

FAIRFAX COUNTY, VIRGINIA

FY 2017

ADVERTISED BUDGET PLAN

(INCLUDES MULTI-YEAR BUDGET: FY 2017 - FY 2018)

COUNTY EXECUTIVE
BUDGET PRESENTATION

www.fairfaxcounty.gov/budget



FY 2017-FY 2018 Advertised Multi-Year Budget Context



- **Concerns remain about the short-term outlook:**
 - Continued shortfall in State funding for education is significant
 - ✦ Other services are also underfunded and negatively impact the County's budget as a result (mental health services and reimbursements for constitutional officers are examples)
 - Modest economic and revenue growth continues
 - ✦ Local economy improving but continuing to underperform the national economy
 - Lingering impacts of Sequestration
 - High commercial vacancies
 - Uneven job growth
 - Lower than projected residential values

FY 2017-FY 2018 Advertised Multi-Year Budget Context *(Continued)*



- Significant budget reductions have been taken since FY 2009
 - More than \$300 million cut and over 700 positions eliminated
- Significant cost avoidance decisions were also made
 - No/reduced employee pay increases in many years
 - Facility maintenance and equipment replacement was unfunded or delayed
 - Priorities and investments were deferred
- In every budget year staff is looking for opportunities for efficiencies and to take advantage of cost savings including more than \$13 million identified for FY 2017
- However, additional significant program reductions will change the fabric of the County irrevocably and will need to be carefully evaluated during the next phase of the Lines of Business discussion commencing this summer

FY 2017-FY 2018 Advertised Multi-Year Budget Context *(Continued)*



- At the same time and as part of the County's multi-year strategy, significant progress has been made:
 - Strategic decisions made by the Board
 - ✦ Elimination of the use of one-time funding for recurring expenses
 - ✦ Adoption of policies strengthening County pension systems
 - ✦ Doubling of reserve policies
 - ✦ Recognition that investments are necessary to keep Fairfax strong
 - Triple-A bond rating affirmed and negative outlook lifted by Moody's
 - Adoption of the County's Economic Success Strategic Plan
 - Lines of Business process begun
 - ✦ Multi-year approach to shape the County's strategic direction and validate our priorities for future years

FY 2017-FY 2018 Advertised Multi-Year Budget Proposal



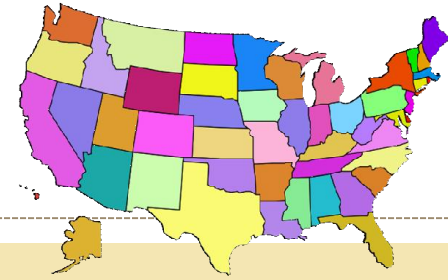
- The FY 2017-FY 2018 Multi-Year Budget was developed based on the current economic climate and the priorities of the Board. Some critical items include:
 - FCPS operating increase of 3%
 - FCPS infrastructure
 - County Compensation
 - Public Safety
 - ✦ Public Safety Staffing Plan
 - ✦ Implementation of Ad-Hoc Police Commission recommendations
 - ✦ Diversion First
 - ✦ Staffing for new police station in South County
 - Human Services
 - ✦ Intellectual Disability Graduates
 - ✦ Opportunity Neighborhoods
 - Infrastructure
 - Reserves

FY 2017-FY 2018 Advertised Multi-Year Budget Proposal *(Continued)*



- However, at the current Real Estate Tax rate, revenue growth is insufficient to fund all of our priorities
- As a result the FY 2017 budget is balanced with a \$0.03 per \$100 of assessed value increase in the Real Estate Tax rate
- Even with this increase there are many unmet needs and investment requirements that remain unfunded
- To provide options for the Board to address these unmet requirements the FY 2017 budget includes a recommended \$0.04 increase in the Real Estate Tax rate

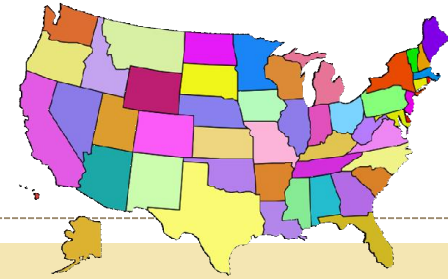
National Economy



- U.S. economy grew at an estimated rate of 2.4 percent during 2015
 - Led by the biggest gain in consumer spending in a decade
 - Plunging oil prices gave consumers more discretionary spending power
- Since the beginning of 2016, the stock market has seen a significant uptick in volatility
 - The stock market's performance impacts the County's long-term investments, such as the retirement funds

National Economy

(Continued)



- The Federal Reserve raised interest rates in December 2015 for the first time in almost a decade
 - Policy makers cited the improved labor market conditions and the solid pace of economic activity
 - Interest rates impact the Investment Interest revenue that the County earns on its portfolios
- Economists anticipate the headwind for the national economy in 2016 to be the weakness in global growth and the negative effect from a stronger dollar
 - Further increases in the Fed interest rates could hinder economic growth

Local Economy



- The local economy underperformed the national economy from 2011 - 2014
 - Impact of sequestration
 - Loss of jobs
- High office vacancy rate in the County – over 20 million sq. ft. vacant out of 116.5 million sq. ft.
 - As of mid-year 2015, direct office vacancy rate was 16.5%, highest since 1991, when it was 16.8%
- Local real estate market is underperforming the nation
 - Based on the S&P/Case-Shiller home price index, home prices were up 5.8% nationally through November 2015, but up only 2.1% in the Washington DC Metro area
- County's FY 2017 real estate equalization growth lower than anticipated – half of what it was in FY 2016 and only a quarter of what it was in FY 2015

Local Economy

(Continued)



- Federal procurement contracts in the County increased slightly in FY 2014 (the last year for which data is available), but have not recovered from the significant decrease experienced in FY 2013 of almost 13%
 - Federal Procurement spending in Fairfax County grew 16.2% per year from FY 2007-2010
 - Moderate or flat in FY 2011 and FY 2012
 - FY 2014 level is 10% below FY 2012

Fairfax County's Labor Market: Uneven Job Growth



- Tepid improvement in the County's labor market through mid-2015
 - Still haven't recovered all job losses from 2013 and 2014
 - Less than half the growth in 2012
- Job Growth in Fairfax County (all data as of June each year):

	Total Non-Farm Employment	Increase/ (Decrease)	% Change
2012	597,394	12,677	2.2%
2013	595,321	(2,073)	(0.3%)
2014	588,265	(7,056)	(1.2%)
2015	593,836	5,571	0.9%

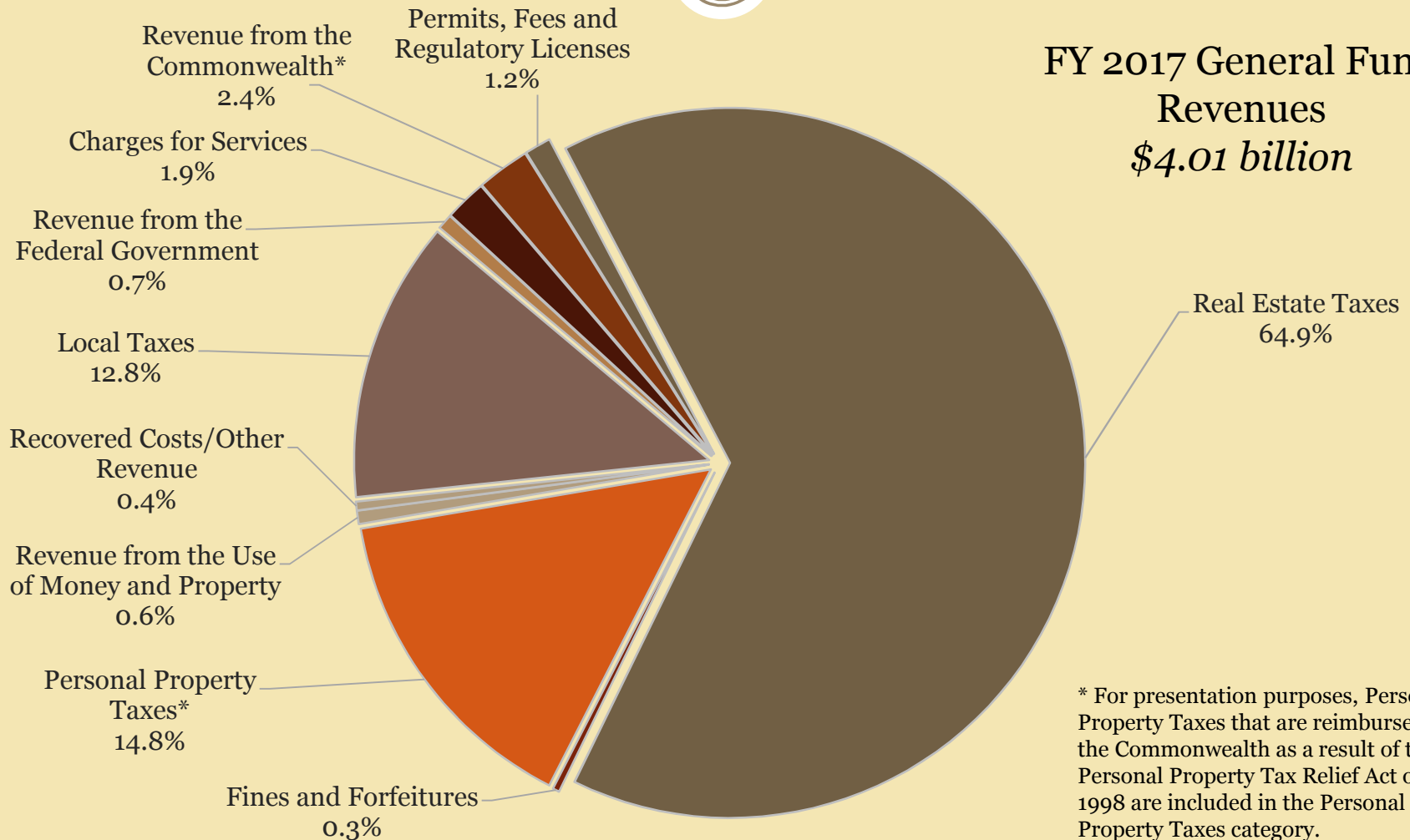


AVAILABLE RESOURCES

FY 2017 Advertised Budget: “Where It Comes From”

