

ALEXANDRIA CITY PUBLIC SCHOOLS (ACPS)

The entire ACPS Capital Improvement Program can be found on-line at:
<https://www.acps.k12.va.us/departments/financial-services/budget>

Alexandria City Public Schools (ACPS) City Manager Proposed FY 2025 – FY 2034 Capital Improvement Program (CIP)

Overview

The City Manager Proposed FY 2025 – FY 2034 Capital Improvement Program (CIP) includes funding totaling \$314.0 million over the 10-year plan for school capital projects, which represents a \$53.2 million or a 15% decrease in City funding over the prior City Adopted CIP for ACPS.

In light of the City's various priorities and the cost pressures associated with them, the development of the City Manager's Proposed FY 2025 – FY 2034 CIP included general guidance to both City departments and to ACPS staff on the amount of- and timing of capital funding that could likely be supported by the City's general fund.

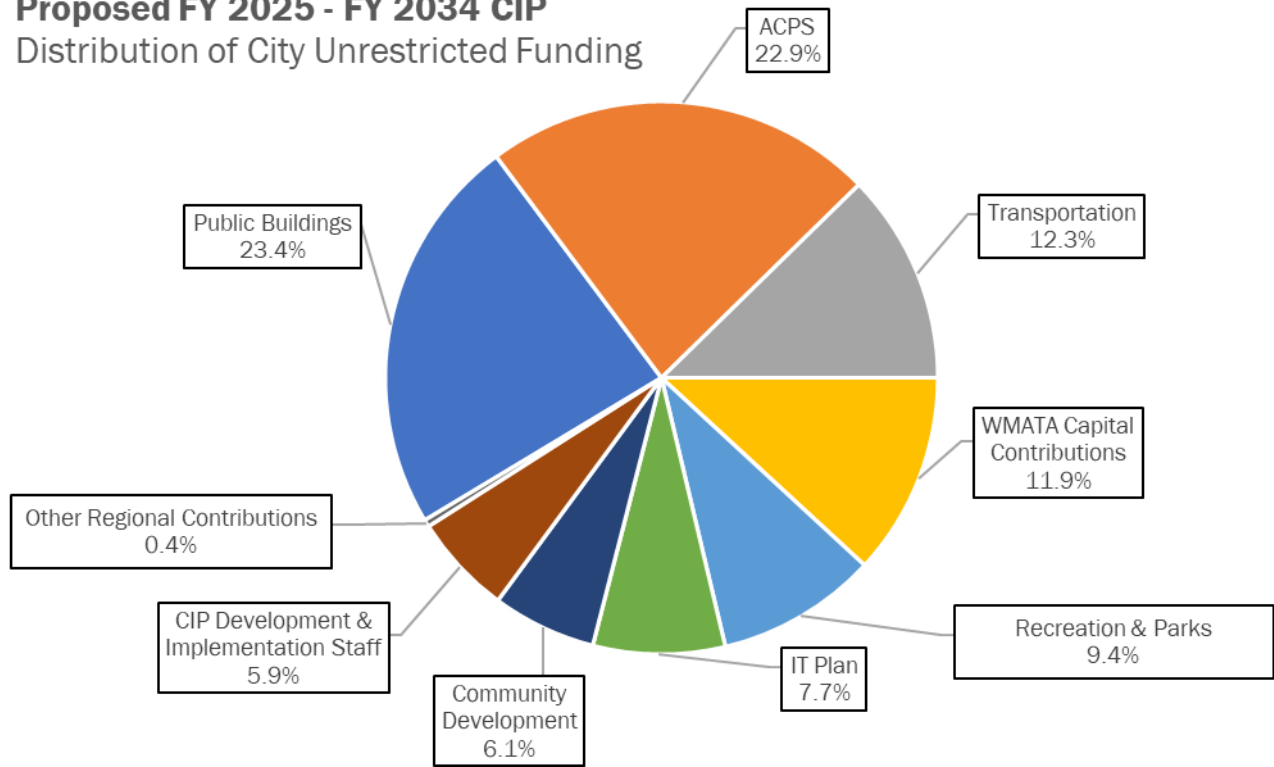
At the November 2, 2023 meeting of the ACPS School Board, the Superintendent proposed the School's FY 2025 – FY 2034 CIP which totaled \$314.0 million. The funding request proposed by the Superintendent aligned with the overall amount of funding suggested by City staff, but did not fully match the funding timing guidance suggested. The City Manager's Proposed FY 2025 – FY 2034 CIP funds 100% of the Superintendent's Proposed FY 2025 – FY 2034 capital funding request.

At the December 14, 2023 meeting of the ACPS School Board, the board approved its FY 2025 – FY 2034 capital funding request, which totaled \$379.6 million. This funding request included the \$314.0 million originally proposed by the Superintendent, plus an additional \$65.6 million to support increases to the construction budget for George Mason Elementary School and the design/construction budget for Cora Kelly Elementary School. The City Manager's Proposed FY 2025 – FY 2034 CIP funds 83% of the School Boards Approved FY 2025 – FY 2034 capital funding request.

