

BUDGET GUIDANCE

At a regular meeting of the Board of Supervisors of Fairfax County, Virginia, held in the Board Auditorium of the Fairfax County Government Center on Monday April 20, 2009, the Board approved the following Budget Guidance for FY 2010 and FY 2011:

1. A Board of Supervisors retreat will be held to discuss strategies and opportunities related to County services and the County budget. Specific topics will include:
 - a. a discussion of Board of Supervisors priorities,
 - b. the Penny for the Preservation of Affordable Housing Program
 - c. employee compensation,
 - d. the FY 2011 budget process,
 - e. opportunities to increase fiscal transparency
 - f. Board public hearing procedures
 - g. Revenue Diversification

As part of the discussion on the budget process, staff is directed to return to the Board with suggestions for the creation of a small, focused Countywide Citizens Committee. This group would make recommendations to the Board on specific budget issues for FY 2011. Examples of specific topics for the committee could be revenue diversification options or consolidation/reorganization opportunities for the Board to consider.

2. Based on current market trends, it appears that real estate assessments will realize further negative growth in FY 2011 and that overall County revenue will likely decline in FY 2011. As a result, funding for County and School spending will be further limited in FY 2011. As a result, the Board directs the County Executive to:

Forecast

- Provide the Board of Supervisors with regular updates on the FY 2011 financial forecast to assist Board of Supervisors' decision making as it relates to guidance to the County and the Schools on the strategic priorities and the budgetary support for programs and services in FY 2011. This forecast shall include revenue projections with a focus on the real estate market including regular updates on the number of foreclosures, their location and the impact on the housing market. Preliminary estimates of revenue growth should be provided by September 2009.

Residential Tax Bills

- In order to continue to balance the requirements of providing critical and quality services against the ability of our tax payers to support those functions, the Board of Supervisors directs the County Executive to review and recommend budget strategies for FY 2011 that keeps tax bills affordable and do not negatively impact our residents struggling to remain in their homes and communities.

Federal Stimulus Tracking

- Provide the Board of Supervisors with regular updates on the impact of Federal Economic stimulus funding on the County including status of application for funding, funding awarded and how funding shall be used. In addition, the Schools shall include information regarding final determination of stimulus funding availability for Fairfax County Public Schools and the impact on proposed reductions or application to specific programs.

Continued Collaboration with the Fairfax County Public Schools (FCPS)

- The Board of Supervisors acknowledges the spirit of cooperation and collaboration demonstrated by the FCPS school board and staff in working through the significant budget challenges presented by the FY 2010 budget and appreciates the magnitude of the school reductions necessitated by the current budget outlook. The Board invites the School Board and staff to continue the dialogue and engagement with County government in looking for ways to make both operations more efficient and cost effective. The Smart Savings/Smart Services committee, made up of County and School Board members is one way to identify cost savings through consolidation opportunities. The Board of Supervisors and the Fairfax County School Board will continue to identify opportunities for savings.

Public Input Process

- The Board of Supervisors will continue to engage the community in the budget process and in discussions of Fairfax County's priorities during these difficult economic times. Therefore, the County Executive is directed to work with the Board of Supervisors to implement a public input process as part of the FY 2011 budget that provides opportunity for public comment, in the Fall of 2009, through community dialogue sessions in various locations throughout the County. The public input process should include traditional means of gathering and disseminating information about the budget such as community meetings and presentations as well as on-line and telephone hotline opportunities for public comment.

Recognizing the valuable insight that County employees have regarding County services and programs the Board of Supervisors recommends the continued use of employee chats, surveys and anonymous online and telephone hotline forums for employee comments and improvement suggestions.

Revenue Stabilization Fund Replenishment

- As part of the *FY 2009 Third Quarter Review* the Board of Supervisors authorized a partial withdrawal from the Revenue Stabilization Fund (RSF) to address FY 2009 revenue shortfalls. The Board approved the establishment to the RSF in 1999 to provide a mechanism, in the event of changing economic conditions, for maintaining a balanced budget within a current budget year without resorting to sudden or drastic reductions to County and School programs. The Board directs staff to develop a plan to restore the fund to the targeted 3 percent of total general fund disbursement, including the use of balances available as part of the *FY 2009 Carryover Review*.

Available Balances

- The Board of Supervisors directs that balances made available at the Carryover and Third Quarter Reviews that are not required to support critical requirements be held in reserve to address FY 2011 budget challenges and requests that the School Board also reserve available balances for FY 2011 requirements.

Fuel Savings

- The Board directs County staff to maximize the amount of fuel savings that will be available at the conclusion of FY 2009 and that these funds be set aside to provide future-year flexibility specifically for fuel-related requirements or in support of the FY 2011 budget in general. In addition, the Board encourages FCPS to maximize fuel savings and consider using these funds to help offset any shortfall that may exist in their FY 2010 budget.

