

Fund 30020

Capital Renewal Construction

Focus

Fund 30020 (formerly Fund 317) supports the long-term needs of the County’s capital assets to maximize the life of County facilities, avoid their obsolescence, and provide for planned repairs, improvements and restorations to make them suitable for organizational needs. Capital renewal is the planned replacement of building subsystems such as roofs, electrical systems, HVAC, plumbing systems, window replacement, carpet replacement, parking lot resurfacing, fire alarm replacement and emergency generator replacement that have reached the end of their useful life. Without significant reinvestment in building subsystems, older facilities can fall into a state of ever-decreasing condition and functionality, and the maintenance and repair costs necessary to operate the facilities increase.

Fairfax County will have a projected FY 2014 facility inventory of over 8.7 million square feet of space throughout the County (excluding schools, parks, housing and human services residential facilities). This inventory continues to expand with the addition of newly constructed facilities, the renovation and expansion of existing facilities and the acquisition of additional property. With such a large inventory, it is critical that a planned program of repairs and restorations be maintained. In addition, the age of a major portion of this inventory of facilities is reaching a point where major reinvestments are required in the building subsystems.

Many County facilities have outdated HVAC and electrical systems that are susceptible to failure or are highly inefficient energy users. Sites are identified and each individual project involves a two-step process to complete both design and construction. Roof repairs and waterproofing are conducted in priority order after all roofs at County facilities are evaluated. Based upon the results of that evaluation, critical requirements are prioritized and a five-year plan is established. Repairs and replacement of facility roofs are considered critical to avoid the serious structural deterioration that occurs from roof leaks. By addressing this problem in a comprehensive manner, a major backlog of roof problems can be avoided. Carpet replacement and parking lot resurfacing are evaluated annually and prioritized based on the most critical requirements for high traffic areas. In addition, emergency generators and fire alarm systems are replaced based on equipment age, coupled with maintenance and performance history. Critical emergency repairs and renovations are accomplished under the category of emergency building repairs. These small projects abate building obsolescence and improve the efficiency and effectiveness of facilities and facility systems. The following table outlines, in general, the expected service life of building subsystems used to project capital renewal requirements, coupled with the actual condition of the subsystem component:

General Guidelines for Expected Service Life Of Building Subsystems

<u>Electrical</u>		<u>Plumbing</u>	
Lighting	20 years	Pumps	15 years
Generators	25 years	Pipes and fittings	30 years
Service/Power	25 years	Fixtures	30 years
Fire Alarms	15 years		
<u>HVAC</u>		<u>Finishes</u>	
Equipment	20 years	Broadloom Carpet	7 years
Boilers	15 to 30 years	Carpet Tiles	15 years
Building Control Systems	10 years	Systems Furniture	20 to 25 years

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Conveying Systems

Elevator	25 years
Escalator	25 years

Site

Paving	15 years
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Roofs

Replacement	20 years
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Each year, the Facilities Management Department (FMD) prioritizes and classifies capital renewal projects into five categories. Projects are classified as Category F: urgent/safety related, or endangering life and/or property; Category D: critical systems beyond their useful life or in danger of possible failure; Category C: life-cycle repairs/replacements where repairs are no longer cost effective; Category B: repairs needed for improvements if funding is available, and Category A: good condition.

In September 2009, a staff analysis indicated that a backlog of category D and F critical capital renewal projects existed. In order to address this backlog, as part of the FY 2011 Adopted Budget Plan, the Board of Supervisors approved a 3-year plan of short-term borrowing totaling \$35 million. The 3-year plan was designed to eliminate the backlog and enable staff to determine the required level of annual funding for the program in the future. The proposed short-term borrowing program for capital renewal was included in the debt capacity estimates in the Capital Improvement Program (CIP) and accommodated within established debt limits for General Fund supported debt.

The Facilities Management Department (FMD) continues to work on the \$35 million backlog identified in 2009. Many of these backlogged capital renewal projects required multiple years to complete both design and construction and many are still underway. In addition, current staffing levels, the complexity of some of the projects, and staff requirements in other areas have delayed the completion of renewal projects.

