FY 2013 - FY 2018 Capital Improvements Plan

Introduction

The District's proposed capital budget for FY 2013 - FY 2018 calls for financing $1.134 billion of capital expenditures in FY 2013. Highlights include:

- Fulfilling and enhancing the commitment to improvements in schools made since FY 2006;
- Investing in infrastructure improvements and mass transit for greater ease of access to education and employment opportunities; and
- Renovating and modernizing university facilities.

The proposed capital budget calls for financing of general capital expenditures in FY 2013 from the following sources:

- $848 million of General Obligation (G.O.) or Income Tax (I.T.) revenue bonds;
- $50 million of Grant Anticipation Revenue Vehicle (GARVEE) bonds;
- $27 million through the master equipment lease/purchase program;
- $4 million of pay-as-you-go capital (Paygo) capital financing, which is a transfer of funds from the General Fund to the General Capital Improvements Fund;
- $140 million of federal grants from Highway Trust Fund revenue;
- $36 million of Local Highway Trust Fund revenue (motor fuel taxes and a portion of Rights-of-Way fees), for the local match to support federal highway grants; and
- $29 million of Local Transportation Fund special purpose (utility marking service, public inconvenience, and a portion of Rights-of-Way occupancy fees) revenue.

This overview chapter summarizes:

- The District's proposed FY 2013 - FY 2018 capital budget and planned expenditures;
- Major capital efforts;
- Fund balance of the District's capital fund;
- An outline of this capital budget document; and
- The District's policies and procedures on its capital budget and debt.

Table 6-1

Overview

(Dollars in thousands)

Total number of projects receiving funding	242
Number of ongoing projects receiving funding	198
Number of new projects receiving funding	44
FY 2013 new budget allotments	$1,134,123
Total FY 2013 to FY 2018 planned funding	$5,176,714
Total FY 2013 to FY 2018 planned expenditures	$5,176,714
FY 2013 Appropriated Budget Authority Request	$1,093,058
FY 2013 Planned Debt Service (G.O./I.T. Bonds)	$476,050
FY 2013-FY 2018 Planned Debt Service (G.O./I.T. Bonds)	$3,523,758

The Proposed FY 2013 - FY 2018 Capital Budget and Planned Expenditures

The District budgets for capital projects using a six-year Capital Improvements Plan (CIP), which is updated annually.

The CIP consists of:

- The appropriated budget authority request for the upcoming fiscal year, and
- An expenditure plan for projected funding over the next 5 years.

Each year's CIP includes many of the projects from the previous year's CIP, but some projects are proposed to receive different levels of funding than in the previous year's budget plan. New projects are added each year as well.

The CIP is used as the basis for formulating the District's annual capital budget. The Council and the Congress adopt the budget as part of the District's overall six-year CIP. Inclusion of a project in a congressionally adopted capital budget and approval of requisite financing gives the District the authority to spend funds for each project. The remaining five years of the program show the official plan for making improvements to District-owned facilities in future years.

Following approval of the capital budget, bond acts and bond resolutions are adopted to authorize financing for the majority of projects identified in the capital budget. In recent years, the District has issued Income Tax (I.T.) revenue bonds to finance some or all of its capital projects previously financed by General Obligation (G.O.) bonds. Where this chapter refers to G.O. bond financing for capital projects, the District might ultimately substitute I.T. bond financing. Capital projects in the CIP are also financed with GARVEE bonds, pay-as-you-go (Paygo) financing, a payment in lieu of taxes from the developer of the new headquarters for the United States Department of Transportation (US DOT PILOT), Housing Production Trust Fund revenue bonds, and Certificates of Participation (COP).

The District uses two terms in describing budgets for capital projects:

- Budget authority is given to a project at its outset in the amount of its planned lifetime budget; it can later be increased or decreased during the course of implementing the project. The District's appropriation request consists of changes to budget authority for all projects in the CIP.
- Allotments are planned expenditure amounts on an annual basis. A multi-year project receives full budget authority in its first year but only receives an allotment in the amount that is projected to be spent in that first year. In later years, additional allotments are given annually. If a year's allotment would increase the total allotments above the lifetime budget amount, an increase in budget authority is required to cover the difference.

