Study Committee’s Final Report

DRAFT 1 – (9.21.15 revised)
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Letter of Transmittal from Chair and Vice Chair

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The Committee was asked to identify the principal strategic challenges that Arlington faces, point out the barriers to overcoming those challenges and recommend ways to address them.

Arlington is challenged today and is entering an era of tough choices with diverse needs competing for money, space and community support.

In addition, this is a time of unusual change in the leadership of the County and Schools. The Committee recommends that addressing the challenges identified in this Report be a priority for both elected and appointed officials.

What do we see as the principal challenges?

1. A threatened commercial tax base
2. A scarcity of land for public facilities
3. A shortage of housing that is affordable for young families (and others)
4. The absence of a coordinated data-driven mechanism for strategic facility planning
5. The need to revamp our system of civic communication and engagement

A Threatened Commercial Tax Base

Like all local governments in Virginia, Arlington relies heavily on the real estate tax for its revenues. Unique among its Virginia neighbors, 50% of Arlington’s real estate taxes comes from commercial properties which include office, retail, hotel and multi-family rental residential. The comparable figure in Fairfax is 25%, in Prince William, 22%.

Decades of a thriving commercial office market has afforded Arlington top-rated schools and a wide variety of public amenities, all while keeping residential taxes low. But that model is threatened now because of a rapid rise in the vacancy rate in commercial office buildings, which is currently 21 percent, more than double its historic level. This is meaningful to every Arlingtonian because every one percent increase in office vacancy rate equates to a half cent on the real estate tax rate, which is $29 on the average single family home.

The causes of this rapid rise in office vacancies are several which means that there is no easy solution. Base Relocation and sequestration at the federal level have reduced the presence of the traditional federal agency tenants and their private consultants; the rise of teleworking and the trend toward shared office space has reduced the demand for private office space; and the opening of the Metrorail Silver Line has brought competition from new offices to our west in Tysons and Reston.

Arlington can no longer rely on its location and reputation to sell itself. It must step up its game in marketing and improve its receptivity to business, both those currently located here and those wanting to come. It must focus on new markets such as research and education and build on the work that has begun with technology businesses in Crystal City and Ballston. It must be willing to respond quickly and with flexibility to requests for minor or temporary changes to buildings or their environs. An enhanced role for the Business Improvement Districts is allowing such changes is recommended.
The Committee recognizes that office development can sometimes put added pressure on County facilities and services, pose additional traffic issues, and challenge the aesthetic vision that some Arlingtonians have of their neighborhoods and the County. In order to make clear the trade-offs the County Board must make, the County Staff Report accompanying a commercial development project should include a statement of its tax impact along with the more traditional analysis of transportation and other impacts. In addition, the charge to the appointed citizen Economic Development Commission should be revised to assign it the job of reviewing the staff tax impact statement and providing its comments directly to the County Board.

Recommendations:

1. Step up marketing efforts to attract commercial office tenants
2. Add an economic impact statement to project Staff Reports
3. Require an EDC letter to Board re economic impact of each project
4. Enhance the role of the BID’s in approving temporary changes

A Scarcity of Land for Public Facilities.

Arlington is only twenty-six square miles, the smallest and one of the most densely populated counties in the country. Of that twenty-six, 9.5 is owned by federal, state or regional bodies or taken up by transportation rights of way. Another 14.2 is privately owned. County and Schools account for the final 2.2 and that land is already crowded with heavily used public facilities.

As Arlington’s population grows (projected to reach 283,000 by 2040 based on the adopted General Land Use Plan), the demand for more schools, open space and facilities for public services will grow as well. For example, we will not only need to build schools for more kids but also provide sports fields and basketball courts for those kids to use, facilities to park and service the school buses that transport them, and space to store the equipment that repairs the streets and plows the snow on the streets they use. And a similar range of needs will be required for every age group from adult recreation to continuing education and library services.

The challenge for the future is, first, to make better use of the land and facilities we have and, second, to look for opportunities to “create” more land. What does that mean? It means building up, rather than out. It means building over and under whenever possible. It means making facilities flexible and adaptable and appropriate for joint use, whenever possible. And it means finding land where it does not now exist, such as decking over on I-66. These solutions are likely to present engineering challenges and are almost certain to be more expensive but, because land is our scarcest resource, novel and creative approaches may prove to be the most prudent.

To help meet these growing needs, Arlington should formalize a “land acquisition fund,” adopt policies for its use and include all types of public facilities as well as the costs associated with any “newly created” land.

Recommendations:

5. Make maximum use (and reuse) of the facilities we have
6. Encourage joint use of facilities
7. Build up, under and over rather than out
8. Create “new” land
9. Establish a land acquisition fund

Dealing with changing demographics

Arlington will grow, adding another 70,000 residents if we follow the currently adopted land use plan. The challenge is addressing the needs of those parts of the population that are growing and, particularly those population elements that are critical to our economic future. Diversity is one of our strengths. We are a place where a wide range of people want to live. We attract exceptional people from all walks of life and, importantly, we attract the businesses that want to employ them. We are appealing to the 29 year old who does not want to own a car and wants to live in an urban setting; to the 67 year old who wants to continue to live in the community where her children were raised; and to the young family attracted by the quality schools and the outdoor and indoor spaces and places inviting for children.

But some obvious challenges arise. Increasingly, middle-class families, those earning 80-120 percent of median income, cannot afford to live in Arlington. How do we keep the 29 year old when he or she has children and is looking for a suitable affordable place to live? Are the schools prepared to handle the growing and diverse population that Arlington is likely to attract? Do we have the active recreation facilities they seek? These millennials are the heart of Arlington’s future workforce and a critical ingredient in attracting 21st century businesses to locate and grow here. Whether the 29 year old will stay in Arlington to raise his or her family is one of the central, difficult to answer questions about Arlington’s future. We do know that the quality of the schools will be an attraction. We do know that the close-in transit-oriented environment appeals to many. But will we have the housing to accommodate them and will the County and the schools have anticipated their numbers correctly so that perceived school crowding will not be a disincentive?

The Committee spent a great deal of time on the issue of projecting future County and school population and has made a series of recommendations to coordinate more effectively the availability and use of demographic data between the schools and the County. On the critical issue of housing that is affordable to those starting out, the Committee has discussed several approaches for the County to consider in what will likely require further, detailed attention. On the issue of meeting the needs of a diverse student body, the Committee recommends an enhanced program of wrap-around services involving County, school and non-profit community resources in a coordinated program. And, finally, on the issue of meeting the needs of the growing over 65 population, the Committee recommends that more Arlington-specific data be collected and analyzed so that we can plan for seniors in their 60’s, 70’s, 80’s and beyond.

Recommendations:

10. Improve the data flow between County and APS to improve student population projections
11. Focus on starter housing for new families (and others)
12. Use demographic projections to help define future facility needs
13. Enhance wrap around services coordinating school and after-school needs

14. Better identify the needs of those over 65 (and 85)

Strategic Facility Planning and Priority Setting

As the Committee dealt with the task of developing a process for the County and School Boards to use in the Siting of Public Facilities, the question arose of how strategic priorities were set for future facility needs. How does a particular project find its way into the Capital Improvement Plan and how does that relate to the County’s broader vision of its future? What is the role of the community in thinking through these strategic priority setting decisions?

Our recommendations are designed to achieve four goals:

- Institutionalize better coordination between Schools and County and among the several County departments including development of criteria for prioritizing facility needs
- Improve the opportunity for public participation and input into the early stages of priority setting for future facilities
- Bring together the information about ongoing demographic and economic changes in the County and schools with the early planning and thinking about future facilities.
- Identify long-range strategic issues and their implications for facility needs and provide a basis for prioritizing candidates for inclusion in a future update of the CIP.

We recommend the Boards establish a Facility Strategic Planning Committee comprised of two County Board and two School Board Members (with a rotating Chair) to set policy and give direction to a Joint County/APS Staff Team chaired by a designated senior person from the County Manager’s office and comprised of the key facilities planning staff from APS and County departments. The staff person designated to lead the effort must be senior enough to provide direction and leadership to the rest of the team and be charged with taking a longer strategic view of needs. A longer term, data-driven strategic view of needs—in conjunction with a recognition and understanding of immediate priorities—is critical to ensuring a balanced view of capital needs.

The Facility Strategic Planning Committee would receive annual updates on demographic trends, development market projections and other factors (including the natural aging of structures) and, for schools, the general geography of future school needs that might impact the need for future facilities, whether County or Schools.

In developing a master list of projected future needs, the four-person Committee would review those facilities currently including in the approved pipeline (e.g., the CIP and other previously identified needs) and also the various adopted plans that are part of the Comprehensive Plan, and supporting documents of the Comprehensive Plan including sector and area plans that are adopted for different areas of the County.

Community involvement would be achieved through a County Advisory Council including some members from the Planning Commission and the APS Facilities Advisory Commission. Opportunities for broader community input would be established.
Recommendations:

15. Implement the proposed public facility priority setting framework with a facility strategic planning committee at the elected official level, citizen advisory commission, and strategic staff planning group [recommendation added after 9.9.15 Committee meeting]

16. Implement the proposed Public Facility Siting Process

17. Establish a data-driven County/APS Strategic Planning unit [recommendation will be reconciled with #15 above after further discussion with Chair, Committee]

18. Set up the interdepartmental staff team and citizen advisory council [recommendation will be reconciled with #15 above after further discussion with Chair, Committee]

Revamping the Community Dialogue

Arlington has always prided itself on its level of civic participation, from the early 50’s when a new generation of residents, many of them federal employees, wrested control of the schools from the segregationist-minded state, to the blossoming of citizen-led land use planning designing our Metrorail corridors. But, in reality, even the most robust civic process reaches only a small percentage of the population. And that is becoming more the case as a new generation gets its information from new sources and communicates in different ways. Our conclusion is that the County and Schools have to redouble their effort to engage with the diverse population that lives and/or works here.

What does this mean as a practical matter? It means developing accessible, educational and actionable information and distributing it through effective channels. It means more vigorous and creative communications and two-way civic engagement efforts, first from the elected officials who set the policy but, just as importantly, from the professionals in the County and Schools who carry out the policies and provide the services. Traditional community meetings have a place. But we have a diverse population, some of whom respond best to information in a digital age where education is provided in short-term text and calls to action are clear and allow easy response. Not everyone is interested in - or able to – regularly visit County or school offices or troop over to the County office building to sit around a table and talk for several hours at a community meeting. That does not mean that people are not concerned about what is happening in the community. New formats and different kinds of places and times for meetings (or virtual meetings) are needed. In the course of this Study, the Committee experimented with some new forms of communication. But, at best, we would award ourselves a “B” in that effort, partly because what is needed is a system-wide rethinking of our communications and civic engagement strategies and practices. The elected officials and staff should experiment with new communications media and, importantly, find ways of reaching those whose participation rates have historically been low. Not an easy task, but one critical in keeping Arlington moving forward together.

Recommendations:

19. Build on Arlington’s tradition of civic engagement to reach new audiences

20. Recognize that a diverse population receives information in a variety of ways

21. Experiment with new channels of communication, particularly social media
A Final Word

The Committee appreciates the opportunity that the County and School Boards have given us to learn more about our community and work with each other and with the Resident Forum to offer you these recommendations. We want to give a special thanks to County and Schools staff and especially to Jennifer Smith, Matt Ladd and Lisa Stengle who led the talented staff team.

RECOMMENDATIONS

Challenge 1: A Threatened Commercial Tax Base

1. Step up marketing efforts to attract commercial office tenants
2. Add an economic impact statement to project Staff Reports
3. Require an EDC letter to Board re economic impact of each project
4. Enhance the role of the BID’s in approving temporary changes

Challenge 2: A Scarcity of Land for Public Facilities

5. Make maximum use (and reuse) of the facilities we have
6. Encourage joint use of facilities
7. Build up, under and over rather than out
8. Create “new” land
9. Establish a land acquisition fund

Challenge 3: Dealing with Changing Demographics

10. Improve the data flow between County and APS to improve student population projections
11. Focus on starter housing for new families (and others)
12. Use demographic projections to help define future facility needs
13. Enhance wrap around services coordinating school and after-school needs
14. Better identify the needs of those over 65 (and 85)

Challenge 4: Strategic Facility Planning and Priority Setting

15. Implement the proposed public facility priority setting framework with a facility strategic planning committee at the elected official level, citizen advisory commission, and strategic staff planning group
16. Implement the proposed Public Facility Siting Process
17. Establish a data-driven County/APS Strategic Planning unit
18. Set up the interdepartmental staff team and citizen advisory council

Challenge 5: Revamping Community Dialogue

19. Build on Arlington’s tradition of civic engagement to reach new audiences
20. Recognize that a diverse population receives information in a variety of ways
21. Experiment with new channels of communication, particularly social media
Chapter 1 – Introduction and Background

Introduction

Arlington County has experienced a steady surge in development and population growth since the early 1980s with remarkable changes along the Rosslyn-Ballston, Jefferson-Davis, and Columbia Pike transit corridors. Over the last ten years, Arlington’s residential neighborhoods have also been changing as widespread rebuilding and renovations replace and expand older homes. This tremendous growth—albeit largely planned over many decades in partnership with the community—has created pressures on the County’s government and school facilities. At the same time, a weakened office market, shifts in the Federal government’s operations within the region, land limitations within Arlington, and a more mobile, digitally connected community, have elevated new concerns which will need to be carefully and thoughtfully accounted for as future facility planning occurs.

Several recent facility projects and initiatives have raised questions and concerns about how the County and Schools plan for and finance new public facilities. In response, the Arlington County and School Boards jointly launched the Community Facilities Study in January. The Boards envisioned that the Community Facilities Study would bring the community together to discuss how public facilities are planned and funded, how the County and Schools could increase collaboration, what mistakes have been made in the past and how to learn from them, and what positive strategies could be developed to improve public processes and communications.

The Study Committee established for this effort discussed these large issues as it met over the course of the year. The Study Committee paid particular attention to Arlington’s economic development outlook, changing demographics, and scarcity of land are intertwined with facility needs, planning, construction, and operations—all challenges facing Arlington in the years ahead and if left unaddressed could threaten Arlington’s overall sustainability. As the process unfolded, it became apparent that the entire Arlington community could benefit from broader awareness of the complex issues each Board and staff are faced with to run an effective, efficient, and transparent government and school system.

Snapshot of Arlington Today

Arlington County was originally part of the “10 miles square” parcel of land surveyed in 1791 to be the Nation’s Capital. At approximately 26 square miles, it is the geographically smallest self-governing county in the United States. Arlington maintains a rich variety of stable neighborhoods and quality schools, and has received numerous awards for its smart growth policies and practices and its emphasis on transit-oriented development. Home to some of the most influential organizations in the world—including the Pentagon—Arlington stands out as one of America's preeminent places to live, visit and do business. Arlington has enjoyed remarkable achievements thanks to a history of smart decisions rooted in community engagement.

