



# FAIRFAX COUNTY

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V I R G I N I A

February 26, 2001

Honorable Board of Supervisors  
County of Fairfax  
Fairfax, Virginia

Madam Chairman, Ladies and Gentlemen:

I am pleased to transmit to the Board of Supervisors my budget proposal for Fiscal Year 2002 which totals \$3,834,345,960, including General Fund Disbursements of \$2,304,027,532, a 5.80 percent increase over the *FY 2001 Revised Budget Plan*. The FY 2002 Advertised Budget Plan is in conformance with the Board's Budget Guidelines which limit County and School expenditure increases to the projected growth in available revenues.

A year ago I spoke of our economy as strong and vibrant. Today, on both the local and national levels, the economy is weakening. While economic growth is occurring, the rate of growth has slowed substantially. The uncertainty of the direction of future growth in the economy requires a cautionary approach to fiscal planning for the next year.

The FY 2002 budget presented today is a reflection of the major challenges and critical issues faced by the County in the provision of high quality, efficient and affordable services to Fairfax County residents. The greatest of the many challenges confronting our FY 2002 budget development is interpreting recent economic indicators and projecting their impact on the longer term stability and growth of County revenues. Budget decisions to fund both existing County programs and proposed expansions to meet critical needs are dependent on information about the strength of County revenues in the current year, as well as in FY 2002 and beyond.

## EXECUTIVE SUMMARY

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These decisions have been complicated by the difficulty in forecasting economic activity at both the national and local level, particularly in light of the often mixed performance of our leading economic indicators. Predicting a turning point in the economy in either direction is difficult and is complicated by changes both in the structure of the economy as well as external conditions, such as the impact of energy deregulation.

Most economists are forecasting weak economic growth for calendar year 2001, principally in the first quarter. While few forecasters agree a recession is certain, most suggest that the economy will remain sluggish. Consumer spending, the engine for the economy, will be a critical factor in sustained economic growth.

Nationally, recent indicators point to a slowing economy, accented by disappointing holiday sales and a shrinking manufacturing sector. Automobile sales are down, consumer confidence has reached a four-year low, some segments of the financial markets are tightening and soaring energy prices are impacting both household and business purchasing power. The latest national unemployment news is also troubling. The national unemployment rate reached 4.2 percent in January 2001, the highest level in 16 months, and reflective of a significant downturn in the manufacturing sector. Overall economic growth slowed more sharply than expected to a rate of just 1.4 percent in the fourth quarter of 2000, the weakest performance in more than five years. Federal Reserve Chairman Alan Greenspan is estimating that current growth is even slower – at almost zero. In an effort to boost consumer and business spending and to keep the U.S. economy out of a recession, the Federal Reserve has twice lowered interest rates by 50 basis points in January 2001, the largest single month drop in a decade. Further interest rate reductions may be warranted if the economy continues to show signs of deterioration. On a more positive side, inflation appears to have remained in check and other indicators like refincancings that help spur consumer spending are positive. Perhaps most significant is the fact that housing values, both nationally and locally, are rising faster than at any time in the past 11 years, a national average of more than 7 percent, with double-digit appreciation in many major metropolitan markets. With all these mixed indicators, there is no wonder that economists are being stymied in their efforts to forecast how the economy should perform in the coming year!

# EXECUTIVE SUMMARY

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## **Local Economic Forecast**

Locally, these same trends toward deceleration are occurring although the degree of the downturn has been mitigated by the ongoing strength of the Northern Virginia economy. The Fairfax County economy has been expanding since mid-1992, with only a short slowdown in 1995-1996; growth has been broad-based, balanced and distributed across the economy. In fact, as noted by economist Dr. Stephen Fuller, the Fairfax County economy has been the dominant force in the Washington area economy since the last recession in 1991. The economic forecast for the County, developed as part of the Fairfax County Economic Index, is for slower growth each year during the 2001-2004 period. The magnitude of the deceleration will be determined by local and national factors, especially those that impact business investment, job growth and consumer spending.

Currently, the Fairfax County indicators closely mirror national trends. Our retail sales numbers, as reflected through sales tax receipts through January, are up only 3.1 percent year to date, following annual increases of 10 percent over the past two years. Larger purchases, such as vehicles, also appear affected. New automobile registrations in the County are slowing, although not significantly, which may be a reflection of consumer purchase cycles and the availability of discount financing. However, vehicle valuations which impact personal property tax revenues, are negative both as a result of the slowing of sales as well as the lower residual rates on leased vehicles now glutting the market. New residential building permit data is negative across all categories with single family home permits down 10.4 percent and multifamily permits down over 50 percent. Home sales volume is strong for both existing condominiums and townhouses, although the number of sales of existing single family homes through November is down 6.4 percent, primarily as a result of limited availability. New home sales volume is down in all categories, nearly 37 percent for condos, 16 percent for townhouses and 1.0 percent for single family. However, the December unemployment rate in Fairfax County dropped to 1.0 percent, the lowest rate in over a decade.

Like the national trend, the price appreciation of Fairfax County housing stock has grown substantially during the past year. Median sales prices for single family, townhouses and condominiums have sustained significant increases, driven by high demand and tight housing supply, as well as lowered mortgage costs and financing incentives. The increased prices, in Fairfax County and throughout the Northern Virginia region in the past year, reflect what is happening on the national level where increased consumer demand coupled with the lowest supply of existing homes in a decade have produced higher than anticipated home price appreciation numbers.

# EXECUTIVE SUMMARY

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The optimism reflected in my budget message last year is today tempered by the mixed economic conditions and the uncertainty about the strength and direction of our future economic growth. The budget plan I am presenting is consistent with the priorities I developed for the next three years: Organizational Development, Organizational Improvement, Financial Management, Transportation, and Quality of Life Issues. This plan balances the needs of our citizens and our organization with the uncertainties present in our economic environment, particularly projected revenues in the coming year and beyond. In developing the FY 2002 budget, I have focused on both the outlook for County revenues as well as key strategies to impact areas of critical concern to our residents.

## **Outlook for County Revenues**

The revenue picture, while positive in the near term, once again highlights the County's dependence on one major revenue source which has in the past risen dramatically, then plunged sharply and recovered at a very slow pace over a period of years.

Overall, FY 2002 General Fund revenues are projected to increase 7.45 percent. Our FY 2002 revenue growth is reflective of the mixed economic activity reported at both the national and local levels. Based most predominately on the strength of our local housing market, real estate tax receipts in FY 2002 will increase 13.2 percent – driven by an increase in real estate assessments of 13.64 percent – the largest increase since FY 1991. In contrast, all other revenue categories, combined, are projected to grow at a rate of approximately 1.5 percent. These categories, made up primarily of personal property, other local taxes and interest on investments, are much more reactive to changes in consumer activity and economic downturns. As I discussed earlier, our personal property revenue growth in FY 2002 is depressed as a result of slower auto sales as well as higher depreciation on vehicles. I expect continued reduction in County interest earnings due to current and anticipated Federal Reserve action, and growth in our sales tax receipts have slowed significantly. As a result, revenue from real property taxes will make up approximately 53 percent of total revenue, up from approximately 51 percent in FY 2001. This represents an alarming trend and highlights the fact that the County is too dependent on real estate taxes.

## EXECUTIVE SUMMARY

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A year ago I also spoke of my concern on two key issues — our increasing dependence on real estate tax revenue, which now makes up approximately 53 percent of our revenues, and the fact that the State caps, controls or in some way limits about 87 percent of our non-real estate tax revenue. With real estate tax revenue now making up a greater portion of the revenue stream, we are even more dependent on this single source of revenue. With the continued lack of diversification in our revenue stream, we need to carefully consider impacts for FY 2002 and beyond.

Although detailed in both the *Revenue* and *Trends* sections of the FY 2002 Overview volume, I must draw your attention to the increase in residential equalization. In FY 2002, the increase in valuation due to residential equalization is 11.26 percent, the highest level since FY 1991. This increase is significantly higher than residential equalization in FY 2001 at 5.13 percent and is driven by the strength of the market and the sustained increase in sales prices due to high demand, a low supply of new and existing homes on the market, favorable mortgage interest rates and financial incentives.

