

Fairfax County Federation of Citizens Associations

Resolutions Package

Fairfax County Advertised Fiscal Year 2010 Budget

and FY 2010-2014 Capital Improvement Program

OVERVIEW

The County Executive's proposed Fiscal Year (FY) 2010 Budget Plan totals \$5.8 B (all funds), of which the General Fund portion is \$3.3 B. Of the latter amount, \$1.8 B would be allocated to the Fairfax County Public Schools (FCPS) including the debt service.

Everyone has heard that the County projected a FY 2010 budget deficit of nearly \$650 M, that the real estate tax rate will have to be raised, and that substantial reductions in services will be forthcoming. The Federation is already on record recommending a revenue-neutral increase in the real estate tax rate, so we will begin with a discussion of the expenditure reductions.

This budget package is organized as follows:

- I. GENERAL FUND EXPENDITURES AND REDUCTIONS
- II. CAPITAL IMPROVEMENT PLAN (CIP)
- III. REVENUES
- IV. FY 2010 COUNTY BUDGET PROCESS
- V. CONCLUDING RESOLUTION

Each section contains background information and proposed resolutions.

I. GENERAL FUND EXPENDITURES AND REDUCTIONS

A. OVERVIEW

General Fund disbursements, including Direct Fund disbursements and transfers to parts of the Capital Improvement Plan as well as other funds, total \$3.3 B, a decrease of 3.7 percent from the FY 2009 Revised Budget Plan.

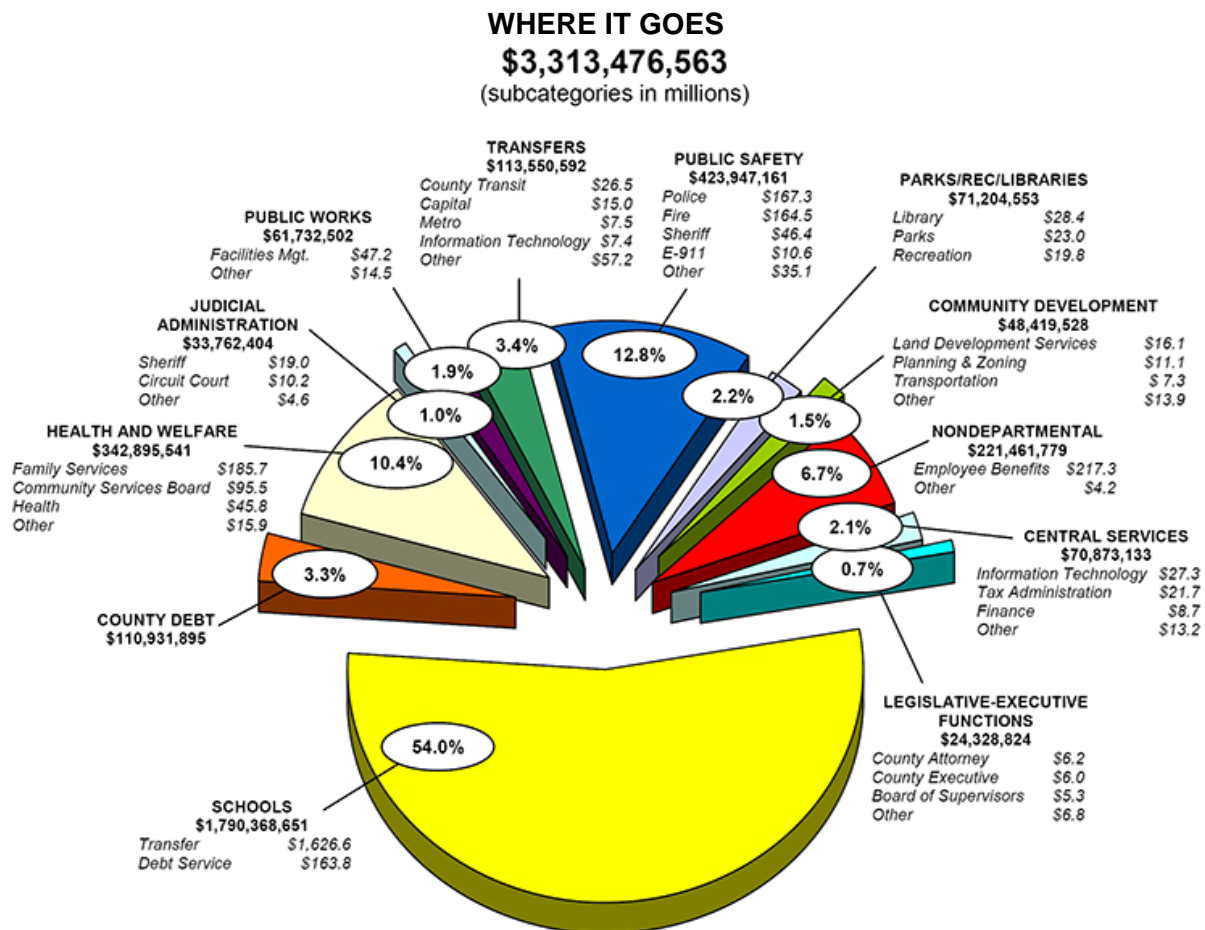
The General Fund Direct Fund disbursements total \$1,192 M, a decrease of \$112.6 M or 8.63 percent down from the FY 2009 Revised Budget.

