

Budget Guidance for FY 2020 and FY 2021

At a regular meeting of the Board of Supervisors of Fairfax County, Virginia, held in the Board Auditorium of the Fairfax County Government Center on Tuesday, April 30, 2019, the Board approved the following Budget Guidance for FY 2020 and FY 2021:

Strategic Planning

The Board endorses the current Strategic Planning process being undertaken by the County. Consistent with discussions at the March 26, 2019 joint meeting with the School Board, staff should proceed as planned with the next phases of the Strategic Plan. This will include continued opportunities for community engagement. The work that is underway, which will be guided by the One Fairfax policy, is designed to define the key challenges facing the County in each of the nine priority areas and identify core factors that influence the desired outcomes in each priority area. In addition, key metrics to measure and report progress will be defined to ensure that the plan is a living and flexible tool that enhances future performance management and decision-making. One of the critical elements of the Strategic Plan is recognition that new business models and organizational requirements will achieve greater collaboration across County agencies and FCPS to achieve priorities. Future capital and operating budgets will also be aligned with the Strategic Plan and its priorities. The Board commends the County Executive's initiative and anticipates the robust discussion which will ensue once the recommended Strategic Plan is presented.

Schools Operating Support and Board of Supervisors/School Board Collaboration

The Board appreciates the collaboration that has taken place over the past several years between the Board of Supervisors and the School Board, as well as between the management and staff of both organizations, particularly between the County Executive and School Superintendent. This spirit of cooperation will be important as the County and Schools continue to identify resources for their joint priorities in FY 2021 and beyond. The County Executive is encouraged to build his FY 2021 proposal assuming equal growth of County disbursements and School transfers, as has been done in recent years, while balancing spending with maintaining affordability for taxpayers. With the County and Schools working in partnership, this practice has allowed for a

more positive and constructive budget development process. Continued joint discussions on important budget issues, including shared services and shared-use capital opportunities, as well as initiatives examined through the new Joint Environmental Task Force, will help to inform all decision-makers and set the stage for productive discussions in the Fall when updated forecasts are presented to both boards. Issues for examination should include joint work by the Schools and Park Authority to develop a multi-year approach to fund the construction of permanent restroom facilities at major Schools fields and Park facilities.

SCYPT/School Readiness

One of the most effective collaborations between the County and Schools has been the Successful Children and Youth Policy Team (SCYPT). Strategies endorsed by SCYPT have led to the implementation of initiatives to improve the behavioral health system of care for children, expand school readiness opportunities, and address absenteeism in schools. For example, since FY 2015, the County has added just under \$6.5 million in funding and 234 early childhood education slots. Continuing the progress made to improve services for the County's youth is of paramount importance to the Board. Therefore, staff is directed to return to the Board in the Fall for a discussion and update on next steps to continue to reduce waiting lists and expand school readiness and childcare opportunities.

Affordable Housing

The Board commends the work of the community in response to the Board motion to develop a plan for meeting the long-term goals of affordable housing in Fairfax. The Affordable Housing Resources Panel (AHRP) responded with a thorough review of the issue and identified actionable recommendations to be incorporated into Budget Guidance so the Board could direct staff to include recommendations for FY 2021. The Board is pleased to be able to make a down payment on these longer-term commitments in the form of the *FY 2019 Third Quarter Review* one-time funding for the Housing Blueprint and the addition of a Housing in All Policies position for the Department of Housing and Community Development (DHCD) in FY 2020. In addition, staff is directed to facilitate the transfer of properties appropriate for affordable housing as soon as possible as opposed to waiting for FY 2021. This includes the West Ox/Route 50 property in Sully District.

The Board further directs the County Executive to focus on the five strategic areas identified by the AHRP:

- Need, new production goals, and resources
- Preservation of affordable units
- Land use policies and regulations
- Institutional capacity
- Community awareness and legislative priorities

Specifically, the Board recognizes the need for 15,000 new housing units over the next 15 years that are affordable to households earning 60 percent of Area Median Income (AMI) or less and endorses the AHRP recommendation that the County assist in the production of at least 5,000 new affordable units over the next 15 years using public financial resources. Staff is directed to develop a plan that identifies the equivalent of one additional cent on the Real Estate Tax rate (in addition to the current half-penny) for this purpose. It should be noted that the current half-penny does not reflect the County's total commitment to affordable housing. In FY 2020, including the \$5 million added as part of the *FY 2019 Third Quarter Review*, total resources in the budget for affordable housing will total more than \$140 million including County, federal and all other revenue sources.

