



FY 2025 – FY 2029 CAPITAL IMPROVEMENT PROGRAM (WITH FUTURE FISCAL YEARS TO 2034)



CIP Development Process

- Discussions with agencies on CIP projects and future plans
- Recommendations of Joint CIP Committee considered
- Rates for self supporting funds developed as part of the Annual Budget (Stormwater, Wastewater and Solid Waste)
- General Fund supported Capital Program developed as part of the Annual Budget
- Bond Referendum Plan developed based on Joint CIP Committee recommendations, bond program challenges, and adherence to *Ten Principles of Sound Financial Management*

Joint CIP Committee

- The final report of the Joint County/Schools CIP Committee was approved by the Board of Supervisors on December 7, 2021
- Recommendations from the Committee included:
 - Gradual increase in annual General Obligation bond sale limits from \$300 to \$400 million
 - \$50 million increase (split evenly between County/Schools) was sold as recommended in January 2023 and January 2024
 - Second \$50 million increase (also split evenly between County/Schools) is planned to begin in January 2025
 - Dedication of the equivalent value of one penny on the Real Estate Tax rate to be utilized for debt service payments and to increase Capital Paydown investments – not yet fully implemented
 - Increase the Capital Sinking Fund from 20 to 30 percent of year-end balances, with Schools included in the allocation – implementation began as part of the *FY 2022 Carryover Review*

Bond Referendum Plan

- Most CIP projects are financed with General Obligation Bonds
 - The Plan details future projects and schedules
 - Includes County/School bond referenda in alternate years
- The bond program continues to experience challenges
 - Limits on bond sale timeframes (8 years with possible 2-year extension)
 - Previous restrictions on annual bond sale amounts
 - Changes in project scopes after voter approval
 - Increased Metro contribution requirements
 - Project delays associated with colocation opportunities
 - Continued catch up from COVID related delays

Specific Proposed Changes to Bond Referendum Plan

- Mount Vernon Police Station
 - Removed from 2024 proposed Public Safety Bond
 - Included in a master plan colocation study underway (Police Station, Fire Station, Sherwood Library, and other County facilities to be reviewed for potential colocation)
 - Provides additional time to complete the master planning effort
 - Economic Development Authority (EDA) bonds are anticipated to finance the Police Station and other County facilities being considered and not previously approved for General Obligation bonds
- Kings Park Library
 - Adjusted slightly to accommodate Braddock District Supervisor's Office in the renovation project
- Reston Library
 - Library and community space portion of the Reston Town Center North redevelopment project was expected to require a \$48 million EDA bond; however, this amount has been increased by \$10 million to \$58 million
 - Allows for \$10 million in 2012 Reston Library General Obligation bonds to be utilized for current library project shortages and complete the spending of these older bonds

Specific Proposed Changes to Bond Referendum Plan (Continued)

- Road Bond Referendum

- Removed from General Obligation Bond Plan, previously planned for 2028
- Based on pace of spending of 2014 Bonds and the ability to leverage EDA bonds with C&I tax revenue supporting the debt service

- Park Bonds

- Next Park Bond Referendum scheduled in 2026 for \$180 million
- Park Bond sales were previously projected at \$25 million annually until FY 2029
- Due to the Bond Referendum Plan changes noted previously, staff is projecting an increase in bonds sales for Parks from \$25 million to \$30 million beginning in FY 2027
- This increased level should help alleviate some of the pressures associated with the proposed construction schedule for Audrey Moore Rec Center renovation project

Proposed Revised Bond Referendum Plan

Year	Category	Description	Total
Fall 2024	County	Public Safety \$126 mil Fox Mill Fire Station, Oakton Fire Station, Tysons Fire Station, Criminal Justice Academy Transportation \$180 mil Metro Contribution	\$306 mil
Fall 2025	Schools	Capital Enhancement, Renovation, Infrastructure Management	\$460 mil
Fall 2026	County	Human Services \$125 mil Early Childhood Facilities, Tim Harmon Campus, Springfield Community Resource Libraries \$46 mil Centreville Regional, Herndon Fortnightly Community, Kings Park Community Parks \$180 mil County Park Authority	\$351 mil
Fall 2027	Schools	Capital Enhancement, Renovation, Infrastructure Management	\$460 mil
Fall 2028	County	Transportation \$180 mil Metro Contribution	\$180 mil

Bond Plan Link to Debt Policies

- *Ten Principles of Sound Financial Management*
 - Below 3 percent debt to market value ratio (currently 0.97 percent)
 - Below 10 percent debt to General Fund Disbursements ratio (currently 6.64 percent)
 - Bond sale in January 2024 included \$145 million for the County and \$205 million for Schools
 - Bond sale in January 2025 plans for \$170 million for the County and \$230 million for Schools
 - Debt Service affordability is a significant consideration
- Bond sales continue to benefit from the County's triple-A bond rating.
 - On January 24, 2024, the County conducted a General Obligation bond sale and received an interest rate of 3.27, up from the 2.98 received in January 2023 and 1.75 percent received in January 2022, but below the Bond Buyer Index of 3.39 percent on day of sale

Projects Proposed for Other Financing

- General Obligation bond financing can be a challenging financing structure for some projects based on complexity of financing, developer agreements, leasing arrangements and/or timing
- Other financing arrangements are considered for more complex projects and are included in the County debt ratios (3% and 10%), but not included in \$400 million annual General Obligation sales limit
- Upcoming projects include:
 - Original Mount Vernon High School Redevelopment – to be supported by County’s use of a short-term Line of Credit (LOC). Following project completion and reconciliation with the Virginia Historic Rehabilitation Tax Credits (VHRTCs), the County will convert the net balance on the LOC to a traditional long-term fixed rate bond through the EDA
 - Future potential projects include the Judicial Center Redevelopment, Mount Vernon Area Colocation, and Reston Town Center North Redevelopment

