County of Fairfax, Virginia

MEMORANDUM

Attachment B

DATE: March 23, 2021

TO: Board of Supervisors

FROM: Bryan J. Hill
County Executive

SUBJECT: FY 2021 Third Quarter Review

Attached for your review and consideration is the *FY 2021 Third Quarter Review*, including Supplemental Appropriation Resolution AS 21190 and Amendment to the Fiscal Planning Resolution AS 21901. The Third Quarter Review includes recommended funding adjustments and the following attachments for your information.

Attachment I -	A General Fund Statement reflecting adjustments included in the Third Quarter Review. Also attached is a statement of Expenditures by Fund, Summary of All Funds.
Attachment II -	A Summary of General Fund Revenue reflecting a decrease of $5.74 million from the revenue estimates included in the *FY 2021 Mid-Year Review*.
Attachment III -	A detail of major expenditure changes in Appropriated and Non-Appropriated Other Funds. Expenditure changes, excluding audit adjustments, in all Appropriated Other Funds and excluding Schools, the General Fund, and the Federal/State Grant Fund, total a net increase of $326.91 million. Expenditures in Non-Appropriated Other Funds increase a total of $7.20 million.
Attachment IV -	Fund 50000, Federal/State Grants, detailing grant appropriation adjustments for a total net increase of $41.64 million.
Attachment V -	Supplemental Appropriation Resolution (SAR) AS 21190 and Amendment to the Fiscal Planning Resolution (FPR) AS 21901.
Attachment VI -	FY 2020 Audit Package including final adjustments to FY 2020 and the FY 2021 impact.
Attachment VII -	Fairfax County Public Schools (FCPS) Third Quarter Review

As the Board is aware, the Code of Virginia requires that a public hearing be held prior to the adoption of amendments to the current year budget when the adjustments exceed one percent of total expenditures. In addition, any amendment of one percent of expenditures or more requires that the Board advertise a synopsis of the proposed changes. A public hearing on the proposed changes included in the *FY 2021 Third*

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Quarter Review has been scheduled for April 13, 14, and 15, 2021. On April 27, 2021, the Board will take action on this quarterly review prior to marking up the FY 2022 Advertised Budget Plan.

The following is a summary of General Fund adjustments included in the *FY 2021 Third Quarter Review*.

Summary of Third Quarter Adjustments

(in millions)

Previous Balances		
FY 2021 General Fund Available Balance	$0	
	$0	
Net Available:		***$0***
FY 2021 Third Quarter Adjustments		
Revenue/Expenditure Adjustments		
Revenue Reductions	($7,299,590)	
Environmental and Energy Coordination Position	(21,378)	
Redirection of Utility Savings to Reserve for JET Recommendations	0	
June 2021 Primary Election	(500,000)	
Land Development Services Customer Experience Team	0	
Land Development Services Workload Resources	0	
Children's Services Act	1,052,734	
Mobile Unit to Address Increasing Caseloads in Child Protective Services	0	
New Positions for Community Center in Lee District	0	
Transfer of Health and Human Services Innovation Fund	0	
Snow Removal Costs	(300,000)	
IT Projects	(6,144,000)	
Park Authority Synthetic Turf Replacement Project	(460,000)	
Mount Vernon Athletic Club Loan Repayment	(3,226,872)	
	($16,899,106)	
Reductions/Savings		
One-Time Savings in Personnel Services, Operating Expenses, Fringe Benefits in Various Agencies	$23,350,000	
Reserve for Coronavirus Pandemic (COVID-19)	7,299,590	
	$30,649,590	
Net Third Quarter Adjustments:		***$13,750,484***
Net Available:		***$13,750,484****

** This balance is available for the Board's consideration, including for a potential one-time bonus for County employees, as directed by the Board at the February 9, 2021 Board of Supervisors meeting.*

The *FY 2021 Third Quarter Review* reflects a number of adjustments necessary to fund FY 2021 spending requirements and to offset anticipated revenue loss related to the coronavirus pandemic (COVID-19). The adjustments included in this package can be accommodated within a reduced revenue level as a result of savings generated by multiple agencies as well as the use of a portion of the funding held in the General Fund Coronavirus Pandemic Reserve. The net available balance is $13.75 million, reflecting an amount available for the Board's consideration. Per the Board's directive, these funds have been identified to fund a one-time bonus for County employees, in recognition of the hard work and dedication demonstrated by employees over the last year and as no pay increases are included in the FY 2021 budget or currently proposed for FY 2022. More information on a potential bonus is included later in this memorandum. It should be noted that as net General Fund disbursements are projected to be reduced as part of this review – even if the full available balance is utilized – and the County's reserves are currently funded at the full 10 percent target, no reserve adjustments are included in this package.

