FY 2017

Advertised Budget Plan

Multi-Year Budget – FY 2017 and FY 2018

Multi-Year Financial Planning Process/Financial Forecast

Beginning in FY 2014, the County undertook a more comprehensive multi-year General Fund budgeting process - the development of a two-year budget framework. The two years include the budget proposed to the Board of Supervisors (FY 2017) and the subsequent year framework (FY 2018). 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 State Code.

In addition to the development of the requirements for the budget year, the process includes review and analysis by each General Fund agency and program that receives General Fund support of its upcoming requirements for FY 2018. Specifically, requirements projected include increases in workloads, the impact of changing demographics, and the cycle of replacement for infrastructure.

The multi-year budget process includes a three-year historic view of the General Fund, the FY 2016 Revised Budget, the FY 2017 Advertised Budget and the FY 2018 Projections. In addition, a detail of increases, both in dollars and as percentages, are included at the end of this section.

Summary of the FY 2017 and FY 2018 Multi-Year Budget

As a result of the projections for revenues and expenditures included below, a structural budget deficit of $74.38 million is currently projected for FY 2018. In summary (in millions):

General Fund	FY 2016 Revised	FY 2017 Advertised	FY 2018 Projected	% Change FY 2017 – FY 2018
Beginning Balance	$164.92	$84.94	$92.45	
Revenues	$3,825.03	$4,008.11	$4,106.69	2.46%
Transfers In	$9.83	$10.17	$10.17	
Total Available	**$3,999.77**	**$4,103.22**	**$4,209.31**	
School Operating, Debt Service and Construction Transfers	$2,025.41	$2,082.88	$2,141.28	2.80%
County Disbursements (including Revenue Stabilization)	$1,868.91	$1,905.37	$2,019.75	6.00%
Total Disbursements	**$3,894.32**	**$3,988.25**	**$4,161.03**	**4.33%**
Ending Balance	$105.45	$114.98	$48.28	
Managed Reserve	$84.94	$92.45	$100.14	
Other Reserves	$20.50	$22.53	$0.00	
As included in the FY 2017 and FY 2018 Multi-Year Budget				
Current Balance/(Shortfall)		**$22.53**	**-**	
Structural Surplus/(Deficit) [1]		**-**	**($74.38)**	

[1] The FY 2018 structural deficit assumes that the FY 2017 balance of $22.53 million is allocated by the Board of Supervisors to recurring priorities as part of their deliberations on the FY 2017 Adopted Budget Plan.

Multi-Year Budget – FY 2017 and FY 2018

The detail of the revenue and expenditure assumptions discussed below are also presented in the Multi-Year Budget Schedule at the end of this section, and the County Executive's budget letter contains important information on the context of the FY 2017 and FY 2018 Multi-Year Budget.

Revenue Assumptions

Based on the assumptions and estimates detailed below, General Fund revenues are projected to experience an increase of 4.79 percent in FY 2017 as a result of a 2.98 percent rise in real estate assessments and a 4 cent increase in the Real Estate Tax rate from $1.09 to $1.13 per $100 of assessed value as well as modest growth in other revenue categories. General Fund revenue growth of 2.46 percent is projected in FY 2018. Revenue growth rates for individual categories are shown in the following table:

ACTUAL AND PROJECTED REVENUE GROWTH RATES

	ACTUAL	PROJECTIONS		
Category	FY 2015	FY 2016	FY 2017[1]	FY 2018
Real Estate Tax - Assessment Base	5.77%	3.46%	2.98%	3.10%
Equalization	4.84%	2.40%	1.94%	2.10%
Residential	6.54%	3.39%	1.64%	1.80%
Nonresidential	(0.10%)	(0.60%)	2.87%	3.00%
Normal Growth	0.93%	1.06%	1.04%	1.00%
Personal Property Tax - Current[2]	1.97%	1.10%	1.23%	1.14%
Local Sales Tax	6.60%	1.50%	2.50%	2.50%
Business, Professional and Occupational, License (BPOL) Taxes	0.37%	0.00%	1.00%	1.00%
Recordation/Deed of Conveyance	20.52%	(5.18%)	1.00%	1.00%
Interest Rate Earned on Investments	0.43%	0.65%	0.85%	1.00%
Building Plan and Permit Fees	16.34%	3.35%	2.00%	2.00%
Charges for Services	2.23%	2.78%	1.46%	0.60%
State/Federal Revenue[2]	(0.07%)	1.09%	0.06%	0.00%
TOTAL REVENUE	**4.23%**	**2.33%**	**4.79%**	**2.46%**

[1] FY 2017 growth rate of 4.79% includes the impact of $0.04 increase in the Real Estate Tax rate to $1.13 per $100 assessed value.

[2] The portion of the Personal Property Tax reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 is included in the Personal Property Tax category for the purpose of discussion in this section.

Economic Indicators and Assumptions

Economic projections for the national and local economies were reviewed from a variety of sources in the development of these revenue estimates including IHS, the Congressional Budget Office and the National Association of Realtors. Projections specific to Fairfax County are obtained from economic forecaster IHS.

The U.S. economy expanded at a preliminary rate of 0.7 percent during the fourth quarter of 2015 after growing 2.0 percent in the third quarter. For all of 2015, real Gross Domestic Product (GDP) grew at a preliminary rate of 2.4 percent, the same rate of growth as 2014. GDP growth in 2015 was led by the biggest gain in consumer spending in a decade as plunging oil prices gave consumers more discretionary spending power. The Federal Reserve raised the target range for the federal funds rate by a quarter-percentage point in December 2015 for the first time in almost a decade as policy makers cited the improved labor market conditions and the solid pace of economic activity. The Fed is expected to raise interest rates gradually in 2016 but the pace would be determined by incoming economic data. The headwind for the economy going forward in 2016 will likely be the weakness in global growth and the negative effect on exports from a stronger dollar, which makes U.S. goods more expensive for foreign buyers. Most economists anticipate that the economy will expand at the same pace in calendar year 2016 as in 2015.

Nationwide, job growth was robust throughout 2015. In 2015, 2.7 million jobs were added, compared with 3.1 million in 2014. The unemployment rate in January 2016 was 4.9 percent, the lowest level since February 2008.

Gains in home prices nationwide continued in 2015 supported by the continued improvement in the labor market, low mortgage rates, and low inventory of homes for sale on the market. According to the S&P/Case-Shiller home price index, home prices were up 5.8 percent for the 12 months ending November 2015. Home prices in the Washington Metropolitan area posted a more modest 2.1 percent gain during the same period. Home price appreciation is expected to continue at this pace during 2016.

During the recession, the proximity to the federal government and federal stimulus spending helped the local economy. As the effects of anti-recessionary federal spending wore off and federal sequestration budget cuts were implemented, economic growth in the Washington DC region slowed. Job growth was anemic and occurred in lower-paying sectors. In Fairfax County, employment fell 0.6 percent in 2013 and another 1.2 percent in 2014. The cornerstone sectors of the local economy – federal government and professional services – lost jobs.

Based on the latest available data, federal procurement contracts in the County increased slightly in FY 2014, but have not recovered from the significant decrease experienced in FY 2013 of almost 13 percent. Federal procurement spending in Fairfax County grew 16.2 percent per year from FY 2007 to FY 2010. It increased slightly in FY 2011 and was flat in FY 2012. The FY 2014 level is over 10 percent below FY 2012. During the first half of 2015, the labor market in Fairfax County showed a tepid improvement. Employment in the County increased by almost 5,600 jobs in June 2015, an increase of 0.9 percent compared to June 2014. The County's unemployment rate is 3.1 percent as of November 2015, the lowest since November 2008.

According to preliminary estimates from IHS, Gross County Product (GCP), adjusted for inflation, increased at a rate of 2.0 percent in 2015 after decreasing 0.4 percent in 2013 and 1.6 percent in 2014.

Real Estate Taxes

Based on the assumptions below, the total Real Estate Tax base is expected to rise 2.98 percent in FY 2017 and 3.10 percent in FY 2018.

