

# Capital Improvements Program

February 6, 2024

# Agenda

- Review of Relevant Financial Policies
- A Look at How FY2023 Ended
- Projection of FY2024 at the Mid-Year Point
- FY2025 Budget Preview
- FY2025 Preliminary Recommended CIP

# Financial Policies

# Debt Policy

- Will not fund current operations with long-term debt or Tax Anticipation Notes
- Term of issue will not exceed useful life of capital project
- General Fund supported debt principal will not exceed 3.0% of net assessed value of taxable property
- Annual debt service payments for General Fund supported debt will not exceed 10% of budgeted General Fund expenditures

# Reserve Policy

- Minimum of 12% of the following year's budgeted General Fund expenditures
- Provides working capital and margin of safety
- Not to be used to support recurring operating expenditures outside the current year
- If used for an emergency, must be restored to 12% minimum within two fiscal years

# Year-End Surplus

- Funds may be considered to supplement Capital Expenditures or other nonrecurring expenditures
- Regular component of the Capital Improvement Program funding model
- Historically average 3%-5% of the General Fund budget

# 10-year Surplus History



# FY2023 Year End

# FY2023 Year End Results

## FY 2023 General Fund Carryover

Revenue Surplus	\$ 6,233,000
Expenditure Surplus	1,505,000
<b>Total Surplus</b>	<b><u>\$ 7,738,000</u></b>

## Less Required Commitments:

FY 2024 Capital Projects funding	\$ 2,000,000
FY 2024 Return of reserve capital funding	900,000
Grants and other restricted funding	180,000
Fund Balance policy increase	587,500
	<u>\$ 3,667,500</u>

**Year-end Funds Available for departmental requests and Senior Management Recommendations (2.5% of FY2023 Budget) \$ 4,070,500**

# Use of Year End Funds

## One-Time Funding:

Transfer to Solid Waste Fund	\$ 750,000
Transfer to Worker's Comp Fund	250,000
Potential Litigation Costs	250,000
Capital Projects	860,000
Transportation Projects	1,485,000
<b>Total One-Time Uses</b>	<b><u>\$ 3,595,000</u></b>

## Departmental Requests:

Degree Program/ Training	\$ 160,000
Other Requests	315,500
<b>Funded Operational Requests</b>	<b><u>\$ 475,500</u></b>

# FY2024 Mid-year Review

# Six Months Into FY2024 Revenue Trends and Assumptions

- Personal Property inflationary costs hold
- Interest income remains positive
- Public Service Corporation - Closure Impact for Dominion Power
- Conservative surplus in consumer taxes
- Permits meeting budget
- State and Federal revenue meeting budget

# FY2024 General Fund Preliminary Revenue Projection

FY2024 Projected Revenue	\$ 181,500,000
Projected Revenue Surplus	\$ 6,900,000
FY2025's CIP Funding from Year-End Surplus	\$ 2,000,000

\* Expenditure Savings Provide Additional Cushion

# FY2025 Preview

# Expenditure Drivers

- Labor Market (38%)
- School Costs (40%)
- Fixed costs (Base budget) (19%)
  - Contractual Obligations
  - Debt Payments
  - Capital Pay-Go

# FY2025 Budget Considerations

- Real Estate tax rate cut
- Inflation
- Sufficient Funding to Sustain Excellence  
(base budget for Schools and County)
- Employee Compensation
- School Investment
- Increase in Health Insurance
- Increase in Virginia Retirement System (VRS) rate
- CIP Funding
- Public Safety investments

# Revenue Outlook and Assumptions

- Conservative approach-possible recession near-term
- Interest income flat-possible rate reduction in CY2024
- Public Service Corporation - Closure Impact for Dominion Power
- Conservative increases in consumer taxes
- No significant increases in state and federal revenue

