

# Prince William County, Virginia

## FY 2009 FISCAL PLAN



### Prince William Board of County Supervisors

Corey A. Stewart - At Large  
*Chairman*

John T. Stirrup - *Gainesville District*  
*Vice-Chairman*

Maureen S. Caddigan - *Dumfries District*  
W.S. "Wally" Covington, III - *Brentsville District*  
John D. Jenkins - *Neabsco District*

Michael C. May - *Occoquan District*  
Martin E. Nohe - *Coles District*  
Frank J. Principi - *Woodbridge District*

Craig S. Gerhart  
*County Executive*

Information about the FY 2009 Fiscal Plan is available online at  
<http://www.pwcgov.org/budget>

In addition, for information about the budget you may contact the Office of Executive Management/Budget and Analysis Office at (703) 792-6720 from 8:00 a.m. to 5:00 p.m. Monday - Friday or visit the office at McCoart Building, 1 County Complex Court, Suite 200, Prince William, Virginia 22192

Printing by the Prince William County Graphic Arts and Print Shop  
5001 Prince William Parkway, Woodbridge, Virginia 22192  
"Where Paper & Concept Meet"

**Assistant County Executive**

Melissa S. Peacor

**Assistant County Executive**

Susan Roltsch

**Budget Director**

David L. Tyeryar

**Budget Technical Manager**

Ed Strickhouser

**Budget and Analysis Staff**

Sandra Curtis

Teresa Dakon

Rodney H. Follin

Valerie Grayson

Will Hoff

Michael A. Hurlocker

Robert C. Leibbrandt

Stott Mason

Laura Mortell

# Contents

## Introduction

Map of Prince William County .....	1
History of Prince William County .....	2
Organizational Chart .....	5
Board of County Supervisors .....	6
County Executive Transmittal Letter.....	7
Implementing Board Fiscal Guidance.....	11
FY 2009-2013 Budget Initiatives.....	11
All Funds Expenditure Budget and General Fund Expenditures .....	16

## Budget Summary

FY 2009 Fiscal Plan Initiatives .....	17
Community Development .....	18
Human Services .....	18
Public Safety .....	19
Capital Improvement Program/Debt Service .....	20
General Fund Revenue and Resource Summary.....	21
Five-Year Budget Plan.....	25
Revenue vs. Expenditure Comparison .....	27
Projected Revenues, Budgeted Expenditures and Projected Changes in Fund Balance .....	28
All Funds Summary of Revenues and Other Financial Sources and Expenditures .....	29
Position Summary of FTE Positions .....	31
Percent Share of Total General County Budget.....	32
Revenue and Expenditure Comparison by Fund Area	
General Fund .....	34
Special Revenue Funds.....	35
Capital Project Funds.....	41
Enterprise Funds.....	42
Internal Service Funds .....	44

## Expenditure Summary

General Fund Budget (includes School Transfer)	
by Functional Categories ( <i>chart</i> ).....	47
by Category of Expenditure ( <i>chart</i> ) .....	48
Expenditure Summary .....	49
General Fund Budget (excludes School Transfer)	
by Functional Categories ( <i>chart</i> ).....	54
by Category of Expenditure ( <i>chart</i> ) .....	55
General Fund Expenditures	
Budget History ( <i>graph</i> ).....	56
Budget History, percent change ( <i>graph</i> ) .....	57

## Revenue Summary

General Fund Funding Sources ( <i>chart</i> ) .....	59
Local Tax Sources ( <i>chart</i> ) .....	60
General Fund Revenue	
History ( <i>graph</i> ) .....	61
Summary ( <i>graph</i> ).....	61
Revenue Estimates by Category ( <i>table</i> ).....	62
General Fund Revenue Summary .....	63
Projected Revenue and Other Financial Sources.....	91
All Funds Revenue Summary .....	92

## Understanding the Budget

### **Facts about the Budget**

Development of the Annual Budget .....	95
The Budget in General.....	95
Relationship Between the CIP and Budget .....	95
Amending the Budget.....	95
Budget Development Process/Calendar.....	96



# Contents

## Understanding the Budget continued

Prince William Accounting System.....	98
User Guide: How to Read the Budget Document .....	100

## **Strategic Based Outcome Budget Process**

Financial and Program Planning Ordinance.....	105
Community Vision and Values .....	105
Strategic Plan.....	106
Community Development .....	106
Economic Development.....	107
Education.....	107
Human Services.....	107
Public Safety .....	107
Transportation.....	107
Measuring Performance .....	107
Resource Allocation .....	113
Principles of Sound Financial Management .....	115
Debt Management Policy Statement.....	116

## **Background and Supplemental Statistical Information**

Economic Indicators .....	118
Employment .....	118
Real Estate Development.....	119
Real Estate Tax Base .....	119
Housing Characteristics.....	120
Population Characteristics.....	121
Population Growth .....	122
Median Income.....	122
Indicators of Financial Condition .....	123
Past Trends in County Service Efforts .....	124
Spending Adjustments for Inflation.....	124
General County Government Staffing.....	124
Capital Improvement Program .....	125
General Debt Service .....	125

Cost Per Capita.....	126
Community Resources .....	127
State and Federal Parks .....	127
Universities and Colleges .....	127
Libraries .....	128
Historical Sites.....	128

## General Government

Board of County Supervisors .....	131
Office of Executive Management.....	141
County Attorney.....	185

## Administration

Board of Equalization .....	193
Contingency Reserve .....	197
Finance Department .....	199
General Registrar .....	215
Human Rights Office.....	221
Office of Information Technology .....	227
Prince William Self-Insurance.....	245
Unemployment Insurance Reserve.....	247

## Judicial Administration

Circuit Court Judges .....	249
Clerk of the Circuit Court .....	255
Commonwealth's Attorney .....	267
Office of Criminal Justice Services.....	273
General District Court.....	283
Juvenile and Domestic Relations Court .....	289
Juvenile Court Service Unit .....	295



# Contents

Law Library .....	305
Magistrate .....	311

## Planning and Development

Department of Economic Development .....	317
Office of Housing and Community Development .....	327
Planning .....	339
PWC/Manassas Convention and Visitors Bureau .....	353
Public Works .....	359
Bull Run Mountain Service District .....	397
Lake Jackson Service District .....	399
Transit .....	401
Department of Transportation .....	413

## Public Safety

Adult Detention Center .....	427
Fire and Rescue Department .....	447
Volunteer Fire and Rescue Companies .....	471
Police Department .....	501
Public Safety Communications .....	521
Sheriff's Office .....	529

## Human Services

Area Agency on Aging .....	543
At-Risk Youth and Family Services .....	559
Community Services .....	571
Cooperative Extension Service .....	605
Office on Youth .....	617
Public Health .....	627

Department of Social Services .....	645
-------------------------------------	-----

## Parks and Library

Prince William Public Library System .....	669
Park Authority .....	683

## General Debt/CIP

General Debt .....	693
Debt Management in PWC .....	694
Debt Capacity ( <i>graph</i> ) .....	698
Debt as a Percentage of Assessed Value ( <i>graph</i> ) .....	698
Debt Services ( <i>graph</i> ) .....	698
Funding by Project, 6 Year Projection ( <i>table</i> ) .....	699
Capital Improvement Program .....	693
Overview of the Development of the CIP .....	702
FY 2009-2014 Project List .....	703
Proffer Integration .....	704
Projected Proffers .....	705
FY 2009-2014 Strategic Goal Summary .....	705
Operating Impacts .....	708

