

**Arlington Community Facilities Study
Study Committee Meeting #8 – May 27, 2015
Prepared by Sarah McKinley, Columbia Heights Civic Association**

Major conclusions:

- **The County’s Capital Improvement Plan (CIP) is a ten-year plan for investments in physical assets, updated every two years. The current CIP is \$2.7 billion and includes all physical facilities operated by Arlington County. Funding comes from a variety of sources, including General Operating (GO) bonds and PAYG, or general fund cash contributions. In 2013 the CIP shifted from a six-year time period to the current 10-year horizon.**
- **The Arlington Public School has its own CIP. In 2012 APS switched from a 6-year to a 10-year CIP to be aligned with the County’s process. Its two-year cycle begins with the adoption of an Arlington Facilities and Student Accommodation Plan (AFSAP), which is used to develop its CIP, with public input.**
- **Facility subcommittee members presented reports, which will serve as the basis for a first draft of sections of the main report, due in November. Major recommendations included: a strengthened role for the Arlington Economic Development (AED) division as well as the Economic Development Council (EDC); encouraging adoption of the Housing Study and measures to bolster availability of housing for middle-income residents; modernizing county processes to make it easier for businesses; better understanding demographic developments and meeting the needs of various age cohorts; encouraging programs that will mitigate income disparities for lower-income students; creating a unified Comprehensive Plan for the county that reconciles competing interests between the current 10-11 plans; “creating land” for community facilities by undergrounding some facilities and building over others; making better use of existing facilities; building multi-use and shared-use facilities; undergrounding parking; exploring smaller, mobile and multi-purpose facilities; expanding the definition of usable classroom space; collaborating with neighboring jurisdictions; integrating “light industrial” services into single family neighborhoods via creative design; and incorporating “back of the house” facilities into planning processes.**

Moving toward the Draft Report

The eighth meeting of the Arlington Community Facilities Study included two major agenda items. The first focused on a pair of presentations about the CIP process, followed by a series of presentations by Committee members who shared preliminary conclusions that would serve as the first draft of the report, due in November. This meeting was attended by Arlington School Board Member Nancy Van Doren, state

Senator Barbara Favola, County Manager Barbara Donnellan and Deputy County Manager Mark Schwartz.

Chairman John Milliken noted that the group was now half-way through the process and encouraged public participation in the June 2 open house for the Facilities Committee at the Courthouse Plaza Lobby. The next meeting of the group will be held at the Community Facilities Study Committee. The Committee Members will be given a tour of the Arlington Trades Center before the official meeting begins. Several members of the larger public asked to be included in the tour.

Capital Improvement Plan – County

Michelle Cowan, Director of the County Department of Management & Finance, began with a presentation about the County's Capital Improvement Plan (CIP) process. The CIP is a 10-year plan for investments in physical assets, which are defined as physical assets having a useful life of three years or more, valued at \$100,000 or more. The current CIP is \$2.7 billion. The CIP covers costs for new facilities, as well as maintaining current assets. The CIP is flexible and can be adjusted, unlike bond referenda in which cost authorizations are firm. The CIP helps to maintain the County's triple-AAA bond ratings. The CIP is updated every two years.

Of the current CIP, about one third will be spent on transportation. (An additional 18% had been scheduled for the Columbia Pike and Crystal City Streetcars, which will have to be adjusted.) Metro gets 8% of the pie. Parks and Rec receive 7% of the total, while government facilities, information technology, and regional partnerships add up to 17%. Water, sewer and stormwater management is allotted 12%.

The CIP funds represent investments in service delivery to support livable, safe communities that enhance the quality of life. It also focuses on helping those in need, investing in core infrastructure, environmental sustainability and economic competitiveness. The Neighborhood Conservation program is one example that will be allotted \$93.5 million over the next 10 years. Other neighborhood investments include \$128 million for paving, \$9.7 million for Complete Streets, \$12.8 million for Walk Arlington, \$1.1 million for Safe Routes to School and \$14.2 million for BikeArlington.

Other infrastructure investments include a new fire station and replacement of fire trucks and computer systems for emergency and police services. Also envisioned is a new Homeless Services Center, upgrades to the Mary Marshall Assisted Living Center, the Sullivan House, and the homeless shelter on Columbia Pike, as well as consolidating human services in the Sequoia building.

Core infrastructure needs include \$26.5 million for a sanitary sewer system, \$86.7 million for the Water Pollution Control Plant, \$170 million in maintenance for sewer

pipes and \$34.7 million for water distribution. Transportation services includes \$226 million for WMATA (Metro), \$80 Million for the ART buses, and \$178 million for improvements to access to the Metro Stations.

