

## Response to Task Force Chair's Inquiries (July 11, 2017)

What are the processes the City and ACPS use to set priorities?

### Criteria/Justification for City Projects

The information below pertains to the CIP Steering Committee's (CIPSC) work to develop a balanced CIP recommendation to the City Manager, specifically for the CIP Sections that contain the projects under the purview of the Task Force (Public Buildings and Recreation & Parks). These recommendations were the basis for the Proposed CIP that the City Manager submitted to City Council in February 2017. The complement of funded City projects under the purview of the Task Force remained unchanged from the Proposed CIP to the CIP City Council Approved in May 2017.

The recommendation provided by the CIPSC represented a CIP constrained by the resources available. The recommendation does not wholly represent the capital projects requests, nor the City's entire the capital needs (in general), both of which far exceed the currently planned resources in the CIP.

### CIPSC Work to Date

The CIPSC held a series of meetings during fall 2016 and early winter 2017 to review the FY 2018 – 2027 CIP Project Submissions and to craft a recommendation to the City Manager. This series of meetings followed two previous levels of vetting: (1) the work that departmental senior staff did to ensure a financially constrained complement of CIP projects was submitted for their CIP sections and (2) a review by the Peer Technical Review Committee (PTRC) during fall 2016.

After an initial overview by CIPSC members of the projects submitted by their departments, the CIPSC members were tasked with prioritizing all of their projects to help further inform their discussion and deliberations. Steering committee members agreed to prioritize investments in on-going capital projects and maintenance projects over investments in new service expansion projects. Similar to the FY 2017 – FY 2026 process, the CIPSC prioritized projects focused on a State of Good Repair for City assets and facilities.

Once this initial prioritization exercise had been completed, individual members were asked to balance the CIP sections under their purview (i.e. General Services and the Public Buildings section) to

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the FY 2018 – 2026 City Unrestricted funding<sup>1</sup> amounts (per year and per CIP section) that were approved as part of the FY 2017 – 2026 Approved CIP.

After completing this exercise, the committee discussed balancing to the total by year to ensure that available resources were allocated to mission critical projects, as opposed to balancing to individual CIP sections. The recommendation below and in the provided attachments is reflective of the CIPSC work completed.

### CIPSC Recommendation

The CIPSC's recommendation balances City unrestricted funding of projects to the FY 2018 – 2026 City Unrestricted funding amounts that were included in the FY 2017 – 2026 Approved CIP. The CIPSC's recommendation prioritizes investments in the State of Good Repair of existing Capital Assets. The CIPSC recommendation also includes investments in a number of high-priority service expansion projects, including funds to continue work on the Municipal Fiber project.

To balance within the available resources, the CIPSC had to recommend deprioritizing projects by either reducing funding levels or eliminating previously funded and newly proposed projects altogether from the Proposed CIP. Specifically, the CIPSC has focused on projects that are not already part of the planned CIP and/or projects that represent a new or expanded City service (i.e. Category 3 Projects) to reduce or eliminate to balance the CIP.

### Recreation & Parks

The Recreation and Parks CIP Section was rebalanced to conform to the funding levels approved in the FY 2017-FY 2026 budget. RPCA preserved funding to maintain the City's existing park infrastructure and other high priority projects, such as the Old Town Pool Renovation. The importance of these projects is supported through the recommendations of the 2012 Aquatic Facilities Study, the Citywide Parks Improvement Plans, and the Neighborhood Parks Improvement Plans.

### Public Buildings

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<sup>1</sup> City Unrestricted funding refers to sources that are City revenues and do not have any legal restrictions on their use. Unrestricted funding is predominantly made up of general fund cash capital and general obligation bonds.

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In FY 2016, General Services completed an assessment of 54 facilities to include eight of the ten fire stations, Chinquapin Recreation Center, and the group homes. To date 90 of 123 (73%) City facilities have been assessed. Based on the results of the facility assessment, it was determined that the current average condition of those City facilities is a Grade "C". Based on the level of funding currently approved over the next 10 years in the FY 2017 – FY 2026 CIP of \$85 million, the condition of the City's facilities will decline to a Grade "D" by the end of the 10-year period. In order to achieve and maintain a Grade "C" at the end of the 10-year period, an additional \$80 million is required, on top of the already programmed \$85 million. The goal of General Services is to have at least 60 percent of City facilities square footage in a Grade "C" condition and in state of good repair.

High priority was given to the City facilities CFMPs while keeping in mind the workload and feasibility of completing the projects within each fiscal year. Existing CIP projects were the next to be prioritized, though many, such as the renovation/rebuild of existing fire stations, had to be reprioritized and shifted into the out years in order to maintain a balanced budget. With the current budget constraints, many of the newly submitted CIP projects had to be eliminated, including the vehicle washing facility and the impound lot capacity expansion.

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What have been the results, comparing the budget to execution of the projects over the past five years?

