County of Fairfax, Virginia

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

February 14, 2017

Honorable Board of Supervisors
County of Fairfax
Fairfax, Virginia

Chairman and Board Members:

I am honored to present the FY 2018 and FY 2019 Multi-Year Budget Plan to the Board of Supervisors and the community. In the midst of significant change at the federal level following the recent election, driving some of the uncertainty impacting our budget today and looking forward, it is reassuring that Fairfax County is able to rely upon strong leadership and guidance by the Board of Supervisors, the County's Economic Success Strategic Plan, and the County's longstanding financial policies to remain a source of stability and strength for our residents.

Overall, I believe the budget I am presenting today represents a balanced approach, with funding increases focusing on our Schools, employees, and priority services. Additionally, we are meeting our obligations per our established financial policies and have included a significant level of reductions. Highlights of the FY 2018 recommendation include:

- A balanced budget at the current Real Estate tax rate of $1.13 per $100 of assessed valuation.
- Equal growth rates for both School transfers and County requirements (excluding reserves) at 2.41 percent over the FY 2017 Adopted Budget Plan level. Specifically, a 2.70 percent increase, or $51.69 million, is proposed for the County transfer for the School Operating Fund.
- Net reductions and revenue enhancements of $13.42 million and the elimination of 13 positions generated from opportunities submitted by County agencies.
- A net increase of 50 positions, many included at no cost to the General Fund.
- Funding for a limited number of Board priorities.
- Contributions to the County's reserves and retirement systems per the funding policies adopted by the Board in 2015.
- The deferral of some significant County priorities to FY 2019 or beyond.
- An available balance of $1.99 million for the Board to address some of the remaining critical requirements.

Over the past few years, we have spent considerable time and resources dedicated to strengthening the County's financial position and establishing multi-year plans and strategies for some of our most pressing issues. Last year, we embarked on the Lines of Business (LOBs) exercise designed to shape the County's strategic direction and validate our priorities for future years. On the heels of that extensive first phase of LOBs, this budget year may seem quieter from an outside perspective. But we are no doubt continuing the efforts begun last year by embarking on the second phase of LOBs. Phase 2 is focusing on programs/services identified through discussions with the Board for possible improved efficiency and effectiveness. Many of these projects involve collaboration across County agencies, as well as working with our partners at the Fairfax County Public Schools (FCPS). At its January 31 Budget Committee meeting, the Board was briefed on two LOBs Phase 2 projects regarding better coordination of volunteer opportunities across the County and with FCPS, as well as opportunities for expanding use of the Community Labor Force. As you will see, this budget includes the results of some of our internal efforts related to Phase 2 projects associated with the pursuit of revenue opportunities and the review of agency discretionary spending. Furthermore, whether under the LOBs umbrella or not, we remain committed to taking a hard look at our spending and programs each year to determine if there are opportunities for potential efficiencies and savings.

In October and November, I presented to the Board an FY 2018 forecast indicating modest revenue gains, primarily driven by negligible growth in residential Real Estate equalization. At that time, I projected a budget shortfall, which did not include funding for many important needs. Although the Real Estate picture has improved slightly since I last briefed the Board, the overall story is the same. The spending needs facing our County – for salary adjustments and benefits, for capital and infrastructure improvements, and for the myriad of programs important to our residents – are greater than our available resources. There is simply not enough funding to meet the expectations of all. Balancing the budget this year, and every year, requires prioritizing needs and critically considering how each adjustment will impact our residents and our employees. Consistent with my message back in November, many of the County's important funding needs are not included in this budget proposal, and I have chosen to focus on those that are the most essential. For example, I was also not able to include the second tranche of funding for Diversion First. I was unable to include additional funding for employment and day services for the County's intellectually and developmentally disabled (ID/DD) individuals. Further discussions between the Board of Supervisors and the Community Services Board will be included as part of upcoming Human Services and Housing Committee meetings to develop a sustainable plan for this important population. I am pleased that I was able to address some of the Board's funding priorities, albeit smaller ones, such as creating a position to serve as the primary point of contact on sexual violence and human trafficking in the County. I have also included funding for two positions to support the start of a comprehensive review of the County's Zoning Ordinance.

This budget maintains the County's commitment to remaining a strong steward of financial management including adjustments in accordance with our new reserve and pension policies, fairly addressing the needs for both the County and Schools, providing pay increases to our County employees, and, above all, managing the financial impact of budgetary decisions on our County taxpayers. All recommendations are made with an underlying focus of meeting the priorities of the Board of Supervisors, and many of the adjustments included in my proposal are directly aligned with previous Board actions. As I noted earlier, I also included opportunities submitted by County agencies to generate savings through efficiencies and analysis of historical trends. Furthermore, I felt it was important to provide the Board some level of flexibility to make additional adjustments; therefore, the FY 2018 Advertised Budget Plan includes a balance of $1.99 million for the Board's consideration as decisions regarding the budget are made.

The budget that I am presenting today demonstrates the County's commitment to fiscal responsibility. As the Board is well aware, beginning in FY 2009, the County has taken some level of reductions for nine straight years. As I have also included over $13 million in savings and revenue enhancements in this proposed budget, FY 2018 marks the tenth straight year. In total, including the savings I have included in the FY 2018 Advertised Budget Plan, and reductions taken as part of quarterly budget reviews, we have reduced funding by over $344 million and have eliminated 753 positions over the past decade. As some are quick to point out, this does not mean that our budget has not grown. In fact, in the past 10 years, our budget has grown an average of 2.1 percent annually. It is important to note, however, that this level of growth is *less than one-third* of the growth experienced in the prior decade. From FY 1998 to FY 2008, the County's General Fund budget grew 6.5 percent annually on average. The fact that we have curbed growth so significantly is a testament to the County's ability to adjust to the realities of this new economic normal while still remaining one of the most desirable counties in the country to live, work, and play.

The budget that I am proposing today includes funding in line with the County's recently revised reserve and pension policies. Just last month, all three rating agencies reaffirmed the County's AAA bond rating, citing the County's commitment to the *Ten Principles of Sound Financial Management*, strengthened financial policies, and a structurally-balanced budget. For the fourth straight year, the County's budget is balanced with no use of one-time funds. Funding is included in this proposal to increase the County's contributions to its pension systems in accordance with our obligation to amortize 100 percent of our unfunded liability by FY 2020. Additionally, 10 percent of disbursement increases included in the Advertised budget are set aside in our Revenue Stabilization and Managed Reserves. The County has held a Aaa rating from Moody's since 1975, a AAA rating from Standard and Poor's since 1978, and a AAA rating from Fitch Ratings since 1997. As of January 2017 only 46 counties, 12 states, and 33 cities nationally have a triple-A bond rating from all three major rating agencies. As a result of the County's excellent triple-A bond rating, the County has saved an estimated $795.44 million from County bond and refunding sales.

This budget demonstrates our commitment to our Public Schools. Both the County and Schools face daunting budget challenges each year – prioritizing our needs based on resources that are growing at levels insufficient to meet our requirements. The implementation of the multi-year budget approach back in FY 2014 has allowed us to have informed conversations earlier regarding our estimated revenues, economic outlook, and projected fiscal constraints. I hope that this process has resulted in increased transparency to our residents and continues to allow for increased communication and collaboration between the County and Schools.

In November, I projected that just under $40 million would be available as an increase to the County's transfer to the School Operating Fund based on available revenues. As a result of marginally improved Real Estate growth, I am proposing a transfer increase of $51.69 million, or 2.70 percent, over the FY 2017 Adopted Budget Plan. With a small decrease in the County transfer for School Debt Service of $0.74 million and maintaining County support for the School Construction Fund at FY 2017 levels, overall County support for FCPS is increased 2.41 percent. As a result, Schools transfers represent 52.8 percent – an increase over the FY 2017 level of 52.7 percent – of all General Fund Disbursement in the FY 2018 Advertised Budget Plan.

In developing my recommendation for FY 2018, I focused on ensuring that my proposal would provide for equitable increases for both the County and the Schools – as both sides face significant funding needs. Available resources based on reduced reserve requirements were shared between both organizations; and the overall increase in both County disbursements and the Schools transfers are equal at 2.41 percent.

Although I am pleased that we were able to increase our support for Schools over the forecasted projection, there is still work to be done. In the Superintendent's Proposed Budget released on January 12, 2017, FCPS requested an increase to the School Operating transfer of $108.18 million, or 5.7 percent. In their action on the Superintendent's Proposed Budget on February 9, the School Board increased the transfer request by $4.36 million to an increase of $112.54 million, or 5.9 percent. As a result, there is an almost $61 million gap between my proposed transfer and the School Board's request.

This budget demonstrates our commitment to our employees. A majority of the disbursement increases recommended in this budget for the County are related to employee pay and benefits. Our employees are the County's direct line to our residents. The LOBs exercise demonstrated the breadth of programs and services that are available to our residents and the success of those programs are directly correlated with the quality and dedication of our employees. The FY 2018 Advertised Budget Plan includes performance, merit, and longevity pay increases for merit employees, resulting in average increases of 2.00 percent for our non-uniformed General County employees and 2.25 percent for our uniformed public safety employees. The proposed budget also includes pay adjustments for specific General County job classes and our Police and Sheriff pay scales after extensive market reviews. In addition, I plan to recommend as part of the *FY 2017 Third Quarter Review*, a consultant review of our uniformed Fire and Rescue pay plan – specifically looking at internal and external pay equity and the organization structure of the system. I anticipate this review will be similar to the study recently completed for our uniformed Police officers. The Advertised budget also includes increased contributions to the County's retirement systems in order to continue improving the financial standing of our plans, a small increase to the Retiree Health Subsidy, and significant savings related to the County's OPEB (Other Post-Employment Benefits) contribution based on continued positive experience with the implementation of the Employer Group Waiver Plan (EGWP) last year.

The Market Rate Adjustment (MRA) for FY 2018 was calculated at 1.65 percent, resulting in a $19.8 million cost. Based on our available revenues and critical funding requirements, I was, unfortunately, not able to include funding for the MRA in my proposed budget. When I released the budget forecast in November, I sent a note to all County employees explaining this challenging budget and noting that it would be difficult to fully fund employee compensation. However, I know that no advanced notification will ease the sting that some of our employees will feel when seeing the details of the Advertised Budget. As part of the adoption of the new General County pay plan, there were discussions regarding how compensation should be funded during difficult budget years, and I honored those priorities. In accordance with the guidelines resulting from that dialogue, the MRA is not funded in this budget, and all employees across the County are equally impacted.

Above all, I believe this budget demonstrates our commitment to our residents. In this proposal, I have strived to dedicate our limited resources in a balanced and responsible manner, focusing on fiscal responsibility, supporting our Schools and employees, and meeting the requirements of our most critical services. In developing my FY 2018 budget recommendation, I was also keenly aware of the four cent Real Estate tax rate increase implemented last year and the impact that it had on our residents. As a result, the FY 2018 budget that I am proposing today is balanced at the current Real Estate tax rate of $1.13 per $100 of assessed value. Based on an increase in residential equalization of 0.68 percent, the typical residential annual tax bill will rise, on average, by $40.69 in FY 2018. It should be noted that each penny change in the tax rate equates to $53.32 on the average tax bill.

After funding the increase in the School Operating transfer, pay and benefit increases for our employees, and the most critical operating requirements, a balance of $1.99 million is available for the Board to address some of the remaining critical requirements. I felt it was important to provide some flexibility to the Board within the existing tax rate in order to consider funding adjustments that I did not include in the Advertised Budget or to address issues raised by our residents in community meetings, direct correspondence, or public hearing testimony over the coming weeks.

Although I am pleased to present this budget proposal to you today, which represents many months of dedicated effort from County staff, there is still much work and many challenges ahead of us. There were many significant County priorities that were not included in my recommendation based on our limited resources, some of which will be deferred to FY 2019 or beyond. Some of the largest unfunded items include:

- The 1.65 percent Market Rate Adjustment for County employees ($19.8 million)
- The second year of funding for Diversion First ($5.3 million)
- Additional Police Patrol positions to create more manageable levels of span of control per the Ad-Hoc Police Practices Review Commission and the Board-directed Consultant Study ($7.9 million)
- Continued implementation of the Public Safety Staffing Plan ($8.5 million)
- Additional funding for employment and day support for individuals with intellectual and developmental disabilities (Up to $6.7 million)
- Second phase of the Ad-Hoc Police Commission recommendations (on top of the Span of Control positions noted above, estimated at $7.0 million)

Many of these unfunded items relate to multi-year plans which we have spent considerable energy establishing. These plans were intended to inform the Board and our residents of the County’s needs as well as establish reasonable, affordable approaches to fully implement them.

However, based on our modest revenue growth, we have made slow progress on the public safety staffing initiative – with most of our progress related to the funding of additional Police patrol positions last year and funding expiring grant dollars for Fire and Rescue SAFER positions. Similarly, last year I included $7.5 million for the County's Diversion First program and to address recommendations from the Ad-Hoc Commission. As I noted earlier, I had hoped to include another $5.3 million in FY 2018 for Diversion First, but was not able to do so based on the limited resources available. With the economic outlook pointing towards continued modest revenue growth, we will need to re-examine these multi-year plans to determine if changes are warranted.

In addition, as I noted earlier, we are in the midst of the second phase of the Lines of Business exercise, focusing on projects that were developed during the educational phase of LOBs. Over this next year, we will be devoting significant time to these projects, which include working with Schools to examine funding for Systems of Care and Children's Services Act for redesign opportunities to incentivize efficiencies in placement, to examining the potential consolidation of design/build functions which reside in several County agencies, and to reviewing retirement benefits for new hires based on demographic trends and changes made to the systems of comparator jurisdictions since the last retirement study was completed in 2012. While the goal of some of these projects is to achieve budgetary savings in either the short or long-term, the goal of all of the projects is to work collaboratively across County agencies and with the Schools to create more efficient and cost-effective programs.

As the County's retirement systems have received considerable attention as of late, from citizens associations and the media, I feel it is important to provide additional information in this area. As I mentioned earlier, an examination of the retirement systems has been directed by the Board as a LOBs Phase 2 project. This review is expected to include the impact of the Virginia Retirement System (VRS) mandate on our potential options, a review of participant demographics, and an in-depth evaluation of specific benefit provisions, such as the Pre-Social Security Supplement and DROP (Deferred Retirement Option Plan). I want to assure the Board, and our residents, that we have made considerable progress in funding levels for our systems since the Great Recession and have a solid plan in place to achieve full funding status. As I noted in my memorandum to the Board dated February 1, 2017, funding for the retirement systems is best examined from a long-range perspective. Based on new accounting standards, funding ratios for pension systems are calculated using a market value, rather than a smoothed value of assets. As a result, volatility in the markets – which we have seen in recent years – results in volatility in the funding ratios. Therefore, it is important to look at long-term trends. Since the Great Recession, funding ratios have increased from a range of 57.7-65.7 percent to 70.2-81.4 percent. If we continue to follow the pension funding policy adopted by the Board in 2015, our external actuary projects that, based on current assumptions, our systems will be fully funded by FY 2034. As the Board is aware, we last made changes to benefit provisions of the systems effective January 1, 2013, as a result of a consultant study completed in 2012. Based on changes in benefits for our comparators – most notably the change for VRS from a defined benefit to a hybrid defined benefit/defined contribution plan – it is imperative that we take another look at our systems to determine if further adjustments are appropriate.

