP also includes projects focusing on strategic growth and economic development such as the Potomac Yard Metrorail Station.***

***The Proposed FY 2013 – FY 2022 CIP includes \$202.7 million for ACPS capital needs, compared to the \$357.8 million approved by the ACPS School Board in February 2012. However, the first four years of this Proposed CIP is consistent with the School Board approved CIP.***

The Proposed FY 2013 – 2022 CIP is consistent with capital plans from recent years in that it places a strong emphasis on maintaining the existing core facilities and infrastructure of the City. This focus was supported by the continued use of the same three-Category prioritization system used in the development of the Approved FY 2012 – 2021 CIP.

Beyond basic capital maintenance issues, the Proposed FY 2013 – 2022 CIP reflects a true vision for the City's future. The CIP decision making process included an initial effort to integrate the capital plan with City Council's new Strategic Plan. As such, the Proposed CIP includes funding to support growth and economic development through such projects as the Potomac Yard Metrorail Station, Waterfront and Braddock plan implementation projects, public art acquisition program, and continues investments in expanded transportation infrastructure and transit options. The transportation program heavily focuses resources on the City's three planned high capacity transitways, which will in turn support future transportation fluidity economic growth and development.

The FY 2013– FY 2022 Proposed CIP also continues to address the emerging capacity issue of the Alexandria City Public School System (ACPS). As part of the Approved FY 2012 – 2021 CIP, City Council approved funding for two new K-8 educational facilities, Jefferson-Houston and Patrick Henry. The Proposed FY 2013 – 2022 continues to fund these projects, and adjusts the project timing and project costs based on updated information from ACPS. The City Manager's Proposed FY 2013 – 2022 includes \$202.7 million in ACPS funding over the ten-year plan.

The FY 2013 – 2022 CIP approved by the ACPS School Board in February 2012 totaled \$357.8 million, and in addition to Jefferson-Houston and Patrick Henry K-8, included three additional capacity projects which are not included as part of the City Manager's Proposed FY 2013 – 2022 CIP. City and ACPS staff have achieved consensus on FY 2013 – 2016 of the ten-year plan, as well as consensus on project timing and funding levels for Jefferson-Houston and Patrick Henry K-8 facilities. Funding amounts in FY 2017 – 2022 reflect City Council Approved FY 2012 – 2021 funding levels, except for \$0.93 million in additional funding in FY 2017 to complete the Patrick Henry K-8 facility.

The difference between the Proposed ACPS and City Manager ten-year plans is significant, at \$155.1 million. Over the next several years, City and Schools staff will continue to work together to better define the long term capital needs of ACPS to inform future capital improvement program development processes.

*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.*

## **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**

## **Capital Improvement Program Purpose & Definitions**

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 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 (FY 2013) 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 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, and typically much longer than 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.

## CIP Priorities for FY 2013 – FY 2022

The Proposed FY 2013 – 2022 Capital Improvement Program (CIP) focuses most available resources allowable under Council guidance on maintaining existing City and School facilities and public infrastructure. The prioritization process used to develop the plan included giving weight to most projects that involved repairs, renovations and upkeep of public facilities and infrastructure. Some resources within the allowable funding levels are also planned for new facilities and expanded or improved infrastructure over the next 10 years. These projects primarily support transportation, public safety or economic development, or provide a good return on investment over time.

FY 2012 Approved to FY 2013 Proposed			Change FY 2013 to FY 2012	
	FY 2012 Approved	FY 2013 Proposed	\$	%
Category 1	\$355.9	\$275.3	(\$80.6)	-22.6%
Category 2	\$97.1	\$95.3	(\$1.8)	-1.9%
Category 3	\$561.8	\$592.9	\$31.1	5.5%
*No Category Assigned	\$81.6	\$171.1	\$89.5	109.7%
<b>Ten-Year Total</b>	<b>\$1,096.4</b>	<b>\$1,134.6</b>	<b>\$38.2</b>	<b>3.5%</b>

\*The large increase in the No Category Assigned line is due to moving ACPS lump sum funding from FY 2017 – 2022 from Category 1 to this category. As City and ACPS staff have not achieved consensus on the amount of funding or types of projects for those fiscal years, they can not accurately be assigned a category. The No Category assigned line also includes the City's IT Plan and allowances for inflation and additional projects from FY 2019 – 2022.

The requests for capital investment in the Alexandria community continues to exceed the City's funding limitations given its tax rate and tax structure. Over the past several CIP cycles, the level of capital requests exceeded that which could be funded within the approved plans, and in FY 2013 that total exceeded \$200 million. This figure is presented to show that Alexandria is a community facing a great number of challenges as it attempts to keep up aging facilities and infrastructure, adapt to new regulatory mandates, and expand and modernize its existing capabilities to serve the public.

The City over the last few years has addressed some areas of growing capital needs through actions like the Stormwater Maintenance Fund, planned borrowing against the Sanitary Sewer Fund revenues, the Potomac Yard special tax districts, and approval of the Transportation Improvement Program in FY 2012. It would be very difficult to expand the level of borrowing or cash capital in the CIP if the City had to rely exclusively on the General Fund operating budget for support. By utilizing targeted special revenue sources, the City has been able to strategically grow the capital program in a responsible manner.

In order to assemble a true, balanced ten-year plan, the City differentiates between the most needed projects and other less important projects, and then determines realistic time constraints and logistical considerations for the higher priority projects. Some funded projects in the Proposed FY 2013 – 2022 CIP certainly qualified as desirable rather than necessary, but their overall benefit to the community merited inclusion in the final plan.

## CIP Steering Committee and Priority Setting Process

The CIP Steering Committee is comprised of five department heads, ACPS staff, the CFO, 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 Proposed FY 2013 - FY 2022 CIP were initially developed by the City's internal staff CIP Steering Committee and then finalized by the City Manager.

The development process for FY 2013 began with the assumption that the FY 2012 – FY 2021 Approved CIP was the baseline from which adjustments would be made. While the CIP processes in previous years have also used the previous plan as a rough starting point, those plans had been mostly rebuilt in previous years from top to bottom. This was necessary in prior plans given that those CIP's were starting with functional funding deficits or future year project expenditure reductions to-be-determined to address. Because the Approved FY 2012 – FY 2021 CIP was prioritized and funded in each of the ten plan years, it provided a much more solid starting point from which to build the Proposed FY 2013 – 2022 CIP.

Member Departments of the CIP Steering Committee began generating revisions to existing projects and new project requests for the FY 2013 – 2022 CIP in summer and fall 2011. Just like in FY 2012, as new projects were identified, Departments were asked to categorize them into one of three potential Categories.