A community-based vision helped Arlington protect neighborhood character while planning for the expansion of Metro rail transit in the 1970s. This was a pivotal point in forming the compact, urban environment we know today with:
• attractive, walkable neighborhoods;
• unbeatable transportation;
• a superior school system;
• a smart, creative workforce;
• lowest unemployment rates in the region;
• exceptional financial management and consistent Triple-AAA bond rating;
• a high level of services and programs for businesses and residents; and
• strong partnerships across the region with nearby localities, universities, non-profit service providers, and the development community.

Arlington operates under a “county manager plan of government”, which consists of a 5-member elected County Board with legislative authority, an appointed County Manager with administrative and executive powers, an elected 5-member School Board with authority over the school system, and an appointed Superintendent of Schools. The County Board has taxing authority. It adopts a budget each year for the entire County that sets the funding level for the Schools. The School Board adopts its own budget but does not have the authority to levy taxes. Each Board adopts its own Capital Improvement Plan on a biennial basis, although the debt capacity for bonding capital facilities is shared between County and Schools because the rating agencies consider and evaluate both bodies’ debt capacity comprehensively. The School Board and County Board each establish and make policy decisions which are administered by the Superintendent and the County Manager, respectively. The County and Schools own and operate their land and facilities independently; however, the County Board has authority over and land use and zoning decisions, with many public facilities requiring approval by special exception. In numerous cases, facilities (particularly sports and recreation facilities) are shared between County and Schools under a shared use or joint use agreement. The County and School Boards have also developed Criteria for Consideration of Arlington County Facilities and Land in APS Capacity Planning Process to formalize their commitment to efficiently share space resources where feasible.

Community Facilities Study

The Charge

In January 2015, the County Board and the School Board jointly appointed a 23 member citizen committee to develop a resource and facilities strategic plan for the future for Arlington County. Officially entitled the Arlington Community Facilities Study – A Plan for the Future, this Final Report focuses on long-term opportunities and challenges for the County government and its school system.

The Study Committee was charged with:

• Examining and reconciling existing demographic forecasts for the County and Schools
• Compiling an inventory of existing County and School physical assets and a projection of new facility needs
• Proposing criteria and a process for siting any new County or School facilities
• Developing a forecast of County revenue trends by source under three alternative futures – high, medium and low growth and an analysis of best practices in public facility finance
• Identifying strategic community challenges that, if unaddressed, could threaten Arlington’s overall sustainability

A great deal of the Committee’s time was spent on the last item above, concluding that the identification and discussion of key challenges for the future would be the most significant contribution the Committee could make.

As the Committee identified the key challenges it thought could impact the County’s ability to achieve its goals and vision for high-quality public facilities serving every resident in the future, a set of process or systems improvements emerged as the preferred method to meet and overcome those challenges. (See Appendix 1 for full Charge).

Committee and Resident Forum

Through the Charge, the two boards established a 23-member Committee representing a mix of civic and professional experience to meet the task, some having been more active with Schools, others in County advisory boards and commissions. The study’s reach and exposure into the community was significantly expanded through the use of a novel technique called the Resident Forum. At the outset of the Study, the County and School Boards contacted civic associations, PTAs, non-profit groups, business organizations, tenant groups, and other community organizations and asked each one to designate a representative from its group to serve as a member of the Resident Forum. Many did so. In addition, individuals could become members of the Resident Forum simply by signing up. The Resident Forum was composed of more than 240 people.

Community Facilities Study Process

The Charge outlined a study that would run through 2015 with a final report being prepared and presented by the Committee to the two Boards at the end of the year. The Committee met twice a month. One meeting per month typically included break out discussions between Committee members and members of the Resident Forum to gather reactions to the topics then under discussion. Subcommittees were established to dig more deeply into four topics identified by the Committee: Demographics, Facilities, Economic Sustainability and Facility Siting. The Study Committee held an open house in June to welcome in and share information about the study and information learned thus far with the general public as well as to collect feedback on a list of challenges the Committee thought would be facing Arlington in the future. Over 100 people attended the open house and over 70 people signed in to the promotional online chat for this event with the Chairs of the Study Committee. The Committee also shared information with the public at the County Fair in August.

The meeting process was generally designed with educational sessions occurring at the initial meetings to give baseline information for all participants on the County’s revenues, the regional and local economic situation, the County’s and Schools’ current demographic picture and future growth forecasts and projections, the facility and land inventories, and capital facility funding. As educational sessions
progressed, the Committee’s and Resident Forum’s focus shifted to challenges that could impact facility planning in the future and solutions to overcome them.

The Charge to the Committee singled out one item, a process for the siting of public facilities, for a September report to the two Boards. A Siting Subcommittee and the full Committee, with input from the Resident Forum, spent considerable time on this issue and recommended a detailed process to be used when either Board wished to find a location for an identified need or determine the appropriate use or uses for an identified site. The Committee’s full Report on that item is set forth in Chapter 2 and the Appendix of this Report.

This Final Report represents the consensus view of the Committee with considerable input from the Resident Forum. The Charge to the Committee called for a number of specific reports and reviews as spelled out above. These have been completed and are set out in the detail in Chapter 2 and in several Appendices.

Communication Efforts

This effort was intended to reach the broadest sense of the community beyond any one particular subset of the population or geographical area. To meet this challenge, a robust communications plan was deployed and several new techniques were tested. In the end, communication material about the effort reached many people in the community.

The Chair and Committee members made numerous presentations to community, non-profit, and business groups during the process, along with progress reports to each Board, which led to heightened community awareness of the study and the issues being discussed such as the changing demographics and improvements to future public facility siting. Beyond the traditional communication measures of e-mail and the internet, other digital tools were used including messages shared through the APS’ School Talk, Twitter, Facebook, live video feeds, and an online chat. Updates on the study were also included in this year’s editions of The Citizen, mailed to every household in the County. As a way to disseminate and archive the educational presentations, video recordings of these sessions are posted online. The presentations have been compiled and will be archived [pending]. A civic engagement toolkit was also prepared giving each Committee member a compiled set of resources to aid them with their outreach to civic groups, PTA’s and other community organizations.

Prior “Strategic” Studies

In the mid-1980s, the County Board established a commission of community representatives to study the future vision of Arlington County. The group was charged with identifying challenges to the attainment of that vision and to develop recommendations and strategies that could help leverage achievement of the type of community envisioned for the year 2000 and beyond. The “Future of Arlington – the Year 2000 and Beyond” report documented the findings and recommendations. This report laid out many issues that also face Arlington today. Then, school enrollment was declining and development was not happening at a fast enough pace. The population was changing and the County government was not quite sure how it would meet the future demands. The community’s report highlighted numerous ideas that should be at the forefront of planning in the years to come and it articulated the Committee’s hope
that its work would inspire others to take more interest in community planning and other initiatives to improve Arlington in the 21st Century. In 2000, the County Board chartered a new group to assess the progress made by the County since the 1986 study. The Commission evaluated accomplishment of the recommendations in the 1986 report and found that substantial progress had been made on the majority of the recommendations. In addition, the Commission sought comments from commissions, boards, advisory groups and individuals to hear their views on the state of the County. Using that input, the group developed the County’s Vision Statement.

Other, Overlapping Studies Underway [section to be revised as other studies progress]

When the County Board and School Board established the Community Facilities Study, several other County and School initiatives were already in the pipeline or were underway. The two Boards recognized that those processes would have to continue simultaneously on their own respective tracks. Although many of these issues overlap with those being considered in the Community Facilities Study, the Study Committee did not delve into or duplicate the specific topics or recommendations being discussed as part of those studies. The staff team and committee members involved in all projects have remained informed about each respective process. The following projects were underway concurrent with the Community Facilities Study:

Affordable Housing Master Plan: The County Board initiated the Affordable Housing Study in 2012 to evaluate existing policies, assess current programs and resources, and identify needs and gaps in provisions for affordable housing – housing for households with low and moderate income levels, generally at or below 60% of the Area Median Income (AMI). Sixty percent of AMI today is $64,480 for a household size of four. This body of work would culminate with adoption of a new, 11th element of the County’s Comprehensive Plan. In partnership with staff, the County Manager appointed a 19-member working group to share the community’s affordable housing vision and provide guidance on the proposed goals and recommendations. In the past, the County’s policies for affordable housing were guided by goals and targets developed in collaboration with the Citizen Advisory Commission on Housing. The new plan proposes three goals that focus on housing supply, access, and sustainability. A companion document to the new master plan, the implementation framework, includes information on new and existing strategies—such as financial assistance, tools for construction, land acquisition, building rehabilitation, land use regulations and incentives, and housing programs to assist low-income and at-risk populations—that could be used separately or in combination to achieve the goals of the plan.

Public Spaces Master Plan: A process to update the Public Spaces Master Plan, last updated and adopted in 2005, was started in 2015 by the Department of Parks and Recreation. This element of the County’s Comprehensive Plan guides the public space system at the highest level and provides goals and strategies for the future for the full breadth of public spaces, including all of the parks, natural resources and recreational needs that make up that system. Other supporting plans and policies, such as sector plans, joint use agreements, and park master plans, all stem from this overarching vision and policy document. As with all updates to elements of the Comprehensive Plan, a community participation plan will engage the public and seek feedback on the stated goals and objectives, current and future facility needs,
priorities, and implementation strategies. The County Manager established an advisory committee to work closely with staff through this process on the civic engagement activities and communication plans and to provide feedback on analysis and recommendations. The process will culminate with the adoption of an updated plan to guide policies, projects, land acquisition for park and open space needs, and other strategies for the next 10 years and to identify other, longer-term goals and initiatives. The Plan is updated approximately every 10 years.

**Lubber Run Community Center:** Built in 1956, this community center is the oldest in the Arlington inventory. The facility does not meet ADA accessibility standards and does not meet the needs for indoor space and outdoor amenities. Funding to replace the center was included in the County’s 2015-2024 CIP, although initially identified in the FY1999-FY2000 CIP. The new center will provide a full complement of recreational, social and learning activities for all age groups. The Department of Parks and Recreation (DPR) along with the Department of Environmental Services (DES) are leading this effort, which involves an extensive planning process and community collaboration. The conceptual planning and community engagement is expected to take place through 2016, including a review process with the Public Facilities Review Committee (PFRC) and building construction is anticipated from 2017 to 2019.

**Fire Station #8 Siting Process:** The County embarked on a process earlier this year to determine a future location for Fire Station #8, currently located on Lee Highway west of Glebe Road. Meetings with the public are occurring to discuss this project. Funding for the relocation and construction of a new facility was included in the 2015-2024 CIP. The County identified this need previously to improve emergency responses for neighborhoods that are currently outside of the County’s preferred four-minute response time radius. Once a site for the fire station is determined by the County Board, a master planning process will be undertaken with a review process through the Public Facilities Review Committee (PFRC).

**More Seats For Students Program:** Stemming from the last CIP adopted by the School Board, the Schools facility staff are working on several fronts to increase capacity for a growing student body at all three educational levels: elementary seats in the southern part of the County, middle school seats in the northern part of the County, and high school seats later in the 10-year planning horizon. These initiatives include the following:

- **Stratford Middle School:** At its December 18, 2014 meeting, the School Board voted to renovate and build an addition at the Stratford School site to establish a new neighborhood middle school with 1,000 seats. Stratford currently houses the Stratford Program and the H-B Woodlawn Program. The School Board also voted to construct a new school at the Wilson School site, which would accommodate the relocated H-B Woodlawn and Stratford programs. The Building Level Planning Committee (BLPC) process and the PFRC processes are evaluating the proposed renovation of and addition to the Stratford School building. The BLPC and PFRC processes are both in the conceptual stage and major topics such as building placement, site access and circulation, parking, and historic preservation are under discussion. The project budget includes 1,000 seats, however there is consideration being given to accommodating 1,300 seats at this site.
in the future. The School Board is expected to consider selection of a conceptual design at its September 24 public hearing.

Wilson School: As noted above, the School Board voted to build a new secondary school with up to 775 seats at the Wilson School site. This proposed school will house the H-B Woodlawn and Stratford programs currently located in the Stratford School. This site was part of the area studied by the County as part of the Western Rosslyn Area Planning Study, which culminated with a County Board-adopted area plan. The extensive public facilities in this small geography – the future Wilson School, along with its associated outside open spaces, a new Rosslyn Highlands Park, and a new Fire Station #10 – will make this a community hub along the Wilson Boulevard corridor. At this time, APS is continuing the BLPC and PFRC processes to prepare and review preliminary designs.

South Arlington Working Group: In May 2015, the School Board launched a process to evaluate and analyze site options for a new neighborhood elementary school in the southern portion of Arlington. A working group was formed to assist the School Board as it determines a preferred site for the planned 725-seat school by December 2015. To meet the increasing school enrollment, this new school is targeted for completion by September 2019. The working group has benefitted from the discussions occurring as part of the Community Facilities Study in particular those related to the siting of new public facilities. Once a site is determined by the School Board, the project would shift to the BLPC and PFRC processes, similar to those noted above.

The Building Level Planning Committee (BLPC) was established by the School Board to assist the Facilities and Operations staff and advise the School Board on each major capital construction/renewal project. Building Level Planning Committees work collaboratively with Design and Construction Services of the Facilities and Operations Department of the Arlington Public Schools to plan major renewal and new construction projects.

The Public Facilities Review Committee (PFRC) was established by the County Board as a mechanism for advisory commissions and committees to have timely input on the development of County and schools projects prior to public hearings. Its mission is to ensure that the highest quality of land use planning, design, transportation planning and other important community aspects are incorporated into civic projects.

Recent Accomplishments

As the Community Facilities Study progressed and County and School staff increased their level of collaboration, each organization took steps to increase transparency, share information, and improve facility planning efforts. Some of the accomplishments that have already been completed or are in process as a result of this study are described below.
**Schools and County Collaboration**

- County and Schools are entering a second phase of work with the consultant team that reviewed the school projection and population forecast methodologies as part of the Community Facilities Study. This second phase will test out proposed refinements to the methodologies. This work is expected to wrap up after the Community Facilities Study is complete, and the results will be shared with the County Board, School Board, and the public.
- County staff have assembled a detailed database of housing units with a variety of additional housing characteristics and have shared this data with Schools staff. Schools staff will use this data to monitor and analyze school enrollment trends for different housing characteristics. The consultant team will perform an initial analysis and provide recommendations for future process improvements for enrollment projections.
- The County and Schools have completed a Memorandum of Understanding that will allow Schools staff to share aggregated student data with County staff for planning purposes while protecting individual student privacy.
- The County and Schools have developed a timeline for consistently exchanging housing, development, and demographic data on an annual basis.
- The County updated the data files used in the APS student information system to determine school boundaries by address.
- Schools will provide County staff with estimates of the number of students that will be generated by Site Plan, Use Permit, and Form Based Code applications.