As we begin discussing the budget it is always necessary to lay out the current economic outlook as the context in which my recommendations and your decisions will be made.

Economic Overview

Nationally

The U.S. economy continues to grow, albeit at a modest rate. For all of 2016, real Gross Domestic Product (GDP) grew at a preliminary rate of 1.6 percent, down from the 2.6 percent growth in 2015. This was the weakest performance since 2011. Consumer spending, which makes up more than two-thirds of economic activity, grew 2.5 percent in the fourth quarter, compared to 3.0 percent in the third quarter.

After increasing the target range for the federal funds rate for the first time in almost a decade back in December 2015, the Federal Reserve raised the rate again by a quarter-percentage point to a range of 0.50-0.75 percent in December 2016. This reflected Fed policy makers' confidence in the strengthening of the economy and the "considerable progress the economy has made" toward full employment and an inflation target of 2 percent. The Fed indicated that rates could continue to increase during 2017 more quickly than previously projected, most likely increasing by another 0.75 percentage point.

The pace of employment growth in 2016 slowed compared to 2014 and 2015. The U.S. economy added just over 2.2 million jobs in 2016 compared to 2.7 million in 2015. Wage growth was 2.9 percent for the year – the strongest since the recession. The unemployment rate was 4.7 percent as of December 2016.

Gains in home prices nationwide continued their rise in 2016, supported by low interest rates, declining unemployment, and rising disposable personal income. According to the S&P/Case-Shiller home price index, home prices were up 5.3 percent for the 12 months ending November 2016. Home prices in the Washington Metropolitan area posted a slightly more modest 3.7 percent gain during the same period.

Fairfax County

The County's economy has been stagnant in the past several years as it has been impacted by federal sequestration and defense budget cuts. The County's Gross County Product (GCP), adjusted for inflation, declined 1.3 percent in 2013, 1.1 percent in 2014, and a slight 0.1 percent in 2015. According to preliminary estimates from IHS, GCP increased at a rate of 1.9 percent in 2016.

Employment in Fairfax County fell 0.6 percent in 2013 and another 1.2 percent in 2014. This equated to almost 11,000 jobs lost over the two years. Many were in high-wage sectors such as professional services and the federal government. In 2015, the labor market in the County started to show improvement, which has continued through mid-2016. In June 2016, there were almost 6,900 more jobs in the County compared to June 2015, an increase of 1.1 percent. Industry sectors that created new jobs include Leisure and Hospitality, Education and Health Services, and

Financial Activities. Employment in Professional and Business Services, which includes most federal contractors, lost over 12,500 jobs in 2013 and 2014 and remained flat for most of 2015. In June 2016, employment in this sector was up by almost 1,600 jobs. The County's unemployment rate is 3.2 percent as of November 2016.

Based on the latest available data, federal procurement contracts in the County decreased 2.6 percent in FY 2015 after improving slightly in FY 2014. Federal procurement spending in Fairfax County grew 13.3 percent per year from FY 2007 to FY 2011. It was flat in FY 2012 before dropping almost 13 percent in FY 2013. The FY 2015 level is 13.3 percent below FY 2012.

The Metropolitan Regional Information System (MRIS) reported that 15,755 homes sold in the County in 2016, up 6.1 percent from 2015. However, the average sales price of homes sold in Fairfax County rose just 0.1 percent from $544,055 in 2015 to $544,416 in 2016. Homes for sale were on the market 52 days before they sold, the same as in 2015. Since 2009, the average sales price of housing has risen 30.5 percent, although gains have flattened in recent years, with the average sales price increasing just 2.4 percent since 2013. In the County's nonresidential market, according to the Fairfax County Economic Development Authority, the direct office vacancy rate was 16.5 percent at mid-year 2016, up from 16.2 percent at year-end 2015. The mid-year 2016 vacancy rate was the highest since 1991 when the rate was 16.8 percent. The overall office vacancy rate, which includes empty sublet space, was 17.4 percent at mid-year 2016, an increase over the 17.2 percent recorded at year-end 2015. The amount of empty office space topped 20 million square feet. Industry experts anticipate vacancy rates to remain high through 2017 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.

As of mid-year 2016, more than 2.4 million square feet of space were under construction in the County. Nearly 85 percent of the space under construction has been preleased, including build-to-suit projects for Capital One, MITRE, and Navy Federal Credit Union. Also, submarkets near Metro stations, especially Reston and Tysons on the Silver Line, have begun to see increased redevelopment activity as older buildings are demolished to make way for new development.

In the context of the current economic outlook, I will now provide additional details on the adjustments included in the FY 2018 budget and summarize the projections for FY 2019.

FY 2018 GENERAL FUND BUDGET SUMMARY

The following table summarizes how the FY 2018 budget was constructed. Based on the current Real Estate tax rate of $1.13 per $100 of assessed valuation, $87.05 million in revenue was generated over FY 2017 levels. With $1.15 million in revenue adjustments associated with savings opportunities submitted by agencies and a small adjustment to Transfers In, a total of $88.10 million was available for FY 2018 requirements. Almost 58 percent of these resources – $50.95 million – is included for Schools Support, with the remainder used for County requirements. A balance of $1.99 million is available for the Board's consideration as decisions are made on the budget.

How was the FY 2018 General Fund Budget Built? (in millions)	
Available Revenue Increase in FY 2018 over the FY 2017 Adopted Budget Plan	
Revenue Increase at Current Real Estate Tax Rate	$87.05
Revenue Adjustments associated with Reductions	$1.15
Net Impact of Transfers In	($0.10)
Total Available	**$88.10**
FY 2018 Requirements	
Schools Support	**$50.95**
School Operating Transfer	$51.69
School Debt Service Transfer	($0.74)
County Requirements	**$45.39**
Employee Pay and Benefits	$32.58
Capital and Debt	$9.28
Public Safety	$9.26
Human Services	$3.10
Cost of County Operations	$3.03
Community Development	$0.41
Reductions/Savings	($12.27)
Reserve Adjustments	**($10.23)**
Total Uses	**$86.11**
Available for Other Critical Requirements	**$1.99**

FY 2018 General Fund Revenue

FY 2018 General Fund revenues are projected to be $4,099,161,290, an increase of $77,163,896, or 1.92 percent, over the *FY 2017 Revised Budget Plan*, which contains the latest FY 2017 revenue estimates, and an increase of $88,199,216, or 2.20 percent, over the FY 2017 Adopted Budget Plan.

On the County's real estate front, residential equalization reflects a slight 0.68 percent increase in FY 2018, continuing the declining increases experienced since peaking at an 11-year high of 6.54 percent in FY 2015. Non-residential equalization reflects an increase of 1.85 percent, the second straight year of increases, but lower than the 2.87 percent growth experienced last year. The overall Real Estate tax base grew 1.89 percent.

The value of a penny on the Real Estate Tax rate is $23.75 million in FY 2018. Each penny change in the tax rate equals $53.32 on a taxpayer's bill. Given an average value of a residential unit of $533,168, the "typical" residential annual tax bill will rise, on average, $40.69 in FY 2018.

The *General Fund Revenue Overview* in the FY 2018 Overview volume has additional details on General Fund revenues.

FY 2018 General Fund Disbursements

FY 2018 General Fund disbursements are $4,103,204,793, an increase of $90,664,973, or 2.26 percent, over the FY 2017 Adopted Budget Plan and an increase of $27,185,856, or 0.67 percent, over the *FY 2017 Revised Budget Plan*. The increase over the Adopted budget is based on an increase of $50.95 million for Fairfax County Public Schools for Operating, Debt, and Construction, an increase of $45.39 million for County requirements, discussed in more detail below, and a decrease of $5.68 million as a result of lower required contributions to the Revenue Stabilization Fund.

I am also recommending 50 net new positions in the FY 2018 Advertised Budget Plan which are detailed below. It should be noted that 13 positions are proposed to be eliminated in FY 2018, primarily associated with savings opportunities identified by County agencies.

Increases over the FY 2017 Adopted Budget Plan are explained in the following pages, grouped into the following main categories:

- Fairfax County Public School (FCPS) Support
- County Requirements
- Reserve Requirements

Fairfax County Public School (FCPS) Support $50.95 million

Overall, County support to Fairfax County Public Schools – including County transfers to the School Operating, Debt Service, and Capital Contribution funds – total $2.17 billion. This level of funding represents an increase of $50.95 million, or 2.41 percent, over FY 2017 Adopted Budget Plan levels. Of the total projected revenue available in FY 2018, approximately 58 percent is allocated to support Schools.

The General Fund transfer to the Public School Operating Fund reflects a $51.69 million, or 2.70 percent, increase over the funding level in the FY 2017 Adopted Budget Plan. In this proposed budget, the percentage of the General Fund allocated to Schools increases from 52.7 to 52.8 percent, reflecting the continued importance of a strong education system in the County. The General Fund transfer to the School Debt Service fund is decreased by $0.74 million, or 0.39 percent from the FY 2017 level. The General Fund transfer to the School County Construction Fund is unchanged from FY 2017.

The County also provides additional support for the Schools in the amount of $83.4 million for programs such as Head Start, School Health, Behavioral Health Services, School Resource Officers, School Crossing Guards, after-school programming, field maintenance, and recreational programs, among others.

On February 9, 2017, the Fairfax County School Board requested an operating transfer of $2.03 billion for FY 2018 that would provide school employees step increases and a 1 percent market scale adjustment, meet the requirements of the Virginia Retirement System, implement a new non-teacher salary scale, and continue to implement changes to the teacher salary scale. This level of transfer would necessitate a $112.54 million, or 5.9 percent, increase over the FY 2017 Adopted Budget Plan General Fund transfer. This request would require an additional $61 million, or just over 2.5 additional cents on the Real Estate tax rate. In total, the requested increase in the School Operating transfer is almost $25 million more than the total available revenue in FY 2018.

County Requirements $45.39 million

Overall, County disbursements (excluding Schools transfers and the transfer to the Revenue Stabilization Fund) total $1.93 billion, an increase of $45.39 million, or 2.41 percent, over the FY 2017 Adopted Budget Plan. Details for the most significant adjustments are provided below.

Employee Compensation (Pay and Benefits) $32.58 million

The FY 2018 Advertised Budget Plan includes funding for performance and longevity increases for general County employees and merit and longevity increases for uniformed public safety employees. Additionally, salary increases targeted for specific job classes as a result of market benchmark studies and the increase in the living wage as approved by the Board as part of the *FY 2016 Carryover Review* are funded. No funding is included for the Market Rate Adjustment, calculated at 1.65 percent. Total funding for employee pay equals $23.51 million.

- **General County Performance/Longevity Increases**

  Funding of $12.27 million support General County employee pay increases included in the budget reflecting the 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. In FY 2018, all employees reaching 20 or 25 years of service as of June 30, 2017 will receive a 4 percent increase. Employees receiving a longevity award do not also receive a performance award. 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 2 percent.

- **Public Safety Merit/Longevity Increases**

  Funding of $9.82 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. Funding also reflects the full-year impact of the elimination of the two-year hold at Step 8 in the uniformed public safety pay plans as approved as part of the FY 2017 Adopted Budget Plan. Merit increases are awarded to public safety employees as they progress through the pay scale. Public safety employees who have reached a length of service (15 and 20 years) milestone and have 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.

- **Other Salary Adjustments**

  A net increase of $1.42 million is included for salary increases as a result of the County's benchmark class survey and the full-year impact of the living wage increase. Of the 68 benchmark job classes examined, 8 surveyed classes were below the competitive market threshold of 95 percent of the external market salary range midpoint average. Employees in job classes linked to the affected surveyed classes receive increases of 1.5 or 3.0 percent of the new salary grade midpoint. The General Fund impact in FY 2018 is $1.23 million. Additionally, $0.19 million is included for the full-year impact of the living wage increase. As part of the *FY 2016 Carryover Review*, the Board of Supervisors increased the living wage from $13.13 to $14.50 per hour. The living wage applies to merit employees and limited-term employees scheduled to work 1,039 hours or more per year.

- **Retirement Funding**

  The FY 2018 budget includes a net increase of $4.72 million in Employee Benefits for employer contributions to the retirement systems. Of this amount, an increase of $8.57 million is related to employer contribution rate adjustments based on fiduciary requirements and the County's pension funding policy approved by the Board of Supervisors in April 2015. The increase is offset by $3.85 million in savings based on year-to-date experience.

Adjustments to the employer contribution rates are based on an actuarial experience study conducted in FY 2016 to review the actual experience over the preceding five years. As a result of that study, a number of assumptions were revised, including a reduction to the assumed long-term rate of return of the systems from 7.5 percent to 7.25 percent, a corresponding reduction to the projected rate of inflation, and adjustments to the mortality table. These changes, along with the results of the annual actuarial valuation based on FY 2016 experience, result in a cost of $6.19 million. In addition, $2.38 million is included for a change in the amortization schedule to increase the amortization level from 97 percent to 98 percent based on the County's pension funding policy and the commitment to include amortization of 100 percent of the unfunded liability in the actuarially determined contributions for each of the systems by FY 2020. Overall, these changes result in a net increase in the employer contribution rate for the Employees' system and a net decrease in the employer contribution rates for the Police Officers and Uniformed systems. However, based on the County's commitment to not reduce employer contribution rates to the systems until they have reached 100 percent funding, the rates for the Police Officers and Uniformed systems will be maintained at the FY 2017 levels.

All three systems failed to reach the 7.5 percent assumed rate of investment return in FY 2016. (As noted above, the 7.5 percent rate was reduced to 7.25 percent for FY 2017 as a result of the experience study.) The Employees' system was down 0.4 percent, the Uniformed system was down 0.8 percent, and the Police Officers system returned 1.0 percent. These returns reflected a difficult year for investments as the markets experienced periods of volatility. The FY 2016 investment results, contribution levels, and liability experience, as well as the assumption changes resulting from the five-year experience study, affected the funding ratios as demonstrated in the table below. The table below displays the market value of each system's assets as a percentage of the total plan liability as published in the County's Comprehensive Annual Financial Report (CAFR) and based on new requirements from the Governmental Accounting Standards Board (GASB).

	June 30, 2015	June 30, 2016
Employees'	74.2%	70.2%
Uniformed	81.0%	77.2%
Police Officers	84.8%	81.4%

It should be noted that since these calculations utilize asset figures as of a point in time (not smoothed as under previous methodologies), the funding ratios calculated are subject to volatility based on market returns.

In addition, this is the second year of a Board-directed 3-year plan to enhance benefits for service-connected disability retirees by eliminating the Social Security offset in the Employees' and Uniformed systems. A reduction to the offset from 10 percent to 5 percent in FY 2018 will not impact the FY 2018 employer contribution rates, though a nominal increase in the rates may be required for the final step in the elimination of the offset. However, following Board policy to fully fund any increase in liability that results from a benefit enhancement in the year that the enhancement is approved, an increase of $1.4 million will be included as part of the *FY 2017 Third Quarter Review* to fund the increased liability resulting from this decrease in the Social Security offset for service-connected disability retirees.

