

Our Mission: To provide funding for capital improvements using current year tax revenue, fund balance, state and federal grants, developer fees, and inter-jurisdictional revenue

The Pay-As-You-Go (PAYG) Budget provides funding for capital improvements using current year tax revenue, fund balance, state and federal grants, developer fees, and inter-jurisdictional revenue. Annual PAYG appropriations and voter approved bond financing are the primary sources of funding for the capital projects included in the Biennial Six-Year Capital Improvement Program (CIP). Detailed information concerning the County's bond financing is contained in the Debt Service section of the FY 2007 Proposed Budget.

Capital maintenance activities differ from operating maintenance activities in cost, size, nature, and frequency of occurrence of the maintenance activity. The capital program includes the following types of governmental activities and program categories:

- Implementation of capital project activities such as engineering studies, land acquisition, construction, asset preservation, and acquisition of equipment (rolling stock is excluded) with a 10 year life and cost of typically more than \$100,000.
- Capital maintenance activities for existing infrastructure that are major upgrades, expansions, and renovations that significantly alter or extend the useful life of the assets.

The County's General PAYG categories, funded by current-year tax revenue, capital reserve funds, fund balance and state and federal grants, include Local Parks and Recreation, Transportation and Pedestrian Initiatives, Storm Drainage, Government Facilities, Information Technology Investments, Community Conservation, and Regional Partnerships.

The Proposed FY 2007 Utilities PAYG Budget is funded by utility operating revenue (shown as a transfer from the Utilities Fund), charges to neighboring jurisdictions for sewage treatment, developer "Hook-Up" fees, and state grants.

OVERVIEW OF FY 2007

The County Government's FY 2007 Proposed budget includes \$2.6 million in the base funding for PAYG. This funding is dedicated from increased commercial utility rates and ambulance transport fees. In addition, once tax relief is determined by the County Board, any funds remaining could be considered for PAYG projects, as has been the practice for the last few years.

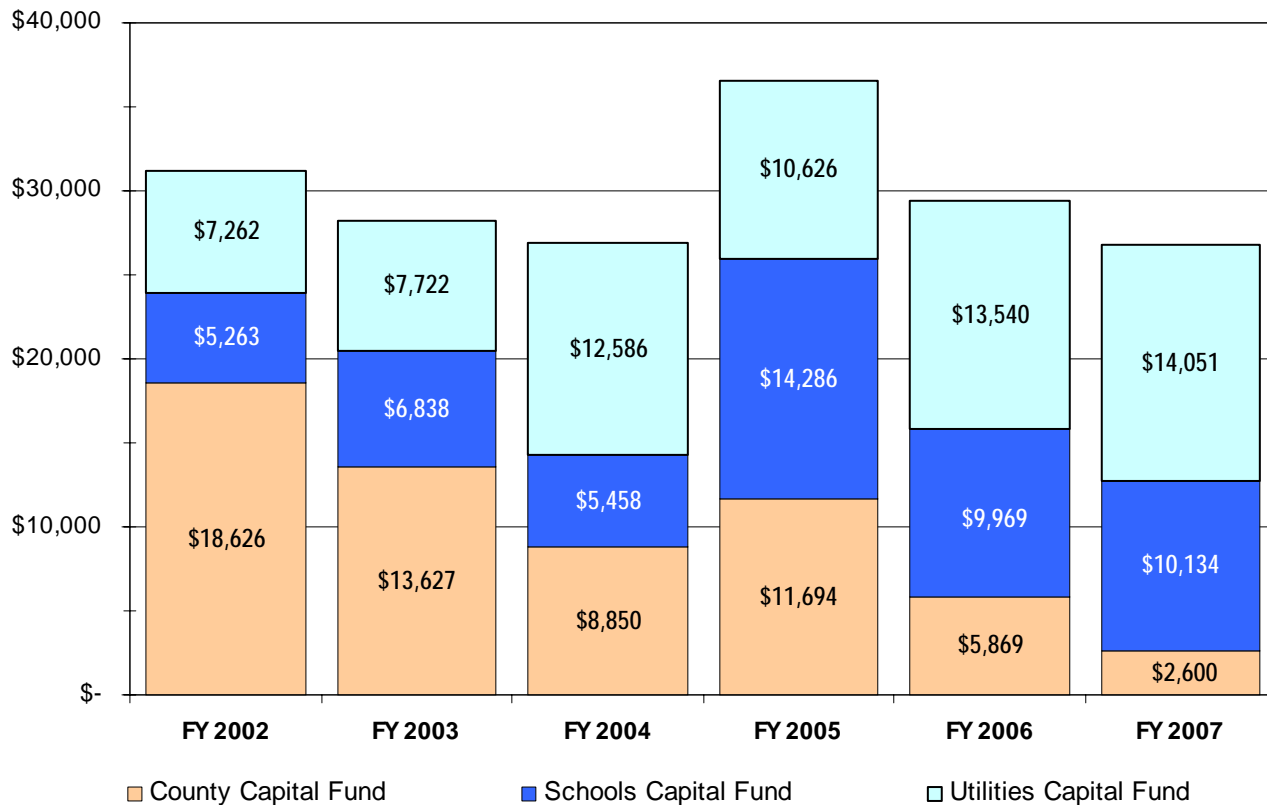
- The Utilities Fund FY 2007 Proposed PAYG budget of \$14.05 million includes funding for plant capital maintenance and improvements to the Washington Aqueduct, which supplies the County with 100% of its drinking water.
- The School Superintendent's FY 2007 PAYG planning estimate is \$10.13 million, which includes major construction and minor construction funding. The School Superintendent's FY 2007 budget is scheduled to be presented to the School Board on February 23, 2006.

