

County of Fairfax, Virginia

**FY 2012**

Advertised Budget Plan



County Executive  
Presentation of the Fiscal Year 2012  
Advertised Budget Plan

February 22, 2011



Fairfax County

Department of  
Management and Budget

12000 Government Center Parkway,  
Suite 561

Fairfax, VA 22035

703-324-2391

*Budget Information:*  
[www.fairfaxcounty.gov/budget](http://www.fairfaxcounty.gov/budget)

Provide feedback on the FY 2012  
Advertised Budget Plan at:

[www.fairfaxcounty.gov/survey/fy12\\_budget\\_comment.htm](http://www.fairfaxcounty.gov/survey/fy12_budget_comment.htm)

# ***RESPONSES TO MULTI-YEAR BUDGET CHALLENGES***

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- Strategic reductions in County spending while maintaining critical services between FY 2009 and FY 2011:
  - Cut \$180 million in General Fund spending
  - Eliminated nearly 500 positions
  - FY 2011 budget is \$40 million less than FY 2009 Adopted Budget
- Sought out opportunities to make organizational change to reduce cost of services
- Maintained consistent level of taxes for residents and businesses

## ***FY 2012 BUDGET RECOMMENDATIONS***

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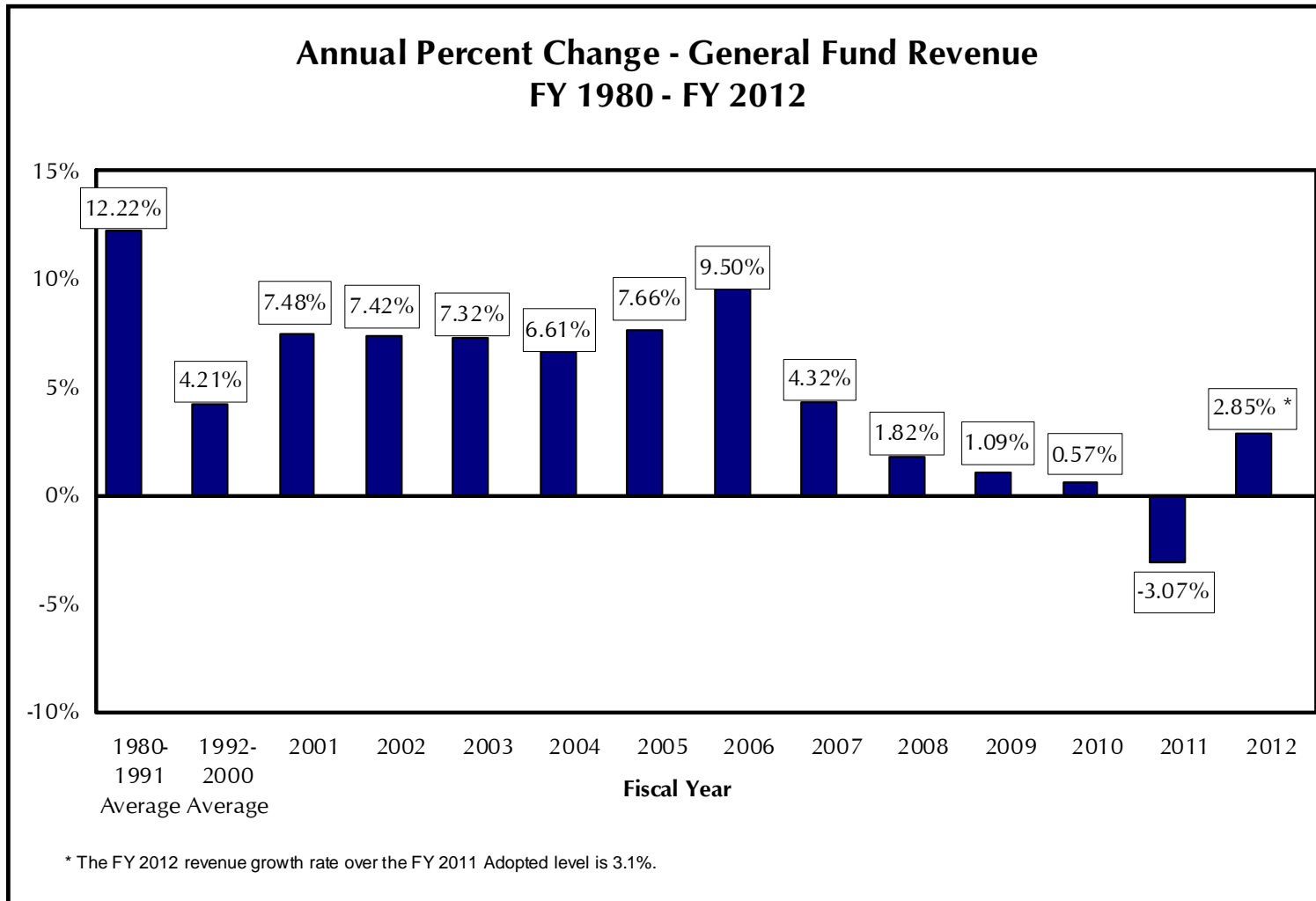
- Balanced, no expansion budget
- No Real Estate tax rate increase
- Spending increases cover only critical requirements
- No compensation increases
- Limited infrastructure investment
- FY 2012 proposal results in an available balance of \$30 million for Board's deliberations

