



County of Fairfax, Virginia

NEWS RELEASE

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County Executive Proposes \$3.3 Billion Budget For Fiscal Year 2009

On Feb. 25, 2008, Fairfax County Executive Anthony H. Griffin proposed a General Fund budget of \$3,322,726,158 for Fiscal Year 2009 (July 1, 2008 through June 30, 2009), a decrease of 1.59 percent from the *FY 2008 Revised Budget Plan*. Excluding adjustments in the current fiscal year, the increase over the FY 2008 Adopted budget is \$5.3 million or 0.16 percent. The proposed budget maintains the Real Estate Tax rate at \$0.89 per \$100 of assessed value. The total of all Appropriated Funds is \$6,055,007,173.

In conformance with the Board of Supervisors' Budget Guidelines for FY 2009, the recommended transfer to the Public School Operating Fund is \$1,586,600,722, which is the same level as Fiscal Year 2008. However, the transfer request approved by the School Board on Feb. 14, 2008, is \$1,650,347,739, or 4.0 percent, over the FY 2008 Adopted Budget Plan transfer. The gap between the School Board's request and the County Executive's recommendation is \$63.75 million. In addition, the County's Transfer for School Debt Service is \$154,633,175, an increase of \$6,774,471 or 4.6 percent over the *FY 2008 Revised Budget Plan*. The combined transfer for School Operations and Debt Service is \$1,741,233,897, which represents 52.4 percent of total County General Fund Disbursements.

Based on maintaining the Real Estate Tax rate at \$0.89 per \$100 of assessed value and an average assessed value of \$524,076, the typical homeowner will pay \$4,664 in Real Estate Tax in FY 2009. This is a decrease of \$163 or 3.4 percent from the FY 2008 amount.

In order to balance this budget, substantial action was needed to eliminate a deficit of approximately \$120 million. This has been achieved through a series of measures including:

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County Executive Proposes \$3.3 Billion Budget For Fiscal Year 2009 (cont.)

- A net 4.0 percent reduction in agency salary budgets.
- A reduction of 50 percent in employee compensation increases.
- The inability to fully fund inflationary adjustments or those required by population increases, federal/state mandates, or new service requirements.
- Reductions in capital project funding.
- Fee and User Charge enhancements.
- Utilization of new transportation revenues.
- The use of one-time balances.

In addition, the revenue downturn prohibited the County Executive from providing resources for new initiatives or to enhance ongoing services in areas such as public safety, human services, and code enforcement. “There are many things that we should do, but unfortunately, this budget is only able to accommodate the things that we must do given our limited revenue growth. This budget focuses on fiscal responsibility and accountability, and provides direction and resource allocation for those things we must do rather than for those things we want to do,” stated Griffin in his presentation to the Board.

Griffin noted that Real Estate Tax revenues make up 60 percent of total County revenues and residential real estate comprises nearly three-quarters of the total real estate base. As such, the crisis in the housing market dominates the County’s fiscal outlook. Given the County’s reliance on Real Estate Tax revenue and the current and near-term forecasts, Griffin added, “Clearly, we face many challenges over the next few years. In the short term, I expect that there will be much discussion in the upcoming months about this budget, much of it focusing on what it does not include. In the longer term, the next few years will present us with continued challenges, foremost among these will be the revenue picture. Nevertheless, I am confident that with the Board’s strong leadership, our adherence to our guiding principles and strategic priorities, and by working collaboratively both within and outside of County government, particularly with our community partners, that we will be able to overcome the difficulties we face and continue to provide the excellent services for which Fairfax County is known.”

The County Executive has noted that in addition to any Board-recommended changes, his proposed budget will have to be re-evaluated as a result of Federal Reserve and state action that occurred as the budget documents were being printed. “As the FY 2009 budget was being printed, the Federal Reserve lowered interest rates and new state budget forecasts indicated additional losses in state revenue. As a result, we believe FY 2009 revenue will be down \$32 million from the revenue estimates included in this budget proposal,” stated Griffin. To address this shortfall, the County Executive has developed a list of additional reductions to be considered by the Board of Supervisors during their deliberations on the FY 2009 budget, and included them in a memo dated Feb. 25, 2008.

