



ARLINGTON COUNTY, VIRGINIA

<p style="text-align: center;">County Board Agenda Item Meeting of July 10, 2004</p>

DATE: June 24, 2004

SUBJECT: 2004 Bond Referenda

C. M. RECOMMENDATION:

1. Adopt, by roll call vote, the resolutions in Attachment A, as summarized below, and the explanation of the referendum questions to appear in publications, at voter registration sites, and polling places as detailed in Attachment B in order to initiate and facilitate the November bond referenda.
 - a. Arlington Community Projects: Community Conservation, Local Parks & Recreation, Public Facilities, Transportation & Pedestrian Initiatives, Metro, and Storm Drainage \$129,875,000
 - b. Arlington Public School Projects \$ 78,128,000
- TOTAL** **\$208,003,000**
2. Request that the Electoral Board list the referenda on the ballot in the order detailed in this report on page 6.
3. Direct the County Manager to take all the steps necessary to ensure that the information provided to voters by the County is printed in both English and Spanish.

ISSUES: Should two referenda questions totaling \$208.0 million in G.O. Bond financing for County and School capital projects be placed on the November 2, 2004 election ballot?

SUMMARY: The County Board approved the County's Fiscal Year (FY) 2005 - 2010 Capital Improvement Program (CIP) on June 26, 2004. Proposed in the County CIP and adopted by the County Board were various bond referenda for CY 2004 for County government projects totaling \$129,875,000 and a CY 2004 School referendum of \$78,128,000.

County Manager: _____
County Attorney: _____
Staff: Barbara M. Donnellan, DMF Gus Vega, DMF

BACKGROUND: On June 26, 2004, the County Board adopted the FY 2005 – FY 2010 Capital Improvement Program. This action marked the culmination of a comprehensive process to develop a balanced approach to investing in the community's infrastructure. During this process, a significant amount of community input was sought. Staff met with County commissions to review relevant components of the proposed CIP and solicit feedback. Additionally, the County Board held a public hearing on the CIP to further engage the citizenry in a discussion about the capital priorities for the County.

As a result of this process, the programs and projects that are planned for construction with the 2004 referenda bond proceeds represent a thorough and well-developed plan for capital investment. The capital projects proposed in the 2004 referenda represent the County Board's highest priority for funding over the next two fiscal years. The proposed projects are aimed at meeting the County's objectives for the provision of adequate governmental and school facilities, the acquisition and development of open space and recreational facilities, the improvement and conservation of neighborhoods, and the provision of needed transportation facilities and infrastructure. They support the County's Vision of a world-class, urban community.

The County government's proposed bond totals are derived from a compilation of individual projects contained in the most recently adopted CIP. These projects are classified into separate categories. If this bond issue is approved by the voters, the County is legally prohibited from reallocating funding from one category to the other. Within the categories, however, the County Board and the School Board may make changes to specific projects. The County Board also has the option of issuing a lesser amount of bonds than that approved by the voters or revising the specific projects, within the proposed authorizing language, to be funded with the bond proceeds. Attachment B is a draft of the bond questions and explanations that would appear in publications. This information is also provided at voter registration sites, posted at each individual polling place and the County's web page. Staff has worked with legal counsel on the bond referenda language.

I. ARLINGTON COMMUNITY PROJECTS: COMMUNITY CONSERVATION, LOCAL PARKS & RECREATION, PUBLIC FACILITIES, TRANSPORTATION & PEDESTRIAN INITIATIVES, METRO, AND STORM DRAINAGE,

The proposed Arlington Community Projects bond referendum totals \$129.875 million and is made up of the following project categories:

A. Community Conservation

Proceeds from this community conservation portion of the bond issue are planned to continue the concept of neighborhood improvement areas focusing on specific geographic sections of the County. These initiatives would enable the County to better utilize resources through improved project coordination and working partnerships with the private sector. The projects, which could be funded under this portion of the issue, include improvements to roadways, curbs, gutters, sidewalks, landscaping, street lights, park and recreational facilities, and landscaping. Often private funds are combined with these public funds to increase the impact of this program.

