



ARLINGTON PUBLIC SCHOOLS
Planning and Evaluation

TO: Cintia Johnson
FROM: Lisa Stengle, John Chadwick, Leslie Peterson, and Robert Ruiz
DATE: May 8, 2020
SUBJECT: Draft of Information that Staff will Present at the May 13 Preliminary Work Session on 2021-2030 CIP Planning

This memo was written and sent to the School Board before the County announced its approach to the FY 2021 CIP, therefore, some information may now be out of date. 5/21/20.

The coronavirus has had a significant impact on Arlington County's revenues. The extensive closures have reduced the overall revenue, and the fluidity of the economic situation has made it impossible to forecast what will happen next week or next month, let alone next year. As a result of this uncertainty, the County will not prepare estimates for future revenue at this time. APS and the County both need these estimates to build their Capital Improvement Plans (CIP); as a result, the Superintendent will do the following:

- Propose a short-term CIP that addresses the most urgent needs to prepare for elementary school enrollment in 2021-22; and
- Prioritize work towards developing a comprehensive plan to address the high school and middle school seats in the next CIP, with consideration by the School Board in May of 2021.

On May 13, the School Board will hold a Preliminary Work Session on 2021-2030 CIP Planning. This memo provides an overview of the information that will be shared at the Work Session, including:

- The New and Shifting Budget Situation
- Priorities and Recommendations for the Fiscal Year 2021 CIP
- Priorities and Recommendations for the Next CIP
- Projections and Capacity/Seat Needs through 2029
- Status of Current CIP Projects
- Creating Financial Flexibility
- Revised Timeline for the CIP Process
- School Board Questions and Staff Responses
- Appendix A. Current Impact of COVID-19 on APS Capital Projects, originally shared in a Friday Letter Addendum on March 30, 2020
- Appendix B. Current and Projected Capacity Utilization by School Levels for 2019-20 through 2029-30
- Appendix C. CIP Steps Completed by March 2020

The New and Shifting Budget Situation

APS's bonding capacity and reserves available for capital projects in the FY 2021-30 Capital Improvement Plan (CIP) have changed significantly over the last two months. On April 30, 2020, the Arlington County Board adopted its budget which reflects the coronavirus's negative impact on County

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revenues. APS will receive a slight budget increase over the FY 2020 funding level, while PreK-Grade 12 enrollment is projected to continue to rise. Estimates for 2020-21 suggest a 4% increase in student enrollment, adding approximately 1,110 more students and raising total enrollment to more than 29,100 students.

Due the uncertainty surrounding revenues, the County is not updating revenue projections for the out years at this time. Without revenue projections, APS cannot estimate bonding capacity beyond FY 2021. Facilities and Operations reports that it is also difficult to accurately prepare estimates for future cost escalation for the projects that are planned in the CIP.

Priorities and Recommendations for the Fiscal Year 2021 CIP

- Given the financial uncertainty created by the pandemic, maintain APS's fiscal health by presenting a CIP that is based on the current financial information
- Create additional financial flexibility by adjusting the timing of some capital projects where possible, drawing down some capital reserves, and postponing new initiatives
- Address APS's most urgent enrollment needs based on current and projected growth at the elementary school level by:
 - Completing the elementary school currently under construction at the Reed site for occupancy in Summer 2021. All the funds for the Reed site have been approved in the bond referendum and no more funding is required (details in Appendix A); and
 - Including funds to refresh elementary school buildings in Summer 2021 ahead of the school moves and addressing urgent capacity needs along the eastern end of the Rosslyn-Ballston Corridor:
 - Refresh the school and expand the capacity of the kitchen at the Key site
 - Refresh the school and expand the capacity of the kitchen at the ATS site
 - Expand the capacity of the kitchen at the McKinley site
 - Using already sold bonds strategically. The funding for both the new elementary school at the Reed site and the Education Center were approved in the November 2018 bond referendum. Bonds have been sold for a portion of the work at both these sites but neither project can be completed with the existing funds available for the project. The County has already determined that it will delay this year's bond sale from spring to fall. Therefore, staff recommends:
 - moving the currently unused portion of the bonds sold for the Education Center project to the new elementary school at the Reed site project to keep that project moving forward
 - replenishing the funding for the Education Center project with bonds sold this fall
- Address projected growth at the high school level, including the expansion at the Career Center for Arlington Tech
- Complete development of The Heights by including funds in the CIP to do so. Consider adding:
 - field space OR
 - field space over a below-grade garage
- Provide funds for Phase 2 of the Transportation Facility Project
- If feasible, consider the following needs:
 - Address APS's second most urgent enrollment need, which is at the high school level, by proceeding as soon as possible with the renovation of the Education Center to expand capacity at Washington-Liberty
- Fund the school's portion of turf fields, only if the County is proceeding with this work

