



FY 2021 ADVERTISED BUDGET PLAN

County Executive's Presentation on the Budget and Countywide Strategic Plan

February 25, 2020

www.fairfaxcounty.gov/budget



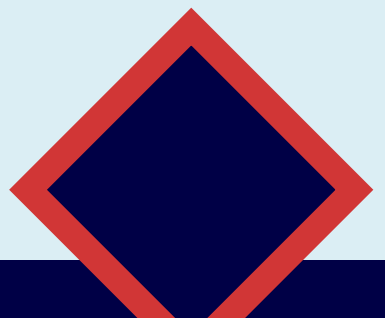
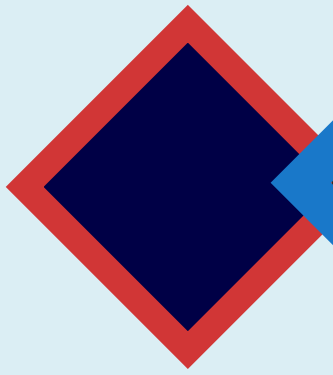
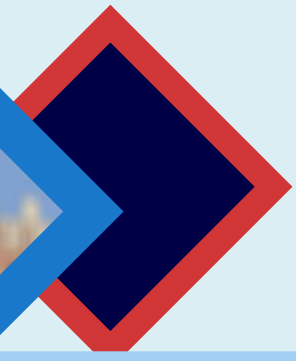
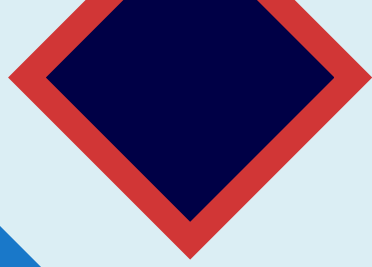
FY 2021 Advertised Budget Context

- Focuses on Board priorities
- Adjustments are in alignment with the Priority Outcome Areas as identified during the development of the Countywide Strategic Plan
 - Strategic Plan is released concurrent with the budget
- Equity lens applied in decision-making process consistent with One Fairfax
- Options to generate revenue to fund priorities are limited

FY 2021 Advertised Budget Highlights

- **Increases Real Estate Tax rate by 3 cents to \$1.18 per \$100 of assessed value**
 - Of the increase, 2 cents is utilized to fund priorities in the General Fund and, per Board Budget Guidance, 1 cent is dedicated to affordable housing
 - Based on equalization, results in an increase in the average tax bill of approximately \$346
- **Includes proposal to implement 4% Admissions Tax in October 2020 on the sale of movie, theater, and concert tickets**
 - Revenue would be deposited into the Contributory Fund and used for arts, cultural, and tourism activities, relieving pressure on the General Fund
- **Includes overall increase for County and Schools of 3.65%**
 - Provides an \$85.52 million increase over FY 2020 for School Operating, shy of \$89.70 million requested by School Board
 - Anticipated that Schools will receive additional funding from the state to eliminate shortfall
- **Funds compensation for County employees, including performance/merit/ longevity increases and a 2.06% market rate adjustment**
- **Funds other Board priorities such as Early Childhood Opportunities, Environmental Initiatives, Diversion First, Opioid Use Prevention Efforts, Body-Worn Cameras, Police and Fire positions, and Library Hours**

Shaping the Future
Together



Countywide Strategic Plan

Need for a Countywide Strategic Plan



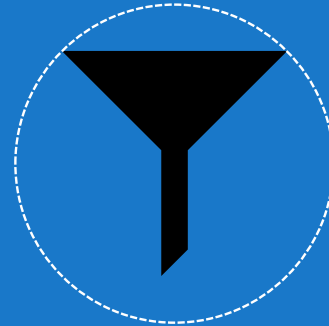
Purpose of Countywide Strategic Planning



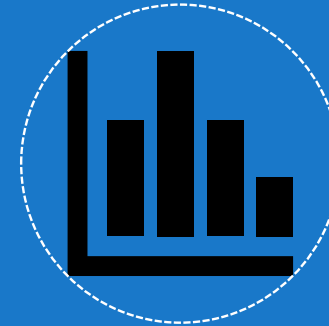
Set **clear, unified, community-driven vision** for the next 10-20 years



Align and integrate existing issue- and department-specific **plans**



Provide a tool for **focusing and prioritizing County initiatives** over the next 3-5 years



Communicate progress on achieving **measurable outcomes** to all stakeholders



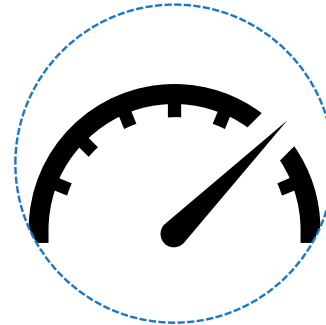
Guiding Principles for Planning Process



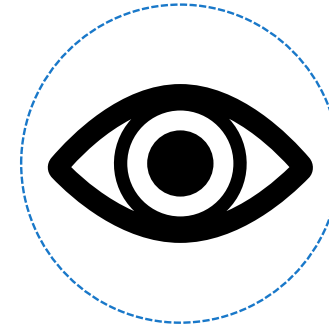
Create **multiple avenues** for community, stakeholder, and employee engagement



