FY 2021 UPDATED BUDGET PROPOSAL

In Response to the Coronavirus Pandemic

Fairfax County, Virginia

Message from the County Executive

April 7, 2020

Honorable Board of Supervisors
County of Fairfax

Chairman and Board Members:

When the FY 2021 Advertised Budget Plan was presented on February 25, 2020, listed, among the factors that were noted could impact the future performance of the economy, was the *coronavirus and the effects of a potential global pandemic*. Little did we suspect, at the time, that the COVID-19 pandemic could so quickly and significantly change the economic outlook – not only for Fairfax County – but across the country and the world.

Fairfax County residents have not only tested positive for the virus, sadly, some have lost their lives. Many County residents have been furloughed or have been laid off from their jobs. Businesses across the County are shuttered or are opened with a skeleton staff and operating under strict social distancing guidelines. Fairfax County Public Schools have been closed for the remainder of the school year, leaving parents struggling to work from home – if they are able and remain employed – while also helping guide their children through online lessons or take-home assignments. Life as we know it has been significantly and, perhaps, to some extent, permanently altered.

As a result, and as discussed at the Board of Supervisors Budget Committee meeting on March 31, it is imperative that our initial FY 2021 budget proposal be updated to reflect the new economic realities. The proposal that I am submitting to you today is streamlined substantially from the original FY 2021 Advertised Budget Plan. All proposed tax rate and fee increases have been eliminated to alleviate pressure on the County's taxpayers. Spending adjustments have been refocused on essential services only, which includes the elimination of compensation increases. New positions have been drastically reduced from 177 to 20 – with all but one of these positions directed to the Health Department to boost the County's efforts to combat the coronavirus epidemic. This proposal exemplifies our efforts to meet our community's most critical needs and to protect the County's existing employees. County revenues will be lower due to the pandemic, and we will need to adjust to continue to live within our means. The budget approval timeline is also recommended to be shifted back to allow for more time for Board and resident consideration. These changes are noted later in my message and detailed at the end of this package.

At this time, we are unsure how long the current economic downturn will last as we do not yet know how long it will take for our country to begin to control the spread of the COVID-19 virus. Additionally, even if we are able to "flatten the curve", there are concerns that the virus could come back and spread throughout the country once again. In fact, until there are demonstrated treatments that may alleviate symptoms or an approved vaccine, we may be faced with cycles of social distancing and economic disruption for the foreseeable future. It is important, therefore, that we be conservative in our assumptions in this revised proposal. Additionally, it will be important that we revisit the FY 2021 budget in a much more comprehensive manner than in prior years – through a more robust *FY 2020 Carryover Review* and *FY 2021 Third Quarter Review*, as well as a new *FY 2021 Mid-Year Review* in the fall.

The FY 2021 Advertised Budget Plan included recommendations to generate revenues to cover some of the County's most important priorities – including affordable housing, employee pay, early childhood opportunities, environmental investments, the expansion of library hours, and support for arts and cultural activities. These priorities remain our priorities. However, our residents' ability to absorb the impact of increased taxes has diminished. **This revised proposal maintains the current Real Estate Tax rate of $1.15 per $100 of assessed value and eliminates the proposed three-cent increase – including the two cents that was proposed to balance the General Fund and the one cent for affordable housing. This revised proposal also removes the recommended 4 percent Admissions Tax.** As many of the facilities that would have been impacted by the tax have been closed – such as movie theaters and concert venues – now is not the appropriate time for us to consider this tax. It is a time to reconsider how we provide services into the future.

As this Board is aware, projecting revenues at this time is extremely difficult. Most certainly, as many businesses are closed and as our residents are staying at home – as they should to protect themselves and others – we are expecting declines in a number of categories. **As part of this recommendation, I am recommending that General Fund revenues be held flat as compared to the FY 2020 Adopted Budget Plan.** The Board is aware that based on the actions of the Fed to lower interest rates to 0 percent, our FY 2021 estimate for interest income should be reduced by $25 million. Additionally, we expect significant impacts to sales tax, transient occupancy tax and BPOL (Business, Professional, and Occupancy License) tax revenue. Personal Property taxes could be impacted as new car sales are expected to be moderated and business investments are anticipated to be stifled, and a host of other smaller categories could see significant reductions. The scale of the reductions will be impacted by the length of the pandemic, how long it takes for the economy to restart, and whether we will be faced with additional cycles of the spreading virus. Based on growth in the Real Estate base, **exclusive** of the increase in the Real Estate Tax rate originally proposed, an increase in revenue of over $100 million is anticipated. For the average homeowner, this is an impact of $172. I believe that this revenue will be necessary to offset reductions in other categories, resulting in no net growth in revenue for the County in FY 2021. More information on revenues is provided later in this document.

With the significant impact to revenues, most of the recommended spending adjustments that had been included in my original proposal will need to be deferred. All increased disbursements in this proposal are paid for by savings in Fringe Benefits and required reserve contributions. This updated budget proposal focuses on only those items that are critical to maintaining the health and safety of our residents and the continued function of essential services. In developing this recommendation, the focus has been on doing no harm to existing programs or current employees. Thus, this proposal includes little funding to expand programs, except where absolutely necessary, but also does not include reductions to services or County personnel. **Protecting the jobs and current pay levels of the County's existing employees continues to be of utmost importance as we progress through these challenging times.** In order to balance, all pay adjustments that had previously been recommended have been eliminated. I am hopeful that, as the economy improves, we will be able to reconsider pay adjustments for our employees at a later date.

I have maintained equal growth for the County and Schools in this proposal, as I had in the advertised plan. However, this growth has been drastically reduced from 3.65 percent to 0.32 percent over the FY 2020 Adopted Budget Plan. As a result, the increase in the transfer to the Schools Operating Fund is reduced from $85.52 million to $7.31 million and represents an increase of 0.34 percent over FY 2020. Including support for Schools Debt Service, which remains unchanged from the $0.20 million increase included previously, total Schools support totals $7.51 million and Schools represent 52.7 percent of total General Fund disbursements.

Funding increases that remain in this new proposal include:

- Positions and support for the County's Health Department and School Health programs. School Health positions will be temporarily deployed to assist in efforts to respond to the coronavirus epidemic.
- Increased support for the Consolidated Community Funding Pool and flexibility will be maximized to ensure that the funding responds to the community's most urgent needs
- Support for the coordination of services for those with developmental disabilities
- Requirements for maintenance of County facilities and lease payments
- Support for information technology requirements, including that necessary to support upcoming elections
- Recurring impacts of actions that occurred in the current fiscal year, including position movements and adjustments approved at prior quarterly reviews

From this short list, you will realize that most adjustments originally recommended have been deferred. These include the expansion of the Diversion First initiative and increased support to fight the opioid epidemic. Positions and funding for the South County Police Station and the Scotts Run Fire Station have been removed. I believe that these deferrals should not be problematic based on the construction schedule of these facilities. However, depending upon the length of this pandemic, we may need to consider moving existing employees and apparatus to the new fire station or holding it vacant for some time versus adding new personnel. Additionally, the expansion of County library hours has been deferred, and I know that this change will be a disappointment for many in our community. Many new positions – even those supported by funding sources outside of the General Fund – have been deferred, as we need to focus on our existing employees in these times of uncertainty. Again, my hope is that as we come out of this crisis, we will be able to reconsider some of these adjustments at an upcoming quarterly review or in FY 2022. We must recognize that a prolonged economic stagnation will impact FY 2022 revenues, including Real Estate (particularly the commercial market) and BPOL taxes.

There are only three adjustments which are new to this proposal, all related to the County's response to the pandemic. These include the recurring impact of the Health Department positions recommended as part of the *FY 2020 Third Quarter Review,* as well as 8 new positions recommended in the Health Department to continue supporting the County's response. **Additionally, $9.84 million has been set aside in the updated FY 2021 proposal as an appropriated reserve for other potential requirements to address the pandemic**. Having this funding appropriated will allow our staff to move quickly to secure needed supplies or equipment. Additionally, it may be utilized to support those most impacted in our community by the pandemic, including our non-profits and small businesses.

I also want to note that FY 2021 revenue estimates for state and federal revenue have not yet been adjusted. We are closely monitoring activities in the General Assembly as well as federal guidance regarding the recently passed stimulus package. At this time, we do not have a great deal of information. The General Assembly is expected to examine and propose to Governor Northam options of how to absorb the projected state budget revenue loss as a result of COVID-19 in advance of the April 22 veto session. Officials have indicated that the state is likely to lose $1 billion in revenue in each year of the pending two-year budget. It is unlikely that the state will be able to absorb this impact without making adjustments to local government allocations – particularly for the Schools.

Federal assistance under the $2 trillion stimulus package approved by Congress is expected to help state and local governments rebuild their budgets. Local governments with a population over 500,000 will receive direct financial assistance via a stabilization grant program – the Coronavirus

Relief Fund. We are awaiting guidance from the U.S. Department of Treasury regarding parameters for qualified reimbursements. It should be noted that, although the County has expenses related to the pandemic, by far the biggest impact to the County's budget is lost revenue. We are hopeful that the administration will allow for maximum flexibility in the use of these funds and will allow for stimulus funds to offset revenue losses. At this time, we have learned of stimulus funds for increased Community Development Block Grant (CDBG) and Emergency Solutions Grant (ESG) funding from the U.S. Department of Housing and Urban Development, as well as local law enforcement funding from the Department of Justice. The flexibility allowed for use of the CDBG and ESG funds, when combined with the focused utilization of funds in the Consolidated Community Funding Pool, will provide the County with additional capacity to respond to community needs. We will continue to closely monitor federal stimulus funds and will attempt to maximize those funds coming to the County.

As the Board is aware, we have made tremendous strides in the past few years in improving the County's reserve posture. We currently have over $446 million in the Revenue Stabilization, Managed, and Economic Opportunity Reserves – just shy of our 10 percent reserve target. Some residents may be wondering why, in the midst of this health and economic crisis, I am not proposing utilizing a portion of these reserves to offset anticipated revenue losses. As noted in the March 31 presentation, our reserves have specific parameters which guide their usage. The Revenue Stabilization Reserve can only be used when revenues within the current fiscal year are projected to decline more than 1.5 percent, and withdrawals must be paired with expenditure reductions. The Managed Reserve is intended to be used only to respond to a catastrophic event. The County has never tapped into the Managed Reserve. It is important that we maintain these reserves at their fully funded status in order to allow the County to have flexibility in the case of an expanded economic downturn in FY 2021 or to respond to an unforeseen natural disaster.

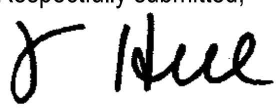
On the other hand, the Economic Opportunity Reserve is a revolving reserve which is intended to be used – as directed by the Board of Supervisors – to stimulate economic growth through specific projects. As discussed at the Budget Committee meeting last week, the County is looking at ways in which small businesses in the County can be supported during these challenging times. The initial recommendation was to utilize General Fund resources to begin a small business microloan program. However, an Action Item will be included in the Board of Supervisors meeting agenda for April 14 which will alter the recommendation to utilize Economic Opportunity Reserve (EOR) funds for this program. The EOR will allow the Board to easily control the scope of the microloan program and quickly expand the availability of funds depending upon the length of the economic crisis. The Action Item will detail temporary changes to the EOR guidelines to streamline the Board's approval process and provide additional flexibility for the funds to be used for operational uses.

