



ARLINGTON
VIRGINIA

County Manager's Proposed FY 2023 Budget

OVERVIEW

County Board Meeting
Saturday, Feb. 12, 2022

FY 2023 Budget – County Manager's Proposal



Revenues are up	Reinvented how we do business	Focus on community services	Workforce challenges
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| <ul style="list-style-type: none">• Our revenue growth is strong but not at pre-pandemic levels | <ul style="list-style-type: none">• County provides services to our residents in person and virtually. | <ul style="list-style-type: none">• Services included biggest public health effort in history of County and nation and an unprecedented expenditure of funds on safety net services for food, housing, and business support. | <ul style="list-style-type: none">• Biggest challenge we face is recruiting & retaining a workforce in face of greater ability to work remotely and an unfamiliar surge in cost of living. |
|---|--|--|--|

Following County Board Budget Guidance

- **Funding stability:**
 - Reducing reliance on one-time funding by 50% as many revenue sources are recovering but not yet back at pre-pandemic levels
 - Tax rates remain unchanged given growth of real estate values and other tax revenue recovery
- **Equity considerations**
- **Commitment to workforce**
- **Other goals identified by the Board:**
 - Schools, combating climate change, affordable housing, implementation of PPG recommendations, & meeting prior commitments

Proposed FY 2023 Budget: Revenue Changes



Overall Tax Revenue: 7.0% increase



Real Estate Assessments: 3.4% increase

- Commercial: 0.6%
- Residential: 5.8%



Consumption Taxes (Sales, Meals, Hotel, Car Rental): 19% increase

Proposed FY 2023 Budget: By the Numbers

TOTAL BUDGET
\$1.47 billion

5.5% increase (\$77 million) from FY 2022 (ongoing and one-time)



COUNTY OPERATING
\$894.1 million

3.6% increase (\$31.1 million) from FY 2022 (ongoing and one-time)



SCHOOLS TRANSFER
\$576.0 million

8.7% increase (\$46.0 million) from FY 2022 (ongoing and one-time)

Arlington Public Schools



Total Proposed County Transfer to Schools:

