



FAIRFAX COUNTY

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V I R G I N I A

February 28, 2005

Honorable Board of Supervisors
County of Fairfax
Fairfax, Virginia 22035

Mr. Chairman, Ladies and Gentlemen:

It is my pleasure to submit for your review and consideration the Fairfax County *Advertised Capital Improvement Program (CIP) for Fiscal Years 2006 – 2010, with Future Fiscal Years to 2015*. The CIP is an important document which is linked strategically to the Comprehensive Plan and the County's Budget. I believe the CIP reflects the needs of the County and the goals and priorities of our community while recognizing our financial capabilities.

The CIP will be released concurrently with the FY 2006 Advertised Budget Plan and will be available on compact disc (CD).

During the development of this year's CIP, the following primary objectives were accomplished:

- Consulted and closely coordinated with the Board of Supervisors, the Planning Commission, and other Boards, Authorities and Commissions regarding the CIP process, status and recommendations;
- Reviewed and revised the Principles of Sound Capital Improvement Planning adopted by the Board of Supervisors in FY 2003 to incorporate a new principle encouraging the development of affordable and effective multi-use public facilities;
- Continued to apply the four criteria for recommending, prioritizing and ranking all existing and future CIP projects;
- Reviewed the County's current debt and bond referendum capacities to determine the resources available to support identified CIP projects;
- Provided flexibility for the Board of Supervisors to respond to emerging community needs, such as transportation requirements;
- Identified a portion of the funding required to address capital renewal needs at some County facilities; and
- Continued to enhance and simplify the CIP submission process and worked with County agencies to develop their CIP requirements.

1. Consulted and Closely Coordinated

As has been done in recent years, during the development of the CIP, staff from the Office of the County Executive, the Department of Management and Budget, the Department of Planning and Zoning and the Department of Public Works and Environmental Services, continued to consult and closely coordinate with the Board of Supervisors, the Planning Commission, the Planning Commission CIP subcommittee, as well as an even greater number of other Boards, Authorities and Commissions. This improved coordination enabled those involved with the CIP process to more fully participate in the development of program recommendations.

2. Applied the Principles and Criteria to Prioritize and Rank All CIP Projects

In order to develop the priority ranking of all existing and future CIP projects, the Principles and Criteria adopted by the Board of Supervisors in FY 2003 again were used. Application of these criteria ensures that each recommended project supports the policy objectives of both the Board of Supervisors and the Comprehensive Plan. These criteria are used to rank the priority of projects, indicate the relative time period in which a project may be initiated, and allocate available resources.

3. Reviewed the County's Debt and Bond Referendum Capacities

A review of the County's debt and bond referendum capacities is conducted annually. During the development of the FY 2006 – FY 2010 CIP, this review demonstrated that the County could maintain total annual bond sales of \$200 million per year for both County and School projects, as previously planned. This level of sales is possible within the approved debt ratios (debt service below 10 percent of General Fund disbursements and net bonded indebtedness below 3 percent of estimated market value) as well as within the limits of existing resources. As of June 30, 2004, the ratio of debt service to General Fund disbursements is 8.3 percent and net bonded indebtedness as a percentage of estimated market value is 1.27 percent. Therefore, I am recommending continuing the allocation of approximately one-third of the regular annual bond sales, or \$70 million per year, for County projects and two-thirds of annual bond sales, or \$130 million per year, for School projects in the CIP. The established debt ratios can continue to sustain the Board of Supervisors approval of a comprehensive Four-Year Transportation Plan on February 9, 2004, which included an additional \$50 million in bond sales above and beyond the adopted \$200 million level as a temporary exception between FY 2005 and FY 2008. These bonds were authorized by voter referendum in 2004.

