FY 2016
Adopted Budget Plan

Multi-Year Budget – FY 2016 and FY 2017

Multi-Year Financial Planning Process/Financial Forecast

Beginning in FY 2014, the County undertook a more comprehensive multi-year General Fund budgeting process - the development of a two-year budget framework. The two years include the budget just approved by the Board of Supervisors (FY 2016) and the subsequent year framework (FY 2017). In this way County staff throughout the organization will be able to more completely outline the prospective issues that will need to be addressed as part of the budget process for the following year, more clearly demonstrate the impact of decisions in the budget being adopted, and lay out a more accurate projected shortfall or surplus for the next year as well as any associated options for balancing that budget. The process will culminate in the adoption each year of the annual budget, as required by State Code.

In addition to the development of the requirements for the budget year, the process includes review and analysis by each General Fund agency of its upcoming requirements for FY 2017. Specifically, agencies are projecting increased workload requirements, the impact of changing demographics, and the cycle of replacement for infrastructure, as well as areas for greater efficiency.

The multi-year budget process includes a three-year historic view of the General Fund, the FY 2015 revised budget, the FY 2016 Adopted Budget and the FY 2017 Projections. In addition, a detail of increases, both in dollars and as percentages, are included at the end of this section. This review will be expanded next year with another year of budget forecast added to further enhance budget development.

Summary of the FY 2016 and FY 2017 Multi-Year Budget

As a result of the projections for revenues and expenditures included below, a budget shortfall of $95.52 million is currently projected for FY 2017. In summary (in millions):

General Fund	FY 2015 Revised	FY 2016 Adopted	FY 2017 Projected	% Change FY 2016 – FY 2017
Beginning Balance	$156.39	$75.92	$76.70	
Revenues	$3,703.13	$3,810.51	$3,905.04	2.48%
Transfers In	$12.15	$9.83	$9.83	
Total Available	**$3,871.67**	**$3,896.25**	**$3,991.57**	
School Operational and Debt Service Transfer	$1,945.64	$2,012.31	$2,085.17	3.62%
County Disbursements	$1,850.11	$1,807.24	$1,921.48	6.32%
Total Disbursements	**$3,795.75**	**$3,819.55**	**$4,006.64**	**4.90%**
Ending Balance	$75.92	$76.70	($15.07)	
Managed Reserve	$75.92	$76.70	$80.44	
Other Reserves	$0.00	$0.00	$0.0	
As included in the FY 2016 and FY 2017 Multi-Year Budget				
Current Balance/(Shortfall)		**$0.00**	**($95.52)**	

The detail of the revenue and expenditure assumptions discussed below are also presented in the Multi-Year Budget Schedule at the end of this section, and the County Executive's budget letter contains important information on the context of the FY 2016 and FY 2017 Multi-Year Budget.

Revenue Assumptions

Based on the assumptions and estimates detailed below, General Fund revenues are projected to experience moderate increases of 2.90 percent and 2.48 percent in FY 2016 and FY 2017, respectively. Revenue growth rates for individual categories are shown in the following table:

ACTUAL AND PROJECTED REVENUE GROWTH RATES

Category	ACTUAL FY 2014	PROJECTIONS FY 2015	FY 2016	FY 2017
Real Estate Tax - Assessment Base	3.40%	5.77%	3.46%	3.20%
Equalization	2.63%	4.84%	2.40%	2.35%
Residential	3.50%	6.54%	3.39%	3.25%
Nonresidential	0.14%	-0.10%	-0.60%	-0.50%
Normal Growth	0.77%	0.93%	1.06%	0.85%
Personal Property Tax - Current[1]	0.32%	0.92%	1.08%	1.25%
Local Sales Tax	-0.86%	3.40%	2.76%	2.80%
Business, Professional and Occupational, License (BPOL) Taxes	-2.69%	-3.39%	0.00%	1.00%
Recordation/Deed of Conveyance	-25.41%	-1.95%	1.00%	1.00%
Interest Rate Earned on Investments	0.45%	0.43%	0.65%	0.85%
Building Plan and Permit Fees	2.44%	7.11%	9.83%	2.00%
Charges for Services	-1.86%	2.95%	1.63%	0.60%
State/Federal Revenue[1]	4.04%	-2.13%	3.58%	0.31%
TOTAL REVENUE	**2.52%**	**3.26%**	**2.90%**	**2.48%**

[1] The portion of the Personal Property Tax reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 is included in the Personal Property Tax category for the purpose of discussion in this section.

Economic Indicators and Assumptions

Economic projections for the national and local economies were reviewed from a variety of sources in the development of these revenue estimates including IHS, the Congressional Budget Office and the National Association of Realtors. For forecasts of the state and Northern Virginia economies, staff reviewed information from Chmura Economics & Analytics and George Mason University's Center for Regional Analysis. Projections specific to Fairfax County are obtained from economic forecaster IHS.

The U.S. economy contracted at a rate of 0.7 percent during the first quarter of 2015 after growing 2.2 percent in the fourth quarter of 2014. The slowdown likely reflected temporary factors, such as harsh winter weather. Consumer spending, which makes up more than two-thirds of economic activity, grew 1.8 percent in the first quarter, compared with an increase of 4.4 percent in the fourth quarter. In addition, exports declined 7.6 percent as the strong dollar made U.S. goods more expensive for foreign buyers. Government spending declined 1.1 percent. The U.S. economy is estimated to have grown 2.4 percent in 2014 and most economists anticipate that it will expand approximately 3.0 percent in calendar year 2015.

Nationwide, job growth was robust throughout 2014. On average, 260,000 jobs per month were added during 2014, compared to an average monthly gain of 199,000 in 2013. The unemployment rate in April 2015 was 5.4 percent, the lowest level since April 2008.

Gains in home prices nationwide slowed during 2014. According to the S&P/Case-Shiller home price index, home prices were up 4.5 percent for the 12 months ending December 2014, the slowest rate since October 2012. Home prices in the Washington Metropolitan area posted a 1.5 percent gain during the same period. The pace of home price appreciation is expected to remain constrained during 2015 due to low inventory levels and tight lending standards.

For years, Fairfax County benefited from its proximity to the federal government. During the recession, the region was an anomaly in that it shed fewer jobs than most other areas in the country as the federal government increased spending and hiring to prop up the economy. During the last couple of years, however, the local economy has been underperforming, as the ripple effects from sequestration cuts proved more long-lasting than initially expected. The cornerstone sectors – the federal government and professional services – are losing jobs. Based on revised figures, federal employment in Northern Virginia decreased by 3,700 jobs from December 2012 through December 2014. During the same period, the Professional and Business Services sector lost 9,600 jobs. In 2014**,** the number of jobs in Northern Virginia stagnated, rising at a revised rate of just 0.1 percent. Prior to the recession, job growth averaged 2.4 percent from 2004 through 2007. This equates to just 1,100 jobs created in 2014, a dramatic decline from the 9,200 jobs created in 2013 and the average of 25,850 jobs created in 2011 and 2012. However, during the first quarter of 2015, the labor market has shown significant improvement, rising an average of 14,830 new jobs per month.

Based on preliminary estimates from IHS, Gross County Product (GCP), adjusted for inflation, increased at a rate of just 0.7 percent in 2014 after decreasing 2.0 percent in 2013. The County's unemployment rate is 3.9 percent as of March 2015, a decline from the 4.3 percent experienced in March 2014.

Local Housing Market

The weak labor market in Northern Virginia has been a weight on the local housing market. Based on information from the Metropolitan Regional Information System (MRIS), the average sales price of homes sold in Fairfax County rose a modest 1.3 percent from $531,567 in 2013 to $538,280 in 2014. The average 2014 home selling price has still not reached its previous peak value of $543,271 achieved in 2005. MRIS also reported that 13,549 homes sold in the County in 2014, down 10.1 percent from 2013. Homes that sold during 2014 were on the market for an average of 45 days, 8 days longer than the 2013 level of 37 days. The local housing market showed improvement during the first quarter of 2015. The number of homes sold during this period increased 5.3 percent over the first quarter of 2014. Home price appreciation also accelerated during this period. The average price of a home sold during the first quarter of 2015 was up 3.7 percent from $505,853 to $524,675. Home sales throughout 2015 will impact the FY 2017 real estate assessment base.