**Increasing Transparency**

- Schools are preparing an Annual APS Projections Report that will provide details about projections. The report will incorporate “Enrollment over Time” which was requested by the Study Committee. In preparation for this first report, a draft of using the 2014 projections is included as an appendix to this document [pending].
- Schools are preparing to move to a new web hosting site that will go live for the 2016-17 school year. Over the course of the next year, APS will align the website resources with the Annual projections report.
- The County has created a web page that details its process for forecasting the County’s population and employment.

**Other Accomplishments**

- At the recommendation of the consultant team, the APS Director of Facilities Planning attended the Population Association of America Annual Meeting earlier this spring.
- The APS Department of Facilities and Operations has also hired additional staff to increase its capacity to project student enrollment and plan for new facilities.
- The Department of Community Planning, Housing and Development launched initiatives to provide more efficient planning and permitting review processes.
- The Arlington Economic Development office was allocated additional funding in the FY 2016 Budget for marketing and promotional purposes to reduce office vacancy levels.
• The Arlington County Zoning Ordinance was amended in 2015 to lengthen the duration of short-term indoor and outdoor events and activities.
Chapter 2 – Public Facility Basics

To set the stage for the Committee’s discussion of challenges facing Arlington in the future and its ability to meet the community’s public facility needs in Chapter 3, this chapter reviews the basic elements that guide the planning, funding, construction and operations for Arlington’s public facilities, and addresses the specific deliverables set out in the Charge for this study.

- Demographic forecasts and projections
- The facility inventory, planned improvements, and projected needs
- Revenue and capital funding programs – a look at future revenues and best practices in public facility finance, and
- Siting public facilities

Demographic Forecasts and Projections

The stated purpose of the Community Facilities Study is to “build a consensus framework regarding future revenue and facility needs” in the context of Arlington’s projected economic and demographic growth. The Study Committee is specifically charged with “examining and, to the extent necessary, reconciling existing demographic and economic forecasts for 5, 10, and 20 years out to produce a single set of forecasts for both the County and Schools.” The Study Committee is particularly interested in issues related to generational changes and collaboration between the County and Schools on population forecasts and school projections. Appendix 2 is a companion document providing more detailed information on Arlington’s Demographics, Forecasts, and Projections.

National and Regional Context

The Study Committee received a presentation from Dr. Lisa Sturtevant, Vice President of Research at the National Housing Conference, on key national and regional demographic trends and how these trends may affect Arlington. Dr. Sturtevant discussed how the recession and recovery have affected different generational groups. New household formation among the millennial generation (born 1982 to 2000) has lagged but is beginning to pick up. Within the region, millennials were driving the growth in Arlington and Washington D.C., but recent trends indicate that this population may be shifting to Fairfax, Montgomery, and Prince Georges Counties. The vast majority of baby boomers (born 1946 to 1964) are currently living in single family homes in the suburbs. Dr. Sturtevant expects that as this generation leaves the workforce, many will downsize to smaller homes, opening the suburban single family homes to millennials as they form families.

Arlington’s Population and Housing

As of January 1, 2015, Arlington had an estimated population of 216,700, reflecting an increase of 4.4% since 2010. On average, the County’s population has grown about 1% per year since 2000. Figure X shows changes in the population’s breakdown by race and ethnicity between 2000 and 2010. The Asian population increased by 22%, the Non-Hispanic White population increased by 16%, and the Hispanic/Latino population decreased by 11% during this time period.
Figure X: 2000 - 2010 Census: Race and Ethnicity

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th></th>
<th>2010</th>
<th></th>
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<tr>
<td></td>
<td>Number</td>
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<tr>
<td>Total Population</td>
<td>189,453</td>
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<td>82.3%</td>
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<td>White</td>
<td>114,489</td>
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<td>17,088</td>
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<td>American Indian &amp; Alaska Native</td>
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<td>Asian</td>
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<td>31,382</td>
<td>15.1%</td>
<td>-3,886</td>
<td>-11.0%</td>
</tr>
</tbody>
</table>

Arlington has also been experiencing generational shifts, although this is not a new trend. As Figure X illustrates, each the population of each generation tends to peak when in young adulthood (20s and 30s) before tapering off. The millennial generation (born 1982 to 2000) is currently the dominant generation in the County, but it remains to be seen whether this age cohort will stay in the County as they grow older and begin to form households or if many will leave as previous generations have done. The question of what the millennials will do next has significant implications for Arlington’s economy and facility needs over the next twenty years. The baby boom generation (born 1946 to 1964) has started to reach retirement age and will continue to do so over the next fifteen years. It will also be important to monitor trends within this cohort, as Arlington’s walkable neighborhoods and multi-family housing stock could attract baby boomer from other cities and counties.
Other recent trends in Arlington’s population and housing:

- The average household size for single family homes has increased since 2000. Single family owner-occupied housing increase by 0.3 persons per household, and single family renter-occupied housing increased by 0.6 persons per household. Household sizes for other housing types remained relatively stable.

- The fastest growing age cohorts between 2010 and 2013 since 2010 are 35 to 44, Over 65, and Under 5.

- 64% of Arlington’s housing supply is multi-family, and 94% of the net new housing built over the last five years is also multi-family.

- The County’s single family neighborhoods are changing, as older houses are torn down and replaced with new ones and existing houses are expanded through additions. Since 2000, an average of 103 single family homes have been demolished per year, and an average 131 new single family homes have been constructed per year (see Figure X).

- Since 2000, the percentage of Arlington households with incomes over $200,000 has increased significantly (see Figure X)
Arlington’s School Enrollment

Arlington Public Schools enrollment has seen major changes over the last 50 years. The timeline below addresses some major milestones in fall enrollment.
• In 1963 enrollment peaked with 26,927 students.
• From 1964-1967 enrollment remained above 26,000.
• In 1968 enrollment decreased and over the next 20 years, enrollment fell by an average of 3% each year.
• 1988 enrollment hit a low of 14,344 students.
• Over the next 14 years enrollment climbed steadily, growing on average by 2% each year, to a total of 19,140 in 2002.
• From 2003-2005 enrollment decreased by an average of 1% each year.
• In 2008, enrollment increased 850 over the previous year, an increase of 5%, starting a trend of unprecedented growth.
• From 2008-2014 enrollment increased by 4,995 students to a total of 24,249, an average growth of 4% annually.

Historic enrollment from 1961 to 2014
Reaching levels last seen in the 1960s

The decline in enrollment resulted in consolidation and reorganization of a number of APS schools and programs. In 1975 Schools closed Madison Elementary School, the first closure due to shrinking enrollment. In the following years, six more elementary schools and two junior high schools closed. Some of the closed schools were given to the County government (e.g., Madison, Fairlington). Some of the schools that closed due to shrinking enrollment, were reopened as schools when enrollment increased in the 1990s (e.g., Page/ATS, Gunston).
School enrollment is nearing to levels last seen in the 1960s and is expected to grow by another 7,800 students over the next decade. The significant increases that started in 2008 have made it difficult for APS to increase capacity to keep pace with enrollment.

Forecasts and Projections

The terms *forecast* and *projection* are both calculations of future conditions with one important distinction. A *projection* applies statistical techniques to extrapolate current trends. A *forecast* is a projection that accounts for policy decisions. Arlington’s predicted school enrollment numbers are projections because they use current enrollment and recent trends to determine future enrollment. Arlington’s predicted population and employment numbers are forecasts because projections based on current data and trends are modified to account for the County’s General Land Use Plan, an adopted policy document that guides decisions on future growth.

Arlington County produces 30 year forecasts of population, households, housing units, and employment. The County forecasts future development based on the County’s plans and policies. Factors, such as average people per household, are applied to future development to population, housing units, households, and employment. These forecasts are provided to the Metropolitan Washington Council of Governments and are required by the Clean Air Act. The primary purpose of the County’s forecasts is to provide inputs for regional transportation modeling, but they are also used by the public and private sectors for a variety of activities, including planning for public facilities. The forecasts are updated as major land use plans are approved by the County Board, typically on an annual basis. Figure X shows the County’s most recent population and employment forecasts, to the year 2040.

Figure X: Arlington Population and Employment Forecasts (Preliminary MWCOG Round 8.4)
Arlington Public Schools produce 10 year projections of student enrollment. It uses a grade progression ratio method, which is the methodology used by most school districts in the United States. Grade progression ratio projects the future student population as current students advance from one grade to the next. Schools’ projections are used to generate budget costs, determine staffing levels, and predict future school facility needs. The projections are updated twice per year. Figure X shows Schools’ student enrollment projections through the 2024-2025 school year.

At the initial Community Facilities Study meetings, Study Committee and Resident Forum members expressed concern that the County and Schools are using different projection and forecast numbers for their planning efforts. This is partly true because the County and Schools are projecting and forecasting different things for different purposes. The County forecasts future development and the total County population. Schools project a subset of the total population, children attending public schools. However, the County and Schools do use the same housing development data as part of their methodology. Figure X details the different inputs used by the County and Schools to generate their unique forecast and projection outputs.
The significant growth in school enrollment in recent years, combined with projections that the pace of growth will continue over the next decade, led to concerns within the community about the accuracy of the County’s and Schools’ forecasts and projections. The County and Schools brought in a team of consultants, Statistical Forecasting and RLS Demographics, to review and evaluate the County’s and Schools’ methodologies. The consultants concluded that the forecast and projection methodologies employed by the County and Schools are valid and appropriate for Arlington. The consultants also determined that two different datasets and methodologies are necessary to meet different purposes.

While the consultants validated the forecast and projection methodologies, they did recommend additional steps that could be taken to further improve accuracy, including the following:

- Developing annual reports and improving the web site (Schools) and comprehensively documenting the forecast methodology (County).
- The County and Schools could refine school enrollment projections by collecting and analyzing housing data such as unit type, number of bedrooms, and length of homeownership.
- Monitoring emerging trends in multi-family housing will be important to project potential changes in student generation rates.
- Supplementing the County’s forecasts with a cohort-component and demographic analysis could help predict future births and students by focusing on the County’s population of women of childbearing age and fertility rates.

The table and figure illustrate the differences in time frames, inputs, and outputs for County Forecasts and School Enrollment Projections.

### County Forecasts

- **Development**
  - 30-Year Forecast
  - 5-Year Intervals

- **Inputs**
  - General Land Use Plan
  - Sector Plans and Site Plans
  - Residential Occupancy Rates
  - Average Household Size
  - Office Occupancy Rates
  - Employment – Space Conversion Factor
  - Development Pipeline Data

- **Outputs**
  - Population
  - Employment
  - Housing Units
  - Households

### School Enrollment Projections

- **People (under 18)**

- **Inputs**
  - Current School Counts
  - Cohort Survival Rates – 3-Year Average
  - Arlington Resident Births
  - Student Generation Rates – By Housing Type
  - County Housing Pipeline Data

- **Outputs**
  - Students By Grade Level

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**Link to consultant report**
The County and Schools generally agreed with the consultants’ recommendations, and they are in the process of implementing the short term recommendations, such as improving transparency and accessibility of information. For the longer term recommendations, the County and Schools are entering a second phase of work with the consultants that will test out proposed refinements to the methodologies. That work is expected to wrap up after the Community Facilities Study is complete. The results of this second phase will be shared with the County Board, School Board, and the public.
Facility Inventory and Projected Needs

The Committee was charged with identifying Arlington’s key facility assets (an inventory of existing County and School physical assets) and future needs in the next 5, 10, and 20 years based on demographic trends.

Inventory Overview

Although Arlington’s history can be traced back to the late 1700s when it was originally part of the 10-mile square surveyed for the Nation’s Capital, Arlington County’s substantive development began in the early 1900s and growing more rapidly in the 1940s and 1950s with single family neighborhoods, apartment complexes, and commercial development to support the booming Federal government workforce. As the population began to grow, schools, community centers, fire station, fleet maintenance facilities, and parks along stream valleys and railroad rights-of-way were funded and constructed to meet the essential community needs. Numerous facilities dating to those early days still exist today and are in use. As the population grew steadily through the 1960s, additional public facilities were constructed. While the County and Schools have since reconstructed facilities and built additions and new facilities to expand capacity and meet essential and discretionary needs, minor and major renovation projects are stretching useful life many of buildings. This, however, is getting more difficult to meet the demands of a growing community, and the County is faced each year with systematically determining whether renovation or reconstruction of its aging facilities should occur. In recent years, renovations and maintenance of existing County facilities has been a priority for the County Board, while the School Board has started to invest in new construction to best meet the needs of the student population.

To serve the current population of 216,700 the County operates 105 facilities today. The County Board owns 87 of these facilities and leases 18. The School Board has its own authority and owns the majority of the school facilities, with a few other supporting facilities located on shared property with the County Board. The School Board owns 33 facilities and leases three. The public facilities are generally distributed as follows:

- 3 high schools, with additional secondary seats at the Career Center, Langston, and Stratford School
- 6 middle schools
- 24 elementary schools
- 1 planetarium
- 8 libraries
- 24 recreation/cultural centers
- 13 human services facilities
- 10 fire stations
- 4 administrative offices and/or complexes
- 23 facilities for County operations and
- 20 facilities for County storage
- 8 parking garages,
- Several administrative and operations facilities exist to support the school inventory, and
- Over 100 County parks (see Public Open Space for further discussion).

Note: 8 County facilities are recently closed or scheduled to be closed in the near future
Facilities serving the public are generally evenly distributed around the County, making them convenient destinations within neighborhoods. Most of these facilities, built at a time when land was more readily available in the County, are single purpose, providing a discreet core function. Although Jefferson is an early example of a joint facility, the County has explored joint use facilities more regularly in the past few years. Joint use partnerships have occurred with between the County and Schools as well as partnerships among different departments or private entities to gain more land and operational efficiencies. The Westover Reed library and school; the Shirlington Library and Shirlington Theater; and the Arlington Mill Community Center and Arlington Mill Residences are examples of public facilities that use public land creatively and offer multiple uses. Virtually all schools are shared use facilities, with the community having access to and use of fields and school rooms outside of core instructional times.

In addition to the facilities that are most obvious to the general public, substantial infrastructure investments and a core set of facilities – those supporting the “back of house” needs – are required to operate the public facilities as well as sustain the needs of residents, employees, and visitors in Arlington on a daily basis. The water pollution control plant, the street maintenance fleet storage and maintenance yards, bus storage, transit facilities and bus shelters, police and fire training facilities, among others, are examples of these facilities which typically go unnoticed because the County delivers service every day including clean drinking water, waste water treatment, reliable transit service, well-lit and navigable streets, refuse and recycling collection, school bus transportation, and public safety and emergency services. These facilities have storage and maintenance needs that are land-intensive, and often the operations can require activity day and night, involve noisy machinery, and visibly expose storage sheds, heavy equipment, and construction and building stockpiles. All communities have these needs. Arlington is no different. However, with limited land area in total and very little vacant land expanding these back of house facilities to keep pace with a growing population has become increasingly difficult.