At the adoption of the FY 2021 budget, staff noted that due to the uncertainties regarding how long the COVID-19 health crisis would continue and the extent of its impact on County revenues, right-sizing the budget estimates would be an iterative process throughout the fiscal year. FY 2021 revenue estimates were decreased a net $9.9 million as part of the *FY 2020 Carryover Review* and another $15.0 million as part of the *FY 2021 Mid-Year Review*. FY 2021 revenues are recommended to be reduced by an additional $5.7 million, or 0.1 percent, as part of the *FY 2021 Third Quarter Review*. By far the largest reduction – $19.0 million – is associated with School-Age Child Care (SACC) revenues. Other revenue categories recommended for reductions include Transient Occupancy Taxes, General District Court fines, Parking Fines, and Health Department fee revenue, as well as many other charges and fees as a result of continued program closures and lower levels of activity across the County. Partially offsetting these revenue reductions are recommended increases in several revenue categories, some of which were already increased during the Mid-Year Review and have continued to perform well. These categories include the Recordation Tax, where growth is due to the strong residential real estate market and refinancings; Sales Tax, based on a shift towards online spending during the pandemic, and Personal Property Tax, based on a higher projected business levy. Additionally, Land Development Services (LDS) Building and Inspection fees are recommended to increase, although these increases are offset by corresponding expenditure adjustments as described more in detail in the Administrative Adjustments section below. Because many revenue categories are sensitive to economic conditions, there is the potential that actual receipts may deviate from the revenue estimates. Any necessary FY 2021 and FY 2022 revenue adjustments will be included in the Add-On Review package.

In keeping with the conservative budget posture that has served the County well over the past year, this package has a limited number of disbursement adjustments. The single largest adjustment is a $6.14 million transfer to support continued IT projects, which is consistent with the approach used in recent years to fund IT project requirements as part of the Third Quarter and Carryover reviews. Similarly, capital paydown projects, specifically those related to infrastructure replacement and upgrades, have also been funded in recent years through one-time funds available at quarterly reviews. As part of this package, balances available in the County's debt service fund are recommended to be redirected for this purpose. In addition, funding of $3.23 million is included to reimburse the Fairfax County Redevelopment and Housing Authority for the purchase of the Mount Vernon Athletic Club, $0.50 million will support the Office of Elections during the June 2021 Primary Election, and $0.46 million will supplement reduced Athletic Services Fee revenue to allow the Synthetic Turf Replacement Program to proceed with its full replacement schedule in FY 2022.

These and the other adjustments that are discussed in detail later in this memo are more than offset by reductions that have been identified in multiple agencies. Agencies have continued to maintain position vacancies throughout the pandemic and have also reduced expenditures through contractual savings and reduced program participation. Savings are also being realized in fringe benefits due to the closure of the County's highest-cost health plan, and in the Health Department as costs for positions deployed to respond to the pandemic have been shifted to federal stimulus funds. These savings, totaling $23.35 million across eleven agencies, are significant but are not expected to impact agency operations. The General Fund Coronavirus Pandemic Reserve has also been reduced to offset the $7.30 million in revenue reductions that are not related to disbursement adjustments. In addition, one-time utility savings of $0.75 million based on lower occupancy in County buildings and reduced utility usage are redirected and held in reserve to implement the recommendations of the Joint Environmental Task Force (JET).

<u>As a result of these adjustments, an available balance of $13.75 million has been identified as part of the *FY 2021 Third Quarter Review*.</u> This balance is available for the Board's consideration to address one-time priorities or consideration items. These funds have also been set aside per the Board's direction at the February 9, 2021 meeting for staff to identify funds for a potential one-time bonus for County employees. Each increment of $500 for merit employees and $250 for non-merit employees, payable to County employees hired prior to January 1, 2021, and active as of the pay period when the one-time bonus is paid, is estimated to consume $6.33 million of the identified balance including direct costs to the General Fund and support for other funds. Thus, the available balance could accommodate one-time bonuses of $1,000 and $500 for merit and non-merit employees, respectively, as those bonuses would total $12.66 million. It is anticipated that a discussion regarding the one-time bonuses will take place as part of the Budget Committee meeting on April 6, 2021. Pending the Board's approval of a bonus as part of its action on the *FY 2021 Third Quarter Review* on April 27, staff would make the necessary budgetary adjustments and work with the Department of Human Resources to implement the bonuses in May 2021. Any remaining balance after Board consideration is recommended to be added to the General Fund Coronavirus Pandemic Reserve.

