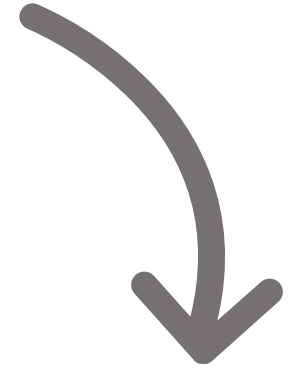


FY 2021 Update & FY 2020 Year-End Summary

Tuesday, October 20, 2020



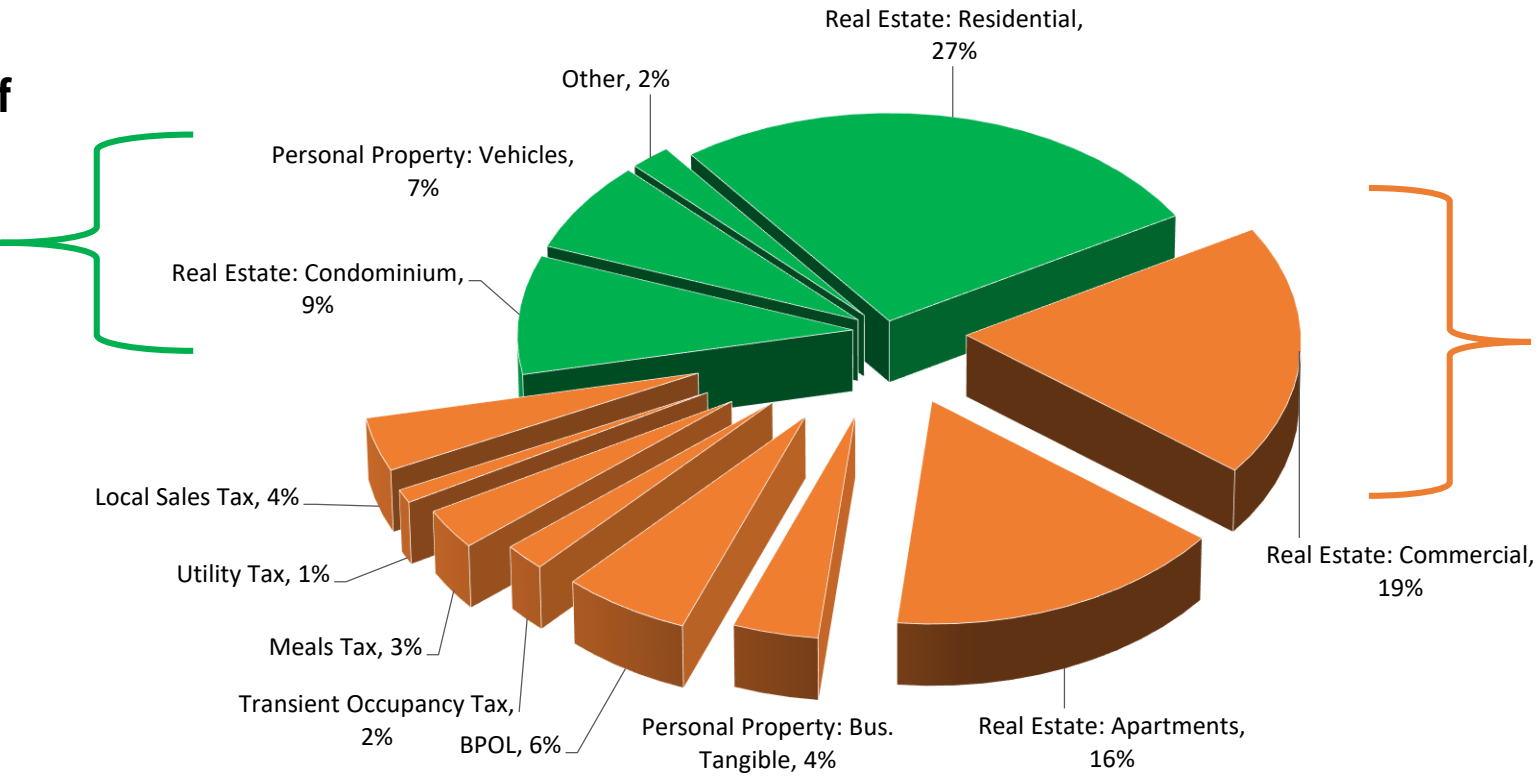
Where We Are



Tax Revenues Expected to be Most Significantly Impacted by Pandemic and Economic Crisis

