

Budget Highlights

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Budget Highlights

FY 2007 FAIRFAX COUNTY BUDGET FACTS

Budget Guidelines

- ◆ The Board of Supervisors approved **Budget Guidelines** that directed the County Executive to develop a budget for FY 2007 that includes **further real estate tax reductions** if real estate taxes or other revenues increase significantly.
- ◆ **Information on FY 2007 revenue and the economic outlook** was forwarded to the Board in August 2005, after which the Board directed the County and Schools to maintain budget growth at no more than 5.0 percent and 6.0 percent, respectively, for FY 2007.
- ◆ **The County Budget presentation should continue to focus on the Board's Priorities and the County Vision Elements.** The budget should address market forces impacting the budget, demographic changes and other budget growth drivers, as well as include a clear identification of initiatives targeted at seniors, a growing segment of the population.
- ◆ **In order to prevent future structural imbalances,** non-recurring funds will be directed toward non-recurring uses and only recurring resources may be targeted toward recurring expenses, and **the County's policy concerning the utilization of recurring and non-recurring funds should be followed by the School Board.**
- ◆ **Available balances materializing at the Carryover and Third Quarter Reviews** that are not required to support expenditures of a critical nature or to address the Board's policy on the Revenue Stabilization Fund should be held in reserve to offset future requirements or one-time requirements such as unfunded capital paydown, as well as review the use of recurring resources for additional senior and elderly tax relief.
- ◆ **Implement the stormwater management program** using the penny on the real estate tax rate dedicated to this purpose.
- ◆ **Allocate Athletic Service fee revenue** for enhanced field maintenance and the initiation of an artificial turf program.
- ◆ **Review various programs** including Affordable Housing, the Public Safety and Transportation Operations Center, Young People Concerned about Gangs, and Compensation.

Expenditures

- ◆ **General Fund Direct Expenditures** total \$1.17 billion, an increase of \$43.52 million or 3.88 percent over the *FY 2006 Revised Budget Plan*.
- ◆ **General Fund Disbursements** total \$3.18 billion and reflect an increase of \$84.97 million or 2.74 percent over the *FY 2006 Revised Budget Plan*.
- ◆ **The County General Fund Transfer** for school operations totals \$1.52 billion, an increase of \$85.88 million or 6.00 percent over the *FY 2006 Revised Budget Plan* transfer.
- ◆ **Expenditures for All Appropriated Funds** total \$5.49 billion.
- ◆ **General Fund Support for Information Technology (IT) Projects** is \$16.0 million. FY 2007 project consideration was guided by priorities established by the IT Senior Steering Committee. Projects with the highest priority include those mandated by the federal or state government, as well as those necessary to complete previous project investments, enhance County security, improve service and efficiency, and maintain the IT infrastructure.
- ◆ **Pay-As-You-Go Capital Construction** projects total \$26.16 million.
- ◆ **Authorized Positions** for all funds are increasing by 156/152.99 SYE positions in FY 2007, most of which are for new facilities and public safety requirements.

Tax Base

- ◆ **Total FY 2007 General Fund Revenue** is \$3.32 billion and reflects an increase of \$269.29 million or 8.83 percent over the *FY 2006 Revised Budget Plan*.
- ◆ **One Real Estate Penny** is equivalent to approximately \$21.9 million in tax revenue.
- ◆ **One Personal Property Penny** is equivalent to approximately \$1.1 million in tax revenue.
- ◆ **The Average Residential Assessed Property Value** is \$540,746.
- ◆ **The Commercial/Industrial percentage** of the County's Real Estate Tax base is 17.22 percent, the lowest rate in over 20 years.
- ◆ **The Assessed Value** of all real property is projected to increase \$40.6 billion or 22.70 percent over FY 2006.
- ◆ **Real Estate and Personal Property Taxes** (including the Personal Property portion being reimbursed by the Commonwealth) comprise approximately 75.4 percent of General Fund Revenues.

Tax Rates

- ◆ **Real Estate Tax Rate** is proposed to be reduced by \$0.07, from \$1.00 per \$100 of assessed value to \$0.93 per \$100 of assessed value.
- ◆ **Personal Property Tax Rate** remains at \$4.57 per \$100 of assessed value.
- ◆ **Leaf Collection Rate** remains at \$0.015 per \$100 of assessed value.
- ◆ **Refuse Collection Rate** for County collection sanitation districts increases from \$270 to \$315 per household.
- ◆ **Refuse Disposal Rate** increases from \$48 to \$50 per ton.
- ◆ **Solid Waste Ash Disposal Rate** remains constant at \$11.50 per ton.
- ◆ **Integrated Pest Management Program**, a Countywide Special Tax, remains at \$0.001 per \$100 of assessed value, or an average of \$5.41 annually per household.
- ◆ **E-911 Tax Rate** remains at \$3.00 per line per month.
- ◆ **Sewer Service Rate** increases from \$3.28 to \$3.50 per 1,000 gallons of water consumption.
- ◆ **Sewer Availability Charge** for new single family homes increases from \$5,874 to \$6,138.

Population

- ◆ **Fairfax County's population** is estimated to be 1,058,900 persons as of January 2006. This is an increase of 1.7 percent over the January 2005 estimate of 1,041,200 and is an increase of 29.4 percent over the 1990 census count of 818,584.

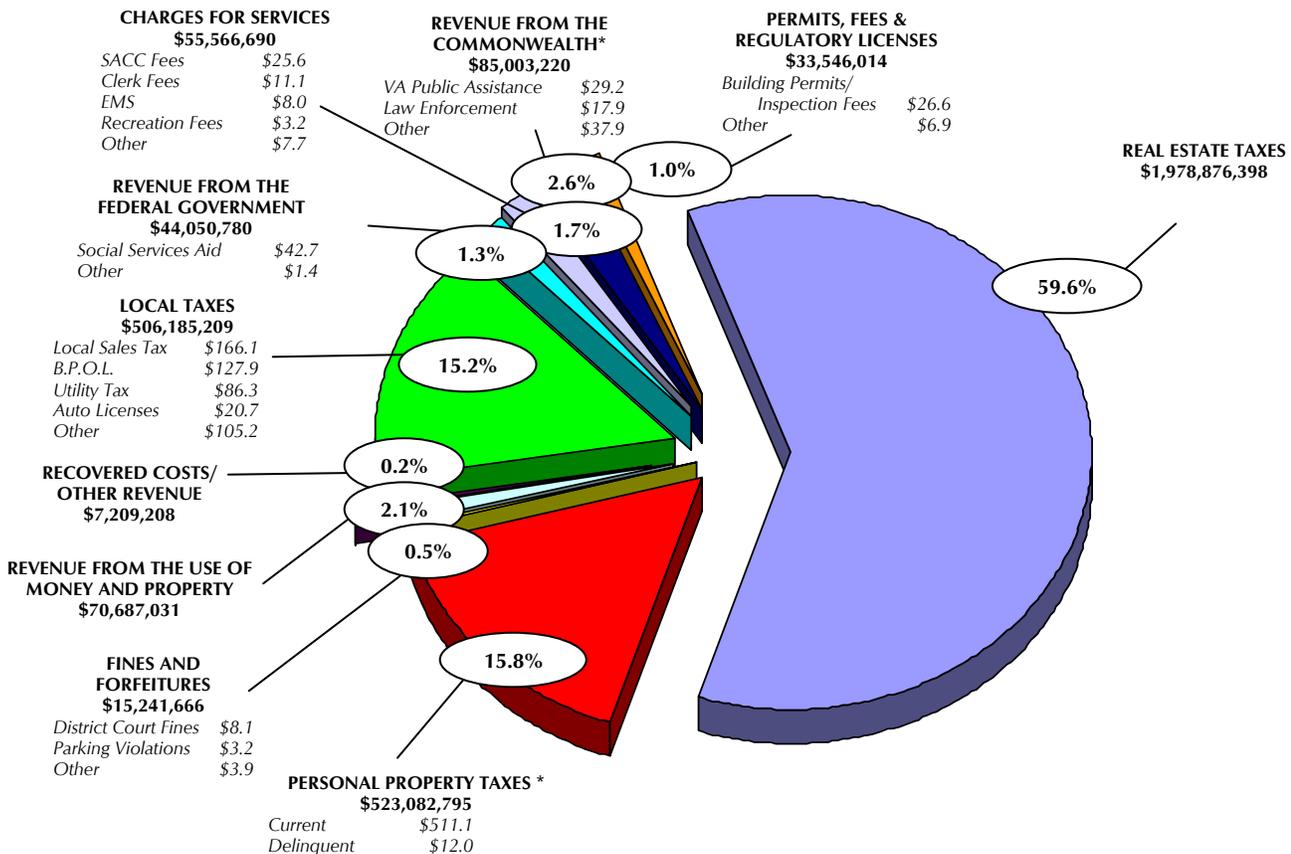
Budget Highlights

FY 2007 BUDGET GENERAL FUND REVENUES

FY 2007 revenues are projected to be \$3,319,449,011, an increase of \$269,291,892, or 8.83 percent, over the *FY 2006 Revised Budget Plan*. This level of revenue growth in FY 2007 is due predominantly to an increase of \$208.1 million, or 11.75 percent, in Real Estate Tax revenue. All other categories reflect a net increase of approximately \$61.2 million, or 4.78 percent, over FY 2006. Growth in Real Estate Tax revenue is the result of an increase of 22.7 percent in the assessment base, partially offset by a \$0.07 reduction in the Real Estate Tax rate from \$1.00 per \$100 of assessed value to a proposed rate of \$0.93 per \$100 of assessed value.

\$3,319,449,011

(subcategories in millions)



* 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.

