



News Release

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County Executive Proposes \$2.7 Billion Budget for Fiscal Year 2005

School Funding Increased \$87.1 Million

Fairfax County Executive Anthony H. Griffin has proposed a General Fund budget of \$2,734,445,214 for Fiscal Year 2005 (July 1, 2004 through June 30, 2005), an increase of 4.47 percent over the *FY 2004 Revised Budget Plan*. The proposed budget is in conformance with the Board of Supervisors' Budget Guidelines, which limit County and School expenditure increases to the projected growth in available revenues. The total of all Appropriated Funds is \$4.65 billion.

Griffin proposes to increase the County's Operating Transfer to the Fairfax County Public Schools (FCPS) by 6.57 percent to \$1,322,374,187, an increase of \$81.5 million over the FY 2004 level. This increase is consistent with growth in General Fund revenue and is also in conformance with the Board's adopted Budget Guidelines. In addition, the County's Transfer for School Debt Service is \$126,528,053, an increase of \$5.6 million or 4.66 percent over the *FY 2004 Revised Budget Plan*. The combined transfer for School Operating and Debt service is \$1.45 billion, which represents 53.0 percent of total County General Fund Disbursements and along with FY 2004, is the highest share of the County's budget in over 20 years.

In presenting his budget, Griffin noted that "it represents both a challenge and an opportunity to look at the County's budget and services beyond just the next year, but from a broader, multi-year perspective." For the fourth year, Fairfax County is facing the dilemma of a revenue base where growth has come entirely from residential real estate taxes. All other revenue categories combined actually decrease approximately \$1.0 million for FY 2005. The FY 2005 real estate estimate is based on a 12.04 percent increase in the valuation of real property and is derived primarily from increased value of residential property. In FY 2005, the increase in residential equalization – the reassessment of existing property – is 11.29 percent, reflecting the strength of the housing market in the County, which is similar to trends seen throughout Northern Virginia. High demand for homes, due in large part to historically low mortgage rates, without a commensurate increase in the supply, continues to drive prices up. As a result of sustained increases in both sales volume and sales price, the majority of residential properties in the County will receive valuation increases. As an additional indication of the increasing reliance on real estate taxes to fund County services, the percent of revenue from real estate taxes will comprise almost 61 percent of the total revenue base, up from approximately 51 percent in FY 2001.

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As part of the strategy to afford taxpayers some relief, the real estate tax rate has been reduced by seven cents since FY 2002, from \$1.23 to \$1.16 per \$100 of assessed value, the level at which the County Executive's proposed budget is based. This saved County taxpayers an average of \$225 annually by FY 2004 and \$250 by FY 2005. In order to achieve this reduction within the constraints of the County's revenue picture, it was necessary to cut \$101 million cumulatively from County programs over the past three years. This action afforded taxpayers some relief and provided additional support to Fairfax County Public Schools (FCPS), particularly in the face of funding shortfalls at the state level. Widespread reductions were made in all program areas, with the exception of education and public safety – the deepest cuts affecting administrative/managerial functions and central agencies.

The FY 2005 proposed budget represents a modest fiscal plan. It funds only the “basics of government” – the level of service the County currently provides, including the cost of doing business, mandates, contractual obligations and other existing commitments. As the County Executive noted, “The FY 2005 budget does not fund new programs or initiatives, worthy as some may be. It cannot support, without significant adjustment, additional real estate tax relief, more funding for Schools or other priorities identified by the Board, community and/or County agencies.

Stating that he anticipates considerable dialogue with the Board and the public regarding actions to take in order to ensure a budget that addresses priorities without unduly burdening taxpayers, County Executive Griffin also provided a separate list of options for potential budget reductions for the Board to consider should it wish to further reduce the real estate tax rate or undertake other budget initiatives.

HIGHLIGHTS OF THE FY 2005 ADVERTISED BUDGET

The following information is a summary of portions of the FY 2005 Advertised Budget Plan. You are encouraged to consult the County Executive Summary in the Overview Volume as well as the other FY 2005 budget volumes for further details.

FY 2005 REVENUE:

FY 2005 revenues are projected to be \$2,740,650,049, an increase of \$168,882,135 or 6.57 percent over anticipated FY 2004 levels. The increase is entirely due to increased Real Estate Tax revenue. All other revenue categories reflect a net decrease of approximately \$1.0 million from FY 2004.

Real Estate Tax Revenue

The FY 2005 real estate tax base is expected to increase 12.04 percent. Of this increase, 9.54 percent is due to equalization (the annual reassessment of existing property) and 2.50 percent is associated with new construction. Overall, residential equalization increased 11.29 percent, which is less than the FY 2004 residential equalization of 14.55 percent, but is still quite strong. This increase is reflective of a very robust local housing market that is persistently pushing up residential real estate values. The typical household will pay \$4,147 in real estate tax, an increase of \$421 over last year.

This is the fifth consecutive year of residential equalization over one percent following nine years of essentially flat or negative growth. From FY 1992 through FY 2000, the average annual change in residential assessments for existing housing stock reflected a loss of assessed value of 0.62 percent.

Non-residential real estate equalization experienced an increase of 3.74 percent in FY 2005, up from a decrease of 2.94 percent in FY 2004. However, the commercial/industrial real estate sector of the County's real estate tax base is projected to be 18.20 percent, a drop of 0.94 percentage points from the FY 2004 level of 19.14 percent. FY 2005 marks the fourth consecutive decline in the commercial/industrial percentage and is due to the larger increase experienced in the residential portion of the real estate base.

FY 2005 GENERAL FUND DIRECT EXPENDITURES:

FY 2005 direct expenditures total \$1,004,209,088, an increase of \$24,537,545 million or 2.5 percent over the *FY 2004 Revised Budget Plan*. This category, which contains traditional municipal services such as Police, Fire and EMS, Libraries, etc., has been severely constrained in recent years, forcing the County to absorb significant budget cuts through program reductions, which result in lower levels of service, as well as to increase efficiency by process redesign and information technology. As evidence of this, while the County's population increased by more than 26 percent since FY 1991, the number of regular merit employees grew by just 1.4 percent over that same period, despite the addition or expansion of 152 facilities including fire stations, libraries, school age child care centers, etc.

