County of Fairfax, Virginia

TO: Infrastructure Financing Committee (IFC)

FROM: Supervisor John Cook
School Board Member Kathy Smith
Co-Chairs, Infrastructure Financing Committee

RE: IFC Report

DATE: February 10, 2014

Attached please find a draft strawman for a final Report and Recommendation of the Committee. This draft strawman is a compilation of the topics and ideas discussed during our meetings. They were further refined with the benefit of private one-on-one meetings, and staff review. However, the language in this draft does *not* necessarily constitute recommended language by us. In fact, those areas in [*italics and brackets*] are ones we believe need more specific committee attention for either insertion or deletion. But we do believe this strawman can be the basis for a vigorous committee discussion at our Feb. 19 meeting. The approval of a final Committee Report and Recommendations is the last remaining action item for the Committee. We would very much like to conclude this effort at the Feb 19 meeting, so the Report can go to our respective Boards along with the budget at the end of this month. **So, we strongly urge you to do your homework. Please read the draft closely prior to our meeting and feel free to discuss items with each other. It is vital that we come to the Feb 19 meeting prepared to reach final agreement on wording.** Thank you all for your hard work and close attention over the past year in what has been a very significant and valuable effort.

Attachment

Report and Recommendations

Joint Committee on Infrastructure Financing

Fairfax County Board of Supervisors

Fairfax County School Board

<u>Members</u>

The Honorable John C. Cook, Fairfax County Board of Supervisors (Co-Chair)
The Honorable Kathy Smith, Fairfax County School Board (Co-Chair)
The Honorable John Foust, Fairfax County Board of Supervisors
The Honorable Sandy Evans, Fairfax County School Board
The Honorable Jeff C. McKay, Fairfax County Board of Supervisors
The Honorable Patty Reed, Fairfax County School Board

February 18, 2014

I. Background

The Infrastructure Financing Committee (IFC), a joint School Board/County Board Committee, was established in April 2013, as a working group to collaborate and review both the County and School's Capital Improvement Program (CIP) and capital requirements. [*The Committee was initiated as a result of Chairman Bulova's consideration of the School Board's request for an additional $25M per year in capital funding for FCPS (see correspondence dated Feb. 7, 2013 and Mar. 11, 2013 to Chairman Bulova from Chairman Moon). In addition,*] the Committee agreed to the development of five goals, which included a comprehensive review of the following:

(a) The County's long-standing fiscal, financial, and capital improvement policies;
(b) The County and School requirements for major maintenance/capital renewal, including HVAC replacement, roof replacement and other essential building subsystem repairs required to maintain existing facilities;
(c) Requirements for major renovations and new projects; and
(d) Financing options.

For your reference a copy of the County's Principles of Financial Management, first adopted by the Board of Supervisors in 1975 and last amended in 2008, is made part of this report as Attachment A. A compilation of the infrastructure needs of the County, Schools and Parks as identified by staff is included as Attachment B.

II. Acknowledgements

The Committee wishes to acknowledge and recognize the tremendous work of County and School staff in the preparation of materials for Committee review and in the development of these Recommendations. Specials thanks goes out to: Fairfax County Executive, Edward Long, Jr.; FCPS Superintendent Karen Garza; Fairfax County Chief Financial Officer, Susan Datta; FCPS Assistant Superintendent for Financial Services, Susan Quinn; Deputy County Executive, Rob Stalzer; FCPS Assistant Superintendent of Facilities and Transportation Services, Jeffrey Platenberg; County Capital Program Coordinator, Martha Reed; FCPS Director of Design and Construction, Kevin Sneed; County Debt Manager, Joe LaHait; Deputy Clerk of the Board, Lizette Torres-Barthel, and staff from the Park Authority, Department of Public Works and Environmental Services and Facilities Management Department.

III. Findings and Recommendations

The Committee developed five goals to guide its deliberations. These goals were provided to the full Board of Supervisors and School Board for their review, and were adopted unanimously by the Committee. Early in the Committee's deliberations it became evident that the County and School capital challenges far exceed the capacity to fund them. However, in this Report, the Committee sets forth some recommended strategies to begin to address these critical and growing requirements.

