

FY 2010 Proposed Budget -- Work Session Agenda
Thursday, February 26, 2009
3:00 PM – 5:00 PM

Revenue Overview

Book pgs. 56 – 61; web pgs. 65 - 119

County Attorney's Office

Reduction list: none

Narratives: book pgs. 81 – 82; web pgs. 204 - 209

County Board Office

Reduction list: book p. 28; web p. 38

Narratives: book pgs. 63 – 64; web pgs. 120 - 125

County Manager's Office

Reduction list: book p. 28; web p. 38

Narratives: book pgs. 65 – 68; web pgs. 126 – 142

Department of Management and Finance

Reduction list: book p. 29; web p. 39

Narratives: book pgs. 69 – 72; web pgs. 143 - 158

Department of Technology Services

Reduction list: book p. 30; web p. 40

Narratives: book pgs. 73 – 76; web pgs. 159 - 179

Human Resources Department

Reduction list: book p. 29; web p. 39

Narratives: book pgs. 77 – 80; web pgs. 180 - 203

Non-Departmental

Reduction list: none

Narratives: book pgs. 173 - 176; web pgs. 706 - 709

Regionals

Reduction list: none

Narratives: book pgs. 197 - 205; web pgs. 729 - 737

**FY 2010 Proposed Budget -- Work Session Agenda
Tuesday, March 3, 2009
2:00 PM – 5:00 PM**

Department of Environmental Services:

General Fund

Reduction list: book pgs. 19 – 20, 31 – 32; web pgs. 29 – 30, 41 - 42
Narratives: book pgs. 129 - 136; web pgs. 363 - 427

Automotive Equipment Fund

Reduction list: none
Narratives: book pgs. 239 – 241; web pgs. 815 - 823

Printing Fund

Reduction list: none
Narratives: book pgs. 243 - 245; web pgs. 824 - 831

Stormwater Management Fund

Reduction list: none
Narratives: book pgs. 223 – 225; web pgs. 768 - 775

Utilities Fund

Reduction list: none
Narratives: book pgs. 229 – 232; web pgs. 783 - 798

Ballston Public Parking Garage – both funds

Reduction list: none
Narratives: book pgs. 233 – 236; web pgs. 799 - 803

Transportation Investment Fund

Reduction list: none
Narratives: book pgs. 227 – 228; web pgs. 776 – 782

Washington Metropolitan Area Transit Authority - Metro

Reduction list: none
Narratives: book pgs. 207 - 209; web pgs. 738 - 740

FY 2010 Proposed Budget -- Work Session Agenda
Tuesday, March 10, 2009
9:00 AM – 11:00 AM

Sheriff's Office

Reduction list: book pgs. 24, 35; web pgs. 34, 45
Narratives: book pgs. 99 - 102; web pgs. 249 - 266

Jail Industries Fund

Reduction list: book pgs. 35; web pgs. 45
Narratives: book pgs. 247 - 248; web pgs. 832 - 833

Office of Emergency Management

Reduction list: none
Narratives: book pgs. 113 - 115; web pgs. 303 - 312

Fire Department

Reduction list: book pgs. 23, 33 - 34; web pgs. 33, 43 - 44
Narratives: book pgs. 123 - 127; web pgs. 342 - 362

Police Department

Reduction list: book pgs. 23 – 24, 34 - 35; web pgs. 33 – 34, 44 - 45
Narratives: book pgs. 117 - 122; web pgs. 313 - 341

FY 2010 Proposed Budget -- Work Session Agenda
Thursday, March 12, 2009
3:30 PM – 5:30 PM

Electoral Board

Reduction list: book pgs. 36; web pgs. 46
Narratives: book pgs. 111 - 112; web pgs. 296 - 302

Circuit Court

Reduction list: book pgs. 36; web pgs. 46
Narratives: book pgs. 83 - 85; web pgs. 210 - 218

General District Court

Reduction list: book pgs. 36; web pgs. 46
Narratives: book pgs. 87 - 89; web pgs. 219 - 226