Budget Highlights

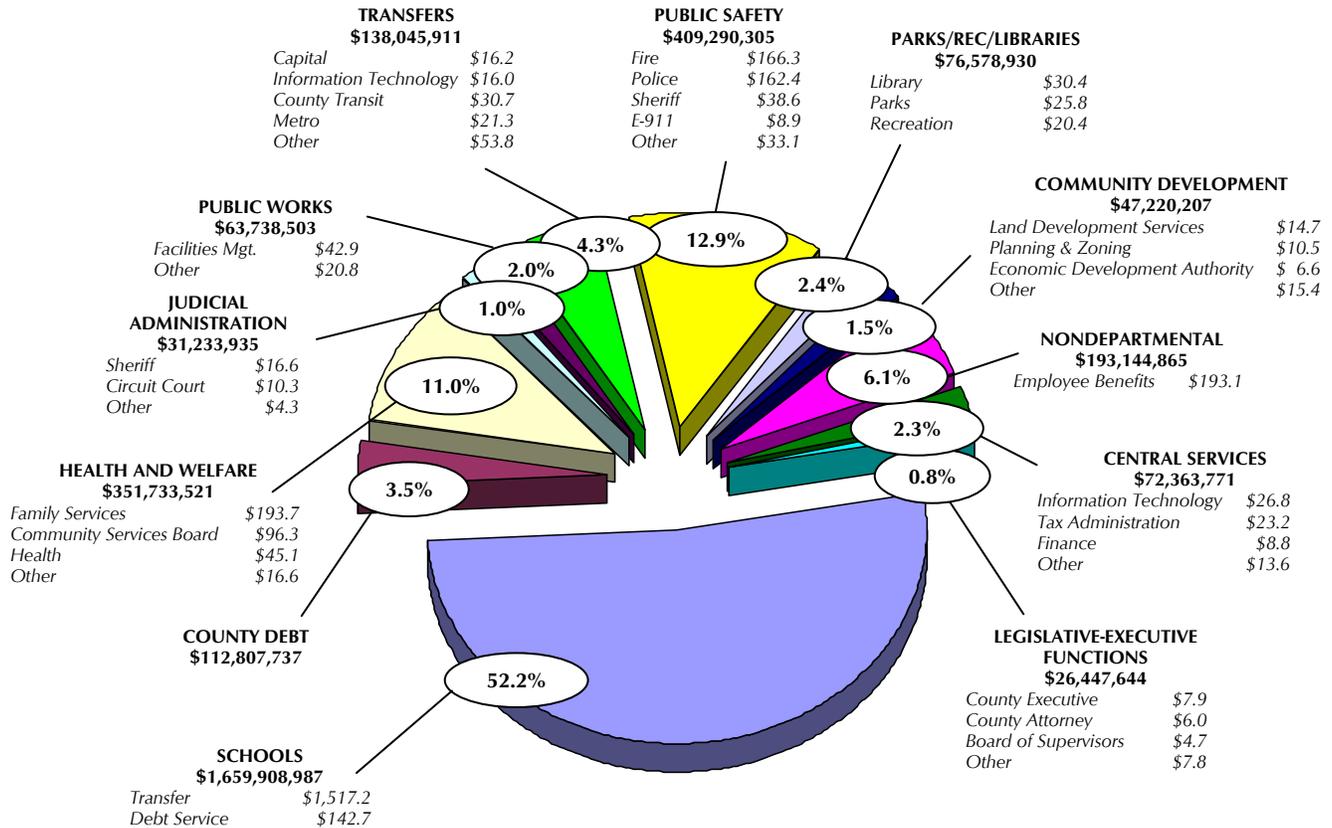
FY 2007 BUDGET GENERAL FUND DISBURSEMENTS

FY 2007 disbursements total \$3,182,514,316, an increase of \$84,971,626, or 2.74 percent, over the *FY 2006 Revised Budget Plan* amount of \$3,097,542,690. The recommended transfer to the School Operating Fund is \$1,517,218,089, which is an increase of \$85,880,269, or 6.00 percent, over FY 2006. In addition, the County's contribution to School Debt Service for FY 2007 is \$142,690,898, reflecting an increase of \$12,409,455, or 9.53 percent, over the FY 2006 level.

The actual transfer request approved by the School Board on February 9, 2006 is \$1,557,385,479 and reflects an increase of \$126,047,659, or 8.81 percent, over the FY 2006 transfer level. It is \$40,167,390 over the recommended transfer amount for FY 2007.

Recommended General Fund Direct Expenditures total \$1,166,552,092 and reflect an increase of \$43,524,441, or 3.88 percent, over the *FY 2006 Revised Budget Plan*. A summary of the major recommendations included in the FY 2007 Advertised Budget Plan is presented on the following pages. Details concerning each of these items can be found in the various budget volumes.

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



Budget Highlights

Major funding adjustments for FY 2007 are tied to Fairfax County's strategic priorities in order to clarify the linkage of the investment of resources to the desired outcomes. The road map used is based on the County Core Purpose supported by its seven associated vision elements (see box to right) as well as the priorities that the Board of Supervisors identified for the next four years at their strategic planning retreat in February 2004 (see below). Strategies and

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

funding to address these priorities have been incorporated in the FY 2007 Advertised Budget Plan and are addressed in greater detail on the following pages. These budget highlights are listed by the County vision element and/or Board of Supervisors' priority that they support. It should be noted that some of these initiatives may support more than one vision element; however, they are shown here based on their predominant focus.

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

For FY 2007, Fairfax County is providing \$1,659.91 million or 52.2 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:

- A transfer of \$1,517,218,089 to the School Operating Fund is included, which represents an increase of \$85,880,269 or 6.00 percent. This is in compliance with the Board of Supervisors' FY 2007 Budget Guidelines to limit the School Operating transfer to 6.00 percent; and
- A transfer of \$142,690,898 is provided for School Debt Service, which is an increase of \$12,409,455 or 9.53 percent over the FY 2006 level.

In addition to \$1.66 billion in the County transfers to FCPS for operations and debt service, Fairfax County provides additional support totaling \$56.62 million for the following programs:

- \$28.97 million for the Comprehensive Services Act (CSA), Head Start and School-Age Child Care (SACC) programs within the Department of Family Services;
- \$11.94 million to support School Health including Public School Nurses and Clinic Room Aides;
- \$7.98 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;
- \$3.95 million primarily for after-school programming in middle schools including additional funding of \$2.40 million to address the Board's priority of gang prevention;
- \$1.84 million for athletic field maintenance and other recreation programs;
- \$1.81 million in services provided by the Fairfax-Falls Church Community Services Board; and
- \$0.13 million for fire safety education programs for students.

BOARD PRIORITY:



**Strong Investment
in Education**

Budget Highlights

More detailed information regarding this additional support for FCPS may be found in the Financial, Statistical and Summary Tables section of this Overview Volume of the FY 2007 Advertised Budget Plan.



MAINTAINING SAFE AND CARING COMMUNITIES

Fire and Rescue Department 7th Battalion

\$1.7 million

An increase of \$1,706,121 including \$934,465 in Personnel Services and \$347,172 in fringe benefits for an additional 8/8.0 SYE positions, as well as \$265,484 in Operating Expenses and \$159,000 for Capital Equipment is associated with the creation of a 7th Battalion. The additional battalion will ensure appropriate oversight, management and control of the increasing complement of field personnel and will lower the station-to-battalion ratio, both of which have grown since the creation of the 6th Battalion in FY 1996. With the opening the North Point Fire Station in FY 2000 and three new upcoming fire stations – the Fairfax Center Fire Station, which is scheduled to open in spring 2006, and the Crosspointe and Wolf Trap Fire Stations, which will become operational in FY 2007 and FY 2008, respectively, the number of stations will increase from 34 in FY 1996 to 38. The addition of the 7th Battalion will provide adequate operational and management support for this increase in stations and personnel. Funding of \$265,484 for Operating Expenses is associated with equipment and supplies for the personnel, while \$159,000 in Capital Equipment is for the purchase of emergency vehicles, automated external defibrillators and computer terminals for the vehicles.

Rescue Company Safe Staffing

\$3.3 million

Funding of \$3,334,041 including \$2,301,440 in Personnel Services, \$815,601 in fringe benefits and \$217,000 in Operating Expenses is for 32/32.0 SYE positions, supplies and equipment associated with the addition of a fourth person to each of the Fire and Rescue Department's rescue companies. Current minimum staffing for a rescue company consists of one driver, one officer and one fire technician. Providing an additional fire technician to each rescue company will allow crew members the ability to operate in separate teams of two in order to conduct tactical assignments such as forcible entry, primary search and fire attack, as well as allow quicker extrication of trapped victims. This level of staffing is consistent with National Fire Protection Association standards, which recommend that fire companies whose primary functions are rescue and/or incident response be staffed with a minimum of four on-duty personnel.

Police Patrol and Department of Public Safety Communications Staff

\$4.2 million

An increase of \$4,231,475 is for the addition of 29/29.0 SYE positions to support the County's eight District Police Stations and emergency operations. Officers assigned to Patrol provide essential law enforcement and public safety services by responding to emergency and non-emergency calls for service, as well as assisting with traffic control, community policing, and other activities in order to protect and serve the residents of Fairfax County. The addition of the Police Officer positions will allow greater opportunity to reduce response times, further develop community policing concepts, engage residents in partnering to reduce crime, and enhance officer safety training. Of the 29/29.0 SYE positions, 24/24.0 SYE Police Officers will be deployed to district stations. The Department will use the additional positions to improve response times to calls for service, particularly for Priority 1 emergency calls. In CY 2004, the average response time for all types of calls for service was 22.1 minutes, compared to 18.4 minutes in CY 2000, and 16.0 minutes in CY 1996. Priority 1 emergency call response times increased to 6.9 minutes in CY 2004 from 6.1 minutes in CY 2003, an increase of 13.1 percent, and a trend that the Department is working diligently to reverse.

In addition to the 24/24.0 SYE Patrol Officers, 5/5.0 SYE Police Lieutenants will be deployed to the Department of Public Safety Communications (DPSC) to provide a 24-hour, 365-day sworn Police presence at the DPSC facility. The Officers assigned to the DPSC will provide guidance and direction to call-takers and dispatchers for Police-related calls and emergencies, and will be the primary liaison between the DPSC and the Police Department for operational issues as they relate to communications and the deployment of resources during emergency events.

Budget Highlights

Criminal Investigations Bureau

\$0.9 million

Funding of \$867,671 is for the addition of 6/6.0 SYE positions in the Criminal Investigations Bureau. Included are 4/4.0 SYE Police Detective positions to provide additional investigative support in the areas of fraud/financial crimes and identity theft, organized crime and narcotics, and other investigations as needed. The Department has seen a trend of offenders switching from traditional property-related index crimes (burglary, larceny, and vehicle theft) to other less traditional property crimes such as identity theft and fraud. This is demonstrated by the numbers of cases investigated by the Financial Crimes Section, increasing from 952 cases handled in 1998 to 1,604 cases in CY 2000, and more than 3,000 cases in CY 2005.

In addition, 1/1.0 SYE Police Sergeant is included as a supervisor for the Homicide/Sex Crimes/Cold Case Squad that is responsible for reviewing unsolved homicides, rapes, abductions and other sexual predator crimes. Members of the Homicide Squad average approximately 580 investigations per year involving unnatural deaths such as suicides, accidental deaths and homicides, while the Sex Crimes Squad investigates approximately 320 cases per year. There are currently 75 unsolved homicide cases and 1,200 unsolved rape cases, both of which require detailed analysis, coordination, extensive review and investigation. The addition of the Police Sergeant will help to improve supervision in this section, allowing for more cases to be reopened, and will share in the substantial workload handled by this squad. Finally, 1/1.0 SYE Crime Analyst I position is included to assist the Criminal Investigations Bureau by integrating crime information and data to identify crime trends at the local, state and federal levels in order to target crime patterns and provide predictive analysis for the deployment of personnel and other operational resources.

Police Support Positions

\$0.5 million

An increase of \$476,705 is for 5/5.0 SYE positions to perform a range of critical functions within the Police Department, including 1/1.0 SYE Police Officer position for the Department's sworn force recruitment efforts; 1/1.0 SYE Police Sergeant and 1/1.0 SYE Property and Evidence Technician for management of the Department's Property and Evidence Room; and 2/2.0 SYE Business Analyst II positions for Information Technology support related to management of the Department's Mobile Computer Terminal units and Automated Field Reporting system.

The Recruitment Officer will assist with recruitment efforts, including job fairs, career days, and educational and military institutions in Fairfax County and nationwide in order to fill vacant sworn positions with the highest quality candidates. In addition, and of particular focus for the Police Department, the additional Recruitment Officer will allow for more outreach efforts in diverse communities to help the Department become more reflective of the communities it serves. The 2/2.0 SYE positions associated with the Property and Evidence Room are included to provide additional supervision and workload capacity in the facility, which receives approximately 38,000 items per year. Staff working in the Property and Evidence Room are responsible for receiving evidence and property, conducting audits and inventory of stored items, retrieving property and evidence for Officers attending court, and performing purges or destruction of unwanted items. Finally, 2/2.0 SYE Business Analysts II are included to support critical Police communication and data tracking systems, as well as administer systems, track and manage inventory, make hardware repairs, install software, and provide training to users.

