

Annual CIP Process and FY 2018 – FY 2022 CIP

March 9, 2017
Workshop

Legal Basis for the CIP

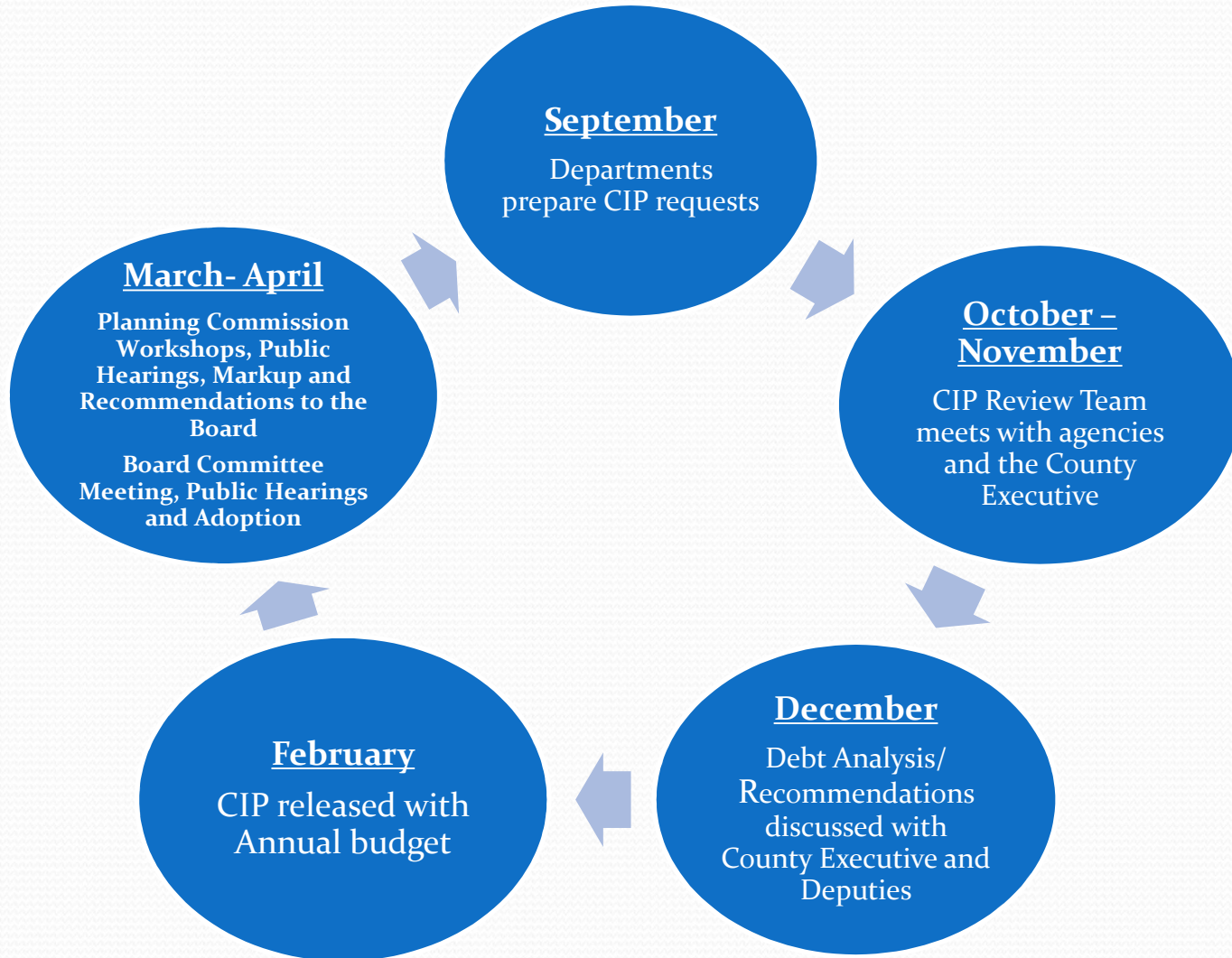
The CIP is prepared pursuant to Article 5 of Section 15.2-2239 of the Code of Virginia, as amended, which reads:

“A local planning commission may, and at the direction of the governing body shall, prepare and revise annually a capital improvement program based on the comprehensive plan of the locality for a period not to exceed the ensuing five years. The commission shall submit the program annually to the governing body, or to the chief administrative officer or other official charged with preparation of the budget for the locality, at such time as it or he shall direct. The capital improvement program shall include the commission's recommendations, and estimates of cost of the facilities and the means of financing them, to be undertaken in the ensuing fiscal year and in a period not to exceed the next four years, as the basis of the capital budget for the locality. In the preparation of its capital budget recommendations, the commission shall consult with the chief administrative officer or other executive head of the government of the locality, the heads of departments and interested citizens and organizations and shall hold such public hearings as it deems necessary.”