Juvenile & Domestic Relations District Court

Reduction list: book pgs. 24, 35; web pgs. 34, 45
Narratives: book pgs. 91 - 94; web pgs. 227 - 241

Commonwealth's Attorney

Reduction list: book pgs. 24, 36; web pgs. 34, 46
Narratives: book pgs. 95 - 97; web pgs. 242 - 248

Commissioner of Revenue

Reduction list: book pgs. 36; web pgs. 46
Narratives: book pgs. 103 - 105; web pgs. 267 - 280

Treasurer

Reduction list: book pgs. 36; web pgs. 46
Narratives: book pgs. 107 - 109; web pgs. 281 - 295

FY 2010 Proposed Budget -- Work Session Agenda
Tuesday, March 17, 2009
9:00 AM – 11:00 AM

Housing Services (DHS, DCPHD, Non-Departmental)

Narratives: book - summary on p. 55; web - summary on p. 64

Section 8 Fund (Department of Human Services)

Reduction list: none

Narratives: book pgs. 219 – 221; web pages 763 - 767

Department of Community Planning, Housing and Development:

General Fund

Reduction list: book pgs. 20, 32; web pgs. 30, 42

Narratives: book pgs. 169 - 172; web pgs. 675 - 705

Community Development Fund

Reduction list: none

Narratives: book pgs. 217 - 218; web pgs. 753 - 762

CPHD Development Fund

Reduction list: none

Narratives: book pgs. 237 - 238; web pgs. 804 - 814

Arlington Economic Development:

General Fund

Reduction list: book pg. 32; web pg. 42

Narratives: book pgs. 165 - 167; web pgs. 663 - 674

Travel and Tourism Promotion Fund

Reduction list: none

Narratives: book pgs. 211 - 212; web pgs. 741 - 744

Rosslyn Business Improvement District

Reduction list: none

Narratives: book pgs. 213 - 214; web pgs. 745 - 748

Crystal City Business Improvement District

Reduction list: none

Narratives: book pgs. 215 - 216; web pgs. 749 - 752

FY 2010 Proposed Budget -- Work Session Agenda
Tuesday, March 31, 2009
7:00 PM – 9:00 PM

Department of Human Services

Reduction list: book pgs. 21 - 23, 33; web pgs. 31 - 33, 43

Narratives: book pgs. 137 - 147; web pgs. 428 - 570

FY 2010 Proposed Budget -- Work Session Agenda
Thursday, April 2, 2009
2:00 PM – 4:00 PM

Pay-As-You-Go Capital

Reduction list: none

Narratives: book pgs. 249 - 266; web pgs. 834 - 849

Debt Service

Reduction list: none

Narratives: book pgs. 177 - 195; web pgs. 710 - 728

Compensation

Reduction list: book pg. 28; web pg. 38

Narratives: none

NOTE: Historical information on pay enhancements and retirement rates is provided in the appendix to the Proposed Budget, web pgs. 879 - 881

**FY 2010 Proposed Budget -- Work Session Agenda
Tuesday, April 7, 2009
7:00 PM – 9:00 PM**

Department of Libraries

Reduction list: book pgs. 18, 31; web pgs. 28, 41

Narratives: book pgs. 149 - 153; web pgs. 571 - 600

Department of Parks, Recreation and Cultural Resources

Reduction list: book pgs. 17 - 18, 30 - 31; web pgs. 27 - 28, 40 - 41

Narratives: book pgs. 155 - 164; web pgs. 601 - 662

FY 2010 Proposed Budget -- Work Session Agenda
Tuesday, April 14, 2009
6:00 PM – 8:30 PM

**Department of Parks, Recreation and Cultural Resources – Fees
and Fee Policies**

Handout B.29

Wrap-up

Third Quarter Review

Review of Outstanding Board Questions

County Manager's FY 2010 Proposed Budget

Overview for Public Budget Hearing

March 24, 2009



ARLINGTON
VIRGINIA

Expenditures

County
Manager's
FY 2010
Proposed
Budget

↓ General Fund Budget

- Overall Down 1.3% (\$12 million)

↑ Tax Revenue Transfer to Schools

- Increased 0.7% (\$2.2 million)

