

FY25-34 CIP - Board Guidance
Adopted July 23, 2024

The FY25-34 Capital Improvement Plan (CIP) reflects our values as a community while considering climate change, office space utilization, and demographics as we plan for capital investments in a fiscally responsible way. At FY 25 budget adoption, the Board identified \$3 million available from the PayGo allocation. Our CIP direction outlines the thought and intention behind some of the items added to the Manager’s already strong proposed CIP to further address crucial needs.

Climate Change, Resilience and Energy Efficiency

The proposed CIP includes capital investments that accelerate progress on our community energy plan and stormwater management plan goals. The Board directs staff to further expand reporting on CEP goals and metrics in future CIPs.

1. **Space Utilization in County-occupied properties.** The Manager’s proposed CIP invests in robust space planning to reduce our GHG emissions, energy use, and costs through phased studies and investments, including the courts building, the Bozman Government Center, detention facility, warehouse uses, and future library, park, and fire station investments. The Board amends the CIP to:
 - a. Add a dedicated **DES resource planning FTE** in FY25 to accelerate this work – doubling our on-staff capacity for facility condition assessments, space utilization studies, and implementation (both construction and change management).
 - b. Add \$250,000 in PayGo funds to support building analysis and conceptual space planning and opportunities at **Madison Community Center** and nearby park and nature center facilities by FY26. Analysis should consider near-term improvements to better serve current uses and meet environmental goals and opportunities for the future to expand or combine uses with Gulf Branch Nature Center and Old Glebe Park.
 - c. Emphasize continued **long-range space planning**, especially (i) the ongoing Trade Center/AOMF space utilization and future phasing, including partial APS/ART bus fleet integration, (ii) APS needs and joint use, including child care, (iii) community uses for recreation, parks and arts, and (iv) Central Library/Quincy Park/Quincy Site.
2. **Lubber Run Resilience Hub.** This hub will serve as a demonstration site, complementing public-facing sustainability education and outreach programs, including Empower Arlington to be launched in FY25 to support residents and businesses in adopting renewable energy hubs. The Manager’s proposed CIP includes completion of a large solar array and battery backup. The Board directs staff to: (i) change funding source for back-up natural gas generator (\$1.2 million) from Climate Action Fund to PayGo, (ii) research and present to the County Board the feasibility of both non-fossil-fuel powered alternatives and a renewable natural gas option for back-up power generation prior to final decision and purchase, and (iii) propose a draft policy for evaluating HVAC and power system purchases that may include fossil fuel powered systems. In FY25 a process for similarly vetting all current and future fossil fuel powered solutions, especially for larger and critical systems.

3. **Continued Phased Replacement of Bus Fleet.** Reducing fossil fuel use in our bus fleet and operations remains a priority, along with enhancing overall service efficiency and attracting more riders to our bus system. Bus purchases are spread out over FY27, FY29, FY31, and FY34, so we will revisit these assumptions in upcoming CIPs. Battery electric bus (BEB) technology, operating experience, and purchase prices are expected to evolve rapidly over the timeframe of this CIP, as will Green Natural Gas and fuel techniques, and possibly other forms of fuel and vehicles. Assumptions will be refined following the FY25-26 BEB pilot on ART routes. We anticipate many of these costs to be covered by grant funding. The Board directs staff to breakout the proposed \$134M cost for bus fleet replacement and expansion in this CIP to better inform future CIP discussions and planning.
 - a. **Phased replacement of current fleet (55 buses)** – estimated incremental purchase cost for 1:1 replacement with BEB buses instead of RNG buses: \$33.4M for the buses and \$26.1M for land and infrastructure totaling \$59.6M
 - b. **Fleet expansion (11 buses)** Estimated incremental purchase cost of BEB buses for proposed 11 buses to expand the ART fleet in FY29 and FY31 BEB buses: \$6.4M for the buses and \$14.4M for land and infrastructure totaling \$20.8M
 - c. **Contingency for 1.3:1.0 replacement ratio (20 buses)** – Note if this ratio were not to come down to 1:1 as expected, we would need to reconsider tradeoffs on both capital investment and land use. \$28.8M for replacement buses and \$25.0M for land and infrastructure totaling \$53.8M

Transportation Safety and Community Accessibility

The Board supports continued investment to improve access to safe travel for all modes and abilities. The proposed CIP includes significant investment in Vision Zero, bus stop updates to meet new ADA access requirements, and related safety upgrades. In addition, the Board directs attention in this CIP:

1. **Carlin Springs Road Safety Improvements** remain a top priority for the Board. Staff confirm the proposed CIP includes sufficient funding for intersection and signal upgrades, school zone speed cameras, easement acquisition for additional sidewalk improvements, and studying additional future improvements. The Board directs additional \$500,000 in additional funding from PayGo to this work on South Carlin Springs Road.
2. **Increasing Transit ridership** while reducing single-occupancy vehicle miles traveled remains a priority. In the FY25 operating budget guidance the Board directed staff to explore opportunities to accelerate Transit Strategic Master Plan elements such as supporting the implementation of a micro-transit pilot and the consolidation of APS and ART routes, as well as studying innovative approaches furthering the goal of reducing single-occupancy vehicle miles traveled. The Board directs staff to consider the capital costs associated with these opportunities in future CIPs and to tap PayGo funds if needed to maintain momentum on transit stop upgrades given new ADA requirements.
3. **Adult changing stations.** The Board directs an additional \$250,000 in FY25 PayGo funds to evaluate four community facilities for installation and plan for at least one installation in FY26.

Economic Resiliency

The Board appreciates the County Manager and staff's rigor and care in preparing the proposed FY25-FY34 Capital Improvement Plan. Our community remains deeply committed to, and our economic health depends on, infrastructure, schools, community amenities, and financial discipline. The proposed CIP includes almost \$880 million (\$879.885 million) of reinvestment and upgrades over the 10-year plan into the water and sanitary sewer systems and the Water Pollution Control Plant to ensure continued resiliency and redundancy. We join with many of our community members and advisory commissions in highlighting the need for continued caution with assumptions of revenue growth.

1. **Reserves and Debt Service Metrics.** Arlington shall continue to earn the coveted AAA+ bond rating, which helps ensure lowest-cost access to the capital markets. During our Operating Budget discussions, we increased our reserves target to 1.3%. With economic and climate uncertainty looming, we encourage the County Manager to continue considering what additional changes to reserves and debt service guardrails may be warranted in future Operating and CIP planning.
2. **Revenue Contingency.** While we have weathered recent economic disruptions better than most, the Board acknowledges the revenue risks of slower growth in multifamily residential due to higher interest rates, reduced office rate valuations, and potential shifts in Federal policy and spending. The Board directs staff to consider contingency plans for lower than assumed revenue growth (currently 2.5% in FY26 and FY27, 3% annually thereafter).
3. **Managing Cost Risks.**
 - a. **APS** has recently completed a Facilities Condition Assessment of school facilities, including several joint-use facilities. They are commencing five deep dive analyses that may quickly lead to high priority capital projects, including Thomas Jefferson Middle School and Community Center. The FY27-36 CIP will be informed by these needs.
 - b. **WMATA.** The negotiation on WMATA's long-term operational and capital support can result in a request for additional financial support from Arlington. The Board directs staff to continue analysis of our WMATA projects and other major transportation projects to identify opportunities for additional cost savings. Phasing of large WMATA projects should be reviewed in light of these analyses, market costs and updated revenue growth assumptions before the next CIP.