
APPROVED FY 2014 – 2023
CAPITAL IMPROVEMENT
PROGRAM OVERVIEW

Capital Improvement Program Overview Contents

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Approved FY 2014 – 2023 Capital Improvement Program Overview

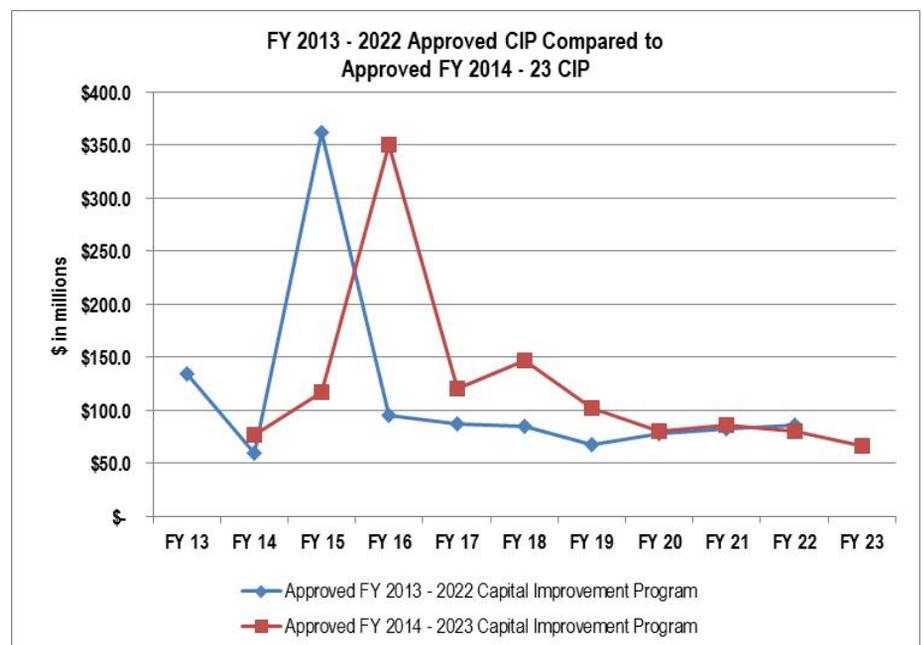
FY 2014 – 2023 Approved Capital Improvement Program

The Approved FY 2014 – 2023 CIP continues the reserved 2.2 cents on the real estate tax for transportation improvement capital projects.

The equivalent of 2.0 cents was added to the Approved CIP during the Add-Delete process to provide additional pay-as-you-go cash resources for capital infrastructure.

The FY 2014 – 2023 CIP was approved by City Council on May 6, 2013 and includes \$1.23 billion in total funding. The Approved CIP includes funding for the Potomac Yard Metrorail Station (from development contributions and special tax district revenue which will be leveraged for required borrowing), as well as continuation of the reserved 2.2 cents on the base real estate tax rate for the City's Transportation Improvement Program (TIP) approved by City Council beginning in FY 2012. Additionally, during the Add-Delete process, City Council added the equivalent of approximately 2.0 cents on the real estate tax rate annually to the CIP to fund additional capital infrastructure projects throughout the City.

The Approved FY 2014 – 2023 Capital Improvement Program totals \$1.228 billion, which represents a \$90.1 million, or 7.9%, increase from the Approved FY 2013 - 2022 CIP. To achieve a true comparison of the two plans, FY 2013 and FY 2023 must be removed from the comparison. When comparing only nine years (FY 2014 – 2022), the Approved CIP increases \$158.5 million, or 15.8% over last year's Approved CIP. Part of the increase is due to the inclusion of the additional revenue equivalent to approximately 2.0 cents on the real estate tax rate, which is estimated to provide \$83.5 million over the 10-year plan and was approved by City Council during the Add-Delete process. A listing of all projects included in the FY 2014 - 2023 CIP can be found on pages 4-6 through 4-12. The chart below provides a comparison of last year's Approved FY 2013 – 2022 CIP and the Approved FY 2014 – 2023 CIP.



**Peak in FY 2015/2016 is due to \$265.3 million in General Obligation Bond issuance for Potomac Yard Metrorail Station*

Approved FY 2014 – 2023 Capital Improvement Program Overview

A significant change from last year's Approved CIP to this year's Approved CIP is moving the borrowing for Potomac Yard Metrorail Station from FY 2015 to FY 2016. Additionally, a new ACPS capacity project is included in FY 2018.

The Approved FY 2014 – 2023 CIP continues to incorporate a diverse funding structure.

Unrestricted revenue increases primarily due to new funding commitments for ACPS and the transfer of street resurfacing funds from the General Fund to the CIP as well as the additional 2.0 cents from the real estate tax rate for capital projects approved by City Council during the Add-Delete process.

A significant change from the Approved FY 2013 – 2022 CIP to the Approved FY 2014 – 2023 CIP is moving the borrowing associated with the Potomac Yard Metrorail Station from FY 2015 to FY 2016, based on a revised project construction schedule. Additionally, a significant increase in FY 2018 is due to the inclusion of a second new capacity project for Alexandria City Public Schools (ACPS).

The funding makeup of the City's capital program is growing increasingly diverse each year. To help organize this added complexity, the Approved FY 2014 – 2023 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 Restricted 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 as well as private capital contributions and Comcast revenues. These revenues are also restricted in their use.

Revenues	Last Year	This Year	Difference	FY 2023 Only
	FY 2014 - 2022	FY 2014 - 2022		
Unrestricted				
Cash Capital	\$ 133,802,751	\$ 219,667,147	\$ 85,864,396	\$ 25,333,978
G.O. Bonds	\$ 404,999,051	\$ 461,970,000	\$ 56,970,949	\$ 32,024,000
Total Unrestricted	\$ 538,801,802	\$ 681,637,147	\$142,835,345	\$ 57,357,978
Restricted				
Potomac Yard	\$ 272,800,000	\$ 272,800,000	\$ -	\$ -
Sewers - Sanitary and Stormwater	\$ 107,978,000	\$ 93,360,000	\$ (14,618,000)	\$ 1,400,000
Transportation Improvement Program	\$ 51,860,000	\$ 53,005,000	\$ 1,145,000	\$ 3,600,000
Other	\$ -	\$ 800,000	\$ 800,000	\$ 25,000
Total Restricted	\$ 432,638,000	\$ 419,965,000	\$ (12,673,000)	\$ 5,025,000
Non-City				
Grants	\$ 22,492,500	\$ 46,232,999	\$ 23,740,499	\$ 2,775,000
Private Capital Contributions	\$ -	\$ 4,550,727	\$ 4,550,727	\$ -
Comcast Revenues	\$ 9,486,000	\$ 9,486,000	\$ -	\$ 1,054,000
Total Non-City	\$ 31,978,500	\$ 60,269,726	\$ 28,291,226	\$ 3,829,000
Total, All Sources	\$1,003,418,302	\$1,161,871,873	\$158,453,571	\$ 66,211,978
<i>Total FY 2014 - 2023</i>				<i>\$ 1,228,083,852</i>

Approved FY 2014 – 2023 Capital Improvement Program Overview

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

The Approved FY 2014 – 2023 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 Approved FY 2014 – 2023 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 is supported by the continued use of the same three-Category prioritization system used in the development of the Approved FY 2013 – 2022 CIP:

- **Category 1: Asset Maintenance** – funding streams that cover an ongoing maintenance need for an existing City asset;
- **Category 2: Renovations/Existing Assets** – specific large renovation or restoration projects that are necessary cyclically or periodically, but can be scheduled for a specific time period. These projects also pertain to existing City assets;
- **Category 3: New Facilities** – projects that result in a new or expanded facility or level of service and can be scheduled; and
- **Information Technology Plan** – projects included in the ten-year plan that are Information Technology related. In future CIPs, those projects will be assigned a category rather than remain as a separate category.
- **Alexandria City Public Schools** – all ACPS capital projects are now categorized in their own section.

