ATTACHMENT B:

MEMO AND ATTACHMENTS I – VIII TRANSMITTING THE COUNTY'S FY 2008 CARRYOVER REVIEW WITH APPROPRIATE RESOLUTIONS

County of Fairfax, Virginia

MEMORANDUM

DATE: August 4, 2008

TO: BOARD OF SUPERVISORS

FROM: Anthony H. Griffin
County Executive

SUBJECT: FY 2008 Actual Revenues, Expenditures and Carryover Supplemental Appropriation

Attached for your review and consideration is the FY 2008 Carryover Package, including Supplemental Appropriation Resolution AS 08148, AS 09017 and Amendment to the Fiscal Planning Resolution AS 09900. The document includes the following attachments for your information:

Attachment I	A General Fund Statement showing the status as of July 14, 2008, including revenue and expenditures, as well as a summary reflecting expenditures by fund
Attachment II	A summary of General Fund receipt variances by category
Attachment III	A summary of significant General Fund expenditure variances by agency
Attachment IV	An explanation of General Fund Unencumbered Carryover
Attachment V	An explanation of Other Funds Unencumbered Carryover
Attachment VI	A detailed description of new and unexpended federal/state grants, as well as anticipated revenues associated with those grants that are recommended for appropriation in FY 2009
Attachment VII	A detailed description of significant changes in Other Funds
Attachment VIII	Supplemental Appropriation Resolution AS 08148, AS 09017 and Fiscal Planning Resolution AS 09900 for FY 2009 providing for the appropriation of outstanding encumbrances and unspent balances for federal/state grants, as well as prior commitments of the Board of Supervisors, such as unspent capital project balances

As the Board is aware, the Code of Virginia requires that the Board of Supervisors hold a public hearing prior to the adoption of amendments to the current year budget when the adjustments exceed $500,000. In addition, any amendment of $500,000 or more requires that the Board advertise a synopsis of the proposed changes. Since the *FY 2008 Carryover Review* recommends changes to the FY 2009 Adopted Budget Plan over the $500,000 limit, Board action on the Carryover Review has been scheduled at the same time as the public hearing on September 8, 2008.

Office of the County Executive
12000 Government Center Parkway, Suite 552
Fairfax, VA 22035-0066
703-324-2531, TTY 703-222-5494, Fax 703-324-3956
www.fairfaxcounty.gov

FY 2008 End of Year Summary

A brief summary of the General Fund follows, comparing actual receipts and disbursements as of July 14, 2008 to the final estimates of the *FY 2008 Revised Budget Plan*.

GENERAL FUND STATEMENT AND BALANCE AVAILABLE
(in millions of dollars)

	FY 2008 Revised Budget Plan	FY 2008 Actual	Variance
Beginning Balance, July 1	$184.20	$184.20	$0.00
Receipts and Transfers In	$3,289.30	$3,296.89	$7.59
Total Available	$3,473.49	$3,481.09	$7.59
Expenditures	$1,263.39	$1,202.90	($60.49)
Transfers Out	$2,119.97	$2,119.97	$0.00
Total Disbursements	$3,383.36	$3,322.87	($60.49)
Ending Balance, June 30	$90.13	$158.22	$68.09
Managed Reserve	$67.67	$67.67	$0.00
Reserve for FY 2008 Budget Consideration	$22.46	$22.46	$0.00
Balance	$0.00	$68.09	$68.09

FY 2008 Commitments	
Outstanding Encumbered Obligations	($42.27)
Outstanding Unencumbered Commitments	($2.75)
Managed Reserve Adjustment	($0.90)
Balance after FY 2008 Commitments	**$22.17**
FY 2009 Administrative Adjustments	
Administrative Adjustments	($19.15)
Managed Reserve Adjustment	($0.70)
Balance after FY 2009 Administrative Adjustments	**$2.32**
Available Balance (FY 2009 Adopted Budget)	**$0.16**
Total Available Balance (FY 2009 Revised Budget)	**$2.48**

NOTE: Carryover is defined as the re-appropriation in FY 2009 of previously approved items such as outstanding encumbered obligations, unencumbered commitments and unexpended FY 2008 capital project balances.

Executive Summary

FY 2008 General Fund Revenues and Transfers In were $3.30 billion, an increase of $7.59 million or 0.2 percent over the *FY 2008 Revised Budget Plan* estimate. In addition, expenditures were slightly below *FY 2008 Revised Budget Plan* projections. Netting out outstanding encumbrances and unencumbered commitments, as well as the required Managed Reserve adjustment, the available balance is $22.17 million. This represents approximately 0.7 percent of the total FY 2008 General Fund Disbursements budget and is $0.39 million less than the FY 2007 ending balance of $22.56 million. This balance is comprised of the additional $7.59 million in General Fund revenues and a net savings of $14.57 million in expenditures after adjusting for outstanding encumbered and unencumbered obligations including the adjustment to the Managed Reserve. This balance is partially offset by $19.85 million in necessary administrative adjustments associated with previously approved Board initiatives or other items of a critical nature, including the Managed Reserve adjustment which results in an available balance of $2.48 million, a net increase of $2.32 million over the FY 2009 Adopted Budget Plan level. Additional funding for the Revenue Stabilization Reserve is not required at this time. This reserve, which reflects 3 percent of General Fund (GF) disbursements, will be fully funded in FY 2009 through interest earnings.

As noted above, after the actions proposed in this *FY 2008 Carryover Review* package, a balance of $2.48 million remains for the Board's consideration. I recommend that this balance be held in reserve to meet FY 2010 requirements. In developing recommendations to the Board as part of the *FY 2008 Carryover Review*, I am mindful of current revenue forecasts for the upcoming fiscal year. As the Board is aware, the current condition of the real estate market and an overall moderation of the local economy are anticipated to result in lower revenue totals in FY 2009, a trend that is projected to continue in FY 2010. Consequently, I have kept adjustments to a minimum and focused on those that are essential to public safety and health, represent a prior commitment by the Board, and/or contribute to an investment in the Board's priorities and the County's vision elements.

The largest recommended adjustment included in this package is $7.8 million for the Legacy Systems Replacement Project. This funding is necessary to support Fairfax County government and Fairfax County Public Schools (FCPS) multi-year, joint initiative to modernize the portfolio of enterprise systems that support finance, human resources, budget, procurement and related administrative applications with an integrated Enterprise Resource Planning (ERP) approach that has the flexibility to meet current and future requirements. This significant project, estimated to cost between $50 and $60 million when complete, will replace systems that are integral to all County and FCPS services and are utilized in some fashion by all employees of both entities.

As shared with the Board earlier this year, the current "stovepipe" business systems are on various, old technology platforms using a variety of hardware and software architectures integrated through a number of interfaces and reporting tools. Previous assessments of these aging systems revealed that they are past their projected useful lifecycle, no longer meet today's technology standards, and do not meet the demands of resource and financial management and decision-making. It is anticipated that this funding will be required to meet contractual payments anticipated at the end of FY 2009 for implementation and configuration services.

There is substantial risk for system failure and/or flawed data-related issues due to the age and lack of support available for the current systems. It is also necessary to shift the orientation of the systems from that of data repositories to information system solutions. This investment will facilitate this transition, reduce various "side" systems currently used to provide functionality that is lacking in the core systems, and allow for the identification and streamlining of current independent business processes that achieve a greater value when done jointly between the two organizations. As partners in this endeavor, County government and FCPS expect to avoid the future cost of escalating expenses required to manage and maintain old technology while leveraging future technology costs by working together and clearly defining collective requirements.

The effort will be implemented in phases, and due to the impending lack of support for the County government's Personnel Resource Information System Management (PRISM), it will be the first to be replaced. The project timeline is expected to last through the year 2012. It should be noted that this project has been endorsed by the Information Technology Policy Advisory Committee (ITPAC).

