



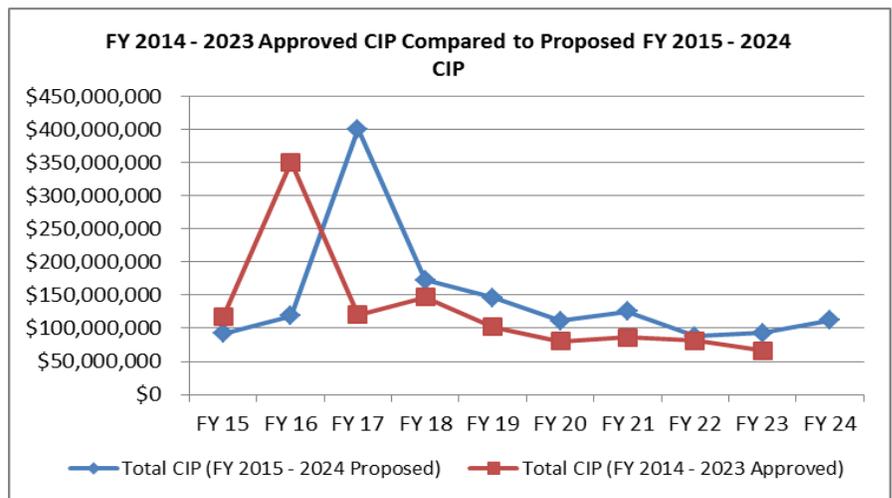
Proposed FY 2015 – FY 2024 Capital Improvement Program Overview

PROPOSED CIP OVERVIEW

The City Manager’s Proposed FY 2015 – 2024 Capital Improvement Program (CIP) was presented to City Council on February 25, 2014 and includes \$1.459 billion in total funding. The Proposed CIP includes funding for the Potomac Yard Metrorail Station (from developer contributions and special tax districts which will leverage required borrowing), as well as the reserved 2.2 cents on the base real estate tax rate for the continuation of the City’s Transportation Improvement Program (TIP) approved by City Council beginning in FY 2012. Additionally, new funding from the Northern Virginia Transportation Authority (NVTA) is programmed in the CIP for the first time. NVTA funding is designated specifically for transportation purposes. With the new NVTA funding available to the City for expanded transportation and transit infrastructure, the City Manager has proposed broadening the eligible expenditure to be funded by the TIP. The TIP originally was for expanded transportation and transit infrastructure, it now can be used for any transportation purpose. While the definition of the TIP has changed, the entire 2.2 cents will still be utilized for transportation related expenditures, with details provided in the Transportation and Transit Infrastructure section of the Capital Improvement Program document.

A total of \$279.1 million is proposed for Alexandria City Public Schools (ACPS) capital infrastructure needs, including \$149.5 million to address increased enrollment needs over the 10-year plan. Additional funding is also provided for maintenance of our existing transportation infrastructure such as roads, sidewalks, and shared-use paths, along with continued investment in Complete Streets initiatives.

The Proposed FY 2015 – 2024 Capital Improvement Program totals \$1.459 billion, which represents a \$230.5 million, or 18.8%, increase from the Approved FY 2014 - 2023 CIP. To achieve a true comparison of the costs of the two plans, FY 2014 and FY 2024 must be removed from the comparison. When comparing only nine years (FY 2015 – 2023), the Proposed CIP increases \$195.5 million, or 17.0% over last year’s Approved CIP. A large shift in funding from FY 2016 to FY 2017 involves shifting construction funding for Potomac Yard from late FY 2016 to early FY 2017.



New Northern Virginia Transportation Authority (NVTA) Revenues

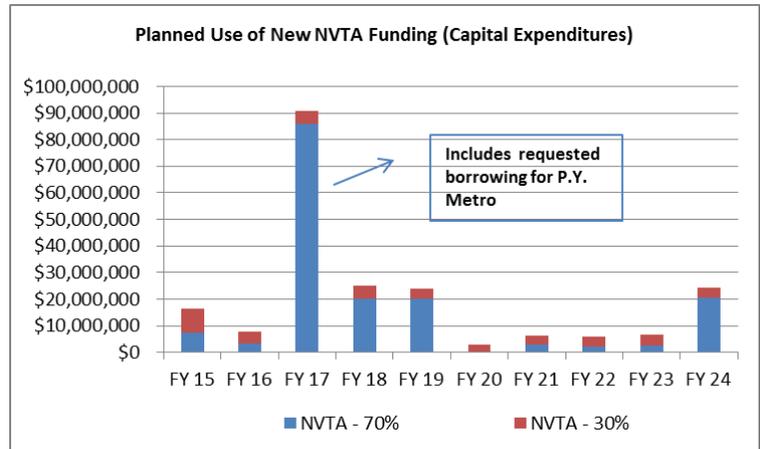
The most significant change from the Approved FY 2014 – 2023 CIP is the inclusion of Northern Virginia Transportation Authority (NVTA) funding, which is the result of new revenue available for transportation-related capital and operating expenditures. This revenue is derived from HB2313 legislation passed by State General Assembly action during the FY 2014 budget process, and is classified as NVTA 70% and NVTA 30% revenues through the CIP document.

NVTA 70% revenues (estimated at \$165.0 million over the 10-year plan) must be utilized for projects that provide regional benefits (e.g. Potomac Yard Metrorail Station, Beaugard Corridor) while NVTA 30% revenues (estimated at \$45.1 million over the 10-year



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plan) are used at discretion of local governments for local transportation improvements. The City anticipates utilizing NVTA 30% revenues to support DASH bus purchases and replacing and installing new bus shelters, among other local projects. NVTA revenue has allowed the City to make significant new investments in transportation infrastructure while reducing planned borrowing originally intended to support the larger transportation projects. By leveraging new NVTA funding, the City has been able to reduced planned borrowing for the Potomac Yard Metrorail Station by \$61.3 million and eliminated borrowing leveraged by the Transportation Improvement Program (\$28.0 million).



