

**ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION
REPORT TO THE COUNTY BOARD – FY 2013 PROPOSED BUDGET**

BUDGET AREA:	Department of Human Services / Department of Community Planning, Housing and Development - Housing
FAAC REVIEWERS:	Tenley Peterson, Michael Shea, Jason Widstrom
DATE OF FAAC ACTION:	23 February, 2012

Background

Affordable housing has for many years been a budget priority for the County Board and the different County programs target the numerous aspects of the housing challenges. Arlington’s programs range from rental assistance to acquisition of committed affordable housing to homeownership to code enforcement and tenant assistance. All of these housing programs are part of a comprehensive County effort to preserve and enhance affordable housing.

Indications are that Arlington continues to experience losses in its market rate affordable housing units due to redevelopment and increased rents. County residents continue to struggle to meet rising housing costs, especially in difficult economic times.

In 2011, the County Board adopted Arlington’s Affordable Housing Goals and Targets, which governs the County’s effort to preserve and enhance affordable housing. The document established numerical targets to be accomplished by 2015. A copy of the targets can be found online at:

[http://www.arlingtonva.us/departments/CPHD/housing/targets/
CPHDHousingTargetsApprovedGoals.aspx](http://www.arlingtonva.us/departments/CPHD/housing/targets/CPHDHousingTargetsApprovedGoals.aspx)

County Manager’s Proposed Housing Budget

Arlington County, in keeping with its vision for a diverse and inclusive community, supports a variety of housing programs to ensure a range of housing choices for households of all types and income levels. The County Manager has proposed approximately \$46.8 million for housing programs in FY 2013. Local tax dollar support for these programs total \$28.1 million, or 4.5% of the proposed general government operating budget (General Fund). The proposed housing budget represents a 12.5% increase in net tax support over the FY 2012 adopted budget.

Significant Budgetary Changes

- Loss of \$514,622 HOME federal one-time funding which supports AHIF. Funding is to be restored using local tax dollars generated by proposed ½-cent tax rate increase.
- Increase ongoing AHIF funding by \$1,327,304 using local tax dollars generated by proposed ½-cent tax rate increase. This is replacing closeout adjustments from FY 2012.
- Provide \$2,070,000 to acquire 2020 14th St. N for a new year-round shelter with comprehensive

- services to move homeless persons to permanent housing
- Increase funding approximately \$600,000 for Mary Marshall Assisted Living Residence (\$400,000 new net tax support), which opened in November 2011. The increase is to support the facility for an entire year.
- Addition of two housing planning positions (2.0 FTE) to lead multi-year strategy effort and support other housing initiatives as appropriate. These positions are covered in FAAC's report on CPHD.

Housing Programs

Affordable Housing Investment Fund, \$6,688,557, 0.0%

The Affordable Housing Investment Fund (AHIF) provides funding for new construction, acquisition, and/or rehabilitation projects to preserve and increase the supply of affordable housing. Developer contributions and loan repayments and payoffs add to the balance of funding available for new projects beyond the \$6.7 million in FY 2013 County and Federal Funds. Both developer contributions and loan repayments and payoffs have fluctuated over the past three years. Developer contributions are expected to increase in FY 2013 due to an increased number of site plans.

Housing Grants Rental Assistance Program, \$6,413,507, (3.4%)

The Housing Grants Program provides rental assistance to low-income households so they can afford to live in Arlington. Recipients are residents who meet income requirements, and are limited to working families with minor children, residents age 62 or older, or people with disabilities, and those not helped by Housing Choice Voucher Rental Assistance (Section 8). Average annual income for families is \$24,419, people with disabilities, \$13,426, and residents age 62 or older, \$13,787. In July 2011, there were 1,131 households receiving subsidies. As of December 2011, there were 1,204 households receiving subsidies, a 6.5% increase in the first six months of FY 2012. There is no waitlist for this program and is open to any that qualify.

The County Board has authorized additional one-time funding in the amounts of \$1,206,000, \$224,561 and \$633,036 between FY 2010, FY 2011 and FY 2012. The program currently has a projected \$422,528 deficit that is being made up with funding from efficiencies gained in other areas within Human Services.

Permanent Supportive Housing, \$1,427,956, 0.0%

The Permanent Supportive Housing Program subsidizes the rents of low-income persons with disabilities and provides supportive services so that they can live independently in the community. Approximately 80% of persons served suffer from serious mental illness; many have co-occurring medical conditions (i.e. intellectual developmental disabilities, physical disabilities), have transitioned from homelessness or from foster care. The permanent supportive housing model is a nationally-recognized best practice strategy for providing stable housing for persons with disabilities. The entire budget funds the housing costs while supportive services are provided by existing Department of Human Service's case managers and other staff. This program does not include funding to support group homes or independent living apartments.

Mary Marshall Assisted Living Facility, \$2,408,374, 19.7%

The Mary Marshall Assisted Living Facility houses low-income seniors with serious mental illness or

cognitive disabilities in a specialized assisted living facility. Opened in November 2011, this 52-bed facility provides best practice 24/7 assisted living nursing care, recreational activities, and mental health services. This is one of the few assisted living facilities in the country dedicated to serving this population. The increase in funding allows for full-year operation the facility (partially funded in FY 2012 due to delayed opening).

Housing Choice Voucher Rental Assistance (Section 8), \$17,883,678, 5.7%

Housing Choice Voucher Rental Assistance provides completely federally-funded programs that subsidize rent for low-income households so they can afford to live in Arlington. There were 1,369 households assisted in FY 2011. This represents the largest benefit available for low-income households and has a multi-year waiting list. 82% of program recipients live in committed affordable units. If the federal government were to reduce this assistance a greater burden would be placed on the Housing Grants Rental Assistance Program.

Real Estate Tax Relief for the Elderly and Disabled, \$4,550,000, 0.0%

The Real Estate Tax Relief for the Elderly and Disabled Program aims to reduce the real estate tax burden for low and moderate income homeowners age 65 or older, or permanently disabled, to enable them to remain in their homes. In FY 2011, there were 1,150 households who qualified for exemptions or deferrals. This program is expected to enlarge significantly over the next decade as more Baby Boomers enter retirement.

Arlington County currently offers the most generous household income maximum at \$99,472. Fairfax County, Loudoun County, City of Alexandria offer \$72,000 while Prince William County offers \$74,748. DHS estimates that approximately 87 households would become ineligible for the program if the income level was lowered to \$72,000 annually. At the same time, the "savings" to the County would be about \$89,000 on the exemption side and about \$30,000 on the deferral side.

Homeless Shelters/Transitional Housing, \$2,422,437, (2.9%)

Shelters homeless individuals and families and provides a range of supportive services to facilitate the transition to permanent housing. Services are provided in partnership with nonprofit agencies, including Doorways for Women and Families, Arlington/Alexandria Coalition for the Homeless (AACH), Arlington Street People’s Assistance Network (A-SPAN), Volunteers of America (VOA/RPC), and Borromeo Housing.

FY 2013 FAAC Recommendations

Recommendation #1 – County Manager’s Proposed Budget			
FAAC recommends the County Board approve the County Manager’s proposed FY2013 budget with respect to Housing Programs.			
Vote:	Yes: 10	No: 1	Abstain: 1
Comment:			

Recommendation #2 – Housing Grants Rental Assistance Program			
FAAC recommends the County Board direct the County Manager to develop metrics to improve the reliability and predictability of Housing Grant budget estimates.			
Vote:	Yes: 9	No: 1	Abstain: 2
Comment:	The rapid growth of this program is concerning. FAAC understands the recent difficulties in the economy have led an increase in housing pressure for Arlington residents. However, FAAC is concerned with the continuing use of one-time funding for this program.		

