County of Fairfax, Virginia

FY 2009

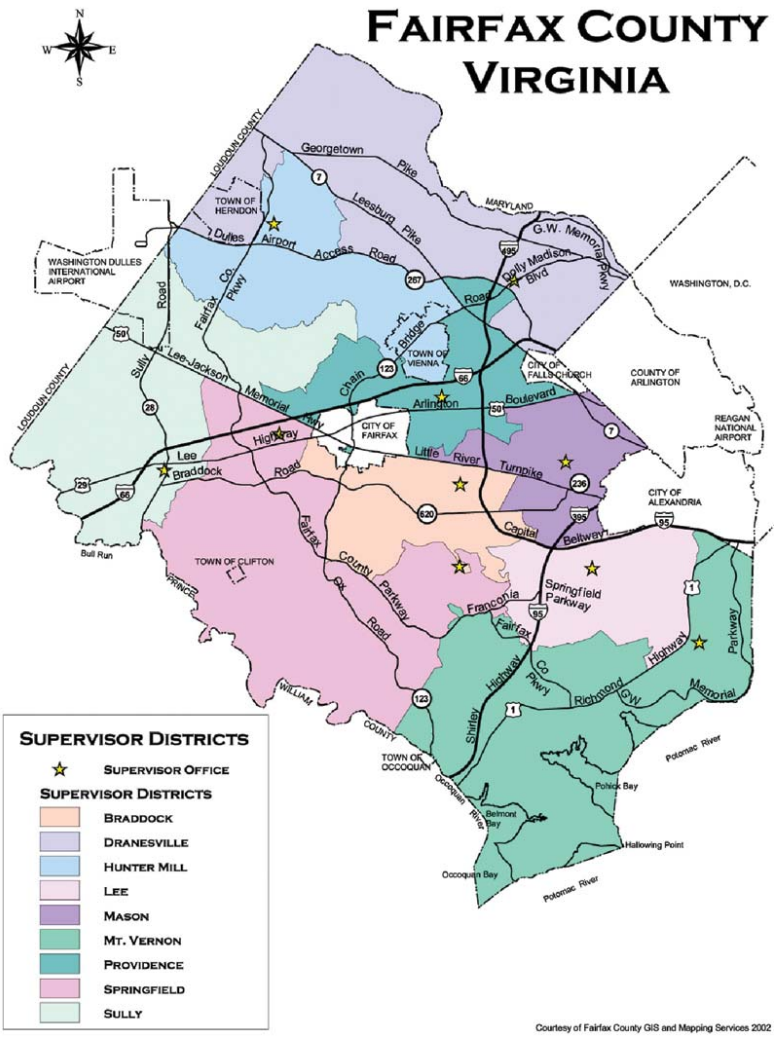
Adopted Budget Plan

Citizen's Guide To The Budget

The FY 2009 budget approved by the Board of Supervisors was one of the most challenging in recent years, as General Fund revenue growth slowed to 1.03 percent, the lowest increase since the negative growth experienced in FY 1992. Despite this reality, the FY 2009 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. The FY 2009 approved budget includes a 3 cent increase in the tax rate from $0.89 to $0.92 per $100 of assessed value; however, due to lower residential assessment values, the average taxpayer in Fairfax County still will see a minimal reduction in their tax bill.

FY 2009 Disbursements

FY 2009 total General Fund Disbursements, which include Direct General Fund Expenditures and transfers to other funds such as Fairfax County Public Schools (FCPS), the Fairfax-Falls Church Community Services Board (CSB), and Metro among others totals $3.35 billion, a decrease of $30.77 million or 0.91 percent from the FY 2008 Revised Budget Plan. Excluding adjustments in the current year of $66.0 million, the actual increase over the FY 2008 level is $35.2 million or 1.06 percent. The County General Fund transfer for FCPS operations in FY 2009 totals $1,626,600,722, an increase of $40.0 million, or 2.52 percent, over the FY 2008 Adopted Budget Plan transfer. In addition, the County's contribution to School Debt Service for FY 2009 is $154,633,175, reflecting an increase of $6,774,471 or 4.58 percent over the FY 2008 level.

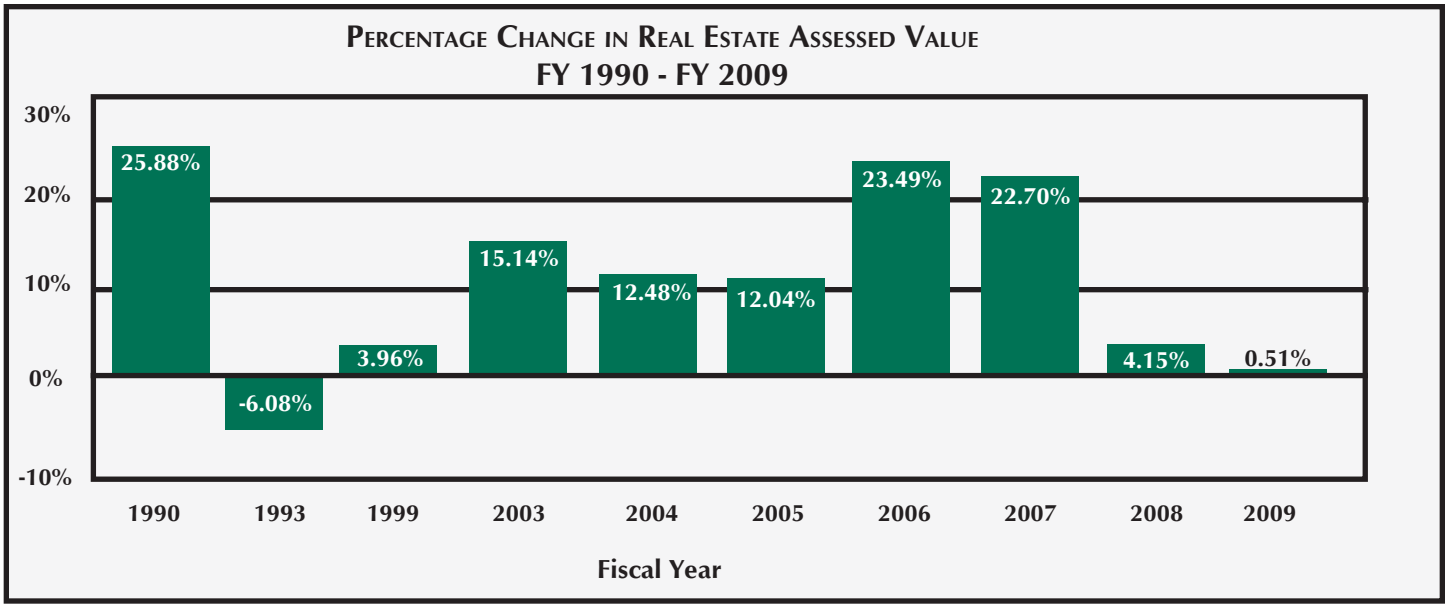


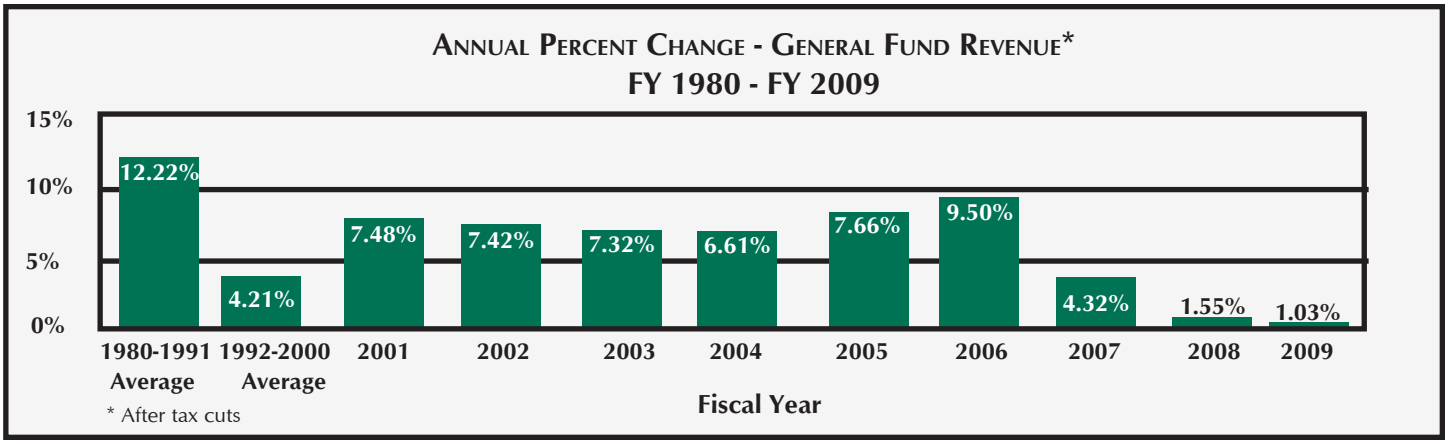
The FY 2009 Adopted Budget Plan continues to preserve the high quality of life and outstanding services that Fairfax County residents expect, while meeting the needs of a growing, diverse, and aging population.