Major characteristics of the proposed FY 2010 expenditures include:

- No new initiatives
- Limited or no growth in County Agency budgets
- No increase in the transfer to the Fairfax County Public Schools
- Spending reductions of \$106.4 M, in addition to elimination of employee compensation increases and cash awards

The "Where It Goes" pie chart of General Fund Disbursements below is comprised of a full mix of colors of money:

- Direct Fund Expenditures
- Transfers to the FCPS
- Other transfers, scattered in various categories: the Fairfax-Falls Church Community Services Board under Health and Welfare; County Debt Service; and other Transfers, including County transportation, Metro, and support for the Capital Improvement Plan



Category	Change from FY 2009 (\$Millions)	Percent Change (rounded)
Parks, Rec, Libr	-\$15.3	-18%
Community Dev	-\$9.2	-16%
Central Services	-\$16.9	-15%
Judicial-Admin	-\$5.0	-13%
Health & Welfare	-\$24.4	-9%
Legislative-Exec	-\$5.0	-8%
Public Works	-\$8.8	-6%
Public Safety	-\$27.7	-6%
Nondepmtal	-\$5.4	-2%
Schools	\$0	0%
County Debt Svc	+\$2.2	+2%
Transfers	+\$6.0	+6%

Listings in the table are from the largest percentage cut downwards. The average of all Direct Disbursement cuts (which includes all of the above except Schools) was 8.6 percent. Note that although the largest dollar cut was in Public Safety, this cut is below the average percentage cut. Health and Welfare had the second largest cut in dollars, but was near average as a percentage. These figures demonstrate that a deliberate, surgical approach was taken to proposing cuts in services, as opposed to across-the-board reductions. Although any cuts obviously have an adverse impact on agency functions, the proposed budget does seek to avoid severely compromising agency missions.

In the Fall of 2008, the Board of Supervisors Budget Committee had several days of presentations by the County Departments, at which the Departments themselves suggested three categories of cuts they would make if they were forced to reduce their budgets: by 5 percent, 10 percent, and 15 percent in their Lines of Business (LOBs). Hundreds of suggestions were made, but the County Executive did not take all the reductions suggested because of the adverse impacts. Examples of reductions not taken include closing fire and police stations, eliminating the entire Clinic Room Aide Program, closing juvenile probation houses and eliminating Crossroads Substance Abuse Programs.

A complete list of those LOB reductions which the County Executive has proposed for implementation can be found in the county publication *Citizens Guide to the Budget* for FY 2010, which is available on the County web site.

The following subsections contain more detailed reviews of the larger cuts in County programs and reductions of special interest to the Federation.

B. EDUCATION

The County Executive proposed a transfer of \$1,627 M (not including debt service on some bonds issued for FCPS projects) to the Fairfax County Public Schools (FCPS), the same amount that was provided for FCPS last year. This was \$56.8 M less than requested by FCPS, which had already made reductions of \$157.5 M from what would have been a reasonable

budget to provide for the opening of two new schools, a projected student enrollment increase of 5,190 students, a 2 percent cost-of-living (COLA) increase and normal longevity increases, and expected inflationary costs for utilities, transportation and health benefits.

Although the federal stimulus bill will offset some of the additional \$56.8 M requested but not included in the County Executive's proposed budget, additional budget cuts may still have to be made. Those reductions already made in the budget request include no COLA, no longevity increase, no added funding for the government accounting standard bond account, and a reduction in previously expected inflationary increases. These reductions total about \$89.4 M. Additional administrative reductions totaled \$17.6 M. In addition, the school budget eliminated the planetarium program (\$350 K), reduced counseling and psychological services (\$5.76 M), and reduced or eliminated 45 other programs. Changes in these other programs will save about \$25 M. It is estimated that there may be 250 position reductions but this is not expected to involve teachers.

Finally, we note that the County Executive has proposed a reduction in bond capacity from \$155 M to \$140 M for school construction and renovation projects. This reduction would occur at a time when the school capacity and renovation of older building needs have increased and when the Board of Supervisors reacted to the outcry against use of EDA bonds for Gatehouse 2 because of the need for school construction and renovation projects. These needs are real. The Federation also heard that the proposed reduction in FCPS bond capacity was necessary given the present tax rate, but could be increased if the tax rate were increased.

EDUCATION RESOLUTION

RESOLVED, we accept the County Executive's proposed transfer amount to FCPS because the Federation recognizes the budget situation faced by the entire County and considers this reduction from the FCPS to be comparable to the proposed reductions to the County's departments. We recognize that some of the difference between the FCPS request and the County Executive's proposed budget will be offset with funds expected from the federal "stimulus bill" and additional savings achieved this fiscal year.

However, the Federation recommends a reordering of the County Executive's priorities for those County responsibilities that are related to schools. Thus we request restoration of the following activities: restore full funding for school clinic aids (LOB 001-71-299), retain the three Head Start classrooms less the 2 day care teachers (LOB 001-67-227), increase funding for middle school after-school programs allowing only a 5 percent reduction (LOB 001-50-165), restore the identified Annandale parent liaison reduction (LOB 001-50-152), although we could accept the community liaison reduction.

BE IT FURTHER RESOLVED, we accept the proposed \$500,000 reduction in refurbishment funds for the School Age Child Care (SACC) program, but believe that some new equipment will be necessary and believe that this should be provided from any of the proposed increase in fees for this program (LOB 001-67-REVENUE). With regard to the 5 percent proposed increase in fees, which is projected to provide about \$1.3 M, we understand that this amount is to be used to offset the original possibility of a \$1 M reduction to the SACC program. Therefore the Federation could accept this fee increase. Furthermore, if the original possible reduction is covered from other funds, then we believe the fee increase should be no more than 3 percent

BE IT FURTHER RESOLVED, the Federation supports not only the reinstatement of the previously agreed to bond capacity level of \$155 M, but challenges the Board of Supervisors to

compare the need for bond capacity for County buildings with the need for school buildings. Thus, if reasonable, the Federation would support bond capacity above the \$155 M level for FCPS, especially since the County citizens have already approved about \$600 M in construction and renovation needs.

