The Council Connection

your connection to City Council by:

Vice Mayor Justin M. Wilson

Alexandria, Virginia

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Welcome to March!

There is plenty of reason to be unnerved by the current weather.

Yet, I am certainly excited to have (apparently) dodged the challenges of a big snow storm this year.

The next phase of Metro's SafeTrack begins on Saturday.

This "surge" is going to have significant impacts on Alexandria.

New shuttle bus service and increased bus frequency will be available during this period.

The Council is now entering the most intense portion of our calendar.

We depend on your involvement with our budget process to ensure a budget reflective of your values. Let us know your thoughts!

Contact me anytime. Let me know how I can help.

Council Initiatives

Budget Process Begins

From 2002 until 2009 the City was enjoying the run-up in the residential real estate market. Our General Fund budget increased by an average of 6.5% per year. The work force in City Government grew from 2,229 Full Time Equivalents (FTE) to 2,660 FTEs during that period.

There were even campaigns calling for Council to limit spending growth to 3% per year.

In Fiscal Year 2010, the bottom fell out as the Great Recession took hold. The City adopted its first negative budget in at least 40 years, License Your Dog or Cat

Report a Street Light Outage

Events/Updates

St. Patrick's Day Parade

The Ballyshaners host their Annual St. Patrick's Day Parade this Saturday!

The Alexandria tradition steps off at 12:30 PM in Old Town.

The festivities begin in the morning with the Classic Car Show and Fun Dog Show.

Check here for the full route. I'll see you there!

Preschool Fair

As part of our joint efforts between the City government and the Alexandria City Public Schools, we will be hosting two preschool informational fairs.

The fairs are designed to provide information on available preschool programs in Alexandria.

The first session will be today from 4 PM to 7 PM at William Ramsey Elementary School.

On Wednesday March 8th, a second session will be from 4 PM to 7 PM at Cora Kelly Elementary School.

Flood Insurance Questions?

Do you have questions about flood insurance coverage?

The City will be hosting a session for residents to get answers to questions regarding flood insurance coverage residential properties.

reducing spending from Fiscal Year 2009 to 2010 by over 2%. From 2010 to 2017, the General Fund budget increased by an average of 2.9% per year.

Sustaining an average budget growth of less than 3% per year with 4% annual student enrollment growth, employee healthcare costs increasing far above rates of inflation, long-deferred infrastructure needs, and ever-escalating funding challenges from Metro is impossible.

The most important decision the City Council makes each year is the adoption of the annual operating budget and capital improvement program. The operating budget generally funds the ongoing costs of government (primarily personnel), while the capital budget funds one-time expenditures that provide the community with an asset (new schools, new roads, new playing fields, transit buses, etc).

Last week, the City Manager presented his proposed Fiscal Year 2018 budgets to the City Council and our budget process is now underway.

Under current rates, projections are that we would experience an anemic 1.8% revenue growth. That would provide an additional $12 million of new revenue.

The Washington Metropolitan Area Transit Authority (WMATA) is tentatively requesting an additional $7 million of operating funds from Alexandria next year. This is to support existing operations and safety initiatives.

The School Board's proposed operating budget for the Alexandria City Public Schools has requested an additional $9.6 million.

Increases to debt service and cash capital contributions to our capital budget require an increase of $6.5 million.

Providing City employees with scheduled merit increases alone costs an additional $5 million.

Increases in employee healthcare costs total another $1.1 million.

While not an exhaustive list, those costs alone total $29.1 million of new spending. One cent on the real estate tax rate this year generates $3.9 million of general fund revenue. So that represents nearly 7.5 cents of the real estate tax rate of requested new expenditures.

To address these funding challenges, the City Manager employed a series of efforts, including:

- $5 million of General Fund reductions to City spending
- $2 million reduction to the request of the Alexandria City Public Schools (providing a $7.5 million increase, which amounts to 3.6% growth)
- 2.7 cent increase in the real estate tax rate
- Creation of new Stormwater Utility Fee to remove stormwater costs from the City's General Fund and more equitably distribute the costs
- Changes to the City's Supplemental Pension Plan

Last month I wrote in this newsletter about my concerns over new Federal budget policies and their potential impact on Alexandria's economy. In order to prepare the City for these challenges, the City Manager has proposed a $9.1 million contingency to address sudden revenue shortfalls.

The proposed general fund operating budget is $712.4 million, an increase of 3.5% from Fiscal Year 2017. With revenue growth in the low single digits, the City Manager included a proposed increase of 2.7 cents in the real estate tax rate.

The session will be tomorrow evening at 6:30 PM at City Hall.

Salute Great Women

On Monday March 20th, the Alexandria Commission for Women will host its 37th Annual Salute to Women Awards.

This event honors women who make a difference in our community and raises money for the Sexual Assault Center and Domestic Violence Program.

This year's event begins at 6 PM at the United States Patent and Trademark Office at 600 Dulany Street.

