



Fairfax County Capital Paydown and Bond Program

Joint Board of Supervisors/School Board CIP Committee

July 15, 2021

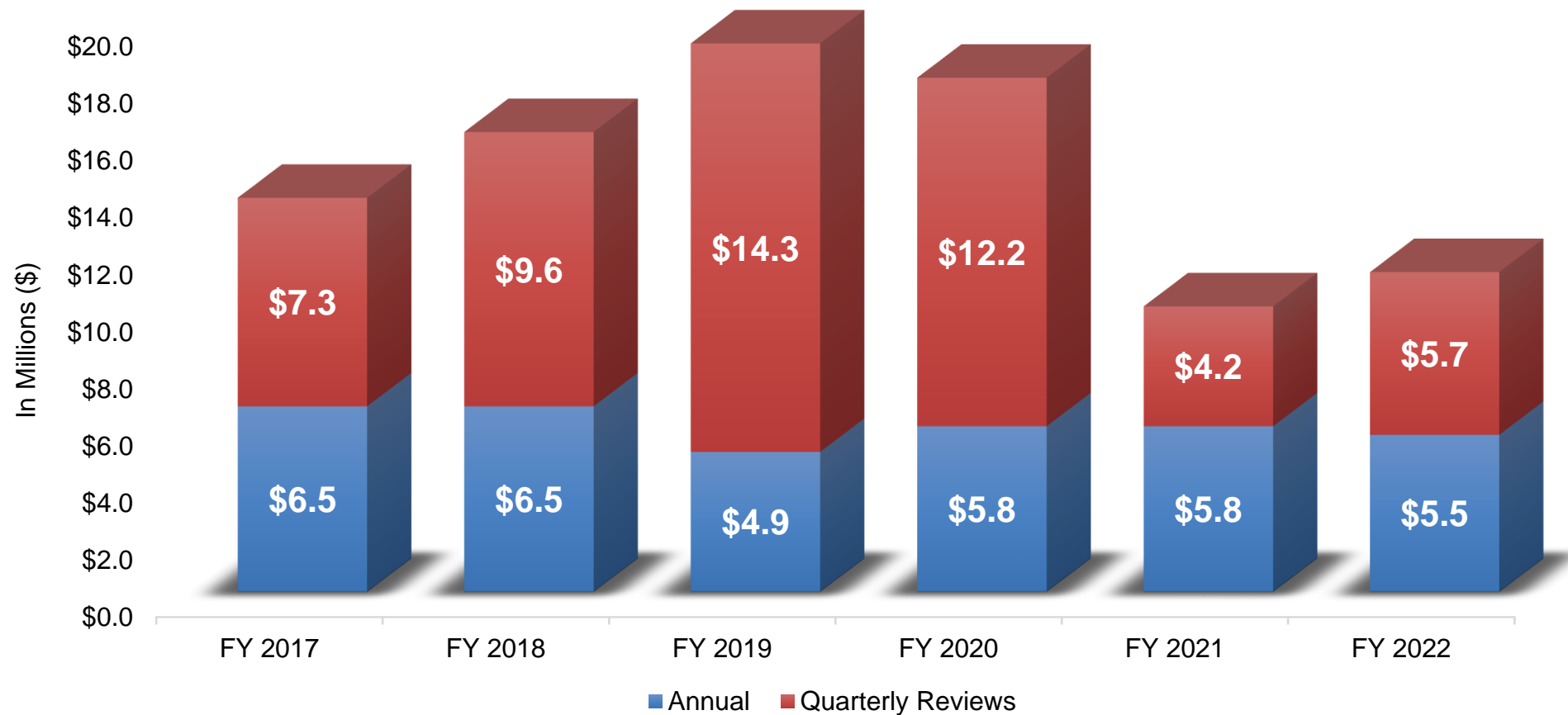
Paydown Board Guidelines

- Ten Principles of Sound Financial Management: “The County will continue to emphasize pay-as-you-go capital financing. Financing capital projects from current revenues is indicative of the County’s intent to use purposeful restraint in incurring long-term debt.”
- The final IFC report recommended a new definition for Paydown which excludes those projects funded by the General Fund that are on-going minor maintenance projects or annual contributions.
- Paydown includes infrastructure replacement and upgrades, ADA compliance, athletic field improvements, and other improvements of a capital nature.

