

Members of the County Board:

I am pleased to present my proposed Interim Capital Improvement Plan (CIP), covering FY 2022–FY 2024. When we last discussed our capital needs in spring 2020, we were in the first few months of the COVID-19 pandemic and made the hard pivot to a one-year CIP. A year later, we are approaching the end of the public health aspects of the pandemic, yet we know that the economic impacts of the crisis continue, particularly for our citizens who've lost their jobs and struggled to pay their rent. The continued financial focus on the basic needs of our community, including housing, food, and small business support, along with our "bridging" approach to balancing the operating budget by using federal funds, have made the financial outlook for the next two fiscal years challenging.

The bridge to a post-pandemic world has meant sacrifice. County employees have received, for the second year in a row, very limited compensation increases. The trauma of the pandemic is also apparent in the very fact that we are proposing a CIP and a referendum in an odd-numbered year. Arlington County has not done this in several decades and the three-year length is unlike any proposal in recent years. However, as we noted last year, one of our primary levers in addressing drastic drops in revenue was to adjust and pull back on capital investments.

Given the transitional nature of this CIP we are moving beyond last year's bare-bones "must do" investment list, however, we are still constrained. The normal boundary and limitation on our investments is our financial policy of dedicating no more than 10% of our General Fund revenue to debt service. This year, given the reduced revenue resulting from the pandemic and our continued commitment to reasonable and restrained spending we are focused on the primary levers to address the projected growth in annual General Fund debt service for the next few years. By limiting our debt service growth to \$3.7 million in FY 2023 and \$5.3 million in FY 2024, it will allow us to "bridge" through the next year of budget deliberations and the economic recovery, and then return to our normal 10-year CIP process in late spring 2022.

The proposed CIP provides for more investment than we anticipated would be feasible at this same time last year. We will meet existing commitments to regional priorities like Metro, restart our efforts toward a "state of good repair" for our infrastructure, and make down payments on commitments made through land use, planning and program review efforts. Many of these planning efforts and our optimism that better fiscal times are ahead provide the start of the roadmap for the next 10-year CIP when we return in 2022.

### ***Living up to Previous Commitments***

While it is natural to focus on what is new in a spending or capital plan, much of what we pay each year in debt service goes to meet commitments made through investments in previous years. Residents will see an unprecedented set of new public facilities opening over the next 12 months and enjoy the fruits of previous decisions:

- Lubber Run Community Center – The County Board has provided operating funds to allow opening of the Center this fall. Many residents have seen this new facility as it served as one of the primary COVID-19 vaccination sites. The central location and breadth of programming, as well as the upcoming addition of solar panels under a Public Private Partnership will bring excellent recreational and community space to all residents in a few short months.

- Long Bridge Aquatics & Fitness Facility – With construction nearing completion and operating costs covered by a generous donation from the Boeing Corporation, residents, visitors, and members of the military will soon be using this facility beginning this fall.
- Fire Station 8 – The County Board just awarded the final Construction Manager at Risk contract and work will begin on rebuilding this historic station this fall – and will include a first in the region bio-solar roof.
- Jennie Dean Park – after almost a decade of planning and discussion construction is underway and completion of the recreational and community amenities will open by the end of 2021.

There are also many important transportation projects funded primarily through dedicated transportation sources and state and federal grants that are underway.

- ART O&M facility – this will consolidate the dispatch and maintenance facilities for our bus system and provide a home for years to come
- Crystal City Metro East Entrance – this will deliver on the promise of increased access in National Landing for development accompanying the arrival of Amazon
- Ballston West Entrance – this will provide more access with the addition of two street-level, stairs connecting to a passageway and a new mezzanine
- Columbia Pike Multi-Modal- this multi-year program will improve all modes of transportation for pedestrians, cyclists, motorists and transit riders. through road, sidewalk, utility and transit improvements.

### ***Regional Commitments***

The proposed CIP meets our obligations to fund the regional Metro system, totaling \$93 million over the next three years, funded through general obligation bonds and state transit aid. The proposed CIP also follows through on the agreement with the City of Alexandria to replace two deteriorating bridges —the West Glebe Road Bridge and the Arlington Ridge Road Bridge—totaling \$44 million, with the County’s share coming primarily from dedicated transportation funds. With the City of Alexandria, the County is pursuing federal earmark funding for the Arlington Ridge bridge.

### ***State of Good Repair***

The County has maintenance capital programs across virtually all areas of our infrastructure and technology assets, which are intended to keep them in a “state of good repair.” While the least exciting among our capital investments, replacing roofs and HVAC systems, repairing trails and playgrounds, and keeping technology up to date are essential to providing front line services. Given the natural aging of our infrastructure, we have worked over the last 10 years to expand and refine maintenance capital programs, by increasing overall funding levels, and expanding the funding sources to include bond and short-term financing options (meeting “useful life” criteria) in addition to the more flexible fund source, PAY-as-you-Go, coming from local tax support. Most importantly, we are working through comprehensive condition assessments that are completed approximately every five years, as well as inventories for each asset class. These assessments should be refreshed and completed by this time next year.