It is important to note that NVTA funding is still a relatively new revenue source for the City, and revenue projections will most likely change as tax collection data becomes available. Furthermore, the NVTA 70% funding decisions have yet to be made by NVTA. The NVTA 70% funding programmed in the CIP by City staff represents the City’s ideal allocation of these funds. Decisions regarding the actual dollar amount and receipt of funding by fiscal year for each locality in the region will be made by NVTA in the context of all regional transportation needs.

Diversity of Capital Improvement Program Funding

The funding makeup of the City’s capital program is growing increasingly diverse each year. To help organize this complexity (which brings new opportunities as well), the Proposed FY 2015 – 2024 CIP divides revenue sources into three different types. Unrestricted City funds include general cash sources and General Obligation (G.O.) 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 beneficial to discuss financing issues with them separately. Non-City funds generally include State and Federal grants (including NVTA funding) and earmarks as well as private capital contributions and revenues from the City’s telecommunication financial agreement with Comcast. These revenues are also restricted in their use.

With the new opportunities provided by the new NVTA funding, the City has moved from a 29.4% cash sources / 70.6% borrowing structure in last year’s CIP to a 41.1% cash sources / 58.9% borrowing structure in this year’s 10-year plan. The table on the next page provides details on the diversity of funding, comparing last year’s approved plan to this year’s proposed plan.



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Revenues	Last Year FY 2014-2023	Proposed FY 2015-2024	Difference FY 2015-FY 2014
Unrestricted City Revenues			
Cash Sources (Including General Fund Transfer)	\$ 244,501,125	\$ 237,996,758	\$ (6,504,367)
G.O. Bonds	\$ 493,994,000	\$ 571,063,000	\$ 77,068,999
<i>Subtotal, Unrestricted City Revenues</i>	<i>\$ 738,495,125</i>	<i>\$ 809,059,758</i>	<i>\$ 70,564,632</i>
Restricted City Revenues			
Potomac Yard (Cash Sources)	\$ 7,500,000	\$ 5,525,000	\$ (1,975,000)
Potomac Yard (GO Bonds)	\$ 265,300,000	\$ 204,000,000	\$ (61,300,000)
Sanitary Sewers (Cash Sources)	\$ 12,940,000	\$ 6,670,000	\$ (6,270,000)
Sanitary Sewers (GO Bonds)	\$ 80,180,000	\$ 84,400,000	\$ 4,220,000
Transportation Improvement Program (Cash Sources)	\$ 28,605,000	\$ 20,320,000	\$ (8,285,000)
Transportation Improvement Program (GO Bonds)	\$ 28,000,000	\$ -	\$ (28,000,000)
Code Fund	\$ 500,000	\$ 1,729,000	\$ 1,229,000
Other	\$ 2,465,000	\$ -	\$ (2,465,000)
<i>Subtotal, Restricted City Revenues</i>	<i>\$ 425,490,000</i>	<i>\$ 322,644,000</i>	<i>\$ (102,846,000)</i>
Non-City Revenues			
NVTA 70% (Regional)	\$ -	\$ 165,000,000	\$ 165,000,000
NVTA 30% (Local)	\$ -	\$ 45,097,920	\$ 45,097,920
Other State and Federal Grants	\$ 49,007,999	\$ 31,342,080	\$ (17,665,919)
Private Capital Contributions	\$ 4,550,727	\$ 79,519,895	\$ 74,969,168
Comcast Revenues	\$ 10,540,000	\$ 5,870,000	\$ (4,670,000)
<i>Subtotal, Non-City Revenues</i>	<i>\$ 64,098,726</i>	<i>\$ 326,829,895</i>	<i>\$ 262,731,169</i>
Total, All Revenue Sources	\$ 1,228,083,852	\$ 1,458,533,652	\$ 230,449,800

Project Categorization

The Proposed FY 2015 – 2024 CIP addresses two broad areas of expenditure:

- Protection of the City’s investment in existing public facilities or infrastructure (physical assets) through capital maintenance or renovations; and
- Planning and construction of major new public facilities and infrastructure, including new or replacement Information technology systems.

The Proposed FY 2015 – 2024 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, while utilizing new funding to provide support for projects that will provide new and expanded City facilities. This focus is supported by the continued use of the same three-Category prioritization system used in the development of the Approved FY 2014 – 2023 CIP.

Similar to FY 2014, the Office of Management and Budget first categorized projects into one of three Categories, as well as the City’s Information Technology (IT) Plan.

- **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 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.

Project Category	Total FY 2015-2024
Category 1 - Asset Maintenance	\$ 426,089,845
Category 2 - Renovations/Existing Assets	\$ 112,509,070
Category 3 - New Facilities	\$ 865,518,737
Information Technology Plan	\$ 54,416,000
Total, All Categories	\$ 1,458,533,652

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Beyond basic capital maintenance issues, the Proposed FY 2015 – 2024 CIP reflects a vision for the City's future. The FY 2015 CIP decision making process included an initial effort to integrate the capital plan with City Council's guidance, the Strategic Plan, and the City Manager's Performance Plan.

Of the \$865.5 million In Category 3 projects, \$486.6 million is for new and expanded transportation and transit infrastructure projects, including construction of the Potomac Yard Metrorail Station (Strategic Plan Goal 1 – Economic Development) and the Beauregard Transit Corridor (Strategic Plan Goal 3 – Transportation). Other significant Category 3 projects include a major infrastructure and renovation project in City Hall in FY 2020 – 2021, four fire station rebuilds, and construction of one new fire station in the Beauregard Corridor (paid for primarily through developer contributions) in FY 2015 – 2021. Funding for capacity related projects for Alexandria City Public Schools (ACPS) is budgeted at \$149.5 million over the 10-year plan, and totals \$279.1 million when including Category 1 projects.

