



District of Columbia



District of Columbia Capital Budgeting

ISO 55000

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Office of the Chief Financial Officer

Washington, D.C.



District of Columbia

Infrastructure Challenges (*National & Local*)

- In 2021, the American Society of Civil Engineers (ASCE) infrastructure report card scored the nation's infrastructure a "C-" on a scale of "A to F"
- For the first time in 20 years our nations infrastructure is out of the D Range with a slightly higher, but still not great, grade of "C-"
- District is a unique entity with responsibility to finance infrastructure needs of a state, county, city and school district
- The District has spent billions on schools reconstruction due to long-term lack of adequate maintenance
- Also had to address long-term funding needs of WMATA





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What is CARSS?

- Capital Asset Replacement Scheduling System
- Asset management planning software
 - Inventories an organizations assets
 - Incorporates condition assessment information
 - Helps to prioritize investment in those assets to maximize return on investment
- Produces a more data-driven CIP (*more defensible*)
- Identifies and quantifies those capital projects that cannot be funded within the financial constraints of the CIP
- Allows the District to focus and develop a plan to address those unmet capital needs
 - *Long-Range Capital Financial Plan*



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Approach to Developing a Long-Range Capital Financial Plan (LRFP) with CARSS

- Worked with agencies to develop capital projects cost estimates, unconstrained by funding, as well as costs for maintenance of all assets
- Worked with various stakeholders to develop criteria to score, rank and prioritize all capital projects
 - ✓ Both for new projects and maintenance of existing assets
- Determined funding capacity by year under current constraints
 - ✓ Debt capacity, local funds, federal funds, etc.
- Identified capital projects where Public-Private Partnerships (P3s) and private sector funding could assist
- Developed a plan to fund those capital needs that cannot be funded in the current CIP



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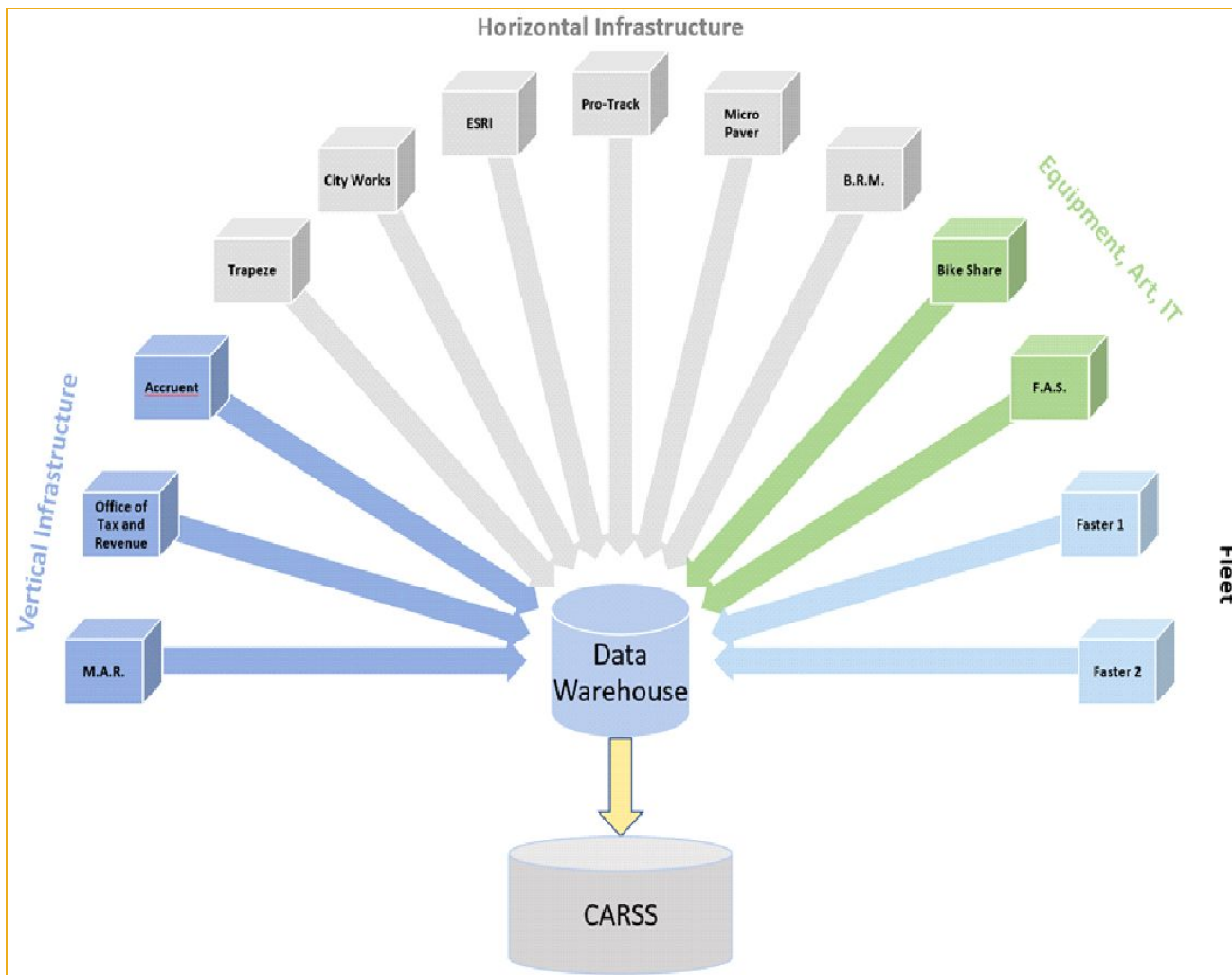
Four Key Questions to Ask

1. What assets do we have that need to be maintained?
 - ✓ *Develop a comprehensive asset inventory (or registry)*
2. What is the quality of the assets we have?
 - ✓ *Facility/asset condition assessments*
3. How will we prioritize our capital needs?
 - ✓ *Develop system to evaluate, rank and prioritize asset maintenance*
4. How much funding is available to address capital needs and asset maintenance?
 - ✓ *Debt outstanding, debt limits, paygo, federal and other sources of funding*



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What assets do we have that need to be maintained (1 of 2)



Networked enterprises connect previously separate actors in the pursuit of a shared objective and multiply their collective power to achieve the objective.

CARSS has centralized 13 separate and unique data sources into one environment that allows the separate data sources to be joined together to create new ways of looking at the data.