Preliminary Recommendations

The Committee found the analysis of financial policy, the review of the condition of hundreds of facilities, and the scarce options for financing to be challenging. The Committee benefited immensely from detailed reviews of these topics provided by staffs of the County, Schools, and Parks. The Committee believes the detailed knowledge it gained on these subjects must be shared with the full membership of both the Board of Supervisors and the School Board. Therefore, the Committee makes two preliminary recommendations:

1. The School Board should invite the County's Chief Financial Officer and staff to make a detailed presentation to the School Board regarding the County's longstanding Principles of Financial Management, its debt policy, its current debt, and the abilities and constraints on future bonding capacity, with specific examples, including the impact of additional bond sales up to $25M.
2. The Board of Supervisors should invite the Assistant Superintendent of Facilities and Transportation Services to make a detailed presentation to the Board of Supervisors of the conditions of school facilities, capacity challenges, and the current state of the Schools' renovation program.

The following final recommendations are organized by the initial goals to which they are related. **Principal new policy recommendations appear in bold.**

1. ***Goal:*** Achieve a common understanding of the opportunities and challenges regarding the CIP process, existing capital infrastructure and opportunities for financing capital requirements through a structured collaborative discussion by FCPS and Fairfax County Government.

   Recommendations:

   a. County and School decision makers must understand the components of the County's Ten Principles of Sound Financial Management and the criticality of maintaining their established debt ratios. These debt ratios along with the other principles are the cornerstone of the County's financial policies and directly influence the County's Triple A bond rating.
   b. Both County and School Board members recognize that capital requirements must become a priority.
   c. To better define total needs, condition assessments must first be conducted to enable staff to define and focus on the most pressing requirements. In that regard, the Committee recommends that the County provide funding in its 2014 Third Quarter Review for a full condition assessment of all County and Park facilities. School facilities assessments are up-to-date. Updated assessments would provide comprehensive facility condition evaluation and cost estimates.

d. To ensure a more comprehensive County CIP, the Committee recommends that a listing of all school projects be included in the County CIP Project List. (Already completed – see currently approved 2014-2018 Advanced CIP publication)

2. ***Goal:*** Develop long term maintenance plans for both County and Schools including annual requirements and reserves.

Recommendations:

a. The County and Schools should adopt common definitions of capital projects, major maintenance/capital renewal (synonyms used by the County and Schools), and general maintenance. The recommended definitions are as follows:

   1. ***Operations and Major Maintenance***: The recurring, day-to-day, periodic, or scheduled work required to preserve, control deterioration and provide for the basic operation of a facility. This type of maintenance is routine and is based on frequency schedules, responding to service requests, or through periodic inspection and correction efforts. Operations and Major Maintenance is typically funded through operational budgets.
      Examples of Operations and Major Maintenance include:
      - ✓ Janitorial – custodial services, trash removal
      - ✓ Electrical—power malfunctions, burned out light bulbs, elevator and escalator repairs
      - ✓ Plumbing—dripping faucets, clogged pipes
      - ✓ Painting—painting walls, doors
      - ✓ Carpentry—broken doors, ceiling tile replacement, replacement windows
      - ✓ Mechanical systems - replacing filters, belts on HVAC equipment
      - ✓ Replacement – gym floors, carpet tiles, roof top HVAC components, field lighting
      - ✓ Upgrades – improvements to meet Americans with Disability Act (ADA) standards

   2. ***Infrastructure Replacement and Upgrades***: Infrastructure Replacement and Upgrades refers to the planned replacement of building subsystems that have reached the end of their useful life. These systems, once replaced, will typically endure for more than 20 years. 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. Infrastructure Replacement and Upgrades can be funded within operational budgets or be financed using municipal bonds. Examples of Infrastructure Replacement and Upgrades include:

