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City of Falls Church
Planning Commission

Planning Commission Meeting Date: 2-3-2021	Title: FY2022-2027 6-Year Capital Improvements Program Update and January 2021 SNAPSHOT	Agenda No.: 8A Work session
<p><u>Proposed Motion:</u> (draft motion for consideration at the February 17, 2021 meeting)</p> <p>I move that the Planning Commission recommend that the City Council approve, pursuant to Section 6.19 of the City Charter and Section 17.08 of the City Code the FY2022-2027 Capital Improvements Program (CIP) as presented on February 3 and 17, 2021, as summarized on CIP notebook pages 3-1, 3-2, 3-3, 3-4, 3-5, 3-6 and 3-7 based on the following justifications:</p> <ol style="list-style-type: none"> 1. The CIP is consistent with the adopted Comprehensive, Small Area and Master Plans; 2. The CIP approaches the citywide capital infrastructure and reinvestments needs in a holistic manner; 3. The CIP is enhanced through purposely planned and balanced reinvestment needs, funding options and staff resources; 4. The CIP is fiscally responsive and compliance with adopted financial policies; 5. The CIP addresses long-term dedicated and sustainable funding for Pay As You Go local funding for facility reinvestment and other capital needs to provide for fiscal balance of cash and debt financing; and 6. The CIP provides sufficient match funding to leverage grants to address significant transportation needs; and 7. Other: _____ 		
Originating Department Head: Cindy L. Mester, Deputy City Manager 703-248-5042 CLM 01-28-2021	Report Prepared By: Cindy Mester, Deputy City Manager 703-248-5042 Caitlin Sobsey, CIP Grants Manager 703-298-5100 CS 01-28-21	

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REQUEST AND RECOMMENDATION:

Following the February 3rd presentation of CIP updates and February 18th public hearing of the proposed CIP, staff is seeking Planning Commission recommendation of approval for the FY2022-2027 Capital Improvements Program (CIP).

BACKGROUND

Capital Budget Planning

The requirement for the annual consideration and adoption of a six-year Capital Improvements Program is provided in Section 6.19 of the City Charter, and Section 17.08 of the City Code. The inset below contains the relevant provisions.

17 Sec. 17.08. ... The city manager shall subsequently submit to the commission a proposed
18 capital improvements program together with a report on the financial condition of the city,
19 insofar as it may relate to any contemplated capital fund projects. In the preparation of its
20 capital improvement recommendations, the commission shall consult with the city manager,
21 the school board, the heads of departments and interested citizens and organizations, and
22 shall hold such public hearings as it shall deem necessary. It shall submit its
23 recommendations to the city council, at such time as the council shall direct, together with
24 estimates of cost of such projects and the means of financing them, to be undertaken in the
25 ensuing fiscal year and in the next four (4) years.

26
27 Sec. 6.19. Capital budget.

28 At the same time that he submits the current expense budgets, the city manager shall submit
29 to the council a program previously acted upon by the city planning commission, as
30 provided in Chapter 17 of this Charter, of proposed capital improvement projects, including
31 schools, as defined in section 7.02 of this Charter, for the ensuing fiscal year and for the
32 four (4) fiscal years thereafter, with his recommendations as to the means of financing the
33 improvements proposed for the ensuing fiscal year. This program shall be termed the
34 "capital budget" and may be adopted by resolution.

35
36 The adoption of the CIP by the City Council, based on the Planning Commission's
37 recommendation, signifies the Council's identification of a set of priorities for capital spending over
38 a six-year period. However, the City Council may delay or limit the construction or improvement
39 of any proposed project over the course of the six-year period as economic conditions, available
40 resources, and needs may dictate. Delay did occur in FY21 due to COVID-19 pandemic impact.

41
42 The development of the CIP starts with each department head submitting to the City Manager a
43 detailed listing of all immediate and long-range capital improvement needs, together with cost
44 estimates and recommendations as to priority and timing of the projects listed. An additional factor
45 to be considered is that CIP projects that are inactive for three fiscal years are either eliminated or
46 must be re-appropriated. If an approved CIP has no expenditure activity for 3-years it must be re-
47 appropriated. The specific code section relevant to this issue is: "No appropriation for a capital
48 improvement project contained in the capital budget shall lapse until the purpose for which the
49 appropriation was made shall have been accomplished or abandoned, provided that any project shall
50 be deemed to have been abandoned if three (3) fiscal years elapse without any expenditure from or
51 encumbrance of the appropriation therefor."

