

STRATEGIC BUDGET PLANNING & FISCAL SUSTAINABILITY

The County's sustained practice of effective, balanced, and prudent stewardship of resources is consistently noted by national rating agencies as a strength of Arlington County government. Over the last eighteen months, I have sought to enhance that stewardship by emphasizing strategic planning and budgeting, specifically with the following initiatives:

1. Having **strategic conversations with the County Board on service delivery pressures due to population growth or change in community expectations** and the resulting impact on our operating and capital budgets, particularly over the long-term. We have held seven work sessions to date [[Link to Presentations](#)]; as discussed in more detail below, these have had a direct impact on my proposed budget as I have in many cases reallocated existing funds to meet continuing service demands.
2. **Realigned budgeting practices** - We have further enhanced our monthly, mid-year and close-out budgeting practices that will better align our base budget with actual expenditures on current service demands and ensure that new programs are appropriately funded. This includes improved monitoring of budget execution by departments and new financial system controls. The mid-year process for FY 2017 (which will come to the County Board in March) will be the next major step in this realignment to ensure that we are effectively planning and executing our spending plans.
3. Review of **financial reserve policies** - With our financial advisors, we have completed a review of our financial reserve policies, with the dual objectives of maintaining our triple-AAA bond ratings and having appropriately-sized reserves for all County funds. Proposed changes are summarized later in this document and will be covered in detail at a work session in April.

Meeting Service Delivery Needs with Existing Resources

My proposed budget includes over \$2.7 million in reallocations to address: 1) areas where we have not met existing service demands with ongoing funding (i.e., housing grants) and 2) areas where increasing service demands due to population growth, changes in community expectations, or County Board priorities are reflected:

Public Safety

As discussed in the strategic work sessions with Police and the Office of Emergency Management, in addition to managing a growing population, our first responders work in a dynamic and ever-changing environment impacted by our proximity to the nation's capital. Our success at community policing creates demands for additional patrol officers, and the growing density in the County also create special service demands. Similarly, the Sheriff has described the ongoing staffing needs at the detention center and courts that impact lockdown times and possibly overtime.

- Reclassified three vacant Public Service Aide positions to free up uniform resources for additional patrol support. Currently there are three uniform positions providing job duties that could be fulfilled by civilians.

- Reallocated one Police Lieutenant position funded in OEM's budget to create three new Emergency Communications Technicians in the ECC to better handle existing call volume and prepare the organization for emerging 9-1-1 staffing demands.
- Funded additional training needs for the Police Department, particularly focused on first responder and other tactical training that are needed given our proximity to the nation's capital.
- Reallocated savings freed up from the closure of Peumansend Creek Regional Jail to fund:
 - Seven additional positions for the Sheriff's Office as part of the multi-year effort to address the Sheriff's staffing needs in the Detention Center and Courts building that in the long-term, will help to reduce overtime and lockdown.
 - Funding for Police and Sheriff for their increased Armory needs for training and the firing range.

Human Services

- Reallocated funding from Children's Service Act expenditure savings to fund \$1,000,000 in housing grants on an on-going basis. The CSA service level will not be impacted through this swap. Our housing grants program is an ongoing need and we must reduce the County's reliance on one-time funds for this program that provides frontline housing support to very low income residents.
- Reallocated contractual funding within DHS to fund a psychiatrist position. This conversion is part of a multi-year effort, started during FY 2017, to move from contractors to permanent positions in this area to address retention, care quality, standardization and client engagement issues.

Infrastructure & Maintenance

- Funding for maintenance of special stormwater facilities in DES & DPR will now be included in the Stormwater Fund; these operating costs were previously unbudgeted costs that DPR and DES were required to cover in their respective operating budgets.
- Funded the contract for preventive and corrective facility maintenance at the County's radio sites, half funded through an internal reallocation within DES. It is critical that the essential systems at these sites remain operable 24x7 and have a dedicated budget, instead of relying on budget savings.

Youth Services – Parks & Libraries

- Revisited the Crystal City, Potomac Yard, and Pentagon City Tax Increment Financing Area (TIF) rate as part of my proposed budget. The County Board policy that established this TIF requires the County Manager to revisit the TIF increment each budget cycle; my recommendation to reduce the increment from 33 percent to 30 percent will still provide the funding stream necessary to deliver the CIP commitments in the TIF area. At the same time, reducing the TIF allocation allows for the reallocation of local tax funding so that they can be used to fund School needs and be applied to other School aged program recommendations in the Proposed Budget, such as adding a school nurse and youth librarian.
- Proposed program fee increases to fund the conversion of certain temporary Aquatics and Gymnastics staff that work for the County year round or in a full-time capacity to 21 permanent FTEs.

Economic Development

- Converted a temporary position and reallocated contractual dollars within AED's budget to fund a front desk position that also acts as the primary administrative support for BizLaunch through scheduling and coordination of appointments for SCORE counseling.
- Reallocated an FTE and marketing funding from DTS to AED to provide a position dedicated to ConnectArlington sales.

Other

- Added a two-year limited term Tax Auditor position for the Commissioner of Revenue, funded from revenue the position is expected to generate.