ATTACHMENT B:

MEMO AND ATTACHMENTS I – VII TRANSMITTING THE COUNTY'S FY 2019 CARRYOVER REVIEW WITH APPROPRIATE RESOLUTIONS

ATTACHMENT B

County of Fairfax, Virginia

MEMORANDUM

DATE: July 30, 2019

TO: Board of Supervisors

FROM: Bryan J. Hill
County Executive

SUBJECT: FY 2019 Actual Revenues, Expenditures and Carryover Supplemental Appropriation

Attached for your review and consideration is the FY 2019 Carryover Package, including Supplemental Appropriation Resolution AS 20009 and Amendment to the Fiscal Planning Resolution AS 20900. The document includes the following attachments for your information:

Attachment I	A General Fund Statement including revenue and expenditures, as well as a summary reflecting expenditures by fund
Attachment II	A summary of General Fund receipt variances by category
Attachment III	A summary of significant General Fund expenditure variances by agency
Attachment IV	An explanation of General Fund Unencumbered Carryover
Attachment V	A detailed description of new and unexpended federal/state grants, as well as anticipated revenues associated with those grants that are recommended for appropriation in FY 2020
Attachment VI	A detailed description of significant changes in Other Funds
Attachment VII	Supplemental Appropriation Resolution AS 20009 and Fiscal Planning Resolution AS 20900 for FY 2020 providing for the appropriation of outstanding encumbrances and unspent balances for federal/state grants, as well as prior commitments of the Board of Supervisors, such as unspent capital project balances

As the Board is aware, the Code of Virginia requires that the Board of Supervisors hold a public hearing prior to the adoption of amendments to the current year budget when potential appropriation increases are greater than 1.0 percent of expenditures. In addition, the Code requires that the Board advertise a synopsis of the proposed changes. Since the *FY 2019 Carryover Review* recommends changes to the FY 2020 Adopted Budget Plan over this limit, Board action on the Carryover Review has been scheduled at the same time as the public hearing on September 24, 2019.

This package includes actions taken by the School Board on July 25, 2019, in their approval of the Fairfax County Public Schools FY 2019 Final Budget Review.

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FY 2019 Carryover Summary

A brief summary of the General Fund follows, comparing unaudited actual receipts and disbursements as of June 30, 2019, to the final estimates of the *FY 2019 Revised Budget Plan*.

GENERAL FUND STATEMENT AND BALANCE AVAILABLE

(in millions of dollars)

	FY 2019 Revised Budget Plan	FY 2019 Actual	Variance
Beginning Balance, July 1	$234.06	$234.06	$0.00
Receipts and Transfers In	$4,334.42	$4,350.73	$16.31
Total Available	**$4,568.48**	**$4,584.78**	**$16.31**
Direct Expenditures	$1,632.85	$1,550.28	($82.57)
Transfers Out	$2,766.02	$2,766.02	$0.00
Total Disbursements	**$4,398.87**	**$4,316.30**	**($82.57)**
Ending Balance, June 30	**$169.60**	**$268.48**	**$98.88**
Managed Reserve	$168.04	$168.04	$0.00
Balance	**$1.56**	**$100.44**	**$98.88**
FY 2019 Commitments ($44.32)			
Outstanding Encumbered Obligations			($27.09)
Outstanding Unencumbered Commitments			($12.80)
Reserve Adjustments			($4.43)
Balance after FY 2019 Commitments			**$54.56**
Allocations for Reserves/Capital ($36.37)			
40% of Balance to Reserves - Economic Opportunity Reserve			($21.82)
20% of Balance to Infrastructure Sinking Reserve Fund			($10.91)
Reserve Adjustments			($3.64)
Balance after Allocations for Reserves/Capital			**$18.19**
Other Requirements ($13.83)			
Energy Strategy			($4.50)
Sully Community Center Health Center Space			($1.70)
Technology Infrastructure			($1.54)
Lorton Library and Lorton Community Center			($1.53)
Fire Station 44 - Scotts Run			($1.09)
Park Authority Field Maintenance at FCPS Fields			($0.63)
Softball Field Modifications			($0.39)
Planning Initiatives			($0.25)
Community Business Partnership			($0.15)
Massey Complex Study			($0.15)
Wellness-Fitness (Well-Fit) Center and Parking Feasibility Study			($0.15)
Report on Police Use-of-Force Cases			($0.10)
Appropriation of Zoning Violation Revenue			($0.02)
Net-Zero Adjustments: *Public Assistance Caseloads, Adult and Aging Caseloads, Development Process Workload Demands, Position Adjustments, CCAR Realignment, Police Compensation Adjustments, Fire and Rescue Compensation and Organizational Study*			$0.00
Reserve Adjustments			($1.63)
Net Balance			**$4.36**
Reserve for FY 2020 One-Time Requirements (from FY 2020 Adopted)			$1.56
Net Available for One-Time Requirements			**$5.92**

NOTE: Carryover is defined as the re-appropriation in FY 2020 of previously approved items such as outstanding encumbered obligations, unencumbered commitments and unexpended FY 2019 capital project and grant balances.

FY 2019 Year-End Summary

FY 2019 General Fund Revenues and Transfers In were $4.35 billion, an increase of only $16.31 million or just 0.38 percent, over the *FY 2019 Revised Budget Plan* estimate. This margin is narrower than it has been in recent years, as revenue projections were increased as part of the *FY 2019 Third Quarter Review*. This allowed additional funding to be allocated by the Board during their deliberation on the *FY 2019 Third Quarter Review* and the FY 2020 budget, but has reduced the amount of surplus revenue that is available for consideration at year-end. The size of this margin makes clear how little room there is for projection error or fluctuation in the budget. The increase is the result of increases in Real Estate Tax receipts, Other Local Taxes, Permits, Fees, and Regulatory Licenses, Revenues from the Use of Money/Property, Charges for Services, and Revenue from the Commonwealth and the Federal Government. More detail on FY 2019 Revenue Variances may be found in Attachment II.

In addition, County agencies realized disbursement balances as a result of continuing close management of agency spending. Disbursements were below *FY 2019 Revised Budget Plan* projections by $82.57 million or 1.88 percent. More detailed information on FY 2019 General Fund Expenditure Variances is included in Attachment III. Included in this balance are funds required for both encumbered and unencumbered items. Encumbered carryover includes legally obligated funding for items/services for which final financial processing has not been completed. Unencumbered carryover includes funding for items previously approved by the Board but not purchased based on timing or other issues.