Figure 6-1
FY 2013 Capital Budget Allotments, by Agency
(Dollars in thousands)

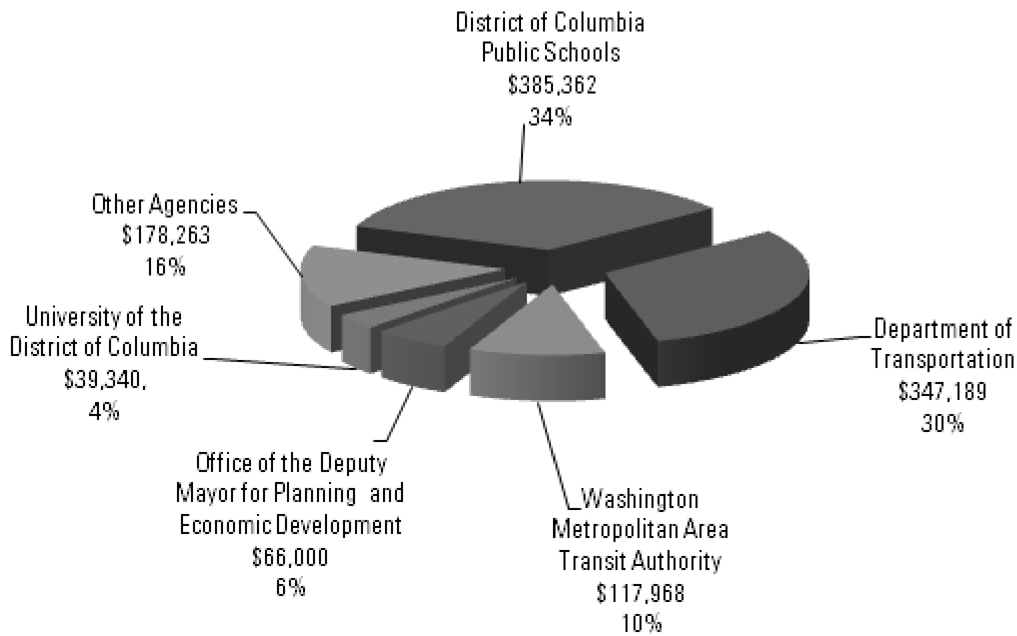


Table 6-2
FY 2013 Planned Expenditures from New Allotments and Appropriated Budget Authority Request
(Dollars in thousands)

Source	Planned FY 2013 Expenditure (Allotments)	Proposed Increase (Decrease) in Budget Authority
G.O. Bonds	$847,933	
Paygo (transfer from the General Fund)	$4,270	
Master Equipment Lease/Purchase Financing	$26,500	
GARVEE Bonds	$50,000	
Additional G.O. Bond Borrowing:		
Capital Fund Deficit Reduction	$25,000	
Subtotal	**$953,703**	**$837,010**
FY 2013-FY 2018 Planned Debt Service (G.O./I.T. Bonds)		
Portion of Rights-of-Way (ROW) Occupancy Fees	$28,933	$75,916
Subtotal, Local Transportation Fund Revenue	**$28,933**	**$75,916**
Highway Trust Fund:		
Federal Highway Administration Grants	$140,000	$173,757
Local Match (from motor fuel tax and a portion of ROW fees)	$36,487	$6,375
Subtotal, Highway Trust Fund	**$176,487**	**$180,132**
Total, District of Columbia	**$1,159,123**	**$1,093,058**

