

**McLean Citizens Association
Resolution
Fairfax County Budget—FY 2008**

WHEREAS, the Advertised Fiscal Year (FY) 2008 Budget Plan continues the practice of using the “Revised” Budget Plan totals as the baseline for calculation and comparison of the Percent Increase/Decrease in proposed spending; and

WHEREAS, use of the “Revised” Budget Plan totals in the Advertised FY Budget Plan instead of the Adopted Budget Plan understates the actual percent increase in spending in the Advertised Budget Plan from the previous FY totals, thereby misleading the public; and

WHEREAS, the Adopted FY budget has, at least for the last seven years, underestimated County revenues, such that the Board of Supervisors’ annual third quarter reviews have resulted in revenue surpluses and subsequent spending increases above the Adopted Budget Plan; and

WHEREAS, the County is proposing to continue to collect less than 100% of costs by providing a \$9.5 M taxpayer subsidy to the real estate development industry in the form of real estate service fees for land development and zoning services set below cost. This subsidy pushes taxpayer subsidies for these services to more than \$50 million since fiscal 2003;¹ and

WHEREAS, a report from the Commonwealth of Virginia reveals that Fairfax County, despite having a greater population than either Prince William or Loudon Counties, collected substantially less in cash proffers from developers than those counties during fiscal 2006 (the last reported year). Fairfax County collected only \$ 8.281 M; Chesterfield County collected \$6.575 M; Loudoun County collected \$13.280 M; and Prince William collected \$25.171 M.² This troubling performance continues; and

WHEREAS, real estate development firms do not pay impact fees and pay cash proffers in lower amounts than are paid in smaller, surrounding counties, the costs for added development, both in terms of over-utilized or deficient facilities, especially public schools and transportation facilities, and higher taxes to pay for needed public infrastructure are passed along to residential and small business taxpayers; and

WHEREAS, the County also proposes to continue taxpayer subsidies to the real estate development and commercial real estate industries in the form of funding the Economic Development Authority (EDA), despite the fact that, in most areas of the nation, those marketing expenses are paid by the private sector; and

¹ Response of Fairfax County to an information request from the McLean Citizens Association and review against current budget.

² Commission on Local Government Commonwealth of Virginia, “Report on Proffered Cash Payments and Expenditures By Virginia’s Counties, Cities and Towns 2005-2006.”

WHEREAS, the County budget provides \$64.9 million for its obligations to Metrorail and Metrobus operations, an increase of at least 7% over the previous year; and

WHEREAS, citizen involvement in the budget process is important to good government, so that it is important for the Board of Supervisors to create a mechanism for formal citizen involvement in the establishment of the County's budget priorities such as through the reestablishment of the Citizens Budget Oversight Committee; and

WHEREAS, the Advertised Budget Plan would set aside \$8.2 million for post-retirement healthcare benefits, as a means of funding Fairfax County's \$191 million actuarial accrued liability to conform to the requirements of Government Accounting Standards Board (GASB) 45, and Fairfax County Public Schools report an accrued liability of \$250 million, if funded, and a reserve of only \$18.5 million. Moreover, because Fairfax County and its public school system provide for a defined healthcare benefits plan, the strong likelihood exists that at the next valuation and adjustment period the total unfunded liability will increase.

NOW, THEREFORE, BE IT RESOLVED THAT THE MCA:

- 1) Strongly urges the Board of Supervisors to set the tax rate for FY 2008, and subsequent years, with the full recognition that the County regularly receives revenues that exceed budget projections. In order to encourage more accurate forecasting, the Board of Supervisors should not use any such additional funds for supplemental appropriations. Rather, any additional revenues should be placed in the County's "rainy day fund."
- 2) Recommends to the Board of Supervisors that it achieve spending reductions by:
 - a) Eliminating the taxpayer subsidy (\$6.6 M) to the real estate industry in the form of County funding of the EDA;
 - b) Outsourcing administrative and support functions whenever cost savings can be obtained, while providing vigorous oversight to such contracts; and
 - c) Providing stronger oversight to the Washington Metropolitan Area Transit Authority, which often appears to lack strong and effective management and generally fails to outsource services, when those services can be provided more cheaply than by its own employees;
- 3) Strongly urges the elimination of other taxpayer subsidies to the real estate development industry by increasing County fees for land development services (permits, plans and inspections) and zoning services to levels that recover all of their costs, rather than requiring taxpayers to subsidize those services by \$9.5 M, as advertised by the proposed FY 2008 budget.
- 4) Strongly urges that Fairfax County improve its relatively poor performance record vis a vis nearby counties in negotiating and collecting cash proffers from real estate developers for the total incremental capital costs of additional public infrastructure

necessitated by both residential and commercial development. Additionally, the Board of Supervisors should exercise its existing statutory authority to impose cost-based, development impact fees for transportation³ and to seek legislative authority to impose cost-based, development impact fees for schools, fire, rescue, public safety, libraries, parks, recreation, open space, community centers, storm water management, and affordable housing.

- 5) Strongly urges the Board of Supervisors to reestablish the Citizens Budget Oversight Committee, with a representative from each district, to follow the budget process, look at long-range trends, and submit recommendations on important Budget issues, including spending priorities, to the Board of Supervisors for their consideration.
- 6) Strongly urges that the Board of Supervisors reorganize County functions and responsibilities for financial management such that an Office of Financial Management is established to provide financial reporting, treasury and auditing activities for all County (school and government) operations. The Office of Financial Management should report to the Board of Supervisors, and to the extent that such reorganization requires a statutory change, the County should seek appropriate legislative authority to implement this recommendation. The Office of Financial Management should aggressively focus on reducing the cost of delivering quality services to the County's residents.
- 7) Strongly urges that the County stop comparing proposed spending increases only to the prior year's spending levels adjusted for the annual third quarter budget review and begin listing a comparison of the proposed spending increases to the prior year's adopted spending level.
- 8) Strongly urges the Board of Supervisors to reexamine the current post-retirement healthcare benefits plan and to set aside funds at a sufficient annual level to comply with GASB 45 requirements and to include in its reexamination a strong consideration of moving toward the adoption of a defined contribution plan to replace the current defined benefits plan.

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³ See Virginia Code §§15.2-2317 *et seq.*