



staff to work with ACPS staff in: (a) looking at locational options other than the new High School building, including looking at renovating the Chinquapin aquatic facility to meet swim team competition requirements, (c) determine the likely operational costs and potential revenues, (d) explore Public Private Partnership (P3) feasibility, and (e) develop a report and recommendations and bring them back to the School Board and City Council for consideration in 2022.

**BACKGROUND:** As the Alexandria City Public Schools (ACPS) staff and School Board have been planning their High School Project to be constructed on the Minnie Howard grounds they have been considering whether or not to include an aquatic facility inside the school facility underneath the planned gymnasium to provide a competitive aquatic facility for the swim team of an official length that meets competition standards (something that the Chinquapin pool does not currently meet), as well as to expand the swim access for ACPS students and the community.

The overall ACPS School Board FY 2022 to FY 2031 capital funding request to the City was \$551.5 million. The City Manager proposed full funding in February and City Council approved the ACPS request in its entirety in May. Although it included an additional \$144.9 million in funding for the High School Project, no aquatic facility funding was requested by ACPS within that High School Project budget. In effect, this request has been made out-of-cycle with the City's established capital funding and decision-making processes. ACPS is seeking a response by Council by June 18, because of High School project schedule concerns.

### **ACPS Proposal**

ACPS is considering three aquatic facility options which are shown as concepts in Attachment 1. The estimated cost of the three aquatic facility options shown that ACPS is considering is between \$18.5 million and \$19.0 million. The aquatic facility would be constructed underneath the planned new High School gymnasium facility. The intent is that the facility would serve ACPS school students as well as the community. However, little discussion to discuss programming and community pool availability time has occurred to date.

The current nearby Chinquapin Recreation Center aquatic facility (which is on King Street adjacent to the current High School and near the Minnie Howard site) does not meet competitive standards in regard to length and therefore the ACPS swim team's meets are held outside of the City. This lack of desired aquatic facilities is further explained in the memo from Dr. Hutchings (Attachment 2). A prior study undertaken in 2016 indicates that the Chinquapin center aquatic facility serves only about 20% of core aquatic users. This additional aquatic facility would increase that percentage by some unknown amount since how the pool would be programmed has not been determined. It should be noted that the Chinquapin facility could be renovated and its pool lengthened to meet competitive swim meet standards.

Where the aquatic facility could be located to best serve the City and the underserved potential aquatic users has not been studied. ACPS has looked at the new High School project site because that is the site where they are currently planning to construct a new facility. One of the reasons to site the aquatic facility in the High School project is that it would be convenient for the high school students who would be using the pool before or after school. It also would provide an aquatic location where all Alexandria public school students eventually spend four years of their public-school time.

### **Reallocation of solar panel funds**

Although the estimated cost of the aquatic facility would be between \$18.5 and \$19.0 million, ACPS is requesting \$12.0 to \$12.5 million from the City. It is ACPS's intent to reallocate some \$6.5 million in solar capital funds from the High School project towards the aquatic facility. ACPS then would have a solar investor

fund the \$6.5 million solar project. That investor will then need to recoup its capital investment through its contract with ACPS. In effect this is not a real \$6.5 million savings as the gains ACPS otherwise would get from solar will be less as the private investor needs to recover its capital investment over time. Other factors would be private sector capital costs, profits and capital investment tax treatment. ACPS does not have a specific proposal to show what the costs would be for the solar build. While this reallocation of the solar roof money represents a short-term budget fix, it does not represent a \$6.5 million savings to ACPS or the City over time.

### **Operating costs**

Funding construction of the pool and resulting debt service is not the only cost that would be incurred. There would be staffing and other operational costs, as well as periodic capital maintenance costs. Without a plan with hours and programs determined, what the cost would be is difficult to say, but staff has talked to Arlington, looked at City Chiquapin aquatic costs, looked at nation data sources and concluded that the likely operational costs of \$1.0 million to \$1.5 million per year as well as capital maintenance costs of \$0.1 million to \$0.2 million per year with outyear capital costs being as high as \$1 million in some outyears. Chiquapin's programmed capital costs for the next 10 years totals \$4.6 million or about \$0.5 million per year. Major capital maintenance costs are likely to not occur evenly, but in very small amounts some years and in much larger amounts in other years.