As a result, the combined revenue and disbursement balance, after funding prior year obligations and reserve adjustments, is $54.56 million, or 1.24 percent of the total County General Fund budget.

Carryover Actions

Allocation of this balance is used to meet Board policy for contributions to reserves and capital and fund requirements that have been identified subsequent to the adoption of the FY 2020 budget. Of the total available balance of $54.56 million, $50.20 million is allocated in the Carryover package and $4.36 million is recommended to be held in reserve. When added to the $1.56 million previously set aside in reserve as part of the FY 2020 Adopted Budget Plan, there is a total of $5.92 million available for critical one-time requirements in FY 2020.

Allocations for Reserves/Capital ($36.37 million, including $3.64 million in associated reserve adj.)
Consistent with the Board's policies on funding reserves and the County's Infrastructure Sinking Reserve Fund, Carryover contributions have been calculated based on available balances after outstanding encumbered and unencumbered commitments. Of the $54.56 million balance, 60 percent, or $32.73 million, is allocated for the County's reserves and Capital Sinking Fund.

- $21.82 million or 40 percent of the balance is allocated to the County's reserves consistent with the County's reserve policy updated by the Board of Supervisors on April 21, 2015, to reach a total of 10 percent. As the Managed and Revenue Stabilization Reserves are projected to be fully funded in FY 2020, the full amount of this contribution is directed to the new Economic Opportunity Reserve. It is important to note that in addition to this allocation, all other Carryover adjustments have been accompanied with reserve contributions as well, consistent with the Board policy of allocating 10 percent to reserves. As a result, the total contribution to the reserves at Carryover is $31.53 million and results in a Managed Reserve which meets the 4 percent target, a Revenue Stabilization Reserve that meets the 5 percent target, and an Economic Opportunity Reserve that is funded at three-quarters of its 1 percent target, or total reserves of 9.81 percent.

- $10.91 million or 20 percent of the balance is transferred to the Capital Sinking Fund projects consistent with the recommendations of the Infrastructure Financing Committee. Specific funding levels include: $6,001,187 for the Facilities Management Department, $2,182,249 for Parks, $1,091,125 for County-Owned Roads, $1,091,125 for Walkways, and $545,561 for Revitalization. The Capital Sinking Fund will provide for infrastructure replacement and upgrades such as the replacement of roofs, electrical systems, and HVAC units at both County and Park Authority facilities, repairs to County-owned roads and walkways, and revitalization area infrastructure repairs.

Other Adjustments ($13.83 million, including $1.63 million in associated reserve adjustments)
Finally, there are a number of other adjustments that are also necessary at this time. Of the $12.20 million in General Fund adjustments, excluding the required reserve contributions, $4.50 million is included as a second-year investment in the Fairfax County Operational Energy Strategy, $1.54 million will support technology infrastructure projects, and $1.09 million will allow for the procurement of fire apparatus in preparation for the opening of Fire Station 44, Scotts Run, in FY 2021. In keeping with the commitment to the One Fairfax policy, adjustments considered as part of the Carryover review were also viewed through an equity lens. Two adjustments of note in this package that focus on delivering equitable facilities across the community are the identification of $0.63 million to provide more consistent maintenance of all Fairfax County Public Schools (FCPS) synthetic turf fields and $0.39 million – which will be matched by FCPS – to modify and improve two softball fields to bring the facilities in line with others and ensure compliance with Title IX. These adjustments also demonstrate the County's commitment to work collaboratively with our FCPS partners to reach mutual goals.

The Board has directed staff to consider the co-location of services when planning for new County facilities or the renovation of existing facilities. The co-location of services can reduce construction and operating costs, while providing more efficient service delivery to individuals that use multiple County services and more equitable access to services in underserved portions of the County. Two adjustments highlight the County's progress in identifying opportunities to realize savings and enhance service provision by developing shared-use facilities:

- The Sully Community Center is a proposed facility that will provide programming for older adults, after-school programs for children and teens, and wellness programs for youth and adults. An adjustment is included to provide $1.70 million in General Fund support to the project, which will allow for a Federally Qualified Health Center (FQHC) to be co-located at the facility. The facility will also provide for space for the Women, Infants, and Children (WIC) program, which will allow the program to be more easily accessible for residents utilizing both FQHC and WIC services.

- Funding of $1.53 million is included to enable the construction of the Lorton Library/Lorton Community Center complex to move forward concurrently. Bidding the construction contract at the same time for both projects will save an estimated $1.3 million and provide for a more efficient construction process, as the facilities will share a wall, conference areas, and a lobby.

Adjustments have also been included to address public safety compensation issues, including the results of the Fire and Rescue Compensational and Organizational Study, the competitiveness of Animal Protection Police Officer salaries, and the compression of the middle ranks of the Police pay scale. Funding for these adjustments in FY 2020 has been accommodated within existing appropriations. However, additional adjustments will be required in FY 2021 to recognize the full-year impact of these changes. Funding will also be required as part of a future budget process to support the leveling in the Fire and Rescue pay scale, which was recommend for implementation in FY 2020 but deferred to allow available resources to be directed to other Fire and Rescue compensation priorities.

All other adjustments net to a total General Fund impact of $0.82 million. Details of the adjustments included in the *FY 2019 Carryover Review* which have a General Fund impact are noted below in the Carryover Administrative Adjustments section of this letter.

Aside from adjustments associated with expenditure changes as discussed in the Administrative Adjustments section, no other adjustments have been made to FY 2020 revenue estimates. Staff will continue to closely monitor economic conditions to determine impacts on various revenue categories, including how potential cuts in the Federal Funds rate will influence interest income. Revenue adjustments for FY 2020 will be made during the fall review, or as part of the *FY 2020 Third Quarter Review*, as necessary.

Several adjustments are also included in this package to address Board priorities and other critical requirements with resources available in funds other than the General Fund. These adjustments are detailed in the description of significant changes in Other Funds in Attachment VI, and include the following:

- Consistent with the recommendations for expanded employment and day service options for adults with developmental disabilities presented by the Fairfax-Falls Church Community Services Board (CSB) and the Welcoming Inclusion Network (WIN) at the December 11, 2018, Health, Housing, and Human Services Committee, $250,000 of available balance in Fund 40040, Community Services Board, will be utilized to assist with implementation of a pilot program to provide 1,000 hours of job development services.