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What assets do we have that need to be maintained (2 of 2)

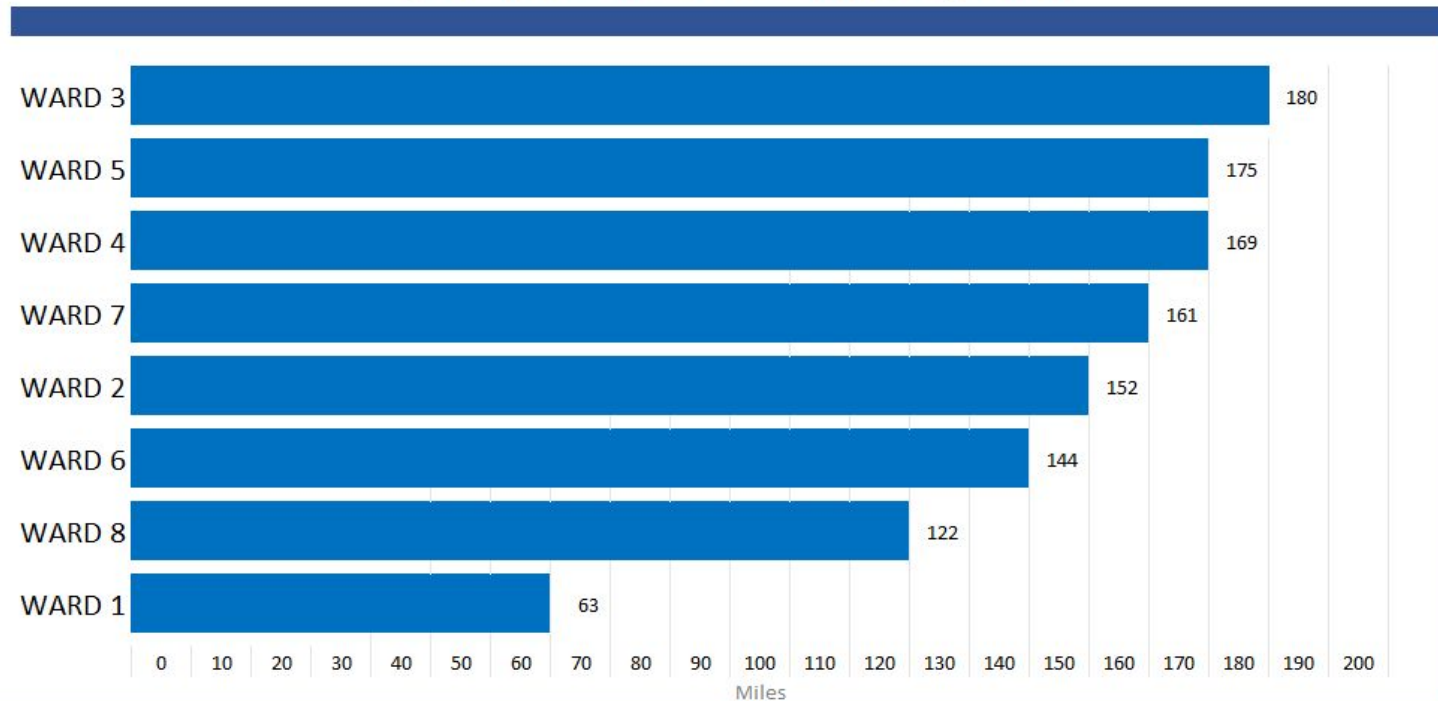
Assets and their Value in CARSS				
	Number of Assets *	Percentage of Total Asset Classification	FY 2019 CAFR Book Value of Asset Type (\$000) *	% of Assets Captured
Horizontal Infrastructure				
Ramps	564	100%	3,445,161	100.0%
Service Roads	124	100%		
Streets (blockkey)	36,262	100%		
Sidewalks (blockkey)	47,184	100%		
Trails	90	100%		
Alleys (blockkey)	9,578	100%	211,379	100.0%
Bridges	371	100%		
Bikeshare Terminals/Racks	290	100%		
Street Car Rail (Track Segments)	41	100%	195,691	100.0%
Total	94,504	100%	\$ 3,864,471	100%
Facilities				
Buildings	642	100%	7,567,567	100.0%
Building Components	187,584	100%		
Amenities (Pools, courts, Playgrounds etc)	568	100%		
Total	188,794	100%	\$ 7,567,567	100%
Equipment and IT				
Fleet	5,992	100%	461,649	100.0%
Boats/Ships	23	100%		
Aircraft	2	100%		
Circulator Buses	72	100%		
Street Cars	6	100%		
Street Car System Equipment	143	100%		
Equipment (>\$5K)	10,785	100%		
IT and Furniture	11,872	100%		
Total	28,895	100%	\$ 461,649	100%
Land				
Land (count by parcel)	4,214	100%	\$ 964,409	100%
Grand Total	316,407	100%	\$ 12,858,096	100%
* Does not include construction in progress				
** Does not include assets from District component units - UDC, DCHA, UMC, and Events DC				



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What are the quality of my assets that need to be maintained

