County Manager’s Proposed FY 2021 Budget

OVERVIEW

County Board Meeting
Tuesday, February 25, 2020 @ 6:45 p.m.
Overview

• Focus on foundational areas of County government
• Shores up investments in County infrastructure & core services
• Consistent with County Board guidance:
  • No change from the current tax rate
  • Investment in housing affordability, stormwater, schools, workforce, and Metro
Proposed FY 2021 Budget: Revenue Growth

Overall Tax Revenue: 4.6% increase

Real Estate Assessments: 4.6% increase
- Commercial: 4.9% increase
- Residential: 4.3% increase

Office tax base: 2.5% increase
- Driven by a decline in office vacancy rate
Proposed FY 2021 Budget: By the Numbers

TOTAL BUDGET
$1.4 billion
2.9% increase ($40.0 million) from FY 2020 (ongoing and one-time)

COUNTY OPERATING
$846 million
2.7% increase ($22.2 million) from FY 2020 (ongoing and one-time)

SCHOOLS TRANSFER
$550 million
3.3% increase ($17.7 million) from FY 2020 (ongoing and one-time)
County Support for Schools

$550M transfer to APS (FY 2021)

PLUS... More than $12M in County services

- Parks
- Athletic field maintenance
- Clubs & camps
- Fleet management, maintenance, financing, fueling, washing, parking for 132 school buses & 107 support vehicles
- School Zone Flashing Signals
- i-Ride student transit program
- Crosswalks, markings, signage, flashers
- Registered nurses, clinic aide for each school
- Dental services, mental health services
- Disease surveillance, teen pregnancy prevention
- Immunizations, school physicals
- Libraries & youth programming
- School Resource Officer program
- Crossing Guard Unit
- Early childhood education & parenting
- Joint Employee Assistance Program
- Residential & youth outreach programs
- Joint use facilities
- Construction & occupancy permits, inspections
- Contract management (trash & recycling)
- Connect Arlington
Arlington Public Schools

Total Proposed County Transfer to Schools: **$550 million**
Up $17.7 million (3.3%) from FY 2020 and **$50 million** over two years (FY 2019 adopted to FY 2021 proposed)

- Share of tax revenue for APS at 47 percent
- WABE per pupil costs: **$19,921** (highest in the region)
Priorities: Housing Affordability

$9.1 million in funding for housing, per the Board’s guidance

- **AHIF:** $2.7 million increase (from $16.0 million to $18.7 million)
- **Recommendation to allocate potential increase in Cigarette Tax:** $2.0 million
- **Housing Arlington:** $248,750 (one-time funding) for research, analysis, and community outreach and engagement plus an additional Principal Planner (1.0 FTE)
- **Housing Support:**
  - $801,781 increase in Housing Grants from $9.3 million to $10.1 million
  - $412,554 for Permanent Supportive Housing program from $2.1 million to $2.5 million
  - $250,000 for pilot program to support youth aging out of foster care
  - 3 FTEs for permanent housing locator and case manager
- **Dedication of Columbia Pike TIF funding to affordable housing:** $2.3 million

More than 5% of the County’s operating budget is dedicated to housing AND more than 15% is dedicated to safety net services and housing
Priorities: County Workforce

• **Merit-based Compensation**
  - Public safety personnel: 5.5% increase, plus 1% MPA for most public safety employees
  - General employees: 3.25%-3.50% increase
  - Minimum and maximum of salary ranges increased 5%
  - Continuation of job family studies ($1.55M)

• **Benefits**
  - Increased paid parental leave from 4 to 6 weeks
  - Added Election Day 2020 as County holiday
  - Increased shift differential pays for public safety and trades workers
  - Doubled dependent care benefit from $500 to $1,000
  - Increased transit benefit from $180 to the $225 maximum
Priorities: Public Safety

• **Fire Personnel**
  - 9 positions to continue implementing Kelly Day staffing for the Fire Department
  - Funded a second recruit class
  - Position to support recruitment and human resources
  - Increased the medic premium

• **Sheriff’s Office**
  - Position for the Mental Health Docket
  - Entry pay slightly higher than other public safety (5.5%)

• **Police**
  - New policy initiative with establishment of Traffic Control Officers
  - One position to expand business outreach
  - Increase Public Service Aid pay

• **Recruitment**
  - New recruitment approaches for our emergency communications center
  - One-time funding to assist in Sheriff and Police recruitment
Priorities: Infrastructure & Core Services

• **Traffic & Road Safety**
  - 6 new positions in the Police Department that will focus on traffic enforcement and control
  - New staffing capacity to address maintenance of County’s streetlights
  - Funding for concrete maintenance and a sidewalk condition assessment

• **Internal Infrastructure**
  - Staffing capacity in purchasing, real estate assessments, and human resources
  - Modernization of our enterprise-wide financial and human resource system and technology investments in critical human service systems

• **Expansion of Library collections**
Other Budget Priorities

**Metro:** Increased contribution ($1.7 million) for the County’s share of Metro’s operating budget and the Phase 2 of the Silver line

**Stormwater:** Flood sensors pilot program for County intersections and eligible residences, 2 new Stormwater Inspectors, and upcoming November 2020 bond referendum for stormwater & watershed infrastructure

**Trees:** $250,000 to improve tree pruning and tree pest management; an additional urban forester position

**Facilities:** New and expanded facilities, including Long Bridge Aquatics and Fitness Center, Lubber Run Community Center and Courthouse Library

**Cultural Affairs:** More flexible hours, a revised fees schedule, and a manager for the Scenic Studio; transitioning the Mobile Stage to a vendor model; pilot program for Signature Theater to manage the CostumeLab; and $30,000 one-time funding for additional arts grants
### Tax & Fee Burden on Average Household

