FY 2007 Budget Work Session

Capital Improvement Program Issues

Wednesday, March 1, 2006
Agenda

- Overview
- Major Capital Projects
- CIP Additions and Reductions
- Proposed FY 2007 Financing
- Budget Reductions
- Debt Policy Guidelines
- FY 2008 Budget Challenge
CIP Overview

Six-Year Totals

- $331.5 million locally funded Six-Year CIP
- 1.4% percent increase as compared to the FY 2006 Approved CIP of $326.8 million
- $244.3 million for the City
- $87.2 million for ACPS
CIP Overview

Total Local Funding - Approved CIPs
City and Schools CIP Project Funding

Millions of Dollars

Fiscal Year

Fiscal Year

FY 93 FY 94 FY 95 FY 96 FY 97 FY 98 FY 99 FY 00 FY 01 FY 02 FY 03 FY 04 FY 05 FY 06 FY 07

81.7 75.7 74.3 94.2 106.0 123.8 137.4 89.0 118.0 156.3 197.3 183.8 340.1

52.4 60.3 58.3 76.2 85.5 91.5 48.4 66.1 51.9 57.6 93.8 86.7 209.6 202.4 230.5 244.3

17.7 15.4 16.0 18.0 20.5 32.3 45.0 51.9 57.6 93.8 86.7 94.6 87.2

Schools City Total CIP

(Approved) (Proposed)

5
CIP Overview

FY 2007 - 2012

Capital Improvement Program

Programs by Share

- Regional Contributions (1.10%)
- Information Technology (5.45%)
- Sewers (9.62%)
- Streets/Traffic Signals/DASH (7.09%)
- WMATA (11.48%)
- Other Public Buildings (4.82%)
- Police Facility (14.73%)
- Other Schools (14.45%)
- TC Williams (8.98%)
- Minnie Howard (2.89%)
- Community Development (2.16%)
- Other Recreation and Parks (6.11%)
- Chiniquapin Recreation Center (6.04%)
- Open Space (5.09%)
CIP Overview

FY 2007

- $67.6 million in FY 2007
- 1.0 % increase compared to FY 2007 estimated in last year’s Approved FY 2006 – FY 2011 CIP
Open Space Land Acquisition

- FY 2007 Value of 1¢ = $ 3.3M
- Debt Service Cost (on $10.0M) = $- 0.9M
- Est. FY 2006 EOY Balance = $13.4M
- Est. FY 2007 Known Draw Downs = $- 0.1M
- Est. FY 2007 New Funds Available = $ 2.4M

- Amount Available for Land Acquisition $15.7M
Major Capital Projects in FY 2007

Charles Houston Recreation Center
- FY 2007 = $2.2 M
- Total Project Costs = $8.6 M*
- Design Concept Approved By Council
- Construction to Begin Late CY 2006
- Construction Completion in Approximately One Year

* Does not yet include TBD utility undergrounding costs
Major Capital Projects in FY 2007

New Police Headquarters Facility

- FY 2007 = $4.8M
- Council Approved Wheeler Ave. Site
- Architecture and Engineering Design Next Stage
  - Planning and Programming Through Winter 2007
  - Site Planning/SUP Process Through Mid-2007
  - Permitting and Bidding to Begin Spring 2008
- Construction To Begin Summer 2008
- $44.0 million Now Planned in FY 2008, FY 2009*
- Construction Costs Can Be Changed To Cash Flow Basis
- $ 1.7 million In Annual Lease Costs Will Be Saved
- * Cost estimate subject to change as scope is refined and as A/E work is completed
Major Capital Projects in FY 2007

New Fire Station

- FY 2007 = $3.0M
- Needs Assessment Underway
- $3.0 million Estimate for Land Acquisition and Preliminary Design
- Land Acquisition Costs as a Placeholder
- Construction Costs To Be Determined
Major Capital Projects in FY 2007

Preservation of Historic Buildings

• FY 2007 = $750,000
  – Gadsby’s Tavern ($600,000) - HVAC, Restrooms, Kitchen Equipment, Office Space, Courtyard, Ice Well and Other Repairs
  – OHA Capital Facilities Maintenance Plan (CFMP) ($150,000 per year) for all City-owned Historic facilities

• Prior Year Unallocated Funds Available:
  • Gadsby’s Tavern - $287,000
  • Lyceum - $107,028
  • Friendship Firehouse - $92,000

• Total Historic Building Monies Available = $1.2 million
Major Capital Projects in FY 2007

Holmes Run Trunk Sewer

- FY 2007 = $3.0 M
- Total Cost Estimate = $8.9M*
- Need To Construct Relief Sewer to Increase Capacity Not Reline Existing Sewer
- Cost Estimate Increased $1.7M
- Scheduled To Be Completed in FY 2008
- Financed By Sanitary Sewer Revenues

*Exact costs and timing to be refined
Major Capital Projects in FY 2007

Old Town Undergrounding

- FY 2007 = $1.0M
- For Phase III of Old Town Undergrounding Project
  - Project in Final Design
  - Construction Scheduled For Spring/Summer 2006
  - 200/300 Block of S. Lee St.
  - 100/200 Block of Duke St.
  - 100 Block of Wolfe St.
Major Capital Projects in FY 2007

WMATA Capital

- FY 2007 = $6.4M
- City Share = $38.1M Through FY 2012
- Maintain/Replace Metro Bus and Metrorail Infrastructure
- Additional Bus and Rail Capacity
- State/Federal Aid in Future Years
Information Technology (IT) Plan