## ***FY 2012 BUDGET SUMMARY***

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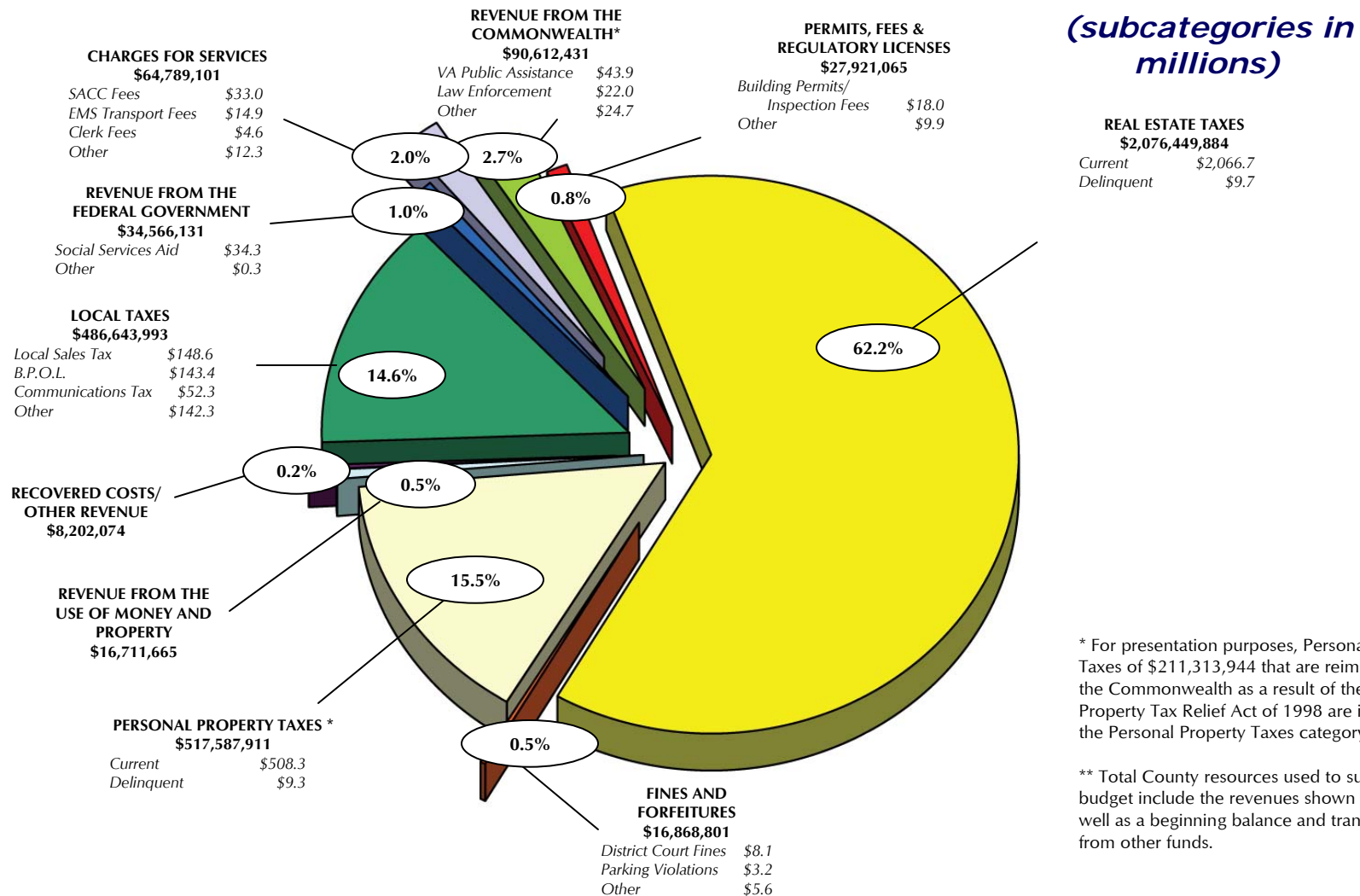
- Projected Increase in Resources                      \$103 million  
Revenues/Transfers In
- Required Disbursement Increase                      (\$68) million
- Changes in Balances                                      (\$5) million
- **AVAILABLE BALANCE**                                      **\$30 million**