The City Manager's proposed 10 year Capital Improvement Program continued the focus on expanding infrastructure investment. The 10 year plan increased by nearly 20%, driven largely by $368 million to address Combined Sewer projects, an additional $161 million for increases for WMATA capital funding, $144 million of increases for Alexandria City Public Schools capital funding, and $47 million to address City facilities deficiencies.

At the proposed real estate tax rate of $1.10 and including the impact of assessment increases, the average single family homeowner will pay an additional $294 during 2017. The average condominium homeowner will pay an additional $89.

Yet, even with a 10 year, $2 billion Capital Improvement Program, the proposal leaves large gaps in the Alexandria City Public Schools capacity and modernization plans, as well as in City efforts to address deficient municipal facilities.

At Council's request, the City Manager also included a Supplemental capital package, which could be funded by an additional five cent real estate tax rate increase, a dining tax increase and a personal property tax increase.

If the Council were to choose the full supplemental capital package, the average single family homeowner would pay $659 more in real estate taxes alone. The average condo owner would pay $245 more.

Alexandria currently has the second lowest real estate tax rate of major Northern Virginia jurisdictions , and given the current budget proposals of our neighbors, that is unlikely to change significantly.

We have just begun the budget process. We have a series of work sessions to dig through each portion of the budget,

We must make the adjustments to City spending to better align our long-term projected revenue growth with the projections for the growth in expenditures. That means addressing long-deferred capital maintenance and restraining the growth in the operating budget. Neither of these efforts are small tasks.

On Monday, March 13th at 4 PM, the City Council will be holding a public hearing to accept testimony from residents on the proposed budget. You can sign up in advance online to speak to the Council.

On Tuesday, March 14th, the Council will be adopting the highest real estate tax rate that we might consider this year. Under state law, once we choose this rate we can go lower, but no higher.

I look forward to working with the residents of this City to adopt a budget that is reflective of our values as a community.

Promoting Health and Protecting Tax Dollars

For the past 25 years, healthcare policy has dominated federal policy-making. The most recent election promises more change to this significant area of our economy.

Protecting the health of Alexandria's residents is the work of many agencies of government as well as the partnership of non-profit entities around our community.

The Alexandria Health Department is a state agency dedicated to public health, environmental health and preventative care for at risk populations. In addition to the state funding, the City provides nearly $7 million of local funding to support their operations and extend services.

In addition, the City partners with organizations to provide primary care and dental services to low-income individuals.These groups include the Northern Virginia Dental Clinic and Neighborhood Health. The City also provides $1 million a year to Inova Alexandria Hospital. Originally intended as a supplement to assist Inova Alexandria Hospital in addressing indigent care, the City has grown the appropriation without a great deal of assessment or discussion.

As a non-profit hospital, Inova Alexandria is subject to "community benefit standards" in exchange for substantial tax breaks including those from Alexandria.

Around the country, communities have grappled with how to rationalize the tax breaks received by these hospitals and the relative benefit they provide to the community.

Nearly a decade ago, I originally raised concerns over this appropriation and the relative value that the City received. It is true that the City does partner with Inova Alexandria Hospital on a variety of projects. They provide support for the City in our efforts to promote public health. Yet I do believe we owe it to the taxpayers to ensure that the value we receive is commensurate with our investment.

Accordingly, I proposed that the City and Inova Alexandria Hospital negotiate a Memorandum of Understanding to memorialize the value the City receives for our appropriation and provide a vehicle for that relationship to evolve in the future.

Last month, the City approved such a Memorandum, the first of its kind between the City and Inova Alexandria Hospital. The agreement obligates Inova Alexandria Hospital to provide significant uncompensated healthcare services to indigent expectant mothers in our community.

It is my hope that this agreement will now become a vehicle to both demonstrate the value of the City's investment to our taxpayers, as well as expand that return in the future.

The Cost of Delay

Last month, the Council learned the cost of delay. A year ago, the Council chose not to proceed on the Ramsey Homes public housing redevelopment.

Last month, that decision cost the City an additional $900,000, and cost the Alexandria Redevelopment & Housing Authority (ARHA) an additional $1.3 million.

The Alexandria Redevelopment & Housing Authority (ARHA) is an independent entity, with a City Council-appointed Board but separate from the City. It utilizes Federal funding from the US Department of Housing & Urban Development (HUD) to provide housing to low-income residents of Alexandria.

ARHA directly manages and controls 1,079 units of affordable housing. In addition, ARHA manages the City's Section 8 Housing Choice Voucher program, which utilizes Federal funding to provide assistance for another 1,906 low-income families to reside in privately-owned housing units. This is approximately 4% of the City's housing stock.

One of the aging properties that ARHA owns is Ramsey Homes. Ramsey Homes, which includes 15 total public housing units, consists of four buildings on N. Patrick Street between Wythe and Pendleton Streets. ARHA made the decision to pursue redevelopment of Ramsey Homes independently without a partner using Virginia Housing Development Authority (VHDA) tax credits. ARHA initially pursued an application to build 60 units of affordable housing on the site. After consultations with City staff, they began pursuing an application for 53 units of affordable housing.

