FAIRFAX COUNTY FEDERATION of Citizens Associations Established 1940

Resolutions

on the

Fairfax County Advertised Fiscal Year 2013 Budget

Approved at the Federation Membership Meeting on March 22, 2012

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INTRODUCTION

Fairfax County's FY2013 continues a trend seen last year. The worst of a challenging budget environment that began in FY2009 is over, but recovery remains slow. With only modest growth in the county's revenue base, FY2013 is described by county leaders as a fairly steady-state budget that preserves services and avoids major program or personnel cuts.

This review of the proposed FY2013 budget by the Fairfax County Federation of Citizens Associations yields several over-arching conclusions:

- The county deserves praise for steering prudently through a time of extended fiscal challenge due to the ongoing economic slump.
- As the economy slowly improves, attention must turn to funding some county needs that have been underfunded in previous years.
- The Federation urges a real estate tax rate of $1.07 per $100 of assessed valuation, to cover recommended restorations of program funding.
- While many residents and households continue to feel financial distress, the average tax bill, adjusted for inflation, remains far higher than in 2000. Therefore continued efforts must be made to identify cost reductions.
- The Federation is dissatisfied with the current public budget process. It strongly urges additional time for community review, vehicles that permit more meaningful public input; and a more transparent discussion of long-term budget issues, such as pension liabilities, potential federal and state funding cuts, and transportation infrastructure costs connected to Tysons Corner, Dulles Rail, and BRAC. Greatest among the Federation's disappointments is the continued lack of a functioning countywide citizens' budget committee.

In short, the calmer fiscal climate represents a continued opportunity to reexamine both the county's process for setting spending priorities and to review longstanding build-ups in county spending, to see if greater efficiencies can be achieved. An improved, more inclusive process should be in place for FY2014 and future budgets.

The FY2013 Federation budget resolution package addresses 1) General Fund expenditures; 2) General Fund Revenues; and 3) the county's budget process. There is also a concluding resolution. Some sections of this document contain a Background explanation for the benefit of the Federation Membership, as well as a resolution, or resolutions, pertaining to each section.

FY2013 OVERVIEW

The County Executive's FY2013 Advertised Budget Plan (www.fairfaxcounty.gov/dmb) totals $6.5B. General Fund disbursements are $3.52B, an increase of $143.8M, or 4.26%, over the FY2012 Adopted Budget Plan. This includes $1.28B in direct General Fund expenditures (i.e., not counting transfers to schools and other funds). That is an increase of $50.6M, or 4.1%, over Adopted FY2012.

Here are some highlights of the Advertised FY2013 budget:

- The School Operating Transfer totals $1.85B. That is an increase of $73.7M, or 4.5 %, from the adopted FY2012 budget.
- General Fund revenues rise $152.4M, or 4.6%, over the adopted FY2012 budget.

- Residential and commercial property assessments increased, but residential values rose slowly, at a rate of 0.71% compared with 2.34% the previous year.
- At the county's current real estate tax rate of $1.07 per $100, the average homeowner's real estate tax bill would increase by $33.85—to $4,801.05. That is about $45 less than highest total ever.
- An additional one-penny increase in stormwater tax, in addition to real estate tax, would increase the average household bill by $44.87. Thus, FY2013 tax bills essentially would match those of FY2007, the highest year in Fairfax history. When adjusted for inflation, using 2010 dollars, the average real tax bill would be about 6% less than in FY2007, but more than one-third higher than the average tax bill paid in FY2000.
- County employees, who received no salary increase in two consecutive budget cycles, would receive a 2.18% Market Rate Adjustment. (This is an estimate of the salary adjustment needed to remain competitive with surrounding jurisdictions. There is no specific calculation, in part because benefits are part of the consideration.) The proposed pay increase for FY2013 would augment a 2% increase given during the 2012 fiscal year, after the FY2012 budget was adopted. The two raises cost a total of $41.75M.
- A $7.48M increase for fiduciary requirements associated with the county's retirement systems and a general fund payment of $8M for other post-employment benefits are included.

I. GENERAL FUND EXPENDITURES

General Fund total disbursements, which are composed of expenditures directly from the General Fund and "transfers out" to the Schools, Capital Improvement Program, Community Services Board, and other funds, total $3.52B, an increase of $143.8M, or 4.26%, from the FY2012 Adopted Budget Plan.

Major characteristics of the proposed FY2013 expenditures include:

- No major program cuts or expansions.
- A School Operating Transfer of $1.85B. That is an increase of $73.7M, or 4.5%, from Adopted FY2012.
- Direct General Fund expenditures (i.e., not counting transfers to schools and other funds) totaling $1.28B. That is an increase of $50.6M, or 4.1%, over Adopted FY2012.
- A 2.18% "market rate adjustment" for County employees, totaling $22.35M.
- A $7.48M increase for fiduciary requirements associated with the county's retirement systems and a general fund payment of $8M for other post-employment benefits.
- A net loss of about 31 full-time positions, with a total of 13 jobs added and 44 eliminated.

Major program spending increases include:

- $5.35M for Human Services requirements, including an increase of $3.38M for provider contracts, and $497 K for three new School Age Child Care classrooms.
- $3.6M in new spending for County Transit Services, primarily to support the purchase of 15 new Connector buses prompted by Metrorail expansion, and to support an increase in Virginia Rail Express subsidies.
- $3.76M in new spending for Community Development, including $2.6M in support of the Lorton Arts Center, to address unexpected shortfalls in arts center funding; and an increase of $759,000 to support Tysons redevelopment.
- $2.18M in new public-safety spending, with $2M to partly offset the impact of three years of cuts in police staffing and overtime, and $180,000 to pay for 2 new positions to staff an expanded Animal Shelter facility.