# GENERAL FUND REVENUE GROWTH





# FY 2012 GENERAL FUND RECEIPTS ("WHERE IT COMES FROM")



\* For presentation purposes, Personal Property Taxes of \$211,313,944 that are reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 are included in the Personal Property Taxes category.

\*\* Total County resources used to support the budget include the revenues shown here, as well as a beginning balance and transfers in from other funds.

**FY 2012 GENERAL FUND RECEIPTS\*\* = \$3,340,353,056**

County of Fairfax, VA: FY 2012 Advertised Budget Plan Presentation

# REAL ESTATE TAX BASE

	1992	1993	1994	1995	1996	1997	1998
<b>Equalization</b>	(2.75)%	(6.48)%	(2.46)%	(1.29)%	0.36%	0.57%	0.80%
- Residential	(1.90)	(3.74)	(0.52)	0.01	0.49	(0.23)	(0.50)
- Nonresidential	(4.80)	(13.22)	(7.86)	(5.28)	(0.09)	3.27	5.05
<b>Growth</b>	1.79	0.40	1.08	1.97	2.16	2.13	1.93
<b>TOTAL</b>	<b>(0.96)%</b>	<b>(6.08)%</b>	<b>(1.38)%</b>	<b>0.68%</b>	<b>2.52%</b>	<b>2.70%</b>	<b>2.73%</b>
	1999	2000	2001	2002	2003	2004	2005
<b>Equalization</b>	1.77%	2.96%	5.13%	9.70%	11.72%	9.94%	9.54%
- Residential	0.04	0.77	5.13	11.26	16.27	14.55	11.29
- Nonresidential	7.12	9.24	5.15	5.92	0.52	(2.94)	3.74
<b>Growth</b>	2.19	3.37	3.81	3.94	3.42	2.54	2.50
<b>TOTAL</b>	<b>3.96%</b>	<b>6.33%</b>	<b>8.94%</b>	<b>13.64%</b>	<b>15.14%</b>	<b>12.48%</b>	<b>12.04%</b>
	2006	2007	2008	2009	2010	2011	2012
<b>Equalization</b>	20.80%	19.76%	2.47%	(1.02)%	(10.52)%	(8.98)%	2.67%
- Residential	23.09	20.57	(0.33)	(3.38)	(12.55)	(5.56)	2.34
- Nonresidential	12.74	16.64	13.57	7.00	(4.51)	(18.29)	3.73
<b>Growth</b>	2.69	2.94	1.68	1.53	0.57	(0.22)	0.60
<b>TOTAL</b>	<b>23.49%</b>	<b>22.70%</b>	<b>4.15%</b>	<b>0.51%</b>	<b>(9.95)%</b>	<b>(9.20)%</b>	<b>3.27%</b>

**Projected Value of "One Penny" in FY 2012 = \$19.3 million**

# ***RESIDENTIAL MARKET – CALENDAR YEAR 2010***

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- Residential Market – Calendar Year 2010:
  - Average number of days to sell a home was 50 days (preliminary) in 2010 vs. 71 days in 2009
  - Average price of homes sold through Multiple Listing Service (MLS) increased an estimated 8.9%
  - Number of homes sold declined 7.8% to 14,100 (preliminary)
  - Mortgage rates remain favorable
  - Foreclosures total 842 in December 2010, a 5.8% increase over December 2009. Foreclosures peaked in Fairfax County at 2,257 in September 2008.