The CIP is funded through a large number of sources. This includes GO (General Operating) Bonds, which require voter approval; PAYG, which represents General fund cash contributions; Master Leases, in which a bank may have security interest in an asset; and by dedicated or restricted funding (examples includes federal/state grants for specific purposes). General Fund GO Bonds provide about a third of the total CIP. PAYG cash from local taxes accounts for another 20%. State and federal funds account for about 13%.

General Obligation (GO) Bonds represent the primary way that the County funds government infrastructure. They require voter approval and cannot be reallocated. They carry the full faith and credit of Arlington County. The interest is tax-exempt for investors, and with our triple AAA bond rating, they represent the lowest cost of capital. The GO bonds typically have a 20-year maturity. The county abides by certain guidelines in assuming this debt, based on best practices by bond rating agencies. First, the outstanding debt falls below 1.5% of the market value of Arlington's real property taxes. Second, the debt burden cannot exceed 6% of per capita income in the County. Third, no more than 10% of the County's General Expenditure can be consumed by debt service costs.

So where does the county's budget get spent? About 35% is transferred to schools for expenses (excluding school debt). Personnel salaries and benefits account for another 34%. Contractual services represent 10% of the budget. County & School debt service represents 9%.

Future budget pressures include increasing operating and capital expenses for WMATA (Metro), health care, employee compensation, impacts of population growth on services, and specific delivery needs like public safety staffing, economic development, and new innovations in technology and environmental sustainability.

Michelle Cowan also described the CIP process, which cycles every two years. The process aligns with a schedule of bond referenda scheduled for even-numbered calendar years, and bond sales in odd-number fiscal years. In 2013 the CIP shifted from a six-year time horizon to the current 10-year horizon.

The starting point is always the most recently-adopted CIP, which is then updated by staff in an iterative process. This process includes economic and revenue projections, commercial development, construction market conditions, project cost estimates (which can change over time), board direction on specific initiatives, external impacts, changes in federal and state regulation, population or service delivery changes and opportunistic

events (like land acquisition). Other inputs include reinvestment projects, the residential satisfaction survey, impacts of various plans that make up the Arlington Master Plan, special studies and economic development.

APS CIP Process

The Arlington Public Schools maintains its own budget, and its own CIP process. In 2012 APS switched from a 6-year to a 10-year CIP to be aligned with the County's process. This allows greater cooperation between the two systems. For example, in the 2015-24 CIP, the County shared some of its debt capacity with APS, while staying under the 10% overall ratio. The two entities have also collaborated on identifying potential sites for new schools.

An integral part of the process for APS is adoption of the Arlington Facilities and Student Accommodation Plan (AFSAP), which is conducted in odd-numbered years. It represents a comprehensive review of enrollment and capacity, projected enrollments by school and grade. The AFSAP identifies the need and location for new seats, and redistribution of students or programs. In June 2015 the AFSAP confirmed the need for a new neighborhood elementary school in South Arlington, and confirmed the need for high school seats.

The AFSAP is usually presented to the school board in June of odd-numbered years, an event that initiates the CIP planning process. The AFSAP is used to create a framework for the CIP. The 2015-24 CIP process considered alternatives to a new comprehensive high school to provide needed seats, considered non-boundary options to balance capacity among the three high schools, and reevaluated a second new elementary school proposed in 2012 on the Kenmore/Carlin Springs campus.

The 2015-24 CIP also considered potential locations for new schools. The School Board is expected to set direction for staff. Site analysis studies analyze costs and impacts of new schools on debt capacity, timeline, number of seats provided, opportunities and challenges, and alignment with design principles. It also considers community feedback. This comes from the Advisory Council on School Facilities and Capital Programs (FAC), online feedback forms, community meetings, twitter town halls and stakeholder meetings with civic associations.

The Superintendent of Schools then proposes a CIP to the School Board. Public hearings also gain community input. Finally, the APS board adopts its CIP. The final stage in the CIP development cycle comes with a bond referendum vote by Arlington residents. Following the referendum vote, APS staff begins the preparation of the next AFSAP.

Facility Subcommittee Reports

Over the past three months members of the Facilities Study Group have been divided into separate subcommittees, which were charged with brainstorming and developing the first draft of sections of the report, which will be the final result of this process. Various members gave presentations.

Economic Subcommittee. This group noted the current economic challenges to Arlington, including a shrinking federal presence, shifts in the way businesses use office space, and growing competitiveness in the larger region. It also noted that a typical 300 square foot office building adds \$3 million in taxes to the County, while a 200-unit apartment building typically adds \$1 million. It recommended stepped-up marketing by County leadership and the Arlington Economic Development (AED) division. It also advised a strengthened role for the Economic Development Council to advise the County Board and in project review. Site plans should include an analysis of economic impact, allow for flexibility within designated corridors, perhaps through Business Improvement Districts (BID)s. It also recommended continued public education on the economic issues facing Arlington.