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 fully funded in the Proposed CIP. These costs could reach \$250 million - \$400 million over the next two to three decades, and will be reflected in future CIPs as the City gets further along in the planning process. Additionally, funding for full implementation of construction of the project elements of the Waterfront Small Area Plan is not included in the Proposed CIP, as specific revenue sources have not yet been identified to pay for these projects. Major improvements to the City's park system identified through an internal and external planning process are also not included as part of the 10-year plan.



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CIP PURPOSE & DEFINITIONS

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

The adoption of the 10-year CIP is neither a firm commitment to a particular project nor a limitation to a particular cost. As a basic tool for prioritizing and scheduling anticipated capital projects and capital financing, the CIP is a key element in planning and managing future debt service requirements. Only the first year of the CIP (FY 2015) represents a funding commitment for the project to proceed to the next stage, or to be implemented depending on the level of funding provided.

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

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

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

CIP Priorities for FY 2015 – FY 2024

In developing the Proposed FY 2015 – 2024 CIP, there were some general guidelines followed in developing the balanced 10-year plan. These guidelines included:

- Using the City Council Approved FY 2014 – 2023 CIP as the “base” for the City Manager’s Proposed FY 2014 – 2023 CIP;
- Incorporating City Council guidance into the plan;
- Working to align projects with our City’s Strategic Plan and City Manager’s Performance Plan with an emphasis on preserving and maintaining our City’s existing physical assets;
- Utilizing new NVTA funding to improve our transportation and transit infrastructure; and
- Utilizing project prioritization and rankings to inform funding decisions.

The FY 2015 CIP builds upon process improvements implemented during the FY 2014 budget process.

FY 2015 – 2024 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 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 investments to yield improved services through greater operational efficiency and effectiveness;



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- 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 Manager’s Performance Plan.

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 in the Appendices of the Capital Improvement Program document) that informs budget decisions.
- **Quality Submissions** – standards project submission designed to collect relevant information used in the assist 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 and City Manager’s Performance Plan** – integration of work from the City’s budget focus areas, including identification of long-term outcomes associated with the City’s capital investments.

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. This evaluation tool was used to evaluate and rank capital project requests during the FY 2015 development process. Projects rankings were used to inform decision making in conjunction with the general guidelines (noted earlier) used to develop this year’s proposed plan. The evaluation criteria, along with all the project rankings, can be found in the Appendices of the Capital Improvement Program document.

Several other initiatives implemented in FY 2014 were continued and improved in FY 2015. 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 snapshot of prior year resources available to complete on-going capital maintenance needs. Projects which have large prior year balances may have funding reprioritized in the early years of the 10-year plans until project implementation rates suggest the need for additional funding.

Other initiatives implemented in FY 2015 included the addition of detailed information regarding project budget changes from last year’s plan to this year’s plan, along with additional operating impacts associated with the implementation of capital projects are provided on each individual project page.

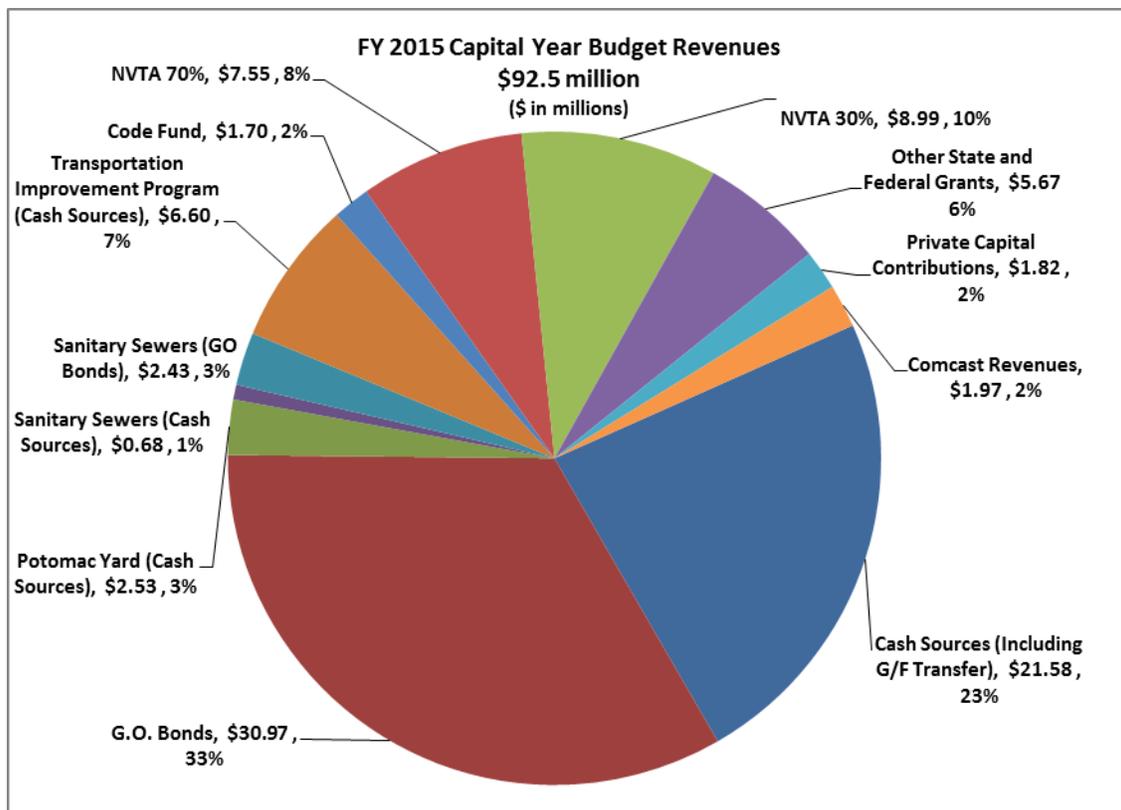


Proposed FY 2015 – FY 2024 Capital Improvement Program Overview

FY 2015 PROPOSED CIP SOURCES AND USES

FY 2015 Capital Year Budget Revenues (Sources)