- ✓ Roof replacement
- ✓ Electrical System replacement
- ✓ HVAC replacements
- ✓ Plumbing systems replacements
- ✓ Replacement windows
- ✓ Parking lot resurfacing
- ✓ Fire alarm system replacements
- ✓ Sprinkler Systems
- ✓ Emergency generator replacements
- ✓ Elevator replacement

3. ***Renovations:*** Renovations are performed on an entire facility in order to replace all building subsystems which have outlived their useful life, as well as, alter, modernize, expand, or remodel the existing space. Renovations also may improve or modernize the operations and functions of the facility and bring the facility up to current code standards. Renovations are typically financed through municipal bonds.

4. ***New Construction:*** Construction of a new facility or expansion of an existing facility with no other renovation work performed on existing building. New Construction is typically financed through municipal bonds.

b. **Both the County and Schools should make funding of Operations and Major Maintenance (as defined above) clear budgetary priorities.**

c. Industry standards and other locality approaches should be considered when reviewing needs for Infrastructure Replacement and Upgrades in order to assess funding levels and work toward prescribed funding goals over time.

d. **The County and Schools should each establish an Infrastructure Replacement and Upgrades sinking fund (the "Sinking Fund") as the new budgetary mechanism for funding of Operations and Major Maintenance and Infrastructure Replacement and Upgrades requirements. Principal funding for these funds would come from a joint commitment to devote a designated amount or percentage of carryover funds to the Sinking Fund. This commitment would begin with the FY 2014 Carryover, and the Committee suggests "ramping up" this commitment over two to three years until the Boards reach a funding level of 20 percent of the unencumbered Carryover balance of both the County and Schools budget not needed for critical requirements [*and beginning balance requirements.*]**

e. **The County and Schools should end the practice of funding Infrastructure Replacement and Upgrades through bond or proffer funding, effective in FY 2016. To transition to this new system of funding, both Boards should make simultaneous commitments. The Committee recommends that the Schools**

adopt this recommendation and the County then increase the transfer to the Schools by $13.1 million per year, beginning in FY 2016, to assist the Schools in this transition. Such funds would be placed in the Schools' Sinking Fund. This increase in the transfer shall *not* affect in any way consideration of the County transfer to the School Operating Fund making this recommendation cost neutral to the Schools.

f. The County's other funding for the Sinking Funds could come from designating fees from community use of facilities to the sinking fund. The County should consider additional sources of funding for the Sinking Funds, such as currently-levied fines or permit charges, [*or general budget funds.]*.

3. ***Goal:*** Evaluate ways to further reduce capital project costs for both County and School infrastructure.

Recommendations:

a. County and Schools staff should continue to employ Value Engineering (VE).
b. Staff should highlight significant project savings and reallocations to their Boards.

4. ***Goal:*** Better coordinate the use of facilities and discuss options for joint County/School use, while eliminating barriers/obstacles.

Recommendations:

a. The County and School Boards should reaffirm the September 24, 2007 resolution outlining cooperation between the County and School Board in coordinating the planning and delivery of both facilities and services. (Attachment C)
b. County and school staff should enhance their collaboration efforts on CIP projects, exploring opportunities for joint use.

5. ***Goal***: Consider all forms of financing to begin to close the gap between the requirements for both County and School facilities and specifically consider the request from schools for additional bonds sales.

Recommendations:

a. The Committee notes that the commitment of an additional $13.1 million in County funding for the Schools' Sinking Fund will free up a parallel $13.1

million per year in the Schools' bond funding for Capital Projects, effective FY 2016.

b. The Committee discussed a recommendation to establish a new "Infrastructure Service District" to provide further funding for Capital projects. However, pursuant to *Virginia Code § 15.2-2403(6), Powers of service districts*, the adoption of an ordinance creating a service district shall not be levied for or used to pay for schools. **Consequently, the Committee recommends that the Board of Supervisors establish a "Penny Fund" or such other separate, identifiable mechanism to provide, by FY2018, approximately $20 million per year in pay-go capital funding. A joint working group of county and school staff should engage in a comprehensive review of the condition of School and County facilities and recommend to the Board of Supervisors an appropriate formula for annually dividing the new $20 million in pay-go funding between Schools, County, and Parks.**
c. Staff should review the use of proffers for one-time expenditures and new funding sources, whether currently available or through legislative action, to meet CIP requirements.
d. The County and Schools should consider retaining a consultant to develop a program of private fundraising for major capital projects such as school renovations and park facilities.
e. Staff should, when possible, outline for the Boards and the public the operational funding impacts when new or renovation/expansion projects are considered in the CIP.