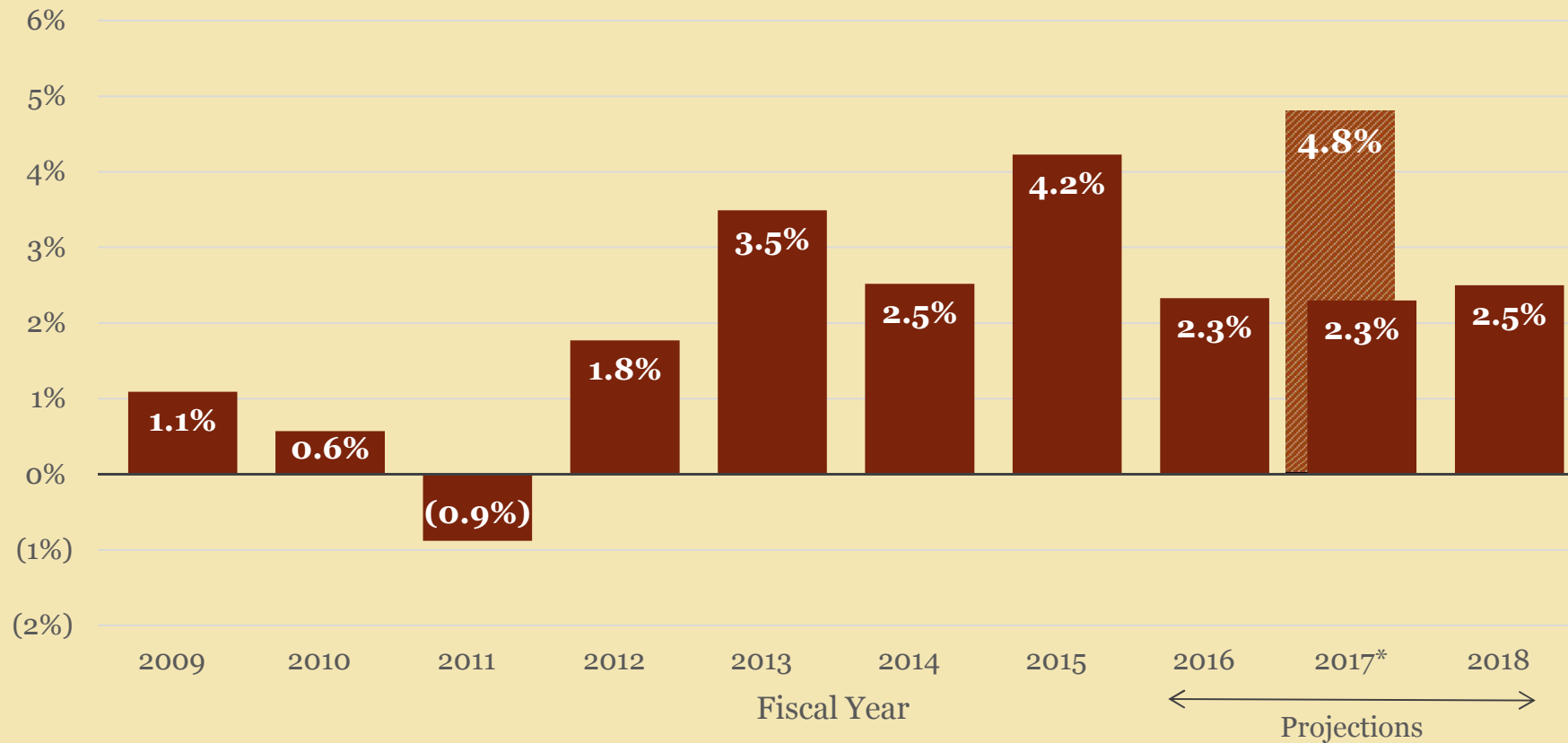


**FY 2017 General Fund
Revenues
\$4.01 billion**



* For presentation purposes, Personal Property Taxes 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.

Annual Change in General Fund Revenue FY 2009 – FY 2018



* FY 2017 growth rate of 2.3% assumes no increase in the Real Estate Tax rate. Growth rate of 4.8% includes impact of \$0.04 increase in the Real Estate Tax rate to \$1.13 per \$100 assessed valuation.

Annual Growth in Major Revenue Categories



(Dollars in millions)	FY 2013	FY 2014	FY 2015	FY 2016*	FY 2017*		FY 2018*
					No RE Tax Rate Increase	4 Cent RE Tax Rate Increase	
Real Estate - Current	\$2,114.4	\$2,208.0	\$2,347.1	\$2,425.3	\$2,499.3	\$2,591.4	\$2,671.7
Percent Change	3.7%	4.4%	6.3%	3.3%	3.1%	6.9%	3.1%
Personal Property - Current	\$555.3	\$556.5	\$568.2	\$574.5	\$580.5	\$581.5	\$588.2
Percent Change	7.9%	0.2%	2.0%	1.1%	1.0%	1.2%	1.1%
Sales Tax	\$166.9	\$165.5	\$176.4	\$179.0	\$183.5	\$183.5	\$188.1
Percent Change	2.5%	(0.9)%	6.6%	1.5%	2.5%	2.5%	2.5%
BPOL - Current	\$156.2	\$152.0	\$152.5	\$152.5	\$154.1	\$154.1	\$155.6
Percent Change	4.3%	(2.7)%	0.4%	0.0%	1.0%	1.0%	1.0%
Total General Fund	3.5%	2.5%	4.2%	2.3%	2.3%	4.8%	2.5%

*Projected

Real Estate Tax Base



	2007	2008	2009	2010	2011	2012
Equalization	19.76%	2.47%	(1.02)%	(10.52)%	(8.98)%	2.67%
- Residential	20.57	(0.33)	(3.38)	(12.55)	(5.56)	2.34
- Nonresidential	16.64	13.57	7.00	(4.51)	(18.29)	3.73
Growth	2.94	1.68	1.53	0.57	(0.22)	0.60
TOTAL	22.70%	4.15%	0.51%	(9.95)%	(9.20)%	3.27%
	2013	2014	2015	2016	2017	2018 prelim.
Equalization	2.53%	2.63%	4.84%	2.40%	1.94%	2.10%
- Residential	0.71	3.50	6.54	3.39	1.64	1.80
- Nonresidential	8.21	0.14	(0.10)	(0.60)	2.87	3.00
Growth	0.74	0.77	0.93	1.06	1.04	1.00
TOTAL	3.27%	3.40%	5.77%	3.46%	2.98%	3.10%

Projected Value of “One Penny” in FY 2017 = \$23.3 million in revenue



Real Estate Tax Base

(Continued)



	2015	2016	2017	2018 prelim.
Equalization	4.84%	2.40%	1.94%	2.10%
- Residential	6.54	3.39	1.64	1.80
- Nonresidential	(0.10)	(0.60)	2.87	3.00
Growth	0.93	1.06	1.04	1.00
TOTAL	5.77%	3.46%	2.98%	3.10%

Projected Value of "One Penny" in FY 2017 = \$23.3 million in revenue



Residential Market



- Total increase of 1.64% in residential equalization
 - Average price of homes sold in CY 2015 continues to reflect modest growth
 - January 2016 assessed values grew at 50% of the January 2015 rate (3.39%) and 25% of the January 2014 rate (6.54%)
 - The number of home sales rose 9.6%, from 13,549 homes in 2014 to 14,850 in 2015
 - ✦ There are more than 347,000 residential properties in Fairfax County
 - Homes that sold in 2015 stayed on the market for an average of 52 days, up from the 45-day average in 2014

Residential Equalization



Residential

Approximately 75.1% of total base

Residential Equalization Percent Changes

Housing Type (Percent of Base)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Single Family (71.7%)	2.10	0.70	3.13	5.82	3.27	1.69	
Townhouse/Duplex (19.5%)	3.73	1.20	4.50	8.39	3.81	2.05	
Condominiums (8.2%)	2.53	(0.06)	5.42	10.51	4.48	0.73	
Vacant Land (0.5%)	(3.50)	(1.66)	2.89	3.38	3.03	0.92	
Other (0.1%)	2.69	2.56	4.74	3.42	2.56	6.42	
Total Residential Equalization (100%)	2.34	0.71	3.50	6.54	3.39	1.64	1.80

Nonresidential Real Estate



- High office vacancy rate in the County – over 20 million sq. ft. vacant out of 116.5 million sq. ft.
- Office vacancy rates as of mid-year 2015
 - 16.5% direct, up from 16.3% as of year-end 2014, highest level since 1991 when it was 16.8%
 - 17.5% with sublets, down from 17.7% at year-end
- However, Commercial real estate values improving after declining for 2 consecutive years
- Currently, over 2.1 million sq. feet office under construction
 - 84% is already pre-leased – “flight to quality”
- Metrorail’s new Silver Line spurring new construction, including residential
 - In Tysons, 145 major applications with almost 50 million square feet approved since 2010
 - ✦ Almost 3 million square feet currently under construction
 - In Reston, 16 cases in pre-application or review status with approximately 13.5 million square feet
 - The pace of actual construction will determine the impact to the tax base