Until last year, the overall increase in equalization had been constrained by flat or only moderate residential price increases for almost a decade. From FY 1991 to FY 2000, household real estate tax has increased just 1.6 percent annually. The typical household in FY 2002 will pay \$2,848.20 in real estate tax, an increase of \$288.25 over last year. However, when accounting for inflation, the average FY 2002 residential tax bill is up just \$1.78 over the bills paid eleven years ago in FY 1991. In addition, comparing increases in tax payment to the growth in personal income experienced by Fairfax County residents, the FY 2002 real estate tax bill makes up just 5.09 percent of per capita personal income, down from 6.73 percent in FY 1991. This comparison is especially important as it demonstrates the relative affordability of the real estate tax, at its current level, when compared to total household resources.

It is unclear what valuation increases should be anticipated over the next several years. Although some economists are already forecasting a cooling off of home price appreciation this year, current market indicators point to continued price appreciation, particularly given moderate mortgage rate levels which will be impacted by future Federal Reserve actions.

# EXECUTIVE SUMMARY

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## Areas of Concern

Based on the mixed revenue picture and concerns over the lasting strength of our revenue growth, I believe restraint must be exercised in making FY 2002 budget decisions. The outlook for the economy continues to change as more data is released and, given the importance of consumer and business expectations, further erosion could occur quickly. I think it is important also to note that despite downward trends in our economy, our population and its service requirements continue to grow. Fairfax County added 21,854 new residents in 2000. Since 1999, approximately 50,000 new jobs have been created in Fairfax County. This job growth, coupled with shortages of qualified workers, has led to increased reliance on commuters to meet labor requirements which in turn impact service needs in areas such as roads and public transportation. Our school age population has experienced tremendous growth, an increase of nearly 12,000 students in the past three years. In FY 2002, approximately 4,000 new students are expected, enough to fill seven additional elementary schools.

This budget highlights even more the need to diversify our revenue stream. County support for our public schools is increasing each year while State support is decreasing. The County is currently providing nearly 73 percent of the support for Schools, up from 64 percent 20 years ago. While our School enrollment is increasing dramatically each year, the State is not providing significant additional funds to support this growth. In addition, the State provides virtually no funding to address our school construction needs.

As a result of both these ever growing needs and our concerns over the economy, I have focused FY 2002 resources on those needs most critical to our organization and County residents. Despite receiving many well justified and data supported requests for program expansions as a result of workload and client increases, I have targeted the limited FY 2002 additional resources toward fundamental and vital requirements. A summary of these major areas includes:

## EXECUTIVE SUMMARY

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- ◆ **EDUCATION.** More than 50 percent of new County revenue in the FY 2002 proposed budget, approximately \$83.2 million, has been allocated to the School system for School operations and debt service. The increase in the school operating transfer of 7.45 percent, or \$73.6 million, is tied directly to the overall increased revenues, and the debt service requirements are based on actual school bond sales. The School Board's FY 2002 operating budget request totals \$1,094,705,006, an increase of \$106.7 million or 10.8 percent. The difference between the School Board's operating request and the amount included in the FY 2002 proposed budget is \$33.1 million. In addition, the School Board transmitted a list of unfunded needs for FY 2002. I will continue to work with the School Board and with the Superintendent to address this difference.
  
- ◆ **SOLID WASTE DISPOSAL.** General Fund support of the Solid Waste disposal program requires a commitment of \$5.5 million in FY 2002. In response to the continued migration of refuse from the County's waste stream to newly developed and less costly landfills in Virginia, and the need to maintain the tonnage levels at the Energy Resource Recovery Facility (ERRF), disposal rates have been maintained at a more competitive level. As a result, annual program revenue has not been sufficient to support operational requirements since 1995. Program costs have exceeded revenues by a yearly average of \$4.8 million. Short-term measures have been used to offset this deficit including the use of reserves available within the Solid Waste funds, deferral of capital expenditures, reduction of positions and operating costs and innovative waste programs to identify new solid waste markets. However, it is clear that on-going support from the General Fund will be required to support County solid waste disposal activities. Options to General Fund support of these disposal programs have been explored, such as the implementation of a countywide fee, but this alternative is not being pursued in this budget. It remains an option for the Board's consideration.

# EXECUTIVE SUMMARY

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- ◆ **PUBLIC SAFETY REQUIREMENTS.** Maintaining the high degree of responsiveness and service in the Public Safety area is important to both residents and businesses in the County. In the FY 2002 budget, I have included funding and a number of public safety related positions to complete coverage of the County with Tanker Fire Technician positions with ALS certification in all stations, to provide staffing at a new police station in the Sully District, to provide adequate supervision in our expanded jail and to address maintenance and administrative requirements. In addition, the FY 2002 budget includes several compensation initiatives focused on attracting and retaining a highly qualified public safety workforce.
  
- ◆ **AT-RISK POPULATIONS AND COMMUNITIES.** Our FY 2002 budget proposal addresses significant quality of life issues in a number of critical areas. To spur continued investment by homeowners and businesses, we must continue to address signs of deterioration within our residential and business communities and remove blighted conditions. This budget funds strategies to deal with these issues. We have underserved and vulnerable clients with family issues calling for expanded services in areas such as domestic violence, crisis care for children, substance abuse, public health, and homelessness. We have new facilities which require staffing, and infrastructure maintenance requirements. I have included funding for the most critical requirements in this budget.
  
- ◆ **ORGANIZATIONAL DEVELOPMENT.** Fairfax County services are provided by Fairfax County employees. To attract and retain the best employees we must offer both a competitive compensation package and opportunities for ongoing training. Compensation for these employees comprises approximately 70 percent of General Fund direct expenditures. Over the past several years we have made significant strides in reshaping our compensation program to one that focuses on market-defined salary scales and performance-based pay increases. I am recommending a number of adjustments to our system in FY 2002 to refine and improve our overall compensation policies impacting both public safety and non-public safety employees. To ensure our employees are provided opportunities for professional development, I have reorganized and expanded our training program and established a new Organizational Training and Development Office that will report directly to me.

# EXECUTIVE SUMMARY

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## **STATUS OF FY 2001 BUDGET**

As part of the FY 2001 Third Quarter Review, staff will be providing the Board with an update on FY 2001 revenues and disbursements in March. Based on a preliminary analysis in December, additional FY 2001 revenue of \$8.42 million is projected. In addition, FY 2000 audit adjustments will increase the balance by \$5.56 million for a total available balance of approximately \$14 million. Given the continued slowing of our economy, it is probable that some downward adjustment in our revenue estimates may be necessary. In addition, a number of disbursements adjustments are anticipated, primarily as a result of higher gasoline and energy costs as well as staff overtime requirements in some public safety agencies. As a result, I cannot estimate how much of this balance, if any, may be available. Staff will continue to monitor all revenue categories prior to both the FY 2001 Third Quarter Review and in advance of the FY 2002 Add-On Review and will return to the Board with revised information prior to the adoption of the FY 2002 budget.

## **FY 2002 BUDGET**

### **GENERAL FUND REVENUES**

FY 2002 revenues are projected to be \$2,304,937,295, an increase of \$159,758,035 or 7.45 percent over the anticipated FY 2001 levels. This increase is driven primarily by an increase of \$143.3 million in real estate tax revenues. The FY 2002 real estate tax base is projected to increase 13.64 percent in FY 2002 due to an increase in equalization of 9.70 percent and a rise of 3.94 percent in new construction. This increase in the real estate tax base is the strongest since the recession of the early 90's. In the decade of the 1990's, the entire real estate base increased only an average of 2.2 percent per year, as compared to increases in the 1980's of 16.2 percent per year.

The increase in our tax base is due primarily to substantial increases in our residential tax base, driven by the strong price appreciation of Fairfax County residential properties, with all types of property experiencing increases.

# EXECUTIVE SUMMARY

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## **GENERAL FUND DISBURSEMENTS**

The FY 2002 General Fund disbursements are recommended at \$2,304,027,532, which reflects an increase of \$126,217,829 or 5.80 percent over the *FY 2001 Revised Budget Plan*. Included in this amount is a transfer of \$1,061,606,976 to the School Operating Fund, which reflects an increase of \$73,606,068 or 7.45 percent over FY 2001, and is in conformance with the Budget Guidelines approved by the Board of Supervisors.

The actual transfer request approved by the School Board on February 6, 2001 is \$1,094,705,006 and reflects an increase of \$106,704,098 or 10.8 percent over the FY 2001 transfer. The School Board's request exceeds the 7.45 percent Budget Guidelines by \$33.1 million. In order to fully fund the School Board's request, additional resources would need to be considered by the Board of Supervisors.

