

County of Fairfax, Virginia



FY 2009
Advertised Budget Plan

***County Executive
Presentation of the
Fiscal Year 2009
Advertised
Budget Plan***

As of February 26, 2008

Notes in the yellow boxes throughout this presentation refer to subsequent reductions proposed by the County Executive to address \$32 million shortfall identified in late January 2008 after the budget went to print.

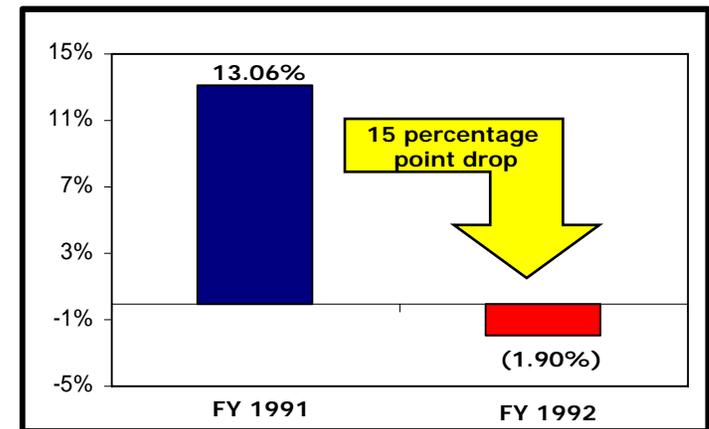
Fairfax County Department of Management and Budget
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Fairfax, Virginia 22035
703-324-2391
Web site: <http://www.fairfaxcounty.gov/dmb>

FY 2009 Budget

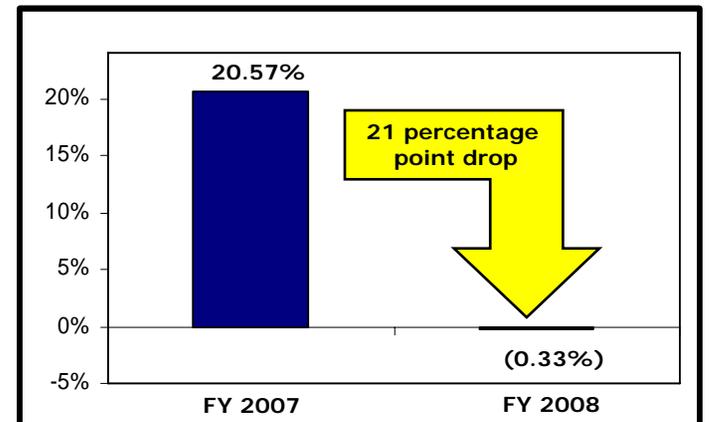
- ❖ Proposed budget is in line with Budget Guidelines:
 - County and School spending is held flat
- ❖ Ramifications of constrained budget are significant for both County and Schools
- ❖ FY 2009 proposal required elimination of \$120 million:
 - Reduction in Personnel Services Budgets – 4% net
 - 50% cut in employee compensation increases
 - Limits on inflationary increases for contracted services and supplies
 - Reduction in paydown capital projects
 - Application of new transportation funding
 - Use of balances

INCREASE IN RESIDENTIAL ASSESSMENTS

Then...



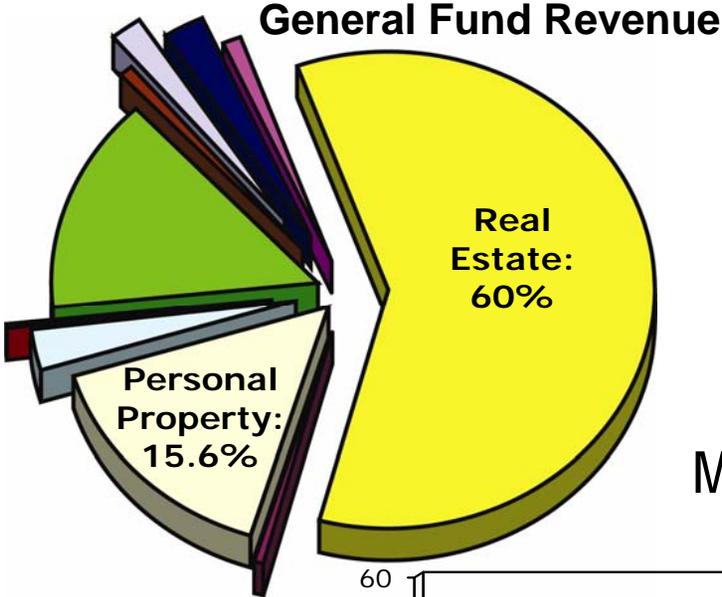
And Now...



FY 2009 Budget

- ❖ Assumes tax rate of \$0.89/\$100 Assessed Value
- ❖ The Board may want to consider advertising higher rate to address worsening economic outlook:
 - Federal Reserve actions in January 2008 resulted in loss of more than \$26 million in revenue from what is included in the proposed budget
 - Governor's Budget Strategy
 - Revised Revenue Estimate in Feb. 2008 projects shortfall of \$1.4 billion through FY 2010
 - Governor proposes 5.4% reduction in aid to localities
 - Fairfax will lose \$6.2 million from estimates in FY 2009 proposed budget
 - Have prepared list of recommendations totaling \$32 million for Board's consideration to make up loss

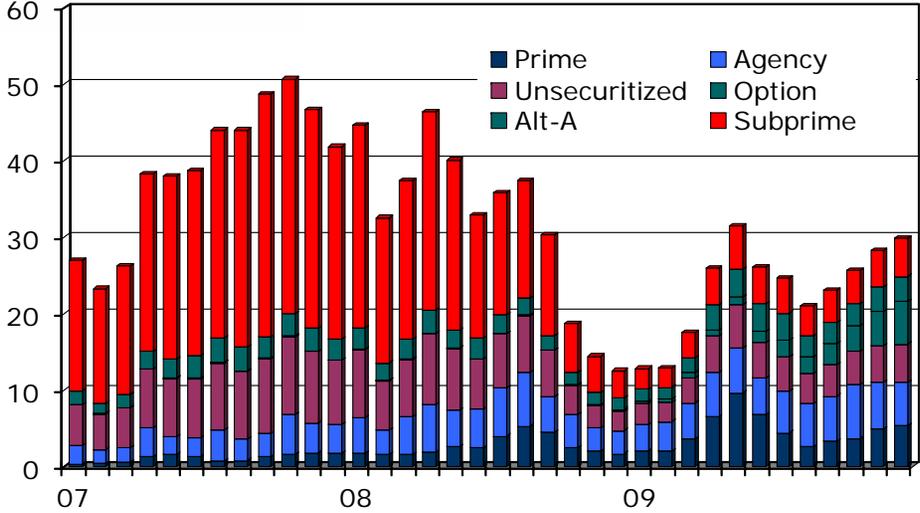
The Housing Market Dominates the County's Fiscal Outlook