Another issue that is impacting all local governments is the continued increased costs of utilities and fuel. As part of the *FY 2008 Carryover Review*, funding of $2.2 million is required due to higher than projected electricity costs including $2.0 million for County facilities and $0.2 million for streetlight accounts. Although the County purchases electricity through a contract in place until FY 2010, annual fuel factor changes are required which are based on the utilities fuel expenses in a given year. These fuel factor charges have increased significantly based on rising fuel and commodity prices and require an increase in the County's electricity expense budget. Additional funding of $2.0 million for County facilities represents an increase of approximately 24 percent to the existing Facilities Management Department (FMD) electricity budget, while the additional $0.2 million will provide for an increase of approximately 10 percent for existing streetlight requirements.

Also, funding of $1.5 million is required to provide additional flexibility should the price of fuel continue to rise beyond current budgeted totals. As of early July, the most current price for unleaded fuel price per gallon is $3.53, and the diesel fuel price per gallon is $4.02, while the FY 2009 budget was developed on a weighted per gallon price of $4.00. Since February 2008, prices for both diesel and unleaded fuel have increased over 30 percent, and continued volatility in prices is expected going forward. Given this reality, I have instructed that $1.5 million be held in reserve pending additional data becoming available as the fiscal year progresses. I will return to the Board with an update on this issue as part of the *FY 2009 Third Quarter Review*.

As a result of the additional funding received from the state for the Child Care Assistance and Referral (CCAR) program in FY 2008 but due to the timing could not be expended in FY 2008, as well as additional state resources included in the 2008-2010 Biennium Budget bill, I have made two recommendations as it relates to the CCAR program. First, I have included $2.6 million to replace funding eliminated as part of the FY 2009 Adopted Budget Plan which anticipated this now available state revenue. Second, due to state funding received for CCAR in FY 2008 but not expended in FY 2008, I have also recommended establishing a reserve of $2.0 million. This reserve, along with $0.6 million available in FY 2010 as a result of new funding to be included in the 2008-2010 Biennium Budget bill, would maintain FY 2010 CCAR funding at the proposed *FY 2009 Revised Budget Plan* level of $32.4 million assuming no other state or County reductions. This $32.4 million funding level can support 5,141 children.

I have also recommended an increase of $1.9 million to address projected FY 2009 shortfalls in the Office of the Sheriff. As the Board is aware, the Sheriff has been experiencing a high vacancy rate, primarily associated with smaller than anticipated new classes of cadets, resulting in an increased use of overtime by current Deputy Sheriff staff. The Office of Sheriff has worked closely with the Office of Financial and Program Auditor in determining the issues that are causing the current situation. The nearly ten percent vacancy rate for sworn positions, coupled with mandatory staffing levels required the extensive use of overtime by more costly, senior employees to fill the vacancies. As a result, it is necessary to fund an additional $0.87 million to help resolve the projected shortfall in Personnel Services caused by this ongoing situation. It should be noted that $900,000 has already been included in the FY 2009 Adopted Budget Plan to allow for individuals working in the Adult Detention Center at the rank of 1st Lieutenant or below to receive $2,500 in additional environmental incentive pay.

In addition for the Office of the Sheriff, $0.28 million is required for four months of overtime support following the relocation of the Juvenile and Domestic Relations District Court (JDRC) to the new courthouse complex in March 2009. I anticipate the agency will request 7/7.0 SYE full-time positions with an estimated annual recurring cost of approximately $660,000 in FY 2010. Additionally, funding of

$0.35 million is required to help alleviate the projected shortfall in FY 2009 associated with inmate medical and pharmaceutical expenditures due both to inmate population growth and the continuing cost escalation of drugs and medicines. Finally, funding of $0.4 million is required to cover increased security contractual costs in FY 2009, primarily due to the increased security requirements in the expanded court house complex.

Also, as mentioned in the *FY 2008 Third Quarter Review*, I am recommending an increase 44/44.0 SYE positions for the Department of Public Safety Communications (DPSC) to allow the Department to move forward with its plan to phase out the Supplemental Staffing Program (SSP). There is no net cost to the County associated with this action. The SSP is composed primarily of firefighters and police officers serving overtime hours to cover shifts for which there are not currently available Public Safety Communicator (PSC) positions. The current staffing level of 115 regular PSC positions has not proven to be sufficient to handle the amount of 9-1-1 and non-emergency calls without additional assistance. On an average shift, 7 of the 18 calltakers are SSP personnel, and this action will allow DPSC to become more reliant on full-time professional PSC positions, which addresses staffing issues in a more permanent way with individuals specifically trained to serve in this function without depending on costly overtime for police and firefighters. The agency plan allows for the reduction of overtime while staffing the DPSC at the same level with new PSC III positions. The continued implementation of the proposal has been thoroughly reviewed to ensure that it can be absorbed within the agency's current appropriations, and the filling of new positions will be contingent on the agency's ability to demonstrate sufficient savings to remain within appropriations. Over the long term, this transition is anticipated to result in cost savings.

Finally, in support of ongoing Code Enforcement Strike Team (CEST) efforts, an increase of $0.3 million for the Department of Information Technology is included to provide contract support for the development of several business process improvement efforts in support of the strike teams and enhanced code enforcement. These efforts include streamlining Fairfax Inspections Database Online (FIDO) multi-agency data capture, retrieval, and reporting capabilities; establishment of lifecycle tracking for code enforcement cases; providing enhanced web capabilities for citizens related to alleged code violations; and, preparing FIDO to support ongoing code enforcement efforts in the long term. Further, an increase of $50,000 is included in Housing and Community Development for limited term staff support to assist homeowners facing foreclosure; marketing for-sale Affordable Dwelling Unit and Moderate Income Direct Sales properties to first-time homebuyers; processing applications for federally-funded Home Equity Loan Program loans to assist first-time homebuyers purchase market-rate properties in the county; and providing relocation services to households on behalf of the County. This funding is in addition to $1.25 million included as part of the FY 2009 Adopted Budget Plan and reallocated as part of the *FY 2008 Carryover Review* to provide for 8/8.0 SYE additional positions and associated operating costs supporting the creation of a third Code Enforcement Strike Team to allow for the inspection of additional residential units, begin limited apartment and motel inspections, and expand documentation, data tracking, research and citizen feedback capacity.

FY 2008 Revenues and the Economy

Before discussing specific FY 2009 Carryover adjustments, it is important to review the context of the Carryover balance and recommended adjustments. Actual FY 2008 General Fund Revenues and Transfers In were $3.30 billion, an increase of $7.59 million or 0.2 percent over the *FY 2008 Revised Budget Plan* estimate. This reflects the smallest revenue variance in six years. The FY 2008 variance is primarily associated with additional funding in the last quarter of FY 2008 from the Commonwealth and Federal Government for public assistance programs associated with County expenditures.

As presented to the Board of Supervisors and the School Board on July 18, 2008, the local housing market has continued to deteriorate through the first half of 2008. Average and median home sales prices have dropped significantly below last year's levels. The number of homes sold during the first half of 2008 has declined over 16 percent compared to the first six months of 2007 and the time it takes to sell a home continues to increase compared to a year earlier. All measures of foreclosures indicate that they are a rising problem in the County.

Residential assessments fell 3.38 percent in FY 2009 and based on current market conditions, are projected to decline 10.0 percent in FY 2010. In addition, non-residential values have begun to soften as vacancy rates rise. Non-residential values are projected to fall 2.5 percent in FY 2010. Since approximately 60 percent of total General Fund revenue is expected to experience a decline in FY 2010 and other revenue categories are expected to rise only modestly, total FY 2010 General Fund revenue is projected to fall 4.1 percent below revenue estimates in FY 2009. Since the current projected level of revenue cannot sustain current expenditure requirements, I recommend that we maintain as much of the FY 2008 balance as possible to apply it toward the FY 2010 budget and I would strongly urge Fairfax County Public Schools (FCPS) to do the same with their balance.

