

ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION

FY2014 PROPOSED BUDGET

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|----------------------|-----------------------------------------------------------------|
| BUDGET AREA: | Public Safety: Police, Fire, OEM and Sheriff |
| FAAC REVIEWERS: | Aimee Dawson, Michael McMenamin, Tenley Peterson, and Bob Hynes |
| DATE OF FAAC ACTION: | March 7, 2013 |

Police Department

Summary of Findings

The Police Department examined many options to reduce expenses without abandoning mission-focused operational services. Until now, the Police Department has been able to make reductions without significantly affecting critical programs. The summary of changes that follows illustrate cuts to operations that the department believes may have more significant impact on mission-focused efforts:

- Responding to calls for police service;
- Enforcement;
- Follow-up investigations.

| FAAC Recommendation #2 | | | |
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| <p>The FAAC recommends that the County Board approve the recommendations made in the County Manager’s budget for the Police Department.</p> <p>Key Considerations:</p> <p>Through discussions with the Police Chief, FAAC believes that the below merit consideration in future out-year budgets:</p> <ul style="list-style-type: none"> • FAAC recommends the Board consider funding for 10 over strengths on a regular budgetary basis, as needed, based on department metrics that indicate projected vacancies due to retirement and officers leaving. • FAAC recommends the Police Department monitor trends in neighborhoods that are increasing in density to determine impact on the budget and to provide as foundation for potential future funding for a Clarendon detail and other such coverage in developing social scene regions. • FAAC recommends the Police undergo an operational analysis, similar to the project conducted by the Fire department, to study opportunities and alternative models for departmental efficiency. | | | |
| Vote: | Yes: 11 | No: 0 | Abstain: 0 |

Fire Department

Summary of Findings

With regard to the Fire Department’s FY 2014 proposed budget, the County Manager has done well in responding to a challenging fiscal climate while also meeting the County Board’s goal of adequately funding services that protect the health and safety of our residents.

The FY 2014 proposed budget invests in Arlington’s workforce and identifies new revenue streams. It cuts three rover positions which will likely result in the department having more overtime expenses, though this is expected to be manageable.

The Fire Department’s chief is considering several strategic changes to the department which may have a positive impact on performance measures, such as changing our relationship with Falls Church, restructuring shift assignments during on and off-peak hours, and launching two pilot projects. These changes are expected to be possible in the proposed budget. The FAAC is interested to hear the results of these strategic changes and looks forward to updates.

As the Fire Department is a “customer” of the Office of Emergency Management, the FAAC would like to ensure that the proposed cuts to OEM’s budget do not have an adverse effect on Emergency Communications (ECC)’s service delivery which could then cause a negative impact on public safety.

| FAAC Recommendation #1 | | | |
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| The FAAC recommends that the County Board approve the recommendations in the County Manager’s budget for the Fire Department. | | | |
| Vote: | Yes: 11 | No: 0 | Abstain: 0 |
| Comment: | <ul style="list-style-type: none"> • The FAAC would like to ensure that removing the three rover positions will not have an adverse budgetary effect due to increased overtime expenses. • The FAAC would like to monitor the Fire Department’s performance measures to see if there is a measurable effect due to any cuts to OEM’s budget. • The FAAC is pleased with the staffing study done by the Fire Department to assess where staff is most needed. • The FAAC is pleased with the staffing-by-demand model that the Fire Department is piloting by moving a few off-peak staff to the on-peak shift when there is more need. This pilot is a result of the aforementioned staffing study. • The FAAC requests that the additional pilots the Fire Department is considering include a cost analysis. | | |

Future Considerations

The FAAC looks forward to updates on the short-term and long-term effects of the Fire Department chief’s strategic changes to improve performance measures during a tight budget cycle.

Office of Emergency Management

Summary of Findings

The FY 2014 proposed expenditure budget for the Office of Emergency Management (OEM) is \$10,505,165, a three percent increase from the FY 2013 adopted budget.

OEM continues to seek adequate staffing to cut down on overtime. They are always looking to fill positions as turnover is high because of long hours, pay and difficulty in finding candidates that can pass a polygraph. They are still actively seeking out returning veterans.

Through discussions with the OEM Director, FAAC believes that in order to attract quality applicants that in the out years a dispatcher retirement plan that more closely resembles that of uniformed public safety officers should be considered.

The elimination of an Emergency Communications Specialist (\$102,780, 1.0 FTE) serving in the ECC Training Unit will require that the workload be distributed to remaining training staff. Hiring and training time may be increased due to the increased workload on existing staff, which will be monitored over the next year.

