



CLERK'S BOARD SUMMARY

REPORT OF ACTIONS OF THE FAIRFAX COUNTY BOARD OF SUPERVISORS

**TUESDAY
April 20, 2010**

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Budget Mark-Up Session

10-10

NV:nv

At a Budget Mark-Up meeting of the Board of Supervisors of Fairfax County, Virginia, held in the Board Auditorium of the Government Center at Fairfax, Virginia, on Tuesday, April 20, 2010, at 10:06 a.m., there were present:

- Chairman Sharon Bulova, presiding
- Supervisor John C. Cook, Braddock District
- Supervisor John W. Foust, Dranesville District
- Supervisor Michael Frey, Sully District
- Supervisor Penelope A. Gross, Mason District
- Supervisor Patrick S. Herrity, Springfield District
- Supervisor Catherine M. Hudgins, Hunter Mill District
- Supervisor Gerald W. Hyland, Mount Vernon District
- Supervisor Jeffrey C. McKay, Lee District
- Supervisor Linda Q. Smyth, Providence District

Others present during the meeting were Anthony H. Griffin, County Executive; David P. Bobzien, County Attorney; Catherine A. Chianese, Assistant County Executive; Nancy Vehrs, Clerk to the Board of Supervisors; Patti M. Hicks, Chief Deputy Clerk to the Board of Supervisors; Denise A. Long, Deputy Clerk to the Board of Supervisors, and Ekua Brew-Ewool, Administrative Assistant, Office of the Clerk to the Board of Supervisors.

BOARD MATTER1. **MOMENT OF SILENCE** (10:07 a.m.)

Chairman Bulova asked everyone to keep in thoughts the family of the late Laura McDowall. Ms. McDowall was a former School Board member from the Braddock District (previously the Annandale District). At the time of her death on April 13, she had been serving on the Human Services Council, as well other organizations and will be greatly missed. Just prior to her passing, Ms. McDowall had asked that people contribute to the Kate Hanley Family Shelter in lieu of sending flowers.

Supervisor Hudgins asked everyone to keep in thoughts the late Charles V. Gorse, a former Reston resident. He resigned from the Commission on Aging a couple of years ago and was a longtime member of the community. He served with AARP and the tax volunteer program. Supervisor Hudgins asked everyone to keep in thoughts his wife and daughter.

Supervisor McKay asked everyone to keep in thoughts Delegate Mark Sickles whose father recently died. Supervisor McKay attended the funeral the previous evening.

AGENDA ITEMS2. **10 A.M. – BOARD DECISION ON THE COUNTY'S AND SCHOOLS' FISCAL YEAR (FY) 2010 THIRD QUARTER REVIEW****AND****10 A.M. – BOARD MARKUP OF THE COUNTY EXECUTIVE'S FY 2011 ADVERTISED BUDGET PLAN AND THE FY 2011 ADD-ON PACKAGE**
(10:11 a.m.)

(SARs)

(FPR)

Chairman Bulova retold the fable “Stone Soup” where villagers contributed to a pot of water and a stone to make a satisfying soup for everyone to eat. She explained how it applied to the budget situation where a projected shortfall of \$257.2 million was closed through impressive community engagement, creativity, and collaboration among County staff and non-profit partners. She described the lengthy and involved collaborative process that resulted in the budget.

Chairman Bulova recapped the following highlights of the FY 2011 Budget Mark-up:

- The Budget is based on a **real estate tax rate of \$1.09**, an increase of 5 cents.

- It includes a **half cent increase in the Stormwater Service District Levy**. Both of these rates result in a **net reduction** for the average homeowner's bill of **\$26.93**.
- The Budget includes a **vehicle registration fee of \$33 per vehicle for most vehicles**. Most other localities in Virginia utilize this fee to provide local services.
- The **sewer service** charge increases by **77 cents per 1,000 gallons, from \$4.50 to \$5.27**. This fee increase addresses aging sewer infrastructure and compliance with State and Federal clean water and environmental mandates. County rates continue to be among the lowest in the region.
- The FY 2011 General Fund (Schools and General County Combined) Budget is a **2.7 percent reduction** from the previous year.
- **Fairfax County Public Schools (FCPS) continue to be over 53 percent of the County's General Fund Budget.**

FY 2010 Third Quarter Review

Chairman Bulova relinquished the Chair to Vice-Chairman Gross and moved approval of the FY 2010 Third Quarter Review including approval of Supplemental Appropriation Resolution (SAR) AS 10145 and amendment to the Fiscal Planning Resolution (FPR) AS 10901, which includes the revenue, expenditure, and transfer adjustments, grant awards and adjustments, and associated reserve adjustments contained in the County and Schools' Third Quarter Review and SAR AS 09162 which reflects final FY 2009 audit adjustments. Supervisor McKay seconded the motion, which carried by unanimous vote, Supervisor Cook, Supervisor Foust, Supervisor Frey, Supervisor Herrity, Supervisor Hudgins, Supervisor Hyland, Supervisor McKay, Supervisor Smyth, Chairman Bulova, and Vice-Chairman Gross voting "AYE."

