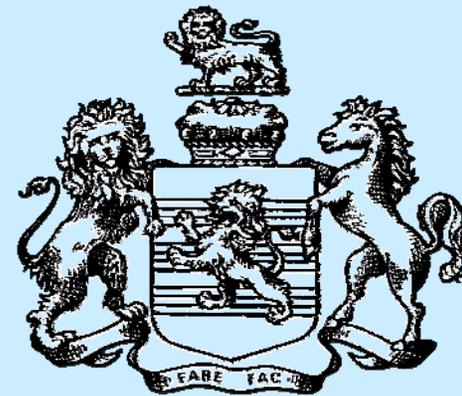


County of Fairfax, Virginia

FY 2007

Advertised Budget Plan

***Fiscal Year 2007
Advertised
Budget Plan
Presentation***



1742

Fairfax County Department of Management and Budget
12000 Government Center Parkway, Suite 561
Fairfax, Virginia 22035
703-324-2391
Web site: <http://www.fairfaxcounty.gov/dmb>

FY 2007 Budget: Investment of Resources in Strategic Priorities

BOARD OF SUPERVISORS' PRIORITIES

❖ Strong Investment in Education



❖ Public Safety and Gang Prevention



❖ Affordable Housing



❖ Environmental Protection



❖ Transportation Improvements



❖ Revenue Diversification to Reduce Burden on Homeowners



FY 2007 Budget: Investment of Resources in Strategic Priorities

COUNTY VISION ELEMENTS



❖ 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

FY 2007 Budget Guidelines

- ❖ In response to sustained increases in real estate assessments

- ❖ Guidelines allow for:
 - Ongoing requirements of both County and Schools
 - Further reduction in real estate tax rate

- ❖ Guidelines limit:
 - School Transfer: 6.0%
 - County Spending: 5.0%

(Excludes new facilities, Metro contribution, County and School debt service payments)

FY 2007 Budget: Support Strategic Priorities and Build for the Future

❖ Aimed at strengthening our community infrastructure:

- Facilities and institutions
 - Financial resources and staff
 - Reserves
-
- ❖ Balances the need for Tax Relief **with** Opportunities for Investment

 - ❖ Incorporates recommendations for FY 2006 and FY 2007 resources

Revenue Stabilization Reserve



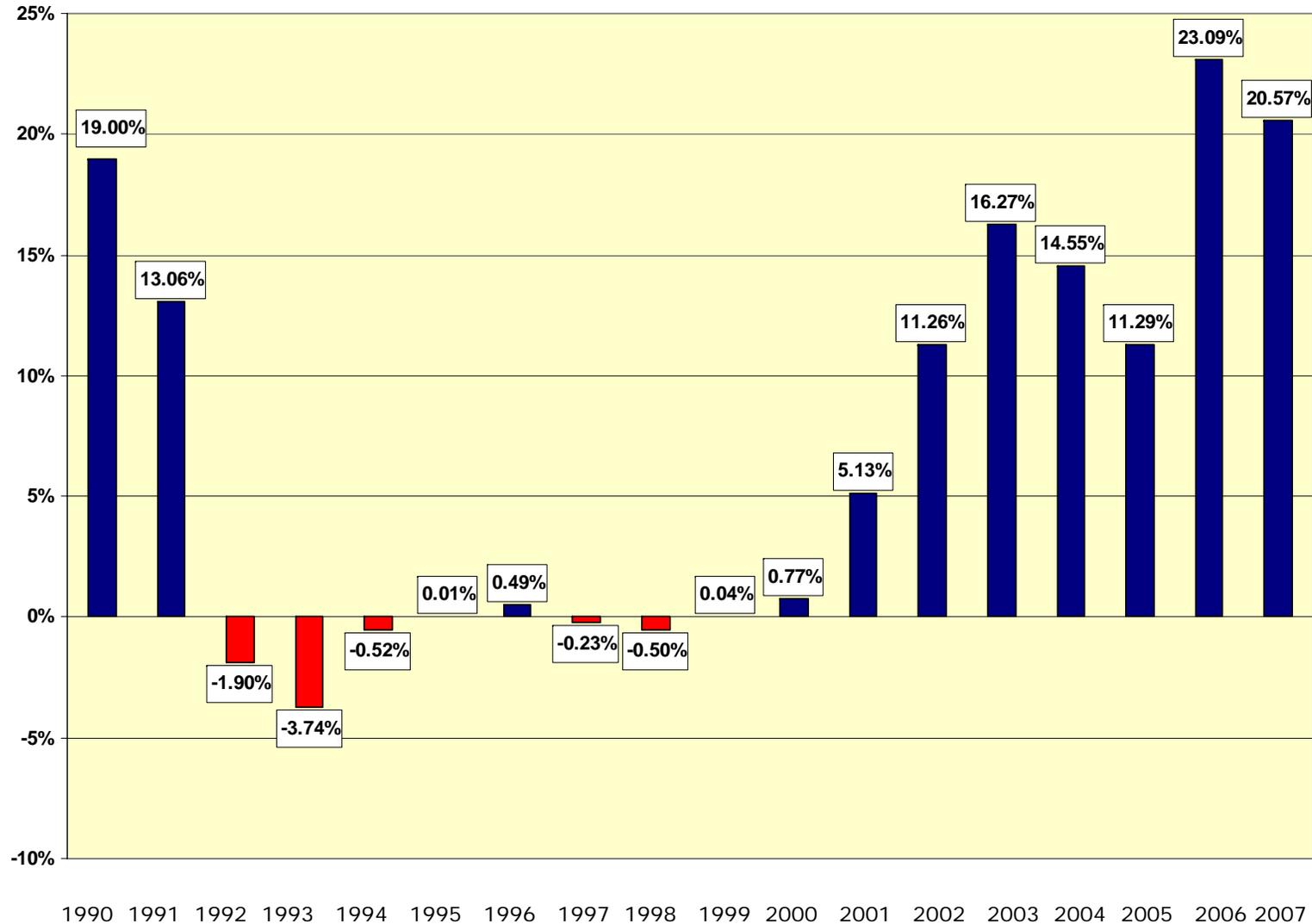
- ❖ For use in times of severe economic stress
- ❖ Target level = 3% of disbursements
- ❖ Current balance = \$62.7 million or 70% of target
- ❖ *Hurricane Katrina* and *Hurricane Rita*: Reinforced need for reserves
- ❖ FY 2006 Third Quarter Recommendation:
Fully fund reserve with additional \$30.2 million

FY 2007 Budget: Balances Cost to Taxpayer With Investment in Services and Programs