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HIGHLIGHTS OF THE FY 2009 ADVERTISED BUDGET

The following information is a summary of portions of the FY 2009 Advertised Budget Plan. You are encouraged to consult the County Executive Summary and Budget Highlights in the Overview Volume, as well as the other FY 2009 budget volumes for further details

FY 2009 County Revenue

FY 2009 General Fund revenues total \$3.30 billion, an increase of just \$14.72 million or 0.45 percent over the *FY 2008 Revised Budget Plan*. It should be noted that with the further reduction of approximately \$32 million necessary as a result of interest rate adjustments and anticipated loss of state revenue, FY 2009 revenues will actually reflect a decrease of approximately \$17 million, or 0.5 percent, from FY 2008 revenues. This is a sharp departure from revenue growth rates over the past seven years, which allowed the Board to reduce the Real Estate Tax rate \$0.34 from \$1.23 to \$0.89 per \$100 of assessed value. The substantial slowdown in FY 2009 revenue is due to a decrease in residential assessments. In FY 2009, the Real Estate Tax base is projected to increase just 0.5 percent. A drop in residential assessments due to worsening conditions in the housing market was offset by a moderate increase in nonresidential properties. Residential equalization, the reassessment of existing property based on economic conditions, fell 3.38 percent in FY 2009 following the reduction of 0.33 percent in FY 2008. Further contraction of the residential housing market is expected in calendar year 2008 severely impacting revenue in FY 2010.

The value of nonresidential properties continued to rise but at a reduced pace in FY 2009. Nonresidential equalization registered a 7.0 percent increase, down from 13.57 percent in FY 2008. This deceleration reflects the softening of the office market during 2007. The decline in residential values combined with a rise in nonresidential property values resulted in an increase in the Commercial/Industrial percentage of the County's Real Estate Tax base from 19.23 percent to 21.06 percent. All other revenue categories combined are forecasted to decline 0.3 percent from FY 2008 levels primarily due to lower interest on investments based on interest rate projections and a decrease in personal property tax collections resulting from reduced new vehicle sales. More detailed information on FY 2009 revenue projections is included in the General Fund Revenue Overview section in the Overview Volume of the FY 2009 Advertised Budget Plan.

FY 2009 GENERAL FUND DIRECT EXPENDITURES:

FY 2009 Direct General Fund Expenditures total \$1,230,247,000, a decrease of \$28,904,889 or 2.30 percent from the *FY 2008 Revised Budget Plan*. Excluding adjustments in the current fiscal year, the actual increase over the FY 2008 Budget is \$28.0 million or 2.33 percent. This category contains traditional municipal services such as police, fire and EMS, libraries, etc. Fairfax County has taken significant steps in recent years to ensure these services are highly efficient. A measure

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County Executive Proposes \$3.3 Billion Budget For Fiscal Year 2009 (cont.)

of the efficiency with which the County provides services is the number of staff required to meet service demands resulting from increases in the County's population, as well as changing requirements such as mandates, shifting demographics and other influences. As a result of process redesign, enhanced technology and strategic prioritization of resources, Fairfax County continues to reduce the number of positions per 1,000 residents from 13.57 in FY 1992 to 11.49 in FY 2009. This represents significantly improved productivity because in that same period, approximately 170 facilities have been added or expanded to meet community needs. These include fire and police stations, libraries, recreation centers, school-age child care centers and senior centers, among others. The budget proposed by Griffin includes a total of 41 new positions for FY 2009, all of which are directly connected with the new transportation funding.