TAX RATES AND FEE ADJUSTMENTS:

- ◆ As directed by the Board of Supervisors during the *FY 2003 Carryover Review*, the County Executive's proposed budget includes an increase in the maximum allowable asset level for the Tax Relief Program for the Elderly and Disabled. The asset level will increase from \$190,000 to the state maximum of \$240,000, which will reduce revenue by approximately \$3.9 million in FY 2005. The income limits remain at 100 percent exemption for elderly and disabled taxpayers with incomes up to \$40,000; 50 percent for eligible applicants with income between \$40,001 and \$46,000; and 25 percent if income is between \$46,001 and \$52,000.
- ◆ No increase is proposed in the Personal Property Tax rate, which remains at \$4.57 per \$100 assessed value.
- ◆ A new athletic services application fee of \$3 per hour is proposed to partially offset the cost of scheduling and coordinating community use of public athletic facilities.
- ◆ To support service enhancements for the Reston-Herndon and Huntington Divisions of the FAIRFAX CONNECTOR, bus fares are proposed to increase by 25 cents.
- ◆ Homeowners and businesses within citizen-petition Leaf Districts will see their leaf collection service fee increase from \$0.01 to \$0.015 per \$100 of assessed real estate value in order to address the cost of the service. This fee has not been increased since FY 1996. On average, property owners in Leaf Districts will see an annual increase of \$20.

- ◆ Residents within citizen-petition Sanitary Refuse Collection Districts who receive County refuse collection service will have their annual fee of \$210 increased to \$240 to offset the cost of the service. This affects approximately 40,000 customers.
- ◆ Sewer service rates will increase from \$3.03 to \$3.20 per 1,000 gallons of water consumption. The average additional annual cost to the typical homeowner is anticipated to be \$12.92 as a result of this increase.
- ◆ The sewer availability fee charged to new customers for initial access of the system will increase from \$5,431 to \$5,621 based on current projections of capital requirements.

COUNTY SUPPORT FOR FAIRFAX COUNTY PUBLIC SCHOOLS

For FY 2005, Fairfax County is providing 53 percent of its total General Fund budget to Fairfax County Public Schools (FCPS). This share is consistent with the FY 2004 Adopted Budget Plan and represents the highest level in over 20 years. The County provides funding through two transfers – one to support FCPS operations and another to support debt service for bond-funded projects to build new schools and renew older facilities.

SCHOOL TRANSFERS

School Operating: \$1,322.37 million
School Debt Service: \$126.53 million

- In conformance with the Budget Guidelines, a transfer of \$1,322,374,187 to the School Operating Fund is included, which represents an increase of \$81,523,866 or 6.57 percent.
- The FY 2005 transfer for School Debt Service is \$126,528,053, an increase of \$5,631,320 or 4.66 percent over the *FY 2004 Revised Budget Plan*. The FY 2005 debt service level is based on funding of \$130 million for new school construction as well as renewals.
- The combined transfer for School operating and School debt service is \$1.45 billion, which represents 53.0 percent of total County disbursements.
- On February 12, 2004, the School Board approved a transfer request of \$1,361,212,802, which reflects an increase of \$120,362,481 or 9.7 percent over the FY 2004 transfer amount. This request is \$38.8 million more than the Budget Guidelines.

Other County Support for FCPS

\$49.0 million

In addition to the \$1.45 billion in the County transfers to FCPS for operations and debt service, Fairfax County provides additional support totaling \$49 million for the following programs:

- \$26.8 million for the Comprehensive Services Act (CSA), Head Start, and School Age Child Care (SACC) programs within the Department of Family Services;

- \$10.3 million to support School Health including Public School Nurses and Clinic Room Aides;
- \$6.9 million for School Crossing Guards; Resource Officers who are now assigned to all FCPS high schools, middle schools and alternative schools; and security for activities such as proms and football games;
- \$3.4 million for athletic field maintenance and other recreation programs;
- \$1.5 million in services provided by the Fairfax-Falls Church Community Services Board; and
- \$0.1 million for fire safety education programs for students.

More detailed information regarding this additional support for FCPS may be found in the Financial, Statistical and Summary Tables section of the Overview Volume of the FY 2005 Advertised Budget Plan.

SUPPORT FOR PUBLIC SAFETY

Fairfax Center Fire Station

\$1.70 million

To address increasing public safety needs associated with a growing population, additional funding in the amount of \$1,703,310 and 23/23.0 SYE positions are included for the new Fairfax Center Fire Station scheduled to open in Spring 2005. This station will provide additional capacity to help reduce response time to the central part of the County. A phase-in of staff resources began in FY 2004 with 15/15.0 SYE positions used primarily to staff a ladder truck at Station 27, West Springfield, enabling the Fire and Rescue Department to address the need for this type of unit in this area of the County in advance of the availability of the new station. Apparatus funding was also included as part of the FY 2004 budget to initiate procurement of necessary vehicles and equipment for the station based on the long lead-time for delivery.

The additional positions in FY 2005 as well as those funded during FY 2004 will bring the full complement of staff for Fairfax Center to 34/34.0 SYE uniformed and 3/3.0 SYE civilian support positions. The number of uniformed staff is consistent with other fire stations with a tower truck, engine and advanced life support (ALS) unit. In addition, a new Deputy Chief for Special Operations (1/1.0 SYE) will provide support and oversight of response to hazardous materials incidents, water rescues, major vehicle accidents, cave-ins, weather emergencies and terrorism threats. These duties are currently handled by the EMS Deputy Chief; however, with the increase of EMS incidents and the added supervisory responsibility resulting from new stations coming online, the EMS Deputy position must be focused full-time on the management and leadership of Emergency Medical Services. FY 2005 funding associated with these requirements includes \$1.38 million in Personnel Services and Fringe Benefits, as well as \$0.32 million in Operating Expenses and Capital Equipment associated with start-up equipment and supplies for the new station.

Public Safety Communications Center Operation (General Fund Transfer Increase)

\$4.30 million

A crucial link in Fairfax County's public safety system is the Public Safety Communications Center (PSCC), which provides call-taking and dispatch for police, fire, rescue and animal control units. This operation is funded through a combination of E-911 fees, state reimbursement from the statewide wireless E-911 fee, interest income and a transfer from the General Fund.

In FY 2005, the General Fund transfer to Fund 120, E-911 Fund, is \$9.8 million, an increase of \$4.3 million over the FY 2004 transfer level. Of this increase, \$3.0 million is associated with increased operational requirements including staff and compensation adjustments which are necessary to provide improved call-taking and dispatch performance. The remaining increase is attributable to declining revenues from E-911 fees.

More than 1.17 million calls are received by the PSCC annually. During FY 2003, call statistics indicate that while the average speed to answer an emergency call is 6 seconds, the PSCC is only able to answer 75 percent of calls within 12 seconds and the remaining 25 percent of calls are subject to much longer wait times. Staff has been working to identify staffing, organizational and compensation options to address this issue. FY 2005 represents the first year of a multi-year plan to increase positions to meet current emergency and non-emergency call volumes. Fourteen (14/14.0 SYE) new Public Safety Communicator positions will add capacity to promptly answer calls that are currently left unanswered or are being answered after an unreasonable wait. In addition, 2/2.0 SYE additional Administrative Assistant I positions will provide staffing to answer approximately 55,000 calls received regarding towed vehicles as required by the Commonwealth. Currently, Public Safety Communicators answer these routine calls. By shifting this responsibility to the Administrative Assistants I, existing Public Safety Communicators will be allowed to focus more on emergency and non-emergency call-taking and dispatching. The FY 2005 cost associated with these positions is \$635,189 in Personnel Services, Fringe Benefits and Operating Expenses.

