

TO: Fiscal Affairs Advisory Commission (FAAC)

FROM: Sam Rice and Claire Noakes

DATE: July 7, 2020

SUBJECT: What investments should we prioritize for the FY2022 CIP?

After considering the FY 2021 CIP memorandum's notes on delays and deferrals related to the COVID-19 pandemic we identified three key investment areas in FY 2022:

1. Co-Location Opportunities, Especially in Relation to Stormwater

The [2015 Community Facilities Study](#) (CFS) identifies five community challenges, two of which fall into CIP concerns: scarcity of land and strategic facility planning. The CFS called for adaptive use of existing facilities, shared use (co-location), building up and over right-of-ways, sharing facilities with other jurisdictions, and funding land acquisition. Two key considerations flow from this priority:

- If there is an economic downturn due to the economic effects of the COVID-19 pandemic or other salient macroeconomic effects, more owners may need to liquidate the value of their land holdings. Similarly, more work-from-home arrangements may lead to reduced demand for new commercial construction. This would offer more opportunities for increased land acquisition, allowing the County to more effectively pursue its land acquisitions for new facilities, especially relating to stormwater management. Given this, the County may want to focus more on land acquisition opportunities in the near term, consistent with the CFS.
- The proposed 2021 CIP mentions that Fairfax County, like Arlington County, remains a stormwater district rather than setting up as a stormwater utility. On page 13 of the [Memorandum](#) the Manager notes that the County is also currently undertaking a Stormwater Utility feasibility study to determine appropriate funding vehicles. As part of this information gathering exercise, the County should consider whether there are opportunities to better manage our stormwater costs through sharing stormwater facilities or creating a utility with Fairfax (i.e. upstream, in McLean), consistent with the CFS. Fairfax has also identified co-location and facility repurposing as a key goal in their [adopted 2020-2024 CIP](#) so this may be a unique opportunity to help control costs for Stormwater management, combining cost control, co-location, and stormwater management priorities in both Arlington and Fairfax.

2. Opportunities for the Board's Environmental Sustainability Goal

The Board identified environmental sustainability as a particular area of interest for the Manager to focus on coming up to the FY 2021 budgeting process in the [FY 2020](#)

[County Board Adopted Budget Guidance](#). Although investments may be delayed in FY 2021 due to the economic effects of COVID-19, priorities for FY 2022 should take the Board's sustainability goals into account:

- In the budget guidance, the Board directed the Manager to perform a feasibility study “to explore the financial and operational feasibility of installing a solar array at the Minor Hill pumping station, with the goal of a successful net metering arrangement producing more energy on site than is consumed on an annual basis.” Additionally, we should expect to see the appearance of CIP planning for the Minor Hill pumping station in the FY 2022 CIP assuming the feasibility study returns a positive result.
- The County should also prioritize the use of existing resources that can be utilized as-is or incrementally improved to pursue environmental sustainability goals without necessitating large outlays that the County may not be able to support into FY 2022. One area that may offer a simple way to implement environmental efficiency priorities without the need for massive new land acquisitions or facilities is micro-hydropower, or placing gravity turbines inside water piping systems. If it is feasible to include power generation capabilities into our stormwater management systems we may be able to capture clean energy as a by-product of water management activities. Portland, OR has installed a 25 kW micro hydro-turbine generator at one of its Water Bureau facilities, generating an estimated 150,000 kilowatt hours every year, discussed on the city website [here](#).
- Additionally, per [Board budget guidance for FY 2022](#), the Manager should be looking into the cost and feasibility of food waste recycling. With a goal of a 90% reduction in the amount of solid waste heading to landfills, this promises to be an area that will require some kind of capital investment that we might expect to start seeing appear in the FY 2022 CIP. Since this less-waste program is a direct Board directive and fits well with stated environmental sustainability and community beautification programs, it should be a priority for the FY 2022 CIP.

3. Continued Investment in Outdoor Spaces

One of the biggest themes of the FY 2021 CIP is that the County is having to delay or scale down projects across the board to account for the economic uncertainty arising from the COVID-19 pandemic due to the anticipated hits to tax revenues and loss of federal funding opportunities. While COVID-19's impact will hopefully be minimized in 2022, we should consider lingering impacts it may have on citizens' behavior which we might expect to see even in 2022. The County could see higher utilization of our outdoor public spaces due to a variety of factors:

- (1) a desire to get outside much more after a lengthy self-quarantine period
- (2) since self-quarantine is giving people much more time to focus on taking advantage of outside spaces people may get used to this and we could see

higher use generally even after all restrictions are lifted and normality has returned

- (3) the general trend towards utilizing and desiring outdoor spaces in communities like Arlington.

In FY 2022 the County should be prioritizing projects deferred in the [Memorandum](#) on pages 28 and 29 that will help increase and improve outside spaces. Several deferred projects seem like good priority investments that fit this criteria:

- “Parks & Facilities Maintenance Capital”
 - FY 2022 CIP should include this deferred maintenance for non-critical infrastructure to ensure continued parks quality.
- “Bike Trail Enhancements”
 - FY 2022 CIP should end the delay on trail enhancements to ensure the County is providing walkable, non-street spaces for exercise and relaxation.
 - The 2015 facilities survey noted that “parks and open space, playgrounds, community centers, bike trails, and fields” are a capital investment in line with the community’s values ([p 73](#))
 - Similarly the adopted 2019-2028 CIP identified trail construction and improvement as “one of the highest priorities and needs for outdoor facilities.” ([p C-49](#))
- “Carlin Springs Road and Quincy Street Sites”
 - Though a longer-term project, this funding will help lead to the completion of construction on Jennie Dean Park, and if we expect this trend to continue long-term the sooner the better.

Additional Priorities Beyond The Key Three

In the course of our review we also identified some areas for investment that we do not believe are key but that could offer a good return on investment to the County:

1. Another COVID-19 inspired theme is the importance of the County’s information technology infrastructure. Very few organizations were prepared for the remote meeting and working requirements that the pandemic threw at them, so solutions are being thrown together on the fly. In FY 2022 it may make sense to prioritize a review of the County’s virtual meeting policies, procedures, and IT infrastructure as developed and applied during 2020. At this point solutions across the private and public sectors should have been developed and published as well, the review and utilization of which could be included in this FY 2022 priority. Investing time and funds into this review would serve as a good capital investment for the county to ensure a robust IT infrastructure in the event of other unforeseen circumstances and in general as a promotion of accessibility.

2. Under new projects in the [Memorandum](#) there is a “Technology COVID contingent” listed with the stated purpose of being a “Technology contingent to support mobile workforce and post-COVID needs.” In a world where working remotely has become much more expected, the County may have to be able to continue to provide platforms and capabilities to enable this. For FY 2022 it may be worth making telecommuting technology a key priority for the County IT organization.
3. Moving into FY 2022 the County should consider investment in areas that will allow the County to meet its [2019 Community Energy Plan](#) goals. Some areas where investment may be able to help include energy storage facilities such as batteries and/or electric vehicle charging stations for the County fleet or public use.
4. Other localities in the area are pursuing similar co-location and efficient space management priorities, such as in DC’s [adopted FY2019-2024 Budget and CIP](#) which discusses several completed and upcoming investments in swing space, or space that can be quickly adapted for a range of short term uses during a construction period, to allow for needs to continue to be met during facility construction. Arlington County could benefit from identification and investment in development of swing spaces, given economic conditions and demographic projections discussed in the CFS.