County of Fairfax, Virginia

To protect and enrich the quality of life for the people, neighborhoods and diverse communities of Fairfax County

February 26, 2013

Honorable Board of Supervisors
County of Fairfax
Fairfax, Virginia

Chairman and Board Members:

I am pleased to present my first budget to the Board of Supervisors as County Executive. This budget has provided me the opportunity to put in place a longer-term focus and planning perspective to frame the important financial and programmatic choices facing the Board of Supervisors over the next several years. This longer-term emphasis will spotlight key decision points regarding the level of services and resources necessary to maintain and enhance the quality of County services, how the County will support growth and economic development opportunities, and the process and programming for employee compensation. The budget proposal for FY 2014 and FY 2015 is presented herein for Board consideration. For the first time ever, the Board will review and adopt the proposed budget for FY 2014, while at the same time setting specific spending and resource parameters around the FY 2015 budget strategy. I believe this multi-year approach to budgeting will give the Board, County agencies, and the public expanded information about how County services will be provided and will better manage expectations. There will be much discussion of specific items which are included, as well as those which are excluded. However, as we begin our work on the FY 2014 and FY 2015 budget plans, it is essential that we continue to focus on what has led us to this point and on some key topics that we need to consider as we work through what is proving to be yet another challenging budget process.

The Context of FY 2014 and FY 2015 Budget Development

Last year, as the FY 2013 budget was developed, the economy was slowly improving. Residential real estate assessments were up 0.71 percent and the County experienced a strong commercial assessment upswing of 8.21 percent. There was optimism that the federal tax cuts would be addressed and that federal budget issues would be resolved. The FY 2013 budget included a more normal compensation increase package for employees, the first in several years, and allowed for the continuation of most County programs. There were some areas for concern even during the adoption of this FY 2013 budget. The FY 2013 budget required the use of approximately $61 million of one-time funds which need to be replaced for FY 2014 to avoid a significant, ongoing structural budget problem. In addition, the Board was notified of a significant funding shortfall for the Fairfax-Falls Church Community Services Board in FY 2012 and a projected shortfall for FY 2013 that would need to be addressed. The Board addressed this shortfall with funding as part of the *FY 2012 Carryover Review* and approved a process to work through funding and service issues driving this shortfall. At year-end, the Board also reserved funding to begin addressing potential sequestration reductions directly impacting County government and established a reserve for likely tax appeals. I think it is important to note that balances available at year-end were extremely small for a budget of our size. I am concerned that our revenue estimates are within one percent of actual revenues and our spending estimates are very closely in line with actual expenditures. This leaves the County very little flexibility to deal with costs associated with unforeseen circumstances including weather emergencies. It will be my recommendation that funding available at the end of FY 2013 be held or targeted to address one-time requirements or unforeseen events. An example of these requirements is the need for additional generator capability at County facilities or to keep streetlights operational at affected intersections, the need for which was made very apparent during the long period of power outages following the Derecho and Hurricane Sandy.

As we begin our work on the FY 2014 budget, the economy is showing extremely slow growth. The federal budget showdown continues. Although it avoided the fiscal cliff, Congress must still deal with the debt ceiling, the federal budget deficit and sequestration. <u>The impact of sequestration is potentially significant and perhaps more importantly, largely unknown</u>. The uncertainty regarding federal budget actions clearly impacts our economy. Our residential real estate market continues to improve, and at a more healthy rate of 3.50 percent, but commercial assessments are only up 0.14 percent. This is a very sharp drop from the level last year and points to concern in the business community about the impact of sequestration since commercial values are reliant on vacancy lease rates. Commercial expansion is not likely until the sequestration impacts are clearer. The results of this uncertainty are likely to keep real estate tax growth down in the near term.

I am proud of how the County has responded to the economic downturn and the very slow growth occurring since the Great Recession. You have heard me say many times that "we've turned over every rock." In saying that I mean:

- Between FY 2009 and FY 2013, General Fund Disbursements have increased 5.5 percent, or only about 1.4 percent annually.

- Total Disbursements decreased in both FY 2010 and FY 2011.

- From FY 2010 through FY 2013, agency budgets were cut over $150 million through targeted reductions, eliminating over 500 County positions.

- Compensation increases were eliminated in both FY 2010 and FY 2011, and curtailed in FY 2012.

- Personnel Services budgets have been reduced across-the-board:
    - General Fund agencies are expected to manage Personnel budgets assuming a turnover rate of over 8 percent, more than double the budgeted turnover rate of 3.4 percent in FY 2007 and not reflective of actual turnover.
- Targeted fee and revenue increases have been required.

Despite the difficult decisions that we have already made, budget challenges continue. The County is in the midst of a multi-year, cyclical economic downturn and the primary budget challenge will be to develop a budget with an appropriate level of services that are affordable, sustainable and acceptable to the community. The combination of anemic revenue growth and increasing requirements for services means that the County faces projected budget shortfalls in both FY 2014 and FY 2015. The demand for services has also been impacted with more residents requiring assistance while options for helping them are becoming more limited. One primary means of addressing this budget gap is through service reductions. However, we are seeking to identify which potential reductions are acceptable and unacceptable to the community, and then determining if there are other means, such as revenue/fee increases, to balance the budget.

Considerations in the Development of the Budget Action Plan

The FY 2014 budget proposal and the FY 2015 plan have been formulated together in order to provide the Board of Supervisors a longer term budgeting horizon and to facilitate decisions on the quality and quantity of County services and revenues. In reviewing funding options, I have proposed an action plan that encompasses both years to provide stability and effective planning. The action plan depends on clear, decisive action which recognizes key aspects of Fairfax County, our economic base, our quality of life, and the future pressures and requirements facing County government. To be effective, the plan must protect the County's strengths and investments, be flexible, and continue to engage our residents in discussion about short- and long-term options.

The Budget Action Plan Must Protect our Strengths

Since being appointed County Executive, I have had the pleasure of meeting with community and business organizations, individual citizens, and County employees, all with a common message of the vital importance of preserving and enhancing the services and programs that make Fairfax County a great place to live, work and play. Our residents and businesses are attracted to and remain in Fairfax County because of, using an Economic Development Authority phrase, our Product! The Product we offer includes: an outstanding school system; a robust workforce essential in attracting and retaining our businesses; a very safe community due to our outstanding public safety workforce; a community that is environmentally conscious; a safety net to catch those most in need; great amenities such as libraries and parks; a strong financially managed County; and outstanding leadership by the Board of Supervisors in charting the proper balance among our many competing demands. Therefore, the budget strategy for FY 2014 and FY 2015 must continue to protect those things that make our community strong and extraordinary. Our services are of highest quality because of those who deliver them - County employees. The budget action plan must include strategies to support our workforce including a fair and competitive compensation plan.

For the most part, despite reductions made to balance the budget in recent years, the impact on the County's core programs has been minimized. Based on many conversations, my conclusion is that as a community we are comfortable with our current service levels and do not want to see drastic changes. I rely on more than 35 years of local government experience in concluding that the County has downsized our services and programs effectively and efficiently and that further reductions, unless accompanied by a will to eliminate services all together, is undesired. Therefore, the budget action plan for FY 2014 and FY 2015 will include surgical rather than across the board cuts and continued emphasis on efficiencies and better ways of doing business. In addition, the plan will include a review of revenue opportunities to address funding gaps.

The Budget Action Plan Must Be Flexible

In our current fiscal environment it is essential to vigilantly monitor the economy and its impact on County revenue and service requirements, as well as insure that adequate funding flexibility exists to address budgetary unknowns. Among the unknowns, the federal budget deficit and associated possibility of sequestration is foremost, but there are also funding implications of State budget issues and the more regular possibilities of bad weather events or other unknown threats. Another unknown is potential tax litigation and appeals. Like the County, our residents and businesses are very carefully reviewing any possibility for reducing costs, including the taxes they pay, or have recently paid. It is also very challenging, for example, to perform assessments, especially in the commercial arena, when we are beginning to shift from a period of decline to a period of increase. The swings in commercial values (from a decline of 18.29 percent in FY 2011, to the strong increase of 8.21 percent in FY 2013, down to nearly flat growth in FY 2014) illustrates this point. As a result we have conservatively estimated revenues in a number of key categories and reduced delinquent tax collection estimates in anticipation of higher than normal appeals.

The Budget Action Plan Must Include Necessary Investments and Take Advantage of Opportunities

It is essential to ensure that the County continues to make the necessary investments to maintain our Product, even during times of fiscal challenges. For example, transportation requirements are a key to keeping the economy of the County moving forward. There has been significant discussion about both our transportation needs as well as the options for addressing them – and there is widespread agreement that we need to make those investments.

In some other areas we also need to take the lead and, in fact, have the responsibility to ensure that we are positioning the County to continue to ride out the downturn. Among the least glamorous but critical elements of this investment is maintaining the infrastructure that we already have. In addition, we need to look forward and comprehensively identify what infrastructure and facility gaps exist. To that end I am proposing revamping the Capital Improvement Program planning process. The need to plan, explore, and review our long-term capital and bond needs is critical to continued high quality services. We should never build or renovate a facility if we cannot adequately staff and maintain that facility.

In addition to the challenges that face us, we are in a period of great opportunity. Development and redevelopment in certain areas of the County will boost the local economy and tax base. Planning for these opportunities and being eventually prepared to take advantage of them when ready will serve to boost our Product. Some examples of these opportunities include:

- Silver Line Phase I Opening
- Silver Line Phase II to Reston and Dulles
- Tysons Redevelopment
- Mosaic Development
- BRAC Opportunities
- Springfield Mall Redevelopment
- Laurel Hill Adaptive Reuse

Finally, maintaining the investment in our workforce, our most valued asset, is also essential in meeting the requirements of the community. We were able to fund limited pay increases in FY 2012 and a more normal compensation package in FY 2013, after eliminating them in FY 2010 and FY 2011, but I am unable to do so in FY 2014. I have laid out a new initiative to focus on our employees in terms of evaluation and development, succession planning, and developing a fair compensation model that is affordable in the current environment and which continues to make us competitive as an employer.

The Budget Action Plan Must Continue to Engage the Community

In Fairfax County, we are fortunate to have an extremely informed and involved community. We engage the community in the budget discussion at various points and they respond. We meet with community groups, attend town meetings hosted by Board members, and provide opportunities for online comments.

I specifically requested input from community and business organizations, as well as employee groups, last fall to help me as I prepared this budget. I communicated with organizations like the Fairfax Chamber of Commerce, the League of Women Voters, the Federation of Citizen's Associations, the Taxpayers Alliance and the various employee groups. I sent emails to homeowners groups and all individual employees. The comments and ideas from these communications served to reinforce the strategies in the budget plan and identified areas for improved efficiency.

During the budget community meetings this Fall, community representatives were asked about service priorities. The Board of Supervisors' 8 County priorities of a Quality Educational System; Safe Street and Neighborhoods; Clean Sustainable Environment; Livable, Caring and Affordable Communities; Vibrant Economy; Efficient Transportation Network; Recreational and Cultural Opportunities; and Affordable Taxes were used as the basis of an exercise to have attendees think and talk about the County's most important service and budget concerns. As a result, I think it is fair to say that the Board "got it right." Those services and characteristics of Fairfax County continue to be those most highly regarded by meeting participants and community groups.

Before we discuss what I have included in the FY 2014 budget and planned for in FY 2015, I also want to provide context on the economy and the continued looming uncertainty of the budget debt ceiling debate and federal budget/deficit worries.

Economic Overview and the Federal Budget

While the U.S economy continued to improve throughout 2012 it slowed down by the end of the year. The Gross Domestic Product (GDP) fell slightly in the fourth quarter of 2012 for the first time in more than three years mainly due to a sharp fall in government spending. Defense spending plummeted 22 percent, the largest drop on record in forty years. However, the mainstays of the domestic private economy - housing, consumer spending and business investment in equipment and software - were stronger, which suggests that the economy will continue to grow, albeit slowly, during 2013.

On the federal budget front, some progress was made, but there remain many unanswered questions concerning the federal budget and its impact on the County. To date, the agreement reached only deals substantively with the tax side of the fiscal cliff, while delaying negotiations on the automatic sequestration. The deal does not address permanently raising the debt ceiling limit or resolving the federal budget. In January, Congress voted to extend the debt ceiling until May. The short-term extension of the $16.4 trillion debt ceiling kept the United States from defaulting on its legal obligations and bought a bit more time for budget negotiations. In the meantime, federal agencies will not lay off employees, but are more likely to leave positions unfilled and to hold off on issuing new contracts until an agreement on sequestration and the debt ceiling is reached.

The key components of the legislation that passed both the House and Senate in January included changes to the social security payroll tax which revert the rate back to its previous 6.2 percent level, permanent extension of the lower and middle income tax brackets at current levels, preserving the Bush tax cuts for taxable income up to $400,000 for individuals and $450,000 for couples and an increase in the marginal tax rate and capital gains taxes for higher earners, an extension of federal unemployment insurance, and a five-year extension of the Earned Income Tax Credit, the Child Tax Credit, and the American Opportunity Tax Credit. Unfortunately, Congressional action only delayed the start of the sequestration cuts by two months, until March 1.

County Economy

County revenue is expected to increase a moderate 2.8 percent in FY 2014 and 2.9 percent in FY 2015. While the unemployment rate in Fairfax County continues to be one of the lowest in the state at 3.7 percent as of December 2012 and the residential housing market has stabilized, the biggest issue now facing Fairfax County as a direct result of the federal budget issue is sequestration. The uncertainty about sequestration puts Fairfax in a particularly vulnerable economic situation. The automatic budget reductions are estimated to cut cities and counties deeply by slashing state and local education investment by 36 percent, cutting investment in housing and community development by 28 percent, taking 18 percent from spending on health and the environment, and reducing public safety and disaster response investment by 5 percent. The good news is that Fairfax County's General Fund only receives about 1 percent of its budget from the federal government and our revenue stream is fairly resilient. The bad news is that residents and businesses within the County will also be impacted, which, in turn, will impact growth and substantial recovery in the real estate market, consumer consumption and business expansion. Contraction or even no growth in these components of the County's economy will negatively impact real estate, personal property, sales, and Business, Professional and Occupational License (BPOL) tax revenues.

Clearly the presence of federal employment and federal contracting in Fairfax County is important to the local economy. Federal employment makes up nearly 10 percent of all personal earnings in Fairfax County, with over 20,000 jobs in the County due to federal civilian employment alone. Federal procurement contract awards in Fairfax totaled nearly $25 billion in 2010 and represent a large share of the County's economy. Federal sequestration action will likely impact employment in the federal sector and diminish overall job growth.

The effects of the uncertain political landscape and the possibility of sequestration were already felt in the County's commercial office market, which was stagnant in 2012. At year-end 2012, the office vacancy rate was at the highest level on record since 1992. The increase in the vacancy rate is attributed to the threat of sequestration, as government contractors consolidated operations throughout the Washington area and retooled operations in order to operate in an economic environment less dependent on government procurement spending. A bright spot in the commercial office market was the increase in new office construction activity. As of year-end 2012, there were 12 buildings totaling more than 2.2 million square feet under construction. More than 69 percent of the new office space under construction is 100 percent speculative development. This interest in speculative development reflects confidence in the stability of the Fairfax County office market, despite pending sequestration action. The primary factor driving much of the new development is the construction of the Metrorail Silver Line along the Dulles Toll Road corridor.

The County's Bond Rating

Finally, the issues surrounding the federal budget and debt concerns may also impact our AAA bond rating from the rating agencies. In the case of Moody's Investors Service, the County's bonds were put on "negative watch" last year as a result of a new indirect linkage to the federal government based on a perceived reliance on federal expenditures and contracting. Additionally, pending any downgrade of the federal rating, Moody's has been clear that Fairfax and 4 states and 40 other localities "linked" to the federal government would also be downgraded.

County staff and our financial advisors and bond counsel have been in frequent contact with the rating agencies, especially Moody's, to continue to make the case that the County's credit profile remains extremely strong. It is important to remember that the AAA is important to us for the following reasons:

- Provides security to investors, residents and employees that our government is well managed.

- Gives our bonds an unusually high level of marketability and results in the County being able to borrow for needed capital improvements at low interest rates, thus realizing significant savings now and in the future for the residents of Fairfax County.

    - Since 1975, the savings associated with the County having a triple-A bond rating is estimated at $402.77 million. Including savings from the various refunding sales, the total benefit to the County exceeds $580.63 million.

    - In addition to the more traditional methods of long-term financing through General Obligation Bonds, the County has been able to accomplish major capital improvements through the use of alternative financing while maintaining the County's fiscal integrity as required by the County's Ten Principles of Sound

Financial Management. Accomplishments, such as Metro station parking garages, construction of Route 28, the opening of a commuter rail, and construction of government facilities, have all been attained in addition to a robust general obligation bond construction program. In 2003, the County was able to accelerate the construction of a new high school by three years through the creative use of revenue bonds in connection with the joint development of a senior care facility and a golf course in conjunction with the high school. From 1999 through 2012, the County has approved $3.12 billion of new debt at referendum, with $2.06 billion for Schools.

To the credit agencies, County staff has maintained that it is too early to determine any impact of the potential federal reductions. In fact, if history is any indication, sequestration reductions could result in further consolidation of federal spending to this region with the latest example being the current round of BRAC (Base Realignment and Closure). The County has been rated triple-A since the late seventies, long before the presence of the federal government within the County took off. The County has maintained its stability and its triple-A ratings, through many economic cycles and changes (e.g., recession in the 1990's, post September 2001, current downturn, and numerous election cycles). Fairfax's credit strength is derived from multiple factors and the cornerstones of this strength are steadfast despite economic and other factors outside our control. These include:

- Absolute commitment from management and elected officials to fiscal discipline through both the boom and bust cycles

- Robust planning and forecasting procedures and practices that allow the County to stay ahead of external factors (changes in the economy, Governmental Accounting Standards Board (GASB) statements)

- Strong budget monitoring enabling rapid, responsive, mid-course corrections to both revenue and expenditures

- Strong, consistent financial performance and economic stability beyond the federal presence

Staff will continue to work with the rating agencies to present and highlight the County's strength in these areas. However, it is paramount that decisions around the FY 2014 and FY 2015 budget continue to demonstrate a commitment to these fiscal principles. <u>If the County's credit rating is downgraded, our borrowing costs could increase.</u>

In the context of the current economic outlook, I will now discuss the recommendations I have included in the FY 2014 budget and planned for FY 2015.