Animal Control Officers

\$0.3 million

Funding of \$319,927 is for 3/3.0 SYE Animal Control Officers (ACOs) to be assigned to the four existing squads that provide coverage throughout the County. ACOs respond to calls for service involving animal-related events that have a public safety and health impact, including pet licensing and inoculation violations, wildlife and exotic animal calls, firearm permit inspections, and hunting and fishing violations. The addition of these positions allows an opportunity for improved response times to calls for service, more time to be spent on investigations when necessary, greater opportunity for back-up when needed, and the ability to be more proactive and participate in educational and community policing functions. In 2005, the Animal Services Division handled 14,609 animal-related cases, including 2,910 impoundments, 889 bite cases, and made 1,481 arrests for rabies and license violations, inhumane animal treatment, and other animal-related infractions.

Budget Highlights

After-School Program at Fairfax County Middle Schools

\$2.4 million

To address the Board's priority of gang prevention, an amount of \$2.4 million is provided to support the expansion of after-school programming providing middle school youth with diverse educational, social and recreational opportunities in a supervised environment. This initiative will expand services from three days per week to five days per week, a minimum of two hours per day, at Fairfax County middle schools. Fairfax County Public Schools (FCPS) program coordinators will develop, plan and oversee implementation of a calendar of academic, social/enrichment and recreational activities, work with communities to develop program resources and sponsorships, coordinate prevention and recreation programs with the Department of Community and Recreation Services (CRS), schedule community use, and provide outreach to at-risk youth. The CRS coordinator will work with each school to organize the placement of County prevention programs, develop community/business resources, and create linkages between County and School programs and resources.

BOARD PRIORITY:



**Public Safety and Gang
Prevention**

Of the total increase, \$0.1 million reflects the full-year cost of a program coordinator position in CRS, while \$2.3 million supports increased contractual services provided by FCPS. When combined with the FY 2006 baseline funding level of \$1.1 million, total funding of \$3.5 million is included for this program in FY 2007. This funding level allows for the full implementation of the program one year earlier than originally planned.

Youth Worker Program

\$0.1 million

As another initiative in response to the Board's priority of gang prevention, an amount of \$0.1 million is included to expand the Youth Worker Program, originally initiated in the summer of 2005 (FY 2006) in the Falls Church, Baileys and Annandale areas. County teens will be given specific project tasks and goals related to assessing and making recommendations for improvement to existing youth services in Fairfax County with emphasis on the effectiveness of these services in reaching youth at risk for gang involvement. Additionally, the youth workers will be responsible for developing and implementing a marketing plan to reach underserved populations, as well as developing and implementing a gang prevention curriculum for elementary-aged youth.

Courthouse Expansion

\$9.3 million

\$9.3 million will support a major expansion to the Jennings Judicial Center, anticipated to be complete in April 2007. This expansion includes a 316,000-square-foot addition to the existing building including courtrooms, judges' chambers, office space, necessary support spaces, and site improvements. The expansion will consolidate court services, reduce overcrowding, allow after-hours access to the public law library and other court clerk functions, and provide additional courtroom space. The Courthouse expansion is greatly needed to keep pace with the growth in population, which has had a direct impact on caseload growth, translating into requirements for additional judges and support staff.

Funding includes \$1.6 million and 16/16.0 SYE positions to meet the needs associated with the expanded space. Additional positions are required in the Facilities Management Department (5/5.0 SYE), the Office of the Sheriff (6/6.0 SYE), the Department of Information Technology (3/3.0 SYE) and the Office of Public Affairs (2/2.0 SYE). The Facilities Management Department positions are necessary to establish an Operations and Maintenance satellite shop with staff dedicated to the courthouse facility. Staff will be on-site during construction, enabling them to become familiar with the equipment and systems as they are installed. Administrative positions funded in the Office of Public Affairs will manage the information desk, while Sheriff Deputies will provide the necessary level of security and surveillance within the expanded area of the Courthouse. Finally, the information technology positions will provide centralized information technology support for the entire Judicial Center. These positions will provide immediate response to courtrooms during trials, provide training to court staff, coordinate audiovisual teleconferences, support programming code, and help archive and retrieve electronic court records.

Budget Highlights

Additional funding totaling \$7.7 million is included to support the expanded facility and is associated with moving costs, utilities, maintenance and custodial work, courtroom technology, systems furniture and loose furniture for public spaces, the new cafeteria, conferences rooms and other common areas. Based on the timing of the overall project completion, some operating and staff costs will not be required until FY 2008 or FY 2009. Many of the future items are one-time costs and may be considered for funding at future Third Quarter or Carryover Reviews if balances are available.

Public Safety Compensation

- **Market Rate Adjustment** **\$15.6 million**
\$15.6 million, including fringe benefits, is recommended for a 4.25 percent Market Rate Adjustment (MRA) for Public Safety personnel including Police, Sheriff, and Fire and Rescue Department employees. In FY 2002, the County adopted a Market Index to maintain pay competitiveness in the future and avoid the need for large-scale adjustments to catch up with the market. The Market Index consists of the following components: the Consumer Price Index (CPI) for the Washington-Baltimore area, which represents 70 percent of the index; the Employment Cost Index, which measures the rate of change in employee compensation (private sector, state and local government employees) and accounts for 20 percent of the index; and the Federal Wage Adjustment for the Washington-Baltimore area, which accounts for 10 percent of the index.

The MRA for FY 2007 is significantly higher than previous years, which ranged from 2.56 to 3.07 percent. Due to the significant spike in energy costs after the natural disasters last year, the CPI data for September, the month typically used by the County for the CPI factor as it was generally the last month available before the decisions on the upcoming budget were made, reflected the substantial short-term jump in the cost of gasoline as a result of damaged refineries in the Gulf of Mexico. It should be noted that applying the CPI data from other available months would have resulted in a significantly lower MRA (approximately 0.5 percentage points less). While the index is applied to public safety uniformed staff salaries, as of FY 2001, non-public safety employee raises are based solely on their performance ratings. However, to ensure that pay scales remain competitive with the market, non-public safety pay scales are adjusted in accordance with the annual market index.

- **Public Safety Adjustments** **\$3.4 million**
\$3.4 million, including fringe benefits, will provide a 2.0 percent across-the-board salary adjustment for uniformed Fire and Rescue personnel. In 1996, the Board of Supervisors approved a compensation policy to align pay at the market average (using the midpoint pay rate) of Metropolitan Washington area comparators. The annual review of public safety compensation was performed to ensure salaries remain competitive with neighboring jurisdictions and it indicated that adjustments were necessary in order to attract and retain highly qualified staff. In addition, the pay scales of Police Majors and Deputy Chiefs of Police have been adjusted to be aligned with the Deputy Fire Chiefs and Assistant Fire Chiefs; however, based on the relatively low number of staff involved, this cost will be absorbed. Police Medics will also receive an increased stipend aligning their Advanced Life Support (ALS) certification pay with that of Fire and Rescue ALS providers, the additional cost of which is \$75,548. Fairfax County has demonstrated a high degree of efficiency and effectiveness in both the Police and Fire and Rescue workforces compared to jurisdictions of similar size; however, competitive pay is necessary to ensure the County is able to continue to attract and retain the most qualified individuals that sustain this high level of performance.
- **Merit Increments** **\$2.0 million**
\$2.0 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 2007.

Budget Highlights

▪ **Shift Differential** **\$0.4 million**

\$0.4 million is included to adjust shift differential payments, particularly for those who provide essential services 24 hours a day, seven days a week. This includes Police, Fire, Sheriff, E-911, Elderly Housing, and Fairfax-Falls Church Community Services Board personnel among others, and brings these rates and practices more in line with neighboring jurisdictions. The shift differential rates will increase from \$0.85 to \$0.90 per hour for the evening shift, and from \$1.10 to \$1.30 per hour for the midnight shift. In addition, adjustments to the holiday pay policies, the costs for which will be absorbed in FY 2007, will provide compensation to employees who are required to work on the actual holiday when that differs from the County-observed holiday (New Year's Day, 4th of July, Veteran's Day, Christmas Eve or Christmas Day). Employees will now also receive hour-for-hour compensation for call-back and mandated overtime hours worked (not to exceed the employee's normal scheduled work hours) when the holiday (actual and observed) falls on a scheduled day off. Additionally, holiday policy will be revised to clarify that employees will receive hour-for-hour holiday compensation on holidays (actual and observed) that fall on their scheduled work day in situations where the employee does not work, consistent with their scheduled hours.

Little River Glen/Braddock Glen **\$1.2 million**

An increase of \$1.2 million has been included to support the Little River Glen Adult Day Health Care Center and the Braddock Glen Assisted Living Facility. These two facilities are associated with the second phase of the Little River Glen campus and are expected to open in late FY 2006. The Adult Day Health Care Center will serve an estimated 35 individuals daily and will provide an alternative to nursing home placement for adults with disabilities and seniors, as well as respite for family caregivers. Braddock Glen will offer 60 assisted living units for low and moderate income seniors, enabling them to remain in the County close to family. Since Braddock Glen will be privately managed and operated, only funding for congregate meals is required. Funding of \$538,020 provides for congregate meals at the Adult Day Health Care Center. In addition, \$216,257 supports FASTRAN transportation costs and \$440,184 funds salaries and fringe benefits for the 9/9.0 SYE positions added for a partial year in FY 2006 to open the Center.

Clinic Room Aides **\$0.1 million**

An increase of \$74,964, including fringe benefits, for 2/1.27 SYE Clinic Room Aides and operating expenses is associated with the opening of West Fairfax Elementary School and increased enrollment at Westfield High School. Clinic Room Aides (CRAs) provide first aid and care to sick and injured students, administer medication, and conduct hearing and vision screenings for students in Fairfax County Public Schools (FCPS). As a result, FCPS students are able to access the range of medical services they need while attending school, allowing them the opportunity to grow and develop their talents and skills in a safe and medically secure environment. As new schools are opened, additional CRAs are needed. In FY 2007, FCPS will open West Fairfax Elementary School. One CRA has been added to serve this new school, while another has been added to address higher than originally projected enrollment at Westfield High School. Like most high schools, Westfield was initially staffed with one CRA. However, enrollment has risen to 3,300 students, requiring an additional CRA to accommodate the larger student population.

Public Health Nurses **\$0.2 million**

An amount of \$161,359, including fringe benefits, for 2/2.0 SYE Public Health Nurses II and operating expenses is associated with additional Health Department support for the Fairfax County Public Schools (FCPS). Public Health Nurses develop and implement health plans for students with identified health conditions such as asthma, diabetes, life-threatening allergies, and cancer. If a student has a serious medical condition, he or she is prohibited from attending school until an adequate health plan is in place. To ensure students with health conditions can attend school promptly, the Health Department focuses on developing health plans within five days of notification of a student's condition. However, as the student population grows and health plans become more complex, completing the plans within five days becomes increasingly difficult. During the 2005 school year, over 46,000 students were on the Medical Flag List and 28 percent of the total student population had an identified health condition. Additional Public Health Nurses will reduce the ratio of students to Public Health Nurses from 3,036:1 to 2,895:1 and are projected to increase the health plan completion rate within five school days of notification from 36 percent to 62 percent.