I understand that providing a new budget proposal six weeks after the release of the Advertised plan results in a limited amount of time for both the Board and our residents to consider the new recommendations. And I recognize that all of us are balancing professional responsibilities and personal ones, as we work to provide for and protect our loved ones at this difficult time. By Virginia Code, we are required to adopt our budget by May 15 in order to establish funding levels for Schools support. Budget adoption is currently scheduled for May 5, however, **I am recommending the adoption of the FY 2021 budget be shifted back one week to May 12. This will also allow us to move public hearings – with the exception of the Effective Tax Rate public hearing – back two weeks to April 28-30.** This will provide additional time for our residents to consider the new budget proposal outlined today.

Additionally, as we are not under the same May 15 deadline to approve the Capital Improvement Program (CIP) or the Countywide Strategic Plan, **I recommend that approval of the CIP be postponed until June to allow additional time for Board consideration**. We will work to schedule an additional Budget Committee meeting before this time to provide time for Board discussion. Additionally, **I recommend that Board approval of the Countywide Strategic Plan also be postponed**. It is imperative that we have the appropriate opportunities to receive community feedback on the plan, but at this time it is important to allow our residents to focus on their families and their health. We will come back to the Board at a future date with a plan to hold community meetings and a timeline for Board consideration and approval.

As I have stated, we as a community need to focus on our families. The economic catastrophe we are facing will impact Fairfax County for many years to come. The new Fairfax County will continue to provide top-notch service delivery to all residents, but this delivery will be different and, unfortunately, at a distance. Our team has stepped up our game as we have increased our telework opportunities, but these opportunities are not available for all. Many of our County employees must continue to engage with the public, move within the public, and provide essential services. It is our goal to change how we service the rest. Opportunities abound; our mission is to focus on our current staff as we transition many into redefined roles. Each employee is inherently important to our operations, but the operation of Fairfax County government must now change. As Fairfax County finds itself in a different reality, we will need to think about changes that may be necessary to maintain our premier status. Our future may be leaner, and will certainly be more efficient, as we use different tools to provide the services that are needed for our community.

Respectfully submitted,



Bryan J. Hill
County Executive

Updated FY 2021 General Fund Overview

The following table summarizes the updated FY 2021 budget proposal. The proposal is based on the current Real Estate Tax rate of $1.15 per $100 of assessed valuation. Although increased revenue of over $100 million is projected based on increased Real Estate values, this revenue is anticipated to be offset by revenue losses as a result of the coronavirus pandemic. As a result, no net increase in revenues is anticipated. All requirements funded in this proposal are offset by savings in fringe benefits and reserve requirements.

Adjustments included in FY 2021 Revised General Fund Budget (Amounts shown are in millions, net change over FY 2020 Adopted Budget Plan)			
Available Revenue Increase			
Net Projected Revenue			$0.00
Net Impact of Transfers In			($0.37)
Total Available			**($0.37)**
FY 2021 Requirements			
	County	**Schools**	**Total**
County Compensation	($11.63)	--	($11.63)
County Debt Service	($0.72)	--	($0.72)
Lifelong Education and Learning	($0.21)	$7.51	$7.30
Housing and Neighborhood Livability	$0.12	--	$0.12
Safety and Security	$2.25	--	$2.25
Health and Environment *Includes $9.84 million reserve for Coronavirus Pandemic*	$12.78	--	$12.78
Mobility and Transportation	--	--	--
Empowerment and Support for Residents Facing Vulnerability	$2.74	--	$2.74
Cultural and Recreational Opportunities	$0.05	--	$0.05
Economic Opportunity	$0.05	--	$0.05
Effective and Efficient Government	$1.29	--	$1.29
Subtotal	**$6.72**	**$7.51**	**$14.23**
Reserve Adjustments			($14.60)
Total Uses			**($0.37)**
Available Balance			**$0.00**

FY 2021 General Fund Revenue and Economic Update

The General Fund revenue estimates that were included in the FY 2021 Advertised Budget Plan released by the County Executive on February 25, 2020 assumed that the U.S. economy would continue to expand in 2020 and 2021. The revenue estimates were developed based on a review of Fairfax County economic indicators, actual FY 2019 receipts, and FY 2020 year-to-date collection trends through December. Forecasts of economic activity in the County were provided by IHS Markit and a variety of national economic forecasts were considered.

The County Executive's presentation of the budget noted that one of the factors that could impact the future performance of the economy was "the coronavirus and the effects of a potential global epidemic". Shortly after the release of the FY 2021 Advertised Budget Plan, the coronavirus rapidly escalated and was declared a pandemic, with school closures and event cancellations throughout the country. Consumers are currently being asked to stay home to combat the virus's spread. This unprecedented health crisis is having a devastating effect on the economy and its outlook – not only for Fairfax County – but across the country and the world.

Economic recessions are often triggered by deterioration in consumer and business confidence and expectations. When consumers are reluctant to spend and when businesses are not optimistic about their market share, investments and profits, the economy sputters and sometimes deteriorates. Prior to the coronavirus spread, the underlying U.S. economy was quite robust. The current economic disruption was not triggered by a confidence crisis but rather by a health crisis which shut down many sectors of the economy. When the economy recovers will depend on the duration of social distancing and the quarantine policies that are currently in place.

National Economy

The impact of COVID-19 on the economy is very hard to assess at this point because the current situation is unlike anything that has happened in the past. Many economic indicators will also lag current events. However, some of the available weekly data already illustrate the immediate impact of the economy essentially grinding to a halt. U.S. unemployment-insurance claims filed in the last two weeks of March were at record-high levels – 3.3 million in the week ended March 21 and another 6.6 million in the week ended March 28. Data from the hotel industry also points to the outsized unprecedented impact of COVID-19: for the week ended March 28, nationwide hotel occupancy was only at 22.6 percent. It is expected to deteriorate further due to the curtailment of travel. Based on data from the Transportation Security Administration, total traveler checkpoint throughput declined sharply in March and was down 95 percent as of April 2 compared to a year ago. The day before the District of Columbia closed in-restaurant dining on March 16, OpenTable reservations were already down 55 percent compared to a year ago; by the end of March, they were down 100 percent. The same trend was observed in weekly U.S. box office gross revenue, down 100 percent in the last week of March.

Current economic turmoil makes revenue forecasting very difficult. There is the potential of a severe but short-lived economic disruption, which will likely push the economy into contraction in the second quarter of 2020. However, a more prolonged economic recession is also possible, should the pandemic last for months and is not successfully contained. At this time, IHS Markit projects a U-shaped, rather than a V-shaped, economic cycle, as a sharp reduction in near-term growth is expected to be followed by a slow recovery.

Washington Region Economy

During the Great Recession, the Washington 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. Unlike prior business cycles, the Washington's region economy will not be insulated from the immediate effects of the coronavirus outbreak. The sectors of the economy relying on discretionary consumer spending are expected to contract, as households and businesses reduce expenditures, particularly in the Leisure and Hospitality sector, the Retail sector, the Administrative and Support sector, and the Other Services sector, which includes personal care, maintenance and in-home household services. According to a George Mason University report, these industries account for 27.7 percent of the regional jobs, 22.8 percent of the main source of employment for the region's workforce, 13.0 percent of wages earned in the region, and 11.2 percent of the region's economic activity (Gross Regional Product). A large number of jobs will be affected as a result of the immediate decline in travel and discretionary spending, with significant social ramifications. However, because these jobs are more likely to be lower wage, the changes in jobs and unemployment will not have the same economic impact as the jobs lost during the 2008/2009 recession and the sequestration, when higher wage jobs were also lost. In addition, because the economy of the Washington region is knowledge-based, it is expected to be insulated from the supply-chain manufacturing disruptions affecting other regional economies. Federal procurement spending accounts for about 30 percent of the Washington's economy. This will allow for the workforce of the federal government and federal contractors in the Professional and Business Services sector to recover faster from the disruption and resume normal operations.

General Fund Revenues

Many of the County's revenue categories are extremely sensitive to economic conditions and will be negatively impacted as a result of the economic disruption. In the absence of solid data and with so much uncertainty about the outlook, General Fund revenues are projected to be $4,457,199,539, which represents no change from the FY 2020 Adopted Budget Plan level. This level of revenue is based on the assumption that by July the health crisis is over and gradual recovery in consumer confidence leads to the resumption of economic activity. All revenue categories will be closely monitored with respect to collections and the effects of changes in the economy. It is expected that FY 2021 revenue estimates will have to be revised several times throughout the fiscal year as more data become available in the coming months and the impact of the economic disruption is evaluated further.

Category	FY 2019 Actual	FY 2020 Adopted Budget Plan	FY 2020 Revised Budget Plan[1]	FY 2021 Add-On Estimates	Change from Revised	
					Increase/ (Decrease)	% Change
Real Estate Taxes - Current and Delinquent	$2,796,959,177	$2,890,593,420	$2,894,699,521	$3,002,075,466	$107,375,945	3.7%
Personal Property Taxes - Current and Delinquent[2]	633,140,857	640,494,857	648,813,426	639,338,332	(9,475,094)	(1.5%)
Other Local Taxes	528,245,784	537,425,572	544,268,928	489,100,905	(55,168,023)	(10.1%)
Permits, Fees and Regulatory Licenses	55,874,600	53,559,013	55,556,374	49,642,908	(5,913,466)	(10.6%)
Fines and Forfeitures	12,258,740	12,583,545	11,795,664	11,795,664	0	0.0%
Revenue from Use of Money/Property	71,181,118	82,283,249	60,896,621	24,257,799	(36,638,822)	(60.2%)

Category	FY 2019 Actual	FY 2020 Adopted Budget Plan	FY 2020 Revised Budget Plan[1]	FY 2021 Add-On Estimates	Change from Revised	
					Increase/ (Decrease)	% Change
Charges for Services	85,476,153	83,305,683	86,396,338	83,119,246	(3,277,092)	(3.8%)
Revenue from the Commonwealth and Federal Government[2]	140,078,106	140,019,660	142,471,103	141,634,775	(836,328)	(0.6%)
Recovered Costs / Other Revenue	18,610,536	16,934,540	15,745,731	16,234,444	488,713	3.1%
Total Revenue	**$4,341,825,071**	**$4,457,199,539**	**$4,460,643,706**	**$4,457,199,539**	**(3,444,167)**	(0.1%)
Transfers In	10,173,319	9,081,414	9,081,414	8,707,781	(373,633)	(4.1%)
Total Receipts	**$4,351,998,390**	**$4,466,280,953**	**$4,469,725,120**	**$4,465,907,320**	**(3,817,800)**	**(0.1%)**

[1] Compared to the FY 2020 Adopted Budget Plan, revenue estimates were increased a net $3.4 million as part of the *FY 2019 Carryover Review,* the fall 2019 review of revenues, and the *FY 2020 Third Quarter Review*.

[2] 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.

It should be noted that the revenue estimates for FY 2021 do not reflect any adjustments for Revenue from the Commonwealth and Revenue from the Federal Government because the potential impact is largely unknown at this time. The General Assembly is expected to examine and propose to Governor Northam options of how to absorb the projected state budget revenue loss as a result of COVID-19 in advance of the April 22 veto session. State officials have indicated that in the best-case scenario the state is likely to lose $1 billion in revenue in each year of the pending two-year budget. Virginia is in a better position than some states because it has close to $2 billion in combined reserves. Federal aid under the $2 trillion stimulus package approved by Congress is also expected to help state and local governments rebuild their budgets. Notably, local governments with a population over 500,000 will receive direct financial assistance via a stabilization grant program, the Coronavirus Relief Fund.

Major Revenue Sources

Comparative data is relative to the *FY 2020 Revised Budget Plan* estimates.