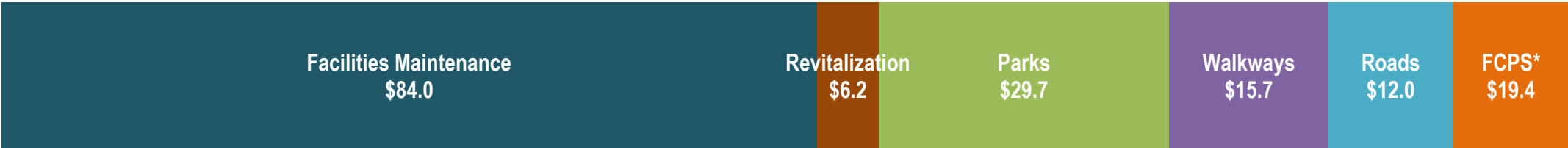
General Fund Capital Program

- \$32,457,700 in FY 2025
- Increase over FY 2024 of \$5,923,085 primarily associated with:
 - Capital contribution to NOVA Parks (previously supported by General Obligation Bonds)
 - Park Authority Maintenance Program
 - Park Authority Forestry Operations
 - Park Authority Bamboo Mitigation
- A full penny is not included in the FY 2025 proposal (\$5 million split evenly between the County and Schools is included consistent with the FY 2024 Adopted Budget Plan)
- Debt Service payments associated with increased bond sales for both County and Schools of \$8.1 million is included for a total of \$13.1 million towards the goal of one penny (40.6 percent). The FY 2025 value of one penny is \$32.3 million
- For several years, the Annual General Fund Capital Program has been supplemented by adjustments at the Third Quarter or Carryover Reviews and the Sinking Fund

Capital Sinking Fund

- Populated at year end based on 30 percent of year end balances
- Since FY 2014, over \$167 million has been set aside for capital reinvestment
- Allocation formula approved by the Board of Supervisors: 45 percent for Facilities Management Department (FMD), 25 percent for Schools, 15 percent for parks, 7 percent for walkways, 5 percent for County-owned roads and 3 percent for revitalization improvements

Allocation of Sinking Fund Contributions
(in millions)



* FCPS was added to the Sinking Fund allocation for the first time as part of the *FY 2022 Carryover Review* as a result of recommendations from the Joint CIP Committee

Colocation Projects

- Colocation sites offer a way to maximize limited space, locate complementary programs and services together, reduce reliance on leased space, address gaps in service delivery, and improve efficiencies
- Currently underway: Original Mount Vernon High School Redevelopment, Kingstowne Complex, Stormwater/Wastewater Facility
- Studies in progress: Mount Vernon area facilities, Willston Center
- Identified for the future: Judicial Center Redevelopment, Reston Town Center North Redevelopment, Penn Daw Fire Station/Housing Project
- County task force continues to review potential colocation opportunities

Update on Planning Commission Motions from FY 2024

- Aggressively pursue opportunities for Infrastructure Investment funding
 - ARPA funding previously supported capital projects, such as Mount Vernon Rec Center (\$25m), Rec Center maintenance and renewal efforts (\$15m), Community Athletic Courts (\$6.4m), WISH Center at Hybla Valley (\$0.8m)
 - County agencies continue to pursue grants and federal funds for capital project support, most notably in the area of energy credits
 - DMB, DOF, OEEC, DPWES and others are working with the County's Financial Adviser (PFM) to identify energy projects to submit for federal reimbursement
 - The federal portal for IRS Energy Credits (part of the Inflation Reduction Act) opened in January 2024. Staff is working through the details and requirements, but expects to submit solar panel projects, electric vehicles, and geothermal energy systems for partial federal reimbursement

Update on Planning Commission Motions from FY 2024 (Continued)

- Work with the Park Authority on bond cashflow requirements, allow for reinvestment in Rec Centers, more regularly coordinate with Park staff on capital needs
 - Adjustments to Bond Plan will provide additional cashflow to Park Authority in FY 2027 vs FY 2029
 - Quarterly Reviews will be considered for funding immediate Rec Center Renewal items (in addition to the \$15 million in ARPA funds already allocated for Rec Center deferred maintenance)
 - DMB staff meets monthly with Park Authority financial staff to review cashflow needs, capital project progress, and operational needs
- Reevaluate Bond Referendum Plan on an annual basis and identify systemic causes for backlog in unsold bonds
 - Bond Referendum Plan is reviewed annually, and some changes have been recommended in the FY 2025-FY 2029 CIP
 - Staff continues to analyze the causes of bond backlogs and is hopeful that feasibility studies conducted in advance of voter approval will expedite the speed of project timelines

Next Steps/CIP Dates

- CIP on County website February 20
- PC CIP Committee Meeting February 29
- PC Workshop/Public Hearing March 6
- CIP Discussed at BOS Committee March 12
- PC CIP Committee Meeting March 21
- PC CIP Mark-up April 3
- BOS Public Hearings April 16,17,18
- BOS Mark-up/CIP Adoption April 30

[FY 2025 - FY 2029 Advertised Capital Improvement Program \(CIP\) | Management and Budget \(fairfaxcounty.gov\)](#)