FY 2011 Budget Mark-Up

Chairman Bulova moved approval of the FY 2011 Mark-up budget proposal. She noted that this budget:

- Sets the real property tax rate at **\$1.09 per \$100 of assessed value**. As a result of this action, the real property tax rate for calendar year 2010 will increase by \$0.05 over the real property tax rate for calendar year 2009 of \$1.04 per \$100 of assessed value.
- Adopts Article 17.2, Chapter 4 of the County Code to establish **local vehicle registration license fees for FY 2011**.

- Amends County Code Section 4-22-2 to impose the **courthouse facilities fee on civil cases.**
- Sets the **Stormwater Service District levy at \$0.015 per \$100 of assessed value.**
- Amends the County Code, Chapter 67.1, Article 10, Section 2, Subsection (d) Service Charges, to maintain the **sewer service charges** on a multi year basis as included in the ordinance amendment. The effect of this approval for FY 2011 is a sewer service charge rate of **\$5.27 per 1,000 gallons.** This is an increase from the FY 2010 service charge of \$4.50 per 1,000 gallons.
- Amends the County Code, Chapter 67.1, Article 10, Section 2, Subsection (a) Availability Charges, to maintain the **availability charges** on a multi year basis as included in the ordinance amendment. As a result of this motion, the availability fee for a single family residence **increases to \$7,750** from \$7,310 in FY 2010.
- Approves the County Executive's recommendations for the FY 2011 Advertised Budget Plan, as advertised with FY 2011 revenue and administrative adjustments as identified in the FY 2011 Add-on memo dated April 8, 2010, and with adjustments outlined in the Board of Supervisors' (The Board) "Adjustments to the FY 2011 Budget Proposal" package which follows.

Summary of FY 2011 Budget Proposal

1. Using a \$21.7 million reserve established through agency/department savings throughout Fiscal Years 2009 and 2010 anticipating State Reductions the following adjustments are made which reduce the reserve to \$11.6 million:
 - Reduced by known State Reductions of approximately **\$3.1 million.**
 - Hold **\$7 million** aside for additional State reductions and critical funding issues for both the County and Schools.
2. Add additional revenue from courthouse facilities fee of **\$96,000.**

3. Reduce the **Board** offices budgets by 2 percent, resulting in **\$81,350**, which is used to add one position to the **Auditor to the Board's** office. The Auditor to the Board acts as an Inspector General's Office, and works through the Board's Audit Committee.
4. Use Remaining Balance of \$11.7 million for restorations and adjustments to the Advertised Budget.
 - In the area of Human Services, and as recommended by the Human Services Council and the Community Services Board, a total of \$1.4 million has been restored, including the following:
 - Mental Health Adult Day treatment sites
 - Home Respite for individuals with intellectual disability services
 - Emergency Services at Mount Vernon Center and Northwest Center for Community Mental Health
 - Substance Abuse Counselor positions in Prevention Services, at Cornerstone, and in Jail Services
 - Mental Health Forensic staff position at Adult Detention Center
 - Partial restoration for Domestic and Sexual Violence Services and limited-term support for the Commission for Women
 - For the Police Department, a total of \$2.9 million has been restored, including:
 - School Resource Officers (SROs) in middle schools
 - 50 percent of Police Citizen Aide positions at District Stations
 - Marine Unit

- Traffic Safety Officers
- For the Fire and Rescue Department, a total of \$2.5 million has been restored, including:
 - Basic Life Support units
 - Seventh Fire and Rescue Battalion
 - Hazardous Material Support Unit
 - Second set of gear for firefighters
 - Fireboat Patrols on the Potomac River and Pohick Bay
- A total of \$1.9 million has been restored for Parks and Library Services, including:
 - Approximately 3 percent restoration to Libraries to maintain Tuesday evening hours at all 8 regional libraries
 - Library Access Services for individuals with disabilities
 - Parks Athletic Field Maintenance Program
 - Parks grounds maintenance staff (including restoration of restrooms)
 - Nighttime court lighting and lighting for practice fields
 - Parks truck driver and heavy equipment (mobile crew) positions
 - Operation and management at the Martin Luther King Jr. pool

