



# FY 2025 – FY 2029 CAPITAL IMPROVEMENT PROGRAM (WITH FUTURE FISCAL YEARS TO 2034)



# CIP Overview

- The FY 2025–FY 2029 Capital Improvement Program totals \$14.3 billion (FY 2025 = \$1.7 billion)
  - The CIP includes County managed and non-County managed (NOVA Parks, Water Supply) Capital Programs
  - County Managed programs include:
    - ✦ Self-Supported Capital Programs (Stormwater, Solid Waste, Transportation, Wastewater) developed and approved as part of the Annual Budget
    - ✦ General Fund Supported Capital Program developed and approved as part of the Annual Budget
    - ✦ General Obligation Bond/EDA Bond Supported Program, developed as part of the 5–10-year CIP

# Progress on Joint CIP Committee Recommendations

- Recommendations from the Committee approved by the Board in December 2021 included:
  - Gradual increase in annual General Obligation bond sale limits from \$300 to \$400 million
    - ✦ *\$50 million increase (split evenly between County/Schools) was sold as recommended in January 2023 and January 2024*
    - ✦ *Second \$50 million increase (also split evenly between County/Schools) planned for January 2025*
  - Dedication of the equivalent value of one penny on the Real Estate Tax rate (\$32.3 million) to be utilized for debt service payments and to increase Capital Paydown investments
    - ✦ *\$5 million, split evenly between the County and Schools, funded in FY 2024 baseline for capital paydown*
    - ✦ *\$8.1 million in Debt Service payments associated with increased bond sales for both County and Schools*
    - ✦ *\$13.1 million total towards the goal of one penny (40.6 percent)*
  - Increase the Capital Sinking Fund from 20% to 30% of year-end balances, with Schools included in the allocation
    - ✦ *Implementation began as part of the FY 2022 Carryover Review*

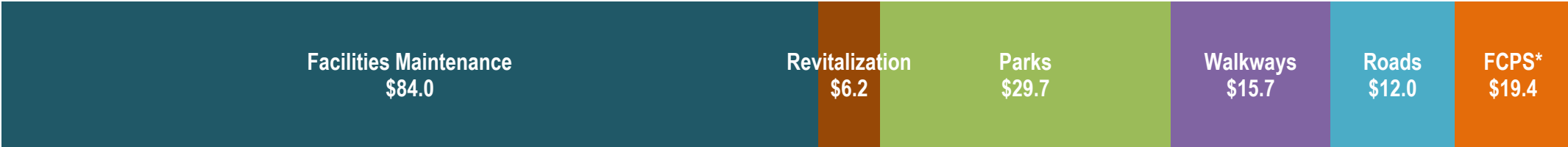
# General Fund Capital Program

- \$32,457,700 in FY 2025
- Increase over FY 2024 of \$5,923,085 primarily associated with:
  - Capital contribution to NOVA Parks (previously supported by General Obligation Bonds)
  - Park Authority Maintenance Program
  - Park Authority Forestry Operations
  - Park Authority Bamboo Mitigation
- For several years, the Annual General Fund Capital Program has been supplemented by adjustments at the Third Quarter or Carryover Reviews and the Sinking Fund

# Capital Sinking Fund

- Populated at year-end based on 30% of year-end balances
- Since FY 2014, over \$167 million has been set aside for capital reinvestment
- Allocation formula approved by the Board of Supervisors: 45 percent for Facilities Management Department (FMD), 25 percent for Schools, 15 percent for parks, 7 percent for walkways, 5 percent for County-owned roads and 3 percent for revitalization improvements