Ramsey Homes was constructed beginning in 1941 and acquired by the Federal Government for defense housing. Maps from the time describe it specifically as a home for African-Americans. In 1953, ARHA purchased the property and it has been operated as public housing since that time.

The property is not in good condition and requires significant renovation to meet current standards. There is consensus that without replacement or renovation, the US Department of Housing and Urban Development (HUD) will no longer provide financial support for the units in the near term.

Given that Ramsey Homes is in the Parker-Gray Historic District, any demolition applications are heard by the Parker-Gray Board of Architectural Review (BAR). [In April of 2015, the BAR heard the case and unanimously voted to deny the permit to demolish the existing homes].

Obviously, without permission to demolish, the redevelopment could not proceed and ARHA would either have had to renovate or close down Ramsey Homes.

As such, ARHA appealed the BAR's decision to the City Council. In September, the Council heard the case and voted to overturn the BAR by a vote of 5-2. In doing so, the Council requested that ARHA explore alternatives to full demolition.

Since that vote, litigation was filed challenging the Council's decision to allow demolition. Additionally, City staff analyzed the ARHA proposal as well as an alternative with a few less units and some preservation.

A year ago, [ARHA came back to the City Council with their original proposal of 53 units]. The proposal consisted of a Development Special Use Permit, a rezoning, and a master plan amendment.

Under the City's Charter and Zoning Code, neighbors of the Ramsey property signed a petition protesting the potential rezoning. With the protest deemed valid, the City Council is required to have six votes in order to pass the amendment to the master plan.

The day before the hearing, ARHA requested deferral of the Development Special Use Permit but still requested approval of the master plan amendment and the rezoning.

In the end, the master plan amendment passed 6-1, the rezoning passed 5-2 (but failed to have the six votes required, and the Development Special Use Permit was deferred as requested.

However, that was not the end of the story.

As the dust settled on the vote, my colleague Councilman Smedberg made a request at the next Council meeting to rescind the vote. That request passed unanimously, which essentially wiped the slate clean.

Last March, the zoning and master plan amendment were back before the Council. This time, Council approved them both unanimously.

The ARHA Redevelopment Work Group, which I serve on along with Councilman Chapman, the ARHA Chair, the ARHA Vice Chair, and the Planning Commission Chair, went to work to develop alternatives.

In late June, the work group brought two scenarios to the Council: the original proposal and an alternative that preserved one of the four original buildings. The preservation of the one building was funded using Federal Community Development Block Grant (CDBG) funds.

Faced with these alternatives, the Council instead proposed a third choice. Council ultimately decided unanimously that the preservation alternative was not advantageous and instead directed our staff to work with ARHA to prepare a new alternative that creates 52 new affordable housing units, a new plot of open space, and reorients the building on the site.

The delay of a year not only cost the City and ARHA significant funds that could have been used for other priorities but also placed the project into a much more challenging environment for the finance of affordable housing.

I'm hopeful that with better collaboration in the future, these issues can be avoided.

Employee Benefit Changes

Local government is a people-intensive business. The services that residents of our City rely on every day are provided by a skilled and dedicated workforce. In a region such as ours, attracting and retaining such a workforce is a competitive business.

Fully 69% of the City's General Fund (not including schools and debt service) expenditures are personnel costs both salary and fringe benefits. In this year's budget, that is $227 million.

Balancing the level of benefits provided with the ability to attract and retain the best workforce is a challenge for the City.

In recent years, the City has made a variety of changes to employee benefits. This was in an attempt to mitigate the costs of employee compensation on the City's taxpayers.

One of the largest compensation costs is providing health care coverage to our employees and their families. Like most employers, we have seen very large increases in these costs over the past two decades. Today the City spends over $20 million a year on healthcare for our employees and families.

A decade ago, the City's Budget and Fiscal Affairs Advisory Committee made a series of recommendations to help mitigate these costs. Many of those are in place today including premium cost sharing, self-funding (or self-insurance), and plan design changes. These changes have saved the taxpayers millions of dollars each year, with minimal impact on employees.

In 2004, the Government Accounting Standards Board (GASB) required governments to account for their liability for the payment of healthcare benefits and retirement benefits (OPEB) during retirement. Previously, these costs were recognized and paid on a "pay as you go" basis.

Alexandria became one of the first jurisdictions to comply with this new standard and we created a trust fund to save dollars for these future obligations. The proposed budget before the Council increases our contribution to these unfunded liabilities up to $8.4 million. This prudence protects taxpayers in the future from large unexpected obligations.

In 2009, the City eliminated life insurance for retirees. That one benefit alone consumed a third of our retirement benefit obligations.