Define community focused outcomes and strategies (vs. government-centric)



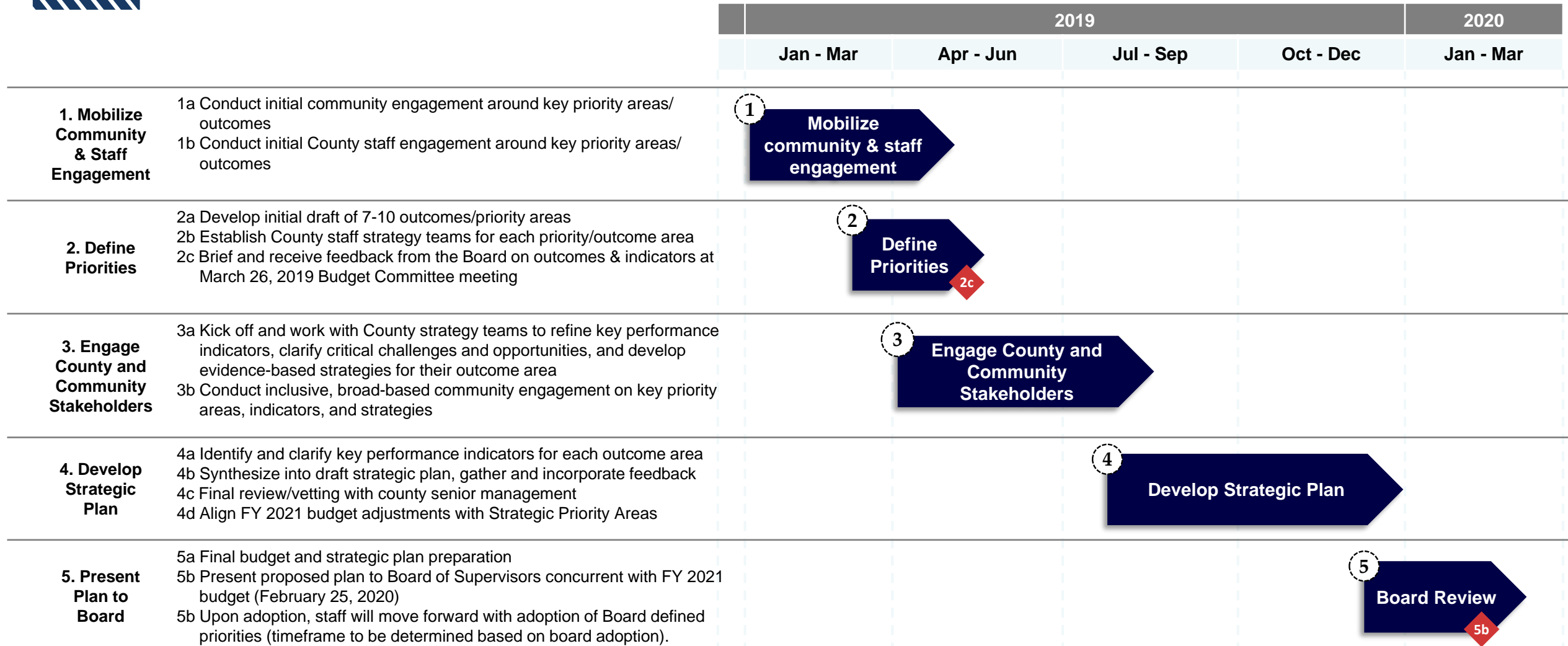
Use data-driven insights and develop evidence-based strategies



Apply a racial and social equity lens to engagement efforts and strategy development



Countywide Strategic Planning Timeline




Extensive Community and Stakeholder Engagement

- **1,674** in-person participants
 - 722 at Community Conversations
 - 497 at targeted outreach sessions
 - 103 at BAC session
 - 352 at employee focus groups
- **17,355** survey responses
- Also –
 - Extensive Research
 - Existing Plans and Activities
 - Previous outreach
 - Best Practices Review




How We Got Here: “Chapter Headings” for the Strategic Plan

Priority Outcome Areas


Lifelong Education and Learning 

Health and Environment 

 Mobility and Transportation

 Cultural and Recreational Opportunities

Safety and Security 

Empowerment and Support for Residents Facing Vulnerability 

 Housing and Neighborhood Livability

Economic Opportunity 

 Effective and Efficient Government

Guiding Principles

Affordability
Equity

Access
Sustainability

Innovation
Placemaking

Collaboration and
Engagement

How We Got Here: The Planning Phase

- Strategy Teams
 - Strategy Teams Formed – April 10
 - Tasks
 - ✦ Research (extensive)
 - ✦ Outreach/Engagement
 - ✦ Engage Subject Matter Experts
 - ✦ Feedback and Engagement with County Senior Leaders
 - Deliverables
 - ✦ Indicators and Challenge Statements
 - ✦ Factor Mapping
 - ✦ Strategies and Metrics
 - ✦ Common Themes Summary
 - ✦ Proposed Strategic Plan



