



Fairfax County, Virginia  
**FY 2018 – FY 2022**  
**Capital Improvement Program**

March 21, 2017

[www.fairfaxcounty.gov/dmb/fy2018/advertised/cip.htm](http://www.fairfaxcounty.gov/dmb/fy2018/advertised/cip.htm)



## FY 2018 CIP Objectives

- Review and revise the long-range Bond Referendum Plan based on each program area's prioritized future project requirements
- Review the County's debt capacity and conduct an analysis of debt service requirements, sales limitations, and debt ratios to manage all of these factors within projected funding availability and the County's Ten Principles of Sound Financial Management
- Develop a stable General Fund Supported Capital Program distinguishing between commitments, contributions and on-going capital maintenance and infrastructure replacement and upgrade projects
- Review the progress on the use of Capital Sinking Funds established to address reinvestment requirements for County and Parks Infrastructure
- Review the 5-year Stormwater Service District Spending Plan, developing an FY 2018 program consistent with the recommended increase of  $\frac{1}{4}$  penny in the tax rate per year to address stormwater management regulations
- Identify future efforts and challenges that will directly impact the CIP



## FY 2018 CIP

- The total FY 2018 – FY 2022 Capital Improvement Program totals \$9.99 billion
  - The CIP includes County managed and non-County managed (NVRPA, Water Supply) Capital Programs
  - County Managed programs include:
    - Self-Supported Capital Programs (Stormwater, Solid Waste, Transportation, Wastewater) developed and approved as part of the Annual Budget
    - General Fund Supported Capital Program (Commitments/ Contributions/Maintenance and Paydown Capital), developed and approved as part of the Annual Budget
    - General Obligation Bonds/EDA Bond Plan, developed as part of the 5-10 year CIP



## Self Supported Programs

- Stormwater rate is proposed to increase from \$0.0275 to \$0.0300 per \$100 of assessed real estate value (1/4 penny increase, consistent with the 4<sup>th</sup> year of a 5-year plan approved by the Board)
- Wastewater rates proposed to increase consistent with the approved 5-year plan:
  - Base Charge from \$24.68 to \$27.62 (recovers fixed costs)
  - Availability Charges from \$7,750 to \$8,100 (connection fee)
  - Service Charges from \$6.68 to \$6.75 per 1,000 gallons
- Solid Waste rates proposed to change:
  - Refuse disposal rate from \$62 to \$64 per ton
  - Leaf Collection from \$0.15 to \$0.13 per \$100 of assessed value



## General Fund Supported Capital Program

- The FY 2018 General Fund Capital Program is \$19,441,876, consistent with the FY 2017 Program
  - Includes \$12,925,923 in commitments, contributions and maintenance
  - Includes \$6,515,953 in Paydown capital improvements
- Unable to increase Paydown Program in FY 2018
- In recent years, the Board has approved one-time capital project funding as part of the *Third Quarter and Carryover Reviews*
  - Several capital reinvestment projects are anticipated to be funded as part of the *FY 2017 Third Quarter*
- Paydown Program is supplemented by the Board established Capital Sinking Fund



## General Fund Supported Capital Program Details

### FY 2018 Capital Construction/Paydown Summary

	<b>Commitments, Contributions and Facility Maintenance</b>	<b>Paydown</b>	<b>Total General Fund Support</b>
Athletic Field Maintenance and Sports Projects	\$4,435,338	\$1,700,000	\$6,135,338
Park Authority Inspections, Maintenance and Infrastructure Upgrades	\$960,000	\$1,690,000	\$2,650,000
Environmental Initiatives	\$535,000	\$0	\$535,000
On-Going Development, Infrastructure Maintenance and Revitalization	\$2,595,000	\$0	\$2,595,000
Payments and Contributions	\$4,400,585	\$0	\$4,400,585
County Infrastructure Replacement and Upgrades	\$0	\$1,825,953	\$1,825,953
Reinvestment, Repair, and Emergency Maintenance of County Roads and Walkways	\$0	\$1,100,000	\$1,100,000
Developer Default Improvements	\$0	\$200,000	\$200,000
<b>Total General Fund Support</b>	<b>\$12,925,923</b>	<b>\$6,515,953</b>	<b>\$19,441,876</b>



## Capital Sinking Funds

- Capital Sinking Fund was created by the Infrastructure Financing Committee (IFC)
- Represents 20 percent of year end balances not needed for critical requirements
- Populated at year end beginning in FY 2014
- To date, \$14.8 million has been set aside for capital reinvestment
- The allocation of dollars to specific program areas was approved by the Board as part of the *FY 2016 Third Quarter Review*
- Staff will report back to the Board on the progress made by sinking fund dollars