General Fund direct expenditures are recommended at \$879,949,715 reflecting an increase of \$41,326,358 or 4.93 percent over the *FY 2001 Revised Budget Plan*.

A summary of the major recommendations included in the FY 2002 budget is presented on the following page.

Details concerning each of these items can be found in the various budget volumes.

# EXECUTIVE SUMMARY

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## Summary General Fund Statement (in millions of dollars)

	FY 2001 Revised Budget Plan	FY 2002 Adopted Budget Plan	Increase (Decrease)	Percent Inc/(Dec)
<b>Beginning Balance <sup>1</sup></b>	<b>\$88.48</b>	<b>\$45.06</b>	<b>(\$43.42)</b>	<b>-49.07%</b>
<b>Revenue</b>	\$2,137.67	\$2,305.66	\$167.99	7.86%
<b>Transfers In</b>	\$1.68	\$2.91	\$1.23	73.10%
<b>Total Available</b>	<b>\$2,227.84</b>	<b>\$2,353.64</b>	<b>\$125.80</b>	<b>5.65%</b>
<b>Direct Expenditures</b>	\$839.35	\$873.05	\$33.70	4.02%
<b>Transfers Out</b>				
School Transfer	\$988.00	\$1,078.09	\$90.09	9.12%
School Debt Service	95.25	105.53	10.28	10.79%
Subtotal Schools	\$1,083.25	\$1,183.62	\$100.37	9.27%
Metro	\$12.67	\$11.45	(\$1.22)	-9.65%
Community Services Board	67.94	74.37	6.43	9.47%
Capital Paydown	22.00	7.97	(14.02)	-63.75%
Information Technology	18.39	13.40	(5.00)	-27.17%
County Debt Service	94.67	98.01	3.34	3.53%
Other Transfers	44.51	45.63	1.12	2.51%
Subtotal County	\$260.18	\$250.83	(\$9.35)	-3.59%
<b>Total Transfers Out</b>	<b>\$1,343.43</b>	<b>\$1,434.44</b>	<b>\$91.02</b>	<b>6.77%</b>
<b>Total Disbursements</b>	<b>\$2,182.77</b>	<b>\$2,307.49</b>	<b>\$124.72</b>	<b>5.71%</b>
<b>Ending Balance</b>	<b>\$45.06</b>	<b>\$46.15</b>	<b>\$1.09</b>	<b>2.41%</b>
Less:				
Managed Reserves	\$43.66	\$46.15	\$2.49	5.71%
Set Aside Reserve	\$0.00	\$0.00	\$0.00	-
<b>Total Available</b>	<b>\$1.41</b>	<b>\$0.00</b>	<b>(\$1.41)</b>	<b>-100.00%</b>

<sup>1</sup> The FY 2001 Beginning Balance reflects audit adjustments for revenues as included in the FY 2000 Comprehensive Annual Financial Report (CAFR). The FY 2000 Audit package detailing all of these changes were included in the FY 2001 Third Quarter Review.

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# EXECUTIVE SUMMARY

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## BUDGET HIGHLIGHTS

### *County Support for Fairfax County Public Schools*

#### TRANSFERS

- In conformance with the Budget Guidelines, a transfer of \$1,061,606,976 to the School Operating Fund is included and represents an increase of \$73,606,068, or 7.45 percent.
- On February 6, 2001, the School Board approved a transfer request of \$1,094,705,006, which reflects an increase of \$106,704,098, or 10.8 percent. This request is \$33.1 million greater than the Budget Guidelines. This increase is based on new enrollment, compensation increases for School staff and selected program requirements.
- The FY 2002 transfer for School Debt Service is \$104,837,673, an increase of \$9.6 million over the *FY 2001 Revised Budget Plan*. The combined transfer for School operating and School debt service is \$1.17 billion which represents 50.6 percent of total County disbursements. In FY 2000 and FY 2001, the Board of Supervisors increased authorized school bond sales from \$100 million to \$130 million at the request of the School Board which proposed utilizing State lottery proceeds to support the additional debt service. This level of sales accelerated the pace of school construction. Included in the increased debt service transfer for FY 2002 is \$5.8 million for the extra \$60 million in School bonds sold in FY 2000 and FY 2001. The Board of Supervisors agreed to assume debt service payment on these bonds for FY 2002 as part of the transfer of the Pine Ridge School site to the Fairfax County Park Authority. It is anticipated that the School Board will resume debt service payments in FY 2003 out of State lottery proceeds. Sales of \$100 million per year are scheduled for FY 2002-FY 2006.

# EXECUTIVE SUMMARY

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## **OTHER COUNTY SUPPORT FOR FCPS**

Other County funding in support of the FCPS totals \$44.1 million in FY 2002. This includes funding of \$25.3 million for the CSA, Head Start and SACC programs, \$8.2 million to support Public School nurses (including 5 new nurses in FY 2002) and Clinic Room aides for schools; \$5.6 million for School crossing guards and for School Resource Officers who are now assigned to all FCPS high schools, middle schools and alternative schools; \$2.2 million for athletic field maintenance and other recreation programs. Highlights of some of the major programs funded by the County are included below. A detailed summary of the support is provided in *the Financial, Statistical and Summary Tables* section of this volume.

**Health Department – Public Health Nurses in Fairfax County Public Schools:** Funding of \$285,200 is included to support an additional 5/5.0 SYE Public Health Nurses in the Fairfax County Public Schools to continue addressing the deficiency in the desired ratio of one public health nurse to 2,000 students. Funding was also included in the FY 2001 Adopted Budget Plan for this purpose. This increase will improve the nurse/student ratio in the Fairfax County Public Schools from 1:3,069 in FY 2001 to 1:2,822 in FY 2002. The nurses assess students with special health conditions and develop plans and procedures to ensure a safe school experience.

**Expansion of School-Based Youth and Family Substance Abuse Programs:** To fund Phase II of the School-Based Substance Abuse Prevention and Early Intervention program, an amount of \$446,287 is included for FY 2002. This increase will support the addition of 9/9.0 SYE new positions to provide both substance abuse prevention and early intervention services to 400 high school aged youth. Currently, prevention services are provided at four Fairfax County Public Schools (FCPS) high schools and at four FCPS alternative learning centers (three high schools and one elementary school). The additional positions will be utilized to expand prevention services to additional high schools and alternative learning centers, with specific schools to be determined by FCPS. Services include conflict resolution, peer mediation, community outreach, and alternative programming and activities. The positions will also provide additional early intervention services at FCPS high schools and alternative learning centers, including outreach, crisis intervention, screening, case management, assessment and referral services to community-based treatment resources.

# EXECUTIVE SUMMARY

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**Additional Truancy Positions for Juvenile Court:** Four (4/4.0 SYE) additional Probation Counselor II positions at a total cost of \$262,125 are required to supervise children referred by the Fairfax County Public Schools (FCPS) as habitual truants. A July 1999 change in the State Code requires direct intervention by the Court after seven unexcused absences. These additional counselors are necessary to provide required evaluations and to expand and improve the range of available services for adjudicated truants. Similar staff increases have been necessitated on the FCPS side as a result of this change; the number of FCPS School Attendance Officers has grown from 6 to 15 in order to meet the requirements of the new unfunded State mandate.

## ***Public Safety/Court-Related Initiatives***

### **U.S. Dept. of Justice Community-Oriented Policing Services (COPS) Universal Hiring Program Grant:**

Funding of \$2,828,382 has been included in FY 2002 for the local cash match to support an additional 36/36.0 SYE police officer positions associated with the U.S. Department of Justice Community-Oriented Policing Services (COPS) Universal Hiring Program V Grant as approved by the Board of Supervisors on October 30, 2000. These positions will be used to offset additional staffing requirements associated with the opening of the Sully District Police Station anticipated in early FY 2003.

**Police In-Vehicle Video Program:** Funding in the amount of \$100,000 has been included to establish a pilot In-Vehicle Video Program. This program will provide videotaping of traffic stops, vehicle pursuits, and other policing issues that could prove valuable in improving conviction rates, reducing citizen complaints, reducing overtime costs associated with court attendance, and ensuring officer compliance with procedural guidelines. The total cost to completely implement this program beyond this initial pilot phase is approximately \$2,000,000.

