

**McLean Citizens Association  
Board of Directors Meeting  
April 1, 2015**

**Officers (6)**

President	Sally Horn	Present
First Vice President	Glenn Harris	Absent (exc)
Second Vice President	Armand Weiss	Present
Treasurer	Bill Crosby	Present
Recording Secretary	Kate Probst	Present
Corresponding Secretary	Marisa Zalmanis	Present

**Board Members Representing Associations (19)**

John Adams	Georgetown Pike & Potomac River	Present
Donald Borcharding	Brookhaven Forest Villa	Absent/exc. Bill Walsh sub
Steve DelBianco	Franklin Area	Absent (exc)
Louis (Bud) Freeman	McLean House North Council	Present
Jane Greenstein	Chesterford	Present
Francesca Gutowski	Lynwood	Present
Bonnie Heebner	Madison of McLean	Present
Ron Hutchinson	Evermay	Present
Robert Heilen	Pimmit Hills	Present
Bruce Jones	Lemon Road	Present
David Pritchett	Treeline	Present
Jim Robertson	Evans Mill Pond	Present
Suzanne Samuels	Langley Oaks	Absent (exc)
John Schaefer	McLean Broyhill Estates	Absent (exc)
Behram Shroff	McLean Hamlet	Present
Dale Stein	Millwood of McLean	Present
Jim Turner	McLean Hunt	Present
David Wuehrmann	Ellison Heights-Mt. Daniel	Present
Betty Yu	Kirby Road	Present

**Board Members At-Large (14)**

Ted Alexander	Present
Roshan Badii	Absent (exc)
Jeff Barnett	Present
Tom Brock	Present
Frank Crandall	Present
Andrea del Vecchio	Present
Louise Epstein	Present
Darren Ewing	Present
Animesh Gupta	Present
Rob Jackson	Present
James Phelps	Present
Jane Scott-Jones	Present
Patrick Smaldore	Present
Mark Zetts	Present

# **McLean Citizens Association Board of Directors Meeting**

**April 1, 2015 Minutes**

Guests who signed in: Mae Moosavi, Marydor LeDonne, LEPPDC, Robert Heilen, PHCA, Merrily Pierce, MCA, Paul Kohlenberger, McLean Historical Society & MCC Governing Board, and Brian Trompeter, Sun Gazette.

## **Call to Order**

Ms. Horn called the meeting to order at 7:30 pm, verified there was a quorum, and reminded everyone to sign in. Ms. Horn welcomed the alternates who are here tonight, as well as guests.

## **Approval of November Minutes**

The March minutes were unanimously approved by a voice vote.

## **Report of the Treasurer**

The March Treasurer's report was unanimously approved by a voice vote. Bill Crosby also provided a preliminary draft of the annual treasurer's report for this year to the Board, as well as the proposed MCA budget for next year. The draft budget was approved unanimously by a voice vote.

## **Report of President/Executive Committee**

Ms. Horn provided a number of updates to the Board.

### *Upcoming meetings*

April 29<sup>th</sup> – MCA is hosting a meeting with County staff where they will be talking about the proposed noise ordinance;

May 16<sup>th</sup> is McLean Day; and

May 27<sup>th</sup> is the annual MCA meeting.

### *Nominating Committee*

Jim Phelps reminded Board members to get their applications in ASAP if they want to be on the Board next year.

### *New Board Member*

Ms. Horn noted that we have two HOAs whose members have resigned. The Board approved Robert Heilen Bob as a new Board member from Pimmit Hills by a voice vote, with one opposed and two abstentions.

## Budget and Taxation

Ms. Horn reported that there are three resolutions before the Board tonight and introduced Dale Stein to present the resolutions.

### *Resolution regarding the Advertised 2016 Budget (Budget)*

Dale Stein characterized the Budget as a compromise among Fairfax County (County) stakeholders, and said that the Budget & Taxation Committee recommends supporting it.

Mr. Stein provided a brief overview of the Budget, including:

- Total - \$3.1 billion, up \$99 million, or 2.6% from the prior year's budget;
- Transfer to the Fairfax County Public Schools (FCPS) - \$1.825 billion to the Operating Funds and \$187 million for debt service;
- Real Estate Taxes - no change in the residential real estate tax rate of \$1.09 per dollar of assessed value – but recognition that a 3.4% increase in residential property values would increase property tax payments about \$185 per household on average.