1,166 Miles of District Roads by Ward

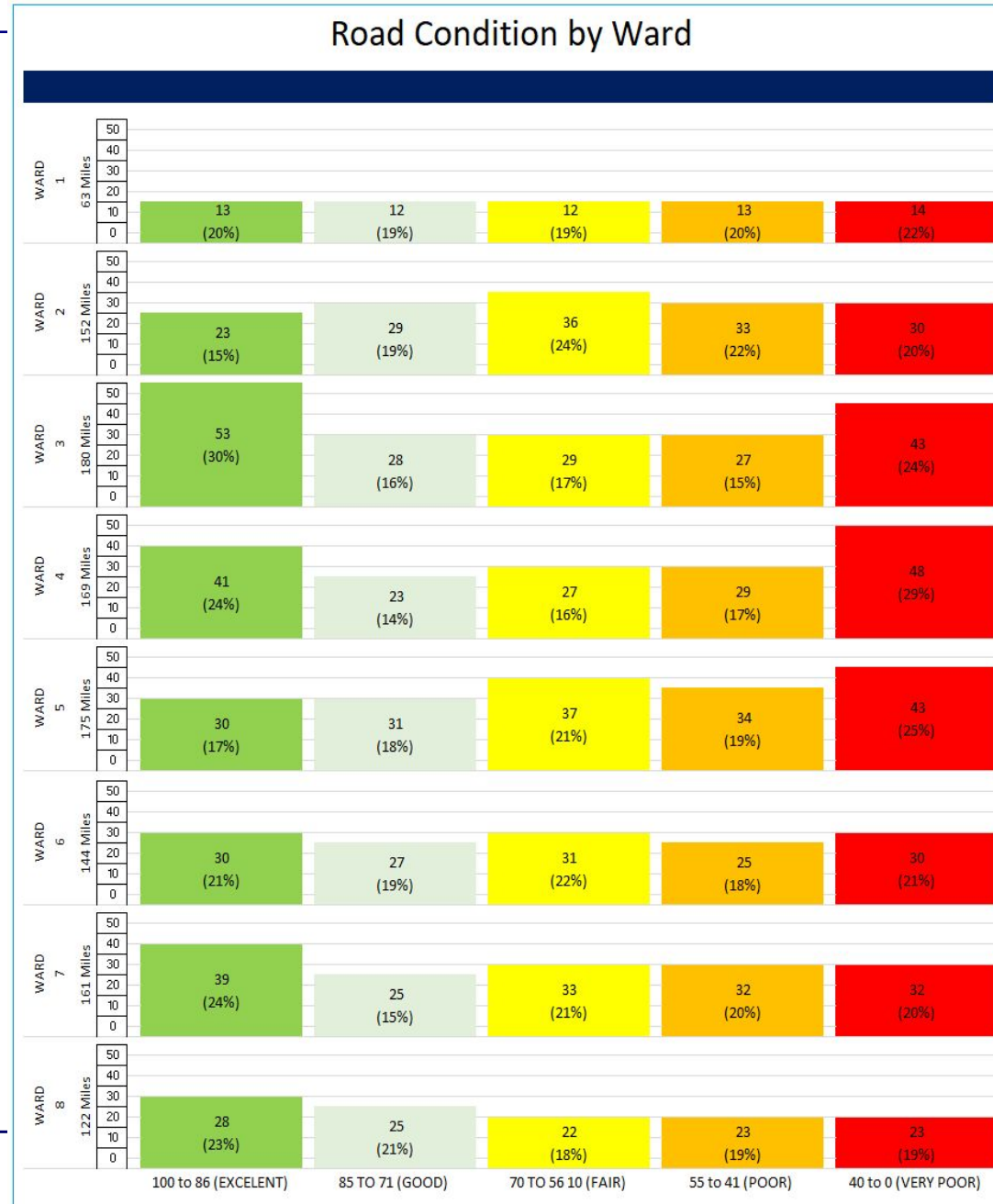


Road Type	Condition Average	Total Miles	Total Rehabs	Total Rehab Costs	Total Replacements	Total Replacement Costs	Total Needs	Total Needs Cost
Asphalt	61.94	1,129	24,705	80,183,559	4,256	59,042,452	28,961	139,226,011
Concrete	72.24	37	1,052	3,454,479	171	1,627,487	1,223	5,081,966
Totals	67.09	1,166	25,757	83,638,038	4,427	60,669,939	30,184	144,307,977



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What are the quality of my assets that need to be maintained

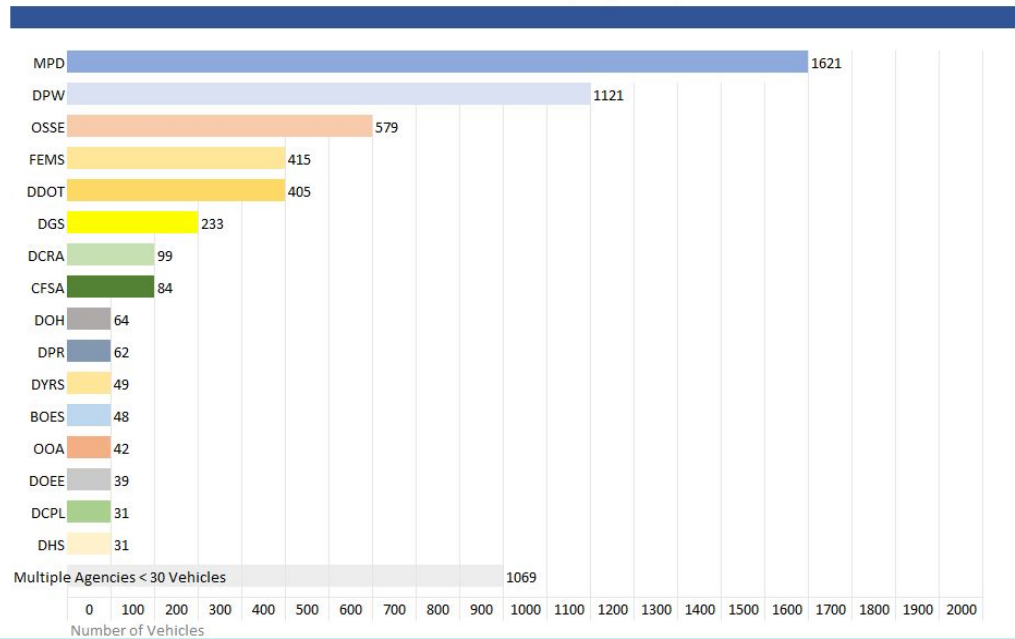




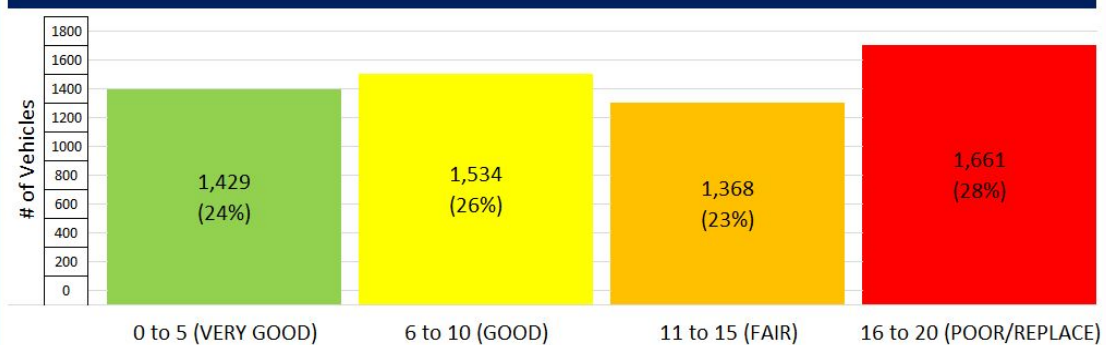
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What are the quality of my assets that need to be maintained

