



JFAC Meeting

NOVEMBER 15, 2023

Premise of JFAC CIP Recommendations

“We understand the CIP to be a financial planning document that balances needs and priorities, as informed by relevant data, research, and other information provided within the Pre-CIP Report. The CIP process examines each of the defined and prioritized needs under the parameters of debt service limits, the budget (including impacts of debt service to the operating budget), and timing. This process can and should create a plan that defines affordable and timely solutions for all priorities.

Premise of JFAC CIP Recommendations cont.

“However, to find this balance, context matters. Each project or proposal must be considered in context of other needs, timing, available funding, enrollment projections, and planning for long range site and facility use. We are now in an environment where opportunity costs may be significant, such that committing to one project prevents moving forward on a future project—even if it is a high priority.

As consider your CIP Direction, we encourage you to be clear about what APS’ priorities are, how particular capital projects reflect those priorities, and whether there are any trade-offs.”

Guiding Questions

- ▶ Does this proposed CIP Direction:
 - ▶ Create a plan that defines affordable and timely solutions for all priorities?
 - ▶ Respond to budget parameters?
 - ▶ Demonstrate an acknowledgement of long-range planning and collaboration between APS and the County?
 - ▶ Consider each project or proposal in context of other needs, timing, available funding, enrollment projections, and planning for long range site and facility use?
 - ▶ Establish a process by which tradeoffs are transparently considered?



Budget



Financial Considerations

- Based on the multi-year financial forecast in the County's FY24 Proposed budget, revenue projections are comparable to the projections in the prior CIP
- Revenue projections from the County will be updated several times before the FY 2025-34 CIP is presented in May 2024 which will change the amount of available bonding capacity
- For FY 2026-32, each year is limited to \$25M bond issuance
- Current Capital Reserve balance as of November 1, 2023: \$18.9M

FY2023-34 CIP Funding Scenario

Project Description <i>(projects in italics are from the FY22-24 CIP)</i>	OTHER FUNDING SOURCES					BOND FUNDING										TOTAL FUNDING
	Operating and Other	M/CM (not bonds)	Capital Reserve ¹	County Funding	Previous Bond Funding	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
						Fall 2022	Fall 2023	Fall 2024	Fall 2025	Fall 2026	Fall 2027	Fall 2028	Fall 2029	Fall 2030	Fall 2031	
IMPROVEMENTS AT EXISTING FACILITIES																
<i>Major Infrastructure Projects</i>					\$28.40	\$8.20	\$8.60	\$9.00	\$9.50	\$10.00	\$10.50	\$11.00	\$11.60	\$12.20	\$12.80	\$131.80
<i>Kitchen and Entrance/Security Vestibule Renovation Program</i> ²			\$9.12		\$12.80	\$8.95	\$7.41	\$5.70								\$43.98
<i>Gunston, Jefferson, and Wakefield Entrances</i>						X										
<i>Hoffman-Boston, Long Branch, and Taylor Entrances</i>							X									
<i>Kenmore, Langston, Williamsburg, and W-L Entrances</i>							X									
<i>Campbell and Swanson Kitchens and Entrances</i>							X									
<i>Claremont, Jamestown, Nottingham, Science Focus, and Tuckahoe Entrances</i>								X								
<i>Glebe and Oakridge Entrances</i>								X								
<i>Drew and Randolph Kitchens</i>								X								
<i>Barrett and Carlin Springs Kitchens</i>									X							
<i>Ashlawn and Science Focus Kitchens</i>										X						
<i>The Heights Building - Phase 2, Option A</i>			\$2.10	\$2.17	\$9.97	\$0.00										\$14.24
<i>Synthetic field turf replacement (APS share)</i> ³		\$2.41				X	X	X								\$2.41
PLACEHOLDER for Long-range Plan to Renovate Existing Facilities (inc. swing space, if needed) ⁴									\$6.56	\$11.69	\$14.00	\$11.40	\$12.80	\$12.20		\$68.65
<i>Enterprise Resource Planning (ERP) System Modernization</i> ⁵	\$8.28		\$3.72					X								\$12.00
<i>Lock and Key System Replacement</i>			\$4.05				X									\$4.05
<i>Public Address System Replacement</i>			\$1.35				X									\$1.35
<i>Kenmore field conversion to synthetic turf (APS share)</i>								\$2.44	Q4 CY26							\$2.44
ENROLLMENT CAPACITY																
<i>Career Center Campus Project - new ACC building, field, garage</i>	\$1.25				\$37.40	\$38.87	\$57.74	\$28.18	\$11.18							\$174.62
PLACEHOLDER to move MPSA into refreshed ACC building ⁶								\$3.75	\$8.44	\$2.81	X					\$15.00
PLACEHOLDER to demolish MPSA; green space ⁴												\$2.00				\$2.00
PLANNING																
<i>To provide options for projected seat needs or improvements to existing facilities</i>						\$2.00										\$2.00
TOTAL PROJECTS	\$9.53	\$2.41	\$20.34	\$2.17	\$90.57	\$56.02	\$73.75	\$45.32	\$24.43	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$474.54

