

# Five-Year Capital Improvements Program

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*FY2018 Proposed Budget*

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## INTRODUCTION

The development of the City's Five-Year Capital Improvements Program (CIP) allows the City to take a vision for the development of our public facilities through a disciplined evaluation process. By identifying projects and capital needs several years into the future, the City accomplishes the following objectives:

- Cost estimates for long-term objectives and identified needs are linked to available resources, and placed on a schedule for implementation;
- Major expenditures are scheduled in the context of a balanced Annual Operating Budget and a five-year financial forecast.

Capital projects are defined as a new, one-time project with a useful life of more than five years, and costing \$150,000 or more. The cost estimates included in the CIP are intended to capture the entire estimated project cost, including, as applicable, land acquisition, design, negotiated agreements, and construction. The total request for each project is evaluated and, based upon funding, is prioritized to meet the needs of the City.

For FY2017 the City embarked on a new two-year CIP cycle process, whereby odd numbered years will be for minor updates to the approved CIP, and even numbered years are open for more significant changes and consideration of new projects. The goal of this "biennial CIP" approach is to allow staff to focus more time and effort on carrying out already approved projects, by redirecting some of the time and effort that is currently dedicated to developing and vetting new projects each year.

As FY2018 is an even numbered year, there are new projects under information technology, transportation, utilities and parks. The project needs, funding constraints and staff allocation resources have been carefully considered in the development of this 5-year plan.

### CIP Projects versus Maintenance Projects

CIP projects generally require significant engineering design and construction, whereas maintenance projects (like road paving, crosswalk painting, sidewalk section replacement, and landscaping) require routine upkeep every one to five years.

### What is Capital Infrastructure?

This term refers to the built environment that makes the City of Falls Church safe, healthy, engaging, and beautiful and helps fulfill the City Council's vision of "A Special Place." Projects can be mandatory, like police emergency radios, but others build a quality community. Some construction project examples include:

- roads, sidewalks, crosswalks, bus shelters, traffic signals
- stormwater detention and pipes, sewer system, restoring flooding stream banks
- tennis and basketball courts, park trails, park play equipment
- HVAC replacement, roof replacement, WiFi and fiber connectivity, renovation and expansion for public buildings (schools, City Hall, community center, library, police station, courts)
- Replacement of police radio and 911 emergency call center equipment

The projects contained in the CIP support the goals and objectives outlined in the City's Comprehensive Plan and are intended to establish the long-term spending priorities identified by the

City Council and are consistent with their 2025 Vision/Comprehensive Plan/Strategic Plan as well as adopted Financial Policies. The CIP is updated annually and is subject to change with each update. The City also enhanced the community input process this year, to include website enhancements, CIP community survey, videos, FAQs and additional community meetings. These are more fully described in the last section of this document and are available at [www.fallschurchva.gov/CIP](http://www.fallschurchva.gov/CIP).

### **PLANNING COMMISSION RECOMMENDATION**

The Planning Commission (the Commission) voted on February 22, 2017, to recommend approval of the CIP for inclusion in the City Manager's FY2018 adopted operating budget and 5-year Capital Improvements Program.

The Commission conducted public hearings on February 6 and 21, 2017. Additionally, work sessions were held on January 30, February 6 and February 13, 2017, which provided the Commission the opportunity to review the details of all projects proposed under the General, School, Transportation, Stormwater, and Sewer Funds. The Planning Commission discussed the 5-year capital needs and the insufficient funding for Pay As You Go, local match for transportation grants and capital reserves. Additionally, the Commission had a thorough discussion with Recreation and Parks staff regarding the cost benefit analysis of synthetic turf at Larry Graves Park.

The Commission ultimately requested no changes to the 5-year CIP as presented on February 6, 2017.

The specific Commission adopted motion is provided below and was passed unanimously on a roll call vote:

The Planning Commission recommends that the City Council approve, pursuant to Section 6.19 of the City Charter and Section 17.08 of the City Code the FY2018-2022 Capital Improvements Program (CIP) as presented on February 6, 2017, as summarized on CIP notebook pages 3-1, 3-2, 3-3, 3-4, 3-5, 3-6 and 3-7, with yet to be determined high and middle school costs, and based on the following justifications:

1. The CIP is consistent with the adopted Comprehensive, Small Area and Master Plans;
2. The CIP approaches the citywide capital infrastructure and reinvestments needs in a holistic manner;
3. The CIP is enhanced through purposely planned and balanced reinvestment needs, funding options and staff resources;
4. The CIP is fiscally responsible and complies with adopted financial policies;
5. The CIP is minimalistic and efficient in order to reserve financial capacity for significant school facility needs; and
6. The CIP provides an increase of \$400,000 local funding to maximize match leverage for federal and state transportation grants, at a \$1 to \$4+ ratio, to address significant transportation needs.

Additionally, the Planning Commission acknowledges that the joint campus school and economic development process is still in process and that the FY2018-2022 CIP does not include specific funding for the high and middle school and therefore requests that any future off-cycle CIP budget amendments, related to the George Mason High School and Mary Ellen Henderson Middle School capital renovation and expansion projects, be referred to the Planning Commission for review and action consistent with the City Charter and Code.

Furthermore, future CIP must address dedicated and sustainable funding for Pay As You Go local funding for facility reinvestment and other capital needs to provide for fiscal balance of cash and debt financing.

### **CITY MANAGER RECOMMENDATION**

The City Manager's FY2018-2022 recommended CIP is consistent with the Commission's recommendation except for an increase of \$100,000 to the WMATA funding allocation, and a cut of a similar amount for a traffic signal replacement project, due to revised WMATA cost estimates received after the Planning Commission adopted its recommendation.

### **COMPLIANCE WITH FISCAL POLICIES**

City Council has placed a strong focus on restoring the financial stability of the City as expressed in its adopted Vision statement on Sound Finances, and the updated 2017 Fiscal Policies. The FY2018 Budget Guidance calls for a listing of specific areas where the CIP exceeds adopted Fiscal Policies.

**CAPITAL RESERVES:** the City Council adopted a Reserve Fund Policy in 2011, (reaffirmed most recently in January 2017), which states:

"The City shall establish a Capital Reserve Fund at a minimum of 5% of fixed assets or \$3.75 million, whichever is lower. The capital reserve fund balance shall be used to pay for projects in the Capital Improvements Program or for debt service for those projects."

The City Capital Reserve Fund is currently \$9.88 Million, which is above policy. However, given the extraordinary costs of the proposed GMHS MEHMS project (the estimated costs are being revised now through a feasibility study but have been estimated at \$117 million), the proposed budget will dedicate \$1,200,000 to building capital reserves for that specific project.