BOARD OF SUPERVISORS' PRIORITIES	COUNTY VISION ELEMENTS
<ul style="list-style-type: none">▪ Strong investment in education▪ Public safety and gang prevention▪ Affordable housing▪ Environmental protection▪ Transportation improvements▪ Revenue diversification to reduce the burden on homeowners	<p data-bbox="854 737 1346 814"><i>To protect and enrich the quality of life for the people, neighborhoods and diverse communities of Fairfax County by:</i></p> <ul style="list-style-type: none">▪ Maintaining Safe and Caring Communities▪ Building Livable Spaces▪ Practicing Environmental Stewardship▪ Connecting People and Places▪ Creating a Culture of Engagement▪ Maintaining Healthy Economies▪ Exercising Corporate Stewardship

In addition, Griffin's proposed budget for FY 2009 maintains the linkage between the Board's strategic priorities and spending decisions. "In determining how to allocate available resources for FY 2009, I relied on these priorities as well as the County's seven vision elements," added Griffin during his presentation to the Board of Supervisors. The subsequent pages show major funding initiatives listed by Board priority and/or County vision element. Some of these initiatives may support more than one vision element; however, they are shown on the following pages based on their predominant focus.

Strong Investment in Education:

The greatest share of the budget is dedicated to Fairfax County Public Schools (FCPS). In accordance with the Board-adopted guidelines for the FY 2009 Budget, the proposed County General Fund transfer for school operations in FY 2009 is held at the FY 2008 level and totals \$1,586,600,722. It should be noted that the actual transfer request approved by the School Board on Feb. 14, 2008 is \$1,650,347,739, an increase of 4.0 percent over the FY 2008

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County Executive Proposes \$3.3 Billion Budget For Fiscal Year 2009 (cont.)

Adopted Budget Plan transfer. The gap between the School Board's request and the County Executive's recommendation is \$63.75 million.

When compared to most other school systems in Virginia, Fairfax County funds a much larger portion of its school budget with local funds, as nearly 73 percent of the FCPS budget is funded by the County. The average school division in Virginia receives approximately half of its financial support from its local government. The County will continue to work cooperatively with the School Board and FCPS staff in order to maintain the high quality system of public education, while ensuring fiscal responsibility. In addition to the operating transfer of \$1,586.6 million, \$154.6 million is included for School Debt Service to fund school bond sales for school construction, for a total in transfers of \$1,741.2 million. This represents over 52 percent of total General Fund Disbursements. The County also provides additional support for FCPS in the amount of \$63.5 million for programs such as Head Start, School Health, School Resource Officers, School Crossing Guards, after-school programming, field maintenance and recreational programs, among others.

Public Safety and Gang Prevention / Maintaining Safe and Caring Communities:

- \$6.4 million, including fringe benefits, is included for a 2.96 percent Market Rate Adjustment discounted by 50 percent to 1.48 percent for public safety personnel including uniformed Police, Sheriff, Public Safety Communications, and Fire and Rescue employees to maintain pay competitiveness.
- \$3.1 million is provided for merit increments for those public safety employees eligible to receive them based on grade and step.
- \$0.9 million is included to continue the phased reduction in employee contributions to the Police Retirement system to make the Police benefits package more competitive with surrounding jurisdictions.
- \$0.1 million is included to provide gang prevention services/efforts in targeted areas of the County. These efforts, which provided community case management services to youth in gangs and youth at-risk of becoming gang involved, had been supported by an expiring federal grant. Two County geographic areas, East County and South County, are currently being serviced.

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County Executive Proposes \$3.3 Billion Budget For Fiscal Year 2009 (cont.)

