



CLERK'S BOARD SUMMARY

REPORT OF ACTIONS OF THE FAIRFAX COUNTY BOARD OF SUPERVISORS

MONDAY
April 19, 2004

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Budget Mark-up Session

10-04

DMB:dmb

The meeting was called to order at 10:05 a.m., with all Members being present, and with Chairman Connolly presiding.

Others present were Anthony H. Griffin, County Executive; David P. Bobzien, County Attorney; Catherine A. Chianese, Assistant to the County Executive; Nancy Vehrs, Clerk to the Board of Supervisors; and Donna M. Budd and Denise Scott, Administrative Assistants, Office of the Clerk to the Board of Supervisors.

AGENDA ITEMS

1. **10 A.M. – BOARD DECISION ON THE COUNTY'S AND SCHOOLS' FISCAL YEAR (FY) 2004 THIRD QUARTER REVIEW** (10:06 a.m.)

(SAR)(FPR) (NOTE: The public hearings on the County's and Schools' FY 2004 Third Quarter Review were held on March 29-31, 2004.)

Following comments, Supervisor Bulova moved:

- Adoption of Supplemental Appropriation Resolution (SAR) AS 04076 and amendment to the Fiscal Planning Resolution AS 04902 which includes the revenue, expenditure, and transfer adjustments and grant awards and adjustments contained in the County and School's Third Quarter Review, SAR AS 03101 to reflect final FY 2003 audit adjustments and in accordance with Board Policy, 40 percent of the available balance after administrative adjustments will be allocated to the Revenue Stabilization Fund, which includes a transfer of \$3.63 million and the corresponding managed reserve adjustment. Of the remaining balance after the allocation to the Revenue Stabilization fund,

\$3 million is identified to address critical unfunded maintenance cited by the Board including streetlights, sidewalks, trails, and unfunded maintenance needs and security enhancements. The remaining balance of \$2.38 million is available for the Board's consideration.

Supervisor Hyland seconded the motion and it carried by unanimous vote, Supervisor Bulova, Supervisor DuBois, Supervisor Frey, Supervisor Gross, Supervisor Hudgins, Supervisor Hyland, Supervisor Kauffman, Supervisor McConnell, Supervisor Smyth, and Chairman Connolly voting "AYE."

Supervisor Bulova moved:

- Approval of the consolidation of the additional \$3 million recommended by the County Executive for storm drainage, streetlights, walkways, and emergency maintenance and security requirements to one project and direct staff to prioritize requirements in these areas by Countywide and magisterial district. This adjustment will maximize the flexibility of this funding on needed capital priorities.

Supervisor Hyland seconded the motion and it carried by unanimous vote.

Supervisor Bulova moved:

- As previously approved by the Board on March 29, 2004, that funding of \$729,250 be appropriated to Fund 303, County Construction, Project 009400, Land Acquisition Reserve as part of the FY 2004 Third Quarter Review. This appropriation will provide the funds necessary to purchase open-space and conservation easements jointly with the Fairfax County Park Authority and the Northern Virginia Conservation Trust for the property known as Oak Hill in Fairfax County, Tax Map Number 70-1 ((16)) parcel 285. This funding was received from the Northern Virginia Conservation Trust as reimbursement for the purchase of the Hunter-Haycor property.

Supervisor Hyland seconded the motion and it **CARRIED** by a recorded vote of nine, Supervisor McConnell voting "NAY."

Following discussion, Supervisor Bulova moved:

- Approval of adjusting the Managed Reserve to maintain the reserve at two percent of total disbursements based on the actions taken by the Board as part of the Third Quarter Review.

Supervisor Hyland seconded the motion and it carried by unanimous vote.

2. **10 A.M. – BOARD MARKUP OF THE COUNTY EXECUTIVE'S FISCAL YEAR (FY) 2005 ADVERTISED BUDGET PLAN WITH REVENUE AND ADMINISTRATIVE ADJUSTMENTS INCLUDED IN THE FY 2005 ADD-ON PACKAGE** (10:17 a.m.)

Supervisor Bulova moved approval of the FY 2005 revenue and administrative adjustments as identified in the *FY 2005 Advertised Budget Plan*, FY 2005 (Add-On Package) memorandum dated April 2, 2004, and Attachment A: FY 2005 Budget Proposal, which results in a balanced budget. Supervisor Kauffman seconded the motion.

Following discussion, Supervisor Hudgins moved to amend the motion to reduce the FY 2005 tax rate reduction from 3 cents to 2.5 cents and take the revenue from the remaining half cent and distribute it to:

- Provide full funding of the MR Graduates Program.
- Use the balance of the half cent reduction as additional funds for the School Division.

