

General Accountability Subcommittee  
Braddock Citizens Budget Advisory Committee  
December 24, 2009

Final Report to the Chair, Supervisor Cook Budget Committee

1. Charter: “General Accountability Subcommittee: This committee’s charter will be to drill down into specific programs or issue areas as described by its members in the same way that the Federal General Accountability Office (GAO) would look at specific programs when requested by a member of Congress. The intent to explore the concept of how such an ‘independent’ investigatory agency could work in Fairfax County.”
2. Approach. We reviewed or attempted to review *instances* (paragraph 3 below) that presented opportunities for probing Fairfax County (“County”) operations, rather than budget information. We expected that budget documents would be difficult to evaluate in a concrete context, which was validated when we read reports submitted by prior citizen-staffed budget committees. By instead looking at instances, we expected to understand them as realities that would then be compared with budget documents. Doing so would relate objective information that then would yield opportunities for increasing revenue, reducing expenses and the measuring the overall value provided citizens from budgets. In a subsequent step, we would then seek to determine if a *County counterpart to the GAO* (and the Congressional Budget Office) (paragraph 4 below) would be useful, and if so, how so.

These reviews of instances met with some County cooperation in some cases, and none in others. In the cases where cooperation was received, as was the experience of similar groups before and concurrent with ours, full access to County documents was not forthcoming. We assume this is due to County concern about public access to documents that include matters that are sensitive to County operations or to private parties’ interests (and to our standing as citizens); which would not be the case if we were County employees or officials.

While not unexpected, this information lack was unfortunate because it limited our effectiveness. At the outset, this Subcommittee anticipated that concern, expressing our willingness to sign a non-disclosure agreement if County or contractors desired. Especially disturbing is that this lack of visibility is Supervisor Cook’s complaint as well.

These instance reviews could reveal a need for process improvements toward better effectiveness or efficiencies (either increase revenue or reduce costs) that would be extended Countywide. Thus, even low dollar value cases may well be expected to accumulate, replicate over time, and aggregate across Departments, into very significant impacts. As a result, our review would have identified how leadership and/or managerial oversight could be attained or improved, and estimated benefits of doing so.

Without visibility into Countywide impacts, policy decisions and program reviews would be myopic; and fall short of citizenry or leadership expectations for good government at a very realistic and fundamental level. Also, doing so would permit useful competition between County Departments for resources within the budget process by providing funding only when based on the merit of proposed plans as validated by prior results (and as appropriately measured). The GAO organization’s purpose would be to secure that visibility for Supervisors and evaluate County effectiveness and efficiencies (partnering with a Congressional Budget Office-like entity organized within the County Executive).

3. Instances. The following topics (i.e., ‘instances’) were pursued with indicated results:
  - a. Voting Machines. We wondered why there have been several cycles of replaced voting machines, and met with the General Registrar, Fairfax County Office of Elections. This practice is seemingly expensive when compared with the prior generation of mechanical, lever-operated machines that had been used for decades. The Registrar was quite supportive, and described a voting machine acquisition process that is impacted by Federal and State authorities. Lever machines were replaced because they were heavy and bulky, driving higher costs for storage and their movement. Lighter, smaller commercial equipment became available that reduced those costs.

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Overall, while several commercial equipment generations were purchased, it was unclear why the commercial marketplace or County acquisition staff did seemingly not anticipate or set a standard for the duration of use or logistic support for them. Further, without access to information, we were unable to evaluate how well the County understood the ramification of purchasing commercial equipment or managed this acquisition.

We were advised warranties were enforced, and "useful life," was somehow determined as limited to some 7 years. This seems inappropriate for equipment used only a few times annually from a mechanical standpoint, while equipment repairable parts/service availability as well as software upgrades seemed predictable considerations for planning equipment use outside initial warranty periods. The interviewee was not involved at the time each family of machines were purchased, but agreed to look into the matter and report back (no information received to date). We also volunteered to review source documents to ascertain how the acquisition of each series of machines was planned for (or those plans executed).

Further, while outside our charter, it may be that some on-line voting process could be developed in conjunction with other Governments of various levels to augment or replace the use of existing equipment; which was validated in discussions with Brian Hancock, the Testing and Certification Director for the U.S. Election Assistance Commission (202-566-3122).