Early Indications of Residential Real Estate and Vehicle Personal Property Tax will be within budget estimates

45% = \$502.3M

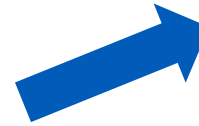


Over 1/2 of All Taxes Revenues Funding County Operations Impacted by the Health & Economic Crisis

55% = \$613.9M

Projected Revenue Gap (FY 2021)

	Range for Revenue Shortfall	
Tax Gap	(\$30,000,000)	(\$45,000,000)
Non-Tax Gap	(12,000,000)	(15,000,000)
Total Gap	(42,000,000)	(60,000,000)
County Gap	(27,900,000)	(38,850,000)
School Gap	(14,100,000)	(21,150,000)



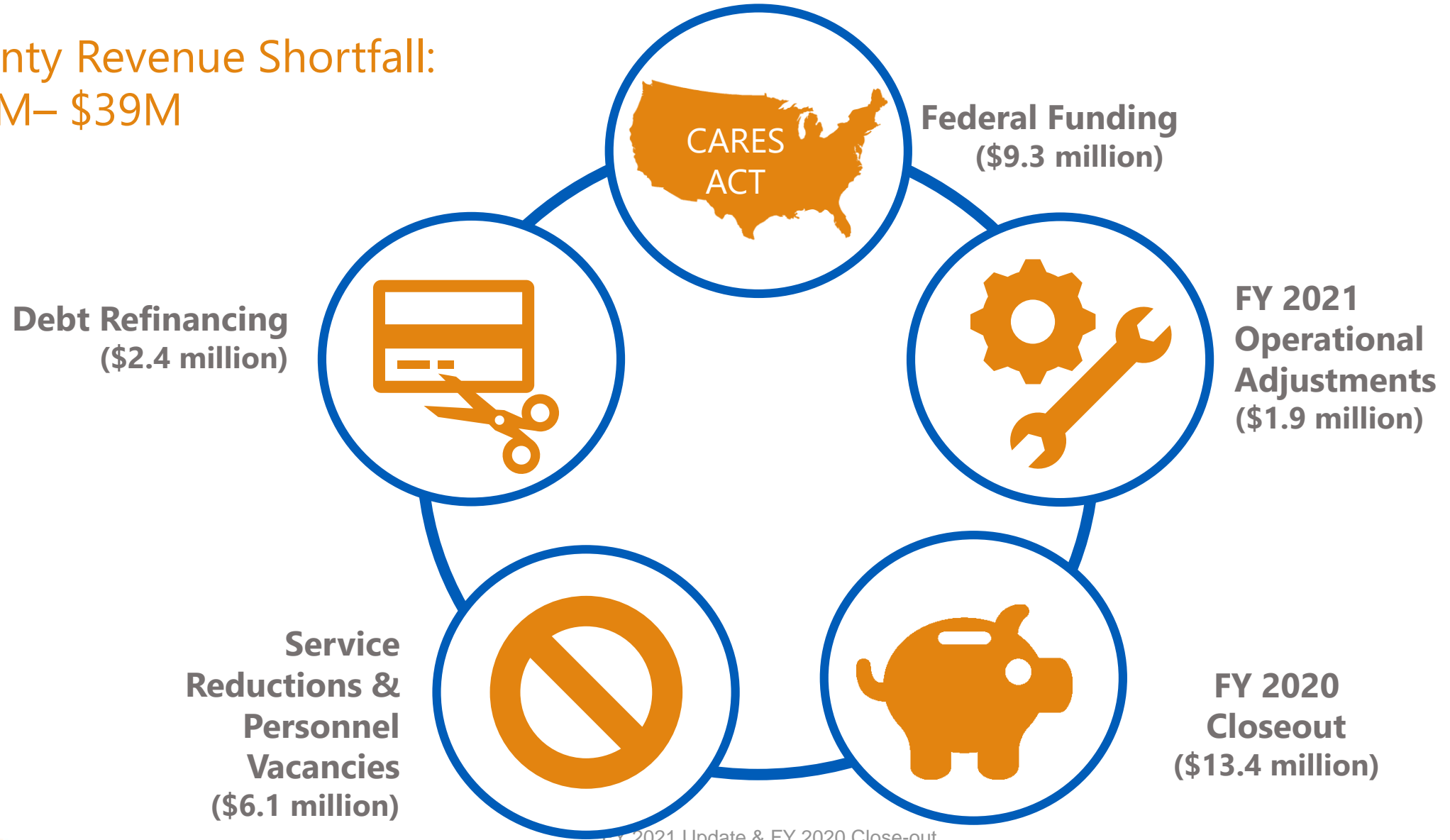
- **Business Taxes**
 - **Meals Taxes**
 - **Real Estate**
- **Taxes**
 - **Hotel Taxes**
 - **Sales taxes**
-
- **Parking Meters**
 - **Parks Programs**
 - **Parking Tickets**
 - **Fines**