Real Estate Tax Revenue

An increase of $107.4 million, or 3.7 percent

In FY 2021, current and delinquent Real Estate Tax revenue comprises 67.4 percent of total County General Fund revenues. FY 2021 Real Estate property values were established as of January 1, 2020 and reflect market activity through calendar year 2019. The Real Estate Tax base is projected to increase 3.76 percent in FY 2021 and is made up of a 2.71 percent increase in total equalization (reassessment of existing residential and nonresidential properties), and an increase of 1.05 percent for new construction. The Real Estate revenue increase in FY 2021 associated with the increase in the Real Estate assessment base is $107,375,945, or 3.7 percent over the *FY 2020 Revised Budget*

Plan at the Real Estate tax rate of $1.15 per $100 of assessed value. It should be noted that Real Estate tax revenue reflects the allocation of the projected value of one-half penny of the Real Estate tax rate ($13.25 million) to Fund 30300, Affordable Housing Development and Investment, and $5.7 million is allocated to Fund 70040, Mosaic District Community Development Authority. Throughout FY 2021, Real Estate Tax revenues will be adjusted as necessary to reflect changes in exonerations, tax abatements, and supplemental assessments, as well as any differences in the projected collection rate. Any deterioration in the County's real estate tax base, both residential and commercial, as a result of COVID-19, will be reflected in the January 1, 2021 assessments and will have an impact on FY 2022 Real Estate tax revenues.

Personal Property Tax Revenue

A decrease of $9.5 million, or 1.5 percent

The Personal Property Tax is levied on vehicles in the County (almost 77 percent of total), as well as business personal property. The car tax is based on January 1, 2020 valuation using the J.D. Power's National Automobile Dealers' Association guide. While vehicle assessed values will not change for FY 2021, new vehicle purchases will likely fall from the level assumed in the advertised estimate. The revenue estimate assumes a decrease of 1.0 percent in the total vehicle tax levy and a lower tax collection rate.

Business personal property is primarily comprised of assessments on furniture, fixtures and computer equipment. Generally, during economic slowdown, businesses are not likely to purchase new equipment and some businesses could close altogether. A deterioration in the collection rate could also be expected. The business personal property tax levy is expected to decrease 3.0 percent in FY 2021.

In FY 2021, Personal Property tax revenue is projected to decrease $9.5 million, or 1.5 percent, compared to FY 2020. The National Automobile Dealers' Association (NADA) indicated that the COVID-19 pandemic has already severely disrupted new- and used-vehicle wholesale vehicle operations at wholesale auctions and at dealerships. According to NADA, annual used car price expectations for 2020 have worsened, with year-over-year prices forecast to decline between 2 percent in the low-impact scenario (quick recovery) and 10 percent in the high-impact scenario (longer recovery after a deep recession). The severity of the decline will depend on the length of consumer and business restrictions, the economic conditions and the effect of government and manufacturer stimulus actions. Declines in the used vehicle values during calendar year 2020 will negatively impact the County's FY 2022 Personal Property tax revenue.

Sales Tax

A decrease of $26.7 million, or 13.5 percent

The steps taken to prevent the COVID-19 virus from spreading have curtailed travel and public gatherings throughout the country. In Virginia, Governor Northam issued a statewide Stay at Home order on March 30 through June 10 to protect the health and safety of residents and to mitigate the spread of the coronavirus. Even before the Governor's order, many restaurants, movie theaters, large retailers and other businesses had shut down. As a result, consumers are expected to make fewer taxable purchases in FY 2021, resulting in lower Sales Tax revenue. Categories that will be severely impacted include Restaurant and Drinking Places, Accommodation and Amusement, as well as discretionary spending for many items such as home appliances, furniture, clothes, and automobiles.

Currently, there is no available data to assess the impact on the County's Sales Tax revenue from the disruption in retail sales. Sales tax receipts in April are based on purchases made in February. May receipts are for purchasing activity in March, when consumers stockpiled on food, beverages, and other personal items. The size of the impact will start to be evident in the County's June Sales Tax receipts. The overall FY 2021 Sales Tax revenue loss will also depend on the timing and rate of economic recovery. If the containment of the virus is successful by mid-summer and consumer confidence is not permanently affected, retail sales might rebound quickly. However, if the disruption lasts through the fall, or if the virus returns later in the year after successful initial containment, the declines in consumer confidence will be long-term and the negative impact on consumption will be compounded. Taking all these factors into account, FY 2021 Sales Tax is projected to decline $26.7 million, or 13.5 percent.

Transient Occupancy Tax

A decrease of $7.0 million, or 30.0 percent

Reflecting the impact of the COVID-19 pandemic, the U.S. hotel industry has already reported significant year-over-year declines in three key performance metrics: occupancy, average daily rate (ADR), and revenue per available room (RevPAR). For the week ended March 28, nationwide hotel occupancy was 22.6 percent, ADR was down 39.4 percent, and RevPAR was down 80.3 percent. The travel industry projects that almost 6 million jobs will be lost by the end of April as a result of travel declines. The industry is projected to report a 50.6 percent decline in RevPAR in calendar year 2020 based on data from STR and Tourism Economics.

In Fairfax County, hotel occupancy for the week ended March 14 was only 22 percent, with some hotels at single-digit occupancy. April occupancy is expected to be less than 20 percent. As with Sales Tax, the cumulative losses in Transient Occupancy Tax revenue in FY 2021 will depend on the duration of the disruption and the rate of recovery in consumer confidence. Once travel resumes, pent-up travel demand and federal aid will likely help the recovery to begin later this year and into early next year. Revenue from Transient Occupancy Tax is projected to decrease $7.0 million, or 30.0 percent from the FY 2020 level.

Business, Professional, and Occupational Licenses (BPOL) Tax

A decrease of $17.2 million, or 10.0 percent

County businesses file and pay their BPOL taxes simultaneously on March 1 each year based on their gross receipts during the previous calendar year. Very little actual data will be available to help forecast FY 2021 BPOL receipts throughout the fiscal year. A major BPOL category that will be negatively impacted is Retail Merchants, which represents over 19 percent of total BPOL revenue. Other categories of concern include Amusements, Hotels and Motels, Personal Service Occupations, Builders and Developers, and Business Services. Small businesses that rely on discretionary spending by consumers will most certainly see a drop in their gross receipts. Depending on the duration of the disruption, and absent any government help, many are likely to close altogether. However, a sizable share of the County's BPOL revenue is derived from large federal government contractors who rely on federal procurement spending. The revenue estimate assumes that these federal contractors will largely be insulated from the impact of the economic disruption. Based on these assumptions, FY 2021 BPOL tax revenue is expected to decrease $17.2 million, or 10.0 percent.

Land Development Services Building and Inspection Fees

A decrease of $4.2 million, or 10.0 percent

It is expected that as a result of the COVID-19 disruption revenue collected from Land Development Services Building and Inspection fees will decline in FY 2021 by $4.2 million, or 10 percent. Revenue from these fees typically tracks closely to current conditions of the construction industry and the real estate market.

Interest on Investments

A decrease of $36.7 million, or 62.6 percent

At the time of the development of the advertised budget, the federal funds rate was at 1.50-1.75% range and the Fed had signaled that this level was likely to remain appropriate. In the face of the coronavirus crisis, the Federal Reserve implemented two emergency rate cuts in the beginning of March and took the benchmark interest rate to near zero. Since the central bank began announcing its rate moves in 1994, the Fed has never moved to cut interest rates on two separate occasions in between scheduled meetings. To prop the U.S. economy from the fallout of the pandemic, the Fed also announced numerous steps to ensure that banks can keep lending to businesses.

The Fed's actions with regard to cutting interest rates to near zero will negatively impact the earnings that the County generates on its portfolio investments. General Fund Investment Interest revenue in FY 2021 is projected to decline $36.7 million, or 62.6 percent from the FY 2020 level.

Other Categories

A decrease of $6.1 million

Many other revenue categories will likely be negatively impacted in FY 2021. Some level of decrease is assumed for the following revenue categories: Zoning permits and fees, Fire Prevention Code permits and Fire Marshal fees, EMS Transport fees, School-Age Child Care (SACC) fees, and County Clerk fees. Many other categories are projected to be level with FY 2020.

The impact of economic conditions on FY 2021 revenues will be more apparent in the coming months. Staff will continue to monitor all General Fund revenues closely and will provide regular updates. Any necessary FY 2021 revenue adjustments will be made as part of the *FY 2020 Carryover Review* and the fall review of revenues.

FY 2021 General Fund Disbursements

FY 2021 General Fund disbursements, as recommended in this revised proposal, are $4,471.92 million, an increase of $22.49 million, or 0.51 percent, over the FY 2020 Adopted Budget Plan and a decrease of $81.40 million, or 1.79 percent, from the *FY 2020 Revised Budget Plan* as included in the proposed *FY 2020 Third Quarter Review.* As the *FY 2020 Revised Budget Plan* includes the carryforward of encumbrances from FY 2019 and other one-time adjustments for FY 2020 approved as part of the *FY 2019 Carryover Review* and recommended in the *FY 2020 Third Quarter Review*, comparisons between the FY 2021 budget and the *FY 2020 Revised Budget Plan* may be misleading. Thus, this section focuses on changes from the FY 2020 Adopted Budget Plan. Of the $22.49 million increase over the Adopted Budget, $8.26 million represents a transfer to the Economic Opportunity Reserve. The remaining $14.23 million reflects adjustments for the Fairfax County Public Schools and other requirements as outlined below.

It should also be noted that the 177 new positions originally proposed in the FY 2021 Advertised Budget Plan have been reduced to 20 new positions in this updated proposal. These positions, in the Health Department and Office of Elections, are detailed on the following pages. Half of the 20 new positions are Public Health Nurse and School Health Aide positions, which directly support Fairfax County Public Schools.

Summary by Strategic Plan Priority Outcome

Concurrent with the release of the FY 2021 Advertised Budget Plan, the County's proposed Strategic Plan was made available at www.fairfaxcounty.gov/strategicplan. As was done in the advertised plan, funding adjustments included in the updated FY 2021 proposal are categorized by the priority outcome areas as included in the Strategic Plan. Two areas of funding cross all the priority outcome areas – compensation and debt service. As a result, these categories are presented separately. All increases for Fairfax County Public Schools are included in Lifelong Education and Learning.

Employee Compensation (Pay and Benefits)

($11.63) million

As part of the updated FY 2021 budget proposal, all pay adjustments for County employees have been eliminated. This includes adjustments resulting from market studies as well as the changes proposed to state salary supplements. Adjustments included in this category are related to savings available as a result of decreased requirements for retiree health liabilities and health insurance premiums. It should be noted that, with no anticipated Market Rate Adjustment, the County's living wage will remain at the current rate of $15.14 per hour.

Retiree Health Benefits

A decrease of $6.0 million is associated with a reduction in the actuarially determined contribution (ADC) for the County's OPEB (Other Post-Employment Benefits) liability. The latest valuation calculated the County's actuarial accrued liability at $363.8 million and the unfunded actuarial accrued liability at $38.9 million. The resulting FY 2020 ADC of $16.2 million, a decrease of $7.6 million from the prior year, will be funded through a combination of a General Fund transfer, contributions from other funds, and an implicit subsidy contribution as calculated by the County's actuary. The reduction is due to lower than anticipated retiree claims. As of the July 1, 2019 valuation, the County's OPEB liabilities were 89.3 percent funded.

Health Insurance and Other Benefits

A net decrease of $5.63 million in Employee Benefits is primarily due to projected savings in health insurance premiums. The County has made a concerted effort to encourage migration out of the County's high-cost co-pay plan into other more cost-effective co-insurance and consumer-directed health plans through employee engagement and education. Employees enjoy lower premiums and out-of-pocket costs without sacrificing positive health outcomes. Participation in the County's copay plan dropped below 30 percent as part of the 2019 open enrollment.

