

# **County Manager's FY 2016 Proposed Budget Overview**

# FY 2016 Budget Planning to Proposed

## November 2014

- Gap (County / Schools)
  - County gap: \$4 million
  - School gap: \$24 million
- Real estate tax base projected to increase 3.0%
  - Residential assessments projected up 6% - 8%
  - Commercial assessments projected to be flat to declining
- Total taxes projected to increase 3.1%

## January 2015

- Real estate tax base increased 3.4%
  - Average single-family homeowner up 4.9%
  - Commercial assessments up 1.3%
    - Apartments: Up 4.7%
    - Office: Down 4.5%
    - Hotels: Down 4.7%
  - New Construction added over 0.7% to the total tax base increase
- Total taxes increase 3.104%

# FY 2016 County Board Guidance

- **Maintain Our Commitments to Fund Services For:**
  - Health & Safety of the Community
  - Long Term Financial Sustainability
  - Providing a Safety Net For Those in Need
  - Affordable Housing
  - Public Schools
  
- **Tax Rate & Growth**
  - Present a balanced budget that assumed no increase in tax rates
  - No new program expansion beyond those previously approved by the Board
  - If revenue growth beyond estimates at Budget Planning (3.1%) then the Manager should provide options to the County Board
    - Reduction in tax rates
    - Applying funds to meet demands of student enrollment growth, new facilities, affordable housing, or other areas justified by the Board
    - Combination of the prior two options
  
- **Budget Reductions**
  - Present options for service and budget reductions by the County (excluding Schools) equivalent to one percent of the County's operating departments (\$4 million)
  
- **Schools**
  - Provide the Schools with a share of local tax revenue equal to the FY 2015 adopted budget level
  - A minimum of \$13.1 million in additional funding will be available above the FY 2015 level
  - Schools final percent allocation will be determined through budget deliberations

# Balanced County Budget

- In the November we projected a County gap of \$4 million
- Our tax revenue estimates were right on target at 3.1% growth
- Healthcare and retirement costs came in lower than originally estimated, enabling us to close the gap and address some structural budget issues
- APS is projecting a budget gap of \$13.6M

# General Fund Budget Overview

- Proposed Budget Keeps Base Real Estate Tax Rate at \$0.996/\$100 (includes Stormwater)
- Proposed Total General Fund budget of \$1.16 billion (0.7% increase over FY 2015)
- County Operating Budget (excluding Schools) totals \$710.9 million
- Schools
  - Ongoing funding increases \$13.2 million (3.1%)
  - Local tax revenue sharing remains at FY 2015 level of 45.9% Schools / 54.1% County
  - Superintendent proposes his budget tonight (February 19<sup>th</sup>)

- Maintaining Focus on Board Priority Areas
- Targeted Investments in Areas Funded with One-Time Monies
- Investments in Our Commercial Tax Base to Keep Arlington Competitive
- Commitment to Employees

# Manager's Budget Includes..

- **Employees**
  - Employee Step/Pay for Performance
  - Healthcare & OPEB costs
  - Live Where You Work Program
  
- **Housing & Housing Services**
  - Funds full year of Year Round Homeless Shelter
  - Continued investment in AHIF
  - Housing Grants
    - Additional \$1.0 million in ongoing funds
    - \$1.5 million in one-time funding set-aside at close-out of FY 2014 to replace the one-time funding in the FY 2015 adopted budget
  - Rapid Re-housing (HPRP) (\$200k in ongoing funding included)
  
- **Public Safety**
  - Funds set-aside for enhancements to Sheriff staffing, SAFER grant requirements, and court program expansion
  
- **Schools**
  - Ongoing funding \$445.5 million, up \$13.2 million or 3.1%

## Additional One-time Funds Included (\$16.4 million)

- The majority of one-time funds are from prior year savings, discussed during FY 2014 closeout
- County Manager Recommendations for Board
  - Affordable Housing Investment Fund (AHIF): \$8.2 million
    - Funding level just below FY 2015 (due to lower Recordation tax dedicated to AHIF)
  - Housing Grants: \$1.5 million
  - Capital Investments: \$1.7 million
  - Economic & Revenue Stabilization Fund: \$3.0 million
  - Artisphere Contingent: \$1.3 million
  - Miscellaneous One-time Investments: \$0.7 million



# Budget Reduction Options

- \$4.1 million in Option Provided Outside the Base Budget
- Efficiencies and Realignment (\$1.4 million)
  - Converting Metrobus service to ART service
  - Consolidate elementary after-school program with Arlington Public Schools
  - Fleet reductions & utility savings
- Service Delivery Reductions (\$2.4 million)
  - Close Artisphere and reinvest a portion back into Cultural Affairs
  - Bike / pedestrian program
  - Employment services
  - Community energy program
  - Planning resources
- State Aid Reductions (\$0.4 million)
  - Reductions to court & constitution agencies for state cut reductions

# Tax & Fee Advertisements

- February 21 (Saturday County Board meeting) the County Board will determine the tax & fee levels to advertise
- Real estate tax rate advertisement sets the highest rate the County Board can adopt
- Business Improvement District (BID) tax rates
- No changes to other taxes proposed (personal property, BPOL, Stormwater)
- Fee Changes Proposed
  - Household Solid Waste Rate – no change
  - Water/Sewer Rate – Proposed increase of 1.8% (increase of \$16/year on average)
  - Parks & Recreation fee adjustments



# Tax & Fee Burden on Average Household

## Summary of Residential Taxes and Fees

Average Homeowner Impact	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015 (FY 2016)
					Current tax rate
Average Assmt	510,200	519,400	524,700	552,700	\$579,800
Tax Rate (Inc. Sanitary Dist)	\$0.958	\$0.971	\$1.006	\$0.996	\$0.996
Real Estate Tax	\$4,888	\$5,043	\$5,278	\$5,505	\$5,775
Personal Property*	322	368	410	459	454
Annual Decal Fee*	66	66	66	66	66
Refuse Fee**	326	294	294	271	271
Water / Sewer Service	853	883	883	913	929
Residential Utility Tax	72	72	72	72	72
<b>Total Residential Tax &amp; Fees</b>	<b>\$6,527</b>	<b>\$6,726</b>	<b>\$7,003</b>	<b>\$7,286</b>	<b>\$7,567</b>
Percent Change	2.0%	3.0%	4.1%	4.0%	3.9%
Dollar Change	\$129	\$199	\$277	\$283	\$281
			monthly change	\$24	\$23

\* For two car household

\*\*CY 2014 is the revised rate adopted in July 2014. The CY 2015 rate is held at that rate pending contract negotiations.

# Next Steps

- Feb. 19 County Manager Worksession/Overview of Proposed Budget
- Feb. 19 Superintendent proposes budget to School Board
- Feb. 21 County Manager presentation  
Proposed Budget released & online  
County Board action on tax and fee advertisements
- Feb. 26 County Board work sessions begin and continue through mid-April
- Mar. 24 Public hearing on budget
- Mar. 26 Public hearing on tax rate and fees
- April 18 Budget adoption