Additionally, as the Board is aware, the County is projected to receive $222.56 million in additional direct federal assistance through the American Rescue Plan (ARP), which was signed into law on March 11. A first tranche of approximately $111 million is expected to be received during FY 2021, with the second payment no earlier than 12 months following the first payment. Staff are awaiting confirmation of the funding total from the U.S. Department of Treasury. It is anticipated that, depending on the timing of the notice of the actual award, Board approval and acceptance of the funds could be included as part of Board action on the *FY 2021 Third Quarter Review* on April 27.

Allowable uses of the American Rescue Plan recovery funds include the ability to offset revenue loss caused by the public health emergency. The County's parks system has been particularly impacted by the pandemic, as a significant reduction in revenue collections has been experienced due to the closure of facilities and the cancellation of programs. As part of last year's Carryover Review, savings generated from the Fairfax County Park Authority (FCPA) General Fund budget were transferred to Fund 80000, Park Revenue and Operating Fund, to partially address the budgetary shortfall caused by the pandemic. Throughout FY 2021, the Park Authority has continued to limit expenditures in order to generate savings that could offset revenue losses, both in the General Fund and in Fund 80000. It was anticipated that as part of the *FY 2021 Third Quarter Review*, projected savings in the FCPA General Fund budget would again be transferred to Fund 80000. However, based on the potential use of stimulus funds to help mitigate the negative impacts of the pandemic on the parks system, this recommended transfer has been deferred. Staff continues to await more specific guidance regarding how revenue loss would be calculated for stimulus eligibility purposes, as well as any limitations in use of such funds. Once the guidance is more clear, an allocation from the County's ARP funds may be recommended; otherwise, FCPA General Fund savings will be recommended to be transferred to Fund 80000 as part of the *FY 2021 Carryover Review*.

It should be noted that 17 new positions are recommended as part of the *FY 2021 Third Quarter Review*, with the cost of 11 of these positions offset by increased revenue. These include 6 positions for the Department of Family Services for a new mobile unit to address increasing caseloads in Child Protective Services (offset by state revenue), 5 positions in the Department of Neighborhood and Community Services to support limited programming when the Community Center in Lee District opens to the public in June 2021, 5 positions in Land Development Services to establish a Customer Experience Team to address increased call volume (offset by increased LDS fee revenue), and 1 position in the Office of Environmental and Energy Coordination in the Office of the County Executive to support the expansion of the Energy Analysis Team.

In addition to the General Fund adjustments summarized above, balances in Fund 20000, Consolidated Debt Service, have been utilized to meet several requirements in other funds. A transfer of $5.28 million to Fund 30020, Infrastructure Replacement and Upgrades, is included to support one-time capital expenses at County facilities as noted earlier. In addition, a transfer of $6.76 million to Fund 60000, County Insurance, is included to address an increase in the calculated accrued liability based on the most recent actuarial valuation.

Summary of Administrative Adjustments

The following General Fund adjustments are made as part of the *FY 2021 Third Quarter Review*. It should be noted that, although no revenue adjustments are included other than those associated with expenditure adjustments outlined below, a discussion of revenues is included in the Summary of General Fund Revenue, Attachment II.

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

SPENDING ADJUSTMENTS $9.60 MILLION

Environmental and Energy Coordination Position		**RECURRING**
Agency 02, Office of the County Executive	FY 2021 Expenditure	$14,097
Agency 89, Employee Benefits	FY 2021 Expenditure	$7,281
	Net Cost	**$21,378**
Agency 02, Office of the County Executive	FY 2022 Expenditure	$91,626
Agency 89, Employee Benefits	FY 2022 Expenditure	$47,329
	Net Cost	**$138,955**

Funding of $14,097 is required for 1/1.0 FTE new position in the Office of Environmental and Energy Coordination (OEEC) Division of the Office of the County Executive. Funding will support the expansion of the Energy Analysis Team to oversee, manage and report on the energy savings performance contract; manage the County's EnergyCAP database; forecast energy usage; and assist with the development of energy policies and strategies. It should be noted that an increase of $7,281 in Fringe Benefits is included in Agency 89, Employee Benefits.