FAAC Recommendation #4

The FAAC recommends that the County Board approve the recommendations made in the County Manager's budget for OEM.

Vote:

Yes: 10

No: 0

Abstain: 1

Sheriff's Office

Summary of Findings

The FY 2014 proposed expenditure budget for the Sheriff's Office is \$37,127,931, a four percent increase from the FY 2013 adopted budget.

The Sheriff wishes to maintain its current strength of sworn officers and civilian staff. The Sheriff will continue to need recruits to be sent to the 24 week academy, due to loss of deputies to other jurisdictions or retirement.

The correction facility will require continual maintenance, as the building was built in the 1990's. Today, it is in the process of replacing its elevator system. In addition, a new built-in freezer will be needed at the facility.

The Sheriff has efficiently managed her department through the unfavorable use of lock-downs at the detention facility and use of overtime to sustain performance. Thus, the increase to the Sheriff's budget is warranted in order to control the frequency of lock downs and scale back use of overtime, as the 2013 and 2014 budgets are favorable steps towards achieving those goals.

FAAC Recommendation #3

The FAAC recommends that the County Board approve the recommendations made in the County Manager's budget for the Sheriff's Office.

Vote:

Yes: 8

No: 2

Abstain: 1

ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION
REPORT TO THE COUNTY BOARD

FY2014 PROPOSED BUDGET

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|----------------------|-----------------------------------------------|
| BUDGET AREA: | PAYG / Capital |
| FAAC REVIEWERS: | Alan Howze, William Gillen, Michael McMenamin |
| DATE OF FAAC ACTION: | March 7, 2013 |

Summary of Findings

The Manager's budget proposes lower levels of PAYG funding that was approved by the Board in the Capital Improvement Program (CIP) that was adopted last year. This is a recognition of the tight fiscal environment, and a result of more projects being bundled and paid for with bond funds. The overall PAYG funding levels are \$2.3M lower in FY14 than FY13 (pg 320 of printed budget book) due primarily to less one-time funding; the lower amount of ongoing funding is sustained at the higher level approved by the County Board in FY 2013 with an increase in the real property tax rate.

The proposed budget continues with the funding approach proposed by the CIP working group. The increased use of bond funding for bundled projects has reduced the burden on PAYG funding to provide for maintenance capital needs.

The FY14 budget contains new Operations obligations resulting from Arlington Mill operations (\$2.7M) and Connect Arlington (\$0.3M). The budget also contains higher general fund Metro obligations of \$2.7M – with about a third of this increase resulting from service on the new Silver Line, and additional costs resulting from the recalculation of regional ridership formulas based upon the census and ridership surveys.

This year for the first time, the Manager has proposed \$6.634M in PAYG funding to be used in conjunction with school construction projects to provide community enhancements.

FAAC Recommendation #1

The FAAC recommends that the County Board approve the level of Transportation PAYG funding proposed by Manager.

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| Vote: | Yes: 11 | No: 0 | Abstain: 0 |
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| Comment: | <p>The FAAC supports the current funding in PAYG for Transportation.</p> <p>The proposed budget contains about 50% of the Transportation PAYG funding that was included in the 2012 adopted CIP.</p> <p>Progress has also been made in identifying the condition of the County maintained roads and in developing a long-term funding strategy to improve the condition of Arlington roads. Most of the paving funding will come from bonds, and the remaining amount will be paid for with PAYG funds. The FAAC also commends staff for looking at cost effective options for maintaining current infrastructure, while reducing costs, such as Slurry Sealing and Microsurfacing.</p> |
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FAAC Recommendation #2

The FAAC recommends that the County Board approve the level of Facilities PAYG funding proposed in the County Manager’s budget.

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| Vote: | Yes: 10 | No: 0 | Abstain: 0 |
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| Comment: | <p>Funding includes project elements that can’t be paid for with bond funding and the accelerated upgrade of the Equipment Bureau due to health / safety issues and fleet Compressed Natural Gas conversion needs.</p> |
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FAAC Recommendation #3

The FAAC recommends that the County Board consider paying for the Woodstock Park using bond funds.