Nonresidential Equalization



Nonresidential Equalization Percent Changes

Category (Percent of Base)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Apartments (24.3%)	14.54	12.60	4.90	3.59	1.20	2.92	
Office Condominiums (4.3%)	(1.53)	(0.31)	(0.66)	(0.07)	0.58	1.86	
Industrial (7.0%)	(0.31)	6.75	0.69	1.77	5.83	7.43	
Retail (14.5%)	1.90	7.16	1.18	1.52	2.46	1.60	
Office Elevator (34.5%)	1.88	11.34	(2.41)	(2.93)	(4.67)	3.42	
Office – Low Rise (3.2%)	0.49	7.18	(1.72)	(2.41)	(5.00)	1.73	
Vacant Land (3.3%)	(2.07)	2.01	(0.74)	(1.19)	(4.62)	1.50	
Hotels (3.3%)	11.35	3.87	(3.94)	(4.82)	0.26	3.61	
Other (5.6%)	2.37	3.27	1.17	2.37	5.26	3.70	
Total Nonresidential Equalization (100%)	3.73	8.21	0.14	(0.10)	(0.60)	2.87	3.00

Nonresidential Real Estate Revenue



- Commercial/Industrial percentage of total real estate assessment base:
 - **FY 2017 = 18.89%**
 - FY 2016 = 18.67%
 - FY 2015 = 19.01%
 - FY 2014 = 19.96%
 - FY 2013 = 20.77%
 - FY 2012 = 19.64%
 - FY 2011 = 19.70%
 - FY 2010 = 22.67%
 - FY 2009 = 21.06%
 - FY 2008 = 19.23%
 - **FY 2000 = 24.32%**



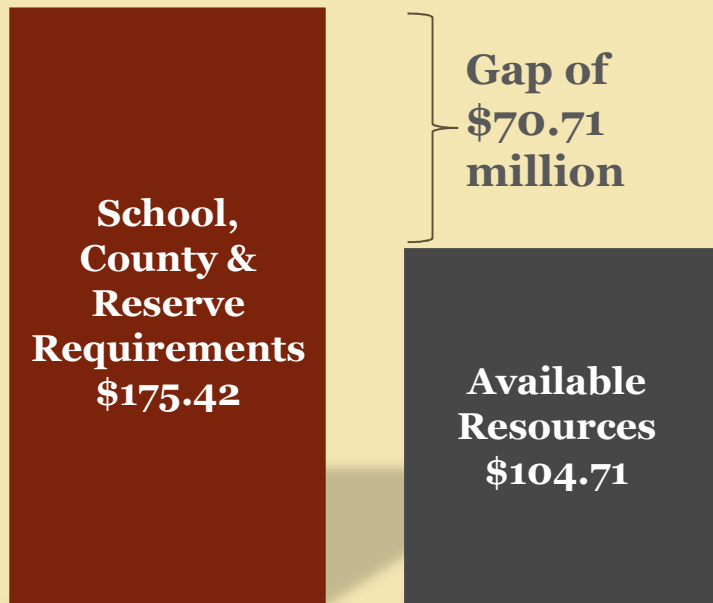


HOW RESOURCES ARE ALLOCATED

FY 2017 Budget Development

Revenue growth insufficient to meet requirements at current Real Estate Tax rate

Available Resources and Requirements (in \$millions)



	Amount (millions)
Available Resources	\$104.71
School, County & Reserve Requirements	\$175.42
Budgetary Gap	(\$70.71)

After funding 3% increase to School Operating Transfer, additional funding for School infrastructure, County requirements, and Reserves, there is a budgetary gap of \$70.7 million.

This is approximately 3 cents on the Real Estate Tax rate

FY 2017 Budget Development

(Continued)



- Clearly, at the current Real Estate Tax rate, revenue growth does not support the requirements that are discussed in detail on subsequent slides

Fairfax County Public Schools

\$70.57 million

- Proposed County General Fund transfers based on the Board's Budget Guidelines, total \$2.08 billion.
 - School operating transfer of \$1.88 billion reflects an increase of 3%, or \$54.75 million.
 - Addition of construction support totaling \$13.1 million added to the baseline (in FY 2016 this funding was funded during the *FY 2015 Carryover Review*).
 - School debt service transfer of \$189.87 million supports \$155 million in annual bond sales.

	Amount (millions)*
School Requirements	\$70.57
Operating Transfer	\$54.75
Capital Funding	\$13.10
Debt Service	\$2.72
TOTAL	\$70.57

*Does not include reserve impact.

Fairfax County Public Schools

(Continued)



- As the County has been saying for many years, the State is not meeting its share of funding for K-12 education in Fairfax County
- Since FY 2009 the State has reduced its share of funding for public education by more than \$1 billion annually
- State funding on a per pupil inflation adjusted basis has decreased from \$4,275 per pupil in FY 2009 to \$3,655 per pupil in FY 2015
- Virginia is in the top 10 in both per capita and median household income but in the bottom 10 for public education funding

Fairfax County Public Schools

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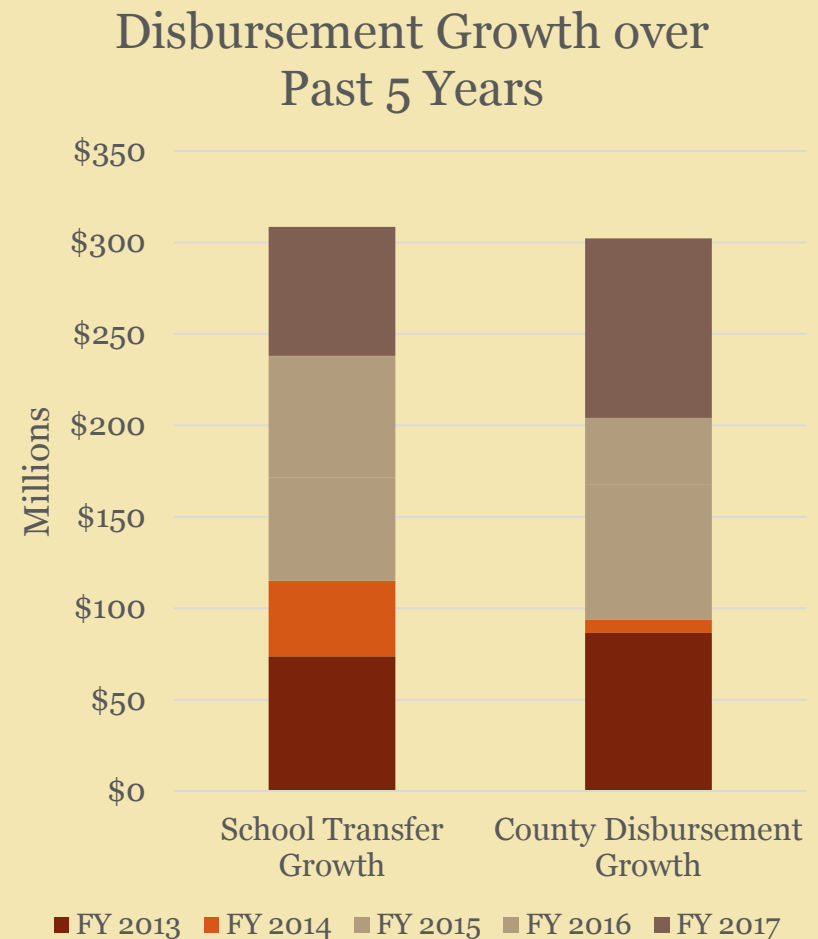
- On February 4, the Fairfax County School Board requested an FY 2017 operating transfer of \$1.95 billion
 - Requires a \$122.7 million increase or 6.7% over the FY 2016 Adopted Budget Plan General Fund transfer to fully fund the School's budget request.
 - The difference between the Advertised budget and the request is almost \$68 million, equating to approximately 3 cents on the Real Estate Tax rate.
 - It should be noted that the 3% transfer included in the Advertised is more than the 2.3% revenue growth rate without the tax rate increase.
- The County also provides additional support to the Schools in the amount of \$84.7m for programs such as Head Start, School Health, Behavioral Health Services, School Resource Officers, School Crossing guards, after-school programming, field maintenance and recreation programs, among others.