Recommendation #3 – Housing Grants Rental Assistance Program			
FAAC recommends the County Board direct the County Manager to collect additional data concerning the recipients of the housing grant program, specifically data related to those who leave the program and why.			
Vote:	Yes: 12	No: 0	Abstain: 0
Comment:	Approximately half of the recipients remain in the program less than two years. There is a concern the program is only providing temporary assistance that covers families until they find an opportunity to relocate.		

Recommendation #4 – Real Estate Tax Relief for the Elderly and Disabled			
FAAC recommends the County Board direct the County Manager to study the out year projections for the Real Estate Tax Relief program given the potential increase in the senior population.			
Vote:	Yes: 12	No: 0	Abstain: 0
Comment:	This program is expected to enlarge significantly over the next decade as more Baby Boomers enter retirement. The number of households served annual in FY2011 was 1,150. This is only 40 away from the FY 2015 target of 1,190.		

Recommendation #5 – Real Estate Tax Relief for the Elderly and Disabled			
FAAC recommends the County Board direct the County Manager to review the current benefits of the Real Estate Tax Relief program.			
Vote:	Yes: 8	No: 2	Abstain: 2
Comment:	Arlington County currently offers the most generous household income maximum at \$99,472. Fairfax County, Loudoun County, City of Alexandria offer \$72,000 while Prince William County offers \$74,748. Since the State cap is no longer in place FAAC suggests a review of Arlington’s maximum grant level.		

Recommendation #6 – Housing Budget Format			
FAAC recommends the County Board direct the County Manager to continue presenting the Housing Programs Summary as a special section in the budget.			
Vote:	Yes: 12	No: 0	Abstain: 0
Comment:	FAAC agrees this section of the budget needs special attention due to Arlington’s growing needs in affordable housing.		

Future Considerations

FAAC applauds the new effort to present the Housing Program Summary in the budget. We believe it would assist FAAC’s review of this section if it included an additional summary that provided expenditures per goal. FAAC will work with staff on this presentation.

Staff expressed a concern that the Housing Grants Rental Assistance Program could become a permanent solution to housing for individuals. It may be useful to study the potential cost savings for the program if caseworkers were provided for third-year and longer-term grant recipients.

FAAC reviewed the alignment of the Housing portion of the budget and the Housing Goals and Targets specifically in relation to the Annual Affordable Housing Targets Report. FAAC noted that the first housing goal, Balanced Assistance, does not break down the assistance balance to priority households (families w/ children, elderly & persons with disabilities) by dollar amounts. Instead the Annual Affordable Housing Targets Report examines the balance using households served or by program. FAAC does not believe this is specific enough if the County wants to closer target Housing funding to the housing goals its has sets forth.

For example the County goal to balance assistance in FY 2010 in the following manner: 65% to families and children, 20% to elderly, 15% to persons with disabilities. These goals were not met and are now the new FY 2015 goals. The actual distribution according to the FY2011 Annual Affordable Housing Targets Report was 48% for families, 34% for elderly and 18% for persons with disabilities. This appears to be a large difference. However, it may not be since a majority of assistance to elderly is Real Estate Tax Relief which may cost less per household than some of the other programs.

The issue is that there is currently no way to know what the assistance balance is when considering the budget because the program costs are not shown across these three priority household segments. For example, AHIF funding is additive from federal funds and developer contributions and is given in the form of a loan where the money will eventually return to the County. Coming up with an estimate for such funding compared to direct grants will be difficult. That said, FAAC believes that tying these priority households to funding amounts will help the County better target its limited resources to assist these priority households.

**ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION REPORT TO
THE COUNTY BOARD – FY 2013 PROPOSED BUDGET**

BUDGET AREAS:	Department of Human Services
FAAC REVIEWERS:	Elizabeth Ertel & Alan Howze
DATE OF FAAC ACTION:	February 23, 2011

Department of Human Services

The Arlington County Department of Human Services is charged with providing health and economic assistance services to Arlington’s families, aged, disadvantaged, disabled and unemployed.

The FY 2013 proposed expenditure budget for the Department of Human Services is \$117,781,638, a 3% increase from the FY2012 adopted budget, with total FTE’s essentially unchanged (down 0.25 FTE’s).

The Department’s has five major Lines of Business (LOB): Economic Independence, Public Health, Behavioral Healthcare, Child & Family Services and Aging & Disability Services.

This FAAC reports deals with those aspects of the DHS budget that are non-housing related. Housing related expenditures are covered in a separate FAAC report on Housing.

OBSERVATIONS:

- Most of the budget increase results from the proposed compensation step and reclassifications of positions as part of the HR compensation evaluations.
 - There was a significant amount of one-time funding provided to Safety Net programs in FY2012, which is not reflected in the FY2013 proposed budget.
- FY2013 will be the first year to reflect the full-year costs of the Mary Marshall Center.
- The Department continues to advance its performance management plan, one of the most robust of any County Department, and has made some tremendous progress in learning to use data in the management of its operations and in service delivery.
 - The initial results of the Service Integration Pilot demonstrated the potential to improve outcomes and reduce delivery costs.
- While the recession may be easing, there is still significant demand for Safety Net programs and it is expected that demand in FY2013 will be at or near the same levels as in FY2012.

Due to the timing of the DHS budget work session, FAAC was not able to consider the Community Service Board requests in its deliberations.

FAAC thanks DHS staff for their help in preparing this review.

FAAC RECOMMENDATIONS

FAAC applauds DHS for implementing Performance Plans for Departments as part of its implementation of Results Based Accountability. The initial identification of outcome measures and internal performance measures will provide much better information for assessing the efficacy of programs and operations.

1. **FAAC Recommendation:** FAAC recommends that the Department continue to move towards the reporting of outcome measures in addition to process and input measures.

Yes 12 No 0 Abstain 0

2. **FAAC Recommendation:** FAAC recommends that DHS continue to move towards the ability to link its department performance plans to department financial reporting and budgeting to connect outcomes to costs, and allow for additional insights on ways to more effectively deliver services and control costs.

Yes 12 No 0 Abstain 0

FAAC applauds the Department for continuing to undertake significant workflow redesigns. This work appears to be making it easier for customers to interact with DHS and to access services – examples of this include cross-training of child services personnel in four critical domains, and in the deployment of a new phone and walk-in customer service process to reduce wait times and the call abandonment rate.

FAAC also commends the Department for moving ahead with plans for a Customer Records system that will allow Department Personnel to see in one place the services provided to clients across the full range of County programs.

3. **FAAC Recommendation:** FAAC recommends that that Department continue to streamline processes and analyze client service entry points to make it as easy as possible for clients to access services.

Yes 12 No 0 Abstain 0

The recent settlement between the US Department of Justice and the State of Virginia could have significant budgetary impacts to the County in next 2-10 years. The settlement requires that the State close down several institutions that house intellectually and developmentally disabled individuals and place them in community facilities. It is unclear at this point what the implications are for the County, but it is likely that additional care facilities located in Arlington

will be required. Currently there are no available beds in Arlington at the level of care that will be required to meet the needs of patients that move back into the County.

4. **FAAC Recommendation:** FAAC recommends that the County Board direct staff to plan for the possible relocation of patients and the potential costs, including the potential establishment of a contingency fund to cover potential future costs.

Yes 12 No 0 Abstain 0

The Affordable Care Act, by broadening access to medical care, may result in making eligible for Medicaid approximately 10,000 Arlington residents, whose income falls within 133% of the Federal Poverty guidelines. This would likely result in higher intake workloads for DHS staff.

5. **FAAC Recommendation:** FAAC recommends that the County Board direct staff to plan for the potential expenses related to intake processing of newly eligible residents under the Affordable Care Act.

Yes 12 No 0 Abstain 0

There were several items funded in the FY2012 budget with one-time funds, that were not subsequently funded in the FY2013 base budget, or are in the second year of a two year funding program and so the funding levels are lower this year than last.

