FY 2025 – FY 2029 Capital Improvement Program Summary

CIP Development

The FY 2025 – FY 2029 Advertised Capital Improvement Program (CIP) was developed with input from County agencies and to the extent possible, in accordance with the recommendations of the Joint County Board/School Board CIP Committee. The CIP is ultimately governed by the Board adopted *Ten Principles of Sound Financial Management.* When adopted, the CIP provides the framework for the County Executive, the Planning Commission, and the Board of Supervisors for managing bond sales and addressing and planning for capital project requirements.

Bond Referendum Plan

The majority of capital projects in the CIP require financing and are supported by the General Obligation Bond Program. The CIP includes a Bond Referendum Plan which identifies future referenda for both the County and Fairfax County Public Schools (FCPS). Based on current capital program challenges, staff is recommending some adjustments to the Bond Referendum Plan.

The bond program continues to experience several challenges that have led to a backlog in unsold bonds. This backlog is based on limits on bond sales timeframes (8 years with possible 2-year extension), restrictions on annual bond sale amounts, changes in project scopes after voter approval, and higher Metro capital contribution requirements. In addition, project schedules have not fully recovered from delays associated with colocation opportunities, supply chain issues, and COVID.

The FY 2024 Plan included staff recommendations to delay and spread out some bond referenda to help with these program challenges. This adjustment was intended to accommodate the backlog of bonds needed to be sold and position the County to better take advantage of increased sale limits in the future. The FY 2025 Program includes some additional changes, highlighted in the table below.

Proposed Changes to Bond Referendum Plan		
	Current Plan	Proposed Plan
Schools	2025, 2027, 2029	No change
Public Safety	2024	Mount Vernon Police Station removed. Facility to be included in future colocation project and supported by EDA bonds
Human Services	2026	No change
Early Childhood	2026	No change
Libraries	2026	Slight increase to Kings Park Library to accommodate Board Office as part of the renovation project
Parks	2026	No change
Roads	2028	Road Bond removed from Referendum Plan. EDA bonds are anticipated to be sold in the future with debt service paid by the C&I Fund
Metro	2024, 2028	No change

Details of the changes to the Referendum Plan include:

- Police Department facilities: The ***Mount Vernon Police Station*** has been removed from the 2024 Public Safety Bond Referendum. This facility is currently included in a master plan study underway to determine if colocation opportunities could be realized for the Police Station, Fire Station, Sherwood Library, and other County facilities in the area. The Mount Vernon Police Station also houses the Mount Vernon District Supervisor's Office. Due to the timing required to complete the master planning effort and the existing bonds previously approved for the Fire Station (2018) and Library (2020), staff is recommending that the colocation effort be financed by those existing General Obligation bonds and Fairfax County Economic Development Authority (EDA) bonds in the future. EDA bonds can provide flexibility in the schedule that may be required to fully implement the project. A placeholder of $62 million has been included in the EDA Bond Plan for this colocation effort.

- Library facilities: The ***Kings Park Library*** renovation project is planned as part of the 2026 Library Referendum. Kings Park is one of the busiest community locations in the Library System operating at a level comparable to a small regional. In addition, this library houses the Braddock District Supervisors Office. The total project estimate has increased slightly from $13 million to $15 million to accommodate the Board Office space as part of the renovation project.

- Roads: Staff have proposed eliminating the Road Bond Referendum planned for 2028. Based on the pace of spending associated with the previous 2014 Road Bond and the ability to leverage annual C&I funds to pay debt service associated with an EDA bond sale, staff is recommending removing the road capital program from the General Obligation Bond Plan and financing road projects through EDA bonds in the future.

- Parks: The next Park Bond Referendum is scheduled for 2026 in the amount of $180 million. This amount will help meet the Park Authority's capital requirements, recognize higher costs associated with all construction projects, and provide for major Rec Center renovation project requirements. In addition, the Board of Supervisors has approved a total of $15 million in General Fund support to assist with escalating costs, primarily associated with the Mount Vernon Rec Center renovation project. In addition, an amount of $25 million in American Recovery Plan Act (ARPA) funding has been approved to offset construction cost increases associated with the Mount Vernon Rec Center. Park Bond sales were previously projected at $25 million annually until FY 2029. Due to the Bond Referendum Plan changes noted above, staff is projecting an increase in bonds sales for Parks from $25 million to $30 million beginning in FY 2027. This increased level should help alleviate some of the pressures associated with the proposed construction schedule for Audrey Moore Rec Center.