# REAL ESTATE REVENUE: RESIDENTIAL EQUALIZATION



## Residential

- Approximately 75.74% of total base

## Residential Equalization Percent Changes

Housing Type (Percent of Base)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Single Family (72.5%)	20.37	(0.43)	(3.12)	(11.34)	(5.50)	2.10
Townhouse/Duplex (18.8%)	22.69	0.64	(4.96)	(16.06)	(4.44)	3.73
Condominiums (7.9%)	25.97	(2.23)	(4.54)	(19.51)	(10.45)	2.53
Vacant Land (0.6%)	25.44	3.86	7.66	(7.08)	(6.68)	(3.50)
Other (0.2%)	9.67	2.97	6.46	(4.99)	(3.60)	2.69
<b>Total Residential Equalization (100%)</b>	<b>20.57</b>	<b>(0.33)</b>	<b>(3.38)</b>	<b>(12.55)</b>	<b>(5.56)</b>	<b>2.34</b>

# ***NONRESIDENTIAL REAL ESTATE***

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- Nonresidential values increase 3.73% for FY 2012
- Multi-family Rental Apartment values rose 14.54%
  - Strong rental income and high occupancy rates
- Office Property (Mid and High Rises) increased a modest 1.88%
- Office Vacancy Rates
  - Year-end 2010: 13.3%, 15.3% with sublets
  - Year-end 2009: 13.9%, 16.4% with sublets
- Demand for Office Space hit an all-time high
  - Absorption of space at 13.5 million sq. ft.
- No new speculative development broke ground during 2010
- Only 2 projects totaling 175,000 sq. ft. are due to deliver by mid-2011

# ***REAL ESTATE REVENUE: NONRESIDENTIAL EQUALIZATION***

## **Nonresidential Equalization Percent Changes**

Category (Percent of Base)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Apartments (19.7%)	11.65	22.59	6.41	(6.96)	(12.69)	14.54
Office Condominiums (4.6%)	1.96	13.76	4.78	(1.10)	(7.57)	(1.53)
Industrial (6.7%)	12.61	14.34	14.08	(1.08)	(23.48)	(0.31)
Retail (16.0%)	15.95	8.78	6.47	(1.74)	(16.07)	1.90
Office Elevator (36.2%)	24.16	15.93	5.68	(6.62)	(24.31)	1.88
Office – Low Rise (3.9%)	23.94	10.18	9.16	(3.35)	(23.86)	0.49
Vacant Land (3.5%)	21.88	14.99	7.67	(3.87)	(26.53)	(2.07)
Hotels (3.7%)	25.54	9.58	11.28	(7.06)	(34.03)	11.35
Other (5.7%)	12.19	10.05	7.63	(2.07)	(12.84)	2.37
<b>Total Nonresidential Equalization (100%)</b>	<b>16.64</b>	<b>13.57</b>	<b>7.00</b>	<b>(4.51)</b>	<b>(18.29)</b>	<b>3.73</b>

# ***REAL ESTATE REVENUE: NONRESIDENTIAL***

## **Nonresidential**

- Commercial/Industrial percentage of total real estate assessment base:
  - FY 1990 = 26.76% (highest rate in two decades)
  - FY 2000 = 24.32%
  - FY 2005 = 18.20%
  - FY 2006 = 17.36%
  - FY 2007 = 17.22%
  - FY 2008 = 19.23%
  - FY 2009 = 21.06%
  - FY 2010 = 22.67%
  - FY 2011 = 19.70%
  - FY 2012 = 19.64%



\* Multi-Family rental apartments represent 4.62% of the total real estate base

## ***OTHER REVENUE CATEGORIES***

- Comprise less than 38% of total General Fund Revenue
- Projected to increase \$32.0 million compared to the FY 2011 Revised and \$35.8 million compared to the FY 2011 Adopted

<b><i>Projected Growth Rates of Selected Categories</i></b>		
<b><i>SOURCE</i></b>	<b><i>PERCENTAGE OF BASE</i></b>	<b><i>PROJECTED FY 2012 CHANGE</i></b>
Personal Property Tax	15.5%	4.8%
Local Sales Tax	4.4 <sup>0</sup> %	2.0%
BPOL Tax	4.3 <sup>0</sup> %	2.0%
Federal and State Revenue	3.7%	3.7%

