



COMMONWEALTH OF VIRGINIA
COUNTY OF HENRICO

Virgil R. Hazelett, P.E.
County Manager

March 13, 2012

The Honorable Board of Supervisors
County of Henrico
Virginia

Honorable Members of the Board:

I am pleased to submit the Capital Improvement Program (CIP) for FY2012-13 through FY2016-17. This document represents a holistic effort to assess and effectively plan for Henrico County's capital budget needs over the next five years. The County's infrastructure needs over this five year period exceed \$1.8 billion. This amount is indicative of the County's increasing infrastructure requests and is representative of the demand that the capital budget will continue to place on resource allocation in the future. This document is similar to the one you received that was submitted to the Planning Commission in the letter dated February 28, 2012. The Planning Commission will hold a public hearing on the CIP, which is required by State Code on March 15, 2012. The only difference in the two documents is that this document includes all the project pages and individual department summary pages while the earlier document only included the project pages for the first year projects.

The enclosed Capital Improvement Program represents a balance between available resources and competing County priorities, which is extremely difficult due to the continuing effects of the economic downturn on County revenues. The demands for government services do not decrease during a recession so the analysis of service demand requirements is vital to the preparation of the CIP and complicates the allocation of limited resources. Projects approved by the citizens on the March 2005 General Obligation (G.O.) Bond Referendum continue to be the highest priority projects. I am proud to say that even throughout the economic downturn funding for these projects continued and this CIP completes the funding requests associated with the projects approved on the March 2005 G.O. Bond Referendum. Public Works projects that typically receive funding from State Transportation (Gas Tax) funds are not included in the proposed FY2012-13 Capital Budget due to continuing State budget shortfalls in this area. In order to more accurately reflect the funding status of projects in this five-year CIP, projects that do not have an identified funding source are listed with "No Funding Source".

Those projects associated with the maintenance of existing infrastructure that have an identifiable funding source have been proposed for funding in FY2012-13. These projects include infrastructure improvements associated with water and sewer transmission and routine maintenance associated with both Education and General Government facilities to ensure the County's existing infrastructure remains sound. The maintenance of our existing infrastructure must be funded even in these difficult economic times. Although many other projects are also needed, funding constraints necessitate only the highest priority projects be recommended for funding in FY2012-13.

Capital Improvement Program FY2012-13 through FY2016-17:

The proposed Capital Improvement Program (CIP) includes \$1.8 billion of projects over the five-year period. What follows is a summary of projects requested by the departments during the five-year period:

CRWP

The Capital Region Workforce Partnership (CRWP) submission includes one project totaling \$704,459 for the renovation of the existing CRWP facility. There is no funding source available for this project.

Customer Relationship Management

The Customer Relationship Management (CRM) team has submitted a request for \$6.2 million to create a new combined work order management system and a CRM call center for the County. There is no funding source identified for this project.

Education

The five-year CIP for Education totals \$292.8 million. General Fund resources of \$2.5 million per year totaling \$12.5 million are forecasted to fund ongoing roof and mechanical projects. In addition, \$18,792 is being proposed within an Education Bond Project Reserve for future allocation. The remaining \$280.2 million in forecasted projects currently do not have an identified funding source. These projects include the construction of one new high school, a high school technical center, renovation of one high school, one middle school, and eight elementary schools. Additional projects requested include the Tuckahoe District land improvements, multi-sport athletic fields, athletic facility improvements, as well as parking, sidewalk, and curbing improvements.

Fire

Fire has submitted \$83.3 million in projects over the five-year CIP. Funding of \$30,000 is being proposed within a Fire Bond Project Reserve for future allocation. The remaining \$83.2 million in forecasted projects do not have a funding source identified and include the following projects: land purchases associated with ten fire stations, the rebuilding of four fire stations, the construction of two new fire stations, a specialty vehicle storage facility, a boathouse, a fire training facility, and a fire headquarters building.