The largest component of the community conservation bond is the Neighborhood Conservation program for which \$10.0 million has been planned to undertake such projects as infrastructure improvements, street lights, recreational facilities, and landscaping, all of which must first be recommended by the Neighborhood Conservation Advisory Committee. The other program is Commercial Revitalization with \$3.0 million. The Commercial Revitalization Program will provide a greater focus on the revitalization efforts in Arlington's commercial sectors. Through the efforts of a community working group, the parameters for this new program were established in 2003. As a result, exciting new projects will be developed that will help revitalize commercial areas while maximizing the County's investment.

The Community Conservation components of the issue are outlined below:

COMMUNITY CONSERVATION

Neighborhood Conservation	\$10,000,000
Commercial Revitalization	3,000,000
Bond issuance Cost (*)	<u>25,000</u>
Total Projects Cost	\$13,025,000

B. Local Parks & Recreation

This issue would fund parks, land and facility acquisition, and open space development. The major portion of this issue is \$61.75 million Parks and Open Space Development which includes \$50.0 million for the North Tract – Phase I project. This 28-acre tract of land represents a once-in-a-generation opportunity to develop a comprehensive recreational plan on one of the few remaining large areas of open space in Arlington County. Arlington strives to develop a comprehensive network of safe, high quality open spaces to enhance the recreation experience of those who live, work or travel in Arlington. A balanced approach to creation of new opportunities, such as the North Tract, Greenbrier Park, and replacement or renovation of existing facilities, such as Fairlington Community Center, create an exciting array of services for Arlington users.

Other planned components for use of this issue include \$9.0 for the Recreation and Cultural Facilities Program, \$4.0 million for Land & Facility Acquisition, and \$0.5 million for a Public Art Program. A tentative allocation among program areas proposed for funding is as follows:

LOCAL PARKS & RECREATION

Land and Facility Acquisition	\$ 4,000,000
Recreation Center Development	9,000,000
Park and Open Space Development	61,750,000
Public Art Program	500,000
Bond issuance Cost (*)	<u>145,000</u>
Total Projects Cost	\$75,395,000

C. Public Facilities

Funding in the CY 2004 referenda includes proposed funding for capital renovation and/or relocation of the County’s fire stations and renovation to the fire training academy. In the early 1990s, the County committed to improve fire facilities to enhance emergency response and better serve the community. These funds will be used to continue with the design, renovation, relocation and replacement of Arlington’s ten fire stations. Also included is funding for the renovation and expansion of Arlington’s fire training academy facility.

PUBLIC FACILITIES

Fire Stations	\$5,000,000
Fire Training Academy	4,750,000
Bond issuance Cost (*)	<u>19,000</u>
Total Projects Cost	\$9,769,000

D. Transportation & Pedestrian Initiatives

The Transportation & Pedestrian Initiatives Programs implement improvements to the transportation system that enhance the movement of people within Arlington. Six specific program areas are integrated to provide a cultural paradigm that focuses on walking, cycling, and transit activities. This approach provides a balanced transportation system that makes alternative transportation options convenient, safe, and more attractive than individual auto trips. These programs provide for all forms of travel within the community and help support Arlington's urban lifestyle.

WALKArlington is the County's umbrella program by which improvements are made to create a more pedestrian oriented environment. The Trails & Bikeways Program improves and expands Arlington's renowned system of facilities for non-motorized travel. The Arterials Program makes Arlington streets safer and a more appealing place for all users. A tentative allocation among program areas proposed for funding is as follows:

TRANSPORTATION & PEDESTRIAN INITIATIVES

WALKArlington	\$ 1,000,000
Trails & Bikeways	325,000
Arterials	4,600,000
Neighborhood Traffic Calming	1,000,000
Transit	150,000
Transportation CAPP (Capital Asset Preservation Program)	3,100,000
Bond issuance Cost (*)	<u>20,000</u>
Total Project Cost	\$10,195,000

E. Metro

The proposed bond issue for the Metro system would provide Arlington County's share of the funding through Fiscal Year 2006 and 2007 of the Metro Capital Improvement Program (CIP).