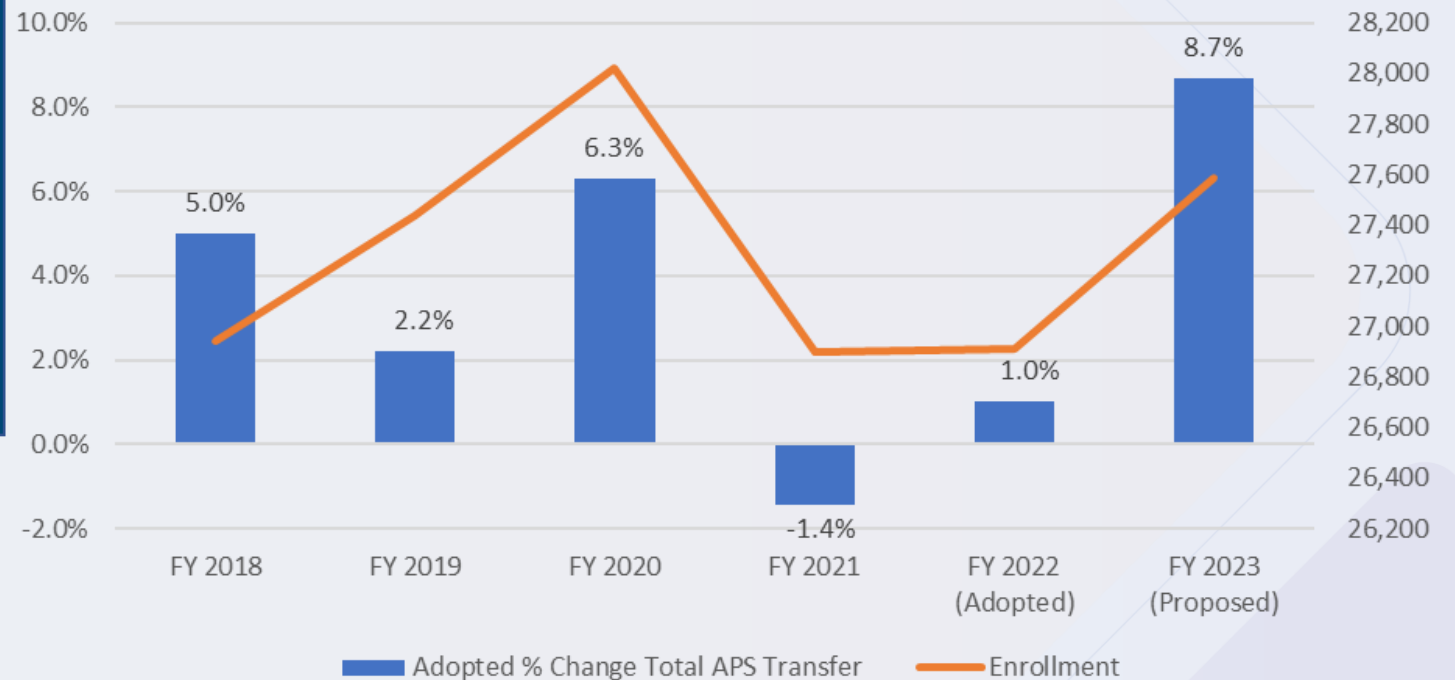
\$576 million

An increase of \$46 million (8.7%) from FY 2022

(\$36.8 million on-going and \$9.2 million one-time funding)

- Share of tax revenue for APS at **47 percent**
- WABE per pupil costs: **\$19,581** (highest in the region)

Enrollment vs. School Transfer Growth Percentage





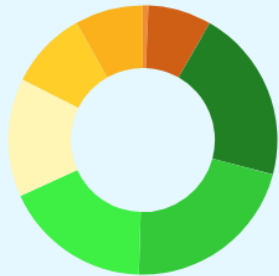
FY 2023 BUDGET ENGAGEMENT OVERVIEW

Who participated?



1,387 participants in total
310 from pop-up engagements

Out of **1,077** full forms, most participants were between the ages of 30 and 59:



- 19 and under
- 20 to 29
- 30 to 39
- 40 to 49
- 50 to 59
- 60 to 69