IV. Suggestions not adopted

The Committee further benefited from a number of suggestions for funding that were not ultimately adopted, but are outlined here for future consideration.

a. The Committee considered whether to recommend that the County place a meals tax referendum on the 2014 ballot [*and concluded this was not the right time to seek a referendum.*] The Committee recommends that the Boards continue to assess the viability of such a measure in the future.
b. The Committee considered whether to recommend that the County and Schools add to their State Legislative Agendas authority for the Board of Supervisors to institute a meals tax without referendum. [*The Committee was advised by staff that such a measure was unlikely to pass the General Assembly.]*
c. The Committee considered a suggestion that the County reduce its Affordable Housing Proffer commitments and add to its School Proffer an additional requirement of like size. The Committee determined that such a decision would

represent a significant change in County priorities and was not appropriate for further consideration without further direction from the Board of Supervisors.

d. The Committee has recognized an inability to increase the bond sales by an additional $25M. However, the committee has identified alternative recommendations to start addressing this need as cited in the report.

V. <u>Conclusion</u>

The Committee appreciates the opportunity to review and offer recommendations on these critical issues. The Committee believes that the Recommendations included in this Report, if implemented, will restore fiscal strength and vitality to public facilities in the County and School system and looks forward to working with the full Board of Supervisors, School Board, and county and school staff in implementing these recommendations.

Adopted this ______ day of _______, 2014

_______________________ _______________________

John C. Cook, Co-Chair Kathy Smith, Co-Chair

MEMORANDUM

February 7, 2013

Fairfax County School Board

TO: Sharon
~~Sharon~~ Bulova, Chairman
Fairfax County Board of Supervisors

FROM: Ilryong Moon, Chairman and At-Large Representative
Fairfax County School Board

SUBJECT: Capital Improvement Funding Limit

The School Board established a policy which reflects the accepted industry standard that a school should be renovated on a 25-year interval to ensure that the facility has the ability to support the educational program of studies through appropriately-sized and equipped learning spaces. In addition, renovations ensure that a building is more efficient and capable of providing the necessary capacity, the safest and healthiest environment for our students, faculty and community members. Unfortunately, due to our increasing enrollment, we are not able to meet the 25-year standard – in fact, the average age of a school at the time of a renovation is nearly 33 years.

In order to achieve a 25-year renovation cycle and address the needs of increasing student enrollment, FCPS would need to spend approximately $205 million per year. We regrettably acknowledge that this amount is well in excess of the current capital funding of $155 million. The table below illustrates the current dilemma regarding the timing of the renovations due to our overwhelming spending shortfall.

School Type	Schools by Type	Renovations per Bond Cycle @ 25 Years	Current Renovations per Bond Cycle
Elementary	141	12	5.8
Middle	26	2	0.8
High	25	2	0.9

The current renovation cycle of 32 years will grow exponentially worse over time which will reduce our ability to draw down the 911 temporary classrooms in our current inventory. This problem is compounded as we are allocating 11% of our capital funding to major maintenance in the form of infrastructure management each bond cycle. In spite of these limitations, we continue to focus on our most important goal of providing seats for our students. Last year we added 4,305 seats to our inventory and will add another 16,000 through additions, new schools and renovations over the next 8 years.

With the approval of the FY 2014-2018 Capital Improvement Program for Fairfax County Public Schools, the School Board formally approved a motion to request that the Board of Supervisors increase the School Board's capital funding limit from $155 million to $180 million per year effective in FY 2015, and that the formal request be transmitted to the Board of Supervisors with the School Board's approved FY 2014-2018 Capital Improvement Program.

