



# Capital Improvement Program (CIP) Overview and Process

Board of Supervisors/School Board CIP Committee  
November 18, 2020

## Legal Basis for the CIP

The CIP is prepared pursuant to Article 5 of Section 15.2-2239 of the Code of Virginia, as amended, which reads:

“A local planning commission may, and at the direction of the governing body shall, prepare and revise annually a capital improvement program based on the comprehensive plan of the locality for a period not to exceed the ensuing five years. The commission shall submit the program annually to the governing body, or to the chief administrative officer or other official charged with preparation of the budget for the locality, at such time as it or he shall direct. The capital improvement program shall include the commission's recommendations and estimates of cost of the facilities and the means of financing them, to be undertaken in the ensuing fiscal year and in a period not to exceed the next four years, as the basis of the capital budget for the locality. In the preparation of its capital budget recommendations, the commission shall consult with the chief administrative officer or other executive head of the government of the locality, the heads of departments and interested citizens and organizations and shall hold such public hearings as it deems necessary.”



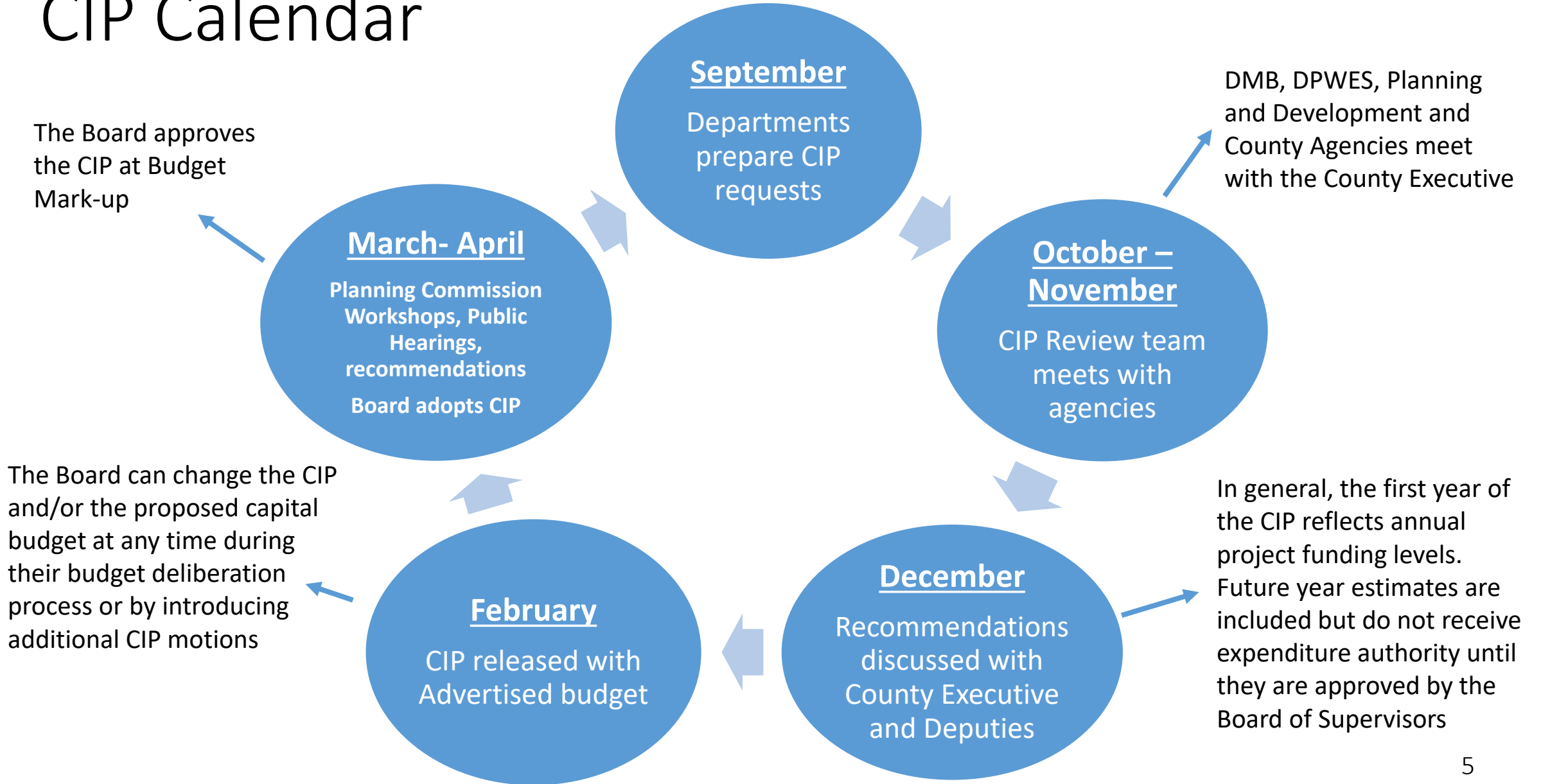
# Purpose of the CIP

- A guide toward the efficient and effective provision of public facilities
- A five-year roadmap for creating, maintaining and funding present and future infrastructure requirements and looks beyond year-to-year budgeting
- Fairfax County's CIP looks at an additional 5-year period (a 10-year perspective)
- Serves as a planning instrument to identify needed capital projects and coordinate the financing and timing of improvements
- A dynamic tool, not a static document
- Reviewed and revised annually based on current circumstances and opportunities
- Provides the framework for the County Executive, the Planning Commission and the Board of Supervisors for managing bond sales and project planning

# The Approach

- Fairfax County's capital project planning process has three essential components:
  - The Comprehensive Plan  
(Long-term Element, 20-25 years)
  - The Capital Improvement Program  
(Mid-term Element, 5-10 years)
  - The Capital Budget  
(Short-term Element, 1 year)

# CIP Calendar



# CIP Financial Policies and Guidelines

## *Ten Principles of Sound Financial Management*

- Statement of Board's commitment to the County's financial policies
- Adopted in 1975, last amended in 2018
- Essential for maintaining the Triple A credit rating
- Debt as a percentage of market value should be below 3 percent (currently 1.10 percent)
- Debt as a percentage of General Fund Disbursements should be below 10 percent (currently 8.03 percent)
- Total bond sale limit is \$300 million per year