- \$2.6 million in additional funding is included for the Department of Family Services (DFS) associated with the Child Care Assistance and Referral (CCAR) Program. As directed by the Board of Supervisors, this funding replaces the most recent loss of federal pass-through funding. With this additional funding in FY 2009, the CCAR program can support 5,141 children.
- \$4.1 million has been put in reserve to address the Comprehensive Services Act (CSA) anticipated expenditure shortfall in FY 2009. The increased costs are attributed to the recent state reinterpretation of the policy regarding foster care prevention, an increase in the number of children served in FY 2007, and an overall increase in the cost per child associated with contract rate increases.
- At no net cost, a realignment of domestic violence programs is recommended as part of the FY 2009 budget. Funding and positions previously reflected in Fund 106, Fairfax-Falls Church Community Services Board, are being moved to the Office for Women and Domestic Violence Services in the Department of Family Services as part of a multi-agency effort to streamline and strategically focus the County's domestic violence services.
- \$0.1 million is included to continue support of Citizen Corps volunteer programs, previously supported by grant funding. Citizen Corps programs provide volunteer support for several County agencies, including the Office of Emergency Management's Citizen Corps Council, the Police Department's Neighborhood Watch and Volunteers in Police Services (VIPS) programs, the Fire and Rescue Department's Community Emergency Response Team (CERT), and the Health Department's Medical Reserve Corps (MRC).
- \$0.5 million is included to allow for staffing initiatives within the Office of the Commonwealth's Attorney in response to significant workload-related issues and to provide for an improved career ladder and retention of employees. The reorganization will result in the conversion of vacant administrative/support positions to higher grade positions to support court requirements.
- \$2.0 million, including \$0.9 million for the Fairfax-Falls Church Community Services Board, \$0.5 million for the Department of Family Services, and \$0.4 million for the Sheriff's Office, will support limited contract rate increases to providers, as well as accommodate limited increases in medical supplies and services to meet the needs of those served.
- \$0.6 million is provided for the Fairfax-Falls Church Community Services Board (CSB) to maintain efforts to continue to address the timely access and manageable caseloads for Mental Health adult outpatient services while system redesign efforts are underway.

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County Executive Proposes \$3.3 Billion Budget For Fiscal Year 2009 (cont.)

- Within the CSB's FY 2009 Advertised Budget Plan baseline funding level, CSB Mental Retardation Services currently projects that all special education graduates expected in June 2008 can be served at no additional cost through a combination of approved Medicaid MR Waiver slot allocations, program attrition, efficient use of existing funding and continuation of recently implemented management initiatives. Overall, in June 2008, there are expected to be 70 new special education graduates turning 22 years of age who are eligible for day support and employment services.

Affordable Housing / Building Livable Spaces:

- \$22.8 million, or the approximate value of one penny on the Real Estate Tax rate, is included in The Penny for Affordable Housing Fund to preserve and create affordable housing opportunities.
- \$6.9 million is included in FY 2009 for the most critical capital renewal projects including roof repair/replacement, HVAC, emergency generators, among other needs.
- A total of \$5.1 million to continue the athletic field maintenance and development program. This includes athletic field lighting, water and irrigation system maintenance, minor ball field repairs, synthetic turf, and payment for FCPS staff to open and close facilities used by indoor sports organizations. Revenue in the amount of \$950,000 generated from the Athletic Services Fee directly supports this program.

Environmental Protection / Practicing Environmental Stewardship:

- \$22.8 million, or the approximate value of one penny from the County's Real Estate Tax, has been included for prioritized stormwater capital improvements to the County's stormwater system to protect public safety, preserve home values and support environmental mandates, such as those aimed at protecting the Chesapeake Bay and the water quality of other local waterways. It should be noted that in FY 2009, salary costs and related expenses of staff supporting the stormwater program are proposed to be charged to Fund 318, Stormwater Management Program, based on budget constraints. This adjustment to Fund 318 will impact future stormwater project implementation schedules.

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County Executive Proposes \$3.3 Billion Budget For Fiscal Year 2009 (cont.)