The Proposed Strategic Plan

- The plan released today to the Board of Supervisors and the public includes:
 - Discussion of the integration of One Fairfax
 - Common Themes
 - Priority Areas
 - ✦ Outcome Statement
 - ✦ Introduction
 - ✦ Challenge Questions
 - ✦ Indicators
 - ✦ Metrics
 - ✦ Strategies



Recommended Next Steps

- Staff recommendations for next steps include:
 - The Board including the Strategic Plan in their engagement with community members regarding the budget
 - The Board directing the Strategic Planning Team to conduct community meetings specifically on the strategic plan across the County
 - The Board incorporating input relative to adjustments to the Strategic Plan
 - The Board adopting the Strategic Plan, as updated, along with the budget
 - The Board of Supervisors determining Strategic Planning priorities for the next 3-5 years as part of the FY 2021-22 budget guidance



Economic Outlook



National Economy

- The current economic expansion is the longest in U.S. history
 - Real GDP increased 2.3% in 2019, down from the 2.9% growth in 2018
 - Economy continues to add jobs at a healthy pace; wages rising over 3% year-over-year
 - FY 2021 General Fund revenue forecast assumes that the national economy will continue to expand in 2020 and 2021, albeit at lower rates compared to 2019
- Factors that could impact the future performance of the economy include:
 - Uncertainty related to the November 2020 U.S. election
 - Tensions related to the U.S.-China trade war
 - Global economic weakness
 - Federal Reserve monetary policy
 - Coronavirus and the effects of a potential global epidemic