## Capital Sinking Funds

Purpose	Allocation	Total
FMD	55%	\$8,157,795
Parks	20%	\$2,966,470
Walkways	10%	\$1,483,237
Roads	10%	\$1,483,237
Revitalization	5%	\$741,618
	<b>100%</b>	<b>\$14,832,357</b>

- Some examples of Sinking Fund Projects underway include:
  - Emergency back-up generator replacements at the Government Center, Pennino and Herrity Buildings
  - HVAC system replacements at the Herndon Fortnightly Library
  - Park trail, bridge and tennis court repairs throughout the County
  - Parking lot and roadway repairs at Burke Lake Park and Lake Accotink Park
  - Reinvestment of County-owned roads and walkways classified in poor or hazardous condition (supporting Multi-year plans )
  - Sidewalk, bus shelter repairs and other capital improvements in the Commercial Revitalization Districts





## Bond Referendum Plan

- The Bond Referendum Plan is developed based on prioritized projects in conformance with the 10 Principles of Sound Financial Management
- The Plan is reviewed annually
- More detailed and long-range plan, outlining specific projects and schedules
- Provides for enhanced coordination between agencies, the Planning Commission, the Board, and the public
- Includes County and School bond referenda in alternate years



## Up-Coming Bond Referendum

Fall 2017 Fairfax County Public Schools: Proposed at \$310 million

Fall 2018 County Public Safety Bond Referendum: Proposed at \$140 million

### Fire and Rescue: \$60 million

- Mt Vernon Fire Station (Built in 1969, last renovated 1980)
- Fairview Fire Station (Built in 1981)
- Gunston Fire Station (Built in 1976)
- Seven Corners Fire Station (Built in 1977)
- Fox Mill Fire Station (Built in 1979)

### Police Department: \$45 million

- Police Evidence Storage (Annex) (Built in 1960)
- Mason Police Station (Built in 1975, last renovated 1994)
- Criminal Justice Academy (Acquired in 1995)

### Adult Detention Center : \$35 million

- Includes Infrastructure upgrades, renovation and security system improvements
- Projecting a total project cost of \$50-60 million – partial funding by the General Fund
- Staff is working on details and financing options, May be phased over multiple years



## Up-Coming Bond Referendum

- Fall 2019 Fairfax County Public Schools
- Fall 2020 County:
  - Human Services
  - Northern Virginia Regional Park Authority
  - County Park Authority
  - Metro
- Fall 2021 Fairfax County Public Schools
- Fall 2022 County:
  - Public Safety
  - Libraries
  - Roads



## Up-Coming EDA/Other Financing

### FY 2017: \$17 million, Lewinsville

- *Redevelopment of the Lewinsville senior housing and human services facility, including 82 units of Independent Living housing for the elderly; space for the Health Department's adult day care facility; two child day care centers; and the expansion of services of the existing Senior Center programs.*

### FY 2018: \$5 million, Original Mt. Vernon High School

- *To support potential uses at the site, including early childhood education classrooms.*

### FY 2018: \$10 million, Reston Town Center North

- *County share of the Comprehensive Real Estate and Infrastructure Development Agreement with Inova that will provide for the real estate exchange, and design and construction of the campus site infrastructure.*