**DEBT SERVICE:** Debt service policies were first adopted by City Council in 2001, and are summarized below, with fact on compliance. If one assumes a GMHS / MEHMS project at \$117 Million, the City will exceed debt service policy constraints.

"General Fund supported debt shall not exceed five percent of the net assessed valuation of taxable property in the City." The City will remain in compliance with this policy limit, even with a GMHS / MEHMS project.

"Annual debt service expenditures for all General Fund supported debt shall not exceed twelve percent of total General Fund and School Board Fund expenditures." Current debt service is at 8% of annual expenditures, and with a GMHS / MEHMS project at \$117 Million in the CIP, it is expected that annual debt service would exceed 15% of annual expenses. This would be in excess of the adopted policy.

"The term of any bond issue will not exceed the useful life of the capital project, facility or equipment for which the borrowing is intended." The CIP is in compliance with this policy.

"At least 25% of total debt will be repaid within five years and at least 50% of total debt within ten years." The City is currently compliance with this policy, which essentially calls for issuing debt with a term not exceeding 20 years and with level principal payments. However, it is likely that the GMHS / MEHMS project will be structured at 30 year debt, with level debt service rather

than level principal payments, in order to make the project more affordable in the immediate years after issuance. If so, that structure move the City out of compliance with this policy constraint for approximately five years.

Clearly, the GMHS / MEHMS project will present significant financing challenges. Yet, even without that major high school project, the CIP is ambitious in addressing capital needs, with a Library expansion and renovation (\$8.7 M) planned in FY2019, and the City Hall Public Safety project approved in prior years but \$13 million in bonds still to be issued in the future.

To continue to work through these challenges, the Council has established a working group for the School Feasibility Study and an Economic Working Group to explore the potential for commercial development on a portion of the campus to offset some of those costs and resulting debt load.

### **KEY POLICY DECISIONS**

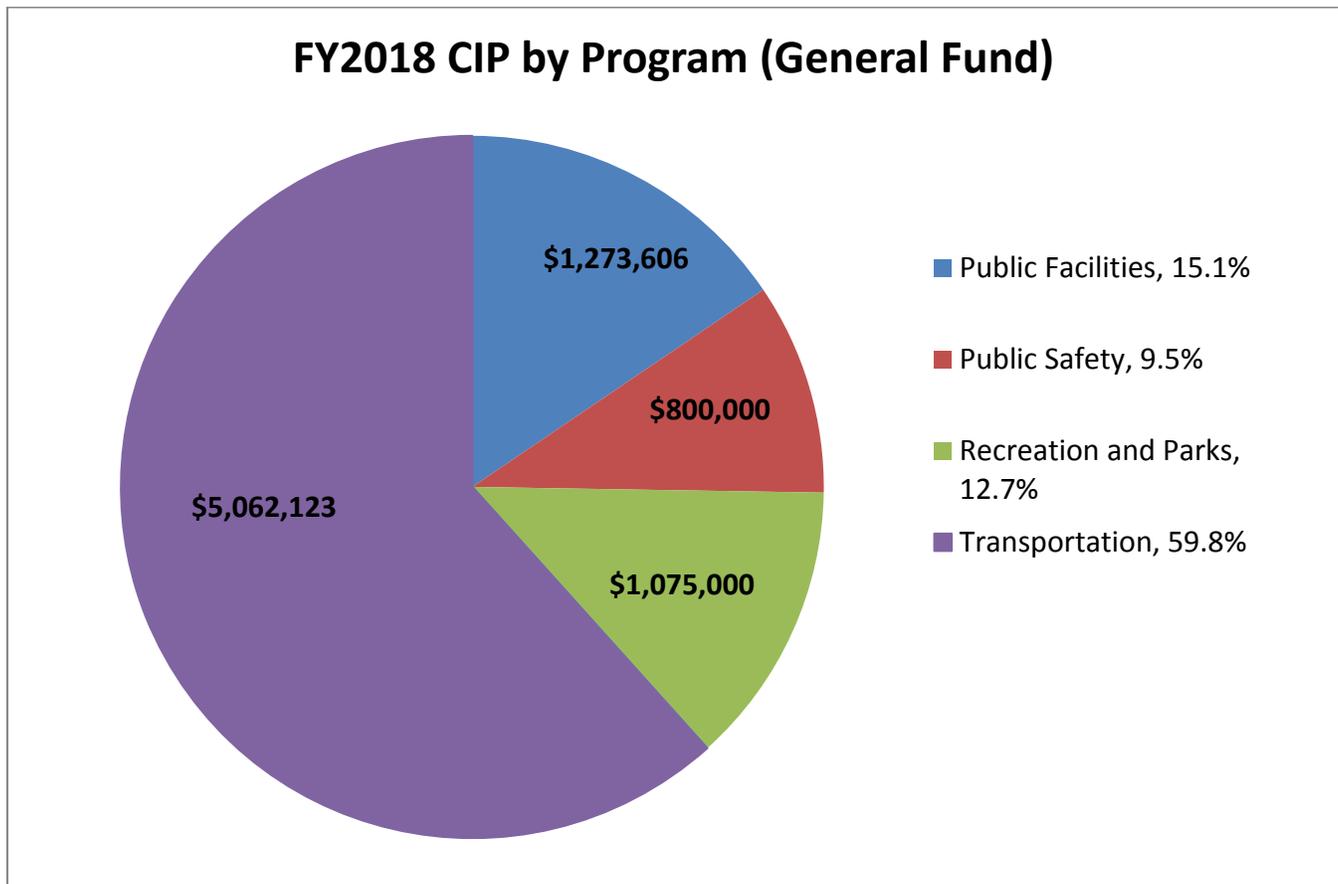
Managing an affordable tax rate and the potential risk of excessive debt is the principal financial planning challenge facing the City, and will be a central issue during the considering and adoption of the Five Year CIP.

- Balancing desired level of school, park, library, government and transportation facilities with financial affordability and sustainability
- Establishing the priority and timing of projects for affordability and manageable debt levels.
- Considering the reduction or deferral of projects to reduce debt levels
- Determining the proper balance between capital and operating needs
- Assessing the appropriate level of staff resources given the complexity of projects
- Assessing the use of debt versus cash reserves to fund projects.
- Determining desired level of local Pay As You Go funding
- Assessing economic development revenue opportunities on the GMHS Campus balanced with community vision and goals
- Determining the level of dedicated funding to grow Capital Reserves. The City Manager's proposed budget includes \$1.2 million (3 cents on the RE rate) for that purpose.

