

CITY OF ALEXANDRIA, VIRGINIA

Approved FY 2018 – FY 2027 Capital Improvement Program Overview



Beyond basic capital maintenance issues, the Approved FY 2018 – 2027 CIP reflects a vision for the City's future. The FY 2018 CIP decision making process included an initial effort to integrate the capital plan with City Council's guidance, the Strategic Plan and budget guidance, and many of these projects are considered new facilities, or Category 3 projects. Of the \$499.1 million in Category 3 projects, \$265.0 million (from both City and non-City sources) is for new and expanded transportation and transit infrastructure projects, including construction of the Beaugard/West End Transit Corridor (Strategic Theme 10 – Multimodal Transportation).

Other significant Category 3 projects include:

- Funding is included for capital infrastructure improvements associated with the Waterfront Plan Implementation (\$61.2 million)
- Funding to continue improvements to City athletic fields and conversions to synthetic turf (\$20.5 million)
- Funding to begin construction of High Capacity Transit Corridor "B"/Duke Street (\$19.0 million)
- Funding to continue build-out of a City-owned fiber optic network (\$10.0 million)

Additional Investment in City and School Facilities

During budget deliberations, City Council approved the creation of a blue-ribbon committee to supervise the development of a joint City and Schools plan to address the facility maintenance needs of the City's and ACPS' public buildings. The committee has been designated the Ad-Hoc Joint City/School Facilities Investment Task Force.

The task force will be charged with the following tasks:

- Develop a long-range joint municipal facilities Capital Improvement Plan;
- Determine opportunities for joint facility/site/co-location opportunities for City and School programs;
- Review and recommend municipal facility planning and civic engagement principles, standards, and practices;
- Review and recommend alternative capital project delivery methods and project management structures;
- Review and recommend governance of capital planning and project delivery; and
- Review and recommend asset management practices.

In addition to creating the task force, City Council also approved the addition of 3 cents to the real estate tax rate beyond the 2.7 cent increase in the proposed budget to be used to address the recommendations of the Task Force. Over the ten-year plan, this 3-cent increase on the real estate tax rate will raise \$130.1 million in additional revenue to address City and School facility needs. This revenue, along with planned major City facility maintenance/replacement projects and \$289.4 million planned School facility modernization/capacity projects, will be considered by the Task Force in their prioritization of facility projects.

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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 2018) 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 2018 – FY 2027

In developing the Approved FY 2018 – 2027 CIP, there were some general guidelines followed in developing the balanced 10-year plan. These guidelines included:

- Using the City Council Approved FY 2017 – 2026 CIP as the “base” for the Approved FY 2018 – 2027 CIP;
- Incorporating City Council guidance into the plan;
- Working to align projects with our City’s Strategic Plan and City Manager’s budget priorities;
- Preserving and maintaining our City’s existing physical assets;
- Addressing ACPS student capacity needs; and
- Addressing Washington Metropolitan Area Transportation Authority (WMATA) capital needs.

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Development of Approved CIP

The development of the Approved FY 2018 – 2027 CIP began in August 2016, with the submission of project requests by departments. Project requests encompass both new projects and already existing projects that had planned funding in Year(s) 2 – 10 of the previously approved FY 2017 – 2026 CIP. Full project submissions were due in mid-September 2016.

During the fall of 2016, two groups began meeting to discuss and make recommendations on the development of the CIP. First, the Peer Technical Review Committee met to discuss the various details of submitted projects. The Peer Technical Review Committee consists of subject matter experts from the more capital project intensive departments in the City, and is chaired by the Director of the Department of Project Implementation. The committee discussed submitted projects, including cost estimates, implementation scheduling, and cross departmental coordination. The members of the Peer Technical Review Committee reported back insights and recommendations to the CIP Steering Committee.

The CIP Steering Committee is the second body, and recommends the project composition and funding levels of the Proposed CIP to the City Manager. This committee consists of members of the City Manager’s Office and the department heads of the most capital project intensive departments in the City. For the FY 2018 – 2027 CIP Development process, the committee included department heads from the Department of General Services; Recreation, Parks & Cultural Activities; the Department of Transportation & Environmental Services; the Department of Information Technology Services; and the Office of Planning & Zoning.

The CIP Steering Committee met throughout the fall 2016 and winter 2016/2017 to craft a balanced CIP recommendation for the City Manager and to outline major policy issues facing the CIP. The committee presented its recommendation to the City Manager in January 2017. Subsequently, the City Manager worked with OMB to finalize the project composition and funding levels recommended in the Proposed FY 2018 – 2027 CIP.

The City Manager presented the Proposed Operating Budget and CIP on February 21st to City Council. City Council and City staff held a series of budget worksessions in March, April and May to provide additional detail on the proposed budgets. Council had the opportunity to make changes to the Operating Budget and CIP through two Add/Delete meetings and then approved the operating budget and CIP on May 4th.

CIP Development Timeline

August 2016	CIP Budget Kick-Off: Departments Develop and Submit Initial Project Requests
September 2016	Full Project Submissions Due from Departments
October 2016	OMB Review of Project Submissions
November 2016	Peer Technical Review Committee and CIP Steering Committee Begin Meeting
December 2016	CIP Steering Committee Develops Recommendation to City Manager
January 2017	CIP Steering Committee Presents Recommendation to City Manager
February 2017	City Manager Finalizes Decisions on Proposed CIP and presents CIP to City Council
March 2017	City Council and City Staff Hold Budget Worksessions
April 2017	City Council and City Staff Hold Budget Worksessions
May 2017	City Council conducts Add/Delete Process City Council Adopts Operating Budget and CIP on May 4th