Spending reductions totaling $10.64M were achieved through cuts that include elimination of the rent relief program, Marine Patrol, and dedicated staffing for the Hazmat Support Unit.

Looking ahead to future budget cycles, the County Executive warned that the Board of Supervisors must plan in advance to address several critical challenges, which he identified as maintaining the quality of public education; appropriately compensating County employees; maintaining the social safety net; funding the public portion of Tysons Corner redevelopment; meeting transportation requirements; and looking for options to diversify revenue.

A. EDUCATION/FAIRFAX COUNTY PUBLIC SCHOOLS TRANSFER

Background According to Fairfax County Public Schools (FCPS) presentations, "over the past five years 15,000 additional students have enrolled in FCPS schools and there has been a 48.3% increase in English for Speakers of Other Languages along with a 35.4% increase in students eligible for Free and Reduced-Price Meals. This has resulted in an increase of 2,238 positions at a cost of $146.9M." Despite this increase in positions, there has been an elimination of 1,450 existing positions. This change has been accompanied by a class size increase of 1.0 student per teacher, elimination of summer school, contract length reductions, reduced support, and program reductions, eliminations, or redesign. Furthermore, the FCPS and County staff did not receive a salary increase in FY2010 or FY2011, but the FCPS teachers and staff received a 1% market rate adjustment and a step increase in FY2012 and County employees received a 2% salary increase in October 2011. Despite the increased enrollment and demographic shifts, there was no increase in the County transfer to FCPS in FY2010, an actual decrease of $15M in FY2011, and a further $1.3M decrease in FY2012.

FCPS also must spend an additional $4.2M, compared with FY2012, to pay for service contracts, custodial supplies, building leases, restoration of 20 field custodians, and the cost to implement the financial management portion of Fairfax County Unified System (FOCUS), a new County and FCPS information technology system to handle finance, budget, procurement, human resources, and payroll applications.

Funding from the Commonwealth of Virginia for K-12 education has decreased approximately 14%, or more than $772M, since 2009. And in existing documents in Joint Conference Committee for this year, the biennual State budget decreases again, with a majority of K-12 education funding earmarked for the Virginia Retirement System and not for students or classroom programs. Furthermore, there are still other uncertainties of the effects on FCPS funding as a result of the yet un-adopted State budget.

In addition, the Governor requested the elimination of $11.7M for Cost of Competing for school support personnel (extra State funding for northern Virginia because of higher cost of living expenses).

FCPS Transfer Resolution

Whereas, the County Executive proposed a 4.5%, or $72.5M, increase in the transfer to Fairfax County Public Schools (FCPS), and

Whereas, the Fairfax County School Board has requested an increase of 8.4%, or an additional $135.8M, and

Whereas, FCPS student enrollment is projected to increase to 181,608 students, an increase of about 4,000 students from the approved FY2012 Budget, and

Whereas, a shift in the demographic of the student populations and an increase in the number of services required to be provided to students with disabilities has necessitated an even greater number of teachers, and

Whereas, the County Executive has proposed a 2.2% ($22.4M) salary increase for all County employees and the Fairfax County School Board has proposed a 2% salary plus step increase for FCPS employees in FY2013 ($36.6M and $42.0M, respectively) and a market rate wage adjustment for custodians ($0.4M), and

Whereas, student membership increases and staffing of two new schools will cost $47.6M, benefit costs including increased payment to the State for Virginia Retirement System (VRS) fund are projected to increase $75.2M, and benefits for parent liaisons and interpreters working more than 20 hours per week will cost $2.0M, and

Whereas, funding to reduce teacher workload and funding to selectively reduce extremely large class sizes will require an additional $5.3M, and

Whereas, the increase in service contracts, custodial supplies, building leases, restoration of 20 field custodians, and the cost to implement the financial management portion of Fairfax County Unified System (FOCUS) requires an additional $4.2M, and

Whereas, network and other equipment replacement and preventive maintenance account for $8M of the requested increase, and

Whereas, the elimination of athletic fees amounts to a revenue reduction of $1.7M to be offset with a reduction yet to be identified by the Superintendent, but will likely come from central office programs, and

Whereas, restoration of programs previously reduced or eliminated (the largest of which is $5M for extended learning time for students) and initiation of new activities will cost an additional $8.4M, and

Whereas**,** the Federation recognizes that there are three options to address the $63M difference between the FCPS transfer request and the County Executive's proposed transfer: 1) the new or restored initiatives may be deferred and the compensation suggested in the proposed FCPS advertised budget would be reduced by approximately 50%; 2) significant reductions would be made in existing programs and/or staffing; or 3) some mix of the two approaches would be needed; therefore, be it

Resolved, that to accommodate increased student enrollment, to avoid reduction of existing programs, to address nominal inflation costs, and to avoid reduction of carryover reserve that will be needed next fiscal year to deal with the additional increase in VRS payment to the State, the Federation recommends that the County increase its transfer to FCPS by an additional $8M, resulting in a 5% increase over the FY2012 transfer, instead of the proposed 4.5 % increase.