The FY 2008 net revenue increase of $7.6 million was primarily the result of an additional $8.0 million in Revenue from the Commonwealth and Federal Government primarily associated with public assistance programs which are linked to County expenditures. Variances in other revenue categories combined accounted for a net decrease of $0.4 million. Small increases in Real Estate Tax receipts, Personal Property Taxes, Fines and Forfeitures, Revenue from the Use of Money and Property, and Miscellaneous Revenue, are offset by decreases in Other Local Taxes, Permits, Fees, and Regulatory Licenses, and Charges for Services.

Staff will continue to closely monitor both expenditure and revenue categories to identify trends and conditions impacting the budget, and in particular, their effect on the level of growth in County revenue.

FY 2008 Disbursements

The General Fund disbursement variance totals $60.49 million. An amount of $45.92 million is carried forward for encumbered and unencumbered items, as well as the associated Managed Reserve adjustment, leaving a variance of $14.57 million or 0.4 percent of total estimated disbursements. Much of this balance can be attributed to agency efforts to manage position vacancies and operating requirements as part of ongoing objectives to restrain spending and provide services as efficiently as possible. In addition, the County's tight labor market is making it more difficult to fill vacant positions. More detailed information on FY 2008 Disbursements is included in the Carryover attachments.

Recommended FY 2009 Administrative Adjustments - Summary

This Carryover package includes a number of recommended administrative adjustments, for a total net impact of $19.85 million including the associated Managed Reserve adjustment, that are necessary based on previous Board action and priorities. As part of the Carryover Review, I limited adjustments to only the most critical items for which the costs could not be absorbed within agency budgets. Several of the largest adjustments are briefly highlighted below along with the County vision element(s) supported by each, and are discussed in more detail in the Administrative Adjustments section of this letter.

- $7.8 million is required for the Legacy Systems Replacement Project. This funding is necessary to support the Fairfax County government and FCPS multi-year, joint initiative to modernize the portfolio of enterprise systems that support finance, human resources, budget, procurement, and related administrative applications with an integrated approach that has the flexibility to meet current and future requirements. This funding supports the County vision element of *Exercising Corporate Stewardship.*

- $2.6 million is required to replace funding eliminated as part of the FY 2009 Adopted Budget Plan for the Child Care Assistance and Referral Program (CCAR). As indicated during Adoption of the FY 2009 Budget, the $2.6 million reduction would be funded with balances available as a result of the additional funding received from the state for the Child Care Assistance and Referral (CCAR) program in FY 2008 but due to the timing could not be expended in FY 2008, as well as additional state resources included in the 2008-2010 Biennium Budget bill. This investment supports the County vision element of *Maintaining Safe and Caring Communities*.

- As a result of additional funding received from the state for the CCAR program in FY 2008 but due to the timing could not be expended in FY 2008, $2.0 million is required to establish a reserve for the CCAR program. This reserve, along with $0.6 million available in FY 2010 as a result of new funding included in the 2008-2010 Biennium Budget bill, maintains FY 2010 CCAR program funding at the FY 2009 level. This investment supports the County vision element of *Maintaining Safe and Caring Communities*.

- $2.2 million is required due to higher than projected electricity costs including $2.0 million for County facilities and $0.2 million for streetlight accounts. This increase is due to projected increases in fuel factor charges for local government accounts beginning July 1, 2008, as well as annual "true-up" costs for actual fuel costs in FY 2008. This funding supports the County vision element of *Exercising Corporate Stewardship.*

- $1.9 million is required to address projected FY 2009 shortfalls in the Office of the Sheriff. This investment supports the County vision element of *Maintaining Safe and Caring Communities*.

- $1.5 million is required to provide additional flexibility should the price of fuel continue to rise beyond current budgeted totals. Since February 2008, prices for both diesel and unleaded fuel have increased over 30 percent, and continued volatility in prices is expected going forward. This funding supports the County vision element of *Exercising Corporate Stewardship.*

- At no additional net cost to the County, an increase 44/44.0 SYE positions is required for the Department of Public Safety Communications (DPSC) to allow the Department to move forward with its plan to phase out the Supplemental Staffing Program (SSP). This investment supports the County vision element of *Maintaining Safe and Caring Communities*.

- $0.4 million is required for the purchase of ballots and associated supplies for the November elections. This investment supports the County vision element of *Exercising Corporate Stewardship*.

- An increase of $0.35 million is required to support ongoing Code Enforcement Strike Team (CEST) efforts, including $0.3 million for the Department of Information Technology to provide contract support for the development of several business process improvement efforts in support of enhanced code enforcement, and $50,000 in Housing and Community Development for staff support to assist homeowners facing foreclosure and related issues. This investment supports the County vision elements of *Maintaining Safe and Caring Communities*.

FY 2008 Audit Adjustments

As the Board is aware, the financial audit of FY 2008 is currently being conducted. Necessary adjustments as a result of this work will be included in the FY 2008 Comprehensive Annual Financial Report (CAFR) and in the audit package that is presented for the Board's approval as part of the *FY 2009 Third Quarter Review*.

Summary of Adjustments

The *FY 2008 Carryover Review* includes only adjustments for items previously approved by the Board of Supervisors or Administrative Adjustments that are required at this time. These adjustments are detailed in the various attachments included in the Carryover package. A detailed discussion of Administrative Adjustments, Revenue and Disbursement Variances, and Changes to Other Funds follows.

General Fund Administrative Adjustment Details

The Board should be aware of Administrative Adjustments, which are necessary at this time and are made as part of the *FY 2008 Carryover Review*. The net impact to the General Fund of these adjustments is an increase of $19.15 million. This includes increased disbursements of $34.98 million offset by a net increase of $15.83 million in revenue. Details are as follows:

Legislative-Executive Functions/Central Services

		NON-RECURRING
	Revenue	$0
Agency 15, Office of Elections	Expenditure	$400,000
Purchase of Ballots and Associated Supplies	**Net Cost**	**$400,000**

Funding of $400,000 is required for the purchase of ballots and associated supplies for the November elections. The agency is purchasing 239 additional voting for use this fall which were funded as part of the *FY 2008 Third Quarter Review*. The machines to be purchased are optical scanning machines, with one machine located in each precinct. With the proposed optical scan system, the voter actually fills out a paper "standardized test" type of ballot and then it is run through a scanning machine that counts it. It is anticipated that the election will have one of the highest voter turnouts ever. The funding will allow for the purchase of paper ballots for use in the November election and possible special elections in early 2009. This funding was not included in the FY 2009 Adopted Budget Plan as a cost estimate was not available until after the actual purchase of the 239 machines noted above.

The contract for the additional machines was entered into on June 20 and machines have been delivered. All of the machines have undergone physical and diagnostic acceptance testing with minimal physical flaws found on a very small number of machines. Approximately 50 percent of the ballot boxes have been received and it is anticipated that all will be delivered by the end of July.

Public Safety

		RECURRING
	Revenue	$0
Agency 91, Office of the Sheriff	Expenditure	$1,900,900
FY 2009 Adjustments	**Net Cost**	**$1,900,900**

An increase of $1,900,900 is included to address projected FY 2009 shortfalls in the Office of the Sheriff. Of this total, funding of $280,900 is required for four months of overtime support following the relocation of the Juvenile and Domestic Relations District Court (JDRC) to the new courthouse complex in March 2009. This expansion includes ten new JDRC Courtrooms and five small holding cells, which require up to seven Deputy Sheriff Officers to properly and safely manage. The holding areas will be used to stage confined juveniles and adults awaiting their cases to be heard in the courtroom. The management of juveniles in this type of environment requires special supervision and attention. Further concerns such as predator/victim issues, rival gang activity which is not always known in advance, and the unpredictable nature, impulsivity and anxiety dictate a high level of supervision and monitoring. The Sheriff's Office will also be responsible for escorting juveniles from the main juvenile intake holding area to the holding cells for their court hearings. As part of the FY 2010 budget process, it is anticipated that the agency will request 7/7.0 SYE full-time positions with an estimated annual recurring cost of approximately $660,000.

