

FAIRFAX COUNTY, VIRGINIA

MEMORANDUM

TO: BOARD OF SUPERVISORS

DATE: August 6, 2001

FROM: Anthony H. Griffin
County Executive

SUBJECT: FY 2001 Actual Revenues, Expenditures, and Carryover Supplemental Appropriation

Attached for your review and consideration is the FY 2001 Carryover Package, including Supplemental Appropriation Resolution AS 02022 and Amendment to the Fiscal Planning Resolution AS 02901. The document includes the following attachments for your information.

- Attachment I - A General Fund Statement showing the status as of July 16, 2001, including revenue and expenditures and a summary reflecting expenditures by fund.
- Attachment II - A summary of General Fund receipt variances by category.
- Attachment III - A summary of significant General Fund expenditure variances by agency.
- Attachment IV - An explanation of General Fund Unencumbered Carryover.
- Attachment V - An explanation of Other Funds Unencumbered Carryover.
- Attachment VI - A detailed description of new and unexpended Federal/State grants and anticipated revenues associated with those grants that are recommended for appropriation in FY 2002.
- Attachment VII - A detailed description of significant changes in Other Funds.
- Attachment VIII - Supplemental Appropriation Resolution AS 02022 and Fiscal Planning Resolution AS 02901 for FY 2002 providing for the appropriation of outstanding encumbrances and unspent balances for Federal/State grants, as well as prior commitments of the Board of Supervisors, such as unspent capital project balances.
- Attachment IX - A copy of all fund statements and summaries of capital projects.

As the Board is aware, State law requires the Board to hold a public hearing prior to the adoption of amendments to the current year budget when the adjustments exceed \$500,000. In addition, any amendment of \$500,000 or more requires that the Board advertise a synopsis of the proposed changes. Since the FY 2001 Carryover Review recommends changes to the FY 2002 Adopted Budget Plan over the \$500,000 limit, Board action on the Carryover Review has been scheduled at the same time as the public hearing on September 10, 2001.

FY 2001 End of Year Summary

A brief summary of the General Fund follows, comparing actual receipts and disbursements as of July 16, 2001 to the final estimates of the *FY 2001 Revised Budget Plan* on the next page.

SUMMARY TABLE
GENERAL FUND STATEMENT AND BALANCE AVAILABLE
(in millions of dollars)

	FY 2001 Revised <u>Budget Plan</u>	FY 2001 <u>Actual</u>	<u>Variance</u>
Beginning Balance, July 1	\$88.49	\$88.49	\$0.00
Receipts and Transfers In	<u>\$2,139.35</u>	<u>\$2,142.80</u>	<u>\$3.45</u>
Total Available	\$2,227.84	\$2,231.29	\$3.45
Expenditures	\$839.34	\$809.55	(\$29.79)
Transfers Out	<u>\$1,343.43</u>	<u>\$1,343.43</u>	<u>\$0.00</u>
Total Disbursements	\$2,182.77	\$2,152.98	(\$29.79)
Ending Balance, June 30	\$45.07	\$78.31	\$33.24
Less:			
Managed Reserve	<u>\$43.66</u>	<u>\$43.66</u>	<u>\$0.00</u>
Initial Balance	\$1.41	\$34.65	\$33.24
		Adjustments:	
		Outstanding Encumbrances	(\$12.76)
		Outstanding Unencumbered Commitments	(\$6.46)
		Net Administrative Adjustments	(\$7.21)
		Managed Reserve Adjustments	(\$0.53)
		Balance after FY 2001 Commitments/FY 2002 Adjustments (Non-Recurring)	\$6.28
		Managed Reserve Adjustments	\$0.12
		Revenue Stabilization Fund	\$2.51
		Schools Transfer	\$1.82
		Balance Available	\$1.82

As shown in the previous table, the initial balance in the General Fund totals \$33.24 million. Taking into account adjustments for prior commitments and other necessary adjustments totaling \$26.43 million, and adjustments to the Managed Reserve of \$0.53 million, the available carryover balance is \$6.28 million. It should be emphasized that these funds represent Non-Recurring funds. In accordance with Board policy, 40 percent of this available balance will be allocated for the Revenue Stabilization Fund or \$2.51 million, with the remaining \$3.64 million divided equally between the School Transfer - \$1.82 million and the balance available for the Board's consideration - \$1.82 million.

Prior to discussing the specific FY 2001 Carryover adjustments, I think it is important to view this Non-Recurring balance of \$6.28 million in the context of the County's overall budget strategy. I cannot emphasize enough how close actual expenditures and revenues were to the estimates. For perspective, the available balance represents approximately 0.3 percent of the total budgeted General Fund disbursements and is less than annual balances realized in previous years. Approximately \$3.45 million of this balance resulted from higher than anticipated receipts, with the remainder, \$2.83 million, due to lower than anticipated operating expenses, and salary and benefits savings based on actual requirements in FY 2001. It is important to note that no County agency or fund exceeded its appropriation, which is indicative of careful fiscal planning and monitoring throughout the year.