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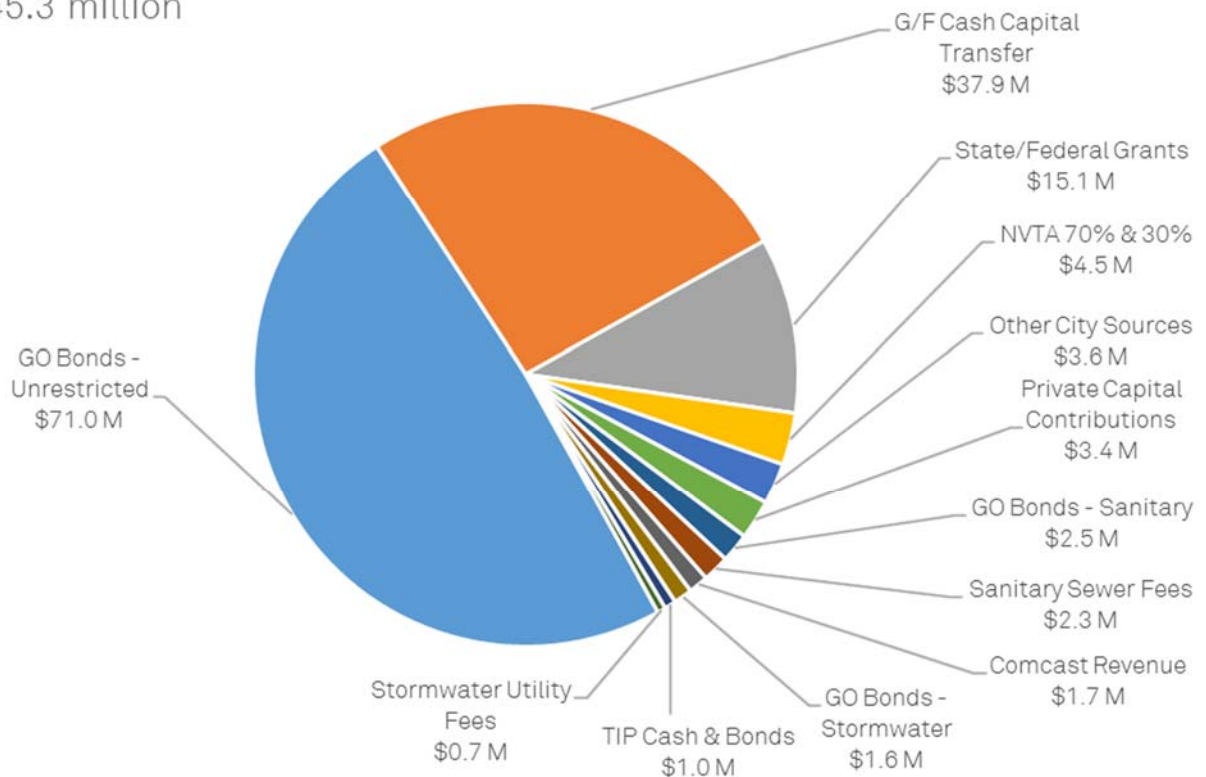


FY 2018 APPROVED CIP SOURCES AND USES

FY 2018 Capital Year Budget Revenues (Sources)

The total Approved single year CIP for FY 2018 is \$145.3 million; a \$39.4 million decrease from FY 2017 in last year’s approved single year CIP. **A listing of all revenues included in the FY 2018 -2027 CIP including the FY 2018 Capital Year Budget can be found in the Summary Funding Tables section of the Full CIP Document.**

FY 2018 Capital Year Budget Revenues
\$145.3 million



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Revenue highlights of the Approved FY 2018 Capital Year Budget expenditures include:

- FY 2018 revenues are split between borrowing (52.1%) and cash sources (47.9%). In municipal finance, there are no generally recognized specific mathematical benchmarks for cash capital funding. In general having an overall CIP which is 25% cash capital from all cash sources is considered very healthy.
- The General Fund Cash Capital Transfer amount is \$37.9 million, or 5.2% of General Fund Expenditures. In January 2015, City Council set a target of 2.5%, and a minimum of 2.0% (which would have been equal to \$14.6 million).
- During the FY 2017 budget process, City Council added three cents to the Real Property Tax Rate. Revenue from two cents of the three cent increase was used to fund priority capital projects in FY 2017, and was largely continued in FY 2018.
- During the FY 2018 budget process, City Council added an additional 5.7 cents to the Real Property Tax Rate, increasing the rate to \$1.130 per \$100 of assessed value. Revenue from three cents of the 5.7 cent has been allocated to future City and School capital facility projects. The specific projects to be funded by these three cents will be determined following recommendations from the newly formed Ad-Hoc Joint City/School Facilities Investment Task Force.
- The Approved FY 2018 CIP includes revenues from a new Stormwater Utility fee, to be implemented in CY 2018, with the first billing in January 2018. The Approved CIP assumes \$700,000 in revenue from the new Stormwater Utility fee in FY 2018 and \$1.6 million in GO Bonds, backed by Stormwater Utility fee revenue.
- Non-City revenues sources, including Comcast revenues, State/Federal grants and Northern Virginia Transportation Authority (NVRTA) revenues total \$24.7 million.

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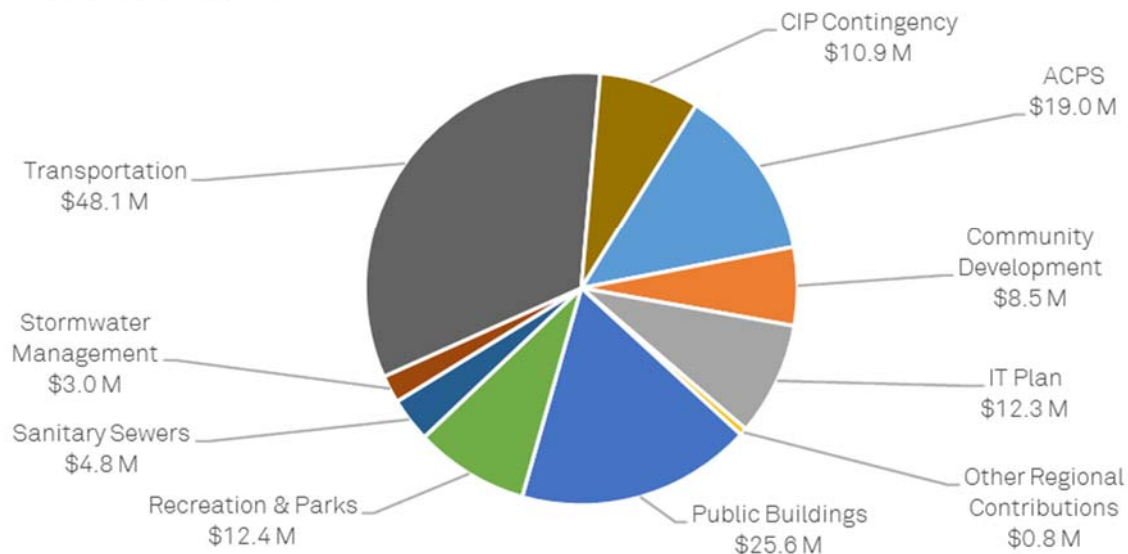
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FY 2018 Capital Year Budget Expenditures (Uses)

The total Approved CIP expenditures for FY 2018 are \$145.3 million which represents a \$39.4 million decrease from FY 2017 in last year's approved CIP. FY 2018 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 2018 -2027 CIP including the FY 2018 Capital Year Budget can be found in the Summary Expenditure Tables section of the full CIP document.** The pie chart and the narrative below detail only FY 2018 Capital Year Budget highlights by CIP document section.

