County of Fairfax, Virginia

MEMORANDUM

DATE: March 18, 2014
TO: Distribution
FROM: Susan W. Datta, Chief Financial Officer
SUBJECT: FY 2015 – Responses to Lee District Budget Committee – Package A

Attached is a package of responses to questions from the Lee District Budget Committee on the FY 2015 budget. The responses are also available by following this link:

http://www.fairfaxcounty.gov/dmb/magisterial-district-budget-committees/March-18-2014-Package-A.pdf

Number	*Question*	*Requestor*	*Pages*
1	What is the County's debt policy as referenced in the Infrastructure Financing Committee (IFC) draft report?	Lee District Budget Comm.	1
2	What is the intent of the term "pay go" in the IFC draft report and the plan to achieve it?	Lee District Budget Comm.	2
3	What are the types of bonds generally used by the County, the general difference in interest rates for each type, the percentage allocation for each type, the rules for issuance and the implications for each on the County's bond rating?	Lee District Budget Comm.	3-4
4	What would be the result of a bond rating downgrade?	Lee District Budget Comm.	5
5	What is the total debt limit for each bond type for the County and the total debt limit for FCPS?	Lee District Budget Comm.	6
6	How long does it usually take from the time a bond issuance is "approved" by the County until it goes to underwriting and "rate lock"?	Lee District Budget Comm.	7
7	Has the County been able to take advantage of the low interest rate environment through refunding of its higher interest rate bonds?	Lee District Budget Comm.	8
8	What is the procurement policy regarding contract awards (i.e. best value, lowest bidder or something else)?	Lee District Budget Comm.	9
9	What is the planning /zoning/permitting process regarding a FCPS project vs. a private party project vs. a Fairfax County Government/Agency project?	Lee District Budget Comm.	10
10	What is being done to share resources for construction contracting?	Lee District Budget Comm.	11-12
11	How does the County manage its various projects (i.e. in-house managers, hire general contractors, hire project managers, something else)?	Lee District Budget Comm.	13
12	How is County construction limited by its project management capacity limitations?	Lee District Budget Comm.	14
13	What is the total square footage of FCPS facilities vs. County Government/Agency facilities?	Lee District Budget Comm.	15
14	Has the County started looking at the possible effects the rapid pace of technological advancement will have on the need for facilities requirements? If so, what are the implications?	Lee District Budget Comm.	16
15	What is the difference in construction cost per square foot between County projects and FCPS projects and what accounts for this difference?	Lee District Budget Comm.	17-18

If you have any questions, please let me know.

Attachment

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Response to Questions on the FY 2015 Budget

Request By: Lee District Budget Committee

Question: What is the County's debt policy as referenced in the Infrastructure Financing Committee (IFC) draft report?

Response: The debt policies referenced in the preliminary Infrastructure Financing Committee (IFC) Report are summarized below and are contained within the County's 10 Principles of Sound Financial Management.

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.

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.

Response to Questions on the FY 2015 Budget

Request By: Lee District Budget Committee

Question: What is the intent of the term "pay-go" in the IFC draft report and the plan to achieve it?

Response: The term pay-go referenced in the preliminary Infrastructure Financing Committee (IFC) Report refers to capital projects that are funded with current year General Fund revenues or cash as opposed to construction financed through the issuance of bonds. Pay-go can also be referred to as "Paydown" or "pay-as-you-go" construction.

The County's 10 Principles of Sound Financial Management include the following statement regarding pay-go capital financing:

"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."

The County's pay-go funding has averaged approximately $15 million in the last 5-years to support: capital renewal, athletic field maintenance, park facility and grounds maintenance, revitalization area maintenance, Americans with Disabilities Act (ADA) facility compliance, annual capital contributions to the Northern Virginia Community College and SACC programs and other on-going projects. Funding for capital paygo has not kept pace with identified requirements; therefore the Committee has recommended a goal of an additional $20 million to fund critical requirements. The Committee's preliminary recommendation regarding pay-go funding is presented below:

"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 goal of additional Pay-as-you-go funding of approximately $20 million annually. 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 approximately $20 million in pay-as-you-go funding between Schools, County, and Parks."

