

Memorandum

To: Arlington School Board

From: Rosa Cheney, Chair 2021-2022, Advisory Council on School Facilities and Capital Programs (FAC)

Date: June 7, 2022

Re: FAC Comments on Proposed FY 2023-32 Capital Improvement Plan (CIP), Enrollment Projections, and Career Center Base Ed Specs versus Alternative Ed Specs

Purpose and Charge:

The purpose of the Advisory Council on School Facilities and Capital Programs (FAC) is to assist the School Board in the continuous, systematic review of school facilities and the capital improvement program. The Council is charged with making recommendation to the School Board on the capital improvement plan and recommendations for funding thereon. Additionally, we are charged with receiving and integrating input from both the community and Building Level Planning Committees concerning school facilities and the capital improvement program.

We are also charged with providing an annual review and recommendations concerning school capacities and projected enrollments, as well as providing recommendations on specific issues when requested by the School Board. One such request was to provide input on the two options for the Career Center build-out - the Base Ed Specs (large building) versus the Alternative Ed Specs (smaller building).

We strive to fulfill our purpose by examining these matters in relationship to the Mission, Vision, and Core Values set by the School Board.

Enrollment Projections:

We recognize that long-term enrollment projections have fluctuated over the past few years due to many factors. Over the past decade, we have seen consistent, rapid growth followed by enrollment leveling off during the pandemic. Based on that past experience, APS and the County have continued to improve the methods of drawing data for enrollment projections from future, planned housing projects, resulting in improved accuracy of how many new students those housing units may create, and when those students would enter the APS system. The potential return of students that left Arlington Public Schools during the pandemic remains difficult to predict in terms of both timing and numbers. However, reduced birth rates, locally and nationally, show a drop-off of enrollment in the future. The drop-off of enrollment would first affect enrollment at the Pre-K/Elementary level and then as those students age through the system, an eventual drop-off of enrollment would be experienced at the High School level.

It is important to note that the enrollment projections support the direction of the proposed CIP from focusing solely on “new seats” to one that focuses on existing facilities as well as providing new high school seats at the Career Center site.

Proposed FY 2023-32 Capital Improvement Plan (CIP)

The proposed CIP specifically includes the following items:

- Infrastructure projects affecting existing facilities, including air quality and HVAC upgrades, roof replacements, LED lighting upgrades, kitchen renovations, security entrance renovations, synthetic field replacement and conversions, and lock-and-key and PA system replacements.
- The Heights Building, Phase 2 Project, which includes a vital new elevator to serve the Shriver Program and a new building entrance; a much-needed full-size athletic field; off-street parent pick-up and drop-off; necessary storm-water management infrastructure; and long-awaited, convenient and accessible, covered parking for cars and bicycles that will equitably serve the building’s visitors and occupants.
- The Career Center Campus Project, which includes funding for the new Arlington Career Center building (Base Ed Specs); renovated MPSA play areas and a new MPSA playground; partial demolition of the existing Career Center building to make way for additional green space and a parking garage; minor renovation to the existing Career Center building envelope where demolition occurs; and a new field, multi-use plaza, and bus loop on the site.
- Planning studies, including the Long-Range Plan to Renovate Existing School Facilities and next steps at the Career Center Campus.

The proposed CIP includes a “Project Funding” spreadsheet that assigns \$388 Million in funds to known projects but does not assign funding to the future Long-Range Renovation Plan projects which are listed only as TBD. The “Project Funding” spreadsheet shows an additional line item called out as “Additional Bonding Capacity Available” totaling \$320 Million with annual dollar amounts tied into maxing out the debt service ratio at 9.8 percent. We understand from past work sessions that the intent is to use some or all of this additional \$320 Million bonding capacity toward the Long-Range Renovation Plan projects.