In concert with the additional positions, funding of \$1.0 million has been identified to address compensation adjustments that are necessary to resolve recruitment and retention issues at the PSCC. Given the volume of calls, the overtime required to manage this volume and the complexity of the call-taking/dispatch function, the PSCC has not been able to retain qualified staff. In the last four years, 113 Public Safety Communicators (of 107 positions) have been separated for various reasons including failed training, transfers within Fairfax County Police and Fire and Rescue Departments, other employment, or relocation from the area. During the first quarter of CY 2004, organizational and compensation issues around the management and staffing of the PSCC will be studied, with a report and recommendations anticipated in late spring. This funding represents a placeholder for adjustments associated with the report recommendations. A detailed proposal with cost estimates will be provided to the Board of Supervisors prior to deliberations on the FY 2005 Advertised Budget Plan.

Uniformed Fire and Rescue Salary Adjustments

\$1.77 million

FY 2005 funding of \$1,768,703 is included for a regrade of the Fire Technician, Master Technician and Lieutenant classes in the Fire and Rescue Department to provide for market competitiveness of these positions. Each year, the Department of Human Resources conducts a market pay study to compare specific core and supplemental position classes to the local and regional employment market. In addition, the range of public safety position classes is reviewed. This proposed increase is based on a review of these public safety classes in comparison to those in surrounding jurisdictions. Only three public safety position classes had hourly rate midpoints 5 percent or more below the market average, which is the threshold used in making pay recommendations. The \$1.77 million cost of this adjustment includes adjustments to Personnel Services and Fringe Benefits, and will impact more than 700 positions.

Funding for Mosquito Management Program

No increase

West Nile virus, transmitted from infected mosquitoes to humans continues as a public health concern. A coordinated, multi-agency mosquito management program is now in place. It includes the treatment of ponds and standing water to prevent proliferation of the mosquito population in order to reduce the public health impact of the virus. The program also focuses on education, public awareness and community involvement to proactively address the problem. During the 2003 General Assembly session, Fairfax County was granted the authority to fund a Disease-Carrying Insects Program from Fund 116, Integrated Pest Management Program. Funding for this program is derived from a tax of \$0.001 per \$100 assessed value. In FY 2005, a major portion of funding for the West Nile program is provided through Fund 116, with \$0.5 million in existing funding transferred from the Health Department to Fund 116 to supplement the \$1.0 million previously budgeted in that fund, requiring no new funding.

NEW FACILITIES

James Lee Community Center Expansion

\$0.49 million

The James Lee Center has been undergoing an expansion and is scheduled to re-open in April 2004. It will be expanded from approximately 34,400 square feet to approximately 57,400 square feet and will offer an increase in social and recreational program opportunities for school-age children as well as adults and senior citizens. This will accommodate an increase in participants from 80,000 to 89,000 in the community, teen and senior programs. Expanded areas for the public include a recreational complex with two gymnasiums (open 11 hours daily), full-service teen programs (after school and Saturday evenings), as well as after-school and summer day programs for children. Also included are senior programs, daily craft classes, a fitness center (open nine hours daily), improved athletic fields, a full-size community theater, and computer clubhouse. FASTRAN will provide transportation for 30 additional seniors participating in the Congregate Meals Program. FY 2005 funding includes an increase of \$396,302 in Personnel Services and \$75,606 for Fringe Benefits, as well as \$64,038 in Operating Expenses associated with full-year salary requirements for 6 positions created in FY 2004 to support the expansion of the James Lee Community Center, as well as FASTRAN service to and from the site. These costs are partially offset by revenue of \$47,300 for a net cost of \$488,646.

School Age Child Care (SACC) Centers

\$0.38 million

To accommodate the ever-growing demand for quality child care, additional funding of \$378,776 is included to open two new School-Age Child Care (SACC) Centers at Navy Elementary and Sunrise Valley Elementary based on new space availability. Funding includes \$239,098 for Personnel Services and Fringe Benefits to support an additional 6/4.86 SYE positions as well as \$139,678 in Operating Expenses associated with operational requirements. Although two rooms are available at each of these sites for SACC, only one room is funded at each school due to budget constraints, consistent with the approach for FY 2004. These two new centers will serve an additional 70 children, including 60 regular slots and 10 special needs slots. With anticipated revenue of \$284,082, the net cost to the County is \$94,694.

Herndon Harbor House Senior Center

\$0.19 million

This Senior Center Program, located in the Herndon Harbor House, is scheduled to open in January 2005. It will provide County residents age 55 and older opportunities for recreation participation, skill development, leisure enrichment, a variety of structured leisure activities, community services, and outreach programs. FY 2005 funding of \$192,223 includes \$116,823 in Personnel Services and Fringe Benefits, as well as \$75,400 in Operating Expenses to support six months of start-up costs for 1/1.0 SYE Recreation Specialist III, 2/2.0 SYE Recreation Assistants, 1/1.0 SYE Saturday Program Director, and 1/1.0 SYE Recreation Leader I, as well as six months of program operations and one-time expenditures. It is estimated that approximately 500 seniors will be registered to use the center when it opens next January.

Cub Run RECenter

No General Fund Impact

To enhance recreational opportunities in the western part of the County, the Cub Run RECenter, scheduled to open in July 2004, will be over 65,000 square feet and will include a 25-meter by 25-yard competitive swimming pool, a leisure pool, whirlpool/spa, weight training and fitness areas, multi-purpose rooms, and administrative and support service areas. It is important to note that this facility is budgeted for and operated out of Fund 170, Park Revenue Fund, and not the General Fund. Total funding of \$1,429,159 includes \$977,981 in Personnel Services and Fringe Benefits, as well as \$451,178 in Operating Expenses associated with full-year salary requirements for 15/15.0 SYE positions to support the opening of the Cub Run RECenter. These increases are projected to be offset by revenue from RECenter users. Positions will be phased in over FY 2004 and FY 2005 to ensure that the RECenter is fully operational once construction is complete. The new facility will house a 10,000-square-foot fitness center that will include a full array of Fitlinxx exercise equipment. Fitlinxx is a line of products that records participants' fitness information and tracks individual progress. Based on the popularity of the Fitlinxx equipment at existing RECenters, it is anticipated that Fitlinxx users at Cub Run alone will exceed 1,500. As a result, the Cub Run fitness center will require a minimum of two fitness staff (1/1.0 SYE approved in FY 2004 and 1/1.0 SYE included in FY 2005) to serve customers effectively and safely.