Response to Questions on the FY 2015 Budget

Request By: Lee District Budget Committee

Question: What are the types of bonds generally used by the County, the general difference in interest rates for each type, the percentage allocation for each type, the rules for issuance and the implications for each on the County's bond rating?

Response: The following chart provides a summary description of the types of bonds issued by the County.

Type of Bonds	Allocation / Description	Bond Ratings	Interest Rate (based on last time bond sale occurred and subject market conditions at the time)	Debt Ratio Impact 10% & 3%
General Obligation Public Improvement Bonds	• Bond Sales occur on an annual basis • Carry County's Full Faith & Credit • County categories average approximately $110m on average for the following: libraries, transportation, public safety, parks, WMATA Capital projects (Metro), and County facilities. • School funding currently at $155 million annually	• Fitch: AAA • Moody's: Aaa • S & P: AAA	• 2.84% January 2014 • 2.43% January 2013	• Yes
Public Facilities Revenue Bonds via the Fairfax County Economic Development Authority	• Master Trust Agreement provides for credit package for critical County Public Facilities. • Financing Examples include: School Administration Building; Merrifield Center/Providence Community Center; pending Public Safety Headquarters	• Fitch: AA • Moody's: Aa1 • S & P: AA+	• 3.75% May 2012 (Merrifield Center / Providence Community Center)	• Yes
Special Tax District Bonds – Route 28 Transportation Improvement District via Fairfax County Economic Development Authority	• Joint tax district between Fairfax and Loudoun County. • Public Private Partnership with Commonwealth of Virginia and Design Build Contractor • Tax rate currently $0.18 per $100 of assessed value for commercial and industrial properties in this district. • Financing incurred for construction providing for lane widening and interchange improvements.	• Fitch: n/a • Moody's: Aa3 • S & P: AA+	• 3.15% May 2012	• No

Type of Bonds	Allocation / Description	Bond Ratings	Interest Rate (based on last time bond sale occurred and subject market conditions at the time)	Debt Ratio Impact 10% & 3%
Special Tax District Bonds – Dulles Rail Phase 1Transportation Improvement District via Fairfax County Economic Development Authority	• Petition from the landowners of commercial & industrial property in this district to provide $400 million for construction for Phase 1 of the Dulles Corridor Metrorail Project. • Tax rate currently $0.21 per $100 of assessed value for commercial and industrial properties in this district.	• Fitch: AA • Moody's: Aa2 • S & P: AA	• 4.28% May 2011 • 3.61% September 2012	• No
Sewer Revenue Bonds	• Financings to support the capital improvement projects, as required by the Commonwealth of Virginia, Department of Environmental Quality (DEQ), at certain wastewater treatment plants that provide wastewater capacity to the Integrated Sewer System; as well as County Sewer infrastructure replacement and rehabilitation. • User fees generated cover all annual operating, capital, and debt costs for the sewer system. No general fund impact.	• Fitch: AAA • Moody's Aa1 • S & P: AAA	• 3.35% June 2012	• No

Response to Questions on the FY 2015 Budget

Request By: Lee District Budget Committee

Question: What would be the result of a bond rating downgrade?

Response: An immediate result from an economic perspective would be higher borrowing rates for the County's bonds, which corresponds to higher annual debt service payments for the life of the bonds. For example, the County received a low borrowing rate of 2.84% on its most recent January 2014 Triple A rated general obligation bond sale. The 20-Bond Index, which represents municipal bond trends based on a portfolio of 20 general obligation bonds with average of AA-rating that mature in 20 years on the day of sale was 4.50%, which was 1.66% higher than the County's borrowing rate.

Another challenge of any downgrade would be the reaction from bond investors. A major driver behind the County's continued success in obtaining low interest rates in the capital markets has been investors who show extremely strong demand in the County's bonds. If there were to be a bond rating downgrade and less investor demand as a result of the downgrade, it may cause the County's borrowing rate to increase.

Any downgrade must take into account a potential domino effect for other similar outstanding County bonds. For example, if the County's Triple A bond rating for General Obligation debt were to be downgraded, additional debt such as that incurred for the Merrifield Center (Woodburn) and Providence Community Center (through the Economic Development Authority under the Public Facilities Revenue Bonds), would see its current bond rating (Fitch AA/ Moody's Aa1 / S & P AA+) downgraded as well.