FY 2009 Revenue

General Fund revenues for FY 2009 are projected to be $3.32 billion, an increase of $33.86 million or 1.03 percent over the FY 2008 Revised Budget Plan, a growth rate that is significantly lower than recent years (see bar chart below). This minimal level of revenue growth in FY 2009 is due predominantly to increased Real Estate Tax revenue and Other Local Taxes partially offset by decreased Interest on Investments and a decline in State Aid. Growth in Real Estate Tax revenue is the result of an increase of 0.51 percent in the assessment base and a three-cent increase in the Real Estate Tax rate from $0.89 to $0.92 per $100 of assessed value. The mean assessed value of all residential property in the County is $524,076, a decrease of $18,333, or 3.38 percent, from the FY 2008 value of $542,409. At the Real Estate tax rate of $0.92 per $100 of assessed value, the typical residential annual tax bill will decrease, on average, $5.94 in FY 2009 to $4,821.50.

It should be noted that in the approved FY 2009 budget, an additional 11-cent real estate tax rate on commercial and industrial property in the County was approved, generating an additional $51.7 million for new or enhanced transportation initiatives.





Summary General Fund Statement

(in millions of dollars)

	FY 2007 Actuals	FY 2008 Revised Budget Plan	FY 2009 Advertised Budget Plan	FY 2009 Adopted Budget Plan	Increase/ (Decrease) Over Revised	Percent Inc/(Dec) Over Revised
Beginning Balance	**$168.89**	**$184.20**	**$89.99**	**$90.13**	**($94.07)**	**(51.07%)**
Revenue	$3,236.60	$3,286.77	$3,296.97	$3,320.63	$33.86	1.03%
Transfers In	$2.41	$2.53	$2.22	$9.05	$6,52	257.84%
Total Available	**$3,407.90**	**$3,473.50**	**$3,389.18**	**$3,419.81**	**($53.69)**	**(1.57%)**
Direct Expenditures	$1,144.91	$1,263.39	$1,230.25	$1,236.26	($27.13)	(2.15%)
Transfers Out						
School Transfer	$1,533.22	$1,586.60	$1,586.60	$1,626.60	$40.00	2.52%
School Debt Service	142.27	147.86	154.63	154.63	6.77	4.58%
Subtotal Schools	*$1,675.49*	*$1,734.46*	*$1,741.23*	*$1,781.23*	*$46.77*	*2.63%*
Metro	$20.32	$20.32	$17.51	$7.51	($12.81)	(63.04%)
Community Services Board	97.94	100.32	102.56	103.74	3.42	3.41%
County Transit Systems	31.00	34.67	34.67	35.87	1.20	3.46%
Capital Paydown	49.54	25.63	11.84	10.58	(15.05)	(142.25%)
Information Technology	13.50	12.36	11.80	7.38	(4.98)	(40.29%)
County Debt Service	110.69	113.37	113.17	113.17	(0.21)	(0.18%)
Other Transfers	80.31	78.85	59.70	56.85	(22.00)	(38.70%)
Subtotal County	*$403.30*	*$385.52*	*$351.25*	*$335.10*	*($50.42)*	*(15.05%)*
Total Transfers Out	$2,078.79	$2,119.98	$2,092.48	$2,116.33	($3.65)	(0.17%)
Total Disbursements	**$3,223.70**	**$3,383.37**	**$3,322.73**	**$3,352.59**	**($30.78)**	**(0.91%)**
Ending Balance	**$184.20**	**$90.13**	**$66.45**	**$67.22**	**($22.90)**	**(25.42%)**
Less:						
Managed Reserve	$65.78	$67.67	$66.45	$67.05	($0.61)	(0.91%)
Reserve utilized to balance the FY 2008 budget	$28.34					
Reserve for Board Consideration as part of the FY 2009 Budget[1]	$0.00	$22.46				
Total Available[2]	**$90.08**	**$0.00**	**$0.00**	**$0.17**	**$0.17**	-

[1] As part of the *FY 2007 Carryover Review*, the Board of Supervisors set aside funding of $22.5 million to be held in reserve to address the development of the FY 2009 Budget. It should be noted that as part of the FY 2009 Advertised Bduget Plan this reserve has been utilized to balance the budget.

[2] As a result of Board of Supervisors' actions on April 21, 2008 to mark-up the FY 2009 Budget, a balance of $165,753 is available and will be carried forward for FY 2009 requirements or FY 2010 budget development.

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 are tied to Fairfax County's strategic priorities in order to clarify the linkage of the investment of resources to the desired outcomes. These budget highlights are listed by the County vision element and/or the Board of Supervisors' priority that they support.

SUPPORT FOR FAIRFAX COUNTY PUBLIC SCHOOLS

For FY 2009, Fairfax County is providing $1,781.2 million or 53.1 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:

BOARD PRIORITY:

Strong Investment in Education

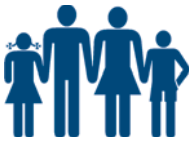
- The County General Fund transfer for school operations in FY 2009 totals $1,626,600,722, an increase of $40.0 million, or 2.52 percent over the FY 2008 Budget Plan transfer.
- A transfer of $154,633,175 is provided for School Debt Service, which is an increase of $6,774,471 or 4.6 percent over the FY 2008 level and will support current School bond debt service as well as new bond sales of $155.0 million in FY 2009.

In addition, Fairfax County provides additional support to FCPS totaling $64.2 million for the following programs:

- $32.3 million for the Comprehensive Services Act (CSA), Head Start and School-Age Child Care (SACC) programs within the Department of Family Services;
- $12.8 million to support School Health including Public School Nurses and Clinic Room Aides;
- $10.3 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;
- $3.7 million primarily for after-school programming in middle schools;
- $3.2 million in services provided by the Fairfax-Falls Church Community Services Board;
- $1.7 million for athletic field maintenance and other recreation programs; and
- $0.2 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 in the Overview Volume of the FY 2009 Adopted Budget Plan.

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 residents. The following represent the more significant funding strategies for FY 2009:

PUBLIC SAFETY COMPENSATION

Market Rate Adjustment **$12.7million**

An increase of $12.7 million, including fringe benefits, is recommended for a 2.96 percent Market Rate Adjustment. This includes $10,183,802 for the 2.96 percent adjustment and $2,541,482 in associated fringe benefits for a total of $12,725,284.

Merit Increments **$3.1 million**

An increase of $3.1 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 2009.

Employer Contribution for Police Retirement **$1.3 million**

An increase of $1.3 million is included for Police Retirement primarily for a $0.9 million benefit enhancement resulting from continuation of the phased-in reduction in the employee contribution rate from 11.00 to 10.00 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.

P'CASO Program **$0.5 million**

An increase of $544,759, including 4/4.0 SYE positions, are included to support the continuation of the Protecting Children Against Sex Offenders (P'CASO) program. The P'CASO unit, which has been supported by grant funding through FY 2008, is responsible for identifying and investigating offenses including possession and transmission of child pornography, child molestation, and the use of chat rooms to solicit sex from minors. Additionally, P'CASO conducts compliance checks on registered sex offenders within Fairfax County. This amount includes $371,679 in Personnel Services, $59,256 in Operating Expenses, and $113,824 in fringe benefits.

Gang Prevention Services **$0.1 million**

An increase of $120,000 is included to provide gang prevention services/efforts in targeted areas of the County. These efforts had been supported by an expiring federal grant. The funding will support contracted case management services to youth in gangs and youth at risk of becoming gang members focused on the East County and South County areas. Approximately 100 youth and families have been served since the inception of the program, an amount that is expected to at least be matched in FY 2009.

BOARD PRIORITY:

Public Safety and Gang Prevention

Comprehensive Services Act **$3.1 million**

In an effort to address the Comprehensive Services Act (CSA) anticipated expenditure shortfall in FY 2009, $3.1 million has been placed in reserve in Agency 87, Unclassified Administrative Expenses, for this purpose. The increased costs are attributed to the recent reinterpretation of the state policy regarding foster care prevention. This reinterpretation was intended to prevent the relinquishment of custody by parents whose children are in need of mental health services, but for whom there is only limited non-mandated funding available to purchase services. By broadening the foster care prevention population, which is mandated, more youth can now receive services. Other factors attributed to the increased costs include an increase in the number of children served in FY 2007 and an overall increase in the cost per child associated with contract rate increases. Staff is still awaiting final implementation guidelines from the state.

Adult Protective Services Positions **$0**

The Department of Family Services has been authorized to add 2/2.0 SYE additional Social Worker II positions in the Adult Protective Services (APS) program area to support increasing caseloads. APS is mandated by Virginia Code. APS Social Workers investigate situations of abuse, neglect and exploitation involving adults age 60 and older and persons over age 18 who are incapacitated; and they provide ongoing protective services. There is no net cost to the County associated with these additional positions, as the $125,912 in Personnel Services and $36,313 in Fringe Benefits necessary to support these positions has been accommodated through continued savings achieved in the Home-Based Care Program due to the implementation of the cluster care model.