The chart below provides a breakdown of funding by Category/IT Plan.

Project Category	Total FY 2014 - 2023
Alexandria City Public Schools	\$ 227,334,786
Category 1 - Asset Maintenance	\$ 328,355,705
Category 2 - Renovations/Existing Assets	\$ 146,929,578
Category 3 - New Facilities	\$ 439,449,248
IT Plan	\$ 38,905,000
Other/To Be Determined	\$ 47,109,535
Grand Total	\$ 1,228,083,852

While Category 3 receives the largest share of funding, it also includes the \$272.8 million budgeted for the Potomac Yard Metrorail Station. Other/To Be Determined projects include the \$43.3 million intentionally not programmed for specific projects which may be utilized to provide resources for State and Federally mandated capital infrastructure improvements associated with the City's sanitary and storm sewer systems.

The Approved FY 2014 – 2023 CIP includes \$227.3 million for ACPS capital needs, which is shown as its own project category.

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.

Sewers and ACPS have hundreds of millions of dollars of potential future capital infrastructure needs that are not included in the Approved FY 2014 – 2023 CIP.

Beyond basic capital maintenance issues, the Approved FY 2014 – 2023 CIP reflects a vision for the City's future. The FY 2014 CIP decision making process included an initial effort to integrate the capital plan with City Council's guidance and Strategic Plan. As such, the Approved 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.

For all the projects that are funded in the CIP, there still remains a number of identified capital investments which are not funded in the plan due to the lack of resources within the available capital funding streams. Most notably, these involve the capital costs associated with federally mandated capital infrastructure improvements to sanitary sewer and storm sewer infrastructure, which are not included in the Approved CIP. These costs could reach \$250 million - \$400 million over the next two to three decades.

Additionally, Alexandria City Public Schools has submitted a \$356.3 million CIP for consideration, of which \$227.3 million is funded in this ten-year plan. As directed by City Council in the budget guidance, the Approved CIP includes funding to address capacity issues system-wide including a capacity project at Patrick Henry in FY 2014 – 2015 and a new school at a site to be determined in FY 2017 – 2018. Funding for non-capacity (capital infrastructure maintenance) is also included in the \$227.3 million total for existing ACPS facilities. City staff continues to discuss capital needs with ACPS staff to determine the appropriate level of capital investments over the ten-year plan, including a joint City – ACPS work group looking at long range enrollment projections.

Capital Improvement Program Purpose & Definitions

The adoption of the CIP by the City Council is an indication of its support of both the capital projects that the City intends to pursue, and a plan for the anticipated levels of financing needed to fund these capital projects over the 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 2014) represents a funding commitment for a 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 2014 – FY 2023

In developing the Approved FY 2014 – 2023 CIP, there were some general guidelines followed in developing the balanced ten-year plan. These guidelines included:

- Using the City Council Approved FY 2013 – 2022 CIP as the “base” for the City Manager’s Proposed FY 2014 – 2023 CIP;
- Incorporating City Council guidance into the plan with emphasis on schools capacity, recreation facilities, sewers and basic infrastructure, and public safety facilities;
- Working to align projects with our City’s Strategic Plan and long-term and intermediate outcomes with an emphasis on preserving and maintaining our City’s existing physical assets;
- Ensuring analysis is provided on increased debt service and adherence to debt policies over the life of the plan;
- Reviewing all projects to determine if the project scope and cost estimates were accurate; and

Additionally, a new internal process for developing the Capital Improvement Program was implemented in FY 2014, and also provided guidance on determining project prioritization. The new process is detailed on the next page.

Definition of a Capital Project:

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

City Council CIP Guidance:

- *ACPS capacity;*
- *Recreation facilities;*
- *Public safety facilities; and*
- *Sewers and basic infrastructure.*

FY 2014 – 2023 Capital Improvement Program Development

In addition to following the guidance provided by City Council, the City Manager created a “CIP Process Improvement Team” in the fall of 2012 and charged it with evaluating the existing CIP process and developing a system for linking CIP decisions with the City’s key strategic priorities.

The team worked together to evaluate the current CIP process and developed a new process that will link CIP decisions with the key strategic priorities of the organization to ensure that the capital improvement process is more strategic and relevant. The team was charged with:

- Evaluating the existing capital improvement program and recommending appropriate changes; and
- Developing a way to evaluate projects consistent with the City’s Strategic Plan, enabling the City to:
 - Leverage our investments to yield improved services through greater operational efficiency and effectiveness;
 - Develop criteria that will determine when a project is ready for evaluation;
 - Develop criteria by which projects will be evaluated/scored; and
 - Determine how projects relate to the Strategic Plan and the City’s long-term and intermediate outcomes.

Throughout October and November 2012, CIP Process Improvement Team members met once a week to discuss the current CIP development process, recommend changes for a more efficient and transparent development process, and provide a new development schedule for the CIP.

At the highest level of discussion, the team came to a consensus on the most important guiding principles of the CIP budget development process. Listed below is the basic framework and principles that are recommended by the CIP Process Improvement Team to guide the CIP budget development process.

- **Fair, Open and Objective Evaluation** – using a more complete evaluation tool (included as Appendix B in the Approved CIP Document) that aligns projects with the City’s Strategic Plan and long-term and intermediate outcomes.
- **Quality Submissions** – a new project submission form was created, designed to collect relevant information used in the evaluation of the projects.
- **Transparency** – allow the public and departments to better understand how funding decision are made.
- **Linking to the Strategic Plan** – integration of work from the new Work Planning Process group, including identification of long-term and intermediate outcomes associated with the City’s capital investments.

The CIP Process Improvement Team was charged with evaluating the prior CIP development process and recommending improvements.

The CIP development process was based on creating fair, open and objective evaluation criteria; receiving quality project submissions; creating a transparent development process; and linking to the City’s Strategic Plan and long-term and intermediate outcomes.

FY 2014 – 2023 Capital Improvement Program Development (Continued)

A Peer Technical Review Committee will be implemented for the FY 2015 – 2024 CIP development process.

The Information Technology Steering Committee and ACPS will continue to have their own CIP development processes; however, both will incorporate many of the improvements by the CIP Process Improvement Team.

A new scoring tool designed to objectively evaluate and rank CIP project requests was implemented in the fall of 2012.

It is important to note that this process effectively changes the way CIP projects are recommended to be reviewed. A Peer Technical Review Committee is recommended to be established to review the feasibility and technical details of each project before being sent to the Cluster Groups for review. Cluster Groups are new to the FY 2014 budget development process, and are headed by the four Deputy City Managers, organized by like missioned departments. The Cluster Groups would then assume the review of projects and make recommendations based on achieving the City's long-term and intermediate outcomes. The Peer Technical Review Committee will be established in the summer of calendar year 2013, and will be an integral part of the development of the FY 2015 – 2024 CIP.

Also of note are the two outside (not managed by OMB) CIP development processes that are recommended to stay intact. The Information Technology Steering Committee (ITSC) is recommended to continue to work with the Chief Information Officer (CIO) to evaluate and recommend information technology projects. It is recommended the ITSC follow the same guiding principles, and use the same evaluation criteria so information technology projects can be evaluated in the context of all City capital projects. Alexandria City Public Schools (ACPS) also manages a separate CIP budget development process. ACPS has been an active participant in the CIP Process Improvement Team and will follow a similar path in the development of its CIP.