Most City employees (excluding most public safety) participate in the Virginia Retirement System (VRS), a state administered defined benefit pension plan. The City implemented new cost-sharing for the VRS pension in 2012, with a five year implementation. This effectively shifted a portion of the funding of the pension program from the City to employees.

In this year's proposed budget, the City Manager is proposing a change to the City's Supplemental Pension Plan. The City's Supplemental Pension Plan is an additional defined benefit pension plan that the City has had in place since 1970.

Currently members have a choice between accepting an annuity upon retirement and a lump-sum payment. The lump-sum payment is based on 30-year US Treasury bond rates, which has been decreasing for decades. As a result, the lump-sum payment is unduly lucrative compared to the annuity option.

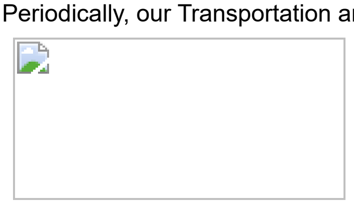
To protect the health of the fund and save money, the City Manager has proposed a change to how the lump sum is calculated.

With every change to employee benefits and compensation, the City must consider the competition for employees between neighboring jurisdictions. There are ways to mitigate the taxpayer costs of employee compensation and benefits but they must not come at the expense of the service level that residents of Alexandria expect and demand.

Where the Rubber Meets the Road

In adopting the Fiscal Year 2017 budget last year, the Council directed additional capital resources to a variety of deferred infrastructure projects. One of the efforts that was increased was the City's road surfacing budget. This allowed for $6.6 million to be directed to address road conditions around the City.

The City has 560 lane miles of roads for which it is responsible. Periodically, our Transportation and Environmental Services



Department assesses every street in the City assigning each a Pavement Condition Inventory (PCI) score. Based on that score and available resources, our paving plan for each year is formulated. The City just completed a new citywide survey which has prompted revisions to this schedule. Yet assessments continue and the schedule will be revised as needs dictate.

The City Manager's proposed Capital Improvement Program includes $5.3 million for Fiscal Year 2018 (July 1, 2017- June 30, 2018), $5.2

million for Fiscal Year 2019 (July 1, 2018 - June 30, 2019) and $5.5 million for Fiscal Year 2020 (July 1, 2019 - June 30, 2020).

If the currently proposed funding level is approved, we are scheduled to resurface the following roads next fiscal year (beginning July 1, 2017):

- S Columbus St from 28th St S. to 30th St S. (including 28th St S and 30th St S)
- Seminary Rd from N Beauregard St to City Limits (Phase 1)
- N. Pickett from Polk Ave. to Dead End
- W Braddock from N Quaker Ln to N Early St
- Russell Rd. from Mt. Vernon Ave. to Masonic View Ave.
- Fontaine St. from Woodland Terr. to Ridge Road Dr.
- N. Owen St. - Entire Length
- Sycamore St from Uhler Terr to Dead-End
- Lloyd's Lane from Orchard St to Russell Rd
- Scroggins Rd. from Braddock Rd. to King St.
- Roosevelt St - Entire Length
- S Cleveland St- Entire Length
- Minor St - Entire Length
- Chambliss St. - Length in City
- Taney Ave. from N. Early St. to N. Gordon St.
- Randolph Ave. - Entire Length
- Francis Hammond Pkwy (Off Key Dr) Entire Length
- Marshall Lane - Entire length from Key Dr to cul-de-sac
- S Pickett St. from Van Dorn St. to Valley Forge
- S Pickett St. from City Limit to Van Dorn St.
- Oakcrest Dr. - Entire Length
- Pendleton St. - Entire Length
- Royal St. from King St. to Bashford
- S Pitt St from King St to Gibbon St
- Bashford La from E Abingdon Dr to N Royal St
- E Oxford Ave Entire Length
- E/W Linden St. Entire Length
- Hooffs Run Dr
- N Donelson St from Duke St to Taft Ave
- W Howell Ave from Russell Rd to Commonwealth Av
- Beverley Dr. from Washington Circle to Wellington Rd.
- La Grande Ave from E Bellefonte Ave to E Randolph Ave
- Carlisle Dr. - Entire Length

For Fiscal Year 2019 (July 1, 2018 - June 30, 2019), we are scheduled to resurface the following roads:

- E & W Maple St from N View Terr to Little St
- Timber Branch Drive from W Braddock Rd to E Timber Branch Pkwy
- Cresent Dr from Wellington Rd to Enderby Dr
- Little St from E Braddock Rd to E Linden St
- Woodland Terrace from Davis Ave to Virginia Ave
- Oval Drive from Cameron Mills Rd to cul-de-sac
- Church St from S Washington St to S Patrick St
- E Howell Ave from Clyde Ave to Mt Vernon Ave
- Ashby St. - Entire Length
- Oakland Terr. Entire Length
- Stonnell Place- Entire Length
- Wilkes St. from Patrick St. to the dead end
- E & W Chapman St from Russell Rd to Wayne Street
- S. Payne St. from Wilkes St. to Dead End
- Diagonal - Entire Length
- Montgomery St from N Henry St to Dead-End
- S Fayette from Jefferson St to Wilkes St
- W Braddock Rd from N Van Dorn St to Beauregard St
- Wilkes St from S Columbus to S Lee St
- Wythe St from West St to N Fairfax St