### *CIP Project Implementation:*

There are previously approved active CIP projects being implemented which are further described under the existing general government project status report, the Snapshot, below. The Falls Church City Public Schools are still implementing the Mt. Daniel Expansion and Renovation project as well as expending already appropriated School Modernization funding on critical facility needs. New projects proposed within the FY2018-2022 CIP have taken constrained staff as well as funding resources in mind and therefore phased, this is especially true in the area of transportation.

The following pie charts provide a visual look at how CIP projects are allocated by functional areas for the General Fund, excluding utilities, and without the high school and middle school pending projects:



Recreation and Parks:

In FY18, the principal project is the construction of a turf field at Larry Graves Park. The source of funding would be the “open space acquisition” line item in the CIP. Rectangular playing fields are in short supply and are a priority in the open space report.

In the out years, funding in the amount of \$750K is for ongoing park master plan improvements. These projects are spaced to cover one significant effort per year. In addition, there is a request for \$1M for open space acquisition in FY19. The Recreation and Parks Advisory Board submitted recommendations, for full funding, which are noted under Tab 9 of the CIP Notebook ([www.fallschurchva.gov/CIP](http://www.fallschurchva.gov/CIP)).

Information Technology:

This FY2018 CIP provides \$250k for new voting equipment. The City's current voting system (Hart Voting System) will need to be replaced with one that is approved for purchase by the State Board of Elections no later than 2020 by state law. After consulting with vendors, we expect a new system to cost between \$150,000 and \$250,000. This new system should last at least 10 years if not more, and will be financed with five year debt. The Electoral Board and Director of Elections/General Registrar's office recommend purchasing this equipment in FY2018 so that the City can procure and receive the new voting system in January of 2018. See Tab 4 for full details ( [www.fallschurchva.gov/CIP](http://www.fallschurchva.gov/CIP))

Transportation:

A dramatic impact on transportation funding this year is the significant proposed increase on WMATA's capital and operating expenditures. The proposed WMATA budget increases reinvestment into the system for safety and reliability which is sorely needed, but comes at an additional cost of \$400,000 in the FY2018 Budget. This increase for WMATA has been a significant FY2018 budget challenge.

With that increase, the total real estate tax supported payment to WMATA will be \$960k. This payment will be used as the City match for NVTVA 30% funds, which can be used on other local transportation projects. Further, local and NVTVA 30% funding can be used to leverage other state and federal grant opportunities, which typically have match levels ranging from 50/50 to 80/20. This results in, at a minimum, 2 to 1 leverage for every City dollar and means that if the City elects to access the maximum benefit available, an additional \$5M in transportation funding each year will likely be made available to the City.

The City continues to define transportation CIP items at the "project" scale, with each project being connected to a single source of grant funding and organized into CIP "programs". The program areas are: infrastructure-bridges, infrastructure-pavement, infrastructure-traffic signals, Downtown Area Planning Opportunity Area (POA), North Washington POA, West Broad Street POA, Multimodal Connectivity and Accessibility, and Neighborhood Traffic Calming. This organization allows the City to more easily focus investment in specific areas of the City and to coincide with the geographic Planning Opportunity Areas identified in the Comprehensive Plan. For example, the CIP includes a program for the South Washington Street POA. Infrastructure specific CIP programs were also identified to account for projects that involve infrastructure systems on a City-wide scale and may not be confined to a single Planning Opportunity Area. The Infrastructure Programs are examples of City-wide infrastructure programs. Existing CIP projects that are currently underway were aligned with the new program framework.

See tab 8 of the CIP Notebook for more details ([www.fallschurchva.gov/CIP](http://www.fallschurchva.gov/CIP)).

Schools:

The School Board continues its long-term planning for school facility, in conjunction with City Council, as part of the George Mason High School (GMHS) and Mary Ellen Henderson Middle School (MEHMS) joint campus planning effort. This includes a detailed analysis of student enrollment, facility condition, and construction design from new to renovation (costs range from \$40M to \$165M) as well as financing and phasing plans. All options put pressure on the City's financial policies and tax payer affordability. Additionally, the economic development opportunities are being explored and the small area planning for this area has begun. This complex effort was not completed for this 5-year CIP process so the GMHS and MEHMS projects are listed without dollar amounts and not calculated into the financial projections. All documents and analysis related to this effort are available on the City's website at: <http://www.fallschurchva.gov/1599/High-School-Campus-Project>.

The School Board adopted CIP is available under Tab 6. Note that the listed Mt. Daniel project has already been appropriated and was inadvertently listed but it is not included in the FY2018-2022 CIP. Also, the other school project requests were consolidated under the school modernization project for more efficient administration.

General Government Facility Reinvestment/ School Modernization:

Ongoing reinvestment into existing public facilities remains a priority and is an area where dedicated capital replacement reserves should be funded in the future. For FY2018, there is \$200,000 Pay Go local funding for general government facility reinvestment which will need to grow in the out years. See Section 6 of the CIP Notebook for additional details. ([www.fallschurchva.gov/CIP](http://www.fallschurchva.gov/CIP)).

Library:

The FY2018 CIP provides \$1M for planning and design for the renovation and expansion of the Mary Riley Styles Library. Funding for construction is planned for FY2019, which would be financed with 20 year bonds.

The Mary Riley Styles Library Board of Trustees worked with consultants in FY2013 to develop a Master Plan for the Library which also included a review of a 2008 Space Study and extensive public consultation. The goal is a library for the future that accommodates City growth and adheres to the City's Comprehensive Plan. The original Library building was constructed in 1957 and expanded in 1968 and 1992 to meet changing demands. The facility analysis conducted as part of the Master Plan process portrays a building that is ADA deficient in many aspects and in need of many infrastructure repairs or replacements. It lacks storage and sufficient security systems and measures, space for large audiences which routinely occur weekly during story hours, study spaces for students after school and on weekends, larger public restroom space; and Local History room space. Shelving is too high, the elevator is old and unreliable, and the heating/air conditioning system does not work properly.

The Master Plan concludes that additional space is needed to support current and projected future functions, and that the Library should add 14,500 square feet to its existing 18,500 square foot facility to bring its size to 33,000 square feet. In addition to adding square footage, the Master Plan recommends upgrades to the existing building. As a result of the FY2015-2019 CIP process this project was funded at \$8M with a request for the Library to the complete rebuild approach to one of renovation and 6,000 to 7,000 sf expansion. A revised feasibility study was conducted and as was noted in the FY2016-2020 CIP this CIP reflects that project scope and cost. The Library Board of Trustees presented this to a joint Council and Planning Commission in January 2015 and is conducting a community engagement process for this proposed plan. The November 2016 voter referendum approved this project and it is set for funding appropriations to begin in FY2018.