FY 2023-32 CIP Project Funding - Superintendent’s Proposed CIP, May 12, 2022

Project Description <i>(projects in Italics are from the FY22-24 CIP)</i>	OTHER FUNDING SOURCES				BOND FUNDING											TOTAL FUNDING
	Operating and Other	MC/MM (not bonds)	Capital Reserve ¹	County Funding	Previous Bond Funding	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
						Fall 2022	Fall 2023	Fall 2024	Fall 2025	Fall 2026	Fall 2027	Fall 2028	Fall 2029	Fall 2030	Fall 2031	
IMPROVEMENTS AT EXISTING FACILITIES																
<i>Major Infrastructure Projects</i>					\$28.40	\$8.20	\$8.60	\$9.00	\$9.50	\$10.00	\$10.50	\$11.00	\$11.60	\$12.20	\$12.80	\$131.80
<i>Kitchen and Entrance/Security Vestibule Renovation Program²</i>			\$7.38		\$12.80	\$7.48	\$9.07	\$6.01								\$42.74
<i>Gunston and Wakefield Entrances</i>						X										
<i>Taylor and Williamsburg Entrances</i>							X									
<i>Campbell and Swanson Kitchens and Entrances</i>							X									
<i>Drew and Randolph Kitchens</i>								X								
<i>Barrett and Carlin Springs Kitchens</i>									X							
<i>Science Focus Kitchen/Entrance and Ashlawn Kitchen</i>										X						
<i>Langston, Kenmore, Long Branch and Hoffman-Boston Entrances</i>							X									
<i>Tuckahoe, Jamestown and Nottingham Entrances</i>								X								
<i>Claremont Entrance</i>									X							
<i>The Heights Building - Phase 2, Option A</i>			\$2.85	TBD	\$9.97	\$1.42										\$14.24
<i>Synthetic field turf replacement (APS share)³</i>		\$2.41				X	X	X								\$2.41
<i>Long-range Plan to Renovate Existing Facilities</i>									TBD	TBD	TBD	TBD	TBD	TBD	TBD	\$0.00
<i>Enterprise Resource Planning (ERP) System Modernization⁴</i>	\$8.28		\$3.72													\$12.00
<i>Lock and Key System Replacement</i>			\$4.05													\$4.05
<i>Public Address System Replacement</i>			\$1.35													\$1.35
<i>Kenmore field conversion to synthetic turf (APS share)</i>													\$3.02			\$3.02
ENROLLMENT CAPACITY																
<i>Career Center Campus Project - ACC building, field, garage</i>	\$1.25				\$37.40	\$38.87	\$57.74	\$28.18	\$11.18							\$174.62
PLANNING																
<i>To provide options for projected seat needs or improvements to existing facilities</i>					\$2.00											\$2.00
TOTAL PROJECTS	\$9.53	\$2.41	\$19.35	\$0.00	\$90.57	\$55.97	\$75.41	\$43.19	\$20.68	\$10.00	\$10.50	\$11.00	\$14.62	\$12.20	\$12.80	\$388.23
ADDITIONAL BONDING CAPACITY AVAILABLE																
<i>Color coding in the chart above corresponds with the bond referendum year in which it would be approved by the voters as shown on the line "Bond Referenda Amounts" below (e.g., figures in green above would be in the 2022 referendum).</i>						2022 Referendum	2024 Referendum	2026 Referendum	2028 Referendum	2030 Referendum						
BOND REFERENDA AMOUNTS						\$165.20	\$24.51	\$20.50	\$25.62	\$25.00						
Debt Service Ratio Target ≤9.8%						FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
Debt Service Ratio -- APS						8.04%	8.64%	9.38%	9.21%	9.37%	8.44%	7.82%	7.58%	7.25%	6.92%	
Annual Bond Issuance						\$55.97	\$75.41	\$43.19	\$20.68	\$10.00	\$10.50	\$11.00	\$14.62	\$12.20	\$12.80	
Annual APS Debt Service Increase						\$1.49	\$5.02	\$6.94	\$0.15	\$2.60	(\$6.23)	(\$4.03)	(\$0.94)	(\$1.79)	(\$2.18)	

¹ Capital Reserve funds are allocated to projects in order to mitigate the need for bond funding.
² Of the \$7.48M shown in FY 2023, \$4.12M was already included in the FY 2021 bond referendum.
³ Replacements will occur as follows: FY23: Wakefield; FY24: W-L & Williamsburg; FY25: Greenbrier Stadium (YT)
⁴ In addition to the \$3.72M earmarked from the Capital Reserve, \$3.66M in grant funding is currently available. The remaining \$4.62M (estimated) will come from Reserves and/or FY23 and FY24 Closeouts.

Discrepancy with County CIP

FAC's biggest concern with the CIP is that the funding for the APS CIP does not align with the funding allotted to APS in the County's CIP. The County CIP allots only \$25 Million for APS projects in FY 2027 through FY 2032. In those outlying years, funded County projects are shown to maximize the total County-plus-APS bonding capacity, leaving only the \$25 Million allotment for APS's future projects.