# EXECUTIVE SUMMARY

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**Additional Positions for the Fire and Rescue Department:** Funding of \$1,089,501 has been included to support 13/13.0 SYE positions to address increased workload requirements and critical needs of various sections of the Fire and Rescue Department. Nine (9/9.0 SYE) Tanker Fire Technicians with ALS certification have been included to complete the assignment of full ALS coverage for fire stations located in the Clifton, Gunston, and Great Falls areas of Fairfax County. These positions are required to meet minimum staffing on engine companies and to reduce significant overtime expenses. Two (2/2.0SYE) additional positions are included to support the Blighted Properties Unit which remediates unsafe conditions and provides code enforcement in both commercial and residential properties. Two (2/2.0 SYE) additional staff for the expanded Apparatus Shop at Newington will provide for the repair and maintenance of over 350 specialized vehicles operated by the Fire and Rescue Department.

**Additional Office of the Sheriff positions:** Funding in the amount of \$432,952 supports the addition of 6 new positions in the Office of the Sheriff. Five Deputy Sheriff I positions are necessary for the janitorial services section where duties increased as a result of the expansion of the Adult Detention Center by 150 percent. With this additional workload, the use of experienced staff members will be necessary to supervise inmates to maintain high sanitation and health standards. An additional Clerical Specialist position will be primarily responsible for ensuring that approximately 3,500 inmate bookings per month are entered correctly into the Local Inmate Data System. This position will be offset by state reimbursement.

**Model Court Pilot Program:** Funding of \$138,578 is included for 2/2.0 SYE additional Juvenile Court positions for a Model Court Pilot Program. This program will provide facilitated pre-hearing conferences prior to court hearings to identify areas of agreement for custody, needed services, and visitation. The primary objectives of the program are to reduce the adversarial nature of selected child welfare cases and increase family participation in the process as well as to reduce the time required to identify and access needed services, support and resources.

# EXECUTIVE SUMMARY

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**Additional Probation Counselor Position for General District Court:** Funding of \$51,127 is included to establish 1/1.0 SYE additional Probation Counselor II position in the Court Services Division of the General District Court based on new State mandates and increased client workloads. Recent changes to the Virginia State Code mandate alcohol and substance abuse screening and assessment for those charged with designated Class I misdemeanors and all felonies, both pre-trial and post-trial. In addition, General District Court probation counselors are now required to use the State Department of Criminal Justice Service's automated case management system which requires significant data entry. These requirements have come forward at the same time as caseloads have increased.

## ***New Facilities***

**Herndon Harbor House Senior Center:** Funding of \$198,789 is associated with the opening of the new Herndon Harbor House Senior Center scheduled for December 2001. This funding provides for the addition of 1/1.0 SYE Recreation Specialist II and 2/2.0 SYE Recreation Assistants, operating costs and equipment associated with the opening of the facility. These staffing requirements are consistent with other existing regional senior center facilities. It is anticipated that this facility, which will be modeled as a regional senior center facility, will provide services and programs to approximately 500 seniors.

**Groveton Senior Center:** Funding of \$130,319 is associated with the relocation and expansion of the existing Groveton Senior Center to the new South County Center expected to occur in April 2002. The Groveton Senior Center currently occupies 800 square feet in the Groveton Elementary School. The new Senior Center location will provide 5,000 square feet of space, affording the opportunity to substantially increase the programming capabilities for the senior population. Funding includes support of an additional 2/2.0 SYE Recreation Assistants, operating expenses, new furnishings and program items.

# EXECUTIVE SUMMARY

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**Hideaway Teen Center:** Funding of \$176,386 is associated with the relocation and expansion of the existing Hideaway Teen Center to the new South County Center in April 2002. The Hideaway Teen Center currently occupies 675 square feet in the Islamic Saudi Academy on Richmond Highway. The new Teen Center location will provide 5,000 square feet of space and will allow for increased programs and activities for this teen population. Funding includes support of additional exempt limited-term staffing, operating expenses and new furnishings for the expanded programs that will be offered by the Teen Center once the move is complete. The Teen Center will be open an additional day each week for a total of 6 days per week.

**New and Expanded School Age Child Care (SACC) Centers:** Net funding of \$269,701 is included to support 12/16.43 SYE new positions associated with the SACC program, which provides for the safety, care and developmental needs of school-age children through enriched learning experiences. In FY 2002, there will be two school year expansion sites, one at Kings Glen Elementary School in Braddock District and one at the Kilmer Center in Providence District. In addition, funding is included for one new school year SACC center at McNair Farms Elementary School in Hunter Mill District. Collectively, these three school year sites will serve 125 additional children, including 20 with special needs. There will also be two new summer SACC centers that will serve 190 additional children, including 10 with special needs. The expansion sites for these centers have not been chosen yet. In FY 2002, the school-year program will provide child care for approximately 8,125 children at 125 SACC sites.

## ***Youth, Family and Community Initiatives***

**Consolidated Community Funding Process:** FY 2002 will be the second year of a two-year funding cycle that uses a consolidated process to set priorities and award funds from both the Consolidated Community Funding Pool and Community Development Block Grant. In FY 2002, there will be a total of \$7,795,930 available for the Consolidated Community Funding Pool process, of which \$5,923,150 will be in Fund 118, Consolidated Community Funding Pool, and \$1,872,780 will be in Fund 142, Community Development Block Grant. This funding is in line with the two-year funding cycle approved by the Board in FY 2001. Community-based agencies are able to leverage additional funds through strategies such as cash-match from other non-County sources, in-kind services from volunteers, or contributions from businesses, the faith community, and other sources.

# EXECUTIVE SUMMARY

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**Vendor Contract Inflation Adjustment:** Approximately \$2.8 million is included for inflationary adjustments to vendor contracts throughout the County. These adjustments include \$1.9 million to fund increases in Department of Family Services contracts for Comprehensive Services Act, in-home services wage increases, emergency shelters, Higher Horizons, child care snacks and transportation, and Healthy Families Fairfax; and \$0.9 million to fund a 3.6 percent increase for Community Services Board contract vendors.

**Child Care Assistance Program:** Increased funding of \$2,078,761 is included to support the full year cost for children enrolled in the Child Care Assistance Program (CCAP) during FY 2001, and to fund a State mandated 6.0 percent market rate adjustment for participating child care providers, being phased in beginning in January 2001. Revenue of \$684,762 will partially offset the cost of this program, resulting in a net cost to the County of \$1,393,999.

**Special Needs Adoption Program:** Funding of \$1,041,472 is included to support increasing subsidy payments associated with rising caseloads and an increasing proportion of special needs children requiring more intensive and therefore more expensive services. This increase is completely offset by additional State revenues.

**Social Day Care Program for Seniors Pilot:** Funding in the amount of \$144,667 is associated with the establishment of a pilot Social Day Care Program for Seniors at the Reston/Herndon Senior Center. This funding provides for the addition of 1/1.0 SYE Recreation Specialist II and 1/1.0 SYE Recreation Assistant as well as operating and transportation expenses to operate the program. The purpose of this program is to assist seniors in sustaining involvement in social activities in the least restrictive environment, prevent decline in their health and well being, and serve as a transitional service to the Adult Day Health Care Program.

# EXECUTIVE SUMMARY

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**Continuum of Care Project Positions:** Funding of \$204,705 supports 2/2.0 SYE positions and additional limited term staffing to provide staff resources for the County's Continuum of Care projects, as well as to support other interagency and community groups serving the homeless. The Continuum of Care project provides a focal point for homeless service planning and coordination within the County structure. The County receives approximately \$5.0 million in annual Federal grant funding from the U.S. Department of Housing and Urban Development, and several million dollars from other sources are utilized by the County's homeless prevention programs, shelter programs, transitional and permanent supportive housing and supportive services.

**Additional Beds for Domestic Violence Shelter – Community Services Board (CSB):** An amount of \$306,048 is included to fund 12 additional beds in leased space for victims of domestic violence. Currently, the Women's Crisis Shelter is the only CSB facility specializing in services for victims of domestic violence and their children. In FY 2000, more than 200 people were on the waiting list. The new space is expected to serve approximately 144 individuals annually.

