

City of Alexandria, Virginia

MEMORANDUM

DATE: NOVEMBER 1, 2017

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: BUDGET AND FISCAL AFFAIRS ADVISORY COMMITTEE (BFAAC)

SUBJECT: BUDGET AND FISCAL AFFAIRS ADVISORY COMMITTEE FISCAL YEAR 2019 WORK PLAN

In 2016, BFAAC revised its work plan to provide Council with memos throughout the year rather than delivering one comprehensive report to Council in the spring. BFAAC memos included recommendations on: budget guidance, a review of the five-year financial plan, debt policy guidelines, and the Ad Hoc Joint City-Schools Facility Investment Task Force. BFAAC believes this approach allows for more timely feedback on key issues and a more in-depth analysis of each topic. BFAAC will take a similar approach in FY 2019 and proposes the following preliminary work schedule:

- **MEMO 1 (Delivered September 2017): Recommendations for greater coordination between City and ACPS** – In September, BFAAC delivered its first memo – a joint memo with the ACPS Budget Advisory Committee (BAC) to Council and the ACPS School Board – with recommendations for greater coordination between the City and ACPS on the budget process and timeline. BFAAC and BAC also recommended evaluating all City and school Capital Improvement Projects (CIP) together with a common set of criteria, identifying areas where maintenance resources can be shared, and implementing a joint City and ACPS structure for ensuring the work of the Ad Hoc Joint City-Schools Facility Investment Task Force (Task Force) is carried forward and its outcomes are regularly evaluated.
- **MEMO 2: Recommendations for the FY 2019 budget guidance (November 2017)** – As in prior fiscal years, BFAAC will prepare a memo in November for Council's consideration prior to the adoption of the budget guidance. This memo will be the foundation for BFAAC's briefing to Council at the November 4 retreat.
- **MEMO 3: Review of the Ad Hoc Joint City-Schools Facility Investment Task Force (December 2017)** – When the Task Force issues its report in November, BFAAC will provide feedback to Council regarding the prioritization of projects, steps that can be taken

in the short-term to implement the Task Force recommendations, and suggestions for a long-term plan to ensure the work continues beyond FY 2019.

- **MEMO 4: Review of the staff assessment of the comparative and cumulative impact of budget cuts on the delivery of core City services (December 2017)** – In its analysis of the FY 2017 budget, BFAAC urged Council to assess the comparative and cumulative impact of service changes during the period from FY 2008 to the present. BFAAC understands staff is close to completing this analysis, and BFAAC looks forward to reviewing the report and providing guidance to Council on how the findings should help inform future budget decisions.
- **MEMO 5: Revenue recommendations (January 2018)** – In FY 2017, BFAAC urged Council to work with the City Manager and Staff to determine, to the extent possible, how much revenue will be required for operating and capital improvement needs over the next five years and take concrete steps to ensure we make the needed investments in economic development and related activities to achieve this revenue goal. BFAAC urged Council to adopt a “revenue master plan” to create an actionable, long-term revenue strategy and implementation roadmap with outcome-based metrics. To help move this discussion forward, BFAAC will provide Council a memo in January outlining a variety of revenue strategies, including untapped and under-tapped revenue sources as well as steps to promote greater commercial business development.
- **MEMO 6: Recommendations and observations related to the City Manager’s proposed FY 2019 budget (April 2018)** – While BFAAC does not intend to provide a comprehensive report on the City Manager’s budget, BFAAC will provide Council a memo with recommendations and observations regarding major issues facing the City in FY 2019, including those identified by BFAAC and/or identified by Council.
- **ADDITIONAL MEMOS TBD:** BFAAC will be available to support Council throughout the year as matters may arise, welcoming requests from Council on matters where guidance can be helpful.

BFAAC appreciates Council’s support of BFAAC’s work and will endeavor to continue to provide the best recommendations possible on the budget and fiscal affairs of the City of Alexandria.

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FROM: BUDGET AND FISCAL AFFAIRS ADVISORY COMMITTEE (BFAAC)

SUBJECT: MEMO #2 – RECOMMENDATIONS FOR FY 2019 BUDGET GUIDANCE

As Council develops its budget guidance for FY 2019, below please find observations and recommendations from BFAAC.

- **Focusing on Larger Policy Goals** – BFAAC reiterates its recommendation that guidance focus on achieving policy outcomes, rather than giving the City Manager specific instructions. BFAAC recommends, per our FY 2018 budget guidance memo, Council avoid giving specific instructions in areas such as: employee compensation, school division transfers, tax rates, number of full-time equivalents in specific departments, etc. and allow the City Manager to present Council a variety of options to meet strategic objectives identified in its guidance. BFAAC continues to recommend the development of outcome-based guidance supporting the Strategic Plan for FY 2019.
- **Setting a Five-Year Revenue Target** – BFAAC reiterates our recommendation for Council to set a five-year revenue goal and direct staff to develop an actionable plan with strategies to grow and diversify the City's revenue base.
- **Examining the Budget Timeline** – BFAAC encourages Council, as part of this guidance or in the future, to ask staff to reexamine the current budget development timeline, taking into account recent changes as well as any recommendations made by the Ad Hoc Joint City-Schools Investment Task Force. BFAAC specifically urges Council to consider separating the consideration of the CIP, which represents long-term needs, from the operating budget, which represents annual needs. For example, Council could set the CIP budget in the fall and the operating budget in the spring. This approach may allow Council to spend more time on each area and would help ensure the short-term operating needs do not overwhelm the discussion about long-term capital needs. BFAAC also encourages Council to look at the overall budget timeline to allow for more deliberation, particularly at the start of the process. As Council considers changes to the budget timeline, the impact on staff resources, opportunities for public input, and opportunities to synchronize with the ACPS budget timeline should be evaluated.

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Alexandria City Council Retreat

November 4, 2017



Agenda

- | | |
|-------|---|
| 9:30 | Welcome & Opening Remarks |
| 9:40 | State of the National and
Regional Economy |
| 10:00 | FY 2019 Revenue/Expenditure
Forecast |
| 10:20 | Priority Based Budgeting System
Initiative |
| 10:40 | ACPS FY 2019 Budget Overview |



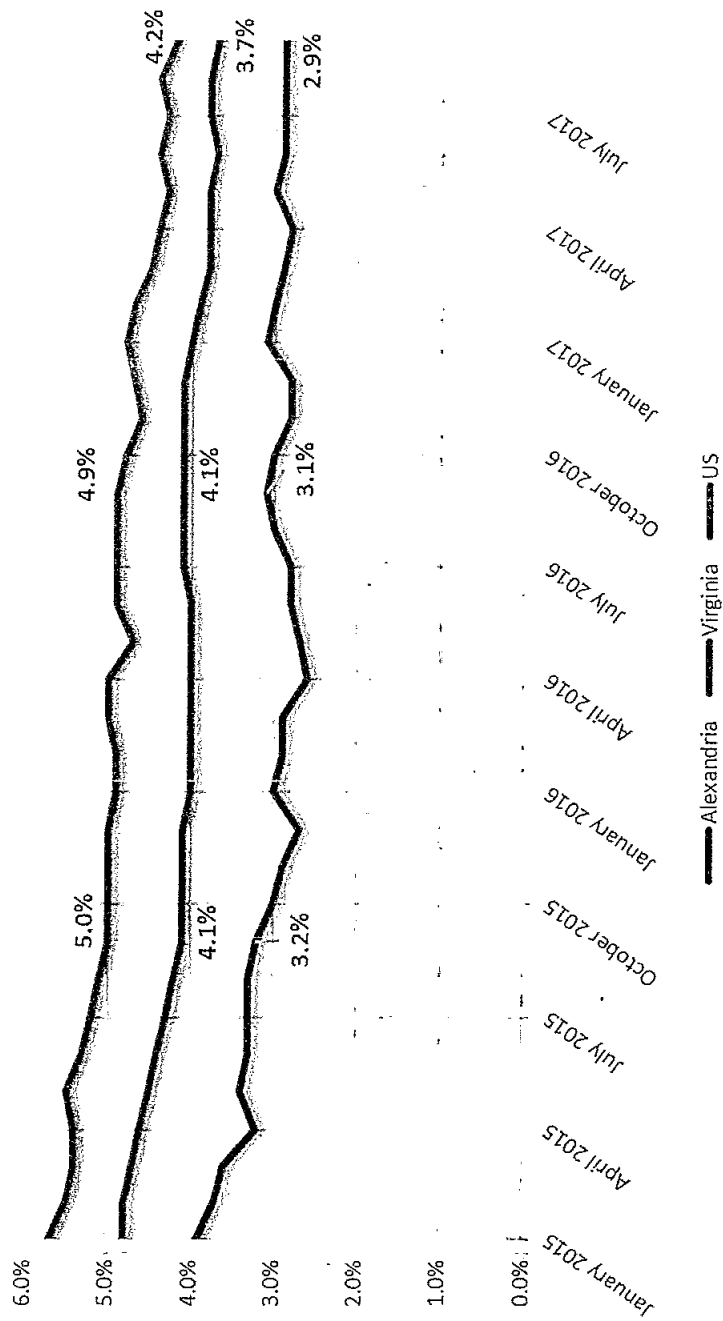
Agenda

- | | |
|-------|---|
| 11:40 | Working Lunch |
| 12:00 | Ad Hoc Joint City/Schools
Facility Investment Task Force
Presentation of
Recommendations |
| 1:00 | BFAAC |
| 1:30 | Budget Guidance Discussion |
| 2:30 | Adjournment |