Table 6-3
Capital Fund Pro Forma
(Dollars in thousands)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Total	Percent of FY 2013
Sources:								
G.O. / I.T. Bonds	$847,933	$779,167	$688,211	$567,144	$361,016	$245,475	$3,488,946	74.8%
Master Equipment Lease	26,500	16,000	14,406	27,425	16,338	14,338	115,007	2.3%
Paygo	4,270	3,000	5,500	42,400	73,929	116,922	246,021	0.4%
Sale of Assets	-	-	-	-	5,950	22,020	27,970	
Local Transportation Fund Revenue	28,933	33,283	35,033	33,783	36,533	41,283	208,847	2.6%
GARVEE Bonds	50,000	-	-	-	-	-	50,000	4.4%
Local Highway Trust Fund	36,487	34,487	32,487	33,487	30,487	25,487	192,923	3.2%
Federal Grants	140,000	147,000	140,000	140,000	140,000	140,000	847,000	12.3%
Total Sources	**$1,134,123**	**$1,012,937**	**$915,637**	**$844,239**	**$664,253**	**$605,525**	**$5,176,714**	**100.0%**
Uses:								
District of Columbia Public Schools	$385,362	$333,928	$354,126	$273,967	$188,632	$238,406	$1,774,421	34.0%
Department of Transportation	347,189	315,888	308,814	277,275	223,962	214,235	1,687,364	30.6%
Local Transportation Fund	*170,702*	*141,401*	*136,327*	*103,788*	*53,475*	*48,748*	*654,441*	
Highway Trust Fund	*176,487*	*174,487*	*172,487*	*173,487*	*170,487*	*165,487*	*1,032,923*	
Washington Metropolitan Area Transit Authority	117,968	122,635	116,625	107,161	118,833	118,833	702,055	10.4%
Office of the Deputy Mayor for Planning and Economic Development	66,000	40,900	19,900	43,800	-	-	170,600	5.8%
University of the District of Columbia	39,340	23,158	22,307	47,827	45,500	-	178,132	3.5%
Department of Parks and Recreation	29,348	17,270	3,185	10,335	20,453	98	80,690	2.6%
Department of General Services	25,443	19,897	11,251	8,560	7,057	-	72,209	2.2%
Metropolitan Police Department	23,270	12,399	7,550	9,200	9,800	1,000	63,219	2.1%
District of Columbia Public Library	23,036	7,575	1,000	1,000	10,915	22,020	65,546	2.0%
Office of the Chief Financial Officer	15,100	6,800	5,500	4,200	-	-	31,600	1.3%
Office of Planning	9,750	2,500	3,500	4,000	4,000	-	23,750	0.9%
Department of Mental Health	9,082	6,120	-	-	-	-	15,202	0.8%
Department of Human Services	7,758	5,000	5,000	837	-	-	18,595	0.7%
Fire and Emergency Medical Services Department	6,668	23,298	16,648	14,836	3,500	433	65,383	0.6%
Special Education Transportation	6,657	6,021	6,223	6,388	-	-	25,289	0.6%
Department of Corrections	5,350	11,200	2,000	-	-	-	18,550	0.5%
Office of the State Superintendent of Education	5,100	-	-	-	-	-	5,100	0.4%
Office of the Chief Technology Officer	3,000	8,431	3,408	8,864	13,000	5,300	42,003	0.3%
Department of Health	3,000	-	-	-	-	-	3,000	0.3%
Commission on Arts and Humanities	2,700	2,700	2,700	2,700	2,700	2,700	16,200	0.2%
Department of the Environment	1,500	3,500	15,000	15,000	13,500	-	48,500	0.1%
Sentencing and Criminal Code Revision	800	-	-	-	-	-	800	0.1%
Office of the Secretary	500	-	-	-	-	-	500	0.0%
Department of Healthcare Finance	200	2,400	2,400	2,000	-	-	7,000	0.0%
Department of Public Works	-	4,816	1,500	4,289	2,400	2,500	15,505	0.0%
Office of Unified Communications	-	24,500	-	-	-	-	24,500	0.0%
Department of Housing and Community Development	-	-	-	2,000	-	-	2,000	0.0%
Department of Employment Services	-	12,000	6,000	-	-	-	18,000	0.0%
Department of Consumer and Regulatory Affairs	-	-	1,000	-	-	-	1,000	0.0%
Total Uses	**$1,134,123**	**$1,012,937**	**$915,637**	**$844,239**	**$664,253**	**$605,025**	**$5,176,714**	**100.0%**

Note: Details may not sum to totals due to rounding

Agencies may obligate funds up to the limit of (lifetime) budget authority for a project but cannot spend more than the total of allotments the project has received to date (see Appendix D). The FY 2013 to FY 2018 CIP proposes a net increase in budget authority of $1.093 billion during the next six fiscal years (an increase of $1.703 billion of new budget authority offset by $610 million of rescissions).

Planned capital expenditures from local sources in FY 2013 total $994 million to be funded primarily by bonds, the Master Equipment Lease program (short term borrowing), Paygo, and the local transportation fund special purpose revenue. To finance these expenditures, the District plans to borrow $848 million in new G.O./I.T. bonds, borrow $27 million in Master Lease financing, fund $4 million using Paygo, use $29 million in Local Transportation Fund Special Purpose Revenue, use $36 million for the local match to the federal grant from the Federal Highway Administration, and use $50 million of GARVEE financing.

Planned bond borrowing will be $873 million, although only $848 million will be made available for FY 2013 capital expenditures. The other $25 million will go toward deficit reduction for the capital fund (see the section "Fund Balance of the Capital Fund" below). Proposed borrowing is shown in Table 6-7.

In recent years, the District has increased its capital expenditures to reinvest in its aging infrastructure. The District is limited by funding constraints as well as multiple competing demands on capital and is not able to fund all identified capital needs. As a result of these demands, the District has taken action to meet its priorities while also maintaining a fiscally sound CIP. This has been accomplished by prioritizing capital projects and rescinding budget authority from projects deemed less important, and by reallocating budget to existing and new high priority projects to meet the most pressing infrastructure needs.

Figure 6-1 illustrates FY 2013 capital budget allotments by major agency. Funding for the District of Columbia Public Schools (DCPS) constitutes the largest share of the planned expenditures, DCPS will have a total of $385 million available from bond sources of capital project financing in FY 2013. In addition, as with all agencies, unspent capital budget allotments from prior years will be available to be spent in FY 2013. Large shares of funding also go toward the District Department of Transportation, the Washington Metropolitan Area Transit Authority, and the University of the District of Columbia.

Table 6-2 summarizes planned expenditure amounts for FY 2013 and budget authority requests for FY 2013 - FY 2018. It includes local funds (G.O./I.T bonds, Paygo, transportation fund, and master equipment lease/purchase), federal grants, and special financings that are discussed in greater detail later in this chapter.