- FY 2007 = $4.6M
  - $1.5 million for E-911 System Replacement
  - $0.4 million for Police/Fire CAD/RMS
  - $0.250 million to Replace Outdated WordPerfect City-Wide
  - $0.246 million to Replace City Hall Phone Switch
CIP Additions and Reductions
In FY 2007

- Additions/New Projects ($12.1M)
  - $3.0M - Holmes Run Truck Sewer
  - $2.4M - WMATA
  - $1.8M – Charles Houston Recreation Center
- Reductions/Postponements ($11.4M)
  - $3.0M - All - Sports Facility
  - $2.6M - IT Plan
  - $1.8M - Market Square
  - $1.5M - Chinquapin Recreation Center
Proposed CIP Financing

$331.5 Million Over Six-Years

Funding through a mix of:

- $132.8 million in General Obligation Bonds through FY 2011
- $118.5 million in Cash Capital through FY 2012 (including Open Space)
- $52.9 million in fund balance designated for capital projects in FY 2007
- $27.3 million “to be determined” in FY 2007 and FY 2008
Budget Reductions

- To meet the 2007 Alternative Budget Target, $3.8 million in CIP projects could be postponed or eliminated
  - $1.6 million in “Desirable” projects. (p. 21 in CIP)
  - $2.2 million in “Highly Desirable” projects. (p. 22 in CIP)
## Budget Reductions

<table>
<thead>
<tr>
<th>Desirable Projects ($1.6 M)</th>
<th>Highly Desirable Projects ($2.2 M)</th>
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<tbody>
<tr>
<td>• Chinquapin Rec Center - $500,000</td>
<td>• Emergency Generators - $262,500</td>
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<tr>
<td>• Space Mgmt Program - $300,000</td>
<td>• Space Mgmt Program - $200,000</td>
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<td>• CFMP - $100,000</td>
<td>• MH/MR/SA Group Homes - $77,500</td>
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<td>• Sheriff CFMP - $100,000</td>
<td>• Energy Conservation - $75,000</td>
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<td>• EOC - $75,000</td>
<td>• FS Renovations - $80,000</td>
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<td>• Ball Court Renovations - $125,000</td>
<td>• Fire Truck Lift - $120,000</td>
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<td>• Park/Playground Renov. - $66,000</td>
<td>• Park Drainage Improvements - $250,000</td>
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<td>• Alley Rehab - $200,000</td>
<td>• Timberbranch Bridge - $75,000</td>
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<td>• West End Streets - $100,000</td>
<td>• Public Pools/Marina - $45,000</td>
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<tr>
<td>• Misc Undergrounding - $75,000</td>
<td>• Park/Playground Renovations - $16,000</td>
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<td>• Recreation Needs Assessment - $300,000</td>
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<td>• Sidewalk, Curb and Gutter - $100,000</td>
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<td></td>
<td>• Street Cans - $118,000</td>
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<td></td>
<td>• Bus Shelters - $100,000</td>
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<td>• Mt Vernon Alley Repairs - $350,000</td>
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Debt Policy Guidelines

FY 1996 to FY 2007 GF Debt Service

Millions

Fiscal Year


$10.1 $9.3 $8.8 $6.4 $8.9 $12.4 $16.0 $17.5 $18.7 $22.7 $27.7 $29.5

(budgeted) (budgeted)
Debt Policy Guidelines

Existing and Projected Debt Service
FY 2007 - FY 2025

Fiscal Year

- Existing Debt Service
- Projected New Debt Service
Debt Policy Guidelines

Figure 1. Debt as a Percentage of Fair Market Real Property Value
FY 2002 - FY 2012

Projected Debt as a Percentage of Tax Base

Fiscal Year

Debt Policy Guidelines

Figure 2. Debt per Capita as a Percent of Per Capita Income Compared to Debt Policy Target and Ceiling FY 2002-FY 2012

Limit 3.25%

Target 2.25%

2002 2.20%
2003 2.60%
2004 3.01%
2005 3.09%
2006 3.11%
2007 3.30%
2008 3.11%
2009 2.92%
2010 2.59%
2011 2.25%
2012 2.25%
Debt Policy Guidelines

Ratio of Debt Service to General Government Expenditures

Ceiling 10.00%
Target 8.00%

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<thead>
<tr>
<th>Year</th>
<th>Ratio of Debt Service</th>
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<tr>
<td>2002</td>
<td>3.78%</td>
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<tr>
<td>2003</td>
<td>3.76%</td>
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<td>2004</td>
<td>3.82%</td>
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<td>5.05%</td>
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<td>2011</td>
<td>4.82%</td>
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<td>2012</td>
<td>4.53%</td>
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FY 2008 Challenge

CIP FINANCING IN GENERAL FUND BUDGET

 Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Capital</th>
<th>Debt Service</th>
<th>City CIP Funding Sources To Be Determined</th>
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FY 2008 Challenge

- Since the FY2007-2012 CIP Was Developed Staff Is Re-Examining the New Police Facility Project Schedule
  - Will be Able to Smooth Out Cash Flow
  - Construction Funding Not Needed Until FY 2009/2010
  - Spread Out Construction Funding
FY 2008 Challenge

Proposed FY 2007 CIP Compared to Approved FY 2006 and Revised FY 2007 CIP
Conclusion

- CIP reflects reprioritization within FY 2007 at approximately the same total
- Six-year CIP Plan at about the same level as last year’s CIP
- Significant focus on CIP expenditures reductions to meet lower target(s) in FY 2007
- Significant challenges remaining in FY 2008 and beyond