Project Management staff has been involved in several time intensive programs which have reduced their capacity to work on capital renewal projects. FMD staff has been heavily involved in the retrofitting of County facilities to meet Americans with Disabilities Act (ADA) requirements. These improvements, required as part of the Department of Justice (DOJ) audit and identified in the settlement agreement signed by the Board of Supervisors on January 28, 2011, are in various stages of completion. In May and June 2007, the United States Department of Justice conducted an audit of County government facilities and programs to determine compliance with the ADA. The audit covered 78 buildings in the County and listed approximately 2,100 violations as well as approximately ten program areas which needed improvements. The agreement also requires that the County perform assessments at all remaining facilities. These assessments are currently being conducted and will result in increased retrofitting requirements.

In addition, FMD staff has also been working on Energy Efficiency and Conservation Block Grant (EECBG) projects. On December 7, 2009, the Board of Supervisors approved the award of a U.S. Department of Energy (DOE), Energy Efficiency and Conservation Block Grant in the amount of \$9,642,800. This grant funding was awarded to Fairfax County as a result of the American Recovery and Reinvestment Act of 2009 (ARRA). Some of the projects included: heating, ventilation and air conditioning systems, energy management control systems and lighting and lighting control systems. These projects are now complete.

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Based on this additional workload, capital renewal project completion has fallen behind. In FY 2014, staff will focus on completing the backlogged capital renewal projects and monitor expenditures to determine when short-term borrowing will be required. No new funding is included in Fund 30020, Capital Renewal, in FY 2014.

Changes to FY 2013 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2013 Revised Budget Plan since passage of the FY 2013 Adopted Budget Plan. Included are all adjustments made as part of the FY 2012 Carryover Review, FY 2013 Third Quarter Review, and all other approved changes through April 23, 2013.

- ◆ As part of the *FY 2012 Carryover Review*, the Board of Supervisors approved an increase of \$34,758,092 due to the carryover of unexpended project balances in the amount of \$34,312,029 and an adjustment of \$446,063. This adjustment was due to the appropriation of revenues received in FY 2012 associated with reimbursements from the Virginia Department of Transportation (VDOT) and the Virginia State Police for their share of the operational costs at the McConnell Public Safety and Transportation Operations Center (MPSTOC) as well as the state share of future projected capital renewal requirements at this facility. The County pays for all operational requirements such as security, custodial, landscaping, maintenance, parking lot repairs and snow removal costs and the State reimburses the County for their share of these costs. In addition, the state has begun providing annual funding for future repair and renewal costs to avoid large budget increases for required capital renewal costs in the future. Funding received from the state is appropriated annually at the Carryover Review.

- ◆ As part of the *FY 2013 Third Quarter Review*, the Board of Supervisors made no adjustments to this fund.

A Fund Statement and a Summary of Capital Projects are provided on the following pages. The Summary of Capital Projects may include some projects without a Total Project Estimate amount. These projects are considered "continuing" projects or projects for which funding is necessary on an ongoing basis (e.g., a contingency or planning project).

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FUND STATEMENT

Fund 30020, Capital Renewal Construction

	FY 2012 Actual	FY 2013 Adopted Budget Plan	FY 2013 Revised Budget Plan	FY 2014 Advertised Budget Plan	FY 2014 Adopted Budget Plan
Beginning Balance	\$18,461,662	\$0	\$8,426,210	\$0	\$0
Revenue:					
Sale of Bonds ¹	\$3,000,000	\$0	\$6,000,000	\$0	\$0
Short Term Borrowing ²	0	15,000,000	35,000,000	0	0
MPSTOC Reimbursement ³	446,063	0	0	0	0
Total Revenue	\$3,446,063	\$15,000,000	\$41,000,000	\$0	\$0
Transfer In:					
Cable Communications (40030) ⁴	\$0	\$285,000	\$285,000	\$0	\$0
Total Transfers In	\$0	\$285,000	\$285,000	\$0	\$0
Total Available	\$21,907,725	\$15,285,000	\$49,711,210	\$0	\$0
Total Expenditures⁵	\$13,481,515	\$15,285,000	\$49,711,210	\$0	\$0
Total Disbursements	\$13,481,515	\$15,285,000	\$49,711,210	\$0	\$0
Ending Balance⁶	\$8,426,210	\$0	\$0	\$0	\$0