- ❖ FY 2007 is 6th year of double-digit assessment increases for homeowners: 20.57%
- ❖ Growth in assessments has been primary – and sometimes only – source of revenue growth
- ❖ Homeownership is a good investment in Fairfax County
- ❖ Real estate market expected to remain strong:
 - Strong job growth
 - Increased demand/limited supply
 - Favorable interest rates



Annual Increases in Residential Equalization: FY 1990 – FY 2007



Residential Equalization Changes in Surrounding Jurisdictions

<i>Jurisdiction</i>	<i>Total Residential Equalization</i>
Alexandria	19.50%
Arlington	18.25%
Loudoun	28.00%
Fairfax County	20.57%
Prince William	25.00% *

* Preliminary Estimate



FY 2007 Budget: Tax Rate Proposal



❖ **7 Cent Reduction** in Real Estate Tax Rate to **\$0.93** per \$100 of assessed value:

- Reduces taxes paid by the typical homeowner by \$379 annually from what would have been paid under the \$1.00 per \$100 of assessed value rate
- Cumulative result of tax rate reductions totaling 30 cents since FY 2002 is \$3,295
- Homeowner will still pay an increase of \$544 in FY 2007

National Economy

❖ Consumer Confidence

- Dropped after Hurricane Katrina
- Rebounded in January 2006, highest level since June 2002
- Consumer outlook more subdued

❖ Gross Domestic Product

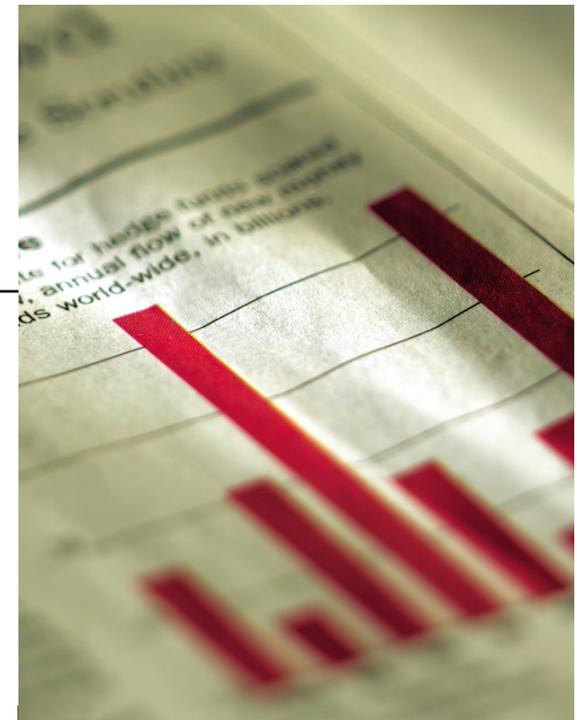
- 2005: 3.5%
- 2004: 4.2%

❖ Inflation

- 3.4% in 2005, a 5-year high!

❖ Inverted Yield Curve

- Long-term rates lower than short-term
- Has preceded the last five economic recessions
- Economy vulnerable to a slowdown



State and Regional Economies

❖ Virginia:

- Triple AAA rating (one of only 6 states)
- Ended FY 2005 with \$544 million surplus
 - Most set aside in State's Revenue Stabilization Reserve (Rainy Day Fund)

❖ Region:

- Bolstered by rising federal procurement
 - Helped create 82,000 jobs in Metro area in 2005 with another 75,000 new jobs projected in 2006
- Regional economic growth to slow from 4.2% in 2005 to 4.0% in 2006



FY 2007 Economic Outlook

❖ Concerns

- Rising energy prices
- Increasing health care costs
- Escalating construction costs
- Growing federal deficit
- Potential terrorist events

❖ No Local Housing Bubble – But Slowing

- Increasing inventory of homes for sale
 - 4,458 active listings in January 2006, up 5 times over the 874 listings in January 2005
- Increasing days on market
 - 57 days (for 2006) vs. 31 days (for 2005)
- Less price appreciation
 - Median price up 7.61% over January 2005 compared to 26% last year

❖ Much more moderate growth anticipated



FY 2006 Third Quarter Revenue Estimate

❖ **Healthy Economy**

- Net increase of \$68 million or 2.3 percent increase
- Memo to Board of Supervisors on December 30, 2005

