

Finance, Audit & Budget Committee Meeting

AGENDA

June 18, 2019 - 1:30 PM

Conference Room A/B/C, Second Floor

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**Committee Members: Chairman Wendy Maurer, Jack Cavalier and Mark Dudenhefer**

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**Finance, Audit and Budget Committee Meeting Agenda**

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1. DISCUSS CHANGES TO THE JOINT CAPITAL IMPROVEMENT PROGRAM (CIP) POLICY
2. DISCUSS PROPOSED FY2021 BUDGET CALENDAR
3. UPDATE ON EMPLOYEE CLASSIFICATION AND COMPENSATION STUDY PHASE-I IMPLEMENTATION
  - NON PUBLIC SAFETY EMPLOYEES
  - PUBLIC SAFETY EMPLOYEES (PHASE II CONSIDERATIONS)

Next FAB meeting is scheduled for August 20, 2019

This agenda may be amended on the day of the meeting. Participation of all citizens is encouraged. For all individuals with special needs, please notify County Administration of any accommodations required at least 24 hours in advance of the meeting. The agenda and related materials may be found on the County's website at [www.staffordcountyva.gov](http://www.staffordcountyva.gov)

### Finance, Audit & Budget Committee Meeting

#### AGENDA

June 18, 2019 - 1:30 PM

Conference Room A/B/C, Second Floor

**Committee Members: Chairman Wendy Maurer, Jack Cavalier and Mark Dudenhefer**  
**Finance, Audit and Budget Committee Meeting Agenda**

<b>Subject:</b>	
DISCUSS CHANGES TO THE JOINT CAPITAL IMPROVEMENT PROGRAM (CIP) POLICY	
<b>Recommended Action:</b>	
Provided to the FAB for consideration and guidance.	
<b>Committee/Commission Recommendation:</b>	
<b>Fiscal Impact:</b>	<b>District:</b>
<b>Overview:</b>	
Provides policy amendments reflecting the change in removal of the Oversight Committee (OSC) and adding Board Members in its place.	
<b>Discussion/Analysis:</b>	
For FY2021, the CIP process and flow will be changing. Previously, it was a joint process that included review with the School Board. The process included an OSC, consisting of both County and School Board members. At the direction of the Board, the OSC is being eliminated and replaced with review by the Board of Supervisors as a part of the normal CIP review process. This change causes significant and needed adjustments to the CIP process. The updated CIP calendar reflects these changes. These changes are scheduled for review and discussion at Tuesday' FAB meeting.	
<b>Attachments:</b>	
<ol style="list-style-type: none"> <li>Attachment 1 CIP Process Policy Track Changes</li> <li>Attachment 1A CIP Process Policy Clean Version</li> <li>Attachment 2 - Proposed Changes to the Joint CIP Policy</li> <li>Attachment 3 - CIP Flow Chart - Previous Process</li> <li>Attachment 4 - CIP Flow Chart New Process</li> </ol>	

<b>Summary/Conclusion:</b>
Staff seeks the FAB direction in modifying any changes to the attached policy.
<b>Strategic Priorities:</b>
<b>Reviewed By:</b>

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STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

~~Joint~~ Capital Improvement Program (CIP) Process

1. ~~Joint~~ CIP Process Flow Chart
2. CIP Budget Calendar
3. Review Process for ~~Joint~~ County and School CIP
- ~~3. /School CIP~~
4. CIP Project Evaluation
5. Project Scoring Guide
6. Proposed Reporting
- ~~7. Proposed Next Steps~~

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

### CIP Budget Calendar

#### April – June

- Development, review and revision to standards, metrics, studies, and methodologies for justifying capital improvement requests

#### July

- Post CIP Instructions and Forms
- CIP Process Overview/Q & A (Attendance Optional)

#### August

- All requests for Department, Agency, and School Project Justifications & Cost Data Due with the School Board's formally adopted capital priorities.
- Department of Finance and Budget (DFB) begins review with assistance from the Public Works Department (PW), the Department of Parks, Recreation and Community Facilities (PRCF) and as appropriate, the school division (SD).

#### September

- PW/PRCF/SD Sends Updates, Revisions, and Comments to DFB for Department and Agency Project Requests
- In one or more sessions, CIP Representatives from all Departments, Agencies, and Schools will meet with DFB to review submittals
  - School system submits confirmation/adjustments based on any final review by School Board. Any modifications from the School Board's formally adopted capital priorities should be formally adopted and reflected in the adjustments to projects.

#### October

- CIP Project Requests Sent to the CIP Technical Review Committee (TRC)
- TRC Meetings – Review and begin ranking of project requests
- Departments, Agencies, and Schools Respond to TRC Questions and Comments
- TRC Meeting – Review project ranking, available revenues, and finalize recommendation
- ~~School provides updated enrollment projections to TRC to evaluate modifications to projections.~~
- ~~The TRC provides their recommendation to both Boards. DFB provides a comparison of Fall Membership to prior five years of projections for the current school year~~
  - The TRC provides their recommendation to the Board of Supervisors

#### November

~~CIP Project Requests and TRC Recommendations sent to CIP Oversight Committee~~

- School provides updated enrollment projections to TRC to evaluate modifications to projections.

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

- Meeting #1 - ~~CIP Oversight Committee Meeting~~ CIP Work Session (CIP Projects Overview and Project Review)
- ~~Meeting #2 - CIP Oversight Committee Meeting (CIP Revenues Overview, Project Review and Finalize Recommendations)~~
- ~~Meeting #23 - CIP Oversight Committee Meeting (if needed)~~ Joint Meeting of Board of Supervisors and School Board to Review
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#### • ~~December~~

- Meeting #3 - CIP Work Session Final Board direction

~~Joint Meeting of Board of Supervisors and School Board to Review CIP Recommendations of the CIP Oversight Committee~~

- ~~Final Recommended CIP Document Prepared and send to County Administrator for consideration in the recommended budget~~

#### January

- In consultation with the Superintendent, County Administrator review of recommended CIP based on final review of revenues and finance policies

#### ~~March~~ February

- County Administrator's Recommended Budget & CIP presented to Board of Supervisors

#### March

- Board CIP Work Session
- Annual reporting on the status of School and County projects to the Board of Supervisors.

#### April

- Public Hearing on the Proposed Operating and Capital Budgets and CIP
- BOS Adopts Operating and Capital Budgets & CIP

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

### Review Process for ~~Joint County/Schools~~ CIP Projects

Capital expenditures, within the context of the CIP, are defined as new or upgrades to facilities, equipment and vehicles with a unit cost greater than \$50,000. Capital Improvement Projects are generally broken into two main categories: large projects such as new infrastructure or major renovations, and small projects such as repair, replacement and rehabilitation (3R).

Large capital projects and 3R projects will be scored independently due to the number of 3R projects submitted each year. The 3R projects are primarily small scale projects that include repair, replacement and rehabilitation of existing physical assets.

#### The 3R projects include:

- Repair, replacement and rehabilitation projects; and/or,
- Projects that will increase the useful life of an existing asset but not fundamentally change the structure or purpose (i.e. roof replacement); and/or,
- Repair, replacement, and rehabilitation of major mechanical systems such as heating and cooling systems; and/or,
- Upgrades to technology infrastructure that provide for major overhauls and improvements to the system, such as fiber projects.

#### The 3R projects do not include:

- Major overhauls to assets that change the structure or purpose; and,
- New buildings constructed; and,
- Large scale enterprise resource management systems, such as a Financial System.

#### The 3R projects will be funded

- In accordance with the Board's Principles of High Performance Management.
- Additional funding for school projects is possible through debt funding from the Virginia Public School Authority (VPSA).
- To provide essential funding the General Fund's Annual Budget will projected annual year-end budget savings of contemplate maintaining \$1,445,865M will be utilized to support the School's 3R capital projects.
- The 3R projects under \$~~400~~50,000 will be considered as part of normal repair, replacement and rehabilitation programs typically funded during the annual operating budget.

The need to maintain existing assets is fundamental to the continuation of providing services to the community. Emphasis throughout the process and scoring will reflect this foundational ideal. Cyclical maintenance of existing capital assets in order to prevent major breakdowns or deterioration of assets with the goal of extending the life of facilities and assets are considered routine maintenance. Generally, routine maintenance will be considered an operating expense.

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

## Funding of CIP Projects

Available fund balance reserves will be exhausted before utilizing any debt financing. A projection of proffers will be considered and funding maximized for projects. Annual revenues dedicated to capital projects will be exhausted. Debt issued through bonds or leases will be the last source of funding.

The Board's Principles of High Performance Financial Management "Financial Policies" require that the County budget an amount equal to 3% of general government expenditures will be set aside for ~~pay-as-you-go~~ Repair, Replacement and Rehabilitation (3R) capital projects. ~~These principles also support that the School's set aside 2% of their operating budget for 3R capital projects.~~ The Financial Policies reflect the Board's support of the School Board adopting an amount equal to 2% of the Schools' Operating Transfer. The Board is committed to this practice and annually will identify funding specifically dedicated to 3R. Until this is fully realized, a phased in approach to the sharing of this funding will be employed until the Schools are able to commit 2% annually to the CIP. Until such time, County provided capital cash will be matched to School's provided annual revenue.

Project funding will be limited to the scope of the project as provided in the CIP. Any savings in funding will be reprogrammed into the Capital Improvement Plan and held in fund balance by the County. Special considerations for remaining debt funding (to include unspent interest earnings) as mandated by the bond covenants or laws will dictate the use of any leftover funds of that nature.

