

# Bulova Byline

## Special Edition- FY2015 Budget

**April 2014**



[Fairfax County Board of Supervisors  
Chairman Sharon Bulova](#)

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**703.324.2321 TTY 711**

[chairman@fairfaxcounty.gov](mailto:chairman@fairfaxcounty.gov)



Greetings,

This morning our Board "Marked-up" - made changes to - the Advertised Fiscal Year 2015 Budget. I wanted to share details of this with you.

As you can see from my remarks below as I introduced and described the Mark-up package, Fairfax County is still very much affected by a slow and skittish economy. I think, however, that the Budget we've adopted is a responsible fiscal plan that reflects the current difficult situation, yet strikes a balance that protects the quality of life we value in Fairfax County.

I want to thank all those who participated in the Budget process during the past months. Adoption of the budget is the most important thing the Board of Supervisors does and I appreciate your engagement in this critical process. We may all have different thoughts about some of the elements within this Mark-up package. Adoption of the final product requires good faith, collaboration and compromise.

In the end, I believe this package has been made better from the hard work and engagement of my colleagues on the Board, our District Budget Committees, and the many constituents who participated in the budget process. Again, thank you for taking the time to give us your thoughts regarding adoption of the Fiscal Year 2015 budget.

Sincerely,



Sharon Bulova  
Chairman, Fairfax County Board of Supervisors

## Chairman's Remarks - Fiscal Year 2015 Budget Mark-Up



### Fiscal Year 2015 Advertised Budget Mark-up *The Long and Winding Road*

Every budget has its own "personality". When thinking about a name for difficult Fiscal Year 2015, the mournful Beatles song *The Long and Winding Road* comes to mind.

It has indeed been a long and winding road as our nation, region, and County have struggled throughout these sluggish post-recession years. The good news this year is that real estate values are beginning to rebound. The bad news is that

only residential values are rising; business taxes are flat and commercial assessments are a 0.1% decrease from Fiscal Year 2014.

Combine this with an increase in our Fairfax County Public School student population; increased needs for human services; and stressed-out County employees who have endured pretty much stagnant compensation for the past five years, and we end up with a pretty challenging budget brew.

The Mark-up Package that I am about to move is the result of much hard work by my colleagues, our County staff and our Fairfax County community. It is not a "great news" package, but I think that it is **responsible and responsive** to the needs of our community and to the uncertain fiscal climate we are operating in. It also includes several items that are meant to help stimulate recovery in the County's commercial sector.

This package **increases the tax rate from \$1.085 to \$1.090, a relatively modest ½ cent**. It represents a \$25 annual increase in the average residential taxpayer's bill. This would be on top of a \$330 average increase resulting from rising assessment values.

This additional revenue (\$10.9 million) combined with \$6 million in savings achieved on the General County side of the budget is used to increase the **School Transfer by \$17 million, from 2% in the Advertised Budget to 3%. With this added percent the total increase in the School Transfer will be \$51 million. An expected increase in State funding of approximately \$30 million will help to fund additional School requirements.**

An additional \$10.5 million in savings/reductions are taken from the General County side of the Advertised Budget and reallocated to **increase compensation for employees**. In this package the advertised **Market Rate Adjustment of 1.29% is combined with an additional 1%**.

**Step increases for Public Safety** employees will resume for everyone who is eligible (on their anniversary date) at the beginning of the Fiscal Year on July 1<sup>st</sup>.

**This package is not balanced by drawing down one-time reserves, thus avoiding the creation of a structural imbalance that would make it more difficult to meet our fiscal needs in future years.**

**With that, Madam Chairman, I will move approval of the separate motions for the FY 2014 Third Quarter Review and the FY 2015 Mark-Up and FY 2016 Budget Plan Recommendations.**

## FY 2015 Budget Mark-Up with FY 2016 Budget Recommendations

I will next outline and move approval of the budget proposal:

We start the package with no additional resources in FY 2015 although the County Executive's budget forecasted the Board would have a balance of \$10.6 million. However, this did not materialize as we are still dealing with constrained revenue growth as a result of the weakened economy and uncertainty about the federal budget. A corresponding decrease in FY 2016 revenues is anticipated. This proposal also includes School Capital funding support in FY 2016 of \$13.1 million as approved by the Board of Supervisors in its adoption of the Infrastructure Financing Committee report.