FY 2014 Budget Summary and FY 2015 Budget Plan

In November I briefed the Board on the County's fiscal forecast for FY 2014 and FY 2015. At that time, I indicated projected shortfalls of $169 million for FY 2014 and $274 million in FY 2015. These shortfalls were based on assumptions of moderate revenue growth, the need to address the one-time funding included in the FY 2013 budget, and a disbursement base fully inclusive of compensation adjustments and a 5 percent increase for schools. Today I am presenting a balanced FY 2014 budget and a plan for FY 2015 with a smaller, more manageable projected shortfall. In summary, the FY 2014 budget:

Includes Revenue and Transfers In increases totaling ....$101.3 million

Net new resources of $60.0 million and $41.3 million from proposed tax rate increase

Fills most of the structural imbalance left from FY 2013........... ($49.4) million

(Was $61 million)

Dedicates 80 percent of net available funding to Schools .... ($41.3) million

Funds the net change for all other County requirements............ <u>($8.2) million</u>

(Including managed reserve adjustments)

Results in a balance for Board consideration...................................$2.4 million

As a result of these recommendations for tax rate and spending and the FY 2015 required funding increases including implementation of the STRIVE program, the FY 2015 budget has a projected budget shortfall of $39.7 million.

<u>Investments-Keeping Our Product Strong</u>

I am presenting a budget recommendation which is responsive to the challenges that I have laid out above, as well as responsible in maintaining the quality of life and array of services to which we are committed. In addition to limited growth in the County's various revenue categories, I am including a tax rate increase of $0.02 per $100 of assessed valuation. I am recommending this investment to get us through FY 2014 and FY 2015. This investment will maintain our strong Product and position us for opportunities, hopefully beginning in FY 2016. We have also initiated a review of potential support for the General Fund from funding streams such as Solid Waste and Wastewater, which benefit from services funded by the General Fund. The Board's auditor recommended consideration of an indirect services charge to those funds and programs outside the General Fund which are supported by General Fund resources. By charging these and other funds we will generate a recurring $5.00 million in FY 2014, essentially reimbursing the General Fund for services provided to non-General fund programs.

In developing this budget I have reduced our reliance on one-time balances in FY 2014. It is important that we rely on recurring revenues for recurring expenditures. We used $61.10 million in one-time balances in FY 2013 (primarily as a result of balances identified at the *FY 2011 Carryover Review* and the mid-year revenue review) but the FY 2014 budget includes one-time funding of $11.75 million. Thus $49.35 million has been recommended to address the structural imbalance left from the FY 2013 budget.

I have also included a recommendation to increase the transfer for Fairfax County Public Schools operations by 2 percent, as well as meet the requirements for existing and anticipated School debt service. This increase in operating support essentially funds the cost of increased student membership and changing student demographics. Funding to support the increase to Schools operations and debt service of $41.3 million essentially equals the increased revenues from the proposed real estate tax increase and represents over 80 percent of the total increase in disbursements.

Limited funding increases associated with organizational obligations, and some important public safety and human services requirements, are included in the FY 2014 budget proposal, offset by program reductions of $20.52 million. The net increase for County spending requirements is $8.2 million (including managed reserve adjustments).

The net result of these revenue and spending recommendations is a remaining balance of $2.41 million for the Board's consideration to address high priority requirements in FY 2014 or to be held in reserve for FY 2015.

Multi-Year Budget Plan

As I noted, my budget and tax rate recommendation for FY 2014 presents a framework to carry the budget through FY 2015. For FY 2015, I anticipate revenue will increase $103.8 million, or 2.9 percent. Spending projected for FY 2015 is an increase of $131.2 million and includes new positions and support of our many public safety and human services programs. For Fairfax County Public Schools, the FY 2015 budget proposal includes a 3 percent increase in the County transfer for School operations and the required increase for School debt service to continue to support annual School bond sales of $155 million. In addition, the multi-year budget recommendation includes a new compensation program recommendation - STRIVE which stands for Sustainable Training, Resources and Incentives for Valued Employees. Although unable to provide funding for compensation increases in FY 2014, I have incorporated STRIVE's new, rational and affordable compensation strategies into the FY 2015 budget plan. As a result of these changes in revenues and disbursements, and the need to cover one-time FY 2014 balances and managed reserve adjustments of $12.2 million, there is a deficit of $39.7 million projected for FY 2015. Detailed information about the FY 2015 proposal is included in a new section of the budget (Multi-Year Budget – FY 2014 and FY 2015) which is found in the Overview following this letter.

I think it is important to discuss the budget in multiple years to allow the County to take advantage of opportunities and address challenges that do not limit themselves to a 12-month period. This multi-year budget approach produces a more informed discussion but does not replace the annual budget process as the Board will need to make annual budget appropriation and tax rate decisions. However, the 2-year approach will define the impacts of today's budget decision on the future. The $0.02 increase in the Real Estate Tax rate is necessary but as I will show you in the multi-year budget, it gives us the ability to meet both FY 2014 and FY 2015 requirements. That said, FY 2015 as presented is not in balance, but there is a manageable projected deficit that includes the significant requirements and issues next year. In addition, agencies have started to think about additional reductions options that I will need to consider in the context of protecting our strengths.

FY 2014 Budget: All Funds

As always our focus is on the General Fund and its impact on our residents and businesses, but it is important to recognize that there are other funds through which important services are provided to the community. All Fund Revenues in the FY 2014 Advertised Budget Plan total $7,017.38 million. This County revenue total is an increase of $280.51 million or 4.2 percent over the FY 2013 Adopted Budget Plan. On the expenditure side, the FY 2014 Advertised Budget Plan totals $6,714.82 million. This total County funding is an increase of $175.88 million or 2.7 percent over the FY 2013 Adopted Budget Plan.

Additional detail concerning non-General Fund revenues, expenditures, and positions is available in the *Financial and Statistical Summary Tables* of the Overview and in Volume 2 of the County Budget.

FY 2014 Budget: General Fund

FY 2014 General Fund Revenue

FY 2014 General Fund revenues are projected to be $3,570,191,999, an increase of $96,133,093, or 2.77 percent, over the *FY 2013 Revised Budget Plan*, which contains the latest FY 2013 revenue estimates, and an increase of $96,366,234, or 2.77 percent, over the FY 2013 Adopted Budget Plan. The net increase is primarily the result of a $68.4 million increase in revenues due to FY 2014 real estate assessments and minimal growth in other County revenue categories, a decrease of $13.3 million associated with the reduction of both revenue and expenditures due to state assumption of the state-funded portion of the Child Care Assistance and Referral (CCAR) program, and an increase of $41.3 million generated by the recommended 2 cent increase in the Real Estate Tax rate from $1.075 per $100 of assessed value to $1.095.

On the County's real estate front, residential home values are continuing to stabilize. The number of homes sold increased in 2012 after decreasing in the previous two years and the average price of homes sold rose. Foreclosures and mortgage delinquencies fell. Overall, residential equalization reflects a 3.50 percent increase in FY 2014, compared to a 0.71 percent increase in FY 2013. Non-residential values remained essentially level with FY 2013, increasing only 0.14 percent in FY 2014, compared to the 8.21 percent rise in FY 2013.

The value of a penny on the Real Estate Tax rate is $20.65 million in FY 2014. Each penny change in the tax rate equals $46.57 on a taxpayer's bill. My budget recommendation proposes increasing the Real Estate Tax rate to $1.095 per $100 of assessed value. At this rate, FY 2014 Real Estate taxes per "typical" household would increase $262.45 over FY 2013.

How was the FY 2014 General Fund Budget Built?

(in millions)

Available Revenue Increase in FY 2014 over the FY 2013 Adopted Budget Plan	
Increase generated by the $0.02 increase in the real estate tax rate	$41.31
Increase generated by increases in real estate assessments and all other revenue categories	$68.38
Reduction in CCAR revenue as a result of state policy change	($13.32)
Total Increase in Revenues	**$96.37**
Net Impact of Transfers In	$4.88
Total Available	**$101.25**
How Additional Resources Were Spent In FY 2014 (in millions)	
Increase in transfer to FCPS for operations and debt service	$41.27
Net One-Time Balances unavailable in FY 2014	$49.35
Cost of County Operations	$28.64
Human Services Requirements	$10.67
Public Safety Requirements	$3.99
Capital/Debt Service Requirements	$0.44
Adjustment for CCAR program as a result of state policy change	($13.32)
Disbursement savings/reductions	($20.52)
Adjustments to managed reserve	($1.68)
Total uses	**$98.84**
Available balance	**$2.41**

FY 2014 General Fund Disbursements

FY 2014 General Fund disbursements are $3,588,955,648, an increase of $51,168,972, or 1.45 percent, over the FY 2013 Adopted Budget Plan and a decrease of $13,372,869, or 0.37 percent, from the *FY 2013 Revised Budget Plan.* The increase over the Adopted budget is based on FY 2014 increased requirements of $41.27 million for Fairfax County Public Schools for both Operating and Debt. Funding for the Fairfax County Public Schools system reflects more than 80 percent of the total increase in the FY 2014 budget proposal. Net increases for all non-School disbursements total $9.90 million. As in prior years, total County increases have been reduced by savings from agency budget cuts and reorganizations which in FY 2014 total $20.52 million. I am also recommending funding for 11/11.0 FTE new positions in the FY 2014 Advertised Budget Plan: 9/9.0 FTE positions for the Police Department for staffing associated with the opening of Phase I of the Silver Line and 2/2.0 FTE positions for the Police Department for the expanded Animal Shelter. It should be noted that 91 positions are included for abolishment as part of the reductions I am recommending in the FY 2014 budget which will result in a net reduction of 80 positions in FY 2014 from the FY 2013 level.

Increases in the County General Fund budget fall into the following main categories: cost of County operations, human services requirements, public safety, and capital construction.

Fairfax County Public Schools

The recommended General Fund transfer to the Public School Operating Fund reflects a 2.0 percent increase over the funding level in the FY 2013 Adopted Budget Plan. The County General Fund transfer to Fairfax County Public Schools (FCPS) underscores that education continues to be our community's highest priority and this funding is consistent with the percentage allocated to FCPS over the past few years at 52.6 percent. The proposed County General Fund transfer for school operations and debt service in FY 2014 totals $1.89 billion, an increase of $41,277,031, or 2.23 percent, over the FY 2013 Adopted Budget Plan. Within this amount, the transfer for School operations is $1.72 billion and the transfer in support of School debt service is $172.37 million. The County also provides additional support for the Schools in the amount of $69.8 million for programs such as Head Start, School Health, School Resource Officers, School Crossing Guards, after-school programming, field maintenance and recreational programs, among others. On February 7, 2013, the Fairfax County School Board requested an operating transfer of $1.78 billion for FY 2014 that would give school employees raises, add more positions to address increased enrollment from the previous year, maintain class sizes and necessitates a $95.4 million, or 5.7 percent, increase over the FY 2013 Adopted Budget Plan General Fund transfer to fully fund the Schools' budget request. This request would require an additional $61.7 million, or a 3 cent Real Estate Tax rate increase, to fund, which has not been included in my budget proposal.

County General Fund Disbursements

The most significant changes for non-School Disbursements include:

Cost of County Operations $28.64 million

- ***Full-Year Impact of FY 2013 Compensation Adjustments and Longevity Increases***
  Funding of $12.27 million is included for the full-year impact of a 2.50 percent increase effective January 2013 for non-uniformed employees and the full-year impact of merit and longevity increases provided to uniformed employees in FY 2013. Other than funding for longevity increments for our public safety personnel noted below, there is no salary increase included in this budget for County employees. In order to maintain the integrity of the public safety employee pay plans, funding of $0.63 million is included for continued longevity increases for uniformed public safety employees in FY 2014.

- ***Retirement Funding***
  The FY 2014 budget includes a $0.83 million increase for fiduciary requirements associated with the County's retirement systems. The global financial crisis during FY 2009 resulted in significant losses in the value of the invested assets of all three retirement systems. Capital markets rebounded significantly in FY 2010 and FY 2011, and the retirement systems achieved strong positive results for each year. The investment returns for FY 2012 were

mixed, ranging from a small loss in the Police Officers system to strong positive returns in the Employees' system.

- ***Health Insurance and Other Benefits***
  An increase of $9.37 million is primarily due to the full-year impact of calendar year 2013 premium increases and costs associated with a projected 8 percent premium increase for all health insurance plans, effective January 1, 2014. Additionally, dental insurance and group life insurance premiums are projected to increase 5 percent in calendar year 2014. It should be noted that these premium increases are budgetary projections only, and final premium decisions will be made in the fall based on updated claims experience. In addition, an increase of $1.67 million reflects additional fringe benefit requirements for the Community Services Board as a result of increasing health benefits costs.

- ***County Insurance***
  An increase of $1.49 million is required to reflect anticipated increases in expenditures in FY 2014 and to adjust for the existing imbalance in FY 2013 between revenues and expenditures which will result in a budgeted catastrophic reserve well below the policy level of $10 million. Increases in FY 2014 expenditures are projected due to anticipated automobile claims litigation and increases in commercial insurance premiums.

- ***Employee Development***
  An increase of $0.35 million is included for proposed STRIVE program initiatives designed to enhance succession planning and management by developing current high performing employees.

- ***Vehicle Services Charges***
  An increase of $0.14 million for Department of Vehicle Services charges is based on anticipated charges for fuel, vehicle replacement, and maintenance-related costs in General Fund agencies and General Fund-supported funds. Fuel-related increases primarily result from higher price per gallon estimates.

- ***Facilities Management***
  A net increase of $0.12 million is primarily due to custodial, utility, repair and maintenance, and landscaping costs associated with the partial or full-year opening of new or expanded facilities in FY 2014. These facilities include the West Ox Bus Operations Center Storage Facility, West Ox Road Animal Shelter Renovation and Expansion, Fair Oaks Police Station Renovation and Expansion, and the Newington Department of Vehicle Services (DVS) Renovation Expansion. These new facilities will provide an additional 85,000 square feet to the current square footage maintained by the Facilities Management Department.

Human Services $10.67 million

We must continue to leverage our ability to assist the neediest in the community and maintain the safety net to which the Board is so committed. Some of the most significant Human Services adjustments are discussed below:

♦ ***Fairfax-Falls Church Community Services Board Requirements***

An increase of $7.62 million supports:

- A net increase of $6.52 million approved by the Board of Supervisors as part of the *FY 2012 Carryover Review* to support the increased fringe benefit requirements for the existing array of CSB positions, recognition of reduced revenue levels, and support for the June 2012 special education graduates of Fairfax County Public Schools, as well as a reserve to address potential Infant and Toddler Connection requirements pending pursuit of additional state support of the program.

    - Of this amount, $1,000,000 is due to increased demand and rising costs in the Infant and Toddler Connection anticipated for FY 2014. This funding will be used primarily to support increased contractor expenses and additional services to provide clinical and therapeutic services to more eligible children. The funding will be held in an appropriated reserve pending the pursuit of additional state funding. The state is the appropriate source of support for this program.

- An increase of $1.10 million in operating expenses supports the June 2013 special education graduates of Fairfax County Public Schools turning 22 years of age who are eligible for day support and employment services and who currently do not have a funding source for such services.

♦ ***Child Care Assistance and Referral Rate Increase***

An increase of $2.50 million in operating expenses for child care subsidies in the Child Care Assistance and Referral (CCAR) Program is required to meet increased expenditure needs and match requirements resulting from state implementation of a new reimbursement rate for CCAR providers for FY 2014.

Public Safety $3.99 million

♦ ***E-911 Fund Support***

An increase of $1.50 million in the General Fund transfer to the E-911 Fund is due primarily to lower than anticipated Communication Sales and Use tax revenues dedicated to the E-911 Fund and the use of one-time balances in prior years which are no longer available. Revenue from the Communications Sales and Use Tax has declined over the last several years from a high of $20.4 million FY 2008 to the current level of $16.8 million in FY 2014. It should be noted that the General Fund transfer supports approximately 44 percent of FY 2014 expenditure requirements in the E-911 Fund.

- ***Police Department Staffing for Silver Line Phase I***
  An increase of $1.37 million and 9/9.0 FTE positions is necessary to support the Tysons Urban Center. These positions are required as part of the multi-year strategic plan to meet increased demand for service due to the December 2013 opening of the Metro Silver Line Phase I and redevelopment of Tysons. I have directed the Deputy County Executive for Public Safety to work with all of the public safety agencies to conduct a 5-year analysis of staffing requirements based on projected growth and other metrics. The requirements for FY 2015 are discussed in the Multi-Year Budget Plan and will consider both policing requirements associated with population increases and urban policing strategies.

- ***Fire and Rescue Vehicle Replacement***
  An increase of $1.00 million is required to support the first year of a multi-year process to gradually increase the annual contributions to the Large Apparatus Replacement Fund and Ambulance Replacement Fund. This funding is in addition to the department dedicating additional grant funds, additional baseline funds and one-time contributions in support of this effort. Additional contributions are required due to increasing cost of vehicles, some fleet growth, and a contribution level that has remained flat since FY 2007. Without additional funding, the replacement reserves will be depleted in FY 2016. It should be noted that given the current inventory and replacement cycle, the annual contribution should be in the $5-6 million range for the Large Apparatus Replacement Reserve and approximately $1 million for the Ambulance Replacement Reserve. The current annual contributions are $3.1 million and $0.2 million, respectively.

- ***Animal Shelter Positions***
  An increase of $0.12 million and 2/2.0 FTE Animal Caretaker I positions are required to provide additional support for the expanded West Ox Animal Shelter facility to be completed in July 2013. These positions are required to operate the expanded facility effectively, provide critical coverage at reduced cost, and care for the increased volume of animals. Once the expanded wing of the shelter is complete, it will nearly double the footprint, from 15,000 square feet (as the current 30-year-old facility sits) to just over 29,000 square feet. The new building will have space for 130 dog kennels (up from 72), 40 cat kennels (up from 26) and rooms for reptiles and birds.

Capital Construction and Debt and Environment — *$0.44 million*

The total increase in funding for paydown capital construction and debt service is $0.44 million. The FY 2014 budget recommendation holds General Fund support of capital construction nearly flat and funds a small increase in debt service based on actual requirements. Although not supported by the General Fund, I have directed that the Stormwater Management program undertake a long term strategic plan which will identify costs and required staff resources over the next 5 years. I anticipate sharing these results with the Board later this year.