- Clifford Ave. from Commonwealth Ave. to Jefferson Davis Hwy.
- Wolfe St. Entire Length
- Mt. Vernon Ave. from Hume Ave to Leadbetter St
- Seminary Rd from N Quaker Ln to 395
- Michigan Ave from Bernard St to Bashford Ln
- Devon Pl Entire Length
- Chetworth Pl Entire Length
- Avon Pl from Michigan Ave to Dead-End
- Bernard St from Powhatan St to Michigan Ave
- Jefferson Davis Hwy from Maskell St to Four Mile Run Bridge
- Jefferson Davis Hwy from Howell Ave to Maskell St.
- Duke St from Somervelle St to N Jordan St
- Duke St from Walker St to Somervelle St

For Fiscal Year 2020 (July 1, 2019 - June 30, 2020), we are scheduled to resurface the following roads:

- Polk Ave from N Naylor St to N Pegram St
- Princeton Blvd from Vassar Rd to Dartmouth Rd
- North View Terrace from W Rosemont Ave to Rucker Pl
- E/W Abingdon St. from First St. to Dead End
- Commonwealth Ave from E Braddock Rd to King St
- Bishop Lane from N Quaker to Circle
- Mansion Dr. Entire Length
- Vermont Ave from S Gordon St to S Jenkins St
- S Jenkins St from Venable Ave to Holmes Run Pkwy
- N & S Fairfax St from Jefferson St to Third St
- Eisenhower Ave. from Mill Rd. to Holland Ln.
- E & W Rosemont from King St to Commonwealth Ave
- High Street from W Braddock Rd to Russell Rd
- Virginia Ave. Entire Length
- N & S Union St from Pendleton St to Franklin St
- Dartmouth Rd. from Crown View to Dead End
- Valley Dr from Martha Custis Dr to Gunston Rd
- Powhatan St from Washington St to Slater Ln
- E & W Reed Ave from JD HWY to Mt Vernon Ave
- Jasper Pl from S Jenkins St to cul-de-sac
- King Street from Callahan to Daingerfield
- Allison St. Entire Length
- N Pitt St from Oronoco St to King St
- Norwood Pl from Cameron Mills Rd to cul-de-sac
- W. Taylor Run Pkwy. From Janney's Ln. to Dead End
- N Pegram St from Holmes Run Pkwy to N pickett St
- N. Van Dorn from Holmes Run Pkwy to Kenmore Ave
- Roth St - Entire Length from Duke St to Business Center Dr
- Colvin St - Entire Length from Roth St to S Quaker Ln

We continue to play "catch up" throughout the City from deferred road maintenance during the worst of the Recession.

I'm hopeful we can continue (and hopefully increase) these investments in this very basic infrastructure.

Cleaner Water

Late last month, the General Assembly adjourned "sine die," thus concluding their session. Prior to adjourning, after considering a variety of different bills, they unfortunately adopted a piece of legislation that requires the City to do something that no engineer indicates is possible.

Early in the last Council term, the members grappled with the challenges that the City faced from federal environmental regulations. These govern how we handle sewage from homes and businesses. Those efforts culminated in the adoption of the City's Sanitary Sewer Master Plan. In conjunction with our partners at

Alexandria Renew Enterprises, we are working to implement that plan.

Protecting the historic nature of Old Town is one of the more important obligations of the City Council. However, there is one aspect of our historic infrastructure that must be modernized.

In 95% of our City, stormwater (run-off) is collected and returned to rivers and streams with very little treatment to remove pollutants accumulated from roads, parking lots, and other surfaces upon which it falls. Separately, sanitary sewage is sent to the Alexandria Renew Enterprises wastewater treatment facility where it is treated and later returned to waterways.

However, in a 540 acre section of Old Town, a Combined Sewer System still collects both sanitary sewage and stormwater together and sends it to the wastewater treatment facility for its final disposition.

During most rain events, due to capacity and design issues, this system experiences a Combined Sewer Overflow condition. This is where a mixture of stormwater and sewage flows untreated into waterways via stormwater outflows.

In addition to the impact that this has on the cleanliness of our rivers and streams, this type of overflow is strictly regulated by law primarily the Clean Water Act.

The City operates this Combined Sewer System under a permit from the Virginia Department of Environmental Quality (VDEQ). In 2013, the City was issued a new five year permit for the operation of the system.

Essentially, this permit requires the City to work with the community to adopt a new Long Term Control Plan. The plan reduces the presence of dangerous bacteria in the flow that is returned to the water. The new plan was submitted to the state last year.

