



# Approved FY 2017 – FY 2026 Capital Improvement Program Overview

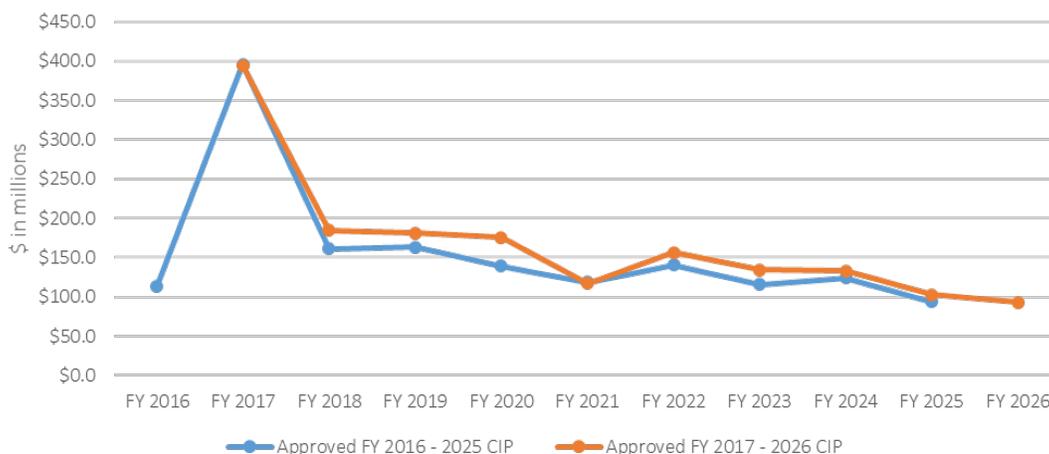
## APPROVED CIP OVERVIEW

The City Council’s Approved FY 2017 – 2026 Capital Improvement Program (CIP) totals \$1.672 billion. The Approved CIP maintains the reserved 2.2 cents on the base real estate tax rate for the continuation of the City’s Transportation Improvement Program (TIP) approved by City Council beginning in FY 2012 to support capital infrastructure needs and new operating costs associated with new transportation capital projects. It also reflects the additional two cents that Council added to the real estate tax rate in CY 2016 to exclusively fund additional facility and infrastructure capital needs. The City Council’s Approved FY 2017 – 2026 CIP is a balanced ten-year plan in that all projects have identified funding sources.

The City Council’s Approved FY 2017 – 2026 CIP also continues planned funding for the Potomac Yard Metrorail Station. The Approved CIP includes a \$50 million low cost, flexible loan from the Virginia Infrastructure Transportation Bank (VTIB) to support the construction of the Potomac Yard Metrorail Station. The loan, awarded through a competitive project review process, was provided to the City at a 2.17% interest rate – this loan, coupled with a proposed Federal TIFIA loan request of up to \$88 million, would reduce the amount of General Obligation Bond borrowing required for station construction, as well as reduce debt service costs. Both the VTIB loan, General Obligation Bonds and TIFIA loans will be repaid with incremental taxes, revenue from Special Tax Districts, real estate property appreciation, as well as planned developer contributions associated with Potomac Yard. Additionally, Northern Virginia Transportation Authority (NVTA) funding is anticipated to be available to offset project costs. General Fund revenues will not be used or needed to fund repayment of debt issued for Potomac Yard.

The Approved FY 2017 – 2026 Capital Improvement Program totals \$1.672 billion, which represents a \$105.3 million, or 6.72%, increase from the Approved FY 2016 - 2025 CIP. The Approved FY 2017 – 2026 CIP represents a continued commitment to the CIP adopted by City Council in May 2015.

Last Year's CIP Compared to Approved CIP





# Approved FY 2017 – FY 2026 Capital Improvement Program Overview

## Supporting the City Strategic Structure

The City Manager's Approved FY 2017 – 2026 CIP supports City's strategic plan and structure. In the Approved FY 2017 - 2026 Capital Improvement Program document, each individual project provides information on the City Strategic Goal(s) and Long-Term Outcome(s) that the project supports. By supporting these Strategic Goals and Long-Term Outcomes, the City ensures that capital investments are being prioritized and balances the future capital infrastructure needs in the City with available resources.

## Diversity of Capital Improvement Program Funding

The funding makeup of the City's capital program is growing increasingly diverse each year. To help organize this complexity (which also brings new opportunities), the Approved FY 2017 – 2026 CIP divides revenue sources into three different types as noted below, with the table on the next page providing more detailed information.

- **Unrestricted City funds (\$988.3 million)** - Includes general cash sources and General Obligation Bond revenues for the base CIP program.
- **Restricted City funds (\$255.2 million)** - Includes both cash and General Obligation Bond revenues associated with the Sanitary Sewer Fund, Stormwater Management Fund, Transportation Improvement Program, Potomac Yard Metrorail Station, and other targeted sources. Because these restricted revenues all have legal restrictions on their available uses, it is beneficial to discuss financing issues with them separately.
- **Non-City funds (\$428.3 million)** generally include State and Federal grants (including NVTA funding), private developer capital contributions, and revenues from the City's telecommunication financial agreement with Comcast. These revenues are also restricted in their use.

The City's financing plan has a 41% cash / 59% borrowing structure in this year's 10-year plan. In the first five years of the plan when outside funding sources are more certain, the City's financing plan has a 43% cash / 57% borrowing structure.

In municipal finance, there are no generally recognized specific mathematical benchmarks for cash capital funding. The bond rating agencies view of cash capital is positive, but the bond rating agencies do not set minimum threshold expectations. In general, the City considers having an overall CIP which is 25% cash capital from all cash sources as very healthy.