**Crisis Care Facility for Children And Adolescents (CSB):** Funding of \$249,731 is included to fund crisis care beds in leased space for children and adolescents with serious mental illness, who cannot safely return home and would otherwise be hospitalized. It is estimated that 70-80 percent of all children and adolescents who are prescreened for hospitalization in mental health emergency services could be diverted from a hospital by staying in a crisis care facility. Approximately 140 youth will be diverted from less appropriate placements to this space which will be operated through contracts.

**Additional Mental Health Services For Children and Adolescents (CSB):** An amount of \$600,589 is included to purchase additional mental health services for children and adolescents participating in the three Mental Health Contract Services programs where waiting lists for services have increased significantly in recent years. The increased funds will be used to provide treatment for more than 350 families through the Continuing Care Program, the Focused Care Program, and the Infant/Early Childhood/LINCS program. These programs treat children with emotional and/or developmental problems of differing severity based on age.

# EXECUTIVE SUMMARY

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**Special Education Graduates (CSB):** An amount of \$1,938,921 and 1/1.0 SYE additional Mental Retardation Specialist I position is included to provide vocational, case management and transportation services to 88 new special education graduates of the Fairfax County Public Schools. Included in this amount is \$622,500 for the lease and start-up costs associated with an additional facility necessary to accommodate this new class of graduates and reduce overcrowding at existing facilities. Since 1985, additional County funding for new graduates has been included in the CSB each year, providing for a continuum of services for retarded children/adults. These students have received 20 years of Federally-mandated education. Beyond the mandated special education services, adult services such as employment and training are provided by the CSB. Without this continuity, students may experience regression that could later require more intensive training. Including the June 2001 graduating class, funding of approximately \$15 million, or 20 percent of the proposed FY 2002 General Fund Transfer to CSB, supports services for nearly 900 former and current special education graduates.

**Additional Mental Health Positions for Juvenile Court:** Funding of \$113,775 is included for 2/2.0 SYE additional positions to provide mental health services for youths at the Juvenile Detention Center and the Less Secure Shelter, facilities operated by the Juvenile and Domestic Relations District Court. The positions will be established in the Fairfax-Falls Church Community Services Board (CSB). The court will reimburse CSB for the services provided by the positions. Mental health services are currently provided by CSB, but on a very limited basis, approximately 10 hours of counseling per week. However, this is not sufficient to meet the needs of the youths. The Court places approximately 2,000 youths in these facilities every year. Studies indicate that as many as 77 percent of these youths experience some form of mental disorder. This does not include the growing number who have alcohol or drug-related problems.

**Health Department Community Educator Position:** Funding of \$66,901 is included for 1/1.0 SYE Community Health Educator to coordinate community activities within the Health Department related to important public health issues, provide responses to information requests from the media, and prepare health advisory media releases. These activities require coordination with other County agencies, the Virginia Department of Health, and various citizen groups.

# EXECUTIVE SUMMARY

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**Environmental Health Specialist II Position for Blight Abatement Program:** One (1/1.0 SYE) additional Environmental Health Specialist II position at a cost of \$71,921 is included to provide inspection and enforcement capacities in the Blight Abatement Program. As part of a multi-agency Blight Abatement Program, the Health Department Consumer Health and Safety Section investigates general environmental hazards and property maintenance complaints such as malfunctioning plumbing facilities, rodent infestation, and improper storage and disposal of trash.

**Social Worker II Position for Community Health Care Network:** One (1/1.0 SYE) additional Social Worker II position at a cost of \$55,253 is included to address the increasing number of medical patient referrals for Community Health Care network clients. The Community Health Care Network, formally Affordable Health Care Clinics, utilizes medical social workers to arrange medical specialty care ordered by the health care center primary care physician for the patients with one of the participating physician specialists. Referrals to specialty care allow the Community Health Care Network to provide a continuum of comprehensive health services. Since 1997 the number of patient referrals to a specialist has increased 100 percent. Without the additional position and based on the current enrollment rates, patients will be further delayed in receiving medically necessary treatment by specialists.

**Commercial Revitalization Support Positions:** Funding in the amount of \$255,225 is included for 3/3.0 SYE new positions to work on the continuation of previously approved Revitalization projects. These positions will be responsible for marketing and business activities associated with revitalization projects such as Commerce Street Redevelopment in Central Springfield, Kings Crossing Development in the Penn Daw area, Springfield Town Center in Central Springfield, Annandale Town Center, Baileys Entrepreneurship Center, Merrifield Streetscape and Mount Vernon Market Place.

# EXECUTIVE SUMMARY

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## *Transportation-Related Initiatives*

**Funding for Metro Operations:** The total County budget obligation for Metrorail and Metrobus operations and Capital requirements is \$58.3 million, with funding coming from a combination of State aid, gas tax revenue, General Fund transfer, State bonds, and other miscellaneous sources. This funding level supports existing Metrorail and Metrobus service levels, improvements to local bus service provided by WMATA, increased funds for MetroAccess due to increased utilization of these ADA paratransit services, continuation and annualization of the Springfield Circulator Bus Service started in FY 2001, and other service enhancements. This funding level will also meet all Capital requirements including completion of the 103-mile Metrorail system, as well as maintaining and/or acquiring facilities, equipment, rail cars, and buses. The FY 2002 General Fund transfer to Metro is \$11.5 million, and \$4.9 million in Capital requirements will be supported by County General Obligation Bonds. Any necessary adjustments to FY 2002 funding levels for Metro Operations will be included in the FY 2001 Carryover Review based on final approval of the WMATA budget.

**County Transit Funding:** The FY 2002 County funding requirement for Fund 100, County Transit Systems, is \$16.1 million. In conjunction with various State and other miscellaneous funds, this total will support current service levels on existing FAIRFAX CONNECTOR routes, and the continuation and expansion of the Dulles Corridor Express Bus Service, as well as fund the removal and replacement of underground fuel tanks at the Huntington Facility that have surpassed age criteria for replacement. Funding of \$239,162 has been included to provide weekend and holiday service enhancements primarily in southeast Fairfax County along the Richmond Highway corridor, in Springfield and along the Franconia Road corridor. Service expansions include the initiation and expansion of Saturday service on Routes 204 and 105, expanded Sunday service on Route 110, and the initiation and expansion of holiday service along selected FAIRFAX CONNECTOR bus routes in the areas listed above. In addition, \$1.4 million in funds resulting from a change in the NVTC allocation formula, available through a transfer from Fund 309, Metro Operations and Construction, will be utilized for various mass transit enhancements such as expanded bus service and reduced fare initiatives on select transit trips.

# EXECUTIVE SUMMARY

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**FAIRFAX CONNECTOR Bus Replacement:** Funding of \$4.8 million is included to purchase 17 replacement buses in the Huntington Division. It should be noted that on January 8, 2001, the Board of Supervisors authorized staff to request the transfer of \$4.8 million in funds residing at the Northern Virginia Transportation Commission (NVTC) to the County for the procurement of these buses. These funds were received in February 2001, but are currently reflected as FY 2002 revenue. Adjustments to accurately reflect this revenue will be made as part of the FY 2001 Third Quarter Review.

## ***Compensation-Related Initiatives***

FY 2001 marked the implementation of significant changes in the County's compensation program. This restructuring included several linked components including the development of strategies to place employee pay scales in a more competitive position in the market in order to attract and retain the most qualified staff as well as the initiation of a new pay for performance system for non-public safety employees designed to recognize and reward our highest performing staff. Fairfax County employees are the key to quality service provision and our most direct link to our citizens and the community at-large. They are both our means of service delivery and our source of service improvements and innovations. Our compensation programs must recognize and reinforce the importance of County employees to the high quality of services in the County. The FY 2002 budget supports our compensation program and includes funding to address a number of refinements. The total General Fund cost of the FY 2002 program is \$24.5 million and is funded entirely within the Budget Guidelines established by the Board.

**Cost of Living Adjustment; Transition to Market-Based Pay Scales:** A one percent COLA, effective the first full pay period in FY 2002, is included as the final phase of the County's transition from annual across-the-board pay increases or COLAs for employees under pay for performance. Beginning in FY 2003, pay raises for non-public safety employees will be based solely on their performance ratings. To ensure pay scales remain competitive with the market, non-public safety pay scales will be increased in accordance with the annual market index, calculated based on data from the Consumer Price Index, the Federal Wage adjustment, and the Employment Cost Index, which includes state, local and private sector salaries. Future pay increases for public safety employees, who are not participating in pay for performance, are anticipated to be linked to the market index and will include step increments. In FY 2002, the non-public safety pay scales are adjusted 3.46 percent based on the current market index. The General Fund cost of the one percent

# EXECUTIVE SUMMARY

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COLA for both public safety and non-public safety employees is \$6.4 million.