FY 2018 Capital Year Budget Expenditures \$145.3 million



Project highlights of the Approved FY 2018 Capital Year Budget expenditures include:

- **Alexandria City Public Schools (\$19.0 million FY 2018 Capital Year Budget)**
 - A total of \$19.0 million in ACPS projects are funded in FY 2018, which is the equivalent to the dollar amount of non-Capacity projects in the ACPS Approved CIP and the capacity-related projects in the school's modernization program.

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- **Transportation (\$48.1 million FY 2018 Capital Year Budget)**
 - \$16.6 million to support the WMATA Capital Improvement Program. This capital support includes the City's portion of the purchase of new 7000 series railcars planned by WMATA in FY 2018. For FY 2018, the City will opt-in to the WMATA-sponsored debt issuance for \$24.6 million of its capital contribution.
 - \$5.3 million for Street Reconstruction and Resurfacing. This includes an additional \$1.5 million of City funds to supplant unrealized state revenue sharing funds in FY 2018. Resurfacing of lane miles will increase from an estimated 22 miles resurfaced in FY 2014, to over 55 miles resurfaced in FY 2018.
 - \$3.3 million for Dash Bus Fleet Replacements

- **Recreation and Parks (\$12.4 million FY 2018 Capital Year Budget)**
 - \$2.5 million for improvements to athletic fields and installation of synthetic turf at City park facilities
 - \$2.2 million for installation of synthetic turf and outdoor play areas at Patrick Henry Recreation Center
 - \$1.6 million to begin repairs identified by the on-going facilities condition assessment at Chinquapin Recreation Center
 - \$0.1 million for the renovation and maintenance of trees planted along City Streets, in parks, and on school grounds and other public properties

- **Public Buildings (\$25.6 million FY 2018 Capital Year Budget)**
 - \$6.6 million for identified maintenance and repair projects, as part of the City's Capital Facilities Maintenance Programs (CFMPs)
 - \$8.0 million to build a new replacement Fire Station 203 in Cameron Mills
 - \$3.5 million for critical upgrades and renovations to the Alexandria Courthouse
 - \$2.4 million to conduct high priority repairs to City Hall

- **Information Technology Plan (\$12.3 million FY 2018 Capital Year Budget)**
 - \$5.0 million to start implementing the \$10.0 million Municipal Fiber Broadband Project
 - \$2.5 million in investments in Public Safety Systems, including \$1.7 million for upgrades to the City's Emergency Phone System to the Next Generation 9-1-1 level, including improving regional connectivity to other public safety emergency call centers.
 - \$1.7 million is budgeted to maintain the City's IT infrastructure, with \$1.6 million of those costs offset by Comcast revenue earmarked for network infrastructure improvements.

- **Sanitary Sewers (\$4.8 million for FY 2018 Capital Year Budget)**
 - Includes \$2.3 million to begin planning and design work on Wet Weather Management Facility, which is a portion of the work that will need to be completed at CSO 003 and 004
 - Includes \$1.0 million to fund a ramp-up of planning efforts for CSO 001-004 to meet new accelerated State mandated timeline of construction to mitigate sanitary sewer overflows

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- **Stormwater Management (\$3.0 million FY 2018 Capital Year Budget)**
 - \$0.9 million to continue Stream & Channel Maintenance projects
 - \$0.6 million to continue work at Cameron Station Pond

- **Community Development (\$8.5 million FY 2018 Capital Year Budget)**
 - \$5.8 million to continue implementation of the Waterfront Small Area Plan
 - \$0.1 million to continue planning work for the Eisenhower West/Landmark Van Dorn area

- **Other Regional Contributions (\$0.8 million FY 2018 Capital Year Budget)**
 - \$0.39 million in capital improvements for the Northern Virginia Regional Parks Authority (NVRPA) and \$0.36 million in capital improvements at the Northern Virginia Community College (NVCC) are included in the Approved CIP.
 - FY 2017 represented the City's final planned capital contribution to the Peumansend Creek Regional Jail, as the City and other participating jurisdictions are withdrawing as partners in this regional authority due to lack of a need for prisoner bed space.

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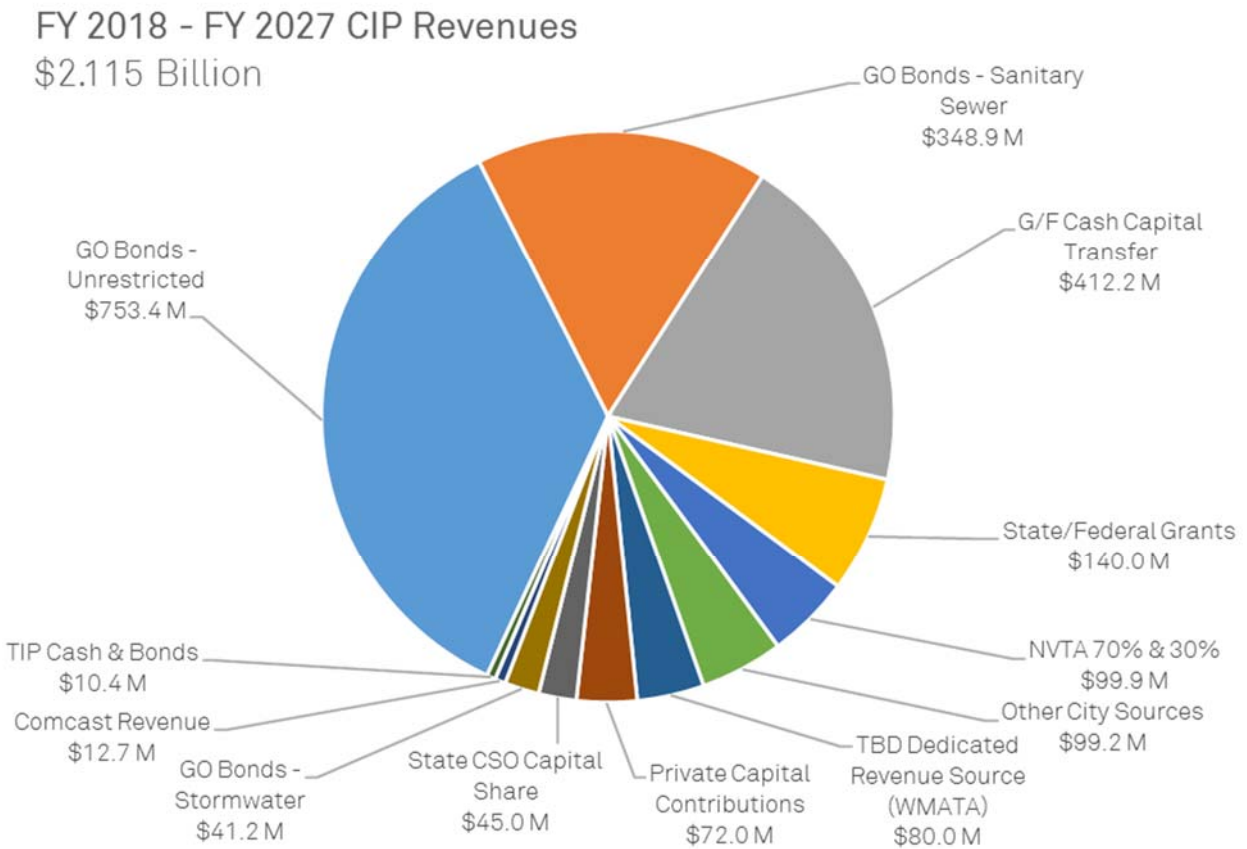
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FY 2018 – 2027 APPROVED CIP SOURCES AND USES

