



**CITY OF ALEXANDRIA**  
Office of Management & Budget

# **CITY MANAGER'S PROPOSED FY 2026 – FY 2035 CAPITAL IMPROVEMENT PROGRAM**

February 26, 2025





# AGENDA

## ▶ **Introduction**

- ▶ Purpose of Today's Worksession
- ▶ Key Takeaways
- ▶ Development Recap
- ▶ FY 2026 Budget Guidance

## ▶ **Proposed CIP Summary**

## ▶ **General Fund Support of CIP**

## ▶ **Debt Management Policies**

## ▶ **Key Investments/Changes**

## ▶ **ACPS Capital Funding**

## ▶ **Summary**

## ▶ **Questions/Comments**



# INTRODUCTION

## Purpose of Today's Worksession

- ▶ **Provide overview of Proposed FY 2026 – FY 2035 Capital Improvement Program (CIP)**
  - ▶ 10-Year Total: \$2.08 B
  - ▶ FY 2026 Capital Budget: \$205.87 M
- ▶ **Discuss key changes to CIP**
- ▶ **Discuss Proposed CIP's performance/impact on debt management policies**





# INTRODUCTION

## Key Takeaways

- ▶ **Continues to execute previously approved CIP**
  - ▶ Maintains investments in state of good repair of City capital assets
  - ▶ Continues commitment to Schools' capital plan from approved CIP
- ▶ **Select investments in critical needs for on-going City projects or state of good repair programs**
- ▶ **Reprioritizations funded through reductions/reallocations from other City projects or one-time funding sources**



# INTRODUCTION

## Capital Development Recap

### ▶ **At November Council Retreat, discussed:**

- ▶ Limited ability to increase use of long-term borrowing or pay-as-you-go cash capital beyond currently planned Levels

### ▶ **Since Retreat:**

- ▶ Received City Council FY 2026 Budget Guidance (Nov. 26<sup>th</sup>)
- ▶ Received School Board's Capital Funding Request (Dec. 19<sup>th</sup>)
- ▶ Held City Council guidance briefings on Waterfront Flood Mitigation and City Hall, Market Square, and Parking Garage Renovation projects to refine project scope/direction (Jan. 28<sup>th</sup>)
- ▶ Finalized sizing/timing of CY 2024 debt issuance



# INTRODUCTION

## City Council FY 2026 Budget Guidance to City Manager

### ► **Guidance Resolution for CIP:**

- ✓ Comply with established debt management and cash capital policies
- ✓ Option to apply prior year General Fund surplus to CIP
- ✓ CIP to include specific descriptions of projects, identified operating impacts, and process for prioritizing projects in proposed CIP
- ✓ Continued funding for City and School facilities recommended in the Ad Hoc Joint City-Schools Facility Investment Task Force
- ✓ Identification of projects where a project labor agreement may be practicable
- ✓ For ACPS CIP, proposed funding levels not to exceed levels included in previously Approved CIP for ACPS



# PROPOSED FY 2026 – FY 2035 CIP

## Summary

- ▶ **Proposed CIP's long-term borrowing plan consistent with levels in previous Approved CIP**
- ▶ **Proposed CIP complies with debt management policies**
  - ✓ Debt as Percentage of Fair Market Real Property Value
  - ✓ Debt Service as Percentage of General Government Expenditures
  - ✓ 10-Year Debt Payout Ratio
  - ✓ Recurring General Fund Cash Capital Transfer as Percentage of General Fund Expenditures

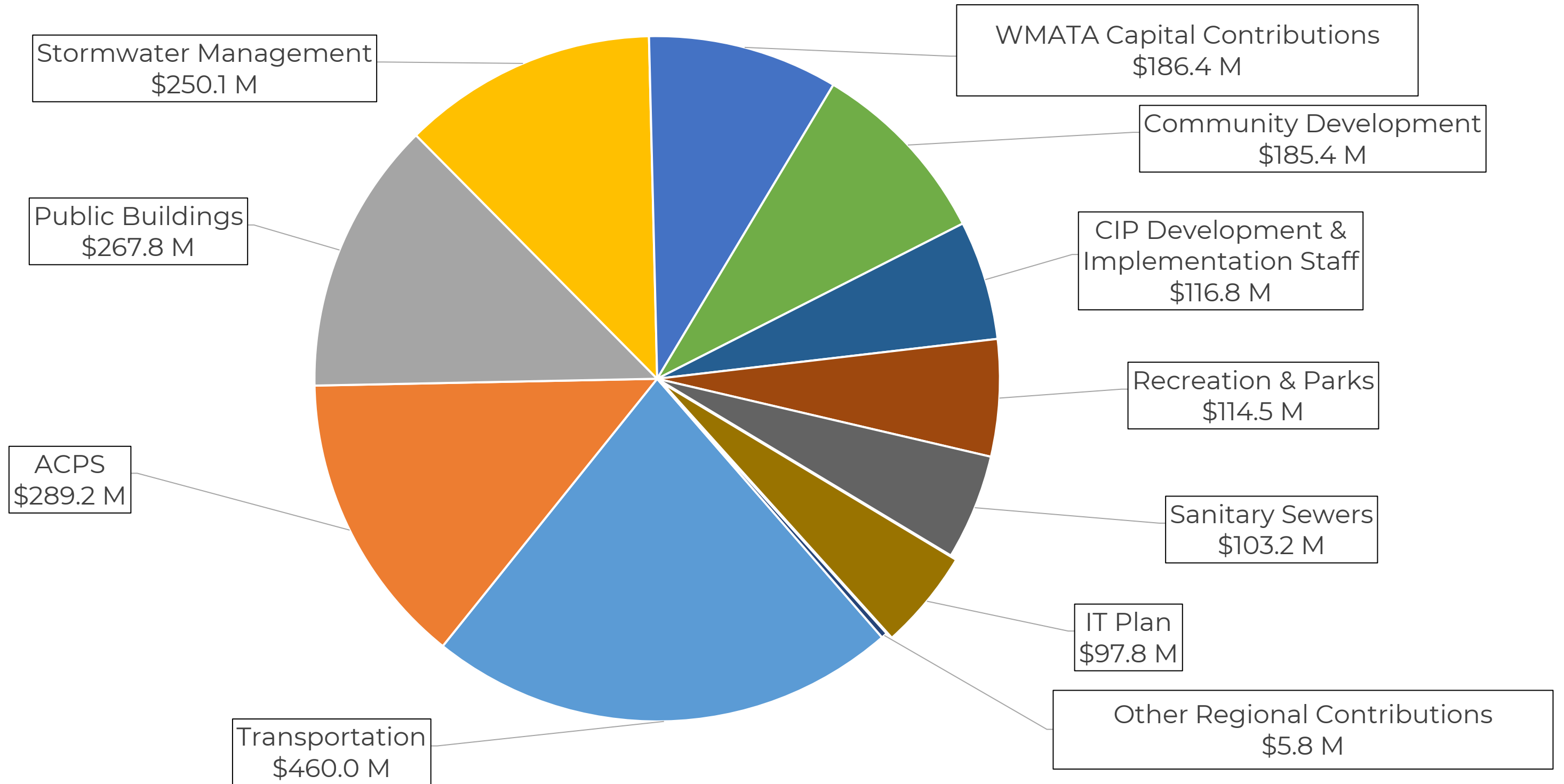
Year 1 (FY 2026) Capital Budget
\$205.87 million
10-Year Proposed Funding
\$2.08 billion
FY 2026 General Fund Cash Capital
\$30.5 million
FY 2026 General Fund Debt Service
\$105.5 million
Cash / Borrowing Split
46% Cash / 54% Borrowing
September 2024 Bond Rating
AAA/Aaa (32 <sup>nd</sup> Consecutive Year)