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

Parallel to the regular capital project development process, City Departments also participated in a “Linking the Strategic Plan to the Budget” process. In this process, staff dissected the goals and objectives of the City Council Strategic Plan in order to identify the specific projects and actions needed to enact the Strategic Plan. The resulting programs and projects included both operating budget items and new capital projects. The capital projects were then organized into the three project Categories described above.

The CIP Steering Committee was charged with looking at both new and revised project requests and then comparing and prioritizing all requests against the existing ten-year capital plan.

***All Department project requests were initially prioritized into three projects categories: ongoing maintenance programs; major one-time renovations or repair activities; and new or expanded capital initiatives.***

***The CIP Steering Committee considered over 30, revised, or new projects for potential funding.***

# FY 2013 – FY 2022 Proposed Capital Improvement Program Overview

The Steering Committee heard explanations of all requests for new funding and discussed the project merits as well as relative priority to projects included in the Approved FY 2012 – FY 2021 CIP. Because guidance limited the overall funding size of the ten-year capital program to an amount close to that available in the previous plan, any new project requests required a corresponding reduction in existing project to provide capacity in the ten-year plan.

The Steering Committee started with a rough initial prioritization, with Category 1 projects considered the highest priority. Category 2 projects were considered next while weighing appropriate timing, logistical, and funding constraints. Category 3 projects were considered the lowest initial priority, and generally needed to show a direct economic development or public safety benefit, a very strong linkage to a strategic goal or objective, or show a strong return on investment in order to be competitive for funding.

A component of the FY 2013 – 2022 CIP development pertained specifically to Category 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 two to three years into the future. The point of this exercise was to both defend the merits of the proposed funding allocation as well as to communicate to City Council and the public what a reasonable expectation for service delivery can be moving into the future. This process ultimately provided further validation that the City has been steadily falling behind in many aspects of regular facility maintenance. However, the continued emphasis on Category 1 funding is already paying dividends in other maintenance areas (e.g. bridge repairs, OHA CFMP, ball court renovations, etc.), and existing conditions are markedly improved. It is anticipated that after several years of appropriately scheduled maintenance and significant catch-up on deferred maintenance, the overall level of annual investment in Category 1 projects will begin to decline.

Once the Steering Committee completed discussion of the new FY 2013 – FY 2022 funding requests, OMB staff and the City Manager's Senior Staff team met to determine the prioritization of funding requests. The same initial prioritization philosophy (i.e. maintenance first) was followed with emphasis on economic development, public safety, strategic goals and objectives, and return on investment also playing into the equation heavily. Just like in the FY 2012 – FY 2021 plan, significant attention was paid to fully developing and balancing all ten years of the plan.

It is important to note that the ACPS request for additional CIP funding was not initially analyzed or compared against City requests as part of the CIP Steering Committee process. Because Council guidance restricted CIP growth, the ACPS request was substantially different (and larger) than the Approved FY 2012 – 2021 CIP.

In-depth analysis of the request was not attempted prior to the Proposed CIP. Coordination between City and ACPS staff did occur before finalization of the City Manager's Proposed CIP and did achieve consensus on the first four years of the Proposed CIP.

Following these discussions, the Office of Management and Budget took the input from the CIP Steering Committee and the City Manager's Senior Staff group and produced a "Rough Draft" CIP that sought to fund essential Category 1 projects, fit Category 2 projects within acceptable windows whenever possible, and provide funding for Group 3 projects when available and prudent. This OMB Rough Draft CIP was then presented back to the Steering Committee for comments and concerns. Based on these comments, some final adjustments were incorporated into the project plan.

## **Future Process Improvements**

Two other process improvements started in FY 2012 continued to be developed for the FY 2013 – FY 2022 CIP development process. The first improvement involved better describing how the CIP relates to and impacts the City's operating budget. The other improvement involved developing a more quantitative project scoring system to support project prioritization. Implementation of both improvements remain goals of the City, but further refinement is required before they are fully integrated into the process

Future CIP's will include better cost estimates of operational impacts as well as language describing the impact on service levels to the public. Many projects in the FY 2013 Proposed CIP incorporate this information, but it is not yet universally available for all projects. Furthermore, future CIP development processes should include operating budget impacts more heavily when determining relative project priorities. Again, these are considerations that are informally built into the process today, but the goal is to formalize and refine them in the future.

The City has not utilized a system of scoring for capital project requests in the past. And while scoring systems tend to be incapable of instantly providing a ranked list of projects, a good scoring system could be beneficial in providing a better starting point from which the Steering Committee, OMB, and the City Manager could work. Ultimately, issues such as policy considerations, legal mandates, and availability of outside revenues can supercede a scoring system, but having a more quantitative starting point with discrete project rankings is a good goal. OMB staff continues to develop a way to quantify the scoring of capital projects with the goal of implementing a scoring system for next year's CIP.

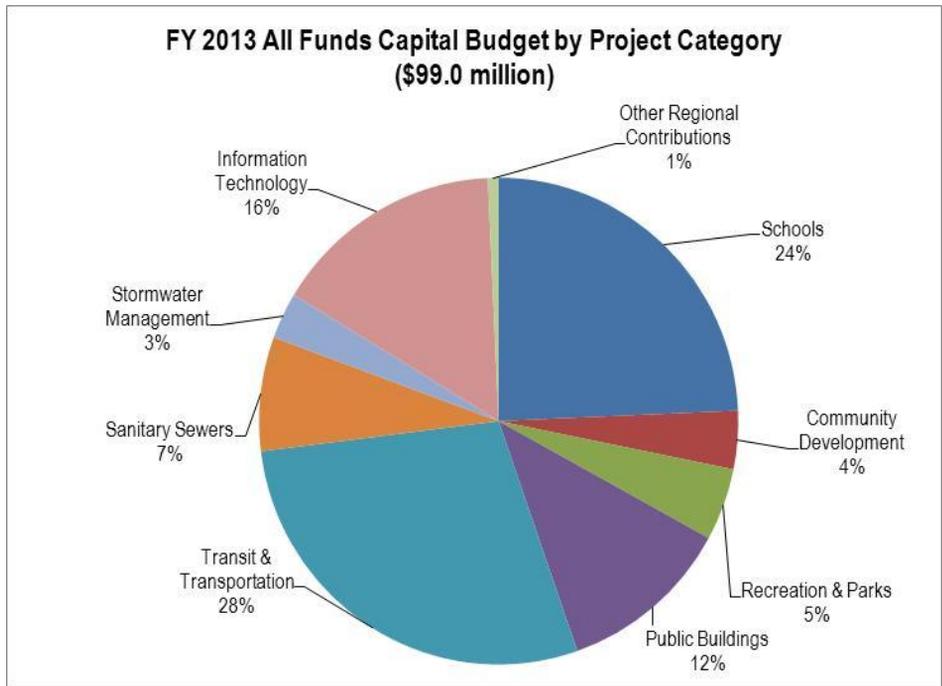
***Operating Impact Statements will be available for all projects in future CIP's. The process will also be designed to formally consider these impacts in determining project priority.***