Current Adopted Paydown Program

FY 2022 Capital Construction Paydown Summary	
Athletic Field Upgrades	\$1,700,000
Park Authority Infrastructure Upgrades	\$1,740,000
County Infrastructure Replacement and Upgrades	\$0
ADA Improvements	\$350,000
Reinvestment/Repair of County Roads and Walkways	\$1,500,000
Developer Defaults	\$200,000
Total General Fund Support	\$5,490,000

Annual Paydown Program Including Quarterly Reviews



County Paydown Projects:

Facility Infrastructure Replacement

- The County is responsible for infrastructure replacement at parks, housing facilities, walkways, roads, wastewater, stormwater, and solid waste facilities
- The Facilities Management Department is responsible for infrastructure replacement and upgrades to 12 million square feet of County building space
 - 230 buildings (many residential treatment facilities and public safety facilities operate 24/7, 365 days per year)
 - 53 percent of the buildings are over 30 years old (most building subsystems require replacement at 20-25 years)
 - Each **building component** is 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.

Building System Life Cycles

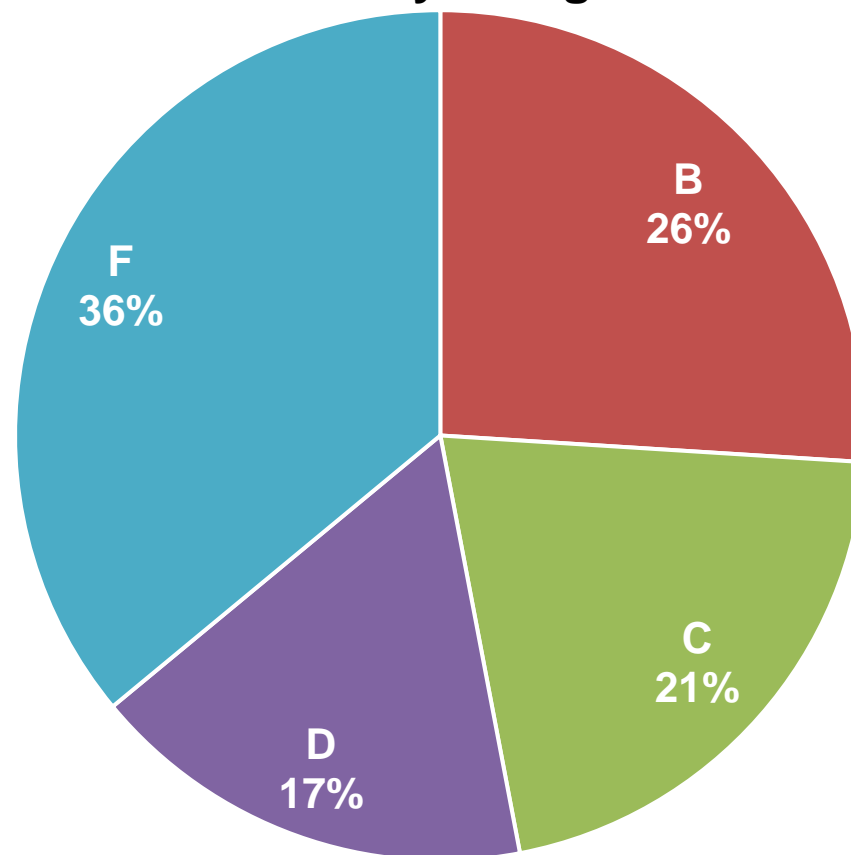
- FMD estimates approximately 45% of building systems are operating beyond useful life. This includes facilities proposed to be renovated in the future.

General Guidelines for Expected Service Life of Building Subsystems			
<u>Electrical</u>		<u>Plumbing</u>	
Lighting	20 years	Pumps	15 years
Generators	25 years	Pipes and fittings	30 years
Service/Power	25 years	Fixtures	30 years
Fire Alarms	15 years		
<u>HVAC</u>		<u>Site</u>	
Equipment	20 years	Paving	15 years
Boilers	15 to 30 years		
Building Control Systems	7 years	<u>Roofs</u>	
		Replacement	20 years
<u>Conveying Systems</u>			
Elevator	15-25 years		
Escalator	15-25 years		

Building Sub-System Infrastructure Replacement Categories

Total of category F is estimated at \$68m. This number changes as systems age or deteriorate. A 5-year addition of \$13.6m would be required to provide for all Category F projects.

