FY 2022 CITY MANAGER’S
PROPOSED BUDGET
FY 2022 – FY 2031 CAPITAL IMPROVEMENT PROGRAM (CIP)
FEBRUARY 24, 2021
AGENDA

• Overview/Highlights
• Project Highlights
  • Municipal Fiber
  • Holmes Run Trail
  • Torpedo Factory Art Center Revitalization
  • DCHS Consolidation
  • City Hall Renovation
  • Market Square Plaza and Garage Renovations
  • CFMPs
  • High Capacity Transit Corridors
  • Stormwater Program
  • Sanitary Sewer Program
  • Waterfront Small Area Plan
  • Project Budgeting Excellence
  • Landmark Redevelopment

• Discussion
FY 2022 – FY 2031 – PROPOSED EXPENDITURES

- ACPS: $551.5 M
- Transportation: $500.4 M
- Public Buildings: $394.9 M
- Community Development: $351.9 M
- Stormwater Management: $266.6 M
- WMATA Capital Subsidy: $173.6 M
- Recreation & Parks: $145.5 M
- IT Plan: $124.7 M
- CIP Development & Implementation Staff: $90.7 M
- Sanitary Sewers: $53.9 M
- Other Regional Contributions: $4.8 M
PROPOSED CIP

HIGHLIGHTS

• Proposed CIP totals $2.66 B
  • $549.8 M increase (+26.1%) for known projects
  • CIP is 32% cash funded and 68% bond funded
  • CIP is consistent with City Debt Policy Guidelines, but at or close to limits
CITY DEBT RATIOS
DEBT AS A PERCENTAGE OF FAIR MARKET REAL PROPERTY VALUE

Limit: 2.50%

FY 22 FY 23 FY 24 FY 25 FY 26 FY 27 FY 28 FY 29 FY 30 FY 31

All Applicable Debt
CITY DEBT RATIOS

DEBT SERVICE AS A PERCENTAGE OF GENERAL GOV’T. EXPENDITURES

 Limit 12.00%

FY 22 FY 23 FY 24 FY 25 FY 26 FY 27 FY 28 FY 29 FY 30 FY 31

All Applicable Debt
PROPOSED CIP HIGHLIGHTS

• CIP Increase driven by:
  • Recommendations for aggressive/expanded flood mitigation and stormwater infrastructure program endorsed by City Council
  • Land acquisition and infrastructure investments to support Landmark redevelopment
  • Funds to outfit and acquire Mark Center site for DCHS/Health colocation project
  • Addition of new TBD school in FY 30-31, site TBD
• Proposed CIP fully funds $551.5 M School Board CIP
GENERAL FUND OPERATING BUDGET SUPPORT OF CAPITAL PROGRAM

Excludes: Storm, Sanitary, Potomac Yard Metrorail Station, and Landmark, which have their own funding sources.
CIP CHALLENGES
AFFORDABILITY OF CAPITAL PROGRAM

• Support of City and School capital programs will put significant expenditure pressure on City’s General Fund budget
• General Fund supported School and City debt service increases from $65.5 M in FY 2022 to $155.0 M in FY 2031
• Future CIPs will need to contemplate tax rate increases to support additional debt service, likely as early as FY 2023
CIP DEVELOPMENT PROCESS

- **August 2020**: CIP Development Process kicked off
- **September 2020**: departments submitted requests to change capital projects
- **October - November 2020**: City Council holds Fall CIP Worksessions
- **September 2020 – November 2020**: OMB reviewed project submissions
- **September 2020 – January 2021**: Capital Improvement Program Steering Committee (CIPSC) crafted recommendations for the City Manager
- **January 2021 – February 2021**: City Manager reviews recommendations and finalizes Proposed CIP

**What is CIPSC?**
- Committee of most capital intensive City departments (T&ES, RPCA, DGS, ITS, DPI, and P&Z), charged with:
  - Crafting recommendations for a balanced proposed CIP
  - Identifying policy priorities and themes for the CIP
  - Presenting recommendations to the City Manager
- Committee chaired by Deputy City Manager Emily Baker
MUNICIPAL FIBER UPDATE

Proposed Design
Municipal Fiber

- FY 2022 ($14.6 M) / TOTAL ($19.2 M)

- City’s Municipal Network Project will connect approximately 90 City facilities including schools and libraries. The network will include 40 miles of 2-2" conduits
  - 1 conduit for City/ACPS/Libraries
  - 1 conduit for TBD private sector

- Invitation to Bid (ITB) Development
  - ITB issued in November 2019, but cancelled
    - Extended construction timeline from 2 years to 4 years
    - Defined conduit location variances
MUNICIPAL FIBER

• Work completed to date:
  • Issued ITB – November 30, 2020
  • Opened Bids – January 29, 2021
  • Determination of responsive and responsible bid (underway)