- Debt Service affordability

## *Adopted Principles of Sound Capital Planning*

- Comprehensive Plan is the basis for capital planning
- Public participation in the CIP process is encouraged
- Long-term maintenance, renewal and replacement requirements should be adequately addressed
- Supports efforts to promote economic vitality
- Supports the development of affordable and effective multi-use public facilities as feasible
- Provides for facilities that are cost effective and consistent with appropriate best practice standards
- Guided by the County's adopted *Ten Principles of Sound Financial Management*

# CIP Financial Policies and Guidelines

## *PPEA Guidelines adopted in October 2005, Updated in FY 2008*

- Has project already been identified as a Board priority and included in the CIP
- What kind of budgetary resources will be required
- Is timing of the essence to take advantage of the opportunity
- Will this proposals interfere with projects currently identified in the CIP
- Can any required debt be accommodated

## *Cooperation between County and Schools Resolution adopted in September 2007*

- County and Schools will share information about service delivery requirements
- Consider joint and compatible uses during CIP development
- The Park Authority will also share information and consider joint and compatible uses

# Complexity of the County CIP

- Many County program areas compete for Bond and the General Fund support:
  - ✓ Fire Stations
  - ✓ Police Stations
  - ✓ Libraries
  - ✓ Parks
  - ✓ Human Service Facilities
  - ✓ Athletic Fields
  - ✓ Infrastructure replacement and upgrades (building major maintenance)
  - ✓ Transportation
- The FY 2021–FY 2025 Capital Improvement Program totaled \$11.17 billion
  - FY 2021 totaled \$1.15 billion, including Schools
  - Includes some non-County managed program such as Water Supply and NVRPA



# Largest Component of CIP: Bond Referendum Plan

- The Bond Referendum Plan is reviewed annually
- Details the long-range bond 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
- Includes FCPS bond referenda at \$360 million every other year, reflecting the current FCPS annual bond sales limit of \$180 million

# Current Bond Referenda Plan

Date	Category	Description	Amount
Fall 2020	County	Libraries, Parks, Human Services, WMATA (Metro)	\$441 million
Fall 2021	Schools	Capacity Enhancement, Renovation, Infrastructure Management	\$360 million
Fall 2022	County	Public Safety, Early Childhood	\$97 million
Fall 2023	Schools	Capacity Enhancement, Renovation, Infrastructure Management	\$360 million
Fall 2024	County	Parks, Human Services, Early Childhood, WMATA (Metro)	\$381 million
Fall 2025	Schools	Capacity Enhancement, Renovation, Infrastructure Management	\$360 million



# CIP Board Approval Process

The **General Fund Capital Program** is developed as part of the Advertised Budget and included in the CIP.