Approach To Balancing the FY 2021 Revenue Loss

- Continue to Prioritize Health & Safety of Arlington residents
 - COVID response with contact tracing, testing, and PPE
 - Supporting those most in need – eviction prevention and food
- Leverage Federal Funding by December 30:
 - Maximize health and safety resources as well as support to our vulnerable residents and businesses
 - Federal CARES Funding must be spent by December 30th
- Measured Approach in Evaluating Options
- Slowed Spending: Hiring freeze, creating capacity with vacant positions
- Utilize One-time Funds: close-out or other one-time funding to bridge gap during revenue downturn
- Hope to Preserve Filled Positions

Preliminary Recommendations to Close Gap

County Revenue Shortfall:
\$28M– \$39M



FY 2021 Update & FY 2020 Close-out

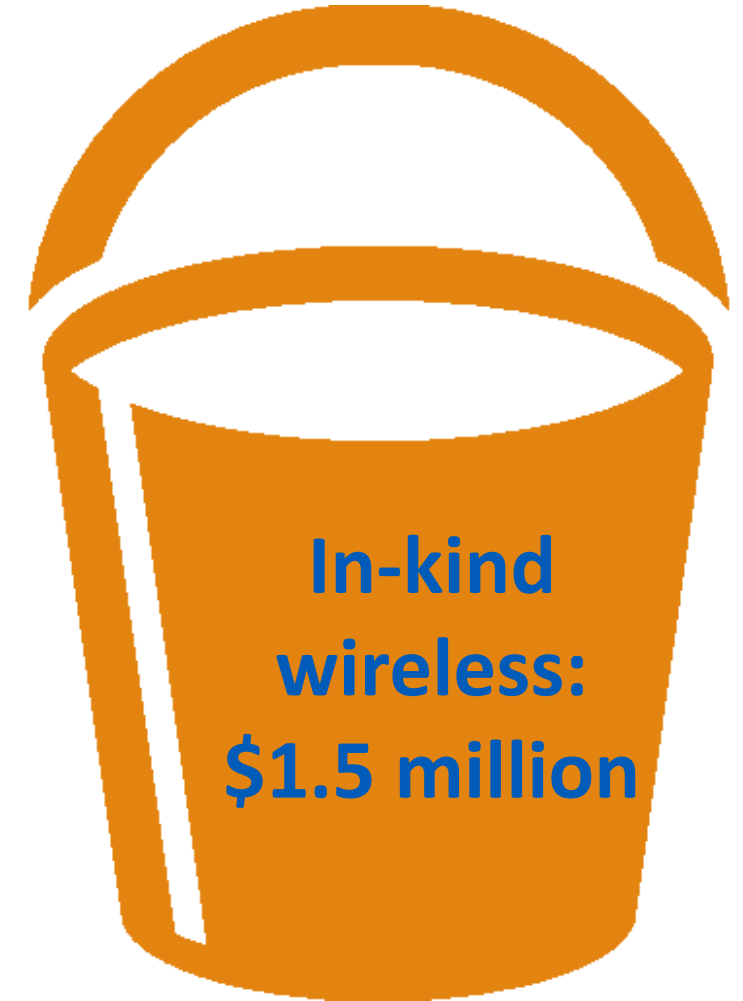
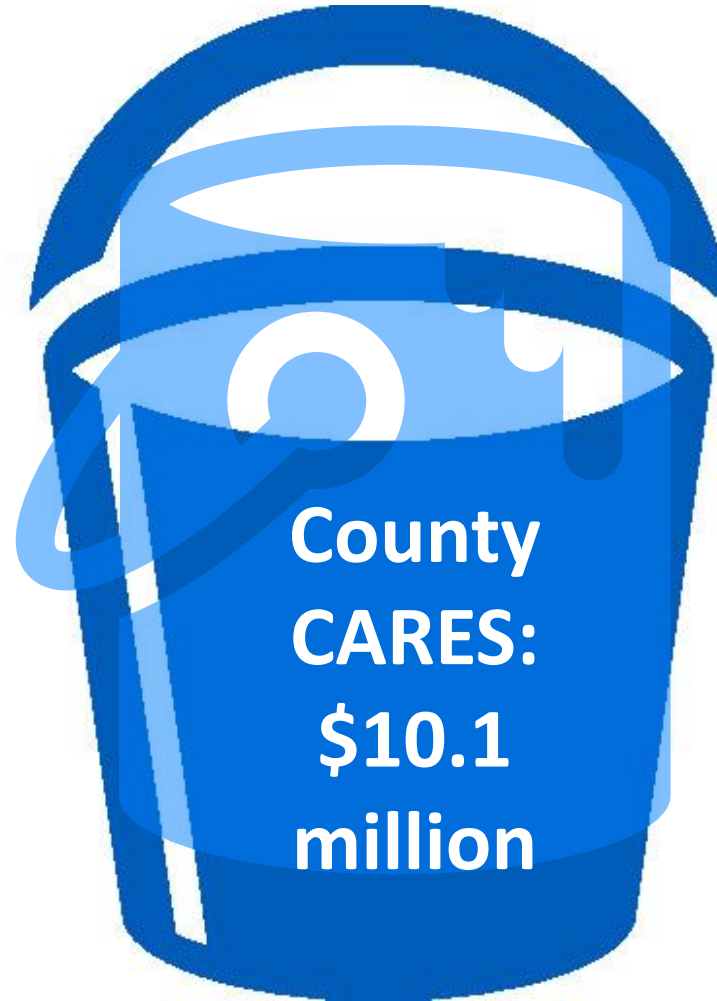
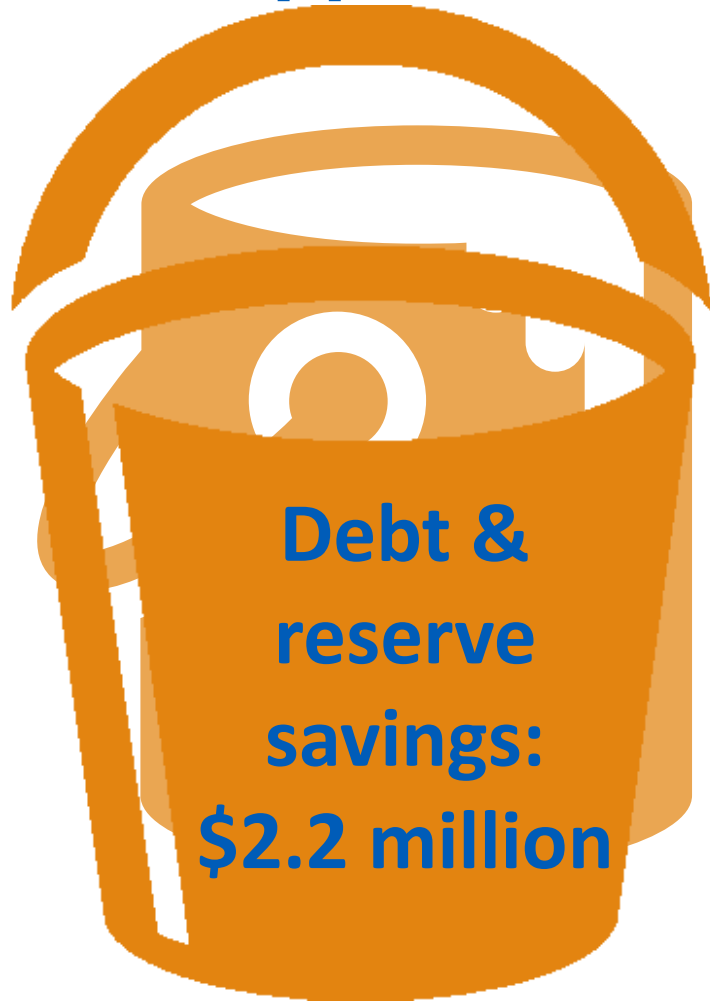
State & Federal COVID Support