In making this request for an additional $25 million in capital spending authority, the School Board acknowledges that the Board of Supervisors has adopted very prudent and appropriate guidelines for debt service that help maintain its AAA bond rating. Two of these guidelines speak to debt service as a percentage of the County's Combined General Fund disbursements and to total net debt as a percentage of estimated (real property) market value. Currently, the County reports their debt service ratio is at 8.8% and the net debt as a percentage of estimated market value of real property is at 1.18%. The County's principles for sound financial management have established that these amounts are to remain less than 10% and 3%, respectively.

Based on the information received from the County, the request for $25 million more per year in capital funding will not cause the County to exceed those important guidelines. This additional funding would allow the school system to continue to address student enrollment increases and to accelerate the renovations of many schools that have been waiting far too long. We estimate that this additional funding could accelerate future renovations by as much as two to three years.

Thank you for your thoughtful consideration of this request for $25 million in additional capital spending authority. Renovating and maintaining our schools in a timely and efficient manner is good stewardship that serves all of Fairfax County.

IM/lls

cc: School Board
Leadership Team
Facilities Planning Advisory Council

COMMONWEALTH OF VIRGINIA
County of Fairfax
BOARD OF SUPERVISORS

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chairman@fairfaxcounty.gov

SHARON BULOVA
CHAIRMAN

February 13, 2013

The Honorable Ilryong Moon
Chairman and At-Large Member
Fairfax County School Board
8115 Gatehouse Road, Suite 5400
Falls Church, VA 22042

Dear Chairman Moon:

Thank you for your recent memorandum explaining the Fairfax County School Board's concerns over capital funding for Fairfax County Public Schools. I understand your concerns regarding the growing student population and the need to maintain and renovate facilities to continue to provide a first-class educational environment.

I share your belief that Fairfax County Public Schools are one of our chief public assets. However, as you know from County Executive Ed Long's presentation to our Boards in November, revenue is projected to grow slowly in the short term. Despite this challenging climate, there is a growing list of capital needs for both the school system and county government including projects which have already been delayed, so our Boards need to work together to find a way to address them responsibly.

As part of the County's budget process this year, I will establish a working group by Board Matter consisting of three members of the Board of Supervisors and three members of the School Board which will focus on the school system and county governments' capital needs and examine the fiscal constraints we are working under. This working group will meet regularly and routinely report out to our respective Boards as we work on the FY2014 budget.

I look forward to the continued collaboration between our Boards through this working group and throughout the budget process for FY2014.

Sincerely,

Sharon Bulova

Sharon Bulova

Cc: The Fairfax County Board of Supervisors
The Fairfax County School Board
County Executive Ed Long
Superintendent Jack Dale
Susan Datta, Chief Financial Officer, Department of Management and Budget

SB/cip.mt

Attachment A

Ten Principles of Sound Financial Management
April 30, 2007

1. **Planning Policy.** The planning system in the County will continue as a dynamic process, which is synchronized with the capital improvement program, capital budget and operating budget. The County's land use plans shall not be allowed to become static. There will continue to be periodic reviews of the plans at least every five years. Small area plans shall not be modified without consideration of contiguous plans. The Capital Improvement Program will be structured to implement plans for new and expanded capital facilities as contained in the County's Comprehensive Plan and other facility plans. The Capital Improvement Program will also include support for periodic reinvestment in aging capital and technology infrastructure sufficient to ensure no loss of service and continued safety of operation.