State of the Economy

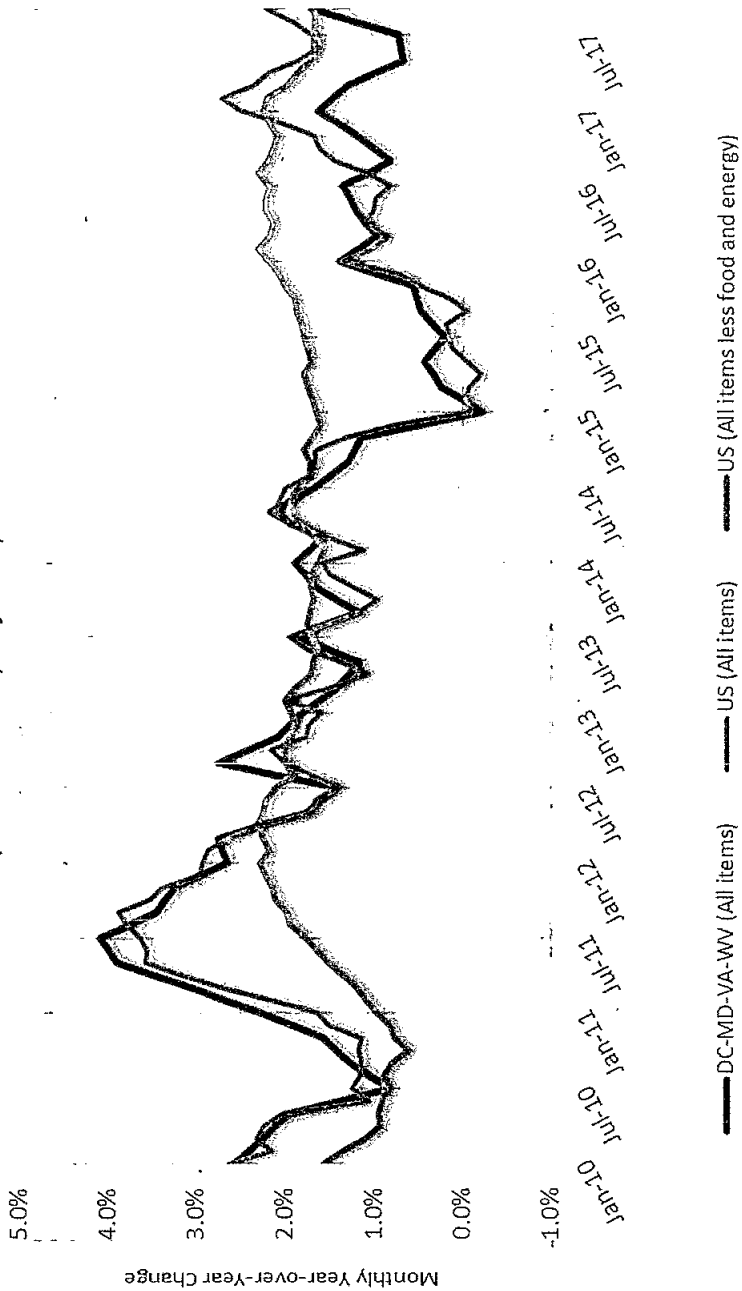
Unemployment Rates 2015 - Present



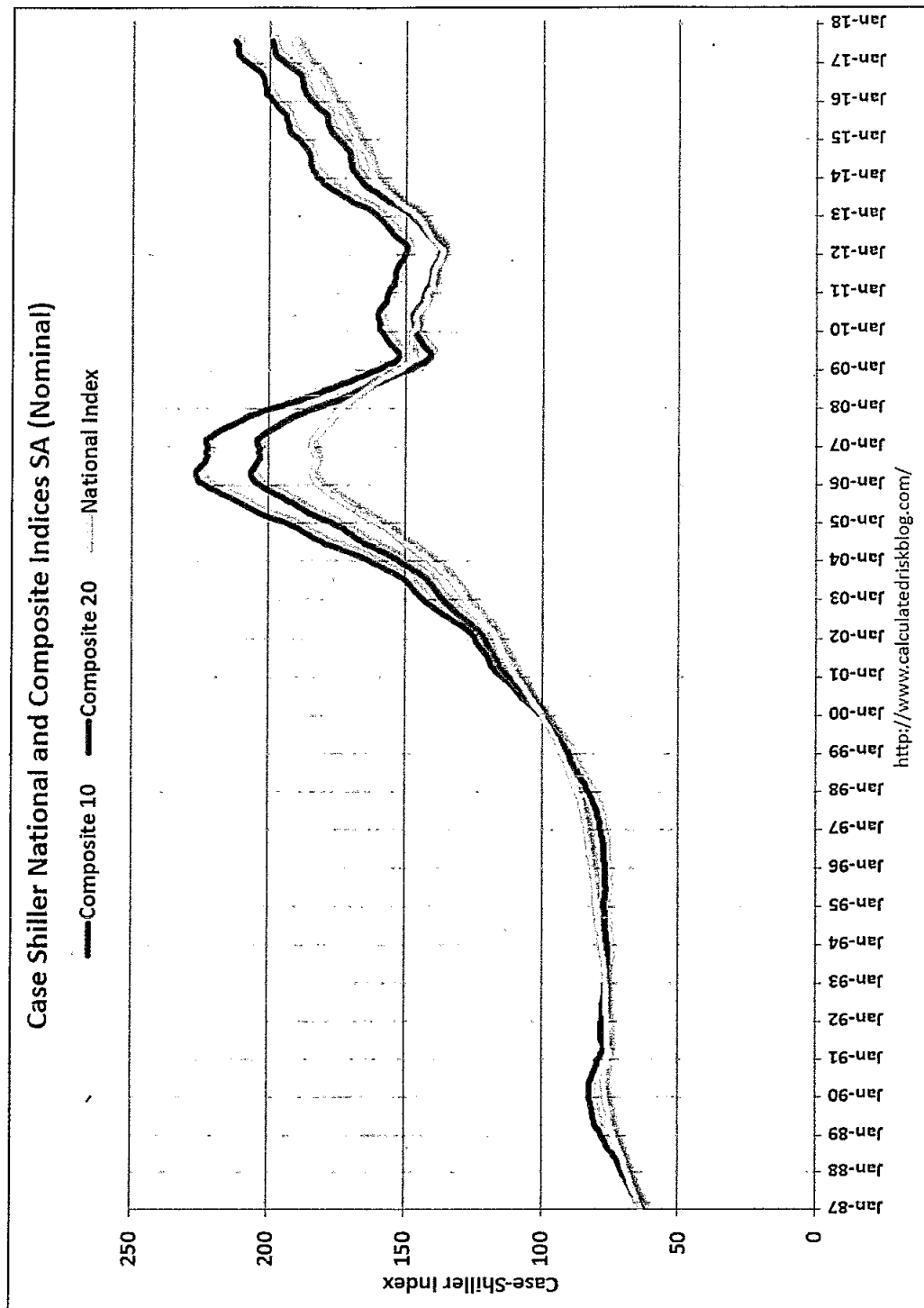
State of the Economy

Consumer Price Index (CPI) for All Urban Consumers

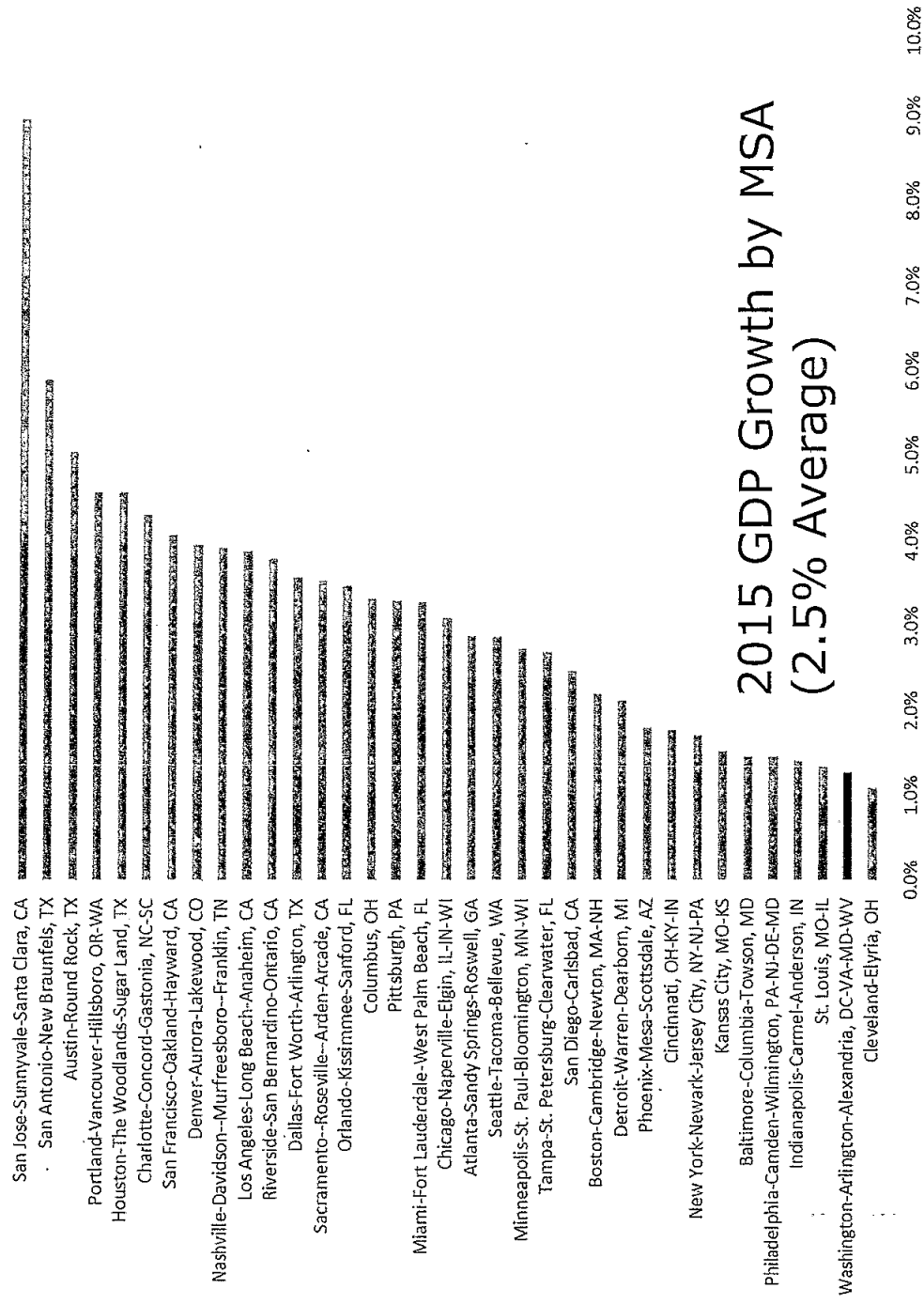
Annual change percentage
(not seasonally adjusted)