Actual FY 2001 General Fund Revenues and Transfers In were \$2.14 billion, an increase of \$3.45 million or 0.2 percent over the *FY 2001 Revised Budget Plan* estimate. This slim margin between the estimated and actual receipts demonstrates the accuracy of the County's forecasting efforts and the need for close monitoring. In particular the outlook for the future of the local economy suggests that continued caution is warranted. Job growth in the County remains strong. However, as Stephen Fuller noted in a recent issue of the *Fairfax County Economic Index*, "weak consumer spending as well as business spending remain the critical problem" in the local economy. In fact, County Sales Tax receipts experienced negative growth in four out of the last five months of FY 2001. If this trend continues, the FY 2002 Adopted Budget Plan estimate, which incorporates a growth rate of 6.0 percent, will need to be adjusted. Another concern regarding FY 2002 revenue is the impact that Federal Reserve actions have had on Interest on Investments. Since Add-On when the estimate for Interest on Investments was reduced \$10.7 million, the Federal Reserve has lowered interest rates three more times for a total of six during the first seven months of 2001. The yield on instruments currently being invested by the County is approximately 3.5 percent compared to the FY 2002 Adopted Budget Plan estimate of 4.43 percent. Therefore, a decrease in the FY 2002 Interest on Investment estimate is anticipated and staff will continue to monitor to determine appropriate adjustments for the *FY 2002 Third Quarter Review*.

The County's Leading Index is pointing to slower growth later this year and extending into 2002. The impact of lower interest rates and tax rebates on consumer spending may not be evident until year-end. According to Dr. Fuller, "It will take stronger consumer spending and renewed consumer confidence in the future before the economy will rebound and resume its upward trend." Given the current FY 2002 revenue estimates and based on actual FY 2001 receipts, additional balances are not likely to be identified during this fiscal year. As a result, the allocation of the FY 2001 Carryover balance should be directed toward Non-Recurring items.

Therefore, the FY 2001 commitments required to meet previously approved FY 2001 commitments and other necessary adjustments include the following:

- ▶ Funding for General Fund encumbrances in the amount of \$12.76 million representing legal obligations of the County which were not received in time for payment in FY 2001.
- ▶ General Fund unencumbered items in the amount of \$6.46 million for previously approved items (including Close Management Initiatives savings of \$1.22 million required to implement previously approved initiatives in progress), which should be re-appropriated in FY 2002.
- ▶ Funding for net administrative adjustments totaling \$7.21 million, which will be discussed on the following pages.
- ▶ An increase to the Managed Reserve in the amount of \$0.53 million based on the above adjustments.

As a result of these FY 2001 commitments, the FY 2002 available balance is \$6.28 million. The distribution of this balance, consistent with the Board's policy, includes:

- Funding in the amount of \$2.51 million, or 40 percent of the available balance is allocated to the Revenue Stabilization Fund. The fund has a targeted balance of 3.0 percent of General Fund disbursements or approximately \$70 million. In order to meet the target over a multi-year period, a minimum of 40 percent of non-recurring balances identified at quarterly reviews is transferred to the Revenue Stabilization Fund. The current balance of the fund, prior to this adjustment, is \$24.3 million. With this adjustment, the balance in the Revenue Stabilization Fund as of the end of FY 2002 is estimated to be \$28.0 million.
- Based on the FY 2002 Budget Guidelines adopted by the Board in April 2000, one-half of the balance remaining after Carryover adjustments and the allocation to the Revenue Stabilization Fund is to be allocated to the Schools to support Non-Recurring requirements. As a result, the General Fund transfer to Fund 090, School Operations, is increased by \$1.82 million.

Summary of Adjustments

The FY 2001 Carryover includes only adjustments for items previously approved by the Board of Supervisors or Administrative Adjustments which are required at this time. These adjustments are detailed in the various attachments included in the Carryover package. Taking into account these adjustments, the General Fund reflects an available Non-Recurring balance of \$6.28 million.

A detailed discussion of Administrative Adjustments, Revenue and Disbursement Variances, and Changes to Other Funds follows.

General Fund Administrative Adjustments

The Board should be aware of Administrative Adjustments, which are necessary at this time and are made as part of the FY 2001 Carryover Review. The net impact to the General Fund of these adjustments is an increase of \$7,212,043. Details are as follows:

	RECURRING
	Revenue \$0
Agency 08, Facilities Management Division	Expenditure <u>\$500,000</u>
Escalator and Elevator Maintenance	Net Cost \$500,000

An amount of \$500,000 is required to perform elevator maintenance at County facilities. Funding in the amount of \$250,000 was provided during the *FY 2001 Third Quarter Review* for maintenance and inspection of 27 elevators at the Government Center complex. This included \$200,000 for the maintenance and overhaul of six elevators at the Pennino building, six elevators at the Herrity building, and fifteen elevators at the Government Center. In addition, \$50,000 was included for consultant services to assess the County's maintenance practices. The independent consultant has completed the inspection and concluded that the level of service should be improved to address deficient safety standards. An amount of \$500,000 is required to address deficient safety standards and provide maintenance/overhauls on approximately 40 remaining vertical transportation units (escalators and elevators) throughout the County.