FY 2018 – 2027 Capital Improvement Program – Ten-Year Sources and Uses Overview

The total Approved CIP for FY 2018 – 2027 is \$2.115 billion; a \$443.0 million increase over last year’s approved CIP. This represents 26.5% increase over last year’s plan. **A listing of all funding sources included in the FY 2018 - 2027 CIP can be found in the Summary Funding Tables section of the full CIP document.** The narrative below provides only highlights of the 10-year plan revenues and expenditures.



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**FY 2018 – 2027 CIP Revenue (Sources) highlights include:**

- Continued use of Northern Virginia Transportation Authority (NVTA) for both regional (Transit Corridor “C” – West End Transitway) and local (DASH bus replacements). A total of \$99.9 million is budgeted from NVTA sources in the FY 2018 – 2027 Approved CIP.
- The General Fund Cash Capital Transfer is above the City Council approved target of 2.5% of General Fund expenditures annually, averaging 5.0% over the ten-year plan. The percentage as it relates to total General Fund expenditures in FY 2018 is 5.2%. This is due, in large part, to the anticipated revenue from the increases on the Real Property Tax Rate that City Council approved in FY 2017 and FY 2018 to be used to increase funding to priority City and School capital projects.
- Private development contributions supporting capital infrastructure projects throughout the City totals \$72.0 million.
- Stormwater Utility Fees will provide an estimated \$22.7 million in funding for the Approved CIP and an additional \$41.2 in utility fee backed GO Bonds.
- State and interjurisdictional contributions are projected at \$98.8 million to support work to mitigate sanitary sewer overflows at the City’s four combined sewer outflows. The state funding is estimated and not guaranteed and will need to be budgeted and approved by the General Assembly.
- To fund WMATA’s capital needs, the Approved CIP reflects \$80.0 million starting in FY 2020 in a to be determined state or regional dedicated revenue source to fund WMATA’s capital improvement program. Without dedicated funding, the City’s WMATA funding will increase substantially.

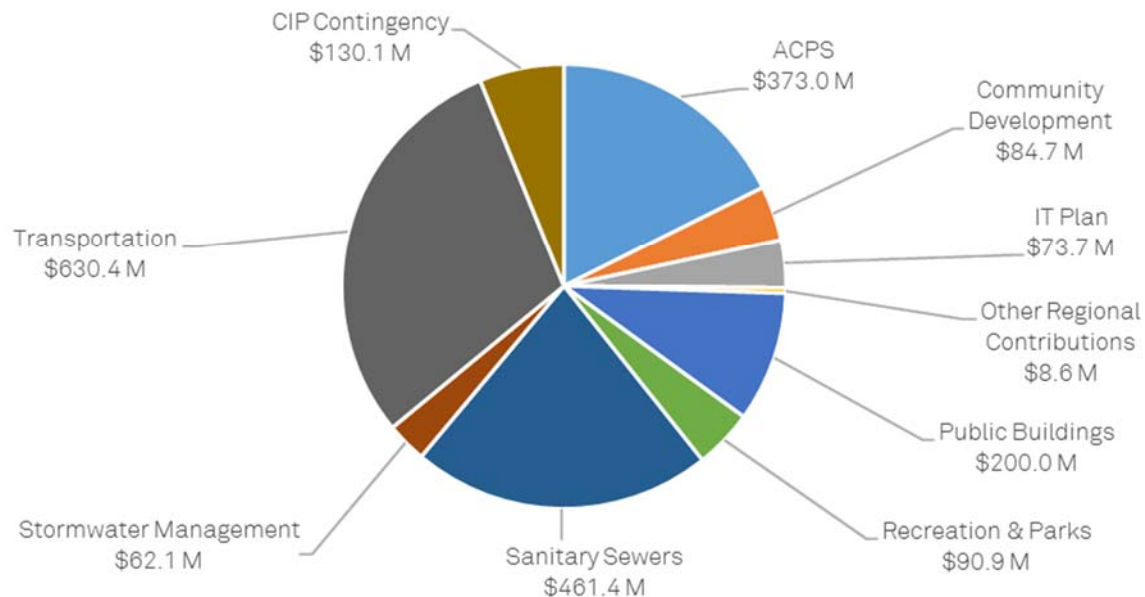
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FY 2018 – 2027 CIP Project (Uses) highlights include:

FY 2018 - FY 2027 Capital Budget Expenditures
\$2.115 billion



- Funding for Alexandria City Public Schools total \$373.0 million over the life of the 10-year plan.
- Funding for additional investment in City and School facilities totals \$130.1 million. This funding will be allocated to projects based upon the recommendation of the Ad-Hoc Joint City/School Facilities Investment Task Force.
- Sanitary Sewer funding totals \$461.4 million, including \$390.2 million to conduct state and federally mandated work to mitigate sanitary sewer overflows at the City's four combined sewer outflows.
- The Approved CIP includes \$152.7 million to fund the City's Capital Facility Maintenance Programs (CFMPs) and other major renovations (i.e. City Hall).
- Stormwater funding totals \$62.1 million to begin to address long-term capital infrastructure needs related to federally mandated improvements.
- Funding to begin implementation of the Waterfront Plan totals \$61.9 million in the ten-year plan.
- Funding to construct the Transit Corridor "C" – West End Transitway totals \$137.6 million in the ten year plan.
- Funding to continue the City's Street Reconstruction and Repaving program totals \$51.6 million over the ten year plan.
- DASH Bus Fleet Replacements total \$25.9 million over the ten-year plan.
- WMATA capital funding totaling \$255.6 million. This capital support includes the City's portion of the purchase of new 7000 series railcars planned by WMATA between FY 2018 and FY 2023. This amount does not include \$36.0 million over the ten-year plan from NVTC proceeds from state and gas tax funding which the City will use to offset some of the increased costs. Adoption of new Capital Funding Agreement (CFA) could significantly impact the necessary capital contribution to WMATA in future years, as would the creation of any dedicated funding stream.

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DEBT RATIOS, CASH CAPITAL, & DEBT SERVICE



The Approved FY 2018 – 2027 Capital Improvement Program assumes borrowing in the amount of \$1.2 billion to fund the capital infrastructure needs identified throughout this document. Included in that amount are \$348.9 million in bonds for the Sanitary Sewer projects backed by Sanitary Sewer connection and maintenance fees, and \$41.2 million in bonds for Stormwater Management projects backed by the Stormwater Utility. A total of \$753.4 million in bonds are planned over the ten years for other City projects, including Alexandria City Public Schools capital infrastructure needs (borrowing comprises \$311.5 million of future ACPS capital costs in the ten-year plan, primarily associated with school capacity projects).

While the ten-year CIP includes additional borrowing, the plan also assumes the re-payment of \$739.1 million in principal payments on prior year and planned bond issuances. Of this \$739.1 million in principal payments, \$118.3 million will be paid through Sanitary Sewer fees, Stormwater Utility fees, and the Potomac Yard generated tax revenues. The debt service on the remaining bonds is paid back through the City's General Fund. This amount of debt approved is consistent with debt ratios that support the City's hard-earned AAA/Aaa bond ratings. Additional borrowing will impact the annual operating budget through increased debt service payments.

City Council Approved Debt Ratios

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.

As part of the FY 2018 – FY 2027 CIP, City Council approved modifications to the City's Adopted Debt Ratios, endorsed by BFAAC, that (1) accommodate the City's current capital needs, (2) give the City the flexibility to meet future/unanticipated capital needs, and (3) maintain a fiscally moderate position for the City that is in line with regional comparators and what bond rating agencies would view as acceptable. The changes outlined as follows will continue to support the City's status as an AAA/Aaa bond rated jurisdiction.

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Debt Ratio	Previous Ratios			City Council Adopted Changes		
	Target	Limit	Exemptions	Target	Limit	Exemptions
Debt as a Percentage of Fair Market Real Property Value	1.10%	1.60%	Sanitary Sewer Debt	Set by CIP	2.50%	Sanitary Sewer & Stormwater Debt
Debt as a Percentage of Total Personal Income	3.20%	4.50%	Sanitary Sewer Debt	DELETE AS A MEASURE		
Debt Service as a Percentage of General Government Expenditures	8.00%	10.00%	Sanitary Sewer Debt	Set by CIP	12.00%	Sanitary Sewer & Stormwater Debt
10-Year Debt Payout Ratio	NOT AN EXISTING MEASURE			65.00%	50.00%	Debt Issuances Specific to Assets with a 20+ year Useful Life

The Debt as a Percentage of Total Personal Income ratio was eliminated due to two reasons: (1) the calculation of Total Personal Income is highly volatile year-to-year, depending on methodology changes and data sources used by the Bureau of Economic Analysis, and (2) Total Personal Income is not a direct measure of a community's ability to pay off outstanding debt, as the City does not have the ability to directly tax personal income.

Staff recommended changes to the Debt as a Percentage of Real Property Value and Debt Service as a Percentage of General Government Expenditures policies after comparing the City's current policy and forecasted capital needs to the adopted policies and actual practices of relevant comparator jurisdictions. The ratios' limits were adjusted to a level that was sufficient to address anticipated future needs, provide additional capacity for unanticipated needs, remain compatible with each other, and avoid another adjustment in the near future, while being considered reasonable by the rating agencies. The methodology for selection of the proposed rate included review by the City's financial advisors.

The establishment of a 10-Year Debt Payout Ratio target of 50% formalizes the City's current practice of structuring debt with level principal payments. Highly-rated jurisdictions such as the City of Alexandria often structure debt using level principal payments.

Each year of the 10-year plan stays within these approved limits for the Debt as a Percentage of Fair Market Real Property Value, Debt Service as a Percentage of General Government Expenditures, and the 10-Year Debt Payout ratios.

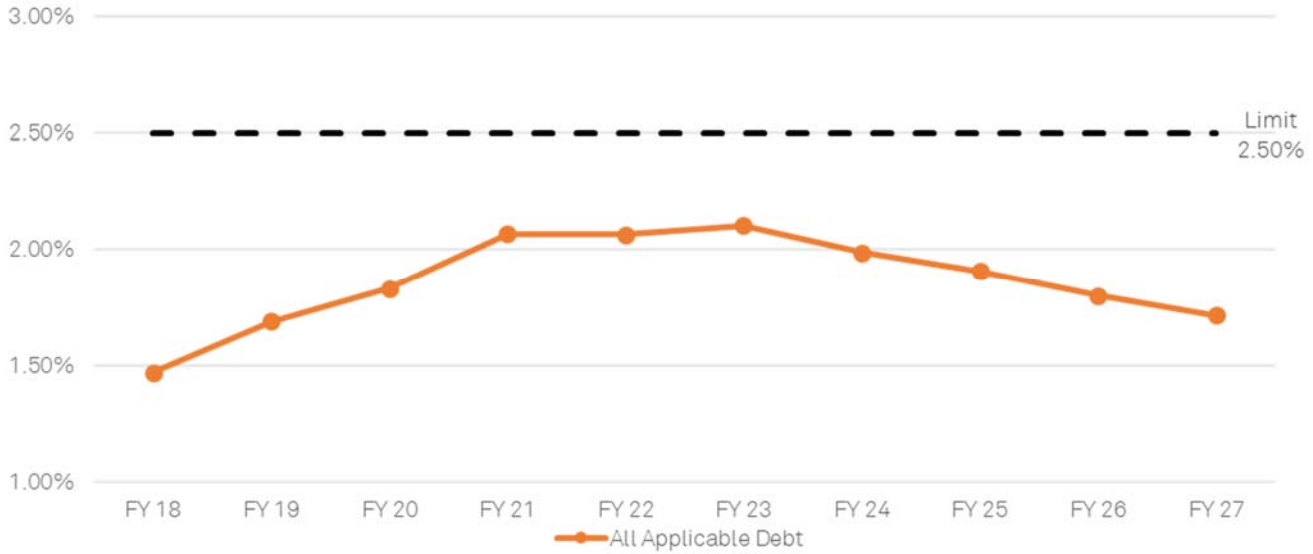
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Debt as a Percentage of Fair Market Real Property Value

