




# County of Fairfax, Virginia

## MEMORANDUM

Attachment B

**DATE:** March 19, 2024  
**TO:** Board of Supervisors  
**FROM:** Bryan J. Hill   
County Executive  
**SUBJECT:** FY 2024 Third Quarter Review

Attached for your review and consideration is the *FY 2024 Third Quarter Review*, including Supplemental Appropriation Resolution AS 24190 and Amendment to the Fiscal Planning Resolution AS 24901. The Third Quarter Review includes recommended funding adjustments and the following attachments for your information.

- Attachment I - A General Fund Statement reflecting adjustments included in the Third Quarter Review. Also attached is a statement of Expenditures by Fund, Summary of All Funds.
- Attachment II - A Summary of General Fund Revenue reflecting no change from the Fall 2023 revenue estimates.
- Attachment III - A detail of major expenditure changes in Appropriated and Non-Appropriated Other Funds. Expenditure changes, excluding audit adjustments, in all Appropriated Other Funds and excluding Schools, the General Fund, and the Federal/State Grant Fund, total a net increase of \$342.81 million. Expenditures in Non-Appropriated Other Funds increase a total of \$11.44 million.
- Attachment IV - Fund 50000, Federal/State Grants, detailing grant appropriation adjustments for a total net increase of \$52.58 million.
- Attachment V - Supplemental Appropriation Resolutions (SAR) AS 24190, AS 23291 for FY 2023 adjustments to reflect the final audit, and Amendment to the Fiscal Planning Resolution (FPR) AS 24901.
- Attachment VI - FY 2023 Audit Package including final adjustments to FY 2023 and the FY 2024 impact.
- Attachment VII - Fairfax County Public Schools (FCPS) Third Quarter Review

As the Board is aware, the [Code of Virginia](#) requires that a public hearing be held prior to the adoption of amendments to the current year budget when the adjustments exceed one percent of total expenditures. In addition, any amendment of one percent of expenditures or more requires that the Board advertise a synopsis of the proposed changes. A public hearing on the proposed changes included in the *FY 2024 Third*

Quarter Review has been scheduled for April 16, 17, and 18, 2024. On April 30, 2024, the Board will take action on this quarterly review prior to marking up the FY 2025 Advertised Budget Plan.

The following is a summary of General Fund adjustments included in the *FY 2024 Third Quarter Review*.

***FY 2024 Third Quarter Review Recommended Adjustments***  
(in millions)

	Positions	General Fund	ARPA Coronavirus State and Local Fiscal Recovery Funds	Total
<b>Previous Balances</b>				
Reserve for Potential One-Time Requirements		\$0.34	--	\$0.34
FY 2023 Audit Adjustments		\$0.95	(\$0.83)	\$0.12
FY 2024 Mid-Year Revenue Adjustments		\$53.10	--	\$53.10
		<b>\$54.38</b>	<b>(\$0.83)</b>	<b>\$53.55</b>
<b>Spending Adjustments</b>				
ARPA Audit Adjustment		--	0.83	\$0.83
Infrastructure Replacement and Upgrades at County Facilities		(\$12.50)	--	(\$12.50)
Support for Land Development Services		(\$6.50)	--	(\$6.50)
IT Project Support		(\$6.06)	--	(\$6.06)
Rec Center Facility Renewal		(\$5.00)	--	(\$5.00)
Vehicle Replacement Fund		(\$4.81)	--	(\$4.81)
Fire and Rescue Department Overtime		(\$3.70)	--	(\$3.70)
Accrued Liability Adjustments		(\$3.01)	--	(\$3.01)
Emergency Systems Failures		(\$3.00)	--	(\$3.00)
Replacement of Network Infrastructure		(\$2.89)	--	(\$2.89)
Reston Town Center North		(\$1.00)	--	(\$1.00)
Hypothermia and Operational Support		(\$0.97)	--	(\$0.97)
March 2024 Presidential Primary Election		(\$0.75)	--	(\$0.75)
Girls' Softball Equity (Wakefield Park Fields)		(\$0.75)	--	(\$0.75)
Procurement Disparity Study		(\$0.50)	--	(\$0.50)
Replacement Capital Equipment		(\$0.49)	--	(\$0.49)
Mandated Election Services		(\$0.48)	--	(\$0.48)
Forestry Operations		(\$0.30)	--	(\$0.30)
Cemetery Enhancements		(\$0.25)	--	(\$0.25)
Smart File System		(\$0.15)	--	(\$0.15)
Smoke and Carbon Monoxide Alarm Program		(\$0.08)	--	(\$0.08)
Hiring Incentive Program		\$0.00	--	\$0.00
Replenish Hiring Incentive Program Reserve		\$0.00	--	\$0.00
Refugee Assistance Program		\$0.00	--	\$0.00
Photo Speed Enforcement	2	\$0.00	--	\$0.00
Positions Supporting Collective Bargaining	8	\$0.00	--	\$0.00
One-Time Increase for Consolidated Community Funding Pool		\$0.00	--	\$0.00
Support Coordination	7	\$0.00	--	\$0.00
Pay Compression Adjustments		\$0.00	--	\$0.00
Children's Services Act		\$1.13	--	\$1.13