The most important initiative implemented by the CIP Process Improvement Team was the creation of a project evaluation tool to provide objective criteria which was used in conjunction with City Council guidance to develop project prioritization. Twenty evaluation criteria were applied to all new project requests and existing projects that requested additional funding. The evaluation criteria used can be found in Appendix B of the Approved CIP Document, and the results of the evaluation – the project rankings – are included in Appendix C. For the FY 2014 – 2023 CIP, due to time limitations, only new and revised funding requests were ranked. It is expected that for the development of the FY 2015 – 2024 CIP, all capital project requests will be evaluated and ranked. Additionally, the CIP Process Improvement Team will also be reviewing the evaluation criteria to determine their appropriateness for future CIPs.

The CIP Process Improvement Team has recommended the following development process to be implemented. This process is subject to change by the City Manager.

1. Create project submissions for new and revised CIP projects
(Completed – new project submission form developed in fall 2012).

FY 2014 – 2023 Capital Improvement Program Development (Continued)

2. Score projects using an evaluation checklist tool (*Completed – evaluation tool used on all new and revised funding requests; evaluation criteria to be reviewed by the CIP Process Improvement team for relevance in summer 2013*).
3. Have CIP Technical Review Committee comment on project requests.
4. Provide the ranked list to the Cluster Groups (*Headed by Deputy City Managers - to be implemented next year*).
5. Request feedback from the City Manager's Office where recommendations are needed prior to finalizing the CIP project rankings; incorporate City Council guidance into the project evaluations (*Completed*).
6. Produce the Approved CIP document; provide details on project prioritization and project rankings (*Completed*).

Because of the timing of the creation of the CIP Process Improvement Team, and the completion of its recommendations, not all recommendations were implemented in FY 2014. The CIP Process Improvement Team will reconvene after the Approved CIP is presented to City Council and full implementation of the new development process will be incorporated into the FY 2015 – 2024 CIP.

Several other improvements were implemented as part of the CIP Process Improvement Team review. The individual project expenditure budget is now accompanied by an individual "Sources and Uses" table on each project description page. Each project now has a specific funding source(s) assigned. Additionally, for Category 2 and 3 projects, the total project budget is now shown, as opposed to in prior years where only the unallocated balance was provided. For these projects, it is most important to know the total amount of capital investment associated with the project. For Category 1 projects, the unallocated balance along with the current allocated balance is displayed on each project page. For these annual maintenance of effort projects, it provides a clear picture of prior year resources available to complete on-going capital maintenance needs. Projects which have large unused prior year balances may have funding reprioritized in the early years of the ten year plans until project implementation rates suggest the need for funds and shows a draw down of prior year available balances.

All projects in the FY 2014 – 2023 CIP are now accompanied by a detailed Sources and Uses table.

A new document format was implemented to provide clear, concise, consistent and relevant information for each project.

A new document format was created for FY 2014. OMB staff has suggested that the CIP document become a better communication tool for providing an overall picture of the capital investments in the City. The goals of the new document include:

- Communicating a direct relationship to Strategic Plan goals, long-term outcomes, and intermediate outcomes;
- Making the document more aesthetically pleasing;
- Providing consistency in the project descriptions across different CIP sections;
- Incorporating a sources and uses spreadsheet for each individual project as noted in the financing plan section; and
- Providing more relevant information on additional operating impacts and changes from the prior year plan.

It is noted that many of the changes to the Approved CIP document were recommended by the Budget and Fiscal Affairs Advisory Committee (BFAAC), and are designed to communicate the City's capital needs and priorities clearer. A description of all the document changes and information contained on each individual project page can be found on page 6-3 of the Approved CIP document.

Future Process Improvements

Future CIPs will include continued improvement of accounting for and communicating additional operational impacts. Many projects in the Approved FY 2014 - 2023 CIP incorporate this information, but it is not yet universally available for all projects. Furthermore, future CIP development processes should weigh operating budget impacts more carefully 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.

Another future improvement recommended by the CIP Process Improvement Team is for projects to attain a minimum level of design, engineering, scoping, cost estimates, community coordination, etc., before the project enters the fifth year of the CIP. If this is to be an expectation, it will have to be resourced. There is not a one-size-fits-all approach to how this work should be completed – departments may request funds or may have in-house capability and projects can vary widely in cost and complexity.

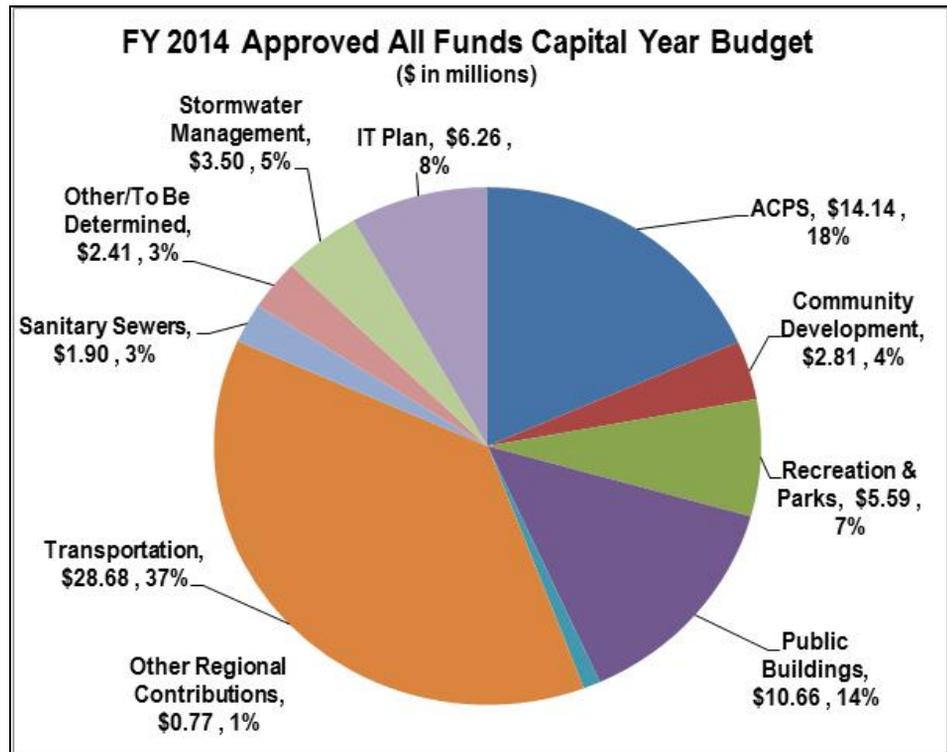
Operating Impact Statements will continue to be improved for all projects in future CIP's. The process will also be designed to formally consider these impacts in determining project priority.

Approved FY 2014 – 2023 Capital Improvement Program Overview

FY 2014 Approved CIP Expenditures

The total Approved CIP for FY 2014 is \$76.7 million, which includes \$12.2 million in non-local revenues and \$5.6 million from the City's Transportation Improvement Program. This is an increase of \$17.4 million, or a 29.4% increase over the previously planned funding for FY 2014 in last year's Approved CIP. The increase includes additional revenue equivalent to approximately 2.0 cents on the real estate tax rate to fund additional capital projects added by City Council as part of the Add-Delete budget development process.

The Approved FY 2014 capital year budget includes \$76.7 million in total funding. This includes \$12.2 million in non-City (State and Federal grants, private capital contributions) sources. As part of the City Council Add-Delete process, City Council approved additional revenue equivalent to approximately 2.0 cents on the real estate tax rate to fund additional capital projects. This additional revenue is applied to each year of the 10-year plan.