# Approved FY 2017 – FY 2026 Capital Improvement Program Overview

Revenues	Last Year		Approved	Difference
	FY 2016 - FY 2025	FY 2017 - FY 2026	FY 2017 - FY 2026	FY 2017 - FY 2016
<b>Unrestricted</b>				
Cash Sources (Including G/F Transfer)	\$ 204,862,733	\$ 291,924,060	\$ 291,924,060	\$ 87,061,327
G.O. Bonds	\$ 714,035,279	\$ 696,420,587	\$ 696,420,587	\$ (17,614,692)
<i>Subtotal, Unrestricted City Revenues</i>	<i>\$ 918,898,012</i>	<i>\$ 988,344,647</i>	<i>\$ 988,344,647</i>	<i>\$ 69,446,635</i>
<b>Restricted</b>				
Potomac Yard (Cash Sources)	\$ 3,000,000	\$ -	\$ -	\$ (3,000,000)
Potomac Yard (GO Bonds)*	\$ 154,000,000	\$ 154,000,000	\$ 154,000,000	\$ (0)
Potomac Yard (VTIB Loan)	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000	\$ -
Sanitary Sewer (Cash Sources)	\$ 10,300,000	\$ 10,900,000	\$ 10,900,000	\$ 600,000
Sanitary Sewer (GO Bonds)	\$ 78,920,000	\$ 78,420,000	\$ 78,420,000	\$ (500,000)
Transportation Improvement Program (Cash Sources)	\$ 10,200,000	\$ 10,550,000	\$ 10,550,000	\$ 350,000
Transportation Improvement Program (GO Bonds)	\$ 5,400,000	\$ 750,000	\$ 750,000	\$ (4,650,000)
Code Fund	\$ 1,750,000	\$ -	\$ -	\$ (1,750,000)
Pension Administrative Fees	\$ -	\$ 550,000	\$ 550,000	\$ 550,000
<i>Subtotal, Restricted City Revenues</i>	<i>\$ 313,570,001</i>	<i>\$ 305,170,000</i>	<i>\$ 305,170,000</i>	<i>\$ (8,400,001)</i>
<b>Non-City</b>				
NVTA 70%	\$ 157,450,000	\$ 151,050,000	\$ 151,050,000	\$ (6,400,000)
NVTA 30%	\$ 41,825,000	\$ 39,550,000	\$ 39,550,000	\$ (2,275,000)
Other State and Federal Grants	\$ 38,483,977	\$ 97,626,487	\$ 97,626,487	\$ 59,142,510
Private Capital Contributions	\$ 87,335,105	\$ 83,188,605	\$ 83,188,605	\$ (4,146,500)
Comcast Revenues	\$ 8,910,000	\$ 6,860,000	\$ 6,860,000	\$ (2,050,000)
<i>Subtotal, Non-City Revenues</i>	<i>\$ 334,004,082</i>	<i>\$ 378,275,092</i>	<i>\$ 378,275,092</i>	<i>\$ 44,271,010</i>
<b>Total, All Revenue Sources</b>	<b>\$ 1,566,472,095</b>	<b>\$ 1,671,789,739</b>	<b>\$ 1,671,789,739</b>	<b>\$ 105,317,645</b>

\*Amount would be reduced if proposed Federal TIFIA load of up to \$88 million is approved by the U.S. Department of Transportation.

# Approved FY 2017 – FY 2026 Capital Improvement Program Overview



## Project Categorization

The Approved FY 2017 – 2026 CIP addresses three broad areas of expenditure:

- Protection of the City's investment in existing public facilities or infrastructure (physical assets) through capital maintenance or renovations;
- Planning and construction of major new public facilities and infrastructure, including new or replacement information technology systems; and
- Alexandria City Public Schools capital infrastructure needs.

The Approved FY 2017 – 2026 CIP is consistent with capital plans from recent years in that it places a strong emphasis on maintaining the existing core facilities and infrastructure of the City, while utilizing new funding to provide support for projects that will provide new and expanded City facilities. This focus is supported by the continued use of the same three-Category prioritization system used in the development of the Approved FY 2016 – 2025 CIP.

Project Category	Total FY 2017 - 2026
Category 1 - Asset Maintenance	\$ 387,712,943
Category 2 - Renovations/Existing Assets	\$ 68,895,600
Category 3 - New Facilities	\$ 815,207,818
Alexandria City Public Schools	\$ 273,988,551
Information Technology Plan	\$ 51,924,240
CIP Contingency	\$ 74,060,587
<b>Total, All Categories</b>	<b>\$ 1,671,789,739</b>

Similar to FY 2016, the Office of Management and Budget categorized projects into one of three categories, as well as Alexandria City Public Schools (ACPS) funding and the City's Information Technology (IT) Plan. The distribution of funding across the different categories, IT, and ACPS is shown to the right. Categories are defined as follows:

- **Category 1: Asset Maintenance** – funding streams that cover an ongoing maintenance need for an existing City asset;
- **Category 2: Renovations/Existing Assets** – specific large renovation or restoration projects that are necessary cyclically or periodically, but can be scheduled for a specific time period. These projects also pertain to existing City assets;
- **Category 3: New Facilities** – projects that result in a new or expanded facility or level of service and can be scheduled;
- **Alexandria City Public Schools (ACPS)** – represents the total of all Approved ACPS funding; and
- **Information Technology Plan** – projects included in the ten-year plan that are Information Technology related.

Beyond basic capital maintenance issues, the Approved FY 2017 – 2026 CIP reflects a vision for the City's future. The FY 2017 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 \$815.2 million in Category 3 projects, \$512.9 million (from both City and non-City sources) is for new and expanded transportation and transit infrastructure projects, including construction of the Potomac Yard Metrorail



# Approved FY 2017 – FY 2026 Capital Improvement Program Overview

Station (Strategic Plan Goal 1 – Economic Development) and the Beaugard/West End Transit Corridor (Strategic Plan Goal 3 – Transportation).

Other significant Category 3 projects include:

- Funding is included capital infrastructure improvements associated with the Waterfront Plan Implementation (\$63.6 million)
- Major City Hall infrastructure improvements in FY 2020 – 2023 (\$34.8 million)
- Four fire station rebuilds, and construction of one new fire station in the Beaugard Corridor (paid for primarily through development contributions) in FY 2017 – 2026 (\$61.1 million)
- Chinquapin Aquatics Center improvements in FY 2017 – 2018 (\$22.4 million)

## Identified Capital Infrastructure Investments Not Funded

For all the projects that are funded in the CIP, there still remains a number of identified capital investments which are not funded in the plan due to the limits on resources within the available capital funding streams. Most notably, these involve the capital costs associated with federally mandated capital infrastructure improvements to sanitary sewer and storm sewer infrastructure, which are not fully funded in the Approved FY 2017 -2026 CIP. These costs could reach \$200 million - \$300 million over the next two to three decades.