Redirection of Utility Savings to Reserve for JET Recommendations		**NON-RECURRING**
Agency 08, Facilities Management Department	FY 2021 Expenditure	($750,000)
Fund 30015, Environmental and Energy Program	FY 2021 General Fund Transfer	$750,000
	Net Cost	**$0**

A decrease of $750,000 reflects one-time projected savings based on lower occupancy in County buildings and reduced utility usage during the COVID-19 pandemic in FY 2021. The savings reflect lower electricity costs and minor reductions in gas expenditures. The Facilities Management Department is responsible for payment of County building utilities, including electricity, natural gas, water, and propane. Additional savings may be identified at year-end but are dependent on winter temperatures and actual invoices in the next several months. These savings have been redirected to Fund 30015, Environmental and Energy Programs, as a reserve to begin to implement the recommendations of the Joint Environmental Task Force (JET). The JET was formed in April 2019 and is comprised of representatives from the Board of Supervisors, the School Board, and the community. The JET was tasked with identifying areas of collaboration to advance county and school efforts in energy efficiency and environmental sustainability. The JET Final Report, issued in October 2020, includes recommendations regarding county and school operations within the four focus areas of energy, transportation, waste management and recycling, and workforce development. An overarching recommendation is for the county, schools, Park Authority and Fairfax County Redevelopment and Housing Authority to commit to being energy carbon neutral by 2040. Additional goals pertain to electrification of county and school fleet vehicles and buses, the development of a Zero Waste Plan, and the provision of "green" career resources for students and adult learners. These utility savings will provide initial funding to implement the JET recommendations.

June 2021 Primary Election		**NON-RECURRING**
Agency 15, Office of Elections	FY 2021 Expenditure	$500,000
	Net Cost	**$500,000**

One-time funding in the amount of $500,000 is required to support the June 2021 Primary Election. Funding will primarily support increased staffing necessary to process absentee ballots and staff voting locations, the purchase of ballots, supplies for polling and satellite locations, as well as increased printing and postage expenses associated with projected increases in mail-in voting.

Customer Experience Team		**RECURRING**
	FY 2021 Revenue	$97,818
Agency 31, Land Development Services	FY 2021 Expenditure	$65,443
Agency 89, Employee Benefits	FY 2021 Expenditure	$32,375
	Net Cost	**$0**
	FY 2022 Revenue	$396,273
Agency 31, Land Development Services	FY 2022 Expenditure	$266,774
Agency 89, Employee Benefits	FY 2022 Expenditure	$129,499
	Net Cost	**$0**

Funding of $97,818, including $65,443 and 5/5.0 FTE new positions in Agency 31, Land Development Services (LDS), and $32,375 in Agency 89, Employee Benefits, is required to address substantially increased call volume and new complex processes. Due to the COVID-19 pandemic, LDS business areas have pivoted from in-person interactions to complex virtual exchanges. Prior to the pandemic, 2,000 people visited the agency's Customer and Technical Support Center in the Herrity Building monthly to ask questions and conduct in-person transactions. Since March 2020, LDS has shifted to 100 percent all-electronic submission for permits and plans including online payment processing. As a result, the number of phone calls received has increased exponentially. The agency is standing up a Customer Experience Team (CET) to mitigate the challenges it has experienced. The CET will provide top-notch customer service experience to LDS customers who need navigation through the system. The 5 new positions, including 2 Engineering Aides, 2 Engineering Technicians I, and 1 Administrative Assistant III, will help LDS strengthen the technical capacity of the team and meet the agency's goals. A commensurate revenue increase completely offsets these expenditures, with no net funding impact to the General Fund.

Based on the recommended FY 2021 adjustments, funding of $396,273, including $266,774 in Agency 31, Land Development Services, and $129,499 in Agency 89, Employee Benefits, will be required in FY 2022 to support the aforementioned activities on an ongoing basis. A commensurate revenue increase completely offsets these expenditures, with no net funding impact to the General Fund.