See Section 6 of the CIP Notebook for further details. ([www.fallschurchva.gov/CIP](http://www.fallschurchva.gov/CIP)).

Firing Range:

The City Police and Sheriff Department conduct firearm training at a facility in Fairfax City. The firing range in Fairfax City is rapidly aging and the Fairfax City Police were awarded a grant in FY2014 to partially fund an upgrade to the building's firing range lane capacity, failing mechanical target systems and inadequate air circulation system. The operation of the City of Fairfax/Falls Church Police Department's Firearms Training Center is a critical component of the department's training program. Fairfax City's police officers, Falls Church's police officers, Falls Church Sheriff's Deputies, and Fire Marshals conduct semi-annual firearms training and complete state-mandated firearms qualification courses at the facility. It is estimated the overall cost of the range is approximately \$4,036,000. Construction is anticipated to be completed by 2020.

By Agreement that is under review with the City Attorney, the City of Falls Church would agree to share a portion of facility costs, estimated at \$1.2 million. To date all but \$300,000 has been appropriated

which is proposed for FY2018. However, there has been delay in finalizing the design so the initial annual \$300,000 has reached the three year inactive time limit and must be re-appropriated in the FY2018 capital program so the total for FY2018 is \$600,000. See Section 5 of the CIP Notebook for further details. ([www.fallschurchva.gov/CIP](http://www.fallschurchva.gov/CIP)).

#### Storm Water Infrastructure:

In many parts of the City, the storm water system is aging, undersized, and unable to convey 10-year storm event., which is the common design standard. These deficiencies result in frequent flooding along some of the City streets and damage to private property. As the City carries out repairs to its existing storm water infrastructure, there will be opportunities for the implementation of measures that will improve water quality. As appropriate to individual circumstances, this might include daylighting streams, creating bio-engineered streambeds and storm water detention and infiltration systems. CIP funding for storm water improvements increases the ability to implement necessary water quality measures and infrastructure replacement/upgrades. The Watershed Management Plan, authorized by Council, has been adopted and the recommendations of this Plan help formulate a strategy for projects and Council has established the enterprise fund, set the rates, and created the credit policy. Additionally, two federal grants (FY2009 and FY2010 State and Tribal Assistance Grants [STAG]) awarded to the City are addressing some of the most critical needs for Coe and Pearson branches and these projects were completed in 2016. Future grants are being pursued in the out years of this CIP.

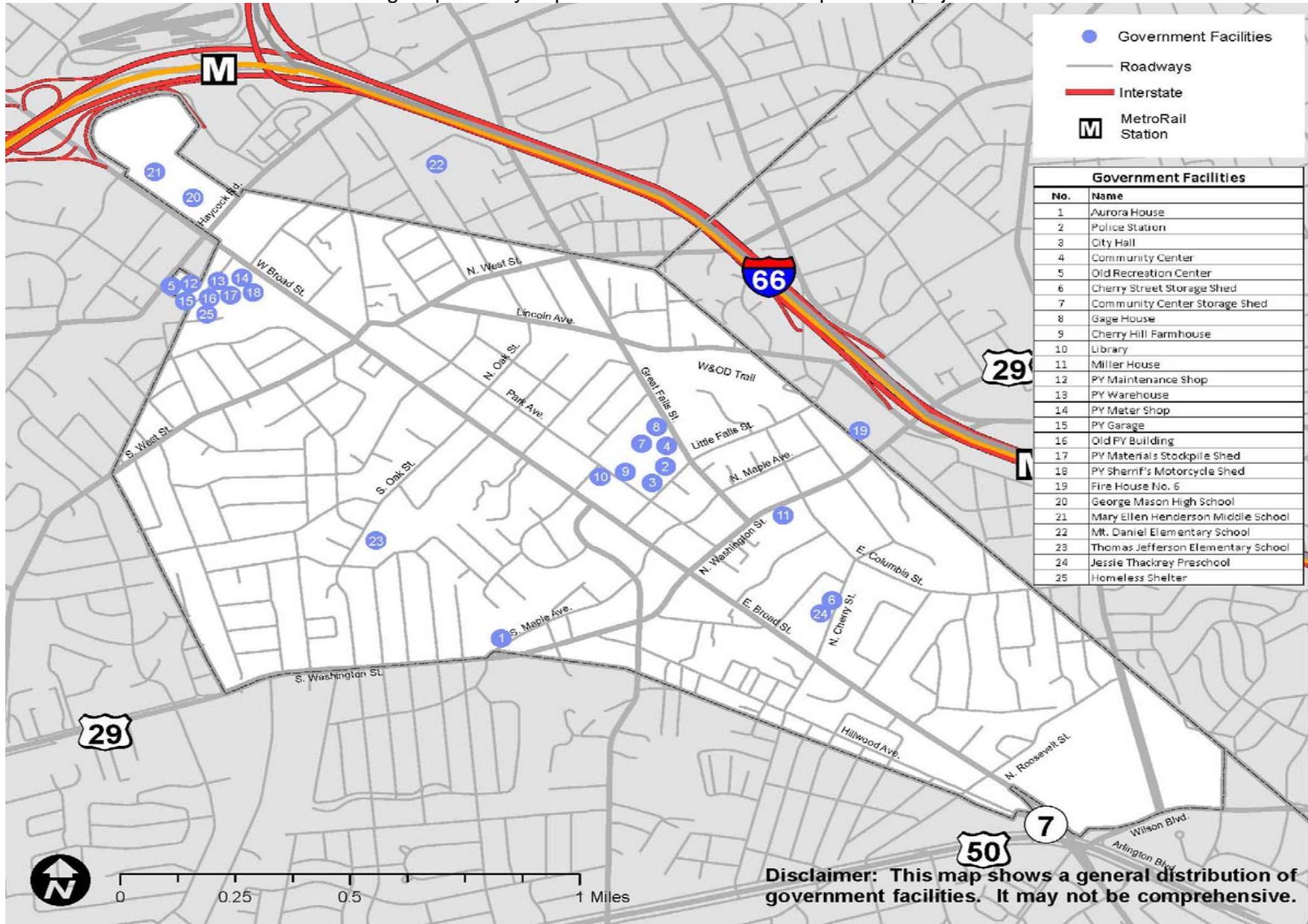
See Section 10 of the CIP Notebook for further details ([www.fallschurchva.gov/CIP](http://www.fallschurchva.gov/CIP)).

