



## ARLINGTON COUNTY, VIRGINIA

### County Board Agenda Item Meeting of June 15, 2010

**DATE:** June 14, 2010

**SUBJECT:** Fiscal Year (FY) 2011 – 2016 Capital Improvement Program Adoption

**C. M. RECOMMENDATION:** Adopt the Fiscal Year 2011 – 2016 Capital Improvement Program as presented in Attachments A-1 and A-2.

**ISSUES:** How much capital investment can the County afford during the next six year planning period and how should that capacity be allocated among community priorities?

**SUMMARY:** The recommendation sets the parameters for the County's voter referenda for 2010 and establishes a preliminary plan for capital investment through Fiscal Year 2016.

The CIP reflected in Attachments A-1 and A-2 are amendments to the County Manager's Recommended CIP and reflect the School Board's approved CIP. The proposed changes are as follows:

1. Include Arlington Public Schools adopted FY 2011 – 2016 CIP which totals \$165.5 million, including advancing construction of Wakefield High School to 2011 (on November 2010 referenda) consistent with County Board guidance from May 11, 2010.
2. Reduce the 2012 County referendum by \$9.575 million. This reduction defers \$8.575 million of projects into 2014 (Tyrol Hills Park construction - design remains in 2012; Boundary Channel Interchange construction and Fiber Optic network) and reduce \$1.0 million of project costs from the CIP (land acquisition and Courthouse Square).
3. Increase PAYG by \$8.78 million from a combination of one-time and on-going funds for the appropriate years throughout the CIP. Ongoing funds include \$1.0 million for bicycle and pedestrian safety projects and \$130,000 for the upkeep and/or replacement of athletic fields. The remaining \$2.0 million are one-time funds to be used for maintenance capital projects.
4. Allocate proposed bond funding in 2010, 2012 and 2014 for land acquisition into two separate categories for: 1) Parks & Open Space and 2) Facility Infrastructure & Land

County Manager: MB/ [Signature]

County Attorney: SAM

Staff: Michelle Cowan, DMF  
Greg Emanuel, DES  
Tamara Galliani, CMO  
Loan Hoang, DMF

41.

Acquisition.

5. Increase PAYG in the Stormwater Management Fund by \$9.9 million over the six year planning period from an increase to the sanitary district tax rate from \$0.01 to \$0.013 per one hundred dollars of assessed valuation.
6. Present for Board action by October a plan for the financing and implementation of infrastructure improvements needed for the Crystal City Development Program. This would include an implementation plan for the streetcar line connecting Pentagon City Metro station through Crystal City to Potomac Avenue near Four Mile Run, consistent with the alignment approved by the Board in 2008, with required preliminary street work beginning in FY 2011 - 2013. The financing plan will include near-term actions to establish a tax increment financing mechanism.
7. Allocate \$1.6 million to support the Neighborhood Conservation program over the FY 2011 – 2012 period from funding from the Paving program (\$1 million over two years; \$500,000 annually) and the Stormwater program (\$600,000 over two years; \$300,000 annually.) This will bring total funding for the NC program over the two year planning period to \$10.6 million. In addition, working with NCAC leadership, staff will evaluate and recommend changes in scope and criteria for the NC program in light of the inter-relationships between various County infrastructure programs (paving, streetlights, parks, stormwater). This evaluation will be completed prior to publication of the next proposed CIP.
8. Develop maintenance capital implementation plans for parks and facilities.

**DISCUSSION:** The County Manager's Proposed FY 2011 – FY 2016 CIP was presented to the County Board in April 2010 prior to release of the Schools' Proposed CIP. On May 11, the County Board directed staff to include construction of Wakefield High School on the November 2010 referenda and recommend other changes to the CIP needed to accommodate the acceleration of Wakefield. Specifically, the County's planning estimate for the 2012 bond referenda is to be reduced by approximately \$10 million to meet the County's debt management policies (see Attachment C.) By advancing Wakefield under current favorable construction market conditions, Schools may be able to realize approximately \$15 - 24 million in savings, including financing (debt service) costs.