One option worth exploring is undertaking a Public-Private Partnership (P3) to build and operate a new standalone aquatic facility, or to renovate and operate the Chiquapin aquatic facility and recreation center

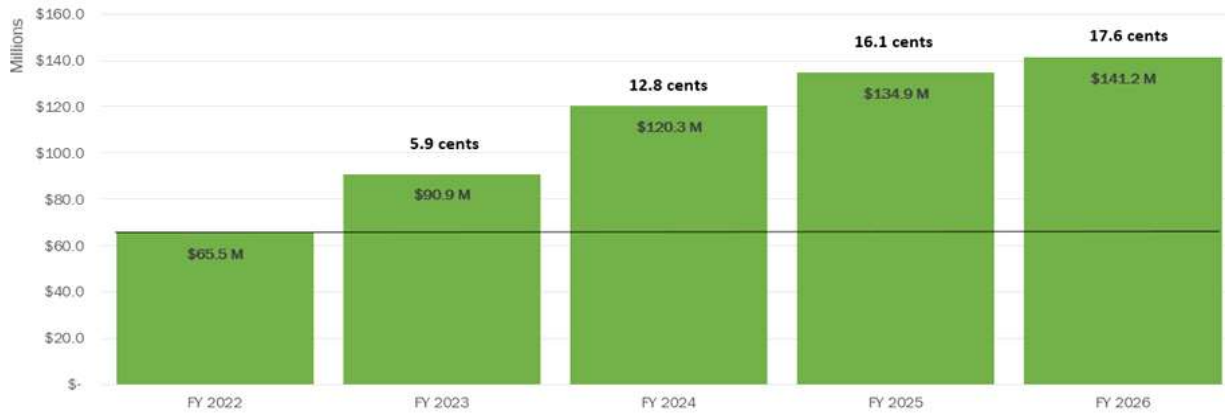
### **Revenues**

Revenues are harder to peg. Chiquapin recoups about 75% of operating costs annually, but each aquatic center's revenues can be very different depending on the aquatic center's program focus and clientele. Arlington reports an 80% cost recovery goal for its three public pools managed by the Arlington school system, as well as the new Long Bridge Aquatic Center managed by the County. If a pool is rented to private swim teams or is used by those who can afford to pay full fees, then the revenue recovery percentage might be 80% or higher. However, if the aquatic center is focused on the underserved, lower income communities then the recovery percentage would be much lower than 80%. Revenue recovery in public programs often works against addressing equity issues. For example, the recent elimination of Library fines by the City was intended to eliminate an equity barrier to using public libraries. Again, without an aquatic program model, knowledge of the target users, and knowledge of operating hours, projecting aquatic center revenues cannot be predicted with any degree of accuracy at this time.

### **Debt Service**

If the City were to agree to fund this out-of-cycle request for up to \$12.5 million for the proposed aquatic facility, the source of funding would likely be the issuance by the City of general obligation bonds. This would entail a 20-year debt service repayment requirement which would add about \$1.2 million per year to the City's debt service obligations for about 10 years which would then decline slightly each year for the next 10 years. This early year cost of \$1.2 million in debt service would then add to what is an already extremely challenging debt service set of increases (in part due to the new High School Project and the new MacArthur Elementary School project) as depicted below. While City staff is working to temper the rate of debt service increase, short of unexpected higher tax revenue growth, it appears that tax rate increases will be necessary in 2022 and beyond (see the chart below). The added \$12.5 million aquatic facility request and any other currently not-in-the CIP requests will likely add to this near term tax rate challenge.

**FY 2022 - 2026 General Fund Debt Service**



**FISCAL IMPACT:** If Council agreed to fund the \$12.5 million request for a new aquatic facility the total net new annual cost excluding major capital renewals and revenues might be between \$2.3 million and \$2.9 million.

**ATTACHMENTS:**

1. ACPS proposed three aquatic facility options
2. Memorandum from Dr. Gregory C. Hutchings, Jr., ED.D, Superintendent, ACPS detailing the ACPS Aquatic facility funding request.