



Fiscal Year 2019 Budget Message to the Residents of Arlington County

With growth in community needs - particularly schools, Metro and debt service - outpacing growth in assessed property values for the foreseeable future, the Arlington County Board chose to slow the growth in expenditures and close a \$20 million budget gap in FY 2019 by scaling back increases to spending, rather than raising the real estate tax rate. In adopting the FY 2019 budget, the Board set the real estate tax rate at \$1.006 per \$100 of assessed value (including the stormwater tax). To balance the \$1.276 billion General Fund budget, the Board largely accepted \$8.4 million in spending reductions, \$6.6 million in fee and tax increases and \$5.5 million in funding realignments recommended by the County Manager in his proposed budget.

These reductions had consequences for programs and for our community, and we greatly appreciate the time so many Arlingtonians took to share their thoughts and concerns with the Board. This feedback was important to us as we finalized the budget, which we believe reflects our community's values and priorities, including exercising good fiscal stewardship, funding our public schools and public safety, and preserving our social safety net. Highlights of the FY 2019 Adopted Budget include:

Tax and Fee Adjustments – While the County Board did not increase the real estate tax rate, the FY 2019 Adopted Budget does include a number of fee changes and one tax rate adjustment. These increases, totaling \$6.6 million, include increases to the parking meter rates, hours, and fines; a slight increase in refuse collection fees, Park & Recreation fee changes, and an increase to utility tax rates. It is important to note that the County expects a budget gap next year which will require us to examine all tax and revenue options available.

Utility tax rates increased 5 percent for commercial consumers up to a \$3 per month increase per utility for residential consumers. The funding generated from the increase in the residential utility tax will be used to provide additional ongoing funding to the Affordable Housing Investment Fund (AHIF) to ensure energy efficiency in affordable housing developments and Schools.

Arlington Public Schools – Arlington's public schools are among the best in the nation, and the County Board is committed to the School Board's efforts to maintain that status. The County Board reallocated \$2.5 million realized through rent abatements from the lease of, and previously earmarked for renovations to, the Ellen M. Bozman Government Center in order to provide additional one-time funding to Arlington Public Schools. This decision to reallocate County funds recognizes the challenges facing APS as it expands existing schools and adds new ones to accommodate ever more students.

The County's ongoing funding for Schools in FY 2019 will increase by \$13.4 million, to \$497.6 million. The additional one-time funding (\$3.2 million) which was added will help address budget pressures from continuing enrollment increases.

METRO – The Board approved an increase of 3 percent for Metro, from local sources and the County's share of state transit aid. The increase will bring the County's total operating support for Metro to \$73.1 million in FY 2019.

Affordable Housing - The Board slightly increased funding to the County's Affordable Housing Investment Fund (AHIF) over what the County Manager had proposed in his budget. AHIF is the County's primary funding source for the creation and preservation of affordable housing. The adopted budget continues this commitment and increases the percentage of ongoing funding to the program. Total County funding for AHIF in FY 2019 will be \$14.3 million.

Investing in the Workforce – The Board provided \$1.6 million more in public safety compensation beyond what the Manager had proposed in February to ensure Arlington’s ability to attract and retain police officers, firefighters and sheriff deputies in an increasingly tight labor market.

The Board also approved a 3.25 percent increase in merit-based compensation for non-public safety employees.

Restoring proposed reductions – The Board restored funding in several areas that the Manager had proposed reducing. Among the restored cuts:

- **Funding for Arlington Independent Media** – the Board restored \$70,000 in one-time funding for Arlington Independent Media, the community non-profit broadcasting organization. The Board directed the Manager to examine the current structure of the Public, Educational, Government (PEG) channels and radio station, compare how other nearby localities provide PEG services, and provide options for cuts in funding by December 2018.
- **Funding for Lee Highway long-range planning** – The Board restored \$365,500 in one-time funding the Manager had proposed cutting for long-range planning along the Lee Highway corridor. This additional funding will enable the planning process to include the full corridor, rather than a nodal planning approach. The Board remains committed to the Lee Highway planning process and also provided \$25,000 in one-time funding to the Lee Highway Alliance.
- **Neighborhood College** – The Board restored \$40,000 in one-time funding to pay for outside facilitators for the Neighborhood College program, which trains a diverse group of future County leaders.
- **Preserving the County’s free paper shredding service** – responding to significant community demand, the Board restored \$20,000 in one-time funding for the County’s free paper-shredding service that the Manager had recommended eliminating, while the shredding equipment continues to have useful life.

Other County Board Actions and Guidance:

- **Continuing funding for immigrants** – The Board approved \$40,000 in one-time funding for the Legal Justice Service, to continue the provision of legal services to community members affected by the rapidly-changing landscape of federal immigration policies.
- **Funding a body scanner for the County jail** – The Board approved \$200,000 to purchase a body scanner for the County detention facility, to respond to increases in the attempts to bring drugs, particularly highly lethal fentanyl, into the facility.
- **Youth Mental Health Therapist** – The Board provided one-time funding to hire a Youth Mental Health Therapist for two-years in the Department of Human Services.
- **Residential Utility Tax and AIRE** – The County Board approved the Manager’s recommendations to realign and increase the Residential Utility taxes, sharing the revenues with schools and dedicating the majority of the remainder to AHIF. However, the Board affirmed our commitment to sustainability and energy efficiency, directing the Manager to develop a reporting template to measure the efficacy of sustainability efforts across all programs, rather than just dedicated revenue spent.

The FY 2019 budget represents a sustainably progressive plan for our community’s future. Despite budget reductions, this budget provides funding for our core values of effective public services,

education and inclusiveness without increasing the tax rate. The County Board will continue to work closely with our community to establish clear priorities in the years to come, as we strive to continue to maintain the values of our community in light of budget pressures. We thank each of the community members, advisory groups and staff members that helped us build a fiscally responsible budget that features investments our community can be proud of.

Sincerely,

A handwritten signature in cursive script that reads "Katie Cristol".

Katie Cristol
Chair, Arlington County Board