

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 31, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO # 39: REVISED CIP FUNDING PLAN REFLECTING
REVISED FUNDING NEEDS FOR POLICE HEADQUARTERS FACILITY

At the March 1, 2006 budget work session with City Council, City Staff discussed the issue of revising the Capital Improvement Program (CIP) for FY 2008 through FY 2010 to reflect a new project and funding plan for work on the police headquarters facility. The proposal would shift the CIP Plan for this facility from an obligation to a cash flow basis. That new funding schedule would allow the City to address the FY 2008 CIP funding challenge identified in the City Manager's proposed CIP by shifting approximately \$43 million in construction funding for this project from FY 2008 into FY 2009, FY 2010 and FY 2011.

City Council has previously approved the City-owned Wheeler Ave. site for a new Police Headquarters facility. The components of the planned new facility will include a multi-level structure of more than 110,000 square feet, a multi-level parking structure, security and infrastructure improvements. There are significant site improvements to be accomplished as well, including the relocation of the T&ES/Recreation Maintenance facility from South Quaker Lane to Roth Street once the facility is renovated, demolition of the South Quaker facility, relocation of the salt domes from the current approved Police Facility site on Wheeler Avenue, environmental clean-up, and the reconfiguration and/or new construction of adjacent, internal access roads and parking areas. Budget Memorandum #111 (attached) provided during last year's review of the budget by City Council describes the variety and sequence of activities required.

The facility and parking programs will be reviewed during the design phase. We will examine potential shared public/police facility opportunities as directed as part of the site approval process, and update potential program areas as required due to unforeseen program growth, changes in technology and other factors that might have an impact on the overall final construction cost estimates. Overall final construction cost estimates will include this reprogramming update, as well as any changes in estimated construction costs. We expect to complete design by mid-FY 2007.

City staff now estimates that we will not need the entire \$4.84 million in FY 2007 for the planning and design work required in that fiscal year. We recommend that \$2.0 million be provided in FY 2007 and the remainder, \$2.84 million be programmed for FY 2008.

The future schedule is as follows:

- Planning and programming for this facility will be proceeding through the winter of calendar 2006/2007.
- Site planning and the application for a special use permit will be proceeding through the first half of calendar 2007.
- Design development will occur from the summer of 2007 through the winter of 2007/2008.
- Permitting and construction bidding is to begin in the spring of 2008.
- Construction is to begin in the summer of 2008.
- Construction would be scheduled to end and the building occupied sometime in FY 2010 (likely calendar year 2011).
- The leases for the temporary space in which the Police are now located will have to be extended to accommodate this schedule. However, the current leases allow for the City to elect to extend these leases one year at a time into FY 2011 at a 3% annual increase in cost.

Given this schedule, we propose that the funding schedule for construction costs be changed from what is in last year’s approved CIP and this year’s proposed CIP – \$43,170,000 in FY 2008 funds and \$790,000 in FY 2009 funds – and that this amount be spread from FY 2009 to FY 2011 until such time as revised construction cost estimates can be provided for use in next year’s CIP. The following chart shows the proposed shift:

Revised Funding Needs for Police Headquarters Facility

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	TOTAL
Original Plan (as contained in Proposed CIP)	\$4.84 M	\$43.17 M	\$0.79 M	--	--	--	\$48.8 M
Revised Plan for CIP	\$2.0 M	\$2.8 M	\$17.6 M	\$22.0 M	\$4.4 M	--	\$48.8 M

Attached is a revised table that shows the impact of this change on the sources and uses of funds for the CIP. The most significant impact of this change is the smoothing out of the prior FY 2008 CIP funding problem. It should be noted that while the FY 2007 reduction of \$2.84 million will reduce the cash capital amount for FY 2007 to \$6.85 million. However, if the 5 percent target budget is adopted and all the other capital project reduction options are taken, cash

capital for FY 2007 would be further reduced to \$3.2 million. Given the large number of unfunded needs listed but not funded in the proposed CIP, there is still a need to reexamine and update the debt policy guidelines next fall and to closely examine both planned and unplanned CIP needs again prior to the next CIP cycle.

Attachments:

Memorandum: James K. Hartmann, City Manager, Dated April 26, 2005, “Budget Memorandum #111: New Police Facility – Land Acquisition Funds”

Table: Revised Capital Improvement Program Sources and Uses of Funds