Fiscal impact is the net increase in annual operating costs associated with a capital funding decision. Capital funding decisions that expand or significantly change the nature and quality of an asset typically increase future operating budgets over the life of the asset. However, some capital funding decisions that replace current assets with efficient, low maintenance assets or extend the useful life of an asset can reduce future operating budgets.

Fiscal impact is included as a factor to be considered when prioritizing proposed capital projects for funding and implementation. When prioritizing funding decisions, the direct fiscal impact of a project is also considered in light of community benefits and other intangible impacts, such as safety and quality of life.

County capital project descriptions, PAYG appropriation charts, and fund statements are included on the following pages. Appropriations rather than actual expenditures are presented because appropriations indicate more about County Board priorities, decisions, and PAYG funding levels than actual expenditures.

PAY-AS-YOU-GO APPROPRIATION HISTORY FY 2002 - FY 2007 (Proposed) (\$ in 000's)



PAY-AS-YOU-GO HISTORY BY CATEGORY
(\$ in 000's)

Program Category	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Parks and Recreation	\$1,532	\$240	\$152	\$1,065	\$570	-
Transportation and Pedestrian Initiatives	4,098	2,195	3,050	3,950	1500	265
Storm Drainage	60	-	-	-	-	-
Community Conservation	660	500	1,000	500	500	500
Economic Development	1,525	-	-	-	-	-
Government Facilities	5,969	6,657	1,960	2,782	750	783
Technology Investment	3,750	3,000	1,665	2,363	720	-
Regional Partnerships	1,032	1,035	1,023	1,034	1,829	1,052
Total County Capital Fund	18,626	13,627	8,850	11,694	5,869	2,600
Schools Capital Fund	5,263	6,838	5,458	14,286	9,969	10,134
Utilities Capital Fund	7,262	7,722	12,586	10,626	13,540	14,051
Total All Funds Capital	\$31,151	\$28,187	\$26,894	\$36,606	\$29,378	\$26,785

FY 2007 PAYG PROJECTS FOR CONSIDERATION
(\$ in 000's)

PROGRAM CATEGORY	Tier 1	Tier 2
Regional Partnerships	1,052	
ADA Projects	783	
Neighborhood Conservation	500	
Transportation Maintenance Capital	265	845
Facilities Maintenance Capital		2,148
Parks Maintenance Capital		1,000
Facilities Planning		700
Neighborhood Traffic Calming		500
Parks Enhancement Grants		75
Net Tax Support	\$2,600	\$5,268

REGIONAL PARTNERSHIPS

Arlington annually contributes capital funding to several regional organizations which provide beneficial services to Arlington residents and visitors.

Northern Virginia Regional Park Authority

Tier 1 - \$480,000

The Northern Virginia Regional Park Authority (NVRPA) is a multi-jurisdictional agency comprised of Arlington County, Fairfax County, Loudoun County, Alexandria, Falls Church, and the City of Fairfax. The Park Authority owns and operates over 10,000 acres of parklands with 19 major parks, including Potomac Overlook, Upton Hill and the W&OD Regional Parks in Arlington. This proposed capital funding for FY 2007 represents Arlington's annual contribution to NVRPA's capital program and is based on the percentage of population of the six jurisdictions.

