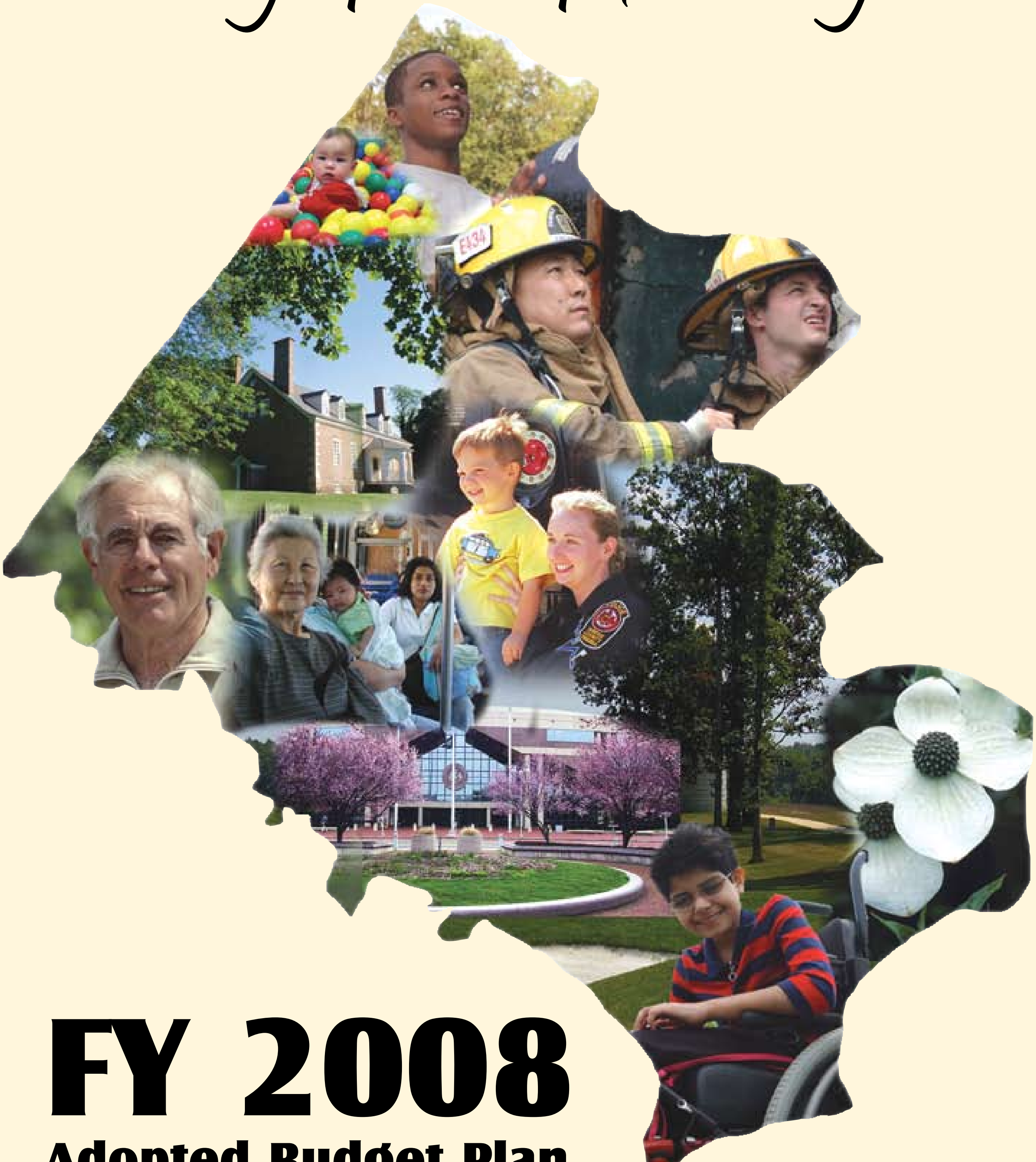
County of Fairfax, Virginia



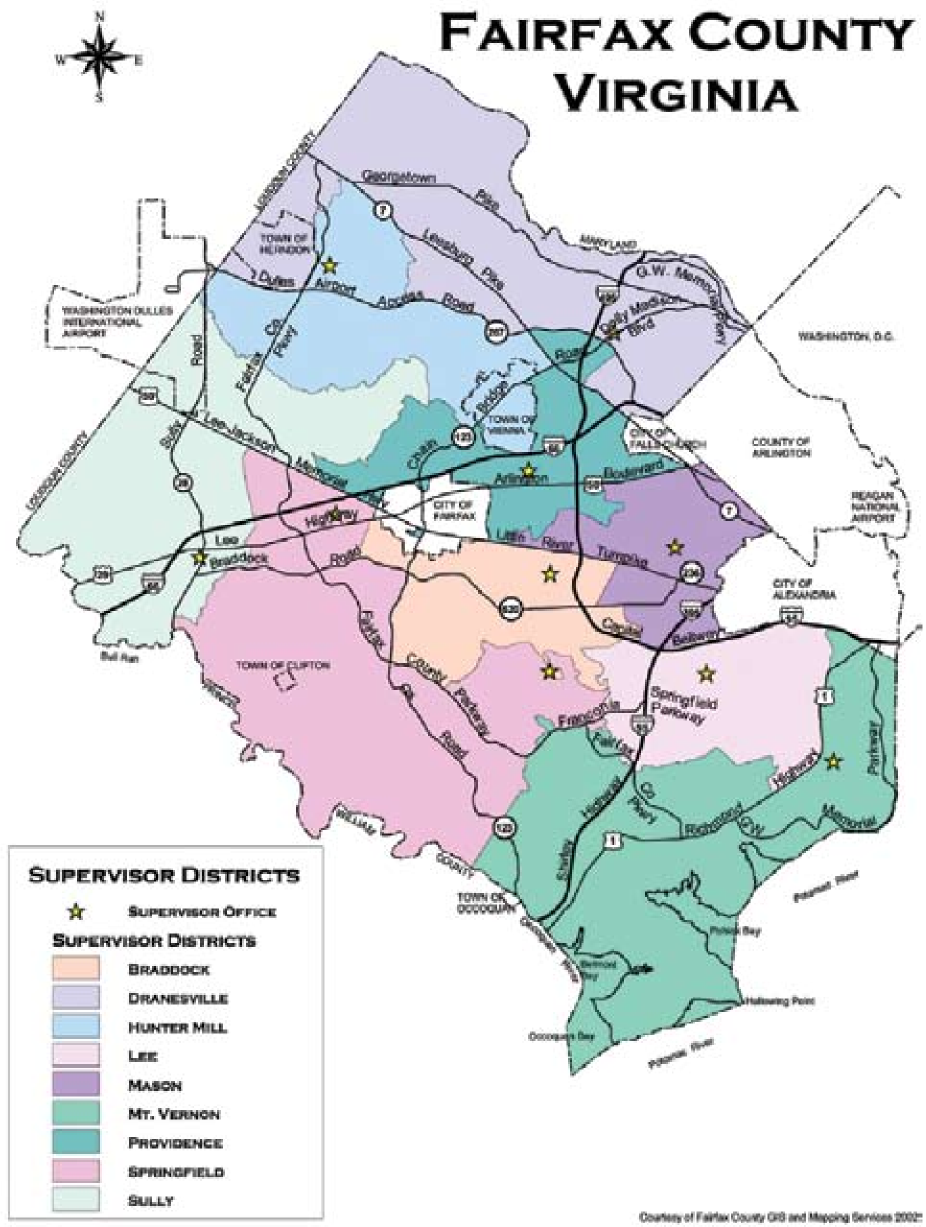
FY 2008
Adopted Budget Plan

Citizen's Guide to the Budget

The FY 2008 budget approved by the Board is significantly different than those of the recent past as General Fund revenue growth slowed to 2.34 percent, the lowest increase since FY 1994. Despite this reality, the FY 2008 Adopted Budget Plan continues to preserve the high quality of life and outstanding services that residents expect, while meeting the needs of a growing, diverse, and aging population without raising the tax rate of $0.89 per $100 of assessed value. Because residential assesments actually decreased (on average) in FY 2008 by one-third of one percent and the tax rate remained flat, the average residential tax bill is $16 lower in FY 2008 than it was in FY 2007.

FY 2008 Disbursements

FY 2008 Total General Fund Disbursements, which include Direct General Fund Expenditures and transfers to other funds such as FCPS, the Fairfax-Falls Church Community Services Board, and Metro among others, total $3.32 billion, an increase of $28.41 million or 0.86 percent over the *FY 2007 Revised Budget Plan*. Excluding adjustments in the current year of $75.3 million, the actual increase over the FY 2007 level is $103.7 million or 3.23 percent. The County General Fund transfer for FCPS operations in FY 2008 totals $1,586,600,722, an increase of 3.5 percent over the FY 2007 Adopted Budget Plan, plus an additional $8 million to fund the second phase of the school system's Initiatives for Excellence, resulting in an increase of $61,382,633 or 4.0 percent over the FY 2007 Adopted Budget Plan transfer.



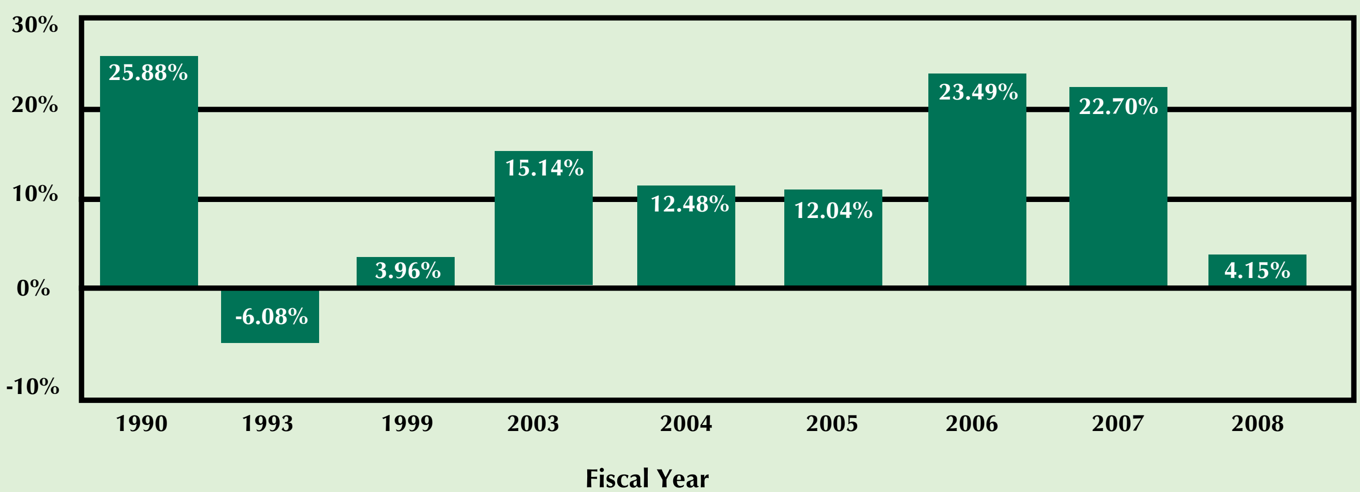
FY 2008 Revenue

General Fund revenues for FY 2008 are projected to total $3.29 billion, an increase of $75.28 million or 2.34 percent over the *FY 2007 Revised Budget Plan*. This is significantly lower than the growth rates over the past six years ranging from 6.6 percent to 9.5 percent after the Board's tax rate reductions. Based on a tax rate of $0.89 per $100 of assessed value, Real Estate Tax receipts are anticipated to increase $71.50 million or 3.8 percent, and represent 59.9 percent of total revenue. All other revenue categories combined are forecasted to increase 0.3 percent over FY 2007 levels, reflecting the slowing economic growth projected for the next fiscal year.