Laurel Hill Golf Course

No General Fund Impact

The Laurel Hill Golf Course, scheduled to open in May 2005, will provide golf opportunities in the southern portion of the County. Like the Cub Run RECenter, this facility is budgeted for and operated out of Fund 170, Park Revenue Fund, and not the General Fund. Positions will be phased in over FY 2004 and FY 2005 to ensure that the course is fully operational once construction is complete. In FY 2005, the additional positions, including 1/1.0 SYE Park Specialist II, 2/2.0 SYE Assistant Park Specialists, 2/2.0 SYE Laborers II, 1/1.0 SYE Laborer I and 1/1.0 SYE Motor Equipment Operator, will prepare the course and clubhouse for opening, develop plans for operations, and prepare and implement a marketing/promotions plan. In addition, these positions will hire and train seasonal staff, as well as procure necessary operating equipment and supplies. It should be noted that 7/7.0 SYE positions are anticipated to be established during FY 2004 to oversee the grow-in of the golf course turf, as well as day-to-day operations required until the facility is open to the public. Total FY 2005 funding of \$452,621 includes an increase of \$228,121 in Personnel Services and Fringe Benefits, as well as \$224,500 in Operating Expenses associated with salary requirements for 7/7.0 SYE additional positions to support the opening of the Laurel Hill Golf Course. These increases are partially offset by anticipated revenues of \$287,583.

SUPPORT FOR THE COMMUNITY

Consolidated Community Funding Process

\$9.01 million

FY 2005 will be the first year of a new two-year funding cycle for the process of setting priorities and awarding funds from both the Consolidated Community Funding Pool and the Community Development Block Grant. In FY 2005, \$9.01 million will be available for the Consolidated Community Funding process, of which approximately \$6.78 million will be in Fund 118, Consolidated Community Funding Pool, and \$2.23 million will be in Fund 142, Community Development Block Grant. This funding is approximately \$0.31 million more than the FY 2004 level of approximately \$8.7 million in order to provide a five percent inflationary increase for community-based agencies. The FY 2005 funding is provided 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.

Special Education Graduates

\$0.05 million

As directed by the Board of Supervisors, a group consisting of the Human Services Council, the County Executive and the Fairfax-Falls Church Community Services Board (CSB) completed a review of day support for the County Special Education Graduates program. The study included a review of the services and service levels provided; number of persons currently receiving services; number of students projected to require services; facility and transportation requirements; parental and individual participation in offsetting service costs; and benchmarking information on services provided by other jurisdictions. In addition, as part of the FY 2005 Budget Guidelines approved by the Board of Supervisors on April 28, 2003, staff was directed to explore options to enhance the sliding scale fee to reduce the County's share of the costs of supporting the graduates of special education programs. As a result of the study, two significant policy changes are recommended. First, since individuals are able to be served in the Fairfax County Public Schools Special Education Program until they are 22-years-old, only those who are 22 years and older were considered for local funding. This reduced the number of new graduates eligible and prioritized for local funding in FY 2005 by 15, from 63 to 48. Secondly, the CSB prioritized graduates based on their degree of need. Of the remaining 48 graduates for example, 17 were identified as having the most profound level of mental retardation and medical and/or physical challenges, and are recommended for local funding. The total cost for serving these 17 graduates in FY 2005 is projected to be \$499,800. Revenue of \$445,457 may be available if the state assigns new Medicaid Waiver slots and funding to the CSB. As a result, County funding of \$54,343 has been included in the FY 2005 Advertised Budget Plan. Should the anticipated Waiver slots not be awarded, additional County funding will be necessary to support the FY 2005 graduates.

Other changes being implemented include the acceleration of timelines for transitioning students from secondary school to adult day support service, which will enable CSB to present more timely and accurate cost estimates. The CSB is also considering changes to its fee policy to include fee assessment for day services, and continues to maximize non-County funding for school graduates, such as Medicaid funding, Department of Rehabilitative Services funding, and federal work incentives and entitlements. Due to significant efforts to maximize non-County revenues, and lower than projected expenditures, the CSB's ending fund balance is projected to be \$3,431,965 in FY 2004. A portion of this fund balance has been utilized to offset expenditures in FY 2005.

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Congregate Meal Program/FASTRAN

\$0.13 million

To support the growing senior population, an increase of \$128,076 in Operating Expenses provides FASTRAN services for 50 additional seniors participating in the Congregate Meals Program at the new James Lee and Lorton Senior Centers. This expenditure increase represents full-year funding and is partially offset by an increase of \$6,500 in program donations.

Teen Center Redesign Initiative

\$0.14 million

In FY 2004, the Board of Supervisors approved the redesign of teen center operations to support a regional model. The redesign will move from nine centers (one center in each magisterial district) to a regional model comprised of five regional centers, ten neighborhood centers and ten community-based programs to provide greater flexibility in meeting the needs of teens and the community, eliminate barriers between magisterial districts, and reduce staff vacancies. FY 2005 funding provides for the creation of the fifth and final region, to be located within a leased facility in the Springfield area. To accommodate its scheduled opening in July 2004, FY 2005 funding of \$139,788 includes \$96,974 in Personnel Services and Fringe Benefits, as well as \$42,814 in Operating Expenses for 1/1.0 SYE Recreation Specialist III, 2/2.0 SYE Recreation Specialists I, and limited term staff. This funding supports the second year of a three-year phased approach to the teen center redesign throughout the County.

SUPPORT FOR TRANSPORTATION

Metro Operations (General Fund Transfer)

\$18.14 million

The total FY 2005 Fairfax County obligation for Metrorail and Metrobus requirements totals \$53.8 million for operating expenditures, of which \$18.1 million in a General Fund transfer is required, reflecting an increase of \$5.9 million or 47.9 percent over the FY 2004 transfer amount of \$12.3 million. The increase in the General Fund support is primarily due to the use of one-time balances in FY 2004. The \$53.8 million supports existing Metrorail and Metrobus service and includes a 4.5 percent inflation factor applied to the Washington Metropolitan Area Transit Authority (WMATA) FY 2004 budget, as well as addresses increased subsidy requirements associated with the 50 percent phase-in of the 2000 Census population data into the allocation formulas, increased costs for MetroAccess due to increased utilization of Americans with Disabilities (ADA) paratransit services, continuation of the Springfield Circulator Bus Service started in FY 2001, and other enhancements initiated by WMATA in FY 2004.

The County's portion of the total WMATA budget is determined by several formulas that include factors such as the residence of passengers, number of stations located in a jurisdiction and the level of service in a jurisdiction, as well as the population and population density. Applied State Aid, Gas Tax Receipts and State Transportation Bond Revenues help offset the County's share of WMATA's operating and capital costs.

