



FY 2024 – FY 2028 CAPITAL IMPROVEMENT PROGRAM (WITH FUTURE FISCAL YEARS TO 2033)

**BOARD OF SUPERVISORS
BUDGET COMMITTEE**

MARCH 14, 2023



CIP OVERVIEW

- The FY 2024–FY 2028 Capital Improvement Program totals \$13.6 billion (FY 2024 = \$1.6 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

JOINT COUNTY/SCHOOLS CIP COMMITTEE

- The final report of the Joint County/Schools CIP Committee was approved by the Board of Supervisors on December 7, 2021
- Recommendations from the Committee 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
 - ✦ Second \$50 million increase is planned for January 2025
 - Dedication of the equivalent value of one penny on the Real Estate Tax rate to be utilized for debt service payments and to increase Capital Paydown investments – not yet fully implemented
 - Increase the Capital Sinking Fund from 20 to 30 percent of year-end balances, with Schools included in the allocation – first implemented as part of *FY 2022 Carryover Review*

GENERAL FUND CAPITAL PROGRAM

- \$26,234,615 in FY 2024
- Increase over FY 2023 of \$738,842 primarily associated with:
 - Maintenance previously supported by the County's Community Labor Force
 - Athletic field maintenance associated with the opening of Patriot Park North
 - Park Authority's forestry operations and ground maintenance efforts
- Based on resource constraints, the equivalent of a full penny is not included in the FY 2024 proposal (\$5 million split evenly between the County and Schools is included consistent with the FY 2023 Adopted Budget Plan)
- For several years, the Annual Paydown Program has been supplemented by adjustments at the Third Quarter or Carryover Reviews and the Sinking Fund

CAPITAL SINKING FUND

- Capital Sinking Fund was created in FY 2014
- Populated at year end with 30 percent of Carryover balances
- To date, over \$127 million has been set aside for capital reinvestment

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

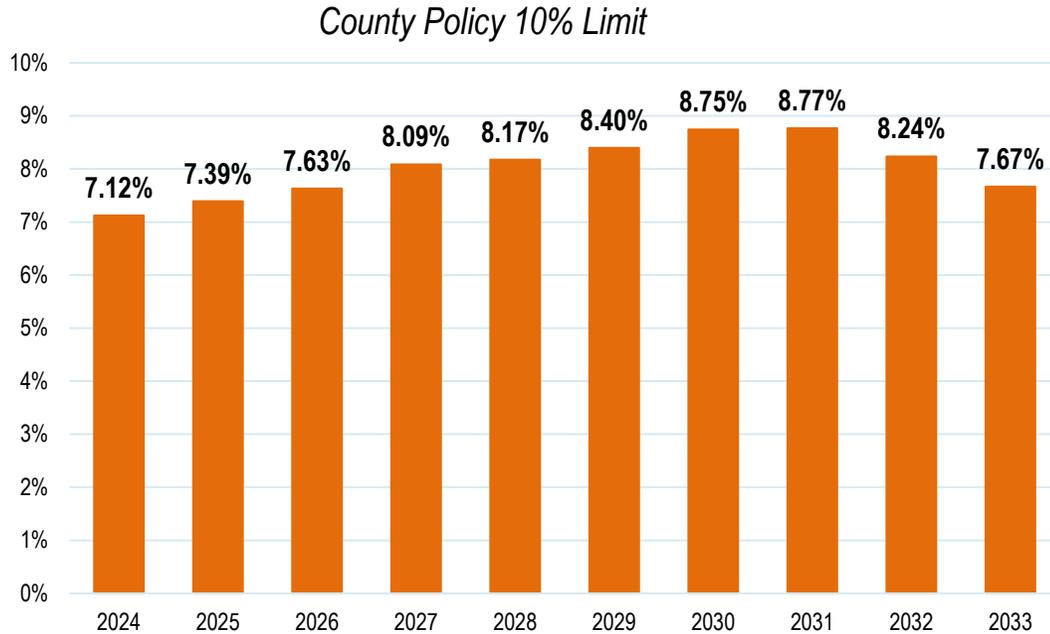
BOND REFERENDUM PLAN

- The majority of CIP projects are financed with General Obligation Bonds
 - ✦ Referendum Plan details future projects and schedules
 - ✦ More predictable plan for the Board, County agencies, and the public
 - ✦ Includes County/FCPS bond referenda in alternate years
- The bond program continues to experience challenges and backlogs in unsold bonds
 - ✦ Limits on bond sale timeframes (8 years with possible 2-year extension)
 - ✦ Restrictions on annual bond sale amounts
 - ✦ Changes in project scopes after voter approval
 - ✦ Increased Metro contribution requirements
 - ✦ Project delays associated with colocation opportunities
 - ✦ Supply chain / inflation / COVID-related delays