- ***Capital Construction***

  The Capital Construction Program is essential to the sustainability of County services and is organized to meet the existing and anticipated future needs of the residents of the County. Reinvestment in County facilities is critical to avoid deterioration and obsolescence. The Capital Program is primarily financed by the General Fund, general obligation bonds, fees, and service district revenues. General Fund support for the Capital Program in FY 2014 totals $13,933,202. This represents a reduction of $1,504,604 from the FY 2013 Capital Paydown level. The Paydown Program represents General Fund support only for the following projects and programs: Americans with Disabilities Act (ADA) compliance funding of $1.90 million (it should be noted that an additional $1.085 million in ADA support is included in FY 2014 by the Park Authority); Athletic Field Maintenance of $4.64 million; Park Authority Grounds, Building and Equipment Maintenance of $1.27 million; continued revitalization maintenance and support of $0.41 million; funding associated with the County's Environmental Improvement Program of $0.50 million; ongoing development such as Laurel Hill development, emergency road repairs and developer defaults of $1.30 million; and obligations and commitments to the School-Age Child Care (SACC) program, the Northern Virginia Community College, and the annual Salona property payment of $3.91 million.

- ***Debt Service***

  In addition to requirements associated with School debt service, FY 2013 General Fund support of County debt service requirements is $118.8 million, an increase of $1,944,919 over the FY 2013 level. The FY 2014 funding level supports debt service payments associated with existing debt service requirements. During FY 2014 it is anticipated that a general obligation bond sale of approximately $264 million will be conducted to fund cash requirements for on-going capital projects for School and County purposes. This bond sale estimate is consistent with the FY 2014-FY 2018 Advertised Capital Improvement Program (With Future Fiscal Years to 2023).

- ***Stormwater Services***

  In FY 2014, the Stormwater Service District rate will remain at FY 2013 Adopted level of $0.020 per $100 of assessed real estate value. The FY 2014 levy of $0.020 will generate just over $41 million, supporting $17.6 million for staff and operational costs, and $23.6 million for capital project implementation including infrastructure reinvestment, stream and water quality improvements, regulatory requirements, and dam safety requirements. Stormwater staff is currently evaluating the required future funding levels to meet the increasing federal and state regulatory requirements pertaining to the Municipal Separate Storm Sewer System (MS4) Permit, and State and Federal mandates associated with the Chesapeake Bay. In the next year, staff will develop a long-term funding and staffing plan to be presented to the Board of Supervisors later this year. It is anticipated that this long range plan will include a five-year rate plan, a phased approach for funding and staffing, and a public outreach plan to support the anticipated regulatory increases.

State Adjustments to Funding for CCAR program *($13.32) million*

FY 2014 revenues and expenditures are adjusted due to the State assumption of payment processing for state funded children in the Child Care Assistance and Referral program which began with the second quarter of FY 2013. This adjustment, with a net change of $0, results in a decrease of $13.32 million in operating expenses. An adjustment to the FY 2013 budget for the last nine months of the year, also resulting in a net impact of $0, will be reflected in the *FY 2013 Third Quarter Review*.

Agency Budget Reductions *($20.52) million*

As part of the budget development process this past year, I directed General Fund agencies to identify the fiscal and operational impacts totaling a 5 percent reduction in their General Fund support for both FY 2014 and FY 2015. The net effect of this budget reduction exercise is the proposed reduction of $13.83 million (and 91 positions) in General Fund and General Fund Supported spending which is detailed in the appropriate agency narratives and summarized at the end of this letter. There are also reductions of $2.37 million in Information Technology Project support, $2.32 million in Contributory payments, and $2.00 million in the County share of the FY 2014 CONNECTOR expenses. The elimination of 91 positions will require implementation of a limited reduction in force process. Many of the positions proposed for elimination are vacant but there may be a small number of these, perhaps a dozen, which will be filled as of July 1, 2013 for which we will need to declare a reduction in force (RIF). I have directed staff to work to minimize the need for a RIF and will report back to the Board on our success in doing so.

As has been the case during most of the previous reduction exercises, I have focused on very specific programs or positions as opposed to across-the-board reductions. This is essential in ensuring that we maintain those services that our residents value most highly. As a result the reductions are spread among most agencies but are not necessarily proportional to their base budget. As an example, we need to be adding Police officers at this point for additional service needs we will have as Rail to Dulles opens in Tysons and Reston, as urbanization continues to occur in Merrifield and Springfield, and as growth occurs in many other parts of the County. Therefore reductions in the Police Department are minimal.

Reorganizations and Organizational Efficiencies

There are a number of reductions included that demonstrate some of the work County agencies continue to do to perform services more efficiently and effectively, and which are multi-year initiatives which demonstrate the value of our multi-year budgeting work.

Business Support Group: The first of these are savings generated by the initial phases of implementation of our new corporate financial, purchasing, human resource and budget system, FOCUS. As part of the FY 2014 budget, I am consolidating support for the FOCUS system that was previously spread out in the Departments of Finance, Purchasing and Supply Management, Human Resources, and Management and Budget into a consolidated unit (the

FOCUS Business Support Group, or FBSG) within the Department of Management and Budget. In addition, the FY 2014 reductions reflect a reduction of $983,565 in salary and mainframe costs and the elimination of 4 positions which we can now save as a result of the implementation of the initial phases of the new system. While the implementation of FOCUS has been a tremendous effort throughout the organization and there has been a steep learning curve as many processes and practices were adjusted to fit the new system, we are beginning to be able to harness the power and efficiencies and staff will be continuing to look at refinements to how we work with FOCUS in future years.

Library Services: As many in the community are aware, a number of reductions were made in Library service hours in previous budgets. The Board of Supervisors was able to restore some hours in FY 2013 which was very good news. There is now more good news in that the Library staff and Library Board have taken the opportunity of changes in the way libraries are used, not just in Fairfax but throughout the country, to develop a new system direction and strategic goals which are anticipated to result in future savings in staffing because of changes in how staff resources are deployed. The first phase of these savings, or $275,000, is included in the FY 2014 budget. As the Library undertakes the multi-year work of transitioning, a number of specific changes will occur: moving from a print environment to a digital environment; expanding from in-branch services to in-the-community services; moving from separate departments to an integrated service delivery model; converting from covering service desks to providing services anywhere in the branch and community; ensuring staff mastery of e-formats and devices; and providing instruction to customers, more savings will be generated. I am committed to supporting Libraries in this effort and have agreed that the implementation of changes should take place as a result of attrition as opposed to laying off employees. There is much work to be done in accomplishing this goal but the end result is well worth it.

School-Age Child Care Program: Another County service which has received significant attention in the last several years of constrained budgets is the School-Age Child Care (SACC) program. County staff has worked to maximize cost recovery and generate efficiencies without compromising the high quality of the program. In FY 2014 rates will increase by 5 percent, thus bringing the SACC cost recovery rate closer to 80 percent. This was done while still maintaining the County's commitment to provide subsidized childcare to low-income families and children with special needs. Beginning in FY 2010, new SACC rooms were opened using a modified staffing model which utilized a combination of merit and benefits-eligible employees. After several years of experience, this model has been successful and staff will now implement the new model in all SACC rooms. As a result, a total of 115 Teacher I merit positions will be converted to benefits-eligible positions as they become vacant. Based on the current rate of attrition, it is anticipated that full implementation of the new staffing model will take three years. The first phase of the staffing model will be implemented in FY 2014 with the conversion of 30 positions generating savings of $272,343. The remaining positions will be converted in FY 2015 and FY 2016. In addition, staff is evaluating the extended day pilot program implemented in September 2010 at White Oaks Elementary and will be reporting the results to the Board to see if this alternative service model is an option at the remaining three schools where SACC is not offered.

Services for Seniors: As the Board and community are aware, services for senior adults is an area that will continue to grow as our community ages while remaining active and engaged. As a result, staff is working to identify a more efficient and effective way of providing the current continuum of senior adult-specific services. A working group of staff from the Departments of Family Services, Health, Neighborhood and Community Services, Human Resources, and Management and Budget, under the direction of the Deputy County Executive for Human Services, will be identifying opportunities for changes in the way services are provided in the County. Savings of $630,000 are included in FY 2014 based on actual experience within the Home based Care Services program. I specifically did not make any other adjustments to services for senior adults pending the review currently underway.

Wolftrap Fire Station: While not technically a reduction, I am also delaying the full staffing of the Wolftrap Fire and Rescue Station for one more year. As a result I anticipate the station would open in January of 2015. The department will utilize the station for training during FY 2013. The necessary increases for staffing and equipment will be included in the FY 2015 budget. I estimate that 29 new positions and increased funding of $4.2 million will be necessary.

Revenue Changes: There are also fee increases and other revenue changes totaling $3.15 million which are recommended as part of this budget. These fee increases include an increase in SACC fees, Rec-PAC fees, and land development services fees. I am making these adjustments recognizing again the need to balance service needs with affordability.

New Initiatives

I would now like to focus on a number of new initiatives which are underway and which are important as we look to maintain our high quality services and address the challenges that face us.

Multi-Year Budget

As part of FY 2014 budget development, the County is undertaking a more comprehensive multi-year General Fund budgeting process. This process builds on the existing approach which focuses on the annual budget supplemented by a financial forecast. The forecast is updated at least four times during the budget development calendar to provide me, the Board of Supervisors, and the public a framework within which budget decisions may be made, but is typically a high-level projection of anticipated future requirements. The enhancements introduced for FY 2014 and beyond are the development of a two-year framework for the budget. The two-year period includes the budget being approved by the Board of Supervisors (FY 2014) and the subsequent year (FY 2015). In this way County staff throughout the organization will be able to more completely outline the prospective issues that will need to be addressed as part of the budget process for the following year, more clearly demonstrate the impact of decisions in the budget being adopted, and lay out a more accurate projected shortfall or surplus for the next year as well as any associated options for balancing that budget. The process will culminate in the adoption each year of the annual budget, as required by the Code of Virginia.

In addition to the development of the FY 2014 requirements, the new process includes review and analysis by each General Fund agency of its upcoming requirements for FY 2015. Specifically agencies are projecting increased workload requirements, the impact of changing demographics, and the cycle of replacement for infrastructure, as well as areas for greater efficiency.

I am very excited about starting to talk about the budget over multiple years (FY 2014 – FY 2015) to maximize the effectiveness of the budget as a policy document indicating policy decisions and priorities, to be even better able to engage the community about the budget challenges and options and to ensure that County agencies think about implications of those issues that impact their ability to provide services and what the funding impact will be.

A multi-year budget also enhances the budget as a communication tool and allows us to use the budget process over multiple years to identify issues and opportunities such as the multi-year impact of revenue decisions and the potential for future reductions. I look forward to talking more with you about the multi-year budget and encourage you to read the new section of the Overview volume titled, *Multi-Year Budget – FY 2014 and FY 2015.*

STRIVE (Sustainable Training, Resources and Incentives for Valued Employees)

As a long-time County employee, I know the value of our workforce. I also know the challenges we have addressed recently and those that we face in the near future. As a result I think it is very important for me, as County Executive, and for the Board, to focus on our employees in a number of specific areas. As a result I have proposed a new initiative, which we are calling STRIVE. It has three key elements including sustainable compensation, employee development, and succession planning. The three are linked with the goal of enhanced organizational capacity:

The primary elements of the initiative are:

Sustainable Compensation

As I said when I laid out the STRIVE initiative to the Board in December, I am concerned that the County's variable pay program is no longer effective and is financially unsustainable. It is also clear that the lack of a consistent plan for compensation increases from year to year is challenging for employees as they look ahead and try to plan their careers. I believe it is important that the County have a compensation model that we can sustain in our long-term financial planning. While we cannot afford pay increases in FY 2014, we do have costs of more than $12 million in FY 2014 to pay for the full-year impact of increases received by employees in FY 2013. The full-year cost of our traditional salary increases, which provided step and longevity increases for public safety employees, performance awards for non-public safety employees and market rate adjustments for all merit employees, is now in excess of $51 million. Factoring in required benefit increases, the annual increase could easily exceed $70 million. As this budget demonstrates, we are no longer able to afford the current compensation model, nor are our local competitors.

STRIVE maintains the components of the County compensation model but adjusts the implementation schedule to more appropriately reflect our current funding capacity. As you have seen, I am recommending a $0.02 increase in the Real Estate Tax rate for FY 2014, which results in an increase to the homeowner but which I believe is necessary to maintain our excellent County services and to fairly compensate our employees. The STRIVE compensation model would require closer to $25 million in FY 2015. I believe $25 million can be accommodated and is achievable with this multi-year budget plan.

The next step in addressing long term employee compensation is looking at the pay and benefits package to ensure we remain competitive – that includes pay, healthcare and retirement. Strong first steps were made last year when the Board endorsed maintaining a defined benefit retirement system. Additionally, the Board has consistently funded the County's retirement obligations supporting a secure financial future for our retirees. Options for health insurance and pharmacy design changes for the 2014 plan year are under review to provide more cost effective plan options for employees and retirees, as well as the County. All of these discussions are of concern to employees as they potentially impact take-home pay, but they are necessary as we navigate in the current fiscal environment. We need to ensure regular market salary reviews to assess our competitiveness; these too often in the past have been delayed due to budget constraints.

Performance Management

Employee development is essential to the maintenance of a strong, motivated workforce. Positive changes to the performance evaluation system are identified in STRIVE which will lift the moratorium on annual performance evaluations implemented during the conversion to the new payroll system. Objectives for the new performance management system include: simplification of the process to focus not on completing the form but rather on generating discussion; identification of development opportunities for those employees who are interested in further development; and elimination of the current variable pay award system to a flat percentage increase for all employees who meet or exceed the standards for their job. This will address concerns that have been expressed regarding inequities in opportunity for some job classes to earn higher variable pay increases due to the nature of the jobs they perform.

Succession Planning

A very significant number of employees will be eligible for retirement over the next several years. By December 31, 2015, 25 percent of all merit employees, or over 3000 employees, will be eligible for retirement. In specific job categories, those numbers are even greater. For example, by the end of 2015, 58 percent, or 129 County non-public safety senior managers will be eligible for retirement and 34 percent or over 400 mid-level management positions will be eligible. In the public safety agencies the numbers are even higher. In Police by the end of calendar year 2015, 82 percent of senior managers and 83 percent of mid-level managers will be eligible. To address this somewhat staggering trend, the County must re-tool and strengthen existing succession planning and knowledge transfer efforts – to build the capacity to support our "promote from within" when appropriate philosophy. We will recruit externally when strategically advantageous and will strengthen our recruitment effectiveness by encouraging employee referrals and deepening my leadership team's engagement with executive level recruitments. Shifting the performance evaluation focus from "the amount of the pay increase" to better communication and employee development will also help the County address the exit of many tenured County employees.

Dashboard

In preparation for publication in the FY 2014 Advertised Budget Plan, I requested that every General Fund and General Fund Supported agency identify key drivers of its budget to form the basis of a new agency dashboard. This dashboard is not replacing an agency's performance measures, but rather provides an additional snapshot of relevant statistics that pertain directly to why our agencies are funded as they are. The purpose of these drivers is to keep us all aware of this key data and how they are changing over time.

The figures cited in the agency dashboards are a combination of key outputs, indicators or statistics. Similar to how performance measures were implemented in the mid 1990's, I am primarily interested in starting the process of thinking in terms of the dashboard and what are an agency's key drivers. Drivers will naturally change over time and these drivers will be built into the annual budget process and into needs discussions with the community. This visual representation of what is driving the County's budget will improve the communications with the public and the Board as it relates to specific budget requests. We have also developed a dashboard for the County as a whole:

COUNTYWIDE DASHBOARD

	Key Data	FY 2013	FY 2014	FY 2015
1.	Residential Real Estate Equalization	0.71 percent	3.50 percent	2.00 percent
2.	Commercial Real Estate Equalization	8.21 percent	0.14 percent	1.00 percent
3.	Projections for School Enrollment Growth/ cost of growth and demographic changes	3,907/ $48 million	2,857/ $22 million	3,007/ $25 million
4.	Increases in Employee Compensation	$51.2 million	$1.2 million	$25.4 million
5.	Impact of Sequestration	Unknown	Unknown	Unknown
6.	Other unknowns (economy, job growth, tax appeals)	Unknown	Unknown	Unknown

The $3.59 billion General Fund budget is certainly impacted by many, many things; however, I want to stress the mix of revenue and expenditure drivers above which represent a significant portion of our budget. In terms of our resources, real estate taxes equal 62.4 percent of General Fund receipts in FY 2014. The change in values of existing properties, or equalization, is clearly a very important driver in the development of annual budgets. Unfortunately, the message that the drivers provide is that the revenue increases available in FY 2014 and FY 2015 are going to be relatively modest.

On the expenditure side, the countywide drivers include two categories that represent a significant portion of our budgets, the transfer to Schools, and compensation increases. Based on the Fairfax County Public Schools (FCPS) projections, student enrollment growth is occurring and must be accommodated within the budget. The demographics of students and the changes within specific special education services also drive the estimated costs. The Countywide dashboard includes a more level commitment for employee salary increases based on the STRIVE proposal.

While the first four drivers are consistently important to the County, there are other drivers which may vary based on the current economic or political environment, such as the impact of sequestration. The estimated impact is not available but is likely to be multi-year if the federal budget crisis is not otherwise resolved. These costs must be considered in budget decisions, so these are noted on the County dashboard as well.

Capital Improvement Program

The County's Capital Improvement Program (CIP) is a long-range plan consistent with our financial policies and constrained by affordability and our debt limits. The CIP summarizes facility and public improvement requirements as they relate to Schools and transportation, as well as County and park facilities. The process benefits from a strong partnership between the Board of Supervisors, School Board, Planning Commission and County agencies. Unfortunately, funding availability as well as constraints on borrowing based on our debt limits have prohibited sufficient investment.

Among one of the least glamorous but critical elements of our investment is maintaining the infrastructure that we already have. In addition, the County needs to look forward and comprehensively identify what infrastructure and facility gaps exist. That is always a difficult process in a period of limited resources, but it is necessary to clearly articulate to the Board and community what needs are and how and when they should be financed. The policy discussion that ensues will determine the course of action, but it is essential that this discussion is fully informed and all requirements, not just schools and transportation, are laid out. The Deputy County Executive responsible for planning development and transportation will lead, in coordination with the Departments of Planning and Zoning and Management and Budget, a CIP refinement process. The process will also strengthen linkages to the Comprehensive Plan and land use planning process to prepare the County for the development and redevelopment that is occuring across the County.