Local Housing Market

Based on information from the Metropolitan Regional Information System (MRIS), the average sales price of homes sold in Fairfax County rose a modest 1.1 percent from $538,280 in 2014 to $544,055 in 2015. The average 2015 home selling price is just barely higher than the previous peak value of $543,271 achieved in 2005. MRIS also reported that 14,850 homes sold in the County in 2015, up 9.6 percent over 2014. Homes that sold during 2015 were on the market for an average of 52 days, 7 days longer than the 2014 level of 45 days. Home sales throughout 2016 will impact the FY 2018 real estate assessment base.

After increasing 3.39 percent in FY 2016, residential values rose 1.64 percent in FY 2017 to a mean assessed value for residential property of $527,648. A slightly higher increase of 1.80 percent is anticipated in FY 2018.

Local Nonresidential Market

According to the Fairfax County Economic Development Authority, the direct office vacancy was 16.5 percent at mid-year 2015, up from 16.3 percent at year-end 2014. The overall office vacancy rate, which includes empty sublet space, was 17.5 percent at mid-year 2015, which decreased from the 17.7 percent recorded at year-end 2014. The amount of empty office space topped 20 million square feet. Industry experts anticipate vacancy rates to remain high through 2016 due to sluggish economic conditions and concerns about the federal budget as well as the national election, which historically has forestalled site location decisions. A further obstacle to filling office space is that employers today are leasing substantially less space per employee than in the past.

Office leasing activity topped 5 million square feet during the first six months of 2015. As has been the case for the past three years, the overwhelming majority of leasing activity in 2015 involved renewals and consolidations. Lease rates for new space are adjusting to market conditions as many tenants are taking advantage of favorable rates, and others are looking to capitalize on market conditions by consolidating operations in newer space near Metro stations.

In FY 2017, nonresidential values increased 2.87 percent due to equalization. The main cause for the FY 2017 increase in nonresidential values is the increase in the values of Office Elevator properties. Office Elevator properties (mid- and high-rises), the largest component of the nonresidential tax base at 34.5 percent, experienced a 3.42 percent increase in FY 2017 after declining 4.67 percent in FY 2016. Apartment values, which represent 24.3 percent of the total nonresidential base, rose 2.92 percent in FY 2017. In FY 2018, the overall value of all types of nonresidential properties is projected to increase 3.0 percent over FY 2017.

New Construction

The Real Estate Tax base will also be impacted by new construction in the County. In 2015, office development continued around Metro stations in the Silver Line corridor and in southeastern Fairfax County near Fort Belvoir. New office deliveries exceeded 370,000 square feet in three buildings during the first half of 2015, compared with roughly 1.5 million square feet of space delivered in all of 2014. At mid-year 2015, six buildings totaling nearly 2.1 million square feet were under construction countywide. More than 84 percent of the new office space under construction was leased at mid-year 2015. Based on current activity, total new construction is projected to add 1.0 percent to the overall real estate base in FY 2018, a rate on par with FY 2016 and FY 2017.

Personal Property Taxes

Current Personal Property Tax revenue, which represents approximately 15 percent of total General Fund revenue, is anticipated to experience an increase of 1.2 percent in FY 2017 primarily due to an increase in the vehicle levy based on a preliminary analysis of vehicles currently in the County valued with information from the National Automobile Dealers Association (NADA), as well as an increase in the Business Personal Property levy. The vehicle component comprises over 73 percent of the total Personal Property tax levy. Nationwide, new vehicle sales in 2015 rose for a sixth consecutive year since 2009. Manufacturers' incentives contributed to the increase; however, there is a concern that incentives might be pulling sales ahead from future years. According to NADA, new vehicle sales are expected to increase in 2016 as a result of moderate wage growth, low gasoline prices, and relatively low interest rates on auto loans. These factors will impact Personal Property Tax revenue in FY 2018, which is projected to increase 1.1 percent over FY 2017.

Other Major Revenue Categories

Sales tax receipts are projected to rise 1.5 percent in FY 2016 after increasing a strong 6.6 percent in FY 2015. Growth of 2.5 percent is projected in both FY 2017 and FY 2018. BPOL (Business, Professional and Occupational License tax) receipts are sensitive to economic conditions and are particularly impacted by federal procurement spending in the County as the Consultant and Professional Business Services categories comprise approximately 43 percent of total BPOL receipts. Total FY 2016 BPOL receipts are anticipated to be level with FY 2015 and experience growth of 1 percent in FY 2017 and FY 2018. Recordation and Deed of Conveyance revenues, which are paid for recording deeds, are anticipated to be down in FY 2016 primarily due to declines in mortgage refinancings. Growth of 1.0 percent is projected in FY 2017 and FY 2018 based on modest growth in home sales.

In January 2015, building permit fees were increased across the board to support additional staff to improve customer service and reduce plan review timeframes. As a result of the fee increase as well as an increase in permitting activity, revenue rose 16.4 percent in FY 2015 and is anticipated to grow 3.4 percent in FY 2016. Due to development around the Metro's Silver Line in Tysons and Fort Belvoir construction activity, building permit fee revenue is forecasted to grow 2.0 percent in FY 2017 and FY 2018. Other permits, licenses, and user fees are also expected to experience modest growth throughout the forecast period.

Revenue from Interest on Investments is highly dependent on Federal Reserve actions. The Federal Reserve raised the target range for the federal funds rate by a quarter-percentage point in December 2015 for the first time in almost a decade as policy makers cited the improved labor market conditions and the solid pace of economic activity. The Fed is expected to raise interest rates gradually in 2016 but the pace would be determined by incoming economic data. The average annual yield on County investments is anticipated to be 0.85 percent in FY 2017 and 1.00 percent in FY 2018.

State and federal revenue categories are expected to remain flat in FY 2017 and FY 2018. Revenue from the federal government has been held level in FY 2017. Staff will continue to monitor the impact of state and federal spending on County funding streams.

Disbursement Assumptions

The disbursement adjustments for FY 2018 reflect a $172.78 million increase over FY 2017. The most significant increases are discussed below. Detailed information on the Actuals and FY 2017 Advertised Budget Plan can be accessed online at:

http://www.fairfaxcounty.gov/dmb/fy2017/advertised/where_it_goes.htm

It is important to note that the assumptions contained below will be revalidated during the FY 2018 and FY 2019 multi-year budget development process and it may be necessary to make changes in order to maintain a balanced budget and address Board priorities.

Fairfax County Public Schools (FCPS) $58.40 million

Assuming a 3 percent increase in the transfer to the Fairfax County Public Schools for operations results in an increase of approximately $56.40 million for a total of $1.94 billion. This increase is included for planning purposes recognizing that FCPS is expected to experience cost increases as a result of enrollment growth, employee compensation increases, and benefit cost increases. The 3 percent increase is based on the County's prioritization of School funding, but in recognition that the current projection for County revenue growth for FY 2018 is only 2.46 percent. In addition, based on the size of bond sales for School facilities (of $155 million), an increase of $2.00 million is anticipated for FY 2018 for debt service. Consistent with the recommendations of the Infrastructure Financing Committee, the County transfer of $13.1 million to the School Construction Fund is maintained in FY 2018.

Employee Pay ***$41.57 million***

For purposes of the FY 2018 plan a $41.57 million placeholder for employee pay increases is used. It is based on:

1) Market rate increases (MRA) for all employees are assumed at an estimated cost of $18.00 million which assumes a 1.5 percent MRA. The actual MRA, based on the previously agreed to funding calculation, will be calculated in the fall of 2016. The MRA increase in funding is applied to employee salaries at the beginning of the fiscal year. The MRA provides a guide to the amount of pay structure adjustment needed to keep County pay rates competitive with the market.

2) Funding of $12.00 million is included for General County employee pay increases which reflects the new performance and longevity program for all eligible General County employees approved by the Board of Supervisors in fall 2014 and implemented in FY 2016. The funding reflects increases effective July 2017 for graduated performance increases, based on where employees are on the pay scale, and the 4 percent longevity increases provided to employees who reach 20 or 25 years of service as of June 30 each year. The performance increases range from 3 percent for employees within 15 percent of the bottom of the pay scale to 1.25 percent for employees within 25 percent of the top of the pay scale. The average increase in FY 2018 is projected to be 2.0 percent.