The total Proposed CIP for FY 2015 is \$92.5 million, which is a \$24.7 million decrease from FY 2015 in last year’s planned CIP. A listing of all revenues included in the FY 2015 capital year budget can be found in Section 5 of the Proposed Capital Improvement Program document.



Revenue highlights of the Proposed FY 2015 Capital Year Budget expenditures include:

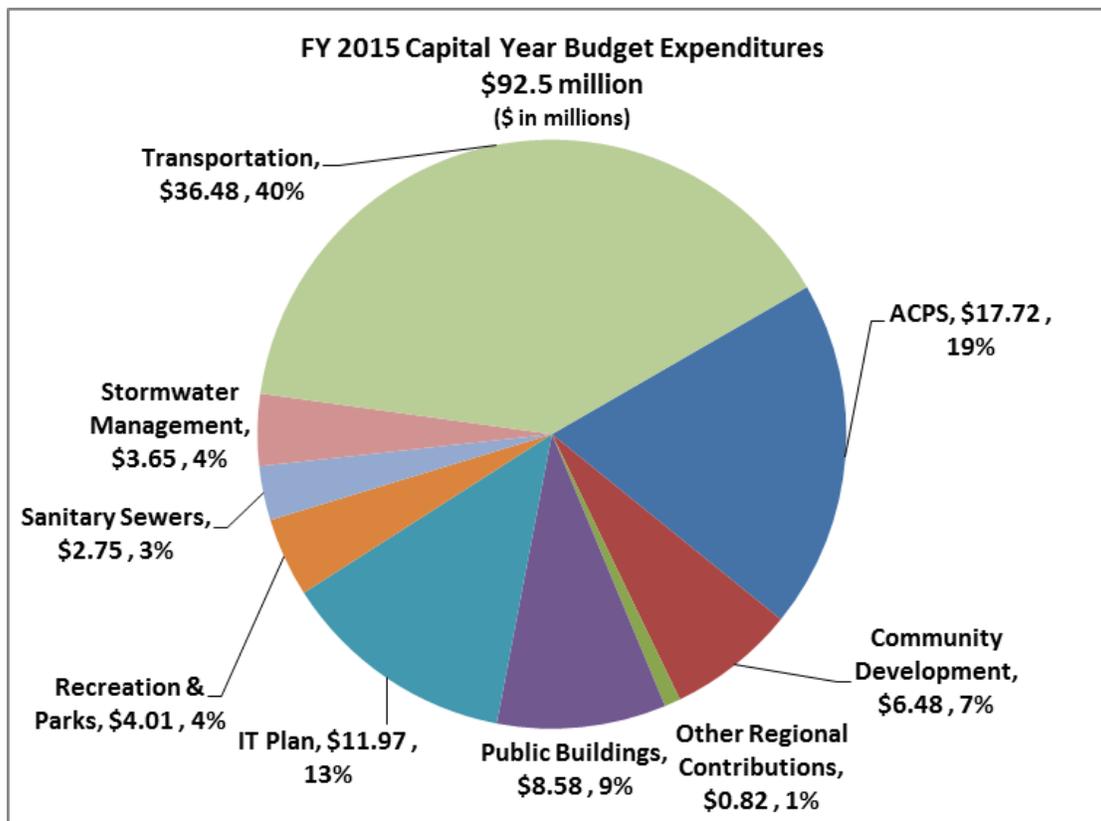
- A reduction of \$45.8 million in General Obligation Bond borrowing as planned in last year’s approved CIP for FY 2015. The total amount of borrowing is reduced from \$79.2 million to \$33.4 million. This is primarily due to shifting the City Hall project out to FY 2020 – 2021 and moving construction funding for the K-8 Patrick Henry capacity project to FY 2016. Additionally, new NVTA funding was used in place of planned borrowing. This reduction in borrowing saved nearly \$2.0 million in planned debt service costs that would have been included in the General Fund operating budget for FY 2015.
- The level of Cash Capital is fairly consistent with last year’s planned. Prior year project balances from projects that will be closed out are utilized as a FY 2015 cash source, totaling \$3.0 million along with an \$18.1 million General Fund Cash Capital transfer.
- NVTA 70% and 30% revenue is budgeted at \$16.54 million, and includes appropriation of funds received in FY 2014 and planned in FY 2015.



Proposed FY 2015 – FY 2024 Capital Improvement Program Overview

FY 2015 Capital Year Budget Expenditures (Uses)

The total Proposed CIP expenditures for FY 2015 is \$92.5 million, which is a \$24.7 million decrease from FY 2015 in last year’s planned CIP. FY 2015 is the only year of the 10-year CIP that is formally appropriated by City Council. **A listing of all projects included in the FY 2015 capital year budget can be found in Section 4 of the Proposed Capital Improvement Program document.** The narrative below details only FY 2015 Capital Year Budget highlights by CIP document section.



