

## NON-DEPARTMENTAL BUDGET SUMMARY

Non-departmental accounts include County-wide costs for insurance premiums and claims (including workers' compensation), fringe benefits for retirees (health and life insurance premiums), miscellaneous expenses, County building rent, overhead charges to certain County agencies, and contingents held for future County Board actions, such as the COVID contingent and Affordable Housing Investment Fund.

### NON-DEPARTMENTAL FINANCIAL SUMMARY

	FY 2020 Actual	FY 2021 Adopted	FY 2022 Adopted	% Change '21 to '22
Insurance	\$5,080,366	\$5,600,000	\$5,600,000	-
Retiree Benefits/Health Plan Adjustment	13,138,205	18,400,000	17,900,000	-3%
Miscellaneous	26,154,667	20,402,650	22,656,737	11%
Contingents	9,503,488	28,232,713	40,480,493	43%
<b>Total Expenditures</b>	<b>\$53,876,726</b>	<b>\$72,635,363</b>	<b>\$86,637,230</b>	<b>19%</b>

### INSURANCE COSTS

The County's risk financing program is comprised of commercially purchased insurance coverage and retained risks paid for through a program of self-insurance. The liability program is self-insured up to \$1 million per occurrence. The program includes general liability, police legal liability, public officials' liability, and automobile liability. The County has a commercially purchased excess liability policy with limits of \$10 million per occurrence with no annual aggregate. The County has exposure for property losses to a current deductible of \$50,000. Losses above the deductible level are covered by a commercially purchased policy.

The County also maintains a Self-Insurance Reserve (\$5,000,000) and a General Fund Operating Reserve funded at five and one-half percent of General Fund expenditures. Insurance is purchased primarily for property, general liability, and automobile liability exposures subject to prudent deductible/retention levels. Insurance is provided for real and personal property, crime, garage keepers, professional liability, and constitutional office coverage. Retained exposures include general liability, automobile damage, and related liability up to specific retention levels.

	FY 2020 Actual	FY 2021 Adopted	FY 2022 Adopted	% Change '21 to '22
Insurance Cost	\$5,080,366	\$5,600,000	\$5,600,000	-
<b>Total Expenditures</b>	<b>\$5,080,366</b>	<b>\$5,600,000</b>	<b>\$5,600,000</b>	<b>-</b>

### RETIREE BENEFITS and HEALTH PLAN ADJUSTMENT

This account includes the employer's share of retirees' health and life insurance premiums and adjustments related to the employer's share of health plan expenses for general employees.

	FY 2020 Actual	FY 2021 Adopted	FY 2022 Adopted	% Change '21 to '22
Retirees' Health & Life Insurance	\$12,294,806	\$11,400,000	\$11,400,000	-
Other Post Employment Benefits (OPEB - trust)	6,500,000	7,000,000	6,500,000	-7%
Health Plan Adjustment	(5,656,601)	-	-	-
<b>Total Expenditures</b>	<b>\$13,138,205</b>	<b>\$18,400,000</b>	<b>\$17,900,000</b>	<b>-3%</b>

- OPEB funding levels are based on the most recent actuarial study and ensure that the County is fully meeting its annual required contribution to the fund. The total funding for OPEB (current costs plus future liability) is \$17.9 million in FY 2022.
- The total County employee healthcare costs are expected to remain flat.

### MISCELLANEOUS EXPENSES

These County expenses include: rent, overhead charge-backs to some County agencies, the cost of the County's annual external audit and other consulting fees, national and state association memberships (National League of Cities, National Association of Counties, Virginia Municipal League, and Virginia Association of Counties), and other miscellaneous expenses not allocated to County departments.

	FY 2020 Actual	FY 2021 Adopted	FY 2022 Adopted	% Change '21 to '22
Facility Rent and Operating Charges	\$8,957,775	\$13,132,397	\$12,092,166	-8%
Intra-County Charges	(976,950)	(1,461,856)	(410,222)	-72%
Consultants	1,330,573	660,088	1,183,600	79%
Contracted Services	501,093	478,000	478,000	-
Memberships	54,496	157,523	238,050	51%
Special Events & Unclassified Services	52,241	150,000	150,000	-
Mass Transit Credit	(2,432,640)	-	-	-
Employer of Choice	593,161	(2,476,300)	(957,000)	-61%
Housing Projects	11,265,727	-	-	-
Fuel, Fleet, & Utility Savings	-	(744,345)	(625,000)	-16%
Short-term Financing	6,809,191	8,107,143	8,107,143	-
IDA Debt Service on Ballston Skating Facility	-	2,400,000	2,400,000	-
<b>Total Expenditures</b>	<b>\$26,154,667</b>	<b>\$20,402,650</b>	<b>\$22,656,737</b>	<b>11%</b>

- ↓ The rent costs and operating expenses in various County facilities and intra-county charges both decrease for FY 2022 primarily due to a technical adjustment to charge rent directly to the Development Fund rather than through an intra-county charge. Net rent including intra-county charges increases only 1.4% due to rent increases for the Bozman Government Center, partially offset by a partial year of free rent for the renegotiation of the lease for office space in Ballston for Arlington Economic Development.