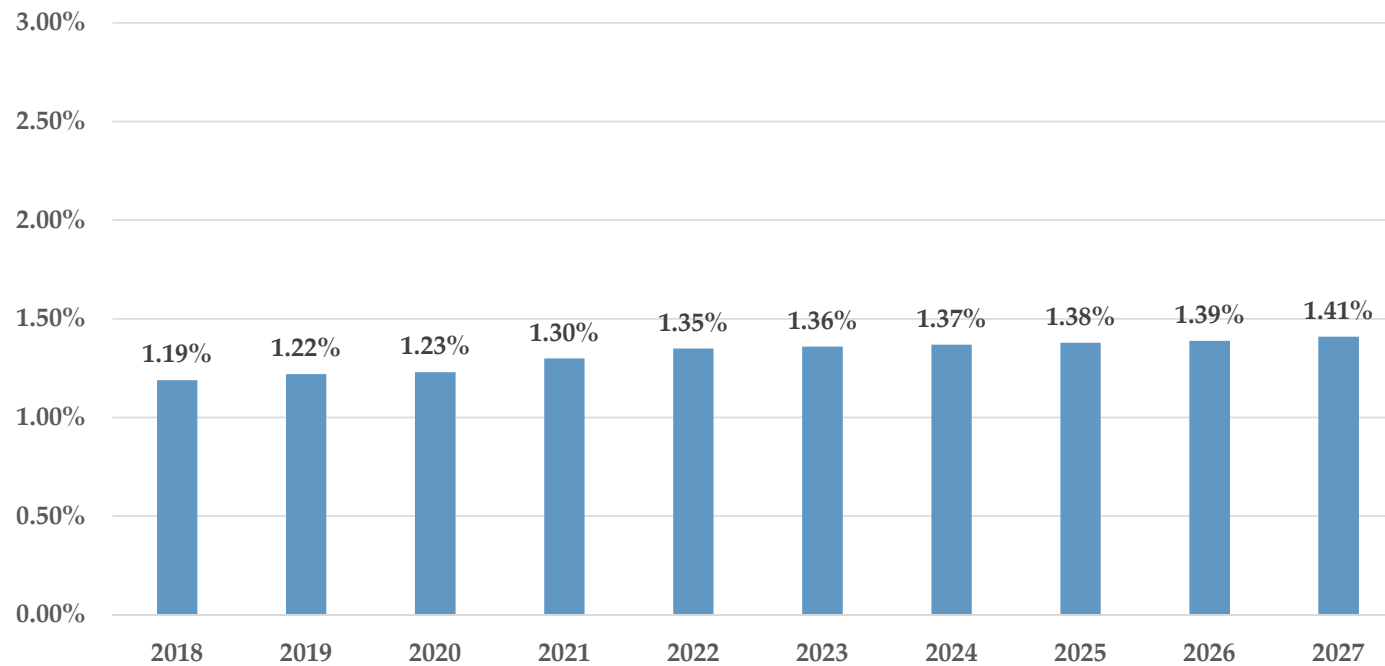
## Bond Plan Link to Debt Analysis

- Total Bond Plan includes General Obligation Bonds and EDA Bonds
- Ten Principles of Sound Financial Management
  - Below 3 percent debt to market value (currently 1.19 percent)
  - Below 10 percent debt to General Fund Disbursements (currently 8.39 percent)
  - Sales limit of \$275 million per year
  - Debt Service affordability



## Debt Analysis

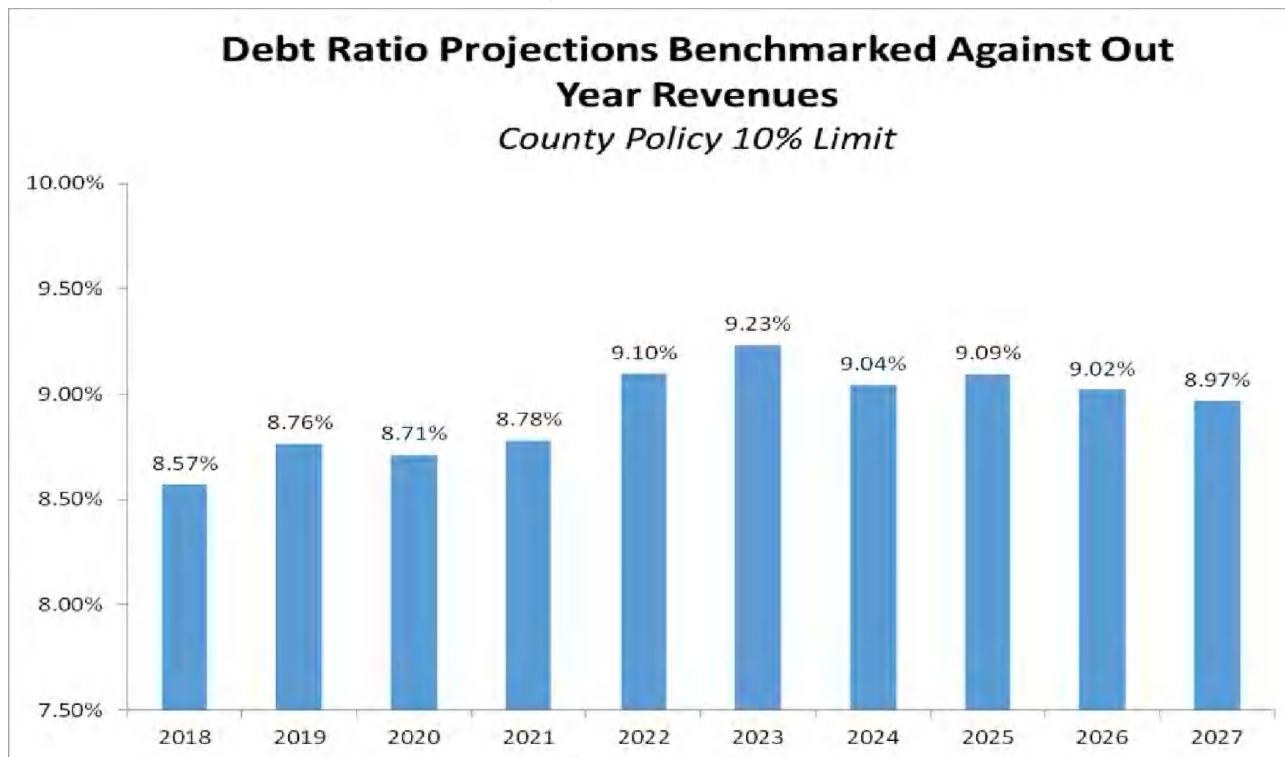
*Ten Principles of Sound Financial Management: Debt Service Expenditures not to exceed 3 % of Estimated Market Value*