↓ County Services Budget

- Decrease 1.0% (\$4.2 million)

Budget Reductions

County
Manager's
FY 2010
Proposed
Budget

- **Workforce Impacts**
 - No Pay Increases
 - No Tuition Reimbursement / Reduced Training
 - Increases Costs for Health Care
 - Positions Eliminated - Over 100 positions total / 40+ filled

- **Administrative Reductions (\$14.1 million)**
 - Employee pay & benefits
 - Reduced managerial and supervisory positions
 - Reduced temporary employee funding
 - Travel/training/office equipment

Budget Reductions

County
Manager's
FY 2010
Proposed
Budget

Service Reductions (\$9.1 million)

- Reduce, Not Eliminate
- Consolidate
- Fee Alternatives

Program Increases

County
Manager's
FY 2010
Proposed
Budget

- **Safety Net Increases - \$1.8 million**
 - Programs Include
 - Rental Assistance
 - Food Assistance – AFAC
 - General Relief
 - Various Housing Programs
 - Dental & Intake Staffing

- **Fire Inspection Program - \$800k**
 - Addition of 9.0 fee supported positions
 - Perform fire system inspection of buildings
 - County will initially recruit for positions internally

County Manager's FY 2010 Proposed Budget

Overview for Public Budget Hearing

March 24, 2009



ARLINGTON
VIRGINIA

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Proposed
Budget

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Manager's
FY 2010
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Budget Reductions

County
Manager's
FY 2010
Proposed
Budget

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FY 2010
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County Manager's FY 2010 Proposed Budget