Environment

Fairfax County has been proactive in environmental actions, and strives to lower energy consumption and emissions by adopting and implementing policies that support transit-oriented mixed-use development, green buildings, and the incorporation of energy-conserving design elements and practices, particularly in redevelopment areas. Environmental initiatives will continue to be an important part of the County's development program.

Green Energy Triangle

There are many examples of environmental initiatives in Fairfax County. The County's Energy Resource Recovery Facility (ERRF) recovers methane, controls nitrous oxide and generates about 80 megawatts of electricity from solid waste – enough energy to power about 75,000 homes and the facility itself. The County estimates that a half ton of greenhouse gas is avoided for every ton processed through waste-to-energy. The County also collects landfill gas generated by its two closed sanitary landfills as a substitute for fossil fuel to heat on-site buildings. Annual natural gas savings are estimated at $40,000 to $50,000. Installation of a second system at the West Ox Bus Operations Garage became operational in 2012 and produces enough electricity to power about 6,000 homes. Exciting opportunities exist to build upon current green energy initiatives in place in the Lorton/Laurel Hill area. The wastewater treatment plant supplies "reused water" to the waste-to-energy facility, the Laurel Hill Golf Course, and the little league fields adjoining the plant. These efforts are leading to a re-branding of the Lorton Area, changing its identity from being the site of the County's waste and debris disposal facilities to becoming the tangible expression of the County's renewable energy commitment – the Green Energy Triangle.

Energy Efficiency

In October 2009, Fairfax County was awarded an Energy Efficiency and Conservation Block Grant (EECBG) in the amount of $9.6 million. The goals of the EECBG program, which was funded by the American Recovery and Reinvestment Act, included improving building and transportation energy efficiency and reducing both total energy use and fossil fuel emissions. The County completed the consolidation and virtualization of the County's enterprise servers and purchased software related to telework and desktop PC power management. Other EECBG projects included the replacement of rooftop heating/cooling units and the installation of energy management and lighting control systems; LED lighting at over 20 outdoor athletic fields; and the recovery of incremental costs associated with the purchases of a hybrid-electric school bus, a hydraulic launch-assist refuse truck, and numerous hybrid and electric vehicles. Finally, a portion of the County's EECBG award was used to undertake a greenhouse gas emissions inventory and to develop and implement a pilot residential energy education and outreach program.

The County has also undertaken innovative energy saving measures to achieve energy savings in many of its industrial plant processes. For example, the Noman M. Cole, Jr. Pollution Control Plant uses methane gas from a County landfill in its sludge-burning process, thereby avoiding the purchase of natural gas and recovering a gas that has a global warming potential that is 21 times that of carbon dioxide. The plant uses solar energy equipment to power nine remote wastewater flow-monitoring sites and to assist in treating wastewater saving approximately $40,000 a year in energy costs. A Water Reuse Project to use reclaimed water from the plant for process and irrigation purposes avoids the energy use and costs associated with treating the water.

Cleaner Vehicles

In response to the need for cleaner and more energy-efficient vehicles, the County began to replace gasoline-fueled vehicles at the end of their service life with hybrid-electric vehicles where appropriate. There are currently over 100 hybrid vehicles in the County's fleet, saving over 60,000 gallons of gas each year. The County has also undertaken a Diesel Exhaust Retrofit project, retrofitting 1,012 school buses, 167 CONNECTOR buses, and 113 heavy duty trucks to reduce particulate emissions. Other innovative energy-saving activities include programming automatic idle shutdown into all County solid waste trucks and all Fairfax CONNECTOR buses, and adding five electric vehicles to the County fleet.

LEED® Criteria

In early 2008, the Board of Supervisors adopted the Sustainable Development Policy for Capital Projects applicable to the construction of new County buildings and renovations or additions to existing buildings. The policy provides a framework for preserving and promoting a natural environment, conserving energy, meeting or exceeding air and water quality standards, creating healthy work environments and establishing a community standard for sustainable practices. As of January 2013, the County has implemented sustainable development practices on a total of 30 building projects. Nine of these projects are currently in design, six are in construction or in the LEED® certification process, and 15 have attained certification (13 under the LEED® program and two under the Green Globes program). Three library projects have received the LEED® Gold rating: Richard Byrd Library, Martha Washington Library, and Dolley Madison Library. Crosspointe Fire Station and Great Falls Volunteer Fire Station have also both received the LEED® Gold Rating. Other LEED® Gold Rated projects include the Gartlan Mental Health Center (formerly the Mt. Vernon Mental Health Facility) and Joanne Jorgenson Health Department Laboratory.

Waste Reduction and Pollution Prevention

The County focuses on waste reduction and pollution prevention activities providing opportunities to residents to properly recycle obsolete electronic equipment. Since 2009, the County has hosted monthly electronics recycling events for residents called Electric Sunday, recycling over 1 million pounds of electronics. It is estimated that approximately 25 tons of lead are prevented from entering the environment by recovering/recycling them rather than disposing of them in the County's waste disposal system. The County was one of the first jurisdictions in the United States to require that recycling be practiced by residents, businesses, and institutions. From FY 2001 to FY 2012, the County has collected almost 243,000 tons of recyclables for a total value of $6.2 million. The estimated avoided disposal fee for this quantity of material is approximately $11 million.

Finally, Fairfax County spends $700 million annually on goods and services. Requiring increasing levels of energy efficiency in new electronics purchased – and even as it relates to services provided by contractors – is a powerful tool to reduce the operational impact on the environment. Accomplishments include acquiring a fleet of 14,000 computers, mostly meeting EPEAT (Electronic Product Environmental Assessment Tool) Silver and Gold standards, and software to remotely shut down computers every evening, which saved $300,000 in a single year. Additionally, all of the more than 500 devices in the County's copier fleet are now energy-star certified, and vending machines in Fairfax County buildings have energy efficient technologies.

I am impressed by the commitment by the Board, staff, and community in environmental initiatives that save and preserve County resources. Further work and innovation in this area will be an integral part of the County's development plan.

Conclusion

I want to stress again that while the challenges facing us are significant, the opportunities facing the County are very exciting. The longer term focus and planning perspective will allow for a better framing of the important financial choices facing the Board of Supervisors over the next several years.

Fairfax County's priority services and programs survived the recession better than most local governments in the country. All the elements that I mentioned above as important to the rating agencies, which include the Board's fiscal discipline, strong financial management of reserves, balances and long-term liabilities, a well-managed debt program and adherence to a sound, strategic approach, really are important components of a successful local government, and have been critical to this success. I am certain that as the County moves forward and couples these long standing successes with the ability to remain flexible, recognizing and protecting our strengths, and looking to the community for their continued partnership, we will continue to be successful addressing challenges and taking advantage of opportunities. Our strengths are outstanding and we must maintain our quality Product.

In closing, I respectfully submit the FY 2014 Advertised Budget Plan for your consideration, and I look forward to working with you, our employees, and the community as you ask questions and propose alternatives.

I would like to express my gratitude to the many staff who contributed to the formulation of this budget recommendation. I would also like to thank the hundreds of people who took time to send in comments or speak to me. Together, Fairfax County will continue to be a shining example for the rest of the nation.

Respectfully submitted,

Edward L. Long Jr.

Edward L. Long Jr.
County Executive

FY 2014 Advertised Summary General Fund Statement
(in millions)

	FY 2012 Actual	FY 2013 Adopted Budget Plan	FY 2013 Revised Budget Plan	FY 2014 Advertised Budget Plan	Inc/(Dec) Over Adopted	% Inc/(Dec) over Adopted
Beginning Balance [1]	$236.24	$132.12	$209.44	$87.94	($44.18)	(21.09%)
Revenue [2]	$3,379.68	$3,473.83	$3,474.06	$3,570.19	$96.36	2.77%
Transfers In	$6.90	$6.77	$6.77	$18.65	$11.88	175.48%
Total Available	$3,622.82	$3,612.72	$3,690.27	$3,676.78	$64.06	1.74%
Direct Expenditures [2]	$1,242.28	$1,303.74	$1,341.96	$1,308.60	($33.37)	(2.49%)
Transfers Out						
School Operating [3]	$1,610.83	$1,683.32	$1,683.32	$1,716.99	$33.67	2.00%
School Debt Service	159.74	164.76	164.76	172.37	7.61	4.62%
Subtotal Schools	$1,770.57	$1,848.08	$1,848.08	$1,889.36	$41.28	2.23%
Contributory Fund	$14.61	$15.68	$15.68	$13.37	($2.31)	(14.73%)
Information Technology	16.18	5.28	14.28	2.91	(2.37)	(16.60%)
County Debt Service	116.78	116.85	116.85	118.80	1.95	1.67%
County Transit	34.46	36.55	36.55	34.55	(2.00)	(5.47%)
Community Services Board	100.50	100.42	109.61	109.23	8.81	8.04%
E-911	14.38	15.26	15.26	17.05	1.79	11.73%
County Insurance	27.05	21.02	21.02	22.51	1.49	7.09%
Capital Paydown	19.63	15.44	17.89	13.93	(1.51)	(8.44%)
Other Transfers	56.94	59.47	65.15	58.65	(0.82)	(1.26%)
Subtotal County	$400.53	$385.97	$412.28	$391.00	$5.03	1.22%
Total Transfers Out	$2,171.10	$2,234.04	$2,260.36	$2,280.36	$46.32	2.05%
Total Disbursements	$3,413.38	$3,537.79	$3,602.33	$3,588.96	$51.17	1.42%
Total Ending Balance	$209.44	$74.93	$87.94	$87.82	$12.89	14.66%
Less:						
Managed Reserve	$69.34	$70.76	$72.05	$71.78	$1.02	1.42%
Reserve to address FY 2013 Budget Shortfall [4]	28.69				0.00	-
FY 2011 Audit Adjustments [5]	0.62				0.00	-
Additional FY 2012 Revenue [6]	29.51				0.00	-
FY 2012 Third Quarter Reserve [7]	2.46				0.00	-
Child Care Assistance and Referral (CCAR) Reserve [1]	1.50				0.00	-
Reserve to address State/Federal Reductions [8]		4.18			(4.18)	-
Reserve for State/Federal Reductions and Federal Sequestration Cuts [9]			8.10	8.10	8.10	100.00%
Litigation Reserve [10]			5.00	5.00	5.00	100.00%
Transportation Reserve [11]			0.54	0.54	0.54	100.00%
Reserve for FY 2014 Budget Development [12]			0.74		0.00	0.00%
FY 2012 Audit Adjustments [2]			1.51		0.00	0.00%
Reserve for Board Consideration [13]				2.41	2.41	-
Total Available	$77.31	$0.00	$0.00	$0.00	$0.00	-

[1] The FY 2013 Adopted Budget Plan Beginning Balance included $1,500,000 set aside in reserve in Agency 87, Unclassified Administrative Expenses, for the Child Care Assistance and Referral (CCAR) program for FY 2014. This funding was utilized to balance the FY 2013 budget.

[2] In order to appropriately reflect actual revenues and expenditures in the proper fiscal year, FY 2012 revenues are increased $2,028,161 and FY 2012 expenditures are increased $514,829 to reflect audit adjustments as included in the FY 2012 Comprehensive Annual Financial Report (CAFR). As a result, the *FY 2013 Revised Budget Plan* Beginning Balance reflects a net increase of $1,513,332. Details of the FY 2012 audit adjustments will be included in the FY 2013 Third Quarter package. It should be noted that this amount has been set aside in reserve and utilized to balance the FY 2014 budget.

[3] The proposed County General Fund transfer for school operations in FY 2014 totals $1,716,988,731, an increase of $33,666,446, or 2.0 percent, over the FY 2013 Adopted Budget Plan. It should be noted that the Fairfax County Public Schools Superintendent's Proposed budget reflects a General Fund transfer of $1,775,701,373, an increase of $92,379,088, or 5.5 percent, over the FY 2013 Adopted Budget Plan. In their action on the Superintendent's Proposed budget on February 7, 2013, the School Board increased the Superintendent's transfer request by $3,009,714 to $1,778,771,087.

[4] As part of the *FY 2011 Carryover Review*, a balance of $28,693,163 was held in reserve to address the projected budget shortfall in FY 2013 and was utilized to balance the FY 2013 budget.

[5] As a result of FY 2011 audit adjustments, an amount of $623,117 was available to be held in reserve in FY 2012 and was utilized to balance the FY 2013 budget.

[6] Based on revised revenue estimates as of fall 2011, an amount of $29,505,454 was available to be held in reserve in FY 2012 and was utilized to balance the FY 2013 budget.

[7] As part of the *FY 2012 Third Quarter Review*, a balance of $2,462,157 was held in reserve for Board of Supervisors' consideration for the *FY 2012 Third Quarter Review*, the development of the FY 2013 budget, or future year requirements. This reserve was utilized to balance the FY 2013 budget.

[8] As part of their deliberations on the FY 2013 budget, the Board of Supervisors set aside $4,178,357 in reserve to offset critical state and federal reductions to include requirements for the Community Services Board and other Human Service programs. At the *FY 2012 Carryover Review*, the Board utilized $3,018,225 for requirements for the Community Services Board and moved the remainder to the Reserve for State/Federal Reductions and Federal Sequestration Cuts.

[9] As part the County Executive's proposed *FY 2012 Carryover Review*, an amount of $7,000,000 was set aside in reserve to address the potential impact of federal sequestration cuts. During their deliberations on the *FY 2012 Carryover Review*, the Board combined the $1,099,768 balance remaining in the Reserve to Address State/Federal Reductions with the $7,000,000, resulting in a reserve totaling $8,099,768 for State/Federal Reductions and Federal Sequestration Cuts.

[10] As part the *FY 2012 Carryover Review*, an amount of $5,000,000 was set aside in reserve to address the impact of a number of potential refunds resulting from pending tax appeals.

[11] As part the County Executive's proposed *FY 2012 Carryover Review*, an amount of $742,344 was set aside in reserve for transportation requirements, consistent with the Board of Supervisors' Budget Guidance approved with the adoption of the FY 2013 budget. During their deliberations on the *FY 2012 Carryover Review*, the Board approved an amount of $200,000 to be utilized for a Traffic Calming initiative to address speeding in neighborhoods. After Managed Reserve adjustments, the new reserve total is $538,344.

[12] As part the *FY 2012 Carryover Review*, an amount of $742,333 was set aside in reserve for FY 2014 budget development. This reserve has been utilized to balance the FY 2014 budget.

[13] As part of the FY 2014 Advertised Budget Plan, an amount of $2,405,139 has been set aside in reserve for Board consideration during their deliberations on the FY 2014 budget.

FY 2014 and FY 2015 MULTI-YEAR BUDGET PLAN: TAX AND FEE FACTS

Type	Unit	FY 2012 Actual Rate	FY 2013 Actual Rate	FY 2014 Recommended Rate	FY 2015 Planned Rate
GENERAL FUND TAX RATES					
Real Estate	$100/Assessed Value	$1.07	$1.075	$1.095	$1.095
Personal Property	$100/Assessed Value	$4.57	$4.57	$4.57	$4.57
NON-GENERAL FUND TAX RATES					
REFUSE RATES					
Refuse Collection (per unit)	Household	$345	$345	$345	$345
Refuse Disposal (per ton)	Ton	$60	$60	$60	$60
Leaf Collection	$100/Assessed Value	$0.015	$0.015	$0.015	$0.015
Solid Waste Landfill Ash Disposal	Ton	$15.50	$17.50	$19.50	$19.50
Energy/Resource Recovery Facility	Ton	$29	$29	$29	$29
SEWER CHARGES					
Sewer Base Charge	Quarterly	$5.00	$5.50	$12.79	$20.36
Sewer Availability Charge	Residential	$7,750	$7,750	$7,750	$7,750
Sewer Service Charge	Per 1,000 Gallons	$6.01	$6.55	$6.55	$6.55
COMMUNITY CENTERS					
McLean Community Center	$100/Assessed Value	$0.023	$0.022	$0.022	$0.022
Reston Community Center	$100/Assessed Value	$0.047	$0.047	$0.047	$0.047
OTHER					
Stormwater Services District Levy	$100/Assessed Value	$0.015	$0.020	$0.020	TBD
Route 28 Corridor	$100/Assessed Value	$0.18	$0.18	$0.18	$0.18
Dulles Rail Phase I	$100/Assessed Value	$0.22	$0.22	$0.22	$0.22
Dulles Rail Phase II	$100/Assessed Value	$0.10	$0.15	$0.20	$0.20
Integrated Pest Management Program	$100/Assessed Value	$0.001	$0.001	$0.001	$0.001
Commercial Real Estate Tax for Transportation	$100/Assessed Value	$0.11	$0.11	$0.125	$0.125
Tysons Service District	$100 / Assessed Value	$0.00	$0.00	$0.09	$0.09

County Executive Summary

FY 2014 Reductions

General Fund Impact

The following table summarizes reductions proposed by the County Executive as part of the FY 2014 Advertised Budget Plan totaling $16.98 million, including $13.83 million in disbursement reductions and $3.15 million in increased revenues. Additionally, the FY 2014 Advertised Budget Plan includes a reduction of $2.37 million in support of Information Technology Projects, a reduction of $2.32 million in Contributory payments, and a reduction of $2.00 million in County support of CONNECTOR services, for a total disbursement reduction of $20.52 million. In addition, 91 positions are proposed to be eliminated as part of these reductions. These reductions will be considered by the Board of Supervisors during their deliberations on the FY 2014 budget.