**Agency 08, Facilities Management Division
Increased Utility Expenses**

RECURRING	
Revenue	\$0
Expenditure	<u>\$1,000,000</u>
Net Cost	\$1,000,000

Funding of \$1,000,000 is required to fund the utility budget at approximately the FY 2001 expenditure level. FY 2001 expenditures for utilities totaled \$7.9 million. An amount of \$7,027,778 was included in the FY 2002 Adopted Budget Plan for utilities based on an average of prior year expenditures and usage trends. Between FY 2000 and FY 2001, this category experienced an increase of \$1.5 million or 21.6 percent primarily due to increases in natural gas and electricity costs. Given the high level of utility expenditures for FY 2001, it is prudent to anticipate at least the same level of costs for electricity and natural gas for FY 2002 as experienced in FY 2001. With this adjustment, the total available for FY 2002 utility bills will be \$8.0 million. The Department of Management and Budget (DMB) and Facilities Management Division (FMD) will monitor this category and adjust it accordingly at the *FY 2002 Third Quarter Review* based on usage and cost experience during FY 2002.

**Agency 15, Electoral Board and General Registrar
Conversion of Limited Term Positions**

RECURRING	
Revenue	\$0
Expenditure	<u>\$0</u>
Net Cost	\$0

Conversion of four Limited Term positions and funding of \$61,652 in Personnel Services within the General Registrar's office is required to support 2/2.0 SYE Exempt Administrative Assistant positions. Because of the reallocation of funds within the agency there is no net cost to the County. These positions are needed to effectively keep pace with expanding workload within the agency due to the increased volume of voter registration applications as a result of the National Voter Registration Act (NVRA) and increasing population. Voter registration applications have increased from 44,035 in FY 1996 to 156,474 in FY 2001. Since NVRA, 70 percent of the applications are received from the Department of Motor Vehicles. Applications arriving with incomplete information or errors necessitate sending denial letters. In FY 2001, over 20,000 denial letters were mailed, which represents 12 percent of all applications received. Due to this increase, the General Registrar has had to assign three employees to contact these applicants to complete the registration process.

No full-time staff has been added to the General Registrar's office since 1988. Part-time employees have been used to keep pace with the expanding workflow within the agency. The current ratio of voters to full-time positions in the County is 44,444:1, twice as high as any other jurisdiction in Virginia. The two additional positions will help to address workload issues, as well as, reduce the loss of productivity due to training requirements resulting from high part-time staff turnover.

**Agency 29, Stormwater Management and
Agency 31, Land Development Services
Transfer of 1/1.0 SYE Engineer IV**

NON-RECURRING	
Revenue	\$0
Expenditure	<u>\$0</u>
Net Cost	\$0

Funding of \$73,102 and 1/1.0 SYE Engineer IV position are transferred from Agency 31, Land Development Services to the Stormwater Planning and Design Division of Agency 29, Stormwater Management. This position is required for the ongoing management of stormwater issues due to the additional workload in design and project administration, as well as compliance with mandates in the areas of inspections, monitoring, maintenance, retrofits, and erosion control. This action results in a General Fund impact of \$0.

**Agency 67, Department of Family Services
Adoption Incentive Award**

NON-RECURRING	
Revenue	\$14,335
Expenditure	<u>\$14,335</u>
Net Cost	\$0

Funding of \$14,335 is included for the Adoption Incentive Award. There is no net cost to the County because this adjustment is fully offset by revenue from the Virginia Department of Social Services. Due to a recent change in FY 2002 State budget allocations, the Virginia Department of Social Services awarded the Department of Family Services an incentive award of \$14,335 based on the Department's number of adoption placements. The State requires the funding to be spent on adoption services and the Department of Family Services intends to use the money to host an adoption conference and provide training for adoptive families.

**Agency 91, Office of the Sheriff
Computers Reimbursed by State Compensation Board**

NON-RECURRING	
Revenue	\$72,312
Expenditure	<u>\$72,312</u>
Net Cost	\$0

Funding of \$72,312 is required for the purchase of computers and other data processing equipment for the positions and functions of the Office of the Sheriff that are supported by the State Compensation Board. Approval for reimbursement of this expense has been received recently from the State Compensation Board for FY 2002 so that there is no net cost to the County. This equipment will be used to supplement the computers designated for the Criminal Justice Redesign Program and will be used for inmate file maintenance and administrative functions.

**Agency 92, Fire and Rescue Department
Mandated Overtime Requirement**

RECURRING	
Revenue	\$0
Expenditure	<u>\$496,842</u>
Net Cost	\$496,842

Funding of \$496,842 is required for overtime requirements mandated by HB 2712. Previously, under the Fair Labor Standards Act (FLSA), overtime (a rate of one and one-half times the employee's regular salary pay) was paid only after the employee physically worked 212 hours over the 28-day FLSA cycle. Hours in leave status, paid or unpaid, did not count toward the standard hours worked. Under the new State mandate, firefighters, emergency medical technicians, paramedics, ambulance personnel, rescue workers, and hazardous materials workers are provided overtime compensation for all hours that the employee works after meeting the requirements of the standard FLSA cycle in paid status, including hours actually worked and hours on paid leave. For purposes of computing fire protection employees' entitlement to overtime compensation for regularly scheduled FLSA work hours, all hours in which an employee works or is in a paid status shall be counted as hours of work.

**Agency 87, Unclassified Administrative Expenses
Local Cash Match Grant Requirements**

NON-RECURRING	
Revenue	\$0
Expenditure	<u>\$1,511,200</u>
Net Cost	\$1,511,200

Funding of \$1,511,200 is required for local cash match requirements of Board of Supervisor approved grant applications and new awards presented as part of the FY 2001 Carryover Review.