	A	B	C
		FY 2012 ONE-TIME ADJUSTMENTS	FY 2013 ONE-TIME REDUCTIONS
2	Expense Adjustments:		
3	DHS - AFAC - One-time funding to address increased needs	25,870	25,870
4	DHS - CSB request - Contract Services (Job Avenue)	100,000	100,000
5	DHS - Concierge / Vertical Village pilot (two years)	30,000	15,000
6	DHS - Early Intervention Pilot to combat Adolescent Substance Abuse (two years)	130,000	65,000
7	DHS - Safety net - housing grants from one-time money (additional housing grant funding included in CM's proposed budget above FY 2011 base)	224,561	224,561
8	DHS - Housing Grants -- Additional Funding for emergency needs (HPRP) and pilot for single adults	250,000	250,000
9	DHS - Arlington Free Clinic (development)	40,000	40,000
10	DHS - Arlandria Neighborhood Health Services (two years, offsets lost grant funding)	40,000	20,000
11		\$ 840,431	\$ 740,431

6. **FAAC Recommendation:** Due to the projected continued need for food assistance at or above FY2012 levels, FAAC recommends that the County Board include additional one-time funding for AFAC in the amount of \$25,870 be provided in the FY2013 budget.

Yes 8 No 0 Abstain 4

7. **FAAC Recommendation:** FAAC recommends that the County Board approve the recommendations for the non-housing related portion of the DHS budget contained in the County Manager's introduced budget.

Yes 11 No 0 Abstain 1

**ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION
REPORT TO THE COUNTY BOARD – FY 2013 PROPOSED BUDGET**

BUDGET AREA:

**Department of Community Planning,
Housing and Development**

FAAC REVIEWERS:

**David Kinney, Tenley Peterson,
Michael Shea, Jason Widstrom**

DATE OF FAAC ACTION:

February 23, 2012

Introduction

Funding for the Department of Community Planning, Housing and Development (CPHD) operations is diverse. In addition to Arlington County General Fund resources, some programs utilize Federal grants. In the case of the Affordable Housing Investment Fund (AHIF), a revolving loan fund designed to increase the number of affordable housing units in the county, the resources come from County and Federal funds, loan repayments and payoffs, and developer contributions. For some functions, such as zoning administration, permits & licenses, and compliance with code, fees on developers are intended to make the program self-sustaining.

From the perspective of achieving its mission, the budgetary context for CPHD is heavily influenced by changes in Federal grants (on a downturn), developer contributions to AHIF (expected to rise in FY 2013 but generally unpredictable), and by fees paid by developers (expected to rise in FY 2013).

Proposed Budget for FY 2013

The FY 2013 proposed expenditure budget for CPHD is \$10.0 million, a seven percent increase from the FY 2012 adopted budget. In presenting the proposed budget, the County Manager highlighted four key factors, three of which increased revenue needs:

- One Senior Housing Planner (\$94,747, 1.0 FTE) is being added from General; two additional positions are being transferred to the CPHD General Funds budget after having been funded by CDBG grants; some positions are being reclassified after having been identified as being substantially below comparative positions.
- Non-personnel expenses will increase with additional funding for the Shirlington Employment and Education Center (\$85,000), with a partial offset from a reduction in the annual expense for the maintenance and replacement of County vehicles (\$8,584).
- Fee permitting activity is projected to be higher in FY 2013, adding \$210,000 in revenue.
- Grants will decrease in FY 2013: Community Services Block Grant (\$13,053) and the federal HOME Fund allocation (\$71,802).

In addition, the FY 2013 proposed expenditure budget for the CPHD Development Fund, at \$13.8 million, is a four percent increase over FY 2012. This includes funding for half the cost of a Fire Department Inspector position for site plan reviews (the FTE is in the Fire Department); reclassification of some positions; an increase in building rent for office space; and an increase in payment to the County to cover internal services. NOTE that the four percent expenditure rise is matched by the projected four percent rise in revenues from fees paid by developers.

The FY 2013 proposed expenditure budget for the Community Development Fund, at \$1.2 million, represents a thirty-six percent decline from FY 2012. Two Federal grants (CDBG and HOME) have been cut and there are no County funds proposed to offset the loss. Two FTE positions are being eliminated from the federally funded programs and transferred to the General Fund, where the positions will entail substantively different responsibilities.

Federal funding support for the Affordable Housing Investment Fund (AHIF) will decrease by \$0.5 million in FY 2013. The proposed budget offsets that decline by increasing Arlington County tax support to AHIF.

Additional Considerations

CPHD does a commendable job using available data to generate metrics to tie performance to the budget decisions. The annual reports on meeting housing targets are data-rich documents. But the overall state of relevant data on housing in Arlington County – the data used to establish baselines for comparison and the granular data to measure outcomes – is somewhat out of date or inconsistent in its coverage. For example, Federal census data are not disaggregated sufficiently for CPHD purposes. In light of the need for better data, the County Manager has called for a housing needs assessment.

The last housing needs assessment in Arlington County (the only one ever done) was in 2002.

CPHD effectiveness is limited by the loss of a Senior Housing Planner position a while back. Planner positions in the department are eliminated and restored frequently in anticipation of fluctuations in the number of projects in the County.

The effectiveness of the Department in meeting its targets for affordable housing for working families is limited by the existing stock of rental units in Arlington County, which tend to be concentrated in 1BR and efficiencies. AHIF is being used to address some of this problem by supporting property renovations.

At its current scale of operation, AHIF appears to be able to engage the “right” number of projects for its mission. Additional funds would not enable CPHD to engage very large projects. Conversely, CPHD should probably avoid pursuing projects on a smaller scale than it currently does.

FY 2013 FAAC Recommendations

Given an ongoing need for analysis and metrics to tie CPHD performance with its budget, and given the upcoming housing needs assessment, restoring a Senior Housing Planner position is a good decision.

Recommendation #1 – County Manager’s Proposed Budget

FAAC recommends the County Board approve the County Manager’s proposed budget for FY 2013 for the CPHD General Fund.

Vote: Yes: 11 No: 0 Abstain: 1

Further considerations: Given the frequency with which planner positions are eliminated and restored¹, CPHD should consider ways to smooth out the number of FTEs over the long term. Stability in the planner staff would reduce turnover costs and enhance the ability of CPHD to devise long-term strategies.

Recommendation #2 – Housing Needs Assessment

FAAC recommends that the Country Board direct the Housing Division in CPHD to expedite the completion of a housing needs assessment study to generate data needed to set program targets and to generate metrics in performance-based budgeting.

Vote: Yes: 11 No: 0 Abstain: 1

¹ See the Ten-Year history of CPHD in this year’s budget documents at <http://www.arlingtonva.us/departments/ManagementAndFinance/budget/file84950.pdf>

**ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION REPORT TO
THE COUNTY BOARD – FY 2013 PROPOSED BUDGET**

BUDGET AREAS:	Public Safety
FAAC REVIEWERS:	Michael McMenamain, Frank Emerson, and Bob Hynes
DATE OF FAAC ACTION:	February 16, 2012

The Arlington County Fire Department

The Arlington County Fire Department provides a range of services including fire suppression, advanced life support, HAZMAT, technical rescue, code enforcement, investigations and fire- and rescue-related county and regional support services.

Expenditures in the proposed FY 2013 budget for the Fire Department total \$49,277,743, a two percent decrease from the 2012 Adopted Budget.

Proposed FY 2013 Budget

Personal Expenses Decrease

Personnel expenses decrease primarily due to a decrease in the number of recruits from 26 to 13, elimination of overtime expense funded by the National Medical Response Team (NMRT) contract and the conversion of an NMRT funded position into a County funded Inspector position to review site plans in conjunction with the Department of Community Planning, Housing and Development (CPHD). Half of the cost of this position is reimbursed by CPHD. The decreases are partially offset by normal salary increases.