	FY 2015	FY 2016
<b>FY 2015 Advertised Balance</b>	<b>\$10,640,747</b>	<b>\$13,730,828</b>
<b>Add-On Adjustments</b>		
Revenue	(\$10,640,747)	(\$10,872,381)
Capital Funding for Schools	\$0	(\$13,100,000)
Subtotal:	(\$10,640,747)	(\$23,972,381)
<b>Balance as of Add-On</b>	<b>\$0</b>	<b>(\$10,241,553)</b>

This package includes an increase in the Real Estate tax rate of a half-cent from \$1.085 to \$1.090 per \$100 of assessed value. This provides an additional \$10.9 million and impacts the homeowner with an additional \$25 annually in average tax. In total, along with the FY 2015 increased based on equalization, the average annual tax bill for County homeowners increases by approximately \$357.

	FY 2015	FY 2016
<b><i>Real Estate Tax Rate Increase:</i></b>		
Increase of Real Estate Tax Rate from \$1.085 to \$1.090	\$10,932,419 R	\$10,932,419

I then looked very closely at the County budget for reductions, taking suggestions from Board members and the public. As a result, I am recommending reductions totaling \$16.5 million. I believe that these reductions are possible and still preserve the important programs that were recommended by the County Executive in his budget and that we heard support for during the testimony from the community.

	FY 2015	FY 2016
<b><i>Additional decisions designed to provide flexibility:</i></b>		
Eliminate Initiatives to Improve Customer Experience	\$300,000 R	\$300,000

Reduce Fire and Rescue Large Apparatus and Ambulance Replacement	\$1,000,000	R	\$1,000,000
Reduce Capital Renewal Paydown	\$5,300,000	R	\$5,300,000
Reduce Information Technology Projects	\$3,607,500	R	\$3,607,500
Eliminate PC Replacement Increase	\$708,500	R	\$708,500
Reduce - Contributories/Inova Translational Medicine (leaves \$500,000 in FY 2015 and \$1.1 million in FY 2016)	\$600,000	NR	\$0
<p><i>It is important to invest in economic development activities in the County. This adjustment is based on the timing of the multi-year implementation of the Translational Medicine Institute. Other economic investments, such as the Economic Development Core Team, are critical to position the County to take advantage of opportunities as they relate to new businesses and new commercial sectors in the changing economic environment.</i></p>			
Eliminate 1 of 3 proposed Purchasing positions	\$103,290	R	\$103,290
Eliminate - Contributories/Fairfax Partnership for Youth	\$40,350	R	\$40,350
SACC Fee Increase totaling approximately 5%	\$900,000	R	\$900,000
Eliminate funding for Environmental Projects and identify funding to replace at Carryover	\$535,000	R	\$535,000
Reduce Estimated Premium Increase from 8% to 6%	\$872,357	R	\$872,357
SACC Expenditure Savings	\$100,000	R	\$100,000
Eliminate additional funding for Employee Development/Certifications	\$400,000	R	\$400,000
Assumption of Savings from the FY 2015 Incentive Reinvestment Initiative	\$1,200,000	R	\$1,200,000
Revised opening of Merrifield Human Services Center to December, 2014 based on construction schedule	\$400,000	NR	\$0

Revised opening of Providence Community Center to January, 2015 based on construction schedule. In addition staff will utilize existing transit options rather than purchasing a vehicle.	\$455,000	NR	\$0
Eliminate proposed increases to Athletic Services Fee. This will result in \$368,000 less for Turf Field replacement.	\$0	R	\$0
<b>Subtotal:</b>	<b>\$16,521,997</b>		<b>\$15,066,997</b>

This package includes an increase in the School Operating transfer of 1% over the Advertised budget, for a total of a 3% increase in funding from the County. It also assumes an increase of 3% to the School Operating transfer in FY 2016 for the School Board and the Superintendent as they start planning for the costs in FY 2016 associated with enrollment growth and employee compensation. While a 1% increase in FY 2015 does not fully meet the School Board's request, with the combination of the 3% increase that the County will be providing now and the approximate \$30 million in funding anticipated from the state, the remaining gap is much more manageable. Additionally, I encourage the school board and staff to review opportunities for savings, including salary lapse, and tailored pay increases for teachers.