District's Fleet by Agency



Asset Condition Distribution

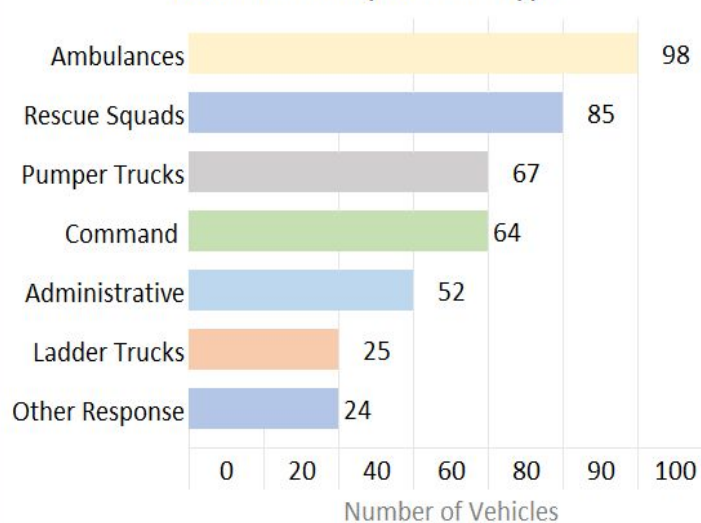




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What are the quality of my assets that need to be maintained

Asset Count by Vehicle Type



Asset Type Report

Asset/Agency Type	Vehicle Count	Average Age	Maintenance Cost	Average Millage
Administrative	52	10.58	874,230	64,281
Ambulances	98	4.83	6,356,188	64,657
Command	64	4.66	1,037,537	42,463
Ladder Trucks	25	10.42	5,677,248	55,604
Other Response	24	11.12	931,018	28,394
Pumper Trucks	67	8.64	8,819,933	57,868
Rescue Squads	85	13.75	2,723,036	26,705
Totals	415	9.14	26,419,190	48,567.33

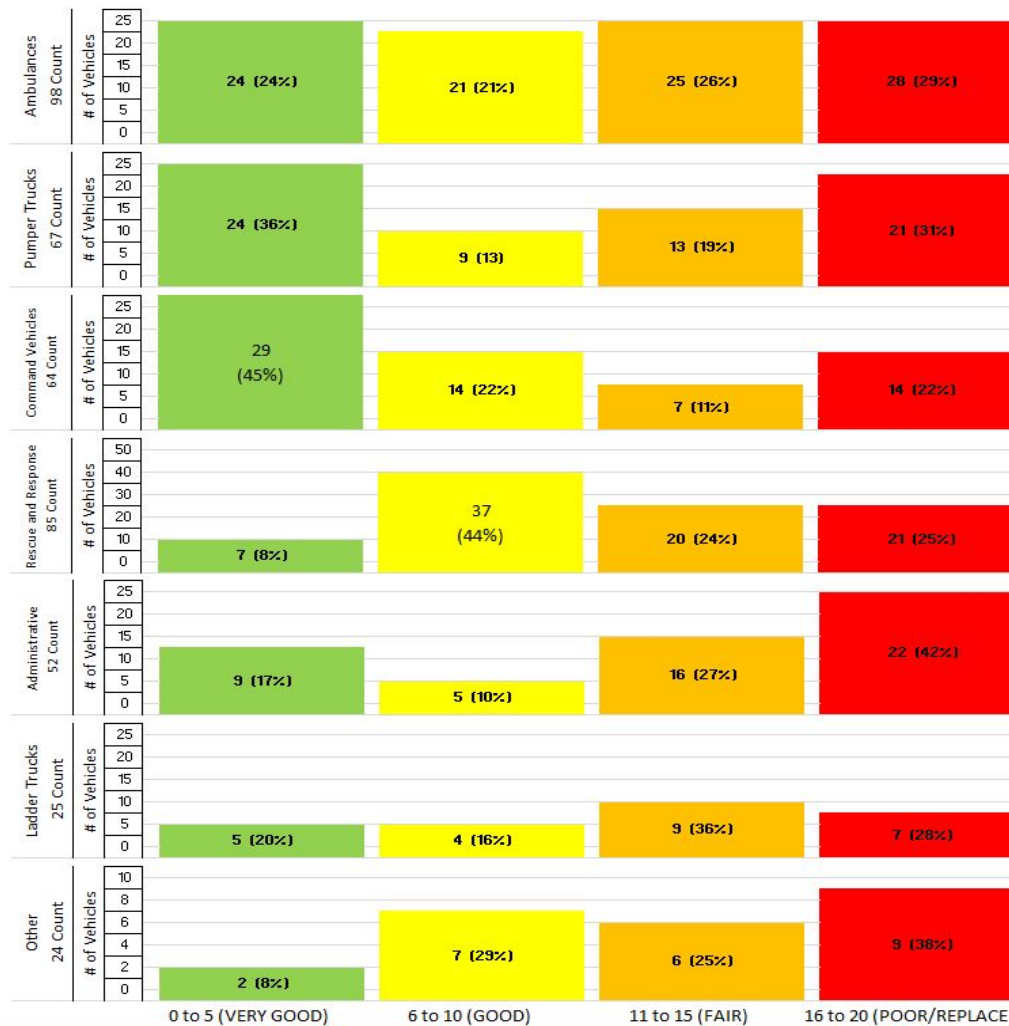


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What are the quality of my assets that need to be maintained