Grant Application Title	Application Date	Local Cash Match Required
Early Head Start Expansion	August 6, 2001	\$159,200
COPS In School	May 7, 2001	\$536,000
Assistance to Firefighters	April 30, 2001	\$231,181
COPS MORE 2001	April 2, 2001	\$323,083
Transitional Housing Award One	July 16, 1998	\$220,936
Other (for future requirements)		\$40,800

		RECURRING
	Revenue	\$195,980
Fund 103, Aging Grants and Programs	Expenditure	<u>\$261,306</u>
Title III-E Family Caregiver Grant Award	General Fund Transfer	\$65,326

An increase in the General Fund Transfer of \$65,326 is required to provide the required Local Cash Match for the Title III-E Family Caregiver grant award approved by the Board of Supervisors on June 11, 2001. Fund 103 expenditures will increase \$261,306, partially offset by Federal revenue of \$195,980.

		NON-RECURRING
Fund 106, Fairfax-Falls Church Community Services Board	General Fund Transfer	\$1,500,000
Increase to General Fund Transfer		

An increase of \$1,500,000 in the General Fund Transfer to Fund 106, Fairfax-Falls Church Community Services Board (CSB) in FY 2002 is required to cover the projected fee revenue shortfall less the use of available FY 2001 ending balance. The fee-related revenue estimates included in the FY 2002 Adopted Budget Plan were developed prior to the FY 2001 budget revisions made as part of the *FY 2001 Third Quarter Review*. CSB clients are billed based on their ability to pay, and the number of clients able to pay a higher percentage of the costs has decreased over the last several years. In addition, revisions to Medicaid eligibility standards for CSB clients, and stricter reporting requirements instituted by the State have made it more difficult to receive reimbursement for services provided. The Board was informed in the FY 2002 Add On Package that an adjustment would be required as part of Carryover to reflect this situation. Therefore, at this time it is necessary to reduce the FY 2002 revenue estimates for Medicaid Waiver, Medicaid State Plan Option, Program/Client Fees, and CSA Pooled Funds to reflect the FY 2001 actual collections. The result is a FY 2002 decrease of \$3,047,896 in Program/Client Fee revenue estimates.

Available funds totaling \$1,547,896 will be utilized to help offset the revenue shortfall. This amount includes an available FY 2001 ending balance of \$738,669 and additional State revenue of \$809,227 without a corresponding expenditure authority requirement. In order to cover the remaining revenue shortfall, the General Fund Transfer to Fund 106 is increased \$1.5 million from \$74,368,148 to \$75,868,148.

		NON-RECURRING
	Revenue	\$0
Fund 303, County Construction	Expenditure	<u>\$2,138,675</u>
Acquisition of Lorton Property	General Fund Transfer	\$2,138,675

Funding of \$2,138,675 is required for the first year payments for the purchase of the Lorton property. The total estimated land acquisition cost is \$4.2 million. The first year payments include a 10 percent deposit or \$423,500 and two installment payments totaling of \$1,715,175. An amount of \$2,096,325 will be required in FY 2003 for the final payment. This funding is supported by a General Fund transfer to Fund 303, County Construction.

Total Net Cost General Fund Administrative Adjustments	\$7,212,043
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Other Funds Administrative Adjustments - No General Fund Impact

The following administrative adjustments in Other Funds have no impact to the General Fund. These adjustments are necessary based on actions taken as part of the adoption of the FY 2002 budget, grant awards, subsequent Board of Supervisors’ actions, and other circumstances requiring funding adjustments.

	NON-RECURRING
	Revenue \$667,834
	Use of Fund Balance \$10,184
Fund 100, County Transit Systems	Expenditure <u>\$678,018</u>
Bus Fare Buydown/VRE Payment	Net Cost \$0

Funding of \$678,018 is required in Fund 100, County Transit Systems, to support the Bus Fare Buydown program and to adjust the Virginia Railway Express (VRE) payment. Of this total, \$667,834 is included for increased contract bus service and associated expenses resulting from free fares on FAIRFAX CONNECTOR routes in the Interstate 95/395/495 corridor, as approved by the Board of Supervisors on May 7, 2001. This amount is fully offset by additional FY 2002 bus fare buydown revenue from the State. The remaining \$10,184 funding adjustment is included based on the most current information available from VRE concerning Fairfax County’s share of FY 2002 VRE expenses. Available fund balance from Fund 100 will be used to absorb this cost.

	RECURRING
	Revenue \$49,514
Fund 103, Aging Grants and Programs	Expenditure <u>\$49,514</u>
Miscellaneous Grant Adjustments	Net Cost \$0

An increase in expenditures totaling \$49,514 is primarily due to revised State funding allocations in the Title III-B Community-Based Social Services and Title III-C(2) Home Delivered Meals programs. These increases are fully offset with revenue, resulting in no net cost to the County.