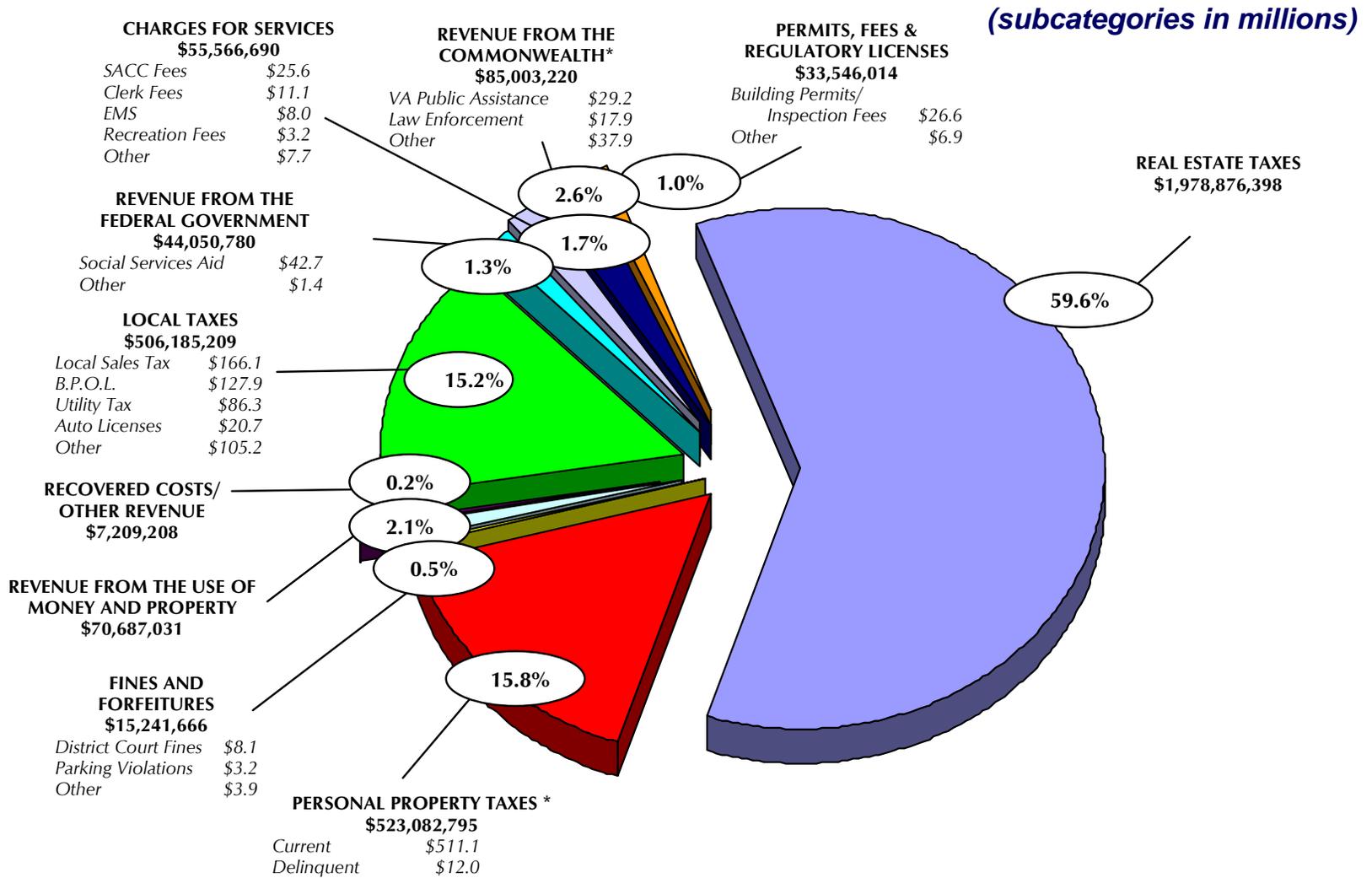
❖ **Increased Revenue**

- \$24 million in Investment Income due to interest rate increases by the Federal Reserve
- \$17 million for Recordation Tax/Deed of Conveyance tax collections and Clerk Fees due to the number and value of home sales and mortgage refinancings
- \$16 million in Personal Property and BPOL tax collections due to strong economy
- \$11 million in various categories including Transient Occupancy Tax, Bank Franchise Tax and revenue from the Commonwealth of Virginia and the Federal Government

FY 2006 Investments

- ❖ Proposed FY 2006 Third Quarter investments to include:
 - **\$30.2 million:** Fully fund the Revenue Stabilization Fund
 - **\$7.0 million:** Fund previous Board decisions such as Wiehle Avenue/Reston Transportation Study, Burke Centre VRE trail, Child Care Assistance and Referral Program, and Lorton Arts Foundation
 - **\$9.0 million:** Finance maintenance and infrastructure improvements
 - **\$14.0 million:** Support new facilities such as the second year of the book buy for the new Burke and Oakton libraries, apparatus and equipment for the new Wolf Trap Fire Station, transitional housing component of the new Katherine K. Hanley Homeless Shelter, stabilization of the Burkholder and Belle Willard facilities to be transferred from the Schools in FY 2006, and addition of the Dranesville Supervisor's office as part of the Dolley Madison Library renovation

FY 2007 General Fund Receipts ("Where It Comes From")



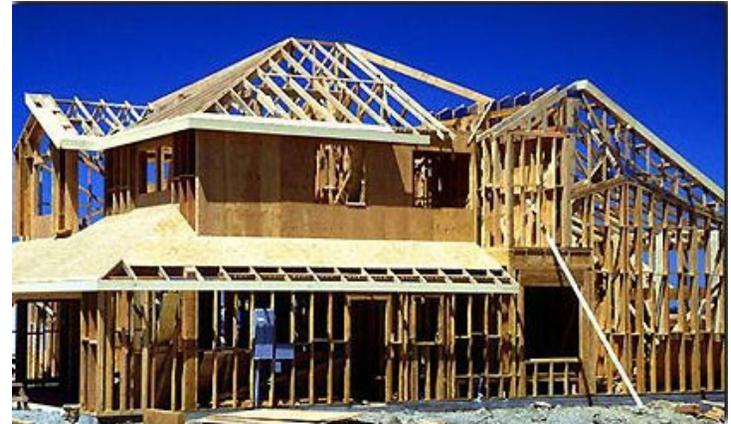
FY 2007 GENERAL FUND RECEIPTS = \$3,319,449,011

For presentation purposes, Personal Property Taxes of \$214,177,112 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.

