

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 #99: TRENDS IN CIP SPENDING PER CAPITA

This memorandum is in response to Councilman Macdonald's request for information on how CIP program categories compare per capita.

The attached chart and graphs illustrate trends in growth in the total Capital Improvement Program (CIP) and individual categories per capita since 1991. These numbers represent the first year of the City Share of the six-year CIP for each of the past 15 fiscal years. In addition, the numbers below have been translated into constant June 2005 dollars. The inflation adjusted FY 2006 and FY 2007 numbers reflect a projected inflation rate of 4%. Non census year population numbers are estimates.

Over this time period, the City has divided the Capital Improvement Program into the following 14 program categories: Schools, Libraries, Community Development, Recreation and Parks, Public Buildings, Regional Public Safety, Public Safety, Traffic Improvements/Rapid Transit, Streets and Bridges, Storm Sewers, Sewers, Information Technology Plan, General Government, and Other Education.

- Overall, total CIP expenditures per resident have more than doubled since FY 1991, with an average increase of 7 percent per year.
- CIP expenditures have increased substantially as the Council has decided to make major investments and to catch up on capital projects and capital maintenance which were deferred in the 1990's.
- Increased sewer connection fees and usage fees have permitted a large increase in sanitary sewer projects, such as those to eliminate basement sewage backups in low lying areas of the City.
- Local funding of Metro and DASH capital improvements has increased substantially as State and Federal funding sources have become more limited.
- School CIP spending per resident is nearly four times higher than it was in FY 1991, with an average increase of 10 percent per year.

- Other City CIP spending per resident has risen by 123% since FY 2001, with an average increase of 5 percent per year.
- In general, spending specific in CIP program categories per capita has fluctuated greatly from FY 1991-FY 2007.

CIP Spending Per Capita

As illustrated by Graph 1, total CIP spending per resident experienced a gradual decline from FY 1991-FY 1994. This can be attributed to a deferral of many capital projects due to budget constraints caused by a decline in the real property tax base, as well as an explicit City policy of reducing its overall debt ratios. From FY 1995-FY 1999, however, CIP spending per resident experienced a significant increase, rising from \$123.77 per resident in FY 1995 to \$589.54 per resident in FY 1999, representing a 177 percent increase. This can be attributed to increased School capital funding, the new Beatley Central Library, increased Metro and DASH costs, and the inclusion of expenditures for the IT Plan in the CIP. In FY 2000 (due to higher 2000 Census population count), there was a significant decline in CIP spending per resident, but that measure rose steadily from FY 2001-FY 2004, when it peaked at \$667.86 per resident. This peak occurred due to funding needed for initial work on the Public Safety Center and the T.C. Williams High School. Since then, total CIP spending per resident has experienced a steady decline.

As illustrated by Graph 1, School CIP spending per capita makes up a large portion of total CIP spending per capita. From FY 1991- FY 2007, spending in this category increased from \$33.46 per resident in FY 1991 to \$158.93 per resident in the FY 2007 Proposed budget, resulting in a 374 percent increase.

CIP Program Categories Per Capita

Graph 2 illustrates Other City CIP spending per capita based on program categories. Other City CIP spending includes funding allocated for 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).