The resolution prepared by the Budget & Taxation Committee includes the following:

- Balanced Budget - Commended the County Executive and the Superintendent of FCPS for putting forward a balanced Budget without use of one-time, non-recurring funds to pay for recurring costs;
- Transfer to FCPS - Endorsed the proposed transfer to the FCPS Operating Fund;
- Allocation of Surplus Funds - Urged that any surplus funds which become available for FY 2016 and which were not in the Budget be allocated evenly between the County and FCPS;
- Use of the County's Share of Surplus Funds - Urged that the County's share should be used, in order, to (1) restore funding to enforce County Codes, including grass height, (2) increase funding to enforce the Occupancy Code, (3) restore library hours and staffing, and (4) address deferred maintenance at parks;
- Revenue Sources – Urged the County to (1) broaden and diversify its revenue sources by seeking more favorable allocations of funds from the State to the County, including a revision of the formula for the LCI, (2) seek legal authority to increase certain local taxes like hotel occupancy and cigarette taxes, (3) work toward a referendum for a meals tax, and (4) review County fees to ensure that they fully cover the County's out of pocket costs.

Ms. Horn then opened the floor to questions of clarification. There were a number of questions about the resolution. Following the questions for clarification, Ms. Horn asked for any modifications or amendments. A number of friendly amendments were introduced to clarify the resolution and were adopted. In addition, it was agreed that the Committee would rework lines 32 – 34 to make the points of those lines clearer.

Tom Brock made a motion to delete the “whereas” clauses from lines 85 – 97 and the corresponding “resolved” clauses. The motion failed with 2 in favor, 23 opposed, and 6 abstentions.

Bill Crosby made a motion to revise the proposed resolution to add four whereas clauses and a resolved clause to decrease the residential real estate tax rate from \$1.09 per \$100 of assessed value to \$1.08 per \$100 of assessed value. The motion failed with 7 in favor, 22 opposed, and 5 abstentions.

The Board voted to approve the Resolution as amended, with 28 in favor, 3 opposed, and 2 abstentions.

### *Resolution on Determination of Pension Obligations*

Mr. Stein provided information regarding some of the assumptions the County has been making to calculate its obligations to its pension plans which have lowered the reported amounts of those obligations and lowered the reported under-funding of the pension plans. The County is reversing these assumptions over three years. The County’s actuarial firm, a second actuarial firm, and a public accounting firm reported no adverse findings in their public reports of the pension plans and made no public references to these assumptions; presumably they were not material, were open to interpretation, or were otherwise acceptable. The proposed resolution urges the Board of Supervisors to engage another actuarial firm to review the calculation of the amounts of the County’s pension obligations.

Separately, the resolution urges the Board of Supervisors to (1) continue to enhance the accuracy and transparency of the County’s financial statements, (2) establish a policy to change financial service providers periodically to gain the benefits of different skill sets and perspectives and to retain arms-length independence, and (3) replace its current actuarial firm which has been providing this service for 28 years.

Ms. Horn opened the floor to questions of clarification. There were no proposed amendments to the resolution. The Board voted to approve the Resolution with 30 in favor, 1 opposed, and 1 abstention.

### *Resolution regarding Pension Plans and Costs*

Mr. Stein reported that the County has three pensions plans for which it is responsible.

Total obligation as of June 30, 2104 is \$10.7 billion, against investments of \$8.3 billion, leaving a gap of \$2.4 billion in today’s dollars. The resolution calls on the County to put in place for new employees only a retirement system that is similar in cost to the Virginia Retirement System (VRS) which is less expensive than the plan for current employees.

Ms. Horn opened the floor to questions of clarification, and then asked if there were any amendments; there were none. The Board voted to approve the Resolution with 30 in favor and 1 opposed.

## **Education and Youth**

Louise Epstein reported that the E&Y committee participated in the Budget Committee's resolution process. Ms. Horn reminded everyone that April 17 is the deadline for teen character award applications.

## **Environment, Parks & Rec.**

Merrily Pierce reported that the MCA co-hosted, with the County Tree Commission, the McLean Trees Foundation and the Virginia Cooperative Extension, a very successful tree forum on March 24<sup>th</sup>; a lot of information was provided, and there was a good turnout. She noted that some people there expressed concern about the Dead Run Stream restoration project and she encouraged those residents to participate in the EP&R Committee in coming months as the committee works with County staff on the project.

## **Membership**

Armand Weiss reported that the MCA currently has 673 members, the highest number since he has been on the Board! He reminded the Board that McLean Day is May 16<sup>th</sup>, and thanked all those who have agreed to volunteer at the MCA booth – all the timeslots have been filled. If anyone else wants to volunteer, please contact Animesh Gupta. Dr. Weiss also asked all Committee chairs to please get any committee updates to Animesh Gupta or Patrick Smaldore as soon as possible. Dr. Weiss announced that we have decided to order MCA t-shirts for any who want them, and that we will also order some extra to give to speakers, those who get the teen character award, etc. He passed around a sign-up sheet to the Board so that Board members could order a t-shirt if they want to. Please email Dr. Weiss at [aiboss@aol.com](mailto:aiboss@aol.com), if you would like to order a t-shirt (the cost is \$15.)

