

Career Center Working Group

CIP Overview

February 21, 2018



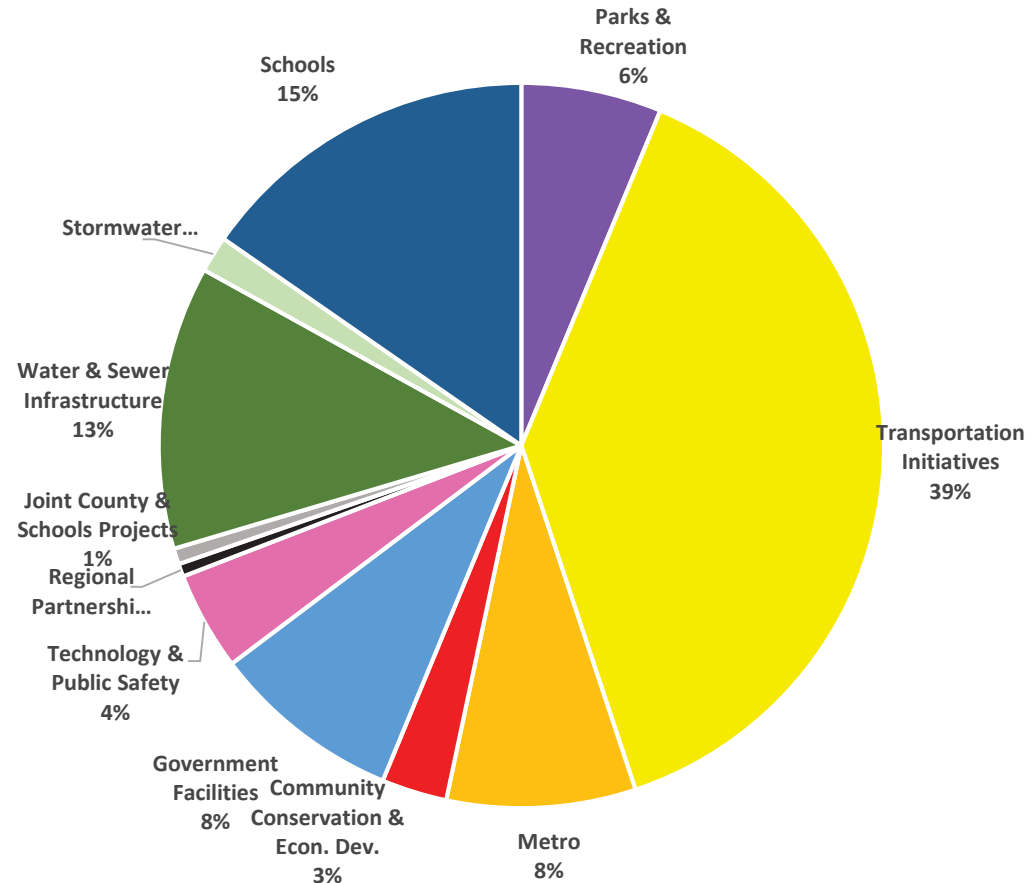
What is the Arlington County CIP?

- Ten year **financially-constrained plan** for investment in Arlington's assets totaling \$3.3 billion
- Covers all areas of infrastructure
 - Driven by service delivery demands
- Balanced between “maintaining what we have” and new investments
- Financially sustainable & maintain County's triple-AAA bond ratings

Where Do We Spend CIP Dollars?

\$ in 000's

Parks & Recreation	208,351	6%
Transportation Initiatives	1,285,299	39%
Metro	280,200	8%
Community Conservation & Econ. Dev.	97,050	3%
Government Facilities	282,130	8%
Technology & Public Safety	146,364	4%
Regional Partnerships	19,142	1%
Joint County & Schools Projects	23,500	1%
Water & Sewer Infrastructure	420,504	13%
Stormwater Infrastructure	53,693	2%
Schools	510,290	15%
TOTAL CIP	3,326,523	