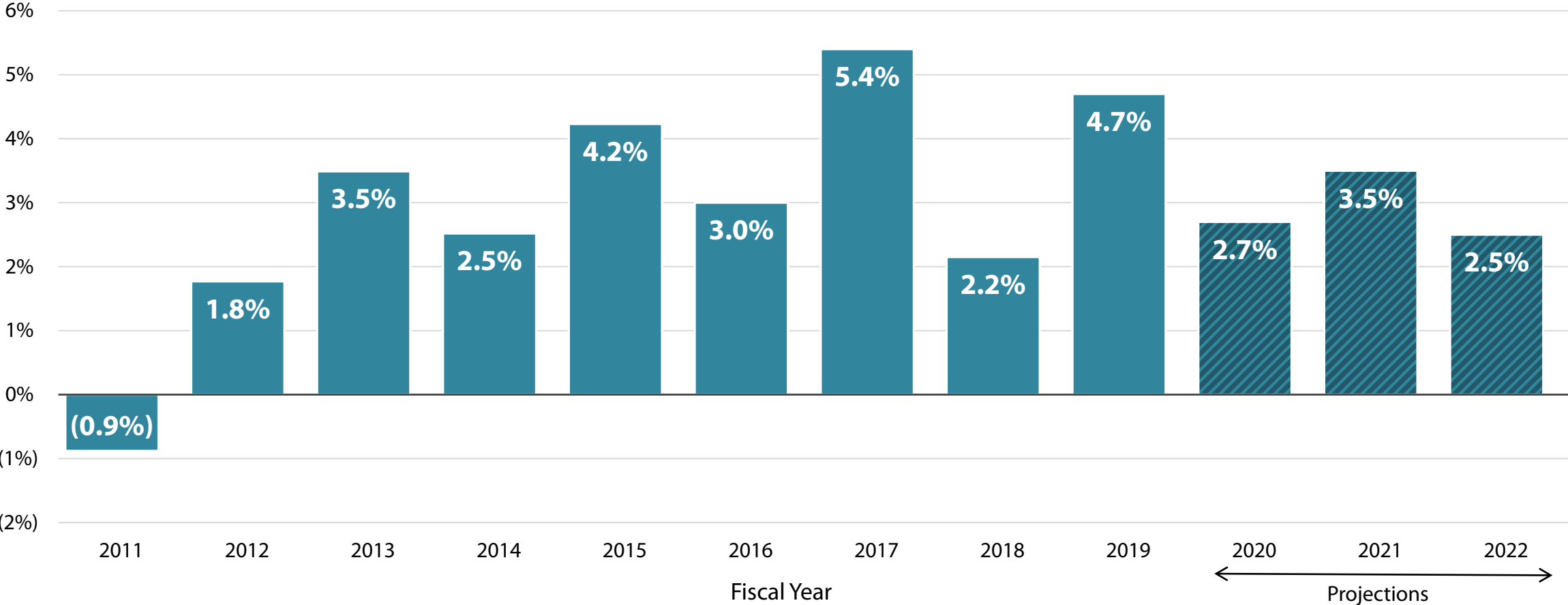
Local Economy

- Federal government spending has stabilized in recent years, reducing uncertainty around federal policy for the local economy
 - The increase in federal government contract spending as a result of the Bipartisan Budget Agreement of 2018 and the federal budget appropriations agreements from December 2019 are expected to result in continued regional employment growth
 - Attracting Amazon's HQ2 to Northern Virginia is also expected to help the local economy transition to less reliance on federal government spending
- Employment gains in Washington Metro region were solid and even accelerated at the end of 2019
 - Majority of new jobs were created in Northern Virginia
 - In Fairfax County, the annual unemployment rate fell to 2.3%, the lowest in 12 years
 - County's employment in the first half of 2019 was 1.5% higher than in the first half of 2018
- Office vacancy rates in the County continue to decline
 - The amount of empty office space declined to 17.1 million sq. ft.
- Growth in the County's FY 2021 real estate tax base of 3.8% is slightly higher than last year



Revenue Projections

Annual Change in General Fund Revenue FY 2011 – FY 2022



Annual Growth in Major Revenue Categories

(Dollars in millions)	FY 2016	FY 2017	FY 2018	FY 2019	Projections		
					FY 2020	FY 2021	FY 2022
Real Estate - Current	\$2,428.8	\$2,591.6	\$2,641.9	\$2,786.9	\$2,884.6	\$3,044.0	
Percent Change	3.5%	6.7%	1.9%	5.5%	3.5%	5.5%	3.2%
Personal Property - Current	\$579.6	\$597.5	\$607.0	\$616.1	\$631.7	\$636.4	
Percent Change	2.0%	3.1%	1.6%	1.5%	2.5%	0.8%	0.8%
Sales Tax	\$178.8	\$176.6	\$182.2	\$187.0	\$197.6	\$202.5	
Percent Change	1.4%	(1.2%)	3.1%	2.7%	5.7%	2.5%	2.5%
BPOL - Current	\$153.5	\$155.4	\$162.3	\$167.2	\$172.1	\$174.7	
Percent Change	0.7%	1.2%	4.4%	3.0%	3.0%	1.5%	1.5%
Investment Interest	\$16.2	\$27.5	\$41.4	\$69.0	\$58.6	\$46.1	
Percent Change	51.7%	70.3%	50.5%	66.6%	(15.1%)	(21.3%)	1.5%
Total General Fund	3.0%	5.4%	2.2%	4.7%	2.7%	3.5%	2.5%

Real Estate Tax Base

- The projected value of 1 Penny on the Real Estate tax rate equals \$26.5 million in revenue in FY 2021
- The Commercial/Industrial percentage of the total real estate assessment base increases from 19.66% in FY 2020 to 19.72% in FY 2021

	2009	2010	2011	2012	2013	2014	2015
Equalization	(1.02%)	(10.52%)	(8.98%)	2.67%	2.53%	2.63%	4.84%
- Residential	(3.38)	(12.55)	(5.56)	2.34	0.71	3.50	6.54
- Nonresidential	7.00	(4.51)	(18.29)	3.73	8.21	0.14	(0.10)
Growth	1.53	0.57	(0.22)	0.60	0.74	0.77	0.93
TOTAL	0.51%	(9.95%)	(9.20%)	3.27%	3.27%	3.40%	5.77%

	2016	2017	2018	2019	2020	2021	2022 Prelim
Equalization	2.40%	1.94%	0.97%	2.58%	2.45%	2.71%	2.40%
- Residential	3.39	1.64	0.68	2.17	2.36	2.65	2.55
- Nonresidential	(0.60)	2.87	1.85	3.79	2.71	2.87	2.00
Growth	1.06	1.04	0.92	1.01	1.15	1.05	0.80
TOTAL	3.46%	2.98%	1.89%	3.59%	3.60%	3.76%	3.20%



Residential Market

- Total increase of 2.65% in residential equalization
 - Average price of homes sold in CY 2019 was up 3.9%
 - The number of home sales increased 2.9%, from 15,683 homes in 2018 to 16,144 in 2019
 - Homes that sold in 2019 stayed on the market for an average of 24 days, down from 52 days in 2018
 - There are more than 344,000 residential properties in Fairfax County
 - ✦ Almost 79% saw an increase in assessed value
 - ✦ 7.3% saw a decrease in assessed value

Residential Equalization

- Residential properties comprise approximately 73% of total base

Residential Equalization Percent Changes

Housing Type (Percent of Base)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022 Prelim
Single Family (71.3%)	3.27	1.69	0.62	2.11	2.17	2.36	
Townhouse/Duplex (20.1%)	3.81	2.05	1.37	2.86	3.12	3.43	
Condominiums (8.1%)	4.48	0.73	(0.32)	1.68	2.98	4.36	
Vacant Land (0.4%)	3.03	0.92	0.03	2.01	3.11	1.89	
Other (0.1%)	2.56	6.42	9.52	9.70	1.67	0.35	
Total Residential Equalization (100%)	3.39	1.64	0.68	2.17	2.36	2.65	2.55