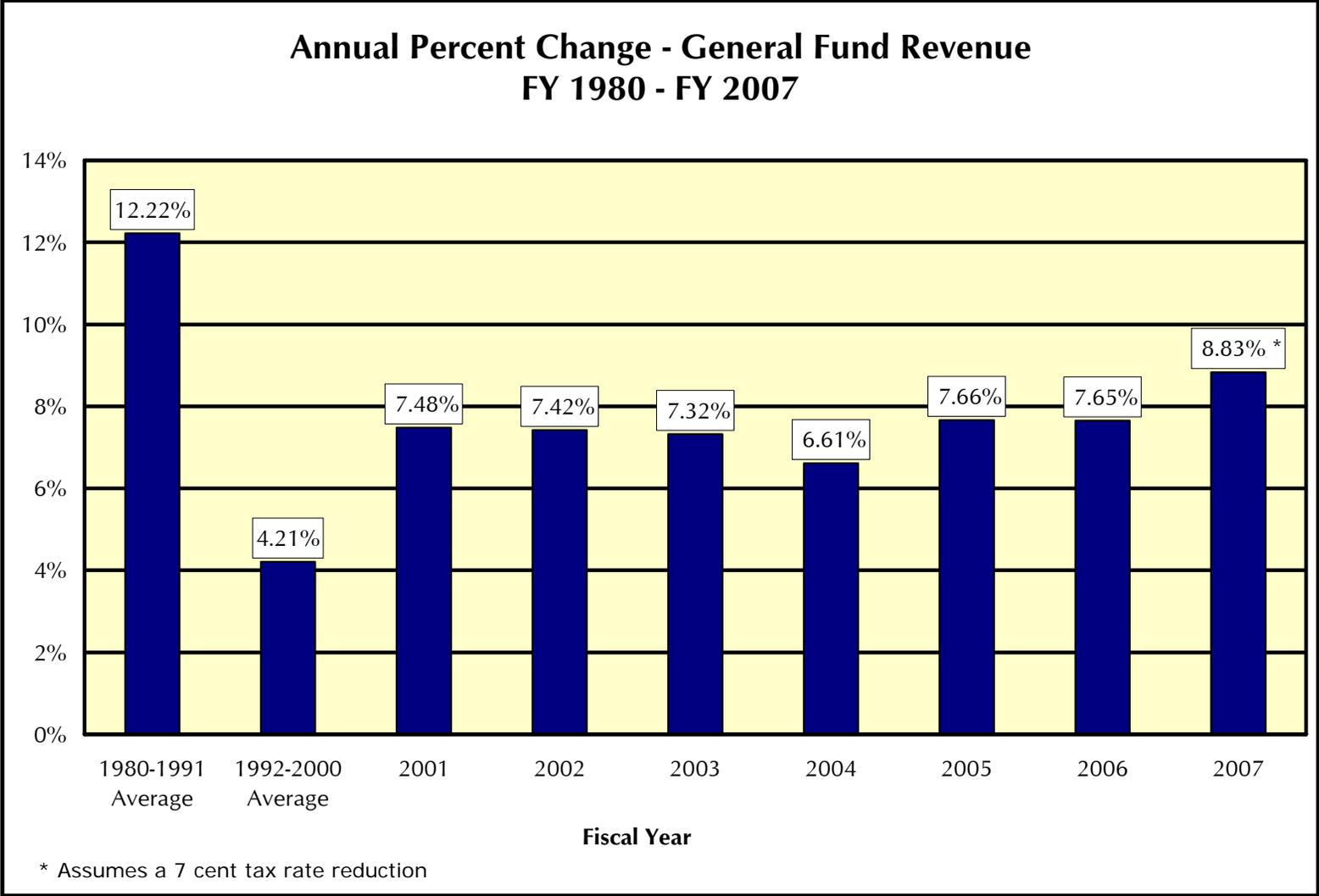
Outlook for County Revenues – FY 2007

FY 2007 General Fund revenues – 8.8% increase:

- ❖ Real Estate Revenue increases 11.8%
- ❖ All other revenue categories combined increase 4.8%
 - Moderate growth in Personal Property and Other Local Tax receipts and Interest on Investments



General Fund Revenue Growth



Real Estate Tax Base

	1991	1992	1993	1994	1995	1996	1997	1998	
Equalization	11.51%	(2.75)%	(6.48)%	(2.46)%	(1.29)%	0.36%	0.57%	0.80%	
- Residential	13.06	(1.90)	(3.74)	(0.52)	0.01	0.49	(0.23)	(0.50)	
- Nonresidential	7.85	(4.80)	(13.22)	(7.86)	(5.28)	(0.09)	3.27	5.05	
Growth	<u>5.26</u>	<u>1.79</u>	<u>0.40</u>	<u>1.08</u>	<u>1.97</u>	<u>2.16</u>	<u>2.13</u>	<u>1.93</u>	
TOTAL	16.77%	(0.96)%	(6.08)%	(1.38)%	0.68%	2.52%	2.70%	2.73%	
	1999	2000	2001	2002	2003	2004	2005	2006	2007
Equalization	1.77%	2.96%	5.13%	9.70%	11.72%	9.94%	9.54%	20.80%	19.76%
- Residential	0.04	0.77	5.13	11.26	16.27	14.55	11.29	23.09	20.57
- Nonresidential	7.12	9.24	5.15	5.92	0.52	(2.94)	3.74	12.74	16.64
Growth	<u>2.19</u>	<u>3.37</u>	<u>3.81</u>	<u>3.94</u>	<u>3.42</u>	<u>2.54</u>	<u>2.50</u>	<u>2.69</u>	<u>2.94</u>
TOTAL	3.96%	6.33%	8.94%	13.64%	15.14%	12.48%	12.04%	23.49%	22.70%

**Value of one penny in
FY 2007 = \$21.9 million**



Real Estate Revenue: Equalization Components

Residential

- ❖ Approximately 79.9% of Base
- ❖ Residential Values increase 20.57%
 - 6th consecutive year of double-digit increases
 - Since FY 2001, average home values have more than doubled from \$208,126 to \$540,746
- ❖ Results from:
 - Robust local real estate market
 - Sustained increase in prices
 - High demand
 - Limited supply
 - Favorable interest rates
- ❖ All types of residential property experiencing increases in value but most at a slightly lower rate than FY 2006



Real Estate Revenues: Equalization Components

Residential Equalization Changes

Housing Type (Percent of Base)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Single Family (72.0%)	12.08%	16.14%	14.15%	11.20%	22.21%	20.37%
Townhouse/Duplex (19.3%)	10.98%	18.56%	17.00%	12.99%	26.08%	22.69%
Condominiums (7.9%)	10.30%	21.19%	20.09%	16.24%	33.49%	25.97%
Vacant Land (0.6%)	7.90%	15.23%	23.23%	15.19%	26.32%	25.44%
Other (0.2%) ¹	5.73%	3.00%	2.58%	4.89%	5.30%	9.67%
Total Residential Equalization (100%)	11.26%	16.27%	14.55%	11.29%	23.09%	20.57%

¹ Includes affordable dwelling units, recreational use properties, and agricultural and forestal land use properties.

Impact on Typical Fairfax County Household

<u>Fiscal Year</u>	<u>Mean Assessed Value of Residential Property</u>	<u>Real Estate Tax Rate Per \$100</u>	<u>Tax Per Household</u>
FY 2001	\$208,126	\$1.23	\$2,559.95
FY 2002	\$234,749	\$1.23	\$2,887.41
FY 2003	\$276,945	\$1.21	\$3,351.03
FY 2004	\$321,238	\$1.16	\$3,726.36
FY 2005	\$361,334	\$1.13	\$4,083.07
FY 2006	\$448,491	\$1.00	\$4,484.91
FY 2007	\$540,746	\$0.93	\$5,028.94

Real Estate Revenues: Equalization Components

Nonresidential Equalization Changes

Category (Percent of Base)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Apartments (15.9%)	6.53%	9.59%	3.86%	1.86%	11.21%	11.65%
Office Condominiums (3.4%)	4.95%	7.75%	15.63%	13.59%	18.01%	1.96%
Industrial (7.0%)	7.25%	2.08%	(1.29%)	5.26%	8.89%	12.61%
Retail (12.2%)	2.84%	1.91%	2.91%	7.91%	10.99%	18.56%
Regional Malls (2.0%)	2.20%	0.34%	6.95%	3.00%	4.06%	2.24%
Office Elevator (39.3%)	6.54%	(2.48%)	(10.73%)	3.27%	18.81%	24.16%
Office – Low Rise (4.8%)	7.30%	1.46%	(6.27%)	5.42%	17.56%	23.94%
Vacant Land (5.3%)	6.36%	(0.08%)	(6.55%)	7.15%	10.07%	21.88%
Hotels (4.1%)	6.58%	(15.39%)	(6.23%)	4.48%	15.34%	25.54%
Other (6.0%)	6.35%	3.02%	6.00%	5.15%	8.52%	12.19%
Nonresidential Equalization (100%)	5.92%	0.52%	(2.94%)	3.74%	12.74%	16.64%