- b. Subsidizing housing for police recruits at high crime locations. While an existing program provides subsidized housing as an inducement when seeking new County hires in several (not stated) Departments, the Subcommittee considered doing so for police either alone or primarily, with placement at high crime locations. Doing so would re-allocate funding for the existing program based on criteria that the Subcommittee expected to establish, that describe the cost/benefit relationship of doing so in objective or subjective form for each participating Department. We did expect a relative favoring of the Police Department due to the nature of high crime areas and an assumed benefit due to the salutary benefits associated with placing police appropriately in the community that seemingly needs them most.

Police and Housing Department officials were interviewed, but no other Department participated. Interviewees rightly asked about how a countywide program would be implemented; a matter impossible to pre-determine without other Departments participation. Police interviewees advised they would expect the private sector to also offer incentives (e.g., by owners when police officers were to reside at their apartment houses in high crime areas). Obviously, County costs might be reduced (or increased, if warranted) and monetary and various non-monetary benefits that derive from the various participating Departments (due to the nature of each) might be compared along with the Department level costs and results.

Further, this issue can be expanded -- a related news release (attachment 1) reports incidents of individuals receiving subsidized housing (generally) when their high incomes would not warrant them; but insufficient detail was included to allow formation of any conclusion. County officials did not respond to our request for information on that; and so, if later provided, the Subcommittee would include a request for information related to how those officials' performance was evaluated by the County personnel system. Supervisor Herrity would be in agreement -- from his citizen report: Opposing "Luxury Amenities" in Government Subsidized Housing "I again voted against a government subsidized housing project that will include "luxury amenities" and where 50% of the units will be for those making over \$90K." Public policy matters outside employee incentives also would come into play, such as subsidized housing for the poor, for legal immigrants and for illegal immigrants (as well as how immigration status is determined).

Fundamentally, at an elemental and obvious level, there should be such a comparison made for these very reasons to justify ongoing, significant expenditures on this existing program, and to resolve both the news report and Supervisor Herrity's concern. If Supervisors are unable to do so, then there is a breakdown of the democratic process. Political candidates must be able to campaign on their views of

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policy, such as this entire matter. The electorate would be influenced by related subjective and objective information generated by the County as we recommend it would be developed. Doing so is essentially what democracy is about. Permitting citizens, by their votes, to influence the community that they live in, their own lives and the taxes they pay. Enabling elected officials to set policies and approve budgets that deliver results to citizens for the taxes that they pay; and for those officials to hold the County Executive and his subordinate managers and employees responsible.

c. Metro. Obviously, Metro's horrific safety and maintenance practices (and therefore, its leadership) require investigation. While nominally not directly a County matter, its citizens are impacted and it does provide funding, County Supervisors sit on the Metro board and staff interacts with Metro officials. We were unable to gain an explanation of Metro's behavior, but believe County officials involved should produce their views of this and facts used to develop them.

d. Dead Tree. In the lush and expensive landscaping between the Kings Park Library and Supervisor Cook's office (on the Burke Lake Road side) there was an apparently expensive and dead tree. We asked the Library why, who passed the point to the landscaper involved Supervisor Cook's staff, with no response, and so, no result. The dead tree was replaced, but the Subcommittee has questions about the condition of the landscaping which would be addressed to the landscaper and to the contracting officials if they can be made available. Our requests were made on Aug 19, Sep 3, and on Oct 1, 2009; and have been ignored to date. We cannot imagine a better picture of poor business practices.

e. Sales/Use tax on Internet purchases. While a Federal matter if an interstate commerce basis denies local/state governmental taxing authority; the issue is framed as one of fairness. Businesses sited in states that require sales tax on purchases are at a competitive disadvantage when they then compete with firms doing business on the Internet that do not currently levy sales taxes. This matter is greater in scope than the County alone, so other jurisdiction support would be sought. This is not a new tax, but an uncollected use tax.

The values of those taxes when received by the various states, and by local government imposing them, clearly are substantial. While imprecise, experts in the field estimate that \$400 million annually would be received by the Commonwealth (some portion of that directly AND indirectly to the County). The estimate for all states/localities is \$12 billion – all states are detrimented and other taxpayers pick up the evaders' burden.