Where the APS CIP shows it has a total of \$708 Million available (\$388M funded + \$320M additional bonding capacity), the County identifies only \$466 Million available. This is a discrepancy of \$242 Million that APS shows available to spend but that is not shown available on the County CIP. If the County CIP is approved with only \$466 Million available to APS, it would indicate that the proposed APS CIP is not financially viable as shown.

Recommendation: We recommend that the School Board and County Board and relevant staff work to align the funding available to APS so that those future Long-Range Renovation projects are able to be financed and constructed. Otherwise, we recommend revisiting the APS CIP based on the funds actually available.

We understand that the 10-year CIP is revisited every two years, and that allotments can change, but if the funding allocation shown by the County is approved based on this current 10-year CIP, the County would have to remove many of their planned and funded projects to allow for the unfunded Long-Term Renovation Plan projects shown on the proposed APS CIP. And, if they do not defund those projects, then there is not enough funding for those Long-Term Renovation Plan projects at all.

Recommendation: We recommend that the School Board and County Board and relevant staff work to align the funding available to APS so that those future Long-Range Renovation projects are able to be financed and constructed. Otherwise, we recommend revisiting the APS CIP based on the funds actually available.

It is not clear to FAC where or how this discrepancy between the County and APS CIPs was created or how it could have been prevented. We understand that the "Additional Bonding Capacity Available" is a new line item that has not been used in any recent CIPs. We are concerned this discrepancy was the result of a breakdown in either communication or policy requirements between the County and APS.

Recommendation: We recommend that the School Board and County Board and relevant staff study what led to this disconnect and align policies and procedures surrounding the development and allocation of funding within the relevant CIPs.

Escalation and Inflation

We understand that each project funded in the CIP includes increases to funds set aside for both escalation, accounting for inflation and increased construction costs, as well as for contingency to account for unplanned or unforeseen conditions.

Recommendation: Using the same escalation rates, we would recommend that supporting information be provided to show the available bond funding in the outlying years of the CIP "converted backwards" into today's dollars so a better understanding of how much future buying power would actually be available when compared to today's project costs.

Questions were raised about how inflation affects and is accounted for in the bonding capacity and debt service ratio, and the sustainability of the debt service within the annual budgets.

2022 Bond Referendum

The proposed bond referendum for the Career Center project is much higher than any others from the past decade. The Superintendent has indicated that when taken as an average, combined with the small bond referendum amounts in 2020 and 2021, the 2022 bond referendum is well within the average bond referendum amount for the previous decade. We understand this reasoning, but there is concern from FAC that this high bond referendum amount, especially when combined with County bond referendums, may cause concern in the community come poll time in November.

PLEASE NOTE THAT THE REMAINING COMMENTS ON THE PROPOSED CIP BECOME IRRELEVANT IF THE \$320 MILLION OF ADDITIONAL BONDING CAPACITY IS NOT ACTUALLY AVAILABLE.

Infrastructure Projects Affecting Existing Facilities

FAC is excited about the CIP's focus on improvements made to APS's existing facilities, both in terms of continued funding of major and existing infrastructure projects as well as future improvements resulting from the long-range renovation planning. Putting funding toward existing facilities directly impacts APS's Core Value of Stewardship by managing and honoring the community's previous investments in schools and by creating safe, healthy, and environmentally sustainable learning environments that will serve current and future generations. Not continuing to invest in existing facilities can cause great inequities within the school district, which is contrary to APS's Core Value of Equity.

Recommendation: We understand and appreciate that the proposed CIP included comments that the outlying years of infrastructure projects such as HVAC upgrades and roof replacements would be selected in coordination with the Long-Range Renovation Plan. We recommend that future CIPs maintain the separation of funding between the smaller infrastructure projects and the larger major renovation and modernization projects listed as TBD in the "Project Funding" spreadsheet.