The Approach

- Fairfax County's capital project planning process has three essential components:
 - The Comprehensive Plan
(Long-term Element, 20-25 years)
 - The Capital Improvement Program
(Mid-term Element, 5-10 years)
 - The Capital Budget
(Short-term Element, 1 year)

CIP Annual Process



The CIP Review Team

- A CIP Review team is responsible annually for reviewing capital project requests and providing recommendations to the County Executive that:
 - Preserve the past, by investing in the continued upgrade of County assets and infrastructure;
 - Protect the present with improvements to County facilities; and
 - Plan for the future.
- This team is comprised of technical staff from the Department of Management and Budget, Department of Planning and Zoning and the Department of Public Works and Environmental Services, with input from all user agencies.
- The team also conducts an in-depth analysis of the impact of the Capital Program on bond and debt requirements.

Project Evaluation Questions/Criteria

- What is the age and condition of the facility?
- Is the project needed to respond to state or federal mandates?
- Will the project improve unsatisfactory environmental, health and safety conditions?
- Does the project accommodate increases in demand for service?
- Does the project have a net impact on the operating budget?
- Does the project preserve previous capital investments or restore a capital facility to adequate operating condition?
- Is the project consistent with the Comprehensive Plan?
- Can projects of similar use or purpose be co-located at one location?
- What will happen if the project is not built/funded?

CIP Development Process

- Rates for self supporting funds developed (Stormwater, Wastewater, Solid Waste) as part of the Annual Budget
- General Fund supported Capital Program developed as part of the Annual Budget
- Bond Referendum Plan developed based on priority projects and 10 Principles of Sound Financial Management
- CIP Advertised

CIP Approval Process

- Advertised CIP Released February 14
- PC CIP Committee Meeting February 15
- PC Workshop/Public Hearing March 9
- PC CIP Committee Meeting/Mark-up March 15
- BOS Committee Meeting March 21
- BOS Public Hearings April 4, 5, 6
- BOS Mark-up/CIP Adoption April 25

Self Supporting Programs

- Stormwater rate proposed to increase from \$0.0275 to \$0.0300 per \$100 of assessed real estate value (1/4 penny increase consistent with the 5 year plan approved by the Board)
- Wastewater rates to increase consistent with 5-year plan
 - Base Charge from \$24.68 to \$27.62 (recovers fixed costs)
 - Availability Charges from \$7,750 to \$8,100 (connection fee)
 - Service Charges from \$6.68 to \$6.75 per 1,000 gallons
- Solid Waste rates
 - Refuse disposal rate from \$62 to \$64 per ton
 - Leaf Collection from \$0.15 to \$0.13 per \$100 of assessed value

General Fund Program

- Level funding for General Fund Capital Program
 - \$19,441,876 in FY 2018
 - Includes \$12,925,923 in commitments, contributions and maintenance
 - Includes \$6,515,953 in capital improvements
 - Unable to increase Paydown Program in FY 2018
 - Several capital reinvestment projects are anticipated to be funded at Third Quarter

Capital Sinking Funds

- Capital Sinking Fund was created by the Infrastructure Financing Committee (IFC)
- Populated at year end beginning in FY 2014 (To date, \$14.8 million has been set aside for capital reinvestment)
- Allocation is based on a percentage of the total annual reinvestment requirements as presented to the IFC including: 55 percent for FMD, 20 percent for Parks, 10 percent for County-owned Roads, 10 percent for County Trails and 5 percent for Revitalization
- Several projects are underway or complete

Bond Referendum Plan

- Bond Referendum Plan (CIP, Page 26)
 - A more detailed and long-range plan, outlining specific projects and schedules
 - More predictable plan for the Board, County agencies, the public (great benefit for FMD work plans)
 - Includes County and School bond referenda in alternate years

Up-coming Bond Referendum

Fall 2017 Fairfax County Public Schools: Proposed at \$310 million

Fall 2018 County Public Safety Bond Referendum: Proposed at \$140 million

Fire and Rescue: \$60 million

Mt Vernon Fire Station (Built in 1969, last renovated 1980)

Fairview Fire Station (Built in 1981)

Gunston Fire Station (Built in 1976)

Seven Corners Fire Station (Built in 1977)

Fox Mill Fire Station (Built in 1979)

Police Department: \$45 million

Police Evidence Storage (Annex) (Built in 1960)

Mason Police Station (Built in 1975, last renovated 1994)

Criminal Justice Academy (Acquired in 1995)