	Positions	General Fund	ARPA Coronavirus State and Local Fiscal Recovery Funds	Total
Fringe Benefit Savings		\$9.80	--	\$9.80
	17	(\$42.26)	\$0.83	(\$41.43)
<b>Reserve Adjustments</b>				
Economic Opportunity Reserve		(\$0.58)	--	(\$0.58)
Managed Reserve		(\$6.30)	--	(\$6.30)
		(\$6.88)	--	(\$6.88)
<b>Net Available for One-Time Requirements</b>		<b>\$5.24</b>	<b>\$0.00</b>	<b>\$5.24</b>

The *FY 2024 Third Quarter Review* reflects a series of adjustments necessary to fund FY 2024 spending and reserve requirements, supported primarily by increased revenues identified as part of the fall 2023 revenue review. Revenues derived from Interest on Investments, Real Estate, and Personal Property account for 87 percent of the \$53.1 million identified this past fall. Interest on Investments reflects the impact of the higher interest rate environment and aligns with the estimates included in the FY 2025 Advertised Budget Plan. Real Estate and Personal Property each note additional funding for current as well as delinquent collections. County staff continue to monitor all revenue categories and will make any further FY 2025 adjustments, if necessary, as part of the Add-On Review.

Disbursement adjustments that are recommended in the *FY 2024 Third Quarter Review* include one-time funding requirements, primarily for IT and capital projects, and the FY 2024 impact of several adjustments that are included in the FY 2025 Advertised Budget Plan. The package includes 17 new positions with associated costs absorbed within existing FY 2024 agency appropriations and recurring funding already included as part of the FY 2025 Advertised Budget Plan and to be recommended as part of the Add-On Package. These positions include 8 positions in the Police and Fire Departments to support the collective bargaining agreements with the two public safety unions, 7 positions in the Fairfax-Falls Church Community Services Board to provide support coordination services to individuals with developmental disabilities, and 2 positions in the Police Department to support the Photo Speed Enforcement Program.

Some of the more significant adjustments in this package include the following:

- Funding of \$16.50 million is included to support capital paydown projects, specifically those related to infrastructure replacement and upgrades at various County facilities, and funding for the Reston Town Center North Redevelopment project agreement and rezoning.
- Funding of \$8.95 million for information technology includes \$6.06 million to support new and ongoing IT projects and \$2.89 million for upgrades to network infrastructure.
- Several adjustments provide continued support for the Parks system totaling \$6.79 million. Consistent with action taken as part of the *FY 2023 Third Quarter* and the *FY 2023 Carryover Review*, an increase of \$5.00 million is included for capital needs and will support renewal and repairs at Park Authority Rec Centers. As noted in the FY 2024 Budget Guidance from the Board of Supervisors, it was anticipated that the Park Authority would require County support outside of the bond program to bridge funding gaps prior to the next referendum. Additional funding of \$0.75 million is included for cost escalations in the construction of improvements to the Wakefield Park

softball fields. This project work was recommended by the Girls' Fastpitch Softball Equity Action Plan Review Team. In addition, funding of \$0.49 million supports the replacement of capital equipment, \$0.30 million supports forestry operations, and \$0.25 million will support a review of cemetery boundaries and provide enhancements at Park Authority-owned cemeteries.

- A transfer of \$6.50 million addresses a projected shortfall in the Land Development Services (LDS) Special Revenue Fund to ensure the fund ends the fiscal year with a positive unreserved balance.
- Vehicle replacement funding totaling \$4.81 million will support costs related to the transition to hybrid and electric vehicles, the change in the police vehicle platform from sedan to utility, and to address the shortfall in the Vehicle Replacement Fund as a result of increasing vehicle replacement costs.
- Increased funding for the Office of Elections in this package totals \$1.23 million, net of anticipated state revenues. These costs support modified election operations due to state mandates and the March 2024 Presidential Primary Election.
- Funding of \$500,000 is included to conduct a Procurement Disparity Study (PDS), which will examine the conditions of the local marketplace, Fairfax County's current contracting policies and practices, and prepare the County to develop future procurement policies that actively and holistically address identified disparities.
- Savings in Fringe Benefits have been identified to partially offset the increased spending in this package. Other personnel adjustments including funding to support increased overtime expenses in the Fire Department resulting from vacancies and minimum staffing requirements, support for agencies implementing hiring incentives, and replenishment of the Hiring Incentive Program Reserve.
- A decrease of \$0.83 million is included in the ARPA Coronavirus State and Local Fiscal Recovery Funds to reduce the current appropriation to match the revised remaining balance of federal stimulus funds as a result of audit adjustments that reduced the FY 2024 beginning balance by \$0.83 million.

These and other adjustments are discussed in detail later in this memo. **As a result of these adjustments, an available balance of \$5.24 million has been identified as part of the FY 2024 Third Quarter Review.** This balance is available for the Board's consideration to address one-time priorities or consideration items.

### **Audit Adjustments**

As a result of the FY 2023 Comprehensive Annual Audit, several adjustments to revenues and expenditures are necessary to reflect Generally Accepted Accounting Principles (GAAP) requirements. Revenue and expenditure adjustments result in the net increase of \$0.95 million to the FY 2024 beginning General Fund balance and the net decrease of \$0.83 million to the FY 2024 beginning ARPA Coronavirus State and Local Fiscal Recovery Funds balance mentioned above.