# Preliminary General Fund Revenue Increase

FY2024 Adopted Budget (rounded) \$ 174,600,000

FY2025 Revenues 191,150,000

Estimated Increase in Revenues \$ 16,550,000

Estimated Percentage Increase 9.48%

# Solid Waste Fund

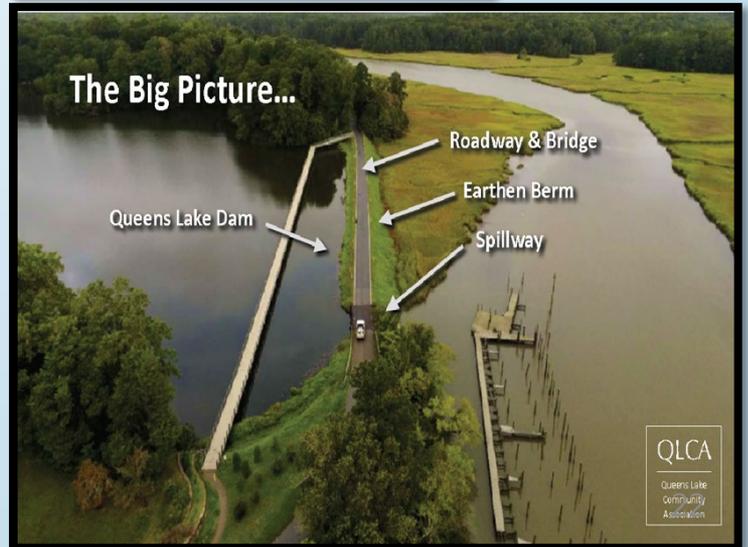
- Enterprise Fund
  - Total funding from user fees, not taxes
- Last fee increase-2019
- Increase in costs
  - Increase in recycling costs
  - Increase in fuel prices (almost tripled since last fee increase)
- Detailed Work session planned for March 5<sup>th</sup>
- Part of the recommended budget at March 19<sup>th</sup> meeting

# Beyond FY2025

- Robust Capital Improvements Plan needs
- Employee Compensation and Health Insurance
- Possible recession in the near term
- Higher borrowing costs than in previous years

# Capital Improvements Program

Fiscal Years 2025-2030



# The Capital Improvements Program History and Introduction

- Multi-year funding plan for restoration or replacement of infrastructure or equipment.
- Projects directly support one or more of the Board's Strategic Priorities.
- Financially responsible – focus on maintaining healthy reserves and controlling debt.

# The Capital Improvements Program History and Introduction

- Adjustments for inflation and in sequence and timing of projects.
- New projects for consideration in out-years.
- Year 1 will be incorporated in the Proposed Budget.
- Years 2 through 6 are estimates of future needs.

# Capital Improvements Program

## Fiscal Years 2025 – 2030

	2025	2026	2027	2028	2029	2030
<b>Administrative Services</b>						
Public Safety Building Renovations	\$ 600,000	\$ 1,000,000	\$ 1,500,000	\$ 600,000	\$ -	\$ -
Finance Building Renovations	-	-	500,000	-	1,700,000	-
York Hall Renovations	-	500,000	5,000,000	-	-	-
Renovation for IT Consolidation Office Space	400,000	350,000	200,000	-	-	-
Automated External Defibrillator (AED) Replacement	-	-	-	75,000	-	-

# Capital Improvements Program

## Fiscal Years 2025 – 2030

	2025	2026	2027	2028	2029	2030
<b>Administrative Services (cont.)</b>						
Voting Machine Replacements	-	444,000	-	-	-	-
General Economic Development Activities	300,000	300,000	325,000	325,000	350,000	350,000
South County Dark Fiber	-	-	-	-	700,000	-
Williamsburg Regional Library Capital Contribution	-	500,000	500,000	500,000	500,000	500,000

# Capital Improvements Program

## Fiscal Years 2025 – 2030

	2025	2026	2027	2028	2029	2030
<b>Public Safety - Sheriff</b>						
Mobile Data Terminals Replacement	450,000	450,000	-	-	-	500,000
AED Replacement	120,000	-	-	-	-	-
Expansion of Firing Range (maintenance)	25,000	25,000	25,000	25,000	25,000	25,000
Armored Vehicle	-	-	-	-	500,000	-
Marine Patrol	213,000	32,000	-	-	-	-