The Plan, to be implemented over the next two to three decades, is a significant undertaking. It will be disruptive to some areas of our City and it will require $125 - $188 million, primarily funded by ratepayers as an addition to bills from Alexandria Renew Enterprises.

A year and a half ago, the Council created a new stakeholder committee to monitor the creation of and offer feedback on the Long Term Control Plan.

The committee made its recommendations which came before the Council in May of last year.

The Combined Sewer System has four outfalls:

- CSO-001 which discharges into Oronoco Bay
- CSO-002 which discharges into Hunting Creek
- CSO-003 and CSO-004 which both discharge into Hoofs Run

The permit requires that the City address CSO-002, CSO-003, and CSO-004. While CSO-001 is not covered under the permit requirements, the committee and the City have voluntarily chosen to begin addressing this outfall under this plan.

The plan proposes to use a variety of solutions between now and 2035 to reduce pollution from CSO-002 by 80%, from CSO-003 by 99%, and from CSO-004 by 99%. This would provide for a total pollution reduction of 86%.

This reduction is achieved by:

- Construction of a 10-foot, 1.6 million gallon tunnel to address CSO-003 and CSO-004
- Construction of a three million gallon storage tank to address CSO-002
- New "green" infrastructure (improvements to the permeability of surfaces)
- Targeted sewer separation (typically funded by developers in the context of redevelopment)

In the proposed plan, CSO-001 is addressed by targeted sewer separation and green infrastructure.

In May of last year, the Council approved the draft plan for submission to VDEQ. In addition, the Council requested that our Staff return with recommendations as to how we might speed the remediation of CSO-001.

Last year, our staff accomplished this task. The revisions proposed by the staff accelerated the feasibility study by 14 years. This study would explore where a storage tunnel or storage tank near CSO-001 could be located and the pros and cons of these alternatives.

The revisions also accelerated the assessment of CSO-001 by six years. This assessment would help us determine the sizing of any proposed infrastructure that must be built.

In addition, the revisions proposed greater prioritization of capital improvement program funds for green infrastructure and separation activity in the sewershed.

Ultimately, the cost of the remediation for CSO-001 could total up to an additional $130 million.

The Council ultimately approved these revisions and submitted the revised plan to the VDEQ.

Enter the General Assembly. In the past, the General Assembly has provided money to localities elsewhere in the Commonwealth, including Lynchburg and Richmond, to assist with the remediation of their Combined Sewer Systems. In 2013, then-Governor McDonnell proposed new funding for the City to address this issue. Unfortunately, the General Assembly removed the funding before the budget was adopted.

This year, there has been a flurry of legislation proposed to force Alexandria to further accelerate the remediation of the Combined Sewer System.

A State Senator, Richard Stuart, proposed one of the more draconian pieces of legislation. As proposed, the legislation would have required the City to bring all four outflows into compliance by 2020, a little over three years from now. From an engineering perspective, that timeline is impossible. To make matters worse, that legislation proposed that if the City fails to comply with the 2020 timeline, we would have ALL state funding of the City removed, including funding for schools, public safety, human services, etc. It is basically the state funding equivalent of the "death penalty," and has never before been proposed.

Thanks to the efforts of Senator Adam Ebbin, the "death penalty" provision was removed, but the legislation that was enacted requires the City to complete ALL work on these remediation activities by July 1, 2025. While I strongly support addressing this issue as quickly as possible, no engineer indicates that this timeline is feasible.

- This legislation potentially undermines the City's efforts to reduce pollution in the River by forcing us to redo all plans that were under way.
- This legislation undermines the Commonwealth's own regulatory process under the Virginia Department of Environmental Quality (DEQ), which the City has been in FULL compliance with at all times.
- This legislation treats the City differently than every other locality in the Commonwealth.
- This legislation takes an orderly and coordinated approach to address decades of work and mandates chaos and massive disruption to one portion of our City.

This is the worst kind of legislating, and I'm hopeful that the Governor will make adjustments to this legislation to allow the City to address this issue in a proper manner.

Under the assumption that some form of this legislation will be enacted, the City Manager's proposed budget includes $370 million of new capital funding to address Combined Sewer remediation.

The City Manager has proposed a 30% increase in the Sanitary Sewer Maintenance fee that is paid on Alexandria Renew Enterprises bills across the City. The estimates are that ANNUAL 30% increases will be required.

I have suggested to my colleagues that we may want to consider a larger increase this year in order to quickly amass the necessary funds to address this new unfunded mandate from Richmond.

As we move forward with these important water quality efforts, it will be vital to have true partnership from state lawmakers to continue our progress.

The legacy of this effort will be cleaner waterways for future generations to enjoy.

Host a Town Hall in Your Living Room!

My regular series of Town Hall Meetings continue!

You supply the living room and a bunch of your friends and neighbors. I will supply a member of the Alexandria City Council (me) with the answers to any of your questions about our City.