Heights Building, Phase 2 Project

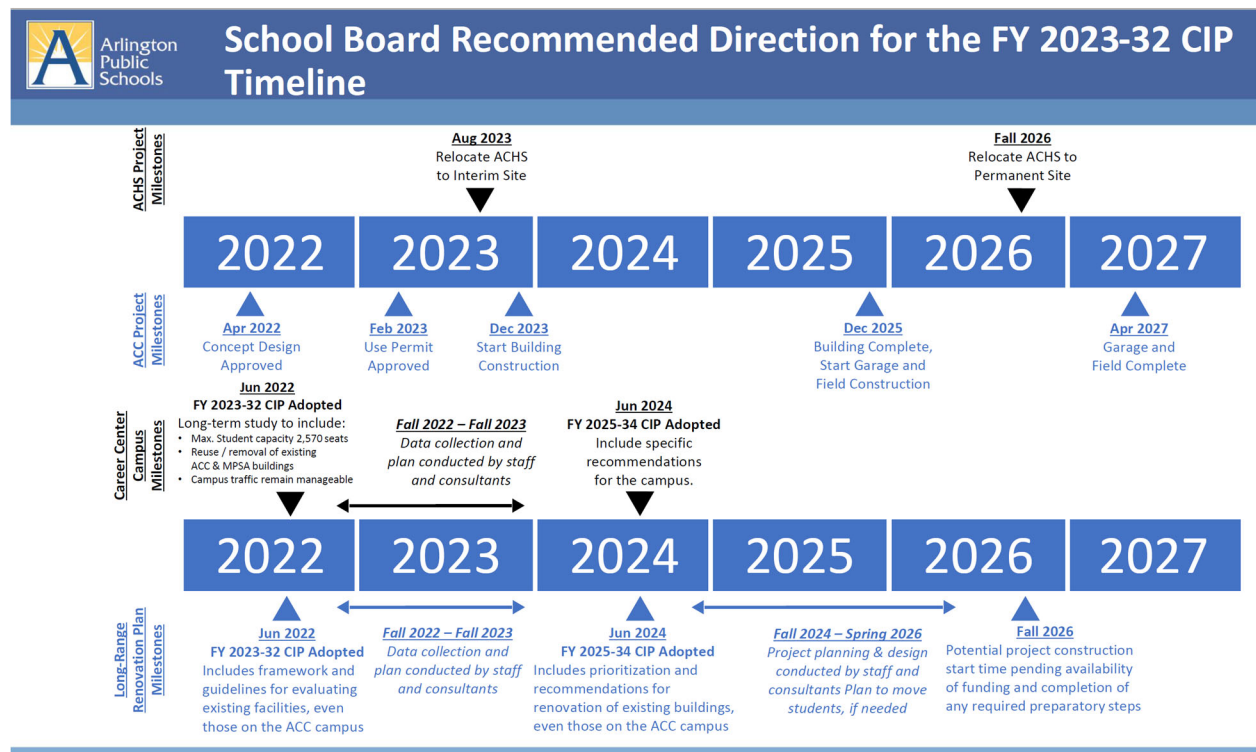
FAC strongly supports the Heights Building, Phase 2 Project. This project directly impacts APS's Core Values of Equity and Inclusivity by greatly improving the access to the Shriver Program entrance. FAC also understands the direct impact that onsite parking has on APS's operational excellence and its ability to retain the best teachers - impacting APS's Core Values of Excellence and Equity.

Recommendation: We are concerned with the hurdle faced by APS in getting this project approved by the County. We are concerned that schools' unique use and site requirements are not addressed in the County's use permit process and that will have a negative impact on APS's Mission and its ability to achieve its Core Values. We strongly recommend that the School Board, APS, and concerned citizens continue to advocate for school needs. We recommend that this alignment of APS's needs with County policies be prioritized by the School Board and the County Board in a way that best serve the County's students.

Career Center Campus Project

A thriving and successful Arlington Career Center is the embodiment of APS’s Mission and Vision and nearly all of its Core Values. If the Career Center funding is shown to be financially viable, FAC supports the long-awaited improvements at the Career Center. FAC strongly believes “something” must be done at the Career Center.

The proposed CIP outlines a plan for the Career Center Campus Project based on the Base Ed Specs, and not the Alternative Ed Specs. In the Base Ed Specs scenario, only two programs would be provided within the overall Career Center campus site, which aligns with the promise to the community that no more than 2500 students on the site. This is demonstrated by the “Illustration of Potential Long-Term Use of the Career Center Campus; Assumes Superintendent’s Recommendation for Base Ed Specs” slide. However, the “Project Funding” spreadsheet slide does not dedicate a placeholder for the demolition of the existing MPSA building and the potential renovation of the existing Career Center building for a new student body. The “School Board Recommended Direction for the FY 2023-32 CIP Timeline” slide indicates that the data collection and planning for the final build-out of the Career Center campus would be conducted during Fall 2022 and Fall 2023; and that actual project costs associated with the final campus build-out would occur as part of the FY 2025-34 CIP.



