

FY 2020 – FY 2024 Capital Improvement Program Summary

Reviewed and Revised the Bond Referendum Plan

As part of the development of the FY 2020 – FY 2024 Capital Improvement Program (CIP), staff continued to meet with County agencies to discuss and re-prioritize future CIP project requirements. Each year current and proposed future projects are reevaluated in terms of projected costs and timing. The CIP Bond Referendum Plan includes County Referenda proposed in fall 2020 (FY 2021) and fall 2022 (FY 2023) and Fairfax County Public Schools (FCPS) Referenda in fall 2019 (FY 2020), fall 2021 (FY 2022) and fall 2023 (FY 2024) within the five-year CIP period.

The County continues to monitor the level of construction cost escalation associated with building projects. Some of the factors that are influencing the construction market include: availability of skilled labor; the supply of general contractors and the level of bidding; competitiveness, particularly at the subcontractor level; and natural disasters such as hurricanes and forest fires which have diverted both building construction materials and labor to the southern and western parts of the country. The effect of these disasters on the availability of construction materials is expected to continue for several years, particularly for steel, aluminum, lumber, diesel and gasoline. This market escalation over the past 2-3 years has resulted in an increase to the projected costs for projects that were recently bid, approved projects that are in the planning and design phases, and future projects in the CIP. The Bond Referendum Plan and the cost estimates for previously approved CIP projects have been adjusted to account for the significant cost escalation that has occurred, and staff will continue to monitor the impact of the regional market on CIP projects.

The Referendum Plan continues the approved level of support for FCPS, with referenda of \$360 million every two years, directly linked to the current approved sales limit of \$180 million per year. Several changes are proposed for future County projects. Staff is proposing a Library Referendum in fall 2020, earlier than the previously planned 2022 Referendum. The timing change for this Referendum will provide opportunities for project partnerships and service co-locations. Staff is currently exploring a joint development project with the Town of Vienna to renovate or replace the Patrick Henry Community Library and provide additional parking in a structured garage for the Library and the Town. Conceptual designs are also being explored to co-locate the expansion and renovation of the existing Lorton Community Library with the Lorton Community Center and to co-locate the new Kingstowne Regional Library with the Franconia Police Station, the Lee District Supervisor's Office, the Franconia Museum and an Active Adult Center.

In addition, the Health and Human Services Referenda have been revised to reflect changes in program delivery and service opportunities. Funding has been approved and work is underway to support the repurposing of the Boys Probation House (BPH). The BPH is a community-based, non-secure, 16-bed residential treatment program for male juvenile offenders. The number of offenders at the BPH has significantly declined in recent years and space has been identified for this Program at the Juvenile Detention Center Transitional Living Center. The movement of the BPH Program will allow for the relocation of the Crisis Care Program. This program is currently housed at the Woodburn facility which provides a 16-bed alternative to psychiatric hospitalization for Northern Virginia residents. The Woodburn facility was scheduled for renovation as part of the 2020 Human Services Bond Referendum; however, the repurposing of the BPH and relocation of the Crisis Care Program will eliminate the need for this bond financing.

During the past year, staff have been working to review options to reduce waiting lists for victims of domestic violence, relocate services for individuals with disabilities and provide for those in need of substance abuse disorder treatment, especially detoxification and opioid treatment. Through strategic, innovative planning, staff have identified options to address these needs in more efficient and cost-effective ways. This year's CIP includes the removal of the Artemis House project from the Bond Referendum Plan based on a new approach to identify opportunities at Fairfax County Redevelopment and Housing Authority (FCRHA) properties to house victims of domestic violence. As a result of the identification of existing space in the southern part of the County, additional housing for victims of domestic violence will be available in February 2019. Other sites are being evaluated throughout the County.