## **Planning and Zoning**

Mark Zetts reported that P& Z did not meet this month. He announced that there will be two presentations at the next P&Z meeting, one regarding the proposed renovation of the MCC, and the other related to a Montessori school on Chain Bridge Road.

Mr. Zetts gave a very informative presentation on the proposed Noise Ordinance Amendment to the Board. He played some audio waveforms through an amplified speaker to demonstrate the various sound dB levels that would be permitted under the ordinance. The Board of Supervisors will hold a public hearing on the Noise Ordinance Amendment on May 12.

## **Transportation**

Jim Phelps reported that the Committee met to discuss issues related to noise at National Airport, and this is likely to continue to be on the agenda for the

Transportation Committee.

### **Tysons Liaison**

Rob Jackson reported that the Committee met with representatives from the Fairfax County Parks Authority regarding parks, open space, and recreational facilities for Tysons. The Committee was shown the plans for parks in the Tysons development area, as well as the location of the walking trails. We emphasized the need for connectivity between Tysons and the surrounding communities, and also the desire of the neighboring communities to see the locations of the parks that have been implemented on the County's Tyson's webpages. Mr. Jackson received a compliment from Parks executive Sandra Stallman, who said that the MCA really made a difference ensuring the inclusion of parks and recreational facilities within Tysons. Ms. Horn mentioned that she went to the Tysons Partnership board meeting, and that it is clear that the developers and landowners understand that they need to build a vibrant community with adequate amenities. The Tysons Liaison Committee will be meeting on April 16<sup>th</sup> with Greater Tysons Citizens Coalition and with representatives from the FCPS. On June 8 the County is planning to have an open house for Tysons.

**Public Safety Liaison – no report.**

**MCC Liaison – no report.**

**McLean Planning Committee – no report**

**McLean Revitalization Corporation - no report**

### **Fifty-Plus Liaison**

**Fifty-Plus Liaison** Jim Phelps reported that the County 911 office is evaluating the "SMART911" software. The County 911 office briefed the Fairfax County Long Term Care Coordinating Council on the status of current system and detailed some reservations they had about the specific "SMART911" software. The 911 office has embraced the "SMART911" concept and has made significant progress in implementing their own solution. He said he does not think that the MCA needs to weigh in on this issue.

**Old Business/New Business – nothing to report.**

### **Adjournment**

The meeting was adjourned at 10:20 pm.

**The next MCA Board meeting date is May 6, 2015 at 7:30 pm  
at the McLean Community Center**

# McLEAN CITIZENS ASSOCIATION

## TREASURER'S REPORT

1-Apr-15

Checking Account					
	DATE	CHECK #	DESCRIPTION	AMOUNT	BALANCE
<b>Beginning Balance</b>	3/4/2015				<b>\$9,355.52</b>
<b>Additions</b>					
	3/9/15		Dues (Checks)	\$375.00	
	Various dates 3/3/15 through 3/26/15		Dues (Paypal)	\$235.87	
			Total: Additions	\$610.87	<b>\$9,966.39</b>
<b>Deductions</b>					
	3/5/15	1232	KKP Business Solutions for budget and tree flyer mailings	\$303.43	
			Total: Deductions	\$303.43	
			Checking Total Current Value		<b>\$9,662.96</b>
Certificates of Deposit					
CD NUMBER	RATE	REPORT DATE	MATURES	AMOUNT	
3000102773	APY .8%	2/6/15	1/17/17	\$5,947.55	
3000102774	APY .3%	2/20/25	3/2/15	\$5,777.00	
3000103064	APY .3%	2/2/15	6/12/15	\$5,946.73	
			CD Total Current Value		<b>\$17,671.28</b>
			<b>Net Worth (Checking+CD)</b>		<b>\$27,334.24</b>

Checking account and certificates of deposit are at SONA Bank in McLean.