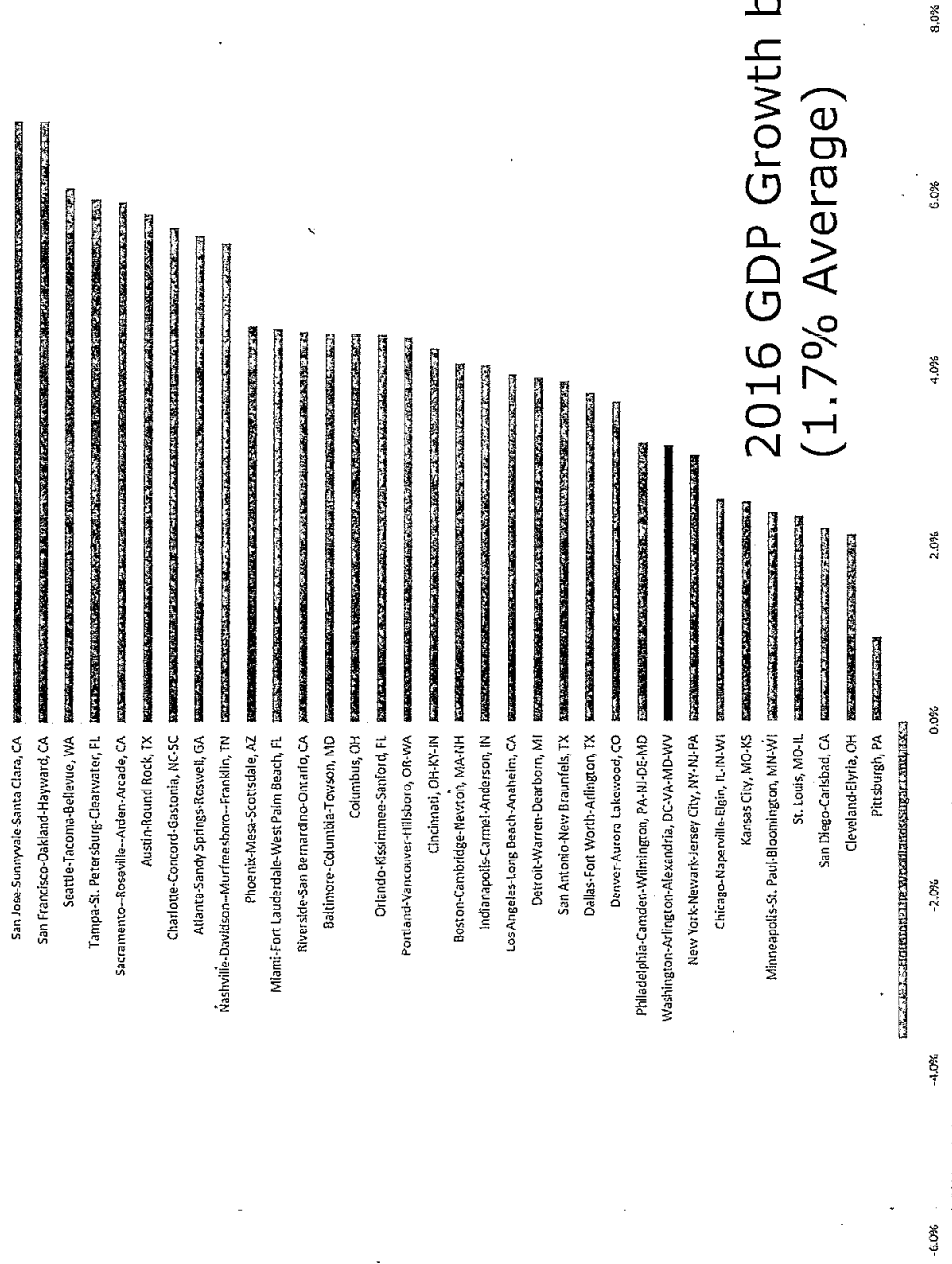
State of the Economy



State of the Economy

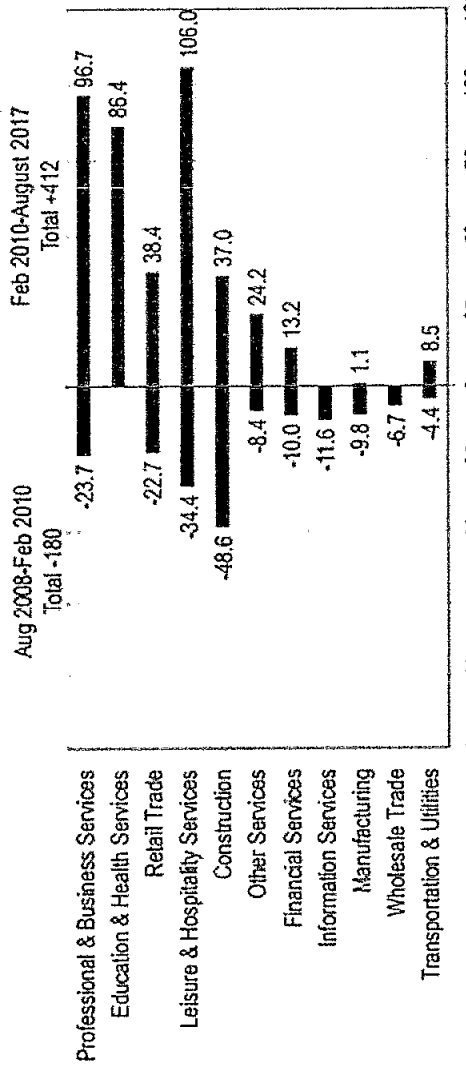


State of the Economy



State of the Economy

Washington Region Job Change: Private Sector The Great Recession and Recovery



Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School (GMU)



State of the Economy

Federal Budget and Tax Policy Uncertainty

- Impact on the Regional Economy
- Impact on the National/Global Economy
- Mortgage Interest Deduction
- State & Local Tax Deductions
 - Property Taxes
 - Sales & Income Taxes



FY 2019 Preliminary Revenue Estimates

General Fund Revenue	FY 2018 Approved	FY 2019 Estimate	\$ Change	% Change
Taxes	\$ 617.7	\$ 628.3	\$ 10.6	1.7%
Federal	\$ 9.1	\$ 9.1	\$ -	0.0%
State	\$ 47.4	\$ 47.4	\$ -	0.0%
Non-Tax	\$ 50.3	\$ 52.5	\$ 2.2	4.4%
Carryover*	\$ 3.6	\$ -	\$ (3.6)	-100.0%
Total	\$ 728.1	\$ 737.3	\$ 9.2	1.3%

*\$3.6 million from May 2017 real estate tax rate increase was allocated for affordable housing and carried over in FY 2018.



FY 2019 Preliminary Expenditure Estimates

General Fund Expenditures	FY 2018 Approved	FY 2019 Estimate	\$ Change	% Change
City Government	\$ 377.3	\$ 382.2	\$ 4.9	1.3%
Transit Services	\$ 27.2	\$ 32.0	\$ 4.8	17.6%
ACPS Transfer	\$ 214.1	\$ 237.6	\$ 23.5	11.0%
CIP Funding				
Cash Capital	\$ 37.9	\$ 38.2	\$ 0.3	0.8%
City Debt Service	\$ 43.2	\$ 46.6	\$ 3.4	7.9%
Schools Debt Service	\$ 28.5	\$ 32.5	\$ 4.0	14.0%
CIP Subtotal	\$ 109.6	\$ 117.3	\$ 7.7	7.0%
Total Expenditures	\$ 728.1	\$ 769.1	\$ 40.9	5.6%



City Government Budget Drivers

- +Employee Merit Steps
- +Health Insurance
- +VRS/OPEB/Line of Duty
- +Inflation (Operating & Capital)
- +Metro
- +Debt Service Impact of Capital Investments
- +Program Initiatives
- Service/Program Reductions
- Efficiencies
- +ACPS
- = \$31.8 Million Starting Budget Gap





Metro

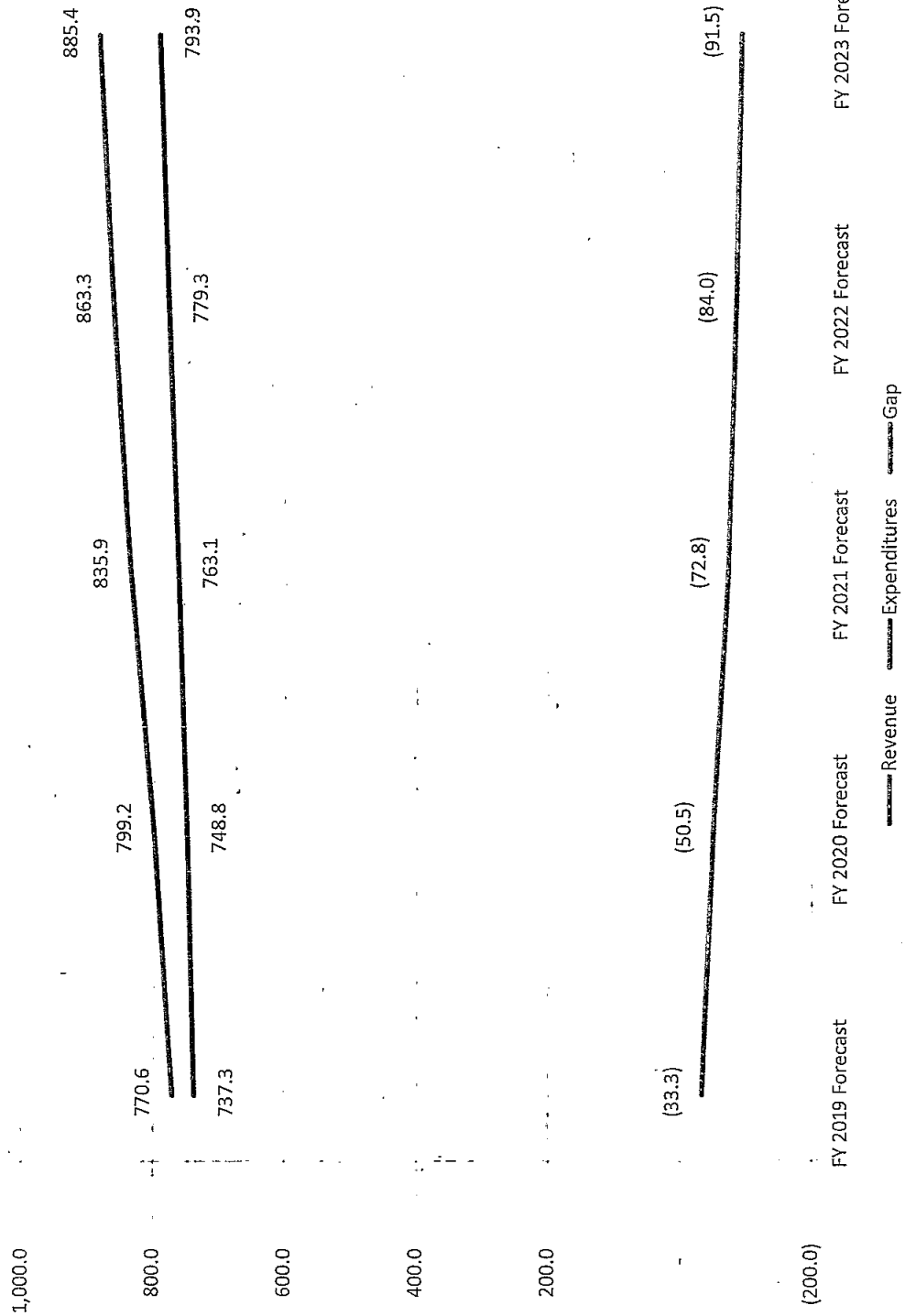
- FY 2018 City Operating Share = \$40.3 M, Which Was an Increase of \$7.3 M or 22.1%
- FY 2018 City Capital Share = \$23 M, Which Was an Increase of \$14.5 M or 171%
- FY 2019 WMATA General Manager Proposing:
 - Operating Increase of \$1.8 M or 4.5%
 - Capital Increase of \$6 M or 26%
 - Does Not Include \$1.6 M in Debt Service on Bonds Issued by WMATA in FY 2018
- State-level Discussions Ongoing on Dedicated Funding Source or Cash Appropriation

