DIRECTION TO THE COUNTY MANAGER
FOR PREPARATION OF THE FY 2019 BUDGET

The County Board directs the County Manager to prepare a FY 2019 budget that is balanced and reflects current economic conditions, while honoring the County's vision.

Current economic conditions and trends inform the budget forecast for FY 2019 and suggest that the County will continue to see moderate revenue growth. However, there is uncertainty regarding the impact of the state and federal budgets, as well as potential legislative changes to federal income tax policy, on the County, and real estate assessments are not yet known. Further, the projected moderate increase in revenues is not keeping pace with budget pressures in expenditures, creating an expected budget gap of $10 - $13 million for FY 2019. As more is known about economic conditions, state and federal budgets, and expenditure pressures, the County Manager shall update the County Board and the community in a timely manner.

The budget should provide for long-term financial sustainability; preserve the County's triple-AAA bond rating; and fully fund all debt, lease and other contractual commitments including those "subject to appropriation" in the base budget.

The County Manager is further directed to:

1. Propose a balanced budget within the existing tax rate.

2. Include expenditure or service enhancements that are fully offset by reallocations or fee revenue increases.

3. Include a maintenance-of-effort level of funding for the Affordable Housing Investment Fund consistent with the amount included in the County Manager's Proposed FY 2018 Budget ($13.7 million) through the use of one-time and ongoing funds, with an effort to shift more of that funding into the ongoing base budget.

4. Introduce proposals for long-term efficiencies and improvements in service delivery that will continue beyond FY 2019.

5. Include funding for WMATA that:
    a. Does not exceed the proposed 3% cap on annual increases to jurisdictional contributions for the operating budget.
    b. Assumes that increases in WMATA capital funding beyond sustainable growth will come from a new state or regional source in light of Arlington and other Northern Virginia jurisdictions' inability to sustain the FY 2018 levels of capital contributions.

6. Provide funding to Arlington Public Schools (APS) consistent with the Revenue Sharing Principles and apply the County/School revenue allocation reflected in the FY 2018 budget (53.4% County / 46.6% Schools). Given the current tax rate and current projected assessment growth, a minimum of $15.6 million of projected new ongoing revenue should be available to APS for FY 2019.