



## FAIRFAX COUNTY BOARD OF SUPERVISORS

# 2016 Bond Referendum Information

## Bond Issues on the Ballot on Nov. 8

In the Nov. 8 general election, **Fairfax County voters will be asked to vote YES or NO on three bond referendum questions.** The referenda are for transportation bonds, park bonds and human services and community development bonds. If a majority of voters approves a referendum, the county currently plans to issue general obligation bonds to fund the improvements described in each question.

- The **transportation referendum** question asks if the county may issue up to **\$120 million in bonds to fund the county's share of Metro's Capital Improvement Program** and road improvements.
- The **parks referendum** question asks if the county may issue up to **\$107 million in bonds for additional parks and park facilities**, preservation of open space and the improvement of existing parks owned and operated by the Fairfax County Park Authority and by the Northern Virginia Regional Park Authority.
- The human services and community development referendum question asks if the county may issue up to **\$85 million in bonds for human services facilities and community development facilities.**

The county's current plans for the proceeds of bonds that may be authorized by these three referenda are set forth below. The county may in the future alter these specific plans, but in such a case the county would have to use the funds for a purpose described in the ballot questions.

### Transportation Bond, \$120 Million

This referendum asks Fairfax County voters whether the Board of Supervisors should be authorized to contract a debt and issue bonds in the maximum principal amount of \$120,000,000 to finance Fairfax County's share, under the Washington Metropolitan Area Transit Authority (Metro) Compact, of the cost of transportation improvements and facilities in the Washington metropolitan area, and to finance improvements to primary and secondary state highways and ancillary related improvements and facilities. If a majority of voters approves the question, the county would be allowed to issue bonds to fund transportation facilities as described herein.

The county currently plans to use the proceeds from this \$120,000,000 bond referendum to finance Fairfax County's share of Metro's Capital Improvement Program. The goal of that Capital Improvement Program is to provide safe and reliable public transit service, and it includes expenditures in the following eight categories: vehicles and vehicle parts; rail system infrastructure rehabilitation; maintenance facilities; rail power systems and technology; track and structure; passenger facilities; maintenance equipment; and other transit-related facilities. The highest priority in that Capital Improvement Program is placed on improving the safety of the system, including but not limited to, fixing the track signal system, replacing the oldest railcars and buses, buying equipment to improve trackside worker protection and adding new safety features to existing railcars and buses.

Metro's Capital Improvement Program is a \$6 billion, six-year program, including \$950 million in Fiscal Year 2017. The six-year program includes the purchase of 300 replacement railcars, 250 buses and the construction of new bus garages (including one in Fairfax County). Fairfax County's share of the current six-year Capital Improvement Program is \$182 million. Fairfax County plans to use the bonds authorized by this referendum, along with state funding and other local funds, to fund the county's share of the six-year Capital Improvement Program.

### **Parks and Park Facilities, \$107 Million**

This referendum asks Fairfax County voters whether the Board of Supervisors should be authorized to contract a debt and issue bonds in the maximum principal amount of \$107,000,000 for additional parks and park facilities, preservation of open space and the improvement of existing parks owned and operated by the Fairfax County Park Authority (\$94,700,000) and by the Northern Virginia Regional Park Authority (\$12,300,000). If a majority of voters approves the question, the county would be allowed to issue bonds to fund parks and park facilities as described herein. The county's current plans for the proceeds of bonds that may be authorized by this referendum are described below. **The county currently plans to use \$94,700,000 of bonds from this referendum for improvements and facilities identified in a study the Fairfax County Park Authority recently conducted to evaluate the county's recreational needs over the next 10 years.** The improvements and facilities include capital projects related to natural and cultural resources, such as ecological restorations and historic site preservation projects at Colvin Run Mill and Sully Historic Site; land acquisition to serve park-deficient areas and protect resources; countywide renovation and upgrades of aging community park facilities, such as playgrounds, courts, infrastructure and trails; the renovation of Mount Vernon RECenter; and new and expanded facilities to improve service delivery, including a baseball complex to serve the entire county.