- APS will continue to work with principals and, where needed, will use other tools to manage enrollment, including:
 - Adding relocatable classrooms
 - Offering transfers to neighborhood schools that have space for additional students
 - Increasing or decreasing the number of students or classes accepted via the lottery at each of the option schools/programs
 - Moving programs
 - Changing how classrooms are used (i.e., converting computer labs to classrooms)
- Once this CIP is adopted, APS will reevaluate the timing for High School and Middle School boundary adjustments

Priorities and Recommendations for the Next 10-Year CIP

- To prepare for the next CIP, APS will:
 - Pick up the process where the FY 2021 CIP ends
 - Use a collaborative process with school and central office administrators to refine the draft PreK-12 IPP so instruction informs construction
 - Work with JFAC to evaluate sites in the areas of high growth identified by the County Manager for potential school use
 - Use the design studies conducted based on the School Board's CIP Direction adopted on December 5, 2019 (Refer to the [CIP Design Studies included in the May 1 Friday Letter](#))
- The next CIP would do the following:
 - Address projected growth at the high school level by:
 - Planning for the completion of the renovation of the Education Center
 - Including funds for the construction of 800 seats, the parking garage and a field at the Career Center, depending upon the availability of funds and the approved phasing of the project
 - Address projected growth at the middle school level by:
 - Including funds to add middle school capacity in a location or locations TBD by 2024-25 or 2025-26
 - Directing staff to present a plan to the School Board by May 2021 that addresses the following at the middle school level for the next CIP:
 - Instructional priorities
 - Facility options and costs
 - Assessment of APS sites and county sites offered by the County Manager
 - Budget implications
 - Fund MC/MM - Include bond funding in the CIP for Minor Construction/Major Maintenance projects (MC/MM) to maintain existing APS facilities
 - Create Security Entrances – Include funds to address security at several schools where the office is not located directly adjacent to the main entrance
 - Fund Kitchen Expansions – This is needed at the following schools:
 - Campbell
 - Carlin Springs
 - ASFS
 - Ashlawn

- Continue with the Transportation Staff Facility Phase 2 – Address the second phase of renovation of the facility for transportation staff
- Consider funding for Kenmore/Carlin Springs – Consider including funds in the CIP for school bus parking at Kenmore/Carlin Springs with an emergency exit road to Manchester St. or 5th Rd. S.
- Consider funding for Quincy St. (formerly Buck) – Consider including funds in the CIP for Facilities and Operations shops, moving from the Trades Center to Quincy St.
- Consider funding for the Trades Center – Consider including funds in future CIPs for partial demolition, regrading and repaving for the bus fleet
- Consider aligning with the County CIP on Fields –Consider including funds in the CIP for fields, continuing APS collaboration with the County to upgrade fields to support school use and recreational programming

Projections and Capacity/Seat Needs through 2029

Based on the assumption that projects included in the FY 2019-28 CIP would continue as scheduled, APS was positioned to address the need for elementary and high school seats and would have focused on options for middle school seats.

Table 1 below shows APS capacity utilization for 2019-20 to 2029-30¹, based on the 2019 10-Year Projections and projects included in the FY 2019-28 CIP. The Reed and Ed. Center projects address the most urgent needs. Planning should continue for the Career Center, however, planning for middle school should address capacity needs by 2023-24 or 2024-25.