In addition, several other adjustments to various funds are required, including Fairfax County Public Schools' funds, Fairfax County Park Authority funds, and Fairfax County Redevelopment Housing Authority Funds. All of these audit adjustments were reflected in the FY 2023 Annual Comprehensive Financial Report (ACFR). Details of these audit adjustments are included in Attachment VI.

It should be noted that one County fund, Fund 73020, Police Retirement Trust, requires a supplemental appropriation based on audit adjustments to reflect proper accounting treatments. Expenditures were

increased in order to accurately record investment management fees. An appropriation resolution is required to account for adjustments in the correct fiscal period, consistent with GAAP requirements. Supplemental Appropriation Resolution AS 23291 is included in Attachment V of the *FY 2024 Third Quarter Review*.

### **Summary of Administrative Adjustments**

The following General Fund adjustments are made as part of the *FY 2024 Third Quarter Review*.

In addition, there are various General Fund Supported and Other Fund expenditure adjustments, supported by both non-General Fund revenue and the use of fund balance. Adjustments to Other Funds are reflected in the Other Funds Detail section, Attachment III.

### **SPENDING ADJUSTMENTS** **\$41.43 MILLION**

<b>ARPA Audit Adjustment</b>	<b>NON-RECURRING</b>
Agency 87, Unclassified Administrative Expenses	FY 2024 Expenditure <u>(\$830,264)</u>
	<b>Net Cost</b> <b>(\$830,264)</b>

A decrease of \$830,264 is required to adjust the American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) remaining balance due to an audit adjustment as included in the FY 2023 Annual Comprehensive Financial Report (ACFR). Audit adjustments are made to appropriately reflect actual expenditures in the proper fiscal year. Details of all the audit adjustments are included in Attachment VI of the FY 2024 Third Quarter Package. The ARPA SLFRF gives broad flexibility in how funding can be used. This includes supporting the public health response, including services to address behavioral healthcare needs; providing housing, food, and job training assistance to workers and families; supporting small businesses and impacted sectors that have suffered negative economic impacts of the pandemic; supporting communities disproportionately impacted by the pandemic, through housing, education, and childcare assistance; and providing for replacement of lost revenue by state, local or tribal governments. These funds must be encumbered by December 31, 2024, and expended by December 31, 2026.

<b>Infrastructure Replacement and Upgrades at County Facilities</b>	<b>NON-RECURRING</b>
Fund 30020, Infrastructure Replacement and Upgrades	FY 2024 General Fund Transfer <u>\$12,500,000</u>
	<b>Net Cost</b> <b>\$12,500,000</b>

The General Fund transfer to Fund 30020, Infrastructure Replacement and Upgrades, is increased by \$12,500,000 for infrastructure replacement and upgrades at County facilities. Additional funding of \$2,500,000 is included in the FY 2025 Advertised Budget Plan to address the FY 2025 project requirements. Funding of one-time capital improvements as part of a quarterly review is consistent with actions taken by the Board of Supervisors in previous years. These projects, all Category F which is defined as urgent/safety related, or endangering life and/or property, will address emergency building repairs, fire alarm system replacement, HVAC system upgrades, parking lot and garage improvements, and roof repairs and waterproofing.

**Support for Land Development Services**

Fund 40200, Land Development Services

**NON-RECURRING**FY 2024 General Fund Transfer \$6,500,000**Net Cost \$6,500,000**

A General Fund transfer of \$6,500,000 to Fund 40200, Land Development Services (LDS), is included to address a projected shortfall in the LDS Special Revenue Fund and to ensure that the fund ends FY 2024 with a positive unreserved balance to hedge against uncertainty around the market. A total shortfall of \$6.0 million is projected in FY 2024, primarily due to a decrease in revenue as a result of a deceleration in market demand, especially from commercial building activities, and an increase in expenditures resulting from employee compensation increases, increased staffing to enhance the Customer Support Team, costs of contracted labor, and PLUS license and maintenance costs. More details regarding the expenditure and revenue projections are included in the Other Funds Detail write-up for Fund 40200, Land Development Services, beginning on page of 52 of this package.

**IT Project Support**

Agency 67, Department of Family Services

Fund 10040, Information Technology Projects

**NON-RECURRING**

FY 2024 Expenditure (\$350,000)

FY 2024 General Fund Transfer \$6,411,000**Net Cost \$6,061,000**

The General Fund transfer to Fund 10040, Information Technology Projects, is increased by \$6,411,000 to support the continued funding of Information Technology (IT) projects. This increase is partially offset by a reduction of \$350,000 in Agency 67, Department of Family Services, based on the identification of funding available within the agency to support the development of an electronic document management system. As indicated in the FY 2025 Advertised Budget Plan, projects were anticipated to be funded with one-time balances as part of a quarterly review. While increased baseline funding to support these investments is recommended, the County has successfully used one-time funds at Third Quarter and Carryover reviews to support technology initiatives. It is anticipated that additional funding will be included in the *FY 2024 Carryover Review* to address the remaining IT project needs. More details regarding the projects funded as part of this adjustment are included in the Other Funds Detail write-up for Fund 10040, Information Technology Projects, beginning on page 37 of this package.

