

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 10, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #100: TRENDS IN THE CAPITAL IMPROVEMENT PROGRAM: 1991-2006

This memorandum is in response to Councilwoman Woodson's request for information on how funding for the CIP has changed as a percent of the total budget and how the CIP program categories have changed as a percent of the total CIP and over the past 15 years.

Attachment A illustrates CIP spending (cash capital and debt service) as a percentage of the total General Fund budget. Attachment B and C illustrate individual capital project categories as a percentage of the CIP since 1991. These numbers represent the first year of the City Share of the six-year CIP for each of the past 17 fiscal years.

For the purposes of this presentation, CIP project categories have been consolidated into the following categories: Public Buildings; Sewers (Sanitary and Storm); Transportation (Transportation Improvements, Rapid Transit, Streets and Bridges); Information Technology Plan; Recreation and Parks; and Other (Libraries, Community Development, Regional Public Safety, General Government, and Other Education).

CIP as a percent of the total budget

Overall, there has been a great deal of annual change in CIP funding (cash capital and debt service) as a percent of the total General Fund budget. From FY 1991-FY 2007, CIP spending ranged from 5.35 percent to 12.83 percent. In the FY 2007 Proposed General Fund Operating Budget, CIP spending is proposed at 9.77 percent of total General Fund spending.

In recent years as the City's CIP investments have increased, there has been an upward trend in debt service as a percentage of the total General Fund budget, increasing from 2.22 percent in FY 1999 to 5.9 percent in the FY 2007 Proposed budget. Also, since FY 2001, there has been a

general decline in cash capital¹ transfer from the General Fund as a percentage of the total General Fund Budget, decreasing from 8.28 percent in FY 2001 to 3.87 percent in the FY 2007 Proposed budget.

CIP Program Categories

CIP project categories have experienced a great deal of change in terms of their percentage of the total CIP. This is largely due to the variation in capital needs arising at specific times throughout this time period.

During this time period (FY 1991-FY 2007), spending on Schools has consistently been a large percentage of the total CIP, ranging from 16.96 percent to 27.67 percent. In addition, transportation has represented a large percentage of the CIP, ranging from 6.93 percent to 45.52 percent. The public buildings category has also received a large percentage of CIP funding, ranging from 6.93 percent to 30.57 percent.

As illustrated by Graph 2, some categories received little to no funding during the early 1990's, but in recent years have represented a larger percentage of the CIP. For example, the Information Technology Plan received no funding until its inclusion in the CIP starting in FY 1998, but represents 6.82 percent in the FY 2007 Proposed budget. In addition, Sewers received an extremely small percentage until FY 2001, but represents 9.25 percent of CIP funding in FY 2007 as various sewer infrastructure improvements have been funded and fee revenues have increased to cover 100 percent of sanitary sewer costs..

Attachments

¹Cash Capital figures through FY 2005 represent actual expenditures. The FY 2006 Cash Capital figure represents the approved budget. The FY 2007 figure represents the City Manager's proposed budget. All figures include General Fund transfers to the CIP from prior year General Fund surpluses and current year General Fund revenue, including funds dedicated for Open Space.

502

Attachment A: CIP Spending as a Percent of Total Budget FY 1991-FY 2007 (Proposed)