Budget Highlights

Medical Reserve Corps

\$0.2 million

An increase of \$170,455, including fringe benefits, is included for 1/1.0 SYE Management Analyst II and 1/1.0 SYE Community Health Specialist associated with the Medical Reserve Corps (MRC). The Fairfax County MRC, with over 3,000 trained volunteers, is the largest in the Commonwealth of Virginia and has been nationally recognized for its recruitment and rigorous training. MRC volunteers are utilized to staff and operate vaccination or medication-dispensing sites across the County should a bioterrorist event such as anthrax or smallpox or a naturally occurring epidemic such as pandemic flu require such intervention. In the past, the MRC program was funded by a temporary grant from the U.S. Surgeon General, and upon expiration of the grant in FY 2006, County resources are needed to keep this model program operational. These positions will enable the MRC to effectively recruit, educate and manage an adequate corps of volunteers that could be mobilized in the event of a major public health crisis. Current estimates indicate that 12,000-14,000 volunteers would be needed to adequately respond to the entire County population within the required time for treatment. With these additional positions and resources, the Health Department is positioned to meet its recruitment target of 6,000 trained volunteers in FY 2007, substantially increasing the County's capability to manage a major public health crisis.

Communicable Disease Positions

\$0.2 million

Funding of \$159,459, including fringe benefits, is provided for 1/1.0 SYE Public Health Nurse II and 1/1.0 SYE Community Health Specialist associated with the Health Department's Communicable Disease/Epidemiology Program. The focus of the Communicable Disease/Epidemiology Program is to prevent epidemics and the spread of disease, and to promote and encourage healthy behaviors. Reportable communicable diseases and investigations of consumer complaints are higher than previous years, and the Health Department needs resources to cover this increasing workload. Public Health Nurses in the Communicable Disease Program investigate reports of disease and disease outbreaks, provide daily reports on illnesses and diseases to the State Health Department, maintain syndromic surveillance at local hospitals seven days a week, and participate in emergency response planning and implementation. An additional Public Health Nurse will increase the County's capacity to manage communicable diseases effectively by spreading the workload to a manageable size. Focusing on the promotion and encouragement of healthy behaviors, an additional Community Health Specialist will act as a Health Educator, educating the public about bioterrorism preparedness and communicable disease prevention, as well as assist with Medical Reserve Corps training. The addition of this position will significantly enhance the scope of services offered to the community, while easing the workload on current staff.

Health Department Strategic Planning

\$0.1 million

An increase of \$94,925, including fringe benefits, for 1/1.0 SYE Management Analyst III will allow the Health Department to more effectively perform management analysis activities. Since the agency is staffed primarily with healthcare professionals and administrative staff, program management analysis activities are not adequately resourced in the agency. These activities include program evaluation, performance measurement development and monitoring, strategic planning, statistical analysis, data gathering, community needs assessment and program development. Management Analysts have the skills that are necessary to help the agency accomplish the goals and objectives in its strategic plan, such as transitioning to population-based services. In addition, the position will increase the agency's involvement in the community by determining the agency's role in current and future public health needs. This Management Analyst will begin work on four critical projects for the agency: a community-wide strategic planning tool known as "Mobilizing Action through Planning and Partnerships;" a pandemic flu plan with isolation and quarantine components; a public health action plan for reversing the upward trend of obesity and overweight individuals in the community; and a strategic review of the school health program. As a result, the public health needs of a diverse and growing community are met through strategic planning and innovative community partnerships, which increase citizen access to the range of services and opportunities they need.

Budget Highlights

Chemical Hazards Staff

\$0.2 million

Funding of \$156,212, including fringe benefits, is provided for 1/1.0 SYE Environmental Health Specialist II and 1/1.0 SYE Environmental Health Specialist III to reestablish a chemical hazard response capability within the Health Department. These positions will provide the initial industrial hygiene expertise needed to collaborate more effectively with the Fire and Rescue Department to mitigate incidents involving chemical hazards. Such incidents involve exposure to toxic substances such as asbestos, carbon monoxide, lead, mercury, organic solvents, pesticides, and microbiologic agents that cause building-related illnesses. In addition, staff with industrial hygiene expertise can conduct a public health risk assessment for exposure to acute releases of hazardous materials such as gasoline and heating oil. This expertise is critical to monitoring and preventing public health exposures and environmental contamination of groundwater, as well as appropriately responding to and investigating environmental-related terrorist activity and other emergency/non-emergency chemical releases. By increasing the County's capacity to respond to chemical hazard emergencies in a specialized way through an inter-agency partnership, the Health Department and the Fire and Rescue Department are maintaining and protecting community health and safety.

Child Care Assistance and Referral

\$4.1 million

An increase of \$4.1 million has been included to support an enrollment level of 5,400 child care years in the Child Care Assistance and Referral (CCAR) program. This enrollment level is based on July 2005 service levels and will provide services to approximately 400 more children compared to the FY 2006 Adopted Budget Plan. Increasing enrollment is attributed to several demographic and social factors including low unemployment rates, greater numbers of Temporary Assistance to Needy Families (TANF) and Virginia Initiative for Employment, not Welfare (VIEW) cases, and growth in the County population. Additional program growth will be managed through the implementation of a waiting list. This expenditure is partially offset by an increase of \$0.8 million in federal funding for a net County cost of \$3.3 million. Expenditures will be analyzed during the *FY 2006 Third Quarter Review* to determine if a similar adjustment is necessary for FY 2006.

School-Age Child Care

\$0.8 million

Funding of \$0.8 million, including fringe benefits, is provided for 12/9.72 SYE positions that are associated with opening four new School-Age Child Care (SACC) rooms, two at Oak Hill Elementary School based on room availability and two at the new West Fairfax Elementary School scheduled to open for the 2006/2007 school year. The new rooms will provide affordable, safe, quality child care services to an additional 140 children. Countywide, the waiting list for SACC is currently over 3,000 children.

Medically Fragile Homeless Care Program

\$0.2 million

An increase of \$0.2 million, including fringe benefits, has been included for 2/2.0 SYE positions to provide nurse practitioner services in the five homeless shelters located throughout the County. One position is being converted from an exempt limited-term position to a merit position and will continue providing services at the Embry Rucker shelter in conjunction with the Medically Fragile Homeless Care Pilot program approved by the Board of Supervisors during the FY 2006 budget process. The second nurse practitioner position is being converted from a grant position to a merit position due to the loss of grant funding. This position will continue the provision of medical services in the remaining four homeless shelters.

Katherine K. Hanley Family Shelter

\$1.2 million

Funding of \$1.2 million, including \$700,000 for operating costs for six months and \$500,000 in one-time start-up expenses, has been included for the Katherine K. Hanley Family Shelter, scheduled to open in April 2007. This new 20,000-square-foot facility will provide comprehensive emergency shelter services to approximately 20 homeless families, a majority of whom are children. Family shelter services will focus on assisting homeless families in crisis to stabilize and obtain self-sufficiency through employment, stable housing and successful family functioning. The facility will be located in western Fairfax County, near the intersection of Route 29 and Stringfellow Road.

Budget Highlights

The Enterprise School

\$0.1 million

Fairfax County has over 80 alternative schools operated by County agencies and Fairfax County Public Schools. The Enterprise School (TES) is the only public/private partnership for alternative schools and the only one that offers mental health counseling and intervention. In FY 2006, TES staffing and educational instruction is supported by a \$250,000 General Fund contribution, an \$80,000 federal grant and fees charged to parents. The grant expires on June 30, 2006 and is not anticipated to be renewed. In order to continue existing programs and maintain the current level of service, additional County funding of \$80,000 has been included in the FY 2007 Advertised Budget Plan to offset the loss of grant funding, for a total County contribution of \$330,000.

Public Safety and Transportation Operations Center Staff

\$0.3 million

Funding of \$0.3 million is included for 7/7.0 SYE positions and operating expenses for the Public Safety and Transportation Operations Center (PSTOC) scheduled to open November 2007. The PSTOC is projected to be a 113,000-square-foot facility that will house critical safety, transportation and security components of both County and state operations. These include the Public Safety Communication Center and the Emergency Operations Center jointly operated by the Police Department and Fire and Rescue Department, as well as the Virginia Department of Transportation (VDOT) Smart Traffic Center, a Forensics Lab and training facilities.

Of these staff, 6/6.0 SYE positions are in the Facilities Management Department (FMD), which will establish an Operations and Maintenance satellite shop with staff dedicated to the facility. FMD has determined that a total of six positions, including one supervisor and five trade positions, will be necessary for the facility based on an assessment of the current design phase and preliminary construction drawings. This takes into account the 100 percent redundancy requirements in much of the mechanical and electrical systems due to the critical 24-hour/seven days a week nature of the facility, and assumes contractor support services for specialty systems, an approach consistent with current practices at other facilities. The working hours of the six positions will be staggered to allow 12 hours on-site for five days per week, with one employee on-call for after-hours emergencies. Positions necessary in FY 2007 will be on-site during construction, which will enable staff to become familiar with the equipment and systems as they are installed. Including key maintenance personnel as an integral part of the construction team can help eliminate system component errors, as well as design omissions and conflicts. These staff will also be able to inventory equipment, develop the maintenance plan for the PSTOC during the construction phase and schedule required preventive maintenance in FMD's Computerized Maintenance Management System. It should be noted that only three of the PSTOC positions are funded in FY 2007. All six positions will be funded in FY 2008 after the facility opens.

In addition, 1/1.0 SYE PSTOC General Manager position is included to ensure the coordination of facility use and resources. The PSTOC General Manager will oversee the administrative needs of the facility, including the management and development of inter-local agreements, contracts, standard operating procedures for shared systems and spaces, the Joint Operations Agreement, and the PSTOC budget. The position will also act as a key facilitator and negotiator, and aid in decision-making among County and state agency partners, the PSTOC Operating Board, and the PSTOC Governing Board. The General Manager will be a Fairfax County employee, but will report directly to both a Fairfax County Deputy County Executive and a VDOT District Administrator, with salary costs to be paid on a pro rata basis by the County and state.

Budget Highlights



BUILDING LIVEABLE SPACES

The Penny for Affordable Housing

\$21.9 million

An amount of \$21.9 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. Given that the County lost 1,300 affordable units between 1997 and 2004, and that increases in rents and the prices of homes continue to outpace income growth, many individuals and families are finding it increasingly difficult to find affordable housing in the County. As a result, the Board of Supervisors established Fund 319, The Penny for Affordable Housing Fund, with \$17.9 million in FY 2006 and set a County goal to preserve 1,000 units of affordable housing, as well as to create 200 new affordable units, by the end of FY 2007. Since the cost of land and the value of existing property in Fairfax County are at an all-time high, County funding and financing are critical to achieving these goals. As of December 13, 2005, a total of 666 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 414 units are preserved for 20 years or longer. Various funding sources were used to retain these units; however, Fund 319 funds are critical for the preservation efforts.



GIS Specialist for Housing

\$0.1 million

An increase of \$90,025, including fringe benefits, is associated with the addition of 1/1.0 SYE Geographic Information Spatial (GIS) Analyst III for the Department of Housing and Community Development to develop and manage databases containing GIS information that will be used in designing creative approaches to neighborhood redevelopment and to attract private development and investment in support of revitalization activities.

Combined Community Inspector Program

\$0.5 million

Funding of \$511,653 is provided for 5/5.0 SYE positions, limited term staffing, fringe benefits and operating expenses associated with the new Combined Community Inspector Program. This increased staffing will accompany the relocation of the property maintenance function from the Health Department to the Department of Planning and Zoning, effective FY 2007. As a result of review by staff in the Strengthening Neighborhoods Building Community effort, the development of a Combined Community Inspection Program is recommended to ensure that the County continues to respond to zoning and health-related complaints as they increase both in terms of volume and complexity. This increase in zoning and health-related complaints is unlikely to abate, given current trends in aging housing stock, population growth in the County and rising housing costs.