In addition, funding of $870,000 is required to help resolve a shortfall in FY 2009 in Personnel Services. The agency continues to experience a high vacancy rate, primarily associated with smaller than anticipated new classes of cadets, resulting in an increased use of overtime by current Deputy Sheriff staff. The Office of Sheriff has worked closely with the Office of Financial and Program Auditor in determining the issues that are causing the current situation. The nearly ten percent vacancy rate for sworn positions, coupled with mandatory staffing levels required the extensive use of overtime by more costly, senior employees to fill the vacancies. It should be noted that $900,000 has already been included in the FY 2009 Adopted Budget Plan to allow for individuals working in the Adult Detention Center at the rank of 1st Lieutenant or below to receive an additional $2,500 environmental incentive pay.

Additionally, funding of $350,000 is required to help alleviate the projected shortfall in FY 2009 in Operating Expenses, specifically within inmate medical and pharmaceutical expenditures. These highly variable inmate costs are dependent on the uniquely expensive cases and the number of prisoners in custody. In FY 2008, the average daily population increased to 1,335 from 1,286 in FY 2007, a 3.8 percent increase. In addition, the inmate medical costs were significantly higher than budgeted in FY 2008 due to the cost of medication being approximately 20 percent higher than in FY 2007. This trend is expected to continue in FY 2009 and beyond.

Finally, funding of $400,000 is required to cover increased security contractual costs in FY 2009, primarily due to the increased security requirements in the expanded court house complex. The contractual costs were significantly higher than budgeted in FY 2008 and the FY 2009 requirements are projected to require this additional funding supplement.

Public Works

		RECURRING
	Revenue	$0
Agency 08, Facilities Management Department	Expenditure	$2,000,000
Agency 26, Office of Capital Facilities	Expenditure	$200,000
Electricity Costs	**Net Cost**	**$2,200,000**

Funding of $2,200,000 is required due to higher than projected electricity costs including $2,000,000 for County facilities and $200,000 for streetlight accounts. This adjustment is due to projected increases in fuel factor charges for local government accounts beginning July 1, 2008, as well as annual “true-up” costs for actual fuel costs in FY 2008. Virginia Power is anticipating fuel factor rates to increase between 16 to 25 percent for non-streetlight accounts and between 5 and 13 percent for streetlight accounts during FY 2009. The Facilities Management Department (FMD) budget currently includes $8,452,949 for electricity costs in FY 2009 which is sufficient to fund the basic electricity rate established in the current contract in place from July 1, 2007 through December 31, 2010. The basic electricity rate will not change until December 2010 when a new contract will be negotiated; however, the fuel factor rates change annually and include a dollar for dollar recovery for Virginia Power’s actual fuel costs. The "true-up" is part of the annual audit and expenses are recovered equally over a 12 month period. Additional funding of $2,000,000 represents an increase of approximately 24 percent to the existing FMD electricity budget. The Office of Capital Facilities budget currently includes an amount of $7,390,000 for electricity costs for streetlights in FY 2009 and includes approximately 7 percent or $500,000 in contingency reserves. An additional $200,000 will provide for an increase of approximately 10 percent to the existing streetlight requirements.

		NON-RECURRING
Agency 29, Stormwater Management	Expenditure	($198,500)
Fund 303, County Construction	General Fund Transfer	$198,500
Emergency Directive Program	**Net Cost**	**$0**

Funding of $198,500 will be redirected from Agency 29, Stormwater Management to Fund 303, County Construction. This funding was encumbered and carried forward in Stormwater Management to support emergency property maintenance issues associated with increases in foreclosed properties in the County. Funding is transferred to Fund 303 to better align resources and more accurately track emergency directive program expenses within an existing capital fund. This funding provides for the abatement services of both emergency and non-emergency directives related to health and safety violations, grass mowing violations and graffiti removal directives. The funds will be used to perform corrective maintenance for health and safety code violations under Chapter 46 and Chapter 119 of the Fairfax County Code. There is no net impact to the General Fund.

Health and Welfare

		RECURRING
	Revenue	$2,800,652
Agency 67, Department of Family Services	Expenditure	$2,800,652
Foster Care and Adoption	**Net Cost**	**$0**

Funding of $2,800,652 is required to appropriate additional federal and state revenue in the Foster Care and Adoption program. The expenditure increase is fully offset by state and federal revenues for no net impact to the County. Foster Care and Adoption services are mandated by Federal and Virginia codes. Foster care is the provision of substitute care and rehabilitative services for children temporarily separated from their parents. An example of adoption services includes counseling to birth parents and preparing and placing a child into an adoptive home when efforts to reunite the child with her/her birth family are unsuccessful. Since 2001, as a result of increasing caseloads and contract rate increases, the Foster Care and Adoption program has experienced a nearly 56 percent increase in County expenditures. These expenditures have been fully offset by additional revenue; however, no corresponding adjustments to expenditures and revenue had been requested. This funding has been previously accommodated within the department's budget but due to diminished savings in other program areas, DFS is no longer able to absorb this funding. This adjustment brings expenditures and revenue more in-line with actual experience. It should be noted this adjustment is consistent with the adjustment made as part of *FY 2008 Third Quarter Review*.

		NON-RECURRING
	Revenue	$600,000
Agency 67, Department of Family Services	Expenditure	$2,600,000
Child Care Assistance and Referral Program	**Net Cost**	**$2,000,000**

Funding of $2,600,000 is required to replace funding eliminated as part of the FY 2009 Adopted Budget Plan. As indicated during Adoption of the FY 2009 Budget, the $2.6 million reduction would be funded with balances available as a result of the additional funding received from the state for the Child Care Assistance and Referral (CCAR) program in FY 2008 but due to the timing could not be expended in FY 2008, as well as additional state resources included in the 2008-2010 Biennium Budget bill.

In the spring of 2007 the Department of Family Services (DFS) was notified by the Virginia Department of Social Services that $2.6 million in federal pass-through funds in FY 2008 would no longer be available. During adoption of the FY 2008 budget, County staff was directed to identify sufficient and sustainable funding to address the most recent $2.6 million shortfall. As part of the *FY 2007 Carryover Review*, savings identified by DFS fully funded the $2.6 million loss in FY 2008. Additionally, at that time staff indicated they would continue to work with the state to identify additional state funds for child care to address FY 2009 and beyond. At the time the Advertised budget was developed, no additional state resources had been identified to address the $2.6 million shortfall; therefore, the $2.6 million was fully funded as part of the FY 2009 Advertised Budget Plan utilizing all County dollars. However, after completion of the FY 2009 Advertised Budget Plan, additional state resources were identified and as a result, the County was able to reduce the General Fund contribution by $2.6 million.

This adjustment brings the total funding level in FY 2009 to $32.4 million, an increase of $2.6 million over the FY 2009 Adopted Budget Plan. With the additional funding, in FY 2009 the CCAR program can support 5,141 children. It should be noted that due to additional state funding received in FY 2008 but not expended in FY 2008, a reserve has been established to maintain FY 2010 funding at the FY 2009 funding level.