Impact: Positive. The reduction in the recruit class funding is due to the normal planned attrition and staffing needs of the Fire Department. Two recruit classes were budgeted in FY 2012 and only one class is currently needed for FY 2013.

Non-Personnel Expenses

Non-personnel expenses increase due to auto fund charges (\$325,392), protective clothing for recruits (\$48,558), contractual increases (\$17,619), and maintenance, repairs, and fuel for Falls Church fire apparatus and medic unit (\$95,000), this is reimbursed by the City.

Impact: Positive.

Increase in Fee Revenues

Increase in fee revenues is due to higher projections in the fire code permit, inspection fees, and other miscellaneous fees (\$261,334), ambulance transport fees (\$50,000), and reimbursement from the City of Falls Church for services provided by the County for maintenance, repairs, and fuel for its fire apparatus and medic unit (\$95,000). These increases are partially offset by a decrease in the Falls Church reimbursements for other services (\$11,729).

Impact: Positive

Decrease in Grant Revenues

Decrease in grant revenues is due to the elimination of the National Medical Response Team grant (\$339,527).

Impact: Negative, as grants are integral part of the fire departments funding. In the future, the National government's debt will potentially require cuts to public safety grant programs thereby requiring local jurisdictions to spend more funds for public safety.

FAAC Recommendation # 1: FAAC recommends that the County Board approve the recommendations made in the County Manager's budget.

Yes 7 No 4 Abstain 1

Arlington County Police Department

The Arlington County Police Department provides a variety of services, ranging from standard patrolling of the streets of Arlington to escorts of dignitaries from Arlington to the White House. Their main priority is to keep the people who live, work, and travel through Arlington County as safe as possible. The sworn and K-9 officers run radar to check for speeders, patrol residential neighborhoods to check on houses and make sure all is safe as possible, and respond to calls of distress, crime, accidents, lost persons, missing persons, malicious wounding, and homicides.

The Arlington County Police Department patrols 25.7 square miles of land and protects an estimated population of 205,000. Today, the police department has 359 sworn officers on duty. This number is short of the 361 officers that the department needs to adequately perform its mission.

The average Arlington county police officer receives one year of training encompassing time at the police academy and field training at an estimated cost of \$160,000 per officer. In the past,

there has been concern that the county could lose officers to higher paying jobs in other jurisdictions and the Federal government. These concerns are not as great today because of the current economic climate. Arlington, however, must remain competitive with other jurisdictions in regards to pay and benefits, as there is a substantial investment in each officer and the recession will not always dampen the marketplace.

The FY 2013 proposed expenditure budget for the Police Department is \$59,455,663, a two percent increase from the FY 2012 Adopted Budget.

FY 2013 Budget

Personnel Expenses Increase

Personnel includes normal salary increases and increases due to reclassification of positions identified to be substantially below comparative pay studies. It also includes one-time additional funding for over strength positions (\$339,170) and one position (\$66,794; 1.0 FTE) for the Photo Red Light program. These increases are partially offset by the elimination of a grant-funded position (1.0 FTE), and the impact of employee turnover, with new employees coming in at a lower step.

Impact: Positive, the over-strength funding will ensure adequate staffing in FY 2013 based on the projected attrition of uniformed personnel.

Non-Personnel Expenses

Non-personnel expenses increase primarily reflect additional funding for maintenance services of public safety information technology (IT) systems (\$26,625), equipment for new recruits (\$40,830), normal contractual increases (\$4,383), maintenance fee for the Public Safety Network (\$65,000) and contract funding for Photo Red Light for eight additional cameras (\$371,308). These increases are partially offset by a reduction in the annual expense for the maintenance and replacement of County vehicles (\$94,902).

Impact: Positive, FAAC expresses concern that the locations chosen for red light cameras are justified on the basis of potential avoided accidents, not simply that they are likely to result in increased revenues that exceed their costs.

Fee Revenue Increases

Fee revenue increases reflect higher projections for the Photo Red Light Enforcement Program based on the current number of intersections monitored and prior year actual revenues (\$125,000), additional Photo Red Light revenues for eight new cameras (\$558,688), increase in taxicab license revenue based on prior year actual (\$20,000) and revenue received from fulfilling Freedom of Information Act (FOIA) and subpoena requests (\$2,000), partially offset by decreases in alarm system registrations (\$1,000) and impound vehicles storage fees (\$10,000).

Impact: Positive

FAAC Recommendation # 2: FAAC recommends that the County Board approve the recommendations made in the County Manager's budget.

Yes 11 No 1 Abstain 0

Arlington County Sheriff's Office

The Arlington County Sheriff's office is responsible for the management and operation of the Arlington County Detention Facility ("ACDF") and all correctional responsibilities; providing courthouse security; service/execution of civil and criminal warrants and court orders; transportation of inmates; providing administrative support; as well as management and oversight of the Arlington Alcohol Safety Action Program (ASAP). Many of these responsibilities are mandated by state and include criteria for the amount of service required. As was the case last year, the Sheriff's office cannot have any more reduction in staff.

Expenditures in the proposed FY 2013 budget for the Sheriff's Office total \$35,217,008, a one percent decrease from the 2012 Adopted Budget.

FY 2013 Proposed Budget

Personnel Expenses Increase

Personnel expenses include normal salary increases, partially offset by the elimination of FY 2012 one-time funding for an over strength position (\$72,853).

Impact: Positive.

Non-Personnel Decreases

Non-personnel expenses decrease because of adjustments in the annual expense for the maintenance and replacement of County vehicles (\$13,421) and the elimination of State Criminal Alien Assistance Program (SCAAP) expenses (\$350,000) due to uncertainty of the Federal grant funds.

Impact: Negative, the elimination of the SCAAP grant will impact funding by the County in years to come (please see below).

Decrease Fee Revenue

Decrease in fee revenues is due to lower projections in City of Falls Church reimbursements (\$213,395) based on a projected decline in City inmates held at the Arlington County detention facility and the reconciliation of FY 2011 reimbursements with the corresponding actual expenditures. These decreases are partially offset by increases (\$61,627) in miscellaneous fees. The County and City are currently renegotiating several contracts for the various services provided to the City. It is possible that FY 2013 revenue projection for the City of Falls Church may increase prior to adopting the budget.

Impact: Neutral, depends on contract negotiations.

Decrease Grant Revenues

Decrease in grant revenues is primarily due to the elimination of the SCAAP funding (\$350,000), declining State Compensation Board reimbursement (\$70,471) that anticipates ongoing reductions in aid to localities, and declining federal prisoner reimbursement (\$9,000). The decreases are partially offset by an increase (\$51,000) in state prisoner reimbursements based on prior year actual revenue and the projected number of prisoners to be held for the state.

Rationale: The revenue decreased, in part, \$350,000 for the loss of SCAAP grant funding. Several years ago the budget (revenue and expense) were increased based on projected funding levels from the SCAAP grant. For FY 2013 SCAAP funding is expected to decrease and the reduction in the Sheriff's budget reflects this loss of federal revenue.

Impact: Negative, as the Sheriff "saved" the SCAAP money for a couple of years to enable them to add over 100 cameras to the ACDF and replace the Deputy Workstations. Had they not had this money, they would have sought County funding. By this grant being all but gone, it will mean having to ask the County for money for projects as the ACDF continues to age.

FAAC Recommendation # 3: FAAC recommends that the County Board approve the recommendations made in the County Manager's budget.

Yes 8 No 4 Abstain 0

Arlington County Office of Emergency Management (OEM)

The mission of the Arlington County Office of Emergency Management (OEM) is to coordinate Arlington County's emergency program through partnerships and preparedness to ensure that the community remains resilient and sustainable. The office is comprised of the 911 Center and the Emergency Management Division. After September 11, 2001, OEM became a permanent office/department.