County Debt Service

($0.72) million

In addition to requirements associated with School debt service, FY 2021 General Fund support of County debt service requirements is $131.04 million, a decrease of $0.72 million from the FY 2020 Adopted Budget Plan. The reduction is due to the retirement of past bond issuances and refunding opportunities. The FY 2021 funding level supports existing debt service requirements, including the $267.66 million in General Obligation bonds sold in January 2020. It should be noted that the 2.0 percent interest rate received in January represented the lowest rate received for a new money bond deal in the County's history. At this time, it is anticipated that a General Obligation bond sale of $300.00 million will be conducted in FY 2021 to fund cash requirements for on-going capital projects for School and County purposes. This bond sale estimate is consistent with the FY 2021-FY 2025 Advertised Capital Improvement Program (CIP).

Capital Construction

Capital Construction is primarily financed by the General Fund, General Obligation bonds, fees, and service district revenues. General Fund support in FY 2021 totals $18.07 million, representing a decrease of $0.07 million from the FY 2020 Adopted Budget Plan. Increases originally included for Environmental Improvement Program projects and increased annual funding for athletic fields maintenance associated with an additional 44 FCPS synthetic turf fields have been removed. *Details of adjustments included in the revised proposal are provided in the following section, categorized by the appropriate Strategic Plan priority outcome area.*

There is no funding included for County infrastructure replacement and upgrade projects in FY 2021. An amount of $8.98 million is anticipated to be funded as part of a future quarterly review. In recent years, it has been the Board of Supervisors' practice to fund some or all of the infrastructure replacement and upgrade projects using one-time funding as available as part of quarterly reviews.

FY 2021 Capital Construction/Paydown Summary[1]

	Commitments, Contributions, and Facility Maintenance	Paydown	Total General Fund Support
Athletic Field Maintenance and Sports Projects	~~$5,644,713~~ $4,435,338	$1,700,000	~~$7,344,713~~ $6,135,338
Park Authority Inspections, Maintenance, and Infrastructure Upgrades	$960,000	$1,740,000	$2,700,000

	Commitments, Contributions, and Facility Maintenance	Paydown	Total General Fund Support
Environmental Initiatives	~~$1,300,000~~ $916,615	$0	~~$1,300,000~~ $916,615
Revitalization Maintenance	$1,410,000	$0	$1,410,000
Payments and Contributions/On-going Development Efforts	$4,561,092	$0	$4,561,092
County Infrastructure Replacement and Upgrades	$0	$0	$0
ADA Improvements	$0	$650,000	$650,000
Reinvestment, Repair and Emergency Maintenance of County Roads and Walkways	$0	$1,500,000	$1,500,000
Developer Defaults	$0	$200,000	$200,000
Total General Fund Support	~~$13,875,805~~ **$12,283,045**	**$5,790,000**	~~$19,665,805~~ **$18,073,045**

[1] Reflects General Fund support. Other funding sources such as dedicated revenue and bond funding are not included in these totals.

Details about the Capital program are available in the *Capital Projects Overview* of the Overview volume.

Capital Improvement Program

The FY 2021-FY 2025 Capital Improvement Program (CIP) totals $11.2 billion. The total bond program within the CIP is $2.2 billion (includes both General Obligation and Economic Development Authority bonds), and the CIP bond program is managed within the County's debt ratios. CIP highlights include the review and analysis associated with the long-range Bond Referendum Plan and the County's debt capacity, including the adjustment of project estimates for construction market escalation and to accommodate anticipated LEED certifications; efforts underway to identify potential FCPS/County shared-use facility sites and other co-location opportunities; and the identification of estimated operational budget impacts for both current and future CIP projects.

The CIP Bond Referendum Plan continues to include County Referenda proposed in fall 2020 (FY 2021), fall 2022 (FY 2023) and fall 2024 (FY 2025) and Fairfax County Public Schools (FCPS) Referenda in fall 2021 (FY 2022) and fall 2023 (FY 2024) within the five-year CIP period. The Referendum Plan continues the approved level of support for FCPS, with referenda of $360 million every two years, directly linked to the current approved sales limit of $180 million per year. It should be noted that the $25 million referendum originally recommended in 2020 for early childhood facilities has been deferred to 2022. This deferral is recommended as the operational expenses which would result from increased facility capacity are likely to be difficult to fund for the foreseeable future. All items included in the projected Fall 2020 referendum plan will be reevaluated later in the year, and the final plan will be dependent upon the extent of the economic recovery at the time.

FY 2021-FY 2025 Bond Referendum Plan

Year	Category	Description	Total
Fall 2020	County	Human Services ($79 mil) - Crossroads, Willard Health Center, ~~Early Childhood Facilities~~ Libraries ($90 mil) - Kingstowne Regional, Patrick Henry Community, Sherwood Regional, George Mason Regional Parks ($112 mil) - Fairfax County Park Authority and Northern Virginia Regional Park Authority Washington Metropolitan Area Transit Authority (WMATA) ($160 mil)	~~$466 mil~~ $441 mil
Fall 2021	Schools	Capital Enhancement, Renovation, Infrastructure Management	$360 mil
Fall 2022	County	Public Safety ($72 mil) - Welfit Performance Testing Center, Chantilly Fire Station, Fox Mill Fire Station, Oakton Fire Station, Police Facility Security Upgrades (amount to be determined) Human Services ($25 mil) - Early Childhood Facilities	$97 mil
Fall 2023	Schools	Capital Enhancement, Renovation, Infrastructure Management	$360 mil
Fall 2024	County	Human Services ($89 mil) – Tim Harmon Campus: A New Beginning/Fairfax Detox, Cornerstones, Springfield Community Resource Center, Early Childhood Facilities Parks ($112 mil) - Fairfax County Park Authority and Northern Virginia Regional Park Authority WMATA ($180 mil)	$381 mil

Strategic Plan Priority Outcome Area:

Lifelong Education and Learning

$7.30 million

A majority of the additional support for Lifelong Education and Learning in the FY 2021 Advertised Budget Plan is dedicated to the Fairfax County Public Schools (FCPS) for School Operating support. Additional resources originally included for early childhood initiatives have been deferred.

Fairfax County Public Schools Support

As with the FY 2021 Advertised Budget Plan, this updated proposal includes equal growth between transfers to support the Schools and County disbursements. This results in transfers to Schools totaling $2,354.60 million, an increase of $7.51 million, or 0.32 percent, over the FY 2020 Adopted Budget Plan. These figures include transfers to the School Operating, Debt Service, and Construction Funds. Transfers to the Schools funds make up 52.7 percent of General Fund disbursements in this proposal.

Of the total increase, an increase of $7.31 million is included as increased support to the School Operating Fund, an increase of 0.34 percent over the funding level in the FY 2020 Adopted Budget Plan. Consistent with the changes to the County's budget in this proposal, the reduced level of support for FCPS will require significant changes to the School Board's Advertised Budget. Initially, the school system anticipated significant additional state support in FY 2021. The Schools are closely monitoring the state budget situation to determine impacts on state revenues and are expecting to have additional information later this month.

The General Fund transfer to the School Debt Service Fund is increased by $0.20 million, or 0.10 percent, over the FY 2020 level. This amount includes annual bond sales of $180 million as approved by the Board of Supervisors as part of the FY 2019 Adopted Budget Plan.

The General Fund transfer to the School Construction Fund in FY 2021 is $13.1 million, representing no change from FY 2020.

Establishment of new Early Childhood Birth to 5 Fund

As part of the FY 2021 Advertised Budget Plan, funding and positions related to early childhood and school readiness programs in the Department of Neighborhood and Community Services are moved to the new Fund 40045, Early Childhood Birth to 5. The fund will support a comprehensive approach to advancing and expanding the County's early childhood system by providing full and equitable access to high quality, affordable, early care and education for young children. This advances the goal of the Board of Supervisors to ensure that every child in Fairfax County has equitable opportunities to thrive. Revenue of $0.22 million is also redirected to the new fund, which results in a commensurate decrease in General Fund disbursements of $0.22 million.

Contributions to Northern Virginia Community College

Funding of $2,578,450 in Fund 30010, General Construction and Contributions, is included for Fairfax County's capital contribution to the Northern Virginia Community College (NVCC), reflecting an increase of $5,735 from FY 2020. FY 2021 funding is based on a rate of $2.25 per capita. This rate is applied to the population figure provided by the Weldon Cooper Center for Public Service. Beginning in FY 2021, the NVCC has proposed, and Fairfax County is supportive of, redirecting $0.50 of the capital contribution rate from the capital program to the operational program to support a new "Grow Our Own" skilled workforce initiative. This initiative is proposed to address the growing shortage of IT workers in the area. This redirection of funds is possible based on current and projected capital requirements and represents the first year of a three-year program. Future year funding beyond this initial FY 2021 investment will require significant increases to the operational budget and will need to be reviewed annually.

Additionally, the FY 2021 Fairfax County contribution to NVCC for operations and maintenance is $113,912, a decrease of $830 or 0.7 percent from the FY 2020 Adopted Budget Plan. The local jurisdictions served by the college are requested to contribute their share of the College's base operating expenditure (not including personnel services), which is calculated on a per capita basis as reported by the College using population figures from the Weldon Cooper Center. This fund, which is included in Fund 10030, Contributory Fund, reflects the County's share of the services provided to Fairfax County residents as reported by the College and is 45.6 percent of the local jurisdictions' contributions totaling $250,000 for FY 2021.

Strategic Plan Priority Outcome Area:

Housing and Neighborhood Livability

$0.12 million

Additional resources originally included for Housing and Neighborhood Livability in the FY 2021 Advertised Budget Plan were significant, including a penny on the Real Estate Tax rate targeted for affordable housing. Unfortunately, this increased General Fund support has been reduced and no increase in the Real Estate Tax rate is now recommended.

It should be noted that, as part of the FY 2021 Advertised Budget Plan, the Office to Prevent and End Homelessness was proposed to be consolidated with the Department of Housing and Community Development. This reorganization is expected to result in organizational efficiencies while allowing the County to continue to make progress towards ending homelessness. This reorganization is still recommended to go forward as part of this updated proposal.

Affordable Housing Positions

An increase of $0.12 million in the Department of Housing and Community Development is included to support FY 2020 position actions. Initially, 3 new positions were included in the Advertised Budget Plan to support affordable housing efforts. Instead, the County Executive has redirected an existing position to these efforts and new positions have been deferred.

Strategic Plan Priority Outcome Area:

Safety and Security

$2.25 million

Additional resources for Safety and Security priorities for FY 2021 have been significantly curtailed from those originally included in the FY 2021 Advertised Budget Plan. Positions to continue staffing the new South County Police Station, to address E-911 call capacity which will result from the new station, and to staff the new Scotts Run Fire Station have been deferred. Only funding required to continue positions already approved for the Body-Worn Camera Program and information technology requirements.

Body-Worn Camera Program

An increase of $1.77 million is included to support the workload and information technology requirements associated with the first full year of the County's Body-Worn Camera program. This funding supports the maintenance of the program implemented in FY 2020 but does not expand the program as originally planned. Year one of the program will continue to move forward, with approximately 416 cameras issued to the Reston, Mason, and Mt. Vernon police stations. The second year of the program, including 338 cameras for the Sully, McLean, and West Springfield stations, as well as 456 cameras for the third year of the program to include Fair Oaks, Franconia, and South County will be delayed. The Board of Supervisors approved implementation of a Body-Worn Camera Program on September 24, 2019, and one-time funding from the Reserve for Ad-Hoc Police Practices Review Commission was utilized to support the FY 2020 costs of the program. Recurring funding is required in FY 2021 to support the full-year cost of positions added as part of the *FY 2019 Carryover Review*. Once fully implemented, the program will consist of 1,210 cameras issued to all district stations and other key operational staff, with implementation phased in over a multi-year period.

