FY 2026
THIRD QUARTER REVIEW

March 24, 2026

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FY 2026 Third Quarter Summary

Available Balances	
Audit Adjustments	$0.42
Midyear Revenue Adjustments	$51.56
Total Available	**$51.99**
FY 2026 Third Quarter Adjustments	
Expenditure Adjustments	($44.32)
Reserve Adjustments	($5.99)
Total Adjustments	**$50.31**
Net Available	**$1.67**

Revenue Adjustments

- Available revenue totals $51.56 million identified during fall 2025 revenue review
  - Driven primarily by personal property ($30.25 million) and interest on investments ($15.93 million)
  - FY 2026 Third Quarter revenue estimates are based on actual revenue collections through the end of February 2026
  - Cautionary forecasting approach given current geopolitical conflicts and potential for further economic disruptions
  - No additional revenues recommended beyond those identified from fall 2025 revenue review
- Staff will continue to monitor local tax sources that are sensitive to economic conditions, including Sales Tax, BPOL, and Transient Occupancy
  - Food and Beverage Tax implemented January 1, 2026, with limited collections data to date

Capital Paydown Projects

$18.00M

- $8.00 million to support emergency systems failures that occur at aging County facilities, such as large HVAC system or roof failures
- $7.00 million for infrastructure replacement and upgrades at County facilities, addressing Category F projects, defined as urgent/safety related, or endangering life and/or property
- $1.00 million to support initial design work associated with a full HVAC replacement at the historic courthouse
- $2.00 million for the next phase of the Access Control Systems replacement at County facilities
- Reallocation of $2.00 million from the Department of Neighborhood and Community Services for the replacement of flooring at Hollin Hall, which houses several Human Services programs, for no net impact to the General Fund

Information Technology and Equipment

$15.71M

- $12.09 million in support of new and ongoing IT projects
- $3.50 million supports the multi-year project to refresh the core infrastructure platform and components that serve public safety subscriber radios
- $0.12 million for the installation of IT and security equipment at the leased facility where staff have been relocated due to the closure of the historic courthouse
- Continued consolidation of equipment reserves into the new Fund 10050, Equipment Replacement, through a reallocation from the Department of Emergency Management and Security for replacement of technology in the Emergency Operations Center

Overtime and Hiring Incentive Costs

$6.87M

- $5.33 million in overtime and other costs related to winter storms in January and February
- $1.50 million in overtime expenses in the Office of the Sheriff as a result of vacancies and minimum staffing requirements
- $0.04 million reflects the net cost of the hiring incentive program after utilization of the remaining balance of $1.98 million in the Hiring Incentive Bonus Program Reserve
  - Potential recommendation to replenish as part of *FY 2026 Carryover Review*

Support for Parks and Outdoor Recreation

$5.50M

- $5.00 million will support renewal and repairs at Park Authority Rec Centers
- $0.40 million will support higher than anticipated costs associated with rooftop solar installations at Rec Centers
- $0.10 million will allow for the expansion of the Park Authority playground asset management study to include playgrounds at FCPS and NCS sites

Human Services

$1.09M

- $0.73 million to support contracts providing nursing services to medically fragile students in FCPS, consistent with funding included in the FY 2027 Advertised Budget Plan
- $0.36 million for homeless services contracts, consistent with funding included in the FY 2027 Advertised Budget Plan
- Reallocation of $1.02 in one-time funds from the Reserve for Economic Uncertainty to replace $0.69 million in Community Development Block Grant (CDBG) grant funding and $0.33 million in Continuum of Care grant funding

Other Adjustments

$3.16M

- $1.27 million for six special elections conducted in FY 2026
- $1.01 million to address vehicle maintenance facility needs, including fuel infrastructure repair and hydraulic vehicle lift replacement, as well as increased vehicle replacement costs
- $0.35 million to support costs associated with litigation, outside counsel, specialized legal assistance, and related services
- $0.30 million for renegotiated lease costs for public safety vehicle storage
- $0.13 million for a compensation study for uniformed positions in the Office of the Sheriff as recommended by the BOS Safety and Security Committee
- $0.10 million for Volunteer Fairfax to meet operational requirements

Savings

($6.00M)

- $4.00 million decrease in the transfer required to meet the County's Annual Required Contribution for Other Post-Employment Benefits (OPEBs)
  - Reduction is primarily attributable to the transition of the Employer Group Waiver Plan program for Medicare retiree prescription drug coverage from a self-insured to a fully-insured model
  - OPEB liability is now fully funded
- $2.00 million decrease in mandated funding requirements in the Children's Services Act based on lower than anticipated expenditures
  - Adjustment is based on current service levels and sufficient funding remains to maintain these service levels, even with modest growth

Position Adjustments

- 66 new merit positions proposed
  - 21 existing non-merit benefits-eligible positions converted to merit positions in the Fairfax-Falls Church Community Services Board (CSB)
  - 18 grant positions converted to merit positions to align with current source of funding in CSB and the Department of Neighborhood and Community Services
  - 13 positions in the Department of Family Services to address increased workload related to Medicaid eligibility determination
  - 7 positions to support the collective bargaining agreement with General Government employees
  - 5 positions to expand the Photo Enforcement and the Bus Arm Camera Program
  - 2 positions to replace a Continuum of Care planning grant previously funded by the U.S. Department of Housing and Urban Development
- All proposed positions are supported either by funding already included in the FY 2027 Advertised Budget Plan or offset with revenue, for no net impact in FY 2027

Tourism Funding

- Transient Occupancy Tax revenue collected in FY 2026 from the 1 percent dedicated to tourism promotion is recommended to be recognized in Fund 10030, Contributories
  - Consistent with the recommendation included in the FY 2027 Advertised Budget Plan to reflect baseline revenue in Fund 10030
- $1.87 million in FY 2026 revenue transferred to Visit Fairfax
  - $895,000 is included for tourism-related marketing, research, and grants
  - $850,000 to support the 250th Anniversary Campaign
  - $120,000 to support the consolidation of Celebrate Fairfax into Visit Fairfax
- Remainder of revenue will be held in reserve for tourism-related capital projects

Third Quarter Calendar

March 26	School Board action on FCPS Third Quarter Review
April 14-16	Public hearing on the *FY 2026 Third Quarter Review*, concurrent with public hearing on the FY 2027 budget
April 28	Board action on the *FY 2026 Third Quarter Review* prior to mark-up of the FY 2027 budget