Realignment of Domestic Violence Programs
A realignment of domestic violence programs is included as part of the FY 2009 Adopted Budget Plan. Funding and positions previously reflected in Fund 106, Fairfax-Falls Church Community Services Board, are being moved to the Office for Women and Domestic Violence Services in the Department of Family Services as part of a multi-agency effort to streamline and strategically focus the County's domestic violence services.

Citizen Corps Programs $0.1 million
An increase of $80,000 is included to continue support of Citizen Corps volunteer programs, previously supported by grant funding. Citizen Corps programs provide volunteer support for several County agencies, including the Office of Emergency Management's Citizen Corps Council, the Police Department's Neighborhood Watch and Volunteers in Police Services (VIPS) programs, the Fire and Rescue Department's Community Emergency Response Team (CERT), and the Health Department's Medical Reserve Corps (MRC). The volunteers participating in these programs are able to supplement County first responders both in emergencies and on a daily basis. The funding will be used to purchase supplies and equipment, as well as support classes, training and exercises for the volunteers. It is estimated that at least 6,700 volunteers participate in the core programs (Neighborhood Watch, VIPS, CERT and MRC).

Office of the Commonwealth's Attorney $0.5 million
An increase of $450,000 is included to allow for staffing initiatives within the Office of the Commonwealth's Attorney in response to significant workload-related issues and to provide for an improved career ladder and retention of employees. The reorganization will result in the conversion of vacant administrative/support positions to higher grade positions to support court requirements. This funding allows for the expansion of the number of attorneys as the number of cases per prosecutor handled by this office is one of the largest and most complex in the Commonwealth.

Contractual Increases $2.0 million
Funding of $2,038,719 is included to fund limited contract rate increases to providers, as well as accommodate increases in medical supplies and services to meet the needs of individuals served. Of this total, an increase of $924,305 is for the Fairfax-Falls Church Community Services Board (CSB) supporting a 2.71 percent contract rate adjustment for providers of contracted mental health, mental retardation, alcohol and drug abuse treatment, early intervention services and CSB-wide services; an increase of $500,171 is for the Department of Family Services for providers of mandated and non-mandated services including Home Based Care Services, Merits for Head Start, Emergency Shelter program, Healthy Families Fairfax, Federal Reimbursement Unit, Burial Services, Northern Virginia Resources Center for the Deaf and Hard of Hearing, Legal Services, Bathing Services, Independent Home and Community-Based Contracts, Hypothermia Prevention, and the Health Access Assistance Team (HAAT); and an increase of $380,305 is for the Office of the Sheriff to support contractual adjustments for medical exams, drugs/pharmaceuticals, and food.

Mental Health Adult Outpatient Services $0.6 million
An increase of $571,038 is included to continue ongoing efforts to address timely access and manageable caseloads for Mental Health adult outpatient services. Funding will ensure that access and caseload standards can be met by maintaining current clinical capacity, as a temporary action while awaiting the Board-appointed Beeman Commission proposals and recommendations to improve the County's mental health services delivery systems.

Special Education Graduates
CSB Mental Retardation Services currently projects that all special education graduates expected in June 2008 can be served at no additional cost through a combination of approved Medicaid MR Waiver slot allocations, program attrition, efficient use of existing funding, and continuation of recently implemented management initiatives. Overall, in June 2008, there are expected to be 70 new special education graduates turning 22 years of age who are eligible for day support and employment services.

BUILDING LIVABLE SPACES

Code Enforcement Strike Team $1.3 million
An increase of $1,250,000 is included to provide for 8/8.0 SYE additional positions and associated operating costs to increase the County's efforts in residential code enforcement in order to maintain safe housing and neighborhoods for all County residents. This funding will support the creation of a third Code Enforcement Strike Team to allow for the inspection of additional residential units, begin limited apartment and motel inspections, and expand documentation, data tracking, research and citizen feedback capacity. It should be noted that funding is currently reflected in the Agency 31, Land Development Services budget. As part of the *FY 2008 Carryover Review*, portions of this funding will be reallocated to several agencies, including the Fire and Rescue Department, Office of the Sheriff, Health Department and Agency 89, Fringe Benefits, based on the final determination of the home agencies of the positions being established.

The Penny for Affordable Housing $22.8 million

An amount of $22.8 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. As of April 2008, a total of 2,210 affordable units have been preserved for both homeownership and rental purposes in a variety of large and small projects. Of that number, 252 units are preserved as affordable housing for periods of five years or less, and 1,958 units are preserved for 20 years or longer. A variety of funding sources were used to preserve these units; however, Fund 319 funds were critical for the preservation efforts.

BOARD PRIORITY:

Affordable Housing

CIP Issues and Capacity

The FY 2009-FY 2013 Advertised Capital Improvement Plan (With Future Fiscal Years to 2018) 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 2009, total new bond sales are projected at $266.93 million. Actual County and School bond sale amounts are based on the cash requirements for each project and municipal bond market conditions.

The FY 2009 Adopted Budget Plan includes $20.8 million for Paydown Capital Projects, representing a decrease of $14.6 million from the FY 2008 Adopted Budget Plan total due in part to one-time project funding not required in FY 2009 as well as a reduction in funding due to budget constraints. Reductions to a variety of projects have been necessary in FY 2009, including support for the development of Laurel Hill, capital renewal requirements mentioned below, additional courtroom renovations, and other projects. In addition, no funding has been included in FY 2009 for the County's land acquisition reserve.

Capital Renewal $6.9 million

Funding in the amount of $6,924,321 is included in FY 2009 for the most critical prioritized renewal projects, such as electrical systems, HVAC, fire alarm system replacement and emergency generators, among other needs, which are categorized as Category F, projects that are urgent/safety related, or endangering life and/or property. Fairfax County presently has a facility inventory of 170 County-owned, General Fund-supported buildings with approximately 7.8 million square feet of space throughout the County. 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 $4.97 million

In FY 2009, a total of $4.97 million is included in order to support maintenance efforts at both County and Fairfax County Public Schools (FCPS) fields 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. This level of funding is consistent with FY 2008 funding levels. An amount of $2.28 million supports field maintenance efforts including electricity for lighted facilities and maintenance of lighting systems, water and irrigation system maintenance, and minor ball field 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. In addition, an amount of $0.05 million supports routine maintenance of girls' softball field amenities on select FCPS sites. These amenities, such as dugouts, fencing, and irrigation systems, were added or constructed by the County based on recommendations by the citizen-led Action Plan Review Team

(APRT) in order to reduce disparities in the quality of fields assigned to boys baseball and girls softball organizations. Funding of $1.0 million is provided for 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 playing conditions, safety standards, and increase user satisfaction.

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.

PRACTICING ENVIRONMENTAL STEWARDSHIP

Penny for Stormwater Management **$22.8 million**

The approximate value of one penny from the County's Real Estate Tax, or $22.8 million, 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, approximately 1,200 publicly-maintained stormwater management ponds, and approximately 2,400 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.

Projects supported by this funding include: repairs to stormwater infrastructure, measures to improve water quality, such as stream stabilization, rehabilitation and safety upgrades of dams, repair and replacement of underground pipe systems and surface channels, structural flood proofing and Best Management Practices (BMP) site retrofits. This funding also supports development of watershed master plans, increased public outreach efforts and stormwater monitoring activities.

BOARD PRIORITY:

Environmental Protection

In FY 2009, the Stormwater Planning Division (SPD) and a portion of the Maintenance and Stormwater Management Division (MSMD) within the Department of Public Works and Environmental Services (DPWES) will charge positions and associated costs totaling $7.6 million to Fund 318, Stormwater Management Program. Administrative expenses will be charged directly to Project FX0005, Operations Support, and will not be charged to individual projects throughout the fund. Historically, these expenses have been supported by the General Fund; however, based on budget constraints in FY 2009, the General Fund cannot fully support the Stormwater program. Other General Fund reductions would have been required had Fund 318 funding not been available to provide this support for the Stormwater program. This adjustment to Fund 318 will impact future stormwater project implementation schedules.

Energy Coordinator **$0.1 million**

An amount of $0.1 million is included to fund a redirected position that will serve as the County's Energy Coordinator in the Office of the County Executive. This position will lead work across a number of County agencies to develop coordinated, cross-agency energy efficiency/conservation and cost-avoidance actions, as well as policies that could be directly linked to enhancing air quality, reducing adverse climate change impacts and cost savings through reduced emissions and cost-avoidance associated with reduced electricity demand. This individual will also serve as a central conduit of information to and from agencies and the community to better understand and leverage energy efficiency and conservation practices employed and lessons learned.