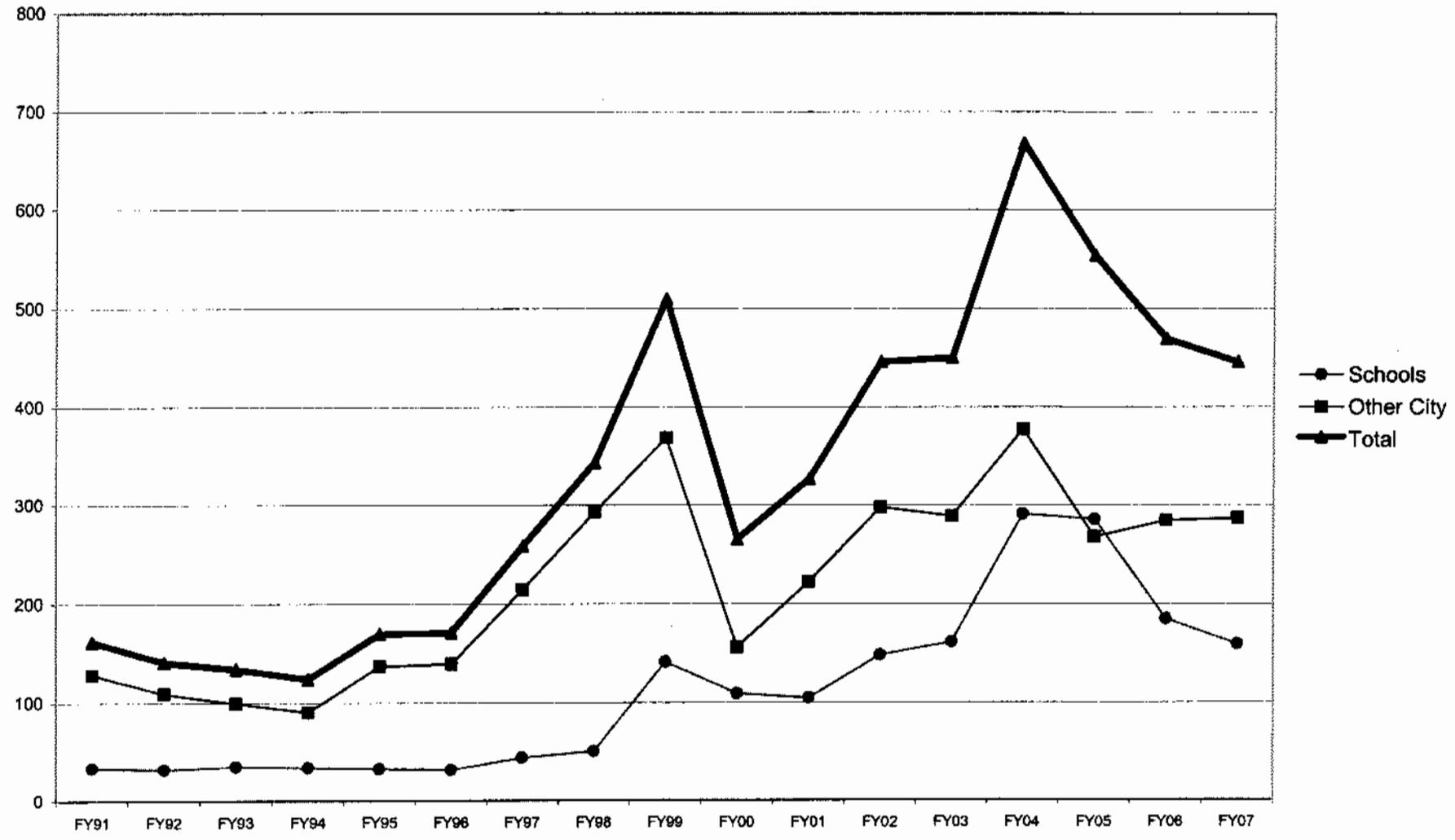
As illustrated by the graph, there is no single category that dominates in terms of CIP spending per resident. Instead, there has been a great deal of fluctuation due to various capital needs that have arisen throughout this time period. For example, there were \$0 per resident spent on the Information Technology Plan during FY 1991-FY 1997. However, with the rise of the internet and advanced information technology, these capital needs were made a priority and funded thereafter in the CIP.

From FY 1991-FY 1995, transportation and public buildings received the most funding. In FY 1996-FY 2000, overall CIP spending increased, with the majority of funds spent on libraries, public buildings, and transportation. This can be attributed to the construction of the Beatley Library, Market Square Renovations, and Torpedo Factory Repairs in FY 1999. From FY 2000-FY 2007, public buildings and sewers received the most funding. The increase in funding for public buildings may be attributed to the Public Safety Center in FY 2004.

Alexandria Proposed Budget FY 2007
Alexandria Capital Budget FY 1991-FY 2006
www.bls.gov