While the number of complaints received has risen significantly, the number of inspectors assigned to respond to the increased number of complaints has remained flat. The Combined Community Inspector Program will create a group of cross-trained inspectors to be designated as Combined Community Inspectors (CCIs). The CCIs will receive the appropriate classroom and field training to recognize, report and resolve property maintenance complaints. These positions will engage in formal and regular dialogue with the Department of Health, the Department of Housing and Community Development, and the Department of Public Works and Environmental Services; however, the location of the inspectors within the Department of Planning and Zoning will improve efficiency both internally and for citizens, essentially creating a one-stop program and eliminating many of the cross-agency referrals that have occurred in the past since many complaints involve violations that cross traditional agency lines of responsibility.

Budget Highlights

CLEMYJONTRI Park/Turner Farm Position

\$0.1 million

An increase of \$0.1 million and 1/1.0 SYE position is associated with the opening of CLEMYJONTRI Park in McLean and Turner Farm in Great Falls in late FY 2006. CLEMYJONTRI Park will have the County's first fully accessible playground serving disabled children. It is a unique 18.55 acre park with over an acre of fully accessible playground equipment, an accessible carousel, picnic pavilion, perimeter trail, restrooms, a house and gardens. The purpose of this park is to provide an accessible and barrier-free playground that will enable children with a wide-range of disabilities to play alongside children without disabilities in a broad mix of playground activities. There is no other playground of this type in the entire County and visitation at this site is projected at over 50,000 per year.

With the assistance of the Turner Team, a group of volunteers in Great Falls, Fairfax County has acquired Turner Farm and is developing trail-related facilities at the site. Once completed, the facility will be operated by Park Authority staff with the continued volunteer assistance of the Turner Team. The facility will provide County residents with increased opportunities for equestrian activities. Since CLEMYJONTRI Park and Turner Farm are located approximately nine miles apart, one staff member will provide service at both parks.

Athletic Field Walk-On Use

\$0.9 million

An amount of \$0.9 million is included to implement policies developed by the multi-agency Walk-on Use committee to ensure scheduled access to County fields by a variety of groups. As part of the *FY 2005 Carryover Review*, the Board of Supervisors directed that the recommendations from the multi-agency Walk-on Use Committee considering unauthorized and/or unscheduled use of County fields be reviewed and considered for implementation. Damage from field use abuses has increased significantly over the past few years and has undermined the efforts and resources the County and community have put into field improvements. Both the community and the County have invested millions of dollars in the development and maintenance of County fields, and a policy is needed to ensure access for scheduled use, as well as to increase awareness and enforcement of unauthorized and/or unscheduled use by the community and the damaging impact such use causes.

Of the funding total, \$0.4 million will provide for two teams of two officers each within the Police Department to monitor fields on the weekends, as well as expand the field monitoring program by adding nine field monitors; \$0.4 million will support recurring costs including contractual services with school security, trash removal, portable toilets and other miscellaneous expenses; while the remaining \$0.1 million is for non-recurring expenses supporting outreach and educational efforts including the installation of signs in multiple languages at various field sites.

Athletic Field Maintenance, Synthetic Turf Field Development Program and Custodial Support \$5.0 million

In FY 2007, funding of \$5.0 million is included for athletic field maintenance, synthetic turf field development and custodial support. The revenue to be generated by Athletic Field Application Fees in the amount of \$0.9 million will support these costs.

An amount of \$2.3 million is associated with the County athletic field maintenance program, 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 Fairfax County Public Schools (FCPS) boys' baseball field lighting systems and installation of lights on FCPS and County park fields used for girls' softball. Funding of \$0.7 million is provided for enhanced maintenance of school athletic fields. The enhanced level of maintenance will provide 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. It will also establish post-season field treatment standards and a maintenance schedule for recently completed irrigation and lighting projects on FCPS fields. An amount of \$0.9 million is necessary to support the Synthetic Turf Development Program. This funding is approximately equal to the value of one field. Fields are chosen through a review process based on the need in the community, projected community use, and the field location and amenities.

Budget Highlights

Funding of \$0.2 million provides 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. Beginning in FY 2006, 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, \$0.7 million is included to support mowing and general maintenance at designated FCPS athletic fields. This maintenance effort includes a consistent mowing frequency of 28 times per year at 473 athletic fields (approximately 160 school sites) and provides for aeration and over-seeding to improve turf coverage and reduce the chance of injury.

Increased Debt Capacity

The FY 2007-FY 2011 Advertised Capital Improvement Plan (With Future Fiscal Years to 2016) includes an increase of \$75.0 million per year for increased bond sale capacity, which results in an increase of approximately \$2.0 million for debt service. In FY 2007, new bond sales are projected at \$213.15 million, with an additional \$75 million budgeted for increased capacity, which would result in a total of \$288.15 million.

Additional bond sale capacity is needed in order to keep pace with rising construction costs and to provide flexibility in completing approved referenda projects. Correspondingly, the target on annual sales is proposed to increase from \$200 million or \$1.0 billion over a five-year period to \$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.



PRACTICING ENVIRONMENTAL STEWARDSHIP

Penny for Stormwater Management

\$21.9 million

\$21.9 million, or the approximate value of one penny from the County's Real Estate Tax, has been included for prioritized stormwater 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 1,400 miles of storm drainage conveyance systems, 45,000 stormwater drainage structures, and 1,100 stormwater management ponds, is strained by an aging infrastructure and rapid urbanization that has occurred over the last 20 years. In fact, more than \$300 million in system repairs, rehabilitation and upgrades have been identified. 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.



Funding in FY 2007 is concentrated on construction projects necessary to implement each watershed management plan. The watershed planning process is anticipated to generate an average of 300 water quality, storm drainage and flood control projects in each of the 30 watersheds. Approximately 37 percent or \$8 million of the \$21.9 million dedicated to the Stormwater program in FY 2007 is identified for various watershed implementation projects. Projects include repair of flood walls, berms and stormwater infrastructure, as well as 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 practice site retrofits. Funding of \$6.7 million will support the Infrastructure Maintenance and Replacement Program, which is a comprehensive engineering and inspection assessment of the public and private stormwater management infrastructure as required under the County's MS4 permit. This work includes field inspection activities, punch list development, private owner training, coordination, outreach, enforcement and construction quality control of rehabilitation activities. This funding also supports the development of watershed master plans, public outreach efforts and monitoring activities.

Budget Highlights

Stormwater Management Staff

\$0.2 million

Funding of \$242,924 for 3/3.0 SYE positions and fringe benefits is associated with the enhanced Stormwater Management Program. The three positions funded in FY 2007 will act as a team and will be responsible for managing over 100 stormwater construction contracts. This team includes 1/1.0 SYE Engineer III to support the Watershed Projects Implementation Branch in the Stormwater Planning Division. Since the watershed planning process is anticipated to generate an average of 300 water quality, storm drainage and flood control projects in each of the 30 watersheds, this Engineer III will be the project manager for a number of these projects. In order to facilitate construction of the projects, 1/1.0 SYE Engineer II in the Construction Management Division and 1/1.0 SYE Right of Way Agent in the Land Acquisition Division have also been included in FY 2007 to support construction projects under the direction of the Engineer III.

Sewer Fees Increase

The FY 2007 Sewer Service Charge and Availability Fee are based on increased costs associated with capital project construction, system operation and maintenance, debt service and upgrades to reduce nitrogen discharge from wastewater in order to meet more stringent environmental regulations. The Availability Fee charged to new customers for initial access to the system will increase from \$5,874 to \$6,138 for single-family homes based on current projections of capital requirements and is consistent with the analysis included in the Forecasted Financial Statement for July 1, 2005 through June 30, 2010. 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. The Sewer Service Charge will increase from \$3.28 to \$3.50 per 1,000 gallons of water consumption in FY 2007. This rate increase represents a departure from the rate schedules that have been projected in the past.

The higher increase in Sewer Service Charges is due to federal mandates associated with the renovation and rehabilitation of existing treatment facilities. New Chesapeake Bay water quality program requirements include reductions in the amount of nutrient pollutants discharged from wastewater treatment facilities. In December 2004, the state notified Fairfax County that renewal of the County's National Pollutant Discharge Elimination System (NPDES) permit will include a requirement that nutrient removal be performed at the "Limits of Technology." Current technology allows for discharge limits of less than 3.0 milligrams per liter of nitrogen and 0.1 milligrams per liter for phosphorus. The County only has the capability to meet the current nitrogen removal standard of 8.0 milligrams per liter. A phased approach is recommended to renovate and upgrade current plant facilities to accommodate these more stringent nutrient discharge requirements. Due to the significant level of requirements, the FY 2007 budget also includes a planned bond sale in the amount of \$150 million to provide maximum flexibility to meet new state regulatory requirements in the Wastewater Management Program.

Developer Default Program

\$0.2 million

An increase of \$158,079, including fringe benefits, is for the addition of 2/2.0 SYE positions in the Office of Capital Facilities for the Developer Default Program, including 1/1.0 SYE Engineer III in the Planning and Design Division and 1/1.0 SYE Engineering Technician III in the Construction Management Division. The Developer Default Program was created to address situations where, as a result of economic conditions in the construction industry, some developers do not complete required public facilities, including walkways, storm drainage improvements and acceptance of roads by the state. When this occurs and a developer does not complete a facility, projects are considered in default. Due to the increasing number of developer projects going into default, these positions are necessary in order to bring projects to completion in a timely manner. As a result of a large increase in construction over the past few years, the Office of Capital Facilities expects approximately 15-20 developer default projects in FY 2007, which is an increase of 200-300 percent over recent years' figures of five per year. Each developer default project requires approximately 460 staff hours over an average of 18 months to complete the construction and manage the administrative process associated with these projects. These additional positions within Capital Facilities will help manage the projected increase in developer default projects and the associated workload.

Budget Highlights



CONNECTING PEOPLE AND PLACES

Metro Funding – General Fund Transfer

\$19.5 million

The total Fairfax County requirement (subsidy) for Washington Metropolitan Area Transit Authority (WMATA) Operating Expenses totals \$61.1 million, an increase of 7.3 percent over the *FY 2006 Revised Budget Plan* and supports Metrorail, Metrobus and MetroAccess (paratransit) service. This increase in jurisdictional subsidy is based on the WMATA General Manager's proposed budget and the undesirability of additional fare increases after two straight years of increases in FY 2004 and FY 2005. Based on the Northern Virginia Transportation Commission (NVTC) formula, the County receives State Aid and Gas Tax Receipts to support operating requirements. In FY 2007, a total of \$26.5 million in State Aid and \$14.0 million in Gas Tax Receipts will be used for WMATA. In addition, \$19.5 million is supported by a General Fund Transfer, \$0.3 million will be funded from interest on funds at NVTC, \$0.1 million will be transferred from Fund 301, Contributed Roadway Improvement Fund, to support shuttle service in the Franconia/Springfield area, and \$0.7 million will be funded from available balance. It should be noted that the General Fund Transfer is being held flat at the *FY 2006 Revised Budget Plan* level.



In addition, the County's share for capital requirements totals \$23.3 million, of which \$13.7 million is supported by Fairfax County General Obligation Bonds. The remainder is funded through Virginia Transportation Act 2000 funds, State Aid and Gas Tax Receipts. Of the total, \$19.7 million is for the Metro Matters Program. Metro Matters addresses the acquisition of new rail cars and buses, infrastructure maintenance, and system security enhancements. An amount of \$0.4 million is also included for the Beyond Metro Matters Program, which addresses capital requirements in addition to those covered by the Metro Matters Program, and \$3.2 million is included to fund Adopted Regional System debt service requirements.

