

MOTION:

**June 25, 2019
Regular Meeting
Res. No. 19-**

SECOND:

RE: AUTHORIZE AND DIRECT COUNTY ATTORNEY TO PREPARE A REQUEST TO THE CIRCUIT COURT OF PRINCE WILLIAM COUNTY TO ORDER A SPECIAL ELECTION ON THE QUESTIONS OF CONTRACTING DEBT AND ISSUING GENERAL OBLIGATION BONDS OF PRINCE WILLIAM COUNTY TO FINANCE ROADS/MOBILITY AND PARKS IMPROVEMENTS IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$600,000,000

ACTION:

WHEREAS, local investment in transportation and parks capital infrastructure has not kept pace with population growth and levels of service standards identified in the County's Comprehensive Plan; and

WHEREAS, the Mobility goal of the County's Strategic Plan focuses on decreasing the percentage of residents commuting out of the County as well as decreasing congestion and travel times; and

WHEREAS, a Parks and Recreation Needs Assessment Survey was conducted in spring 2019 to assist Prince William County in prioritizing recreational investments; and

WHEREAS, investment in the local secondary road system, pedestrian/bicycle infrastructure, and transit will assist in achieving the Mobility strategic outcomes and recreation needs; and

WHEREAS, the Board of County Supervisors recognizes the need to provide residents a voice in the sizeable public investment required to fund identified mobility and parks projects; and

WHEREAS, a bond referendum allows the citizens of Prince William County to express their interest in whether to authorize the Board of County Supervisors to issue general obligation bonds to construct and fund new mobility and parks projects; and

WHEREAS, a bond referendum, if approved by the voters, does not require full issuance of the debt but, rather, provides authority to future boards to issue general obligation bonds if needed to help build the projects supported by the voters; and

WHEREAS, the Prince William Board of County Supervisors has determined that it is advisable to contract debt and to issue general obligation bonds of the County in the maximum aggregate principal amount of \$600,000,000 for the purpose of improving local mobility/roads and parks services as set forth in the below stated Question #1, Question #2 and Question #3;

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NOW, THEREFORE, BE IT RESOLVED that the Prince William Board of County Supervisors authorizes and directs the County Attorney to prepare a request to the Circuit Court of Prince William County to order a special election to be held November 5, 2019, on the following questions of contracting debt and issuing General Obligation Bonds of Prince William County to finance roads/mobility and parks improvements in the maximum aggregate principal amount of \$600,000,000, with the questions on the ballot to be in substantially the following form:

SPECIAL ELECTION

November 5, 2019

QUESTION #1 MOBILITY/ROAD IMPROVEMENT BONDS

Shall Prince William County, Virginia, contract a debt, borrow money, and issue its general obligation capital improvement bonds in the maximum aggregate principal amount of \$400,000,000 to provide funds (including reimbursement to the County for temporary financing) for the purpose of financing the costs of acquiring, designing, constructing and improving the following mobility/road improvement projects in the County: Devlin Road Widening; University Boulevard Extension; Route 28 Bypass/Widening; Sudley Road Corridor Intersection Improvements; Route 55 Widening and Catharpin Road Intersection Improvements; Minnieville Road/Prince William Parkway Interchange; Old Bridge Road/Gordon Boulevard Intersection; Old Bridge Road/Prince William Parkway Intersection; Summit School Road Extension; Van Buren Road Extension; North Woodbridge Mobility Improvements; and Countywide Road Safety/Operational and Bicycle/Pedestrian Improvement Projects?

QUESTION #2 PARK IMPROVEMENT BONDS – INDOOR FACILITIES

Shall Prince William County, Virginia, contract a debt, borrow money, and issue its general obligation capital improvement bonds in the maximum aggregate principal amount of \$147,600,000 to provide funds (including reimbursement to the County for temporary financing) for the purpose of financing the costs of acquiring, designing, constructing and improving the following park improvement projects in the County: Indoor Field House in Western Prince William County; Turf Field Dome in Western Prince William County; Indoor Sports Complex in Eastern Prince William County; Aquatic and Fitness Center in Eastern Prince William County; and Crew/Boathouse in Prince William County?