Real Estate Revenues: Equalization Components

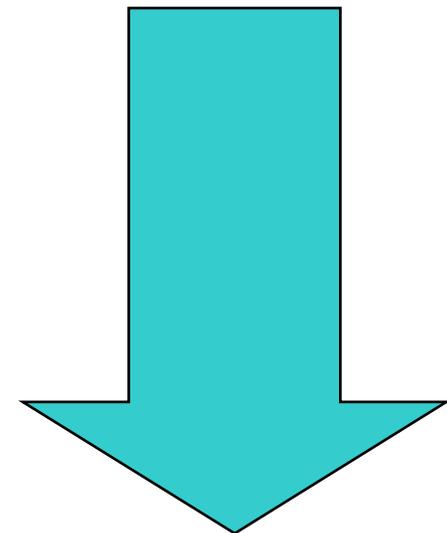


Nonresidential

- ❖ Nonresidential values increased 16.64%

Office Vacancy:

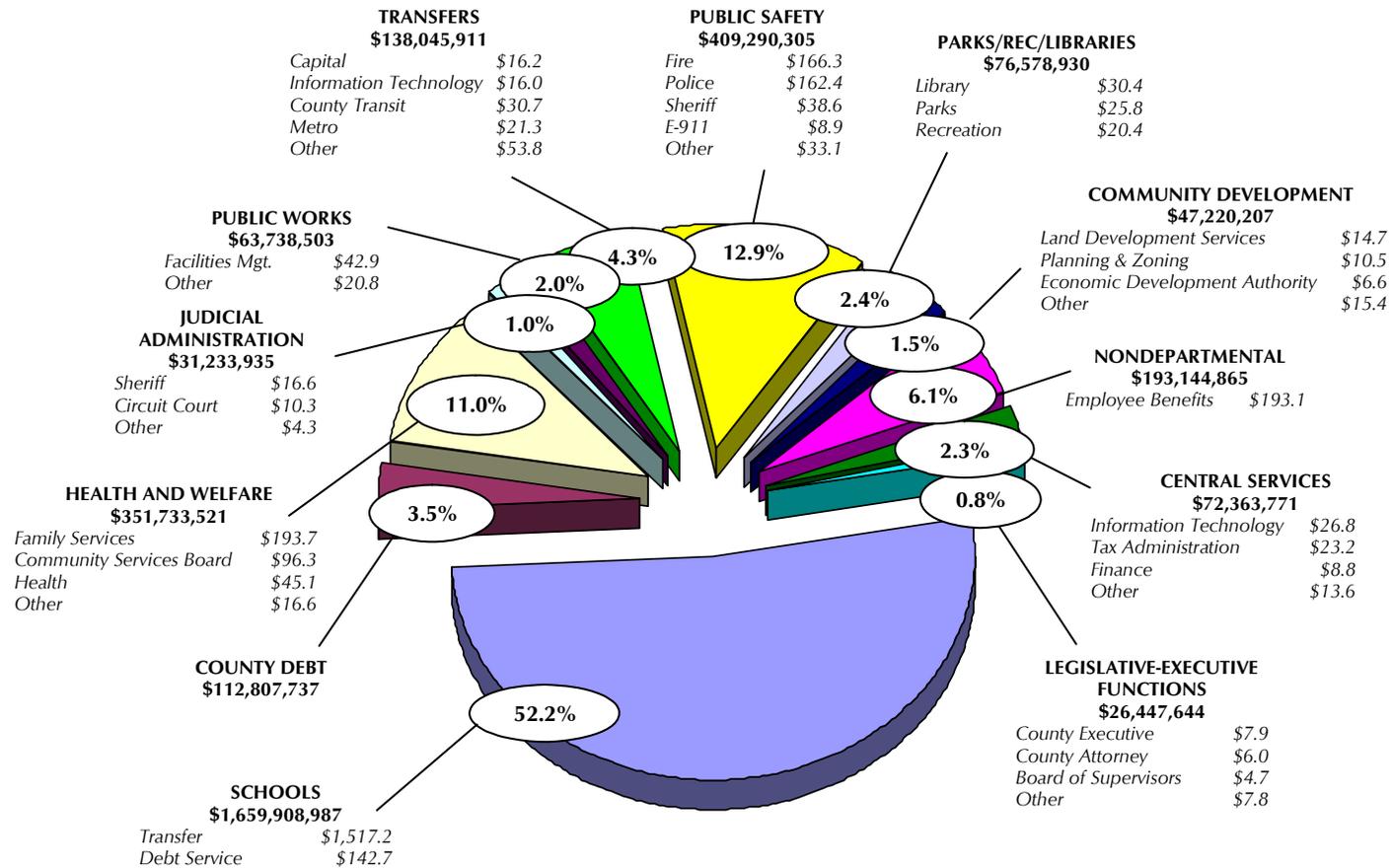
- 2002 – 12.1%
 - 2003 – 11.2%
 - Mid-2005 – 7.6% (lowest level since 1996)
With sublets – 10.1%, down from 11.6%
-
- ❖ Commercial/Industrial percentage of total real estate assessment base:
 - FY 1990 = 26.76% (highest rate in over a decade)
 - FY 1996 = 19.04%
 - FY 2001 = 25.37%
 - FY 2002 = 24.84%
 - FY 2003 = 21.97%
 - FY 2004 = 19.14%
 - FY 2005 = 18.20%
 - FY 2006 = 17.36%
 - FY 2007 = 17.22%



FY 2007 General Fund Disbursements ("Where It Goes")

\$3,182,514,316
(subcategories in millions)

(subcategories in millions)



FY 2007 GENERAL FUND DISBURSEMENTS = \$3,182,514,316

County Disbursements

- ❖ General Fund Disbursements total \$3.2 billion, a 2.74 percent increase over the *FY 2006 Revised Budget*
- ❖ General Fund Direct Expenditures total \$1.2 billion, a 3.88 percent increase over the *FY 2006 Revised Budget*
- ❖ The total recommended FY 2007 budget is \$5.5 billion (All Funds)

County Support for Fairfax County Public Schools

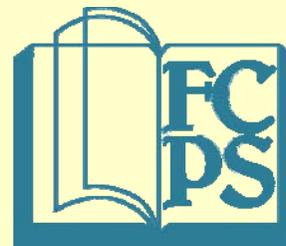
The combined transfer for School operating and School debt service is \$1.66 billion, which represents 52.2% of total County disbursements.

FY 2007 Transfer for School Operations = \$1.52 billion

- ❖ An increase of \$86 million or 6.0% over FY 2006
- ❖ Consistent with the Board's Guidelines
- ❖ School Board Request = \$1.56 billion
 - An increase of \$126 million or 8.8% over FY 2006
 - Exceeds guidelines by \$40.2 million

FY 2007 Transfer for School Debt Service = \$142.7 million

**Board Priority:
Strong Investment
in Education**



Other County Support for Fairfax County Public Schools

In FY 2007, a total of \$56.6 million in additional County support is provided for FCPS.