## Debt Analysis

*Ten Principles of Sound Financial Management: Debt Service Expenditures not to exceed 10% of General Fund Disbursements*





## Financing Plan Affordability

- Plan exceeds sales of \$275 million in some years but is conservative and can be managed annually
  - Assumes FCPS sales at \$155 million annually
  - Assumes County sales at an average of \$140 million
  - Assumes Other Financing for Public Private Partnership Projects (North County Redevelopment, Original MVHS)
- Sales limits were last increased from \$200 million to \$275 million in 2007





## Financing Plan Affordability

- Board directed staff to analyze a possible increase in the \$155 million sales limit for FCPS
- The Board last approved an increase in School Bond Sales from \$130 million to \$155 million annually in FY 2007
  - In addition, the Board first approved as part of the *FY 2015 Carryover Review* and built into the budget going forward, a transfer of \$13.1 million to FCPS to support infrastructure replacement and upgrades
- No change recommended in FY 2018, based on the lack of funding for increased debt service payments
- Staff will review again in FY 2019



## CIP Next Steps and Challenges

- Continue to evaluate the potential for raising the sales limits beyond \$275 million per year
  - Reevaluate the \$155 million annually for FCPS
- Work with FCPS staff to identify opportunities for shared use facilities, as directed by the Joint Board of Supervisors/School Board Work Group
- Evaluate the requirements for the WMATA capital program, both in terms of timing and amounts and the effect on the County Bond Referendum Plan



## Metro Funding Overview

- WMATA General Manager's FY 2018 Advertised Budget contains significant increases in both operating and capital spending to address aging infrastructure beginning in FY 2018
  - Costs would be spread among the regional jurisdictions
- County is able to manage increases in FY 2018 with no additional General Fund impact
- The County's share of WMATA expenses have historically been funded through modest General Fund support, state aid and gas tax receipts, and General Obligation bonds
  - State aid and gas tax represent the County's share of these revenues held on behalf of the County by the Northern Virginia Transportation Commission (NVTC)
  - Accumulated state aid balances are declining, which will present a challenge in future years
- FY 2019 and future years will require significant increases in County contributions which are not sustainable within existing revenue resources
- The Board will be briefed as part of Budget and Transportation Committee meetings in the coming months on the options available for future year funding decisions



# Metro Funding Overview

- No increase in General Fund or General Obligation Bond support is included in FY 2018 for Metro.
  - In order to meet operating requirements, \$25 million more in state aid is utilized, partially offset by reduced gas tax, in order to maintain the General Fund transfer at the FY 2017 level.
  - Increased capital requirements are anticipated to be met through the use of WMATA financing, with associated debt service due beginning in FY 2019.

## FY 2017-18 Operating Budget (in millions)

	<u>FY 2017</u>	<u>FY 2018</u>	<u>Chg.</u>
<b>Operating Requirement</b>	\$121.5	\$141.4	+\$19.9
State Aid	\$84.8	\$110.2	+\$25.4
Gas Tax	\$22.8	\$17.3	-\$5.5
<b>General Fund</b>	<b>\$13.6</b>	<b>\$13.6</b>	<b>--</b>
Interest Income/ Other Fund Transfers	<u>\$0.3</u>	<u>\$0.3</u>	--
	<b>\$121.5</b>	<b>\$141.4</b>	

## FY 2017-18 Capital Budget (in millions)

	<u>FY 2017</u>	<u>FY 2018</u>	<u>Chg.</u>
<b>Capital Requirement</b>	\$36.7	\$101.0	+\$64.3
Financed by WMATA	\$0.0	(\$61.0)	
Debt Service Owed	<u>\$0.0</u>	<u>\$0.0</u>	
<b>County Contribution Required</b>	\$36.7	\$40.0	+\$3.3
<b>General Obligation Bonds</b>	<b>\$30.0</b>	<b>\$30.0</b>	<b>--</b>
State Aid	<u>\$6.7</u>	<u>\$10.0</u>	+\$3.3
	<b>\$36.7</b>	<b>\$40.0</b>	



## Website

### CIP Website:

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### CIP Adoption:

April 25, 2017