The Washington Metropolitan Area Transportation Authority (WMATA) continues addressing the rehabilitation capital needs of the Metrorail system by undertaking an extensive capital rehabilitation, replacement, and improvement program. Metro's CIP for Fiscal Years 2005-2010 amounts to \$1.9 billion. A portion of this investment would need to be funded by contributions from Arlington County.

METRO

Contributions to Metro	\$18,500,000
Bond issuance Cost (*)	<u>36,000</u>
Total Projects Cost	\$18,536,000

F. Storm Drainage

The County intends to continue its efforts to eliminate known flooding and erosion problems and to replace deteriorated or inadequate drainage structures. The projects proposed to be undertaken with the proceeds of this issue would all be used to ameliorate damage or inconvenience associated with flooding.

STORM DRAINAGE

Storm Drainage	\$2,950,000
Bond issuance Cost (*)	<u>5,000</u>
Total Projects Cost	\$2,955,000

* Bond issuance costs are associated with selling General Obligation bonds; typically include expenses for financial and legal services incurred at the time of the bond sale.

II. ARLINGTON PUBLIC SCHOOL PROJECTS

The School Board's adopted FY 2005-2010 CIP of \$253.7 million is comprised of \$203.0 million in bond financing and \$50.7 million in current revenue funding. The CIP was adopted by the School Board in June 2004.

The 2004 bond program totals \$78,128,000 and creates permanent, high quality space for students of all ages in neighborhoods across Arlington. The 2004 bond includes funding of:

- \$1.4 million for additional work on the Kenmore reconstruction project.
- \$75.0 million for high school projects. This includes funding for the reconstruction of Washington-Lee High School, and design funding for Phase II reconstruction at Yorktown High School.

- \$0.9 million for design of reconstruction at the Arlington Mill facility. This is a joint project with the County.
- \$0.9 million for Phase II renewal and expansion work at the Reed facility.

ARLINGTON PUBLIC SCHOOL PROJECTS(**)

Middle and High Schools	
Kenmore	\$1,370,900
Washington-Lee	72,735,300
Yorktown	2,225,900
Multi-Use Facilities	
Arlington Mill	935,900
Reed – Phase II	<u>860,000</u>
Total	\$78,128,000

(**) This table shows 2004 bond funding only. In addition to bond funds, current revenues totaling \$12.4 million fund major construction projects in FY 2005.

III. BALLOT LAYOUT

The 2004 ballot will represent the sixth time that bond referenda have appeared on the County's new electronic voting machines. It is recommended that the following two bond referenda questions be on one row on the voting machines:

- a. Arlington Community Projects:
 Community Conservation, Local Parks & Recreation, Public Facilities,
 Transportation & Pedestrian Initiatives, Metro, and Storm Drainage
- b. Arlington Public School Projects

IV. BOND FINANCING

Typically, the County finances community conservation, schools, local parks and recreation, public facilities projects, storm drainage, and County's contribution to Metro's CIP with general obligation bond proceeds. One of the criteria used to judge which projects are to be funded with bond proceeds is the useful life of the project. Projects funded with bond proceeds generally have a useful life which exceeds or is equal to the repayment schedule of the bonds. Arlington typically sells 20-year serial bonds and historically has paid off about 5% of the bond principal each year.

V. DEBT CAPACITY

The County’s financial capacity to support existing and future bonded indebtedness is largely determined by several economic and financial factors, including the County’s current and projected financial position, the effect of existing and projected debt service on current and projected budgets, the value of taxable property, the current and projected economic health of the County, and relative tax burdens. The relationships among these factors are expressed as debt capacity factors, or debt ratios. While the absolute level of bonded indebtedness has risen in recent years and, based on the adopted CIP bond financing plan, is expected to increase in the future, Arlington’s debt burden as measured by industry-standard debt ratios should remain moderate and affordable, assuming that the County’s economy and financial position remain positive. The County’s current and projected debt ratios are also in line with other AAA rated jurisdictions. These debt ratios are consistent with the County’s recommended debt policy.