	Reduction	
Reduction Title / Impact Statement	Funding	Posn
10001 - General Fund		
02 - Office of the County Executive		
Reduce Operating Expenses	$29,671	0
The reduction in Administration of County Policy will reduce Operating Expenses by $29,671, a 6.4 percent reduction from the FY 2013 funding level of $463,550. This reduction will have a minimal impact as efficiencies have been implemented which have increased flexibility within the agency's operating budget.		
Eliminate Miscellaneous Travel	$37,500	0
The reduction in Administration of County Policy will eliminate miscellaneous travel. This reduction will eliminate opportunities for staff to attend work related conferences resulting in reduced awareness of emerging trends and issues.		
Eliminate 1/1.0 FTE Vacant Administrative Assistant V Position	$56,716	1
The reduction in Administration of County Policy will eliminate 1/1.0 FTE vacant Administrative Assistant V position, one of four Administrative Assistant V positions in the office. This reduction will increase the workload of administrative staff resulting in delays in efficiencies, reduced employee and customer satisfaction and delays in the processing of internal items.		
Reduce Consultant Services	$0	0
The reduction in the Office of Community Revitalization and Reinvestment will result in a decrease of $190,000 in Fund 30010, General Construction and Contributions, Project 2G02-002-000, Revitalization initiatives. This will reduce consultant services which support commercial revitalization and reinvestment efforts in the County's Commercial Revitalization Districts and Areas, as well as in other strategic locations.		
Reduce the Hours of 1/1.0 FTE Filled Management Analyst III Position from 40 Hours Per Week to 20	$38,137	0
The reduction in the Office of Public Private Partnerships will reduce the hours of 1/1.0 FTE filled Management Analyst III position, one of three Management Analyst III positions in the office, from 40 hours per week to 20. This position provides Certified Mediation Training for Fairfax County Public Schools and Fairfax County Government as part of the Alternative Dispute Resolution (ADR) program. In addition, the position assists with the development and maintenance of partnerships. This reduction will require ADR and agency staff to absorb the position's workload.		
02 - Office of the County Executive Total	**$162,024**	**1**
04 - Department of Cable and Consumer Services		
Eliminate a vacant Consumer Specialist I in Consumer Affairs	$71,016	1
This reduction will eliminate one vacant Consumer Specialist I position and will require the reallocation of the duties to the other seven positions in Consumer Affairs. This will result in a reduced level of service by limiting the timeliness of consumer complaints investigated, case inquiries closed, and outreach seminars conducted.		

FY 2014 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
Manage Position Vacancies	$13,344	0
This reduction will lower the agency's Public Safety Program Area's Personnel Services budget by $13,344, and will require the close management of position vacancies.		
04 - Department of Cable and Consumer Services Total	**$84,360**	**1**
06 - Department of Finance		
Reduce Temporary Accounts Payable Staffing	$200,000	0
The reduction will reduce temporary Accounts Payable support. The agency utilized an outside contractor to assist with the transition to a centralized Accounts Payable processing system. This support is no longer required as efficiencies associated with the new system have been implemented and staff has been trained to operate the system. This reduction is a result of efficiencies generated from the implementation of FOCUS.		
Eliminate 1/1.0 FTE Vacant Management Analyst III Position	$62,984	1
This reduction will eliminate 1/1.0 FTE vacant Management Analyst III position, one of three Management Analyst III positions in the Accounts Payable business area. Eliminating this position will increase staff workload; however, efficiencies associated with the County's new financial system will mitigate this impact as the amount of time required to process an invoice has been reduced. This reduction is a result of efficiencies generated from the implementation of FOCUS.		
06 - Department of Finance Total	**$262,984**	**1**
08 - Facilities Management Department		
Reduce Utility Funding	$342,079	0
This reduction results in decreases to both natural gas and electricity budgets based on historical experience, projections for future requirements, and the implementation of energy savings initiatives. An amount of $192,079 is associated with a 7.6 percent decrease in the total natural gas budget for County facilities of $2,532,489. Based on actual experience in the last five years, funding requirements for natural gas have been lower than anticipated. The demand for natural gas is largely based on the severity of winter temperatures; however, the remaining funding level is sufficient to offset increased demand should the County experience a more severe winter season. In addition funding of $150,000 is associated with electricity savings based on prior year experience and projected savings associated with the implementation of LED lighting and other energy savings initiatives.		
Eliminate Vacant Management Analyst IV Position that Supports Building Services	$115,977	1
This reduction eliminates one of four Assistant Director (Management Analyst IV) positions. This position provides overall supervision of services provided by the Building Services Division. These services include security, custodial and grounds maintenance at designated County facilities. In addition, this position provides oversight of cafeteria services within three County facilities and parking management of two garages located at the Public Safety Complex. The elimination of this position will result in the reorganization of the agency and workload will be distributed to the three remaining Assistant Director positions for Real Estate Management Services; Design, Engineering, Energy and Construction; and Operations and Maintenance.		
Reduce Training and Travel Funding	$28,482	0
This reduction results in a 47 percent decrease in the agency's total travel and training budget of $60,262. Training opportunities and external travel for agency staff to learn new technologies and practices within the facility management industry will be reduced. This will partially suspend the participation in professional training, conferences, and any related events incurring travel expenses and may result in a lack of new technologies and practices being implemented in the area of repair and maintenance. This lack of knowledge may result in more maintenance being supported by contractors. In addition, technical and maintenance training provided by outside the Council of Government (COG) area will be deferred until the training is offered locally or the individual is willing to pay travel related expenses out of pocket.		

FY 2014 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
Reduce Lease Purchase Program	$26,522	0
This reduction will eliminate one equipment master lease agreement contract for Energy Management Control Systems (EMCS) and HVAC systems purchased for various County facilities. Once these agreements are completed, funding is no longer required. This lease purchase agreement has been completed and requires no FY 2014 funding.		
08 - Facilities Management Department Total	**$513,060**	**1**
11 - Department of Human Resources		
Eliminate 1/1.0 FTE Vacant Management Analyst II Position	$85,000	1
This reduction in the Benefits Division would eliminate 1/1.0 FTE vacant Management Analyst II position, reducing the number of professionals available to provide in-house analysis and service for employees. This is one of two Management Analyst II positions in the Benefits Division. With the implementation of FOCUS, some efficiencies have been realized in the way that work is processed in the division. However, there is a looming workload in this division driven primarily by the need to go through an extensive Request For Proposal (RFP) process for several of the major benefits programs, most notably the County's health plans. There is also a significant amount of work anticipated to comply with health care reform legislation. Eliminating this position will require reliance on an external vendor for analysis related to these two major activities, in addition to the routine processing and servicing of the benefits plans. The division's ability to operate without this position will be reliant in part on the ability to leverage health vendor communications and tools as a result of the RFP for the County's self-insured health plans. This reduction is a result of efficiencies generated from the implementation of FOCUS.		
11 - Department of Human Resources Total	**$85,000**	**1**
12 - Department of Purchasing and Supply Management		
Eliminate 1/1.0 FTE to-be-vacated Contract Specialist II Position	$70,962	1
The reduction will eliminate a soon to-be-vacated Contract Specialist II position, one of seven Contract Specialist II positions in the Contracts Division. Any short-term increase in the amount of time required to award a contract is expected to be mitigated by a strategic initiative to increase the formal solicitation threshold, resulting in fewer contracts. This reduction is a result of efficiencies generated from the implementation of FOCUS.		
Increase Rebate Revenue	$64,000	0
The agency will generate additional revenue of $64,000 as a result of leading the national cooperative contract for multi-functional digital devices and establishing a special-use procurement card to pay for the Department of Information Technology's Verizon bills. This revenue enhancement will have a minimal impact on agency operations as increases in workload would be absorbed by existing staff. It is important to note that this revenue has been included in the FY 2014 Contract Rebates revenue estimate.		
Eliminate 1/1.0 FTE Vacant Material Management Driver Position and Manage Vacancies	$48,197	1
The reduction will eliminate a vacant Material Management Driver position for a savings of $44,560. This is one of nine Material Management Driver positions in the Material Management Division. This reduction will have a minimal impact on agency operations as the number of pickup and delivery dates associated with the excess and surplus property program has been reduced. The agency will manage vacancies to achieve an additional savings of $3,637.		
12 - Department of Purchasing and Supply Management Total	**$183,159**	**2**

FY 2014 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
13 - Office of Public Affairs		
Eliminate 1/1.0 SYE Vacant Assistant Director Position	$56,288	1
This reduction will eliminate a vacant Assistant Director position, one of two Assistant Director positions in the agency. The Assistant Director oversees human resource functions, workload assignments and a variety of other supervisory duties. In addition, the position works with both internal and external customers to provide support. These responsibilities would be absorbed by the remaining Assistant Director position. Additional savings from this position reduction have already been realized as part of managing vacancies in the FY 2013 Adopted Budget.		
13 - Office of Public Affairs Total	**$56,288**	**1**
20 - Department of Management and Budget		
Eliminate 1/1.0 FTE Vacant Business Analyst III Position	$82,000	1
The reduction would eliminate 1/1.0 FTE vacant Business Analyst III position. Due to the new FOCUS system, and the anticipated implementation of the budget module in FY 2015, it is projected that there will be fewer requirements to maintain separate systems for the tracking and maintenance of budget and performance measurement information. This reduction is a result of efficiencies generated from the implementation of FOCUS.		
20 - Department of Management and Budget Total	**$82,000**	**1**
25 - Business Planning and Support		
Eliminate a Part Time Vacant Administrative Assistant IV Position	$25,584	1
This reduction eliminates a part time vacant Administrative Assistant IV position, one of two Administrative Assistant positions in the agency. Eliminating this position will increase the workload of administrative staff resulting in delays in efficiencies, reduced employee satisfaction and limited review of Board Items and internal administrative procedures.		
Reduce Operating Expenses	$14,285	0
This reduction results in a decrease in department wide trainings and other operating costs. Operational cost reductions are associated with additional server space. The reduction in server space will result in less computer storage capacity and may impact speed of information retrieval and processing.		
25 - Business Planning and Support Total	**$39,869**	**1**
26 - Office of Capital Facilities		
Increase Work Performed For Others (WPFO) Billing Charged to Projects	$137,657	0
The charges for Work Performed For Others (WPFO) are increased as a result of a review of actual costs incurred, including recent increases in salaries as approved by the Board of Supervisors in FY 2012 and FY 2013. This will result in an increase to the WPFO billing rate for 4/4.0 FTE positions which are located in Capital Facilities but work on stormwater projects and 5/5.0 FTE positions which are located in Capital Facilities but work on transportation projects. Currently, WPFO is charged at a rate of approximately 80 percent to Fund 40101, Stormwater Services. This reduction will result in an increase of 20 percent to stormwater projects fully recovering the cost of all 4 positions. This adjustment will result in consistency in the agency with all 7 stormwater positions 100 percent recoverable. Currently, WPFO is charged at a rate of approximately 72 percent to several transportation funds. This reduction will result in an increase of approximately 16 percent to transportation projects recovering 88 percent of the cost of all 5 positions. This adjustment will result in consistency in the agency with all 5 transportation positions 88 percent recoverable.		

County Executive Summary

FY 2014 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
Eliminate 1/1.0 FTE Filled Administrative Assistant II Position	$42,539	1
The reduction will eliminate a filled Administrative Assistant II position, one of two Administrative Assistant II positions in the agency. This reduction will increase the workload of administrative staff resulting in longer customer wait times and delays in the processing of internal items. In addition, eliminating this position will require senior engineer positions to spend an increased amount of time on administrative tasks, taking them away from projects that require more technical analysis, which could result in delays to these more complex projects.		
26 - Office of Capital Facilities Total	**$180,196**	**1**
31 - Land Development Services		
Revenue Enhancement	$480,000	0
The agency will increase various fees by an average of 2.8 percent resulting in additional revenue of $480,000. This revenue enhancement will impact customers as they will be required to pay an additional fee for services provided. It is important to note that this revenue has been included in the FY 2014 Permits/Inspection Fees revenue estimate.		
Increase Work Performed for Others (WPFO) Billing Charged to Projects	$341,777	0
The charges for Work Performed for Others (WPFO) are increased as a result of a review of actual costs incurred, including recent increases in salaries as approved by the Board of Supervisors in FY 2012 and FY 2013. In addition, staff has reviewed the mix of positions being charged to projects and determined that 5/5.0 FTE positions which are located in Land Development Services but work exclusively on Stormwater projects, should be charged to the appropriate projects. WPFO is charged for managing the planning, design and construction of capital projects. This reduction will result in a modest increase to Stormwater projects.		
Eliminate 1/1.0 FTE Vacant Administrative Assistant II Position	$42,540	1
This reduction will eliminate 1/1.0 FTE vacant Administrative Assistant II position, one of five Administrative Assistant II positions in the Building Plan Review and Inspections Division. This reduction will have a minimal impact on agency operations due to recently implemented efficiencies.		
31 - Land Development Services Total	**$864,317**	**1**
35 - Department of Planning and Zoning		
Eliminate Funding for Limited Term Positions	$132,665	0
The elimination of this funding will reduce the Department of Planning and Zoning's Personnel Services budget of approximately $9 million by approximately 1.4 percent. The elimination of funding for benefits-eligible positions will require the Zoning Evaluation Division to decrease their goal of responding to 50 percent of written requests for determination within 30 business days to 40 percent. In addition, review timeframes for zoning applications will be extended. The elimination of funding for temporary positions will require planners to spend an increased amount of time on lower level tasks, taking them away from projects that require more technical analysis, which will result in delays to these more complex projects. It should be noted that both benefits-eligible positions are currently filled.		
35 - Department of Planning and Zoning Total	**$132,665**	**0**
36 - Planning Commission		
Reduce Personnel Services Budget	$33,689	0
The reduction reduces the Personnel Services budget by $33,689, a 5.2 percent reduction from the FY 2013 funding level of $644,508. This reduction will primarily be managed through personnel services savings available due to the Executive Director position being vacated and then filled at a lower salary level as well as other management of position vacancies.		
36 - Planning Commission Total	**$33,689**	**0**

FY 2014 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
38 - Department of Housing and Community Development		
Eliminate General Fund Support for Refuse Disposal	$25,252	0
The reduction of $25,252 provided for General Fund refuse disposal support at various FCRHA rental properties can be absorbed within the non-appropriated Public Housing and Fairfax County Rental Program budgets.		
38 - Department of Housing and Community Development Total	**$25,252**	**0**
39 - Office of Human Rights and Equity Programs		
Eliminate Vacant Human Rights Analyst II Position	$78,611	1
This reduction would result in eliminating the only Human Rights Analyst II position from the Equity Programs division. This position is currently vacant. The reduction could reduce the investigative capacity of the agency and may result in an increase in the time required to close investigations, which could impact customer satisfaction. However, due to enhanced efficiencies and production of the investigative staff, this is projected to have a manageable impact.		
39 - Office of Human Rights and Equity Programs Total	**$78,611**	**1**
40 - Department of Transportation		
Increase Work Performed for Others (WPFO) Billing Charged to Projects	$86,416	0
The charges for Work Performed for Others (WPFO) are increased as a result of a review of actual costs incurred, including recent increases in salaries approved by the Board of Supervisors in FY 2012 and FY 2013. In addition, staff has reviewed the mix of positions being charged to projects and determined that the full salary costs of 1/1.0 FTE Engineer III position in the Transportation Design Division (TDD) should appropriately be charged to Fund 40010, County and Regional Transportation Projects, as this position is currently working on numerous capital projects. Examples of these capital projects include Route 123/Braddock Road Interim Roadway improvements, Braddock Road/Roanoke River Road improvements, and Fairfax County Parkway improvements from Route 29 to Braddock Road.		
40 - Department of Transportation Total	**$86,416**	**0**
41 - Civil Service Commission		
Reduce Personnel and Operating Budget	$21,288	0
This reduction reduces flexibility in providing services, or responding to a large increase in appeals filed. The Commission is State mandated (Code of Virginia 15.2- 1506, 1507) and does not control the number of grievance appeals filed, so if the number/ cost exceeded the budgeted amount, funds would still need to be expended. At this time, it is anticipated that the agency will be able to absorb the reduction without any reduced level of service as long as the current workload level does not increase.		
41 - Civil Service Commission Total	**$21,288**	**0**
51 - Fairfax County Park Authority		
Increase REC-PAC fees	$94,000	0
Rec-PAC is the Park Authority's summer recreation program for elementary school children that provides structured, supervised activities in community-based settings. Rec-PAC fees are on a sliding scale based on household income level and currently range from $33 to $109 per week. It should be noted that nearly one-half of the program participants enroll on a fee-waiver (scholarship) basis. There are approximately 18,800 registrations per year for Rec-PAC and in FY 2012, 4,887 children were served (many children register for multiple sessions). A sliding scale fee structure will be developed to generate the additional $94,000 while minimizing the financial impact for lower-income families. The Park Foundation will continue to raise funds for the Rec-PAC program. The increase in fees will result in an additional $94,000 in General Fund revenues.		

County Executive Summary

FY 2014 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
Eliminate a filled HVAC Equipment Tradesman Position	$67,759	1

This reduction will result in the elimination of 1/1.0 FTE filled HVAC I position out of 2 HVAC Tradesman positions in the agency. The elimination of this position will limit the agency's ability to perform preventative maintenance and repairs on HVAC systems at the Nature Centers, Historic Sites and rental properties resulting in longer repair times and increased customer inconvenience. This position conducts HVAC repairs and kitchen appliance repairs (ice machines, coffee pots, fryers and freezers) at all park sites. This position worked on 150 work orders in the past year, including 68 planned (routine maintenance) and 82 emergency items. With this reduction, only demand (emergency) work will be performed; no planned (routine) work would be completed.

Increase Work Performed For Others (WPFO) Billing Charged to Projects	$54,552	0

The charges for Work Performed For Others (WPFO) are increased as a result of a review of actual costs incurred, including recent increases in salaries as approved by the Board of Supervisors in FY 2012 and FY 2013. Additional WPFO charges to capital projects may reduce the amount of flexibility available to address potential increases in project costs.

Eliminate Annual Funding for Park Athletic Court Renovations	$0	0

This $200,000 reduction will result in the elimination of annual tennis and basketball court renovations. An average of nine athletic courts (approximately 6 tennis courts and 3 basketball courts) are renovated each fiscal year at a cost of $20,000 to $25,000 each. The total budget for court renovations was $400,000; however this budget was reduced by 50% in FY 2013. This reduction will eliminate the remaining funding for court renovations. As tennis courts and basketball courts become unsafe for citizen use, they will be taken out of service. The life expectancy of a tennis and basketball court is 10 years. The Park Authority maintains 260 tennis courts and 128 basketball courts. The public can expect to see court closings to start to occur within one to two years. This reduction is in Fund 30010, General Construction and Contributions, Project 2G51-006-000, Parks Grounds Maintenance.

Support Park Authority ADA Compliance with a transfer from Fund 80300, Park Capital Improvement Fund	$0	0

In lieu of General Fund support, a transfer of $1,085,000 is recommended from Fund 80300, Park Capital Improvement Fund, Project 2G51-017-000, Contingency to Fund 30010, General Construction and Contributions, to support Project PR-000083, Americans with Disabilities Act Improvements. This transfer is consistent with the recommendations presented in the November 2012 Office of Financial and Program Audit report entitled, Strategies to Reduce County General Fund support of the Park Authority. Funding will provide for the continuation of improvements required as part of the Department of Justice (DOJ) audit and identified in the settlement agreement signed by the Board of Supervisors on January 28, 2011. This adjustment to the contingency project within Fund 80300 will reduce the availability of funding should other projects in progress exceed existing resources.