3) Funding of $8.50 million is included for public safety pay increases which reflect merit and longevity increases for all eligible public safety employees. The funding reflects the full-year impact of merit and longevity increases provided to uniformed employees in FY 2017 and the partial-year costs for merit and longevity increases provided to uniformed employees in FY 2018 since all increases are effective on the employee's anniversary date. Merit increases are awarded to public safety employees as they progress through the pay scale. Public safety employees who have reached a combination of length of service (15 and 20 years) and have otherwise reached the top step of their pay scale are eligible for longevities. Merit and longevity increases are each 5 percent for public safety employees. In any given year between 40 and 50 percent of public safety employees are eligible for one or the other.

4) A placeholder of $2.50 million is included in FY 2018 for compensation adjustments that would result from the annual review of County job classifications. The process for review uses representative job classes from among job families and compares pay levels with our competitors in the local job market.

5) Funding of $0.57 million is included for the full-year impact of the elimination of the two-year hold at Step 8 in the Uniformed Public Safety Pay Plans as directed by the Board of Supervisors as part of the *FY 2015 Carryover Review*. Elimination of the Step 8 hold will allow for more consistent merit increment increases during an employee's career and will still maintain the 20-year career progression through the public safety pay scales.

Fringe Benefits ***$11.05 million***

A total increase of $11.05 million is included for benefits for FY 2018, primarily as a result of increases for health insurance ($7.00 million) and retirement ($4.05 million).

Health insurance cost increases are primarily the result of actual experience in the County self-insured health plans. The estimated increases in FY 2018 total $7.00 million, based on projected 7 percent premium increases for all health insurance plans in plan years 2017 and 2018. It should be noted that these premium increases are budgetary projections only, and final premium decisions are made in the fall prior to the beginning of each plan year based on updated claims experience.

The FY 2018 budget plan includes a net $4.00 million increase for fiduciary requirements associated with the County's retirement systems and as a modest investment to strengthen the systems' funding ratios. The County is committed to further strengthening the financial position of the systems, and has established a goal to reach a 90 percent funded status for all plans by FY 2025. In order to meet this goal, the County has established a multi-year strategy that includes increases in the employer contribution rates so that the County will amortize 100 percent of the unfunded liability by FY 2020 at the latest. The assumption for FY 2018 is an increase from 97 percent to 99 percent. The County will continue to use a conservative 15-year amortization period.

The remaining increase of $0.05 million to the employer contribution rates for the Employees' and Uniformed systems is due to a reduction in the Social Security offset for service-connected disability retirees from 10 percent to 5 percent, implementing the second year of a 3-year plan to eliminate the offset as directed by the Board of Supervisors. In addition, this benefit enhancement will result in a $1.99 million increase in the unfunded liability of the systems. The retirement system funding strategy approved by the Board of Supervisors as part of the adoption of the FY 2016 Adopted Budget Plan requires that any increase in the unfunded liability of the systems that results from benefit enhancements be fully funded immediately. However, no additional funding is required for this one-time FY 2018 requirement as the $1.99 million increase in employer contributions that is included in the FY 2017 Advertised Budget Plan to fund the one-time cost of a reduction in the offset from 15 percent to 10 percent will be maintained in the FY 2018 budget.

Position Requirements ***$23.37 million***

In order to reflect anticipated staffing requirements, the FY 2018 plan includes projections of $23.37 million and 166 additional positions. These positions are identified based on current and planned conditions and service requirements.

The largest single component of these positions is for Public Safety, as 76 positions are included for Public Safety in FY 2018. Of this total, 58 positions are the result of the Multi-Year Public Safety Staffing Plan, with additional positions included as part of the plan in the next four years. The details of the original plan are available online at: www.fairfaxcounty.gov/dmb/fy16-fy20-public-safety-staffing-plan.pdf. Due to constraints in available funding during the FY 2016 and FY 2017 budget processes, a number of positions that were originally planned for FY 2016 and FY 2017 have been deferred until FY 2018 or later. As a result, implementation of the staffing plan is anticipated to take longer than originally envisioned.

As part of the FY 2018 budget development process, all position requirements will be reviewed thoroughly and workload requirements analyzed prior to inclusion in the FY 2018 budget. As new information becomes available additional positions may be identified.

PUBLIC SAFETY STAFFING PLAN

There were five overarching trends that Fairfax County public safety agencies agreed are factors that impacted staffing and personnel resources now and in the future. The identified trends are urbanization, population/demographics, technology, mandates/standards, and natural and man-made threats:

- Urbanization is a trend that will impact public safety incrementally over the next several decades as areas continue to transition from suburban to higher-density growth patterns. The impacts of urbanization will include longer response times to calls in high rise buildings, increased traffic congestion, and the need to shift to higher capacity responses.

- The total population of the County is growing both in terms of residents and those working in the County and impacting service delivery while here. In 2005 there was a total population of approximately 1.6 million, including both residential and employment populations, and it is projected to reach 1.8 million by 2020. In addition to growing overall, the County's senior population is increasing. The County is expected to have a rapidly increasing population of persons age 65 and older, particularly as the Baby Boomer generation ages. As of 2011, the oldest boomers turned 65, but the greater impacts are expected to occur as the boomers reach age 80 beginning in 2026. Currently, more than 12 percent of Fairfax County's population is age 65 or older, and by 2020 this is anticipated to rise to 13.7 percent.

- Emerging technology is increasingly challenging for public safety. Efforts to investigate criminal activity are becoming more complex and more time consuming. Cell phones have become mobile computers that easily facilitate criminal enterprise and are now used more than traditional computers. The inability to effectively extract computerized/digital evidence continues to hamper the successful prosecution of criminal investigations.

- Federal, state, and local mandates also impact public safety. A significant example is the training mandates for police officers that continue to be a factor taking officers off of the street. Complex case law rulings in recent years have lengthened the time officers spend in court. DWI initiatives have increased the enforcement levels of DWIs which has resulted in lengthier court times and multiple court appearances for officers and attorneys.

- Natural and man-made threats always pose a challenge for public safety agencies and their resources. In the current environment of terrorism, bombings, and mass shootings, it is imperative that minimum staffing levels and appropriate coverage of the entire County is maintained. Natural disasters also pose a challenge to public safety agencies and their resources. Major weather events require large scale public safety responses sometimes for an extended amount of time. Adequately staffing each patrol area is critical to effectively responding to calls for service and maintaining a safe environment for residents and businesses.

As part of the staffing plan review, the specific position and funding requirements are:

Commonwealth's Attorney

A total of 10/10.0 FTE positions and funding of $1.30 million is included for FY 2018. Based on caseload numbers, the Fairfax County Office of the Commonwealth's Attorney handles the greatest workload of any prosecutor's office in the state. In addition, a number of changes have occurred over the years that have dramatically increased the amount of time spent in court and preparing for court. Standards in discovery for criminal cases (which require written responses) continue to expand and the office must now respond in writing to all pretrial motions when previously only oral responses were required. In addition, jury trials now consist of longer periods of jury selection and are bifurcated into two separate phases, a guilt phase and a sentencing phase. This has resulted in jury trials that last for multiple days where they would once be concluded in a day. Longer trials result in attorneys being in court multiple days and thus unavailable to assist in covering the day-to-day courtroom assignments. Also, given the length of the courtroom dockets, jury trial preparation cannot be completed during business hours, and leads to attorneys working late hours and weekends. As an example of the shortage in staffing, the ratio of attorneys per citizen for the four largest court systems in the state are 1 per 5,733 in Richmond, 1 per 6,817 in Norfolk, 1 per 12,189 in Virginia Beach, and 1 per 35,548 in Fairfax. As a result, 5 attorney positions are included in FY 2018.

In addition to the 5 attorney positions, 1 management analyst, 2 administrative assistant positions and 1 paralegal position are added to provide needed support for the attorneys in the preparation of cases. Currently, attorneys in the office are tasked with completing clerical duties such as copying, filing, faxing, and answering phones in addition to all of their other professional and legal responsibilities. The addition of administrative assistants, a paralegal, and a management analyst will allow attorneys more time to meet with witnesses, prepare for their trials, respond to motions, and draft appeals. Finally, a network analyst position is necessary. There is no other technology support within the Office of the Commonwealth's Attorney. Budget constraints prevented the office from filling a position in the past and keeping up with ever-changing technological advances. Surveillance and video equipment used by law enforcement agencies, businesses and citizens continue to change. Video is often delivered to the Office of the Commonwealth's Attorney in many different formats that require specific programs or software. At the same time, judges and juries increasingly expect the use of such technologies in the course of courtroom presentations, hearings and trials. Due to these factors, this office has been unable to keep up with the technologies necessary to view, copy, and convert CDs received as evidence or to employ many of the other technological innovations available to the courtroom practitioner today.