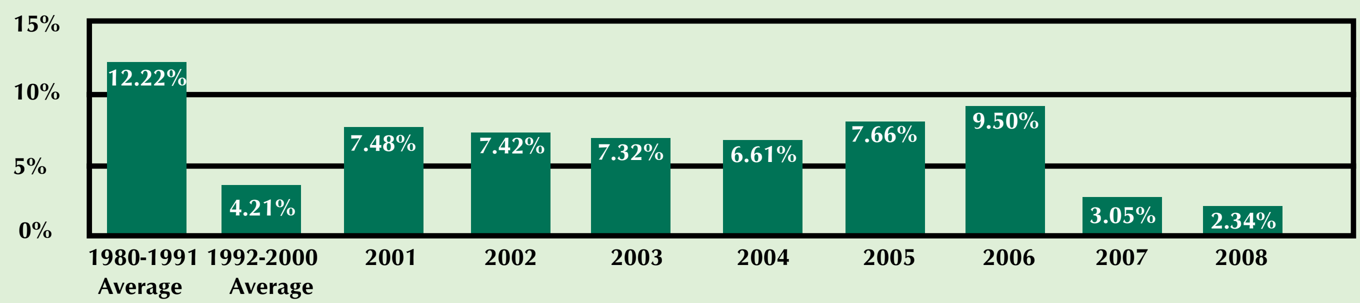
Revenue growth is much lower than previous years because the housing market reversed course in 2006. The number of homes listed for sale increased dramatically, while the number sold dropped and prices fell marginally. Homes also took longer to sell. According to the Metropolitan Regional Information System, a home in Fairfax County was on the market an average of 97 days in December 2006 compared to the 2005 average of 21 days and the May 2005 average of just 15 days. The Northern Virginia Association of Realtors reported that the number of homes sold in Fairfax County in 2006 was down 29 percent compared to 2005. These changes brought an abrupt end to double-digit price appreciation, resulting in a reduction in value for residential properties for FY 2008. This is the first time in 10 years that existing residential properties fell in value compared to the previous year. Furthermore, the slowdown in the residential housing market is expected to continue into 2007 as job growth slows and the economy expands at a reduced pace. At the Real Estate Tax rate at $0.89 per $100 of assessed value and an average assessed value of $542,744, the typical homeowner will pay $4,830 in Real Estate Tax in FY 2008, a decrease of $16 or 0.33 percent from the FY 2007 amount.

In contrast, the nonresidential real estate market was strong in 2006. The County's direct office vacancy as of year-end 2006 was 7.7 percent, a slight decrease from the 7.8 percent rate recorded at year-end 2005. Including sublet space, the year-end 2006 overall office vacancy rate was 9.2 percent, down from 9.7 percent at year-end 2005. As a result, nonresidential equalization registered a healthy 13.57 percent increase for FY 2008.

PERCENTAGE CHANGE IN REAL ESTATE ASSESSED VALUE
FY 1990 - FY 2008



ANNUAL PERCENT CHANGE - GENERAL FUND REVENUE*
FY 1980 - FY 2008



* After tax cuts

Summary General Fund Statement

(in millions of dollars)

	FY 2007 Revised Budget Plan	FY 2008 Advertised Budget Plan	FY 2008 Adopted Budget Plan	Increase/ (Decrease) Over Revised	Percent Inc/(Dec) Over Revised
Beginning Balance	**$168.89**	**$93.41**	**$94.12**	**($74.77)**	**(44.27%)**
Revenue	$3,211.82	$3,289.48	$3,287.10	$75.28	2.34%
Transfers In	$2.41	$2.53	$2.53	$0.12	5.08%
Total Available	**$3,383.12**	**$3,385.43**	**$3,383.75**	**$0.64**	**0.02%**
Direct Expenditures	$1,210.21	$1,203.87	$1,202.23	($7.97)	(0.66%)
Transfers Out					
School Transfer	$1,533.22	$1,586.60	$1,586.60	$53.38	3.48%
School Debt Service	142.27	147.86	147.86	5.59	3.93%
Subtotal Schools	*$1,675.49*	*$1,734.46*	*$1,734.46*	*$58.97*	*3.52%*
Metro	$20.32	$20.32	$20.32	$0.00	0.00%
Community Services Board	97.94	101.09	101.09	3.16	3.22%
County Transit Systems	31.00	34.67	34.67	3.67	11.85%
Capital Paydown	49.54	25.18	25.18	(24.36)	(49.17%)
Information Technology	13.50	12.36	12.36	(1.14)	(8.44%)
County Debt Service	110.69	113.37	113.37	2.68	2.42%
Other Transfers	80.33	73.73	73.73	(6.60)	(8.22%)
Subtotal County	*$403.30*	*$380.72*	*$380.72*	*($22.59)*	*(5.60%)*
Total Transfers Out	$2,078.79	$2,115.17	$2,115.17	$36.38	1.75%
Total Disbursements	**$3,289.00**	**$3,319.05**	**$3,317.41**	**$28.41**	**0.86%**
Ending Balance	**$94.12**	**$66.38**	**$66.35**	**($27.77)**	**(29.51%)**
Less:					
Managed Reserve	$65.78	$66.38	$66.35	$0.57	0.86%
Reserve for Board Consideration (FY 2006 Carryover Balances)[1]	21.82			(21.82)	(100.00%)
Reserve for Board Consideration (FY 2007 Third Quarter Balances)[2]	6.09			(6.09)	(100.00%)
Total Available[3]	**$0.43**	**$0.00**	**$0.00**	**($0.43)**	**(100.00%)**

[1] As part of their deliberations on the *FY 2006 Carryover Review*, the Board of Supervisors identified funding of $21.8 million to be held in reserve to address future requirements including *FY 2007 Third Quarter Review* adjustments or FY 2008 Budget development. It should be noted that as part of the FY 2008 Adopted Budget Plan this reserve has been utilized to balance the budget.

[2] Net funding of $6.1 million was set aside in reserve for Board consideration as a result of FY 2006 audit adjustments of $12.1 million offset by a reduction of $6.0 million in FY 2007 revenues as a result of revised revenue estimates as of November 2006. It should be noted that as part of the FY 2008 Adopted Budget Plan this reserve has been utilized to balance the budget.

[3] The *FY 2007 Revised Budget Plan* Total Available reflects funding of $0.4 million as a result of balances available after actions taken by the Board of Supervisors on April 23, 2007 on the *FY 2007 Third Quarter Review*. It should be noted that this funding was utilized by the Board as part of the FY 2008 Adopted Budget Plan to address FY 2008 consideration items.

BOARD OF SUPERVISORS' PRIORITIES

- Strong investment in education
- Public safety and gang prevention
- Affordable housing
- Environmental protection
- Transportation improvements
- Revenue diversification to reduce the burden on homeowners

COUNTY CORE PURPOSE

To protect and enrich the quality of life for the people, neighborhoods and diverse communities of Fairfax County by:

- Maintaining Safe and Caring Communities
- Building Livable Spaces
- Practicing Environmental Stewardship
- Connecting People and Places
- Creating a Culture of Engagement
- Maintaining Healthy Economies
- Exercising Corporate Stewardship

Major funding adjustments for FY 2008 are tied to Fairfax County's strategic priorities in order to clarify the linkage of the investment of resources to the desired outcomes. The road map used is based on the County Core Purpose supported by its seven associated vision elements, as well as the priorities that the Board of Supervisors identified at their strategic planning retreat in February 2004. Strategies and funding to address these priorities have been incorporated in the FY 2008 Adopted Budget Plan and are addressed in greater detail on the following pages. These budget highlights are listed by the County vision element and/or Board of Supervisors' priority that they support. It should be noted that some of these initiatives may support more than one vision element; however, they are shown here based on their predominant focus.

SUPPORT FOR FAIRFAX COUNTY PUBLIC SCHOOLS

For FY 2008, Fairfax County is providing $1,734.46 million or 52.3 percent of its total General Fund budget to Fairfax County Public Schools (FCPS). The County provides funding through two transfers: one to support FCPS operations and another to support debt service for bond-funded projects to build new schools and renew older facilities. These transfers are as follows:

- The transfer to the School Operating Fund and totals $1,586,600,722, an increase of 3.5 percent, plus an additional $8 million to fund the second phase of the Schools' Initiatives for Excellence, resulting in an increase of $61,382,633 or 4.0 percent over the FY 2007 Adopted Budget Plan.
- A transfer of $147,858,704 is provided for School Debt Service, which is an increase of $5,589,336 or 3.9 percent over the FY 2007 level and will support School bond sales of $144.28 million.

In addition to $1.73 billion in the County transfers to FCPS for operations and debt service, Fairfax County provides additional support totaling $60.46 million for the following programs:

- $29.95 million for the Comprehensive Services Act (CSA), Head Start and School-Age Child Care (SACC) programs within the Department of Family Services;
- $12.33 million to support School Health including Public School Nurses and Clinic Room Aides;
- $9.71 million for School Crossing Guards; Resource Officers who are assigned to all FCPS high schools, middle schools and alternative schools; and security for activities such as proms and football games;
- $3.68 million primarily for after-school programming in middle schools;
- $2.46 million in services provided by the Fairfax-Falls Church Community Services Board;
- $2.19 million for athletic field maintenance and other recreation programs; and
- $0.14 million for fire safety education programs for students.

More detailed information regarding this additional support for FCPS may be found in the Financial, Statistical and Summary Tables section of this Overview Volume of the FY 2008 Adopted Budget Plan.

BOARD PRIORITY:

Strong Investment in Education

MAINTAINING SAFE AND CARING COMMUNITIES

In order to support the County vision element of ***Maintaining Safe and Caring Communities***, as well as the **Board's priority of Public Safety and Gang Prevention**, the following initiatives are funded to support the programs, personnel and facilities necessary to ensure that Fairfax County remains a very safe community. In addition, it should be noted that a number of these initiatives are focused on continuing the County's tradition as a caring community that strives to sustain, protect and nurture its most vulnerable citizens. The following represent the more significant funding strategies for FY 2008:

Domestic Violence Detectives $1.1 million

An increase of $1,064,195 including $539,650 for Personnel Services and $177,545 for fringe benefits, as well as $188,030 for Operating Expenses and $158,970 for Capital Equipment (police cruisers and related equipment) is provided for the addition of 8/8.0 SYE Detectives for the Police Department's Domestic Violence Detective Program. This program was originally piloted by the department in 2005 with existing staff resources. The agency decentralized its Victim Services Section by assigning counselors to each of the County's eight district stations, teaming Victim Services counselors with an assigned detective to provide more cohesive, direct services to victims of domestic violence and a higher degree of follow-up for the significant number of domestic violence cases handled by the department. In CY 2006, over 3,000 domestic violence cases were reported, with 74 percent of cases brought to trial resulting in convictions. This high rate can be attributed to detectives' close work with the Commonwealth Attorney's Office; the appearance and preparation of the victim for court; and the inclusion of statements, confessions and other evidence in the case file, all of which the collaborative efforts of the Domestic Violence Detectives and Victim Services counselors help to make possible. The addition of 8/8.0 SYE new positions will also allow the department to return the eight Police Officer positions that were used for the pilot program to their regular patrol duties. By redirecting the Police Officer positions back to Patrol, the department will also be able to tackle another major strategic challenge of reducing response times to calls for service. Additional Patrol Officers on the street will assist with this effort.

Victim Services Advocate $0.1 million

An increase of $82,303 is included for 1/1.0 SYE Probation Counselor III to act as a Victim Services Advocate, working with the Police Department's new Community-Based Victim Advocacy Justice Center (C-BVAJC) initiative. This position will work closely with other agencies that have a role in victim services including the Juvenile and Domestic Relations District Court, the Office of the Commonwealth Attorney and the Department of Family Services, as well as the police departments in the towns of Herndon and Vienna and the City of Fairfax. Funding includes $61,170 in Personnel Services, $17,433 in fringe benefits and $3,700 in Operating Expenses. The primary goal of the C-BVAJC is to provide ongoing support and assistance through the protective order and criminal court processes to ensure safety for domestic violence and stalking victims, and to connect victims to available County and community-based social service resources. This position will collaborate with others involved in the C-BVAJC and draw upon Police safety resources, including the Domestic Violence Detective Program, to provide direct victim services, such as assistance with protective orders, interpreter services, education on court procedures, and links to other services including health, mental health and financial assistance.

BOARD PRIORITY:

Public Safety and Gang Prevention

Criminal Justice Academy $0.2 million

An increase of $211,956 is included for the addition of 2/2.0 SYE Police Officers for the Police Department's Criminal Justice Academy. Of that amount, $134,976 is for Personnel Services, $40,980 is for fringe benefits and $36,000 is for Operating Expenses. In order to meet the department's staffing needs, particularly in light of the number of sworn officers eligible to retire now and in the next few years, larger and additional Academy classes are needed to train recruits to ensure that an adequate pool of new officers is ready to assume duties. A recent Police Department and Retirement Administration Agency survey of sworn staff found that 80 percent of command staff will maximize their retirement benefits within four years, setting the stage for a very dramatic attrition phase. The department plans to increase the number of recruits entering the Academy by 70 annually, from 110 to 180, a 64 percent increase, to keep pace with the expected rate of retirements and other attrition. In addition, the gradual growth of the force and the increasingly complex nature of Police work related to density, diversity, homeland security issues, state training mandates and accreditation requirements have also resulted in a need for larger and more frequent classes, from two to three per year, as well as a higher degree of specialized training. The 2/2.0 SYE new Police Officers will act as instructors at the Academy, helping to provide this necessary training for both new recruits and existing sworn staff, as well as handle the workload associated with the larger, more frequent Academy classes.