Information Technology Requirements

An increase of $0.48 million in the Department of Information Technology is related to database licensing requirements for both the active and disaster recovery environments.

Strategic Plan Priority Outcome Area:

Health and Environment

$12.78 million, 19 Positions

Many investments originally included in the FY 2021 Advertised Budget Plan for Health and Environment priorities have been deferred, including support for the County's Diversion First program, Opioid initiatives, and Environmental Projects. The $12.78 million in new funding in this category reflects $9.84 million set aside in a reserve to assist the County's efforts in combatting the health and economic impacts of the coronavirus pandemic. Excluding funding in this reserve, additional resources for Health and Environment priorities in FY 2021 total $2.94 million.

FY 2021 Reserve for the Coronavirus Pandemic

Funding of $9.84 million is recommended as an appropriated reserve in Agency 87, Unclassified Administrative Expenses, to support the County's COVID-19 response. This reserve is consistent with the one recommended in FY 2020 as part of the *FY 2020 Third Quarter Review*. As there are many outstanding questions regarding how long the health crisis may last – and whether we may have to deal with multiple cycles of the virus – it is important that resources be available to allow the County to respond quickly. This reserve may be used for personal protective equipment, cleaning and sanitizing supplies, non-profit and business support, or other expenses which may be required to support County staff and the Fairfax County community.

New Positions Supporting Coronavirus Response

As the Health Department continues to address the COVID-19 pandemic, an additional $1.01 million and 8/8.0 FTE positions are needed to address the anticipated short- and long-term needs of the department. These positions will increase the department's capacity to plan for, respond to, and recover from large-scale infectious disease outbreaks and pandemics, with the immediate focus on the COVID-19 response.

- 1/1.0 FTE Emergency Management Specialist III will develop high level emergency plans to guide the policy, procedural, and tactical response mechanisms for pandemics and infectious disease outbreaks. Serving as a bridge between emergency management and epidemiological practices, this position will design, develop, and operationalize emergency plans and systems to support patient and contact investigations, disease containment measures, and community mitigation strategies and public messaging content. This position will also serve as the Health Department's subject matter expert and planning liaison to County agencies and community and regional partners as they develop their pandemic response plans.

- 1/1.0 FTE Management Analyst I will serve as a systems administrator for the myriad electronic systems and processes that support Health Department emergency responses, including communications and alerting systems, preparedness and epidemiological surveys and data systems, and over a dozen other critical preparedness and response systems. This position will support planning and logistics personnel in the area of technology utilization and development, support the Office of Emergency Preparedness and Response's expanding web presence, and support procurement and other administrative functions for the Office of Emergency Preparedness and Response.

- 2/2.0 FTE Public Health Nurse IIIs will join current PHN IIIs on the Acute Communicable and Emerging Disease Program receiving reports of communicable diseases, conducting investigations, reporting to the Virginia Department of Health, and implementing prevention strategies. They will investigate outbreaks in schools, child-care centers, long-term care facilities, hospitals and within the community to identify those infected, determine factors associated with disease transmission and recommend prevention strategies. They also will respond to emergency situations, participating in pandemic response actions such as identifying persons who need to be tested, identifying contacts of confirmed cases, monitoring compliance with isolation and quarantine, and investigating cases in priority settings such as congregate living facilities.

- 4/4.0 FTE Community Health Specialists will provide increased capacity to the department's existing Outreach Team. In the immediate term, these positions will augment the agency's contact investigation strategy as COVID-19 positive cases surge, by engaging and educating faith-based, non-profit and small business leaders in the communities, including communities that are traditionally hard to reach and where we currently have gaps caused by limited capacity. These positions are key to our strategy to develop and leverage trusting, collaborative relationships necessary to enhance health promotion, disease prevention, containment and mitigation approaches.

Impact of Coronavirus Response Positions added at Third Quarter

Consistent with the recommendation to add positions in the Health Department as part of the *FY 2020 Third Quarter Review*, an increase of $0.64 million is included to cover the full-year costs of these positions in FY 2021. These positions were added in the department's Office of Emergency Preparedness and Response to immediately address the COVID-19 outbreak. However, once the Coronavirus threat has passed, these positions will be redeployed to expand the emergency training and exercise capabilities of the Health Department to meet the varied educational and experiential needs of its large audiences and the community. As the Health Department's emergency preparedness, response, and recovery program has matured over the past decade, a widening gap has developed between existing preparedness resources and the increasing demands and changing dynamics of public health preparedness. This includes significant work necessary to engage faith communities and multicultural groups in public health preparedness endeavors to improve community resilience and to ensure equity in emergency planning representation and response and recovery service delivery.

Public Health Nurses Supporting the School Health Program

An increase of $0.92 million and 7/7.0 FTE new positions is included to begin to address the Public Health Nursing shortage in the school setting. The County has been steadily addressing the needs of the School Health program for several years and has proposed a multi-year approach to increasing the number of public health nurses supporting Fairfax County Public Schools. This is year one of the six-year proposal to meet the County program target of a 1:2,000 public health nurse to student ratio. These positions will be deployed to the County's response to the coronavirus epidemic while Fairfax County Public Schools remain closed.

School Health Aides Supporting the School Health Program

An increase of $0.17 million and 3/2.13 FTE new positions is included for school health aide positions at North West County Elementary School, which is scheduled to open for the 2020-2021 school year, as well as Bryant High School and Mountain View High School. A school health aide position is added when a new school is opened. Bryant High School and Mountain View High School are alternative high schools that do not currently have dedicated school health aide positions; however, based on the acuity levels of the students, the principals have requested additional support. These positions will be deployed to the County's response to the coronavirus epidemic while Fairfax County Public Schools remain closed.

Nursing Services for Medically Fragile Students

An increase of $0.14 million in the Health Department is included to address the increase in one-on-one nursing services for medically fragile students enrolled in Fairfax County Public Schools. The Medically Fragile program serves both full-time and pre-school students, and if a student is found eligible, services are mandated under federal law. Cases are reviewed by a multidisciplinary team of experts who recommend services based on the medical need of a student. The Health Department coordinates, manages, and financially supports these nursing services. Over the last several years there has been an increase in demand for one-on-one nursing services and the demand is expected to continue to grow in the coming years as more medically fragile students are entering the school system at the age of pre-school and remaining in the system until the completion of their school years. Additionally, the complexity of care and the number of hours required per student continues to grow.

Position Supporting Epidemiology

An increase of $0.15 million and 1/1.0 FTE new position in the Health Department is included to support the Epidemiology and Population Health program. The new position will continue to build Epidemiology capacity to meet the County's cross agency and community needs. Continuing to build epidemiological capacity is crucial to enhance the County's ability to prevent and control infectious diseases as well as develop capability to monitor the health status of the community and guide new approaches to the delivery of population-based health services to reduce health inequities.

Office of Environmental and Energy Coordination

An increase of $0.09 million in the Office of Environmental and Energy Coordination (OEEC) in the Office of the County Executive is included to support FY 2020 position actions. Initially, 2 new positions were included in the Advertised Budget Plan to support environmental policy and legislative issues, organization-wide energy use and community engagement, and education on environmental and sustainability issues. Instead, the County Executive has redirected an existing position to these efforts and new positions have been deferred.

Anti-Parasitic Medication

A decrease of $0.12 million in the Health Department is included due to a change in how the department is dispensing anti-parasitic medication to clients in the Refugee Program. These costs are completely offset by a corresponding revenue reduction for no net impact to the General Fund.

Contribution to Birmingham Green

An increase of $0.06 million is included in Fund 10030, Contributory Fund, for the County's contribution to Birmingham Green, a nursing and assisted living facility in Manassas. Operating costs for Birmingham Green are partially covered through the Medicaid and General Relief programs at the maximum rates established by the state. To the degree that these funds, along with some additional funds from Medicare, other insurance, and private pay, are inadequate to cover the full costs of the operation of the facility, Fairfax County and four other sponsoring jurisdictions subsidize the facility on a user formula basis. Each jurisdiction pays for personnel and operating expenses at a level proportionate to the number of the jurisdiction's residents. The increase is based on actual costs and utilization rates at the facilities.

Health Department Support

An increase of $0.18 million is included in the Health Department for personnel adjustments to support operations.

Savings in the Office of the Sheriff

Although the fifth-year of implementation of the Diversion First initiative has been deferred as part of this revised proposal, $0.30 million in savings realized in the Office of the Sheriff remains. These savings are based on lower populations in the Adult Detention Center, in part due to the success of the Diversion First program.

Strategic Plan Priority Outcome Area:

Mobility and Transportation

$0.00 million

Due to the rapidly changing circumstances and uncertainty about the duration of disruptions from the coronavirus pandemic, the impact for Metrorail, Metrobus, and the Fairfax Connector bus system in FY 2021 is difficult to predict. Both WMATA and Fairfax Connector have adjusted operations to mitigate public health concerns while continuing to serve riders who do not have alternative means of travel during the COVID-19 emergency. Decisions about service in the summer and fall have not been made yet. Operating expenses are the primary costs for both Metro and Connector and fares are a significant source of revenue, so revised FY 2021 revenue and operating requirements are still being evaluated.

As a result, funding that had previously been recommended in the FY 2021 Advertised Budget Plan has been removed. The County remains committed to meeting transportation requirements; funding needs will be reevaluated as part of the *FY 2020 Carryover Review*. It should be noted that the Advertised Budget did not include Metro support for startup or operating expenses for Phase 2 of the Silver Line. Phase 2 requirements will be informed prior to the start of revenue service and will be addressed at an upcoming quarterly review.

Strategic Plan Priority Outcome Area:

Empowerment and Support for Residents Facing Vulnerability

$2.74 million

Investments made in the area of Empowerment and Support for Residents Facing Vulnerability remain largely unchanged from those included in the FY 2021 Advertised Budget Plan. However, the expansion of the Opportunity Neighborhoods program and a new position to combat Human Trafficking and Stalking have been deferred. Additionally, the Fairfax-Falls Church Community Services Board will be required to redirect existing positions to provide support coordination and self-directed services as described below, as the new positions previously included have been deferred.

Consolidated Community Funding Pool

An increase of $0.58 million, or 5 percent, in the General Fund Transfer to Fund 10020, Consolidated Community Funding Pool, is associated with performance and leverage requirements for non-profit organizations and provides additional funding to community organizations to meet human services needs in the County. FY 2021 is the first year of the next two-year award cycle for grant-making to community-based organizations. In light of the coronavirus pandemic and consistent with the Board discussion at the March 31 Budget Committee meeting, staff is working to develop options that reflect the current needs of the community. With the next cycle beginning at the start of the fiscal year on July 1, 2020, options should be ready for Board consideration in late April 2020.

Second Story for Teens in Crisis

An increase of $0.19 million in the Department of Housing and Community Development is included to help support the Second Story for Teens in Crisis shelter. Second Story for Teens in Crisis provides shelter for youth in need of a safe place to stay, counseling support, and family reunification assistance.

Public Assistance Eligibility Workers to Address Increased Caseloads

As previously approved by the Board of Supervisors as part of the *FY 2019 Carryover Review*, an increase of $0.78 million in the Department of Family Services is included to appropriate additional revenue from the state to support additional positions in the Public Assistance program. The positions will continue to address the increase in public assistance caseloads in the Self-Sufficiency Division in order to meet state and federal guidelines for both timeliness and accuracy. The expenditure increase is fully offset by an increase in federal and state revenue for no net impact to the General Fund.

