

**Statement of Burton L. Bostwick
Chair, Revenues & Expenditures Committee
Arlington County Civic Federation
03-27-07**

Good evening. I appreciate the opportunity to share with the Board the views of the Revenues & Expenditures Committee of the Civic Federation, which are unofficial until our report and recommendations are adopted by the Civic Federation Membership on April 3.

As the hearing tonight primarily concerns County expenditures, I would like to begin by saying that our committee will recommend support for additional funding for the County's environmental initiative, Stormwater and additional paving for streets. That said, we do have concerns about the overall level of expenditures, and especially projects or initiatives that require permanent increases in the tax base or fees.

We also note that the Manager has provided the Board with a list of 'efficiencies' that are expected for FY08, even if the list is rather short and some items dubious. However, the initiative is important and should be continued. As the Civic Federation report last year stated "A very important part of our recommendations has been to ask the Manager to start focusing on savings and cost-controls, something recent budgets have largely neglected." The recent 'Performance Review' of the Sheriff's Department, while focused primarily on best practices, nevertheless identified a number of areas where efficiencies and cost-savings could be achieved. We think these efforts should be continued and expanded.

With respect to the overall level of expenditures, we note that the budget increase is still in excess of population growth and inflation. We believe such increases are not sustainable. At some point, fiscal guidelines should be permanently adopted that will keep budget increases within sustainable levels.

In addition to the sustainability issue, a broader issue is the overall affordability of living in Arlington. Many costs are market driven, and there is little the Board or Manager can do about those. However, permanent additions to the tax and fee base exacerbate that problem. With the price of an average house around \$565,000 is it any wonder that a recent County report shows a significant demographic shift: i.e., Arlington is becoming whiter, older and richer. Since I likely fall into one or two of those categories, I guess I shouldn't complain. But Arlington's tax structure, and many of its fees are regressive, and the Board and the Manager should be sensitive to the cumulative impact of new taxes and fees.

Finally, we would be remiss if we did not offer for your consideration several ideas for cost savings:

1. Continue and amplify external 'performance reviews', particularly for high growth and major cost areas.

B. Review the necessity of maintaining and operating all of the 70 individual buildings the County owns, and the 21 leased facilities. Any consolidation would likely decrease both costs and emissions.

C. As a non-fiscal employee incentive, and as a way to reduce emissions, permit and encourage County employees to utilize ART transportation during working hours or on official business simply by showing their County ID cards. This would reduce the use of County cars, at a minimum.

Thank you for your consideration.

**Statement of Burton L. Bostwick
Chair, Revenues & Expenditures Committee
Arlington County Civic Federation
March 29, 2007**

Good evening. I appreciate the opportunity to share with the Board the views of the Revenues & Expenditures Committee of the Civic Federation, which are unofficial until voted on by the Civic Federation Membership on April 3

First, I would like to note that the committee will recommend support for the advertised real estate tax rate of \$0.818, and thank the Board and the Manager for 'holding the line.'

However, it is fair to say that the committee is not so enthusiastic about proposals to permanently increase the tax and fee burden across a wide spectrum of community activities. To paraphrase an old adage, "The Board giveth, and the Board taketh away.'

That said, the committee will recommend support for funding part of the AIRE initiative, the Stormwater 'Strategic Option', the Use of 'Surplus' to support LPACAP, the Policy Option for additional street paving and repair, the PRCR Policy Option for maintenance of artificial fields, and an additional contribution to OPEB, if deemed necessary by the Manager.

With respect to how these options will be funded, however, the Committee will emphatically recommend that with the exception of increased parking and permit fees for additional street paving and maintenance, that new taxes and fees should not be added to the tax and fee base in Arlington County, particularly for one-year budget items.

The Committee also does not believe the proposed discount for clean fuel vehicles will act as an incentive, since the primary beneficiaries will be those who already own such a

vehicle. Further, it shifts the tax burden to those who own or will purchase vehicles in the \$3,000 - \$20,000 range including many smaller and fuel efficient vehicles. Any benefit to be gained from this change is unclear and unsubstantiated.

The Committee further believes that all of the suggested policy and strategic options can be adequately funded within current and projected revenues for FY08. Our analysis shows:

1) An additional \$967K will be available for the County General fund from already known increases in the assessment base.

2) We project that an additional \$1.4MM will be available for 2nd half FY08 tax revenues if assessments rise by 5% instead of the projected 4%, which we expect they will. County projections have consistently underestimated this increase.

3) The County's 'Fund Balance' as of June 30, 2006 rose to the unprecedented level of over \$100 million. Even after giving effect to legally reserved amounts, self insurance, a 2% operating reserve, transfers to the School budget, and carryover to the FY07 budget, the 'unreserved' and unappropriated surplus is in excess of \$40 million, by our calculations. A fair question to ask is just how much is enough?

And, as we reported last year, the Committee believes the Manager can and should find and achieve at least 1% of the operating budget in cost savings and efficiencies. These amounts can be used for essential operating needs, or the Manager's Strategic Options.

Before you permanently add to the tax and fee burden for Arlington residents, we urge you and the Manager to closely examine just how much can be accommodated within existing resources.

Thank you for your consideration.