Since the release of the proposed CIP, there have been many work sessions, County Board guidance and extensive community input. As a result of the CIP public process and the decision to fund Wakefield earlier, the County Manager's CIP is amended as follows:

1. Include Arlington Public Schools total of \$165.5 million from their adopted FY 2011 – 2016 CIP. The Superintendent's Proposed CIP was presented after the County Manager's Proposed CIP therefore Schools totals were not previously included. This amount reflects \$102.9 million in the 2010 referenda and includes Wakefield as requested by the School Board and endorsed by the County Board.
2. Reduce the County's 2012 referenda from \$116.102 million to \$106.527 million by

deferring \$8.575 million of projects to the 2014 referenda and cutting \$1.0 million of projects from the CIP.

- a. Defer the construction costs of Tyrol Hill Park from the 2012 referenda to the 2014 referenda in the amount of \$1.4 million. The design budget remains in the 2012 referenda and is for the final phase of the park. Deferring the construction funding only delays the completion date by approximately one year, however, does not functionally impact the park, as the other two phases have been designed and built as stand-alone improvements.
  - b. Defer the reconstruction on Old Jefferson Davis Highway through the interchange with Boundary Channel Drive from the 2012 referenda to the 2014 referenda in the amount of \$6.0 million. This still allows \$2.0 million of funding for design to be authorized in 2012. This timeframe will allow for adequate design of curb, gutter, sidewalk, street trees, streetlights, bike lanes and on-street parking and provide safe and attractive environment for all modes of transportation as well as needed coordination with Federal Highway Administration (FHWA) and Virginia Department of Transportation (VDOT).
  - c. Reduce Courthouse Square planning/design in the 2012 referenda from \$2.5 million to \$2.0 million. The lease for Courthouse Plaza and Court Square West expires in October 2018. This funding is for the initial design concepts of lease versus purchase and will help frame the needs for the next level of design studies planned under the 2014 referenda.
  - d. Reduce Land Acquisition in the planning years by \$0.5 million to \$4.5 million in the 2012 referenda. As the next CIP cycle is developed, funding levels for land acquisition will be revisited.
  - e. Defer \$1.175 million of the fiber optic communications project costs from the 2012 referenda to the 2014 referenda. The will not impact project timing as existing balances are available to cash flow the project.
3. Increase PAYG by \$8.78 million funded by \$1.0 million of on-going sources from an increase in the motor vehicle license fee, \$0.13 million of on-going sources from youth sports assessments and \$2.0 million of one-time revenue from real estate tax rate increase.
- a. \$1.0 million is for bicycle and pedestrian safety projects in the Department of Environmental Services (DES).
  - b. \$0.13 million is for the upkeep and/or replacement of athletic fields in the Parks and Recreation and Community Resources (PRCR). A portion of the youth sports assessment could be used for scholarships for youth sports. This would require County Board action to transfer the appropriate amount from PAYG to the General Fund.
  - c. \$2.0 million are one-time funds to be used for maintenance capital projects and a balance held for contingency needs as emergencies arise:
    - \$835 K - Gunston synthetic field replacement
    - \$500 K – Detention Facility roof replacement
    - \$500 K – Capital maintenance implementation planning / facilities master planning
    - \$165 K – Capital Contingent

4. Allocate land acquisition into separate categories for Parks & Open Space and Facilities Infrastructure & Non-Parks.
  - a. The category of Parks Land Acquisition and Open Space has been allocated \$2.0 million, \$3.0 million and \$5.0 million for the 2010 referenda, 2012 referenda and 2014 referenda, respectively.
  - b. The land acquisition for non-parks is included in the category of Facilities Infrastructure. The total allocation in this category is \$6.39 million, \$6.0 million and \$8.472 million for the 2010 referenda, 2012 referenda and 2014 referenda, respectively.
5. Increase PAYG for Stormwater Management Fund by \$9.9 million for the CIP period from an increase to the sanitary district tax rate from \$0.01 to \$0.013 per one hundred dollars of assessed valuation.
  - a. This budget increase covers the transfer of 10.0 FTEs along with associated personnel and operating costs of \$1.35 million from the General Fund to the Stormwater Management Fund.
  - b. The balance of \$0.3 million is allocated to capital projects which could be used for infrastructure projects related to the Neighborhood Conservation program.
6. Present for Board action by October a plan for the financing and implementation of infrastructure improvements needed for the Crystal City Development Program. This would include an implementation plan for the streetcar line connecting Pentagon City Metro station through Crystal City to Potomac Avenue near Four Mile Run, consistent with the alignment approved by the Board in 2008, with required preliminary street work beginning in FY 2011 - 2013. The financing plan will include near-term actions to establish a tax increment financing mechanism.