County Transit Funding – General Fund Transfer

\$30.7 million

An increase of \$6.6 million or 27.1 percent for County Transit Systems will enable the FAIRFAX CONNECTOR to maintain FY 2006 levels of service, as well as provide support for several new requirements. The total FY 2007 General Fund Transfer for Fund 100, County Transit Systems, is \$30.7 million. Included in this total is \$4.2 million that will support a 4.5 percent personnel-based contractual adjustment for FAIRFAX CONNECTOR contractors, as well as cover significant costs associated with higher fuel prices and FAIRFAX CONNECTOR's continuing transition to ultra low sulfur diesel fuel. An additional \$0.6 million is included to support the new Reston Town Center Transit Center, the implementation of SmarTrip fareboxes on Connector buses, to support emergency preparedness initiatives, and to provide full-year funding for the Virginia Railway Express (VRE) Burke Library shuttle. In addition, \$0.5 million is included to increase the County's estimated share of VRE operating expenses. Fairfax County's VRE subsidy increase is based primarily on higher diesel fuel costs, increased insurance premiums and an increased capital match for new rail cars.

Department of Transportation Staff

\$0.3 million

Funding of \$270,076, including fringe benefits, is included for 3/3.0 SYE Transportation Planner III positions in the Department of Transportation to address substantial workload-related issues. One position will address expanded workload in the Residential Traffic Administration Program, which is primarily associated with an increase in requests for the creation of Community Parking Districts. Another position will act as Metrobus Service Planner for the County, and will develop and update five-year service plans, as well as coordinate ongoing operational issues with WMATA. The third position will administer and provide oversight of FAIRFAX CONNECTOR contract service delivery operations including: safety, security, service delivery, risk management, emergency preparedness, compliance with the Americans with Disabilities Act and other customer service issues.

Budget Highlights

Information Technology (IT) Funding – General Fund Transfer

\$16.0 million

Total funding of \$16.8 million, which includes a General Fund transfer of \$16.0 million and interest income of \$0.8 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. In recent years, the County has scaled back its strategic project efforts to a modest level of investment due to countywide fiscal constraints; however, the FY 2007 funding level of \$16.8 million more adequately supports the County's goals of providing an appropriate infrastructure of basic technology for agencies to use in making quality operational improvements, and to generate administrative efficiencies and redesign business processes to achieve large-scale improvements in service quality.

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 ***Connecting People and Places*** because that is a key focus for many of them.

Priority	FY 2007 Advertised Funding
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	\$16.8 million

Computer Center Operations and Equipment

\$2.4 million

An increase of \$2.4 million is included for Technology Infrastructure Services to support the operation and maintenance of the County computer center and server platforms 24 hours a day, seven days per week; the safeguarding of County software license obligations, data repositories and information assets; additional security measures for daily operations and incident investigation required to further protect the County from unauthorized entry into County systems, attacks, viruses, data destruction and other cyber threats; the maintenance of County data and radio communication networks; and the upgrade of desktop computers to remain consistent with advancements in technology required for service delivery. Due to the increasing cost of software licenses and maintenance contract renewals, as well as telecommunication increases upwards of 12 percent annually, and the need to expand the amount and types of data storage, the County anticipates continued growth in this area. In addition, beginning in FY 2007, a General Fund Transfer is provided to maintain adequate reserves for the upgrade of existing computer center equipment and capacity.

Budget Highlights



CREATING A CULTURE OF ENGAGEMENT

Community Funding Pool – General Fund Transfer

\$8.2 million

Funding of \$8.2 million represents the General Fund transfer to support the first year of the next two-year cycle in the Consolidated Community Funding Pool (CCFP) and reflects a 10 percent increase over the FY 2006 General Fund transfer level. When combined with Community Development Block Grant (CDBG) funds, the total available to community organizations in FY 2007 is \$10.4 million. This funding will be used to promote self-sufficiency in the community, provide affordable housing to those in need, assist youth in making good choices to avoid destructive behaviors including gang involvement, and meet the basic needs of struggling families and individuals. It should be noted, however, that pressures on the federal budget are likely to result in a reduction in CDBG funding. Preliminary information indicates a 5 percent, or approximately \$100,000, decrease in CDBG funding in the CCFP. Pending more specific details, these potential revisions have not been incorporated in the FY 2007 Advertised Budget Plan.

Contributory Funding – General Fund Transfer

\$11.1 million

Through Fund 119, Contributory Fund, General Fund appropriations of specified amounts are made available to various nonsectarian, nonprofit or quasi-governmental entities for the purpose of promoting the general health and welfare of the community. FY 2007 funding totals \$11,091,539 and reflects an increase of \$38,238 or 0.3 percent over the *FY 2006 Revised Budget Plan* funding level of \$11,053,301. This increase is primarily attributable to an increase of \$425,522 for the Convention and Visitors Corporation based on projected receipts from the Transient Occupancy Tax. As required by the legislation approved by the 2004 Virginia General Assembly, Fairfax County must designate no less than 25 percent of the additional revenue received from the County levy to a nonprofit convention and visitors corporation located in the County. Therefore \$2,425,522 is appropriated directly to the Convention and Visitors Corporation. This is an increase of \$425,522 or 21.3 percent over the FY 2006 Adopted Budget Plan amount. Based on final revenue estimates, any adjustments to this funding level will be made as part of the *FY 2006 Carryover Review*.

Also included is funding of \$30,000 for the Greater Reston Chamber of Commerce's Incubator Program, a new contributory beginning in FY 2007. The program provides business services, technical support and physical space to help emerging businesses grow. The Incubator had previously been funded as part of the Economic Development Authority budget, but more appropriately fits the status of a contributory agency. Other increases include \$116,576 for the Northern Virginia Regional Park Authority; \$60,486 for the Northern Virginia Regional Commission; \$28,300 for the Metropolitan Washington Council of Governments; and \$13,205 for the Fairfax Symphony Orchestra. It should be noted that these increases are partially offset by decreases of \$500,000 to the Lorton Arts Foundation, whose future contributions are contingent on meeting fundraising goals and will be included in a regularly scheduled quarterly review, as appropriate; \$50,000 for the Greater Reston Arts Center (GRACE) which was provided as one-time, non-recurring funding as part of the FY 2006 Adopted Budget Plan; \$25,000 for the Police and Fire World Games, which was approved by the Board of Supervisors as non-recurring funding as part of the *FY 2005 Carryover Review*; and \$93,444 for the Virginia Municipal League.

Senior Initiatives

\$2.4 million

Funding of \$2.4 million is included to support five separate countywide senior initiatives. This includes \$500,000 to support the Fairfax County CARE Fund, a project to address current shortages in low-income, assisted living facilities. The CARE Fund is intended to be a public/private collaborative partnership that will provide a one-time public investment of \$500,000 to leverage an additional \$2 million in private funds to address the critical shortage in assisted living options for low-income seniors and adults with disabilities. Only two facilities currently target low-income persons, Lincolnia Center (52 beds), and the District Home (64 beds, with 19 of these earmarked for Fairfax County residents). Currently, there is a waiting list of 205 individuals for the Lincolnia Center and/or the District Home. The average cost in Fairfax County for a private assisted living level of care exceeds \$4,000 per month. For persons who cannot afford that monthly payment, the only public assistance for assisted living is federal Auxiliary Grant funding. However, the maximum monthly gross income limit to qualify for an Auxiliary Grant in Northern Virginia is only \$1,219, which keeps others who make slightly more, but not enough to afford \$4,000 per month, out of the assisted living market. Once established, the CARE Fund will help develop affordable assisted living options for these individuals. It is also anticipated that the CARE Fund will provide the stimulus for facilities to develop creative strategies to address

Budget Highlights

the gap between Auxiliary Grant payments and actual operational costs, while enabling the creation of additional affordable bed space.

The second senior initiative, supported by an amount of \$400,000, will support a new long-term care non-profit that will integrate the various long-term care support programs in the community, build capacity, and develop a single, coordinated long-term care system that will be easier for families to navigate when seeking the most effective care for their loved ones. This organization will help facilitate community participation, assure capacity expansion, support implementation of the Long-Term Care Strategic Plan and stimulate collaborative partnerships. It will serve as the focal point for the development of a quality long-term care system, leveraging additional resources among providers, consumers, government agencies, nonprofits, for profits, educational institutions, businesses and faith-based organizations to cooperatively develop long-term care solutions.

An amount of \$300,000 in recurring funds will significantly leverage additional resources and specifically fund late-stage Alzheimer's care in the community through a contractual arrangement with the Alzheimer's Family Day Center (AFDC). AFDC is the sole provider of late-stage dementia care in the community for those with limited incomes. Each year, AFDC receives an average of 32 percent of their referrals from the County, primarily from the Adult Day Health Centers, and serves approximately 65 individuals and their families. AFDC also promotes caregiver education, strengthening and support.

An expansion of the Senior Plus program beginning January 1, 2007 will be funded with \$915,000 in order to provide services for senior adults who require a higher level of assistance to participate in senior activities within existing Senior Centers. The purpose of the program is to assist seniors in sustaining involvement in social activities in the least restrictive environment, prevent further decline in their health and well being, and serve as a transition service to the Adult Day Health Care Program. The program currently exists at two sites within the County (Herndon Harbor and James Lee) and as part of this expansion, will add five additional sites: the South County, Little River Glen, Lorton, Lincolnia and Sully Senior Centers. Current estimates are of approximately 255 clients (or 26 percent of the average attendance at Senior Centers) for whom Senior Plus services are necessary in order to maintain their participation at Senior Center activities as opposed to transferring them to the more costly Adult Day Health Care Program.

Lastly, an amount of \$300,000 is also included to support the proposed Fairfax County Incentive Fund (FCIF). The FCIF will aim to widen the array of services available in the community by providing grants to community organizations to stimulate the development of self-sustaining initiatives that will build additional long-term care options for seniors and adults with disabilities in underserved communities. Special attention will be paid to ethnic and cultural minorities. This program will be established with initial funding of \$300,000, and supported by a recurring investment for three years.

Mental Retardation Graduates Program

As directed by the Board of Supervisors, the Fairfax-Falls Church Community Services Board (CSB) has developed an alternative service option for serving special education graduates in order to reduce and contain County costs for Day Support and Employment services. Input has also been incorporated from the Human Services Council, the Community Services Board, vendors and community advocacy groups. In spring 2006, Mental Retardation Services anticipates implementing a self-directed option for an initial group of ten participants, which will allow the consumers and their families greater involvement and flexibility in designing their individual service plans. Additionally, the incorporation of informal service providers will enhance service delivery and help to reduce and contain costs.

CSB staff also continues to achieve program efficiencies and maximize non-County revenues. In FY 2006, these efforts are expected to yield approximately \$1.1 million in cost avoidance savings, primarily through advocacy efforts and maximization of Medicaid Waiver slots and rate increases. Beginning in FY 2007, the Virginia Department of Mental Health, Mental Retardation and Substance Abuse Services is anticipated to assume funding responsibility for community day support services for 33 persons residing at the Northern Virginia Training Center that the County is currently funding. In addition, the vendor contracts for day support services have been redesigned to realize savings. For example, the new contracts will include the new self-directed option for consumers and their families, limit administrative expenses, and encourage flexible service

Budget Highlights

options. Furthermore, on the state level, enhanced resources for Mental Retardation Services have been announced, although the impact on Fairfax County is not yet known.