Highlights of the Approved FY 2014 Capital Year Budget

Alexandria City Public Schools (FY 2014 – \$14.1 million)

- As part of the City Council Add-Delete process, an additional \$4.1 million was added to the ACPS FY 2014 Capital Year Budget over the Proposed CIP of \$10.0 million. The \$14.1 million provides \$10.4 million for capacity related projects and \$3.7 million for capital infrastructure needs for existing facilities.
- While the project was fully funded in FY 2012 – 2013, the new Jefferson-Houston K-8 facility is scheduled to be under construction in FY 2014.

Highlights of the FY 2014 Capital Year Budget

Community Development (FY 2014 – \$2.8 million)

- \$1.045 million for preliminary planning and design work associated with the Waterfront Small Area Plan (\$0.8 million) and pedestrian and traffic flow improvements in the King Street/Union Street area (\$0.245 million). The infrastructure improvements are funded with prior year available balances from the Transportation Improvement Program (TIP).
- \$0.7 million for Fire Department vehicle and apparatus replacement. This is a new project in this year's CIP, as the City will use GO bonds for the purchase of the equipment, with the Fire Department Equipment Replacement Fund providing proceeds for the debt service payments.

Recreation and Parks (FY 2014 – \$5.6 million)

- \$0.545 million to complete work at Chinquapin Aquatics Center. A total of \$2.145 million for critical capital infrastructure repairs has been budgeted for this project from FY 2012 – 2014.
- \$0.5 million for a feasibility study for new aquatics facilities at the Chinquapin Aquatics Center including planning for a new 50 meter pool.
- \$2.8 million to maintain our existing recreation capital assets including playground repairs, pool repairs, park improvements, and recreation center capital infrastructure needs.
- \$0.35 million to begin work on a renovated Patrick Henry recreation center, with total costs budgeted at \$6.5 million from FY 2014 – 2016.
- \$0.6 million for open space funding to meet immediate acquisition needs.
- \$0.05 million for improvements to the E. Del Ray Avenue pocket park.

Public Buildings (FY 2014 – \$10.7 million)

- \$4.6 million is budgeted to maintain capital infrastructure at facilities Citywide including our historic facilities, libraries, public safety and general government facilities.
- An additional \$1.3 million is provided for a dedicated Emergency Operations Center (EOC), relocation of the Sheriff's Administration Offices, the Hack Inspection Office, and emergency supply storage at the Public Safety Center. This brings total project funding to \$4.8 million.

Transit and Transportation Infrastructure (FY 2014 - \$28.7 million):

- \$17.9 million for Public Transit projects including \$6.8 million for WMATA capital contributions and \$7.3 million for DASH bus replacement and expanded and enhanced routes. Potomac Yard Metrorail Station is budgeted at \$1.98 million in FY 2014, from the Special Tax District and development contributions. The total project budget for the Metrorail Station is currently \$277.1 million.

Highlights of the FY 2014 Capital Year Budget

- \$0.6 million for High Capacity Transit Corridors. This will complete funding for the Route 1 Transitway, a \$20.8 million dollar project expected to be completed in late FY 2014.
- \$4.4 million for Non-Motorized Transportation including \$1.3 million in additional grant funding for the Holmes Run Greenway and \$0.6 million to continue to expand the Capital Bikeshare program. A Bicycle Master Plan update is also budgeted at \$0.5 million. Complete Streets also received \$0.5 million in additional funding through the Add-Delete process.
- \$2.955 million is budgeted for Streets and Bridges, including the shifting of Street Resurfacing (\$1.375 million) from the operating budget to the capital budget beginning in FY 2014, and providing an additional \$0.9 million for street resurfacing through the Add-Delete process. In FY 2015, these funds will be utilized to leverage additional State Revenue Sharing funds.
- \$2.8 million for Fixed Transportation Equipment to maintain our existing infrastructure (mast arms, traffic lights, etc.) and provide funding for technology projects designed to enhance mobility throughout our transportation network. New parking meter installation is also budgeted at \$0.16 million.

Sanitary Sewers (FY 2014 - \$1.9 million)

- \$1.9 million for on-going capital maintenance of the City's sanitary sewer infrastructure and permit compliance.

Stormwater Management (FY 2014 - \$3.5 million)

- \$3.5 million for on-going capital maintenance of the City's storm sewer infrastructure and permit compliance, which includes \$2.2 million to mitigate damage from Tropical Storm Lee. Up to 75% of these expenditures may be eligible for reimbursement by FEMA.

Other Regional Contributions (FY 2014 - \$0.78 million)

- \$0.37 million for Northern Virginia Regional Park Authority capital contributions.
- \$0.29 million for Northern Virginia Community College capital contributions.
- \$0.12 million for Peumansend Creek Regional Jail capital contributions.

Highlights of the FY 2014 Capital Year Budget

Information Technology (FY 2014 - \$6.2 million)

- \$0.7 million for the first of two years of funding for a new permit processing system; total project cost estimated at \$1.9 million.
- \$0.6 million to complete funding for the Computer Aided Dispatch (CAD) project; total project budget is \$15.0 million.
- \$3.4 million to maintain the City's information technology network infrastructure.

Other Projects/Initiatives (FY 2014 - \$2.4 million)

- During the Add-Delete process, City Council added \$2.8 million (\$1.4 million in FY 2014 and \$1.4 million in FY 2015) to replace Fire Department Self-Contained Breathing Apparatus (SCBA) equipment.
- Additionally during the Add-Delete Process, City Council approved a \$1.0 million contribution to pay down existing debt.

Approved FY 2014 – 2023 Capital Improvement Program Overview

The Approved FY 2014 – 2023 CIP includes \$1.228 billion in capital projects, including \$64.1 million of non-City funds and \$56.6 million in capital improvements from the City's Transportation Improvement Program (TIP) approved by City Council in FY 2012.

The additional revenue equivalent to approximately 2.0 cents on the real estate tax rate is estimated to provide \$83.5 million over the 10-year plan.

Of the total \$227.3 million included for ACPS, funding to address capacity and capital infrastructure needs for existing facilities.

\$25.0 million has been added from FY 2014 – 2018 to upgrade aquatics facilities Citywide including the addition of a 50 meter pool at Chinquapin Aquatics Center.

The Approved FY 2014 – 2023 Capital Improvement Program totals \$1.228 billion, which represents a \$90.1 million, or 7.9%, increase from the Approved FY 2013 - 2022 CIP. To achieve a true comparison of the two plans, FY 2013 and FY 2023 must be removed from the comparison. When comparing only nine years (FY 2014 – 2022), the Proposed CIP increases \$158.5 million, or 15.8% over last year's Approved CIP. Part of the increase is due to the inclusion of the additional revenue equivalent to approximately 2.0 cents on the real estate tax rate, which is estimated to provide \$83.5 million over the 10-year plan and was approved by City Council during the Add-Delete process. A listing of all projects included in the FY 2014 - 2023 CIP can be found on pages 4-6 through 4-12.

The Approved FY 2014 - 2023 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. Highlights from each CIP section (along with a summary chart on page 2-20) include:

Alexandria City Public Schools (ACPS) (FY 2014 – 2023 - \$227.3 million):

- A total of \$227.3 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.
- During the City Council Add-Delete process, an additional \$10.6 million was added to the Proposed CIP budget of \$216.7 million to provide additional funding for ACPS capital needs.
- ACPS funding will be utilized to address capacity related projects (i.e. Patrick Henry Capacity and a new school at a site to be determined) as well as basic capital facilities infrastructure at existing facilities. Ultimately, ACPS will program the use of the funds.

Public Buildings (FY 2014 – 2023 - \$111.9 million)

- \$40.7 million is budgeted to maintain capital infrastructure at facilities Citywide including our historic facilities, libraries, public safety and general government facilities.
- \$17.8 million to provide HVAC and other critical capital infrastructure upgrades at City Hall.
- \$47.1 million for four fire station renovation projects from FY 2015 – 2021.