Environmental Projects **$0.6 million**

An amount of $0.6 million, consistent with FY 2008 funding, is included to provide funding for prioritized 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 2009 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 Park Authority volunteer and outreach programs ($150,000); an additional five remote household

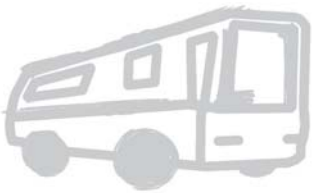
hazardous waste events ($75,000); litter campaign and other environmental initiatives ($66,900); and energy management at eight park facilities ($278,100). In addition, an amount of $108,000 has been provided in Fund 119, Contributory Fund to continue partnering with three non-profit agencies to expand tree planting throughout the County.

CONNECTING PEOPLE AND PLACES

Transportation Enhancements

In the FY 2009 Adopted Budget Plan, a funding source is available to support a significant expansion of transportation personnel and capital projects. This funding is available on an annual basis, as a result of the General Assembly's April 4, 2007 passage of the Transportation Funding and Reform Act of 2007 (HB 3202). Although the Virginia Supreme Court ruled the regional funding component of that bill to be unconstitutional, authority remains for the County's establishment of a commercial real estate tax rate of up to 25 cents per $100 of assessed value in support of transportation. As part of its deliberations on the FY 2009 budget, the Board of Supervisors approved a rate of 11 cents per $100 assessed value rate, providing approximately $52 million in new transportation dollars for capital and transit projects in FY 2009. In order to effectively address the increased capital project workload, 19/19.0 SYE new staff positions are established in the FY 2009 budget and will be supported by $1.2 million of the new transportation revenue. These positions will also address future planned expansions of the FAIRFAX CONNECTOR; zoning workload increases resulting from transportation studies and improvements to the Tysons area and revitalization areas; and increasingly complex prioritizing, reporting, and invoicing requirements associated with major projects with multiple funding sources. To streamline workload and advance critical transportation projects, the County also plans to co-locate the activities, programs, and existing staff of the County's Department of Transportation with the existing staff of the Department of Public Works and Environmental Services (DPWES) who currently support planning and design related to roadway improvements. It should be noted that all existing staff will continue to be funded by the General Fund.

BOARD PRIORITY:



Transportation Improvements

County Transit - General Fund Transfer $35.9 million

The total FY 2009 General Fund Transfer for Fund 100, County Transit Systems, is $35.9 million, an increase of $1.2 million over the *FY 2008 Revised Budget Plan* as a result of increases in the price of diesel fuel for the Fairfax County CONNECTOR buses. This General Fund Transfer level, combined with $12,000,000 in newly authorized State Aid support for mass transit, will support FY 2009 projected expenditures. In addition to fuel increases, the budget incorporates increases to fund FY 2009 partial year operations of the new West Ox Bus Operations Center, costs associated with new operational and service contracts for CONNECTOR operations, and a 17 percent increase in the County's subsidy requirement for the Virginia Railway Express (VRE) based on operating system and debt service requirements. The $12 million in new State mass transit support results from a provision within HB 3202 that provides for an earmark for mass transit of 2 cents per $100 of State recordation tax collections.

Metro Funding – General Fund Transfer $7.5 million

The General Fund Transfer in support of Metro Operations and Construction totals $7.5 million, a decrease of $12.8 million or 63.0 percent from the *FY 2008 Revised Budget Plan* level. This decrease is based on savings associated with the Board-approved transfer of the 12s and 20s Metrobus service to the FAIRFAX CONNECTOR, the application of a higher level of State Aid and Gas Tax revenue in support of Metro, and the use of $8.5 million in one-time State Aid available at the Northern Virginia Transportation Commission (NVTC).

The total anticipated Fairfax County requirement for Washington Metropolitan Area Transit Authority (WMATA) Operating Expenses totals $68.6 million, an increase of 8.6 percent over the *FY 2008 Revised Budget Plan*. Funding supports existing Metrorail and Metrobus service levels, including $38.2 million for Metrobus and the continuation of Springfield Circulator service started in FY 2001; $21.2 million for Metrorail; $7.8 million for MetroAccess service; and a WMATA projected prior year audit adjustment of $1.4 million. Overall, this funding level supports an operating increase of 10.0 percent over the *FY 2008*

Revised Budget Plan partially offset by a decrease in payments due to WMATA associated with the current WMATA 12s and 20s Centreville/Chantilly routes. The estimated decrease results from the Board of Supervisor's approval, in February 2006, of the transfer of these non-regional routes to the County in the second half of FY 2009, at which time the service will be provided by FAIRFAX CONNECTOR.

FY 2009 Capital Construction expenditures total $28.4 million, largely supported by County bonds. Expenditures include $24.8 million is focused on the Metro Matters Program, which supports the acquisition of facilities, equipment, rail cars, and buses, as well as provides general infrastructure support to the 106-mile Metrorail system. An additional $0.4 million supports the Beyond Metro Matters Program which addresses capital construction needs beyond those included in the Metro Matters Program. Finally, an amount of $3.2 million funds Adopted Regional System (ARS) debt service requirements.

Information Technology (IT) Funding – General Fund Transfer **$7.4 million**

Total funding of $19.1 million, which includes a General Fund transfer of $7.4 million, a Health Benefits Trust Fund transfer of $7.0 million, a transfer from the Cable Communications Fund of $2.5 million, State Technology Fund revenue of $1.0 million and interest income of $1.2 million, is provided for initiatives that meet one or multiple 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 for maintaining and strengthening 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.

Priority	FY 2009 Adopted Funding
Mandated Requirements	$0.3 million
Completion of Prior Investments	$1.7 million
Enhanced County Security	$5.7 million
Improved Service and Efficiency	$7.9 million
Maintaining a Current and Supportable Technology Infrastructure	$3.5 million
TOTAL	$19.1 million

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.

CREATING A CULTURE OF ENGAGEMENT

Burke Community Library **$0.6 million**

An increase of $639,418 is included to fund the full year Personnel Services and ongoing operating costs associated with opening the Burke Community Library, scheduled to open in June 2008. This facility will meet increased service demands due to insufficient capacities at both the Kings Park Community Library and Pohick Regional Library. The library site is adjacent to the Fairfax County Parkway and is expected to attract a broad customer base of Parkway commuters in addition to the library's geographically defined community. Funding was included in FY 2008 for the four-month period of March-June 2008, and this increase is required to provide full year funding in FY 2009.

Costs Associated with Presidential Election **$0.3 million**

An increase of $324,293 in the Office of Elections is included reflecting funds for both Personnel Services and for additional postage for the mailing of voter cards and absentee ballots to help support the costs associated with the 2008 Presidential election. Presidential elections, and the months immediately preceding them, represent the peak period of activity for the Department of Elections over any four-year period. In addition to the spike in voter turnout on Election Day, there is a significant increase in electoral interest and participation throughout the year. Absentee voting activity will more than double or triple the levels seen in non-presidential years.

Consolidation of Office of Human Rights and Office of Equity Programs

The Office of Human Rights and the Office of Equity Programs have been merged to form the new Office of Human Rights and Equity Programs. The mission of this office will be to institute an affirmative human rights program of positive efforts to eliminate discrimination and to provide the public and Fairfax County employees with recourse for discriminatory acts. It is anticipated that there will be savings in administration as a result of this consolidation.

MAINTAINING HEALTHY ECONOMIES

Community Funding Pool – General Fund Transfer **$9.0 million**

Funding of $8,970,687, an increase of $249,918, or approximately 3.0 percent, over the *FY 2008 Revised Budget Plan* reflects the General Fund transfer to support the first year of the new two-year cycle in the Consolidated Community Funding Pool (CCFP) to leverage nonprofit organizations' resources to meet community challenges. 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 Board of Supervisors approved the Consolidated Community Funding Advisory Committee's (CCFAC) FY 2009/ FY 2010 recommended priorities on July 9, 2007. A major responsibility of the CCFAC is to recommend funding priorities for the CCFP. The CCFAC maintains an ongoing process for the review and analysis of both data and community input that provides the information on which funding priority allocations are based. Community input processes include a variety of citizen and provider input activities conducted throughout the year around the County. Subsequent to the receipt and review of public comments, the CCFAC finalizes the funding priorities and forwards them to the Board of Supervisors for action.

Contributory Funding - General Fund Transfer **$13.6 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. Contributory agency positions are not part of the County merit system and funding for all contributory agencies is reviewed annually. Each request is reviewed on the basis of the benefit to Fairfax County citizens, contractual or regional commitments, the responsibilities of state agencies, and a prior County commitment of funding.

FY 2009 funding totals $13,553,053, an amount entirely supported by a General Fund Transfer, reflecting a decrease of $55,085 or 0.4 percent from the *FY 2008 Revised Budget Plan* funding level of $13,608,138. Increased funding has been included for the Northern Virginia Healthcare Center/ Birmingham Green Adult Care Residence, mainly attributable to budgeting for full-year costs associated with the expanded assisted living facility which opened in April 2008. This increase is offset by decreases in the County's share for the Northern Virginia Regional Identification System (NOVARIS) as a result of decreased lease and maintenance requirements based on obligations that have been met, as well as the receipt of additional UASI grant funding; and for the Pentagon Memorial Fund, which was provided by the Board of Supervisors as a one-time contribution for the organization in FY 2008.