The Board also reaffirms its commitment to no net loss of existing market affordable units to be achieved through public financing and land use policy, with the current funding of a half a penny in the Penny for Affordable Housing Fund prioritized to support preservation.

The approach to develop affordable housing is not limited to funding. Therefore, the Board directs the County Executive, the Deputy County Executive for Planning and Development, and staff to develop a package of innovative land use policies to further facilitate the development of affordable housing beyond the stated goal of 5,000 units. Additional investments in staff resources to facilitate these options should be identified for the Board.

The County should also fully explore all opportunities to better utilize all public space in the County in support of the goal of developing affordable housing.

Exploring opportunities with other entities, such as houses of worship, and all public private partnership options should be a top priority of DHCD.

The Board anticipates that affordable housing will be a critical focus area in the Countywide Strategic Plan and therefore incorporated into long-term planning and budgeting for the County. Staff should ensure that affordable housing has a prominent place in the Board's legislative program and promote community awareness of affordable housing needs and opportunities.

Finally, the Board additionally directs the County Executive and staff to refer to the Panel report (<https://www.fairfaxcounty.gov/housing/sites/housing/files/assets/documents/ahrp/ahrp%20recommendations%20final.pdf>), and return to the Board with a plan to respond to all the recommendations in the Fall of 2019, including incorporation into the FY 2021 budget discussion. This should include long-term options for community involvement and monitoring of progress and opportunities for providing ongoing advice and updates to the Board. The monitoring of progress should be based on metrics and a dashboard should be developed to track progress.

Retiree Health

Advances in medicine have led to new treatments and practices that increase our lifespans and provide better management of chronic diseases; but improved longevity and more expensive treatments have also increased the cost of health care. Rising health care costs impact retirees more than other groups, as retirees bear a greater share of health insurance premiums and incur more out of pocket health expenses. The health insurance landscape is also changing, with the availability of new approaches to the provision of enhanced Medicare coverage, the introduction of private and public health care exchanges, and the growing use of tax-advantaged vehicles such as health savings accounts to allow employees to save for future health expenses. Staff is directed to review the County's retiree health benefits and return to the Board at a future Personnel Committee meeting with recommendations to improve the retiree health program based on the evolving health care environment. This review should include the potential impact on the County's OPEB (Other Post-Employment Benefit) liability.

Uniformed Fire and Rescue Compensation

Based on Board direction, and on the heels of a similar study for Police and Sheriff, a consultant study of the uniformed Fire and Rescue compensation plan and organizational structure was undertaken, and results were presented at the Board's Personnel Committee meeting on April 2, 2019. Although some of the recommendations of the study were included in the FY 2020 Advertised Budget Plan for implementation, the Board feels that it is important to take the time to more fully understand the analysis and recommendations of the study before moving forward. Staff is directed to come back to the Board's Personnel Committee meeting before the August recess to provide a thorough briefing of the information included in the study. Before returning to the Board, it is imperative that staff engage with employee group representatives and work with leadership of the Fire and Rescue Department on the development of recommendations coming out of the report. Funding of \$2.68 million is available in the FY 2020 budget to support these recommendations.

Police Pay and Organizational Adjustments

Over the past years, a number of recommendations from the 2016 consultant study on Police compensation and the organizational structure have been implemented. This has included pay scale adjustments to make the increases between steps and grades more consistent, as well as adding Relief Sergeant positions. The last portion of funding for the Relief Sergeants is included in the FY 2020 budget. The County has been implementing recommendations over a multi-year period, and this is expected to continue in FY 2021. These issues include continuing to examine pay competitiveness relative to the market, looking at options related to supervisory pay levels, and addressing pay concerns for Animal Protection Police Officers. Although some of these issues may be addressed with additional resources in future budgets, the department is also encouraged to look at options to address these issues, if possible, within current appropriation levels.

Body Worn Cameras

The Board is scheduled to receive an update on the results of the body worn camera pilot program at a July Public Safety Committee meeting. Direction to staff on next steps will follow this discussion. Consistent with the discussions that have occurred already concerning body worn cameras, the Board has identified non-recurring funding of \$5.57 million as the initial source of funding

for implementation. This funding will accommodate any FY 2020 requirements determined by the Board for next steps. Any recurring funding requirements will be included in the FY 2021 budget.