B. HUMAN SERVICES

Background. The Health and Welfare area of the budget includes Human Services categories, such as Family Services, Neighborhood and Community Services, Administration for Human Services, Office to Prevent and End Homelessness and the Health Department. The Community Service Board is addressed separately in another resolution. Collectively, the programs serve the neediest and most vulnerable populations in the County, including low-income families, the homeless, seniors, and other disadvantaged residents. The Neighborhood and Community Services office was created in FY 2011, consolidating the Department of Community and Recreation Services and the Department of Systems Management for Human Services. This consolidation appears to be working well, realizing several efficiencies. Another reallocation of personnel and resources is occurring which transfers funds from the other departments to the Department of Administration for Human Services to properly align costs within the human services system (no effect on the overall requested budget amount).

As a result of the economy's slow recovery following the economic downturn, Fairfax County has seen an increase in people needing assistance. The FY 2013 budget requests an increase in total Health and Welfare funding of $5.35 M to a total of $395,224,382, a 1.4% increase, mostly to cover contract expenses for service providers and a market rate adjustment for employees.

Programmatic increases of three Alcohol Safety Action Program financial counselors, additional homelessness prevention funds, and a 5% increase in Consolidated Funded Pool (CFP) resources are requested. The increase in CFP funding is to offset a decrease in federal block grant funding.

Some of these costs will be offset by increasing revenues such as a 5% increase in School Age Child Care program fees and other program participation fees such as for therapeutic recreation and transportation services.

Human Services Resolution

Whereas, the Federation recognizes that the ongoing economic downturn and slow recovery has been especially felt within the county's neediest and most vulnerable populations; and

Whereas, the Federation encourages that the level of services not decrease for customers and residents; and

Whereas, the Federation is concerned that service provider contracts are being increased by about 3%, mostly by personnel rate increases, since the cost of living and other indicators have not been that high recently; and

Whereas, the Federation applauds the human services departments' efforts to leverage funds by developing safety net partnerships with faith-based and other community organizations, and

Whereas, human services departments are realizing savings from improving their internal operations and realigning support resources; and

Whereas, some of the requested increases are needed to replace state and federal funds, which have been significantly reduced during the past two years; and

Whereas, Human Services spending was increased 23% in the FY2012 budget cycle; and

Whereas, Human Services is reducing the overall budget request for FY2013 by 8%, therefore be it

Resolved, that the Federation supports the overall FY2013 budget request of human services (health and welfare); and be it further

Resolved, that the Federation supports increasing the Community Funding Pool $450,000 to compensate for further reductions received in Federal Community Block Grant funding; and be it further

Resolved, that the Federation urges that homeless services be consolidated in one program area so that all funding in support of homeless prevention can be shown in one program location.

C. FAIRFAX-FALLS CHURCH COMMUNITY SERVICES BOARD

Background. The Community Service Board (CSB) has restructured and realigned resources in FY2012 to better serve those in need. This transformational reorganization supports service provision not by disability area but by how the services are provided from least intensive to most intensive. Priority is placed on those most in need of services and least able to obtain the service without government intervention.

There were significant savings from the FY2011 Budget in FY2012 of $12M in expenditures. However in the FY2013 Budget, there will be an increase of about $2.3M above the FY2012 Revised Budget Plan due to a reduction in revenue from non-County sources. Personnel numbers will essentially remain the same as the FY2012 Revised Budget Plan; there is a $1.8M market rate adjustment for personnel in FY2013. Fairfax County's transfer to the CSB would increase by $2.3M, from $96.8M to $99.1M.

The CSB continues to implement the recommendations of the Josiah H. Beeman Commission, which recommended better integration of treatment for mental health, substance abuse, and intellectual disabilities. Personnel are being deployed to various treatment teams to better integrate multiple services for consumers and to serve a slightly increasing number of customers.

Because of the reorganization, performance measures are being reset also. It is too early to realize further cost savings or efficiencies. Actual performance measures will be provided in the FY2013 Adopted Budget.

There continues to be apparent duplication of some support services within the CSB that may require funding that could be better spent on customer services.

Fairfax – Falls Church Community Services Board Resolution

Whereas, the CSB has reorganized and realigned its operational services to better address customer needs in the community; and

Whereas, state and federal funds significantly decreased by over $10M in the period between the Adopted FY2012 and Revised FY2012 Budgets and are expected to increase only $1.3M above that level in the FY2013 Budget; and

Whereas, there may continue to be duplicative administrative and support personnel in the CSB reorganization; and

Whereas, the CSB continues to be a vital safety net for some of the County's most at risk residents; and

Whereas, the CSB continues to integrate service delivery, as recommended by the Josiah H. Beeman Commission, leaving additional requirements to be satisfied; therefore, be it

Resolved, that the Federation endorses the reorganization of the CSB to better support and offer integrated services to its most vulnerable customers; and

Resolved, that the Federation encourages the CSB to continue its process improvement work, concentrating on putting its constrained resources into customer services instead of administrative and support staff; and, be it further

Resolved, that the Federation urges continued implementation of the recommendations by the Josiah H. Beeman Commission regarding adequate staffing for community-based services in coming budget years.

D. PARKS

Background. The Fairfax County Park Authority ("Park Authority") is a major provider of retail services, welcoming 17.1 million visitors in FY2010 to 417 parks and grooming fields for 174,000 competitors. The Park Authority also maintains a more than 300-mile trail system, and works to control non-native invasive plants, promote native species, and preserve woodlands and green open spaces. The Park Authority has balanced two distinct roles: 1) providing recreational and fitness opportunities to citizens and 2) serving as stewards and interpreters of Fairfax County's natural and cultural resources.