<http://www.reuters.com/article/domesticNews/idUSTRE53E6SU20090415>

Those experts participate in a multi-state/Federal dialogue comprised of many members; with talk ongoing, no particular progress reported and so, no conclusion is in sight. The will to do so could be lacking, so new leadership or a re-energized leadership is the most important next step, which step could be Supervisor Cook's. I'm advised however, that the Virginia GOP see this as a new tax, but the Subcommittee believes it to be an existing tax, which would be collected as due from those who are either unaware of the use tax or do not intend to comply.

f. Rezoning/proffer process. In the currently informal "proffer" process, developers offer the County incentives in conjunction with each rezoning petition, which is subjectively evaluated and negotiated. Instead, a new and formal process (including reporting to the public in suitable ways) would be established. Also, the proffer is termed "voluntary," but given it must be offered and an amount negotiated, so it obviously is not. The view of the proffer as voluntary side steps a need to formalize and monitor it in a deliberate and consistent manner.

Essentially, a cost/benefit database would be established that display the increased assessed and market values that result from approval of the petition (the "windfall" to the developer) that then compare with the annual and fixed costs and benefits from that change. These would include capital costs and expenses associated with police, fire, school, water and other County services provided; revenues from the anticipated increased taxpayer population, and so on. The database would reflect the monetary

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impact on developers, future residents of that parcel, all other county residents and taxpayers generally over time and then perhaps summarized at a present value basis for comparative purposes.

The database would be available for additional, internal County use; evaluating how well Departmental component forecasts pan out, and to improve upon them continually as used with requisite new or updated internal estimating methods (or, perhaps there are industry standard metrics?). Information related to any and all decisions (including denials) would also be available to the public (visibility of information such as this should be valued). Also, developers could forecast the proffer amount they would expect to pay for new petitions.

We expect both developers and County assessors could use different methods, but their differences could be discussed and over time, the validity of these estimates would improve and any gap would likely narrow. Proffers are now generally “in kind” – wherein the developer provides completed work; but perhaps a monetary proffer amount would also be required from the developer as an alternative, with County choosing either, which would also sharpen estimate validity. Alternatively, the database would only provide summary data to the public; but situations/decisions outside normal ranges should be available to the public.

We spoke with several County officials familiar with the existing process, who agreed that the Subcommittee’s suggested approach seemed sound and positive; but more importantly from their perspective, that it could be fairly and easily implementable, with the result made public and visible.

4. County counterpart to the GAO (and the Congressional Budget Office) (functional statements, attachment 2). After some time, we found that there was a current County counterpart to our proposed GAO and met with the Office of Financial and Program Audits (OFPA) on November 19, 2009. The OFPA was established in the mid-1990’s to perform the function for the Fairfax County Board of Supervisors, that the GAO serves for the Congress. The OFPA is staffed by one full time and two half-time employees, all of whom previously had been long-term GAO employees. The Fairfax County Audit Committee initiates tasks for the OFPA (while the OFPA may suggest others). Additionally, we were advised that the Fairfax County Executive/Chief Financial Officer has an Internal Auditor office, with 12 on staff. It was not clear to what extent their functions were analogous to the US Congressional Budget Office.

The context of Supervisor Cook’s prior comment regarding not having visibility into budgets is now reframed from a possible need to establish an organization to the extent to which that visibility, an obvious duty of a Supervisor, is fully satisfied by OFPA, or weather change is warranted.

Specifically, the Board of Supervisors could consider:

- a. Staffing. The OFPA staff level is established by the Board of Supervisors considering its use in general budget review, authorization of expenditures and oversight as well as on reviews of specific projects. What composition of staffing (number, full/part time, experience, and performance objectives) should be established? Given the Supervisor’s concern, and the obvious high capabilities of the current OFPA staff, adding staff seems worthy of Board of Supervisors consideration.
- b. Tasking. What criteria are used, what have the results been to date, how are they evaluated and how might they be improved?
- c. Relationships between OFPA and the County Executive’s Internal Auditor office. Obvious and extensive.
- d. Cross-validating Subcommittee review topics with OFPA functions. To date, our Subcommittee has had mixed access from County staff, as previously reported. OFPA would have access, and