While we have made good progress in catching up on deferred maintenance capital needs, these programs have experienced reductions as we addressed pre-Amazon commercial vacancy rate revenue impacts and the pandemic. This CIP begins to modestly rebuild the maintenance capital programs; upcoming budgets and the next 10-year CIP will include increased funding requests to ensure that services are not disrupted and that we avoid costly infrastructure failure by deferring proactive maintenance investments.

Maintenance capital investments funded with General Fund sources include the below items, while other programs with dedicated funding like water-sewer and stormwater have maintenance capital programs of their own that will be discussed at each worksession.

- *Bridge maintenance:* In addition to funding the joint bridge projects with Alexandria, the proposed CIP includes \$4.5 million for maintenance of our 25 vehicular and 11 pedestrian bridges (not located in parks). The average age of these bridges is 48 years.

- *Paving*: The proposed CIP includes \$12 million annually for paving maintenance of the County's 1,061 lane miles of roads, which also supports our transit and bike infrastructure. This investment will keep the paving condition index in the target range of 75 to 80.
- *Technology*: Funded primarily via the County's short-term financing vehicle, \$71 million is proposed in the three-year CIP for technology investments, primarily focused on maintenance and replacement of PCs, servers, network equipment, and radio systems. Most importantly, the proposed CIP includes \$14 million to replace the County's aging human resources and financial system (PRISM).
- *Government facilities*: Proposed facility investments total \$37 million and include maintenance capital projects like roofs and HVAC systems. In addition to the maintenance capital program, renovation projects like the next phase of upgrading the 27-year-old Courts/Police building, including courtrooms, chambers and technology backbone infrastructure are included. Described in more detail below, it also includes infrastructure improvements and renovation to the 2020 N. 14<sup>th</sup> Street building located directly across from the Courts/Police building.
- *Parks*: The proposed CIP includes \$34.3 million in parks investments, focused primarily on maintenance capital projects. Full renovation of the aging Bluemont Park tennis courts, picnic shelter and related amenities is included and given its location in a resource protection area, it will require substantial redesign. The CIP includes continued funding for replacement of three existing synthetic turf fields as they reach the 8- to 10-year age to ensure safety for field users. Conversion of the upper grass field at Thomas Jefferson Park to synthetic is also planned. The proposed CIP continues the enhanced park trail and bridge program, including the replacement of one bridge at Lubber Run and the Glencarlyn Park bridge. Finally, the proposed CIP does include planning funds for the Arlington Boathouse given the progress and momentum with our federal partners on this generational project.

### ***Planning for Future Capital Investments***

While maintaining what we have will always be a top priority, new plans and reviews of existing plans and programs also inform the CIP. Given the short-term duration of the interim CIP and the much longer-term nature of our plans and programs (which can be 30 to 40 years in some cases), this three-year CIP lays out steps for projects that will extend further into the future and complete spectrum of the commitments is not reflected in this interim CIP and naturally cover multiple CIP cycles. Highlights include:

- *Neighborhood Conservation*: With the program review recently completed, the proposed CIP includes \$6 million for future funding rounds, including \$2 million in the proposed November 2021 referenda. The program review acknowledged the need for greater investments as fiscal circumstances permit.
- *National Landing*: The proposed CIP includes a variety of transportation, government facility, and parks/open space improvements in support of the Crystal City Sector Plan, which was adopted in 2010, and potentially the Pentagon City Planning Study as that plan is finalized (see summary of Crystal City Investments). With the increasing rate of redevelopment in the National Landing area, I have asked staff to convene a near-term review of the parks and open space plans, learning from the 22202 Livability Initiative, with the objective of being ready for a more comprehensive discussion as part of next spring's 10-year CIP. Also, a limited service library (funded through community benefits commitments) will come on-line in 2024.
- *Vision Zero*: Adopted by the County Board just this month, the proposed CIP includes \$5 million to start implementation efforts for the infrastructure elements to advance transportation safety.
- *Courthouse*: In addition to the next phase of the Courts/Police building, the proposed CIP includes funding for partial renovation of the 2020 N. 14<sup>th</sup> St. building. During the COVID-19 pandemic, we have experienced transformational change in how our office-based workforce perform their work. With the majority of the County's office space (outside of DHS) located in the four buildings in the Courthouse area (Bozman, Courts/Police, Court Square West and 2020 N. 14<sup>th</sup> Street), we are beginning to evaluate how space needs to be transformed to accommodate more telework and whether further consolidation can occur; this will by its nature be a multi-year effort. At the same time, we are taking advantage of this opportunity to address pending redevelopment and resulting space pressures. A primary example is the aging County Fire Station 4 and Fire

Marshal's offices in Clarendon where it is co-located. Moving this function to the 2020 building will help alleviate space pressures in Clarendon.