Home Prices Decline

Mortgage Payment Resets

Subprime Mortgage Mess



Source: Moody's Economy.com

Homes Sold

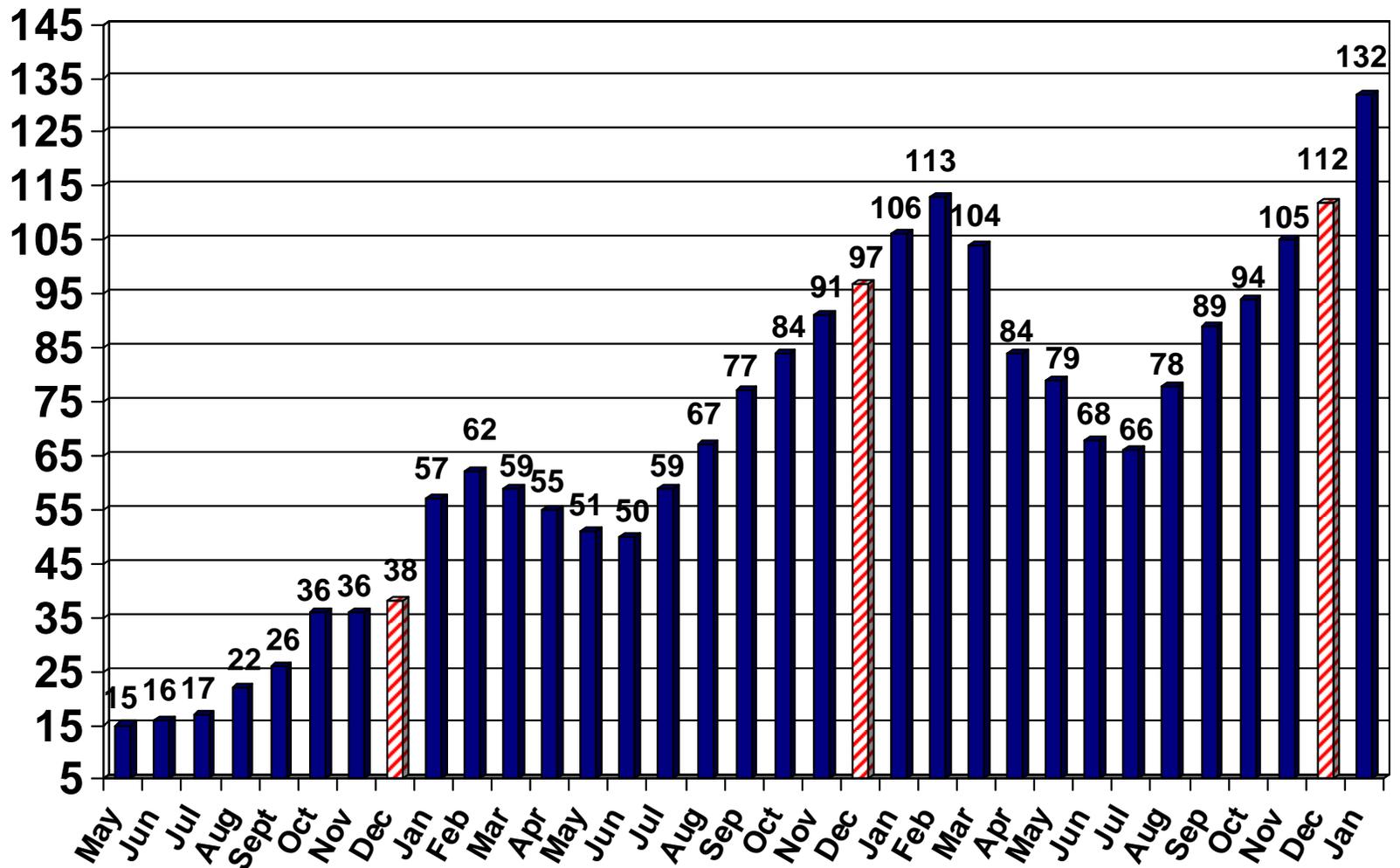


	<u>2005</u>	<u>2006</u>	<i>Percent Change</i>	<u>2007</u>	<i>Percent Change</i>
1 st Quarter	4,268	3,289	(22.9%)	3,304	0.5%
2 nd Quarter	6,824	4,617	(32.3%)	3,836	(16.9%)
3 rd Quarter	6,609	3,926	(40.6%)	3,241	(17.4%)
4 th Quarter	5,413	4,482	(17.2%)	3,195	(28.7%)
TOTAL	23,114	16,314	(29.4%)	13,557	(16.9%)

Source: Metropolitan Regional Information Systems (MRIS)

Note: Home Sales in 2005 were down 10.1% from the peak of 25,717 in 2004

Average Days to Sell a Home in Fairfax County



Source: Metropolitan Regional Information Systems (MRIS)

Average Sales Price to List Price

Sales to List Price - Fairfax County*

	<u>2005</u>	<u>2006</u>	<u>2007</u>
March	101.0%	97.0%	94.6%
June	100.4%	96.0%	95.4%
Sept	98.0%	93.8%	92.7%
Dec	96.7%	93.5%	90.6%



*Figures represent the end of each quarter

Source: Metropolitan Regional Information Systems (MRIS)