After experiencing some of the county's most severe cuts in FY2010 and FY2011, the Authority's funding was stabilized in FY2012, but now faces a reduction in FY2013. The cuts in 4/4.0 SYE positions in the Archeology, Financial Management, Human Resources Support, and Park Services divisions would result in less administrative support and cause service delays. In addition, limited-term funding for the Land Survey Branch will be reduced, scheduled basketball and tennis court renovations, and roof replacement at Frying Pan Park will be delayed. Rec-PAC program fees will be increased, which will diminish the availability of some services for the community. The staffing reduction represents $246,964 in the Park Authority's FY2013 Budget.

Park Authority Resolution

Whereas, the Park Authority is a major provider of retail services, welcoming 17.1M visitors in FY2010 to 417 parks, grooming fields to serve 174,000 competitors; and

Whereas, the Park Authority plays two distinct and critical roles: 1) providing recreational and fitness opportunities to citizens and 2) serving as stewards and interpreters of Fairfax County's natural and cultural resources; and

Whereas, the Park Authority maintains a trail system of more than 300 miles and works to control non-native invasive plants, promote native species, and preserve woodlands and green open spaces; and

Whereas, the Parks and Libraries program area includes 749/729.5 SYE positions, which reflects a reduction of 4/4.0 staffing positions taken within only the Park Authority budget; and

Whereas, this reduced staffing represents $246,964 in the FY2013 Budget, which will delay renovation projects and service delivery to the residents who are the most in need; and

Whereas, an increase in Rec-Pac fees, as proposed, could disproportionately affect the neediest in our community; and

Whereas, preserving recreational opportunities for those in economic need should be one of the highest priorities in consideration of this segment of the budget; therefore, be it

Resolved, that the Federation recommends the restoration of funds to staff positions related to Rec-PAC (1 position) and park-related scheduling (1 position); and be it further

Resolved, that the Federation urges vigorous monitoring of any lapse in service delivery and increase of program fees, so that the neediest in our community do not suffer a disproportionate loss of service delivery.

E. TRANSPORTATION

Background. The Fairfax County Department of Transportation (FCDOT) coordinates and oversees all transportation-related programs and issues for Fairfax County. The County transfers support three primary modes of mass transportation: subway (Metrorail), bus (Fairfax Connector and Metrobus), and heavy commuter rail (Virginia Rail Express (VRE)). These three modes reduce congestion and provide workforce transportation. They are supported through some county General Fund transfers, but mostly through applied state funding and the Northern Virginia district's share of the gasoline tax.

The county has a number of resources available in the form of General Fund dollars, Commercial and Industrial (C&I) tax revenues, State Aid and Gas Tax receipts, and fare-box revenues. This diversified funding stream is critical to the progress being made in the transportation funding. In addition, the county has a comprehensive inventory of all identified needs—whether transit, roadway, or trail—and has noted $3B in required but unfunded road and transportation improvements over the next decade. In spite of the County's major efforts to solve traffic congestion in Northern Virginia, one of the biggest challenges is that of addressing the unfunded transportation needs.

Along with the above mentioned unfunded road and transportation improvements, devolution of the secondary roads is a real possibility. Currently, the Virginia Department of Transportation (VDOT) has much of the responsibility for maintenance of secondary roads, but it is severely underfunded. If local jurisdictions are left to absorb these costs, it would result in an enormous obligation for Fairfax County, with no clear funding source as of yet.

The Dulles Rail Extension is a project led by the Metropolitan Washington Airports Authority (MWAA), in conjunction with the Commonwealth of Virginia, Fairfax County, Loudoun County and the Washington Metropolitan Area Transit Authority (WMATA), to extend the Metrorail system by 23 miles and 11 stations through the Dulles Corridor. This project will more than double the number of Metrorail stations in Fairfax County and will provide new mass transit services to the fastest growing corridor in the County and Northern Virginia. Recent updates to preliminary engineering estimates indicate a total project cost range of $5.8B to $6.3B. The Metrorail extension will be constructed in two phases, with Phase 1 serving Tysons Corner and Reston at Wiehle Avenue and Phase 2 continuing through the western part of the Dulles Corridor to Dulles International Airport and Route 772 in Loudoun County.

WMATA does not establish its budget until June and its FY2013 General Fund transfer in support of Metro Operations and Construction is $11.3 million which is consistent with the FY2012 Adopted level. Based on current Metro system needs, WMATA projects an increase FY2013 operating subsidy requirement from local jurisdictions of $5.6M, which is approximately a 7% increase over the FY2012 Adopted Budget. It is anticipated that additional State Aid and Gas Tax revenue will be available to cover the increased subsidy requirement.

An increase of $356,802 is required to align the Personnel Services budget with salary requirements for existing staff, as several employees reach retirement eligibility, and to provide the capacity for some overlap of staff as job skills and knowledge are transferred to new hires. Full-year funding is also included for 2/2.0 SYE positions in support of Tysons Urban Center transportation planning, as approved at the FY 2010 Carryover Review.