		NON-RECURRING
	Revenue	$376,549
Agency 67, Department of Family Services	Expenditure	$376,549
Program Adjustments	**Net Cost**	**$0**

Funding of $376,549 is required to appropriate additional state and federal revenue for the following programs:

- Brain Injury Services funding of $200,000 will provide case management services to individuals who have acquired brain injury in Northern Virginia.
- Language Translation Services funding of $61,937 will be used to provide translation services to non-English speaking residents of Fairfax County.
- Healthy Families Fairfax program funding of $58,839. The Healthy Families Fairfax program provides education, therapeutic and supportive services to first-time parents to help prevent child abuse and neglect and to promote child health.
- Refugee Resettlement program funding of $40,000. This program provides cash and medical assistance to refugees who are deemed ineligible for all federal assistance programs.
- Respite Care program funding of $15,773 will be used to support a range of respite services to foster care families.

These expenditure increases are fully offset by increases in state and federal funding with no net impact to the General Fund.

		RECURRING
	Revenue	$280,925
Agency 67, Department of Family Services	Expenditure	$280,925
Auxiliary Grants Program	**Net Cost**	**$0**

Funding of $280,925 is required to appropriate additional state revenue for the Auxiliary grants program. Auxiliary grants help supplement incomes of recipients of Supplemental Security Income and other aged, blind or disabled individuals residing in a licensed assisted living facility or an approved adult foster care home. This expenditure increase is fully offset by an increase in state funding with no net impact to the General Fund.

		NON-RECURRING
Agency 67, Department of Family Services	Expenditure	($120,567)
Fund 103, Aging Grants and Programs	General Fund Transfer	$120,567
	Net Cost	**$0**

A decrease of $120,567 is associated with a transfer to Fund 103, Aging Grants and Programs due to savings achieved with the implementation of the cluster care model. The savings will be used to support contract rate increases in the Congregate Meals program. This transfer will enable current service levels to be maintained. The Congregate Meals program encourages better nutrition and socialization among senior adults through health screenings, education, consultations with dieticians and meals provided at 22 locations throughout the County.

		RECURRING
Agency 87, Unclassified Administrative Expenses	Expenditure	($300,000)
Agency 73, Office to Prevent and End Homelessness	Expenditure	$500,000
Implementation Plan to Prevent and End Homelessness	**Net Cost**	**$200,000**

Funding of $500,000 previously placed in reserve in FY 2008 and FY 2009 by the Board of Supervisors in Agency 87, Unclassified Administrative Expenses will be redirected to establish Agency 73, Office to Prevent and End Homelessness (OPEH). Of this amount $200,000 is available from the FY 2008 balance as it was unspent in FY 2008 and $300,000 is included in the FY 2009 Adopted Budget Plan. Consistent with the Implementation Plan to Prevent and End Homelessness adopted by the Board on March 31, 2008, OPEH is established to provide staff support for the implementation of the plan under the leadership of the Governing Board and with the support of the Interagency Work Group and the Consumer Advisory Council. The Office to Prevent and End Homelessness will coordinate actions to implement the prevention, homeless services, and housing first objectives identified in the Implementation Plan. Administratively accountable to the Office of the County Executive, initial staffing of OPEH requires 3/3.0 SYE staff positions consisting of an Executive Director of OPEH and two additional positions will be deployed from existing County positions. Additional staffing that may be required for this effort will be supplemented by volunteers and deployed/transferred staff from other agencies, nonprofits, and community businesses. Members of the Board of Supervisors, citizens, business representatives, representatives of faith-based organizations and foundations are currently working with staff to identify the membership of the Governing Board outlined in the Implementation Plan. Upon completion of the establishment of the Governing Board, recruitment for the Executive Director of OPEH will be finalized. It is currently anticipated that OPEH will become operational in the fall of 2008. There is no net impact to the General Fund.

		RECURRING
Agency 67, Department of Family Services	Expenditure	$92,000
Agency 71, Health Department	Expenditure	$36,000
Agency 81, Juvenile and Domestic Relations District Court	Expenditure	$15,000
Agency 57, Department Tax Administration	Expenditure	$13,000
Fund 106, Fairfax-Falls Church Community Services Board	General Fund Transfer	$30,000
Mileage Reimbursement Rate Increase	**Net Cost**	**$186,000**

Funding of $186,000 is required to fund an adjustment to the mileage reimbursement rate. As a result of rising fuel costs, the County's mileage reimbursement rate was increased by $0.08 from $0.505 to $0.585 per mile effective July 1, 2008. The County typically adopts its new mileage reimbursement rate in conjunction with changes in the federal government's mileage reimbursement rate. On June 23, 2008, the Internal Revenue Service announced an increase in the optional business standard mileage rates from $0.505 cents per mile to $0.585 per mile for miles driven from July 1, 2008 to December 31, 2008 due to the higher costs associated with operating a motor vehicle. Funding adjustments are recommended for agencies that will have the most significant financial impact as a result of the increased mileage reimbursement rate. Other County agencies will be required to absorb the impact of the rate increase within their FY 2009 budget.

Parks, Recreation, and Libraries

		NON-RECURRING
	Revenue	$0
Agency 50, Department of Community and Recreation Services	Expenditure	$70,000
FASTRAN Courthouse Circulator Shuttle	**Net Cost**	**$70,000**

An amount of $70,000 is required for FASTRAN to provide a shuttle bus service at the Courthouse complex that will operate on a temporary basis until a new parking lot for people with disabilities is completed in spring 2009. It is anticipated that this service will have three stops: on Page Avenue, just east of Garage B; in front of the entrance/exit at Garage A; and in front of the new addition of the Courthouse. It will operate from 8:00 A.M. to 5:00 P.M., Monday through Friday, excluding County holidays in roughly 10 minute loops. The service will follow the courts' closings during periods of inclement weather (this will be an exception to the FASTRAN inclement weather plan). The funding amount is expected to cover the additional FASTRAN service (estimated to be through March 31, 2009) and associated fuel-related charges from the Department of Vehicle Services. No additional capital funds are required. The authorized fleet size for FASTRAN will temporarily rise to 116 vehicles, by keeping a bus scheduled for replacement in service until the parking lot is complete.

Community Development

		NON-RECURRING
Agency 35, Department of Planning and Zoning	Expenditure	($486,000)
Fund 303, County Construction	General Fund Transfer	$486,000
Laurel Hill/Transportation Studies	**Net Cost**	**$0**

Funding of $486,000 will be redirected from Agency 35, Department of Planning and Zoning to Fund 303, County Construction. This funding was encumbered and carried forward in the Department of Planning and Zoning to support $386,000 in contracts associated with Laurel Hill development including density issues, utility services and historic preservation of the site and $100,000 in contracts associated with transportation studies in the Tyson's Corner area. Funding is transferred to Fund 303 to better align resources and more accurately reflect Laurel Hill and Transportation study expenses within the existing appropriate capital project. There is no net impact to the General Fund.

		RECURRING
Agency 31, Land Development Services	Expenditure	($700,000)
Agency 38, Housing and Community Development	Expenditure	$50,000
Agency 70, Department of Information Technology	Expenditure	$300,000
Agency 71, Health Department	Expenditure	$70,000
Agency 89, Employee Benefits	Expenditure	$150,000
Agency 91, Office of the Sheriff	Expenditure	$100,000
Agency 92, Fire and Rescue Department	Expenditure	$200,000
Fund 340, Housing Assistance Program	General Fund Transfer	$180,000
Code Enforcement Strike Team	**Net Cost**	**$350,000**

As part of the FY 2009 Adopted Budget Plan, an increase of $1,250,000 was included to provide for 8/8.0 SYE additional positions and associated operating costs to increase the County's efforts in residential code enforcement in order to maintain safe housing and neighborhoods for all County residents. This funding supports the creation of a third Code Enforcement Strike Team to allow for the inspection of additional residential units, begin limited apartment and motel inspections, and expand documentation, data tracking, research and citizen feedback capacity.

