

## Undergrounding Utilities Plan for Fairfax County

The future is clear, utilities (electric, fiber, cable, phone) will be undergrounded for our security, reliability, resilience, revitalization, property values and aesthetics, much like we have been requiring for new developments and in our comprehensive plans for years. It is not an “if”, but a how and when. Over the past several years as we have observed our neighboring jurisdictions make those commitments, we have been working to do what Fairfax County does best, create a systems approach for achieving a vision through a well-planned, step by step regularized process. The information below presents a summary of the system that the Board of Supervisors should adopt, costing less than \$5M/year, to now begin this decades long process of undergrounding utilities along our major roadways, revitalization areas and distribution lines.

### Fairfax County Needs it, Communities/Business Groups Support It

Fairfax County Council of Civic Associations, the Mount Vernon Council of Civic Associations, area civic associations, Mount Vernon-Lee Chamber of Commerce, Southeast Fairfax Development Corporation, Environmental Quality Advisory Council (EQAC), the Fairfax County Economic Development Authority (FCEDA) and many other area organizations support the benefits of utility undergrounding.

The future requires it as our population density, super storms’ frequency and severity and our dependency on internet and energy connections increases. Sound infrastructure and business practices means that we plan on it with road or area revitalizations, reconfigurations and/or widenings. Why can’t the county afford to underground utilities in key commercial and high-density residential areas? Richmond Highway could be undergrounded for less than \$5M per year, with ultimately the businesses along the highway paying for this investment. Other Fairfax County areas have similar opportunities.

A County utilities undergrounding investment in revitalization areas would further provide a once in a generation or two opportunity to have these areas lead on a County initiative, bringing greater Equity to these areas and fulfilling a key commitment to One Fairfax.

### Establish a Funding Process

For the FY 2016 budget, the Board established an Economic Opportunity Reserve (EOR) to provide for strategic investment opportunities that are identified by the Board. A similar process would be used to establish a Reliable Utilities/Undergrounding Reserve or Fund (RUR) to provide for the strategic investment of funds for increasing utility reliability through undergrounding. The sources of funding would include redevelopment proffers from properties benefiting from the improvements and a county-wide commercial and/or residential meter fee collected on behalf of the County by the electric utility. As with other non-recurring investments, a request of funds could follow a similar process to Board Member requests to utilize EOR, with an initial consideration request, staff review and recommendation, committee discussion and Board approval.

### RUR Funding

There are now several options for funding underground utilities investments. Combining these options over decades, results in lower County costs and investments, reduced property owners’ contributions, more secure, reliable services, user related fees, future storm damage savings, etc. These options include:

- (1) Roadway/Development Area Property Proffer-** Where the comprehensive plan requires utility undergrounding as part of a property’s redevelopment (for example, Richmond Highway), the property owner, at time of redevelopment, would be responsible for either undergrounding their utilities or

proffering into the RUR the costs already incurred for undergrounding or the expected future costs for doing so.

- (2) **Electric Utility per Meter Fee-** Updated enabling legislation via the General Assembly (*Va. Code § 15.2-816.1 Underground elective distribution, telecommunications, cable, and other facilities*) allows for a utility rate surcharge to ratepayers for undergrounding of utilities. Staff estimates the legislation, at the maximum rates, would generate about \$40M in annual revenues (\$4M residential + \$36M commercial).
- (3) **Carryover Funds** – Budget carryover funds are available to fund non-recurring expenses and capital projects as needed. Prince William County and James City County, for example, used carryover to fund some of their undergrounding projects.
- (4) **Financing Options** – A number of financing options are available. The county has previously used EDA “Infrastructure” Revenue Bonding and Transportation Infrastructure Financing and Innovation Act (TIFIA) financing to finance infrastructure improvements. Other sources could be considered as well. If no general funds are used, it would not count against County debt ratios.

### **Potential Projects**

Beyond the utility fee legislative requirement for Richmond Highway to be the initial project, RUR funds could be used for any road related project that reduces congestion or improves mobility, transit system infrastructure, safety, or service or access to such project. Projects like Central Annandale, McLean, Reston, or Tysons Business Districts, as well as projects along Route 7, Route 28, Route 50, Columbia Pike or Braddock Road are also opportunities. The key to realizing these opportunities is establishing a fund to be ready when these projects come online.

### **Richmond Highway Pilot Program**

The best time to underground utilities is when utilities are already being relocated, which applies to the seven miles of Richmond Highway being revitalized over the next eight years using over one billion dollars of local, state and federal funds. The net additional cost for undergrounding is expected to be about \$100 million, but two or three times that if done later. It is critical to make a decision to proceed now in order to minimize further the anticipated 1-2 years additional time that would be added to the project completion date which currently is 2030. To proceed, the Board will need to support the steps outlined below:

### **Next Steps**

Staff has been reviewing this plan and its proposed Reliable Utility/Undergrounding Reserve and identifying the processes and financial information for it and the Richmond Highway project costs and timing, estimated proffer contributions, utility meter rate recommendations, bond financing and other related items. Staff has also been identifying the legal steps needed to set-up and implement such a fund, development proffers, utility agreements and related Board actions.

The Economic Initiatives Committee, which includes all Board members, will at its July 26 meeting be reviewing the RUR and Richmond Highway information to provide feedback on member interest in proceeding with some type of implementation. Following consideration in Committee, the matter would move to the Board for final consideration and action.

Thank you for your support of this important initiative. You can see below the powerful visual impact that undergrounding utilities has for seeing a community as one of the Past or Future-- the 21<sup>st</sup> Century+ Future!

## FUTURE VISION



Embark Plan @ Hybla Valley BRT Station  
Urbanize corridor: ped/cycle paths, urban infill, and new urban plazas\*  
\*Rendering shows no overhead utilities

## CURRENT FUTURE



Rendering shows overhead utilities\* (as funding for undergrounding not identified)  
\*Final utility components to be determined. Rendering based on existing conditions. See next slide.

PRESENT DAY