52
53 The Planning Commission will receive an update on February 3rd on the status of the existing CIP
54 projects from FY2021 and prior; this update is also included in Tab 1 Overview of the proposed
55 FY2022-2027 document. Staff will present the FY2022-2027 CIP to the Planning Commission on
56 February 3, 2021 with scheduled adopted recommendations for City Council on February 17, 2021.
57 The Planning Commission is scheduled to conduct the public hearing on February 17, 2021 as well
58 as prior to the vote. The Commission will evaluate the proposed CIP in the context of the
59 Comprehensive Plan as well as means to finance them.

60

61 Following the delivery of the Planning Commission recommendations, the City Manager will make
62 his final CIP recommendation to the City of Falls Church Council as part of the overall presentation
63 for the City's FY2022 operating and 6-year capital budget on March 8, 2021.
64

65 The development of the City's Six-Year Capital Improvements Program (CIP) allows the City to
66 take the shared and competing visions for the development of our public facilities through a
67 disciplined evaluation process. In FY2019, the City shifted to a six-year planning window along
68 with a 10-year look ahead. The six-year window aligns better with most grant-funding agencies.
69 The 10-year look ahead allows for improved forecasting of projects as well as funding needs. It is
70 important to note that the 10-year look ahead is a new framework and will be refined over this next
71 year. By identifying projects and capital needs several years into the future, the City accomplishes
72 the following objectives:

- 73
- 74 ▪ Cost estimates for long-term objectives and identified needs are linked to available
75 resources, and placed on a schedule for implementation;
 - 76 ▪
 - 77 ▪ Major expenditures are scheduled in the context of a balanced Annual Operating Budget
78 and a six-year financial forecast.
- 79

80 Capital projects are defined as a new, one-time project with a useful life of more than **five** years,
81 and costing **\$150,000** or more. The cost estimates included in the CIP are intended to capture the
82 entire estimated project cost, including, as applicable, land acquisition, design, negotiated
83 agreements, and construction. The total request for each project is evaluated and, based upon
84 funding, is prioritized to meet the needs of the City.
85

86 For FY2017 the City embarked on a new two-year CIP cycle process, whereby odd numbered years
87 will be for minor updates to the approved CIP, and even numbered years are open for more
88 significant changes and consideration of new projects. The goal of this “biennial CIP” approach is
89 to allow staff to focus more time and effort on carrying out already approved projects, by redirecting
90 some of the time and effort that is currently dedicated to developing and vetting new projects each
91 year.
92

93 FY2022 is an even numbered year and by practice is a year that new projects are considered to be
94 added. However, given fiscal constraints and current capital project work load, new projects were
95 limited to out-years, except for IT core infrastructure, as well as long-range planning window of
96 the 7 to 10 out-years or an existing project is eliminate or significantly reduced. The financial strain
97 of COVID-19 and decrease in revenues is a widespread issue that can also be observed in the
98 budgets of regional organizations and State agencies, including grant programs, which the City uses
99 to fund many CIP transportation projects. Coordination with these agencies is still ongoing to ensure
100 that existing project budgets remain intact and the projects are delivered on time. In this year’s CIP
101 there are four new project sheets introduced by staff. The project needs, funding constraints and
102 staff allocation resources have been considered in the development of this six-year plan including
103 the new projects. Several project cost estimates have increased due to cost escalation as well as
104 with refined scope and therefore additional grant applications with match requirements have been
105 updated in this CIP.
106

107 CIP Projects versus Maintenance Projects

108 CIP projects generally require significant engineering design and construction, whereas
109 maintenance projects (like road paving, crosswalk painting, sidewalk section replacement, roof
110 replacement, carpet and landscaping) require routine upkeep every one to six years.

