

FY 2005 Budget Proposal

Reflecting a \$0.03 reduction in the real estate tax rate (from \$1.16 to \$1.13 per \$100 assessed value) due to:

- reductions in County services and spending
- revised FY 2005 revenue projections as outlined in Add-on
- latest revenue data to reflect the impact of the strengthening economic recovery on FY 2004 and FY 2005 revenue estimates (as outlined in the April 15th memo to the Board)
- opportunities to diversify revenue in an effort to place less reliance on residential real estate taxes

In addition, the available *FY 2004 Third Quarter Review* balance offsets administrative adjustments and consideration items included below.

With this action, the Board will have reduced the real estate tax rate by \$0.10 over the last three years, from \$1.23 to \$1.13 per \$100 of assessed value:

- the typical household will pay approximately \$360 less in real estate taxes this year than they would have without the tax relief of the last three years
- over the last three years, the Board's reductions to the real estate tax rate have saved the average taxpayer approximately \$640

FY 2005 Real Estate Tax rate: \$1.13/\$100 of assessed value

FY 2004 Real Estate Tax Rate: \$1.16/\$100 of assessed value

FY 2003 Real Estate Tax Rate: \$1.21/\$100 of assessed value

FY 2002 Real Estate Tax Rate: \$1.23/\$100 of assessed value

A total of \$12.6 million is proposed for reduction from the FY 2005 budget. In the four fiscal years – FY 2002, 2003, 2004 and 2005, the reductions total approximately \$113 million.

As a result of the FY 2005 Budget Proposal, the School transfer increase will be 6.57% over the *FY 2004 Revised Budget Plan* and the portion of the Schools (operating and debt service) to total disbursements remains 53%.

FY 2005 BUDGET PROPOSAL

Third Quarter Available balance **\$ 2,375,941**

Reductions **\$ 12,591,699**

Made by holding the FY 2005 budget recommendation to the "basics" and identifying reductions, redesigns and management efficiencies.

Reduce Agency Expenditures **\$ 5,762,519**

In addition to adjustments to pay for performance and restrained spending in the FY 2005 Advertised Budget Plan. See attached Summary of FY 2005 Reductions.

Debt Service Savings **\$ 1,300,000**

As a result of savings generated on the March 31, 2004 bonds which were sold at the lowest interest rate received by the County since receiving its first AAA rating in 1975.

Eliminate Reserve recommended by County Executive **\$ 5,529,180**

Derived as a result of budget development focus on "basics" with limited new facility growth and funding of only essentials (fringe benefits, compensation (revised pay for performance), contractual requirements).

FY 2005 Revenue as detailed in Add-on package **\$ 11,383,698**

FY 2004 and FY 2005 Revenue based on latest data **\$ 12,942,184**

These estimates are the result of an April review of receipts as outlined in attached April 15th memo to the Board due to the rapidly improving economy particularly in the areas of consumer sales and as a result of the strength of our real estate sales market (impacting increased delinquent collections, deed of conveyance and recordation tax collections).

Diversification of Revenue **\$ 5,986,561**

Transient Occupancy Tax **\$ 5,246,647**

Net, assuming 7/1/2004 implementation, for total revenue of \$6,995,530 partially offset by \$1,748,883 for the new non-profit convention and visitor's bureau in Fairfax County (supplemented by redirection of existing funding for visitors services of \$251,117 in the Economic Development Authority budget for total funding of \$2,000,000)

Athletic Services Application Fee **\$ 0**

The FY 2005 budget includes an athletic services application fee (with estimated revenues of \$1.67 million) to partially offset the cost of scheduling and coordinating community use of public athletic facilities.

EMS Fee \$ 739,914

Approval of an EMS transport fee and associated costs (described below) with anticipated implementation in Spring 2005 following public education campaign, coordination with providers and acquisition of electronic patient care reporting system. At the end of 1 full year of billing, staff will return to the Board with a full accounting of this new fee including the number of transports, the number of persons billed and collection information. This action would require advertisement for Public Hearing on April 26, 2004 and anticipated BOS action on May 24, 2004.

Additional Funding Requirements

(\$ 2,248,776)

EMS (\$ 739,914)

Assumes approval of an EMS fee and funds the required initial lease/purchase costs of electronic patient care system, public education campaign, HIPPA requirements and salary and fringe benefit costs for 3/3.0 SYE new positions in Fire and Rescue to implement the program and use by Fire and Rescue of an additional position for redeployment within the agency to support the program as well.