- This budget includes a net total of \$2.7 million in other restorations and adjustments, including:
 - **All CONNECTOR route reductions** (except for partial reduction of stand-by buses)
 - Bicycle program coordinator position and it was not eliminated in the Advertised Fiscal Plan.
 - Five law clerks supporting Circuit Court Judges
 - Support for Families4Kids to non-profit – to be funded from Human Services Transition Reserve
 - Mount Vernon District Satellite Intake Center
 - Fairfax Magistrates are transferred from General District Court to the Office of the Sheriff
- 5. This Budget also fully funds the Priority 1 requirements of the Board Adopted **Affordable Housing Blueprint** through the use of \$4 million in operating revenues from the Wedgewood complex to fund the bridging affordability portion of the blueprint and recommended funding in the CIP (Capital Improvement Program) for the capital projects at Lincolnia, North Hill, and Lewinsville.
- 6. As mentioned above, this mark-up adjustment maintains the FCPS transfer at the County Executive's recommended level which is a reduction of 1 percent, or \$16.1 million. **Coupled with a positive formula change (of \$61 million) in the Local Composite Index (LCI) - State funding to localities - the \$1.6 billion transfer to the Schools fully funds the Schools Board's requested budget and provides a \$45 million balance for future Virginia Retirement System (VRS) requirements.**

As a result of the adjustments just discussed, and having provided public notice and conducted a public hearing as required by Virginia law, Chairman Bulova moved approval of the FY 2011 Budget as Advertised, with the changes to Revenue and Administrative Adjustments included in the FY 2011 Add-On Package dated April 8, 2010, the Real Property Tax Rate, Vehicle Registration License Fee, Courthouse Facilities Fee, Stormwater Service District Levy, Sewer

Service Charge and Availability Fee and Board Adjustments outlined in the “Adjustments to the FY 2011 Budget Proposal” package which follows. The tax and fee increases become effective on and after July 1, 2010. Copies of the amended sections of the Code were distributed around the dais. These actions result in a balanced budget for FY 2011.

Supervisor Foust seconded the motion.

PMH:pmh

Discussion ensued regarding the following:

- Meals tax
- Special elections
- Vehicle registration fee
- New housing programs
- Stormwater and sewer fees
- Affordable housing program
- School Age Child Care (SAC) program fees
- Health Department positions
- Revenue diversification
- The \$21 million reserve
- Deputy Sheriff’s in civil courtrooms
- Tax burden
- Services for the most needy
- The School budget and its effect on programs for the students most in need (Project EXCEL, Focus, etcetera)
- Restoration of core critical services
- The budget as a compromise following public and staff input

EBE:ebe

DAL:dal

The question was called on the motion and it **CARRIED** by a recorded of seven, Supervisor Cook, Supervisor Frey, and Supervisor Herrity voting “NAY.”

3. **BUDGET GUIDANCE FOR FISCAL YEAR (FY) 2011 AND FY 2012**
(11:42 a.m.)

Chairman Bulova moved adoption of the Budget Guidance for FY 2011 and 2012 as distributed to the Board.

Chairman Bulova summarized the following elements of the guidance:

FY 2012 Budget Development

Forecast

- **Directs the County Executive to provide a financial forecast for FY 2012 by Fall 2010** to assist Board of Supervisors’ (The Board) 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 2012. This forecast shall include revenue projections with a focus on the real estate market and disbursement requirements for FY 2012 and the next several years.

FY 2012 Budget Development

- **Directs the County Executive to return by fall 2010 with a plan for identifying further savings opportunities to address budget shortfalls.** In addition, the plan should include opportunities for the Board to look at specific programs and departments for efficiencies and improvements. Specific areas for review could include Housing and Community Development, wastewater management system, vehicle standards and replacement policies, and a review of existing County outsourcing. The Board acknowledges agency reorganization and collaboration in identifying creative solutions for service delivery and requests that the County Executive’s plan include an update on further initiatives planned.
- **Directs the County Executive to prepare an FY 2012 budget proposal that considers the affordability of taxes** for residents and businesses and attempts to keep the taxes steady with FY 2011.