Additionally, while the Approved FY 2017 -2026 CIP for ACPS is only \$17.2 million less than the School Board FY 2017 – 2026 CIP adopted on December 8, 2015, there is a \$60.0 million difference when comparing the first five years of the plan. The table below shows the difference between the City Approved CIP and the School Board Adopted CIP for FY 2017 – 2021 only.

Capital Improvement Program	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Approved City FY 2017 - 2026 CIP	\$ 44,193,550	\$ 32,500,000	\$ 31,900,000	\$ 14,875,000	\$ 15,000,000
School Board Approved FY 2017 - 2026 CIP	\$ 44,193,550	\$ 51,107,183	\$ 36,450,800	\$ 45,945,960	\$ 20,731,294
Difference: City Approved - School Board	\$ -	\$ (18,607,183)	\$ (4,550,800)	\$ (31,070,960)	\$ (5,731,294)

Adhering to budget guidance and working with limited City resources does not allow for funding all the identified needs. A listing of all unfunded capital infrastructure requests as identified through the FY 2017 budget development process can be found in the Appendices of the full CIP document.



# Approved FY 2017 – FY 2026 Capital Improvement Program Overview

## 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 2017) 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 2017 – FY 2026

In developing the Approved FY 2017 – 2026 CIP, there were some general guidelines followed in developing the balanced 10-year plan. These guidelines included:

- Using the City Council Approved FY 2016 – 2025 CIP as the “base” for the City Approved FY 2017 – 2026 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 Washington Metropolitan Area Transportation Authority (WMATA) capital needs; and
- Keeping the self-funded proposed Potomac Yard Metrorail Station a priority capital project.

# Approved FY 2017 – FY 2026 Capital Improvement Program Overview



## Development of Approved CIP

The development of the Approved FY 2017 – 2026 CIP began in August 2015, 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 2016 – 2025 CIP. Full project submissions were due in mid-September 2015.

During the fall of 2015, 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 (for example, the Department of Transportation & Environmental Services). The committee discussed submitted projects, areas of synergy among submitted projects and the available resources to fund submitted projects. The members of the Peer Technical Review Committee reported back their insights and recommendations to their department’s representative on 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 2017 – 2026 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 2015 and winter 2015/2016 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 2016. Subsequently, the City Manager worked with OMB to finalize the project composition and funding levels recommended in the Proposed FY 2017 – 2026 CIP.

The City Manager presented the Proposed Operating Budget and CIP on February 23<sup>rd</sup> 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 budget on May 5<sup>th</sup>.

### CIP Development Timeline

AUGUST 2015	<i>CIP Budget Kick-Off: Departments Develop and Submit Initial Project Requests</i>
SEPTEMBER 2015	<i>Full Project Submissions Due from Departments</i>
OCTOBER 2015	<i>OMB Review of Project Submissions</i>
NOVEMBER 2015	<i>Peer Technical Review Committee and CIP Steering Committee Begin Meeting</i>
DECEMBER 2015	<i>CIP Steering Committee Develops Recommendation to City Manager</i>
JANUARY 2016	<i>CIP Steering Committee Presents Recommendation to City Manager</i>
FEBRUARY 2016	<i>City Manager Finalizes Decisions on Proposed CIP and OMB Prepares CIP Budget Document</i>
MARCH 2016	<i>City Council and City Staff Hold Budget Worksessions</i>
APRIL 2016	<i>City Council and City Staff Hold Budget Worksessions</i>
MAY 2016	<i>City Council Conducts Add/Delete Process CIP Approved on May 5th</i>



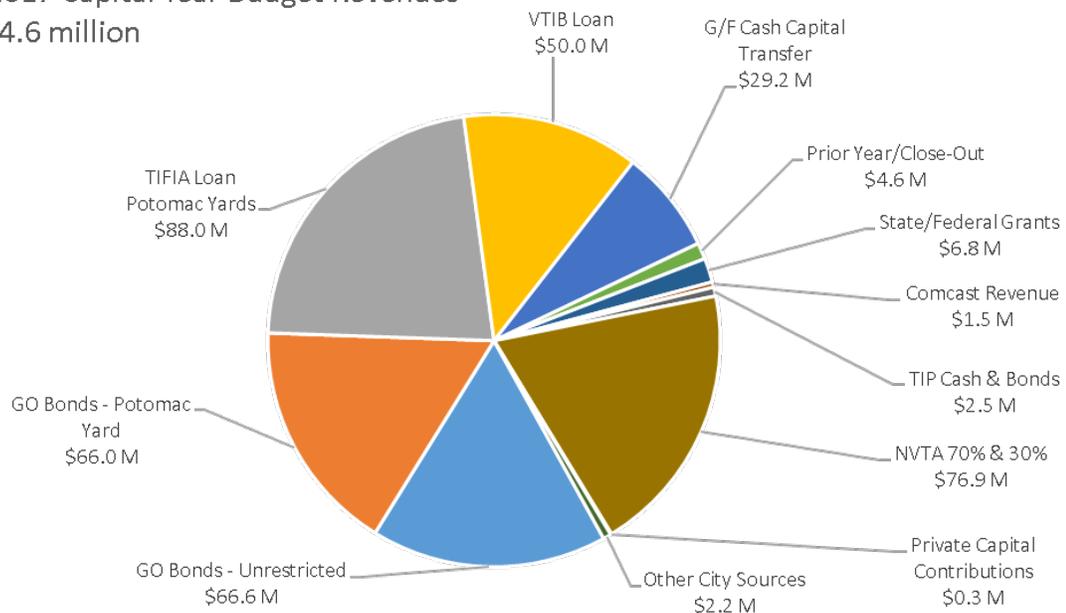
# Approved FY 2017 – FY 2026 Capital Improvement Program Overview

## FY 2017 APPROVED CIP SOURCES AND USES

### FY 2017 Capital Year Budget Revenues (Sources)

The total Approved CIP for FY 2017 is \$394.6 million; a \$1.7 million decrease from FY 2017 in last year’s planned CIP. **A listing of all revenues included in the FY 2017 -2026 CIP including the FY 2017 Capital Year Budget can be found on pages 71-85 of the full CIP document.**