***A more sophisticated project scoring system is planned for future CIP's, which can provide a better initial prioritization from which the Proposed CIP can be developed.***

*The Proposed FY 2013 capital budget includes \$99.0 million in total funding. This includes \$5.8 million in non-City sources, \$13.2 million from cash and borrowing from the City's Transportation Improvement Program.*

## FY 2013 Approved CIP Expenditures

The total Approved CIP for FY 2013 is for \$99.0 million, which includes \$5.8 million in non-local revenues and \$13.2 million from the City's Transportation Improvement Program. The locally-funded CIP is \$93.3 million, which is \$2.9 million less than was previously planned for FY 2013 in last year's Approved CIP. This decrease is attributable to shifting the project timing and funding with several Transportation Improvement Program projects to later years and shifting ACPS capacity projects out one year per the Proposed ACPS CIP. Several projects were advanced to FY 2013 from the prior year CIP and include open space acquisition, Waterfront Small Area Plan implementation, and the dedicated Emergency Operations Center (EOC), Sheriff's Administration Office relocation, Hack Inspection Office, and emergency supply storage at the Public Safety Center.



## Highlights of the FY 2013 Capital Budget

A summary of the FY 2013 major capital budget highlights follows:

### Alexandria City Public Schools (FY 2013 – \$24.1 million)

- \$7.1 million to continue funding for the New Jefferson-Houston K-8 facility
- \$2.0 million for other capacity related projects including modular classrooms
- \$14.9 million for core facilities maintenance efforts across the ACPS system

## Highlights of the FY 2013 Capital Budget

### Community Development (FY 2013 – \$3.8 million)

- \$2.2 million to complete environmental remediation work at the Potomac River Oronoco Street Outfall
- \$0.8 million for preliminary planning and design work associated with the Waterfront Small Area Plan

### Recreation and Parks (FY 2013 – \$4.8 million)

- \$1.44 million for renovations at the Chinquapin Aquatics Center
- \$0.42 million to construct a Miracle Field in the City, a rubberized outdoor sports surface similar to playground surfacing. The rubber allows a firm, yet cushioned, surface for wheelchairs and walkers, allowing Alexandria residents with physical and mental disabilities to play ball. City funding in the amount of \$0.285 million is combined with \$0.135 million in private contributions to complete project funding.
- \$1.0 million for open space funding to meet immediate acquisition needs

### Public Buildings (FY 2013 – \$11.6 million)

- \$3.0 million in new funding is planned to complete funding for the construction of Fire Station 210 in the Eisenhower Valley. Funding includes a \$1.0 million project contingency added for FY 2013. Currently, the project has an approximately 4% owner's contingency planned. The \$1.0 million is to be used only as a contingency if there are unforeseen project costs overruns, and can be reprogrammed in future ten-year CIP plans if not required.
- \$3.5 million for a dedicated Emergency Operations Center, relocation of the Sheriff's Administration Offices, the Hack Inspection Office, and emergency supply storage at the Public Safety Center

### Transit and Transportation Infrastructure (FY 2013 - \$28.1 million):

- \$11.6 million in Public Transit capital investments including \$6.1 million for WMATA capital contributions and \$3.9 million for DASH Bus replacements
- \$4.8 million for High Capacity Transit Corridor capital investments including \$4.0 for Transit Corridor "A" (Potomac Yard) Bus Rapid Transit branded rubber tire vehicles
- \$6.4 million for Streets & Bridges capital investments including \$5.4 million to complete funding for King Street/Quaker Lane/Braddock Road intersection improvements
- \$4.1 million Non-Motorized Transportation capital investments including \$3.3 million to complete funding for the Holmes Run Greenway construction
- \$1.2 million for Fixed Transportation Equipment including \$0.9 million for fixed equipment (e.g. mast arms, signals, etc.)

## **Highlights of the FY 2013 Capital Budget**

### Sanitary Sewers (FY 2013 - \$7.5 million)

- \$7.5 million for sanitary sewer projects funded entirely with sanitary sewer system revenues and sewer fee revenue financed bonds including \$4.4 million for infiltration and inflow remediation in the Holmes Run sewer shed

### Stormwater Management (FY 2013 - \$3.1 million)

- \$3.1 million for stormwater management projects partially funded through the reserved 0.5 cents on the base real estate tax rate including \$1.2 million for Stream and Channel Maintenance and Four Mile Run Channel Maintenance projects

### Other Regional Contributions (FY 2013 - \$0.7 million)

- \$0.36 million for Northern Virginia Community College capital contributions
- \$0.25 million for Northern Virginia Regional Park Authority capital contributions
- \$0.11 million for Peumansend Creek Regional Jail capital contributions

### Information Technology (FY 2013 - \$15.4 million)

- \$10.2 million for Computer Aided Dispatch (CAD) Replacement Records Management System (RMS) for Police, Fire and Emergency Medical Services
- \$0.6 million for Citywide computer equipment replacement

# FY 2013 – FY 2022 Proposed Capital Improvement Program Overview

***The Proposed FY 2013 – FY 2022 CIP includes \$1.135 billion in all sources of funding, including \$28.7 million of non-City funds and \$65.0 in capital improvements from the City's Transportation Improvement Program approved by City Council in FY 2012.***

The Proposed FY 2013 – FY 2022 All Funds Capital Improvement Program totals \$1.135 billion, which represents a \$38.2 million, or 3.5%, increase from the Approved FY 2012 - 2021 CIP.

The FY 2013 - FY 2022 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, provide stimulus for new economic development, and help solve the growing transportation problems. The chart on page 2-18 illustrates CIP spending (both City and non-City sources) according to project category for each year in the ten-year plan. Highlights from each CIP section include:

## Alexandria City Public Schools (ACPS):

- A total of \$202.7 million over ten years has been included in this CIP for the capital needs of the Alexandria City Public School System (ACPS) for Schools projects
- \$87.9 million is planned to address capacity issues through projects such as new K-8 facilities at the Jefferson-Houston and Patrick Henry campuses
- \$35.8 million is planned for major facilities maintenance projects throughout the ACPS system from FY 2013-2016
- An additional \$79.9 million in "lump sum funding" is included in the ten year plan for FY 2017-2022 (minus the final year of funding for Patrick Henry). City and ACPS staff have not achieved consensus on these six years of the ten-year plan, so funding is not distributed to individual projects.