- **Retiree Health Benefit Subsidy**

  An increase of $0.49 million in the General Fund transfer to Fund 73030, OPEB (Other Post-Employment Benefits) Trust Fund, is included to increase the retiree health benefit subsidy by $10 per month. This benefit, last increased in FY 2006, provides monthly subsidy payments to eligible retirees to help pay for health insurance in a County health plan. The current monthly subsidy commences at age 55 and ranges based on years of service from $30 (5 to 9 years of service) to $220 (25 or more years of service) per month. The proposed monthly subsidies would range from $40 to $230 per month. It should be noted that the total transfer to the OPEB Trust Fund is decreased by a net of $5.51 million in FY 2018, reflecting this increase and a $6.00 million savings, discussed later in the *Reductions and Savings* section, based on continued savings resulting from the County's participation in an Employer Group Waiver Plan (EGWP). In the past two years, the transfer has been reduced by a total of $16 million because of the EGWP implementation, providing an opportunity to propose an increase in the retiree health benefit subsidy in FY 2018.

- **Health Insurance and Other Benefits**

  A net increase of $3.86 million in Employee Benefits is primarily due to the full-year impact of calendar year 2017 premium increases and costs associated with a projected 7 percent premium increase for all health insurance plans, effective January 1, 2018. 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. The increase also reflects an adjustment to the County transfer to Fund 40040, Fairfax-Falls Church Community Services Board, for fringe benefit support. These increases are partially offset by projected savings in fringe benefits based on year-to-date experience.

Capital Construction and Debt Service $9.28 million

The increase in funding for Capital Construction and Debt Service is $9.28 million. This increase represents increased debt service requirements in FY 2018. General Fund support for the Capital Construction program remains consistent with FY 2017 levels except for a proposed $100,000 reduction which is included in the *Reductions and Savings* section discussed later.

The FY 2018-FY 2022 Capital Improvement Program (CIP) totals $10.0 billion. The total bond program within the CIP is $1.9 billion (includes both General Obligation and Economic Development Authority bonds), and the CIP bond program is managed within the County's debt ratios. CIP highlights include the review and analysis associated with the long-range Bond Referendum Plan and the County's debt capacity, as well as the efforts underway due to the establishment of the capital sinking reserve funds.

- **Capital Construction**

  Capital Construction is primarily financed by the General Fund, General Obligation bonds, fees, and service district revenues. General Fund support in FY 2018 totals $19,441,876. This represents a decrease of $100,000 from the FY 2017 Adopted Budget Plan based on the proposed elimination of funding for the Emergency Directive Program. Additional information on this proposed reduction is provided at the conclusion of this letter.

A strong capital program is necessary to sustain County services and, as a result of revenue constraints in recent years, contributions have not kept pace with County needs. Consistent with the approach taken as part of the FY 2017 Adopted Budget Plan, baseline increases in General Fund support have not been included in the FY 2018 recommendation. Instead, increased General Fund support will be recommended as part of the *FY 2017 Third Quarter Review* to address critical infrastructure replacement and upgrade projects that have been classified as Category F – urgent and/or safety-related – and required Americans with Disabilities Act (ADA) compliance. Significant capital investment requirements continue to be deferred, such as County and Parks infrastructure replacement and upgrades, revitalization maintenance, and trails and sidewalks. We will continue to partially depend upon year-end balances to address some capital and maintenance requirements. While providing one-time funding for these types of projects as part of quarterly reviews helps prevent us from falling further behind, recurring baseline funding is the only mechanism to ensure that we have adequate resources dedicated to our capital program.

FY 2018 Capital Construction/Paydown Summary[1]

	Commitments, Contributions and Facility Maintenance	Paydown	Total General Fund Support
Athletic Field Maintenance and Sports Projects	$4,435,338	$1,700,000	$6,135,338
Park Authority Inspections, Maintenance and Infrastructure Upgrades	$960,000	$1,690,000	$2,650,000
Environmental Initiatives	$535,000	$0	$535,000
On-Going Development, Infrastructure Maintenance and Revitalization	$2,595,000	$0	$2,595,000
Payments and Obligations	$4,400,585	$0	$4,400,585
County Infrastructure Replacement and Upgrades	$0	$1,825,953	$1,825,953
Reinvestment, Repair, and Emergency Maintenance of County Roads and Walkways	$0	$1,100,000	$1,100,000
Developer Default Improvements	$0	$200,000	$200,000
Total General Fund Support	**$12,925,923**	**$6,515,953**	**$19,441,876**

[1] Reflects General Fund support. Other funding sources such as dedicated revenue and bond funding are not included in these totals.

Details about the Capital program are available in the *Capital Projects Overview* of the Overview volume.

- **Debt Service**

In addition to requirements associated with School debt service, FY 2018 General Fund support of County debt service requirements is $146.04 million, an increase of $9.28 million over the FY 2017 Adopted Budget Plan. The FY 2018 funding level supports debt service payments associated with existing and anticipated debt service requirements, including the

$258.9 million in General Obligation bonds sold in January 2017. In addition and based on the Board's policy concerning reserves, the refunding savings of $0.80 million to be generated in FY 2018 from the Series 2015 B, Series 2015 C, and Series 2016 A General Obligation refunding bond sales will be transferred to the Revenue Stabilization Fund. These savings are one-time and will help the County reach its revised reserve goals. During FY 2018 it is anticipated that a General Obligation bond sale that will not exceed $275 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 2018-FY 2022 Advertised Capital Improvement Program (With Future Fiscal Years to 2027).

As part of the guidance approved by the Board for the FY 2018 budget, staff was directed to analyze a possible increase in the annual bond sales limit from its current level of $275 million to accommodate a potential increase in the annual School bond capacity from its current level of $155 million. Staff has reviewed the debt capacity as it relates to an increase of the FCPS bond sales and, given the lack of funding to support the debt service associated with a sales limit change and projected debt ratio impact, I am not recommending an increase in the $275 million limit in FY 2018.

For several years I have believed that the time to consider raising the sales limit was near. The sales limit was last raised from $200 million to $275 million in FY 2007. Raising the sales limits will be necessary in the near future to address the growing FCPS and County capital requirements, and staff will review the impact of potential changes in the sales limits again next year.

Public Safety — $9.26 million and 26 Positions

Public safety priorities for FY 2018 include funding related to recommendations of a Board-directed review of the Police organizational structure and uniformed Police and Sheriff pay plans. In addition, consistent with adjustments in prior years, funding is included to support new positions for the new South County Police station and to replace expiring grant funding for the Fire and Rescue Department. It should also be noted that the recommended budget includes baseline funding for the previously approved Department of Animal Sheltering and Office of the Independent Police Auditor. Important priorities not funded include the second tranche of funding for Diversion First and the Ad-Hoc Police Practices Review Commission; Police positions regarding Span of Control, consistent with recommendations from the Ad-Hoc Commission and the Board-directed consultant study; continued implementation of the Public Safety Staffing Plan; and increased contributions to the Fire and Rescue large apparatus replacement reserves.

- **Public Safety Compensation and Organization Study**

  As part of budget guidance adopted the past two years, the Board of Supervisors directed staff, with the assistance of an outside consultant, to provide analysis and develop recommendations related to the operational and administrative structure of the Police Department, as well as to examine uniformed Police and Sheriff salaries. As part of the October 4, 2016, Personnel Committee meeting, recommendations from the consultant study, which were consistent with those of the Ad-Hoc Police Practices Review Commission, were presented to the Board. Funding for two of those recommendations is included in the FY 2018 Advertised Budget Plan:

- **Police Department Organizational Review**
  An increase of $0.79 million and 18/18.0 FTE positions is associated with adjustments made following a review of the Police Department's organizational structure. These additional relief Sergeant positions are critical and will provide a regular resource to fill operational vacancies. It is important to note that due primarily to operational requirements including the significant lead time to hire new staff, approximately two-thirds of the full-year funding amount required to implement the Relief Sergeant effort is not required in FY 2018. As a result, additional funding of $1.57 million is estimated to be required as part of the FY 2019 budget to support this initiative; however, this figure may be partially offset by overtime savings.

- **Uniformed Police and Sheriff Pay Scale Adjustments**
  An increase of $2.71 million is associated with adjustments to the pay plans for uniformed Police and Sheriff personnel. These adjustments will provide greater consistency in the O-scale and C-scale pay plans, both in terms of step increases as employees advance through the pay range based on longevity and in terms of the spread between job classes in the organizational structure. Funding required is associated with the slotting of current employees on the newly restructured pay plans.

♦ **Fair Labor Standards Act (FLSA) Ruling**
An increase of $2.30 million is required to cover costs associated with a United States Court of Appeals ruling which stated uniformed employees in the Fire and Rescue Department (FRD) at the rank of Captain I and Captain II do not fall within the executive or administrative exemptions for the FLSA overtime requirement because management is not their primary duty.

♦ **Partial-Year Funding for Fire and Rescue SAFER Staffing**
An increase of $2.06 million in the Fire and Rescue Department is required to cover the partial-year costs associated with 18/18.0 FTE positions currently being funded by a Staffing for Adequate Fire and Emergency Response (SAFER) grant which will expire in FY 2018. These positions have allowed the department to complete the initiative of having a fourth person on all 14 ladder truck companies. Four-person truck staffing has enhanced FRD's ability to establish on-scene firefighting, rescue, and medical emergency services in a more timely and efficient manner, with the right amount of personnel, thus reducing property loss and risk of firefighter injury or death.

♦ **South County Police Station**
An increase of $0.93 million and 5/5.0 FTE positions in the Police Department is required for the second year of a multi-year strategy to fully fund the opening of a new police station and animal shelter in South County approved by a Public Safety bond referendum in November of 2015. These positions are in addition to the 15 positions added in FY 2017. Initial estimates indicate that 70 uniformed positions will be required to fully staff this station when it opens in spring/summer 2021. Based on the large number of staff required, and the significant lead time (18-24 months) associated with hiring and training new recruits, staff are being added over a multi-year period. It is anticipated that an additional 50 uniformed positions will be

required over the next three fiscal years. This phased-in approach will allow the department to gradually hire and train new recruits.

- **Internal Affairs Bureau Staffing**

  An increase of $0.38 million and 2/2.0 FTE positions in the Internal Affairs Bureau of the Police Department is required based on increased workload associated with the establishment of an Office of the Independent Police Auditor as approved by the Board of Supervisors on September 20, 2016, and previously adopted recommendations of the Ad-Hoc Police Practices Review Commission's Use of Force Subcommittee. These actions will result in increased investigative workload as detective supervisors will be tasked with ensuring timely completion of administrative investigations, increased public reporting requirements, supporting the Office of the Independent Police Auditor by gathering and reviewing documentation, conducting redactions, providing data, and supporting the Civilian Review Panel with similar workload requests.

- **Illegal Signs in the Right-of-Way Inspector**

  An increase of $0.09 million and 1/1.0 FTE position is required in the Department of Code Compliance (DCC) to support the growing workload of the Illegal Signs and Advertising in the Right-of-Way Program. Under a 2013 agreement with the Virginia Department of Transportation, the Sheriff's Community Labor Force (CLF) collects signs illegally posted along roadways and, in January of 2016, DCC began enforcement actions on signs collected by the CLF. At the direction of the Board of Supervisors in November 2016, the Illegal Sign Program is now monitoring a total of 99 roads. It should be noted that the full cost of this position is anticipated to be offset by revenue collected as the result of enforcement for no net impact to the General Fund.

Human Services — $3.10 million and 13 Positions

Increases included for Human Services priorities are directly related to previous actions taken by the Board of Supervisors to support individuals with disabilities, to encourage healthy family environments, and to combat human trafficking and domestic violence. Significant unfunded items include additional support for employment and day services for those with intellectual (ID) and developmental disabilities (DD), pending policy discussions in the spring. Additionally, no contract rate increases are funded in this proposal.

- **Fairfax-Falls Church Community Services Board Support Coordination**

  An increase of $2.30 million and 12/12.0 FTE positions, including baseline funding of $1.2 million to reflect funding approved by the Board of Supervisors as part of the *FY 2016 Carryover Review*, is required primarily to provide mandated case management services to support individuals with developmental disabilities (DD) in the community and comply with current state and federal requirements, primarily those pursuant to the Department of Justice Settlement Agreement and implementation of Virginia's Medicaid Waiver redesign, effective July 1, 2016.

- **Expand Healthy Families Fairfax Program**

  As previously approved by the Board of Supervisors as part of the *FY 2016 Carryover Review*, funding of $0.67 million in the Department of Family Services is included in order to appropriate additional federal revenue to expand the Healthy Families Fairfax (HFF) program. HFF is an accredited home visiting program offering families at risk of maltreating their child an opportunity to learn parenting skills and receive emotional support and case management services. The state has provided additional federal pass-through funding to Fairfax County for HFF in order to increase the number of families being served. The expenditure increase is completely offset by revenue for no net impact to the General Fund.

- **Position for Human Trafficking Prevention**
  An increase of $0.13 million and 1/1.0 FTE position is included for a Human Trafficking Policy and Prevention Specialist in the Department of Family Services. This position will be created in response to recommendations from the Board of Supervisors-initiated Sexual Violence Task Force and testimony at public hearings that highlighted the impact of human trafficking on victims and families. This position will serve as the primary point of contact on sexual violence and human trafficking in Fairfax County and will work to engage the community to ensure that victims have access to advocacy and support services, perpetrators are held accountable for their actions, and that prevention and educational programs are offered throughout the community.

Cost of County Operations $3.03 million and 17 Positions

Funding in this category is primarily attributable to required maintenance and operational requirements at the new Public Safety Headquarters as well as lease and maintenance costs for other County facilities. In addition, baseline funding is included for actions taken as part of the *FY 2016 Carryover Review*. It should be noted that no additional funding has been included for information technology investments – an area where we have greatly reduced General Fund support over the past few years. I plan to recommend funding some important one-time information technology projects as part of the upcoming *FY 2017 Third Quarter Review*.

- **Freedom of Information Act Related Staffing**
  An increase of $0.90 million is included to support full-year funding for the Office of Public Affairs, Office of the County Attorney, and Department of Information Technology resulting from adjustments approved as part of the *FY 2016 Carryover Review* to support Virginia Freedom of Information Act (FOIA) requirements.

- **Funding for Operations/Maintenance at the Public Safety Headquarters**
  An increase of $0.71 million and 3/3.0 FTE positions in the Facilities Management Department are included to support operations and maintenance at the Public Safety Headquarters facility. The Public Safety Headquarters is a new 274,000 square foot facility, scheduled to be substantially complete in late winter/early spring 2017. The building will serve as the new headquarters for the Police and Fire and Rescue Departments. Funding supports 3/3.0 FTE maintenance positions which will address daily service and general maintenance requirements for HVAC systems, chillers, heat-pumps, boilers, furnaces, air conveyance systems, and control systems.

- **Lease Adjustments**

  A net increase of $0.50 million in the Facilities Management Department is included for lease requirements in FY 2018 based on annual lease escalation rates projected in the 2 to 5 percent range.