# IMPACT ON TYPICAL FAIRFAX COUNTY HOUSEHOLD

Fiscal Year	Mean Assessed Value of Residential Property	Real Estate Tax Rate per \$100	Tax per Household	
FY 2006	\$448,491	\$1.00	\$4,484.91	
FY 2007	\$544,541	\$0.89	\$4,846.41	
FY 2008	\$542,409	\$0.89	\$4,827.44	
FY 2009	\$525,132	\$0.92	\$4,831.21	
FY 2010	\$457,898	\$1.04	\$4,762.14	
FY 2011	\$433,409	\$1.09	\$4,724.16	
FY 2012	\$443,551	\$1.09	\$4,834.71	<b>+\$110.55</b>

**(\$11.70)**

Projected value of “One Penny” on FY 2012 Real Estate Revenue = \$19.3 million  
Each penny change = \$45 on the tax bill

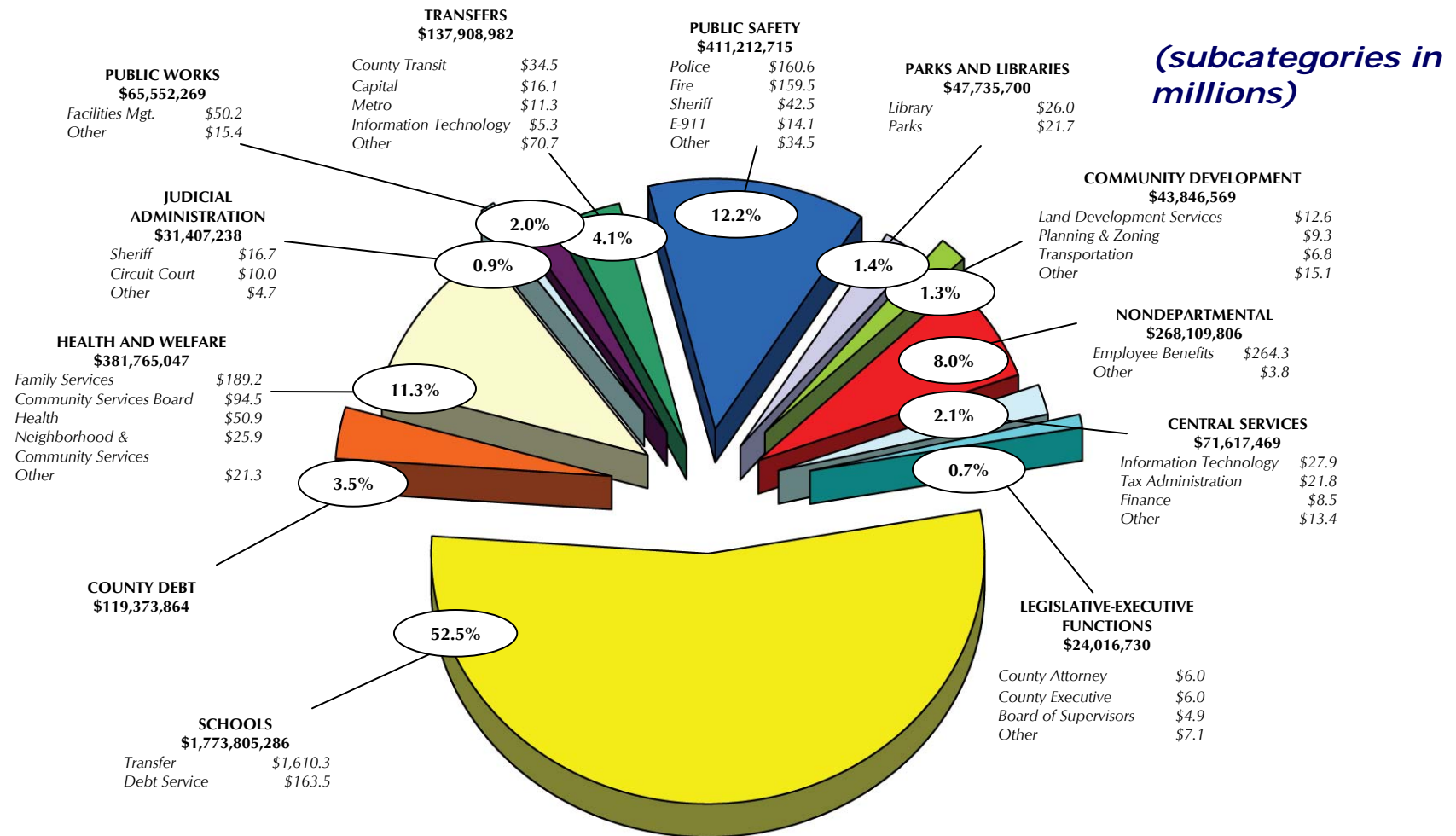


# ***FY 2012 BUDGET PROPOSAL***

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- The total recommended FY 2012 budget is \$6.1 billion (All Funds)
- General Fund Disbursements total is \$3.38 billion
  - 0.5% decrease from the *FY 2011 Revised Budget*
  - 2.0% increase over FY 2011 Adopted Budget Plan
- General Fund Direct Expenditures total is \$1.24 billion
  - 1.79% decrease from the *FY 2011 Revised Budget*
  - 3.61% increase over the FY 2011 Adopted Budget Plan

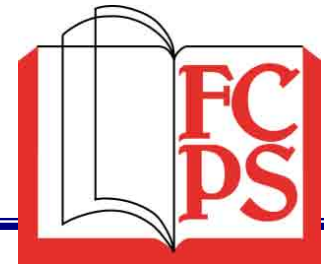
# FY 2012 GENERAL FUND DISBURSEMENTS ("WHERE IT GOES")



**FY 2012 GENERAL FUND DISBURSEMENTS = \$3,376,351,675 \***

\* In addition to FY 2012 revenues, available balances and transfers in are also utilized to support disbursement requirements.

# ***FAIRFAX COUNTY PUBLIC SCHOOLS***



The combined transfer for School operating and School debt service is \$1.774 billion. The County's support of FCPS represents 52.5% of total County disbursements.

The County also provides additional support for the Schools in the amount of \$58.9 million for programs such as Head Start, School Health, School Resource Officers, School Crossing Guards, after-school programming, field maintenance and recreational programs, among others

## **FY 2012 Transfer for School Operations = \$1.61 billion**

- No change from FY 2011 Adopted level
- School Board Request = \$1.659 billion:
  - An increase of \$48.8 million or 3.0% over FY 2011

## **FY 2012 Transfer for School Debt Service = \$163.5 million**

- Increase of \$2.8 million from FY 2011 level
- School bond sales at \$155 million per year