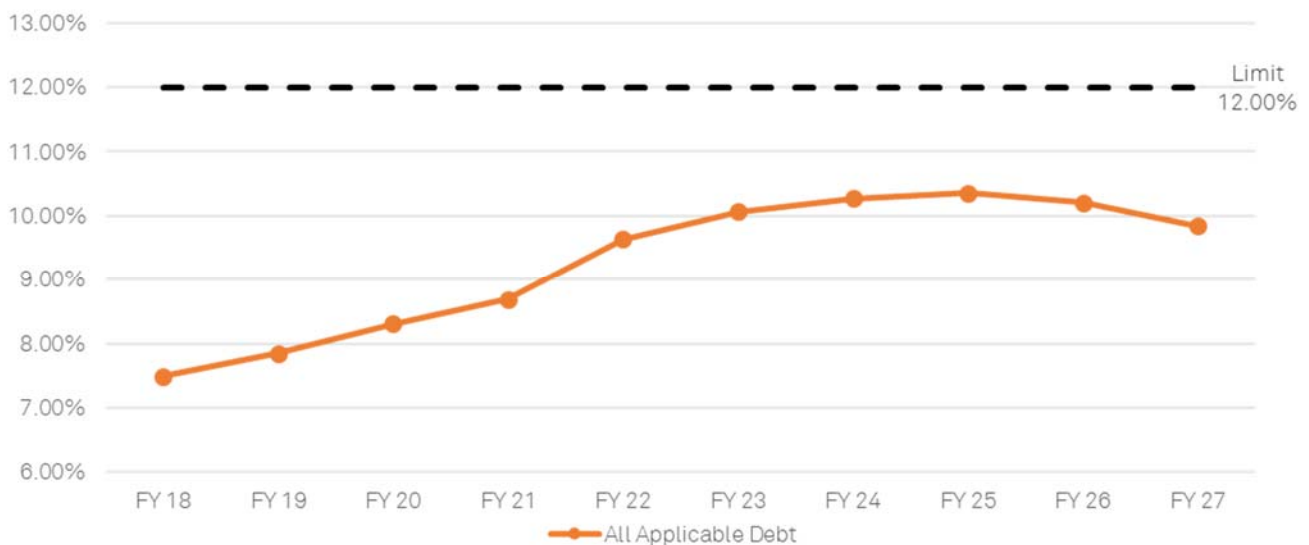
Limit = 2.50 percent; FY 2018 = 1.47 percent



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 will be in compliance with this debt ratio for all 10 years of the plan.

Debt Service as a Percentage of General Government Expenditures

Limit = 12.0 percent; FY 2018 = 7.49 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 will be in compliance with this debt ratio for all 10 years.

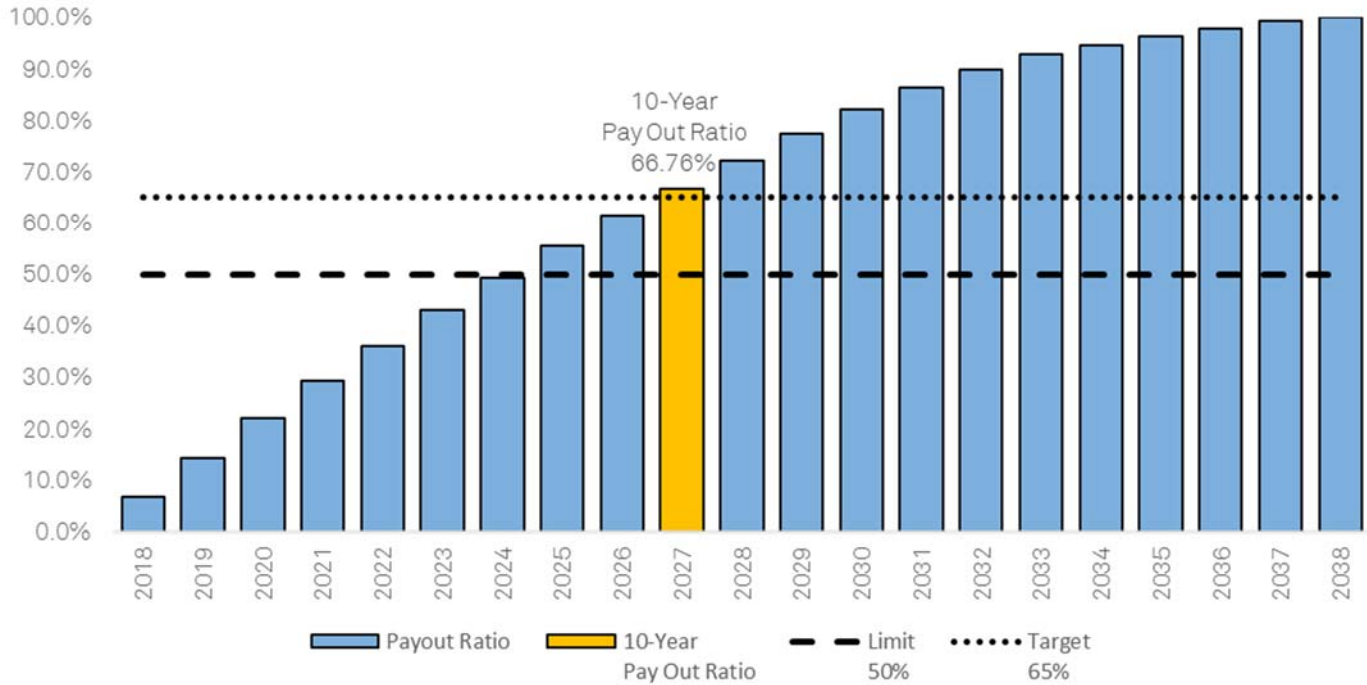
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10-Year Debt Payout Ratio

Limit = 50.0 percent; Target = 65.0 percent; FY 2018 = 66.8 percent



This ratio compares how much debt is structured to be paid off in a given period of time. A more aggressive repayment structure results in a higher ratio. The speed of the repayment of outstanding debt is one of the areas in which local governments are evaluated by the bond rating agencies. A payout ratio at or greater than 50 percent is typically viewed favorably and as best practice for municipal debt management.