	RECURRING
	Revenue \$59,264
Fund 106, Fairfax-Falls Church Community Services Board	Expenditure <u>\$59,264</u>
Appropriation of New and Deferred Federal Block Grant Funds	Net Cost \$0

Funding of \$59,264, fully offset by Federal Block Grant funding, is required for the development, continuation, and enhancement of community-based services. These adjustments are based on the most current information provided by the grantor agencies. The revised total of new Federal Block Grant funding is \$4,561,269, an increase of 1.3 percent over the FY 2002 Adopted Budget Plan estimate.

Of this total, \$16,281 is included for the Project LINK Program to provide gender specific, substance abuse psycho-educational services and \$15,417 is included to support an increase of the CSB Medical Director position in Mental Health Services to full-time status. Other increases include: \$12,500 for costs incurred by CSB Central Administration for the Performance Outcome Measurement System (POMS) program; \$10,000 for the Alcohol and Drug Services tobacco cessation program; \$3,000 for Alcohol and Drug Services prevention curriculum expenses; \$1,059 in Substance Abuse, Prevention, and Treatment (SAPT) HIV Drug Block Grant funds for training; and \$1,007 for Alcohol and Drug Services HIV drug outreach program. No County matching funds are required to accept these funds, which will be recurring in nature.

**Fund 106, Fairfax-Falls Church Community Services Board
Adjustments to Current Year Grant Awards and New
Program Year Grant Funding**

	RECURRING
Revenue	\$191,071
Expenditure	<u>\$191,071</u>
Net Cost	\$0

Funding of \$191,071, fully offset by grant funds, is required to update the current year CSB grant award totals based on the most current information available from the grantors. Of this total, \$124,417 is included as adjustments to existing grant program year awards: (\$4,448) for the Sexual Assault Crisis grant; \$5,282 for the Mental Health Ryan White Title I and II grant; \$488 for the Stop Violence Against Women (V-STOP) grant; \$81,279 (including 1/0.5 SYE) for the Early Intervention Part C grant; \$38,913 for the Alcohol and Drug Services Ryan White Title I grant; and \$2,903 for the High Intensity Drug Trafficking Area (HIDTA) grant. Of the remaining total, \$59,625 reflects new program year awards for the following grants: \$36,750 for the second year of the Girl Power grant; \$15,000 for a new Girl Power Partnerships Evaluation grant; and \$7,875 for the third year of the YES! Prevention grant. The remaining increase of \$7,029 reflects the carryover of unexpended/encumbered grant balances. No County matching funds are required to accept these funds, which will be recurring in nature.

**Fund 106, Fairfax-Falls Church Community Services Board
Appropriation of New and Deferred State DMHMRSAS Funds
Northern Virginia Mental Health Institute Funds**

	RECURRING
Revenue	\$311,415
Expenditure	<u>\$311,415</u>
Net Cost	\$0

	NON-RECURRING
Revenue	\$210,000
Expenditure	<u>\$210,000</u>
Net Cost	\$0

Funding of \$521,415, fully offset by State Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS) funding and Northern Virginia Mental Health Institute funds, is included for the development, continuation, and enhancement of community-based services. Of this total, \$210,000 from the DMHMRSAS Discharge Assistance Project is included for a one-time contract payment to a private provider of specialized residential supports needed in the Willow Lane Residential Program. An amount of \$181,267 is included for the acquisition and installation of modular structures replacing leased trailers at the Woodburn Mental Health Center. Other increases to DMHMRSAS funding include \$82,126 for the Mental Health Contract Services Discharge Assistance Program for client-specific alternative placement and \$44,048 to support an increase of the CSB Medical Director position in Mental Health Services to full-time status (0/0.5 SYE). An additional \$3,974 from the Northern Virginia Mental Health Institute is for the Mental Health Services Program of Assertive Community Treatment (PACT).

**Fund 119, Contributory Fund
Northern Virginia Regional Commission Dues Increase**

	RECURRING
Use of Fund Balance	\$8,926
Expenditures	<u>8,926</u>
Net Cost	\$0

Fund 119, Contributory Fund is increased by \$8,926 to reflect the revised dues requirement for the Northern Virginia Regional Commission (NVRC). At its regular monthly meeting held June 28, 2001, the Commission revised local jurisdictions' dues requirements by adjusting the per capita-based calculation to reflect the population count now available from the 2000 Census. The FY 2002 Adopted Budget Plan contains funding of \$341,719 for the NVRC; however, the new Census data result in Fairfax County's dues totaling \$350,645, an increase of \$8,926. No increase to the General Fund transfer is necessary as there is an available fund balance to address this requirement.

Consideration Items

Nine Consideration Items are included for the Board of Supervisors’ consideration. These items total \$3,710,118 of which \$2,208,118 is of a Recurring nature and \$1,502,000 is Non-Recurring. These items are currently not funded and would decrease the available balance if action is taken by the Board. After County Executive recommendations and allocations to the Revenue Stabilization Fund and the Schools as required by Board policy, the Available Balance totals \$1.82 million of Non-Recurring funds. These items include the following:

	RECURRING
	Revenue \$0
1. Agency 16, Economic Development Authority	Expenditure \$1,500,000
Marketing Expansion	Net Cost \$1,500,000

- ▶ At a special meeting with the Economic Development Authority (EDA) on June 27, 2001, the EDA requested increased funding of \$1.5 million to expand marketing activities. The FY 2002 Adopted Budget Plan funding for advertising totals \$2.3 million of which all but \$500,000 has been allocated by EDA per the July 9, 2001 memorandum to Supervisor Gross. With the addition of \$1.5 million, EDA will have a total of \$2.0 million available specifically for advertising and marketing activities. The proposed allocation is \$1.0 million for a strong business attraction program and \$1.0 million for advertising associated with a strong business retention campaign.