Police Psychologist $0.1 million

An increase of $116,735 is included for the addition of 1/1.0 SYE Police Psychologist to perform clinical psychology work, providing direct clinical prevention and mental health treatment services, including crisis intervention, psychological assessment, diagnosis and treatment to sworn and civilian employees, retirees, their families and law enforcement volunteers. The Police Psychologist will develop prevention strategies, training and programs aimed at making officers less vulnerable to the impact of traumatic events; collaborate with the department's Incident Support Services team, County service providers, contractors and other support teams; and help to coordinate additional support services when necessary. The establishment of this position is intended to enable the Police Department to maintain a healthy workforce and reduce absenteeism and other attrition factors, as well as reduce the number of post-traumatic stress disorder claims, which can range from $10,000 to $100,000 per case treated. Of the amount required, $86,953 is for Personnel Services, $24,782 is for fringe benefits and $5,000 is for Operating Expenses.

Additional Juvenile and Domestic Relations District Court Positions $0.2 million

Funding of $236,287, including $183,881 in salaries and $52,406 in fringe benefits is included to provide for 2/2.0 SYE additional Probation Counselors I and 1/1.0 SYE additional Programmer Analyst III. The Probation Counselors are required for the new juvenile holding center, which is part of the expanded courthouse. The larger holding center requires additional positions to provide for the security of juveniles, and enables defendants to be queued up rather than having to transport them back to the Juvenile Detention Center after each case is heard, which can result in delays in proceedings. Management of juveniles in this environment requires special training and supervision. Concerns such as predator/victim issues, rival gang activity which is not always known in advance, and the general unpredictable nature, impulsivity and anxiety common in juvenile offenders require a high level of supervision.

The Programmer Analyst III is needed to support the Electronic Records Management System which will replace traditional paper-based files with electronic court case records and automated case processing. The Juvenile and Domestic Relations District Court has embarked on a multiyear, multiphase electronic record management system. The Court successfully implemented processes for juvenile intake informal hearing and monitored diversion cases in FY 2006, and will implement the processes for traffic and juvenile criminal cases in FY 2007. During FY 2008, work will continue until all juvenile and adult legal processes have been converted to an automated system of electronic workflow and documents, saving valuable time and enabling staff to address an increasingly complex workload in the expanded facility.

Supervised Visitation and Supervised Exchange Program $0.1 million

An amount of $125,422 is included in FY 2008 to support a Supervised Visitation and Supervised Exchange (SVSE) program to provide a safe, neutral, affordable and age appropriate setting for visitation and exchange of children in court-related cases in the Juvenile and Domestic Relations District Court. The program will allow for increased visitation opportunities by providing a safe setting that is accessible and provides structure and accountability. Redirected staff will assist in supervised visitation and supervised exchange of children subject to joint custody agreements or foster care visitation agreements. SVSE will also utilize the resources of the community through partnership agreements to assist in the operation of the supervised visitation program and provide proactive and preventative opportunities for the reduction of family violence.

Public Safety and Transportation Operations Center Staff $3.2 million

An amount of $3.2 million is included in the FY 2008 budget to support the operations of the Public Safety and Transportation Operations Center (PSTOC), anticipated to be complete in spring/summer 2008. The PSTOC will be a new high-security, state-of-the-art facility to provide efficient and effective public safety and transportation services using coordinated technology and integrated data systems. The new facility will house the County's Department of Public Safety Communications (DPSC), the Office of Emergency Management, the Emergency Operations Center, staff from the Police and Fire Departments working as Uniformed Fire Communications Officers and Police Liaison Commanders with DPSC, as well as the Virginia Department of Transportation's Smart Traffic and Signal Centers, and the State Police Communications Center. In addition, the building will be co-located with a new Forensics Facility to house technical and forensic units such as the Crime Scene Section, Northern Virginia Regional Identification System (NOVARIS), Electronic Surveillance Unit and a future DNA Lab. The new Forensics Facility will meet the technical needs of these units and will provide the Police Department with programmatic efficiency by locating similar functions in one coordinated location.

Funding includes $1.4 million and 14/14.0 SYE positions necessary for the operations of the facility. Additional positions are required in the Fire and Rescue Department (4/4.0 SYE), the Police Department (5/5.0 SYE) and the Department of Information Technology (5/5.0 SYE). The Fire and Rescue Department positions are Uniformed Fire Communications Officers necessary to provide technical support to dispatchers, coordinate response efforts and resource allocations to balance response coverage, determine Advanced Life Support/Basic Life Support incident response, help interpret the Computer Aided Dispatch (CAD) system data, and support 911 operators. These positions have been needed for some time based on increased call volumes; however, due to space constraints, the Fire and Rescue Department has had to operate without the additional staff. The Police Department positions will support the new Forensics Facility by providing additional positions dedicated to evidence processing and information technology support. Crime scene caseloads have increased over 75 percent, from 922 cases in CY 1999 to 1,620 cases in CY 2006. Increased forensics processing and photo analysis, as well as additional information technology (IT) support for the new Law Enforcement Records Management System that will be integrated with the CAD system are also required. The Department of Information Technology (DIT) positions will provide onsite technical IT support of several shared systems at the PSTOC, including but not limited to: telephone systems, audiovisual systems, various server configurations, internal messaging systems, and other automated systems. All of the DIT positions will also be available to the agencies in the PSTOC for technical support as needed. In addition to the new positions, this funding level also includes moving costs and partial year funding for utilities and security.

Additional costs totaling $1.8 million are included to support the facility and are associated with loose furniture for public spaces, conference rooms, some office space, and other common areas. Based on the timing of the overall project completion, other operating and staff costs will not be required until FY 2009.

PUBLIC SAFETY COMPENSATION

Market Rate Adjustment $11.8 million

$11.8 million, including fringe benefits, is included for a 2.92 percent Market Rate Adjustment for Public Safety personnel including Police, Sheriff, Department of Public Safety Communications, and Fire and Rescue Department employees. This includes $11,313,983 for the 2.92 percent adjustment and $484,911 in associated fringe benefits for a total of $11,798,894. In FY 2002, the County adopted a Market Index to maintain pay competitiveness in the future and avoid the need for large-scale adjustments to catch up with the market. The Market Index currently consists of the following components: the Consumer Price Index (CPI) for the Washington-Baltimore area, which represents 70 percent of the index; the Employment Cost Index, which measures the rate of change in employee compensation (private sector, state and local government employees) and accounts for 20 percent of the index; and the Federal Wage Adjustment for the Washington-Baltimore area, which accounts for 10 percent of the index. As part of the Compensation Review during 2006, the consultant recommended that the County consider an alternate formula for the Market Index, which would more accurately reflect the local employment market. This will be reviewed during FY 2008.

Merit Increments $3.0 million

$3.0 million is provided for merit increments for those public safety employees eligible to receive them based on grade and step. It is anticipated that between 45 and 50 percent of uniformed public safety employees will be eligible to receive merit increments in FY 2008.

Employer Contribution for Police Retirement $1.4 million

$1.4 million is included for Police Retirement due to rate increases, consisting of a $0.4 million retiree cost-of-living benefit enhancement and a $1.0 million benefit enhancement resulting from a reduction in the employee contribution rate from 12.00 to 11.00 percent of pay. This decrease in the employee contribution rate will reduce Police Officers' out-of-pocket costs and make the Police benefits package more competitive with surrounding jurisdictions. Currently, the percentage of pay that Police Officers contribute to the retirement system is higher in Fairfax County than in several surrounding localities. Moreover, because Police Officers do not participate in Social Security, nor receive Social Security benefits unless they qualify through other employment, Police Officers' net income replacement ratio at retirement is lower than that of other County retirees who do participate in Social Security. Lowering the employee contribution rate will provide Police with a more equitable and competitive benefits package.

Child Care Assistance and Referral (CCAR) – State Revenue Loss ($13.0 million)

Since FY 2003, the state has not provided the required matching funds to draw down all available federal funds for child care services. Fairfax County was given the opportunity to provide the matching funds and as a result, was able to serve additional children in the non-mandated population (i.e., children from low-income working families) by drawing down the federal pass-through funds that Virginia would have otherwise left unspent. The County has been instrumental in ensuring that federal funds were not returned unspent. In FY 2007, the state projects 3,500 new child care cases (costing $25 million) in the mandated population, i.e., those served through Temporary Aid to Needy Families/Virginia Initiative for Employment not Welfare (TANF/VIEW) due to the federal TANF Reauthorization. However, the state is using most of the available federal pass-through funds to address the statewide increase in the

TANF/VIEW caseload. Consequently, federal pass-through funds previously available for the County to draw down for the non-mandated population are no longer available. The state's decision to reallocate the federal pass-through funds to address increased TANF/VIEW caseloads statewide resulted in a County loss of CCAR revenue of $10.4 million in FY 2007. In November 2006, Governor Kaine announced the availability of $3.4 million in one-time state funding to offset part of the FY 2007 shortfall. In addition, the Department of Family Services has been notified by the State Department of Social Services that an additional $2.6 million in federal pass-through funds in FY 2008 will no longer be available. Thus the total revenue loss in FY 2008 is $13.0 million. It should be noted that County staff has been directed to identify sufficient and sustainable funding to address the most recent $2.6 million shortfall and to report on the status of the program at the *FY 2007 Carryover Review*. County staff will also continue to work with the Governor and General Assembly to identify additional state funds for child care.

School-Age Child Care **$0.2 million**

Funding of $199,857 is associated with opening a new School-Age Child Care (SACC) room at Key Center based on room availability resulting from facility renovation. Key Center serves students with special needs so providing an additional SACC room will enable 12 additional special needs children to be served. The demand for affordable, accessible, quality child care continues to increase as a result of low unemployment rates, the high cost of living and a decline in the number of family child care providers. Funding includes $131,595 in Personnel Services for 3/3.0 SYE positions, $36,149 in fringe benefits and $32,113 in Operating Expenses. The expenditure increase is partially offset by an increase of $149,893 in SACC revenue for a total net cost to the County of $49,964. There are no new schools scheduled to open in FY 2008 requiring a SACC room.

Katherine K. Hanley Family Shelter **$0.3 million**

Funding of $329,881 is included for the new Katherine K. Hanley Family Shelter scheduled to open in summer 2007. Funding includes $200,000 to support a full year of operating costs and $129,881 for contracted supportive mental health and substance abuse services. Linking residents with the appropriate treatment helps them to ultimately achieve stable housing. The Department of Family Services will contract with a nonprofit organization to operate the shelter, as well as provide case management and other direct services seven days a week. Funding of $1,200,000 was already included in the FY 2007 Adopted Budget Plan, of which $700,000 was for six months of operating costs and $500,000 was for one-time

start-up costs. This new 20,000-square-foot facility will provide comprehensive emergency shelter services to approximately 20 homeless families, a majority of whose members are children. Family shelter services will focus on assisting homeless families in crisis to stabilize and obtain self-sufficiency through employment, stable housing and successful family functioning. As of January 2006, more than 2,000 people were identified as homeless in Fairfax County, as well as the cities of Fairfax and Falls Church (area served by the Fairfax-Falls Church Community Services Board). Of this population, 45 percent are single and approximately 55 percent are families with children.

Contractual Increases **$2.0 million**

Funding of $1,123,123 for the Department of Family Services supports a contract rate increase to providers of mandated and non-mandated services including Comprehensive Services Act, Head Start, Health Access Assistance Team and Tenant-Based Rental Assistance. An increase of $932,848 for the Fairfax-Falls Church Community Services Board (CSB) supports a 2.66 percent contract rate increase for providers of contracted mental health, mental retardation, alcohol and drug abuse treatment, early intervention services and CSB-wide services. Funding will address increasing costs associated with personnel and operating expenses, particularly increases in insurance premiums and training costs.

Mental Health Waiting List $0.9 million

An increase of $891,126 is associated with ongoing efforts to reduce the waiting list for Mental Health Services and includes one-time increases of $691,126 in Personnel Services and $200,000 in Operating Expenses supported by fund balance. In March 2006, the Board of Supervisors directed the CSB to analyze staffing problems associated with the adult and youth mental health assessment waiting period and provide recommendations on how to remedy them. Funding will ensure that access and caseload standards can be met by adding clinical capacity through expansion of part-time positions to full-time, continuing retiree and Exempt Limited Term employee options, utilizing the County's workforce planning strategies, and adding service capacity through contracting with private vendors. The CSB made a report to the County Executive on its progress in October 2006. At that time, the waiting list of persons waiting to be scheduled for an assessment had been eliminated completely. The average wait between a phone call requesting service and receiving an assessment previously averaged 16 business days for adults and 4.5 business days for youth. Much of this progress is related to filling vacant positions and to the staff enhancements identified above. In order to maintain these gains, caseload size must be reduced. In addition, efforts are underway to streamline the access to services process and to address caseloads through program redesigns.

Youth Crisis Care $0.6 million

An increase of $579,689 in Operating Expenses in Mental Health Services is associated with additional expenditures for Youth Crisis Care, an eight-bed facility providing mental health intervention and stabilization services for youth ages 12 to 17 that are in crisis, with a goal to move them to a less restrictive environment within 45 days. The facility opened in FY 2007 and the increase is due to the difference between the actual contract award and the amount originally budgeted for program operations. These expenditures are intended to be completely offset by Medicaid revenues and Comprehensive Services Act (CSA) Pooled Funds.

