

**Membership Meeting**

**7:30 pm, Thursday, March 27, 2014**

**Mason Government Center (6507 Columbia Pike, Annandale, VA 22003)**

**Call to Order/Welcome** – President Jackson called the meeting to order at 7:35 p.m.

► **Administrative Matters** – Rob Jackson

Approval of the February Membership Meeting Minutes –It was moved and seconded that the minutes be approved. The motion passed on a voice vote and the minutes were approved.

Treasurer’s report –Scott Schlegel presented his report, receipt and filing was moved by Ms. Thurmond and seconded by Mr. Goldberg. After a voice vote, the report was filed for the record.

Citizen of the Year—Tania Hossain, chairman of the event, noted that invitations had been sent and encouraged attendees to RSVP quickly. The 2013 Citizen of the Year honoree is Janyce Hedetniemi. Citation of Merit honorees are Tena Bluhm and Kathy Kaplan. Special Gratitude honorees are Congressman Jim Moran, Congressman Frank Wolf, and Delegate Jim Scott. Information is on the website about the event. Members need to market tables for the banquet. Sponsor levels are on the website also as well as the brochure. We continue to look for sponsors.

There was no other urgent business for the Membership.

► **Membership Programming – FY2015 Budget Discussion**

Ms. Boone introduced County Executive Ed Long and Deputy Director Department of Management and Budget Joe Mondoro who presented an overview and highlights of the FY2015 advertised budget. Sequestration has ended for now but continues to impact the economy in the county. The General Assembly bill concerning transportation passed last year which provides \$125M to the county for transportation projects. Multi-year budget approach is working. New CIP review process has been undertaken by the schools and county to look at infrastructure needs. The utility rate for Stormwater Division will increase to \$.0375 over the next 5 years. An IT Plan will be coming next year for technology needs as well as Public Safety needs.

Items of concern about the budget include that real estate values are not back to 2008 levels. Mr. Long does not want to approve anything in upcoming budgets that cannot be sustained. There will be continuing challenges to fully fund FCPS and county employee compensation.

The county has cut so much in past years, but we have now identified a core level of services. The extra \$20M in cuts that the Board of Supervisors asked for are significant – libraries, school readiness, etc.—areas where the advertised budget had put extra funding for FY2015.

Jobs are slowly starting to increase, however, the unemployment rate inched up to 4% last month. New jobs in the county have changed from high paying ones to construction or other lower paying ones.

AAA bond rating saves the county money. The last bond sale garnered a 2.84% rate. There was a watch issued by one of the rating agencies because of three reasons: the county used onetime money for recurring expenses; the level of reserves should be increased from 7–8% currently to 15–20%; and there was concern about the liability gap of the retirement system – Mr. Long commented that the county would grow those funds from 72% to be 80%. Revenues are not growing as they have in the past; the new normal is smaller increases in revenue.

The Business and Professional Occupational License (BPOL) revenues are lower than expected, no other extra revenue sources except to ask for a referendum to allow a meals tax. The meals tax failed two times with voters already. Reduced revenue growth is the new normal. Further, 63% of revenue comes from real estate taxes. We don't have magic ways to increase revenue.

Increased home values have resulted in an average 6.54% increase in real estate assessments; with no commercial real estate increased values and high vacancy rates. Need to increase commercial real estate values and reduce vacancy rates.

The Board of Supervisors approved an advertised real estate rate that is 2 cents more than the current rate, or \$1.105. They did that to allow room for discussion of possible increases in the adopted budget.

School budget comprises 52.1% of county expenditures. Support for schools has not wavered. Since 2009 over 650 county cuts were made—police fire, DFS, etc. The Schools have traditionally gotten a fair share of any revenue increases.

The Schools budget request was for a 5.7% increase while the Advertised budget allows for a 2% increase in funding. There is a gap in funding the schools, which did not include an estimated \$30M from the state budget.