### ***Proposed November 2021 Referenda***

The November 2020 referenda request was intentionally constrained due to the COVID-19 pandemic and covered only one year of funding. While not typical to have an "off year" referenda, the request is intended to cover the next year of mandatory funding needs for Metro, paving, and critical preventative maintenance projects in parks and county facilities. The total referenda request is \$62.535 million (excluding Arlington Public Schools which will be added once APS adopts its CIP.)

<b>Proposed 2021 Arlington County Bond Referenda</b>	
<b>Community Infrastructure</b>	17,035,000
<b>Local Parks and Recreation</b>	6,800,000
<b>Metro and Transportation</b>	38,700,000
<b>Total County Referenda:</b>	<b>62,535,000</b>

  

<b>Arlington Public Schools</b>	TBD
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### ***Arlington Public Schools***

Arlington Public Schools (APS) released its [proposed three-year CIP](#), including a proposed November 2021 referenda of \$23.01 million. Consistent with past practice, the APS CIP and referenda request will be incorporated into the proposed CIP after the School Board completes its process. Like the County, APS has completed or is in process with a number of very significant expansion projects, including the new Cardinal Elementary School which is under construction, and the recent completions of the Dorothy Hamm Middle School and Fleet Elementary School, among others.

### ***Transportation***

The CIP includes over \$710 million (in addition to Metro) in transportation improvements, ranging from major multi-year projects & facilities (some of which were mentioned above) to maintenance capital programs. Over the past year, a primary focus has been improving our execution of our infrastructure programs through various strategies. Transportation projects can be especially complex given that many require private easements, they are dependent on multi-year funding rounds and approvals from funding partners, and they have resulting impacts on scope development. We are proposing a new approach that will advance projects simultaneously, even though full funding may not yet be available. This reflects our historical experience that inevitably some projects will be delayed given the complexities noted above. To accommodate this approach, the CIP shows a program level cashflow forecast adjustment of 20 percent (bringing it to \$568 million).

### ***Stormwater***

Investments in the Stormwater program total \$95.9 million over this three-year CIP. Highlights include \$26.8 million for the Spout Run Watershed, \$16.7 million for the Cardinal Elementary School Stormwater Detention, and \$5.4 million for the Ballston Pond Watershed Retrofit. These investments reflect the significant effort that will be required to update the County's stormwater infrastructure. Several significant projects underway include the Donaldson Run Tributary B Stream Restoration, and Ballston Pond.

### ***Utilities***

The CIP includes \$185.2 million for utilities, which includes the implementation of the Solids Master Plan, \$15.7 million in the Washington Aqueduct Capital and \$5.7 million in the Gravity Transmission mains, along with our state of good repair programs for the close to 1,000 miles of water and sanitary sewer lines across the County. Several significant projects underway include the Fairfax Water Interconnection, Spout Run Sanitary Sewer Relining, and the South Troy Street Water & Sewer Improvements.

**Public Engagement**

This year, we were unable to conduct public engagement for the CIP in person, although we did hear from 724 residents who shared their priorities for capital investments in our community through an online survey tool. My proposal takes into account many of the priorities identified by the community. I look forward to continuing the conversation on capital investment priorities as I develop the FY 2023 -FY 2032 CIP.

**Prevailing Wage**

I will present a proposal in the next few months for prevailing wage policy for construction contracts in the public works area as recently permitted by the Commonwealth. Financial impacts of this policy are not yet fully known and as such are not yet included in this CIP.

Before concluding, I did want to mention two major priorities in the County: equity and the environment. As with development of the operating budget, we had healthy, albeit initial, conversations about how each capital program could help with our equity initiative. This is complex and difficult work, without many models from other jurisdictions to follow and I am committed to working on this over the next few CIP cycles. In term of the environment, despite the limited number of new projects in the proposed CIP, I believe we are more and more incorporating environmental principles into all of our programs. The planned roof replacements in this CIP will be solar ready, our HVAC systems are energy-efficient, we are incorporating electric vehicle charging where possible. We still have much work to do, but I believe we are making good progress.

I want to thank staff across County departments, and particularly those in the Department of Management and Finance, for their work in developing this short-term interim CIP proposal. I am looking forward to returning to our traditional 10-year planning effort next spring. I also look forward to discussing my proposal with the County Board and the community over the next few months.

Sincerely,

A handwritten signature in blue ink that reads "Mark J. Schwartz". The signature is written in a cursive, flowing style.

Mark J. Schwartz  
County Manager