- An available balance of $7,615,250 in Fund 20000, Consolidated County and Schools Debt Service, will be transferred to Fund 10040, IT Projects, to support continuing and new IT projects. Funding is available in the Debt Service fund, in part, due to the repayment of the $2 million loan from Fund 80000, Park Revenue, which was provided to assist with the projected revenue shortfall in that fund. IT project support was removed from the FY 2020 baseline budget in order to accommodate recurring expenditure requirements. As a result, funding for projects in FY 2020 has been identified as part of the *FY 2019 Third Quarter Review* and the *FY 2019 Carryover Review*. It is anticipated that additional funding will be needed as part of the *FY 2020 Third Quarter Review* to fully fund projects deferred as part of the FY 2020 process.

- Unexpended capital project balances have been identified that will be redirected to other critical requirements, including a transfer of $2,000,000 from Fund 30070, Public Safety Construction, to Fund 30020, Infrastructure Replacement and Upgrades, to support emergency systems failures that occur at aging County facilities; a transfer of $500,000 from Fund 30010, General Construction and Contributions, to Fund 30020 to support minor repairs and miscellaneous improvements required at County facilities throughout the year; and the use of $470,000 in available balance in Fund 30010 to resurface and provide improvements to basketball and tennis courts at Community Centers.

As a result of these adjustments, a Carryover balance of $4.36 million is available. When combined with the $1.56 million held in reserve as part of the FY 2020 Adopted Budget Plan, a total of $5.92 million is available for Board consideration.

Position Adjustments

A total of 248 new positions are recommended to be established as part of the *FY 2019 Carryover Review*, the majority of which are the result of the County's ongoing review of its use of limited-term staffing. The Department of Management and Budget (DMB) has identified up to 235 positions as candidates for possible conversion from non-merit benefits-eligible status to merit status, based on the tasks performed by each position and the hours worked by incumbents. A total of 24 conversions were included as part of the *FY 2019 Third Quarter Review* and another 15 conversions were included as part of the FY 2020 Adopted

Budget Plan. DMB staff will be working with those in the Department of Human Resources, the Office of the County Attorney, and agencies in upcoming Fall workforce planning sessions to evaluate these positions for conversion and recruit for the new merit positions. Identifying the pool of possible conversions as part of the *FY 2019 Carryover Review* will allow positions to be converted gradually, with specific conversions by agency outlined as part of the FY 2021 Advertised Budget Plan. Staff will continue to monitor positions to determine if further conversions are appropriate as part of a future budget process.

The remaining increase of 13 positions includes 7 new positions to address Public Assistance caseloads and 6 positions to address caseloads in the Adult and Aging Division of the Department of Family Services.

Body-Worn Cameras

The results of the Police Body-Worn Camera Pilot Project were presented to the Board of Supervisors at the July 9, 2019, meeting of the Public Safety Committee. An action item with a plan for implementing a Body-Worn Camera program will be included as part of the September 24, 2019, Board meeting, with the plan distributed to the Board in advance of the meeting. One-time funding of $5.57 million remains in the Reserve for Ad-Hoc Police Practices Review Commission Recommendations and is available to be redirected to this initiative. If action is taken by the Board to approve a Body-Worn Camera Program at the September 24 meeting, the appropriate adjustments will be included as part of the motions to approve the *FY 2019 Carryover Review*, scheduled to be approved on the same day.

Reserves

Over the past several years, the Board has consistently demonstrated its commitment to increasing the County's reserve levels from the previous target of 5 percent of General Fund disbursements to the new target of 10 percent. As a result, the Revenue Stabilization Reserve and Managed Reserve are now fully funded at their new target levels of 5 percent and 4 percent. The next step in implementing the County's reserve policy is to begin funding the Economic Opportunity Reserve, which has a target of 1 percent of General Fund disbursements. The *FY 2019 Carryover Review* includes total transfers of $33.87 million to this new reserve, bringing the Economic Opportunity Reserve balance to three-quarters of its target of 1 percent of General Fund disbursements. The combined balance of the three reserves as a result of the adjustments included in the *FY 2019 Carryover Review* is 9.81 percent of General Fund disbursements.

FY 2019 Audit Adjustments

As the Board is aware, the financial audit of FY 2019 is currently being conducted. Necessary adjustments as a result of this work will be included in the FY 2019 Comprehensive Annual Financial Report (CAFR) and in the audit package that is presented for the Board's approval as part of the *FY 2020 Third Quarter Review*.

Other Funds Adjustments

Attachment VI of the *FY 2019 Carryover Review* details changes in other funds, including those which do not have a General Fund impact. This attachment includes a review of the FY 2019 fund expenditure and revenue variances and notes changes in FY 2020 expenditures.

Carryover Administrative Adjustments

The *FY 2019 Carryover Review* includes net General Fund administrative adjustments and associated reserve adjustments totaling $50.20 million. These adjustments are divided into two categories – Allocations for Reserves/Capital and All Other Requirements – and include the following:

ALLOCATIONS FOR RESERVES/CAPITAL

$36.37 million, including $32.73 million in reserve/capital contributions and $3.64 million in associated reserve adjustments

Reserve Adjustments		**NON-RECURRING**
Agency 87, Unclassified Administrative Expenses	FY 2020 Expenditure	($5,665,899)
Fund 10010, Revenue Stabilization	FY 2020 General Fund Transfer	$3,321,813
Fund 10015, Economic Opportunity Reserve	FY 2020 General Fund Transfer	$33,874,658
	Net Cost	**$31,530,572**

An increase of $3,321,813 is transferred from the General Fund to Fund 10010, Revenue Stabilization, and an increase of $33,874,658 is transferred from the General Fund to Fund 10015, Economic Opportunity Reserve, consistent with the County's reserve policy. On April 21, 2015, the Board of Supervisors approved revisions to the County's Ten Principles of Sound Financial Management to update the County's target reserve level from 5 percent to 10 percent of General Fund disbursements. Of the 10 percent target, 5 percent is allocated to the Revenue Stabilization Fund (previously a 3 percent target), 4 percent is allocated to the Managed Reserve in the General Fund (previously a 2 percent target), and the remaining 1 percent is allocated to the new Economic Opportunity Reserve.