# PROPOSED FY 2026 – FY 2035 CIP

Uses - \$2.08 billion

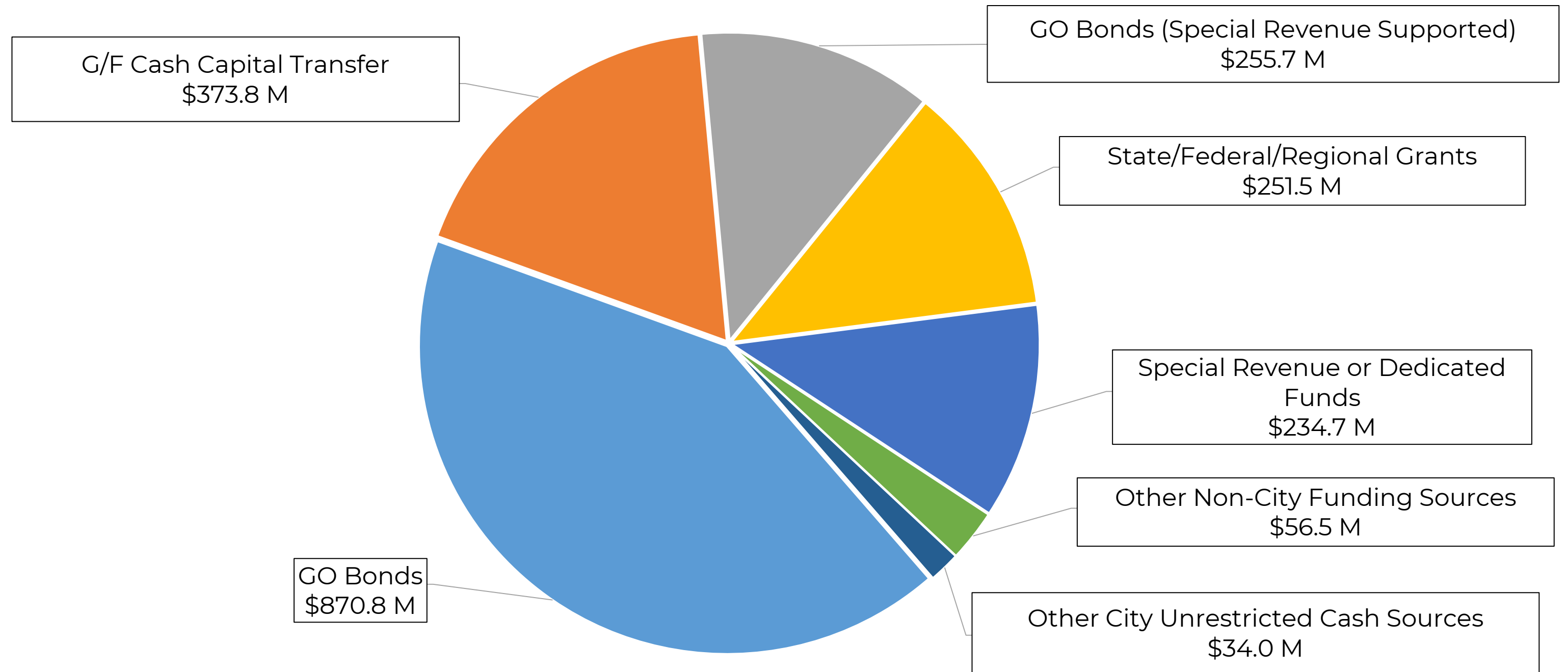






# PROPOSED FY 2026 – FY 2035 CIP

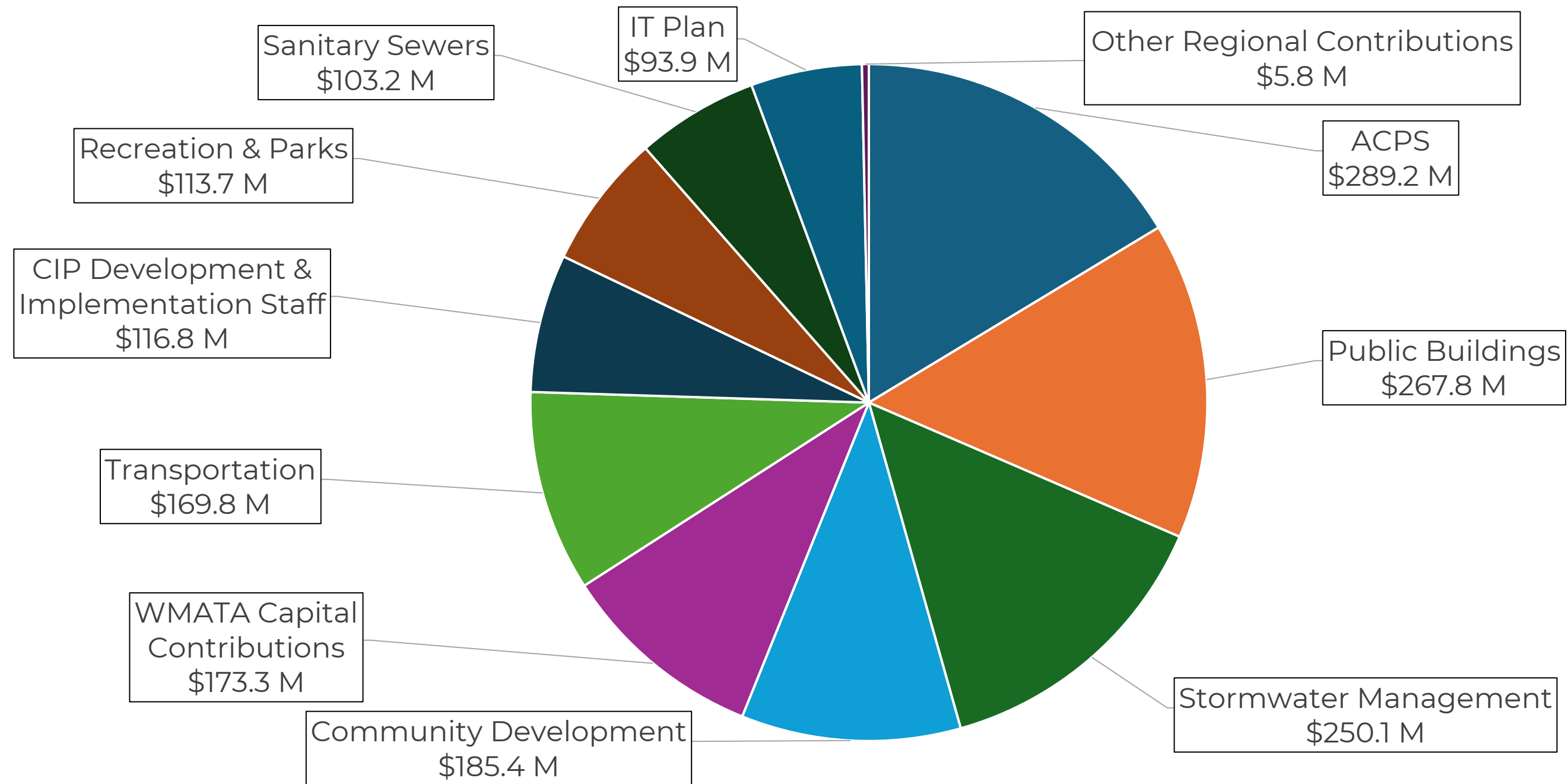
All Sources - \$2.08 billion





# PROPOSED FY 2026 – FY 2035 CIP

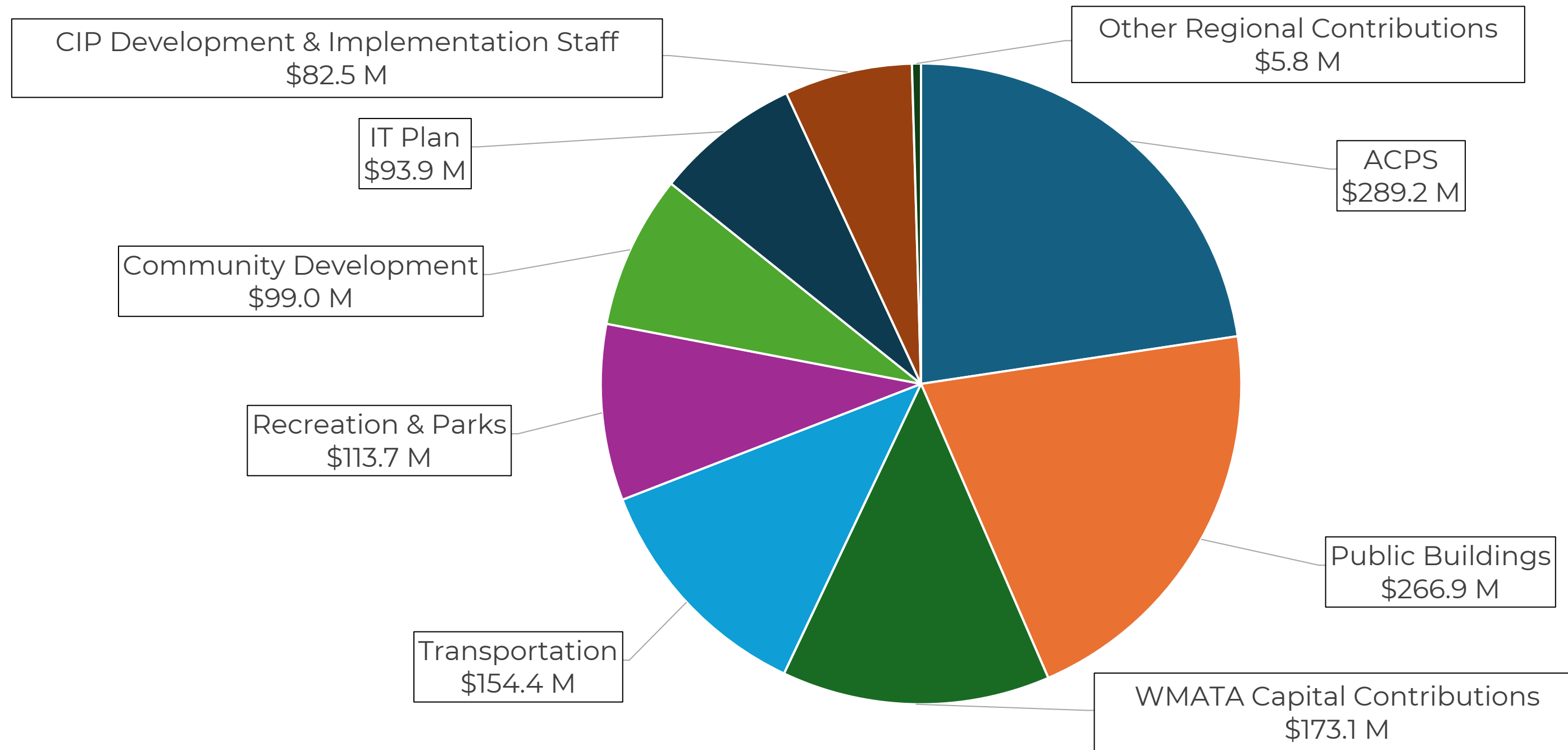
## City Sources (Unrestricted & Restricted) - \$1.77 billion