DISCUSSION: The board report includes the capital programs for Arlington County and for Arlington Public Schools to be included the November 2, 2004 referenda, the proposed ballot layout, and debt capacity information.

The proposed Arlington County projects include: Community Conservation projects, Local Parks and & Recreation projects, Public Facility projects, Transportation & Pedestrian Initiatives, Metro projects, and Storm Drainage projects. The estimated bond referendum for Arlington County projects totals \$129.875 million.

The proposed Arlington Public Schools projects includes additional work on the Kenmore reconstruction project, the reconstruction of Washington-Lee High School, and design funding for phase II reconstruction at Yorktown High School. Additional funds are sought for work for the multi-use facilities at Arlington Mill and Reed, Phase II. The estimated bond referendum for Arlington Public Schools totals \$78.1 million.

FISCAL IMPACT: The estimated impact on the County’s General Fund of the adopted CIP’s bond financing plan for the next two fiscal years is shown below. It should be noted that the amount of debt service to be budgeted in FY 2006 and FY 2007 will be determined after future project cash flow needs (and thus actual bond issue amounts) are completed.

PROJECTED GENERAL OBLIGATION DEBT SERVICE

FY 2005 Adopted Budget and FY 2006 – 2007 Estimated
(In Million of \$)

	BUDGETED FY 2005	PROJECTED FY 2006	PROJECTED FY 2007
County	37.3	38.6	42.2
Schools	<u>24.7</u>	<u>27.3</u>	<u>30.6</u>
TOTAL	\$62.0	\$65.9	\$72.8

DESCRIPTION OF ATTACHMENTS

Attachment A 2004 Bond Resolutions

Attachment B 2004 Bond Questions and Explanation (as they will appear in publications)

ATTACHMENT A

ARLINGTON COUNTY CAPITAL IMPROVEMENT PROJECTS

WHEREAS, the County Board of Arlington County, Virginia, has determined that it is advisable to undertake community conservation projects, local parks and recreation projects, public facilities, transportation and pedestrian initiatives, Metro projects, and storm drainage projects at an estimated cost of \$129,875,000; and

WHEREAS, it appears that such improvements cannot be financed from current revenues;

BE IT RESOLVED BY THE COUNTY BOARD OF ARLINGTON COUNTY, VIRGINIA:

1. It is hereby determined that it is advisable for Arlington County to contract a debt and issue its general obligation capital improvement bonds in the maximum amount of \$129,875,000 pursuant to the Public Finance Act of 1991, as amended, to finance, together with other available funds, the cost of public improvements for Arlington County, including Community Conservation, Local Parks & Recreation, Public Facilities, Transportation & Pedestrian Initiatives, Metro, and Storm Drainage.
2. The Circuit Court of Arlington County is hereby requested to order an election to be held on November 2, 2004, provided that such date is at least 60 days after the date on which the Court enters its order upon the question of contracting such debt and issuing bonds for such purposes.
3. The Clerk of this Board is hereby authorized and directed to cause a certified copy of this resolution to be presented to the Circuit Court of Arlington County.
4. This resolution shall take effect immediately.

ARLINGTON COUNTY PUBLIC SCHOOL PROJECTS

WHEREAS, the County Board of Arlington County, Virginia, has determined that it is advisable to undertake certain capital projects for Arlington County public school and community purposes at an estimated cost of \$90,541,900.

WHEREAS, it appears that \$78,128,000 of such improvements cannot be financed from current revenues; and

WHEREAS, the Arlington County School Board has requested by resolution adopted June 3, 2004, that the County Board request the Circuit Court of Arlington County to order an election on the question of the proposed issuance of bonds to finance such projects;

BE IT RESOLVED BY THE COUNTY BOARD OF ARLINGTON COUNTY, VIRGINIA:

1. It is hereby determined that it is advisable for Arlington County to contract a debt and issue its general obligation bonds in the maximum amount of \$78,128,000 pursuant to the Public Finance Act of 1991, as amended, to finance, together with other available funds, the costs of various capital projects for Arlington County public school and community purposes.

