

Fiscal Year 2023 Budget Message to the Residents of Arlington County

Above all, the FY 2023 adopted budget is an investment in our workforce. Our community has high standards for government service delivery, from how quickly potholes get filled to how effectively site plan conditions are enforced. Maintaining staff who can perform at those high standards means employing talented people who have choices. Many Arlington employees held on – continuing to deliver incredibly important and in many cases frontline services – throughout two pandemic years, even while instability in our revenues meant negligible salary increases.

With this budget, the County Board seeks to demonstrate the value we place on county employees by supporting compensation increases above what was originally proposed – including increasing Police merit pay to 13.5%, an additional 1.0% merit pay for General Employees to 5.25% , and an additional 2.0% merit pay for Fire and Sheriff to 8.5% – and a variety of quality of work, and quality of life, investments such as the reduced work week for police and premiums for those with special skills like swiftwater certified teams in Fire. In addition, the County Board added funds to address pay compression and provided thousands of dollars in bonuses for both our Sheriff’s Deputies and Fire Department. Our action to fund these historic increases represents not just the Board’s, but all of Arlington’s, appreciation for the work of our public safety staff – for its difficulty and for their dedication to it.

We remain similarly committed to our employees working in essential positions throughout county government, and this budget invests particularly in staff retention and recruitment including half a million dollars in strategic retention and signing bonuses for our hardest to fill positions. That includes, but is hardly limited to, our frontline mental health workers and the crews based out of our Trades Center.

In addition to investments in compensation, there are three other areas of focus in the FY 2023 adopted budget: combatting climate change, expanding affordable housing, and providing personal property tax relief in a tumultuous national economy.

Response to Climate Change

The climate change emergency demands that we think urgently and innovatively about making the greatest impact possible. In the FY 2023 adopted budget, the Board has followed through on its commitment to a whole of government approach to the climate emergency by creating the Office of Climate Coordination and Policy.

The Office of Climate Coordination and Policy will build on and expand the important work of the AIRE team to raise awareness in the whole community about responses to the climate crisis: amplifying, coordinating, and adding expertise that can give life to our priority of combatting climate change. The team will provide coordination inside and outside of government as they convene staff and external experts to see how emerging practices might work in Arlington County. They will elevate the work that AIRE has already done in stormwater resilience and will continue to build on the implementation framework for the Community Energy Plan. The team will extend the reach of our climate strategy through:

- Coordinating interdepartmental activities for CEP across the county including the working group;
- Furthering key policy areas including the green building incentive policy update and the emerging area of biophilia; and
- Expanding public facing outreach including programming and advocacy for the 96% of carbon emissions that need to be the focus of the entire community – giving residents a place to go to get information they need to make changes.

While the implementation of the CEP will remain with the AIRE team, the Office of Climate Coordination and Policy will complement it with policy and new program ideas – amplifying our environmental consciousness in the County.

Other FY 2023 investments in meeting Arlington’s goals to combat climate change total over \$4 million and include:

- \$1.0 million CEP Action Fund for flexibility and agility to address new opportunities that could include piloting new electrification, investments in small capital projects, consulting studies, or matching funds for federal or state opportunities;
- Two new FTEs including one to support CEP roadmap initiatives and one to manage EV charging stations and solar;
- \$300k in consultant support for CEP execution;
- \$200k to support EV charging infrastructure for County fleet and \$125k for public-use EV charging infrastructure;
- A feasibility study to assess alternative fuel options for public transit;
- An energy assurance plan to mitigate the risk of grid inoperability and support continuity of operations;
- \$350k for energy efficiency updates at County facilities and \$140k for renewable energy assessments in at least 10 County facilities;
- Solar projects including the Amazon/Arlington/Dominion solar facility projected to launch in late summer 2022; and
- An update to the Zero Waste Plan.