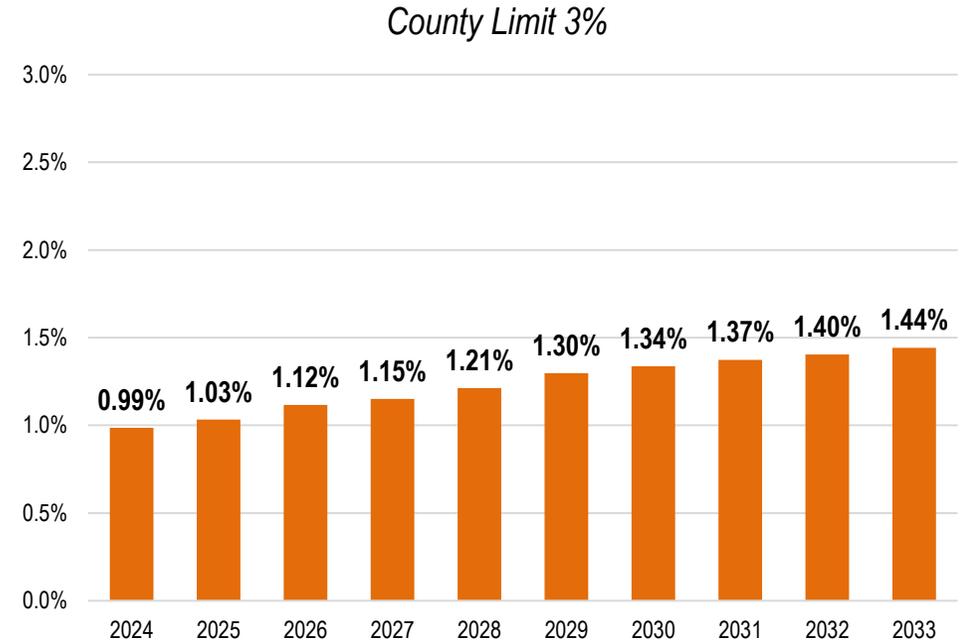
BOND PLAN LINK TO DEBT POLICIES

- *Ten Principles of Sound Financial Management*

**Estimated Debt Service Payments
Benchmarked Against Out-Year Revenues**

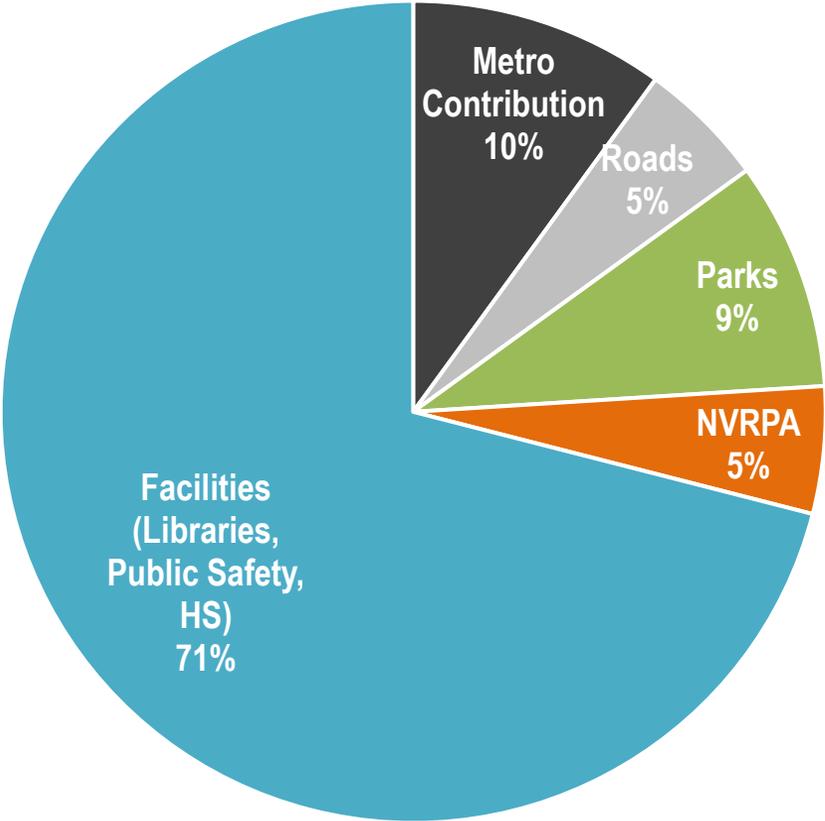


**Net Outstanding Debt Benchmarked
Against Out-Year Total Assessed Value**

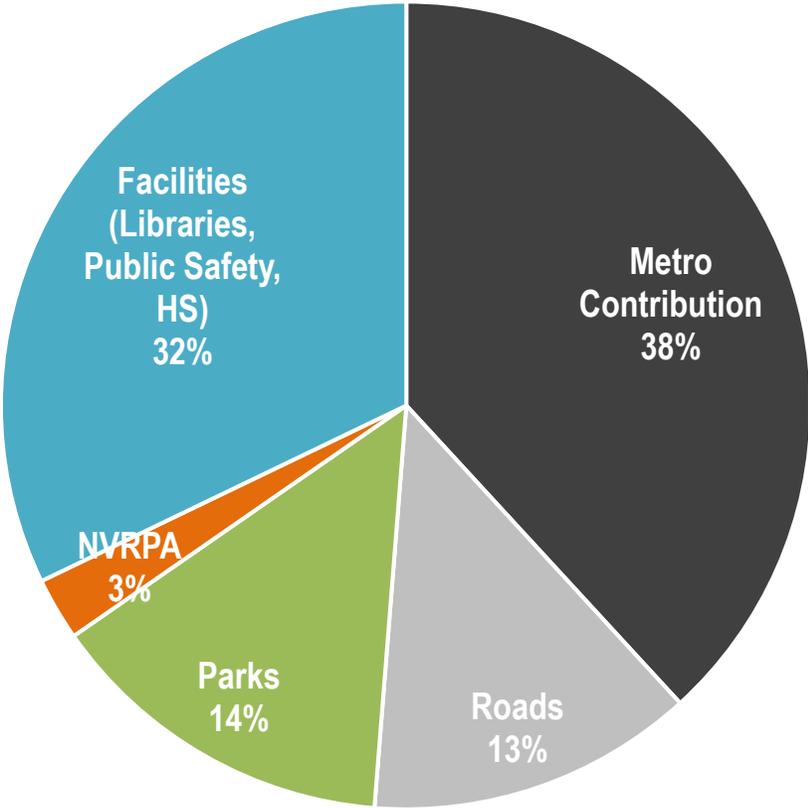


COUNTY SALES ALLOCATIONS HAVE CHANGED OVER TIME

2007 Bond Sale (\$110m)



2021 Bond Sale (\$110m)



JANUARY 2023 GENERAL OBLIGATION BOND SALE

- Action Item approved December 6th BOS meeting
- \$350 million bond sale (Series 2023)
 - Schools \$205 million
 - County \$145 million
- January 19, 2023, interest rate of 2.98 percent
 - Up from the 1.75 percent received in January 2022

Category	Amount
Schools	\$205,000,000
Transportation – WMATA	30,000,000
Transportation – Roads	22,000,000
Public Safety	48,000,000
FCPA	25,000,000
NoVA Parks (NVRPA)	3,000,000
Human Services	17,000,000
Total	\$350,000,000

PROJECT CASHFLOW AND BOND SALES

- 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 2015 Public Safety 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

CURRENT CIP CONTEXT

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

	FY 2022	FY 2023	FY 2024	FY 2025
County	\$120m	\$145m	\$145m	\$170m
Schools	\$180m	\$205m	\$205m	\$230m
Total	\$300m	\$350m	\$350m	\$400m

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

CHANGES TO BOND REFERENDUM PLAN

- Based on inflation and escalation in construction bids, 10-12% inflationary factors have been added to future building projects
- In order to smooth future referendum amounts and provide flexibility to meet urgent facility needs, some projects have been deferred
- Fall 2026 Parks Referendum total is recommended at \$180 million
 - FY 2023 CIP recommended that future referendum be shifted from a four to six-year cycle
 - FY 2024 CIP represents a 20% annual increase for Parks over the previous cycle of \$100 million every four years
 - Continue working with FCPA to address increased costs for the Rec Centers; including annual cash flow adjustments and quarterly review funding