Fairfax County Public Schools

(Continued)

- Comparative increases for the School transfers and County requirements fluctuate each year
- In the past 5 years, growth has been almost equal
 - \$308.6 million for Schools
 - \$302.2 million for County*

* County growth includes reserves requirements



FY 2017 Presentation

Explanation of Tables



- As additional priorities are discussed on subsequent slides, the cumulative budget gap (based on revenues at the current tax rate) is shown to help demonstrate that priorities exceed the resources available

Cumulative
budget gap



	Amount (in mil \$)
Available Resources	\$104.71
School Requirements	\$70.57
County Requirements	
Employee Compensation	\$43.01
Net Use of Resources	\$113.58
Budgetary Gap	(\$8.87)

County Employee Compensation

\$43.01 million

- As directed by the Board, employee pay is fully funded
 - Market Rate Adjustment (MRA) of 1.33% calculated per established policy
 - General County employees awarded increases based on new plan approved beginning in FY 2016
 - Uniformed Public Safety employees on step/grade plan
 - Benchmark classes compared to market
- In addition, required benefit adjustments are funded

	Amount (millions)
Available Resources	\$104.71
School Requirements	\$70.57
County Requirements	
Employee Compensation	\$43.01
Net Use of Resources	\$113.58
Budgetary Gap	(\$8.87)

County Employee Compensation

(Continued)



- **Employee Pay** \$36.53m
 - 1.33% MRA for All Employees \$15.38m
 - Performance/Longevities for General County Employees \$11.73m
 - Merit/Longevities for Uniformed Public Safety \$8.50m
 - Elimination of Step 8 Hold in Uniformed Public Safety Pay Plans as directed by the Board \$0.53m
 - Benchmark Class Review, Increase for Constitutional Officers, Board increases approved at Carryover \$0.39m

Pay Adjustment	Average Increase	
	General County	Uniformed Public Safety
Market Rate Adjustment	1.33%	1.33%
Performance/Longevity Increases	2.00%	NA
Merit/Longevity Increases	NA	2.25%
Average Total Increase	3.33%	3.58%

County Employee Compensation

(Continued)



- **Employee Benefits** **\$6.48m**
 - Retirement Funding \$5.62m
 - ✦ Includes net \$3.58 million to increase amortization from 95% to 97% per funding policy adopted as part of FY 2016 budget
 - On track to amortize 100% of unfunded liability by FY 2020
 - Goal is to achieve 90% funded status for all plans by FY 2025
 - ✦ FY 2017 begins first year of 3-year plan to eliminate remaining 15% Social Security Offset for Service-Connected Disability Retirees as directed by the Board at the *FY 2015 Carryover Review*
 - Total recurring cost of \$0.15 million and one-time funding of \$5.97 million spread over three years
 - FY 2017 impact is \$2.04 million or \$0.05 million (recurring) and \$1.99 million (one-time) to bring offset from 15% to 10%
 - Net Health Insurance and Other Adjustments \$0.86m
 - ✦ Assumes estimated 7% premium adjustment in January 2017

Public Safety

\$18.41 million and 33 Positions

- **Priorities:**
 - Ad-Hoc Police Commission recommendations (multi-year requirements totaling more than \$35 million and 150 positions)
 - ✦ Diversion First
 - ✦ Independent oversight
 - ✦ Body cameras
 - ✦ Judicial support
 - New South County Police Station (multi-year requirement for a total of 70 new officers)
 - Public Safety Staffing Plan – Police and Fire (multi-year requirements across all public safety agencies)

	Amount (millions)
Available Resources	\$104.71
School Requirements	\$70.57
County Requirements	
Employee Compensation	\$43.01
Public Safety	\$18.41
Net Use of Resources	\$131.99
Budgetary Gap	(\$27.28)

Public Safety

(Continued)



- **Ad-Hoc Police Commission/Diversion First \$7.50m**
 - Ad-Hoc Police Commission: Reviewed the Police Department's use of force, communications, recruitment-diversity-applicant vetting, independent oversight and investigations, and mental health. The Commission made 142 core recommendations to the Board on October 27, 2015 at a cost to implement of more than \$35 million and 150 additional positions. Many of the proposed recommendations align with changes already made or in the process of being implemented.
 - Diversion First: Decrease the use of arrest and detention of people experiencing mental health and/or substance abuse or other behavioral health crises by providing better access to timely treatment. Coordination with the judicial system including the courts and public defenders.
 - The Board's Public Safety Committee will identify priorities for allocating funds which are held in reserve in the Advertised Budget pending these discussions.
 - Multi-year requirements (3-4 years) of increased staffing and funding

Public Safety

(Continued)



- **New South County Police Station** **\$3.14m**
 - A Public Safety bond referendum which passed in November 2015 included a new police station/animal shelter located in South County.
 - Initial estimates indicate that 70 additional positions will be required to fully staff this station when it opens in Spring 2021.
 - FY 2017 funding supports 15/15.0 FTE positions to begin the process.
 - Goal is to fully fund the estimated 70 positions needed over the course of 4-5 years.
 - Based on the large number of staff required, and the significant lead time (18-24 months) associated with hiring and training new recruits, it is important to begin this process now.
 - This phased-in approach will allow the department to gradually hire and train new recruits and would allow for continued analysis to ensure that current staffing estimates are accurate.

Public Safety

(Continued)



- **Police Patrol Officers** **\$2.90m**
 - Supports 14/14.0 FTE positions allowing additional Patrol Officers at County Police stations.
 - Currently, most stations exceed the average Calls for Service (CFS) standard by at least 6,000 calls annually.
 - Consistent with multi-year Public Safety Staffing Plan.
- **Police Polygraph Capacity** **\$0.34m**
 - Support 2/2.0 FTE Polygraph positions based on a review of current workload and upcoming requirements.
 - Polygraph positions in the Police Department are tasked with performing polygraph tests for all public safety applicants. Based on the approval of multiple positions within public safety agencies in recent years, current staffing levels are insufficient to meet workload requirements. These positions will allow public safety applications to be vetted within an acceptable timeframe.
 - Additional positions will increase capacity in this area and help address the current backlog which equates to approximately 3 months.

Public Safety

(Continued)



- **Full-Year Funding for Fire and Rescue staffing \$2.20m**
 - Costs associated with 31/31.0 FTE positions which were initially funded by two SAFER grants previously approved by the Board.
 - The funding for the first SAFER grant, supporting 19/19.0 FTE positions expired in November 2015, while the second, supporting 12/12.0 FTE positions expires in April 2016.
 - Funding of \$1,257,184 was included in the FY 2016 Adopted Budget Plan to cover the partial-year costs associated with these positions.
 - The FY 2017 adjustment is required to cover the remaining costs.
 - These positions, combined with an additional 18 positions added as part of the most recent SAFER award in September 2015 (for a total of 49 additional positions), allowed the department to complete the initiative of having a fourth person on the County's 14 ladder truck companies. Four-person truck staffing has enhanced FRD's ability to establish firefighting, rescue and medical emergency services in a timely manner, increasing the ability to complete time-critical tasks on-scene as quickly as possible with the right amount of personnel, thus reducing property loss and firefighter injury risks or death.
 - The fourth on ladder was the Fire and Rescue Department's top priority in the Public Safety Staffing Plan.

Public Safety

(Continued)



- **Fire Apparatus and Ambulance Replacement** **\$1.78m**
 - Supports a multi-year process to gradually increase annual contributions to the Large Apparatus Replacement Fund and Ambulance Replacement Fund (\$1.0 million) and to replace volunteer-owned large apparatus (\$0.78 million).
 - Large Apparatus Replacement Fund and Ambulance Replacement Fund - funding is in addition to the department dedicating additional grant funds, in support of this effort. Additional contributions are required due to the increasing cost of vehicles, some fleet growth, and a contribution level that has remained flat since FY 2007. Without additional funding, the replacement reserves will be depleted in the next several years.
 - Volunteer-Owned Large Apparatus – Currently, out of the 12 volunteer fire departments in Fairfax County, six have notified FRD of their inability to replace volunteer-owned large apparatus.
 - Of the 106 front-line vehicles (63 apparatus and 43 ambulances) career FRD staff operates daily for emergency response, 30 are owned by volunteer departments. These vehicles are not additional or extras, they are operated 24-hours a day/7 days a week with career personnel as part of the minimum staffing calculation. Without these vehicles, FRD does not have the apparatus available to provide the current level of emergency response coverage throughout the County.

Public Safety

(Continued)



- **Fire SCBA Replacement** **\$0.93m**
 - \$0.93 million supports the first year of a seven-year lease purchase agreement associated with replacing 800 pieces of Self-Contained Breathing Apparatus (SCBA) equipment.
 - SCBA is a breathing device worn by firefighters to provide breathable air in a toxic environment. It has three main components: a high-pressure tank, a pressure regulator, and an inhalation connection (mouthpiece and facemask), connected together and mounted to a carrying frame.
 - The current equipment was purchased in 2001, and upgraded in 2007, with an expected five-year technical life. The department delayed purchasing replacement equipment in anticipation of the 2013 edition of the National Fire Protection Association (NFPA) Standard 81 on Open-Circuit SCBA for Emergency Services. The current equipment cannot be retrofitted to achieve compliance with new NFPA standards and, as a result, needs to be completely replaced.

Public Safety

(Continued)



- **Human Trafficking Grant** **\$0.33m**
 - Due to expiration of federal funding, 2/2.0 FTE Grant positions are being converted to merit status and funding added to continue critical work associated with the Northern Virginia Human Trafficking Task Force.
 - The positions are in the Police Department and include 1/1.0 FTE Human Trafficking Detective and 1/1.0 FTE Task Force Crime Analyst, both working out of the Criminal Investigations Bureau.