• Next steps:
  • Award construction contract spring 2021
  • Commence construction late summer 2021
  • Gauge private fiber interest and solicit proposals
    • Franchise, or
    • Public-Private Partnership (P3), or
    • Both?
HOLMES RUN TRAIL REPAIRS

• Funded in FY 2021 for design ($1 M) and additional funding proposed for FY 2022 for construction ($5 M)

• Project consists of repairs to four sections of the Holmes Run Trail damaged in major storm events in 2018 and 2019
  1. Bridge embankment behind 4600 Duke St. (at playground near Jordan St.)
  2. Ramp from stream bed to Ripley Street crossing
  3. Trail Bridge and embankment west of 395 and east of Beauregard St.
  4. Trail and stream embankment west of Beauregard from N. Morgan St.
HOLMES RUN TRAIL REPAIRS

• Project 1
  • Design work is complete, and repairs are expected to be completed in summer 2021

• Projects 2, 3 and 4
  • Design for the repairs anticipated to be completed by fall of 2022
  • Repairs expected to begin by winter of 2023 and with completion in phases

• Project website:
  https://www.alexandriava.gov/113304
TORPEDO FACTORY ART CENTER REVITALIZATION

- Funded in FY 2021 was deferred to FY 2022 due to the pandemic crisis
- Proposed funding in FY 2022 is $845,000
- $300,000 for implementation of the Action Plan including first and third floor improvements to increase vibrancy
- $50,000 for an assessment of the rooftop to determine alternative uses
- $445,000 for a preliminary space study of the building including an Archeology Museum space needs assessment and waterfront entrance study
- $50,000 for capital facilities maintenance
The results of the FY 2022 studies and assessments will determine future capital investment needs and recommend timing.

This project includes:
- Study of P3 options as possible funding source
- Funding TBD post FY 2022 for additional work as identified in the FY 2022 space and P3 studies
- $50,000 annually for ongoing capital investment needs (CFMP)
• Consolidation of 700 employees from the Department of Community & Human Services, Neighborhood Health, and the Alexandria Health Department across six locations and consolidate them into a single location in FY 2023

• Future location of a West End Service Center – Permit Center, Finance Services, and space for other departments to share

• July 7, 2020 – Council approved the purchase of 4850 Mark Center Drive. Acquisition funding of $61.2 M in CIP for FY 2023

• Annual rental savings of $8.4 M will occur.

Programming and Design
Spring 2019 – Fall 2021

Construction
Spring 2022 – Spring 2023

Occupancy
Summer 2023
CITY HALL RENOVATION

- COVID-19 Impacts
  - Design funding shifted from FY 2022 to FY 2023
  - Construction funding shifted from FY 2023 to FY 2024
  - Workplace guidelines that were adopted in 2015 will be reviewed and updated to accommodate changes in post pandemic workplace practices
  - $3.8 M funded in FY 2022 for additional exterior work
    - Window replacement
    - Exterior brick work
    - Additional gutter and downspout replacement
    - Unanticipated spot structural repairs
MARKET SQUARE PLAZA AND GARAGE RENOVATIONS

• Project originally developed based on needed structural and water penetration repairs to both the plaza and parking garage
• A complete redesign of the plaza can be considered if Council is interested
  • Adds one or two years to project timetable
  • Study funding could be carved out of FY 2022 and replaced later, balance of FY 2022 to then shift to FY 2024
  • Redesign of plaza would add to project costs
Current 10-year funding for VFA related projects in the CIP – $143.6 M
  • Current funding maintains facilities at Grade C (0.38)

10-year funding to bring all buildings to a Grade A (0.00) - $490.6 M

Total number of facilities assessed
  • 114 facilities for 2.4M square feet
**HIGH CAPACITY TRANSIT CORRIDORS**

**Metroway (Corridor A)**
- $1.2 M of unspent grant funding from Phase I and Amazon Funding for Phase II design
- Phase II includes extension of Rt. 1 dedicated lanes from E. Glebe to Evans Lane
- Phase II construction contingent on development

**West End Transitway (Corridor C)**
- Funding
  - $73M (State/NVTA grants) for design, buses, stops (work to be executed FY24-25)
  - $3M (I-395 funds) - operating (AT1 Plus) (currently)
    - Next application $7M for expanded service (Line 35) to Pentagon (FY22-23)
  - $3M (CMAQ) – WET Operations (FY24-26)
- Phase 1:
  - Mostly shared lanes with queue jumps & transit signal priority
  - *No dedicated transit lanes*
  - 20 new buses
  - Begins 2028 (FY 24-26 funds)
- Phase 2:
  - Full build – dedicated transit lanes, additional right-of-way
**Duke Street Transitway — Corridor B**

**Funding**
- $12M (NVTA) – Outreach, Design, Environmental
- $75M (NVTA) – Awarded in Summer 2020 for Construction
  - Connects Old Town to West End with reliable and fast transit
- $3.5M (CMAQ) – Operations (FY27)