Current market projections indicate that the spreads between credits will widen over time as interest rates are projected to continue to increase as the federal government tapers its quantitative easing program. It is imperative that the County remain committed to its Ten Principles of Sound Financial Management which have served as a foundation of its commitment to debt and overall financial policies. The Ten Principles are consistently cited by the bond rating agencies as part of the commitment to long term fiscal discipline and one of the hallmarks of its triple A bond rating.

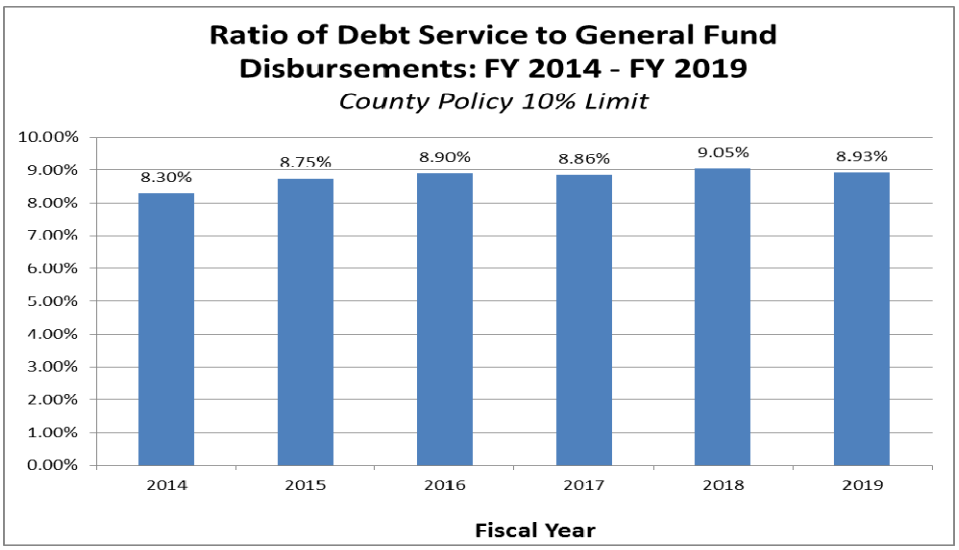
Response to Questions on the FY 2015 Budget

Request By: Lee District Budget Committee

Question: What is the total debt limit for each bond type for the County and the total debt limit for FCPS?

Response: The County is the only legal entity allowed to issue debt on behalf of County and School capital spending, and the County is responsible for all annual debt service payments. The Ten Principles of Sound Financial Management debt policies have specific debt ratios that provide guidance on the County's issuance of debt. 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. The amount of annual general obligation bonds sold for the Schools has been based on a mutual agreement between the Board of Supervisors and the Fairfax County School Board. In FY 2007, the FCPS General Obligation bond sale limit was temporarily raised from $130 million to $155 million for a 6-year period in exchange for the return of surplus school property to County control. In FY 2012, at the end of the 6 year period, the Board of Supervisors approved the continuation of $155 million in annual general obligation bond sales. The FY 2015 Capital Improvement Program maintains the $155 million for the Fairfax County Public Schools for the entire five year period through FY 2019.

The County has strictly adhered to the debt ratio policy whereby debt service expenditures as a percentage of general fund disbursements shall not exceed 10 percent. As noted at last year's Board of Supervisors Budget Committee meetings and during recent Infrastructure Funding Committee meetings, the County's debt ratios are approaching the 10 percent limit based on current bond sale projections. Any increase above the currently projected funding levels, risks further encroachment on reaching the County's ceiling debt limit. These debt ratio projections are documented in the FY 2015 Capital Improvement Program:



Debt limits for refunding bonds are excluded from a spending limit as they seek to reduce the County's outstanding debt which translates to lower annual debt service costs. The County reviews on a monthly basis the ability to refund all its outstanding debt provided certain criteria are achieved (e.g. the refunding generates at a minimum $1 million in savings and 3% net present value savings of the refunded principal).

Response to Questions on the FY 2015 Budget

Request By: Lee District Budget Committee

Question: How long does it usually take from the time a bond issuance is “approved” by the County until it goes to underwriting and "rate lock"?