See Appendix 3 for the County and School public facility inventory.

Land

Arlington County occupies approximately 26 square miles, making it one of the smallest counties in the nation. That land is divided as:

- 14.4 square miles in private ownership;
- 6.0 square miles in public rights-of-way;
- 3.5 square miles owned by other governmental entities; and
- only 2.2 square miles accounting for County and School owned land.

Of the 2.2 square miles, approximately 62 percent is occupied with County parks, 25 percent occupied by Schools, and 12 percent occupied by other County services, such as fire stations, libraries, and the back of house facilities at the Trades Center complex.
Parcels owned by County Board and School Board

Public Open Space

The public open space system in the County is extensive with a mix of parks for fields and sport activities, urban plazas, playgrounds, water spray parks, seating areas, parks for dogs, natural environments, resource protection areas, and a host of fitness, learning, recreational and cultural resources within community centers including gymnasiums, classrooms, senior activity areas, and game rooms. As one of 11 elements of the County’s Comprehensive Plan, the Public Spaces Master Plan guides the vision and policies for the open space system.

Today, there are over 2,200 acres of parkland in the County. The County owns over 900 acres of parkland, the Northern Virginia Regional Park Authority (NVRPA) owns approximately 150 acres, over 45 acres are covered by public access or conservation easements, and the most extensive area, over 1,150 acres, is controlled by the Federal government. The County’s parkland currently reflects a combination of natural resources, Resource Protection Areas, and 142 parks of varying sizes, conditions and amenities for low- to high-intensity community use. (For a more detailed breakdown of the park and natural resources facilities, see the Appendix 3 and presentation made to the Committee on April 22, 2015).

The Department of Parks and Recreation (DPR) manages the County’s open space system and implements improvements to facilities through master planning processes to obtain community input and maximize
use and enjoyment of the parks. On a less frequent basis, the County acquires private property to add to the open space supply and these spaces are often small lots (less than 1 acre in size) adjacent to existing parks or natural areas. However, since 1995, the County has added over 15 acres combined to Fort Bennett Park and Fort C.F. Smith Park and over 30 acres to create Long Bridge Park, a sports and recreation destination at the northern end of Crystal City.

While this supply of open space is extensive, many parks are heavily used and often reserved for particular groups and leagues making it difficult for drop-in enjoyment by the broader community. Recent data has shown an 11 percent increase in facility reservations from FY 2013 to FY 2014. Class registrations were up 34 percent and youth sports were up 33 percent between FY 2011 and FY 2014. Through its management of the County’s open space system, however, DPR assesses park conditions and usage, as well as collects user demands through routine community surveys, in order to improve facilities and programming as well as expand access for the broader community.

The programming and operation units of DPR have taken steps to keep pace with this increased demand through use of multi-purpose fields, synthetic fields and lighting to extend hours and reduce maintenance, and sharing spaces with private schools. However, in some cases special requests for field use have been declined and program registrations have been limited. Another way capacity has increased to meet the demands is through collaborative agreements between the County and Schools. The County and Schools have five joint use facilities (combined school and community centers such as Gunston Middle School/Community Center) and additional shared use facilities (i.e. fields on school properties for after-hour community use) that expand the community’s use of open space and similarly fulfills the students’ needs for sports teams, recess, physical activity classes, and scholastic teams.

Although there are success stories from sharing facility resources, today these experiences have placed pressure on the open space system as Arlington’s population has steadily increased. As a result, the needs, future planning and land acquisition for parks, open space, cultural and recreational facilities are one of the primary discussion topics raised by community members in all civic engagement arenas. The Community Facilities Study Committee discussed future needs based on changing demographics and more concerted effort to strategically plan for open space acquisition (see Chapter 3 for more information) but it also recognized that these issues would be examined in more detail as part of the process to update the Public Spaces Master Plan.

Planned and Projected Facilities

The County’s Capital Improvement Plan for fiscal years 2015 to 2024, a document which outlines immediate and emerging capital projects, includes three major renovation projects, two new facilities and a myriad of public space improvement projects:

- Replacement and expansion of the salt storage facility along 26th Street North;
- Replacement of the Lubber Run Community Facility, originally built in 1956, with a new, improved and larger facility;
- Expansion of employee parking in the Trades Center complex.
- Construction of a new fire station #8 to serve the northern part of the County;
• Construction of a new Arlington Transit (ART) bus maintenance and storage facility to meet some of the existing supply and routes;
• Reconstruction of four parks;
• Master planning processes for five parks; and
• Installation of three new synthetic turf fields.

Looking ahead as the planning process begins for the biennial CIP update (FY 2017-2026), the County expects to prioritize additional transportation facilities, fire stations, storage areas, and additional improvements for core infrastructure facilities in order to meet the forecasted population and employment growth, the County’s goals for high-performing and expanding transit service, and the demand for document archival and storage needs. It is anticipated that following facilities will be needed in the near future:

• Additional ART buses, as the County expands this service and takes over routes currently operated by WMATA; and associated storage and maintenance facilities to meet the expected 50% growth by 2020;
• Transit parking and maintenance facilities for the transit service ultimately selected for the Crystal City and Columbia Pike corridors;
• One new fire station and three relocated facilities to ensure that all neighborhoods meet the emergency response time levels; and
• Increased storage for a multitude of County operations, particularly for police services and capacity in the Trades Center complex.

The School’s adopted CIP currently includes:

• Construction of Discovery Elementary School (630 seats) (completed and opened September 2015)
• Interior renovations at Washington-Lee High School to expand student capacity (300 seats) (expected completion Fall 2015)
• Building renovation and additions (241 seats expansion) at McKinley Elementary School (expected completion September 2016)
• Building renovation and additions (136 seats expansion) at Abingdon Elementary School (expected completion September 2017)
• Building renovation and addition at Stratford Middle School (1,000 seats) (expected completion September 2019)
• Construction of Wilson School for H-B Woodlawn and Stratford programs (775 seats) (expected completion September 2019)

In addition to these projects, Schools have identified additional school and supporting service needs through its annual review of student projections and its Arlington Facilities and Student Accommodation Plan (AFSAP) process. Planning discussions have started or will start soon on the following projects:

• A new elementary school in the southern part of Arlington (see South Arlington Working Group in Chapter 1)
• Interior renovations at other high schools to gain additional capacity
- Conversion of the Career Center school to a capacity generating high school, one that provides comprehensive learning
- Placement of relocatables (temporary classrooms on school campuses) to fill short-term needs
- Additional capacity for bus parking and associated staff parking

**Long-Term Needs**

Beyond these anticipated needs, the Committee recommends that a strategic planning framework be established that would institutionalize a process for identifying future public facility needs and respond to changing demographic and economic conditions. See Chapter 3 for more information.
Revenues and Capital Funding – a look at future revenues and best practices in public facility finance

Revenue Overview

The two Boards tasked the Committee with examining future revenue projections based on an analysis of trends in commercial and residential real estate values as well as best estimates of other taxes, fines, fees, federal and state aid. Before looking into the future, the Committee gained a basic understanding of the current revenue situation.

At a macro level, Arlington’s sound financial practices facilitate service delivery and provide taxpayer benefits. These financial practices are set in policies adopted by the County Board and include maintaining our triple-AAA credit rating, fully funding pension and retiree benefits, managing debt at a moderate level, and maintaining strong reserve levels.

Arlington’s proximity to the nation’s capital, balanced economy, smart growth planning, and highly educated workforce help produce Arlington’s growth in revenues. Northern Virginia’s and Arlington’s strong employment and solid real estate market are the foundation for steady incremental growth in the County’s major revenue streams. While legal and policy limitations impact taxing capacity, Arlington has implemented all but one tax that we have the authority for, which creates a diverse tax base.

Within our largest revenue source – real estate property taxes – our unique balance between residential and commercial assessments provides fiscal and service delivery benefits. Recent increases in commercial vacancy rates have resulted in small shifts in the tax burden. A continuation or worsening of this trend could impact residential tax bills or force the County to make decisions on decreasing services. Therefore, it is critical that Arlington continue its efforts to support economic development and the retention of our commercial base.

Best Practices in Financial Management

The County’s financial and debt management policies guide the County’s capital investments, debt issuance and long-term financial management. The policies are generally based on bond rating agency guidance and criteria for highly rated jurisdictions and best practices in local government finance. Significant factors in our stability and growth, Arlington’s sound financial practices include:

- Triple-Aaa bond ratings:
  - Arlington is one of approximately 39 counties in the United States to be awarded a triple Aaa/AAA/AAA credit rating. In May 2015, the three primary rating agencies all reaffirmed the highest credit rating attainable for jurisdictions. Ratings issued by Fitch, Inc. (AAA), Moody’s Investors Service (Aaa), and Standard & Poor’s (AAA) validate that Arlington’s financial position is outstanding, and it reflects the strong debt position, stable tax base, and sound financial position.
  - Maintaining this highest level of credit rating ensures that Arlington’s debt costs remain at the lowest possible level. This in turn makes funding available for other uses.

- Strong reserve levels:
Operating Reserve: no less than five percent of the General Fund budget. Appropriations from the Operating Reserve may only be made by a vote of the County Board to meet a critical, unpredictable financial need. Any draw on the operating reserve will be replenished within the subsequent three fiscal years.

Self-insurance Reserve: equivalent to approximately one to two months’ claim payments based on a five-year rolling average.

Economic & Revenue Stabilization Contingent: can address revenue declines and local or regional economic stress. Use of contingent monies will only be used at the recommendation of the County Manager and approval by the County Board. The minimum amount of the contingent will be $3 million and will be revisited annually as part of the budget process. Any draw on the economic & revenue stabilization contingent will be replenished within the subsequent two fiscal years.

General Fund General Contingent: to be used to cover unforeseen expense items or new projects initiated after a fiscal year has begun. Funding may be allocated from this contingent only with County Board approval.

- Fully funded pension
  - By policy, the County fully funds its pension using an actuarially accepted method of funding.

- Funding plans in place for retiree healthcare
  - By policy, the County fully funds retiree healthcare using an actuarially accepted method of funding.

- Moderate debt limits & reinvestment in infrastructure
  - The County prudently uses debt instruments, including general obligation bonds, revenue bonds, industrial development authority (IDA) revenue bonds, and master lease financing in order to provide re-investment in public infrastructure and to meet other public purposes, including inter-generational tax equity in capital investment.
  - The County adheres to the debt affordability criteria adopted by the County Board, which maintains moderate debt levels.

Adhering to these best practices in financial management together with our diversification of revenue create stability and allow Arlington to maintain a high level of infrastructure investments and operating service delivery. Even during difficult economic times when many other jurisdictions are struggling, the County does not have to divert resources from service delivery to maintain our solid foundation – including our fully funded pension and maintenance of and investment in our infrastructure. Thus, we’ve been able to maintain high levels of service delivery including:

- Low class sizes and the highest per pupil spending among districts in the region (according to the Washington Area Boards of Education, WABE guide);
- Streets maintained by the County instead of the State;
- Metro (not in Prince William or Loudoun) & ART;
- Commitment to Affordable Housing & human services support;
- Robust library & community center services; and
- Water/sewer improvements to enhance environmental quality.
Diversity in Revenue Sources

General Fund revenues for FY 2016 are forecast to be $1.16 billion while total tax revenues are expected to be $970.5 million. The County’s largest revenue source is real estate taxes, generating $667.8 million and making up 58% of total revenue in the FY 2016 adopted budget. Real estate taxes are based on annual assessments of residential (single family, townhouses, and condominiums) and commercial (office, retail, apartments, and hotels) assessments and one of the lowest tax rates in the region at $0.983 per $100 plus a $0.013 stormwater tax.

Within this revenue source, our unique balance between residential and commercial assessments provides fiscal and service delivery benefits. The split between commercial and residential properties has been about 50/50. This even split between residential and commercial assessments is one of the most compelling and unique aspects of Arlington’s financial structure. In the region, only Alexandria is somewhat close to this split with 57% residential; other Northern Virginia jurisdictions’ residential assessments make up at least 70% of assessments.

Single family houses and townhouses make up nearly three-quarters of residential assessments with the balance being condominiums. On the commercial side, apartments and office buildings each make up approximately 40% of total commercial assessments while hotels and general commercial (primarily retail) are the remaining. With the recent trend of increasing office vacancies, the office has slowly decreased as a percentage of total assessments while strength in the apartment sector has increased its share of the total commercial base (see appendix for charts showing these trends).

From an historical perspective, this balance has been maintained over many decades after being developed intentionally. The decision to run Metro through the Rosslyn-Ballston corridor resulted in mixed use transit corridors while still preserving low density neighborhoods.

The success of the 50/50 split has a direct impact by easing the tax burden on the residential tax payer – particularly when compared to our neighboring jurisdictions – and impacts the services that Arlington provides.

However, recent office vacancy trends have resulted in small shifts in the tax burden; the current office vacancy rate of 21.7% is twice the norm. A continuation or worsening of this trend could impact residential tax bills or force the County to make decisions on decreasing services. The impact of these vacancy trends is clear when one considers that:

- A typical 300,000 square foot office building adds approximately $3.0 million in annual taxes; and
- Each 1% improvement in the vacancy rate will add approximately $3.4 million in tax revenue annually.

Therefore, it is critical that Arlington continue its efforts to support economic development and the retention of our commercial base in the face of challenges including a shrinking federal presence, a shift in the way businesses use office space and growing competitiveness in the region.

Another strength that Arlington has though is the diversity of taxes that have been implemented; other major tax sources include:
• Personal Property Tax: Levied on tangible property of individuals (vehicles) and businesses (machines, furniture, equipment, fixtures, & tools);
• Business, Professional, Occupational License Tax: business tax levied self-reported gross receipts at rates based on the type of business; and
• Sales: local 6% tax on non-food sales;
• Meals: 4% tax on levied on prepared foods and restaurant meals; and
• Transient Occupancy Tax: 5% local tax is levied by Arlington on the amount paid for hotel and motel rooms.

State and federal revenue as a percentage of total revenue have been declining over the past few years; state revenue currently makes up approximately 6% while federal is only about 1%.

**Revenue Sharing with Arlington Public Schools**

The County and Schools entered into a cooperative effort in FY 2001 to design a revenue sharing agreement as a way to fairly and appropriately apportion revenue for budget development purposes. Over the succeeding years the structure and revenue sharing calculations were adjusted to reflect the changing economic and resource demands of both the County and Schools. Since FY 2002, various adjustments were made for enrollment, funding retiree healthcare (OPEB), maintenance capital, affordable housing, and other County and School priority initiatives.