#### Sanitary Sewer Fund:

The Sewer Fund is impacted by EPA-mandated projects to upgrade the Arlington and Alexandria wastewater treatment plants that the system uses. Ongoing repair and reinvestment in the existing pipes will continue per the rehabilitation plan. In addition, the purchase of additional wastewater treatment capacity to accommodate projected future flows resulting from development in the City will impact the Fund in FY2018, as well as plans to increase the reserve fund for sewer rehabilitation.

See Section 10 of the CIP Notebook for further details ([www.fallschurchva.gov/CIP](http://www.fallschurchva.gov/CIP)).

The following map visually depicts the location of the adopted CIP projects:



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FY2018-2022 CIP Government Facilities

**UTILITY FUNDS – SANITARY SEWER AND STORMWATER**

	FY2018	FY2019	FY2020	FY2021	FY2022	Project Totals
<b>SEWER UTILITY</b>						
Arlington WPCP Non-expansion Capital	\$ 175,000	\$ 371,000	\$ 230,000	\$ 62,000	\$ 207,000	\$ 1,045,000
Alexandria Wastewater Treatment Upgrades	\$ 450,000	\$ 434,790	\$ 481,140	\$ 446,040	\$ 423,540	\$ 2,235,510
Alexandria Wastewater Treatment Plant Capacity	\$ -	\$ 1,870,000	\$ 1,870,000	\$ 1,860,000	\$ -	\$ 5,600,000
Sanitary Sewer Rehabilitation	\$ 550,000	\$ 600,000	\$ 650,000	\$ 700,000	\$ 750,000	\$ 3,250,000
Dorchester/Great Falls Sewer Capacity Expansion	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
West End Sewer Capacity Expansion	\$ 300,000	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 2,300,000
<b>Total Sewer Utility</b>	<b>\$ 3,475,000</b>	<b>\$ 5,275,790</b>	<b>\$ 3,231,140</b>	<b>\$ 3,068,040</b>	<b>\$ 1,380,540</b>	<b>\$ 16,430,510</b>
<b>SOURCES</b>						
Total Debt Financed	\$ 625,000	\$ 2,675,790	\$ 2,581,140	\$ 2,368,040	\$ 630,540	\$ 8,880,510
Total "Pay as you go" Financed	\$ 550,000	\$ 600,000	\$ 650,000	\$ 700,000	\$ 750,000	\$ 3,250,000
Sewer Availability Fees	\$ 2,300,000	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 4,300,000
<b>Total Sources</b>	<b>\$ 3,475,000</b>	<b>\$ 5,275,790</b>	<b>\$ 3,231,140</b>	<b>\$ 3,068,040</b>	<b>\$ 1,380,540</b>	<b>\$ 16,430,510</b>
<b>STORMWATER UTILITY</b>						
Four Mile Run	\$ -	\$ -	\$ -	\$ -	\$ 10,000,000	\$ 10,000,000
Stormwater Facilities Reinvestments	\$ -	\$ -	\$ 1,000,000	\$ 1,500,000	\$ 1,500,000	\$ 4,000,000
<b>Total Stormwater Utility</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,000,000</b>	<b>\$ 1,500,000</b>	<b>\$ 11,500,000</b>	<b>\$ 14,000,000</b>
<b>SOURCES</b>						
Total Debt Financed	\$ -	\$ -	\$ 1,000,000	\$ 1,500,000	\$ 1,500,000	\$ 4,000,000
Only if grant/revenue offset	\$ -	\$ -	\$ -	\$ -	\$ 10,000,000	\$ 10,000,000
<b>Total Sources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,000,000</b>	<b>\$ 1,500,000</b>	<b>\$ 11,500,000</b>	<b>\$ 14,000,000</b>
<b>TOTAL UTILITIES</b>	<b>\$ 3,475,000</b>	<b>\$ 5,275,790</b>	<b>\$ 4,231,140</b>	<b>\$ 4,568,040</b>	<b>\$ 12,880,540</b>	<b>\$ 30,430,510</b>

**GENERAL FUND AND SCHOOL BOARD**

	FY2018	FY2019	FY2020	FY2021	FY2022	Project Totals
<b>INFORMATION TECHNOLOGY</b>						
Voting Equipment/System Replacement	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000
<b>Total Information Technology</b>	<b>\$ 250,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 250,000</b>
<b>PUBLIC SAFETY</b>						
Firing Range Reinvestment	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ 600,000
Fire Station 6 Reinvestment	\$ 200,000	\$ 223,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 873,000
<b>Total Public Safety</b>	<b>\$ 800,000</b>	<b>\$ 223,000</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>	<b>\$ 1,473,000</b>
<b>PUBLIC FACILITIES</b>						
MRSPL Expansion/Renovations***	\$ 1,073,606	\$ 7,307,999	\$ -	\$ -	\$ -	\$ 8,381,605
City Facilities Reinvestment	\$ 200,000	\$ 375,000	\$ 317,000	\$ 255,000	\$ 255,000	\$ 1,402,000
George Mason High School (Pending joint campus plan decision)	\$ -	TBD	\$ -	\$ -	\$ -	\$ -
Mary Ellen Henderson Expansion (Pending joint campus plan decision)	\$ -	TBD	\$ -	\$ -	\$ -	\$ -
School Facility Modernization	\$ -	\$ -	\$ 175,000	\$ 150,000	\$ -	\$ 325,000
<b>Total Public Facilities</b>	<b>\$ 1,273,606</b>	<b>\$ 7,682,999</b>	<b>\$ 492,000</b>	<b>\$ 405,000</b>	<b>\$ 255,000</b>	<b>\$ 10,108,605</b>
<b>TRANSPORTATION (see separate special transportation fund)</b>						
<b>RECREATION &amp; PARKS/FIELDS</b>						
Park Master Plan Implementation	\$ -	\$ -	\$ 600,000	\$ 150,000	\$ -	\$ 750,000
Acquisition of Open Space	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
Synthetic Turf/ Larry Graves Park (reappropriate open space funding)	\$ 1,075,000	\$ -	\$ -	\$ -	\$ -	\$ 1,075,000
<b>Total Recreation &amp; Parks/Fields</b>	<b>\$ 1,075,000</b>	<b>\$ 1,000,000</b>	<b>\$ 600,000</b>	<b>\$ 150,000</b>	<b>\$ -</b>	<b>\$ 2,825,000</b>
<b>***REFERENDUM PASSED NOVEMBER 2016</b>						
<b>TOTAL GENERAL FUND</b>	<b>\$ 3,398,606</b>	<b>\$ 8,905,999</b>	<b>\$ 1,242,000</b>	<b>\$ 705,000</b>	<b>\$ 405,000</b>	<b>\$ 14,656,605</b>
<b>SOURCES</b>						
<b>Grant/Other Funded</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt Financed</b>	<b>\$ 3,198,606</b>	<b>\$ 7,530,999</b>	<b>\$ 750,000</b>	<b>\$ 300,000</b>	<b>\$ 150,000</b>	<b>\$ 11,929,605</b>
<b>Only if grant/revenue offset</b>	<b>\$ -</b>	<b>\$ 1,375,000</b>	<b>\$ 492,000</b>	<b>\$ 405,000</b>	<b>\$ 255,000</b>	<b>\$ 2,527,000</b>
<b>School Financing Plan/Referendum Approval Based</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total "Pay as you go"</b>	<b>\$ 200,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 200,000</b>
<b>Total Sources</b>	<b>\$ 3,398,606</b>	<b>\$ 8,905,999</b>	<b>\$ 1,242,000</b>	<b>\$ 705,000</b>	<b>\$ 405,000</b>	<b>\$ 14,656,605</b>