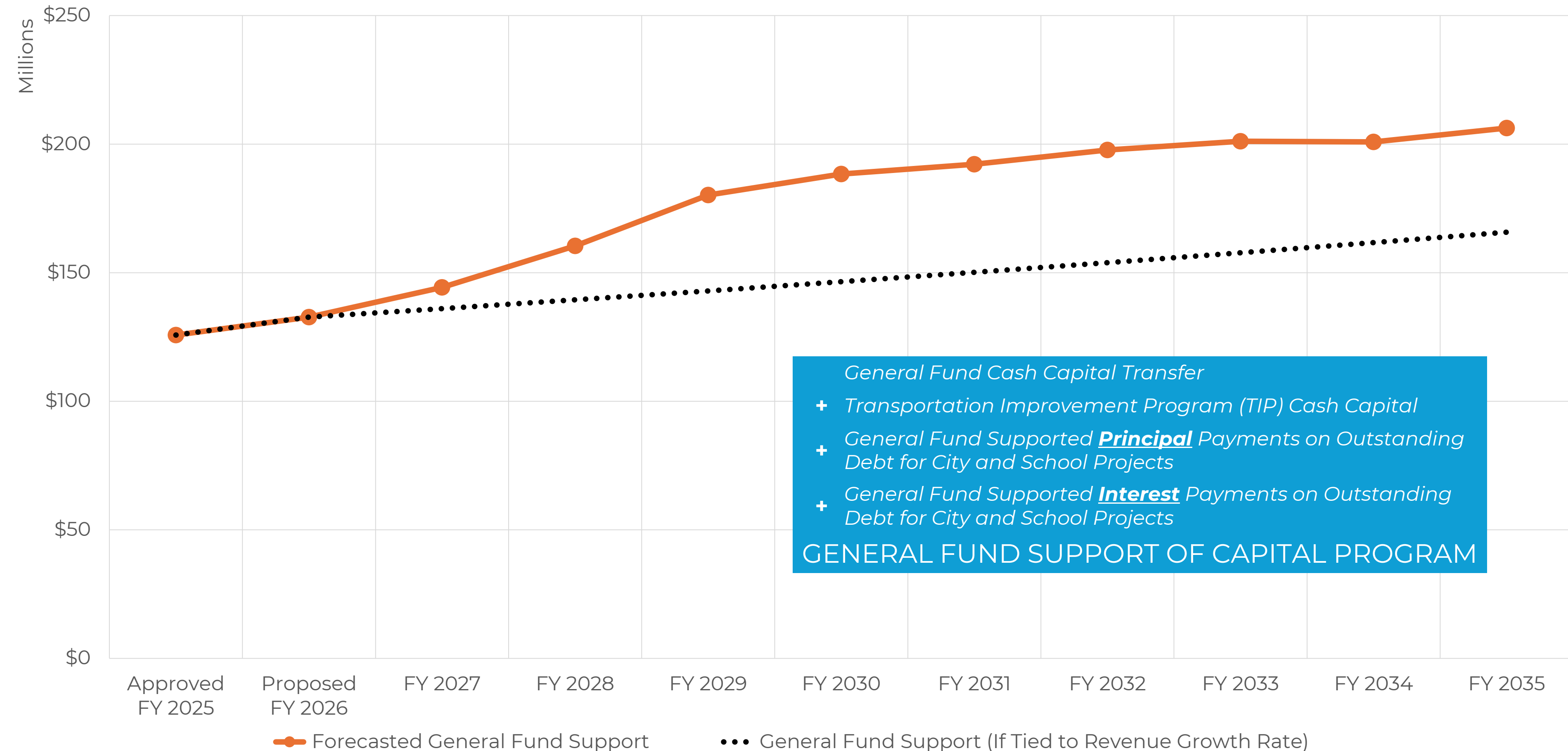
# PROPOSED FY 2026 – FY 2035 CIP

City Sources (Unrestricted Only) - \$1.28 billion



# PROPOSED FY 2026 – FY 2035 CIP

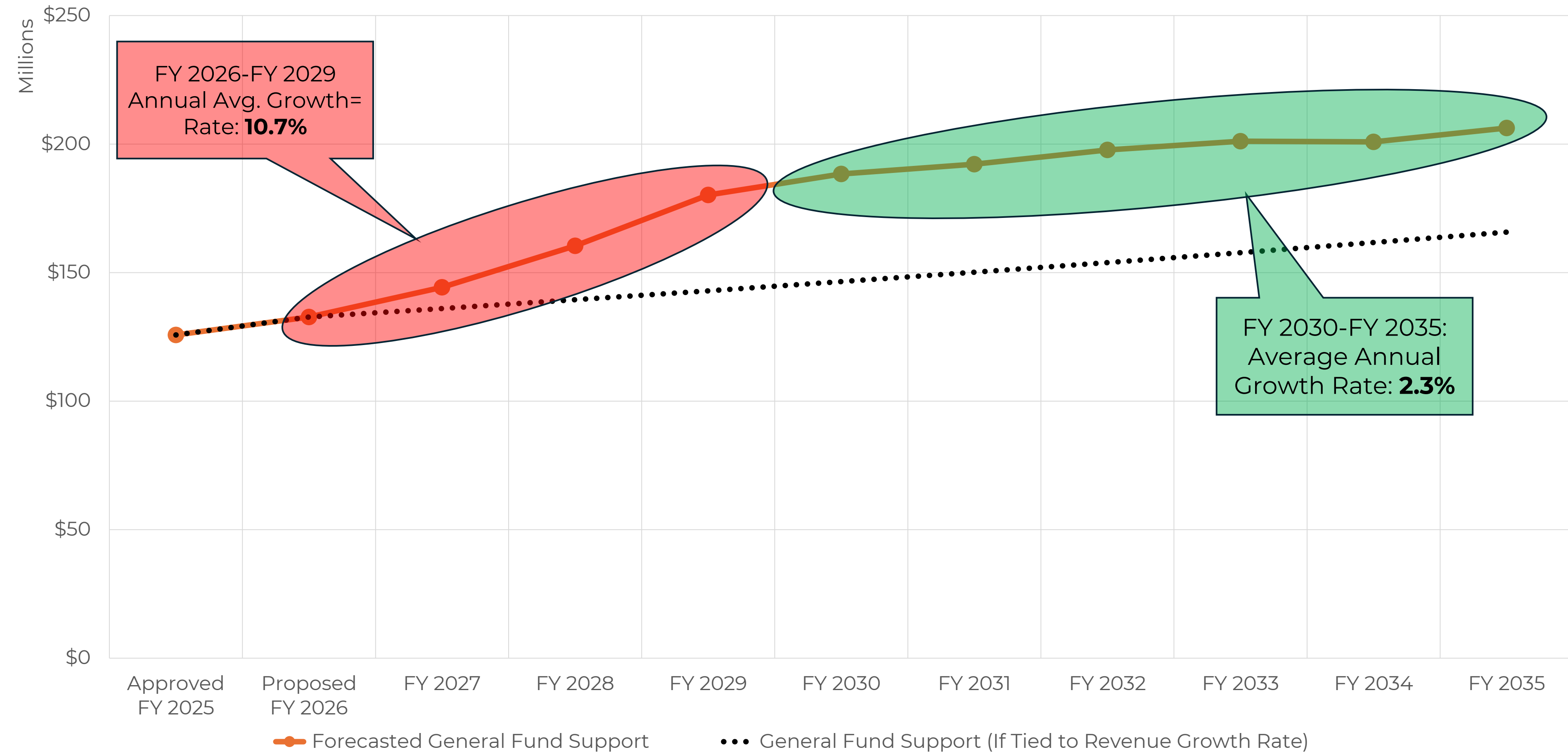
## General Fund Support of Capital Program





# PROPOSED FY 2026 – FY 2035 CIP

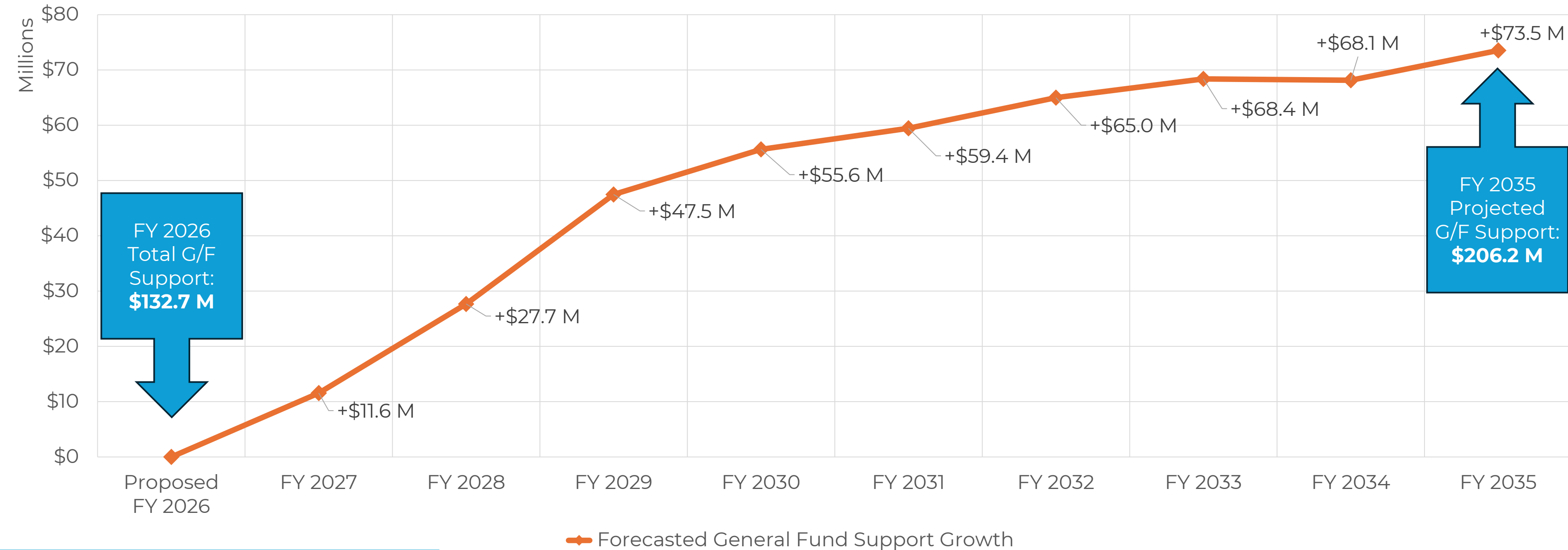
## General Fund Support of Capital Program