FY 2019 Preliminary Budget Gap

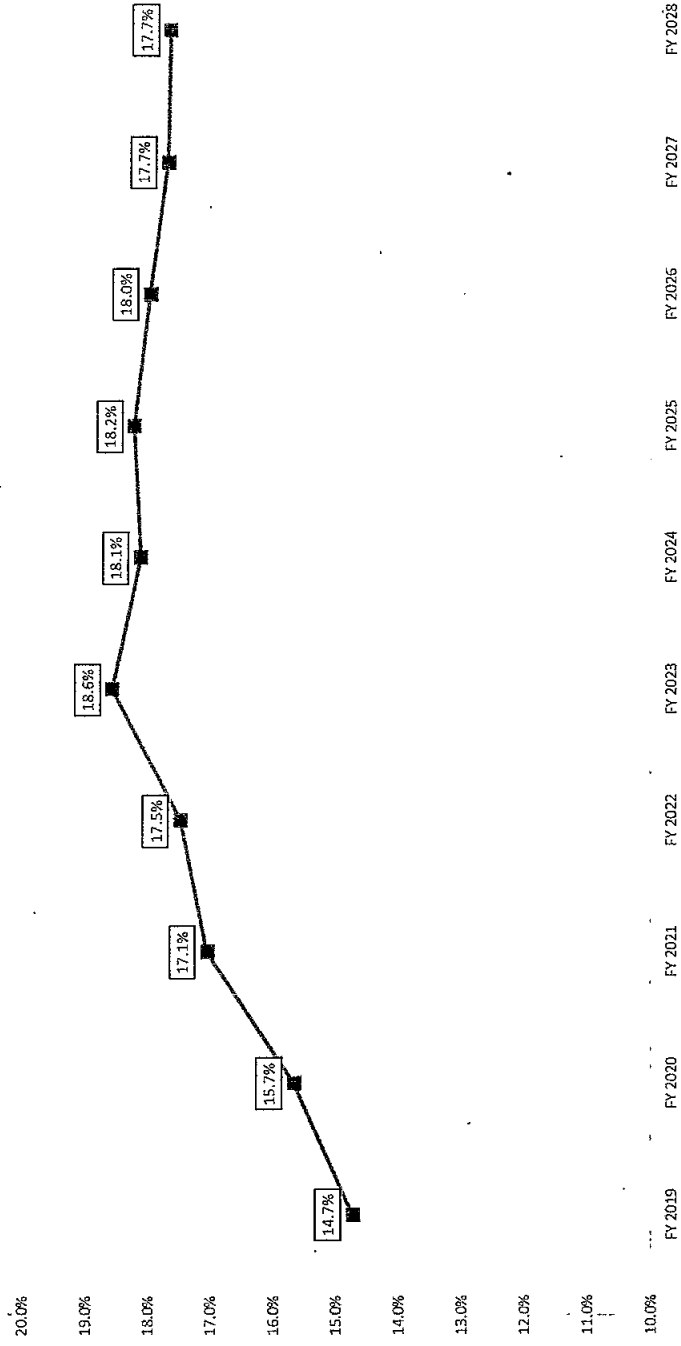
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Capital	\$ 109.6	\$ 117.3	\$ 7.7	7.0%
Total	\$ 728.1	\$ 769.1	\$ 41.0	5.6%
Revenue	\$ 728.1	\$ 737.3	\$ 9.2	1.3%
Funding Gap	\$ -	\$ (31.8)		