It should be noted that the current total plan for the Commonwealth's Attorney over the next five years, including the 10 positions discussed above, is for 39 positions at a cost of $4.5 million.

Police Department

A total of 7/7.0 FTE positions and funding of $1.30 million is included for FY 2018. The Fairfax County Police Department is the largest local police agency in the Commonwealth of Virginia. With a population of more than one million residents, Fairfax County is one of the safest communities in the Washington Metropolitan area. Despite being the most populated community in the region, crime remains at record low levels. In addition, the Fairfax County Police Department continues to maintain the lowest officer to resident ratio of all other police departments in this region and across the nation when compared to departments of similar size and population density. In spite of the success at keeping the crime rate low the department is experiencing deficits in several key areas, and after an extensive analysis of all bureaus a staffing request for critical positions was developed. This analysis took into consideration the five key overarching trends that impact public safety resources as well as internal factors such as a culture of safety and the agency's strategic plans. As a result, 2 explosive ordinance technicians, 2 computer forensics detectives, 2 animal control officers and 1 civilian investigator are included for FY 2018.

Explosive Ordinance Disposal (EOD) technicians respond to suspicious events where explosive or otherwise hazardous packages, munitions, or devices have been located. The EOD technician determines the threat to public safety, recommends appropriate evacuation zones, renders safe the device, transports the device to a disposal location, and then destroys or dismantles the device. They provide security sweeps with explosive detecting dogs at public venues, mass transit sites, and in VIP security details. They serve as liaison with Fire Department HAZMAT, FBI EOD teams, and other EOD teams in the NCR.

In 1981, EOD was formed with two full-time EOD technicians; currently there are still only two full-time technicians. Technology has also impacted EOD, as their tools and the threats they deal with have advanced dramatically. The use of robots and high resolution x-rays have increased safety, but require more advanced training. Currently, two EOD technicians must respond on every call per protocol. Once the EOD technicians arrive on the scene, the examination of the device takes longer because of the range and complexity of equipment. The typical incident lasts between two and six hours. Adding two additional full-time EOD technicians would provide the County with the resources required to handle two bomb/explosive events simultaneously. The full-time EOD technicians are also EOD canine handlers. The EOD canine capability is critical in protective sweeps at large public events and mass transit sites. EOD canines regularly do sweeps at Metro stations, adding another team would expand the Department's ability to conduct safety sweeps.

While crime has generally dropped to the lowest level in several decades, both in Fairfax County and across the country, one growth area for criminal activity is in computer and Internet-related crime. This trend is reflected in the investigative workloads handled by both the Financial Crime Section and the Computer Forensics Section in the Criminal Investigations Bureau; both have increased dramatically in recent years. The backlog of evidence to be processed by the Computer Forensics Unit is months long. A recent independent analysis of the department's computer-related crime statistics indicated that the caseload is projected to increase by approximately 6 percent annually for the foreseeable future. Due to the constantly increasing workload demand on the Computer Forensic Section, property cases now have an average seven-month wait time for processing, causing many cases to be dropped in court which the addition of 2 detective positions could help to minimize.

Animal Control Officers perform a wide range of animal control duties to include responding to calls for service, investigating animal bite cases, conducting investigations in sensitive cases of alleged animal cruelty, interviewing witnesses and suspects, and securing and serving warrants related to animal and wildlife offenses. These officers work in close cooperation with the Health Department, Zoning Enforcement, and the Commonwealth's Attorney's Office. They rescue injured animals and/or perform field euthanasia of injured and sick animals as necessary. These officers are also tasked with inspecting kennels, boarding stables, pet shops and traveling animal exhibits to ensure compliance with county, state, and federal laws and regulations. Currently, Animal Control is authorized 26 Animal Control Officer (ACO) positions. The ACOs are assigned to four squads covering the day work and evening shifts seven days a week. The minimum staffing of each squad is four ACOs. Based on the Department's patrol staffing model, each squad should be staffed with seven ACOs. This is based on minimum staffing plus three officers, which provides sufficient coverage for officer safety, officers on personal leave, injury leave, and attending training. Both day work squads are currently staffed with seven ACOs, however, each evening shift squad is only staffed with six ACOs. Whenever minimum staffing is not met, overtime is required to fill the minimum staffing positions for the shift. In addition, Animal Control continues to experience increases in workload including active investigations, calls for service and total cases assigned. The addition of the 2 officers will address this gap on staffing.

The Financial Crimes squad consists of 15 full-time employees, which include 12 detectives and three civilian fraud investigators. The Financial Crimes detectives investigate fraud and financial cases, including ID theft, embezzlement, credit card theft, and bad check cases. The Financial Crimes squad has the largest caseload in the Major Crimes Division (MCD) with an average of 3,000 cases per year. Due to the high volume of cases and delays in response to victims, the squad has been experiencing the highest number of citizen complaints in MCD. Currently, the civilian employees triage each case for further potential follow-up. The addition of one civilian investigator will add to the capacity of the squad, improving response times and customer satisfaction.

It should be noted that the Public Safety Staffing plan included a total of 80 positions at a cost of $15.3 million for the Police Department over the five-year period. The FY 2017 Advertised Budget Plan includes $2.9 million to fund 14 of these 80 positions, reducing the remaining amount to 66 positions including the 7 positions discussed above.

Office of the Sheriff
A total of 22/22.0 FTE positions and funding of $2.70 million is included for FY 2018. Included in the increase are 8 positions for direct supervision of female inmates in the Adult Detention Center (ADC) which will allow placement of female inmates in multiple areas of the facility. The numbers of females incarcerated in the ADC has increased over the past 4 years. This dedicated female direct supervision post will help accommodate fluctuations with the female inmate population and appropriate placement within the ADC.

Another 4 positions (1 per squad) are to support the hospital post. On average, each confinement shift has 2 inmates admitted to the hospital due to serious medical issues above and beyond the ADC medical staff's capabilities. Each inmate at the hospital requires a minimum of 1 deputy, and maximum custody inmates may require 2 deputies per shift. Historically, the hospital post was not staffed on a daily basis because inmates were not admitted to the hospital as frequently several years ago.

A total of 8 positions are included for the male forensics posts. In 2003, staffing of the male forensics post began as a pilot program based on the requirements associated with inmates with mental health issues. This class of inmates continues to grow and has shown an increase since 2009. The units housing inmates with mental health issues are in close proximity to classrooms and forensics health staff. These inmates require intensive supervision and enhanced security.

The last group of 2 positions is for Courthouse security (outside of the deputies in courtrooms). Recent budget constraints resulted in the redeployment of 15 of the 20 uniformed Courthouse security staff. Prior to the reduction in staff, the Courthouse Facility Security Section was responsible for and always took a proactive approach towards security for the 52 acre Fairfax County Courthouse complex with the intent to reduce crimes, manage emergencies and thwart any acts of terrorism towards visitors and employees. Although still responsible for addressing issues within the complex, the current primary focus is on situations occurring within the courthouse itself. Visitors entering the courthouse totaled an annual average of 908,242 for FY 2013 - FY 2015. The duties of the five members of the Facility Security staff supplement contracted security within the facility. Based on the volume of visits to the facility an increase in staffing is designed to maintain a high level of efficiency and timely response to events on the judicial complex.

It should be noted that the current total plan for the Office of the Sheriff over the next five years, including the 22 positions discussed above, is for 37 positions at a cost of $4.2 million.

Fire and Rescue Department
A total of 17/17.0 FTE positions and funding of $4.36 million is included for FY 2018.