The Board remains committed to our County workforce and this package includes additional pay for all County employees over the 1.29% included in the Advertised budget, including an additional 1.00% for general County employees, merit increases for uniformed public safety employees on their anniversary dates effective July 1, and an acceleration in the reduction in the employee contribution rate for Police retirement.

I believe further work is required in the area of compensation. We look forward to the recommendations from the compensation working group concerning a structure for general County employee pay increases and also focus our attention on addressing recruitment issues within public safety.

	FY 2015		FY 2016
<b><i>Funding Adjustments Recommended by Board:</i></b>			
Increase Operating transfer to FCPS by 1% to 3% in FY 2015	(\$17,169,887)	R	(\$17,513,285)
Increase Operating transfer to FCPS by 1% to 3% in FY 2016	\$0	R	(\$17,684,984)
Accelerate reduction in employee contribution rate for Police Retirement (completing shift from 10% to 8.65%) which was included in the FY 2016 budget plan	(\$608,461)	NR	\$0
Provide 1% across-the-board increase for Non-Uniformed General County Employees (and adjust scale)	(\$6,482,968)	R	(\$6,482,968)

Fund Merit Increments for Uniformed Public Safety in FY 2015	(\$3,663,528)	R	(\$7,029,778)
Fund Merit Increments for Uniformed Public Safety in FY 2016	\$0	R	(\$3,929,344)
Managed Reserve/Revenue Stabilization	\$470,428		(\$768,559)
<b>Subtotal:</b>	<b>(\$27,454,416)</b>		<b>(\$53,408,918)</b>

As a result of these changes, we have a balanced FY 2015 budget. There continues to be a projected shortfall as we look ahead to FY 2016. I believe that closing this shortfall should be manageable given that the projected \$37.7 million deficit is approximately 1% of the County's total General Fund budget.

	FY 2015	FY 2016
<b>Final Remaining Balance/(Shortfall)</b>	<b>\$0</b>	<b>(\$37,651,055)</b>

In addition, this budget includes other tax and fee adjustments, including:

- An increase in Sewer Service Charges to \$6.62 per 1,000 gallons. This is an increase from the FY 2014 service charge of \$6.55 per 1,000 gallons.
- An increase in the Sewer Service Base Charge from \$12.79 per quarter to \$15.86 per quarter.
- An increase in Animal Shelter adoption fees for cats from \$30 to a range of \$50 to \$125 depending on age, adoption fees for dogs from \$40 to a range of \$100 to \$175 depending on age, and boarding fees from \$10 to \$15 per day.
- An increase in the Stormwater Services district tax rate from \$0.020 to \$0.0225 per \$100 of assessed value.
- An increase in the tax rate for the McLean Community Center tax district (Dranesville) from \$0.022 to \$0.023 per \$100 of assessed value, as recommended by the McLean Community Center Governing Board.
- An increase in EMS Transport Fees as follows:
  1. Basic Life Support transport from \$400 to \$500
  2. Advanced Life Support, level 1 transport, from \$500 to \$650
  3. Advanced Life Support, level 2 transport, from \$675 to \$800
  4. Charge for ground transport mileage from \$10.00 to 12.00 per mile.
- Additionally, the Tysons Service District tax rate is maintained at \$0.040 per \$100 of assessed value.

Other fee adjustments included in the budget proposal are increases to School-Age Child Care (SACC) fees and refuse disposal rates.

Therefore, having provided public notice and conducted a public hearing as required by Virginia law, **I move approval of the FY 2015 Budget as Advertised, with the changes I just summarized**, advertised changes to other taxes and fees, and required Managed Reserve adjustments. The tax and fee increases become effective on and after July 1, 2014 unless otherwise noted. **These actions result in a balanced budget for FY 2015.**

## Budget Guidance

For [budget guidance](#) and a complete list of budget materials, please visit [www.fairfaxcounty.gov/dmb](http://www.fairfaxcounty.gov/dmb).

## Task Force Regarding Meals Tax

I would also like to share the board matter I presented today at the Board of Supervisors meeting on a meals tax in Fairfax County.

Visit [www.fairfaxcounty.gov/chairman/pdf/meals\\_tax\\_referendum.pdf](http://www.fairfaxcounty.gov/chairman/pdf/meals_tax_referendum.pdf) for more information.