Transportation Resolution

Whereas, the Federation strongly supports the diversification of transportation funding, especially due to the $3B in required but unfunded road and transportation improvements over the next decade; and

Whereas, devolution of the secondary road system located in Fairfax County is of grave concern to the Federation, due to the potential unfunded mandate that would be imposed on residents; and

Whereas, the Federation reaffirms its continued support for the Dulles Rail Extension, but expresses concerns about the current rising cost of the project; and

Whereas, the Federation supports the proposed General Fund transfers to Metro, Fairfax Connector, and VRE and notes that additional funding may be required when the Metro budget is set in June; therefore, be it

Resolved, that the Federation supports the proposed General Fund transfers to Metro, Fairfax Connector, and VRE; and be it further

Resolved, that the Federation supports the implementation of two staff positions for Tysons Urban Center transportation planning; and be it further

Resolved, that the Federation urges that the various members of the public-private partnership make every effort to ensure the completion of the Dulles Rail Project, while containing costs to protect County taxpayers; and be it finally

Resolved, that the Federation reaffirms its position that mass transit is essential to the region's economy, security, and environmental health, and urges all local and regional transportation agencies to promote public transportation in Fairfax County.

F. PUBLIC SAFETY

Background. The public safety budget covers several key agencies: Department of Cable and Consumer Services, Land Development Services, Juvenile and Domestic Relations District Court, Police Department, Office of the Sheriff, Fire and Rescue Department, and the Department of Code Compliance.

For FY2013, the funding level of $413,831,748 for the Public Safety program area comprises 12.2% of the total General Fund direct expenditures of $1,287,088,407. This total reflects an increase of $15,177,336, or 3.8%, over the FY2012 Adopted Budget Plan total of $398,654,412. The increase is due primarily to Personnel Services-related increases, including $2M for staffing and overtime to ensure an adequate base of coverage.

The increases are partially offset by $1,990,395 in targeted budget reductions. Of these reductions, $650,473 is in the Police Department, $460,668 is in the Fire and Rescue Department, $406,000 is in the Office of Sheriff, $179,634 is in Juvenile and Domestic Relations District Court, and $145,979 is in Land Development Services, with smaller amounts in other Public Safety agencies. Reductions were made in an effort to minimize the impact on current services and programs.

The Public Safety program area includes 4,115 positions (not including state-funded positions), a decrease of 15/15.0 SYE positions from the FY2012 Revised Budget Plan level. This adjustment includes the reduction of 9/9.0 SYE positions from the Police Department, due primarily to elimination of the Cadet Program and Marine Patrol Unit, partially offset by an increase of 2/2.0 SYE positions for the expanded Animal Shelter facility. Other adjustments include the reduction of 6/6.0 SYE positions in the Fire and Rescue Department, due to the proposed elimination of the Hazmat Support Unit, the reduction of 1/1.0 SYE position in the residential inspections call center of Land Development Services, and the transferring of 1/1.0 SYE position from the public safety-related portion of the Department of Cable and Consumer Services to Fund 105, Cable Communications to appropriately charge Fund 105 for utilities-related services.

It should be noted that the total of 4,115 positions does not include 205/205.0 SYE positions in Fund 120, (E-911), which provides support to Public Safety Communications. Though not part of the Public Safety Program Area, the positions in Fund 120 serve an integral role in the public safety system as they provide and maintain highly professional and responsive 911 emergency and non-emergency communication services.

Public Safety Resolution

Whereas, Public Safety accounts for $413.8M, or 12.2% of the proposed FY2013 operating budget, and reflects a $2.18M increase compared to the FY2012 Adopted Budget; and

Whereas, compared with other large cities and counties within the Commonwealth of Virginia, Fairfax County's cost for public safety expenditures is mid-range and has decreased per capita 1000 from $565 in 2009 to $548 in 2010; and

Whereas, the $2.18M increase reflects the pay adjustment for the Police Department and additional positions for the Animal Shelter; and

Whereas, the promotion of public safety is essential to Fairfax County's quality of life and must be balanced carefully against continued fiscal concerns; and

Whereas, due to the highly effective fire prevention program, Fairfax County reports a significantly lower rate of fire incidents compared with other reporting jurisdictions of its size; and

Whereas, the rate of violent crime in Fairfax County also is lower than in other jurisdictions of its size, which further validates the County's reputation as a safe place to live and work; therefore be it

Resolved, that the Federation supports adoption of the recommended Public Safety budget as a responsible way of balancing safety concerns and fiscal reality; and be it further

Resolved, that the Federation notes the challenges facing the public safety agencies that continue to absorb higher workloads due to the increasing population in Fairfax County and urges the Board of Supervisors and county staff to closely monitor the potential gaps in service and ensure that community concerns will be addressed through allocating resources to priority areas.

G. LIBRARIES

Background. County libraries underwent extensive service cuts in FY2011, when $2.5M and 65 SYE positions were eliminated, and none were restored in FY2012. Hours of operation and resident contacts were reduced.

As part of the FY2011 Carryover, the Board of Supervisors approved funding of $1,419,647 for the partial-year Market Rate Adjustment in FY2012, a new telecommunications system, purchase of electronic books, and other operating expenses. The Libraries' budget request for personnel in FY2013 remains at the FY2012 Revised Budget allocation of 393/375.5. The only increases presented are for a 2% Market Rate Adjustment in 2013.

While the libraries have adopted many efficiencies, such as self-checkout and self-service for library users, and enhanced online availability of references, their customers are increasingly frustrated with the loss of operating hours, fewer materials, and fewer staff. The libraries are strategizing about how to meet their responsibilities to customers during these times of changing media (physical materials versus electronic) and constrained budgets.