Ambulances, Pumper Trucks, Command Vehicles, Rescue and Response

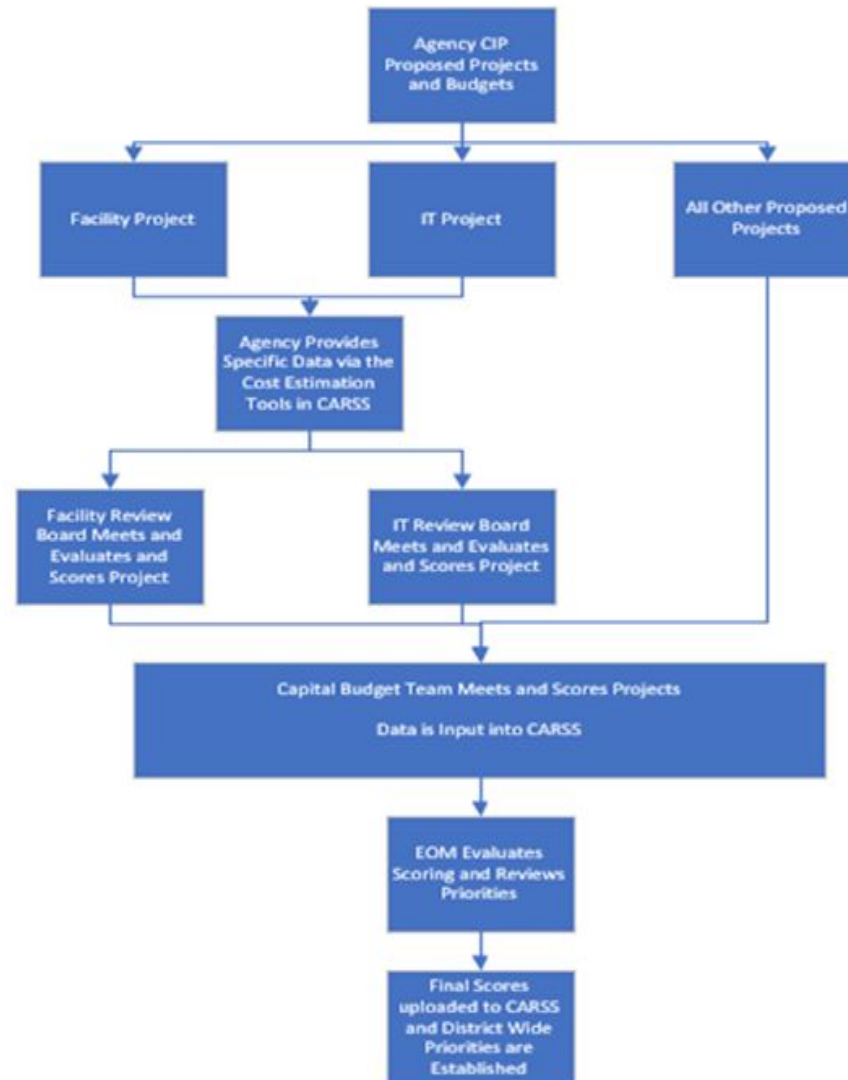
Asset Condition Distribution: Ambulances, Pumper Trucks, Command Vehicles, Recue & Response, Administrative, Ladder and Other





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Prioritizing & Ranking Capital Projects





District of Columbia

Prioritizing & Ranking Capital Projects

Ranking Criteria for Proposed Capital Project Enhancement Budgets
FY 2021 - FY 2026

Agency	Total Cost	Project Alignment with District Policies			Evaluation Score	Multiplier	Priority Score	
Project		How supportive is the project on a scale of 1-5?			Bonus = x			
Meets District Policy Priorities		Project Examples	1 =	3 =	5 =			
Improve Outcomes for Children and Youth		* Education * Public Safety * Playground	Improvements to existing building system (Public Safety and/or Education ONLY)	Expand Existing Asset and renovate facility	creating a new facility	0	5	0
	Expand the availability and affordability of high-quality childcare.	* Child Care	If the project provides child care - X = bonus					0
	Address the needs of communities and individuals most impacted by violence.	* Ambulances * MPD Vehicles	If the project provides public safety vehicles - X = bonus					0
	Expand opportunities that will further close the K-12 achievement gap school modernization.	* Pre-K * School Modernization	If the project provides new Pre-K classroom or is a full school modernization - X = bonus					0
Increase Prosperity across all 8 Wards		* Community (Homelessness, Housing, Employment) * Health	Improves some services offered beyond current levels	Improves current facility - but does not create new employment	Creates New Facility and jobs when project is complete	0	5	0
	Expand efforts to produce, preserve, and protect affordable housing.	* New Communities	If the project provides direct support for 'new communities' - X = bonus					0
	Reduce health disparities with a focus on health equity.	* Healthy Living	If the project provides improved health care - X = bonus					0
	Continue efforts to make homelessness rare, brief and non-recurring.	* Wellness Centers	If the project provides support for homelessness - X = bonus					0
	Put more DC residents on a pathway to the middle class.	* Libraries * Recreation Centers	If the project provides some form of economic growth toward the middle class- X = bonus					0
Enhance DC government services		* Transportation * Good Government * Mobility Infrastructure * Facility Renovation * Security Enhancements	Provides some Infrastructure improvement or, some customer service improvement	Improves Infrastructure or significantly improve customer service beyond current levels	Creates new horizontal infrastructure asset	0	5	0
	Strengthen the DC transportation and mobility infrastructure and experience	* Local Road Rehab * Pedestrian, Bike or Public Transit * DDOT Fleet	If the project provides improved transportation - X = bonus					0
	Take the DC government customer service experience to the next level.	* Smart City- DC Net, GIS	If the project provides improved customer service - direct to citizens - X = bonus					0
Subtotal =								0



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Prioritizing & Ranking Capital Projects