Subprime Mortgages and Foreclosures

- ❖ Increased subprime mortgage lending in 2005 and 2006 has resulted in rising foreclosures :
 - Share of all mortgage loans in 2005 and 2006 that were subprime was 13.5% in Fairfax County (Center for Responsible Lending, November 2007)
 - Share was just 4.2% in 2003 (The Urban Institute, March 2007)
- ❖ Most subprime loans carry low introductory rates that expire usually after 2 to 3 years and adjust upward to rates of 10% to 13%
- ❖ Borrowers have difficulty refinancing to a lower rate because they may not meet tighter lending requirements, property may be worth less than the loan, and prepayment penalties are steep

Foreclosures

Home Foreclosures - Fairfax County			
	<u>2005</u>	<u>2006</u>	<u>2007</u>
1 st Quarter	26	121	347
2 nd Quarter	24	128	640
3 rd Quarter	45	229	1,818
4 th Quarter	<u>103</u>	<u>115</u>	<u>1,722</u>
Total	198	593	4,527



Source: Realtytrac

Residential Construction and Housing Supply



- ❖ Inventory of completed, unsold homes represent 40% of homes on market nationally – largest percentage ever
 - Builders dropping prices to boost sales
- ❖ High vacancy rates of housing units – currently national vacancy rate is 50% higher than any previous downturn
- ❖ National housing starts in December 2007 fell to 1.0 million, lowest rate since 1959

Nonresidential Real Estate Continues to Soften



- ❖ Nonresidential values increased 13.57% in FY 2008 and will increase 7.00% in FY 2009
- ❖ Office Vacancy rates
 - 2007 mid-year: 8.5%, 10.2% with sublets
 - Vacancy rates are expected to rise in 2008 due to new office space deliveries
- ❖ As of mid-year, 25 buildings were under construction – 4.7 million sq. ft. of space
- ❖ Speculative development
 - Of the 25 buildings, 18 are 100% speculative
 - Represents 3.1 million square feet or 67% of the space under construction
- ❖ New construction is down. Only 4 new office buildings broke ground during 1st half of 2007 compared to 15 starts the six months before

Consumer Spending

- ❖ Consumer spending has been financed through home equity/refinanced mortgages
 - Homeowner's equity to value = 50.4% (2007)
 - Homeowner's equity to value = 57.3% (2001)

- ❖ Credit card debt increased 11.3% in November 2007 compared to 2003-2005 annual rate of 2-4%
 - Economists expecting curtailment of spending

- ❖ Holiday sales important – November 2007 up only 1.2%

- ❖ Consumer confidence falling



Interest Rates

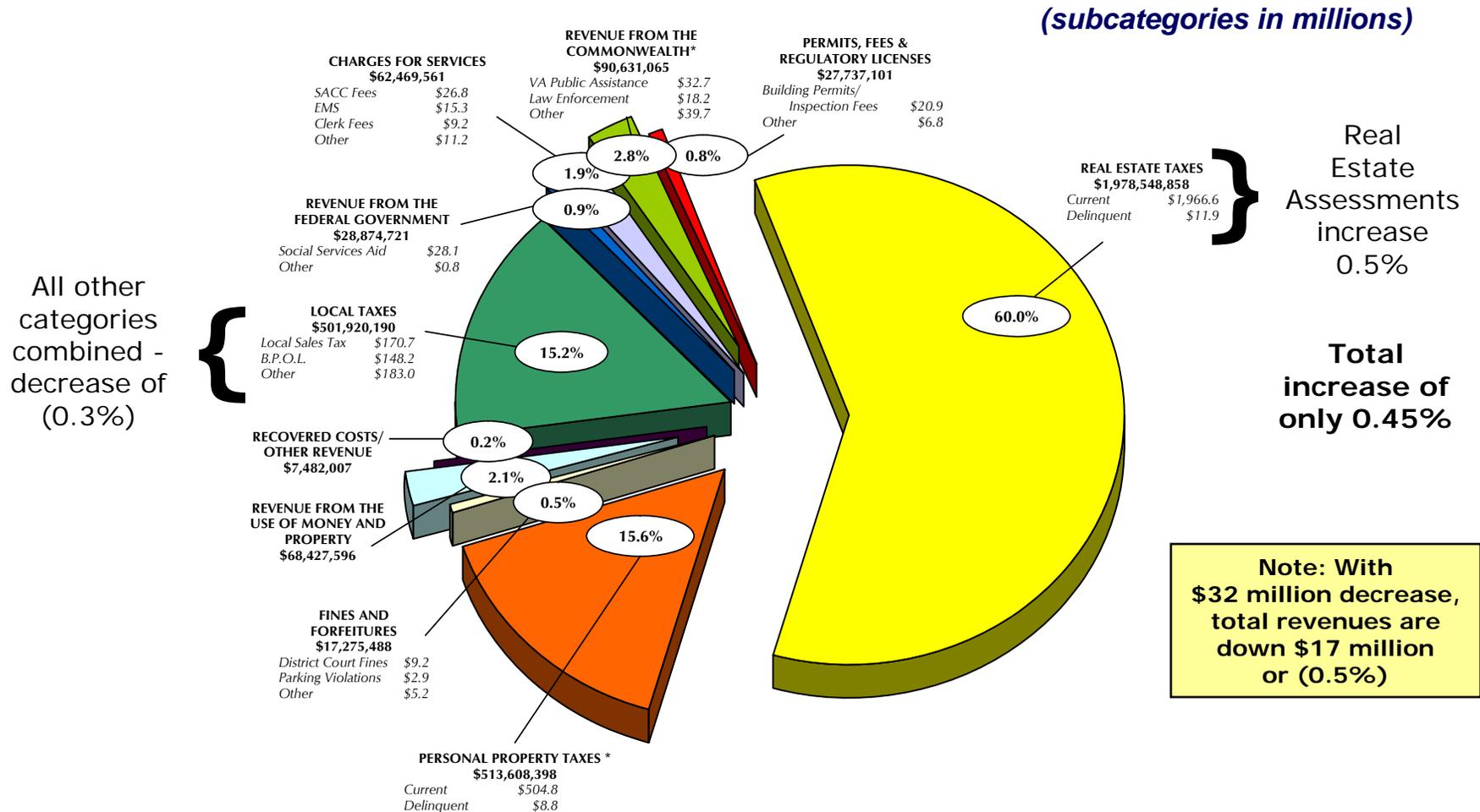


- ❖ Federal Reserve Action: January 2008
 - 125 basis points in 9 days (January 22 and 30)
 - Largest cut in 24 years
 - More rate cuts likely
 - County interest earnings impacted:
 - FY 2007 - \$92.1 million
 - FY 2008 - \$82.1 million
 - FY 2009 (Advertised) - \$65.0 million
 - Updated - \$38.5 million



