

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

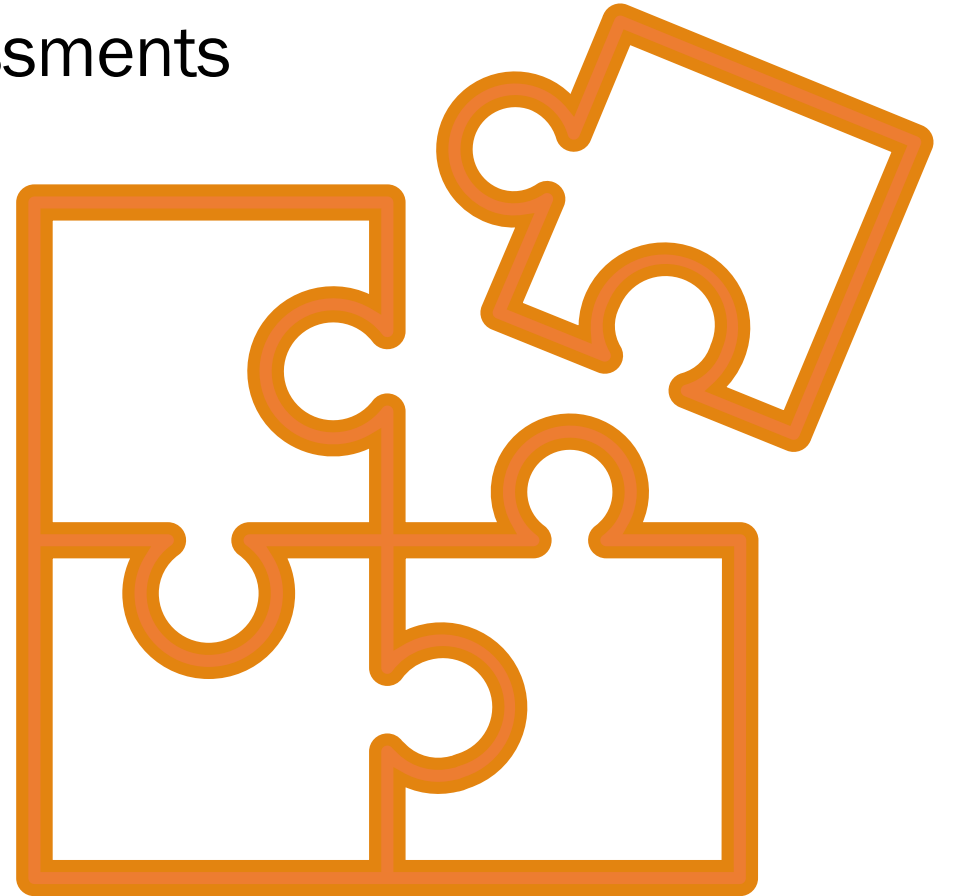
ARLINGTON
VIRGINIA

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 |

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OVERVIEW

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