The Revenue Stabilization and Managed Reserves are projected to be at their target levels of funding in FY 2020. As a result, the increase in the Revenue Stabilization Reserve at Carryover is based only on increased disbursements in order to remain at full funding. No increase is required to maintain the Managed Reserve at full funding. As the Revenue Stabilization and Managed Reserves have reached their target levels, the *FY 2019 Carryover Review* includes the establishment of the new Economic Opportunity Reserve, and the majority of available reserve funding is transferred to this new reserve.

Consistent with the County's reserve policy, $21,822,495 or 40 percent of available balances after funding critical requirements is allocated to the County's reserves. This amount is transferred to the Economic Opportunity Reserve to begin to make progress toward its target funding level of 1 percent of General Fund disbursements.

In addition, all Carryover adjustments that result in an increase in General Fund disbursements are accompanied by a 10 percent allocation to reserves. This allocation totals $9,708,077, of which $3,321,813 is transferred to the Revenue Stabilization Reserve to maintain the reserve at its target funding level and the remaining $6,386,264 is transferred to the Economic Opportunity Reserve.

The total increase in the Economic Opportunity Reserve also includes the transfer of the remaining balance of $5,665,899 from the Economic Development Support Project. The Economic Development Support Project was established to accelerate the opportunity that will be provided by the Economic Opportunity Reserve. The remaining balance includes the unallocated balance of $4,100,000 as well as a balance of $1,565,899 in ongoing projects that were previously approved by the Board of Supervisors.

As a result of this adjustment, the projected FY 2020 balance in the Economic Opportunity Reserve is at three-quarters of its target of 1 percent of General Fund disbursements. The Revenue Stabilization, Managed, and Economic Opportunity Reserves are projected to total 9.81 percent of FY 2020 General Fund disbursements.

Capital Sinking Fund		**NON-RECURRING**
Fund 30010, General Construction and Contributions	FY 2020 General Fund Transfer	$3,818,935
Fund 30020, Infrastructure Replacement and Upgrades	FY 2020 General Fund Transfer	$6,001,187
Fund 30060, Pedestrian Walkway Improvements	FY 2020 General Fund Transfer	$1,091,125
	Net Cost	**$10,911,247**

The General Fund Transfer to various capital funds is increased by a total of $10,911,247 in accordance with recommendations of the Infrastructure Financing Committee (IFC). On March 25, 2014, the Board of Supervisors approved the recommendations contained in the IFC Report. Subsequently, the School Board approved the IFC Report on April 10, 2014. The Infrastructure Financing Committee was a joint School Board/County Board working group formed to collaborate and review both the County and School's Capital Improvement Program (CIP) and capital requirements. The final report of the committee included a recommendation to establish a Capital Sinking Fund as a new budgetary mechanism for funding Infrastructure Replacement and Upgrade requirements. Principal funding for the Sinking Fund was to come from a joint commitment to devote a goal of 20 percent of carryover funds. Based on the County's unencumbered carryover balance after funding critical requirements, an amount of $10,911,247 represents 20 percent and is allocated to separate Capital Sinking Fund projects.

The Board of Supervisors previously approved the allocation formula associated with capital sinking funds as follows: 55 percent for FMD, 20 percent for Parks, 10 percent for walkways, 10 percent for County maintained roads and service drives, and 5 percent for revitalization. This allocation was based on the percent of each program area as it related to the total annual requirements presented to the IFC. The specific allocation for FY 2020 includes: $6,001,187 for FMD, $2,182,249 for Parks, $1,091,125 for County-Owned Roads, $1,091,125 for Walkways and $545,561 for Revitalization.

OTHER REQUIREMENTS

$13.83 million, including $12.20 million in adjustments and $1.63 million in associated reserve adjustments

Position Adjustments		**RECURRING**
Agency 08, Facilities Management Department	FY 2020 Expenditure	($219,060)
Agency 02, Office of the County Executive	FY 2020 Expenditure	$48,424
Agency 06, Department of Finance	FY 2020 Expenditure	$77,936
Agency 12, Department of Procurement and Material Management	FY 2020 Expenditure	$92,700
	Net Cost	**$0**
Agency 08, Facilities Management Department	FY 2021 Expenditure	($219,060)
Agency 02, Office of the County Executive	FY 2021 Expenditure	$48,424
Agency 06, Department of Finance	FY 2021 Expenditure	$77,936
Agency 12, Department of Procurement and Material Management	FY 2021 Expenditure	$92,700
	Net Cost	**$0**

Several position adjustments and funding transfers are required and result in no net impact to the General Fund. Funding of $126,360 is associated with 1/1.0 FTE Management Analyst IV position that will be transferred from Agency 08, Facilities Management Department, to the new Office of Environmental and Energy Coordination in Agency 02, Office of the County Executive, to support environmental policy and legislative issues, organization-wide energy use and community engagement, and education about environmental and sustainability issues. Funding of $77,936 is associated with 1/1.0 FTE Management Analyst II position that will be transferred from Agency 02, Office of County Executive to Agency 06, Department of Finance, to better align work resources. Funding of $92,700 is associated with 2/2.0 FTE Custodian positions that will be transferred from Agency 08, Facilities Management Department, to

Agency 12, Department of Procurement and Material Management, to better manage the surplus furniture program and deliver material management and logistical support to County agencies.

Community Business Partnership		**NON-RECURRING**
Agency 16, Economic Development Authority	FY 2020 Expenditure	$150,000
	Net Cost	**$150,000**

Funding of $150,000 is required for the Community Business Partnership's (CBP) Community Development Financial Institution (CDFI) plan in FY 2020. The CBP is funded through the Economic Development Authority. It was created in 1995 as a non-profit, tax-exempt organization working in collaboration with local, regional, and national organizations to promote small business growth in Fairfax County. As described in a May 22, 2018 presentation to the Board of Supervisors Economic Advisory Commission, in 2016 the CBP established a CDFI, a US Treasury-recognized financial institution that works in market niches that are underserved by traditional financing institutions. The organization's purpose is to lend money to businesses established by disadvantaged populations in Fairfax County until the businesses can obtain financing from regular commercial sources. The expenditure will be used to help provide funding for the program. The recurring cost starting in FY 2021 is $50,000.