- **Contributory Fund**

  A net increase of $0.31 million in the General Fund transfer to Fund 10030, Contributory Fund, is primarily attributable to an increase for the Northern Virginia Healthcare Center/Birmingham Green Adult Care Residence, known collectively as Birmingham Green, based on actual costs and utilization rates at the facility. Other increases in the fund are based on legal requirements, per capita calculations, contractual or regional commitments, or membership dues. In addition, a contribution to the Northern Virginia Emergency Response System is included in the FY 2018 baseline, consistent with the actions taken as part of the *FY 2016 Carryover Review*.

- **Funding for Security at the Original Mt. Vernon High School**

  An increase of $0.08 million in the Facilities Management Department is included for security requirements at the Original Mt. Vernon High School. The Original Mt. Vernon High School facility is a 149,607 square foot facility, including a two-tiered theater/auditorium, administrative offices, classrooms, a library, a full service cafeteria, gymnasiums with locker rooms, multiple playgrounds, music and shop buildings, and an annex building. This increase will support one additional full-time contracted security officer, for a total of two full-time security officers at the site.

- **Other Adjustments**

  A net increase of $0.53 million includes adjustments to support increases in charges related to the Colchester Wastewater Treatment Facility in Unclassified Administrative Expenses (Public Works); to support additional security and DriveCam licenses in the Fairfax County Park Authority; and to support 1/1.0 FTE new position in Fund 60010, Department of Vehicle Services, to meet maintenance requirements based on an increased number of vehicles. In addition, it should be noted that 13/13.0 FTE new positions supported by other funding sources, with no net cost to the General Fund, are included to support Capital Facilities, Stormwater, and Sewer operations.

Community Development $0.41 million and 7 positions

Community Development priorities include position support for a comprehensive Zoning Ordinance review, a new sign program for infill development, and transportation operations. No increase in General Fund support for Metro in FY 2018 is required. However, additional information regarding Metro, including budgetary challenges in FY 2019 and beyond, is included below.

- **Zoning Ordinance Review and Update**

  An increase of $0.26 million and 2/2.0 FTE positions in the Department of Planning and Zoning will support the start of a comprehensive review of the Zoning Ordinance needed to respond to emerging trends like peer-to-peer home stay networks and building repurposing.

Staff will work with the Board to establish a value-added, targeted work plan to update portions of the Zoning Ordinance.

- **Infill Tree Sign Program**
  An increase of $0.14 million and 1/1.0 FTE position in Land Development Services is included to support a new sign program for infill development. Virginia Code §15.2-961.2, as discussed with the Board of Supervisors on October 11, 2016, permits localities to post signs when infill grading plans are filed. This increase supports the creation of a position to answer inquiries generated by signs and contracted services to install approximately 1,000 signs annually.

- **Transportation Positions**
  An increase of 4/4.0 FTE new positions, with no net funding impact to the General Fund, are included to support Transportation operations. These positions include two positions in Fund 40010, County and Regional Transportation Projects, to handle the increased project workload related to HB 2313 revenues including Route 1 planning, utility coordination, traffic engineering, and engineering design. Another two positions in the Department of Transportation, but being charged to Fund 40000, County Transit Systems, are included to provide oversight for planning, construction, and ongoing maintenance resulting from new facilities and expansion in major transit facilities, as well as to provide assistance in coordinating safety and security initiatives and program activities for bus operations.

WMATA (Washington Metropolitan Area Transit Authority)

As mentioned earlier, we will need to address significant increased funding obligations for Metro beginning in FY 2019. Specifically, with the backdrop of Safetrack, the WMATA General Manager's FY 2018 Advertised Budget contains dramatic increases in spending to address aging infrastructure to help the system reach a state of good repair. Per the terms of the WMATA funding compact, these costs, as in the past, would be spread among the regional jurisdictions.

Historically, the County has relied on modest General Fund support, state aid and gas tax receipts, and General Obligation bonds to meet our share of operating and capital expenses for WMATA. State aid and gas tax represent the County's share of these revenues held on behalf of the County by the Northern Virginia Transportation Commission (NVTC). In FY 2018, we are able to manage increases with no General Fund impact. To cover an increase of almost $20 million in operating requirements, $25 million more in state aid is utilized, partially offset by reduced gas tax, in order to maintain the General Fund transfer at the FY 2017 level. Capital requirements are increased over $60 million in FY 2018. This increase is anticipated to be met through the use of WMATA financing, with associated debt service due beginning in FY 2019.

Certainly, we are still in the early stages and there are many discussions and decisions to be made before the WMATA budget is adopted. However, I cannot overstate the significant impact that these changes may have for the County. Accumulated state aid balances are declining, with some projections indicating that balances will not be available to offset County expenses as early as FY 2020. FY 2019 and future years will require significant increases in County contributions which are not sustainable within existing revenue resources. We will continue to monitor this situation and will brief the Board as necessary at upcoming Budget Committee and Transportation Committee meetings on the options available for future year funding decisions.

Reductions and Savings ($12.27) million and (13) Positions

Total disbursement savings included in the FY 2018 Advertised Budget Plan total $12.27 million, which – when combined with increased revenues of $1.15 million associated with proposed revenue enhancements – result in net savings of $13.42 million. These savings are related to reduction opportunities submitted by agencies, which total $5.93 million, and other opportunities identified for FY 2018, which total $7.49 million.

- **Agency Opportunity and Efficiency Savings**

  As part of the development of the FY 2018 budget, agencies were challenged to identify savings opportunities through increased efficiencies, the analysis of past spending trends, and potential revenue enhancements. In total, including increased revenues, these savings total $5.93 million. Examples of the savings opportunities proposed in the FY 2018 budget include:

  - Reducing personnel services budgets based on historical spending patterns and savings resulting from position vacancies and turnover. *Over $1.1 million is identified in various agencies.*

  - Scrutinizing operating expense budgets to identify areas where costs can be reduced by taking advantage of process or technological efficiencies, by recognizing recurring savings based on spending trends, or by reducing printed materials in favor of online resources. *Proposed reductions include elimination of printing of the County's Advertised and Adopted Budgets and the Comprehensive Annual Financial Report, as a well as the elimination of printing and mailing of the Benefits Annual Enrollment guide to active employees.*

  - Reviewing areas where fees can be implemented or increased based on County resources used to perform the work and examination of charges in neighboring jurisdictions. *Proposed revenue enhancements include implementing application fees for the public and telecommunications review processes based on the staff time required to complete the reviews and the cost structures implemented in other jurisdictions, and introducing a Cost Recovery Charge in the Illegal Sign Program to offset staff costs.*

  - Reviewing areas where dedication of additional staff time can result in increased revenue generation. *Proposed reductions include devoting additional limited term support to the Car Tax Subsidy Compliance and Target Programs to collect additional personal property tax revenue.*

  - Focusing on areas identified by the Board through the Lines of Business process to identify areas for efficiency and savings. *As discussed at the January 31 Budget Committee meeting, savings are included as a result of further utilization of the Community Labor Force by the Park Authority. Additionally, in the first step of a more comprehensive review of privatization options for Fairfax-Falls Church Community Services Board day treatment and residential services, proposed reductions are included to utilize existing community providers and eliminate direct service for the Youth Day Treatment Program, serving youth with serious emotional disturbance or co-occurring substance use disorders, and the Community Readiness and Support Program, for adults with serious mental illness, substance use, and/or co-occurring disorders. Other LOBs Phase 2 projects are ongoing and include coordination and collaboration with Fairfax County Public Schools.*

A full list of agency reductions included in the FY 2018 budget follow this letter.

Additional savings of $7.49 million were identified in the County's transfer to the OPEB (Other Post-Employment Benefits) Trust Fund, savings in fuel based on projected costs, and savings resulting from a reorganization in the Department of Public Works and Environmental Services, as described in further detail below.

- **OPEB Savings**
  A $6.00 million reduction in the General Fund transfer to the OPEB Trust Fund is primarily due to continued savings realized from the implementation of an Employer Group Waiver Plan (EGWP) for Medicare retiree prescription drug coverage in January 2016. The EGWP is a standard Medicare Part D plan with enhanced coverage. By implementing an EGWP, the County is able to maximize prescription drug subsidies from the federal government and pharmaceutical manufacturers. This change has had a significant impact on the County's GASB (Governmental Accounting Standards Board) 45 liability, as GASB accounting rules allow EGWP revenue to directly offset plan costs in the GASB valuation, impacting the actuarial accrued liability, whereas the previous model could not be reflected in the liability calculations. In the past two years combined, the County transfer to the OPEB Trust Fund has been reduced by $16 million, primarily as a result of the EGWP implementation.

- **Fuel Savings**
  Savings of $0.85 million in fuel is realized based on ongoing analysis of current costs and usage. In FY 2017, the budget was developed using an unleaded price of $1.94 per gallon and a diesel price of $2.00 per gallon. The FY 2018 budget estimates $1.71 per gallon for unleaded and $1.80 per gallon for diesel. These rates reflect an average decrease of $0.21 from the FY 2017 level and are based on the price of fuel in recent months.

- **DPWES Cost Realignment**
  Savings of $0.64 million are based on a comprehensive analysis of past experience and actual costs related to the cost recovery efforts of select personnel and management costs from Department of Public Works and Environmental Services (DPWES) enterprise funds.

Reserve Requirements ($10.23 million)

Per the Reserve Policy approved by the Board of Supervisors in April 2015 and included in the County's *Ten Principles of Sound Financial Management*, 10 percent of the disbursement increases included in the FY 2018 Advertised Budget Plan are set aside in the County's Revenue Stabilization and Managed Reserves. Based on the smaller growth included in the FY 2018 Advertised budget (overall disbursement increase of 2.26 percent over the FY 2017 Adopted Budget Plan) than the growth in FY 2017 (5.05 percent over the FY 2016 Adopted Budget Plan), reserve requirements are lower than last year, resulting in a $10.23 million savings to the General Fund.

General Fund Disbursements are increased $90.66 million over the FY 2017 Adopted Budget Plan. As a result, $9.07 million – or 10 percent of this increase – is included as contributions to reserves.

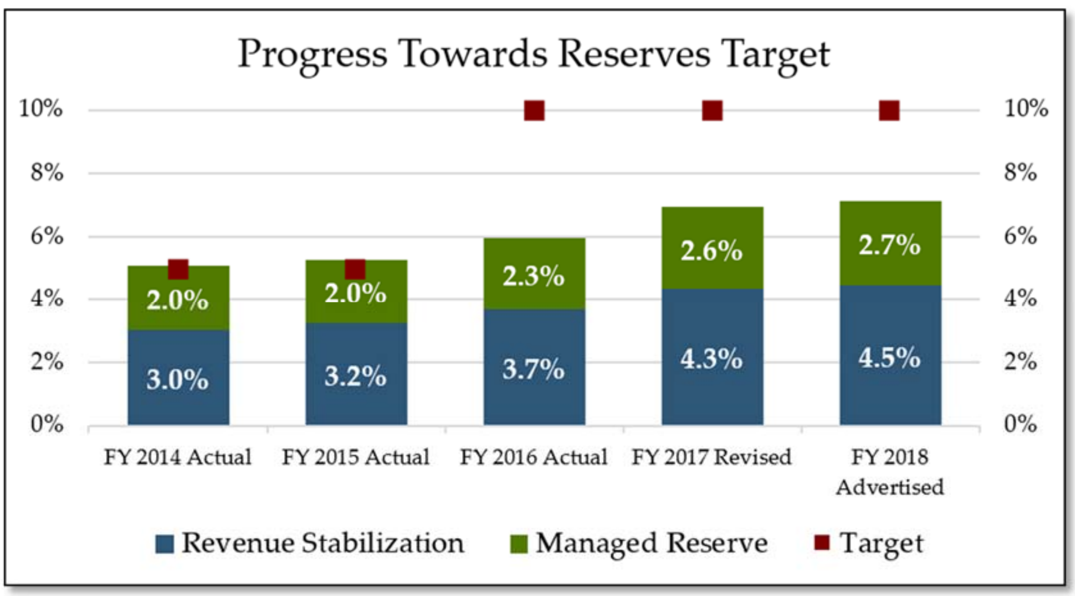
- **Revenue Stabilization Reserve**

  A contribution of $5.03 million is included as a transfer from the General Fund to Fund 10010, Revenue Stabilization. This contribution is a decrease of $5.68 million from the FY 2017 Adopted Budget Plan transfer. It should also be noted that a transfer of $0.80 million from Fund 20000, Debt Service, is included as a result of savings generated from refunding bond sales based on the new reserve policy. The Revenue Stabilization Reserve is targeted to be 5 percent of General Fund Disbursements.

- **Managed Reserve**

  A contribution of $4.03 million is included and held in balance in the General Fund. This contribution is a decrease of $4.55 million from the FY 2017 Adopted Budget Plan contribution. The Managed Reserve is targeted to be 4 percent of General Fund Disbursements.

Totals in the Revenue Stabilization Reserve and Managed Reserve have increased from 5 percent in FY 2014 to over 7 percent in FY 2018. It should be noted that the Economic Opportunity Reserve, with a target of 1 percent of General Fund Disbursements, will not be funded until the other two reserves reach their respective targets.



FY 2018 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 appropriated fund revenues in the FY 2018 Advertised Budget Plan total $7.99 billion. This County revenue total is an increase of $30.96 million, or 0.39 percent, over the FY 2017 Adopted Budget Plan. On the expenditure side, the FY 2018 Advertised Budget Plan for all appropriated funds totals $7.59 billion and reflects an increase of $118.72 million, or 1.59 percent, over the FY 2017 Adopted Budget Plan.

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

LOOKING FORWARD

While most of the discussion over the next few months will be specifically focused on funding needs in FY 2018, it is imperative that we also look forward, as there are significant challenges that lie ahead.

FY 2019 Fiscal Forecast

For FY 2019, based on current estimates including another year of modest growth in real estate values, General Fund revenue is projected to increase $81 million, or 1.98 percent, at the current Real Estate tax rate of $1.13 per $100 of assessed value. This level of growth is only slightly higher than the 1.92 percent growth rate – over the *FY 2017 Revised Budget Plan* – seen in FY 2018. Between this estimated increase in revenues and a small savings as a result of reserve adjustments, available resources would allow both County disbursements and County support for the Fairfax County Public Schools to increase by approximately 2 percent. After adjustments for debt service requirements, $31.04 million would be available for County funding priorities and the transfer for School operations would increase $36.31 million.

County expenditure requirements, on the other hand, are estimated to increase by $126.39 million. This includes full funding for our compensation plan, including an assumed 1.5 percent market rate adjustment, as well as funding and positions to continue the multi-year implementation of the Public Safety Staffing Plan, the next phase of the School Readiness initiative, the next tranche of positions for the South County Police station, and the second full-year of Diversion First. In total, 156 additional positions are included in the FY 2019 forecast.

Based on available resources and projected requirements, the FY 2019 projected County budgetary shortfall is $95.85 million, indicating that FY 2019 will be another challenging budget year. Based on these preliminary estimates, the funding available to the County of just over $31 million would not be sufficient to cover the County's base compensation plan which totals over $40 million excluding the impact of any adjustments resulting from market studies. In the fall, we will be presenting an updated forecast to the Board of Supervisors and the School Board in order to set the stage for the development of the FY 2019 budget. In the meantime, however, we will continue to update the Board on specific issues that may impact the FY 2019 budget, such as

Metro discussed earlier. Additionally, impacts resulting from LOBs Phase 2 projects may also impact our projections for next year.