## Non-Departmental

Unclassified Administration .....	711
-----------------------------------	-----

## Schools

Prince William County Public Schools .....	717
--	-----

## Appendix

Glossary .....	719
Abbreviations .....	731
Index .....	732



# Alphabetical Listing of Agency Budgets

Adult Detention Center.....	427	Human Rights Office.....	221
Area Agency on Aging.....	543	Information Technology, Office of.....	227
At-Risk Youth and Family Services .....	559	Juvenile and Domestic Relations Court .....	289
Board of County Supervisors .....	131	Juvenile Court Service Unit .....	295
Board of Equalization .....	193	Lake Jackson Service District .....	399
Bull Run Mountain Service District.....	397	Law Library .....	305
Circuit Court Judges .....	249	Magistrate .....	311
Clerk of the Circuit Court .....	255	Non-Departmental/Unclassified Administration .....	711
Commonwealth’s Attorney .....	267	Park Authority .....	683
Community Services .....	571	Planning.....	339
Contingency Reserve .....	197	Police Department .....	501
Cooperative Extension Service .....	605	Prince William County Public Schools .....	717
County Attorney.....	185	Prince William Public Library System .....	669
Criminal Justice Services, Office of.....	273	Prince William Self-Insurance.....	245
Economic Development, Department of.....	317	Public Health.....	627
Executive Management, Office of (OEM).....	141	Public Safety Communications.....	521
OEM - Budget and Analysis .....	174	Public Works.....	359
Finance Department .....	199	PWC/Manassas Convention and Visitors Bureau .....	353
Fire and Rescue Department.....	447	Sheriff’s Office .....	529
General Debt/Capital Improvement Program .....	693	Social Services, Department of .....	645
General District Court.....	283	Transit.....	401
General Registrar .....	215	Transportation, Department of.....	413
Housing and Community Development, Office of.....	327	Unemployment Insurance Reserve.....	247
		Volunteer Fire and Rescue Companies.....	471
		Youth, Office on .....	617





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Prince William County  
Virginia**

**Special Performance Measures Recognition**

For the Fiscal Year Beginning

**July 1, 2007**

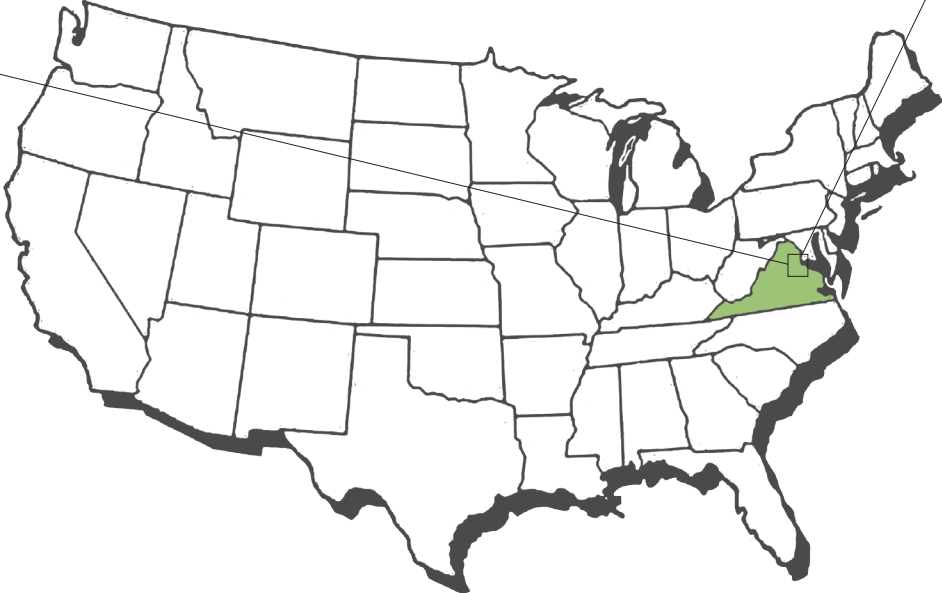
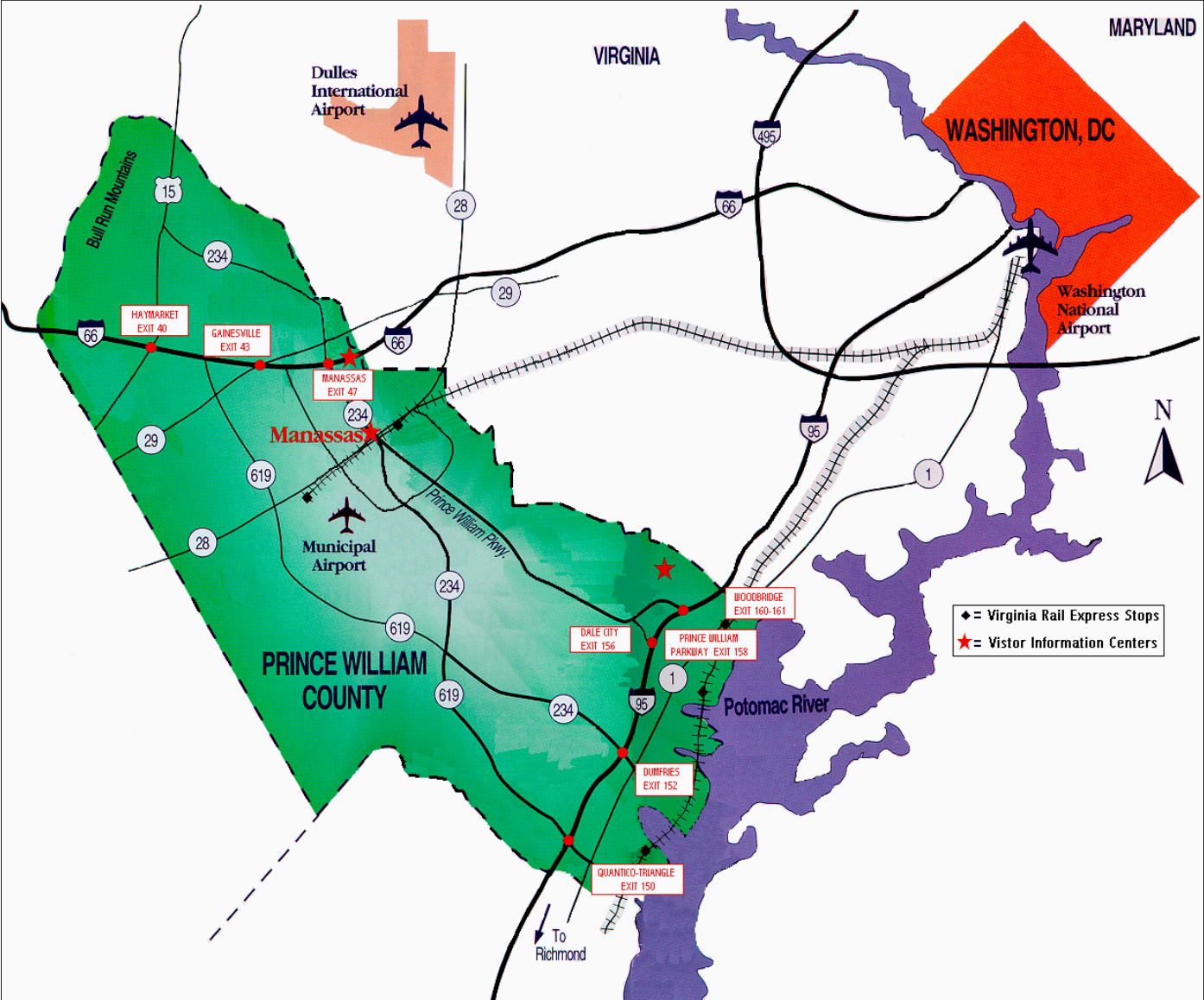
President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Prince William County, Virginia for its annual budget for the fiscal year beginning July 1, 2007. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.





