COUNTY MANAGER’S PROPOSED FY 2022 BUDGET OVERVIEW

County Board Work Session

Thursday, February 18, 2021 @ 4:00 p.m.
Overview

• Proposed budget “bridges” Arlington to the post-pandemic world
• Guided by the need to be adaptable and flexible as circumstances change
• Focus on COVID-19 pandemic response while addressing ongoing priorities
  • Investment in pandemic relief efforts, affordable housing, food security, racial equity, stormwater, needs identified by the Police Practices Group, and County workforce, among others
• Consistent with County Board guidance
  • Uses one-time funds
  • $1.013 real estate tax rate remains constant
  • Proposed increase to stormwater rate from $0.013 to $0.017
Proposed FY 2022 Budget: Revenue Changes

- **Overall Tax Revenue:** 0.1% increase

- **Real Estate Assessments:** 2.2% increase
  - Commercial: 1.4% decrease
  - Residential: 5.6% increase

- **Consumption Taxes:** 14.0% decrease, $13.9 million drop
  - Hotel: 48.1% decrease, from $19.3 million in FY 2021 to $10.0 million
  - Meals: 14.4% decrease, from $36.8 million to $31.5 million
  - Sales: 1.6% increase, from $43.1 million to $43.8 million

- **Non-Tax Revenue:** Parking meters; Recreation fees; Transit revenue
American Rescue Plan

New figures show potential funding for Arlington through the federal relief plan

Arlington County: $46.34 million

Arlington Public Schools: $20.48 million

NOTE: All numbers are preliminary and dependent on Congressional approval
Proposed FY 2022 Budget: By the Numbers

TOTAL BUDGET

$1.36 billion
1.4% increase ($18.3 million) from FY 2021 (ongoing and one-time)

COUNTY OPERATING

$833.9 million
1.6% increase ($13.1 million) from FY 2021 (ongoing and one-time)

SCHOOLS TRANSFER

$529.7 million
1.0% increase ($5.1 million) from FY 2021 (ongoing and one-time)
County Support for Schools

$530M transfer to APS (FY 2022)

PLUS... More than $15M in County services

- Parks
- Athletic field maintenance
- Clubs & camps
- Fleet management, maintenance, financing, fueling, washing, parking for school buses & support vehicles
- School Zone Flashing Signals
- i-Ride student transit program
- Crosswalks, markings, signage, flashers
- Registered nurses, clinic aide for each school
- Dental services, mental health services
- Disease surveillance, teen pregnancy prevention
- Immunizations, school physicals

- Libraries & youth programming
- School Resource Officer program
- Crossing Guard Unit
- Early childhood education & parenting
- Joint Employee Assistance Program
- Residential & youth outreach programs

26,895 APS students

ARLINGTON VIRGINIA

County Manager's Proposed FY 2022 Budget
COVID-19 Pandemic: Innovation & Resiliency

• Remote call taking and dispatching in the Emergency Communications Center
• Permit applications submitted and paid for online
• Mix of virtual and in-person field inspections for Fire, CPHD and Real Estate Assessments
• Virtual programming by parks and libraries
• Telehealth behavioral healthcare
• DES and DHS Customer Service Center’s implemented telephone systems and software so agents can operate the call center and serve clients remotely

• Transitioned many other in-person services and interactions to virtual or contactless:
  • Outreach and engagement, public meetings, client educational resources, employment workshops, intake processes, eligibility determination process, client payment process, purchasing solicitations
Balancing the Budget

- Higher than anticipated real estate assessments
- Departmental cuts & efficiencies
- Operational changes due to COVID-19
- One-time funding
Proposed County Reductions

**Budget includes $16.4 million in departmental reductions**

- Funding for 56 FTEs (vacant positions), including:
  - 10 police officer positions ($940K)
  - 10 deputy sheriffs and records assistant ($1.1 million)
  - Reduce temporary staff throughout Parks & Recreation ($355K)
  - 1 position each in Behavioral Health, Child & Family Services, and Economic Independence
  - Administrative assistant and management and budget specialist from Fire Department ($163K)
  - Probation Counselor ($108K)

- Ongoing hiring freeze for County employees

- Staffing adjustments to 9-1-1 call taking and dispatching ($422K)

- Change in Sheriff’s Office roll call process ($300K)

- Delayed re-opening of Cherrydale and Glencarlyn libraries ($881K)

- Non-personnel savings in vehicle elimination/deferral, fuel costs, printing, contracted services, marketing, among others
Priorities: Pandemic Response

• **COVID Contingency**: $17.5 million to support:
  • Vaccine distribution
  • Testing and contact tracing
  • Emergency rental assistance and eviction prevention
  • Emergency human services needs and food assistance
  • Personal protective equipment (PPE) and cleaning
  • Business community support
Priorities: Housing