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| Vote: | Yes: 6 | No: 5 | Abstain: 0 |
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| Comment: | <p>Woodstock Park modernization is \$755k and proposed for PAYG funding. Several FAAC members expressed a preference for paying for Park overhauls using bond funding, particularly in a year of tightly constrained budgets. Other FAAC members commented that the current condition of the Park did not appear to warrant the need for an immediate makeover. One of the “no” votes did not support providing any funding for the park overhaul.</p> |
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| FAAC Recommendation #4 | | | |
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| The FAAC recommends that the County Board request that the County Manager undertake an asset inventory of the County's Transportation Assets. | | | |
| Vote: | Yes: 11 | No: 0 | Abstain: 0 |
| Comment: | The asset inventories conducted in Parks and Facilities provided valuable insight to the County Board and the Community. A similar study of Transportation Assets would seem likely to provide the opportunity for similar insights and planning for the County's Transportation funding needs. | | |

| FAAC Recommendation #5 | | | |
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| The FAAC supports the County Manager's recommendation to establish dedicated funding for County-Schools improvements. | | | |
| Vote: | Yes: 11 | No: 0 | Abstain: 0 |
| Comment: | This year for the first time, the Manager has proposed \$6.634M in PAYG funding to be used in conjunction with school construction projects to provide community enhancements. These funds will allow for a broader community use of schools facilities and help to ensure that Arlington facilities (County or School) are maximized as community assets. | | |

| FAAC Recommendation #6 | | | |
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| The FAAC reaffirms the importance of continuing to fund the maintenance needs of the County's assets, even during times of tight budgets, in order to preserve our assets and to reduce future financial obligations that accrue from deferred maintenance. | | | |
| Vote: | Yes: 11 | No: 0 | Abstain: 0 |
| Comment: | In the areas of Paving, Facilities and Parks, the County is working through a backlog of maintenance needs that arose from the accumulation of deferred maintenance. By continuing funding at levels to allow the County to "keep-up" and over time to "catch-up" future maintenance obligations will be reduced and the quality of Arlington's assets will also increase. | | |

ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION
REPORT TO THE COUNTY BOARD

FY 2014 PROPOSED BUDGET

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|----------------------|-------------------------------------------------|
| BUDGET AREA: | Department of Parks and Recreation |
| FAAC REVIEWERS: | William Gillen, Dante Lorenzana, Susan Robinson |
| DATE OF FAAC ACTION: | March 11, 2013 |

FAAC Opinion

The FAAC recognizes the difficult choices that the Department of Parks and Recreation (DPR) had to make for FY 2014. Despite the fact that the proposed FY 2014 budget for DPR is an increase of six percent over the FY 2013 adopted budget, the department's expenses have also increased with the opening of two new facilities, the Arlington Mill Community Center and Long Bridge Park. Thus, DPR was faced with both taking cuts to programs and to increasing fees to meet its budget target.

Like other County departments in an environment characterized by reduced resources and expanding/increasing demands for service, the reductions taken will have long-term effects on the achievement of DPR departmental goals. The cuts were largely made to programs that were not fully subscribed or where there were existing vacancies. The proposed budget attempts to minimize the number of affected individuals and, where possible, to offer a comparable alternative services. In other budget years, those resources may have been reallocated to other areas where demand is high. FAAC commends DPR staff for their use of volunteers and, where possible, the use of a "club" model to help manage some activities.

The FAAC continues to be concerned about the pressure on recreational programming for two fast growing demographics in the County, school-aged children and older adults. While we recognize that this is both a facility capacity constraint and an operational/budgetary issue, we urge and support DPR and countywide efforts to address these needs. Specifically, we support a broader conversation about the use of facilities, especially joint use potential with the schools. The FAAC suggests that the county undertake an analysis of current and projected demand for recreation programs, including the availability of fields and facilities and develop a DPR plan for fiscal, programmatic and operational sustainability. The rapid growth of school age (and younger) children places increasing demands on Arlington fields and recreational programs, a demand analysis would provide additional clarity on future community needs.

As is often the case when personnel reductions are necessary, the FAAC is concerned with the impact that the reductions will have on remaining staff as well as on DPR services. The FAAC hopes that County staff will closely monitor any negative impacts that vacancies have on the overall mission of the department and will quickly address any issues.

One additional area of concern for the FAAC, also raised last year, is the continued decline in the County's number of trees. Within DPR, the County loses approximately fifty trees per year. Annual tree removal is roughly 650 per year, yet the current budget only allows for the replacement of 600 trees. DPR estimates that the total cost for fifty additional trees, including maintenance, to bring tree

replacement to a 1:1 ratio, would be \$26,550. In a County where green space is highly valued and the overall tree canopy is monitored, this may be an area where a modest investment could produce significant benefit.

| FAAC Recommendation #1 | | | |
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| The FAAC recommends that the County Board adopt the County Manager’s proposed budget for the Department of Parks and Recreation | | | |
| Vote: | Yes: 11 | No: 0 | Abstain: 0 |
| Comment: | <ul style="list-style-type: none"> • The FAAC urges staff to monitor demand for youth and older adult programs and to continue to investigate creative means to meet those needs. This includes the countywide conversation about facilities suggested by the County Manager. • The FAAC urges DPR to monitor the impact of the current tree replacement level and consider ways to move the ratio to 1:1. | | |