# Capital Improvements Program

## Fiscal Years 2025 – 2030

	2025	2026	2027	2028	2029	2030
<b>Public Safety – Fire &amp; Life Safety</b>						
Stretcher/Stairchair Replacement	-	-	-	140,000	805,000	-
Backup Power-Emergency Sheltering & Disaster Support	150,000	250,000	250,000	250,000	250,000	250,000
Fire & Rescue Apparatus	2,300,000	1,900,000	2,000,000	2,000,000	2,400,000	2,400,000
Firefighting Personal Protective Clothing	-	650,000	-	-	-	-
Mobile Data Terminals Replacement	250,000	250,000	-	-	-	300,000

# Capital Improvements Program

## Fiscal Years 2025 – 2030

	2025	2026	2027	2028	2029	2030
<b>Public Safety – Fire &amp; Life Safety (cont.)</b>						
Biomedical Equipment	-	-	675,000	675,000	500,000	100,000
Fire Station Renovations	-	-	-	-	250,000	1,000,000
Self-Contained Breathing Apparatus (SCBA) Replacement	-	-	-	-	-	1,250,000

# Capital Improvements Program

## Fiscal Years 2025 – 2030

	2025	2026	2027	2028	2029	2030
<b>Public Safety – Emergency Communications</b>						
P25 Lifecycle Spend (Regional Radio Project)	1,000,000	1,000,000	1,000,000	750,000	750,000	750,000
County Fire Alarm System	75,000	90,000	90,000	90,000	90,000	100,000
Computer Aided Dispatch (CAD) Replacement	-	1,625,000	-	-	-	-

# Capital Improvements Program

## Fiscal Years 2025 – 2030

	2025	2026	2027	2028	2029	2030
<b>Public Works</b>						
Security in Public Buildings	100,000	50,000	50,000	50,000	50,000	50,000
Tennis & Basketball Court Repair	150,000	80,000	120,000	130,000	160,000	120,000
Roof Repair/Replacement	310,000	-	230,000	140,000	-	275,000
HVAC Replacement	295,000	395,000	180,000	165,000	440,000	345,000
Parking Lot Repair	250,000	300,000	400,000	300,000	130,000	400,000
Building Maintenance & Repair	610,000	1,753,000	570,000	515,000	595,000	375,000

# Capital Improvements Program

## Fiscal Years 2025 – 2030

	2025	2026	2027	2028	2029	2030
<b>Public Works (cont.)</b>						
Disability Compliance	100,000	100,000	100,000	100,000	100,000	100,000
Streetlight Conversion to LED	350,000	-	-	-	-	-
Major Grounds Repair & Maintenance	210,000	130,000	130,000	390,000	250,000	120,000
Grounds Maintenance Machinery & Equipment Replacement	250,000	130,000	130,000	220,000	230,000	220,000
Underground Utilities	500,000	-	-	-	-	-
Transportation Improvements	2,000,000	2,250,000	2,500,000	3,000,000	3,000,000	3,500,000

# Capital Improvements Program

## Fiscal Years 2025 – 2030

	2025	2026	2027	2028	2029	2030
<b>Public Works (cont.)</b>						
Lightfoot/Mooretown Intersection Improvement	400,000	-	2,000,000	2,500,000	-	4,000,000
Grounds Maintenance Equipment Storage	125,000	-	-	-	-	-
Water Street Improvements & Beautification	250,000	2,000,000	-	-	1,500,000	-
Waterline Extension – Waste Management Mulch Area	-	-	-	-	300,000	600,000
Emergency Generator Lifecycle Replacement	400,000	175,000	175,000	175,000	100,000	100,000

# Capital Improvements Program

## Fiscal Years 2025 – 2030

	2025	2026	2027	2028	2029	2030
<b>Community Services</b>						
Yorktown Improvements:						
Yorktown Fishing Pier Improvements	-	-	-	790,000	-	-
Permanent Structure Riverwalk Stage Area	-	-	300,000	-	-	-
Permanent Structure behind Freight Shed	-	600,000	-	-	-	-
Yorktown Sidewalk Expansion NPS Beach Area	-	-	-	590,000	-	-
Yorktown Wayfinding/Signage	170,000	160,000	-	-	-	-