**Over
\$26 million
REVENUE
LOSS**

FY 2009 General Fund Receipts: ("Where It Comes From")

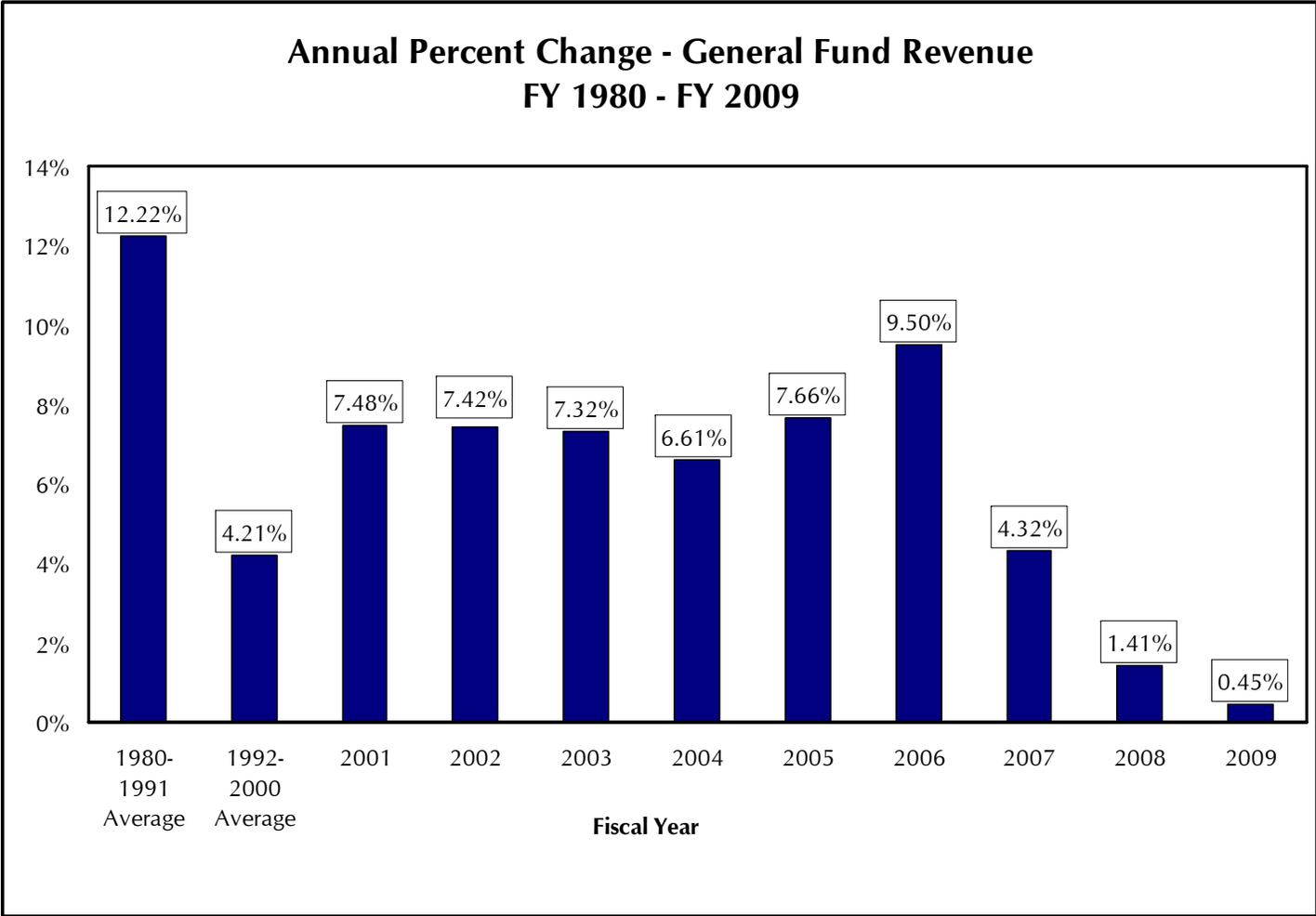


FY 2009 GENERAL FUND RECEIPTS = \$3,296,974,985

* For presentation purposes, Personal Property Taxes of \$211,313,944 that are reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 are included in the Personal Property Taxes category.

** Total County resources used to support the budget include the revenues shown here, as well as a beginning balance and transfers in from other funds.

General Fund Revenue Growth



	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Growth Rate without Tax Cut:	8.3%	9.3%	9.3%	17.7%	12.1%
Real Estate Tax Cut:	2¢	5¢	3¢	13¢	11¢

Real Estate Tax Base

	1991	1992	1993	1994	1995	1996	1997	1998	1999
Equalization	11.51%	(2.75)%	(6.48)%	(2.46)%	(1.29)%	0.36%	0.57%	0.80%	1.77%
- Residential	13.06	(1.90)	(3.74)	(0.52)	0.01	0.49	(0.23)	(0.50)	0.04
- Nonresidential	7.85	(4.80)	(13.22)	(7.86)	(5.28)	(0.09)	3.27	5.05	7.12
Growth	5.26	1.79	0.40	1.08	1.97	2.16	2.13	1.93	2.19
TOTAL	16.77%	(0.96)%	(6.08)%	(1.38)%	0.68%	2.52%	2.70%	2.73%	3.96%

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Equalization	2.96%	5.13%	9.70%	11.72%	9.94%	9.54%	20.80%	19.76%	2.47%	(1.02%)
- Residential	0.77	5.13	11.26	16.27	14.55	11.29	23.09	20.57	(0.33)	(3.38)
- Nonresidential	9.24	5.15	5.92	0.52	(2.94)	3.74	12.74	16.64	13.57	7.00
Growth	3.37	3.81	3.94	3.42	2.54	2.50	2.69	2.94	1.68	1.53
TOTAL	6.33%	8.94%	13.64%	15.14%	12.48%	12.04%	23.49%	22.70%	4.15%	0.51%