- \$0.1 million is included to fund a redirected position that will serve as the County's Energy Coordinator in the Office of the County Executive. This position will lead work across a number of County agencies to develop coordinated, cross-agency energy efficiency/conservation and cost-avoidance actions, as well as policies that could be directly linked to enhancing air quality, reducing adverse climate change impacts and cost savings through reduced emissions and cost-avoidance associated with reduced electricity demand. This individual will also serve as a central conduit of information to and from agencies and the community to better understand and leverage energy efficiency and conservation practices employed and lessons learned.
- \$0.6 million is included in FY 2009 to provide funding for prioritized initiatives that directly support the Board of Supervisors' Environmental Agenda. The Environmental Excellence 20-year Vision Plan includes six topic areas: Growth and Land Use; Air Quality and Transportation; Water Quality; Solid Waste; Parks, Trails and Open Space; and Environmental Stewardship. FY 2009 projects include: continued outreach materials for air quality awareness targeted at County employees, residents, school children and business owners; removal of invasive plants that threaten native plant communities; expansion of volunteer and outreach programs; conducting additional remote household hazardous waste events; conducting a litter campaign and other environmental initiatives; energy management at eight park facilities; and continued partnering with three nonprofit agencies to expand tree planting throughout the County.
- \$1.3 million is included to support non revenue-generating solid waste programs such as the County's Recycling Program, the Code Enforcement Program, the Household Hazardous Waste (HHW) program, and the Citizen's Disposal Facilities. The FY 2009 General Fund reflects a decrease of 50 percent from the FY 2008 Adopted Budget Plan transfer of \$2.5 million based on limited availability of General Fund monies and the current level of program requirements.

Transportation Improvements / Connecting People and Places:

- In the FY 2009 Advertised Budget Plan, new funding sources are available to support a major expansion of transportation, including additional personnel, operations, and capital projects. This funding is available on an annual basis, beginning in the second part of FY 2008, as a result of the General Assembly's April 4, 2007 passage of the Governor's substitute for House Bill 3202 (HB 3202). This bill is the first infusion of new transportation dollars in Northern Virginia in more than 20 years. The County will merge the current activities, program, and staff of the County's Department of Transportation with the staff of the Department of Public Works and Environmental Services (DPWES) who currently
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County Executive Proposes \$3.3 Billion Budget For Fiscal Year 2009 (cont.)

support planning and design related to roadway improvements. The merging of all staffing functions and programs in support of transportation permits an integrated seamless system for addressing a current and growing list of transportation capital projects and efforts to improve traffic flow, transit and general mobility of Fairfax County residents.

Two significant sources of funding included in the FY 2009 budget are revenue remitted to the County from the Northern Virginia Transportation Authority (NVTA) and funding from a proposed increase to the County's commercial Real Estate Tax. House Bill 3202 gave the NVTA the authority to implement seven new taxes and fees to support transportation-related projects and services. This revenue will raise over \$300 million per year for Northern Virginia. From these funds, NVTA annually will set-aside \$25 million for Virginia Railway Express (VRE) operating and capital expenses and \$50 million for Metro capital expenses. It will utilize 60 percent of the balance of raised funds for regional projects, and will return the remaining 40 percent to the jurisdiction where the funds were raised. The FY 2009 Advertised Budget Plan includes a projected \$60.0 million in revenue associated with the 40 percent returned to Fairfax County from this NVTA distribution.

HB 3202 also gives local jurisdictions within Northern Virginia the authority to increase the Commercial Real Estate Tax, which was previously held to the same value as the Residential Real Estate Tax, by as much as \$0.25 per \$100 assessed value in support of transportation. The FY 2009 Advertised Budget Plan includes a recommended Commercial Real Estate Tax rate increase of \$0.12 which will generate a projected \$52.8 million. Of this new revenue, \$0.08 will address transportation project increases, approximately \$0.02 will address new staffing requirements due to the influx of transportation project funding and approximately \$0.02 cents will fund existing staff resources and related costs associated with transportation planning and implementation projects. A total of 93/93.0 SYE existing positions, including 75 in the Department of Transportation and 18 in the Department of Public Works and Environmental Services, Office of Capital Facilities will now be supported by these funds.

As part of the FY 2009 Advertised Budget Plan, funding is included to begin the phase-in of 41/41.0 SYE new positions in support of transportation planning, management, and engineering design. These positions will also address future planned expansions of the Fairfax Connector; proffer and zoning workload increases resulting from transportation studies and improvements to the Tysons area and revitalization areas; and increasingly complex prioritizing, reporting, and invoicing requirements associated with major projects with multiple funding sources.

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County Executive Proposes \$3.3 Billion Budget For Fiscal Year 2009 (cont.)