# Capital Improvements Program

## Fiscal Years 2025 – 2030

	2025	2026	2027	2028	2029	2030
<b>Community Services (cont.)</b>						
Tourism Information Center/Dockmaster Building – Furnishings, Security, & IT	150,000	750,000	-	-	-	-
New Quarter Park Kayak Launch/Improvements	595,000	-	-	-	-	-
Marquis Park Property	-	-	-	1,000,000	-	-
McReynolds Athletic Complex Batting Cages	275,000	-	-	-	-	-
McReynolds Athletic Complex Splash Pad	-	30,000	385,000	-	-	-
Neighborhood Park Design & Construction	-	250,000	1,000,000	1,000,000	500,000	-

# Capital Improvements Program

## Fiscal Years 2025 – 2030

	2025	2026	2027	2028	2029	2030
<b>Community Services (cont.)</b>						
Safety Improvements	67,000	-	-	-	-	-
Charles Brown Park Splash Pad and Pickleball Court	-	-	-	-	-	1,200,000
Synthetic Turf Conversion Program	-	-	-	-	-	1,330,000
EZ Dock ADA Kayak Launch	-	-	-	-	-	100,000
Covered Picnic Shelters	-	-	-	-	-	250,000

# Capital Improvements Program

## Fiscal Years 2025 – 2030

	2025	2026	2027	2028	2029	2030
<b>Stormwater</b>						
Wormley Creek Headwaters Edgehill Replacements	300,000	-	-	-	-	-
Marlbank Cove Ravine	200,000	500,000	500,000	-	-	-
Queens Lake Dam and Ravines	1,000,000	-	-	-	-	200,000
Middlewood Lane	-	-	-	100,000	600,000	-
Brightwood Stream Restoration	1,000,000	-	-	-	-	-
Panther Paw Stream Restoration	-	-	-	-	-	100,000

# Capital Improvements Program

## Fiscal Years 2025 – 2030

	2025	2026	2027	2028	2029	2030
<b>Stormwater (cont.)</b>						
RT 134 to Bayberry Drainage Improvements	-	200,000	1,000,000	-	-	-
In-House Stormwater Construction/Maintenance and TMDL Action Plan Projects	400,000	600,000	200,000	600,000	200,000	600,000
Lining Storm Sewer Pipes	-	-	-	-	-	500,000
Shoreline Restorations and Breakwaters	-	-	-	-	200,000	1,000,000
Park Circle Stream Restoration	-	-	-	-	200,000	500,000
Stormwater Equipment	-	200,000	-	-	185,000	250,000

# Capital Improvements Program

## Fiscal Years 2025 – 2030

	2025	2026	2027	2028	2029	2030
<b>Vehicle Maintenance</b>						
Fleet Consulting Services	80,000	-	-	-	-	-
Vehicle Lift Replacements	-	-	100,000	-	-	-
Vehicle Maintenance Heavy Truck Facility Space Study	-	-	-	200,000	-	-
Vehicle Maintenance Shop Truck	-	-	200,000	-	-	-
Trolley Replacement	500,000	300,000	300,000	-	-	-

# Capital Improvements Program

## Fiscal Years 2025 – 2030

	2025	2026	2027	2028	2029	2030
<b>Sewer</b>						
Whites Faulkner	-	-	-	1,500,000	1,500,000	1,500,000
Sewer Line Rehabilitation	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Pump Station Rehabilitation	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Pump Station Rehabilitation - Baptist Road	500,000	-	-	-	-	-
Pump Station Rehabilitation – George Washington Highway	-	-	-	-	1,000,000	1,000,000
Pump Station Rehabilitation – Mill Cove	600,000	600,000	-	-	-	-

