

**Arlington Community Facilities Study
Study Committee Meeting #9 – June 10, 2015
Prepared by Sarah McKinley, Columbia Heights Civic Association**

Major conclusions:

- **The meeting was preceded by a tour of the Arlington Trades Center, which houses significant “back of house” operations for many divisions within Arlington County, as well as transportation for Schools.**
- **A forecast of tax revenues indicates that revenue growth is not expected to be robust enough to fully fund County and School operations. The baseline tax scenario would indicate that budget deficits of \$1-\$32 million could occur each year over the next five years. But it is expected that Arlington County can weather these strains, given our \$1.15 Billion annual budget. Under a “low” economic scenario those deficits could reach \$37-\$43 million a year, while a “high” scenario could result in budget surpluses of \$23.7 million a year. A primary driver will be the rate at which the commercial tax base can recover.**
- **The Siting Principles Subcommittee presented its first draft of core principles. Core issues included open communication, particularly between the County and APS; a focus on the development of flexible facilities that might include co-locating County functions or programs, and ensuring compatibility with all of the elements of the County’s master plan.**

Tour of the Arlington Trades Center

The ninth meeting of the Arlington Community Facilities Study was preceded by an organized tour of the Arlington Trades Center in South Arlington, a large facility that serves the needs of multiple departments and is considered the heart of the “back of house” operations for the County. The County benefits from this centralized facility. For example, the facility allows staff to service and fuel all of the County and school vehicles, with easy access to parts and equipment. The facility includes:

- Storage for extra street light poles, pipes and other equipment;
- Recycling operation of yard waste into mulch, and recycling of asphalt and stone;
- One of two large salt storage facilities for winter use on county streets;
- Fire department training center;
- Parking lot for school buses, and a separate parking lot for the school bus drivers, which will be enlarged this coming year;
- Maintenance facility for all County vehicles, including heavy-duty trucks, school buses, cars, etc.;

- Refueling station for gasoline, diesel and natural gas vehicles, and a vehicle washing stations that can accommodate even very large trucks;
- Large indoor parking to protect major trucks and equipment from the elements;
- Large facility to accommodate parks and recreation wood and metal shops;
- Police impoundment lot and facilities to process vehicles involved in crime scenes;
- Storage facilities for trash pickup, lawn refuse bags, parks equipment, and a separate building for communications equipment;
- Administrative buildings for maintenance staff and the operation of traffic lights;
- Conference center for community meetings; and
- Storage for large vehicles, including tree removal, snow shovels and street cleaning.

County Revenues

Michelle Cowan, Director of the County Department of Management & Finance, began the meeting with a report of the five-year financial forecast for Arlington. She reminded the group that the Fiscal Year 2015 budget was \$1.15 billion, with 82% coming from local taxes. Real estate taxes are split fairly evenly between residential and commercial taxes, with some additional taxes coming from “tourism” sources like occupancy and local sales taxes.

The five-year forecast is updated every budget and CIP cycle. Alexandria, Montgomery and Prince William Counties all use a five-year cycle. Fairfax County uses a two-year budget cycle and the U.S. Office of Management & Budget (OMB) uses a three-year-cycle.

The County usually prepares three forecasts. The “high” forecast scenario shows the best outcome for the county—continued strong residential market of 4-6% growth for the next 2-3 years, then stabilizing at 3% growth. It envisions a recovery in commercial taxes (BPOL) more quickly, stabilizing without further losses by Fiscal Year 2018. If things work out well, we could see tax revenue growth over the next five years of 3.3%.

However, a “low” economic forecast would anticipate a rapid slowdown in the residential market of 1.5-2%, a protracted commercial recovery and no growth or slight declines in other tax sources. The low case anticipates average tax revenue growth of only 1.0% annually over the next five years.

The County’s predictions, not surprisingly, are based on a “Goldilocks” hybrid, not too high and not too low. The medium scenario indicates a stable residential market, averaging 3% growth, with commercial taxes flat or declining through Fiscal Year 2019 but then beginning a steady recovery. The combined average tax revenue growth over

the five year period would be 2.5%. In all three scenarios the County assumes no growth in grant revenues from state or federal sources, and only inflationary growth in other non-tax sources.