Nonresidential Real Estate

- The amount of empty office space declined to 17.1 million sq. ft. out of 118.7 million sq. ft.
- Office vacancy rates as of year-end 2019
 - 13.9% direct, down from 14.9% as of year-end 2018
 - 14.4% with sublets, down from 15.5% at year-end 2018
- Currently, 2.7 million sq. ft. of office space under construction
- Office real estate assessed values up for third consecutive year
- Overall non-residential real estate values have improved for five years in a row

Nonresidential Equalization

Nonresidential Equalization Percent Changes

Category (Percent of Base)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022 Prelim
Apartments (25.5%)	1.20	2.92	3.37	2.40	2.13	4.37	
Office Condominiums (3.6%)	0.58	1.86	0.49	1.19	1.77	0.43	
Industrial (6.8%)	5.83	7.43	(0.26)	9.61	5.90	2.01	
Retail (17.3%)	2.46	1.60	7.39	7.00	1.66	2.59	
Office Elevator (31.2%)	(4.67)	3.42	(1.39)	2.82	3.32	4.01	
Office – Low Rise (2.7%)	(5.00)	1.73	1.39	1.11	2.75	1.77	
Vacant Land (3.2%)	(4.62)	1.50	(1.17)	(0.35)	4.28	(0.13)	
Hotels (3.5%)	0.26	3.61	(0.12)	8.13	6.62	2.23	
Other (6.2%)	5.26	3.70	6.73	6.13	2.80	1.52	
Total Nonresidential Equalization (100%)	(0.60)	2.87	1.85	3.79	2.71	2.87	2.00



Budget Summary

FY 2021 Budget Summary

- Net County revenues increase totals \$159.51 million, with \$85.72 million transferred to support Schools Operating and Debt Service requirements
- Schools support and County requirements are both increased 3.65% over FY 2020
- Schools are 52.6% of General Fund Disbursements in FY 2021

* In total, the Real Estate Tax rate is proposed to increase \$0.03 to \$1.18 per \$100 of assessed value. Of the increase, \$0.01 is recommended to be dedicated to affordable housing, which results in an additional \$26.49 million. With this funding included, new resources for Housing and Neighborhood Livability total \$27.23 million.

Adjustments included in FY 2021 General Fund Budget

(Amounts shown are in millions, net change over FY 2020 Adopted Budget Plan)

Available Revenue Increase			
Revenue Increase at Current Real Estate Tax Rate			\$106.52
Real Estate Tax Rate Increase of Two Cents*			\$52.99
Net Impact of Transfers In			(\$0.37)
Total Available			\$159.14
FY 2021 Requirements			
	County	Schools	Total
County Compensation	\$41.90	--	\$41.90
County Debt Service	(\$0.72)	--	(\$0.72)
Lifelong Education and Learning	\$1.53	\$85.72	\$87.25
Housing and Neighborhood Livability <i>(\$27.23 mil including dedicated penny*)</i>	\$0.74	--	\$0.74
Safety and Security	\$9.77	--	\$9.77
Health and Environment	\$8.86	--	\$8.86
Mobility and Transportation	\$4.72	--	\$4.72
Empowerment and Support for Residents Facing Vulnerability	\$3.27	--	\$3.27
Cultural and Recreational Opportunities	\$2.91	--	\$2.91
Economic Opportunity	\$2.11	--	\$2.11
Effective and Efficient Government	\$1.70	--	\$1.70
Subtotal	\$76.78	\$85.72	\$162.50
Reserve Adjustments			(\$3.36)
Total Uses			\$159.14
Available Balance			\$0.00



Detailed Disbursements

County Compensation

\$41.90 million

- Pay increases of \$53.52 million include:
 - 2.06% Market Rate Adjustment (MRA) *\$28.73 mil*
 - Performance, Merit, and Longevity Increases *\$23.28 mil*
 - Recommendation to provide salary supplements to state parole officers and to standardize supplements for all state employees *\$0.46 mil*

	General County	Uniformed Public Safety
Market Rate Adjustment	2.06%	2.06%
Steps/Longevities	--	2.25%
Performance/Longevities	2.00%	--
Average Increase (Range of Increases)	4.06% (2.06%-6.06%)	4.31% (2.06%-7.06%)

- Includes increase in Living Wage from \$15.14 to \$15.45 per hour
- Savings in fringe benefits of \$11.63 million are realized
 - Savings in health insurance premiums due to migration into lower cost co-insurance and Consumer Directed Health Plan (CDHP) options
 - Lower Actuarially Determined Contribution for Retiree Health based on positive claims experience

County Debt Service

(\$0.72) million

- Savings of \$0.72 million based on the retirement of existing debt and refunding opportunities
- Bond sale in January 2020 included \$87.7 million for the County
- Bond Referenda Plan in the FY 2021-FY 2025 Capital Improvement Program includes:

Year	Category	Description			Total
Fall 2020	County	Human Services	\$104 mil	Crossroads, Willard Health Center, Early Childhood Facilities	\$466 mil
		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	
		WMATA	\$160 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)	\$97 mil
		Human Services	\$25 mil	Early Childhood Facilities	
Fall 2023	Schools	Capital Enhancement, Renovation, Infrastructure Management			\$360 mil



Strategic Plan Priority Outcome Area:

Lifelong Education and Learning

\$87.25 million

3 positions

- Support for Fairfax County Public Schools includes:
 - Increase to School Operating transfer *\$85.52 mil*
 - Increase to School Debt Service transfer *\$0.20 million*
 - Transfer to School Construction remains flat
- Working collaboratively with Schools, discussing opportunities to utilize Stormwater revenues for Schools stormwater projects
- Expansion of School Readiness Programs, including creation of new *Early Childhood Birth to 5 Fund \$1.74 mil/3 pos*
- Recommending \$25 million bond referendum for Early Childhood Facilities in 2020
- *Including revenue adjustments associated with the establishment of the new Early Childhood fund, the net General Fund impact of Lifelong Education and Learning adjustments is **\$87.46 million***





Strategic Plan Priority Outcome Area:

Housing and Neighborhood Livability

\$0.74 million

3 positions



- Of the proposed 3 cent increase on the Real Estate Tax rate, 1 cent is dedicated to Affordable Housing
 - When combined with the existing half-cent, results in almost \$40 million dedicated for the preservation and development of affordable housing in FY 2021
- Positions to support increased Affordable Housing efforts *\$0.49 mil/3 pos*
- Contract rate increases for providers of contracted homeless services *\$0.24 mil*
- Recommending consolidation of Office to Prevent and End Homelessness and the Department of Housing and Community Development



Strategic Plan Priority Outcome Area:

Safety and Security

\$9.77 million

51 positions

- Body-Worn Cameras *\$5.08 mil/13 pos*
- Scotts Run Fire Station Staffing *\$2.49 mil/25 pos*
- South County Police Station Staffing *\$1.49 mil/8 pos*
- Increase in E-911 Call Capacity *\$0.59 mil in reduced revenue/5 pos*
- Information Technology Requirements *\$0.48 mil*
- Electronic Control Weapons (Tasers) *\$0.20 mil*
- *Including revenue adjustments associated with support for E-911, the net General Fund impact of Safety and Security adjustments is **\$10.36 million***





Strategic Plan Priority Outcome Area:

Health and Environment

\$8.86 million

60 positions



- Diversion First Initiative *\$1.58 mil/12 pos, E-911 requirements funded through redirected General Fund revenue of \$0.11 mil*
- Opioid Task Force *\$1.49 mil/9 pos, partially offset by revenue*
- Contract Rate Increases *\$3.18 mil, partially offset by revenue*
- School Health support *\$1.23 mil/10 pos*
- Support for Addiction Recovery and Treatment Services (ARTS) *11 pos*
- Staff and operating support for environmental initiatives and planning *\$0.46 mil/3 pos*
- Increased capital support for environmental projects *\$0.38 mil*
- *Including revenues associated with some expenditure adjustments, the net General Fund impact of Health and Environment adjustments is **\$8.60 million***