# PROPOSED FY 2026 – FY 2035 CIP

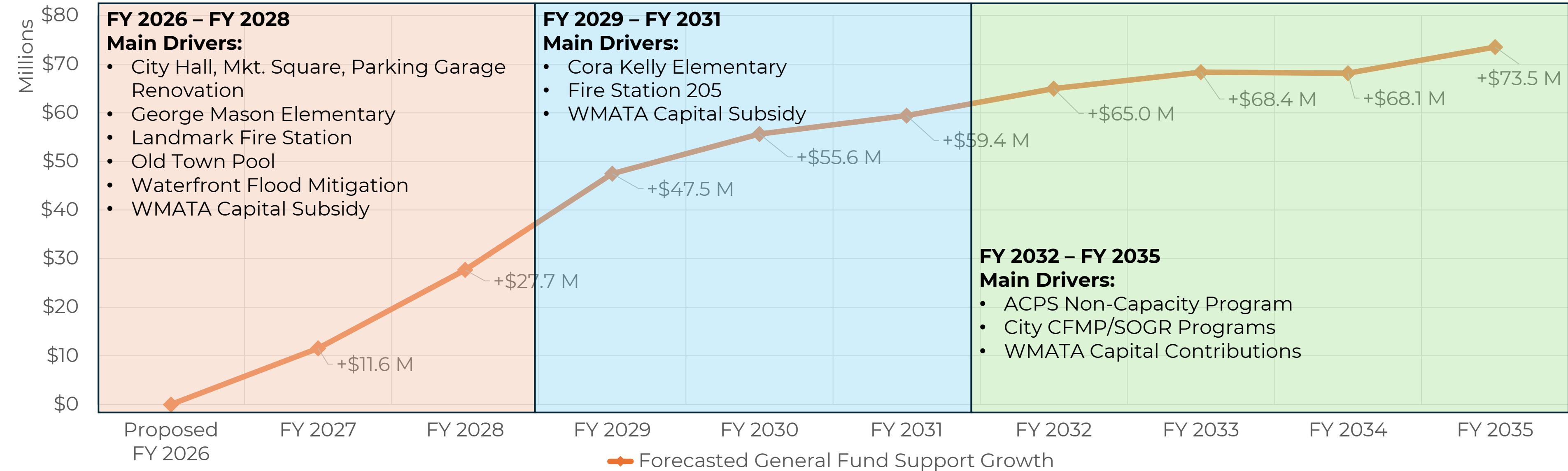
## General Fund Support – Growth over FY 2026 Budget





# PROPOSED FY 2026 – FY 2035 CIP

## General Fund Support – Growth over FY 2026 Budget



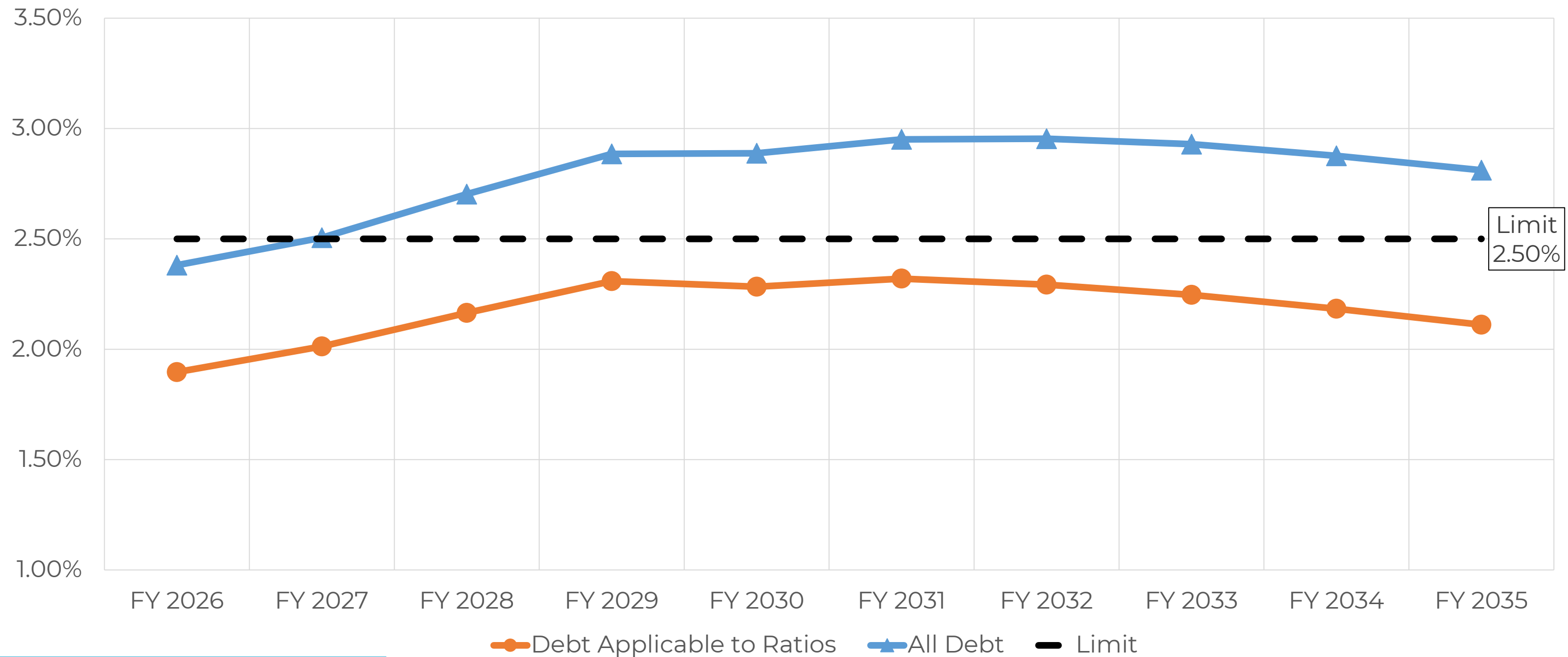
Also continuing to pay debt service on previously approved projects supported by the General Fund:

- |  |   |   |
|--|---|---|
| • Landmark Mark Redevelopment              | • Douglas MacArthur Elementary School     | • Street Repaving & Reconstruction                                |
| • Del Pepper Community Center              | • Minnie Howard Campus Project            | • Bridge Repairs  |
| • Ferdinand T. Day Elementary              | • Previous WMATA Capital Subsidy payments | • Various other capital maintenance/state of good repair programs |
| • 1703 N. Beauregard St. Building Purchase |   |   |



# DEBT MANAGEMENT POLICIES

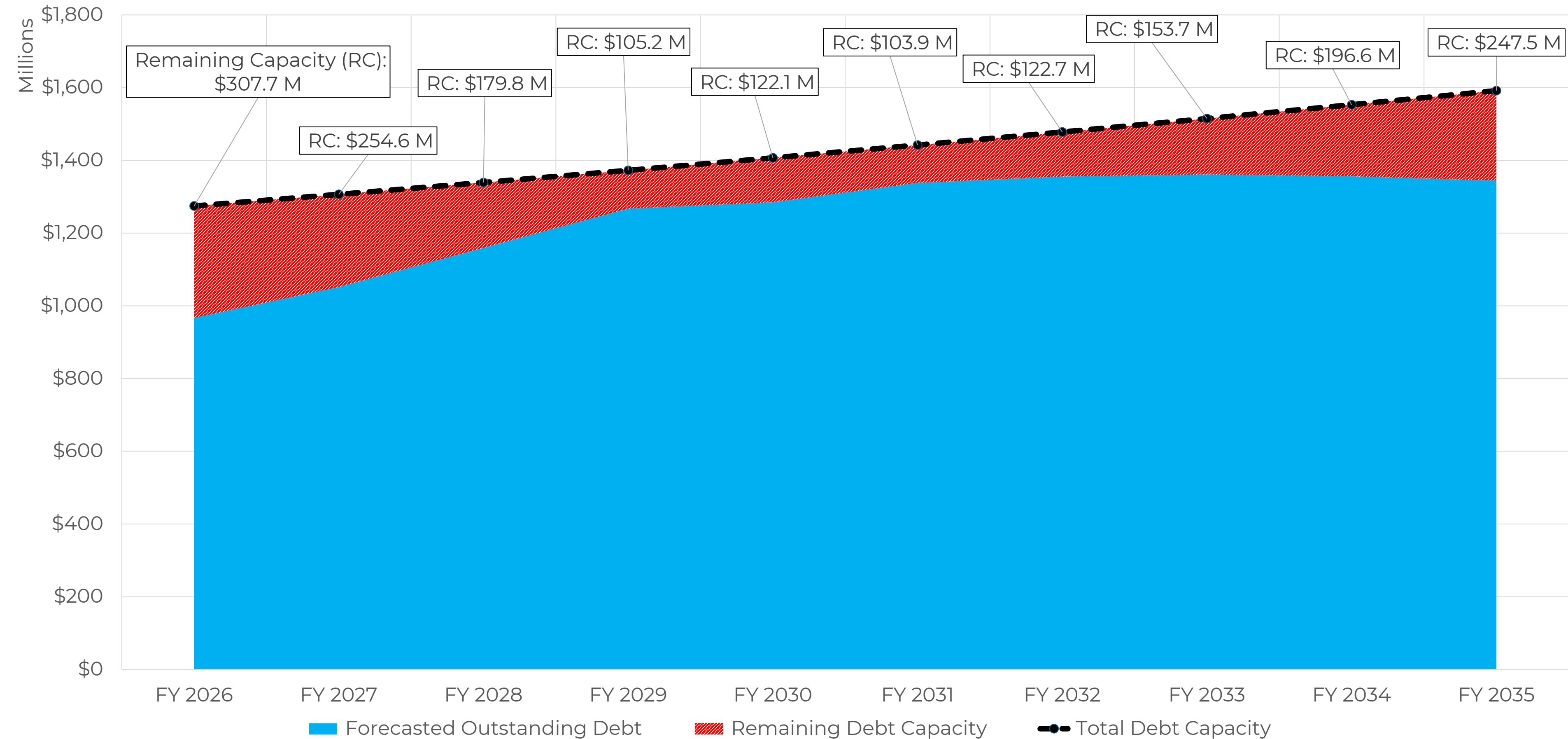
Outstanding Debt as Percentage of Fair Market Real Property Value