Peumansend Creek Regional Jail Authority

Tier 1 - \$204,000

This proposed funding for FY 2007 represents the County's proportional share of the FY 1992 decision to design, construct, and operate a low to medium security regional jail in Caroline County on land (Fort A. P. Hill) transferred by the Department of Defense. Arlington is one of six jurisdictions that provide funds based on the allocated beds. This is part of an overall strategy for housing local prisoners in a cost-effective manner. Legislation in the 1996 General Assembly provides for a state reimbursement of 50 percent of allowable construction costs. Arlington's annual share of the capital cost is based on current bed allocation and is projected at 24.0 percent for the 60 beds allocated to Arlington. The County has provided a moral obligation, "joint and several" pledge on this financing and will have capital commitments from this bond financing through the year 2017 as well as ongoing operating commitments as a member of this Authority.

Northern Virginia Community College

Tier 1 - \$193,000

This proposed funding represents the County's ongoing capital contribution to the Northern Virginia Community College (NVCC) program for land acquisition and site development of all campuses. Arlington is one of nine jurisdictions that share costs associated with NVCC's capital program based on the Fair Share Allocation. The allocation is \$1.00 for each person living in each particular jurisdiction.

Northern Virginia Criminal Justice Academy

Tier 1 - \$147,000

In FY 1993, the participants in the Northern Virginia Criminal Justice Academy (NVCJA) agreed to purchase a building in Loudoun County to house the NVCJA's programs. Previously, the NVCJA occupied leased space in Claremont School in Arlington that was reclaimed by Arlington Public Schools. This proposed capital funding for FY 2007 represents Arlington County's share of the lease rental payments for the facility. The debt service costs for the building will gradually decrease and end in FY 2008; however, the Academy plans to build a new Driver Training facility. This new construction project will be implemented in phases so that each participating agency's contribution is affected as little as possible.

Northern Virginia Regional Identification System

Tier 1 - \$28,000

This proposed funding represents the County's FY 2007 share of improvements made to the Northern Virginia Regional Identification System (NOVARIS). NOVARIS is a regional automated fingerprint identification system utilized by metropolitan area law enforcement agencies for the purpose of combining resources to identify criminal offenders. An upgrade to the system was financed as a multi-year, lease-purchase agreement and provides Northern Virginia's law enforcement agencies with a more efficient, accurate, and cost-effective means of identification. Arlington is one of eight participating jurisdictions that share costs associated with NOVARIS based on the sworn police population of each agency.

- Fiscal Impact - The Regional Partnerships program represents the County's annual contributions to support the capital efforts of regional programs. Except for NOVARIS, the County also contributes operating costs to the regional partnership programs. The County's share is based on each regional program's allocation formula.

AMERICANS with DISABILITIES ACT (ADA)

Tier 1 - \$783,000

The Federal Department of Justice (DOJ) initiated a voluntary Americans with Disabilities (ADA) compliance review on a sample of public facilities in Arlington. A list of compliance items was developed and prioritized into three categories based on how soon they could be corrected. The first category included items such as door opening pressures that did not comply to ADA standards, building access routes that did not comply, inadequate signage, and incorrect support rail dimensions in rest rooms. A large number of the higher priority items required engineering to correct. Some examples are emergency communication access in elevators and non-compliant slopes and grades on parking spaces and ramps. The FY 2007 proposed funding (\$725,000) will enable the completion of the first priority items, some second priority items and engineering needed for more difficult items.

The Federal Department of Justice also completed an ADA compliance evaluation of Arlington Virginia Network (AVN) channel 71 programs and the County website. Closed captioning of AVN programs has been recommended as well as ongoing internal assessment of the County website for compliance. The FY 2007 proposed funding (\$58,000) will make the two information channels available to the disability community and will comply with the DOJ directives.

NEIGHBORHOOD CONSERVATION

Tier 1 - \$500,000

The Neighborhood Conservation (NC) Program funds public improvements in neighborhoods throughout the County for which the County Board has accepted Neighborhood Conservation Plans developed by civic associations. Projects include installation of curb, gutter, sidewalk, street lights, neighborhood identification signs, fencing, retaining walls, street trees, and other landscaping; correction of drainage problems; park and County facilities improvements; and reconfiguration of streets (including nubs, traffic circles, etc.) to address traffic management problems. Typically the County funds the NC program through bonds considered by voters every two years and PAYG.