- **Suburb of Washington, D.C.**
- **Population approx. 404,250**
- **Eight-Member Elected Board of County Supervisors**
- **Appointed County Executive**



## HISTORY

Captain John Smith first discovered Prince William County during an expedition up the Potomac River in 1608. Smith found the region inhabited by Anacostan, Doeg, Iroquois, and Piscataway Indians. The first known colonial settlement was founded in 1722. In 1730, the Virginia General Assembly carved out an area approximately 2,000 square miles in size and named it Prince William County, after the second son of England's King George II. At that time Prince William County comprised all of "Northern Virginia" but by 1759, the General Assembly substantially reduced the County's size. Fairfax County was formed in 1742 and Fauquier County was formed in 1759, both from the original Prince William County area.

In 1730, the Dumfries area was prominent in the County and may have been the location of an official Tobacco Inspection Station due to its close proximity to the Potomac River. This is important because the Potomac River was a major regional route used to export tobacco to England, which was profitable for the southern colonial regions. The Tobacco Inspection law, passed in Virginia in 1730, required all exported tobacco shipments to bear an inspection certificate. Dumfries officially became a town in 1749 and in 1763 it reached an economic milestone by exporting more tobacco tonnage than the colony of New York.

Economic and political displeasure with the British government reached the breaking point for Prince



Prince William

William colonists in 1773. Pro-colony groups such as the Prince William Resolvers voiced their protest against the erosion of colonial liberties. As England had ordered all colonial governors to cease granting lands, except to veterans of the French and Indian War, further financial strains were wrought against the colonies through taxation, including the infamous Tea Act and Stamp Act.

In 1774, under ever mounting pressure, the Virginia Convention adopted resolves against the importation of British goods and the importation of slaves. The Virginia Convention also required each county to form a volunteer

company of cavalry or infantry. Prince William already formed a volunteer unit the year before. The Independent Company of Prince William, under the leadership of



Original Seal of Prince William County

Captains William Grayson and Philip Richard Francis Lee, was a volunteer unit comprised of 40 plus infantrymen. Many troops from the Independent Company of Prince William joined others from around the state to form two [State] regiments sanctioned by the third Virginia Convention in 1775. After the start of the Revolutionary War, the remaining troops of the "Company" became known

as the Prince William District Battalion in 1776. Later in June of that year, Captain Grayson was appointed Assistant Secretary to General George Washington.

The war ended and news of the ratification of the Treaty of Paris between the United States and Great Britain reached Virginia on February 3, 1784. Remaining Prince William County soldiers from the Virginia regiments returned home to their families. Although there was heavy troop movement through the County from all sides, it escaped the massive destruction leveled against Richmond. The County wasn't as fortunate, however, during the Civil War.

Before the Civil War, the population of Prince William County reached 11,000 and the African American population was 43.4 percent. Many African Americans in Virginia at this time were free from slavery and indentured servitude. Virginia legislators passed a law in 1782 permitting the freeing of slaves, however, colonies further south did not participate in similar legislation. Haymarket emerged as a large population center in 1799, with Occoquan following in 1804 and Brentsville in 1822. The County thrived through the early and mid 1800's. The railroad era began in Virginia around 1811 and in 1851 the railroad reached Manassas. Manassas Junction brought a new form of shipping and travel to the area. It also became a crucial stratagem for cutting off supplies to either side throughout the War. The first threat to the railroad junction was the Battle at Blackburn's Ford after Virginia seceded from the Union in 1861. Although the Battle at Blackburn's Ford was short lived, it was a prelude to the First Manassas Battle three days later. First Manassas

at Bull Run was the first major land battle of Union and Confederate armies in Virginia after the Confederate takeover of Fort Sumter in South Carolina. Thomas J. Jackson earned his now very famous nickname “Stonewall” Jackson towards the end of this battle. The Union objective was to seize the Manassas Junction Railroad.

Many lesser-known principal battles were also fought in the County; they include Cockpit Point, Manassas Station, Chapman’s Mill, and Bristoe Station. Cockpit Point, a stretch of shoreline along the Occoquan River, is where



Bennett School

the Confederate army formed a blockade at the Potomac River to cut off supplies to Washington. The Battle at Manassas Station was a Confederate victory where the Union supply depot at Manassas Junction was destroyed. The skirmish near Chapman’s Mill ensured another Union defeat at the Second Battle of Bull Run; a swift Union retreat allowed two Confederate battalions to join together. This single inconsequential action virtually ensured the Union Army defeat during the Second Battle at Bull Run. The last principal battle fought in Prince William County was at Bristoe Station in 1863. A Confederate corps happened upon a retreating Union army at Bristoe Station and attacked. Other Union soldiers in the area countered the small corps and captured the Confederate battery of artillery.

Manassas became a town in 1873. Later, in 1892, Manassas became the County Seat for Prince William. Rebuilding the area to its former glory was almost an impossible task for locals. Grand manors and local businesses blighted during the War were replaced by modern inventions and post war architecture. The railroad was reconstructed and expanded westward. Education became more important and schools sprung up - almost overnight. Ironically, a former Union Army Officer, George Carr Round, relocated to Manassas and helped to build its first public school. He later served on the Town Council and was a member of the Virginia

General Assembly. Many schools and colleges sprung up in the County to include the Manassas Industrial School for Colored Youth and Eastern College. The Manassas Industrial School for Colored Youth was founded by Jennie Dean in 1894. The purpose of the school was to improve the moral and intellectual condition of the youth placed under its care.

Eastern College attracted students from over 22 states and 2 foreign countries. Eastern was transformed into a military academy and later closed in 1935. Other academies and military schools opened in the area in the early 1900’s. The ultimate military training academy of a sort was founded on a peninsula southwest of the Town of Occoquan, on the Quantico River in 1917. The Quantico Marine Base became an official training facility for the Navy before World War I, and was one of the first Marine training centers not housed on a Naval base. The Town of Quantico, surrounded by the training center, was incorporated in 1927.

After two World Wars and the incorporation of the cities of Manassas and Manassas Park in 1975, present day Prince William County is a thriving and diverse community. The County has a population of 357,503 people and boasts a median household income of \$80,783 as indicated by the Census Bureau’s 2005 American Community Survey (2006 ACS). It is also a “young” County with 20.2% of its population below eighteen years of age as of the 2006 ACS. Prince William County was the birthplace or home of many notable personalities including George Mason II, Henry Lee III (the father of General Robert E. Lee), William Grayson, John Ballendine, Parson Mason Locke Weems, Benita Fitzgerald-Brown, The Chinn Family, Simon Kenton, Jennie Dean, James Robinson, Wilmer McLean, and many more. From pre-colonial times to modern day, Prince William County is a very interesting place to live.

## REGIONAL PERSPECTIVE

Prince William County is located in Northern Virginia, approximately 30 miles southwest of Washington, D.C. The County encompasses an area of 348 square miles, 18.8% of which is federally owned land.

Prince William’s location in Metropolitan Washington, D.C. and the availability of excellent transportation in the region is a catalyst for growth in the County which continues to provide numerous economic advantages. Interstate 95 and U.S. Highway 1 connect the County



with Washington, D. C. to the north and Richmond, Virginia to the south. Interstate 66 connects the western portion of the County with Washington, D.C. to the east and Interstate 81 to the west. The Route 234 Bypass links Interstate 66 in the west with 7,000 acres designated for industrial and commercial growth. Prince William Parkway includes a new interchange on Interstate 95 and prime development locations through the eastern portion of the County.