	RECURRING
	Revenue \$0
2. Agency 71, Health Department	Expenditure \$83,118
Neighborhood Improvement Volunteer Program	Net Cost \$83,118

- ▶ As requested by the Board of Supervisors on April 30, 2001, funding of \$83,118 is requested to support the Neighborhood Improvement Volunteer Program including 1/1.0 SYE position, a vehicle, and training. This funding will continue the program in the two pilot areas and expand it into 2 - 3 additional neighborhoods.

The Neighborhood Improvement Volunteer Program was approved by the Board in FY 1999 as a pilot program to address neighborhood improvement issues in the Richmond Highway Corridor. The program works to instill community pride and neighborhood ownership, and mobilizes residents to act on behalf of their neighbors in partnership with various County agencies. The program uses volunteers to help identify and address blighted conditions, including working with owners/tenants on property clean-up, conducting community surveys to identify properties requiring repairs, and providing outreach programs on property maintenance issues. An interagency County team, including the Health Department, Planning and Zoning, Public Works and Environmental Services, and the Department of Housing, provides staffing and technical support for the program by redirecting existing staff within their agencies.

Currently, the Neighborhood Volunteer Improvement Program is being piloted in two areas. Program expansion to other area communities is not possible given current resources. Set-up and effective coordination of the program are time-intensive, requiring many hours of interaction with citizen volunteers, County staff in multiple agencies, and other volunteer organizations and private sector groups.

	NON-RECURRING
	Revenue \$0
3. Fund 144, Housing Trust Fund	Expenditure \$686,000
Affordable Housing Partnership Program	Net Cost \$686,000

- ▶ At its April 23, 2001 meeting, the Board of Supervisors requested information on a method of periodically replenishing the Affordable Housing Partnership Program to a targeted balance of \$2.0 million. The FY 2001 Adopted Budget Plan included \$2.0 million in the Affordable Housing Partnership Program and while none of the original funding was expended in FY 2001, awards totaling \$686,000 are expected early in FY 2002. An increase of \$686,000 would therefore be necessary to replenish the project to \$2.0 million.

The Board of Supervisors approved the program components developed by the Department of Housing and Community Development (DHCD) for use of the \$2.0 million at its February 26, 2001 meeting. The primary component is \$1.7 million designed to facilitate the preservation and development of affordable housing throughout the County by leveraging funds. Funding is to be repaid to the Fairfax County Redevelopment and Housing Authority (FCRHA) unless the award is made as a grant or the FCRHA forgives the loan. An amount of \$200,000 has been designated as a second tier of funding to the existing pre-development funding in Fund 947, FCRHA Capital Contributions. This funding is limited to \$50,000 per project allowing non-profits and other developers of affordable housing to move projects closer to the final development stage. Finally, an amount of \$100,000 has been reserved to reimburse project-specific DHCD staff costs for advice and assistance based on the perspective that some organizations will require technical assistance from DHCD in order that projects may be undertaken.

Subsequent to the decision on the program components, funding was recommended to two non-profits organizations, Wesley Housing Development Corporation and Habitat for Humanity of Northern Virginia. The Board of Supervisors approved funding of \$50,000 on July 23, 2001 for predevelopment studies at Coppermine Place in the Hunter Mill District by Wesley Housing Development Corporation. In addition, on July 26, the FCRHA approved \$636,000 for Habitat for Humanity of Northern Virginia to partially finance the construction of 18 townhouses on Stevenson Street in the Springfield District. This item is scheduled to go to the Board of Supervisors for approval on August 6, 2001.

4. Fund 308, Public Works Construction	RECURRING	
	Revenue	\$0
	Expenditure	<u>\$225,000</u>
	Net Cost	\$225,000

- ▶ As requested by the Board of Supervisors on May 21, 2001, staff has prepared a plan to begin the process of re-mapping perennial streams in Fairfax County. Based on the Board's initial request at the January 29, 2001 Environmental Committee meeting, a working group of representatives from several agencies evaluated the issues related to mapping perennial streams. To re-map these streams accurately, the County would need to develop a base map of all stream channels since a single reliable map source depicting the stream network that distinguishes between perennial and intermittent streams does not currently exist. A three-year program is proposed, the total first-year costs are \$225,000 including \$125,000 for 2/2.0 SYE positions in Agency 29, Stormwater Management and \$100,000 in Fund 308, Public Works Construction (Project Z00021) for contract services. As discussed at the January 29, 2001 meeting, the project will be implemented primarily with existing staff from the ongoing Stream Protection Strategy Program. However, addressing the functions of reviewing and evaluating Resource Protection Areas (RPAs) as well as an amendment to the County's Chesapeake Bay Preservation Ordinance (CBPO), Chapter 118 of the Fairfax County Code, will require two additional staff positions included in the above cost.