FY 2017 Capital Year Budget Revenues  
\$394.6 million



Revenue highlights of the Approved FY 2017 Capital Year Budget expenditures include:

- FY 2017 revenues are split between borrowing (68.9%) and cash sources (31.1%). In municipal finance, there are no generally recognized specific mathematical benchmarks for cash capital funding. In general we consider having an overall CIP which is 25% cash capital from all cash sources very healthy.
- The General Fund Cash Capital Transfer amount is \$23.8 million, or 4.01% 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 \$13.57 million).
- During the Add/Delete Process, City Council added three cents to the Real Property Tax Rate, increasing the rate to \$1.073 per \$100 of assessed value. Revenue from two cents of the three cent increase will be used to fund priority capital projects. The increased tax rate will generate \$10.2 million in additional revenue for the CIP in FY 2017. Of this \$10.2 million, \$9.9 million will be used to provide additional cash capital funding and \$0.3 million will be used to fund debt service for an additional \$5.2 million in bonds. In total, \$15.1 million in project funding will be added for projects in FY 2017.
- Non-City revenues sources, including Comcast revenues, State/Federal grants and Northern Virginia Transportation Authority (NVTA) revenues total \$135.8 million.

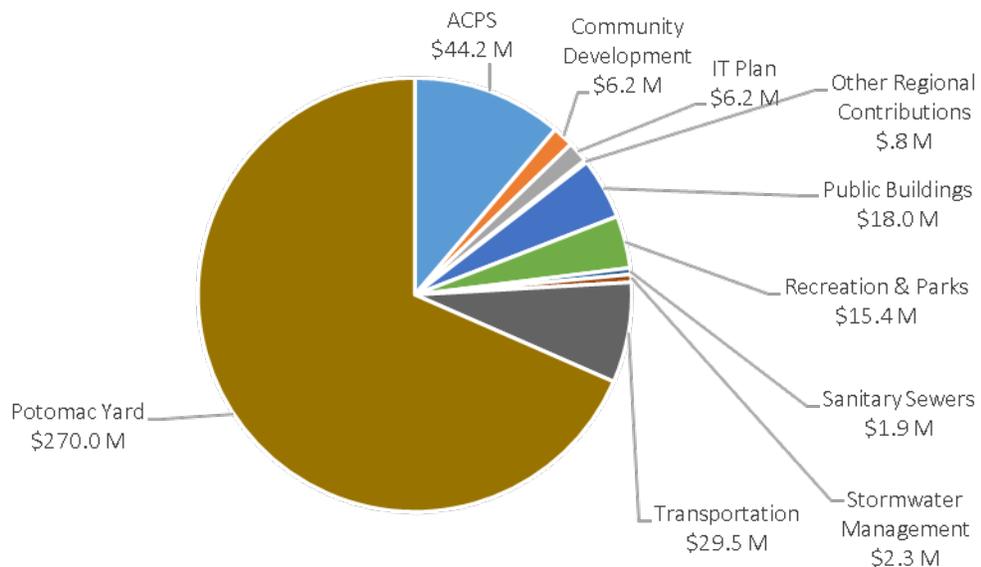
# Approved FY 2017 – FY 2026 Capital Improvement Program Overview



## FY 2017 Capital Year Budget Expenditures (Uses)

The total Approved CIP expenditures for FY 2017 are \$394.6 million which represents a \$1.7 million decrease from FY 2016 in last year’s planned CIP. If the Potomac Yard Metrorail Station is excluded from the total FY 2017 CIP amount, the balance of the CIP for FY 2017 totals \$124.6 million. FY 2017 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 2017 -2026 CIP including the FY 2017 Capital Year Budget can be found on pages 43-51 of the full CIP document.** The pie chart and the narrative below detail only FY 2017 Capital Year Budget highlights by CIP document section.

FY 2017 Capital Year Budget Expenditures  
\$394.6 million



Project highlights of the Approved FY 2017 Capital Year Budget expenditures include:

- **Alexandria City Public Schools (\$44.2 million FY 2017 Capital Year Budget)**
  - A total of \$44.2 million in ACPS projects are funded in FY 2017, which fully funds the amount requested by ACPS for FY 2017 in their Approved FY 2017 – FY 2026. The City Approved CIP funds ACPS at \$12.2 million above the planned level in last year’s CIP.
- **Transportation (\$29.5 million FY 2017 Capital Year Budget, \$299.5 million including Potomac Yard)**
  - \$8.5 million to support the WMATA Capital Improvement Program. City support for WMATA also includes the use of an additional \$4.0 million in Northern Virginia Transportation Commission (NVTC) funds which are not formally appropriated by City Council.



# Approved FY 2017 – FY 2026 Capital Improvement Program Overview

- \$6.7 million for Street reconstruction and resurfacing. Resurfacing of lane miles will increase from an estimated 22 miles in FY 2014, to over 55 miles in FY 2017.
- \$270.0 million for funding of the Potomac Yard Metrorail Station, from NVTA 70% and VTIB Loan and GO Bonds paid for by Potomac Yard Special Tax District revenues.
- \$5.3 million for Dash Bus Fleet Replacements
  
- **Recreation and Parks (\$15.4 million FY 2017 Capital Year Budget)**
  - \$4.5 million to begin construction of Chinquapin Aquatics Center
  - \$2.2 million for renovations of Warwick Pool
  - \$1.3 million for investments in Open Space Acquisition opportunities
  
- **Public Buildings (\$18.0 million FY 2017 Capital Year Budget)**
  - \$10.9 million for identified maintenance and repair projects, as part of the City's Capital Facilities Maintenance Programs (CFMPs)
  - \$0.8 million to conduct high priority repairs at City Hall
  - \$0.2 million to continue on-going assessment of City facilities
  
- **Information Technology Plan (\$6.2 million FY 2017 Capital Year Budget)**
  - \$0.8 million to continue studying and potentially implement Municipal Fiber
  - \$2.0 million is budgeted to maintain the City's network, with \$1.5 million of those costs offset by Comcast revenue earmarked for network infrastructure improvements.
  - \$0.2 million to begin implementation of a new Customer Relationship Management system
  