Supervisor Hyland seconded the motion.

Following discussion, the question was called on the motion and it **FAILED** by a recorded vote of eight, Supervisor Hudgins and Supervisor Hyland voting "AYE."

Following additional discussion, Supervisor McConnell said that this year the Vietnamese community had not been included in the budget and she asked unanimous consent that the Board direct staff to provide information regarding the status of the Vietnamese Community Program and what can be done to assist funding it. Without objection, it was so ordered.

NV:nv

Following further discussion, the question was called on the main motion, which carried by unanimous vote.

Chairman Connolly noted for the record that this was the first unanimous vote on the budget since 1995 when Supervisor Frey was Budget Committee Chairman.

3. **REAFFIRMATION OF COMMITMENT TO BUDGET GUIDELINES FOR FISCAL YEAR (FY) 2006** (10:45 a.m.)

Supervisor Bulova moved that the Board reaffirm and approve Budget Guidelines for FY 2006 as follows:

1. The Board directs the County Executive to develop a budget for FY 2006 that limits increases in expenditures to projected increases in revenue.
2. Information on the FY 2006 revenue and economic outlook should be forwarded with a financial forecast to the Board for discussion in late 2004 so that guidance can be provided to the Schools regarding the School operating transfer.
3. The Board directs the County Executive to develop a budget for FY 2006 that allows for a further reduction in the real estate tax rate if residential assessments continue to increase significantly.
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. The available balances materializing at the Carryover and Third Quarter Reviews which are not required to support County expenditures of a critical nature or to address the Board's Policy on the Revenue Stabilization fund should be held in reserve to offset future requirements or to address the one time requirements noted as follows:
 - The Board approves a policy whereby one-time balances generated at quarterly reviews will be considered for redirection to unfunded capital paydown programs since adequate funds are not available in the annual budget process.

- The Board supports the creation of a replacement reserve in Fund 503, Department of Vehicle Services, and Fund 505, Technology Infrastructure Services for School buses and School computers and directs that one-time balances generated at the FY 2004 Carryover Review be considered for redirection to establish these reserves. The County will work with the School System on the development of a methodology/criteria for the reserves and a strategy for funding future annual contributions.
6. Reviews of County programs:

County/School Services Review

The Board directs staff to work with their counterparts in the School system to identify savings and management efficiencies that can be realized as a result of further consolidation of County and School services, particularly in the human services area. The review, fiscal impact, and recommendations should be provided to the Board prior to consideration of the FY 2006 Advertised Budget Plan. As an incentive, a portion of the savings realized as a result of the implementation of further consolidation will be reinvested in the School system.

Compensation

The Board endorses the Fairfax County Pay for Performance program for non-public safety employees as a critical aspect in the compensation package, including the recommended adjustments included for FY 2005 which establish a range of pay awards from 0-6 based on performance and recalibrates the points required to achieve various pay increases. This Pay for Performance system is consistent with the County's goals and competitive marketplace practices. The Board directs the County Executive to work with the Employee's Advisory Council to refine and improve the pay for performance system and to advise the Board as part of the Board's Personnel Committee on issues and recommendations.

The Board directs the County Executive to review and make recommendations on a number of proposals brought forth during this year's budget deliberations. This review should be completed and recommendations made in time for

incorporation into the FY 2006 Budget. Specifics reviews include:

- A comprehensive review and ranking of public safety salaries in comparison to the local employment market to insure pay competitiveness.
- An analysis of the extension of the Deferred Retirement Option Program to non-public safety employees based on the experience of a full year of the program as implemented for public safety personnel.
- The evaluation and cost analysis of strategies to offset the costs of health insurance for County retirees.

Special Education Graduates

The FY 2005 budget included proposed changes to the County's special education graduate program. While many of the administrative and planning recommendations will be helpful, the proposed program for FY 2005 will direct new funding toward those graduates with the most profound level of mental retardation (MR) and medical and physical challenges. As a result, it is estimated that approximately 31 graduates will go without County support for services.

The Board directs staff, with input from the Human Services Council, the Community Services Board, and advocacy groups, to develop a "scholarship" approach to the MR Graduates program with goals of County involvement in identifying and facilitating placement, but County funding based on need and circumstances. The report should be provided to the Board by fall of 2004. A funding reserve of \$500,000 has been included in the budget for potential General Fund requirements of the scholarship program. In addition, options concerning a private foundation to supplement County funding are to be reviewed. This funding should be focused primarily on direct service provision.

