

ARLINGTON COUNTY FISCAL AFFAIRS ADVISORY COMMISSION
INTERNAL REPORT TO INFORM VOTING
FY 2017 PROPOSED BUDGET

BUDGET AREA:	AED
FAAC REVIEWERS:	Joe Corey, Paul Holland, David Kinney, John Schoenecker
DATE OF FAAC ACTION:	February 29, 2016

FAAC Opinion

In its discussion of the FY 2017 AED proposed budget, FAAC focused on efforts regarding economic competitiveness, tourism, and maintaining the 50/50 split in the tax base between commercial and residential. The FY 2017 proposed budget for AED is \$9,072,729, a 12% decrease over the FY 2016 revised budget. This is mostly accounted for with non-personnel decreases due to the elimination of FY 2016 one-time funding for tourism promotion (\$200,000) and TandemNSI (\$200,000), and the closure of Artisphere (\$900,000).

FAAC voted 10-3 in favor of approving the County Manager’s FY 2017 proposed budget for AED. FAAC voted 7-5, with one abstention, in favor of recommending the County Board approve one-time funds of \$1.5 million for an Economic Development Incentive Fund.

FAAC Recommendation #1			
The FAAC recommends that the County Board approve the County Manager’s FY 2017 proposed budget for AED.			
Vote:	Yes: 10	No: 3	Abstain: 0
Comment:			

FAAC Recommendation #2			
The FAAC recommends that the County Board approve one-time funds (\$1.5 million) for the proposed Economic Development Incentive Fund.			
Vote:	Yes: 7	No: 5	Abstain: 1

Comment:	<ul style="list-style-type: none">• The nays fell into two broad groups: (1) those who did not believe an incentive fund to be within the proper role of government, and (2) those who were concerned about the sufficiency of the ROI in comparison to other investments that would directly benefit the broader public and make Arlington a more attractive business location.
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Future Considerations

If the County Board decides to authorize creation of the Economic Development Incentive Fund, FAAC recommends periodic review of the fund’s success. Should the fund continue, the County Board should consider whether to make one-time allocations to support it or establish on-going funds in the budget. FAAC also recommends that AED study Arlington’s existing incentive framework for mature companies to see if any improvements can be made.

FAAC had questions about the possibility of the reinstatement of the Transient Occupancy Tax (TOT) and how that would affect tourism promotion funding in the future. Specifically, looking at the feasibility and appropriateness of using the ToT to replace ongoing county support for tourism promotion.

FAAC is concerned that AED should have a focus on maintaining and growing leased square footage and employment prospects in Arlington without risking a dilution of this focus to softer efforts. We are primarily concerned about culture and arts programming, as it is possible that such programming could be better administered by other county agencies.

FAAC supports AED’s efforts related to data management. As successful economic development increasingly focuses on data, as opposed to personal relationships, successful management and interpretation of the data will drive economic development success within the County. FAAC would encourage AED to tighten this performance feedback loop. Last year held major changes for AED, and FAAC would like to see more metrics proving that they are on the right track. FAAC would appreciate a future update and more details on AED’s data program and how it supports future economic development.