# DEBT MANAGEMENT POLICIES

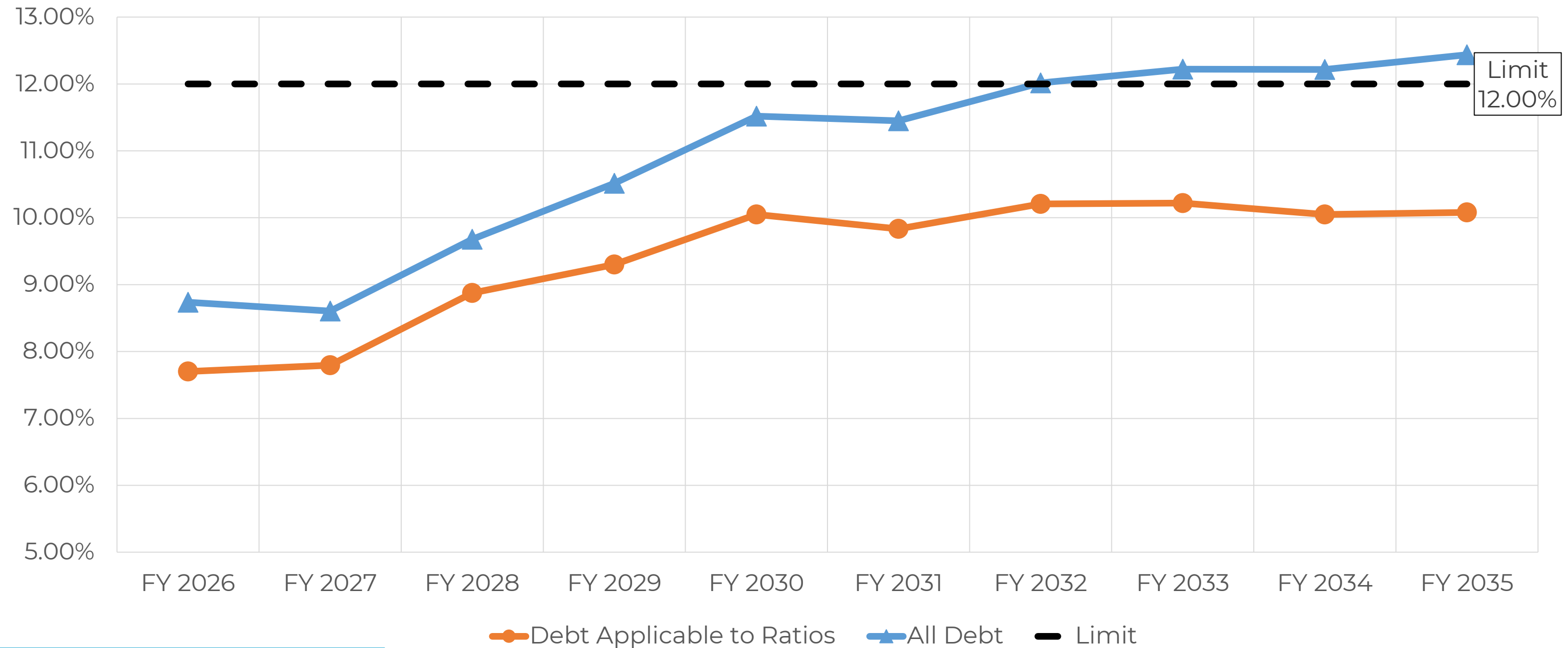
## Remaining Debt Capacity





# DEBT MANAGEMENT POLICIES

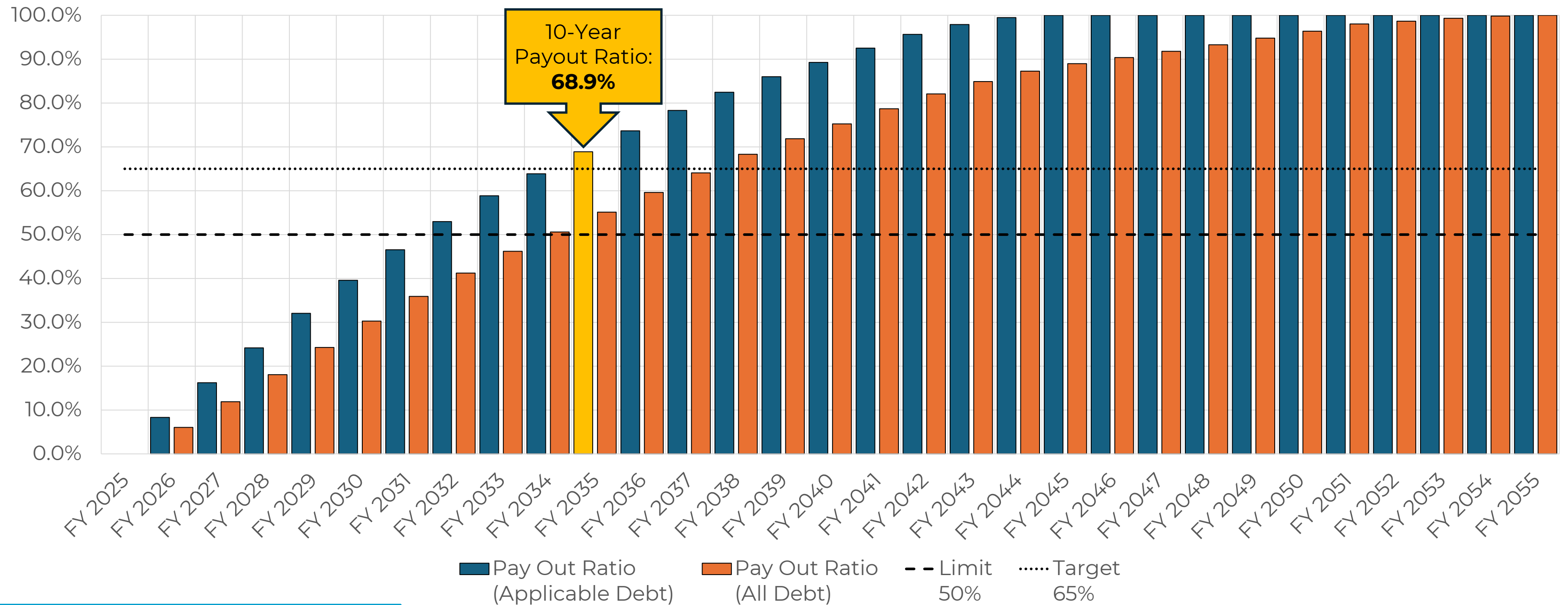
## Debt Service as Percentage of General Government Expenditures





# DEBT MANAGEMENT POLICIES

## 10-Year Debt Payout Ratio



# KEY INVESTMENTS SUMMARY

Project	Increase Amount*
Waterfront Flood Mitigation Project	\$40.0 M
City Hall, Market Square, and Parking Garage Renovation Project	\$30.0 M
John Ewald Park Improvements	\$2.0 M
Old Town Pool	\$2.0 M
Fire Department Heavy Vehicles/Apparatus SOGR	\$8.1 M
DASH Bus Fleet Replacement SOGR (Local Funding Increase)	\$5.5 M
City Hall Swing Space Build-Out	\$5.2 M
Alexandria Police Department CFMP (HVAC/Emergency Power Systems)	\$2.0 M
Northern Virginia Juvenile Detention Center CFMP (NEW)	\$0.8 M
ShelterCare CFMP (NEW)	\$0.3 M
Public Pools (Chinquapin Re-lining)	\$0.2 M
Alexandria West Recreation Planning	\$0.2 M
Cameron Run Feasibility Study (Accelerated to FY 2026)	\$0.1 M
<b>TOTAL Investments</b>	<b>\$96.4 M</b>

*Note: Increase totals are for FY 2026 – FY 2034 period, relative to funding levels planned for FY 2026 – FY 2034 in previous Approved CIP. On-going maintenance/SOGR programs like CFMPs and fleet replacement programs, also have funding included for FY 2035 which were not part of the previous CIP.*