The above changes allow for cashflow projection levels to meet bond sale limits and provide an increase in projected sale amounts for the Park Authority two years earlier than previously planned. This increase for the Park Authority directly corresponds to the increases projected to be needed for the Audrey Moore renovation project.

County Debt Capacity

A review of the County's debt capacity is conducted annually. The CIP is analyzed for adherence to the *Ten Principles of Sound Financial Management*, specifically as it relates to several debt ratios. As of June 30, 2023, the ratio of debt to taxable property value was 0.97 percent, well below the 3 percent limit and the ratio of debt to General Fund disbursements was 6.64 percent, well below the 10 percent limit. These two self-imposed debt ratio limits are designed to maintain a balance between essential operating program expenditures and those for capital needs while preserving the County's AAA credit rating.

Although these projected debt ratios are well below the Board's self-imposed limits, the affordability of the debt service payments is also a significant consideration. Funding debt service for both the County and FCPS capital programs is only one of the many operational demands on the County budget.

Finally, bond sales continue to benefit from the County's triple-A bond rating. On January 24, 2024, the County conducted a General Obligation bond sale at an interest rate of 3.27 percent. This rate is evidence of the diverse mix of investors seeking highly rated municipal bonds. The favorable reception of the County bonds in the marketplace is also supported by the comparison of this interest rate to the Bond Buyer's 20 bond index, which stood at 3.39 percent on the day of the sale. In preparation for this bond sale, the County requested a bond rating from Standard and Poor's Corporation, Moody's Investors Service, and Fitch Ratings and the County's triple-A bond rating was affirmed by all three agencies. All three rating agencies continue to cite the County's commitment to the *Ten Principles of Sound Financial Management*, including fully funded reserve levels.

Projects Proposed for Other Financing

The County has for several years used other financing mechanisms, such as EDA or Fairfax County Redevelopment and Housing Authority (FCRHA) bonds, to support various County projects. The timing of General Obligation bond financing for some projects can be challenging given factors such as development agreements, leasing arrangements, and both expedited or delayed project timing due to changes and opportunities. Projects supported by other financing mechanisms often include complex financing structures with extensive development agreements.

Several projects are proposed in the 5-year CIP period to be funded by other financing mechanisms. The ***Original Mount Vernon High School*** redevelopment project is scheduled to be supported by the County's use of a short-term Line of Credit (LOC). Construction is scheduled to begin in spring 2024 and is anticipated to be complete in mid-2026. Following final project construction and reconciliation with the resulting Virginia Historic Rehabilitation Tax Credits (VHRTCs), the County will convert the net balance on the LOC to a traditional long-term fixed rate bond through the EDA. The ***Judicial Center*** and ***Reston Town Center North*** redevelopment projects and the potential ***Mount Vernon Area Colocation*** project are planned in future years to be supported by EDA bonds. Finally, the ***Reston Library*** and community space portion of the Reston Town Center North redevelopment project was expected to require a $48 million EDA bond; however, this amount has been increased by $10 million to $58 million. This will allow for the $10 million in 2012 bonds associated with the Reston Library to be utilized for current library project shortages and complete the spending of these older bonds.

General Fund Supported Capital Program

The total General Fund capital program includes an amount of $23,355,700 for commitments, contributions, and facility maintenance and $9,102,000 for Paydown projects. The Paydown program excludes those projects that are on-going maintenance projects or annual contributions. Paydown only includes infrastructure replacement and upgrades, ADA compliance, athletic field improvements, and other facility improvements. In recent years, it has been the Board of Supervisors' practice to fund some or all of the annual infrastructure replacement and upgrade project requirements using one-time funding as available as part of budget quarterly reviews.