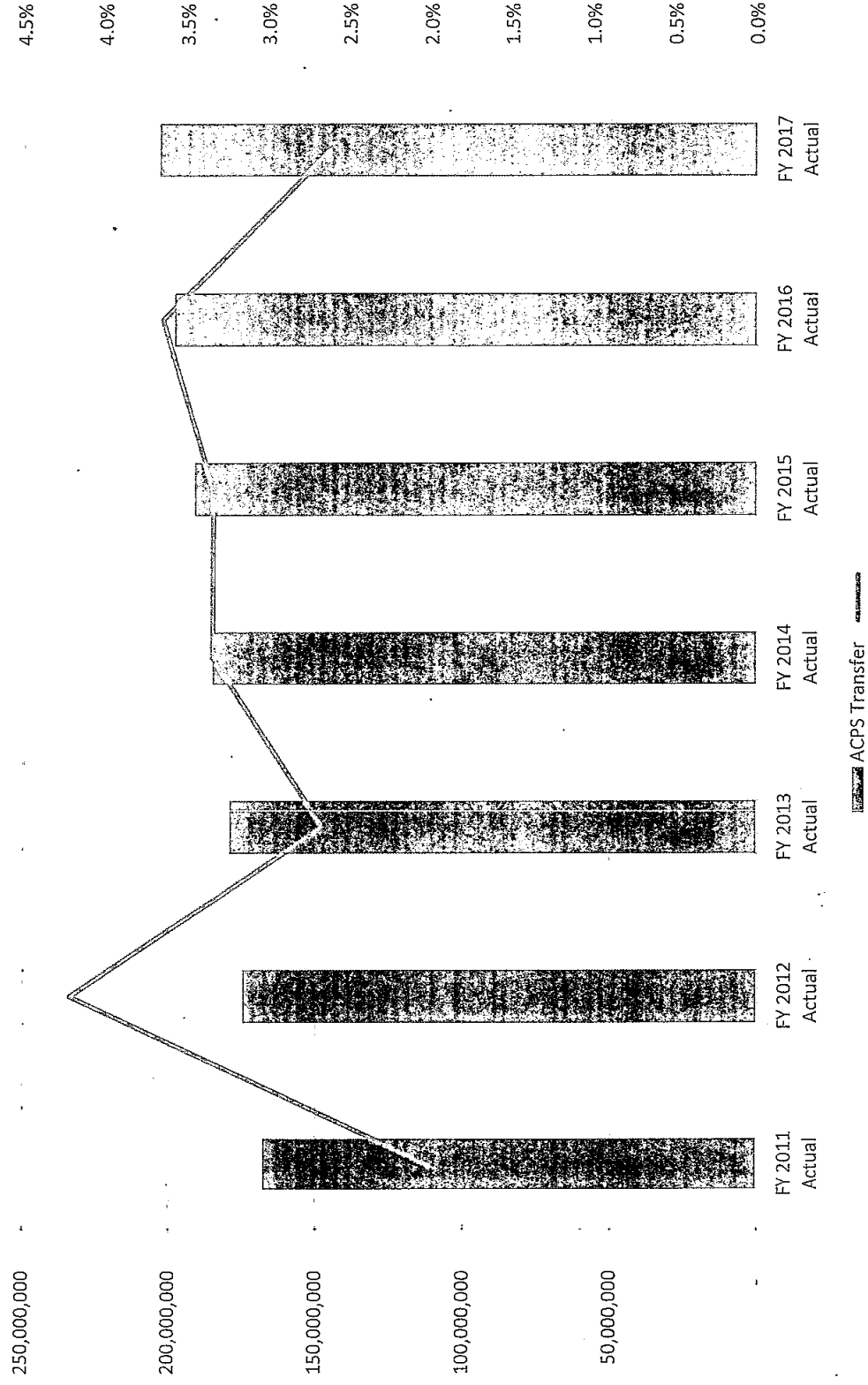
Five Year Financial Planning Model



Planned General Fund Support of Capital Program

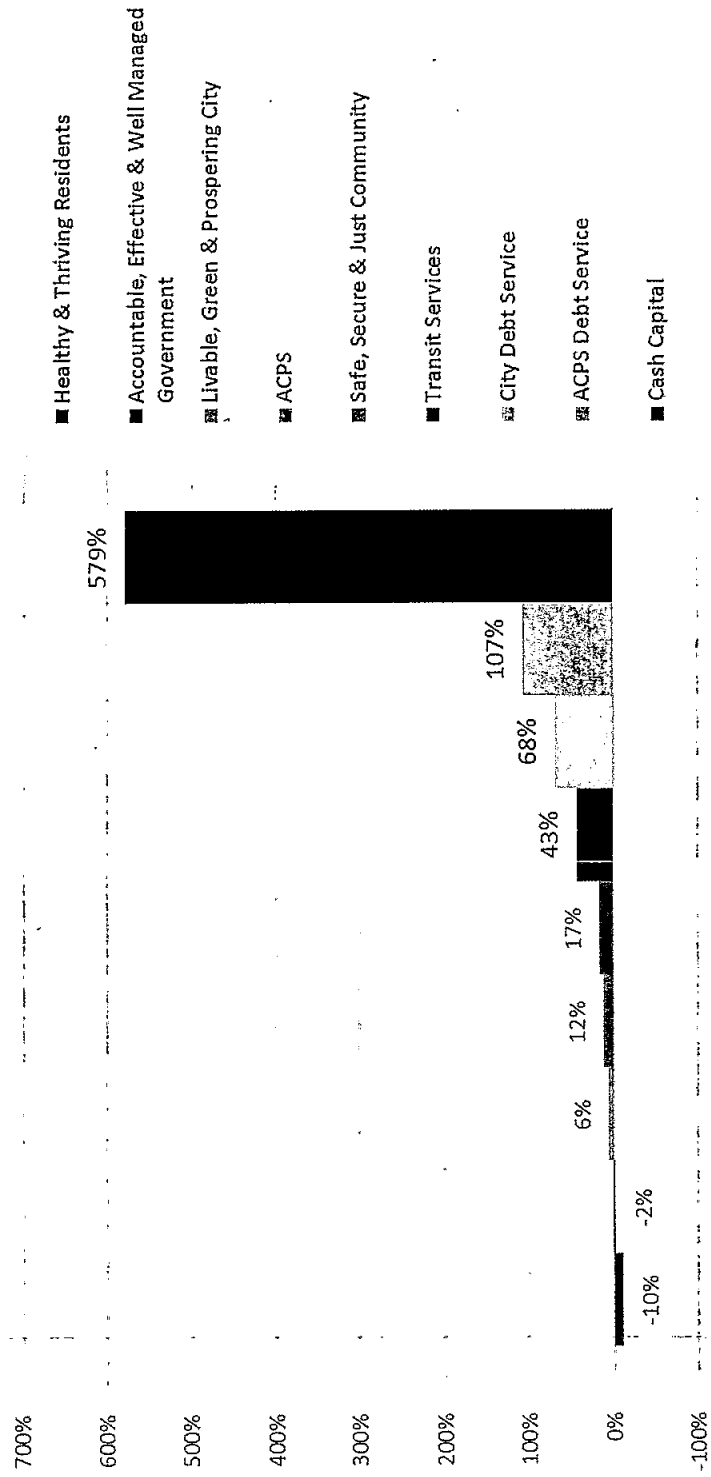


Recent ACPS Operating Transfer History

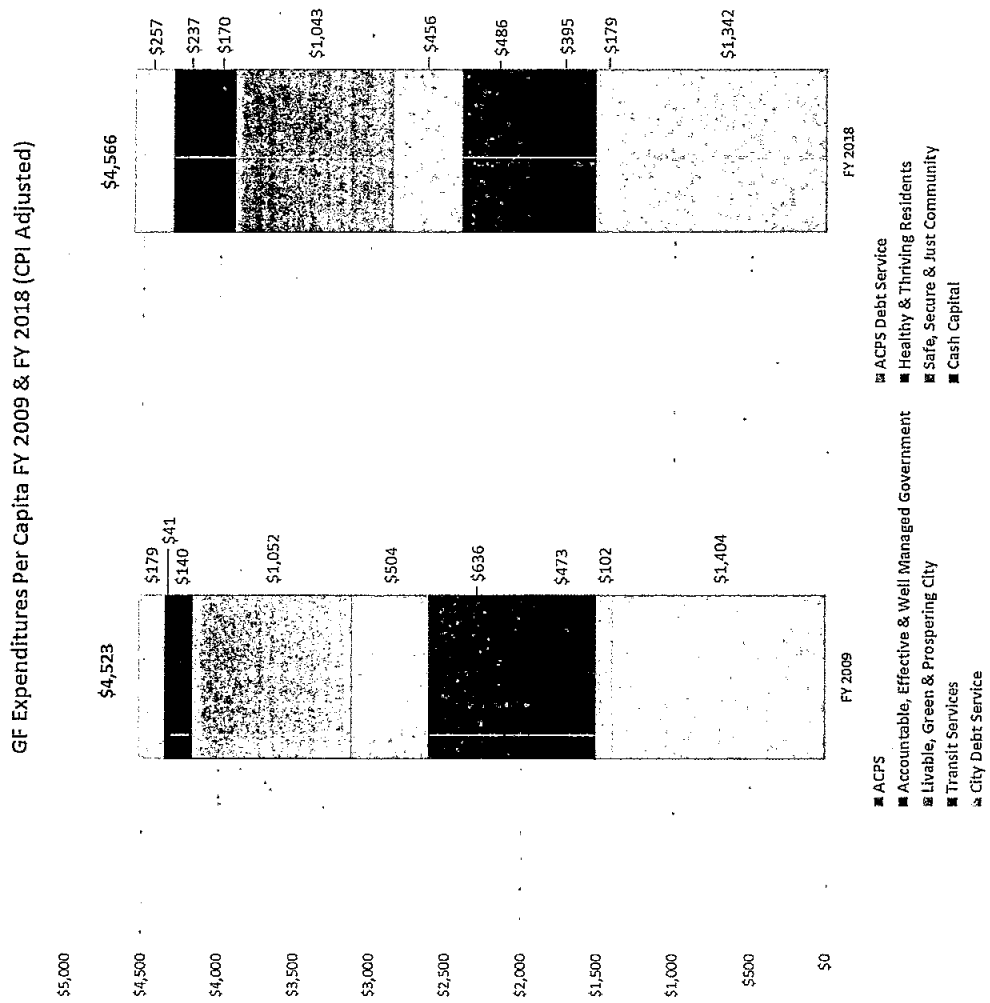


Ten Year Budget History

% Change since FY 2009 (CPI Adjusted)

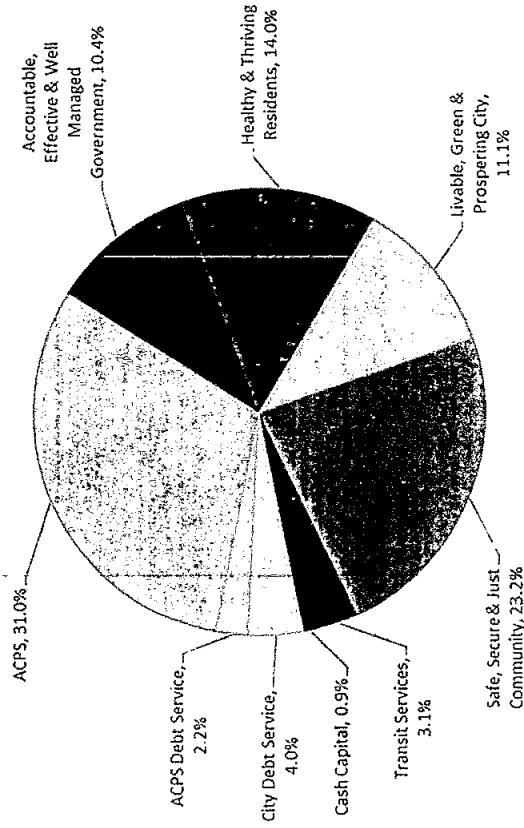


Ten Year Budget History



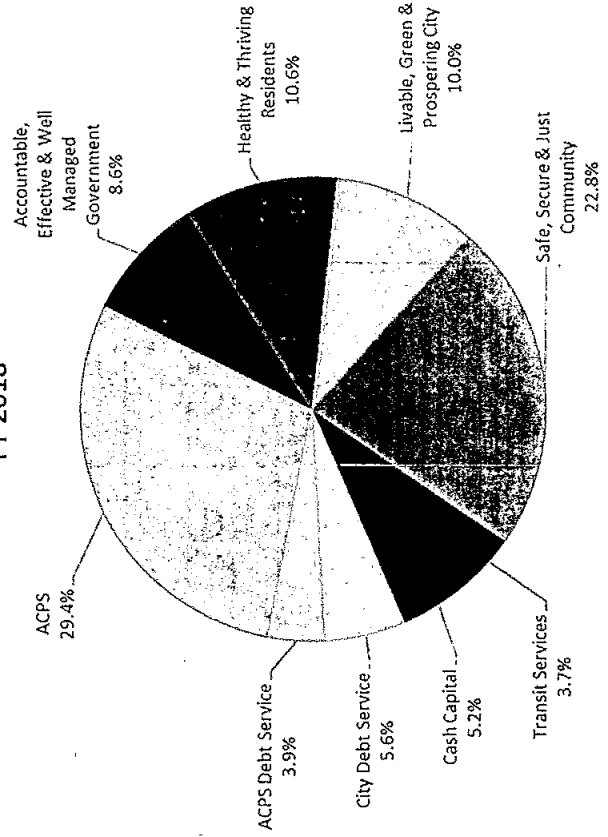
Ten Year Budget History

FY 2009 (CPI Adjusted)



City = -4.5%
 ACPS = +0.1%
 Cash Capital = +4.3%

FY 2018



Multi-Year Strategy

- Without Significant Revenue Growth, Future Reductions Will Be Necessary
- Priority Based Budgeting of City Services Beginning in FY 2019 and Continuing into FY 2020 and Beyond
- Ten Year CIP Biennial Update in FY 2020



Priority Based Budgeting System

1. Prioritize Services
2. Do Important Things Well
3. Question Past Patterns of Spending
4. Clear Understanding of Service Impact



Priority Based Budgeting System

1. Determine Intended Results
2. Identify Services
3. Score Services Based on Uniform Criteria
4. Organize into Quartiles
5. Use to Determine Areas of Increased or Reduced Investment



Priority Based Budgeting System in RPCA

- Began Discussions in Fall 2016 During FY 2018 Budget Process
- Formal Kick-off in March 2017
- Formed Department-Wide Committee
- Recently Completed Service Inventory
- Recently Completed Community Priority Ranking Process
- Using to Produce FY 2019 Reduction Options



Ad Hoc Joint City/Schools Facilities Investment Task Force

- Prioritizing City & Schools Facilities Capital Projects
- Recommendations (Deliverable 1) Will Inform the FY 2019 – FY 2028 CIP