Response: A timeline is developed in the early planning stages of a bond issue by County staff, its financial advisor and its bond counsel. The average timeline for a bond sale is a three month period, which is inclusive of the initial review of first drafts of bond related documents to the date of financial close. The County requests approval from the Board of Supervisors of the bond sale and then proceeds within the same week to scheduled meetings with the bond rating agencies to request ratings on the pending bond sale. When bond ratings are finalized typically after a two week review period, the County can proceed to its scheduled date for a bond sale. After the bond sale, the interest rate is locked and in two weeks closes on the deal with the recorded receipt of all bond proceeds.

The timeline can be shortened or lengthened depending on market conditions if they warrant adjustments. For example, the County utilized a rapid path to the bond market in less than two months in the fall of 2009 when the federal government made the Build America Bonds (BABs) available which provides a federal reimbursement for a portion of annual interest payments.

The County has and will remain flexible and efficient in all aspects of planning for all future bond sales to ensure the lowest interest rates and corresponding debt service costs are achieved.

Response to Questions on the FY 2015 Budget

Request By: Lee District Budget Committee

Question: Has the County been able to take advantage of the low interest rate environment through refunding of its higher interest rate bonds?

Response: The County reviews on a monthly basis the ability to refund its outstanding debt provided certain criteria are achieved (e.g. the refunding generates at a minimum $1 million in savings and 3% net present value savings of the refunded principal). The following highlight recent refunding bond sales and the debt service savings to the County:

- In January 2012, the County issued the General Obligation Public Improvement Bonds Series 2012B which generated net present value savings of $24.66 million or 11.28% of the refunded bonds.

- In January 2013, the County issued the General Obligation Public Improvement Bonds Series 2013B which generated net present value savings of $12.21 million or 9.49% of the refunded bonds.

- In January 2014, the County issued the General Obligation Public Improvement Bonds Series 2014A which generated net present value savings of $4.38 million or 8.05% of the refunded bonds.

- In April 2014, the County plans to issue Sewer Revenue Refunding Bonds Series 2014 which is projected to generate under current market conditions net present value savings of $7.7 million or 11.07% of the refunded bonds.

Since 1989, the County's cumulative total savings from all refunding bond sales equates to $182.2 million. It is important to remember that typically all the savings from refundings are spread over the remaining life of the bonds.

Response to Questions on the FY 2015 Budget

Request By: Lee District Budget Committee

Question: What is the procurement policy regarding contract awards (i.e. best value, lowest bidder or something else)?

Response: All Fairfax County contracts are awarded in accordance with the Fairfax County Purchasing Resolution. The Resolution provides for best value, low bid, or best negotiated offer depending on the terms identified in the solicitation. In FY 2013, the Department of Purchasing and Supply Management (DPSM), the County's central procurement office issued 51 invitation for bid solicitations which used the low bid method of evaluation. In FY 2013, DPSM issued 49 request for proposal solicitations that used competitive negotiations to determine the best offer. Best value is defined as, "the overall combination of quality, price, and various elements of required services that in total are optimal relative to a public body's needs." Best value is most closely aligned with the request for proposal (or competitive negotiations) method of source selection.

Of the 543 contracts awarded last fiscal year (most solicitations result in more than a single award), only 31 were sole-source (non-competitive) procurements. The County typically awards sole source contracts for commodities such as software licenses where only a single provider is available in the market.

Response to Questions on the FY 2015 Budget

Request By: Lee District Budget Committee

Question: What is the planning/zoning/permitting process regarding a FCPS project vs. a private party project vs. a Fairfax County Government/Agency project?

Response: There are no fees for processing a Comprehensive Plan amendment or 2232 public facilities application for Fairfax County Public Schools projects, Fairfax County Agency projects and private party projects.

Fees are automatically waived with respect to zoning processes (rezonings and subsequent amendments, special exceptions/permits, interpretations) for Fairfax County Public Schools and Fairfax County agency projects. Expedited processing, however, requires a motion by the Board of Supervisors.

The Department of Planning, Facilities Branch, utilizes an expedited 2232 review process for School expansion projects identified in the Capital Improvement Program. This process was developed in 2012 with the cooperation of the FCPS, DPZ, and the County Attorney's Office. New school construction, like all other County public facility projects, follow the "normal" 2232 application, review, and approval process as outlined in the Comprehensive Plan and Va Code 15.2-2232.