During CY 2014, the County Board and School Board worked collaboratively to structure revenue sharing principles that provide a framework for sharing local tax revenues in a predictable and flexible way. In January 2015, both Boards adopted principles that emphasize the community priority of high quality education and utilizing community resources in a balanced and fiscally responsible way.

The agreement outlines four main principles:

1) Revenue sharing provides a transparent, predictable, and flexible framework for developing the County and School budgets.

2) The planning for the next budget year will begin with the revenue sharing allocation adopted for the current fiscal year and that any critical needs identified by the Schools, including enrollment growth, will be considered as a top funding priority.

3) One-time funding (shortfalls or gains) will be shared between the County and Schools based on the current year’s allocated tax revenue percentage. One-time funds from bond premiums will be allocated to either the County or Schools based on the bonds issued and will be used solely for capital projects.

4) Funds available from the close-out of the fiscal year will be used to contribute to the County’s required operating reserve based on the revenue sharing percentage for that fiscal year and APS will also contribute to a limited joint infrastructure reserve fund to meet the infrastructure needs with school expansions and new school construction.
These principles will be the basis for budget development and will be a starting point for collaborative funding discussions as both entities begin to develop their proposed budgets each year for their respective board. In the FY 2016 adopted transfer is $451,866,545 — $451,637,045 in ongoing funding and $229,500 in one-time — a 2.6 percent increase over the FY 2015 adopted budget. The revenue sharing percentage is currently 46.5% of ongoing local tax revenues.

Forecasting

The charge for the Community Facilities study was to prepare a 20-year forecast. Because forecasting for this timeframe is not reliable, this is not something that Arlington does. The County is consistent with its local peers and prepare a five-year forecast, which is updated every budget and CIP cycle. This long-term strategic financial planning typically presents two scenarios based on current policies and services to demonstrate the impact of different economic assumptions on our financial future.

For the Community Facilities Study, a forecast of County revenue was developed with three alternative economic growth scenarios — medium/baseline, high, and low growth. The assumptions driving these forecast scenarios included:

<table>
<thead>
<tr>
<th></th>
<th>Medium/Baseline</th>
<th>High Growth</th>
<th>Low Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Market</td>
<td>Stable, averaging 3% growth</td>
<td>Strong for 2-3 years (4-6%), then stabilizing to 3%</td>
<td>Rapid slowdown – 1.5% to 2.0%</td>
</tr>
<tr>
<td>Office &amp; related tax sources</td>
<td>Flat or declining through FY 2019 as vacancy rates are worked through; then steady recovery</td>
<td>Recovery occurs more quickly – stabilized without further losses by FY 2018</td>
<td>Protracted recovery with additional losses</td>
</tr>
<tr>
<td>Other tax sources (sales, meals)</td>
<td>Slow, steady growth – 1.5% to 3.0%</td>
<td>Accelerated growth – 2-3%</td>
<td>No growth or slight declines</td>
</tr>
<tr>
<td>Average tax revenue growth over 5 years</td>
<td>2.5%</td>
<td>3.3%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Annual Budget gaps</td>
<td>$0.9M to $32.3M</td>
<td>Up to $23.7M</td>
<td>$36.9M to $43.3M</td>
</tr>
</tbody>
</table>

Overall, near term budget gaps are expected to be manageable for a continuing services budget but revenue growth is not expected to be robust enough to fully fund County and Schools expenditure pressures. However, forecasts will change with economic shifts, policy choices, and demand for services.

Key Takeaways

• Legal and policy limitations impact taxing capacity.
• Arlington’s balance between residential and commercial assessments is unique and provides fiscal and service delivery benefits.
• Arlington’s sound financial practices facilitate service delivery and provide taxpayer benefits.
• Expectation that real estate assessments will see some growth with residential growth normalizing as office assessments recover.
• Revenue growth is not expected to be robust enough to fully fund County and Schools expenditure pressures.
• Under baseline scenario, near term budget gaps are expected to be manageable for continuing services.
• Forecasts will change.

See Appendix 4 for additional Revenue data.

**Best Practices in Public Facility Finance**

**Overview**

In the study’s charge, the Committee is asked to identify “Arlington’s key facility assets and needs - County and Schools 5, 10 and 20 years out” using an inventory of existing County and School facilities as well as “Develop the criteria for prioritizing projects in the CIP.” The Committee’s goal is to “build a consensus framework regarding future revenue and facility needs that will inform County and School Board decision-making related to meeting the community’s requirements for additional school, fire station, vehicle storage sites and other facility needs...” In reaching this goal, key questions asked by the Committee included “What are our facility needs for schools, fire stations, recreation, and transportation vehicle and other storage?” as well as “How do we pay for these needs?”

The County’s Capital Improvement Plan (CIP) is responsive to this request by laying out a ten-year plan of capital needs of the community and a ten-year funding plan to achieve those needs. The CIP is one of the most significant planning processes for the County and Schools and not only identifies the immediate needs but also seeks to capture longer-term capital needs in all areas of infrastructure. It balances maintenance of the existing infrastructure with new investments, all driven by service delivery demands, and is flexible to adjust to changing priorities and external factors. The CIP is financially sustainable and adheres to financial and debt management policies to ensure that the County maintains its triple-Aaa bond ratings.

**Debt Management**

The CIP adheres to the debt capacity guidelines formally in place since 2002 and re-confirmed by the County Board in July 2014. The County’s debt capacity ratios measure affordability against key “wealth” indicators of the County and are very similar to other triple-Aaa’s in the region. These are considered best practice in public finance and serve as guidance for debt affordability, an essential practice by the bond rating agencies.
1. The ratio of net tax-supported debt service to general expenditures should not exceed ten percent, within the ten-year projection.

2. The ratio of net tax-supported debt to full market value should not exceed three percent, within the ten-year projection.

3. The ratio of net tax-supported debt to income should not exceed six percent, within the ten-year projection.

4. Growth in debt service should be sustainable and consistent with the projected growth of revenues. Debt service growth over the ten year projection should not exceed the average ten year historical revenue growth.

5. The term and amortization structure of County debt will be based on an analysis of the useful life of the asset(s) being financed and the variability of the supporting revenue stream. The County will attempt to maximize the rapidity of principal repayment where possible. In no case will debt maturity exceed the useful life of the project.

6. The County will refund debt when it is in the best financial interest of the County to do so. When a refunding is undertaken to generate interest rate cost savings, the minimum aggregate present value savings will be three percent of the refunded bond principal amount.

**CIP Development and Criteria**

Capital projects originate from a variety of sources. County Board appointed commissions, advisory groups, and task forces typically advise the Board or develop long-term plans that recommend certain types of improvements. In some cases, individual residents request improvements to their streets, playgrounds or other County facilities. Neighborhood associations and business groups may also suggest projects and work areas. Some projects are initiated by adopted County master plans, such as the Transportation Master Plan or the Storm Water Master Plan. It is an iterative process that starts with the most recently adopted CIP and factors in many updates. These factors include economic and revenue projections impacting debt capacity, updates of existing maintenance capital condition and inventory assessments, commercial development activity, construction market conditions, external impacts of regional partnerships, federal and state regulatory changes, population changes or service delivery demands and even opportunistic events.

Given that there are always more project proposals submitted than can be funded in a given year, various criteria are used to assist in prioritizing capital projects. These criteria include a test for immediate safety, legislative, or judicial requirements, the project’s ability to be implemented in the timeline proposed, linkages to other approved and funded projects, linkages to an approved County master plan, other goals and objectives of the County, and direct benefit to citizens. Other considerations include current and future fiscal impact, cost of deferring a project, alternative funding sources, and County and private development goals and plans.

Public finance best practices are achieved through the development of the CIP’s multi-year financial plans, debt affordability measures, review of capital project budgets and scope management and integration of operating impacts of new projects.
Investments in Service Delivery

The FY 2015-FY 2024 capital plan maintains County assets, furthers the economic competitiveness, and continues the County’s history of financial sustainability by funding investments in service delivery in line with the community’s values including:

- Livable neighborhoods: neighborhood conservation, paving, safe routes to schools, complete streets, BikeArlington, and WalkArlington;
- Safe community: fire stations and apparatus, public safety technology, records management systems;
- Helping those in need: homeless services center and Mary Marshall Assisted Living Center;
- Core infrastructure: water and sewer infrastructure and stormwater management;
- Economic competitiveness: ConnectArlington/intelligent transportation systems;
- Robust quality of life: parks and open space, playgrounds, community centers, bike trails, and fields; and,
- Quality school infrastructure for optimal learning environment.

CIP Needs

The FY 2015-FY2024 CIP investment in Arlington’s physical assets total $3.2 billion. A breakdown of how Arlington spends CIP funds is graphically represented below. The biggest allocation, 49% is dedicated to transportation, Metro, street paving and transit projects. The second largest investment, 17%, is planned for schools. Core infrastructure projects such as utilities and stormwater comprise 13% of the plan while 8% is budgeted for public and government facilities, 6% is budgeted for parks and recreation and the remainder is budgeted for information technology, public safety and other capital improvements.

CIP Needs in $000s

<table>
<thead>
<tr>
<th>Program</th>
<th>FY 15-24</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>863,353</td>
<td>27%</td>
</tr>
<tr>
<td>Crystal City &amp; Columbia Pike Transit</td>
<td>485,552</td>
<td>15%</td>
</tr>
<tr>
<td>Metro</td>
<td>210,650</td>
<td>7%</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>183,182</td>
<td>6%</td>
</tr>
<tr>
<td>Public/Government Facilities</td>
<td>243,648</td>
<td>8%</td>
</tr>
<tr>
<td>Information Technology &amp; Public Safety</td>
<td>146,665</td>
<td>5%</td>
</tr>
<tr>
<td>Regional Partnerships &amp; Contingencies</td>
<td>45,942</td>
<td>1%</td>
</tr>
<tr>
<td>Comm Conservation &amp; Economic Devel</td>
<td>97,148</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Subtotal County Capital</strong></td>
<td>2,276,140</td>
<td></td>
</tr>
<tr>
<td>Water and Sewer Infrastructure</td>
<td>317,734</td>
<td>10%</td>
</tr>
<tr>
<td>Stormwater Management</td>
<td>61,280</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total County Capital</strong></td>
<td>2,655,154</td>
<td></td>
</tr>
<tr>
<td>Schools Capital</td>
<td>534,054</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Total CIP Program</strong></td>
<td>3,189,208</td>
<td>100%</td>
</tr>
</tbody>
</table>
CIP Funds

The adopted FY 2015-2024 CIP utilizes a diverse set of funding sources and allows the County to balance debt financing sources against PAYG sources as well as leverage outside funding for capital priorities. While major capital facility projects will generally be funded through bonds, the County maintains an appropriate balance of PAYG versus debt, particularly in light of the County’s debt capacity. General Obligation bonds (County and Schools), the largest portion of debt financing, comprise 34% of the CIP funding. Other debt financing sources include master lease financing and other transportation bonds total 7% of the CIP funding. Outside revenues such as state and federal grants, Northern Virginia transportation authority (HB2313) funds and developer contributions comprise another 23% of the pie. Local funds that are restricted and dedicated to core infrastructure such as stormwater management, utilities infrastructure and transportation capital equate to 19%. Other local funds include Pay-As-You-Go (PAYG) allocations from the general fund total 17%. (See Appendix 4 for additional information on CIP funding tools).
Key Takeaways

- The CIP strives to balance between reinvestment vs. new projects
- The CIP covers the entire spectrum of County infrastructure, facilities, and technology and is largely based on service delivery demands
- The CIP is flexible, responding to changing priorities & external factors
- The CIP is financially sustainable
  - Debt ratios are moderate and consistent with triple-AAA bond rating standards
  - Debt levels are balanced against other operating budget needs

See Appendix 4 for additional information on public facility financing.
Siting Principles and Process

One of the primary tasks of the Community Facilities Study is to propose “criteria and a process for siting any new County or School facilities or adding new or expanded uses to existing facilities or sites.” With limited land, limited financial resources and many facility projects in the queue, the Study Committee, with input from the Resident Forum, developed siting principles and a four-stage siting process that improves upon current practices (Appendix 6). The siting process is intended to function as a project management tool to make siting decisions efficiently and, effectively, and with ample community input.

The Study Committee is recommending the following six principles to guide all siting processes, recommendations, and decisions.

1. Be as transparent as possible: share information broadly and communicate regularly.
2. Time and funding are limited: undertake siting processes in a timely and cost-conscious manner.
3. Use resources efficiently: explore multiple-use facilities and designs that could be adaptable over time.
4. Balance County-wide and local needs.
5. Guide discussions and decisions with established plans, policies and goals.
6. Distribute facilities equitably across the County as much as possible.

The recommended siting process consists of four phases. In Phase 1, the project scope for the identified use and process will be established. This phase will determine siting requirements and considerations, a framework for how sites will be evaluated, the civic engagement process and communications plan, and the timeline for reaching a decision. In Phase 2, potential sites will be identified, evaluated, and refined to a two or three options for further consideration. In Phase 3, design studies and analysis will be developed for the refined list of site options identified from Phase 2. The evaluation of these sites will inform the recommendation of a preferred option. In Phase 4, the County Board and/or School Board will consider the recommendation and confirm a final approach.

The siting process is intended to be flexible enough that it can be adapted to a variety of situations. It would primarily be used in situations when a known facility need requires a site, such as determining the location of a new school. The process could also be modified for situations when new use(s) will be determined for a known site has become available for development.

For more information on the Study Committee’s proposed siting principles and process, refer to Appendix 6.
Chapter 3 – Identification and Discussion of Strategic Community Challenges

The heart of the Community Facilities Study was to identify strategic community challenges that could, if left unaddressed, threaten Arlington’s overall sustainability. Following informational sessions on demographics and forecasting, revenues and County economics, and planning policy and process, the Committee defined five main challenges for the County and the community:

1. A threatened commercial tax base;
2. A scarcity of land for public facilities;
3. Changing demographics;
4. Strategic facility planning and priority setting; and
5. The need to revamp community dialogue

The five challenges are linked and reflect some of the pressures of an evolving, developed community. While it is obvious that not all possible solutions are entirely within the County’s control, the Study Committee concluded that focus on the challenges and their solutions is necessary to ensure the future of the community. For this reason, the Study Committee urges elected officials to keep these challenges and ideas at the forefront of their efforts on behalf of the community.

A Threatened Commercial Tax Base

As previously noted, Arlington’s tax base is unique compared to neighboring jurisdictions with a 50 – 50 split between commercial (office, retail, multi-family residential, hotel) and residential development. This compares with a 75 percent residential – 25 percent commercial split in Fairfax County, a 70 – 30 split in Loudoun County and a 57 – 43 percent split in the City of Alexandria. Today, $27.5 billion of a total $57.5 billion in assessed land and improvements value is located in the Metro corridors, which is 11% of total land in the County. The County’s Triple AAA bond rating reflects the inherent strengths of this unique tax base, strong financial reserves, a fully funded pension system and moderate debt limits.