## Public Buildings:

- \$3.0 million in new funding is planned to complete funding for the construction of Fire Station 210 in the Eisenhower Valley. Funding includes a \$1.0 million project contingency added for FY 2013. Currently, the project has an approximately 4% owner's contingency planned. The \$1.0 million is to be used only as a contingency if there are unforeseen project costs overruns, and can be reprogrammed in future ten-year plans if not required.
- 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). A new developer paid Fire Station (Beauregard Street) is currently being discussed.
- \$18.0 million is planned for the replacement of the HVAC and other integral systems at City Hall
- \$5.3 million to implement Energy Management projects at City facilities
- \$3.5 million for a dedicated Emergency Operations Center, relocation of the Sheriff's Administration Offices, the Hack Inspection Office, and emergency supply storage at the Public Safety Center

# FY 2013 – FY 2022 Proposed Capital Improvement Program Overview

## Highlights of the Proposed FY 2013 – FY 2022 Capital Improvement Program

### Transit and Transportation Infrastructure:

- \$273.8 million for a new Metrorail station in Potomac Yard; total project costs are \$275.0 million, with \$1.2 million included in FY 2012.
- \$134.0 million in funding for Public Transit improvements. Significant projects include:
  - \$73.7 million for WMATA capital contributions
  - \$44.3 million for DASH bus replacements
  - \$7.6 million for expanded DASH bus and trolley/circulator service.
- \$29.8 million for High Capacity Transit Corridors. Significant projects include:
  - \$17.1 million for Transit Corridor “C” (Beauregard) Construction
  - \$9.0 million for Bus Rapid Transit branded rubber tire vehicles
- \$37.3 million for Streets & Bridges. Significant projects include:
  - \$5.4 million to complete funding for improvements at King Street/Quaker Lane/Braddock Road Intersection
  - \$13.0 million for street reconstruction projects beginning FY 2016. Funding is 50% from the City and 50% from the State Revenue Sharing Program
  - \$6.75 million for the Madison and Montgomery reconstruction project
- \$20.7 million for Non-Motorized Transportation. Significant projects include:
  - \$3.3 million to complete funding for the Holmes Run Greenway (\$5.6 million total project costs)
  - \$1.3 million for the Capital Bikeshare program from CMAQ funding
  - \$3.8 million for non-motorized transportation safety projects
- \$14.3 million for Fixed Transportation Equipment. Significant projects include:
  - \$10.6 million for fixed equipment (e.g. signals, mast arm poles, etc.)
  - \$2.5 million for transportation technologies designed to move people quicker and more efficiently throughout the City

### Community Development:

- \$0.8 million is planned for initial design of Waterfront Plan elements in FY 2013
- \$2.8 million over ten years for Public Art investments
- \$2.3 million to implement the Transportation Sign & Wayfinding program
- \$2.2 million to complete environmental remediation work at the Potomac River Oronoco Street Outfall
- Implementation projects stemming from the Braddock and King Street plans have \$1.4 million in funding planned

## ***Highlights of the Proposed FY 2013 – FY 2022 Capital Improvement Program***

### Recreation and Parks:

- \$19.7 million for the acquisition and development of new open space is planned, including \$1.0 million in FY 2013 to meet immediate open space acquisition needs
- A total of \$6.44 million is planned over the ten-year period for necessary maintenance at the Chinquapin Aquatics Center to keep the facility safe and operational
- \$25.5 million is planned over the ten years for the various Category 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 at existing fields
- \$4.0 million to implement improvements at Windmill Hill Park
- \$0.42 million to construct a Miracle Field in the City, a rubberized outdoor sports surface similar to playground surfacing. The rubber allows a firm, yet cushioned, surface for wheelchairs and walkers, allowing Alexandria residents with physical and mental disabilities to play ball. City funding in the amount of \$0.285 million is combined with \$0.135 million in private contributions to complete project funding.

### Information Technology:

- The FY 2013 - FY 2022 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 \$50.3 million over ten years
- The IT Plan includes including \$10.8 million to fund the Computer Aided Dispatch and Records Management System for Police, Fire and Emergency Medical Services. The total project cost estimate is \$15.0 million, with \$4.2 million funded in prior year plans.

## **Highlights of the Proposed FY 2013 – FY 2022 Capital Improvement Program**

### Sanitary Sewers:

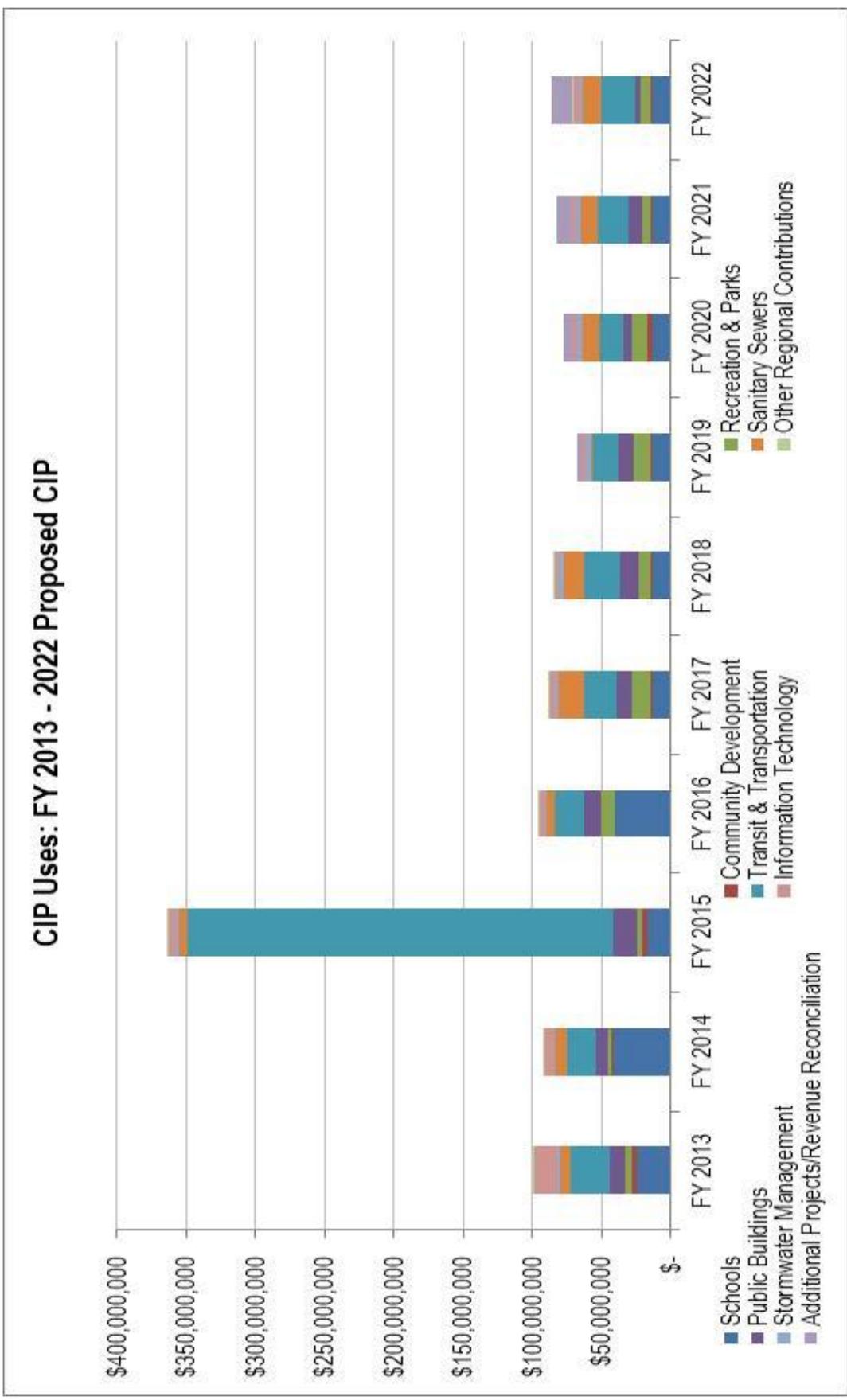
- A total of \$102.4 million over ten years is planned for City-wide sanitary sewer projects. This represents an increase of \$64.3 million over the Approved FY 2012 – 2021 CIP and includes \$35.2 million for expanded capacity at the Alexandria Sanitation Authority (ASA) Wastewater Treatment Plant and \$31.5 for a Wet Weather Management Facility. These projects are necessary for projected sanitary sewer expanded capacity and regulatory compliance
- The Sanitary Sewer Fund 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. Reflecting the Proposed FY 2013 – 2022 Sanitary Sewer Fund budget, rate increases to the Sewer Line Maintenance Fee are projected beginning FY 2015. Developer paid connection fees would increase as well. The rate increases appear necessary to fund large one-time capital projects including the Wet Weather Treatment Facility, ASA Wastewater Treatment Plant Expansion, and completion of funding for the Holmes Run Sewer Shed Infiltration and Inflow project.