The capital fund pro forma, Table 6-3, summarizes sources and uses in the District's CIP. The Project Description Forms that constitute the detail of this capital budget document include projects receiving new allotments in FY 2013 through FY 2018, as included in the pro forma, totaling $1.134 billion in FY 2013.

FY 2013 Operating Budget Impact

In general, each $15 million in borrowing has approximately a $1 million impact on the operating budget for annual debt service. The capital budget's primary impact on the operating budget is the debt service cost, paid from local revenue in the operating budget, associated with issuing G.O. bonds to finance the CIP. Table 6-4 shows the overall debt service funded in the FY 2013 operating budget and financial plan.

A secondary impact on the operating budget is the cost of operating and maintaining newly completed capital projects. For example, the replacement of a building's roof, windows, and mechanical systems may decrease the cost of utilities, which would effectively lower the owner agency's operating costs. Conversely, the construction of a new recreation center is likely to increase the owner agency's operating costs for staffing the facility and operating programs there. Similarly, completed information technology projects will likely entail additional operating costs as upgrades, license renewals, or training of staff to operate new systems are required.

The table below (6-5) reflects the summary of the projected impacts, by agency, and by fiscal year for the 6-year CIP period.

Table 6-4

OFFICE OF FINANCE AND TREASURY
Fiscal Years 2013 - 2018 Debt Service Expenditure Projections

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Existing General Obligation (G.O.) Bonds and Income Tax (I.T.)						
Bonds Debt Service (Agency DS0)	**$450,095,582**	**$448,081,922**	**$439,858,725**	**$431,530,753**	**$423,128,961**	**$457,557,986**
Prospective IT Bonds Debt Service						
- FY 2013 (Fall) I.T. Bonds ($872.9M)	$17,328,700	$54,825,800	$54,820,900	$54,821,800	$54,822,000	$54,825,000
- FY 2014 (Fall) I.T. Bonds ($779.2M)	$-	$16,557,363	$50,600,094	$50,599,363	$50,599,950	$50,595,475
- FY 2015 (Fall) I.T. Bonds ($688.2M)	$-	$-	$15,484,838	$45,852,113	$45,851,238	$45,853,075
- FY 2016 (Fall) I.T. Bonds ($567.1M)	$-	$-	$-	$14,178,625	$39,740,375	$39,741,625
- FY 2017 (Fall) I.T. Bonds ($361.0M)	$-	$-	$-	$-	$9,025,500	$25,295,250
- FY 2018 (Fall) I.T. Bonds ($245.5M)	$-	$-	$-	$-	$-	$6,136,875
Total G.O. Bonds Debt Service (Agency DS0)	**$467,424,282**	**$519,465,084**	**$560,764,556**	**$596,982,653**	**$623,168,023**	**$680,005,286**
Schools Modernization G.O. Bonds Debt Service (Agency SM0):						
2007 Issuance ($60M)	$2,781,425	$2,781,425	$2,781,425	$2,781,425	$2,781,425	$2,781,425
2008 Issuance ($90M)	$5,844,288	$9,081,088	$8,630,288	$11,494,088	$10,741,088	$5,967,750
School Modernization Fund Subtotal (Agency SM0)	**$8,625,713**	**$11,862,513**	**$11,411,713**	**$14,275,513**	**$13,522,513**	**$8,749,175**
Participation (COPs) (Agency CP0)	$32,541,713	$24,619,294	$24,620,075	$24,622,431	$24,620,269	$24,620,738
Housing Production Trust Fund (Agency DT0)	$8,222,000	$10,878,058	$13,525,963	$15,989,947	$15,989,838	$15,985,688
Total Long-Term Debt Service	**$516,813,707**	**$566,824,949**	**$610,322,306**	**$651,870,544**	**$677,300,642**	**$729,360,886**
Payments on Master Lease Equipment Purchases (Agency EL0)	$50,035,750	$42,072,840	$35,927,825	$31,864,903	$25,269,455	$20,371,939
Interest on Short-Term Borrowing (Agency ZA0)	$4,390,000	$5,000,000	$9,000,000	$9,000,000	$9,000,000	$9,000,000
Total Debt Service	**$571,239,458**	**$613,897,789**	**$655,250,131**	**$692,735,447**	**$711,570,097**	**$758,732,825**
Bond Issuance Costs (Agency ZB0) *	**$6,000,000**	**$6,000,000**	**$6,000,000**	**$6,000,000**	**$6,000,000**	**$6,000,000**

*(Has equal and offsetting revenue component funded by bond proceeds in the amount of the actual expenditures)