As the County and the Washington Region seek to recover from the recession there are a number of indicators that the 50 – 50 tax base split cannot be assumed. While all types of development pay real estate taxes, the non-residential portion of the commercial component of the tax base is struggling. The enviable position long enjoyed by the County made it possible to fund a nationally ranked school system and a robust array of programs and services while maintaining a relatively low real estate tax rate. The FY 2016 base real estate tax rate of $0.983 per $100 of assessment valuation was unchanged from FY 2015 although tax burdens increased where assessed values increased. A County-wide sanitary district tax for stormwater management, originally adopted in CY 2008, brings the combined base and sanitary real estate rate to $0.996 per one hundred dollars of assessed valuation. It should be noted that properties used for or zoned to permit commercial and industrial purposes pay an additional real estate tax, originally adopted in CY 2008, of $0.125 per one hundred dollars of assessed valuation to fund transportation initiatives. Commercial properties in the Rosslyn, Crystal City and Ballston Business Improvement Districts (BIDs) also pay an additional tax to fund BID services and programs.
The Importance of a Healthy Office Market

While the federal government and its contractors continue to occupy nearly 50 percent of Arlington’s office space, the federal presence has shrunk in the County by 2.4 million square feet of office space since 2011. Federal procurement dropped in the last three years; Arlington has lost 4,700 federal jobs since 2010. The effects of BRAC and sequestration continue to be felt with no assurance from the Congress that the latter will not be repeated.

As of September 2015, Arlington’s office vacancy rate is 20 percent, double the historical average of 10 percent. To reduce the vacancy rate to 10 percent 4.4 million square feet of office space would need to be occupied.

Further indications of change in the office market are revealed in the way business uses office space. In the last decade, technology, cost of occupancy, commuting challenges and the work preferences of an increasingly younger workforce have resulted in reduced office space allocated per employee in both the private and public sectors. Technology facilitates alternative work schedules and locations. Both Deloitte and Accenture, located in Rosslyn and Ballston respectively, “hotel” far more employees than they house in their offices on any given day.

Growing competitiveness in the region is changing the relative desirability of the Arlington office market. New development in NOMA, Bethesda, Downtown and Capital Riverfront all compete for tenants. The 2014 opening of the Silver Line makes Reston, Tysons, and points west more accessible and facilitates creation of strong employment centers in those submarkets.

In recognition of the economic impact of the high office vacancy rate, in the FY 2016 budget, the County Board added new resources to the Economic Development budget--$600,000 and 5 FTEs for business development and $300,000 for marketing.

Ease of Doing Business with the County

Arlington has long prided itself on robust public input processes for all types of County and School issues. Even with the detailed guidance of adopted plans and policies, the length of community review processes for private development projects often stretches to years rather than months. Though valued by the community, these lengthy processes are at odds with the business community’s preference for speed and predictability, and also can limit participation from residents who cannot commit significant time to community processes (See Revamping Community Dialogue, below).

Over the last several years there have been a number of efforts to help both large and small businesses in the County with a variety of issues including permitting, code requirements, signage and regulatory costs. Despite these efforts and the creation of an ombudsperson to mediate issues, negative perceptions persist. Over the last few months, the Department of Community Planning, Housing and Development (DCPHD) conducted a customer satisfaction survey and are taking steps to improve customer service, reduce site plan process and construction permit review times, improve technology for permitting and plan review, and have greater consistency in the process. Over 150 attended the September 10 Development Forum and it is expected that additional events will be held to provide progress updates.
As noted above, the County faces stronger competition from neighbors in Tysons, D.C. and Alexandria. Proximity to downtown may not be as valuable as it once was. Businesses and developers may become less willing to make concessions to Arlington if attractive alternatives (i.e. lower rents, incentives) are reasonably close by. It in the community’s interest to take a solution-oriented, proactive approach to developing and revising processes that facilitate development that is consistent with the County’s adopted plans and policies.

Housing and Affordability Issues

In FY 2014, the County budget allocated approximately $55 million in affordable housing support, administration and tenant assistance. For those earning below 60 percent AMI, the County, in partnership with non-profits, provides options in the form of affordable units (CAFs) and rent assistance. For those earning more than 120 percent AMI, the market provides many rental and home ownership options. Recognizing that the Affordable Housing Master Plan process was well underway, the Study Committee did not look at affordable housing issues for those earning below 60 percent AMI. Instead, the Study Committee focused on housing as a contributing factor to the overall economic health of the community. The public sector workforce (teachers, firefighters, social workers, etc.) and many in the types of jobs being created by the private sector often earn more than 60 percent AMI but less than 120 percent AMI.

Thousands of millennials—the largest age group in the County—have come to Arlington for great jobs, transportation and an excellent quality of life. They stay for these reasons and the excellent school system when they start families. Despite the large number of single-family houses, townhouses and condominiums, many leave the County because they are unable to find an affordable home ownership opportunity. As reported in the Washington Business Journal, Arlington house prices rose 10 percent over a year ago, compared to an annual gain of four percent in the District. Long and Foster Real Estate reported the July median sales price in the County was $662,500 as compared to $550,000 in D.C. Demolitions of older single-family houses continue at a record pace, further reducing the stock of affordable “starter houses”. New multi-family units are largely one-bedroom units which don’t appeal to families; the condominium stock, though large, may not be preferred due to preferences for traditional single-family lifestyles and fee simple ownership. This challenge is particularly great for those earning between 60 percent and 120 percent AMI and since there are no federal, state or local programs to address this issue revenue losses from the high vacancy rate make local efforts difficult if not impossible. Loss of the millennial population worsens the economic stratification in the County and is directly related to the County’s attractiveness to employers.

On the rental side, the continued loss of market rate affordable units through rent increases, redevelopment and renovations has put pressure on the rental supply. Rents continue to rise faster than wages. Two in five rental households in the County spend more than 30 percent of their income on rent. Even with the addition of thousands of mostly one bedroom rental units in the last decade, high demand for rental housing resulted in an average monthly rent of $1,834. In 2014. Millennials, seniors and those earning 60 percent to 120 percent AMI are particularly affected by these trends.
Recommendations:

1. Step up marketing efforts to attract commercial office tenants
2. Add an economic impact statement to project Staff Reports
3. Require an EDC letter to Board re economic impact of each project
4. Enhance the role of the BID’s in approving temporary changes

A Scarcity of Land for Public Facilities

Land is Arlington’s most scarce resource. The County’s planned growth will increase demands for schools, public services, open space1, recreational opportunities and critical but less visible “back of house” activities like fire stations and ART bus storage—all within the 26 square miles of the County. Combined, the County and APS own 2.2 square miles2 which houses schools, parks and all County facilities. Sixty-two percent of the 2.2 square miles are occupied by County parks and 26 percent by Schools.

Today, the County operates 105 facilities including libraries, fire stations, the Trades Center, and recreation and community centers on County-owned land. Additional facilities such as the DHS offices and Courthouse Plaza operate in leased space. APS operates 33 schools and three additional facilities (Education Center, Planetarium and Trades Center) on their property as well as several programs in leased space. Though many facilities house a single use, longstanding partnerships between APS and the County help maximize facility use and provide numerous examples of shared use facilities (e.g. DPR classes in APS gyms, fields and school classrooms) and joint use facilities (e.g. Jefferson Middle School and Community Center) which are governed by a Memorandum of Understanding. Even with these efforts in place, continued growth in demand results in waiting lists for classes and sports programs, and fields scheduled beyond recommended standards. Urgent school capacity needs are being addressed through use of relocatables, which are not a long term solution, interior renovations, additions and new school construction on the Williamsburg Middle School campus and at Wilson School. School capacity issues led APS to initiate the More Seats effort and to charter the South Arlington Working Group which will soon make a recommendation on a new elementary school site. In addition, the APS CIP includes funds to evolve the Career Center into a capacity generating high school.

Population increases and school enrollment growth will increase the pressure on existing facilities of all types. Like schools, parks and sports fields, “back of house” activities like vehicle and material storage, parking and maintenance for transit vehicles, fire stations and Trade Center services will require additional land for vehicles and activities. For example, the ART and school bus fleet will increase with expanded routes; these vehicles need several acres for storage, staging and maintenance. The County

1 The Public Spaces Master Plan update now underway will look at public space policies, needs and priorities, and develop an open space classification system, identify future open space needs and develop standards tailored to Arlington.

2 Road right-of-way occupies six square miles, other government land occupies 3.5 square miles and private property occupies 14.4 square miles.
needs to build one new fire station and relocate three to improve response times and support projected population growth. Thirteen – 18 acres of land in two-acre minimum parcels are needed to expand County services plus additional land for similar APS services.

The challenge for the future begins with making better use of existing facilities, and looking for opportunities to “create” more land. More land will be the result of building up, under and over rights-of-way (e.g. the I-66 parking deck and Gateway Park) and new facilities like garage structures (e.g. Washington Caps practice rink). Facilities need to be adaptable to new uses, joint uses and shared uses wherever possible. It is well understood that land availability is a significant challenge as the County continues to grow. Acquisition is increasingly expensive and opportunities vary from year to year. A land acquisition fund not tied to a particular bond would allow the County to compete more effectively when key properties become available. Well-located sites like the 16-acre Buck property on North Quincy Street are rare opportunities.

**Recommendations:**

5. Make maximum use (and reuse) of the facilities we have
6. Encourage joint use of facilities
7. Build up, under and over rather than out
8. Create “new” land
9. Establish a land acquisition fund

**Dealing with Changing Demographics**

The County’s demographic profile has been changing over the last 15 years. Millennials (born 1982-2000, approximately 17 - 33 years old) are the dominant generation in the County, but the fastest growing age cohorts are 35-44 year olds, 0-5 year olds and those 65+ years old. Residents age 18 to 34—the age group typically forming their own households—are the most mobile segment of the population. Keeping millennials in the County is critical for the labor force and will require affordable home ownership opportunities, child care and pre-school options. The 65+ age cohort is expected to have higher incomes, increased demand for recreation and public transportation and is more likely to be working than in the past. It is also expected that the 85+ age cohort will have increased needs for assistance, such as housing options and transportation, and increased care options.

Between 2000 and 2013 the average household size increased in both owner and renter occupied single family homes. The same is true for renter occupied multi-family housing. Most growth in the student population comes from single family homes.

Increasing income disparity reduces diversity in the community. In 2000, the largest share of County households earned $75,000 - $99,999 (approximately $100,000 - $135,000 in 2013 dollars). In 2013, the largest share of households had incomes of $200,000 or more. The estimated 2015 median household income for the County is $106,400. Median incomes vary widely by neighborhoods within the County. Such disparity concentrates low-income students in a few schools.
Growing population translates to increased school enrollment. APS projects school enrollment to exceed 30,000 students by 2024. Much of this growth will come from the 0 – 5 year olds; the ratio of kindergarten enrollment to births increased from 55 percent in 2005 to 75 percent in 2014. Rapidly rising enrollment means APS will need additional facilities to meet the educational needs of students.

How will the County change? Using County plans and policies as a base, the County forecasts a 31 percent increase in population by 2040; employment is projected to grow 38 percent. These forecasts are developed in five-year increments for 30 years through the Metropolitan Washington Council of Government’s regional Cooperative Forecasting program which is a requirement of the Clean Air Act. APS develops five and ten-year enrollment projections by grade using:

- current school counts,
- cohort survival rates (three year average),
- Arlington resident births,
- student generation rates by housing type and
- County housing pipeline data.

Accuracy is greatest for the first five years because the children who would be students in year six -10 have not yet been born. Both the projections and projection methodology were validated by a third-party consultant. APS and the County are now working through additional recommendations to improve longer-term projections and to understand the influence and nuances of different housing types on student enrollment.

**Recommendations:**

10. Improve the data flow between County and APS to improve student population projections
11. Focus on starter housing for new families (and others)
12. Use demographic projections to help define future facility needs
13. Enhance wrap around services coordinating school and after-school needs
14. Better identify the needs of those over 65 (and 85)

**Strategic Facility Planning and Priority Setting**

**The Comprehensive Plan**

The General Land Use Plan (GLUP), one element of the County’s Comprehensive Plan, is required by the Code of Virginia. It establishes the overall character, extent and location of various land uses and communicates County policy to citizens, the business community and others. It and the other ten Comprehensive Plan elements, provide an essential framework for decision-makers. Sector Plans, Area Plans and Revitalization Plans provide more detailed policy guidance for specific areas of the County and

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3 Adopted Plan elements include the Affordable Housing Master Plan, the Chesapeake Bay Preservation Ordinance and Plan; the Community Energy Plan, the General Land Use Plan; the Master Transportation Plan (including eight subelements); the Public Spaces Master Plan (including three subelements); the Historic Preservation Master Plan; the Recycling Program Implementation Plan; the Sanitary Sewer System Master Plan; the Storm Water Master Plan; and the Water Distribution System Master Plan.
also are developed with extensive citizen participation. Since their original adoption, the GLUP and Plan elements have been continuously updated.

Despite a long history of comprehensive planning in the County, Comprehensive Plan elements are developed separately on different time cycles. Plans are developed and updated through an extensive community process that incorporates public input throughout the process. However, no clear process exists to reconcile competing objectives between Comprehensive Plan elements (or between Area plans and Master Plans) or to comprehensively (e.g. in a Plan element) address community facility needs such as libraries, public safety, technology and storage. As a result, these Plan elements may contain conflicting ideas which have neither been reconciled nor prioritized. When this occurs, community interests are pitted against each other, often playing out in community review of a public facility (i.e. a school or recreational facility) or a site plan project. This results in a “win – lose” scenario and undermines trust in the community process. Further, Comprehensive Plan elements often calculate projected growth quantitatively (e.g. number of new residential units/ square feet of commercial space) with insufficient attention to the characteristics of future residents and workers which may create new and different demands for County facilities and services.