Table 1. Permanent capacity utilization by school level

School Year	Elementary School	Middle School	High School	Notes on Increases to Permanent Capacity
2019-20	102%	97%	93%	Includes seats at Alice W. Fleet, the Heights, the Career Center and Dorothy Hamm (behind schedule, currently under construction)
2020-21	105%	102%	96%	80 HS seats at the Career Center
2021-22	102%	103%	94%	<ul style="list-style-type: none"> • 732 ES seats at the Reed site currently under construction • 600 HS seats to Washington-Liberty (Ed. Center) • 90 HS seats at the Career Center
2022-23	103%	104%	99%	
2023-24	103%	105%	101%	
2024-25	102%	108%	103%	
2025-26	101%	111%	95%	800 seats at the Career Center
2026-27	100%	111%	96%	
2027-28	98%	111%	97%	
2028-29	98%	110%	98%	
2029-30	93%	108%	100%	New ES in existing building (725-750 seats in 2029) from the FY 2019-28 CIP. Assume 725 seats.

Note: Gray shading identifies years where projections are based completely on assumptions for births, future construction, and continuation of past cohort transition rates.

¹ <https://www.apsva.us/wp-content/uploads/2020/02/Update-to-Fall-2019-Capacity-Utilization-Tables-v2.pdf>

Status of Current CIP Projects

On March 30, Facilities & Operations provided “Impact of COVID-19 on APS Capital Projects,” a summary of those projects currently in some phase of planning or development as detailed in Appendix A. The five projects in some stage of development include:

- The Dorothy Hamm Middle School
- The new elementary school at the Reed site
- Career Center - Arlington Tech Summer 2020 construction
- Education Center Re-Use originally scheduled for completion in 2021
- Career Center Expansion Project scheduled for completion in 2025

Creating Financial Flexibility

Since the County will not proceed with the Spring 2020 bond sale until the fall, APS proposes using the funds available for the Education Center towards the completion of the new elementary school at the Reed site. APS could begin construction of the Education Center immediately after the bonds are sold in the fall, which may delay opening of the project until January 2022 or a later date to be determined.

All projects remain in play, and table 2 shows how potential changes to timing of the planned capital projects will affect capacity utilization based on projections for each school level.

Table 2. Permanent capacity utilization by school level if the Ed. Center and two Career Center projects are delayed

School Year	Elementary School	Middle School	High School	Notes on Increases to Permanent Capacity
2019-20	102%	97%	93%	Includes seats at Alice W. Fleet, the Heights, the Career Center and Dorothy Hamm (behind schedule, currently under construction)
2020-21	105%	102%	96%	80 HS seats at the Career Center
2021-22	102%	103%	102%	<ul style="list-style-type: none"> • 732 ES seats at the Reed site currently under construction • (600 HS seats to Washington-Liberty (Ed. Center) delayed) • (90 HS seats at the Career Center delayed)
2022-23	103%	104%	107%	
2023-24	103%	105%	109%	
2024-25	102%	108%	112%	
2025-26	101%	111%	112%	(800 seats at the Career Center delayed)
2026-27	100%	111%	113%	
2027-28	98%	111%	115%	
2028-29	98%	110%	116%	
2029-30	93%	108%	118%	New ES in existing building (725-750 seats in 2029) from the FY 2019-28 CIP. Assume 725 seats.

Note: Gray shading identifies years where projections are based completely on assumptions for births, future construction, and continuation of past cohort transition rates.

Revised Timeline for the CIP Process

Below is a suggested timeline for the CIP process that aligns closely with the Revised Budget Calendar.

Table 2. Revised CIP Calendar (following timeline for Revised Budget Calendar)