- **Sanitary Sewers and Stormwater Management (\$4.2 million FY 2017 Capital Year Budget)**
  - \$0.8 million to continue work on Lake Cook Stormwater Management
  - \$0.6 million to continue work at Cameron Station Pond
  
- **Community Development (\$6.2 million FY 2017 Capital Year Budget)**
  - \$2.5 million to complete the capping and dredging portion of the Oronoco Outfall Remediation project
  - \$1.0 million to continue implementation of the Waterfront Small Area Plan, including funds for the Interim Fitzgerald Square project
  - \$0.6 million to begin infrastructure planning and air quality analysis in the Eisenhower West/Landmark Van Dorn area
  
- **Other Regional Contributions (\$0.8 million FY 2017 Capital Year Budget)**
  - \$0.39 million in capital improvements for the Northern Virginia Regional Parks Authority (NVRPA) and \$0.35 million in capital improvements at the Northern Virginia Community College (NVCC) are included in the City Manager's Approved CIP.
  - \$0.1 million for the City's final capital payment for Peumansend Creek Regional Jail



# Approved FY 2017 – FY 2026 Capital Improvement Program Overview

## FY 2017 – 2026 APPROVED CIP SOURCES AND USES

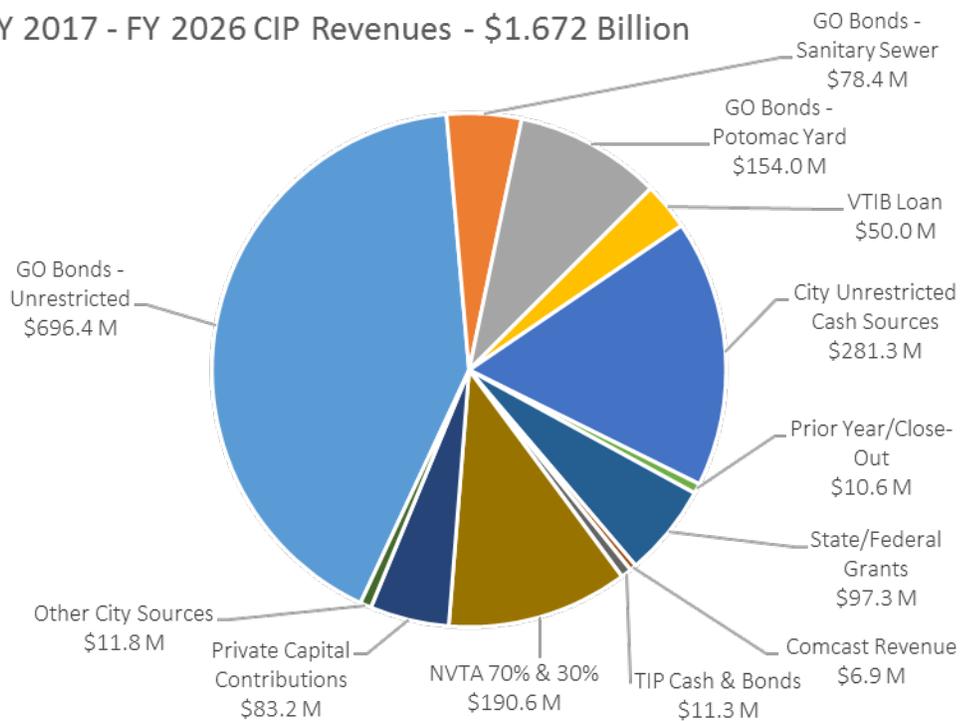
### FY 2017 – 2026 Capital Improvement Program – Ten-Year Sources and Uses Overview

The total Approved CIP for FY 2017 – 2026 is \$1.672 billion; a \$105.3 million increase over last year’s approved CIP. This represents 6.72% increase over last year’s plan. **A listing of all funding sources included in the FY 2017 - 2026 CIP can be found on pages 71-85 of the full CIP document.** The narrative below provides only highlights of the 10-year plan revenues and expenditures.

#### FY 2017 – 2026 CIP Revenue (Sources) highlights include:

- Budgeting \$50.0 million in FY 2017 for a low cost loan awarded to the City from the Virginia Transportation infrastructure Bank (VTIB) for the Potomac Yard Metrorail Station project. The proposed federal TIFIA loan of up to \$88 million for the Potomac Yard Metrorail Station is not yet reflected.
- Continued use of Northern Virginia Transportation Authority (NVTA) for both regional (Potomac Yard Metrorail Station, Transit Corridor “C” – West End Transitway) and local (DASH bus replacements). A total of \$190.6 million is budgeted from NVTA sources in the FY 2017 – 2026 Approved CIP.
- The General Fund Cash Capital Transfer is above the City Council approved target of 2.5% of General Fund expenditures annually, averaging 3.6% over the ten-year plan. The percentage as it relates to total General Fund expenditures in FY 2017 is 4.01%. This is due to the anticipated revenue from the two cent increase on the Real Property Tax Rate that City Council has asked to be used to increase funding to priority capital projects.
- Private development contributions supporting capital infrastructure projects throughout the City totals \$83.2 million.