The chart above represents the 10-Year Pay Out Ratio for existing outstanding debt, plus the forecasted debt payment schedule for the CY 2017/FY 2017 General Obligation Debt Issuance.

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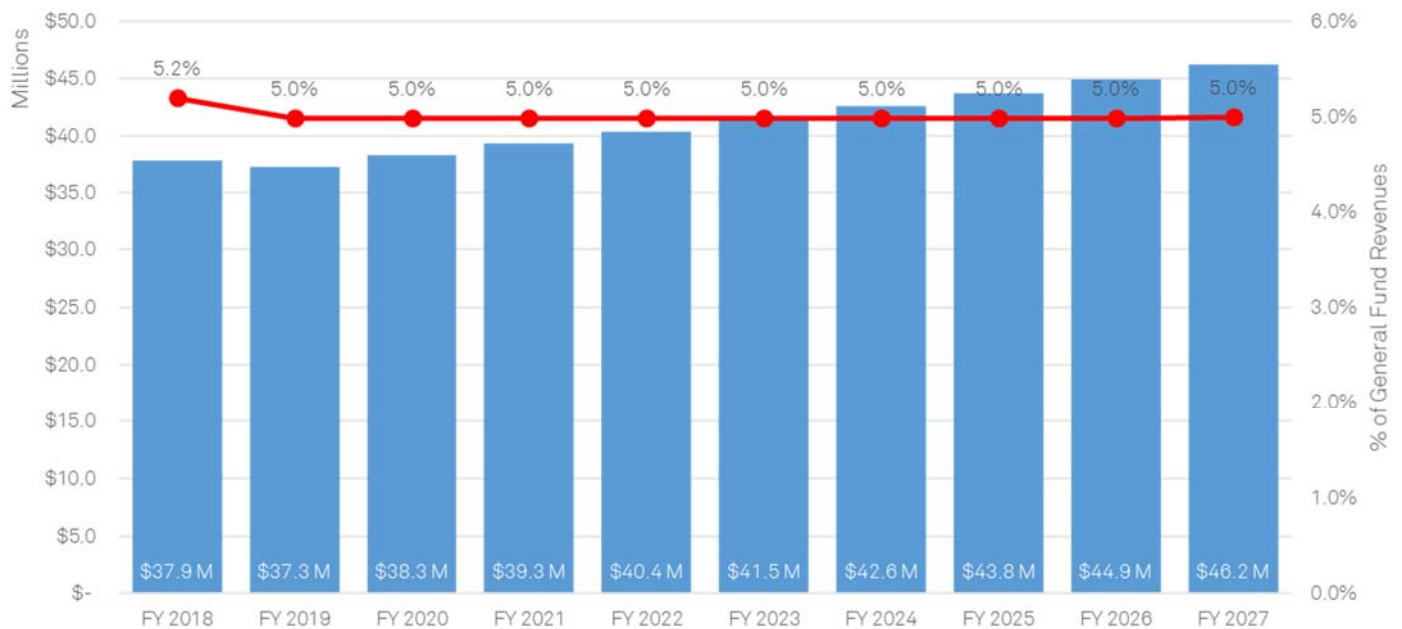
General Fund Cash Capital Transfer

City Council adopted, in January 2015, a General Fund Cash Capital Transfer target of 2.5% and a “floor” of 2.0% of General Fund expenditures to support the CIP. Providing a minimum and a target helps ensure that cash capital will be maintained at a healthy level, while maintaining flexibility in setting budget priorities between the annual General Fund Operating Budget and annual cash capital transfer from the General Fund to the CIP.

This cash capital policy provides City staff the flexibility to develop sustainable and affordable General Fund support to the CIP through debt service paid on General Obligation Bonds and a recurring cash capital transfer supporting City Council capital infrastructure priorities in the ten-year CIP. Furthermore, this policy ties the cash capital closely to the General Fund, and allow cash capital to grow or decrease proportionally with the General Fund, while still providing the necessary resources to maintain the City's capital infrastructure.

The chart below details the planned level of the General Fund Cash Capital Transfer in each year of the CIP along with the percentage of estimated General Fund expenditures comprised by the General Fund Cash Capital Transfer. The General Fund Cash Capital Transfer represents 42.6% of all cash sources used to finance the ten-year plan.