Number of Projects Identified in Deficiency Categories



County Paydown Projects: Parks

- Reinvestment at deteriorating facilities, athletic courts, pedestrian bridges, parking lots, and trails
 - 418 structures at 427 Parks
 - 1.34 million square feet
 - 334 miles of trails
 - 58 percent of total inventory over 30 years old
 - The Park Authority owns a total of 23,607 park acres which equates to over 9.3 percent of the land mass of Fairfax County

- Upgrades to athletic fields
 - Upgrades to athletic field lighting systems at middle and high schools; and the development and replacement of synthetic turf fields
 - 260 park athletic fields, of which 43 are synthetic turf and 217 are natural turf (including 117 lighted and 114 irrigated fields)
 - 428 non-Park Authority athletic fields (elementary, middle and school centers)
 - 96 synthetic turf fields throughout the County, of which 24 are FCPS stadium fields and 72 are County park/FCPS non-stadium fields
 - Useful life of turf is 8-10 years – The County is able to keep fields in use for 10 years and no fields are beyond 10 years. At the current replacement cycles, there will be a slight deficit in FY 2023 and a more significant deficit in FY 2024 to fund all fields scheduled for replacement.

County Paydown Projects: Roads/Walkways

- Walkways: upgrades/reinvestment
 - 662 miles of walkways and 78 pedestrian bridges
 - Projects prioritized based on condition assessment completed in 2013
- County-Owned Roads: upgrades/reinvestment
 - 20.5 miles of County-owned roads, service drives and County-owned stub streets which are currently not accepted in the Virginia Department of Transportation (VDOT) highway system for maintenance
 - Projects prioritized based on condition assessment completed in 2015

County Paydown Projects: Other

- Americans with Disabilities Act (ADA) Upgrades: to improve compliance and additional requirements as facilities age and change
 - General Fund supports annual requirements
 - Typical projects include parking lots, curb cuts, restrooms, athletic field seating and picnic shelter access
- Developer Defaults: provides improvements when developers do not complete required public facilities (acceptance of roads by the state, walkways, and storm drainage)
 - General Fund support of the program is necessary due to the time required between the construction of the improvements and the recovery of the bonds through legal action or when the developer default revenue is not sufficient to fund the entire cost of the project.
 - 2-4 new default projects per year

Paydown Funding Summary

5-Year Average Annual Budgeted	\$5.8m
Average funded at Quarterly Reviews (non-Infrastructure Replacement)	\$3.0m
Average funded at Quarterly Reviews (Infrastructure Replacement)	\$5.9m
5-Year Average Funding (Total)	\$14.7m

- Staff is developing a recommendation for a targeted paydown amount
- Important to note that adding funding to Paydown will require additional staff resources to implement projects
- Sinking Fund Average of \$9m will help fill the gaps in deficiencies
- Should be noted these figures exclude environmental/energy programs

Bond Program Board Guidelines

- Ten Principles of Sound Financial Management:
 - Debt service as a % of General Fund disbursements shall not exceed 10%
 - Net debt as a % of assessed value (AV) to be less than 3%
 - General Obligation Bonds shall not exceed \$300 million per year, or \$1.5 billion over 5 years, with a technical limit of \$325 million in any given year
- Affordability is essential and the County's ability to accommodate additional debt service in its operating budget must be balanced against other budget requirements

CIP Project Process: When is a project included in the CIP?

Agencies and FMD continuously assess building systems deficiencies

Agencies assess programmatic changes (service delivery, growth, expansion/reconfiguration, health and safety issues)

Board of Supervisors may request analysis of existing or new facility needs

Agencies work with DPWES to develop preliminary cost estimates

Agencies/CIP staff work with DPD to ensure consistency with the Comp Plan

Agencies present needs to the County Executive, Deputies and CIP staff

County Executive approves projects for potential inclusion in 5-year CIP, future years CIP or does not approve

Staff conducts debt analysis and determines affordability, County Executive makes decisions for recommendation to the Board

Advertisement, public hearings, Planning Commission, Board consideration and approval of CIP

CIP Project Process:

Once a project is included in the CIP

Bond Referendum scheduled

Board approves Bond resolution and citizen pamphlet with project details

Referendum included on the ballot

Design contract is approved by the Board

Design is completed

Some projects require special briefings with the Board

Construction contract is approved by the Board

Project is completed

Project removed from CIP

Factors in Planning for Facility Renovations

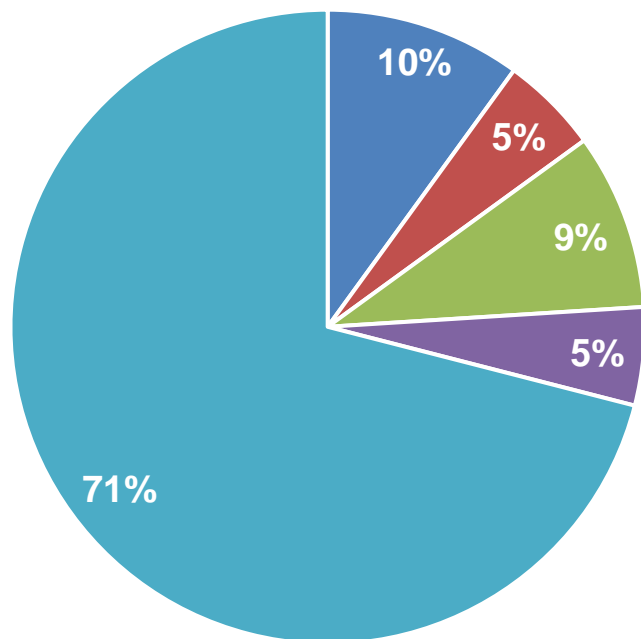
- Age
 - Average renovation (2018-to future) is 38.5 years old
 - Age of facility is calculated based on referendum year - actual renovation would be completed at least 4 years later
- Changes in accommodations (female fire and rescue personnel, larger fire apparatus)
- Public Safety response times, library usage, changes in type of population served at Human Services residential facilities, increases in clientele
- Facilities that have multiple building systems that are failing
- Renovation projects are typically funded by General Obligation Bonds

History of Bond Sale Limits

Year	County		FCPS		Total
	\$	%	\$	%	
1997	\$75m	50%	\$75m	50%	\$150m
1999	\$50m	33%	\$100m	67%	\$150m
2000-2002	\$50m	28%	\$130m	72%	\$180m
2003	\$70m	35%	\$130m	65%	\$200m
2007-2018	\$120m	44%	\$155m	56%	\$275m
2019-Present	\$120m	40%	\$180m	60%	\$300m

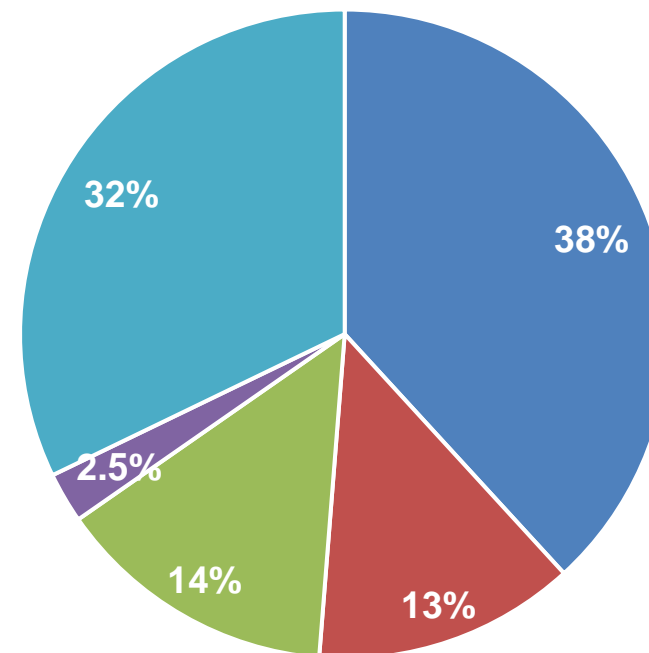
County Sales Comparison

2007 Bond Sale (\$110m)



- Metro Contribution
- Roads
- Parks
- NVRPA
- Facilities (Libraries, Public Safety, HS)

2021 Bond Sale (\$110m)



- Metro Contribution
- Roads
- Parks
- NVRPA
- Facilities (Libraries, Public Safety, HS)

Bond Sale Challenges

- Increased sales requirements for Metro
- More complex project colocations plans
 - Franconia Police Station (\$23m 2015 Bonds) – colocation with Kingstowne Library (\$34m 2020 Bonds)
 - Penn Daw Fire Station (\$15m 2015 Bonds) – reviewing alternate site locations and shared use options
 - Reston Library (\$10m 2012 Bonds) – planned for part of the larger Reston Town Center North Project.
- Changes in Public Safety projects
 - Operations Support Bureau at Pine Ridge (\$24m 2015 bonds)– change in design concept
 - Police Evidence Storage (\$18m 2018 Bonds) – now tied to Judicial Center Complex Redevelopment
- Occupied and phased renovations
 - Courtroom renovations (phased to continue operations)
- Requirement to sell bonds in 8 years (2-year extension available)
- COVID-19 Pandemic project delays

Capital Program Considerations

- Gradual increases in Paydown funding (over-reliance on quarterly reviews)
- Additional bonding capacity
- Timing and size of future referenda
- Consideration for Presidential elections and referendum on ballot
- Assumptions used in future year CIP projections
- Complexity of co-location projects