Land Development Services Workload Resources		**RECURRING**
	FY 2021 Revenue	$2,400,000
Agency 31, Land Development Services	FY 2021 Expenditure	$2,000,000
Agency 89, Employee Benefits	FY 2021 Expenditure	$400,000
	Net Cost	**$0**
	FY 2022 Revenue	$2,400,000
Agency 31, Land Development Services	FY 2022 Expenditure	$2,000,000
Agency 89, Employee Benefits	FY 2022 Expenditure	$400,000
	Net Cost	**$0**

Funding of $2,400,000 is required to address development regulation workload requirements. Funding of $2,000,000, including $1,600,000 in Agency 31, Land Development Services and $400,000 in Agency 89, Employee Benefits, is required to continue meeting workload associated with increasing site plan and building permit activity. Additionally, funding of $400,000 in Agency 31, Land Development Services, is required to support contracted elevator safety compliance. A commensurate revenue increase will completely offsets expenditures based on projections, with no net funding impact on General Fund.

Based on the recommended FY 2021 adjustments, funding of $2,400,000, including $2,000,000 in Agency 31, Land Development Services, and $400,000 in Agency 89, Employee Benefits, will be required in FY 2022 to support the aforementioned activities on an ongoing basis. A commensurate revenue increase completely offsets the expenditures, with no net funding impact to the General Fund.

Children's Services Act		**NON-RECURRING**
	FY 2021 Revenue	($1,047,266)
Agency 67, Department of Family Services	FY 2021 Expenditure	($2,100,000)
	Net Cost	**($1,052,734)**

A decrease of $1,052,734 to expenditures is associated with mandated funding requirements in the Children's Services Act (CSA) based on lower than anticipated expenditures in FY 2021. Actual costs for the CSA program are dependent on the number of youth served and the complexity of services provided. COVID-19 has impacted the entire system and the number of youth being served is down relative to prior years. Additionally, the CSA system has worked to contain costs by utilizing community-based services and minimizing the length of stay when a residential placement is necessary. The expenditure decrease is partially offset by a decrease in state funding of $1,047,266 for a net savings to the General Fund of $1,052,734.

Mobile Unit to Address Increasing Caseloads in Child Protective Services **RECURRING**

	FY 2021 Revenue	$104,042
Agency 67, Department of Family Services	FY 2021 Expenditure	$69,607
Agency 89, Employee Benefits	FY 2021 Expenditure	$34,435
	Net Cost	**$0**
	FY 2022 Revenue	$732,606
Agency 67, Department of Family Services	FY 2022 Expenditure	$496,093
Agency 89, Employee Benefits	FY 2022 Expenditure	$236,513
	Net Cost	**$0**

Funding of $104,042 is included to support 6/6.0 FTE new positions for a new mobile unit in the Department of Family Services. These positions are needed to address increasing caseloads in Child Protective Services (CPS) for both intake and ongoing services. The number of CPS referrals has increased 18 percent between FY 2017 and FY 2019 and the number of staff to respond to these referrals has stayed the same. Additionally, it is expected that there will be a surge of new referrals as Fairfax County Public Schools (FCPS) transitions back to in-person learning since most referrals are made by FCPS staff. These positions will also support new mandates related to implementation of the Family First Prevention Services Act to provide effective in-home services to reduce the likelihood of foster care placement. The new mobile unit will ensure the County is ready to address the increasing caseloads for both intake and ongoing services as well as to stay in compliance with the Virginia Department of Social Services for both timeliness and accuracy of cases processed. The expenditure increase is fully offset by an increase in state funding for no net impact to the General Fund.

New Positions for Community Center in Lee District **RECURRING**

	FY 2021 Revenue	$0
Agency 79, Dept. of Neighborhood and Community Services	FY 2021 Expenditure	$0
Agency 89, Employee Benefits	FY 2021 Expenditure	$0
	Net Cost	**$0**
	FY 2022 Revenue	$0
Agency 79, Dept. of Neighborhood and Community Services	FY 2022 Expenditure	$0
Agency 89, Employee Benefits	FY 2022 Expenditure	$0
	Net Cost	**$0**

An additional 5/4.5 FTE positions are included to support limited programming when the Community Center in Lee District opens to the public in June 2021. The County purchased property located in the Lee District that will be utilized as a community center to serve the residents living in the surrounding neighborhoods. Recreational and educational programming will be offered to residents of all ages. The facility will be fully operational in FY 2022. The cost of these positions can be absorbed within the existing FY 2021 appropriation. Full-year funding was included in the FY 2022 Advertised Budget Plan.