Citywide Operating Budget

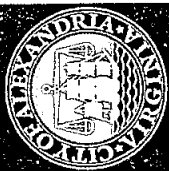
- Began Discussions July 2017 After RPCA and Joint Facilities Task Force
- For Organization-Wide Budget Decision Making, Use Uniform Criteria to Develop and Evaluate Reduction Options and Limited Supplemental Requests for the FY 2019 Budget
- Begin Developing Service Inventory for the FY 2019 Budget
- Prioritize Services Post-Budget Adoption
- Use Prioritization to Develop FY 2020 Options Within Departments



Prioritization Criteria

- Mandate
- Availability of Service from Other Entities
- Volume of Service
- Changes in Demand
- Cost Recovery
- Strategic Alignment





CIP Two Year Development Cycle

- CIP has moved to a two-year development cycle
- FY 2019 is Year 2 in the development cycle
- During Year 2, changes are largely limited to:
 - Changes to Non-City Funding (ex. Updated State or Federal Grants)
 - Significant Changes to Project Costs or Scope
 - Recommendations from Ad-Hoc Joint City/School Facilities Investment Task Force
 - IT Investments
- FY 2020 will be the next full-development cycle

CIP FY 2020-2029

Development Cycle

- FY 2020 will be the next full-development cycle
- All projects will be up for re-examination
 - Timing
 - Feasibility
 - Cost Estimates
 - Etc.
- FY 2020 CIP may also need to reflect changes to improve sustainability of General Fund support of capital program



Alexandria City Public Schools (ACPS)

- FY 2019 Budget Overview



Ad Hoc Joint City/Schools Facility Investment Task Force Presentation



Budget & Fiscal Affairs Advisory Committee (BFAAC) Presentation



FY 2019 Council Budget Guidance

- Early Draft Resolution Included in Packet
- Based Largely on FY 2019 Resolution
- Docketed for Council Adoption on November 14th



DATE: NOVEMBER 3, 2017

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
THE HONORABLE RAMEE GENTRY, CHAIR, AND MEMBERS
OF THE ALEXANDRIA CITY SCHOOL BOARD

CC: MARK JINKS, CITY MANAGER
DR. LOIS BERLIN, SUPERINTENDENT, ACPS

FROM: JOINT CITY-SCHOOLS FACILITY INVESTMENT TASK FORCE
Lynn Hampton, Chair, Mignon Anthony, Elliott Branch, Micheline
Castan-Smith, Marshall Cook, Dwight Dunton, Amy Liu, Dave Millard,
Eric Wagner

SUBJECT: CAPITAL IMPROVEMENT PROGRAM PRIORITIZATION –
AD HOC JOINT CITY-SCHOOLS FACILITY INVESTMENT TASK
FORCE (DELIVERABLE 1 of 2)

On Thursday, May 4, 2017, City Council adopted Resolution 2775 establishing the Ad Hoc Joint City-Schools Facility Investment Task Force (“Task Force”) to oversee the development of a Joint City-Schools Facility Capital Improvement Plan and provide recommendations related to further capital project implementation.

The objective of this work is to provide guidance to City Council to help frame the City and Alexandria City Public Schools (“ACPS”) Facilities Capital Improvement Program for FY 2019 - FY 2027 and beyond. The Task Force is charged with developing a report to include comments and recommendations that will:

- 1) Develop and recommend a long-range Joint City-Schools Facilities Capital Improvement Plan (“FCIP”) with prioritization of 28 identified City and ACPS facility projects utilizing identified available funding for the period FY 2019 – FY 2027.
- 2) Through the work of related subcommittees:
 - a. Determine opportunities for joint facility / site / colocation opportunities for City and ACPS programs;
 - b. Review and recommend municipal facility planning and civic engagement principles, standards and practices;
 - c. Review and recommend alternative capital project delivery methods and project management structures;
 - d. Review and recommend governance of capital planning and project delivery; and
 - e. Review and recommend asset management (i.e. facility maintenance) practices.

DELIVERABLES

This memo and the accompanying four (4) attachments represent the first of two (2) deliverables – a long-range FCIP and associated criteria drafted by the Task Force.

Attachment 1 provides an overview of the outcomes of the first seven (7) Task Force meetings held since June 2017 that focused on development of the FCIP. Attachment 2 is the list of identified facility projects and funding provided to the Task Force in July. Attachments 3 and 4 are two (2) draft FCIPs with individual project notations outlined herein for the City Council, City Manager, School Board and Superintendent of ACPS to consider as part of the annual budget formulation process and discussions to be held in November and December.

The second Task Force deliverable will be presented in late December 2017 in a joint meeting of City Council and ACPS Board. The purpose of the meeting is to present a document that reflects the outcomes of the ongoing Subcommittee discussions, including recommendations for modification and/or improvement of future City and ACPS practices.

RECOMMENDED FACILITY CAPITAL IMPROVEMENT PROGRAM

Prioritizing projects and balancing the FCIP was a difficult challenge. We strongly believe that the needs being addressed by each project are valid and offer value to the City and ACPS; however, we do not recognize every proposed project as the optimal solution for the specified need.

The Task Force was charged to produce an FCIP by the end of October 2017 with process improvement recommendations to follow. The timeline for developing the FCIP was constrained, which did not allow a new joint prioritization process to be applied. As such, the FCIP was not developed in alignment with the forthcoming Task Force recommendations for process improvement. As the CIP is a 'living' document that is revisited on a formalized basis, future iterations have the ability to, and should, better reflect the intentions of the Task Force described herein.

Due to the limited timeline in which the Task Force was asked to produce an FCIP, certain questions remain unanswered. However, in order to respond to our charge, we have performed the difficult task of prioritizing projects within the limitations of this process. Two (2) FCIP documents are attached for your consideration:

- **FCIP A (Attachment 3):** This document is a recommended FCIP that is nearly balanced in aggregate across all nine fiscal years but not balanced within each individual fiscal year. FCIP A is representative of our prioritization efforts and application of criteria and planning strategies throughout this process based on what we have learned about each project. Individual project recommendations outlined in this document are aligned with this FCIP A. If opportunities exist within the broader City CIP to reconcile these fiscal year funding gaps, we recommend utilizing the prioritization efforts in this document to inform your future CIP decisions.
- **FCIP B (Attachment 4):** This document represents an FCIP with further balancing decisions for each fiscal year based on the specified annual funding amounts which fluctuate drastically in the first three (3) fiscal years. We believe that the balancing acts performed to accomplish FCIP B may not necessarily represent priorities and timing of when needs should be addressed, as projects were artificially deferred due to annual funding constraints.

The projects and funding identified in our charge present a limited picture of what the Task Force believed should be a broader, more comprehensive situation. For instance, during the process, we encountered capital needs that were not considered to be part of our charge, yet should be integral to responsible urban planning, Alexandria's indicators of estimates growth, and considerations raised by the community during meetings, such as affordable housing. It should be noted that the unfunded projects included in the City's broader CIP were also not considered in this analysis.

Recognizing the need represented by each of the projects in our charge, we recommend that projects left unfunded in this FCIP process be considered for funding alongside all projects within the broader CIP for this CIP cycle. Considerations for projects not funded in the FY 2019 – 2027 FCIP are detailed later in this document. Those unfunded projects include:

- Gadsby's Tavern Renovation
- Fire Station 207
- Chinquapin Aquatics Center (50 meter pool)
- Indoor Firing Range
- New Pre-K Center
- New Elementary School
- Reduced funding for Health Department CFMP

Initial discussions regarding an approach to prioritization focused on 'best value' by optimizing capital investments for all City and ACPS projects and focusing on understanding and balancing relative levels of need, readiness, and value. Initial criteria and approaches to prioritization were reviewed and discussed. The resulting approach includes a set of actionable planning strategies to assist with developing a FCIP that:

1. Emphasizes a best value approach utilizing the following criteria:
 - a) Prioritizes projects with the greatest need(s);
 - b) Ensures projects are ready for project implementation in the proposed time frame;
 - c) Considers the relative value that projects provide Alexandria residents;
 - d) Does not negatively impact the ability of ACPS or the City to deliver essential services.
 2. Considers the biggest risks to the portfolio if particular projects are delayed, such as critical life safety needs and required or mandated projects.
 3. Provides a strategic city-wide approach (City and ACPS) that optimizes opportunities and logistical considerations, such as:
 - a) Identifying and acquiring new sites for City and ACPS projects in a coordinated, strategic manner, while allowing for flexibility if and when individual opportunities present themselves;
 - b) Implementing related projects together to ensure that economies and synergies are realized;
-
- c) Implementing an optimal swing space approach when City and/or ACPS facility uses need to be displaced during construction;

- d) Addressing projected school overcrowding through the implementation of projects that meet the needs for expanded student capacity over time.
4. Considers interim measures (mitigation strategies) if urgency timeframes cannot be met.
5. Embodies a process that first analyzes alternatives, including:
 - a) Opportunities to partner with other jurisdictions;
 - b) Public private partnerships including leasing;
 - c) Privatization of appropriate services and amenities;
 - d) Sale and leaseback opportunities;
 - e) Other alternatives as appropriate.

Overall, this approach to prioritization means that a singular formula or rating system will not be utilized. This is primarily due to the complexity of the diverse set of projects and value seen in developing master facilities plans that outline preferred sequencing of related projects. Instead, these planning strategies can help inform how projects are sequenced over time to provide the City and ACPS the most optimal set of projects.

To support the application of the planning strategies and criteria, project information was compiled from existing sources to provide appropriate context when considering a project's relative physical and functional needs, level of readiness, and value during the FCIP development work sessions and discussions.

It should be noted that the original efforts by staff to develop project materials were made during the previous budget formulation cycle. As such, project information was not always readily available within the newly defined categories and best efforts were made to compile supporting documents for Task Force meetings. Future capital project planning efforts can more readily align project materials to the planning strategies process and should reflect overall process improvement recommendations from the Capital Planning and Implementation Subcommittee, which will be presented in the second deliverable of this process.

The following considerations are reflected in the recommended FCIP and will be further informed by the final report due in December including subcommittee recommendations:

- Inclusion of Planning Funding: Funding allotments should include at an early stage appropriate levels of pre-design and funding activities such as alternatives analysis, swing planning, feasibility and site analysis, community engagement, and others so that future funding levels for design and construction can be more adequately informed as time progresses across the FCIP. This represents the concept of "seed" money.