- 70 and above
- No Answer

46% of pop-up participants responded in Spanish

9% of the full form participants identify as Hispanic or Latino

How were they reached?

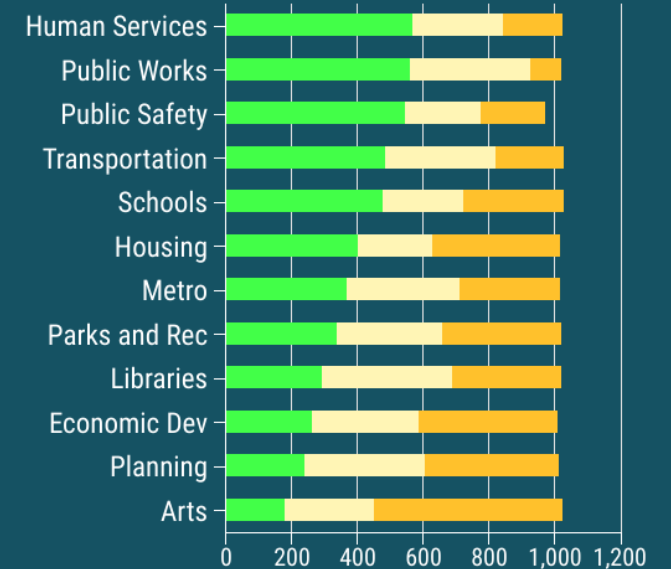


- 986** responses came from online forms offered in 5 languages.
- 11** pop-up engagements held throughout the County at food distributions, multi-family buildings, grocery stores and holiday events.
- 91** paper forms filled out at pop-ups and submission boxes.
- 380** QR codes to the forms were scanned-- 164 of them in a language other than English.
- 87** yard signs were put out at various locations across the County.