Also, the county is a member of the Northern Virginia Regional Park Authority (NVRPA), which provides parks and recreational facilities in the county and elsewhere in Northern Virginia for our residents and visitors. **The county currently plans to use \$12,300,000 of bonds from this referendum to pay the county's contribution to NVRPA's Capital Improvement Program.** The primary focus of that program is to continue the restoration, renovation and modernization of existing park facilities, many of which were developed or constructed more than 25 years ago. **The bonds will be used to fund an annual \$3 million capital contribution to NVRPA over the next four years and to make a \$300,000 contribution to support the planned Jean R. Packard Occoquan Center.**

## Human Services and Community Development, \$85 Million

This question seeks voter authorization for the county to issue \$85 million of bonds for human services and community development. If approved, the county currently plans to use this bond money to finance the cost of human services facilities and community development facilities.

The county currently plans to use **\$48 million of bonds from this referendum to renovate, expand or replace four of the county's shelters** which can no longer meet "crisis/emergency" needs of homeless individuals and families in the community. The county shelters are full to capacity every night of the week throughout the year.

The Patrick Henry Shelter provides emergency 30-day accommodations to homeless families. The current shelter has a capacity to serve seven families with an additional two emergency overflow units. The multi-story facility was constructed in 1952 and last renovated in 1985, over 30 years ago. The building subsystems are well beyond their intended life cycle and the facility is highly utilized and experiences 24/7 wear and tear.

The Embry Rucker Shelter provides temporary emergency shelter to homeless families and unaccompanied adults. The shelter has the capacity to serve 10 families as well as 29 adults. The shelter also serves as a cold-weather overflow (hypothermia) center. This one-story building was constructed in 1987 and has had no major renovations during its 29 years of operation. The building subsystems are well beyond their intended life cycle and the facility is highly utilized and experiences 24/7 wear and tear.

The Eleanor Kennedy Shelter provides temporary emergency shelter to homeless unaccompanied men and women. The shelter has the capacity to serve 50 adults. This two-story building was originally constructed in 1918 as a water pumping station and converted to the shelter in 1986. The facility was last renovated in 1986 and has not received any major renovations since. The exterior and the interior of the building are in need of significant upgrades. The building subsystems are well beyond their intended life cycle and the facility is highly utilized and experiences 24/7 wear and tear. The shelter also serves as a cold weather overflow (hypothermia) center.

The Baileys Shelter provides temporary emergency shelter to homeless unaccompanied men and women. The shelter has the capacity to serve 50 adults. The shelter also serves as a daytime drop-in center and main operations center for the region's cold weather (hypothermia) prevention program. This one-story facility is over 27 years old and has had no major renovations since it was constructed. The building subsystems are well beyond their intended life cycle and the facility is highly utilized and experiences 24/7 wear and tear.

The county currently plans to use the remaining **\$37 million of bonds from this referendum to replace the Sully Senior Center and to construct a new Lorton Community Center**. The existing Sully Senior Center, which provides social, recreational and health/wellness activities and programs for older adults, must be relocated because the current site is in a right-of-way that is currently being designed for a new interchange. The existing Lorton Senior Center, which similarly provides programs for older adults, is currently housed in leased space that is scheduled to expire in 2018. The bonds would finance the construction of the Sully and Lorton Community Centers, to replace the existing facilities. **These two new community centers would continue to provide programming for older adults, while also having the capacity to meet other community needs, such as after-school programming for children and teens, and health and wellness programs for youth and adults.** Consolidating the provision of these services in the Sully and Lorton facilities aligns with the county's efforts to promote multi-service sites.

*For more information on these centers, call the Department of Neighborhood and Community Services at 703-324-4600, TTY 711, or visit [www.fairfaxcounty.gov/ncs/2016bond.htm](http://www.fairfaxcounty.gov/ncs/2016bond.htm).*

# What Are Bonds?

Bonds are a form of long-term borrowing used by most local governments to finance public facilities and infrastructure. Bond financing makes it possible to build facilities and infrastructure based on future population estimates and to spread the cost equitably over the useful life of the facilities. This kind of financing allows the cost of a facility to be spread over a number of years so that each generation of taxpayers contributes a proportionate share for the use of these long-term investments.

## Q Why referenda?

**A** Virginia law requires that voters in Fairfax County approve general obligation bonds through a referendum. You have the opportunity to vote either YES or NO on the question. If a majority votes YES on a question, then the Fairfax County Board of Supervisors will be authorized to sell bonds for the purpose described in the ballot question. If a majority votes NO on a question, the county cannot issue general obligation bonds to finance the purpose described in the question unless authorized in another referendum.