In addition, at the direction of the Board of Supervisors as part of the FY 2008 Third Quarter Review, three new agencies were designated as contributory agencies, Fairfax ReLeaf, which was provided funding of $52,000 to increase its tree planting capacity; the Center for Chesapeake Communities which was provided funding of $36,000 to develop a tree canopy tracking mechanism; and Earth Sangha, which was provided funding of $20,000 to collect native seeds and grow them in its greenhouse. A similar amount of funding is included for these non-profit organizations in FY 2009.

EXERCISING CORPORATE STEWARDSHIP

Personnel Services Reductions to Balance Budget **($16.5 million)**

In order to meet budget limitations based on available resources as a result of the continued softening of the residential real estate market, a two percent across-the-board reduction in Personnel Services totaling $16.5 million was taken in General Fund and General Fund-supported agencies. This is in addition to a similar two percent reduction taken as part of the FY 2008 Adopted Budget Plan and Pay for Performance adjustments noted below.

Pay for Performance **$12.8 million**

$12.8 million is provided in order to continue the Pay for Performance (PFP) program for over 8,000 non-public safety employees.

Fuel Costs **$6.5 million**

An additional $6.5 million in General Fund support over the FY 2008 Adopted Budget Plan is included to address higher fuel prices and related Department of Vehicle Services' charges as a result of market conditions. Countywide fuel and fuel-related expenditures for FY 2009 are funded at $41.6 million, an increase of $16.1 million or 65.8 percent over the FY 2008 Adopted Budget Plan total of $25.5 million and an increase of $21.4 million or over 100 percent above the FY 2007 actual expenditure total of $20.1 million. The dramatic increase is due to the price increases experienced since the fall of 2007, especially as it pertains to diesel fuel. The FY 2009 budget assumes an average agency per gallon price of $4.10 - a $1.56, or over 60 percent, increase over the FY 2008 Adopted Budget Plan level of $2.54 per gallon and also allows room for moderate growth in overall number of gallons consumed. The General Fund impact of this increase is $6.5 million as the remainder of the increase is being absorbed by Fairfax County Public Schools, non-General Fund supported entities such as the Solid Waste funds, and a portion of the increase attributable to FAIRFAX CONNECTOR is being covered by new sources of transportation funding available to the County.

New Facilities Operations **$1.6 million**

An increase of $1,592,315 in the Facilities Management Department for increased custodial, utility, repair and maintenance, and landscaping costs is associated with new facilities opening in FY 2009. These facilities include the West Ox Bus Operations Garage, Forensics Facility, McConnell Public Safety and Transportation Operations Center (MPSTOC) and the Girls Probation House. Combined these facilities account for an additional 203,160 square feet to the inventory maintained by the Facilities Management Department.

Benefits

Funding for Fringe Benefits totals $203.3 million, an increase of $2.5 million or 1.2 percent over the *FY 2008 Revised Budget Plan* level, primarily due to the following:

Health Insurance **($4.1 million)**

Health Insurance funding reflects a decrease of $4.1 million, or 6.4 percent, over the *FY 2008 Revised Budget Plan*. The decrease is primarily attributable to increased reimbursements to the General Fund as a result of a reduction in the County's contribution towards the GASB 45 liability. In addition, it should be noted that premiums will be maintained at current levels and no increase will be implemented for calendar year 2009. 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.

Fairfax County Government offers its employees and retirees several health insurance alternatives, with the intent of offering employees options that are both comprehensive and cost effective. Self-insured plan options include point of service, preferred provider option, and an open access plan (OAP), which combines aspects of both a point of service and preferred provider option plan. A fully-insured Health Maintenance Organization (HMO) is also available. The County's current selection of health insurance alternatives is a result of revisions enacted in FY 2007. The County partnered with Fairfax County Public Schools and undertook 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. In addition to implementing the self-insured OAP option effective January 1, 2007, enhanced vision benefits were also instituted across all health insurance plans as a result of the selection process. 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.

It should also be noted that the self-insured health insurance choices are administered through Fund 506, Health Benefits Trust Fund. For a more detailed discussion of the County's self-insured health trust fund, refer to Fund 506 in Volume 2 of the FY 2009 Adopted Budget Plan.

Dental Insurance $0.26 million

Dental Insurance funding reflects a net increase of $0.26 million or 9.6 percent over the *FY 2008 Revised Budget Plan* based on a projected premium increase of 5.0 percent, effective January 1, 2009, and increased employee participation. The County contributes 50 percent of the premium for this benefit with the employee paying the remainder of the cost.

Social Security (FICA) $2.3 million

Social Security funding reflects a net increase of $2.3 million or 5.4 percent over the *FY 2008 Revised Budget Plan*. The increase includes $4.7 million associated with new positions and salary adjustments necessary to support the County's compensation program for merit increases and pay for performance and to reflect the change in the federally set maximum pay base against which contributions are calculated and $0.4 million based on the FY 2009 Market Index of 2.96 percent included for employees on the public safety pay scales (C, F, O and P), effective the first full pay period of FY 2009. These increases are partially offset by a decrease of $2.8 million primarily based on anticipated savings as the result of reductions in limited-term funding. It should be noted that the Social Security wage base increases from $97,500 to $102,000 as of January 1, 2008 for the 6.20 percent base contribution rate. The wage base against which the 1.45 percent rate for Medicare is applied remains unlimited. The overall Social Security rate remains unchanged at 7.65 percent. The wage base and/or rate change for January 1, 2009 is not yet known; any subsequent adjustments to the Social Security wage base with a fiscal impact will be included at a quarterly review during FY 2009 as necessary.

Retirement $4.2 million

Retirement funding (Fairfax County Employees', Uniformed, and Police) reflects a net increase of $4.2 million or 4.6 percent over the *FY 2008 Revised Budget Plan*. The increase includes $2.4 million associated with new positions and salary adjustments necessary to support the County's compensation program for merit increases and pay for performance; $2.0 million based on the FY 2009 Market Index of 2.96 percent included for employees on the public safety pay scales (C, F, O and P), effective the first full pay period of FY 2009; and $1.6 million based on projected increases in the employer contribution rates, partially offset by a decrease of $1.8 million based on projected savings in FY 2008.

The increase in rates for FY 2009 follows the current effective actuarial funding policy whereby contribution rates are adjusted to fund approved benefit enhancements and/or to recognize funding adjustments required when the funding ratio is below 90 percent or above 120 percent.

Adjustments Associated with the Corridor

As a result of the June 30, 2007 actuarial valuation, based on the investment returns experienced by the fund and actuarial losses related to liabilities, the funding ratio for the Employees' system increased slightly from 85.2 to 85.5 percent. However, no change was warranted in the employer contribution rate. The Police Officers and Uniformed systems remain within the corridor at 93.3 percent and 92.6 percent respectively, with no adjustment to the contribution rate.

Increases Associated with Benefit Enhancements

The employer contribution rate for the Police Officers system is required to increase by 1.34 percentage points. An increase of 0.45 percentage points is based on a retiree cost of living increase benefit enhancement approved by the system's Board of Trustees effective July 1, 2007. An additional increase in the employer contribution rate of 0.89 percentage points is the result of a decrease in the employee contribution rate of 1.00 percentage point, from 11.00 percent to 10.00 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. It is anticipated that additional adjustments will be made in subsequent years to continue to reduce the employee contribution rate for the Police Officers system. As a result of these adjustments, the employer contribution rate for the Police system for FY 2009 is 22.34 percent.

The employer contribution rates for the Uniformed and the Employees' systems are required to increase by 0.13 and 0.03 percentage points, respectively. These increases are the result of a benefit enhancement to reduce the Social Security offset from 40 percent to 30 percent for both disability and age-based Social Security benefits, effective July 1, 2008. The employer contribution rate for the Uniformed system for FY 2009 is 26.46 percent, while the rate for the Employees' systems is 9.62 percent.

Retiree Health Insurance $0.3 million

Retiree Health Insurance increases $0.3 million or 5.9 percent over the *FY 2008 Revised Budget Plan* level of $5.5 million to $5.8 million and is due to a projected increase in the number of retirees receiving the health insurance subsidy in FY 2009. This is being supported in FY 2009 by one time or limited savings in employer health plan contributions available due to lower than anticipated actual cost growth experience and excess employer contributions. The County's retiree health benefit subsidy was previously funded out of Fund 500, Retiree Health Benefits; however, as part of the FY 2009 Adopted Budget Plan, the benefit and administrative costs related to the subsidy will be paid from Fund 603 as a result of implementation of GASB 45. The County provides monthly subsidy payments to eligible retirees to help pay for health insurance. The current monthly subsidy, approved in FY 2006, commences at age 55 and varies by length of service as detailed in the following table. It should be noted that the retiree health benefit subsidy is provided to retirees on a discretionary basis, and the Board of

Supervisors reserves the right to reduce or eliminate the benefit in the future if the cost of the subsidy becomes prohibitive or an alternative is chosen to aid retirees in meeting their health insurance needs.