5. Fund 308, Public Works Construction	NON-RECURRING	
	Revenue	\$0
	Expenditure	<u>\$341,000</u>
	Net Cost	\$341,000

- ▶ As requested by the Board of Supervisors on July 23, 2001, funding of \$341,000 is requested to support five storm drainage projects. Funding for these projects is required to alleviate house flooding conditions and/or severe erosion that may result in the loss of dwelling structures. The projects include: 2009 Post Road (\$16,000), 7201 Calamo Street (\$55,000), 4945 McFarland Drive (\$50,000), 10034 Wheatfield Court (\$120,000), and 7012 Raleigh Road (\$100,000). This additional funding would supplement existing funding and provide sufficient support to complete these projects. Funds for these projects are not available within existing resources and cannot be funded from pro rata share contributions.

**6. Fund 106, Fairfax-Falls Church Community Services Board
Mental Retardation Developmental Center**

	RECURRING
Revenue	\$0
Expenditure	<u>\$400,000</u>
Net Cost	\$400,000

	NON-RECURRING
Revenue	\$0
Expenditure	<u>\$100,000</u>
Net Cost	\$100,000

- ▶ At the conclusion of the FY 2002 budget process, the Board of Supervisors requested that the Human Services Council (HSC) explore alternatives to meet the County’s need for additional space capacity for Mental Retardation (MR) Developmental programming, preferably in the western part of the County. On July 30, 2001 the HSC received a briefing from Community Services Board (CSB) staff regarding the projected growth in demand that will occur over the next few years, the work done to explore space alternatives for such a facility, and a proposal to move forward with developing a new facility in the western part of the County.

The HSC joins with the CSB in recommending funding of \$500,000, covering both rental and renovation costs, on a new West County facility to address this need. The facility will provide day support services to approximately 109 individuals with mental retardation, most of whom have severe disabling conditions which frequently require nursing care. Facility space to meet current demand will be exhausted this year and waiting lists will grow unless new capacity is developed. Without funding for a new facility, an estimated 27 individuals would not be served beginning in July 2002. By July 2003, it is estimated that 56 individuals would not be served. Several other options were explored, however they are either no longer viable or only addressed a portion of the stated need. Recurring future year costs are estimated at \$400,000 per year.

It should be noted that there is no vacant County-owned space or leased space available that meets the needs of this program. High medical needs of these consumers, in addition to routine health and safety issues, require barrier-free space and extensive plumbing amenities for personal care. In addition, CSB staff is pursuing partial funding from the Virginia Department of Mental Health, Mental Retardation, and Substance Abuse Services (DMHMRSAS) to help defray the cost of this facility. It is anticipated that a decision from DMHMRSAS will be available prior to final board action on the *FY 2001 Carryover Review* on September 10, 2001.

**7. Fund 304, Primary and Secondary Road Bond Construction
Shawnee Road Improvements**

	NON-RECURRING
Revenue	\$0
Expenditure	<u>\$200,000</u>
Net Cost	\$200,000

- ▶ As requested by the Board of Supervisors on August 6, 2001, funding of up to \$200,000 is requested to support Shawnee Road improvements. This funding will permit the completion of an upgrade to Shawnee Road and allow the road to be accepted into the Virginia Department of Transportation system for maintenance.

The following consideration items were identified by Board members following the August 6, 2001 Board of Supervisor's meeting. Separate memoranda were distributed to the Board members concerning each of these two issues. Therefore, these items are included for Board consideration at this time.

	NON-RECURRING
	Revenue \$0
8. Fund 303, County Construction	Expenditure <u>\$85,000</u>
Replacement of Lights at Carl Sandburg Middle School	Net Cost \$85,000

- ▶ Funding of \$85,000 is requested to support the replacement of athletic field lights at Carl Sandburg Middle School. The existing lighting system is in an advanced state of disrepair and poses a serious safety hazard. Because the site is a middle school property, it does not fall within the area of responsibility of Fairfax County Public Schools, as they light and maintain high school fields only. The total cost for this project is estimated at \$175,000; however, an amount of \$90,000 has been identified by the Department of Community and Recreational Services to help offset total charges.

	NON-RECURRING
	Revenue \$0
9. Fund 303, County Construction	Expenditure <u>\$90,000</u>
Illuminated Crosswalks	Net Cost \$90,000

- ▶ Funding of \$90,000 is requested to support the installation of illuminated crosswalks to enhance pedestrian safety and encourage mass transit. Funding would provide for two illuminated crosswalks in the County. One illuminated crosswalk would be installed at the FAIRFAX CONNECTOR and Metro bus stop at Route 1 and Highland Lane where there have been a series of pedestrian accidents in recent years. The second illuminated crosswalk would be installed at Government Center Parkway between the main Government Center and the Pennino and Herrity buildings. This six-lane road is becoming increasingly busy and dangerous for County employees and visitors.

Summary of FY 2001 Receipt and Disbursement Variances

The following addresses FY 2001 receipt and disbursement variances in a summary manner.

Receipts

Actual FY 2001 General Fund Receipts and Transfers In are \$2.143 billion, an increase of \$3.4 million or 0.16 percent over the *FY 2001 Revised Budget Plan* estimate of \$2.139 billion. Major changes in General Fund Receipts are summarized below. Greater detail can be obtained by referring to Attachment II, Summary of General Fund Receipts.