- ↑ Consultant expenses increase primarily due to the addition of \$200,000 one-time funding for Equity training, \$100,000 in one-time funding for the implementation of recommendations in the Barrier Analysis, \$125,000 for the establishment of a civilian review board, and \$50,000 for continuation of restorative justice work, partially offset by the removal of funding for matching grant requirements and regional initiatives (\$270,088). The County Board also added funding for the Airport Noise study (\$50,000), prevailing wage administration (\$168,600), a broadband analysis (\$50,000), and work on budget equity metrics (\$50,000).
- ↑ Memberships increase based on the addition of \$100,000 of one-time funding for the Northern Virginia Economic Development Consortium, partially offset by decreased dues charged by regional organizations (\$19,473).
- ↑ Employer of Choice program funding increases due to an increase in the dependent care benefit for employees, partially offset by a decrease in the Compensation Contingent (\$150,000) and a budgetary adjustment to capture departmental savings from the continuation of the hiring freeze in FY 2022.
- ↑ Fuel and Fleet savings increase due to the realignment of costs to department fuel budgets and the projected demand/costs for fuel in the FY 2022 General Fund budget.
  - The Ballston Skating Facility, the practice facility for the National Hockey League's Washington Capitals ice hockey team, which opened in November 2006, was financed with Industrial Development Authority (IDA) taxable revenue bonds. It is projected that lease payments to the IDA from the Capitals will be sufficient to pay the debt service on the bonds.

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The non-departmental accounts also hold the County Board's contingents. These contingents are appropriated funds established to cover unforeseen expense items, new projects initiated after a fiscal year has begun, or for a particular purpose (Affordable Housing Investment Fund).

The FY 2022 budget removes the historically budgeted General Fund General Contingent (\$250,000). With the County Board's increase of the Stabilization Reserve to one percent of the County's General Fund, this contingent reserve is no longer needed.

Additionally, in FY 2022, a \$19.2 million COVID contingent has been set aside to continue efforts to respond to the economic and health crisis. This contingent is funded with American Rescue Plan Act (ARPA) funding and is set aside to address any additional needs in vaccine distribution; testing and tracing efforts; housing and safety net services; support for our small businesses, tourism industry, and nonprofit partners; resources for safe operations of County services; and additional unanticipated needs.

The Affordable Housing Investment Fund (AHIF) totals \$16.9 million, including \$7.9 million of one-time funding added by the County Board. Total AHIF funding includes this one-time as well as base ongoing, ongoing federal HOME funding budgeted in the Housing and Community Development Fund, and portion of recordation tax revenue earmarked by the County Board when the recordation tax rate increased from \$0.05 to \$0.0833 in FY 2005 (after setting aside the incremental recordation tax funds for previously approved affordable housing programs).

Source	Funding
Base Budget	\$6,874,790
One-time added by the County Board	7,940,248
Federal HOME (in Housing and Community Development Fund)	665,734
Recordation Tax Increment	1,428,412
<b>TOTAL</b>	<b>\$16,909,184</b>

Over the last few years, the County Board has set aside monies in an economic and revenue stabilization contingent. This existing practice from recent years was formally adopted by the County Board in a revised set of financial and debt management policies in FY 2014 and updated during the FY 2017 budget process. In the FY 2020 budget, the amount of the contingent was increased to one-half percent of the General Fund budget; then, in close-out of FY 2019, it was increased again to one percent of the General Fund budget.

The FY 2021 budget included a revision to the policies to reflect the conversion of this contingent to a Stabilization Reserve and the increase in the amount. The Stabilization Reserve is set aside to address unexpected, temporary events, such as major weather events or a local/regional emergency requiring immediate incurrence of cost in response; revenue declines; new/unfunded state, regional or federal programs; unexpected capital expenditures; and local or regional economic stress. Any use of the reserve will be replenished within the subsequent two fiscal years.

For FY 2022, the budget does not include an assumed appropriation for Stabilization Reserve, similar to the General Fund Operating Reserve. If funding for this contingent is needed in FY 2022 the County Manager will come back to the Board in a subsequent County Board action.

The Economic Development Contingent increases due to the projected funding required in FY 2022 for previously approved economic incentives agreements. Economic incentives are used to attract businesses to Arlington to help reduce the office vacancy rate and spur investment in the Arlington community. The total funding of \$2,491,028 includes \$991,028 in one-time funds and \$1,500,000 in ongoing funding.

The County Board added a \$2.5 million County Manager's Contingent, similar to what the Board has funded at closeout in recent years.

	FY 2020 Actual	FY 2021 Adopted	FY 2022 Adopted	% Change '21 to '22
General Contingent	-	\$250,000	-	-100%
Affordable Housing Investment Fund (AHIF)[1]	-	13,964,930	\$14,815,038	6%
AHIF - Incremental Recordation Tax	-	1,428,412	1,428,412	-
Stabilization Reserve	-	-	-	-
Economic Development Contingent	\$2,048,318	2,389,371	2,491,028	4%
County Manager's Contingent	1,725,769	-	2,500,000	-
COVID Contingent	5,729,401	10,200,000	19,246,015	89%
<b>Total Expenditures</b>	<b>\$9,503,488</b>	<b>\$28,232,713</b>	<b>\$40,480,493</b>	<b>43%</b>

[1] Federal HOME funding is budgeted in the Housing and Community Development fund beginning in FY 2019. In FY 2022, \$665,734 of the total \$16.9 million in AHIF funding is budgeted in the Community Development Fund.