Future Considerations

Looking forward, the Department of Parks and Recreation, like the CCounty, will need to continue to contain costs and be more efficient with each dollar spent. The FAAC supports DPR’s use of volunteers, the adoption of a “club” model for appropriate activities, and the creativity in smart spending. However, the overall costs for DPR are closely tied to the number of facilities that they operate. Thus, asking staff to do more with less may address short-term budgetary goals, but a comprehensive long-term solution must address, at a minimum, the sheer number of facilities.

Finally, as the FAAC has suggested previously, better metrics that more closely align with priorities will help support future budgetary decisions.

ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION
REPORT TO THE COUNTY BOARD

FY 2014 PROPOSED BUDGET

| | |
|----------------------|--------------------------------------------|
| BUDGET AREA: | Department of Environmental Services (DES) |
| FAAC REVIEWERS: | Jason Widstrom, Michael Shea |
| DATE OF FAAC ACTION: | 11 March 2013 |

Summary of Findings

FAAC recognizes the diverse nature of DES programs and the increased demands and heightened expectations of the department as the number of County facilities expand (e.g. Arlington Mill, Long Bridge), new energy use goals are adopted, and stormwater regulations become more stringent. At the same time DES is dealing with contractual and personnel increases (e.g. steps, reclassification, health care). FAAC also commends DES for achieving gains in public transit ridership and Capital BikeShare. DES has also expanded the number of performance measures used to support its budget request. FAAC encourages DES to persist in that measurement effort and refine indicators to best gauge program success.

| FAAC Recommendation #1 | | | |
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| The FAAC recommends that the County Board monitor closely the impact of eliminating positions in Capital Assets Support to ensure in coming years that DES capacity is adequate to meet increased demand for changing standards and increased need for new standards. | | | |
| Vote: | Yes: 7 | No: 1 | Abstain: 2 |
| Comment: | The Design Standards Program is being suspended under the proposed FY 2014 budget, straining the ability of DES to develop new, innovative standards for facilities. | | |

| FAAC Recommendation #2 | | | |
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| The FAAC recommends that DES continue its efforts to decrease permit processing time with the proposed addition of two FTEs to the Permitting and Customer Service division on a full-time basis. | | | |
| Vote: | Yes: 9 | No: 1 | Abstain: 0 |
| Comment: | The increased fees from expanding capacity will more than pay for the additional FTEs. The positions were added in FY 2013 and now have permanent status. | | |

| FAAC Recommendation #3 | | | |
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| The FAAC recommends that the County Board increase the permit fees for private development, as proposed in the County Manager's budget. | | | |
| Vote: | Yes: 10 | No: 0 | Abstain: 0 |
| Comment: | The proposed increased fees will move toward a goal of reaching up to 100 percent cost recovery for the permitting process. | | |

| FAAC Recommendation #4 | | | |
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| The FAAC recommends that the County Board approve funding for DES as proposed in the County Manager's budget. | | | |
| Vote: | Yes: 10 | No: 0 | Abstain: 0 |
| Comment: | | | |

Future Considerations

Arlington Transit's rapid success (projected to nearly double 2009's ridership in 2014 with 2.8M riders) has been a bright spot due to lower platform-hour costs than those of Metrobus. As the program continues to quickly grow – the County is currently looking to upgrade and expand of the local bus fleet and construct fueling and maintenance facilities. FAAC would like investments to be done as part of a thoughtful, strategic, and transparent planning process. FAAC would also like to meet with DES staff after the FY 2014 budget is adopted to learn more about current and planned investments.

DES continues to realize efficiencies in operations through the use of new technology. A Geographical Information System (GIS) is one such technology that has proven to aid staff in day-to-day efforts. A thorough review of GIS (mapping program) data development in DES would be timely to ensure that budget support for GIS in coming years enables the County to fully benefit from GIS applications and strikes an optimal balance between DES services and an open data approach. To utilize the equipment further there is a present need for a GIS Programmer to design tailor-made applications for mobile use with DES specific tasks. The use of mobile devices in the workplace is growing and should be embraced because they have significant cost savings associated with them.

The proposed budget eliminates the Green Home Choice Program (\$73,125); a program that is very much in line with the County's vision and goals for the environment. DES staff should seek grant funding for the program because a decentralized approach to minimizing the impacts of development is proven to be a cost effective model that will save the County funds in the long term.

ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION
REPORT TO THE COUNTY BOARD

FY 2014 PROPOSED BUDGET

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|----------------------|--------------------------------------------|
| BUDGET AREA: | Arlington Economic Development |
| FAAC REVIEWERS: | David Kinney, Dante Lorenzana, Doug Drewry |
| DATE OF FAAC ACTION: | March 21, 2013 |

Summary of Findings

The proposed budget for Arlington Economic Development for FY 2014 is \$9.9mm, a 2% increase from the FY 2013 adopted budget. The proposed total of temporary employees remains the same, but there is a proposed one-FTE decrease. This FTE is a BRAC coordinator that funded with one-time money in FY 2013. Overall, personnel costs went up 3%, due mostly to increases in employee compensation.

AED has a fairly stable budget year amidst the upheavals of last year and possible changes coming in future years. AED once again reports impressive metrics around additional leased space and new jobs due to AED's efforts. However, AED does recognize the increased competition in the area, especially due to Tyson's Corner and its new metro line.

Artisphere will be supported with \$900k on one-time funding and \$900k in ongoing funding for a total of \$1.8m in FY 2014. The \$1.8m represents an increase of \$214k over the FY 2013 adopted budget, but the one-time nature of half the funding could also signify a reluctance to commit to Artisphere going forward. The funding of the Artisphere is an important issue to watch in future years.

| FAAC Recommendation #1 | | | |
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| The FAAC recommends that the County Board only use one-time funding, in the amount of \$1.8 million dollars, to fund the Artisphere in FY14. | | | |
| Vote: | Yes: 3 | No: 5 | Abstain: 2 |
| Comment: | | | |

FAAC Recommendation #2

The FAAC recommends that the County Board use one-time funds to support the BRAC Coordinator position for FY 2014.

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| Vote: | Yes: 0 | No: 8 | Abstain: 2 |
| Comment: | <ul style="list-style-type: none"> • Impact: \$148,137; 1.0 FTE • This position according to AED is a “critical position that assists the County in understanding the context of the federal workforce” and AED believes that the “relationships that have been developed and nurtured over the past several years are irreplaceable.” • This is the second year in a row that AED has not protected the BRAC Coordinator position by cutting in other areas before the publication of the Manager’s Budget. | | |

FAAC Recommendation #3

The FAAC recommends that the County Board adopts the County Manager’s FY 2014 proposed budget for Arlington Economic Development.

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| Vote: | Yes: 5 | No: 4 | Abstain: 1 |
| Comment: | | | |

Future considerations

1. How the Artisphere performs both as an additive cultural attraction and more basically in monetary terms will be assessed throughout FY 2014 and significant changes could be coming in both its mission and funding levels.
2. Due to the recent gubernatorial decision the County will once again not be allowed to levy an additional \$0.25 surcharge on hotel rooms to fund Arlington’s convention and visitor services. The impact of this ongoing issue should be monitored.
3. The continuation of tenants moving away from Arlington office space due to BRAC along with the Silver Line bringing Metro accessibility to Tyson’s Corner will both affect Arlington’s office market. How, and to what degree, should be continually assessed moving forward.
4. It is only the second year that Cultural Affairs has been moved under the AED umbrella. This move seems to be working based on initial reactions, but continued monitoring this section’s coexistence within AED is warranted.

ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION
REPORT TO THE COUNTY BOARD

FY 2014 PROPOSED BUDGET

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|----------------------|--------------------------------|
| BUDGET AREA: | Compensation |
| FAAC REVIEWERS: | Jason Widstrom, Douglas Drewry |
| DATE OF FAAC ACTION: | 11 March 2013 |

Summary of Findings

FAAC recognizes the importance of adequately compensating County staff, even in the face of tough economic conditions where the County Manager is proposing reorganizing and trimming FTEs. The County Manager's proposed FY 2014 budget provides, on average, a 3.2% increase in salaries across the County that will be realized with either a merit or step increase. The County continues the 4-year Compensation Maintenance Program that is scheduled to be 50% completed by June 30, 2013. The County Manager's decision to fund benefit programs and provide increases in compensation are in alignment with the County's Total Compensation Philosophy.