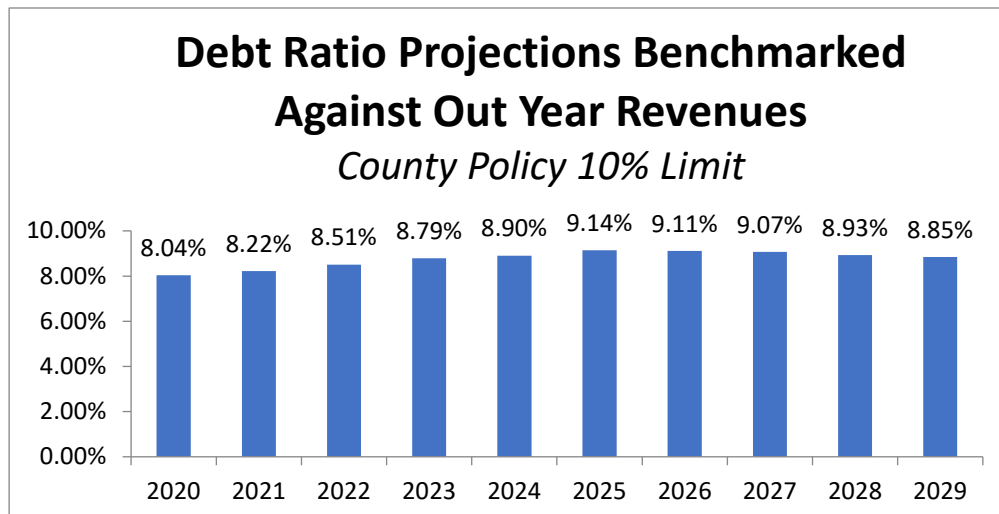
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In addition, the original proposal to address the increased demand for residential, long-term care needs for individuals with disabilities was to develop several Intermediate Care Facilities, consisting of 5-bedroom homes with 24-hour assistance and skilled nursing services. It has been determined that these needs can be addressed in a more efficient and cost-effective manner through public-private partnerships with access to existing beds and services. This project has also been removed from the Bond Referendum Plan.

Based on the removal of the Woodburn Crisis Care Center, Artemis House, and the Intermediate Care Facilities, the fall 2020 Human Services Referendum can now include the renovation of the Crossroads residential substance abuse treatment program facility. This facility was not previously planned until fall 2024. The Crossroads facility provides substance abuse education, counseling, vocation rehabilitation, psychiatric services, medication monitoring, drug testing, case management, and transition support toward independent living for an average daily census of 74 individuals. Typical program participation is 4–6 months in the primary treatment phase and 3-4 months in the supervised living phase. The facility is in need of updates to address outdated equipment, HVAC, plumbing, electrical and mechanical systems and provide flexible space for admissions, visitors and therapeutic purposes. In FY 2018, there were 150 people served in the residential treatment program and 57 people served in the supervised living component within the Crossroads facility. At any given time, there are between 50-60 individuals on the wait list. As part of the renovation project, staff is reviewing opportunities to more efficiently use the existing space at Crossroads to reduce waiting lists in the future.

Reviewed the County's Debt Capacity

A review of the County's debt capacity is conducted annually. The CIP is analyzed annually to ensure adherence to the *Ten Principles of Sound Financial Management*, specifically as it relates to debt ratios. As of June 30, 2018, the ratio of debt to taxable property value was 1.15 percent, well below the 3 percent limit and the ratio of debt to General Fund disbursements was 8.20 percent, well below the 10 percent limit. These self-imposed 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. The FY 2020 – FY 2024 CIP Bond Referendum Plan maintains these self-imposed debt ratios. The chart below is based on the percentage of anticipated debt requirements to conservatively forecasted revenues at a 2 percent growth rate. This analysis includes an annual sales amount of \$300 million, including \$180 million per year in sales for FCPS and \$120 million for County projects during the 5-10 year CIP period.



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Although the Referendum Plan forecasts cash needs which may exceed the \$300 million limit in some years, staff is confident, based on previous years, that the cash flow analysis and spending projections are conservative and sales can be managed within the annual limit.

In addition, staff continues to actively manage existing debt and regularly reviews refunding opportunities. On January 29, 2019, the County conducted a General Obligation bond sale for the Series 2019A bonds. The County achieved an interest rate of 2.90 percent, representing a differential of 1.33 percent under the Bond Buyer Index (BBI), which stood at 4.23 percent on the day of the sale. In preparation of this bond sale, the County requested a bond rating from Standard and Poor's Corporation, Moody's Investors Service, and Fitch Ratings. The County's triple-A bond rating was affirmed by all three agencies.

Developed a General Fund Supported Capital Program

The proposed FY 2020 General Fund Supported Capital Program is slightly higher than the FY 2019 Adopted Budget Plan level of \$16,761,476. FY 2020 total funding of \$18,143,691 includes an amount of \$12,353,691 or 68 percent for commitments, contributions and facility maintenance and \$5,790,000 or 32 percent for Infrastructure Replacement and Upgrades (Paydown projects). The Paydown program has been redesigned, at the request of the Board of Supervisors, to exclude those projects that are on-going maintenance projects or annual contributions. Paydown now includes infrastructure replacement and upgrades, ADA compliance, athletic field improvements and other capital improvements. The following table provides a summary of both categories within the General Fund Supported Capital Program.