Adult and Aging Positions

As previously approved by the Board of Supervisors as part of the *FY 2019 Carryover Review*, an increase of $0.53 million is included in the Department of Family Services to support additional positions in the Adult and Aging Division in order to address increasing caseloads and compliance issues. The expenditure increase is fully offset by an increase in state funding for no net impact to the General Fund.

ASAP Support

An increase of $0.03 million in the transfer to Fund 83000, Alcohol Safety Action Program, is included primarily for fringe benefit support. As client fee revenues have decreased due to lower client referrals and enforcing payments has become more difficult, it has become more challenging for expenditures to be fully offset by fees, resulting in the need for additional General Fund support.

Adoption Subsidy Program

A decrease of $0.35 million in the Department of Family Services is associated with the Adoption Subsidy program. This adjustment reconciles program year funding to actual experience and is consistent with the number of youth served in recent years. The expenditure decrease is fully offset by a decrease in federal and state revenues for no net impact to the County.

CSB Support Coordination

An increase of $0.64 million in Fund 40040, Fairfax-Falls Church Community Services Board (CSB), is included to provide support coordination services to individuals with developmental disabilities in the community and comply with current state and federal requirements, primarily those pursuant to the Department of Justice Settlement Agreement and implementation of Virginia's Medicaid Waiver redesign, effective July 1, 2016.

CSB Self-Directed Services

An increase of $0.34 million in Fund 40040, Fairfax-Falls Church Community Services Board, is included to provide self-directed services that continue to support the Welcoming Inclusion Network (WIN) initiatives that were presented to the Board of Supervisors in December 2018. The Self-Directed Services (SDS) program provides a programmatic and cost-saving alternative to traditional day support and employment services for persons with developmental disabilities. CSB provides funds directly to families who can purchase customized services for a family member. Services can include community participation and integration; training in safety, work/work environment, and social/interpersonal skills; and participation in community-based recreational activities, work, or volunteer activities. SDS staff helps families identify resources and provides technical assistance. It should be noted that employment and day services for the June 2020 Special Education Graduates are anticipated to be accommodated through Medicaid Waivers or existing resources.

Strategic Plan Priority Outcome Area:

Cultural and Recreational Opportunities

$0.05 million

The FY 2021 Advertised Budget Plan included significant investments in Cultural and Recreational Opportunities. These investments were possible in part due to the proposal to utilize revenues from the proposed 4 percent Admissions Tax to support arts, cultural, and tourism activities in the County's Contributory Fund, alleviating pressure on the General Fund to support these activities. As the Admissions Tax is no longer recommended as part of this revised proposal, funding originally redirected to support expanded library hours and scholarship assistance for Parks programs must support baseline contributory requirements.

Contribution to Northern Virginia Regional Park Authority

An increase of $0.05 million is included in Fund 10030, Contributory Fund, for Fairfax County's contribution to the Northern Virginia Regional Park Authority. The contribution is based on changes in the County's population and an increase in the FY 2021 per capita rate to $1.95 from $1.91 in FY 2020.

ARTSFAIRFAX

It should be noted that, with the 4 percent Admissions tax no longer included in this revised proposal, the additional support for ARTSFAIRFAX included in the FY 2021 Advertised Budget Plan has been eliminated. Support for ARTSFAIRFAX in Fund 10030, Contributory Fund, remains at $1.10 million, representing no change from the FY 2020 Adopted Budget Plan.

Strategic Plan Priority Outcome Area:

Economic Opportunity

$0.05 million

Priorities funded in the area of Economic Opportunity have been significantly reduced from those included in the FY 2021 Advertised Budget Plan. With the closure of Fairfax County Public Schools, the School-Age Child Care program has also closed; thus, funding and positions to support new classrooms have been deferred. Additionally, an adjustment based on action taken as part of the *FY 2019 Carryover Review* to address workloads associated with increased development activity has been deferred, as the impact of the pandemic on development activity could be significant.

Community Development Financial Institution

An increase of $0.05 million in the Economic Development Authority is included for the Community Business Partnership's Community Development Financial Institution (CDFI). The CDFI lends money to businesses established by disadvantaged populations in Fairfax County until the businesses can obtain funding from regular commercial sources.

Contributory Increases

An increase of $300 for the Architectural Review Board in Fund 10030, Contributory Fund, is based on an inflationary increase in the cost of payments to the recording secretary. It should be noted that an increase of $107,502 was initially included for County contributions to the Fairfax County Convention and Visitors Corporation (known as Visit Fairfax). The increase was based on the original projected Transient Occupancy Tax (TOT) revenue in FY 2021, but it is anticipated that this revenue will be negatively impacted as a result of the coronavirus pandemic as hotel occupancy has dropped dramatically. At this time, rather than reducing support based on projected TOT revenue, it is recommended that support for Visit Fairfax be maintained at the FY 2020 Adopted Budget Plan level of $3.01 million.

Strategic Plan Priority Outcome Area:

Effective and Efficient Government

$1.29 million, 1 Position

Adjustments in the area of Effective and Efficient Government that remain in the revised proposal include support for the Office of Elections and requirements for facility maintenance and leases. Many recommendations included in the original budget proposal – including new positions to support Capital Facilities, Stormwater and Wastewater have been deferred.

Elections Support

An increase of $0.58 million and 1/1.0 FTE new position in the Office of Elections is associated with the maintenance and upgrades of licenses and software necessary for election activities and computers necessary to carry out election functions. The additional position will address the increase in information technology workload requirements required to carry out elections.

Elevator Repair and Maintenance Contracts

An increase of $0.21 million in the Facilities Management Department (FMD) has been included to cover increased contract costs for the preventative maintenance program for 153 elevators and lifts throughout County facilities. Compliance with the Code of Virginia mandatory third-party Elevator Inspection Program requires FMD to use a preventative maintenance service contract. Factors such as different elevator types, proprietary equipment, software requiring specialized contracts and general annual rate increases have contributed to an upsurge in contract costs.

HVAC Maintenance Contracts

An increase of $0.17 million in the Facilities Management Department has been included to fund the outsourcing of HVAC preventative maintenance services for 22 libraries and 58 public safety facilities. As buildings are designed to meet higher LEED certifications or Net-zero designation, more complex HVAC systems are required. Integrating state of the art equipment with evolving building control technology requires increased IT infrastructure and training to support such technologies.

New Facility Maintenance

A net increase of $0.16 million in the Facilities Management Department has been included for required utility, custodial, repair/maintenance, and landscaping costs associated with partial or full year costs for new or expanded facilities in FY 2021. These facilities include Bailey's Community Center, Jefferson Fire Station, Lorton Volunteer Fire Station and Tysons East Fire Station. These facilities will provide an additional 40,903 square feet to the current square footage maintained by FMD.

Lease Adjustments

A net increase of $0.13 million in the Facilities Management Department has been included for lease requirements in FY 2021 based on an estimated 2.5 to 3 percent escalation on existing leases.

One Fairfax Support

An increase of $0.09 million in the Office of the County Executive is included to support a position redirected in FY 2020 due to workload requirements associated with One Fairfax.

Contributory Increases

An increase of $0.03 million in Fund 10030, Contributory Fund, is included for contributions to the Metropolitan Washington Council of Governments, Northern Virginia Regional Commission, Northern Virginia Transportation Commission, and the Virginia Association of Counties, primarily based on the County's estimated population.

Capital Project Reductions

A net decrease of $0.08 million in the General Fund transfer to Fund 30010, General Construction and Contributions, is based on reductions in the annual payments for the Salona property and a reduction of the amount necessary to support payments to developers for interest earned on conservation bond deposits.

Reserve Requirements

($14.60) million

Per the Reserve Policy approved by the Board of Supervisors in April 2015 and included in the County's *Ten Principles of Sound Financial Management*, the County's reserves are targeted at 10 percent of General Fund disbursements. Total reserves as estimated in the FY 2021 updated budget proposal are at 10.0 percent, with the Revenue Stabilization Fund slightly over its target at 5.09 percent (based on reserve contributions on one-time adjustments at quarterly reviews), the Managed Reserve at its 4 percent target, and the Economic Opportunity Reserve at 0.95 percent.

Total General Fund reserve contributions total $2.25 million, a decrease of $14.60 million from FY 2020. The reduction is primarily based on a lower level of disbursement growth in FY 2021 than in the prior year. General Fund disbursements are increased $22.49 million over the FY 2020 Adopted Budget Plan. Net reserve contributions total 10 percent of the disbursement growth.

Revenue Stabilization Reserve

The Revenue Stabilization Reserve reached its target level of funding of 5 percent of General Fund disbursements at the end of FY 2018 and is projected to remain at that level in FY 2021. No General Fund contribution is required as prior contributions – based on one-time disbursement adjustments at quarterly reviews - are anticipated to be sufficient to maintain the reserve at or above its target level.

Managed Reserve

The Managed Reserve reached its target level of funding of 4 percent of General Fund disbursements in the *FY 2020 Revised Budget Plan* (as approved at the *FY 2019 Carryover Review*). Based on contributions on one-time disbursement adjustments made at quarterly reviews, the reserve was slightly overfunded. In FY 2021, these excess reserve amounts are recommended to be moved to the Economic Opportunity Reserve.

Economic Opportunity Reserve

Fund 10015, Economic Opportunity Reserve, was created as part of the *FY 2019 Carryover Review* as the Revenue Stabilization and Managed Reserves had reached full funding. As part of the updated budget proposal, a General Fund transfer of $8.26 million is recommended, which includes funding redirected from the Managed Reserve, which brings the reserve to 0.95 percent of General Fund disbursements.

Other Funds Updates

The impact of the coronavirus pandemic is not limited to the General Fund only. With pay increases eliminated from the revised FY 2021 proposal, the budgets of all funds with personnel will be impacted. Similarly, appropriations in other funds may need to be adjusted based on recommended changes to balance the General Fund and limit the expansion of programs and the addition of new positions. It is anticipated that most budgetary adjustments for other funds – outside of those outlined earlier in this document (and provided in detail towards the end), will be made as part of the *FY 2020 Carryover Review* or other quarterly reviews.

However, some funds will be acutely impacted by these revised recommendations and the economic impact of the COVID-19 pandemic. More information is provided below.

Fund 10030, Contributory Fund

The FY 2021 Advertised Budget Plan had included a recommendation to implement a 4 percent Admissions Tax, with the proceeds to be deposited in the Contributory Fund to support arts, cultural, and tourism activities. This revenue was projected to generate $2.3 million in FY 2021, with $1.5 million of that revenue recommended to reduce needed General Fund support for the fund and the remaining $0.8 million recommended to increase support for ARTSFAIRFAX and the Fairfax County Convention and Visitors Corporation (known as Visit Fairfax).

As noted earlier, the Admissions Tax is no longer included as a recommendation as many of the businesses which would be impacted – movie theaters, especially – have been shut down as a result of the pandemic. As a result, the $1.5 million in General Funds will be maintained to support baseline contributory expenses. And the $0.8 million in increased support will be eliminated.

Additionally, it should be noted that an increase of $107,502 was initially included for Visit Fairfax outside of the Admissions Tax recommendation. The increase was based on the original projected Transient Occupancy Tax (TOT) revenue in FY 2021. As a result of enabling legislation approved by the 2004 General Assembly, the County was granted the authority to impose an additional 2 percent Transient Occupancy Tax beginning July 1, 2004. As required by the legislation, no less than 25 percent of the additional revenue is to be designated for and appropriated to a nonprofit Convention and Visitors Corporation located in Fairfax County. It is anticipated that TOT revenue will be negatively impacted as a result of the coronavirus pandemic. At this time, rather than reducing support based on projected TOT revenue, it is recommended that support for Visit Fairfax be maintained at the FY 2020 Adopted Budget Plan level of $3.01 million.