<table>
<thead>
<tr>
<th></th>
<th>CY 2017</th>
<th>CY 2018</th>
<th>CY 2019</th>
<th>CY 2020</th>
<th>% Change '19 to '20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Tax (includes sanitary district tax)</td>
<td>$6,209</td>
<td>$6,447</td>
<td>$6,757</td>
<td>$7,041</td>
<td>4%</td>
</tr>
<tr>
<td>Personal Property</td>
<td>968</td>
<td>1,024</td>
<td>994</td>
<td>1,049</td>
<td>6%</td>
</tr>
<tr>
<td>Vehicle License Fee</td>
<td>66</td>
<td>66</td>
<td>66</td>
<td>66</td>
<td>-</td>
</tr>
<tr>
<td>Refuse Fee</td>
<td>314</td>
<td>316</td>
<td>306</td>
<td>319</td>
<td>4%</td>
</tr>
<tr>
<td>Water / Sewer Service</td>
<td>817</td>
<td>817</td>
<td>828</td>
<td>852</td>
<td>3%</td>
</tr>
<tr>
<td>Residential Utility Tax</td>
<td>72</td>
<td>72</td>
<td>72</td>
<td>72</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$8,446</td>
<td>$8,742</td>
<td>$9,023</td>
<td>$9,399</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total $ change from prior year</strong></td>
<td>$253</td>
<td>$296</td>
<td>$281</td>
<td>$376</td>
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### Real Estate Tax Rates: Peer Comparison

<table>
<thead>
<tr>
<th></th>
<th>CY 2019</th>
<th>CY 2020 Proposed</th>
<th>CY 2020 Advertised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arlington</td>
<td>$1.013</td>
<td>$1.013</td>
<td>Expected Feb. 25</td>
</tr>
<tr>
<td>Alexandria</td>
<td>$1.130</td>
<td>$1.150</td>
<td>Expected Mar. 10</td>
</tr>
<tr>
<td>Fairfax</td>
<td>$1.150</td>
<td>Expected Feb. 25</td>
<td>Expected Mar. 10</td>
</tr>
<tr>
<td>Loudoun</td>
<td>$1.045</td>
<td>$1.035</td>
<td>$1.045</td>
</tr>
<tr>
<td>Prince William</td>
<td>$1.125</td>
<td>$1.145</td>
<td>$1.170</td>
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*Rates shown reflect base tax rates.*
Reserves & Financial Policies

• Proposed update to the Financial Policies to reflect the Board’s action in FY 2020 adopted and FY 2019 close-out to increase the Stabilization Contingent to 1% of the General Fund.

• Changes include transitioning from a Contingent to a Reserve and creating the 1% as the minimum amount of the Reserve.
County Manager proposes no change in the CY 2020 tax rate

No changes to Personal Property, BPOL, BID, or Stormwater tax rates

Fee Changes Proposed

- Household Solid Waste increase of $13.03 (to $319.03)
- Water/Sewer rate of $14.20/thousand gallons (up $0.40/thousand gallons, or approx. additional $24/year)
- Increased fees for development services and site plan review by a 2.5% inflationary rate
- Increased two Land Disturbing Activity (LDA) fees
- New fee for certified vital records to offset the cost of administration
- New fee for Workforce Development clients who receive childcare, computer training and certification services provided by DHS
- New fees associated with Long Bridge Aquatics & Fitness Center
- Increase fees for outdoor facility rentals, nature summer camps extended day options, adult 3-verses-3 basketball tournaments, and lifeguard classes
- Fee adjustments for aquatics and gymnastics teams, creative arts programs, summer camps, youth sports leagues
- New fees for residential alarm registrations and increased fees for false alarms
- Elimination of overdue fines to make the Library collections more accessible to all users
Looking Ahead

• A typical continuing services budget grows 3-4% annually
• Many of our priorities will require continued commitments in coming years:
  • Stormwater/Infrastructure
  • Housing affordability
  • Workforce & public safety staffing
  • Metro
  • Arlington Public Schools
• As our financial picture brightens, we will continue to make measured and strategic investments in our community
• We may see gradual revenue growth from Amazon HQ2 (FY 2022 and beyond)
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>February 25</td>
<td><strong>Proposed Budget:</strong> County Manager's Proposed FY 2021 Budget submitted to the County Board</td>
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<tr>
<td>February 27</td>
<td>Schools Budget Proposed</td>
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<tr>
<td>March 2–April 3</td>
<td><strong>Budget Work Sessions:</strong> County Board holds a series of budget work sessions with County Departments, Constitutional Offices, and the School Board</td>
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<td>March</td>
<td><strong>Mid-year Review:</strong> County Manager submits FY 2020 mid-year review of expenditures and revenues to the County Board</td>
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<tr>
<td>March 31</td>
<td><strong>Public Hearing:</strong> County Board hosted public hearing on Proposed FY 2021 Budget including County expenses and real estate tax, personal property tax rates, and other taxes and fees</td>
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<tr>
<td>April 2</td>
<td><strong>Public Hearing:</strong> County Board hosts second public hearing on proposed FY 2021 budget including County expenses and real estate tax, personal property tax rates, and other taxes and fees</td>
</tr>
<tr>
<td>April 18</td>
<td><strong>County Budget Adoption:</strong> County Board adopts FY 2021 Budget and Appropriations Resolutions for the County government, the public schools, and Pay-As-You-Go Capital. County Board adopts CY 2020 real estate tax rate and other FY 2021 taxes and fees</td>
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<tr>
<td>May 7</td>
<td><strong>Schools Budget Adoption:</strong> School Board adopts FY 2021 school budget</td>
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<td>July 1</td>
<td>FY 2021 begins</td>
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