Recreation & Parks (FY 2014 – 2023 - \$105.0 million)

- \$26.6 million is budgeted to maintain our existing recreation capital assets including playground repairs, pool repairs, park improvements, and recreation center capital infrastructure needs.
- \$25.0 million (\$22.5 million City and \$2.5 million private capital contributions) is budgeted to improve City aquatics facilities including adding a 50 meter pool at Chinquapin Aquatics Center.

Highlights of the Approved FY 2014 – 2023 Capital Improvement Program

Street Resurfacing of Major Roads is moved to the CIP from the operating budget to better leverage State Revenue Sharing funds.

- \$23.3 million for open space acquisition.
- \$14.1 million to convert athletic fields to synthetic turf and replace existing carpet (turf) past its useful life.
- \$6.5 million for a renovated Patrick Henry Recreation Center.
- \$4.0 million to replace the Windmill Hill Park Bulkhead.
- \$2.9 million for Marina repairs including repair of the Marina's seawalls and utility upgrades.

Transit and Transportation Infrastructure (FY 2014 – 2023 - \$543.1 million):

- \$272.8 million in cash and bond funding earmarked for the proposed new **Metrorail station in Potomac Yard**; total project costs are \$277.1 million.
- \$136.5 million in funding for **Public Transit** improvements. Significant projects include:
 - \$74.5 million for WMATA capital contributions.
 - \$46.4 million for DASH bus replacements.
 - \$10.4 million for expanded DASH bus and circulator service.
- \$30.6 million for **High Capacity Transit Corridors**. Significant projects include:
 - \$24.5 million for Transit Corridor "C" (Beauregard) Construction.
- \$66.3 million for **Streets & Bridges**. Significant projects include:
 - \$42.0 million for Street Resurfacing and Reconstructions of major roads. This funding was previously budgeted in the operating budget. Moving to the capital budget allows the City to leverage State Revenue Sharing funds with City dollars. Funding is 50% from the City and 50% from the State Revenue Sharing Program. \$22.1 million of funding is from City sources, with \$19.9 million in State Revenue Sharing funds, which are approved by VDOT on an annual basis.
 - \$10.5 million for one-time improvement projects including Duke Street Complete Streets, Madison and Montgomery Reconstruction, Mt. Vernon Avenue and Russell Road Improvements, and Route 1 at E. Reed Intersection.
 - \$5.2 million for bridge repairs.
- \$23.0 million for **Non-Motorized Transportation**. Significant projects include:
 - \$8.6 million to implement complete streets infrastructure.
 - \$6.7 million for non-motorized transportation improvements to the Backlick Run multi-use path and Old Cameron Run trail.
 - \$2.5 million for Capital Bikeshare and a Bicycle Master Plan Update.

Highlights of the Approved FY 2014 – 2023 Capital Improvement Program

- \$13.9 million for **Fixed Transportation Equipment**. Significant projects include:
 - \$10.8 million for fixed equipment (e.g. signals, mast arm poles, expansion of parking meters, etc.).
 - \$2.8 million for transportation technologies designed to move people quicker and more efficiently throughout the City.

Community Development (FY 2014 -2023 - \$34.3 million)

- \$18.2 million is budgeted for the replacement of Fire Department vehicles and apparatus. This is a new project in the CIP, as these large capital equipment purchases were funded through the Equipment Replacement Fund. Smaller vehicles and equipment will still be funded through the Equipment Replacement Fund.
- \$3.4 million is planned for Public Art acquisition and capital maintenance.
- \$6.5 million is planned for Marina dredging in FY 2014 – 2015 and FY 2019 – 2020.
- The costs of the Waterfront Plan implementation will be refined during FY 2014 and then reflected in the FY 2015 – 2024 CIP based on availability of funding.

Sanitary Sewers (FY 2014 -2023 - \$96.8 million)

- \$34.2 million is planned for AlexRenew Wastewater Treatment Plan capacity, which will allow the City to provide needed infrastructure for future development.
- \$22.3 million is planned for the Wet Weather Management Facility, which will help mitigate sewer runoff and overflow issues during periods of wet weather.
- \$15.3 million to continue work on Holmes Run Infiltration and Inflow remediation. Prior year funding of \$19.9 million for a total project budget of \$35.2 million.
- For the City to stay in compliance with the future combined sewer system permits, overflows from the combined sewer system (CSS) need to be mitigated. This is in part because of new regulatory requirements of the bacteria Total Maximum Daily Load (TMDL) for Hunting Creek, and in part from new state and federal mandates related to the City's CSS in the older areas of the City. Total cost of mitigation of these overflows can range as high as \$200 million - \$300 million over several decades and depends on the type and mix of technologies that get implemented. Funding for these capital improvements is not included as part of the Approved CIP but will likely be reflected in future CIPs as costs, implementation schedules, and funding plans are developed.

Most capital costs associated with federally mandated capital infrastructure improvements to sanitary sewer and storm sewer infrastructure are not included in the Approved CIP. These costs could reach \$250 million - \$400 million over the next two to three decades.

Highlights of the Approved FY 2014 – 2023 Capital Improvement Program

Stormwater Management (FY 2014 -2023 - \$15.8 million)

- \$7.6 million is planned for stream and channel maintenance and restoration.
- \$1.5 million is budgeted for Green Infrastructure projects, which will be a part of the federally mandated capital infrastructure improvements associated with combined sewer systems and water quality improvements.
- For the City to stay in compliance with its MS4 (Municipal Separate Storm System) permit, the City must improve stormwater management and water quality of discharges from its storm sewer system. Total cost of compliance and mitigation for FY 2014 – 2023 may range as high as \$50 million and depends on the type and mix of technologies implemented. The cost of compliance beyond 2023 (i.e. FY 2023 – 2033) may be up to an additional \$100 million. These costs will be reflected in future CIPs as costs, implementation schedules, and funding plans are developed.

Information Technology (FY 2014 -2023 - \$38.9 million)

- \$20.2 million is budgeted for City network infrastructure including servers, operating, equipment replacement, and LAN/WAN infrastructure .
- \$3.3 million is planned for Public Safety systems including fully funding the Computer Aided Dispatch (CAD) project.
- \$1.9 million is budgeted for a new permit processing system designed for more efficient and effective services both on-line and in person for City staff and persons conducting business with the City.