Athletic Services Application Fee

The FY 2005 budget includes an athletic services application fee to partially offset the cost of scheduling and coordinating community use of public athletic facilities. Estimated revenues

totaling \$1.67 million have been included. Based on feedback received from meetings with the athletic community, the Department of Community and Recreation Services (CRS) staff has developed alternatives for how the fee is imposed to address the concerns of the various athletic organizations. These alternatives are based upon a per participant charge which would allow organizations to know their exact charge prior to setting their registration fee and would address issues related to season length. The Board directs CRS staff to:

- Work with the Fairfax County Athletic Council to finalize the fee structure.
- Perform an evaluation of the fee's implementation and its subsequent impact on the various athletic organizations and on field maintenance at the end of one fiscal year. This evaluation will include involvement from County athletic organizations.

County Population/Demographics Forecast

The Board directs staff to review currently occurring and forecasted changes to the County's demographics and the impact on County services delivery and costs. Growth in the number of seniors, residents with special needs, and new immigrant populations will have an impact on the County's budget and the capacity of County government to provide services. This review, to be shared with the School system, will provide a framework for discussion and public policy decisions. Staff should provide this information to the Board in the fall of 2004.

Review of Organization/Compensation Issues Associated with County Constitutional Officers and Other State Positions

The Board directs staff to review the compensation and organization supporting County constitutional officers and other State reimbursed positions including the commonwealth attorney, clerk to the court, sheriff, secretary to the electoral board and general registrar, and magistrates. The review will focus on the comparability of compensation among neighboring jurisdictions, and the availability of State funds to provide for these salaries. Recommendations regarding compensation or organizational adjustments should be provided by January 1, 2005.

Supervisor Hyland seconded the motion.

Supervisor Hyland asked unanimous consent that the Board direct staff to schedule as expeditiously as possible the issue of post-employment health plans for discussion at a meeting of the Board's Personnel Committee. Without objection, it was so ordered.

Supervisor McConnell asked unanimous consent that the Personnel Committee agenda include discussion of County retirees whose health insurance premiums exceed their retirement income. Following discussion, without objection, it was so ordered.

Following discussion, Supervisor McConnell asked unanimous consent that the Board direct staff to add the subject of reemployed annuitants ("retiree rehires") to the agenda of the next Personnel Committee meeting. Following discussion, without objection, it was so ordered.

Following further discussion, the question was called on the motion to adopt the budget guidelines, and it carried by unanimous vote.

DS:ds

4. **BOARD MARKUP OF THE CAPITAL IMPROVEMENT PROGRAM (CIP) FOR FISCAL YEARS (FY) 2005–2009 (WITH FUTURE FISCAL YEARS TO 2014)** (11:03 a.m.)

Supervisor Bulova moved that the Board approve the FY 2005–2009 Capital Improvement Program (with future fiscal years to 2014) with the following amendments:

- Direct County staff to include language in the CIP that clearly reflects the Board's intent to encourage the development of affordable and effective multi-use public facilities where feasible.
- Change the name of the project entitled Merrifield Town Center Urban Park to the Merrifield Suburban Center to better reflect this community development initiative.
- Make necessary adjustments to reflect actions taken during the Board's decision on the FY 2005 Adopted Budget Plan that impact the CIP.

Supervisor Hyland seconded the motion, which carried by unanimous vote.

5. **BOARD DECISION ON PROPOSED AMENDMENTS TO THE CODE OF THE COUNTY OF FAIRFAX, CHAPTER 67.1 (SANITARY SEWERS AND SEWAGE DISPOSAL), ARTICLE 10, CHARGES, TO REVISE THE SEWER SERVICE CHARGES AND THE AVAILABILITY FEES** (11:04 a.m.)

(NOTE: At its March 29, 2004, meeting the Board held a public hearing regarding this item and deferred decision until April 19, 2004.)

Supervisor Bulova moved to defer decision on proposed amendments to the Code of the County of Fairfax, Chapter 67.1 (Sanitary Sewers and Sewage Disposal), Article 10, Charges, to revise the sewer service charges and the availability fees until **April 26, 2004, at 10 a.m.** Supervisor Hyland seconded the motion and it carried by unanimous vote.

BOARD MATTERS

6. **SCHOOLS BUDGET TRANSFER** (11:05 a.m.)

Supervisor Kauffman said that as part of its deliberations on the budget, the Board funded a transfer to the Schools for operations in the amount of \$1.32 billion, an increase of 6.57 percent over the Fiscal Year (FY) 2004 budget. The approved transfer level is consistent with the Board's budget guidelines. The combined transfer for School operating and School debt service is \$1.45 billion, which represents 53 percent of total County disbursements. The School Board requested an increase of \$1.36 billion which is \$38.8 million more than the Board was able to fund.