Overview for Public Hearing on
Tax and Fee Rates

March 26, 2009

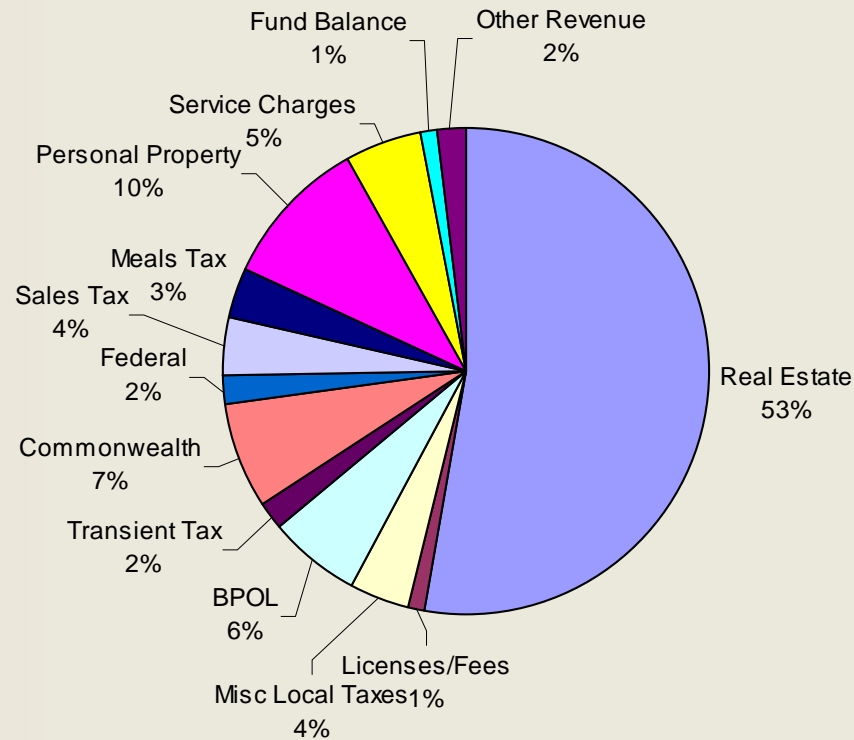


ARLINGTON
VIRGINIA

General Fund Revenues

County
Manager's
FY 2010
Proposed
Budget

FY 2010 General Fund Revenue Sources

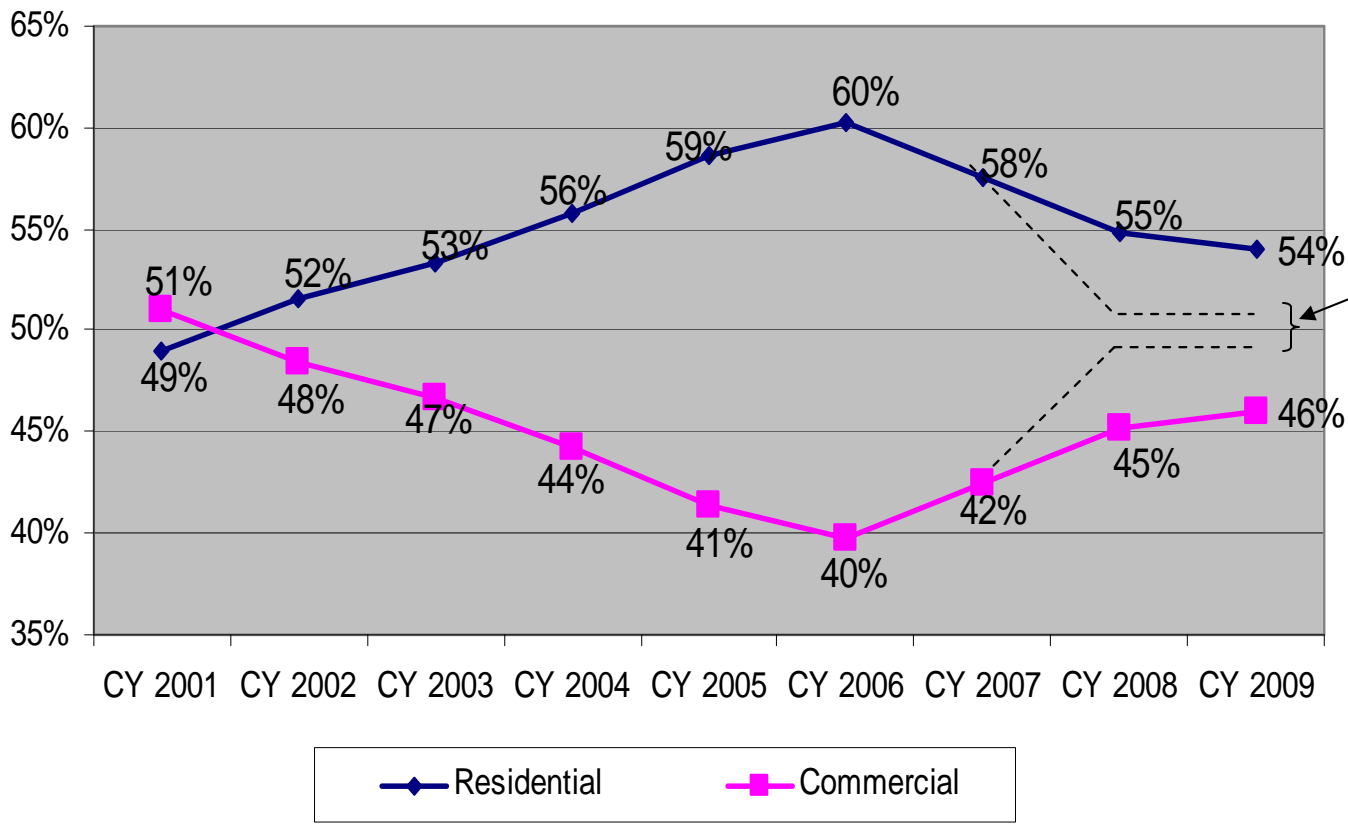


▪ Numbers do not add due to rounding

Residential vs. Commercial Tax Base Comparative Tax Burden

County
Manager's
FY 2010
Proposed
Budget

Residential vs. Commercial Tax Base, CY 2001 - CY 2009



51% / 49%
residential/commercial
tax liability split with
\$.125 commercial real
estate tax

Real Estate Tax Rate & Tax Burden*

County
Manager's
FY 2010
Proposed
Budget

- Current Rate: \$0.848 per \$100
- Recommended Rate: \$0.875 per \$100
- Advertised Rate: \$0.878 per \$100

* Includes County-wide Stormwater tax of \$0.01

	Average Tax Burden	
CY 2008	\$4,501	-
CY 2009 (Current Rate)	\$4,410	decreases \$91
CY 2009 (Recommended Rate)	\$4,551	increases \$50
CY 2009 (Advertised Rate)	\$4,566	increases \$65

Other Taxes

County
Manager's
FY 2010
Proposed
Budget

- Personal Property Tax Rate Unchanged (\$5.00/\$100)
- Business License Tax Rates Unchanged
- Increase the penalty interest rate from 1% for real estate and 5% for other taxes to 10% across the board.