51 - Fairfax County Park Authority Total	**$216,311**	**1**

52 - Fairfax County Public Library

Reduce Materials Allocation	$374,237	0

With this reduction, the Fairfax County Public Library (FCPL) will reduce the materials budget by $374,237, or approximately 11 percent. This reduction will be applied across all selection targets reducing categories as appropriate to produce the least impactful consequences. This reduction will result in fewer titles and copies being available to library users. Customers could expect the holds ratio to remain steady at 1:6. This reduction would widen the gap for the materials allocation from FY 2000 to FY 2013 which is currently at approximately 50 percent. However, FCPL would work to mitigate this impact by reviewing the collection targets and purchasing the most customer utilized materials. Also, any surplus funds identified at the end of the fiscal year will be dedicated to materials in an effort to offset the reduction.

FY 2014 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
Strategic Redefinition and Restructuring of Staffing Requirements	$275,000	0

The Library is beginning a multi-year process to more effectively manage its resources by aligning them with focused objectives to operate in the most efficient manner possible. Part of this process entails a significant realignment and restructuring of staffing requirements. Responding to the changes occurring industry-wide as well as customer expectations, FCPL is becoming a more customer-driven organization and through this effort plans to improve customer service, streamline operations, and achieve cost savings. The vision of this plan is to provide a popular materials collection that supports student homework needs, programs focused on early literacy education, programs that mesh organizational goals with specific community demographics, facilities that provide a place for customers to work, study and recreate, and to help customers utilize information resources and technology. One of the overall goals of this change is to ensure that branches become more customer-focused by strategically defining staffing criteria and requirements through attrition, position redirections and reductions. While the majority of this process (and the resulting savings) will not materialize until FY 2015 or later, it is anticipated that savings of $275,000 will be possible through the initial phases of this process.

52 - Fairfax County Public Library Total	**$649,237**	**0**

57 - Department of Tax Administration

Increase Business Personal Property Tax and Business Professional and Occupancy License Tax Revenue	$700,000	0

This revenue enhancement will require the agency to reclassify four vacant positions to Business Tax Specialists, increasing the number of Business Tax Specialist positions in Tax Discovery and Compliance from 10 to 14. Reclassifying these positions is projected to increase revenue by $700,000 as the positions will concentrate on finding new businesses within Fairfax County that are currently not paying the Business Personal Property Tax (BPP) or the Business Professional and Occupancy License Tax (BPOL) and ensuring that these businesses begin to pay these taxes. This revenue has been included in FY 2014 General Fund revenue estimates.

57 - Department of Tax Administration Total	**$700,000**	**0**

67 - Department of Family Services

Increase Fees for the School-Age Child Care (SACC) Program by 5 Percent in an Effort to Reach 80 Percent Cost Recovery	$1,705,983	0

SACC fees are collected from parents as payment for child care services. A 5 percent increase in fees would bring in an estimated $1.7 million in additional SACC revenue in FY 2014 and increase the program's cost recovery rate from an estimated 77 percent (in FY 2013) to approximately 80 percent (in FY 2014). It should be noted that full cost recovery is not possible due to the County's commitment to provide subsidized child care to families with low-incomes and children with special needs.

Align Comprehensive Services Act (CSA) Utilization Review Revenues	$50,000	0

Utilization Review (UR) is done for all CSA residential placements, out of the ordinary (in terms of cost) cases, and at the request of case managers or CSA staff. The UR process has helped agencies involved with CSA services access and utilize better, more cost effective services for enrolled youth and their families by diverting services from residential placements, reducing lengths of stay in residential facilities, and increasing use of Medicaid funding. In FY 2011, UR processes were enhanced in an effort to contain CSA costs by utilization of more intensive monitoring of residential placements and treatment plans. Since this CSA service is reimbursable by the state, these revenues were formally incorporated into the budget, thereby reducing the costs borne by the County. Based on two years of experience and projected workload going forward, additional cost savings of $50,000 are anticipated.

Eliminate Two Vacant Management Positions	$198,434	2

This reduction eliminates the Deputy Director position and a Program Manager position in the Adult and Aging Division for projected savings of $198,434. While no significant external service impact is anticipated, this action will place additional pressure on current managers to provide all of the strategic visioning and leadership in service delivery, cross-system efforts, and representation of the County in regional settings and at the state level. It will also become more difficult for the County and the Department of Family Services to continue long-term succession planning efforts.

FY 2014 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Reduction Posn
Realize Savings Associated with Position Realignments and Staff Turnover	$341,404	0

Positions throughout the Department of Family Services have been reviewed and work redesigned to enable the reallocation of some positions to direct service provision. Additionally, an analysis of compensation needs revealed a projected decrease in average salaries due to staff turnover. As a result, it is anticipated that additional savings of $341,404 will be realized with minimal adverse impact.

Generate Operating Efficiencies within the Department of Family Services	$106,888	0

Based on the implementation of additional cost containment strategies, savings of $106,888 in Operating Expenses is anticipated. Loss of this funding to address other operational needs could potentially limit the ability to accommodate service funding requirements.

Begin Implementation of a New Staffing Model in the School-Age Child Care (SACC) Program by Converting 30.0/24.30 FTE Teacher I Positions as Vacancies Occur	$272,343	30

Beginning in FY 2010, new SACC rooms were opened using a modified staffing model which utilized a combination of merit and benefits-eligible employees. After several years of experience, this model has been successful and staff will now implement the new model in all SACC rooms. This reduction is year one of a three year phase-in and will convert a total of 115 Teacher I positions to benefits-eligible positions as they become vacant. Based on the current rate of attrition, it is anticipated that 30 Teacher I positions will be converted in FY 2014 and the remaining positions in FY 2015 and FY 2016. It is anticipated that savings of $272,343 in Fringe Benefits will be realized in Agency 89, Employee Benefits, in FY 2014.

Align Home-Based Care Services Budget with Actual Experience	$630,000	0

Home-based care services assist with activities of daily living and are provided to nearly 1,100 eligible adults in their own homes each year. Services are task-based and include assisting persons with personal care tasks such as bathing, meals, housekeeping, and laundry. Clients are eligible for the program provided they meet certain income and functional criteria. Staff efforts to maximize Medicaid by enrolling all eligible clients and capping the tasks available, have resulted in recent expenditures being lower than in previous years. Thus, home-based care funding is reduced by a total of $630,000. This $630,000 reduction also represents the beginning of efficiency savings that the County intends to see from a comprehensive 2-year review of various older adult services across the County's Human Services System (i.e., across initiatives between the Department of Family Services, the Department of Neighborhood and Community Services, and the Health Department). This reduction will not adversely impact the clients currently being served; however, significant increases in the number of clients requiring services, acuity of the clients being served, or changes in Medicaid eligibility and reimbursement may result in the need for a waiting list in the future.

Maximize State Funding by Redirecting Comprehensive Services Act (CSA) Non-Mandated Spending from Residential Placements to Community Based Services	$103,740	0

Youth served through non-mandated CSA funding have serious emotional and behavioral issues which place them at risk to self or others. Given the desire to serve youth in the community, this reduction caps expenditures on residential placements and increases utilization of community-based services. Since the state incentivizes spending on community-based services with a higher state match rate, this change would result in more revenue being drawn down to the County. Based on FY 2012 expenditure patterns, the revenue increase is estimated to be $103,740. Serving more youth in the community facilitates more family involvement, thereby reducing length of system involvement and better outcomes. Since better outcomes typically result when youth are served in the community versus a residential facility, this proposal is not anticipated to have any significant adverse implications for the youth or their families.

Eliminate Comprehensive Services Act (CSA) Initiative Funding	$375,000	0

This reduction eliminates funding for CSA initiatives intended to reduce costs or improve outcomes for youth and their families; however, funding has not been needed for this purpose. Thus, the $375,000 in savings can be achieved with minimal impact to this service area.

FY 2014 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
Close the Job Corner Providing Youth Employment Services	$41,879	0

Job Corner is a drop-in employment center that was created to provide employment and basic education services to young people through co-location of the Workforce Investment Act (WIA) Youth program and education partners in the Falls Church area. However, recent WIA program changes have required services to be tailored to individual needs, resulting in a shift away from the general employment services delivered through a center-operated approach. Additionally, Job Corner was relocated from Falls Church to Annandale which resulted in the loss of several key education and service providers who were instrumental in delivering free and/or low-cost services. As a result of these changes, the number of individuals visiting the Job Corner site has decreased substantially, thus limiting its utility and viability. This reduction closes the Job Corner. Services will continue to be provided by case managers for WIA enrolled youth, and services for non-WIA enrolled youth will continue to be available through the SkillSource Centers in Annandale, Reston, and South County.

67 - Department of Family Services Total	**$3,825,671**	**32**

68 - Department of Administration for Human Services

Eliminate Funding for Mail Services Contract	$133,068	0

This reduction eliminates all funding for mailroom services provided by a contractor at the Pennino Building through an enclave that provides employment for six persons with disabilities (sheltered workshop). As a result, all of the human services agencies located in the Pennino Building will be affected. DAHS will work with agencies to identify a process by which daily mail distribution will be accomplished. All agencies are likely to be able to absorb the work.

The six existing employees of the contractor will require placement in other employment venues by the contractor. Depending on whether alternative work locations could be found, termination of the contract could result in an interruption in employment for these individuals.

Eliminate Vacant Grants Coordination Position	$72,000	1

This reduction will eliminate the Management Analyst II position in DAHS responsible for coordinating and supporting the grant application process across human services agencies. Although grant writing will continue in individual agencies, the elimination of this position will result in decreased oversight of and coordinated strategies for grant opportunities, as well as decreased maintenance of resource materials regarding current grants across the human services system. With the position being vacant since the end of FY 2011, the impact should be minimal. Positions in other departments that support program areas applying for grants have worked together to strengthen coordination efforts between the human services system.

Reduce One Filled Position Associated With Emergency Coordination Services	$65,826	1

This reduction will eliminate one of the two positions responsible for coordinating, preparing and implementing emergency response plans for all human services at the five co-located sites. This will result in a diminished capacity to manage and maintain the plans, as well as a diminished capacity to coordinate activities and trainings for approximately 2,000 to 3,000 human services employees. The functions of this position will be absorbed by the remaining staff person in Emergency Coordination Services and other human services departments.

68 - Department of Administration for Human Services Total	**$270,894**	**2**

70 - Department of Information Technology

Reduction in Telecomm Services Capacity	$100,000	0

The reduced funding will further challenge the agency's ability to provide the current level of telecommunications support. It is anticipated that services will be reduced, operational efficiencies will be tougher to achieve, customer satisfaction will be impacted, and flexibility to deal with unforeseen situations will be substantially reduced. One foreseeable result of this reduction is that it reduces the amount of funds for maintenance which could potentially increase the time needed to repair system troubles, could impact smaller sites that rely hourly on phone communication, and will increase backlogs and inefficiencies.

70 - Department of Information Technology Total	**$100,000**	**0**

County Executive Summary

FY 2014 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
71 - Health Department		
Eliminate Four Public Health Nurse II Positions from the Maternal Child Health Cost Center	$276,984	4
Provision of maternity services is a partnership between the Health Department and InovaCares Clinic for Women. Currently, the Health Department functions as the entry point for pregnancy testing and prenatal care through the 2nd trimester, at which time clients are transferred to Inova for the remainder of their prenatal care and delivery. To optimize continuity of care and eliminate the need for clients to transition services mid-pregnancy, a new service delivery model that allows clients to receive their entire prenatal care at Inova has been developed and will be implemented by FY 2014. As a result, elimination of the 4/4.0 FTE Public Health Nurse II clinic positions will have little or no impact to public health clinic services and the human services system.		
Eliminate All Contracted On-Site Radiology Services at the Community Health Care Network (CHCN)	$245,000	0
While community-based radiology services are available through Inova-based radiology facilities under the Inova charity care policy, discontinuing on-site radiology services may result in patients having either to wait longer periods of time or to travel farther to receive needed radiology services. In addition, this change may reduce provider efficiency in reviewing radiology reports and increase time delays in implementing treatments for CHCN patients.		
Eliminate One Environmental Health Specialist III and Three Environmental Health Specialist II Positions in the Consumer Protection Program	$224,373	4
The Environmental Health Division is currently in the process of merging the Food Safety Program and Community Health and Safety Program into one consolidated program known as Consumer Protection. Environmental health specialists within these programs are responsible for inspecting and responding to environmental complaints (e.g., food establishments, hotels, and pools). By the start of FY 2014, a total of 4/4.0 FTE Environmental Health II and III positions will be vacant. Eliminating these positions will increase caseloads by an average of 85 inspections per year. Currently, the frequency of these inspections exceeds local minimum mandates (two inspections per year). Through the reorganization of programs and use of risk-based inspections, the department will be able to maintain inspections at the levels necessary to safeguard public health and ensure safety. Thus the Health Department anticipates being able to manage this loss of staff resources while ensuring that external customers will not be impacted significantly.		
Eliminate Three Contracted Pharmacy Technician Positions and One Contracted Lab Technician Position at Various Community Health Care Network (CHCN) Locations	$199,826	0
Over 12,000 patients receive laboratory testing annually and system-wide over 9,000 prescriptions are processed monthly. The elimination of three contracted Pharmacy Technicians would reflect a decrease of 30 percent system-wide (i.e., Pharmacy Technicians will be reduced from 10 to seven). The elimination of one contracted Lab Technician would reflect a 33 percent decrease in the number of Lab Technicians at the CHCN-Bailey's facility (i.e., from 3 to 2 Lab Technicians). Timeliness of pharmacy and laboratory services may be impacted by this reduction. It is anticipated that, on average, the wait times for pharmaceuticals and labs will increase from 20 minutes to 40 minutes. This may have an adverse financial impact on many CHCN patients who are employed in hourly wage jobs without paid time off.		
Eliminate Three Contracted Full-Time Office Manager Positions in the Community Health Care Network (CHCN)	$157,000	0
Each of the three CHCN health centers has one contracted Office Manager position who is the key support staff person for the center's nurse manager. These individuals are responsible for creating and managing schedules, ordering and receiving supplies, billing and managing accounts, and balancing collections (e.g., cash, credit card payments, and checks). Elimination of these three contracted positions would leave no office manager at the primary health care centers, where the number of clients seeking services, and patients currently enrolled seeking primary and specialty care, prescriptions, diagnostic and laboratory tests, mental health care, and medical social work services averages between 300 to 500 individuals per day. This staff position also provides essential coverage for the nurse manager in his/her absence and staff shortages at the front desk. Therefore, the timeliness of services may be impacted as it is anticipated that the wait time during peak service hours may be up to 60 minutes. Scheduling of clients and account management would also be impacted; however, there would likely be no reduction in the number of clients served. A longer wait may have an adverse financial impact on many CHCN patients who are employed in hourly wage jobs without paid time off.		

FY 2014 Reductions
General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
Reduce Community Health Care Network (CHCN) Specialty Physician Care Payments	$150,000	0

CHCN arranges for and coordinates nearly 10,000 specialty referrals for patients annually. During the past two years, staff has worked to decrease the number of paid specialists, resulting in a savings of $200,000 (from nearly $500,000 to $300,000). This reduction represents another 50 percent decrease in funding available for specialty care and may result in clients experiencing delays in the receipt of specialty care. Additionally, there is an insufficient supply of providers in the community who are willing to provide specialty pro bono care. Since purchase of specialty care is not a sustainable model for CHCN, staff from CHCN, the medical society, local federally qualified health centers, and free clinics are working together to develop capacity for specialty care in the community.

71 - Health Department Total	**$1,253,183**	**8**

73 - Office to Prevent and End Homelessness

Generate Continued Efficiencies in Operating Expenses	$65,895	0

This reduction will decrease operating expenses by $65,895 based on historical spending patterns. This reduces funding available for internal needs such as training, office supplies, and document printing and distribution, but can be taken with minimal impact to the provision of homeless services.

73 - Office to Prevent and End Homelessness Total	**$65,895**	**0**

79 - Department of Neighborhood and Community Services

Redesign Administrative and Operational Oversight Functions	$300,000	4

This reduction is based on a redesign of the administrative and operational oversight functions for the Department of Neighborhood and Community Services (DNCS) and eliminates four positions, as well as increases the target for managed position vacancies. The four positions include a vacant Management Analyst III position that supports department-wide efforts in alternative resource development, with a focus on grant management and data-driven partnerships, and three Administrative Assistant positions (two of which are filled) that provide departmental support functions. The work responsibilities of the Management Analyst III position will be provided in a decentralized manner by a variety of positions throughout DNCS. The elimination of the three Administrative Assistant positions is associated with a redesign of the administrative support structure within DNCS that will seek to shift duties and responsibilities into a more centralized model to enable the absorption of the additional duties.

Redesign Dial-A-Ride	$207,000	0

This reduction proposes to redesign the Dial-A-Ride program (DAR) and turn it into a taxi voucher program. DAR is currently operated by FASTRAN during off-peak hours of service during the weekday (10 a.m. and 2 p.m.) and participants pay $1 per one-way trip. DAR serves those with incomes at or below 225 percent of federal poverty levels, and 620 individuals participated in the program last year. With the redesign, individuals would purchase subsidized vouchers for a predetermined fee. For example, the proposal would provide DAR participants with a two-for-one book of taxi vouchers for the first purchase (each book is worth $33 of vouchers), and then regular fees (proposed to be $10) for each additional book. This will increase the cost of a ride from $1 per one-way FASTRAN trip to a taxi trip which results in a scaled fee structure based on distance traveled. The proposed voucher program will also offer greater flexibility to participants because the vouchers can be used seven days a week at any hour. By redesigning the DAR program to become a taxi voucher program, participants will be required to make an increased financial commitment but in exchange, will have greater flexibility and independence.

Replace Some County Support for the Middle School After-School Program with a Participant Fee	$200,000	0

This reduction replaces some County General Fund support for the Middle School After-School (MSAS) program with additional FCPS revenue that would result from the implementation of a new annual fee for participants (not to exceed $25 per year per participant, and students qualifying for the FCPS free and reduced price meals program would be exempt from the fee). All 26 FCPS middle schools currently provide a free, five-day-a-week after-school program to students that includes activities such as: recreational activities, homework assistance, tutoring, health and wellness activities, career preparedness, and family engagement. The program has approximately 24,000 students participating at various times, and some may not have the means or may not choose to remain in the program if a fee is implemented. As a result, some students who could benefit from the MSAS program may not have opportunities to engage in fun, positive, academically beneficial activities.