Local Nonresidential Market

The stalled labor market also impacted the commercial real estate market. As government contractors cut back employment, they reduced their real estate footprints and delayed expansions. Total office leasing activity during 2014 was 9.8 million square feet, down from the three-year high of 12.3 million square feet in 2013. The majority of the leasing activity in 2014 involved renewals and consolidations. In 2014, office development continued around Metro stations on the Silver Line corridor and near Fort Belvoir. New office deliveries exceeded 1.5 million square feet in eight buildings during 2014. The increased space and lower leasing activity resulted in an increase in the office vacancy rate. According to the Fairfax County Economic Development Authority, the direct office vacancy rate rose from 14.4 percent in 2013 to 16.3 percent as of year-end 2014. This is the highest office vacancy rate since 1991 when the rate was 16.8 percent. Including sublet space, the overall office vacancy rate as of year-end 2014 was 17.7 percent, a one-percentage point increase over the 16.7 percent recorded as of year-end 2013.

Office vacancy rates are anticipated to remain high in 2015 due to sluggish economic conditions and new office deliveries. As of year-end 2014, nine buildings with an additional 2.5 million square feet were under construction in the County. Over half of this new office space is speculative development. The interest in speculative development reflects confidence in the Fairfax County office market; however, as vacancy rates are still elevated in historical terms, there could be concern that this space will not be easily leased. Speculative development has been focused along Metro's Silver Line in Tysons and Reston, as well as in the southeastern portion of the County around the National Geospatial-Intelligence Agency.

Personal Property Taxes

Current Personal Property Tax revenue, which represents approximately 15 percent of total General Fund revenue, is anticipated to experience an increase of 1.1 percent in FY 2016 primarily due to a modest rise in the vehicle component, which comprises over 73 percent of the total Personal Property levy. Nationwide, new vehicle sales in 2014 rose to their highest level since 2006. Increases in consumer confidence and low gas prices were two reasons for the increase. These factors will impact Personal Property Tax revenue in FY 2017, which is projected to increase 1.25 percent over FY 2016.

Other Major Revenue Categories

Sales tax receipts are projected to rise 3.4 percent in FY 2015. This rate, which is the highest rate in three years, is partially due to the decline in FY 2014 caused by severe winter weather, refunds totaling $2.0 million and federal sequestration. Moderating growth of 2.8 percent is projected in both FY 2016 and FY 2017. BPOL (Business, Professional and Occupational License tax) receipts will continue to be impacted by lower projected federal procurement spending. Consultant and professional business services will feel the brunt of this impact. Combined, these categories comprise nearly 44 percent of total BPOL receipts. Total BPOL receipts are anticipated to drop 3.4 percent in FY 2015 and experience no growth in FY 2016. In FY 2017, the consultant and professional business services categories are anticipated to be level with FY 2016 receipts primarily as a result of the recent Virginia Supreme Court decision. Other BPOL categories such as retail and professional occupations are projected to experience modest growth of 1.7 percent. Overall, BPOL receipts are expected to increase 1.0 percent in FY 2017. Recordation and Deed of Conveyance revenues, which are paid for recording deeds, are anticipated to be down in FY 2015 primarily due to declines in mortgage refinancings. Growth of 1.0 percent is projected in FY 2016 and FY 2017 based on modest growth in home sales.

Building permit fee revenue is anticipated to rise 7.1 percent and 9.8 percent in FY 2015 and FY 2016, respectively, as a result of an across the board fee increase effective January 2015 that will be used to support additional staff to improve customer service and reduce plan review timeframes. Due to development around the Metro's Silver Line, Tysons and Fort Belvoir, construction activity and building permit fee revenue are forecasted to grow 2.0 percent in FY 2017. Other permits, licenses, and user fees are also expected to experience modest growth throughout the forecast period.

Revenue from Interest on Investments is highly dependent on Federal Reserve actions. The federal funds rate has remained unchanged since the end of 2008, when it was set at 0.0 to 0.25 percent, the lowest in history. Based on statements by the Federal Reserve, the federal funds rate is expected to begin to rise gradually during FY 2016 based on the improvement in U.S. economic conditions. The average annual yield on County investments is anticipated to be 0.65 percent in FY 2016. A modest increase in the yield to 0.85 percent is anticipated in FY 2017.

Included in the FY 2015 estimate for Revenue from the Commonwealth is a decrease of $2.4 million based on the County's share of a $30 million statewide reduction in Aid to Localities. The General Assembly eliminated the reduction in FY 2016. The forecast assumes that there is no reduction in FY 2017. All other state revenue categories in FY 2017 have been held at their FY 2016 level except for an increase in anticipated reimbursements of $0.4 million associated with increased expenditures resulting from rising caseloads for the Self-Sufficiency program. Revenue from the federal government has been held level in FY 2017. Staff will continue to monitor the impact of state and federal spending on County funding streams.

Disbursement Assumptions

The disbursement adjustments for FY 2017 reflect a $187.09 million increase over FY 2016. The most significant increases are discussed below. Detailed information on the Actuals and FY 2016 Adopted Budget Plan can be accessed online at:

http://www.fairfaxcounty.gov/dmb/fy2016/adopted/where_it_goes.htm

It is important to note that the assumptions contained below will be revalidated during the FY 2017 and FY 2018 multi-year budget development process and it may be necessary to make changes in order to maintain a balanced budget and address Board priorities.

Fairfax County Public Schools (FCPS) ***$72.85 million***

The County transfers to FCPS will be made up of three components in FY 2017. The first and by far the largest is the transfer in support of the operations of Schools, the second is designated for capital infrastructure and the third is for debt service on bonds issued for School construction. The total increase for all three components is projected to be $72.85 million. As a result, the County commitment for Schools in FY 2017 would increase 3.62 percent and in total would be 52.0 percent of General Fund Disbursements based on the projected level of disbursements for FY 2017. More details on each are provided below.

School Operating Fund

Assuming a 3 percent increase in the transfer to the Fairfax County Public Schools for operations results in an increase of approximately $54.75 million for a total of $1.88 billion. It is important to note that the 3 percent increase in the transfer for FCPS does not fully fund the FY 2017 requirements that are currently projected by Schools which reflect current revenue estimates and projections for enrollment growth and compensation and benefit requirements. As a result, there is a projected shortfall of approximately $80 million for FCPS in addition to the projected shortfall of almost $96 million for the County. The 3 percent increase is based on the County's prioritization of School funding, but in recognition that the current projection for County revenue growth for FY 2017 is only 2.48 percent. The Board of Supervisors made clear in their Budget Guidance that the 3 percent is a preliminary guideline and that the Board will work with the School Board to reevaluate the 3 percent guideline for the FCPS transfer prior to the release of the FY 2017 Advertised Budget Plan. The Board of Supervisors will also continue to advocate in partnership with the School Board for sufficient levels of state funding necessary to fund the County's schools.

School Infrastructure Replacement and Upgrade Projects

Consistent with the recommendations of the Infrastructure Financing Committee and the Board action of March 25, 2014, a County transfer of $13.1 million is included to the School Construction Fund beginning in FY 2017. This increase in the transfer is intended to fund Infrastructure Replacement and Upgrade projects and does not affect consideration of the County transfer to the School Operating Fund making this recommendation cost neutral to the Schools. FCPS has used an average of $13.1 million in bond funding each year for the past five years to meet Infrastructure Replacement and Upgrades. The Committee recommended that both the County and Schools limit the practice of funding Infrastructure

Replacement and Upgrades through bond or proffer funding. This transfer will fund, through Pay-as-you-go funding, capital replacement and upgrade requirements and will free up general obligation bond funding for large replacement or new capacity requirements.

School Debt Service
In addition, based on the size of bond sales for School facilities (of $155 million), an increase of $5 million is anticipated for FY 2017 for debt service.

Employee Compensation (Pay and Benefits) ***$39.94 million***
For purposes of the FY 2017 plan a $39.94 million placeholder for employee pay increases is used. It is based on:

1) Market rate increases (MRA) for all employees are assumed at an estimated cost of $17.32 million which assumes a 1.5 percent MRA. The actual MRA, based on the previously agreed to funding calculation, will be calculated in the Fall of 2015. The MRA increase in funding is applied to employee salaries at the beginning of the fiscal year. The MRA provides a guide to the amount of pay structure adjustment needed to keep County pay rates competitive with the market.

2) Funding of $11.20 million is included for the General County employee pay increases included in the budget which reflects the new performance and longevity program for all eligible public safety employees approved by the Board of Supervisors in Fall 2014. The funding reflects increases effective July 2016 for graduated performance increases, based on where employees are on the pay scale, and the 4 percent longevity increases provided to employees who reach 20 or 25 years of service as of June 30 each year. The performance increases range from 3 percent for employees within 15 percent of the bottom of the pay scale to 1.25 percent for employees within 25 percent of the top of the pay scale. The average increase in FY 2017 is 2.0 percent.