Libraries Resolution

Whereas, each resident of Fairfax County made an average of 5.4 visits to the libraries in FY2011, borrowing collectively more than 13.2 million items; and

Whereas, service hours and staffing were significantly cut at the regional and community libraries in FY2011 and were not restored in FY2012; and

Whereas, the libraries have instituted efficiencies to address the loss of staff and reduced materials, and

Whereas, the libraries are starting to miss traditional performance measures, indicating systemic strains that personnel and budget reductions have exacerbated, and

Whereas, the FY2013 Advertised Budget maintains virtually at the same funding as the FY2012 Adopted Budget; therefore, be it

Resolved, that the Federation endorses restoration of the libraries budget by $1M to restore hours of operation; and be it further

Resolved, that the Federation urges that libraries be given high priority for additional funding as the county's finances improve in future years.

H. COUNTY EMPLOYEES PENSION FUND

Background. Under the County's reported actuarial assumptions, the pension funds are under-funded. The assumptions could have a significant impact on the difference between assets and liabilities; therefore, the actuarial values of assets and liabilities should be reported for other economic scenarios, including those with returns on investment equal to the record over the last ten, twenty, and thirty years. Alternative computations should also be made based on a high inflation rate, which so many financial experts are currently predicting.

The pension costs have increased significantly over the past decade, primarily because so many benefits were added to the retirement plans when the return on investment was high (i.e., from 2001 to 2008). Now that the return on investments is low, the Federation has asked (in FY2012 Budget Resolution) that these added benefits be re-considered.

The Federation also has noted that the other post-employment benefit (OPEB) reports should be made to conform to those of the other funds in which the unrealized capital gains are separated from the realized capital gains, interest income, and dividend income.

Further analysis of employees and pensions is available in a separate attached document, "Analysis of the Pension Funds in FY2013 Budget."

Pension Resolutions

Pension Resolution 1: Re-evaluate actuarial assets and liabilities under historical rates of inflation and return on investment

Whereas, the actuarial values of the assets and liabilities depend on the assumed values of inflation and return on investment; and

Whereas, the Board of Supervisors should be informed of potential shortfalls and surpluses; and

Whereas, the currently assumed values of the rates of inflation and return on investment differ significantly from what has been experienced over the past thirty years, especially the last 10 years, and from the longer-term S&P 500 rate; therefore, be it

Resolved, that the Federation recommends that the actuarial values be re-computed under alternative assumptions, including (1) the last 10-, 20- and 30-year average values for the rate of return of the pension and the inflation rate and (2) the high inflation rates anticipated by many economists.

Pension Resolution 2: Evaluate current retirement plans and alternatives to identify sustainable options

Whereas, the Board of Supervisors has commissioned a study to review sustainable retirement plan options, including defined-contribution plans; and

Whereas, under the current assumptions used by the county, the actuarial assets are less than the actuarial liabilities, indicating that the Fairfax County's defined-benefit pensions are currently under-funded; and

Whereas, a proper balance of the varied fiscal needs of current and prospective employees should be included in the planning process and may call for an expansion of defined-contribution options; and

Whereas, the county's pension costs are already a major component of the county's expenses; and

Whereas, the county desires decreasing expenditures, not raising taxes, to meet budget limitations; therefore, be it

Resolved, that the Federation urges the Board of Supervisors to review sustainable retirement plan options and select a plan for newly hired Fairfax County employees that reduces the costs of retirement plans.

Pension Resolution 3: Project actuarial liabilities for the next 30 years

Whereas, the growth in actuarial liabilities continues to exceed the growth in actuarial assets, estimates of future actuarial liabilities are needed for budgeting purposes, therefore, be it

Resolved, that the Federation requests that the county staff forecast and report the expected actuarial liabilities, year by year, over the next 30 years.

Pension Resolution 4: Avoid increasing retirement benefits while pensions are underfunded

Whereas, actuarial liabilities are increasing faster than actuarial assets, thereby increasing the underfunding of the pension plans; therefore, be it

Resolved, that the Federation requests that no retirement benefits be added or increased while the pensions are underfunded.

Pension Resolution 5: Review increases in retirement benefits

Whereas, at least some of the actuarial underfunding is due to new retirement benefits being added in prior years, when higher returns on investment were experienced; therefore, be it

Resolved, that the Federation requests that the county review the retirement benefits added during the past decade and provide a public accounting of potential long-term liabilities associated with those benefits.

I. LAND DEVELOPMENT SERVICES

Background. Further information for this section is available in a separate attached document, "Analysis of the 2013 Budgets for Community Development."

Resolution on Land Development Services

Whereas, the Performance Measurement Results for the Land Development Services unit show that the workload of that unit has decreased consistently and substantially since FY2000; and

Whereas, the Land Development Services is to be congratulated for proposing a $1.5M reduction in its budget; and

Whereas, another reduction of $5.6M seems possible in the Land Development Services budget to match the decrease in workload; and

Whereas, the County wants to decrease expenditures to meet budget limitations; and

Whereas, additional workload of Land Development Services can be supported by outsourcing under emergency conditions; therefore, be it

Resolved, that the Federation agrees with the proposed decrease in the Land Development Services personnel to 260, and suggests that a further reduction could be made without injury to the performance of the unit.

J. LORTON ARTS FOUNDATION/LORTON ARTS CENTER

Background. As part of the FY2005 Carryover Review, the Board of Supervisors approved funding to support the Lorton Arts Foundation (LAF) to convert the former D.C. prison into an arts center. The Board provided $1M annually in maintenance support and agreed to lease back a portion of the rental space if other tenants were not available.