FY 2017 - FY 2026 CIP Revenues - \$1.672 Billion

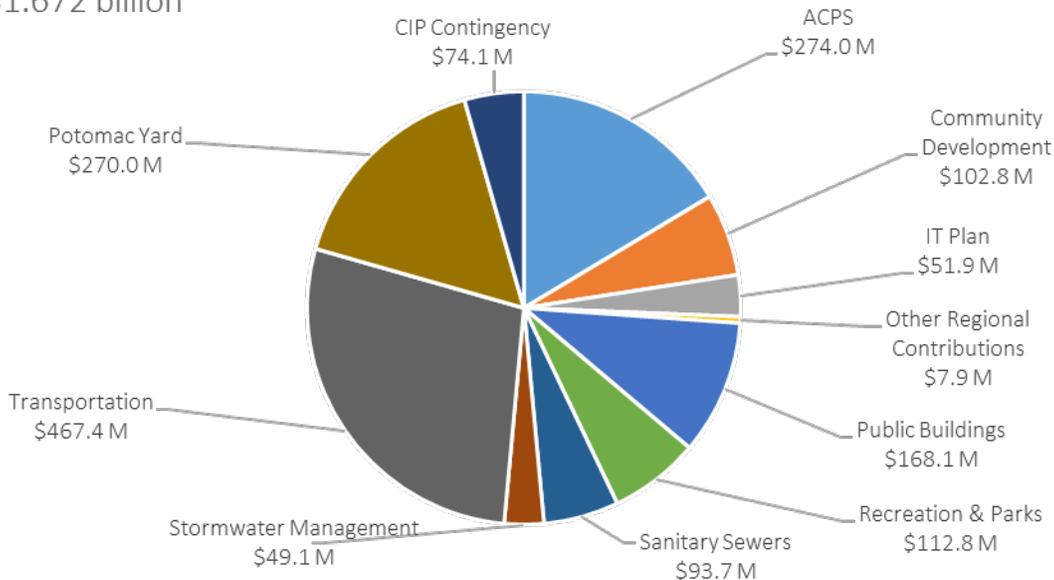


# Approved FY 2017 – FY 2026 Capital Improvement Program Overview



**FY 2017 – 2026 CIP Project (Uses) highlights include:**

FY 2017 - FY 2026 Capital Budget Expenditures  
\$1.672 billion



- Continuation of the Potomac Yard Metrorail Station project, with \$270.0 million budgeted in FY 2017 (total estimated project costs including prior year funding are \$285.9 million).
- Funding for Alexandria City Public Schools total \$274.0 million over the life of the 10-year plan.
- Sanitary Sewer and Stormwater funding totals \$142.9 million, and begins to address long-term capital infrastructure needs related to federally mandated improvements. These improvements could total up to \$400 million over the next two to three decades.
- Funding to begin implementation of the Waterfront Plan totals \$63.6 million in the ten-year plan.
- WMATA capital funding totaling \$110.8 million. This amount does not include \$40.0 million over the ten-year plan from NVTC proceeds from state and gas tax funding which the City will use to offset the increased costs, and also do not include a substantial investment annually made directly to WMATA from the Commonwealth of Virginia. Adoption of new Capital Funding Agreement (CFA) could significantly impact the necessary capital contribution to WMATA in future years.



# Approved FY 2017 – FY 2026 Capital Improvement Program Overview

## DEBT RATIOS, CASH CAPITAL, & DEBT SERVICE

The Approved FY 2017 – 2026 Capital Improvement Program assumes a substantial amount of borrowing (\$980 million) to fund the capital infrastructure needs identified throughout this document. Included in that amount are \$154.0 million in bonds for the Potomac Yard Metrorail Station backed by Potomac Yard Special Tax District Revenues, \$50.0 million from a Virginia Transportation Infrastructure Bank loan for Potomac Yard (at a 2.17% interest rate) also backed by Potomac Yard Special Tax District Revenues, and \$78.4 million in bonds for Sanitary Sewer projects backed by the Sewer Line Maintenance Fee and Sewer Line Connection Fees.

A total of \$696.4 million in bonds are planned over the ten years for other City projects, including Alexandria City Public Schools capital infrastructure needs (borrowing comprises \$234 million of future ACPS capital costs in the ten-year plan, primarily associated with school capacity and modernization projects). While the ten-year CIP includes additional borrowing, the plan also assumes the re-payment of \$607.0 million in principal payments on prior year and planned bond issuances. The debt service on these bonds is paid back through the City's General Fund. Based on prior reviews by, and discussions with Moody's and Standard & Poor's bond rating agencies, this amount of debt 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.

**Each year of the 10-year plan stays within these limits except as planned to account for the self-funded Potomac Yard Metrorail Station borrowing for the Debt as a Percentage of Fair Market Real Property Value and Debt Service as a Percentage of General Government Expenditure ratios. This plan at this time is not consistent with the Debt as a Percentage of Total Personal Income ratio in FY 2018 – FY 2024, due to significant revisions and changes in methodology by the Bureau of Economic Analysis for the calculation of total personal income. Revisions to the debt ratios guidelines will be proposed during 2016 as a result of the projected debt issuance for the planned Potomac Yard Metrorail Station and revisions by the Federal government in total personal income data calculations.**

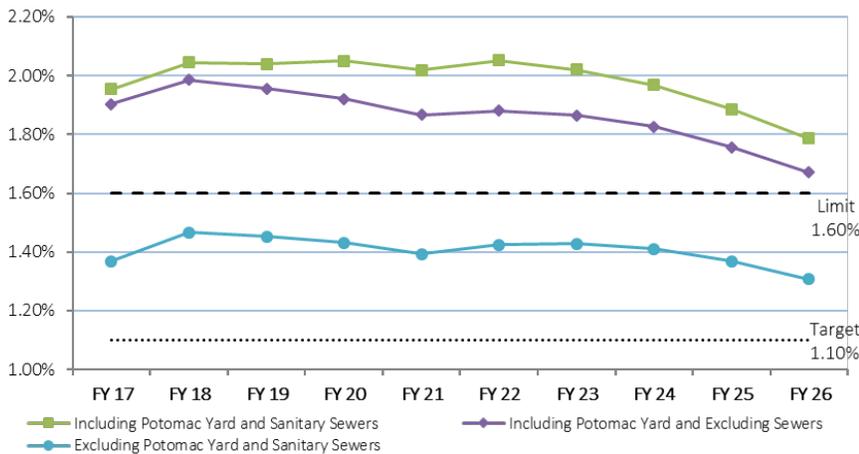


# Approved FY 2017 – FY 2026 Capital Improvement Program Overview

## City Council Approved Debt Limits

**Debt as a Percentage of Fair Market Real Property Value**  
**Target = 1.1 percent; Limit = 1.6 percent; FY 2017 = 1.37 percent**