The County has a number of freight and passenger rail service alternatives available to its citizens and businesses. CSX and Norfolk Southern Railway provide freight service to the County. Amtrak passenger trains provide inter-city service to points up and down the Eastern seaboard from stations in the Town of Quantico and the City of Manassas. The Virginia Railway Express provides passenger service thirty-two times a day to and from the District of Columbia from four stations within the County.

Dulles International Airport, Reagan National Airport, and Manassas Municipal Airport, a regional facility, provide air transportation within easy access of Prince William County.

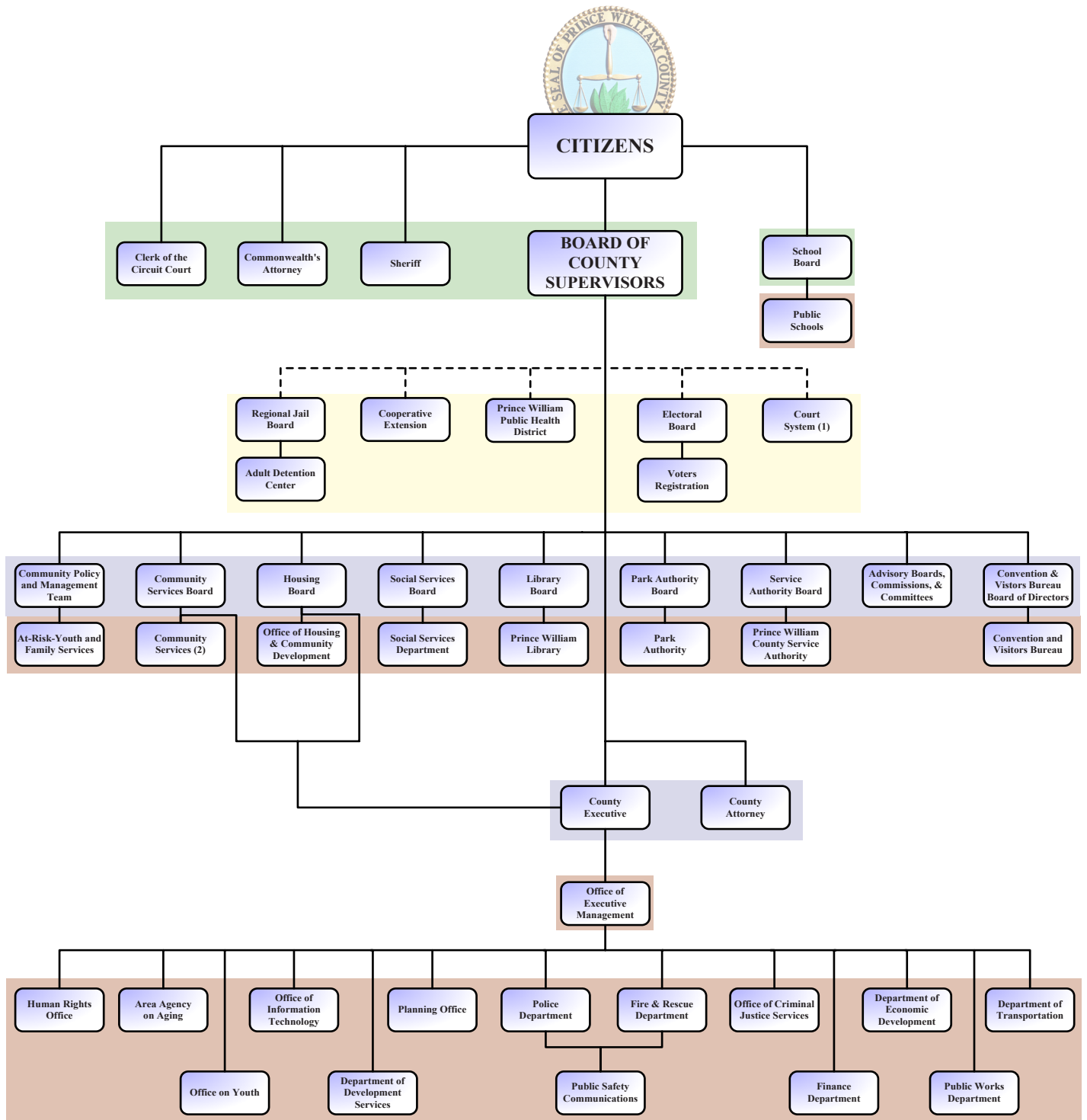
## LOCAL GOVERNMENT

For 277 years, Prince William County Government has exercised local governing powers granted to it by the Virginia General Assembly. Since 1972, Prince William County has had the County Executive form of government. Under this form of government, an eight member Board of County Supervisors has full power to determine the policies covering the financial and business affairs of the County government. The Board appoints a County Executive to act as the County government's chief administrative officer and to execute the Board's policies. The Board also appoints a County Attorney and several separate Boards and Authorities to administer the operations of certain services. The County provides a full range of local government services including police, fire and rescue, court services, education, development administration, library, water and sewer services, park and recreational services, health and social services, public improvements, planning and general administration.

### ***Did you know?***

The County Seal commemorates the most important cash crop of the colonial period. It depicts a hand holding scales evenly balanced over a stalk of tobacco.





Notes:

(1) Circuit Court, General District Court, Juvenile & Domestic Relations Court, Juvenile Court Services, Law Library, Magistrate & Circuit Court Judges

(2) Mental Health, Mental Retardation & Substance Abuse Services

**Legend**

- Elected Officials / Constitutional Officers
- State and Local Services
- Appointed By BOCS, Boards and Commissions
- Agencies and Departments





PRINCE WILLIAM COUNTY, VIRGINIA

**For more information visit**  
[www.pwcv.gov.org/BOCS](http://www.pwcv.gov.org/BOCS)

PRINCE WILLIAM COUNTY, VIRGINIA  
 BOARD OF COUNTY SUPERVISORS  
**AGENDA**  
 Board Chamber, Old County Complex Court  
 Prince William, Virginia 22192

PRINCE WILLIAM COUNTY, VIRGINIA  
 BOARD OF COUNTY SUPERVISORS  
**BRIEF**  
 Board Chamber, Old County Complex Court  
 Prince William, Virginia 22192

**Chairman At-Large**

Corey A. Stewart

**Brentsville District**

Wally Covington

**Coles District**

Martin E. Nohe,

**Dumfries District**

Maureen S. Caddigan

**Gainesville District**

John T. Stirrup, Jr. Vice Chairman

**Neabsco District**

John D. Jenkins

**Occoquan District**

Michael C. May

**Woodbridge District**

Frank J. Principi





**July 1, 2008**

**Mr. Chairman and Members of the Board:**

On behalf of Prince William County government staff, I am pleased to deliver the Prince William County adopted FY 2009 Fiscal Plan and FY 2009-2013 Five-Year Plan. The Fiscal Plan implements the Board of County Supervisors' policy guidance and works to achieve the community's Vision and Strategic Goals. In legal terms, this document fulfills statutory requirements and my administrative responsibilities under the County Executive form of government.

The FY 2009 Fiscal Plan and FY 2009-2013 Five-Year Budget Plan is based very directly on Board of County Supervisors policy guidance and the expectations we hear from the citizens of the County.