In March 2010, the agreement was amended, so that the County would provide $750,000 annually through 2025.

In early FY2012, a further review showed that the Arts Center's financial situation was unexpectedly troubled, both because of a "weak environment for donations to the arts, a campus with much more space than is required by the LAF and many expensive site stabilization issues."

In response to these issues, the County Executive has requested an additional $2.6M, beyond FY2012 expenditures. The County Executive notes that "a restructuring of the relationship with the LAF … is currently being negotiated." He noted that for FY2013, the County is assuming all debt service costs for the Arts Center, and that a renegotiated lease will be submitted to the Board. He further said that "I will be recommending a similar adjustment at the FY2012 Third Quarter Review to meet debt service requirements prior to June 30, 2012."

It is unclear how long and deep the county's exposure is, as a result of this partnership with the Lorton Arts Foundation. But the costs are significant, especially in an environment when other critical services are not receiving increased funding.

Lorton Arts Center/Lorton Arts Foundation Resolution

Whereas, the Board of Supervisors has entered into a substantial business relationship with the Lorton Arts Foundation, including annual subsidies to the Foundation through 2025 and an agreement to lease space for county uses; and

Whereas, the Board extended its agreement to pay annual support at least through 2025; and

Whereas, the County Executive acknowledges that the Lorton Arts Foundation cannot pay debt service or meet other critical financial goals; and

Whereas, the County Executive has recommended further restructurings of the County's relationship with the Lorton Arts Foundation; and

Whereas, the County Executive has recommended a $2.6M increase in County support for the Lorton Arts Foundation, and suggests that further transfers will be considered as part of the FY2012 Third Quarter Review; be it

Whereas, the Federation is gravely concerned that the County may have entered an open-ended partnership with the Lorton Arts Foundations that may expose taxpayers to ongoing heavy annual subsidies for an arts center that has relatively limited use; therefore be it

Resolved, that the Federation urges that the County bring transparency to taxpayers by conducting an open inquiry into the County's potential exposure and examine all possible steps, including formation of a special local tax district such as that used by the McLean Community Center, that can reduce the scope of future losses to county taxpayers; and be it further

Resolved, that the Federation recommends that this exploration of cost-containment measures be completed before any additional funding is approved for the Arts Foundation.

II. REVENUES

Background. About 60.9% of the General Fund revenue derives from residential, multi-family, and commercial/office real estate taxes. Residential property values used to estimate revenue for FY2013 rose, but at a slower rate than the previous year: 0.71%, compared with 2.34% reported in the Advertised FY2012 Budget.

Commercial assessments, including multi-family apartment buildings, rose 8.21%, the second straight year such values increased. Foreclosures continued to decline, county officials said.

With the continuing moderate real estate recovery, the county projects $152.4M increase in General Fund revenue for FY2013, 4.6% more than for FY2012. That figure is based on the County Executive's recommendation that Supervisors hold the real estate tax rate at $1.07 per $100 of assessed valuation (the Board has advertised a maximum rate of $1.08 per $100).

The Executive's projected revenue increases, compared to Adopted FY2012 Budget, include:

- $64.4M in increased real estate taxes.
- $30M in increased personal property taxes.
- $17.3M in other local taxes (vs. FY2012 adopted).

In addition to these projected increases, the county has proposed some fee and tax increases. The most significant is an additional penny per $100 for stormwater control measures, costing the average household $44.87. County officials say the money is needed primarily for capital projects to meet federal environmental standards. The county also has proposed raising School Age Child Care fees, which are on a sliding scale, by 5%.

Revenues Resolution

Whereas, average residential assessments have increased 0.71%, meaning that maintaining the property tax rate of $1.07 per $100 would increase the average homeowner's bill by $33.85; and

Whereas, an additional penny per $100 for Stormwater management to $.025 per $100, would increase the average homeowners' bill by $44.87; and

Whereas, a sliding-scale 5% fee increase is proposed for School Age Child Care; and

Whereas, tax payments are paid from residents' income although set based on home value; and

Whereas, the median household income, corrected for inflation, continues to decrease; and

Whereas, tax assessments for apartment complexes have risen faster than for individual residents, likely pushing significant rent increases for those earning less than the median household income; and

Whereas, in recent years, the Fairfax County Federation of Citizens Associations has recommended holding the line on average homeowner tax bills, which in FY2013 would mean a real estate property tax rate of about $1.065 per $100 of assessed valuation; and,

Whereas, the Federation in Section I of this resolution (General Fund Expenditures), has urged significant restoration of funding for public schools, libraries, park staffing, and Community Service Board funding to offset federal cuts; therefore, be it

Resolved, the Federation endorses a tax rate of $1.07 per $100 of assessed valuation, and urges that the Board of Supervisors work to accommodate additional recommended program funding for schools, parks, libraries, and the Community Services Board by drawing on the best savings proposals recommended to individual supervisors by the three

District Budget Advisory Committees that are in operation and through savings recommended in the Land Development Services section of this document; and be it further

Resolved, that the Federation supports an increase in the Stormwater fund tax rate by $.01 per $100 of assessed valuation, to $.025 per $100 of assessed valuation.

III. BUDGET PROCESS

Background. Some 96 boards, authorities, commissions (BACs), and other advisory groups are appointed by the Fairfax County Board of Supervisors and the Fairfax County School Board. Not one of those advisory panels focuses exclusively on the county's budget process.