Capital and Debt Service

\$15.77 million

- Increases paydown support for critical infrastructure requirements
- Continues to respond to recommendations of the Infrastructure Finance Committee
- Meets debt service requirements
 - Per Reserve policy, refunding savings of \$13.1 million available in FY 2017 will be transferred to Revenue Stabilization from Debt Service Fund

	Amount (millions)
Available Resources	\$104.71
School Requirements	\$70.57
County Requirements	
Employee Compensation	\$43.01
Public Safety	\$18.41
Capital/Debt Service	\$15.77
Net Use of Resources	\$147.76
Budgetary Gap	(\$43.05)

Capital Improvement Program (CIP)



- The FY 2017-FY 2021 CIP continues the progress made in recent years including focus on:
 - Proposing Fall 2016 referendum including:
 - ✦ Human Services/Community Development - \$85 million
 - ✦ Parks - \$107 million
 - ✦ Metro - \$120 million
 - The total CIP is \$9.50 billion
 - ✦ The total bond program within the CIP is \$1.86 billion (includes both General Obligation and Economic Development Authority bonds)
 - ✦ The CIP bond program is managed within the County's debt ratios
 - The CIP will be discussed in detail at a Budget Committee meeting in March

Capital Improvement Program (CIP)

(Continued)



- CIP highlights include:
 - Developing a 10-year plan for funding turf field replacements
 - Developing a plan for allocating the current balance of the Capital Sinking Reserve Fund
 - Enhancing communication of the collaborative efforts underway on Public-Private Partnership and Joint Venture Projects

Capital and Debt Service

Capital Paydown



- In FY 2017, an amount of \$28,853,427 has been included for the Capital Paydown Program.
- This level of funding represents an increase of \$6,811,659 over the FY 2016 Adopted Budget Plan level of \$22,041,768. This increase is primarily due to:
 - Infrastructure Replacement and Upgrades,
 - ADA compliance,
 - Turf field replacement program,
 - Both Park Authority and County infrastructure maintenance, and
 - Several new projects (design work associated with the Massey Building demolition, and renovations required at the Burkholder Building, as well as funding to support planning efforts associated with joint venture development projects, and planning for the use of the original Mount Vernon High School).

Capital and Debt Service

Capital Sinking Reserve Fund



- Staff will propose a plan for utilizing the current balance of \$8.4 million in the Capital Sinking Reserve Fund at the *FY 2016 Third Quarter Review* to address a portion of the County's backlog of infrastructure renewal and maintenance projects.
- The Capital Sinking Reserve Fund was established as a direct result of the Infrastructure Finance Committee (IFC) and has accumulated over the last two years based on the approval of funding at both the *FY 2014 Carryover Review* and the *FY 2015 Carryover Review*.
- Staff has developed a recommendation for the allocation of the Capital Sinking Reserve Fund based on the percentage of each maintenance program as it relates to the total County annual requirements.
- Total County requirements as presented to the IFC included infrastructure replacement and upgrades associated with County and Parks facilities, trails, sidewalks, County-owned roads, and revitalization maintenance efforts.
- This funding would supplement the funding included in the FY 2017 budget to begin to make progress toward meeting infrastructure funding requirements.

Capital and Debt Service

Infrastructure Replacement and Upgrades



- Infrastructure Replacement and Upgrades support the long-term needs of the County's capital assets to maximize the life of County facilities, avoid their obsolescence, and provide for planned repairs, improvements and restorations.
- Fairfax County will have a projected FY 2017 facility inventory of over 9.2 million square feet of space (excluding schools, parks, housing and human services residential facilities).
- With such a large inventory, it is critical that a planned program of repairs and restorations be maintained. In addition, the age of a major portion of this inventory of facilities is reaching a point where major reinvestments are required in the building subsystems.

Capital and Debt Service

Infrastructure Replacement and Upgrades (Continued)



- **Infrastructure Replacement and Upgrades - FY 2017 Increase** **\$2.30m**
 - Total FY 2017 General Fund Support \$5.00m
 - In an effort to move closer to the annual funding goal of \$15 million discussed with the IFC, for FY 2017, an amount of \$12,417,153 in priority projects is proposed to be funded using multiple funding sources between both FY 2016 and FY 2017.
 - ✦ First, an amount of \$5,000,000 is supported by the General Fund, which represents an increase of \$2,300,000 from the FY 2016 Adopted Budget Plan level of \$2,700,000.
 - ✦ Second, an amount of \$2,810,000 will be supported by existing Public Safety bonds available in completed projects as a result of the favorable bid environment. These project, all located at Public Safety/Courts facilities are large upgrade projects with life spans in excess of 20 years and appropriately funded by bonds.
 - ✦ Finally, staff is proposing that an amount of \$4,607,153 be utilized from the Capital Sinking Reserve Fund.
 - ✦ Facilities Management (FMD) projects requiring funding in FY 2017 can then take advantage of the two prior years of funding in the Capital Sinking Reserve Fund, with an effort to reach close to the \$15 million goal in General Fund support in future years.

Capital and Debt Service

Americans with Disabilities Act



- **Americans with Disabilities Act - FY 2017 Increase** **\$0.31m**
 - Total FY 2017 General Fund Support \$4.37m
 - An increase of \$305,250 over the FY 2016 Adopted Budget Plan funding level is included for the continuation of Americans with Disabilities Act (ADA) improvements required as part of the Department of Justice (DOJ) audit and identified in the settlement agreement signed by the Board of Supervisors on January 28, 2011.
 - ✦ Funding in the amount of \$2,370,000 is included for the continuation of Park Authority ADA improvements. The Park Authority has nearly completed all DOJ identified improvements and has completed 100 percent of the DOJ required building assessments for the remaining facilities that were not part of the audit. Park staff continues to address items identified as part of their self-assessment.
 - ✦ Funding in the amount of \$2,000,000 is included for the continuation of ADA improvements at County-owned facilities required as part of the Department of Justice audit. FMD has nearly completed all DOJ-identified improvements. FMD has completed all required self-assessments and continues to address compliance improvement items identified as part of their self-assessments.

Capital and Debt Service

Athletic Field Maintenance and Sports Program - Turf Field Replacement



- **Athletic Field Maintenance and Sports Program - FY 2017 Increase** **\$0.50m**
 - Total FY 2017 General Fund Support \$6.14m
 - FY 2017 funding in the amount of \$7,735,338 has been included for the athletic field maintenance and sports program. This level of funding is supported by a General Fund transfer of \$6,135,338 and revenue generated from the Athletic Services Fee in the amount of \$1,600,000.
 - This represents an increase of \$1.0 million which is fully committed to turf field replacement.
 - ✦ Half of the increase or \$500,000 is in General Fund support.
 - ✦ There is a recommended increase in the Athletic Service Fee from the current rate of \$5.50 per participant per season to \$9.50 per participant per season (for rectangular field players only) and a recommended increase from \$15 to \$25 per team per tournament (for rectangular fields players only). This increase in the fee would generate \$500,000 as well and would be entirely committed to turf field replacement.
 - ✦ The total annual contribution for turf field replacement will be \$2.25 million as a result of this increase. Of this amount \$1,450,000 is funded from the General Fund and \$800,000 is funded from the Athletic Services fee.
 - ✦ This funding is necessary to meet the 10-year replacement cycle for the 63 turf fields in the County's inventory.

Capital and Debt Service

Park Authority Infrastructure Maintenance



- **Park Authority Infrastructure Maintenance - FY 2017 Increase** **\$0.23m**
 - Total FY 2017 General Fund Support \$1.91m
 - An increase of \$0.23 million over the FY 2016 Adopted Budget Plan funding level has been included for Park maintenance of both facilities and grounds.
 - ✦ The Park facilities maintained with General Fund monies include but are not limited to: rental properties, historic properties, nature centers, maintenance facilities, sheds, shelters, and office buildings.
 - ✦ Park priorities are based on the assessment of current repair needs including safety and health issues, facility protection, facility renewal and improved services. In addition, Park maintenance requirements are generated through scheduled preventative maintenance or from user requests for facility alterations. Without significant reinvestment in building and grounds, older facilities can fall into a state of ever decreasing condition and functionality, resulting in increased maintenance and repair costs in the future. Preventative and repair work is required for roof replacement and repair, HVAC, electrical and lighting systems, fire alarm systems and security systems. Funding is essential to the maintenance and repair of building stabilization, including capital renewal of over 567,053 square feet at non-revenue supported Park Authority structures and buildings.

Capital and Debt Service

County Infrastructure Maintenance



- **Reinvestment, Repair and Emergency Maintenance of County Roads - FY 2017 Increase** **\$0.35m**
 - Total FY 2017 General Fund Support \$0.50m
 - An increase of \$350,000 is included for the Reinvestment, Repair, and Emergency Maintenance of County Roads. The County is responsible for 43 miles of roadway service drives not maintained by VDOT.
 - ✦ As part of the *FY 2014 Third Quarter Review*, funding was approved to build an accurate inventory and condition assessment of County-owned roads and service drives. The study identified an amount of \$4 million in reinvestment funding requirement for the roadways with the most hazardous conditions, as well as \$500,000 in FY 2017 for annual emergency repairs.
 - ✦ Staff will prioritize funding for projects including emergency safety and road repairs. On-going road maintenance includes, but is not limited to, pothole repair, drive surface overlays, sidewalk and curb repairs, traffic and pedestrian signage, hazardous tree removal, grading, snow and ice control, replacement of substandard materials, patching of existing travelways, minor ditching and stabilization of shoulders, slopes and drainage facilities.

Capital and Debt Service

County Infrastructure Maintenance (Continued)



- **County Trails, Sidewalks and Pedestrian Bridges - FY 2017 Increase** **\$0.10m**
 - Total FY 2017 General Fund Support \$0.40m
 - An increase of \$100,000 is included for emergency and critical maintenance requirements for County trails, sidewalks and pedestrian bridges.
 - ✦ The Department of Public Works and Environmental Services (DPWES) and the Fairfax County Department of Transportation are responsible for maintaining approximately 664 miles of walkways and 68 pedestrian bridges.
 - ✦ On-going critical maintenance includes the correction of safety and hazardous conditions such as the deterioration of trail surfaces, the replacement and/or repair of guardrails and handrails, and the rehabilitation of pedestrian bridges. A recent study built an accurate inventory and condition assessment of County walkways and revealed that there are approximately 10 miles of trails in extremely poor condition requiring \$3 million in reinvestment.
 - It is anticipated that funding for the reinvestment programs for County roads and walkways will be funded over a 3-5 year period, with initial funding from the allocation of the Capital Sinking Fund, anticipated to be approved as part of the *FY 2016 Third Quarter Review*.