2020	Topics/Engagement
May 7 School Board Meeting	<ul style="list-style-type: none"> Staff presents status of current capital projects
May 11	<ul style="list-style-type: none"> FAC meeting
May 13 Preliminary Work Session on 2021-2030 CIP Planning	<p>Staff updates the following that will shape the Interim Superintendent's Proposed CIP</p> <ul style="list-style-type: none"> new budget situation, projections and seat need, follow up to CIP direction and recap of design studies (posted in BoardDocs), status of current CIP projects, expectations for this CIP and Interim Supt's priorities
May 18	<p>Engage CIP web page goes live with:</p> <ul style="list-style-type: none"> Interim Superintendent's Proposed FY 2021-30 CIP Supporting documentation including design studies approved in the School Board's CIP Direction on December 6, 2019.
May 21 School Board Meeting	<ul style="list-style-type: none"> Interim Superintendent presents Proposed FY 2021-30 CIP for Information Staff present Career Center Expansion Project Concept Design for Information
May 26	FAC review of Career Center Expansion Project
May 27 CIP Work Session #1 (followed by Public Hearing on the proposed CIP)	<p>Proposed Agenda:</p> <ul style="list-style-type: none"> Review of capacity needs Bonding capacity Interim Superintendent's Proposed CIP Clarifying questions School Board identifies alternate considerations
June 2 CIP Work Session #2	
June 4 School Board Meeting	<ul style="list-style-type: none"> School Board presents Proposed FY 2021-30 CIP Updated Career Center Expansion Project Concept Design, Information Item
June 5 Joint School Board-County Board Work Session (tentative)	CIP discussion between School Board and County Board at Joint Work Session
June 16 CIP Work Session #3	<p>Proposed agenda:</p> <ul style="list-style-type: none"> Review SB's proposed CIP Clarifying questions Discussion
June 25 School Board Meeting	<ul style="list-style-type: none"> School Board Adopts FY 2021-30 CIP Concept Design Action on the Career Center Expansion Project

School Board Questions and Staff Responses

1. How would we incorporate our projected enrollment growth if we cannot issue any more bonds?
Response – Arlington citizens vote on the bond referendum, which typically occurs in November, every other year in the even years. If the referendum is approved, the County is able to sell bonds to fund capital projects. The County carefully manages bond sales to limit its debt to just under 10% of its annual operating budget. The APS share of bond sales for school facility capital projects is also generally limited to just under 10% of its annual operating budget. It is unlikely that the County will be unable to sell any bonds for APS projects, but it may decide to delay bond sales, and the amount of bond sales are likely to be reduced from what had been anticipated in recent years because of the reduced operating budget. In these uncertain times, it is very hard to predict what additional debt capacity APS will be able to take on. The most likely outcomes in relation to projected enrollment growth are delays in bringing capital projects on line and rethinking some projects to achieve more cost-effective outcomes. If capital projects are delayed, other methods of accommodating our projected enrollment growth would be necessary (e.g., relocatable classrooms).

2. How much would we have to increase class size to absorb the increase in enrollment – elementary, middle, high school?
Response – We don't have a ready answer to this question. Once the FY 2021 Budget is adopted and a class-size change is in place, we can determine if the School Board wants staff to recalculate this information as a long-term solution.

3. If we were to absorb the 700 additional students at the middle school level, can internal modifications be made and what would the class size increases be? Are there internal modifications that can be made to absorb some of the enrollment growth?
Response – No, more seats cannot be accommodated with current class sizes. Internal modification projects were completed over the last several years.

4. Are there program moves that can be made to open up capacity where it is needed, such as moving Montessori and Immersion from Gunston to Williamsburg, Swanson, or Hamm? Can boundary changes alleviate any of this need for additional space, at least temporarily, while we weather this crisis?
Response – Some combination of program moves, boundary adjustments and relocatable classrooms will help manage middle school capacity through 2024-25. Moving Montessori and some or all of the Immersion program to Williamsburg and Hamm could provide relief to Gunston. However, at the current class size, we will need to address enrolment growth following the steps addressed in the Draft of the Superintendent's Proposed CIP Projects above.

5. Do we have sufficient funds on hand to finish the Ed Center renovation, the Reed building, and other space expansion projects? Can we begin work on the Career Center with existing funds? When would we absolutely need to request that the County sell bonds for these projects?
Response - We can continue design of the Career Center with existing funds, but we cannot commence construction. Ideally, we would ask the County to sell bonds this fall so that construction of the Education Center can begin as soon as possible and be ready for occupancy by January 2022.