### Stormwater Management:

- A total of \$29.4 million over ten years is planned for the stormwater management fund, including moving the Four Mile Run Channel Maintenance and Stream and Channel Maintenance and Restoration projects (along with funding sources) from the Community Development section of the CIP to Stormwater Management
- Stormwater Management projects will be financed by the revenues collected through the dedication of 0.5 cents of the real estate tax rate and an annual transfer of \$1.0 million from the Capital Fund, which represents the current level of General Fund investment

### Allowance for Inflation or Additional Projects:

- The FY 2013 CIP leaves some unprogrammed revenues each year starting in FY 2019, which is intended to either be maintained as a small buffer against inflation or be programmed by City Council for additional projects in future CIP's. The size of this allowance was determined by assuming a CIP that requires a relatively consistent level of impact on the operating budget in each year. The ten-year total of these unprogrammed revenues is \$31.7 million from FY 2019 - 2022.



*Over \$205 million in requested CIP projects have not been included in the Proposed CIP.*

## Project Requests Not Included in the CIP

There were over \$205 million in project requests that are not funded in the FY 2013 – FY 2022 Proposed CIP.

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

- ACPS Approved CIP – \$155.1 million
  - The School Board approved their FY 2013 – FY 2022 CIP in February 2012. The plan includes \$155.1 million in projects the City's Proposed CIP including three new school facilities.
- City Municipal Fiber Network – \$20.0 million
  - Installation of City owned fiber and wireless broadband networks independent of the current Institutional Network infrastructure. This project was not funded in FY 2013 due to lack of available funding resources, but will require a decision on funding based on results from the feasibility assessment conducted in FY 2012. If this project is started it must be completed by 2016.
- Fire Station 211 (Beauregard Corridor) – \$11.2 million
  - Developers in the Beauregard Corridor have proposed capital funding contributions for a new fire station. The project request assumed \$9.5 million in developer contributions combined with \$1.75 million in City funding for station fire and EMS vehicles, but remains unfunded at this time.
- Transportation Infrastructure Projects - \$10.7 million
  - An additional \$10.7 in Base CIP funding was requested for Transportation infrastructure projects, including \$2.9 million for Duke Street Reconstruction (half City funding, half State revenue sharing funding). City Council approved the Transportation Improvement Program in FY 2012 to provide for expanded transportation infrastructure and transit options; these projects however are not expansion projects and must compete with Base CIP funding on an annual basis. Other funded transportation infrastructure projects include additional City funding for shared-use paths, bus shelters, and non-motorized transportation safety improvement projects.
- Energy Management Program & Renewable Energy Systems - \$7.4 million
  - An additional \$0.74 million to complete energy conservation, efficiency, and management projects and \$6.7 million for solar electric and solar thermal projects are not funded in the FY 2013 CIP. Funding in the amount of \$5.3 million is provided for the City's Energy Management Program from FY 2013 – FY 2022.

***Over \$205 million in requested CIP projects have not been included in the Proposed CIP .***

## **Project Requests Not Included in the CIP, continued**

- Parks Facility Projects – \$0.5 million
  - Several City park facility projects requested additional funding in FY 2013, but were not funded based on available resources and project prioritization. They included security lighting at Hillside Park (\$40,000); Duron building roof replacement and HVAC installation (\$110,000); and Four Mile Run Park expansion – Phase II (\$200,000). Additionally, \$130,000 was requested for lighting at the planned Miracle Field (\$130,000) but was not funded. The Miracle Field project is 100% funded through City and private contributions; the lighting portion would allow the field to be utilized by multiple user groups for an extended period of time during the day.
- Library Capital Projects- \$0.5 million
  - \$460,000 in funding for carpet replacement and an additional \$40,000 annually for Library capital projects (Library CFMP could not be fit within available funding levels. The Library CFMP is funded at \$1.57 million over the ten-year plan, and includes an additional \$70,000 for Barrett Branch Library window replacement in FY 2013.

