

City of Alexandria, Virginia

MEMORANDUM

DATE: NOVEMBER 15, 2017

TO: MEMBERS OF THE TRANSPORTATION COMMISSION

FROM: MATT MELKERSON, ACTING DEPUTY DIRECTOR, T&ES

SUBJECT: AGENDA ITEM # 7 - FY 2019 CAPITAL IMPROVEMENT PROGRAM
BUDGET GUIDANCE

ISSUE: Update on FY 2019 City Capital Improvement Program (CIP).

RECOMMENDATION: That the Transportation Commission receive the update and provide guidance to staff for preparation of the FY 2019 budget for inclusion in the City Manager's FY 2019 budget.

BACKGROUND: Each year the City Manager presents a proposed City Budget to the City Council for consideration and action. As part of the budget process, a ten-year Capital Improvement Program (CIP) is developed to fund major capital projects in the City. Funding for the CIP comes from the City's general fund, grants, and other non-City sources such as developer contributions.

One of the objectives of the Council's Strategic Plan (2017-2022) is to *develop local, reliable funding mechanisms to support a fiscally constrained transportation plan*. In 2011, the Council approved a 2.2 cent reservation of the property tax to fund transportation projects. This funding has provided the opportunity to fund many of the projects on the Long Range Transportation Plan (LRP) over the next ten years. In 2013, House Bill 2313 was signed into law which levies additional taxes and fees to generate additional revenue for transportation projects. In November 2017 the Commission recommended the following initial policy guidance to staff for the FY 2016-26 CIP:

- Preserve the 2.2 cent transportation reservation in order to comply with maintenance-of-effort requirements, maintain flexibility, and to offset previous loss of state urban funds.
- Commit adequate operating funds to provide the project management, procurement, management and of staff resources necessary to implement CIP projects and programs.
- Continue to capitalize staff positions that are directly related to capital project implementation, as allowable, in order to utilize capital funds and reduce impacts on the operating budget.
- Maintain funding for highest priorities as determined by the Transportation Commission in the Transportation Improvement Program.
- Allocate Northern Virginia Transportation Authority (NVTA) 70% funds for high

priority major capital investments with regional impacts, with an emphasis on leveraging non-city funds and/or accelerating project delivery.

- Utilize funding sources with least restrictions on project eligibility (i.e. CMAQ, RSTP, and NVTA 30% funds) for non-motorized projects, project development, ADA improvements, maintenance and operations.
- Pursue discretionary grant funding for transportation projects, including state capital assistance and federal New Starts, Small Starts, and TIGER grants.
- Ensure adequate funding for the Alexandria Police Department for capital investment and operating costs of enforcement—including parking violations, High Occupancy Vehicle (HOV) lane violations on Route 1 and Washington Street, speeding, and red light running—to help shape driver behavior and promote safety.
- Ensure that city transportation funding levels are maintained or increased above the maintenance-of-effort requirements of HB2313, to provide new transportation capacity and enhanced transportation services and programs while also maintaining existing assets in a state of good repair.
- Recognizing that regional transportation, including WMATA transit service is a priority that should not fall entirely on the transportation budget but rather a shared cost, the Council should explore opportunities to help fund the regional transit needs beyond the City's transportation resources.

DISCUSSION: The City continues to experience limited revenue growth which cannot sustain the increasing costs of providing unchanged levels of service to the community. Revenues for FY 2019 are projected to grow by just over 1% and expenditures (if not constrained) by about 3%. This results in a \$31.8 million budget gap that must be closed. In addition, any increased spending for capital infrastructure, schools, or expanded services, continues to compete against the current services offered. In times of slow revenue growth, it is important to identify and align limited resources with community priorities. Therefore, to develop a fiscally responsible budget, service reductions may be necessary and any new or expanded services will likely be substantially limited in FY 2019.

A memorandum from the City Manager dated November 2, 2017 (See Attachment 1) was sent to the Commission members related to the FY 2019 budget. This memo explains the need to prioritize service and investments and called for a discussion of priorities in policy and programmatic areas that (i) constitute the highest priorities, as well as (ii) areas that constitute the lowest priorities under the respective purview of the Transport Commission. This will inform the prioritization process and help to ensure key policy and programmatic areas are sustained as much as possible. Your feedback will assist City staff in developing budgets that support the most important services for the community at large. Furthermore, the City Manager has also identified a series of priorities relevant to transportation project planning and implementation. These include: (i) Vision Zero and (ii) staffing for CIP project implementation.

The Commission's feedback on these two priorities will assist City staff in developing budget submissions and reflecting the priorities of the Transportation Commission. It is requested that responses to the above questions are provided to the Director of Transportation and Environmental Services (T&ES) by November 30, 2017.

ATTACHMENTS:

Attachment 1 – November 2, 2017 Memorandum from City Manager

Attachment 2 – FY19 CIP Funding by Transportation Mode and Category