Leadership and Resiliency and Student Assistance Programs $0.6 million

Funding of $550,000 in Alcohol and Drug Services, consisting of $410,466 in Personnel Services and $139,534 in Operating Expenses, is associated with the expansion of the Leadership and Resiliency and Student Assistance Programs to a total of 12 Fairfax County public high schools. The Leadership and Resiliency Program is currently offered in six high schools and is a school- and community-based substance abuse and violence prevention program for high school students. The Student Assistance Program is currently available in eight high schools and is a school-based alcohol and drug screening, assessment and early intervention program. Funding for an expansion through contracted services was included as part of the FY 2007 Adopted Budget Plan, but due to the time frame involved in developing the RFP and subsequent discussion concerning alternatives to contracted services, the expansion has not occurred. Based on continued Board of Supervisors' support of the expansion, 5/5.0 SYE positions were included in the *FY 2007 Third Quarter Review* to allow the CSB to begin the expansion. This funding represents the full-year cost of this program for FY 2008.

Health Department Increases $0.4 million

Funding of $352,298 is included over the FY 2007 budget level to accommodate increases in medical supplies, services and contracts necessary to continue to meet the needs of the Health Department's customers. An increase of $104,783 in Operating Expenses is included to address the increasing costs and higher demand for pharmaceutical supplies such as influenza vaccines and tuberculosis (TB) drugs. Administering flu vaccinations for adults and children is one of Fairfax County's most effective methods of safeguarding public health during flu season. In addition, since Fairfax County has one of the highest TB rates in Virginia, it is crucial to provide infected or exposed residents with effective treatment in order to limit the spread of TB. The rising costs of prenatal laboratory services also require an increase of $87,515 in Operating Expenses. Providing prenatal care to medically indigent women through prenatal testing is a crucial component to ensuring the health of both mother and baby during a pregnancy and reduces the potential for conditions that require more costly care after birth. During a public health emergency, Public Health Nurses, Environmental Health Specialists, Epidemiologists and Lab Technicians must be in constant communication with hospitals, labs, clinics and residents to ensure a rapid and effective response to emerging threats. To maintain that capability, an increase of $75,000 in Operating Expenses is included for cellular services to address the Health Department's increasing role as a first responder in public health emergencies. In addition, an increase of $50,000 in Operating Expenses is to fully fund community-based contracts to support four Unsheltered Homeless Health Care Outreach Teams that were established as part of the *FY 2006 Carryover Review* and funded in FY 2007 for nine months. These contracts provide outreach workers, van maintenance, fuel, medical supplies, computer equipment and a limited amount of pharmaceutical supplies. Lastly, an increase of $35,000 in Operating Expenses is included to address the increasing costs for medical supplies such as needles, gloves and masks. These supplies are essential for Health Department employees in the delivery of public health services, because they protect both employees and residents from potential health risks.

BUILDING LIVABLE SPACES

The Penny for Affordable Housing $22.7 million

An amount of $22.7 million represents a financial commitment on behalf of the Board of Supervisors to preserve and create affordable housing opportunities by dedicating revenue equivalent to the value of one penny on the Real Estate Tax specifically for affordable and workforce housing. The County lost 1,300 affordable units between 1997 and 2004, and increases in rents and the prices of homes continue to outpace income growth, making it increasingly difficult for many individuals and families to find affordable housing in the County. As a result, the Board of Supervisors established Fund 319, The Penny for Affordable Housing Fund, in FY 2006 and set a County goal to preserve 1,000 units of affordable housing, as well as create 200 new affordable units, by the end of FY 2007. As of April 2007, a total of 1,364 affordable units have been preserved for both homeownership and rental purposes in a variety of large and small projects through Fairfax County Redevelopment and Housing Authority (FCRHA) acquisitions and financing, and negotiated agreements. Of that number, 252 units are preserved as affordable housing for periods of five years or less, and 1,112 units are preserved for 20 years or longer. While various funding sources were used to retain these units, Fund 319 funds are especially critical for the preservation efforts.

BOARD PRIORITY:

Affordable Housing

CIP Issues and Capacity

The FY 2008-FY 2012 Adopted Capital Improvement Plan (With Future Fiscal Years to 2017) anticipates continuation of the approved bond sale limits, $275 million or $1.375 billion over a five-year period with a technical limit of $300 million in any given year. The ratio of debt to taxable property value is projected to remain less than 3.0 percent and the ratio of debt service to Combined General Fund disbursements is projected to remain less than 10.0 percent. In FY 2008, total new bond sales are projected at $258.65 million. The borrowing plan will be carefully monitored and adjusted in light of possible slowdowns in real estate revenues in order to adhere to debt limits and keep the capital program within mandated ranges for debt expenditures.

Variable Rate Debt Policy

The Ten Principles of Sound Financial Management adopted by the Board of Supervisors on October 22, 1975, endorsed a set of policies designed to contribute to the County's fiscal management and maintain the County's AAA bond rating.

Fairfax County has maintained its superior rating in large part due to its firm adherence to these policies. The County's exceptional triple AAA bond rating gives its bonds an unusually high level of marketability and results in the County being able to borrow for needed capital improvements at low interest rates, thus realizing significant savings now and in the future for the residents of Fairfax County. From time to time, the Board of Supervisors has amended the Ten Principles of Sound Financial Management in order to address changing economic conditions and management practices. For FY 2008, the Ten Principles have been updated to include authorization for the use of variable rate debt. Variable rate obligations are debt obligations that are frequently used for short-term or interim debt financing and have an interest rate that is reset periodically, usually for periods of less than one year. Variable rate debt is typically used to take advantage of low short-term rates in anticipation of converting to longer-term fixed rate financing for complex projects or to mitigate the impact of volatile markets. Also, variable rate debt reduces interest costs and typically provides the ability to redeem bonds without a prepayment penalty. It is anticipated that the use of variable rate debt will provide opportunities for interest rate savings, reduce arbitrage payments and promote more accurate sizing for long-term bond issues. Use of variable rate debt is anticipated for Sewer projects initially in order to allow capital projects to be constructed using lower-rate interim financing. Debt policies shall stipulate that variable rate debt is appropriate to use when it achieves a specific objective consistent with the County's overall financial strategies.

Capital Renewal **$21.9 million**

Funding in the amount of $21,924,321 is included in FY 2008 for the most critical prioritized renewal projects, such as roof repair/replacement, HVAC, fire alarm system replacement and emergency generators, among other needs, most of which are categorized as category F, F/D, or D. Capital Renewal projects are classified by category as follows: Category F: urgent/safety related, or endangering life and/or property; Category D: critical systems beyond their useful life or in danger of possible failure; Category C: life-cycle repairs/replacements where repairs are no longer cost-effective; Category B: repairs needed for improvements if funding is available, and Category A: good condition. Fairfax County presently has a facility inventory of 170 County-owned, General Fund-supported buildings (excluding schools, parks, leased space, revenue facilities, housing and human services residential facilities) with over 8.0 million square feet of space throughout the County. This inventory is expanding with the addition of newly constructed facilities, the expansion of existing facilities, and through the acquisition of other property. With such a large inventory, and the acquisition of additional facilities, it is critical that a planned program of repair and restoration be maintained. In addition, the age of a major portion of this inventory of facilities is reaching a point where major reinvestment is required in the building subsystems.

Athletic Field Maintenance, 90-Foot and 60-Foot Diamond Fields **$4.92 million**

In FY 2008, $4.92 million is included in order to increase maintenance efforts by both County and Fairfax County Public Schools (FCPS) staff to ensure greater availability of fields for community use. Revenue in the amount of $950,000 generated from the Athletic Services Fee directly supports this program. An amount of $2.53 million supports field maintenance efforts including electricity for lighted facilities and maintenance of

lighting systems, water and irrigation system maintenance, and minor ballfield repairs. An amount of $0.2 million supports continued replacement and upgrading of FCPS boys' athletic field lighting systems and installation of lights on FCPS athletic fields and County park fields used for girls' softball. Funding of $0.75 million is provided for enhanced maintenance of school athletic fields to ensure a consistent mowing frequency schedule for high school diamond fields, as well as diamond field infield preparation twice a week for all elementary, middle and high school fields. An amount of $0.74 million provides for general maintenance at designated FCPS athletic fields to improve turf coverage and reduce the chance of injury.

An amount of $0.2 million is also provided for custodial support for indoor gyms used by sports organizations. The use of FCPS indoor facilities on the weekend requires FCPS to schedule a school system employee to open and close the facility. Revenue generated from the Athletic Services Fee is used to provide payment for FCPS staff, eliminating the need for indoor sports organizations to pay the hourly rate previously charged. Finally, an amount of $0.5 million will support the Synthetic Turf Development Program. This program facilitates the development of synthetic turf fields in the County. Fields are chosen through a review process based on the need in the community, projected community use, and the field location and amenities. In addition to this funding, the voters approved a $25 million Park Bond Referendum in November 2006, of which $10 million is earmarked to fund the conversion of up to 12 fields from natural turf to synthetic turf.

Land Acquisition **$2.0 million**

Funding in the amount of $2,000,000 has been included for the acquisition of land or open space in the County. This funding is specifically for land acquisition and is provided to improve the County's competitiveness in today's market.

TAC Spot Improvements **$1.0 million**

Funding of $1,000,000 is included in FY 2008 to support small spot improvement projects as approved by the Transportation Advisory Commission (TAC) and the Board of Supervisors. These projects consist of intersection improvements such as turn lanes, sidewalk and trail connections, and bus stop improvements. Improvements are low-cost, quick-hit projects to improve mobility, enhance safety and provide relief for transportation bottlenecks throughout the County.

PRACTICING ENVIRONMENTAL STEWARDSHIP

The Penny for Stormwater Management **$22.7 million**

$22.7 million, or the approximate value of one penny from the County's Real Estate Tax, has been included for prioritized capital improvements to the County's stormwater system. Proper management of stormwater is essential to protect public safety, preserve home values and support environmental mandates such as those aimed at protecting the Chesapeake Bay and the water quality of other local waterways. The County's stormwater system, which includes 1,800 miles of storm drainage conveyance systems, 45,000 stormwater drainage structures, 1,104 publicly-maintained stormwater management ponds and 2,261 privately-maintained stormwater management facilities, is strained by an aging infrastructure and rapid urbanization that has occurred over the past two decades. This, in combination with higher water quality standards that must now be addressed by local governments, requires a more significant, multiyear investment in terms of funding and staff resources.

BOARD PRIORITY:

Environmental Protection

As part of the Municipal Separate Storm Sewer Systems (MS4) permit, the County has initiated a phased approach to watershed planning in its 30 watersheds. The current watershed planning effort provides an in-depth review of existing watershed planning processes and provides recommendations for improvements to the internal procedures, as well as makes recommendations to improve external partnerships with public and special interest groups involved in watershed planning efforts. In conjunction with an evaluation of the planning processes, an expedited planning schedule has begun. The result is that all 30 watersheds will be in an active planning stage by the end of FY 2007, with no additional funding for watershed planning required as part of the FY 2008 budget recommended for Fund 318, Stormwater Management Program. The benefit of this expedited schedule is to ensure that Fairfax County meets its commitment to the Chesapeake Bay 2000 Agreement by completing the watershed planning process by 2010. As watershed management plans throughout the County are completed, the project implementation goals and strategies for the project list are developed. Funding in FY 2008 is committed to complete construction projects associated with implementation of the watershed management plans. The watershed planning process is anticipated to initiate an average of 300 water quality, storm drainage and flood control projects in each of the 30 watersheds. FY 2008 funding will also continue to support requirements associated with the MS4 permit. The MS4 permit is part of the Clean Water Act of 1987 and requires water quality testing, watershed master planning, improvement programs, and development of the Geographic Information System (GIS)-based storm sewer system inventory. The current MS4 discharge permit was issued on January 24, 2002 for a five-year period, and required renewal in January 2007 (FY 2007). Additional permit requirements may also be impacted by other state and federal mandates, including Total Maximum Daily Loads, the Chesapeake 2000 Agreement, and the Virginia Tributary Strategies. The County is also working with the Fairfax County Public Schools to assume the responsibility of their MS4 permit requirements. Additional staff and resources may be required to revise the County's current stormwater program and permit application process, complete the inventory of the School's facilities and initiate joint contracting programs. It is anticipated that developing a consolidated program will result in more effective delivery of services. Specific resources requirements and workload will be determined during FY 2008.

Environmental Projects $0.7 million

An amount of $700,000 has been included in FY 2008 to fund initiatives that directly support the Board of Supervisors' Environmental Agenda. The Environmental Excellence 20-year Vision Plan (Environmental Agenda) includes six topic areas: Growth and Land Use; Air Quality and Transportation; Water Quality; Solid Waste; Parks, Trails and Open Space; and Environmental Stewardship. FY 2008 prioritized initiatives include: continued outreach materials for air quality awareness targeted at County employees, residents, school children and business owners ($30,000); removal of invasive plants that threaten native plant communities and expansion of volunteer programs ($200,000); an additional five remote household hazardous waste events ($75,000); Year of the Tree campaign ($50,000); litter campaign and other environmental initiatives ($95,000); and construction of approximately 2,500 feet of Landfill Gas (LFG) pipeline to carry gas generated at the closed I-66 landfill to be used as a potential fuel source to heat County buildings at the new West Ox Campus ($150,000). In addition, an amount of $100,000 is included for energy efficiency and/or renewable energy projects in support of Fairfax County's efforts to support a global climate change strategy.