Includes funding for:

- | | |
|---|----------------|
| ❖ Comprehensive Services Act (CSA),
School-Age Child Care (SACC),
and Head Start Programs | \$29.0 million |
| ❖ School Public Health Nurses and
Clinic Room Aides | \$11.9 million |
| ❖ School Crossing Guards and
School Resource Officers | \$8.0 million |
| ❖ After-School Programming | \$3.9 million |
| ❖ Other | \$3.8 million |

FY 2007 Budget: Position Changes

- ❖ Increases associated with:
 - Opening new facilities and Public Safety - 147
 - Workload requirements - 9

- ❖ Total Increase of 156/152.99 SYE Net Positions
 - Maintains ratio of positions per 1,000 residents at 11.18

<u>Positions Per 1,000 Residents</u>						
<u>FY 1992</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
13.57	11.45	11.40	11.25	11.19	11.18	11.18

FY 2007 Budget: Recommendations

- ❖ The following pages show FY 2007 funding and position adjustments listed by Board Priority and/or County Vision Element

BOARD PRIORITIES

Strong Investment in Education

Public Safety and Gang Prevention

Affordable Housing

Environmental Protection

Transportation Improvements

Revenue Diversification to
Reduce Burden on Homeowners

COUNTY VISION ELEMENTS

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

Maintaining Safe and Caring Communities



- ❖ **Fire and Rescue Dept. 7th Battalion** **\$1.7 million**
 - Three new fire stations by 2008 (Fairfax Center, Crosspointe, and Wolf Trap, opening Spring 2006, FY 2007 and FY 2008, respectively)
 - Provides oversight and management support of field personnel
 - Requires 8/8.0 SYE new positions

- ❖ **Rescue Company Safe Staffing** **\$3.3 million**
 - Fourth person added to each Rescue Company
 - Allows for two tactical teams of two for assignments such as forcible entry, primary search and fire attack, and quicker extrication of trapped victims
 - Consistent with National Fire Protection Association standards
 - Requires 32/32.0 SYE new positions

Maintaining Safe and Caring Communities



- ❖ **Police Patrol and Dept. of Public Safety Communications (DPSC) Staff** **\$4.2 million**
 - 24/24.0 SYE new Police Officers for patrol
 - To reduce response times, enhance community policing and support officer safety training
 - 5/5.0 SYE new Police Lieutenants at DPSC
 - Guidance and direction to call-takers and dispatchers on police-related calls

- ❖ **Criminal Investigations Bureau** **\$0.9 million**
 - 6/6.0 SYE additional positions based on increase in cases
 - To be deployed in Financial Crimes Section, Homicide/Sex Crimes/Cold Case Squad and to analyze crime data for resource deployment

- ❖ **Police Support Positions** **\$0.5 million**
 - 5/5.0 SYE positions to support recruitment, property and evidence room, and police communications and records management

Maintaining Safe and Caring Communities



- ❖ **Animal Control Officers** **\$0.3 million**
 - 3/3.0 SYE positions to improve response times to calls for service, improve investigations, and enhance educational outreach

- ❖ **Expansion of After-School Programming at Middle Schools** **\$2.4 million**
 - Expands services from 3 to 5 days per week at all FCPS Middle Schools
 - Academic, social/enrichment and recreational activities

- ❖ **Youth Worker Program** **\$0.1 million**
 - Expand Youth Worker Program to assess and make recommendations on effectiveness of youth services in County, particularly youth at risk for gang involvement

**Board Priority:
Public Safety
and Gang
Prevention**



Maintaining Safe and Caring Communities



❖ Courthouse Expansion

\$9.3 million

- Jennings Judicial Center Expansion adding 316,000 square feet
- To be completed in April 2007
- Funding for 16/16.0 SYE positions: building maintenance and operations (5); Information Desk (2); Security (6); and Information Technology requirements (3)
- Also includes funding for moving costs, utilities, custodial service, courtroom technology installation, systems and loose furniture



Maintaining Safe and Caring Communities: *Public Safety Compensation*



\$15.6 million

❖ **Market Rate Adjustment for Public Safety Personnel**

- Annual market index used to keep pay scales competitive

- FY 2007 market index is 4.25 percent
 - Higher due to CPI data including energy price hikes resulting from Hurricanes Katrina and Rita

- Used to adjust all non-public safety salary scales only



Maintaining Safe and Caring Communities: *Public Safety Compensation*



-
- ❖ **Fire and Rescue Salary Adjustment/ Other Adjustments** **\$3.4 million**
 - 2% adjustment for uniformed Fire and Rescue personnel
 - Based on comparative review of pay to market average; necessary to attract and retain quality staff
 - Adjust pay scales of Police Majors and Deputy Chiefs of Police to align with Deputy Fire Chiefs and Assistant Fire Chiefs
 - Increase stipends for Police Medics comparable to Fire Advanced Life Support (ALS) pay

 - ❖ **Step Increments for Uniformed Public Safety Personnel** **\$2.0 million**

 - ❖ **Shift Differential Adjustment** **\$0.4 million**

Maintaining Safe and Caring Communities



❖ Expanded Little River Glen Adult Day Health Care Center and Braddock Glen Assisted-Living Facility \$1.2 million

- To open in late FY 2006
- Will serve 35 individuals daily at day facility and offer 60 assisted-living units
- Positions for day facility added in FY 2006; Assisted-Living Facility to be operated with contract

NOTE: The FY 2007 Budget includes a summary of services specifically targeted to seniors; similar to the summary of services in support of Fairfax County Public Schools (FCPS).