## FY 2013 – FY 2022 Proposed CIP Funding Sources

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

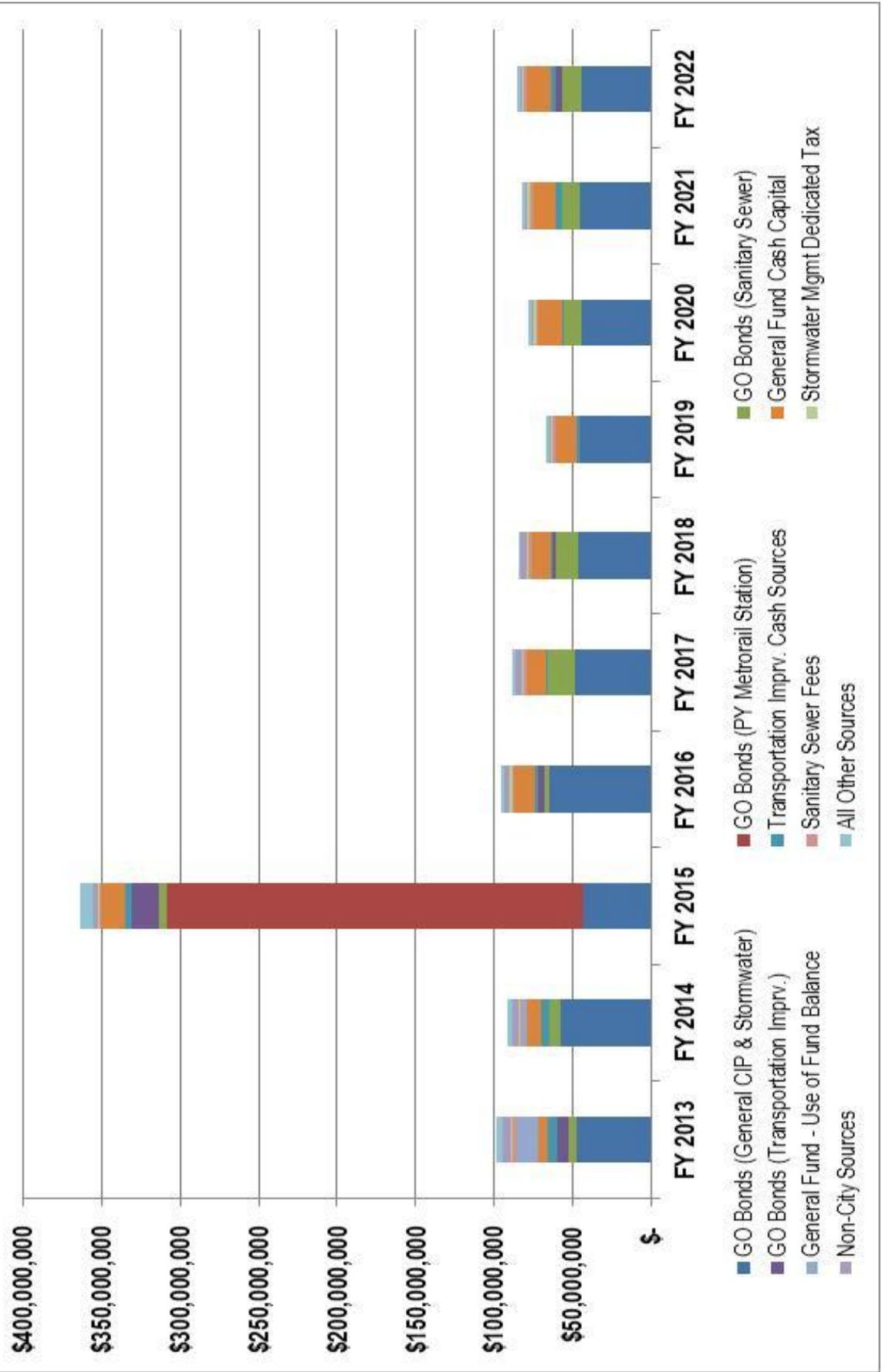
***The FY 2013 – FY 2022 CIP will be primarily financed with General Obligation Bonds, Cash Capital, Surplus Fund Balance, Grants and Other Special Revenue.***

Funding the total ten-year capital program of \$1.135 billion for the City and the Schools will be provided through a mix of sources including:

- \$487.5 million in general obligation (G.O.) bond borrowing for the CIP;
- \$85.6 million in G.O. bonds supported by sanitary sewer revenues;
- \$34.7 million in G.O. bonds supported by City's Transportation Improvement Program;
- \$265.3 million in G.O. bonds supported by the Potomac Yard Metrorail Station Fund;
- \$28.7 million in grants and other special revenue; and
- \$232.8 million in cash from various sources, including:
  - \$128.0 million in cash capital appropriations;
  - \$30.3 million from the City's Transportation Improvement Program (2.2 cents on the base real estate tax rate and additional cash)
  - \$16.8 million in cash capital from sanitary sewer fees;
  - \$15.4 million in General Fund balance for capital projects;
  - \$14.2 million in dedicated stormwater management tax;
  - \$10.5 million in Comcast revenues;
  - \$8.5 million in Potomac Yard Metrorail Station special tax district revenues and Potomac Yard development contributions;
  - \$6.5 million in bond interest earnings; and
  - \$2.6 million in other City sources.

The FY 2013 - FY 2022 capital funding plan reflects the planned issuance of \$873.1 million in general obligation bonds through FY 2022. Of these, \$85.6 million would be supported by Sanitary Sewer Fund fees, and \$34.7 million are supported by the City's Transportation Improvement Program, funded by the 2.2 cents on the base real estate tax rate and additional General Fund cash capital. The stacked graph on the next page shows the distribution of CIP funding sources over the ten-year plan.

CIP Sources: Proposed FY 2013 - FY 2022



# FY 2013 – FY 2022 Proposed Capital Improvement Program Overview

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

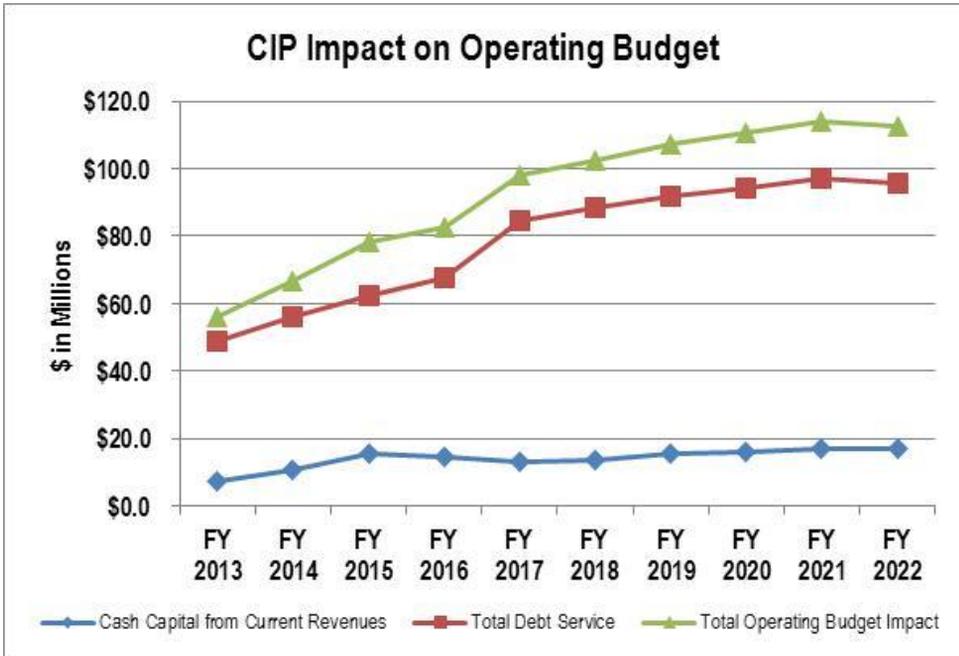
**Debt service payments increase each year of the CIP, peaking at \$97.1 million in FY 2021.**

**The Proposed FY 2013 – FY 2022 CIP also plans to grow the annual cash capital contribution each year before peaking at \$16.8 million in FY 2022. This amount includes the annual additional cash capital contribution for the City's Transportation Improvement Program.**

The approved capital program, while accommodating many needs, does not address all of the requests from City agencies and the community. As referenced earlier, over \$205 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 \$205 million is more than existing or projected revenues at proposed tax rates could finance.