An amount of \$29.3 million is required for capital requirements, of which \$19.8 million is supported by Fairfax County General Obligation Bonds. FY 2005 capital expenditures include \$13.7 million for the Infrastructure Renewal Program (IRP), a program which includes the rehabilitation of the railcar fleet, upgrades to Metrorail system components such as fare gates and farecard machines, improvements to Metrobus and Metrorail facilities, and funding for all capital equipment. It is anticipated that this amount will continue to increase in future years.

The System Access Program (SAP) requires \$12.0 million, primarily to fund Fairfax County's share of the purchase cost of new railcars and buses. An additional \$0.4 million is included to support preliminary engineering requirements associated with the System Expansion Program (SEP) and \$3.2 million is included to fund Adopted Regional System (ARS) debt service requirements. Since the WMATA budget will not be final until June 2004, any necessary adjustments to the FY 2005 funding level will be made at the *FY 2004 Carryover Review*.

County Transit (General Fund Transfer)

\$21.21 million

In FY 2005, the County's General Fund Transfer to County Transit Systems is \$21.21 million, an increase of \$1.56 million or 8.0 percent over the FY 2004 funding level of \$19.65 million. This increase includes contractual requirements for the FAIRFAX CONNECTOR and Virginia Railway Express. In addition, fuel funding requirements are increasing due primarily to increased costs associated with FAIRFAX CONNECTOR's continuing transition to Ultra-Low Sulfur Diesel fuel begun in FY 2002.

In FY 2005, the Fairfax County Department of Transportation (FCDOT) plans to enhance FAIRFAX CONNECTOR service in both the Huntington and Reston-Herndon Divisions by implementing a service redesign. In the Huntington Division, this redesign would provide an additional 40,000 hours of service; increase service to growth areas of South County including Kingstowne, Lorton, Laurel Hill and the greater Springfield area; reduce travel times; increase mobility options through more transfer opportunities; expand operating hours; enhance service frequencies; provide more bi-directional routes; and expand weekend service levels. In the Reston-Herndon Division, enhancements would increase service by 13,005 hours, both in peak hours and at mid-day, with primary emphasis on routes serving existing park-and-ride facilities. The plan developed by FCDOT leverages \$2,154,081 of various recurring funding to support the service enhancements for both Reston-Herndon and Huntington. This includes \$757,450 in additional state funding for the existing Dulles Express bus initiative, \$500,000 in bus advertising and \$896,631 in farebox revenue, rather than requiring General Fund support to fund these enhancements. To generate additional farebox revenue, it is proposed that the fare discount on FAIRFAX CONNECTOR be eliminated, bringing the cash fare to \$1.00, an increase of 25 cents over the FY 2004 cash fare of \$0.75. FCDOT is also proposing an increase in the minimum fare for a Metrorail-to-bus transfer from \$0.25 to \$0.50.

COST OF DOING BUSINESS

Employee Compensation

Non-Public Safety Adjustments

\$9.40 million

Since FY 2001, pay increases for over 8,000 non-public safety employees have been based on Pay for Performance. Consistent with the County's ongoing assessment of its compensation philosophy and policy, staff undertook a review of the Pay for Performance system during FY 2004. As part of this analysis, other jurisdictions with Pay for Performance systems were surveyed for best practices. Based on this review, two changes to the system are recommended for FY 2005, both of which will better align the Pay for Performance system with the County's goals and competitive marketplace practices.

The first is a recalibration of the points required to receive various pay awards and the second is the establishment of a range from 0 percent to 6 percent (0.0, 2.1, 2.6, 3.0, 3.4, 3.9, 4.3, 4.7, 5.1, 5.6 and 6.0). This replaces the original 0 to 7 percent range (discounted by 25 percent in FY 2004), maintaining the integrity of the Pay for Performance system by allowing for meaningful differentiation based on performance, while tightening the requirements for the higher level pay awards to more closely track with pay increases in the marketplace.

Additionally, two departments were selected as pilots for a more comprehensive review of performance elements to increase clarity and strengthen the link between pay and performance. The lessons learned will be shared with the remaining departments to further enhance the overall program. Efforts will continue to update employee performance elements and assure their linkage to departmental strategic plans and performance measures. Countywide training for employees and managers will continue to be a priority, as will the expansion of options for multi-rater feedback as part of the performance management process. For FY 2005, funding of \$7.6 million is included for General Fund agencies in addition to \$1.8 million for General Fund-supported agencies for a total of \$9.4 million for Pay for Performance.

In order to ensure that pay scales remain competitive with the market, non-public safety pay scales are increased in accordance with the annual market index, which is calculated based on data from the Consumer Price Index; the Employment Cost Index, which includes private sector, state and local government salaries; and the Federal Wage adjustment. This is designed to keep County pay scales from falling below the marketplace, requiring a large-scale catch-up every few years. In FY 2005, the non-public safety pay scales will be adjusted 2.98 percent based on the current market index. However, it is important to note that employees do not receive this adjustment as they did in the past through a cost-of-living increase. Pay increases can only be earned through performance. By adjusting the pay scales, however, employees' long-term earning potential remains competitive with the market.

Uniformed Public Safety Adjustments

\$11.34 million

Since uniformed public safety employees do not participate in the Pay for Performance program, their increases are based on the market rate adjustment and step increments. For FY 2005, funding of \$2.22 million has been included for those eligible to receive public safety merit increments. In addition, \$9.12 million is included to provide a 2.98 percent market rate adjustment for approximately 3,000 uniformed public safety employees.

Market Study Results

\$0

Each year, Fairfax County undertakes a market study to address issues of employee recruitment and retention, as well as ensure pay competitiveness. Certain job classes are benchmarked against comparable positions in both the public and private sectors. This year, 51 core benchmark classes were studied (based on the occurrence of matching job classes in the Metro area and the availability of sufficient market data in the recruitment area), as well as 29 supplemental classes, which were reviewed as requested by agency directors. Based on the study findings, only 3 of the classes benchmarked were found to be 5 percent or more below the market average, requiring an adjustment. These classes include: Retirement Counselor, Consumer Specialist I and Transit Service Monitor.

In accordance with the current Personnel Regulations, individuals on the "S" pay plan move to the new pay grade but remain at their current pay rate unless their pay falls below the minimum of the new pay grade. Since that is not the case for these three classes, no funding adjustment is required for FY 2005.

Benefits

Health Insurance Cost Increase

\$7.77 million

Fairfax County continues to experience the same double-digit health insurance cost increases seen nationwide. For FY 2005, health insurance premiums total \$53,430,651, an increase of \$7,770,482 or 17.0 percent over the *FY 2004 Revised Budget Plan*. This is based on projected premium increases of 21 percent for Health Maintenance Organizations (HMOs) and 25 percent for the self insurance plan for Calendar Year 2005. In contrast to the slow medical care cost growth in the early to mid-1990s, spending in recent years for health care has steadily increased. Key drivers of this growth include increased utilization and the skyrocketing cost of prescription drugs. The County has employed strategies to contain health care costs such as increasing deductibles and out-of-pocket limits, as well as added incentives for generic drugs. However, this cost increase trend is anticipated to continue into FY 2006 and beyond.

