ARLINGTON
VIRGINIA

Capital Program

PAYG, GO Bonds & Short-term Finance

COUNTY MANAGER'S PROPOSED FY 2023 BUDGET

County Board Work Session
Thursday, March 24, 2022
3:00 p.m.]

AGENDA

Department / Topic

DMF

Facilities
- Facilities Management Bureau
- Facilities Design and Construction

Parks and Recreation

Public Safety

Technology

Transportation
- PAYG
- TCF
- CCTIF

Metro

Debt

Proposed FY 2023 Capital Budget Summary ($160.5M)

Local Parks and Recreation
($7,534)

Regional Partnerships
($4,159)

Community Conservation & Economic Development
($2,174)

Public/ Government Facilities
($11,973)

Transportation Initiatives
Transit
Street Maintenance
Complete Streets
(e.g., sidewalks, bike lanes, safe crossings, transit stops, bridges, etc.)
($108,211)

Public Safety
($8,022)

Information Technology
($18,623)

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Capital Program Snapshot

- Funding for large capital infrastructure improvements
- Program focuses on ‘maintaining what we have’
  - Reduces premature asset failure and extends useful life
  - Focus on existing infrastructure versus new projects
  - Works towards funding state of good repair
  - Provides funds to complete projects with previous year funding

How We Pay for the Capital Program

35%
State, Federal and Regional Grants
$55.6 million

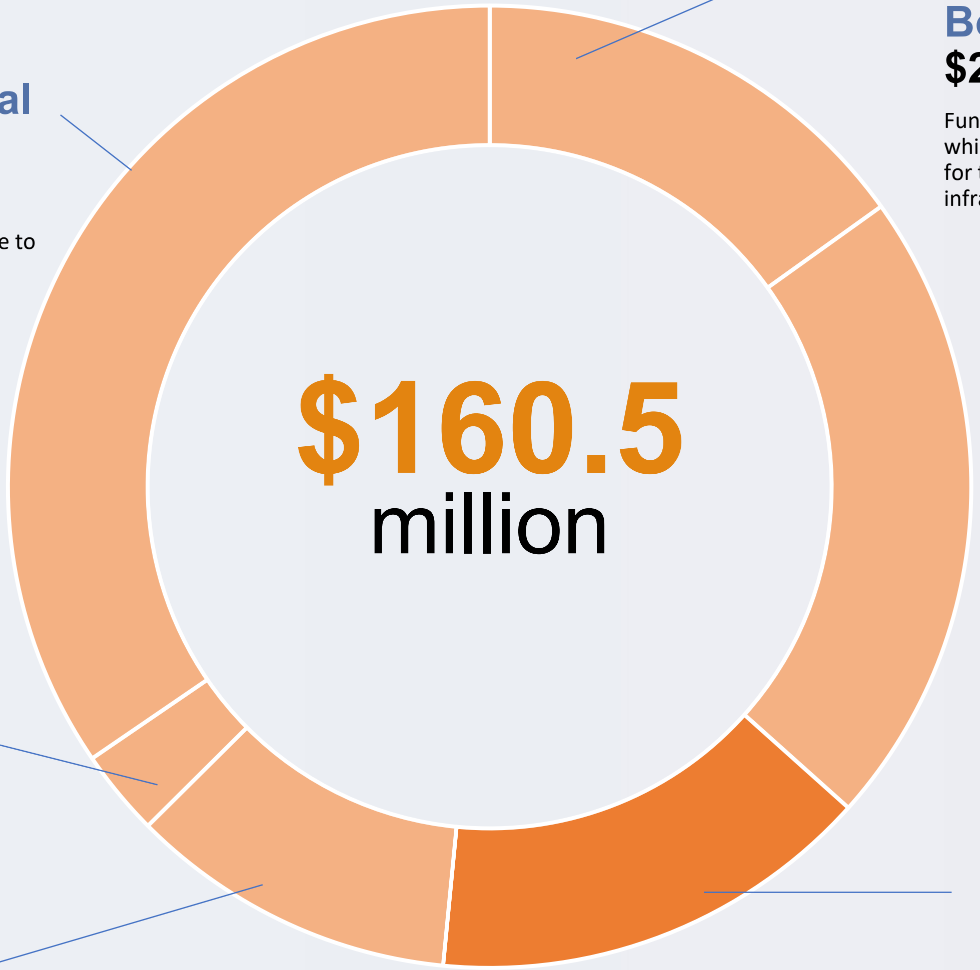
State, federal and regional grant funds restricted in use to transportation and metro capital activities.

3%
Crystal City Tax Increment Fund
$4.6 million

Fund source is portion of the incremental real estate tax revenue which is used to pay for infrastructure improvements to further the revitalization of these areas.

11%
Short-term Finance
$17.5 million

Fund source is capital financing to acquire equipment and technology, and to perform certain capital maintenance projects that have an average useful life between three and ten years.



15%
General Obligation Bonds (County)
$24.8 million

Funds are derived from the public sale of municipal bonds for which principal and interest (debt service) is paid to investors for the use of the money. Used to fund large capital infrastructure with average useful life of 10 years or more.

21%
Transportation Capital Fund (TCF)
$34.2 million

C&I Tax ($24.7 million)
NVTA Local ($9.6 million)
Tax revenue dedicated to support transportation infrastructure projects throughout the County. Comprised of local Commercial and Industrial (C&I) Tax and NVTA Local (30% allocation).