Appendix A. Current Impact of COVID-19 on APS Capital Projects

Originally shared in a Friday Letter Addendum on March 30, 2020

Capital Project	Current Status	Original Completion Date	Unspent Funds	Future Bonds to Load	Future Transfer from Capital Reserve	Project May Be Fully Funded with Unspent Funds	Impact on Seat Needs If Delayed	Staff Recommendation
1. Dorothy Hamm Middle School	Construction of new addition nearing completion	Start of SY 2019-20, Project behind schedule, addition ready for learning by start of SY 2020-21	All funding required to complete project is on hand	\$0	\$0	Yes	Enrollment in September 2021 was 737. Enrollment projection for September 20 is 874.	Proceed, providing Governor does not prohibit construction activities.
2. Career Center Arlington Tech Summer 2020 Construction²	Contract Award Information removed from 4/2 SB agenda	Start of SY 2020-21	\$7,050,641	\$5,000,000	\$0	Yes	Would require 8 relocatable classrooms planned for installation Summer 2021 to be installed Summer 2020 (existing to be relocated from Williamsburg) to accommodate planned enrollment increase.	Postpone construction start until closure is lifted to ensure project can proceed uninterrupted.
3. New Elementary School at the Reed Site	Under construction/ on schedule	Start of SY 2021-22	\$7,854,544	\$20,150,000	\$2,750,000 APS share of jointly funded items	No	Boundary changes and school moves would have to be delayed by one or more years; most affected school would be ASFS.	Proceed, providing Governor does not prohibit construction. Use funds available for Education Center if County does not proceed with Spring 2020 bond sales.

² Comprises renovation of Columbia Pike Library and shared classroom spaces on the second floor, and renovation of some existing classrooms to create a science classroom and right-sized classrooms.

Capital Project	Current Status	Original Completion Date	Unspent Funds	Future Bonds to Load	Future Transfer from Capital Reserve	Project May Be Fully Funded with Unspent Funds	Impact on Seat Needs If Delayed	Staff Recommendation
4. Education Center Re-Use	Final Design and Contract Award Consent removed from 3/25 SB agenda	Start of SY 2021-22	\$13,941,238	\$16,250,000	\$0	No	Delay to SY 2022-23: APS would be 80 HS seats short if Arlington Tech continues to grow to 600 seats as planned. Based on 2019 10-year projections, it is not advisable to delay beyond 2023-24 when there are projected to be 510 more students than H.S. seats.	Proceed as soon as possible after closure has been lifted and bonds have been sold so project can be completed before start of SY 2022-23. Renegotiate with CMR or rebid to realize savings due to downturn. Project could open during school year.
5. Career Center Expansion Project	Concept Design Information removed from 4/16 SB agenda	Parking Garage and Field: start of SY 2023-24 800-seat expansion Start of SY 2025-26	\$7,552,285	\$143,600,000	\$31,000,000	No	If delayed to SY 2026-27, APS would be short by 325+ seats in SY 2024-25. If delayed to SY 2027-28, APS would be short by 400+ seats in SY 2026-27.	Approve concept design with CIP in June 2020 contingent on debt capacity; there could be savings if construction costs are affected by market decline as they were in 2009.

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Appendix B. Current and Projected Capacity Utilization by School Levels for 2019-20 through 2029-30

Table 3. Elementary School

	Projected Enrollment	Permanent Capacity	Capacity Utilization	Notes on increases to capacity
2019-20	14,286 (enrolled)	14,074	102%	Adds new seats at Alice W. Fleet
2020-21	14,843	14,074	105%	
2021-22	15,106	14,806	102%	Adds 732 seats at the Reed site
2022-23	15,255	14,806	103%	
2023-24	15,220	14,806	103%	
2024-25	15,127	14,806	102%	
2025-26	14,898	14,806	101%	
2026-27	14,732	14,806	100%	
2027-28	14,517	14,806	98%	
2028-29	14,489	14,806	98%	
2029-30	14396	14,806	97%	