Wildlife Biologist and Support for Animal Services $0.1 million

An increase of $138,099 is included for 1/1.0 SYE Naturalist III and 1/1.0 SYE Administrative Assistant II for the Police Department's Animal Services Division, including $99,688 for Personnel Services, $28,411 for fringe benefits and $10,000 for Operating Expenses. The Naturalist III will serve as an Assistant Wildlife Biologist to help manage existing wildlife programs such as the Deer and Canada Geese Management Programs. Since 1998, there has been a 265 percent increase in the number of wildlife cases in the County, primarily attributed to increased geese and deer populations, as well as new cases dealing with increasingly common species such as coyotes. The Assistant Wildlife Biologist will also respond to resident inquiries and complaints about wildlife, assist with the development of programs for problematic wildlife species in the County, collect and interpret data on wildlife and their habitats, and conduct staff training on wildlife issues. The additional position will also help to reduce wildlife calls directed to Animal Control and Police Officers so they can fulfill their primary duties. The Administrative Assistant II will enable the department to expand service hours and thus enhance customer service at the Animal Shelter. Currently, the Shelter is closed on Sundays based on available staffing levels, despite weekends being prime days for public visits to the shelter and subsequently, animal adoptions. The addition of an Administrative Assistant will enable the Shelter to open on Sundays, which should increase the number of adoptions.

Sewer Fees Increase

Changes to the FY 2008 Sewer Service Charge and Availability Fee are based on increased costs associated with capital project construction, system operation and maintenance, debt service and upgrades to reduce nitrogen discharge from wastewater in order to meet more stringent environmental regulations. The Availability Fee charged to new customers for initial access to the system will increase from $6,138 to $6,506 for single-family homes based on current projections of capital requirements,

which is consistent with the analysis included in the Forecasted Financial Statement for July 1, 2006 through June 30, 2011. The Sewer Service Charge is billed to all existing customers and is used to fully recover operating and maintenance costs, debt service payments and capital project funding primarily attributable to improving wastewater treatment effluent standards as mandated by federal and state agencies. The Sewer Service Charge will increase from $3.50 to $3.74 per 1,000 gallons of water consumption in FY 2008.

The increase in Sewer Service Charges is due to federal mandates associated with the renovation and rehabilitation of existing treatment facilities. New Chesapeake Bay water quality program requirements include reductions in the amount of nutrient pollutants discharged from wastewater treatment facilities. In December 2004, the state notified Fairfax County that renewal of the County's National Pollutant Discharge Elimination System (NPDES) permit will include a requirement that nutrient removal be performed at the "Limits of Technology." Current technology allows for discharge limits of less than 3.0 milligrams per liter of nitrogen and 0.1 milligrams per liter for phosphorus. The County only has the capability to meet the current nitrogen removal standard of 8.0 milligrams per liter. A phased approach is recommended to renovate and upgrade current plant facilities to accommodate these more stringent nutrient discharge requirements.

CONNECTING PEOPLE AND PLACES

County Transit Funding – General Fund Transfer **$34.7 million**

The total FY 2008 General Fund Transfer for Fund 100, County Transit Systems, is $34.7 million, an increase of $3.7 million or 11.8 percent over the *FY 2007 Revised Budget Plan*. This increase will allow FAIRFAX CONNECTOR to maintain current service levels, provide funding for a 4.0 percent personnel-based contractual adjustment, continue the annual bus replacement program, support an increase in the County subsidy to the Virginia Railway Express (VRE) to $5.0 million, and includes $1.2 million in additional fuel costs estimated for the CONNECTOR based on projected gasoline price increases. Fairfax County's VRE subsidy increase of $1.1 million, or 28 percent over the previous year, is based primarily on fuel requirements, a VRE-projected decrease in systemwide fare revenue based on prior year experience, and the need to establish prudent financial balances for ordinary and catastrophic occurrences within the VRE Insurance Trust Fund. This fund balance is currently at 60 percent of the level the state believes is necessary.

Metro Funding – General Fund Transfer **$18.5 million**

The total Fairfax County requirement (subsidy) for Washington Metropolitan Area Transit Authority (WMATA) Operating Expenses totals $64.9 million, an increase of 7.0 percent over the *FY 2007 Revised Budget Plan* and supports Metrorail, Metrobus and MetroAccess (paratransit) service. This increase in jurisdictional subsidy is based on the WMATA General Manager's proposed budget and is due to increased labor costs for union contracts and non-union compensation, workers' compensation increases, costs related to the deregulation of the electric industry, increased fuel costs, and general inflation. However, it does not require an increase in the General Fund Transfer to Fund 309, Metro Operations and Construction, as a result of increases in State Aid, Gas Tax Receipts, interest earnings on County funds held by the Northern Virginia Transportation Commission (NVTC) and the use of fund balance. In FY 2008, $27.0 million in State Aid and $17.0 million in Gas Tax Receipts will be used for WMATA. In addition, $18.5 million is supported by a General Fund Transfer, $1.2 million will be funded from interest on funds at NVTC, $0.1 million will be transferred from Fund 301, Contributed Roadway Improvement Fund, to support shuttle service in the Franconia/Springfield area, and $1.1 million will be funded from available balance.

BOARD PRIORITY:

Transportation Improvements

In addition, the County's share for capital requirements totals $26.5 million, of which $21.9 million is supported by Fairfax County General Obligation Bonds. The remainder is funded through State Aid and Gas Tax Receipts. Capital expenditures are focused on the Metro Matters Program, which addresses the acquisition of facilities, equipment, rail cars and buses, as well as infrastructure maintenance and system security enhancements. FY 2008 capital expenditures include $22.9 million for the Metro Matters Program. An amount of $0.4 million is also included for the Beyond Metro Matters Program, which addresses capital requirements in addition to those covered by the Metro Matters Program, and $3.2 million is included to fund Adopted Regional System debt service requirements.

Information Technology (IT) Funding – General Fund Transfer **$12.4 million**

Total funding of $13.8 million, which includes a General Fund transfer of $12.4 million and interest income of $1.4 million, is provided for initiatives that meet one or more priorities established by the Senior Information Technology Steering Committee. These initiatives include a mix of projects that provide benefits for both citizens and employees, and that adequately balance continuing initiatives with the need to maintain and strengthen the County's technology infrastructure. Funded projects will support initiatives in the Human Services, Planning and Development, General County Services and Public Safety program areas.

The County's long-term commitment to provide quality customer service through the effective use of technology is manifested in service enhancements, expedited response to citizen inquiries, improved operational efficiencies, better information for management decisions and increased performance capabilities. Although many initiatives meet more than one of the technology priorities, for narrative purposes below, projects have been grouped into only one priority area. In addition, they may also address other vision elements; however, have been included under the Connecting People and Places vision element because that is a key focus for many of them.

Priority	FY 2008 Adopted Funding
Mandated Requirements	$0.2 million
Completion of Prior Investments	$1.5 million
Enhanced County Security	$3.1 million
Improved Service and Efficiency	$4.3 million
Maintaining a Current and Supportable Technology Infrastructure	$4.7 million
TOTAL	$13.8 million

CREATING A CULTURE OF ENGAGEMENT

New and Renovated Libraries **$2.7 million**

Funding of $2,746,643 is associated with new and renovated libraries. A November 2004 bond referendum was approved by voters to fund the construction of two new libraries and the renovation of the four oldest branches, Dolley Madison in the Dranesville District, Thomas Jefferson in the Mason District, Richard Byrd in the Lee District and Martha Washington in the Mount Vernon District. To better serve residents of high-growth areas, the County is building new libraries in Burke and Oakton. Funding of $708,039 is included for staff for the full year, as well as $40,000 for ongoing Operating Expenses at the new Oakton Library, which is currently scheduled to open in fall 2007. The Burke Library (artist rendering below) is scheduled to open in spring 2008. For FY 2008, an additional $810,844 is included for partial-year staff funding and one-time, start-up operating and capital requirements for that new library. Fringe benefit funding of $236,054 is associated with the increase of 34/27.0 SYE positions and necessary limited term support for the two new libraries. The renovation of older libraries will provide facilities that meet the technological requirements of 21st century library service, such as self check-out and wireless access. The remaining $951,706 includes $69,576 in ongoing personnel costs and $882,130 in one-time requirements associated with the renovations of the Thomas Jefferson and Dolley Madison libraries.

Senior Plus Program **$0.9 million**

An increase of $915,000 in Operating Expenses for the Department of Community and Recreation Services is included for the second year of a two-year program phase-in to provide services for senior adults who require a higher level of assistance to participate in senior activities. The goal of the Senior Plus program is to assist seniors in sustaining involvement in social activities in the least restrictive environment, prevent further decline in their health and well being, and serve as a transition service to the Adult Day Health Care Program. As part of the FY 2007 Adopted Budget Plan, the program was funded for six months, from January to June 2007, so this increase is required

to fund the program on a full-year basis. The annual cost of the program is projected to be $1,830,000. An additional 150 seniors will be served with the expansion of the program to five more centers (Little River Glen, Sully, Lincolnia, Lorton and South County).

Voter Mailing **$0.3 million**

Funding of $275,000 for the Office of Elections is included for printing and postage costs associated with conducting a countywide mailing of new voter information cards, absentee voting educational materials, and election officer recruitment forms to all registered voters. The Office of Elections will conduct this mailing to an anticipated 645,700 registered voters in FY 2008 in order to provide accurate, up-to-date polling location information; replace voter information cards produced prior to July 2004 that display social security numbers as the voter registration number; educate voters on the available methods for voter registration and absentee voting; and encourage voters to consider volunteering as an election officer.

Fairfax Public Law Library **$0.04 million**

An increase of $35,000 is associated with additional Fairfax Public Law Library reference materials to meet increased demand from a growing population and the opportunity associated with the expanded Judicial Center. The mission of the Fairfax Public Law Library is to promote justice by providing all citizens with access to legal information. The legal resources available in the Law Library are not available to the public at any other single location within the County. Located in the Fairfax County Judicial Center, the Law Library assists the public, as well as members of the legal community, with locating sources for legal information and provides bibliographic instruction. Many are in need of legal information because they are unable to afford legal representation but do not qualify for free legal services. In recent years, the Law Library has decreased its printed materials and increased subscriptions to online databases due to decreased revenue from civil case filing fees. The Law Library will move from its current location to the first floor of the expanded courthouse facility, due to be completed in summer 2007, and anticipates that it will serve over 60,000 patrons in FY 2008, approximately 46 percent of whom are legal professionals, while the remaining 54 percent are from the general public. Total funding of $92,657, an increase of $35,000 over the *FY 2007 Revised Budget Plan* level of $57,657, for the Law Library is included in Fund 119, Contributory Fund, for FY 2008.

MAINTAINING HEALTHY ECONOMIES

Community Funding Pool – General Fund Transfer **$8.7 million**

An increase of $396,696, or 5 percent, in the General Fund Transfer to Fund 118, Consolidated Community Funding Pool, is associated with performance and leverage requirements for nonprofit organizations, and provides additional funding to community organizations to meet human service needs in the County for the second year of the two-year funding cycle. Funds are awarded for a two-year period on a competitive basis after a citizen Selection Advisory Committee has reviewed responses from all eligible community organizations to the Request for Proposals (RFP). The citizen Selection Advisory Committee recommended two-year funding awards to the Board of Supervisors on April 24, 2006. These awards were approved by the Board of Supervisors on May 1, 2006. Funding of $8.7 million represents the General Fund transfer to promote self-sufficiency in the community, provide affordable housing to those in need, assist youth in making good choices to avoid destructive behaviors including gang involvement, and meet the basic needs of struggling families and individuals.

Contributory Funding – General Fund Transfer **$13.0 million**

General Fund appropriations of specified amounts are made available through Fund 119, Contributory Fund, to various nonsectarian, nonprofit or quasi-governmental entities for the purpose of promoting the general health and welfare of the community. The proposed General Fund Transfer to Fund 119, Contributory Fund, is $13,037,140. FY 2008 expenditures total $13,151,882 and reflect a decrease of $155,971 or 1.2 percent from the *FY 2007 Revised Budget Plan* funding level of $13,307,853. This decrease is primarily attributable to decreases of $244,247 for the Northern Virginia Regional Identification System (NOVARIS) due to decreased equipment lease and maintenance requirements based on obligations that have been met; $298,622 less for the Convention and Visitors Corporation based on an adjustment to the FY 2007 allocation that resulted in higher revenue as a result of higher than projected FY 2006 transient occupancy taxes; and $50,000 for the Police and Fire World Games, which was approved by the Board of Supervisors as part of the *FY 2006 Carryover Review* but not needed as recurring funding.