Development Process Workload Demands		**RECURRING**
	FY 2020 Revenue	$1,250,000
Agency 31, Land Development Services	FY 2020 Expenditure	$1,000,000
Agency 89, Employee Benefits	FY 2020 Expenditure	$250,000
	Net Cost	**$0**
	FY 2021 Revenue	$1,250,000
Agency 31, Land Development Services	FY 2021 Expenditure	$1,000,000
Agency 89, Employee Benefits	FY 2021 Expenditure	$250,000
	Net Cost	**$0**

Funding of $1,250,000, including $1,000,000 in Agency 31, Land Development Services and $250,000 in Agency 89, Employee Benefits, is required to continue meeting workload demands associated with increasing site plan and building permit activity. A commensurate revenue increase brings the FY 2020 estimate more in line with the FY 2019 actuals and completely offsets expenditures with no net funding impact to the General Fund.

Report on Police Use-of-Force Cases		**NON-RECURRING**
Agency 42, Office of the Independent Police Auditor	FY 2020 Expenditure	$100,000
	Net Cost	**$100,000**

Funding of $100,000 is required for further review of the Fairfax County's Police Department use-of-force data. On May 7, 2019, the Board unanimously directed the Independent Police Auditor to search for an academic or research partner to conduct a review of the Police Department's use-of-force cases.

Adult and Aging Services Positions		**RECURRING**
	FY 2020 Revenue	$526,253
Agency 67, Department of Family Services	FY 2020 Expenditure	$307,646
Agency 89, Fringe Benefits	FY 2020 Expenditure	$218,607
	Net Cost	**$0**
	FY 2021 Revenue	$526,253
Agency 67, Department of Family Services	FY 2021 Expenditure	$307,646
Agency 89, Fringe Benefits	FY 2021 Expenditure	$218,607
	Net Cost	**$0**

Funding of $526,253 is included to support 6/6.0 FTE new positions in the Adult and Aging Division in the Department of Family Services in order to address increasing caseloads and compliance issues. Three of the six new positions are conversions from non-merit benefits-eligible to merit status in order to increase the number of hours that the positions can work. It should be noted that an increase of $218,607 in Fringe Benefits funding is included in Agency 89, Employee Benefits. The expenditure increase is completely offset by an increase in state funding for no net impact to the General Fund.

The County has seen significant growth in the older adult population over the last several decades, and it is anticipated that in the coming years, the number of older adults in the County will continue to grow. With the growing older adult population has come an increase in demand for services, which has resulted in dramatic increases in caseloads across the spectrum of programs administered by the Adult and Aging Division, many of which are mandated. However, as the number of cases has increased, the number of workers to manage, investigate, and process them has not kept pace, causing the average number of cases per worker to far exceed industry caseload recommendations in many programs. This has made it difficult to comply with stringent requirements around the timeliness and accuracy of cases that are processed, and to continue to meet all of the requirements of County residents in need of services.

These additional 6/6.0 FTE positions will help to further lower worker caseloads and increase oversight and program support for quality assurance in an effort to address case management and compliance issues in many of the Adult and Aging programs including: the Adult Protective Services (APS) program, which is a mandated program that investigates incidences of suspected abuse, neglect, and exploitation involving adults 60 years and older as well as incapacitated adults age 18 and older; the Adult Services program, which provides case management, home-based care authorizations, and mandated pre-admissions screenings; the Aging, Disability and Caregiver Resources program, which provides intake services for programs in the Adult and Aging Division, the Health Department's Adult Day Health Centers and the Department of Neighborhood and Community Services' senior centers, and provides consultation services for cross-agency and County services; and the Quality Assurance Unit, which ensures compliance with state and local requirements, addresses audit findings, and monitors policies and procedures through oversight and monitoring activities. These positions represent year 2 of a multi-year plan to address the staffing shortage and caseload issues in the Adult and Aging Division. It is anticipated that additional positions will be required in future years as the number of older adults and cases continues to increase.

Public Assistance Eligibility Workers		**RECURRING**
	FY 2020 Revenue	$783,624
Agency 89, Fringe Benefits	FY 2020 Expenditure	$263,013
Agency 67, Department of Family Services	FY 2020 Expenditure	$520,611
	Net Cost	**$0**
	FY 2021 Revenue	$783,624
Agency 89, Fringe Benefits	FY 2021 Expenditure	$263,013
Agency 67, Department of Family Services	FY 2021 Expenditure	$520,611
	Net Cost	**$0**

Funding of $783,624 is included to support 7/7.0 FTE new public assistance eligibility worker positions in the Department of Family Services (DFS). These positions will continue to address the increase in public assistance caseloads in the Self-Sufficiency Division in order to meet state and federal guidelines for both timeliness and accuracy. It should be noted that an increase of $263,013 in Fringe Benefits funding is included in Agency 89, Employee Benefits. The expenditure increase is fully offset by an increase in federal and state funding for no net impact to the General Fund.

In accordance with federal and state policy, the County is required to determine eligibility for public assistance and enroll clients in benefits programs within a certain timeframe. In May 2019, the ongoing monthly caseload was more than 111,000 cases. Federal and state policies require that 100 percent of cases for each program are processed within the mandated timeframes with 100 percent accuracy. The County is not currently meeting these mandates. This leaves the County vulnerable to both internal and external audit findings. It should be noted that positions were added as part of the *FY 2018 Carryover Review* to address an increase in cases as a result of Medicaid expansion. Staff estimates that approximately 10,000 new cases have been added to the ongoing caseload as a result of Medicaid expansion. These 7/7.0 FTE positions are being added to address the increase in caseloads independent of Medicaid expansion as a result of natural caseload growth. This is consistent with positions that have been added in previous years to address the continuously increasing number of cases.

