



FAIRFAX COUNTY DEPARTMENT OF MANAGEMENT AND BUDGET

# News Release

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April 26, 2004

## Fairfax County Board of Supervisors Adopts Fiscal Year 2005 Budget and Provisionally Adopts the Real Property Tax Rate *Pending General Assembly Action on State Budget*

In an unprecedented move today, the Fairfax County Board of Supervisors adopted the fiscal year 2005 budget, which begins on July 1, 2004, but only provisionally adopted the real property tax rate. After conducting many hours of public hearings and listening to hundreds of citizens, the Board, by unanimous vote, gave approval to the “mark-up” of the Fairfax County Budget for fiscal year 2005 on April 19, 2004. The Board typically adopts the fiscal year Appropriation Resolution, Fiscal Planning Resolution and the Tax Rate Resolution the Monday following the mark-up.

However, since the Virginia General Assembly has not yet approved a budget for the Commonwealth, the Board chose what they considered to be the most prudent action. Board of Supervisors’ Vice Chair and Chair of the Budget Committee, Sharon Bulova explained, “I think that the wisest course of action for the County to take in these difficult circumstances, in order to meet our obligations, is to proceed with the **provisional adoption** of the real property tax rate and the adoption of the appropriation resolution.”

She continued, “Intrinsic in these actions is the assumption that the state will adopt its budget in the very near future. If the state does not rise quickly to meet its responsibilities, the County will be forced to consider drastic reductions to County and School services and programs and/or to rescind the tax rate reduction to which this Board is committed.”

Provisional adoption means that the final adoption of the real property tax rate will take place at a regularly scheduled Board meeting on or before June 7, 2004. The June 7 date is critical because it is the last possible date for real estate tax rate adoption in order to meet *Code of Virginia* requirements. Provisional adoption of the real property tax rate would allow the Board to maintain the rate at \$1.16 per \$100 assessed value instead of \$1.13 per \$100 assessed value if it becomes necessary to make up for the loss of state revenue.

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The fiscal year 2005 Budget approved by the Board on April 26, 2004 is a fiscal plan that includes the collection and expenditure of \$4.65 billion in public funds from the General Fund and from other funds. Among other things, the budget includes projected revenues totaling \$677.8 million expected from the Commonwealth, including \$332.6 million for School operations and \$206 million for personal property tax reimbursement. It includes a real property tax rate of \$1.13 per \$100 assessed value. The Board also directed County staff to continue to monitor the situation closely and provide the Board with potential options to amend the budget in the event that the state fails to provide the level of support anticipated.

Other actions taken by the Board of Supervisors on April 26, 2004 include the following:

- Approval of the FY 2005 sewer service charge rate of \$3.20 per 1,000 gallons, which is an increase over the FY 2004 service charge of \$3.03 per 1,000 gallons.
- Approval of an increase in the sewer availability fee for single-family residences from \$5,431 in FY 2004 to \$5,621 in FY 2005.
- Approval of a public hearing to be held on May 24, 2004 at 4:30 p.m. to diversify revenue by imposing fees of \$300 for Basic Life Support transport, \$400 for Advance Life Support Level 1 transports and \$550 for Advance Life Support Level 2 transports, as well as a charge of \$7.50 per loaded mile traveled for ground transport. If adopted, the fees would become effective on or after January 1, 2005.
- Approval of an additional 2 percent transient occupancy tax beginning July 1, 2004, resulting in additional revenue of \$7.0 million, of which \$1.75 million will be designated for and appropriated to a non-profit convention and visitors' bureau along with \$0.25 million from the Economic Development Authority for a total appropriation of \$2.0 million. This enhanced tax also supports the Board's objectives of diversifying the revenue base and attracting tourism dollars, while freeing up General Fund revenues for other purposes including tax relief.
- Approval of an amendment to the *Fairfax County Code* that increases the combined net financial worth threshold from \$190,000 to \$240,000 in order to qualify for the County's Tax Relief Program for elderly and disabled persons, as well as to permit the proration of benefits for otherwise eligible applicants who turn 65 during the tax year or for applicants as of the date they become duly certified as permanently and totally disabled.