As the City sets budget authority and timing in each year of the ten-year ACPS plan, the Proposed CIP represents the planned dollar level of capital investments for ACPS facilities. The School Board selects which projects will be undertaken and when they will be undertaken but is required to stay within the total CIP dollar amount appropriated by City Council.

The Schools section of the Proposed CIP represents a significant investment in City resources. Of the City unrestricted funding sources in the CIP (general fund cash capital and general obligation bonds), the Schools Capital Program will use 23% of identified sources. Additionally, the City Manager Proposed CIP contemplates the use of \$1.68 million in ACPS Operating Fund Balance to support school capital projects. This identified use of fund balance amount represents funds held in excess of the 5% cap on fund balance, which is part of the agreed upon ACPS Fund Balance policy. This allocation of fund balance to support the Schools' capital program is being used to help mitigate the \$13.3 million increase in debt service costs related to Schools' projects which occurs in FY 2025.

Proposed FY 2025 - FY 2034 CIP
 Distribution of City Unrestricted Funding



FY 2025 Proposed Capital Budget

The Proposed FY 2025 capital year budget reflects funding totaling \$87.6 million for the Schools’ capital program. This represents a \$18.1 million, or 17%, decrease in funding over what was contemplated in the City Council Approved FY 2024 – FY 2033 CIP for FY 2025.

Schools’ Capital Program Impact on City’s General Fund Operating Budget

Due to the nature (cost and asset lifespan) of school capital projects, general obligation borrowing represents a significant portion of the funding strategy to meeting the needs of the Schools’ capital program. To service debt incurred on the behalf of school capital projects for previously approved/appropriated projects and planned projects, the Proposed FY 2025 Operating Budget includes an estimated \$45.5 million in principal and interest payments, a \$13.3 million or 41% increase over the amount in the Approved FY 2024 Operating Budget.

Substantial increases in school-attributable debt service are projected over the next few fiscal years, as significant bond proceeds will need to be raised to support school capital projects, like Douglas MacArthur Elementary School, the High School campus project, and George Mason Elementary School. Between FY 2024 and FY 2025 alone, school attributable debt service increased by \$13.3 million. Within the 10-year planning window of the Proposed FY 2025 – FY 2034 CIP, school attributable debt service is forecasted to increase from \$45.5 million in FY 2025 to a peak forecasted amount of \$62.9 million in FY 2030.

In addition to the debt service, the City’s general fund also supports the Schools’ operating budget. The FY 2025 City General Fund transfer to the Schools for operating purposes is \$269.0 million, which represents a \$10.3 million or 4.0% increase from FY 2024. The increase in Schools attributable debt service, along with the operating transfer, totals \$23.7 million, approximately 88% of overall growth of the General Fund for FY 2025.

Projected Schools' Capital Program Attributable Debt Service

| | Debt Issuance Contemplated | Projected Debt Service | Year-Over-Year Change (\$) | Year-Over-Year Change (%) |
|---|---------------------------------------|-----------------------------------|---|--|
| Proposed FY 2025 Budget <u>Planned</u> | \$ 82,879,484 | \$ 45,527,862 | - | - |
| FY 2026 | \$ 23,715,611 | \$ 48,725,142 | \$ 3,197,280 | 7.0% |
| FY 2027 | \$ 21,109,700 | \$ 53,236,594 | \$ 4,511,452 | 9.3% |
| FY 2028 | \$ 23,188,800 | \$ 58,267,707 | \$ 5,031,113 | 9.5% |
| FY 2029 | \$ 65,823,961 | \$ 60,131,367 | \$ 1,863,659 | 3.2% |
| FY 2030 | \$ 14,637,500 | \$ 62,864,779 | \$ 2,733,412 | 4.5% |
| FY 2031 | \$ 15,325,400 | \$ 61,770,449 | \$ (1,094,330) | -1.7% |
| FY 2032 | \$ 16,031,705 | \$ 60,975,021 | \$ (795,428) | -1.3% |
| FY 2033 | \$ 16,641,110 | \$ 60,137,453 | \$ (837,568) | -1.4% |
| FY 2034 | \$ 15,565,466 | \$ 57,253,309 | \$ (2,884,144) | -4.8% |
| FY 2025 - FY 2034 Total | \$ 294,918,737 | \$ 568,889,682 | | |