- The total FY 2009 General Fund Transfer for Fund 100, County Transit Systems, is \$34.7 million, the same level as the FY 2008 budget but incorporates increases to fund FY 2009 partial year operations of the new West Ox Bus Operations Center, costs associated with new operational and service contracts for Connector operations, and additional estimated Connector fuel costs based on continuing increases in diesel fuel prices as well as a 21 percent increase in the County's subsidy requirement for VRE based on operating system and debt service requirements. In addition to the General Fund Transfer support, \$12 million in newly authorized State Aid support for mass transit will support FY 2009 projected expenditures. The newly authorized mass transit support results from a provision within HB 3202 that provides for an earmark for mass transit of \$0.02 per \$100 of state recordation tax collections.
- The total Fairfax County requirement for Washington Metropolitan Area Transit Authority (WMATA) Operating Expenses totals \$68.6 million, an increase of \$5.5 million, or 8.6 percent, over the *FY 2008 Revised Budget Plan* and supports Metrorail, Metrobus and MetroAccess (paratransit) service. Additional State Aid and Gas Tax revenues as well as savings based on the transfer of bus service in the western part of the County from Metro to the Connector system results in a General Fund Transfer of \$17.5 million, a decrease of \$2.8 million or 13.8 percent from the *FY 2008 Revised Budget Plan*.
- Utilizing funding available from savings in the County's health insurance fund and in I-NET resources included in the Cable Communications fund, interest income and state technology funding, as well as a General Fund transfer of \$11.8 million, the Information Technology project fund includes a recommended list of IT initiatives in the amount of \$22.8 million. These projects meet one or more priorities established by the Senior Information Technology Steering Committee and include a mix of projects that provide benefits for both residents and employees, as well as maintain and strengthen the County's technology infrastructure.

Creating a Culture of Engagement:

- \$0.6 million is included to fund the full year costs associated with opening the new Burke Centre Library in July 2008.

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County Executive Proposes \$3.3 Billion Budget For Fiscal Year 2009 (cont.)

- The Office of Human Rights and the Office of Equity Programs have been merged to form the new Office of Human Rights and Equity Programs. The mission of this office will be to institute an affirmative human rights program of positive efforts to eliminate discrimination and to provide the public and Fairfax County employees with recourse for discriminatory acts. It is anticipated that there will be savings in administration as a result of this consolidation.
- \$0.3 million is included to support election officers, staff overtime, limited-term personnel, and additional postage for the mailing of voter cards and absentee ballots associated with the 2008 Presidential election.

Maintaining Healthy Economies:

- \$9.0 million, an increase of \$0.3 million, or approximately 3.0 percent, over the *FY 2008 Revised Budget Plan* reflects the General Fund transfer to support the first year of a new two-year cycle in the Consolidated Community Funding Pool (CCFP) to leverage nonprofit organizations' resources to meet community challenges. Under more normal circumstances, the County Executive would have recommended an increase closer to 10 percent as he has in previous budgets.
- \$13.6 million, funded by a transfer from the General Fund, is provided through Fund 119, Contributory Fund, to various nonsectarian, nonprofit or quasi-governmental entities for the purpose of promoting the general health and welfare of the community.

Exercising Corporate Stewardship:

- In order to meet budget limitations based on available resources as a result of the continued softening of the residential real estate market, a 2 percent across-the-board reduction in Personnel Services totaling \$16.5 million was taken in General Fund and General Fund-supported agencies. This is in addition to a similar 2 percent reduction taken as part of the FY 2008 Adopted Budget Plan and Pay for Performance adjustments noted below.
- \$6.3 million is provided in order to continue the Pay for Performance (PFP) program for over 8,000 non-public safety employees; however, as a result of budget constraints in FY 2009, employee increases as part of the PFP system have been discounted by 50 percent and the impact of the lower PFP funding is reflected here.

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County Executive Proposes \$3.3 Billion Budget For Fiscal Year 2009 (cont.)