The current subsidy structure became effective January 1, 2006 and includes a temporary 25 percent increase approved by the Board of Supervisors in response to the implementation of the new Medicare Part D prescription drug benefit. This increase qualified the County's self-insured health insurance plan to be deemed as actuarially equivalent to the Medicare Part D program. Employers who offer an actuarially equivalent program are eligible to receive a subsidy from the Centers for Medicare and Medicaid Services (CMS) based on retiree enrollment in their plans. The County receives the CMS subsidy on retirees and spouses enrolled in the County's self-insured health plan who do not enroll in Medicare Part D. The federal funding from CMS is expected to completely offset the cost of the 25 percent increase to the retiree subsidy. In addition to the increase, the subsidy structure was changed so that retirees no longer receive a reduced subsidy upon reaching the age of Medicare eligibility. County staff are continuing to work on developing a long-term County strategy for Medicare Part D, which may include elimination of the 25 percent increase in the subsidy at some point in the future. Final recommendations regarding Medicare Part D options will be presented to the Board of Supervisors upon a thorough examination of Medicare Part D plans.

RETIREE HEALTH BENEFIT SUBSIDY

Years of Service at Retirement	Monthly Subsidy
5 to 9	$30
10 to 14	$65
15 to 19	$155
20 to 24	$190
25 or more	$220

GASB 45 Liability Reserve **$9.9 million**

Beginning in FY 2008 the County's financial statements were required to implement Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits. This standard addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits. Fund 603, OPEB Trust Fund, has been created in order to capture long-term investment returns and make progress towards reducing the unfunded actuarial accrued liability under GASB 45 and funds the cost of other post-employment benefits (OPEBs) including health care, life insurance, and other non-pension benefits offered to retirees, such as the County's retiree health benefit subsidy. As of July 1, 2007, the Annual Required Contribution (ARC) to Fund 603 has been calculated at approximately $32 million. In FY 2009, the County's contribution of $9.9 million towards the ARC will be made through a transfer from Fund 506, Health Benefits Trust Fund, as a result of excess revenues received from employer contributions. This $9.9 million contribution includes $6.8 million previously funded by the General Fund associated with the explicit and implicit subsidies provided to retirees and an additional $3.1 million for use towards the ARC. Any future balances identified in Fund 506 as a result of excess revenues received from employer contributions will also be considered for possible transfer to Fund 603 to assist in addressing the County's unfunded OPEB liability which has been calculated at nearly $380 million, excluding schools.

Wellness Initiative

A new Health Promotion and Wellness Initiative is supported by anticipated savings in County health plans. The goal of the initiative is to significantly improve employees' overall health and well-being, while also serving to curb rising health care costs. Components of the new program included in Fund 506, Health Benefits Trust Fund, include:

» Health risk assessments (HRAs) and targeted programming;

» Enhancement of the County's Disease Management Program;

» Influenza vaccinations for employees and retirees; and

» Reduced membership fees at County RECenters

A comprehensive wellness program is expected to reduce the rate of escalation of health care costs, resulting in savings for self-insured plans through cost avoidance. As such, expenses related to the new Health Promotion and Wellness Initiative are included in Fund 506 as it is anticipated that increases in self-insured claims expenses will be impacted as benefits of the program begin to materialize.

Reduction in the Social Security Offset For Service Connected Disability Benefits **$0.3 million**

A net increase of $260,000 due to a reduction in the Social Security offset multiplier from 40 percent to 30 percent for service-connected disability benefits, effective July 1, 2008 for the Uniformed and Employees' Retirement Systems. As a result of the Board's decision, the Social Security offset in both the Uniformed and Employees' systems is reduced from 40 percent to 30 percent for both disability and age-based Social Security benefits. It should be noted that, since Police Officers do not earn eligibility for Social Security during their employment, there is no Social Security offset in the Police Officers system.

Enterprise Information Technology System Project **$7.0 million**

Funding of $7.0 million, from a transfer from Fund 506, Health Benefits Trust Fund, is included for a multi-year, joint initiative between the County and the Schools to modernize the County's enterprise information technology systems that support finance, human resources and payroll, budget, procurement and related applications. This FY 2009 funding is available from savings in employer contributions for health insurance and will be used to offset the costs of Phase I of the project which will replace the County's Human Resources and Payroll system. Previous assessments of these aging corporate systems revealed that they are past their projected useful lifecycle, no longer comply with today's technology standards, and do not meet the demands of resource and financial management and decision-making. Short-term changes made to make the systems functional have resulted in increased risk for fraud and security flaws. Due to their age, many of these systems have no vendor support and rely on senior in-house staff for maintenance. The systems are written in technical code that is outdated, not practiced by the vast majority of the industry labor pool, and thus are unable to be integrated with future mandated requirements. Of these systems, the County government's Personnel Resource Information System Management (PRISM) is the most vulnerable to immediate obsolescence issues. It is over 20 years old and highly customized based on historical County operational practices to the extent that it cannot be further enhanced. Further, attrition of in-house technical staff as they approach retirement age is jeopardizing future support for maintaining this legacy application with the other systems approaching a similar expert support dilemma. FY 2009 funding, followed by future-year investments, will allow for the award of software and systems implementer contracts.

FEE ADJUSTMENTS

New User Fees

As part of the development of the FY 2009 budget, a thorough review of the County's General Fund fees and user charges was conducted. Fees were compared to state maximum rates and to those of surrounding jurisdictions. As a result of this review, General Fund fee increases, totaling $4.5 million in revenue, were included in the FY 2009 Advertised Budget Plan. During budget deliberations, the Board of Supervisors directed that the cost recovery rate for the proposed Fire Marshal Fee be increased from approximately 87 percent at the proposed $120 per hour rate to over 90 percent. The adopted Fire Marshal Fee was increased to $128 per hour per inspector which will provide an estimated 92 percent cost recovery rate and additional revenue of $0.2 million in FY 2009. Thus, total user fee enhancements in FY 2009 total $4.7 million. The bulk of the additional revenue is the result of an increase to the Emergency Medical Services (EMS) Transport Fee structure, which is expected to generate an additional $3.5 million in FY 2009. Other General Fund fees to be raised include parking garage fees, various parking violation fines, police report and photo fees, and taxi cab licenses. These increases will raise cost recovery in FY 2009, while maintaining consistency with surrounding jurisdictions

BOARD PRIORITY:

Revenue Diversification to Reduce the Burden on Homeowners

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. Due to increasing disposal fees, rising personnel expenses and lower fund balances, the annual fee was increased from $315 in FY 2007 to $330 in FY 2008, which was still consistent with rates charged by private sector haulers. In order to cover anticipated expenditures in FY 2009 and maintain essential reserves, an increase in the annual fee to $345 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 reduce equipment downtime.

Sewer Fees

As noted under the Practicing Environmental Stewardship heading, the Availability Fee charged to new customers for initial access to the system will increase from $6,506 to $6,896 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, 2007 through June 30, 2012.

The Sewer Service Charge will increase from $3.74 to $4.10 per 1,000 gallons of water consumption in FY 2009. This equates to a rate increase of approximately 9.75 percent and a cost increase of $27.36 to the typical household. 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.

McLean Community Center Special Property Tax District

Facilities and operations of the McLean Community Center (MCC) are supported primarily by revenues from a special property tax collected from all residential and commercial properties within Small District 1, Dranesville. The Small District 1 real estate tax rate for FY 2009 is recommended for reduction by $0.002 from $0.028 to $0.026 per $100 of assessed property value. It should be noted that this two-tenths of a penny reduction reflects a savings of just under $20 on the average Small District 1 residential tax bill.

Commercial Real Estate Tax

The Commercial Real Estate Tax rate for County transportation projects approved by the Board of Supervisors is $0.11 per $100 of assessed value. This tax will be levied on all commercial and industrial properties in the County and is in addition to the real estate tax rate of $0.92 per $100 of assessed value.