Table 6-5

Estimated Operating Impact by Agency

Agency	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	6-Year Total
AT0 - Office of the Chief Financial Officer	397,000	408,910	421,177	433,813	446,827	460,232	2,567,959
CE0 - DC Public Library	4,346,000	6,179,750	10,817,070	10,506,625	13,244,615	8,823,995	53,918,055
GA0 - District of Columbia Public Schools	2,989,652	5,472,728	6,657,126	7,763,024	8,670,022	9,631,631	41,184,183
GF0 - University of the District of Columbia	1,611,190	1,736,000	1,793,000	1,835,000	1,886,000	1,957,000	10,818,190
HA0 - Department of Parks and Recreation	1,280,401	2,170,855	2,401,199	2,542,758	2,720,045	2,863,193	13,978,451
KA0 - Department of Transportation	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	16,800,000
TO0 - Office of the Chief Technology Officer	5,250,474	3,914,300	5,090,300	1,300,300	1,300,500	1,300,500	18,156,374
Total	**$18,674,717**	**$22,682,543**	**$29,979,872**	**$27,181,520**	**$31,068,009**	**$27,836,551**	**$157,423,212**

Table 6-6

FTE Data by Agency

		FY 2012 Approved				FY 2013 Plan		
Agency	**FY 2011 FTE Actuals**	**Approved for Budget Old Structure**	**Approved with DGS Consolidation**	**Add'l FTEs Approved Using Prior Available Allotments**	**Final FY 2012 Approval**	**FY 2013 Request**	**Add'l FTEs Approved Using Prior Available Allotments**	**Final FY 2013 Plan**
AM0 - Department of General Services	36.8	9.0	30.5	6.0	36.5	26.5	10.0	36.5
AS0 - Office of Finance and Resource Mgmt.	2.7							
AT0 - Office of the Chief Financial Officer	2.4	3.0	3.0		3.0	1.0		1.0
BD0 - Office of Planning	10.0	8.0	8.0	1.0	9.0	9.0		9.0
BX0 - Commission on the Arts and Humanities	2.6							
CE0 - D.C. Public Library	6.8	7.0	7.0		7.0	6.0		6.0
CR0 - Department of Consumer and Regulatory Affairs	8.5							
DB0 - Department of Housing and Community Development	4.8							
FB0 - Fire and Emergency Medical Services	2.0	2.0						
GA0 - DC Public Schools				6.0	6.0			
GF0 - University of the District of Columbia	5.0	3.0	3.0	2.0	5.0	3.0	2.0	5.0
GM0 Office of Public Education Facilities Modernization	27.4	15.5						
HA0 - Department of Parks & Recreation	7.4	4.0						
HC0 - Department of Health	2.1							
JA0 - Department of Human Services	0.0			27.5	27.5		27.5	27.5
KA0 - Department of Transportation	621.8	371.2	371.2	9.0	380.2	355.1		355.1
KG0 - Department of the Environment	2.0							
TO0 - Office of the Chief Technology Officer	18.6	7.1	7.1		7.1			
Total	**760.8**	**429.8**	**429.8**	**51.5**	**481.3**	**400.6**	**39.5**	**440.1**

Capital-Funded Positions

Agencies may receive approval to charge certain personnel expenses to capital projects. However, in order to qualify and receive approval, the primary duties and responsibilities of a position charged to capital funds must be directly related to a specific capital project. Full-Time Equivalent (FTE) positions that generally qualify are (a) architects; (b) engineers; (c) cost estimators; (d) project managers; (e) system developers; (f) construction managers; (g) and inspectors.

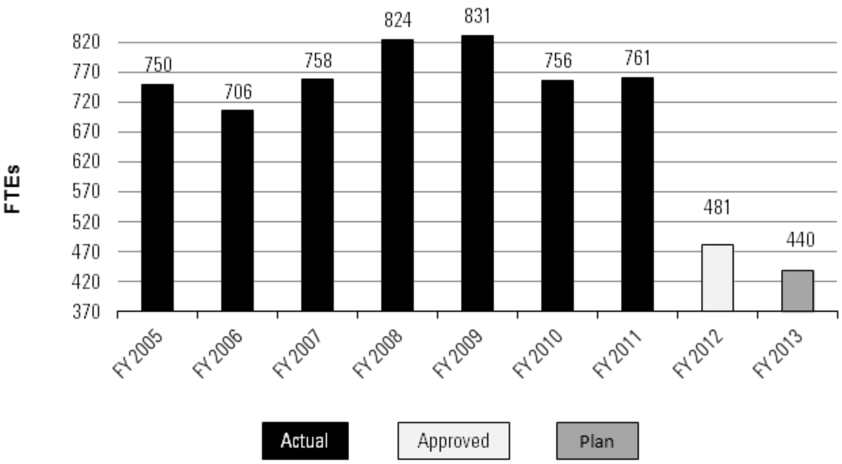
In FY 2012, the number of positions approved for funding with Capital budgets was reduced in order to make more funding available for hard construction costs. Positions in some agencies were moved to the operating budget.