**Project**
- High capacity transitway on Duke Street
  - Landmark Mall site to King Street Metro

**Upcoming Work**
- Duke Street Revisioning – Spring - Summer 2021
  - Extensive community engagement planned
  - Cross-section not yet determined
- Planning/Conceptual Engineering – Summer 2021 – Spring 2022
  - Preferred alternative
- Design/Environmental – Spring 2022 – 2023
- Construction – 2024-2025
## Stormwater Management Funding Acceleration

### Key Outcomes

<table>
<thead>
<tr>
<th>Mitigation Element</th>
<th>FY 21 – 30 Approved</th>
<th>FY 22 – 31 Proposed</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY 2022 Increases</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity Projects</td>
<td>$0.5M (3 projects)</td>
<td>$19.9M (11 projects)</td>
<td>+$19.4M</td>
</tr>
<tr>
<td>Spot Improvement Projects (per yr.)</td>
<td>~$0.5M (3-5 projects)</td>
<td>~$2.5M (8-11 projects)</td>
<td>+$2M</td>
</tr>
<tr>
<td>Stream &amp; Channel Maintenance</td>
<td>$0.5M</td>
<td>$0.9M/year</td>
<td>+$0.4M</td>
</tr>
<tr>
<td>State of Good Repair</td>
<td>$1M</td>
<td>$2.5M</td>
<td>+$1.5M</td>
</tr>
<tr>
<td>Pilot Grant Program</td>
<td>$0</td>
<td>$750,000</td>
<td>+$750,000</td>
</tr>
</tbody>
</table>
STORMWATER MANAGEMENT:
REPRIORITIZED 10-YEAR PLAN

Note: Current Fee generates $8.5 M/yr. In FY 2022, increased fee will generate $17 M/yr.
STORMWATER MANAGEMENT: PROGRAM BREAKDOWN

PROPOSED FY2022- FY 2031

- Capital ($266.6M) 55%
- Operating ($85.5M) 18%
- DPI Staff ($11.8) 2%
- Debt Service ($120.6M) 25%
- Loans ($2.0M) 0%

Change in funding from FY 2021 – FY 2030 of 145% increase from $197.7 M to $484.5 M
SANITARY SEWER PROGRAM

Sanitary Sewer Asset Renewal Program
• $36 M programmed in 10-year CIP
  • $2 M accelerated in FY 2022 and FY 2023
  • Investigations in targeted areas subject to sewer back-ups to start March 2021
    • Mainline sewers, lateral sewers, manholes
  • Rehabilitation to start late 2021/early 2022
• Program goals
  • Reduce sewer back-ups by reducing amount of infiltration and inflow (I&I)
  • Preserve structural integrity of sanitary sewers
  • Prevent sewer collapses and emergency repairs

Other Efforts to Reduce Sewer Back-ups
• Continued funding of backflow preventer program
• Sanitary sewer separation (in combined area)
• Upsizing of sanitary sewers to increase capacity
• Consideration of private property I&I disconnection program
WATERFRONT SMALL AREA PLAN / FLOOD MITIGATION

• Work completed:
  • Completed Class 4 Construction Cost Estimate
  • Evaluated “three buckets” of phasing and alternative options:
    • Detailed stormwater modeling
    • Potential phasing options
    • Potential alternative concepts (resiliency/low impact development)
    • Potential deployable options
  • Recommendations for geotechnical investigations and structural assessments.

• No change in total project funding from Approved FY 2021 – FY 2030 CIP at this point in time, which represented a 75% cost estimate for the project
WATERFRONT SMALL AREA PLAN / FLOOD MITIGATION

• Immediate Next steps:
  • Presentation of Phasing and Alternative Options
    • City Manager
    • City Council
    • Waterfront Commission
    • Community
  • Geotechnical testing and structural analysis
  • Refinement of alternatives based on:
    • Modeling
    • Cost-benefit analysis
    • Engineering studies
    • Community feedback

• Anticipated Project Timeline*:
  • Additional Investigations and Modeling / Cost-Benefit Analysis - 24 – 36 weeks to complete
  • Alternatives/Public Input –
    • Scope of work aligned to priorities
  • Progressive-Design-Build (PDB) Request for Proposals (RFP) development: present – Mid-2022
    • Cost-Benefit Analysis
    • Criteria development to qualify PDB
    • Industry outreach
    • Updates to Council and Waterfront Commission
  • PDB procurement: Late 2022
  • PDB phase 1 (design): Late 2022-2023
  • Negotiate Guaranteed Maximum Price (GMP): Late 2023-2024
  • PDB phase 2 (construction): Early-mid 2024
  • Site Construction: mid-2024 through mid 2027

*Schedule subject to change to accommodate community feedback and civic engagement and/or changes to CIP funding schedule
PROJECT BUDGETING EXCELLENCE

• **Goal:** Develop a more reliable, consistent approach to estimating capital project costs. Achieve greater visibility of cost variability, risks, and unknowns to ensure informed budgeting decisions.