3) Funding of $8.92 million is included for the public safety pay increases included in the budget which reflect merit and longevity increases for all eligible public safety employees. The funding reflects the full-year impact of merit and longevity increases provided to uniformed employees in FY 2016 and the partial-year costs for merit and longevity increases provided to uniformed employees in FY 2017 since all increases are effective on the employee's anniversary date. Merit increases are awarded to public safety employees as they progress through the pay scale. Public safety employees who have reached a combination of length of service (15 and 20 years) and have otherwise reached the top step of their pay scale are eligible for longevities. Merit and longevity increases are each 5 percent for public safety employees. In any given year between 40 and 50 percent of public safety employees are eligible for one or the other.

4) A placeholder of $2.5 million is included in FY 2017 for compensation adjustments that would result from the annual review of 50 percent of all County job classifications. This schedule of review is designed to ensure that all County job classes are reviewed every other year. The process for review uses representation job classes from among job families and compares pay levels with our competitors in the local job market.

Fringe Benefits **$14.25 million**

The primary increases for benefits for FY 2017 are for health insurance ($10.50 million) and retirement ($3.75 million), for a total of $14.25 million.

Fairfax County Government offers its employees and retirees several health insurance alternatives, with the intent of offering options that are both comprehensive and cost effective. As the health care environment is in the midst of significant reform, staff is monitoring changes in the health plan market, incorporating required changes in the County's plans and processes, and examining the overall impact of reform on the County's benefits package. Upon a thorough examination, staff will be developing a long-term strategy to continue to provide cost-effective and comprehensive health care coverage to employees and retirees within the parameters of the new health care laws. Health insurance cost increases are primarily the result of actual experience in the County self-insured health plans, partially offset by anticipated savings resulting from plan redesign which is currently underway. The estimated increases in FY 2017 total $10.50 million.

The FY 2017 budget plan includes a net $3.75 million increase for fiduciary requirements associated with the County's retirement systems and as a modest investment to strengthen our funding ratios. As a result of strong investment returns in recent years and the changes made both to the retirement systems and the employer funding levels, funding ratios for each of the retirement systems have gradually increased and currently range from 78 percent to 87 percent. In FY 2014, all three systems exceeded the 7.5 percent assumed rate of return. The Employees' system returned 14.9 percent, the Uniformed system was up 16.1 percent, and the Police Officers system returned 16.2 percent. The FY 2014 investment results, contribution levels, and liability experience affected the funding ratios as demonstrated in the table below. The June 30, 2013 funding ratios in the table below are the corridor funding ratios, which have been adjusted to reflect the unfunded liability already being amortized as a result of benefit changes and ad-hoc retiree COLAs that were adopted since the corridor method was established. Meanwhile, the June 30, 2014 funding ratios in the table below have been calculated to reflect required changes to pension reporting under Governmental Accounting Standards Board (GASB) Statements 67 and 68, and therefore use the market value of assets in the calculation instead of the actuarial value of assets.

	June 30, 2013	June 30, 2014
Employees'	74.2%	78.4%
Uniformed	82.4%	84.6%
Police Officers	84.2%	87.5%

The County is committed to further strengthening the financial position of the systems, and has established a goal to reach a 90 percent funded status for all plans by FY 2025. In order to meet this goal, the County has established the following multi-year strategy:

- In FY 2016, the employer contribution rates are increased to adjust the amortization level of the unfunded liability from 93 percent to 95 percent.

- Increases in the employer contribution rates will continue so that the County will amortize 100 percent of the unfunded liability by FY 2020 at the latest, fully funding the Annual Required Contribution for all systems. The assumption for FY 2017 is an increase from 95 percent to 97 percent. The County will continue to use a conservative 15-year amortization period.

- Until each system reaches 100 percent funded status, employer contributions to that system will not be reduced. Various factors, such as the historical trend of the County's investment returns exceeding the assumed rate of 7.5 percent, could allow employer contribution rates to be reduced from current levels. However, the County is committed to maintaining the rates and redirecting any potential savings into further improvement in the systems' funded positions

- Any additional unfunded liability created as a result of approved benefit enhancements, such as ad-hoc COLAs, will be fully funded. It is the intent that no adjustments to benefit levels will reduce the funded status of any of the systems.

Position Requirements ***$14.42 million***

In order to reflect anticipated staffing requirements, the FY 2017 plan includes projections of $14.42 million and 116 additional positions. These positions are identified based on current and planned conditions and service requirements.

The largest single component of these positions is for Public Safety as a result of the Five-Year Public Safety Staffing plan that was developed in FY 2014. A total of 65 positions are included for Public Safety as part of the plan in FY 2017, with additional positions included in the next four years. The details of the original plan are available online at: www.fairfaxcounty.gov/dmb/fy16-fy20-public-safety-staffing-plan.pdf. As part of the FY 2016 budget process and due to constraints in available funding, a number of positions that were originally planned for FY 2016 have been deferred until FY 2017. As a result implementation of the staffing plan is anticipated to take longer than originally envisioned.

As part of the FY 2017 budget development process, all position requirements will be reviewed thoroughly and workload requirements analyzed prior to inclusion in the FY 2017 budget. As new information becomes available additional positions may be identified.

PUBLIC SAFETY STAFFING PLAN

There were five overarching trends that Fairfax County public safety agencies agreed are factors that impacted staffing and personnel resources now and in the future. The identified trends are urbanization, population/demographics, technology, mandates/standards, and natural and man-made threats:

- Urbanization is a trend that will impact public safety incrementally over the next several decades as areas continue to transition from suburban to higher-density growth patterns. The impacts of urbanization will include longer response times to calls in high rise buildings, increased traffic congestion, and the need to shift to higher capacity responses.

- Clearly, the total population of the County is growing both in terms of residents and those working in the County and impacting service delivery while here. In 2005 there was a total population of approximately 1.6 million, including both residential and employment populations, and it is projected to reach 1.8 million by 2020. In addition to growing overall, the County's senior population is increasing. The County is expected to have a rapidly increasing population of persons age 65 and older, particularly as the Baby Boomer generation ages. As of 2011, the oldest boomers turned 65, but the greater impacts are expected to occur as the boomers reach age 80 beginning in 2026. Currently, approximately 10 percent of Fairfax County's population is age 65 or older. In 2015, more than 12 percent of the county population will be comprised of persons 65 and older and by 2020 this is anticipated to rise to 13.7 percent.

- Emerging technology is increasingly challenging for public safety. Efforts to investigate criminal activity are becoming more complex and more time consuming. Cell phones have become mobile computers that easily facilitate criminal enterprise and are now used more than traditional computers. The inability to effectively extract computerized/digital evidence continues to hamper the successful prosecution of criminal investigations.

- Federal, state, and local mandates also impact public safety. A significant example is the training mandates for police officers that continue to be a factor taking officers off of the street. Complex case law rulings in recent years have lengthened the time officers spend in court. DWI initiatives have increased the enforcement levels of DWIs which has resulted in lengthier court times and multiple court appearances for officers and attorneys.

- Natural and man-made threats always pose a challenge for public safety agencies and their resources. In the current environment of terrorism, bombings, and mass shootings, it is imperative that minimum staffing levels and appropriate coverage of the entire County is maintained. Natural disasters (floods, derechos, hurricanes, etc.), also pose a challenge to public safety agencies and their resources. Major weather events require large scale public safety responses sometimes for an extended amount of time. Adequately staffing each patrol area is critical to effectively responding to calls for service and maintaining a safe environment for residents and businesses.

As part of the staffing plan review, the specific position and funding requirements are:

Commonwealth's Attorney

A total of 10/10.0 FTE positions and funding of $1,164,160 is included for FY 2017. Based on caseload numbers, the Fairfax County Office of the Commonwealth's Attorney handles the greatest workload of any prosecutor's office in the state. In addition, a number of changes have occurred over the years that have dramatically increased the amount of time spent in court and preparing for court. Standards in discovery for criminal cases (which require written responses) continue to expand and the office must now respond in writing to all pretrial motions when previously only oral responses were required. In addition, jury trials now consist of longer periods of jury selection and are bifurcated into two separate phases, a guilt phase and a sentencing phase. This has resulted in jury trials that last for multiple days where they would once be concluded in a day. Longer trials result in attorneys being in court multiple days and thus unavailable to assist in covering the day to day courtroom assignments. Also, given the length of the courtroom dockets, jury trial preparation cannot be completed during business hours, and leads to attorneys working late hours and weekends. As an example of the shortage in staffing, in FY 2014 the ratio of attorneys per citizen for the four largest court systems in the state are 1 per 5,534 in Richmond, 1 per 6,643 in Norfolk, 1 per 12,082 in Virginia Beach, and 1 per 44,744 in Fairfax. As a result, 5 attorney positions are included in FY 2017.