**Value of one penny in
FY 2009 = \$22.8 million**



Real Estate Revenue: Residential Equalization



Residential

- ❖ Approximately 74.8% of Base
- ❖ Residential values decreased (3.38%)
- ❖ Slowdown in residential real estate market expected to continue in FY 2010
- ❖ Nearly all types of residential property experiencing decreases

Residential Equalization Percent Changes

Housing Type (Percent of Base)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Single Family (71.2%)	14.15	11.20	22.21	20.37	(0.43)	(3.12)
Townhouse/Duplex (19.7%)	17.00	12.99	26.08	22.69	0.64	(4.96)
Condominiums (8.3%)	20.09	16.24	33.49	25.97	(2.23)	(4.54)
Vacant Land (0.6%)	23.23	15.19	26.32	25.44	3.86	7.66
Other (0.2%) ¹	2.58	4.89	5.30	9.67	2.97	6.46
Total Residential Equalization (100%)	14.55	11.29	23.09	20.57	(0.33)	(3.38)

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

Residential Equalization Changes in Surrounding Jurisdictions

<u><i>Jurisdiction</i></u>	<u><i>Total Residential Equalization</i></u>	<u><i>Proposed Real Estate Tax Rate Change</i></u>
Alexandria	(1.90%)	0/2 cents
Arlington	(1.50%)	Releases Feb 26
Fairfax County	(3.38%)	0 cents
Loudoun	(10.41%)	25.6 cents
Prince William	(14.00%)*	Releases Feb 26

* Preliminary Estimate



Impact on Typical Fairfax County Household

<u>Fiscal Year</u>	<u>Mean Assessed Value of Residential Property</u>	<u>Real Estate Tax Rate Per \$100</u>	<u>Tax Per Household*</u>
FY 2001	\$208,126	\$1.23	\$2,559.95
FY 2002	\$234,749	\$1.23	\$2,887.41
FY 2003	\$276,945	\$1.21	\$3,351.03
FY 2004	\$321,238	\$1.16	\$3,726.36
FY 2005	\$361,334	\$1.13	\$4,083.07
FY 2006	\$448,491	\$1.00	\$4,484.91
FY 2007	\$544,541	\$0.89	\$4,846.42
FY 2008 (est.)	\$542,409	\$0.89	\$4,827.44
FY 2009 (est.)	\$524,076	\$0.89	\$4,664.28 **

* In addition, since FY 2007, the average household has saved \$58 annually due to elimination of the vehicle decal fee

** \$163 decrease for the typical household

Real Estate Revenues: Equalization Components

Nonresidential Equalization Percent Changes

Category (Percent of Base)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Apartments (17.4%)	3.86	1.86	11.21	11.65	22.59	6.41
Office Condominiums (3.8%)	15.63	13.59	18.01	1.96	13.76	4.78
Industrial (6.4%)	(1.29)	5.26	8.89	12.61	14.34	14.08
Retail (11.4%)	2.91	7.91	10.99	18.56	7.56	7.76
Regional Malls (3.2%)	6.95	3.00	4.06	2.24	12.90	1.86
Office Elevator (39.2%)	(10.73)	3.27	18.81	24.16	15.93	5.68
Office – Low Rise (4.4%)	(6.27)	5.42	17.56	23.94	10.18	9.16
Vacant Land (5.0%)	(6.55)	7.15	10.07	21.88	14.99	7.67
Hotels (3.9%)	(6.23)	4.48	15.34	25.54	9.58	11.28
Other (5.3%)	6.00	5.15	8.52	12.19	10.05	7.63
Nonresidential Equalization (100%)	(2.94)	3.74	12.74	16.64	13.57	7.00