Capital and Debt Service

Debt Service



- **County Debt Service** **\$8.96m**
 - In FY 2017, debt service requirements fund existing and projected new County debt.
 - In addition and based on the Board's policy concerning reserves, the FY 2017 refunding savings from the Series 2015 B and Series C 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

Human Services

\$12.01 million and 4 Positions

- **Priorities:**
 - Intellectual Disability Graduates of the Fairfax County Public Schools in June 2016
 - Full-year funding of the Mobile Crisis Unit approved at the *FY 2015 Carryover Review*
 - Opportunity Neighborhoods

	Amount (millions)
Available Resources	\$104.71
School Requirements	\$70.57
County Requirements	
Employee Compensation	\$43.01
Public Safety	\$18.41
Capital/Debt Service	\$15.77
Human Services	\$12.01
Net Use of Resources	\$159.77
Budgetary Gap	(\$55.06)

Human Services

(Continued)



- **Human Service Contract Rate Adjustments** **\$3.41m**
 - Address rising costs experienced by non-profit and for-profit partners who are critical to the safety net services in the community.
 - Funding based on assumption of approximately 2% increase, but actual increases are negotiated with individual providers

- **Intellectual Disability Graduates** **\$1.50m**
 - Supports 68 of the 91 June 2016 special education graduates of Fairfax County Public Schools turning 22 years of age who are eligible for day support and employment services who currently do not have a funding source for such services.
 - The remaining 23 graduates are already addressed.
 - Reflects Board's commitment that all eligible graduates seeking services have funding.

- **Health Resources** **\$1.10m**
 - Community Health Care Network (\$0.75m) – based on anticipated expenses associated with the new contract to provide these services in collaboration with Inova.
 - Medically Fragile Students in Fairfax County Public Schools (\$0.35m) - Addresses increase in one-on-one nursing services for medically fragile students enrolled in Fairfax County Public Schools.

Human Services

(Continued)



- **Mobile Crisis Unit** **\$0.80m**
 - Baseline funding for the second Mobile Crisis Unit providing crisis intervention and assessment services to individuals in psychiatric crisis added as part of the *FY 2015 Carryover Review*.
- **Community Funding Pool Increase** **\$0.53m**
 - First year of the next 2-year cycle – applies a 5% increase and increases the County funding level to \$11.1 million
- **Community Services Board Support Coordinators** **\$0.43m**
 - Includes 4/4.0 FTE positions to support individuals with intellectual and developmental disabilities.
 - Addresses compliance with current federal and state requirements, primarily those pursuant to the DOJ Settlement Agreement and implementation of Virginia’s Medicaid Waiver reforms.

Human Services

(Continued)



- **Opportunity Neighborhoods - Regions 1 & 3** **\$0.44m**
 - Opportunity Neighborhoods (ON) coordinates the efforts of community organizations, private providers, government agencies, schools and families to better ensure that children are physically, emotionally and socially prepared to learn and succeed in life. A key goal of ON is to align programming with the identified needs, interests, and gaps in services of a particular community by facilitating collective planning and action among community partners.
 - Funding supports the continuation activities in Region 1, Mount Vernon, as well as first phase for expanding into Region 3, Reston.
 - Since 2011, ON in Region 1 has been funded largely through grants from private organizations, the federal government and the state. This funding has been exhausted, so additional funding is needed to sustain current activities in Region 1.
 - One-time funding was included in the *FY 2015 Carryover Review* to support an assessment and thorough analysis of trends and needs in the Reston community. This assessment will inform the community as to which specific ON strategies and programming are needed in the neighborhood, as well as the expected programmatic goals and outcomes.
 - FY 2017 funding will support the first phase of ON activities; however, it is anticipated that additional funding may be required to implement the full array of ON strategies and programming requirements that are identified once the assessment is complete.

Cost of County Operations

\$9.93 million and 14 Positions

- Meets basic requirements for facility costs



- Information Technology investments
- Presidential Election

	Amount (millions)
Available Resources	\$104.71
School Requirements	\$70.57
County Requirements	
Employee Compensation	\$43.01
Public Safety	\$18.41
Capital/Debt Service	\$15.77
Human Services	\$12.01
Cost of County Operations	\$9.93
Net Use of Resources	\$169.70
Budgetary Gap	(\$64.99)

Cost of County Operations

(Continued)



- **IT Projects – FY 2017 General Fund Increase** **\$2.07m**
 - Total FY 2017 General Fund Support **\$4.77m**
 - In FY 2017, funding of \$6.81 million, which includes a General Fund transfer of \$4.77 million, a transfer of \$2.00 million from Fund 40030, Cable Communications, and interest income of \$0.04 million, is provided for initiatives that meet one or multiple priorities established by the County's Senior Information Technology Steering Committee.
 - The General Fund support reflects an increase of \$2.07 million, supporting projects that provide benefits for both citizens and employees and adequately balances new and continuing initiatives with the need for securing and strengthening the County's technology infrastructure. Funded projects will support initiatives in general County services, public safety, human services and enterprise technology security and infrastructure. The Information Technology priorities are:
 - ✦ Completion of Prior Investments,
 - ✦ Enhanced County Security,
 - ✦ Improved Services and Efficiency, and
 - ✦ Maintaining a Current and Supportable Technology Infrastructure

Cost of County Operations

(Continued)



- **IT Security**

\$0.35m

- Funding of \$0.35 million and 2/2.0 FTE positions to protect the County against evolving cyber security challenges and to address electronic data requests initiated through Freedom of Information Act (FOIA), litigation, law enforcement, internal audit, and personnel investigations. These positions will also enhance policy development and compliance. The goal of the County's IT security program is to ensure:
 - ✦ Confidentiality of information,
 - ✦ Integrity of data, systems and operations,
 - ✦ Technical compliance with legal mandates,
 - ✦ Privacy, and
 - ✦ Availability of information processing resources.

Cost of County Operations

(Continued)



- **Presidential Election Costs and New Positions** **\$1.17m**
 - One-time funding of \$1.0 million supports additional election officers, staff overtime and limited-term personnel, as well as miscellaneous requirements associated with the 2016 Presidential election workload.
 - Funding of \$0.17 million and 2/2.0 FTE provide absentee voting support as well as technical requirements related to additional electronic poll books, the acceptance of online voter registrations, efforts associated with an online ballot delivery system and the purchase of new voting equipment.
- **Original Mount Vernon High School Maintenance** **\$1.10m**
 - Includes \$0.26 million for 3/3.0 FTE maintenance positions to address general maintenance requirements and \$0.84 million for utilities, custodial contracts, security, repair/maintenance, and grounds maintenance costs to maintain this significant County asset.
 - Staff and the community continue to work to develop both short and long-term use plans including estimates for one-time infrastructure requirements.

Cost of County Operations

(Continued)



- **Streetlight Utilities, Snow Removal & Landscaping** **\$0.76m**
 - Streetlight utilities: \$0.22 million required for utility costs associated with anticipated streetlight installations by Virginia Dominion Power and Northern Virginia Electric Cooperative (NOVEC) in FY 2017.
 - Snow removal: \$0.27 million to support snow removal services and equipment. Snow removal services are needed at the Merrifield Center, a 200,000 square foot facility open 24/7 with an Emergency Room and a parking garage. The parking garage requires special chemicals and special equipment for snow removal due to the garage's concrete base and weight limitations. The garage, ambulance lanes and the pedestrian walkways must remain clear of all ice and snow on a continual basis.
 - Landscaping: Funding of \$0.27 million enables more proactive landscaping and grounds maintenance services for approximately 150 County-owned facilities and properties. Currently, Facilities Management spends approximately \$0.5 million on regularly scheduled mowing and restoration of sites with overgrown vegetation.

- **Lease Costs** **\$0.72m**
 - Primarily supports annual lease escalation rates

- **New Facility Maintenance** **\$0.62m**
 - Includes 3/3.0 FTE maintenance positions at the new Public Safety Headquarters, as well as partial-year funding for utilities, custodial contracts, and security at new or expanded facilities including the Herndon Fire Station, Lorton VRE Parking Lot Expansion, Huntington Bus Operations Facility, and West Ox Bus Facility (Phase II).

Community Development (including Transportation)

\$3.77 million

- Priority:
 - Transportation, specifically transit support



	Amount (millions)
Available Resources	\$104.71
School Requirements	\$70.57
County Requirements	
Employee Compensation	\$43.01
Public Safety	\$18.41
Capital/Debt Service	\$15.77
Human Services	\$12.01
Cost of County Operations	\$9.93
Community Development	\$3.77
Net Use of Resources	\$173.47
Budgetary Gap	(\$68.76)

Community Development (including Transportation)

(Continued)



- **Washington Metropolitan Area Transit Authority (WMATA) and CONNECTOR Support** **\$3.64m**
 - County portion of state aid balances at the Northern Virginia Transportation Commission (NVTC) is decreasing.
 - General fund increases are required to offset the loss of state aid and provide for WMATA operating subsidy and to meet CONNECTOR requirements.
 - FY 2017 General Fund transfer of \$13.6 million to WMATA is increased \$2.26 million. This is the first increase since FY 2012 as state aid was being used.
 - FY 2017 General Fund transfer to CONNECTOR of \$34.9 million is increased \$1.38 million and has not increased since FY 2013.

- **Resident Curator Program** **\$0.13m**
 - Full-year funding required to continue the Resident Curator Program (RCP), originally funded at the *FY 2015 Third Quarter Review*.
 - ✦ Resident curator is defined as an individual working with a locality to preserve and maintain a publicly-owned or publicly-leased historic property in exchange for gaining use of the property.