For the first time, the proposed CIP includes an infrastructure project plan and a preliminary finance plan for reinvestment in Crystal City in light of the impact of BRAC and the potential for an additional 15 million in square footage to be added to the Crystal City area over the next 50 years. The immediate goal of the plan is to provide placeholder estimates of capital project costs over the upcoming six years, and as importantly, a secure, near-term funding plan that will allow this work to proceed as quickly as possible. The finance plan relies on a variety of sources, including commercial real estate tax and state aid in the near-term, and general obligation bonds and tax increment financing in the latter years. Staff recommends taking near-term action on initial steps to establish a tax increment district (suggested steps and timeframe listed below) so that the County has time to see how redevelopment occurs and related tax increment revenues:

- Fall 2010 - Staff recommendation on boundaries of tax increment district and percentage of tax increment appreciation to be dedicated to Crystal City improvements
- In 2011 – 2013, street construction underway
- 2011 – 2014 - Tracking of district performance and redevelopment efforts

- 2014 and beyond - Begin utilization of tax increment revenues on pay-as-you-basis through 2016 with potential for leveraging thereafter
7. The NC program, at times, overlaps with other maintenance capital and infrastructure programs such as storm sewer/drainage improvements and street reconstruction. The Proposed CIP reflects \$9.0 million of funding per referenda. Acknowledging that the NC program helps to fund other related improvements, it is recommended that an additional \$1.6 million be allocated to the NC program, bringing the total to \$10.6 million over the FY 2011 – 2012 period, by:
- a. allocating \$0.5 million annually (\$1.0 million over two years) from the paving program to the NC program for each FY 2011 and FY 2012.
  - b. allocating \$0.3 million annually (\$0.6 million over two years) from the Stormwater Management Fund to the NC program for each FY 2011 and FY 2012.

In addition, working with NCAC leadership, staff will evaluate and recommend changes in scope and criteria for the NC program in light of the inter-relationships between various County infrastructure programs (paving, streetlights, parks, stormwater). This evaluation will be completed prior to publication of the next proposed CIP.

8. Maintenance Capital Implementation Plan - Develop implementation plans that address capital maintenance needs of parks and facilities:
- a. Develop outline of preliminary standards for initial Board consideration that would guide community expectations for baseline amenities in parks and in facilities that would be presented at an October worksession.
  - b. Build on condition assessments to create a project prioritization list and funding strategy.
  - c. Identify organizational capacity (e.g. staff, contractor resources) necessary, if funds become available, to complete backlog and return to a standard replacement cycle for parks and facilities.
  - d. Based on the results of the work discussed above, develop priority projects for parks and facilities maintenance capital to progress in time for the next CIP cycle, should other funding become available or the Long Bridge Aquatics Center be unable to move forward.

Additional changes to the Proposed CIP are of an administrative nature, such as updating financial tables and charts, and do not affect the overall CIP total.

The following table summarizes total costs under the Recommended CIP, with the changes as discussed above:

**FY 2011 – FY 2016 CIP Totals**  
(in \$000)

<b>Program</b>	<b>County Manager's Proposed CIP</b>	<b>Revised CIP</b>
<b>County</b>	\$ 868,334	\$ 885,973
<b>Schools</b>	\$ TBD	165,484
<b>Utilities</b>	\$ 167,989	167,989
<b>TOTAL</b>	\$ 1,036,323	\$ 1,219,445

The table below presents the proposed amounts to be included on the general obligation bond referenda this November. This table excludes amounts to be financed through other financing vehicles, including Industrial Development Authority financing for Fire Station 3 previously approved in the FY 2007 – 2012 CIP (approximately \$13 million) and Buckingham Village I park (approximately \$1.0 million).