Major Fee Proposals

County
Manager's
FY 2010
Proposed
Budget

- Increase water/sewer rate \$.66 per thousand gallons from \$10.54 to \$11.20. (Impacts on average homeowner \$46/year).
- Increased solid waste rate from \$306.56 to \$325.68 to reflect the higher base costs, plus the cost of a second vacuum pass and brush collection overtime. (Impact on homeowner \$19.12/year).
- Increase motor decal fee by \$9 to \$33 per year.
- Introduced new \$3 evenings and weekends parking fee at 3033 Wilson Boulevard.
- Introduced new \$66 multi-family/business recycling compliance fee.
- Increase Library fees (not included in Manager's base budget).
- Increase fees for preschool, summer camps, sports leagues & fitness memberships.
- Increase various DES development service fees.
- Increase various CPHD general fund and development fund fees.

Household Impact for Maximum Tax & Major Fee Increases

County
Manager's
FY 2010
Proposed
Budget

	CY 2006	CY 2007	CY 2008	CY 2009 Proposed	\$ Change '08 to '09
Real Estate Tax @ \$0.03 increase in CY 2009	4,432	4,397	4,448	4,514	\$66
Sanitary District Tax (\$0.01 on RE rate)	-	-	53	52	-\$1
Personal Property*	248	276	301	203	-\$98
Annual Decal Fee	24	24	24	33	\$9
Refuse Fee**	260	296	307	326	\$19
Water / Sewer Service**	560	644	738	784	\$46
Residential Utility Tax**	-	72	72	72	\$0
Total	\$5,524	\$5,709	\$5,943	\$5,984	\$41
					\$3.42/month

* Assumes 1.78 cars per household. Reflects anticipated State tax relief formula for average conventional fuel vehicle value.

** Reflects the next fiscal year. Water/sewer rate reflects 70 thousand gallons of water consumption. Residential utility tax assumptions are based on the ceiling tax rates.

Commercial Properties

County
Manager's
FY 2010
Proposed
Budget

- No changes recommended for:
 - Business Tangible
 - Business License
 - Commercial Transportation

- Commercial Service Districts
 - Rosslyn Business Improvement District tax rate down 0.2 cents (\$0.080)
 - Crystal City Business Improvement District tax rate unchanged (\$0.043)

Regional Real Estate Tax Rate Comparison

County
Manager's
FY 2010
Proposed
Budget

	Current Rate	Advertised Rate	Change
Arlington*	84.8¢	87.8¢	3.00¢
Alexandria	84.5¢	90.5¢	6.00¢
Fairfax**	92.0¢	\$1.055	13.50¢
Prince William***	\$1.0332	\$1.2882	25.50¢
Loudoun	\$1.14	\$1.30	16.00¢

* Arlington rate includes stormwater tax of \$0.01

** Fairfax rate includes stormwater tax of \$.015 in advertised rate

***Prince William rate includes fire and rescue and gypsy moth suppression add-ons

**ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION REPORT
TO THE COUNTY BOARD – FY 2010 PROPOSED BUDGET**

BUDGET AREAS:	Capital Projects Fund or PAYG Capital
FAAC REVIEWERS:	Stuart Raynor, Malena Brookshire, Frank Emerson, Shawn Poulin
DATE OF FAAC ACTION:	March 30, 2009

Summary of Recommendations to the County Board

The proposed FY 2010 Capital Projects Fund or Pay-As-You-Go (PAYG) Budget represents a dramatic reduction from prior years' budgets. Whereas the FY 2009 Base Budget of \$5.441 million is retained, there are no additional on-time revenues in the proposed FY 2010 budget.