The FY 2025 budget does not fully dedicate the value of a penny of the Real Estate tax to the capital program as recommended by the Joint CIP Committee. The FY 2025 Advertised Budget Plan includes a total of $5 million, or $2.5 million each for the County and School capital programs which is level with the FY 2024 Adopted Budget Plan. In addition, debt service increases associated with the additional bond sales total $12 million for both County and Schools reaching a total of $17 million. The FY 2025 General Fund Supported Program is illustrated below:

FY 2025 General Fund Supported Capital Program*

	Commitments, Contributions, and Facility Maintenance	Paydown	Total General Fund Support
ADA Improvements	$0	$850,000	$850,000
Athletic Field Maintenance and Sports Projects	$6,013,338	$1,700,000	$7,713,338
Environmental Initiatives	$1,298,767	$0	$1,298,767
Maintenance and Snow Removal	$3,411,916	$0	$3,411,916
NOVA Parks Contribution	$3,453,458	$0	$3,453,458
Ongoing Development Efforts	$95,000	$200,000	$295,000
Other Payments and Obligations	$4,912,221	$0	$4,912,221
Park Authority Maintenance Program	$2,761,000	$2,352,000	$5,113,000
Reinvestment in County Roads and Walkways	$0	$1,500,000	$1,500,000
Revitalization Maintenance	$1,410,000	$0	$1,410,000
Subtotal	*$23,355,700*	*$6,602,000*	*$29,957,700*
Joint CIP Committee Recommendations			
County Infrastructure Replacement and Upgrades	$0	$2,500,000	$2,500,000
Subtotal	*$0*	*$2,500,000*	*$2,500,000*
Total General Fund Support	**$23,355,700**	**$9,102,000**	**$32,457,700**

* Reflects General Fund support only. Other funding sources, such as dedicated revenue and bond funding, are not included in these totals.

Capital Sinking Funds

In addition to funding approved as part of the annual budget, the Board of Supervisors has allocated a portion of available year-end balances to the Capital Sinking Fund. The Capital Sinking Fund was previously populated based on 20 percent of available year-end balances. Based on the recommendations of the Joint CIP Committee, beginning at the *FY 2022 Carryover Review*, the Capital Sinking Fund was increased from 20 percent to 30 percent of available year-end balances and included FCPS in the allocation of funds for the first time. The funding is allocated as follows: 45 percent for Facilities Management Department (FMD), 25 percent for FCPS, 15 percent for parks, 7 percent for walkways, 5 percent for County-owned roads, and 3 percent for revitalization improvements. Funding provides for infrastructure replacement and upgrades, such as roofs, HVAC and electrical systems, and reinvestment in trails, pedestrian bridges, and other infrastructure improvements.

Since FY 2014, a total of $167,052,481 has been dedicated to the capital sinking fund and allocated for infrastructure replacement and upgrades in the following areas:

Program Area	Total Allocated to Date
County Roads	$12,036,458
FCPS	$19,384,503
FMD	$84,020,366
Parks	$29,685,889
Revitalization	$6,210,771
Walkways	$15,714,494
Total	**$167,052,481**

The Capital Sinking Fund allocations have enabled agencies to continue much of the important annual replacement and upgrade work required for infrastructure and facilities throughout the County. Status updates regarding the use of sinking funds are provided to the Board of Supervisors periodically.

Stormwater Service District Rate

In FY 2025, the stormwater services rate will remain at the FY 2024 approved level of $0.0325 per $100 of assessed real estate value. However, it is anticipated that in the next several years, incremental rate increases will be required based on continued growth of the stormwater system, increasing requirements for flood mitigation projects, and potential additional requirements associated with the Municipal Separate Storm Sewer System (MS4) Permit. The Stormwater service district provides a dedicated funding source for both operating and capital project requirements. Since the establishment of this service district, staff has made significant progress in the implementation of watershed master plans, public outreach efforts, stormwater monitoring activities, water quality improvements, and flood mitigation. In addition, staff have made progress in operational maintenance programs related to existing stormwater conveyance systems and has been able to satisfy regulatory requirements. Based on Stormwater revenue projections for FY 2025 and interest earnings available to offset annual debt service requirements for the Stormwater Wastewater Facility, additional resources of $6.7 million will be available in FY 2025 to support salary and operational requirements as well as capital project requirements.