In the FY 2009 Adopted Budget Plan, the entire $1.25 million was budgeted in Agency 31, Land Development Services, pending the completion of a final determination of the position requirements needed for the third strike team. As part of the *FY 2008 Carryover Review*, the following actions are recommended:

- $70,000 and 1/1.0 SYE position will be moved to Agency 71, Health Department
- $150,000 will be moved to Agency 89, Employee Benefits
- $100,000 and 1/1.0 SYE position will be moved to Agency 91, Office of the Sheriff
- $200,000 and 2/2.0 SYE positions will be moved to Agency 92, Fire and Rescue Department, and
- $180,000 will be moved to Fund 340, Housing Assistance Program, to support two existing blight positions (one merit and one ELT).

These actions result in $700,000 of the $1.25 million budgeted for strike team-related requirements being moved out of Agency 31, Land Development Services (LDS). An amount of $550,000 will remain to support the 4/4.0 SYE new positions being established in LDS, as well as related personnel, operating, and vehicle expenses for the three strike teams. These funds will also support the recently created vacancy, foreclosure, and abandoned property team.

In addition, an increase of $300,000 is included in Agency 70, Department of Information Technology, to provide contract support for the development of several business process improvement efforts in support of the strike teams and enhanced code enforcement. These efforts include streamlining Fairfax Inspections Database Online (FIDO) multi-agency data capture, retrieval, and reporting capabilities; establishment of lifecycle tracking for code enforcement cases; providing enhanced web capabilities for citizens related to alleged code violations; and, preparing FIDO to support ongoing code enforcement efforts in the long term.

Finally, an increase of $50,000 is included in Agency 38, Housing and Community Development associated with an exempt limited term position that has responsibility for assisting homeowners facing foreclosure (Silver Lining Initiative); marketing for-sale Affordable Dwelling Unit (ADU) and Moderate Income Direct Sales (MIDS) properties to first-time homebuyers; processing applications for federally-funded Home Equity Loan Program (HELP) loans to assist first-time homebuyers purchase market-rate properties in the county; and providing relocation services to households on behalf of the County.

Non-Departmental

		NON-RECURRING
	Revenue	$0
Agency 87, Unclassified Administrative Expenses	Expenditure	$2,000,000
Child Care Assistance and Referral Program	**Net Cost**	**$2,000,000**

As a result of the additional funding received from the state for the Child Care Assistance and Referral (CCAR) program in FY 2008 but due to the timing could not be expended in FY 2008, a reserve of $2.0 million has been established to maintain CCAR funding in FY 2010 at the FY 2009 funding level. Additionally, due to funding included in the 2008-2010 Biennium Budget bill, the County will receive another $0.6 million in FY 2010. This adjustment will be made at a quarterly review. As a result, $2.6 million is available in FY 2010 and will maintain FY 2010 funding at the proposed *FY 2009 Revised Budget Plan* level of $32.4 million.

In the spring of 2007, the Department of Family Services (DFS) was notified by the Virginia Department of Social Services that $2.6 million in federal pass-through funds in FY 2008 would no longer be available. As part of the *FY 2007 Carryover Review*, savings identified by DFS fully funded the $2.6 million loss in FY 2008. Additionally, at that time staff indicated they would continue to work with the state to identify additional state funds for child care to address FY 2009 and beyond. In FY 2009, the $2.6 million has also been fully funded with additional state resources received in FY 2008 but not expended.

These one-time funds will be held in Agency 87, Unclassified Administrative Expenses, for reallocation to Agency 67, Department of Family Services at a quarterly review.

		NON-RECURRING
	Revenue	$0
Agency 87, Unclassified Administrative Expenses	Expenditure	$1,500,000
Reserve for Fuel Requirements	**Net Cost**	**$1,500,000**

Funding of $1,500,000 is recommended to provide additional flexibility should the price of fuel continue to rise beyond current budgeted totals. As of early July, the most current price for unleaded fuel price per gallon is $3.53, and the diesel fuel price per gallon is $4.02, while the FY 2009 budget was developed on a weighted per gallon price of $4.00. Since February 2008, prices for both diesel and unleaded fuel have increased over 30 percent, and continued volatility in prices is expected going forward. As a result, funds will be placed in a reserve in Agency 87, Unclassified Administrative Expenses, for reallocation at a future quarterly review.

General Fund-Supported

		NON-RECURRING
Fund 104, Information Technology Projects	GF Expenditure	($1,841,547)
Information Technology Funding	General Fund Transfer	$9,641,547
	Net Cost	**$7,800,000**

The General Fund transfer to Fund 104, Information Technology Projects, is increased by $9,641,547. This breakdown is outlined on the following table:

Project Number	Project Name	Increase/ (Decrease)
IT0039	Court Modernization Projects	$619,000
IT0078	Courthouse Expansion Technology	$82,581
IT0079	Legacy System Replacement	$7,800,000
IT0086	Fire Station Alerting	$1,139,966
	Total	**$9,641,547**

It should be noted that funding of $1,841,547 is provided through funding encumbered in FY 2008 for specific projects. This amount includes $1,139,966 in savings within the Fire and Rescue Department which is targeted towards the Fire Station Alerting project; $619,000 in savings within the Circuit Court is targeted towards the Redaction Project; and, $82,581 in savings within Juvenile and Domestic Relations District Court for Courtroom Technology.

The remaining $7,800,000 will provide funding needed for anticipated contractual awards for the Legacy System Replacement Project in FY 2009. This funding is necessary to support the Fairfax County government and school system multi-year, joint initiative that will modernize the portfolio of enterprise systems that support finance (FAMIS), human resources (government: PRISM/schools: LAWSON), budget (BPREP), procurement (CASPS) and related administrative applications with an integrated approach that has the flexibility to meet current and future requirements. It is anticipated that this funding will be required to meet contractual payments anticipated at the end of FY 2009 for implementation and configuration services.

The project seeks to mitigate the risk that antiquated and disjointed systems pose for system failure and flawed data, and to shift the orientation of the systems from that of data repositories to information system solutions. The partnership and business investment will facilitate operational efficiencies through enabling robust self-service processes, reducing various "side" systems currently used to provide functionality that is lacking in the core systems, and identifying independent business processes that achieve a greater value when done jointly between the two organizations. As partners in this endeavor, County government and FCPS expect to avoid the future cost of escalating expenses required to manage and maintain old technology while leveraging future technology costs by working together and clearly defining collective requirements.

As shared with the Board earlier this year, the current 'stovepipe' legacy business systems are on various, old technology platforms using a variety of hardware and software architectures integrated through a number of interfaces and reporting tools. Previous assessments of these aging systems revealed that they are past their projected useful lifecycle, no longer meet today's technology standards, and do not meet the demands of resource and financial management and decision-making. System limitations continue to drive a proliferation of multi-step tasks to produce desired data and the development of numerous 'workaround' systems to gain necessary functionality currently not available. This has also resulted in an exponentially increased risk for fraud and security vulnerabilities. Due to their age, many of these systems have no vendor support and rely on retirement eligible in-house staff for maintenance. The systems are written in technical code that is outdated, they are not practiced by the vast majority of the industry labor pool and they are unable to be integrated with future mandated requirements.

Of these systems, the County government's Personnel Resource Information System Management (PRISM) is the most vulnerable to immediate obsolescence issues. It is over 20 years old and highly customized based on historical County operational practices to the extent that it cannot be further enhanced. Further, attrition of in-house technical staff as they reach retirement age is jeopardizing future support for maintaining this legacy application - with the other systems approaching a similar expert support dilemma. The effort will be implemented in phases, and due to the impending lack of support for PRISM, the first phase will be to replace PRISM, followed by the financial sections and ending with LAWSON system. The project timeline is expected to last through the year 2012.