2. **Annual Budget Plans.** Annual budgets shall continue to show fiscal restraint. Annual budgets will be balanced between projected total funds available and total disbursements including established reserves.

   a. A managed reserve shall be maintained in the General Fund at a level sufficient to provide for temporary financing of critical unforeseen disbursements of a catastrophic emergency nature. The reserve will be maintained at a level of not less than two percent of total Combined General Fund disbursements in any given fiscal year.

   b. A Revenue Stabilization Fund (RSF) shall be maintained in addition to the managed reserve at a level sufficient to permit orderly adjustment to changes resulting from curtailment of revenue. The ultimate target level for the RSF will be three percent of total General Fund Disbursements in any given fiscal year. After an initial deposit, this level may be achieved by incremental additions over many years. Use of the RSF should only occur in times of severe economic stress. Accordingly, a withdrawal from the RSF will not be made unless the projected revenues reflect a decrease of more than 1.5 percent from the current year estimate and any such withdrawal may not exceed one half of the RSF fund balance in that year.

   c. Budgetary adjustments which propose to use available general funds identified at quarterly reviews should be minimized to address only critical issues. The use of non-recurring funds should only be directed to capital expenditures to the extent possible.

   d. The budget shall include funds for cyclic and scheduled replacement or rehabilitation of equipment and other property in order to minimize disruption of budgetary planning from irregularly scheduled monetary demands.

3. **Cash Balances.** It is imperative that positive cash balances exist in the General Fund at the end of each fiscal year. If an operating deficit appears to be forthcoming in the current fiscal year wherein total disbursements will exceed the total funds available, the Board will take appropriate action to balance revenues and expenditures as necessary so as to end each fiscal year with a positive cash balance.

4. **Debt Ratios.** The County's debt ratios shall be maintained at the following levels:

   a. Net debt as a percentage of estimated market value shall be less than 3 percent.

   b. Debt service expenditures as a percentage of General Fund disbursements shall not exceed 10 percent. The County will continue to emphasize pay-as-you-go capital financing. Financing capital projects from current revenues is indicative of the County's intent to use purposeful restraint in incurring long-term debt.

   c. For planning purposes annual bond sales shall be structured such that the County's debt burden shall not exceed the 3 and 10 percent limits. To that end sales of General Obligation Bonds and general obligation supported debt will be managed so as not to exceed a target of $275 million per year, or $1.375 billion over five years, with a technical limit of $300 million in any given year. Excluded from this cap are refunding bonds, revenue bonds or other non-General Fund supported debt.

   d. For purposes of this principle, debt of the General Fund incurred subject to annual appropriation shall be treated on a par with general obligation debt and included in the calculation of debt ratio limits. Excluded from the cap are leases secured by equipment, operating leases, and capital leases with no net impact to the General Fund.

Ten Principles of Sound Financial Management
April 30, 2007

e. Use of variable rate debt is authorized in order to increase the County's financial flexibility, provide opportunities for interest rate savings, and help the County manage its balance sheet through better matching of assets and liabilities. Debt policies shall stipulate that variable rate debt is appropriate to use when it achieves a specific objective consistent with the County's overall financial strategies; however, the County must determine if the use of any such debt is appropriate and warranted given the potential benefit, risks, and objectives of the County. The County will not use variable rate debt solely for the purpose of earning arbitrage pending the disbursement of bond proceeds.

f. For purposes of this principle, payments for equipment or other business property, except real estate, purchased through long-term lease-purchase payment plans secured by the equipment will be considered to be operating expenses of the County. Annual General Fund payments for such leases shall not exceed 3 percent of the annual General Fund disbursements, net of the School transfer. Annual equipment lease-purchase payments by the Schools and other governmental entities of the County should not exceed 3 percent of their respective disbursements.

5. **Cash Management.** The County's cash management policies shall reflect a primary focus of ensuring the safety of public assets while maintaining needed liquidity and achieving a favorable return on investment. These policies have been certified by external professional review as fully conforming to the recognized best practices in the industry. As an essential element of a sound and professional financial management process, the policies and practices of this system shall receive the continued support of all County agencies and component units.

6. **Internal Controls.** A comprehensive system of financial internal controls shall be maintained in order to protect the County's assets and sustain the integrity of the County's financial systems. Managers at all levels shall be responsible for implementing sound controls and for regularly monitoring and measuring their effectiveness.