BE IT FURTHER RESOLVED, that any change in County staff compensation should be reflected in additional funding to FCPS to allow for comparable increase in salary and benefits. Furthermore, we strongly recommend that the County and the FCPS fund salary benefits be treated compatibly: given that the County budget includes \$10 M for the GASB 45 fund but the FCPS budget was presented without funding for this item, the Federation asks that either an additional \$9 M be added to the County Executive's proposed transfer amount to FCPS or that the \$10 M that the County Executive set aside for the GASB 45 account be split between the County and the FCSB. Another possibility is that the County use the proposed GASB 45 funds to restore some of the County programs that the Federation considers essential.

C. HUMAN SERVICES

The Human Services area of the budget addresses all programs that service the needs of various populations, from low-income residents to the homeless to seniors. Funding includes direct expenditures to the several County departments and the transfer to the Fairfax-Falls Church Community Services Board.

As a result of the deteriorating economy, Fairfax County has seen a significant increase in the number of people needing assistance. To address this rising need, the County's FY 2010 Proposed Budget has adjusted for services to residents in need. In many cases these individuals and families are the most susceptible to the economic downturn, forcing them from the margin of self sufficiency to requiring assistance for basic needs very quickly.

HUMAN SERVICES RESOLUTION

WHEREAS, the Federation understands that the economic downturn has drastically affected the County's real estate tax base, which is its primary revenue source, and whereas the Federation recognizes that especially in these difficult circumstances, the County must prioritize the efforts of the various Human Services agencies to provide services to its neediest and most vulnerable population.

THEREFORE, BE IT RESOLVED that the Federation recognizes the County's effort to build an effective safety net in concert with community organizations that needs to be maintained in these difficult times. Further, the Federation appreciates the diligent and caring work of County staff in various Human Service Agencies who are grappling with addressing these growing needs.

BE IT FURTHER RESOLVED the Federation concurs with the following as advertised in the County's FY 2010 budget:

- Restoring \$2.0 Million in Personnel Services funding to the Department of Family Services, Self Sufficiency Division so that case worker positions being held vacant to meet budget requirements can be filled to help address the escalating numbers of people requiring assistance with basic needs such as food stamps, Temporary Assistance to Needy Families (TANF), Medicaid and employment.
- Holding support for the Consolidated Community Funding Pool to the FY 2009 level rather

than considering any reductions.

- Ensuring that service delivery capacity is not reduced in Coordinated Services Planning by maintaining existing staffing levels directing clients to the most appropriate service options and facilitating emergency assistance.
- Minimizing adjustments in staffing supporting community organizations.
- Providing a reserve of \$1,000,000 for emergency support for community organizations in the form of one-time grants to sustain the organizations' operations and provision of community services.

BE IT FURTHER RESOLVED, the Federation is concerned about cuts as proposed in the following Lines of Business and recommends that they be given first priority for any additional funds that become available to the county. (Note: additional details are available in accompanying table, "Lines of Business Recommendations—Human Services"):

- Restore Cuts in Child Care Assistance and Referral Program (001-67-231 Page 59, and 001-67-239, Page 60);
- Restore Cuts in Detoxification Program (106-75-410, Page 84); Restore Cuts in Mental Health/Alcohol/Drug Services (106-75-413, Page 84)
- Preserve Seniors on the go Program (001-40-140, Page 48)
- Preserve Home-based care for elderly in the amount of \$200K (001-67-217, Page 58);
- Preserve Staff support for 4H Fair (001-50-163, Page 50).

Table: Lines of Business Recommendations—Human Services:

LOB Number and page	LOB Reduction Description and additional revenue dollar value	Federation Recommendation
001-40-140 Page 48	Eliminate <i>Seniors-on-the-Go!</i> Program - \$226,123	The County has conducted several studies on the increase in its senior population. The mobility of our senior population in need of service is critical and Seniors-on-the-Go! Program provides the flexibility that other programs do not. With the elimination of this program, our vulnerable seniors will have to resort to reaching out for emergency help or depend on family members. This loss of mobility could increase costs to County taxpayers and cause potential loss of income for citizens. This LOB does not sufficiently justify the burden our seniors will encounter, especially for essentials such as medical visits and food purchases.
001-50-163 Page 50	Eliminate Limited Term Staff Support for Community Outreach and Education Efforts - \$32,823	The 4-H Fair is the largest event in Fairfax County for youth participation in various educational activities. While this might not be deemed as critical service, there needs to be recognition that this staff position coordinates the biggest youth event in Fairfax County and as such serves the greatest number of youth for very little cost. The reassignment of tasks will not only hamper the planning of the Fair and other community initiatives, it may very well dilute the entire delivery of the Fair. This LOB elimination does not sufficiently justify the loss of service which may be the only creative and educational outlet, other than the school, for many of our youth in these dire economic times.
001-67-217	Reduce the Home Based Care Budget Based on Savings	This reduction eliminates all flexibility in the Home Based Care for older adults and adults with disabilities. This

