

.CAPITAL IMPROVEMENT PROGRAM IMPLICATIONS ON OPERATING BUDGET

The Capital Improvement Program (CIP) accounts for capital improvement projects that generally require a significant outlay of funds and have a project life of longer than one year. Henrico County's capital improvement needs and funding requirements are outlined in the Capital Improvement Program FY2017-18 through FY2021-22.

Bringing a new facility on-line requires additional costs such as maintenance, utilities, and personnel to operate the new facility. This impact to future operating budgets is considered before funding for a capital project is recommended. Operating costs associated with a new facility are added to departments' budgets in the year of the facility's projected opening date through a complete "crosswalk" between the capital and operating budgets.

The proposed Capital Budget for FY2017-18 is \$232,686,800, which funds a portion of the project requests in the first year of the CIP. The projects in

the FY2017-18 proposed Capital Budget do not have an operating impact on the FY2017-18 operating budget as the operating costs have implications on operating budgets beyond FY2017-18. Those costs have been factored into the County's multi-year expenditure forecasts. The FY2017-18 budget reflects new operating costs of \$2,853,640. These operational costs are in support of the following projects: Libbie Mill Area Library, Varina Area Library, Greenwood Park, Dumbarton Repurpose, Fire Station #19, fire station alerting system, land management software system, courtroom renovations, and communications system. These operating costs are being funded utilizing the Revenue Stabilization Reserve, which was established in FY2000-01 to offset the increase in operating costs associated with bond funded projects.

What appears in the following pages is the estimated incremental impact of operating costs that would arise from all the current capital projects requested within the five-year Capital Improvement Program.