Solid Waste Funds

The FY 2021 Advertised Budget Plan included increased rates for refuse collection and disposal. These rate increases have been deferred as part of this updated proposal and are discussed in more detail below.

Fund 40140, Refuse Collection/Recycling Operations

Fund 40140, Refuse Collection and Recycling Operations, is responsible for the collection of refuse and recyclable materials from approximately 43,100 residential customers within Fairfax County's sanitary refuse collection districts, properties owned or occupied by County agencies, and two public college campuses. From FY 2009 to FY 2018, almost 10 years, refuse collection fees remained flat. The Solid Waste Management Program focused on cost saving measures such as improving collection routes to helped control personnel costs and processes were streamlined to create efficiencies which resulted in a reduction of approximately 36 positions. As a result of inflation, operational costs continued to increase, and the fund began to spend more than it was recovering in fees. A detailed analysis of the annual fee charged to each home, compared to the fund's cost of providing residential services showed a significant gap between the fee collected and the actual cost of operations. In FY 2019, fees increased by $5/unit, from $345/unit to $350/unit. This increase was the first year of multi-year plan to increase fees to be more in line with actual expenditures. The fee was increased in FY 2020 by $35/unit, bringing the annual fee to $385/unit. This approach was in alignment with the recommendation by a Board of Supervisor's Audit report conducted in February 2019.

The FY 2021 Advertised Budget Plan proposed a $15/unit rate increase, bringing the annual fee to $400/unit. As a result of the COVID-19 pandemic, and in an attempt to not place an additional economic burden on residential customers, the proposed rate increase has been deferred. It recommended that the FY 2021 rate be held flat at $385/unit and increases in rates will be reevaluated as the County begins to recover from this unprecedented crisis.

It is important to note that current fund balances are low and can only sustain three to four months of operations. Holding the fee flat in FY 2021 will greatly impact the ability to replace aging equipment, such as refuse collection trucks, and result in aging equipment and increased repair costs. With the deferment of a rate increase in FY 2021, a rate increase will be required in FY 2022 and will most likely need to be greater that the $15/unit increase initially proposed for FY 2021.

Fund 40170, I-95 Refuse Disposal

Fund 40170, I-95 Refuse Disposal, manages the I-95 Ashfill in a manner to provide a site where solid waste and recyclable materials from County citizens are gathered and properly disposed, and a deposit site where ash from the Energy/Resource Recovery Facility and other municipalities can be properly disposed.

The FY 2021 Advertised Budget Plan proposed a $1/ton rate increase, from $26.50/ ton to $27.50/ton to fund the ash disposal operation. As a result of COVID-19 and to keep fees flat for FY 2021, the proposed rate increase has been deferred to FY 2022, and it is recommended the FY 2021 rate be held flat at $26.50/ton. There are adequate fund balances in this fund to absorb this deferral without impact to operations.

Wastewater Funds

Fund 69000, Sewer Revenue, receives all Availability Charges, Sewer Service Charges and other revenues associated with the Wastewater Management Program. These revenues are used to finance activities including operations and maintenance, construction improvement projects and debt service in other wastewater funds. Any remaining balance is used for future year requirements and required reserves.

The Wastewater Management Program's staff recommends rate changes based on a five-year plan. As part of the FY 2021 Advertised Budget Plan, staff recommended that the Sewer Service Charge increase from $7.28 to $7.56 per 1,000 gallons of water consumed; the Base Charge increase from $32.91 per quarter to $35.50 per quarter; and the Availability Charge for a single family home increase from $8,340 to $8,423 and for Apartments from $6,672 to $6,739. As a result of the COVID-19 pandemic, the proposed rate increases have been deferred. County staff further consulted with its utility rate consultants to estimate the financial impact on the Wastewater System (System). If the rates remain flat and the wastewater flows are reduced due to the restrictions on business activities to slow the spread of the coronavirus, the FY 2021 projected revenues may decrease from $247.8 million to $200 million, a decrease of $47.8 million or 19.3 percent.

To offset the loss of System revenue, capital projects totaling $20 million at the Noman Cole Pollution Control Plant and the Conveyance System will be deferred to future years. In addition, operations and maintenance expenses will be reduced in the amount of $6.2 million due to the elimination of anticipated employee compensation increases and deferring scheduled replacement of vehicles and equipment. There is no ability to reduce programmed debt service payments based on the System's outstanding debt obligations (unless a refinancing opportunity presents itself) and contractual payments for the County's share of plant upgrades at the regional treatment plants in Arlington, Alexandria, and Washington, D.C.

The System's cash reserves may be required to absorb the $21.6 million balance of the estimated FY 2021 revenue loss. Total reserves would then decrease from $106.3 million to $84.7 million or 20.3 percent. The decrease in cash reserves and corresponding debt service coverage may place negative credit pressure on the System's bond ratings. Rate increases will be required in FY 2022 and beyond as part of the annual five-year plan. The out-year increases potentially may be at an amount higher than originally cited in the FY 2021 Advertised Budget Plan depending on the magnitude of COVID-19 on the System.

Fund 80000, Park Revenue and Operating Fund

In response to the Coronavirus pandemic, which required the closing of all Park Authority facilities and parks beginning March 23, FY 2020 revenue activity came to a halt. This, in combination with an extraordinary amount of refund requests, has significantly impacted Fund 80000, Park Revenue and Operating Fund. The Park Authority is currently projecting that expenditures will exceed revenues by $8 million (if facilities are reopened and programs and services continue by June 10) to $10.5 million (based on a July 1 date). Current financial reserves and the use of alternative funding sources, with the Park Authority Board approval, could minimize revenue impacts by allocating $4 million from those funding sources. In addition, the Park Authority will continue to look at ways to reduce costs and the negative net impact. It is anticipated that changes to FY 2021 budget adjustments will be made as part of the *FY 2020 Carryover Review* or another upcoming quarterly review.

General Fund Disbursement and Reserve Adjustments included in the FY 2021 Updated Budget Proposal
Changes are noted from the FY 2021 Advertised Budget Plan

	Positions	Disbursements	Associated Revenue	Net General Fund Impact
Employee Pay & Benefits		~~$41,895,061~~ **($11,627,698)**	~~($1,382,809)~~ **$0**	~~$43,277,870~~ **($11,627,698)**
Employee Pay		~~$53,522,759~~ **$0**	~~($1,382,809)~~ **$0**	~~$54,905,568~~ **$0**
~~2.06% Market Rate Adjustment~~		~~$28,726,003~~	~~($603,799)~~	~~$29,329,802~~
~~General County Performance/Longevity Increases~~		~~$13,802,154~~	~~($54,256)~~	~~$13,856,410~~
~~Public Safety Merit/Longevity Increases~~		~~$9,475,246~~	~~($724,754)~~	~~$10,200,000~~
~~Increases Resulting from Benchmark Studies~~		~~$48,200~~		~~$48,200~~
~~Salary Supplements for Eligible State Employees~~		~~$461,052~~		~~$461,052~~
~~Fire and Rescue Department Organizational Review~~		~~$1,010,104~~		~~$1,010,104~~
Employee Benefits		**($11,627,698)**		**($11,627,698)**
Retiree Health Benefits		($6,000,000)		($6,000,000)
Health Insurance and Other Benefits		($5,627,698)		($5,627,698)
County Debt Service		**($719,144)**		**($719,144)**
County Debt Service		($719,144)		($719,144)
Lifelong Education and Learning	~~3~~ **0**	~~$87,245,384~~ **$7,294,610**	**($215,960)**	~~$87,461,344~~ **$7,510,570**
Fairfax County Public Schools Support		~~$85,716,529~~ **$7,505,665**		~~$85,716,529~~ **$7,505,665**
School Operating Transfer		~~$85,516,378~~ $7,305,514		~~$85,516,378~~ $7,305,514
School Debt Service Transfer		$200,151		$200,151
County Lifelong Education and Learning Adjustments		~~$1,528,855~~ **($211,055)**	**($215,960)**	~~$1,744,815~~ **$4,905**
~~Expansion of Early Childhood Development and Learning Program~~		~~$1,310,400~~		~~$1,310,400~~
~~Family Child Care Network~~	~~2~~	~~$220,268~~		~~$220,268~~
~~Contract Rate Increases~~		~~$125,328~~		~~$125,328~~
~~Eligibility and Case Management Position Supporting the CCAR Program~~	~~1~~	~~$83,914~~		~~$83,914~~
Establishment of new Early Childhood Birth to 5 Fund		($215,960)	($215,960)	$0
Contributions to Northern Virginia Community College		$4,905		$4,905

	Positions	Disbursements	Associated Revenue	Net General Fund Impact
Housing and Neighborhood Livability	~~3~~ **0**	~~$736,405~~ **$122,384**		~~$736,405~~ **$122,384**
Affordable Housing Positions	~~3~~ 0	~~$493,790~~ $122,384		~~$493,790~~ $122,384
~~Contract Rate Increases~~		~~$242,615~~		~~$242,615~~
Safety and Security	~~51~~ **0**	~~$9,770,295~~ **$2,247,199**	~~($588,666)~~ **$0**	~~$10,358,961~~ **$2,247,199**
Body-Worn Camera Program	~~13~~ 0	~~$5,084,678~~ $1,770,179		~~$5,084,678~~ $1,770,179
~~Scotts Run Fire Station 44 Staffing~~	~~25~~	~~$2,489,058~~		~~$2,489,058~~
~~South County Police Station Staffing~~	~~8~~	~~$1,494,539~~		~~$1,494,539~~
~~E-911 Call Capacity~~	~~5~~	~~$0~~	~~($588,666)~~	~~$588,666~~
Information Technology Requirements		$477,020		$477,020
~~Electronic Control Weapons~~		~~$200,000~~		~~$200,000~~
~~Mediation Services for Juvenile Offenders~~		~~$25,000~~		~~$25,000~~
Health and Environment	~~60~~ **19**	~~$8,862,291~~ **$12,780,181**	~~$263,721~~ **($115,000)**	~~$8,598,570~~ **$12,895,181**
Diversion First	~~12~~ 0	~~$1,575,293~~ ($300,000)	~~($105,235)~~ $0	~~$1,680,528~~ ($300,000)
~~Opioid Task Force~~	~~9~~	~~$1,487,132~~	~~$63,397~~	~~$1,423,735~~
~~Contract Rate Increases~~		~~$3,183,966~~	~~$420,559~~	~~$2,763,407~~
Public Health Nurses Supporting the School Health Program	7	$921,872		$921,872
School Health Aides Supporting the School Health Program	3	$171,216		$171,216
Nursing Services for Medically Fragile Students		$140,000		$140,000
~~Healthy Minds Fairfax - Family Support Partner Services~~		~~$150,000~~		~~$150,000~~
~~Library Supportive Services Coordinator Position~~	~~1~~	~~$116,768~~		~~$116,768~~
Position Supporting Epidemiology	1	$150,328		$150,328
~~Environmental Projects~~		~~$383,385~~		~~$383,385~~
Office of Environmental and Energy Coordination	~~2~~ 0	~~$320,710~~ $91,627		~~$320,710~~ $91,627
~~Environmental Planning Capacity~~	~~1~~	~~$137,605~~		~~$137,605~~
Anti-Parasitic Medication		($115,000)	($115,000)	$0
Contribution to Birmingham Green		$59,016		$59,016
Health Department Support		$180,000		$180,000
~~Addiction Recovery and Treatment Services~~	~~11~~	~~$0~~		~~$0~~
~~Healthcare Business Operations~~	~~9~~	~~$0~~		~~$0~~
~~Neighborhood and Community Services Positions~~	~~3~~	~~$0~~		~~$0~~
~~Position for Forest Pest Program~~	~~1~~	~~$0~~		~~$0~~