Table 6-6 reflects capital-funded FTE data for each agency for FY 2011 through FY 2013. Additional details on the FY 2013 FTEs, including the specific number of FTEs approved by project, can be found on the project pages in the “Project Description Forms” section of volume 6. They are also summarized on the appropriate agency pages in that volume.

Figure 6-2 shows the total number of capital-funded positions between FY 2005 and FY 2011, the approved positions for FY 2012, and the planned positions in the CIP for FY 2013.

Figure 6-2

Number of Capital-Funded FTE Positions From FY 2005 to FY 2013



Details on the District's Sources of Funds for Capital Expenditures

The District's proposed FY 2013 - FY 2018 capital budget includes a number of funding sources. The District uses the following sources to fund capital budget authority across a large number of agencies that have capital programs:

- G.O. or I.T. bonds;
- Paygo capital funding;
- Master Equipment Lease/Purchase financing; and
- Sale of Assets.

In addition to the above sources, the District's Department of Transportation (DDOT) uses the following sources to fund its capital projects:

- Federal Highway Administration grants, for Highway Trust Fund projects;
- Local Transportation Fund (a portion of the Rights-of-Way Occupancy Fees, Public Inconvenience Fees, and Utility Marking Fees);
- Grant Anticipation Revenue Vehicle (GARVEE) bonds, which are repaid from future Federal funding; and
- Dedicated motor fuel tax revenues and a portion of the Rights-of-Way Occupancy Fees for Highway Trust Fund projects (these provide the local match for the Federal Highway Administration grants).

Projects funded by these sources are detailed in the project description pages in Appendix H of volume 6.

Table 6-7

Proposed Bond Borrowing, FY 2012 Through FY 2018

(Dollars in thousands)

Source	Actual FY 2012	Proposed FY 2013	Proposed FY 2014	Proposed FY 2015	Proposed FY 2016	Proposed FY 2017	Proposed FY 2018
G.O./ I.T. bonds, general, including capital fund deficit reduction	$605,782	$872,933	$779,167	$688,211	$567,144	$361,016	$245,475
GARVEE Bonds	-	$50,000	-	-	-	-	-
Qualified Energy Construction Bonds (QECBs)	$6,140	-	-	-	-	-	-
Total	**$611,922**	**$922,933**	**$779,167**	**$688,211**	**$567,144**	**$361,016**	**$245,475**

Note: All amounts and methods of borrowing are subject to change depending on status of projects and market conditions.

DDOT Transportation Fund

In previous years, Special Purpose Revenue deposited into the Unified Fund was used to finance DDOT's local streets projects and some agency operating expenses. In the interest of simplifying Special Purpose Revenue funding streams, making agency funding sources and uses more transparent, and limiting agency discretion to move budgets, the Unified Fund was abolished at the beginning of FY 2012. Special Purpose Revenue that was previously deposited in the Unified Fund was redirected to the Local Transportation Fund (formerly Local Roads Construction and Maintenance Fund), the Washington Metropolitan Area Transit Authority operating subsidy, and the General Fund.

Major Capital Efforts

The Capital Improvements Plan reflects the strategic priorities guiding District government decisions. These are:

- Quality Education
- Public Safety
- Job Creation and Economic Development
- Sustainability and Livability
- Transportation Infrastructure
- Fiscal Stability

Quality Education

Public Schools Modernization. The District is currently undertaking a comprehensive schools modernization initiative that began in 2008. So far, over $2 billion has been invested, and this CIP reflects additional investment of $1.5 billion during the next six years modernizing elementary, middle, and high school facilities. This includes $343 million in FY 2013, $203 million for high school renovations and $140 million benefiting elementary and middle schools. An additional $178 million will be invested in the University of the District of Columbia, with $39 million in FY 2013.

Public Safety

Metropolitan Police Department - 6th District Precinct Relocation. The CIP provides $14 million for the relocation of the Metropolitan Police Department's 6th District Precinct to the former Merritt Middle School in the Deanwood, Lincoln Heights, and Burrville neighborhoods. The adaptive use of the former school will enable MPD to provide the highest level of service to residents and business served by the precinct. Affordable workforce housing is also a feature of this initiative, as well as the new H.D. Woodson High School.

Closed-Circuit Television (CCTV). The CIP supports a $4 million expansion of MPD's Closed Circuit Television and ShotSpotter technology initiative to fight crime. ShotSpotter utilizes sound sensors that can detect gunshots with surveillance cameras that react to the sensors, allowing the MPD to view a possible shooting scene in real time. This technology allows faster emergency medical response times, allows the District to improve prosecution of gun-related crimes, and ultimately leads to reduced occurrence of violent crime.