Welcoming Inclusion Network Recommendations

The Board appreciates the excellent work by the Fairfax-Falls Church Community Services Board (CSB) and the Welcoming Inclusion Network (WIN) which resulted in the recommendations for expanded employment and day service options for adults with developmental disabilities presented to the Board at the December 11, 2018 Health, Housing and Human Services Committee meeting. While some of the recommendations, such as offering a transition to community-based older adult day services, should result in cost-savings in the long-term, others may require additional resources. These include marketing incentives to increase group-supported employment options and expanding opportunities for self-directed services. Therefore, the County Executive is directed to include as part of the FY 2021 Advertised Budget Plan resources necessary to allow for the implementation of the CSB-supported WIN recommendations for employment and day services.

Diversion First

FY 2020 marks the fourth year of the County's Diversion First initiative, which was established to offer treatment options to individuals with mental illness, developmental disabilities or co-occurring substance abuse disorders rather than sending them to jail for low-level offenses. Since its inception in January 2016, over 1,300 individuals have been diverted to treatment rather than incarceration through the program. It is important that the County continue to implement the multi-year strategy for this successful initiative in future years, and the County Executive is directed to include Diversion First funding in his FY 2021 proposal.

Library Hours

The Fairfax County Public Library (FCPL) system is the educational institution at the center of many neighborhood communities across the County. FCPL has 22 branch locations: eight larger regional and 14 smaller community library branches. Significant public investments have been made in renovating and expanding these great facilities. However, due to operating budget restraints, the hours the community has access to these facilities, and the services and

activities available in our libraries, are limited. The populations served by the libraries range from pre-school to older adults, as well as those with visual impairments and other physical disabilities, non-native English speakers, children with autism, and individuals of various economic means. Our library system is one of the most obvious and potentially productive tools for implementing the County's commitment to One Fairfax. Therefore, the County Executive is directed to work with Library staff to evaluate the service and fiscal impacts of various options for increasing library hours through additional funding in the FY 2021 budget. The County Executive should report back to the Board with the results of this analysis to allow for discussion before the development of the FY 2021 Advertised Budget Plan.

State Employee Compensation Supplements

Board members continue to hear the concerns of state employees who believe that their state salaries are inadequate based on their responsibilities and the cost of living in northern Virginia. Providing appropriate compensation for these employees is the responsibility of the state. In some circumstances, however, the County has approved salary supplements for state employees who work in support of County activities, such as clerks in the General District Court and Juvenile and Domestic Relations District Court, employees in the Office of the Commonwealth's Attorney, and employees in the Office of the Public Defender. Before approving changes to current supplements – or the addition of new supplements – it is important for the Board to be provided with further information. Therefore, staff is directed to return to the Board in the Fall – for discussion at a Budget or Public Safety committee meeting – with more detail on supplements currently provided, supplements provided in other jurisdictions, legal limitations, and compensation comparisons with similar County staff. This information should specifically include data for Probation and Parole Officers, as well as Public Defenders. Additionally, this issue should be added to a Legislative Committee agenda for discussion.

Machinery and Tools Tax

As the County continues to focus on economic development opportunities, staff is directed to look at small-scale production and how County policies, practices, and taxing structures could be adjusted to encourage new businesses, as well as the expansion of current ones. As an example, the Machinery and Tools Tax (M&T) is higher than a number of surrounding jurisdictions and includes a less

aggressive depreciation schedule. In addition, staff should analyze other components of the County's competitive position of attracting these businesses in the region. The results of this review and analysis should be provided to the Board in advance of the FY 2021 budget discussion to solicit Board guidance for possible actions which could be included in FY 2021.

Lake Accotink

The County Executive, the Park Authority, Stormwater Management and the Department of Management and Budget are directed to refine the options and timeline, and appropriate funding mechanisms, to address the critical environmental issues at Lake Accotink. The FY 2020 Capital Improvement Program identifies the current anticipated timeline and scope of the project. The updated staff recommendation, including a specific funding strategy and timeline, should be presented to the Board of Supervisors during the Fall of 2019 for action.

I now move the Budget Guidance that I just reviewed which will help direct the FY 2021 Budget process.

A Copy Teste:



Catherine A. Chianese,
Clerk to the Board of Supervisors