Funding of projects from sources outside of debt, General Fund and School Operating Funds will not be ranked against other projects by the Technical Review Committee. Rather, the costs, assumptions and needs of these projects will be reviewed and reported to the Oversight Committee~~Board~~. Examples of these other funding sources may be Asset Forfeiture or School Nutrition funding.

## Basis and Justification for Capital Project and 3R Submissions

Capital project submissions whether 3R or large projects should be based on standards, comparisons, metrics, methodologies and objective study to the greatest extent possible to justify the need and timing for capital improvements. Examples of this justification include:

- Comprehensive Plan – Public Facilities Plan
- School capacity projections
- Vehicle and apparatus replacement criteria
- Facility maintenance and replacement needs assessments
- Standards/metrics for maintenance & replacement (infrastructure) need and timing
- Long range space studies, facility master planning, etc.

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

- Strategic plans, special studies and service plans

### Initial Staff Review

DFB staff compiles the submitted project requests and verifies the accuracy of the anticipated project costs and operating impact. The requests are extensively reviewed by the County Public Works Department (PW), Department of Parks, Recreation and Community Facilities (PRCF) and appropriate school divisions (SD) to verify the accuracy, adequacy and completeness of project descriptions, project cost, and funding requests. The CIP review schedule provides for a four week review period for any project in the CIP requiring construction. However, departments and agencies are encouraged to consult with PW, PRCF and SD as early as possible in the capital planning cycle regarding the engineering requirements for new projects under consideration or being proposed for the capital plan, and for any revisions to existing projects. Consultation should continue throughout the CIP preparation and review process.

### Technical Review Committee (TRC)

The TRC ranks the projects based on established criteria. The ranking process allows projects to be added in a systematic, objective manner. Available revenues, the Board's Guiding Principles and Priorities, and financial policies guide project inclusion in the Capital Improvement Program. The Technical Review Committee reports its recommendations to the ~~Oversight Committee~~ Board of Supervisors.

### TRC Charge:

The Capital Program Technical Review Committee will assist the County in the Capital Program process by assuring that the technical aspects and costs of each of the requested projects have been well researched and documented. The team will also review, evaluate and document the need for each project and make recommendations for priority funding based on the established Capital Project Evaluation Criteria. The Capital Program Technical Review Committee will report their recommendations to the County Administrator and the Board of Supervisors. ~~Capital Program "Oversight Committee."~~

### 1) Technical Review Committee Member Responsibilities:

- Review all project requests for clarity, accuracy and appropriate timing;
- Meet with project submitters to clarify requests and propose revisions, if needed;
- Rank requested projects based on established evaluation criteria;
- Review available revenues and debt service requirements for project requests based on approved County financial policies;
- Prioritize projects based on their ranking and available revenues;
- Determine if projects should be considered a 3R project;
- Together with the DFB develop a recommended CIP based on revenue projections provided by DFB;

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

- Review updated school enrollment projections to determine if variances in the recommendation need to be made;
- Forward the joint recommendation to the ~~Capital Program Oversight Committee for its review;~~ County Administrator
- ~~Reconvene to evaluate any projects introduced to the process by the Oversight Committee.~~

## 2) Technical Review Committee Members:

- County Budget Director, Department of Finance and Budget (Committee Co-Chair)
- Title - Deputy Director, Department of Public Works (Committee Co-Chair)
- Title - Senior Planning staff, Department of Planning & Zoning

- ~~Title - Senior Project Management staff, Stafford County Schools~~
- ~~Title - Planning/Budget/Finance staff, Stafford County Schools~~

~~\*Support staff: Senior Budget and Management Analyst, Department of Finance and Budget~~

## **FY2019-29 Joint CIP Process** **Oversight Committee Direction**

During the FY2019-29 Joint CIP Process, the Oversight Committee established guiding principles for the Technical Review Committee. These principles will be incorporated into the scoring and evaluations of projects.

- New high schools will be proposed at 2,150 seats.
- Projects approved in previous CIP's that will begin in the next fiscal year will not be part of the Technical Review Committee's review.

## **Board of Supervisors/~~School Board Initial~~ Policy Review**

~~Just Prior to the Oversight Committee's Board's Review, the two Boards (the Board of Supervisors and the School Board) will receive the TRC's recommendation review. the project requests and initial financial forecast provided by the TRC. This initial review provides the Boards an opportunity to provide feedback to its respective members serving on the Oversight Committee.~~

The CIP projects that have been ranked by the TRC and reviewed by the County Administrator will be presented to the Board in November. The purpose of this presentation will be to gather the Board's direction to incorporate into the CIP that the County Administrator proposes in conjunction with the annual operating budget.

## **Oversight Committee Board of Supervisor's Review of the TRC Recommendation**

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

The ~~Oversight Committee~~Board reviews the Technical Review Committee's ranking and Capital Program recommendation adjusting the projects as necessary. The ~~Oversight Committee~~Board provides ~~a recommended CIP direction~~ to the County Administrator ~~to prepare an annual CIP.~~ and reviews the recommendation with the ~~In a joint meeting with the School Board and the Board of Supervisors, the and School Board~~ provides additional information regarding strategic and long term planning and service levels that support their proposed CIP projects. ~~at a joint meeting in December of each year.~~

#### 1) ~~Oversight Committee~~Board of Supervisor's Charge:

“The Capital Improvement Program (Capital Program) is the planning guide for County expenditures for major capital facilities and equipment and includes a ~~ten~~five-year balanced CIP, with five additional years of planning approved Capital Improvement Plan (CIP) balanced to revenues. The ~~Capital Program Oversight Committee~~Board will ~~assist~~ lead the County in the Capital Program process by reviewing and evaluating the recommended Capital Improvement Program brought forward by the Technical Review Committee. The ~~Committee~~Board will assure that the proposed Capital projects are aligned with County policies, established priorities, guiding principles and long term vision. The Board~~Committee~~ will also assure that the recommended ~~ten-year~~ CIP is aligned with approved financial policies and that the County's financial stability is maintained through the prudent use of its revenues. The ~~Capital Program Oversight Committee~~Board will ~~provide report~~ its recommendations directly to the County Administrator as a part of preparation for the annual budget recommendation to the Board of Supervisors.

#### 2) ~~Oversight Committee~~Board Member Responsibilities:

- Review the recommended Capital Improvement Program presented by the Technical Review Committee;
- Ensure that the proposed project ranking is properly and consistently applied;
- Propose modifications/improvements to the project ranking system;
- Ensure that all Capital projects carry out the County's long-range goals and objectives;
- Ensure that the recommended ~~ten-year~~ CIP addresses County needs through the proper timing, prioritization and balance of local government and school division projects;
- Determine if projects are considered after the Technical Review Committee's recommendation will be considered in the next fiscal year, or are significant in nature, timing and need that they may delay the process.
- Ensure that County revenues are used wisely to address the County's capital needs and that the recommended CIP conforms to approved financial policies, including the use of on-going revenues and borrowed funds;

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

- Propose revisions or adjustments to the ten-year CIP proposed by the Capital Program Technical Review Committee, if needed;
- Submit a recommended CIP to the County Administrator with any documented revisions to the plan submitted by the Technical Review Committee.

### **3) Oversight Committee Members:**

- ~~Members of the Board of Supervisors' Finance, Audit and Budget Committee (FAB)~~
- ~~Members of the School Board Finance, Audit and Budget Committee (FAB)~~
- ~~1 Citizen Representative. Selected by Superintendent and County Administrator with business and construction experience~~
- ~~County/School Staff Support includes: Deputy County Administrators, Deputy Superintendents, the Budget Division Director (Co-Facilitator), and the Deputy Director of Public Works (Co-Facilitator)~~

### **Final Recommendation and Approval of the Capital Improvement Program**

The County Administrator will ~~consider the account for the Board's direction and guidance recommendation of the Oversight Committee as part of the overall consideration~~ in recommending a proposed budget to the Board of Supervisors which considers available revenues and adherence to County financial policies, parameters and goals. The County Administrator's Recommended Capital Improvement Program will be presented along with the Proposed Budget and is reviewed and considered by the Board of Supervisors and subsequently approved, along with the annual Capital Budget for projects to be funded in the upcoming fiscal year.

### **Capital Improvement Program Project Evaluation**

Project evaluation criteria have been established and are used by the ~~committees-TRC~~ to review and evaluate all capital projects and their cost estimates. All CIP projects are evaluated against various factors which the submitting department/agency is asked to address on each of the applicable CIP Forms, such as the Project Request Form, the basis of cost estimates provided on the Project Cost Summary Form, and the several project cost detail forms, all of which are fully described in the instructions.

### **Project Ranking Criteria for Large Projects**

All submitted or proposed Capital Improvement Projects will be subject to ranking in accordance with the criteria and scoring system below. Areas of emphasis will include the following 8 categories:

- Health and Safety (15%)
- Education (15%)
- Impact on Operational Budget (15%)

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

- Special Considerations/Regulatory Compliance/Timing/Location (15%)
- Economic/Community Development (15%)
- Quality of Life (10%)
- Infrastructure (10%)
- Sustainability/Energy Efficiency (5%)

Each project will be evaluated against each area of emphasis and scored on a scale of zero through four based on the degree to which the project addresses the attributes of the particular area of emphasis. A score of zero will denote that the project does not meet the condition, and a score of four will denote that the project materially meets the condition.

