BOARD MOTIONS

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, Board approval of 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. <u>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</u>, 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.

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 2008. 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.

A Copy Teste:

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Nancy Vehrs,
Clerk to the Board of Supervisors