The Fire and Rescue Department (FRD) has identified the need for a Research and Development Section to provide a dedicated staff to keep pace with technological advancements so that Fairfax County remains on the cutting edge of fire suppression, emergency medical services and special operations service delivery. Technology is evolving rapidly in firefighting and emergency medical services. As the science of firefighting and emergency medical services is more widely studied, the evolution of equipment and technology is swiftly advancing. FRD currently has an Innovation and New Ideas

Committee responsible for reviewing recommendations for altering equipment or changing fire, rescue, and emergency medical services delivery. While this committee has been helpful in reviewing recommendations, the exponential pace at which technology is advancing has surpassed the ability of an ad hoc committee to keep up with research to evaluate proposals. With emergency medical equipment specifically, improvements to the way emergency services are rendered changes every six to eight months. FRD must keep abreast of advancements and make informed decisions about what technology to purchase, what generation of the technology should be purchased and whether or not the cost is worth the return on investment. The creation of a Research and Development Section will provide dedicated staffing to manage the research, selection, review, and evaluation process of new equipment, tools, technologies, and innovations that will improve service delivery to residents, businesses, employees, and visitors to Fairfax County. An additional 17/17.0 FTE positions and $2.30 million included in FY 2018 are intended to begin the process of staffing additional capacity units for the Department, as well as supplementing the Department's Risk Management Safety Bureau and assorted uniformed and civilian support positions. The County will continue to apply for grants to offset the cost of these positions.

In addition, funding of $2.06 million for 18 positions added in FY 2016 as a result of the Department's third successful Staffing for Adequate Fire and Emergency Response (SAFER) grant is included as the two-year period of the grant will end in early FY 2018. These 18 positions, when combined with two previous SAFER awards that provided a total 31 positions, has allowed the department to complete the process of implementing its top priority of four-person truck staffing. Four-person truck staffing has enhanced FRD's ability to provide fire, rescue and medical emergency services in a timely manner, increased the ability to complete time critical tasks on-scene as quickly as possible with the right amount of personnel thus reducing property loss and firefighter injury risks or death. Adding a fourth staff person to truck companies has also brought units into compliance with Occupational Safety and Health Administration (OSHA) and NFPA standards.

It should be noted that the original plan for the Fire and Rescue Department over the next five years, including the 17 positions discussed above was for 166 positions at a cost of $25.9 million; however, the County has been successful in securing three separate SAFER awards for a total of 49 positions. Therefore, the revised total including the 17 positions noted above is 117 positions.

Office of Emergency Management (OEM)

A total of 2/2.0 FTE positions and funding of $0.30 million is included for FY 2017 as a result of notice received that reductions in the Department of Homeland Security Urban Area Security Initiatives (UASI) grant funding are likely. Within OEM, the Emergency Planner, Training and Exercise Officer and the NIMS Compliance Officer positions have been identified as future reductions of the UASI funding for the National Capital Regional (NCR). In addition, the Grants Manager position is currently grant funded through the Emergency Management Performance Grant as well as UASI grant funding. Based on the prospect that grant funding may be reduced or eliminated, all four of these positions are identified in the OEM staffing plan with the Emergency Planner and the Training and Exercise Officer identified for FY 2018. The loss of these positions equates to a one-third reduction of OEM agency staffing.

These positions are needed to create and maintain countywide emergency plans, develop and conduct countywide training and exercises that ensure county readiness for all disaster types, and ensure federal grant compliance. Failure to fund these positions will prevent OEM from meeting these strategic goals:

1. OEM will maintain operational readiness to effectively support Fairfax County and its residents.
2. OEM will build unity of effort for countywide readiness through collaborative partnerships.

3. OEM will be a fiscally sound organization that leverages a stable and diverse funding base to achieve its mission.

These positions are critical to maintaining appropriate staffing levels within the Emergency Operations Center during emergency activations; to continue maintaining the level of service to residents during emergencies and to continue to provide coordination of emergency planning and training countywide. Without the requested funding, OEM will be unable to sustain training and exercise levels for countywide readiness initiatives. The County could potentially fail to meet compliance with federal mandates in regards to the National Incident Management System which could result in the loss of federal preparedness assistance (through grants, contracts and other activities) for the entire County.

It should be noted that the current total plan for the Office of Emergency Management over the next five years, including the 2 positions discussed above, is for 10 positions at a cost of $1.1 million.

Department of Public Safety Communications
While there are no positions included for FY 2018, the current total plan for the Department of Public Safety Communications over the next five years is for 20 positions at a cost of $1.60 million. All of the increases are based on anticipated increases in call volume and complexity with the transition to Next Generation 911 requiring increased numbers of call takers.

OTHER POSITIONS

Facilities Management Department
Additional funding of $0.35 million and 3/3.0 FTE positions is required in FY 2018 to support the Public Safety Headquarters.

Department of Public Works and Environmental Services (DPWES), Office of Capital Facilities
Funding of 6/6.0 FTE positions is included for FY 2018 at a net cost of $30,000 after recovery of a portion of the costs from capital projects. These positions are needed to support growth in Wastewater projects, building construction projects, building design projects and contractual requirements.

Department of Family Services

System of Care – Funding of $1.18 million and 4/4.0 FTE positions is aimed at expanding the System of Care (SOC) model which connects the continuum of supports and services across County agencies, Fairfax County Public Schools and community partners. Funding is provided for contractual services for youth with emerging mental health and substance use issues. The System of Care model is the result of the recommendations presented to the Human Services Committee of the Board of Supervisors on October 8, 2013. These recommendations were the direct result of the guidance included by the Board of Supervisors as part of the FY 2014 Adopted Budget Plan directing staff to identify requirements to address youth behavioral human services requirements in schools and the broader community. This funding specifically supports the expansion of short-term behavioral health services at three high schools; implementation of family navigator services to help families of children with behavioral health needs identify and access services; continuation of the crisis textline, and the expansion of the utilization review function with the Children's Services Act. The expenditure increase is partially offset by $50,000 in revenue for a net impact to the County of $1.13 million.

School Readiness – An increase of $0.65 million and 5/4.0 FTE positions is included for the next phase of School Readiness funding. This funding would provide the third year of funding associated with expanding school readiness activities in support of community programs serving young children. Funding is specifically aimed at creating a network of programs that promote school readiness through the alignment of curricula to the Virginia Foundation Blocks for Early Learning, as well as supporting children living in poverty to reach fall kindergarten benchmarks. Early childhood education programs support the cognitive, social, emotional and physical development of a child. The Department of Family Services (DFS) addresses school readiness through quality community-based programs that are accessible even to those most vulnerable. Additional funding has been included in FY 2018 to expand community-based programs by increasing opportunities for coaching and professional development and expanding both the neighborhood school readiness teams and the rating and improvement system supporting child care programs in the community. DFS has worked closely with FCPS to develop a mixed-delivery system providing community-based as well as school-based options for school readiness.

Public Assistance - An increase of $2.35 million and 25/25.0 FTE positions is needed to continue to address increasing public assistance caseloads in the Self-Sufficiency division. The number of residents receiving public assistance has increased steadily over the past several years with current average monthly caseloads totaling more than 95,000, representing an 84 percent increase from 2008. Additionally, implementation of the Patient Protection and Affordability Care Act (PPACA) has increased the amount of time each application takes to process. The state application form, which was originally two pages, has increased to 18 pages but may be as long as 27 pages depending on family size. The issue is compounded by a backlog of applications that have been received, but staff has not yet been able to process. In accordance with federal and state mandates, the County is required to determine eligibility and deliver benefits within a certain timeframe. The County is not currently meeting these mandates. This leaves the County vulnerable to both internal and external audit findings. In fact, for the second consecutive year, the KPMG audit for the year ending June 30, 2015 found material noncompliance in both the TANF and Medicaid programs. KPMG also cited the County for having material weaknesses in internal controls over eligibility determination and redetermination. Through the creation and redeployment of additional positions in FY 2014, FY 2015 and FY 2016, the division has been able to improve its response time; however, it is anticipated that additional resources will still be needed to bring the County back in compliance with federal mandates. As a result, the County Executive will recommend additional resources as part of the *FY 2016 Third Quarter Review* as well as 25/25.0 FTE positions in FY 2018.

Position Supporting Domestic Violence – Based on recommendations from the Sexual Violence Task Force Report to the Fairfax County Board of Supervisors (September 2015), funding of $0.13 million and 1/1.0 FTE position will work to engage the community in responding to sexual violence and human trafficking. This position will specifically work to ensure every victim has access to advocacy and support; perpetrators of violence are held accountable for their actions; and prevention and educational programs are offered throughout the community.