Descriptions of each area of emphasis and the attributes or considerations that will determine the score are as follows:

### **1) Health and Safety (15%)**

Health and safety typically involves such things as fire service, police service, emergency response and communications, safe roads, public health, and flood control, as examples. A health clinic, fire station or police station would directly impact the health and safety of citizens, thus scoring high in this category. Similarly, safety improvements in a school or public building might score points in this category while adding concession stands to an existing facility would probably not. Considerations would include the following:

- Is the project in conformance with and supportive of the goals, objectives and strategies of the Comprehensive Plan?
- Is the project supported by County sponsored service plans, master plans, strategic plans or special studies?
- Does the project relate to the results of the citizen survey, Board of Supervisors policy, or appointed committee or board?
- Does the project directly reduce risks to people or property (i.e. flood control)?
- Does the project directly promote improved health or safety?
- Does the project mitigate an immediate risk?

### **2) Education (15%)**

This category relates to education and learning. New facilities, renovations or technologies that create or enhance educational opportunities are included in this category. Items addressed would also include major renovations or facility maintenance improvements to preserve assets or upgrade school or other educational facilities. Finally, this category would also include technological upgrades or improvements and facility improvements designed to improve or enhance the learning environment. A project to add a classroom wing to replace temporary trailer facilities

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

at a public school would score high in this category. Considerations in establishing the score include:

- Is the project in conformance with and supportive of the goals, objectives and strategies of the Comprehensive Plan?
- Is the project supported by School Board sponsored service plans, strategic plans or special studies?
- Is the project supported by special surveys or community input?
- Does the project address an immediate and necessary space need?
- Does the project accommodate an essential program, or is it a program enhancement?
- Is the project mandated?
- Is the project intended to bring parity and consistency among similar facilities?

### **3) Impact on Operational Budget (15%)**

Some projects may affect the operating budget for the next few years or for the life of the facility. A fire station or library must be staffed and supplied; therefore these projects have an impact on the operational budgets for the life of the facility. Replacing a storm water line will not require any additional resources from the operational budget. The score will be based on considerations such as:

- Is the project in conformance with and supportive of the goals, objectives and strategies of the Comprehensive Plan?
- Is the project supported by County sponsored service plans, master plans, strategic plans or special studies?
- Does the project relate to the results of the citizen survey, Board of Supervisors policy, or appointed committee or board?
- Will the facility require additional personnel to operate
- Will the project lead to a reduction in personnel or maintenance costs or increased productivity?
- Will the facility require significant annual maintenance?
- Will the new facility require additional equipment not included in the project budget?
- Will the new facility reduce time and resources of County or School staff maintaining current outdated systems?
- Will the efficiency of the project save money?
- Is there a revenue generating opportunity (e.g. user fees)?
- Does the project minimize life-cycle costs?

### **4) Special Considerations/Regulatory Compliance/Timing/Location (15%)**

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

This criterion includes projects that because of special circumstances or emergencies must be undertaken immediately or in the very near future, regulatory mandates, or connection with other projects which have been selected for completion. The score will be based on considerations such as:

- Does the project address a legislative, regulatory or court-ordered mandate (0 – 5 years)?
- Will the future project impact foreseeable regulatory issues (5 – 10 years)?
- Does the project promote long-term regulatory compliance (>10 yrs.)?
- Will there be serious negative impact on the County if compliance is not achieved?
- Are there other ways to mitigate the regulatory concern?
- Is the project required to protect against an immediate and significant health, safety or general welfare hazard/threat to the County
- Is there a significant external funding source that can only be used for this project and/or which will be lost if not used immediately (e.g. proffers, grants through various federal or state initiatives, and private donations)?
- Do other projects require this one to be finished first?
- Does the project require others to be completed first? If so, what is the magnitude of potential delays?
- Can this project be done in conjunction with other projects?
- Will it be more economical to multiple projects together?
- Will it help in reducing repeated neighborhood disruptions?
- Will there be a negative impact of the construction and if so, can this be mitigated?
- Are there inter-jurisdictional considerations?
- Does the project use an existing County-owned or controlled site or facility?
- Will delay of the project result in significantly higher construction costs in the future?
- Does the project involve external funding or partnership where funds will be lost if not constructed?

## 5) Economic/Community Development (15%)

Economic/community development considerations relate to projects that foster the development, re- development or expansion of a diversified business/industrial base or designated growth area. Projects that will help create jobs and generate a positive financial contribution to the County would be included in this category, as would a new park or streetscape project in a targeted growth area. Providing the needed infrastructure to encourage redevelopment of a shopping center would score high in this category. Reconstructing a storm drain line through a residential neighborhood would likely score low in the economic development category. The score will be based on the following attributes or considerations:

- Is the project in conformance with and supportive of the goals, objectives and strategies of the Comprehensive Plan?

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

- Is the project supported by County sponsored service plans, master plans, strategic plans or special studies?
- Does the project relate to the results of the citizen survey, Board of Supervisors policy, or appointed committee or board?
- Does the project have the potential to promote economic/community development in areas where growth is desired?
- Will the project continue to promote or enhance economic/community development in an already developed area?
- Is the net impact of the project positive (total projected tax revenues of economic/community development less costs of providing services)?
- Will the project produce desirable jobs in the County?
- Will the project rejuvenate an area that needs assistance?

## 6) Quality of Life (10%)

Quality of Life is a characteristic that makes the County a desirable place to live and work. For example, public parks, libraries, schools, multi-use trails, open space, and preservation of community character enhance the quality of life for citizens. A County maintenance building is an example of a project that may not directly affect the citizen's quality of life. The score will be based on the following attributes or considerations:

- Is the project in conformance with and supportive of the goals, objectives and strategies of the Comprehensive Plan?
- Is the project supported by County sponsored service plans, master plans, strategic plans or special studies?
- Does the project relate to the results of the citizen survey, Board of Supervisors policy, or appointed committee or board?
- Does the project increase or enhance educational opportunities for County citizens outside of those provided by Stafford County Public Schools?
- Does the project increase or enhance recreational opportunities and/or green space?
- Does the project target the quality of life of all citizens or does it target one demographic? Is one population affected positively and another negatively?
- Does the project preserve or improve the historical or natural heritage of the County?
- Does the project affect traffic positively or negatively?
- Does the project improve, mitigate and or prevent degradation of environmental quality (e.g. water quality, improve or reduce pollution including noise and/or light pollution)?

## 7) Infrastructure (10%)

This element relates to basic or core infrastructure needs of the County. Typical projects in this category would include utility/service infrastructure such as storm water systems, underground utilities, sidewalks, streets/transportation facilities, broadband or

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

wireless communication systems, streetscapes, and County service facilities. Buildings would also be included to the extent they address a basic functional need of the County. Constructing a facility in excess of facility or service standards would score low in this category. The score will be based on the following attributes or considerations:

- Is there a facility being replaced that has exceeded its useful life and to what extent?
- Is the project in conformance with and supportive of the goals, objectives and strategies of the Comprehensive Plan?
- Is the project supported by County sponsored service plans, master plans, strategic plans or special studies?
- Does the project relate to the results of the citizen survey, Board of Supervisors policy, or appointed committee or board?
- Is there a facility being replaced that has exceeded its useful life and to what extent?
- Do resources spent on maintenance of an existing facility justify replacement?
- Does this replace an outdated system?
- Does the facility/system represent new technology that will provide enhance service?
- Does the project extend service for desired growth?

#### **8) Sustainability/Energy Efficiency (5%)**

This criterion relates to the Board's objective to build in a sustainable and energy efficient manner. Projects in this category will be those that directly involve energy savings, LEED certification or reduced carbon emissions. A project that directly reduces energy would score high in this category; a project that involves negative impacts to the environment or an increase in the carbon footprint will score low. Consideration in this area of emphasis would include:

- Will the project result in a reduction or increase in energy use?
- Does the project involve specific energy reduction strategies or features?
- Will the project achieve LEED certification?
- Will the project have a long-term positive impact on the environment?
- Will the project negatively impact the environment?
- Is there a reasonable payback period for the project's investment?
- Is the project designed to promote or encourage sustainable development?
- Is special consideration be given to energy conservation including total life-cycle costs?

#### **Review of 3R Projects**

As defined by the process, projects that are considered to be 3R will have different scoring criteria. Emphasis in the CIP will be given to maintaining current assets. The first five years of the CIP will have scored projects that are balanced with offsetting revenues. Consideration for the following will be included:

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

- Does the project increase infrastructure capacity to meet existing deficiencies to service the existing population? (20%)
- Does the project eliminate a risk or hazard to public health and/or safety that endangers that population area? (20%)
- Does the project preserve or extend the life of an existing asset? (30%)
- Will failure to do the project or delaying the project have major impacts on other projects or programs? (15%)
- Is the need for the project supported through studies? (20%)

### Annual Capital Projects Reporting

Capital projects will be reported annually to the Board of Supervisors. The reporting will be done in the March time frame to coincide with the Budget Work Session for the Capital Improvements Program. Both School and County projects will be reported.