Capital Improvement Planning

The Capital Improvement Plan (CIP) is one of the critical supporting documents to the Comprehensive Plan. The CIP is a ten-year plan for investment in Arlington’s physical assets. The CIP covers all types of infrastructure and is balanced between maintenance of existing infrastructure and new investments. The combined total for both the County and APS CIPs is $3.2 billion with transportation, schools and water and sewer infrastructure the largest expenditure categories. The CIP is developed on a biennial basis with the most recent adopted CIP as the starting point. Among the factors considered in developing the CIP are:

- Updated economic and revenue projections impacting debt capacity
- Commercial development activity
- Construction market conditions impacting project cost estimates
- Project cost estimates change due to design changes, site conditions, etc.
- Board direction on specific projects or initiatives
- External impacts of regional partnerships (e.g. WMATA)
- Federal and state regulatory changes
- Population changes (e.g. enrollment) or service delivery demands
- Opportunistic events such as land acquisition

Currently, facility needs are prioritized primarily through the County and APS Capital Improvement Plan (CIP) processes which are developed separately. County CIP planning begins with the adopted CIP; APS uses the Arlington Facilities and Student Accommodation Plan (AFSAP) as their starting point. The AFSAP takes a comprehensive look at enrollment and capacity using current and projected enrollments by school and grade. The AFSAP identifies decision points around the need and location for new seats and redistribution of students or programs. APS works with its Facility Advisory Committee (FAC) and Budget Advisory Council (BAC) throughout the year and has a number of check-ins with the community on draft
School CIP proposals to obtain comment. The County does not have a similar committee to FAC, and develops the draft CIP internally with input from Commissions (i.e. Parks and Recreation Commission). The Planning Commission holds a public hearing and makes a recommendation on the draft to the County Board.

COUNTY CIP PROCESS and TIMELINE

APS CIP PROCESS and TIMELINE
Setting Priorities for Public Facilities

The issue of the County and the Schools setting priorities for future funding and construction of public facilities has been a topic of discussion in all of the Subcommittees. Neither the Comprehensive Plan, nor the County and School CIPs provide clear guidance on how projects are prioritized for inclusion in a CIP or for design or funding. This is particularly critical given that the competition for resources between school and other facility needs will only worsen with increased demand due to population growth and a shifting economic base. The Study Committee concluded that a priority setting process must be devised as a foundation for the proposed siting process.

The priority setting process is designed to achieve four goals:

- Institutionalize better coordination between Schools and County and among the several County departments including development of criteria for prioritizing facility needs
- Improve the opportunity for public participation and input into the early stages of facility planning
- Bring together the information about ongoing demographic and economic changes in the County and schools with the early planning and thinking about future facilities.
- Identify long-range strategic issues and their implications for facility needs and provide a basis for prioritizing candidates for inclusion in a future update of the CIP.

The Study Committee recommends that the County Board and School Board establish a Facility Strategic Planning Committee comprised of two County Board and two School Board Members (with a rotating Chair) to set policy and give direction to a Joint County/APS Staff Team chaired by a designated senior person from the County Manager’s office and comprised of the key facilities planning staff from APS and County departments (See Appendix 5 for a more detailed description of this framework). The staff person designated to lead the effort must be senior enough to provide direction and leadership to the rest of the team and be charged with taking a longer strategic view of needs. The longer term, strategic view of needs—in conjunction with a recognition and understanding of immediate priorities—are critical to ensuring a balanced view of capital needs.

The Facility Strategic Planning Committee would receive annual updates on demographic trends, development market projections and other factors (including the natural aging of structures) and for schools, the general geography of future school needs that might impact the need for future facilities.

Community involvement would be achieved through a new County Advisory Commission similar to the current APS FAC. It could meet jointly as needed with the FAC. Opportunities for broader community input would be established.

In developing a master list of projected future needs, the four-person Committee would review those facilities currently including in the approved pipeline (e.g. the CIP) and also various adopted plans that are part of the Comprehensive Plan, and supporting documents of the Comprehensive Plan including sector and area plans that are adopted for different areas of the County.

The details of this recommendation would need to be worked out jointly by the County and APS.
Revised Siting Process

As previously noted, one of the primary tasks of the Community Facilities Study Committee is to propose “criteria and a process for siting any new County or School facilities or adding new or expanded uses to existing facilities or sites.” With limited land, limited financial resources and many facility projects in the queue, the Study Committee, with input from the Resident Forum, developed siting principles and a four-stage siting process that improves upon current practices (Appendix 6). The siting process is intended to function as a project management tool to make siting decisions efficiently and, effectively, and with ample community input.

Recommendations:

15. Implement the proposed public facility priority setting framework with a facility strategic planning committee at the elected official level, citizen advisory commission, and strategic staff planning group
16. Implement the proposed Public Facility Siting Process
17. Establish a data-driven County/APS Strategic Planning unit
18. Set up the interdepartmental staff team and citizen advisory council

Revamping the Community Dialogue

Arlington has always taken great pride in the level of civic participation in community matters. Changing demographics, economic pressures and competition for non-work time have resulted in fewer participants in all but the most controversial community processes. Time is at a premium for everyone and few can choose to commit to lengthy public processes. Technology simplifies information sharing but it is not uniformly available to all in the community for a variety of reasons including cost. As a result, some segments of the community (e.g. the elderly and lower income residents) are under-represented in public processes and decision-making.

The County and Schools have made great progress in using technology to push information to the community. Project websites that maintain schedules, documents and announcements for major studies and community processes, targeted emails, Twitter, and other forms of social media make it possible for virtually any interested party to keep in touch with project status. Various process techniques such as gallery walks, open houses, community forums and walking tours help achieve more effective two-way civic engagement, however, they are most appealing to those with the time to participate. The Study Committee concluded that new ways to communicate with and engage all segments of the community are critical to the County’s future.

Recommendations:

19. Build on Arlington’s tradition of civic engagement to reach new audiences
20. Recognize that a diverse population receives information in a variety of ways
21. Experiment with new channels of communication, particularly social media
Chapter 4 – Additional Follow-On Studies

1. Develop criteria to prioritize capital projects

2. Implement the Facility Strategic Planning Committee

3. Implement the Siting Process

4. Cohort Data Research, particularly for those 65 and older

5. Complete work with the consultants on school enrollment projections
Appendices

1. Community Facilities Study Charge and Committee Members
2. Demographic Forecasts and Projections
3. Facility Inventory
4. Revenue Projections, Capital Facility Funding and Best Practices in Public Facility Finance
5. Proposed Priority Setting Framework
6. Proposed Siting Principles and Process
Appendix 1: Community Facilities Study Charge and Committee Members

Arlington Community Facilities Study - A Plan for the Future
January 23, 2015

PURPOSE
Build a consensus framework regarding future revenue and facility needs that will inform County and School Board decision-making related to meeting the community’s requirements for additional school, fire station, vehicle storage sites and other facility needs in the context of Arlington's and the region's projected 5, 10 and 20 year economic and demographic growth.

KEY QUESTIONS

- What are our facility needs for schools, fire stations, recreation, and transportation vehicle and other storage?
- How do we pay for these needs?
- What principles and criteria should we use to help us decide where to locate them?
- In the context of changing demographics and economics, what opportunities and challenges are there in our aging affordable and workforce multi-family housing stock?
- What do changes in the Federal government presence and the residential and private commercial marketplace mean for County revenues?

CHARGE
The Study Committee is charged with:

1. Examining and, to the extent necessary, reconciling existing demographic and economic forecasts for 5, 10, and 20 years out to produce a single set of forecasts for both the County and Schools.

2. Identifying strategic community challenges that, if unaddressed, could threaten Arlington’s overall sustainability (for example, significant school population growth, threats to our revenue base and any resulting operating budget challenges, constraints on borrowing, continuing losses of affordable and workforce housing, growing transportation facility demands (roads, transit, etc.), aging infrastructure, growing use of and demand for park and recreational facilities, growing needs for County services based on demographic trends).
   a. Developing a detailed description of each challenge
   b. Identifying the constraints and barriers to addressing identified challenges.
   c. Developing alternative strategies to address identified challenges. Consideration should be given to finding more efficient ways to use existing facilities and sites, co-location of appropriate uses, and temporary or permanent use of private space.
3. Identifying Arlington’s key facility assets and needs - County and Schools 5, 10 and 20 years out. This should be based upon an inventory of existing County and School physical assets.

4. Reviewing likely revenue projections, by source, for the next 20 years. This should be based on an analysis of trends in commercial and residential real estate values, as well as best estimates of federal and state aid. This part of the study should include a sensitivity analysis that presents three alternative futures – high, medium, and low growth.

5. Proposing criteria and a process for siting any new County or School facilities or adding new or expanded uses to existing facilities or sites.

Study Committee

A Chair and Vice Chair will lead the Study Committee. Total additional membership shall be no greater than 22 Arlington residents and business owners. They, along with the Chair and Vice-chair, will be appointed by the County Board and the School Board.

Two County Board members and two School Board members will serve as liaisons to the Study Committee.

The Study Committee will have dedicated technical and communication staff support or consultants provided by the County and the school system.

Resident Forum

A Resident Forum open to all interested Arlingtonians will be established to aid the Study Committee in its work and provide the broadest possible community input to the Study Committee's recommendations. Any Arlington resident/employee/business owner is welcome to participate. Existing community groups (e.g. civic associations, PTAs, not-for-profit organizations, condo associations) will be invited to send a participant and identify an alternate to the Forum. The Resident Forum will meet at least monthly with the Study Committee.

The Study Committee shall conduct a number of public education sessions with the Resident Forum designed to engage the broader community to key ideas and challenges associated with the Charge. Should the Study Committee establish working groups or subcommittees, membership may be drawn from the Resident Forum. As the work of the Study Committee moves to considering recommendations, the Resident Forum will serve as a sounding board.

Outreach

Outreach using multiple communication platforms and techniques in varied settings will be conducted across Arlington throughout the study. The Study Committee will seek to partner with existing organizations to maximize opportunities to share information and seek input.

Resources to support expert speakers, develop videos or other records of the proceedings, and communicate findings or support meetings in appropriate languages will be reasonably available.

Products and Timeline

The Study Committee shall report to the two boards in September 2015 and November 2015. Over the course of its work, the Study Committee will produce materials that are designed to guide the community's consideration of the key questions. Such materials could include:
a. A report on demographic and economic forecasts, including an appendix that clearly presents the methodology and data sources.

b. A draft report that details key challenges facing Arlington.

c. An inventory of existing County and School physical assets and property and a projection of new facility needs based on demographic trends.

d. A forecast of County revenue trends under a range of scenarios at 5, 10, and 20 years out.

e. An analysis of best practices in public facility finance as applied to Arlington County.

In order to inform the development of the 2017-2026 CIPs, proposed criteria and a related process for siting any new County or School facilities or adding new uses to existing facilities or sites will be presented in September 2015 along with any additional information the Study Committee wishes to provide the two Boards.

The Study Committee's Final report should be presented in November 2015 and may include recommendations for next-step public processes, as necessary, to develop targeted policy recommendations related to any aspect of the charge.

Following receipt of each of the two reports, the County Board and School Board will determine appropriate next steps which will likely include commission reviews, work sessions, and/or public hearings before taking any actions deemed necessary.

Resources

1975 Citizen Newsletter
2011 Memorandum of Understanding between County Board and School Board on use of County Held Land for Public Education purposes
2014 Arlington County Profile
2015 Affordable Housing Study report
2015 Public Spaces Master Plan Update process and land Inventory 2015-2024 Arlington County and Arlington Public School CIPs
2015 Arlington Public Schools Annual Facilities and Student Accommodation Plan (AFSAP)
APS website - More Seats for More Students
Arlington County Website - Public Facilities Review Committee projects, links to the Comprehensive Plan and its elements
Metropolitan Washington Council of Governments’ Round 8.2 Forecasts for Arlington and the Region
Arlington County GLUP Booklet and Map
Community Facilities Study Committee Members

John Milliken, Chair  
Ginger Brown, Vice-Chair

Economic Sustainability Subcommittee
John Milliken  
Moira Forbes  
Alan Howze  
Greg Greeley  
Bryant Monroe  
Kate Roche

Facilities Subcommittee
John Milliken  
Christer Ahl  
Hans Bauman  
Sal D’Itrii  
Saundra Green  
Kelly King  
Kathleen McSweeney  
Kirit Mookerjee

Demographics Subcommittee
Ginger Brown  
Jason Rylander  
Toby Smith  
Jackie Snelling  
Anne Steen  
Gabriela Uro

Siting Principles Subcommittee
Ginger Brown  
Tyra Banks  
Carolina Espinal  
Lynn Pollock  
Tannia Talento

Staff Team
Consultant  
Susan Bell

County Staff
Gabriela Acurio, County Manager’s Office  
Robert Brosnan (former staff)  
Claude Williamson, CPHD  
Jennifer Smith, CPHD  
Matthew Ladd, CPHD  
Jessica Margarit, CPHD  
Elizabeth Hardy, CPHD  
Andrew D’huyvetter, CPHD  
Joel Franklin, CPHD  
Alex Iams, AED  
Lynn Porfiri, County Manager’s Office

George May, DES  
Lisa Maher, DES  
Erik Beach, DPR  
Irena Lazic, DPR  
Bethany Heim, DPR

Arlington Public Schools Staff
Lisa Stengle, APS Planning & Evaluation  
John Chadwick, APS Facilities  
Scott Prisco, APS Facilities  
Lionel White, APS Facilities  
Meg Tucillo, APS Facilities
Appendix 2: Demographic Forecasts and Projections

Demographic Forecasts & Projections Companion document [to be inserted]
Appendix 3: Facility Inventory

1. APS Inventory
2. County Inventory
3. Parcels Owned by County Board and School Board Map
4. County-Owned Facilities, by Category Map
5. Park and natural resources facilities [pending]

[to be inserted]
Appendix 4: Revenue Projections

From revenue presentation

Slides 15-23, 25-29 [to be inserted]

From forecast presentation

Slides 9-13 [to be inserted]

CIP Funding Sources

Bonds are the primary financing source used by the County for major general government infrastructure since they are the lowest cost of capital available, given Arlington’s bond ratings.

**Bond financing** refers to debt financing of projects. Arlington County most often sells general obligation bonds. Bond financing is generated through the borrowing of funds (principal) at a cost (interest) through the sale of municipal bonds. There are several types of bond financing:

- **General obligation bonds** - Arlington typically issues general obligation bonds, which must first be approved by the County’s voters and are secured by the full faith and credit of the County. Arlington’s practice is to schedule bond referenda for even-numbered calendar years, which correspond to the bond sale in odd-number fiscal years. General Obligation Bonds typically have a 20 year maturity and are limited by debt capacity guidelines.

- **Revenue and other types of bonds** – Revenue bonds are typically secured solely by user fees or projected revenues and include no pledge from the General Fund. Revenue and other types of bonds (including those backed by the County’s subject to appropriation pledge) typically carry a higher interest rate than GO bonds and generally have debt service coverage and other financial restrictions.

- **Lease revenue or annual appropriation bonds** – These types of bonds are secured by a “subject to appropriation” pledge by the County Board and do not require voter approval. (See “Lease-purchase finance” below) They generally require the use of a third party to execute the lease transaction, such as the Industrial Development Authority (IDA), Virginia Resources Authority, or Virginia Municipal League / Virginia Association of Counties.

A multitude of other funding sources allow the County to balance its use of debt and pay-as-you-go sources.