Project highlights of the Proposed FY 2015 Capital Year Budget expenditures include:

- **Transportation (\$36.48 million FY 2015 Capital Year Budget)**
 - \$7.8 million for DASH bus replacement and expansion, from NVTA 70% and NVTA 30% funding.
 - \$5.4 million for contributions to WMATA’s capital program.
 - \$5.0 million for continued planning and design of the Potomac Yard Metrorail Station, from NVTA 70% and Potomac Yard Special Tax District revenues.
 - \$4.5 million for Street reconstruction and resurfacing, increasing lane miles resurfaced by 82%, from an estimated 22 miles in FY 2014 to approximately 40 miles in FY 2015.

- **Alexandria City Public Schools (\$17.72 million FY 2015 Capital Year Budget)**
 - Includes \$11.0 million for non-capacity projects such as roof replacements and HVAC improvements.
 - Provides \$6.7 for capacity related projects including continuing planning and design for a capacity related project at Patrick Henry.



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- **Information Technology Plan (\$11.97 million FY 2015 Capital Year Budget)**
 - A relocation of the City's Network Operations Center (NOC) from a leased space to a City-owned facility was added during the FY 2015 budget development process. A total of \$6.5 million is budgeted for this relocation.

- **Public Buildings (\$8.58 million FY 2015 Capital Year Budget)**
 - \$3.2 million is budgeted for improvements at Public Safety facilities including planning and design funding for a rebuild of Fire Station 203 (Cameron Mills).
 - \$1.0 million is provided for systematic roof replacements and elevator improvements City-wide.

- **Community Development (\$6.48 million FY 2015 Capital Year Budget)**
 - City Marina Waterfront dredging is budgeted at \$2.55 million (in addition to \$0.45 million in FY 2014).
 - Funds to continue design and engineering for Waterfront Small Area Plan implementation projects are budgeted at \$1.4 million.
 - The second year of funding required to replace Fire Department Self-Contained Breathing Apparatus (SCBA) is budgeted at \$1.3 million (in addition to \$1.4 million in FY 2014).

- **Sanitary Sewers and Stormwater Management (\$6.4 million FY 2015 Capital Year Budget)**
 - A stormwater infrastructure project at Lake Cook which will assist the City in meeting federally mandated stormwater improvements is budgeted at \$2.4 million, which includes a \$1.2 million State grant.
 - \$2.25 million is budgeted for preliminary design and engineering for a Wet Weather Management Facility to reduce the occurrence of sewer overflows.

- **Recreation and Parks (\$4.01 million FY 2015 Capital Year Budget)**
 - Design and engineering will begin on the Windmill Hill Park Bulkhead using \$1.2 million in prior year balances and \$0.3 million in FY 2015. Construction funding of \$3.7 million is planned in FY 2016.
 - Preliminary design work in conjunction with ACPS will continue for a new Patrick Henry Recreation Center. A total of \$0.8 million in FY 2014 and FY 2015 will be utilized for planning and design work, with the balance of funding needed to complete the project (\$5.7 million) planned in FY 2016.

- **Other Regional Contributions (\$0.82 million FY 2015 Capital Year Budget)**
 - Contributions for capital improvements for Northern Virginia Regional Parks Authority (NVRPA) projects are budgeted at \$0.38 million.
 - Contributions for capital improvements at Northern Virginia Community College (NVCC) are budgeted at \$0.33 million.

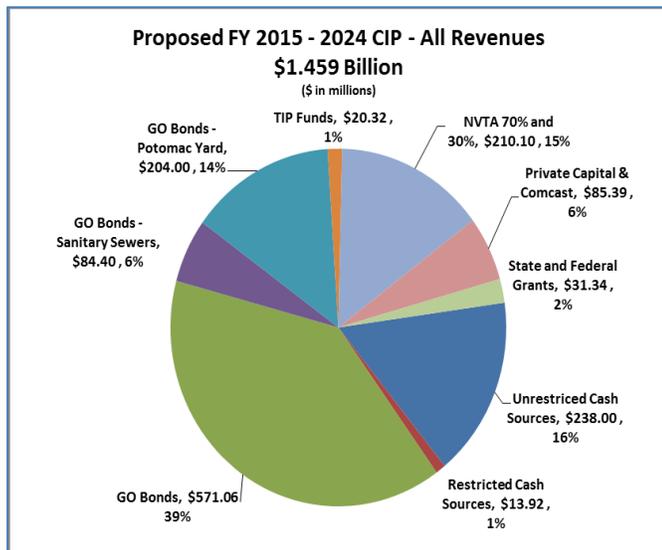


Proposed FY 2015 – FY 2024 Capital Improvement Program Overview

FY 2015 – 2024 PROPOSED CIP SOURCES AND USES

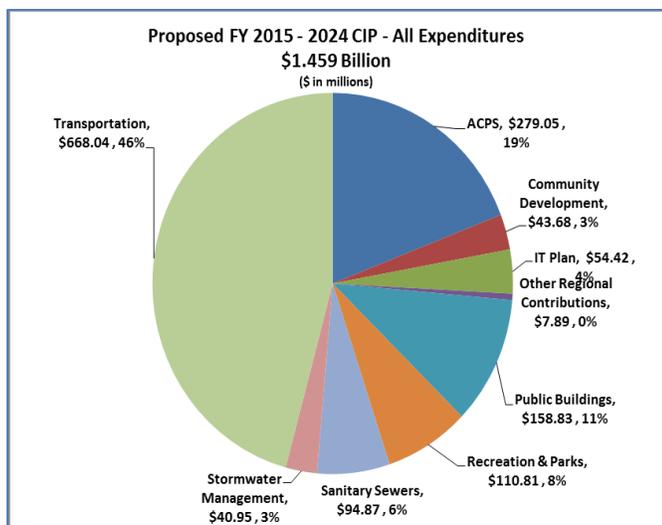
FY 2015 – 2024 Capital Improvement Program – Sources and Uses Overview

The total Proposed CIP for FY 2015 – 2024 is \$1.459 billion a \$230.5 million increase over last year’s approved CIP. While this represents an 18.8% increase over last year’s plan, the planned level of Cash Capital and General Obligation Bond borrowing is fairly consistent when comparing the two plans. The increase is primarily due to new revenue received from NVTA as well as private capital contributions budgeted for the first time for transportation improvements in the Beauregard Corridor. A listing of all projects and revenues sources included in the 10-year plan can be found throughout the Proposed FY 2015 - 2024 Capital Improvement Program document. The narrative below provides only highlights of the 10-year plan revenues and expenditures.