		RECURRING
Fund 112, Energy Resources Recovery Facility	General Fund Transfer	$1,559,549
Covanta Tax Liability	General Fund Revenue	$1,559,549
	Net Cost	**$0**

The General Fund transfer to Fund 112, Energy Resources Recovery Facility is increased by $1,559,549 for real estate tax liability. On July 15, 2002, the Lorton property was transferred from the federal government to the County. As a result, the Energy/Resource Recovery Facility (E/RRF) located on the Lorton property and operated by Covanta Fairfax, International changed from tax-exempt to taxable status. The Department of Tax Administration will levy Real Estate and Business Personal Property Taxes on the E/RRF in the amount of $1,559,549 in FY 2009. As a cost of operations and pursuant to Covanta's contract with the County, Covanta will pay the tax to the County and then be reimbursed by the County via a General Fund Transfer In to Fund 112.

		NON-RECURRING
Fund 117, Alcohol Safety Action Program (ASAP)	General Fund Transfer	$27,046
FY 2008 Shortfall - General Fund Transfer	**Net Cost**	**$27,046**

A General Fund transfer of $27,046 is required to cover the shortfall in the Alcohol Safety Action Program (ASAP) budget.

FY 2008 expenditures for the Alcohol Safety Action Program (ASAP) total $1,776,981, reflecting $38,857 or 2.2 percent over its *FY 2008 Revised Budget Plan* allocation of $1,738,124 primarily due to higher than budgeted expenditures in limited term salaries. Actual revenues in FY 2008 total $1,659,097, a decrease of $79,027 or 4.4 percent, from the FY 2008 estimate of $1,738,124 primarily due to lower than projected client fee and other fees revenue.

Taken as a whole, ASAP expenditures were $117,884 more than actual revenue received in FY 2008. Given a beginning balance of $90,838, this results in a FY 2008 year-end balance of ($27,046) and the need for the General Fund Transfer in FY 2009 to bring the fund into balance.

It should be noted that Fairfax ASAP, under the supervision of the ASAP Policy Board, provides state mandated services to individuals charged with, or convicted of, driving under the influence of alcohol (DUI). These services include intake, assessment, rehabilitative alcohol/drug education, referral to treatment, and case management. The State imposes a $400 fee ceiling on per client costs for the state mandated core program, an amount that has not changed since FY 2004. The number of ASAP clients has declined since peaking in FY 2004 due to a decreased number of client referrals from the court system in addition to clients failing to attend the program. The lower number of referrals (and resulting lower client fee revenues) combined with the State mandated fee ceiling of $400, ongoing expenditure requirements, and the use of all available fund balance, have resulted in the current situation. The agency is working to fix this imbalance through eliminating any discretionary programs not generating enough revenue to cover costs, further reducing salary expenditures by reducing the number and/or frequency of classes and increasing the class size of those still held, and not filling any position vacancies that may occur from this point forward.

		RECURRING
Fund 119, Contributory Fund	General Fund Transfer	$270,000
Medical Care for Children Partnership Foundation	**Net Cost**	**$270,000**

The General Fund transfer to Fund 119, Contributory Fund, is increased by $270,000 as a placeholder for the establishment of the Medical Care for Children Partnership Foundation, Inc. as a contributory agency in FY 2009. The increase to the FY 2009 General Fund Transfer is made available from the FY 2008 unexpended agency balance in the Office of Partnerships. The Medical Care for Children Partnership (MCCP) program is currently administered by the Fairfax County Office of Partnerships and provides medical and dental services to the children of the working poor in Fairfax County who otherwise are ineligible to receive healthcare offered through Medicaid or other private and public sources. The MCCP endowment is currently held as a component fund of the Northern Virginia Community Foundation. Private citizens who are members of the MCCP Advisory Council are currently in the process of establishing the MCCP as a 501(c)(3) tax-exempt non-profit organization in order to enhance fund raising capabilities. Among the benefits of the foundation is the ability to apply for grant funding from private charitable foundations that the County is currently ineligible to receive. As a contributory agency, the Foundation will be required to submit to the County annual financial reports, budgetary submissions and performance indicators yearly for review by County staff in order to determine eligibility for the future receipt of County funds. The Foundation has a current FY 2009 target of providing medical services to 1,300 underserved children in the County.

			RECURRING
		Expenditure	$0
Fund 120, E-911		General Fund Transfer	$0
Additional 44/44.0 SYE Public Safety Communicator Positions		**Net Cost**	**$0**

An amount of 44/44.0 SYE positions are required for the Department of Public Safety Communications (DPSC) to allow the Department to move forward with its plan to phase out the Supplemental Staffing Program (SSP). There is no net cost to the County associated with this action as detailed below. This proposal was discussed initially with the County Executive.

The proposed plan would phase out the SSP and provide more reliable and cost-efficient staffing at the Public Safety Communications Center. The SSP is composed primarily of firefighters and police officers serving overtime hours to cover shifts for which there are not currently available Public Safety Communicator (PSC) positions. The current staffing level of 115 regular PSC positions has not proven to be sufficient to handle the amount of 9-1-1 and non-emergency calls without additional assistance. On an average shift, 7 of the 18 calltakers are SSP personnel. On an hour-for-hour basis, PSC positions are significantly less expensive than staffing from the SSP. The cost difference is over $22 per hour or approximately $50,000 per SYE per year. Operationally, DPSC would become more reliant on full-time professional PSC positions, which addresses staffing issues in a more permanent way with individuals specifically trained to serve in this function without depending on costly overtime for police and firefighters. In addition, it is expected that both the number and complexity of calls will continue to increase in the future, further advocating for a full time dedicated staff for this function. Over the long term, this transition is anticipated to result in cost savings.

The agency plan allows for the reduction of overtime while staffing the DPSC at the same level with new PSC III positions. There was a need to begin the recruiting and training aspects of this conversion late in FY 2008 and these costs have been absorbed by the agency. The continued implementation of the proposal has been thoroughly reviewed to ensure that it can be absorbed within the agency's current appropriations, and the filling of new positions will be contingent on the agency's ability to demonstrate sufficient savings to remain within appropriations.

The General Fund transfer to Fund 120, E-911, will not be increased associated with the addition of 44/44.0 SYE positions. The cost of these positions will be covered through overtime savings from both the SSP and regular merit personnel.

		NON-RECURRING
Fund 303, County Construction	General Fund Transfer	$3,290,335
Fund 317, Capital Renewal Fund	General Fund Transfer	$6,924,321
HB 599 State Revenues	General Fund Revenues	$10,214,656
	Net Cost	**$0**

In order to facilitate tracking of State HB599 revenues, the FY 2009 anticipated HB599 revenue, previously posted to capital funds, will be posted directly to the General Fund and then transferred to support this program. As a result, the General Fund transfer to Fund 303, County Construction, and Fund 317, Capital Renewal Construction, is increased by a total of $10,214,656. Fairfax County has received HB599 revenues since FY 2000 and a portion of these revenues have been applied to non-recurring capital project expenses associated with public safety or public infrastructure investments which protect the County's investment and its citizens. This realignment will allow for easier accounting and avoid transactions to multiple funds and projects. FY 2009 HB599 revenues will be posted to the General Fund as opposed to each individual capital project fund. The impact to the General Fund is $0.

		RECURRING
Fund 303, County Construction	General Fund Transfer	$248,355
Partners In Prevention	**Net Cost**	**$248,355**

The Partners in Prevention fund is a strategic initiative to fund a system-wide prevention fund for Human Services agencies. Staff believes a strategy of directing funds to support a primary prevention-based system can build the community's capacity and augment the County's overall prevention efforts, including those specifically designed to prevent the root causes of gang involvement and youth violence. This initiative is a creative way to direct existing resources to target prevention needs that are systematic in nature and, with collaboration from multiple agencies and the community, lend themselves to a greater opportunity for countywide impact.