Real Estate Revenues: Equalization Components

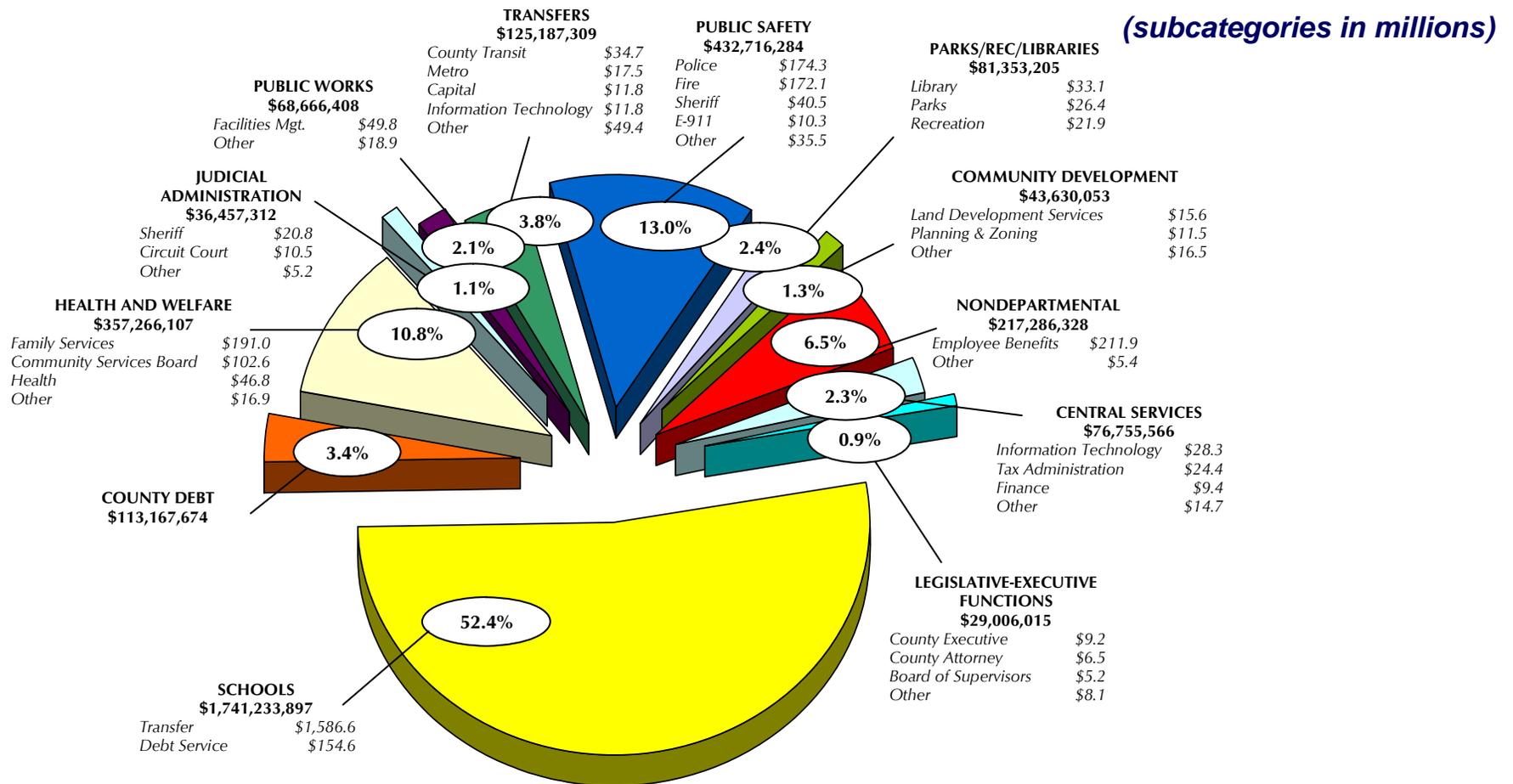


Nonresidential

❖ Commercial/Industrial percentage of total real estate assessment base:

- FY 1990 = 26.76% (highest rate in over a decade)
- FY 1996 = 19.04%
- FY 2001 = 25.37%
- FY 2002 = 24.84%
- FY 2003 = 21.97%
- FY 2004 = 19.14%
- FY 2005 = 18.20%
- FY 2006 = 17.36%
- FY 2007 = 17.22%
- FY 2008 = 19.23%
- FY 2009 = 21.06%

FY 2009 General Fund Disbursements ("Where It Goes")



* In accordance with the Board adopted guidelines for the FY 2009 Budget, the proposed County General Fund transfer for school operations in FY 2009 totals \$1,586,600,722, a 0% increase over the FY 2008 Adopted Budget Plan level. It should be noted that the actual transfer request approved by the School Board on February 14, 2008 reflects a General Fund transfer of \$1,650,347,739, an increase of 4.0% or \$63,747,017 over the FY 2008 Adopted Budget Plan.

FY 2009 GENERAL FUND DISBURSEMENTS = \$3,322,726,158

County of Fairfax, VA: FY 2009 Advertised Budget Plan Presentation

County Disbursements

Note: Once adjustments are made to address the \$32 revenue reduction:

- 2.44% decrease from the FY 2008 Revised Budget Plan
- Excluding adjustments in current year, decrease from FY 2008 of 0.71%

- ❖ **General Fund Disbursements total \$3.3 billion**
 - 1.59% decrease from the *FY 2008 Revised Budget*
 - Excluding adjustments in current year, increase over FY 2008 is just \$5.3 million or 0.16%
- ❖ **General Fund Direct Expenditures total \$1.2 billion**
 - 2.30% decrease from the *FY 2008 Revised Budget*
- ❖ **The total recommended FY 2009 budget is \$6.1 billion** (All Funds)
- ❖ A series of adjustments have been recommended to address the \$32 million revenue shortfall. As a result, some of the currently funded priorities included in the FY 2009 budget proposal may need to be eliminated as part of the final budget adoption

County Support for Fairfax County Public Schools

The combined transfer for School operating and School debt service is \$1,741.2 million, which represents 52.4% of total County disbursements.

FY 2009 Transfer for School Operations = \$1.59 billion

- ❖ No increase over FY 2008 level
- ❖ Consistent with the Board's Guidelines
- ❖ School Board Request = \$1.65 billion
 - An increase of \$63.7 million or 4.0% over FY 2008

FY 2009 Transfer for School Debt Service = \$154.6 million

- ❖ Increase of \$6.8 million or 4.6% over FY 2008 level



Other County Support for Fairfax County Public Schools

In FY 2009, a total of \$63.5 million in additional County support is provided for FCPS.

Includes funding for:

- | | |
|---|----------------|
| ❖ Comprehensive Services Act (CSA),
School-Age Child Care (SACC),
and Head Start Programs | \$31.9 million |
| ❖ School Public Health Nurses and
Clinic Room Aides | \$12.6 million |
| ❖ School Crossing Guards and
School Resource Officers | \$10.1 million |
| ❖ After-School Programming | \$3.7 million |
| ❖ Other | \$5.2 million |

FY 2009 Budget: Position Changes

- ❖ Only new positions in FY 2009 associated with new transportation funding
- ❖ Total increase of 41/41.0 SYE Net Positions
 - Ratio of positions per 1,000 residents at 11.49

Positions Per 1,000 Residents

<u>FY 1992</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
13.57	11.45	11.40	11.25	11.23	11.34	11.48	11.51	11.49

FY 2009 Budget: Recommendations

- ❖ The following pages show FY 2009 funding and position adjustments listed by Board Priority and/or County Vision Element

BOARD PRIORITIES

Strong Investment in Education

Public Safety and Gang Prevention

Affordable Housing

Environmental Protection

Transportation Improvements

Revenue Diversification to
Reduce Burden on Homeowners

COUNTY VISION ELEMENTS

Maintaining Safe and Caring Communities

Building Livable Spaces

Practicing Environmental Stewardship

Connecting People and Places

Creating a Culture of Engagement

Maintaining Healthy Economies

Exercising Corporate Stewardship

Maintaining Safe and Caring Communities



❖ Public Safety Compensation

- 1.48% Market Rate Adjustment (50% reduction) \$6.4 million
- Merit Increments \$3.1 million
- Phased In Decrease Employee Contribution for Police Retirement (1%) \$0.9 million