**Rec Center Facility Renewal**

Fund 30010, General Construction and Contributions

**NON-RECURRING**FY 2024 General Fund Transfer \$5,000,000**Net Cost \$5,000,000**

The General Fund transfer to Fund 30010, General Construction and Contributions is increased by \$5,000,000 to support renewal and repairs at Park Authority Rec Centers. After a thorough review of the eight open Rec Centers, improvements have been identified for each center that are required to stabilize the centers and provide more efficient, attractive, and safe facilities that will last until planned renovations. Projects include roof repairs and replacements, replacement of mechanical systems, and upgrading of electric and pool systems.

**Vehicle Replacement Fund**

Fund 60010, Department of Vehicle Services

**NON-RECURRING**FY 2024 General Fund Transfer \$4,814,400**Net Cost \$4,814,400**

The General Fund transfer to Fund 60010, Department of Vehicle Services, is increased by \$4,814,400 to support the Countywide Vehicle Replacement Program and additional costs related to the transition to hybrid and electric vehicles in line with the County's Community-wide Energy and Climate Action Plan

(CECAP) Initiatives and the change in the police vehicle platform from sedan to utility, as well as to keep pace with rising vehicle prices. Given recent cost escalations and a changing vehicle marketplace, staff will be conducting an in-depth analysis of vehicle replace contribution rates to be considered as part of a future budget process.

**Fire and Rescue Department Overtime**  
 Agency 92, Fire and Rescue Department

	<b>NON-RECURRING</b>
FY 2024 Expenditure	<u>\$3,700,000</u>
<b>Net Cost</b>	<b>\$3,700,000</b>

Funding of \$3,700,000 is required for the Fire and Rescue Department to cover a projected shortfall in Personnel Services primarily due to an increase in overtime costs as a result of vacancies and minimum staffing requirements. There is limited ability to absorb these significant expenses and support critical operational needs.

**Accrued Liability Adjustment**  
 Fund 60000, County Insurance

	<b>NON-RECURRING</b>
FY 2024 General Fund Transfer	<u>\$3,007,000</u>
<b>Net Cost</b>	<b>\$3,007,000</b>

The General Fund transfer to Fund 60000, County Insurance, is increased by \$3,007,000 for accrued liability adjustments. An actuarial analysis was performed after the close of the fiscal year by an outside actuary to estimate the ultimate value of losses for which the County is liable. It is the County's policy to fully fund the Accrued Liability Reserve each year based on the actuarial valuation in order to ensure adequate funding for those risks that are self-insured. The actuarial analysis estimates the ultimate value both for those cases where claims have already been reported as well as for those claims and future loss payments that could occur, or that have been incurred but not yet reported.

**Emergency Systems Failures**  
 Fund 30020, Infrastructure Replacement and Upgrades

	<b>NON-RECURRING</b>
FY 2024 General Fund Transfer	<u>\$3,000,000</u>
<b>Net Cost</b>	<b>\$3,000,000</b>

The General Fund transfer to Fund 30020, Infrastructure Replacement and Upgrades, is increased by \$3,000,000 to support emergency systems failures that occur at aging County facilities throughout the year. Funding will provide for emergency repairs in the event of a major systems failure such as a large HVAC system or roof. The County has limited capacity to deal with these types of system failures. Although preventative maintenance is preferred, as the inventory of County facilities age, emergency repairs and maintenance requirements continue to grow.

**Replacement of Network Infrastructure**  
 Fund 60030, Technology Infrastructure

	<b>NON-RECURRING</b>
FY 2024 General Fund Transfer	<u>\$2,891,595</u>
<b>Net Cost</b>	<b>\$2,891,595</b>

The General Fund transfer to Fund 60030, Technology Infrastructure, is increased by \$2,891,595 for the upgrade of network switches at numerous County facilities. Network switches connect devices such as computers, printers and wireless access points to the County's network and allow them to exchange data. This investment supports the replacement of large chassis and Local Area Network (LAN) switches that are at the end of their useful life. The goal of this project is to upgrade the County's aging wired network infrastructure to meet today's network demands as well as position infrastructure to meet future technology

demands. This is the second and final phase of this project. Phase one was funded as part of the *FY 2022 Carryover Review*.

<b>Reston Town Center North</b>		<b>NON-RECURRING</b>
Fund 30010, General Construction and Contributions	FY 2024 General Fund Transfer	<u>\$1,000,000</u>
	<b>Net Cost</b>	<b>\$1,000,000</b>

The General Fund transfer to Fund 30010, General Construction and Contributions, is increased by \$1,000,000 to support continued work on the Reston Town Center North Redevelopment project associated with the negotiation and updates of the development agreements with Inova. In addition, funding will support County costs associated with the proposed rezoning in the adopted Amendment to the Reston Comprehensive Plan. The Reston Town Center North Redevelopment project is designed to re-configure approximately 47 acres currently owned by Fairfax County and Inova into a grid of streets with developable blocks, consistent with the needs of the community.

<b>Hypothermia and Operational Support</b>		<b>NON-RECURRING</b>
Agency 38, Department of Housing and Community Development	FY 2024 Expenditure	<u>\$970,000</u>
	<b>Net Cost</b>	<b>\$970,000</b>

An increase of \$970,000 is required to provide additional support to the Department of Housing and Community Development (HCD), Office to Prevent and End Homelessness. Funding of \$720,000 is necessary to support additional programming and operations of the homeless shelters, including the County’s commitment to provide shelter services to all families, and funding of \$250,000 will support the Hypothermia Program. Historically, the Hypothermia Program has been operated primarily by volunteers and the faith-based community, requiring minimal County resources; however, support by volunteers and the faith-based community has still not returned to pre-pandemic levels thus requiring additional resources to maintain the program at current service levels. This adjustment for the Hypothermia Program is consistent with the adjustment included in the FY 2025 Advertised Budget Plan.