Adult Detention Center : \$35 million

Includes Infrastructure upgrades, renovation and security system improvements

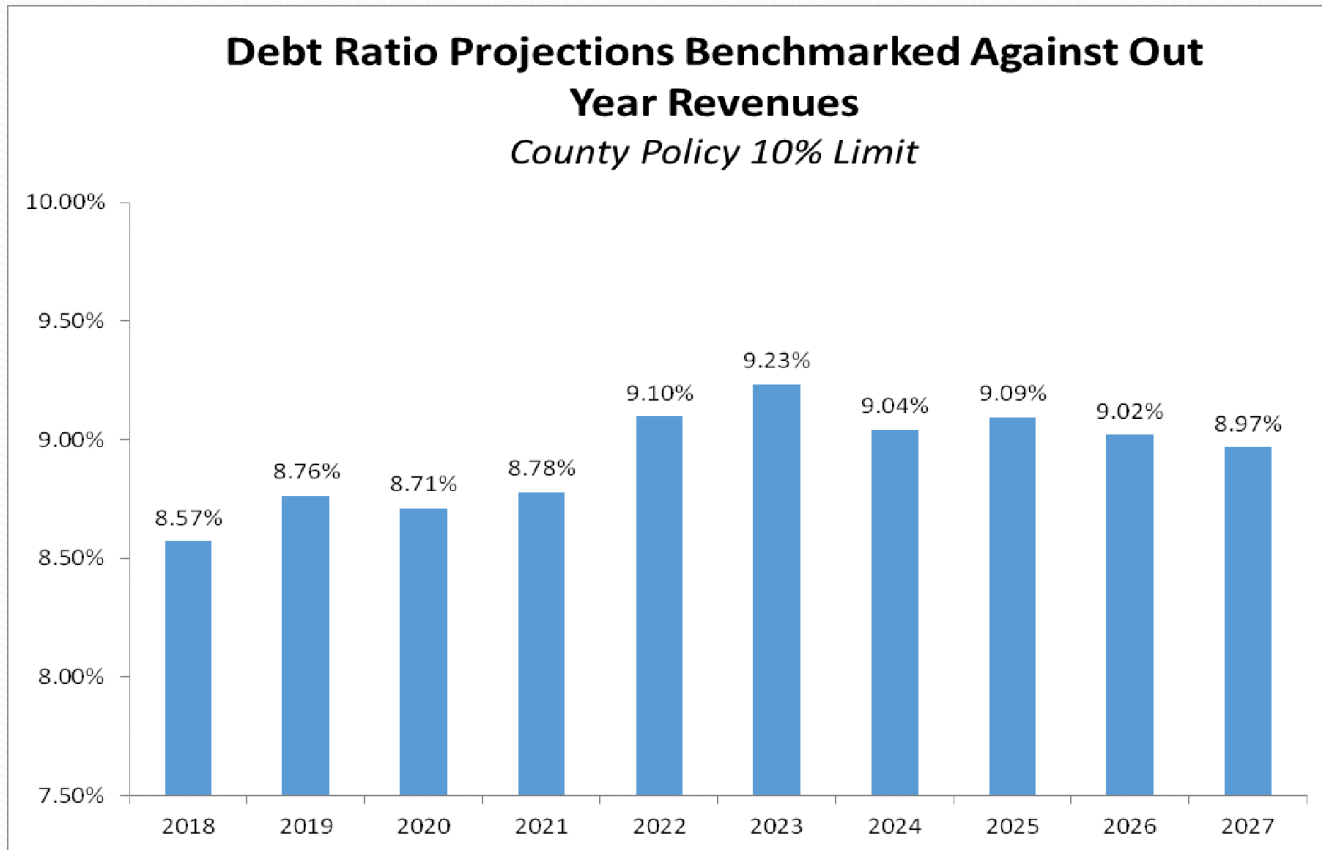
Projecting a total project cost of \$50-60 million – partial funding by the General Fund

Staff is working out the details

Bond Plan Link to Debt Analysis

- Total Bond Plan includes General Obligation Bonds and Other Financing (Public Private Partnerships funded by EDA Bonds/other sources) (CIP, page 25)
- Ten Principles of Sound Financial Management
 - Below 3 percent debt to market value (currently 1.19 percent)
 - Below 10 percent debt to General Fund Disbursements (currently 8.39 percent)
 - Sales limit of \$275 million per year
 - Debt Service affordability

10 Percent Ratio Policy



Financing Plan Affordability

- Plan exceeds sales of \$275 million in some years but is conservative and can be managed annually
 - Assumes FCPS sales at \$155 million annually
 - Assumes County sales at an average of \$140 million
 - Assumes Other Financing for Public Private Partnership Projects (North County Redevelopment, Original MVHS)
- Board directed staff to analyze a possible increase in the \$155 million sales limit for FCPS - Sales limits were last increased from \$200m to \$275m in 2007
- No change recommended in FY 2018, based on the lack of funding for increased debt service payments – Staff will review again in FY 2019

CIP Next Steps and Challenges

- In the next year staff will be working with FCPS staff to identify opportunities for shared use facilities, as directed by the Joint Board of Supervisors/School Board Work Group
- Continue to evaluate the potential for raising the sales limits beyond \$275 million per year
- Evaluate the requirements for the WMATA capital program, both in terms of timing and amounts and the effect on the County Bond Referendum Plan

Websites

CIP Website

- <http://www.fairfaxcounty.gov/dmb/fy2018/advertised/cip.htm>
 - Will include all presentations from March 9th workshop