Retiree Health Benefits

\$0.22 million

Monthly subsidy payments to eligible County retirees to help pay for health insurance are provided in Fund 500, Retiree Health Benefits. Beginning in FY 2004, payments were adjusted to reflect changes to the subsidy structure, which includes a change from the flat per month subsidy to a graduated subsidy based on age and length of service. No changes are recommended in the payment levels; however, the average number of subsidy recipients, including new retirees, who are eligible to receive the subsidy, is expected to increase by 149 or 7.8 percent, from 1,909 in FY 2004 to 2,058 in FY 2005. Estimates of the average number of subsidy recipients are based on a review of the projected number of retirements as well as the health subsidy eligibility of personnel already retired from the Fairfax County Employees, Uniformed, and Police Officers Retirement Systems. In FY 2005, the General Fund transfer of \$3,308,246 reflects an increase of \$219,502 or 7.1 percent over the *FY 2004 Revised Budget Plan* level of \$3,088,744.

Retirement Systems

\$12.82 million

For FY 2005, the County's employer contributions to the retirement systems total \$67,118,042, an increase of \$12,818,194 or 23.6 percent over the *FY 2004 Revised Budget Plan*. This increase is primarily due to the impact of increases in the Employer Contribution rates and salary adjustments necessary to support the County's compensation program, including pay for performance/merit increments, Market Index adjustments for employees on the public safety pay scales, and the regrade of specific Fire and Rescue job classes to provide for market competitiveness for a total increase of \$4.62 million. An increase of \$0.3 million in the employer contribution for the Police Officers' System is required to fund the Deferred Retirement Option Program (DROP) benefit enhancement, while an increase of \$2.8 million in the employer contribution for the Uniformed System is required to fund approved benefit enhancements including DROP as well as the 12 percent benefit enhancement for Uniformed Retirees. In addition, the employer contribution for the Employees System is required to increase by \$5.1 million to amortize the liability associated with the funding ratio falling below the pre-defined 90 percent threshold due to lower investment returns.

In March 2002, the Board of Supervisors adopted a corridor approach to employer contributions, which enhances stability and ensures adequate funding for the retirement systems. In the corridor approach, a fixed contribution rate is assigned to each system, with the County funding contributions at that rate unless the system’s funding ratio falls outside of a pre-determined corridor (90-120 percent). Once outside the corridor, the County rate is either increased or decreased to accelerate or decelerate the funding until the ratio falls back within the corridor.

Technology

Information Technology Initiatives (General Fund Transfer) \$11.63 million

In FY 2005, funding of \$11.81 million, which includes a General Fund transfer of \$11.63 million and interest income of \$0.18 million, is included for initiatives that meet one or more priorities established by the Senior Information Technology Steering Committee. This reflects an increase of \$2.18 million or 23.1 percent over the *FY 2004 Revised Budget Plan* General Fund transfer of \$9.45 million. These initiatives include a mix of projects that provide benefits for both citizens and employees, and that adequately balance 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 and Public Safety program areas. Although many initiatives meet more than one of the technology priorities, for narrative purposes below, projects have been grouped into only one priority area.

Priority	FY 2005 Advertised Funding
Mandated Requirements	\$0.3 million
Completion of Prior Investments	\$2.0 million
Enhanced County Security	\$1.3 million
Improved Service and Efficiency	\$5.5 million
Maintaining a Current and Supportable Technology Infrastructure	<u>\$2.7 million</u>
TOTAL	\$11.8 million

Radio Center \$0.48 million

In FY 2002, based on a consultant study recommendation, work began on the design, installation and implementation of a new radio system to replace the current 1980s-era system in use by non-public safety agencies (Public Works, Park Authority, Fairfax County Public Schools transportation, Fairfax County Water Authority, FASTRAN, etc). The existing 20-year-old Public Service Communications System was based on a design that requires users to manually select the correct radio channel based on their location within the County, provides geographical coverage for only approximately 60 percent of the County, and has limited call processing capacity which frequently results in unavailability for users. The current network structure leaves large, heavily populated areas of the County without radio coverage and does not provide for future growth or for advanced features, such as mobile data communications.

The new system has been designed to provide seamless coverage to more than 90 percent of the County, as well as provide ample reserve capacity for peak use periods and future fleet expansion. In addition, the completed system will be fully compatible with the mobile and portable radios used by the County's public safety radio system. This will allow for direct communication between public safety and public service users for incident or disaster management, as well as provide a separate back-up system for the Public Safety system should that system fail. The system will also enable the County to continue a high level of interoperability with neighboring jurisdictions.

The redesign of the system requires the lease/purchase of additional tower transmitter sites, the installation of network infrastructure and the purchase of new mobile and portable radios. Based on these requirements, the Radio Center operations will be modified in FY 2005 to utilize private sector equipment maintenance support in order to address expanded technical requirements and achieve improved efficiencies. In addition, new requirements such as site leases, telecommunication costs, interoperability coordination, inspection and evaluation of in-building radio coverage for new construction, and network operation and maintenance will be addressed through a restructuring of staffing and operating activities. The redesign of the Radio Center in FY 2005 requires funding of \$480,760 and the net abolishment of 7/7.0 SYE positions. As a result of eliminating existing activities, including administrative services and the installation/modification/repair of radios, which will be contracted out, 9/9.0 SYE positions will be abolished, with funding reductions of \$363,061 in Personnel Services and \$202,537 in Operating Expenses. To support new functions required at the redesigned Radio Center, the following positions will be established: 1/1.0 SYE Network/Telecom Analyst III and 1/1.0 SYE Network/Telecom Analyst I including \$172,562 in Personnel Services and \$873,796 in Operating Expenses, for a net reduction of 7/7.0 SYE positions and increased funding of \$480,760. It should be noted that of the total Radio Center expenditures, approximately half will be recovered from user entities, with the remaining network and maintenance costs borne by the General Fund.

Contract Increases

Child Care Assistance and Referral Program Market Rate Increase \$1.36 million

The demand for child care services continues to grow as a result of high labor force participation in Fairfax County. In addition, many low- and moderate-income working parents in the County are unable to afford child care due to the high cost of living. To address this need, Fairfax County leverages resources with federal and state funding in order to provide child care subsidies to these eligible families. An increase of \$1,364,407 in Operating Expenses is included to support a higher state-mandated market rate for child care providers, which is estimated to reflect an increase of 5.5 percent for the providers of subsidized child care services under the Child Care Assistance and Referral (CCAR) Program. The state mandates market rates in order to ensure an adequate supply of licensed providers. It should be noted that the market rate increase will be phased in over the first quarter of FY 2005.