Supervisor Kauffman moved that the Board provide the Schools with the following **suggestions** on possible actions to address the difference between the requested transfer and the transfer level approved by the Board:

- Utilize Available Balance at Third Quarter in the amount of \$3.3 million.
- Reconsider the programs put forth as reductions in the Superintendent's budget but restored by the School Board, which could result in a savings of \$8.3 million.
- Review new initiatives proposed in the FY 2005 budget, for a total of \$5 million, for adjustment or deferral.
- Examine proposed funding increase for Virginia Retirement System (VRS) life insurance for a savings of \$9.8 million. A premium holiday for VRS life insurance was included in the Governor's budget. If this holiday is still available in the House/Senate budget, this funding is available for reduction.

- Review compensation programs for adjustments including the \$2.3 million restoration of the "lost step" and non-teacher pay increases. Adjusting these non-teacher pay rates to a level more consistent with the increase proposed for County employees would yield a savings of approximately \$5 million.
- Review operating expenses and utility accounts for savings. It may be possible to generate savings as much as \$2 million by tying this funding more closely to FY 2003 actual expenditures or the original FY 2005 forecasted requirements.

Supervisor Hyland seconded the motion and it carried by unanimous vote.

7. **VEHICLE RESERVE** (11:09 a.m.)

Chairman Connolly said that he recently met with staff from the Office of the Financial and Programs Auditor to review their recent report on the County's vehicle fleet. Based on their analysis, the cost savings and management efficiencies are possible based on a review of the policies and practices regarding the County's fleet.

Therefore, Chairman Connolly relinquished the Chair to Vice-Chairman Bulova and moved that the Board direct staff to:

- Develop a written policy and implementation process which sets out criteria for agencies to follow in determining vehicle requirements.
- Conduct a review of the size of the current and projected fleet size and the development of a procedure to annually assess the appropriateness of vehicle assignment, and develop policies and procedures requiring additional sharing of vehicles within and among departments and encouragement of the use of personal vehicles where feasible.
- Complete this work prior to the Board's consideration of the FY 2006 budget.

Supervisor Hyland seconded the motion and it carried by unanimous vote.

Vice-Chairman Bulova returned the gavel to Chairman Connolly.

8. **CERTIFICATE OF RECOGNITION FOR MOUNT VERNON CHAMBER OF COMMERCE** (11:10 a.m.)

Supervisor Hyland said that the Mount Vernon Chamber of Commerce is having its fiftieth recognition event on Thursday, April 22, 2004.

Therefore, Supervisor Hyland asked unanimous consent that the Board direct staff to prepare a certificate of recognition to be signed by the Chairman, Supervisor Kauffman, and himself, to be presented at the event. Without objection, the request was so ordered.

9. **LIVE PROGRAM AT GEORGE MASON UNIVERSITY** (11:11 a.m.)

Supervisor Bulova announced that a live program will be held Tuesday, April 20, 2004, at noon, at the Harris Theatre at George Mason University entitled *The Sesno Reports: Desperate for Dollars*. It is a town hall meeting about how tax dollars are spent. She noted that the program will air on WETA TV Channel 26 on the following dates:

- Thursday, April 22, 2004, at 9 p.m.
- Sunday, April 25, 2004, at noon.

Therefore, Supervisor Bulova asked unanimous consent that the Board direct the Office of Public Affairs to publicize this event. Without objection, the request was so ordered.

Chairman Connolly noted that the program was being advertised on WETA Channel 26 as well.

10. **ENVIRONMENTAL COMMITTEE MEETING** (11:11 a.m.)

Supervisor Gross reminded her colleagues that the Environmental Committee meeting will be held at 12:30 p.m. today in Room 232.

11. **LEGISLATIVE COMMITTEE** (11:12 a.m.)

Supervisor Hudgins moved that the Board refer the following question to the Legislative Committee:

- What is the cost to initiate some type of grant relief to citizens who earn less than 50 percent of the County's median income and own a home assessed at less than the County's mean assessed value?

This motion, the second to which was inaudible, carried by unanimous vote.

12. **RESTON FOUNDERS' DAY** (11:13 a.m.)

Supervisor Hudgins distributed to the Board a copy of the program from the Reston Founders' Day/Birthday celebration which was held on Saturday, April 17, 2004. She noted that she and Chairman Connolly had attended the celebration which recognized the outstanding accomplishment that Robert E. Simon, Jr. made 40 years ago by planning and developing the community of Reston.

13. **BOARD ADJOURNMENT** (11:15 a.m.)

At 11:15 a.m., the Board adjourned.