Budget Drivers

As you review the budget information in detail that follows, please do so in the context of the Countywide dashboard information presented below. The figures cited in the overall County dashboard, and the individual agency dashboards, are a combination of key outputs, indicators or statistics. 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 community and the Board as it relates to specific budget requests.

When we discuss what is driving our overall County needs, we must remember:

COUNTYWIDE DASHBOARD				
	Key Data	FY 2017	FY 2018	FY 2019
1.	Residential Real Estate Equalization	1.64 percent	0.68 percent	1.00 percent
2.	Commercial Real Estate Equalization	2.87 percent	1.85 percent	1.00 percent
3.	Office Vacancy Rates - Direct/with Sublets	16.2%/17.2%[1]	16.5%/17.4%[2]	16.5%/17.4%[2]
4.	Projections for School Enrollment Growth/ cost of growth and demographic changes	(1,703)/ ($6.7) million	1,932/ $10.0 million	627/ $5.8 million
5.	Increases in Employee Pay	$36.53 million	$28.52 million[3]	$43.40 million

[1] Year-end 2015 vacancy rates

[2] Mid-year 2016 vacancy rates

[3] Includes costs associated with Pay Scale Leveling for uniformed Police and Sheriff and FLSA overtime for uniformed Fire and Rescue.

Our reliance on the Real Estate tax is indicated by the fact that it constitutes 64.6 percent of General Fund receipts in FY 2018. The change in values of existing properties, or equalization, is clearly an important driver in the development of annual budgets. Fortunately, both residential and commercial equalization are both positive for the second straight year. However, residential equalization increases have been declining, while nonresidential equalization has fluctuated in recent years. Additionally, the mid-year 2016 direct office vacancy rate was the highest recorded since 1991. Experts anticipate continued high vacancy rates based on sluggish economic conditions, concerns about the federal budget, and continuing trends towards small lease space per employee.

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, growth in student enrollment has slowed but continues, and complex challenges associated with specific special education services that are pushing costs upward. As we have been saying for many years, the State is not meeting its share of funding for K-12 education in Fairfax County. Between FY 2010 and FY 2016, Virginia implemented sizeable structural budget cuts to K-12, costing localities a cumulative $6 billion. It is imperative that we continue to partner with the Schools to advocate at the State level for more funding for our schools. Compensation costs continue to be a major driver in the County budget. In the FY 2018 proposed budget, pay increases constitute over 60 percent of all County disbursement increases recommended – not including employee benefits.

In closing, I respectfully submit the FY 2018 Advertised Budget Plan, which includes the plan for FY 2019, for your consideration. Overall, I believe the budget I am proposing today represents a fair and balanced approach to allocate limited resources across a number of important priorities, and I look forward to the discussions that will take place over the coming months. Although slow economic growth is anticipated for the foreseeable future, particularly if the sequestration cuts become reality in the fall, the foundation of Fairfax County is strong. With the consistent leadership demonstrated by our Board and the unwavering dedication of our community, we are well-equipped to address the challenges ahead. By working in collaboration with the Fairfax County Public Schools, our employees, and our residents, I am confident that we will arrive at a budget that balances the needs of all parties, while ensuring that we maintain the quality of life that each of us enjoys in Fairfax County.

Respectfully submitted,

Edward L. Long Jr.
County Executive

FY 2018 Advertised Summary General Fund Statement
(in millions)

	FY 2016 Actual	FY 2017 Adopted Budget Plan	FY 2017 Revised Budget Plan [1]	FY 2018 Advertised Budget Plan	Inc/(Dec) Over Adopted	% Inc/(Dec) Over Adopted
BEGINNING BALANCE	$164.92	$88.59	$166.09	$105.74	$17.15	19.36%
REVENUE [2]	$3,849.96	$4,010.96	$4,022.00	$4,099.16	$88.21	2.20%
TRANSFERS IN	$9.83	$10.17	$10.17	$10.07	($0.10)	(0.98%)
TOTAL AVAILABLE	$4,024.71	$4,109.72	$4,198.25	$4,214.97	$105.25	2.56%
SCHOOL DISBURSEMENTS						
Transfers Out						
School Operating [3]	$1,825.15	$1,913.52	$1,913.52	$1,965.21	$51.69	2.70%
School Construction	13.10	13.10	13.10	13.10	0.00	0.00%
School Debt Service	187.16	189.87	189.87	189.13	(0.74)	(0.39%)
SUBTOTAL SCHOOLS	$2,025.41	$2,116.49	$2,116.49	$2,167.44	$50.95	2.41%
COUNTY DISBURSEMENTS						
Direct Expenditures [2]	$1,401.67	$1,474.56	$1,516.59	$1,512.27	$37.71	2.56%
Transfers Out						
Contributory Fund	$14.89	$13.16	$13.30	$13.47	$0.31	2.36%
Information Technology	2.70	4.77	4.77	4.77	0.00	0.00%
County Debt Service	127.79	136.75	136.75	146.04	9.29	6.79%
County Transit	33.41	34.93	34.93	34.58	(0.35)	(1.00%)
Community Services Board	116.24	124.88	126.08	129.33	4.45	3.56%
County Insurance	25.82	24.16	24.16	24.18	0.02	0.08%
Capital Program	42.32	19.54	28.95	19.44	(0.10)	(0.51%)
Other Post-Employment Benefits	21.00	16.00	16.00	10.49	(5.51)	(34.44%)
Other Transfers	31.98	36.59	36.59	36.16	(0.43)	(1.18%)
Subtotal County Transfers Out	$431.54	$421.49	$442.94	$423.48	$1.99	0.47%
SUBTOTAL COUNTY	$1,817.82	$1,885.34	$1,938.12	$1,930.73	$45.39	2.41%
RESERVE DISBURSEMENTS						
Transfers Out						
Revenue Stabilization [4]	$15.38	$10.71	$21.41	$5.03	($5.68)	(53.03%)
Total Disbursements	$3,858.62	$4,012.54	$4,076.02	$4,103.20	$90.66	2.26%
Total Ending Balance	$166.09	$97.18	$122.23	$111.77	$14.59	15.01%
Less:						
Managed Reserve [5]	$88.59	$97.18	$105.74	$109.78	$12.60	12.97%
Reserve for Potential FY 2017 One-Time Requirements [6]			5.46			--
FY 2016 Audit Adjustments [2]			0.68			--
FY 2017 Mid-Year Revenue Adjustments [1]			10.35			--
Reserve for Board Adjustments [7]				1.99	1.99	--
Total Available	$77.50	$0.00	$0.00	$0.00	$0.00	--

[1] *FY 2017 Revised Budget Plan* revenues reflect a net increase of $10,351,830 based on revised revenue estimates as of fall 2016. The *FY 2017 Third Quarter Review* will contain a detailed explanation of these changes. This amount has been held in reserve for one-time FY 2017 requirements and is not carried forward into FY 2018.

[2] In order to appropriately reflect actual revenues and expenditures in the proper fiscal year, FY 2016 revenues are increased $800,205 and FY 2016 expenditures are increased $123,112 to reflect audit adjustments as included in the FY 2016 Comprehensive Annual Financial Report (CAFR). As a result, the *FY 2017 Revised Budget Plan* Beginning Balance reflects a net increase of $677,093. Details of the FY 2016 audit adjustments will be included in the FY 2017 Third Quarter package. This one-time funding is expected to be utilized as part of the *FY 2017 Third Quarter Review* and, as a result, is not carried forward into FY 2018.

[3] The proposed County General Fund transfer for school operations in FY 2018 totals $1,965,211,830, an increase of $51,692,928, or 2.7 percent, over the FY 2017 Adopted Budget Plan. It should be noted that the Fairfax County Public Schools Superintendent's Proposed Budget reflected a General Fund transfer increase of $108,184,674, or 5.7 percent, over the FY 2017 Adopted Budget Plan. In their action on the Superintendent's Proposed Budget on February 9, 2017, the School Board increased the transfer request by $4,360,000 to $112,544,674, an increase of 5.9 percent over the FY 2017 Adopted Budget Plan.

[4] Target funding for the Revenue Stabilization Fund is 5.00 percent of total General Fund disbursements, consistent with the County's *Ten Principles of Sound Financial Management* as updated by the Board of Supervisors on April 21, 2015. As a result of reserve adjustments included in the FY 2018 Advertised Budget Plan, the FY 2018 projected balance in the Revenue Stabilization Fund is $183.94 million, or 4.48 percent of total General Fund disbursements.

[5] Target funding for the Managed Reserve is 4.00 percent of total General Fund disbursements, consistent with the County's *Ten Principles of Sound Financial Management* as updated by the Board of Supervisors on April 21, 2015. As a result of reserve adjustments included in the FY 2018 Advertised Budget Plan, the FY 2018 projected balance in the Managed Reserve is $109.78 million, or 2.68 percent of total General Fund disbursements.

[6] As part of the *FY 2016 Carryover Review*, an amount of $5,463,153 was set aside in reserve to address potential FY 2017 one-time requirements. This one-time funding is expected to be utilized as part of the *FY 2017 Third Quarter Review* and, as a result, is not carried forward into FY 2018.

[7] As part of the FY 2018 Advertised Budget Plan, an amount of $1,990,557 is available for the consideration of the Board of Supervisors during their deliberations on the FY 2018 budget.

FY 2018 and FY 2019 MULTI-YEAR BUDGET PLAN: TAX AND FEE FACTS					
Type	Unit	FY 2016 Actual Rate	FY 2017 Actual Rate	FY 2018 Recommended Rate	FY 2019 Planned Rate
GENERAL FUND TAX RATES					
Real Estate	$100/Assessed Value	$1.09	$1.13	$1.13	$1.13
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***	***$62***	***$62***	***$64***	***$64***
Leaf Collection	***$100/Assessed Value***	***$0.015***	***$0.015***	***$0.013***	***$0.013***
SEWER CHARGES					
Sewer Base Charge	***Quarterly***	***$20.15***	***$24.68***	***$27.62***	***$30.38***
Sewer Availability Charge	***Residential***	***$7,750***	***$7,750***	***$8,100***	***$8,100***
Sewer Service Charge	***Per 1,000 Gallons***	***$6.65***	***$6.68***	***$6.75***	***$7.00***
COMMUNITY CENTERS					
McLean Community Center	$100/Assessed Value	$0.023	$0.023	$0.023	$0.023
Reston Community Center	$100/Assessed Value	$0.047	$0.047	$0.047	$0.047
OTHER					
Stormwater Services District	***$100/Assessed Value***	***$0.0250***	***$0.0275***	***$0.0300***	***$0.0325***
Route 28 Corridor	$100/Assessed Value	$0.18	$0.18	$0.18	$0.18
Dulles Rail Phase I	$100/Assessed Value	$0.19	$0.17	$0.17	$0.17
Dulles Rail Phase II	$100/Assessed Value	$0.20	$0.20	$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	$0.125	$0.125	$0.125	$0.125
Tysons Service District	***$100/Assessed Value***	***$0.05***	***$0.05***	***$0.06***	***$0.06***
Reston Service District	***$100/Assessed Value***	--	--	***$0.021***	***$0.021***

Rates ***italicized and in bold*** are proposed to be adjusted in FY 2018.

County Executive Summary

FY 2018 Reductions

General Fund Impact

The following table summarizes all of the proposed reductions included in the FY 2018 Advertised Budget Plan. Reductions total $5,931,367, including $4,781,957 in disbursement savings and $1,149,410 in revenue enhancements. In addition, 13 positions are proposed to be eliminated.

These reductions will be considered by the Board of Supervisors during their deliberations on the FY 2018 budget.

It should be noted that in addition to the reductions listed below, additional recurring savings of $7,487,546 are included in the FY 2018 budget. These savings include $6,000,000 based on continued savings in retiree health expenses related to the implementation of an Employer Group Waiver Plan in 2016, $850,000 based on projected fuel savings, and $637,546 based on an analysis of cost recovery efforts in the Department of Public Works and Environmental Services. In total, including revenues, the FY 2018 Advertised Budget Plan includes $13,418,913 in reductions and savings.

Reduction Title / Impact Statement	Reduction Funding	Reduction Posn
10001 - General Fund		
02 - Office of the County Executive		
Eliminate a Program and Procedures Coordinator	$40,000	1
A decrease of $40,000 will result from the elimination of 1/1.0 FTE Program and Procedures Coordinator in Administration of County Policy. The reduction will impact Administration of County Policy's ability to provide staff support and analysis of new initiatives created by the County Executive or Board of Supervisors.		
Manage Position Vacancies to Achieve Savings	$25,000	0
A decrease of $25,000 will be achieved in the Office of Community Revitalization by extending the period of time that positions are held vacant. This reduction will have a manageable impact on the agency's operations as current staffing levels are sufficient.		
Reduce Funding for Limited Term Positions	$13,527	0
A decrease of $13,527 in the Office of Public Private Partnerships will result in reduced funding for limited term positions. The reduction will require the agency to reduce support for the Grants Research and Training Center, and will impact the agency's ability to perform research on countywide initiatives, as limited term positions have performed these duties.		
Reduce Operating Expenses	$2,500	0
A decrease of $2,500 in Internal Audit will be achieved through savings in Operating Expenses in areas such as printing costs, and should have a manageable impact.		
Reduce Business Development Resources	$2,500	0
A decrease of $2,500 in the Office of Public Private Partnerships will result in the agency no longer participating in two Chambers of Commerce. This will reduce the agency's ability to develop business and community connections to support County initiatives.		
02 - Office of the County Executive Total	**$83,527**	**1**
04 - Department of Cable and Consumer Services		
Return Vehicle	$3,894	0
A decrease of $3,894 requires the return of a vehicle used by the Regulation and Licensing Branch to conduct taxicab, massage establishment, and tow operator inspections and investigations. This reduction would impact the agency's ability to perform same day inspections and to confirm the accuracy of taxicab rates and charges as the current vehicle is equipped with specialized equipment to perform this task; however, the agency would still be able to require taxicabs in question to come to a County facility to be tested. As a result, this reduction is anticipated to have a manageable impact.		