Positions Supporting the Adult and Aging Population – In the coming years, it is anticipated that there will be a significant increase in the older adult population. Therefore, a multi-year plan has been developed to address the needs of this growing population. Funding of $0.40 million and 4/4.0 FTE positions will support case management and mandated pre-admission screenings in Adult Services; investigations of suspected abuse, neglect and exploitation in Adult Protective Services; and additional support in the Aging, Disability and Caregiver Resources unit needed to address the almost 27 percent increase in calls since FY 2012.

School-Age Child Care (SACC) Rooms – Funding of $0.41 million and 3/3.0 FTE positions will support two new SACC rooms at White Oaks Elementary School. Renovations at White Oaks Elementary School, which currently has no dedicated space for SACC, will be completed in FY 2018. In keeping with County policy, two new SACC rooms will be constructed as part of the renovation. The expenditure increase is partially offset by $0.31 million in revenue for a net impact to the County of $0.10 million.

Department of Administration for Human Services (DAHS)
An increase of $0.44 million and 4/4.0 FTE positions is included in FY 2018 to address workload requirements in DAHS. The funding will provide support for contract work for the new System of Care initiative, enhancements to the budget and financial management team in the Fairfax-Falls Church Community Services Board, human resources management in the Department of Neighborhood and Community Services, and the Homeless Management Information System in the Office to Prevent and End Homelessness. Based on the growing volume of work in recent years, an increase in staffing is necessary.

Health Department

Epidemiology - In order to successfully plan for and respond to current public health challenges, $0.59 million and 4/4.0 FTE positions are needed to expand capacity for communicable and non-communicable diseases. This is the first year of a multi-year phase-in to improve the Health Department's capacity to prevent and control infectious diseases as well as develop capability to monitor the health status of the community and guide new approaches to the delivery of population-based health services.

School Health - Consistent with the increasing Fairfax County Public Schools enrollment, the number of students with health conditions continues to increase while the number of Public Health Nurses has not kept pace. During the 2011-2012 school year, there were 47,511 students with health conditions supported by 71 Public Health Nurses. During the 2014-2015 school year, there were 50,188 students with health conditions supported by the same 71 Public Health Nurses. This increase in students with health conditions has led to the increased demand for student health assessments and health care planning. Both are necessary so that students are able to attend school, ready to learn. Funding of $0.36 million and 3/3.0 FTE positions will help address the increased number of students with health conditions.

Department of Information Technology
An increase of $0.35 million and 2/2.0 FTE positions is included to address evolving IT security needs. These information security analyst positions will focus on cyber statutory compliance and cloud and application databases.

General District Court
An increase of $0.21 million and 2/2.0 FTE positions is associated with additional probation counselor positions that are required to address staffing needs. A reasonable ratio of probation counselors to clients is required in order to ensure adherence with court orders.

Police Department
An increase of $3.10 million is included in FY 2018 to support 15/15.0 FTE positions reflecting the second year of a multi-year process to staff the South County Police Station. A Public Safety bond referendum which passed in November of 2015 included a new police station located in South County. Initial estimates indicate that 70 additional positions will be required to fully staff this station. Based on the large number of staff required and the significant lead time associated with hiring and training new recruits, additional staff is anticipated to be provided over a multi-year period. This phased-in approach

would allow the department to gradually hire and train new recruits and would allow for continued analysis to ensure that current staffing estimates are accurate.

Department of Code Compliance
As workload continues to grow for the relatively new agency, 3/3.0 FTE positions and $0.17 million is included for Department of Code Compliance (DCC) to support an administrative position within DCC's Customer Services Branch, an analyst to perform zoning research projects and an information technology professional to address the agency's growing information technology requirements.

Fairfax-Falls Church Community Services Board
The CSB has experienced and will continue to experience significant change as a result of the 2012 settlement agreement between the United States Department of Justice (DOJ) and the Commonwealth of Virginia. This settlement agreement has resulted in the transfer of many individuals with intellectual disability residing in state training centers to more integrated community-based programs in the region. The settlement agreement requires additional resources for staffing, day support, and housing for people with complex needs. While the closure date of the Northern Virginia Training Center (NVTC) was extended to March 2016, all 89 residents of Fairfax County and the cities of Fairfax and Falls Church who resided at NVTC when the settlement agreement was reached in 2012 have been transitioned to new homes as of January 2016.

Pursuant to DOJ settlement implementation, the Virginia Department of Behavioral Health and Developmental Services (DBHDS) and the Department of Medical Assistance Services (DMAS), the state's Medicaid administrator, are currently examining redesign options for Intellectual Disability (ID) Waiver and Developmental Disability (DD) Waiver programs. ID and DD waiver reimbursement from Medicaid are the primary funding source for services for providers, and need to be modified to facilitate access to services and supports in the most integrated setting. This waiver redesign will address ID/DD silos and streamline access to services. Any change in the ID/DD waiver structure will have a significant impact on how the CSB provides services, and will even have a greater effect on the partner agencies with which the CSB contracts to provide community services. Changes to reimbursement rates and reimbursable services may require an increase in local support or changes in service delivery. The impact of the settlement agreement continues to evolve and the CSB will continue to adjust supports and business practices to fulfill state and federal requirements.

The implementation of this settlement agreement has already had an impact on local services. State efforts to comply with court direction have increased the number of individuals seeking intellectual disability services from local CSBs, with an accompanying increase in the level of intensity of services needed. The settlement agreement requires local CSBs to increase discharge planning, oversight of transition to community services, ongoing monitoring, and enhanced support coordination for individuals who are being discharged from the training centers. New requirements for enhanced support coordination include monthly, rather than quarterly, face-to-face visits, increased monitoring, and extensive documentation. The settlement also requires enhanced support coordination services for current recipients of intellectual disability (ID) Medicaid waiver. As a result, the average caseload per Support Coordinator has been decreased from 30 to 25 to meet increased workload demands, with the goal of further caseload reductions in the future. Of the 875 individuals receiving active Targeted Support Coordination services in FY 2015, CSB determined approximately 40 percent met the new ECM criteria. While CSB will continue to strategically allocate staff resources to those with the most urgent needs, an additional $2.30 million and 22/22.0 FTE positions have been included for purposes of the FY 2018 budget plan to meet federal and state requirements.

Conversion of grant positions in support of the Domestic Violence Action Center
Fairfax County was awarded grant funding from the U.S. Department of Justice, Office for Violence Against Women to staff and operate a Fairfax County Domestic Violence Action Center. This is a collaborative effort among several County agencies as well as two nonprofit agencies. The original grant award supported 5/4.5 FTE grant positions in three County agencies. Funding was decreased and in order to continue these vital services, 3/2.5 FTE positions were converted to merit status in the General Fund as part of the FY 2016 Adopted Budget Plan. Partial grant funding is available through FY 2017; however, it is unclear whether funding will be available beyond FY 2017. Therefore, in order to maintain this critical unit the remaining 2/2.0 FTE positions and $0.38 million are included in FY 2018. Staff will continue to monitor funding opportunities and pursue all options to preclude the need for General Fund support.

All other increases ***$38.39 million***
The major categories of additional increases are discussed below:

Capital Construction and Debt Service
A significant increase in capital construction funding is needed in order to meet the County's backlog of requirements. The last several years have reflected increases to start this process. An increase of $5.00 million is identified at this time for FY 2018. As capital requirements are refined over the upcoming year this amount will be revisited and the priority projects will be identified for its use.

In addition, a debt service increase of $11.00 million is included in FY 2018 to reflect the required costs for County bond projects supporting the County's Capital Improvement program (CIP). The estimate for FY 2018 is consistent with the projects outlined in the CIP and will be refined based on the timing of bond sales and cashflow requirements at the time of the sale. The actual debt service requirement will be based on the size and timing of the sale and the interest rate received by the County.

Ad-Hoc Police Practices Review Commission Recommendations
Funding of $7.50 million is included for implementation of the recommendations of the Ad-Hoc Police Practices Review Commission. The commission was formed to review all Police Department policies related to critical incidents, including those policies related to use-of-force training, threat assessments, the Internal Affairs Division, and the release of information. The commission has recommended changes to the Police Department's policies and procedures as well as changes that will require the collaboration of multiple County agencies through the Diversion First initiative to redirect individuals with mental illness from the judicial system into the health care system. This funding, when combined with the $7.50 million included in the FY 2017 Advertised Budget Plan, brings total funding for commission recommendations to $15.00 million out of a total estimated cost of $35 million. These funds will be allocated to agencies based on priorities identified by the Board of Supervisors.