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could be tasked to further develop these. Those Subcommittee initiatives that seem most amenable are voting machines, the dead tree and subsidizing housing:

- i. Voting Machine information has been forthcoming, with a final step of reviewing acquisition and contracting documents remaining.
  - ii. Dead Tree. This small dollar item has potentially strategic value regarding process improvement across the board, and also tactical value to the extent it is only one of many instances of waste (but what is the cause and the extent of waste?). High level impacts abound assessing and then establishing process improvements throughout the County in such areas as management/internal controls, contracting, personnel and how OFPA should operate.
  - iii. Subsidized Housing. While the Police and Housing Departments did meet separately with our Subcommittee, a more extensive participation from County Departments is required for this initiative to be useful -- but has not been secured. Further, it is absolutely clear that establishing some management process for evaluating and then balancing costs and benefits between those Departments will be a monumental effort, and require strong leadership involvement and support. OFPA was not surprised by our assessment on this matter, and we were not surprised by the absence of his surprise.
5. Recommendation regarding OFPA. The Subcommittee has not been able to interact with County officials to the extent that we had hoped. Until broad access occurs, there is little more that we can do on instances. However, we believe that we have fulfilled our charter due to our OFPA work. Clearly, Supervisor Cook's concern about visibility of information has been validated, is vital to his authority and effectiveness as well as for internal management by the County Executive and subordinate functional managers. To the extent the current state is not satisfactory to him (or to the Board) that visibility must therefore be obtained or improved, and OFPA is the organization established to provide it. The Board of Supervisors seems to be the deciding authority on this matter, but we note OFPA's long-standing existence and OFPA's statements about their reporting history, resulting in our offer of several points for Supervisor Cook which he might advance for the Board's consideration and/or then for OFPA tasking:
- a. Fundamentally, we have observed what appears to be waste in the form of lax management (in the dead tree instance); have asked for but not seen requirements setting, acquisition management or contracting controls (in the voting machine instance); and recommend establishing or improving a process to evaluate, justify and compare similar or cross-Departmental programs (in the housing instance and in the proffer/rezoning instance). As taxpayers, we see no need to increase taxes if controls are either lacking or non-existent, or to fund Department programs without clear budgetary and value reporting to Supervisors – which goes to the heart of democratic government itself.
  - b. County citizens' taxes support Metro, and County officials are involved in its supervision and management. Clearly the situation is problematic, but Metro leaders' tenure is continued nonetheless. We recommend a report by Metro or by County officials if Metro reporting will not be provided that clearly, truthfully and comprehensively advises what must change and why. This must be done before our taxes are requested to merely be spent there again. Or, should we condone deadly accidents, lackadaisical maintenance and constantly escalating costs – as if they were routine expectations? Further, a new Silver line is being built. Could OFPA review and advise why citizens, and County leaders, should believe Metro is up to the job?
  - c. OFPA staffing and its tasking and management processes should be made more robust. Clearly and obviously, citizens would benefit in the context of community life improvement and perhaps tax reduction. We hasten to add, low taxes are likely not to be as important to citizens as high

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quality community services. OFPA's perspective should also be raised to a broader strategic and integrated management level. We hasten that this be done realistically, with objectively determined results, and not in the many boutique but useless ways that are in vogue today. As I was delighted to hear a four star Admiral tell me, "I coulda had three more ships instead of that G\*\* d\*\*\*\*\* c\*\*\* \*\* \*\*."

6. General Recommendations.

- a. Supervisors might recommend the County Executive realign or revise his Internal Auditor office to facilitate both objective oversight of programs and also for optimal communication with OFPA. We attach a description of Federal Government entities (GAO CBO.doc), and note that these organizations are not what an auditor would be hired to do – look for nickels and dimes, but are generally strategic in nature at both the leadership and the managerial level – while they may initiate a review at the tactical level.
- b. Use Tax applied to Internet sales. A way to improve collection of an existing tax that increases Commonwealth revenue by \$400 million annually would clearly have a positive impact on the County, and should not be overlooked.

Mark Werfel, Chair  
General Accountability Subcommittee

Attachments

1. Subsidized Housing For the Rich (3 image files)
2. GAO CBO.doc