- An additional \$2.5 million in General Fund support over the FY 2008 Adopted Budget Plan is included to address higher fuel prices and related Department of Vehicle Services' charges as a result of market conditions.
- \$1.6 million is included for increased custodial, repair and maintenance, and landscaping costs associated with new facilities opening in FY 2009. These facilities include the West Ox Bus Operations Garage, Forensics Facility, McConnell Public Safety and Transportation Operations Center (MPSTOC) and the Girls Probation House. Combined, these facilities account for an additional 203,160 square feet to the inventory maintained by the Facilities Management Department.
- \$8.6 million or 4.3 percent over the *FY 2008 Revised Budget Plan* is included as an increase for fringe benefits, including Health Insurance, Dental Insurance, Social Security, and Retirement.
- A new Health Promotion and Wellness Initiative is supported by anticipated savings in County health plans. The program will include Health Risk Assessments (HRAs) and an enhanced disease management program, reduced membership rates for merit employees and retirees at the County's RECenters, and influenza vaccinations for County employees and retirees.
- Beginning in FY 2008, the County's financial statements were required to implement Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits. This standard addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits. Fund 603, OPEB Trust Fund, has been created in order to capture long-term investment returns and make progress toward reducing the unfunded actuarial accrued liability under GASB 45 and funds the cost of other post-employment benefits (OPEBs) including health care, life insurance, and other non-pension benefits offered to retirees, such as the County's retiree health benefit subsidy. In FY 2009, the County's contribution of \$8.2 million toward the Annual Required Contribution (ARC) will be made through a transfer from Fund 506, Health Benefits Trust Fund, as a result of excess revenues received from employer contributions. Any future balances identified in Fund 506 as a result of excess revenues received from employer contributions will also be considered for possible transfer to Fund 603 to assist in addressing the County's unfunded OPEB liability, which has been calculated at nearly \$380 million, excluding Schools.

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County Executive Proposes \$3.3 Billion Budget For Fiscal Year 2009 (cont.)

- The County provides monthly subsidy payments of \$30 - \$220 to eligible retirees based on years of service at retirement to help pay for health insurance. The cost of this benefit, totaling \$5.8 million, will be paid out of Fund 603 as a result of implementation of GASB 45 and supported in FY 2009 by CMS Medicare Part D reimbursement and one-time or limited savings in employer health plan contributions.

- Funding of \$7.0 million, from a transfer from Fund 506, Health Benefits Trust Fund, is included as a down payment for a multi-year, joint initiative between the County and the Schools to modernize the County's enterprise information technology systems that support finance, human resources and payroll, budget, procurement and related applications. This FY 2009 funding is available from savings in employer contributions for health insurance and will be used to offset the costs of Phase I of the project which will replace the County's Human Resources and Payroll system. Previous assessments of these aging corporate systems revealed that they are past their projected useful life cycle, no longer comply with today's technology standards, and do not meet the demands of resource and financial management and decision-making. FY 2009 funding, followed by future-year investments, will allow for the award of software and systems implementer contracts.

Tax Rates and Fees

The following are highlights of taxes and fees:

Real Estate Tax Rate and Personal Property Tax Rate:

- The Real Estate Tax Rate remains at \$0.89 per \$100 of assessed value and the Personal Property Tax Rate remains at \$4.57 per \$100 of assessed value.

General Fund Fees and User Charges:

- As part of the development of the FY 2009 budget, a thorough review of the County's General Fund fees and user charges was conducted. Fees were compared to state maximum rates and to those of surrounding jurisdictions. As a result of this review, General Fund fee increases, totaling \$4.5 million in revenue, are included in the FY 2009 Advertised Budget Plan. The bulk of the additional revenue is the result of a proposed increase to the Emergency Medical Services (EMS) Transport Fee structure, which is expected to generate an additional \$3.5 million in FY 2009. Current General Fund fees to be raised also include Fire Marshal Fees, parking garage fees, various parking violation fines, police report and photo fees, and taxi cab licenses. These increases will raise cost recovery in FY 2009, while maintaining consistency with surrounding jurisdictions.

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Refuse Collection Fee:

- In order to cover anticipated expenditures in FY 2009 and maintain essential reserves, an increase in the annual Refuse Collection fee from \$330 to \$345 is required for approximately 44,000 customers who receive this service.