- Inclusion of Land Acquisition (Reserve for Real Property): There are currently no funds programmed for land acquisition for these facility projects. While the identification of new sites may be unknown in early years, we believe a potential capital investment value should be reflected within the FCIP to more conservatively represent future funding needs. This is provided in advance of planning and design funding allotments so that the appropriate schedule lead time is available. These funds are intended to be set aside as a reserve and only for use in acquiring real property for the following projects (not in rank order): Fire Station 205, Fire Station 207, Swing Space, New Elementary School, and/or New Middle School. The reserve amount should be reevaluated after completion of a facilities master plan, detailed below.
- Inclusion of Program Contingency and Escalation: The City's broader CIP should attempt to account for unknown costs for future projects, such as escalation and the relative level of project assumptions, which are able to be identified in advance of pre-design activities. A program-wide contingency line has been calculated in the recommended FCIP from the annual identified funding sources to address this need. The percentage applied increases from three (3) percent in year one (1) to 15 percent in years four through nine (4 – 9), based on best practices as recommended by Consultant. This contingency line is used to account for greater unknowns in projects that occur later in the FCIP and the increasing impact of escalation, as project budgets are in today's (2017) dollars and have not been updated to reflect their current FCIP recommendation.
- Implement a Joint City and ACPS Facilities Master Plan: A result of the formalized process should be the development of a joint City and ACPS facilities master plan that provides guidance for implementation of facilities projects. All current facilities and City and School owned property should be inventoried and evaluated for the opportunity to support future needs identified in alignment with projections and planned developments. This effort establishes the groundwork for the identification of land and the planning for and funding of new facilities.
- Formalized Joint Planning Process: In addition to the formal Facilities Master Plan effort, a formal joint ongoing planning process between City and ACPS should be developed and implemented so that a deliberate, disciplined process is employed for future project planning. Future planning efforts should focus on the City and ACPS' capability of delivering a program or service. With the level of capital project needs in comparison to projected funding levels, we believe that future planning efforts should consider and explore alternative funding methods that have the potential to reduce capital and operating outlays so that funding becomes available for additional current unfunded needs. This process should support a more rigorous analysis of alternatives, delivery methods, and partnerships. Additionally, this process should support a formal evaluation for co-location

opportunities. Subcommittee recommendations included in the second deliverable will speak to this future process and its outcomes.

PROJECT RECOMMENDATIONS

Utilizing the Planning Strategies as guidance, the following project-by-project recommendations are made by the Task Force with notations and other considerations as applicable. They are reflected in the attached FCIP including funding levels provided to the Task Force.

Overall, when projects are not shown in the FCIP it is due to their relative level of readiness, a desire to explore alternatives, to their relative impact to residents and ability of the City to provide required or critical services, or relative physical and functional need. These projects should be considered for use of funds from the broader City CIP or in the future years of the FCIP beyond FY 2027.

The Task Force also recommends that staff review the recommended FCIP to ensure that if project timeframes as presented require interim measures to support the continued provision of critical city services, that they be identified and worked into the final City CIP or the operating budget as appropriate.

City Facility FCIP Projects:

- **C1 City Hall**

Criteria & Planning Strategy Notes:

- We determined that funds for the renovation of City Hall with HVAC replacement should remain in the current FCIP timeframe due to relative need and readiness.
- This sequence of funding supports a reasonable lead time for pre-design and design activities followed by construction while meeting the timing needs of the aging building systems.
- Engagement has occurred through public City Council discussions and the scope has been vetted.

Other Considerations:

- We recognize that City Hall is a key civic resource and it is to remain the seat of Alexandria government per previous public discussions with City Council.
- We recommend that the City explore the potential for some staff or services to relocate to other locations or that the building is more efficiently designed.

- We recommend that swing options and costs, if necessary, be considered in the pre-design phase.

- **C2 Market Square Garage**

Criteria & Planning Strategy Notes:

- We determined that funds for structural repairs of Market Square Plaza should remain in the current FCIP timeframe due to relative need and readiness, as well as to occur in the same timeframe as the related City Hall project.
- The garage has structural issues that need to be addressed in the timeframe presented.

Other Considerations:

- We request that the City explore potential options to lease the facility to a third-party that oversees maintenance and operations.

- **C3 Gadsby's Tavern Renovation**

Criteria & Planning Strategy Notes:

- Due to funding constraints across all projects being considered and the scale of balancing needs, we determined that funding for Gadsby's Tavern be moved beyond the FY 2019 – FY 2027 FCIP.
- We recognize that the physical need is present and valid; however, the impact to the city is more limited in terms of services and residents in comparison to other projects.
- If in the future, alternative funding for Gadsby's Tavern cannot be secured, we recommended incorporating funding back into the CIP to maintain this asset accordingly.

Other Considerations:

- We recognize the building's role in supporting tourism in Alexandria and are open to alternative uses including repurposing the building beyond its focus as a historical federal-era restaurant.
- As such, we recommend that the City explore alternative delivery methods to minimize the City's direct capital investment. We recommend that the City solicit an RFP for public/private partnership and/or philanthropic contributions to finance renovations within an accelerated timeframe.
- If alternative funding is secured via historic grants or private sources and matching funds are needed for project implementation, we agree that the

appropriate level of City project funding could be accelerated within the FCIP in order to successfully deliver the project.

- **C5 Health Building CFMP**

Criteria & Planning Strategy Notes:

- We determined that funds for the City's Capital Facility Maintenance Programs (CFMP) should remain in the current FCIP at a reduced rate in later years to reflect the possibility of a building use change pending the outcomes of as part of the City Strategic Facility Plan that is underway by the Department of General Services (a congruent effort to the Task Force that will be completed in 2018 and inform future CIP formulation cycles).
- This project's original scope and timing was based on objective Facility Condition Assessment data that would extend the lifespan of aging building systems for an existing building. Funding has been reduced to minimize the investment to asset survival only.

Other Considerations:

- If in the future, the asset is recommended to be repurposed for another use, we recommend FCIP funding be provided to maintain this asset accordingly. If the asset is to be disposed of, we recommend minimizing investment beyond asset survival and adjusting the FCIP funding amount accordingly.

- **C6 Fire Station 205 / C7 Fire Station 206 / C8 Fire Station 207**

Criteria & Planning Strategy Notes:

- We determined that two of the three fire stations projects be phased over the course of the FCIP with funding allocated in appropriate amounts to reflect land identification and acquisition, pre-design activities, design, and construction.
- Due to funding constraints across all projects being considered and scale of balancing needs, Fire Station 206 does not appear within the FY 2019 – FY 2027 FCIP as the last fire station in the preferred sequence. To still occur within the timeframe of the FCIP, this project funding source should be considered within a reconciliation of the broader FCIP or in the immediate years after FY 2027.
- Per the Location Study released after last year's CIP was developed, the sequence of work should occur as follows: Station 205, Station 207, and Station 206. Station 205 and 207 are shown in the FCIP, while Station 206 has been moved beyond the FCIP.

Other Considerations:

- We request that the City explore potential options and alternative strategies as new locations are sought. For example, explore similar options to the Station at Potomac Yard, which was built as a public private partnership with affordable housing.
- If alternative delivery is secured and matching funds are needed for project implementation, we agree that the appropriate level of City project funding could be accelerated within the CIP in order to successfully deliver the project.

- **C9 New Burn Building**

Criteria & Planning Strategy Notes:

- We determined that funds for construction of a New Burn Building should remain in the timeframe of 4 – 6 years due to relative need and readiness.
- We recognize the Burn Building is a critical safety project with a vetted scope and known location (existing location to remain). Additionally, the site does not readily lend itself to an alternative use.

Other Considerations:

- We recommend that the City explore opportunities for a joint venture with neighboring jurisdictions or alternative for providing access to appropriate training space other than from the City owning, operating, and maintaining the Burn Building.

- **C10 Old Town Pool Renovations**

Criteria & Planning Strategy Notes:

- We determined that funds for the renovation of the Old Town Pool should remain in FY 2022 –FY 2023 due to relative need and readiness to address aging systems and conditions at this existing facility.

Other Considerations:

- None expressed.

- **C11 Chinquapin Aquatics Center (50 Meter Pool)**

Criteria & Planning Strategy Notes:

- We believe that this project's needs are not a priority within the timeframe of the FCIP being developed in comparison to other needs. Therefore, we

determined that funds for construction of a second indoor facility at the Chinquapin Aquatics Center site should be removed from this FCIP.

Other Considerations:

- We recommend that this project be considered for alternative delivery.
- If it is determined that the project should be funded within this CIP cycle (FY 2019 – 2027), we recommend the project be reconciled within the broader CIP or noted as an unfunded project.
- If it is determined that the project should be funded within a future CIP cycle after exploring methods for alternative delivery, we recommend the project be reconsidered within the prioritization of all projects.
- We recommend that this project be evaluated in relation to the high school capacity project and program, due to the proximity of the sites and services provided as well as to provide student access to a competition facility and swim program.

- **C16 Indoor Firing Range**

Criteria & Planning Strategy Notes:

- We agree that the need for this capability has been demonstrated, but determined that the project is not ready for implementation in the proposed timeframe.
- We understand that the current indoor firing range is out of service due to safety concerns that became known during this prioritization process; however, we believe that current interim measures are appropriate to temporarily satisfy this need.
- We determined that funds for construction of a new Indoor Firing Range should be removed from this FCIP and alternatives be explored in order to minimize the City's direct capital investment.

Other Considerations:

- We recommend that the City explore alternative delivery methods to include public private partnerships and/or a joint venture with neighboring jurisdictions.
- If it is determined that the project should be funded within this CIP cycle (FY 2019 – 2027), we recommend the project be reconciled within the broader CIP or noted as an unfunded project.
- If it is determined that the project should be funded within a future CIP cycle after exploring methods for alternative delivery, we recommend the project be reconsidered within the prioritization of all projects.