The Board approves the General Fund Capital Program as part of the budget adoption process.

The **Capital Sinking Fund** is approved by the Board as part of the Carryover Review by committing 20 percent of Carryover balances for critical infrastructure replacement and upgrades projects throughout the County.

Since FY 2014, the County has allocated \$64 million to the capital sinking fund.

**Rates for self-supporting funds** are developed (Stormwater, Wastewater, Solid Waste) as part of the Advertised Budget and support projects in the CIP.

The Board approves these rates as part of the budget adoption process.

The **General Obligation Bond Referendum Plan** is developed as part of the CIP.

The Board approves the plan and bond resolutions each summer prior to the fall referendum.

The Board reviews and approves a citizen informational pamphlet on the proposed bond referendum projects.

GO Bond sales typically occur annually in January following Board approval.

**Economic Development Authority Bonds** provide opportunities for the County to leverage public and private sector funds to advance major capital investments in infrastructure.

These projects are proposed annually in the CIP, discussed in budget committee meetings and in individual Board member briefings. A formal plan of finance is then formally approved by the Board.

All CIP project funding and schedules are adjusted annually based on the most current information; however, changes in appropriation levels are approved by the Board at quarterly reviews or as part of the annual budget process.



# CIP Highlights and Tools

## Environmental and Energy Programs

- Includes environmental projects, Operational Energy Strategy projects
- Includes information regarding the green building and sustainability development policy for facilities

## Infrastructure Replacement and Renewal

- Includes requirements associated with upgrades and replacement of building systems (roof, HVAC, fire alarms)

## Public Private Partnerships

- Includes current Public Private Partnership project descriptions



# CIP Highlights and Tools

Operational Impacts – Estimates of operational budget impacts of current and future CIP projects

Opportunities for Joint Use – Listing of FCPS and County future projects with potential for shared-use

Project Lists – Projects sorted by functional area and Supervisory District

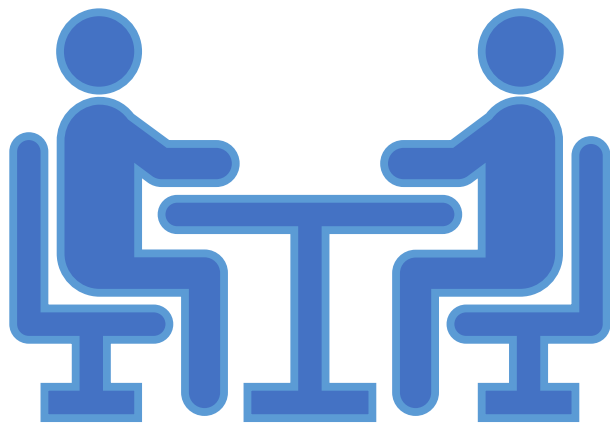
Interactive GIS Map - Map can be filtered by functional area, Supervisory District, etc.



# Collaboration with FCPS on the CIP

County and FCPS staff have been working to develop ideas and strategies for the future that will better integrate the needs of both capital programs and identify areas for improvement.

- Reviewing the accomplishments of the County's Infrastructure Financing Committee (IFC)
- Working on ideas for a comprehensive asset requirement list using a similar scoring mechanism for all program areas. This may be challenging (For example, the FCPS top routine maintenance project is playground repairs/installation and the County's top routine maintenance project is HVAC repairs).
- Potentially strengthening the County's role and financial support for the implementation of stormwater requirements associated with new construction or renovation projects at FCPS sites.



## Committee Meeting Information

- All meeting information can be found at:
- <https://www.fairfaxcounty.gov/budget/joint-board-supervisorsschool-board-cip-committee>.
  - Agendas
  - Presentations
  - Policies