**Master Lease equipment purchase finance (or Master Lease)** represents another source of capital financing to acquire equipment, rolling stock, furniture and technology purchases that have useful lives ranging from three to ten years. Master lease financing is very flexible, allowing the County to finance projects with minimal transaction costs and on an “as needed” basis over the term of the master lease. Because of the short-term maturities of master lease financing, interest rates are typically lower than rates on long-term bonds. The County typically procures equipment using temporary funding sources, and then draws funds from the master lease financing institution to reimburse the temporary sources.
**Pay-As-You-Go (PAYG)** comes from annual appropriations and is part of the adopted operating budget. PAYG funding provides the greatest flexibility since it is not constrained by tax-exempt bond requirements and historically has funded maintenance capital projects, regional partnership programs and other projects such as Neighborhood Conservation and Neighborhood Traffic Calming. Projects that are typically smaller in scale as well as minor renovations are likely candidates for PAYG funding – as long as the project has an expected useful life of at least 10 years or more.

The **Transportation Capital Fund – Commercial & Industrial Tax** is a source of funding authorized by the General Assembly in 2007 enabling the County to levy an additional real estate tax on industrial and commercial properties for transportation initiatives. In April 2008, the County Board adopted a tax of $0.125 per $100 of assessed value for transportation projects. Proceeds of the tax are held in a separate fund.

The **Transportation Capital Fund – HB2313 Funds** are revenues from the taxes and fees adopted by the General Assembly in 2013 as part of HB 2313 and are distributed from the State to the Northern Virginia Transportation Authority (NVTA). These include a 0.7% increase in the local sales tax, a 2% transient occupancy tax, and a regional congestion fee of $0.15 per $100 added to the real estate recording tax. The Northern Virginia Transportation Authority (NVTA) receives the proceeds of these new taxes, and retains 70%, the HB2313 Regional portion, for funding of projects that are regional in nature. By law, each locality’s long term benefit must be approximately equal to the proportion of the total fees and taxes generated in the locality divided by the total of all fees and taxes received by NVTA. The NVTA Board will approve projects for funding annually as part of its Six-Year Program (SYP). The remaining thirty percent, the HB2313 Local portion, of these new taxes and fees is returned on a pro rata basis to the member localities based on the amount of revenue generated by the taxes and fees within the locality. These funds are used for locally selected transportation projects and deposited into the Transportation Capital Fund of the County along with the commercial & industrial tax.

The **Crystal City – Potomac Yard – Pentagon City Tax Increment Financing Area** was established in 2010 to support the infrastructure investment needed as part of the Crystal City Sector Plan as well as the neighboring areas of Potomac Yard and Pentagon City. Tax increment financing (TIF) is a mechanism used to support development and redevelopment by capturing the projected increase in property tax revenues in the area and investing those related infrastructure improvements. Unlike a special district, it is not an additional or new tax; rather, it redirects and segregates the increased property tax revenues that would normally flow to the General Fund. The amount of tax increment revenue is determined by setting a baseline assessed value of all property in the area on January 1, 2011 and in each subsequent year, tracking the incremental increase in assessed values relative to the base year, and segregating the incremental revenues in a separate fund. The County Board approved allocating 33 percent of the incremental revenues to the Crystal City – Potomac Yard – Pentagon City area.

The **Stormwater Management Fund** relies on a source of funding adopted by the County Board in April 2008 to fund operating and capital costs to upgrade and expand the County’s stormwater drainage and sewer infrastructure. The Board adopted a County-wide sanitary district tax of $0.01 per $100 of assessed value. This rate was raised to $0.013 in April 2010 and provides extra funds for capital projects. The sanitary district tax could ultimately be used to support bond financing. Proceeds of this tax are held in a separate fund.
**Developer contributions** are also an important source of funding. These are contributions paid by developers to finance specific projects. Examples of these projects are utility undergrounding and street lighting.

**State / Federal grants** are contributions of cash or other assets from government entities to be used or expended for a specified purpose or activity. Some grants require a local match and may have strict spending and tracking requirements.
# Funding Sources

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<tr>
<th>Fund Sources</th>
<th>FY18-24</th>
<th>% of Total</th>
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<tbody>
<tr>
<td><strong>New Funding</strong></td>
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<tr>
<td>State/Federal Funding</td>
<td>338,584</td>
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<tr>
<td>Developer Contributions</td>
<td>95,562</td>
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<td>Utilities GO Bond</td>
<td>14,000</td>
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<td>Utilities PAYG</td>
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<td>General PAYG</td>
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<td>Master Lease</td>
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<td>Sanitary District Tax</td>
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<tr>
<td>Other Funding</td>
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<td>Transportation Capital Fund (TCF) GO&amp;ID</td>
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<td>TCF - HB2313 Local</td>
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<td>TCF - HB2313 Regional</td>
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<td>TCF Bonds</td>
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<td>Tax Increment Financing (TIF)</td>
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<td>General Fund GO Bond</td>
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<td>Schools GO Bond</td>
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<td>Schools Other Funds</td>
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<td>Authorized but Unissued Bonds</td>
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<td>Issued but Unspent Bonds</td>
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<td>Other Previously Approved Funds</td>
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<td><strong>Subtotal Previously Approved Funding</strong></td>
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<td><strong>Total Funding Sources</strong></td>
<td>3,189,308</td>
<td>100%</td>
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## How can CIP funding sources be used?

### Bonds
- Any capital asset with governmental purposes – some state / fed limitations
- Longer useful life assets – must at least be equal to average life of bonds
- GO bonds require voter approval
- Examples – facilities, paving, parks, WMATA

### PAYG
- Any capital asset with governmental purpose
- Financed by General Fund cash contributions
- More flexible in useful life limits
- Examples – technology, maintenance capital, planning studies

### Master Lease
- Capital assets with useful life of 3-10 years
- Bank has security interest in asset
- Examples – technology, rolling stock (fleet, fire trucks)

### Dedicated / Restricted Funding
- Legally restricted in use for specific purposes
- Examples include Transportation (only enhancements), Utilities, Stormwater: Ballston Garage
- Federal / state grants for specific purpose of grant

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*Appendices*
Outstanding Debt As % of Market Value of Real Property

- Key measure of debt burden given budgetary reliance on real property taxes

Debt to Assessed Value Not To Exceed 3%

Arlington Community Facilities Study
A resource and facilities plan for our future

Debt Service as % of General Government Expenditures

- How much of budget is consumed by FIXED debt service costs

Debt Service as a % of General Expenditures
10% Limit

Arlington Community Facilities Study
A resource and facilities plan for our future

Appendices 66
Debt Service as % of General Government Expenditures

- How much of budget is consumed by FIXED debt service costs
Appendix 5: Priority Setting Framework  
updated August 10, 2015

Summary: Setting priorities for the funding of public facilities in Arlington

The issue of the County and the Schools setting priorities for future funding and construction of public facilities has been a topic of discussion in all of the Subcommittees.

The following is a recommendation that has grown out of those several separate discussions. It is designed to achieve four goals:

- Institutionalize better coordination between Schools and County and among the several County departments including development of criteria for prioritizing facility needs
- Improve the opportunity for public participation and input into the early stages of facility planning
- Bring together the information about ongoing demographic and economic changes in the County and schools with the early planning and thinking about future facilities.
- Identify long-range strategic issues and their implications for facility needs and provide a basis for prioritizing candidates for inclusion in a future update of the CIP.

Recommendation: Establish a Facility Strategic Planning Committee comprised of two County Board and two School Board Members (with a rotating Chair) to set policy and give direction to a Joint County/APS Staff Team chaired by a designated senior person from the County Manager’s office and comprised of the key facilities planning staff from APS and County departments. The staff person designated to lead the effort must be senior enough to provide direction and leadership to the rest of the team and be charged with taking a longer strategic view of needs. The longer term, strategic view of needs—in conjunction with a recognition and understanding of immediate priorities—are critical to ensuring a balanced view of capital needs.

The Facility Strategic Planning Committee would receive annual updates on demographic trends, development market projections and other factors (including the natural aging of structures) that might impact the need for future facilities.

Community involvement would be achieved through a County Advisory Commission similar to the current APS FAC. It could meet jointly as needed with the FAC. Opportunities for broader community input would be established.

In developing a master list of projected future needs, the four-person Committee would review those facilities currently included in the approved pipeline (e.g. the CIP) and also various adopted plans that are part of the Comprehensive Plan, and supporting documents of the Comprehensive Plan including sector and area plans that are adopted for different areas of the County.

The details of this recommendation would need to be worked out jointly by the County and APS, assuming the two Boards wish to proceed. A more detailed working draft has been prepared (attached) and could be included as an Appendix in the Final Report to further describe the DRAFT Needs Identification Process and priority setting framework.
Details: Priority Setting Framework for Public Facilities
The Study Committee has raised several concerns about the manner in which County and School public facility needs are currently identified, prioritized, and funded. These concerns include, among others, a lack of knowledge by the community about what is needed and how specific projects are determined, a perspective that opportunities have been missed to use land more efficiently, and that the County and APS Capital Improvement Plans (CIPs) are not designed to strategically guide long-term plans for public facilities. The following priority setting framework is intended to establish a:

- Framework for a transparent process;
- Clear basis and understanding for public facility needs;
- Method for monitoring emerging trends/needs; and
- Comprehensive planning approach.

The intent of this recommendation is to create closer alignment between the County and Schools’ capital planning efforts and a better community understanding of the full range of capital needs including maintenance of existing facilities.

Recommendations:

1. Create a formalized and integrated framework at three levels: elected officials; joint County and Schools staff; and community/commission, to achieve improved coordination and collaboration.

2. Establish a process to identify needs early, raise awareness of needs with the community, and strategize alternative solutions before the CIP funding prioritization and specific siting processes begin.

Framework

Facility Strategic Planning Committee
At the highest level of the priority setting framework, a joint County Board and School Board Facility Strategic Planning Committee should be established. This committee, comprised of 2 appointees from each Board, would be tasked with institutionalizing improved coordination and collaboration across County and School projects. Annual Chair rotation between County and School Board members would be beneficial. Through regular meetings during the year (i.e. 3 – 4x/year), this Committee of the Boards, would monitor and give strategic guidance on public facility planning and funding processes. This would occur through:

- annual briefings on changing demographics, development projects, and real estate market performance, among other factors that may impact the County’s population and economic growth;

- review of future facility needs;

- development of key strategies and aspirational themes that influence long-term public facility planning;
• review of current projects and schedules offering guidance on project adjustments (i.e. timing changes, confirming or endorsing project details) should the need arise, including guidance on potential formal actions needed by each Board;
• evaluation of project scope and analysis for emerging facility project proposals (as part of the Needs Identification & CIP Funding Process outlined below) and trade-offs including consideration of co-located facilities;
• review of priority options; and
• input from staff, a commission-based working group, and the community.

Joint County and APS Staff Capital Improvement Team
Supporting the Facility Strategic Planning Committee, a Joint County/APS Staff team, chaired by a senior staff member within the County Manager’s Office and comprised of the key facilities planning staff from APS and County departments, would coordinate the County and APS CIP processes including facility needs identification. This responsibility would be broad and would entail organizing the CIP process and community engagement processes. Through regular interaction, this team would:
• develop, for consideration by the Facility Strategic Planning Committee and the community, criteria/a rubric/guidelines for prioritizing facility needs/ direction on how to do needs assessment, including maintenance of existing facilities. Among the factors to consider would be the relevant factors to assess needs for each type of facility and what the criteria are (i.e. capacity, distance of travel, response times, geographic distribution of services, urgency of need, legal requirements vs. guidelines/best practices
• coordinate/collaborate County and School projects, seeking partnerships where possible;
• monitor preparation and implementation of CIP;
• monitor development, demographic, and economic data and organize briefings for the Joint CB/SB Facility Strategic Planning Committee;
• oversee community civic engagement and communications related to public facilities; and,
• coordinate a new commission-based working group focused on community facilities.

Community Engagement
Two objectives are identified: a commission-based working group and broad public involvement throughout the priority setting process and development of the CIP.

A County advisory commission would be established with a role similar to the Schools’ Advisory Council on School Facilities and Capital Programs (FAC). This group could meet jointly with the FAC to provide input and guidance to the Facility Strategic Planning Committee on Countywide issues, such as
• key strategies and aspirational themes;
• facility needs
• project analyses; and
• consistency with adopted County & School policies.

Secondly, the Arlington community would have opportunities to learn about facility needs and give input on options to meet facility needs and funding prioritization.

Needs Identification & CIP Funding Process ("Phase 0")

Four steps are envisioned as part of the Needs Identification and CIP Funding process to ensure there is transparency in facility planning and to create opportunities for community input: Data input; Listing of Needs; Analysis; and CIP Prioritization. The Needs Identification Process would occur prior to any Siting Process. The community civic engagement process would allow for information sharing during each step and for enhanced public involvement generally during Steps 2, 3 and 4.

Step 1 - Data Input: Under direction by the Joint County and Schools Staff Facilities Team, each agency or department would develop a list of needs based on input from service providers, population/economic growth indicators, the current CIP, adopted policies and plans, and from County Board & School Board priorities. A report identifying the inputs would be shared as background with the public.

Step 2 - List of Needs: A compiled list of needs would be prepared to address a long-term horizon, approximately 20 years. Needs would be identified by short-, mid-, and long-term priority to contextualize the anticipated timing. The list would also indicate whether the need aligns with adopted policies and/or is included in the current CIP, and how the needs compare to the criteria/rubric/guidelines. In cases where a need is geographically specific, a general location may be given. This step would include an enhanced level of public participation with opportunities for community input.

Step 3 - Analysis: Once a need has been identified, staff may develop alternatives for how the need could be addressed. Options may range from building expansion, relocation of a program, a change in service level, to new construction. Options for new construction may entail rebuilding at an existing site or may require a new site, which would trigger the Siting Process. The analysis would also incorporate policy guidance from the Facility Strategic Planning Committee, such as opportunities for co-location. Once a recommendation for meeting a need is developed, the preferred option is eligible for inclusion in the CIP. This step would include an enhanced level of public participation with opportunities for community input.
Step 4 - CIP Funding Prioritization Process: As part of the funding prioritization process, fiscal considerations are a significant factor in determining which projects would be included in the 10-year CIP. Generally, projects in the near term CIP funding years (i.e. years 1-4) have progressed through prior CIP cycles. Projects identified for out-year funding (i.e. years 5-10) would come from the short- and mid-term priority needs list from steps 2 and 3 above. The School Board and County Board would each adopt their respective CIPs. Unfunded projects remaining on the List of Needs would be reviewed again in future cycles. This step would include an enhanced level of public participation with opportunities for community input.
Appendix 6: Proposed Siting Principles and Process

[to be included after the 9/29/15 joint work session with the County Board and School Board]