Page 58	Generated by the Implementation of the Cluster and Task-Based Care Model - \$1,200,000	category of population is the most vulnerable in our communities. Unless there are other funds that will replace this LOB, this service is critical to the welfare and care of home bound adults and adults with disabilities and we recommend retaining this service at the \$200k level.
001-67-231 Page 59	Eliminate Funding for Approximately 250 Children in the Child Care Assistance and Referral (CCAR) Program - \$1,725,917	See below
001-67-239 Page 60	Eliminate Funding for Approximately Another 250 Children in the Child Care Assistance and Referral (CCAR) Program- \$1,725,917	This and the aforementioned LOB item adds up to \$3,451,834 in cuts in Head Start programming and is the single biggest cut among the various human services proposed cuts. These cuts will affect 500 of our most vulnerable population who are not only children but are members of low income households. This massive cut merits further consideration in replacement of funds through potential grant funding opportunities. If grant funding opportunities are not available, the Federation strongly urges retention of as much of the CCAR program as possible.
106-75-410 Page 84	Eliminate Diversion to Detoxification Program – \$215,000	This is a low cost LOB item for the public service it is providing. The individuals benefiting from this program can remain a negligible burden on taxpayers compared to the cost incurred should they be incarcerated. Further, the cost on the police department will increase significantly by 2,250 hours of police time that would potentially be used for arrests. This LOB elimination does not sufficiently justify the loss of public safety service. The Federation strongly recommends that this LOB remain intact.
106-75-413 Page 84	Reduce Forensic Mental Health and Alcohol and Drug Services at Adult Detention Center – \$387,641	This elimination will adversely affect the greatest number of at-risk population suffering from mental health and alcohol and drug addiction. Furthermore, akin to the aforementioned LOB, this elimination does not sufficiently justify the benefit to the greater society should these individuals benefit from this program and be able to live a healthy and productive life. The Federation strongly recommends that this LOB remain intact.

D. ENVIRONMENT, INCLUDING STORMWATER MANAGEMENT

The County Executive's Advertised Budget proposes to establish a service district for funding most of the Fairfax County stormwater management program. In FY 2009 operating costs were shifted from the General Fund to the Penny for Stormwater Management Fund, which effectively doubled the reinvestment cycle of stormwater facilities from an estimated 75-100 years to over 200 years, which is probably not sustainable. Thus establishing a service district has been proposed. A service district tax is simpler and less costly for the County to establish, administer and maintain than a utility, and the tax would be a deductible in one's Federal income tax.

Other environmental concerns include proposed service reductions which may affect environmental quality. LOB 001-71-300 would eliminate the Air Pollution Control Program and save \$231 K. The County would be unable to report air quality data to the EPA and cause EPA models for the metro DC area to be reconfigured.

LOB 001-90-331 proposes to eliminate the Deer and Geese Management Programs at a

savings of \$126 K. These efforts helped in the reduction of deer-vehicle collisions, as well as preventing the potential spread of Lyme disease. Geese have damaged aircraft engines upon takeoff and landing (famously, in the Hudson River landing of US Airways Flight 1549), which may present a risk, given the proximity of the County to two major airports.

LOB 001-02-5 proposes elimination of one Management Analyst IV position and one Energy Coordinator position from the Office of the County Executive, who has instead created the Energy Efficiency and Coordinating Committee, which would serve as an interagency forum for cross-organizational collaboration and coordination of energy efficiency and conservation efforts. Combined with a decrease in limited term funding, this would save \$244,402.

ENVIRONMENT RESOLUTION

WHEREAS the County Executive has proposed dedicated funding for most of the Stormwater Management program, and

WHEREAS proposals have also have been made to eliminate or reduce other programs affecting the environment,

RESOLVED, the Federation supports the dedication of funding for Stormwater Management as a service district.

BE IT FURTHER RESOLVED, we oppose eliminating the Deer and Geese Management Programs (LOB 001-90-331). Deer collisions are a major problem for motorists, and many residents have problems with deer eating their crops and gardens.

BE IT FURTHER RESOLVED, we are opposed to implementing LOB 001-71-300, elimination of the Air Pollution Control Program. Thousands of Fairfax County residents get sick due to poor air quality. This program integrates the air quality programs from COG with County activities

FINALLY BE IT RESOLVED, we support elimination of the energy management positions (LOB 001-02-5), provided that the County Executive hire an energy consultant, under a contract which guarantees savings greater than the contract cost, to recommend cross-agency coordination of energy efficiency and conservation efforts which have short payback periods.

E. TRANSPORTATION

The \$7.5 M transfer to support Metro is the same as the FY 2009 Revised Budget level. The General Fund transfer for County Transit, which reflects the County cost for the CONNECTOR service and the County contribution for the Virginia Railway Express (VRE), is \$35.9 M, no increase over the FY 2009 level.

Total FY 2010 CONNECTOR funding of \$81.5 M provides the full year of operations of the new West Ox Bus Operations Center, inflationary increases, expansion costs, and updated pricing associated with the annual bus replacement program.

LOB 100-40-141 through 100-40-145 reduce or eliminate CONNECTOR bus service for a savings of \$7.4 M. Specific routes are proposed for: elimination on weekends and holidays or for which there are other service options to reach the same destination; reduced frequency on non-core routes; and reduce or eliminate service on routes which have low or medium impact on at-risk populations.