With respect to the permitting stage of the development process, FCPS and Fairfax County Agency projects are both automatically designated for "modified processing". The modified processing designation allows projects from FCPS and Fairfax County Government to obtain footing and foundation permits plus extension letters (to continue construction prior to full building permit). This is a benefit over normal processing because it allows projects with this designation to begin construction prior to obtaining all final permits, cutting many months off of a normal schedule. Other projects that are designated "modified processing" include large economic development opportunities such as projects with a total construction value in excess of $50M or projects in designated revitalization districts with a value in excess of $25M.

Furthermore, projects that are considered "green buildings" and meet defined guidelines such as using a United States Green Building Council (USGBC) certified designer and committing to design the building to meet environmental sustainability goals as defined by USGBC or other certification agency obtain expedited processing. The expedited processing in this case places these projects higher in the queue for review over projects that do not take this step. All large FCPS, county government, and many private developments obtain this expedited processing which can save a month or more over normal permit processing time.

Response to Questions on the FY 2015 Budget

Request By: Lee District Budget Committee

Question: What is being done to share resources for construction contracting?

Response: In addition to the County Purchasing Agent, the Fairfax County Purchasing Resolution provides construction contracting authority to several County agencies including the Department of Public Works and Environmental Services (DPWES), Fairfax County Public Schools (FCPS), the Fairfax County Park Authority (FCPA), the Department of Housing and Community Development (HCD), and the Department of Transportation (FCDOT). The Fairfax County Purchasing Resolution also specifically states that the FCPA, HCD, and FCDOT may delegate construction authority to DPWES.

While each of the County agencies noted above is charged with the implementation of various capital projects related to their specific business area, DPWES provides construction contracting and construction management services for numerous County agencies. DPWES provides construction contracting and construction management services for all FCDOT capital projects. In addition, DPWES is currently providing construction contracting and construction management services for several HCD projects including the Lincolnia Senior Center, the Housing First Transitional Housing project, and the Mondloch House Renovation (recently completed). DPWES has also provided construction contracting and construction management services for the FCPA on several projects including the Cub Run RECenter and projects at the Spring Hill RECenter.

DPWES also supports other organizations by providing construction contracting and construction management services on a case-by-case basis. For example, DPWES is currently working with the McLean Community Center Board to provide project management services (including construction management) for the McLean Community Center Renovation and Expansion.

DPWES continues to partner with the FCPS and the FCPA for the implementation of stormwater enhancements above regulatory requirements to support the County's MS-4 (Municipal Separate Storm Sewer System) Permit and the Chesapeake Bay TMDL (Total Maximum Daily Load) requirements. Under these partnerships, stormwater enhancements are funded by DPWES, and the FCPS and FCPA construct the stormwater enhancements at FCPS or FCPA facilities, typically as part of other capital construction at the identified sites. This eliminates the need for DPWES to construct the stormwater enhancements separately at a later time.

Recently, FCDOT partnered with DPWES in the procurement of a Construction Engineering and Inspection (CEI) consultant services contract for construction of the Lorton Road Improvements project. This large construction project (in excess of $27M) would have placed a huge strain on DPWES construction contracting resources, particularly on staff time and personnel needs. Led by FCDOT, the CEI services contract was approved by the Board of Supervisors in October 2013. Under this contract, the consultant provides additional expertise and resources including assistance in preparing construction contract documents, and construction inspection, testing and management services, thereby reducing the strain on DPWES resources. However, DPWES will

continue to provide general oversight of the project during construction, with assistance from FCDOT. It is anticipated that similar FCDOT and DPWES partnering in the procurement of CEI contracts for large transportation improvement projects will continue for the foreseeable future.

Similar approaches (CEI services) are also used on building projects managed by DPWES due the complexities and the duration associated with the construction of most building projects.

Response to Questions on the FY 2015 Budget

Request By: Lee District Budget Committee

Question: How does the County manage its various projects (i.e. in-house managers, hire general contractors, hire project managers, something else)?