In addition to the 5 attorney positions, 1 management analyst, 2 administrative assistant positions and 1 paralegal position are added to provide needed support for the attorneys in the preparation of cases. Currently attorneys in the office are tasked with completing clerical duties such as copying, filing, faxing, and answering phones in addition to all of their other professional and legal responsibilities. The addition of paralegals, administrative assistants and a management analyst will in turn allow attorneys more time to meet with witnesses, prepare for their trials, respond to motions, and draft appeals. Finally, a network analyst position is necessary. There is no other technology support within the Office of the Commonwealth's Attorney. Budget constraints prevented the office from filling a position in the past and keeping up with ever changing technological advances. Surveillance and video equipment used by law enforcement agencies, businesses and citizens continue to change. Video is often delivered to the Office of the Commonwealth's Attorney in many different formats that require specific programs or software. At the same time, judges and juries increasingly expect the use of such technologies in the course of courtroom presentations, hearings and trials. Due to these factors, this office has been unable to keep up with the technologies necessary to view, copy, and convert CDs received as evidence or to employ many of the other technological innovations available to the courtroom practitioner today.

It should be noted that the current total plan for the Commonwealth's Attorney over the next five years, including the 10 positions discussed above, is for 39 positions at a cost of $4.5 million.

Police Department
A total of 7/7.0 FTE positions and funding of $1,153,455 is included for FY 2017. The Fairfax County Police Department is the largest local police agency in the Commonwealth of Virginia. With a population of more than one million residents, Fairfax County is one of the safest communities in the Washington Metropolitan area. In spite of being the most populated community in the region, crime remains at record low levels. In addition, the Fairfax County Police Department continues to maintain the lowest officer to resident ratio of all other police departments in this region and across the nation when compared to departments of similar size and population density. In spite of the success at keeping the crime rate low the department is experiencing deficits in several key areas, and after an extensive analysis of all bureaus a staffing request for critical positions was developed. This analysis took into consideration the five key overarching trends that impact public safety resources as well as internal factors such as a culture of safety and the agency's strategic plans. As a result, 2 explosive ordinance technicians, 2 computer forensics detectives, 2 animal control officers and 1 civilian investigator are included for FY 2017.

Explosive Ordinance Disposal (EOD) technicians respond to suspicious events where explosive or otherwise hazardous packages, munitions, or devices have been located. The EOD technician determines the threat to public safety, recommends appropriate evacuation zones, renders safe the device, transports the device to a disposal location, and then destroys or dismantles the device. They provide security sweeps with explosive detecting dogs at public venues, mass transit sites, and in VIP security details. They serve as liaison with Fire Department HAZMAT, FBI EOD teams, and other EOD teams in the NCR. In 1981, EOD was formed with two full-time EOD technicians; thirty-three years later there are still only two full-time technicians. Technology has also impacted EOD, as their tools and the threats they deal with have advanced dramatically. The use of robots and high resolution X-rays have increased safety, but require more advanced training. Currently, two EOD technicians must respond on every call per protocol. Once the EOD technicians arrive on the scene, the examination of the device takes longer because of the range and complexity of equipment. The typical incident lasts between two and six hours. Adding two additional full-time EOD technicians would provide the County with the resources required to handle two bomb/explosive events simultaneously. The full-time EOD technicians are also EOD canine handlers. The EOD canine capability is critical in protective sweeps at large public events and mass transit sites. EOD canines regularly do sweeps at Metro stations, adding another team would expand the Department's ability to conduct safety sweeps.

While crime has generally dropped to the lowest level in several decades, both in Fairfax County and across the country, one growth area for criminal activity is in the area of computer and Internet-related crime. This trend is reflected in the investigative workloads handled by both the Financial Crime Section and the Computer Forensics Section in the Criminal Investigations Bureau; both have increased dramatically in recent years. The backlog of evidence to be processed by the Computer Forensics Unit is months long. A recent independent analysis of the department's computer related crime statistics indicated that the caseload is projected to increase by approximately 6 percent annually for the foreseeable future. Due to the constantly increasing workload demand on the Computer Forensic Section, property cases now have an average seven month wait time for processing, causing many cases to be dropped in court which the addition of 2 detective positions could help to minimize.

Animal Control Officers perform a wide range of animal control duties to include responding to calls for service, investigating animal bite cases, conducting investigations in sensitive cases of alleged animal cruelty, interviewing witnesses and suspects, and securing and serving warrants related to animal and wildlife offenses. These officers work in close cooperation with the Health Department, Zoning Enforcement, and the Commonwealth's Attorney's Office. They rescue injured animals and/or perform field euthanasia of injured and sick animals as necessary. These officers are also tasked with inspecting kennels, boarding stables, pet shops and traveling animal exhibits to ensure compliance with county, state, and federal laws and regulations. Currently, Animal Control is authorized 26 Animal Control Officer (ACO) positions. The ACOs are assigned to four squads covering the day work and evening shifts seven days a week. The minimum staffing of each squad is four ACOs. Based on the Department's patrol staffing model, each squad should be staffed with seven ACOs. This is based on minimum staffing plus three officers, which provides sufficient coverage for officer safety, officers on personal leave, injury leave, and attending training. Both day work squads are currently staffed with seven ACOs, however, each evening shift squad is only staffed with six ACOs. Whenever minimum staffing is not met, overtime is required to fill the minimum staffing positions for the shift. In addition, Animal Control continues to experience increases in workload including active investigations, calls for service and total cases assigned. The addition of the 2 officers will address this gap on staffing.

The Financial Crimes squad consists of 15 full time employees, which include 12 detectives and three civilian fraud investigators. The Financial Crimes detectives investigate fraud and financial cases, including ID theft, embezzlement, credit card theft, and bad check cases. The Financial Crimes squad has the largest caseload in the Major Crimes Division (MCD) with an average of 3,000 cases per year. Due to the high volume of cases and delays in response to victims, the squad has been experiencing the highest number of citizen complaints in MCD. Currently, the civilian employees triage each case for further potential follow-up. The addition of one civilian investigator will add to the capacity of the squad improving response times and customer satisfaction.

It should be noted that the current total plan for the Police Department over the next five years, including the 7 positions discussed above, is for 80 positions at a cost of $15.3 million.

Office of the Sheriff

A total of 22/22.0 FTE positions and funding of $2,579,098 is included for FY 2017. Included in the increase are 8 positions for direct supervision of female inmates in the Adult Detention Center (ADC) which will allow placement of female inmates in multiple areas of the facility. The numbers of females incarcerated in the ADC has increased over the past 4 years. This dedicated female direct supervision post will help accommodate fluctuations with the female inmate population and appropriate placement within the ADC.

Another 4 positions (1 per squad) are to support the hospital post. On average, each confinement shift has 2 inmates admitted to the hospital due to serious medical issues above and beyond the ADC medical staff's capabilities. Each inmate at the hospital requires a minimum of 1 deputy. Maximum custody inmates may require 2 deputies per shift. These statistics have been consistent over the past year. This may be due to a number of reasons such as an aging population. Historically, the hospital post was not staffed on a daily basis because inmates were not admitted to the hospital as frequently several years ago.

A total of 8 positions are included for the male forensics posts. In 2003, staffing of the male forensics post began as a pilot program based on the requirements associated with inmates with mental health issues. This class of inmates continues to grow and has shown an increase since 2009. The units housing inmates with mental health issues are in close proximity to classrooms and forensics health staff. These inmates require intensive supervision and the enhanced security.

The last group of 2 positions is for Courthouse security (outside of the deputies in courtrooms). Recent budget constraints resulted in the redeployment of 15 of the 20 uniformed Courthouse security staff. Prior to the reduction in staff, the Courthouse Facility Security Section was responsible for and always took a proactive approach towards security for the 52 acre Fairfax County Courthouse complex with the intent to reduce crimes, manage emergencies and thwart any acts of terrorism towards visitors and employees. Although still responsible for addressing issues within the complex, the current primary focus is on situations occurring within the courthouse itself. Visitors entering the courthouse totaled an annual average of 991,831 for FY 2012 - FY 2014. The duties of the five members of the Facility Security staff supplement contracted security within the facility. Based on the volume of visits to the facility an increase is staffing is designed to maintain a high level of efficiency and timely response to events on the judicial complex.

It should be noted that the current total plan for the Office of the Sheriff over the next five years, including the 22 positions discussed above, is for 37 positions at a cost of $4.2 million.

Fire and Rescue Department

A total of 24/24.0 FTE positions and funding of $2,470,629 is included for FY 2017. Of this total, 21 positions are to complete the process of implementing the Fire and Rescue Department's top priority of four-person truck staffing and 3 are for research and development.