Delay Radio Center Privatization \$ 480,760

Delay privatization (and do not eliminate 7 positions) as a result of delays in the construction of the infrastructure of the public service and public safety radio networks, originally scheduled for operation in early summer 2004. The Radio Center will operate 'business as usual' during FY 2005. Staff will review the operations of the Radio Center prior to the development of the FY 2006 budget, to include an analysis of both the type of activities required and options for in-house or contracted work

Additional Audit Cost (\$ 120,000)

As a result of increased audit costs and consistent with adjustments made at the *FY 2004 Third Quarter Review*

Funding for fire stations (\$ 260,000)

An increase of \$260,000 is required as a General Fund transfer to Fund 312, Public Safety Construction in order to conduct condition and functional assessments of all fire stations, both County and volunteer

Child Care programs (\$ 0)

No net cost for \$1,776,000 in additional Child Care Assistance and Referral (CCAR) program funding based on revised state eligibility requirements and increased state revenues entirely offsetting expenditure adjustments for CCAR client co-pay, SACC accounts receivable contracts and operating and maintenance funding for three new Head Start buses purchased with state funding in FY 2004

Foster Care Services	(\$	0)
No net cost for \$971,202 in additional Foster Care funding From the State, consistent with recurring adjustments made during the <i>FY 2004 Third Quarter Review</i>		
Emergency Management Services	(\$	0)
No net cost impact reorganization of Emergency Management into a separate agency offset by in a reduction in Police		
Consolidate Home Based Care Services	(\$	0)
No net impact for consolidation of Health and Family Services programs as recommended by the HealthCare Advisory Board. Funding and reorganization adjustments to be incorporated into <i>FY 2004 Carryover Review</i> and recommendations for savings based on efficiencies and redesign to be addressed in the FY 2006 budget. It should be noted that the existing caseload for these programs has surpassed the capacity of the current and FY 2005 budgets. As a result staff will implement a task based model to provide the services and report back to the Board regarding the budget impact.		
Developer Default	(\$	250,000)
Increase funding for developer default project for Williamsburg Commons required for road work based on information subsequent to the completion of the Add-on package		
Fire and Rescue Compensation Adjustment	(\$	0)
No FY 2005 net cost impact by replacing the County Executive's recommended 2.98% Market Rate Adjustment and regrades for 3 classes (totaling \$5.5 million) with adjustments for all uniformed Fire and Rescue classes at the first full pay period in July (2.5%), the first full pay period in January (2.5%), and the first full pay period in April (2.25%). The FY 2006 full year cost of this adjustment is an additional \$4 million. This approach will prevent the potential compression of Fire and Rescue pay grades which adjusting just three classes might have generated.		
Reserve for Mental Retardation Graduates	(\$	500,000)
Direct staff to develop "scholarship" approach to MR Graduates program with goals of County involvement as last resort for placement, required sliding scale family contribution and County contribution assessed based on need. Identify reserve of \$500,000 for potential General Fund requirements of the program. The program needs to incorporate a component by which County staff work with graduates and their families to facilitate options outside of the County program. Will include review of foundation option. Report to Board on recommendations by Fall 2004.		

Funded Consideration Items (\$ 859,622)

Include funding for the following Board Consideration items: the Middle School After-School program (\$33,000), the Korean Senior Center (\$25,000), pro-ration of Tax Relief for the Elderly and Disabled (\$100,000), the George Mason Law and Mental Illness clinic (\$51,678), VML dues (\$90,027), contribution to the Army Museum (\$0 net impact as cost of \$240,000 will be funded by reducing existing funding in the Economic Development Authority), contribution to the COG Housing Trust Fund (\$31,442), to partially offset the Medicare reduction for the Retiree Health Subsidy (\$391,475), funding of the Animal Shelter dog runs and play area (\$21,000), additional funding for Wolftrap (\$100,000) and funding for four LIDAR units (\$16,000). See attached

SUBTOTAL **\$43,031,307**

**Adjustments to Managed Reserve for
FY 2004/FY 2005 adjustments** **\$ 498,981**

TOTAL AVAILABLE **\$43,530,288**

**REDUCE REAL ESTATE TAX RATE BY
ADDITIONAL 3 CENTS FOR A TOTAL TAX RATE
REDUCTION OF 10 CENTS BEGINNING IN FY 2003** **(\$43,530,288)**

Balance **\$ 0**

General Fund Revenues, Direct Expenditures and Disbursements

As a result of the FY 2005 Budget Proposal:

Revenues are up 4.85% over the *FY 2004 Revised Budget Plan*

Direct Expenditures are up 1.62% over the *FY 2004 Revised Budget Plan*

Disbursements are up 2.98% over the *FY 2004 Revised Budget Plan*

Position Count

Based on this package, the net change in positions in FY 2005 is an increase of 52 positions from FY 2004 which includes the net 46 new positions in the FY 2005 Advertised Budget Plan, the delay of the radio center privatization requiring 7 positions planned to be eliminated to remain, the reduction of 4 as a result of agency reductions and 3 new positions for the EMS fee.

Since FY 1991, County positions have gone from 13.57 positions per 1,000 citizens to 11.06 positions while at the same time population has increased 26.3% and the County has opened 152 new and expanded facilities.