**Allocation of Sinking Fund Contributions**  
(in millions)



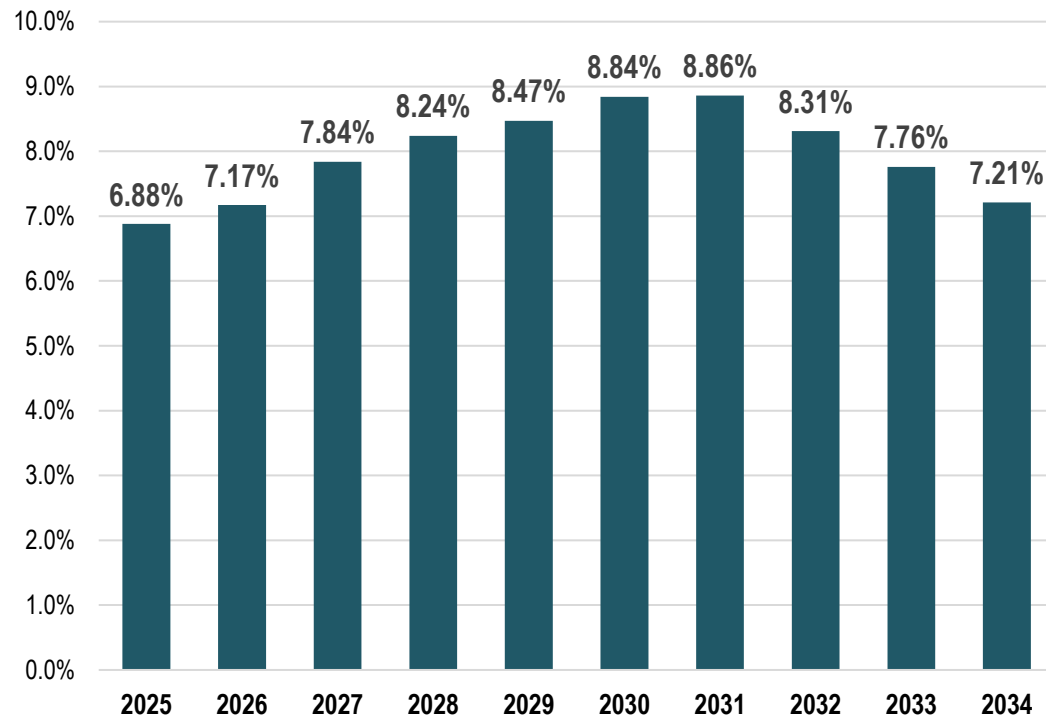
\* FCPS was added to the Sinking Fund allocation for the first time as part of the *FY 2022 Carryover Review* as a result of recommendations from the Joint CIP Committee

# Bond Referendum Plan

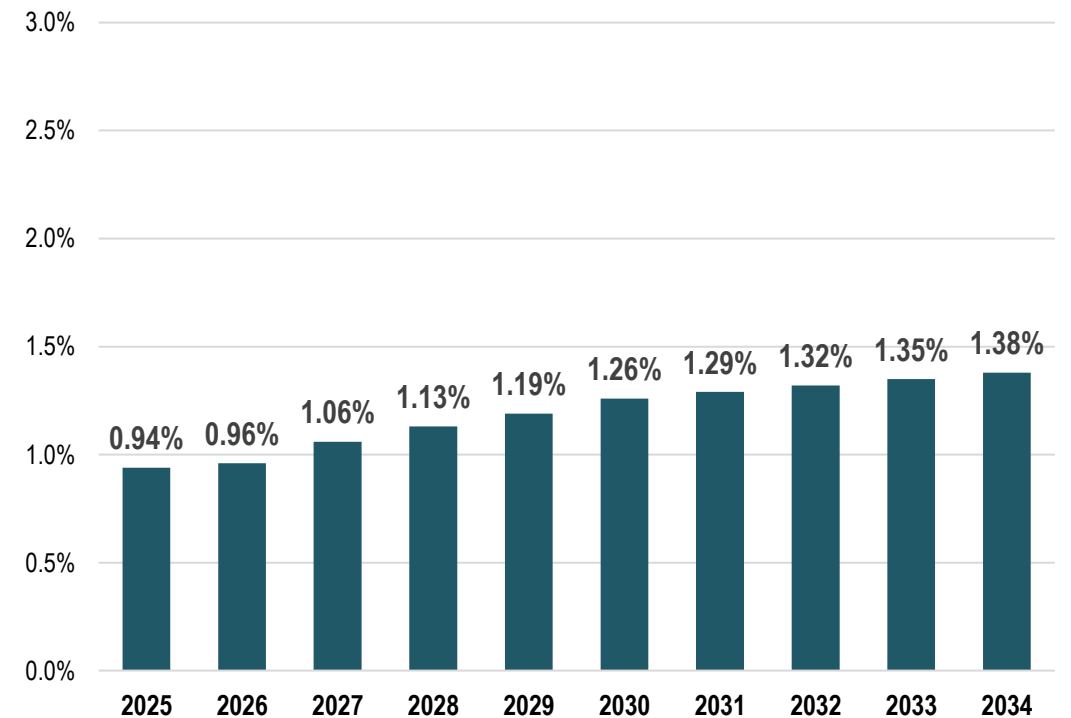
- Most CIP projects are financed with General Obligation Bonds
  - The Plan details future projects and schedules
  - Includes County/School bond referenda in alternate years
- The bond program continues to experience challenges
  - Limits on bond sale timeframes (8 years with possible 2-year extension)
  - Previous restrictions on annual bond sale amounts
  - Changes in project scopes after voter approval
  - Increased Metro contribution requirements
  - Project delays associated with colocation opportunities
  - Continued catch up from COVID related delays