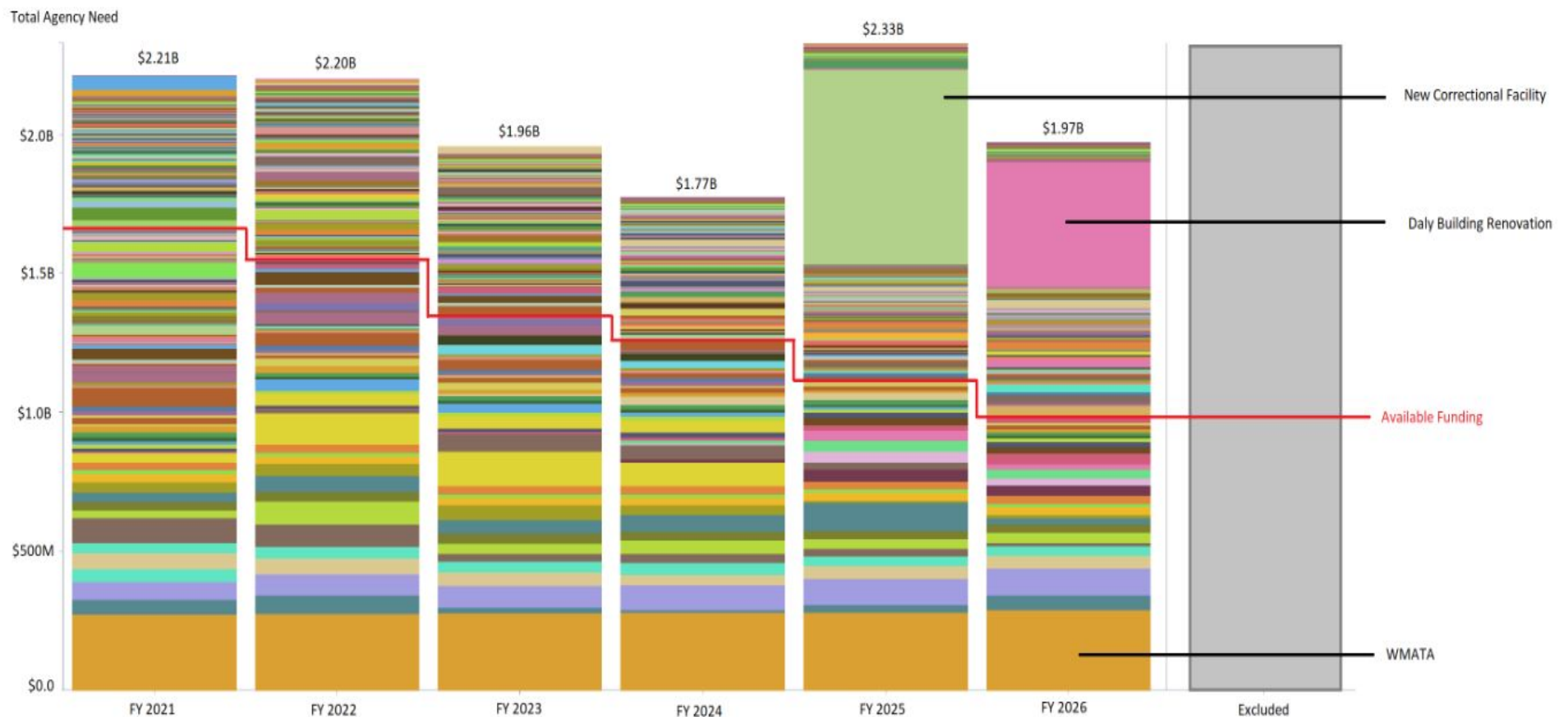
Agency	Total Cost	Project Alignment with District Policies			Evaluation Score	Multiplier	Priority Score	
Project		How supportive is the project on a scale of 1-5?			Bonus = x			
Cost-Benefit Factors		Project Examples	1 =	3 =	5 =			
Readiness (catalyst project, implements Small Area Plan, etc.)			Good project but still needs more planning around accurate budgets, spending and PM	Well planned with appropriate budget and spending levels to be successful	Well planned project, with designated PM, correct budget and spending plan AND, ties to District Comp/Trans plans	0	5	0
Impact on Operating Budget	(After Purchase or Completion)		Increases operating costs	Has no impact on operating costs	Lowers Operating cost after implementation	0	5	0
Potential to Generate New Revenue/taxes for the District			When complete, could generate some increase of revenue/taxes	When complete, will generate some increase of revenue/taxes	When complete, at least 50% of the additional revenue generated would be reinvested in CIP	0	5	0
Potential for Economic Impact through Job Creation			When complete, could create additional employment opportunities	When complete, will generate additional employment	When complete, will create employment - at least 50% of which will be for District residents	0	5	0
						Subtotal =		0
Project-Specific Criteria		Project Examples	1 =	3 =	5 =			
Health and Safety Improvements		(Not for new buildings or renovations)	Has positive impact on specific user groups/citizens	Significant improvement to end users/citizens	Legally required improvement	0	5	0
Federally Required Mandate			Must be completed - but no time frame given	Must be completed between 2-5 years	Must be completed in the next 2 years	0	5	0
Reduces Environmental Impact			Reduces energy consumption below the level used prior to placing the new asset in service	Facility is LEED Certified	Reduces total Environmental footprint by 30% from prior use	0	5	0
Extends Useful Life of Asset receiving the budget			Extends the useful life of the asset receiving the budget > 2 years and < 5	Extends the useful life of the asset receiving the budget > 5 years and < 10	Extends the useful life of the asset receiving the budget > 10 years	0	5	0
Equipment & Vehicles			Improves comfort	Improves Service	Life Safety Improvement	0	5	0
Enhances Security & Public Safety			If the requested budget completes a project started in a prior CIP = bonus points					0
Closes Out Existing Project			If the requested budget completes a project started in a prior CIP = bonus points					0
Leverages External Public or Private Investments			If the requested budget is a P3 Opportunity = bonus points					0
Master Project			If the requested budget is for Master Project = bonus points					0
Equipment and Systems Improvement			Improves comfort	Improves Service	Life Safety Improvement	0	5	0
						Subtotal =		0
Investment Review Board								
Facility Investment Review Board		(out of one hundred)				0	0.1	0
IT Investment Review Board		(out of one fifty)				0	0.5	0
Project Importance		OBPM to Score				0	7	0
						Subtotal =		0
						Overall Score		0



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Prioritizing & Ranking Capital Projects (1 of 2)

CARSS determines the highest priority capital needs, which are funded in the 6-year CIP, and which lower-priority capital projects cannot be funded at this time