These decreases are partially offset by an increase of $320,608 for the Northern Virginia Healthcare Center/Birmingham Green Adult Care Residence, mainly due to an increase in the number of assisted living beds available for Fairfax County residents from 19 to 26 due to the construction of the new facility projected to open in early FY 2008, and per diem increases for the adult care residence and the nursing facility based on higher labor costs, as well as increases in health insurance premiums, medical supplies and utility costs; $40,828 for the Northern Virginia Regional Park Authority to support the County's annual per capita contribution; $35,000 for the Fairfax Public Law Library to provide reference materials needed to accommodate growth in use, as well as partially offset reductions in recent years due to lower civil case filing fee revenue; $29,511 for the Metropolitan Washington Council of Governments based on population and an increase in the per capita rate; and $9,970 for the Northern Virginia Regional Commission based on the increase in the County population.

EXERCISING CORPORATE STEWARDSHIP

Personnel Services Reductions to Balance Budget ($16.3 million)

In order to meet budget limitations based on available revenues as a result of the flattening residential real estate market, a two percent across-the-board reduction totaling $16,277,633 was taken in General Fund and General Fund-supported agencies. Agencies will be expected to manage vacancies in order to adhere to this funding level.

Pay for Performance $12.0 million

Funding of $12,020,637 is provided including $9,837,719 for the General Fund and $2,182,918 for General Fund-supported agencies in order to continue the Pay for Performance program for over 8,000 non-public safety employees. The program retains the 0-6 percent range for employee raises.

Compensation Plan Changes

In April 2006, during the FY 2007 budget adoption process, the Board of Supervisors directed that the County undertake a comprehensive review of the current compensation system for general County employees in response to concerns expressed by some employees. This study was to be completed in time for review during the development of the FY 2008 budget. It was to include participation of employees who were able to provide their experiences with the current system that have been both beneficial or problematic. During the course of the study, the County and the consulting team held numerous planning and review meetings; conducted 28 focus group meetings involving almost 500 employees; administered an online and paper employee opinion survey to which over 4,700 employees responded; and provided a steady flow of information to and from employees including articles in the County employee newsletter, postings on the County Infoweb site and establishment of an e-mail address, telephone number and mail address to which comments could be sent.

In summary, the central findings of the study were that Fairfax County's current compensation and pay for performance system for general employees is generally competitive, but the County's current policies and pay delivery practices tend to favor new hires over current employees, presenting internal equity and external parity issues for some. The consultant's study was presented to the Board of Supervisors' Personnel Committee in December 2006 at which time the Board indicated it would consider specific changes to compensation policy as part of the FY 2008 budget process. The four basic areas for which implementation recommendations were made include the calculation and application of the Market Rate Adjustment, promotional policies, regrade processes and policies, and the pay for performance system. The specific implementation steps for the various components of the compensation study are detailed below. Implementation of changes to the compensation system will continue to engage County employees through training, continued internal communications, and the solicitation of employee input on the impact of the proposed changes.

Market Rate Adjustment

The County Executive deferred changes to the MRA methodology for FY 2008, requesting instead that staff review the MRA calculation options with implementation of the revised MRA methodology scheduled for FY 2009 (July 2008). The revised methodology will reflect the consultant's recommendation that the MRA focus less on the Consumer Price Index (CPI) and more on salaries of comparable jurisdictions.

Promotion Policy Changes

Changes to the promotion policy apply only to S and L scale employees. There will be no change in the promotion policy for public safety employees on the C, F, O, and P pay scales because they are grade and step plans. For S and L scale employees, the current flat 10 percent promotion increase will be replaced with a graduated system of 10 percent for a one or two-grade promotion and 15 percent for three or more grade promotions.

In addition, a prorated review period adjustment will be applied to provide credit for time served in a review period prior to promotion. This prorated adjustment provides that, upon promotion, an employee will receive a pay increase calculated using the average pay for performance increase included in the adopted budget for that fiscal year (4.44 percent for FY 2008) prorated based on the number of pay periods served since the last annual evaluation.

Reclassification

Under the current system, there is no pay adjustment associated with reclassifications. Effective pay period 15, when an employee is reclassified from one job class to another higher job class because his or her job duties have changed substantially, the employee will receive a pay adjustment. The pay adjustment will be determined by taking 5 percent of the midpoint of the salary range for the new higher job class.

Classification and Compensation Benchmarking
The exact methodology for determining classification and compensation benchmarking changes will be reviewed as part of a comprehensive job class study to be undertaken beginning in FY 2008. This comprehensive job class review will include a review of all job classes with changes to be implemented by January 2009. The purpose of this study will be to review the current classification of County jobs and the salary structures and ranges to which these jobs have been assigned and to recommend systems, tools, policies, and procedures that will support both internal equity and external market competitiveness. This will include review of the current County analysis, documentation, and evaluation processes and the comparison of these processes to best practices in both the public and private sectors. It will also include the application of the recommended methodology to determine whether jobs are appropriately classified and to recommend, where appropriate, a different salary range assignment for one or more jobs or job classes that are deemed to be classified incorrectly under the current system.

Pay for Performance Changes
Pay for performance changes will be implemented pay period 14 that begins on June 23, 2007. Training for employees and supervisors on the changes started in early April and is ongoing. These changes are anticipated to maintain the current distribution of ratings (a 4.44 percent average is estimated for FY 2008) while correcting the current disconnect between an employee rated as "Fully Proficient" who receives a 1.7 percent pay raise. The current five rating levels are being expanded to seven rating levels in response to focus group feedback indicating that greater rating flexibility was needed in the rating process. The rating labels are also being removed. With the exception of the disconnect between "Fully Proficient" and the 1.7 percent pay increase, the consultant found the County's rating distribution (a basic bell curve leaning to the higher end of ratings) to be consistent with that of a high performing workforce.

Leave Policy Changes
In addition to compensation, general County retirement and leave policies were also reviewed in fall 2006. It was determined that retirement policies are competitive so no changes are being recommended for general County employees. Several leave policy changes are being implemented effective July 2007 based on the comparison of County leave policies with those of other local jurisdictions. A new category of Bereavement Leave, not to exceed 16 hours per calendar year, may be used when a death occurs in an employee's immediate family or household. Sick Leave may be granted for absences extending beyond bereavement leave eligibility according to provisions in Chapter 10 of the Personnel Regulations. Another category, Volunteer Activity Leave, not to exceed 16 hours per calendar year, may be used to participate in volunteer activities and initiatives to support the neighborhoods in which employees live and work to include educational and charitable institutions, as well as religious/faith-based and community service entities.

Fuel Costs **$1.6 million**
An increase of $1,623,914 over the *FY 2007 Revised Budget Plan* is included for fuel-related expenses in FY 2008, which reflects market conditions for diesel and unleaded fuel based on the most up-to-date information, as well as a moderate increase in the number of gallons to be consumed. The total funding requirement for fuel in FY 2008 is $24.7 million, which is a 7.1 percent increase over the *FY 2007 Revised Budget Plan* level.

New Facilities Operations **$1.4 million**
An increase of $1,390,818 in the Facilities Management Department for increased custodial, utility, repair and maintenance, and landscaping costs is associated with new facilities opening in FY 2008. These facilities include the Fairfax City Library, the Fairfax City Library Garage, the Burke Center Library, the Judicial Center Expansion, Crosspointe Fire Station, Oakton Library and the Katherine K. Hanley Family Shelter. These new facilities account for the addition of 507,174 square feet to the inventory maintained by the Facilities Management Department.

Utility Costs **$2.3 million**
An increase of $2,273,138 is required due to a projected 16 percent increase in electricity rates, primarily impacting the Facilities Management Department and the Office of Capital Facilities. This increase is based on projections for the County's contract with Dominion Virginia Power from July 1, 2007 through December 31, 2010.

New Facilities Positions **$0.1 million**
An increase of $125,000 for 2/2.0 SYE positions in the Facilities Management Department (FMD) for maintenance requirements is included and is associated with the opening of new facilities in FY 2008. A total of seven new facilities are scheduled to open during FY 2008, creating an additional 507,174 square feet that must be maintained by FMD. The addition of 1/1.0 SYE Engineer Technician III and 1/1.0 SYE Carpenter I in the Operations and Maintenance Division will support maintenance and operational requirements at these new sites to ensure that they are properly maintained and that the County's investment is protected.

Benefits
Funding for Fringe Benefits, including the transfer for the Retiree Health Benefits subsidy, totals $213.1 million, an increase of $9.6 million or 4.7 percent over the *FY 2007 Revised Budget Plan* of $203.5 million primarily due to the following:

Health Insurance **$3.2 million**
Health Insurance funding is increased $3.2 million or 5.3 percent over the *FY 2007 Revised Budget Plan*, based on a projected average increase of 5.0 percent for all County health insurance plans, effective January 1, 2008, as well as adjustments to reflect the inclusion of new positions. The large percentage increases experienced by most employers earlier this decade have somewhat mitigated, and the County's experience mirrors this trend. However, advances in medical technology, the increasing cost of medical malpractice and liability insurance, and increased utilization will continue to drive increases in medical costs.

The projected 5 percent premium increase will allow Fund 506, Health Benefits Trust Fund, to remain solvent, while maintaining a revenue stream that will cover the cost of health claims and maintain reserve funding. The moderate premium increase is the result of lower than anticipated medical and prescription claims in recent years, along with prudent management of the plan and aggressive contract negotiations. Actual premium increases will vary by plan based on each plan's claims experience.

On December 31, 2006, the County's contracts with the current HMO providers expired, and the contract for the self-insured products was scheduled to expire as of December 31, 2007. Therefore, the County partnered with Fairfax County Public Schools and completed a selection process in calendar year 2006 to choose new providers for all health insurance products in order to leverage the County's position in the marketplace and achieve competitive rates. This process resulted in changing one of the County's HMO options to an Open Access Plan (OAP), a hybrid plan combining aspects of both a Point of Service (POS) and a Preferred Provider Option (PPO), and changing the plan from a fully-insured to self-insured plan. Self-insurance allows the County to more fully control all aspects of the plan, including setting premiums to smooth out the impact of increases on employees while maintaining adequate funding to cover claims expenses and reserves. In addition, enhanced self-insured vision benefits were added to all health insurance plans with no impact to premium rates for the self-insured plans. These changes to the health insurance options were effective January 1, 2007. It should be noted that the County also intends to examine plans related to Medicare Part D to aid in finalizing an approach to the implementation of this new prescription drug benefit product. However, this examination will not be completed until the market for Medicare Part D products further matures.

Dental Insurance **$0.8 million**
Dental Insurance funding reflects a net increase of $0.8 million or 35.1 percent over the *FY 2007 Revised Budget Plan* based on a projected premium increase of 10.0 percent, effective January 1, 2008, increased employee participation, and the inclusion of new positions. The County contributes 50 percent of the premium for this benefit, with the employee paying the remainder of the cost.

Social Security **$1.5 million**
Social Security funding reflects a net increase of $1.5 million or 3.6 percent over the *FY 2007 Revised Budget Plan*, based on salary adjustments necessary to support the County's compensation program, the inclusion of new positions, and the change in the federally set maximum pay base against which contributions are calculated from $94,200 to $98,400.

Retirement **$3.5 million**
Retirement funding (Fairfax County Employees', Uniformed, and Police) reflects a net increase of $3.5 million or 4.1 percent over the *FY 2007 Revised Budget Plan*. This increase is primarily due to the impact of increases in the employer contribution rates, salary adjustments necessary to support the County's compensation program, and the inclusion of new positions, offset by a reduction due to projected savings in FY 2007.

Following the current effective actuarial funding policy, contribution rates are adjusted only to fund approved benefit enhancements, and to recognize funding adjustments required when the funding ratio falls below 90 percent or rises above 120 percent. The overall retirement increase includes an additional $0.4 million for employer contributions to the Uniformed system based on a benefit enhancement resulting from a reduction in the Social Security offset multiplier from 64 to 40 percent for service-connected disability benefits. This reduction in the Social Security offset, effective July 1, 2007, will be applicable for both disability and age-based Social Security benefits. Employer contributions to the Employees' system are increased $0.9 million based on a reduction in the funding ratio, resulting in the system moving below the pre-defined 90 percent threshold, and $0.1 million due to the reduction in the Social Security offset multiplier from 64 to 40 contributions to the Police system increase $1.4 million due to rate increases, consisting of a $0.4 million retiree cost-of-living benefit enhancement and a $1.0 million benefit enhancement resulting from a reduction in the employee contribution rate from 12.00 to 11.00 percent of pay. This decrease in the employee contribution rate will reduce Police Officers' out-of-pocket costs and make the Police benefits package more competitive with surrounding jurisdictions. More specifically, the percentage of pay that Police Officers contribute to the retirement system is higher in Fairfax County than in several surrounding localities. Moreover, because Police Officers do not participate in Social Security, nor receive Social Security benefits unless they qualify through other employment, Police Officers' net income replacement ratio at retirement is lower than that of other County retirees who do participate in Social Security. Lowering the employee contribution rate will provide Police with a more equitable and competitive benefits package. This requires a corresponding 1.00 percentage point increase in the employer contribution rate to make up for lost revenues. It is anticipated that additional adjustments will be made in subsequent years to continue to reduce the employee contribution rate for the Police system.

