

COUNTY MANAGER'S PROPOSED FY 2022 BUDGET OVERVIEW



County Board Work Session

Thursday, February 18, 2021 @ 4:00 p.m.

Overview

- Proposed budget “bridges” Arlington to the post-pandemic world
- Guided by the need to be adaptable and flexible as circumstances change
- Focus on COVID-19 pandemic response while addressing ongoing priorities
 - Investment in pandemic relief efforts, affordable housing, food security, racial equity, stormwater, needs identified by the Police Practices Group, and County workforce, among others
- Consistent with County Board guidance
 - Uses one-time funds
 - \$1.013 real estate tax rate remains constant
 - Proposed increase to stormwater rate from \$0.013 to \$0.017

Proposed FY 2022 Budget: Revenue Changes



Overall Tax Revenue: 0.1% increase



Real Estate Assessments: 2.2% increase

- Commercial: **1.4% decrease**
- Residential: **5.6% increase**



Consumption Taxes: 14.0% decrease, \$13.9 million drop

- Hotel: **48.1% decrease**, from \$19.3 million in FY 2021 to \$10.0 million
- Meals: **14.4% decrease**, from \$36.8 million to \$31.5 million
- Sales: **1.6% increase**, from \$43.1 million to \$43.8 million



Non-Tax Revenue: Parking meters; Recreation fees;
Transit revenue

American Rescue Plan

New figures show potential funding for Arlington through the federal relief plan

Arlington County: \$46.34 million

Arlington Public Schools: \$20.48 million



NOTE: All numbers are preliminary and dependent on Congressional approval

Proposed FY 2022 Budget: By the Numbers

TOTAL BUDGET

\$1.36 billion

1.4% increase (\$18.3 million) from FY 2021 (ongoing and one-time)



COUNTY OPERATING

\$833.9 million

1.6% increase (\$13.1 million) from FY 2021 (ongoing and one-time)

SCHOOLS TRANSFER

\$529.7 million

1.0% increase (\$5.1 million) from FY 2021 (ongoing and one-time)

COUNTY SUPPORT FOR SCHOOLS

\$530M transfer to APS (FY 2022)

PLUS... More than \$15M in County services



- > Parks
- > Athletic field maintenance
- > Clubs & camps



- > Fleet management, maintenance, financing, fueling, washing, parking for school buses & 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