Four-person truck staffing will enhance FRD's ability to reach fire, rescue and medical emergency services in a timely manner, increase the ability to complete time critical tasks on-scene as quickly as possible with the right amount of personnel thus reducing property loss and firefighter injury risks or death. Adding a fourth staff person to truck companies will also bring units into compliance with Occupational Safety and Health Administration (OSHA) and NFPA standards. In 2010 FRD committed personnel to participate in NIST residential fireground field experiments. The resulting report presents outcomes of more than 60 fireground experiments designed to quantify the effects of various fire department deployment configurations on the most common type of residential structure fire. Report results quantify the effectiveness of crew size and time to completion of 22 key fireground tasks, and effect on occupant and firefighter safety. Of the 22 tasks measured, results indicate four-person crews operating on a low-hazard structure fire completed laddering and ventilation (for life safety and rescue) 30 percent faster than two-person crews and 25 percent faster than three-person crews. Four-person crews completed the same number of tasks (on average) 5.1 minutes faster (nearly 25 percent) than the 3-person crews FRD presently operates with on ladder trucks. This report starkly illustrates the necessity for FRD to achieve four-person crews in accordance with NFPA 1710. Another compelling reason for responding to fires with this level of staffing is the ability of the first responding unit to immediately begin to address the hazard in compliance with Occupational Health and Safety requirements for firefighting, commonly called the "Two-In Two-Out" requirement. OSHA 29CFR 1910.134(g)(4) requires that at least two personnel enter the Immediately Dangerous to Life of Health (IDLH) atmosphere and remain in visual or voice contact with each other at all times. It also requires that at least two personnel be located outside the IDLH atmosphere. Four person truck company staffing will allow the crew to work in separate teams of two as mandated by OSHA. Trucks are responsible for deploying ladders to upper floors in residential and commercial buildings, for conducting searches above the fire and providing immediate means of egress for firefighters. Each truck company carries either a straight aerial ladder 105 feet long or a ladder tower/aerial platform 95 feet long with a maximum extension from 9-10 stories. Independently of each other, each two person team must conduct ventilation and ladder work in addition to assisting the driver with vehicle stabilization for aerial/tower ladder operations while the other team is conducting interior operations. It is also the department's goal to have at least one firefighter/medic on every piece of suppression apparatus to improve the ALS capacity. Achieving this goal will improve overall ALS response times County wide providing the best possible chance of survival and recovery for medical patients. Therefore the fourth crew member added to ladder trucks will be a firefighter certified in advanced life support.

FRD has also identified the need for a Research and Development Section to provide a dedicated staff to keep pace with technological advancements so that Fairfax County remains on the cutting edge of fire suppression, emergency medical services and special operations service delivery. Technology is evolving rapidly in firefighting and emergency medical services. As the science of firefighting and emergency medical services is more widely studied, the evolution of equipment and technology is swiftly advancing. FRD currently has an Innovation and New Ideas Committee responsible for reviewing recommendations for altering equipment or changing fire, rescue, and emergency medical services delivery. While this committee has been helpful in reviewing recommendations, the exponential pace at which technology is advancing has surpassed the ability of an ad hoc committee to keep up with research to evaluate proposals. With emergency medical equipment specifically, improvements to the way emergency services are rendered changes every six to eight months. FRD must keep abreast of advancements and make informed decisions about what technology to purchase, what generation of the technology should be purchased and whether or not the cost is worth the return on investment. The creation of a Research and Development Section will provide dedicated staffing to manage the research, selection, review, and evaluation process of new equipment, tools, technologies, and innovations that will improve service delivery to residents, businesses, employees, and visitors to Fairfax County.

In addition funding of $1.73 million for 31 positions added in FY 2014 as a result of two Staffing for Adequate Fire and Emergency Response (SAFER) grants is included as the two year period of the grants end. The partial year cost for the positions is funded in FY 2016 as these grants will end during FY 2016. These 31 positions when combined with the new 21 positions proposed for FY 2017 will allow FRD to fully implement the four person truck staffing. The County will continue to apply for similar grants to offset at least the initial cost of these positions.

It should be noted that the current total plan for the Fire and Rescue Department over the next five years, including the 24 positions discussed above is for 154 positions at a cost of $23.1 million.

Office of Emergency Management (OEM)

A total of 2/2.0 FTE positions and funding of $237,680 is included for FY 2017 as a result of notice received that reductions in the Department of Homeland Security Urban Area Security Initiatives (UASI) grant funding are likely. Within OEM, the Emergency Planning position, Training and Exercise Officer and the NIMS Compliance Officer position have been identified as future reductions of the UASI funding for the National Capital Regional (NCR). In addition, the Grants Manager position is currently grant funded through the Emergency Management Performance Grant as well as UASI grant funding. Based on the prospect that grant funding may be reduced or eliminated, all four of these positions are identified in the OEM staffing plan with the first two, the Emergency Planner and the Training and Exercise Officer identified for FY 2017. The loss of these positions equates to a one-third reduction of OEM agency staffing.

These positions are needed to create and maintain countywide emergency plans, develop and conduct countywide training and exercises that ensure county readiness for all disaster types, and ensure federal grant compliance. Failure to fund these positions will prevent OEM from meeting these strategic goals:

1. OEM will maintain operational readiness to effectively support Fairfax County and its residents.
2. OEM will build unity of effort for countywide readiness through collaborative partnerships.
3. OEM will be a fiscally sound organization that leverages a stable and diverse funding base to achieve its mission.

These positions are critical to maintaining appropriate staffing levels within the Emergency Operations Center during emergency activations; to continue maintaining the level of service to residents during emergencies and to continue to provide coordination of emergency planning and training countywide. Without the requested funding, OEM will be unable to sustain training and exercise levels for countywide readiness initiatives. The County could potentially fail to meet compliance with federal mandates in regards to the National Incident Management System which could result in the loss of federal preparedness assistance (through grants, contracts and other activities) for the entire County.

It should be noted that the current total plan for the Office of Emergency Management over the next five years, including the 2 positions discussed above, is for 10 positions at a cost of 1.1 million.

Department of Public Safety Communications
While there are no positions included for FY 2017, the current total plan for the Department of Public Safety Communications over the next five years is for 20 positions at a cost of $1.6 million. All of the increases are based on anticipated increases in call volume requiring increased numbers of call takers.

Other Positions:

Facilities Management Department

Capital Renewal - Additional funding for the Facilities Management Department (FMD) of $323,221 and 4/4.0 FTE positions associated with capital renewal requirements is included for FY 2017. These four positions include one Engineer III and three Project Managers. The Board of Supervisors approved a 3-year short-term borrowing plan of $35 million as part of the FY 2011 Adopted Budget Plan for the backlog of renewal projects at the time. Many of these backlogged capital renewal projects required multiple years to complete both design and construction and many are still underway. In addition, current staffing levels, the complexity of some of the projects, and staff requirements in other areas has delayed the completion of renewal projects up to four years. In order to be able to keep on schedule going forward and successfully manage the backlog of work these positions are necessary.

New Facility – Additional funding of $197,524 and 3/3.0 FTE positions to support the Public Safety Headquarters is required in FY 2017.

Office of Elections
Funding of 2/2.0 FTE positions, including an absentee voting position and a position to support the technology needs of the agency, are included for FY 2017 at a cost of $181,919. Additionally, $1.0 million is identified for FY 2017 for increased costs associated with the November 2016 Presidential Election.

Department of Public Works and Environmental Services (DPWES), Office of Capital Facilities
Funding of 2/2.0 FTE positions is included for FY 2017 at a net cost of $70,330, after recovery of a portion of the costs from capital projects. The agency has indicated that the positions are needed due to increased projected workload, construction contracts and related professional services within DPWES.

Department of Family Services

Behavioral Health - An increase of $325,410 and 3/3.0 FTE positions is associated with expanding behavioral health services for youth and families as a result of the recommendations presented to the Human Services Committee of the Board of Supervisors on October 8, 2013. These recommendations were the direct result of the guidance included by the Board of Supervisors as part of the FY 2014 Adopted Budget Plan directing staff to identify requirements to address youth behavioral human services requirements in schools and the broader community. An initial funding level of $200,000 was also included at that time. An Interagency Youth Behavioral Health Services Work Group, with representatives from County human services departments, Fairfax County Public Schools and the Fairfax Partnership for Youth, was convened to identify the array of youth services that are necessary to address the most pressing needs in the community and make a multi-year recommendation. It is estimated that between 400 and 600 youth and their families are in need of interventions and services. In FY 2015 $1.0 million was provided for a new program unit and for contractual services for mental health and substance abuse treatment as well as intensive in-home and community-based services for families. It should be noted that in addition to the new funding for positions funding of $402,434 is included for pooled funds for purchase of service.