## ***FY 2012 DISBURSEMENTS***

- FY 2012 Disbursements increase \$68.2 million or 2% over FY 2011

○ Cost of County Operations	\$53.6 million
○ Major Human Services Requirements	\$12.1 million
○ Capital Construction/Debt Service	\$0.8 million
○ Transportation	\$6.4 million
○ Information Technology	\$3.4 million
○ Other Adjustments	<u>\$1.7 million</u>
Subtotal	\$78.0 million

Less

- |                                     |                        |
|-------------------------------------|------------------------|
| ○ Agency Reductions/Reorganizations | <u>(\$9.8) million</u> |
|-------------------------------------|------------------------|

Total	\$68.2 million
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## ***COST OF COUNTY OPERATIONS \$53.6 MILLION***

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- Retirement Funding \$15.4 million
  - Necessary to amortize unfunded liabilities created by loss of value during FY 2009
  - Funded with Retirement Reserve set aside at the *FY 2010 Carryover*
  
- Other Post-Employment Benefit (OPEB) Requirements \$10.1 million
  - Necessary to account for costs associated with future costs of retiree health insurance subsidy
  - Previously funded with application of balances accumulated through excess revenues
  - Establishes baseline for annual funding
  
- Health Insurance \$8.7 million
  - Projected premium increases of 10%

## ***COST OF COUNTY OPERATIONS \$53.6 MILLION***

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- **Workers Compensation/Self-Insurance** **\$7.2 million**
  - Based on actual claims
  
- **Movement of Portion of Grant Funding to the General Fund** **\$6.1 million**
  - Revised definition of grant funding
  - No net impact
  
- **Limited Term Position Conversion** **\$4.0 million**
  - 400 positions converted to Merit Regular and will be competitively filled
  - Other positions established as benefits eligible to meet federal healthcare requirements and IRS provisions
  
- **Line of Duty Act** **\$0.6 million**
  - Healthcare benefits for public safety personnel disabled in the line of duty. The County is now obligated to reimburse the Commonwealth for these payments.