TRANSPORTATION RESOLUTION

WHEREAS, the Advertised Budget contains proposals to reduce the frequency and routes of the CONNECTOR bus service, and

WHEREAS, the proposed transfers to VRE is at the level requested, and

WHEREAS, the support of Metro is the same as in the Revised FY 2009 Budget Plan, State aid, fund balance, and interest earnings are used to support increases in Metro operations costs,

RESOLVED, the Federation regrets but supports these reductions, which we hope have minimal impact on the ridership.

F. LAND USE

LOB 001-36-118 proposes to merge the Planning Commission with the Department of Planning and Zoning (DPZ), for a savings of \$174 K and 2 Staff Year Equivalents. Currently the Planning Commission has offices and staff in the main Government Center building, literally and figuratively separate from DPZ in the Herrity Building. Planning Commissioners are appointed by the Supervisors, and are paid a nominal stipend for their services.

LAND USE RESOLUTION

WHEREAS, the County Executive proposes merging the Planning Commission support staff into DPZ, thereby reducing by two the staff required to support the Planning Commission,

RESOLVED, we agree to the merging of the Planning Commission into DPZ, notwithstanding the slight possibility of the blurring the important line and cultural differences between Planning Commissioners and the DPZ staff. Although the \$175 K savings is not great, in this economic climate, all reasonable reductions should be taken. The County should review the effect of this change when the budget situation could allow restoration of separate staff support for the Planning Commission.

G. PUBLIC SAFETY

The County Executive has proposed reductions in the Police Department that include unscheduled overtime hours and overhire police officer positions, saving \$3.5 M without the loss of SYEs (LOBs 001-90-334 and 001-90-351). However, there would be a loss of 28 positions under LOB 001-90-353, which would reduce by half the placement of School Resource Officers, who foster safer campuses by assisting in investigations and the removal of disruptive students in middle schools. According to the Washington Post, 5 March 2009, the Motor Carrier Safety Program (LOB 001-90-350, which if eliminated would save \$317 K) is credited with cutting the number of traffic related deaths in half, from over 60 per year to 31; this program results in the removal of over 600 unsafe trucks a year.

Several sizable cuts in Fire and Rescue programs have been proposed (LOB numbers beginning with 001-92), totaling \$ 6.5 M: eliminating of in-house Advanced Life Support training, elimination of four Basic Life Support Units at stations which have Advanced Life

Support Units, elimination of 2 of the 8 heavy rescue companies, and reduction of the Special Operations Division by half.

LOB 001-08-46 would eliminate contracted security guard services at most County facilities, saving the Facilities Management Dept. \$2 M. This opens the affected community centers, human services buildings, public safety campuses, and the Government Center complex to vandalism and property damage while jeopardizing the safety and security of County employees and the public visiting these facilities.

PUBLIC SAFETY RESOLUTION

WHEREAS, the largest dollar cuts proposed in the FY 2010 Advertised Budget are in public safety,

RESOLVED, the Federation accepts the largest reductions in the Police and Fire Departments, since they appear to have minimal impact on the timely delivery of services, except the elimination of two of the eight heavy rescue companies, which the Federation thinks may have a major impact.

BE IT FURTHER RESOLVED, the Federation disagrees with the elimination of the Motor Carrier Safety Unit, which ensures enforcement of truck inspection laws and removes unsafe trucks from the highways.

BE IT FURTHER RESOLVED, we are also opposed to total elimination of contracted security guard services by the Dept. of Facilities Management (LOB 001-08-46) but would support a reduction of service hours.

BE IT FURTHER RESOLVED, we strongly support reduction of funding for Take Home Vehicles (001-91-354), which would save \$100,000, and should not impact police response time.

FINALLY BE IT RESOLVED, that the Board of Supervisors consider restoring the following cuts proposed by the County Executive if additional funds (such as from the Federal stimulus package) become available:

- Spanish Language Immersion Program (001-90-326), which is essential for training officers to communicate with residents.
- Traffic Safety Program (001-90-346), which is vital in regional coordination. Included are the Smooth Operators, Click It or Ticket, Checkpoint Strikeforce, and pedestrian safety programs, DWI programs, and coordination with VDOT for incident management on roads and interstates.
- Shopping Center Officers at our shopping malls (001-90-352) (8 officer positions). Officers are skilled in identifying credit card fraud, forgery, career shoplifting and recovering stolen property. Removing officers would require that police who regularly patrol in our communities respond to those calls.
- Contributions to Volunteer Stations for purchase of discretionary items.(LOB 001-92-374).
- Management Analyst Position in volunteer Liaison Office (001-92-381). which handles all volunteer recruiting, volunteer resource, and information technology. This position oversees the Community Emergency Response Teams (CERT) a valuable part of the county's Citizen Corp Program. The Federation is a founding member of the County's Citizen Corps Council

that promotes the County's volunteer Citizen Corps programs.

H. LIBRARIES

The Advertised Budget proposes closing all community libraries on Thursday evenings and all day on Fridays, and shorter hours at regional libraries on Sundays, saving \$3.4 M (LOBs 001-52-196 and 001-152-197). In addition, LOB 001-52-195 proposes reducing the acquisition of new books and other materials by \$1 M, which would result in a decrease of 70,000 fewer materials, 1,000 fewer subscriptions, 3,500 fewer reference books, and fewer items in every format and for every age group.

LIBRARIES RESOLUTION

BE IT RESOLVED, the cutback in hours of operation of the libraries is regrettable but necessary. We suggest instituting other efficiencies, such as alternating the closure hours of pairs of nearby Community and Regional libraries, so that there will always be an open library to go to. We ask that the libraries consider restoring some of the \$1 M cut in materials acquisition funds (LOB 001-52-195) if additional funds become available.