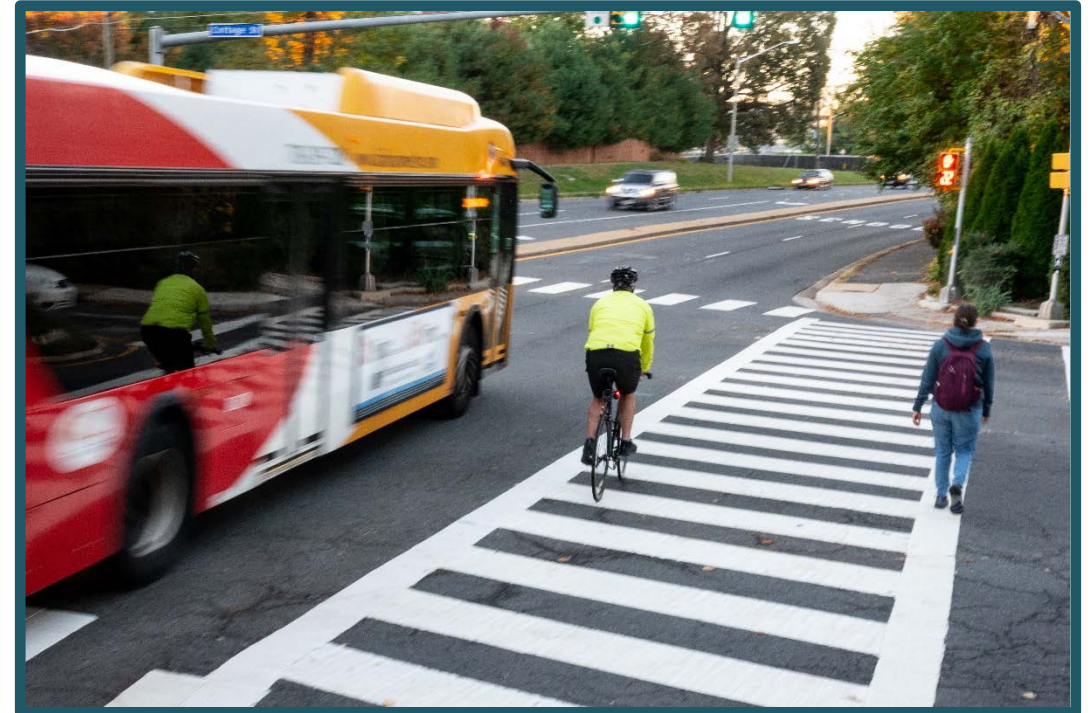


Strategic Plan Priority Outcome Area:

Mobility and Transportation

\$4.72 million
4 positions

- Metro Requirements *\$2.79 mil*
 - Does not include operating costs associated with Silver Line Phase 2 expansion
 - The County's contribution to Metro may be adjusted as part of the *FY 2020 Carryover Review* upon adoption of the WMATA FY 2021 budget
- Fairfax Connector Requirements *\$1.92 mil*
- Transportation positions, including one for Student Bus Pass Program Manager *4 pos*





Strategic Plan Priority Outcome Area:

Empowerment and Support for Residents Facing Vulnerability

\$3.27 million

13 positions



- Consolidated Community Funding Pool *\$0.58 mil*
- Expansion of Opportunity Neighborhoods *\$0.38 mil/1 pos*
- Support for WIN (Welcoming Inclusion Network) initiatives, including Self-Directed Services *\$0.34 mil/3 pos*
- Support Coordination positions in CSB (Community Services Board) *\$0.64 mil/8 pos*
- Human Trafficking and Stalking Prevention *\$0.14 mil/1 pos*
- *Including revenues associated with some expenditure adjustments, the net General Fund impact of Empowerment and Support for Residents Facing Vulnerability adjustments is **\$2.31 million***



Strategic Plan Priority Outcome Area:

Cultural and Recreational Opportunities

\$2.91 million

13 positions

- Expanded Library Hours – will move 11 of 22 locations to one set of standardized hours
\$1.15 mil/12 pos
- Scholarship assistance for Parks programs *\$0.50 mil*
- Support for FCPS Field Maintenance (as approved at *FY 2019 Carryover Review*) *\$1.21 mil/1 pos*
- Priorities funded in part through redirected General Fund support from the Contributory Fund as a result of projected revenue from the Admissions Tax
 - Increased contribution to ARTSFAIRFAX of \$0.47 million included, funded using Admissions Tax revenue





Strategic Plan Priority Outcome Area:

Economic Opportunity

\$2.11 million

4 positions



- Three new School-Age Child Care (SACC) rooms *\$0.70 mil/4 pos, partially offset by revenue*
- Support for Community Business Partnership *\$0.05 mil*
- Support in Land Development Services to meet workload demands *\$1.25 mil offset by revenue*
- An increase of \$0.46 mil is included for Visit Fairfax in the Contributory Fund, with \$0.11 million funded by the General Fund based on Transient Occupancy Tax receipts and \$0.35 million funded using Admissions Tax revenue
- *Including revenues associated with some expenditure adjustments, the net General Fund impact of Economic Opportunity adjustments is **\$0.30 million***



Strategic Plan Priority Outcome Area:

Effective and Efficient Government

\$1.70 million

26 positions

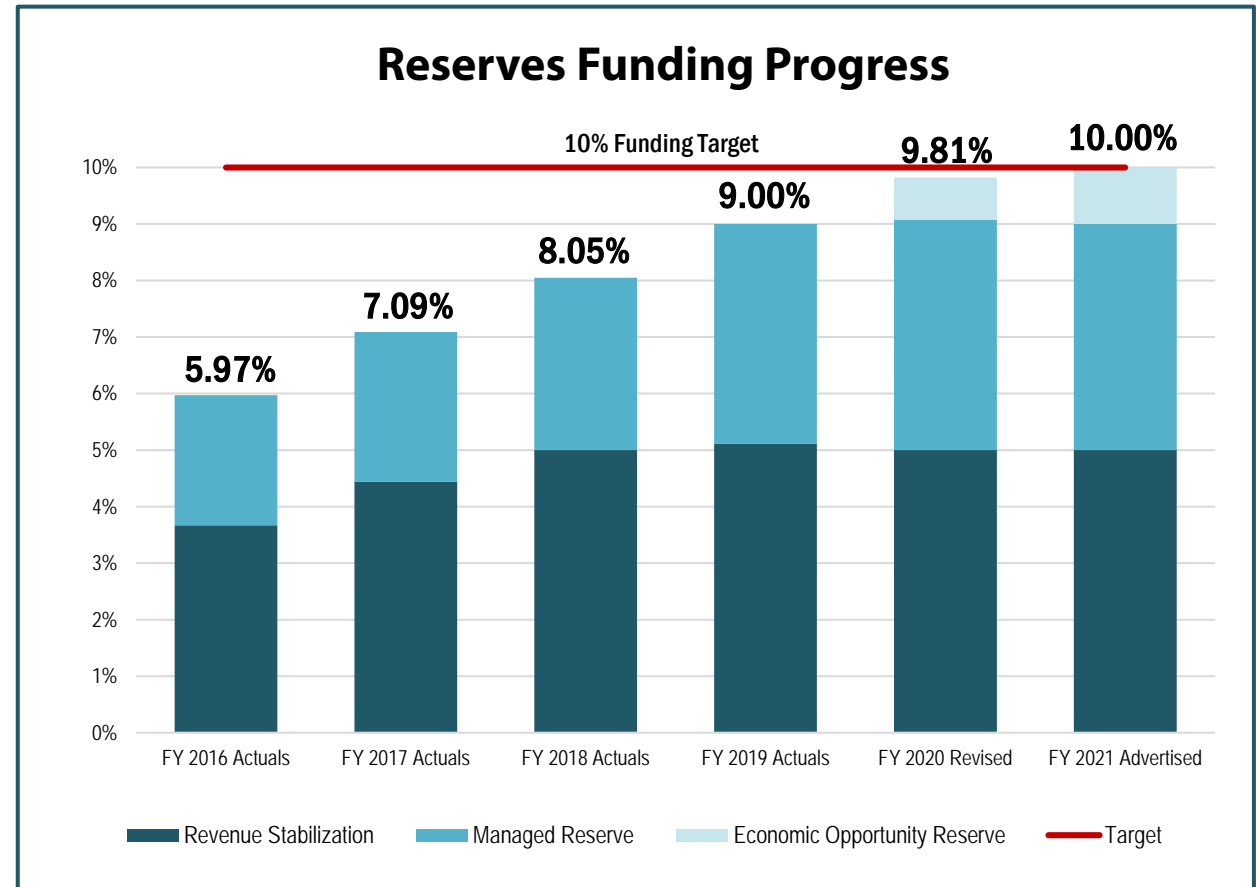
- Board Office Support *\$1.05 mil*
- Basic requirements for facility costs *\$0.66 mil*
- Elections IT Support *\$0.58 mil/1 pos*
- Support for increased capacity for data analytics *\$0.33 mil*
- Capital Projects workload positions *\$0.18 mil/10 pos*
- Positions supporting Stormwater, Wastewater, and Vehicle Services, with no General Fund impact *13 pos*
- *Including revenues associated with some expenditure adjustments, the net General Fund impact of Effective and Efficient Government adjustments is **\$1.53 million***



Reserves

(\$3.36) million

- As part of the FY 2021 Budget, reserves are projected to reach the 10% reserve target as established in 2015
- General Fund reserve contributions total \$13.49 million, a \$3.36 million reduction from FY 2020
 - Reduction is based on a lower level of disbursement growth in FY 2021 than in the prior year
 - Projected interest income also contributes to reserve levels





Looking Forward

- Potential for significant legislative changes in current General Assembly session may impact revenue options in future years
- FY 2022 will be developed based on Strategic Plan priorities as approved by the Board of Supervisors
- As moderate revenue growth is anticipated, prioritization is important to focus resources
- Collaboration with Schools key in addressing joint priorities



How to Provide Input on the FY 2021 Budget

- To sign up to speak at one of the public hearings, call the Clerk to the Board's Office at (703) 324-3151 (TTY 711) or to access the form to sign up to speak, go to

www.fairfaxcounty.gov/bosclerk/speakers-form

- The public can send written testimony or communicate with the Clerk's Office by email at:

clerktothebos@fairfaxcounty.gov

- The entire [FY 2021 Advertised Budget Plan](#) and the [FY 2021-FY 2025 Capital Improvement Program](#) are available online at:

www.fairfaxcounty.gov/budget

FY 2021 Budget Timeline

February 25, 2020	County Executive presents <u>FY 2021 Advertised Budget Plan</u>
February 28, 2020	Joint Board of Supervisors/School Board Budget Committee Meeting
March 10, 2020	Board of Supervisors authorizes advertisement of FY 2021 tax rates
March 24, 2020	Board of Supervisors authorizes advertisement of <i>FY 2020 Third Quarter Review</i>
April 14-16, 2020	Board of Supervisors holds Public Hearings on FY 2021 Budget, <i>FY 2020 Third Quarter Review</i> , and FY 2021-FY 2025 Capital Improvement Program
April 28, 2020	Board of Supervisors marks-up FY 2021 Budget, adopts FY 2021-FY 2025 Capital Improvement Program, and <i>FY 2020 Third Quarter Review</i>
May 5, 2020	Board of Supervisors adopts FY 2021 Adopted Budget
May 11-13, 2020	School Board holds public hearings on FY 2021 budget
May 21, 2020	School Board adopts FY 2021 Approved Budget
July 1, 2020	FY 2021 Budget Year Begins