Maintaining Safe and Caring Communities



❖ Public School Health Program

\$0.3 million

- New West Fairfax Elementary School to open in September 2006 and additional clinic room aide for Westfield High School
 - Requires 2/1.27 SYE clinic room aides

- Additional public health nurses to address school population increases
 - Requires 2/2.0 SYE public health nurses

Maintaining Safe and Caring Communities: *Other Health-Related Positions*



-
- ❖ **Medical Reserve Corps Staffing** **\$0.2 million**
 - 2/2.0 SYE positions needed based on expiration of grant
 - To recruit, train and manage 6,000 volunteers

 - ❖ **Health Department Communicable Disease Positions** **\$0.2 million**
 - 2/2.0 SYE positions needed to address investigation and monitoring requirements of Communicable Disease Unit

 - ❖ **Health Department Pandemic Planning** **\$0.1 million**
 - 1/1.0 SYE position to provide pandemic planning, program evaluation, community needs assessment and monitoring, and program development

 - ❖ **Chemical Hazards Staff** **\$0.2 million**
 - 2/2.0 SYE positions to staff chemical hazard response capability within Health Department
 - To monitor and prevent public health exposures to toxic substances, contamination of groundwater and other emerging chemical releases

Maintaining Safe and Caring Communities



❖ **Child Care Assistance and Referral** **\$4.1 million**

- Supports enrollment level of 5,400 child care years
- Based on July 2005 service level which reflects increase of 400
- Increase partially offset by additional federal revenue of \$0.8 million for a net cost of \$3.3 million
- Increasing enrollment based on population increase, lower unemployment rates, and increased TANF and VIEW caseloads
- Additional program growth to be managed through waiting list

Maintaining Safe and Caring Communities



❖ School Age Child Care Centers

\$0.8 million

- Two New Centers: Oak Hill Elementary School (Sully) and West Fairfax Elementary School (Springfield)
- Requires 12/9.72 SYE new positions



❖ Medically Fragile Homeless Care

\$0.2 million

- Provides nurse practitioner services in the County's five homeless shelters
- Requires 2/2.0 SYE positions: one for Medically Fragile Homeless Care Pilot program and one to replace grant funding

Maintaining Safe and Caring Communities



❖ Katherine K. Hanley Family Shelter \$1.2 million

- Scheduled to open April 2007
- Comprehensive emergency shelter services to 20 families



❖ The Enterprise School \$0.1 million

- Funding to replace expiring federal grant
- Alternative High School offering mental health intervention

Maintaining Safe and Caring Communities



❖ **Public Safety and Transportation Operations Center (PSTOC) Staff** **\$0.3 million**

- Scheduled to open November 2007
- 6/6.0 SYE positions for Facilities Management for maintenance and operations of 24/7 facility
- 1/1.0 SYE position as PSTOC General Manager to oversee administrative needs of facility including management of inter-local agreements, contracts, SOPs and budget





Building Livable Spaces

❖ Penny for Affordable Housing

- Annually dedicates value of one penny (Real Estate Tax)
- County goal to preserve 1,000 units of affordable housing and create 200 new affordable housing units by the end of FY 2007

\$21.9 million



**Board Priority:
Affordable
Housing**



❖ Combined Community Inspector Program

- 5/5.0 SYE positions to respond to increased zoning and health-related complaints

\$0.5 million



Building Livable Spaces

❖ **GIS Specialist for Housing** **\$0.1 million**

- 1/1.0 SYE position in the Department of Housing and Community Development to support revitalization efforts

❖ **Opening of CLEMYJONTRI Park and Turner Farm** **\$0.1 million**

- 1/1.0 SYE position to operate facilities opening in late FY 2006
- First fully accessible playground park serving disabled children
- Equestrian trails and activities at Turner Farm in Great Falls





Building Livable Spaces

- ❖ **Walk-on Field Use Monitors** **\$0.9 million**
 - Ensures access for scheduled use of County fields
 - Includes field use monitoring teams, trash removal, and signage

- ❖ **Athletic Field Maintenance** **\$5.0 million total**
 - Maintenance, improvements, gym custodial support and funding for one synthetic field turf field annually
 - Supported by Athletic Field Application Fees in amount of \$0.9 million
 - An increase of \$0.5 million over FY 2006 level of \$4.5 million

Practicing Environmental Stewardship



❖ Penny for Stormwater Management **\$21.9 million**

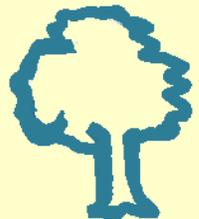
- Annually dedicates value of one penny (Real Estate Tax)
- \$300+ million in system repairs, rehabilitation and upgrades required
- Projects include assessment and repair of infrastructure, water quality improvement measures, and activities to comply with federal and state mandates
- 3/3.0 SYE new positions added at a cost of \$0.2 million to manage over 100 projects

❖ Developer Default Program

- 2/2.0 SYE additional positions to manage the completion of public facilities, including walkways and storm drainage improvements upon developer default.
- County pursues reimbursement as available

\$0.2 million

**Board Priority:
Environmental
Protection**



Connecting People and Places

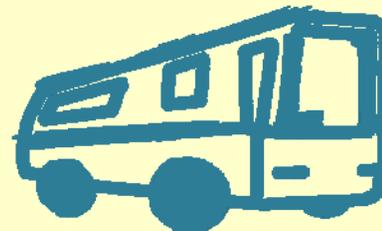


❖ Metro Funding (General Fund Transfer) \$19.5 million

- For Metrorail and Metrobus operating and capital requirements
- Total County obligation of \$61.1 million
- No increase over FY 2006 level for County transfer
- Capital requirements total \$23.3 million; \$13.7 million funded with General Obligation Bonds



**Board Priority:
Transportation
Improvements**



Connecting People and Places



❖ County Transit Funding (General Fund Transfer)

\$30.7 million

- An increase of \$6.6 million or 27.1% over FY 2006 level:
 - Supports operation of FAIRFAX CONNECTOR and contractual obligations of Virginia Railway Express (VRE)
 - Funds higher contract costs and increased fuel prices
 - Supports new Reston Town Center Transit Center, SmarTrip farebox installation on CONNECTOR buses, emergency preparedness requirements, and Burke Library Shuttle



Connecting People and Places



- ❖ **Transportation-Related Positions** **\$0.3 million**
 - 3/3.0 SYE positions to address workload
 - Includes support for Residential Traffic Administration programs, Metrobus Service Planning and contract oversight and monitoring of CONNECTOR

- ❖ **Computer Center Operations and Equipment** **\$2.4 million**
 - Maintenance and operation of County Computer Center
 - Increase based on higher equipment replacement costs, rising software license prices, and increased telecommunication charges

Connecting People and Places



❖ Information Technology Funding	\$16.8 million
▪ Mandated requirements	\$0.6 million
▪ Completion of prior investments	\$1.1 million
▪ Enhanced County security	\$1.8 million
▪ Improved service and efficiency	\$7.0 million
▪ Maintaining a current and supportable technology infrastructure	<u>\$6.3 million</u>

Total FY 2007 Information Technology Projects **\$16.8 million**

- **The FY 2007 Advertised Information Technology Plan can be viewed on the web at:**

<http://www.fairfaxcounty.gov/gov/dit/itPlan/advertised07.htm>

Creating a Culture of Engagement



❖ Consolidated Community Funding Pool \$8.2 million

- 1st year of two-year cycle
- Provides 10% increase or \$0.75 million in additional General Fund Support
- Leverages additional funds through cash-match from other non-County sources, in-kind services from volunteers, or contributions from businesses, the faith community and others
- Community Development Block Grant (CDBG) funding of \$2.2 million will likely be reduced in federal budget



