



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

PLANNING COMMISSION
FEBRUARY 23, 2023



CIP DEVELOPMENT PROCESS

- Discussions with agencies on CIP plans
- Recommendations of County Board/School Board Joint CIP Committee considered
- Rates for self supporting funds developed as part of the Annual Budget (Stormwater, Wastewater, Solid Waste)
- General Fund supported Capital Program developed as part of the Annual Budget
- Bond Referendum Plan developed based on Joint CIP Committee recommendations, bond program challenges, and adherence to *Ten Principles of Sound Financial Management*

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*

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, 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

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 the 2024 referendum be shifted to 2026 based on unsold bonds and 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

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 Transportation \$180 mil Metro Contribution	\$348 mil
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 Libraries \$44 mil Centreville Regional, Herndon Fortnightly Community, Kings Park Community Parks \$180 mil County Park Authority	\$349 mil
Fall	Schools	Capital Enhancement, Renovation, Infrastructure Management	\$460

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 late FY 2023 or 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

BOND PLAN LINK TO DEBT POLICIES

- *Ten Principles of Sound Financial Management*
 - Below 3 percent debt to market value (currently 1.02 percent)
 - Below 10 percent debt to General Fund Disbursements (currently 6.97 percent)
 - Bond sale in January 2023 included \$145 million for the County and \$205 million for Schools
 - Bond sale planned in January 2025 is \$170 million for County and \$230 million for Schools
 - Debt Service affordability is key
- Bond sales continue to benefit from the County's triple-A bond rating. On January 19, 2023, the County conducted a General Obligation bond sale and received an interest rate of 2.98 percent, up from the 1.75 percent received in January 2022, but below the Bond Buyer Index of 3.33 percent

CAPITAL PROGRAMS WITHIN SELF-SUPPORTING FUNDS

- Stormwater rate proposed to remain at \$0.0325 per \$100 of assessed real estate value (based on increased real estate values, the stormwater fund will receive an additional \$6.4 million in FY 2024)
- Wastewater rates are consistent with 5-year plan
 - Base Charge proposed to increase from \$40.14 to \$44.81 per quarter (recovers fixed costs)
 - Availability Charges proposed to increase from \$8,592 to \$8,860 (connection fee)
 - Service Charges proposed to increase from \$8.09 to \$8.46 per 1,000 gallons
- Solid Waste rates
 - Refuse disposal and recycling proposed to increase \$72 per ton for private haulers
 - Refuse Collection rate proposed to increase from \$475 to \$490 per household for residents in Sanitary Districts
 - Leaf Collection remains at \$0.012 per \$100 of assessed value for residents in Leaf Districts (no change)

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 formula approved by the Board of Supervisors: 45 percent for Facilities Management Department (FMD), 25 percent for FCPS, 15 percent for parks, 7 percent for walkways, 5 percent for County-owned roads and 3 percent for revitalization improvements

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>