**Market Study Adjustments:** To address issues of employee recruitment and retention and ensure pay competitiveness, annual market studies are conducted on certain job classes identified as either “core benchmark classes” or “supplemental benchmark classes” which are compared against data on comparable positions in both the public and private sector. For the market study for the FY 2002 budget, a total of 42 core classes were selected based on the occurrence of matching job classes in the Metro area, and availability of sufficient market data in the recruitment area. In addition, a total of 34 supplemental benchmark classes, which are specialized in nature, were included in the market study based on high turnover and recruitment difficulties. Based on the recommendations of the study, employees in classes found to be below market will be moved to a higher pay grade, or have been included in adjustments as part of the new public safety J Scale implementation noted below. Position changes as a result of the market study are reflected in the Job Classification Table found in the Compensation Tab in Volume I of the FY 2002 Advertised Budget Plan. Based on the amendments to the Personnel Regulations made in FY 2001, individuals in the S pay plan move to the new pay grade but remain at their current pay rate. Only employees whose current pay falls below the minimum for the new pay grade will receive a pay adjustment.

**Pay for Performance Program Adjustments:** In order to address issues identified in the implementation of the County's new Pay for Performance program, several refinements are necessary. These adjustments are aimed at making sure ratings are more closely tied to actual performance and ensuring the long-term affordability of the program. In FY 2002, the revised rating scale will be continuous with 12 discrete points at half point intervals (0, 2, 2.5, 3, 3.5, 4, 4.5, 5, 5.5, 6, 6.5, 7) ranging from 0-7 percent. In addition, the scoring methodology has been tightened to require that employees have at least 80 percent of ratings in the higher category before the higher pay award would be earned. The current and future patterns of performance awards will be monitored to identify areas where additional coaching, training or system revisions may be needed. Funding in the amount of \$9.3 million is included in the FY 2002 budget for pay for performance awards.

**Step Increments for Uniformed Public Safety Personnel:** Funding of \$1.5 million has been included for step increments for public safety personnel, who are not participating in pay for performance.

# EXECUTIVE SUMMARY

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**Increases in Fire and Rescue Salaries:** Adjustments have been included in the FY 2002 budget to boost pay for a number of Fire and Rescue positions based on market comparisons. Based on the comparisons, firefighter, fire technician and fire sergeant positions will receive pay increases of approximately 3.5 percent, depending on current step. In addition, a Step 9, consistent with other uniformed fire personnel, has been added for Deputy Chief and Assistant Fire Chief job classes. As a result of these increases and the other adjustments noted in this section, uniformed Fire and Rescue salaries compare much more favorably to the market. Under these proposals and others outlined below, Fairfax County firefighters, for example, will have the highest annual salary in the region and will be at approximately 97 percent of hourly midpoint, up from 88 percent in FY 2001.

**New Unified Public Safety Scale/Additional Longevity Step:** In conjunction with implementation of the Fire and Rescue pay increases, the establishment of a new unified pay scale is included for public safety uniformed employees. For a number of years, adjustments have been made based on comparison to market salaries to selected positions within the four separate pay scales for Fire and Rescue, Police and Sheriff employees. While these changes are necessary, they have often required subsequent adjustments to other public safety positions to ensure internal consistency. In FY 2002, the creation of a new "J" scale is included for uniformed public safety positions. Incorporated in the new scale design are some adjustments to provide consistency with job classes of similar responsibilities, such as for Police Sergeant and Sheriff Corporals. In addition, the new "J" scale includes a new 20-year longevity step. This new step, with an effective date of January 12, 2002, will assist in recruiting and retaining our public safety employees. The cost of this scale conversion, necessary adjustments to both Fire positions noted above and other positions, and the additional longevity step is \$5.1 million.

**Pay Adjustments for Public Safety Communications Employees:** The Fairfax County Public Safety Communications Center (PSCC) has experienced high attrition and staffing problems for a number of years, driven by the stressful nature of the work, the tremendous growth in the volume of calls, and the highly competitive salaries in the current job market. The County has in place a number of short-term solutions to mitigate the impact of this staffing problem, however, more longer term solutions are called for to sustain the quality and effectiveness of the PSCC operation. In addition to the movement of these positions to the new "J" scale, the FY 2002 budget includes a two-grade pay increase (approximately 10 percent) for all Public

# EXECUTIVE SUMMARY

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Safety Communicator I, II, and III, PSC Assistant Squad Supervisor, PSC Squad Supervisor and PSC Training Coordinator positions. In addition, to address current retention issues, funding has been included to provide for a one-time \$2,000 retention bonus for these positions, as well as a stipend for trainers in the PSCC. The cost of these adjustments is \$1,146,606. Funding of \$116,566 has also been included for a one-grade (approximately 5 percent) increase for Police Communications Assistants at the district stations who will also be included on the new "J" pay scale.

**Increase in Shift Differential Pay Rate:** County employees, in a number of County agencies, work evening and overnight shifts to provide important coverage of County operations outside the normal business hours. The Department of Human Resources conducted a survey of shift differential rates for the Washington area jurisdictions. The survey indicated that Fairfax County's rates were near the lowest in the region. In order to bring these rates to levels more comparable to those in surrounding jurisdictions, a three-year phased increase has been proposed. The General Fund cost for the first year of this adjustment is \$759,193, including fringe benefits, and provides for shift hourly increases from \$0.50 to \$0.55 and \$0.70 to \$0.75 for public safety 2<sup>nd</sup> and 3<sup>rd</sup> shifts, and increases from \$0.25 to \$0.40 and \$0.35 to \$0.55 for non-public safety 2<sup>nd</sup> and 3<sup>rd</sup> shifts. By year three of the phased-in increase, the rates for all County employees will be equivalent to \$0.65 for the 2<sup>nd</sup> shift and \$0.90 for the 3<sup>rd</sup> shift, rates more consistent with the region.

## **OTHER EMPLOYEE RELATED ITEMS:**

**Health Insurance Cost Increase:** In FY 2002, group health insurance premiums total \$31,474,611, an increase of \$2,432,849 or 8.4 percent over the *FY 2001 Revised Budget Plan* level. The increase is primarily as a result of anticipated health insurance premium increases of 5.0 percent for the self-insured plan and 15.0 percent for HMOs effective January 1, 2002 based on anticipated health insurance cost growth. Health insurance costs nationwide continue to rise after a few years of stability due primarily to increased utilization and the rising costs of prescription drugs. As this trend is projected to continue, future cost increases are anticipated. It should be noted that the County's contract with the current self-insured provider will expire on December 31, 2001. The County will select a provider and it will be announced prior to the County's new calendar year open enrollment period in November 2001.

# EXECUTIVE SUMMARY

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**Retirement Systems Savings:** The FY 2002 employer contributions total \$48,367,825, a decrease of \$128,226 or 0.3 percent from the *FY 2001 Revised Budget Plan*. The net decrease is based on the impact of the reduction in the employer contribution rates as determined by the actuarial valuation of \$4.1 million offset by a net increase of \$3.95 million for pay for performance/merit increments for current staff, new positions and salary adjustments. It should be noted that a consultant study of the Retirement Systems is being conducted in FY 2001. Based on input provided by the County Executive, Human Resources and the Boards of Trustees, long term strategic goals will be developed to address income replacement objectives, retiree health insurance objectives and workforce planning and competitiveness.

**Workers' Compensation:** A reduction of \$2,281,369 in the General Fund workers' compensation premium reflects the General Fund portion of the savings due to the cumulative impact of better than projected claims experience. This experience resulted in lower than anticipated workers' compensation liability, which is passed on to the General Fund through reduced premiums.

**Office of Organizational Development and Training:** Funding totaling \$251,434 provides for 4/4.0 SYE additional positions added to the newly created Office of Organizational Development and Training. This office will be staffed with seven positions (three existing positions from the Department of Human Resources and four new positions) and will provide training in support of the County's commitment to employee professional development and pay for performance. The new office will continue existing training initiatives such as tuition assistance, language training, satellite video-based training, technology based training, Zenger Miller training, and the recently piloted Supervisory Development Program; and will also coordinate operation of the LEAD program, a highly respected University of Virginia leadership development program to be offered for the first time in FY 2002 to County senior managers. Working as part of the County Executive's office, this office will assess overall County needs and develop policies and programs to address those needs in the most comprehensive and cost-efficient manner.