### ~~Proposed Next Steps~~

- ~~June~~ Development of 'Final Draft' by County and School staff based on Joint Working Group feedback on 3/24
- ~~June~~ Joint Working Group consideration of "Final Draft"
- ~~June~~ Joint FAB consideration of Working Group recommendation
- ~~July~~ Review and consideration of Joint FAB recommendations by Board of Supervisors and School Board; Board of Supervisor's final approval of Joint CIP Process

### Prior Versions

The Capital Improvement Program Development Policy supersedes the Joint Capital Improvement Program Process. Prior versions of the Joint Capital Improvement Program Process were approved as follows:

<u>APPROVING BOARD</u>	<u>DATE</u>	<u>RESOLUTION/ITEM NUMBER</u>
<u>VERSION 1.0</u>		
<u>Board of Supervisors</u>	<u>July 5, 2017</u>	<u>R17-203</u>
<u>School Board</u>	<u>November 14, 2017</u>	<u>11.07</u>
<u>VERSION 2.0</u>		
<u>Board of Supervisors</u>	<u>September 4, 2018</u>	<u>R18-226</u>
<u>School Board</u>	<u>September 11, 2018</u>	<u>9.03</u>

<b>STAFFORD COUNTY, VIRGINIA</b>	
<b>CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY</b>	
Date:	Board Resolution: R19-XXX

**Capital Improvement Program (CIP) Process**

1. CIP Process Flow Chart
2. CIP Budget Calendar
3. Review Process for County and School CIP
4. CIP Project Evaluation
5. Project Scoring Guide
6. Proposed Reporting

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

### **CIP Budget Calendar**

#### **April – June**

- Development, review and revision to standards, metrics, studies, and methodologies for justifying capital improvement requests

#### **July**

- Post CIP Instructions and Forms
- CIP Process Overview/Q & A

#### **August**

- All requests for Department, Agency, and School Project Justifications & Cost Data Due with the School Board's formally adopted capital priorities.
- Department of Finance and Budget (DFB) begins review with assistance from the Public Works Department (PW), the Department of Parks, Recreation and Community Facilities (PRCF) and as appropriate, the school division (SD).

#### **September**

- PW/PRCF/SD Sends Updates, Revisions, and Comments to DFB for Department and Agency Project Requests
- In one or more sessions, CIP Representatives from all Departments, Agencies, and Schools will meet with DFB to review submittals
  - School system submits confirmation/adjustments based on any final review by School Board. Any modifications from the School Board's formally adopted capital priorities should be formally adopted and reflected in the adjustments to projects.

#### **October**

- CIP Project Requests Sent to the CIP Technical Review Committee (TRC)
- TRC Meetings – Review and begin ranking of project requests
- Departments, Agencies, and Schools Respond to TRC Questions and Comments
- TRC Meeting – Review project ranking, available revenues, and finalize recommendation
- DFB provides a comparison of Fall Membership to prior five years of projections for the current school year
  - The TRC provides their recommendation to the Board of Supervisors

#### **November**

- School provides updated enrollment projections to TRC to evaluate modifications to projections.
- Meeting #1 - CIP Work Session (CIP Projects Overview and Project Review)
- Meeting #2 - CIP Joint Meeting of Board of Supervisors and School Board to Review

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

#### **December**

- Meeting #3 - CIP Work Session Final Board direction

#### **January**

- In consultation with the Superintendent, County Administrator review of recommended CIP based on final review of revenues and finance policies

#### **February**

- County Administrator's Recommended Budget & CIP presented to Board of Supervisors

#### **March**

- Board CIP Work Session
- Annual reporting on the status of School and County projects to the Board of Supervisors.

#### **April**

- Public Hearing on the Proposed Operating and Capital Budgets and CIP
- BOS Adopts Operating and Capital Budgets & CIP

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

### **Review Process for CIP Projects**

Capital expenditures, within the context of the CIP, are defined as new or upgrades to facilities, equipment and vehicles with a unit cost greater than \$50,000. Capital Improvement Projects are generally broken into two main categories: large projects such as new infrastructure or major renovations, and small projects such as repair, replacement and rehabilitation (3R).

Large capital projects and 3R projects will be scored independently due to the number of 3R projects submitted each year. The 3R projects are primarily small scale projects that include repair, replacement and rehabilitation of existing physical assets.

### **The 3R projects include:**

- Repair, replacement and rehabilitation projects; and/or,
- Projects that will increase the useful life of an existing asset but not fundamentally change the structure or purpose (i.e. roof replacement); and/or,
- Repair, replacement, and rehabilitation of major mechanical systems such as heating and cooling systems; and/or,
- Upgrades to technology infrastructure that provide for major overhauls and improvements to the system, such as fiber projects.

### **The 3R projects do not include:**

- Major overhauls to assets that change the structure or purpose; and,
- New buildings constructed; and,
- Large scale enterprise resource management systems, such as a Financial System.

### **The 3R projects will be funded**

- In accordance with the Board's Principles of High Performance Management.
- Additional funding for school projects is possible through debt funding from the Virginia Public School Authority (VPSA).
- To provide essential funding the General Fund's Annual Budget will contemplate maintaining \$1,445,865 to support the School's 3R capital projects.
- The 3R projects under \$50,000 will be considered as part of normal repair, replacement and rehabilitation programs typically funded during the annual operating budget.

The need to maintain existing assets is fundamental to the continuation of providing services to the community. Emphasis throughout the process and scoring will reflect this foundational ideal. Cyclical maintenance of existing capital assets in order to prevent major breakdowns or deterioration of assets with the goal of extending the life of facilities and assets are considered routine maintenance. Generally, routine maintenance will be considered an operating expense.

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

### **Funding of CIP Projects**

Available fund balance reserves will be exhausted before utilizing any debt financing. A projection of proffers will be considered and funding maximized for projects. Annual revenues dedicated to capital projects will be exhausted. Debt issued through bonds or leases will be the last source of funding.

The Board's Principles of High Performance Financial Management "Financial Policies" require that the County budget an amount equal to 3% of general government expenditures will be set aside for Repair, Replacement and Rehabilitation (3R) capital projects. The Financial Policies reflect the Board's support of the School Board adopting an amount equal to 2% of the Schools' Operating Transfer. The Board is committed to this practice and annually will identify funding specifically dedicated to 3R. Until this is fully realized, a phased in approach to the sharing of this funding will be employed until the Schools are able to commit 2% annually to the CIP. Until such time, County provided capital cash will be matched to School's provided annual revenue.

Project funding will be limited to the scope of the project as provided in the CIP. Any savings in funding will be reprogrammed into the Capital Improvement Plan and held in fund balance by the County. Special considerations for remaining debt funding (to include unspent interest earnings) as mandated by the bond covenants or laws will dictate the use of any leftover funds of that nature.

Funding of projects from sources outside of debt, General Fund and School Operating Funds will not be ranked against other projects by the Technical Review Committee. Rather, the costs, assumptions and needs of these projects will be reviewed and reported to the Board. Examples of these other funding sources may be Asset Forfeiture or School Nutrition funding.

### **Basis and Justification for Capital Project and 3R Submissions**

Capital project submissions whether 3R or large projects should be based on standards, comparisons, metrics, methodologies and objective study to the greatest extent possible to justify the need and timing for capital improvements. Examples of this justification include:

- Comprehensive Plan – Public Facilities Plan
- School capacity projections
- Vehicle and apparatus replacement criteria
- Facility maintenance and replacement needs assessments
- Standards/metrics for maintenance & replacement (infrastructure) need and timing
- Long range space studies, facility master planning, etc.
- Strategic plans, special studies and service plans

### **Initial Staff Review**

<b>STAFFORD COUNTY, VIRGINIA</b>	
<b>CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY</b>	
Date:	Board Resolution: R19-XXX

DFB staff compiles the submitted project requests and verifies the accuracy of the anticipated project costs and operating impact. The requests are extensively reviewed by the County Public Works Department (PW), Department of Parks, Recreation and Community Facilities (PRCF) and appropriate school divisions (SD) to verify the accuracy, adequacy and completeness of project descriptions, project cost, and funding requests. The CIP review schedule provides for a four week review period for any project in the CIP requiring construction. However, departments and agencies are encouraged to consult with PW, PRCF and SD as early as possible in the capital planning cycle regarding the engineering requirements for new projects under consideration or being proposed for the capital plan, and for any revisions to existing projects. Consultation should continue throughout the CIP preparation and review process.

### **Technical Review Committee (TRC)**

The TRC ranks the projects based on established criteria. The ranking process allows projects to be added in a systematic, objective manner. Available revenues, the Board's Guiding Principles and Priorities, and financial policies guide project inclusion in the Capital Improvement Program. The Technical Review Committee reports its recommendations to the Board of Supervisors.

### **TRC Charge:**

The Capital Program Technical Review Committee will assist the County in the Capital Program process by assuring that the technical aspects and costs of each of the requested projects have been well researched and documented. The team will also review, evaluate and document the need for each project and make recommendations for priority funding based on the established Capital Project Evaluation Criteria. The Capital Program Technical Review Committee will report their recommendations to the County Administrator and the Board of Supervisors.

### **1) Technical Review Committee Member Responsibilities:**

- Review all project requests for clarity, accuracy and appropriate timing;
- Meet with project submitters to clarify requests and propose revisions, if needed;
- Rank requested projects based on established evaluation criteria;
- Review available revenues and debt service requirements for project requests based on approved County financial policies;
- Prioritize projects based on their ranking and available revenues;
- Determine if projects should be considered a 3R project;
- Together with the DFB develop a recommended CIP based on revenue projections provided by DFB;
- Review updated school enrollment projections to determine if variances in the recommendation need to be made;
- Forward the joint recommendation to the County Administrator

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

## 2) Technical Review Committee Members:

- County Budget Director, Department of Finance and Budget (Committee Co-Chair)
- Title - Deputy Director, Department of Public Works (Committee Co-Chair)
- Title - Senior Planning staff, Department of Planning & Zoning

## FY2019-29 Joint CIP Process Oversight Committee Direction

During the FY2019-29 Joint CIP Process, the Oversight Committee established guiding principles for the Technical Review Committee. These principles will be incorporated into the scoring and evaluations of projects.

- New high schools will be proposed at 2,150 seats.
- Projects approved in previous CIP's that will begin in the next fiscal year will not be part of the Technical Review Committee's review.