- **Witter/Wheeler Campus (6 Projects *including 1 ACPS project*): C3 Fleet Building CFMP / C12 Salt Storage Facility / C13 City Vehicle Washing Facility /C14 Reconfiguration of 3200 Colvin St. / C15 Impound Lot Capacity Expansion / S12 Transportation Facility**

Criteria & Planning Strategy Notes:

- We determined that funding for the six (6) projects in the Witter / Wheeler Campus should be combined in the FCIP due to their interconnectivity. Combining project funds provides flexibility in determining the optimal solution for a phased construction plan for these related projects.
- We agree that the need for these services has been demonstrated, but alternatives for delivery have not been adequately considered. Therefore, we determined that funds for the Witter / Wheeler Campus should be moved to FY 2022 and beyond to allow for the City to explore alternatives, including:
 - o Outsourcing opportunities for fleet management
 - o Joint ventures with neighboring jurisdictions
 - o Alternative project types within the Campus, including school siting opportunities
 - o Alternative locations for the impound lot

Other Considerations:

- We recommend continuation of a campus master plan to determine the most optimal use of the campus and inform future CIP funding allocations, including examining if any other City or ACPS uses can be supported.
- Within the campus, we prioritized the Vehicle Washing facility due to the MS4 Permit and the salt storage facility based on need. In developing the campus master plan, priorities within the campus should be identified.

ACPS Facility FCIP Projects

- **S1 New Pre-K Center**

Criteria & Planning Strategy Notes:

- Due to funding constraints across all projects being considered and the scale of balancing needs, we determined that funding for the Pre-K Center be moved beyond the FY 2019 – 2027 FCIP so that further community engagement can be conducted to determine if a standalone Pre-K Center is the most optimal solution.

Other Considerations:

- We recognize the benefits of preschool education and recommend ACPS explore additional options for delivering preschool education, including seats with private and nonprofit partners. If in a future cycle of CIP development, it is determined that a capital project is needed to deliver pre-K education, we recommend the project be reconciled within the broader CIP.
- We recognize that adding pre-K capacity impacts available capacity at the elementary level and the pre-K center is intended to alleviate over-utilization. Capacity solutions at the elementary level will need to be considered in determining the optimal pre-K solution.
- We recognize the need for strategic community engagement on this subject.

- **S2 Swing Space**

Criteria & Planning Strategy Notes:

- We recognize that a swing solution is required to support the elementary schools planned to receive major capital projects, but do not recommend that the Lee Center be the location. We do not believe that other alternatives have been adequately studied, including incorporating community engagement activities.
- We request that ACPS further plan and study swing options to determine the optimal solution.
- We propose a draft optimal solution in the FCIP as follows:
 - Consolidate funding of projects S2 (swing space) and S8 (new middle school) so that the swing space to be built out for immediate use as a temporary location for an elementary school can transition in future years to a permanent use as either an elementary or middle school.
 - The middle school budget figure is now reflected for S2 and S8 no longer shows funding.
 - The design for the swing space (and future permanent school) would occur in FY19 and be built in FY20 and FY21, and become available for swing use in FY21 to support elementary school construction as prioritized.

Other Considerations:

- We recommend ACPS utilize FY 2018 as a comprehensive planning year to study options for a swing concept and determine the optimal course of action for FY 2019 and beyond.
- We support the concept of on-site swing and request that the City determine if adjacent public open space at school sites not currently controlled by ACPS can

be utilized. If necessary, we support temporarily relaxing restrictions on adjacent open space to allow on-site construction.

- We recognize that land is needed to construct new schools and recommend that ACPS identify sites in a comprehensive study. The analysis should consider private properties as well as City and ACPS-controlled sites. So as to not inadvertently limit the consideration of potential sites, we support analysis of sites that include opportunities for relaxing zoning restrictions.
- The effort in FY2018 should include investigating locations for future new schools (all grade levels) and include further studies confirming swing on-site options for all schools.
- Subcommittee recommendations in the Task Force's second deliverable further address this need.

- **S3 Douglas MacArthur / S4 George Mason / S5 Cora Kelly / S7 Matthew Maury**

Criteria & Planning Strategy Notes:

- We support these projects in their current FCIP sequencing due to relative need. They are in the appropriate order and should occur as soon as possible with respect to a decision and funding on swing space pre-design and design activities.
- These projects should be aligned with the construction of swing space. See project S2.

Other Considerations:

- We support the concept of on-site construction and request that the City determine if adjacent open space not currently controlled by ACPS can be utilized. If necessary, we support temporarily relaxing restrictions on adjacent open space (e.g. park land) to allow on-site swing.
- We suggest that two projects could be constructed with some overlap in timeframe, if possible in terms of funding availability, swing/on-site construction, and appropriate staffing levels.

- **S6 New Elementary School**

Criteria & Planning Strategy Notes:

- Due to funding constraints across all projects being considered and the scale of balancing needs, we determined that funding for the design of a New Elementary School be moved beyond the FY 2019 – 2027 FCIP.

Other Considerations:

- We recommend continued monitoring of ACPS enrollment and the need for additional capacity.
- We suggest that land options for new schools (swing space, new elementary, new middle) be explored during the high school planning exercise so that the optimal land use can be realized.
- We recognized the need for strategic community engagement on this subject.
- We recommend funding for the New Elementary School project be reconciled within a future CIP.

- **S8 New Middle School**

Criteria & Planning Strategy Notes:

- We support the need for a future middle school and have combined this project with S2 swing space; the proposed concept is to first utilize the facility as a swing space prior to its transition to a permanent middle school. See the description for S2 for further clarification.

Other Considerations:

- We suggest that land options for new schools (swing space, new elementary, new middle) be explored during the high school planning exercise so that the optimal land use can be realized.
- We recognize the need for strategic community engagement on this subject.

- **S9 High School Capacity / S10 Capacity Relocatables**

Criteria & Planning Strategy Notes:

- We do not believe that these projects are ready for implementation as alternatives for the high school have not been adequately studied. Additional funding is provided in earlier years to support an appropriate level of analysis and community engagement to determine the optimal solution(s).
- We recognize that capacity at the high school level is required to support the influx of students projected. Funding for construction of additional high school capacity is a priority in the first three years of the FCIP.
- We believe that, despite urgency, it is critical that thorough analysis and stakeholder engagement are conducted before a capital project of this size is pursued.

Other Considerations:

- We believe there is an urgent need for analysis and strategic engagement with the community to determine the type of capital project needed. The community must be engaged to determine whether to build one or multiple high schools.

- **S11 Gym Addition to New West End Elementary**

Criteria & Planning Strategy Notes:

- We recognize the need for this project to make the new West End Elementary School fully functional, and recommend it occur in FY 2019.

Other Considerations:

- Because the current budget does not include design of the gymnasium, we recommend that it be reconciled in the broader CIP.

Attachments:

- 1) Background
- 2) Combined List of City and Schools Projects (Original list provided to Task Force)
- 3) Facilities Capital Improvement Plan (A)
- 4) Facilities Capital Improvement Plan (B)

ATTACHMENT 1

BACKGROUND

A citywide call for nominations to the Task Force was issued for highly-qualified individuals who would provide expertise in fields related to the Task Force mission including Architecture, Engineering, Urban Planning Education, Facilities Planning, Asset Management, Construction, Finance, Business, Real Estate Development and Legal. The City Manager conducted the review of submissions as specified in the Resolution, and with input from ACPS regarding its three (3) nominees, appointed the following members:

- Lynn Hampton (Chair), Consultant; former CEO, Metropolitan Washington Airports Authority
- Mignon Anthony*, Executive Director, 21st Century Buildings Program, Baltimore City Public Schools
- Elliott Branch, Deputy Assistant Secretary of the Navy for Acquisition and Procurement
- Micheline Castan-Smith, Senior Project Manager, Paradigm Development Company
- Marshall Cook*, Former President, Education Association of Alexandria
- Dwight Dunton, Founder and President, Bonaventure Realty Group, LLC
- Amy Liu*, Vice President and Director of the Metropolitan Policy Program and Adeline M. and Alfred I. Johnson Chair of Urban and Metropolitan Policy, The Brookings Institution
- Dave Millard, Principal, Avison Young; Treasurer, AEDP Board; Board Member and Former Chair, Campagna Center
- Eric Wagner, Executive Vice President for Insurance and Diversified Operations, MedStar Health; former Chair, Alexandria Planning Commission

*ACPS appointees

Subcommittees

Upon engagement, the following subcommittees were formed:

- 1) Capital Planning and Implementation (management and governance of capital project planning and delivery)
 - a. Chair: Elliott Branch
 - b. Members: Marshall Cook and Eric Wagner
- 2) Alternative Project Delivery Methods (public private partnerships, historic preservation tax credits, etc.)
 - a. Chair: Mignon Anthony
 - b. Members: Dwight Dunton and David Millard

3) Facility Maintenance and Operations (facility maintenance practices and standards)

- a. Chair: Amy Liu
- b. Members: Micheline Castan-Smith and Lynn Hampton

Additionally, each subcommittee is considering co-location and civic engagement principles as applicable to their specific topic.

Facilitation and Coordination

The Task Force is staffed by City Department of Planning and Zoning with assistance from other City and ACPS departments, providing meeting coordination support and background information on process to date and projects being reviewed.

Additional assistance has been provided by a consultant team led by Brailsford & Dunlavey, Inc. ("B&D") with support from A2 Services, Inc. ("A2") on the topic of facility maintenance. The consultant team supported the Task Force with meeting facilitation, technical expertise, and industry best practices in capital improvement planning, but did not direct prioritization recommendations.

Meetings

Task Force members began meeting in June 2017 and at the time of the issuance of this memo on November 3, 2017, have met a total of seven (7) times.

- Meeting #1 June 27, 2017 (introductions)
- Meeting #2 July 11, 2017 (general capital improvement program best practices)
- Meeting #3 September 7, 2017 (criteria and prioritization approach)
- Meeting #4 September 21, 2017 (draft application of criteria and prioritization approach to projects)
- Meeting #5 October 5, 2017 (work session to develop FCIP)
- Meeting #6 October 19, 2017 (work session to further develop FCIP)
- Meeting #7 November 2, 2017 (refinement and summary of FCIP recommendations)

The first two meetings supported the orientation and onboarding process. Discussions regarding prioritization criteria were initiated and information on the candidate facility projects provided. The Task Force was provided supporting documents from City and ACPS staff related to the facility projects and program-level initiatives as well as responses to requested questions. In August, site tours were coordinated across two days for the facilities being reviewed for prioritization. In September, the Task Force began meeting every two weeks with focused deliberative discussions on criteria and an approach to prioritizing projects.