# FUNDING SOLUTION FOR INVESTMENTS

## ▶ Guiding Parameters for Funding Solution:

- ▶ No increase to long-term borrowing or cash capital levels relative to Approved CIP
- ▶ No impact on School capital funding levels contemplated in Approved CIP
- ▶ Prioritize state of good repair over Service Expansion
- ▶ Focus reductions on areas where capacity to execute misaligned with funding plan

Category	Amount
Prior Year Balances	\$14.5 M
One-Time Funding Sources	\$29.1 M
On-Going Programs with Sufficient Balances	\$49.7 M
Reductions to Service Expansion Projects	\$4.9 M
<b>Total Sources Identified</b>	<b>\$98.1 M*</b>

*Note: Identified sources exceeds investment needs by \$1.7 million, allowing for reduction in overall borrowing plan and marginal decreases in debt service in outyears of plan.*



# KEY INVESTMENTS

## Waterfront Flood Mitigation Project (+\$40.0 million)

### ► Project Includes:

- Design and construction of the “core area” of the Waterfront Plan
- New raised promenade, stormwater management, and park and streetscape improvements
- Lower King Street improvements

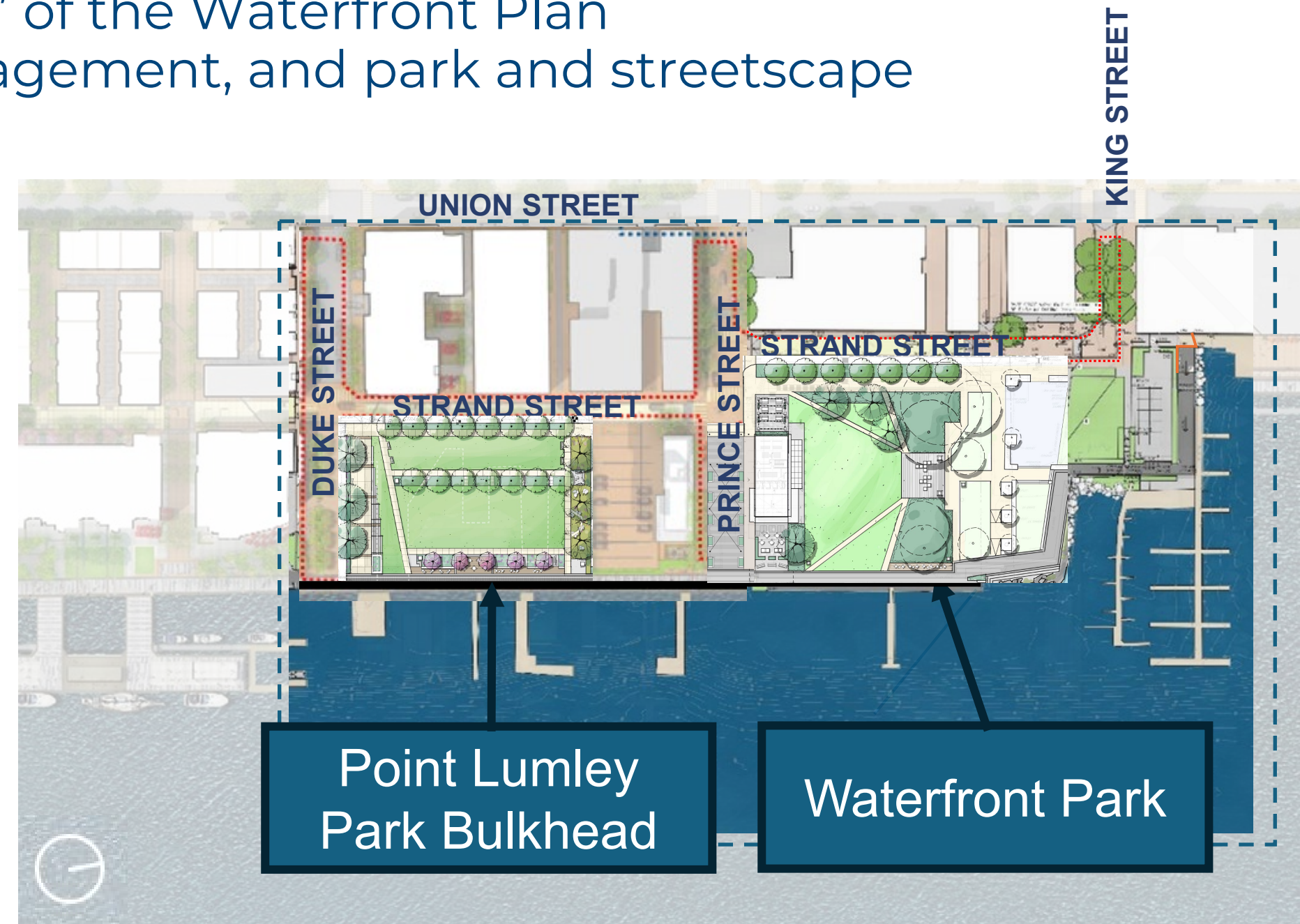
### ► Current Project Phase: Design

### ► Project Schedule:

- Spring 2026: DSUP Process Commences
- Fall 2026: DSUP to Planning Commission & Council
- Late 2026/Early 2027: Construction Commences

### ► Project Budget: \$145M

- Prior Year Funding: \$105M
- Total New Funding: \$40M







# KEY INVESTMENTS

## Waterfront Flood Mitigation Project (+\$40.0 million)

### ► Additional Funding for:

- Waterfront Park Bulkhead Replacement (+\$17 M)
- Point Lumley Park Bulkhead Replacement (+\$23 M)

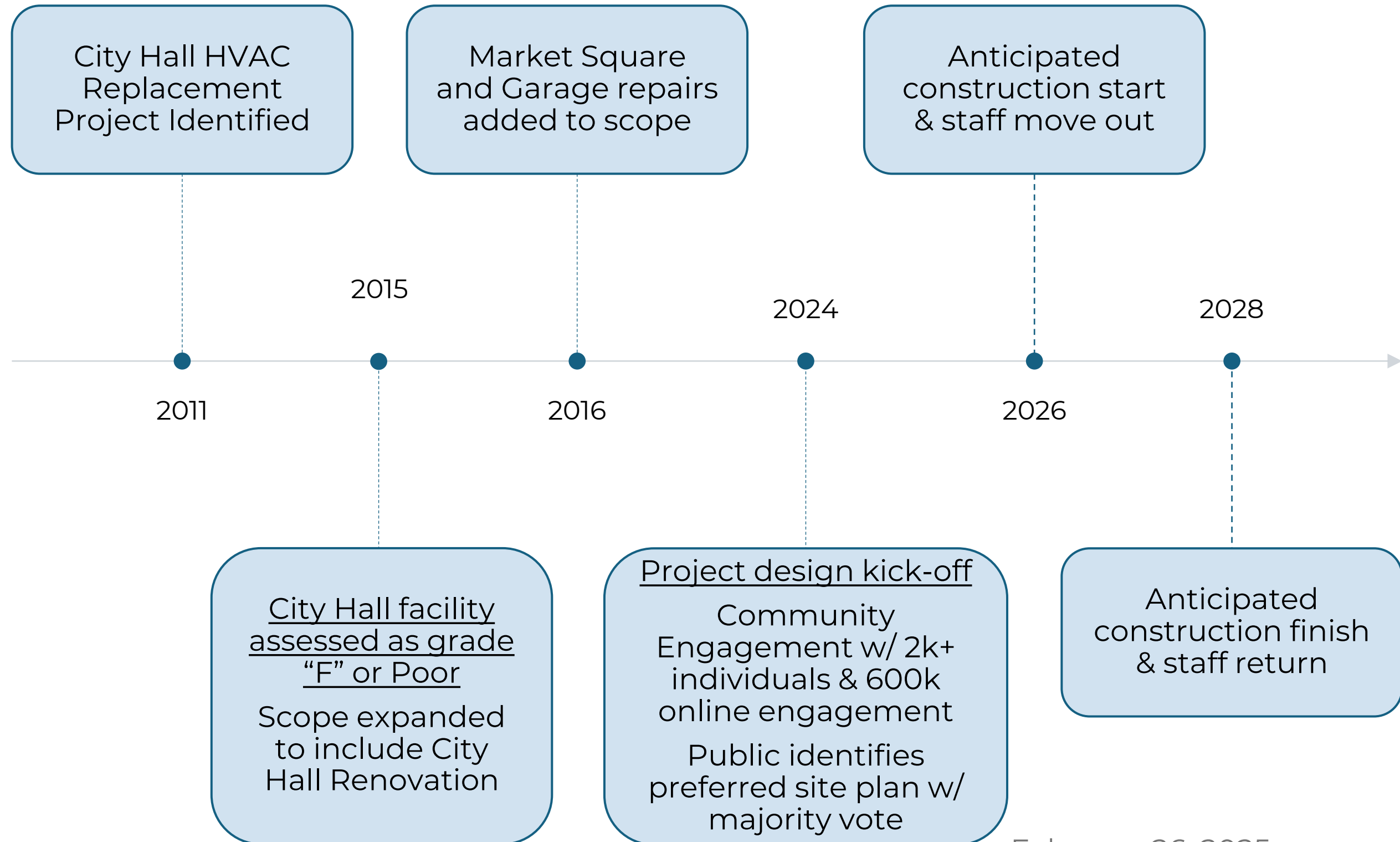






# KEY INVESTMENTS

City Hall, Market Square, and Parking Garage Renovation (+\$30 M)