Therefore, this funding represents nine months of funding and is partially offset by an increase of \$682,203 in federal/state pass-through funding due to the associated 50 percent revenue match for the purchase of child care services, for a net cost to the County of \$682,204.

Comprehensive Services Act – Contract Rate Increase

\$1.10 million

The federally mandated Comprehensive Services Act (CSA) requires Fairfax County to serve families needing intervention and treatment for children and youth determined to be at risk for a variety of behaviors and conditions. These services include foster care, private school, special education, home-based intervention, residential services for mental health treatment, among others. For FY 2005, an increase of \$1,099,866 in Operating Expenses supports a 3.09 percent contract rate increase for the providers of mandated and non-mandated services in order to provide an appropriate cost-of-living adjustment to support their operations. This expenditure increase is partially offset by an increase of \$592,719 in state funding due to the associated state revenue match for the purchase of services, for a net cost to the County of \$507,147. Total expenditures in this program are approximately \$37.1 million to serve over 1,100 children and youth.

Other Contract Rate Increases

\$0.42 million

FY 2005 funding for the Department of Family Services also includes an increase of \$419,000 in Operating Expenses to support a 3.09 percent inflationary contract rate increase for the providers of mandated and non-mandated services such as Home Care Aides, Head Start, and Healthy Families Fairfax.

CAPITAL CONSTRUCTION PROGRAM

Capital Improvement Program Enhancements

In FY 2005, the County will continue to benefit from Capital Improvement Program (CIP) enhancements over the past few years to meet the dual challenges of providing new facilities to address population growth as well as fulfilling the ongoing capital renewal needs of existing facilities and infrastructure. Highlights of that program include the following:

Paydown Construction Program

\$18.85 million

For FY 2005, a total of \$18,847,963 is included for County Paydown construction and is directed to the most critical projects. This program will be supported with a General Fund transfer of \$10,485,187 and state revenue of \$8,362,776. The recommended amount reflects an increase of \$4,457,146 or 31.0 percent over the FY 2004 Adopted Budget Plan amount of \$14,390,817 and includes the following components:

County Maintenance

\$1.58 million

Funding of \$1,584,000 will continue to provide general maintenance for priority requirements at County facilities including carpet replacement; HVAC/electrical replacement; roof repairs and waterproofing; parking lot resurfacing; fire alarm system replacement; emergency generator replacement; maintenance costs associated with the Commercial Revitalization Program; and Americans with Disabilities Act (ADA) compliance at County facilities. Funding is also included for miscellaneous building repairs.

Parks Maintenance

\$1.91 million

An amount of \$1,911,156 has been included for Park maintenance at non-revenue-supported Park facilities in order to address such items as roof repairs/replacements; electrical and lighting systems; security and fire alarm systems; sprinklers; HVAC equipment; grounds maintenance; minor routine preventive maintenance; and ongoing implementation of ADA compliance at Park facilities.

Athletic Field Maintenance/Lighting Match Program

\$3.23 million

Funding of \$3,232,813 has been included to address athletic field maintenance including field lighting, fencing, irrigation, dugout covers, infield dirt, aeration and seeding. In addition, funding of \$200,000 is provided for upgrading athletic field lighting at selected boys' baseball and girls' softball fields.

Stormwater Management

\$2.74 million

Funding in the amount of \$2,740,000 has been included for storm drainage maintenance and emergency repairs including Kingstowne environmental monitoring; dam safety inspections and improvements; annual emergency drainage repairs throughout the County; and the mandated Virginia Pollutant Discharge Elimination System (VPDES) Municipal Separate Storm Sewer System (MS4) discharge permit, which is considered a renewal of the National Pollutant Discharge Elimination System (NPDES) permit that is valid for five years.

New or Renovated County Facilities

\$4.14 million

A total of \$4,142,622 has been included for new or renovated County facilities including: \$1,000,000 for the acquisition of land or open space preservation throughout the County and \$3,142,622 to continue to address property management and development at the Laurel Hill property including continued asbestos mitigation efforts.

Payments and Obligations

\$2.78 million

Funding in the amount of \$2,777,372 has been provided for costs associated with annual contributions and contractual obligations. This includes \$1,021,702 for the third year of a five-year lease/purchase agreement for systems furniture at the new South County Center. In addition, \$500,000 is included for the County's annual contribution to offset school operating and overhead costs associated with the new School Age Child Care (SACC) centers. Funding of \$350,000 is included to support payments to developers for interest earned on conservation bond deposits. The County requires developers to contribute funds to ensure the conservation of existing natural resources. Upon satisfactory completion of projects, the developer is refunded the deposit with interest. Finally, funding of \$905,670 is included for the County's annual contribution to the Northern Virginia Community College (NVCC) capital program, which provides for continued construction and maintenance at various capital projects on college campuses.

Revitalization Initiatives

\$0.94 million

An amount of \$935,000 is provided for Commercial Revitalization projects to be approved by the Board of Supervisors in the context of the CIP and/or other planning discussions.

Other Paydown Projects

\$1.53 million

Other Paydown projects supported in FY 2005 total \$1,525,000 and include safety upgrades and emergency repairs to trails and sidewalks; VDOT participation for sidewalk repair and replacement; developer defaults; annual road maintenance; continuation of the TAC (Transportation Advisory Committee) Spot Improvement Program; and the Board of Road Viewers program.

Bond-Funded Projects

\$188.48 million

In FY 2005, \$188,482,141 is included in General Obligation bond funding. Of this amount, \$130,000,000 is budgeted in Fund 390, Public School Construction; and \$19,750,000 is included in Fund 309, Metro Operations and Construction, to support the 103-mile Metrorail system, as well as maintain and/or acquire facilities, equipment, railcars and buses (including \$6.2 million in previously sold bonds). In addition, FY 2005 bond funding in the amount of \$38,732,141 includes Fairfax County's \$2,500,000 contribution to the Northern Virginia Regional Park Authority; construction costs of \$12,032,141 associated with the West Ox CONNECTOR Bus Facility; \$1,200,000 for design and permitting costs for the Wolf Trap Fire Station; and \$23,000,000 to support construction costs associated with the Public Safety Operations Center as approved by the voters in November 2002. Funding for these projects is consistent with the FY 2005-FY 2009 Advertised Capital Improvement Program (With Future Years to 2014).

TAX, FEE AND FARE ADJUSTMENTS

The following describes the adjustments to the Tax Relief Program, the proposed Athletic Services Application Fee, as well as fee increases in several Other Funds such as transit, solid waste and sewer service.