Retiree Health Insurance $0.5 million

Retiree Health Insurance increases $0.54 million or 13.3 percent over the *FY 2007 Revised Budget Plan* level of $4.07 million to $4.61 million and is primarily due to a projected increase in the number of retirees receiving the health insurance subsidy in FY 2008, as well as an insufficient fund balance to offset the FY 2008 General Fund transfer because of lower than anticipated revenue in FY 2006. Monthly subsidy payments to eligible County retirees to help pay for insurance are provided in Fund 500, Retiree Health Benefits. The current monthly subsidy, approved in FY 2006, commences at age 55 and varies by length of service. Effective January 1, 2006, the subsidy was increased 25 percent for the short-term in response to the implementation of the new Medicare Part D prescription drug benefit. The cost of the increase in the subsidy is expected to be completely offset by federal funding from the Centers for Medicare and Medicaid Services.

It should be noted that County staff are working to develop a long-term County strategy for Medicare Part D, which may include elimination of the 25 percent increase in the subsidy. Final recommendations regarding Medicare Part D options will be presented to the Board of Supervisors upon a thorough examination of Medicare Part D plans. However, it is not anticipated that this examination will be completed until the market for Medicare Part D products further matures. The average number of subsidy recipients, including new retirees who are eligible to receive the retiree health benefit subsidy, is expected to increase by 129 or 5.9 percent, from 2,201 in FY 2007 to 2,330 in FY 2008. Estimates of the average number of subsidy recipients are based on a review of the projected number of retirements, as well as the health subsidy eligibility of personnel already retired from the Fairfax County Employees', Uniformed, and Police Retirement Systems.

GASB 45 Liability Reserve $8.2 million

The General Fund transfer to Fund 506, Health Benefits Trust Fund, is maintained at the FY 2007 level of $8.2 million in order to increase the GASB 45 Liability Reserve. This funding, in addition to $10 million set aside as part of the *FY 2005 Carryover Review*, $21.8 million set aside as part of the *FY 2006 Carryover Review*, and the $8.2 million General Fund transfer in FY 2007, brings the balance of the reserve to $48.2 million. On March 8, 2007, the Virginia General Assembly passed legislation to provide the necessary legal authority to counties, cities, towns, school divisions, and certain political subdivisions to establish trust funds to pre-fund Other Post-Employment Benefits (OPEBs). The Governor signed the legislation into law on March 21, 2007. Final actions required by the County to establish a trust fund are underway and are anticipated to be complete by early summer 2007. Therefore, funding set aside in the reserve will be transferred from Fund 506 to Fund 603, OPEB Trust Fund, at the *FY 2007 Carryover Review*. This $48.2 million in initial funding will reduce the County's unfunded liability and consequently, reduce the annual required contribution to Fund 603. For more information on GASB 45, please refer to Fund 603, OPEB Trust Fund, in Volume 2 of the FY 2008 Advertised Budget Plan.

FEE ADJUSTMENTS

Refuse Collection Fee

Residents within Sanitary Refuse Collection Districts who receive County refuse collection service are charged an annual service fee through the semiannual property tax bill for regular trash pick-up and recycling. These districts are created by the Board of Supervisors upon citizen petition, which has been increasing in recent years. From FY 2000 through FY 2004, the annual fee was maintained at $210 per unit to draw down the unreserved fund balance. Due to increasing disposal fees,

rising personnel expenses and lower fund balances, the annual fee was increased from $210 to $240 in FY 2005, to $270 in FY 2006, and to $315 in FY 2007, which was still consistent with rates charged by private sector haulers.

In order to cover anticipated expenditures in FY 2008 and maintain essential reserves, an increase in the annual fee to $330 is required for approximately 44,000 customers who receive this service. This increase is based on increasing disposal tipping fees, maintenance and fuel charges, as well as accelerated equipment replacement costs. The accelerated equipment replacement program is anticipated to result in future maintenance savings, as well as equipment downtime.

Sewer Fees

In FY 2008, the Availability Fee charged to new customers for initial access to the system will increase from $6,138 to $6,506 for single-family homes based on current projections of capital requirements and is consistent with the analysis included in the Forecasted Financial Statement for July 1, 2006 through June 30, 2011. The Sewer Service Charge is billed to all existing customers and is used to fully recover operating and maintenance costs, debt service payments and capital project funding primarily attributable to improving wastewater treatment effluent standards as mandated by state and federal agencies. The Sewer Service Charge will increase from $3.50 to $3.74 per 1,000 gallons of water consumption in FY 2008. This equates to a 6.75 percent increase in rates and will result in an anticipated increase in the annual cost to the typical household of $18.24. This rate increase represents a departure from past rate schedule projections and is based on mandated requirements to renovate and rehabilitate existing treatment facilities to reduce nutrient pollutants in order to improve the Chesapeake Bay water quality.

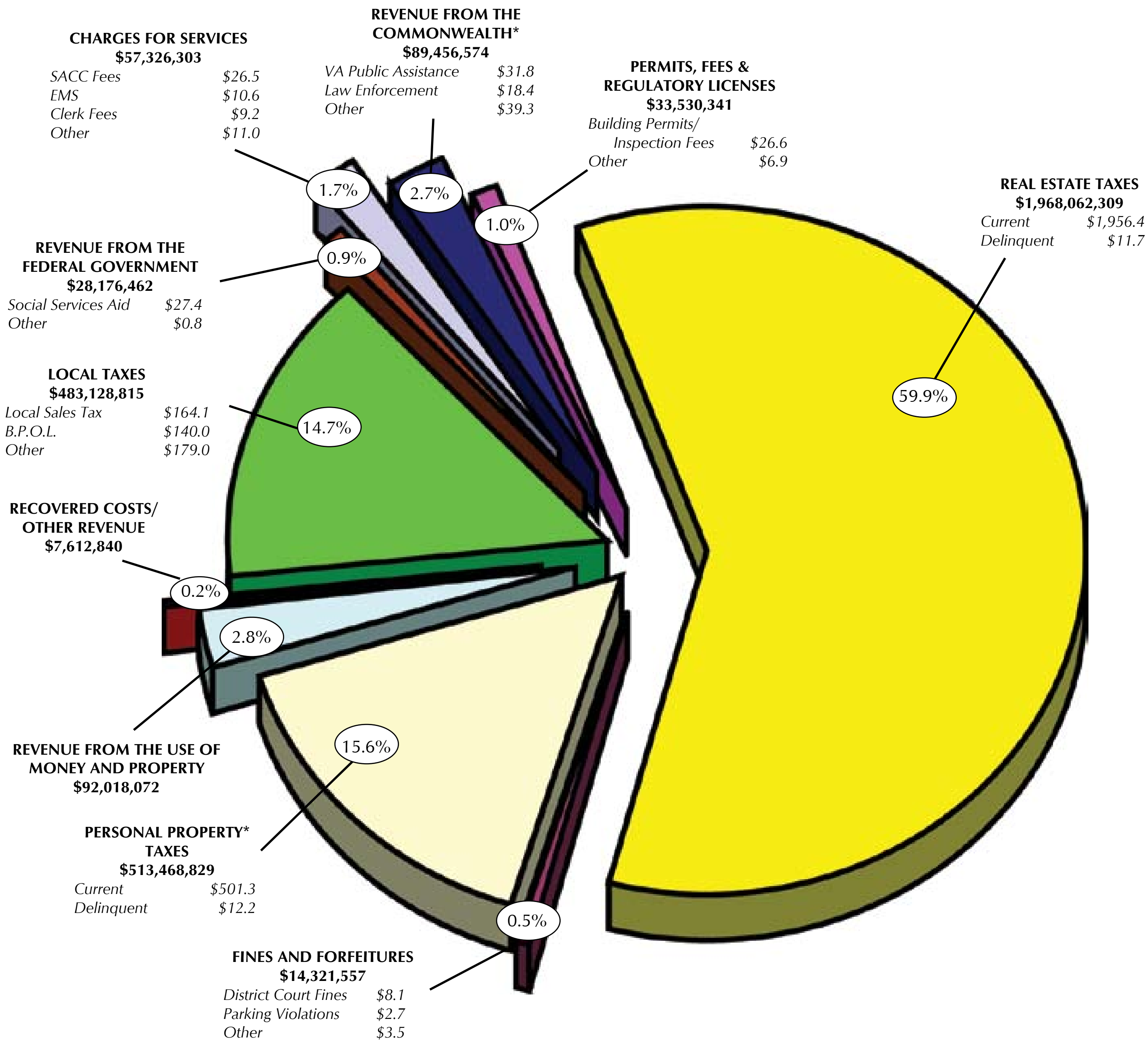
BOARD PRIORITY:

Revenue Diversification to Reduce the Burden on Homeowners

FY 2008 GENERAL FUND RECEIPTS **

Where it comes from . . .

(subcategories in millions)



FY 2008 GENERAL FUND RECEIPTS = $3,287,102,102 **

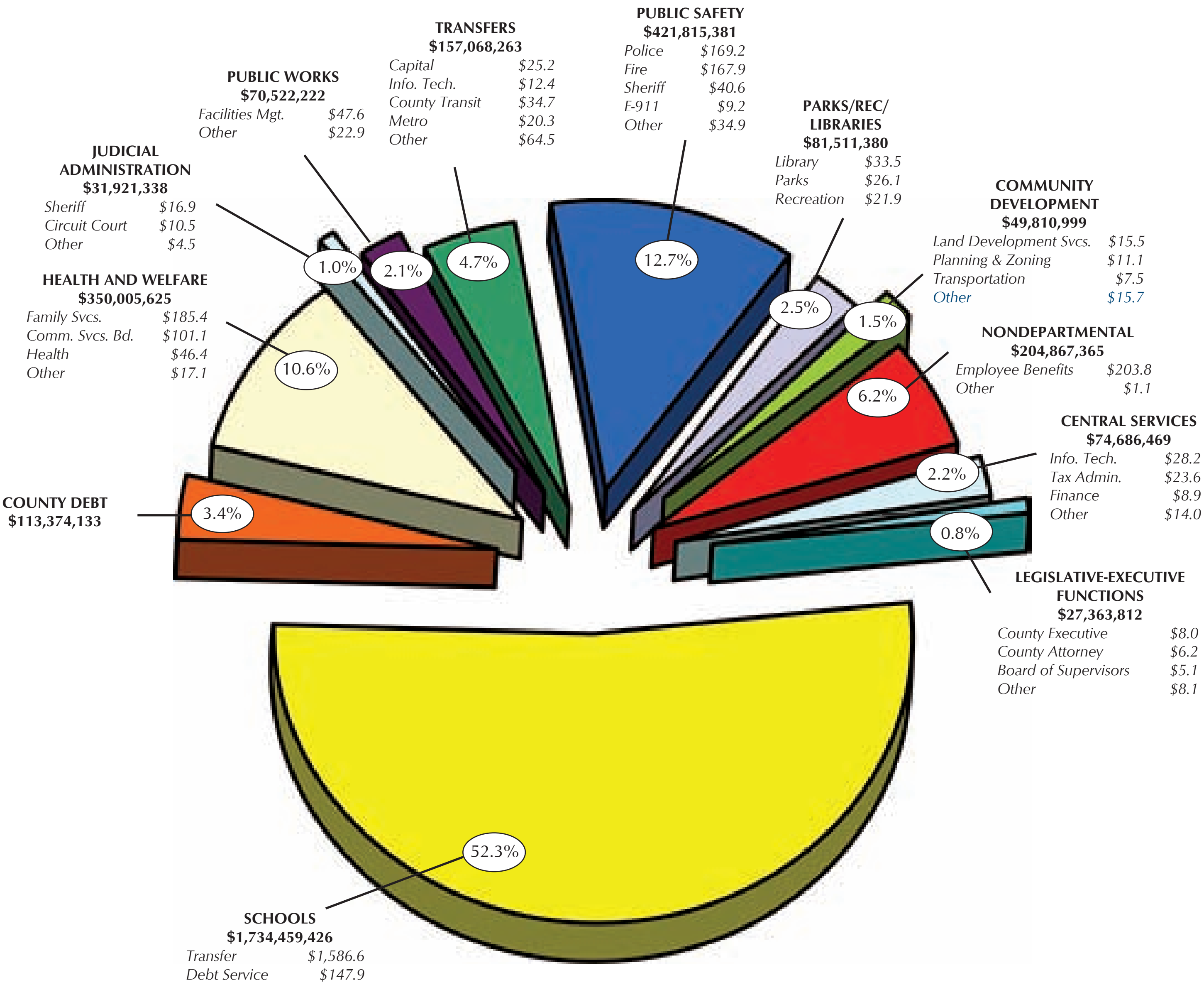
* For presentation purposes, Personal Property Taxes of $211,313,944 that are reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 are included in the Personal Property Taxes category.