In FY 2006 the Board directed County staff to find funding within existing resources to focus efforts on positive youth development by establishing an incentive fund for prevention programs. Funds in the amount of $500,000 were made available through agency savings and consolidated and moved to Fund 303, County Construction, as part of the *FY 2006 Carryover Review* to create an incentive program where funds can be competitively awarded to community-based organizations needed to implement evidence-based prevention programs that have demonstrated effectiveness in reducing gang involvement.

As part of the *FY 2008 Carryover Review*, savings identified in the respective FY 2008 budgets of the Department of Community and Recreation Services ($203,652) and the Department of Systems Management for Human Services ($44,703) are being transferred to Fund 303, County Construction, to replenish the amount expended and encumbered in the prior fiscal year and maintain the amount available for the Partners in Prevention program at approximately $500,000.

Consideration Items

No consideration items are included as part of the *FY 2008 Carryover Review*.

Summary of FY 2008 Receipt and Disbursement Variances

The following summarizes FY 2008 receipt and disbursement variances.

Receipts

Actual FY 2008 General Fund Receipts and Transfers In are $3.297 billion, an increase of $7.59 million or 0.2 percent over the *FY 2008 Revised Budget Plan* estimate of $3.289 billion. Major changes in General Fund Receipts are summarized below. Greater detail is available in Attachment II, Summary of General Fund Receipts.

- Actual FY 2008 Real Estate Taxes reflect an increase of $2.1 million, or 0.1 percent, over the *FY 2008 Revised Budget Plan* due to lower than projected tax relief, higher supplemental assessments and delinquent tax collections.

- Total Personal Property Taxes in FY 2008 were $518.7 million, an increase of $0.5 million, or 0.1 percent, over the *FY 2008 Revised Budget Plan*. Current Personal Property Tax collections were up $262,850 and delinquent Personal Property Tax receipts were $252,059 higher than projected.

- FY 2008 Other Local Taxes were $3.7 million, or 0.8 percent, lower than anticipated primarily due to decreases in Sales Tax receipts, Business, Professional and Occupational Licenses, and the Communications Sales and Use Tax, partially offset with an increase in Deed of Conveyance and Recordation Taxes.

- Revenue from Permits, Fees and Regulatory Licenses was $0.7 million, or 2.5 percent, lower than the estimate in the *FY 2008 Revised Budget Plan* primarily due to lower than projected construction activity in the County.

- Fines and Forfeitures were up $0.2 million, or 1.7 percent, over the FY 2008 Revised Budget Plan to an increase in General District Court Fines.

- Revenue from the Use of Money and Property was $0.5 million, or 0.6 percent, more than estimated in the *FY 2008 Revised Budget Plan* and is the result of higher than projected average portfolio, average yield and General Fund Percentage.

- Actual FY 2008 Charges for Services reflect a decrease of $0.8 million, or 1.4 percent, from the *FY 2008 Revised Budget Plan.* This decrease is primarily attributable to lower than projected Emergency Medical Services Transport Fees and County Clerk Fees, partially offset with additional receipts for School-Age Child Care Fees.

- Recovered Costs and Miscellaneous revenue was $1.4 million, or 18.2 percent, more than estimated due largely to final reimbursement for costs incurred for the emergency deployment during Hurricane Katrina and additional revenue from Fairfax City and Falls Church for their share of public assistance expenditures.

- A net increase of $8.0 million, or 6.2 percent, in Revenue from the Commonwealth and Federal Government is largely associated with public assistance programs that are linked to County expenditures.

Disbursements

The initial General Fund Disbursement balance totals $60.49 million. As part of the *FY 2008 Carryover Review*, an amount of $45.92 million is required to be carried forward to provide for outstanding encumbrances and unencumbered items reflecting previous Board of Supervisors' commitments. This amount includes $42.27 million for encumbered, legal obligations of the General Fund which were incurred in FY 2008, $2.75 million for unencumbered, previously approved requirements of the General Fund (detailed in Attachment IV) and $0.90 million for the required Managed Reserve adjustment.

After adjusting for encumbered and unencumbered commitments, as well as the associated Managed Reserve adjustment, a variance of $14.57 million or 0.4 percent of total estimated disbursements is realized. This represents a small percentage of total disbursements and is the result of a variety of miscellaneous adjustments as detailed in Attachment III, Summary of Significant General Fund Expenditure Variances by Agency.

Additional Adjustments in Other Funds

Total FY 2009 expenditures in Appropriated Other Funds, excluding appropriations to Fairfax County Schools, are requested to increase $1,003.48 million over the FY 2009 Adopted Budget Plan. This amount includes $950.03 in carryover of unspent balances and an increase of $53.45 million in other adjustments. In addition to the adjustments in Appropriated Funds, there are adjustments totaling $29.03 million in Non-Appropriated Other Funds. Details of Fund 102, Federal/State Grant Fund, are discussed in Attachment VI, while details of FY 2009 adjustments in Appropriated and Non-Appropriated Other Funds other than Federal and State Grants are found in Attachment VII. School Board adjustments total $345.06 million, excluding debt service, over the FY 2009 Adopted Budget Plan. Details of School Board actions are available in Attachment C.

It should also be noted that Supplemental Appropriation Resolution AS 08148 is required for an additional appropriation of $2.3 million to Agency 91, Office of the Sheriff.

Summary of Recommended Actions

In summary, I am recommending that the Board take the following actions:

Approve Supplemental Appropriation Resolutions AS 08148 and AS 09017, as well as Fiscal Planning Resolution AS 09900 to provide expenditure authorization for FY 2008 Carryover encumbrances, unexpended balances, administrative adjustments and the associated adjustments to the Managed Reserve including the following:

- Board appropriation of $42.27 million in General Fund encumbrances from FY 2008 as noted in the General Fund Statement.

- Board appropriation of General Fund unencumbered Board commitments totaling $2.75 million as detailed in Attachment IV.

- Board appropriation of net General Fund administrative adjustments totaling $19.15 million as detailed earlier in this memorandum.

- Board appropriation of Federal/State grants in Fund 102, Federal/State Grant Fund, totaling $130.28 million or an increase of $63.24 million as detailed in Attachment VI. Of this amount, $6.25 million represents non-local cash match funding adjustments for existing, supplemental, and new grant awards the Fairfax County Public Library, Department of Family Services, Health Department, Police Department, and Fire and Rescue Department. In addition, an increase of $58.99 million represents the carryover of unexpended FY 2008 balances for grants that were previously approved by the Board of Supervisors, offset by $2.0 million in unexpended Local Cash Match balance carried over from previous years that is no longer required. It should be noted that the local cash match reserve for grant awards is increased by $6.30 million. The increase includes $6.79 million carried over from the FY 2008 balance of the reserve and $0.27 million in local cash match returned to the reserve and carried over as the result of closeouts, offset by a $0.33 million decrease due to the local cash match requirement of new awards in the Department of Family Services, Police Department and the Fire and Rescue Department, and a $0.43 million decrease due to local cash match requirements for FY 2008 awards administratively approved prior to Carryover.

- Board appropriation of remaining Other Funds Carryover of $1,285.29 million, which includes $345.06 million in School expenditures and $667.16 million for Capital Construction funds, and $273.07 million in other funds. Of this total, $1,194.00 million is in encumbered items, $28.41 million is in unencumbered commitments, and $62.88 million is in additional adjustments. Details are available in Attachment I, Carryover Expenditures by Fund; in Attachment V, Other Funds Unencumbered Carryover; in Attachment VII, Other Funds Detail; and in Attachment C, Fairfax County School Board's FY 2009 Final Budget Review and Appropriation Resolutions.

- Board approval of adjustments to the Managed Reserve to reflect all carryover adjustments.