

# What a Difference a Year Makes!

## Alexandria City Council Members Renege on Tax and Spending Campaign Pledges

On April 10, 2007 the Alexandria City Council unanimously voted to allow an increase in the property tax rate for the first time since 2000.<sup>1</sup> While the actual rate will be decided in May, a hike appears likely as more spending is attached to the City Manager's budget proposal.

The vote to allow a property tax increase directly contradicts statements made by City Council candidates in the 2006 election. As a public service to the City's taxpayers, Alexandria Taxpayers United would like to highlight the discrepancies between campaign tax policy pledges and votes cast.

The quotes in this document come from answers to the Alexandria Chamber of Commerce 2006 Candidate Survey's Question 1a) "*The real estate tax is an increasing burden on Alexandrians. What is your strategy to reduce this growing burden?*"<sup>2</sup> We have printed responses in their entirety to maintain context, and we've highlighted relevant tax and spending statements. You be the judge if campaign pledges live up to reality.

---

### As a candidate for Mayor, Bill Euille said:

*We must be diligent in identifying other new sources in order to diversify the City's tax revenue base to reduce the property tax burden on residents and businesses.*

#### *Strategy*

- *Narrow the gap between the residential and commercial properties.*
- *Implement the new budget guidelines adopted by the Council that established budget growth targets for the FY '07 budget process.*
- *Identify cost savings/reductions through department efficiency audits and benchmarking.*
- *Continue to lower the annual real estate tax rate.*
- *Increase other used and service fees to cover actual administrative/processing costs.*
- *Further reduce the City Manager's proposed FY '07 Budget from 7% to 5%.*
- *Lower the proposed real estate rate reduction from 6.8 cents to 8.6-9.6 cents.*
- *Expand the affordable housing tax relief brackets and income for seniors, the disabled and low/moderate income households.*

### As Mayor, Bill Euille voted to allow a tax increase.

---

<sup>1</sup> City Council Votes to Raise Property Tax Rate," Washington Post, Virginia Briefing, April 11, 2007, <http://www.washingtonpost.com/wp-dyn/content/article/2007/04/10/AR2007041001427.html>.

<sup>2</sup> [http://www.alexchamber.com/gov/critical\\_issues.htm](http://www.alexchamber.com/gov/critical_issues.htm) (cached on January 15, 2007).

**As a candidate for City Council, Andrew Macdonald said:**

*This is a very difficult problem to solve, since we rely so heavily on property taxes (and property appreciation) to run the City government. The real solution may be to change the tax structures somehow. In the short term, about all we can do is lower the tax rate and provide targeted financial assistance to the more vulnerable segments of the population. We must try reduce City spending across the board, defer some of the proposed capital projects and raise (and expand) the impact fees that developers pay in order to help cover some of the major “infrastructure” costs. We may want to diversify our tax base, though I’m not sure that simply promoting lots more commercial development will reduce the taxes paid by residential property owners, for example. It’s simply not clear to me what kind of economic development strategy – commercial office, residential, tourism, etc –will have the most favorable impact on the City budget and the quality of life in the City. In the end, I don’t think that we can just build our way out of this problem.*

**As Vice Mayor, Andrew Macdonald voted to allow a tax increase.**

---

**As a candidate for City Council, Redella Pepper said:**

*With assessments for the average single family home up 19.5% over last year, (17.6% for commercial properties), property owners are concerned that even with the City Manager’s proposed 6.8 cent tax rate reduction, the average residential property tax bill will increase some \$427 over last year’s bill. Between now and when we pass the budget on April 24, I will be working to find items that can be cut or projects that can be postponed so that we can reduce the tax rate even further.*

*Also, I will be looking for ways to diversify our tax base so that we do not have to place such a heavy burden on property owners. Last year’s budget saw an increase in some user fees charged for City services. Also, we have asked the State for new legislation to help us diversify our tax base, but for the most part our efforts to obtain relief have failed. We need to continue to pressure the state legislature to restructure Virginia’s tax system, so as to return a greater share of the income tax to the localities. We have fought against the State’s policy of sending unfunded mandated programs to the localities.*

*Last May, the City Council adopted a new budget process that is designed to allow the Council and the public more opportunity for discussion and for more informed decisions concerning budget item tradeoffs. The whole budget process was moved forward by three weeks to allow for more time, and budget targets were created. In February, the City, in conjunction with Agenda Alexandria, held three communities meetings in three parts of the City to explain the budget process.*

*It is important that all our departments run as efficiently as possible. To that end, two departments are undergoing efficiency audits. All departments need such audits to be sure that we are stretching the taxpayers’ dollars as far as possible.*

**As a City Council Member, Redella Pepper voted to allow a tax increase.**

---

**As a candidate for City Council, Tim Lovain said:**

*I have served on the City's Budget and Fiscal Affairs Advisory Committee (BFAAC) for seven years and currently serve as its Chair. We have made dozens of recommendations to Council on ways to restrain City spending and get greater efficiency from City programs and they have implemented far too few of them! I will use my BFAAC experience and expertise to bring more fiscal responsibility to the City budget: health care cost containment, reducing excess administrative personnel, expanding the use of performance measures, accelerating the City's in-depth agency-by-agency efficiency audits, and many other issues.*