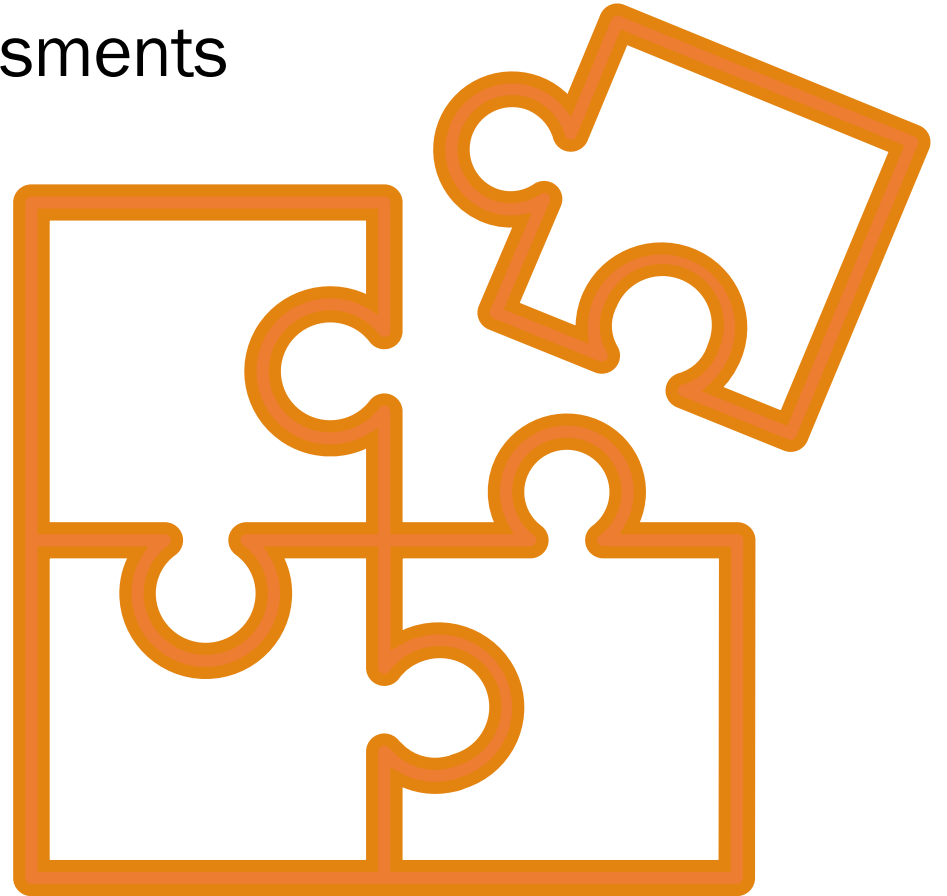
ARLINGTON
VIRGINIA

COVID-19 Pandemic: Innovation & Resiliency

- Remote call taking and dispatching in the Emergency Communications Center
- Permit applications submitted and paid for online
- Mix of virtual and in-person field inspections for Fire, CPHD and Real Estate Assessments
- Virtual programming by parks and libraries
- Telehealth behavioral healthcare
- DES and DHS Customer Service Center's implemented telephone systems and software so agents can operate the call center and serve clients remotely
- Transitioned many other in-person services and interactions to virtual or contactless:
 - Outreach and engagement, public meetings, client educational resources, employment workshops, intake processes, eligibility determination process, client payment process, purchasing solicitations

Balancing the Budget

- Higher than anticipated real estate assessments
- Departmental cuts & efficiencies
- Operational changes due to COVID-19
- One-time funding



Proposed County Reductions

Budget includes \$16.4 million in departmental reductions

- Funding for 56 FTEs (vacant positions), including:
 - 10 police officer positions (\$940K)
 - 10 deputy sheriffs and records assistant (\$1.1 million)
 - Reduce temporary staff throughout Parks & Recreation (\$355K)
 - 1 position each in Behavioral Health, Child & Family Services, and Economic Independence
 - Administrative assistant and management and budget specialist from Fire Department (\$163K)
 - Probation Counselor (\$108K)
- Ongoing hiring freeze for County employees
- Staffing adjustments to 9-1-1 call taking and dispatching (\$422K)
- Change in Sheriff's Office roll call process (\$300K)
- Delayed re-opening of Cherrydale and Glencarlyn libraries (\$881K)
- Non-personnel savings in vehicle elimination/deferral, fuel costs, printing, contracted services, marketing, among others



Priorities: Pandemic Response

- **COVID Contingency:** \$17.5 million to support:
 - Vaccine distribution
 - Testing and contact tracing
 - Emergency rental assistance and eviction prevention
 - Emergency human services needs and food assistance
 - Personal protective equipment (PPE) and cleaning
 - Business community support

Priorities: Housing



Focus on eviction prevention and direct housing support

- **Housing Grants:** \$2.6 million increase (26% increase, from \$10.1 million to \$12.7 million)
 - Includes additional \$61K to raise maximum allowable rents
- **Permanent Supportive Housing:** \$4.1 million (28% increase, additional \$592K in tax support and ~\$320K in state funding)
- **Housing Choice Vouchers:** \$21 million of federal funding (8% increase)
- **AHIF:** \$8.9 million (\$8.3 million from General Fund and \$0.6 million federal funding)
- **AHIF Loans:** Payment waiver extension through Dec. 31, 2021 (\$2.6 million)
- **Land:** County acquired land brought to future potential affordable housing development (Crystal Houses 5)
- **\$20 million from Amazon**

4.6% 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



No merit-based pay increases, \$500 one-time bonuses

Employee compensation increases would be the top priority if Arlington receives additional federal funding.

- **Low-cost Employee Benefits Added:**

- Increased paid parental leave from 6 to 8 weeks
- Increased dependent care match from \$1,000 to \$1,500 annually
- Increased maximum tuition reimbursement from \$1,900 to \$2,200 annually
- Increased lowest base pay rate/living wage from \$15 to \$17 per hour
- Increased volunteer leave hours from 8 to 16, allowing 50% to be done outside Arlington
- Increased the Live Where You Work program budget
- Added Juneteenth as County holiday

- **Other Actions:**

- Funded job studies, including construction, engineering, and permits related jobs and economic development positions (\$1.4 million)
- No premium increase for Cigna Health and Delta Dental plans

Priorities: Equity & Police Practices Group



- **Equity**

- Expand racial equity training and supplement training begun in FY 2020 (\$200K)
- Reallocation of position to support work of Chief Race and Equity Officer
- Restorative Justice (\$50K)
- Supplemental funding for Public Defender's Office (\$75K)

- **Police Practices Group Recommendations \$1.4 million**

- Civilian Review Board (\$125K)
- Enhanced mental health crisis intervention: Physician's Assistant, Nurse, Clinician, medically equipped transport van, peer recovery specialist, supplies (\$574K)
- ECC process and protocol review (\$65K)
- Transportation Safety Officers to Police (\$588K, 6.0 FTEs)



Priorities: Stormwater

Voters approved a \$50.84 million Bond Referenda in November 2020

- **Total Budget for FY 2022**
 - \$15.1 million (\$3.3 million increase)
 - Increase of stormwater tax rate from \$0.013 to \$0.017/\$100 of assessed value
 - \$0.004 increase, \$29 to average residential property
 - Will fund the near-term projected needs
- **Planned Projects:**
 - Walter Reed Elementary School underground stormwater detention facility (collaboration with Arlington Public Schools); Spout Run and Lubber Run watershed capacity improvements; Ballston Pond watershed retrofit; Four Mile Run dredging (collaboration with City of Alexandria); Dumbarton culvert

Other Budget Priorities



Metro: Ongoing funding remains flat for FY 2022 (\$46.6 million); Continued uncertainty with WMATA and state and federal funding



Fire: Implementation of Kelly Day, with the 10 additional positions and funding for a second recruit class to accommodate additional positions and attrition



Public Safety: As noted earlier Transportation Safety Officers to Police (\$588K, 6.0 FTEs); Added positions to support the Body Worn Camera Program.