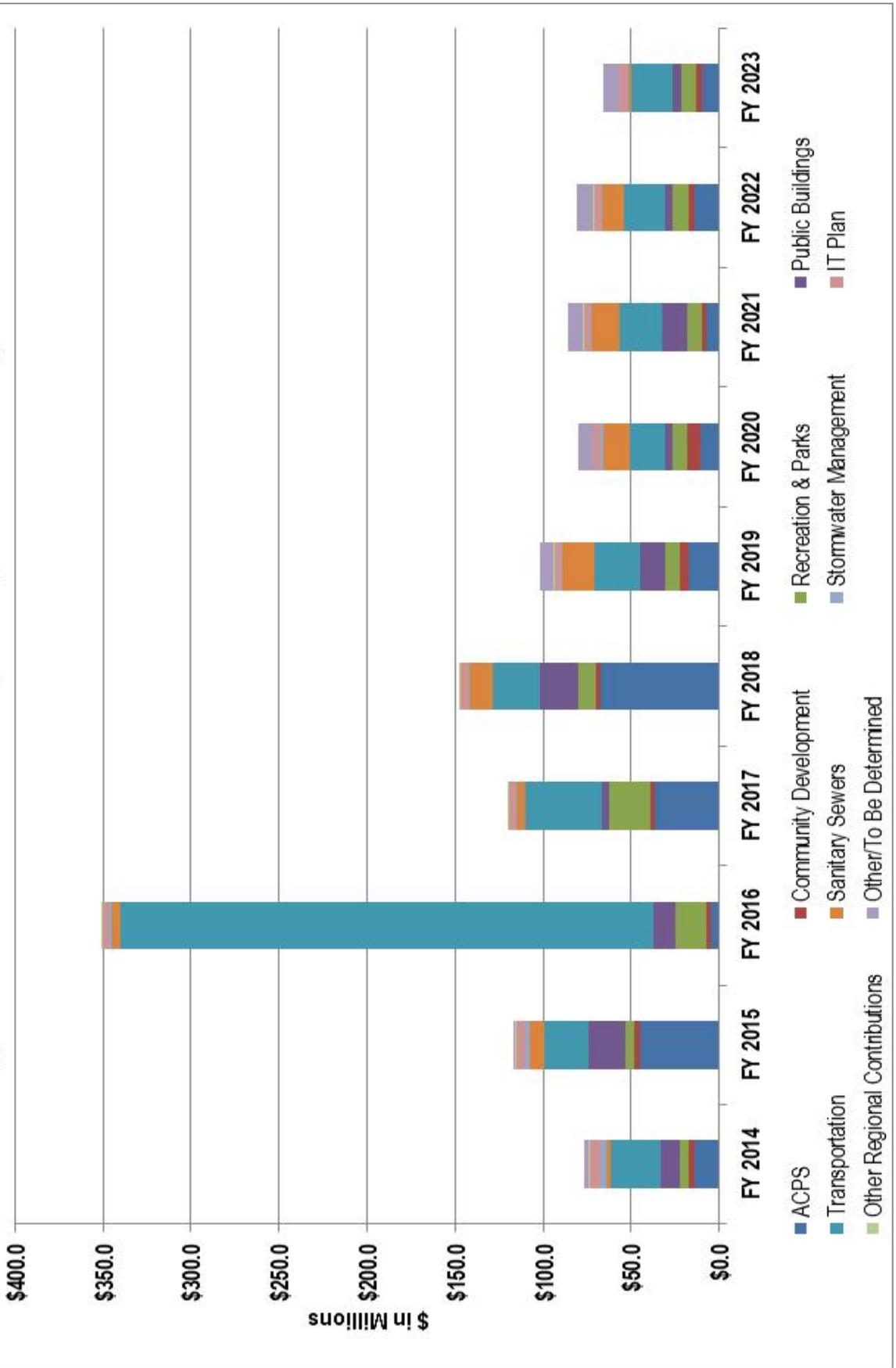
Other Regional Contributions (FY 2014 - 2023 - \$7.8 million)

- \$3.71 million for Northern Virginia Regional Park Authority capital contributions.
- \$3.65 million for Northern Virginia Community College capital contributions.
- \$0.43 million for Peumansend Creek Regional Jail capital contributions.

Other Projects/To Be Determined (FY 2014 - \$47.1 million)

- During the Add-Delete process, City Council added \$2.8 million (\$1.4 million in FY 2014 and \$1.4 million in FY 2015) to replace Fire Department Self-Contained Breathing Apparatus (SCBA) equipment.
- \$43.3 million from FY 2019 – 2023 was intentionally not programmed for specific projects, and may be used to address State and Federal mandates for capital infrastructure improvements to the City's sanitary and storm sewer systems.

CIP Uses by Document Section:
Approved FY 2014 - 2023 Capital Improvement Program



Approved FY 2014 – 2023 Capital Improvement Program Overview

FY 2014 – 2023 Approved 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.

As part of the City Council Add-Delete process, pay-as-you-go cash derived from approximately 2.0 cents on the real estate tax rate was added to each year of the 10-year plan. The additional cash is expected to yield approximately \$83.5 million, bringing the total pay-as-you-go cash from General Fund transfers to \$229.6 million over the 10-year plan.

Funding the total ten-year capital program of \$1.228 billion for the City and the Schools will be provided through a mix of sources including:

(\$ in millions)

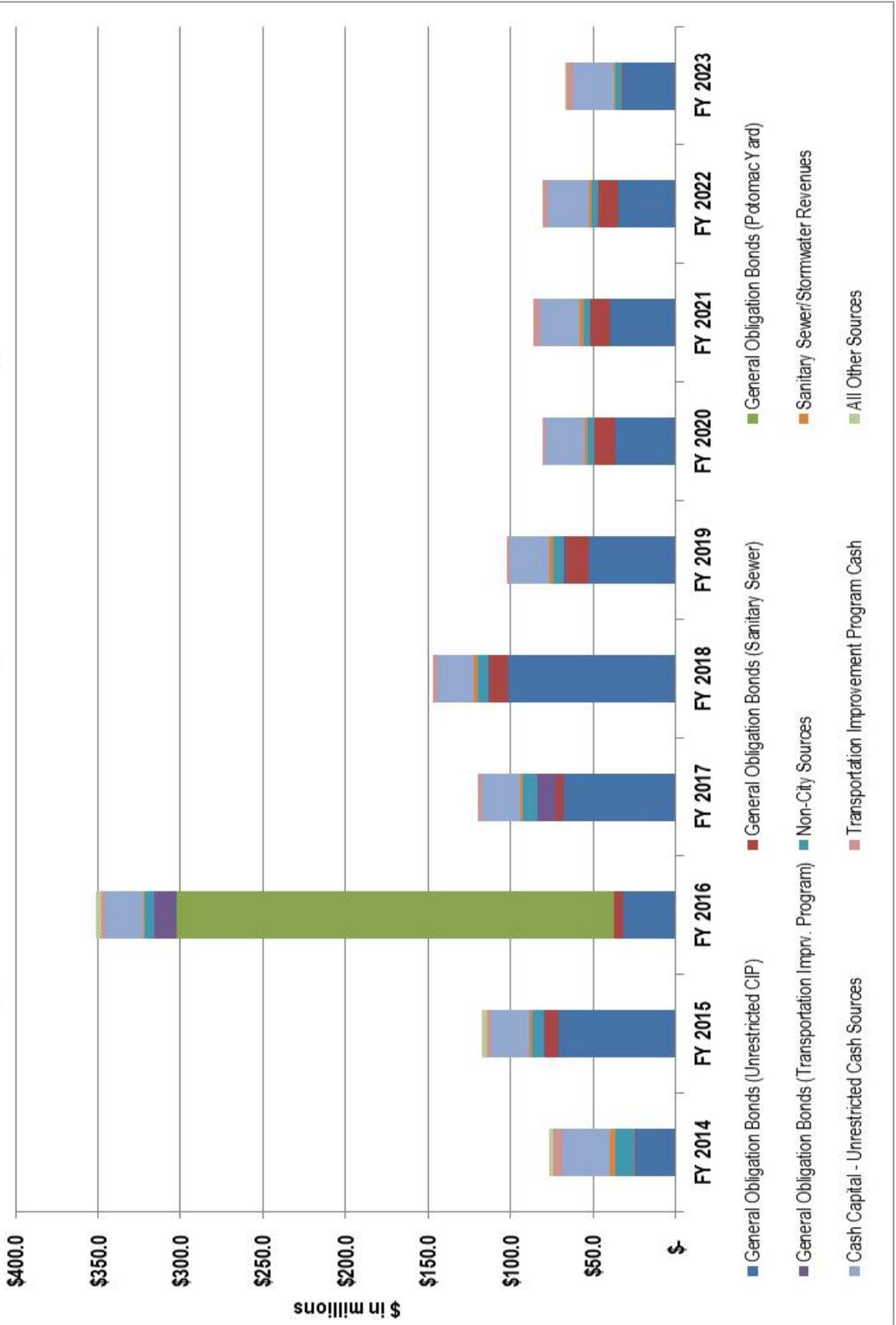
Funding Sources	FY 2014 - 2023 Funding
General Obligation Bonds (Unrestricted CIP)	\$ 494.00
General Obligation Bonds (Sanitary Sewer)	\$ 80.18
General Obligation Bonds (Potomac Yard)	\$ 265.30
General Obligation Bonds (Transportation Imprv. Program)	\$ 28.00
Non-City Sources	\$ 64.10
Sanitary Sewer/Stormwater Recurring Revenues	\$ 14.58
Cash Capital - Unrestricted Cash Sources	\$ 245.00
Transportation Improvement Program Cash	\$ 28.61
All Other Sources	\$ 8.33
Total Funding Sources	\$ 1,228.08