Focus on eviction prevention and direct housing support

- **Housing Grants**: $2.6 million increase (26% increase, from $10.1 million to $12.7 million)
  - Includes additional $61K to raise maximum allowable rents
- **Permanent Supportive Housing**: $4.1 million (28% increase, additional $592K in tax support and ~$320K in state funding)
- **Housing Choice Vouchers**: $21 million of federal funding (8% increase)
- **AHIF**: $8.9 million ($8.3 million from General Fund and $0.6 million federal funding)
- **AHIF Loans**: Payment waiver extension through Dec. 31, 2021 ($2.6 million)
- **Land**: County acquired land brought to future potential affordable housing development (Crystal Houses 5)
- **$20 million from Amazon**

4.6% of the County’s operating budget is dedicated to housing AND more than 15% is dedicated to safety net services and housing
Priorities: County Workforce

No merit-based pay increases, $500 one-time bonuses

Employee compensation increases would be the top priority if Arlington receives additional federal funding.

• **Low-cost Employee Benefits Added:**
  - Increased paid parental leave from 6 to 8 weeks
  - Increased dependent care match from $1,000 to $1,500 annually
  - Increased maximum tuition reimbursement from $1,900 to $2,200 annually
  - Increased lowest base pay rate/living wage from $15 to $17 per hour
  - Increased volunteer leave hours from 8 to 16, allowing 50% to be done outside Arlington
  - Increased the Live Where You Work program budget
  - Added Juneteenth as County holiday

• **Other Actions:**
  - Funded job studies, including construction, engineering, and permits related jobs and economic development positions ($1.4 million)
  - No premium increase for Cigna Health and Delta Dental plans
Priorities: Equity & Police Practices Group

• **Equity**
  - Expand racial equity training and supplement training begun in FY 2020 ($200K)
  - Reallocation of position to support work of Chief Race and Equity Officer
  - Restorative Justice ($50K)
  - Supplemental funding for Public Defender’s Office ($75K)

• **Police Practices Group Recommendations $1.4 million**
  - Civilian Review Board ($125K)
  - Enhanced mental health crisis intervention: Physician’s Assistant, Nurse, Clinician, medically equipped transport van, peer recovery specialist, supplies ($574K)
  - ECC process and protocol review ($65K)
  - Transportation Safety Officers to Police ($588K, 6.0 FTEs)
Priorities: Stormwater

*Voters approved a $50.84 million Bond Referenda in November 2020*

- **Total Budget for FY 2022**
  - $15.1 million ($3.3 million increase)
  - Increase of stormwater tax rate from $0.013 to $0.017/$100 of assessed value
    - $0.004 increase, $29 to average residential property
  - Will fund the near-term projected needs

- **Planned Projects:**
  - Walter Reed Elementary School underground stormwater detention facility (collaboration with Arlington Public Schools); Spout Run and Lubber Run watershed capacity improvements; Ballston Pond watershed retrofit; Four Mile Run dredging (collaboration with City of Alexandria); Dumbarton culvert
Other Budget Priorities

**Metro:** Ongoing funding remains flat for FY 2022 ($46.6 million); Continued uncertainty with WMATA and state and federal funding

**Fire:** Implementation of Kelly Day, with the 10 additional positions and funding for a second recruit class to accommodate additional positions and attrition

**Public Safety:** As noted earlier Transportation Safety Officers to Police ($588K, 6.0 FTEs); Added positions to support the Body Worn Camera Program.

**Facilities:** Opening Long Bridge (using funding from Boeing for facility costs); Opening Lubber Run ($973K offset by $600K in community center staff savings)

**Elections:** Additional staff to support mail ballot and absentee voting in Registrar’s Office ($151K)
# Tax & Fee Burden on Average Household

## Tax & Fee Burden on Average Household

<table>
<thead>
<tr>
<th></th>
<th>CY 2018</th>
<th>CY 2019</th>
<th>CY 2020</th>
<th>CY 2021</th>
<th>% Change '20 to '21</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Real Estate Tax</strong></td>
<td>$6,364</td>
<td>$6,672</td>
<td>$6,952</td>
<td>$7,338</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Sanitary District Tax (Stormwater)</strong></td>
<td>83</td>
<td>86</td>
<td>89</td>
<td>123</td>
<td>38%</td>
</tr>
<tr>
<td><strong>Personal Property</strong></td>
<td>1,024</td>
<td>994</td>
<td>1,049</td>
<td>1,004</td>
<td>-4%</td>
</tr>
<tr>
<td><strong>Vehicle License Fee</strong></td>
<td>66</td>
<td>66</td>
<td>66</td>
<td>66</td>
<td>-</td>
</tr>
<tr>
<td><strong>Refuse Fee</strong>*</td>
<td>316</td>
<td>306</td>
<td>319</td>
<td>319</td>
<td>-</td>
</tr>
<tr>
<td><strong>Water / Sewer Service</strong></td>
<td>654</td>
<td>662</td>
<td>682</td>
<td>689</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Residential Utility Tax</strong></td>
<td>72</td>
<td>72</td>
<td>72</td>
<td>72</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$8,579</td>
<td>$8,858</td>
<td>$9,229</td>
<td>$9,611</td>
<td>4%</td>
</tr>
</tbody>
</table>