**FY 2011 Bond Total**  
(CY 2010 Bond Referendum)  
(in \$000)

	<b>Revised Recommendation</b>	<b>Comments</b>
<b>County</b>	\$ 58,140	Land acquisition is allocated separately for parks / open space (\$2.0 M) and non-parks is included in Emerging Facilities Infrastructure and Land Acquisition
<b>Schools</b>	\$ 102,888	Wakefield construction (\$84.3 M in new bonds); fiber optic cabling, and HVAC and roofing projects
<b>TOTAL</b>	\$ 161,028	

**BACKGROUND:** As an historical reference, Attachment B, portrays a list of capital projects

completed during the last ten years. This demonstrates the significant progress made in reinvestment in the County's infrastructure and facilities as a result of many CIP planning and funding cycles. As with past CIPs, this CIP is primarily a planning document, and includes the both County government and Schools project plans. As such, the CIP is subject to amendment and updating as the needs of the community change and become better known, and the proposed projects move closer to funding and final approval. Staff monitors changes in the community to be able to take advantage of opportunities that arise in scheduling and funding capital improvements in conjunction with private sector development and redevelopment. As priorities change and opportunities arise, staff reassesses the County's capital improvement program and proposes changes that will affect the timing and funding of projects. The CIP represents staff's best evaluation, at this time, of overall capital needs at a level affordable to taxpayers. The County government portion of the CIP is prepared on an interdepartmental basis with staff expertise from each program area utilized to help prepare each segment of the proposed CIP.

Since the proposed CIP was released in April, staff has met with 12 Commissions and Committees and provided information at 3 work sessions. The CIP was published in hard copy and is also on the County website. The County Board held its CIP Public Hearing on May 22, 2010.

**FISCAL IMPACT:** The impact of this CIP combined with past and current obligations can be found in Attachment C. It presents total estimated debt payments on an annual basis as well as the percentage increase in debt on a year-to-year basis. The plan is based on a relatively conservative average revenue growth of 1% in FY 11, 0% in FY 12, 3% in FY 13 and 4% in each of the years FY 14 – FY 16. The CIP also complies with the County Board's debt policies found in Attachment C, resulting in projected debt levels that reinforce the County's triple-A bond ratings.

**Summary of Attachments:**

Attachment A-1: Revised CIP Debt Summary

Attachment A-2: Revised CIP Program Summary

Attachment B: Ten Year Progress of Capital Projects

Attachment C: Debt Management Policies and ratios comparison to Revised CIP

# Attachment A-1

## FY 2011 - FY 2016 CIP Debt Summary - Revised

(000s)

<b>GO &amp; Other BOND Funding</b>	Proposed	Proposed	Proposed	Total
	2010 Referenda	2012 Referenda	2014 Referenda	FY 11-16
<b>LOCAL PARKS &amp; RECREATION</b>				
Parks Maintenance Capital	1,000	4,000	4,875	9,875
Land Acquisition & Open Space	2,000	3,000	5,000	10,000
Tyrol Hill Park	-	1,575 175	1,400	1,575
Herndon & 13th Park	1,300	-	-	1,300
Parks Master Plan (Rocky Run Park)	1,675	-	-	1,675
Old Jefferson Davis Hwy - Boundary Channel Interchange	-	8,000 2,000	6,000	8,000
Long Bridge (Aquatics, Fitness Center and Final Outdoor Phase)	-	31,827	2,575	34,402
<i>Sub-total</i>	<del>3,975</del> 5,975	<del>45,402</del> 41,002	<del>7,450</del> 19,850	<del>56,827</del> 66,827
<b>TRANSPORTATION</b>				
Paving	10,300	11,200	11,200	32,700
Match for State & Federal Projects	2,500	2,500	2,500	7,500
WALKArlington, BikeArlington & Neighborhood Traffic Calming	1,300	1,300	1,300	3,900
Crystal City Public Infrastructure	-	-	20,250	20,250
Shirlington Road Bridge Renovation	-	200	2,000	2,200
<i>Sub-total</i>	14,100	15,200	37,250	66,550
<b>METRO</b>				
Metro	20,000	20,000	20,000	60,000
<b>COMMUNITY CONSERVATION</b>				
Penrose Square	-	3,350	-	3,350
Nauck Town Square & Infrastructure	-	-	4,150	4,150
Neighborhood Conservation	9,000	9,000	9,000	27,000
Land Acquisition	3,690	5,000	12,500	21,190
<i>Sub-total</i>	<del>12,690</del> 9,000	<del>17,350</del> 12,350	<del>25,650</del> 13,150	<del>55,690</del> 34,500
<b>PUBLIC / GOVERNMENT FACILITIES</b>				
Facilities Maintenance Capital	2,675	4,150	13,411	20,236
Arlington Mill Community Center (Non GO Bonds)	5,000	-	-	5,000
Lubber Run Community Center	-	-	18,000	18,000
Emerging Facilities Infrastructure & Land Acquisition	4,700 6,390	4,500 6,000	972 8,472	10,172 20,862
Courthouse Square	-	2,500 2,000	2,500	5,000 4,500
<i>Sub-total</i>	<del>12,375</del> 14,065	<del>11,150</del> 12,150	<del>34,883</del> 42,383	<del>58,408</del> 68,598
<b>INFORMATION TECHNOLOGY / PUBLIC SAFETY</b>				
Fiber Optic Communications Network	-	7,000 5,825	1,175	7,000
Subtotal GO Bond Referenda	58,140	116,102 106,527	125,233 133,808	299,475 298,475
Subtotal Other Bond Funding	5,000	-	-	5,000
<b>Total BOND Funding *</b>	<b>63,140</b>	<b>116,102 106,527</b>	<b>125,233 133,808</b>	<b>304,475 303,475</b>