2. The Circuit Court of Arlington County is hereby requested to order an election to be held on November 2, 2004, provided that such date is at least 60 days after the date on which the Court enters its order, upon the question of contracting such debt and issuing bonds for such purposes.

3. The Clerk of this Board is hereby authorized and directed to cause a certified copy of this resolution to be presented to the Circuit Court of Arlington County.

4. This resolution shall take effect immediately.

2004 Bond Referenda

1. Arlington Community Projects

QUESTION: Shall Arlington County contract a debt and issue its general obligation bonds in the maximum amount of \$129,875,000 to finance, together with other available funds, the cost of various capital projects for:

- **Community Conservation, \$13,025,000**
- **Local Parks & Recreation, \$75,395,000**
- **Public Facilities, \$9,769,000**
- **Transportation & Pedestrian Initiatives, \$10,195,000**
- **Metro, \$18,536,000, and**
- **Storm Drainage, \$2,955,000**

EXPLANATION:

A. Community Conservation

This proposal would make funds available for Arlington County's ongoing community conservation efforts. Since the beginning of the Neighborhood Conservation Program in 1964, the County has promoted joining private funds with public funds and resources to improve, upgrade, and conserve older residential and commercial areas of Arlington. The Commercial Revitalization Program provides a greater focus on the revitalization efforts in Arlington's commercial sectors. Construction and improvements for community conservation programs could include all or some of the following: construction of roadways, curbs, gutters, and pedestrian ways; lighting; drainage improvements; landscaping; acquisition of land; and relocating utilities above or underground. Projects would include those in commercial and multi-family areas as well as single-family neighborhoods.

B. Local Parks & Recreation

The proposed Local Park & Recreation program would fund park land and facility acquisition, recreation center improvements and open space development. The major portion of this issue is \$61.75 million Parks and Open Space Development which includes \$50.0 million for the North Tract – phase I project. This 28-acre tract of land represents a once-in-a-generation opportunity to develop a comprehensive recreational plan on one of the few remaining large areas of open space in Arlington County. The proposed Local Parks & Recreation program includes proposed funding for new opportunities, such as the North Tract, Greenbrier Park, and replacement or renovation of existing facilities, such as Fairlington Community Center.

C. Public Facilities

Arlington County is in the process of improving many of its fire station facilities. Funding in the CY 2004 referenda includes proposed funding for capital renovation and/or relocation of the County's fire stations and renovation to the fire training academy. These funds will be used to continue with the design, renovation, relocation, and replacement of the Arlington's ten fire stations. In the early nineties the County committed to improve fire facilities to enhance emergency response and better serve the community.

D. Transportation & Pedestrian Initiatives

Transportation projects and Pedestrian initiatives programs are intended to include the construction, rehabilitation or replacement of, and improvements to, pedestrian systems, streets, highways, transit, bridges, curbs and gutters, bikeways, sidewalks, and other pedestrian ways including residential traffic management efforts. The funds could also be used for the installation of traffic controls, street lights, acquiring land, landscaping, and for other improvements to the transportation system.

E. Metro

Funds will be used to cover Arlington County's contribution to Metro Capital Programs.

F. Storm Drainage

Projects include improving or replacing storm drainage systems

2. **Arlington Public School Projects**

QUESTION: Shall Arlington County contract a debt and issue its general obligation bonds in the maximum amount of \$78,128,000 to finance, together with other available funds, the costs of various capital projects and land for Arlington County public school and community purposes?

EXPLANATION:

This proposal would make funds available for the Arlington Public Schools' ongoing capital improvement program. This funding would be a primary part of the next major phase of the Public Schools' multi-year capital program initiatives.

The Schools' capital proposal was developed after a review of the physical conditions at school facilities, an analysis of existing and future facility needs of the public school system, and debt affordability analysis. The 2004 bond is intended to finance the following components of the Schools' capital program: (1) reconstruction of Washington-Lee High School; (2) design of Phase II reconstruction at Yorktown High School; (3) completion of reconstruction at Kenmore Middle School; (4) design of renewal and rehabilitation of existing space to preserve the capital assets, meet changing program requirements, and provide for future sustainability at the Arlington Mill and Reed facilities.