## Board of Supervisors Policy Review

Prior to the Board's Review, the Board will receive the TRC's recommendation. The CIP projects that have been ranked by the TRC and reviewed by the County Administrator will be presented to the Board in November. The purpose of this presentation will be to gather the Board's direction to incorporate into the CIP that the County Administrator proposes in conjunction with the annual operating budget.

## Board of Supervisor's Review of the TRC Recommendation

The Board reviews the Technical Review Committee's ranking and Capital Program recommendation adjusting the projects as necessary. The Board provides direction to the County Administrator to prepare an annual CIP. In a joint meeting with the School Board and the Board of Supervisors, the School Board provides additional information regarding strategic and long term planning and service levels that support their proposed CIP projects.

## 1) Board of Supervisor's Charge:

The Capital Improvement Program (Capital Program) is the planning guide for County expenditures for major capital facilities and equipment and includes a five-year balanced CIP, with five additional years of planning. The Board will lead the County in the Capital Program process by reviewing and evaluating the recommended Capital Improvement Program brought forward by the Technical Review Committee. The Board will assure that the proposed Capital projects are aligned with County policies, established priorities, guiding principles and long term vision. The Board will also assure that the recommended CIP is aligned with approved financial policies and that the County's financial stability is maintained through the prudent use of its revenues. The Board will

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

provide its recommendations directly to the County Administrator as a part of preparation for the annual budget recommendation to the Board of Supervisors.

## **2) Board Member Responsibilities:**

- Review the recommended Capital Improvement Program presented by the Technical Review Committee;
- Ensure that the proposed project ranking is properly and consistently applied;
- Propose modifications/improvements to the project ranking system;
- Ensure that all Capital projects carry out the County's long-range goals and objectives;
- Ensure that the recommended CIP addresses County needs through the proper timing, prioritization and balance of local government and school division projects;
- Determine if projects are considered after the Technical Review Committee's recommendation will be considered in the next fiscal year, or are significant in nature, timing and need that they may delay the process.
- Ensure that County revenues are used wisely to address the County's capital needs and that the recommended CIP conforms to approved financial policies, including the use of on-going revenues and borrowed funds;
- Propose revisions or adjustments to the ten-year CIP proposed by the Capital Program Technical Review Committee, if needed;
- Submit a recommended CIP to the County Administrator with any documented revisions to the plan submitted by the Technical Review Committee.

## **Final Recommendation and Approval of the Capital Improvement Program**

The County Administrator will account for the Board's direction and guidance in recommending a proposed budget to the Board of Supervisors which considers available revenues and adherence to County financial policies, parameters and goals. The County Administrator's Recommended Capital Improvement Program will be presented along with the Proposed Budget and is reviewed and considered by the Board of Supervisors and subsequently approved, along with the annual Capital Budget for projects to be funded in the upcoming fiscal year.

## **Capital Improvement Program Project Evaluation**

Project evaluation criteria have been established and are used by the TRC to review and evaluate all capital projects and their cost estimates. All CIP projects are evaluated against various factors which the submitting department/agency is asked to address on each of the applicable CIP Forms, such as the Project Request Form, the basis of cost estimates provided on the Project Cost Summary Form, and the several project cost detail forms, all of which are fully described in the instructions.

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

### **Project Ranking Criteria for Large Projects**

All submitted or proposed Capital Improvement Projects will be subject to ranking in accordance with the criteria and scoring system below. Areas of emphasis will include the following 8 categories:

- Health and Safety (15%)
- Education (15%)
- Impact on Operational Budget (15%)
- Special Considerations/Regulatory Compliance/Timing/Location (15%)
- Economic/Community Development (15%)
- Quality of Life (10%)
- Infrastructure (10%)
- Sustainability/Energy Efficiency (5%)

Each project will be evaluated against each area of emphasis and scored on a scale of zero through four based on the degree to which the project addresses the attributes of the particular area of emphasis. A score of zero will denote that the project does not meet the condition, and a score of four will denote that the project materially meets the condition.

Descriptions of each area of emphasis and the attributes or considerations that will determine the score are as follows:

#### **1) Health and Safety (15%)**

Health and safety typically involves such things as fire service, police service, emergency response and communications, safe roads, public health, and flood control, as examples. A health clinic, fire station or police station would directly impact the health and safety of citizens, thus scoring high in this category. Similarly, safety improvements in a school or public building might score points in this category while adding concession stands to an existing facility would probably not. Considerations would include the following:

- Is the project in conformance with and supportive of the goals, objectives and strategies of the Comprehensive Plan?
- Is the project supported by County sponsored service plans, master plans, strategic plans or special studies?
- Does the project relate to the results of the citizen survey, Board of Supervisors policy, or appointed committee or board?
- Does the project directly reduce risks to people or property (i.e. flood control)?
- Does the project directly promote improved health or safety?
- Does the project mitigate an immediate risk?

#### **2) Education (15%)**

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

This category relates to education and learning. New facilities, renovations or technologies that create or enhance educational opportunities are included in this category. Items addressed would also include major renovations or facility maintenance improvements to preserve assets or upgrade school or other educational facilities. Finally, this category would also include technological upgrades or improvements and facility improvements designed to improve or enhance the learning environment. A project to add a classroom wing to replace temporary trailer facilities at a public school would score high in this category. Considerations in establishing the score include:

- Is the project in conformance with and supportive of the goals, objectives and strategies of the Comprehensive Plan?
- Is the project supported by School Board sponsored service plans, strategic plans or special studies?
- Is the project supported by special surveys or community input?
- Does the project address an immediate and necessary space need?
- Does the project accommodate an essential program, or is it a program enhancement?
- Is the project mandated?
- Is the project intended to bring parity and consistency among similar facilities?

### 3) Impact on Operational Budget (15%)

Some projects may affect the operating budget for the next few years or for the life of the facility. A fire station or library must be staffed and supplied; therefore these projects have an impact on the operational budgets for the life of the facility. Replacing a storm water line will not require any additional resources from the operational budget. The score will be based on considerations such as:

- Is the project in conformance with and supportive of the goals, objectives and strategies of the Comprehensive Plan?
- Is the project supported by County sponsored service plans, master plans, strategic plans or special studies?
- Does the project relate to the results of the citizen survey, Board of Supervisors policy, or appointed committee or board?
- Will the facility require additional personnel to operate
- Will the project lead to a reduction in personnel or maintenance costs or increased productivity?
- Will the facility require significant annual maintenance?
- Will the new facility require additional equipment not included in the project budget?

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

- Will the new facility reduce time and resources of County or School staff maintaining current outdated systems?
- Will the efficiency of the project save money?
- Is there a revenue generating opportunity (e.g. user fees)?
- Does the project minimize life-cycle costs?

#### **4) Special Considerations/Regulatory Compliance/Timing/Location (15%)**

This criterion includes projects that because of special circumstances or emergencies must be undertaken immediately or in the very near future, regulatory mandates, or connection with other projects which have been selected for completion. The score will be based on considerations such as:

- Does the project address a legislative, regulatory or court-ordered mandate (0 – 5 years)?
- Will the future project impact foreseeable regulatory issues (5 – 10 years)?
- Does the project promote long-term regulatory compliance (>10 yrs.)?
- Will there be serious negative impact on the County if compliance is not achieved?
- Are there other ways to mitigate the regulatory concern?
- Is the project required to protect against an immediate and significant health, safety or general welfare hazard/threat to the County
- Is there a significant external funding source that can only be used for this project and/or which will be lost if not used immediately (e.g. proffers, grants through various federal or state initiatives, and private donations)?
- Do other projects require this one to be finished first?
- Does the project require others to be completed first? If so, what is the magnitude of potential delays?
- Can this project be done in conjunction with other projects?
- Will it be more economical to multiple projects together?
- Will it help in reducing repeated neighborhood disruptions?
- Will there be a negative impact of the construction and if so, can this be mitigated?
- Are there inter-jurisdictional considerations?
- Does the project use an existing County-owned or controlled site or facility?
- Will delay of the project result in significantly higher construction costs in the future?
- Does the project involve external funding or partnership where funds will be lost if not constructed?

#### **5) Economic/Community Development (15%)**

Economic/community development considerations relate to projects that foster the development, re- development or expansion of a diversified business/industrial base or designated growth area. Projects that will help create jobs and generate a positive financial contribution to the County would be included in this category, as would a new park or

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

streetscape project in a targeted growth area. Providing the needed infrastructure to encourage redevelopment of a shopping center would score high in this category. Reconstructing a storm drain line through a residential neighborhood would likely score low in the economic development category. The score will be based on the following attributes or considerations:

- Is the project in conformance with and supportive of the goals, objectives and strategies of the Comprehensive Plan?
- Is the project supported by County sponsored service plans, master plans, strategic plans or special studies?
- Does the project relate to the results of the citizen survey, Board of Supervisors policy, or appointed committee or board?
- Does the project have the potential to promote economic/community development in areas where growth is desired?
- Will the project continue to promote or enhance economic/community development in an already developed area?
- Is the net impact of the project positive (total projected tax revenues of economic/community development less costs of providing services)?
- Will the project produce desirable jobs in the County?
- Will the project rejuvenate an area that needs assistance?