Public Input Process

- The development of the FY 2010 and FY 2011 budgets was greatly enhanced by the implementation of an extensive public dialogue process which included unprecedented citizen involvement. The Board recognizes the valuable input and recommendations that were provided by residents as part of the community dialogue meetings in the fall and the budget presentations and meetings held in the spring 2010. These meetings provided important feedback and suggestions to the Board which were useful during the budget deliberations. In addition, the public input process on the budget helps to educate residents and advocates on key budget issues. Finally, the community dialogue process allowed for important information exchange and sharing among residents. The Board:
 - **Directs staff to return with a plan by Summer 2010 to provide opportunities for enhanced public participation through continued dialogue and with the stepped up use of technology and television.**
 - **Directs the continued use of employee chats, surveys, and anonymous online and telephone hotline forums for employee comments and improvement suggestions.**

Fairfax County Public Schools (FCPS)

- The Board acknowledges the continued spirit of cooperation and collaboration demonstrated by the FCPS School Board and staff in working through the significant budget challenges during the last several years. The transfer for School operations approved by the Board for FY 2011 represents a reduction of 1 percent or approximately \$16 million from the FY 2010 level. With this transfer level, the County support of the FCPS schools system continues to be the Board's highest priority and represents more than 53 percent of the entire budget.
- **The approved transfer level, in combination with the impact of full State funding of the Local Composite Index (LCI) formula adjustment, fully funds the School Board operating request and enables the restoration of such programs as band and music and language immersion. The approved transfer also provides funding to establish a reserve of \$45 million to offset**

future year requirements to support the Virginia Retirement System (VRS). The Board requests that the School Board identify additional funding to supplement the fund as available. In particular, the Board requests that the School Board designate state revenue received during FY 2011 that is in addition to those state revenues anticipated in the FY 2011 budget to the reserve. The County also may apply any of the remaining flexibility it has from the \$7 million reserve for additional FY 2011 State reductions to this VRS Reserve. The establishment of the VRS Reserve is important to maintain the integrity of the system over the long term. In addition, the Board and the School Board will continue to identify opportunities for savings during FY 2011 and will work together to address future budget issues.

- It should be noted that in addition to the FY 2011 transfer to schools for both operating and debt service, the FY 2011 Budget includes important programs and services in support of Schools such as middle school resource officers and athletic field maintenance. **The Board urges the School Board to reconsider the implementation of a fee for sports participation and proposed fees for AP/IB testing to prevent impediments to youth involvement and access.** In addition, the County has and will continue to assume primary funding responsibility for the replacement of the County and Schools' corporate legacy systems which include those systems used for purchasing, human resources, finance and budget. This multi-million dollar project will result in significant efficiency and effectiveness improvements. County funding of this project means that School funding does not need to be diverted to this project.
- **The Board is concerned about the lack of definition associated with changes in programs, such as EXCEL, Title I and FOCUS, at the County's most challenged schools and is scheduling a meeting between the School Board and the Board to discuss plans for changes to the programs.** The programs that are currently in place have resulted in significant successes and any adjustments need to produce significant, continued, and positive results.
- As a budget reduction strategy for both the Board and the School Board, at the end of the FY 2010 Budget Process, the Smart Savings Committee was formed. The purpose of this committee is to continue dialogue and engagement in looking for ways to make both operations more efficient and cost effective. Through this process the Committee has identified additional means by which savings can be achieved: school-aged child care, vending, attorneys, refuse/recycling, etcetera. As the County continues to

face difficult budget decisions, the Board will continue to identify opportunities to streamline operations, for systemic changes that may be necessary to achieve meaningful, large-scale budget efficiencies.

School construction is one such place where both the School Board and the Board may be able to find such efficiencies. **The Board would like to seriously explore opportunities to build community schools, where appropriate,** to maximize both capital construction efficiencies and service delivery efficiencies in those areas where the County finds itself not only erecting, or renovating a school site, but also having non-profit or public service delivery by the Department of Neighborhood and Community Services, Health Department, Park Authority, Department of Housing and Community Development, or other relevant agencies requiring separate locations. Additionally, the Board encourages the County human services system, in collaboration with FCPS, to develop and test a pilot community based service model with schools as the hub of the community and focal point for early identification of children and families in need of services and linkage to appropriate services.

Another such way efficiencies may be found is in transportation services. As the County becomes more of an urban center and the Board continues to stress to residents that transit options are a more efficient means of getting to and from, both individually and collectively, **the County and FCPS may be able to work towards reducing bus routes for older high school population base by better utilizing the current bus transit system.** In fact, Fairfax County families with high school-aged children have already tried this approach as referenced in a Sunday, October 11, 2009, *Washington Post* Op-ed column.

The Board and FCPS should work together to determine if this can bring greater budget efficiencies and improved quality of life through better access to services. A collaborative and thorough analysis should be done by appropriate agencies and departments within organizations and a subsequent report of findings should be issued to both Boards in time to include in the FY 2012 Budget process if appropriate. In addition, an analysis should be completed which looks at ways to encourage students walking or biking to school.