Expenditures in the proposed FY 2012 budget for the Office of Emergency Management total \$10,211,916, four percent increase in total expenditures from the 2012 Adopted Budget.

FY 2013 Proposed Budget

Personnel Increases

Personnel increases include normal salary increases.

Impact: Positive

Non-Personnel & Grant Increases

This is due to non-discretionary contractual increases (\$44,730), partially offset by a reduction in annual expense for the maintenance and replacement of County vehicles (\$2,364). Increase in grant revenue due to adjustments made for grant-funded positions (\$16,945).

Impact: Positive

Decrease in Fee Revenue

This reflects a change in the Commonwealth's methodology in calculating disbursements to jurisdictions related to wireless calls to 9-1-1, resulting in a projected loss of \$107,505 in revenue in FY 2013.

Impact: Negative

OEM is actively recruiting for their vacant positions, approximately 6 at this time. Recruitment and training are key elements to the department reducing its overtime and staffing needs. The department has also actively pursued returning veteran in its recruitment outreach.

FAAC Recommendation # 4: FAAC recommends that the county board approve the recommendations made in the County Manager's budget.

Yes 12 No 0 Abstain 0

Public Safety Prior Year Cuts

In prior budgetary years, public safety has lost uniformed and civilian personnel. In FAAC's discussions with public safety these needs were addressed in our departmental reviews. FAAC understands that not all these items were specifically requested by the departments as a part of their budget submission to the County Manager. The County Manager is aware of prior year cuts and that the conversations with the departments mostly centered on FY 2013 priorities, given the fiscal constraints of the revenue forecast and the County Board's guidance on capping expenditures. Some prior year cuts were not discussed through budget formulation. Below FAAC highlights public safety departmental needs that should be considered in future out-year budgets.

Fire Department

Through discussions with the Fire Department, FAAC believes that the below merit consideration in future out-year budgets:

- 1) Finishing the County's goal of 4-person staffing on all fire apparatus' - 8 FTE's required totaling \$440k;
- 2) Supply clerk - \$55k, 1 FTE; and
- 3) Use of federal grants (SAFER) programs to hire Command Aides.

Police Department

Through discussions with the Police Department, FAAC believes that the below merit consideration in future out-year budgets:

- 1) Continue funding of 10 over strengths on a regular budgetary basis in order to fill the vacancies that occur because of retirement and officers leaving; and
- 2) Restore the 2 FTEs for the Clarendon District lost in FY 2010 - Clarendon patrol - 2fte's totaling \$220k

Sheriff Office

Through discussions with the Sheriff's Office, FAAC believes that the below merit consideration in future out-year budgets:

- 1) The Sheriff Department has lost 7 civilian and 4 sworn FTEs over the past three years. There is need to bring back four sworn officers.
- 2) A civilian warrant processing admin and a civilian property clerk were also eliminated in prior fiscal years.

In order to bring the Sheriff back to pre-existing deputy strength it will require 4 FTE's totaling \$300k. A sworn officer is today processing warrants, a job that a civilian could be doing at the cost of 1 FTE at \$45k. The office is under staffed, especially the civilian property clerk position where stress has led to medical issues for the staff. The civilian property clerks are working an estimated 108 hours every two weeks, this includes overtime. A property clerk, 1 FTE is \$45k.

OEM

Through discussions with the OEM Director, FAAC believes that the below merit consideration in future out-year budgets.

- 1) They are looking to attract quality applicants and believe in the out years that a dispatcher retirement plan that would more closely resemble that of uniformed public safety officers should be considered in out-year budgets.

**ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION
REPORT TO THE COUNTY BOARD – FY 2013 PROPOSED BUDGET**

BUDGET AREA:	Department of Libraries
FAAC REVIEWERS:	William Gillen, Heather Jones, Susan Robinson
DATE OF FAAC ACTION:	March 1, 2012

Department of Libraries Summary

The Arlington Public Library estimates it will serve over two million patrons during FY2013 in one of its eight library locations. In addition, a significant number will also be served by one of the many online offerings.

For FY2013, the Arlington County Manager has proposed a library budget of \$12,416,315, which represents a \$605,384 (5%) increase from the FY2012 adopted library budget.

The budgetary changes proposed in the library budget for FY2013 are largely related to the following:

- Restoration of library branch hours reduced in FY2010 and FY2011.
- An effective decrease of \$115,000 to the Materials budget without renewal of the one-time allocation made in the FY2012 budget.

Over the past few years, the Department of Libraries has absorbed significant reductions in both personnel and total expenditures, yet has increased efficiency. Including the restoration of branch hours and the five percent increase in the proposed library budget for FY2013, the Department of Libraries is operating with a budget that is nearly the same as FY2007. Volunteer hours for FY2011 totaled 30,853.

Library staff once again has identified the erosion in purchasing power of the Materials budget as a primary area of concern. The funding of the Materials budget remains nominally higher than the funding of a decade ago. (See Table 1.) However, the effective purchasing power is far less when it is adjusted for inflation. The impact of this decline is a library collection with a more limited breadth and depth, which in turn affects library patrons.

Library metrics bear out the effects of the limited Materials funding:

- The average wait time for reserved popular titles has gone from 12 weeks in FY2008 to 18 weeks in FY2012.
- Popular material as a percent of the total library circulation has declined from nearly 61% in FY2008 to 57% in FY2012.

Table 1 – Materials Budget Funding

Fiscal Year	County Funding	\$ Change	% Change
2000	\$1,146,029		
2001	\$1,166,029	20,000	1.7%
2002	\$1,214,832	48,803	4.2%
2003	\$1,249,832	35,000	2.9%
2004	\$1,209,112	(40,720)	-3.3%
2005	\$1,244,785	35,673	3.0%
2006	\$1,269,785	25,000	2.0%
2007	\$1,295,520	25,735	2.0%
2008	\$1,295,520	-	0.0%
2009	\$1,205,520	(90,000)	-6.9%
2010*	\$1,165,484	(40,036)	-3.3%
2011**	\$1,172,520	7,036	0.6%
2012***	\$1,262,520	90,000	7.7%
2013 Proposed	\$1,147,520	(115,000)	-9.1%

* includes State aid reduction of \$10,036

** includes \$25,000 in one-time closeout funds

*** includes \$115,000 in one-time funds for electronic materials; \$50,000 in one-time closeout funds

FAAC Recommendations

FAAC Recommendation #1			
The FAAC recommends that the County Board adopts the County Manager's FY2013 proposed budget for the Department of Libraries.			
Vote:	Yes: 10	No: 0	Abstain: 0
Comment:			

FAAC Recommendation #1			
The FAAC recommends that the County Board maintains the funding of the Materials budget at the FY2012 level by restoring \$115,000 in one-time funding.			
Vote:	Yes: 10	No: 0	Abstain: 0
Comment:	<p>The FAAC believes that the County should strive to provide funding for core services, such as adequate library materials, in the base budget. Relying on annual one-time funding undermines the ability to plan and use funds efficiently and effectively. While the FAAC strongly supports increasing the e-book collections, we are also cognizant that of the six major publishing companies, only two provide e-books to libraries.</p> <p>Consistent funding is particularly important in assuring that the library collection keeps pace with demand for e-books and the demand generated by the growing population of children in Arlington.</p>		

FAAC Recommendation #3

The FAAC recommends that the County Board direct the Country Manager to complete an analysis of the amount of funding needed to increase access to material with a focus on reducing wait times.