II. CAPITAL IMPROVEMENT PROGRAM

The Advertised FY 2010-2014 Advertised Capital Improvement Program (CIP) provides for capital projects from all funding sources – bonds, General Fund, proffers, etc. The FCPS has a separate CIP for which the County pays most of the bonded indebtedness. The proposed total debt service is within the parameters set by the County's financial principles. The ratio of debt to taxable property value is projected to remain less than 3.0 percent and the ratio of debt service to Combined General Fund disbursements is projected to remain less than 10.0 percent.

The CIP proposes \$22.02 M for Paydown Capital Projects from the General Fund in FY 2009, a slight decrease from the FY2009 level of \$22.06 M. This funding level is supported by the General Fund in the amount of \$15.7 M and \$4.3 M in balance based on unexpended revenues.

However the CIP does include the deferral of several projects and a slowdown of bond expenditures, although all projects are still authorized and no project has been eliminated. These adjustments are absolutely necessary for affordability and to position the five year CIP to respond to further potential revenue loss if necessary. The total impact to the County program is a reduction of \$52 M over the 5-year CIP period or approximately 10 percent. The total impact to the County and Schools program is a reduction of \$87 M over the 5-year CIP period or 6.8 percent.

The County Executive proposed one bond referendum on the November 2009 ballot, \$140 M for schools, which, based on debt service limitations referenced above, is half the amount previously planned. The November 2011 school referendum would be similarly cut, but the bond referendum amount is proposed to be restored to the previous level of \$280 M per year beginning in Fall 2013 (FY 2014). It is our understanding that the bonding capacity could be raised if the real estate tax rate is raised sufficiently.

The Penny for Affordable Housing program is left intact, generating \$20.5 M. Housing for the elderly is increased \$500,000 because of a new contract for operating the Lincolnia Senior

Center and Residences, and increased maintenance costs.

CIP RESOLUTION

WHEREAS, the County Executive has released the Advertised CIP for FY 2010-2014, which proposes \$22.02 M for Paydown Capital Projects from the General Fund in FY 2010, delays in implementing certain capital projects, and a school bond referendum in November 2009,

RESOLVED, the Federation commends the County for providing some funding for some major maintenance capital renewal projects from the General Fund to supplement use of bond financing for major capital projects, which we understand the bond rating houses appreciate. We regret that the General Fund allotment for this purpose is the same as last year, \$6.9 M, addressing only Category F projects (urgent/safety related, or endangering life and/or property).

We also endorse continuing the Construction Inflation Reserve at the level of \$1.5 M to present a more realistic picture of actual construction costs in future years.

We commend the County Executive for requiring that each proposal for a new facility should include the projected annual costs of operation and maintenance as part of the "Principles of Sound Capital Improvement Planning" stated in the CIP.

We support the County Executive's continuing program to address security issues at new facilities by applying Crime Prevention through Environmental Design principles. In addition, we *recommend the application of "green building" principles to conserve energy and mitigate stormwater runoff and its impacts.*

BE IT FURTHER RESOLVED that the Federation supports a more focused use of Affordable Housing Funds to assist newly hired teachers, police and firefighters in obtaining housing in Fairfax County for an initial period.

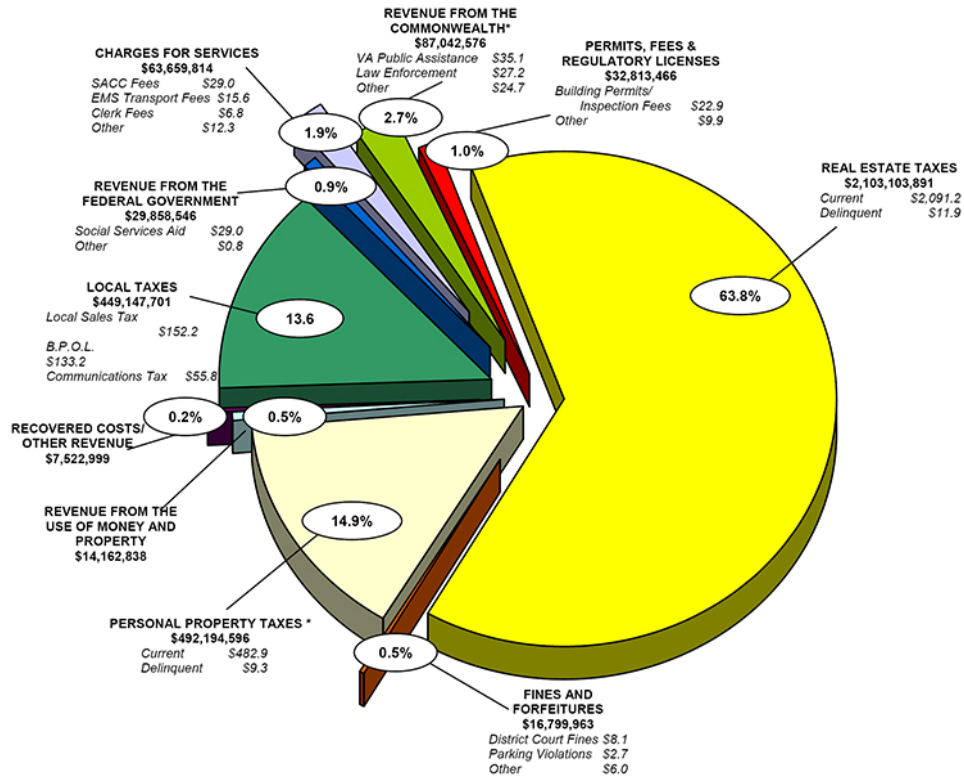
FINALLY BE IT RESOLVED, we reiterate our position with respect to the bond capacity level for the Schools and the need for school buildings rather than County buildings, as stated in the Education Resolution section.