Response: In-house project managers and project engineers manage the vast majority of County projects. In-house project managers are responsible for overall project management including budget, schedule and quality; and part of their responsibilities include contract administration of outside, design consultants that perform the detailed project design work. In-house project engineers are responsible for the lead role of construction management during the construction phase, with responsibility for administering construction contracts with outside contractors.

The most prominent approach is to contract with outside design consultants for the design work, and to contract with outside contractors for the construction work with County staff responsible for overall project management and contract administration. Various procurement methods may be used for these projects including competitively negotiated professional service contracts, task order design contracts, competitive low bid construction contracts, job order construction contracts, design-build, and public-private partnerships using the PPEA or Real Estate and Shared Infrastructure Agreements.

A very limited number of smaller size projects may occasionally be designed using in-house design staff coupled with in-house project management and outside construction contractors.

Response to Questions on the FY 2015 Budget

Request By: Lee District Budget Committee

Question: How is County construction limited by its project management capacity limitations?

Response: Each year prior to the annual budget submission, County agencies involved in the implementation of capital projects typically prepare workload analysis to evaluate staffing resources required for anticipated project workload during the upcoming year and beyond. The workload analysis looks at staffing/resources required during the design, land acquisition and construction phases of active ongoing projects and anticipated new projects.

If additional staffing is determined to be required, the need for additional resources/positions is typically included in the agency annual budget submission and discussed with senior County leadership during the budget review process. Alternative project delivery methods are also considered to maximize production from available existing resources. For example, depending on the project, design consultants may be used rather than designing projects in-house to allow a single project manager to manage a larger number of projects. To help manage unanticipated or shorter term workload peaks, benefits-eligible positions may be utilized on an as-needed basis as well.

Following passage of the Transportation Funding Bill (HB2313) by the state legislature in early 2013, FCDOT immediately began to analyze the impact of this increase in transportation funding on project management and implementation. In FY 2014, additional staff positions in DPWES and FCDOT were approved by the Board of Supervisors to begin addressing resource requirements brought on by HB2313.

In addition, FCDOT, VDOT and DPWES have begun initial discussions regarding the impacts of HB2313 not only on County staff resources, but on alternative project delivery methods, and streamlining the project implementation process. These discussions will continue into the near future and cover a wide range of topics including project funding agreements, consultant procurement, land acquisition processes and procedures, design-bid-build and design-build project implementation, and resource requirements to meet the needs of all cooperating agencies resulting from HB2313. VDOT has also begun to reorganize in anticipation of the increase in number and magnitude of Locally Administered Projects (LAP's).

In the FY 2015 Advertised Budget, the County Executive is recommending a number of additional positions to assist in the delivery of capital projects, particularly in the program areas related to transportation, stormwater, and economic development. These positions are required to avoid project delays and artificially limit the number of projects going to construction. Growth is expected to continue in both the transportation program and stormwater program for several years to come. Accordingly, additional position requests should be anticipated particularly in these program areas. Both FCDOT and DPWES will be requesting additional positions for FY 2016 and beyond.

Response to Questions on the FY 2015 Budget

Request By: Lee District Budget Committee

Question: What is the total square footage of FCPS facilities vs. County Government/Agency facilities?

Response: Below is a table including square footage at both County Government and County School facilities:

Department	Approximate Square Feet	Notes
County Facilities Management Department	8,600,000	193 facilities and structures
County Parks	1,400,000	421 parks / 374 structures
County Housing and Community Development	3,000,000	75 housing sites
Total County Estimate	***13,000,000***	
Fairfax County Public Schools	27,000,000	196 schools/administrative buildings, 990 temporary classrooms
Total FCPS Estimate	***27,000,000***	
Grand Total Estimate	**40,000,000**	

Response to Questions on the FY 2015 Budget

Request By: Lee District Budget Committee

Question: Has the County started looking at the possible effects the rapid pace of technological advancement will have on the need for facilities requirements? If so, what are the implications?

Response: As part of the management of the County's building development projects, the Department of Public Works and Environmental Services (DPWES) works closely with Department of Information Technology (DIT) and Facilities Management Department (FMD) to identify the most current needs for technology infrastructure in Renovation and New Construction projects. As part of the ongoing coordination between DPWES and DIT, a set of Information Technology design standards are maintained for use in guiding the design and construction of IT infrastructure. These design standards define the most current infrastructure requirements to support IT systems, including cabling, telephone/data equipment rooms, wireless connectivity, voice and data jacks, A/V equipment, and the associated power, ventilation and emergency power to support these systems and equipment.