# Capital Improvements Program

## Fiscal Years 2025 – 2030

	2025	2026	2027	2028	2029	2030
<b>Sewer (Cont.)</b>						
Pump Station Rehabilitation – Pine Tree Road	-	-	-	-	-	500,000
Emergency Generator Replacement	150,000	150,000	150,000	150,000	200,000	200,000
Single Axle 6 Ton Dump Truck Replacement	250,000	-	-	-	-	-
Brush Chipper Replacement	150,000	-	-	-	-	-
Emergency Sewer Pump Station Bypass Pump	-	80,000	-	-	-	-
Don Juan Lift Station and Kiln Creek Sewer Extension	300,000	-	-	-	-	-

# Capital Improvements Program

## Fiscal Years 2025 – 2030

	2025	2026	2027	2028	2029	2030
<b>Sewer (Cont.)</b>						
Pump Station Rehabilitation – Yorktown Road	-	1,500,000	1,500,000	-	-	-
Pump Station Rehabilitation – Kiln Creek 2	-	-	-	1,500,000	1,500,000	-
Pump Station Rehabilitation – Running Man	-	-	600,000	600,000	-	-
8 Ton Dump Truck Replacement	-	-	200,000	-	-	-
12 Ton Dump Truck Replacement	-	-	-	300,000	-	-
John Deere 410J Backhoe Replacement	-	-	-	-	200,000	-

# Capital Improvements Program

## Fiscal Years 2025 – 2030

	2025	2026	2027	2028	2029	2030
<b>Sewer (Cont.)</b>						
Ford Utility Stepvan Replacement	-	-	-	-	-	150,000
Interstate Trailer Replacement	-	50,000	-	-	-	-
Sewer Extension – Springfield Road	-	-	-	-	-	1,000,000
<b>Water</b>						
Charles Road Water Project	-	-	-	-	-	500,000

# Capital Improvements Program

## School Division Fiscal Years 2025 – 2030

	2024 (revised)	2025	2026	2027	2028	2029	2030
<b>Elementary School Projects</b>	\$2,508,682	\$ -	\$ -	\$ 200,000	\$2,000,000	\$ -	\$1,328,474

- Finish expansion of Seaford Elementary
- Dare Elementary HVAC replacement
- 6 classroom expansion at Waller Mill Elementary

# Capital Improvements Program

## School Division Fiscal Years 2025 – 2030

	2024 (revised)	2025	2026	2027	2028	2029	2030
<b>Middle School Projects</b>	\$3,476,280	\$ -	\$ -	\$2,108,304	\$12,933,128	\$13,045,131	\$ -

- Queen’s Lake Middle parking lot and bus loop expansion
- 8 classroom expansion at Queen’s Lake Middle
- Complete locker room renovations at Tabb, Yorktown, and Queen’s Lake Middle Schools

# Capital Improvements Program

## School Division Fiscal Years 2025 – 2030

	2024 (revised)	2025	2026	2027	2028	2029	2030
<b>High School Projects</b>	\$4,245,038	\$12,398,554	\$9,164,290	\$12,863,190	\$18,035,050	\$ -	\$ -