Respectfully submitted,  
Bill Crosby, Treasurer

May 7, 2014 through March 26, 2015

Checking Account					
	DATE		DESCRIPTION	AMOUNT	BALANCE
<b>Beginning Balance</b>	5/7/2014				<b>\$12,760.36</b>
<b>Additions</b>					
			Dues	\$7,654.48	
			Reimbursement for half of debate cards	\$37.20	
			Centennial ticket sales	\$3,065.00	
			MCA History book sales	\$180.50	
			Receipts for sale of excess Centennial beer and wine	\$356.83	
			Returned deposit from MCC for Centennial	\$100.00	
			Total: Additions	\$11,394.01	<b>\$24,154.37</b>
<b>Deductions</b>					
			Community support	\$1,275.66	
			Centennial	\$6,341.91	
			Mailing costs	\$5,415.35	
			Administrative	\$366.62	
			Insurance	\$500.00	
			History Booklets	\$591.87	
			Total: Deductions	\$14,491.41	
			Checking Total Current Value		<b>\$9,662.96</b>
<b>Certificates of Deposit</b>					
CD NUMBER	RATE	REPORT DATE	MATURES	AMOUNT	
3000102773	APY .8%	2/6/15	1/17/17	\$5,947.55	
3000102774	APY .3%	2/20/15	3/2/15	\$5,777.00	
3000103064	APY .3%	2/2/15	6/12/15	\$5,946.73	
			CD Total Current Value		<b>\$17,671.28</b>
			<b>Net Worth (Checking+CD)</b>		<b>\$27,334.24</b>

Checking account and certificates of deposit are at SONA Bank in McLean.

Respectfully submitted,  
Bill Crosby, Treasurer

**PRELIMINARY DRAFT  
MCLEAN CITIZENS ASSOCIATION**

**BUDGET JUNE 1, 2015-MAY 31, 2016**

**REVENUES AND ASSETS**

	<b>2013-14 Actual Budget (5/1/13-5/7/14)</b>	<b>2014-15 Actual Budget (5/7/14-3/26/15)</b>	<b>2015-16 Estimated Budget</b>
<b>Dues</b>	\$13,362.04	\$7,654.48	\$10,000.00
<b>Checking Account (balance)</b>	\$12,760.36	\$9,622.96	\$10,000.00
<b>Certificates of Deposit</b>	\$17,583.90	\$17,671.28	\$17,750.00
<b>NET ASSETS</b>	\$30,344.26	\$27,334.24	\$30,000.00

**Expenditures**

	<b>2013-14 Actual (5/1/13-5/7/14)</b>	<b>2014-15 Actual (5/7/14-3/26/15)</b>	<b>Budget</b>
<b>Mailing Costs</b>	\$8,598.36	\$5,415.35	\$4,000.00*
<b>Insurance</b>	\$1,166.00	\$500.00	\$1,200.00
<b>Community Support</b>	\$1,754.54	\$1,275.66	\$1,400.00
<b>Administrative</b>	\$342.24	\$366.62	\$ 360.00
<b>Various each year</b>	Website Maintenance \$71.88	History Booklets \$591.87	Orientation Meeting and Meal \$500.00
<b>Centennial Celebration</b>	-	\$6,341.91	-
<b>Total</b>	<b>\$11,933.02</b>	<b>\$14,491.41</b>	<b>\$7,460.00</b>

Explanatory Notes: \* Assumes: 2 “snail” mail mailings -- dues renewal and annual meeting -- to all members (approximately \$1,200 per group mailing) and 8 additional “snail” mailings to individual members who opted out of email communications (approximately \$200 per mailing).



**McLean Citizens Association Resolution  
Fairfax County Pension Plans and Their Costs  
April 1, 2015**

**Whereas**, Fairfax County continues to organize its finances in pursuit of a balance among its best possible bond rating, constrained taxes, an effective workforce, and effectively managed resources, to attain better outcomes as objectively assessed; and

**Whereas**, Fairfax County (County) directly manages and funds three separate pension plans, and a total of 28,977 active, retired, and terminated employees (Participants) are entitled to pensions under these plans as of June 30, 2014:

1. County Employees – 23,520 Participants
2. Police Officers – 2,266 sworn police officer Participants
3. Uniformed – 3,011 Participants mainly in Fire and Rescue and Sheriff's Departments; and

**Whereas**, the County indirectly funds the Educational Employees' Supplementary Retirement System for 35,308 full time Fairfax County Public School Participants; and

**Whereas**, as of June 30, 2014, these pension plans have obligations of \$10.7 billion to their Participants, have investments totaling \$8.3 billion to cover these obligations, and are under-funded by \$2.4 billion in today's dollars; and

<u>Pension Plans</u>	<u>Amounts in Billions of Dollars</u>		
	<u>Obligations</u>	<u>Investments</u>	<u>Under-Funded</u>
<b>County Employees</b>	4.8	3.6	1.2
<b>Police</b>	1.4	1.2	0.2
<b>Uniformed</b>	<u>1.8</u>	<u>1.5</u>	<u>0.3</u>
<b>Subtotal</b>	8.0	6.3	1.7
<b>Educational Supplement</b>	<u>2.7</u>	<u>2.0</u>	<u>0.6</u>
<b>Total</b>	<b><u>10.7</u></b>	<b><u>8.3</u></b>	<b><u>2.4</u></b>