To begin, the Board of County Supervisors has set forth a Vision in its Strategic Plan that states:

*"Prince William County is a premier community where we treasure the richness of our past and the promise of our future. We are diverse and dynamic with a thriving economy where citizens and businesses grow and succeed together. We are a global business and technology leader for the 21st century."*

In order to make the Strategic Vision a reality and to assist the community in achieving its future vision, the County government organization has adopted its own guiding Vision and Values:

*"Prince William County is an organization where elected leaders, staff and citizens work together to make our community the best."*

*We, as employees, pledge to do the right thing for the customer and the community every time.*

*We as a learning organization, commit to providing the necessary support and opportunities for each employee to honor this pledge."*

*Values of: Responsibility, Integrity, Creativity, Teamwork, Excellence, Respect*

In order to achieve the community that citizens desire and expect, the Board has adopted six Strategic Goals. These include:

- Community Development
- Economic Development
- Education
- Human Services
- Public Safety
- Transportation

Subsequent to its adoption, the Board prioritized these goals making Education, Public Safety and Transportation the top priorities.

In addition to these adopted vision statements, citizens have articulated their expectations through the Future Report, *Prince William County 2030*, that was presented this year, the Strategic Plan process, the Comprehensive Plan process, surveys such as the Citizen Survey and Park Authority survey, and input from citizens received each Tuesday during citizens' time. We are hearing the following in terms of expectations:

- A live, work, play and retire community
- Police and Fire & Rescue services that protect life and property, responds to issues such as traffic, gangs and illegal immigration, and a community that honors the commitment of the men and women who provide the service.
- Excellent schools for their children that prepare them for good colleges and jobs.
- A community that protects their biggest investment – their homes, through community maintenance and amenities that add value.
- Government that does something about getting



them to work, shopping and play through good roads and transit.

- A community where adults and children have the opportunity to be healthy, have fun and learn, which includes parks and open space amenities, sports opportunities for kids and adults and libraries – not just full service but neighborhood libraries.

On top of these expectations we hear from citizens, there are two new initiatives that will be addressed this year through increased funding:

- **Line-of-Duty Death (LODD) Report Recommendations** – The tragic death of a firefighter on April 16, 2007 in a Prince William house fire led to the detailed and thorough analysis of the response to this incident. The recommendations that came out of this report included staffing, training and equipment. Funding these recommendations was a challenge to the community but we believed it was a moral imperative to begin this year and to ensure that our men and women in the fire service are safe when they respond to emergencies.
- **Illegal Immigration Enforcement** – The Board has unanimously adopted resolutions which have involved the County in the enforcement of immigration law. We have entered into 287(g) agreements at the Adult Detention Center and in the Police Department. As staff has presented at various Board sessions, this requires staffing, training and equipment in the Adult Detention Center (ADC) and the Police Department. We have visited and had conversations with other jurisdictions in the country who have taken on this issue and based on this and our knowledge of the issue, BOCS approved \$3 million in funding for FY 09 this year and approximately \$11.3 million is projected over the Five-Year Plan to implement the Board direction. We are one of the only jurisdictions in the country to implement this policy with a series of measures targeted at illegal immigration. The resources adopted in this budget are necessary to fully and responsibly implement the adopted Board policy.

## Board Budget Guidance

The Board of County Supervisors has established policy and fiscal guidance to guide development of the adopted budget.

In policy terms, this adopted budget and projected Five-Year Plan implements the Board's direction to:

- Implement County/School revenue agreement
- Earmark Recordation Tax Revenue for roads
- Adopt a budget with the Real Estate Tax Rate of 97.0 cents; an average tax bill increase of 5.0%

In fiscal terms, the budget also structurally positions the County to maintain its AAA bond rating - a rating earned by less than 1% of jurisdictions in the country.

## Economic Outlook

In 2007, Prince William County's economy, already suffering through a severe downturn in the housing market, witnessed the impact of that downturn on other segments of the economy. After several years of record price gains and strong sales volume, the local real estate market dramatically reversed, exacerbated by foreclosures and vacancies. The current downturn in the housing market has resulted in a deflated value of housing which continues. At the end of the first half of 2008 a mixed bag of economic conditions confront Prince William County. The troubled housing market has rippled into retail sales in early 2008 as consumers pulled back from previous buying habits. Some positive signs were evident in the local real estate market, however, during the 2nd Quarter 2008, albeit with cautionary notes attached. The average sale price of a home in Prince William County in June 2008 was \$288,005—a 1% increase over May and the first increase after five straight months of decline—but a 26% decrease from a year earlier, when the average home sold for more than \$400,000. Home sales increased during the 2nd Quarter 2008, with 834 homes sold in June, a 15.2% increase from May and the largest number since December 2005. This good news is tempered by the understanding that this probably results from large numbers of lower priced homes, including foreclosed homes, finally beginning to move on the market. The ratio of homes on the market to homes sold declined during the quarter from 16.5 in February to 6.6 in June—the lowest ratio since April 2006 and a definite improvement since September 2007, when the ratio stood at 18.6.





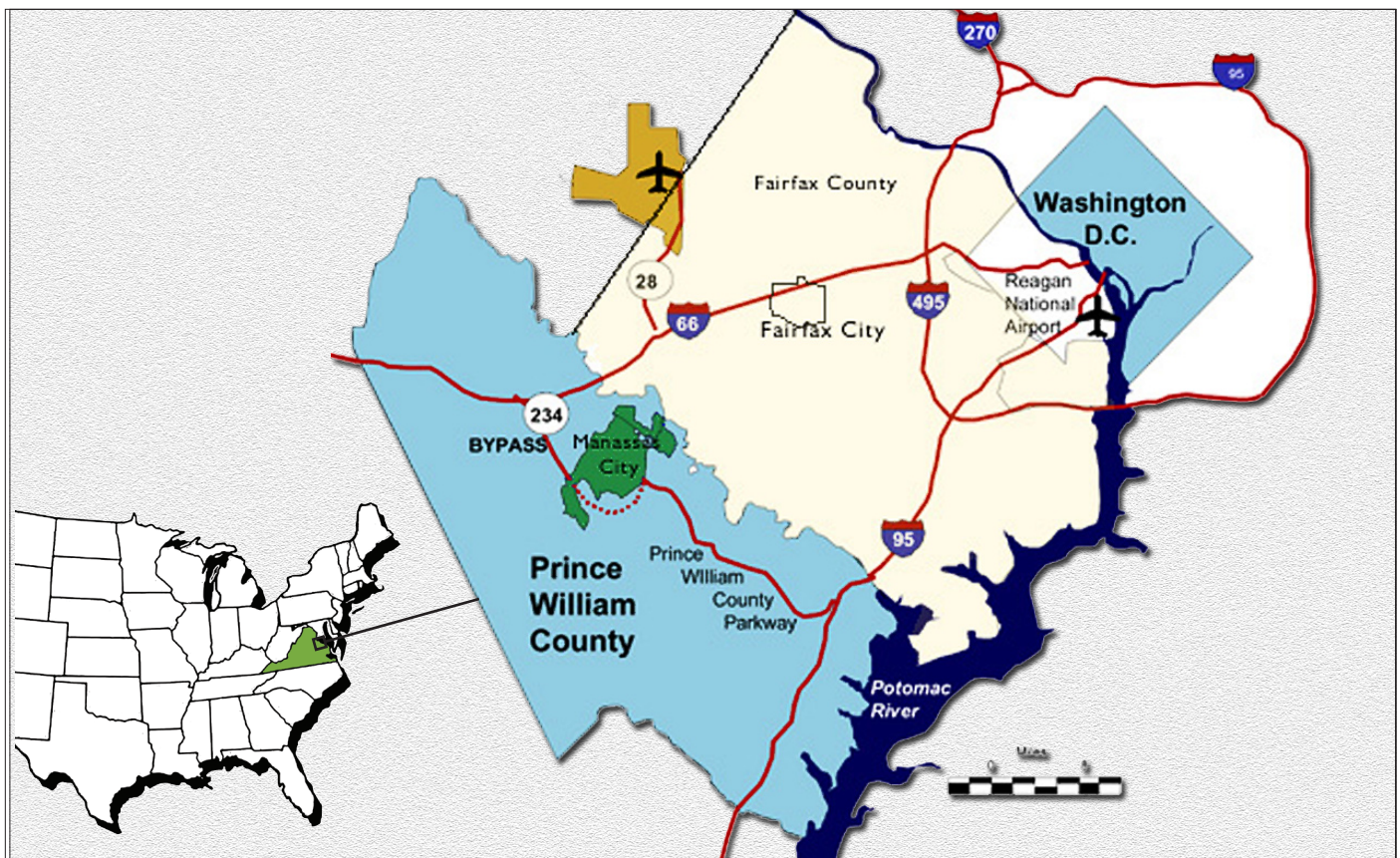
Despite the protracted crisis in the housing market, and ancillary repercussions in related markets, significant parts of the local economy continued to exhibit relative resiliency. Unemployment in Prince William County was 3.5% in June 2008, an increase of 0.9 percentage points in one year, but still significantly below the national rate of 5.7% in June 2008. At-place employment in Prince William County grew by 19.5% since 2002 but declined by 0.8% in the last year. By far the largest job losses were in construction and related industries—directly tied to the housing market. Other industries have continued to grow. Professional services, for example, increased by 3% during the 4th Quarter 2007 and 9% in one year.