Reductions & Savings

(\$13.63) million and (17) Positions

- Taking advantage of savings opportunities
 - Other Post-Employment Benefits (OPEB)
 - Fuel
- Efficiencies identified by staff
 - Service redesigns
- Not included in this total is the second-year of the phase-in of SACC Revenue increases
 - Expected to generate additional revenues of \$0.77 million

	Amount (millions)
Available Resources	\$104.71
School Requirements	\$70.57
County Requirements	
Employee Compensation	\$43.01
Public Safety	\$18.41
Capital/Debt Service	\$15.77
Human Services	\$12.01
Cost of County Operations	\$9.93
Community Development	\$3.77
Reductions/Savings	(\$13.63)
Net Use of Resources	\$159.84
Budgetary Gap	(\$55.13)

Reductions & Savings

(Continued)



- **OPEB Savings** **(\$10.00)m**
 - Savings primarily due to the implementation of an Employer Group Waiver Plan (EGWP) for Medicare retiree prescription drug coverage.
 - 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 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. The funded ratio for the OPEB plan has increased from 39.7% to 70.0% as a result of this change.

- **Fuel Savings** **(\$3.00)m**
 - Based on ongoing analysis of current fuel costs and usage.
 - FY 2016 budget was developed using an unleaded price of \$2.62/gallon and a diesel price of \$2.67/gallon.
 - FY 2017 budget estimates \$1.94/gallon for unleaded and \$2.00/gallon for diesel.
 - These rates reflect an average decrease of \$0.67/gallon from the FY 2016 levels.

Reductions & Savings

(Continued)



- **Telecommunications Billing Process** **(\$0.20)m**
 - Department of Information Technology savings based on efficiencies generated through the telecommunication billing process. This is the second phase of a multi-year process partially identified last year by employees in the Mission Savings initiative.
- **Redesign of Support in Financial Agencies** **(\$0.15)m**
 - Savings of 2/2.0 FTE positions and \$0.15 million associated with sharing of existing positions providing support services in the Departments of Finance, Management and Budget and Procurement and Material Management.
- **Mailroom and Archives Realignment** **(\$0.15)m**
 - Generate efficiencies through the use of shared resources in Document Services by shifting responsibilities for the functions of the mailroom and archives from the Department of Cable and Consumer Services and Fairfax County Public Library respectively, to the Department of Information Technology.
 - Anticipated outcomes include enhanced production and distribution coordination between the print shop and mailroom and more focus on electronic data retention opportunities for the Archives by IT staff.

Reductions & Savings

(Continued)



- **Reduction in Personnel Services** **(\$0.15)m**
 - Annual review of flexibility in General Fund agencies as a result of existing staffing and salary levels.
- **Abolishment of Long-Term Vacancies** **\$0.0m**
 - Analysis of long-term vacancies requested by the Audit Committee resulted in the abolishment of 15/15.0 FTE positions.
 - There are no savings associated with these position eliminations as these positions were held vacant due to insufficient funding in the agencies.

Reserves

\$15.58 million

- 10% of FY 2017 Disbursement Increases held in Reserve
 - Reserves are calculated against County requirements and transfers to Schools
 - Contributions to the Revenue Stabilization Reserve are made as a transfer from the General Fund
 - ✦ Total Increase in FY 2017 = \$8.86 mil
 - Managed Reserve is held in General Fund
 - ✦ Total Increase in FY 2017 = \$6.72 mil

- Overall Disbursement Growth in FY 2017 = \$168.7 million
 - Total General Fund reserve contributions – including Revenue Stabilization and Managed Reserve – total \$16.9 million (includes FY 2017 increases and baseline funding)

- Per Reserve policy, refunding savings of \$13.1 million are also transferred to the Revenue Stabilization Reserve from Debt Service Fund

	Amount (millions)
Available Resources	\$104.71
School Requirements	\$70.57
County Requirements	
Employee Compensation	\$43.01
Public Safety	\$18.41
Capital/Debt Service	\$15.77
Human Services	\$12.01
Cost of County Operations	\$9.93
Community Development	\$3.77
Reductions/Savings	(\$13.63)
Reserves	\$15.58
Total Use of Resources	\$175.42
Budgetary Gap	(\$70.71)

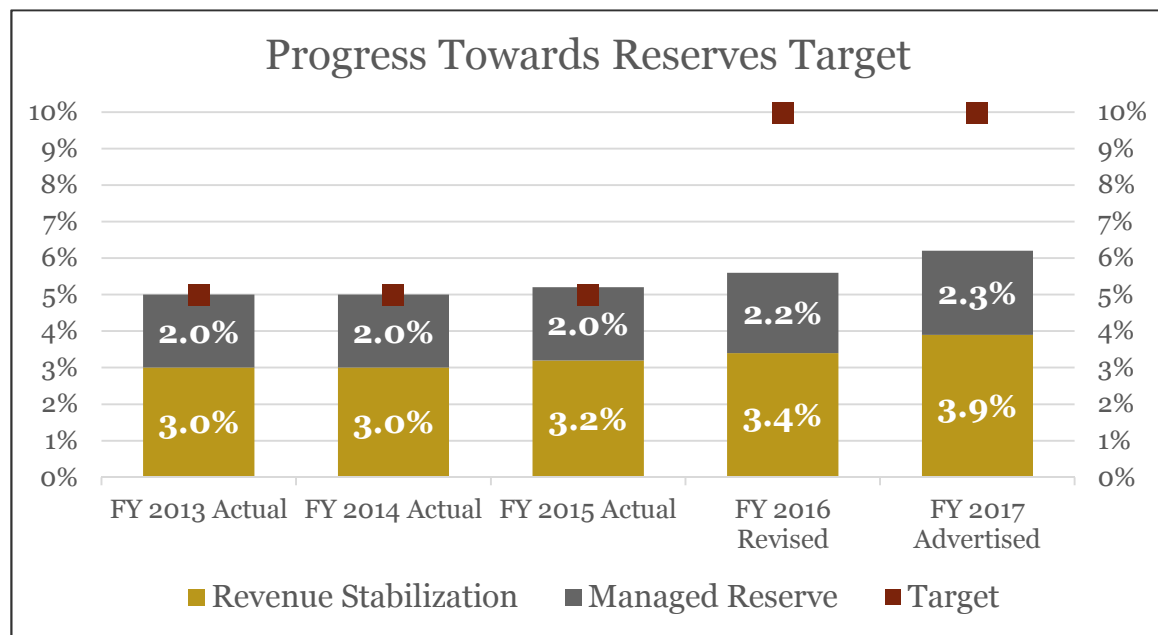


Impact of Reserves Policy

“The outlook has been revised to stable. The Aaa rating reflects the county’s adequate financial position supported by recently strengthened comprehensive fiscal policies, large and diverse tax base with socioeconomic indices that are well above average, and reasonable debt burden with manageable future borrowing plans.”

Moody’s Investor Services

- Reserves Targets as % of General Fund Disbursements:
 - Revenue Stabilization Fund (RSF) – 5%
 - Managed Reserve (MR) – 4%
 - Economic Opportunity Reserve – 1%
- Totals in RSF and MR have increased from 5% in FY 2013 to 6.2% in FY 2017



Basic Requirements Funded



- After meeting the funding priorities of the Board, identifying budget efficiencies that could be generated in FY 2017, and applying available revenues, there was a budgetary gap that equated to approximately \$0.03 per \$100 valuation on the Real Estate Tax rate.
- **This is minimum increase necessary to fund these requirements**

There are other needs, however, that have not been met...



- The difference between the FY 2017 Advertised and the FCPS Operating request is almost \$68 million.
- We have not gone as far as we need in investing in infrastructure (facilities and technology).
- No money has been set aside to provide us flexibility to address economic development opportunities.
- Other unmet County needs, such as additional public safety staffing, and human service requirements.



Recommended Real Estate Tax Rate



- As a result, the FY 2017 Advertised Budget includes a Real Estate Tax rate increase of \$0.04 per \$100 of assessed valuation
 - Impact on average homeowner of \$303.86
- This provides the Board with approximately \$23 million to address the items that will need to be considered during this budget process
- Each \$0.01 on the Real Estate Tax rate equates to approximately \$23 million

