

Fairfax County Federation of Citizens Associations Resolution
Fairfax County Advertised FY 2006 Budget
(Membership approved 3/31/05)

Background

The County Executive's proposed FY 2006 Budget Plan totals \$5.06B (billion), of which the General Fund portion is \$3.0B.

Property Tax Rates – The current real estate tax rate is \$1.13 per \$100 of assessed value. One real estate tax penny represents \$17.9M (million) in tax revenue.

Revenue – General Fund revenues are estimated to be \$3.02B (\$2.74B in FY05), with increased revenues due primarily to real estate tax receipts, which represent 60.6% of the revenue base. Real property assessments increased an average of 23.5% (11.36% in FY05), with only 2.69% from new growth. Residential equalization values increased 23.09%. Non-residential values increased 12.74%, up from 3.74% in FY05. Revenue from personal property taxes will be 15.7%, 70% of which is provided by the state. Property taxes comprise 77.8% of Combined General Fund revenues. Other local taxes, e.g., sales, BPOL, utility, auto licenses, etc., total 15.1%. Aid from the state will be 2.7% (down from 3.9% in FY 2001) and 1.5% will come from the federal government.

Revenue Enhancements – Some fees would be increased, providing an additional \$5M in revenue, as follows:

- Phase-in site review and inspection fee increases over two years, the first increase since 1996;
- Increase in zoning application and compliance letter fees to recover 50% of cost;
- Increase the E-911 fee from \$2.50 to \$3.00 per line per month, the state maximum;
- Increase County refuse collection fee from \$240 to \$270, the same rate as in 1993;
- Increase County sewer service rate from \$3.20 to \$3.28 per 1,000 gallons; and
- Increase sewer availability charge from \$5,621 to \$5,874 for new single-family home.

Expenditures – General Fund disbursements total \$3.0B, a 6.93% increase of the FY05 revised budget. Direct County operating expenditures (personnel, operations, recovered costs, capital equipment, and fringe benefits) total \$1.1B, a 2.44% increase over the FY 2005 revised budget. Debt service for County capital improvements will be \$98.7M.

Schools – The schools transfer will be \$1.43B plus additional County expenditures of \$130.3M in debt service for school facilities and \$50.9M to school nurses, clinic room aides, Comprehensive Services Act (CSA), Head Start, SACC, school crossing guards, and School Resource Officers. The transfer represents an 8.24% increase over FY05 compared to a General Fund revenue increase of 8.89%. The increase guideline given to FCPS by the Board was 6.8%.

Compensation – FY 2006 will be the fourth year of full implementation of the County's Pay for Performance system for non-public safety personnel. The performance rating range is 0-6 with 0.5 increments. This performance pay increase in FY 2005 was \$9.4M; in FY 2006 it will be \$9.8M, an average 4.5% increase. A market rate adjustment of 3.07% will be applied to the entire salary scale.

The Uniformed Public Safety Personnel still use the old salary program and will realize both the market rate adjustment and merit step increases. They will receive a 3.07% market rate adjustment (old COLA) plus a salary adjustment of 4% based on a comparative review of

neighboring jurisdictions. Step increments, shift differential and holiday pay adjustments, and court attendance overtime (3 instead of 2 hours) total \$5.9M. The total uniformed personnel increases total \$27.6M. The salary adjustment does not apply to the Sheriff's Department. The Sheriff's Department will not receive the salary adjustment.

Other Expenditures – The budget includes 166 new positions for new facilities and public safety, including:

- New Crosspointe Fairfax Center fire station positions and equipment - \$3.5M and 36 new positions
- Advanced Life Support personnel, Phase II - \$2.2M and 23 positions
- EMS program overhaul, Phase II - \$1.1M and 12 positions
- Police patrol officers (to cover population growth and service demands) - \$1.2M and 8 positions
- Expansion of Police Gang Investigation Unit - \$0.6M and 4 detectives
- Public Safety Transportation Operations Center (PSTOC), estimated cost of \$102.5M, 2002 bond funding of \$57.5M - \$15M in FY06 plus \$30M from FY 2005 third quarter surplus
- Public Safety Communications Center (PSCC) - \$3.2M and 11 positions
- Adult Detention Center (ADC) expansion - \$1.1M and 11 positions to open additional ½ floor
- Emergency Management Training Coordinator - \$0.1M and 1 position

Other budget increases, except for compensation, include:

- Stormwater management projects - one cent on tax rate annually (\$17.9M in FY06)
- Affordable housing projects – one cent on tax rate annually (\$17.9M in FY06)
- Retirement system liability amortization - \$7.02M
- Health insurance increase (12-15%) - \$3.1M
- Dental insurance and retiree health benefits - \$2.7M
- Start-up personnel for Little River Glen Adult Day Health Care Center - \$0.2M
- Special Education graduates (57 in 2005) - \$0.1M for case manager
- Expansion of Southgate Community Center - \$0.3M and 5 positions
- EDA representative in California - \$0.1M

Transportation highlights are:

- Metro funding – total obligation of \$59.3M; \$22.32 from General Fund; \$28M from bonds, and remainder from 2 cent gas tax surcharge
- County transit (Connector; VRE; Route 1 service; transition to ultra-low sulfur diesel fuel) - \$24.15M
- Cash match for grants - \$2.7M
- Bus shelter maintenance increase - \$0.4M
- Transportation-related positions - \$0.5M and 6 new positions

Capital Improvement Program – The budget includes capital renewal funding of

- \$7.7M for major maintenance projects (of which \$5.0M will be funded by bonds) Laurel Hill property site stabilization and asbestos removal will cost \$5.6M Mott Community Center expansion - \$2.0M
- Affordable housing - \$2.0M (if tax rate penny not approved)

The advertised FY 2006-2010 Advertised Capital Improvement Program (CIP) proposes no bond referenda for County projects until November 2006. There will be a schools bond referendum in November 2005.

Resolution

WHEREAS, real estate assessments have skyrocketed this year for at least the fifth consecutive year, with the residential sector increasing 23.1% and the non-residential sector 12.7%, the latter the first appreciable increase since FY 2000.

WHEREAS, the County Executive proposes a reduction in the real estate tax rate of 10 cents, from \$1.13 to \$1.03, but at the same time proposes that one cent of the tax rate (\$17.9M) be dedicated annually to affordable housing and one cent to the stormwater management (SWM) program. An additional \$2M is included in the budget for affordable housing. A Stormwater Advisory Committee will report to the Board on March 28 its findings and recommendations regarding implementation of a stormwater utility fee to fund the SWM program.

WHEREAS, the advertised FY 2006 budget links its spending program to the Board of Supervisors' Priorities to carry out its vision elements—education, public safety and gang prevention, affordable housing, environmental protection, transportation improvements, and revenue diversification to reduce the burden on homeowners.

WHEREAS, the County is becoming increasingly reliant on real estate tax revenue, especially residential property tax receipts, to provide funding of the County and schools programs. In FY 2006, 60.6% of General Fund receipts will come from real estate taxes whereas 49.8% came from this source in FY 2000. Residential property owners have seen their assessments rise in double-digit percentages for each of the past five years. Including new growth, the real estate tax base will increase 23.1%.

WHEREAS, the federal and state governments require Fairfax County and other local governments to provide specific programs and services without providing sufficient funds for implementation, which currently cost the county \$543M but for which the county receives only \$148M, a difference of \$395M (about 22 cents on the real estate tax dollar).

WHEREAS, the Fairfax County School Board requested a 9.2% increase in funds transfer from the County, the advertised budget calls for an 8.24% increase for a total transfer of \$1.43B for school operations. This does not include \$130.3M for schools debt service or \$50.9M for County-funded programs such as SACC, ACS, Head Start, School Resource Officers, nurses, clinic aides, etc. All school related funding amounts to 52.0% of the County budget. Not included in the FCPS budget is an additional \$6.8M in state support. While school enrollment is stabilizing, the number of students with special needs continues to rise and requires more funding. The federal and state governments continue to underfund the No Child Left Behind, Individuals with Disabilities Education Act, and the Standards of Learning mandates. Also, the cost of benefits continues to outpace inflation.

WHEREAS, except for the real estate tax, nearly 90% of County revenues are capped, limited or controlled by the state, costing the County millions in possible revenue to offset real property taxes because it does not have the same taxing authority and tax rates as cities and towns;

WHEREAS, the County Executive proposes 166 new positions, 127 due to new facilities and public safety and 39 new positions related to workload demands.

WHEREAS, last year the County Executive addressed the bloat in the Pay for Performance system by reducing the number of rating points from seven to six, resulting in FY 2005 merit increases of \$9.4M. The FY 2006 increase will be \$9.8M, an average of 4.5%.

WHEREAS, the County Executive has also released the Advertised Capital Improvement Program (CIP) for Fiscal Years 2006-2010, which proposes only \$2.7M in FY 2006 from the General Fund plus \$5M from bond funds for capital renewal and major maintenance.

WHEREAS, the advertised budget includes increases for transportation to meet its Metro capital, operations and maintenance obligations, as well as to support County transit systems, such as Connector bus service enhancement, provide Local Cash Match for federal grants, better maintain bus shelters, and add 5 positions because of increased workload.