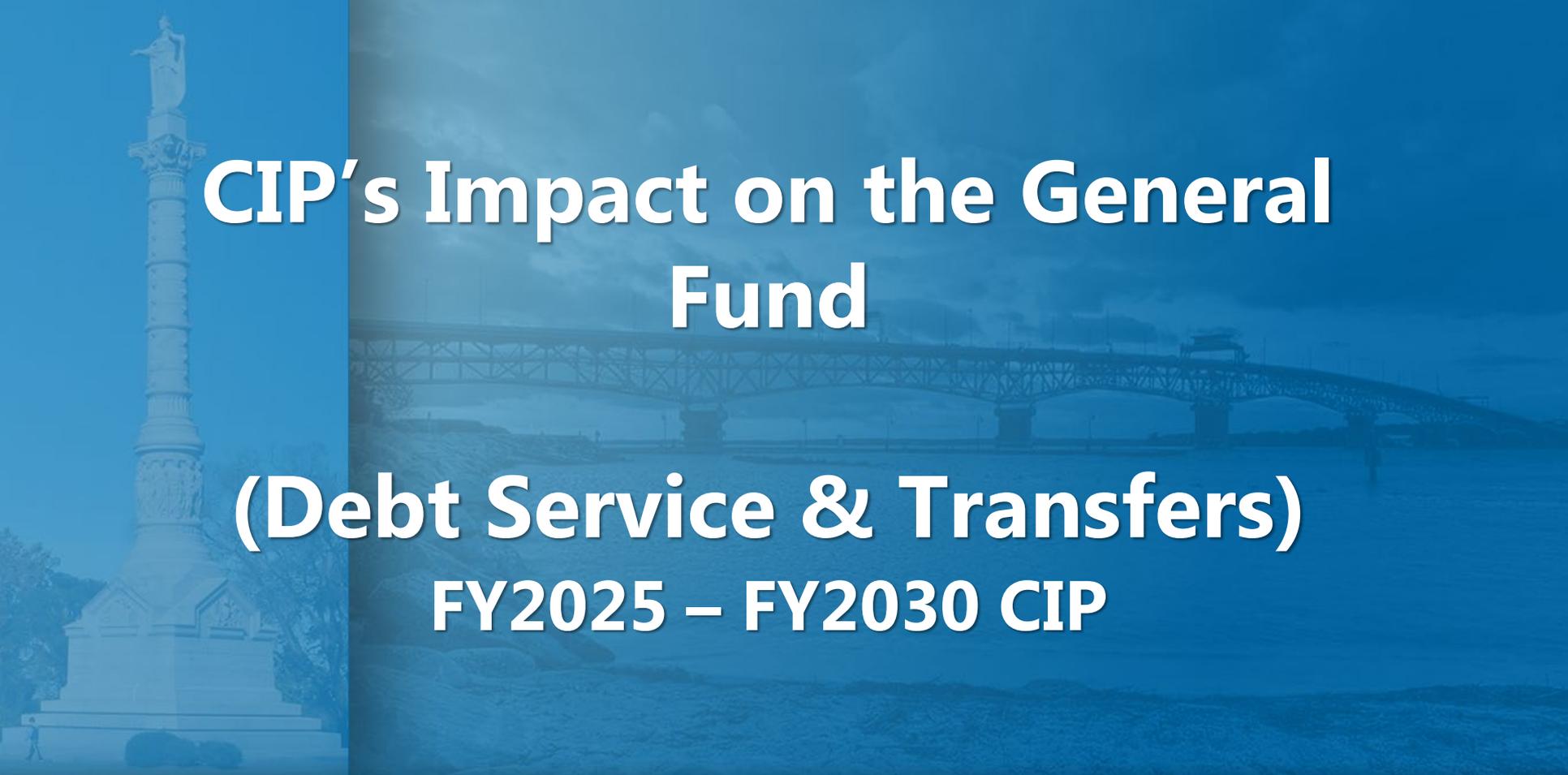
- Replace HVAC equip. and coat roof at Bruton High
- Lighted turf fields at Grafton High and Tabb High
- Expand parking and bus loop at York High
- Upgrade entrance and Learning Commons, replace HVAC, and install LED lights at Tabb High

# Capital Improvements Program

## School Division Fiscal Years 2025 – 2030

	2024 (revised)	2025	2026	2027	2028	2029	2030
<b>Other Projects</b>	\$1,350,000	\$1,879,200	\$675,000	\$450,000	\$720,000	\$1,250,000	\$8,100,000

- Addition of temporary modular classrooms
- Construction of 12 pre-K classrooms
- Replace PA systems at various schools division-wide



