Response to Questions on the FY 2015 Budget

Request By: Supervisor Foust

Question: Please provide a summary of the $35 million short-term borrowing capital renewal program. Please include the amount budgeted, sold and spent.

Response: As part of the FY 2011 Adopted Budget Plan, the Board of Supervisors approved a 3-year plan of short-term borrowing totaling $35 million for capital renewal projects. The 3-year plan was designed to eliminate the backlog and enable staff to determine a realistic level of annual funding for the future. The proposed short-term borrowing program for capital renewal was included in the debt capacity estimates in the Capital Improvement Program (CIP) and accommodated within established debt limits for General Fund supported debt. The following table includes the projects and details related to the $35 million.

The budget for the $35 million backlog was provided as follows: $5.0 million in FY 2011, $15 million in FY 2012, and $15 million in FY 2013. This funding provided support for the following types of projects: HVAC and electrical repairs and replacements, roof repairs and replacements, emergency generator replacement, fire alarm replacements, elevator and escalator upgrades, parking lot and garage repairs, window replacement, and other emergency building repairs, such as plumbing repairs, minor renovations to electrical and mechanical systems, structural repairs, vandalism abatement and other non-recurring construction repairs projects. All of the projects in these categories were categorized as "F" urgent safety related, or endangering life and/or property or "D" critical systems beyond their useful life or in danger of failure.

On December 3, 2013, the Board of Supervisors approved a contract award for a Direct Loan of $25 million to fund completed and projected expenses for capital renewal projects. The County received five proposals and the Selection Advisory Committee (SAC), appointed by the County Purchasing Agent, evaluated the proposals in accordance with the criteria established in the Request for Proposal (RFP). Upon completion of the final evaluation of the proposals, the SAC negotiated with the top ranked offeror and unanimously recommended the contract award to TD Bank, NA for the capital renewal direct loan.

The $25 million in bonds was sold based on the following actual and projected expenditures through FY 2014.

FY 2013 Actual Expenditures associated with Short Term Borrowing Program	$8.7 million
FY 2014 Expenditures Through 3/20/2014	$8.9 million
FY 2014 Encumbrances Through 3/20/2014	$5.7 million
Subtotal	***$23.3 million***
Anticipated to be expended/encumbered by June 30, 2014	$1.0 million
Total	**$24.3 million**

The remaining $10 million in short term borrowing support is currently appropriated and programmed for a variety of capital renewal projects. The largest portion of this funding, approximately $5.0 million, is set aside for escalator and elevator replacement/upgrades at the Jennings Judicial Center and the Adult Detention Center. Design work is either complete or nearing completion on these two large projects. Construction expenditures are anticipated to occur during FY 2015. Approximately $1.0 million is associated with several large projects including three HVAC replacement projects which will be completed as part of the renovation work being conducted at Pohick Library, Reston Library and Fair Oaks Fire Station. Expenditures associated with these projects are dependent on the construction schedules for the renovation work. In addition, the remaining $4.0 million is associated with renewal work required at the Old Courthouse. The timeline for this project is dependent on the completion of the master planning study currently underway at the Public Safety Complex which will include recommendations related to prioritizing the renewal work at the Old Courthouse. It is anticipated that the remaining short term bonds will be sold as encumbrances are put in place and/or cash is required, currently anticipated during FY 2015.