## 6) Quality of Life (10%)

Quality of Life is a characteristic that makes the County a desirable place to live and work. For example, public parks, libraries, schools, multi-use trails, open space, and preservation of community character enhance the quality of life for citizens. A County maintenance building is an example of a project that may not directly affect the citizen's quality of life. The score will be based on the following attributes or considerations:

- Is the project in conformance with and supportive of the goals, objectives and strategies of the Comprehensive Plan?
- Is the project supported by County sponsored service plans, master plans, strategic plans or special studies?
- Does the project relate to the results of the citizen survey, Board of Supervisors policy, or appointed committee or board?
- Does the project increase or enhance educational opportunities for County citizens outside of those provided by Stafford County Public Schools?
- Does the project increase or enhance recreational opportunities and/or green space?
- Does the project target the quality of life of all citizens or does it target one demographic? Is one population affected positively and another negatively?
- Does the project preserve or improve the historical or natural heritage of the County?
- Does the project affect traffic positively or negatively?

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

- Does the project improve, mitigate and or prevent degradation of environmental quality (e.g. water quality, improve or reduce pollution including noise and/or light pollution)?

## 7) Infrastructure (10%)

This element relates to basic or core infrastructure needs of the County. Typical projects in this category would include utility/service infrastructure such as storm water systems, underground utilities, sidewalks, streets/transportation facilities, broadband or wireless communication systems, streetscapes, and County service facilities. Buildings would also be included to the extent they address a basic functional need of the County. Constructing a facility in excess of facility or service standards would score low in this category. The score will be based on the following attributes or considerations:

- Is there a facility being replaced that has exceeded its useful life and to what extent?
- Is the project in conformance with and supportive of the goals, objectives and strategies of the Comprehensive Plan?
- Is the project supported by County sponsored service plans, master plans, strategic plans or special studies?
- Does the project relate to the results of the citizen survey, Board of Supervisors policy, or appointed committee or board?
- Is there a facility being replaced that has exceeded its useful life and to what extent?
- Do resources spent on maintenance of an existing facility justify replacement?
- Does this replace an outdated system?
- Does the facility/system represent new technology that will provide enhance service?
- Does the project extend service for desired growth?

## 8) Sustainability/Energy Efficiency (5%)

This criterion relates to the Board's objective to build in a sustainable and energy efficient manner. Projects in this category will be those that directly involve energy savings, LEED certification or reduced carbon emissions. A project that directly reduces energy would score high in this category; a project that involves negative impacts to the environment or an increase in the carbon footprint will score low. Consideration in this area of emphasis would include:

- Will the project result in a reduction or increase in energy use?
- Does the project involve specific energy reduction strategies or features?
- Will the project achieve LEED certification?
- Will the project have a long-term positive impact on the environment?
- Will the project negatively impact the environment?
- Is there a reasonable payback period for the project's investment?
- Is the project designed to promote or encourage sustainable development?

STAFFORD COUNTY, VIRGINIA	
CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT POLICY	
Date:	Board Resolution: R19-XXX

- Is special consideration be given to energy conservation including total life-cycle costs?

### Review of 3R Projects

As defined by the process, projects that are considered to be 3R will have different scoring criteria. Emphasis in the CIP will be given to maintaining current assets. The first five years of the CIP will have scored projects that are balanced with offsetting revenues. Consideration for the following will be included:

- Does the project increase infrastructure capacity to meet existing deficiencies to service the existing population? (20%)
- Does the project eliminate a risk or hazard to public health and/or safety that endangers that population area? (20%)
- Does the project preserve or extend the life of an existing asset? (30%)
- Will failure to do the project or delaying the project have major impacts on other projects or programs? (15%)
- Is the need for the project supported through studies? (20%)

### Annual Capital Projects Reporting

Capital projects will be reported annually to the Board of Supervisors. The reporting will be done in the March time frame to coincide with the Budget Work Session for the Capital Improvements Program. Both School and County projects will be reported.

### Prior Versions

The Capital Improvement Program Development Policy supersedes the Joint Capital Improvement Program Process. Prior versions of the Joint Capital Improvement Program Process were approved as follows:

APPROVING BOARD	DATE	RESOLUTION/ITEM NUMBER
VERSION 1.0		
Board of Supervisors	July 5, 2017	R17-203
School Board	November 14, 2017	11.07
VERSION 2.0		
Board of Supervisors	September 4, 2018	R18-226
School Board	September 11, 2018	9.03



# Proposed Changes to the Joint CIP Policy

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June 18, 2019

Finance, Audit and Budget  
Committee (FAB)

## Purpose

- To provide the FAB with an updated CIP Policy, amending the Joint CIP Policy
- To get the FAB's feedback on amendments
- For consideration to be sent to the full Board for approval

# CIP Policy Changes

Directed by the Board during previous Budget Work Sessions to amend the Joint CIP Policy to incorporate:

1. The process will no longer include the School Board
2. And, to leave the data driven ranking of projects

# Technical Review Committee

## The proposed policy:

- Continues the TRC's data driven approach to reviewing projects
- Removes the School staff as a member of the TRC

# CIP Board Work Sessions Recommendation

- Designed to replace the Oversight Committee Meetings
- Three work sessions are proposed:
  1. Review of the TRC's recommendation
  2. Joint School Board/Board to review School Board's CIP request
  3. Final recommendation from the Board to prepare the final CIP

# Transportation and Utilities CIP

Transportation and Utilities CIP are not within the scope of the CIP Policy

## Transportation Fund CIP

- The Board is considering a Bond referendum for the Transportation CIP
  - State funding and the Comprehensive Road Projects will establish ranking for the Transportation CIP
  - If the bond referendum is approved, there could be significant adjustments to the Transportation CIP between November and February

## Utilities Fund CIP

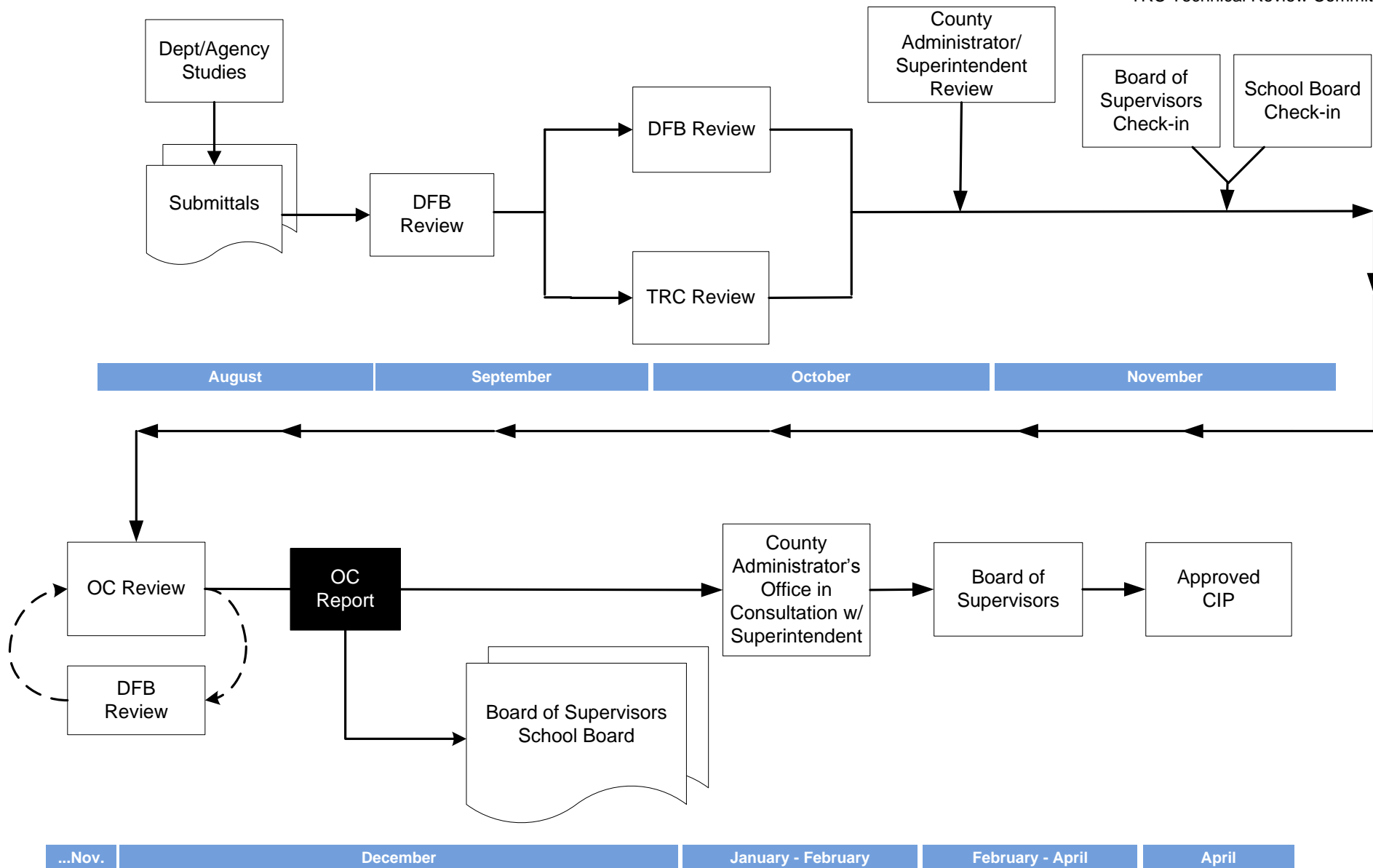
- Utilities Fund CIP
  - Utilizes funding only from the Utilities Fund revenues; therefore, does not compete for General Fund support or debt capacity
  - Leverages a master plan to determine the need and ranking of Utility projects

# Questions/Committee Direction

- Staff is seeking the Committee's guidance on any further amendments to the CIP Policy
- Staff is seeking the Committee's recommendation to send the CIP Policy to the full Board
- Questions?