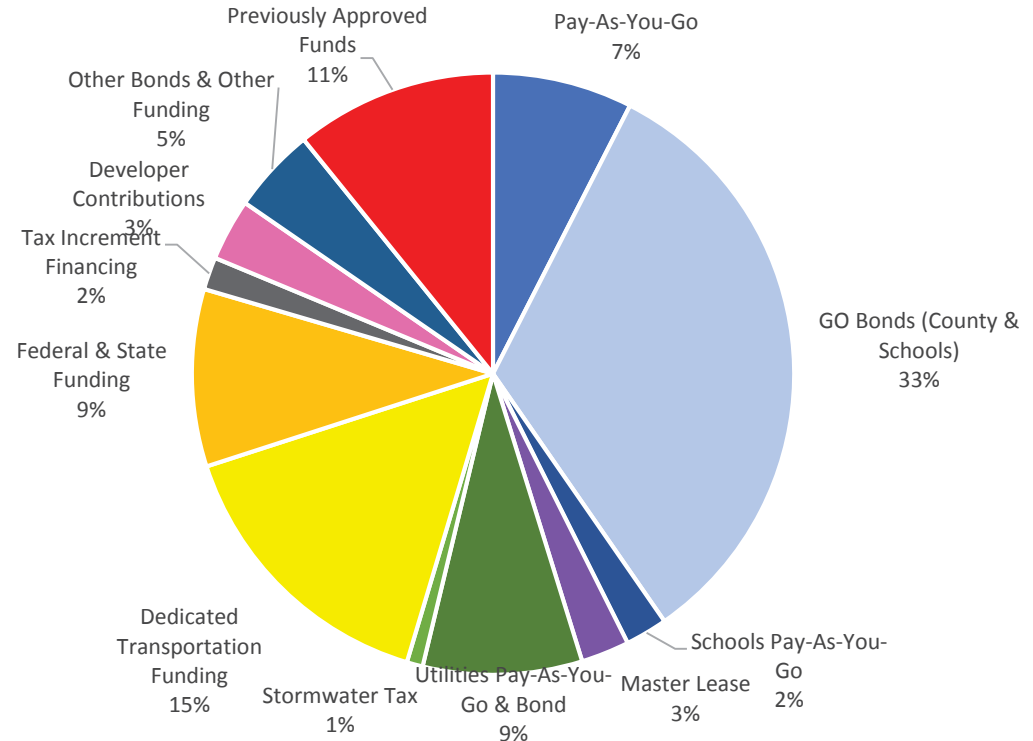


How Do We Pay for the CIP?

Adopted FY 17-26 CIP

\$ in 000's

Pay-As-You-Go	250,176	8%
GO Bonds (County & Schools)	1,092,355	33%
Schools Pay-As-You-Go	75,260	2%
Master Lease	86,265	3%
Utilities Pay-As-You-Go & Bond	284,171	9%
Stormwater Tax	28,679	1%
Dedicated Transportation Funding	512,205	15%
Federal & State Funding	316,746	10%
Tax Increment Financing	57,997	2%
Developer Contributions	110,390	3%
Other Bonds & Other Funding	152,286	5%
Previously Approved Funds	359,993	11%
Total Funding Sources	3,326,523	