School Readiness – An increase of $0.70 million and 4/4.0 FTE positions is included for the next phase of School Readiness funding. This funding would provide the third year of funding associated with expanding school readiness activities in support of community programs serving young children. Funding is specifically aimed at creating a network of programs that promote school readiness through the alignment of curricula to the Virginia Foundation Blocks for Early Learning, as well as supporting children living in poverty to reach fall kindergarten benchmarks. Early childhood education programs support the cognitive, social, emotional and physical development of a child. In the fall of 2012, 33.1 percent of kindergartners in Fairfax County Public Schools (FCPS) were eligible for free/reduced meals; 16 percent of kindergartners in FCPS did not meet the reading intervention benchmark and were referred for services; and 6 percent of children under the age of 5 were living below the poverty level. The Department of Family Services (DFS) addresses school readiness through quality community-based programs that are accessible even to those most vulnerable. Additional funding has been included in FY 2017 to expand community-based programs by increasing opportunities for coaching and professional development, increasing the number of slots under the Virginia Preschool Initiative and expanding school readiness teams and the rating and improvement system supporting child care programs in the community. DFS has worked closely with FCPS to develop a mixed-delivery system providing community-based as well as school-based options for school readiness.

Public Assistance - An increase of $2.2 million and 25/25.0 FTE positions is associated with needed resources to address increasing public assistance caseloads in the Self-Sufficiency division. Public assistance caseloads have increased more than 79 percent since FY 2008. Additionally, implementation of the Patient Protection and Affordability Care Act (PPACA) has increased the amount of time each application takes to process. The state application form, which was originally two pages, has increased to 18 pages but may be as long as 27 pages depending on family size. The issue is compounded by an ever increasing backlog of applications that have been received, but staff has not yet been able to process. In accordance with federal and state mandates, the County is required to determine eligibility and deliver benefits within a certain timeframe and is not currently meeting these timeframes. This leaves the County vulnerable to both internal and external audit findings. The expenditure increases is partially offset by $0.40 million in revenue for a net impact to the County of $1.80 million. Staff resources were redirected within DFS in FY 2014 and added in FY 2015 and FY 2016 and it is anticipated if the volume and complexity of the work continues, additional staff resources will be required in future years.

General District Court

An increase of $110,651 and 1/1.0 FTE position is included for FY 2017. The position is a volunteer coordinator/human resource manager to provide needed administrative support for the agency.

Department of Code Compliance

As workload continues to grow for the relatively new agency, 3/3.0 FTE positions and $270,069 is included for Department of Code Compliance (DCC) to support an administrative position within DCC's Customer Services Branch, an analyst to perform zoning research projects and an information technology professional to address the agency's growing information technology requirements.

Fairfax-Falls Church Community Services Board

As a result of a U.S. Department of Justice-initiated investigation of Central Virginia Training Center pursuant to the Civil Rights of Institutionalized Persons Act, a settlement agreement was reached in June 2012 to move individuals with intellectual disabilities from state residential training centers to local CSBs, allowing them to remain in state facilities if they desired.

The Commonwealth decided to close four of five state residential training centers between 2014 and 2020, with Southside Virginia Training Center having closed in May 2014. In July 2014, the Virginia Department of Behavioral Health and Developmental Services (DBHDS) announced a one-year delay in the closing of the Northern Virginia Training Center, from March 2015 until March 2016. Southwestern Virginia Training Center is scheduled to close June 30, 2018 and Central Virginia Training Center on June 30, 2020. Southeastern Virginia Training Center, with a 75 bed capacity, will remain open after 2020.

As of May 2015, 57 residents of Fairfax County and the Cities of Fairfax and Falls Church are in state residential training centers. These individuals may choose to remain in a state facility or be discharged with appropriate community-based and case management services, primarily funded by Medicaid Waiver.

The Commonwealth and the County must address funding needs for services currently provided in training centers and funded by the State but not covered under Medicaid Waiver. Virginia recently announced the availability of the ID Waiver Congregate Residential Services Exceptional Supports Rate (ESR). The ESR reflects a 25 percent increase in the current hourly rate for approved services, including 24-hour nursing and behavioral support, environmental modifications, assistive technology, durable medical equipment, and room and board for individuals in training centers or nursing facilities who are unable to transition to the community and/or individuals already in the community whose maintenance is at risk. While the regulations are not final, the Governor signed Emergency Regulations effective November 1, 2014. The 25 percent, or $4.34 per hour, ESR is temporary until Virginia implements Medicaid Waiver reform, or until available funding is depleted. The CSB anticipates requesting the increased funding for individuals in directly operated programs who qualify.

The settlement also requires the CSB to provide Enhanced Case Management (ECM) to individuals with Medicaid Waivers, which includes extensive documentation, increased monitoring and face-to-face observation visits in the community once every 30 days, rather than once every 90 days. As a result, the average caseload per Support Coordinator has been decreased from 30 to 25 to meet increased workload demands. Of over 850 individuals receiving active targeted case management, CSB determined 327 individuals or 40 percent met the new ECM criteria. While CSB will continue to strategically allocate staff resources to those with the most urgent needs, an additional 5/5.0 to 6/6.0 FTE Support Coordinator positions may be required over the FY 2017 - FY 2018 period to meet federal and state requirements. For purposes of the FY 2017 budget plan, 2/2.0 FTE positions are included, anticipated to be fully offset by revenue, with no additional General Fund support required.

Conversion of grant positions in support of the Domestic Violence Action Center

Fairfax County was awarded grant funding from the U.S. Department of Justice, Office for Violence Against Women to staff and operate a Fairfax County Domestic Violence Action Center. This was a collaborative effort among several County agencies as well as two nonprofit agencies. Funding currently supports 5/4.5 FTE grant positions in three County agencies (2/1.5 FTE positions in Department of Family Services, 2/2.0 FTE positions in the Commonwealth's Attorney, 1/1.0 FTE position in Juvenile and Domestic Relations District Court). Partial grant funding available in FY 2016 required the conversion of 3/2.5 FTE of the positions. In order to maintain this critical unit in place the remaining 2/2.0 FTE positions and $300,000 is included in FY 2017. Staff will continue to monitor funding opportunities and pursue all options to preclude the need for General Fund support.

All other increases ***$45.63 million***

The major categories of additional increases are discussed below:

Fire and Rescue Self Contained Breathing Apparatus (SCBA)

Funding of $500,000 is included in FY 2017 to supplement grant funds that have been identified towards the estimated $9.0 million requirement to purchase replacement SCBA equipment. It is anticipated that the acquisition of the equipment will begin in FY 2016 as the current equipment is well past its technical useful life. SCBA is a breathing device worn by firefighters to provide breathable air in a toxic environment. It has three main components: a high-pressure tank, a pressure regular, and an inhalation connection (mouthpiece and facemask), connected together and mounted to a carrying frame. The current equipment was purchased in 2001, and upgraded in 2007, with an expected five-year technical life. The department delayed purchasing replacement equipment in anticipation of the 2013 edition of the National Fire Protection Association (NFPA) Standard 81 on Open-Circuit SCBA for Emergency Services. The current equipment cannot be retro-fit to achieve compliance with NFPAs new standards and, as a result, needs to be completely replaced. Options for lease purchase will be explored to maximize the available funds.

The department has other equipment, in addition to SCBA, which needs to be replaced on a recurring basis. For example, the department has indicated that personal protective and specialty equipment may need to be purchased in the near future. As a result, staff will be reviewing options for a replacement reserve(s) as part of future budget development to address these requirements.

Consolidated Community Funding Pool

Funding of $530,557 represents a 5 percent increase in General Fund resources for the funding pool for the next two-year cycle. The funding pool is a competitive funding process to fund services best provided by community-based agencies and organizations. The allocation of funds is consistent with the following goals:

- Provide support for services that are an integral part of the County's vision and strategic plan for human services;

- Serve as a catalyst to community-based agencies, both large and small, to provide services and leverage resources;

- Strengthen the community's capacity to provide human services to individuals and families in need through effective and efficient use of resources; and

- Help build public/private partnerships and improve coordination, especially within the human services regions of the County.

Fire and Rescue Apparatus – Volunteer Companies

Currently, out of the 12 volunteer fire departments in Fairfax County, six have notified the Fire and Rescue Department (FRD) of their inability to replace volunteer-owned large apparatus. FRD has proposed a partnership whereby FRD will use volunteer contributions (when available), one-time year-end balances, and Fire Programs Grant funding (up to $1 million per year, maximum) to assist with the initial purchase of seven large volunteer units (three engines, one tower and three rescues) that require replacement in the FY 2013 – FY 2018 time period. These seven vehicles represent the known universe of large volunteer units that will require assistance in funding their replacement in this timeframe. While there are no additional FY 2016 General Fund dollars provided to support this proposal, future-year General Fund increases to the Large Apparatus Fund will be required. Per FRD analysis, the addition of these vehicles to the fleet would require an increase of $775,000 to the annual contribution from County Funds. As a result, an increase of $775,000 in annual vehicle replacement contributions is included for FY 2017 to ensure the reserve remains adequately funded.