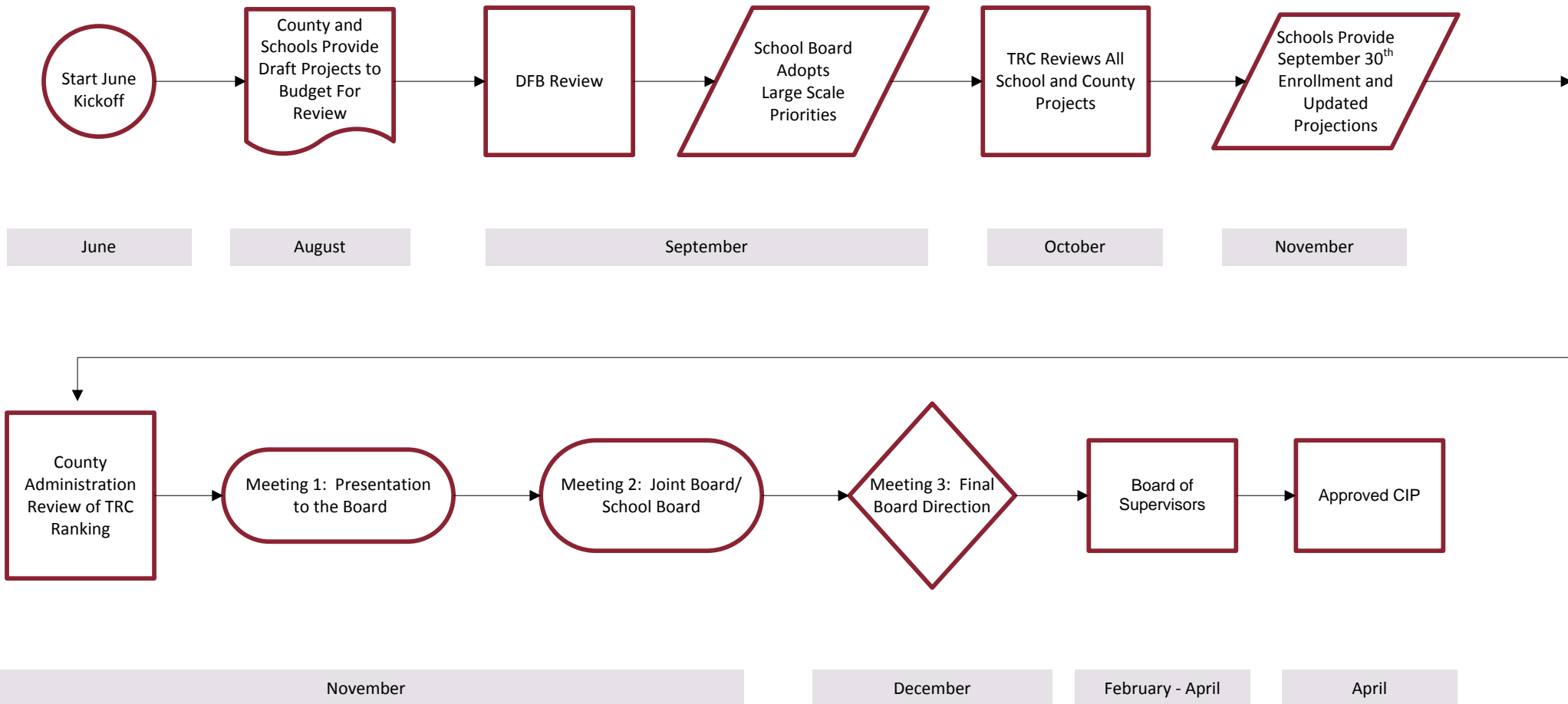
# CIP Development Flowchart

CIP Capital Improvement Program  
 OC Oversight Committee  
 DFB Department of Finance and Budget  
 TRC Technical Review Committee



# CIP DevelopmentFlowchart

CIP Capital Improvement Program  
TRC Technical Review Committee  
DFB Department of Finance and Budget



Finance, Audit & Budget Committee Meeting  
AGENDA  
June 18, 2019 - 1:30 PM  
Conference Room A/B/C, Second Floor

**Committee Members: Chairman Wendy Maurer, Jack Cavalier and Mark Dudenhefer**  
**Finance, Audit and Budget Committee Meeting Agenda**

<b>Subject:</b>	
DISCUSS PROPOSED FY2021 BUDGET CALENDAR	
<b>Recommended Action:</b>	
Staff seeks review and recommendation from the FAB about the proposed Budget Calendar.	
<b>Committee/Commission Recommendation:</b>	
<b>Fiscal Impact:</b>	<b>District:</b>
<b>Overview:</b>	
Discuss with FAB committee members the proposed FY2021 Budget Calendar.	
<b>Discussion/Analysis:</b>	
Attached is the proposed FY2021 Budget Calendar. The FAB committee will observe that several items are at an earlier date than previous years. Another significant change to the calendar is the removal of the Oversight Committee (OSC) relating to the Capital Improvement Program (CIP) and in its place, Board Work Sessions. This is reflecting the proposed changes of the Joint CIP Policy in regards to the removal of the OSC and replacement of Board members.	
<b>Attachments:</b>	
<ol style="list-style-type: none"> <li>1. Proposed FY2021 Budget Development Calendar1 final</li> <li>2. R19-208 FY2021 Budget Calendar final</li> </ol>	
<b>Summary/Conclusion:</b>	
Staff seeks the FAB's direction and recommendation for sending to the full Board.	
<b>Strategic Priorities:</b>	

<b>Reviewed By:</b>

This agenda may be amended on the day of the meeting. Participation of all citizens is encouraged. For all individuals with special needs, please notify County Administration of any accommodations required at least 24 hours in advance of the meeting. The agenda and related materials may be found on the County's website at [www.staffordcountyva.gov](http://www.staffordcountyva.gov)



# Proposed FY2021 Budget Calendar

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June 18, 2019

Finance, Audit and Budget  
Committee

## Purpose

- To gain the Finance, Audit and Budget (FAB) Committee's direction for the FY2021 Budget Development Calendar and a recommendation to move to the full Board

# Capital Improvement Plan Process

- Eliminates the Oversight Committee
- Provides for a Joint School Board and Board of Supervisors meeting to review the School's CIP requests
- Predicated on the School Board:
  - Providing all projects to the Technical Review Committee (TRC) on or before September 10, 2019
  - Providing September 30 enrollment numbers to the Budget Office by November 6, 2019

# CIP Work Session

- The Work Sessions are proposed as follows

## ☐ **October 15, 2019**

- Joint School Board/Board meeting to review School Board's adopted CIP priorities

## ☐ **November 14, 2019**

- CIP Project overview with the TRC Recommendations

## ☐ **November 26, 2019**

- Joint School Board/Board meeting to review School needs

## ☐ **December 3, 2019**

- Final Board direction

# Five-Year Planning Process

- Moved forward to accommodate the timing of the annual budget process

## ☐ **October 22, 2019**

Work Session on General Fund and Utilities

## ☐ **November 19, 2019**

- Work Session Transportation Five Year Plan and consideration of the results of a referendum or other funding

## ☐ **December 3, 2019**

- Final Work Session with input from the Board

## Annual Budget Process

### Reassessment Year

- Staff recommends that the Proposed Budget be brought to the Board in February, rather than March to accommodate Budget decisions
- Should the Board consider an increase in the tax rate, this decision would require increased advertisement and sufficient time for work sessions and follow up

# Annual Budget Process Timeline

Date (2020)	Activity
February 18	County Administrator presents Proposed Budget
February 25	Budget Work Session to review General Fund Revenue and Expenditures and review of the tax rates
February 27	Budget Work Session if needed
March 3	Board authorizes the advertisements for the Public hearings for the FY2021 Budget, CY2020 tax rates, CIP and VPSA bond borrow
March 10	Joint Budget Work session with School Board presenting their Approved Budget to the Board of Supervisors
March 17	Budget Work Session Debt, Financial Policy Limitations (debt capacity), and CIP
March 24	Budget Work Session other funds review, including Transportation and Utilities Funds
March 31	Work Session as needed
April 7	Budget, tax rate and CIP Public Hearings
April 15	Budget Work Session as needed
April 21	Budget Work Session and adopt the FY2021 Budget, CIP and the CY2020 Tax Rates

## **FAB Direction**

- Staff is seeking the FAB's direction on amendments to the Proposed FY2021 Budget Development Calendar; and,
- Sending to the full Board for consideration

PROPOSED

BOARD OF SUPERVISORS  
COUNTY OF STAFFORD  
STAFFORD, VIRGINIA

RESOLUTION

At a regular meeting of the Stafford County Board of Supervisors (the Board) held in the Board Chambers, George L. Gordon, Jr., Government Center, Stafford, Virginia, on the    day of   , 2019:

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MEMBERS:

Gary Snellings, Chairman  
L. Mark Dudenhefer, Vice Chairman  
Meg Bohmke  
Jack R. Cavalier  
Thomas C. Coen  
Wendy E. Maurer  
Cindy C. Shelton

VOTE:

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On motion of   , seconded by   , which carried by a vote of   , the following was adopted:

A RESOLUTION ADOPTING THE FY2021 BUDGET CALENDAR

WHEREAS, the Budget Calendar includes new processes for the Board and County staff; and

WHEREAS, the Board has adopted a Capital Improvement Program (CIP) Development Policy; and

WHEREAS, staff is preparing a Long Term Financial Projection to be presented to the Board in November, and is scheduling follow up work sessions;