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QUESTION #3 PARK IMPROVEMENT BONDS – OUTDOOR FACILITIES

Shall Prince William County, Virginia, contract a debt, borrow money, and issue its general obligation capital improvement bonds in the maximum aggregate principal amount of \$52,400,000 to provide funds (including reimbursement to the County for temporary financing) for the purpose of financing the costs of acquiring, designing, constructing and improving the following park improvement projects in the County: Howison Park Improvements; Long Park Improvements; New Neabsco Park Development; Fuller Heights Park Expansion; and Countywide Trails and Open-Space Development?

Votes:

Ayes:

Nays:

Absent from Vote:

Absent from Meeting:

For Information:

County Attorney
Director of Finance
Director of Transportation
Director of Parks, Recreation, and Tourism

ATTEST: _____

Clerk to the Board



Office of Executive Management

Christopher E. Martino, County Executive

The Board of County Supervisors

Corey A. Stewart, Chairman
Maureen S. Caddigan, Vice Chair
Ruth M. Anderson
Victor S. Angry
Pete Candland
Jeanine M. Lawson
Martin E. Nohe
Frank J. Principi

DATE: June 21, 2019

TO: Board of County Supervisors

FROM: Christopher E. Martino
County Executive *CMP for CEM*

RE: Bond Referenda Costs

Per your direction, this memo provides information you requested during the bond referenda work session held on June 18, 2019. Specifically, the Board requested clarity on potential annual operating and debt service costs that may result from the construction of the park facilities and to draft a resolution to indicate commitment to school funding.

Park Projects

The \$200 million estimate provided for the capital construction costs related to park projects assumes the facilities are constructed with 100% public financing as follows:

Proposed Project	Estimated Construction Cost
Howison Park Improvements	\$6,000,000
Neabsco District Park	\$6,000,000
Long Park Improvements	\$10,800,000
Trails and Open Space*	\$23,600,000
Western Turf Field Dome	\$4,000,000
Fuller Heights Expansion	\$6,000,000
Aquatic & Fitness Center (50,000 sq ft)	\$42,000,000
Western Indoor Field House	17,600,000
Eastern Indoor Sports Complex	\$84,000,000

**Includes Neabsco Trail, Occoquan Trail, Broad Run Greenway, and Leesylvania-Potomac Boardwalk*

We believe some of the park projects have potential to attract public-private partnerships and may have lower actual construction and/or operating costs. However, for purposes of the bond referendum, I have asked staff to assume all projects will be fully funded through debt financing and managed by our Department of Parks, Recreation and Tourism (DPRT) without any private sector funding or management. This assures the most conservative estimates possible to provide the Board clarity on the maximum anticipated cost exposure to build and operate the proposed park facilities.

Most of the proposed park projects are consistent with current operations, so we are able to provide operational costs based on comparable County facilities. However, the Western Indoor Field House and the Eastern Indoor Sports Complex are outside of our current portfolio of facilities and operations. Relying upon operating data from publicly owned and operated indoor sporting facilities, we assume 50% of operational costs will be recovered through revenues generated by the facilities if operated by DPRT. Additionally, the operational costs identified do not include debt service, ongoing capital maintenance (which based on industry standards is estimated at 1.5% - 3% of total building value depending upon the type of facility and intensity of use), or one-time costs for capital purchases (such as equipment) that would be required in the first year. Based on these parameters the following chart provides an estimated operating expenditure impact for the proposed park projects:

Identified Project	Estimated Annual/Recurring Operating Costs (minus one-time costs)	Anticipated Revenue	Estimated Net Operational Costs (operating costs minus revenue)
Howison Park Improvements	\$50,000	\$0	\$50,000
Neabsco District Park	\$100,000	\$0	\$100,000
Long Park Improvements	\$80,000	\$0	\$80,000
Trails and Open Space	\$510,000	\$0	\$510,000
Western Turf Field Dome	\$80,000	\$0	\$80,000
Fuller Heights Park Expansion	\$80,000	\$0	\$80,000
Aquatic & Fitness Center (50,000 sq ft)	\$3,540,000	\$2,832,000	\$708,000
Western Indoor Field House	\$3,000,000	\$1,500,000	\$1,500,000
Eastern Indoor Sports Complex	\$5,300,000	\$2,650,000	\$2,650,000