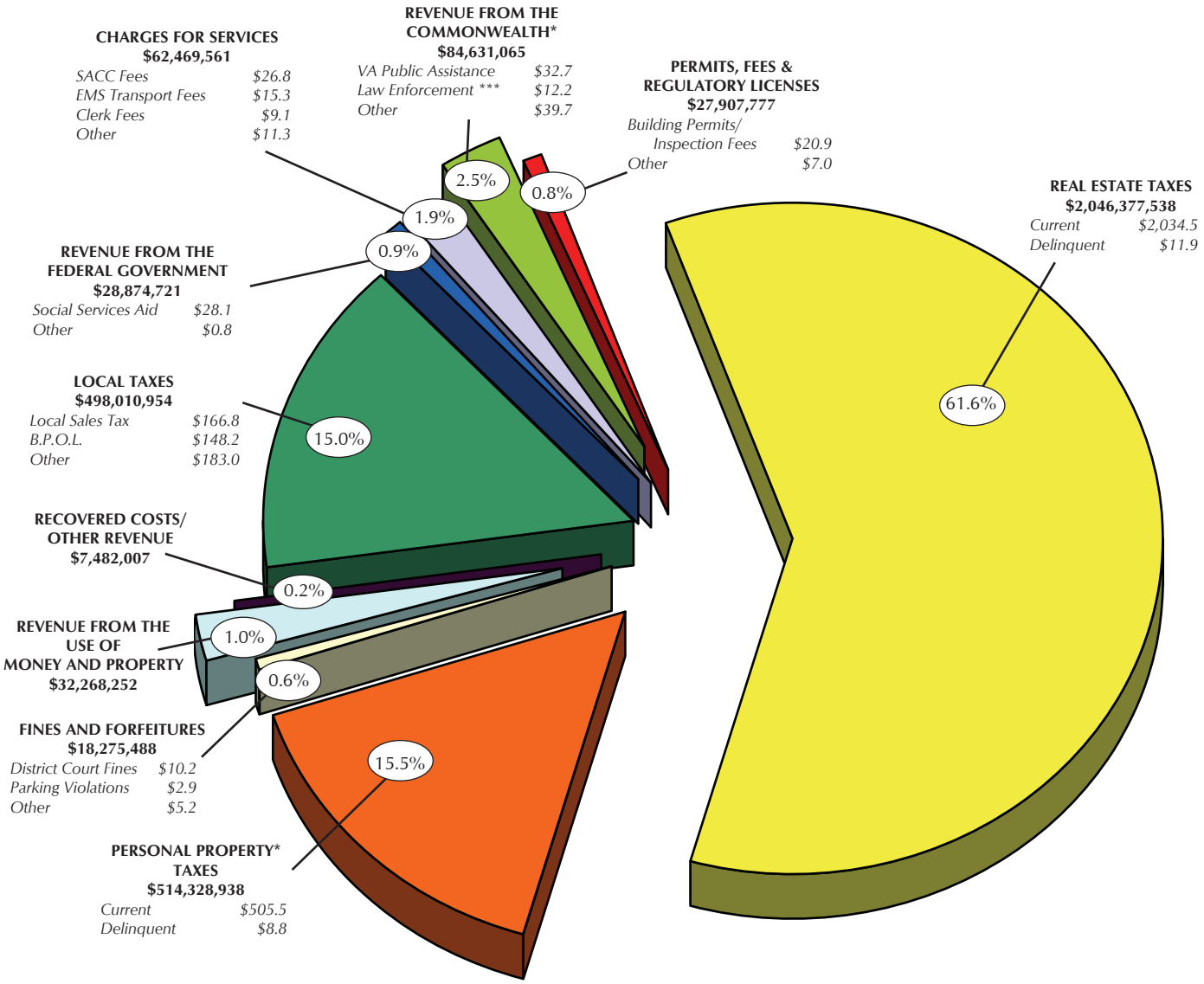
TAX AND FEE FACTS

Type	Unit	FY 2007 Actual Rate	FY 2008 Actual Rate	FY 2009 Adopted Rate
Real Estate	$100/Assessed Value	$0.89	$0.89	$0.92
Personal Property	$100/Assessed Value	$4.57	$4.57	$4.57
Integrated Pest Management Program	$100/Assessed Value	$0.001	$0.001	$0.001
Refuse Collection	Household	$315	$330	$345
Refuse Disposal	Ton	$50	$52	$57
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	$6,138	$6,506	$6,896
Sewer Service Charge	Per 1,000 Gallons	$3.50	$3.74	$4.10
McLean Community Center	$100/Assessed Value	$0.028	$0.028	$0.026
Reston Community Center	$100/Assessed Value	$0.047	$0.047	$0.047
Commercial Real Estate Tax for Transportation	$100/Assessed Value	-	-	$0.11

FY 2009 GENERAL FUND RECEIPTS **

Where it comes from . . .

(subcategories in millions)



FY 2009 GENERAL FUND RECEIPTS = $3,320,626,301**

* 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.

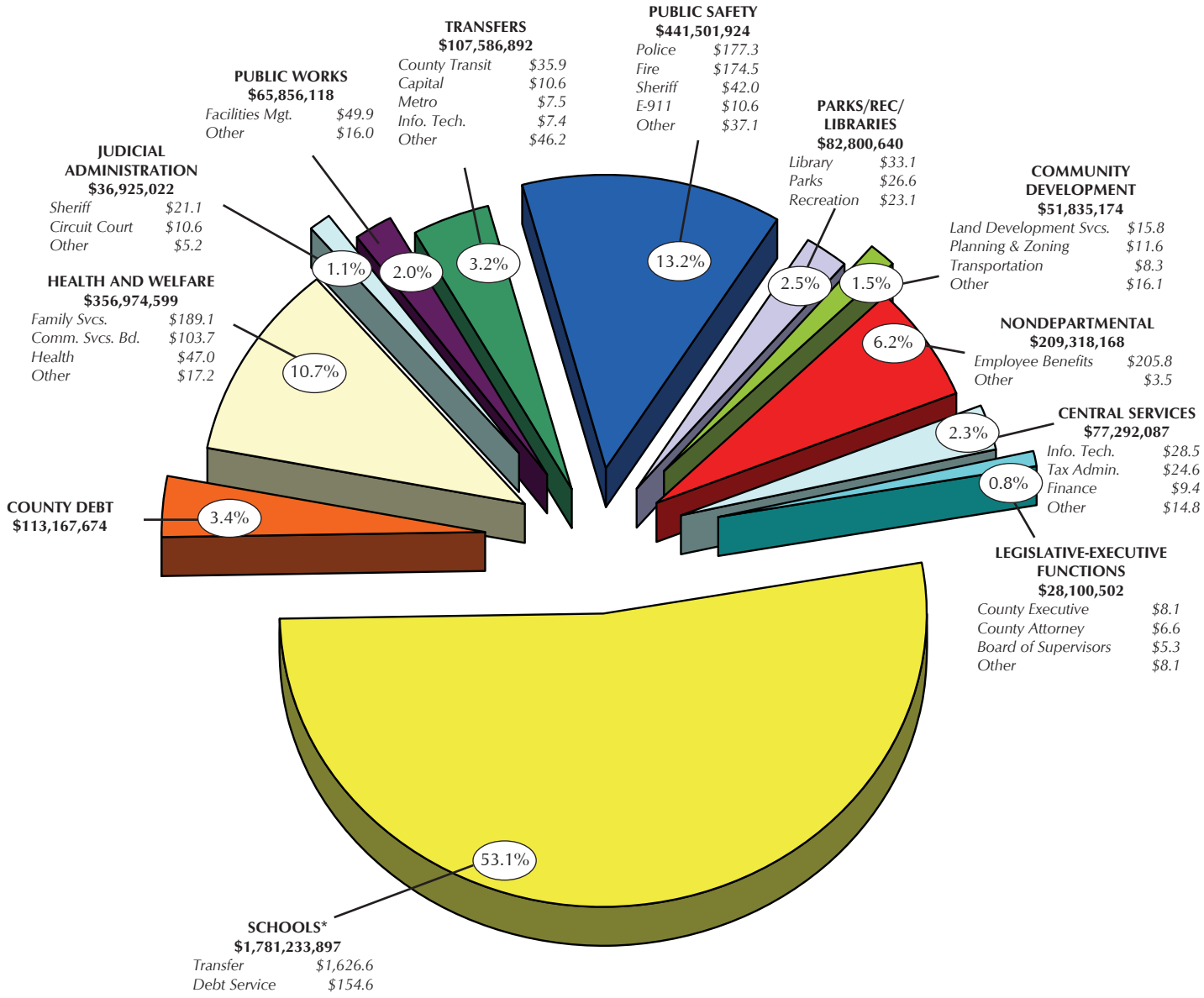
** Total County resources include the receipts shown here as well as a beginning balance and transfers in from other funds.

*** Reflects an estimated reduction of $6.0 million in state aid due to state budget cuts. For more information, refer to the General Fund Revenue Overview in the Overview Volume.

FY 2009 GENERAL FUND DISBURSEMENTS

Where it goes . . .

(subcategories in millions)



FY 2009 GENERAL FUND DISBURSEMENTS = $3,352,592,697

BUDGET GUIDELINES FOR FISCAL YEAR 2010 AND BUDGET GUIDANCE FOR FISCAL YEAR 2009 AND FISCAL YEAR 2008 CARRYOVER REVIEW – April 21, 2008

The Board of Supervisors provided preliminary Budget Guidelines for FY 2010 on April 21, 2008. Those guidelines are as follows:

1. Based on current market trends, it appears that residential real estate assessments will realize significant negative growth in FY 2010 as a result of the continued deterioration of the housing market and that overall County revenue will at best remain flat but most likely will actually decline in FY 2010. As a result, funding for County and School spending will be further limited in FY 2010, and possibly for several years beyond. As a result, the Board directs the County Executive to develop a budget for Fiscal Year 2010 that:

Forecast

Provides the Board of Supervisors with regular updates on the FY 2010 financial forecast to assist Board of Supervisors' decision making as it relates to guidance to the County and the Schools on the strategic priorities and the budgetary support for programs and services in FY 2010. This forecast shall include revenue projections with a focus on the residential market including regular updates on the number of foreclosures, their location and the impact on the housing market. Preliminary estimates of revenue growth should be provided by the August 4, 2008 Board of Supervisors meeting and shared with the Schools.