The increasing amount of debt outstanding should 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 \$43.4 million in FY 2012 to \$48.6 million in FY 2013, and increase each year until peaking at \$97.1 million in FY 2021. While the annual debt service increases each year until FY 2022, the planned growth of the annual cash capital contribution to the CIP from \$7.5 million in FY 2013 to \$16.8 million in FY 2022 drives much of the increase in the operating budget as well. This planned financing structure would keep the average pay-as-you-go portion of the CIP at 23 percent for the ten-year period; that percentage of pay-as-you go CIP is skewed because of the one-time \$265.3 million General Obligation Bond planned to be issued in FY 2015 for the new Potomac Yard Metrorail Station.



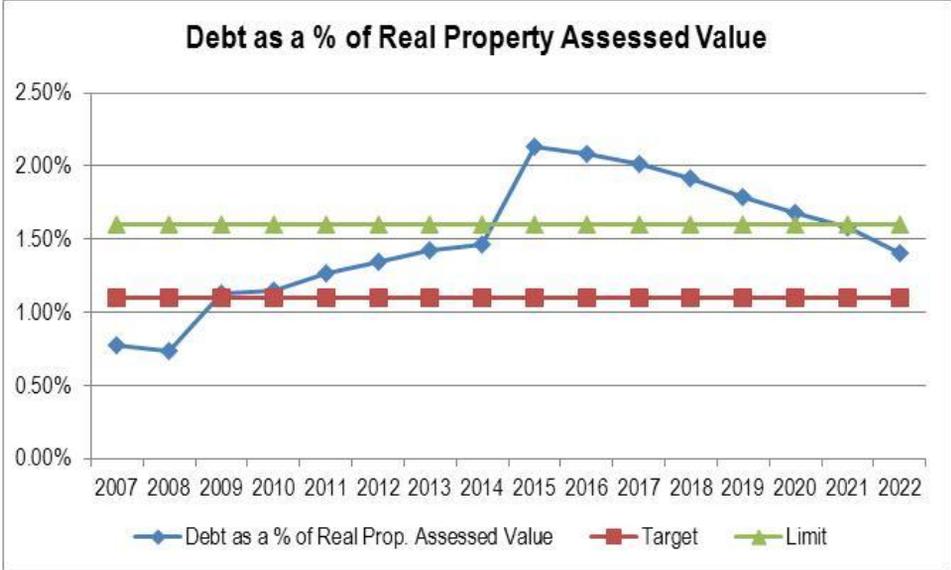
# FY 2013 – FY 2022 Proposed Capital Improvement Program Overview

**For the base CIP, the City will remain within adopted debt ratio limits. Because debt related to the proposed Potomac Yard Metrorail Station will cause some of these limits to be exceeded, an upward revision to these limits is planned.**

**Backing out the Potomac Yard Metrorail Station planned debt, debt as a percent of fair market value remains under the City's current target, and is slightly healthier overall than projected in the FY 2012 Approved CIP.**

The City will remain in compliance with our adopted debt ratio limits, but will likely exceed two of our current debt ratio targets within the ten-year plan. When debt related to the Potomac Yard Metrorail Station is considered separately as shown in the "Summary Funding Tables" section of the document and in the figures below.

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 peaks at 1.5 percent in FY 2015. Factoring in Potomac Yard Metrorail Station debt, this ratio peaks at 2.1 percent in FY 2015, will pass the City's current limit. This is the most important debt ratio considered by the bond rating agencies. The issuance of Potomac Yard Metrorail Station debt will not endanger the City's bond ratings because it is an economic development long-range investment to be supported by dedicated non-General Fund revenue sources and still keeps this ratio in the moderate range.

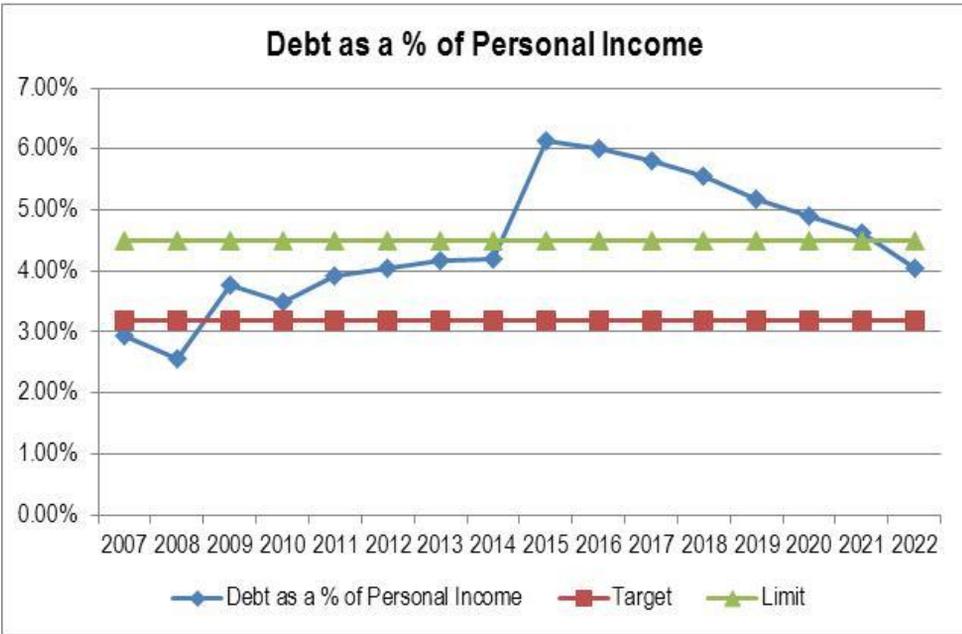


The City be amending this guideline in the near future in response to the planned Potomac Yard Metrorail Station debt issuance. Such an adjustment would likely be for the short term, as the ratio should start to decline and move back within the current 1.6 percent limit by FY 2021. While the Metrorail Station borrowing is significant, the resulting economic development and increase to total City assessed property values provide a return on investment in a relatively quickly. This debt ratio continues to be below that of many other AAA/Aaa rated jurisdictions.