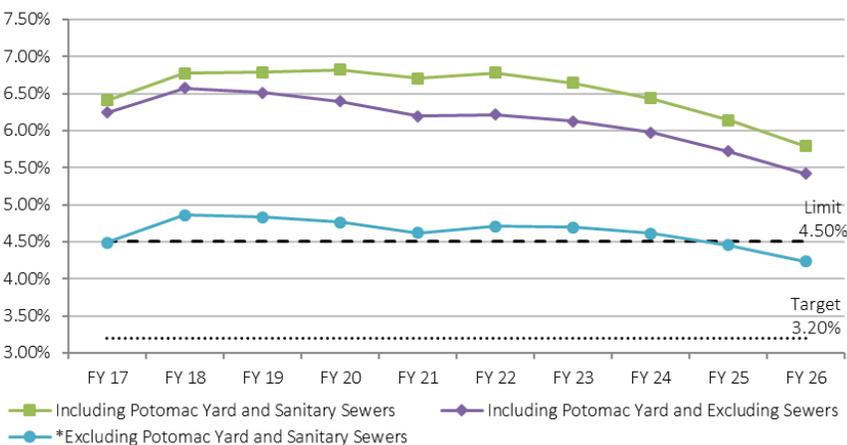
Debt as a Percentage of Fair Market Real Property Value



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 is in compliance with this debt ratio for all 10 years of the plan excluding Potomac Yard Metrorail Station debt.

**Debt as a Percentage of Total Personal Income**  
**Target = 3.2 percent; Limit = 4.5 percent; FY 2017 = 4.49 percent**

Debt as a Percentage of Total Personal Income



This percentage is a measure of the capacity of citizens to finance tax-supported debt. A lower percentage means that taxes required to repay debt represent a smaller portion of the average citizen’s income. The City’s Total Personal Income data comes from analysis conducted by the U.S. Department of Commerce’s Bureau of Economic Analysis (BEA). Starting this year, there has been a significant change in the BEA’s methodology for calculating total personal income, which has resulted in a reduction in Alexandria’s total personal income and

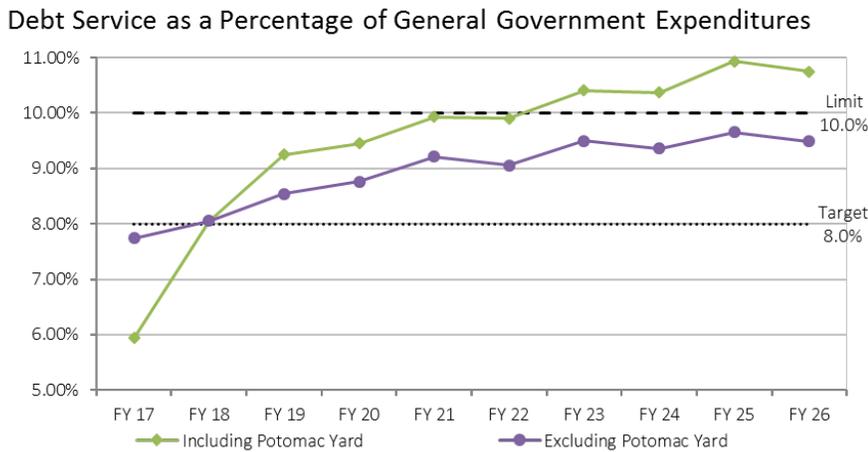
correspondingly increased the City debt as a percentage of total personal income. Factoring in these changes, the Approved CIP is not in compliance for the Debt as a Percentage of Total Personal Income ratio for FY 2018 – FY 2024. The Total Personal Income ratio will need to be part of the City’s discussion on revising debt ratios that will occur this year.

# Approved FY 2017 – FY 2026 Capital Improvement Program Overview



## City Council Approved Debt Limits (Continued)

**Debt Service as a Percentage of General Government Expenditures**  
**Target = 8.0 percent; Limit = 10.0 percent; FY 2017 = 7.74 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 is in compliance with this debt ratio for all 10 years of the plan excluding Potomac Yard Metrorail Station debt.



# Approved FY 2017 – FY 2026 Capital Improvement Program Overview

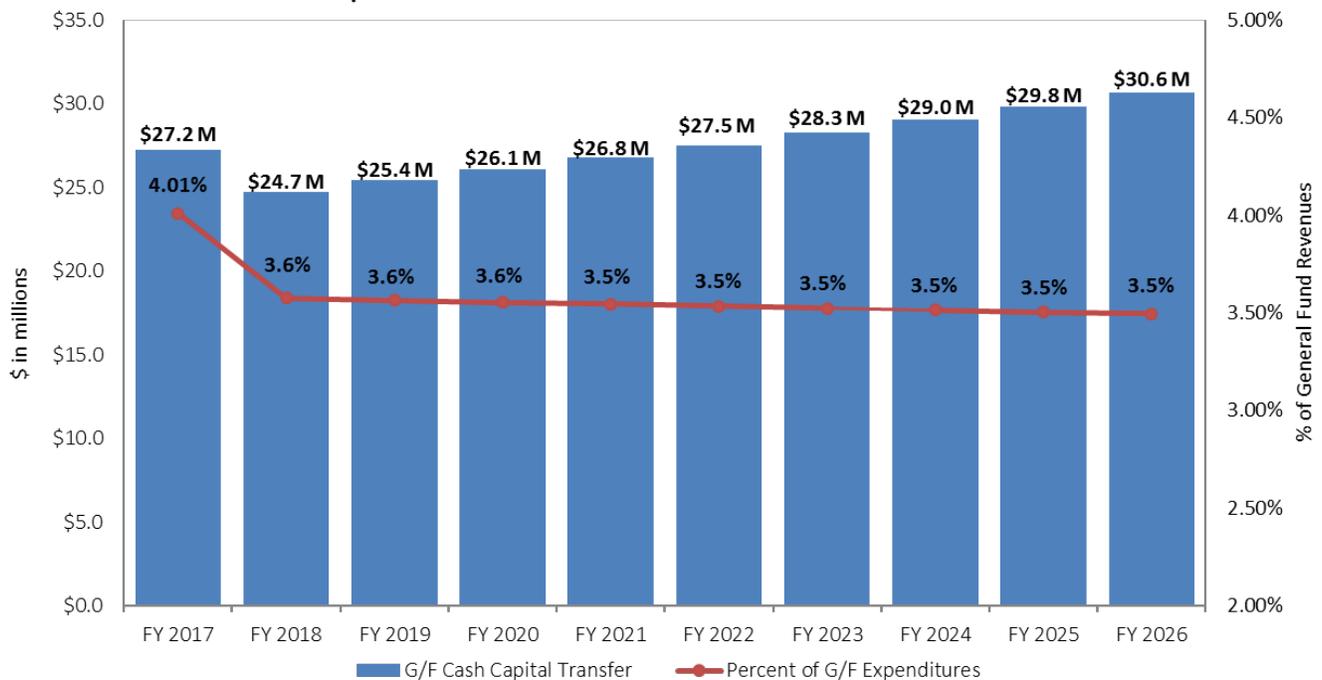
## General Fund Cash Capital Transfer

As part of FY 2017 budget guidance, City Council provided City staff with 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 ensures that cash capital will be maintained at an acceptable 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. It is important to note that the General Fund Cash Capital Transfer is only a small portion of all cash sources used to finance the ten-year plan.