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- Approval of the FY 2005 – FY 2009 Capital Improvement Program (with future fiscal years to 2014) as amended on April 19, 2004.
- Approval of the Consolidated Community Funding Pool (CCFP) contract list and associated award list as recommended by the Selection Advisory Committee contingent upon the Board's future decision regarding the FY 2006 budget appropriation for the CCFP as well as the availability of Community Development Block Grant (CDBG) funds.

The Board approved Budget Guidelines (see attached) on April 19, 2004 with both general and specific guidance for the development of the fiscal year 2006 budget. Information on the fiscal year 2005 Budget Plan, including revisions made during the April 19 Budget Mark-up session, is available by calling the Department of Management and Budget at 703-324-2391 and on the County's Web site at [www.fairfaxcounty.gov/dmb](http://www.fairfaxcounty.gov/dmb)

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## BUDGET GUIDELINES FISCAL YEAR 2006

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 19, 2004, the Board reaffirmed and approved Budget Guidelines for FY 2006:

1. The Board directs the County Executive to develop a budget for Fiscal Year 2006 that limits increases in expenditures to projected increases in revenue.
2. Information on the FY 2006 revenue and economic outlook should be forwarded with a financial forecast to the Board for discussion in late 2004 so that guidance can be provided to the Schools regarding the School operating transfer.
3. The Board directs the County Executive to develop a budget for FY 2006 that allows for a further reduction in the real estate tax rate if residential assessments continue to increase significantly.
4. In order to avoid structural imbalances between County resources and requirements, resources should be allocated with consideration for the continued availability of these funds:
  - Non-recurring funds will be directed toward non-recurring uses.
  - Only recurring resources may be targeted toward recurring expenses.
  - The County's policy concerning the utilization of recurring and non-recurring funds should be followed by the School Board.
5. The available balances materializing at the Carryover and Third Quarter Reviews which are not required to support County expenditures of a critical nature or to address the Board's policy on the Revenue Stabilization fund should be held in reserve to offset future requirements or to address the one-time requirements noted below:
  - The Board approves a policy whereby one-time balances generated at quarterly reviews will be considered for redirection to unfunded capital paydown programs since adequate funds are not available in the annual budget process.
  - In addition, the Board supports the creation of a replacement reserve in Fund 503, Department of Vehicle Services, and Fund 505, Technology Infrastructure Services, for School buses and School computers and directs that one-time balances generated at the *FY 2004 Carryover Review* be considered for redirection to establish these reserves. The County will work with the School System on the development of a methodology/criteria for the reserves and a strategy for funding future annual contributions.

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6. The Board directed the following reviews of County programs:

### **COUNTY/SCHOOL SERVICES REVIEW**

County staff work with their counterparts in the school system to identify savings and management efficiencies that can be realized as a result of further consolidation of County and School services, particularly in the human services area. The review, fiscal impact and recommendations should be provided to the Board of Supervisors prior to consideration of the FY 2006 Advertised Budget Plan. As an incentive, a portion of the savings realized as a result of the implementation of further consolidation will be reinvested in the School system.

### **COMPENSATION**

The Board of Supervisors endorses the Fairfax County Pay for Performance program for non-public safety employees as a critical aspect in the compensation package, including the recommended adjustments included for FY 2005, which establish a range of pay awards from 0-6 based on performance and recalibrate the points required to achieve various pay increases. This Pay for Performance system is consistent with the County's goals and competitive marketplace practices. The Board directs the County Executive to work with the Employee Advisory Council (EAC) to refine and improve our pay for performance system and to advise the Board as part of the Personnel Subcommittee on issues and recommendations.