15%
PAY-AS-YOU-GO
$23.7 million

Funded by a transfer of net tax support, restricted bond premium and, other miscellaneous fees and charges.

PAYG Overview

- **<u>$23.7 million</u>** from various sources
  - General fund transfer, existing balances - $11 million
  - Bond premium (legally restricted in use to capital projects) - $12.7 million

- Funds assets with an average useful life of **<u>10 years or less</u>**

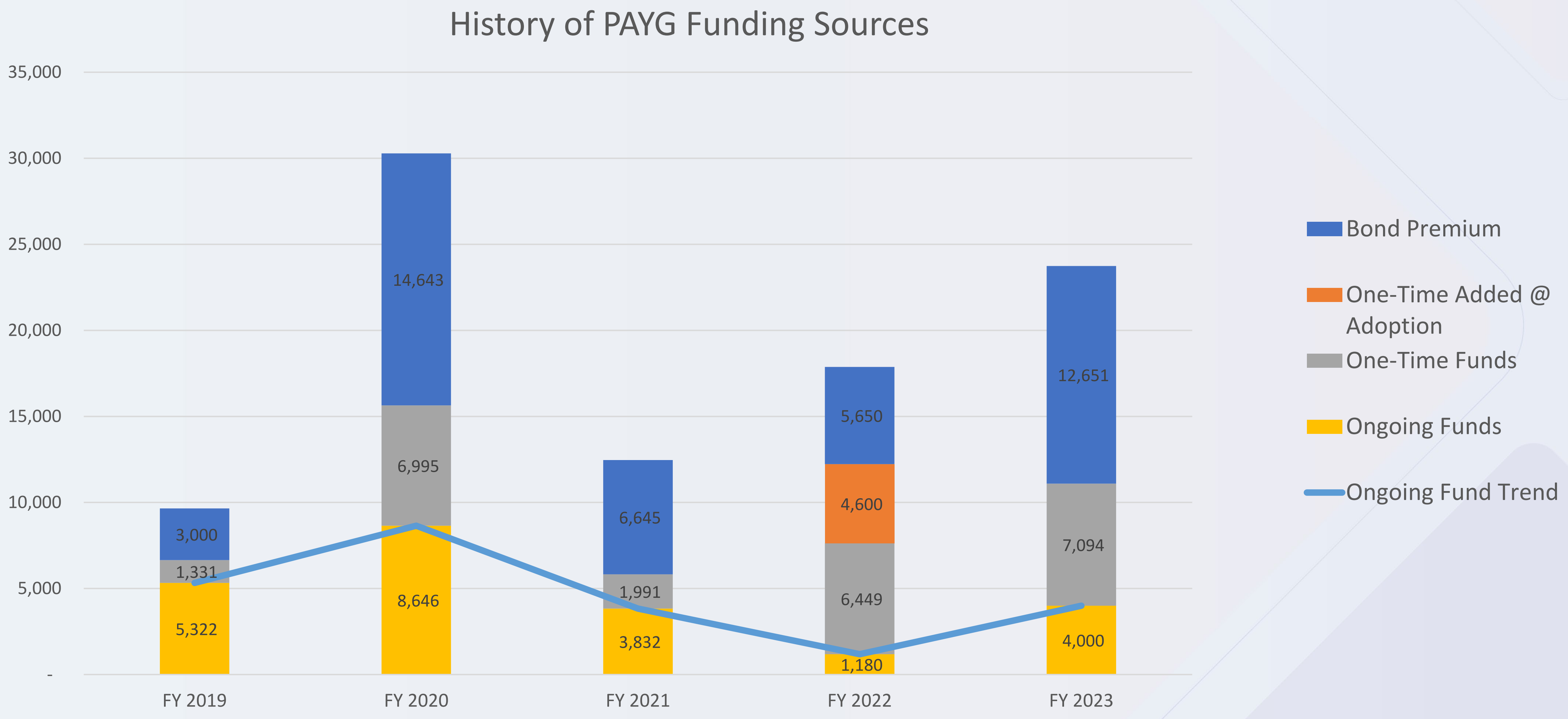
- Continued focus on ‘must-have’ maintenance
  - Assets at end of useful life
  - Prioritized replacement of assets with high possibility of near-term failure

PAYG Overview

- Projects that address County Board and community expectations
    - Replacement and enhancement of technology
    - Energy infrastructure investments

- Rating agency expectation to have PAYG funding as a flexible funding source for capital investment

PAYG Funding Over Time



GO Bond Overview

- $24.8 million GO Bonds
  - Authorized but Unissued GO bonds ($24 million)
  - Issued but Unused GO bond balances ($0.815 million)

- Funds assets with an average useful life of **10+ years**

- Historically used for large replacement or renovation projects

- Debt service appropriated in General Fund

Short-term Finance Overview

- **$17.5 million** in short-maturity financed dollars
- Funds assets with an average useful life of **3-10 years**
- Debt service appropriated in General Fund
- Historically used for equipment and systems replacement:
  - Synthetic Turf Fields Replacement
  - PC replacement
  - Land Record System/Real Estate Assessment System
  - Fire Portable Radios

Key Capital Budget Considerations

- **Inflationary pressures** on the cost of construction and significant increases in cost of bulk materials (steel, paint, flooring, roofing) and large equipment (bi-fold doors, air handling units, windows, playground equipment, solar panels)

- **Supply chain pressures** which are increasing lead times to receive materials which leads to growth in project costs

- **Equity** in capital program development

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