General Fund Cash Capital Transfer - FY 2017 - 2026





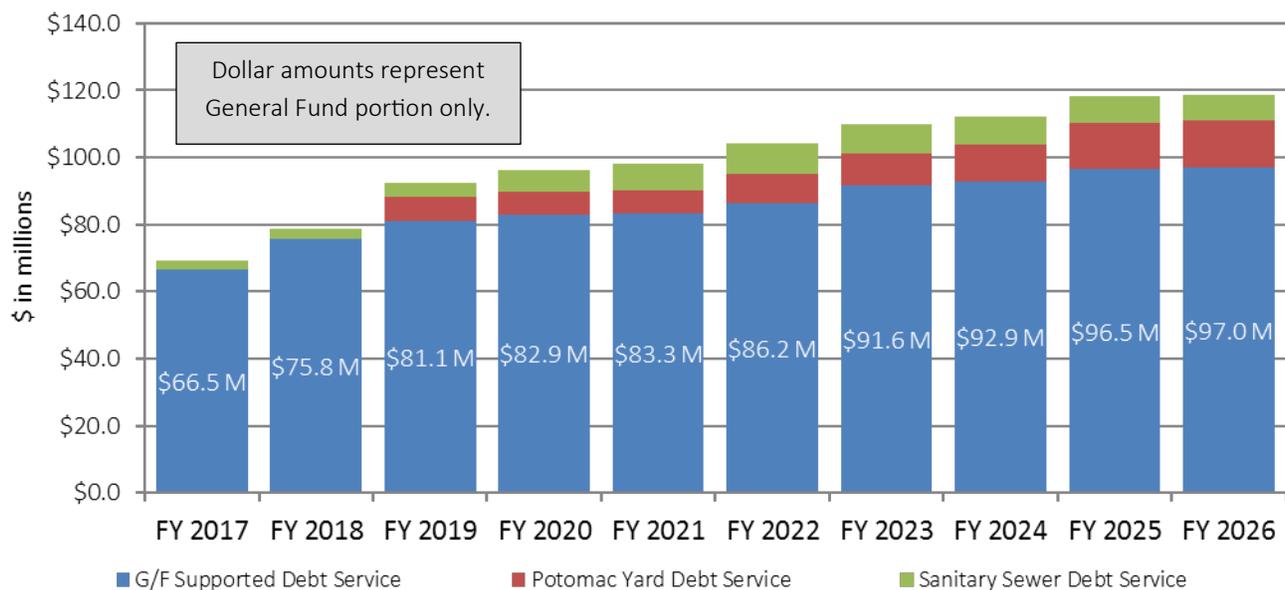
# Approved FY 2017 – FY 2026 Capital Improvement Program Overview

## Debt Service

While the City stays within the fiscally prudent self-imposed debt guidelines for General Fund supported projects which excludes borrowing for the Potomac Yard Metrorail Station, 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 affordability of the current 10-year plan must be examined in the coming fiscal years. The chart below provides details on the projected debt service payments for both existing debt (issued through FY 2016) and planned debt (FY 2017 through FY 2026).

Debt service is broken down into three categories – General Debt Service, Sanitary Sewer Debt Service, and Potomac Yard Debt Service (which includes debt service on the VTIB loan). In FY 2017, \$69.1 million is estimated for debt service payments, an increase of \$5.5 million over last year’s debt service payments. Of the \$69.1 million total, \$2.6 million will be paid from the Sanitary Sewer Fund. Potomac Yard debt service does not begin until at least FY 2019.

Debt Service - FY 2017 - 2026 General Fund, Sanitary Sewers, Potomac Yard



Debt Service (\$ in millions)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
G/F Supported Debt Service	\$66.5	\$75.8	\$81.1	\$82.9	\$83.3	\$86.2	\$91.6	\$92.9	\$96.5	\$97.0
Potomac Yard Debt Service	\$0.0	\$0.0	\$7.0	\$7.0	\$7.0	\$8.9	\$9.6	\$10.9	\$13.8	\$13.9
Sanitary Sewer Debt Service	\$2.6	\$3.0	\$4.1	\$6.4	\$7.8	\$9.1	\$8.9	\$8.5	\$8.1	\$7.7
<b>Total Debt Service</b>	<b>\$69.1</b>	<b>\$78.8</b>	<b>\$92.3</b>	<b>\$96.3</b>	<b>\$98.1</b>	<b>\$104.2</b>	<b>\$110.1</b>	<b>\$112.3</b>	<b>\$118.4</b>	<b>\$118.7</b>
Total/\$ Change Over Prior Year	\$5.5	\$9.8	\$13.5	\$4.0	\$1.7	\$6.2	\$5.8	\$2.3	\$6.0	\$0.3
Total/% Change Over Prior Year	8.7%	14.1%	17.1%	4.4%	1.8%	6.3%	5.6%	2.1%	5.4%	0.3%



# Approved FY 2017 – FY 2026 Capital Improvement Program Overview

## 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 2017 – 2026 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 \$17.1 million in additional resources needed in FY 2026. The chart below indicates a significant increase in operating impacts between FY 2020 and FY 2021. This is predominantly attributed to the anticipated completion of Fire Station 211 (and the associated personnel to staff this station), anticipated operating costs of the completed Transit Corridor “C” – West End Transitway, and the first full-year cost 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 2017 - FY 2026 CIP Annual Operating Impact (All Funds)