**SPECIAL TRANSPORTATION FUND**

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	FY2018	FY2019	FY2020	FY2021	FY2022	Project Totals
Infrastructure Program - Bridges	\$ -	\$ 107,743	\$ -	\$ 75,000	\$ -	\$ 182,743
Infrastructure Program - Bridges	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ 750,000
Infrastructure Program - Pavement	\$ 600,000	\$ -	\$ -	\$ 650,000	\$ 700,000	\$ 1,950,000
Infrastructure Program - Pavement	\$ -	\$ 1,200,000	\$ -	\$ -	\$ -	\$ 1,200,000
Infrastructure Program - Pavement	\$ 600,000	\$ -	\$ -	\$ 650,000	\$ 700,000	\$ 1,950,000
Infrastructure Program - Traffic Signals	\$ -	\$ -	\$ 300,000	\$ 350,000	\$ 300,000	\$ 950,000
Infrastructure Program - Traffic Signals	\$ -	\$ -	\$ 300,000	\$ 350,000	\$ 300,000	\$ 950,000
Downtown Area POA Program	\$ -	\$ 960,000	\$ 960,000	\$ 960,000	\$ -	\$ 2,880,000
Downtown Area POA Program	\$ -	\$ 240,000	\$ 740,000	\$ 240,000	\$ -	\$ 1,220,000
Multimodal Connectivity and Accessibility	\$ 184,400	\$ 40,000	\$ 200,000	\$ -	\$ -	\$ 424,400
Multimodal Connectivity and Accessibility	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000
Multimodal Connectivity and Accessibility	\$ 497,600	\$ 160,000	\$ 800,000	\$ 400,000	\$ -	\$ 1,857,600
Multimodal Connectivity and Accessibility	\$ 240,000	\$ -	\$ -	\$ -	\$ -	\$ 240,000
Neighborhood Traffic Calming	\$ -	\$ -	\$ 600,000	\$ -	\$ -	\$ 600,000
Neighborhood Traffic Calming	\$ -	\$ 200,000	\$ -	\$ -	\$ 200,000	\$ 400,000
West Broad Street POA Program	\$ -	\$ -	\$ -	\$ -	\$ 750,000	\$ 750,000
West Broad Street POA Program	\$ -	\$ -	\$ 398,032	\$ 346,469	\$ 500,000	\$ 1,244,501
North Washington Planning Opportunity Area	\$ -	\$ 150,000	\$ 300,000	\$ -	\$ -	\$ 450,000
North Washington Planning Opportunity Area	\$ -	\$ 150,000	\$ 300,000	\$ -	\$ -	\$ 450,000
North Washington Planning Opportunity Area	\$ -	\$ -	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
WMATA Annual Capital and Subsidy Costs	\$ 964,670	\$ 962,000	\$ 962,000	\$ 962,000	\$ 962,000	\$ 4,812,670
WMATA Annual Capital and Subsidy Costs	\$ 115,149	\$ 230,487	\$ 489,067	\$ 975,159	\$ 602,047	\$ 2,411,909
WMATA Annual Capital and Subsidy Costs	\$ -	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 2,400,000
WMATA Annual Capital and Subsidy Costs	\$ 1,196,965	\$ 603,415	\$ 576,270	\$ 337,402	\$ -	\$ 2,714,052
<b>TOTAL TRANSPORTATION FUND</b>	<b>\$ 5,148,784</b>	<b>\$ 5,603,645</b>	<b>\$ 10,525,369</b>	<b>\$ 6,996,030</b>	<b>\$ 5,614,047</b>	<b>\$ 33,887,875</b>
<b>SOURCES</b>						
<b>Grant Funded</b>	<b>\$ 2,987,149</b>	<b>\$ 3,438,230</b>	<b>\$ 7,647,099</b>	<b>\$ 3,996,628</b>	<b>\$ 3,352,047</b>	<b>\$ 21,421,153</b>
<i>Local Debt</i>	\$ -	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 2,400,000
<i>WMATA Opt-In Debt</i>	\$ 1,196,965	\$ 603,415	\$ 576,270	\$ 337,402	\$ -	\$ 2,714,052
<b>Only if grant/revenue offset</b>	\$ -	\$ -	\$ 740,000	\$ 1,100,000	\$ 700,000	\$ 2,540,000
<b>Total "Pay as you go"</b>	<b>\$ 964,670</b>	<b>\$ 962,000</b>	<b>\$ 962,000</b>	<b>\$ 962,000</b>	<b>\$ 962,000</b>	<b>\$ 4,812,670</b>
<b>Total Sources</b>	<b>\$ 5,148,784</b>	<b>\$ 5,603,645</b>	<b>\$ 10,525,369</b>	<b>\$ 6,996,030</b>	<b>\$ 5,614,047</b>	<b>\$ 33,887,875</b>