FY 2020 General Fund Supported Capital Program*			
	Commitments, Contributions and Facility Maintenance	Paydown	Total General Fund Support
Athletic Field Maintenance and Sports Programs	\$4,435,338	\$1,700,000	\$6,135,338
Park Authority Maintenance and Infrastructure Upgrades	\$960,000	\$1,740,000	\$2,700,000
Environmental Initiatives	\$916,615	\$0	\$916,615
Revitalization Maintenance	\$1,410,000	\$0	\$1,410,000
Payments and Contributions	\$4,631,738	\$0	\$4,631,738
County Infrastructure Replacement and Upgrades	\$0	\$0	\$0
ADA Improvements	\$0	\$650,000	\$650,000
Reinvestment/Repairs to County Roads and Walkways	\$0	\$1,500,000	\$1,500,000
Developer Defaults	\$0	\$200,000	\$200,000
Total General Fund Support	\$12,353,691	\$5,790,000	\$18,143,691

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

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The FY 2020 General Fund Capital Program represents an increase of \$1,382,215, primarily associated with increased support for Environmental Improvement Program projects, annual requirements associated with Americans with Disability Act (ADA) compliance, and increased annual funding for walkway and roadway repairs consistent with established multi-year plans. Due to budget constraints, there is no funding included for infrastructure replacement and upgrade projects in FY 2020, however, an amount of \$8,538,000 is anticipated to be funded as part of the *FY 2019 Third Quarter Review* or *FY 2019 Carryover Review*.

In recent years, it has been the Board of Supervisors' practice to fund some or all of the infrastructure replacement and upgrade projects using one-time funding as available as part of quarterly reviews. When considering the allocation of these available one-time funds, the FY 2019 Paydown Program funding totaled \$24,303,791. This trend is expected to continue in FY 2020.

Paydown Project Funding	
FY 2019 Adopted Paydown Program	\$4,890,000
FY 2018 Third Quarter Adjustments	\$8,237,400
FY 2018 Carryover Adjustments	\$11,176,391
Total	\$24,303,791

In addition, to funding approved at quarterly reviews, the Board has allocated available year-end funds to the Capital Sinking Fund. The Capital Sinking Fund is populated each year as part of the Carryover Review based on 20 percent of the available year-end balances. Funding provides for infrastructure replacement and upgrades, such as facility roofs, electrical systems, HVAC and reinvestment in trails, pedestrian bridges and other infrastructure requirements.

Capital Sinking Funds

In April 2013, the County and School Board formed a joint committee, the Infrastructure Financing Committee (IFC), to collaborate and review both the County and School's Capital Programs and infrastructure upgrade requirements. One of the recommendations contained in the IFC's Final Report was the establishment of a capital sinking fund. The Capital Sinking Fund was first funded as part of the *FY 2014 Carryover Review*. Since then, the Board of Supervisors has approved funding annually at each Carryover Review. In addition, a formula for the allocation of these dollars was approved by the Board and includes: 55 percent for FMD, 20 percent for Parks, 10 percent for Walkways, 10 percent for County-owned Roads and 5 percent for revitalization areas. The allocation percentages are reviewed annually and can be adjusted by the Board to address changes in requirements. A total of \$38,471,743 to date has been dedicated to capital sinking funds and allocated for infrastructure replacement and upgrades in the following areas:

FMD	\$21,119,386
Parks	\$7,752,632
Walkways	\$4,421,463
Roads	\$3,839,890
Revitalization	\$1,338,372
Total to Date	\$38,471,743

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

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Reviewed the Stormwater Service District Spending Plan

In FY 2020, the stormwater service rate is recommended to remain at the FY 2019 approved level of \$0.0325 per \$100 of assessed real estate value. In FY 2015, the Board of Supervisors endorsed a Stormwater Program 5-year Spending Plan which included a rate increase of ¼ penny per year to address regulatory requirements. The ultimate goal of a fully funded program was projected to be \$0.0400 per \$100 of assessed real estate value. FY 2019 represented the final year of the five-year spending plan. Staff has made significant progress in the implementation of watershed master plans, public outreach efforts, stormwater monitoring activities and operational maintenance programs related to stormwater conveyance, water quality improvements, and regulatory requirements. In addition, actual revenue collected in recent years has been higher than projected, and it is anticipated that this amount will continue to increase as property values rise throughout the County. Therefore, the FY 2020 stormwater service rate is recommended to remain at the current rate of \$0.0325 per \$100 of assessed real estate value.