**Whereas**, the plans' obligations, shown above, will continue to grow annually as the numbers of Participants continue to grow and earn additional benefits; and

**Whereas**, over the last 10 years, obligations grew from \$6.0 to \$10.7 billion, investments grew from \$5.1 to \$8.3 billion, and under-funding grew from \$0.9 to \$2.4 billion; and

**Whereas**, the plans' obligations to their Participants will also continue to grow as the Participants live longer and continue to receive payments; and

**Whereas**, new life expectancy assumptions, issued in 2014, are likely to replace the year 2000 assumptions that are currently used and to become effective in 2016 or 2017; and

**Whereas**, these newer assumptions show that people are living longer and are estimated to increase pension plan obligations by between 3% and 8%, depending on Participant demographics, resulting in an increase of \$320 million to \$850 million for the County based on the amounts shown above, adding further to the current under-funding; and

**Whereas**, the County contributed directly and indirectly to the four plans cited above approximately \$293 million in FY 2014, compared to approximately \$121 million in FY 2004, and the annual contributions will continue to increase; and

**Whereas**, the County's contributions of approximately \$293 million to these plans in FY 2014, compare to its Actuarial Required Contribution totaling \$343 million, a shortfall of \$50 million; and

**Whereas**, County expenditures are increasing for core governmental services, such as public safety, education and infrastructure, and the County FY 2016 and FY 2017 Advertised Budgets emphasize the inability to fund all of the County's priorities; and

**Whereas**, the County's \$293 million contribution toward pensions competes with the County's other priorities for General Revenue funds; and

**Whereas**, the Fairfax County Retirement Policy as revised in January 2001 states that "The goal for income placement at retirement is to replace disposable income at retirement – net take home pay. Usually this means replacing between 60% to 80% of final pay;" and

**Whereas**, Aon Hewitt was engaged by the County to review County pension plans and reported in 2012 that the County Employees' pension plan provides benefits which exceed the minimum retirement income needed to support the retirees' current lifestyles in retirement, and are the most generous in the study's peer group; and

**Whereas**, the high and growing cost of funding traditional pension plans has caused private industry and governmental entities to replace their plans with 401(k)-type plans or hybrid pension/401(k)-type (hybrid) plans; and

**Whereas**, while in 1983, 62% of U.S. workers with retirement income benefits, including government and private industry, were covered by traditional pensions plans, by 2013 only 17% were covered by pension plans, 71% were covered by 401(k)-type plans, and the remaining 12% by hybrid plans; and

**Whereas**, since the 2008 financial crisis, six states, including Virginia, have replaced their pension plans with hybrid plans or with 401(k)-type plans; and

**Whereas**, the 1950 Code of Virginia requires every county, city, and town with a population of 5,000 or more to (a) provide a retirement allowance to its full time employees by participating directly in the Virginia Retirement System (VRS) or to (b) provide its own retirement system with retirement allowances to each employee who retires at age 65 or older which equal or exceed two-thirds of the allowance the employee would have received under the VRS; and

**Whereas**, the VRS (Plan 2) is a hybrid plan for new hires (as of July 2010) with (a) a pension plan to which the employees and employer make contributions, with less generous terms than the County's pension plans (for example a Rule of 90 instead of the County's Rule of 85 and no pre-Social Security supplement or DROP program), and (b) a 401(k)-type plan to which the employer and employees contribute; and

**Whereas**, for a typical County employee who retires at age 61 with a salary of \$65,000, the Aon Hewitt report cited a cost for the VRS approximately 62% lower than the cost of the County's Employee plan; and

**Whereas**, in 1987, the Federal Government revamped its civilian retirement system for new employees, the Federal Employee Retirement System, that includes Social Security benefits, a basic defined benefit plan to which employees and the employer make contributions, and a Thrift Savings Plan, which is comparable to a defined contribution, 401(k)-type plan; and

**Whereas**, a reduction in retirement benefits to new employees (and only new employees) could achieve benefits for the County, its employees, and the community, including

1. Savings - Savings to the County in the cost of funding retirement benefits for new employees,
2. Risk Mitigation – Reduction in the County's risk of credit rating agency downgrades,
3. Competition for Funds - Reduction in competition for funding between (a) annual pension fund contributions and (b) County services, education, and infrastructure,
4. More Competitive Salaries - Ability to redirect funding for compensation into higher priority, more competitive salaries for employees,
5. Mobility – Possibility of retirement benefits which younger employees may retain if they leave their County jobs before vesting, and
6. Taxes - Reduction in the pressure for real estate property tax increases paid by County residents; and

