

McLean Citizens Association



One Hundred Years and Counting

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