

## Response to Questions on the FY 2017 Budget

**Request By:** Supervisor Cook and Supervisor Foust

**Question:** Please provide a summary reference document with the proposed Capital Improvement Plan numbers that will allow the Board to know specifically what they are voting on.

**Response:** The Fairfax County Capital Improvement Program serves as the County's five-year roadmap for creating, maintaining and funding present and future infrastructure requirements. The CIP is primarily a planning document. As such, it is subject to change each year as the needs of the community become more defined and projects move closer to final implementation. The adoption of the Capital Improvement Program is neither a commitment to a particular project nor a limitation to a particular cost. As a basic tool for scheduling anticipated capital projects and capital financing, the CIP is a key element in planning and controlling future debt service requirements.

The Comprehensive Plan and the CIP are mutually supportive - the Comprehensive Plan identifies those areas suitable for development and the CIP translates those requirements into capital projects designed to support the goals and policies of the Comprehensive Plan. The Annual Capital Budget serves to appropriate funds for specific facilities and capital improvements. For projects supported by the General Fund (Paydown Projects), the first year included in the CIP reflects the proposed annual capital budget funding level. Funding for subsequent years in the program are included for planning purposes only and do not receive ultimate expenditure authority until they are analyzed and incorporated into the adopted annual Capital Budget. In general, General Obligation Bond funded projects and projects supported by other financing (wastewater revenues, solid waste revenues, Commercial & Industrial taxes supporting transportation projects), are reflected based on the cashflow required for spending in each year. Yearly General Obligation bond cashflows serve as the basis for developing the amount required for the County's annual bond sale. The CIP is a "rolling" process and subsequent year items in the CIP are evaluated annually and potentially advanced.

In developing the FY 2017 – FY 2021 Capital Improvement Program, staff focused on the following primary objectives:

- Reviewed and revised the long-range Bond Referendum Plan based on each program area's prioritized future project requirements. The long-range bond plan can be found on Page 28 of the CIP or at <http://www.fairfaxcounty.gov/dmb/fy2017/advertised/cip/cip.pdf#page=42>
- Reviewed the County's debt capacity in light of the proposed Bond Referendum Plan and conducted 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;
- Developed a Paydown Program including increased funding for critical Americans with Disabilities Act Compliance, Infrastructure Replacements and Upgrades, the Athletic Field and Sports Program, County Facility Planning and Reconfiguration Efforts, and other commitments;

- Developed a 10-year plan for funding turf field replacements, including an increase to the Athletic Service Fee and the General Fund contribution;
- Developed a plan for allocating the current balance of the Capital Sinking Reserve Fund to address reinvestment requirements for County Infrastructure. This proposal has been included in the *FY 2016 Third Quarter Review* for the Board of Supervisor's consideration;
- Enhanced the communication of the collaborative efforts underway on Public-Private Partnership and Joint Venture projects and included more details in the CIP on these complex projects; and
- Reviewed the 5-year Stormwater Service District Spending Plan, developing an FY 2017 program consistent with the recommended increase of ¼ penny in the tax rate per year to address increased stormwater management regulations.

When approving the FY 2017 – FY 2021 Capital Improvement Program, the Board of Supervisors will consider the major components highlighted below. The Board has the opportunity to change the CIP and/or the proposed capital budget at any time during their budget deliberation process or by introducing additional CIP motions.

#### Long-Range Bond Referendum Plan

The long-range Bond Referendum Plan is presented for planning purposes; however, the most immediate proposal is for a 2016 Bond Referendum in the amount of \$312 million. This Referendum would include \$85 million for Human Services/Community Development, \$107 million for Parks (for draft project list, see the response to LOBS Question and Answer #51 at [http://www.fairfaxcounty.gov/dmb/lob/2016/q\\_a/51-lobs-bond-referenda.pdf](http://www.fairfaxcounty.gov/dmb/lob/2016/q_a/51-lobs-bond-referenda.pdf)), and Northern Virginia Regional Park Authority and \$120 million for Metro capital contribution. Approval of the CIP gives staff the authorization to develop a Bond Resolution for consideration and Board approval in the May/June 2016 timeframe. At that time, the Board will be asked to approve a bond resolution requesting the County Attorney to petition the Circuit Court to schedule the referenda on the November 2016 election day; and to authorize the preparation and distribution of an informational pamphlet on the proposed bond projects to be mailed to citizens. This approval is in the May/June timeframe in order to provide sufficient time to petition the Circuit Court to order special elections for the bond referendum, to complete the federal preclearance process, and prepare absentee ballots. The bond pamphlet is circulated to each Board member and the chairman in advance of its release to the public.