FAAC respectfully recommends to the County Board that it:

1. Allocate funds from Economic Transition Funds, if available after fully funding the "Safety Net", to the FY 2010 PAYG Budget.
2. Direct staff to find ways in which to increase the PAYG Base Budget and reduce reliance on one-time revenues.
3. Direct staff to find ways in which to increase the paving budget with the goal of returning to a 15-year cycle.
4. Increase the proposed FY 2010 budget of \$350,000 for Neighborhood Conservation to the amount of the FY 2009 budget, \$500,000.

FAAC thanks DMF, PRCAR and DES staff for their assistance in this review.

Maintenance Capital

FAAC recognizes the challenges that the County Board faces with the FY 2010 budget in today's difficult economic environment. Further complicating the Board's task is the reasonable projection that comparable economic conditions will persist not only into next year but possibly into subsequent years as well. Fortunately, Arlington stands out as a pillar of economic strength among its neighboring jurisdictions due to a number of factors, among the most prominent of which is continuous responsible governance by the Board. County revenue has been and is expected to be relatively stable, in large part because of the County's diversified economy and revenue sources, including a real estate base that is roughly 45% commercial and 55% residential.

The stated purpose of the County's Maintenance Capital (MC) Program is "to ensure that existing capital assets throughout the County are maintained in reliable, serviceable condition and periodically updated and renewed as necessary. The MC program serves to

prolong the useful life of these investments, eliminating the need for repeated asset repair emergencies.”

Even in years less trying than the current year, FAAC has opined that maintenance capital has been underfunded (often “crowded out” by one-time projects). Deferring capital maintenance will cause disproportionately higher capital maintenance costs in the future.

FAAC believes further that county residents are becoming more concerned each year with the condition and maintenance of the county’s aging infrastructure. The vast majority of County residents take pride in the appearance and condition of their private property and maintain their property accordingly. They expect the County to use their real estate tax dollars to do likewise with public property.

Capital Projects in PAYG

Past years’ PAYG budgets have relied upon one-time revenues to support ongoing maintenance capital needs. FAAC has recommended each year dating back to FY 2006 that the County Board reduce its reliance on one-time revenues to support ongoing maintenance capital needs.

FAAC has consistently taken a long-term view of the Capital Projects Fund. Since 2005, FAAC has recommended a base PAYG annual funding goal of \$9 to \$10 million. As noted in last year’s report to the Board, FAAC’s recommendations have been consistent on two fronts – first to raise the level of funding addressing maintenance capital needs and secondly to shift to a more reliable funding stream in recognition of the ongoing nature of capital needs. FAAC continues to endorse base funding for infrastructure because of the vagaries of one-time revenue.

In the seven years from FY 1999 through FY 2005 the PAYG budget averaged \$11.946 million. The budget for FY 2006 was \$5.869 million. Thereafter, as shown below, the budget was increased from \$10.868 million in FY 2007 to \$16.675 in FY 2008 and \$17.790 million in FY 2009 – in large part due to one-time revenues (“Strategic Initiative” and close-out funds). While the adopted budgets for fiscal years 2007-2009 exceeded the recommended goal of \$9 to \$10 million, the proposed FY 2010 budget of \$5.441 million, due to the absence of available one-time funding, falls far short of the goal.

PAYG Funding (\$ in 000's)

	Strategic Initiative		Subtotal		Close-Out		Mid-Year		% Base Funding	% One-Time Funding
	Base	Add'l Base	Base	One-Time	PROPOSED	One-Time	ADOPTED			
FT 2007	2.600	1.174	3.774	0.000	2.600	7.094	10.868	34.73%	65.27%	
FY 2008	3.774	1.426	5.200	8.300	12.074	3.075	16.575	31.37%	68.63%	
FY 2009	5.441	N/A	5.441	12.339	17.780	N/A	17.780	30.60%	63.93%	
FY 2010	5.441	N/A	5.441	0.000	5.441	N/A	5.441*	100%*	0%*	

* If the Board adopts the proposed budget without allocating one-time funds.