SPECIFIC PROJECT CHANGES IN BOND REFERENDUM PLAN

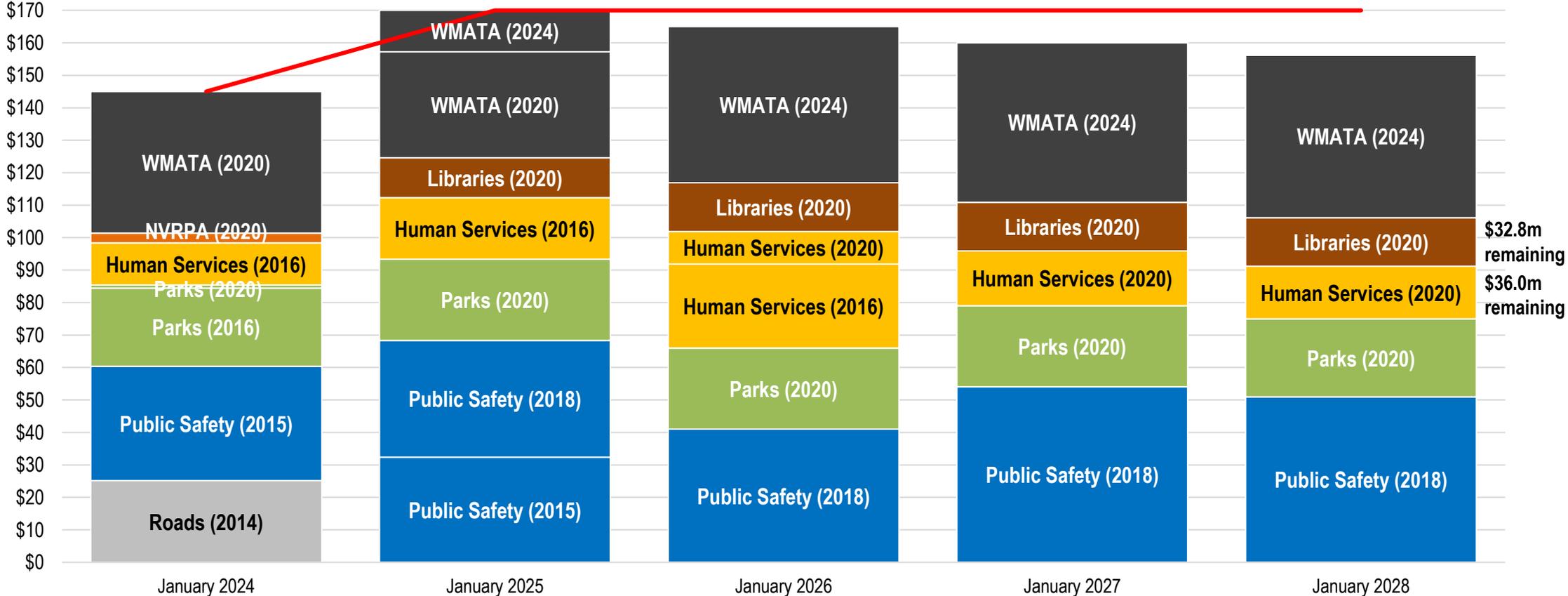
- Tysons Fire Station added to 2024
 - Chantilly Fire Station moved to 2030
 - Well-fit Training Facility moved to 2030
- Revised plan for Criminal Justice Academy added to 2024
 - Tysons Police station moved to 2030
- Chantilly Library moved from 2026 to 2032
- Transportation (Roads) moved from 2026 to 2028