Previously Spent/Obligated Uses			
Funding Category	CARES Spent/Obligated	Other State & Federal Funding	Total
ACG CARES Pass-through to APS (including Internet Essentials)	\$ 10,150,000	\$ -	\$ 10,150,000
Wireless Network Deployment for APS Students	\$ 1,650,000	\$ -	\$ 1,650,000
County Technology Projects	\$ 2,880,000	\$ -	\$ 2,880,000
Public Health/Public Safety Staffing Costs	\$ 5,000,000	\$ -	\$ 5,000,000
PPE	\$ 1,300,000	\$ 1,200,000	\$ 2,500,000
Testing and Contact Tracing	\$ 330,000	\$ 470,000	\$ 800,000
Quarantine/Isolation Housing	\$ 100,000	\$ 1,200,000	\$ 1,300,000
Eviction Prevention/Housing Assistance	\$ 2,700,000	\$ 4,250,000	\$ 6,950,000
Food Programs	\$ 340,000	\$ 1,125,000	\$ 1,465,000
Small Business Support	\$ 1,650,000	\$ 950,000	\$ 2,600,000
County Services Health and Safety	\$ 3,200,000	\$ 2,560,000	\$ 5,760,000
FEMA Local Matching Funds	\$ 850,000	\$ -	\$ 850,000
Total	\$ 30,150,000	\$ 11,755,000	\$ 41,905,000

CARES Update: Recommended Additional Uses

Funding Category	Recommended CARES Allocations
Public Health/Public Safety Staffing Costs	\$ 8,250,000
PPE	\$ 475,000
Testing and Contact Tracing	\$ 830,000
Quarantine/Isolation Housing	\$ 550,000
Small Business Support	\$ 250,000
County Services Health and Safety	\$ 370,000
FEMA Local Matching Funds	\$ 440,000
Total	\$ 11,165,000

Additional FY 2020 and FY 2021 County Funding to Support APS: \$13.8 million



COUNTY SUPPORT FOR SCHOOLS

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

Very Early Preview of FY 2022 Outlook

- Anticipate continued costs in response to COVID-19 and continued slow economic recovery
- Concerns about commercial real estate with vacancies and rental rates
- Impacts on business operations impacting Business Tangibles and Business License (BPOL) taxes
- Across the board financial impacts of lower tourism and business activity on sales / meals / car rental / hotel taxes
- Slow return to normalcy for a number of non-tax revenues
- Other potential cost pressures (e.g. Schools / Metro)