Color coding in the chart above corresponds with the bond referendum year in which it would be approved by the voters as shown on the line "Bond Referenda Amounts" below (e.g., figures in green above would be in the 2022 referendum).

BOND REFERENDA AMOUNTS

2022 Referendum	\$165.01
2024 Referendum	\$41.64
2026 Referendum	\$38.75
2028 Referendum	\$50.00
2030 Referendum	\$50.00

Debt Service Ratio is calculated based on the FY 2023 School Board Adopted budget and County-provided revenue projections through FY 2032

Debt Service Ratio Target ≤9.8%

Debt Service Ratio -- APS	8.04%	8.64%	9.36%	9.22%	9.42%	8.68%	8.22%	8.13%	7.90%	7.70%
Annual Bond Issuance	\$56.02	\$73.75	\$45.32	\$24.43	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Annual APS Debt Service Increase	\$1.49	\$5.02	\$6.77	\$0.37	\$2.97	(\$4.74)	(\$2.63)	\$0.37	(\$0.87)	(\$1.04)

¹ Capital Reserve funds are allocated to projects in order to mitigate the need for bond funding.
² Of the \$7.48M shown in FY 2023, \$4.12M was already included in the FY 2021 bond referendum.
³ Replacements will occur as follows: FY23: Wakefield; FY24: W-L & Williamsburg; FY25: Greenbrier Stadium (YT)
⁴ Funding amounts are PLACEHOLDERS ONLY based on the \$25 million per year for APS in the County Manager's Proposed CIP. Amounts are in 2022 dollars and do not include escalation. They will be updated for the FY 2025-34 CIP.
⁵ In addition to the \$3.72M earmarked from the Capital Reserve, \$3.66M in grant funding is currently available. The remaining \$4.62M (estimated) will come from Reserves and/or FY23 and FY24 Closeouts.
⁶ Placeholder is in 2022 dollars and does not include escalation. It will be updated for the FY 2025-34 CIP.



FY 2025-34 CIP Recommended Direction for Continuing Projects

The Superintendent's Proposed FY 2025-34 CIP will continue the funding for those projects outlined in the FY 2023-32 CIP including:

- Major Infrastructure Projects (annual funding)
- Kitchen & Security Vestibule Renovations
- Synthetic Turf Projects
- Career Center Campus Project
- Enterprise Resource Planning (ERP) System Modernization


Recommend the CIP Direction address New Projects

The Superintendent's Proposed FY 2025-34 CIP for new projects will include

- Long-Range Plan to Renovate Existing Facilities – Feasibility Studies,
- Major Infrastructure Projects,
- Synthetic Turf Projects,
- Trade Center Optimization Study, and
- Future phases of the Career Center Campus

****DRAFT**** Recommendations/Feedback

- ▶ Acknowledge consideration of constraints
- ▶ Acknowledge the importance of identifying priorities and defining needs especially because if APS needs more money from the County than the \$25M bond issuance guideline it is important that those needs and priorities are clearly articulated so that tradeoffs can be understood by all stakeholders



Long Range Plan to Renovate Existing Facilities

The long-range renovation plan's facility condition assessment (FCA) report provides

- A systemwide assessment of 41 APS facilities to address building system needs and potential opportunities to modernize existing buildings.
- Detailed information about each school and assessed building characteristics (educational spaces/common spaces) and major building systems' condition:
 - Major building systems (plumbing, heating, ventilation, lighting and air conditioning (HVAC), roofing, etc.)
 - Educational spaces (classroom size, available collaborative spaces, operable windows, etc.)
 - Common spaces (cafeteria, gym, outdoor spaces, etc.)
- Comprehensive data to inform current and future Capital Improvement Plans (CIPs).