\* Excludes Revenue Bonds for Transportation Investment Fund

## Attachment A-2

Arlington, Virginia

# Revised CIP Program Summary

### 6 Year Capital Program Costs Summary (000s)

<u>Program Category</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>6 Year Total</u>
Local Parks & Recreation	7,611	3,480	63,982	2,980	22,392	2,544	102,989
Transportation Initiatives	40,347	25,431	64,856	69,206	91,456	50,605	341,901
Crystal City Public Infrastructure	300	2,400	5,350	24,600	38,250	20,080	90,980
Metro	23,900	3,500	23,600	4,700	25,100	5,000	85,800
Community Conservation	9,350	500	12,850	500	13,650	500	37,350
Public / Government Facilities	16,531	5,312	16,600	3,900	44,874	3,463	90,680
Information Technology & Public Safety	20,786	9,656	12,894	8,564	12,024	10,236	74,160
Regional Partnerships	1,152	1,173	1,180	1,186	1,194	1,201	7,086
Ballston Garage	3,620	2,450	750	-	972	528	8,320
Capital Contingent	3,058	2,000	2,000	2,000	2,000	2,000	13,058
<b>Total County Capital</b>	<b>126,655</b>	<b>55,902</b>	<b>204,062</b>	<b>117,636</b>	<b>251,912</b>	<b>96,157</b>	<b>852,324</b>
Water & Sewer Infrastructure	55,013	44,336	18,146	17,126	16,884	16,484	167,989
Stormwater Management	5,744	6,382	5,568	5,318	5,318	5,318	33,648
Schools Capital	127,857	4,641	15,711	4,641	7,992	4,642	165,484
<b>Total Program Cost</b>	<b>315,269</b>	<b>111,261</b>	<b>243,487</b>	<b>144,721</b>	<b>282,106</b>	<b>122,601</b>	<b>1,219,445</b>

### 6 Year Capital Program Funding Sources Summary (000s)

<u>Capital Funding Sources</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>6 Year Total</u>
County General Fund Transfer	6,702	17,050	13,454	10,364	15,953	16,358	79,881
County General Obligation Bonds	58,140	-	106,527	-	133,808	-	298,475
County Master Lease Funding	5,703	4,174	7,069	7,066	7,047	6,434	37,493
Transportation Investment Fund	16,722	19,655	11,895	15,085	21,785	11,835	96,977
County Other Sources	40,388	16,762	66,042	85,796	73,994	62,205	345,187
Schools Fund Transfer	4,641	4,641	4,641	4,641	4,642	4,642	27,848
Schools General Obligation Bonds	102,888	-	11,070	-	3,350	-	117,308
Schools Other Sources	20,328	-	-	-	-	-	20,328
Sanitary District Tax	4,744	4,643	4,643	4,643	4,643	4,643	27,959
Utility Fund Transfer & Other Sources	50,518	44,336	18,146	17,126	16,884	16,484	163,494
Utility VRL Financing	4,495	-	-	-	-	-	4,495
<b>Total Program Funding</b>	<b>315,269</b>	<b>111,261</b>	<b>243,487</b>	<b>144,721</b>	<b>282,106</b>	<b>122,601</b>	<b>1,219,445</b>