Staff will continue to evaluate the success of the five-year program, analyzing future stormwater rate requirements, and developing the next 5-10 year Stormwater Plan. Although the FY 2020 rate will remain at the current level, the County is scheduled to be issued a new Municipal Separate Storm Sewer System (MS4) permit in 2020 and it is anticipated that State and Federal permit requirements will require future increases in the service district rate.

Updated Countywide Infrastructure Replacement and Upgrades Requirements

As part of the FY 2020 CIP, staff reviewed all infrastructure replacement and upgrades requirements and updated the CIP section to ensure that priority replacement and upgrade project needs are identified by both the County and FCPS. This section provides the Board with a clear and County-wide integrated view of the scale and scope of unmet infrastructure requirements in various program areas. Infrastructure Replacement and Upgrades is the planned replacement of building subsystems such as roofs, electrical systems, and HVAC systems that have reached the end of their useful life. As the County infrastructure ages, more frequent replacement and upgrades are required. Fairfax County's inventory of infrastructure includes not only government buildings and schools, but housing units, park facilities, miles of walkways and sewer pipe and many facilities such as residential facilities and fire stations that operate 24/7, 365 days per year. Infrastructure replacement and upgrades are prioritized based on life safety concerns, repair history and availability of replacement parts. It is anticipated that this section will continue to evolve over time as County and FCPS staff work to identify requirements, refine estimates and conduct facility assessments.

Staff continues to review Best Practices for prioritizing and categorizing infrastructure replacement and upgrade requirements. Currently, County projects are classified as Category F: urgent/safety related, or endangering life and/or property; Category D: critical systems beyond their useful life or in danger of possible failure; Category C: life-cycle repairs/replacements where repairs are no longer cost effective; Category B: repairs needed for improvements if funding is available, and Category A: good condition. FCPS uses a Comprehensive Investment Capital Plan (CICP) which provides an assessment index (AI) to prioritize school renewal projects, based on useful life and criticality. Both the County and FCPS recognize the Best Practice of recommending the investment of 2 percent of replacement value to support renewal programs.

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Continued to Explore Shared Use Opportunities with FCPS

County and School staff have been working together to identify and implement several shared use facility opportunities. A list of future potential shared use facilities has been updated and included in the CIP. This list is sorted by both projected project implementation year (project timeline) and by Supervisory District. There are currently several joint County/School projects underway, including:

Data Center Project:

As part of a County space utilization evaluation, the use and location of the County's Data Center has been under review. The price for the offsite location of data center functions has dropped in recent months, potentially providing an opportunity for the County and FCPS to explore alternatives and free up significant space at the Government Center and FCPS properties for alternative uses. The County's current operations in office building space, features high environmental maintenance costs such as additional power and cooling requirements. Offsite commercial data center host facilities have at least Tier-3 ratings for industry standard security and utilities. These sites are specifically designed for data center requirements, featuring redundant dual-powered servers, storage, and diverse network links powered with multiple, active, and independent sources of power and cooling resources, and reflect industry best practices. FCPS has expressed interest in the offsite concept being explored by the County, and has requested adjoining space in the identified commercial offsite location.

McNair Elementary School Project:

FCPS is building a new school, Northwest Elementary, to address the severe overcrowding at McNair Elementary school in Herndon. The three-story structure will be built utilizing adjacent property and existing land at McNair. In the new building, County Human Services agencies will utilize approximately 3,000 square feet of community space through a dedicated access point. Human Services agencies will work with the community and the school to provide and align services in a manner that meets the identified needs of the students, families and residents of Fairfax County.

Original Mount Vernon High School Project:

A variety of services and functions are being reviewed for possible inclusion in the phased redevelopment of the Original Mount Vernon High School site. A planning effort is underway and is being coordinated with the Mount Vernon and Lee District communities. The facility was constructed in 1939 and efforts are underway to determine requirements for renovation and long term development potential for the building. Immediate occupancy for the use of the gym by the Department of Neighborhood and Community Services began in fall 2016. In July 2017, the Fire Marshal and FCPS began occupying space at the site in order to improve service delivery in the south county area. Staff continues to conduct surveys, studies and designs for additional uses on the site, including the relocation of the Teen/Senior Center program from the South County Center.