# Debt Policies outlined in Ten Principles of Sound Financial Management

**Estimated Debt Service Payments  
Benchmarked Against Out-Year Revenues  
(10% Limit)**



**Net Outstanding Debt Benchmarked  
Against Out-Year Total Assessed Value  
(3% Limit)**



# January 2024 General Obligation Bond Sale

- Board approval on December 5, 2023, meeting
- \$350 million bond sale (Series 2024)
  - Schools \$205 million
  - County \$145 million
- January 24, 2024, interest rate of 3.27 percent
  - Up from the 2.98 percent received in January 2023

Category	Amount	% of Total
Schools	\$205,000,000	59%
Transportation – WMATA	43,600,000	13%
Public Safety	35,260,000	10%
Transportation – Roads	25,140,000	7%
FCPA	25,000,000	7%
Human Services	8,000,000	2%
Libraries	5,000,000	1%
NoVA Parks (NVRPA)	3,000,000	1%
<b>Total</b>	<b>\$350,000,000</b>	



# Bond Sale Limitations and Considerations

- Sunset Rule
  - All referenda expire in eight years from date of voter approval
  - Two-year extension permitted upon petition to Circuit Court
    - ✦ Anticipate 2-year extension for 2016 Human Services Bond Referendum
- Referenda sold over multiple years
- For County projects, staff review project cashflow needs and sell only those amounts required for the current fiscal year
- Actual spenddown varies by category
  - Influenced from various factors such as project scope, construction timeline, community outreach

# Planned General Obligation Bond Sales

- Gradual increase in bond sales over the next several years per Joint CIP Committee

	<b>FY 2022</b> (January 2022)	<b>FY 2023</b> (January 2023)	<b>FY 2024</b> (January 2024)	<b>FY 2025</b> (January 2025)
County	\$120m	\$145m	\$145m	\$170m
Schools	\$180m	\$205m	\$205m	\$230m
<b>Total</b>	<b>\$300m</b>	<b>\$350m</b>	<b>\$350m</b>	<b>\$400m</b>

- Provide flexibility to County and Schools cap and address backlog of projects
- Monitor bond market and update forecasting – capacity and affordability

# Specific Proposed Changes to Bond Referendum Plan

- Mount Vernon Police Station
  - Removed from 2024 proposed Public Safety Bond
  - Included in a master plan colocation study underway (Police Station, Fire Station, Sherwood Library, and other County facilities to be reviewed for potential colocation)
  - Provides additional time to complete the master planning effort
  - Economic Development Authority (EDA) bonds are anticipated to finance the Police Station and other County facilities being considered and not previously approved for General Obligation bonds
- Reston Library
  - Library and community space portion of the Reston Town Center North redevelopment project was expected to require a \$48 million EDA bond; however, this amount has been increased by \$10 million to \$58 million
  - Allows for \$10 million in 2012 Reston Library General Obligation bonds to be utilized for current library project shortages and complete the spending of these older bonds

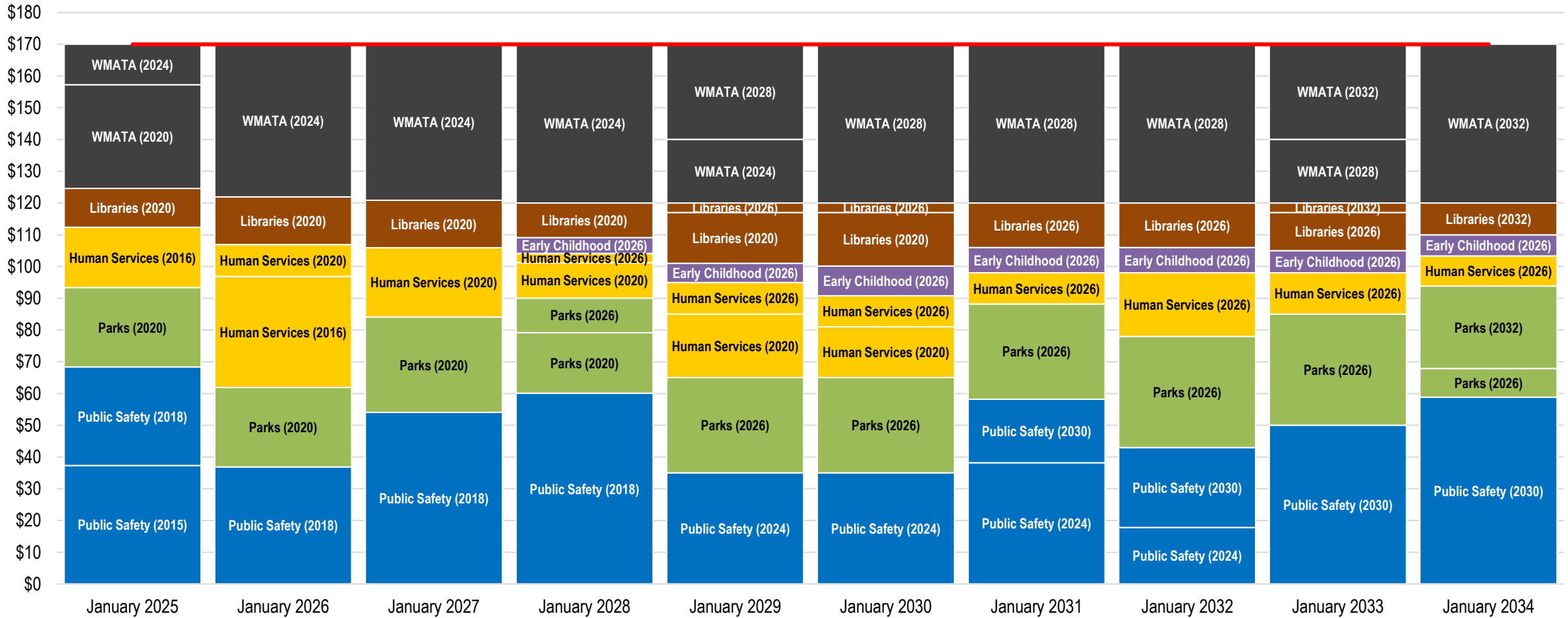
# Specific Proposed Changes to Bond Referendum Plan (Continued)