FY 2015 – 2024 Revenue highlights include:

- A reduction of \$61.3 million in borrowing associated with the Potomac Yard Metrorail Station due to new NVTA 70% which may be available for the project beginning FY 2017.
- With the new opportunities provided by the NVTA funding, the City has moved from a 29.4% cash sources / 70.6% borrowing structure in last year’s CIP to a 41.1% cash sources / 58.9% borrowing structure in this year’s 10-year plan.
- NVTA 70% and 30% provide additional cash sources to the City, allowing the City to reduce planned borrowing and provide additional resources to expanded transportation infrastructure.
- Private developer contributions for transportation and other City facilities in the Beauregard Corridor are included at over \$74 million, for the first time, in the CIP.



FY 2015 – 2024 Project highlights include:

- Continuation of the Potomac Yard Metrorail Station project, with \$279.0 budgeted in FY 2015 – 2017 (total estimated project costs including prior year funding are \$285.9).
- Funding for Alexandria City Public Schools total \$279.1 million, and includes \$149.5 million to address capacity related needs over the life of the 10-year plan.
- Sanitary Sewer and Stormwater funding totals \$135.8 million, and begins to address long-term capital infrastructure needs related to federally mandated improvements. These improvements could total up to \$400 million over the next 2 – 3 decades.
- Four fire station rebuilds and a construction of a new fire station in the Beauregard Corridor are included in the plan at a total estimated cost of \$60.4 million.



Proposed FY 2015 – FY 2024 Capital Improvement Program Overview

DEBT SERVICE AND DEBT RATIOS

The Proposed FY 2015 – 2024 Capital Improvement Program assumes \$859.4 million in borrowing to fund the capital infrastructure needs identified throughout this Capital Improvement program document. Included in that amount is \$204.0 million in bonds for the Potomac Yard Metrorail Station backed by Potomac Yard Special Tax District Revenues, and \$84.4 million in bonds for Sanitary Sewer projects backed by the Sewer Line Maintenance Fee and Sewer Line Connection Fees. A total of \$571.1 million in bonds are issued for other City projects, including Alexandria City Public Schools capital infrastructure needs. The debt service on these bonds is paid back through the City's General Funds. Based on prior reviews by, and discussions with Moody's and Standard & Poor's bond rating agencies, this amount of debt is not anticipated to endanger the City's hard-earned 'AAA'/'Aaa' bond ratings. This amount of investment will impact the annual operating budget, through increased debt service payments.

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

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

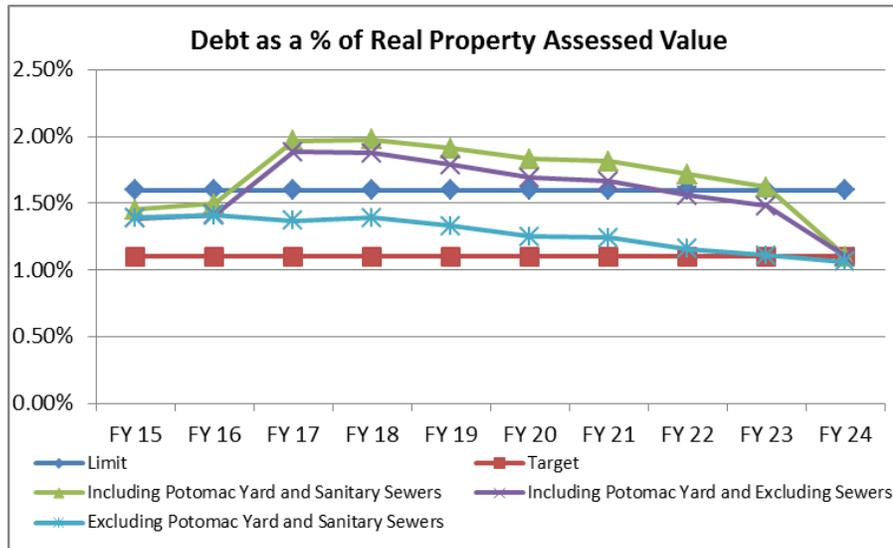
Each year of the 10-year plan stays within these limits except to account for Potomac Yard Metrorail Station borrowing.

Revisions to the debt ratios guideline will be proposed during FY 2015 as a result of the projected debt issuance for the planned Potomac Yard Metrorail Station. Both City Council and the bond ratings agencies have been informed for a number of years that limits would be exceeded to accommodate this project in the 10-year plan. 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 make this a high-priority project for the City.