Due to fluctuations in pension investments, the County will take on additional pension costs with no adjustments to employee contributions. Health care costs for employees are to increase, on average, 3%. FAAC recognizes employees are will be sacrificing a typical holiday (Columbus Day), which will save an estimated \$125,000 in overtime.

| FAAC Recommendation #1 | | | |
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| The FAAC recommends that the County Board fund half of the proposed step increase through identification of additional spending reductions in the County Manager's FY 2014 proposed budget. | | | |
| Vote: | Yes: 4 | No: 6 | Abstain: |
| Comment: | | | |

| FAAC Recommendation #2 | | | |
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| The FAAC recommends that the County Board adopts the County Manager's FY 2014 proposed budget for Compensation. | | | |
| Vote: | Yes: 6 | No: 4 | Abstain: |
| Comment: | | | |

| FAAC Recommendation #3 | | | |
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| The FAAC recommends additional analysis of the pay-for-performance system and step allocations across experience levels for retention rates. | | | |
| Vote: | Yes: 10 | No: 0 | Abstain: |
| Comment: | <ul style="list-style-type: none"> Pay-for-performance is thought to assist in motivating employees by rewarding them for providing a high level of service and results in retention. | | |

Future Considerations

Although health care costs have slowed in recent years, health care increases continue to be a budget driver with increases exceeding the rate of inflation. The County should continue to seek alternatives to provide quality, yet cost efficient health care. This could include putting out new RFPs for providers and/or adding consumer-driven health care.

While the County's defined benefit pension fund is currently fully funded, the County's investments remain volatile and increases in salaries (like the proposed budget and the adjustments being made by the Compensation Maintenance Program) will deepen the County's liabilities and likely increase the County's contribution rate. FAAC would like to see that percentage compared with Alexandria, Fairfax and Prince William as there may be room to increase from 4% to 5% and remain competitive in the market.

The current compensation system consisting of "steps" rewards new, or relatively new, employees more than seasoned employees through higher increases in wages. Employees completing their first or second year on the job receive a step of 4.1% and that increase decreases over time to just 2.3% for employees of 10 years or more. It would seem the funding for steps should be reallocated to reward loyalty and expertise more than fresh faces.

Currently around 20% of the Arlington government employees are on a pay-for-performance compensation system. That number has risen over the last few years due to word of mouth and employee demand. While pay-for-performance can be used to motivate employees manager buy-in is critical for the system to work. Not only must the manager be open to the new system, but he or she must also utilize the system properly by allocating the rewards appropriately. Going forward, Human Resources should be proactive in promoting this system to managers through ongoing training programs.

ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION
REPORT TO THE COUNTY BOARD

FY 2014 PROPOSED BUDGET

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|----------------------|----------------------------------------|
| BUDGET AREA: | Department of Human Services |
| FAAC REVIEWERS: | Aimee Dawson, Alan Howze, Michael Shea |
| DATE OF FAAC ACTION: | Thursday, March 21, 2013 |

Summary of Findings

The proposed DHS budget is \$119.0M, a 2% decrease from FY 2013 (\$2.3M).

The lower funding number also reflects the shift of \$2.969M out of the DHS budget, which will now be administered by the State of Virginia for child-care subsidy funding. The subsidy remains, but will be no longer pass-through the DHS budget.

Based upon DHS data, service demands appear to have stabilized after rapidly increasing in the FY 2008-10 timeframe. However, there is still a significant level of demand for safety net services in the County, which has not abated.

In a number of cases, the proposed reductions in the County Manager’s budget reflect shifts in demand that have lowered the needs for certain services. In some areas where demand growth has occurred, resources are being shifted into higher need areas. FAAC applauds DHS for being able to make targeted reductions based upon their best available data, in ways that are designed to minimize the impact to the community.

Economic Independence

| FAAC Recommendation #1 | | | |
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| The FAAC supports the County Managers proposed reduction of funding for the Bonder and Amanda Johnson contract and Nauck office (\$79,253). | | | |
| Vote: | Yes: 9 | No: 0 | Abstain: 1 |
| Comment: | The office provides counseling, food and clothing assistance to the Nauck community. It was unclear what demonstrated unique caseload and outcomes the contract provides – and why those services could not be provided for via other existing means. | | |

Public Health

FAAC Recommendation #2

1. The FAAC supports the County Managers proposed reduction of funding for Public Health Nurse (\$103,651, 1.0 FTE) providing health education to teens attending schools at Reed Center / Career Center who are pregnant and/or have children.

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| Vote: | Yes: 9 | No: 0 | Abstain: 1 |
| Comment: | IMPACT: Enrollment for this program has decreased 38% from 74 in FY 2008 to 46 in FY 2012 over the past five years. Participants will receive health education at Arlington Public School sites. | | |

FAAC Recommendation #3

The FAAC supports the County Managers proposed reduction of funding for one Public Health Nurse (\$108,067, 1.0 FTE) and one Clinic Aide (\$63,052, 1.0 FTE) who provide on-site health screening and immunization program for non-English speaking children through Ready Families, Arlington Public School's centralized intake program.