- Actual FY 2001 Real Estate Taxes reflect an increase of \$1.7 million over the *FY 2001 Revised Budget Plan* and due primarily to an increase in the FY 2001 collection rate on current Real Estate Taxes from an estimated 99.50 percent to 99.60 percent and lower than anticipated Real Estate tax relief.
- In FY 2001, Personal Property Tax collections, including the portion reimbursed by the Commonwealth of Virginia, were \$2.7 million more than projected. Collection of current Personal Property Taxes were up \$1.1 million due to higher than anticipated omitted levy and lower than anticipated exonerations offset by a slight decrease in the collection rate. Delinquent Personal Property collections were \$1.6 million higher than anticipated as a result of discovery and enforcement efforts.
- FY 2001 Other Local Taxes are \$3.7 million higher than anticipated primarily due to a \$7.0 million increase in Business, Professional, and Occupational Licenses based on levy growth offset by a decrease in Local Sales Tax receipts of \$3.7 million.
- Revenue from Permits, Fees, and Regulatory Licenses in FY 2001 was \$31.9 million, a decrease of \$2.0 million from the *FY 2001 Revised Budget Plan* and is primarily the result of slower than anticipated construction activity in the County.
- Revenue from the Use of Money and Property in FY 2001 was \$58.9 million, a net decrease of \$94,501 from the *FY 2001 Revised Budget Plan* primarily due to a decline in Interest on Investments based on lower interest rates.
- Actual FY 2001 Charges for Services reflect an increase of \$1.3 million or 4.3 percent over the *FY 2001 Revised Budget Plan*. This increase is primarily attributable to higher than anticipated County Clerk fees and SACC fee revenue.
- Revenue from the Commonwealth and Federal Government is down a net \$4.1 million from the *FY 2001 Revised Budget Plan* primarily due to reductions in public assistance programs associated with the Department of Family Services.

Disbursements

The initial General Fund Disbursements balance totals \$29.79 million. Of this balance, an amount of \$19.22 million is required to be carried forward to provide for outstanding encumbrances and unencumbered items reflecting previous Board of Supervisors' commitments. This amount includes \$12.76 million for encumbered, legal obligations of the General Fund which were incurred in FY 2001, and \$6.46 million for unencumbered, previously approved requirements of the General Fund (detailed in Attachment IV).

After adjusting for encumbered and unencumbered commitments, a variance of \$10.57 million or 0.5 percent of total estimated disbursements was realized. The savings represent a very small percentage of total disbursements and are the result of a variety of miscellaneous adjustments as detailed in Attachment III, Summary of Significant General Fund Expenditure Variances by Agency.

Additional Adjustments In Other Funds

Total FY 2001 expenditures in Appropriated Other Funds, excluding appropriations to Fairfax County Schools, are requested to increase \$525.74 million over the FY 2002 Adopted Budget Plan. This amount includes \$517.18 million in carryover of unspent balances and an increase of \$8.56 million in other adjustments. In addition to the adjustments in Appropriated Funds, there are adjustments totaling \$29.03 million in Non-Appropriated Other Funds. It should be noted that details of Fund 102, Federal/State Grant fund are discussed in Attachment VI. Details of FY 2001 adjustments in Appropriated and Non-Appropriated Other Funds other than Federal and State Grants are found in Attachment VII. School Board adjustments total \$307.82 million, excluding debt service, over the FY 2002 Adopted Budget Plan. Details of School Board actions are available in the accompanying School Board transmittal letter.

Carryover is defined as the reappropriation in FY 2002 of previously approved items such as unexpended FY 2001 capital project balances and encumbered and unencumbered items.

Summary of Recommended Actions

In summary, I am recommending that the Board take the following actions:

- ▶ Approve Supplemental Appropriation Resolution AS 02022 and Fiscal Planning Resolution AS 02901 to provide expenditure authorization for FY 2001 Carryover encumbrances, unexpended balances, administrative adjustments, and the associated adjustments to the managed reserve including the following:
- ▶ Board appropriation of \$12.76 million in General Fund encumbrances from FY 2001 as noted in the Combined General Fund Statement.
- ▶ Board appropriation of General Fund unencumbered Board commitments totaling \$6.46 million as detailed in Attachment IV.
- ▶ Board appropriation of General Fund net administrative adjustments totaling \$7.21 million as detailed earlier in this memorandum.
- ▶ Board appropriation of Federal/State grants in Fund 102, Federal/State Grant Fund totaling \$32.34 million, which includes carryover of unexpended FY 2001 grant balances totaling \$30.83 million as well as funding adjustment of \$1.51 million for supplemental grant awards for existing grants as detailed in Attachment VI.
- ▶ Board appropriation of remaining Other Funds Carryover of \$801.21 million, which includes \$307.82 million in School expenditures and \$272.12 million for Capital Construction funds, and \$221.27 million in other funds. Of this total, \$771.42 million is in encumbered items, \$22.74 million is in unencumbered commitments, and \$7.05 million is in additional adjustments. Details are available in Attachment I, Carryover Expenditures by Fund; in Attachment V, Other Funds Unencumbered Carryover, in Attachment VII, Other Funds Detail; and in the School Board transmittal memorandum.
- ▶ Board approval of adjustments to the managed reserve to reflect all carryover adjustments.
- ▶ Board decision on the various Consideration Items.