Commitment to Affordable Housing

The FY 2023 adopted budget reaffirms the County’s continued emphasis on housing support, eviction prevention, and increasing affordable housing supply. To meet the growing demand for direct housing assistance, this budget includes:

- A significant increase of \$588k for a total of \$3.6 million in the Permanent Supportive Housing program for our residents with low-incomes, disabilities, and housing insecurities;
- An unprecedented budget of \$14.3 million for Housing Grants that provide rental subsidies to households with very low incomes – approximately 90% of households serviced have incomes of less than 30% AMI; and
- Utilization of \$23 million in federal funding for housing choice vouchers.

In the months ahead, the County will embark on a Housing Grants study to review the program and provide recommendations to meet changing community needs.

This budget also continues the County's ongoing commitment to the Affordable Housing Investment Funds (AHIF). The Board has added \$1.8 in additional funds to AHIF for a total FY 2023 budget of \$18.7 million.

In addition to working with developers to create more affordable housing units, County staff work with landlords to remove barriers in leasing requirements and serve tenants effectively. Two new positions will provide added capacity and compliance and ensure that there is appropriate oversight in the quality of Arlington's affordable housing stock.

Personal property tax relief

National macroeconomic factors, including supply chain issues and pent-up demand, have led to unprecedented increases in vehicle values. These vehicle values are the basis for the assessments of taxpayers' vehicles and thus the basis for personal property tax paid for their vehicles. Many vehicle assessments are increasing by double-digit percentages from CY 2021 to CY 2022.

To provide tax relief to Arlington taxpayers, the Board has taken two actions:

1. Applying an 88% assessment ratio so that vehicle personal property tax bills will be based on 88% of a vehicle's value in CY 2022, offsetting much of the increase that taxpayers would have experienced if taxes were applied the full value of their vehicles.
2. Eliminating the regressive \$33 Motor Vehicle License Fee that was charged to every vehicle owner in Arlington.

While the tax relief will vary across different vehicle types, these two actions will ensure lower tax bills for Arlington vehicle owners.

Additional Investments

While nearly all ongoing additions to the FY 2023 budget focus on compensation, the County Board added funding for two additional staff to the County Auditor's office. With the availability of one-time funds, the County Board also made the following investments:

- Relief for frontline human services nonprofits (\$650,000);
- An assessment of Detention Center protocols for those individuals affected by substance abuse issues (\$85,000);
- Support for our partnerships (the Columbia Pike Partnership, Clarendon Alliance and Langston Blvd. Alliance) to determine mutually agreed upon activities up to \$180,000 in one-time funding as part of a strategic funding pool and \$25,000 in one-time funding in support of engagement and placemaking activities associated with the Plan Langston Blvd. planning effort;
- A Tree Canopy study (\$150,000) to commence following Board adoption of the Forestry and Natural Resources Plan;
- Support for our developmentally disabled community (\$250,000) in reopening of day programs post-COVID, planning and exploration to develop new or expanded day programs, and exploration of additional transportation supports;
- Arts equity grants (\$100,000) to help arts groups recover from pandemic and try new things related to equity;
- Consultant funding (\$150,000) to expedite two areas of planning studies – hotel conversions and childcare zoning;

- Restorative Justice (\$50,000) to be available for a Restorative Justice partner as the County moves forward with a NOFA to support a community-based organization to move that concept and values forward;
- Training funding for the Circuit Court Judiciary (\$15,000);
- An equity demonstration project in Green Valley (\$150,000);
- Support for the Arlington County Fair to offset losses from 2020 so that they are able to continue with planning for this year (\$30,000);
- Non-personnel funding for the Community Oversight Board (\$100,000);
- Addition of a civil filings position for the Clerk of Circuit Court (\$75,000); and
- Investment in land acquisition (\$1.8 million).

My colleagues and I especially appreciate the time and effort of many Arlingtonians to help us define our priorities and share their concerns with us as we developed this budget, and we extend our gratitude to the staff of the Department of Management and Finance and County Manager's Office, who have capably managed both this budget process and those of recent, unusual years.

By focusing investment in our people – specifically in retention and recruitment for the positions and divisions where quality of service is most threatened – and prioritizing the urgent as well as important issues of housing, equity and climate, I am optimistic that this budget will be one that does not just bridge the pandemic but begins our journey on the other side.

Sincerely,



Katie Cristol

Chair, Arlington County Board