Lines of Business Review

Provides the Board of Supervisors with the opportunity to comprehensively review the County's Lines of Business (LOBS) including focused discussions with County agencies regarding program and service priorities, possible areas for elimination, reduction, reorganization, consolidation, and/or alternative service delivery and provides the opportunity to address the performance and efficiency of County programs. In addition, the LOBS process should include a review and discussion of opportunities for revenue enhancements such as user fees, a meals tax, increased transit fees, etc. Because the transfer to the FCPS represents more than 50% of the budget, the Board of Supervisors requests that the School Board share in this process and also undertake a review of School spending and programs.

Public Input Process

The Board of Supervisors is extremely interested in engaging the community in this discussion of what Fairfax County's priorities should be during difficult economic times. Therefore, the County Executive is directed to work with the Board of Supervisors to implement a public input process as part of the FY 2010 budget that provides opportunity for public comment, beginning with a public hearing/forum in the Fall of 2008. The public input process should include traditional means of gathering and disseminating information about the budget such at community meetings and presentations as well as more on-line opportunities using newer social media initiatives. As part of this process, the County will provide additional information through expanded internet access to budget information and staff will explore the feasibility and costs associated with a web accessible online database for citizen review of county funding for services. Specific means of soliciting input from the various boards, authorities and commissions should also be included.

Recognizing the valuable insight that County employees have regarding County services and programs the Board of Supervisors recommends the use of employee chats, surveys and an anonymous hotline for employee comments and improvement suggestions.

Revenue Stabilization Reserve

Recognizing that the County's General Fund revenue situation may continue to deteriorate, the Board directs staff to return to the Board with recommendations for short term adjustments to the Revenue Stabilization Reserve policy that may be required should the County Executive need to respond quickly should revenues drop precipitously.

On a longer term basis and as part of the Lines of Business review, the County Executive is directed to provide recommendations for adjustments to the Revenue Stabilization Reserve criteria to maximize flexibility of the fund while providing for and maintaining adequate reserves to address County emergency requirements. Recommended adjustments could include increasing the size of reserve once the economy recovers to allow for some tax rate stabilization, identifying reserve replenishment procedures, and criteria for authorizing the County Executive to utilize the fund under certain circumstances as a short term remedy while longer term strategies are being developed.

2. Available balances materializing at the Carryover and Third Quarter Reviews that are not required to support County and/or School expenditures of a critical nature should be held in reserve to offset non-recurring future requirements. In order to avoid structural imbalances between resources and requirements, County and School resources should be allocated with consideration for the continued availability of these funds with non-recurring funds targeted toward non-recurring uses.

3. The Board of Supervisors appreciates the work of the School Board and School Superintendent in bringing forth a request for FY 2009 funding which recognizes the budget limits presented by the County's current revenue forecast. Based on continued discussions with the School Board and a review of the difficult reductions that would be required as a result of not providing increases in the FY 2009 transfer level over the FY 2008 budget, the Board of Supervisors has approved a transfer for School operations of $1.626 billion. This is an increase of $40 million more than proposed in the County Executive's FY 2009 budget and represents 90% of all available funding. The School operating transfer of $1.626 billion combined with the $155 million transfer for debt service, means that total FY 2009 transfers to the Fairfax County Public Schools equal $1.78 billion or 53.13% of the County's FY 2009 budget. In addition, more than $63.5 million is included in the County's budget for programs supporting the schools such as school crossing guards, resource officers, and clinic room staff.

4. The Board of Supervisors has provided funding for 4 positions to partially replace the 6 positions funded as part of the P'CASO (Protecting Children Against Sex Offenders) program for which Federal grant funds are no longer available. The Board of Supervisors requests County staff to explore grant and other revenue opportunities which could be used to restore the remaining two positions as well as continuing to work with State officials to maximize state resources for this purpose in the Northern Virginia area based on population.

5. The Board of Supervisors supports the addition of four more Safety Officers in the Fire and Rescue Department to increase their availability beyond one Safety Officer per shift countywide. The Board of Supervisors directs that the Fire Chief look into reallocating available funding and positions to this.

6. The Board of Supervisors acknowledges the excellent work of County employees. We recognize and appreciate that our workforce is doing more with less. The Board of Supervisors understands the feedback provided by employees regarding the proposed reductions to FY 2009 pay for performance and market rate increases. After much deliberation and discussion of alternatives and impacts, the Board of Supervisors has reviewed the County Executive's budget proposal and has identified reductions which have been reallocated to the restoration of the FY 2009 pay for performance system funding and the market rate adjustments for all County employees. While these adjustments were difficult, the Board reaffirms its commitment to the County's compensation system and the importance of a competitive pay structure and looks forward to the results of the current job class study concerning pay policies and compensation philosophy. In addition, the job class pay study must examine the issues of fire and rescue comparative pay, including the concept of a 12th step. The Board of Supervisors also directs County staff to review the issue of living wage as it relates to the County's exempt limited term employees and return with recommendations prior to the Board's deliberations on the FY 2010 budget.

7. The Board of Supervisors confirms its support of the Deferred Retirement Option Plan (DROP) for County employees and instructs staff to return to the Board with the appropriate ordinance changes to extend the DROP program for an additional five years for all County employees.

8. The Board of Supervisors reaffirms its commitment to dedicated funding for Affordable Housing. The Board also reaffirms its commitment to dedicated funding for the Stormwater Management program which is a key part of the Board's Environmental Initiative.

9. The Board of Supervisors directs that General Fund revenue from Litigation Proceeds for court ordered fines for zoning violations that are collected in excess of the $122,215 included in the FY 2009 estimate be made available to the strike team annually as part of regularly scheduled quarterly reviews.

A Copy Teste:

Nancy Vehrs,

Clerk to the Board of Supervisors

What's Not Funded in the FY 2009 Budget

There are several important initiatives and requests could not be funded, or in some cases fully funded, because of the current fiscal situation.

- A **second two percent across-the-board Personnel Services reduction** totaling $16.5 million in General Fund and General Fund-supported agencies has been implemented in addition to the two percent reduction taken as part of the FY 2008 Adopted Budget Plan. Taken as a whole, this four percent reduction results in approximately $32.8 million being removed from agency budgets. These reductions will require agencies to hold positions vacant and reduce overtime, impacting customer wait times, and other employee-related services to our customers as well as staff support of some county initiatives or deployments.

- This budget does not address real **needs in Public Safety agencies**, such as the Police Department's request for 35 additional patrol officers or additional Police requests in support of the Department's Information Technology Bureau, Criminal Investigations Bureau, and Technical Services Bureau. Likewise, the budget does not accommodate an increase the minimum staffing from three to four firefighters per ladder truck. Fairfax County is the only jurisdiction in excess of one million residents without a minimum of four persons on each ladder truck. The County's physical features, building/structure make-up and demographic characteristics make this a safety issue and thus a high priority.

In addition, other areas in which additional resources were not available include:

- The **Sheriff's request to provide positions to staff juvenile detention cells** at the newly expanded courthouse. These new positions were requested in order to provide supervision in the five small holding cells next to the new courtrooms and escort juveniles to and from the Juvenile Holding Area, the five small holding cells, and the courtrooms.

- **Additional resources in support of Mental Health Services.** Temporary action has continued to address timely access and manageable caseloads for critical services in adult outpatient services while the Board-appointed Josiah H. Beeman Commission is at work developing proposals to improve our mental health services delivery systems. These recommendations will require the redirection of resources which have not been identified in this budget plan.

- **Human Services' caseloads.** The County exceeds caseload standards in Public Assistance, Child Welfare and Adult Protective Services. In the Coordinated Services Planning Program Area, the volume of calls has increased from just under 300 calls per day in the first seven months of FY 2007 to 375 calls per day in the first seven months of FY 2008. Additionally, the Community Services Board continues to struggle with case management and caseload requirements which are above state and professional standards.

- **New School-Age Child Care (SACC) rooms.** Despite space being made available, no additional SACC rooms have been included in FY 2009. There are still six elementary schools in the County with no SACC program. The additional SACC rooms would have provided before- and after-school supervision to 175 children.

- **County Facility Maintenance.** The most recent County facility assessment indicated a total of $80 million would be needed through 2010 for facility repair and equipment replacement needs. These assessments lists were prioritized and funding is available to fund only some of the repairs in the "F" category noting requirements which were urgent/safety related or endangering property.

THE FY 2009 ADOPTED BUDGET PLAN IS AVAILABLE:

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

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