**Whereas**, Moody's assigns a Triple-A rating to County bonds but downgraded its "outlook" on the bonds to negative in 2014 and 2015 in part because the County has not made its full Actuarial Required Contributions to its pension plans since 2002, and the plans are underfunded, citing the relevant data used above,

**Now, therefore, be it resolved** that McLean Citizens Association urges the Board of Supervisors to establish retirement benefit plans for all new employees (but not existing employees) such that the net cost of those benefits to the County would be similar to those under the Virginia Retirement System hybrid pension plan and as a result would reduce the growth in the County's future obligations for retirement benefit payments; and

**Be it further resolved** that McLean Citizens Association urges the Board of Supervisors to determine and implement the optimal means to achieve the above cost savings by creating new defined benefit pension plans, or new hybrid defined benefit/defined contribution plans (such as the Federal Employee Retirement System), or new defined contribution 401(k)-type plans for new employees (but not existing employees).

*Approved by the MCA Board of Directors  
April 1, 2015*

---

McLean Citizens Association, PO Box 273, McLean, Virginia 22101

cc: Fairfax County Board of Supervisors  
John Foust, Dranesville District Supervisor  
Fairfax County Executive Edward Long  
Jane Edmondson, Chief of Staff to John Foust



**McLean Citizens Association Resolution  
Fairfax County Advertised FY 2016 Budget Plan  
April 1, 2015**

**Whereas**, Fairfax County (County) has advertised a budget plan for FY 2016 (Advertised Budget) under which the General Fund is balanced, between revenue and disbursements, at \$3.81 billion, an increase of 2.6% over the FY 2015 Adopted Budget Plan; and

**Whereas**, with respect to the General Fund, FY 2016 projected General Fund Revenue is \$98.8 million higher than the FY 2015 Adopted Budget Plan; and

**Whereas**, 63.9% of the General Fund Revenue is from real estate taxes (residential and non-residential), 15.3% from personal property taxes, and 20.8% from other sources, with no use of one-time balances; and

**Whereas**, the Advertised Budget assumes no change in the real estate tax rate of \$1.09 per \$100 of assessed value, overall residential property values increase by 3.4%, overall non-residential property values decline by 0.6%, and real estate taxes increase by \$185 per household on average in FY 2016; and

**Whereas**, even with no change in the real estate tax rate, the proposed FY 2016 Budget would constitute an effective tax increase of 2.4%, as defined by State law; and

**Whereas**, the Stormwater Service tax rate will increase by 0.0025% to 0.025%; and

**Whereas**, diversification and broadening of the County's Revenue sources could provide greater stability in funding for the County, meet the needs and opportunities of rapid urbanization, increasing population, and changing demographics, and lessen the pressure on residential real estate taxes; and

**Whereas**, opportunities for Revenue improvement include:

1. improved allocations of funds from the state to the County and Fairfax County Public Schools (FCPS), including a revision that is more favorable to FCPS of the State's Local Composite Index (LCI) formula used to determine the amount of state funds, per student,
2. higher hotel occupancy taxes paid by hotel patrons,
3. a higher cigarette tax consistent with the practice of surrounding localities,
4. a referendum for a modest meals tax, and
5. a reevaluation of user fees; and

**Whereas**, with respect to the FCPS system, the Board of Supervisors' Budget Guidance for FY 2016 (Budget Guidance) directed the County Executive to include an FY 2016 transfer of \$13.1 million to the School Construction Fund for Infrastructure Replacement and Upgrade projects; and

**Whereas**, the Budget Guidance, as amended, directed the County Executive to include an FY 2016 transfer to the School Operating Fund that was 3.2% higher than the FY 2015 transfer; and

**Whereas**, the County Executive's FY 2016 Budget Plan, presented February 17, 2015, included a 3.2% increase in the transfer to the FCPS Operating Fund and did not include a \$13.1 million transfer to the FCPS School Construction Fund for infrastructure replacement and upgrades; and

**Whereas**, the County, in its quarterly and year-end budget reviews, normally identifies additional funds available; and

**Whereas**, the County's FY 2015 third quarter review, presented to the Board of Supervisors on March 3, 2015, recommended using identified savings from FY 2015 to pay Business, Professional, and Occupational Licenses (BPOL) tax refund claims, to set aside \$14.9 million in reserves for future BPOL tax refunds, and to fund other expenses and reserves; and

**Whereas**, the County will consider its FY 2015 Carryover Budget Package in September 2015, which may identify additional savings from FY 2015; and