❖ Gang Prevention Services

\$0.1 million

- Replaces expiring grant for case management services
- Serves 100 youth and families – East and South County areas

❖ Child Care Assistance and Referral Program (CCAR)

\$2.6 million

- Replaces most recent loss of federal pass-thru funding
- CCAR program supports subsidized child care for 5,141 children which is 1,600 fewer than in 2006

Note: General Fund increase of \$2.6 million reduced by \$1.0 million as a result of additional state funding

Maintaining Safe and Caring Communities



- ❖ **Comprehensive Services Act (CSA) \$4.1 million**
 - Funding reserve to address anticipated shortfall
 - Increased costs associated with state reinterpretation of mandated services for foster care prevention, increased number of children served and increased cost per child due to state contract rates

Note: Reserve reduced by \$1.0 million

- ❖ **Realignment of Domestic Violence Programs**
 - At no net cost, consolidate positions and funding in Community Services Board (CSB) and Department of Family Services (DFS) into new Office for Women and Domestic Violence Services

- ❖ **Citizen Corps Programs \$0.1 million**
 - Replaces grant funding
 - Provides supplies, equipment and training for 6,700 volunteers supporting County first responders

Maintaining Safe and Caring Communities



- ❖ **Office of Commonwealth's Attorney** **\$0.5 million**
 - Staff initiatives to address workload and retention

- ❖ **Contractual Increases** **\$2.0 million**
 - Contract increases to providers for CSA, Mental Health/Mental Retardation and Alcohol and Drug Abuse Services, Home Based Care, and other Family Services. Funds limited increases in medical supplies and pharmaceuticals

- ❖ **Mental Health Adult Outpatient Services** **\$0.6 million**
 - Continued support to address timely access and caseload requirements while redesign efforts underway

- ❖ **Special Education Graduates**
 - 70 new Special Education Graduates to be served within baseline budget as a result of additional Medicaid MR waiver slot allocations, program attrition and management initiatives



Building Livable Spaces

❖ **Penny for Affordable Housing** **\$22.8 million**

- As of January 2008, a total of 2,207 affordable housing units preserved

Note: Applied \$0.6 million/2.5% of funding for administration to the Penny Fund

**Board Priority:
Affordable
Housing**



❖ **Paydown Capital Renewal Projects** **\$6.9 million**

- Roof replacement, HVAC, emergency repairs
- Only Category “F” projects funded (i.e., urgent/safety-related)

❖ **Athletic Field Maintenance** **\$5.1 million**

Practicing Environmental Stewardship



- ❖ **Penny for Stormwater Management** **\$22.8 million**
 - Project implementation for stormwater improvements to protect public safety, preserve house values and support environmental mandates
 - Funds \$4.4 million in staff and operating costs associated with program

Note: An additional \$3.2 million in staff costs applied to Penny Fund

- ❖ **Energy Coordinator** **\$0.1 million**
 - Redirected position to develop energy efficiency and conservation activities

- ❖ **Environmental Projects** **\$0.6 million**
 - Prioritized initiatives include household hazardous waste and litter campaigns, energy management and expand tree plantings

- ❖ **Solid Waste Programs** **\$1.3 million**
 - Net of a reduction of \$1.25 million in General Fund Transfer
 - Supports recycling, Code Enforcement, and Citizen's Disposal Programs

Note: 100% of transfer eliminated, likely resulting in an increase in the tipping fee

**Board Priority:
Environmental
Protection**

Connecting People and Places



❖ Use New Transportation Funding

- HB3202 provides first infusion of new transportation funding in 20 years
- Two significant new sources:
 - NVTAs Taxes/Fees
 - New Commercial Real Estate Tax recommended as \$0.12/\$100 assessed value
- Provides funding for regional and County projects and initiatives
- Supports 93 existing staff and 41 new positions

❖ County Transit Funding (General Fund Transfer)

\$34.7 million

- No increase over FY 2008 level:
 - Supports operation of FAIRFAX CONNECTOR and contractual obligations of Virginia Railway Express (VRE)
 - Funds higher contract costs, increased fuel prices and VRE-related requirements
 - Applies \$12.0 million in new State Recordation Tax Revenue

Connecting People and Places

Board Priority:
Transportation
Improvements



❖ Metro Funding (General Fund Transfer)

\$17.5 million

- For Metrorail and Metrobus operating and capital requirements
- Total County obligation of \$68.6 million
- Decrease of \$2.8 million from FY 2008 level for County transfer due to application of higher state aid, gas tax and savings due to transfer of West County Bus Service to CONNECTOR program

Note: Reduced \$8.5 million by applying new transportation resources in place of General Fund dollars

❖ Information Technology Funding (General Fund Transfer)

\$11.8 million

- Total Expenditures = \$22.8 million for projects including Enterprise System Replacement (\$7.0 m), Police Records Management (\$5.0 m), Public Safety Systems Modernization (\$2.6 m), and Telephone System Modernization (\$1.5 m)
- The entire FY 2009 Advertised Information Technology Plan can be viewed on the web at:

<http://www.fairfaxcounty.gov/dit/itplan>

Note: Reduced \$0.7 million, impacting progress on selected IT projects

Creating a Culture of Engagement



❖ Burke Community Library

\$0.6 million

- Funding for full-year staff and operating expenses for new community library to open in mid-2008

Note: Reduced \$0.2 million which delays opening until October 2008

❖ Presidential Election

\$0.3 million



❖ Consolidation of Office of Human Rights and Office of Equity Programs

Note: Reduced \$0.1 million based on anticipated savings

Maintaining Healthy Economies



❖ Consolidated Community Funding Pool **\$9.0 million**

- 1st year of new two-year funding cycle
- Provides approximate 3% increase or \$0.25 million in additional General Fund Support
- Leverages additional funds through cash-match from other non-County sources, in-kind services from volunteers, or contributions from businesses, the faith community and others

Note: Eliminated increase of \$0.25 million



❖ Contributory Funding

- Increase of \$0.4 million

\$13.6 million



Exercising Corporate Stewardship

- ❖ **Personnel Services Reduction to Balance Budget** **(\$16.5 million)**
 - 2% across-the-board reduction, net **4.0%** reduction
 - Agencies to manage vacancies