Just drop us a line and we'll get a Town Hall on the calendar! Thanks for the interest!

Upcoming Issues

Measuring the Value

Nearly 60% of the costs of Alexandria's government come from residential and commercial real estate taxes. As such, the announcement of our annual real estate tax assessments is the most important indicator for the upcoming budget process.

Last month, the City mailed assessment notices to each property owner and you may view valuations online.

Overall, the City's real property tax base increased by 2.1% to $38.99 billion. While still positive territory, it is the lowest tax base increase since the Great Recession, and it's the third lowest increase in the past two decades.

The residential tax base increased 1.75%. The average assessed value for a single family home increased 1.26% to $721,367. Of those properties, 39.6% of single family homes increased in value, 6.2% decreased, and 54.2% stayed the same. This is a big change from last year when 67.6% of single family homes increased in value, 12% decreased, and 20.4% stayed the same.

The average assessed value for a condominium increased a paltry 0.16% to $310,485. Of those properties, 26.7% of condominiums increased in value, 29.9% decreased, and 43.4% stayed the same. This is also a drop from last year when 39.1% of condominiums increased in value, 24.7% decreased, and 36.2% stayed the same.

Last year, we began to see some signs of life in our commercial tax base with an increase of 3.32%. This year, the growth subsided a bit with 2.51% growth. Nearly 20% of the new growth was driven by the ongoing construction of the new National Science Foundation in Carlyle.

In Virginia, multi-family residential housing is considered commercial and can dominate our assessment results and mask underlying weakness.

Last year, multi-family rental properties grew by 5.81% lead by 2.05% of new growth. This year, with 2,828 class A rental apartments delivered in the past 2 years, the tax base of rental apartments slowed to increase by 2.24%. Roughly half of this increase was due to new development and the other half due to appreciation.

Overall, new construction added $442.77 million to our tax base. Over the past five years, $1.86 billion of new growth has been added to the tax base. This generates $20 million in annual new revenue. **Said another way, your real estate tax rate is five cents lower as a result.**

If you have concerns about your assessments, you have multiple options to have the assessment reviewed. First, contact the Real Estate Assessment office at 703-746-4646. Our staff is happy to discuss your specific assessment.

Until March 15th, a resident can submit a request to have assessments reviewed for modification by the City Staff. Those requests can be submitted online.

If the review process does not yield a satisfactory result, an appeal can be filed to be heard before the City's Board of Equalization and Assessment Review. Those requests must be filed prior to June 1st.

Debt Policies

Along with Councilman Paul Smedberg, I am a member of the City's Audit Committee. One of the duties of the committee is to supervise the City's annual financial audit.

When our audit concludes, the City issues a Comprehensive Annual Financial Report also known as the CAFR. Last year, the Audit Committee and the Council accepted the CAFR for Fiscal Year 2016 which concluded on June 30th.

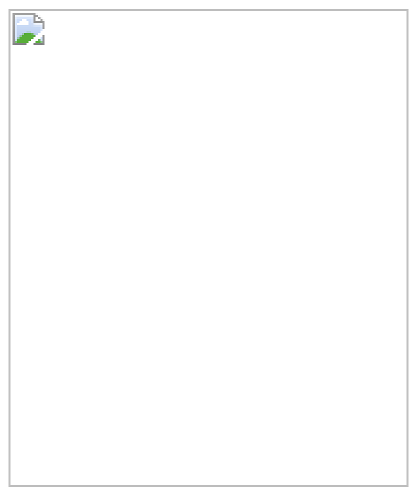
The CAFR includes audited statements of the City's financial position and can be useful to fully understand the financial condition of City government.

The report shows that the City now carries $522 million of outstanding General Obligation debt. This is actually a reduction of $18 million of debt the City had outstanding at the conclusion of the previous year.

By law, the City must have a balanced budget each year. Unlike the Federal Government, we are simply not allowed by law to run a deficit. The debt we do incur is only used to fund our capital expenditures, primarily basic infrastructure, school facilities, transportation, sewers, etc. It is not used to fund the day to day operations of City government.

In July the City's AAA/Aaa bond rating was reaffirmed by both Moody's and Standard & Poor's. The City has held these ratings for 24 years and it might be easy to dismiss this as business as usual. However, this is no small achievement. **As of 2009, we were one of only 54 cities in the nation who held this rating.**

We should never take for granted the fiscal stewardship required to maintain these ratings. These classifications qualify the City to borrow at rates lower than most jurisdictions in the country. In July, the City did just that issuing $73.7 million of new General Obligation bonds at one of the lowest rates in modern history. This saves millions for the taxpayers of tomorrow in the cost to service that debt used to finance improvements that further benefit the City's finances and standing.



The City has even taken the opportunity to execute the municipal equivalent of "refinancing," by replacing higher interest bonds with new, lower interest bonds. These actions have saved the taxpayers millions of dollars.