FAAC Recommendation #1: FAAC recommends that if Economic Transition Funds are available after fully funding the “Safety Net”, those funds be allocated to the FY 2010 PAYG Budget for essential capital projects. (FAAC understands that \$8.8 million remains in the Economic Transition Fund after the allocation of \$500 thousand that has already been allocated to the “Safety Net.”)

Yes 11 No 1 Abstain 1

FAAC Recommendation #2: FAAC recommends that staff be directed to have as its goal ways in which to increase the PAYG Base Budget from \$5.441 million to at least \$10 million as soon as practicable or by FY 2015 to reduce reliance on one-time revenues.

Yes 13 No Abstain

Transportation Infrastructure Maintenance Capital

FAAC has consistently advocated for increased funding for transportation infrastructure and last year recommended returning to the 15-year paving cycle maintained by the County through 2002. The proposed 2010 budget of \$2.813 million represents a 41% reduction from the 2009 budget of \$4.736 million. The proposed funding is line with a 42-year paving cycle. If the FY 2010 budget were to be based on a 15-year cycle, the budget for transportation infrastructure would total \$7.072 million.

FAAC Recommendation #3: FAAC recommends that staff be directed to find ways in which to increase the paving budget each fiscal year hereafter with the goal of returning to a 15-year cycle within the next five years.

Yes 12 No 1 Abstain

Parks & Recreation, Facilities and Information Technology Maintenance Capital Budgets

The proposed FY 2010 maintenance capital budgets for Parks & Recreation and Facilities are drastically reduced versus the FY 2009 budgets, providing funds only for the completion of condition assessments. Whereas the FY 2009 budgets totaled \$7.7 million, the proposed 2010 budgets totals \$1.08 million. Similarly, the Information Technology capital maintenance budget is drastically reduced from \$4.4 million in the FY 2009 budget to \$880,000, which provides only the minimum until such time as a full evaluation can be made to determine the total cost of a new system to replace the current outdated system. In the proposed FY 2010 budget, staff has identified and prioritized projects that it deems most essential. The total cost of the projects is estimated to be over four million dollars. Once the specification for these projects (and possibly others) are further refined in the condition assessments and the IT evaluation, finding future funding for the projects will be a significant challenge.

FAAC does not have recommendations with regard to these proposed FY 2010 budgets.

Neighborhood Conservation

The County has been very attentive to public improvements proposed by civic associations in their Neighborhood Conservation Plans.

FAAC Recommendation #4: FAAC recommends that the proposed FY 2010 budget of \$350,000 for Neighborhood Conservation be increased to the amount of the FY 2009 budget, \$500,000.

Yes 9 No 4 Abstain

**ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION
REPORT TO THE COUNTY BOARD – FY 2010 PROPOSED BUDGET**

BUDGET AREAS:	Retirement Funds
FAAC REVIEWERS:	Frank Emerson, Stuart Raynor
DATE OF FAAC ACTION:	March 30, 2009

Summary of Recommendation to the County Board

The Arlington County Employees’ Retirement System (ACERS) was fully funded as of the most recent Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2008 (CAFR). However, as of the end of Calendar Year 2008, ACERS was slightly less than fully funded under the actuarial valuation in use, and clearly underfunded under alternative actuarial assumptions. A trust fund for County employees’ Other Post Employment Benefits (OPEB) has been authorized and over \$15 million set aside for this fund, but, as of late March, funds had not yet been transferred to ACERS management for investment. If there is no significant recovery from the markets’ declines of the last two years, FAAC recommends that the County Board consider increasing contributions to both funds in accordance with existing guidance. Approximately \$6 million has been placed with the County Treasurer to fund a school employees’ OPEB fund, but specific arrangements for this fund are not complete.

- FAAC thanks the staffs of the Department of Management and Finance, the Arlington County Employees’ Retirement System, and the County Treasurer for their help in preparing this review.

Retirement System

The Arlington County Employees’ Retirement System Trust is formally managed by the County Manager, and on a day-by-day basis by the ACERS office. The ACERS office reports to its own Board of Trustees, has its own CAFR, and does not determine the levels of pension benefits paid to beneficiaries of the Trust.