** Total County resources include the receipts shown here as well as a beginning balance and transfers in from other funds.

FY 2008 GENERAL FUND DISBURSEMENTS

Where it goes . . .

(subcategories in millions)



FY 2008 GENERAL FUND DISBURSEMENTS = $3,317,406,413

BUDGET GUIDELINES FOR FISCAL YEAR 2009 AND BUDGET GUIDANCE FOR FISCAL YEAR 2008 AND FISCAL YEAR 2007 CARRYOVER REVIEW

At a regular meeting of the Board of Supervisors of Fairfax County, Virginia, held in the Board Auditorium of the Fairfax County Government Center on Monday April 23, 2007, the Board approved the following Budget Guidelines for FY 2009:

1. The County will prepare a financial forecast including information on the FY 2009 revenue and economic outlook which will provide the framework for the continued County-School discussion on the budget and will help identify for the Board the projected state of the housing market and the associated impact on revenue projections. Based on current market trends, it appears that residential real estate assessments will continue to be negative and that overall County revenue growth will be even less than that projected for FY 2008. As a result, increases in County and School spending will be further limited in FY 2009, and possibly for several years beyond. The Board directs the County Executive to develop a budget for Fiscal Year 2009 that limits increases to what is needed to accommodate growth and cost factors, and clearly identifies funding requirements driven by state and/or federal mandates and major County initiatives. The Board recognizes that given the limitations for FY 2009 and beyond, the FY 2009 budget may require actual reductions in or eliminations of service and directs that the County Executive begin to review and evaluate where the County should focus such adjustments consistent with the Board's priorities and the County's strategic direction. This approach is consistent with the restraint exercised by the County in recent years and recognizes the need to carefully and thoughtfully balance the needs of County residents with the fiscal reality. In addition, the Board directs that increases in the transfer to the School Operating Fund also be contained within the same parameters as the General County Budget. Funding requirements beyond this increase will be identified and discussed in terms of initiatives to be undertaken if funding is available. Specific direction on targeted budget growth rates should be provided to County staff and the School Board by the August 6, 2007 Board of Supervisors meeting, which is the last meeting prior to the Board's August break.

2. The Board of Supervisors anticipates that a Board retreat will be helpful to the new Board to be elected in November to quickly come to terms with the bleak fiscal forecast for the next several years. Therefore County staff is directed to begin planning for a retreat to occur once the new Board is in place.

3. The Board directs that the County Budget presentation continue to focus on Board priorities and County vision elements. The County Executive and County staff will also provide contextual information regarding the growth in the budget, including but not limited to population growth, market forces impacting the budget, demographic changes, mandates and other primary drivers for growth. In addition, the presentation of the budget should continue to include a clear identification of the resources and new initiatives targeted for seniors, a rapidly growing group in our population.

4. In order to avoid structural imbalances between County resources and requirements, resources should be allocated-with consideration for the continued availability of these funds:

   - Non-recurring funds will be directed toward non-recurring uses.
   - Only recurring resources may be targeted toward recurring expenses.
   - The County's policy concerning the utilization of recurring and non-recurring funds should be followed by the School Board.

5. Any available balances materializing at the Carryover and Third Quarter Reviews that are not required to support County expenditures of a critical nature should be held in reserve to offset future requirements or to address one-time requirements such as GASB 45 liability, unfunded capital paydown projects, unfunded School Board priorities, and equipment replacement the County as it plans for future services.

6. The Board of Supervisors appreciates the work of the School Board and School Superintendent in bringing forth a request for FY 2008 funding which recognizes the budget limits presented by the County's current revenue forecast.

   The Board's action on this budget continues to reflect public education as the Board's top priority as evidenced by FY 2008 support of the schools. Total FY 2008 revenues are anticipated to increase less than 3 percent over FY 2007. Yet, the approved transfer to the Schools for operations reflects an increase of 3.5% plus $8 million for the Schools Initiative for Excellence, bringing the overall increase to 4.0%. It is the Board of Supervisors' understanding that this additional $8.0 million will complete the phase-in of the Initiative for Excellence.

   The prioritization of education needs over other parts of the budget required a 2% across-the-board reduction in County compensation budgets and restricted spending in all other areas. The Board of Supervisors requests that the Schools review available resources and reserves and potential spending reductions to address the shortfall between County funding and the School transfer request of $17.0 million.

   In addition, as the Board of Supervisors discussed during the July 2006 meeting with the Schools, the Board is fully supportive of the initiative to implement full day kindergarten in every elementary school in the County. As public policy, the benefits are well established and will result in significant improvements in the education of our young people. However, based on the realities of the County's current revenue situation and the likelihood that revenues will be stagnant for the next several years, the implementation schedule for full day kindergarten may need to be revised to reflect these limited resources. The Board of Supervisors supports this initiative and other initiatives such as revised school start times and consolidation of School and County services for more efficient service delivery. The Board of Supervisors also requests that Fairfax County Public Schools provide information on the growing population of children with autism in County Schools to assist the County as it plans for future services. The Board of Supervisors hopes to work closely with the School system on these issues and add discussion of them to a future joint School/County meeting.

7. Given the critical nature of the impact of State funding reductions on the Child Care Assistance and Referral (CCAR) program, County staff are directed to continue to work to address options for CCAR including identifying available balances in FY 2007 and FY 2008 and other sources of funding and to continue to maximize savings from the program to help address the FY 2008 gap in funding. The shortfall between FY 2007 and FY 2008 funding levels is $6.0 million which is made up of the loss of the one time funding of $3.4 million made available by the Governor for this program in November 2006 and the additional $2.6 million in federal pass-through funding which has been redirected from the County's program. At the minimum, County staff is directed to identify sufficient and sustainable funding to address the most recent $2.6 million shortfall. This action will restore services to approximately 400 children. It is important to note that despite the state reductions the County level of funding has remained consistent for this program. Staff is directed to report on the status of the program at the FY 2007 Carryover Review.

8. Affordable housing has been one of the top priorities of this Board of Supervisors. We have dedicated resources, most importantly an amount equal to one penny of the real estate tax rate, to serve a wide range of need within our community. This has resulted in affordable housing preservation for those in the workforce, for families with low and modest incomes and for those attempting to buy a home for the first time. The Board directs County staff to develop policies to guide the application of available affordable housing resources to address the needs of our residents including those most needy. Strategies could include the development of percentage- range based goals for the direction of available funding toward targeted income groups. Recommendations for these guidelines will be provided to the Board of Supervisors in conjunction with the Board's Housing Committee which will follow mark-up.

9. The Board of Supervisors appreciates the work of County employees, including the County's Employees Advisory Council (EAC), in the comprehensive review of the County's compensation program. The review included recommendations related to the Market Rate Adjustment, the promotional policy, pay for performance, reclassification and classification and compensation benchmarking. Recommendations were presented to the Board in December 2006 and the Board directs the County Executive to continue with implementation and at an appropriate time in the future assess the impact of the changes including employee feedback.

With respect to the recommendation on promotions, the Board directs that one grade promotions continue to result in a 10 percent increase rather than the 5 percent as included in the study. This refinement of the study recommendation acknowledges the additional work and accountability placed on promotion candidates and seeks to appropriately compensate successful candidates for these new responsibilities.

The Board directs that the 95% threshold guideline be maintained as a methodology for pay comparability for public safety salaries; this policy will be evaluated during the 800 position class study review and recommendations. There is no supplemental pay adjustment for public safety salaries as a result of this action in FY 2008. Consistent with the consultant's study to address the compression issue raised by County employees, the new benchmarking policy for General County employees will be at 85% for regrades and 90% for pay and now will provide the opportunity for increases in compensation.

10. The Sheriff has communicated to the Board a significant issue of recruitment and retention in his department. The Board of Supervisors recognizes the important role of the Sheriff's Department in courtroom security and in jail operations and is supportive of measures to address these vacancy problems. The Sheriff has identified an opportunity for additional revenue in the form of a state approved increase in the Courthouse Security fee from $5.00 to $10.00 per case, effective July 1, 2007.

    The Board directs staff to return with the necessary notices to advertise and enact this change in time for a July 1, 2007 effective date. The additional revenue as a result of this increased fee is estimated at $900,000. The fee which is directed to courthouse security would free up funding that could be redirected to other needs. The Board directs that this funding be held in reserve pending the development of specific strategies and policies to address the recruitment and retention issues in the Sheriff's Department. The Board also directs the Board's Auditor and key County agencies, such as the Department of Human Resources, to work with the Sheriff's Department to evaluate the number of staff vacancies and causes and return to the County Executive with recommendations on how to address them, not to include pay parity. This review, completed cooperatively with the Sheriff's Department, should include but not be limited to a comparison of compensation, recruitment practices, retirement policies as well as the general vacancy patterns of public safety agencies in the region.

11. In response to the testimony of staff of the Fire and Rescue Department and the Board of Supervisors' interest in further defining the needs of the department, the Board of Supervisors directs the County Executive to work with the new Fire Chief to review staffing requirements for ladder trucks, including staffing patterns in similar communities and return with recommendations and implementation alternatives if appropriate. This review should include phasing options as well as targeting placement of additional levels of staffing based on location of station and types of incidents.

12. The Job Hut proposal presented by staff and the Human Services Council replaces County funding for other sources which are no longer available. The Board directs staff to continue exploring options for reopening Job Hut which do not involve County positions and funding. These options should include moving Job Hut to a site within the County including the space identified in Falls Church, or other space which may be identified.

13. The neighborhood zoning enforcement effort which is being initiated to preserve health and safety in our communities is being done so in the short term within existing resources. Recognizing that an effective, unified and vigorous response to the enforcement issues which have been raised in the community might require a more permanent and sustained solution, the County Executive is directed to return to the Board with a longer term plan including enhanced community empowerment and engagement by the *FY 2007 Carryover Review*.

14. The Board of Supervisors directs staff to ramp up education and deer management activities to combat the spread of Lyme disease, and staff is also directed to review staffing associated with the Animal Shelter and Animal Control. The cost of the activities associated with deer management, including an estimated $80,000 of equipment, should be accommodated within existing resources in the Police Department while the cost of activities associated with education to combat the spread of Lyme disease including training, outreach and community education totaling $60,000 will be absorbed within Fund 116, Integrated Pest Management Program.

15. The Board of Supervisors directs the Police Department to prioritize within existing resources or other resources such as grants and traffic mitigation funding, the replacement of radar units that are currently assigned to each station and purchase LIDAR units. LIDAR units are extremely accurate, provide quicker target acquisition, and are well-suited to speed enforcement on multi-lane and high-speed highways. In addition, other equipment options including in-vehicle equipment such as digital video technology should also be considered for additional sources of funding and priority should be placed on stations without current technology.

16. The Board of Supervisors directs staff to return prior to the *FY 2007 Carryover Review* with information regarding regular status employees who currently make less than a living wage as well as recommendations to address this issue.

TAX AND FEE FACTS

Type	Unit	FY 2006 Actual Rate	FY 2007 Actual Rate	FY 2008 Adopted Rate
Real Estate	$100/Assessed Value	$1.00	$0.89	$0.89
Personal Property	$100/Assessed Value	$4.57	$4.57	$4.57
E-911	Per Line Per Month	$3.00	$3.00 until January 1, 2007 when it changed to $0.75 *	$0.75
Integrated Pest Management Program	$100/Assessed Value	$0.001	$0.001	$0.001
Refuse Collection	Household	$270	$315	$330
Refuse Disposal	Ton	$48	$50	$52
Solid Waste Landfill Ash Disposal	Ton	$11.50	$11.50	$11.50
Leaf Collection	$100/Assessed Value	$0.015	$0.015	$0.015
Sewer Availability Charge	Residential	$5,874	$6,138	$6,506
Sewer Service Charge	Per 1,000 Gallons	$3.28	$3.50	$3.74
McLean Community Center	$100/Assessed Value	$0.028	$0.028	$0.028
Reston Community Center	$100/Assessed Value	$0.052	$0.047	$0.047

* Effective January 1, 2007, this fee was repealed by the General Assembly and replaced with a statewide uniform landline E-911 tax at the rate of $0.75 per line per month.

THE FY 2008 ADOPTED BUDGET PLAN IS AVAILABLE:

On the World Wide Web at: http://www.fairfaxcounty.gov/dmb

At your Local Fairfax County Public Library. Reference copies of all budget volumes are available at all Fairfax County Public Libraries. **On compact disc (CD) and in print:** Copies of all budget volumes and the compact disc version are available from Publication Sales at no cost. Inventories of the printed version are limited, so please call in advance to confirm availability. Contact:

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