<b>March 2024 Presidential Primary Election</b>		<b>NON-RECURRING</b>
	FY 2024 Revenue	\$900,000
Agency 15, Office of Elections	FY 2024 Expenditure	<u>\$1,652,350</u>
	<b>Net Cost</b>	<b>\$752,350</b>

An increase of \$1,652,350 is required to support costs associated with the March 2024 Presidential Primary Election. Funding supports staff needed for all voting locations, the cost of ballots and mailing, and other supplies necessary to facilitate the election. The expenditure increase is partially offset by \$900,000 in state revenue for a net cost to the General Fund of \$752,350.

<b>Girls’ Softball Equity (Wakefield Park Fields)</b>		<b>NON-RECURRING</b>
Fund 30010, General Construction and Contributions	FY 2024 General Fund Transfer	<u>\$750,000</u>
	<b>Net Cost</b>	<b>\$750,000</b>

The General Fund transfer to Fund 30010, General Construction and Contributions, is increased by \$750,000 to support the recommendations from the Girls’ Fastpitch Softball Equity Action Plan Review Team. As part of the *FY 2023 Third Quarter Review*, the Board of Supervisors approved one-time funding of \$1.7 million to begin to address the disparities between girls’ softball and boys’ baseball facilities. This funding was specifically intended to improve fields and related infrastructure for the six fields at Wakefield



Park in order to accommodate use by girls' softball teams and organizations. Additional funding is required due to cost escalation on the originally identified items and additional work required on turf fields, as well as upgrades to the bull pens and batting cages.

<b>Procurement Disparity Study</b>	<b>NON-RECURRING</b>
Agency 12, Department of Procurement and Material Management	FY 2024 Expenditure <u>\$500,000</u>
	<b>Net Cost \$500,000</b>

Funding of \$500,000 is required to conduct a Procurement Disparity Study (PDS) of County dollars in contracting with Small, Women, and Minority-owned (SWaM) businesses. The PDS will examine the conditions of the local marketplace, Fairfax County's current contracting policies and practices, and prepare the County to develop future procurement policies that actively and wholistically address identified disparities.

<b>Replacement Capital Equipment</b>	<b>NON-RECURRING</b>
Agency 51, Park Authority	FY 2024 Expenditure <u>\$490,275</u>
	<b>Net Cost \$490,275</b>

Funding of \$490,275 is required to replace Fairfax County Park Authority capital equipment at or near the end of its useful life. This equipment is necessary to support various construction and maintenance tasks that serve park properties throughout the County. Funding will provide for the replacement of utility tractors that support various construction projects; gas-powered equipment with electric equipment used in snow operations; utility vehicles and trailers needed for trail and general park maintenance; and field conditioners to support renovation and maintenance of athletic fields. This replacement equipment is critical to systemwide maintenance and upkeep efforts.

<b>Mandated Election Services</b>	<b>NON-RECURRING</b>
Agency 15, Office of Elections	FY 2024 Expenditure <u>\$475,000</u>
	<b>Net Cost \$475,000</b>

Funding of \$475,000 is required to support election operations that have been modified due to state mandates. This includes additional staffing for Same Day Registration requirements and changes to absentee by mail voting requirements, as well as increased costs in printing and mailing expenses. This adjustment is consistent with the adjustment included in the FY 2025 Advertised Budget Plan.

<b>Forestry Operations</b>	<b>NON-RECURRING</b>
Fund 30010, General Construction and Contributions	FY 2024 General Fund Transfer <u>\$300,000</u>
	<b>Net Cost \$300,000</b>

The General Fund transfer to Fund 30010, General Construction and Contributions, is increased by \$300,000 to address the backlog of tree work and prevention maintenance within the Park Authority Forestry Operations Division. The Forestry Operations Division is tasked with managing the health of forests on parkland, of which 77 percent is forested. The Division is currently only able to address high priority and at-risk trees. An increased volume of reported tree failures posing a risk to life and property, as well as staffing challenges, have resulted in a higher dependency on contracted services and increased costs. This funding will help address the ongoing tree work needs throughout the County.

**Cemetery Enhancements**

Fund 30010, General Construction and Contributions	FY 2024 General Fund Transfer	<b>NON-RECURRING</b> <u>\$250,000</u>
	<b>Net Cost</b>	<b>\$250,000</b>

The General Fund transfer to Fund 30010, General Construction and Contributions, is increased by \$250,000 to support continued work by the Park Authority’s Archaeology and Collections Branch to define cemetery boundaries and to provide enhancements at Park Authority-owned cemeteries, including those at Martin Luther King, Jr. Park, Lahey Lost Valley, and Patriot Park North. Enhancements include landscaping improvements, headstone repair/resetting, fence repair and/or placement, and sign repair or replacement. These cemeteries include unmarked graves for enslaved or formerly enslaved residents of Fairfax County.