Contract Rate Adjustments
Based on the assumption that pay increases would be funded in FY 2018 for County employees, an average contract rate adjustment of 2 percent or $3.50 million is included for contract rates in the Department of Family Services, Health Department, Office to Prevent and End Homelessness, Department of Neighborhood and Community Services, County Transit Services and Fairfax-Falls Church Community Services Board. Individual contracts are not guaranteed a contract rate increase of 2 percent as a result of this funding, but the negotiated increases that are effective in FY 2018 would be funded from this adjustment.

Fairfax-Falls Church Community Services (CSB) Board Sheltered Employment
Funding of $1.90 million is included for employment and day services in FY 2018 to support increased costs for individuals currently served in Sheltered Employment. In response to the nationwide "Employment First" movement, two of four Northern Virginia providers offering sheltered employment to 69 individuals eliminated the service in April 2015. CSB staff completed a person-centered assessment for all 69 individuals and placed them in day programs by the end of October 2015. While the remaining two providers do not have plans to eliminate sheltered employment yet, new requirements in FY 2017 – FY 2018 may preclude their ability to continue this service. Currently, one of the providers is not accepting new referrals. Due to the DOJ Settlement Agreement, Medicaid Waiver redesign, reimbursement requirements, and a new regional contract for employment and day services going into effect during the latter part of FY 2016, it is uncertain how long the remaining two providers will continue to offer sheltered employment as a service option. As part of the *FY 2015 Carryover Review*, the Board of Supervisors approved the establishment of a $1.6 million ID Employment and Day Reserve to ensure the County has sufficient funding to provide employment and day services to individuals with intellectual disabilities in the event of increased costs due to the reduction or elimination of sheltered employment as a service option. The $1.9 million request represents an estimated cost if all 198 individuals formerly or currently in sheltered employment programs at the four Northern Virginia providers were transitioned to the next highest service level (Habilitation – Day). As the CSB works to develop a plan to transform ID Employment and Day Services given the changing landscape mentioned above, this funding is a placeholder until that plan is presented to the Board of Supervisors.

Fairfax-Falls Church Community Services Board Intellectual Disability Services (IDS)
An increase of $1.50 million will support the June 2017 special education graduates of Fairfax County Public Schools turning 22 years of age who are eligible for day support and employment services who currently do not have a funding source for such services. This funding maintains the program as currently designed and is intended to prevent any Special Education graduates from being without services.

PC Replacement/Tech Infrastructure
Funding of $1.50 million is included to address PC Replacement and Infrastructure-related requirements in the Department of Information Technology (DIT). As part of the FY 2015 annual budget process, DIT performed a significant review of the PC Replacement program, at which time the program shifted from a four-year replacement cycle to a five-year replacement cycle. In addition, the number of PCs included in the program and the number of software licenses possessed by the County were increased. Based on the increased number of PCs and software licenses included in the program, increased General Fund support of $708,500 was originally included in the FY 2015 Advertised Budget Plan. This funding was removed from the budget as part of final deliberations; as it was determined that sufficient balance was available to implement program changes without additional funds in FY 2015; however, it is projected that balance will no longer be available by FY 2018.

In addition, funding is included to update the current chargeback system for technology infrastructure as the system has not been updated following the transition of the County financial and business systems to FOCUS. Additional analysis is being conducted to review current and long-term expenditure requirements based on the modern technology capabilities and associated costs. Once this is complete, specific recommendations for revising the model for charging user agencies (including FCPS) at an appropriate level will be made as part of the FY 2018 budget process.

Information Technology (IT) Project Support

The County's strategic IT investments in major technology projects improve access to County services, promote government operational efficiencies and effectiveness, and increase performance and security capabilities. They include automation for County agencies, requirements aligned with countywide strategic importance, enterprise technology infrastructure, and enterprise-level or inter-agency corporate systems. The County's technological improvement strategy has two key elements. The first element is to provide an adequate infrastructure of basic technology for agencies in making quality operational improvements and efficiencies. The second is to redesign business processes and apply technology to achieve large-scale improvements in service quality and achieve administrative efficiencies. The County's long-term commitment to providing quality customer service through the effective use of technology is manifested in service enhancements, expedited response to citizen inquiries, improved operational efficiencies, better information for management decisions and increased performance capabilities. In FY 2018, an increase of $1.50 million is included to accommodate necessary information technology projects.

Fairfax-Falls Church Community Services (CSB) Psychiatrist Pay and Emergency Services

Funding of $1.25 million is included for compensation adjustments in FY 2018 for psychiatrists and emergency services personnel. Recently, CSB Medical Services experienced considerable difficulty retaining and recruiting qualified psychiatrists, particularly those specializing in children's and emergency services, as well as services to the Spanish-speaking community. CSB Emergency Services experienced similar difficulties with personnel providing crisis intervention and stabilization services such that the average wait time for face-to-face services exceeded one hour for several months. CSB, in collaboration with the Department of Human Resources and the Department of Management and Budget, reviewed current pay plans for the relevant job classes, finding that Fairfax County wages were lower than average based on a local benchmark survey. Compensation adjustments implemented in April 2015 for 25 merit Psychiatrists, 35 non-merit Psychiatrists, and 23 merit Emergency Services staff have resulted in increased retention and successful recruitment for several critical positions vacant for extended periods. As part of the *FY 2015 Carryover Review*, the Board of Supervisors approved an increase of $1.25 million to cover costs associated with these increases. While staff will continue to monitor the impact of these increases on resources for FY 2017, this funding is a placeholder for purposes of the FY 2018 budget.

Maintenance, utility and lease costs

Funding of $1.12 million is included for increased maintenance, utility, and lease costs at existing and new County facilities including the full-year impact of costs associated with the 274,000 square foot Public Safety Headquarters (PSHQ) expected to be operational in spring 2017. The funding increase for the PSHQ is $0.37 million of this total and includes utilities, contracted custodial services, repair/maintenance and landscaping.

Fire and Rescue Apparatus

An increase of $1.00 million is required to support the second 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 the increasing cost of vehicles and fleet growth. Without additional funding, the replacement reserves will be depleted in the next several years. Starting in FY 2014, FRD has increased its baseline contribution to the Large Apparatus Reserve by $250,000 and has supported some ambulance purchases through the use of Four-for-Life grant funds. FRD, with the assistance of the Department of

Management and Budget, has developed several scenarios with the goal of stabilizing the replacement reserve and ensuring sufficient funding is available in future years.

Revenue Stabilization Fund

The calculated increase due to increasing disbursements is $0.72 million based on the policy to allocate an amount equal to ten percent of the increase in General Fund disbursements between the Managed Reserve and the Revenue Stabilization Fund.

Artemis House

Artemis House, the County's only 24-hour crisis shelter for victims (and their children) of domestic and sexual violence, stalking and human trafficking, is a 34 bed shelter program that provides a safe and comfortable environment for those who are fleeing violence. It is currently located in an area identified for redevelopment and as such a new location for the continuation of these vital services is needed. As staff work to identify a suitable new location for the domestic violence shelter, there is also an overwhelming need to expand capacity. The current bed count equates to only one bed for every 31,000 residents in the County. This compares to the national standard of one bed for every 14,000 residents. Additionally, last year Artemis House turned away 250 families. Funding of $0.68 million is needed to expand capacity, as well as cover the additional costs of contracted services and rent.

Change in the Minimum Qualifications for School Health Aides

Funding of $0.50 million is included as a result of a change in the minimum qualifications for an entry level School Health Aide. This change is commensurate with the more advanced knowledge and skills required to address the complex health conditions of Fairfax County Public School students.

Medically Fragile Program

The Medically Fragile program provides one-on-one nursing services for medically fragile students enrolled in Fairfax County Public Schools. If a student is found eligible, services are mandated under federal law. The Medically Fragile program serves both full time and preschool students. There was a significant increase in the number of students found eligible for one-on-one nursing services between the 2014-2015 school year and the 2015-2016 school year. It is anticipated that this number will continue to grow for the 2016-2017 school year as more medically fragile students are entering the school system at the age of pre-school and remaining in the system until the completion of their school years. Funding of $0.40 million is included in FY 2018 to address the anticipated increased demand for these mandated services.