Recommendation: We have heard concern from the community regarding what will happen next on the Career Center campus site. We have heard this concern raised via the BLPC process, our joint meeting with JFAC, as well as within our FAC meetings. The comments raised have varied from how the best layout and planning of the Career Center campus can be known without knowing the final plans for the site...to concerns that the existing Career Center building would remain vacant...to concerns regarding the future, unknown costs at the Career Center site. We strongly believe these concerns should be considered and addressed to the greatest degree possible in the CIP.

We recommend that a placeholder project be given its own line in the “Project Funding” spreadsheet to show both the timing of the remaining build-out on the Career Center site, as well as estimated costs. We would assume this project would include additional open space shown in the “Illustration of Potential Long-Term Use of the Career Center Campus; Assumes Superintendent’s Recommendation for Base Ed Specs” slide. We would recommend estimated costs for the project be based on renovating the existing Career Center for primary school use, since we understand that would result in a more conservative (i.e., higher) allotment of funds than a secondary school use. We recommend this project be separated from the Long-Range Renovation Plan timeline, and we would recommend it be shown to occur as soon as fiscally possible in the CIP. We imagine it would occur in FY 2027 in lieu of the TBD placeholder for the Long-Range Plan to Renovate Existing Facilities. We also recommend that this placeholder either include costs for demolishing the existing MPSA and moving that program to a different location; or a separate project line item and funding placeholder be created for that work.

We value the current plan to proceed through Schematic Design with both the Base Ed Specs and the Alternative Ed Specs options, along with the full Base Ed Specs value of the bond referendum being proposed, since that would allow for either project to be funded. We recommend that the decision between Base Ed Specs and Alternative Ed Specs be postponed until the final moment in which a decision needs to be made between the two options. This will allow for a decision to be made with updated enrollment projections that may better reflect the actual impact of the pandemic on future enrollment as well as better prediction of inflation and construction cost escalation.

Recommendation: We also recommend that the Alternative Ed Specs version of the Career Center Campus Project be demonstrated in a separate Project Funding spreadsheet, for comparison purposes, to show the impact of the Alternative Ed Specs version of the project on the timeline of future projects, available bonding capacity, and funding available for future projects.

Long-Range Plan to Renovate Existing School Facilities

FAC is thrilled by the opportunity presented by the enrollment projections...to focus on renovations and improvements to existing facilities. FAC champions APS’s work to develop a Long-Range Renovation Plan for existing facilities. The subsequent projects that result from this work will directly impact APS’s Mission and Core Values of Equity and Stewardship. We envision the scope of these projects being much greater than the infrastructure projects such as roof replacements or HVAC upgrades. We anticipate these projects will modernize existing facilities to bring them up to date with current Ed Specs with a focus on the equity and wellbeing of students.

Currently, the “School Board Recommended Direction for the FY 2023-32 CIP Timeline” slide indicates that the data collection and planning for the Long-Range Renovation Plan would be conducted during Fall 2022 and Fall 2023 and that actual projects and their associated costs would be designated as part of the FY 2025-34 CIP. Currently, these future projects are shown on the Project Funding spreadsheet as occurring in years 2027 to 2032 but exact funding is listed as TBD. They do each have bond referendum color coding associated with them.

Recommendation: Because the data collection and early planning for these projects will only begin next year, we understand APS’s hesitancy to associate actual dollar amounts in the Project Funding spreadsheet. We also understand that waiting to assign funds until the FY 2025-34 CIP will allow for updated enrollment projections that may better reflect the actual impact of the pandemic on future enrollment; better prediction of inflation and construction

cost escalation; as well as allow that CIP to address any major changes to the updated APS Strategic Plan which would assumedly be adopted in 2024.