Tax Relief Program

The FY 2005 Advertised Budget Plan includes an increase in the maximum level of assets allowed for Real Estate Tax relief eligibility from \$190,000 to the State maximum of \$240,000 as directed by the Board of Supervisors as part of the *FY 2003 Carryover Review*. This change in the Tax Relief Program is anticipated to reduce revenue by approximately \$3.9 million in FY 2005. The income limits remain at 100 percent exemption for elderly and disabled taxpayers with incomes up to \$40,000; 50 percent for eligible applicants with income between \$40,001 and \$46,000; and 25 percent if income is between \$46,001 and \$52,000.

Athletic Services Application Fee

For FY 2005, a new athletic services application fee is proposed to partially offset the cost of scheduling and coordinating community use of public athletic facilities. Estimated revenues totaling \$1,670,917 reflect the implementation of a \$3 per hour fee for community use of public athletic facilities scheduled through the Department of Community and Recreation Services' Athletic Services Division. Athletic organizations are provided facility space by the hour in accordance with their application for use of facilities and within established Fairfax County facility allocation policies. This fee, combined with existing revenue, will enable the Athletic Services Division to offset its operational costs.

County staff is working extensively with the Athletic Council and athletic group coordinators to implement this proposal in FY 2005. Two other proposals are also under consideration including an organizational fee calculated based on the number of individuals enrolled in the organization. County staff will obtain feedback from the Athletic Council and athletic group coordinators regarding the proposed options and will work with them on implementation of the final proposal in FY 2005.

Transit Fare Increase

The Fairfax County Department of Transportation (FCDOT) has been under increasing pressure to expand routes and the service frequency on existing routes. This has been difficult given budget constraints of recent years. However, as part of the FY 2005 budget, FCDOT has developed a plan that provides targeted service improvements on FAIRFAX CONNECTOR with only a minimal increase in General Fund support. This requires eliminating the fare discount on FAIRFAX CONNECTOR, which brings the cash fare to \$1.00, an increase of 25 cents over the FY 2004 cash fare of \$0.75. The Smart Card program would see an increase to \$0.60. FCDOT is also proposing an increase in the minimum fare for a Metrorail-to-bus transfer from \$0.25 to \$0.50. These fare increases would generate an additional \$0.9 million to support service enhancements for both the Reston-Herndon and Huntington Divisions. While fare increases are never popular, the proposed \$1.00 base fare is still below the current Metrobus base fare of \$1.20. In addition, the ridership decrease that FCDOT anticipated when the base fare was increased from \$0.50 to \$0.75 never materialized. In fact, ridership continued to grow in FY 2004 despite this fare adjustment, evidence of the high demand for this service.

Leaf Collection Fee Increase

The Division of Solid Waste Collection and Recycling provides for leaf collection and disposal within 30 County Refuse Collection Districts. Leaf Districts are established and abolished through a petition process approved by the Board of Supervisors. A service fee is charged to homeowners and businesses within the districts based on the cost of the service. The FY 2004 levy is \$0.01 per \$100 of assessed value and has remained at that level since FY 1996 when it was reduced from \$0.02 per \$100 of assessed value due to an accumulation of fund balance. Over the past eight years, increases in disposal costs and other operating expenses due to an increasing customer base have significantly reduced the fund balance, making it necessary to increase the levy to \$0.015 per \$100 of assessed real estate value in FY 2005. This increase will generate an additional \$691,592 over the FY 2004 estimated leaf collection levy and should more accurately match revenues with expenditures. On average, homeowners in Leaf Districts will see an annual fee increase of approximately \$20.

Refuse Collection Fee Increase

Residents within Sanitary Refuse Collection Districts who receive County refuse collection service are charged an annual service fee for regular trash pick-up and recycling. These districts are created by the Board of Supervisors upon citizen petition. The FY 2004 fee of \$210 per unit has been at that level since FY 2000 when it was reduced from \$240 in order to draw down the unreserved fund balance. During the past four years, the increasing cost of these services has absorbed the fund balance, which has now been significantly reduced. Due to increasing disposal fees and rising personnel costs, it is necessary to increase the annual fee to \$240 per unit in FY 2005 for approximately 40,000 customers who receive this service.

Sewer Fees Increase

The FY 2005 Sewer Service Charge and Availability Fee are based on increased costs associated with capital project construction, system operation and maintenance, debt service, and upgrades to reduce nitrogen discharge from wastewater in order to meet more stringent regulations. In FY 2005, the Availability Fee charged to new customers for initial access to the system will increase from \$5,431 in FY 2004 to \$5,621 for 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, 2003 through June 30, 2008. The Sewer Service Charge is billed to all existing customers and is used to fully recover operating and maintenance costs, debt service payments, and capital project funding primarily attributable to improving wastewater treatment effluent standards as mandated by state and federal agencies. The Sewer Service Charge will increase from \$3.03 to \$3.20 per 1,000 gallons of water consumption in FY 2005. Based on this rate increase, the additional annual cost to the typical household is anticipated to be \$12.92.

FINANCIAL FORECAST

The Financial Forecast for FY 2006 reflects a deficit of approximately \$6.51 million. In accordance with the Board's Budget Guidelines, the increase in County expenditures and the transfer to the Schools have been limited to match the revenue growth, which is anticipated to be 5.82 percent in FY 2006. As a result, County and Schools spending will once again need to be constrained to fit within the projected revenue growth. This presents an ongoing challenge to accommodate cost increases associated with inflation, population growth, state and federal mandates, and other factors. Three years of budget reductions have eroded what little flexibility there was to meet this challenge; future strategies will have to rely on more difficult choices about the types and level of service that can be provided in the future. Details of the FY 2006 Forecast can be found in the Financial Forecast section of the Overview volume of the FY 2005 Advertised Budget Plan.

PUBLIC HEARINGS

Public hearings on the FY 2005 Advertised Budget Plan will be held in the Board Room of the Fairfax County Government Center on March 29, 30, and 31, 2004. The public hearings will begin at 7:30 p.m. To sign up as a speaker, citizens should call the Clerk to the Board of Supervisors at 703-324-3151 (TTY: 703-324-3903). The Board Room is handicapped-accessible.

ADDITION INFORMATION/CONTACT

For further information on the FY 2005 Advertised Budget Plan, contact the Department of Management and Budget at 703-324-2391 or access the budget on the Internet at (<http://www.fairfaxcounty.gov/dmb>). The entire budget is also available on CD-ROM. In addition, reference copies of the FY 2005 Advertised Budget Plan are available at all County libraries.

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Department of Management and Budget, 12000 Government Center Parkway, Suite 561, Fairfax, VA 22035

Fairfax County is committed to a policy of nondiscrimination in all county programs, services, and activities and will provide reasonable accommodations upon request. To request special accommodations, call 703-324-2391 or TTY-711. Please allow five working days in advance of events in order to make the necessary arrangements.