III. REVENUES

Overview Facing a budget deficit of almost \$650 M, the County Executive proposed, in addition to the severe expenditure cuts, increases in tax rates. The total revenues for all funds total \$5,800 M. The General Revenue funds total \$3, 296 M.

WHERE IT COMES FROM

\$3,296,306,390 **
(subcategories in millions)



As indicated in the pie chart above, revenues are:

- 63.8 percent from Real Estate Taxes
- 14.9 percent from Personal Property Taxes
- 13.6 percent from Local Sales Taxes, BPOL, and the Communications Tax
- 2.7 percent from the Commonwealth, which does not include money for the schools
- 5.0 percent from all other sources.

With increases in tax rates and fees for the General Fund, revenues are estimated to be the same as for FY 2009.

Note that a new proposal was made to break out the "Penny for Stormwater Management" into a separate tax district and to increase the rate by 50 percent, to \$0.015, which would be in effect for half of the taxable year, commencing July 2009.

Real Estate Taxes The average Fairfax County residential property declined 18 percent in sales value in 2008. Non-residential real estate declined an average of 4.5 percent. Therefore the County Executive has proposed a significant tax rate increase of \$0.12 per \$100 assessed evaluation in order to generate approximately the same revenues and the average residential real estate tax bill approximately the same as last year. But because non-residential property declined less in value than residential, the increased tax rate will affect those properties more than residential: the Commercial and Industrial percentage of the County's Real Estate Tax base would be 22.7 percent, a significant change from the FY 2009 rate of 21.1 percent.

However, the service area tax for stormwater management would also apply to all real estate, although it would be a Special Fund and no longer part of the General Fund revenue. Thus we will consider it as part of the total real estate tax bill. The increase in the real estate tax rate combined with the half-year of stormwater service area tax makes the average homeowner's tax bill approximately \$2.16 higher, but it would be \$13.64 higher with the full year of the Service District in FY 2011.

It should be noted that there is a wide variation from the "average" 18 percent in residential real estate values. For example, Lorton experienced the greatest declines at 21.5 percent, whereas Great Falls values fell the least, only 7.4 percent. Springfield, Annandale, Centreville, and Herndon lost around 16 percent, while Great Falls, McLean, Oakton, Vienna, Clifton, and Fairfax Station had only 7 percent to 8 percent declines.

The County Executive recommends that for flexibility the Board of Supervisors should advertise a real estate tax rate of \$1.07 per \$100 of assessed value; the adopted rate can be lower, but not higher, than the advertised rate. On March 9, 2009, the BOS set the rate at \$1.05. Also recommended is a vehicle registration fee of up to \$33 for most passenger vehicles, and \$38 for vehicles over 4,000 pounds.

Other Revenue Sources

- Personal property taxes are projected to be down \$23.6 M or 4.7 percent in FY 2010, mostly due to a 20 percent decline in new model vehicle registrations, more than 13,000 vehicles. Used vehicles, especially SUVs, have depreciated at a higher rate than normal.
- Sales tax receipts are projected to be down \$3.9 M.
- Revenue from the Commonwealth was reduced \$3.9 M for each 2008 and 2009 by the Virginia General Assembly, but the impact might be lessened by funds from the federal stimulus bill.
- Interest earned on County investments is projected to fall \$18.5 M in FY 2010.

Other Revenue Enhancements Tax rates and levies would be increased to offset an increase in the cost of providing service, as follows:

- Refuse collection fee would remain flat at \$345 per household.
- Sewer service rate would increase from \$4.10 to \$4.50 per 1,000 gallons of water used, plus incur a flat \$5 base charge per bill.
- Sewer availability charge would increase from \$6,896 to \$7,310 for new single-family home.

A series of revenue enhancements totaling \$12.6 M are based on actual costs of service provision, including:

- \$5.5 Million in Land Development Services build and inspection fees
- \$2.0 Million in zoning fees
- \$1.5 Million in penalties for late payment of Personal Property Taxes
- \$1.3 Million in School Age Child Care (SACDC) fees, an increase of 5 percent.

REVENUES RESOLUTION

WHEREAS, the County Executive's FY 2010 Budget proposes an increase in the real estate tax rate to \$1.04 per \$100 assessed value plus 1.5 cents for the Stormwater Management program.

RESOLVED, the Federation endorses the proposed real estate tax rate and the increase for the Stormwater Management Program.

Further, we support an increase in the real estate tax rate only until such time that the average property values return to the January 2007 level, at which time the rate should revert to 88 cents per \$100 valuation (89 cents if stormwater management is not a dedicated fund).

Revenue Additions – We recognize the need to increase the refuse collection fees to prevent a financial loss in providing this service. We also recognize the necessity of increasing the sewer service rate in order to ensure that the County’s sewage treatment plants meet discharge standards set by the Environmental Protection Agency (EPA). Finally, we do not oppose an increase in the sewer connection fee.

IV. FY 2010 COUNTY BUDGET PROCESS

At least a year ago the County knew that the budget would incur a deficit for FY 2010, then estimated to be \$350 M. The projections grew larger over the succeeding months and is currently estimated to be \$650 M.