**As a City Council Member, Tim Lovain voted to allow a tax increase.**

---

**As a candidate for City Council, Rob Kruipicka said:**

*Alexandria's fiscal sustainability is at a crossroads. We cannot continue to rely on double digit growth in property values to support the cost increases driving our budget. We must aggressively pursue cost-saving measures and carefully investigate responsible cuts to the budget. At the same time, we must diversify our revenues, but it won't be isn't easy. State law limits our opportunity to diversify and grow our revenue from other sources. That ultimately makes it very difficult to match revenue growth to the increased costs we are experiencing. The result is that it takes double digit property tax growth to support single digit budget growth.*

*As health care, transportation (roads and metro), infrastructure and other costs have increased, property tax payers have had to pick up the extra burden. Our low unemployment rate and fast growth by surrounding jurisdictions puts pressure on our transportation infrastructure as well as employee retention. We are forced to balance tax growth against vital services such as improving transportation, strengthening our schools and retaining teachers, police officers and other employees.*

*In the last several years we have made long-overdue capital investments to improve our schools, roads, sewers, parks, recreation centers and other city infrastructure. Our sewers are in better shape, we have new parks and playgrounds, our school infrastructure and test scores have improved, we have fixed-up libraries and recreation centers. But there is always going to be long list of things the City can and should do. We can't do them all at once. We need to carefully prioritize these projects.*

*Rapid property value growth will not last and budgets that rely on it are not sustainable for the city or our residents. While a fundamental change to local government financing is needed, we can't wait for the state to allow or to make that happen. We need to make some hard decisions.*

- *First, we have to slow down capital spending and spread out our capital budget projects, funding our most critical needs and delaying or eliminating others. We need to prioritize and recognize that some legitimate projects may not be built as soon as we would like.*

- *Second, we are going to have to either implement across- the-board reductions or eliminate some city programs. I have and will continue to push for audits and program efficiency, but that will only get us so far. There are no programs that do not have a constituency or legitimate public support, but all of us must either agree to double digit property tax growth or we must re-prioritize and/or eliminate some programs.*

- *Third, we have to take a hard look at health care costs. Competition for employees in the region requires us to be competitive in order to retain and attract highly skilled staff, but we can't ignore the basic fact that annual double digit health care cost increases are putting an enormous strain on our budget. We need to work with our employees and the public to come up with creative approaches to this problem.*

- *Fourth, we have to take a long term view, re-think economic development and create new strategies to strengthen and diversify Alexandria's tax base. We need to attract and retain businesses that can help reduce the burden on homeowners. While growth in recent years has helped us avoid even higher property tax rates, it has not solved the issue of budget sustainability. We need businesses to make Alexandria their home and to see Alexandria as an attractive community. This means building on our strengths: professional organizations like law firms, consultants, architects and planners; businesses where employees can live near the office and cut down on traffic; more non-profit organizations and associations and more retail options so we shop in Alexandria, spend less time driving around the region and keep our tax dollars in the city. We can't build our way out of our budget challenges, but we should take a hard look at how we maximize the value of our tax base.*

**As a City Council Member, Rob Krupicka voted to allow a tax increase.**

---

**As a candidate for City Council, Ludwig Gaines said:**

*I am deeply concerned about the rising real estate tax burden in Alexandria. The overwhelming priority of our budget must be to bring tax relief to property owners, particularly Alexandria's homeowners.*

*To achieve this we must diversify the city's revenue and tax base, push for even greater efficiencies in government spending and provision of services, cut the tax rate, reverse current residential and commercial tax revenue imbalance, consider implementing small business tax relief program, gain authority from Richmond to provide a homestead exemption, and provide increased tax relief for seniors, disabled and low-income homeowners.*

**As a City Council Member, Ludwig Gaines voted to allow a tax increase.**

---

**As a candidate for City Council, Paul Smedberg said:**

*Prioritize spending—Essential needs should go to the top of the list for City spending and non-essential items should be deferred or dropped altogether. Council must ask hard questions about the budget and follow through on the audits of City departments that I pushed for last year so we can serve our citizens more efficiently. Last year I thought there was room in the budget for a lower tax rate. I will continue to look for ways to reduce the rate.*

*Encourage economic growth—Economic growth results in needed tax revenues and reduces the residential property tax burden. A vibrant business community attracts visitors to our City for shopping, restaurants and entertainment, while at the same time serving the needs of residents for these same things. I recognize that some City residents may not fully appreciate the significant positive contribution the business community can make in restraining residential property taxes. I will work to bridge this gap.*

*Diversify revenues—The City should continue efforts to find other revenue sources, including suitable fees that are comparable to those used in neighboring jurisdictions. These new sources must be viewed as a means to replace (not to supplement) property taxes.*

**As a City Council Member, Paul Smedberg voted to allow a tax increase.**

---

**You decide:**

**Do these campaign statements coincide with how City Council Members actually voted?**

**Not too happy? E-mail City Council here:**

**<http://alexandriava.gov/contactus/mailto.pxe?parent=organization&name=person&attrname=Mayor%2C+Vice-Mayor+and+Council+Members>**