• **Solution:** Establish cost estimating and scheduling consulting services.
  • Develop CIP Cost Estimating Standard Operating Procedures
  • Establish database of historic bid data
  • Provide concept level cost and schedule estimating services
  • Utilize risk analysis to determine appropriate contingencies
  • Follow new process for CIP and grant project budgeting
PROJECT BUDGETING EXCELLENCE

• Proposed Budget:
  • FY2022 ($0.7 M)
  • 10-year total ($6 M)

• Schedule:
  • Request for Expressions of Interest (RFI) posted Jan 2021
  • Responses received Feb 2021
  • Advertise RFQu May 2021
  • Award Oct 2021
Landmark Mall Redevelopment

• Proposed CIP provides funding for site infrastructure improvements ($76 M) and land acquisition ($54 M) to support site redevelopment

• Developers, Inova, and City tentatively agreed to $2 B, 4 M sqft redevelopment plan, including new hospital, cancer center, medical office buildings, and mixed-use development

• City investment funded by bonds, which will be repaid by tax revenue growth generated by redevelopment
  • Over 30-year period, redevelopment will generate $900+ M in new tax revenue, which would more than cover the $200 M - $300 M debt service costs

• FY 2022 ($21 M); FY 2023 ($58 M); FY 2024 ($51 M)
PROPOSED CIP

OTHER HIGHLIGHTS

• WMATA Capital Fully Funded ($173.6 M)
• Affordable Housing Funding ($68.0 M)
  • Includes $55.4 M from the Meals Tax Dedication for Affordable Housing
  • Includes additional $2.6 M of general fund cash capital to make up for reduced meals tax revenue in FY 21/22
• Street Reconstruction & Resurfacing funding totals $60.3 M
  • Funding provides for repaving of 50+ lane-miles per year
• Adaptive Signal Control ($7.7 M from State/Federal grants)
• Four Mile Run Bridge Program in partnership with Arlington County ($24 M)
  • West Glebe Road Bridge (funded in FY 2021 - $6 M)
  • Mt. Vernon/Arlington Ridge Road Bridge (FY 2022 - $7 M)
• AJIS System Replacement ($8.8 M)
• Radio System Upgrade ($11.9 M)
## BUDGET MEETINGS & MILESTONES

<table>
<thead>
<tr>
<th>Date</th>
<th>Meeting/Milestone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuesday, February 16</td>
<td>Proposed Budget Presentation</td>
</tr>
<tr>
<td>Tuesday, February 16</td>
<td>Revenue &amp; Compensation Work Session</td>
</tr>
<tr>
<td>Thursday, February 18</td>
<td>Public Presentation</td>
</tr>
<tr>
<td><strong>Wednesday, February 24</strong></td>
<td><strong>CIP Work Session</strong></td>
</tr>
<tr>
<td>Wednesday, March 3</td>
<td>City Council/School Board Joint Work Session</td>
</tr>
<tr>
<td>Monday, March 8</td>
<td>Budget Public Hearing</td>
</tr>
<tr>
<td>Tuesday, March 9</td>
<td>Introduce Maximum Tax Rates</td>
</tr>
<tr>
<td>Wednesday, March 10</td>
<td>Safe, Secure &amp; Just Focus Area Work Session</td>
</tr>
<tr>
<td>Wednesday, March 17</td>
<td>Healthy &amp; Thriving Focus Area Work Session</td>
</tr>
<tr>
<td>Wednesday, March 24</td>
<td>Livable, Green &amp; Prospering Focus Area Work Session</td>
</tr>
<tr>
<td>Monday, April 5</td>
<td>Intent to Submit Add/Delete Items Requiring Ordinance</td>
</tr>
<tr>
<td>Wednesday, April 7</td>
<td>Accountable, Effective &amp; Well-Managed Focus Area Work Session</td>
</tr>
<tr>
<td>Monday, April 12</td>
<td>BFAAC &amp; Follow-up Items Work Session</td>
</tr>
<tr>
<td>Thursday, April 15</td>
<td>Add/Delete Proposals Due</td>
</tr>
<tr>
<td>Saturday, April 17</td>
<td>Add/Delete &amp; Tax Rate Public Hearings</td>
</tr>
<tr>
<td>Tuesday, April 27</td>
<td>Preliminary Add/Delete Work Session</td>
</tr>
<tr>
<td>Monday, May 3</td>
<td>Final Add/Delete Work Session</td>
</tr>
<tr>
<td>Wednesday, May 5</td>
<td>Budget Adoption</td>
</tr>
</tbody>
</table>