## SOURCE OF FUNDING FOR GENERAL FUND, SCHOOL BOARD & SPECIAL TRANSPORTATION - FY2018

	FUNDING SOURCE- FY18 ONLY				
	FY2018	DEBT	PAUG	GRANTS	FY18 PCT
<b>GENERAL FUND</b>					
Voting Equipment/System Replacement	\$ 250,000	\$ 250,000	\$ -	\$ -	7.36%
Firing Range Reinvestment	\$ 600,000	\$ 600,000	\$ -	\$ -	17.65%
Fire Station 6 Reinvestment	\$ 200,000	\$ 200,000	\$ -	\$ -	5.88%
MRSPL Expansion/Renovations***	\$ 1,073,606	\$ 1,073,606	\$ -	\$ -	31.59%
City Facilities Reinvestment	\$ 200,000	\$ -	\$ 200,000	\$ -	5.88%
George Mason High School (Pending joint campus plan decision)	\$ -	\$ -	\$ -	\$ -	0.00%
Mary Ellen Henderson Expansion (Pending joint campus plan decision)	\$ -	\$ -	\$ -	\$ -	0.00%
School Facility Modernization	\$ -	\$ -	\$ -	\$ -	0.00%
Park Master Plan Implementation	\$ -	\$ -	\$ -	\$ -	0.00%
Acquisition of Open Space	\$ -	\$ -	\$ -	\$ -	0.00%
Synthetic Turf/ Larry Graves Park (reappropriate open space funding)	\$ 1,075,000	\$ 1,075,000	\$ -	\$ -	31.63%
<b>General Gov. and School Subtotal</b>	<b>\$ 3,398,606</b>	<b>\$ 3,198,606</b>	<b>\$ 200,000</b>	<b>\$ -</b>	
<b>TRANSPORTATION</b>					
Infrastructure Program - Bridges	\$ 750,000	\$ -	\$ -	\$ 750,000	14.57%
Infrastructure Program - Pavement	\$ 1,200,000	\$ -	\$ -	\$ 1,200,000	23.31%
Infrastructure Program - Traffic Signals	\$ -	\$ -	\$ -	\$ -	0.00%
Downtown Area POA Program	\$ -	\$ -	\$ -	\$ -	0.00%
Multimodal Connectivity and Accessibility	\$ 922,000	\$ -	\$ -	\$ 922,000	17.91%
Neighborhood Traffic Calming	\$ -	\$ -	\$ -	\$ -	0.00%
West Broad Street POA Program	\$ -	\$ -	\$ -	\$ -	0.00%
North Washington Planning Opportunity Area	\$ -	\$ -	\$ -	\$ -	0.00%
WMATA Annual Capital and Subsidy Costs	\$ 2,276,784	\$ -	\$ 964,670	\$ 115,149	44.22%
<b>Transportation Subtotal</b>	<b>\$ 5,148,784</b>	<b>\$ -</b>	<b>\$ 964,670</b>	<b>\$ 2,987,149</b>	
<b>TOTAL</b>	<b>\$ 8,547,390</b>	<b>\$ 3,198,606</b>	<b>\$ 1,164,670</b>	<b>\$ 2,987,149</b>	

### SOURCE OF FUNDING FOR GENERAL FUND, SCHOOL BOARD & SPECIAL TRANSPORTATION - FY2018-FY2022

	FUNDING SOURCE				
	FIVE YEAR TOTAL	DEBT	PAUG	GRANTS	TBD
<b>GENERAL FUND</b>					
Voting Equipment/System Replacement	\$ 250,000	\$ 250,000	\$ -	\$ -	\$ -
Firing Range Reinvestment	\$ 600,000	\$ 600,000	\$ -	\$ -	\$ -
Fire Station 6 Reinvestment	\$ 873,000	\$ 873,000	\$ -	\$ -	\$ -
MRSPL Expansion/Renovations***	\$ 8,381,605	\$ 8,381,605	\$ -	\$ -	\$ -
City Facilities Reinvestment	\$ 1,402,000	\$ -	\$ 200,000	\$ -	\$ 1,202,000
George Mason High School (Pending joint campus plan decision)	\$ -	\$ -	\$ -	\$ -	\$ -
Mary Ellen Henderson Expansion (Pending joint campus plan decision)	\$ -	\$ -	\$ -	\$ -	\$ -
School Facility Modernization	\$ 325,000	\$ -	\$ -	\$ -	\$ 325,000
Park Master Plan Implementation	\$ 750,000	\$ 750,000	\$ -	\$ -	\$ -
Acquisition of Open Space	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
Synthetic Turf/ Larry Graves Park (reappropriate open space funding)	\$ 1,075,000	\$ 1,075,000	\$ -	\$ -	\$ -
<b>General Gov. and School Subtotal</b>	<b>\$ 14,656,605</b>	<b>\$ 11,929,605</b>	<b>\$ 200,000</b>	<b>\$ -</b>	<b>\$ 2,527,000</b>
<b>TRANSPORTATION</b>					
Infrastructure Program - Bridges	\$ 932,743	\$ -	\$ -	\$ 932,743	\$ -
Infrastructure Program - Pavement	\$ 5,100,000	\$ -	\$ -	\$ 3,750,000	\$ 1,350,000
Infrastructure Program - Traffic Signals	\$ 1,900,000	\$ -	\$ -	\$ 1,550,000	\$ 350,000
Downtown Area POA Program	\$ 4,100,000	\$ -	\$ -	\$ 3,360,000	\$ 740,000
Multimodal Connectivity and Accessibility	\$ 2,622,000	\$ -	\$ -	\$ 2,522,000	\$ 100,000
Neighborhood Traffic Calming	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ -
West Broad Street POA Program	\$ 1,994,501	\$ -	\$ -	\$ 1,994,501	\$ -
North Washington Planning Opportunity Area	\$ 3,900,000	\$ -	\$ -	\$ 3,900,000	\$ -
WMATA Annual Capital and Subsidy Costs	\$ 12,338,631	\$ 5,114,052	\$ 4,812,670	\$ 2,411,909	\$ -
<b>Transportation Subtotal</b>	<b>\$ 33,887,875</b>	<b>\$ 5,114,052</b>	<b>\$ 4,812,670</b>	<b>\$ 21,421,153</b>	<b>\$ 2,540,000</b>
<b>TOTAL</b>	<b>\$ 48,544,480</b>	<b>\$ 17,043,657</b>	<b>\$ 5,012,670</b>	<b>\$ 21,421,153</b>	<b>\$ 5,067,000</b>