**Funding for Training:** To support the County's commitment to employee development, funding is provided to agencies to provide opportunities for professional development and for employees to gain and maintain certification in certain key skills areas in both the public safety and non-public safety areas. In FY 2002 Certification Training previously budgeted in Agency 89, Employee Benefits, has been included in agency baseline budgets. Total FY 2002 funded certification training is \$2,618,320. In addition, a factor of 0.25

# EXECUTIVE SUMMARY

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percent of Regular Salaries and Limited Term funding has been used to estimate additional professional development training requirements for County staff. This factor equates to \$1,239,366 in FY 2002 including \$1,118,210 for General Fund direct expenditures and \$121,156 for professional development training funds for General Fund supported agencies. FY 2002 funding for professional development training has been allocated to the individual agency operating budgets. The FY 2002 budget also includes funding to support the initiatives started in FY 2001 to ensure citizens who speak a language other than English have access to County services, and to provide opportunities for language training for employees.

## ***Business Operations***

**Additional Positions:** A total of 87/94.93 SYE new positions is included in the FY 2002 budget. Of this amount, 19 new positions are in public safety areas, 17 support new facilities and 51 are related to workload requirements, primarily in the human services area which has experienced increased caseloads and new State mandates. Only 54 net positions have been added to the County's total position count since FY 1991. In general, position requirements in the areas of public safety and human services, as well as staffing needs associated with the opening of new facilities, have necessitated the redirection of staff resources from other County programs on an almost one-to-one ratio. In FY 2002, position resources have been focused on the most critical needs. Summary information on the new positions has been included throughout this section and is discussed in more detail in the narrative portion of each agency write-up.

**Information Technology (IT) Funding:** In FY 2002, funding of \$15.93 million is included for Information Technology initiatives that meet the priorities established by the IT Senior Steering Committee. These initiatives include a mix of projects that provide benefits for both citizens and employees and that adequately balance new and 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, Public Safety and Court Services program areas. Many of the projects offer considerable opportunities to improve citizen access to services and information. FY 2002 project funding totals \$15,935,000. Of this amount, \$14,495,000 is transferred from the General Fund, \$440,000 is collected as a result of the State's Technology Trust Fund, and \$1,000,000 is projected in interest earnings. The FY 2002 Information Technology funding requests from County agencies totaled approximately

# EXECUTIVE SUMMARY

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\$32 million. The project requests were reviewed from both the business need and technical requirement perspectives.

These priorities and the related FY 2002 project funding are as follows:

<b>IT Priority</b>	<b>FY 2002 Funding</b>
Projects Providing Convenient Access to Information and Services	\$ 4.18 million
Projects Providing a High Level of Responsiveness to Customer Requirements	\$ 2.75 million
Management of County Information Assets	\$ 3.16 million
Management of County Technology Assets	\$ 5.17 million
Management of County Human Resource Assets	\$ 0.67 million
Total FY 2002 Information Technology projects	\$15.93 million

**Additional Funds for Books and Materials - Fairfax County Public Library:** An increase of \$309,751 is included in FY 2002 for the Fairfax County Public Library to fund a 5.3 percent inflation factor to maintain current purchasing power for books and other materials.

**Solid Waste Disposal Transfer:** A subsidy of \$5,500,000 is required for Fund 110, Refuse Disposal from the General Fund in FY 2002. The County's refuse disposal system has maintained a stable disposal rate over the past five years in order to remain competitive and retain tonnage levels at the required 930,750 tons per year at the Energy Resource Recovery Facility. As a result, program costs over the same period have exceeded revenues by a yearly average of \$4.8 million. These shortfalls have been absorbed from fund balances that were depleted in FY 2000. In FY 2001, \$5.5 million was made available from the Rate Stabilization Reserve in Fund 112, Energy Resource and Recovery to cover the projected operational shortfall. In FY 2002, a transfer of \$5.5 million from the General Fund will allow the County to maintain current refuse disposal rates and continue to provide the level of service to specific disposal programs that do not fully recover their costs. The subsidized programs include the County's Recycling Program, Household Hazardous Waste Program, and Code Enforcement Program.

**Fleet Maintenance Positions:** Funding of \$188,905 is included to establish 4/4.0 SYE new positions enabling the Department of Vehicle Services to keep the vehicles-out-of-commission rate at a minimum level and maintain a vehicle availability rate of at least 95 percent. Since FY 1996, the County's fleet size has increased from 4,443 vehicles to 5,184 at the end of FY 2000, without an increase in staff, and is projected to reach 5,375 by the end of FY 2002. During this time, the number of direct labor positions has remained constant

# EXECUTIVE SUMMARY

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while the number of types, makes, models and complexity of vehicles in the County's fleet have grown substantially. Establishing these positions will provide critical support for the Jermantown, Newington, and West Ox maintenance facilities.

**Additional Positions - Department of Finance:** Funding of \$121,000 for two positions to provide necessary financial oversight. One (1/1.0 SYE) Management Analyst III will conduct on-site surveys to all County agencies to review their processes for finance and purchasing, to test the adequacy of compliance with sound practices, and to offer expert assistance in making these functions more efficient, more secure and more responsive. This position will examine internal controls to ensure the integrity of financial processes and advise management on the use of financial information to support performance management and program analysis. One (1/1.0 SYE) Accountant III will serve as a resource to assist departments in improving revenue accounts receivable. This will involve designing and operating billing functions best suited to individual department needs. These positions will work jointly with Department of Finance accountants to ensure adequate controls are in place, to identify central support requirements, and to coordinate efforts involving both tax-based and non-tax billable revenues.

**Additional Appraiser Positions - Department of Tax Administration:** Funding in the amount of \$141,575 is necessary to support 3/3.0 SYE additional Real Estate Appraisers in the Department of Tax Administration to address workload as measured by parcels per appraiser. The current parcel per appraiser ratio of the County is 6,590:1, which is above the International Association of Assessing Officers (IAAO) standard of 4,000 to 5,000 parcels per appraiser. The sustained real estate market activity and the increasingly complex nature of the properties to be assessed are also responsible for workload increases. These positions will help remedy this situation as well as allow for a more systematic field inspections program for all single-family residential properties in the County over a five-year period. With the addition of these positions, the parcels per appraiser ratio will decrease to 6,274:1.

# EXECUTIVE SUMMARY

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**New Voting Machines:** Funding of \$1.0 million is included for the second phase of a five-year plan to replace 810 voting machines with new touch-screen electronic voting machines. The new touch-screen machines require a fraction of the storage space, cost less to set up, transport, and maintain, and can transmit returns electronically with simultaneous Internet display capability. This new equipment also has enhanced features to enable persons with visual disabilities to vote unassisted. At this time several new machines are going through the Federal and State certification process. It is anticipated that a vendor will be selected and the agency will begin the phase-in during the summer of 2001.

## ***Capital Construction Program***

**Paydown Construction Program:** An amount of \$21.39 million is included for County Paydown construction in FY 2002 and is directed to the most critical projects.

- **County Maintenance:** Funding in the amount of \$4,160,000 will continue to provide a consistent level of maintenance funds to address priority requirements at County facilities. Of this total, \$3.53 million will provide general maintenance funds including: carpet replacement (\$500,000), HVAC/electrical replacement (\$1,250,000), roof repair and waterproofing (\$330,000), parking lot resurfacing (\$400,000), and fire alarm replacement (\$200,000). Funding is also included for miscellaneous building repairs or ongoing requirements throughout the fiscal year (\$850,000) which include but are not limited to: remodeling, reorganization of office space, vandalism removal, plumbing repairs, painting, and other emergency repairs. In addition, \$200,000 is included for recurring maintenance of capital improvements associated with the Commercial Revitalization Program, \$250,000 to begin the replacement of carpeting at the Massey Building, \$100,000 for Americans with Disabilities Act compliance at County facilities and \$80,000 for the generator replacement program.