City staff compile a Capital Projects Status Report every quarter to provide an update to City Council on active CIP Projects in the City. All projects are tracked for their available project balances, amount of project budget spent and amount of funding encumbered. Category 2 and 3 projects also indicate one of five projects statuses:

- **Initiation:** Work related to the primary scope of work in the project has not started. For example, this could be due to seasonal schedules or coordination with other entities, funding sources or grants that result in specific start dates in later quarters, or other projects have been a higher priority.
- **Planning/Design:** Planning and design work of the project has started. This could include reviewing the project scope, conducting feasibility studies, permitting, interdepartmental or interagency coordination, beginning planning or design, acquiring land for a construction project, etc. The project is still in this phase during the project solicitation process.
- **Implementation:** Work towards completing the primary scope of work has started. Construction has begun, equipment has been received and is being installed, a master plan is being updated, etc. Work has started on implementing what City staff communicated to City Council regarding the primary scope of work when funding was approved.
- **Pending Close-Out:** The defined/primary scope of work has been completed. Staff is reviewing punch list items, ensuring invoices have been paid and grant reimbursements have been submitted and received, etc. There should be no more work on the project except in cases where additional items surface during final project review (punch-list items) that are related to the initial scope of work.
- **Close-Out:** The final invoices have been paid, reimbursements (if applicable) received, and work is complete. The project will be removed from the subsequent Quarterly Status Report. Any remaining balances will be assumed to be available to fund future capital improvements and prioritized as part of the annual CIP budget development process.

In addition to financial information and project status, select projects with a higher public profile provide a detailed write-up of the project's status, work completed to date, and anticipated progress over the next fiscal quarter. Capital Project Status Reporting began in the second half of FY 2014. Quarterly reports for FY 2015 through the 3<sup>rd</sup> quarter of FY 2017 are available online at <https://www.alexandriava.gov/Budget>. Statistics comparing individual project budgets to execution over the previous five years are not immediately available and would need to be compiled by researching closed out projects.

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What is the organization, including positions, of the team at the City and at ACPS that makes the recommendations to the elected boards?

The process for creating the Proposed CIP starts with individual project managers submitting capital project proposals. In addition to submitting proposals for core/central projects, departments also solicit project proposals from client departments (i.e. public safety departments requesting upgrades to emergency radio systems). These are then reviewed by their respective departments' senior leadership (Department of General Services; Recreation, Parks & Cultural Activities; the Department of Transportation & Environmental Services; the Department of Information Technology Services; and the Office of Planning & Zoning).

Project submissions are then reviewed by two groups: the Peer Technical Review Committee (PTRC) and the CIP Steering Committee (CIPSC).

The PTRC consists of subject matter experts from the more capital project intensive departments in the City, and is chaired by the Director of the Department of Project Implementation. The committee discusses submitted projects, including cost estimates, implementation scheduling, and cross departmental coordination. The members of the Peer Technical Review Committee reports insights and recommendations to the CIP Steering Committee.

The CIP Steering Committee is the second group, and recommends the project composition and funding levels of the Proposed CIP to the City Manager. This committee consists of members of the City Manager's Office and the department heads of the most capital project intensive departments in the City (Department of General Services; Recreation, Parks & Cultural Activities; the Department of Transportation & Environmental Services; the Department of Information Technology Services; and the Office of Planning & Zoning). The CIPSC presents a balanced recommendation to the City Manager and Senior Staff.

The City Manager makes the final decisions on what should be included in the CIP proposal to City Council.

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What is the oversight over the capital program provided by the elected boards?

During the fall, City Council provides guidance to the City Manager and staff regarding their budget priorities for the coming year. The City Manager then crafts a Proposed Operating Budget and CIP that are reflective of Council's Guidance.

After the Proposed CIP is presented to Council, the CIP is reviewed during budget worksessions and staff provide formal responses to inquiries via budget memos. During budget deliberations, two appointed groups provide commentary and guidance on Proposed CIP:

- The Budget and Fiscal Affairs Advisory Committee (BFAAC) provides comments on the Proposed CIP and provides recommendations on specific aspects of the CIP. For FY 2018, BFAAC provided guidance on the proposed adjustments to the City's debt policy guidelines and on the creation of the Ad-Hoc Joint City-Schools Facilities Investment Task Force.
- The Planning Commission reviews the Proposed CIP to ensure that it is in compliance with the City's adopting planning document.

Both groups provide their input before City Council enters the Add/Delete process (late April), which is the avenue by which Council members make changes to the Proposed CIP.

In addition to the budget process, City Council provides oversight through the following activities:

- Conducting Budget Public Hearings related to the Operating Budget and CIP
- Appropriating funding for specific City capital projects and to the ACPS capital program
- Providing authorization for the advertisement of City bonds
- Approving plans (i.e. SUPs, zoning ordinances, etc.)
- Authorizing staff to seek/pursue grants and other funding sources
- Receiving and reviewing of Quarterly Capital Projects Status Report
- Holding worksessions on specific capital projects/areas of work

The above processes apply to City government projects and not to ACPS projects. City Council does not oversee ACPS project planning and delivery, but does approve the total funding levels in the ACPS CIP by year, is involved in the School facilities standards planning process development, and at times a member has been part of a specific school site planning (such as Patrick Henry) advisory committee, as well as the review and approval (along with the City Planning Commission) of the Development Special Use Permits (DSUPs) for new or expanded school buildings. City Council does also at times during budget or other work sessions with the School Board discusses specific school development

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issues. In the end Council's role other than funding and the DSUP consideration for a school is advisory only