In recent years, the Federation has called, without success, for the creation of a citizens' budget committee. The Board has established a process that has the potential, so far unfulfilled, to satisfy the Federation's request. Specifically, each supervisor may appoint a budget committee for his or her district, and the chairs of each district committee, in turn, meet as a countywide group to discuss broader budget issues. Unfortunately, no more than three supervisors currently have functioning budget committees. This uneven participation has limited the value of the countywide meetings of budget committee chairs.

There are other areas of Federation concern about the county budget process:

- The late arrival of a proposed budget gives citizens little time to digest it, especially before a tax rate is advertised.
- There is limited public discussion of long-term budget issues, such as pension obligations and infrastructure obligations.
- There has been insufficient public explanation of whether a spike in county spending, which significantly raised the household tax bill between 2000 and 2007, even when adjusted for inflation, is fully justified in the current budget climate.
- Performance measurements sometimes describe activity, but do not spell out what programs actually are achieving.
- The current budget proposes attending to Tysons-related costs during the budget year, without providing a clear line item in the advertised budget.
- The Lorton Arts Foundation shortfalls, discussed in the General Fund Expenditures section, point out the growing risks of public-private partnerships in which the County might have to make good when private parties cannot meet their obligations. Since such relationships are becoming more common, including the funding partnership for Tysons Metrorail construction, a more transparent process is needed so that taxpayers are not taken unawares and saddled with open-ended obligations.
- Collectively, all these shortcomings make it difficult for the public to identify potential waste or inefficiency in county spending or to identify areas where greater county investment might improve county life.

Resolution on County Budget Process

Whereas, there are no fewer than 86 Fairfax County boards, authorities, and commissions and 10 citizen advisory groups to the FCPS, all of which are advocacy groups for everything from trees to pets and child care to the elderly; none address a balanced, thorough analysis and prioritization of expenditures and revenue sources of the Fairfax County and public schools budgets; and

Whereas, the ongoing financial situation creates counterproductive competition among vital programs, it has become especially important to make carefully tailored cuts based on a close examination of overall community needs; and

Whereas, a few of the District Supervisors have their own advisory committees on the county budget, whose chairs meet irregularly to exchange ideas; and

Whereas, community input must not only be broad, but also be informed by a depth of knowledge that effectively employs the diverse expertise of those who live and work in Fairfax County; and

Whereas, the Advertised Property Tax Rate for FY2013 had to be set just one week after the county executive released his FY2013 Advertised Budget; and

Whereas, the County's increasing participation in public-private partnerships, including the Lorton Arts Foundation and Tysons transit and redevelopment, may expose taxpayers to open-ended financial risks without adequate public discussion; and

Whereas, the Advertised Budget was released on February 28, 2012, and the public hearings on the budget are scheduled to begin 42 days later, on April 10; and

Whereas, the most recent edition of the county's *Performance Measurement Matters* newsletter is dated Fall 2008; and

Whereas, the accomplishments of most departments and agencies are well reported in the county's proposed budget under the heading of Performance Measurement Results, but some county offices report activities, such as attending meetings, rather than accomplishments; and

Whereas, the average real dollar amount of Fairfax real estate property taxes nearly doubled FY2000-2007, a period in which median incomes remained flat; and

Whereas, real estate property owners are being asked to continue paying that level of taxation at a time of widespread personal duress; and

Whereas, Fairfax County has an obligation to ensure the most efficient use of tax dollars at a time of continuing shortfalls, to minimize damage to essential county programs, and to limit the strain on county taxpayers; therefore be it

Resolved, that although the Federation praises the county's extensive series of public meetings to solicit community input on spending priorities and urges that such meetings be continued in future years; and be it further

Resolved, that the Federation strongly urges that the processes for county residents' informed input to the budget decision-making process are in serious need of a makeover and need to allow (a) at least 60 days between release of the Advertised Budget and the public testimony on the budget, and (b) deeper study of the budget on a year-round basis by a citizens' advisory committee to the Board of Supervisors, which is comprised of members whose focus is not advocacy of specific causes but a balanced, in-depth analysis and prioritization of expenditures and revenue sources for Fairfax County and its public schools; and be it further

Resolved, that the Federation urges all District supervisors to appoint budget advisory committees, and at the very least appoint a chairman who can participate in countywide meetings with other district budget committee chairs; and be it further

Resolved, that the Federation recommends that the County establish an inventory of all public-private partnerships that may expose taxpayers to unexpected budget obligations and establish a process that ensures broad public discussion of any partnership that may entail hidden risks for taxpayers; and be it further

Resolved, that the Federation requests that all Performance Measurement results in departmental budgets and Lines of Business documents, the latter of which needs to be updated, be reported in terms of accomplishments, as well as activities such as attending meetings; and be it finally

Resolved, that the county better explain the history and mission of individual programs and departments, as well as spending increases since FY2001, to help the public assess whether spending increases are justified or sustainable in less prosperous budget environments

IV. CONCLUDING RESOLUTION

Whereas, the County Executive's FY2013 Advertised Budget offers a balanced plan that preserves major programs; and

Whereas, the Federation has proposed a few modifications to the Advertised Budget; therefore, be it

Resolved, that the Federation appreciates that the County Executive submitted to the Board of Supervisors a fiscally responsible proposed budget; and be it further

Resolved, that the Federation appreciates the challenges that the Board of Supervisors and county staff face and the hard choices that have been made this year, and in recent years, to successfully negotiate an extended period of severe budget challenges.