General Services

The General Services submission for the five-year CIP totals \$327.4 million. General Fund resources are forecasted to fund improvements to Best Plaza totaling \$30.0 million, roof and mechanical improvements totaling \$9.4 million, pavement rehabilitation projects totaling \$1.3 million, and UPS replacement totaling \$761,019. The construction projects totaling \$174.2 million requested by General Services do not have an identified funding source. These include the new courts complex facility, government center expansion, a depot, a fuel site, East CAM and DPW crew building, and a new east clinic for the Henrico Health department. General Services has also requested building renovation projects totaling \$38.1 million; \$14.0 million for building maintenance projects, and site improvement projects totaling \$1.6 million. In addition, the department has submitted a communications system replacement project totaling \$38.5 million and land purchases of \$19.6 million for future development. As previously noted, all of the General Services projects listed above, with the exception of the five General Fund projects, currently do not have an identified funding source.

Information Technology

Information Technology has submitted \$8.9 million over the five-year period for four projects. Two of the four projects are to be funded with General Fund resources. The first project addresses the on-going replacement of County-wide computer hardware and software systems and the second project addresses

Network/VOIP, which will upgrade the data network as well as replace the County's telephone system with a Voice Over Internet Protocol (VOIP) solution. The disaster recovery project and the Tidemark replacement project currently do not have a funding source identified.

Information Technology - GIS

Information Technology recognizes the need for continued enhancements to the Geographical Information System (GIS). This recurring project is included at a cost of \$1.5 million utilizing General Fund resources.

Mental Health

The Department of Mental Health has requested \$35.3 million over the five-year period in the CIP for the costs associated with the expansion of the east and west facilities. There is no funding source identified for these projects.

Police

The Division of Police submission includes two projects totaling \$2.8 million. The first project involves the construction of a specialty vehicle storage facility to house Police's specialty vehicles inside to prolong their useful life. The second project request is for the renovation of existing locker room space into a new Emergency Operations Center (EOC) Training Room for Communications Officers. There is no funding source available for either of these projects.

Public Library

Public Library projects totaling \$86.2 million during the five-year period have been requested, including \$32.7 million for construction of two new libraries approved on the March 2005 bond referendum. Also, funding of \$4.5 million is being proposed within a Public Library Bond Project Reserve for future allocation. The request also includes \$30.4 million for the replacement of one library; \$15.5 million for a library expansion; \$1.6 million for an alteration of the library headquarters; \$1.2 million to purchase additional land for an existing library, and \$256,900 for library security cameras and equipment. There is no funding available for those projects that fall outside of the bond referendum funding.

Public Utilities

Public Utilities water and sewer service serves 92,243 water customers and 89,355 sewer customers with a distribution system including 1,548 miles of water mains, 1,450 miles of sewer mains, 22 pump stations, a Water Treatment Plant and Water Reclamation Facility. The proposed CIP for water and sewer funds extensions of water and sewer lines to serve new customers and improvements to the existing system. The CIP addresses existing and potential problems with water quality and quantity, as well as the condition and capacity of the wastewater and sewage system. Water and sewer projects are proposed at \$585.1 million over the next five years including the design and construction of the Cobbs Creek Reservoir. Water and sewer projects are supported by revenue generated by the use of these services.

Public Works

Public Works maintains 3,402 lane miles of roadway in the County, and the CIP includes projects which will make improvements to existing roadways to alleviate traffic congestion and safety problems. In the next five years, roadway projects are estimated to cost approximately \$6.6 million. General Fund resources of \$4.2 million have been designated for ongoing general road construction projects and new guardrails. There is no dedicated revenue source for the Creighton Road project due to the continued shortfall of State Transportation (Gas Tax) funding for construction projects.

Public Works estimates drainage project expenditures of \$84.1 million over the next five years. The proposed CIP for drainage projects addresses the inadequacy of drainage channels and other storm water collection systems. There is no identified funding source for the drainage projects.

Recreation and Parks

Recreation and Parks has submitted \$266.5 million in projects over the five-year CIP, which includes \$3.0 million for the development of one park which was approved on the March 2005 bond referendum. The proposed projects for Recreation and Parks reflect the County's desire to improve the quality of life for its citizens. General Fund resources are forecasted to fund facility rehabilitation projects totaling \$12.4 million over the five-year period. Outside of the bond referendum funding and the General fund resources, there are no available resources for park projects totaling \$91.6 million, land purchases associated with seven parks totaling \$53.1 million; site improvements of \$52.5 million; new buildings totaling \$21.6 million, building improvements of \$18.9 million, and additions to various Recreation and Parks facilities totaling \$13.4 million. In addition, Recreation and Parks has submitted four projects totaling \$2.6 million for improvements at the Belmont Golf Course that would be funded with Golf Course revenues.