Prince William County still boasts a highly educated, skilled and adaptable workforce. The county is still ranked among the top 20 wealthiest in the United States. And Prince William County is an integral part of Northern Virginia, arguably one of the most dynamic and resilient economies in the world. A challenging future in the near-term is in order, however, that will strain the county's ability to provide services at levels its citizens have come to expect. The predominance of the federal government and Prince William's enviable proximity to it will greatly

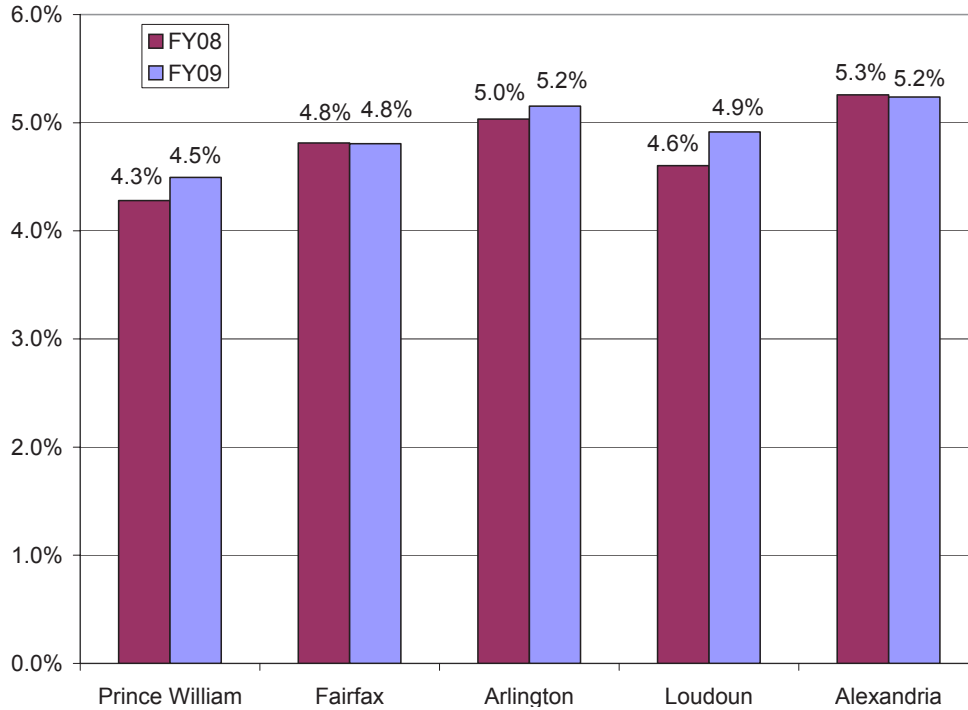
ameliorate any downturn in economic activity. However, the importance of real estate revenue in Prince William County's fiscal considerations, particularly from residential real estate, serves as a major challenge over the next several years and factors into all fiscal discussions.

Despite some strength in the underlying infrastructure of the local economy, a downturn has occurred in general revenues from the FY 2008-2012 forecast which has forced reductions to the County and School Fiscal Plans. As a result of this,

- Schools will:
  - » Maintain existing class sizes at the high schools and middle schools
  - » Defer new schools/rooms additions
  - » Defer information and technology projects
- County will:
  - » Fund Pay for Performance, but not a market adjustment
  - » Defer two voter-approved road bond projects and one voter-approved library

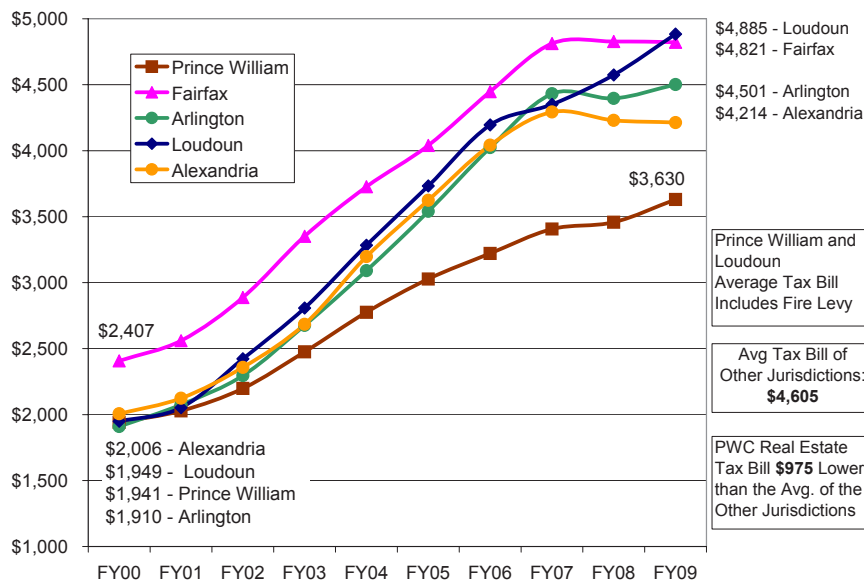


### Average Real Estate Tax Bill as a Percentage of Median Household Income



Median Household Income Data Source:  
2006 American Community Survey

### History of Average Real Estate Tax Bill



Prince William and Loudoun Average Tax Bill Includes Fire Levy

Avg Tax Bill of Other Jurisdictions: **\$4,605**

PWC Real Estate Tax Bill **\$975** Lower than the Avg. of the Other Jurisdictions



## Implementing Board Fiscal Guidance

The adopted FY 2009 Fiscal Plan is based on an increase in average residential tax bills of \$163 or 5.0%.

### County/School Revenue Agreement

The revenue sharing agreement adopted by the Board of County Supervisors and the School Board establishes the split of General Revenues, with the Schools receiving 56.75% and the County receiving 43.25%. In FY 2006, the revenue agreement was modified to specify that any additional State money for education would stay with the Schools and increased recordation tax revenue would stay with the County and be earmarked for roads. With this adopted budget, the Schools will receive \$42.7 million more in FY 2009 than they did in FY 2008 under this agreement. This agreement is the backbone of the Five-Year Plan; it has allowed the County government and the Schools to plan their fiscal and capital programs on a five-year basis.

## FY 2009-2013 Budget Initiatives – Building Blocks

All of the initiatives included in the budget have been packaged into one of four blocks. Individual initiatives are discussed in full detail throughout the budget document.