Last year, the Council adopted our 10 year Capital Improvement Program, covering fiscal years 2017 - 2026. Over the 10 year period, the program calls for $1.672 billion in capital investment throughout the City. Over $1 billion of those funds go to new investments in transportation and school infrastructure.

Our capital budget is funded primarily through a mix of debt and current year funding, also known as "cash capital." If you think of your home mortgage, the cash capital is the down payment. We also pay interest each year on the debt that was issued in previous years.

Alexandria is very conservative with our use of debt.

For example, Arlington County limits its debt to 4% of its Fair Market Real Property Value. Both Fairfax and Prince William Counties limit their debt to 3%. Alexandria's self-imposed limit is 1.6%, and this budget year we achieved 1.37%.

The median for other similarly rated and sized jurisdictions is 2.42%.

There are a few ways the City regulates our debt level. The state has a legal debt limit of 10 percent of the assessed value of property in a community. For Alexandria, that would give us the ability to borrow up to $3.8 billion, far beyond the $522 million that we have outstanding today.

The City also applies a series of self-imposed debt guidelines which impose restrictions to our debt level using a few metrics. Two years ago, I successfully proposed that the Council adopt a "Cash Capital" Policy. This policy now ensures that the City Manager proposes budgets that fund at least 2% of the cost of capital expenditures proposed for each year, thus limiting the growth of debt and ensuring generational equity. During the worst of the recession, we allowed nearly all of the costs of our capital budget to be borrowed. This new 2% floor will prevent the City from taking shortcuts during difficult times.

Buried in the back of our Capital Improvement Program is a table that lists the capital projects that were requested but were not funded. These unfunded projects total $325 million that were included in the City Manager's proposed Supplemental Capital Package and another $503 million that were simply unfunded. These include school initiatives, road paving projects, DASH Bus fleet expansions, City building maintenance funds, and much more.

Taken together, these unfunded projects are essentially additional debts for the City. They constitute deferred needs that grow in cost each year they are not addressed.

In the fall, the Council adopted our budget guidance for the City Manager. The resolutions provide the City Manager with the Council direction necessary to prepare his budget.

In adopting the guidance, the Council included language that I proposed requesting that the City Manager present a plan for addressing these deferred capital projects. That plan can include revisions to our debt policy guidelines to allow for greater borrowing.

Last night, the Council reviewed a plan proposed by the City Manager to amend our debt policy guidelines to allow for some increased borrowing in support of capital initiatives. This increased borrowing would still maintain the City's conservative posture towards debt.

For the past few years, I have advocating addressing these long-deferred capital needs. I will continue that focus during this upcoming budget process. Addressing decades of under investment will not happen in one year or even 10 years. However, we must continue to make progress.

Cameron Run

The Northern Virginia Regional Park Authority (NVRPA) was created in the late 1950s as a public land conservation agency serving our region.

Today, the NVRPA is jointly funded and owned by Arlington, Fairfax, and Loudoun County, as well as the cities of Alexandria, Fairfax and Falls Church.

The authority today owns over 10,000 acres of land and serves the dual purpose of land conservancy and recreation agency with parks around the area.

In Alexandria, NVRPA manages Cameron Run Regional Park (which is actually owned by the City of Alexandria) and owns and manages Carlyle House in Old Town.

In full disclosure, during my 3.5 years off of City Council, I served as one of Alexandria's representatives on the NVRPA Board.

Cameron Run is a very active recreational park with a wave pool, water slides, batting cages, etc. The property is very profitable for the authority and the existing 40-year lease with the City expires in 2021.

Carlyle House is a historic site with historical interpretation conducted by volunteers and NVRPA staff. NVRPA heavily subsidizes the operation of Carlyle House.

A few years ago, NVRPA came to Alexandria seeking to construct a new aquatics feature at Cameron Run. In order to finance the project, an extension to the lease was required. Prior to the issuance of any new lease, the City's Park and Recreation Commission sought to explore alternative uses for the property as well as address some issues with the existing use.

In the intervening time, the authority came to the City with a new proposal. NVRPA obtained an option to purchase 517 Prince Street in Old Town. This historic property operated a livery stable from 1772 - 1792 and has remained in the ownership of one family for 184 years. It is in remarkably good shape.

After some negotiation, a tentative agreement was negotiated to extend the lease at Cameron Run for 20 years (cancelling the existing lease). In exchange, NVRPA will purchase 517 Prince Street and operate it as a historic site similar to Carlyle House.

In September, the Council held a public hearing on this proposal and ultimately directed our staff to come back with a framework for how we might plan the future of the Cameron Run site.

The City separately received a grant to purchase the 517 Prince Street property.

This provides the City an opportunity to more clearly focus on the opportunities for the future of Cameron Run and work with NVRPA and other partners to bring that vision to reality.

Tomorrow evening, that process will start in earnest with the first community meeting to discuss the future of Cameron Run. The meeting will be at 7 PM in Beatley Library (5005 Duke Street).

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