In the area of compensation, the Board directs the County Executive to review and make recommendations on a number of proposals brought forth during this year's budget deliberations. This review process should be completed and recommendations made in time for their incorporation into the FY 2006 budget.

Specifically:

- A comprehensive review and ranking of public safety salaries in comparison to our local employment market in order to ensure pay competitiveness. This review should include the identification of a pay study methodology that is supported by the chiefs and staff of each department and the Departments of Human Resources and Management and Budget. The salary review should also include an analysis of police citizen aide positions. The review should also include an analysis of holiday pay policies for both public safety and non-public safety agencies with the direction that a change in the holiday pay calculation be incorporated in the FY 2006 budget.

- The extension of the Deferred Retirement Option Program (DROP) to non-public safety employees based on the experience of a full year of the program as implemented for public safety personnel. In FY 2004, the Board approved the establishment of a DROP program for public safety employees as a pilot program. The County Executive should review the participation data and costs associated with the program and provide the Board with a recommendation on its expansion to the rest of the County workforce.

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- The evaluation and cost analysis of strategies to offset the costs of health insurance for our retirees. This review should include analysis of post-employment health plans, and savings plans for health insurance, as well as the impact of increased County subsidies for health insurance costs.

### **SPECIAL EDUCATION GRADUATES**

The FY 2005 budget included proposed changes to the County's special education graduate program. While many of the administrative and planning recommendations will be helpful, the proposed program for FY 2005 will direct new funding toward those graduates with the most profound level of mental retardation and medical and physical challenges. As a result, it is estimated that approximately 31 graduates will go without County support for services. As a result, the Board directs staff, with input from the Human Services Council, the Community Services Board and advocacy groups to develop a "scholarship" approach to the MR Graduates program with goals of County involvement in identifying and facilitating placement but County funding based on need and circumstances. The report should be provided to the Board by Fall 2004. A funding reserve of \$500,000 has been included in the budget for potential General Fund requirements of the scholarship program. In addition, options concerning a private foundation to supplement County funding are to be reviewed. This funding should be focused primarily on direct service provision.

### **ATHLETIC SERVICES APPLICATION FEE**

The FY 2005 budget includes an athletic services application fee to partially offset the cost of scheduling and coordinating community use of public athletic facilities. Estimated revenues totaling \$1.67 million have been included. Based on feedback received from meetings with the athletic community, the Department of Community and Recreation Services (CRS) staff has developed alternatives for how the fee is imposed to address the concerns of the various athletic organizations. These alternatives are based upon a per participant charge which would allow organizations to know their exact charge prior to setting their registration fee and would address issues related to season length. The Board directs the CRS staff to work with the Fairfax County Athletic Council (FCAC) to finalize the fee structure. In addition, the Board directs CRS staff to perform an evaluation of the fee's implementation, its subsequent impact on the various athletic organizations and on field maintenance at the end of one year. This evaluation will include involvement from County athletic organizations.

### **COUNTY POPULATION/DEMOGRAPHICS FORECAST**

The Board directs staff to review currently occurring and forecasted changes to the County's demographics and the impact on County services delivery and costs. Growth in the number of seniors, residents with special needs and our new immigrant populations will have an impact on the County's budget and the capacity of County government to provide services. This review, to be shared with the School system, will provide a framework for discussion and public policy decisions. Staff should provide this information to the Board in Fall 2004.

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**REVIEW OF ORGANIZATION/COMPENSATION ISSUES ASSOCIATED WITH COUNTY CONSTITUTIONAL OFFICERS AND OTHER STATE POSITIONS**

The Board directs staff to review the compensation and organization supporting County constitutional officers and other state reimbursed positions including the commonwealth attorney, clerk to the court, sheriff, secretary to the electoral board and general registrar, and magistrates. The review will focus on the comparability of compensation among our neighboring jurisdictions, and the availability of state funds to provide for these salaries. Recommendations regarding compensation or organizational adjustment should be provided by January 1, 2005.

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