### Building Block #1

In Block #1, a block called “must-do items,” we included the increases in the normal cost of doing business, such as leases, fuel, utilities, vehicle replacement, memberships and inter-jurisdictional agreements. Included in this block are the costs of opening the expanded the ADC, the adopted Capital Improvement Plan that includes most of the approved referenda approved projects for roads, libraries and parks.

### DRIVE

Also included in this block is the cost of implementing the County’s revised pay-for-performance system – DRIVE (Deliver Responsive Individual Value-based Evaluations). The Board unanimously adopted a resolution directing staff to develop a revised system and this system has been developed over the past two and one half years involving

### FY 2009-2013 Budget Initiatives - Building Blocks



hundreds of County employees. This system will be implemented on October 1, 2008 and this is the funding necessary to fulfill the Board’s direction and fund the new system. The adopted budget does not recommend a salary increase above DRIVE – no market adjustment/cost of living increase. This means that employees who fully and completely perform their job according to the goals set for them will receive a 3% increase to their current salary in FY 2009.

**Adult Detention Center**

This block provides staffing for the opening of an additional 200 beds at the ADC, as well as other means for dealing with the growing incarcerated adult population. During the past year, the facility was over its rated capacity every day. Funding to deal with this constantly expanding ADC population is included in the form of additional staff for the 200 bed expansion (scheduled to open in November 2008), medical expenses, farm-outs (paying other facilities to house our prisoners) and day-to-day operating expenses. The staff associated with the opening of the fully functional expanded ADC is included in the Five-Year Plan.

**Transportation**

The 2012 Strategic Plan focus groups indicated that roads are the number one concern of Prince William County residents. This is further evidenced by a citizen satisfaction

rate which shows that in 2007 only 46.9% of citizens were satisfied with the ease of getting around the County.

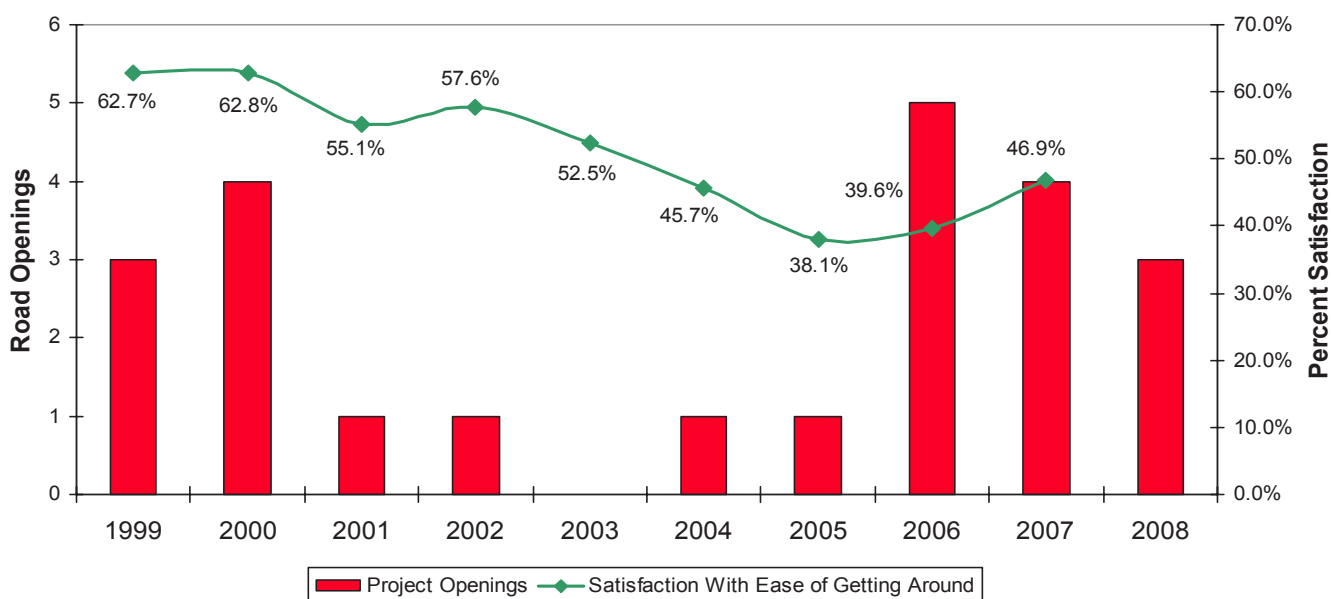
In FY 2009, we adopt improving transportation by continuing construction on the 1998 and 2002 Road Bond Referenda and continue projects from the \$300 million November 2006 referendum, specifically \$38.8 million for Route 1 in the east and Route 15 in the west. In addition, recordation tax, down \$5.6 million from a year ago, will help fund debt service on \$28.8 million of Virginia Resources Authority Bonds for Linton Hall Road and Spriggs Road and the Transportation and Road Improvement Program (TRIP).

The adopted FY 2009 Fiscal Plan contains \$42.8 million in cash funding for County road projects and \$25 million in debt service for road projects. This significant investment in transportation is adopted to improve citizen’s satisfaction with getting around in the County.

**Parks and Recreation**

For parks and recreation this adopted budget includes compensation increases for staff, increased capital maintenance funds, support the GASB 45 funding requirement, increased funding fuel and utility increases and debt service and operating expenses for the park referendum (\$27 million) approved in November 2006. The

**Road Openings and Citizen Satisfaction with Getting Around PWC**



Park Authority is implementing revenue enhancements for: golf, sports fields, camps, community aquatics and fitness programs at its centers.

**Building Block #2**

Block #2 includes the items and initiatives in the Five-Year Plan adopted unanimously by the Board a year ago.

**Public Safety Staffing**

This block includes the staffing plans in both the Police and Fire & Rescue departments. The Board approved 25 officers and 4 civilians in the Police Department, of which 20 are in Operations. In the Fire & Rescue Department, the Board approved 21 uniformed and 3 civilian as part of the Board approved staffing plan. The Five-Year Plan funds continuation of the staffing plans for the Police and Fire & Rescue of 145 and 148, respectively.



Due to increased workload from arrests and a growing court docket there is additional staffing adopted in this budget for the Sheriff’s Office, Office of Criminal Justice Services (OCJS) and Juvenile Court Service Unit (JCSU). The Sheriff’s Office will receive two Deputies which will be assigned to transportation and warrants. OCJS will receive two probation officers, one Pretrial interviewer and one Pretrial Intensive Supervision position. JCSU will receive an additional Juvenile Probation Officer position for Intensive Supervision Services.

In addition, the increased public safety staffing will generate the need for additional Fleet expenses to maintain new and existing equipment.

**Human Services**

We continue to see demand for services to help the elderly, the mentally retarded and mentally ill, at-risk youth and low income families.

This adopted budget:

- Increases funding for At-Risk Youth and Family Services
- Increases hours of psychiatric care to the severely mentally ill clients
- Increases services for the elderly
- Increases staffing for Child Protective Services and Foster Care
- Increases resources for tuberculosis outreach and treatment

In the Department of Social Services, we have reduced County tax support for the agency by \$1,185,212 by recognizing increased revenue from a variety of sources.

In Public Health, this adopted budget eliminates the \$462,375 service contribution to the Community Health Center.

In Community Services, we funded two items costing a total of \$318,000. The first creates three staff positions, two therapists and one psychiatrist, to help provide case management services to seriously mentally ill clients in the community. The second provides funding to support urgent needs for mentally retarded clients.

In the Area Agency on Aging, the adopted budget includes shifting funding saved from the reduction of one Social Worker I position to the In-Home Services activity. This funding shift will reduce the In-Home Services waiting list from 24 to 19. The five waiting list clients who are classified as homebound will now be able to receive personal care, homemaker and/or bathing services in their home.