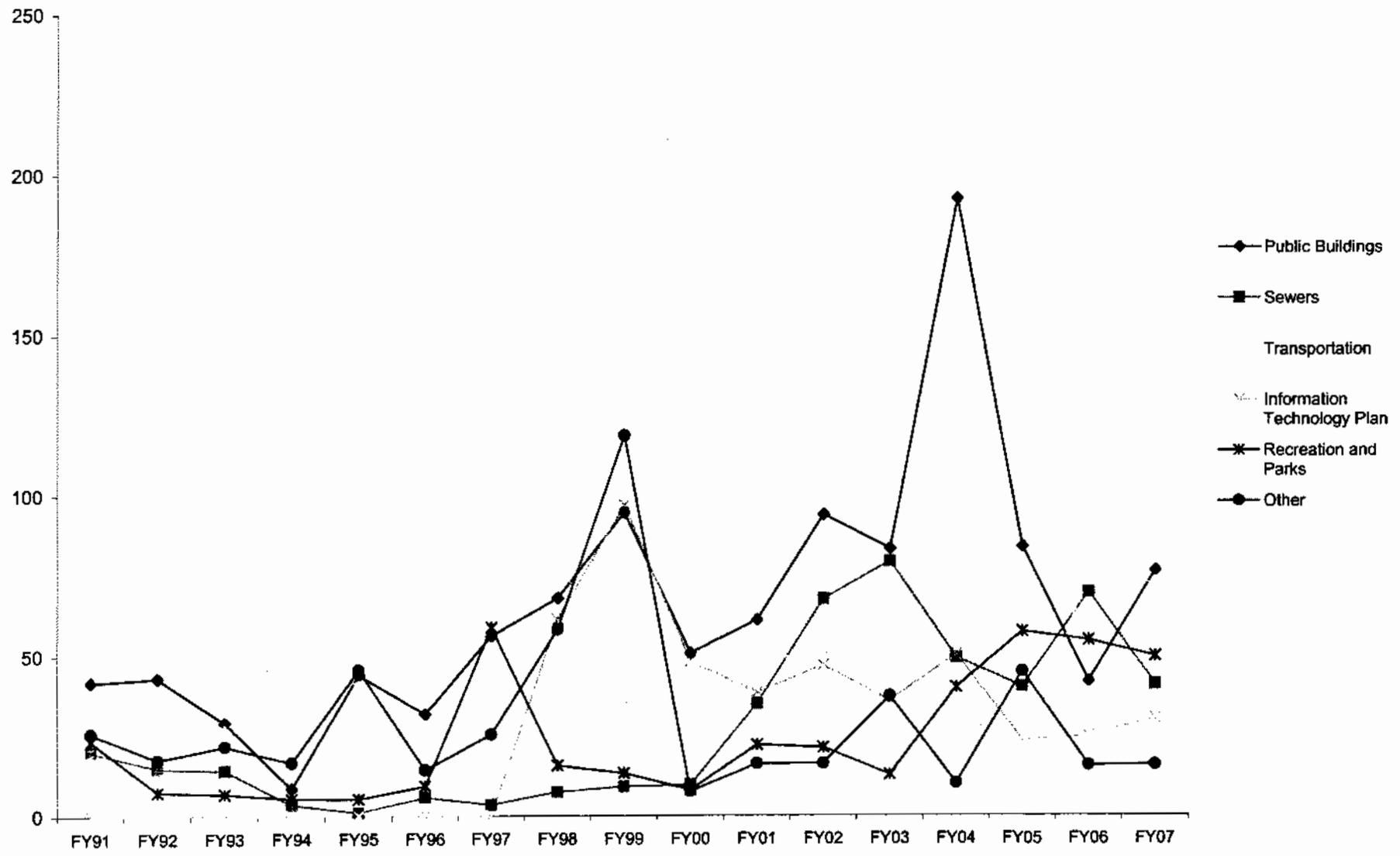
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CIP Spending Per Capita: FY 1991- FY 2007(Proposed)



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CIP Program Categories Per Capita: Other City Only FY 1991- FY 2007 (Proposed)



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Table 1: CIP Program Categories Per Capita (FY 1991-FY 2007)
Adjusted for Inflation to Constant June 2005 Dollars

	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04
Schools	33.46	31.79	34.62	33.70	32.52	31.55	43.78	50.18	141.01	109.11	104.58	148.10	161.23	290.70
Libraries	2.20	4.91	8.66	15.87	29.27	1.05	10.12	31.14	96.01	0.64	10.02	0.42	4.23	4.00
Community Development	11.98	9.92	9.81	0	7.25	8.24	8.05	24.16	21.35	4.44	3.46	13.32	30.60	3.75
Recreation and Parks	23.39	7.45	6.88	5.41	5.32	9.36	58.85	15.79	13.36	8.05	22.21	21.36	12.81	40.19
Public Buildings	41.80	43.04	29.21	8.58	44.14	31.93	56.23	67.91	94.67	50.89	61.14	94.03	83.37	192.73
Regional Public Safety and Correctional Facilities	4.39	0	0	0	0	0	2.34	2.20	0.87	1.80	2.16	1.56	1.50	1.33
Public Safety	2.11	0	0	0	0	0	0	0	0	0	0	0	0	0
Transportation Improvements/ Rapid Transit	1.76	6.04	12.52	50.48	31.10	65.54	53.50	61.96	25.43	19.72	14.93	16.05	15.05	13.74
Streets and Bridges	15.43	20.00	14.43	5.38	9.58	12.25	16.81	19.82	9.89	11.93	33.63	35.17	24.51	20.58
Storm Sewers	1.38	0	0	3.48	0	3.26	0	3.09	4.89	3.57	2.59	23.87	23.47	5.62
Sanitary Sewers	18.69	14.84	14.31	0	1.08	2.52	3.49	4.38	4.22	6.00	32.52	43.77	55.93	43.81
Information Technology Plan	N/A	61.41	97.11	48.31	38.67	47.12	36.02	50.43						
General Government	4.04	1.80	2.42	0	8.31	4.36	4.21	0	0	0	0	0	0	0
Other Education	1.03	1.00	0.90	0.87	0.84	0.81	0.81	0.78	0.73	0.66	0.63	1.00	1.06	0.98
Total	161.66	140.70	133.76	123.77	169.41	170.87	258.19	342.82	589.54	265.12	326.54	445.77	449.78	667.86