Transfer of Health and Human Services Innovation Fund **NON-RECURRING**

Agency 79, Dept. of Neighborhood and Community Services	FY 2021 Expenditure	$600,000
Agency 87, Unclassified Administrative Expenses	FY 2021 Expenditure	($600,000)
	Net Cost	**$0**

Funding of $600,000 in Operating Expenses is associated with the transfer of the Health and Human Services (HHS) Innovation Fund from Agency 87, Unclassified Administrative Expenses to Agency 79, Department of Neighborhood and Community Services. The HHS Innovation Fund supports the development of new and innovative approaches that transform nonprofit service delivery practices, create entrepreneurial venues that support their mission, or foster the utilization of technology to improve customer outcomes. This adjustment is consistent with the transfer of baseline funding included in the FY 2022 Advertised Budget Plan.

Snow Removal Costs			**NON-RECURRING**
Agency 87, Unclassified Administrative Expenses-DPWES		FY 2021 Expenditure	$300,000
		Net Cost	**$300,000**

Funding of $300,000 is required to provide additional funding for snow removal costs associated with Agency 87, Unclassified Administrative Expenses-DPWES. The Transportation Operations Division within DPWES-Stormwater is responsible for snow removal at all County owned and maintained facilities including fire stations, police stations, mass transit facilities, government centers, libraries, human services centers, and recreation centers. In FY 2021, snow removal costs have been higher than anticipated due to several snow and ice events and increased costs associated with chemicals and contractor services. In addition, the number of facilities for which Stormwater is now responsible has increased in recent years and includes large facilities such as the Merrifield Center and the Public Safety Headquarters.

IT Projects			**NON-RECURRING**
Fund 10040, Information Technology		FY 2021 General Fund Transfer	$6,144,000
		Net Cost	**$6,144,000**

The General Fund transfer to Fund 10040, IT Projects, is increased by $6,144,000 to support the funding of continued IT projects. As indicated in the FY 2022 Advertised Budget Plan, projects were anticipated to be funded with one-time balances as part of the *FY 2021 Third Quarter Review*. While using one-time funds at Third Quarter and Carryover reviews to support County initiatives has been a consistent strategy employed in recent years due to limited funding, it will be necessary in future years to increase baseline funding for these investments.

Park Authority Synthetic Turf Replacement Project			**NON-RECURRING**
Fund 30010, General Construction and Contributions		FY 2021 General Fund Transfer	$460,000
		Net Cost	**$460,000**

The General Fund transfer to Fund 30010, General Construction and Contributions, is increased by $460,000 to provide partial funding for the Synthetic Turf Replacement Program. Revenue associated with the Athletic Services Fee has been significantly impacted due to limited sports activity during the COVID-19 pandemic. In addition, annual donations previously received from sports leagues has been reduced. This reduced revenue in FY 2021, the rising cost of field replacements from an average of $450,000 to $480,000 per field and an increase in the inventory, has created a deficit in required funding. Based on the current replacement schedule funding of $460,000 is required to fully fund the identified fields scheduled for replacement in FY 2022. There are six fields currently at the end of their useful life and planned for replacement in FY 2022. Staff has reviewed the schedule to assess if any fields could be deferred based on lower usage during the pandemic. Steps have been implemented to extend field life and tests administered in accordance with the American Society for Testing and Materials (ASTM). These tests have indicated that all of the fields scheduled to be replaced in FY 2022 have deteriorated beyond their useful life and require replacement. This funding will allow the design and replacement of all six fields to begin during the summer 2021 season and be completed in time for the fall sports season. Without additional funding, one of the fields at the end of its useful life will not be replaced, potentially resulting in unsafe playing conditions or field closure.

Mount Vernon Athletic Club Loan Repayment		**NON-RECURRING**
Fund 81000, FCRHA General Operating	FY 2021 General Fund Transfer	$3,226,872
	Net Cost	**$3,226,872**

A General Fund transfer of $3,226,872 to Fund 81000, FCRHA General Operating, is included to reimburse the Fairfax County Redevelopment and Housing Authority (FCRHA) for the purchase of the Mount Vernon Athletic Club. The facility was purchased in April 2020 to set up a community center in Lee District, with plans to offer recreational and educational programming to residents of all ages. The FCRHA is currently working with Facilities Management Department (FMD) on renovations and upgrades to the facility, and it is anticipated that the facility will be available for limited programming beginning in the last quarter of FY 2021. As part of the *FY 2021 Third Quarter Review*, 5/5.0 FTE positions are recommended in the Department of Neighborhood and Community Services to allow the facility to open later this fiscal year. Full-year costs for these positions have already been included in the FY 2022 Advertised Budget Plan.