The FY 2014 - 2023 capital funding plan reflects the planned issuance of \$867.5 million in general obligation bonds through FY 2023. These bonds are supported by Sanitary Sewer Fund fees (\$80.2 million), the City's Transportation Improvement Program (\$28.0 million), and Potomac Yard Special Tax District Revenues and Development Contributions (\$265.3 million) in addition to the \$494.0 million in General Obligation Bonds supported by the City's General Fund. Bond funding represents 71 percent of all funding sources in the ten-year CIP. The stacked graph on the next page shows the distribution of CIP funding sources over the ten-year plan.

The Approved FY 2014 – 2023 CIP will be primarily financed with General Obligation Bonds, Cash Capital, Grants and Other Special Revenue.

The Approved FY 2014 – 2023 CIP is financed by 29% cash sources and 71% bonds. In FY 2014, the Capital Year Budget is 68% cash sources and 32% bonds.

CIP Funding Sources: Approved FY 2014 - 2023 Capital Improvement Program



Approved FY 2014 – 2023 Capital Improvement Program Overview

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

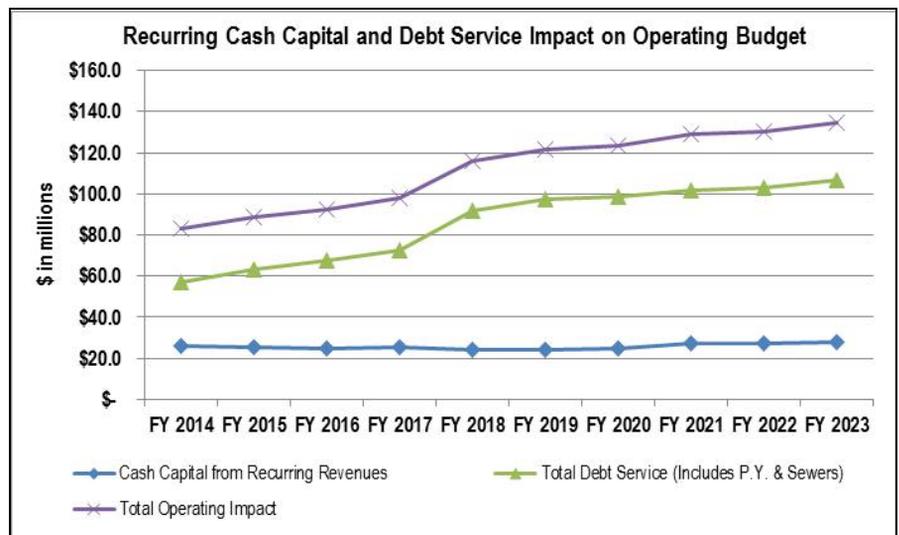
Debt service payments increase each year of the CIP, peaking at \$106.8 million in FY 2023. This includes debt service payments for the Potomac Yard Metrorail Station, to be funded through Special Tax Districts and development contributions.

The Approved FY 2014 – 2023 CIP also plans to grow the annual cash capital contribution each year before peaking at \$27.9 million in FY 2023, and includes the annual additional cash capital contribution for the City's Transportation Improvement Program. The cash capital also includes revenue equivalent to approximately 2.0 cents on the real estate tax rate for each year of the 10-year plan approved by City Council during the Add-Delete process.

The Approved FY 2014 – 2023 Capital Improvement Program assumes a substantial amount of debt (\$867.5 million) issuance to fund the capital infrastructure needs identified throughout this document. Based on prior reviews by, and discussions with Moody's and S&P, this amount of debt alone should not risk the City's AAA/Aaa bond ratings. However, the City will continue to monitor and plan the sale of the bonds with development activity to ensure that development is paying the debt service on the bonds.

As illustrated by the chart below, the annual repayment on the principal and interest due on our general obligation bonds will increase from \$48.6 million in FY 2013 to \$57.0 million in FY 2014, and increase each year until peaking at \$106.8 million in FY 2023. These amounts reflect the debt service for the self-financed Potomac Yard Metrorail Station. While the annual debt service increases each year until FY 2023, the planned growth of the annual cash capital contribution to the CIP from \$26.3 million in FY 2014 to \$27.9 million in FY 2023 contributes to the increase in the operating budget as well. Part of this increase is due to the inclusion of the equivalent of approximately 2.0 cents on the real estate tax rate annually to the CIP to fund additional capital infrastructure projects throughout the City. This additional revenue, expected to yield approximately \$83.5 million over the life of the 10-year plan was approved by City Council during the Add-Delete process.

With the increased cash capital resources, the City exceeds the desired 25 percent/75 percent ratio of cash capital and bonds. The planned financing structure keeps the pay-as-you-go portion of the CIP at 29 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 2016 for the new Potomac Yard Metrorail Station.



Note: Cash Capital from recurring revenues includes the reserved 2.2 cents on the base real estate tax rate for the Transportation Improvement Program fund.

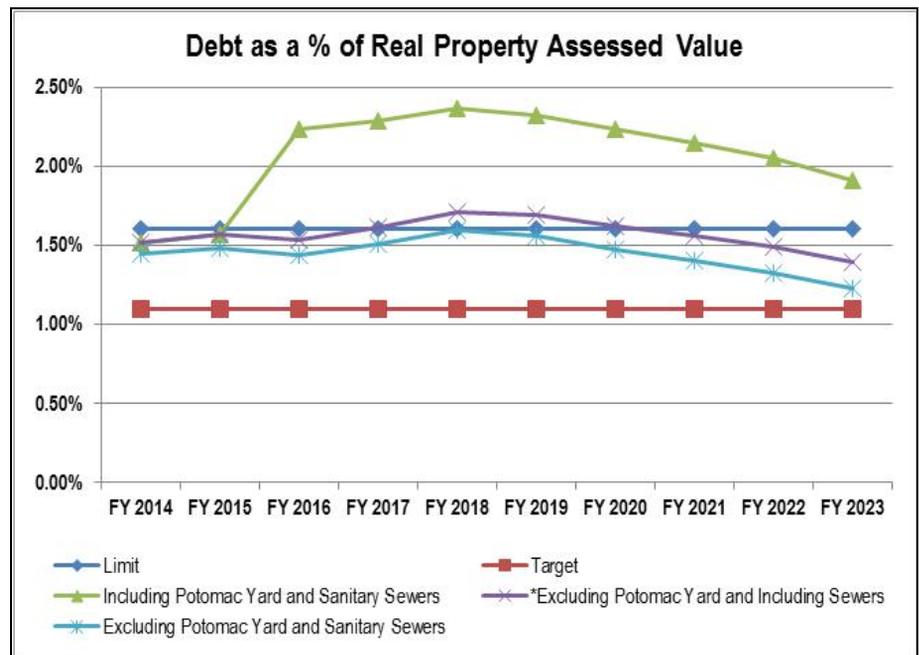
Approved FY 2014 – 2023 Capital Improvement Program Overview

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, although it does almost reach the target in FY 2018 before dropping significantly

The City will remain in compliance with our adopted debt ratio limits, but will likely exceed all of our current debt ratio targets within the ten-year plan when debt related to the Potomac Yard Metrorail Station is considered.