- Fiscal Impact - Specific projects and their operating costs will be determined after program funding is allocated, and project information will be presented to the County Board for approval/review prior to implementation – no increase to FY 2007 operating costs.

MAINTENANCE CAPITAL

The purpose of Arlington's Maintenance Capital (MC), formerly called Capital Assets Preservation Program (CAPP), is to ensure that existing capital assets throughout the County are maintained in reliable, serviceable condition and periodically updated and renewed as necessary. Through the Capital Improvement Program, the County has invested a significant amount of financial resources in building its infrastructure. The MC program serves to prolong the useful life of these investments.

In order to determine the size of a MC program, details about the County's infrastructure are required. A condition assessment study for County facilities has been completed, and funding is proposed to complete an assessment of parks facilities county-wide. Currently, the Transportation MC funding level is based upon the county-wide Pavement Condition Index. Funding proposed for the Technology MC is based on the recently completed technology master plan. The results of the studies form the justification for MC funding recommendations. It is anticipated that MC funding recommendations will increase over time, as more asset data becomes available.

There are several criteria a project must meet in order to be funded from MC. It must be a bona fide non-expansion project which does not change the footprint of a building, expand a current asset, provide resources for services not already being undertaken, or increase the operating budget once complete. For example, the Transportation Infrastructure MC is funded to maintain the condition of Arlington roads, but it would not fund the construction of new turn lanes or travel lanes. Also, a project must significantly extend the life of the asset and meet the criteria for a capital project. Finally, MC funds are not contingency funds. MC plans are intended to eliminate repeated asset repair emergencies. However, MC funds are versatile in responding to unseen emergencies.

Transportation Infrastructure Maintenance Capital

Tier 1 - \$265,000

Tier 2 - \$845,000

The Transportation Maintenance Capital program maintains the transportation infrastructure by repaving streets, maintaining pedestrian and vehicular bridges, maintaining signals and signal infrastructure, and replacing bus shelters. The County currently maintains over 950 lane miles of streets with a goal of maintaining a Pavement Condition Index (PCI) in the mid 70s by a combination of rebuilding, resurfacing and slurry seal maintenance. Bridge rehabilitation is determined based on a biannual inspection of the County's 28 bridges. The traffic signal portion of the MC funds the replacement of older signals, signal cabinets, upgrading to LED signal heads, and maintaining and upgrading the communications plant. The goal of the bus shelter program is to replace approximately 10 of the 115 bus shelters each year. Tier 1 funding level would be used solely for the paving program and provide for approximately 3.5 lane miles of repaving. The additional funding in Tier 2 would provide for 13.5 additional miles of repaving. These funds would be added to the remainder of the Paving bond funds and utilized this paving season (April 2006 – October 2006).

Facilities Maintenance Capital

Tier 2 - \$2,148,000

The Facilities Maintenance Capital program has been developed from a property condition assessment done in FY 2004. Sixty-five facilities were inspected and a matrix was developed prioritizing capital needs to address deferred maintenance and to prioritize items that need to be done on an annual basis for the next 20 years. Items were prioritized in 6 categories based on how urgent they were with the first category needing attention in FY 2005 (Immediate Needs). Items such as repair roof leaks at Fire Station 4 and replacing all building sealants at the Drewry

Center are all Immediate Needs. Items such as pressure washing the exterior walls and repainting the exterior of Central Library and replacing the flooring in the Detention facility were in the second priority, needing attention in FY 2006 or FY 2007. The FY 2007 PAYG request will complete the items needing attention in FY 2005 and begin repair of items needing attention in FY 2006 or FY 2007.

Parks & Recreation Maintenance Capital

Tier 2 - \$1,000,000

Arlington currently maintains an inventory of park and recreation assets valued at over \$120 million, which includes approximately \$37.5 million in playgrounds, \$21.4 million in athletic fields, \$14.0 million in trails, \$4.0 million in lighting, and \$24.2 million in athletic courts. Other assets in the Parks maintenance program include picnic shelters, comfort stations, park furnishing replacements, theatre renovations, PRCR program specific area renovations, and parking lot/ park entry roadway renovations. The Parks & Recreation Maintenance Capital program provides capital funding to maintain these valuable assets that support PRCR programs. Future funding proposals will be based on updated condition surveys, best management practices, and recommended maintenance and replacement cycles. The FY 2005 program funded the major renovation/replacement of two athletic fields, three parking lots, the A&E to design lighting for an athletic field, and a portion of the costs for a playground, a comfort station and lights for the athletic field. The FY 2006 program funded replacement of lighting in one theatre, renovation of one comfort station, and renovation of one athletic field. It is anticipated that the FY 2007 program will be used to fund similar types of projects.