Of the 106 front-line vehicles career FRD staff operates daily for emergency response, 35 are owned by volunteer companies. These vehicles are not additional or extras, they are operated 24-hours a day/7 days a week with career personnel as part of the minimum staffing calculation. Without these vehicles, FRD does not have the apparatus available to provide the current level of emergency response coverage throughout the County.

Because these are front line units, FRD must purchase replacements or daily emergency response coverage will fall below currently established numbers. These thresholds have been established in order to provide the greatest coverage by each vehicle type in order to reduce response times to medical and fire emergency calls. Elimination of vehicles and associated staffing would result in response time delays. Even with current staffing, FRD does not meet several of the National Fire Protection Association's (NFPA) standards for fire protection and emergency medical response.

Replacement by the volunteer organizations is becoming more challenging as a result of a combination of several factors – including the economy's impact on fundraising activities, as well as more stringent federal emissions standards, federal safety regulations and material costs.

Fire and Rescue Apparatus – County-Owned

An increase of $1,000,000 is required to support a multi-year process to gradually increase the annual contributions to the Large Apparatus Replacement Fund and Ambulance Replacement Fund. This funding is in addition to the department dedicating additional grant funds, additional baseline funds and one-time contributions in support of this effort. Additional contributions are required due to increasing cost of vehicles, some fleet growth, and a contribution level that has remained flat since FY 2007. Without additional funding, the replacement reserves will be depleted in the next several years. Starting in FY 2014, FRD has increased its baseline contribution to the Large Apparatus Reserve by $250,000 and has supported some ambulance purchases through the use of Four-for-Life grant funds. FRD, with the assistance of the Department of Management and Budget, has developed several scenarios with the goal of stabilizing the replacement reserve and ensuring sufficient funding is available in future years. These plans include additional one-time, inflationary and baseline contributions from both FRD and the General Fund. It should be noted that given the current inventory and replacement cycle, the annual contribution should be in the $5-6 million range for the Large Apparatus Replacement Reserve and approximately $1 million for the Ambulance Replacement Reserve.

Electoral Board

Funding of $1.0 million is identified for FY 2017 for increased costs associated with the November 2016 Presidential Election. Costs increase significantly for presidential elections given the much larger voter turnout. This funding will support additional election officers, staff overtime, part-time staff hours and increased postage for the 2016 Presidential election.

County Insurance

Funding of $1.0 million is included for anticipated increases in workers compensation expenses. As a self- insured program the County is responsible for funding actual costs incurred. This adjustment assumes the normal increase in injuries requiring long-term care and surgeries. The actual amount required in FY 2017 will be based on the current array of claims at that time.

Fairfax-Falls Church Community Services Board Intellectual Disability Services (IDS)

An increase of $1.5 million will support the June 2016 special education graduates of Fairfax County Public Schools turning 22 years of age who are eligible for day support and employment services who currently do not have a funding source for such services. This funding maintains the program as currently designed and is intended to prevent any Special Education graduates from being without services.

Fairfax-Falls Church Community Services (CSB) Board Sheltered Employment

Funding of $1,600,000 is included for day and employment services in FY 2017 associated with increased costs for individuals currently served in Sheltered Employment. A presentation to the Board of Supervisors' Human Services Committee on December 9, 2014 outlined anticipated changes to the Intellectual Disability (ID)/Developmental Disability (DD) Day Support program, including the nationwide movement called "Employment First" which may eliminate Sheltered Employment as a service option for CSB, a significant service redesign effort, and possible cost increases. The CSB contracts with community providers to provide day and employment services to individuals with intellectual disability. Contracted services primarily include habilitation (day), sheltered employment, group-supported employment, and individual supported employment. Sheltered employment provides work in a non-integrated setting for individuals with disabilities who are not ready, are unable, or choose not to enter into competitive employment in an integrated setting. These individuals generally earn less than minimum wage from contracted providers, who receive minimum wage waivers from the Department of Labor. Considerable controversy exists regarding the propriety of sheltered employment and recent movements such as "Employment First", a nationally recognized concept to facilitate the full inclusion of people with the most significant disabilities in the workplace and community, have resulted in sheltered workshops closing and some states passing laws banning sub-minimum wage employment. As of January 2015, two of four Northern Virginia providers offering sheltered employment to 69 individuals eliminated the service. CSB staff are assessing each individual's needs and preferences for alternative services through the person centered planning process, anticipated to be complete in early FY 2016. While the remaining two providers do not have plans to eliminate sheltered employment yet, new requirements in the next few years may preclude their ability to continue this service. In November 2014, the federal government announced delayed implementation of requiring minimum wage on all federal contracts until June 30, 2015. While this decision supersedes any minimum wage waivers on federal contracts only, it allows more time for agencies/providers to respond to new requirements. The $1.6 million request represents an estimated cost if all 206 individuals currently in sheltered employment programs at the four Northern Virginia providers were transitioned to the next highest service level (Habilitation – Day). As these changes unfold, the CSB intends to forward its plan to "reboot" or transform ID Day and Employment Services to the Board of Supervisors for consideration during the FY 2017 budget cycle. As a result, this funding is a placeholder until the CSB's plan is presented to the Board of Supervisors.

Maintenance, utility and lease costs
Funding of $1.87 million is included for increased maintenance, utility, and lease costs at existing and new County facilities including the 274,000 square foot public safety headquarters (PSHQ) expected to be operational in Spring 2017. The total funding requirement for the PSHQ is $0.99 million of this total and includes utilities, contracted custodial services, repair/maintenance and landscaping for 7 months of operation.

Revenue Stabilization Fund
The calculated increase based on increasing disbursements is $4.43 million based on the 3 percent policy. As a result of the recent changes to the Board's policy on reserves as well as any changes in the total disbursement level required adjustments will be factored into the FY 2017 budget process.

Transit costs
Funding of $4,740,000 is required for increased County contributions for Metro and CONNECTOR based on preliminary estimates of increased costs in FY 2017 and beyond. State aid and gas tax receipts have been used over the last several years to mitigate the need for increased General Fund support for transit operations costs, as well as offsetting reductions in General Fund support in prior years. It is currently projected that requirements in the future will exceed the growth in these sources. It is anticipated that comparable increases will also be required in future years. The FY 2017 budget proposal will include updated projections for costs and apply all possible sources such as state aid, gas tax, and farebox receipts to offset as much of this increase as possible.

Contract Rate Adjustments
Based on the assumption that pay increases would be funded in FY 2017 for County employees, an average contract rate adjustment of 2 percent or $5 million is included for contract rates in the Department of Family Services, Health Department, Office to Prevent and End Homelessness, Department of Neighborhood and Community Services, County Transit Services and Fairfax-Falls Church Community Services Board. Individual contracts are not guaranteed a contract rate increase of 2 percent as a result of this funding, but the negotiated increases that are effective in FY 2017 would be funded from this adjustment.

Information Technology (IT) Project Support
The County's strategic IT investments in major technology projects improve access to County services, promote government operational efficiencies and effectiveness, and increase performance and security capabilities. They include automation for County agencies, requirements aligned with countywide strategic importance, enterprise technology infrastructure, and enterprise-level or inter-agency corporate systems. The County's technological improvement strategy has two key elements. The first element is to provide an adequate infrastructure of basic technology for agencies in making quality operational improvements and efficiencies. The second is to redesign business processes and apply technology to achieve large-scale improvements in service quality and achieve administrative efficiencies. The County's long-term commitment to providing quality customer service through the effective use of

technology is manifested in service enhancements, expedited response to citizen inquiries, improved operational efficiencies, better information for management decisions and increased performance capabilities. In FY 2017, an increase of $5.0 million is funded to accommodate necessary information technology projects.

Capital Construction and Debt Service
A significant increase in capital construction funding is needed in order to meet the County's backlog of requirements. The last several years have reflected increases to start this process. In FY 2017 an increase of $2.65 million is identified at this time. As capital requirements are refined over the upcoming year this amount will be revisited and the priority projects will be identified for its use.

In addition, a debt service increase of $13.50 million is included in FY 2017 to reflect the required costs for County bond projects supporting the County's Capital Improvement program (CIP). The estimate for FY 2017 is consistent with the projects outlined in the CIP and will be refined based on the timing of bond sales and cashflow requirements at the time of the sale. The actual debt service requirement will be based on the size and timing of the sale and the interest rate received by the County.