Fire and Emergency Medical Services Department - Modernizing Fire Stations. The District is currently planning or implementing the rehabilitation, major renovation, or relocation of four fire stations. Between these four stations (Engine 14; Engine 22, Engine 23, and Engine 27), the District will invest over $18 million in the six-year Capital Improvements Plan. Additionally, the CIP authorizesapproximately $16 million for new fire apparatus, $17 million for scheduled capital maintenance, and $12 million for the First Responders Training Academy.

Office of Unified Communications. The Office of Unified Communications provides a critical service to District residents, fielding emergency and non-emergency calls and coordinating responses between the appropriate agencies. The technology available to OUC employees is crucial to ensuring proper response and minimizing response times to constituent needs. The CIP designates more than $24 million for equipment upgrades at OUC to ensure that these resources remain state-of-the-art, which will include enhanced 9-1-1 service.

Job Creation and Economic Development

St. Elizabeths East Campus Infrastructure. The District's plan to redevelop the East Campus of the former Saint Elizabeths Hospital is a once-in-a-generation chance for the District of Columbia and the federal government to create a well-planned, mixed-use, mixed-income, walkable, livable community. While federal government plans for the West Campus remain in flux, the District is proceeding with a $113 million capital budget investment in infrastructure that will support private development at the 183-acre St. Elizabeths East Campus.

McMillan Redevelopment. The 25-acre former McMillan Reservoir Sand Filtration Plant site is expected to be redeveloped into a mixed-use project that will include historic preservation, open space, residential, retail, office, and hotel uses. The goal is to create an architecturally distinct, vibrant, mixed-use development that provides housing, employment, retail, cultural, and recreational opportunities for District residents. The project will include affordable and workforce housing, and 35 percent of the local contracting opportunities must go to Certified Business Enterprises (CBEs). The CIP requests over $48 million to build site infrastructure.

Walter Reed Army Medical Center Redevelopment. In April of 2009 the federal government declared 62.5 acres on the main post of the Walter Reed Army Medical Center in Washington DC as surplus property, thereby making it available to a local redevelopment authority ("LRA") for re-use. The CIP provides $1 million to help complete the planning process for the site, allowing the LRA to move forward with this transformative project that will help provide employment, and create additional housing and retail options in the District.

Substainability and Livability

Sustainable DC. Sustainable DC is the District of Columbia's comprehensive effort to create and implement a strategy for the future that will broaden and diversify the economy and the range of available employment and career opportunities for residents; reduce disparities (including income, health, employment, education, safety); and raise the environmental quality and livability in the city, while expanding the choices, increasing the convenience and affordability of neighborhoods, bolstering the resilience of households, and enhancing the lives of our residents. The CIP requests $5 million for capital investments in Sustainable DC initiatives.

Anacostia River Clean-Up. The Anacostia River, once a pristine river, is now degraded mainly because of its highly urbanized location. The River is the focus of large-scale restoration efforts by the District of Columbia. Restoration work will not be accomplished all at once, but instead will take place gradually over time. The District's goal is to restore the Anacostia to a fishable and swimmable river by the year 2032. The $48 million of authorized capital budget for Anacostia River hazardous material remediation will continue efforts to move towards this goal, and improve the quality of life for District residents, and all residents of the Anacostia Watershed.

Affordable Housing. The Department of Mental Health is budgeted to invest $10 million in housing initiatives to serve persons who receive services from the agency.

Swimming Pool Rehabilitation. The CIP authorizes approximately $8 million of capital budget for the rehabilitation of existing District-owned swimming pools. These facilities contribute greatly to the physical education of District youth, as well as providing recreation opportunities and community unity for all District residents.

Athletic and Playing Field Rehabilitation. The ability to provide all residents of the District, and especially the District's youth, with quality athletic fields and play areas is critical for improving both public health and overall quality of life. Over the past decade many of the District's public facilities have fallen into disrepair. Recently many playgrounds, playing fields, and courts have been upgraded. This capital budget authorizes $3 million for additional athletic field restoration and rehabilitation, and $11 million is budgeted for community recreation center upgrades.

Transportation Infrastructure

Streetcar Build-Out. The District's Streetcar system will enhance mobility for city residents, accommodate continued growth in population and employment, greatly improve access to jobs, connect neighborhoods and activity centers, and support sustainable economic growth for the District of Columbia. The streetcar will operate modern low-floor vehicles running on surface tracks that are embedded in the street pavement. The four corridors that will be constructed between FY 2013 and FY 2018 are forecast to accommodate more than 108,000 daily trips by 2030 and significantly reduce crowding on existing Metro bus and rail lines. The streetcar will also stimulate more intense mixed-use development along streetcar corridors, consistent with the city's Comprehensive Plan. The FY 2013 - FY 2018 budget for this project is $237.3 million.

Bicycle and Pedestrian Infrastructure. The capital budget proposes to spend $3.7 million from a mix of federal and local funds to improve bicycle and pedestrian facilities, including bike lanes, sharrows, bike parking, and Priority Corridors for pedestrians in each ward. This investment will continue the District's momentum towards becoming one of the country's premier multi-modal transit cities.