	Positions	Disbursements	Associated Revenue	Net General Fund Impact
Emergency Preparedness and Response Staffing (Recurring impact of FY 2020 Third Quarter Review adjustment)		*$635,827*		*$635,827*
Positions in Health Department supporting Coronavirus Response	*8*	*$1,006,698*		*$1,006,698*
Reserve for the Coronavirus Pandemic		*$9,838,597*		*$9,838,597*
Mobility and Transportation	~~4~~ **0**	~~$4,715,029~~ **$0**		~~$4,715,029~~ **$0**
~~Metro Requirements~~		~~$2,793,355~~		~~$2,793,355~~
~~County Transit~~		~~$1,921,674~~		~~$1,921,674~~
~~Transit Program Support~~	~~3~~	~~$0~~		~~$0~~
~~Special Project Division Capacity~~	~~1~~	~~$0~~		~~$0~~
Empowerment & Support for Residents Facing Vulnerability	~~13~~ **0**	~~$3,270,857~~ **$2,743,439**	**$959,877**	~~$2,310,980~~ **$1,783,562**
CSB Support Coordination	~~8~~ 0	$636,201		$636,201
CSB Self-Directed Services	~~3~~ 0	$342,383		$342,383
Consolidated Community Funding Pool		$584,939		$584,939
~~Opportunity Neighborhoods~~	~~1~~	~~$383,813~~		~~$383,813~~
Second Story for Teens in Crisis		$187,000		$187,000
~~Human Trafficking and Stalking Prevention Position~~	~~1~~	~~$143,605~~		~~$143,605~~
Public Assistance Eligibility Workers to Address Increased Caseloads		$783,624	$783,624	$0
Adult and Aging Positions		$526,253	$526,253	$0
ASAP Support		$33,039		$33,039
Adoption Subsidy Program		($350,000)	($350,000)	$0
Cultural and Recreational Opportunities	~~13~~ **0**	~~$2,910,870~~ **$50,543**		~~$2,910,870~~ **$50,543**
~~Expanded Library Hours~~	~~12~~	~~$1,150,952~~		~~$1,150,952~~
~~Parks Social Equity~~		~~$500,000~~		~~$500,000~~
~~Synthetic Turf Field Maintenance Program~~	~~1~~	~~$1,209,375~~		~~$1,209,375~~
Contribution to Northern Virginia Regional Park Authority		$50,543		$50,543

	Positions	Disbursements	Associated Revenue	Net General Fund Impact
Economic Opportunity	~~4~~ **0**	~~$2,111,191~~ **$50,300**	~~$1,812,711~~ **$0**	~~$298,480~~ **$50,300**
~~New School-Age Child Care (SACC) Rooms~~	~~4~~	~~$703,389~~	~~$562,711~~	~~$140,678~~
Community Development Financial Institution		$50,000		$50,000
Contributory Increases		~~$107,802~~ $300		~~$107,802~~ $300
~~Development Process Workload Demands~~		~~$1,250,000~~	~~$1,250,000~~	~~$0~~
Effective and Efficient Government	~~26~~ **1**	~~$1,695,834~~ **$1,286,784**	~~$161,721~~ **$0**	~~$1,534,113~~ **$1,286,784**
~~Board Office Support~~		~~$1,050,000~~		~~$1,050,000~~
Elections Support	1	$578,711		$578,711
~~Data Analytics Support~~		~~$230,000~~		~~$230,000~~
Elevator Repair and Maintenance Contracts		$205,000		$205,000
HVAC Maintenance Contracts		$170,000		$170,000
New Facility Maintenance		$161,019		$161,019
Lease Adjustments		$127,580		$127,580
~~Capital Projects Workload~~	~~10~~	~~$176,814~~		~~$176,814~~
~~Audit Manager~~	~~1~~	~~$161,721~~	~~$161,721~~	~~$0~~
~~Human Resources Workload Requirements~~		~~$124,000~~		~~$124,000~~
~~Demographics and Statistical Research Support~~		~~$100,000~~		~~$100,000~~
One Fairfax Support		$91,627		$91,627
~~Local Cash Match~~		~~$57,930~~		~~$57,930~~
Contributory Increases		$29,228		$29,228
Capital Project Reductions		($76,381)		($76,381)
~~Reduction in General Fund Support for Contributories~~		~~($1,491,415)~~		~~($1,491,415)~~
~~Department of Vehicle Services Position~~	~~1~~	~~$0~~		~~$0~~
~~Stormwater and Wastewater Positions~~	~~13~~	~~$0~~		~~$0~~
Reserve Adjustments		~~($3,357,023)~~ **($14,602,231)**		~~($3,357,023)~~ **($14,602,231)**
Revenue Stabilization		~~$1,392,102~~ $0		~~$1,392,102~~ $0
Economic Opportunity		~~$11,981,088~~ $8,263,008		~~$11,981,088~~ $8,263,008
Managed Reserve *(not included in actual disbursements)*		~~($16,730,213)~~ ($22,865,239)		~~($16,730,213)~~ ($22,865,239)
TOTAL	~~177~~ **20**	~~$159,137,050~~ **($373,633)**	~~$1,010,595~~ **$628,917**	~~$158,126,455~~ **($1,002,550)**

FY 2021 and FY 2022 MULTI-YEAR BUDGET PLAN: SELECT TAXES AND FEES

Type	Unit (AV = Assessed Value)	FY 2019 Actual Rate	FY 2020 Actual Rate	FY 2021 Proposed Rate	FY 2022 Planned Rate
GENERAL FUND TAX RATES					
Real Estate	$100/AV	$1.15	$1.15	~~$1.18~~ $1.15	~~$1.18~~ TBD
Personal Property	$100/AV	$4.57	$4.57	$4.57	$4.57
NON-GENERAL FUND TAX RATES					
~~Admissions Tax~~	~~Sale of movie, theater, and concert tickets~~	–	–	~~4%~~	~~4%~~
REFUSE RATES					
Refuse Collection (per unit)	Household	$350	$385	~~$400~~ $385	~~$400~~ TBD
Refuse Disposal (per ton)	Ton	$66	$68	$68	$68
Leaf Collection	$100/AV	$0.013	$0.012	$0.012	$0.012
SEWER CHARGES					
Sewer Base Charge	Quarterly	$30.38	$32.91	~~$35.50~~ $32.91	~~$39.05~~ TBD
Sewer Availability Charge	Residential	$8,100	$8,340	~~$8,423~~ $8,340	~~$8,423~~ TBD
Sewer Service Charge	Per 1,000 Gallons	$7.00	$7.28	~~$7.56~~ $7.28	~~$7.94~~ TBD
COMMUNITY CENTERS					
McLean Community Center	$100/AV	$0.023	$0.023	$0.023	$0.023
Reston Community Center	$100/AV	$0.047	$0.047	$0.047	$0.047
OTHER SPECIAL TAX DISTRICTS					
Stormwater Services District Levy	$100/AV	$0.0325	$0.0325	$0.0325	$0.0325
Route 28 Corridor	$100/AV	$0.18	$0.18	~~$0.18~~ $0.17*	~~$0.18~~ $0.17
Dulles Rail Phase I	$100/AV	$0.13	$0.11	~~$0.11~~ $0.09**	~~$0.11~~ $0.09
Dulles Rail Phase II	$100/AV	$0.20	$0.20	$0.20	$0.20
Integrated Pest Management Program	$100/AV	$0.001	$0.001	$0.001	$0.001
Commercial Real Estate Tax for Transportation	$100/AV	$0.125	$0.125	$0.125	$0.125
Tysons Service District	$100/AV	$0.05	$0.05	$0.05	$0.05
Reston Service District	$100/AV	$0.021	$0.021	$0.021	$0.021

* As approved by the Route 28 Commission on March 6, 2020.
** As approved by the Dulles Rail Phase 1 Commission on March 31, 2020.

Upcoming Budget Dates

In order to protect the health and safety of the County's residents and staff, the budget approval timeline has shifted. Public Hearings on the FY 2021 budget will now take place beginning on April 28 (the Effective Tax Rate public hearing will remain on April 14), and residents are encouraged to provide their feedback on the budget via written, phone, or video testimony. More information on how to provide testimony is provided below. Other key budget dates are provided below. In addition to these dates, it is anticipated that an additional Budget Committee meeting will be scheduled in May or June to accommodate an update on revenues and response to the pandemic, as well as discussion on the CIP.

April 14, 2020	Board of Supervisors holds Public Hearing on the FY 2021 Effective Tax Rate
~~April 14-16, 2020~~ April 28-30, 2020	Board of Supervisors holds Public Hearings on the FY 2021 Budget, *FY 2020 Third Quarter Review*, and FY 2021-FY 2025 Capital Improvement Program
~~April 28, 2020~~ May 5, 2020	Board of Supervisors marks-up FY 2021 Budget and adopts *FY 2020 Third Quarter Review*
~~May 5, 2020~~ May 12, 2020	Board of Supervisors adopts FY 2021 Budget
May 11-13, 2020	School Board holds public hearings on FY 2021 budget
May 21, 2020	School Board adopts FY 2021 Approved Budget
June 9 or 23, 2020	Board of Supervisors adopts FY 2021-FY 2025 Capital Improvement Program
July 1, 2020	FY 2021 Budget Year Begins
July 28, 2020	*FY 2020 Carryover Review* submitted to the Board of Supervisors for Advertisement
September 29, 2020	*FY 2020 Carryover Review* approved by Board of Supervisors
Fall 2020	*FY 2021 Mid-Year Review* submitted/approved
Spring 2021	*FY 2021 Third Quarter Review* submitted/approved

Budget Public Hearings

In order to allow residents to provide feedback on the budget in a safe and responsible manner, options to provide budget testimony have been expanded. Members of the public are encouraged to take advantage of easy virtual options for providing testimony on the proposed FY 2021 Budget to help keep the community and staff members safe as we continue to make adjustments in the context of the coronavirus pandemic.

In order to make it easier for residents to submit written testimony, the Department of Clerk Services worked with the Department of Information Technology to create a new webform to allow for streamlined submissions. This new online option is available in addition to phone and video testimony. Residents can also offer input via email. In-person participation will not be permitted in order to protect residents and staff.

It should be noted that many residents signed up to speak at budget public hearings prior to learning that the FY 2021 proposal would be revised based on the COVID-19 pandemic. Staff from the Department of Clerk Services will be contacting these residents, informing them of the updated proposal, and sharing information about the expanded options, detailed below, to provide testimony.

Online

Submit written testimony, including attachments, related to the FY 2021 Budget, *FY 2020 Third Quarter Review*, FY 2021-FY 2025 Capital Improvement Program, or FY 2021 Effective Tax Rate by emailing ClerktotheBOS@fairfaxcounty.gov, or by using the new online submission form at https://www.fairfaxcounty.gov/clerkservices/budget-public-hearing-testimony.

By Phone

Members of the public can also testify during the hearings by phone. Residents should submit the sign up form at https://www.fairfaxcounty.gov/bosclerk/speakers-form and indicate that they wish to do so by phone when the Department of Clerk Services contacts them to confirm they are testifying. If providing testimony by phone, the speaker will receive a call, originating from 703-324-1000, just before their turn.

Video

Members of the public can submit video testimony at https://www.fairfaxcounty.gov/boardofsupervisors/budget-public-hearing-video-testimony for all budget public hearings. Comments must be limited to issues relevant to the budget. Videos should be limited to three minutes (five minutes if a spokesperson for a group). Testimony will appear according to the order of the speakers.

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