MAINTAINING HEALTHY ECONOMIES

Inmate Tracking

\$0.3 million

An amount of \$300,852 is included, but is offset by revenue, to place all inmates currently in the Work Release Program and Electronic Incarceration Program (EIP) on an active Global Positioning System (GPS) tracking system. The Work Release program is a structured residential-based program that enables selected low-risk inmates who live in the Pre-Release Center to work and participate in community programs to aid in their transition back into the community upon their release. These inmates go into the community each day to work and attend rehabilitation programs, and/or other designated programs. EIP inmates are monitored from home and are not jailed at all, but instead return home at the end of the workday and the home becomes the jail. These two programs provide alternative incarceration solutions that allow otherwise incarcerated individuals an opportunity to earn income to offset their housing and service costs, pay restitution, child support, and/or provide financial assistance to their families. Funding for the new active tracking system will allow Sheriff Deputies to monitor, in real time, the location of inmates who are working in the community in order to continue to provide a safe environment. In addition, this system will allow the Sheriff's Office to expand the Community Labor Force, which saves taxpayer dollars and helps eliminate suburban blight. It should be noted that increased fees charged to inmates in the two programs will offset the cost of the new tracking system.

Information Technology Interoperability

\$0.5 million

An increase of \$454,898, including fringe benefits, is for an additional 4/4.0 SYE positions in the Department of Information Technology (DIT) including 1/1.0 SYE Deputy Director, 1/1.0 SYE Wireless Analyst, 1/1.0 SYE Interoperability Manager, and 1/1.0 SYE Security Analyst. The Deputy Director position is needed to manage the day-to-day tactical implementation, support, maintenance and customer service of the County's information technology environment and systems that span across four divisions of the department. The Wireless Analyst will manage the wireless services and infrastructure for voice and data applications, which have expanded exponentially in the past five years. A variety of recently implemented IT projects addressed the need for mobile computing, and agencies seeking ways to more effectively utilize staff and streamline processes are creating a growing demand for wireless support that exceeds DIT's capacity to effectively address the issue and create a consolidated approach that optimizes resources and infrastructure.

The Interoperability Manager will provide needed support for the County to continue its role in regional interoperability initiatives, both in the Commonwealth and in the National Capital region. A dedicated interoperability position will enable the County to develop an enterprise approach for the use of organizational data and processes that balance business, privacy and security needs. The addition of a Security Analyst is necessary to continue to provide 24 x 7 secure, reliable e-government services to the residents and business partners of Fairfax County, as well as support new security initiatives. In response to the recent creation of the National Capitol Regional Interoperability Pilot Project, the Fairfax County Government Alternate Emergency Operations Center, the future Public Safety and Transportation Operations Center and the Department of Homeland Security CAPSTAT initiative to share data between regional emergency operation centers, DIT has been tasked with providing the highest level of secure communications available for the County and region, when called upon.



EXERCISING CORPORATE STEWARDSHIP

Fuel Costs

\$5.4 million

An increase of \$5.4 million is included for fuel-related expenses in FY 2007, which reflects market conditions, as well as the County's ongoing conversion to ultra low sulfur diesel fuel. The total funding requirement for fuel in FY 2007 is \$21.0 million, which represents an increase of 34.6 percent over the FY 2006 Adopted Budget Plan amount of \$15.6 million.

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Utility Costs

\$0.8 million

An increase of \$0.8 million is associated with utilities costs provided through the Facilities Management Department and includes \$0.7 million for higher natural gas costs based on projections for the County's participation in the regional natural gas contract through the Washington Metropolitan Council of Governments and \$0.1 million for the second year of a two-year contract for Fairfax County to purchase 5 percent of its energy for County government buildings from wind energy. The purchase of wind energy reduces emissions from power plants and supports the Board of Supervisors' adopted Environmental Excellence 20-year Vision Plan (Environmental Agenda).

Pay for Performance

\$10.8 million

Funding of \$10.8 million is provided including \$8.8 million for the General Fund and \$2.0 million for General Fund-supported agencies in order to continue the Pay for Performance program for over 8,000 non-public safety employees. The program retains the 0-6 percent range for employee raises and includes the additional fifth bar, "In development," in FY 2007. As noted previously, the non-public safety pay scales are increased in accordance with the annual market index in order to keep County pay scales from falling below the marketplace, and requiring large-scale catch-up. However, it is important to note that employees do not receive this adjustment as they did in the past through a cost-of-living increase. Pay increases are earned solely based on performance. By adjusting the pay scales, however, employees' long-term earning potential remains competitive with the marketplace.

Position Regrades

As a result of the annual market study performed by the Department of Human Resources to address issues of employee recruitment and retention, as well as to ensure pay competitiveness, certain job classes are benchmarked against comparable positions in both the public and private sectors. This year, approximately 100 job classes were reviewed and for the first time in a number of years, a large number of non-public safety job classes will be regraded in FY 2007. The need to regrade a large number of classes in a single year is potentially a concern if it means that the County compensation package is falling behind those of other employers with whom it competes for qualified employees. While classes are not automatically adjusted based solely on comparative data, they are reviewed for adjustment if they are found to be five percent or more below the market average, there are recruitment or retention issues associated with them, and/or if they are a job class closely related to one found to require an adjustment.

The classes being regraded are as follows: Property Auditor, Buyer II, Programmer Analyst III, Security Analyst, Legislative Director, Information Officer I, Information Officer II, Information Officer III, Library Aide, Library Assistant I, Library Assistant II, Library Associate, Truck Driver, Motor Equipment Operator, Heavy Equipment Operator, Heavy Equipment Supervisor, Building Plan Review and Permits Division Chief, Environment Site Division (East) Chief, Environment Site Division (West) Chief, Environmental and Facilities Inspection Chief, Deputy Design Review Director, Urban Forester IV, Inspections Branch Chief, Engineering Technician II, Engineering Drafter, Environmental Technician II, Plant Operator, Park Authority Deputy Director, Park Division Director, Planning Division Chief, Deputy Zoning Division Director, Investment Analyst, Environmental Health Specialist II, Environmental Health Specialist III, Clinic Room Aide, Home Health Aide, Public Health Nurse II, Public Health Nurse, III Public Health Nurse IV, Physical Therapist II, Correctional Health Nurse I, Outreach Worker I, Outreach Worker II and Social Worker II. Changes may be required to other related classes as the review of classes is finalized. In addition, a number of trades classes are currently being reviewed for adjustment including the Carpenter, Electrician, Painter and Plumber series.

In accordance with current Personnel Regulations, individuals on the S pay plan, unlike those on public safety pay plans, move to a new pay grade but remain at their current pay rate unless their pay falls below the minimum of the pay grade, therefore resulting in no funding adjustment. In addition the E scale is being adjusted to reflect the results of the market survey which indicated that many positions were behind the market. Consistent with the S scale adjustments, incumbents on the E scale do not receive a pay increase unless they are below the new minimums.

Benefits

Funding for Fringe Benefits, including the transfer for the Retiree Health Benefits subsidy, totals \$195.06 million, an increase of \$14.8 million or 8.2 percent over the *FY 2006 Revised Budget Plan* of \$180.30 million primarily due to the following:

Budget Highlights

- **Health Insurance** **\$2.3 million**

Health Insurance funding is increased \$2.3 million or 4.0 percent over the *FY 2006 Revised Budget Plan*, based on a projected average increase of 10.0 percent for the HMOs and no premium increase for the self-insured plan, effective January 1, 2007, as well as adjustments to reflect the inclusion of new positions. After significant increases in medical costs at the beginning of the decade, cost growth has begun to moderate in the last few years. On average, most employers nationwide are experiencing cost increases from 8-10 percent per year. The County's experience under the HMOs mirrors this trend, but the self-insured plan has experienced medical cost growth below the national average. As a result of lower than anticipated medical and prescription claims in recent years, the County's self-insured plan will not increase premiums effective January 1, 2007 for the final six months of FY 2007.

Despite holding premiums flat, Fund 506, Health Benefits Trust Fund, should remain solvent while maintaining a revenue stream that will cover the cost of health claims and maintain reserve funding. It should be noted that advances in medical technology, the increasing cost of medical malpractice and liability insurance, and increased utilization continue to drive increases in medical costs. As a result, the fact that there will be no premium increase for the self-insured plan should not be interpreted as part of a trend of slower premium growth. Depending on the outcome of the upcoming selection process, described further below, claims experience and cost growth, it may be necessary for premium increases to return to levels more consistent with national averages in future years.

As of December 31, 2006, the County's contracts with the current HMO providers are set to expire, and the contract for the self-insured products will expire as of December 31, 2007. In calendar year 2006, the County will be partnering with Fairfax County Public Schools and undergoing a selection process to choose new providers for all health insurance products in order to leverage the County's position in the marketplace and achieve competitive rates. This process may result in changing the range of health insurance options to best fit the needs of employees. As part of this process, the County will also be examining plans related to Medicare Part D to aid in finalizing an approach to the implementation of this new prescription drug benefit product. Any changes to the health insurance options would be effective January 1, 2007.

- **Dental Insurance** **\$0.6 million**

Dental Insurance reflects a net increase of \$0.6 million or 36.1 percent over the *FY 2006 Revised Budget Plan* based on a projected premium increase of 10.0 percent, effective January 1, 2007, increased employee participation, and the inclusion of new positions.

- **Social Security** **\$1.9 million**

Social Security reflects a net increase of \$1.9 million or 4.6 percent over the *FY 2006 Revised Budget Plan*, based on salary adjustments necessary to support the County's compensation program, the inclusion of new positions, and the change in the federally set maximum pay base against which contributions are calculated from \$90,000 to \$94,200.

Budget Highlights

- **Retirement** **\$9.6 million**
Retirement (Fairfax County Employees', Uniformed, Police) reflects a net increase of \$9.62 million or 12.8 percent over the *FY 2006 Revised Budget Plan*. This increase is primarily due to the impact of increases in the Employer Contribution rates, salary adjustments necessary to support the County's compensation program and the inclusion of new positions, offset by a reduction due to projected savings in FY 2006, including one-time savings as a result of the implementation of the Deferred Retirement Option Program (DROP) for members of the Employees' Retirement System and the subsequent reduction in the underlying salary base used to calculate contributions as a result of excluding the salaries of those who enroll in DROP.

Following the current effective actuarial funding policy, contribution rates are adjusted only to fund approved benefit enhancements, and to recognize funding adjustments required when the funding ratio falls below 90 percent or rises above 120 percent. In addition, a five-year experience study was performed in FY 2006 concurrent with the June 30, 2005 valuation to analyze economic and demographic assumptions. As a result of the study, several assumption changes were made which impacted the employer contribution rates. The overall retirement increase includes an increase of \$3.02 million for employer contributions to the Employees' system based on rate adjustments, consisting of a \$3.47 million increase as a result of changes in demographic assumptions based on the five-year experience study, partially offset by a decrease of \$0.45 million based on an improvement in the funding ratio toward the pre-defined 90 percent threshold. Also included is a \$1.44 million increase in the employer contribution for the Uniformed system due to a rate adjustment as a result of changes in demographic assumptions based on the five-year experience study. In addition, employer contributions to the Police system increase \$1.02 million due to rate adjustments, consisting of a \$0.42 million retiree cost-of-living benefit enhancement and a \$0.60 million increase due to changes in demographic assumptions based on the five-year experience study.

- **Retiree Health Insurance** **\$0.3 million**
Retiree Health Insurance increases \$0.25 million or 6.5 percent over the *FY 2006 Revised Budget Plan* level of \$3.82 million to \$4.07 million. Monthly subsidy payments to eligible County retirees to help pay for insurance are provided in Fund 500, Retiree Health Benefits. The current monthly subsidy, approved in FY 2006, commences at age 55 and varies by length of service. Effective January 1, 2006, the subsidy was increased 25 percent for the short-term in response to the implementation of the new Medicare Part D prescription drug benefit. The cost of the increase in the subsidy is expected to be completely offset by federal funding from the Centers for Medicare and Medicaid Services (CMS).