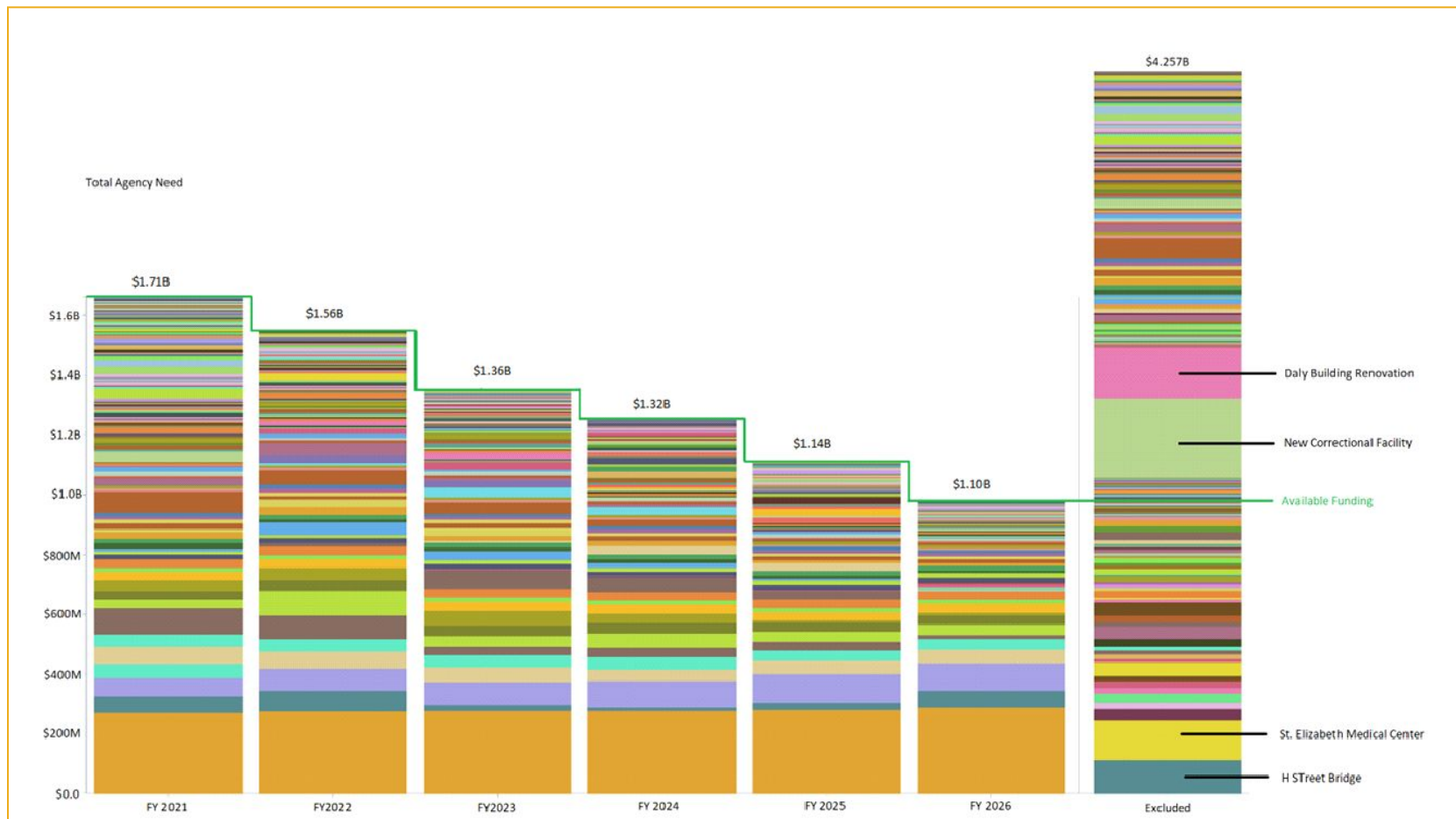


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Prioritizing & Ranking Capital Projects (2 of 2)

CARSS determines the highest priority capital needs, which are funded in the 6-year CIP, and which lower-priority capital projects cannot be funded at this time

Represents total
\$4.2 billion
unfunded capital
needs





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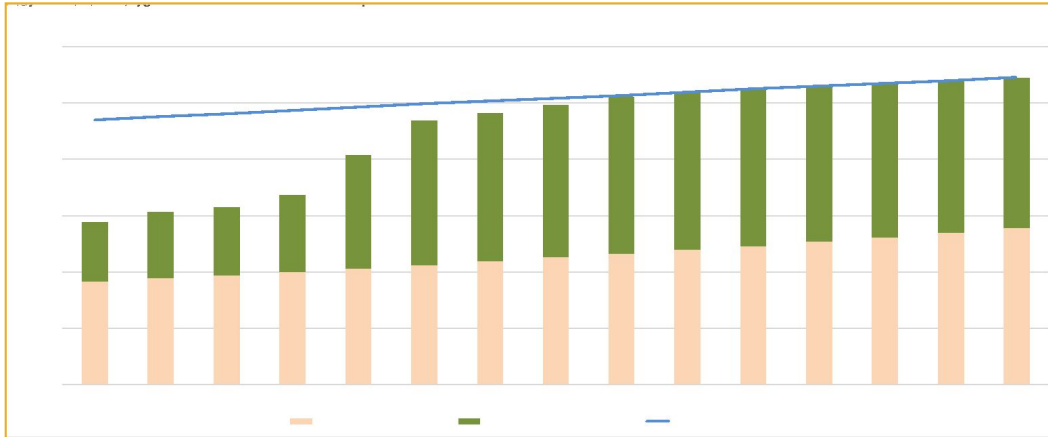
Prioritizing & Ranking Capital Projects

Annual Capital Funding Gap by Asset Type (in \$ millions)							
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total
IT Projects & Systems:							
Capital Maintenance Projects	14.3	13.0	13.3	12.0	8.1	7.7	68.4
New Capital Projects	47.2	21.7	14.6	14.8	3.6	2.1	104.0
Total	\$61.5	\$34.7	\$27.9	\$26.8	\$11.8	\$9.8	\$172.4
Equipment & Regulatory:							
Capital Maintenance Projects	18.1	12.5	11.3	8.1	12.2	8.8	71.0
New Capital Projects	0.7	1.6	1.2	1.3	1.4	1.0	7.1
Total	\$18.7	\$14.1	\$12.5	\$9.4	\$13.6	\$9.8	\$78.0
Fleet:							
Capital Maintenance Projects	4.3	19.1	46.6	46.5	39.3	23.6	179.3
New Capital Projects	-	-	-	-	-	-	-
Total	\$4.3	\$19.1	\$46.6	\$46.5	\$39.3	\$23.6	\$179.3
Horizontal Infrastructure:							
DDOT							
Capital Maintenance Projects	53.9	177.6	142.0	84.0	84.0	63.5	604.9
New Capital Projects	35.0	27.0	50.0	3.3	19.7	-	135.0
Total	\$88.9	\$204.6	\$192.0	\$87.4	\$103.7	\$63.5	\$740.0
Facilities:							
Capital Maintenance Projects	100.8	124.8	94.1	69.5	66.7	69.5	525.6
New Capital Projects	228.1	247.3	214.9	217.6	956.1	698.5	2,562.5
Total	\$329.0	\$372.2	\$309.0	\$287.1	\$1,022.8	\$768.0	\$3,088.1
Grand Total	\$502.3	\$644.6	\$588.0	\$457.1	\$1,191.2	\$874.6	\$4,257.9



