



FY 2022 – FY 2026 Capital Improvement Program (with Future Fiscal Years Planning to 2031) Commission CIP Committee March 25, 2021

www.fairfaxcounty.gov/budget



March 16th Board of Supervisors Committee Meeting

- CIP included at Board of Supervisors Budget Committee meeting on March 16th
- CIP discussion:
 - ✦ Board is looking forward to recommendations from the Joint County Board/School Board CIP Committee
 - ✦ Discussed timing of recommendations to coincide with FY 2023 CIP
 - ✦ Discussed low interest rates and potential to accelerate projects to take advantage of lower rates
 - \$290m of the \$300m annual sales cap was sold in January 2021
 - Would also increase General Fund requirement for debt service in a difficult year
 - ✦ Board asked for an update on Sinking Fund project progress
 - ✦ Board asked for details regarding the Stormwater/Wastewater Facility (EDA bonds will finance this project and Stormwater and Wastewater will pay the

CIP Bond Plan Link to Debt Policies

- Total Bond Plan includes General Obligation Bonds and EDA Bonds/other financing sources
- *Ten Principles of Sound Financial Management*
 - Below 3 percent debt to market value (currently 1.06 percent)
 - Below 10 percent debt to General Fund Disbursements (currently 7.47 percent)
 - Total sales limit is \$300 million per year
 - Debt Service affordability
- Note: Bond sales continue to benefit from the County's triple-A bond rating. On January 26, 2021, the County conducted a General Obligation bond sale at an interest rate of 1.23 percent. This borrowing rate represents the lowest interest rate ever received for a new money bond deal in the County's history. It is also 77 basis points below the previous low interest

\$300m Sales Limit

- Annual sale limit of \$300m is beginning to present some capacity challenges
 - \$180m for FCPS (last increased in FY 2019)
 - \$120m for County (last increased in FY 2007)
- County challenges include:
 - Metro capital requirements are increasing and are projected to continue to increase in future years. In 2011 the Metro bond sale was \$20m and in January 2021 it was \$42m, more than double what it was 10 years ago
 - More complex colocation projects are taking longer to complete, delaying bond sales, and creating a backlog of sale requirements
 - Most recently, existing Library and Public Safety bonds have required a 2-year extension from the Circuit Court to provide a total of 10 years in which to sell the bonds after the initial date of the voter approved referendum

- FCPS is interested in increasing the \$180m School's sale limit

Joint CIP Committee

- The new Joint County Board/School Board CIP committee includes 2 members of the Board of Supervisors (Supervisor Foust and Smith), 2 School Board members (School Board members Omeish and Cohen) and 2 ex-officio members from the Planning Commission (Commissioner Sargeant and Niedzielski-Eichner)
- Currently, staff is working closely with the members of the Joint County and Schools CIP committee, and it is anticipated that the group will review the entire debt program including:
 - ✦ debt capacity
 - ✦ bonding versus paydown options
 - ✦ timing and sizing of future referenda
 - ✦ assumptions used in future year CIP projections
- Funding debt service for both the County and FCPS capital programs is only one of the many operational demands on the County budget

CIP Calendar

- CIP on County website February 23
- PC CIP Committee Meeting February 25
- PC Workshop/Public Hearing March 11
- CIP Discussed at BOS Committee March 16
- PC CIP Committee Meeting March 25
- **PC CIP Mark-up April 7**
- **BOS Public Hearings April 13,14,15**
- **BOS Mark-up/CIP Adoption April 27**

Next Steps

- Follow up questions from the CIP Workshop
- Update on Policy Plan work underway
- Development of Planning Commission CIP motions
- Preparation for April 7th Mark-up