- Fiscal Impact - Capital maintenance, asset replacement or facility upgrades require no increase to FY 2007 operating costs.

FACILITIES PLANNING

Tier 2 - \$700,000

The County currently has no Master Facilities Plan to guide County decision-making and investments for all forms of facility investments. This request is to begin assembling a plan by developing and maintaining a data base of available County space and investigating two areas of more immediate need: Human Services Facilities, and Parks, Recreation, and Community Resource facilities.

Without a database, it is very difficult to really know where appropriate space may be available. Such an inventory is a basic need of any facility management system and is a standard tool for most local governments. The County has a considerable storage need and developing these basic tools for dealing with these concerns is an appropriate first step in helping with all future facility planning.

This assessment for DHS and PRCR facilities will begin the integration of current needs with projected needs, financing methods, geographic service needs, sustainability, and other planning efforts into one coherent plan that will address these aspects of facility needs. Accomplishing this initiative will require extensive community process and ongoing communication. The proposed funding would be used for consultant and staff services. An updated plan should enhance decision-making about facilities and services, and aid in prioritizing investments of operating and capital funds.

- Fiscal Impact - No direct impact anticipated as this is a planning study – no increase to FY 2007 operating costs.

NEIGHBORHOOD TRAFFIC CALMING

Tier 2 - \$500,000

The Neighborhood Traffic Calming (NTC) Program implements capital projects intended to reduce travel speeds, reduce cut through traffic, and improve pedestrian and bicyclists safety within and around Arlington neighborhoods. Project selection is determined by a formal process conducted jointly with the NTC citizen committee and County staff to direct resources to streets where travel speeds and traffic volumes meet adopted criteria.

- Fiscal Impact - Specific projects and their operating costs will be determined after program funding is allocated, and project information will be presented to the County Board for approval/review prior to implementation – no increase to FY 2007 operating costs.

PARK ENHANCEMENT GRANTS

Tier 2 - \$75,000

This funding enables Arlington residents to continue the initiation of small capital improvement and beautification projects for parks, playgrounds, and recreation facilities in their respective neighborhoods. The Park Enhancement Grant Program encourages community involvement and fosters pride by enabling creative improvements in local public parks. Community proposed projects are submitted annually to the Arlington County Park and Recreation Commission for review and endorsement. The Park and Recreation Commission recommend a list of projects to the County Board for final approval and funding.

- Fiscal Impact - Specific projects and their operating costs will be determined after program funding is allocated, and project information will be presented to the County Board for approval/review prior to implementation – no increase to FY 2007 operating costs.

GENERAL CAPITAL PROJECTS FUND STATEMENT

	FY 2005 ACTUAL	FY 2006 ADOPTED	FY 2007 PROPOSED
ADJUSTED BALANCE, JULY 1	\$ 41,248,410	\$ 51,015,181	\$ -
REVENUES:			
Commonwealth of Virginia	4,967,005	-	-
Federal Grant	6,131,466	-	-
Charges for Services	8,801,302	-	-
Miscellaneous Revenue	5,450	-	-
	-	-	-
TOTAL REVENUE	19,905,223	-	-
Transfers In (Out):	-	-	-
Transfer In from General Fund	17,587,502	5,868,773	2,600,000
TOTAL TRANSFERS IN	17,587,502	5,868,773	2,600,000
TOTAL BALANCE, REVENUES AND TRANSFERS IN	78,741,135	56,883,954	2,600,000
EXPENDITURES:			
Capital Projects -Current Year	27,725,954	5,868,773	2,600,000
Capital Projects -Carry-Over ¹	-	51,015,181	-
TOTAL CAPITAL EXPENDITURES:	27,725,954	56,883,954	2,600,000
BALANCE, JUNE 30	\$ 51,015,181	\$ -	\$ -

NOTES:

1 For illustrative purposes only. Unobligated funds, and some portion of obligated but unexpended funds would exist and be carried over to the next fiscal year.