Next Steps in the Multi-Year Process

Balancing the FY 2017 Budget
While this comprehensive baseline sets the stage for the FY 2017 budget, there will need to be adjustments made to what is funded or what is available. Some of these changes will occur naturally over the next year before the release of the FY 2017 and FY 2018 Multi-Year Budget. Others will require policy decisions to be made. In addition, the following cost avoidance, efficiencies and service reductions and revenue enhancement options are identified to ensure a balanced budget in FY 2017. In addition to addressing changes in requirements or available funding, the following approaches will also provide flexibility for the Board to meet their priorities in the future.

Cost Avoidance
A number of items outlined above could be deferred beyond FY 2017 if necessary to balance the budget. As an example, the County has been able to shift one-time funding requirements such as for replacement voting machines to quarterly reviews. In addition, some of the position requirements driven by anticipated workload, such as population growth in the Adult Detention Center, may not materialize.

Efficiencies and Service Reductions
The next items for review in order to balance the FY 2017 budget would be additional reduction options. It should be noted that the County and Schools have undergone a number of years of constrained budget and reduction options are limited. However, staff will review opportunities for reductions as well as budget savings that can be generated based on analysis of recent expenditure trends.

Revenue Enhancements
The final options for balancing the budget are a number of revenue enhancement options that are possible for consideration for FY 2017. The County periodically reviews all user fees to determine if there are necessary adjustments that should be made to the various rates and fees. This User Fee Study will be undertaken as part of the FY 2017 and FY 2018 Multi-Year Budget. It is important to note that many user fees such as School-Age Child Care fees and Land Development Service fees, which were raised in FY 2016 and FY 2015 respectively, are already reviewed annually. In addition, many of the County's charges have maximums set by the State.

Lines of Business Process

Running parallel to the FY 2017 budget development process the Board will have the opportunity to comprehensively review the County's Lines of Business (LOBs). The process will cross multiple years with presentations in the Spring of 2016 and discussion by the Board and the community about the priorities of the County in the context of the LOBs inventory.

It is anticipated that this discussion will focus on both providing an understanding of what the County's LOBs are and a reaffirmation of which programs should continue and which are no longer viable in the current fiscal environment. There will be a newly elected Board of Supervisors taking office in January 2016 and the LOBs are a comprehensive look at what the County does which is beneficial to both new and returning Board members. The added focus on metrics that will be incorporated into this LOBs exercise will provide the Board and the community with an evaluation tool as they review what the County does to determine effectiveness, efficiency and outcomes.

Conclusion

As a result of the multi-year budget process, the projected shortfall for FY 2017 is almost $96 million after accounting for Managed Reserve requirements. In addition, the Fairfax County Public Schools projected shortfall, after taking into account the 3 percent increase projected in the County's Multi-Year Budget is approximately $80 million.

The FY 2017 projections are based on a comprehensive list of requirements based on information available today. There are clear priorities within the items identified for funding, and there is also the potential for changes as more information is available over the course of the next year. The items that need to be funded in FY 2017 will therefore be considered in the context of Board priorities, and decisions will be made by the County Executive on what specific items to recommend for FY 2017 and which items to exclude or delay until FY 2018 or beyond.

The detailed summary of historical and projected funding follows on the next page:

FY 2016 Budget Process
FY 2012 - FY 2017
(in millions)

	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Revised	FY 2016 Adopted	FY 2017 Projected	Increase/ (Decrease) Over FY 2016	% Increase/ (Decrease) Over FY 2016
Positions	**9,684**	**9,686**	**9,731**	**9,765**	**9,757**	**9,873**	**116**	**1.19%**
Beginning Balance	**$236.24**	**$209.44**	**$182.81**	**$156.39**	**$75.92**	**$76.70**	**$0.79**	**1.04%**
Revenues								
Real Property Taxes	$2,047.28	$2,123.41	$2,216.16	$2,353.64	$2,434.22	$2,511.82	$77.61	3.19%
Personal Property Taxes	316.92	353.63	360.13	362.63	369.39	376.49	7.10	1.92%
General Other Local Taxes	517.38	530.96	514.82	488.36	495.14	501.77	6.64	1.34%
Permit, Fees & Regulatory Licenses	36.84	38.20	39.35	41.90	45.57	46.37	0.80	1.75%
Fines & Forfeitures	14.08	14.13	14.07	13.35	13.35	13.41	0.07	0.50%
Revenue from Use of Money & Property	18.40	17.51	15.23	15.24	21.00	22.47	1.47	6.98%
Charges for Services	69.63	72.67	71.32	73.42	74.62	75.07	0.45	0.60%
Revenue from the Commonwealth	304.69	301.13	303.67	306.01	309.60	310.00	0.40	0.13%
Revenue from the Federal Government	40.22	31.15	33.50	28.47	29.29	29.29	0.00	0.00%
Recovered Costs/Other Revenues	14.24	15.30	17.85	20.11	18.33	18.33	0.00	0.00%
Total Revenues	**$3,379.68**	**$3,498.10**	**$3,586.11**	**$3,703.13**	**$3,810.51**	**$3,905.04**	**$94.53**	**2.48%**
Transfers In	**$6.90**	**$6.77**	**$23.87**	**$12.15**	**$9.83**	**$9.83**	**$0.00**	**0.00%**
Total Available	**$3,622.82**	**$3,714.31**	**$3,792.79**	**$3,871.67**	**$3,896.25**	**$3,991.57**	**$95.32**	**2.45%**
Direct Expenditures by Program Area								
Legislative-Executive Functions / Central Services	$98.98	$97.97	$99.85	$110.18	$105.53	$109.55	$4.02	3.81%
Judicial Administration	31.02	33.45	34.39	35.00	35.51	36.63	1.12	3.16%
Public Safety	403.11	416.24	425.93	456.89	453.27	480.92	27.65	6.10%
Public Works	63.88	68.39	69.89	73.09	72.60	75.84	3.25	4.47%
Health and Welfare	293.63	281.52	280.79	302.49	303.99	318.13	14.14	4.65%
Parks and Libraries	47.35	49.45	49.61	53.08	51.11	52.71	1.60	3.13%
Community Development	42.77	42.70	44.23	50.12	49.44	50.68	1.24	2.50%
Non-Departmental	261.55	279.59	287.71	313.40	338.53	361.66	23.13	6.83%
Total Direct Expenditures	**$1,242.28**	**$1,269.32**	**$1,292.41**	**$1,394.26**	**$1,409.98**	**$1,486.12**	**$76.15**	**5.40%**
Transfers Out								
Schools Operating	$1,610.83	$1,683.32	$1,716.99	$1,768.50	$1,825.15	$1,879.91	$54.75	3.00%
School Construction	0.00	0.00	0.00	0.00	0.00	13.10	13.10	--
Schools Debt Service	159.74	164.76	172.37	177.14	187.16	192.16	5.00	2.67%
Subtotal Schools	**$1,770.57**	**$1,848.08**	**$1,889.36**	**$1,945.64**	**$2,012.31**	**$2,085.17**	**$72.85**	**3.62%**
County Transit	$34.46	$36.55	$34.55	$34.55	$34.55	$35.59	$1.04	3.01%
Information Technology	16.18	14.28	9.76	11.25	2.70	7.70	5.00	185.19%
Community Services Board	100.50	109.61	110.08	112.19	115.49	121.58	6.09	5.28%
County Debt Service	116.78	116.85	118.80	133.74	127.79	141.29	13.50	10.56%
Metro	11.30	11.30	11.30	11.30	11.30	15.00	3.70	32.75%
OPEB	27.74	28.00	28.00	28.00	26.00	26.00	0.00	0.00%
Capital Paydown	19.63	18.00	27.64	37.68	22.04	24.69	2.65	12.02%
Other Transfers	73.95	79.50	114.50	87.15	57.39	63.50	6.11	10.64%
Subtotal County	**$400.53**	**$414.10**	**$454.63**	**$455.86**	**$397.26**	**$435.35**	**$38.09**	**9.59%**
Total Transfers Out	**$2,171.10**	**$2,262.17**	**$2,343.98**	**$2,401.50**	**$2,409.57**	**$2,520.52**	**$110.94**	**4.60%**
Total Disbursements	**$3,413.38**	**$3,531.50**	**$3,636.39**	**$3,795.75**	**$3,819.55**	**$4,006.64**	**$187.09**	**4.90%**
Total Ending Balance	**$209.44**	**$182.81**	**$156.39**	**$75.92**	**$76.70**	**($15.07)**	**($91.77)**	**(119.65%)**
Less:								
Managed Reserve	$69.34	$71.88	$73.98	$75.92	$76.70	$80.44	$3.74	4.88%
Other Reserves	62.78	17.36	7.70	0.00	0.00	0.00	0.00	--
Total Available	**$77.32**	**$93.56**	**$74.72**	**$0.00**	**$0.00**	**($95.52)**	**($95.52)**	**--**