**Smart File System**

Agency 57, Department of Tax Administration	FY 2024 Expenditure	<b>NON-RECURRING</b> <u>\$150,000</u>
	<b>Net Cost</b>	<b>\$150,000</b>

Funding of \$150,000 is required for one-time costs to implement the Smart File system used for commercial property appraisals. It is anticipated that the tool will generate cost savings associated with increased efficiency and will also expand the tax base in FY 2025. It should be noted that \$19,000 has been included in the FY 2025 Advertised Budget Plan for the recurring costs associated with this system.

**Smoke and Carbon-Monoxide Alarm Program**

Agency 92, Fire and Rescue Department	FY 2024 Expenditure	<b>NON-RECURRING</b> <u>\$75,000</u>
	<b>Net Cost</b>	<b>\$75,000</b>

Funding of \$75,000 is required for the Fire and Rescue Department’s Smoke and Carbon-Monoxide Alarm Program. The department received grant funding to partner with the American Red Cross on a fire safety initiative to install smoke alarms and carbon-monoxide alarms in vulnerable communities, particularly manufactured housing neighborhoods. To date, over 1,000 alarms have been installed in manufactured housing neighborhoods. All grant funding has been expended; therefore, the additional \$75,000 will allow for the purchase of another 2,000 alarms to ensure all manufactured housing neighborhoods throughout the County have been served.

**Hiring Incentive Program**

Agency 51, Fairfax County Park Authority	FY 2024 Expenditure	<b>NON-RECURRING</b> \$148,500
Agency 87, Unclassified Administrative Expenses	FY 2024 Expenditure	(\$1,498,500)
Agency 90, Police Department	FY 2024 Expenditure	\$1,140,000
Agency 91, Office of the Sheriff	FY 2024 Expenditure	<u>\$210,000</u>
	<b>Net Cost</b>	<b>\$0</b>

At the October 18, 2022, meeting of the Personnel and Reorganization Committee, the Board of Supervisors was briefed on recommendations for a Hiring Incentive Program. The program included immediate implementation of hiring bonuses in several critical classifications that are experiencing recruitment challenges, including police officers, deputy sheriffs, nursing positions, heavy equipment operators, behavioral health positions, and crisis intervention specialists. In FY 2024 to date, more than 900 employees have received hiring and retention bonuses, including 70 police officers. The cost of these bonuses has been offset in several agencies with one-time savings available due to position vacancies, and the remaining cost of \$1,498,500 is funded through the utilization of a portion of the Hiring Incentive Bonus Program Reserve, resulting in no net impact to the General Fund. The Hiring Incentive Bonus Program

Reserve was established by the Board of Supervisors as part of the *FY 2022 Carryover Review* in Agency 87, Unclassified Administrative Expenses, to support recruitment and retention efforts.

**Replenish Hiring Incentive Program Reserve**  
 Agency 87, Unclassified Administrative Expenses  
 Agency 89, Employee Benefits

<b>NON-RECURRING</b>	
FY 2024 Expenditure	\$1,600,000
FY 2024 Expenditure	<u>(\$1,600,000)</u>
<b>Net Cost</b>	<b>\$0</b>

Funding of \$1,600,000 is required to replenish the Hiring Incentive Program reserve in order to maintain funding at a sufficient level to address hiring and retention bonuses in FY 2025. As a result of the FY 2024 Third Quarter adjustment noted above, just under \$0.4 million remains in the Hiring Incentive Program reserve. However, this adjustment increases the Hiring Incentive Program reserve to almost \$2.0 million. It should be noted that the full cost of the adjustment has been offset with anticipated savings within Agency 89, Employee Benefits, resulting in no net impact to the General Fund.

**Refugee Assistance Program**  
 Agency 67, Department of Family Services

<b>NON-RECURRING</b>	
FY 2024 Revenue	\$523,972
FY 2024 Expenditure	<u>\$523,972</u>
<b>Net Cost</b>	<b>\$0</b>

An increase of \$523,972 to both revenues and expenditures is required to offset the increased cost of the mandated Refugee Assistance Program for Afghan evacuees who have resettled in Fairfax County. The Public Assistance and Employment Services (PAES) division in the Department of Family Services processes public assistance applications for refugees and works with local refugee resettlement agencies. The expenditure increase is fully offset by an increase in federal revenue for no net impact to the General Fund.

**Photo Speed Enforcement**  
 Agency 90, Police Department

<b>RECURRING</b>	
FY 2024 Revenue	\$107,784
FY 2024 Expenditure	<u>\$107,784</u>
<b>Net Cost</b>	<b>\$0</b>

Agency 90, Police Department

FY 2025 Revenue	\$700,597
FY 2025 Expenditure	<u>\$700,597</u>
<b>Net Cost</b>	<b>\$0</b>

At the December 6, 2022, Board of Supervisors meeting, the Board amended Fairfax County Chapter 82, Article 2, to add a new Section 82-2-9, to allow for the use of photo speed monitoring devices in highway work zones and school crossing zones. As a result of this amendment, the Fairfax County Police Department (FCPD) initiated a Photo Speed Monitoring Pilot Program.

In early 2023, photo speed monitor devices (speed cameras) were installed at 10 Fairfax County Public Schools (FCPS). The goal of the Photo Speed Enforcement Pilot Program is to change the behavior of drivers and make the roads safer. Fines were established as follows: \$50 for 10 to 14 mph over the speed limit; \$75 for 15 to 19 mph over the speed limit; and \$100 for 20 mph or more over the speed limit. The issuance of citations began in May 2023. The workload associated with the Photo Speed Enforcement Pilot Program is currently being absorbed by the FCPD, primarily through the use of overtime.