Knowing that the FY2010 budget will directly affect many citizens through program cuts and tax rate increases, the County and public school system have taken steps to make the budget process more transparent, and to secure community input.

- Early Warning. Regular updates on the FY 2010 financial forecast and information on the FY 2009 budget were made available to the Board of Supervisors, the School Board and residents to “identify the scope and deepening projected shortfall in FY 2010.”
- Program Reviews.
 - The Board of Supervisors conducted a comprehensive Lines of Business (LOBS) review of agencies’ programs and priorities - identifying possible areas for elimination, reduction, reorganization, or alternative service delivery.
 - FCPS provided information on over 180 identifiable programs in an expanded Program Budget and presented three levels of reduction for each program.
- Public Outreach. Nearly 1,000 county residents and employees attended 20 community dialogues and employee brown bag sessions between September and December, These meetings invited public input long before the traditional early-spring budget hearings. Employee surveys and online and telephone forums for public comment also were set up.

In addition, County budget documents are available online at <http://www.fairfaxcounty.gov/dmb/>, FCPS budget documents at <http://www.fcps.edu/news/fy2010.htm>. These materials provide a numeric overview of the FY2010 budget and an overview of the economic crisis, to put the budget in context. They also present a compendium of Lines of Business changes, to give a running tally of, and written commentary on, specific program adjustments.

At the same time, certain deficiencies were noted by members of the Federation budget committee, that tend to limit effective community input.

While community involvement has been broad, it is not as deep as could be. Public meetings can only gather general sentiments, not engage community members, especially those with

budget expertise, in a thoughtful review of county budget priorities.

We note that the county has not adopted a longstanding Federation recommendation to establish a citizen advisory committee on budget matters.

Moreover, the budget presentation makes it difficult to evaluate long-term changes in county priorities. The presentation does not include any commentary on the history or mission of individual budget items, nor does it track long-term spending trends, to help compare cost and perceived benefit of individual programs. For example, we have been unable to determine how much flexibility exists in the funding for the Economic Development Authority budget. However, we believe that this budget could be reduced without seriously jeopardizing the effort to attract business to Fairfax County, especially if other budget reductions result in the County being less attractive to businesses that are considering relocating here.

In addition, we are aware that some monies provided to the Commonwealth from the Federal stimulus package will filter down to the County, how directed the use of these funds will be, and when they will arrive.

BUDGET PROCESS RESOLUTION

WHEREAS, broad public information and community input always are essential to ensure support for county fiscal priorities, and are especially crucial during this year's severe budget shortfall, which affects large segments of Fairfax County's citizenry through program cuts and an increase in the property tax rate;

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;

WHEREAS, the crisis creates extreme competition among vital programs, making carefully tailored cuts especially important, based on a close examination of community needs;

WHEREAS, the average real dollar amount of Fairfax property taxes nearly doubled 2000-2007, and citizens are being asked to continue paying that level of taxation at a time of growing personal duress;

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;

AND WHEREAS, the BOS and FCSB have established a Smart Services Committee comprised of three persons from each Board to consider/explore County and School functions that can be combined or better coordinated so as to realize additional efficiencies and monetary savings;

THEREFORE, BE IT RESOLVED that the Federation praises the county's extensive series of public meetings to solicit community input on spending priorities, and urges that such meetings be conducted in future years;

BE IT FURTHER RESOLVED that the Federation praises the establishment of the Smart Services Committee and hereby offers volunteer support for this effort.

BE IT FURTHER RESOLVED that the County augment this broad community outreach by reestablishing a citizens budget advisory committee, which can offer a community perspective that is informed by in-depth examination of county budget data, and that individual supervisors establish such committees to advise them on fiscal decisions;

BE IT FURTHER RESOLVED that the Federation praises the county's adoption of Lines of Business analysis and Fairfax County public schools' expanded program budget document as a basis for budget decision-making, providing a more targeted and transparent fiscal process, and for publishing a summary of specific budget changes;

BE IT FURTHER RESOLVED that the county better explain the history and mission of individual programs and departments, as well as spending increases over the previous 5-10 years, to help the public assess whether spending increases are justified or sustainable in changing budget environments.

BE IT FURTHER RESOLVED that the County consider expanding its financial auditing to increase the county's capacity to conduct internal performance audits and better identify opportunities for savings and more efficient use of county resources.

FINALLY BE IT RESOLVED that to the extent that there exist in the County Executive's Advertised FY 2010 Budget funds that could be considered to support tourism over and above monies required by State law to be spent on tourism and the Economic Development Authority (EDA), the Federation requests that funds be backed out of the EDA account and used to offset some or all of the budget line item increases that the Federation has recommended. When offsetting funds are not available for those increases requested by the Federation, we request that the Board of Supervisors give these programs first priority for any additional funds that become available before or during the budget year.

V. CONCLUDING RESOLUTION

WHEREAS, the County Executive's FY 2010 Advertised Budget addresses the \$648 M shortfall in part by proposing organizational efficiencies and numerous expenditure reductions, including staff reductions and cuts to County programs,

THEREFORE BE IT RESOLVED, that the Fairfax County Federation of Citizens Associations appreciates the County Executive submitting to the Board of Supervisors a fiscally responsible proposed FY 2010 budget recognizing a significant reduction of anticipated revenues.

BE IT FINALLY RESOLVED, that the Federation appreciates the challenges that you, the Board, face and the hard choices that you will be making because of reduced revenues and increasing needs throughout the schools and services sectors of the County.

Approved at the Federation Membership Meeting on March 19, 2009