DIRECTION TO THE COUNTY MANAGER
FOR PREPARATION OF THE FY 2020 BUDGET

The County Board directs the County Manager to prepare a FY 2020 budget that is balanced and reflects current economic conditions, while honoring the County's vision as a "diverse and inclusive world-class urban community with secure, attractive residential and commercial neighborhoods." The budget should provide for long-term financial sustainability; preserve the County's triple-AAA bond rating; and fully fund all debt, lease and other contractual commitments including those "subject to appropriation" in the base budget.

Current economic conditions and trends inform the budget forecast for FY 2020 and suggest that the County will continue to see positive but slowing revenue growth. Further, the projected increase in revenues is not keeping pace with budget pressures in expenditures, creating an expected budget gap of $20 - $35 million for FY 2020. As more is known about economic conditions and expenditure pressures, the County Manager shall update the County Board and the community in a timely manner, so that the Board May revise this direction to reflect changes in the revenue forecast.

The County Manager is further directed to:

1. Propose a balanced budget with multiple options including:
    a. Proposals for program and personnel reductions or eliminations if the Manager is not able to present a balanced budget within the existing tax rate.
    b. Proposals for a range of potential tax rate increases to:
        i. Meet new General Assembly-mandated requirements including Medicaid expansion and WMATA funding;
        ii. Continue with compensation and staffing adjustments adopted in April, 2018, and encompassed within the Pay Philosophy adopted in July 2018;
        iii. Maintenance of existing infrastructure by providing funds to maintain the State of Good Repair as outlined in the adopted CIP; and
        iv. Provide operating funding for new Arlington Public Schools facilities opening in FY 2020.

2. Prepare proposals for long-term efficiencies and improvements in service delivery that will continue beyond FY 2020. Program reviews, and proposed reductions in services, should in particular be guided by adopted County plans and policies, to identify those programs which are not in direct service of adopted policy objectives.

3. Include program or service enhancements if funded by reallocations or fee revenue increases.

4. Include a proposal for maintenance-of-effort level of funding for the Affordable Housing Investment Fund consistent with the amount included in the Adopted FY 2019 Budget

($14.3 million) through the use of one-time and ongoing funds, with an effort to shift more of that funding into the ongoing base budget.

5. Provide funding consistent with the Revenue Sharing Principles and apply the County/School revenue allocation reflected in the FY 2019 budget (53.4% County / 46.6% Schools). Given the current tax rate and current projected assessment growth, $7,689,326 is available new ongoing revenue to be available to APS for FY 2020; a 1.5% increase over FY 2019.