THEREFORE BE IT RESOLVED, that the Fairfax County Federation of Citizens Associations (the Federation) appreciates the County Executive having submitted to the Board of Supervisors a proposed budget with considerable flexibility regarding the tax rate, programs and/or initiatives.

BE IT FURTHER RESOLVED, that the Federation offers the following observations regarding the FY 2006 Advertised Budget Plan and the FY 2006-2010 Capital Improvement Program:

- a. County Vision and Board Priorities – We commend the budget's focus on the Board's six priorities in carrying out the elements of the County Vision. Further, we support each of the priorities—education, public safety and gang prevention, affordable housing, environmental protection, transportation improvements, and revenue diversification to reduce the tax burden on homeowners.
- b. County Management – We also commend the County on having one of the lowest ratios of government employees per capita as well as one of the lowest crime rates of any jurisdiction of its size in the country. This speaks well for County management and the quality of its work force.
- c. Bond Rating – We applaud the County for retaining its triple AAA bond rating for many years, thanks in large part to its wise policy in the “Ten Principles of Sound Financial Management.” We hope the County retains this status for many years to come.
- d. Real Estate Tax Rate
 - (1) Once again, we stress that residents cannot be expected to continue to fund County government with rapidly escalating real estate taxes. This is the fifth year of double-digit residential assessment and tax increases. Residents are concerned about the significant increase in these taxes they will be required to pay again this year. We support reduction of at least 10 cents in the tax rate for FY 2006 and recommend consideration of a further reduction because of the \$35.8M reserve balance in the advertised budget.
 - (2) Northern Virginia, because of its proximity to Washington, D.C. and Dulles Airport, is a magnet for businesses to locate here. With every new business attracted here by the EDA come new families and children, all of whom require public services—education, transportation facilities, police, fire and rescue, libraries, etc. The burden of financing these facilities and services falls primarily on the residential homeowner. Should the County continue to invest \$7 million a year to continue to attract business to Fairfax County when the county is essentially “built out?” We recommend a reduction of the County's contribution to the EDA and a cost-sharing with the local business community.

- (3) Since the County provides programs and services mandated but not funded by the federal and state governments that cost County taxpayers about 22 cents on their real estate property tax dollar, we urge the Board of Supervisors to continue urging our state and federal legislators to fully fund their mandates.
- e. Legislative Authority – It is essential that the General Assembly grant counties the same taxing authority as cities and towns, which would allow diversification of the County’s revenue base.
- f. Revenue Additions–We understand the need to diversify the tax base and the tax burden on homeowners but feel that the increases in the refuse collection fee, sewer service rate and the E-911 fee are burdens on homeowners in another guise. We can support the increased zoning fees and sewer availability charge.
- g. Programs
- (1) Stormwater Management Program – We support:
- Dedicating one penny of the real estate tax in FY 2006 (\$17.9 million) to the stormwater management program so that the necessary actions can be taken to inventory the County’s stormwater management facilities, prepare a GIS layer for this purpose, and begin implementation of a comprehensive stormwater management program, as mandated by the Chesapeake Bay 2000 Agreement; and
 - A Board of Supervisors public hearing on the recommendations of the Stormwater Advisory Committee to implement a stormwater utility fee effective in FY 2007 because such fee is based on the impact a property places on the stormwater management system and ensures a long-term dedicated source of fund for the program that is simple, equitable and easy to administer.
- (2) Affordable Housing – The ability of middle-income and lower-income workers to afford housing in the County is becoming increasingly difficult with rapidly increasing property values. We strongly encourage the County’s involvement in a program to preserve existing affordable housing stock and to invest in programs that will provide such housing so that employees can live closer to their places of work. We support the Board of Supervisors’ unanimous commitment of January 24, 2005, to dedicate one penny of the real estate tax for affordable housing and its instruction to the County Executive to include this provision in the FY 2006 budget.
- h. Schools – The Superintendent and School Board feel they need a transfer increase of at least 8.24% to support unfunded mandates, the increase of students needing special services, higher benefit premiums, and to meet program goals. Since the quality of our public school system must remain as high as possible, we support the proposed funding level.
- i. Capital Improvement Program – We commend the long-range view of the County’s capital program needs by including the long-range forecast beyond the coming five years. Since the Advertised CIP follows the County’s priority needs, we offer no specific comments on it. For future budgetary planning, each proposal for a new facility should include the projected annual costs of operation and maintenance.
- j. Citizen Participation – Once again, we encourage the Board of Supervisors to re-establish the Citizens Budget Advisory Committee to follow the budget process, look at long-range trends, and submit recommendations on important budget issues to the Board for their consideration.