¹ The sale of bonds is presented here for planning purposes only. Actual bond sales are based on cash needs in accordance with Board policy. On November 7, 2006, the voters approved a \$125 million Public Safety Bond Referendum, of which \$14 million was designated for capital renewal purposes. An amount of \$3.0 million was sold in January 2012 and results in a balance of \$6.0 million in authorized but unissued bonds.

² In FY 2013, up to \$35,000,000 is anticipated to be provided using the County's short-term borrowing tools in order to reduce existing capital renewal backlogs. Borrowing will be based on actual project completion schedules and cash flow requirements as identified by staff.

³ A total of \$446,043 represents revenue received from the Virginia Department of Transportation (VDOT) and Virginia State Police associated with the state share of operating costs at the McConnell Public Safety and Transportation Operations Center (MPSTOC). These funding reimbursements will be held in capital renewal projects for future replacement requirements.

⁴ The FY 2013 Cable Communications transfer of \$285,000 supports the replacement of auditorium seating and carpeting at the Government Center.

⁵ In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$331,882.45 has been reflected as an increase to expenditure accruals. The projects affected by this adjustment are GF-000015, Public Safety Renewal-DPWES and 2G08-005-000, Emergency Systems Failure. This impacts the amount carried forward resulting in a decrease of \$331,882.45 to the *FY 2013 Revised Budget Plan*. The adjustments have been included in the FY 2012 Comprehensive Annual Financial Report (CAFR). Details of the audit adjustments were included in the FY 2013 Third Quarter package.

⁶ Capital projects are budgeted based on the total project costs. Most projects span multiple years, from design to construction completion. Therefore, funding for capital projects is carried forward each fiscal year, and ending balances fluctuate, reflecting the carryover of these funds.

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FY 2014 Summary of Capital Projects

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Project #	Description	Total Project Estimate	FY 2012 Actual Expenditures	FY 2013 Revised Budget	FY 2014 Advertised Budget Plan	FY 2014 Adopted Budget Plan
2G08-003-000	Carpet Replacement		\$0.00	\$500,000.00	\$0	\$0
2G08-004-000	Parking Lot and Garage Repairs		2,753,045.53	1,624,552.09	0	0
2G08-005-000	Emergency Systems Failures		548,134.60	5,629,593.61	0	0
2G08-006-000	Window Replacement		127,072.45	203,927.55	0	0
2G08-007-000	State Support For MPSTOC Renewal		0.00	408,745.00	0	0
2G08-008-000	County Support For MPSTOC Renewal		0.00	964,683.00	0	0
GF-000008	Emergency Building Repairs		338,869.94	3,995,541.69	0	0
GF-000009	Fire Alarm Systems		308,907.51	1,538,557.97	0	0
GF-000010	Roof Repairs and Waterproofing		876,963.25	914,461.42	0	0
GF-000011	HVAC/Electrical Systems		1,645,735.16	7,992,760.88	0	0
GF-000012	Emergency Generator Replacement		470,228.05	2,586,702.10	0	0
GF-000013	Elevator Replacement		2,443,485.27	12,946,275.45	0	0
GF-000014	Public Safety Renewal - FMD		1,843,385.64	344,538.00	0	0
GF-000015	Public Safety Renewal - DPWES		2,125,687.76	7,785,870.82	0	0
GF-000017	Electrical Systems		0.00	2,275,000.00	0	0
Total		\$0	\$13,481,515.16	\$49,711,209.58	\$0	\$0