As reported in the CAFR, at the end of FY 2008, the Trust had no unfunded actuarial liabilities, as indicated by a July 1 ratio of actuarial assets to actuarial liabilities of 105%. By the end of CY 2008, this ratio was 99% under the current method of actuarial valuation for the Trust’s assets.

Interpretation of Actuarial Asset Values. “Actuarial” in this context refers to assumptions about future events used to compute current liabilities and assets. The actuarial value of liabilities for future benefits will depend on the timing and probabilities of events, including individuals’ retirement, family situation, and death. The actuarial value of Trust assets is based on history and an implicit assumption that investment returns will tend toward average long-term behavior or “regress to the mean”. To calculate the actuarial value of assets by the “5-year asset smoothing approach” currently used, the four previous years’ market values are projected forward to the valuation date, growing at 8%, and averaged with the current market value. This creates a basing point for projections in which the effect of large short-term market variability is dampened. However, in a period of declining asset values, the current market value of Trust assets can be -- and currently is -- below the actuarial value.

Investment Returns Assumption. The 8% asset growth assumption has been questioned, especially in view of the markets’ recent behavior. Eight percent is a weighted average of past earnings of the types of investments in the fund – which has reportedly had average earnings near 9% over a multi-year period. It is simply noted that there have been numerous 20-year periods during which even stock market earnings (historically the highest-earning investment category) have averaged either below or above 8%. Note that markets have some tendency to maintain trends, with “up years” following one another and “down years” following one another. If the performance of the last two years continues, increased contributions to the pension and Other Post Employment Benefits (OPEB) funds or reductions in total liabilities may be necessary in order to maintain, or to move toward, full funding.

Portfolio adjustments made by ACERS management since the end of FY 2008, have avoided some losses. This has included asset sales and terminating investments with some asset managers.

At the end of CY 2008, after a decline in market value of 25% in late CY 2008, the actuarial value of the fund, using 5-year smoothing, was equal to 99% of actuarial liabilities. In January, it was reported to the ACERS Board that, calculated under an alternative set of assumptions, the “corridor” method used by corporations, the actuarial value of the Trust’s assets could decline to 84% of liabilities at the end of FY 2009. At the end of CY 2008, the then-current market value of the fund was on the order of 75% of pension liabilities, as evaluated at the end of FY 2008.

ACERS Trustees meet monthly (except for August) to review results. According to the February meeting minutes, Trustees have been noted as viewing favorably the “corridor” method for evaluating assets. Use of the “corridor” method would result in earlier increases in funding if recent market conditions continue. However, minutes of the February ACERS February Board meeting indicates that “both sets of assumptions would, over time, result in a fully funded plan.”

Other Post-Employment Benefits (OPEB) Trusts

The OPEB Trust for County employees, with an effective date of January 1, 2009, was established by County Board action on February 24, 2009. The County Board is to act as sponsor with the County Manager as Administrator. The ACERS Board has agreed to act as Trustee for the benefit plan and will use existing ACERS administrative and investment expertise.

Approximately \$15 million of County funds (now almost \$15.5 million, with interest earnings) that are to be transferred to the OPEB trust for County employees have been set aside and, as of late March, were being managed by the County Treasurer. Transfer of these funds to ACERS management is anticipated to take place upon the completion of paperwork in early April. In addition, app. \$5.2 million in Schools OPEB funds have been set aside with the Treasurer. Funds managed by the Treasurer, which have been held in short-term debt instruments, have been earning at a more than 3% annual rate during a period in which most other investments have performed poorly. Due to the recent declines in equity markets, this has doubtless avoided significant losses.

The ACERS pension trust, OPEB trust for County employees, and an OPEB trust to be established for School employees are to be kept as separate entities without commingling of funds.

FAAC Recommendation #1: If there is no significant recovery from the last two years' declines in investment earnings, the County Board should consider increasing contributions to the pension and OPEB trust funds and/or reducing liabilities of these funds.

Yes 13 No 0 Abstain 0