Under this funding plan, the City's debt as a percentage of the fair market value of real property is 1.5 percent in FY 2016 when removing Potomac Yard Metrorail Station for the analysis, and peaks at 1.6 percent in FY 2018 – the ceiling of the City Council approved debt limits, then drops to 1.23 percent in FY 2023. Factoring in Potomac Yard Metrorail Station debt, this ratio peaks at 2.36 percent in FY 2018, which will pass the City's current limit. The debt to tax base ratio is the most important debt ratio considered by the bond rating agencies. Based on the City's discussion with the 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 taxes and still keeps this ratio in a moderate range for AAA municipalities. The analysis below shows the debt limits with and without Potomac Yard Metrorail Station debt, to ensure that when removing the Potomac Yard Metrorail Station debt, the City stays in compliance with prior approved debt limits.



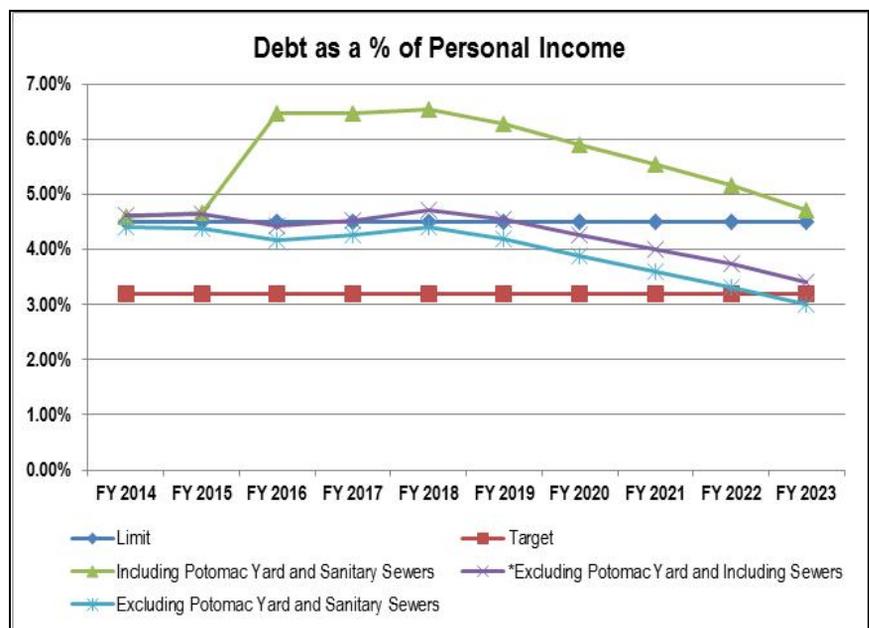
** Sanitary Sewer debt is backed by dedicated revenues for Sanitary Sewers; they are considered similar to revenue bonds and not counted against the City's debt limits.*

The City will be amending this guideline in the near future to address the planned Potomac Yard Metrorail Station debt issuance. While the Metrorail Station borrowing is significant, the resulting economic development and increase to total City assessed property values currently project a return on investment relatively quickly. This debt ratio continues to be below that of other AAA/Aaa rated jurisdictions.

Approved FY 2014 – 2023 Capital Improvement Program Overview

The City Manager recommended and City Council adopted a revision of the debt policy guidelines in 2008 (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 - which 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 as a result of the projected debt issuance for the planned Potomac Yard Metrorail Station.



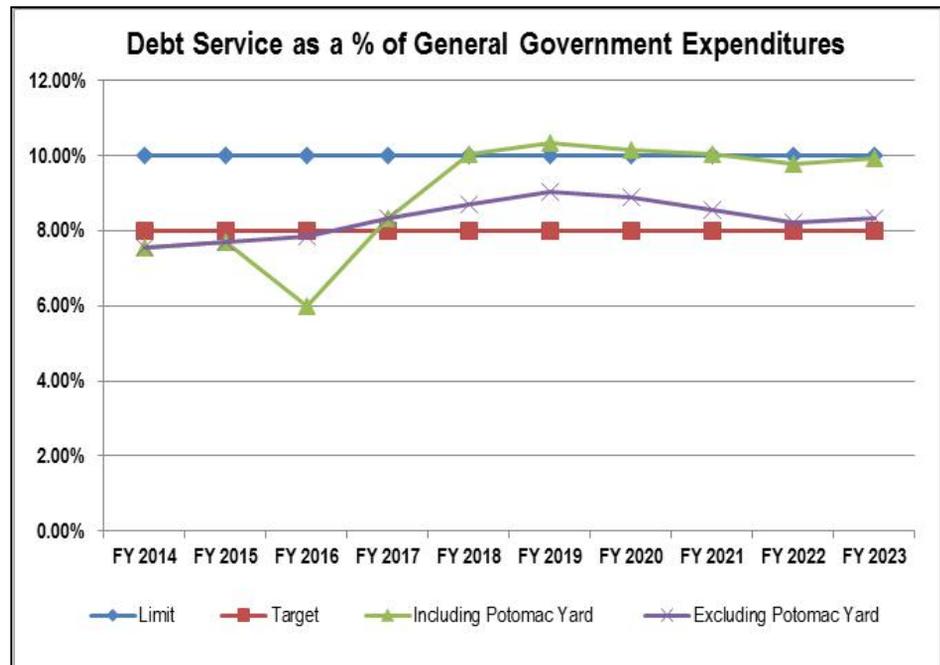
** Sanitary Sewer debt is backed by dedicated revenues for Sanitary Sewers; they are considered similar to revenue bonds and not counted against the City's debt limits.*

The City's ratio of debt as a percent of personal income at the end of Fiscal Year 2014 is projected to be 4.4 percent, which will exceed the 3.2 percent target, but stay below the limit of 4.5 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 in FY 2016 peaking at of 6.54 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 Yard, boosts projected personal income levels. The City would fall back within the current limit likely by FY 2024.

Approved FY 2014 – 2023 Capital Improvement Program Overview

The figure below shows Debt Service as a Percentage of General Government Expenditures including the impact of Potomac Yard Metrorail Station borrowing. The City slightly exceeds its limit in FY 2018 – 2021 before dropping back under the limit in 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. Although the City's ratio is increasing, the City would remain well below our limit of 10% when removing Potomac Yard Metrorail Station funding.



Future Revisions to Debt Policy Guidelines Planned:

The new Metrorail station financing projections indicate the cost could be as much as \$275.0 million. This will be fully funded by a package that includes 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 is expected to start earning new tax revenues from development in Potomac Yard which have been previously projected to total in excess of \$500 million over 30 years.

General Obligation Bonds for Potomac Yard are projected to be issued in FY 2016 and will have significant impact on the City's debt ratios. The City's conservative debt policy guidelines described in this section will be amended to account for this major economic development. These changes in the guidelines would likely be proposed in the future.

Potomac Yard Metrorail Station planned debt has necessitated a look at the City's conservative debt guidelines.

Eco-City Initiative and the Capital Improvement Program

The Approved FY 2014 – 2023 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, Green Building, 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, but 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 projects are included in the Approved FY 2014 – 2023 CIP, AlexRenew 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 Approved FY 2014 – 2023 CIP supports the Eco-City Charter and Environmental Action Plan with continued funding both now and well into the future.