

County Manager's Revised Proposed FY 2021 Budget

OVERVIEW

County Board Work Session
Monday, April 6, 2020 3 p.m.



Overview

- Our community is facing extraordinary circumstances
- This revised budget includes our best assessment of anticipated revenues and expenditures
- More will become known as we receive monthly revenue reports
- This budget should serve as a guide through the initial months of the fiscal year and will be revisited as needed

Update on FY 2020

• Impact on Revenue

- **Taxes:** Sales Tax, Meals Tax, and Transient Occupancy Tax, among others
- **Fees & Non-Tax Sources:** Parking meter & parking ticket revenue, Parks & Recreation fees, development fees, etc.

• Addressing near-term impacts

- Instituting an immediate hiring slowdown
- Using County Manager Contingent & Stabilization Reserve
- Deferring or canceling capital projects
- Slowing discretionary spending

Initial Investments to Address COVID-19

- **Purchased essential supplies**
 - PPE & cleaning supplies for our front-line employees and non-profit partners
- **Invested in technology**
 - Purchased laptops, etc. to move workforce to telework (focus on virtual call centers & remote ECC call intake/dispatch & DHS services)
- **Supported nonprofits & partners**
 - Provided \$100,000 for AFAC
 - Stood up COVID-19 testing center with Virginia Hospital Center (VHC)
 - Expanded telehealth capabilities to connect VHC and Arlington Free Clinic
 - Identified quarantine housing as back-up for congregate care settings
- **Coming soon**
 - Premium pay for front-line employees who cannot work remotely
 - Proposed small business support through a grant program and possible revolving loan fund
 - Proposed delay on required repayments by recipients of County AHIF loans

Guiding Principles for Revised Budget

- **Shore up community's most essential needs**
 - Preserve and, as needed, increase funding for direct life-safety services (e.g., food, health, housing)
- **Support the County workforce**
 - Preserve County employee jobs so staff “infrastructure” remains in place
- **Focus on areas that will help with recovery**
 - Assistance to business community and nonprofits
- **Maintain our fiscal health**
 - Create additional financial flexibility as a bridge to recovery by lowering capital projects where possible, drawing down some budget reserves, and postponing new initiatives.

Estimated Change in FY 2021 Revenues

- Significant drops in revenue (\$55.7M)

Overall County & School Impacts	
County Taxes	(\$24.4) million
County Non-Taxes*	(\$ 9.6) million
County Total	(\$34.0) million
Schools Total (ongoing)	(\$21.6) million

* Includes reduced Boeing revenue required for Long Bridge due to delayed opening

Impact on Arlington Public Schools

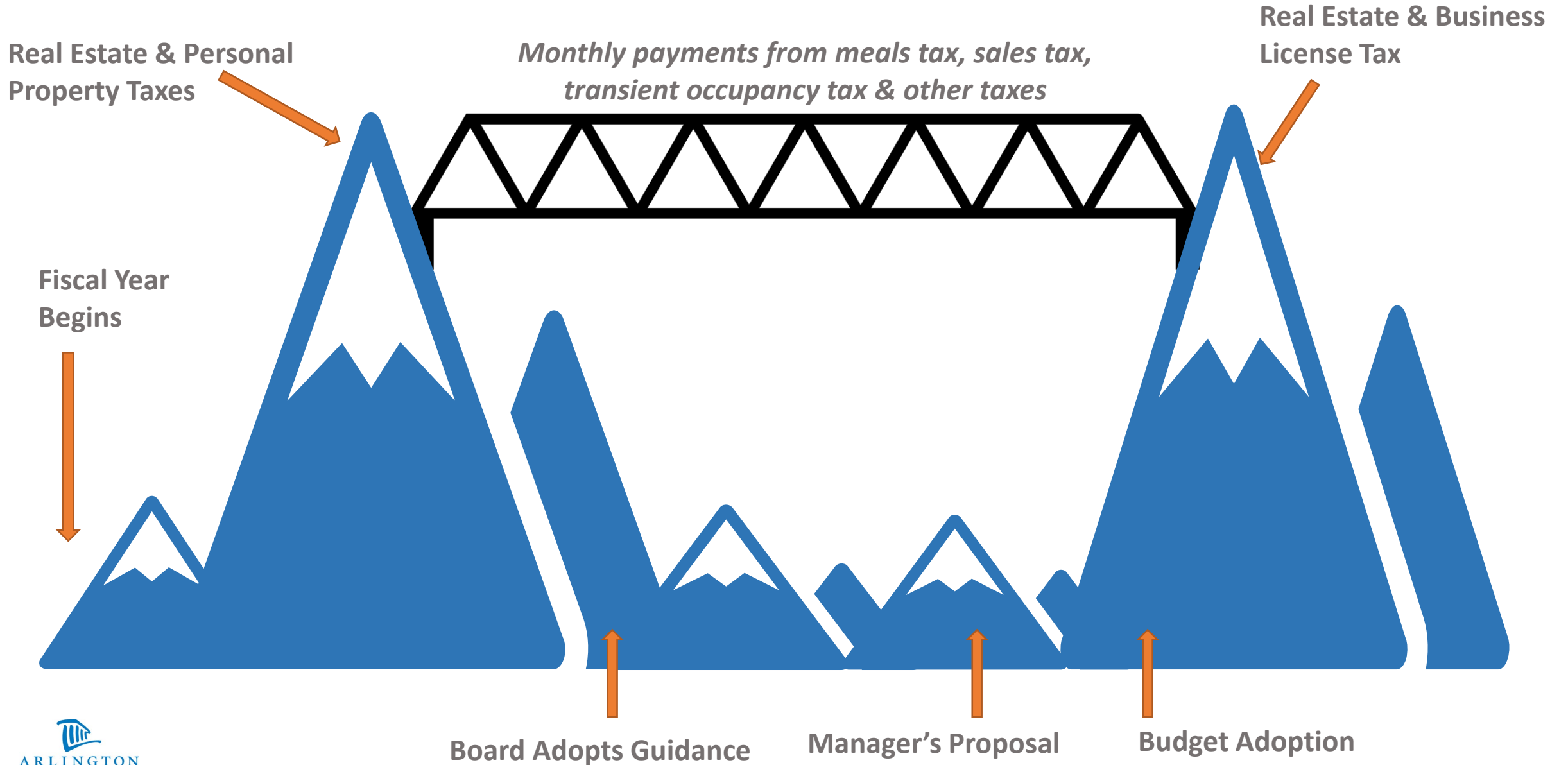
FY 2020 Adopted	FY 2021 Original Proposed	FY 2021 Revised Proposed	Reduction from Original Budget
\$522.4 million	\$546.3 million	\$524.6 million	(\$21.6 million)