## **Building Block #3**

Block #3 funds the initiatives generated from report recommendations from the Line of Duty Death of a County fire fighter, discussed earlier in this letter.

The staffing increases in FY 2009 should be viewed as a down payment on the commitment of this community to address the recommendations in the report. The adopted budget includes adding 23 staff in response to recommendations and proposes an additional 93 positions over the Five-Year Plan.

## **Building Block #4**

Block #4 includes initiatives resulting from two Board adopted resolutions to deal with the issue of illegal immigration in the County, discussed earlier in this letter.

This includes additional staffing plans and other resources for Police and ADC specifically:

- Increased Police patrol staffing
- Increased ADC staffing
- Farming out of prisoners

## **Education**

Education is one of the Board's Strategic Goal priorities and one of the areas that citizens said was most important in our 2007 Citizen Survey. Over the years, the Board of County Supervisors has demonstrated a strong commitment to quality public schools in Prince William County. The Schools also face issues that they must address including:

- Growing student enrollment
- External funding pressures
- Maintaining competitive wages and benefits
- Restoration of some FY 2008 budget cuts
- Opening two new schools and the Edward L. Kelly Leadership Center
- Continued implementation of the International Baccalaureate to eight elementary schools
- Implementation of Internal Audit function

In FY 2009, the School's adopted budget accommodates a student membership increase of 1,900 and continues

scheduled repair and renewal projects. The School's adopted budget funds salary increases for all teachers, which includes 3% for step increases and 3% for cost-of-living adjustments.

The School's Five-Year Budget Plan continues to focus resources on the most critical school needs including:

- Accommodating a student membership increase of 8,700
- Construction of six new schools
- Replacement of four schools
- \$138 million for scheduled repair and renewal projects
- Funding for infrastructure for voice, data and video

## **Attract and Retain Quality Employees**

In the adopted Five-Year Plan, we maintain our progress toward attracting and retaining quality County employees. The Board maintains its compensation policy to have County average starting salaries be equal to the average starting salaries of our comparison jurisdictions - Fairfax County, Arlington County and the City of Alexandria.

In FY 2009, we achieve Board policy through the first year implementation of the DRIVE/pay-for-performance system, but without a market pay adjustment. The adopted Five-Year Plan includes a 2.0% market adjustment for each year FY 2010-2013, plus pay-for-performance in FY 2009-2013. The adopted budget funds increases in employee health and dental insurance.

## **Conclusion**

The adopted General Fund budget totals \$893.9 million, including the school transfer. This is an increase of 3.87% from FY 2008. The total County General Fund budget excluding schools is \$460.2 million, a 2.27% increase from FY 2008. The transfer to the Schools is \$433.7 million, an increase of 5.62%. We believe this adopted budget implements the Board's policy.

In closing, let me thank the Budget and Analysis office and Agency staff for their tireless efforts to produce this budget and to ensure that our proposals are in keeping with the Board's and community's policies and direction.



As such, we are confident that this adopted Five-Year Plan addresses many of the Board's and the community's priorities. We also believe it lays the groundwork for community discussion during the upcoming budget deliberations.

The adopting of the budget is the last milestone in one budget process and the first milestone in the next. We know that there are particular issues that will require additional work as we move forward. We welcome discussing the impact of this budget with you and the citizens, and as always, we are committed to providing support to the Board on all budget matters throughout the year.

Sincerely,



Craig S. Gerhart  
County Executive



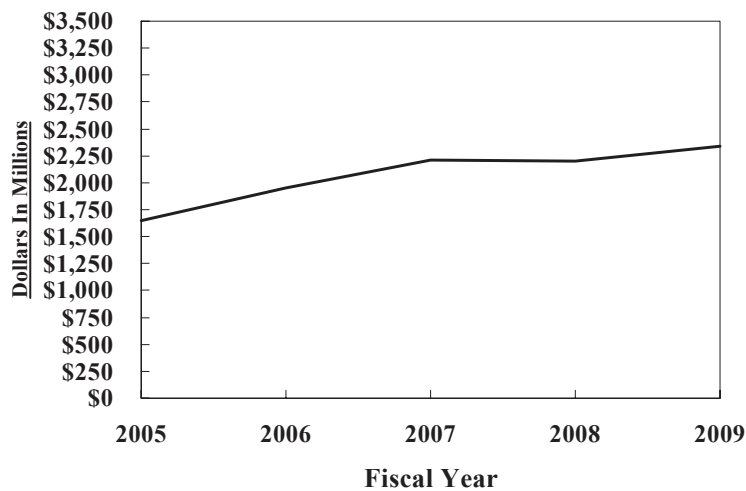
# All Funds Expenditure Budget and General Fund Expenditures

The total FY 09 Adopted All Funds budget is \$2.199 billion as shown below. This is a decrease of -0.69% from the FY 08 Adopted Total.

## All Funds Expenditure Summary

Funding Area	FY 05 Adopted Budget	FY 06 Adopted Budget	FY 07 Adopted Budget	FY 08 Adopted Budget	FY 09 Adopted Budget	% Change 08 To 09
General Fund	\$680,971,398	\$765,242,298	\$857,264,992	\$860,611,261	\$893,923,943	3.87%
Special Revenue Fund	\$58,757,625	\$64,400,922	\$70,579,876	\$74,289,799	\$94,073,890	26.63%
Capital Projects Fund	\$46,150,009	\$108,556,646	\$68,411,017	\$54,428,450	\$70,127,588	28.84%
Enterprise Fund	\$12,549,017	\$21,508,732	\$14,412,172	\$17,151,728	\$17,839,070	4.01%
Internal Service Fund	\$42,776,494	\$50,664,684	\$56,016,321	\$60,774,314	\$61,522,950	1.23%
Fire & Rescue Levy Fund	\$22,868,052	\$24,101,119	\$28,493,503	\$26,948,237	\$28,407,455	5.41%
Schools	\$781,208,676	\$915,516,154	\$1,118,696,340	\$1,104,415,824	\$1,174,770,049	6.37%
<b>Total All Funds</b>	<b>\$1,645,281,271</b>	<b>\$1,949,990,555</b>	<b>\$2,213,874,221</b>	<b>\$2,198,619,613</b>	<b>\$2,340,664,945</b>	<b>6.46%</b>

## All Funds Expenditure Budget History



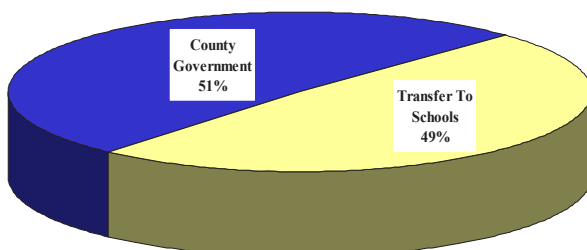
Note: All Years Adopted

The two major components of General Fund expenditures are the Prince William County Government and the local share of the Prince William County Schools System's budget. Shown below are the expenditure levels adopted for FY 08 and adopted for FY 09 for those two areas.

## General Fund Expenditures

Funding Area	FY 08 Adopted	FY 09 Adopted	Dollar Change	Percent Change
County Government	\$450,012,296	\$460,229,660	\$10,217,364	2.27%
Transfer To Schools	\$410,598,965	\$433,694,283	\$23,095,318	5.62%
<b>Total General Fund</b>	<b>\$860,611,261</b>	<b>\$893,923,943</b>	<b>\$33,312,682</b>	<b>3.87%</b>

Fiscal Year 2009 Adopted General Fund Budget



Fiscal Year 2008 Adopted General Fund Budget