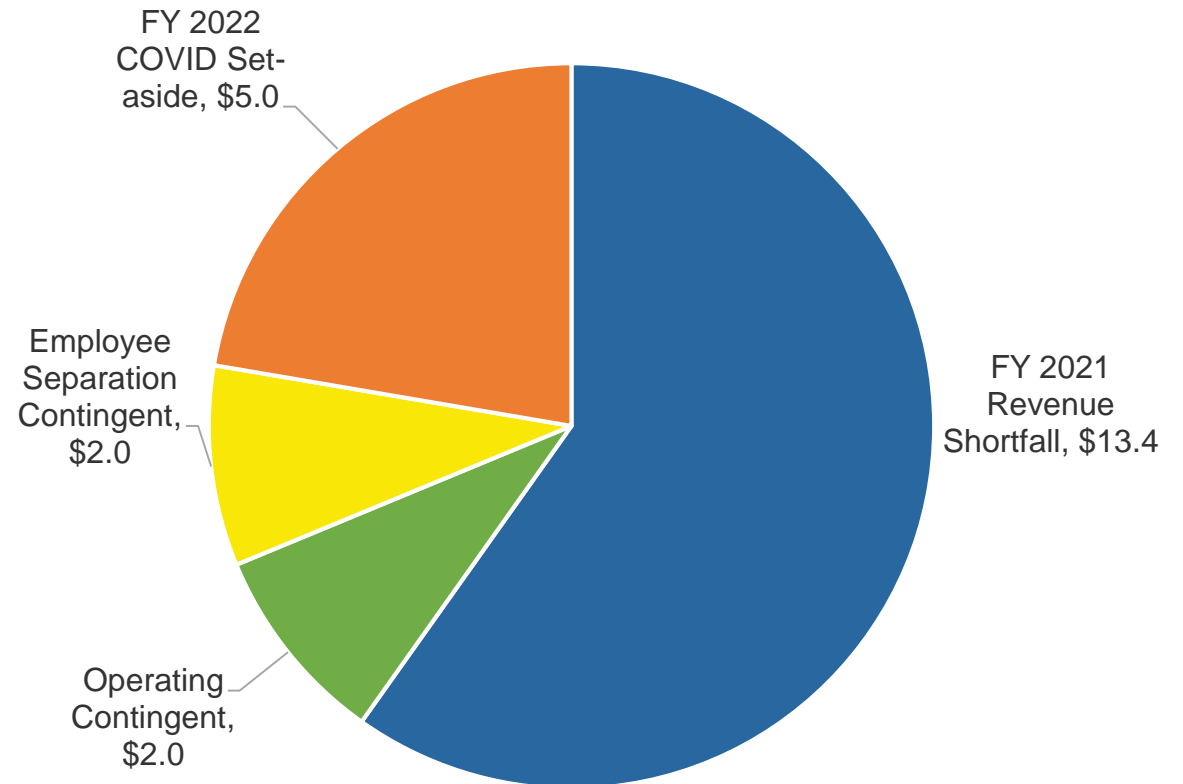
Unrestricted Funding

County Manager Recommendations for \$22.4 million

(\$'s in millions)

Discretionary Funding Recommendations of the County Manager

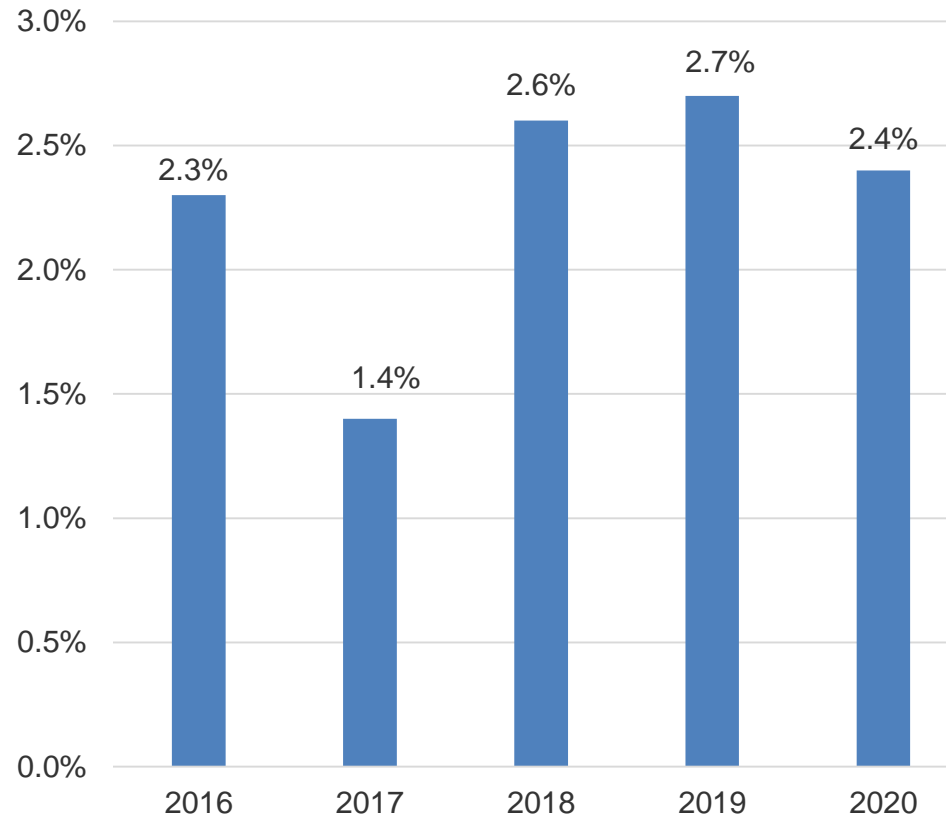
- Addressing FY 2021 Revenue Shortfall: \$13.4 million
- FY 2022 COVID Needs: \$5.0 million
- Employee Separation Contingent: \$2.0 million
- County Manager Operating Contingent: \$2.0 million