The County began systematically adding positions to address increasing caseloads in FY 2014 based on annual caseload growth and a manageable case to worker ratio that would allow the agency to address material performance shortfalls that were identified in external audits. Positions have been added each year since FY 2014, and the program has made significant improvements in both the timeliness and accuracy of application processing and ongoing case management. For the first time in five years, the external audit for the year ending June 30, 2018, indicated only a significant deficiency rather than a material weakness in internal controls for the Medicaid program. In addition, there were only non-material instances of noncompliance, rather than material noncompliance and there were no audit findings for the TANF program. However, they have still been unable to consistently meet the 100 percent accuracy and timeliness mandates, due in large part to the continuously increasing number of applications and ongoing cases each year. While DFS has taken many steps to improve training and quality assurance, and continues to explore ways to streamline processes and utilize resources more efficiently, there is no further capacity to address existing workloads while continuing to absorb additional cases. These positions will help to maintain manageable caseloads to ensure that the timeliness and accuracy of application processing continues to improve. As it is anticipated that the number of applications and ongoing cases will continue to grow, staff will continue to monitor caseload growth each year to determine whether it is necessary to add additional positions.

Transfer of Eligibility and Case Management Functions for the CCAR Program		**RECURRING**
Agency 79, Neighborhood and Community Services	FY 2020 Expenditure	($3,025,945)
Agency 67, Department of Family Services	FY 2020 Expenditure	$3,025,945
	Net Cost	**$0**
Agency 79, Neighborhood and Community Services	FY 2021 Expenditure	($3,025,945)
Agency 67, Department of Family Services	FY 2021 Expenditure	$3,025,945
	Net Cost	**$0**

Funding of $3,025,945 and 47/47.0 FTE positions associated with the eligibility and case management functions for the Child Care Assistance and Referral (CCAR) program are transferred from Agency 79, Department of Neighborhood and Community Services (NCS) to Agency 67, Department of Family Services (DFS) in order to maximize state and federal revenue.

The Child Care Assistance and Referral program provides financial assistance for childcare to working families with low to moderate incomes in Fairfax County. CCAR services are funded by both the State and County. Eligibility determination and case management for all participating families is administered by the County. Payments to childcare programs caring for children whose childcare subsidies are funded by the State are made directly by the Virginia Department of Social Services (VDSS). Payments made to childcare programs caring for children whose childcare subsidies are funded by the County are made by the County.

The entire CCAR program was moved as part of the FY 2020 Adopted Budget Plan to the Department of Neighborhood and Community Services as part of the consolidation of the Office for Children (Child Care Division) in DFS to NCS in order to better align the continuum of services for children within the Health and Human Services system. Since adoption of the budget, the state has indicated that eligibility determination and case management for state-funded children must remain with the local department of social services in order to draw down federal and state revenue. DFS is the designated local department of social services; therefore, the positions and associated funding are being moved back to DFS. In order to maintain a cohesive, seamless service delivery, eligibility determination and case management for locally-funded children will also transfer back to DFS; however, childcare subsidies funded by the County will be administered by NCS.

Police Department Compensation Adjustments		**RECURRING**
Agency 89, Employee Benefits	FY 2020 Expenditure	$659,362
Agency 90, Police Department	FY 2020 Expenditure	($659,362)
	Net Cost	**$0**
Agency 89, Employee Benefits	FY 2021 Expenditure	$923,812
Agency 90, Police Department	FY 2021 Expenditure	($923,812)
	Net Cost	**$0**

Per Board of Supervisors direction as part of the approved FY 2020-2021 Budget Guidance, funding of $659,362 is reallocated from Agency 90, Police Department, to Agency 89, Employee Benefits, to account for the fringe benefit impact of compensation adjustments following a review of the department's organizational structure and pay plan in 2016. Recommendations from the study have been implemented over a multi-year period, and as part of the approved budget guidance, the Police Department was encouraged to look at options to implement recommendations within current appropriation levels.

The salary impact of recommended adjustments, which will be absorbed within the Police Department, totals $2,883,171. These changes include:

- $1,800,195 to implement a 1.5 percent increase across the O-scale pay plan;

- $960,140 to decompress ranks by moving Sergeant and Second Lieutenant ranks up one step to O-21 and O-22, respectively; and
- $122,836 to transition Animal Protection Police Officers (APPOs) from the P-scale pay plan to the O-scale pay plan as sworn law enforcement officers as defined by the Code of Virginia §15.2-836.1. The transition will result in ranks of APPO I at O-16, APPO II at O-17, Master APPO at O-18, APPO Sergeant at O-20, and APPO Second Lieutenant at O-21.

An amount of $659,362 represents the fringe benefit impact of the recommendations and will be transferred to Agency 89, Employee Benefits. These adjustments are anticipated to be effective October 2019.

Fire Station 44 – Scotts Run		**NON-RECURRING**
Agency 92, Fire and Rescue Department	FY 2020 Expenditure	$1,085,324
	Net Cost	**$1,085,324**

Funding of $1,085,324 is required to purchase apparatus for Fire Station 44, Scotts Run, which is scheduled to open during FY 2021. The station will include one engine, one medic unit and 25 positions to support growth in the Tysons East area. In order to accommodate the opening of the station, one-time funding in FY 2020 will be required to allow enough lead time to build out the units. Full-year funding for Fire Station 44 will be identified as part of the FY 2021 budget process.

Fire and Rescue Compensation and Organizational Study		**RECURRING**
Agency 89, Employee Benefits	FY 2020 Expenditure	$751,845
Agency 92, Fire and Rescue Department	FY 2020 Expenditure	($751,845)
	Net Cost	**$0**
Agency 89, Employee Benefits	FY 2021 Expenditure	$1,035,156
Agency 92, Fire and Rescue Department	FY 2021 Expenditure	($25,052)
	Net Cost	**$1,010,104**

Funding of $751,845 is reallocated from Agency 92, Fire and Rescue Department (FRD), to Agency 89, Employee Benefits, to account for the fringe benefit impact of proposed changes resulting from the Fire and Rescue Compensation and Organizational Study. A total of $2.68 million was identified and held in reserve in FRD as part of the FY 2020 Adopted Budget Plan to fund recommendations from the study. Following discussions between staff and employee groups, recommendations were presented to the Personnel Committee of the Board of Supervisors at its July 9, 2019, meeting to regrade the Fire Technician and Master Technician job classes and to implement a staff position stipend. The Fire Technician job class will be regraded from F-19 to F-20 and the Master Fire Technician proficiency pay will be regraded from F-20 to F-21 based on market data that has consistently demonstrated that the hourly rate of pay for the Fire Technician job class is consistently below the market threshold when compared to other jurisdictions in the region. A staff position stipend of $75 per pay period for uniformed fire personnel will be implemented to narrow the pay gap between staff and field positions so that the financial disincentive of staff positions is lessened. The partial-year cost to implement these changes in October 2019 is $2.68 million, including $1.93 million in Agency 92, Fire and Rescue Department, and $0.75 million in Agency 89, Employee Benefits. An additional $1.01 million will be required in FY 2021 to recognize the full-year cost of these changes.