# **CIP's Impact on the General Fund**

## **(Debt Service & Transfers)**

### **FY2025 – FY2030 CIP**

# Plan for Funding - FY 2025 to 2030 CIP

## Pay-As-You-Go Funding from Operating Transfer, Carryovers, Grants and Use of Reserves

	2025	2026	2027	2028	2029	2030	Total	% Total
<b>COUNTY</b>	\$12,290,000	\$10,683,000	\$ 9,135,000	\$13,395,000	\$ 9,875,000	\$17,610,000	\$ 72,988,000	36%
<b>SCHOOLS</b>	<u>1,454,000</u>	<u>250,000</u>	<u>1,000,000</u>	<u>1,270,000</u>	<u>1,000,000</u>	<u>-</u>	<u>4,974,000</u>	2%
<b>TOTAL</b>	<u>\$13,744,000</u>	<u>\$10,933,000</u>	<u>\$10,135,000</u>	<u>\$14,665,000</u>	<u>\$10,875,000</u>	<u>\$17,610,000</u>	<u>\$ 77,962,000</u>	<b>38%</b>

## Planned Debt Financing

	2025	2026	2027	2028	2029	2030	Total	% Total
<b>COUNTY</b>	\$ 1,150,000	\$ 7,836,000	\$11,200,000	\$ 3,100,000	\$ 6,300,000	\$ 3,000,000	\$ 32,586,000	16%
<b>SCHOOLS</b>	<u>12,824,000</u>	<u>9,589,000</u>	<u>14,621,000</u>	<u>32,418,000</u>	<u>13,295,000</u>	<u>9,428,000</u>	<u>92,175,000</u>	45%
<b>TOTAL</b>	<u>\$13,974,000</u>	<u>\$17,425,000</u>	<u>\$25,821,000</u>	<u>\$35,518,000</u>	<u>\$19,595,000</u>	<u>\$12,428,000</u>	<u>\$124,761,000</u>	<b>62%</b>

# Debt Policy

## General Fund Supported Debt % of Taxable Assessed Values

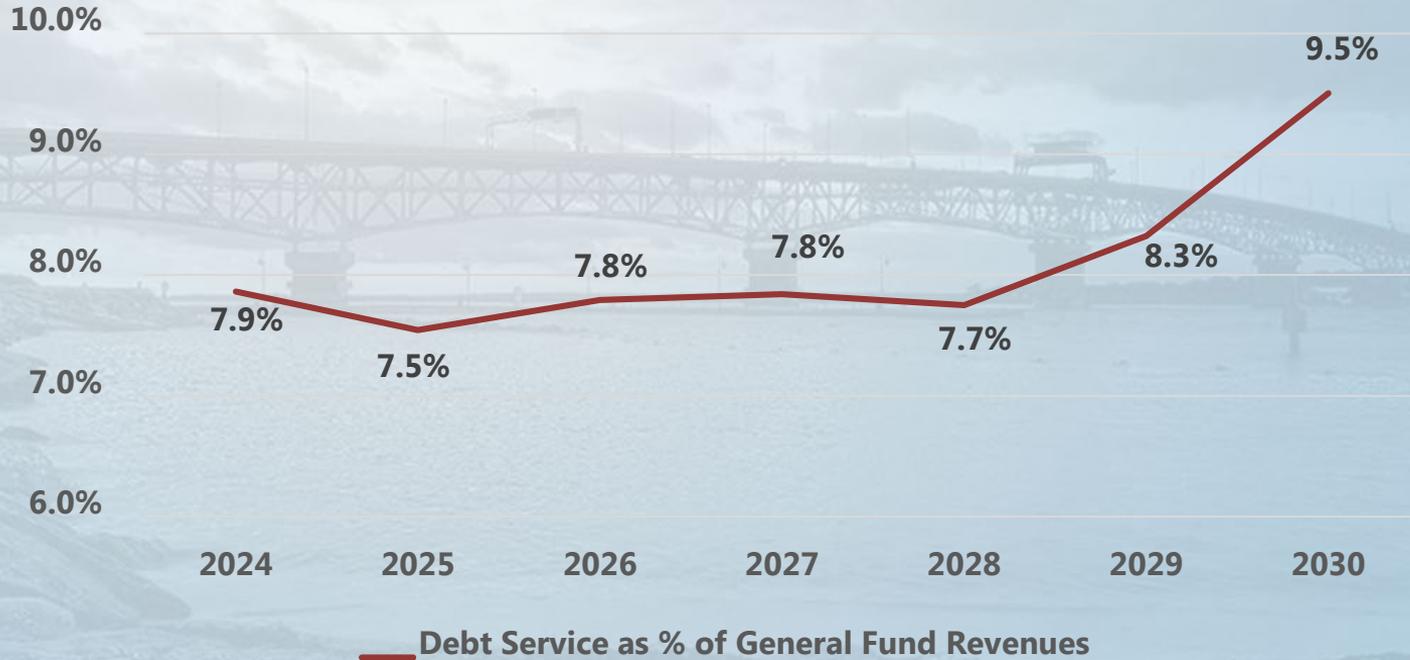
	Existing FY2024 Principal (Million)	FY2030 Projected Principal (Millions)
Principal	\$121.9	\$187.6
General Fund Supported Debt as % of Taxable Assessed Values	0.95%	
Projected General Fund Supported Debt as % of Taxable Assessed Values (assumes 2.0% assessment growth rate)		1.30%