Concurrently, staff has been reviewing the future capital needs for the County. To date, approximately 149 capital projects (i.e., fire stations, libraries, human service facilities) and capital programs (i.e., walkways, streetlights, storm drainage programs) have been identified for future requirements beyond the CIP period. Of this amount, preliminary cost estimates have been developed for approximately 75 percent or 112 projects and programs. For planning purposes, these preliminary estimates indicate a projected requirement of over \$1.96 billion. Concept design for the remaining 25 percent of the projects and programs is required and cost estimates are being developed. Cost estimates for long term CIP projects are based on preliminary project descriptions provided by the requesting agency, and include all estimated costs for land acquisition, permits and inspections, project management and project engineering, consultant design, construction, utilities, fixed equipment, and information technology infrastructure. Preliminary scoping and concept work have not been completed for these projects and estimates are in today's dollars. Therefore, each estimate is considered an Estimate - No Scope, No Inflation (ENSNI). It is expected that total funding requirements will grow as these cost estimates are refined.

Proposed Bond Referenda

In order to better plan for the future, I have identified County bond referenda every other year beginning in the fall of 2006 through the fall of 2010. This future bond referendum schedule will begin to address some of the many County capital project and program requirements. Three referenda are planned during the 5 year CIP period, including a 2006 referendum totaling \$125 million, a 2008 referendum totaling \$62 million and a 2010 referendum totaling \$120 million. The 2006 referendum includes both public safety and neighborhood improvement/commercial revitalization components. The 2008 referendum includes County parks and the Northern Virginia Regional Park Authority. The 2010 includes Transportation and other public facilities. These referenda can be supported within the current debt service capacity.

4. Provided Flexibility

Although the CIP is a strong planning tool, it is developed to provide flexibility for the Board of Supervisors to respond to emerging needs and issues. It is recognized that as new capital needs arise the County must be in the position to appropriately respond. Transportation requirements and pedestrian initiatives, public safety, stormwater management issues, and opportunities for the additional acquisition of open space are among the needs that may require additional attention. The FY 2006 – FY 2010 CIP provides the needed flexibility to address some of these issues in future years.

5. Identified a Portion of the Funding Required to Address Capital Renewal

As has been stressed in the last three capital programs, the renewal of the County's building subsystems such as roof replacement, electrical systems, plumbing and HVAC systems require increasing attention. Excluding schools, parks, revenue facilities, leased space, housing and human services residential facilities, Fairfax County owns and manages 135 buildings with approximately 7.3 million square feet of space. With such a large inventory, and the possible construction and acquisition of additional space, it is important that a program of facility repair and renewal be adequately supported.

A comprehensive facilities condition assessment recently was completed for 92 County building sites consisting of approximately 4.2 million square feet of space. The results indicate nearly \$80 million will be needed through FY 2010 to address capital renewal needs. Further, it is expected that total funding requirements will increase as additional facilities are evaluated.

In order to begin addressing this issue, \$5.0 million in general obligation bonds for capital renewal efforts at libraries and human service/juvenile facilities was included and approved as part of the fall 2004 bond referendum. As the County's facilities continue to age, additional funding must be identified to avoid system failures that disrupt County services. The County remains committed to evaluating other options such as additional pay-as-you-go financing, creation of a sinking fund similar to the vehicle replacement program or other possible funding mechanisms for capital renewal of aging County facilities.

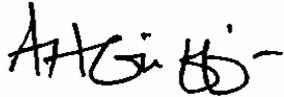
6. Refined and Simplified the CIP Process

During the development of this year's program, staff continued to enhance the CIP process, refining the agency submission process and communicating more frequently with County agencies during the development of the CIP. This year's document continues the format enhancements begun in FY 2004 which have been very well received by CIP users, the Board of Supervisors and other Boards, Authorities and Commissions. Staff continues to improve and enhance the document as needed. As stated earlier, the CIP will once again be released concurrently with the FY 2006 Advertised Budget Plan, and will be available on both the Budget CD-ROM and the County's website making it readily available to County citizens.

Conclusion

I believe the County's proposed *FY2006 – FY2010 Capital Improvement Program, With Future Fiscal Years to 2015*, provides a comprehensive framework for effectively planning for the County's capital requirements, managing its existing capital facilities, and completing important new capital projects. I look forward to working with the Board of Supervisors, boards and commissions, the County staff, and the community to complete this important work.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "A. Griffin". The signature is stylized and cursive.

Anthony H. Griffin
County Executive