In addition to the Photo Speed Enforcement Program, the Fairfax County Board of Supervisors adopted an ordinance to enact Fairfax County Code Section 82-2-8 authorizing FCPS to install and operate a video-monitoring system (referred to as a Bus Arm Camera System). The ordinance was enacted in accordance with the Code of Virginia, Section 46.2-844 which allows the Bus Arm Camera System to be used to enforce the law against passing stopped school buses while they are in the process of taking on or discharging children. The Bus Arm Camera System Pilot Program is in the process of being implemented with a \$250 fine for violators. While FCPS will manage all costs associated with the contract, the FCPD is responsible for the review and validation of citations. All revenue generated from the Bus Arm Camera System will go directly to FCPS.

As a result of these two programs, an additional 2/2.0 FTE positions is now required to ensure adequate staffing to review and validate citations. This includes partial-year funding of \$107,784 in FY 2024 and full-year funding of \$700,597 in FY 2025. The expenditure increases are fully offset by revenue projected to be generated from the Photo Speed Enforcement Program for no net impact to the General Fund. Revenue collected from the 10 speed cameras through February 2024 totals \$934,336, and it is anticipated that an additional \$165,664 will be collected through the end of FY 2024 bringing total revenue to \$1,100,000. Any additional revenue received above what is needed to offset program expenditures will be directed to pedestrian and roadway safety program. The exact amount and a recommendation for allocating this revenue will be included in the *FY 2024 Carryover Review*. It should also be noted that FY 2025 funding will need to be included in the FY 2025 Add-on Package.

The FCPD will provide an update on both the Photo Speed Enforcement Pilot Program and the Bus Arm Camera Pilot Program at the June 4, 2024, Safety and Security Board of Supervisors Committee Meeting. It is anticipated that the FCPD will provide recommendations to expand the Photo Speed Enforcement Program to additional schools. Funding and positions needed to support this expansion will be included at a future budget process.

**Positions Supporting Collective Bargaining**

	<b>NON-RECURRING</b>
Agency 90, Police Department	FY 2024 Expenditure      \$0
Agency 92, Fire and Rescue Department	FY 2024 Expenditure <u>\$0</u>
	<b>Net Cost                      \$0</b>

On December 5, 2023, the Board of Supervisors adopted three-year Collective Bargaining Agreements between Fairfax County and the Fairfax Chapter of the Southern States Police Benevolent Association (SSPBA) and Local Chapter 2068 of the International Association of Firefighters (IAFF). Consistent with information included in the Board items, an increase of 8/8.0 FTE positions (4/4.0 FTE new positions for the Police Department and 4/4.0 FTE new positions for the Fire and Rescue Department) are required to support the agreements. Four of the positions, two per union, will support a provision in each contract that allows the president of the union and one additional position to perform full-time union duties. The remaining four positions will provide administrative support to the departments as a result of the increased workload and new reporting requirements. Given the timing of when Third Quarter is approved by the Board of Supervisors, as well as the time required to advertise and recruit positions, costs associated with these positions can be absorbed in FY 2024. Funding has been included in the FY 2025 Advertised Budget Plan in support of these positions.

<b>One-Time Increase for Consolidated Community Funding Pool</b>		<b>NON-RECURRING</b>
	FY 2024 Revenue	\$79,427
Fund 10020, Consolidated Community Funding Pool	FY 2024 General Fund Transfer	<u>\$79,427</u>
	<b>Net Cost</b>	<b>\$0</b>

The General Fund transfer to Fund 10020, Consolidated Community Funding Pool, is increased by \$79,427 due to additional Community Services Block Grant (CSBG) funding received from the state in FY 2024 to supplement an existing Consolidated Community Funding Pool project, United Community’s Stepping Stones, resulting in a net cost of \$0.

<b>Support Coordination</b>		<b>NON-RECURRING</b>
Fund 40040, Fairfax-Falls Church	FY 2024 General Fund Transfer	<u>\$0</u>
Community Services Board	<b>Net Cost</b>	<b>\$0</b>

An additional 7/7.0 FTE new positions are included in Fund 40040, Fairfax-Falls Church Community Services Board, to provide support coordination services to individuals with developmental disabilities as a result of 120 new Medicaid waivers allocated by the state, effective January 1, 2024. As Medicaid waivers are allocated to the County, additional support coordinator positions are needed in order to comply with 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. Given the timing of when Third Quarter is approved by the Board of Supervisors, as well as the time required to advertise and recruit positions, costs associated with these positions can be absorbed in FY 2024. Full-year funding to support these positions is included in the FY 2025 Advertised Budget Plan. It should also be noted that the state has allocated another 120 Medicaid waiver slots, effective July 1, 2024 for a total of 240 Medicaid waiver slots. Funding and positions associated with these Medicaid waiver slots are also included in the Advertised budget.