**Whereas**, the McLean Citizens Association is concerned that the continuation of the reduction in Library Services reflected in the Advertised Budget, including most importantly the continued reduction in hours of service and staff at libraries that serve low-income students, reduces those students' access to computers and resources necessary to succeed in school; and

**Whereas**, the McLean Citizens Association is concerned that deferral of maintenance at County parks, while necessary due to fiscal realities, nonetheless reduces the availability of sections of parks for recreational purposes by Fairfax County residents; and

**Whereas**, with respect to financial and rating agency matters, Moody's assigns a Triple-A rating to County bonds but has downgraded its "outlook" on the bonds to negative in 2014 and 2015 because of recent declines in the County's available cash reserves to below-average levels for other Triple-A rated entities and because the County has not made its full Actuarial Required Contributions (ARC) to its pension plans since 2002 and the plans are underfunded; and

**Whereas**, the County is strengthening its Committed Fund balances from 5% to 10% of General Fund disbursements and identifying other available cash reserves to meet unanticipated cash flow challenges and to protect its Triple-A credit ratings; and

**Whereas**, the County manages and funds, directly or indirectly, the Employee, Police, Uniformed and Education Supplemental pension plans covering approximately 64,000 active, retired, and terminated employees of the County and Schools, as described in a separate McLean Citizens Association resolution; and

**Whereas**, these pension plans are under-funded in the aggregate by \$2.4 billion; and

**Whereas**, the County contributed approximately \$293 million to these plans in FY 2014, compared to the ARC cited by Moody's totaling \$343 million, a shortfall of \$50 million; and

**Whereas**, the County's \$293 million annual pension contribution will continue to grow and increasingly compete with funding of core government services such as public safety, education, and infrastructure; and

**Whereas**, with respect to the enforcement of County Ordinances, the Advertised Budget provides funds for the enforcement of County ordinances to protect public health and safety and to maintain the community's quality of life; and

**Whereas**, however, there has been a substantial number of complaints by individuals and organizations that the County does not properly enforce the Occupancy Code limits on the number of people who may live in residential dwelling units and the Code's prohibition on the operation of illegal boarding houses, in part due to insufficient funding to adequately support enforcement; and

**Whereas**, moreover, the Advertised Budget proposes to delete funding for enforcement of the County Code prohibition on letting grass on residential properties grow to more than 12 inches,

**Now, therefore, be it resolved** that McLean Citizens Association commends the County Executive and Superintendent of FCPS for their efforts to identify realistic budget priorities, consistent with current fiscal realities, and for putting forward a balanced Advertised Budget without the use of one-time, non-recurring funds to pay for recurring costs; and

**Be it further resolved** that McLean Citizens Association endorses the Advertised Budget proposed transfer to the FCPS Operating Fund; and

**Be it further resolved** that McLean Citizens Association urges the Board of Supervisors to allocate any surplus funds which become available to the County for FY 2016, which were not included in the Advertised Budget, evenly between the County and FCPS; and

**Be it further resolved** that McLean Citizens Association urges the Board of Supervisors to use the County's share of such surplus in the following manner, as feasible:

1. First to restore any funding deleted in the Advertised Budget for the enforcement of the County Codes, including funding to enforce the County Ordinance regarding grass height;
2. Second, to increase funding for enforcement of the Occupancy Code;
3. Third, to the extent that funds remain, to restore library hours and personnel, with funding priority to libraries serving low-income students; and
4. Fourth, to the extent that funds remain, to begin to address deferred maintenance at County parks; and

**Be it further resolved** that McLean Citizens Association urges the Board of Supervisors to broaden the County's Revenue base, by:

1. Pursuing changes with state legislators that would result in more favorable allocations of funds from the state to the County, including a revision of the formula for the LCI,
2. Pursuing changes with state legislators that would give the County the same legal authority as a city for the purpose of increasing certain local taxes, because the factual distinctions between cities and large counties, including Fairfax no longer exist, to permit the County to increase its hotel occupancy, cigarette, and other taxes,
3. Working toward a referendum for a modest meals tax in 2016, and
4. Analyzing fees charged for the services which the County provides and setting them at a level to at least recover the County's out-of-pocket costs; and

**Be it further resolved** that the McLean Citizens Association urges the Board of Supervisors to use the first \$13.1 million of newly identified revenues or cost savings, if any, in its FY 2015 Carryover Budget Package to transfer \$13.1 million to the School Construction Fund for FY 2016 for Infrastructure Replacement and Upgrade projects; and

**Be it further resolved** that the McLean Citizens Association urges the Board of Supervisors to use a portion of any additional newly identified revenues or cost savings in its FY 2015 Carryover Budget Package that may exist toward the restoration of library hours and personnel, and to address urgent park maintenance deferrals; and