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| Vote: | Yes: 10 | No: 0 | Abstain: 0 |
| Comment: | IMPACT: The school intake program has moved to the Sequoia Plaza space adjacent to DHS community health clinics where children/families can receive the same services, so the reduction eliminates duplicate services. | | |

FAAC Recommendation #4

The FAAC supports the County Managers proposed reduction of funding for two Public Health Nurses (\$193,282, 2.0 FTEs) serving students enrolled in Arlington Public elementary schools.

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| Vote: | Yes: 9 | No: 1 | Abstain: 0 |
| Comment: | <ul style="list-style-type: none"> • The nurse to school ratio will change from 1:2 to 1:3 in 6 elementary schools and stay at 1:2 in 15 elementary schools. Carlin Springs Elementary School will continue to have a dedicated full time nurse. • The ratio will also remain unchanged in the middle schools (1:2) and the high schools (1:1). • All school health clinics will continue to have one clinic aide who handles routine care. • In FY 2014, the County Manager's proposed budget includes 16 nurses and 33 clinic aides to cover school health services. | | |

Behavioral Healthcare

| FAAC Recommendation #5 | | | |
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| The FAAC supports the County Managers proposed reduction of funding to restore proposed reductions for employment and education services for seriously mentally ill adults (\$50,000). | | | |
| Vote: | Yes: 2 | No: 8 | Abstain: 0 |
| Comment: | This is a program that has provided improved outcomes and is likely to reduce future costs by providing services. Program was expanded by \$100,000 in FY 2012 to add employment services for substance abuse clients and young people with mental illness. Reduction of contracted services will result in approximately 48 fewer clients served (194 rather than 242) and waiting lists for services may increase. | | |

Child and Family Services

| FAAC Recommendation #6 | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|------------|
| The FAAC supports the County Managers proposed reduction of funding to provide staff to regulate daycare centers, family daycare homes – at a cost of \$249,798. | | | |
| Vote: | Yes: 2 | No: 7 | Abstain: 1 |
| Comment: | Restoration of funding will allow for enforcement of Arlington regulations designed to protect the health and well being of our children. The proposed elimination of funding would reduce oversight of Arlington child care facilities. Several FAAC members suggested that prior to elimination of the regulations, that additional analysis was needed to determine the efficacy of the existing regulations. Several FAAC members also suggested that the County could look at a fee model to recoup some or all of the cost of the regulations. | | |

General Recommendations

| FAAC Recommendation #7 | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|------------|
| The FAAC commends the Department of Human Services for their continued leadership in the use of performance measures to improve outcomes for residents and provide good stewardship of limited resources. | | | |
| Vote: | Yes: 10 | No: 0 | Abstain: 0 |
| Comment: | DHS continues to utilize its performance measurement program to identify ways to improve outcomes while also reducing costs by improving program efficiency. | | |

FAAC Recommendation #8

Excluding recommendations 5&6 – which added additional funding - the FAAC supports the County Manager’s proposed DHS budget.

| | | | |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------|-------|------------|
| Vote: | Yes: 10 | No: 0 | Abstain: 0 |
| Comment: | FAAC members support the introduced DHS budget. Beyond the base budget, FAAC recommendations 5 & 6 recommend additional funding in two areas. | | |

ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION
REPORT TO THE COUNTY BOARD

FY 2014 PROPOSED BUDGET

| | |
|----------------------|-------------------------------------------------------------|
| BUDGET AREA: | Housing |
| FAAC REVIEWERS: | Alan Howze, Tenley Peterson, Michael Shea, and David Kinney |
| DATE OF FAAC ACTION: | March 21, 2013 |

Summary of Findings

Housing has long been a budget priority and this proposed FY 2014 budget continues that trend with around 4.9% of the General Fund (excluding the Schools transfer) going towards Housing. That number does not include money from separate funds or additional sources outside of the county, which in combination with the tax dollar support come to a total of \$51.7 million for FY 2014.