Regarding construction of a Boathouse for crew, we have included the facility in the proposed bond "Question #2 Park Improvement Bonds – Indoor Facilities" for your consideration. However, please note that we do not have enough information at this time to develop the estimated construction costs, annual/recurring net operating costs, and one-time costs for capital purchases as has been done with the above projects. Should this question be approved as drafted, the aggregate bond amount would remain the same and all associated projects would be scoped accordingly.

Debt Service

The annual debt service associated with a \$600 million bond referendum for both the mobility and parks bonds is shown below. Also presented is the debt service at \$500 million, \$400 million, \$300 million, \$200 million and \$100 million bond issuance levels to help guide the Board's decision on the matter. The figures below assume the General Obligation debt is issued in equal annual amounts over eight years at a 4.25% interest rate.

Fiscal Year	\$600 M (\$75 M/yr)	\$500 M (\$62.5 M/yr)	\$400 M (\$50 M/Yr)	\$300 M (\$37.5 M/yr)	\$200 M (\$25 M/yr)	\$100 M (\$12.5 M/yr)
FY 2021	n/a	n/a	n/a	n/a	n/a	n/a
FY 2022	\$6.9 M	\$5.8 M	\$4.6 M	\$3.5 M	\$2.3 M	\$1.2 M
FY 2023	\$13.7 M	\$11.4 M	\$9.1 M	\$6.9 M	\$4.6 M	\$2.3 M
FY 2024	\$20.3 M	\$16.9 M	\$13.5 M	\$10.2 M	\$6.8 M	\$3.4 M
FY 2025	\$26.8 M	\$22.3 M	\$17.9 M	\$13.4 M	\$8.9 M	\$4.5 M
FY 2026	\$33.1 M	\$27.6 M	\$22.1 M	\$16.6 M	\$11.0 M	\$5.5 M
FY 2027	\$39.2 M	\$32.7 M	\$26.1 M	\$19.6 M	\$13.1 M	\$6.5 M
FY 2028	\$45.2 M	\$37.7 M	\$30.1 M	\$22.6 M	\$15.1 M	\$7.5 M
FY 2029	\$51.0 M	\$42.5 M	\$34.0 M	\$25.5 M	\$17.0 M	\$8.5 M

Please note, the current adopted FY 2021-2025 Five-Year Plan does not have a provision for this debt service. Should the referenda be passed by the voters, a future board will need to incorporate the proposed park and mobility projects in future operating and capital budgets.

School Funding

The Board asked staff to draft a resolution affirming the Board's commitment to Prince William County Public Schools and class size reduction. Attached is a draft resolution for the Board's consideration. The resolution affirms the Board's intention to maintain the revenue sharing agreement to provide 57.23% of General Revenue to the School System and stipulates the Board's intent to subject new General Revenue sources necessary to fund the bond projects to the revenue sharing agreement. It further directs me to work with the Superintendent to include the \$174 million Portable Classroom Elimination Plan into the School's FY 2021 Budget and 10-Year CIP. The debt service associated with the Portable Classroom Elimination Plan is shown below:

Fiscal Year	\$174 M (Average \$21.76 M/yr)
FY 2021	n/a
FY 2022	\$ 0.41 M
FY 2023	\$ 0.86 M
FY 2024	\$ 1.51 M
FY 2025	\$ 3.96 M
FY 2026	\$ 6.06 M
FY 2027	\$ 8.50 M
FY 2028	\$13.66 M
FY 2029	\$16.47 M

I hope that this information addresses the questions you raised at your June 18 work session. Please contact our office if you have any questions or if you would like any additional information.