In addition, the methodology for benchmarking the hourly rate of pay for uniformed fire personnel will be adjusted to include mandatory overtime, 24-hour shift differential pay for field personnel, and the new staff position stipend that these employees are paid as part of their base schedule. An additional recommendation to implement pay scale leveling for the uniformed fire pay scale will be included in a future budget process.

Appropriation of Zoning Violation Revenue		**NON-RECURRING**
Fund 30010, General Construction and Contributions	FY 2020 General Fund Transfer	$24,094
	Net Cost	**$24,094**

The General Fund transfer to Fund 30010, General Construction and Contributions, is increased by $24,094 to allocate revenue collected from court ordered fines for zoning violations associated with the Strike Force Blight Abatement project. As part of the FY 2009 Adopted Budget Plan budget guidelines, the Board of Supervisors directed that any revenue generated from zoning violation fines in excess of the baseline total of $122,215 be made available to support the activities of the Department of Code Compliance. Zoning violation revenues have exceeded the base revenue amount by $24,094. This adjustment amount is associated with FY 2019 actual revenues received in the amount of $146,309. As a result, this amount is being allocated to the Strike Force Blight Abatement project for use in support of code compliance-related activities.

Park Authority Field Maintenance at FCPS Fields		**RECURRING**
Fund 30010, General Construction and Contributions	FY 2020 General Fund Transfer	$625,000
	Net Cost	**$625,000**
Fund 30010, General Construction and Contributions	FY 2021 General Fund Transfer	$1,250,000
	Net Cost	**$1,250,000**

The General Fund transfer to Fund 30010, General Construction and Contributions, is increased by $625,000 to provide funding for the Fairfax County Park Authority (FCPA) to maintain 44 additional Fairfax County Public Schools (FCPS) synthetic turf fields for the remainder of FY 2020. Full-year funding of $1.25 million will be included in the FY 2021 budget for the Fairfax County Park Authority.

The Park Authority currently maintains all other Park Authority and Fairfax County Public Schools rectangular fields and the vast majority of diamond fields in their athletic field maintenance program. The transfer of maintenance responsibilities to FCPA for the remaining 44 FCPS synthetic turf fields is designed to improve continuity and equity in maintenance and bring the school fields into an established field safety testing program. This change in maintenance responsibilities will begin at the end of the FCPS fall athletic season in FY 2020. With this change, the Park Authority will assume maintenance responsibilities of the Fairfax County School System synthetic turf fields (currently 44 fields) at all high school locations. Given the high capabilities, scale of operations, and level of expertise and knowledge by the Park Authority on the maintenance required for athletic fields, this move will align all synthetic field maintenance under the Park Authority.

Planning Initiatives		**NON-RECURRING**
Fund 30010, General Construction and Contributions	FY 2020 General Fund Transfer	$250,000
	Net Cost	**$250,000**

The General Fund transfer to Fund 30010, General Construction and Contributions, is increased by $250,000 to support planning initiatives that arise throughout the fiscal year. This funding will provide for consultant studies associated with planning development projects and potential development opportunities.

Softball Field Modifications		**NON-RECURRING**
Fund 30010, General Construction and Contributions	FY 2020 General Fund Transfer	$385,000
	Net Cost	**$385,000**

The General Fund transfer to Fund 30010, General Construction and Contributions, is increased by $385,000 to support modifications to two softball fields to ensure compliance with Title IX. The Fairfax County Public Schools and the County have partnered to jointly support modifications at Ossian Park (Annandale High School) and Jeb Stuart Park (Justice High School) for a total cost of $770,000. Modifications will include the relocation of the existing fence at Ossian Park, as well as the installation of a softball press box, sound system, and 2 new dugouts. Modifications at Jeb Stuart Park will include the installation of a practice batting cage, a softball press box, sound system, and 2 new dugouts. Both softball fields are located on Park Authority property and are used as high school game fields and recreational users.

Sully Community Center Health Center Space		**NON-RECURRING**
Fund 30010, General Construction and Contributions	FY 2020 General Fund Transfer	$1,700,000
	Net Cost	**$1,700,000**

The General Fund transfer to Fund 30010, General Construction and Contributions, is increased by $1,700,000 to support the addition of health care space at the Sully Community Center. The Sully Community Center project was approved by the voters as part of the 2016 Human Services/Community Development Bond Referendum in the amount of $18.5 million. The proposed facility is approximately 31,000 square feet with 180 parking spaces. This new facility will provide programming for older adults, after-school programs for children and teens, and wellness programs for youth and adults. Additional funding of $1,700,000 will provide for an addition to the Sully Community Center to house a Federally Qualified Health Center (FQHC) in the western part of the County. No additional parking spaces are anticipated. The space would include: a waiting/front desk area, exam rooms, offices, a small IT closet, a biohazardous waste storage area, and potentially an additional office for family services/social work.

Energy Strategy		**NON-RECURRING**
Fund 30020, Infrastructure Replacement and Upgrades	FY 2020 General Fund Transfer	$4,500,000
	Net Cost	**$4,500,000**

The General Fund transfer to Fund 30020, Infrastructure Replacement and Upgrades, is increased by $4,500,000 for the second-year investment in the Fairfax County Operational Energy Strategy. On July 10, 2018, the Board of Supervisors adopted the Countywide Energy Strategy in order to move the County forward toward its goal of reducing energy use by 20 percent by 2029. The Energy Strategy promotes cost-effective, energy-efficient, innovative technologies, and an energy-conscious culture that encourages strategic decisions with regard to energy consumption. The reduction in energy use will help mitigate escalating energy costs and promote a "greener" future for the County. In support of the Energy Strategy, the Board of Supervisors approved $4,500,000 as part of the *FY 2018 Carryover Review* for LED lighting retrofit projects at County government and Fairfax County Park Authority (FCPA) facilities. Sixteen of the 17 approved projects are complete, and the Facilities Management Department and FCPA together are already saving an estimated 1.4 million kilowatt hours per year as a result of these projects. Full-year electricity savings associated with the 16 completed projects will begin to accrue in FY 2020. In addition to saving electricity, the LED lighting retrofit projects will lead to reductions in greenhouse gas emissions associated with electricity use and operational savings due to the need for less frequent lighting maintenance and replacement.