# Debt Policy

## Debt Service as % of General Fund Expenditures

	Existing FY2024 (Million)	Projected FY2030 (Millions)
Debt Service	\$13.7	\$19.6
Debt Service as % of FY24 General Fund Budget (\$174.6 Million)	7.9%	
Debt Service as % of FY30 General Fund Budget, assumes 2.0-3.0% average revenue growth rate (\$206.5 Million)		9.5%

# Planned Debt Service Expenses as % of General Revenues



# Projected CIP – Debt Service FY2025 – FY2030 CIP (in Millions)

	<u>Existing</u>		<u>Projected</u>				
	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
<b>Schools</b>	\$ 8.7	\$ 8.3	\$ 9.2	\$ 9.1	\$ 8.9	\$ 10.1	\$ 12.4
<b>County</b>	4.9	5.4	5.5	6.1	6.5	6.7	7.3
<b>Debt Service</b>	<b>\$ 13.6</b>	<b>\$ 13.7</b>	<b>\$ 14.7</b>	<b>\$ 15.2</b>	<b>\$ 15.4</b>	<b>\$ 16.8</b>	<b>\$ 19.7</b>
<b>Annual General Fund Impact</b>		\$ 0.1	\$ 1.0	\$ 0.5	\$ 0.2	\$ 1.4	\$ 2.9
<b>Cumulative General Fund Impact</b>		<b>\$ 0.1</b>	<b>\$ 1.1</b>	<b>\$ 1.6</b>	<b>\$ 1.8</b>	<b>\$ 3.2</b>	<b>\$ 6.1</b>
<b>General Fund Budget (2.25% Average Projection Factor)</b>	\$ 174.6	\$ 181.6	\$ 188.0	\$ 193.6	\$ 198.5	\$ 202.4	\$ 206.5
<b>Debt Capacity</b>	<b>7.9%</b>	<b>7.5%</b>	<b>7.8%</b>	<b>7.8%</b>	<b>7.7%</b>	<b>8.3%</b>	<b>9.5%</b>

# CIP - Next Steps

- Further refinement as operating budget is developed.
- Planning Commission certification of consistency with Comprehensive Plan.
- Incorporate changes into Proposed CIP in conjunction with FY2025 Proposed Budget.

# FY2025 Budget Events and Suggested Topics

- February 6<sup>th</sup>
  - County Administrator’s Recommended Capital Improvements Program
  - Debt Financing
    - Timing of borrowing/impact on budgets
    - Operating impacts
- February 20<sup>th</sup>
  - Presentations from the Commissioner of Revenue and Treasurer
- March 5<sup>th</sup>
  - Solid Waste fees
- March 19<sup>th</sup>
  - Presentation of Proposed Budget and Capital Improvements Program
- March 26<sup>th</sup>
  - Listening session
- April 2<sup>nd</sup>
  - Health Insurance, as necessary
  - Compensation
  - Outside Agency Funding
- April 16<sup>th</sup>
  - Public Hearings on FY2025 Budget and CY2024 Tax Rates
- May 7<sup>th</sup>
  - Adopt FY2025 Budget

# Questions?



# Capital Improvements Program

February 6, 2024