FY 2018 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
Reduce Miscellaneous Operating Expenses	$1,807	0
A decrease of $1,807 requires staff to eliminate unnecessary printing and postage expenses for materials that may be made available to the public in alternate formats. This reduction is anticipated to have a minimal impact on the agency's operations.		
04 - Department of Cable and Consumer Services Total	**$5,701**	**0**
06 - Department of Finance		
Reduce the Printing of the CAFR and Eliminate the Production of the CAFR on CD-ROM	$3,071	0
Eliminating CAFR CD production and switching to a print-on-demand policy would reduce expenditures by $3,071. Given the availablity of the CAFR on the website, it is not expected to impact the availability of the document to the public.		
06 - Department of Finance Total	**$3,071**	**0**
08 - Facilities Management Department		
Reduce Natural Gas Allocation	$250,000	0
This reduction will result in a $250,000 decrease in the natural gas budget, an 11 percent decrease from the FY 2017 Adopted Budget Plan level of $2,266,098. This reduction is based on the current projected costs of natural gas and savings realized in prior fiscal years. These savings have provided flexibility for the Department to accept specialized projects as well as meet overtime requirements. Reducing this allocation may impact the Department's flexibility. The Energy Coordinator will continue to review all utility requirements and identify savings as appropriate.		
Reduce Maintenance and Repair Service Contracts Funding	$250,000	0
This reduction will result in a $250,000 decrease in the maintenance and repair service contracts budget, a 6 percent decrease from the FY 2017 Adopted Budget Plan level of $3,954,545. This reduction is based on actual experience in prior years and will reduce funding available for contracted maintenance and repair services. Based on limited staffing levels available to maintain County facilities, FMD relies heavily upon the use of outside contractors to perform minor repairs and preventative maintenance. A reduction in funding will result in increased workload to existing County staff and when unexpected emergencies occur, the Department may need to adjust workloads.		
Increase Parking Garage Fees	$221,000	0
The parking fees at the Massey/Courthouse Complex Visitor Garage will be increased from $2 per hour, with a maximum of $10 per day, to $2.50 per hour, with a maximum of $12.50 per day. The projected revenue increase in FY 2018 is $221,000. The fees at the visitor garage have remained unchanged since FY 2009. This revenue enhancement opportunity is consistent with the rates charged by other jurisdictions in the area that currently charge maximum daily rates ranging between $10 and $20.		
Recognize Savings associated with Mortgage Payoff	$206,410	0
Funding is provided in Facilities Management Department to support the General Fund portion of the mortgage of the Department of Housing and Community Development's (HCD) administrative building on Pender Drive. The mortgage will be paid off in FY 2017, so savings to the General Fund of $206,410 will result.		
08 - Facilities Management Department Total	**$927,410**	**0**
11 - Department of Human Resources		
Reduce Benefit Mailings	$20,000	0
A reduction of $20,000 would eliminate the printing and mailing of the benefit enrollment guide to active employees. The benefit enrollment guide used for open enrollment must be made available, though it is not required to be provided in printed format. This reduction would require that employees access this information online and print it themselves if they need to share the information with other decision makers in their family. The benefit enrollment guide would continue to be printed for retirees and new employees.		

County Executive Summary

FY 2018 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
Reduce Funding for Limited Term Support	$15,000	0
This reduction will affect the department's capacity to hire part-time, entry-level personnel. Limited-term staffing provides a cost-effective way to complete projects and meet workload demands during peak periods. This reduction will require the department to maintain vacancies in order to hire limited-term staff in the future.		
11 - Department of Human Resources Total	**$35,000**	**0**
13 - Office of Public Affairs		
Reduce Translation Services	$2,000	0
A decrease of $2,000 will require the agency to reduce translation services. This reduction would have a manageable impact as an agency employee at the main information desk is fluent in Spanish which has reduced the agency's utilization of translation services.		
Eliminate Outside Training and Professional Contracts	$2,000	0
A decrease of $2,000 will require the agency to eliminate outside training and professional contracts. As a result, the agency would be required to rely solely on the countywide training program for staff development and would not have the flexibility to hire an outside photographer.		
13 - Office of Public Affairs Total	**$4,000**	**0**
15 - Office of Elections		
Redesign Voter Registration Process	$60,000	0
A decrease of $60,000 is possible based on the automation of the process for sending voter registration notices to citizens. The redesigned process will result in reduced postage and staff costs and is not anticipated to significantly impact the agency's operations.		
15 - Office of Elections Total	**$60,000**	**0**
17 - Office of the County Attorney		
Manage Position Vacancies to Achieve Savings	$50,000	0
This reduction will require the agency to manage their position vacancies. Savings will be achieved by delaying the hiring of current and future merit openings and/or hiring at a lower level on the pay scale. This reduction will have a manageable impact on staffing needs of the Office.		
17 - Office of the County Attorney Total	**$50,000**	**0**
20 - Department of Management and Budget		
Recognize Personnel Services Savings and Eliminate Vacant Position	$30,000	1
This reduction would recognize Personnel Services funding associated with anticipated savings resulting from staff turnover and retirements. Additionally, this reduction would eliminate a vacant unfunded position no longer required based on an organizational redesign to generate efficiencies related to budget system administration and budget production.		
Eliminate Printing of Budget Documents	$15,000	0
This reduction would eliminate the printing of Advertised and Adopted Budgets, including the Citizen's Guide. In recent years, the printing of budget volumes has been greatly curtailed; printed budgets are provided only to the Board of Supervisors, Senior Management, and Department of Management and Budget staff. Citizen's Guides are currently provided to residents at community meetings. As a result of this reduction, budget documents will be accessible only through the department's website.		
20 - Department of Management and Budget Total	**$45,000**	**1**

County Executive Summary

FY 2018 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
25 - Business Planning and Support		
Reduce Operating Expenses	$5,000	0
Operating Expenses are reduced $5,000 or nearly 3 percent. This funding supports the provision of leadership and program coordination across the DPWES business areas, including initiatives related workplace safety, emergency management, information technology, environmental compliance and sustainability, and community outreach and public education. This reduction is anticipated to have a minor impact on the provision of these support services based on recent year-end balances.		
25 - Business Planning and Support Total	**$5,000**	**0**
26 - Office of Capital Facilities		
Realign Cost Recovery from Projects	$50,000	0
Savings of $50,000 can be achieved by increasing the budget for Work Performed for Others (WPFO) to reflect recent experience for positions supporting capital projects. The Department of Public Works and Environmental Services (DPWES) Capital Facilities recovers salaries through charges to capital projects and bond funds. In each of the last three fiscal years, Capital Facilities' actual recovered costs have exceeded the budget. As a result, WPFO can be increased with no programmatic impact.		
26 - Office of Capital Facilities Total	**$50,000**	**0**
35 - Department of Planning and Zoning		
Implement Setback Certification Process Improvement	$90,000	0
A savings of $90,000 in Personnel Services is achieved by implementing a more efficient process for reviewing residential property setbacks. When residential property owners seek to construct a home or addition that approaches the limits of the minimum yard size, a new certified house location plat will be required in place of a setback certification. This process will reduce the staff time required for DPZ staff to review whether setback requirements are met, resulting in the identified savings. Additionally, the cost to the property owner to obtain a new certified house location plat is comparable to the cost of obtaining a setback certification and the process change will allow DPZ to complete the review before construction begins, making any required changes less costly for the property owner.		
Institute Fees for Public Facilities Review Processes	$85,000	0
An increase of $85,000 in revenue will be achieved by implementing fees to recover staff time costs associated with reviewing public and telecommunications facility applications. The benefits and impacts of changes to public facilities are reviewed through the 2232 process. Public facilities reviewed through this process include parks, schools, libraries, sanitary sewer infrastructure, public safety facilities, gas infrastructure, solid waste collection and disposal sites, electrical power generation and distribution facilities, stormwater management infrastructure and water utility infrastructure. Applications for the 2232 process will be subject to a $1,000 review fee. Telecommunications facilities like monopoles, treepoles, and towers are reviewed through the 6409(a) process and will be subject to a $620 fee to recover the cost of staff time required for the review. The proposed fees are based on the staff time required to review comparable applications and fees assessed in other jurisdictions.		
Digitize Staff Report Production and Distribution	$25,000	0
A savings of $25,000 in printing and binding costs results from reducing the quantity of printed staff reports which DPZ provides. Staff reports are used to disseminate the professional analysis completed by DPZ staff for the benefit of decision-makers and public. The Board of Supervisors (BOS), the Planning Commission (PC) and other county agencies which have received printed reports will receive reports digitally, reducing printing costs and staff time required to distribution. The impact of this change is anticipated to be minimal because the BOS, the PC and county agencies are increasingly adept at viewing reports digitally. A number of printed reports will still be produced for public hearings and archives.		

County Executive Summary

FY 2018 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
Streamline Review Process for Second Kitchens and Wet Bars	$15,000	0

The review process for second kitchens will be streamlined to achieve $15,000 in savings in Personnel Services. Property owners who want to install a second kitchen or wet bar will continue to apply for a permit from the Department of Land Development Services (LDS) but the supplemental DPZ Zoning Administration review will be eliminated, saving the funding equivalent of 0.25 FTE in review time. The impact of this process improvement is anticipated to be minimal; the LDS permit process will continue to ensure that new construction complies with building codes and the Department of Code Compliance will continue to investigate any code violations for illegal second dwellings.

35 - Department of Planning and Zoning Total	**$215,000**	**0**

38 - Department of Housing and Community Development

Recognize Personnel Services Savings	$50,000	0

Based on an analysis of current staff salaries and projected recruitments, savings of $50,000 in Personnel Services can be realized. Savings have materialized gradually over the last several years, so the impact of this reduction will be minimal.

38 - Department of Housing and Community Development Total	**$50,000**	**0**

39 - Office of Human Rights and Equity Programs

Reduce Operating Expenses	$24,000	0

This reduction reflects savings identified in various operating expenses, including office supplies and equipment, computer accessories, and furniture. Additionally, based on prior year spending trends, savings have been identified in funding for Americans with Disabilities Act (ADA) requests. Funding for ADA requests was previously included in the Department of Human Resources; however, the administration of these requests is transferred to the Office of Human Rights and Equity Programs (OHREP) as part of the FY 2018 Advertised Budget Plan. It should also be noted that, in addition to this reduction, OHREP is absorbing the cost of the workload-related position added in FY 2017 due to identified balances and efficiencies.

39 - Office of Human Rights and Equity Programs Total	**$24,000**	**0**

40 - Department of Transportation

Increase Work Performed for Others (WPFO) Salary Charges to Transportation Projects	$68,450	0

Based on 25 percent of two staff persons' time (1,040 hours) spent on the Transportation Capital Projects, this would result in a $68,450 annual savings to the General Fund. Acceptance of this option may decrease funding available for Transportation Capital Projects.

40 - Department of Transportation Total	**$68,450**	**0**

41 - Civil Service Commission

Reduce Operating Expenses - Memberships	$200	0

Savings of $200 will be achieved by not renewing the Society for Human Resource Management (SHRM) membership, an online research database utilized by both the Civil Service Commission and Alternative Dispute Resolution program providing information on human resource management best practices.

41 - Civil Service Commission Total	**$200**	**0**

County Executive Summary

FY 2018 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
51 - Fairfax County Park Authority		
Reduce Limited Term Support	$59,000	0
This reduction is accomplished by eliminating two limited term positions within the Director's Office and Park Operations Divisions. The Director's Office limited term position currently performs required research and technical review of documents, drafts operating procedures and policy, coordinates and schedules meetings, updates Park Board policy, coordinates the review of the Friends Groups Manual, and assists in other administrative functions. The Park Operations Division's limited term position assists with the implementation of the Fairfax County Public Schools (FCPS) Athletic Field Maintenance Program including, updating GIS maps annually for all FCPS sites and over 420 fields, creating and managing mowing, calculating and updating athletic field acreages, reviewing the field scheduling system to evaluate the integration of fields into FCPS programs, and performing quality control checks on contractor performance. This reduction in limited term staff will lengthen the time to complete these projects.		
Charge Salary Costs Associated with the Archaeological Program to the Park Authority Construction Fund	$49,384	0
This reduction is accomplished by charging 50 percent of the salary costs of a Heritage Resource Specialist III (Senior Archaeologist) to Fund 30400, Park Authority Bond Construction. The Senior Archaeologist is responsible for reviewing countywide development projects that require archaeological input. There is currently a team of three archaeologists and one Branch Chief working on projects supported by the General Fund and limited term staff currently work on projects supported by bond funds. This reduction will impact the availability of bond funds to support limited term employees and may result in an increase in the amount of time to complete a project.		
Charge Salary Costs Associated with Capital Project Management to the Park Authority Construction Fund	$30,000	0
This reduction is accomplished by charging salary costs associated with Capital Project Management positions to Fund 30400, Park Authority Bond Construction. These positions are responsible for overseeing and managing bond funded projects. This reduction results in the appropriate charging of salary costs associated with capital project work to Fund 30400, Park Authority Bond Construction, but will result in a decrease of available funding for capital project work.		
Increase Park Foundation Support	$30,000	0
This reduction is accomplished by transferring expenses incurred in the General Fund to the Fairfax County Park Foundation. The Fairfax County Park Foundation supports the Fairfax County Park Authority by raising private funds, obtaining grants and creating partnerships that supplement tax dollars to meet the community's needs for park land, facilities and services. This reduction could impede the work of the Foundation and will reduce funding available for park projects.		
Charge Salary Costs Associated with the Telecommunications/Monopole Program to the Park Improvement Fund	$20,000	0
This reduction is accomplished by charging salary costs associated with positions that directly support the Telecommunications/Monopole Program to Fund 80300, Park Improvement Fund. This reduction appropriately charges the administrative and management costs associated with the Telecommunications/Monopole Program to the Fund. Telecommunications/Monopole Program staff manage, negotiate fees, issue and monitor the license program for the installation of private telecommunication facilities on park property; coordinate approval of licenses with the Park Authority Board, and collect fee payments. The reduction will decrease the funding available for other Park Authority capital improvements, including: repair, maintenance and development of parks; and countywide Natural and Cultural projects.		
Charge Salary Costs of a Deputy Director to the Park Authority Construction Fund	$13,000	0
This reduction is accomplished by charging a portion of the salary costs associated with the Deputy Director/Chief of Business and Development position to Fund 30400, Park Authority Bond Construction. The Deputy of the Business and Development Branch is directly responsible for overseeing and managing bond funded projects. This reduction results in the appropriate charging of salary costs associated with capital project work to Fund 30400, Park Authority Bond Construction, but will result in a decrease of available funding for capital project work.		

FY 2018 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
Increase use of Community Labor Force	$10,000	0

As a result of Lines of Business (LOBS) Phase 2 work, a reduction of $10,000 is associated with the Sheriff's Community Labor Force (CLF) assuming a portion of Park Authority maintenance on trails including tree and brush pruning as well as other trail-related upkeep. The CLF provides offender work teams to support community improvement projects, such as, landscaping, litter removal, construction, painting, snow removal, and graffiti abatement.

51 - Fairfax County Park Authority Total	**$211,384**	**0**

52 - Fairfax County Public Library

Reduce Technical Operations	$150,000	1

This reduction will result in the reduction of 1/1.0 FTE vacant position and operating expenses associated with the Technical Operations Center, which became an option as part of an internal realignment of library operations in FY 2017 that was undertaken to provide additional clarity and maximize the use of library resources, and improve service delivery, programs, and customer service. This reorganization within the Technical Operations Center will be completed by reengineering work processes to gain efficiencies and should have a manageable impact.