The Economic Subcommittee also reported on the issue of affordable housing. As rents in Arlington rise faster than wages and redevelopment usually results in higher-priced models. Workers who earn 60%-120% of AMI (Average Median Income) are being squeezed out of the housing market. Loss of affordable housing is affecting millennials, seniors over 65 and parts of the workforce (particularly the service sector, whose wages tend to be low). It's also more difficult for people to find "starter homes," creating weaker ties between residents and the community and intensifying economic stratification. The barriers include lack of public funding to aid the 60-120% AMI housing, the fact that land use plans do not currently incentivize or guide the creation of Market Affordable units (MARKS), and the fact that strong property rights limit the County's ability to shape private housing development choices.

This subcommittee recommended completion of the Housing Study and updated Housing Master Plan and Housing Implementation Plan. It also advocated the review of policies, particularly section or other county plans, to incorporate explicit guidance to encourage the development of units for households in the 60-120% AMI range. It also recommended that Arlington Schools evaluate longitudinal data to examine the effects of housing stability on student performance.

Ease of Doing Business. Committee members noted robust public input is sometimes at odds with business preferences for speed and predictability. Now that Arlington has competition from Tyson's and other sites along the Metro's Silver Line, businesses may no longer be willing to make concessions to Arlington. We need to acknowledge the different priorities and needs, based on the different sizes and types of

businesses. We need to integrate the EDC and the AED into public-review processes. Another priority is modernizing County processes to find a workable balance between community and business interests.

Suggestions from the audience included studying the impacts of increased density, possibilities of retaining federal space, communication to the community about barriers to new businesses, and the impact of converting office space to residential use.

Demographic Subcommittee. This group identified five major challenges: projecting growth in Arlington public schools; planning for diverse age groups as they evolve (especially the Baby Boomers and Millennials); increasing income disparity and decreasing diversity; finding new ways to communicate (particularly to millennials) and the impact of demographic changes on comprehensive planning.

Schools. Rapidly rising enrollment requires additional facilities. Sound planning requires a firm understanding of future needs. Small but acceptable errors on a year-to-year basis add up over time. We need to track student generation factors; now most kids are coming from single-family homes, but we need to understand how that might change as Arlington urbanizes and more kids live in multi-family buildings. We can't meet the current needs through construction alone. Recommendations include encouraging APS and Arlington County collaboration and information sharing, improving forecasting and conducting longitudinal analysis of student populations.

Evolving Age Demographics. Baby Boomers have three sub-groups (65-74, 75-84 and 85+), each of which have distinct needs, which will dictate changes in the market for retail services, recreation and housing. There will also be an increased percentage of an older population living alone, and an increase in health care services. Millennials are also expected to increase as a percentage of the population. As they begin to form households and families there will be needs for larger housing units, including single family houses, needs for childcare and pre-schools. Recommendations include developing better information on these different segments, identifying resources and needs, and monitoring cohort age groups to plan for the future.

Decreasing Income and Ethnic Diversity. Income disparities in Arlington are becoming more pronounced, with households earning \$200 K or more now being the largest group. A larger percentage of white Households report income above \$150 K, while a larger share of black and hispanic Households report income less than \$45 K. Income disparity concentrates low-income students in a few schools. APS struggles to provide effective academic programs and support for these students. Coordination between APS and the County is not systematic or consistent to address after-school activities or transportation. Recommendations

include a facilities-related element in the Comprehensive Plan that includes impacts and needs related to school communities, including public transportation needs and availability of recreational space. The group also recommended bring APS, the County and non-profits together to coordinate programs that provide wrap-around services, academic support and after-school activities to help mitigate the impact of income disparity.

New Ways to Communicate. The county is in transition, with urban/suburban and generational differences and preferences requiring equitable access to information and the ability to provide input into decision-making processes. There is also a need to maintain neighborhood identity while meeting the demands of a changing population. Barriers include under or non-represented residents, urban myths that divide the community (for example, the North/South divide), and language that fails to communicate across cultural or generational gaps. The group's recommendations included monitoring generational data trends to incorporate changes into site and service decisions, and finding ways to include a diverse and representative range of stakeholders in decision-making processes county-wide.

Comprehensive Plan. Arlington County's Comprehensive Plan currently consists of 10 (soon to be 11) separate elements, developed separately on different time cycles and by different and competing community and staff interests. We now have a number of outdated plans. There is no clear process for reconciling competing objectives between CP elements. Major community facility needs (schools, libraries, public safety, trade center services) are not included in ANY existing CP plan. Recommendations include using new tools and mechanisms to reconcile and consolidate current CP elements into one unified and comprehensive vision, ensuring that all major community needs are covered in the Comprehensive Plan. The County should consider including a new public facilities CP element to ensure that ALL county facility needs and priorities—including schools—are transparent and determined with ample community engagement.