Traffic Management and Calming Infrastructure. The six-year capital budget supports numerous DDOT initiatives aimed at improving the traffic management in the city in ways that will both reduce congestion and make the city more hospitable to all modes of transportation. The 11th Street Bridge realignment is scheduled for completion in mid-2013. The total cost of the new bridges will exceed $300 million, including ongoing projects in the surrounding area to manage traffic flow on surrounding arterial roads and neighborhood streets. Additionally, the CIP authorizes DDOT to invest more than $4 million in each of the eight wards over the six-year period.

Fiscal Stability

Investments in Efficiency - Retrofit for Energy Efficiency and Cost Savings. Energy efficiency is a crucial focus from both environmental sustainability and fiscal stability standpoints. The $12.9 million budget authorization provided by the CIP includes $8.9 million in FY 2013 for energy efficiency retrofitting at District facilities.

Investments in Existing Capital Assets. One of the cornerstones of this CIP is an emphasis on investing in major upgrades and modernization of existing capital assets. Taking this approach reduces short-term and long-term capital expenditures, while also minimizing maintenance costs in the operating budget. This approach includes a focus on repurposing District facilities, as well as prioritizing major renovations over new projects in order to reduce the long-term costs of deferred maintenance.

Fund Balance of the Capital Fund

From FY 2001 through FY 2005, the District's Comprehensive Annual Financial Report (CAFR) showed a deficit in the General Capital Improvements fund (the "capital fund"), but since FY 2006 the CAFR has shown a surplus. The shortfall at the end of FY 2005 meant that capital expenditures had exceeded financing sources by that amount on a cumulative basis, and the District's General Fund had advanced funds to the capital fund to cover the expenditures. Because of several large financings beginning in FY 2006, from which very little was initially spent, the accumulated deficit has became an accumulated surplus. As District agencies spend these proceeds in coming years, this portion of the surplus will disappear. The Chief Financial Officer's management goal is to balance the capital fund on a long-term basis.

Until a few years ago, agencies had been slow to spend capital dollars, resulting in the District's paying interest on borrowed funds that then sat idle earning lower interest rates in District bank accounts. The District instituted a policy to delay borrowing until funds were needed for expenditures, and borrowing less than the full amount budgeted and/or allotted. At the same time, agencies were pressured to begin spending budgeted capital dollars. Eventually, this resulted in a situation in which total agency spending (of existing capital budget authority and prior allotments) exceeded the amount of funds borrowed, producing a deficit in the capital fund. The General Fund paid for these capital expenditures, essentially as a loan to the capital fund. It was necessary to cure this shortfall in order to bring the capital fund and General Fund back into balance and also to prevent cash flow problems in the General Fund.

In FY 2006, the District borrowed $196.9 million through Certificates of Participation (COPs) for a new mental health hospital and a new building for the Department of Motor Vehicles, and it securitized $245.3 million of future tobacco revenues to pay for health care needs in the District, primarily through capital expenditures. Little was spent against these two financings in FY 2006, so they had a large positive net effect on the capital fund balance. Similarly, in FY 2007, there were several large sources of revenues with minimal FY 2007 spending. For example, the District transferred $100 million of Paygo revenue to the capital fund for schools construction and also borrowed $60 million in the first installment of the additional FY 2006 bond funds for schools. However, D.C. Public Schools did not have access to the budget for these funds until April of 2007 because of legislative restrictions, and little was spent by the end of FY 2007. The District also borrowed $64 million against future bus shelter advertising revenues for the Great Streets program.

The FY 2011 CAFR reports an accumulated surplus in the General Capital Improvements Fund of $5.0 million. This represents a decrease of $128.4 million from the FY 2010 ending fund balance of $133.4 million, and a six-year cumulative increase of $251.4 million compared to the reported deficit of $246.4 million in the FY 2005 CAFR. This turnaround is due primarily to the difference in timing of revenues and expenditures in the Fund. The balance as of the end of FY 2011 is representative of the activity in the fund as of that date. Past expenditures and currently outstanding budget allotments related to G.O. bonds and I.T. secured revenue bonds still exceed the District's total bond financing.

The current balance will likely be spent before the end of FY 2012. Thus, the District must still keep a close watch on the underlying status of the capital fund, notwithstanding the very small current surplus. The long-term solution to the capital fund shortfall includes development of, and monitoring against, agency spending plans for their capital projects that manage each year's overall expenditures against that year's revenues. The District will also borrow $25 million in FY 2013, above this year's new capital budget allotments, to help repay the General Fund for advances it made to the capital fund. This additional borrowing has been taking place in amounts of either $25 million or $50 million annually, for a total of $300 million, for several years. Such borrowing may need to continue as available allotment balances are expended, which could again reduce the fund balance to a negative total.