52 - Fairfax County Public Library Total	**$150,000**	**1**

57 - Department of Tax Administration

Implement Car Tax Subsidy (PPTRA) Compliance Program Revenue Enhancement	$450,000	0

The PPTRA Compliance Audit Program currently adds approximately $1 million to the Delinquent Personal Property Tax roll. In Calendar Year 2016, DTA staff worked on Tax Year 2013, reviewing information received from state tax returns. The proposed program enhancement would shift two existing staff members to the program area to begin the auditing process sooner. In Calendar Year 2017, DTA could complete audits for tax years 2014 and 2015, rather than than just tax year 2014. This would generate $500,000 in additional revenues in FY 2018. It should be noted that $50,000 in additional expenditure authority is included to cover the costs of a new non-merit limited term employee to help with the existing workload resulting from the reallocation of two existing staff members to the Compliance Audit Program.

Implement Target Program Revenue Enhancement	$150,000	0

The Target Program is currently adding approximately $2 million to the Personal Property Tax Roll. Target Program staff currently splits its time between canvassing assigned districts and researching and assessing Personal Property taxes back in the office.The proposed program enhancement would create a Target Drive-By Team consisting of one existing merit and one existing non-merit limited term position to be reallocated from other sections. The two employees would focus on canvassing all districts to identify out-of-state plates for potential property tax evasion, allowing existing Target Program staff to concentrate all of its efforts on the research and subsequent assessment of Personal Property taxes. This would generate $200,000 in additional revenue. It should be noted that $50,000 in additional expenditure authority is included to cover the costs of a new non-merit limited term employee to help with existing workload resulting from the reallocation of resources to the Target Program.

57 - Department of Tax Administration Total	**$600,000**	**0**

67 - Department of Family Services

Recognize Personnel Services Savings	$750,000	0

This reduction will impact the department's Personnel Services budget and is based on historical savings in this area as a result of current staffing levels. Although no significant impact is expected, the department will be required to closely manage their position vacancies and monitor spending patterns.

67 - Department of Family Services Total	**$750,000**	**0**

County Executive Summary

FY 2018 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
70 - Department of Information Technology		
Restructure Administrative Processing	$200,000	2
A decrease of $200,000 results from the elimination of 2/2.0 FTE vacant administrative positions and other associated personnel-related savings based on the agency streamlining the administrative activities for processing financial documents. As the volume of financial transactions increased in recent years, the agency reallocated several positions to manage the increased workload; however, upgrades to the County's financial system that are now in place have allowed the Department to automate a portion of this work. Despite these changes, the time required to process certain financial documents may increase slightly during peak periods; however, this should have a manageable impact on the agency's operations.		
70 - Department of Information Technology Total	**$200,000**	**2**
71 - Health Department		
Reduce Insight Memory Care Center (IMCC) Contract	$150,000	0
This reduction will reduce the Health Department's contract with IMCC by 50 percent. Currently, all County residents suffering from mid-late state dementia are eligible for dementia-specific day care services at a reduced fee. This reduction caps those eligible to receive the reduced fee at 400 percent of the federal poverty level. Therefore, this reduction should not impact low-income individuals receiving services. The IMCC contract also provides community outreach, education, support and training for at least 350 family caregivers. There will be minimal impact to this piece of the contract.		
Increase Fees for Laboratory and Clinical Services	$125,000	0
The Health Department provides a range of clinical services and laboratory testing that includes services such as pregnancy testing, drug testing, vaccinations, and various health assessments. Each service is provided for a set fee that varies based on the service provided. An increase in fees of approximately 10 percent would bring in an estimated $125,000 in additional revenue. It is anticipated that raising fees will have minimal impact on clients' ability to access public health services, as there is an established fee waiver policy and payment plan option for low-income residents who are unable to pay, or for those who meet certain Virginia Department of Health or age criteria.		
71 - Health Department Total	**$275,000**	**0**
73 - Office to Prevent and End Homelessness		
Reduce Funding for Last Resort Housing	$200,000	0
OPEH utilizes motels as a last resort housing option for families with children who are experiencing homelessness when the main shelters are full or in cases where a family member has medical needs that make a typical shelter facility an inappropriate placement. This reduction will reduce funding for motel placements by approximately 50 percent. The need for motel placement has been declining over the last several years as concerted efforts have been made to move clients more rapidly into permanent housing, thus increasing the availability of shelter beds and reducing the need for motel usage. It is anticipated that this reduction will have minimal impact on services based on the current trend and continued efforts to move clients out of the shelters and into permanent housing. This does however reduce the amount of resources available to respond to housing needs should the demand for family shelter increase.		
73 - Office to Prevent and End Homelessness Total	**$200,000**	**0**
79 - Department of Neighborhood and Community Services		
Recognize Personnel Services Savings	$50,000	0
This reduction will impact the department's Personnel Services budget and is based on historical savings in this area as a result of current staffing levels. Although no significant impact is expected, the department will be required to closely manage their position vacancies and monitor spending patterns.		
79 - Department of Neighborhood and Community Services Total	**$50,000**	**0**

County Executive Summary

FY 2018 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn

80 - Circuit Court and Records

Implement Hourly Fee for Historic Courthouse Wedding Rental	$9,600	0

A revenue increase of $9,600 can be generated through leasing the 1799 Courtroom for hourly wedding ceremony rentals under the jurisdiction of the Chief Judge. This is primarily due to the historic charm and close proximity to the Clerk's Office Marriage License counter, where couples complete marriage license requirements. The Circuit Court anticipates 8 rentals per month, at a rate of $100/hour, which would generate annual revenues of $9,600. A revision to Procedural Memorandum 25-31 will be required to allow this type of event use. Currently, Procedural Memorandum 25-31 specifies that room use is restricted to licensed attorneys during trials, official County business, mediation services, and the Fairfax Bar Association and Virginia State Bar Association. In addition, no recording or picture taking is allowed in the Courthouse. Finally, the Courthouse currently rents rooms on a daily basis, not an hourly basis. It should be noted that the estimated revenue associated with this action is shown in the Facilities Management Department FY 2018 budget; however, the administrative aspects of this initiative will be handled by Circuit Court.

80 - Circuit Court and Records Total	**$9,600**	**0**

85 - General District Court

Reduce Operating Expenses	$8,309	0

This reduction is achieved through efficiencies that have been implemented such as reducing the number of printed notices and forms for staff and the public. These include information on navigating the judicial process such as fine, payment, and appeal information as well as amounts owed and upcoming court dates. Recent automation has decreased the number of notices printed, resulting in the public and legal community relying on online information in lieu of printed information. Reductions in printing will likely have no significant negative effect on day-to-day business operations nor on the public.

85 - General District Court Total	**$8,309**	**0**

91 - Office of the Sheriff

Manage Position Vacancies to Achieve Savings	$250,000	0

A decrease of $250,000 will be achieved by extending the period of time that positions are held vacant. This reduction is anticipated to have a manageable impact on the agency's operations as current staffing levels are sufficient especially given recent jail average daily population (ADP) levels. As recently as FY 2014, the average monthly ADP was 1,233; however, by December 2016 the amount was down to 1,039.

91 - Office of the Sheriff Total	**$250,000**	**0**

92 - Fire and Rescue Department

Restructure EMS Recertification Program to Occur On-Duty	$225,000	0

A decrease of $225,000 will result from the Department restructuring the Emergency Medical Technician (EMT) recertification training process. Currently, personnel attend a four day training, provided by an outside vendor, to obtain the necessary credit hours. In the future, all required trainings will be offered in-house and staff will not be required to attend the four day training which will result in reduced overtime costs for the Department.

Eliminate National Counterterrorism Center (NCTC) Detail	$159,927	0

A decrease of $159,927 will result from no longer dedicating a position to the Interagency Threat Assessment and Coordination Group (ITACG) at the National Counterterrorism Center (NCTC). Since FY 2011, the Department has dedicated a staff member to this effort promoting interagency coordination as it relates to terrorism, strategic threat assessments and information dissemination; however, any impact is anticipated to be manageable as coordination for these functions occurs through multiple channels. Savings will be generated by reassigning the position to the field which will result in reduced overtime costs as the position will no longer require backfill while away on special assignment.

County Executive Summary

FY 2018 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
Reduce VCU program from Six to Five Personnel	$85,000	0
A decrease of $85,000 will result from reducing the number of individuals participating in the Virginia Commonwealth University (VCU) paramedic training from six to five annually. The training is a joint effort between FRD and VCU hosted at the Fire Training Academy utilizing instructors from within the department with VCU providing the administrative support, curriculum development resources, and clinical resources to provide an Advanced Life Support (ALS) certification program. This could potentially impact FRD's ability to maintain the appropriate number of staff with ALS training; however, the Department will work to mitigate this potential impact.		
92 - Fire and Rescue Department Total	**$469,927**	**0**
93 - Office of Emergency Management		
Reduce Emergency Operations Center Training	$18,275	0
A decrease of $18,275 will result in reduced training opportunities for County employees who are required to work in the Emergency Operations Center (EOC) during a significant event. The trainings provide employees with the necessary skills to perform functions during EOC activations that help protect residents, employees and property during a potential catastrophic event. As a result, the Office will be required to identify critical trainings to ensure that County employees have adequate training to work in the EOC.		
Manage Position Vacancies to Achieve Savings	$17,000	0
A decrease of $17,000 will be achieved by managing position vacancies. This reduction will have a manageable impact on the agency's operations as current staffing levels are sufficient.		
93 - Office of Emergency Management Total	**$35,275**	**0**
97 - Department of Code Compliance		
Reduce Grass Inspector Positions	$32,400	0
A reduction of $32,400 is based on the elimination of two vacant exempt limited term Grass Inspector positions which provide seasonal inspections to ensure that residential and commercial properties comply with the Grass Ordinance. While this reduction would reduce budgeted grass inspection hours by 26.8 percent, public awareness of ordinance requirements has increased and non-compliance rates have declined since the Grass Ordinance was adopted in 2008, reducing the follow-up work required for inspectors and the impact this reduction.		
Reduce Operating Expenses	$21,000	0
A reduction of $21,000, or nearly 4 percent, in Operating Expenditures is included based on recent operating expense balances that have materialized. The impact of this reduction is anticipated to be minimal.		
Implement Cost Recovery Charge in Illegal Sign Program	$8,810	0
An increase of $8,810 in revenue from fees to recover the costs associated with enforcing the Illegal Sign program. The Code of Virginia permits jurisdictions to recover enforcement costs in addition to fines from owners of signs illegally posted along roadways. A $10 fee per sign is required to offset the vehicle and staff costs associated with the program. Based on enforcement experience in FY 2017, DCC estimates that 881 signs will be subject to enforcement in FY 2018. Please note this is in addition to the revenue associated with the $100 per sign penalties collected beginning in FY 2017 and included in the FY 2018 Advertised Budget Plan to support a new position.		
97 - Department of Code Compliance Total	**$62,210**	**0**
10001 - General Fund Total	**$4,898,064**	**5**

County Executive Summary

FY 2018 Reductions

General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn

30010 - General Construction and Contributions

Eliminate FY 2018 Funding for the Emergency Directive Program	$100,000	0

The FY 2018 funding for the Emergency Directive Program within Fund 30010, General Construction and Contributions, is eliminated. The Emergency Directives Program was established to provide for abatement services of both emergency and non-emergency directives related to health and safety violations, grass mowing violations, and graffiti removal directives. The funds are used to perform corrective maintenance for code violations under Chapter 46 and Chapter 119 of the Fairfax County Code, in which cited property owners fail to correct. The current available balance in this project is expected to be sufficient for this program through FY 2018 without additional funding. There will only be an impact if there is a significant increase in the number of directives, and/or a decrease in the collection of fees and fines from the property owners where the directive occurred.

Total	$100,000	0
30010 - General Construction and Contributions Total	**$100,000**	**0**

40040 - Fairfax-Falls Church Community Services Board

Eliminate the Youth Day Treatment Program	$460,000	4

This reduction eliminates the Youth Day Treatment Program and 4/4.0 FTE positions, including one Mental Health Manager, one Behavioral Health Supervisor, one Mental Health Therapist, and one CSB Aide/Driver providing therapeutic day treatment to youth ages 13 to 18 with medium to high acuity serious emotional disturbance or co-occurring substance use disorders. In FY 2016, the Youth Day Treatment program served 82 youth, providing significant supportive and intensive services including individual, group, and family therapy, case coordination, medication management, and an onsite alternative school program operated by Fairfax County Public Schools. As a result of this reduction, resources will be redeployed to continue serving this population through outpatient services such as individual, group and family therapy and case coordination. Outpatient services will be supplemented by in-home and intensive in-home services provided by contracted providers with dedicated funding streams, such as Mental Health Initiative state and local funds as well as Children's Services Act (CSA) funds, to maintain stability by utilizing natural community supports. In the event these outpatient services are insufficient for youth to maintain stability in the community, there are alternatives including community-based partial hospitalization for youth with private insurance, therapeutic day treatment programs operated in partnership with FCPS for youth with Medicaid, residential diversion programs, or CSA services.

Eliminate the Community Readiness and Support Program	$373,303	4

This reduction eliminates the Community Readiness and Support Program (CRSP), a directly-operated psychosocial rehabilitation program for adults with serious mental illness, substance use and/or co-occurring disorders who are transitioning to employment. Closure of this program involves eliminating 4/4.0 FTE positions, including one Behavioral Health Supervisor, one Behavioral Health Nurse Clinician/Case Manager, and two Mental Health Therapist positions. In FY 2016, CRSP provided highly-intensive clinical support, including ongoing mental and physical health assessments, nursing services, medication supports, and linkage to community services, benefits, housing and employment to 42 individuals. While this reduction would eliminate capacity in CSB directly-operated programs, existing contract providers in the Northern Virginia region have sufficient capacity to absorb CRSP clients. With a carefully implemented transition plan created in partnership with all stakeholders, CSB anticipates no waitlists due to this reduction.