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

Short Term Financing

- 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

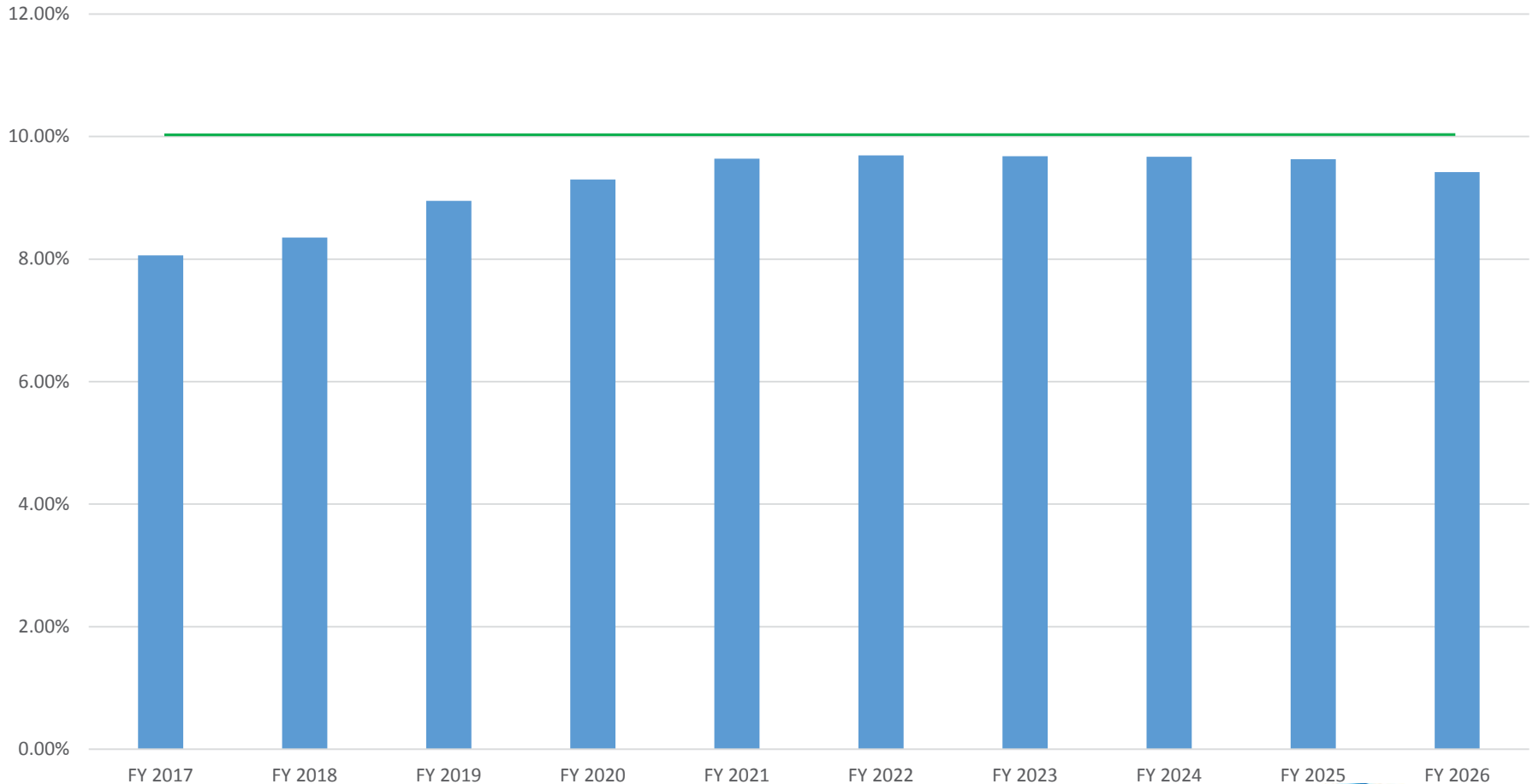
- Legally restricted in use for specific purposes
- Examples include Transportation (only enhancements); Utilities; Stormwater; Ballston Garage
- Federal / state grants for specific purpose of grant

ABC's of General Obligation (GO) Bonds

- Primary financing source used by County for major general government infrastructure
- In Virginia, GO bonds issued by counties require voter approval
 - Cannot reallocate between referenda questions
- Carry full faith and credit of Arlington County
- Lowest cost of capital available, especially given Arlington's bond ratings
 - Generally interest is tax-exempt to the investor
- Arlington's GO bonds typically have 20 year maturity
- Limited by debt capacity guidelines which are viewed as combined for the County & APs
 - Four primary metrics

Debt Service as % of General Government Expenditures

- How much of budget is consumed by FIXED debt service costs – no greater than 10%