When asked to rate importance of programs and services, the following were selected most often as Important or Somewhat Important:

- Public Health (1163)
- Public Safety (1073)
- Human Services (1062)
- Parks and Recreation Services (1001)
- Water/Sewer Services (981)
- Street Maintenance (963)
- Housing (949)
- Libraries (943)
- Environmental Sustainability (926)
- Transit (916)
- Business Support and Retention (914)

In the event of a budget shortfall, this is how participants would address budget areas:



- Maintain service (raise taxes/ fees/ or reduce other services)
- No change
- Reduce service (slightly or substantially)

Achieving Racial Equity

R Realizing
A Arlington's
C Commitment to
E Equity



Priorities: County Workforce

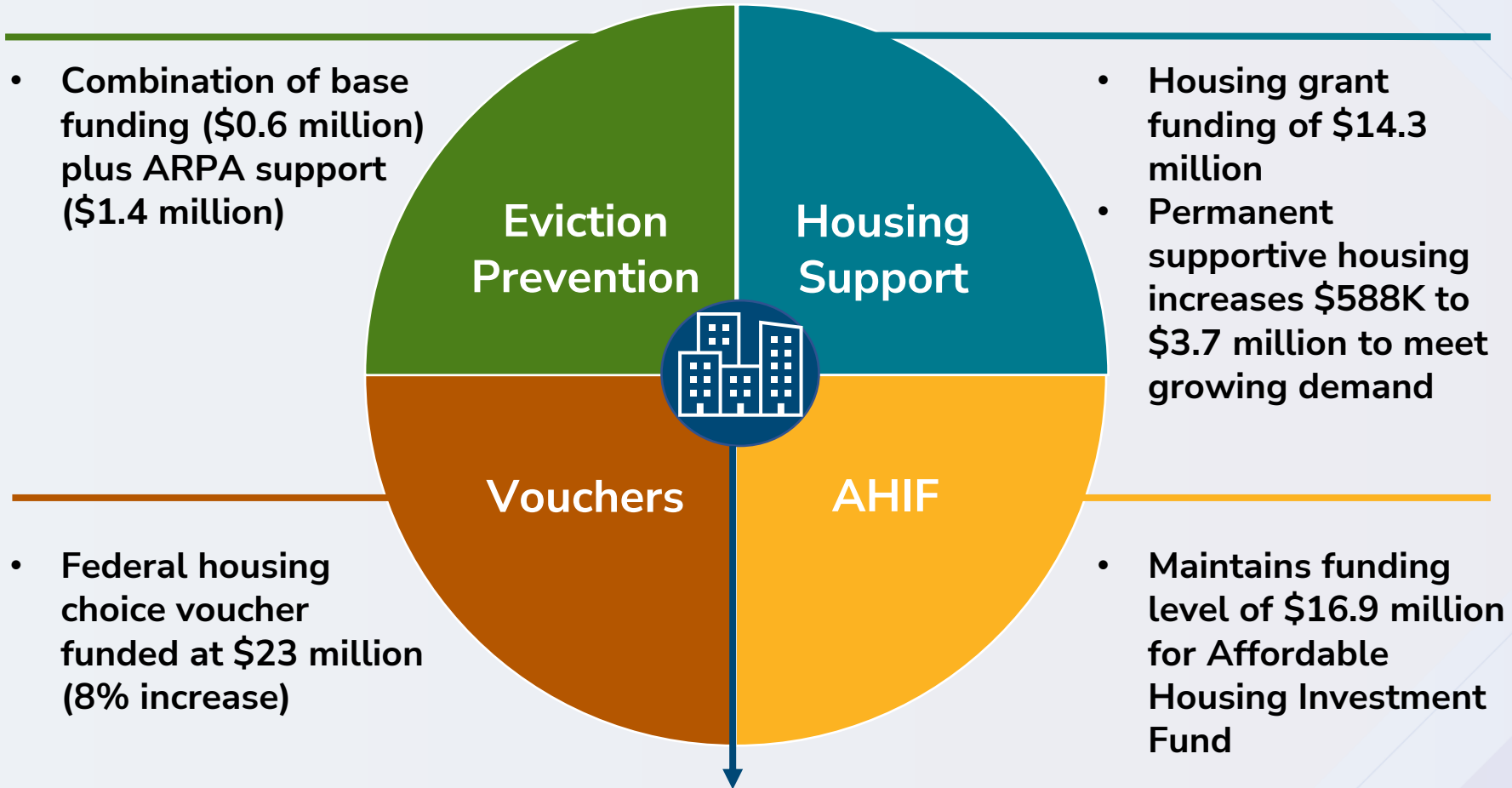


- **Increases to ongoing salaries:**
 - 4.25% for general employees
 - 6.50% for public safety employees
 - 3.0% increase to the minimum and maximum of each grade/range
- **Other actions:**
 - \$1,600 gross one-time bonus
 - Funded job studies including administrative, parks programming, and library positions (\$0.8 million)
 - \$1.5 million for the first year of a multi-year effort to address pay compression
 - No premium increase for the self-insured health plan