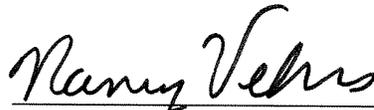
3. The Board of Supervisors acknowledges and commends the excellent work of County employees. We recognize and appreciate that our workforce is doing more with less. The decision to suspend FY 2010 pay for performance system funding and the market rate adjustments for all County employees' adjustments was difficult and the Board recognizes that employees are concerned about the projected increases in health insurance premiums that would dilute their purchasing power as salaries are held flat. As such, the Board reaffirms its commitment to a competitive pay and benefit structure.
 - a. The Board of Supervisors directs County staff to review the issue of compensation and possible adjustments to the pay for performance system and return with recommendations prior to the Board's deliberations on the FY 2011 budget. As part of this review, staff shall work with representatives of the various employee groups in the County to draft a compensation philosophy for Board of Supervisors review and approval. The draft compensation policy will include, at a minimum, a statement on the County's competitive posture and threshold with comparator jurisdictions, the relationship these have to total compensation, and the timing and approval processes of adjustments to pay for performance, merit increments and market rate adjustment awards.
 - b. The Board of Supervisors recognizes that the premium increases included in the FY 2010 budget are estimates and directs staff to diligently work to reduce or minimize the increase in premiums for health insurance based on actual cost experience and market conditions prior to the fall 2009 open enrollment period. Staff is also directed to balance setting premiums at a rate that covers the cost of the plans and takes into account long term GASB liability implications. As much as possible staff should attempt to reduce or minimize the increase in employee premiums. In addition, staff is directed to review the County's various benefit programs to determine if consolidation of programs will garner savings to employees and the employer.
4. In addition, the Board of Supervisors directs staff to review the requirements placed on the County's retirement system as a result of the economic downturn. As the County continues to address increasing pension benefit costs, the volatility of the markets and uncertainty about future funding flexibility, it is an opportune time to examine and refine a number of policies related to the County's retirement systems:
 - a. The first of these policies involves the application of an ad-hoc cost of living adjustment (COLA) increase by the respective retirement systems. Staff is directed to work with the Retirement Boards to evaluate best practices and look at policy options to potentially adjust the annual calculation of COLA and timing of approval of the COLA to align it with the budget process. Since there is a direct impact on the employer contribution rate as a result of the application of an ad hoc COLA, the Board of Supervisors directs staff to work in concert with the three Retirement Boards to review the County code as it relates to the ad hoc COLA calculation methodology to determine ability to fund and under what conditions the ad hoc COLA shall be awarded. In addition staff should review best practices from other jurisdictions and recommend a sound and equitable methodology that can be applied across all three retirement systems. Staff and the three retirement boards shall strive to complete this effort in advance of decisions regarding award of the ad hoc COLA for FY 2011.

- b. The second policy involves the corridor approach. After experiences of a number of years related to this approach, it is time to reexamine the funding philosophy for potential adjustment in future years. The examination of the philosophy will include maintenance of the objective of reducing the need to dramatically change contribution rates from year to year but also recognition that with the difficult economic environment and the impact on investment returns, it is unlikely that the funding ratios for the three County retirement systems will increase significantly over the next few years based on the current corridor policy of assuming that investment returns would push the funding ratio towards 100 percent.
5. The Board of Supervisors directs staff to review the procurement policies, utilization statistics, publicity and marketing options, accountability and insurance as it relates to the potential creation of a sustainable home share program that will provide an opportunity to assist the County's older adults to age in place, as well as help individuals who are having difficulty finding affordable housing in neighborhoods where they wish to live. The program should allow individuals to remain independent in their homes with the help of home seekers who pay affordable rent with no exchange of services, or, who in exchange for reduced rental fees, will provide non-medical services. In addition, staff is exploring the possibility of using established non-profit human services organization to implement the program.
6. The Board of Supervisors recognizes that a number of the reductions included in the FY 2010 Budget have a significant impact on the Human Services transportation system and in particular provision of transportation services to intellectually disabled individuals as a result of reductions to FASTRAN. Therefore the Board of Supervisors directs staff to provide information to the Board with a status update prior to the *FY 2009 Carryover Review* regarding both the transition of Medicaid-eligible riders from FASTRAN to other Medicaid transportation providers and the impact these and other reductions will have on all other remaining FASTRAN clients.
7. The Board of Supervisors directs that County staff continue to work with the Community Services Board and the INOVA Health Systems to continue emergency psychiatric services in the Mount Vernon area both during FY 2010 and in the long term.
8. There are numerous indicators in the community that negative behavior and activities among young people are on the increase, illustrated most vividly by the arrest of nine middle school students for gang recruitment. The need to provide positive outlets and activities for young people is now more evident than ever yet attracting the ones that most need it remains a challenge. Over the next year the County should work with all of the stakeholders and partners who help fill this role to make certain that all possible opportunities for positive youth activities are explored, and that any potential barriers or disincentives to participation such as fees or transportation issues, are removed.
9. There are a number of other items to which the Board of Supervisors directs staff analysis during FY 2010. These include:
 - Evaluating Management Structures: Review supervisory and management structures in our agencies and departments to identify opportunities to reorganize and be more efficient.
 - Minimizing Leased Space: Staff is directed to provide the Board with industry defined

metrics on space utilization in County government, including information on leased and vacant space.

- Evaluating Alternatives for Appropriating Funding for Schools: Staff is directed to evaluate the feasibility and benefits, if any, of using the state permitted, nine major classifications for school funding as a way for the Board to allocated funds to the school system.
- Directing that the Board's Public Safety and Personnel Committees review the Advanced Life Support transport system transition in the Fire and Rescue Service and discuss the role of the Operational Medical Director as it relates to training and oversight. In addition, the Board directs that the committees review the importance and effectiveness of the second safety officer positions and identify alternatives for staffing this function that within existing. In addition, the committees are directed to review the Tier 3 alternatives presented by the Police Chief as part of his Tiered Priority List for Restoration of Funding, with particular attention to pursuing grant opportunities and exploring cost neutral funding alternatives for programs such as Crime Prevention Officers.
- Directing the Fire Chief to pursue SAFER Grant funding to enhance the local fire departments' abilities to comply with staffing, response and operational standards. This grant application will have no immediate financial impact on Fairfax County's Fiscal Year 2010 Budget.

A Copy Teste:



Nancy Verms

Clerk to the Board of Supervisors