111

112 What is Capital Infrastructure?

113 This term refers to the built environment that makes the City of Falls Church safe, healthy,
114 engaging, and beautiful and helps fulfill the City Council's vision of "A Special Place." Projects
115 can be mandatory, like police emergency radios, but others build a quality community. Some
116 construction project examples include:

117

- 118 • roads, sidewalks, crosswalks, bus shelters, traffic signals
- 119 • stormwater detention and pipes, sewer system, restoring flooding stream banks
- 120 • tennis and basketball courts, park trails, park play equipment
- 121 • HVAC, roofs, WiFi and fiber connectivity, renovation and expansion for public buildings
122 (schools, City Hall, community center, library, police station, courts)
- 123 • police emergency radio and 911 equipment

124

125 The projects contained in the CIP support the goals and objectives outlined in the City's
126 Comprehensive Plan and are intended to establish the long-term spending priorities identified by
127 the City Council and are consistent with their 2025 Vision/Comprehensive Plan/Strategic Plan as
128 well as adopted Financial Polices. The CIP is updated annually and is subject to change with each
129 review.

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131

132 **Capital Budget Process and Schedule**

133 The FY2022-2027 CIP development is on a compressed schedule this cycle due to COVID-19.

134 **February 3, 2021** – Planning Commission work session on current CIP projects status and
135 key financial constraints. This staff report with overall information distributed in February
136 3rd meeting packet with full CIP document distributed by February 2, 2021.

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138 **February 17, 2021** – Public hearing and CIP recommendation adoption by Planning
139 Commission

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141 **March 8, 2021** – City Manager's Proposed Budget Presentation to City Council
142 March/April 2021, TBD – City Council work session(s)

143

144 **April 22, 2021** – Operating and CIP Budget Adoption, effective July 1, 2021

145

146 Planning Commission Input and Coordination

147 During the FY21-26 CIP budget development, the Planning Commission requested more regular
148 CIP updates. The CIP report and Snapshot updates are typically conducted in March, June,
149 September, and December. Due to COVID-19-related schedule delays to the CIP budget process
150 and schedule this year, the last CIP update to the Planning Commission was in September, 2020.
151 These updates have provided staff with helpful input from the Planning Commission and staff
152 looks forward to the continued partnership. As a process improvement to CIP development, staff

153 aims to schedule these CIP updates to the Planning Commission in advance, following the
 154 schedule outlined above. At a September/October 2021 update, staff will request specific CIP
 155 input, questions, and recommendations from the Planning Commission. These comments will be
 156 incorporated in the following fiscal year CIP development, which usually starts in
 157 October/November. Staff welcomes feedback manner to improve the Planning Commission’s
 158 role in the CIP development process.

160 January 27, 2021 Planning Commission Meeting Questions

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Question	Response
CIP funding or grants available to replace fleet vehicles	Fleet vehicles are not CIP eligible, so there is no funding programmed in CIP budget. Although staff is pursuing the concept there is no replacement reserve fund in the operating budget. Public Works is not planning on replacing any fleet vehicles in FY22. Staff will continue to seek alternative funding sources.
Grant opportunities for Stormwater Management (SWM)	For SWM funding, there are FEMA funds, SLAF (which is under review during this General Assembly session to open to quantity projects), and a new costal/tidal program. Staff is working on a presentation for the Task Force on these topics and can be shared once completed. Many grant programs require the City to have completed plans and included in the CIP to receive funding.

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164 **Current CIP Project Updates**

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166 CIP Snapshot

167 Staff is actively managing 28 general government CIP projects, with 21 active grants. A
 168 “Snapshot” of these projects is attached. Since the last update, one project was completed and two
 169 were removed since being reported as completed on the last update. Projects are organized in six
 170 functional categories: Parks, Facilities, Stormwater and Sanitary Sewer, Technology, Public
 171 Safety, and Transportation. Each project has a color status code:

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- Blue (complete)
- Green (“go”, on schedule)
- Yellow (“caution”, delayed or active but with some challenges), and
- Red (“stop”, not active due to critical issue).

177 Of the 30 CIP projects listed on the Snapshot, one (1) is coded blue as completed and eighteen
 178 (18) are green-coded as active and on schedule. Ten (10) projects are yellow-coded, indicating
 179 they are active with some delays. One (1) project is red-coded, indicating there are major delays
 180 that could delay or stop the project. Projects with multiple grants or funding sources are noted in

181 the first column. Full CIP Snapshot report is attached (Attachment 3) and provides more project
182 detail.