#### Paydown Program

The proposed FY 2017 Paydown Program totals \$28 million. The Paydown projects reflected in the CIP for FY 2017 will be approved as part of the FY 2017 Budget. All subsequent years in the CIP are considered planning amounts only and are subject to change based on further analysis and funding availability. Based on Board feedback, staff has modified the presentation of the Paydown Program in the table below, separating commitments, contributions, and facility maintenance from infrastructure replacement and upgrades, and more typical capital improvements. This breakdown is more in keeping with the definitions developed as part of the infrastructure Financing Committee (IFC). Staff will use this methodology when presenting the Paydown Program in the future.

|  |                     |
|--|---------------------|
| <b><u>Commitments, Contributions and Facility Maintenance (45.2%)</u></b>                      |                     |
| Salona Purchase  | \$891,600           |
| Capital Contribution to Northern Virginia Community College                                    | \$2,517,489         |
| Contribution to FCPS for SACC  | \$1,000,000         |
| Laurel Hill (maintenance and security)   | \$1,260,000         |
| Commercial Revitalization Maintenance  | \$1,210,000         |
| Emergency Directives   | \$100,000           |
| Interest on conservation bonds/survey monumentation  | \$125,000           |
| Environmental Projects   | \$535,000           |
| Athletic Field Program Maintenance   | \$4,435,338         |
| Parks Inspections and Maintenance  | \$960,000           |
| <b>Subtotal</b>  | <b>\$13,034,427</b> |
| <b><u>Infrastructure Replacement and Upgrades, Capital Improvements (54.8%)</u></b>            |                     |
| FMD Replacement and Upgrades   | \$5,000,000         |
| Athletic Field Capital Improvements  | \$1,700,000         |
| Parks Infrastructure Replacement and Upgrades  | \$949,000           |
| ADA Compliance - Parks   | \$2,000,000         |
| ADA Compliance - FMD   | \$2,370,000         |
| Trails/Road Repairs  | \$900,000           |
| Planning projects in support of capital improvements (original MVHS, Massey demo, P3 projects) | \$2,700,000         |
| Developer Defaults   | \$200,000           |
| <b>Subtotal</b>  | <b>\$15,819,000</b> |
| <b>Total</b>   | <b>\$28,853,427</b> |

#### Athletic Field and Sports Program

The CIP includes projects that are supported by the Athletic Service Fee. In FY 2017 the budget proposal includes a proposal to increase fees to support a 10-Year Plan for turf field replacements. The Athletic Field projects reflected in the CIP for FY 2017 will be approved as part of the FY 2017 Budget. All subsequent years are considered planning amounts only and are subject to change based on further analysis and funding availability.

#### Allocation of Sinking Fund

The allocation of the sinking fund to specific project categories has been included in the *FY 2016 Third Quarter Review* for the Board of Supervisor's consideration. If approved as recommended, specific allocations will be reflected in the FY 2017 Adopted CIP.

#### Stormwater Services

The CIP includes projects supported by the Stormwater fee, such as Dam Rehabilitation, Conveyance System Rehabilitation, and Stream and Water Quality projects. The FY 2017 portion of the CIP is approved as part of the FY 2017 Budget. All subsequent years are considered planning amounts only and are subject to change based on further analysis and funding availability. Subsequent years in the CIP are based on the Board approved 5-year plan which includes an increase in the stormwater fee by ¼ penny each year.

#### Other projects (Wastewater, Solid Waste, Transportation)

The FY 2017 portion of the CIP is approved as part of the FY 2017 Budget. All subsequent years are considered planning amounts only and are subject to change based on further analysis and funding availability. In most cases, 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.

Additional details about the FY 2017 CIP can be found in the County Executive's CIP Transmittal letter at the following link: <http://www.fairfaxcounty.gov/dmb/fy2017/advertised/cip/cex-cip-letter.pdf>.