- **The Board and the School Board should work together to take advantage of historically low construction costs and interest rates by exploring ways to accelerate projects on the school**

Capital Improvement Program. If projects are not fully developed, techniques such as design-build should be considered.

Available Balances

- **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 2012 budget challenges and requests that the School Board also reserve available balances for FY 2012 requirements.**
- Recognizing that with the slow economic recovery and the budgetary reductions taken by agencies that have reduced their flexibility, it is more important than ever that the County maintain adequate reserve funding for unforeseen requirements.

County Staff

- The Board acknowledges and commends the excellent work of County employees, recognizing and appreciating that the workforce is doing more with less. County services are effective, efficient, and valued because of County employees and their hard work. Unfortunately, based on the current economic situation, the FY 2011 Budget does not include pay increases for County staff and the projected increases in health insurance premiums will continue to dilute their purchasing power as salaries are held flat. **As such, the Board directs that staff should attempt to minimize premium increases, which will be set in the fall of 2010, while maintaining appropriate reserves in compliance with County policy.**

The Board appreciates the hard work of the many employee groups in working toward solutions to the budget difficulties. These groups made a number of recommendations for both savings and no cost/low cost employee incentives. **The Board directs staff to review the proposed incentives and return to the Board's Personnel Committee with recommendations by summer 2010.** Specific areas for review include:

- Expanded opportunities for teleworking and the addition of the requirement for supervisor explanation in situations where the request to telework has been denied.
- Continued review of the County's retirement policies and programs, including review of the

Social Security offset for service-connected disability retirements.

- Changes to County policies regarding health insurance, particularly in light of recent federal legislation, including an analysis of the feasibility of providing additional entry points for retirees to elect to participate in the County health and dental insurance programs after leaving County employment and a review of health savings accounts (e.g. a Voluntary Employees Beneficiary Association).
- Review of sick leave programs to include feasibility and need for establishment of a sick leave bank for employees.
- Options for reinstatement of online classifieds partnering with employee groups to staff the program using the County's IT platform.

Deferred Retirement Option Program (DROP)

Directs County staff to return to the Board's Personnel Committee with analysis and ordinance changes to eliminate the sunset provision of DROP.

Human Services Transition Reserve

The Board supports the Human Services Council recommendation to establish a reserve in the amount of \$500,000 as part of the *FY 2010 Carryover Review* to fund transition and implementation costs associated with the reorganization initiatives included in the **FY 2011 Budget. An example of these costs is the transition of the Fairfax Families4Kids program. Staff should be commended for the hard work throughout the Human Services system and the County in general for identifying and recommending strategic organizational changes which result in improved services and efficiencies.**

Air Quality Monitoring

The Board refers the issue of the provision of air quality monitoring by the State to the Board's Legislative Committee.

Supervisor McKay seconded the motion.

Supervisor Frey expressed his concern regarding the School Board's proposed fees for sports and extracurricular activities.

Vice-Chairman Gross noted that, at the Budget Committee meeting, additional language was added to include the proposed fees for AP/IB testing, which will affect a number of minority and low-income families.

Supervisor Cook stated that, while everyone may not agree on this year's proposed budget, he expressed hope that some of the guidance provided by him and other Board Members will be considered for next year's budget process.

The question was called on the motion and it carried by unanimous vote.

4. **10 A.M. – BOARD DECISION ON THE CAPITAL IMPROVEMENT PROGRAM (CIP) FOR FISCAL YEARS (FYs) 2011 – 2015 (WITH FUTURE FYs TO 2020)** (11:55 a.m.)

Chairman Bulova moved approval of the FY 2011 – FY 2015 CIP (with future fiscal years to 2020) with the following amendments:

- Include long term financing for the capital projects at Lincolnia, North Hill, and Lewinsville as discussed in the context of the Blueprint for Affordable Housing. The Board will review and approve the final project scope and financing plan for each of these projects.
- Make all necessary adjustments to reflect actions taken during the Board's decision on the FY 2011 Adopted Budget Plan that impact the CIP.

Chairman Bulova noted that the CIP is approving or planning for School Board sales of bonds to be at \$155 million through FY 2012. It would include a referendum for the Schools in an amount of \$240 million each in the fall of 2011 and 2013, and a Metro Matters bond referendum of \$10 million in the fall of 2010, with other referenda on hold.

Supervisor Smyth seconded the motion.

Discussion ensued, with input from Susan Datta, Director, Department of Management and Budget, regarding bonds.

Following further discussion, regarding the long term financing for housing projects, the question was called on the motion and it carried by unanimous vote.

Vice-Chairman Gross returned the gavel to Chairman Bulova.

5. **ADJOURNMENT** (12:01 p.m.)

The Board adjourned.