183

184 Neighborhood Traffic Calming

185 The City's Neighborhood Traffic Calming (NTC) Program is designed to improve safety in
186 residential neighborhoods and be responsive to neighborhood concerns about traffic conditions.
187 Last year in the FY21 CIP, there were additional local funds of \$100,000/year, which
188 supplemented the FY20 \$400K funding, added to the Neighborhood Traffic Calming program to
189 prioritize neighborhood concerns. Several projects were completed since then, and more are
190 ongoing or planned.

191

192 Ongoing and Future projects include:

193 • Greenway Downs Neighborhood Traffic Calming (\$636K grant, construction starting
194 FY23-24)

195 • Completed: Annandale/Gundry, N. Oak, Jefferson, Lincoln, N/ West

196 • Active/In the Queue: Great Falls area, Noland sidewalk, S Lee/S Oak (Est. \$350K)

197 • Possible Future Projects (no petitions received to date): S. West, Lawton

198

199 The existing CIP budget is adequate to complete all projects currently under construction or
200 queued. The estimated cost of the remaining work (minus heavy solutions on S Lee/ S Oak) is
201 \$350,000. There is currently \$440,000 available in the project account. The proposed \$100,000
202 per year (starting in FY22) in funding is expected to be sufficient to complete any new projects
203 that develop. Surplus funds may be reallocated to the Greenway Downs Neighborhood project.
204 Complete NTC Program details are included in Attachment 4.

205

206 LED Streetlight Conversion

207 In the adopted FY21-26 CIP, the City added the Streetlight & Sidewalks program, under which a
208 new CIP project was initiated to replace the city's existing streetlights with LED fixtures in FY21.
209 This project is underway and staff provided a project update to City Council at the January 8
210 meeting. Prior to the roll out of the program City wide, staff will select a small portion of the City
211 to begin the LED fixture swaps in. This smaller, pilot program will help ensure that any
212 unintended consequences are mitigated. While public comment will not be accepted for
213 aesthetics and design of the lighting, there will approximately one (1) month for residents to work
214 with the City on any negative impacts the new LED lights may have. The affected residents will
215 receive notice letters so that they can report any issues immediately, helping to expedite the roll
216 out of LEDs City wide and maintain the one month communication timeframe. The Planning
217 Commission is scheduled to receive a briefing on February 3rd.

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219 Report Card

220 The CIP and Small Area Plan report cards were presented to the Planning Commission at the
221 January 27 meeting, alongside CIP memo submitted by Senior Planner Kerri Oddenino. These
222 are Attachments 5a and 5b.

223

224 Summary of CIP Actions Report

225 In September 2020 a summary of CIP changes and actions was presented to the Planning
226 Commission. There have been additional changes and budget actions since the report, but many

227 more actions are still pending the completion and adoption of the FY22-27 budget. Staff will
 228 prepare updated report for Planning Commission following the budget adoption. September report
 229 attached here for reference (Attachment 6).
 230

231 Operations/Maintenance Cost Calculator

232 Staff has been working to develop the Operations/Maintenance Cost Calculator, a tool that will
 233 project estimated costs to maintain new capital improvement equipment and facilities over the
 234 course of their life cycle. This is responsive to previous Planning Commission input and
 235 recommendation. The intent of the calculator is to provide operating costs at the conception of
 236 new CIP projects, as well as during the grant application process, to determine cost efficiency and
 237 sustainability. The information will also benefit staff while developing annual operating budgets,
 238 ensuring the appropriate funds are allocated for additional costs. Multiple departments were
 239 consulted to collect current data on the maintenance of infrastructure and facilities, and an
 240 interdepartmental working group is reviewing the first prototype now. Information collected so
 241 far has been useful. As an example, the City recently submitted a Smartscale grant application for
 242 the South Washington Bus Stop Expansion and Access to Transit, which proposes 6 new bus
 243 shelters along S Washington. Using the calculator, staff estimated that following the completion
 244 of the project the added operating cost would be \$4,950 annually.
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Bus Shelter Costs	Per shelter (annual)
Annual Maintenance & Repairs - Shelter (2019 estimate)	\$583
TOTAL BUS SHELTER COST	\$583
Street Cans (Trash & Recycling)	Per set (annual)
Annual Service Cost - Trash & Recycling (\$12.70 per set/month)	\$152.40
Tipping fees (based on 2019 data)	\$88.52
TOTAL STREET CAN COST	\$241