General Fund Cash Capital Transfer - FY 2018 - 2027



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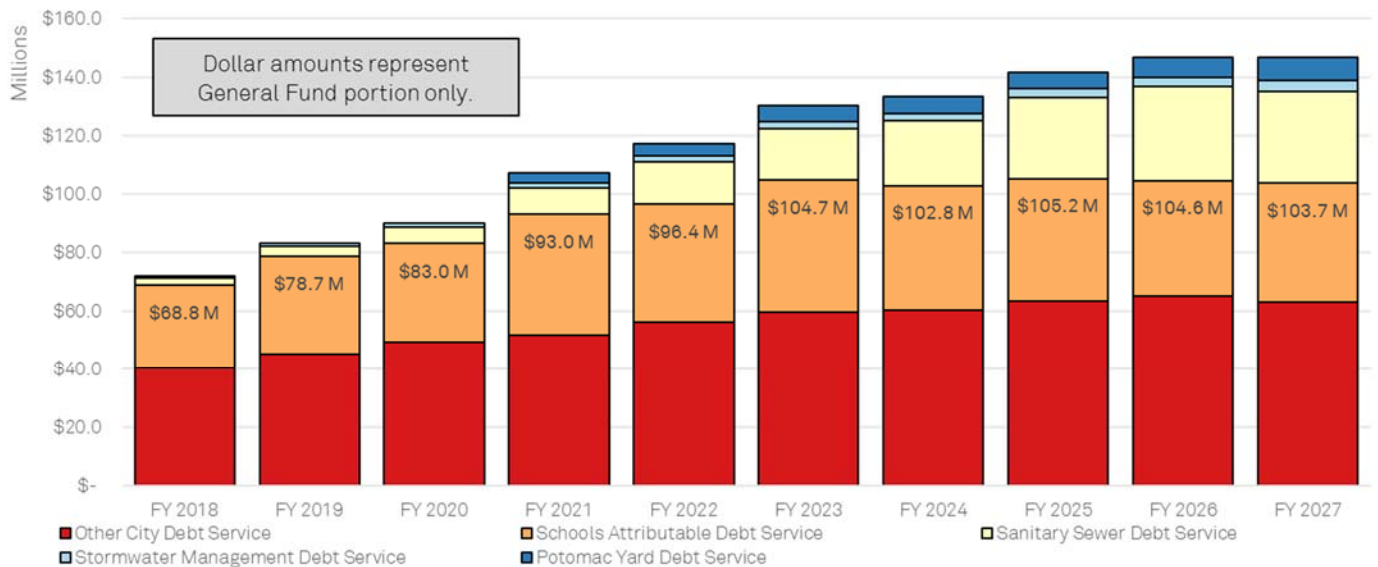


Debt Service

While the City stays within fiscally prudent debt guidelines for General Fund supported projects, debt service payments will continue to grow in order to fund the debt service on previously issued and planned debt issuances. As debt service continues to grow (as evidenced in the chart below), and City revenues continue to experience minimal to moderate growth, the City will be facing a tax rate versus a capital/operating funding set of decisions. The chart below provides details on the projected debt service payments for both existing debt (issued through FY 2017) and planned debt (FY 2018 through FY 2027).

Debt service is broken down into five categories – Other City Debt Service, Schools Attributable Debt Service, Sanitary Sewer Debt Service, Stormwater Management Debt Service, and Potomac Yard Debt Service (which is paid for by Potomac Yard generated tax and developer revenues). In FY 2018, \$72.0 million is estimated for debt service payments, an increase of \$6.9 million over last year’s debt service payments. Of the \$72.0 million total, \$2.8 million will be paid from the Sanitary Sewer Fund and the Stormwater Utility enterprise funds.

FY 2018 - 2027 Debt Service Attribution



Debt Service (\$ in millions)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
General Fund Supported Debt Service	\$68.8	\$78.7	\$83.0	\$93.0	\$96.4	\$104.7	\$102.8	\$105.2	\$104.6	\$103.7
Potomac Yard Debt Service	\$0.0	\$0.0	\$0.0	\$3.2	\$4.3	\$5.7	\$5.7	\$5.7	\$6.8	\$7.8
Sanitary Sewer Debt Service	\$2.6	\$3.5	\$5.6	\$9.1	\$14.6	\$17.8	\$22.2	\$27.9	\$32.1	\$31.4
Stormwater Management Debt Service	\$0.6	\$1.0	\$1.4	\$1.7	\$2.0	\$2.3	\$2.6	\$3.0	\$3.4	\$3.9
Total Debt Service	\$72.0	\$83.1	\$89.9	\$107.1	\$117.2	\$130.4	\$133.3	\$141.8	\$146.9	\$146.8
Total \$ Change Over Prior Year	\$3.2	\$11.1	\$6.8	\$17.2	\$10.1	\$13.2	\$2.9	\$8.5	\$5.1	(\$0.1)
Total % Change Over Prior Year	4.7%	15.4%	8.2%	19.1%	9.4%	11.3%	2.2%	6.4%	3.6%	-0.1%

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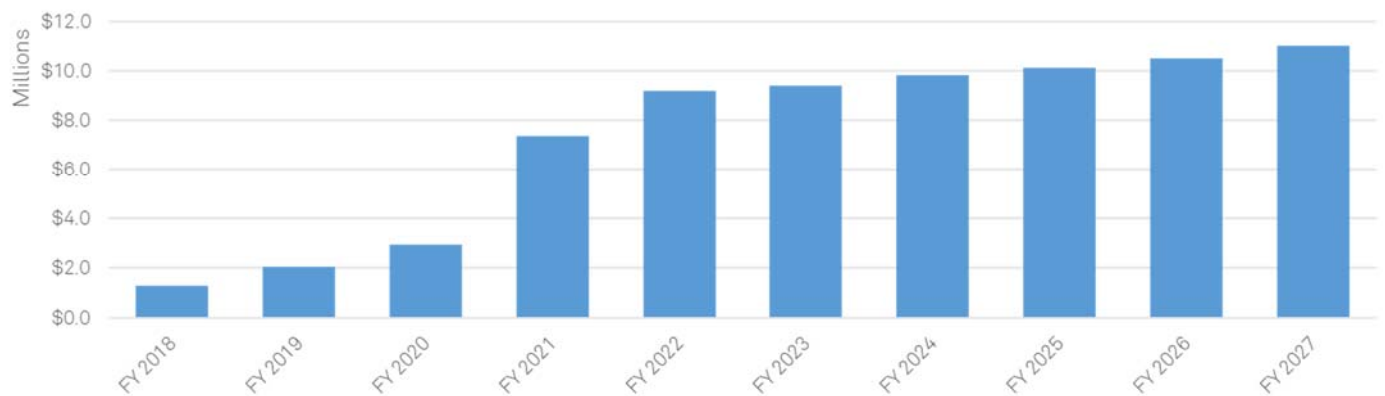
ADDITIONAL OPERATING IMPACT

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 a new park, to additional staffing required to operate a new Computer Aided Dispatch System, to utility costs associated with opening a new City facility.

As part of the Approved FY 2018 – 2027 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 charged against the General Fund, the estimated operating impact could be as much as \$11.0 million in additional resources needed in FY 2027. The chart below indicates a significant increase in operating impacts between FY 2020 and FY 2021. This is predominantly attributed to the anticipated operating costs of the completed Transit Corridor “C” – West End Transitway, and the first year of the City’s increased WMATA operating subsidy due to the opening of the Potomac Yard Metrorail Station.

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.

FY 2018 - FY 2027 CIP Annual Operating Impact (All Funds)



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