Facilities Subcommittee. Arlington has limited land, limited resources and “Back of House” needs that have not been a priority. Land is our most scarce resource. It is finite and expensive. Often, special interests are pitted against each other. Immediate needs outweigh available supply and it's difficult for the public to take the long view. Time is also required to plan and build new facilities, which may hinder co-location of uses and services. Recommendations include a policy that there will be no more single use facilities built in Arlington. We must prioritize public acquisition of property, particularly those next to current APS or County facilities. We must re-imagine current facilities that are underutilized, underground existing surface parking, explore public-private projects with developers, and create joint facilities with nearby jurisdictions.

Creating Land. One solution is the ability to reclaim land by undergrounding and building over roads and highways. This is not a quick or easy solution, but it will result in tremendous value for our property, has the potential to create additional green space in the middle of urbanization, and connect one part of the county that had been previously cut-off and inaccessible. Examples of successful ventures in other cities include projects in San Francisco, South Korea, Madrid, the “Big Dig” in Boston and the “High Line” park in New York City. A map of Arlington indicates several areas with potential, including the air space over Rt. 66 and Arlington Boulevard. These opportunities could create park land, affordable housing, find land for schools and connect North and South.

Making Better use of Existing Resources. We don’t have space to do it all. Our key constraint is land, not money. Many facilities are serving single constituencies/uses. Our park fields and facilities are over-booked, schools are over-enrolled, our ability to park and service our vehicle fleet is limited, industrial services are concentrated in South Arlington, and most of the public doesn’t understand the facilities crisis. Constraints include processes that reinforce “turf issues” (County vs. APS, North vs. South, parks vs. DES), the fact that advocates tend to champion within narrow interest areas rather than solving across broad needs, perceived resistance to multi-use and co-location, particularly in residential neighborhoods, and lack of accurate forecasting models.

There are positive signs in Arlington. Schools and parks are collaborating to incorporate shared space as part of initial design, schools are creating seats by using existing space more efficiently and focusing on technology-enabling instruction. Parks and Rec is maximizing use of its fields and facilities. Recommendations include: getting creative before building anything new; insisting that facilities serve many uses by design; instituting a ban on surface vehicle parking; converting playing fields to higher-yield turf; exploring smaller, mobile and multi-purpose facilities; expanding the definition of usable classroom space; collaborating with neighboring jurisdictions; and integrating some “light industrial” services into single family neighborhoods via creative design.

Back of the House Needs. Basic county needs include storage and maintenance for County and APS bus fleets, parking and maintenance for new, high-capacity Columbia Pike and Crystal City transit, storage for Parks, Police, Fire and other county and APS vehicles and equipment, and relieving overcrowding at the Arlington Trades Center. Buses will require 13-18 acres, with sites of at least two acres each, on arterial streets. Approaches include: better use of existing sites; building up, under and over other facilities; sharing with other jurisdictions; encouraging shared use and making it more attractive; and sometimes just gritting your teeth and doing it.

Materials:

Agenda:

http://arlingtonva.s3.amazonaws.com/wp-content/uploads/sites/5/2015/05/CFS_SC8_Agenda.pdf

Opening Remarks:

http://arlingtonva.s3.amazonaws.com/wp-content/uploads/sites/5/2015/05/CFS_SC8_OpeningRemarks.pdf

Presentation: County CIP Overview

http://arlingtonva.s3.amazonaws.com/wp-content/uploads/sites/5/2015/05/CFS_SC8_CountyCIPPresentation.pdf

Presentation: APS CIP Overview

http://arlingtonva.s3.amazonaws.com/wp-content/uploads/sites/5/2015/05/CFS_SC8_APS-CIP-Presentation.pdf

Presentation: Subcommittee Reports

http://arlingtonva.s3.amazonaws.com/wp-content/uploads/sites/5/2015/05/CFS_SC8_SubcmteReports.pdf

News Release: Arlington's Aaa /AAA/AAA Bond Ratings Reaffirmed

<http://newsroom.arlingtonva.us/release/arlingtons-aaa-aaaaaa-bond-ratings-reaffirmed/>

Resource: County Adopted FY 2015 – FY 2024 Capital Improvement Plan

<http://budget.arlingtonva.us/adopted-fy-2015-fy-2024-cip/>

Resource: APS Adopted FY 2015 – FY 2024 Capital Improvement Plan

http://www.apsva.us/cms/lib2/VA01000586/Centricity/Domain/99/2015%20CIP%20Budget_Final_Web.pdf