FY 2020 Year End Summary

- Year ended within budget
- Fund balance = \$242 million
- Tax revenue at budget
- Department vacancy savings & lower healthcare costs
- Majority of remaining balances are restricted (91%)
- 2.4% of the County's \$930 million budget (excluding Schools) available for discretionary uses

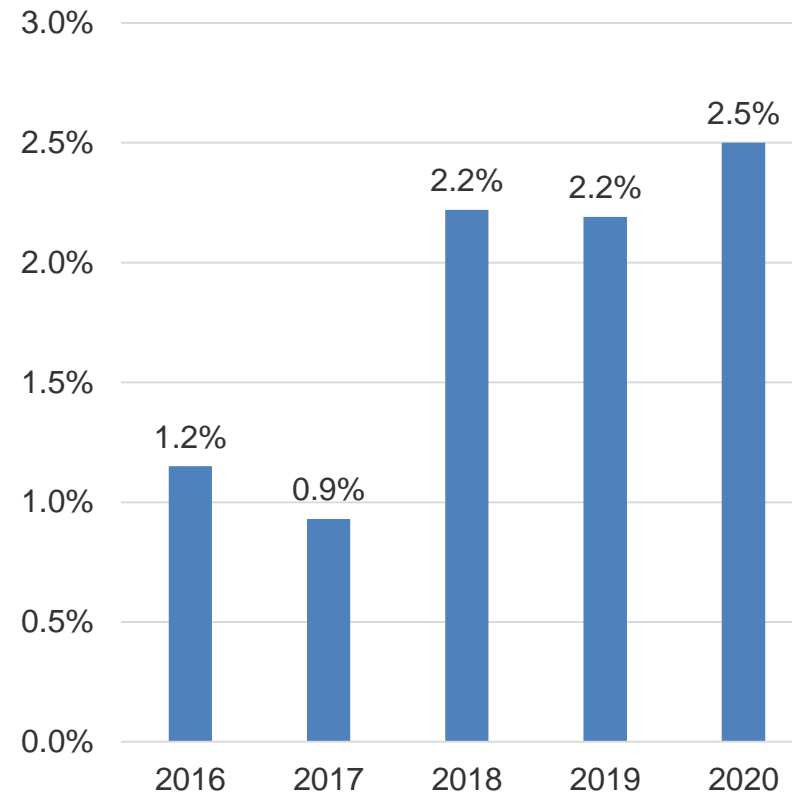
Percentage of Budget Remaining for Close-out Allocation



FY 2020 Year End Summary

- Amounts of department and program savings continue to be within an acceptable range
- Department savings accrue from a variety of factors
 - Departments holding positions vacant due to FY 2020 hiring freeze with the onset of the pandemic
 - Slower execution of work/projects due in part to difficulty in hiring pre-pandemic and the slowdown of project execution once pandemic began
- Department savings slightly higher than FY 2019

Operating Department Savings
(percent of budget, excluding grant carryover)



FY 2020 Year End Tax Revenue

On average, actual tax revenue has been 1.4% higher than budget.

Fiscal Year	Budgeted Revenue (millions)	Actual Tax Revenue (millions)	Variance of Actual Revenue to Budget
FY 2016	\$964.9	\$986.5	2.2%
FY 2017	\$997.0	\$1,022.5	2.6%
FY 2018	\$1,039.0	\$1,044.7	0.5%
FY 2019	\$1,067.8	\$1,084.6	1.6%
FY 2020	\$1,111.6	\$1,111.6	0.0%

