FY 2026 – FY 2030 ADVERTISED CAPITAL IMPROVEMENT PROGRAM

Budget Committee Meeting
March 25, 2025



CIP Overview

- The FY 2026 – FY 2030 Capital Improvement Program (with Future Fiscal Years Through 2035) totals $15.1 billion
- The CIP includes County managed and non-County managed (NOVA Parks, Water Supply) Capital Programs. County managed programs include:
  - Self-Supported Capital Programs (Stormwater, Solid Waste, Transportation, Wastewater) developed and approved as part of the Annual Budget
  - General Fund Supported Capital Program developed and approved as part of the Annual Budget
  - General Obligation Bond/EDA Bond Financed Program developed as part of the 5-10 year CIP

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
    - The January 2025 Bond sale was the first sale at $400 million
    - Represents a total increase of $100 million (split evenly between County/Schools)
  - 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*

General Fund Capital Program

- $31,757,700 in FY 2026
- Decrease from FY 2025 by $700,000 associated with Park Authority targeted reductions proposed to balance the FY 2026 budget ($250,000 for trail maintenance, $250,000 for athletic court maintenance, $200,000 for forestry operations)
- Maintains $5 million (split evenly between the County and Schools) for paydown as recommended by Joint Committee
- 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 $205 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

Bond Program

- Most CIP projects are financed by General Obligation Bonds
- Sunset Rule
  - All referenda expire in eight years from date of voter approval
  - Two-year extension permitted upon petition to Circuit Court
- Referenda are sold over multiple years
- Staff review project cashflow needs and sell only those amounts required for the current fiscal year
- Actual spenddown varies by category
  - Influenced by factors such as project scope, construction timeline, community outreach

January 2025 General Obligation Bond Sale

- $400 million bond sale (Series 2025)
  - Schools $230 million
  - County $170 million
- January 2025, interest rate of 3.57%
  - Up from January 2024, interest rate of 3.27%
  - Significantly up from January 2021 interest rate of 1.23%
  - Much lower than the Bond Buyer Index which stood at 4.28% the day of the sale
- Increase of $15.3 million included in Advertised Budget for Debt Service payments

Category	Amount
Schools	$230,000,000
Transportation – WMATA	44,000,000
Public Safety	55,000,000
FCPA	25,000,000
Human Services	25,000,000
Libraries	21,000,000
Total	**$400,000,000**

Bond Referendum Plan

- Health Department Laboratory
  - Added to the 2026 Bond Referendum at $35 million - feasibility study complete
  - Current facility is space-constrained, hindering safety, training, and the capacity to expand or change testing methods
  - The County's laboratory is the sole local public health lab in Virginia
- Early Childcare
  - Adjusted from $50 million in 2026 to $25 million in 2026 and $25 million again in 2032 due to current fiscal constraints and required operating costs.
  - The County has successfully supported childcare centers using year end balances, including Hybla Valley, Kingstowne, and Original Mount Vernon. Continue consideration in future colocation projects.
- Library Facilities
  - Centreville Library has been deferred to 2032 Bond
  - 2026 Bond will include two of the top three priority Library projects (Kings Park Community & Herndon Fortnightly Community)
  - Based on current experience and escalation in the construction market, cost projections increased significantly

Bond Referendum Plan

- Schools: 2025, 2027 and 2029 at $460 million (No change)
- Metro: 2028 at $200 million (No change)
- Public Safety: 2030 at $178 million (No change)
- Park Bonds: 2026 at $180 million (No change)
- Redirection of older bonds
  - Staff works to maximize the effectiveness of every bond dollar by considering timing constraints, project schedules, and cost escalation
  - Some projects approved as part of previous referendum are now incorporated into colocation projects. As a result, G.O. bonds allocated for these projects can be redirected to help offset increased costs being experienced in other projects

Proposed Revised Bond Referendum Plan

Year	Category	Description			Total
Fall 2025	Schools	Capital Enhancement, Renovation, Infrastructure Management			$460 mil
Fall 2026	County	Human Services Early Childhood Libraries Parks	$100 mil $25 mil $41 mil $180 mil	Health Laboratory, Tim Harmon Campus, Springfield Community Resource Early Childhood Facilities Herndon Fortnightly Community, Kings Park Community County Park Authority	$346 mil
Fall 2027	Schools	Capital Enhancement, Renovation, Infrastructure Management			$460 mil
Fall 2028	County	Transportation - Metro Contribution			$200 mil
Fall 2029	Schools	Capital Enhancement, Renovation, Infrastructure Management			$460 mil

Bond Plan Link to Debt Policies

- Ten Principles of Sound Financial Management
  - Below 3 percent debt to market value ratio (currently 0.94 percent)
  - Below 10 percent debt to General Fund Disbursements ratio (currently 6.51 percent)
  - Debt Service affordability is the most significant consideration, as inflationary pressures persist

Projects Proposed for Other Financing

- General Obligation bond financing can be a challenging financing structure for some projects based on complexity of projects and/or timing
- Other financing arrangements (e.g., EDA) 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
- Projects in the FY 2026-FY 2028 timeframe include:
  - Judicial Center Redevelopment - Judicial Annex (Building One), bond sale planned for FY 2026
  - Penn Daw Complex (Fire Station, Shelter, Supportive Housing)
  - Reston Town Center North Redevelopment (Shelter, Library, Community Spaces)
  - Mount Vernon Area Colocation (currently being studied)

CIP Initiatives: Colocation Projects

- Maximize limited space, locate complementary programs/services together, reduce reliance on leased space, address gaps in service delivery, improve efficiencies
- Underway: Original Mount Vernon High School Redevelopment, Kingstowne Complex, Water Resources and Infrastructure Facility (Stormwater/Wastewater Facility)
- Identified in near term: Judicial Center Redevelopment, Reston Town Center North Redevelopment, Penn Daw Complex (Fire Station, Shelter, Supportive Housing)
- Studies in progress: Mount Vernon area facilities, Willston Center
- Board Matter – Joint Facility Review Committee

CIP Timeline

• CIP on County website	February 18
• Planning Commission (PC) CIP Committee Meeting	February 27
• PC Workshop/Public Hearing	March 5
• PC CIP Committee Meeting	March 20
• CIP Discussed at BOS Committee	March 25
• PC CIP Mark-up	April 2
• BOS Public Hearings	April 22,23,24
• BOS Mark-up/CIP Adoption	May 6

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