Total	$833,303	8
40040 - Fairfax-Falls Church Community Services Board Total	**$833,303**	**8**

County Executive Summary

FY 2018 Reductions

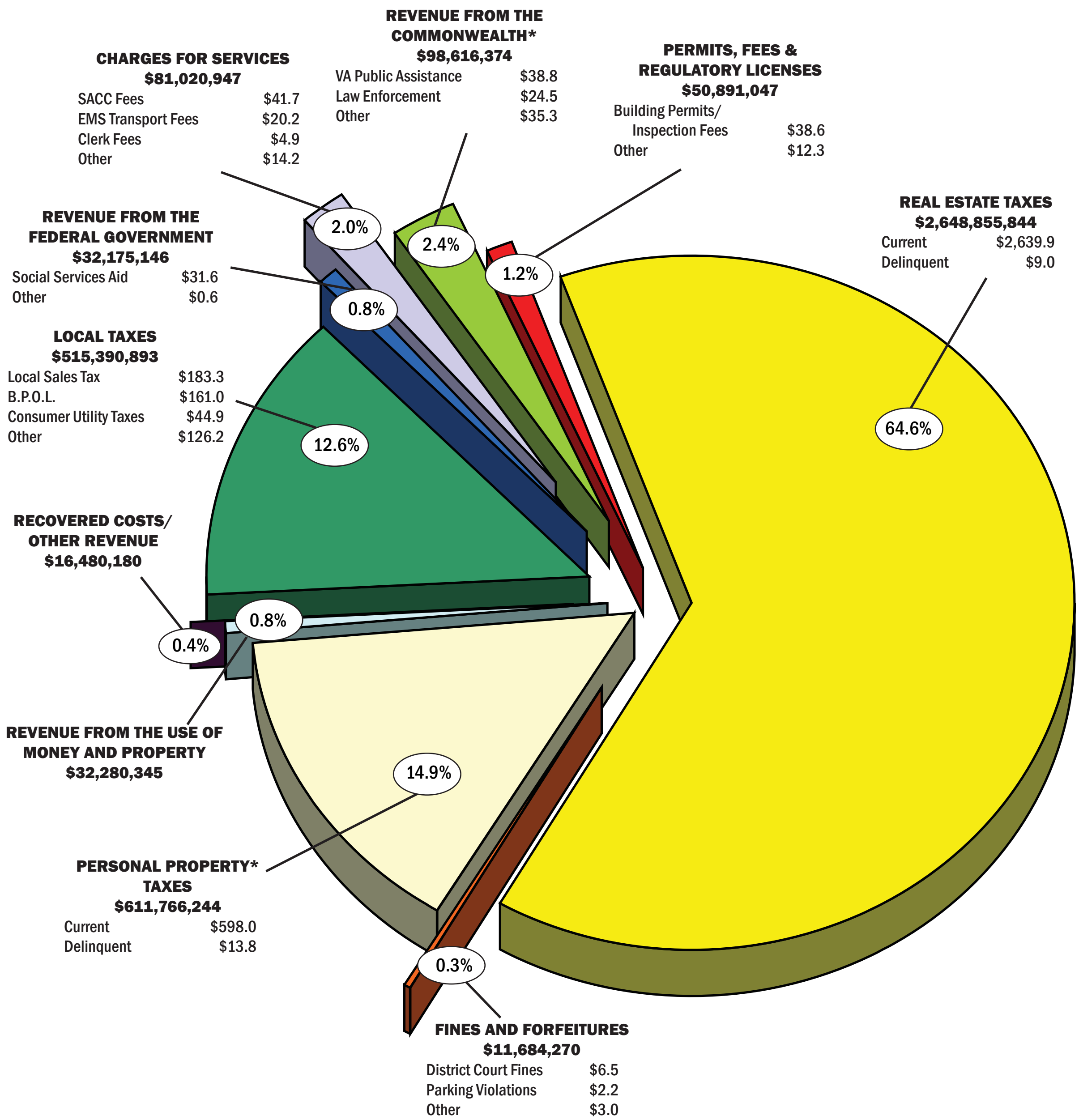
General Fund Impact

Reduction Title / Impact Statement	Reduction Funding	Posn
40330 - Elderly Housing Programs		
Reduce General Fund Transfer	$100,000	0
The General Fund transfer can be reduced $100,000, or 5.2 percent, due to the elimination of General Fund support for Lewinsville associated with the upcoming transfer of the operation and maintenance to a private management company. Additionally, based on an analysis of actual personnel expenses for operation and maintenance of the properties supported by the fund, savings can be realized. A couple of years ago, HCD transitioned from an allocation model for staff time to actual time posting by property. As a result, less staff time is being charged to this portion of the Department of Housing and Community Development portfolio.		
Total	$100,000	0
40330 - Elderly Housing Programs Total	$100,000	0
Total Reductions	$5,931,367	13

FY 2018 ADVERTISED GENERAL FUND RECEIPTS

Where it comes from . . .

(subcategories in millions)



FY 2018 GENERAL FUND RECEIPTS = $4,099,161,290 **

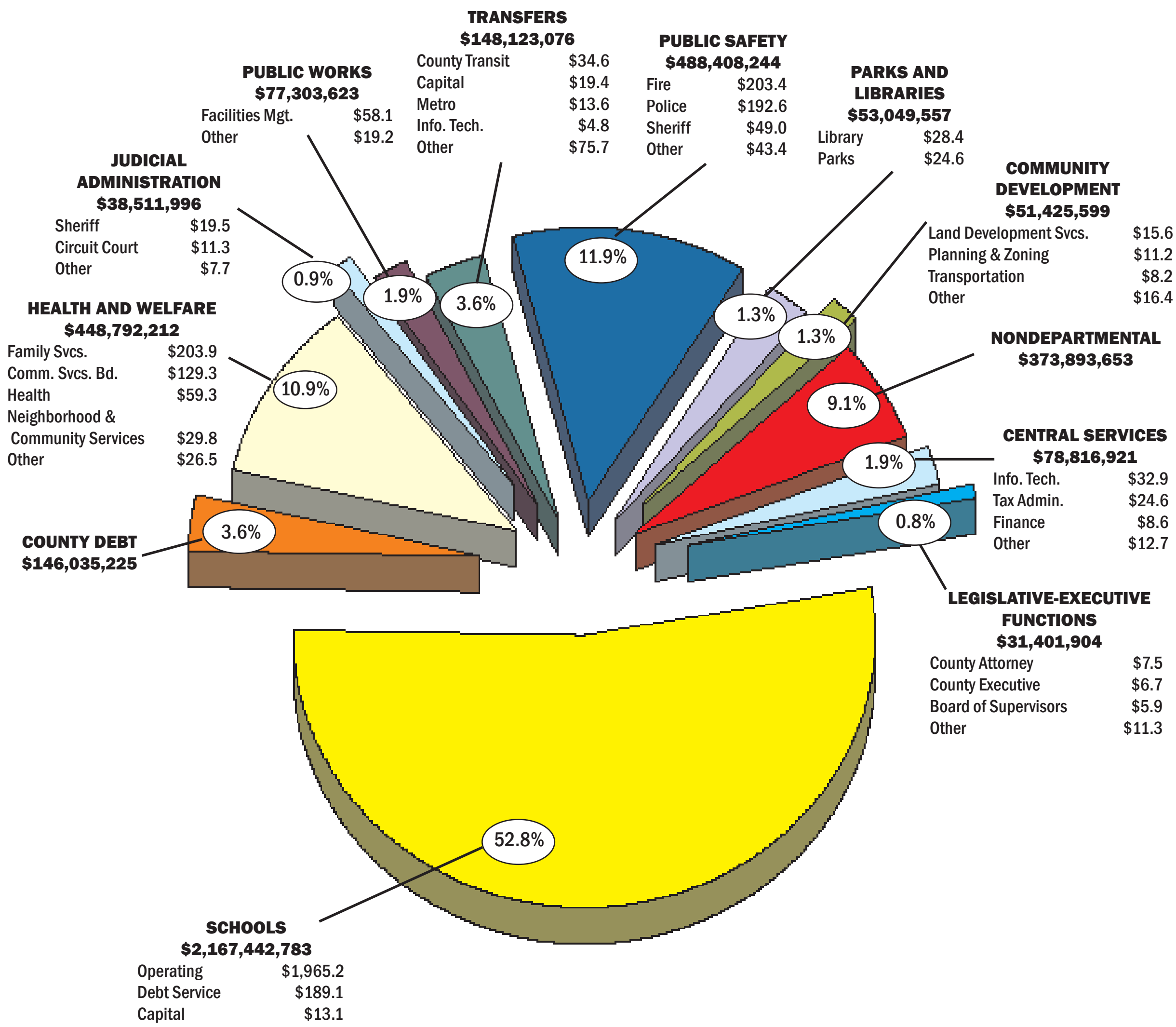
* For presentation purposes, Personal Property Taxes of $211,313,944 that are reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 are included in the Personal Property Taxes category.

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

FY 2018 ADVERTISED GENERAL FUND DISBURSEMENTS

Where it goes . . .

(subcategories in millions)

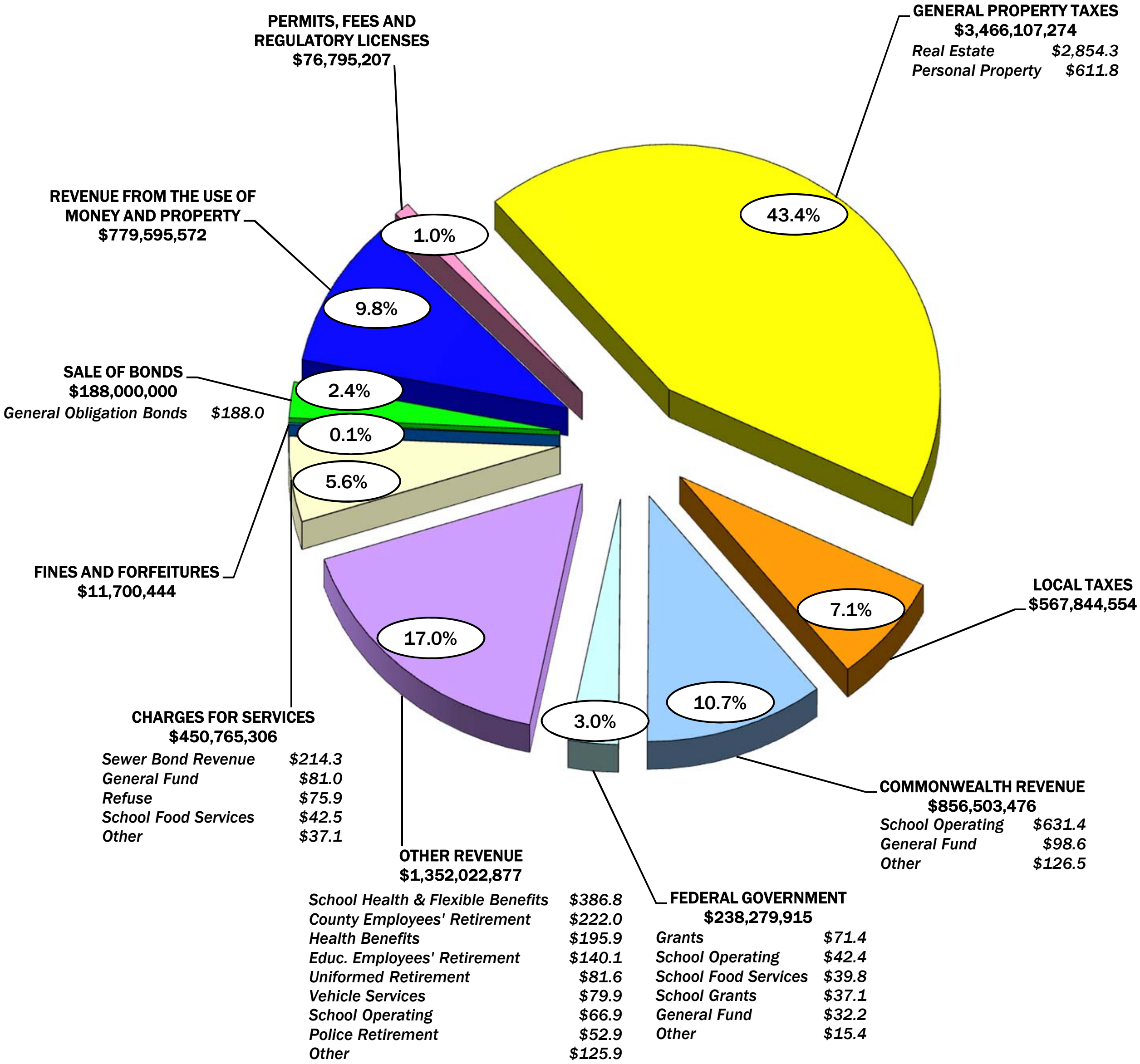


FY 2018 GENERAL FUND DISBURSEMENTS = $4,103,204,793

In addition to FY 2018 revenues, available balances and transfers in are also utilized to support disbursement requirements.

FY 2018 ADVERTISED BUDGET PLAN
REVENUE ALL FUNDS

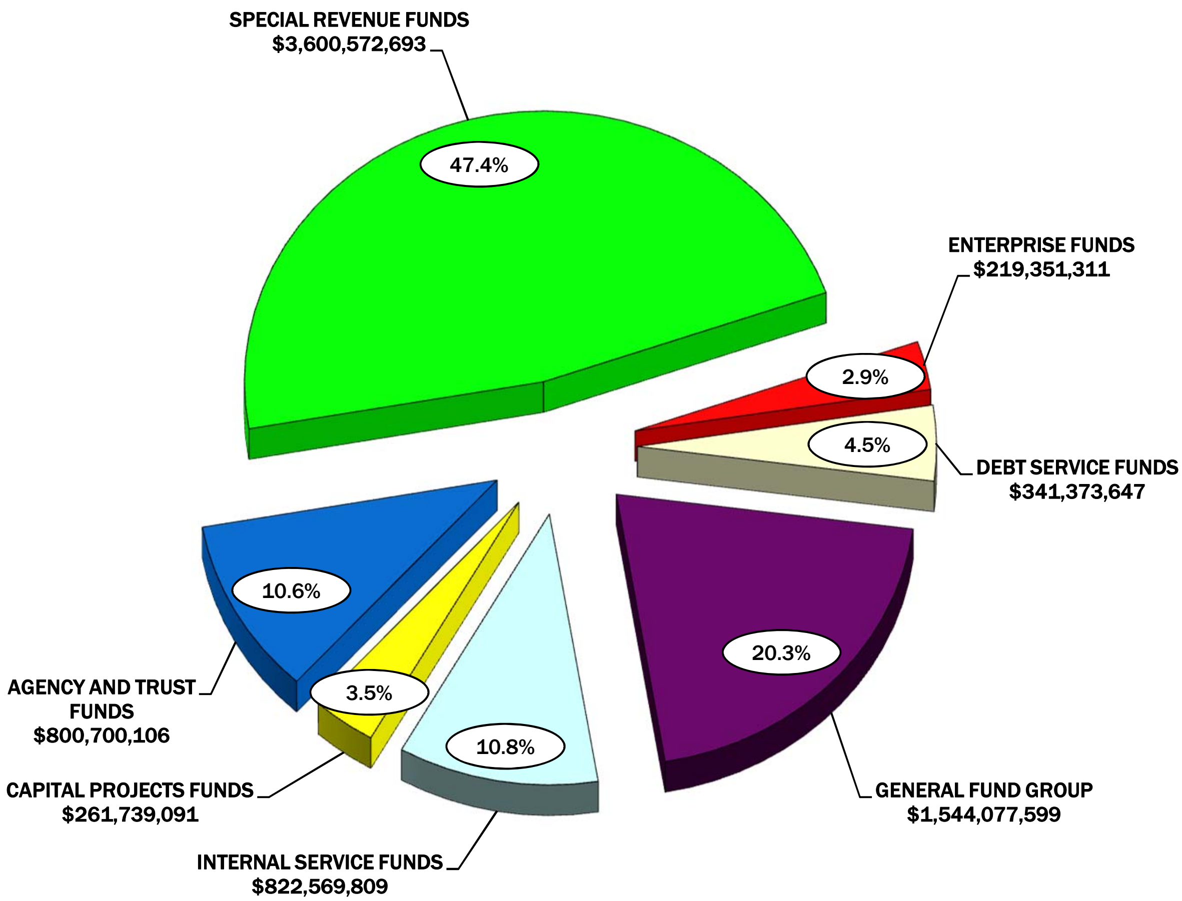
(subcategories in millions)



TOTAL REVENUE = $7,987,614,625

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 2018 ADVERTISED BUDGET PLAN
EXPENDITURES ALL FUNDS



TOTAL EXPENDITURES = $7,590,384,256