FY 2014 Reductions
General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
Redesign Community Engagement Activities and Eliminate One Vacant Community Developer Position	$138,931	1

This reduction results in a redesign of how community engagement is conducted across the four Neighborhood and Community Services (NCS) regions and the elimination of one of eight Community Developer positions. This redesign will place an emphasis on assigning specific work to the remaining Community Developers based upon community need, emerging issues, or alignment with strategic focus areas as identified in regional and/or center-based plans, regardless of the geographic area in which the need is identified. In addition, funding for the Annandale Neighborhood Center (ANC), which is a hub for engaging a broad network of County, Fairfax County Public Schools and community partners in programs and activities that encourage the development of families and students, will be eliminated, along with a 5 percent reduction in funding for six existing neighborhood initiatives contracts, including those in Herndon, Southgate, Creekside and Sacramento. As a result of elimination of the contract funding for the ANC, approximately 70 youth and families will be impacted. The participants would have to seek services and resources at alternative facilities such as the Heritage Center - Region 2 Human Services Building and/or the Wedgewood Apartments complex.

Close Three Computer Learning Center (CLC) Sites	$110,000	0

This reduction results in the closure of three (of 12 total) Computer Learning Center (CLC) sites and is anticipated to impact more than 750 youth participants per day. CLCs offer participants activities such as: computer access, internet access, homework assistance, and literacy activities. The sites chosen for closure include Annandale Terrace Elementary, Hybla Valley Elementary, and Mount Vernon Woods Elementary. Fairfax County Public Schools (FCPS) has the option to continue these three CLC school-based sites. If FCPS does not continue the programs at the school sites, staff will try to redirect impacted students to other after-school programs. However, these other programs may have associated fees (CLC is free), waiting lists, or may create transportation issues depending upon location.

79 - Department of Neighborhood and Community Services Total	**$955,931**	**5**

80 - Circuit Court and Records

Manage Vacancies and Overtime	$117,017	0

Previous year budget reductions have forced the agency to hold positions vacant in order to achieve savings, and this further reduction will make an already difficult situation that much harder to manage. As positions continue to be held vacant, the need for work to be performed outside of the 40 hour work week inadvertently also increases. However, the agency will work to manage a reduction in overtime to achieve additional savings. These vacancies and a reduction in overtime will affect the service quality to the public and requires the Court to manage at significantly less than full proficiency.

80 - Circuit Court and Records Total	**$117,017**	**0**

81 - Juvenile and Domestic Relations District Court

Reorganize Court Services Administration (currently vacant positions) and Manage Vacancies	$350,000	3

This reduction requires the Juvenile and Domestic Relations District Court to generate savings by reorganizing Court Services Administration staffing. This unit manages the court's files and provides information to individuals involved in court hearings or authorized by law to receive court information. Employees in this unit are responsible for the storage, maintenance, security, filing and expungement of court records. This unit also retrieves files, copies, distributes documents, conducts record inspections and provides staff coverage for the public information desk associated with the file room. The reorganization is still in its early conceptual stages; however, the court estimates that it will be able to reduce a total of 3/3.0 FTE positions (all are vacant) in FY 2014 as part of this process. When combined with managing position vacancies in other parts of the court, an estimated $350,000 in savings can be generated.

81 - Juvenile and Domestic Relations District Court Total	**$350,000**	**3**

County Executive Summary

FY 2014 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
87 - Unclassified Administrative Expenses (Public Works)		
Reduced funding for Solid Waste Community Clean Up	$163,249	0
This reduction will result in a 45 percent decrease to the Community Clean Up Program. The County provides support to community and civic organizations in their efforts to clean up, enhance and maintain the appearance of their neighborhoods. The Clean up program also provides funding for the elimination of hazardous conditions identified by the Courts, Board of Supervisors, Health Department and the Sheriff's Office primarily associated with evictions. In FY 2012, funding for this program allowed for the completion of 28 community clean ups, 12 mandatory clean ups associated with evictions and referrals and 34 storm related clean ups. This reduction will result in less clean up and maintenance support and only the most critical clean up efforts will be provided.		
87 - Unclassified Administrative Expenses (Public Works) Total	**$163,249**	**0**
90 - Police Department		
Eliminate Station Logistics Program (filled positions)	$234,863	4
The reduction of the Station Logistics Program, including 4/4.0 FTE filled Vehicle Maintenance Coordinator positions (of eight total), will severely diminish the Department's capacity to provide basic operational support to eight district stations, increase the workload of patrol officers, and adversely impact timely and effective response to calls for service. Operational tasks performed by these positions include maintaining the estimated 800 police cruiser fleet, such as coordinating routine and emergency maintenance, towing and/or transporting vehicles to/from the County garage, managing RADAR, LIDAR, and other in-cruiser technology, as well as other related tasks. It should be noted that these tasks cannot be eliminated or absorbed by station civilian personnel. While minor gains in efficiency may be possible, previous budget reductions in civilian positions have all but eliminated non-mission critical activities. Consequently, patrol officers will be required to absorb the workload, primarily by being taken out of service, adversely impacting timely and effective response to calls for service.		
90 - Police Department Total	**$234,863**	**4**
91 - Office of the Sheriff		
Reduce Personnel Budget	$470,000	0
This reduction reflects a slightly less than one percent reduction in the proposed Office of the Sheriff's Personnel Services budget and would result in a manageable level of service impacts. No core responsibilities of the Sheriff’s Office are compromised by this reduction. In the unlikely event that an unanticipated situation would occur, positions can be held vacant or specialized training delayed until the problem is resolved.		
Eliminate Deputy Presence from Various Classes of Juvenile and Domestic Relations Court and some Circuit Court Less Emotionally Capricious Civil Hearings (filled positions)	$255,000	3
Currently the Sheriff’s Office provides courtroom security with the presence of a Deputy in all Juvenile and Domestic Relations District Court (JDRC), General District, and Circuit courtrooms. There are 24 Deputies that provide security at all civil hearings; this proposal will remove three Deputies from less emotionally capricious civil hearings. For perspective, there are currently 34 filled courtrooms, of which 8 are JDRC, 11 are General District Court, and 15 are Circuit Court, of these, 18 are reserved for civil hearings. Just under 100,000 civil cases are heard on an annual basis. Many cases are potentially volatile and require Deputy presence in the Courtroom; however, other cases are not as volatile. Currently one Deputy is assigned to be present during all of these hearings. It is proposed that Deputies only attend these hearings when there is credible concern for disruption. This proposal would remove three Deputies from those cases evaluated as less volatile. This would require three courtrooms to be covered by facility security staff. These courtrooms will continue to be video monitored from a central location and Judges will be able to confidentially contact security immediately should any issues arise. This would reduce the level of security for Judges and the public and increase the complexity of scheduling Deputies. Judges may require Deputy presence which would nullify this proposal.		

FY 2014 Reductions
General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
Eliminate Positions as a result of Video Visitation Implementation (filled positions)	$145,851	2

The video visitation program makes it possible to visit inmates over the internet, allowing much expanded visiting hours seven days per week. Presently, visiting can only occur for twenty minutes on the weekends during a six hour window. With video visitation, visiting is electronically scheduled by the visitor and it may take place any day of the week. The inmate is alerted of the visit and receives the visit in the cell block. This reduction takes advantage of efficiencies created through this program. It eliminates the need for the Deputy escort and civilian scheduler positions and it does not require the family to travel to the Adult Detention Center (ADC). This proposal would keep the ADC staffed at the level needed to maintain a safe, secure, and efficient facility.

Eliminate Deputy Presence from Juvenile and Domestic Relations Court Status Hearings (filled position)	$85,000	1

Currently the Sheriff's Office provides courtroom security with the presence of one Deputy in Juvenile and Domestic Relation Court (JDRC) status hearings. There are 24 Deputies that provide security at all civil hearings; this reduction would remove one Deputy that provides security at Juvenile and Domestic Relations Court Status Hearings. The status hearings occur every day, all day in one of the eight JDRC Courtrooms. It should be noted there are 34 filled courtrooms in total, of which eight are JDRC and 18 are civil courtrooms. Although a status hearing may be any type of hearing (child support, custody, etc.), generally the hearings last about 10 minutes, no evidence is heard, and the Judge asks the parties if they have resolved their differences so a judgment can be issued to bring the matter to closure, or a court date can be set. This reduction would impact the level of security in the Courtrooms provided to the Judges, the public and employees.

91 - Office of the Sheriff Total	**$955,851**	**6**

92 - Fire and Rescue Department

Reduce Number of Students in Advanced Life Support (ALS) School for One Year	$1,000,000	0

In order for the department to provide existing ALS capability, 30 percent of all providers must be ALS certified. The department currently trains incumbent providers and actively recruits and hires already trained ALS providers in order to meet operational requirements. A $1 million savings will require the number of participants to decrease from 15 to 6 in FY 2014. Based on current ALS numbers and paramedic hiring practices, FRD can sustain a reduction in ALS students for a one to two-year period. Reductions continuing past the one to two-year time frame will jeopardize FRD's ability to maintain the appropriate number of ALS providers. Without the adequate number of ALS providers, daily staffing will be compromised.

Reealignment of Relief Positions	$531,319	0

In order to ensure Fairfax County receives the same level of Fire and Rescue coverage daily, the department operates with minimum staffing levels. For the Fire and Rescue Department, the minimum staffing level is 334 personnel daily. This means there are 334 field personnel that must be on duty at all times. The proposed realignment would reclass 15 relief lieutenants to relief firefighters thus reducing the need for firefighter callback resulting in a reduction in callback overtime. This adjustment would have to be implemented through attrition, reclassing the positions as they become vacant. Based on the current department staffing configuration, leave usage, and injury rate trends, the department projects that this realignment will net a cost savings. However, the relief pool is a dynamic and ever changing balance that is continually evaluated to ensure it is functioning optimally to maximize cost savings.

Fire and Rescue Department (FRD) Efficiencies	$205,000	0

FRD has identified program efficiencies that will result in department-wide savings. The first efficiency is redesigning the overtime processes for Hazmat Logistics and Electronic Patient Care Reporting areas. A second efficiency is reducing uniform issuance to realize a savings. A third efficiency is redirecting a merit position to cover work currently covered by an existing Information Technology Contract. A fourth efficiency is eliminating Public Information Officer (PIO) on-call/incident presence, which is funded through overtime. As a result, FRD will no longer have a designated person "on-call" and available to respond to emergency incidents as the primary spokesperson to the press on large incidents. This process change will require officer's on-scene to respond to questions by the press. Because the primary function of officers' on-scene is to first mitigate the emergency incident, there could be a delay in responding to questions from the press resulting in a delay of information getting out to the public. A designated PIO would still be available Monday – Friday 8 hours a day, this reduction will impact after hours and weekend emergency incidents.

County Executive Summary

FY 2014 Reductions
General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
Delay Opening Station 42 - Wolftrap	$0	0

The Wolftrap Fire Station will address response time delays on the highly traveled area of Leesburg Pike as well as along the Dulles Airport Access/Toll Road corridor. Construction is anticipated to be complete in Fall 2012, with the station available for occupancy in January 2013. Wolftrap Fire Station will house a Medic Unit, Engine Company and Tanker. Delay in opening Fire Station 42 will require the department to operate status quo without additional resources to address response time delays along Leesburg Pike/Route 7. It should be noted that the Fire and Rescue Department will continue to utilize the facility for specialized activities and training as possible. This action is an interim step in FY 2014. However, funding of $4,164,498 will be necessary in FY 2015 and future years, including $2,340,888 for staffing, $802,956 for operating and capital equipment, and $1,020,654 for fringe benefits, to ensure an opening of January 2015. It should be noted that this adjustment is not technically a reduction, but rather a cost avoidance, delaying the opening of the station until FY 2015.

92 - Fire and Rescue Department Total	$1,736,319	0
10001 - General Fund Total	$14,485,599	74

40040 - Fairfax-Falls Church Community Services Board

Eliminate One Filled Central Administration Position	$103,992	1

This reduction is based on a redesign of the CSB's adminstrative and operational oversight functions and eliminates a Management Analyst III position supporting the public-private partnership with Fairfax Resilience, Education, Advocacy, Community, Hope (REACH), Inc. through revenue oversight and processing. The administrative work wil have to be absorbed by remaining staff.

Eliminate the Supported Apartment Program and Three Filled Intellectual Disability Specialist Positions	$371,021	3

This reduction eliminates three Intellectual Disability Specialist positions and will result in the closure of the CSB's supported apartment program serving 13 individuals with intellectual disability who live in their own homes or in shared living arrangements (e.g., apartment, townhomes). Individuals in this program receive training in personal skills, support in community living, and, in some instances, rental assistance. Support provided ranges from daily to periodic drop-in visits and is based on individual needs and preferences. As a result of the reduction, the CSB will transfer the service provision to a combination of private community partners on existing contracts and other similar CSB residential program staff that have capacity. There will be minimal impact to people who receive CSB services and modest workload increases for CSB staff.

Eliminate Two Filled Senior Management Positions (Will Be Vacant in Early FY 2014)	$321,766	2

This reduction eliminates two Senior Management positions. The first position is no longer needed due to the CSB's transformation and restructuring of the organization based on service intensity and overall consumer population needs. The second position provides support for key drivers such as Healthcare Reform, the Department of Justice settlement implementation, and projects associated with the County Executive's Work Plan, and the responsibilities can be absorbed by other staff.

Reduce Hours of a Vacant Senior Clinician Position at Stevenson Place	$50,300	0

This reduction reduces a full-time Senior Clinician position to part-time status at Stevenson Place, a specialized assisted living facility. This will impact the flexibility and availability of staff to provide clinical mental health services for up to 36 individuals with serious mental illnesses and medical needs living in the assisted living facility. These services include onsite therapy, supportive counseling, crisis intervention, clinical case management and coordination of clinical services. As the position is currently vacant, the work has already been absorbed by the Mental Health Therapist/Case Manager so there is minimal impact anticipated.

FY 2014 Reductions
General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
Eliminate the Filled On-Site Manager Position at Annandale Outpatient	$109,004	1
This reduction will eliminate the on-site manager at the Annandale Outpatient site, who is responsible for oversight of Alcohol and Drug Services and leadership for site operations, and is also charged with participating in a future collaborative public safety initiative with the Mason District Police Station. The Annandale Outpatient site offers clinical counseling services for individuals with substance abuse, mental health, and co-occurring disorders. There are currently three CSB Outpatient sites across the County (i.e., Annandale Outpatient, Fairfax and Gartlan Center), all with on-site managers. This reduction will result in an off-site manager having responsibility for both Annandale Outpatient and Fairfax Outpatient, which are only a few miles apart, and may result in the on-site clinical supervisors absorbing some of the work while the manager is between sites. Annandale Outpatient served 475 individuals in FY 2012.		
Eliminate Three Vacant Administrative Support Positions	$191,465	3
This reduction would eliminate three Administrative Assistant II positions responsible for providing various administrative support functions for clinical operations throughout the CSB, and reduce an additional position to part-time status. Currently, there are 78 administrative assistant positions located on-site in facilities offering direct services to people who receive CSB services. The elimination of these three positions and the reduction in hours of one additional position will result in their work needing to be absorbed by remaining administrative and/or clinical staff.		
Eliminate Two Vacant Management Positions	$256,369	2
This reduction eliminates two vacant management positions and is part of the CSB's organizational restructuring that will allow for greater efficiencies. The two positions include a Mental Health Division Director, responsible for management oversight, and a Substance Abuse Counselor IV, responsible for supervising and providing quality assurance. Both positions provide oversight of internal quality control, but can be eliminated as a business efficiency associated with the CSB's transformation initiative.		
Eliminate Two Vacant Wellness and Health Promotion Services Positions	$190,000	2
This reduction eliminates one Substance Abuse Counselor II and one Substance Abuse Counselor III position in the CSB's Wellness and Health Promotion Services, leaving 16 positions remaining in the program, and is part of a larger Human Services system redesign of Prevention Services that will allow for greater countywide system effectiveness and efficiencies.		
Reclassify a Position at Beacon Hill Group Home for Program Efficiencies	$11,253	0
This reduction reclassifies a Mental Health Therapist position to a Mental Health Counselor position at the Beacon Hill Group Home. The Beacon Hill Group Home is a residential treatment program that provides a wide range of services to adults who have a serious mental illness, some of whom are being discharged from hospitals to the community. It has a capacity to serve 8 residents in the house and 6 residents in the aftercare apartments, and the program provides a structured, supportive environment for those in need of assistance to make a transition to a more independent living situation. As a result of the reclassification of the position, there will be an increased amount of individual case management, as the staff will be better aligned to meet consumer needs, resulting in more targeted mental health support services that will lead to increased consumer independent living skills.		
Eliminate the Vacant Therapeutic Residential Services Director Position	$128,141	1
This reduction eliminates the Therapeutic Residential Services Director position and is based on a CSB reorganization of several service areas for greater business effectiveness and efficiency. Therapeutic Residential Services will be consolidated with Residential Treatment and Supportive Residential Services, allowing for a more consolidated and streamlined Residential Services administration.		
Restructure Staff at the New Horizons Treatment Center	$62,035	0
This reduction is the result of savings that are based on a redesign of the clinical staff located at the New Horizons Therapeutic Residential Treatment Center. The CSB is replacing a Mental Health Counselor position with a Specialist Aide position; replacing a Behavioral Health Nurse Clinician with a Licensed Practical Nurse; and replacing a Mental Health Therapist with an Assistant Residential Counselor. As a result, there will be resulting efficiencies and an increase in customer satisfaction, as the 12 full-time staff will continue to serve the Center's residents (capacity of 16) in a much more direct manner. The redesign will allow more staff to provide services including case management, development of treatment plans, and facilitation of Medicaid pre-authorizations. There would be an increased focus by the restructured staff to facilitate the program goal of individual recovery and community reintegration.		