REDUCTIONS/SAVINGS ($30.65 MILLION)

One-Time Savings in Personnel Services, Operating Expenses, Fringe Benefits		**NON-RECURRING**
Agency 52, Fairfax County Public Library	FY 2021 Expenditure	($500,000)
Agency 57, Department of Tax Administration	FY 2021 Expenditure	($750,000)
Agency 67, Department of Family Services	FY 2021 Expenditure	($2,000,000)
Agency 71, Health Department	FY 2021 Expenditure	($3,250,000)
Agency 77, Office of Strategy Management for Human Services	FY 2021 Expenditure	($250,000)
Agency 81, Juvenile and Domestic Relations Court	FY 2021 Expenditure	($500,000)
Agency 89, Employees Benefits	FY 2021 Expenditure	($9,500,000)
Agency 90, Police Department	FY 2021 Expenditure	($2,000,000)
Agency 91, Office of the Sheriff	FY 2021 Expenditure	($1,200,000)
Agency 92, Fire and Rescue Department	FY 2021 Expenditure	($2,000,000)
Fund 40040, Fairfax-Falls Church Community Services Board	FY 2021 Expenditure	($1,400,000)
	Net Cost	**($23,350,000)**

A number of reductions totaling $23,350,000 are included in Personnel Services, Operating Expenses, and Fringe Benefits. Personnel Services reductions reflect anticipated savings based on efficiencies and trends in actual Personnel expenditures. These savings will be achieved by managing position vacancies and filling only those positions critical to continue operating core County functions during the COVID-19 pandemic. It is important to note that these savings are not expected to impact agency operations as current staffing levels are being monitored. Reductions to Operating Expenses are the result of contractual savings as well as lower than anticipated program participation due to the COVID-19 pandemic. Fringe Benefits include savings from the migration out of the County's highest-cost health plan into other more cost-effective co-insurance and consumer-directed health plans. In addition to savings for the County, these movements also result in out-of-pocket savings to County employees. Additionally, it should be noted that savings in the Health Department are directly attributable to the costs of positions deployed for pandemic response being shifted to the County's Coronavirus Relief Funds. Thus, this reduction in no way impacts the agency's ability to continue to respond to the current public health crisis.

Reserve for Coronavirus Pandemic (COVID-19) **NON-RECURRING**
Agency 87, Unclassified Administrative Expense FY 2021 Expenditure ($7,299,590)
Net Cost ($7,299,590)

A reduction of $7,299,590 in the General Fund Coronavirus Pandemic Reserve in Agency 87, Unclassified Administrative Expenses, is required to help offset revenue losses as a result of COVID-19. The reserve was established as part of the *FY 2020 Third Quarter Review* to support preparedness efforts for multiple agencies in response to COVID-19, as well as to assist in offsetting potential revenue losses. With this adjustment, the balance of the reserve is $8,654,872. Staff will continue to provide updates to the Board of Supervisors regarding usage of the reserve for pandemic response efforts not eligible for funding through the Coronavirus Relief Fund (CRF) or eligible for reimbursement through FEMA. Currently, $2,275,000 has been allocated for response efforts, primarily to augment basic needs assistance to residents and to fund RISE grants for businesses not eligible for CRF funds.

Consideration Items

As of March 22, 2021, the Board of Supervisors has proposed two consideration items for the *FY 2021 Third Quarter Review*. These include providing funding to support transportation analyses associated with the Lorton Visioning Study and the Fairfax Center Area Study ($0.55 million) and providing funding to support Site-Specific Plan Amendment work associated with the Lorton Visioning and the Fairfax Center Area Study ($0.25 million).

Summary

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

- Board approval of the funding and audit adjustments contained in this package which result in a General Fund Available Balance of $13.75 million and an increase of $326.91 million in Appropriated Other Funds expenditures excluding Federal and State Grants, audit adjustments and Schools' funds. Details regarding adjustments for School funds as requested by the Fairfax County Public Schools are provided in the Schools' Recommended *FY 2021 Third Quarter Review* package (Attachment VII).
    - Supplemental Appropriation Resolution AS 21190
    - Amendment to Fiscal Planning Resolution AS 21901
- Board appropriation of Federal/State grant adjustments in Fund 50000, Federal/State Grants, totaling an increase of $41.64 million.