Increasing the number of Medicaid waiver slots has been a top priority for the County and is included in the County’s 2024 Legislative Program adopted by the Board of Supervisors on December 5, 2023. There is currently a significant statewide waitlist for individuals with developmental disabilities waiting for home- and community-based services. Fairfax County accounts for more than 1,100 of the 3,400 Priority One waitlist. The Governor’s proposed 2024-2026 Biennium Budget includes additional Medicaid waiver slots to address the Priority One waitlist. House and Senate budget amendments support the additional Medicaid waiver slots but, in an effort to not overburden the system, both the House and Senate have proposed phasing in the Medicaid waiver slots on a quarterly basis. It is estimated that the County will receive approximately 77 new Medicaid waiver slots per quarter for a total of 616 over the Biennium. Based on current staffing patterns, an additional 42/42.0 FTE new positions will be needed to support the new Medicaid waiver slots. While the Fairfax-Falls Church Community Services Board (CSB) will collect additional Medicaid revenue because of these services, the current Medicaid rate does not fully support the cost of support coordination services. Additional General Fund resources will be needed since the Medicaid rate does not fully cover the costs. If the state budget passes with no further changes, the County will need to time new positions with the rollout of the Medicaid waiver slots. This may require adding positions at quarterly reviews, beginning at the *FY 2024 Carryover Review*. It should also be noted that the County may receive additional Medicaid waiver slots from other localities who do not fully utilize their Medicaid waiver slots and are thus reassigned to other Priority One waitlists. If that happens, additional positions above the 42 may be needed.

**Pay Compression Adjustments****NON-RECURRING**

General Fund Agencies	FY 2024 Expenditure	\$1,920,917
Agency 89, Employee Benefits	FY 2024 Expenditure	(\$2,026,102)
Fund 60020, Document Services	FY 2024 General Fund Transfer	\$21,075
Fund 60030, Technology Infrastructure Services	FY 2024 General Fund Transfer	\$28,979
Fund 83000, Alcohol Safety Action Program	FY 2024 General Fund Transfer	<u>\$55,131</u>
	<b>Net Cost</b>	<b>\$0</b>

Funding of \$2,026,102 is required to support employee retention efforts that will reduce pay compression. This adjustment includes the impact of pay compression review on the salaries of current employees. It should be noted that the full cost of the adjustment has been offset by the utilization of one-time savings available in various agencies, coupled with anticipated savings within Agency 89, Employee Benefits, resulting in no net impact to the General Fund. It should also be noted that baseline funding associated with this adjustment was included in the FY 2025 Advertised Budget Plan.

**Children's Services Act****NON-RECURRING**

	FY 2024 Revenue	(\$1,125,000)
Agency 67, Department of Family Services	FY 2024 Expenditure	<u>(\$2,250,000)</u>
	<b>Net Cost</b>	<b>(\$1,125,000)</b>

A decrease of \$2,250,000 to expenditures is associated with mandated funding requirements in the Children's Services Act (CSA) based on lower than anticipated expenditures in FY 2024. CSA provides a continuum of services for troubled and at-risk children and youth who require foster care services, private school special education, home-based interventions, and residential services for behavioral health care. Actual costs for the CSA program are dependent on the number of youths served and the complexity of services provided. This adjustment is based on current service levels and sufficient funding remains to maintain these service levels, even with modest growth. This adjustment is consistent with the reduction included in the FY 2025 Advertised Budget Plan. The expenditure decrease is partially offset by a decrease in state funding of \$1,125,000 for net savings to the General Fund of \$1,125,000.

**Fringe Benefit Savings****NON-RECURRING**

Agency 89, Employee Benefits	FY 2024 Expenditure	<u>(\$9,800,000)</u>
	<b>Net Cost</b>	<b>(\$9,800,000)</b>

A decrease of \$9,800,000 is included to reflect fringe benefit savings, including savings based on year-to-date experience primarily due to position vacancies and lower than anticipated health insurance premium increases. This adjustment is consistent with the adjustment included in the FY 2025 Advertised Budget Plan.

**INCREASES TO RESERVES****\$6.88 MILLION****Reserve Adjustments****NON-RECURRING**

Fund 10015, Economic Opportunity Reserve	FY 2024 General Fund Transfer	<u>\$576,211</u>
	<b>Net Cost</b>	<b>\$576,211</b>

The transfer from the General Fund to Fund 10015, Economic Opportunity Reserve, is increased by \$576,211 based on revised FY 2024 Total General Fund Disbursement levels. This is consistent with the

County's reserve policy. The Revenue Stabilization Reserve, Managed Reserve and Economic Opportunity Reserve are fully funded at their target levels.

It should be noted that an additional \$6,304,846 is also allocated to the Managed Reserve as part of the *FY 2024 Third Quarter Review*, for a total General Fund increase to reserves of \$6,881,057.

### **Summary**

*In summary, I am recommending that the following actions be taken:*

- Board approval of the funding and audit adjustments contained in this package which result in a General Fund Available Balance of \$5.24 million and an increase of \$342.81 million in Appropriated Other Funds expenditures excluding Federal and State Grants, audit adjustments and Schools' funds. Details regarding adjustments for School funds as requested by the Fairfax County Public Schools are provided in the Schools' *FY 2024 Third Quarter Review* package (Attachment VII).
  - Supplemental Appropriation Resolution AS 24190
  - Amendment to Fiscal Planning Resolution AS 24901
  - Supplemental Appropriation Resolutions AS 23291
- Board appropriation of Federal/State grant adjustments in Fund 50000, Federal/State Grants, totaling an increase of \$52.58 million.
- Board approval of an adjustment to the Managed Reserve to reflect the adjustments included in the *FY 2024 Third Quarter Review*.