## Q Will these bonds cause a property tax rate increase?

**A** The bond program is designed not to contribute to an increase in your property tax rate. Fairfax County has adopted a prudent financial management policy designed to protect its triple-A bond rating. Under the program, the county's net long-term debt is not to exceed 3 percent of the total market value of taxable real and personal property in the county. It also provides that annual debt service (the cost of principal and interest payments) be kept below 10 percent of annual combined general fund disbursements, and that bond sales shall not exceed an average principal amount of \$275 million per year or \$1.375 billion over five years.

For FY 2017, the county's projected actual net long-term debt is 1.19 percent of the market value of all taxable real and personal property. Debt service costs in FY 2017 are projected to be 8.32 percent of the combined general fund disbursements. The FY 2017-2021 Capital Improvement Program adopted by the Fairfax County Board of Supervisors on April 19, 2016, anticipates issuance of an average of \$275 million of general obligation bonds per year. Of this amount, approximately \$155 million (56 percent) is for the Fairfax County Public Schools and \$120 million (44 percent) is for the county. This policy is expected to keep debt service at approximately 9 percent of general fund disbursements, which will maintain a balance between operating expenses and long-term capital needs.

## Q Can the bonds on the Nov. 8 ballot be used for other purposes?

**A** Proceeds of the sale of bonds authorized for a specific purpose may not, by law, be used for any purpose other than the purpose specified in the referendum question. In other

words, the proceeds of the sale of parks bonds may not be used to finance other projects, such as transportation projects. Although this pamphlet describes the county's current plans for the use of the bond proceeds, the county would be permitted to issue bonds for any purpose described in the ballot questions.

## Q What is the cost of borrowing?

**A** Borrowing always entails interest costs. Since the interest earned by holders of municipal bonds is usually exempt from federal taxes, interest rates for these bonds generally are lower than the rate charged for private loans. Fairfax County has the highest credit rating possible for any government: triple-A from Moody's Investors Service Inc.; from S & P Global Ratings; and from Fitch Ratings. As of January 2016, Fairfax County is one of only 11 states, 46 counties and 33 cities to hold a triple-A bond rating from all three rating agencies. For this reason, Fairfax County's bonds sell at relatively low interest rates compared to other tax-free bonds.

## Q Why not pay for capital improvements on a pay-as-you-go basis?

**A** If capital construction was financed on a pay-as-you-go basis out of current tax revenues, expenditures would be paid for in a much shorter time frame, which could necessitate tax rate increases or a significant reduction in other county services. Bonding spreads the cost of major projects of general benefit to the county over future years and ensures that both current and future residents and users share in the payment. Without bond funding, capital improvement budgeting is less predictable.

## Q What is the county's total bonded indebtedness?

**A** As of July 2016, the total of general obligation bond and other tax-supported debt outstanding from FY 2016 through FY 2044 is \$2.972 billion in principal and \$1.064 billion in interest. During the next five years, \$1.61 billion, or approximately 40 percent of the total debt, is scheduled to be paid off.

## Q What percentage of my taxes goes toward paying for the bonds?

**A** During the past 20 years, the share of taxes used to pay debt service has fluctuated from 7.5 percent to a high of 9.3 percent. For FY 2017, it is projected to be 8.32 percent and

is projected to remain at or slightly above 9 percent based on current market and conservative revenue forecasts while assuming passage of the bond referenda this fall for transportation, parks and park facilities, and human services and community development.

**Q** What are the benefits of Fairfax County's triple-A bond ratings?

**A** The county's triple-A bond ratings lower the county's borrowing costs. The county's policy of rapid debt retirement and strong debt management guidelines serves to keep debt per capita and net debt as a percentage of estimated market value of taxable property at low levels. Since 1978, the county has saved over \$772.42 million on bond and refunding sales as a result of the triple-A rating when compared to industry

benchmarks of other municipal bond issuers.

**Q** Why put forth additional referenda if there are still unsold bonds?

**A** Fairfax County bond packages are planned to fund specific projects. This means that all previous bond authorizations were planned for or are obligated to specific projects. These projects often take a number of years to complete. Bonds are sold only as the money is needed, resulting in substantial amounts of authorized, but unissued, bonds. Prudent financial management dictates that the proportionate amount of bonds be sold to coincide with the annual cash flow requirements for construction costs associated with the respective capital projects.