Shared Use/ Colocation Opportunities

Several colocation and shared use projects are now underway, and the County and FCPS continue to explore future opportunities. Colocation sites offer a way to maximize limited space, locate complementary programs and services together, reduce reliance on leased space, address gaps in service delivery, and improve efficiency.

Feasibility funding approved in recent years is currently supporting a master planning study which will explore colocation opportunities in the Mount Vernon area. Several projects are currently planned for this area of the County including the Mount Vernon Fire Station, the Mount Vernon Police Station, and the Sherwood Library. The planning effort will explore other County and FCPS facilities and other potential partners in the area. A second study is anticipated in the Mason District to support a building condition assessment and explore opportunities at the Willston site. The Willston Multi-Cultural Center is planned to be redeveloped for educational, governmental, cultural, or human services uses. Some of the major projects already underway include:

Kingstowne Complex:
The Kingstowne Complex will collocate the Franconia Police Station, the Franconia District Supervisor's Office, the Franconia Museum, the Kingstowne Library, an Active Adult Center, and a childcare center into one comprehensive facility. The complex will also include garage parking and a County fueling station. Colocation of these facilities at this site will support a single, multi-agency complex and maximize the use of the space, provide efficiencies, and enhance services for the community. The colocation also allows the Police Station and Supervisor's Office to remain operational during construction without the need for temporary space or disruptions to operations. Construction is underway with an anticipated completion date of spring 2025.

Original Mount Vernon High School Redevelopment:
A variety of programs and functions will be included in the phased redevelopment of the Original Mount Vernon High School site, as coordinated with the Mount Vernon and Franconia District communities. It is anticipated that the facility will provide pathways to opportunity for the community through a wide range of programs and spaces. The Teen/Senior Program from the Gerry Hyland Government Center relocated to the renovated space near the gym in spring 2020. This project is nearing the completion of the design phase with construction anticipated to begin in spring 2024.

Stormwater/Wastewater Facility:
This collocated facility will combine the functions of the Stormwater Planning Division, Maintenance and Stormwater Management Division, Wastewater Planning and Monitoring Division, and Wastewater Collection Division to maximize efficiencies of all operations. The new facility will address building and space deficiencies at the current Wastewater Collection facility and the Stormwater Management facility. EDA bonds financed the project and Stormwater and Wastewater revenues provide for the annual debt service requirements. Construction is underway and completion is projected in spring 2026.

Other shared complexes in the planning stages include the Reston Town Center North redevelopment, the Judicial Complex redevelopment, the development of the Herndon Monroe Park and Ride/Herndon Monroe Metro Station Garage site, and the Penn Daw Fire Station/Permanent and Supportive Housing project.

A County staff task force continues to work to identify future opportunities by comparing the needs in the CIP with several other County and School needs. As facilities are renovated or new facilities are planned, staff is evaluating the possibility of including Early Childhood Education space, Affordable Housing, and other County services to provide efficiency of services to citizens and savings in construction costs. The colocation of public facilities can enhance the delivery of services, address resource constraints, and encourage agency coordination.

Public Facilities/ Policy Plan Update

On July 14, 2020, the Board of Supervisors authorized a plan amendment to revise the Public Facilities Element within the Policy Plan, aiming to better align the Capital Improvement Program (CIP) and the recommendations of the Comprehensive Plan. This initiative has seen a concerted effort by the Department of Planning and Development in collaboration with the Department of Management and Budget, the Department of Public Works and Environmental Services, as well as pertinent stakeholder agencies involved in the planning and execution of public facilities.

To date, extensive coordination has taken place with over forty relevant agencies across the County, alongside a series of seven meetings with the Planning Commission Land Use Process Review Committee to provide guidance on the relevant topics and potential revisions to the Plan. Furthermore, twenty-one community outreach sessions held between 2022 and 2023 served to engage the public on the proposed updates, the county's public facility review process, and to solicit feedback on the potential Plan revisions.

Through these engagements, several focal points for policy enhancement have emerged. These include bolstering coordination between the CIP and Comprehensive Plan processes, ensuring a more equitable evaluation of public facility projects, providing guidance for the planning of new facilities, fostering comprehensive colocation strategies, enhancing access and connectivity to facilities, and facilitating flexibility in adopting urban design approaches for facility development.