- Kings Park Library
  - Adjusted slightly to accommodate Braddock District Supervisor's Office in the renovation project
- Road Bond Referendum
  - Removed from General Obligation Bond Plan, previously planned for 2028, based on pace of spending of 2014 Bonds and the ability to leverage EDA bonds with C&I tax revenue supporting the debt service
- Park Bonds
  - Next Park Bond Referendum scheduled in 2026 for \$180 million
  - Park Bond sales were previously projected at \$25 million annually until FY 2029
  - Due to the Bond Referendum Plan changes noted previously, staff is projecting an increase in bonds sales for Parks from \$25 million to \$30 million beginning in FY 2027
  - This increased level should help alleviate some of the pressures associated with the proposed construction schedule for Audrey Moore Rec Center renovation project

# Proposed Revised Bond Referendum Plan

Year	Category	Description			Total
Fall 2024	County	Public Safety	\$126 mil	Fox Mill Fire Station, Oakton Fire Station, Tysons Fire Station, Criminal Justice Academy	\$306 mil
		Transportation	\$180 mil	Metro Contribution	
Fall 2025	Schools	Capital Enhancement, Renovation, Infrastructure Management			\$460 mil
Fall 2026	County	Human Services	\$125 mil	Early Childhood Facilities, Tim Harmon Campus, Springfield Community Resource	\$351 mil
		Libraries	\$46 mil	Centreville Regional, Herndon Fortnightly Community, Kings Park Community	
		Parks	\$180 mil	County Park Authority	
Fall 2027	Schools	Capital Enhancement, Renovation, Infrastructure Management			\$460 mil
Fall 2028	County	Transportation	\$200 mil	Metro Contribution	\$200 mil

# Projected Bond Sales with Future Referenda



# Projects Proposed for Other Financing

- General Obligation bond financing can be a challenging financing structure for some projects based on complexity of financing, developer agreements, leasing arrangements and/or timing
- Other financing arrangements are considered for more complex projects and are included in the County debt ratios (3% and 10%), but not included in \$400 million annual General Obligation sales limit
- Upcoming projects include:
  - Original Mount Vernon High School Redevelopment – to be supported by County’s use of a short-term Line of Credit (LOC). Following project completion and reconciliation with the Virginia Historic Rehabilitation Tax Credits (VHRTCs), the County will convert the net balance on the LOC to a traditional long-term fixed rate bond through the EDA
  - Future potential projects include the Judicial Center Redevelopment, Mount Vernon Area Colocation, and Reston Town Center North Redevelopment

## Colocation Projects

- Colocation sites offer a way to maximize limited space, locate complementary programs and services together, reduce reliance on leased space, address gaps in service delivery, and improve efficiencies
- Currently underway: Original Mount Vernon High School Redevelopment, Kingstowne Complex, Stormwater/Wastewater Facility
- Studies in progress: Mount Vernon area facilities, Willston Center
- Identified for the future: Judicial Center Redevelopment, Reston Town Center North Redevelopment, Penn Daw Fire Station/Housing Project
- County task force continues to review potential colocation opportunities



## Next Steps/CIP Dates

- CIP on County website February 20
- Planning Commission (PC) CIP Committee Meeting February 29
- PC Workshop/Public Hearing March 6
- CIP Discussed at BOS Committee March 12
- PC CIP Committee Meeting March 21
- PC CIP Mark-up April 3
- BOS Public Hearings April 16,17,18
- BOS Mark-up/CIP Adoption April 30

<https://www.fairfaxcounty.gov/budget/fy-2025-fy-2029-advertised-capital-improvement-program-cip>