## **MAJOR HUMAN SERVICES REQUIREMENTS      \$12.1 MILLION**

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- **Comprehensive Services Act (CSA) Support** **\$1.8 million**
  - Implementation of state changes to programs for at-risk children
  - Offset with additional state revenue
  
- **Child Care Assistance and Referral (CCAR) Program** **\$1.3 million**
  - Fully funded by increased state and federal revenues
  - Assists families with child care costs based on income levels
  
- **School Health Program Resources** **\$3.8 million**
  - 12 new positions to target schools with concentrations of high-risk students
  - Fully supported by state funding transferred from FCPS

## **MAJOR HUMAN SERVICES REQUIREMENTS      \$12.1 MILLION**

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- **Fairfax–Falls Church Community Services Board (CSB) Intensive Community Treatment Teams:**
  - Intensive community–based case management and outreach services to persons with mental illness and/or substance use disorders
  - Based on recommendations from the Board–appointed Beeman Commission (October 2008)
  - Requires 20/15.5 SYE new positions
  - Supported by Medicaid revenues; no net cost to the County

## **MAJOR HUMAN SERVICES REQUIREMENTS      \$12.1 MILLION**

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- **Herndon Neighborhood Resource Center**      **\$0.2 million**
  - Center provides integrated human services
  
- **Contract Rate Increases**      **\$3.2 million**
  - Offset by additional State revenue for a net cost of \$2.6 million
  
- **Self Sufficiency Program**      **\$1.2 million**
  - Increased staff resources, fully offset by state revenue, to support distribution of public assistance resources

## ***CAPITAL CONSTRUCTION AND DEBT SERVICES \$0.8 MILLION***

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- **Capital Construction Program**
  - General Fund Supported Program is \$16.1 million, an increase of \$0.5 million
  - Supports Park Maintenance, Athletic Field Maintenance, ADA compliance improvements, revitalization, Laurel Hill stabilization, etc.
  - Supplemented by \$15.0 million in short-term borrowing for capital renewal as previously identified in the Capital Improvement Program (CIP)
- **Debt Service (County and Schools)**
  - General Fund support totals \$282.8 million, an increase of \$0.3 million over the FY 2011 budget level

# ***TRANSPORTATION***

***\$6.4 MILLION***

- **Metro Operations and Construction**                      **\$3.9 million increase**
  - Total FY 2012 General Fund Support    \$11.3 million
  - Assumes 7.0% increase in operating subsidy requirement
  
- **County Transit**    **\$2.5 million increase**
  - Total FY 2012 General Fund Support – \$34.5 million
  - Funds expansion of bus service to Fort Belvoir to support the Base Realignment and Closure (BRAC) process
  - Relocation of routes serving Reston East Park and Ride in preparation of the construction of the Wiehle Avenue Metro Station

# ***INFORMATION TECHNOLOGY***

***\$3.4 MILLION***

- Information Technology Projects **\$3.4 million increase**
  - Legacy system replacement and operations
  - Systems requirements associated with the joint County–Schools FOCUS project
- Use of Cable Funding to Support Key Initiatives
  - No impact to General Fund
  - Police Department In–Car Video System (\$3.7 million)
  - Web–based social media security (\$2.0 million) and functionality
- Other **\$1.7 million**

New positions for Tysons Plan Amendment funded at the *FY 2010 Carryover*, Redistricting expenses, and increases in Economic Development Authority (EDA) funding (\$250,000)



# ***AGENCY REDUCTIONS AND REORGANIZATION OPPORTUNITIES (\$9.8) MILLION***

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- **Agency Budget Reductions** **\$9.5 million**
  - No significant programmatic reductions
  - Requires agencies to hold positions vacant longer, and to maintain work and service levels within reduced resources
  - FY 2012 savings: \$9.5 million
  - FY 2011 savings: \$9.6 million
  
- **Reorganizations** **\$0.3 million**
  - Consolidation of Conference Area Scheduling
  - *Seniors-on-the-Go!* and the Taxicab Access program to the Dept. of Neighborhood and Community Services (DNCS)
  - Access Fairfax to DNCS
  - Showmobile responsibilities to Parks