Priorities: Housing

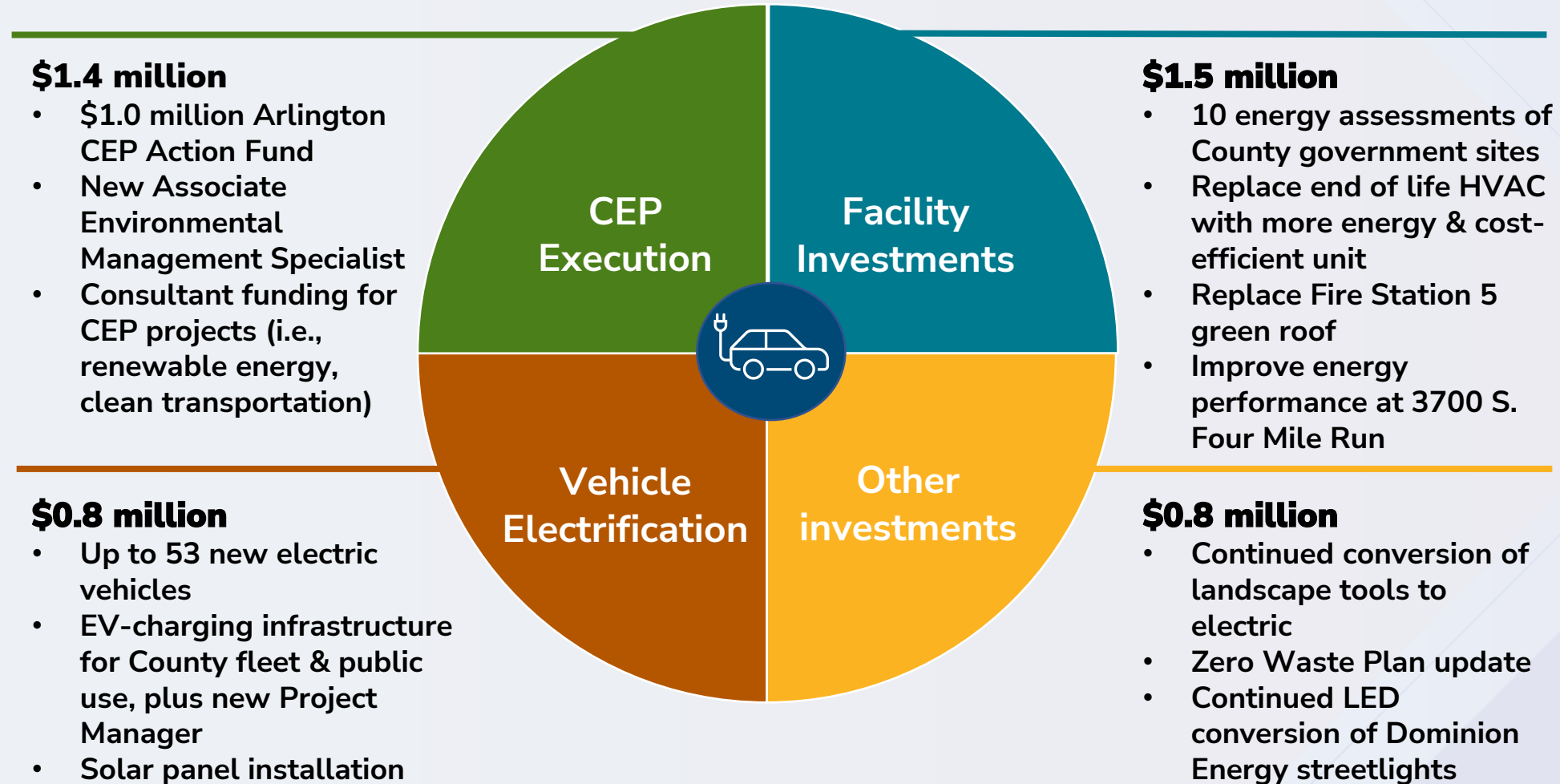


Focus on eviction prevention and direct housing support



More than 5.4% of the County's operating budget is dedicated to housing & more than 16% to safety net services and housing

Priorities: Climate Change Investments



Other Budget Priorities



Community Recovery & COVID response: Needs met through a combination of FEMA & ARPA funding; \$3.25 million tourism recovery grant; continuation of ReLaunch, Back2work and other supports for our businesses



Police Practices Group: Crisis Intervention Center, Civilian Oversight Board, Traffic Enforcement & Policing, Hilliard Heintze results, Wellness



Public Safety: Body Worn Camera Program, 2 wellness positions added, recruitment funding, 9-1-1 remote dispatch expansion, premium pay for SWAT, CDU, and patrol field training



Development Review: Additional staffing to allow for maintenance and enhancements of service delivery levels



Metro: Ongoing funding remains flat for FY 2023 (\$46.6 million); increase to the County's available state transit aid is being utilized to meet 4% increase to County's WMATA FY 2023 operating subsidy

Capital Investments

- Multiple funding sources including PAYG, short-term financing, prior year balances, bond premium, and authorized but unissued bonds
- Capital investment constrained the last several years
- Funding focused on prior commitments, environmental impact (e.g., energy efficiency, EV), critical technology infrastructure, transportation

Technology

- System upgrade replacement for childcare licensing system
- Upgrades to OC, servers and networks



Transportation

- Paving
- Street safety
- Bridge maintenance
- Street safety improvements



Facilities

- Detention Center ventilation system
- Fire Station HVAC replacements
- Concrete repairs



Parks and Recreation

- Bluemont Tennis Courts
- Woodmont & Bailey's Branch Playground
- Fitness/Community Center equipment



Public Safety

- Mobile communication infrastructure replacement
- Sheriff wireless access assessment
- Justice Center security