Staff has projects currently identified that can begin once funding for the second-year investment in the Energy Strategy has been approved. Most of these projects include continuing the replacement of incandescent or fluorescent lighting with LED lighting, and optimizing building efficiency using building automations systems to control the operation of HVAC systems. All of these projects are designed to reduce greenhouse-gas emissions, lower utility bills for County buildings, and promote an energy-conscious culture within the County's workplace. The 10-year investment for this goal is approximately $48 million; however, by year seven, utility cost avoidance generated by the investment is projected to offset the cost of the projects. The annual energy savings are 264 million kBtu and the simple Return on Investment is projected to be $82 million over 10 years.

Lorton Library and Lorton Community Center		**NON-RECURRING**
Fund 30030, Library Construction	FY 2020 General Fund Transfer	$1,530,000
	Net Cost	**$1,530,000**

The General Fund transfer to Fund 30030, Library Construction, is increased by $1,530,000 to enable the construction of the Lorton Library and Lorton Community Center to move forward concurrently. Bidding the construction contract at the same time for both projects will save an estimated $1.3 million and provide for a more efficient construction process. The facilities will share a wall, conference areas, and a lobby. Funding of $1.0 million was previously approved as part of the *FY 2018 Carryover Review* for the design associated with the Lorton Library. The Community Center will be ready for construction bid in January 2020 and this additional funding, combined with library contingency available due to the completion of several projects, will allow the Lorton Library to be fully funded. The Lorton Library can then be removed from the 2020 Bond Referendum.

Massey Complex Study		**NON-RECURRING**
Fund 30070, Public Safety Construction	FY 2020 General Fund Transfer	$150,000
	Net Cost	**$150,000**

The General Fund transfer to Fund 30070, Public Safety Construction, is increased by $150,000 to support additional programming scope associated with the Massey Complex Master Planning Study. Funding will support additional studies of existing programs, adjustments to the master plan concepts, additional stakeholder and community work sessions and team meetings, evaluation of co-location and relocation opportunities, and an additional structural analysis of the Historic Jail.

Wellness-Fitness (Well-Fit) Center and Parking Feasibility Study		**NON-RECURRING**
Fund 30070, Public Safety Construction	FY 2020 General Fund Transfer	$150,000
	Net Cost	**$150,000**

The General Fund transfer to Fund 30070, Public Safety Construction, is increased by $150,000 to perform a study of the Fire and Rescue Training Academy site to determine the feasibility of reconfiguring the current parking areas, demolishing the abandoned burn building and adding a parking garage to address inadequate parking at the site. In addition, the study would determine the feasibility of relocating the Fire and Rescue Department's Well-Fit facility at this location. Currently, the Well-Fit facility is in leased warehouse space, and the FY 2020 budgeted amount for lease and operating expenses is approximately $186,000. The study will develop the scope, review co-location possibilities with other facilities, perform parking analysis for the Training Academy, and determine the associated costs.

Technology Infrastructure			**NON-RECURRING**
Fund 60030, Technology Infrastructure Services		FY 2020 General Fund Transfer	$1,539,898
		Net Cost	**$1,539,898**

The General Fund transfer to Fund 60030, Technology Infrastructure Services, is increased by $1,539,898, to support the following:

- $1.13 million for the migration of FairfaxNet from the current SharePoint 2013 on-premises location to the cloud. This requires migrating content, business automation forms, and workflows to SharePoint with minimal operational impacts to Fairfax County employees. The migration will also facilitate the transition of Office 365 licenses from full licenses to light licenses.

- $209,898 associated with One Identity, which acts as the main Identity Management System for internal functionality. It is an integral part of the security operations of the County as it automatically provisions and de-provisions user access. This funding will be used for temporary staff augmentation and allow for the completion of additional requirements related to the Portal Group Management and additional One Identity functionality.

- $200,000 for the upgrade and implementation of the latest version of Webmethods. Webmethods is a software that allows the retrieval and processing of tax data from both the Mainframe and Oracle databases providing the ability to view and pay taxes online. This funding will cover the cost of the software license to the latest version, implementation, integration, and support.

Consideration Items

As of July 29, 2019, the Board of Supervisors has proposed one consideration item for the *FY 2019 Carryover Review* for $750,000 for contractual support for the development of the Community-Wide Energy and Climate Action Plan.

Additional Adjustments in Other Funds

Total FY 2020 expenditures in Appropriated Other Funds, excluding School funds, are requested to increase $2.16 billion over the FY 2020 Adopted Budget Plan. In addition to the adjustments in Appropriated Funds, there are adjustments totaling $40.75 million in Non-Appropriated Other Funds. Details of Fund 50000, Federal/State Grant Fund, are discussed in Attachment V, while details of FY 2020 adjustments in Appropriated and Non-Appropriated Other Funds other than Federal and State Grants are found in Attachment VI. School Board adjustments total $294.66 million, excluding debt service, over the FY 2020 Adopted Budget Plan. Details of School Board actions are available in Attachment C.

Summary of Recommended Actions

In summary, I am recommending that the Board take the following actions:

Approve Supplemental Appropriation Resolution AS 20009 as well as Fiscal Planning Resolution AS 20900 to provide expenditure authorization for FY 2019 Carryover encumbrances, unexpended balances, and administrative adjustments, including the following:

- Board appropriation of $27.09 million in General Fund encumbrances related to Direct Expenditures from FY 2019 as noted in the General Fund Statement and in Attachment III.

- Board appropriation of General Fund unencumbered commitments totaling $12.80 million as detailed in Attachment IV.

- Board appropriation of General Fund administrative adjustments as detailed earlier in this memorandum.

- Board appropriation of Federal/State grants in Fund 50000, Federal/State Grant Fund, totaling $384.57 million, or an increase of $272.02 million, as detailed in Attachment V.

- Board appropriation of remaining Other Funds Carryover. Details are available in Attachment I, Carryover Expenditures by Fund; in Attachment VI, Other Funds Detail; and in Attachment C, Fairfax County School Board's FY 2019 Final Budget Review and Appropriation Resolutions.