Continued to Explore Co-Location Opportunities

County staff have also been working to identify co-location opportunities for complimentary County programs. There are currently several co-locations being explored, including:

Lorton Library, Community Center, Senior Center Project:

The expansion and renovation of the existing Lorton Community Library is currently being considered for colocation with the Lorton Community Center which was approved by the voters as part of the 2016 Human Services and Community Development Bond Referendum. The site would also provide for space associated with the Lorton Community Action Center and the Lorton Senior Center. One site could provide a multiple-agency building, which would maximize the use of the space, provide efficiencies, and leverage the synergies among all community services.

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Franconia Police Station, Museum, Kingstowne Library and Active Adult Center Project:

The Kingstowne Regional Library site was previously purchased by the County and is being considered not only for the Library but also as a co-location site with other County facilities. The Kingstowne Library and Active Adult Center is currently occupying leased space. Staff has been exploring conceptual designs associated with the co-location of the Library with the Franconia Police Station, the Lee District Supervisor's Office, the Franconia Museum and the Active Adult Center. The Franconia Police Station and District Supervisor's Office were approved by the voters as part of the fall 2015 Public Safety Bond Referendum. Co-location of these facilities at this site could support a single, multiple-agency building, which would create synergies between agencies, 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 stay in place during construction without the need for temporary space or disruptions to operations.

Wastewater and Stormwater Facility:

Design work is currently underway for a new facility to co-locate stormwater and wastewater operations and support greater efficiency between the shared missions of these programs. The Maintenance and Stormwater Operations Division's current site is restricted by the City of Fairfax zoning ordinances that do not allow expansion of the buildings or any exterior improvements to the property. The facility is inadequate, outdated, and cannot accommodate the current and future staff required to support the increased scope of the stormwater program. A consolidated/co-located facility will combine functions and operations, and maximize efficiencies for both Stormwater and Wastewater. It is anticipated that EDA bonds will finance the facility and Stormwater and Wastewater revenues will proportionately provide for the annual debt service requirements.

Estimated Operational Impacts for Current and Future CIP Projects

Staff has identified rough estimates for operational costs associated with current and future CIP projects. These estimates are based on FY 2020 dollars, with no inflation applied. Facility square footage increases have been estimated using a blended annual operating factor to account for increased utilities, custodial, landscaping, and maintenance costs. Future decisions may be required for several of these facilities, therefore the operational budget impacts have not yet been determined. Agency estimates include potential additional staffing, equipment and furnishings. Further analysis will be required for all of these estimates; however, this year's CIP does provide the identification of not just project design and construction costs, but also the estimated operational impact for many facility projects.

Reviewed the ADA Compliance Process

Since 2007, County staff have been working to make improvements to County facilities and remain compliant with the Americans with Disabilities Act (ADA). The United State Department of Justice (DOJ) conducted a national audit to determine compliance with the ADA and included County government facilities and programs. The Board of Supervisors entered into a Settlement Agreement with the DOJ on January 28, 2011 and has completed all DOJ identified improvements to facilities and programs. As part of the Settlement Agreement, the County was required to perform self-assessments at all facilities not audited by the DOJ. Improvements associated with these self-assessments were not part of the Settlement Agreement, but were intended to be completed over time. Some of the improvements associated with the self-assessments are still underway. The County was successful at fulfilling the terms of the Agreement and was officially released from the Settlement Agreement in August 2018.

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In FY 2020, baseline funding has been included in the budget to strategically address a long-term approach for providing continued annual ADA improvements at County facilities. As buildings and site conditions age, additional annual ADA compliance work is required. For example, over time, sidewalks may settle or erosion occurs changing the slope and creating gaps or obstructions; program usage changes can result in new physical barriers; or pedestrian entrance ramps can deteriorate based on heavy usage. In addition, some work continues on facilities which were identified as part of the required self-assessments.

In addition, all design and construction contracts for new or renovated facilities are required to comply with federal ADA regulations and the 2010 ADA Standards for Accessible Design. Design plans are specifically reviewed for ADA compliance and recurring ADA inspections are implemented during the construction phase of CIP projects. In addition to trained County staff members, the County also regularly utilizes consultant ADA specialists to review plans and inspect construction work to ensure compliance with ADA Standards. Staff continues to meet federal ADA compliance and coordinate with user agencies to address related operational requirements.

Identified Future CIP Efforts and Challenges

In the next year, County and FCPS staff will continue to identify opportunities for shared space/multi-use facilities. In addition, staff will work to strengthen the links between the County-wide strategic planning effort currently underway and its relationship to the CIP. Over the next several years, these strategic efforts will provide for more discussion in relation to long-term capital needs. In addition, staff will monitor the current construction market and its effect on project costs for both current and future projects within the CIP.