Vote:	Yes: 7	No: 0	Abstain: 2
Comment:			

Budgetary Impact of FAAC Recommendation

Overall, the FAAC recommends the County Board accepts the proposed budget for FY2013 with one modification – restoring the one-time Materials funding included in the FY2012 budget. By restoring the one-time funding of \$115,000, the County Board would keep the Materials budget from dropping below the funding level of a decade ago. The additional \$115,000 suggested by the FAAC would amount to an increase of 0.9% in the proposed library budget for FY2013.

Future Considerations

The population of children is growing significantly and is projected in to continue to grow over the next several years. The increase in pre-school to high school children affects the demand for both library materials and programs. For example, the most recent summer reading program had over 7,000 participants as compared to approximately 5,000 one year ago. The FAAC encourages the County Board to direct staff to monitor to these demographic changes and to assure that the libraries are able to respond to them.

Also, the FAAC, once again, suggests that the County Board consider reversing the declining trend in the Materials budget funding and also continues the effort to assess the future role of the Arlington Public Library.

**ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION
REPORT TO THE COUNTY BOARD – FY 2013 PROPOSED BUDGET**

BUDGET AREA:	Department of Parks and Recreation
FAAC REVIEWERS:	Heather Jones, William Gillen, Michael Shea
DATE OF FAAC ACTION:	1 March 2012

Department of Parks and Recreation Summary

The Department of Parks and Recreation (DPR) promotes wellness and vitality through dynamic programs and attractive public spaces. For fiscal year 2013, the Manager has proposed a budget of \$32,378,317, a 6% increase from the FY 2012 revised budget, with net tax support accounting for \$25,160,312 of the FY 2013 proposed budget.

The budgetary changes proposed in the DPR budget for FY2013 are largely related to the following:

- Increased salary costs due to both normal increases and increases resulting from the County's comprehensive pay study.
- Increased staffing, operating, and maintenance costs related to new and renovated facilities.
- Increases in the Supplemental Fees Program budget to bring it in line with actual activity and a corresponding increase in fee revenue.
- Increased fee revenue due to higher proposed fees.
- Costs related to the addition of a 4th of July event at Long Bridge Park.

Over the past few years, the DPR has absorbed reductions in both personnel and total expenditures while continuing to meet its mission of offering a wide variety of programming and well-maintained public spaces. DPR has increased its offerings in both camps and classes to better meet the needs of the changing demographics in the County. It is also continuing its outreach work to the communities that less frequently utilize the programs of DPR.

DPR continues to make recommendations regarding fees for various programs by utilizing the cost-recovery model (fee pyramid) adopted by the Board. We note that in addition to raising fees from programs, DPR is also looking at ways to decrease the cost of various programs allowing for greater cost recovery without an increase in fees.

FAAC applauds the efforts of DPR to align expenditures and revenues in the Supplemental Fees Programs. FAAC also applauds DPR for proactively programming a 4th of July event at Long Bridge Park, which will likely be a coveted spot for County residents to watch the fireworks.

FAAC Recommendations

FAAC Recommendation #1			
FAAC recommends that the County Board adopt the County Manager's FY2013 proposed budget for the Department of Parks and Recreation.			
Vote:	Yes: 8	No: 0	Abstain: 0
Comment:			

FAAC Recommendation #2			
FAAC recommends that the County Board adopt the County Manager's FY2013 proposed fee schedule for Department of Parks and Recreation programs.			
Vote:	Yes: 8	No: 0	Abstain: 0
Comment:			

FAAC Recommendation #3			
FAAC recommends that the County Board direct the County Manager to study the current and future programming and facilities needs for DPR given the changing demographics in the County.			
Vote:	Yes: 8	No: 0	Abstain: 0
Comment:	The demographics of Arlington County are changing. In particular, the population of children is growing significantly and is projected to continue to grow over the next several years. The increase in pre-school to high school children affects the demand for both DPR facilities and programs. This change is already reflected in the increased number of participants in sports leagues and the needs for additional programs and camps. DPR continues to monitor and adjust for these changes but is limited by the facilities that are available in the County.		

Future Considerations

The FAAC encourages the County Board to consider these demographic changes when it considers the Capital Improvement Program and to solicit extensive community input on budget choices that decide among limited program resources.

FAAC also notes that DPR has received significant additional funding recently as the County Board moves to address the maintenance capital backlog in at parks. One of the challenges that the CIP Working Group identified was the ability of staff to execute a larger program with existing resources. The County may want to consider what level of program execution staff will be needed in order to execute in a more timely manner the funding made available by the Board to address capital and operating needs.

**ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION REPORT TO
THE COUNTY BOARD – FY 2013 PROPOSED BUDGET**

BUDGET AREAS:	Department of Environmental Services
FAAC REVIEWERS:	Brian Gordon, Alan Howze, Martin Reape, Michael Shea, Jason Widstrom
DATE OF FAAC ACTION:	March 1, 2012

Department of Environmental Services

The Mission of the Department of Environmental Services (DES) is to bring strategic focus to critical policy areas of transportation, the environment, and capital investment as well as providing continuing operations and maintenance in these areas. The FY 2013 Proposed Budget provides \$76.3 million in DES expenditures, a six percent increase over the FY 2012 adopted budget. The FY 2013 budget proposed an increase of 5 FTE’s, from 390.5 in FY2012 to 395.7 in FY 2013.

The Department was re-organized in FY 2011 into three Service Areas: Transportation and Development, Facilities and Engineering, and Operations. In addition to its operating budget, the Department plays a key role in several funds including: Transportation Capital Fund, Ballston Public Parking Garage, Automotive Equipment Fund, Printing Fund, and General Capital Projects Fund (PAYGO).

The FY 2013 budget reflects:

- A shifting funding mix for DES. Grant revenue is expected to increase by 31%, fees to increase by 2%, and net tax support to increase by 4%.
- Personnel costs increase by 5% due to the proposed compensation step and reclassifications of positions as part of the HR compensation evaluations, and the addition of five new positions.
 - The new positions have no new tax support requirements – they are funded by charges to capital, carryover or user fees.
 - The utilities fund is also proposing adding 6 new positions to create another Water Crew.
 - The newly requested positions are aimed at department “bottlenecks” – including permitting support and construction managers to implement capital projects.
- The new contract for disposal at the Waste-to-Energy plant will result in a 9.76% decrease in Household Solid Waste Rate (HSWR).

The Department’s focus areas for FY2013 include:

- Continued focus on employee safety

- Revamping the permitting process
- Aligning the various systems used to track capital assets
- Reducing bottlenecks and backlogs in departments

FAAC thanks DES staff for their help in preparing this review.

FAAC RECOMMENDATIONS

OFFICE OF THE DIRECTOR

FAAC applauds the inclusion of performance measures within the Department summaries in the Manager’s proposed budget. The inclusion of the performance measures is a good start, and is an effort that should be built upon to expand the linkage between measured performance outcomes and budgets.

1. **FAAC Recommendation:** FAAC supports the continued reporting of performance measures, and recommends an enhanced focus on connecting outcomes to costs.

Yes 8 No 0 Abstain 0

As the DES bureaus expand and refine their performance measures, DES will be in a stronger position to develop a department-wide, comprehensive performance management plan. A Department wide performance management plan can help ensure that resources are used effectively, that interconnected goals are being met, and can provide information that leads to insights on how to improve department outcomes.

2. **FAAC Recommendation:** While recognizing the diverse missions of DES Service Areas, FAAC recommends that DES develop a comprehensive department wide performance management plan.

Yes 8 No 0 Abstain 0

TRANSPORTATION AND DEVELOPMENT

The County has significant transportation assets, and has several systems currently in place that are used to track the condition of those assets. DES indicated that efforts are underway to make it easier to gather a “whole picture” of the condition of transportation assets.

3. **FAAC Recommendation:** FAAC recommends that the County Board consider the establishment of a Working Group, similar to the Maintenance Capital Working Group, to review the condition assessments and potential backlog of maintenance capital projects associated with the County’s transportation assets.