Allocations of Fund Balance

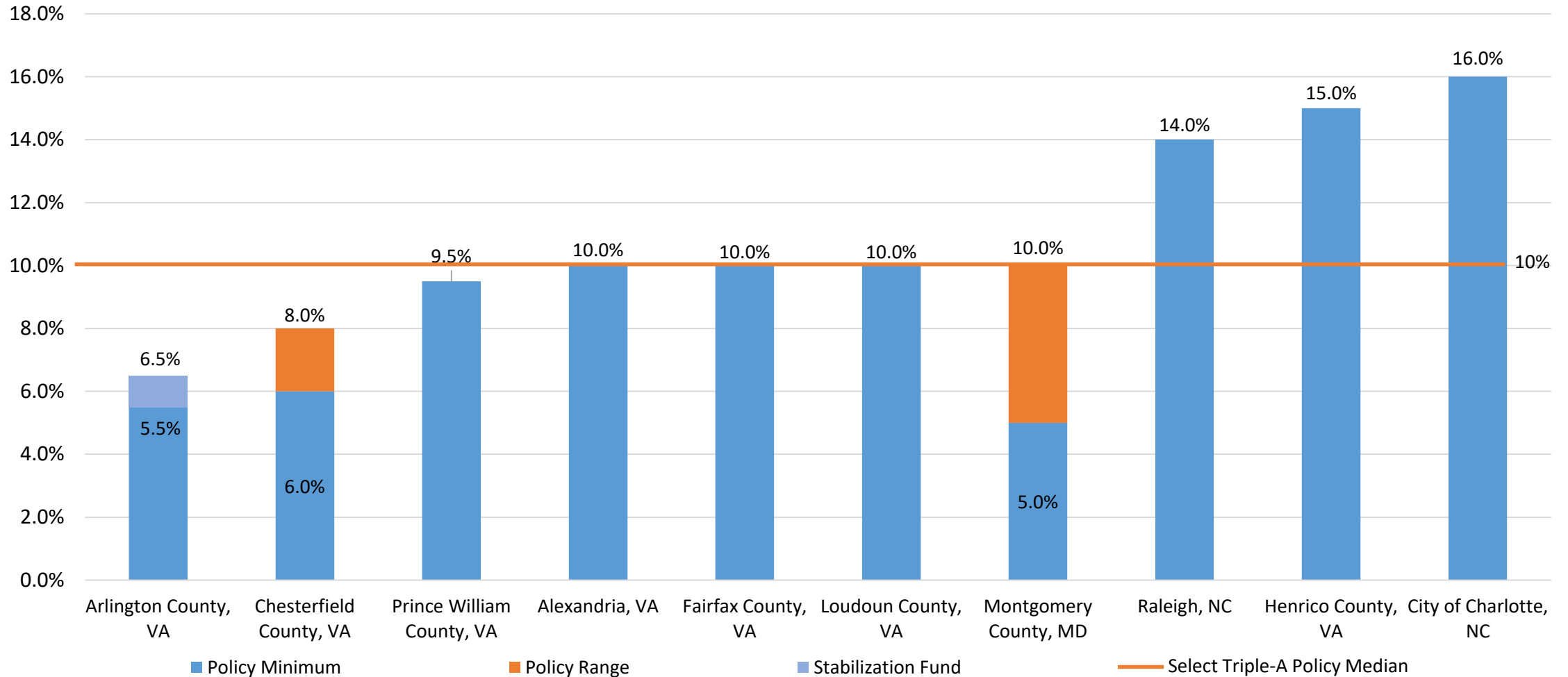
Total Fund Balance = \$242.0 million

\$219.3 million (91%) of fund balance restricted or already allocated per current Board policy or prior Board action

- Carryover of Existing Reserve Funding (\$99.8 million)
 - Required to maintain the County's triple Aaa bond rating
- Unspent Schools Savings & Additional Revenue Allocations (\$27.3 million)
 - Based on the Principles of Revenue Sharing
- Affordable Housing Investment Fund (\$61.4 million)
 - Additional \$3.3 million in HOME Investment Partnership Program Funds
- Restricted funds (\$4.0 million)
- Projects the County Board has already taken action on (\$26.7 million)
 - Metro, body worn camera project, public safety training and recruitment, technology & equipment purchases previously approved in the operating and CIP budgets

Reserve Policy Levels to Peer Triple-A Localities

Select Triple-A Rated Localities - General Fund Balance Policies



FY 2021 Update & FY 2020 Close-out

Next Steps

October – November	<ul style="list-style-type: none">✓ Public input on close-out recommendations.
November	<ul style="list-style-type: none">✓ County Board adopts close-out.✓ County Manager presents FY 2022 forecast.✓ County Board give the County Manager budget guidance for the FY 2022 budget.
February - March	<ul style="list-style-type: none">✓ County Manager’s FY 2022 Proposed Budget submitted to the County Board.

FY 2021 Update & FY 2020 Year-End Summary

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