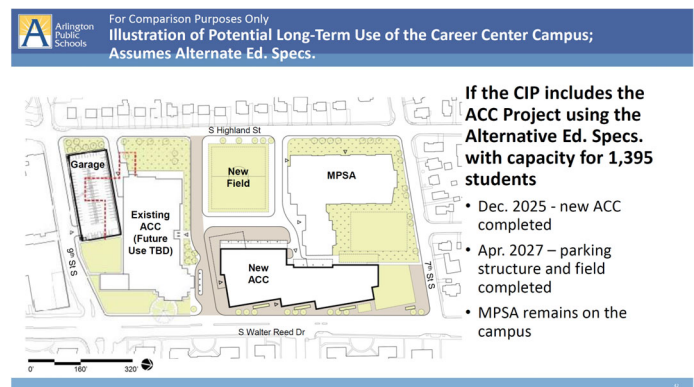
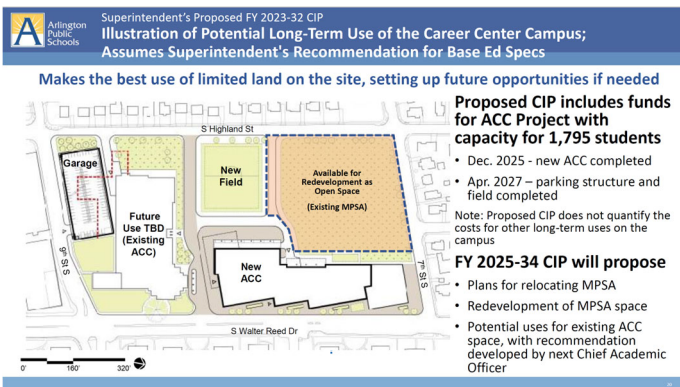
However, as part of the FY 2023-32 CIP, we recommend that placeholder dollar amounts be shown in the Project Funding spreadsheet, even if they are not included in the final proposed CIP, to allow for an analysis of the long-term financial viability of those projects in relationship with the debt service ratio, annual debt service, and potential bond referendum amounts. This analysis would offer confidence to the Board and community that the upcoming expenditures will be able to accommodate the Board’s long-term objectives. We understand that APS does not have recent historic data to use for these placeholder amounts, but perhaps a rough order of magnitude could be determined by reviewing the cost of recent modernization/renovation projects in adjacent jurisdictions.

Recommendation: Additionally, we believe that the CIP should address swing space. At the very least, the study of viable swing space should be included as a part of the Long-Range Renovation Plan data collection and planning. The study should include analysis of swing space options as well as recommendations for policies around the use of swing space and even potential facility decommissioning.

Recommendation: We would also recommend that a placeholder project be given its own line in the “Project Funding” spreadsheet for swing space, to show that this project would occur prior to the other long-range renovation projects.

Career Center Project - Base Ed Specs versus Alternative Ed Specs

The primary difference between the Career Center Campus Project Base Ed Specs versus Alternative Ed Specs was that the Base Ed Specs provided 450 additional seats, with approximately 34,230 square feet of additional building construction, at a price increase of \$16.33 Million. The other major difference between the Base Ed Specs and the Alternative Ed Specs is the impact on the potential long-term use of the Career Center campus. If the Alternative Ed Specs version of the project is constructed, then we understand that both the existing Career Center building as well as the existing MPSA building would remain on site to serve a maximum of 2,500 students, as shown in the “Illustration of Potential Long-Term Use of the Career Center Campus; Assumes Alternate Ed Specs” slide.



It would seem that the cost-to-benefit ratio of the Base Ed Specs readily outweighs that of the Alternate Ed Specs. The potential long-term use of the Career Center campus for the Base Ed Specs allows for more green/open space which would appear to serve students and the community better than having three buildings and less green space on the campus.

We do not recommend that the Alternative Ed Specs version of the Career Center be constructed while still using the existing Career Center building for Career Center students. One of the issues we have considered during FAC meetings is how can you create an equitable environment for all students within a program if some are located in a different building than the remaining student body. This was an issue faced with Relocatable Classrooms. We believe it is an issue that would be faced with splitting a program into two buildings, and if it can be prevented, then we would recommend against it. Additionally, if the Career Center students remain in the existing Career Center, then that precludes that building from being used for a different purpose.

However, the choice between Base Ed Specs and Alternative Ed Specs should only be made in the context of a financially viable Career Center project. FAC does not believe we have the information necessary to make a strong recommendation for one or the other. FAC is concerned whether either version of the project is financially viable based on the available APS funding shown in the County CIP.