### 5-YEAR PROJECTION GENERAL FUND

	FY2016 Actual	FY2017 As Adopted	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
Total Operating Revenues	\$ 79,771,947	\$ 83,718,434	87,251,645	89,432,936	91,668,760	93,960,479	96,309,490
General Fund Expenditures Before Capital*	75,171,031	77,090,462	78,508,463	79,961,767	81,326,157	83,338,962	85,789,143
Net Operating	4,600,916	6,627,972	8,743,182	9,471,169	10,342,602	10,621,516	10,520,347
Use of Capital Reserve	1,942,000	\$2,043,860	\$0	\$0	\$0	\$0	\$0
Contribution to Capital Reserve		-	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)
Paygo Transportation Fund	(867,514)	(564,626)	(964,670)	(962,000)	(962,000)	(962,000)	(962,000)
Paygo	(1,122,000)	(1,843,860)	(200,000)	-	-	-	-
Debt Service	(5,925,741)	(6,263,346)	(6,378,512)	(7,309,169)	(8,180,602)	(8,459,516)	(8,358,347)
Net Capital	(4,602,676)	(8,671,832)	(8,743,182)	(9,471,169)	(10,342,602)	(10,621,516)	(10,520,347)
<b>Addition/(Reduction) to Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>
<b>Capital Improvement Program</b>							
Capital Improvement Expenditures	(7,773,871)	(13,951,886)	(8,547,390)	(14,509,644)	(11,767,369)	(7,701,030)	(6,019,047)
Transfers in from General Fund	2,089,514	564,626	1,164,670	962,000	962,000	962,000	962,000
Use of Capital Reserves	-	\$2,043,860	\$0	\$0	\$0	\$0	\$0
Proceeds from capital grant funds	4,826,980	6,645,400	2,987,149	3,438,230	7,647,099	3,996,628	3,352,047
Proceeds from bond sale	3,300,000	4,698,000	4,395,571	8,734,414	1,926,270	1,237,402	750,000
Only if grant/revenue offset	-	-	-	1,375,000	1,232,000	1,505,000	955,000
Net Cash Flow from CIP	2,442,623	-	-	-	-	-	-
Unassigned Fund Balance, beginning	14,301,563	14,415,497	14,415,497	14,415,497	14,815,497	15,215,497	15,615,497
<b>Unassigned Fund Balance, end of year</b>	<b>14,415,497</b>	<b>14,415,497</b>	<b>14,415,497</b>	<b>14,815,497</b>	<b>15,215,497</b>	<b>15,615,497</b>	<b>16,015,497</b>
<b>Capital Reserve Fund Balance</b>	<b>11,922,859</b>	<b>9,878,999</b>	<b>11,078,999</b>	<b>12,278,999</b>	<b>13,478,999</b>	<b>14,678,999</b>	<b>15,878,999</b>
<b>NVTA 30% Balance</b>			<b>201,481</b>	<b>365,994</b>	<b>123,927</b>	<b>33,927</b>	<b>-</b>

### 5-YEAR PROJECTION GENERAL FUND - CONTINUED

	FY2016 Actual	FY2017 As Adopted	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected
<b>KEY RATIOS</b>							
<b>Fund Balance</b>							
Gen Govt Fund balance as % of expenditures	17.8%	17.3%	17.0%	17.0%	17.0%	17.0%	17.0%
Policy Target (17% of Expenditures)	13,786,451	14,170,147	14,430,786	14,836,059	15,216,149	15,605,741	16,005,073
<b>Undesignated Fund Balance, end of year</b>	<b>14,415,497</b>	<b>14,415,497</b>	<b>14,415,497</b>	<b>14,815,497</b>	<b>15,215,497</b>	<b>15,615,497</b>	<b>16,015,497</b>
<b>Debt Service</b>							
Existing	5,925,741	6,263,346	6,378,512	6,322,956	6,214,992	6,123,326	5,807,857
New**		-	-	986,213	1,965,610	2,336,190	2,550,490
<b>Total</b>	<b>5,925,741</b>	<b>6,263,346</b>	<b>6,378,512</b>	<b>7,309,169</b>	<b>8,180,602</b>	<b>8,459,516</b>	<b>8,358,347</b>
Debt service as % of expenditures	7.3%	7.5%	7.5%	8.4%	9.1%	9.2%	8.9%
Policy Limit (12% of Expenditures)	9,731,613	10,002,457	10,186,437	10,472,512	10,740,811	11,015,817	11,297,699
*Expenditures are based on a balanced budget and are not based on current projections of FY2018 through FY2022 expenditures.							
**3.5%-4.00% Interest rate used for debt service calculation							

## IMPACT ON OPERATING COSTS

The following describes impacts on operating costs of the adopted five-year program:

### A. GENERAL FUND AND SCHOOL BOARD

1. **Information Technology:** Minimal increase in voting equipment maintenance for new equipment above what is currently budgeted.
2. **Public Safety:** Improved Station 6 facility reinvestment will reduce maintenance and utility costs. Ongoing fire range maintenance will be reduced with the upgraded facility.
3. **Library Expansion:** Increases in utility costs and maintenance costs are expected with the expansion of the Library; however, there will be no requirement for additional staff and some offsetting utility and maintenance expenses from renovating the HVAC system and elevator.
4. **Schools Construction:** The renovations and expansion of school facility sites are anticipated to produce 5-25% cost savings due to modernization efficiencies and reduced utility costs.
5. **General Government Facility Construction:** The renovations and expansion of City Hall/Public Safety as well as system reinvestment in the other 21 facilities are anticipated to produce 5-15% cost savings due to modernization efficiencies and reduced utility costs.
6. **Park and field Improvements:** There will be additional operating costs to maintain the parks and trails but there is improved safety and utilization of amenities.

### B. TRANSPORTATION FUND

1. **Infrastructure - Bridges:** It is estimated that this project will result in an increase in operating costs to perform the federally mandated bridge inspections, and may generate additional maintenance costs.
2. **Infrastructure - Pavement:** It is estimated that this project will result in a moderate decrease in staff maintenance costs
3. **Infrastructure - Signals and Signs:** It is estimated that this project will result in a moderate decrease in staff overtime and maintenance costs.
4. **Downtown POA:** It is estimated that this project will result in an increase in maintenance costs of less than \$2,000 due to new lighting and pedestrian access/right of way facilities.
5. **West Broad Street POA:** It is estimated that this project will result in an increase in maintenance costs of less than \$2,000 due to new lighting and pedestrian access/right of way facilities.
6. **Neighborhood Traffic Calming:** To be determined once funding and projects are determined and scheduled but an increase in maintenance costs of less than \$2,000 is estimated.
7. **Multimodal Connectivity and Accessibility:** There will be additional operating costs to maintain the pedestrian sidewalk, crossing and trails but there is improved safety and utilization of amenities. NOVA Parks will assume maintenance costs for the W&OD Trail.

**C. SEWER FUND**

1. **Alexandria Wastewater Treatment Plant Upgrade:** It is estimated that this project will result in an increase in operating costs by about 10-15%.
2. **Falls Church Sewer Rehabilitation:** Relining pipes leads to significant reductions in operating and maintenance costs over time.
3. **Arlington WPCP Non-expansion Capital:** Anticipated to reduce operation expenses and maintenance costs.
4. **WWTP Capacity Expansion:** It is estimated that this project will result in an increase in operating costs.

**D. STORMWATER FUND**

1. **Stormwater Facility Improvement:** Improvements to storm water infrastructure can be expected to proportionally decrease operating costs, as staff time and equipment dedicated to addressing clogs, repairs, and malfunctions is reduced.