NOW, THEREFORE, BE IT RESOLVED by the Stafford County Board of Supervisors on this the    day of   , 2019, that it be and hereby does adopt the FY2021 Budget Calendar as follows:

August

Friday, August 16, 2019

CIP-All requests for County and School CIP projects due

**September**

Tuesday, September 10, 2019	CIP-School Board Meeting - adopts the CIP priorities
Monday, September 16, 2019	CIP- Technical Review Committee (TRC) receives projects
Tuesday, September 17, 2019	Present FY2019 preliminary School and County year-end summary financial results
Monday, September 30, 2019	CIP - TRC meeting - Review all Schools Projects

**October**

Tuesday, October 01, 2019	CIP - TRC meeting - Review all Public Works Projects
Tuesday, October 01, 2019	1st Quarter Review - current fiscal year and preliminary upcoming fiscal year overview
Friday, October 04, 2019	CIP - TRC meeting - Review all Public Safety Projects
Monday, October 07, 2019	CIP – TRC meeting - Review all Parks Projects
Tuesday, October 08, 2019	CIP – TRC meeting – Review all General Government Projects
Tuesday, October 15, 2019	CIP – Joint School Board and Board of Supervisor’s meeting to review School Board CIP priorities
Tuesday, October 22, 2019	Five Year Financial Plan Work Session General Fund and Utilities Fund

**November**

Wednesday, November 06, 2019	CIP-School submits updated enrollment projections to TRC for review
Thursday, November 14, 2019	CIP Work Session (CIP projects overview and project review)
Thursday, November 19, 2019	Transportation Five Year Plan and consideration of the results of a referendum or other funding
Tuesday, November 19, 2019	Debt capacity and Five Year comparison of September 30 <sup>th</sup> enrollment projections to the Board of Supervisors
Tuesday, November 26, 2019	CIP Work Session Joint Board/School Board meeting to review projects

**December**

Tuesday, December 3, 2019      Final recommendations on the Five Year Financial Plan

Tuesday, December 3, 2019      CIP Work Session Final Board Review

Tuesday, December 17, 2019      Presentation of the Comprehensive Annual Financial Report and Audit to the Board of Supervisors

**January**

Tuesday, January 21, 2020      FY2020 Mid-Year Financial Review County and Schools

**February**

Tuesday, February 18, 2020      Presentation of Proposed Budget and CIP to Board of Supervisors

Tuesday, February 25, 2020      Budget Work Session: Review of General Fund Revenue and Expenditures and review of the tax rates

Thursday, February 27, 2020      Budget Work Session: If needed as a follow up to the February 25, 2020 review of budget assumptions and advertisement of the tax rates

**March**

Tuesday, March 03, 2020      Board of Supervisors authorize Public Hearings for the FY2021 Budget, the CY2020 tax rates, CIP, and VPSA bond borrow

Tuesday, March 10, 2020      Joint Budget Work session with School Board presenting their Approved Budget to the Board of Supervisors

Tuesday, March 17, 2020      Budget Work session Debt, Financial Policy Limitations (debt capacity), and CIP

Tuesday, March 24, 2020      Budget Work Session Other funds, including Transportation and Utilities Fund

Tuesday, March 31, 2020      Budget Work Session as needed

**April**

Tuesday, April 07, 2020

Budget, tax rate and CIP Public Hearings

Tuesday, April 14, 2020

Budget Work Session as needed

Tuesday, April 21, 2020

3rd Quarter Financial Review

Tuesday, April 21, 2020

Budget Work Session and adopt the FY2021 Budget,  
CIP, CY2020 Tax Rates



Finance, Audit & Budget Committee Meeting

AGENDA

June 18, 2019 - 1:30 PM

Conference Room A/B/C, Second Floor

**Committee Members: Chairman Wendy Maurer, Jack Cavalier and Mark Dudenhefer**

**Finance, Audit and Budget Committee Meeting Agenda**

**Subject:**

Update on Employee Classification and Compensation Study Phase-I Implementation

- Non Public Safety Employees

- Public Safety Employees (Phase II Considerations)

**Recommended Action:**

Classification and Compensation Update for discussion.

Recommend that the FAB committee propose a Resolution of the BOS to direct staff to work with the Sheriff and Fire and Rescue Chief to complete an evaluation to identify and report on the potential methods, structures, costs and implementation plans for approaches to improve retention and recruitment including but not limited to:

- 1.) A separate pay scale for public safety agencies
- 2.) A pay structure that consistently addresses compression and experience credit over time
- 3.) Pay Rules for the separate pay scale which includes, but is not limited to, rules for movement along the grade, between grades and accelerates reaching maximum pay rates in less than 34 years and
- 4.) Night and Evening Differential for sworn deputies and other recruitment and retention incentives equal to or greater than competitors.

A report addressing the analysis and recommended actions should be provided in time for consideration at the mid-year budget review meeting of the Board of Supervisors.

**Committee/Commission Recommendation:**

Fiscal Impact:	District:
Phase-I implementation of \$1.9 million (Budgeted FY 2020)	
Overview:	
<p>The Board approved the FY 2020 budget which included \$1.9 million to fund phase 1 of the Classification and Compensation Study Implementation. The Board was provided with a presentation of the final recommendations by the consultants at the May 7th Budget Work Session. At that time staff informed the Board that HR staff would be meeting with each department to review the recommendations and make any adjustments necessary over the next month.</p>	
Discussion/Analysis:	
<p>Staff has completed their review of the consultants recommendations and have made Phase-I implementation adjustments after meeting with each department and addressing their specific concerns. A number adjustments have been made for Phase-I while others that require additional analysis will be addressed as part of Phase-II. Phase-I implementation will be effective beginning June 30th, 2019 and includes the following:</p> <p>All employees will be placed in their new pay grade at pay grade minimum and moved halfway to their target level based on years in position.</p> <p>High turnover positions will be moved to 100% of their target in Year 1.</p> <p>All employees will receive letters explaining their new pay for FY20, proposed target rate for Phase-II implementation (FY21) and any changes to titles that may have been implemented.</p> <p>High turnover and difficulties in recruitment of quality Public Safety employees will require a more detailed look into possible strategies and approaches in Year 2 to ensure our market competitiveness. Staff plans to do a comprehensive analysis of several potential approaches including but not limited to: a separate Public Safety pay scale and shift differential pay, as several regional jurisdictions have recently implemented or are considering implementing these practices. The Sheriff has provided an outline for topics they would like to cover during this analysis and that is provided as Attachment 1.</p> <p>Additional adjustments will be considered in Year 2 for any departments where turnover remains an issue or concern. Compensation policies will also be reviewed for the entire organization in Year 2 to provide for a clear process for advancement and pay adjustments.</p>	
Attachments:	
<p>1. Attachment 1 - Compensation Talking Points-Public Safety Employees BOS FAB Committee June 2019</p>	
Summary/Conclusion:	
<p>Staff continues to takes steps necessary to complete the first phase of the Classification and</p>	

Compensation Study implementation to go into effect on June 30th, 2019.

With respect to the challenges of retention and recruitment for Public Safety employees, staff recommends that the FAB committee propose a Resolution of the BOS to direct staff to work with the Sheriff and Fire and Rescue Chief to complete an evaluation to identify and report on the potential methods, structures, costs and implementation plans for approaches including but not limited to:

- 1.) A separate pay scale for public safety agencies
- 2.) A pay structure that consistently addresses compression and experience credit over time
- 3.) Pay Rules for the separate pay scale which includes, but is not limited to, rules for movement along the grade, between grades and accelerates reaching maximum pay rates in less than 34 years and
- 4.) Night and Evening Differential for sworn deputies and other recruitment and retention incentives equal to or greater than competitors.

A report addressing the analysis and recommended actions should be provided in time for consideration at the mid-year budget review meeting of the Board of Supervisors.

**Strategic Priorities:**

**Reviewed By:**

This agenda may be amended on the day of the meeting. Participation of all citizens is encouraged. For all individuals with special needs, please notify County Administration of any accommodations required at least 24 hours in advance of the meeting. The agenda and related materials may be found on the County's website at [www.staffordcountyva.gov](http://www.staffordcountyva.gov)



## **Sheriff's Competitive Recruiting and Retention**

### **Goals:**

- Improve Recruitment Competitiveness
  - Improve the Retention of Experienced Personnel
  - Reduce the Effort and Cost of Turnover
  - Improve the Competitiveness of Compensation
  - Address the Salary Compression Issue on a Continuing Basis
  - Achieve Full Staffing: 4-5% vacancy /with 4% turnover rate
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### **Recent Compensation Efforts (Study and Implementation Plan):**

- Increases Deputy Starting Pay
  - Integrates Career Development into the Salary Structure
  - Expands Pay Ranges (Ranges in grade)
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### **Competitiveness in Current Law Enforcement Environment Requires Aggressive Measures:**

- Competitive Starting Salary
  - Aggressive Experience Credit
  - Standard and Innovative Incentives
  - Predictive Salary Future
  - Aggressive Pursuit of Recruits
  - Retention of Experienced Personnel
- 

### **Additional Tools Needed:**

- An Emergency Retention Bonus for Current Sworn Employees in Police Operations for FY2020
- Separate Pay Scale for Public Safety to Facilitate Pay Rules that May Be Different and More Aggressive than General County Pay Structure
- A Pay Structure That Consistently Addresses Compression and Experience Credit
- Pay Rules to a New and Separate Pay Scale for Public Safety
- Night and Evening Differential for Sworn Staff and Other Incentives Equal to or Greater Than Competitors