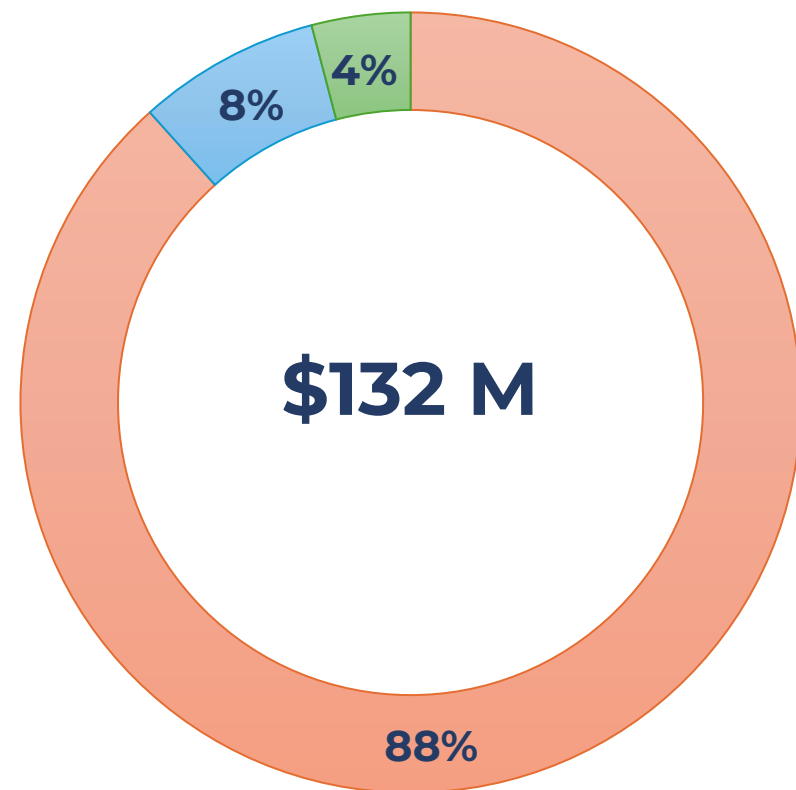


# KEY INVESTMENTS

City Hall, Market Square, and Parking Garage Renovation (+\$30 M)

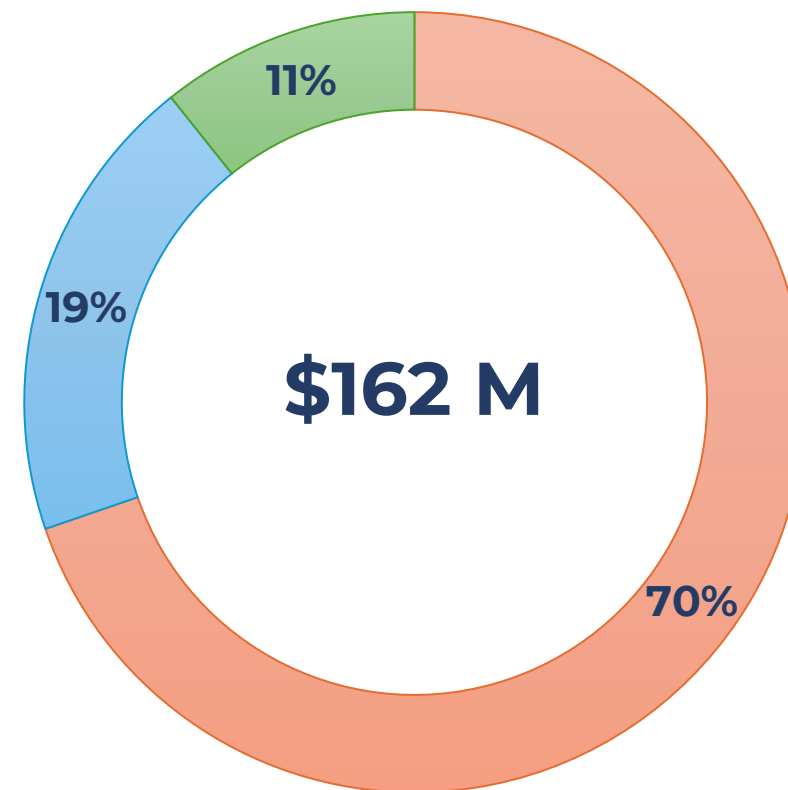
## FY25 Approved Budget

City Hall Garage Market Square



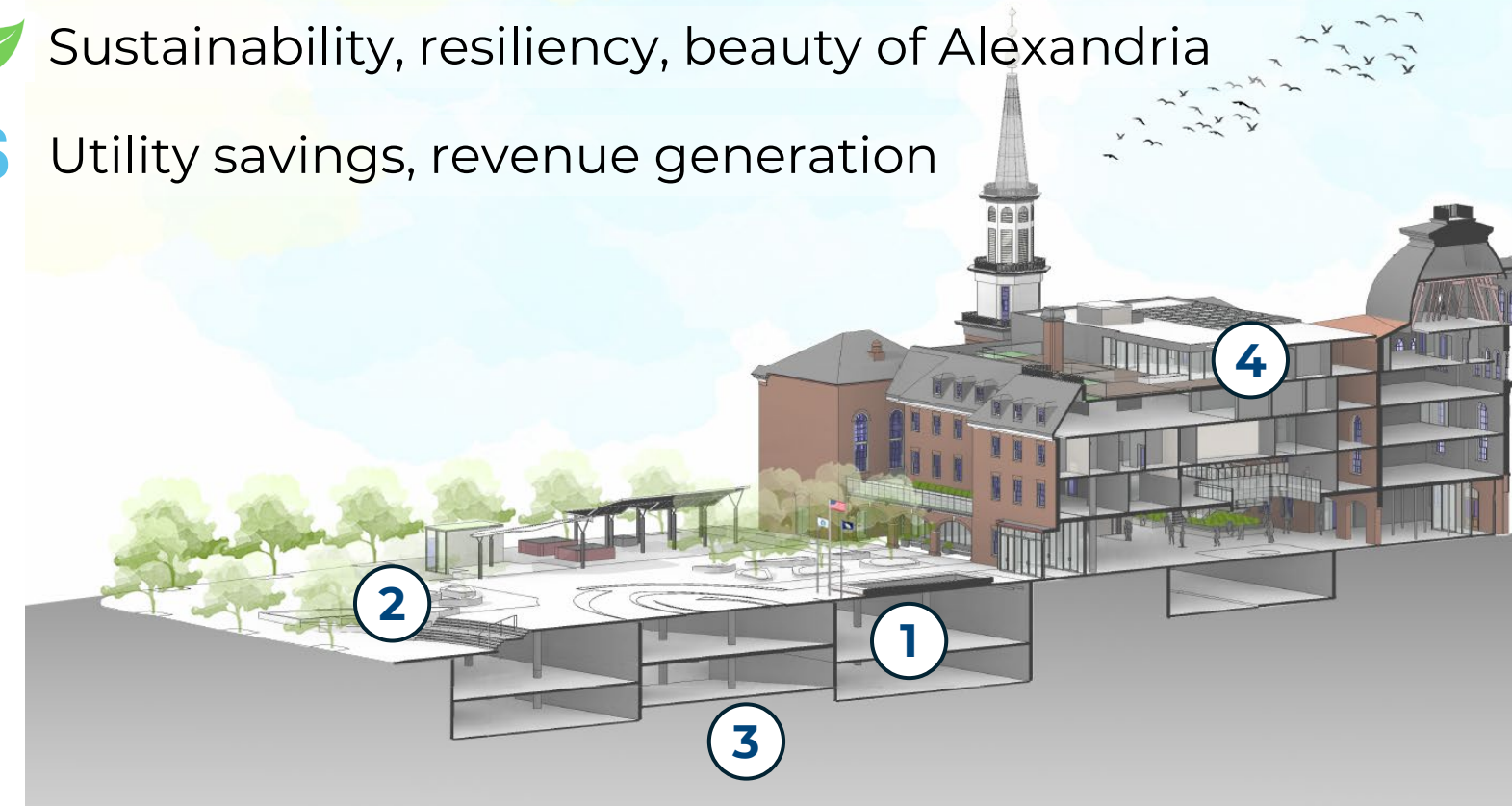
## Value-Driven Approach

City Hall Garage Market Square



## Our Values: what matters most

- ⌚ Improved longevity and reliability
- ♥ Community spaces, improved accessibility
- 🌿 Sustainability, resiliency, beauty of Alexandria
- 💰 Utility savings, revenue generation



## Additional Features

1. Market Square Garage Replacement
2. Market Square Plaza Upgrades
3. New Geothermal System
4. 5th Floor Expansion





# KEY INVESTMENTS

## John Ewald Park Improvements (+\$2.0 million)

### ► Project Overview

- Design/construction of park improvements recommended in the Neighborhood Park Improvement Plan
- Major elements: playground renovation, multi-use courts, walking paths, parkour, picnic area, plantings, potential restrooms and water feature