Facilities: Opening Long Bridge (using funding from Boeing for facility costs); Opening Lubber Run (\$973K offset by \$600K in community center staff savings)



Elections: Additional staff to support mail ballot and absentee voting in Registrar's Office (\$151K)

Tax & Fee Burden on Average Household

	CY 2018	CY 2019	CY 2020	CY 2021	% Change '20 to '21
Real Estate Tax	\$6,364	\$6,672	\$6,952	\$7,338	6%
Sanitary District Tax (Stormwater)	83	86	89	123	38%
Personal Property	1,024	994	1,049	1,004	-4%
Vehicle License Fee	66	66	66	66	-
Refuse Fee*	316	306	319	319	-
Water / Sewer Service	654	662	682	689	1%
Residential Utility Tax	72	72	72	72	-
Total	\$8,579	\$8,858	\$9,229	\$9,611	4%
Total \$ change from prior year	\$133	\$279	\$371	\$382	

*Proposed refuse fee includes the addition of food scraps collection beginning in September.

Real Estate Tax Rates: Peer Comparison

	CY 2020	CY 2021 Proposed	CY 2021 Advertised
Arlington	\$1.013	\$1.013	Expected Feb. 23
Alexandria	\$1.130	\$1.110	Expected Mar. 9
Fairfax	\$1.150	Expected Feb. 23	Expected Mar. 9
Loudoun	\$1.035	\$1.005	\$1.010

Rates shown reflect base tax rates.

Tax & Fee Advertisements: Feb. 20, 2021

- County Manager proposes no change in the base CY 2021 real estate tax rate
- No changes to Personal Property, BPOL, or BID tax rates
- Proposed \$0.004 increase in Stormwater tax (\$29 to average residential property)
- Fee Changes Proposed
 - Cigarette tax rate increase of \$0.10 per pack (\$0.30 to \$0.40; \$600,000 increase)
 - Household Solid Waste decrease of \$0.42 (to \$318.61), includes the implementation of food scraps on Sept. 1
 - Water/Sewer rate of \$14.35/thousand gallons (up \$0.15 or approx. \$7/year based on rate structure proposed to change Jan. 2022)
 - Increases to water service connection charges, meter installation charges, and infrastructure availability fees
 - Increase in fire system testing fees from \$162 to \$175 per hour (\$88,000)
 - Fire Prevention Office permit fee increase from \$100 to \$150 per permit (\$24,000)
 - New fees associated with the offerings from Lubber Run preschool
 - DPR fee adjustments to more accurately reflect costs and fee policy, including adjustments for aquatics and gymnastics teams.
 - New fees proposed for electrical and plumbing permits, revisions to existing permits for special exemption projects, and zoning verification permits.

Looking Ahead

- A typical continuing services budget grows 3-4% annually
- Arlington still faces uncertainty caused by the COVID-19 pandemic
- We will continue to monitor the impacts of the pandemic on our commercial sectors and revenues
- Many of our priorities will require continued investment:
 - Affordable Housing
 - Racial Equity
 - Stormwater
 - Arlington Public Schools

February 20	Proposed Budget: County Manager's Proposed FY 2022 Budget submitted to the County Board
February 25	Schools Budget Proposed
March 2–April 15	Budget Work Sessions: County Board holds a series of budget work sessions with County Departments, Constitutional Offices, and the School Board
March	Mid-year Review: County Manager submits FY 2021 mid-year review of expenditures and revenues to the County Board
April 6	Public Hearing: County Board hosted public hearing on Proposed FY 2022 Budget including County expenses and real estate tax, personal property tax rates, and other taxes and fees
April 8	Public Hearing: County Board hosts second public hearing on proposed FY 2022 budget including County expenses and real estate tax, personal property tax rates, and other taxes and fees
April 17	County Budget Adoption: County Board adopts FY 2022 Budget and Appropriations Resolutions for the County government, the public schools, and Pay-As-You-Go Capital. County Board adopts CY 2021 real estate tax rate and other FY 2021 taxes and fees
May 6	Schools Budget Adoption: School Board adopts FY 2022 school budget
July 1	FY 2022 begins

County Manager's Proposed FY 2022 Budget

OVERVIEW

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