A market pay study for county employees revealed that the fire department was out of market, so a 3% pay increase is in the budget. The Board wants to consider a 2% increase for county employees. The Board has to consider what is sustainable for FY2016 and beyond. Pay is important to recruit and retain quality employees and teachers.

The 911 call center equipment must be replaced at a cost of \$5M. Computer aided dispatch terminals will cost \$11M. Increased public assistance caseloads transferred from state must be funded. The Community Funding Pool resources help community organizations serve residents.

Mr. Long stated in the future that if we build a facility, we must be able to staff it. Buildings under construction now will be staffed.

World Police and Fire Games are coming next year, June 27–July 5, and will be an international event. Funding to support the games is required along with lots of

volunteers. Opening ceremony will be at RFK Stadium; the athletes' village will be in Reston and athletic events will take place in Virginia, the District and Maryland.

The budget assumptions for the FY2016 budget will be offered by the Board when it adopts the FY2015 budget. The level of the schools transfer and county employee compensation projections are always included. Mr. Long opened the floor for questions.

Q: What technology upgrades are needed in police cars?

A: New terminals are needed.

Q: Additional revenue—what are other possible revenue enhancements? User fees? Carryover amounts?

A: Fees get updated or reviewed annually. The Board of Supervisors asked to look at SAC fee increases this year. Meals tax could be done—requires a voter referendum. Residential permits fee of \$25 fee could be added. The county must have a balanced budget. Emergencies happen. Mr. Long feels the county is running too close on revenue estimates. Reserves are used for true emergencies only. Rainy day fund can only be used when projected revenues fall by \$55M and then the Board can only take half of the amount from the rainy day reserve. In 2009 the county had to dip into the rainy day fund.

Q: What will county look like in a decade?

A: Diverse community, migration of new residents is at the lower end of income scale. Some new industries are coming to the county such as genome and genetics industries. We will also need technology companies to run “big data”. Town centers like Reston and Tysons will increase as well as density; additional growth in Springfield and Merrifield; more communication and outreach to community; and more urbanization in general.

Q: Vacant buildings—east county human services building—why not use existing building instead of building a new one?

A: Leased space is expensive. Hard to get large properties together to build something, but sometimes it is necessary.

Q: Verizon will not maintain boxes at the 911 Center because of their age. Why?

A: We need to replace the boxes which Verizon will then maintain.

Q: What are the health care and pension requirements for county employees?

A: Volume 2 of the budget has contribution rates for employees and the retirement programs for each class of employee. New employees cannot retire before age 55, rule of 85, with a defined benefit plan.

Q: Feds went from defined benefit to a small defined benefit but larger defined contribution plan?

A: That could be expensive, too. County human resources/consultant conducted a study 2 years ago and decided to remain with a defined benefit plan.

Q: If lower income people are moving into the county. How will they be able to afford to live here?

A: Apartments are more affordable. County is always looking at increasing the affordable housing stock. Over half (53%) of the homeless work; there about 1300 homeless persons at any time in the county.

Q: In comparison to the reduction of over 600 County positions, FCPS had reduced 1400 positions and now in the FY2015 budget proposes to reduce another 700 positions. How many vacant positions has the County had open for over a year?

A: A query is being addressed that will be posted on the county's website. The county requires agencies to keep about 8% of vacancies open in order to meet the payroll budget.

Q: What do you mean by the need to revamp the 911 Center?

A: No, 911 boxes need upgrading, not the PSTOC itself.

Q: Lack of code compliance is impacted by lack of county attorneys. How are salaries for county attorneys viewed as an investment or expense?

A: Attorneys are investments, but we have to be able to afford them.

Q: How do you calculate (project) out-years numbers?

A: Use econometric models and financial tools.

Q: Do you apply risk analysis?

A: Yes

Q: Income in the county has only risen by 2%. What about income increases in 2016?

A: Mr. Long worries about it. Homes are moving faster but pent up demand for housing has caught up. Unemployment rate was up last month.

President Jackson presented Mr. Long and Mr. Mondoro with new Federation mugs to commemorate their discussion with the membership.