- Capital Needs < \$500,000
- Schedule – Over a fiscal year; analogous to MC/MM
- Disruption – Minimal/Localized

Local Projects



- Capital Needs < \$500,000 - \$15,000,000
- Schedule – 1 to 3 years
- Disruption – Medium, major disruptions planned over summer/winter breaks

Major Infrastructure



- Capital Needs > \$15,000,000
- Schedule – 3 to 5 years
- Disruption – Major, possible phasing required

Deep Dive



The Superintendent's Proposed FY 2025-34 CIP will include

- A review and alignment of local projects with Minor Construction Major Maintenance (MCM) 10-year project list based on remaining useful life and identified associated costs,
- A list of 5 projects for inclusion along with estimated costs and alignment with bond capacity under major infrastructure, and
- A list of 3-5 facilities for feasibility studies (deep dive). Feasibility studies will include:
 - Full scope analysis of appropriate options for renovation and/or replacement per selected facility,
 - Estimated cost for each renovation and/or replacement option per selected facility, and
 - Consideration for phasing or swing space if needed.

****DRAFT**** Recommendations/Feedback

- ▶ Facilities Condition Assessment (FCA) is a valuable tool to help establish priorities and define needs
- ▶ Support recommendation for local projects and major infrastructure projects
- ▶ Include language to the CIP direction that designates a major renovation project as a priority beyond the feasibility studies and include a TBD placeholder for major infrastructure project as part of project planning.
- ▶ Is 3-5 “deep dive studies” the correct number of studies for this CIP Direction?



Trades Center Optimization Study

The County's Department of Environmental Services (DES) in collaboration with APS propose a Trades Center Operational Space Feasibility Study that includes APS school bus electrification.

- Determine a sustainable long-term path forward for core functions at the Trades Center to support the County and APS.
- Plan for decarbonization of APS school buses and other support vehicles as technology and the market evolve in support of the Community Energy Plan (CEP) goals.
- Identify opportunities for improvements and future actions for County and APS operations safety at the Trades Center.

The Superintendent's Proposed FY 2025-34 CIP will include a Trades Center Optimization Feasibility Study for Phase 1 that includes

- Plan for school bus fleet electrification and
- Alternatives for battery electric school bus (BESB) parking, charging, and full conversion from diesel school buses to BESBs.

DRAFT Recommendations/Feedback

- ▶ Support
- ▶ County/APS collaboration
- ▶ Sustainability goals
- ▶ Trades Center planning impacts planning for other locations



Future Phases of the Arlington Career Center Campus

Recommended CIP Direction for Future Phases of the ACC Campus

The Superintendent's Proposed FY 2025-34 CIP will include

- Funding for the educational specification, design, community engagement, use permit modification and construction of a phased project that will include:
 - Relocation of the MPSA program.
 - Identify the reuse of the legacy Career Center Building.
 - Demolish the current MPSA facility after program relocation and complete the Campus with "green space".

DRAFT Recommendations/Feedback

- Support
- The relocation of MPSA and the reuse of the legacy CC should be determined through a public process that considers the context of other needs, timing, available funding, enrollment projections, and planning for long range site and facility use.
 - Balanced with fiscal constraints
 - Consideration of enrollment projections and overall operational efficiencies
 - Balanced with other priorities such as a major renovation for timing and funding
 - Aligns with APS instructional visioning and planning processes



Recommendations and Feedback on proposed CIP Direction

DRAFT Recommendations/Feedback

- ▶ JFAC supports and commends this CIP direction that:
 - ▶ Defines affordable and timely solutions for all priorities (with the exception of a major renovation project that we are recommending be included as a TBD placeholder)
 - ▶ Responds to budget parameters.
 - ▶ Demonstrates an acknowledgement of long-range planning and collaboration between APS and the County.
 - ▶ Considers each project or proposal in context of other needs, timing, available funding, enrollment projections, and planning for long range site and facility use.
 - ▶ Establishes a process by which tradeoffs are transparently considered.

DRAFT Recommendations/Feedback Cont.

- ▶ Support recommendations for new projects but suggest adding language to the CIP direction that designates a major renovation project as a priority beyond the feasibility studies and to include a TBD placeholder for a major infrastructure project as part of project planning.
 - ▶ Important to provide notice to County to also start planning
 - ▶ Was a priority in the last CIP and given a placeholder
 - ▶ Other capital expenditures in this CIP will be balanced against this as a priority
 - ▶ The FCA data shows that there are schools with notable educational space inadequacies that need more than a major infrastructure project can address. Those schools need the assurance that finding a solution to their needs and educational space inadequacies demonstrated in the FCA is a priority.



Other thoughts or comments?