Neighborhood Conservation

- Street improvement
- Street lighting



Tax & Fee Burden on Average Household

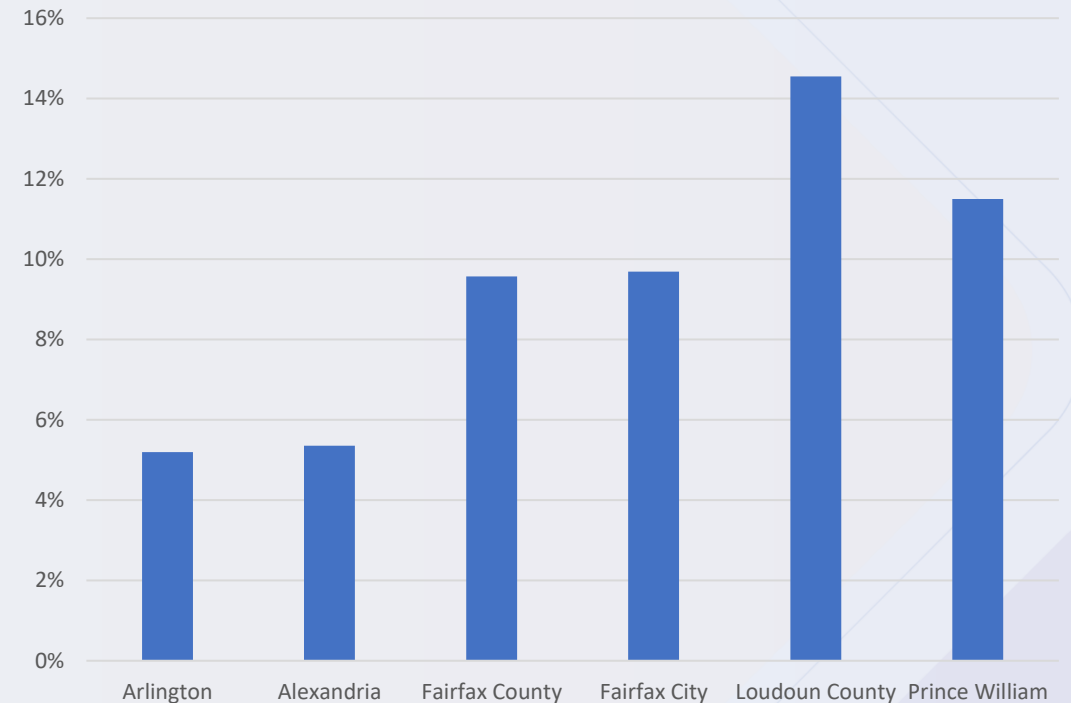
	CY 2019	CY 2020	CY 2021	CY 2022	\$ Change '21 to '22	% Change '21 to '22
Real Estate Tax (excludes sanitary district tax)	\$6,672	\$6,952	\$7,338	\$7,726	\$388	5%
Sanitary District Tax	86	89	123	130	\$7	5%
Personal Property	994	1,049	1,004	1,094	\$90	9%
Vehicle License Fee	66	66	66	66	\$0	-
Refuse Fee	306	319	319	308	(\$11)	-3%
Water / Sewer Service	662	682	711	742	\$31	4%
Residential Utility Tax	72	72	72	72	\$0	-
Total	\$8,858	\$9,229	\$9,633	\$10,138	\$505	5%

Real Estate Peer Comparison

	CY 2021 Adopted	CY 2022 Proposed
Arlington	\$1.013	\$1.013
Alexandria	\$1.110	Expected Feb. 15
Fairfax	\$1.140	Expected Feb. 22
Loudoun	\$0.980	\$0.895

Rates shown reflect base tax rates.

Comparison of Residential Assessments



**(Excludes new construction)*

Tax & Fee Advertisements

- **County Manager proposes no change in the CY 2022 tax rates**
 - No changes to Real Estate, Personal Property, BPOL, or BID tax rates
- **Fee Changes Proposed**
 - Household solid waste decrease of \$10.72 (to \$307.89)
 - Water/Sewer rates increase 2.4% (approximately \$31/year based on new fee structure effective Jan. 2022)
 - Increase in user fees for the Lee Arts Center (LAC) to provide 100% cost recovery
 - Increase in EMS fees and fees for telemedicine and in-person qualified healthcare practitioner visits related to the ET3 program
 - Increase of 4% to development-related fees
 - New fees proposed for landscape plans for one and two-family dwellings
 - New fees proposed for commemorative tree donations and aquatics camps
 - DPR fee adjustments to more accurately reflect costs and fee policy, including adjustments for aquatics teams, gymnastics teams, youth sports leagues, and restructuring of the Field Fund

Looking Ahead

- Arlington is committed to address recovery efforts related to the COVID-19 pandemic
- We will continue to monitor the longer-term impacts of the pandemic on our commercial sectors and revenues
- Many of our priorities will require continued investment:
 - Affordable Housing
 - Racial Equity
 - Compensation
 - Environment
 - Public Safety/Mental Health
 - Arlington Public Schools

Timeline

February 12

County Manager's Proposed FY 2023 Budget submitted to County Board



February 24

Arlington County Public Schools budget proposed.



March-April

County Board holds series of budget work sessions with County departments, Constitutional Offices and School Board



March

County Manager submits mid-year review of FY 2022 expenditures and revenues to County Board



March 29

Public hearing on proposed FY 2023 budget

March 31

Public hearing on tax rates



April 23

County Board adopts FY 2023 budget and tax rates

May 12

School Board adopts FY 2023 APS budget



July 1

FY 2023 begins



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