It should be noted that County staff will work to develop a long-term County strategy for Medicare Part D, which may include elimination of the 25 percent increase in the subsidy. Final recommendations will be presented to the Board of Supervisors for approval during calendar year 2006. The average number of subsidy recipients, including new retirees who are eligible to receive the retiree health benefit subsidy, is expected to increase by 125 or 6.0 percent, from 2,076 in FY 2006 to 2,201 in FY 2007. Estimates of the average number of subsidy recipients are based on a review of the projected number of retirements, as well as the health subsidy eligibility of personnel already retired from the Fairfax County Employees, Uniformed, and Police Officers Retirement Systems.

In FY 2006, the Board of Supervisors approved an additional retiree health benefit to Health Department employees who remained in the Virginia Retirement System (VRS) after their conversion from state to County employment in 1995. There are approximately 20 retirees eligible for the additional benefit in FY 2007. Furthermore, effective July 1, 2006, the County will begin providing the maximum retiree health benefit subsidy to those Police officers who have retired or will retire with full retirement benefits after only 20 years of service. Approximately 188 Police retirees and their spouses will receive the higher subsidy level in FY 2007. Both of these benefit enhancements will impact the County's accrued actuarial liability under Governmental Accounting Standards Board (GASB) Statement No. 45 and will be included as part of the annual actuarial valuation. Any change in this liability will affect the annual contribution required by the County in order to make progress toward reducing the unfunded portion of the liability.

Budget Highlights

TAX AND FEE ADJUSTMENTS

Real Estate Tax Rate Reduction

The FY 2007 Advertised Budget Plan includes a proposal to further reduce the Real Estate Tax rate from \$1.00 to \$0.93 per \$100 of assessed value. This brings the total rate reductions from FY 2003 to FY 2007 to \$0.30 per \$100 assessed value. The seven-cent reduction for FY 2007 results in a savings of \$378.52 for the typical homeowner compared to the FY 2006 rate. However, even with this rate cut, the typical homeowner will still see an increase of \$544.03 or 12.1 percent over FY 2006 due to the assessment increase.

Refuse Collection

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. From FY 2000 through FY 2004, the annual fee was maintained at \$210 per unit to draw down the unreserved fund balance. Due to increasing disposal fees, rising personnel expenses, and lower fund balances, the annual fee was increased from \$210 to \$240 in FY 2005 and to \$270 in FY 2006, which was still consistent with rates charged by private sector haulers.

While the FY 2006 increase slowed the decline in the ending balance, this increase has not been sufficient to cover higher program operating and personnel-related costs. If the current rate of \$270 is maintained in FY 2007, the ending balance is likely to be insufficient to meet vehicle and equipment replacement reserve requirements. In order to cover anticipated expenditures in FY 2007 and maintain essential reserves, an increase in the annual fee to \$315 is required for approximately 40,000 customers who receive this service. Future rate increases are also anticipated.

Sewer Fees

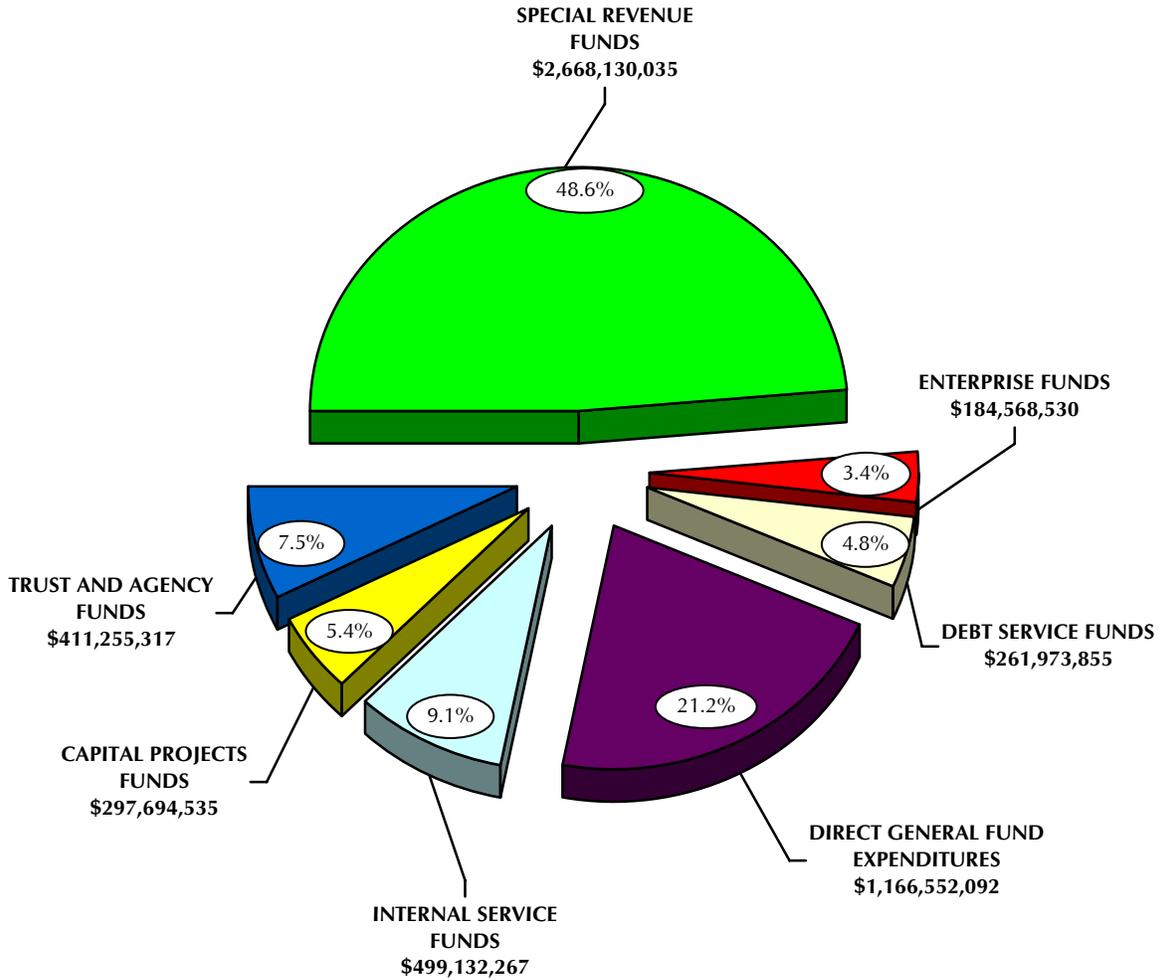
In FY 2007, the Availability Fee charged to new customers for initial access to the system will increase from \$5,874 to \$6,138 for single-family homes based on current projections of capital requirements and is consistent with the analysis included in the Forecasted Financial Statement for July 1, 2005 through June 30, 2010. 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 state and federal agencies. The Sewer Service Charge will increase from \$3.28 to \$3.50 per 1,000 gallons of water consumption in FY 2007. This equates to a 6.75 percent increase in rates and will result in an anticipated increase in the annual cost to the typical household of \$16.72.

BOARD PRIORITY:



**Revenue Diversification to
Reduce the Burden on
Homeowners**

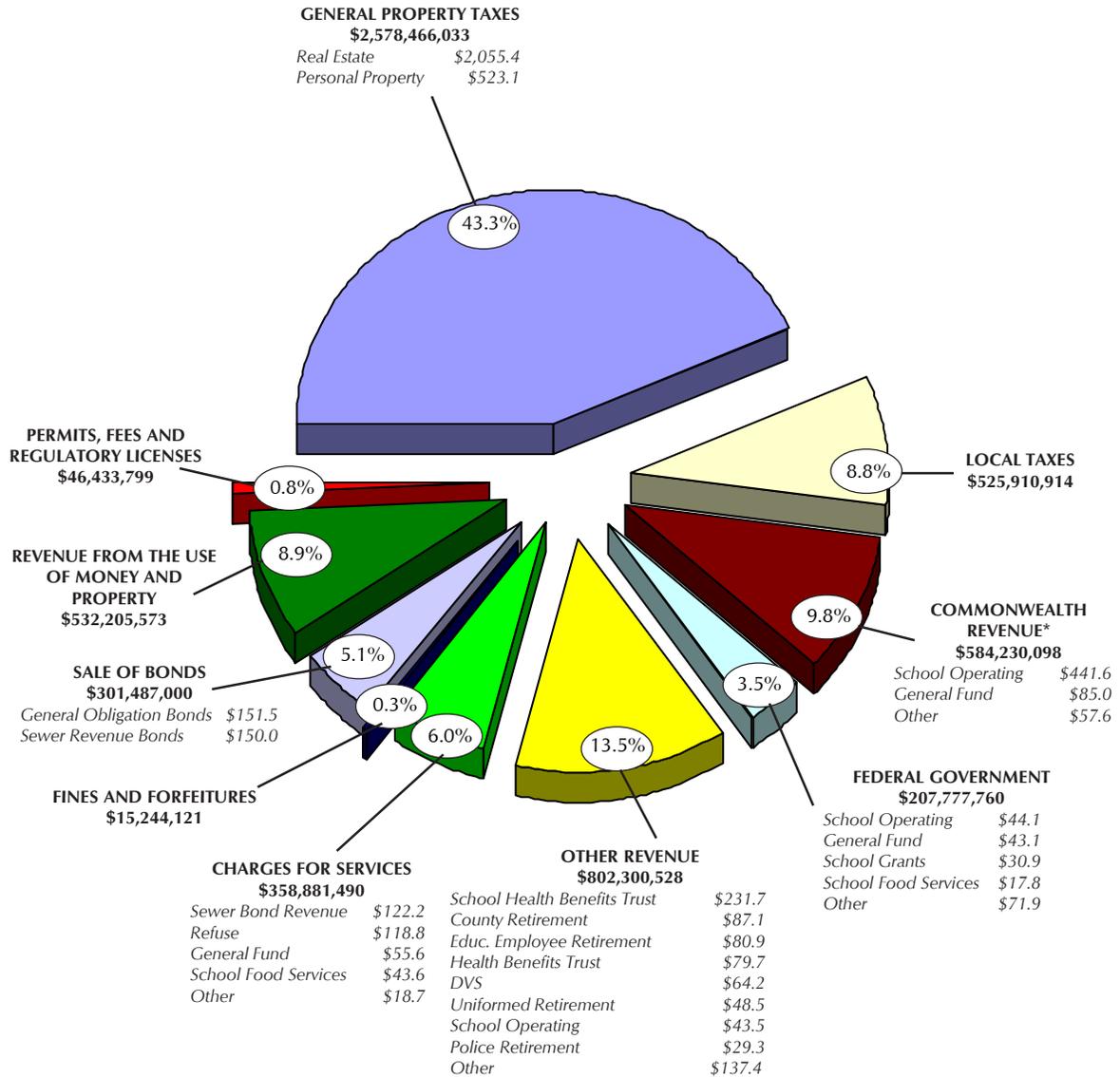
FY 2007 EXPENDITURES ALL FUNDS



TOTAL EXPENDITURES = \$5,489,306,631

FY 2007 REVENUE ALL FUNDS

(subcategories in millions)



TOTAL REVENUE = \$5,952,937,316

* 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.