Yes 8 No 0 Abstain 0

DEVELOPMENT SERVICES

FAAC applauds DES for its efforts to improve the permit process to decrease wait times and improve the permit review process.

4. **FAAC Recommendation:** FAAC supports the proposal to decrease permit processing times by adding two FTEs, with one-time money, to the Permitting and Customer Service division on a part time basis while a long-term fee funded structure is put into place.

Yes 7 No 0 Abstain 1

FACILITIES AND ENGINEERING

FAAC notes that the Facilities and Engineering group has received significant additional funding recently as the County Board moves to address the maintenance capital backlog and parks and facilities. One of the challenges that the CIP Working Group identified was the ability of staff to execute a larger program with existing resources. In our discussion with staff it appears that the challenge of executing a growing project workload is becoming more acute.

5. **FAAC Recommendation:** FAAC recommends that the County Board consider whether additional program execution staff may be needed in order to execute projects in a more timely manner with the funding made available by the Board in addressing capital and operating needs.

Yes 8 No 0 Abstain 0

The CIP working group, through the completion of its work in 2011 to examine the maintenance capital needs of parks and facilities, shone a spotlight on the importance of accurate and timely data in program review and decision making.

6. **FAAC Recommendation:** FAAC recommends that the County continue to move towards a data-driven approach to managing facilities maintenance, maintenance capital requirements, and facility remodeling requirements, and to utilize this data to identify cost savings opportunities and investment requirements.

Yes 8 No 0 Abstain 0

WATER, SEWER AND STREETS BUREAU

FAAC notes that the County Board has in recent years provided increased funding for paving in an effort to accelerate the replacement cycle of pavement and move the County towards a goal of an average 15 year paving replacement cycle. FAAC will provide more detailed recommendations on Paving funding in the PAYG report.

The County Manager's budget recommends adding a new six person Water Maintenance Crew, using funding from the Utilities Fund, in order to improve employee safety, increase the County's ability to respond to events, and increase the ability to perform preventive maintenance that will increase the life and functioning of the County's water system.

7. **FAAC Recommendation:** FAAC supports the County Manager's proposal to add a six person Water Maintenance Crew.

Yes 7 No 0 Abstain 1

OVERALL BUDGET RECOMMENDATION

8. **FAAC Recommendation:** FAAC recommends that the County Board approve funding for DES as proposed in the County Manager's introduced budget.

Yes 7 No 0 Abstain 1

OTHER CONSIDERATIONS

OFFICE OF SUSTAINABILITY AND ENVIRONMENTAL MANAGEMENT

FAAC notes that the County's MS4 Stormwater permit may move towards final agreement in FY 2013, and with the approval of the permit there will likely be the need to make significant investments to comply with the permit to improve the water quality in Arlington and the Chesapeake Bay. FAAC may provide more detailed recommendations on Stormwater funding in the PAYG report.

STREETLIGHTS

When a resident places a call or submits an online ticket to DES to have a streetlight repaired, the ownership of the streetlights is assumed to be the County. However, most of the County's streetlights are actually owned, operated and repaired by Dominion Power. Dominion has 45 days to fix reported problems. In cases where repairs drag out for weeks or months, it is difficult and frustrating for residents, and it can appear that the County is slow to respond, even though the delay may lie with Dominion Power.

Several potential approaches to improve the customer experience include:

- Enhanced education and outreach to citizens about how to report a streetlight outage using detailed information such as the pole number to identify the problem location. This will help crews fix problems more quickly.
- Provide the time to close streetlight service calls - for both County and Dominion owned lights - as part of the performance metrics presented in the budget
- Provide a “closed loop” process that would notify residents that a streetlight request has been received, allow residents to check on the status of a request, and then notify residents when a streetlight problem has been resolved and the trouble ticket “closed”. This would also reduce the submission of duplicate requests because residents are not sure whether a ticket was actually received.

DEVELOPMENT

As the County continues to revamp the permit process, Staff may want to examine the use of third-party initial minimum submission review and team peer review as another way to streamline the plan review process. Third party review has been utilized in neighboring jurisdictions such as the City of Alexandria, Fairfax County, Loudoun County and Prince William County, as a way to reduce the review cycle time, reduce the demand on staff and get projects to fruition quicker.

ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION REPORT TO THE
COUNTY BOARD – FY2013 PROPOSED BUDGET

BUDGET AREA:	Arlington Economic Development
FAAC REVIEWERS:	Elizabeth Ertel, Tenley Peterson, Susan Robinson
DATE OF FAAC ACTION:	March 15, 2012

Arlington Economic Development Summary

AED has seen two major changes this year with the move of Cultural Affairs from Parks and Recreation to AED and the cancellation of the Travel and Tourism Promotion Fund.

Overall, AED saw a seven percent increase in expenditures, a thirteen percent decrease in revenues, and an increase in net tax support of twelve percent.

Cultural Affairs. One of the largest changes that affects AED’s FY2013 budget is the move of Cultural Affairs from Parks and Recreation to AED. This means that the Artisphere – and its associated budgetary challenges – are now the responsibility of AED. According to staff, the majority of FY2013 budget increases are related to this reorganization.

The move will have positive impacts in the long term. Efficiencies have already been realized as some jobs have been consolidated. Moreover, AED leadership has already closed some gaps affecting FY2012 actual.

AED leadership plans to take a business approach to Cultural Affairs, instituting performance measures and rewarding employees monetarily based on these metrics. They anticipate making the Artisphere more profitable by altering the programming to focus on events by Arlington grant-supported art groups and/or showcasing events that have broader appeal and that fill seats.

Convention and Visitor Services. AED’s convention and visitor services’ budget was seriously impacted by the State Assembly’s decision to not re-establish the additional Transient Occupancy Tax (TOT) add-on (.25%), effective January 1, 2012. From 1991-2011, this tax was the primary funding for convention and visitor services via the Travel and Tourism Promotion Fund, which was a Special Revenue Fund. Convention and visitor services will now be part of AED’s General Fund. The funds for these services have been severely diminished.

The cancellation of the additional TOT add-on has resulted in the monies for convention and visitor services dropping from \$1.3 million (FY 2011) to \$822,000 (FY 2012) to \$500,000 (FY2013).

FAAC is concerned that the convention and visitor services programs are underfunded compared to other local area communities, despite Arlington hosting significantly more tourists. This has been the case for many years. The additional recent decrease in funding will have significant,

negative impacts on services, and consequently, tourism and tourism tax dollars. AED figures indicate that, in Arlington, an investment in tourism results in a 4-6 fold tax benefit.

FTEs. AED is one of the few departments that is *decreasing* in size with regard to FTEs. In the 2013 County Manager's Proposed Budget, FTEs appear to be increasing but that increase reflects FTEs that were moved from the dissolved Travel and Tourism Promotion Fund into the general fund. Three FTEs were not moved and were actually lost when the special revenue fund was dissolved. However, the net tax support has increased substantially to offset the loss of Transient Occupancy Tax funding.

AED staff are particularly concerned about losing the BRAC Coordinator now that the grant for her position has run out. Many of the issues surrounding BRAC continue and the services provided by this position are still needed.

FAAC Recommendations

FAAC Recommendation #1			
The FAAC recommends that the County Board adopts the County Manager’s FY2013 proposed budget for Arlington Economic Development.			
Vote:	Yes: 10	No: 1	Abstain: 0
Comment:			

FAAC Recommendation #2			
The FAAC recommends that the County Board use one-time funds to support the BRAC Coordinator position for FY2013.			
Vote:	Yes: 9	No: 2	Abstain: 0
Comment:	The impact of this recommendation is \$148,137.		