- ❖ **Pay for Performance** **\$6.3 million**
 - Over 8,000 non-Public Safety employees
 - 50% reduction in funding and the actual award employees will receive
 - Average employee increase estimated at 2.3%

- ❖ **Fuel** **\$2.5 million**
 - Fuel increase of 3% over FY 2008 reflecting market conditions

- ❖ **New Facilities Operations and Maintenance** **\$1.6 million**
 - 4 new facilities to open in FY 2009 for increase of more than 200,000 square feet



Exercising Corporate Stewardship

- ❖ **Health Insurance Increase** **\$2.2 million**
 - Assumes premium increases in County plan effective January 1, 2008 (5% - all health insurance plans)
 - Increase based on increased utilization and prescription drug costs; self-insurance plan has experienced medical cost growth below national average

Note: Reduction of \$0.9 million based on revised cost estimates

- ❖ **Dental Insurance** **\$0.2 million**
 - Increase of 8.7% based on premium increase of 5%, projected enrollment and new positions
 - No change in benefits
- ❖ **Retirement Funding** **\$2.2 million**
 - Increase based on impact of employer contribution rates determined by actuarial analysis and FY 2009 salary adjustments
- ❖ **Retiree Health Benefits**
 - Based on estimated number of new retirees
 - No change in benefits
 - Full cost of \$5.8 million funded with savings in Health Insurance Fund



Exercising Corporate Stewardship

❖ Health Promotion and Wellness Initiative

- Funded from anticipated savings in County health plans. Program will include health risk assessment, enhanced disease management program, reduced membership rates for merit employees and retirees at County recreation centers, and influenza vaccinations for County employees and retirees

❖ GASB 45 Liability Payment

- Necessary to account for post-employment benefits
- Funded with \$8.2 million in savings in Health Insurance Fund

Note: Reduced
\$4.1 million

❖ Enterprise IT System Project

- Funded from savings in Health Insurance Fund. A \$7.0 million down payment to replace County's human resources system. Future year investments necessary for completion of human resources system and to begin purchasing, finance and budget systems replacement

Other Tax and Fee Adjustments

- ❖ **User Fee Analysis** **\$4.5 million in Additional Revenue**
 - EMS transport fee, Fire Marshal fee, parking garage fee, parking violation fees, etc.

- ❖ **Refuse Collection Fee Increase**
 - Increase in fee from \$330 to \$345 due to increased cost of service
 - 44,000 customers affected

- ❖ **Sewer Service Rate Increase**
 - Increased from \$3.74 to \$4.10 per 1,000 gallons of water consumption
 - Associated with increased costs for construction, system operation and maintenance, debt service and upgrades to reduce nitrogen discharge to meet Chesapeake Bay regulations
 - Additional annual cost to the typical household is anticipated to be \$27.36

- ❖ **Sewer Availability Charge Increase**
 - Increased from \$6,506 to \$6,896 for new single-family home

- ❖ **McLean Community Center Rate**
 - Decreased from \$0.028 to \$0.026/\$100 assessed value

Addressing FY 2009 Shortfall

In order to address the gap in resources due to the sharp reduction in interest earnings now anticipated for FY 2009 as a result of recent Federal Reserve actions and anticipated loss of state revenues, I have worked with senior staff and developed the following list of additional reductions to be considered by the Board of Supervisors during their deliberations on the FY 2009 budget:

- ❖ Reduce General Fund contribution to Metro by 50 percent by using new Transportation funding sources \$8.5 million
 - ❖ Use available balances in the Cable Fund \$5.5 million
 - ❖ Reduce GASB funding by 50 percent \$4.1 million
 - ❖ Reduce limited term funding below FY 2008 level \$3.3 million
 - ❖ Charge additional Stormwater positions to Penny for Stormwater \$3.2 million
 - ❖ Reduce Comprehensive Services Act reserve by 25 percent \$2.0 million
 - ❖ Utilize new state funding to support child care
 - ❖ Eliminate remaining General Fund transfer to Solid Waste \$1.3 million
 - ❖ Reduce General Fund contribution to Capital Paydown \$1.3 million
 - ❖ Charge Affordable Housing positions to Penny for Affordable Housing Fund \$0.6 million
 - ❖ Other \$2.2 million
- \$32.0 million

What's Not Funded in FY 2009 Budget

- ❖ Full compensation increases
- ❖ Public Safety agency staffing:
 - Police patrol officers
 - Fire ladder truck staffing
 - Sheriff positions for detention cells
- ❖ Expanded Code Enforcement Strike Force
- ❖ Additional support of Mental Health Services
- ❖ Human Services caseload requirements
- ❖ New School Age Child Care (SACC) rooms
- ❖ Additional support for Child Care and Assistance Program (CCAR)
- ❖ Replacement of voting machines
- ❖ Additional County facility maintenance

FY 2010 and FY 2011

- ❖ No growth in revenues anticipated
- ❖ Further deterioration in real estate market could result in negative revenue growth
- ❖ County and School spending needs 4-5% annually to maintain existing services and programs
- ❖ Need to replace one-time funding used to balance FY 2009
- ❖ Estimated \$200 million deficit
- ❖ Recommend multi-year process to review services and revenue options

FY 2009 Budget Schedule

February 25, 2008	County Executive presents <u>FY 2009 Advertised Budget Plan</u>
March 8, 2008	Budget Workshop
March 10, 2008	FY 2009 Budget, Tax Rate and <i>FY 2008 Third Quarter Review</i> to BOS for advertisement
March 31, April 1, and April 2, 2008	Public Hearings on FY 2009 Budget, <i>FY 2008 Third Quarter</i> and FY 2009-FY 2013 Capital Improvement Program
April 21, 2008	Budget Mark-Up
April 28, 2008	Budget Adoption

FY 2009 Budget

The entire *FY 2009 Advertised Budget Plan* and the FY 2009 – FY 2013 Capital Improvement Program (CIP) are available on the Internet:

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

The Dept. of Information Technology IT Plan is also available on the Internet:

<http://www.fairfaxcounty.gov/dit/itplan>

All of these County documents are available on one compact disc from the Dept. of Management and Budget