Fairfax County Public Library Non-Fiction Collection

Funding of $0.25 million is included to expand the Fairfax County Public Library's non-fiction collection. This funding would secure approximately 13,000 new non-fiction titles, bolstering the most underfunded segment of the library's collection.

Next Steps in the Multi-Year Process

Balancing the FY 2018 Budget

While this comprehensive baseline sets the stage for the FY 2018 budget, there will need to be adjustments made to what is funded or what is available. Some of these changes will occur naturally over the next year before the release of the FY 2018 and FY 2019 Multi-Year Budget. Others will require policy decisions to be made, and it is anticipated that these decisions will be guided by the Lines of Business (LOBs) process. The 2016 LOBs exercise is the first step of a multi-year process to shape the County's strategic direction and validate County priorities. The first phase focuses on the provision of information on the array of services provided by Fairfax County and discussions with the Board and the community regarding which programs/services should be more closely evaluated. Phase 2 will focus on programs/services to be reviewed for improved efficiency and effectiveness and direction of staff to create project plans around implementation of recommendations from the Board. As a result of the LOBs process, the community and the Board will be fully informed regarding the impacts associated with specific decisions and better positioned to approve a sustainable financial plan to invest in the County's future success. In addition to the efficiencies and reduction options identified through the LOBs process, adjustments to balance the FY 2018 budget could include deferral of a number of items outlined above or a number of revenue enhancement options by increasing various user fees.

Conclusion

As a result of the multi-year budget process, the projected structural deficit for FY 2018 is over $74 million after accounting for Managed Reserve requirements. The FY 2018 projections are based on a comprehensive list of requirements based on information available today. There are clear priorities within the items identified for funding, and there is also the potential for changes as more information is available over the course of the next year. The items that need to be funded in FY 2018 will therefore be considered in the context of Board priorities, and decisions will be made by the County Executive on what specific items to recommend for FY 2018 and which items to exclude or delay until FY 2019 or beyond.

The detailed summary of historical and projected funding follows on the next page:

Multi-Year Budget Plan Summary

FY 2017 Budget Process

FY 2013 - FY 2018

(in millions)

	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Revised	FY 2017 Advertised	FY 2018 Projected	Increase/ (Decrease) Over FY 2017	% Increase/ (Decrease) Over FY 2017
Positions	**9,686**	**9,731**	**9,765**	**9,787**	**9,795**	**9,961**	**166**	**1.69%**
Beginning Balance	**$209.44**	**$182.81**	**$156.39**	**$164.92**	**$84.94**	**$92.45**	**$7.51**	**8.84%**
Revenues								
Real Property Taxes	$2,123.41	$2,216.16	$2,357.12	$2,434.22	$2,600.37	$2,680.70	$80.33	3.09%
Personal Property Taxes	353.63	360.13	370.29	376.20	383.27	389.90	6.63	1.73%
General Other Local Taxes	530.96	514.82	506.57	504.31	510.98	518.49	7.52	1.47%
Permit, Fees & Regulatory Licenses	38.20	39.35	45.55	46.55	47.38	48.21	0.83	1.75%
Fines & Forfeitures	14.13	14.07	13.12	12.44	12.44	12.51	0.06	0.50%
Revenue from Use of Money & Property	17.51	15.23	15.12	21.12	22.58	24.98	2.40	10.62%
Charges for Services	72.67	71.32	72.91	74.94	76.03	76.79	0.76	1.00%
Revenue from the Commonwealth	301.13	303.67	300.72	308.46	308.65	308.70	0.05	0.02%
Revenue from the Federal Government	31.15	33.50	36.35	30.10	29.98	29.98	0.00	0.00%
Recovered Costs/Other Revenues	15.30	17.85	20.13	16.70	16.43	16.43	0.00	0.00%
Total Revenues	**$3,498.10**	**$3,586.11**	**$3,737.86**	**$3,825.03**	**$4,008.11**	**$4,106.69**	**$98.58**	**2.46%**
Transfers In	**$6.77**	**$23.87**	**$12.15**	**$9.83**	**$10.17**	**$10.17**	**$0.00**	**0.00%**
Total Available	**$3,714.31**	**$3,792.79**	**$3,906.40**	**$3,999.77**	**$4,103.22**	**$4,209.31**	**$106.09**	**2.59%**
Direct Expenditures by Program Area								
Legislative-Executive Functions / Central Services	$97.97	$99.85	$102.87	$110.37	$109.02	$111.26	$2.24	2.05%
Judicial Administration	33.45	34.39	36.12	36.38	36.43	37.38	0.94	2.59%
Public Safety	416.24	425.93	441.52	464.92	473.14	503.56	30.42	6.43%
Public Works	68.39	69.89	69.68	75.81	76.35	78.68	2.33	3.05%
Health and Welfare	281.52	280.79	286.27	314.06	315.48	333.00	17.52	5.55%
Parks and Libraries	49.45	49.61	49.93	54.25	52.04	53.71	1.67	3.20%
Community Development	42.70	44.23	45.25	53.41	50.64	51.93	1.28	2.53%
Non-Departmental	279.59	287.71	308.34	339.40	364.77	392.91	28.14	7.71%
Total Direct Expenditures	**$1,269.32**	**$1,292.41**	**$1,339.99**	**$1,448.60**	**$1,477.87**	**$1,562.42**	**$84.55**	**5.72%**
Transfers Out								
Schools Operating	$1,683.32	$1,716.99	$1,768.50	$1,825.15	$1,879.91	$1,936.31	$56.40	3.00%
School Construction	0.00	0.00	0.00	13.10	13.10	13.10	0.00	0.00%
Schools Debt Service	164.76	172.37	177.14	187.16	189.87	191.87	2.00	1.05%
Subtotal Schools	**$1,848.08**	**$1,889.36**	**$1,945.64**	**$2,025.41**	**$2,082.88**	**$2,141.28**	**$58.40**	**2.80%**
County Transit	$36.55	$34.55	$34.55	$34.55	$34.93	$34.93	$0.00	0.00%
Information Technology	14.28	9.76	11.25	2.70	4.77	6.27	1.50	31.44%
Community Services Board	109.61	110.08	112.19	116.29	122.89	132.88	9.99	8.13%
County Debt Service	116.85	118.80	133.74	127.79	136.75	147.75	11.00	8.04%
Metro	11.30	11.30	11.30	11.30	13.56	13.56	0.00	0.00%
OPEB	28.00	28.00	28.00	26.00	16.00	16.00	0.00	0.00%
Capital Paydown	18.00	27.64	37.68	32.00	28.85	33.85	5.00	17.33%
Other Transfers	79.50	114.51	87.15	69.68	69.75	72.09	2.34	3.36%
Subtotal County	**$414.10**	**$454.63**	**$455.86**	**$420.31**	**$427.50**	**$457.33**	**$29.83**	**6.98%**
Total Transfers Out	**$2,262.17**	**$2,343.99**	**$2,401.50**	**$2,445.72**	**$2,510.37**	**$2,598.61**	**$88.23**	**3.51%**
Total Disbursements	**$3,531.50**	**$3,636.39**	**$3,741.49**	**$3,894.32**	**$3,988.25**	**$4,161.03**	**$172.78**	**4.33%**
Total Ending Balance	**$182.81**	**$156.39**	**$164.92**	**$105.45**	**$114.98**	**$48.28**	**($66.70)**	**(58.01%)**
Less:								
Managed Reserve	$71.88	$73.98	$75.92	$84.94	$92.45	$100.14	$7.69	8.32%
Other Reserves	17.36	7.70	0.00	20.50	22.53	0.00	(22.53)	(100.00%)
Total Available [1]	**$93.56**	**$74.71**	**$89.00**	**$0.00**	**$0.00**	**($51.86)**	**($51.86)**	**--**

[1] The FY 2018 structural deficit of $74.38 million assumes that the FY 2017 balance of $22.53 million is allocated by the Board of Supervisors to recurring priorities as part of their deliberations on the FY 2017 Adopted Budget Plan.