BOND REFERENDUM PLAN

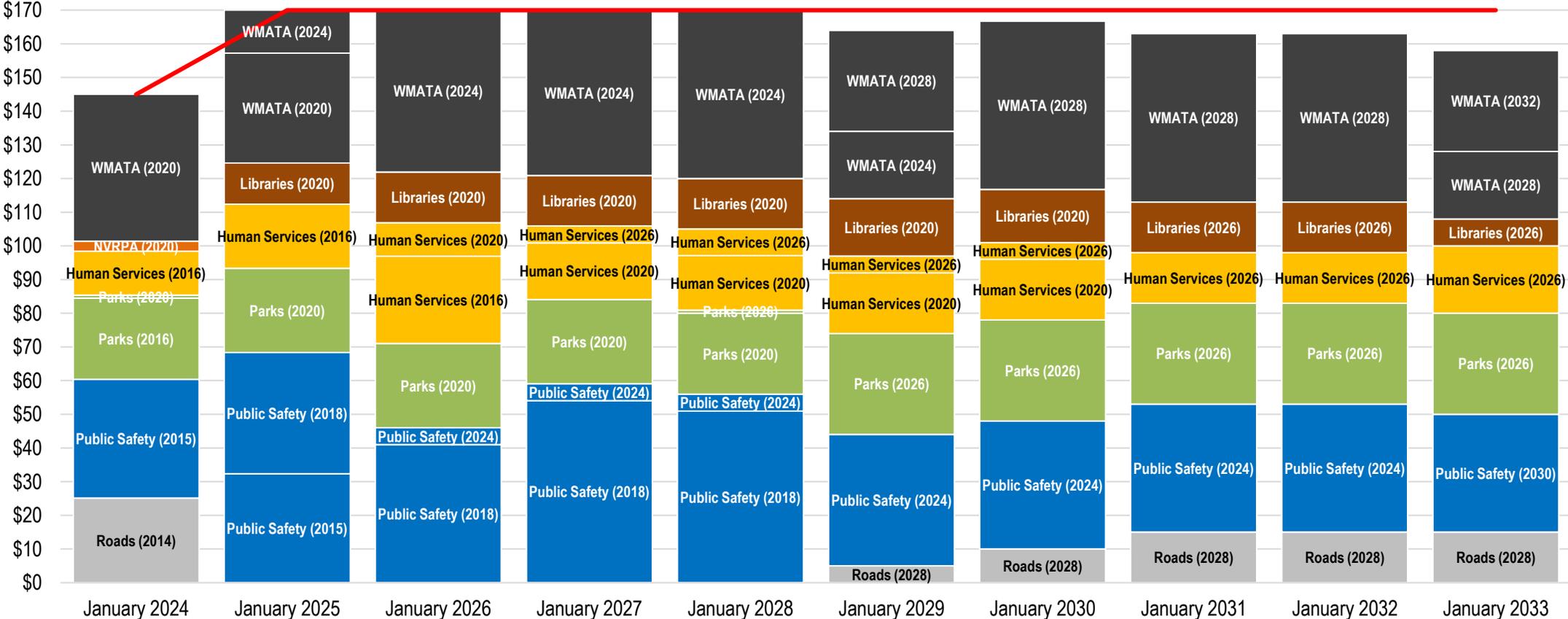
FY 2024-FY 2028 CIP Bond Referendum Plan

Year	Category	Description	Total
Fall 2023	Schools	Capital Enhancement, Renovation, Infrastructure Management	\$360 mil
Fall 2024	County	Public Safety \$168 mil Fox Mill Fire Station, Oakton Fire Station, Tysons Fire Station, Mt. Vernon Police Station, Criminal Justice Academy	\$348 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 Center	\$349 mil
		Libraries \$44 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

PROJECTED BOND SALES FOR PRIOR REFERENDA – THRU 2020 PLUS WMATA



PROJECTED BOND SALES WITH FUTURE REFERENDA



PROJECTS PROPOSED FOR OTHER FINANCING MECHANISMS

- General Obligation bond financing can be a challenging financing structure for some projects based on complexity of financing, developer agreements, leasing arrangements 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 FCRHA bonds in order to receive revenues from the sale of state historic tax credits. Bonds are expected to be sold in early FY 2024.
 - Tysons Community Center – associated with the Tysons Dominion Square development in partnership with affordable housing. EDA bonds are anticipated to be sold in FY 2024.
 - Future projects include the Judicial Center and Reston Town Center North redevelopments

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, Wastewater/Stormwater Facility
- Planned for the future: Tysons Community Center, Judicial Center Complex Redevelopment, Reston Town Center North Redevelopment, Penn Daw Fire Station/Housing Project
- County staff have organized a task force to review potential colocation opportunities

NEXT STEPS/CIP DATES

- CIP on County website February 21
- PC CIP Committee Meeting February 23
- PC Workshop/Public Hearing March 1
- CIP Discussed at BOS Committee March 14
- PC CIP Committee Meeting March 16
- PC CIP Mark-up March 29
- BOS Public Hearings April 11,12,13
- BOS Mark-up/CIP Adoption May 2

<https://www.fairfaxcounty.gov/budget/fy-2024-fy-2028-advertised-capital-improvement-program-cip>