# EXECUTIVE SUMMARY

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- **Parks Maintenance**: Funding in the amount of \$2,029,000 has been included for Park maintenance at non-revenue supported Park facilities. This funding level includes: general park maintenance or major non-recurring repairs/replacements and improvements to roofs, electrical and lighting systems, security and fire alarms, sprinklers, and HVAC equipment (\$605,000); grounds maintenance (\$800,000) and minor routine preventive maintenance (\$470,000). Routine repairs include: the replacement of broken windows and doors, equipment repairs, and scheduled inspection of HVAC, security, and fire alarm systems. In addition, \$154,000 is included to continue the implementation of ADA compliance at Park facilities.
- **Athletic Field Maintenance**: Funding in the amount of \$2,099,552 has been included for Athletic Field maintenance. In recent years, athletic field maintenance has been identified as a critical need and an effort has been made to maintain quality athletic fields at acceptable standards. Maintenance of athletic fields includes: field lighting, fencing, irrigation, dugout covers, infield dirt, aerification and seeding. These maintenance efforts will improve safety standards, improve playing conditions and increase user satisfaction. The FY 2002 funding level includes: Boys' Baseball field lighting (\$100,000), Girls' Softball field lighting (\$100,000), Girls' Fast Pitch field maintenance (\$200,000), preliminary work associated with a girls softball complex at Wakefield Park (\$300,000) and general field maintenance at designated Fairfax County Public School athletic fields (\$1,399,552).
- **Safety Related Projects**: Funding in the amount of \$4,437,500 has been included for safety related capital projects. These include: Countywide storm drainage projects (\$1,000,000), Countywide Walkways (\$1,000,000), Streetlights (\$1,000,000), installation of traffic signalization systems at County Fire Stations (\$378,000), dam safety inspections and improvements (\$759,500) and sidewalk improvements associated with the VDOT sidewalk participation project (\$300,000).
- **Stormwater Management**: Funding in the amount of \$500,000 has been included for continuation of work associated with the updating of the Countywide Stormwater Management Plan which will identify infrastructure deficiencies as well as strategies for addressing federal, State, and County storm water management requirements. This funding, combined with funds currently allocated, will provide approximately \$1.2 million for stormwater management.

# EXECUTIVE SUMMARY

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- **New or Renovated County Facilities:** Funding in the amount of \$2,259,500 has been included for new or renovated County facilities. This funding level includes: moving and phone system costs associated with the opening of the South County Center (\$859,500), temporary trailers to house mental health programs staff until the Mount Vernon Mental Health facility is renovated (\$400,000), partial reimbursement to the Fairfax County Public Schools for renovations necessary to construct a SACC facility at Lemon Road Elementary School (\$600,000), improvements and/or modifications at the Laurel Hill (Lorton) property which will be transferred to Fairfax County in the summer of 2001 (\$300,000), and preliminary costs associated with the relocation and expansion of the Providence District Supervisor's Office, including relocation assessments, initial design studies, and lease costs for temporary quarters (\$100,000).
- **Revitalization Initiatives:** Funding of \$1,850,000 has been provided for the continuation of the following revitalization efforts: Island Walk Cooperative (\$50,000), Commerce Street Redevelopment (\$375,000), Kings Crossing Redevelopment (\$375,000), Richmond Highway Corridor (\$100,000), and ongoing Commercial Revitalization program costs (\$950,000).

**Bond-Funded Projects:** In FY 2002, an amount of \$130,258,523 is included in General Obligation bond funding. Of this amount, \$100,000,000 is budgeted in Fund 390, Public School Construction, and \$4,918,523 has been included in Fund 309, Metro Operations and Construction, to support the completion of the 103-mile Metrorail System, as well as maintain and/or acquire facilities, equipment, railcars and buses. In addition, FY 2002 bond funding in the amount of \$25,340,000 has been included for the Northern Virginia Regional Park Authority (\$2,250,000), the Fairfax Center and Crosspointe Fire Stations (\$1,570,000), and several projects within the Park Authority bond program (\$21,520,000). Funding for these bond projects is consistent with the FY 2001 - 2005 Capital Improvement Program (With Future Years to 2008) as approved by the Board of Supervisors on April 24, 2000.

# EXECUTIVE SUMMARY

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## *TAX RATE AND FEE ADJUSTMENTS*

With the exception of the adjustments noted below, there are no changes in the tax rates, including the real estate and personal property tax rates, included as part of the FY 2002 Advertised Budget Plan. The following adjustments are proposed:

- **Real Estate Tax Relief for the Elderly and Disabled**: As part of the FY 2001 Adopted Budget Plan, the Board of Supervisors approved a two-year plan to expand the Tax Relief Program for the Elderly and Disabled. In FY 2002, the program provides 100 percent exemption for elderly and disabled taxpayers with incomes up to \$40,000; 50 percent exemption for eligible applicants with income between \$40,001 and \$46,000; and 25 percent exemption if income is between \$46,001 and \$52,000. The allowable asset limit of \$150,000 of all ranges of tax relief was not changed. The revenue loss associated with this change, as fully implemented, is estimated to be \$3.7 million.
- **Sewer Service Rate and Availability Charges**: The sewer service rate and sewer availability charge will increase in FY 2002 based on increased costs associated with capital project construction, system operation debt service and upgrades to more effectively reduce nitrogen discharge from wastewater treatment plants in order to meet new, more stringent nitrogen discharge limitations. The Sewer Service Charge rate will increase from \$2.81 to \$2.88 per 1,000 gallons of water consumption in FY 2002. Based on this rate increase, the additional annual cost to the typical household is anticipated to be \$5.32. The sewer availability charge will increase from \$4,898 to \$5,069.
- **Solid Waste Reduction and Recycling Centers (SWRRC)**: The Solid Waste Reduction and Recycling Center Program represents two sites located in Great Falls and McLean that are operated by the Department of Public Works and Environmental Services, Division of Solid Waste Collection and Recycling. These sites manage the disposal of refuse and recyclable materials primarily by those citizens who choose not to participate in refuse pick-up services provided by the County or private haulers. Revenue for program operations is derived currently from a user fee of \$185 per year that is charged to each program participant. The participant fee covers the full cost of program operations, including the cost of recycling. Increasing costs and decreasing participation necessitates an increase in the annual user fee from \$185 to \$195 per participant in FY 2002.

# EXECUTIVE SUMMARY

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## *FINANCIAL FORECAST*

The Financial Forecast is balanced in FY 2003. In accordance with the Board's guidelines, increases in County expenditures and the transfer to the Schools have been limited to match the revenue growth rates which is anticipated to be 6.4 percent in FY 2003. This growth rate is slightly lower than the rate projected in FY 2002 due to an expected moderation in the residential real estate market. However, as a result, County spending levels are suppressed in order to fit within the scope of the projected revenue growth. Increases associated with our growing population as well as pressures placed on County services from business expansion, State mandates, and other factors cannot easily be accommodated within this level of revenue growth. The County will continue to be challenged in order to balance these increasing service requirements and infrastructure needs within the constraints of projected revenue growth. Details of this growth are included in the Financial Forecast section of the Overview Volume.

## **CONCLUSION**

In the face of the uncertain direction of our economy, the budget I am presenting today takes a fiscally prudent and disciplined approach to balancing critical needs and operational requirements with available resources.

In taking this approach, we realized we would be unable to fund many worthwhile projects or address every need. We considered over 400 position requests, the majority based on workload increases. We reviewed service expansion requests in many of our programs which are stressed based on client increases. We considered allocating additional funding for debt service for County and School construction, capital equipment replacement, maintenance requirements and information technology initiatives. These could not be accommodated in this budget.

We adhered to the Budget Guidelines you have approved, and the priorities I outlined to you shortly after I assumed my position. I have addressed the organizational issues relating to compensation in a fair and equitable way.

## EXECUTIVE SUMMARY

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The unknowns that we identified in last year's budget message remain a source of concern today — particularly, the overall level of State funding and support for Schools.

As a result of the slowing economy and the many unknowns we face at the State level in terms of funding for localities, we must be cautious as we deliberate on the FY 2002 budget.

In closing, I want to acknowledge the significant effort made by staff in preparing this information for the Board and the community. Staff and I look forward to working with you on the FY 2002 budget. Your decisions, made with input from the community, will shape the future of Fairfax County for Fiscal Year 2002 and beyond.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "A.H. Griffin".

Anthony H. Griffin  
County Executive