DIRECTION TO THE COUNTY MANAGER
FOR PREPARATION OF THE FY 2025 BUDGET

The County Board directs the County Manager to prepare a FY 2025 budget that ensures support to our most vulnerable, values our employees, supports the mission critical functions of local government, and reflects community values while also acknowledging the pressures of the economic environment of real property values and taxpayer impacts.

The budget should follow the County's vision; be consistent with the Equity Resolution; ensure long-term financial sustainability; preserve the County's triple-AAA bond ratings; and fully fund all debt, lease and other contractual commitments including those "subject to appropriation" in the base budget.

Early financial forecasts for projected revenue and expenses indicate a significant gap for FY 2025, currently estimated between $25 - $40 million. The range of uncertainty is primarily due to expectations for real estate assessments that will be finally determined in January 2024. Given the uncertainty of the revenue forecast and expenditure / inflationary pressures, the County Manager is directed to propose a balanced budget that provides options for the County Board's consideration, including:

<u>Reductions and Efficiencies</u>

1. Proposals for program and service reductions or eliminations if the Manager is not able to present a balanced budget within current tax rates. This may include service and program efficiencies, including options for service delivery reductions and eliminating programmatic activities.
2. Any proposals for program and service reductions or eliminations should be tiered with a ranking and accompanied by what level of tax rate increase would be required to maintain the program and/or service at current levels.

<u>Revenue Increases</u>

In addition to providing budget reductions, the Manager can propose an increase to the real estate tax rate. Any proposed increase to the tax rate should keep the increase in the average single family tax bill at or below the average increase over the prior three years. **(SEE NOTE)**

The Board further directs the Manager to:

1. Fund Arlington County's contribution for WMATA operations in the base budget at legislatively allowed maximums while utilizing transit reserve balances to maintain expanded service in the Transit Strategic Plan.No tax increases or program reductions should fund amounts above these levels.

2. Continue prudent utilization of one-time funding with the intent of phasing out this use by FY 2026.

3. Fully fund the collective bargaining agreements currently in place, consistent with the good faith resolutions considered by the County Board. For employees who are not covered by a bargaining unit, present compensation proposals that are consistent with the County's Total Compensation Philosophy.

4. Include funding and/or present funding options for, the following affordable housing priorities:
    a. Eviction prevention
    b. Housing grants, including an update on initial policy options being developed as part of the housing grants study for implementation in FY 2025
    c. Maintaining ongoing level of funding for AHIF

5. Provide funding and/or program options to help address the increased cost of food for Arlington residents in need and to meet the increased demand for emergency food assistance.

6. Provide funding to Arlington Public Schools consistent with the Principle of Revenue Sharing and apply the County/School revenue allocation reflected in the FY 2024 adopted budget (53.2% County / 46.8% Schools).

The Board further directs the County Manager to:

a. Include outcome measures, where feasible, in the budget narrative – specifically each department will select at least one program to include mission-aligned outcome measures in the FY 2025 proposed budget and each department will also include a tentative timetable for future outcome measures,

b. Provide, in the proposed budget or at the relevant departmental work session, an estimate of the impact of significant additions, reductions, or realignments of services and highlight outcome measures or other considerations (including equity impacts) in the description for the significant reductions.

The Board further directs the Manager to provide programmatic updates on the following priorities as part of the proposed FY 2025 Budget:

1. Equity Resolution implementation amid the staff reorganization,
2. Plans that prioritize resiliency of operations and programs should we face adverse effects from climate change or other unexpected, significant events,
3. Public Safety service model and operational protocols should vacancies remain elevated,
4. Staffing and other resources necessary to implement the Barcroft Master Financing and Development Plan.

Note:
Over the past three years, average single family tax bill has gone up on average 5.3%