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 247 *Project includes 6 bus shelters and 6 new sets of street cans.
 248

249 The calculator used Public Works Operations prior year accounting and contract data, annual cost
 250 of the City’s solid waste tipping fees and number of existing street cans. Staff continues to refine
 251 the calculator for future use. Data still being collected or reviewed includes annual maintenance
 252 costs of traffic signals, sidewalks and crosswalks, landscaping and irrigation. The current average
 253 cost of a traffic signal is \$3,000 per year, but can cost as much as \$11,000 per signal if significant
 254 repairs or upgrades are required that year. There are currently 29 traffic signals that the City
 255 maintains.
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 258 **FY2022 Budget Constraints and CIP Impacts**
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260 Budget Guidance

261 City Council adopted FY22 Budget Guidance on December 14, 2021 which is included as
 262 Attachment 2. Operating and capital budget will be developed within organic revenue growth
 263 which is currently projected at 2.5% increase. Guidance endorses continued capital focus on
 264 stormwater, walkability and safety. This necessary guidance does place financial constraints on
 265 Pay Go and debt funding so there are documented CIP needs that remain as unfunded. However,

266 within the Transportation components the ability to leverage grants allows the City to deliver
267 significant infrastructure reinvestment.

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269 COVID-19 Six Year Improvement Program (SYIP) Funding Impacts

270 In December 2020, the Commonwealth Transportation Board moved to adopt the revised FY21
271 SYIP which programmed \$495M in state Revenue Sharing funds which were previously allocated
272 and reallocated them in years FY21-26, to utilize available funds in the existing program and keep
273 projects on time. The City has four active projects in the SYIP which were negatively impacted
274 by the COVID-19 update and reallocation of previously provided funds. One project was to
275 receive State of Good Repair (SGR) grant funds in FY21, but in the revised SYIP the funds were
276 gradually allocated over fiscal years 2021-2024. Staff has been coordinating with district and state
277 contacts at Virginia Department of Transportation (VDOT) to adjust these allocations according
278 to current project schedules. As a result, Revenue Sharing funds will be advanced to meet the
279 project schedule and budget needs of the City. The SGR funds are less flexible, and the City is
280 discussing the option to have VDOT administer the rest of the project on the City's behalf. The
281 design is 100% complete, VDOT would only be implementing the construction phase, and they
282 have the funding flexibility and debt capacity to perform this.

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285 **Equity Lens**

286 The City is piloting a qualitative Equity Lens Diagnostic Assessment tool with this CIP
287 development cycle. The goal is to use this diagnostic tool to consciously address explicit and
288 implicit biases when prioritizing and funding capital infrastructure investment. This is a pilot
289 effort and the Equity Lens Diagnostic Assessment is modeled off of the City of Roanoke
290 framework.

291

292 The pilot will assist the City to develop equity and inclusive policies, strategies, processes and
293 definitions. Equity Lens template attached (Attachment 7).

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295 **TIMING:**

296 Public hearing and action is scheduled for February 17, 2021. The Commission action is
297 requested by this date for the City Manager's inclusion in the proposed FY22 budget to be
298 delivered on March 8, 2021.

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301 **ATTACHMENTS:**

- 302 1) FY 2021-2026 Capital Improvement Program notebook, February 3, 2020 (electronic
303 copy CIP notebook distributed to Commissioners prior to February 3rd, one hard copy at
304 the Library)
- 305 2) FY22 City Council Budget Guidance
- 306 3) CIP Snapshot for January 2021
- 307 4) Neighborhood Traffic Calming Council Update & Presentation
- 308 5) CIP and Small Area Plan report cards (previously presented)
- 309 6) September 2020 CIP Summary and Action Report
- 310 7) CIP Equity Lens template