Table 4. Middle School

	Projected Enrollment	Permanent Capacity	Capacity Utilization	Notes on increases to capacity
2019-20	6,119 (enrolled)	6,333	97%	Adds new seats at The Heights and Dorothy Hamm (behind schedule, set to open now for 2020-21)
2020-21	6,442	6,333	102%	
2021-22	6,526	6,333	103%	
2022-23	6,562	6,333	104%	
2023-24	6,681	6,333	105%	
2024-25	6,864	6,333	108%	
2025-26	7,004	6,333	111%	
2026-27	7,022	6,333	111%	
2027-28	7,036	6,333	111%	
2028-29	6,938	6,333	110%	
2029-30	6,823	6,333	108%	

Table 5. High School

	Projected Enrollment	Permanent Capacity	Capacity Utilization	Notes on increases to capacity
2019-20	7,523 (enrolled)	8,120	93%	Adds new seats at The Heights and the Career Center
2020-21	7,857	8,200	96%	Adds 80 seats at the Career Center
2021-22	8,370	8,890	94%	Adds 600 seats to Washington-Liberty (Ed. Center), adds 90 seats at the Career Center
2022-23	8,800	8,890	99%	
2023-24	8,960	8,890	101%	
2024-25	9,200	8,890	103%	
2025-26	9,219	9,690	95%	Adds 800 seats at the Career Center
2026-27	9,297	9,690	96%	
2027-28	9,426	9,690	97%	
2028-29	9,527	9,690	98%	
2029-30	9,643	9,690	100%	

Appendix C. CIP Steps Completed by March 2020

APS started to shape the FY 2021-30 CIP in September with the release of the AFSAP. Table A1 identifies the steps completed to date, along with some key points and a recap of community engagement, where applicable. Communications to the community for each of these steps have included the following: AFSAP Engage page as part of the Preparing for CIP Engage page; APS Ambassador updates: School Talk “Friday 5” and “Engage” messages; and news release to inform about School Board adoption of CIP direction.

Table B1. Steps Completed in Preparing for the FY2021-31 CIP

2019-20	Description	Key Points and Community Engagement
Sept. 24 SB Work Session	<p>APS presented 2019 AFSAP* and identified CIP priorities based on 2018 10-year projections compared with existing and planned facility capacity</p> <ul style="list-style-type: none"> • H.S. – continue with projects in the FY2019-28 CIP • M.S. – need 500 additional seats by 2024-25 • E.S. – need 700+ more seats by 2024-25 <p><i>*Arlington Facilities Student Accommodation Plan</i></p>	<ul style="list-style-type: none"> • CIP priorities will be updated in Feb. using 2019 10-year projections • Suggested sites for design studies to address the priorities
Nov. 6 Work Session, Nov. 19 and Dec. 5 SB Meetings	<p>School Board adopted direction for the Superintendent to propose a CIP that balances the following factors with available debt capacity, such that debt service will not exceed 9.8% of the annual operating budget in any fiscal year:</p> <ul style="list-style-type: none"> • The need for increased student capacity; • The locations where the capacity is most needed; and • The school years by which the increased capacity is most needed. 	Identified sites for design studies
Dec. 3 Joint Work Session w/County Board	APS and County described changes to data used in projections and a revision to the methodology that links population forecasts to student projections through housing units and births.	2019 10-year projections will reflect slower growth for student enrollment based on assumptions
Feb. 6 SB Meeting	School Board adopted a plan to move three elementary schools in Summer 2021, concurrent with opening of new school at Reed and new elementary school boundaries to take effect.	<ul style="list-style-type: none"> • Repurposing Key site for a neighborhood school addresses urgent need for seats in Rosslyn/Ballston Corridor • Countywide outreach to inform community about proposals and rationales • Extensive community input was received before the School Board’s vote
Feb. 11 SB Work Session	<p>APS updated CIP priorities using 2019 10-year projections:</p> <ul style="list-style-type: none"> • H.S. – continue with projects in the FY 2019-28 CIP • M.S. – need 500 additional seats by 2024-25 • E.S. – no longer an urgent priority 	<ul style="list-style-type: none"> • Removed elementary schools from the list of CIP priorities
Feb. 18 & March 3 FAC subgroup meetings	A subcommittee of FAC members met to develop the committee’s recommendations for the upcoming CIP. Additional meetings will be held to continue the work.	