The membership moved to a discussion of the Federation's Budget Resolution.

### Revenue

Discussion began with correcting an error in the Board recommended resolution. Need to strike and remove the paragraph in the Revenue section that proposes increasing cigarette taxes. Ms. Horn moved and Mr. Birch seconded to remove the paragraph. After discussion the motion was withdrawn and a substitute motion was made by Ms. Horn and seconded by Mr. Birch that reads: "**Resolved**, the Federation urges the Board of Supervisors to look at all possible sources of revenue (within its authority) including but not limited to meals tax, BPOL, increasing residential permitting fees, SACC fees, etc." The motion passed 41 For 0 Opposed 0 Abstentions.

### Libraries

Per Ms. Kaplan the VA Code authorizes the Trustees to approve the budget. There was a philosophical discussion about the budget and what our priorities were as the Federation. Motion by Ms. Kaplan to delete the \$100,000 funding for the study was seconded by Ms. Trainer. The motion was approved 40 For 0 opposed 3 Abstentions.

Main motion to approve the Library section as amended was moved by Ms. Kaplan and seconded by Ms. Cockayne. It passed with a vote of 38 For 3 Opposed 0 Abstentions.

#### Debt Management

Resolution approval was moved by Mr. Schlegel and seconded by Mr. Thompson. An amendment was added to the wording of the resolution to read, "**Resolved**, that the Federation recommends that the county continue to adhere to its sound financial management policies and practices, including matching recurring requirements with sustainable and recurring sources of revenue, and if necessary defer or eliminate any new debt issuance that might place the county's strong debt rating and healthy financial condition at risk." Passed on vote of 36 For 2 Opposed 4 Abstentions

Correction of typo passed on a voice vote.

Final Resolution as amended passed on a vote of 39 For 0 Opposed 4 Abstentions.

#### County Employee Compensation

Ms. Boone moved and Ms. Kaplan seconded the motion to add this section recommending a 2% increase in compensation for county employees. After discussion, the motion failed on a vote of 15 For 23 Opposed 5 Abstentions and will not be part of the Federation's Budget Resolution.

#### Pension Fund

Mr. Costello moved approval of the resolution and it was seconded by Mr. Wyse. There was discussion and one friendly amendment to change the word conduct to "appoint". The section passed 24 For 19 Opposed 2 Abstentions and was added to the Federation resolution.

#### Budget Process

Mr. Thompson moved approval and Mr. Wells seconded the motion which passed 41 For 0 Opposed 0 Abstentions. It will be added to the Resolution.

#### Education

Mr. Saperstein moved approval and Mr. Thompson seconded it. Ms. Horn moved and it was seconded to remove the words "at least" from the resolution clause. The amendment passed on a voice vote. After discussion, the amended section was added to the Federation's resolution on a vote of 35 For 2 Opposed 8 Abstentions.

#### Revenues

Motion to approve the entire Revenues section was made and seconded. The vote was 41 For 0 Opposed 2 Abstentions. The section was added to the Federation resolution.

#### Budget Resolution

Approval of the entire Federation budget resolution was moved by Mr. Saperstein and seconded by Ms. Horn. Discussion was about the need to reduce the tax rate or keep it the same and how to identify where the additional revenue could be found. The entire resolution as amended passed on a vote of 38 For 3 Opposed 2 Abstentions.

► **Old Business/New Business**

An invitation to AHOME's fundraising reception was announced by Mr. Hanks. The reception will honor Congressman Gerry Connolly. For details contact Mr. Hanks or go to the website.

The Federation was advised that if there is no Special Session budget approved at the state, FCPS will have to issue pink slips because of time requirements.

► **Adjournment**

The Federation Membership meeting adjourned at 10:34 p.m.

**Next Meetings:** Membership Meeting, April 10, 2014, (Cancelled).

Board Meeting, April 24, 2014, Hidden Oaks Nature Center, 7701 Royce Street, Annandale, VA 22003.