## ***FY 2012 AND BEYOND: PERSPECTIVES***

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- Economic realities of “new normal”
  - No County funded expansion of existing programs
  - No County funded creation of new programs
  - No County funded restoration of previous reductions
- Continued funding for and partnership with FCPS
- Need to review County infrastructure investment

# ***FY 2012 AND BEYOND: INFRASTRUCTURE***

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## **Investment In Employees**

- FY 2012 proposal includes no increase in employee compensation
  - Must be addressed in the near-term
- Benefits programs comprise an integral part of compensation program
  - Must be competitive and sound
- New Employee Compensation Model
  - Two components:
    - Pay for Performance (PFP) rating between 0 and 3 percent
    - Market Rate Adjustment (MRA) between 1 and 3 percent
    - Both PFP and MRA will be contingent upon available funding

# ***FY 2012 AND BEYOND: INFRASTRUCTURE***

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## **○ Stable Workforce**

- Positions per capita ratio @ 11.34 positions per 1,000 residents is 17% below what it was 20 years ago
- FY 2012 budget includes 35/30.5 SYE new positions (all funded by non General Fund sources):
  - 20/15.5 SYE positions for the Fairfax–Falls Church Community Services Board (CSB)
  - 12/12.0 SYE positions for the Health Department School Health Program
  - 3/3.0 SYE positions for the Reston Community Center

# ***FY 2012 AND BEYOND: PHYSICAL INFRASTRUCTURE***

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## **○ Information Technology**

- Maximize web-based technologies
- FOCUS Project
  - Replacement of legacy corporate systems (finance, purchasing, budget and human resources)
  - County-Schools joint partnership

## **○ Capital Infrastructure**

- Renewal of County's buildings and building subsystems (e.g., HVAC, plumbing, roofing, etc.)

## **○ Future Infrastructure Investments**

- Massey Building replacement
- Woodburn Mental Health Center
- Revitalization
- Tysons transformation

# ***CHOICES FOR BALANCE FOR FY 2012 BUDGET***

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- FY 2012 Budget Proposal Results in a Balance of \$30 million:
  1. Use it for employee compensation increase/bonus
  2. Increase the General Fund transfer to FCPS
  3. Reduce the Real Estate Tax rate
  4. Use it to make up for potential loss in revenue from the Commonwealth or State authorized revenue sources
  5. Use it to fund other priorities and unfunded initiatives
  6. Use it for the required payment to complete FOCUS project
  7. Save it for upcoming critical needs in FY 2013



## ***FOR MORE INFORMATION OR INPUT ON THE FY 2012 BUDGET***

***Your feedback on this budget proposal are appreciated:***

**Web:** [http://www.fairfaxcounty.gov/survey/fy12\\_budget\\_comment.htm](http://www.fairfaxcounty.gov/survey/fy12_budget_comment.htm)

The entire *FY 2012 Advertised Budget Plan* and the *FY 2012 – FY 2016 Capital Improvement Program* (CIP) are available on the Internet:

- **<http://www.fairfaxcounty.gov/budget>**

- All of these County documents are available on one compact disc from the Department of Management and Budget (DMB)

In addition, one reference copy of the budget is available at each County library facility.

# ***FY 2012 BUDGET SCHEDULE***

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<b>February 22, 2011</b>	County Executive presents <u>FY 2012 Advertised Budget Plan</u> and advertisement of FY 2012 tax rates
<b>March 8, 2011</b>	<i>FY 2011 Third Quarter Review</i> for advertisement
<b>March 29-31, 2011</b>	Public Hearings on FY 2012 Budget, <i>FY 2011 Third Quarter</i> and <u>FY 2012-FY 2016 Capital Improvement Program</u>
<b>April 12, 2011</b>	Budget Mark-Up
<b>April 26, 2011</b>	Budget Adoption

To sign up to speak at one of the public hearings, call the Clerk to the Board's Office at (703) 324-3151 or (703) 324-2391 (TTY 711) or to access the form to sign up to speak, go to

**[https://www.fairfaxcounty.gov/bosclerk/speaker\\_bos.htm](https://www.fairfaxcounty.gov/bosclerk/speaker_bos.htm)**

The public can send written testimony or communicate with the Clerk's Office by email at: **[clerktothebos@fairfaxcounty.gov](mailto:clerktothebos@fairfaxcounty.gov)**