

## Response to Questions on the FY 2014 Budget

**Request By:** Supervisor Foust

**Question:** During the *FY 2009 Third Quarter Review*, the County Executive identified over \$12 million to be transferred to the General Fund from various capital projects. Many of those projects were completed, deferred, or deemed no longer necessary. Has the County Executive conducted a similar review of capital projects for the FY 2014 budget cycle and what were the results? Could the County Executive conduct a review of capital projects to identify specific projects that are completed, deferred, or no longer necessary, with the goal of transferring those financial resources back to the General Fund?

**Response:** As part of the *FY 2009 Third Quarter Review*, a total of \$12.0 million was reduced from a variety of capital projects. Approximately \$3.5 million was associated with projects that were complete and balances were returned to the General Fund. In addition, \$2.5 million was associated with a favorable construction contract award for the Mount Vernon Mental Health Center, \$1.6 million was associated with the elimination of the land acquisition reserve which had been used to provide funding for the preservation of land for future County facilities, \$1.4 million was associated with the deferral of the planned expansion of the Mott Community Center, General Fund support of \$1.0 million for the construction of six Transitional Housing units at the Hanley Family Shelter was eliminated and supported by Housing Trust Funds and HOME funds and \$1.3 million was eliminated from the Dolley Madison Library project when the Dranesville District Supervisor's office was relocated to the McLean Governmental Center and Police Station. The cost of the District Supervisor's office was later funded by reallocating surplus bond funds in the Great Falls Fire Station project based on favorable bids to the McLean Police Station renovation project. Lastly, some projects were reduced necessitating the prioritization of remaining requirements, such as a reduction of \$650,000 for safety enhancement and improvements to bus shelters throughout the County and \$100,000 for renewable energy projects to support the Environmental agenda.

It is important to note that this reduction equated to over ½ of the entire General Fund Paydown program as funded in FY 2009. At the time, the County Executive directed staff to continue to review all General Fund paydown capital project spending and significantly reduce annual Paydown funding levels to address only the most critical projects and commitments.

Since FY 2009, staff has continued to review General Fund capital projects and return balances to the General Fund, as appropriate. If lower than anticipated contract awards are approved or if projects are determined to be funded in excess of requirements, General Fund funding is returned. For example, between FY 2009 and FY 2012, approximately \$7 million in unrequired construction contingency funding associated with the MPSTOC project was returned to the General Fund and in FY 2010, nearly \$500,000 was returned to the General Fund from the Gregory Drive Treatment Facility Renovation project, based on the favorable bid environment.

As part of the County's conversion to the FOCUS system, capital project funds were reviewed rigorously. Many projects with small remaining balances were closed out and remaining funds were reallocated to the fund contingency. Prior to the conversion to the FOCUS system, several Capital Project Funds with limited active projects were eliminated, including: Fund 311, County Bonds Construction (all projects moved to Fund 303, County Construction), Fund 314, Neighborhood Improvement Program (all projects were completed), and Fund 318, Stormwater Management Program (all projects moved to Fund 125, Stormwater Services Fund).

At each quarterly review, an analysis is conducted and projects with small remaining balances are reallocated to contingency, or reallocated to offset other critical requirements. For instance, at the *FY 2012 Third Quarter Review*, funding of \$2.5 million remaining in the MPSTOC project was reallocated to install sewer grinders at the Adult Detention Center to prevent sewer back-ups caused by debris being put into the sewer lines resulting in repeated back-ups, damaged equipment and a health and safety concern.

The practice of reviewing capital project statuses and remaining balances continues throughout the year and is also considered when making funding decisions for each new fiscal year. For example, as part of the FY 2014 Advertised Budget Plan, an amount of \$500,000 within the Laurel Hill development project is proposed to be used to offset FY 2014 Laurel Hill requirements. Since FY 2012, savings associated with additional mowing services at Laurel Hill being performed by the Community Labor Force (CLF) had been realized and this funding allowed for a reduction in the amount of new General Fund funding required for FY 2014. The use of other sources to offset General Fund requirements is considered as well, including the use of \$1,085,000 from Fund 80300, Park Capital Improvement Fund, to support Park Authority ADA improvement projects, consistent with the recommendations of the auditor.

Bond funded projects are reviewed similarly and any surplus funding is used to fund additional project work as appropriate. The most recent example is the redirection of Library bond funds from several completed library projects to support the renovation of the Woodrow Wilson Community Library.