Sewer Availability Fee and Sewer Service Charge:

- The Availability Fee charged to new customers for initial access to the sewer system will increase from \$6,506 to \$6,896 for new single-family homes based on current projections of capital requirements and is consistent with the analysis included in the Forecasted Financial Statement for July 1, 2007 through June 30, 2012. The Sewer Service Charge will increase from \$3.74 to \$4.10 per 1,000 gallons of water consumption in FY 2009. This equates to a 9.75 percent increase in rates and will result in an anticipated increase in the annual cost to the typical household of \$27.36.

McLean Community Center:

- Facilities and operations of the McLean Community Center (MCC) are supported primarily by revenues from a special property tax collected from all residential and commercial properties within Small District 1, Dranesville. The Small District 1 Real Estate Tax rate for FY 2009 is recommended for reduction by \$0.002 from \$0.028 to \$0.026 per \$100 of assessed property value. It should be noted that this two-tenths of a penny reduction reflects a savings of just under \$20 on the average Small District 1 residential tax bill.

Commercial Real Estate Tax for County Transportation Projects:

- The Commercial Real Estate Tax for County transportation projects is recommended to be \$0.12 per \$100 of assessed value. This tax will be levied on all commercial and industrial properties in the County and is in addition to the Real Estate Tax rate of \$0.89 per \$100 of assessed value.

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FINANCIAL FORECAST:

Staff has prepared a financial forecast for FY 2010 and FY 2011 that maintains the current Real Estate Tax rate of \$0.89 per \$100 of assessed value. Based on continued weakness in the real estate market as well as slow growth in other revenue categories, our revenue forecasts project no growth in FY 2010 and less than 1 percent growth for FY 2011. Assuming funding for basic compensation and inflationary adjustments as well as support of County obligations in debt service, Metro and other transfers, County disbursements are anticipated to require funding increases of 4 to 5 percent annually. As a result, the forecast shows shortfalls of \$200 million in each year. It will be necessary to take steps to match available funding to expenditure growth in order to balance the budget in future years. Details of the FY 2010 Forecast can be found in the Financial Forecast section of the Overview Volume of the FY 2009 Advertised Budget Plan.

PUBLIC HEARINGS:

Public hearings on the FY 2009 Advertised Budget Plan will be held in the Board Auditorium of the Fairfax County Government Center, 12000 Government Center Parkway, Fairfax on March 31, April 1 and April 2, 2008. The public hearings will begin at 7 p.m. To sign up as a speaker, the public should call the Clerk to the Board of Supervisors at 703-324-3151, TTY 703-324-3903. The Board Auditorium is accessible to persons with disabilities.

ADDITIONAL INFORMATION:

For further information on the FY 2009 Advertised Budget Plan, contact the Department of Management and Budget at 703-324-2391, TTY 711, or access the budget on the Internet at <http://www.fairfaxcounty.gov/dmb>. The entire budget is also available on CD-ROM.

Reference copies of the FY 2009 Advertised Budget Plan are available at all County libraries.

A limited number of copies are also available at the Publications Desk on the first floor of the Fairfax County Government Center, 12000 Government Center Parkway, Fairfax. The public is encouraged to call in advance to confirm availability of the printed budget. The telephone number is 703-324-2974, TTY 711.

A reference copy will also be available in the Office of the Clerk to the Board of Supervisors, 12000 Government Center Parkway, Fairfax.

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County Executive Proposes \$3.3 Billion Budget For Fiscal Year 2009 (cont.)

As the FY 2009 budget was being printed, the Federal Reserve lowered interest rates and new state budget forecasts indicated additional losses in state revenue. As a result, FY 2009 revenue is projected to be down \$32 million from the revenue estimates included in this budget proposal. In response, the County Executive has developed a list of additional reductions to be considered by the Board of Supervisors during their deliberations on the FY 2009 budget, and included them in a memo dated Feb. 25, 2008. This memo will be posted on the DMB Web site <http://www.fairfaxcounty.gov/dmb>.

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