CIP Process & Inputs

CIP Process Background

- **Biennial process**

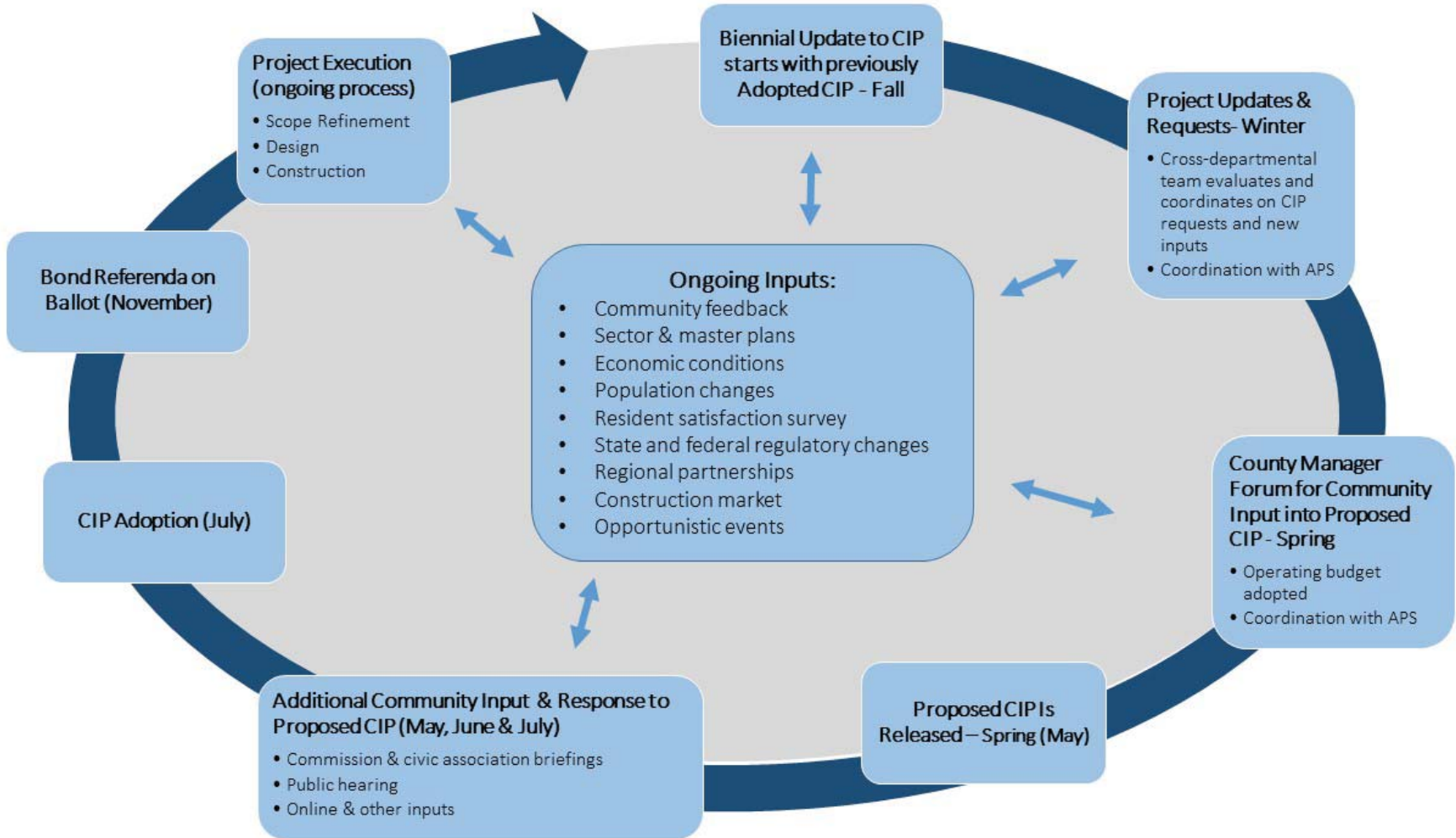
- Aligns with schedule of bond referenda for even-numbered calendar years.

- **Ten year time horizon**

- Reflects longer-term nature of major infrastructure projects
- Shifted from six year horizon in 2013

- **Planning document** – can and will change based on changing conditions

CIP Process & Timeline



Other Inputs into CIP

Reinvestment projects:

- Maintenance capital condition / inventory assessments
- Paving condition index

Resident Satisfaction Survey

Near-Term Impacts of Various Plans:

- Master Transportation Plan
- Transit Development Plan
- Public Spaces Master Plan
- Various Sector Plans
- Project-Specific Plans – Long Bridge
- Stormwater Master Plan
- Chesapeake Bay Preservation Plan
- Water Master Plan
- Water Pollution Control Plant Master Plan
- Sanitary Sewer Master Plan
- Community Energy Plan
- Special service delivery studies – public safety
- Economic development

New Pressures & New Process Changes

- Metro's capital needs are increasing dramatically
 - Arlington County represents approximately 10% of Metro's capital CIP
 - Regional solution is needed
- Increasing construction costs & rising interest rates
- County Manager commitment to conduct additional needs assessments over the next four to six years
- JFAC
- Expanded community engagement

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

Questions?