Impact on Typical Fairfax County Household

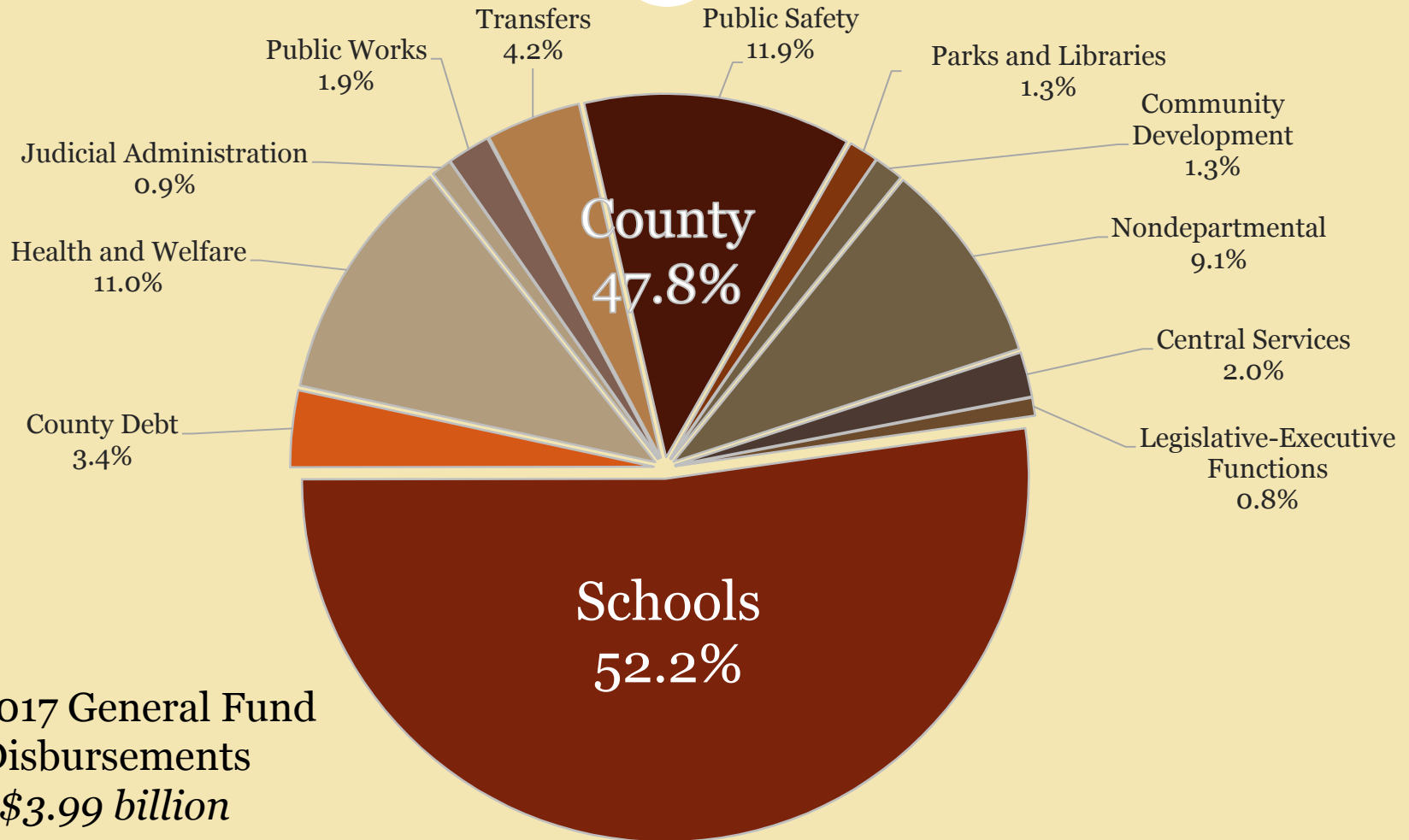


Fiscal Year	Mean Assessed Value of Residential Property	Real Estate Tax Rate per \$100	Tax per Household
FY 2012	\$445,533	\$1.07	\$4,767.20
FY 2013	\$449,964	\$1.075	\$4,837.11
FY 2014	\$467,394	\$1.085	\$5,071.22
FY 2015	\$500,146	\$1.09	\$5,451.59
FY 2016	\$519,134	\$1.09	\$5,658.56
FY 2017	\$527,648	\$1.13	\$5,962.42

**FY 2017 Increase
\$303.86**

Each \$0.01 on the Real Estate Tax rate impacts the average homeowner by approximately \$53.

FY 2017 Advertised Budget: "Where It Goes"



FY 2017 Budget by the Numbers

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.
- FY 2017 All Fund Revenues total \$7.96 billion
 - An increase of \$421.04 million, or 5.6 percent, over the FY 2016 Adopted Budget Plan
- FY 2017 All Funds Expenditures total \$7.45 billion
 - An increase of \$318.94 million, or 4.47 percent, over the FY 2016 Adopted Budget Plan

FY 2017 Budget by the Numbers

General Fund



- FY 2017 General Fund Revenues are increased \$197.6 million, or 5.2%, over the FY 2016 Adopted Budget Plan
 - \$183.1 million, or 4.8%, over the *FY 2016 Revised Budget Plan*
- FY 2017 General Fund Disbursements are increased \$168.7 million, or 4.4% over the FY 2016 Adopted Budget Plan
 - \$93.9 million, or 2.4%, over the *FY 2016 Revised Budget Plan*

	Positions	Amount (millions)
Available Resources with 4 Cent Real Estate Tax Increase	--	\$197.95*
School Requirements	--	\$70.57
County Requirements	34	\$89.27
Reserves	--	\$15.58
Total Use of Resources	34	\$175.42**
Available Balance		\$22.53

* Available resources includes \$197.61 in increased revenues and \$0.34 million in increased Transfers In

** Use of Resources includes \$168.70 in increased disbursements and \$6.72 in increased Managed Reserve requirements

Summary of County Taxes and Fees



Type	Unit	FY 2015 Actual Rate	FY 2016 Actual Rate	FY 2017 Recommended Rate	FY 2018 Planned Rate
GENERAL FUND TAX RATES					
<i>Real Estate</i>	<i>\$100/Assessed Value</i>	<i>\$1.09</i>	<i>\$1.09</i>	<i>\$1.13</i>	<i>\$1.13</i>
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	\$62	\$62
Leaf Collection	\$100/Assessed Value	\$0.015	\$0.015	\$0.015	\$0.015
SEWER CHARGES					
<i>Sewer Base Charge</i>	<i>Quarterly</i>	<i>\$15.86</i>	<i>\$20.15</i>	<i>\$24.68</i>	<i>\$27.62</i>
Sewer Availability Charge	Residential	\$7,750	\$7,750	\$7,750	\$7,750
<i>Sewer Service Charge</i>	<i>Per 1,000 Gallons</i>	<i>\$6.62</i>	<i>\$6.65</i>	<i>\$6.68</i>	<i>\$6.75</i>
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

Summary of County Taxes and Fees

(Continued)



Type	Unit	FY 2015 Actual Rate	FY 2016 Actual Rate	FY 2017 Recommended Rate	FY 2018 Planned Rate
OTHER					
<i>Stormwater Services District Levy</i>	<i>\$100/Assessed Value</i>	<i>\$0.0225</i>	<i>\$0.0250</i>	<i>\$0.0275</i>	<i>\$0.0300</i>
Route 28 Corridor	\$100/Assessed Value	\$0.18	\$0.18	\$0.18	\$0.18
Dulles Rail Phase I	\$100/Assessed Value	\$0.21	\$0.19	\$0.19	\$0.19
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
<i>Tysons Service District</i>	<i>\$100 / Assessed Value</i>	<i>\$0.04</i>	<i>\$0.05</i>	<i>\$0.06</i>	<i>\$0.06</i>

On the Horizon – Lines of Business (LOBs)



- The purpose of the LOBs is to shape the County's strategic direction and validate our priorities for future years.
- We are well into Phase 1 of the multi-year LOBs process which is focused on discussing what we do and how we do it.
- However there is more discussion that needs to occur and then we move into Phase 2.
- Based on the discussions that are currently underway and input from the community the Board will direct staff to take a deeper dive into those LOBs and topics that require analysis to review opportunities for efficiencies and redesign.

On the Horizon – Lines of Business (LOBs) (Continued)



- View All LOBs documents and presentations, as well as see the schedules for all LOBs presentations to the Board and Community discussions at:
 - www.fairfaxcounty.gov/budget/2016-Lines-of-Business.htm
- We Want To Hear From You. On the LOBs main page you can:
 - Provide comments on each individual LOB
 - Ask questions
 - Complete the LOBs Survey

Looking Forward – FY 2018



- FY 2018 is projected to have a \$74 million deficit due to continued slow economic growth
 - 3% increase in the Operating transfer to FCPS
 - Continuing to fund School Infrastructure
 - Fully funding compensation for County employees
 - 166 new positions
 - ✦ Split evenly between Public Safety and Human Services
 - Second-year funding for Ad-Hoc Police Commission Recommendations, including Diversion First
 - Additional paydown to support infrastructure requirements
 - Investments in technology
 - If the current economic environment continues we will need to defer some of these priorities

Looking Forward – Cautionary Notes



- Continued slow economic growth
 - Uneven job growth
 - High commercial vacancy rates
 - Extremely modest residential value growth
- Potential for additional federal government budget issues and renewed economic uncertainty

Looking Forward – Reasons for Optimism



- Sequestration is not expected to be an issue through September 2017
- Commercial development is positive
- Strength of the community
 - Partnership opportunities - leveraging resources and expertise of non-government partners
- Potentially increased State funding for Schools in the second year of the biennium

How to Become Involved



- The entire **FY 2017 Advertised Budget Plan** and the FY 2017-FY 2021 Capital Improvement Program (CIP) are available online at:

<http://www.fairfaxcounty.gov/budget>

- Share feedback on the budget:

<http://www.fairfaxcounty.gov/dmb/fy17advertisedbudgetinput.htm>

FY 2017 Budget Schedule



February 16, 2016	County Executive presents <u>FY 2017 Advertised Budget Plan</u>
March 1, 2016	Advertisement of FY 2017 tax rates
March 15, 2016	Advertisement of <i>FY 2016 Third Quarter Review</i>
April 5-7, 2016	Public Hearings on FY 2017 Budget, <i>FY 2016 Third Quarter Review</i> , and FY 2017-FY 2021 Capital Improvement Program
April 19, 2016	Budget Mark-Up
April 26, 2016	Budget Adoption

To sign up to speak at one of the public hearings, call the Clerk to the Board's Office at (703) 324-3151 or (703) 324-2391 (TTY 711) or to access the form to sign up to speak, go to https://www.fairfaxcounty.gov/bosclerk/speaker_bos.htm

The public can send written testimony or communicate with the Clerk's Office by email at: clerktothebos@fairfaxcounty.gov