| FAAC Recommendation #1 | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------|
| The FAAC recommends that the County Board encourage staff to monitor the outcomes of housing grant recipients after they leave the housing grant program. | | | |
| Vote: | Yes: 9 | No: 1 | Abstain: 0 |
| Comment: | <ul style="list-style-type: none"> FAAC is interested to know if former grantees are ultimately leaving Arlington or whether they are improving their incomes and therefore no longer qualify for grants. | | |

| FAAC Recommendation #2 | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------|
| The FAAC recommends that the County Board use ongoing funds to fulfill the County's FY 2014 commitment to Permanent Supportive Housing Units. | | | |
| Vote: | Yes: 8 | No: 2 | Abstain: 0 |
| Comment: | <ul style="list-style-type: none"> Impact: \$388,850 Arlington County has committed to supporting 22 newly developed supportive housing units in FY 2014 as part of its commitment to develop affordable housing with AHIF and tax credit funds. Developers rely on rental assistance to secure tax credit points for supportive housing and their projects will be impacted should previously committed funds not be available. | | |

FAAC Recommendation #3

The FAAC recommends that the County Board ensure that the new work requirement for Housing Grant Program recipients recognize that full-time caregivers satisfy the work requirement.

| | | | |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------|
| Vote: | Yes: 10 | No: 0 | Abstain: 0 |
| Comment: | <ul style="list-style-type: none"> • The new administrative requirements attempt to slow the growth of housing grant entitlements. • FAAC would like to ensure that attempts to control entitlement growth do not prevent DHS from meeting the County Board’s goal of providing rental assistance to 100% of eligible households requesting assistance. • A full time caregiver who is required to work to be eligible for the benefit may see net income decrease if daycare costs are higher than wages paid. | | |

FAAC Recommendation #4

The FAAC recommends that the County Board adopt the County Manager’s FY 2014 proposed budget for Housing with the inclusion of FAAC Recommendation #2.

| | | | |
|--------------|---------------|--------------|-------------------|
| Vote: | Yes: 8 | No: 2 | Abstain: 0 |
| Comment: | | | |

Future considerations

1. The settlement between the State of Virginia and the Justice department could result in additional future costs to Arlington for the housing and care of disabled individuals.
2. The creation of a year-round homeless shelter will provide significant improvement in the care available for the homeless, and in efforts to move the homeless into permanent housing. There will also be costs associated with the operations and staffing required for the shelter.
3. Future funding will need to be identified to meet the aggressive affordable housing goals adopted by the County Board.
4. As additional Permanent Supportive Housing units are brought online, additional funding will be needed. Cost projections should be developed that align the Permanent Supportive Housing rental subsidy costs with the number of units coming online over the next five years, and build those into the base budget projections since they will remain ongoing costs.
5. Future federal housing dollars are likely to continue to shrink, and decisions will need to be made by the County Board whether to fund existing programs out of local dollars or to redirect the funding into other programs.

ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION
REPORT TO THE COUNTY BOARD

FY2014 PROPOSED BUDGET

| | |
|----------------------|-----------------------------------------|
| BUDGET AREA: | Final Reconciliation |
| FAAC REVIEWERS: | Total FAAC Membership/David Kinney Lead |
| DATE OF FAAC ACTION: | April 4, 2013 |

Summary of Findings

The FAAC recommendations throughout the budget sessions have slightly raised expenditures above the County Manager’s budget by \$688,639 for FY14. The two major increases that account for this disparity are providing ongoing funds to support Permanent Supportive Housing Units (\$388,850) and the money needed to maintain daycare centers at current standards (\$249,789) which the County Board has already publically said would be funded. In addition to this increase, FAAC recommended that the improvements to Woodstock Park (\$755,000) be funded through bonds rather than Pay-Go funds.

| FAAC Recommendation #1 | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------|
| The FAAC recommends that the County Board use the State Aid to Localities funds that the Commonwealth will restore to the localities to cover the difference between the FAAC recommendations and the County Manager’s budget. | | | |
| Vote: | Yes: 10 | No: 0 | Abstain: 0 |
| Comment: | <ul style="list-style-type: none"> Funds are approximately \$1.1 Million. Difference between FAAC recommendations and the County Manager’s budget is \$688,639. | | |

| FAAC Recommendation #2 | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------|
| The FAAC recommends that the County Board keep the Pay-Go funds that would be available if the Woodstock Park improvements were bond funded in the Pay-Go fund and use those funds for the next eligible project. | | | |
| Vote: | Yes: 9 | No: 1 | Abstain: 0 |
| Comment: | <ul style="list-style-type: none"> Impact: There would be no overall impact on the budget. The funds kept in Pay-Go would be used for other projects. | | |

| FAAC Recommendation #3 | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------|
| The FAAC recommends that the County Board use the \$6.4 million in one-time funds from the mid-year review to lower the proposed tax rate increase. | | | |
| Vote: | Yes: 9 | No: 3 | Abstain: 0 |
| Comment: | Utilizing the mid-year funds to finance appropriate items in the FY14 budget reduces the tax rate increase needed to fund County operations. | | |