Future Considerations

AED staff are currently considering transitioning Artisphere to a 501(c)3 nonprofit but suggested that this would not be possible for several years. We encourage them to continue assessing this opportunity.

FAAC would also like to see the County Manager and AED staff work together to ensure our convention and visitor center resources are appropriately competitive with surrounding communities and that we are taking advantage of returns on strategic investments in these services.

ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION REPORT TO THE
COUNTY BOARD – FY 2013 PROPOSED BUDGET

BUDGET AREA:	Compensation
FAAC REVIEWERS:	Susan Robinson, David Kinney, Bob Hynes, Heather Jones
DATE OF FAAC ACTION:	March 15, 2012

Compensation Summary

Throughout FY 2011 the Human Resource Department gathered information and met with regional colleagues to collect and share pay and benefit information. In August 2011 a Compensation Summit was held with the City of Alexandria, Fairfax County, and Prince William County.

On January 10, 2012 the County Manager presented a comprehensive review of County salary, health care benefits, and retirement to the County Board. The results from the Compensation Summit seem to indicate that County's pay structure is lower than its closest neighbors, but that Arlington's health care and comprehensive array of supplemental benefits is ahead of what is offered by the other localities.

The appropriate balance between salary and benefits that recruits and retains the best employees is an open question and continues to be an ongoing process. As part of this process, the County Manager is currently in the process of reviewing Arlington's guiding principles for retirement and compensation. This may be an ideal time to study the implications of further shifting employee retirement funding from defined-benefit toward defined-contribution should the County Board believe it prudent.

In the opinion of the FAAC the changes made in the County Manager's FY 2013 proposed budget are composed of standard increases and one-time compensation options rather than radical changes from the past budget. This reflects a good balance between both the County's need to keep compensation competitive with the rest of the region and the fact that the County Manager's compensation review is still underway.

FAAC Recommendations

FAAC Recommendation #1			
The FAAC recommends that the County Board adopts the County Manager's FY 2013 proposed budget for Compensation.			
Vote:	Yes: 11	No: 0	Abstain: 0
Comment:			

FAAC Recommendation #2			
The FAAC recommends that the County Board include a one-time lump sum payment of \$500.00 (net) to the approximately 700 employees who have "maxed out" at the top of their grade and step scale as recommended by the County Manager.			
Vote:	Yes: 4	No: 6	Abstain: 1
Comment:	The impact of this recommendation is \$500,000.		

FAAC Recommendation #3			
The FAAC recommends that the County Board include two additional holidays for employees in FY 2013 due to the timing of Christmas and New Year holiday as recommended by the County Manger.			
Vote:	Yes: 11	No: 0	Abstain: 0
Comment:	The impact of this recommendation is \$250,000.		

FAAC Recommendation #4			
The FAAC recommends that the County Board adopt a total compensation philosophy and direct the County Manager to develop policies and procedures to implement the philosophy.			
Vote:	Yes: 11	No: 0	Abstain: 0
Comment:			

**ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION REPORT TO
THE COUNTY BOARD – FY 2013 PROPOSED BUDGET**

BUDGET AREAS:	General Capital Projects Fund or Pay-As-You-Go (PAYG)
FAAC REVIEWERS:	Frank Emerson, Alan Howze, Michael McMenamin, Susan Robinson, Jason Widstrom
DATE OF FAAC ACTION:	March 15, 2012

General Capital Projects Fund or Pay-As-You-Go (PAYG)

The General Capital Projects Fund or Pay-As-You-Go (PAYG) Budget provides funding for capital improvements using current year ongoing revenue, one-time funding, state and federal grants and developer fees.

PAYG funding has historically been the primary source of funding for the County’s maintenance capital program – seeking to achieve a long stated goal to “maintain what we have.” Maintenance capital projects are designed to protect assets from premature failure and are focused on replacement and renewal of existing infrastructure. Maintenance capital activities differ from operating maintenance activities in cost, size, nature, and frequency of occurrence of the maintenance activity.

The General Capital Projects categories include Local Parks and Recreation, Transportation and Pedestrian Initiatives, Government Facilities, Information Technology Investments, Community Conservation and Regional Partnerships.

FAAC has also included an additional related capital funding recommendation for the Utilities Fund.

The FY 2013 budget reflects:

- The Manager has proposed a ½ cent increase in the property tax rate to provide additional funding for maintenance capital needs in parks and facilities.
- A comprehensive maintenance capital funding program will be rolled out in May with the County’s Capital Improvement Plan (CIP). This plan will likely contain a mix of operating, PAYG, and bond funding sufficient to reduce the maintenance capital backlog and “keep-up” with ongoing needs.

FAAC thanks Staff for their help in preparing this review.

FAAC RECOMMENDATIONS

SALT STORAGE FACILITY

The County’s Salt Storage facility was not designed for its current purpose, and is in need of replacement. Staff is in the process of evaluating options to determine the best location and configuration for the County’s salt storage needs. Discussions are also underway on alternative uses of the Salt Storage facility location, including the site’s potential as a firehouse location.

- 1. **FAAC Recommendation:** FAAC recommends that the County Board direct staff to study the replacement options for the Salt Storage facility.

Yes 10 No 1 Abstain

PAVING

FAAC notes that the County Board has in recent years provided increased funding for paving in an effort to accelerate the replacement cycle of pavement and move the County towards a goal of an average 15 year paving replacement cycle. The County maintains several different types of road surfaces and paving approaches including: slurry seal, hot mix, microsurfacing, complete street rebuild. FAAC understands that DES is working towards a multi-year paving approach that would gradually improve the condition of the county streets in line with the stated goals.

- 2. **FAAC Recommendation:** FAAC recommends the development of a multi-year paving funding plan in advance of the CIP that identifies the requirements for the various categories of paving in the County’s road network.

Yes 11 No 0 Abstain 0

- 3. **FAAC Recommendation:** FAAC supports the \$150,000 increase in paving funds in the FY2013 PAYG introduced budget. These funds will supplement the FY 2010 paving bond funding.

Yes 11 No 0 Abstain 0

OVERALL BUDGET RECOMMENDATIONS

- 4. **FAAC Recommendation:** FAAC recommends that the County Board provide funding for maintenance capital needs as identified in the CIP Working Group report.

Yes 10 No 0 Abstain 1

5. **FAAC Recommendation:** FAAC recommends that the County Board approve funding for PAYG as proposed in the County Manager’s introduced budget.

Yes 11 No 0 Abstain 0

CIP CONSIDERATION - STORMWATER

FAAC understands the County is updating the *Stormwater Master Plan*, which, once complete, will provide a clearer understanding of the cost and phasing of future stormwater management projects required to meet the pollution targets associated with the Municipal Separate Storm Sewer System (MS4) permit. The Total Maximum Daily Load (TMDL) requirements that will be inserted into the MS4 permit and the cost of subsequent investments could have a significant fiscal impact, especially if, as expected, the timeline for compliance is compressed. FAAC understands there is nutrient capacity available in the wastewater treatment plant that the County may be able to utilize as credit toward the TMDL should the General Assembly allow nutrient trading.

FAAC recognizes the nutrient reduction requirements under the Chesapeake Bay TMDL and potential strategies (e.g. stream restoration, street sweeping) are still in development at the state level; however jurisdictions have been working on local strategies to meet the targets outlined in the Virginia Watershed Implementation Plan over the past year. It is clear a significant effort will be required once the TMDL is finalized and it would be prudent to use best available information in developing the current CIP given the compressed timeline (60% reduction by 2017, 100% reduction by 2025).

6. **FAAC Recommendation:** FAAC recommends that as part of the CIP development, the County Board direct staff to provide estimated costs associated with meeting future MS4 permit requirements related to anticipated nutrient reductions associated with the Chesapeake Bay TMDL.

Yes 11 No 0 Abstain 0