# FY 2013 – FY 2022 Proposed 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 resynchronized 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. Further revisions to this guideline will be proposed in 2012 as a result of the project debt issuance for the planned Potomac Yard Metrorail Station.

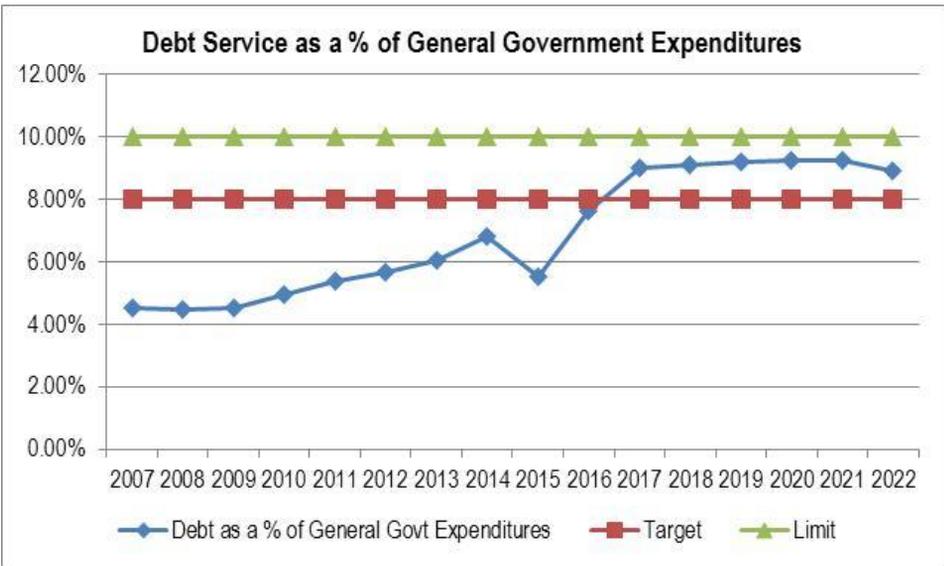


The City’s ratio of debt as a percent of personal income at the end of Fiscal Year 2013 is projected to be 4.1 percent, which will exceed the 3.2 percent target, but stay below the limit of 4.5 percent. This is up slightly from the FY 2012 ratio of 3.9 percent. While this plan takes the City close to the debt ratio limit, the ratio steadily improves as we move into the later years of the plan. Factoring in the Metrorail Station borrowing, this ratio will pass the current limit with FY 2015 peak of 6.1 percent. In a similar result as that seen in the debt as a percentage of assessed value ratio, this debt ratio quickly improves towards the end of this decade as growth, including development of Potomac Yards, boosts projected personal income levels. The City would fall back within the current limit by FY 2022.

# FY 2013 – FY 2022 Proposed Capital Improvement Program Overview

Although the City will remain below its debt policy ratio target for debt service to general governmental expenditures, as the figure below shows, the impact of Potomac Yard Metrorail Station borrowing would move the City to slightly over the existing target in FY 2017 – FY 2022.

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 2020 and FY 2021. Although the City's ratio is increasing, the City would remain well below our limit of 10% and the levels of many AAA/Aaa rated jurisdictions.



**Potomac Yard Metrorail Station planned debt has necessitated a look at the City's conservative debt guidelines, and will not jeopardize the AAA/Aaa bond ratings.**

### Future Revisions to Debt Policy Guidelines Planned:

The new Metrorail station financing could be as much as \$275.0 million, and will be fully funded by a package that would include significant developer contributions, a special tax district assessment, and by some of the net new tax revenues generated by this development. There should not be a negative General Fund impact. In fact, within ten years the General Fund will start to earn new tax revenues from development in Potomac Yards which are projected to total in excess of \$500 million over 30 years.

These General Obligation Bonds are projected to be issued in FY 2015 and will have significant impact on the City's debt ratios. The City's conservative debt policy guidelines described in this CIP chapter will be amended to account for this major economic development. These changes in the guidelines would likely be proposed in 2012.

## Eco-City Initiative and the Capital Improvement Program

The Proposed FY 2013 – FY 2022 CIP is well aligned and consistent with the goals of the City's sustainability initiative "Eco-City Alexandria" as well as those of City Council's Strategic Plan. The guiding principles of the Eco-City Charter relate to the areas of Land Use and Open Space, Water Resources, Air Quality, Transportation, Energy, Building Green, Solid Waste, Environment and Health, Emerging Threats, and Implementation. Goals and specific actions were developed for each of these principles which became the City's Environmental Action Plan 2030. The City's CIP is not only congruous and compatible with the City's Eco-City Charter and Environmental Action Plan, it furthers the implementation of the actions specified in the Action Plan.

Transit and Transportation Infrastructure projects of the CIP such as Dedicated High-Capacity Transitways, DASH Bus fleet replacement, Hybrid Bus/Trolley Battery Packs, Bus Shelters, Bike Trails and WMATA Capital contributions are in harmony with the principles related to Transportation, Air Quality, Environment and Health and Energy as articulated in the Eco-City Charter and Goal No. 3 of the Strategic Plan.

Projects such as the Open Space Acquisition and Development (funding stream re-established), and Tree and Shrub Capital Maintenance are consistent with Goal No. 2 of the Strategic Plan.

Storm and Sanitary Sewer projects, although primarily grey infrastructure projects, protect environmental resources and match the principles of Water Resources, Environment and Health. These projects include Four Mile Run Sanitary Sewer Repairs, Holmes Run Sewershed Infiltration and Inflow, and Holmes Run Trunk Sewer. Additionally, two new projects are added to the Proposed FY 2013 – 2022 CIP, Alexandria Sanitation Authority (ASA) Wastewater Treatment Plant Expansion and a Wet Weather Treatment Facility, which will expand system capacity to prevent sanitary sewer backups while minimizing the impacts of sanitary sewer discharge. Projects related to the Combined Sewer system, including Sewer Separation projects, not only improve existing infrastructure, but also the environment. These projects help the City stay in compliance with regulatory requirements.

Projects involving energy management and retrofitting of existing street lights and traffic lights with LED technology support the goals of Energy, Emerging Threat (Climate Change) and Air Quality principles, in addition to those of the Environment and Health principle. The City's Energy Management project continues to provide an annual funding stream for energy efficient upgrades to City facility infrastructure.

The FY 2013 – FY 2022 CIP supports the Eco-City Charter and Environmental Action Plan with continued funding both now and well into the future.

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