Creating a Culture of Engagement



❖ Senior Initiatives

\$2.4 million

▪ Fairfax County CARE Fund

\$0.5 million

- Investment to leverage private funds to address shortage of assisted-living facilities for low-income seniors and adults with disabilities

▪ Support Creation of Long-Term Care Non-Profit

\$0.4 million

- To build capacity and support for providers of long-term care services



Creating a Culture of Engagement



❖ Senior Initiatives (continued)

- **Late-Stage Alzheimer's Care** **\$0.3 million**
 - Contract with Alzheimer's Family Day Center serving approximately 65 individuals and their families

- **Fairfax County Incentive Fund** **\$0.3 million**
 - Annual grants to community organizations to stimulate development of long-term care services

- **Expansion of Senior Plus Program** **\$0.9 million**
 - Higher level of assistance to participate in senior activities at senior centers
 - Two current sites; FY 2007 expansion to 5 more (South County, Little River Glen, Lorton, Lincolnia and Sully Senior Center)

Maintaining Healthy Economies



❖ **Inmate Tracking System** **\$0.3 million**

- Active GPS system to monitor inmates in alternative incarceration programs
- Allows inmates to earn income to offset housing and service costs, pay restitution, child support and other financial obligations
- Costs to be covered by increased inmate fees

❖ **Information Technology Positions** **\$0.5 million**

- 4/4.0 SYE positions to support: Customer service, wireless service for County projects, interoperability requirements within region and security of County services and information on the internet



Exercising Corporate Stewardship

- ❖ **Fuel and Utility Cost Increases** **\$6.2 million**
 - Fuel increase of nearly 35% over FY 2006 reflecting market conditions and ongoing conversion to ultra low sulfur diesel fuel
 - Increase in utilities based on higher natural gas prices

- ❖ **Non-Public Safety** **\$10.8 million**
Employees Adjustments
 - Pay raises for non-Public Safety employees will be based solely on performance rating
 - Scale of 0-6 percent
 - Annual market index of 4.25% used to keep pay scales competitive – impacts scale only

- ❖ **Retirement Funding** **\$9.6 million**
 - Based on impact of employer contribution rates determined by actuarial analysis and 5-year experience study and increase based on FY 2007 salary adjustments



Exercising Corporate Stewardship

- ❖ **Health Insurance Increase** **\$2.3 million**
 - Assumes premium increases in County plan effective January 1, 2006 (0% - Self-Insurance Plan and 10% - HMO)
 - Increase based on increased utilization and prescription drug costs; self-insurance plan has experienced medical cost growth below national average
 - New joint selection process for County and Schools' health insurance providers in CY 2006

- ❖ **Retiree Health Benefits** **\$0.3 million**
 - Based on estimated number of new retirees
 - No change in benefits (GASB 45)

- ❖ **Dental Insurance** **\$0.6 million**
 - Premium increase of 10% based on cost and enrollment
 - Provides 50% employer contribution

Other Tax and Fee Adjustments

❖ Refuse Collection Fee Increase

- Increase in fee from \$270 to \$315 due to increased cost of service
- 40,000 customers affected

❖ Sewer Service Rate Increase

- Increased from \$3.28 to \$3.50 per 1,000 gallons of water consumption
- Associated with increased costs for construction, system operation and maintenance, debt service and upgrades to reduce nitrogen discharge to meet Chesapeake Bay regulations
- Additional annual cost to the typical household is anticipated to be \$16.72

❖ Sewer Availability Charge Increase

- Increased from \$5,874 to \$6,138 for new single-family home
- Based on Forecasted Financial Statement from 2005-2010

FY 2007 Reserves – Investment Opportunities

- ❖ Balance of \$134.94 million remains after FY 2007 proposed disbursements

- ❖ Recommendation is to use these funds for **critical** needs and investment opportunities including the following:
 - **Governmental Accounting Standards Board (GASB) No. 45** **\$10.20 million**
 - To comply with standard on how local governments should account for costs related to post-employment benefits; begins to address estimated actuarial accrued liability of \$191 million (excluding Schools)

FY 2007 Reserves – Investment Opportunities

- **Jennings Courtroom Renovations and Elevators** **\$15.55 million**
 - \$550,000 each for 25 courtrooms not included in scope of Courthouse Expansion project
 - \$1.8 million for elevator replacement

- **Construction Inflation Adjustments** **\$12.00 million**
 - Due to increases in construction material costs and skilled labor shortages
 - \$12.00 million is 5 percent of projected FY 2006 and FY 2007 construction projects

- **County Entryway Signage** **\$0.50 million**
 - Phased implementation
 - Installation by June 2007

FY 2007 Reserves – Investment Opportunities

- **Land Acquisition/
Facility Opportunities** **\$8.00 million**
 - Flexibility for Board of Supervisors
 - Currently only \$1.0 million is recommended in the FY 2007 budget
 - Dwindling land availability

- **Critical Board Projects** **\$10.00 million**
 - \$1.0 million per Board member
 - High priority infrastructure projects such as streetlights, trails and sidewalk improvements

- **Safety Enhancements
at Bus Shelters and Bus Stops** **\$10.00 million**
 - Results of September 2005 Bus Stop Inventory and Safety Study
 - Improvements needed for unsafe, difficult to access facilities; also compliance with Americans with Disabilities Act requirements
 - 344 priority bus stops with needs ranging from \$10-\$15 million

FY 2007 Reserves – Investment Opportunities

- **Capital Renewal Projects** **\$11.84 million**
 - Comprehensive facilities assessment
 - \$80 million needed over next 10 years for projected repair and equipment replacement needs
 - Industry standard is 2 percent of replacement value; would be \$3.00 per square foot for the County; FY 2007 funding only provides for \$0.30 per square foot

- **Board Consideration** **\$56.85 million**
 - Additional Real Estate Tax rate reduction
 - Other Board priorities

FY 2007 Budget Schedule

- ➔ February 27, 2006 County Executive presents FY 2007 Advertised Budget Plan
- ➔ March 13, 2006 FY 2007 Budget, Tax Rate and FY 2006 Third Quarter Review to BOS for advertisement
- ➔ April 3-5, 2006 Public Hearings on FY 2007 Budget, FY 2006 Third Quarter and FY 2007-FY 2011 Capital Improvement Program
- ➔ April 24, 2006 Budget Mark-Up
- ➔ May 1, 2006 Budget Adoption

FY 2007 Budget

The entire [*FY 2007 Advertised Budget Plan*](#) is available on the Internet:

<http://www.fairfaxcounty.gov/dmb>

The budget is also available on compact disc (CD).