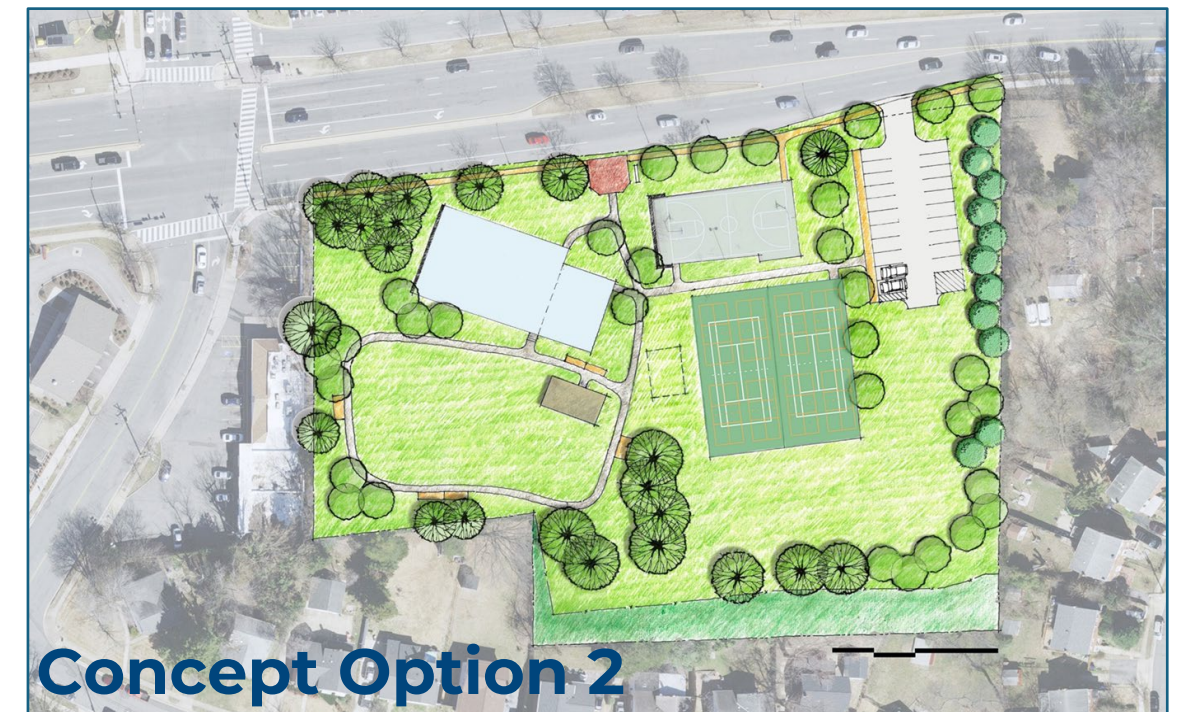
### ► Current Project Phase: Planning

### ► Project Schedule

- May 2025: Begin Design Procurement
- Summer 2025: Begin Design
- Fall 2026: Begin Construction Procurement
- Winter 2026/Early 2027: Begin Construction

### ► Project Budget (\$4.1 M)

- Prior Year Funding: \$2.1 M
- FY 2027: \$2.0 M







# KEY INVESTMENTS

Old Town Pool (+\$2.0 million)

## ► Project Overview

- Design and construction of modern replacement of facilities
- Major elements: two new bodies of water, new bathhouse and all support systems

## ► Current Project Phase: Planning

## ► Project Schedule

- March 2025: Begin Design Procurement
- Spring/Summer 2025: Begin Design
- Spring/Summer 2026: Begin Construction Procurement
- Fall 2026: Begin Construction

## ► Project Budget (\$12.6 M)

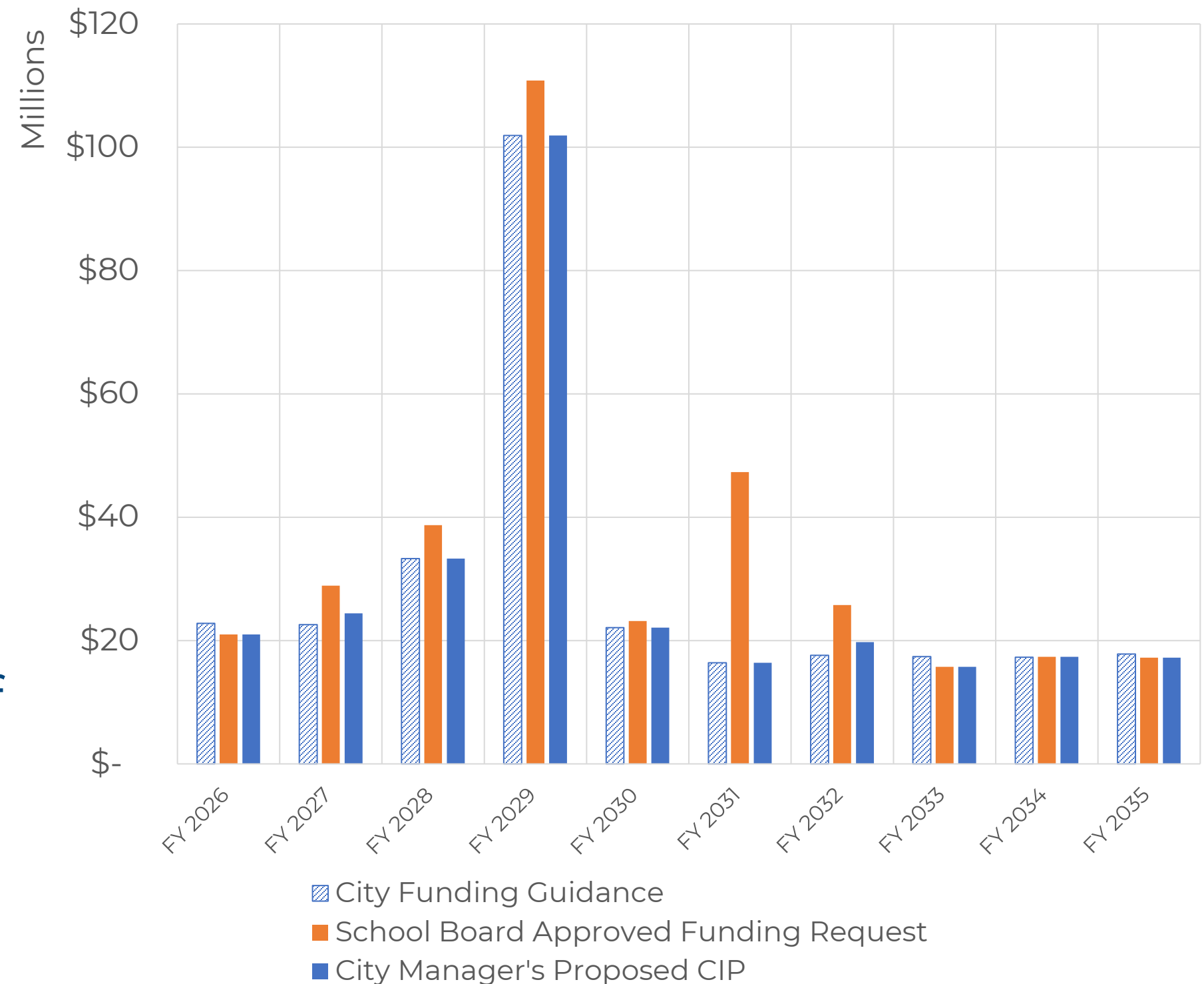
- Prior Year Funding: \$1.5 M
- FY 2026 – FY 2027: \$11.1 M





# SCHOOLS FUNDING IN PROPOSED CIP

- ▶ Funding Guidance provided fall 2024 by City Manager and City Council
  - ▶ Remain within funding levels from previous Approved CIP
  - ▶ Total 10-year funding target: **\$289.2 million**
- ▶ School Board Funding Request totals **\$346.0 million**
- ▶ City Manager's Proposed funding level totals **\$289.2 million** (84% of request)
  - ▶ Provides funding for 100% of Year 1 (FY 2026) capital request





# PROPOSED FY 2026 – FY 2035 CIP

## Summary

- ▶ Proposed CIP continues to pursue a robust and ambitious capital program
- ▶ Proposed CIP focused on maintaining City/School's core assets and executing previously approved projects
- ▶ Significant level of proposed investment is paired with strong financial management policies to ensure capital needs are met while maintaining good fiscal stewardship
- ▶ Long-term affordability challenges remain, but Proposed CIP continues work to right-size CIP and smooth out cost increases





# FY 2026 BUDGET DEVELOPMENT CALENDAR

Date	Time	Meeting Topic
Tuesday, February 25, 2025	7PM	Proposed Budget Presentation to City Council
Wednesday, February 26, 2025	7PM	Budget Work Session #1 - CIP
Thursday, February 27, 2025	7PM	Proposed Budget Public Presentation (Beatley Library)
Wednesday, March 5, 2025	7PM	Budget Work Session #2 - ACPS
Saturday, March 8, 2025	10AM	City Manager Budget Pop-Up (Market Square)
Monday, March 10, 2025	5:30PM	Budget Public Hearing
Tuesday, March 11, 2025	7PM	Introduce Maximum Property Tax Rate
Wednesday, March 12, 2025	7PM	Work Session #3
Saturday, March 15, 2025	9:30AM	Budget Public Hearing
Monday, March 17, 2025	7PM	Budget Work Session #4
Wednesday, March 19, 2025	6PM	City Manager Budget Pop-Up (Del Pepper Center)
Wednesday, March 26, 2025	7PM	Budget Work Session #5
Thursday, April 3, 2025		Add/Delete submissions due from City Council members
Tuesday, April 8, 2025	5:30PM	Tax Rate Public Hearing
Tuesday, April 8, 2025	6PM	Add/Delete Public Hearing
Tuesday, April 22, 2025	6:30PM	Non-Real Estate Tax Public Hearing
Tuesday, April 22, 2025	7PM	Budget Work Session #6 - Preliminary Add/Delete
Monday, April 28, 2025	7PM	Budget Work Session #7 - Final Add/Delete Work Session (if needed)
Wednesday, April 30, 2025	6PM	Budget Adoption

# QUESTIONS/ COMMENTS