Looking ahead, the revised draft text for the Public Facilities Element of the Policy Plan will be presented to the Planning Commission at a Public Hearing in spring 2024 for their consideration and potential recommendation to the Board of Supervisors.

Summary of Changes from FY 2024 CIP

In addition to the annual updates to capital projects approved by the Board of Supervisors as part of budget quarterly reviews and minor adjustments to bond project cashflow timelines based on actual project progress, the following changes are noted since the adoption of the FY 2024 – FY 2028 Capital Improvement Program.

Changes to the FY 2024 CIP	
Joint CIP Committee Recommendations	Although the FY 2025 budget does not dedicate the value of a penny of the Real Estate tax to the capital program as recommended by the Joint CIP Committee, it does continue the FY 2024 level of funding set aside for both the County and FCPS Paydown Programs. A continuation of the $5 million has been provided ($2.5 million each) in FY 2025.
General Fund Capital Program	The FY 2025 General Fund Supported Capital Program is proposed at $32,457,700 representing an increase of $5,923,085 over the FY 2024 Adopted Budget Plan. This increase is associated with an amount of $3,453,458 to support the County capital contribution to the Northern Virginia Regional Park Authority (NOVA Parks) which was previously supported by General Obligation bonds; $1,210,000 for Park Authority maintenance; $890,000 for Park Authority forestry operations; and $400,000 for the Park Authority bamboo mitigation program; partially offset by reductions in other projects of $30,373.
Self-Supporting Funds Capital Programs	Rates proposed in the FY 2025 Advertised Budget Plan will support proposed capital programs.
Changes to the Bond Referendum Plan	Proposed changes include: an increase for the Kings Park Library project in order to include the District Supervisor's Office in the renovation; the shifting of the Mount Vernon Police Station to EDA bonds in order to support a potential colocation opportunity in the area; and the shifting of the 2028 Road Bond to EDA bonds with debt service supported by annual Commercial and Industrial tax revenues. In addition, these changes make it possible to increase the cashflow support for the Park Authority from $25 million to $30 million in FY 2027. This increase was previously planned for FY 2029.
Projects supported by EDA Bonds or Other Financing Methods	The proposed Original Mount Vernon High School Redevelopment project is scheduled to begin construction and the County's use of a short-term Line of Credit (LOC) will fund the remaining project costs. Following final project construction and reconciliation for the Virginia Historic Rehabilitation Tax Credits (VHRTCs), the County will convert the net balance on the LOC to a traditional long-term fixed rate bond through the EDA. Additional projects proposed include the Reston Town Center North Redevelopment project, a potential Mount Vernon Colocation project and the Judicial Complex Redevelopment project.
Capital Sinking Fund	All Sinking Fund projects have been updated to reflect the allocations approved as part of the *FY 2023 Carryover Review*. The total amount approved for the Sinking Fund to date is over $167 million. The Sinking Fund allocation is now based on 30 percent of year end balances and includes an allocation for FCPS as recommended by the Joint CIP Committee.

Future CIP Efforts and Challenges

The CIP evaluation process is evolving and is adjusted annually to accommodate infrastructure conditions, regulatory mandates, and project cost factors. In addition, the CIP is developed based on the County values identified in the Strategic Plan and other social factors, such as equity and economic opportunity. County and FCPS staff continue to work together to identify opportunities and strengthen the links between the two capital programs.

Staff are also working through the challenges associated with project cost increases and will continue to monitor projects and identify when additional project funding is required for previously approved projects. Project costs continue to increase due to inflation, requirements associated with the Board of Supervisors Sustainable Development Policy and Operational Energy Strategy, and the County ordinance requiring payment of prevailing wages on projects over $250,000. Existing building projects are being reviewed on a case-by-case basis as construction bids are analyzed. The Board of Supervisors did approve a General Fund Construction Escalation Reserve totaling $25 million to help offset some of the cost challenges on existing projects. Future projects in the Bond Referendum Plan will continue to be monitored on an annual basis. Finally, staff will continue to work to address the recommendations of the Joint CIP Committee.