7. **Performance Measurement.** To ensure Fairfax County remains a high performing organization all efforts shall be made to improve the productivity of the County's programs and its employees through performance measurement. The County is committed to continuous improvement of productivity and service through analysis and measurement of actual performance objectives and customer feedback.

8. **Reducing Duplication.** A continuing effort shall be made to reduce duplicative functions within the County government and its autonomous and semi-autonomous agencies, particularly those that receive appropriations from the General Fund. To that end, business process redesign and reorganization will be encouraged whenever increased efficiency or effectiveness can be demonstrated.

9. **Underlying Debt and Moral Obligations.** The proliferation of debt related to but not directly supported by the County's General Fund shall be closely monitored and controlled to the extent possible, including revenue bonds of agencies supported by the General Fund, the use of the County's moral obligation and underlying debt.

   a. A moral obligation exists when the Board of Supervisors has made a commitment to support the debt of another jurisdiction to prevent a potential default, and the County is not otherwise responsible or obligated to pay the annual debt service. The County's moral obligation will be authorized only under the most controlled circumstances and secured by extremely tight covenants to protect the credit of the County. The County's moral obligation shall only be used to enhance the credit worthiness of an agency of the County or regional partnership for an essential project, and only after the most stringent safeguards have been employed to reduce the risk and protect the financial integrity of the County.

   b. Underlying debt includes tax supported debt issued by towns or districts in the County, which debt is not an obligation of the County, but nevertheless adds to the debt burden of the taxpayers within those jurisdictions in the County. The issuance of underlying debt, insofar as it is under the control of the Board of Supervisors, will be carefully analyzed for fiscal soundness, the additional burden placed on taxpayers and the potential risk to the General Fund for any explicit or implicit moral obligation.

10. **Diversified Economy.** Fairfax County must continue to diversify its economic base by encouraging commercial and, in particular, industrial employment and associated revenues. Such business and industry must be in accord with the plans and ordinances of the County.

Capital Component	Annual Requirements	Currently Funded in Baseline Budget	Unfunded Requirements	Notes
		County Major Maintenance		
County Capital Renewal: HVAC, Roof, Parking Lots, Elevators, etc.	$26,000,000	$0	$26,000,000	This is based on current assessment data, much of which is nearly 10 years old; as well as industry standard (2% of the current replacement value). Currently maintenance is conducted on 193 buildings with over 8 million square feet of space.
Park Facility Capital Renewal: HVAC, Roof, Parking Lots, Elevators, etc.	$10,800,000	$1,400,000	$9,400,000	This is based on current assessment data, much of which is nearly 10 years old; as well as industry standard (2% of the current replacement value). Currently maintenance is conducted at 421 Parks and 374 structures with over 1.3 million square feet of building space.
Trails and Sidewalk Maintenance	$4,100,000	$100,000	$4,000,000	Based on preliminary results of condition assessment conducted on 653 miles of Countywide Walkways.
Maintenance of County Owned Roads and Service Drives	$3,200,000	$100,000	$3,100,000	Current estimate, based on over 17 miles of service drives and 4 miles of roadway segments identified to date; however a roads/service drive condition assessment is requested to be funded ($500,000) in order to identify and assess the condition of the entire inventory.
Revitalization Maintenance, including Silver Line	$2,580,000	$548,000	$2,032,000	Includes annual maintenance of 5 revitalization district areas and the Tysons Silver Line Phase I maintenance requirements.
Street signs, bus shelters, commuter lots	$1,380,000	$0	$1,380,000	Includes maintenance of over 300 bus shelters; 40,000 street signs; and 13 commuter rail surface lots.
Subtotal County Major Maintenance	**$48,060,000**	**$2,148,000**	**$45,912,000**	