In addition, DPWES coordinates closely with DIT and FMD to identify the most current, preferred technology applications required for the operations and management of important building systems such as HVAC controls, lighting controls, security systems, and access control systems. DPWES, DIT and FMD work in close collaboration to review the plans and specifications for each project to assure that the proper technology systems and equipment are specified, and to assure that design standards are kept current.

Implications of the rapid advancement in the technology field includes the cost of replacement of maintenance and life cycle replacements of IT systems, particularly at IT intensive facilities such as PSTOC, the Adult Detention Center, and some of the other large, upcoming facilities that incorporate a large volume of technology systems and equipment (Mid County Center, Public Safety Headquarters).

Response to Questions on the FY 2015 Budget

Request By: Supervisor McKay's Budget Group

Question: What is the difference in construction cost per square foot between County projects and FCPS projects and what accounts for this difference?

Response: The construction cost for County projects managed by DPWES range from $177/SF to $374/SF with an average of approximately $270/SF. These projects include a wide variety of unique facilities varying greatly in scale and nature. Project types include fire stations, libraries, police stations, maintenance facilities, residential treatment facilities, and parking structures. Larger scale projects include the Mid-County Human Services Building, the Public Safety Headquarters, PSTOC, and the Courthouse Expansion. County projects range in scale from small projects less than 5,000 SF to large projects over 200,000 SF, such as the 200,000 SF Mid-County Human Services Building and the 276,000 SF PSHQ, both with large parking structures. The most typical County projects managed by DPWES are fire stations, libraries, and police stations with an average project size of 25,000 SF.

The vast majority of County projects are contracted through the competitive low bid process, and virtually all projects go through Value Engineering and are designed to meet County design standards that have been developed in collaboration with FMD, DIT and the Using Agencies. Major cost drivers in the construction of County facilities include the facility type, scale and complexity, new construction vs. renovation, the extent of renovation, new site development costs and costs to bring very tight sites up to current standards, specialized fixed equipment, back-up- emergency power systems, demolition and hazmat abatement costs, IT infrastructure, communications and security system costs, structured parking and two story construction, phasing costs, and in some cases, the cost of temporary facilities.

County facilities are designed and constructed to comply with established design guidelines and space programs for the recurring type facilities. The guidelines include the Fire Stations Design Guideline, Police Station Design Guideline, Library Design Guideline, and space programs for a district supervisor's office. Each has been coordinated with the Using Agency to provide consistency between the facilities, and to assure that all requirements of the Using Agency are documented and incorporated into the design and construction. Guidelines for Architects and Engineers have also been established in coordination with the FMD to create standards for County projects, to incorporate lessons learned, and to assure that all equipment, system, design and extended warranty requirements of FMD are documented and met. Per Fairfax County policy, all projects above $5 million are subject to a Value Engineering study to ensure best value.

The average construction cost for Fairfax County Public Schools projects constructed in the past 16 months is $159/SF. These projects include very large scale projects ranging from approximately 85,000 SF to approximately 400,000 SF and include both renovations and additions on currently developed school sites. Generally, cost per square foot decreases as the size of the project increases, due to the economy of scale. The

average cost per SF for school construction of regional jurisdictions, based on limited research, is $213/SF.

Construction cost benchmarking with neighboring jurisdictions was conducted in October 2013 and the data demonstrated that County project costs, on average, were generally lower than the benchmark average when benchmarking against the same facility type. Based on the fundamental cost differences associated with different building types, County staff believes that benchmarking of County projects costs with average costs for other local jurisdictions for common project types, may be the most applicable benchmarking approach. Below is a summary table identifying the average cost per SF, by facility type, based on data from County projects, data from FCPS, and data from a County cost consultant on the average cost of common project types in other local jurisdiction.

Facility Type ($/SF)	**Benchmark Average ($/SF)**	**Fairfax County Average ($/SF)**
Library	$384	$263
Fire Station	$316	$323 *
Police Station	$200	$265 *
Parking Garage	$55	$51
Schools	$213	$159

* Fire station and police station costs vary depending on the requirements for each jurisdiction.