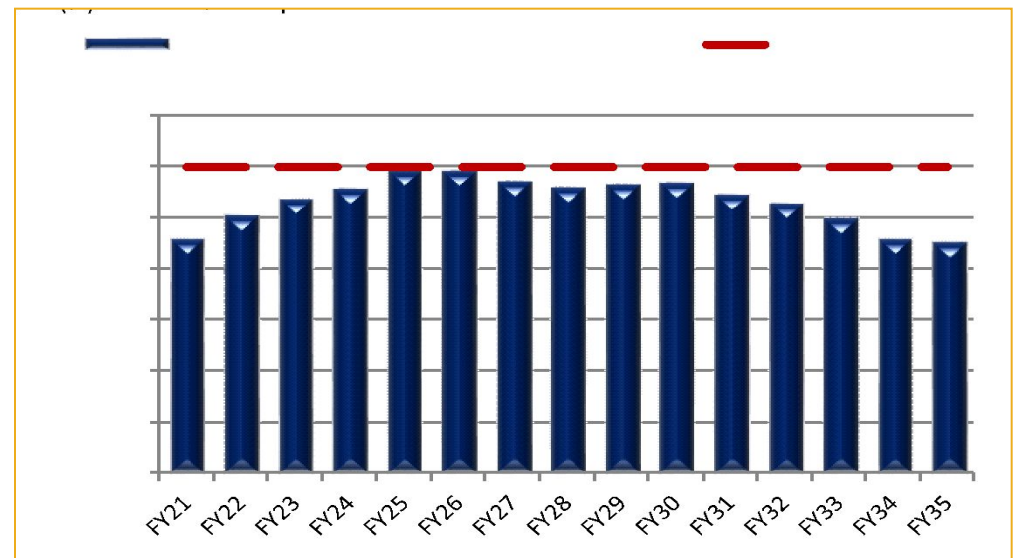
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Funding Approach for Capital Needs



New District law gradually increases paygo (cash funding) levels until they equal annual depreciation of District assets.

Total debt service as a percentage of expenditures is projected to begin to decrease beginning in 2027 and thereafter, which should produce substantial additional borrowing capacity for future capital projects needed in a growing and vibrant city.

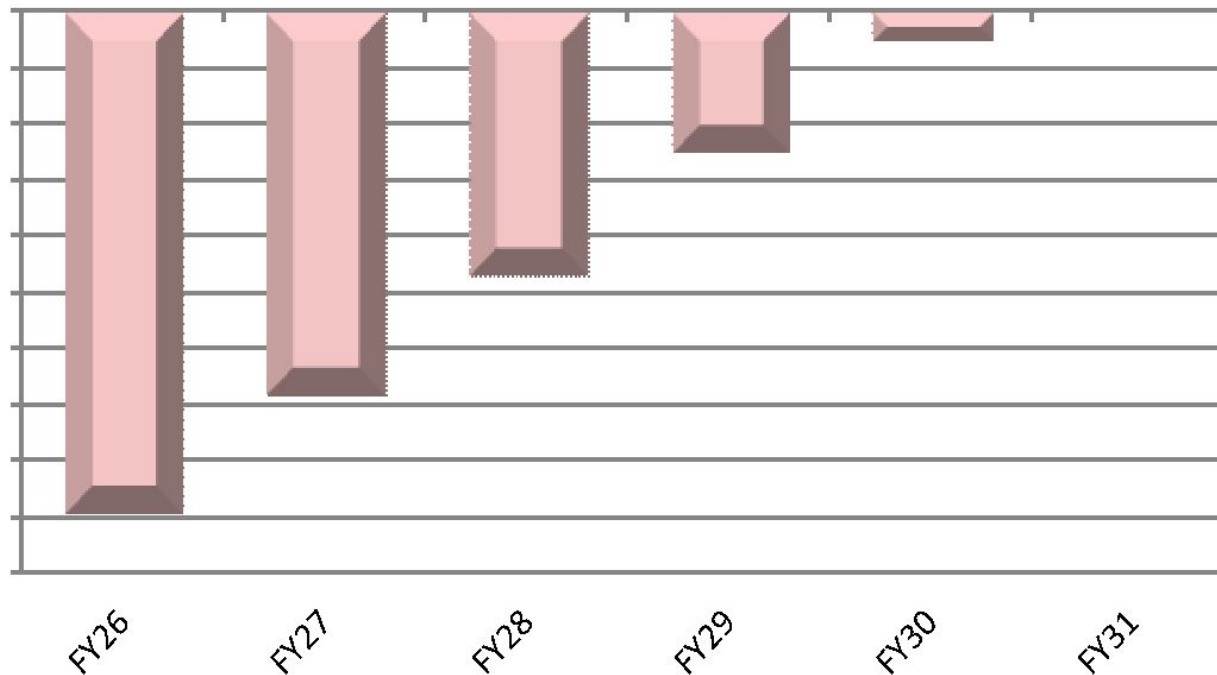




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Addressing Unmet Capital Needs

- Combination of maximizing borrowing, increased paygo (cash) funding per legislation and other funding allows District to fund all identified capital needs by FY 2031





District of Columbia

Results of Long-Term Capital Planning

- All unmet capital needs, including deferred maintenance, funded within a decade
- 100% of District-owned assets now inventoried in CARSS
- Bond ratings upgraded across the board, including to **Aaa** by Moody's
- District has addressed its share of additional capital funds needed for WMATA (*Approx. \$2.3 billion over 10 years*)
 - *New dedicated funding, and increased existing funding for capital should allow WMATA to meet its state of good repair capital needs within a decade*
- ***CARSS is the most comprehensive asset management system of any state or local government in the nation***



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Contact Information

Copies of the District's Long-Range Capital Financial Plan Report can be found on the OCFO website at <https://cfo.dc.gov>, or on the District's investor relations website at www.DCbonds.com.

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