- **Schools shares in 47% of all local tax revenue**
 - Lower revenue projections impact Schools by \$21.6 million in ongoing funding
 - Revised revenue transfer slightly higher than FY 2020 funding level
- **Unknown/potential School funding**
 - Federal CARES funding for education
 - State support to localities for education
- **Continued Collaboration with Schools on Addressing County & School Needs**

Revenue Compared to FY 2020 Adopted Totals

	FY 2020 Adopted	FY 2021 Original Proposal	FY 2021 Revised Proposal	Adopted to Revised Percentage Change
Taxes	\$1.112 billion	\$1.162 billion	\$1.116 billion	0.4%
Non-Taxes	\$244.6 million	\$233.9 million	\$224.3 million	-8.3%
TOTAL	\$1.356 billion	\$1.396 billion	\$1.340 billion	-1.2%

Revenue Influx: Peaks and Valleys



What the FY 2021 Budget Still Does

- **Maintains the County Workforce**

- Retains county jobs
- No changes to benefits (increased parental leave, add Election Day holiday/eliminate President's Day/add floating holiday)

- **Invests in Housing**

- Increase to housing grants, permanent supportive housing
- Maintains AHIF at FY 2020 Adopted levels

- **Focuses on Essential County Services**

- Keeps nonprofit social safety net
- Maintains FY 2020 service levels

Proposed Expense Changes

- **Eliminate all compensation increases & slows hiring**
 - Continued hiring for public safety agencies and public health
- **Eliminate proposed new programs**
 - Traffic Control Officers, Courthouse Library expansion, marriage license portal, foster care housing pilot program, among others
- **Eliminate most additions to existing programs**
 - New FTEs (planners, arborist, real estate appraiser, etc.), library collection expansion, additional support for Housing Arlington, additional tree maintenance, among others
- **Delay Long Bridge and Lubber Run openings until FY 2022**

Other Expense Changes

- **Deferred spring bond sale**
 - Reduces debt service (County & APS)
 - No impact on major projects under construction
- **Metro's budget will be revisited prior to July 1**
- **Deferred or canceled capital projects**
 - Includes canceling some new projects for FY 2021, deferring some projects from FY 2020 and earlier, and re-directs project balances from completed or near completed projects
- **Use of County reserves**
 - Prudently utilizes a portion of the County's Stabilization Fund
 - County financial policies require replenishment within 2 fiscal years

New COVID-Related Funding

\$10.2M contingent to meet needs stemming from the pandemic

Potential allocations include:

- **\$2.7M for housing and safety net funding**

Examples: eviction help, housing grants, food assistance

- **Community resilience**

- Small business and recovery assistance
- Support for tourism industry & nonprofits

- **Service delivery recovery & employee support**

- New services and programming needed post-COVID
- Help for employees who worked through COVID response

- **Additional unanticipated revenue losses**

Potential Federal and State Funding Sources

- **Coronavirus Aid, Relief and Economic Security (CARES) Act (H.R. 748)**
- **Community Development Block Grant (CDBG) funding**
 - **Arlington's current estimate = \$830k**
 - **Uncertain if funding will be received in FY 2020 or FY 2021**
- **Other Potential State Funding??**

What's Next

April 6	Revised Budget Proposal: County Manager's Revised Proposed FY 2021 Budget submitted to the County Board
April 16	Schools Budget Proposed
April 16	Budget Work Session
April 23 7:00 p.m., County Board Room 2100 Clarendon Blvd.	Public Hearing: County Board hosted public hearing on Proposed FY 2021 Budget
April 23 Following Budget Hearing County Board Room 2100 Clarendon Blvd.	Public Hearing: County Board hosts second public hearing on Proposed FY 2021 Taxes and Fees
April 30	County Budget Adoption: 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
May 7	Schools Budget Adoption: School Board adopts FY 2021 school budget
July 1	FY 2021 begins

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