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City Council Debt Limits

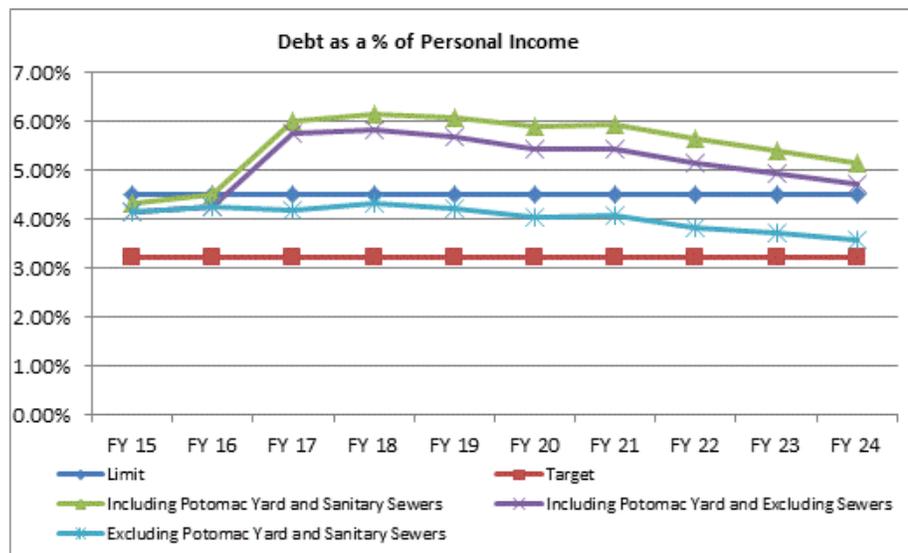


Debt as a Percentage of Fair Market Real Property Value

Target = 1.1 percent; Limit = 1.6 percent; FY 2015 = 1.39 percent

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

debt obligations. The City is in compliance with this debt ratio for all 10 years of the plan excluding Potomac Yard Metrorail Station debt.



Debt as a Percentage of Total Personal Income

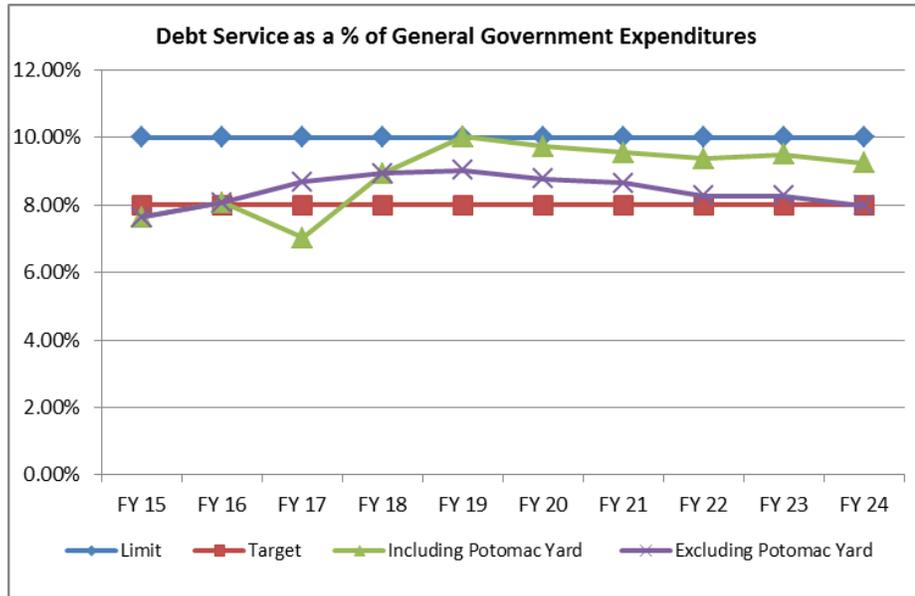
Target = 3.2 percent; Limit = 4.5 percent; FY 2015 = 4.13 percent

This percentage is a measure of the capacity of citizens to finance tax-supported debt. A lower percentage means that taxes required to repay debt represent a smaller portion of the average citizen’s income. The City is in compliance with this debt ratio for all 10 years of the plan excluding Potomac Yard Metrorail Station debt.



Proposed FY 2015 – FY 2024 Capital Improvement Program Overview

City Council Debt Limits (Continued)



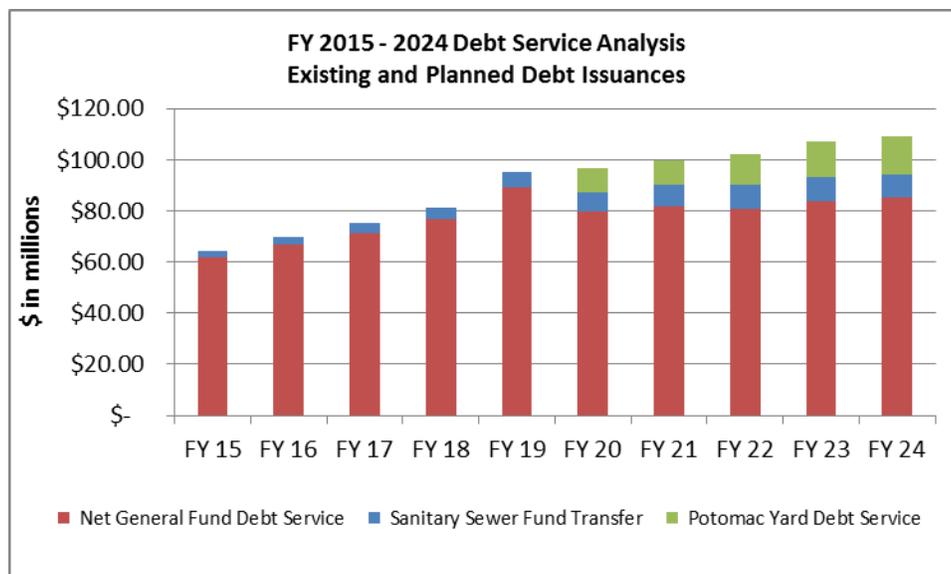
Debt Service as a Percentage of General Government Expenditures

Target = 8.0 percent; Limit = 10.0 percent; FY 2015 = 7.64 percent

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

Debt Service

While the City stays within the fiscally prudent self-imposed debt guidelines (excluding future borrowing for the Potomac Yard Metrorail Station), debt service payments will continue to grow in order to fund the debt service on previously issued and planned debt issuances. As the debt service continues to grow (as evident in the chart below), and City revenues continue to experience minimal to moderate growth, the affordability of the current 10-year plan must be examined in the coming fiscal years. The chart below provides information on the projected debt service payments for both existing debt (issued through FY 2014) and planned debt (FY 2015 through FY 2024). Debt service is broken down into three categories – General Debt Service, Sanitary Sewer Debt Service, and Potomac Yard Debt Service. In FY 2015, \$64.4 million is budgeted for debt service payments, of which \$2.55 million will be paid from the Sanitary Sewer Fund. Potomac Yard Debt Service does not begin until FY 2019.