However, it is well-known that the County is facing enormous financial challenges. Enrollment growth and teacher compensation are two significant pressures coming from Arlington schools. In the County, compensation and health care costs are expected to rise, as will pensions and retiree health care. Metro is increasing its service with the purchase of additional railcars and power upgrades and Arlington will pay its fair share of these increases. Other challenges, not included in the current forecast, cover upgraded staffing for the Detention Center, emergency communication (911) staff, police and fire demands due to population increases, additional affordable housing funding, social service expansions, and new facility operating costs in future years.

If everything continues as anticipated, Arlington will be experiencing annual budget gaps between \$1 million to \$32 million over the next five years. Under the high scenario we might actually have a budget surplus of \$23.7 Million. But if we hit the low pricing scenario we'll be in the hole by \$37-\$43 million a year.

Under the baseline tax scenario, revenue growth is not expected to be robust enough to fully fund County and School operations. However, Ms. Cowan predicts that the County will still be able to manage.

Siting Principles Subcommittee Report

Members of the Committee presented what was the first draft of an outline on siting principles, while reserving process for the next meeting. However, there was debate about what constituted a "principle," which should apply to all situations, and a "process" issue, which might be site specific.

The high level siting principles included demonstrating the need for a facility, sharing information with citizens, defining site suitability and facility functions, locating possible sites within the county, identifying time, cost and financial constraints, identifying adaptability and co-location opportunities, and balancing county-wide and local needs.

Information sharing, particularly between County government and the APS board, is crucial, although it was recognized that not all information can be made public. This would include discussions of acquisition or disposition of property that would affect the County's or School's bargaining position or negotiating strategy. There are also provisions in state law allowing closed meetings for public bodies.

Identified functions and impacts of a proposal might include flexibility for multi-functions, its impact on demographics or ethnic/social diversity; impacts of transportation, green space or neighborhoods. Facilities need to be located in ways that facilitate efficient, effective service delivery. This may vary by facility and, given the scarcity of land in Arlington, be driven by opportunity. The group quoted the 1993 Siting Principles that “ensure fairness by equitable distribution of facilities or programs throughout the County.”

Each element identified by the Committee was fleshed out, but the group continues to discuss whether the details they provided are really “principles” or merely strategies. These included co-location of facilities or the creation of public-private partnerships. And would these principles apply if the County were presented with an opportunity to own a property without first identifying a need for it?

There was broad consensus that there might be tradeoffs in facility locations, either being sited too closely together or in places that didn’t fit the needs of the program. Facility needs could also be time sensitive and might require a quick decision, or be dependent on property becoming available for acquisition, in which case more resources might be needed to meet shorter turnaround. Timetables for siting decisions should be shared early on; however, applying the siting principles and process early on should shorten the overall process in the long run.

Rough cost estimates need to be provided to compare multiple site options. More complex projects, including co-locating facilities or public-private partnerships, could increase costs, but might also result in significant benefits or synergies. Finally, decisions must take into consideration the County’s debt capacity and funding sources. Ideally the selected site must be available at a reasonable cost.

Any process should inventory and evaluate existing conditions on each potential site, with contributions from the community encompassing various perspectives. It should include baseline parameters for approving sites. The process must also consider legal and zoning parameters, GLUP (General Land Use Plan) designation and Sector or Area Plan guidance. Another issue was ensuring wide participation in the decision making, in part to ensure that plans being formulated would not contradict the many elements of the County’s master plan.

Creating flexible facilities that could be adapted to meet the needs of different programs, instead of “single use” facilities, would be preferred. Co-locating programs to create synergistic opportunities would be emphasized. Finally, the decision-making group may have to consider opportunity costs. The group will continue to meet to work on a draft proposal.

Materials:

Agenda:

http://arlingtonva.s3.amazonaws.com/wp-content/uploads/sites/5/2015/06/CFS_SC9_Agenda.pdf

Opening Remarks:

http://arlingtonva.s3.amazonaws.com/wp-content/uploads/sites/5/2015/06/CFS_SC9_Opening.pdf

Presentation: Revenue Projections

http://arlingtonva.s3.amazonaws.com/wp-content/uploads/sites/5/2015/06/CFS_SC9_RevenueForecasts.pdf

Presentation: Subcommittee Draft Siting Principles

http://arlingtonva.s3.amazonaws.com/wp-content/uploads/sites/5/2015/06/CFS_SC9_SitingPrinciples.pdf