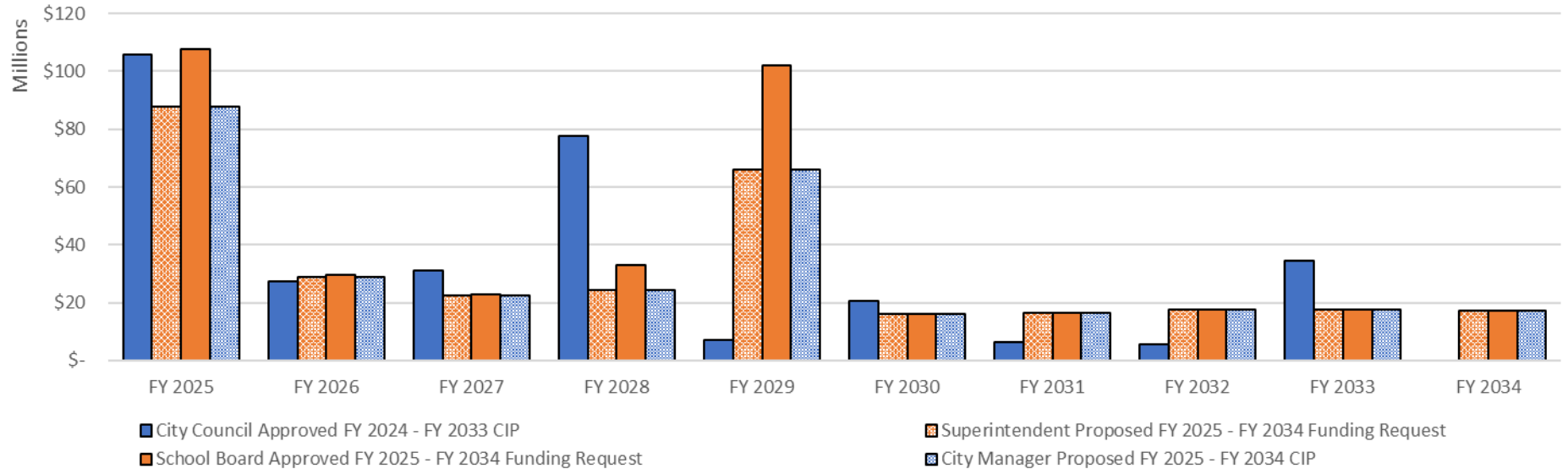
FY 2025 – 2034 City Manager Proposed CIP Compared to the School Board Approved Capital Funding Request

As discussed in the Overview section, the City Manager Proposed CIP provides \$314.0 million within the overall 10-Year CIP for school capital projects, which funds 83% of the School Board Approved FY 2025 – FY 2034 capital funding request.

| | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|---|------------------------|---------------------|--------------------|-----------------------|------------------------|---------------|
| City Manager Proposed FY 2025 - FY 2034 CIP | \$ 87,608,600 | \$ 28,841,800 | \$ 22,609,700 | \$ 24,268,400 | \$ 65,876,300 | \$ 16,075,100 |
| School Board Approved FY 2025 - FY 2034 Funding Request | \$ 107,657,700 | \$ 29,416,000 | \$ 22,683,900 | \$ 33,018,400 | \$ 102,076,300 | \$ 16,075,100 |
| Difference: City Manager Proposed - School Board Request | \$ (20,049,100) | \$ (574,200) | \$ (74,200) | \$ (8,750,000) | \$ (36,200,000) | \$ - |

| | FY 2031 | FY 2032 | FY 2033 | FY 2034 | FY 2025 - FY 2034 |
|---|------------------|---------------|---------------|---------------|------------------------|
| City Manager Proposed FY 2025 - FY 2034 CIP | \$ 16,366,200 | \$ 17,580,900 | \$ 17,408,800 | \$ 17,322,100 | \$ 313,957,900 |
| School Board Approved FY 2025 - FY 2034 Funding Request | \$ 16,316,200 | \$ 17,580,900 | \$ 17,408,800 | \$ 17,322,100 | \$ 379,555,400 |
| Difference: City Manager Proposed - School Board Request | \$ 50,000 | \$ - | \$ - | \$ - | \$ (65,597,500) |

Schools Capital Funding Comparison



Alexandria City Public Schools (ACPS) School Board Approved FY 2025 – 2034 Capital Funding Request
 Approved on December 14, 2023

| Site | Program | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | Grand Total |
|------------------------------|---|--------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| George Mason | Construction of Renovation & Capacity | 87,000,000 | | | | | | | | | | 87,000,000 |
| Cora Kelly | Design, Project Management & Other Soft Costs | | | | 19,000,000 | | | | | | | 19,000,000 |
| | Construction of Renovation & Capacity | | | | | 86,000,000 | | | | | | 86,000,000 |
| Transportation Services | Transportation Facility Modernization | | 6,000,000 | | | | | | | | | 6,000,000 |
| Grand Total | | 87,000,000 | 6,000,000 | | 19,000,000 | 86,000,000 | | | | | | 198,000,000 |
| Non-Capacity Proposed | | 20,657,700 | 23,416,000 | 22,683,900 | 14,018,400 | 16,076,300 | 16,075,100 | 16,316,200 | 17,580,900 | 17,408,800 | 17,322,100 | 181,555,400 |
| Total Proposed | | 107,657,700 | 29,416,000 | 22,683,900 | 33,018,400 | 102,076,300 | 16,075,100 | 16,316,200 | 17,580,900 | 17,408,800 | 17,322,100 | 379,555,400 |