Sheriff

The Sheriff's Office has submitted a project totaling \$43.7 million for expansion of jail facilities in the east and west locations. This project currently does not have a funding source identified.

Proposed FY2012-13 Capital Budget:

The Proposed Capital Budget for FY2012-13 funds \$147,407,811 of the projects requested in the first year of the Capital Improvement Program. It does so through the use of several funding sources that are projected to be available in FY2012-13. Highlights are as follows:

General Obligation (G.O.) Bonds will fund \$40.2 million for General Government projects as authorized by the voters. The General Government 2005 G.O. Bond projects in the Capital Budget include the construction of the Varina Area Library, the replacement of the Dumbarton Area Library, development of the Short Pump Park, a reserve for Public Library bond projects as well as Fire bond projects. Funding of \$18,792 is also included in the proposed budget to be added to the reserve for Education bond projects. This will complete the funding approved by the voters on the March 2005 G.O. Bond Referendum.

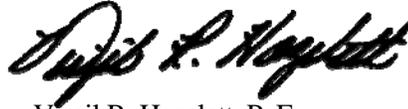
The Proposed FY2012-13 Capital Budget includes the use of \$10.0 million of General Fund balance for various capital projects. These projects consist of \$2.5 million for roof replacements and mechanical improvements at Education facilities as well as \$7.5 million for various General Government projects. The General Government projects include funding for the first phase of renovations to Best Plaza, roof replacements, mechanical improvements, pavement rehabilitation projects, UPS replacements, Recreation and Parks facility rehabilitation projects, various information technology hardware and software upgrades, improvements to the County's data network and replacement of the telephone system to a VOIP solution as well as continued enhancements for the County's Geographical Information System. General Fund - Public Works revenue of \$850,000 has been designated for various road improvement projects.

It is important to note that a Vehicle Replacement Reserve is being created in the FY2012-13 Capital Budget by a revision to the County's Fund Balance guidelines. The Vehicle Replacement Reserve is being created in order to fund the School Bus Replacement Program - \$2,500,000, the Fire Apparatus Replacement Program - \$1,500,000, and the Police Vehicle Replacement Program - \$2,574,800. The initial funding allocated to the reserve will provide funding for three years and as resources become available, funding for these important vehicle replacements will transition back into the operating budget.

The remaining \$89,764,219 of the FY2012-13 Proposed Capital Budget is designated for water and sewer projects, which are supported by forecasted revenues generated by the Water and Sewer Enterprise fund. Public Utilities has requested \$7,575,000 for recurring water and sewer projects such as water and sewer line rehabilitation, capital project plan review, connections, extensions, preventive maintenance of various water and sewer pump stations, and various relocations, adjustments, and crossings projects. The remaining projects in this program area planned in FY2012-13 include the following: \$60,000,000 for the Cobbs Creek (Cumberland) Reservoir, \$5,951,125 for three Strawberry Hill Basin sewer projects, \$5,796,000 for the Beverly Hills Area Water Rehabilitation, \$4,140,000 for the Gambles Mill SPS Modification, \$2,160,000 for the River Road Basin Sewer Rehabilitation, \$1,360,000 for the Ridge Water Pressure Zone, \$1,035,000 for the Broadwater Creek I SPS, \$465,750 for the Broadwater Creek II SPS Improvements, and \$406,344 for the Gillies Creek Basin Sewer Rehabilitation. Additionally, the proposed budget includes \$50,000 for a roof replacement project, \$325,000 for water meters, and \$500,000 for various information technology projects.

In summary, I hope this document will be of value to you in making your decisions for Henrico's citizens. As always, the staff and I stand ready to assist you in making the best possible choices for the future of our community.

Sincerely,

A handwritten signature in black ink, appearing to read "Virgil R. Hazelett". The signature is written in a cursive, flowing style.

Virgil R. Hazelett, P. E.
County Manager