**Be it further resolved** that McLean Citizens Association recommends the Board of Supervisors further clarify which cash reserve funds are legally obligated and which are otherwise available for meeting unanticipated cash requirements; and

**Be it further resolved** that McLean Citizens Association urges the Board of Supervisors to restructure its retirement income plans for all new employees (but not existing employees) such that the net cost of those benefits to the County would be similar to the net cost under the Virginia Retirement System hybrid pension plan; and

**Be it further resolved** that McLean Citizens Association urges the Board of Supervisors to determine and implement the optimal means to achieve the above cost savings by creating new defined benefit pension plans, or new hybrid defined benefit/defined contribution plans, or new defined contribution 401(k)-type plans for new employees only.

*Approved by the MCA Board of Directors  
April 1, 2015*

---

McLean Citizens Association, PO Box 273, McLean, Virginia 22101

cc: Fairfax County Board of Supervisors  
Fairfax County School Board  
John Foust, Dranesville District Supervisor  
Jane Strauss, Dranesville District School Board Member  
Fairfax County Executive Edward Long  
Fairfax County Public School Superintendent Karen Garza  
Jane Edmondson, Chief of Staff to John Foust



## **McLean Citizens Association Resolution**

### **Determination of Fairfax County's Pension Obligations**

**April 1, 2015**

**Whereas**, the amounts which Fairfax County's (County) pension plans owe to their current and prospective retirees (Participants) are calculated by an actuarial firm for the purposes of management, funding, and reporting to internal and external stakeholders; and

**Whereas**, these calculations are based on multiple important assumptions and methodologies; and

**Whereas**, County actuarial reports refer to at least two assumptions/methodologies, among others, in effect in recent years which lower the amounts which the plans report as their obligations to their Participants and lower the reported under-funding of the plans:

1. Sick Leave – While the benefits of the Employee, Police and Uniformed pension plans include a retirement benefit from sick leave that the Participants did not take during their working years, the actuarial reports indicate that these amounts have been omitted in the plans' projected obligations;
2. Early Departures – While the amounts owed by the Employees' pension plan include an estimate of how many employees will qualify for full, unreduced retirement and pre-Social Security Supplements, the actuarial report indicates that the plan's projected obligation may understate this amount because of an over-estimate of how many employees leave their jobs in the years immediately before qualifying for full retirement benefits; and

**Whereas**, the actuarial reports proposed to update these assumptions over three years, which would increase the reported amounts of the pension plans' obligations over three years; and

**Whereas**, the first updating of these assumptions was recently included as part of the restatement of the 2013 valuation liabilities, and as a result, the amounts of the plans' obligations were increased by approximately \$219 million, with the amounts of these adjustments for the next two years not yet specified; and

**Whereas**, the County engages an actuarial firm to calculate each year the amount of the County's pension obligations; and

**Whereas**, this actuarial firm has performed these services for the County (under different names) for approximately 28 years; and

**Whereas**, a second actuarial firm periodically audits the amounts calculated by the first actuarial firm; and

**Whereas**, a public accounting firm performs a yearly audit of the financial statements of the plans to obtain reasonable assurance of compliance with government accounting, auditing and financial reporting standards; and

**Whereas**, as the County's actuarial firm, second actuarial firm, and public accounting firm reported no adverse findings in their public reports on the County's pension plans and made no public references to the assumptions or methodology issues cited above, presumably these issues were not material, were open to interpretation, or were otherwise acceptable,

**Now, therefore, be it resolved** that McLean Citizens Association urges the Board of Supervisors to engage another actuarial firm to review the calculation of the amount of the County's pension obligations with respect to all assumptions and methodologies, but with particular attention to the assumptions cited and others requiring updating cited here, and for this purpose the McLean Citizens Association recommends that the Board of Supervisors engages a prominent, independent actuarial firm, unaffiliated with the County, to review the calculations; and

**Be it further resolved** that McLean Citizens Association urges the Board of Supervisors to:

1. Continue to enhance the accuracy and transparency of the County's financial statements;
2. Establish a policy to change financial service providers periodically to gain the benefit of different skill sets and perspectives and, importantly, to retain arms-length independence; and
3. Replace as soon as feasible its current actuarial firm, following a 28-year tenure, through a competitive bidding process taking both quality and price into consideration.

*Approved by the MCA Board of Directors*

*April 1, 2015*

---

McLean Citizens Association, PO Box 273, McLean, Virginia 22101

cc: Fairfax County Board of Supervisors  
John Foust, Dranesville District Supervisor  
Fairfax County Executive Edward Long  
Jane Edmondson, Chief of Staff to John Foust