Capital Component	Annual Requirements	Currently Funded in Baseline Budget	Unfunded Requirements	Notes
		FCPS Major Maintenance		
FCPS Major Maintenance: HVAC, athletic fields, asphalt paving, roofs. Approximately $12.5 million is currently funded with bonds	$104,000,000	$6,000,000	$98,000,000	This is based on industry standard for capital renewal funding (2% of the current replacement value). FCPS conducts major maintenance at over 196 schools/ administrative buildings and 990 temporary classrooms representing approximately 27 million square feet. The 2012 Facilities Engineering Associates (FEA) performance report identified the average capital renewal investment to be .68% of current replacement value for DC metropolitan school districts.
Subtotal FCPS Major Maintenance	**$104,000,000**	**$6,000,000**	**$98,000,000**	
		County Major Renovations and New Projects (Bond Program)		
County 5-Year CIP	$110,000,000	$110,000,000	$0	Represents the average 5-year annual bond sale requirement for projects currently underway and previously approved by the voters, as well as an assumption that the County's obligation to both the Metro Capital Program and the Regional Park Authority Capital Program will continue.
County Potential Requirements Beyond 5-Year CIP Period	$187,000,000	$110,000,000	$77,000,000	Represents the proposed annual bond sales for the County in the subsequent 5-year period. These projects have not yet been prioritized.
Note: Estimated Average Annual Bond sales Between $110-$187 million in 10 year period				
		FCPS Major Renovations and New Projects (Bond Program)		
FCPS 5-Year CIP	$155,000,000	$155,000,000	$0	Represents the current 5-year CIP planned bond sales for FCPS.
FCPS Potential Requirements Beyond 5-Year CIP Period	$242,000,000	$155,000,000	$87,000,000	Represents proposed annual bond sales in order to renovate existing schools every 25 years (current cycle is approximately every 34 years).
Note: Estimated Average Annual Bond sales Between $155-$242 million in 10 year period				

Attachment C

COOPERATION BETWEEN THE FAIRFAX COUNTY BOARD OF SUPERVISORS AND THE FAIRFAX COUNTY SCHOOL BOARD TO COORDINATE PLANNING AND DELIVERY OF SPACE FOR PUBLIC AND SCHOOL SERVICES IN THEIR RESPECTIVE FACILITIES

On September 24, 2007 the Board of Supervisors adopted a resolution to affirm cooperation between the Fairfax County Board of Supervisors and the Fairfax County School Board to coordinate planning and delivery of space for public and school services in their respective facilities. In order for administrative, maintenance, and educational facilities to provide services in the most cost effective, efficient, and customer friendly manner possible, collocation of services within both County and School buildings offers the potential to reduce administrative, construction, and maintenance costs. The resolution is as follows:

WHEREAS, the Fairfax County Board of Supervisors and the Fairfax County School Board have a history of cooperative agreements concerning use of school facilities for community recreational programs; and

WHEREAS, the Fairfax County Government and the Fairfax County Public Schools each own and construct numerous administrative, maintenance, and educational facilities; and,

WHEREAS, the Fairfax County Government and the Fairfax County Public Schools conduct similar and compatible functions within the respective facilities; and,

WHEREAS, it is the desire of the Fairfax County Board of Supervisors and the Fairfax County School Board to provide services in the most cost effective, efficient, and customer friendly manner possible; and

WHEREAS, collocation of services within buildings offers the potential to reduce administrative, construction, and maintenance costs; and

WHEREAS, the County and the Schools cooperate in the development of the annual Capital Improvement Program, including allocation of resources; now, therefore, be it

RESOLVED, County and School staff will establish processes and procedures to ensure that appropriate information about service delivery requirements, needs, and opportunities are shared between the two organizations, and

RESOLVED FURTHER, Both staffs will give due consideration of such joint and compatible uses during development of the County and Schools Capital Improvement Program; and

RESOLVED FURTHER, the Fairfax County Park Authority will be invited to share such information and give due consideration for joint and compatible uses during the development of its own Capital Improvement Program for the mutual benefit of all three parties.

County, School and Park Authority staff have begun working together during the development of this year's CIP to consider joint and compatible uses for recommendation to both Boards. Staff continues to develop plans to formalize this approach in order to share and consider the mutual benefit of all three parties.