

ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION
REPORT TO THE COUNTY BOARD

FY2016 PROPOSED BUDGET

BUDGET AREA:	Arlington Economic Development (AED)
FAAC REVIEWERS:	Bob Hynes, Jason Widstrom, Patrick Bogenberger, Steve Baker, Michael Shea
DATE OF FAAC ACTION:	March 9, 2015

FAAC Opinion

To address immediate challenges such as a persistently high vacancy rate in office space, as well as long-term challenges such as regional economic restructuring, AED has wisely made strategic decisions and reorganized its lines of business. For FY2016, the proposed budget cuts AED resources by one percent. In out years, if more resources are shifted to AED, the County Board should link additional funding with specific program performance measures.

A key part of AED's mission is supporting convention and tourism activity in the County. The continued loss of transient occupancy tax revenue for tourism promotion, and the lack of a replacement from another source, hinders the ability of the County to compete for tourism dollars.

FAAC Recommendation #1			
The FAAC recommends that the County Board adopt the FY2016 budget for AED as proposed by the County Manager, and supports the Artisphere closure.			
Vote:	Yes: 11	No: 0	Abstain: 0
Comment:			

FAAC Recommendation #2			
The FAAC recommends that the County Board direct AED to develop a more robust performance management process that can be used to assess AED funding.			
Vote:	Yes: 9	No: 2	Abstain: 0
Comment:			

FAAC Recommendation #3			
The FAAC recommends that the County Board accept the County Manager's plan to close Artisphere and to reallocate \$450,000 to arts programs.			
Vote:	Yes: 10	No: 1	Abstain: 0
Comment:			

FAAC Recommendation #4			
The FAAC recommends that the County Board use \$200,000 in one-time funding for tourism promotion.			
Vote:	Yes: 7	No: 4	Abstain: 0
Comment:			

Future Considerations

FAAC recognizes that the new director of AED needs time to implement new strategies and that a new direction can take time to bear fruit. To the extent that AED is pursuing larger budgets in out years, the County Board should use more specific indicators to draw a clear link between scaling up programs (e.g., new business development manager positions) and the expected program outcomes.

The County should move ahead with the planned closure of Artisphere and pursue any possible revisions to the close-out year in the lease that could save County funds and jump start the next era for the site. In addition, the Spectrum Theatre, which operated profitably prior to its merger with the Artisphere, should continue to operate and consider absorbing some of the performance art that has been displaced by the Artisphere closure.

The County Board should consider a strategic redesign of the responsibilities for arts support and cultural facilities management. There are strong reasons to favor putting Arts and Cultural Affairs (ACA) in either or both AED and Parks and Recreation. AED management of ACA has not been a seamless integration and has potentially distracted AED from focusing resources on its primary mission. The County Board should continue to weigh how best to meet the objectives of ACA, possibly to include cross-departmental responsibilities for ACA in the future.

The nonprofit sector is a key part of the Arlington economy. Strong, sustainable nonprofits are integral partners with the County in the delivery of social services and the retention of affordable housing. A thriving local nonprofit sector helps to address the strain of high office vacancy rates. There are promising local initiatives to strengthen nonprofits. AED has a useful role to play in training and capacity development. One-time money has been effectively used in recent fiscal years to support capacity building in nonprofits, in an intensified and targeted manner. The ending of one-time funding for nonprofit capacity building means that while local nonprofits will continue to benefit generally from participation in AED’s small business programs, they will not be supported in a intensified, capacity building way. The County Board should consider being responsive to local nonprofit capacity needs through intensified AED programs, a potentially cost effective means of strengthening nonprofits at relatively little expense.