County Executive Summary

FY 2014 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
Reclassify a Position at the Patrick Street Group Home for Program Efficiencies	$15,586	0

This reduction will reclassify a Behavioral Health Clinician position to a Licensed Practical Nurse position at the Patrick Street Group Home. The Patrick Street Group home is a residential treatment program for adults with serious mental illness, some of whom are being discharged from hospitals to the community. It has a capacity to house eight individuals, and the program provides a structured, supportive environment for those in need of assistance to make a transition to a more independent living situation. This reduction aligns staff to better provide case management, formulate treatment plans, and direct the implementation of service plans.

Total	**$1,810,932**	**15**
40040 - Fairfax-Falls Church Community Services Board Total	**$1,810,932**	**15**

40330 - Elderly Housing Programs

Transfer Funding Source for a Filled Housing Services Specialist Position	$132,131	1

This reduction will transfer a Housing Services Specialist IV position that provides central support for the Department of Housing and Community Development's (HCD) Homeownership Division, from Elderly Housing Programs to Fund 81100, Fairfax County Rental Program, a non-appropriated fund. The impact of changing the funding source for this position will better align the position's funding source with its function. The amount of the reduction includes salary and benefits.

Transfer Funding Source for a Filled Administrative Assistant V Position	$71,182	1

This reduction will transfer an Administrative Assistant V position that provides central support for the Department of Housing and Community Development's (HCD) Property Management Division, from Elderly Housing Programs to Fund 81100, Fairfax County Rental Program, a non-appropriated fund. The impact of changing the funding source for this position will better align the position's funding source with its function. The amount of the reduction includes salary and benefits.

Total	**$203,313**	**2**
40330 - Elderly Housing Programs Total	**$203,313**	**2**

60030 - Technology Infrastructure Services

Reduction in Mainframe Services	$482,619	0

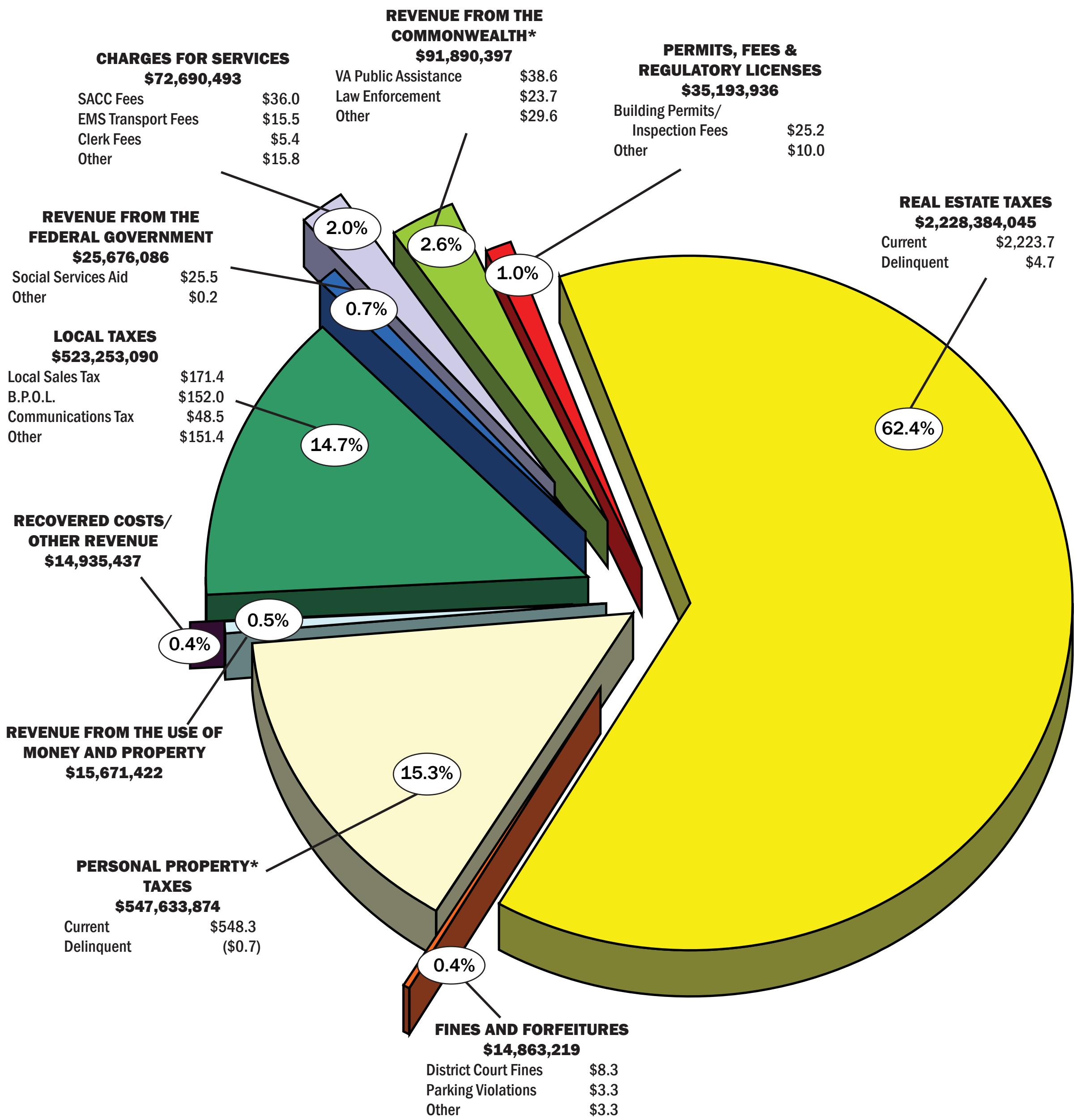
A reduction of $482,619 results from phasing out selected products supporting legacy financial and human resource systems. The FY 2014 mainframe reductions are as follows: $272,619 to remove legacy databases and tools, $18,000 in third party products that supported CASPS/FAMIS replaced by FOCUS, $92,000 in retired third-party software (FAMIS), and $100,000 to reduce mainframe operating system computing power. This reduction is possible as a result of efficiencies generated from the implementation of FOCUS.

Total	**$482,619**	**0**
60030 - Technology Infrastructure Services Total	**$482,619**	**0**
Total Reductions	**$16,982,463**	**91**

FY 2014 ADVERTISED GENERAL FUND RECEIPTS **

Where it comes from . . .

(subcategories in millions)



FY 2014 GENERAL FUND RECEIPTS = $3,570,191,999 **

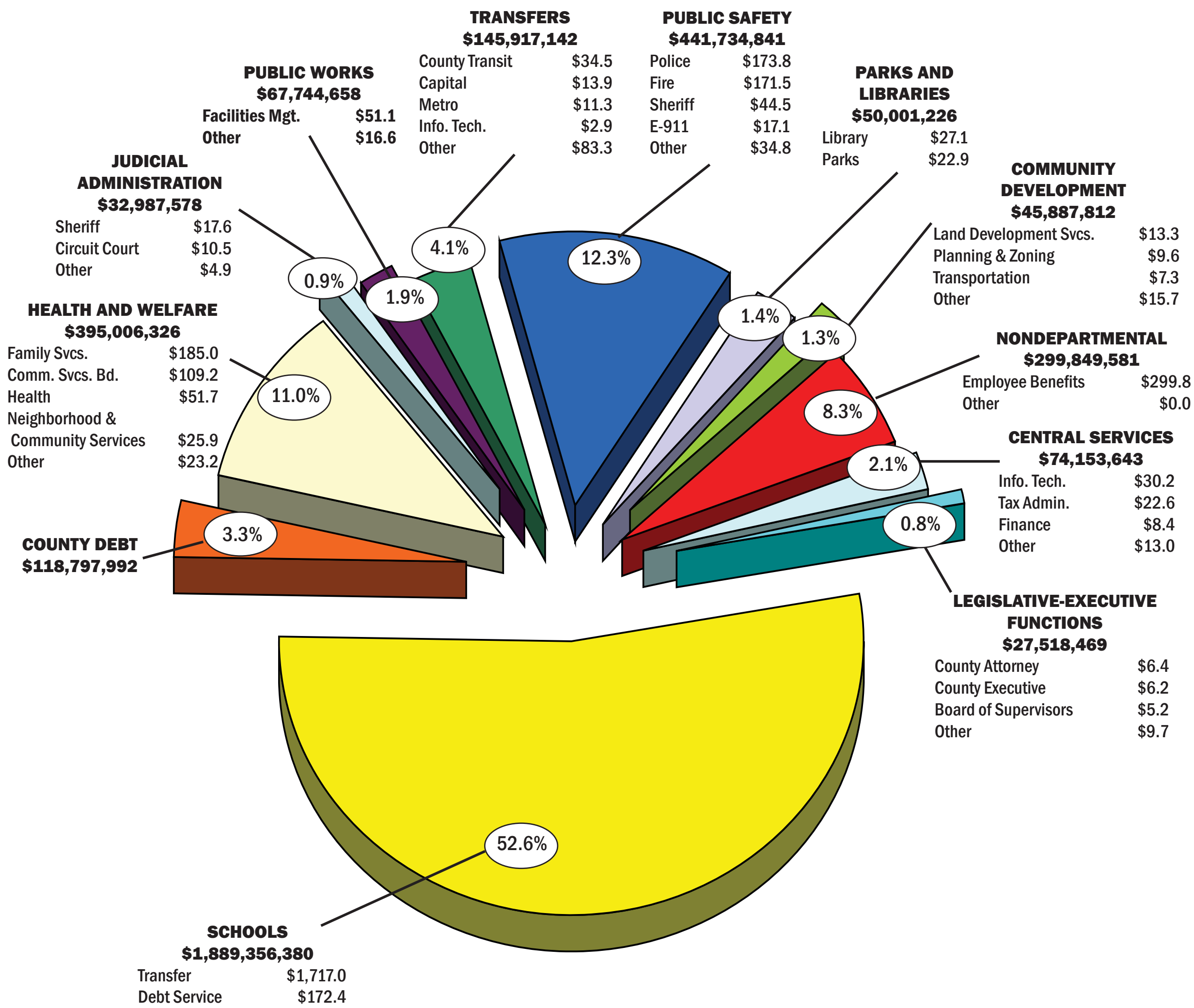
* For presentation purposes, Personal Property Taxes of $211,313,944 that are reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 are included in the Personal Property Taxes category.

** Total County resources include the receipts shown here, as well as a beginning balance and transfers in from other funds.

FY 2014 ADVERTISED GENERAL FUND DISBURSEMENTS

Where it goes . . .

(subcategories in millions)

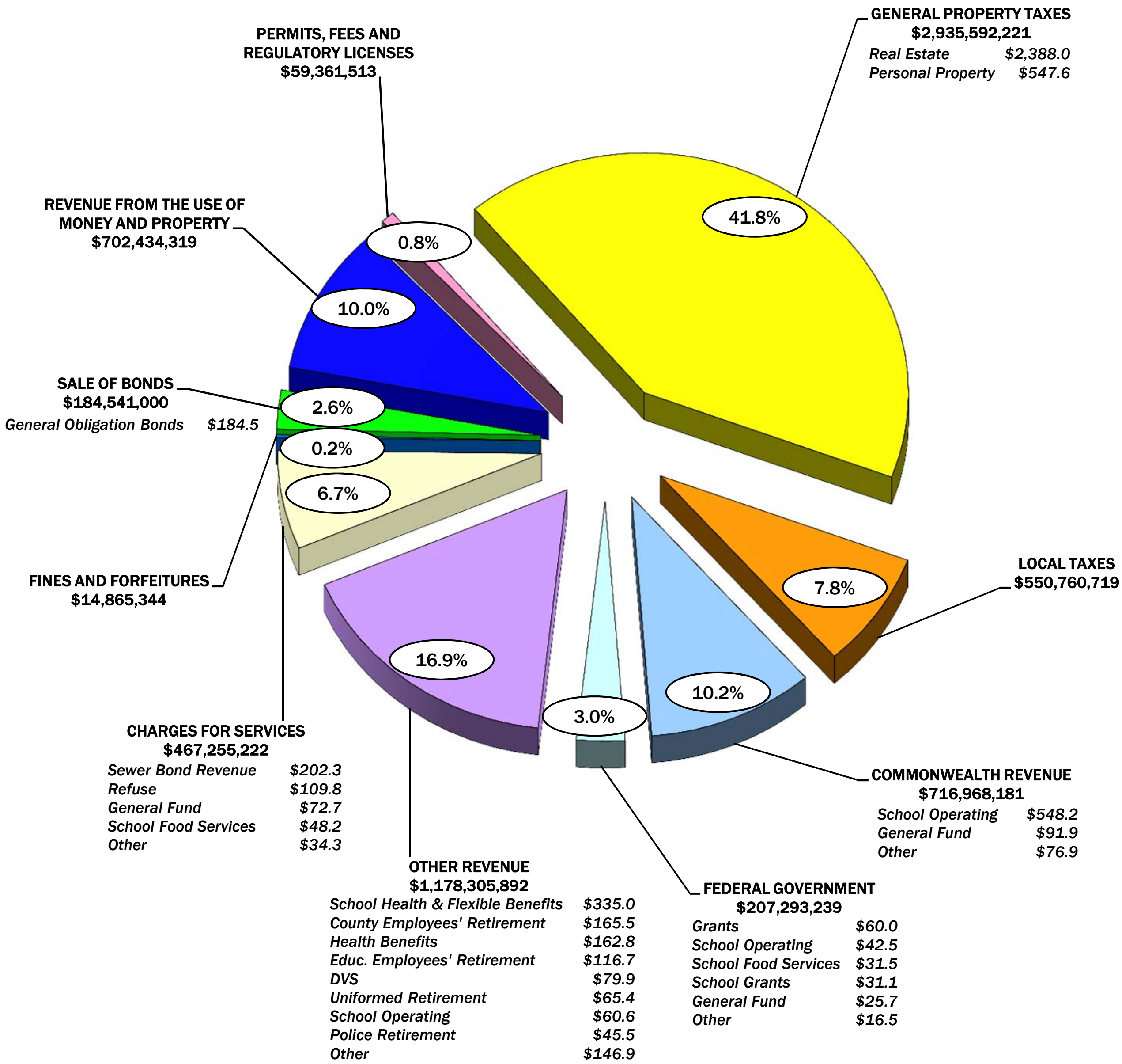


FY 2014 GENERAL FUND DISBURSEMENTS = $3,588,955,648

In addition to FY 2014 revenues, available balances and transfers in are also utilized to support disbursement requirements.

FY 2014 ADVERTISED BUDGET PLAN
REVENUE ALL FUNDS

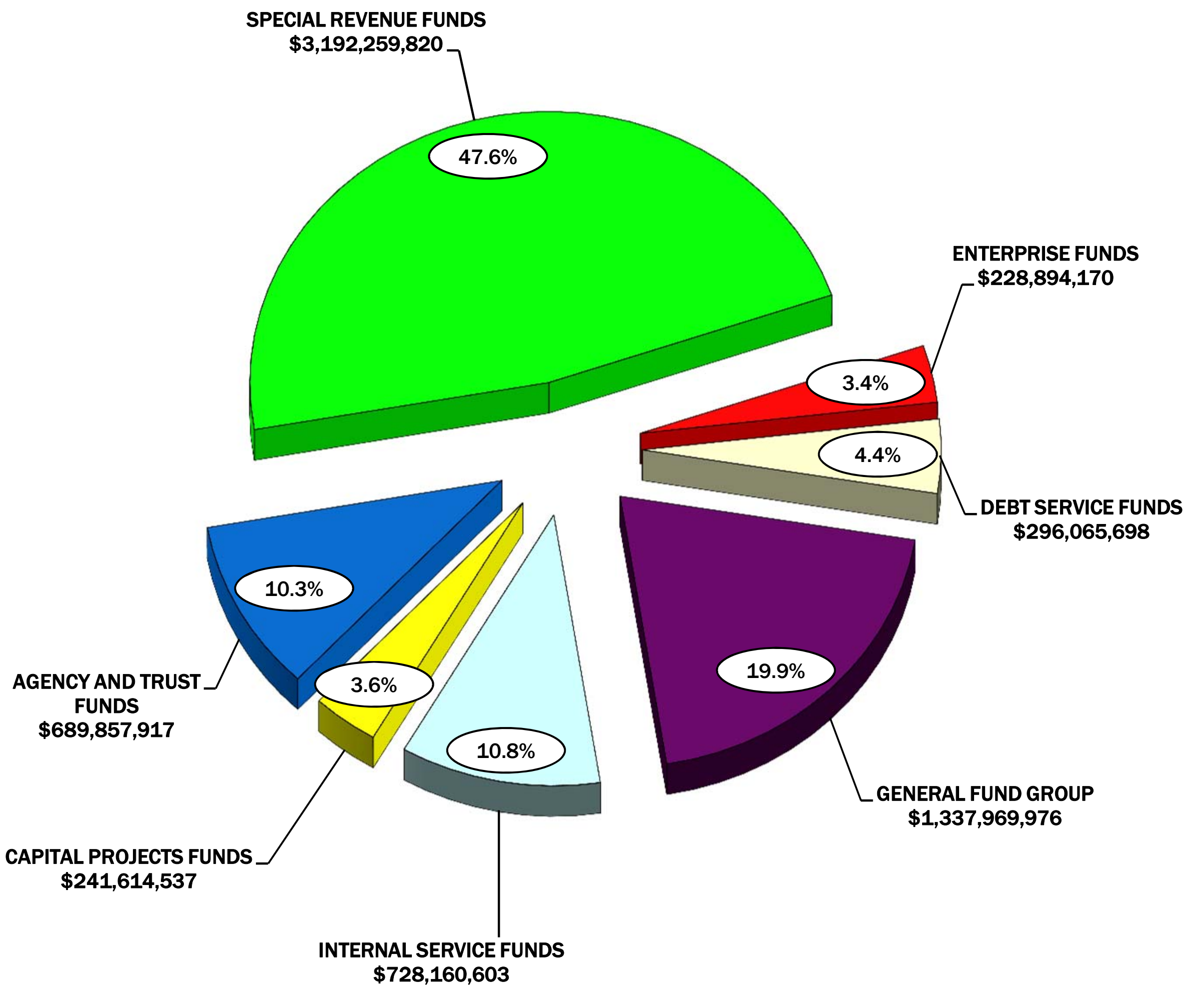
(subcategories in millions)



TOTAL REVENUE = $7,017,377,650

For presentation purposes, Personal Property Taxes of $211,313,944 that are reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 are included in the Personal Property Taxes category.

FY 2014 ADVERTISED BUDGET PLAN
EXPENDITURES ALL FUNDS



TOTAL EXPENDITURES = $6,714,822,721