**Total $ change from prior year**

|                      | $133    | $279    | $371    | $382    |

*Proposed refuse fee includes the addition of food scraps collection beginning in September.
# Real Estate Tax Rates: Peer Comparison

<table>
<thead>
<tr>
<th></th>
<th>CY 2020</th>
<th>CY 2021 Proposed</th>
<th>CY 2021 Advertised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arlington</td>
<td>$1.013</td>
<td>$1.013</td>
<td>Expected Feb. 23</td>
</tr>
<tr>
<td>Alexandria</td>
<td>$1.130</td>
<td>$1.110</td>
<td>Expected Mar. 9</td>
</tr>
<tr>
<td>Fairfax</td>
<td>$1.150</td>
<td>Expected Feb. 23</td>
<td>Expected Mar. 9</td>
</tr>
<tr>
<td>Loudoun</td>
<td>$1.035</td>
<td>$1.005</td>
<td>$1.010</td>
</tr>
</tbody>
</table>

*Rates shown reflect base tax rates.*
Tax & Fee Advertisements: Feb. 20, 2021

• County Manager proposes no change in the base CY 2021 real estate tax rate

• No changes to Personal Property, BPOL, or BID tax rates

• Proposed $0.004 increase in Stormwater tax ($29 to average residential property)

• Fee Changes Proposed
  • Cigarette tax rate increase of $0.10 per pack ($0.30 to $0.40; $600,000 increase)
  • Household Solid Waste decrease of $0.42 (to $318.61), includes the implementation of food scraps on Sept. 1
  • Water/Sewer rate of $14.35/thousand gallons (up $0.15 or approx. $7/year based on rate structure proposed to change Jan. 2022)
  • Increases to water service connection charges, meter installation charges, and infrastructure availability fees
  • Increase in fire system testing fees from $162 to $175 per hour ($88,000)
  • Fire Prevention Office permit fee increase from $100 to $150 per permit ($24,000)
  • New fees associated with the offerings from Lubber Run preschool
  • DPR fee adjustments to more accurately reflect costs and fee policy, including adjustments for aquatics and gymnastics teams.
  • New fees proposed for electrical and plumbing permits, revisions to existing permits for special exemption projects, and zoning verification permits.
Looking Ahead

• A typical continuing services budget grows 3-4% annually
• Arlington still faces uncertainty caused by the COVID-19 pandemic
• We will continue to monitor the impacts of the pandemic on our commercial sectors and revenues
• Many of our priorities will require continued investment:
  • Affordable Housing
  • Racial Equity
  • Stormwater
  • Arlington Public Schools
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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</thead>
<tbody>
<tr>
<td>February 20</td>
<td><strong>Proposed Budget:</strong> County Manager’s Proposed FY 2022 Budget submitted to the County Board</td>
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<tr>
<td>February 25</td>
<td><strong>Schools Budget Proposed</strong></td>
</tr>
<tr>
<td>March 2–April 15</td>
<td><strong>Budget Work Sessions:</strong> County Board holds a series of budget work sessions with County Departments, Constitutional Offices, and the School Board</td>
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<tr>
<td>March</td>
<td><strong>Mid-year Review:</strong> County Manager submits FY 2021 mid-year review of expenditures and revenues to the County Board</td>
</tr>
<tr>
<td>April 6</td>
<td><strong>Public Hearing:</strong> County Board hosted public hearing on Proposed FY 2022 Budget including County expenses and real estate tax, personal property tax rates, and other taxes and fees</td>
</tr>
<tr>
<td>April 8</td>
<td><strong>Public Hearing:</strong> County Board hosts second public hearing on proposed FY 2022 budget including County expenses and real estate tax, personal property tax rates, and other taxes and fees</td>
</tr>
<tr>
<td>April 17</td>
<td><strong>County Budget Adoption:</strong> County Board adopts FY 2022 Budget and Appropriations Resolutions for the County government, the public schools, and Pay-As-You-Go Capital. County Board adopts CY 2021 real estate tax rate and other FY 2021 taxes and fees</td>
</tr>
<tr>
<td>May 6</td>
<td><strong>Schools Budget Adoption:</strong> School Board adopts FY 2022 school budget</td>
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<tr>
<td>July 1</td>
<td><strong>FY 2022 begins</strong></td>
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County Manager’s Proposed FY 2022 Budget

OVERVIEW

County Board Work Session
Thursday, February 18, 2021 @ 4:00 p.m.