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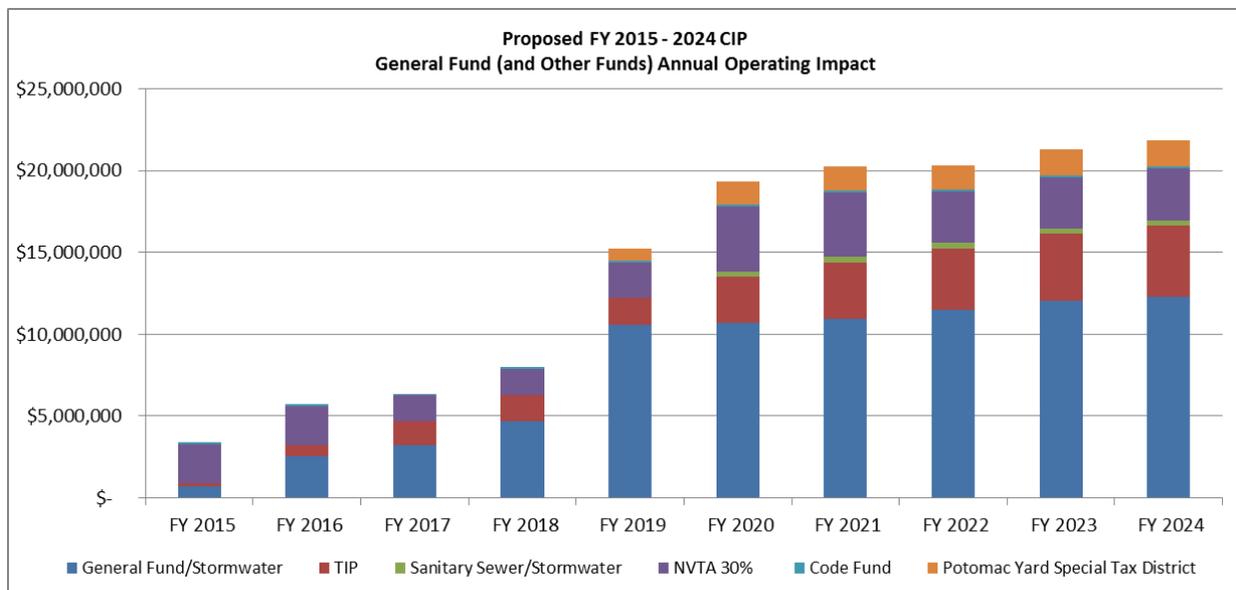


ADDITIONAL OPERATING IMPACT

In addition to the General Fund impacts of both the Cash Capital transfer and debt service payments, the CIP also has operating impacts based on the actual projects implemented. These costs can be as simple as additional operating funding to maintain new Complete Streets infrastructure, to additional staffing required to operate a new Computer Aided Dispatch System, to utility costs associated with opening a new City facility. The chart to the right provides a summary of all the additional operating impacts that were included as part of the FY 2015 operating budget. In all cases, these were projects previously funded by City Council. In cases like the Fire Station 210 (Eisenhower Valley)/Impound Lot project, the majority of additional operating costs (new positions to staff the new station) have already been included in prior year budgets. The additional operating impact is intended to capture only the change from FY 2014 to FY 2015 associated with implementing a capital project.

Project	Funding Source	FY 2015
Route 1 Transitway	TIP	2,420,000
Computer Aided Dispatch (CAD) System	Gen. Fund	426,495
Oronoco Outfall	Stormwater	150,000
Enterprise Resource Planning System	Gen. Fund	147,000
Fire Station 210 (Eisenhower Valley) / Impound Lot	Gen. Fund	140,160
Permit Processing System	Code Fund	100,000
Transportation Signage & Wayfinding Program	TIP	61,047
Bus Shelters and Benches	TIP	40,000
Capital Bikeshare	TIP	31,000
City Marina Restrooms	Gen. Fund	25,000
Total, All Projects and Funds		3,540,702
Total, General Fund Only		738,655

As part of the Proposed FY 2015 – 2024 CIP, an additional operating analysis was performed for each project and impacts are noted on each individual project page of the Capital Improvement Program document. While not all impacts will be posted against the general fund, the estimated impact to the General Fund (with Stormwater costs included) could be as much as \$12.3 million annually in FY 2024. **In some cases, these additional increases noted may be offset with new revenues or transitioning from shifting priorities or changing business practices within the City. Additional operating impacts are updated annually, and are refined as the project moves closer to the current capital year budget.** The chart below indicates the additional operating impact by fiscal year.



Proposed FY 2015 – FY 2024 Capital Improvement Program Overview



ECO-CITY INITIATIVE AND THE CIP

The Proposed FY 2015 – 2024 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, 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, Citywide Sewershed Infiltration and Inflow, and Holmes Run Trunk Sewer. Additionally, two projects are added included in the Proposed FY 2015 – 2024 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 environmental 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 Proposed FY 2015 – 2024 CIP supports the Eco-City Charter and Environmental Action Plan with continued funding both now and well into the future.