### Some pro and con arguments about financing capital projects through bond funding.

#### PRO

Some people think that bond financing is a vital part of the county's comprehensive approach to the challenge of funding needed infrastructure and capital facilities. Here are some of the arguments used by proponents of bond funding:

- Bonding spreads the cost of major projects of general benefit to county residents over future years and ensures that both current and future residents and users share in the payment.
- Spreading the cost of major projects permits the county to accomplish more projects sooner than would pay-as-you-go using only current tax revenues.
- Constructing the proposed county facility improvement projects from current general tax dollars cannot be accomplished without substantial cuts to current programs or increased revenues from taxes and fees.
- Prudent use of long-term debt can be accomplished without having any adverse impact on the county's bond ratings or the tax rate.

#### CON

Some people think that the issuing of general obligation bonds is neither justified nor a viable solution to the county's capital infrastructure and facility needs. Here are some of the arguments used by opponents of bond funding:

- Issuing general obligation bonds results in a long-term future obligation for the county that may create an unmanageable burden on future taxpayers. Pay-as-you-go financing would not create long-term debt.
- Costs for infrastructure and facilities should be borne by those directly using or benefiting from them, not by all taxpayers.
- These facilities could be fully or partially paid for out of the current revenues by cutting or eliminating other programs.
- The funds otherwise spent on debt service could support a substantial pay-as-you-go program of capital construction adequate to meet the county's needs.

## FAIRFAX COUNTY BOARD OF SUPERVISORS

Sharon Bulova, Chairman, At-Large

Penelope A. Gross, Vice Chairman,  
Mason District

John C. Cook, Braddock District

John W. Foust, Dranesville District

Catherine M. Hudgins, Hunter Mill District

Jeffrey C. McKay, Lee District

Daniel G. Storck, Mount Vernon District

Linda Q. Smyth, Providence District

Pat Herrity, Springfield District

Kathy L. Smith, Sully District

For contact information, visit [www.fairfaxcounty.gov/government/board](http://www.fairfaxcounty.gov/government/board).

### In-Person Absentee Voting for 2016 Election

Fairfax County has several locations available for absentee voting in person, including hours every Saturday in October. There are 19 reasons you may be eligible to vote absentee. Last day is Saturday, Nov. 5.

Go to [www.fairfaxcounty.gov/elections/absentee](http://www.fairfaxcounty.gov/elections/absentee) for more information, including addresses and hours.

#### In-Person Absentee Voting Locations:

- Fairfax County Government Center
- Providence Community Center
- Franconia Governmental Center
- McLean Governmental Center
- North County Governmental Center
- West Springfield Governmental Center
- Mason Governmental Center
- Mount Vernon Governmental Center
- Sully Governmental Center
- Lorton Library (Saturdays only)

### Votación Ausente en Persona para las Elecciones del 2016

El Condado de Fairfax tiene varias ubicaciones disponibles para votar ausente en persona, incluyendo los sábados en el mes de octubre. Hay 19 razones por las que usted puede calificar para votar en ausencia. El último sábado es el 5 de noviembre.

Para mayor información incluyendo direcciones y horas de oficina vaya a: [www.fairfaxcounty.gov/elections/absentee](http://www.fairfaxcounty.gov/elections/absentee)

#### Ubicación de las Oficinas para la Votación en Ausencia

- Fairfax County Government Center
- Providence Community Center
- Franconia Governmental Center
- McLean Governmental Center
- North County Governmental Center
- West Springfield Governmental Center
- Mason Governmental Center
- Mount Vernon Governmental Center
- Sully Governmental Center
- Lorton Library (abierto los sábados únicamente)

To request this information in an alternate format, call the Office of Public Affairs at 703-324-7329, TTY 711.

Fall 2016

Information for Residents  
2016 Bond Referendum

FAIRFAX COUNTY BOARD OF SUPERVISORS

RESIDENTIAL CUSTOMER

ECRWSS

PRST STD  
U.S. POSTAGE  
PAID  
PERMIT 722  
MERRIFIELD VA

Fairfax County Office of Public Affairs  
1200 Government Center Parkway, Suite 551  
Fairfax, VA 22035

