

## *Fiscal Year 2022 Budget Message to the Residents of Arlington County*

As Arlington begins to emerge from the COVID-19 pandemic, our community – residents and businesses – continue to face challenges brought about by this health crisis and its economic impacts. While this FY 2022 adopted budget is constrained due to the impact on our revenues, it does provide resources for stabilizing our community and for recovery in part due to the federal American Rescue Plan Act (ARPA) funding.

This budget and our planned uses of ARPA funds focus on providing essential services to those most in need, maintaining core services for resident health and safety, and laying the foundation for economic recovery. The first tranche of ARPA funding (\$23 million) has been allocated to:

- continue support for the direct COVID-19 response including vaccine distribution, contact tracing, PPE, cleaning, and safety,
- assist those most in need in our community through eviction prevention, food assistance, and other human services,
- support our business community including additional support for the BizLaunch program, a possible second round of small business grants, and exploring the possibility of a small business revolving loan fund; and
- restore many of the budget cuts from the FY 2022 Proposed Budget (\$3.6 million) to allow the County to continue providing services including opening all branches of libraries during FY 2022, furthering our Housing initiatives, and providing parks and recreation services including reopening of community centers.

As additional guidance is received from the Treasury Department and needs are identified, additional allocations of ARPA funding will be considered.

While ARPA funding assists the County in recovering from the COVID pandemic, the constrained FY 2022 budget still did not allow for funding all of the compelling needs in our community. Therefore, the Board focused its attention on providing funds for:

### **Housing:**

- Assisting those most in need by expanding our housing grants program by continuing the COVID Guidelines for existing recipients during FY 2022 and reducing client annual income contribution from 40% to 30% on an ongoing basis.
- Providing additional one-time funding for AHIF to continue the development of affordable housing units.

**Schools:** Supporting our schools by funding all of their asks for one-time funding related to new facilities and summer school incentive payments.

The Board is committed to supporting Arlington Public Schools through the challenges of the COVID-19 pandemic and to ensuring Arlington's public schools are among the best in the nation. In FY 2022, the County Board added \$2.8 million of one-time funding in addition to the \$527.1 million of ongoing funds, 47.0 percent of local tax revenue for our public schools.

**Environment:** The County will continue its commitment to the natural environment through program upgrades to promote tree conservation in development and increased funding for tree maintenance, water quality projects, and removal of impermeable surfaces through stormwater property acquisition. In addition, the County has approved robust climate and energy performance

programs and projects, including those that upgrade government facilities under sustainable, passive, zero-net-energy and energy performance standards, installation of on-site renewable solar energy, transition of County Fleet to electric vehicle replacements, design and installation of electric vehicle charging infrastructure, master-planning for decarbonization of transportation countywide, and resiliency technology such as battery storage.

**Financial Sustainability:** Maintaining the County's firm financial footing by refunding the reserves used to balance the FY 2021 budget and proposed to balance the FY 2022 budget.

**Employees:** In recognition of the service and commitment of employees, the Board increased compensation to the greatest extent possible by adding a 1% merit pay adjustment and increased the one-time bonus to approximately \$900 net bonus per employee (\$1,450 gross).

Where this constrained FY 2022 budget may not have allowed for full funding of policy priorities, the Board has provided the County Manager with [budget guidance](#) to continue to advance our goals and programs in several areas including:

- **Developmental Disabilities Day and Employment Center:** reinstate the process of conducting a comprehensive needs assessment and review of the developmental disabilities' day support and employment program, with the goal of increasing program capacity within Arlington to meet demand.
- **Affordable Housing:** continue to grow affordable housing supply while also ensuring that housing funded by the County is safe and healthy.
- **Housing Grants:** review the Housing Grants program and provide recommendations for program expansion related to maximum allowable rent standards and eligibility requirements.
- **Restorative Justice:** continue implementation and begin transition to a community-based initiative to allow for a more efficient approach to leveraging grant and endowment resources.
- **Voting:** implement Sunday voting on two Sundays prior to the November elections in addition to the Saturday voting that has been done in prior years to expand access to voting.
- **Equity:** equity-based evaluation of our budgeting in coordination with the work of our Chief Race and Equity Officer.
- **Climate Change:** develop a recommendation to coordinate a "whole of government" approach to achieving Arlington's Climate Change and Sustainability goals.
- **Under-Five Foster Youth Childcare Subsidy:** report back to the Board on the possibility of creating a local supplement to the state reimbursement rate for foster youth childcare.

Additional highlights of the FY 2022 budget include:

**Tax and Fee Adjustments** – The County Board maintained the existing base real estate tax rate at \$1.013 per \$100 dollars of assessed value. We would have liked to have reduced the real estate tax rate; maintaining the current tax rate was not an easy decision. We remain grateful to the taxpayers for their continued support of our community priorities.

The FY 2022 adopted budget includes a \$0.004 increase in the sanitary district tax for stormwater to \$0.017 per \$100 of assessed value to fund the full cost of operations and planned capital improvements. The County Manager will move ahead with a Phase 2 analysis, including community engagement, and provide options for consideration for a stormwater utility no later than the FY 2024 Proposed Budget. This utility structure, if adopted, would replace the ad valorem tax.

The Board also adopted a \$0.10 per pack increase to local cigarette tax to align the rate with the new maximum allowed by State law.

The FY 2022 budget includes a few fee-for-service rate adjustments. Fee changes include Parks and Recreation fees, development-related fees, and the establishment of new Fire Department fees for

telemedicine and in-person qualified healthcare practitioner visits related to the Emergency Triage, Treat, and Transport (ET3) program implementation. Additionally, the water and sewer rate is expected to decrease the average homeowner's cost by \$21 per year with the establishment of the new rate structure on January 1, 2022, while the household solid waste rate is decreasing from \$319.03 to \$318.61 annually, while adding the food scraps program in September 2021.

**Affordable Housing** – Investments in housing remain significant:

- **Housing Grants:** \$14.2 million total, including an additional \$2.5 million increase to meet the anticipated increase in demand and \$61,332 to increase the Maximum Allowable Rent. The County Board also added \$1,524,225 for the continuation of COVID-related eligibility procedures (\$1,036,512) and for reducing client income requirements from 40% to 30% (\$47,713 one-time; \$440,000 ongoing). The County is committed to addressing housing needs exacerbated by COVID by utilizing available federal funding.
- **Permanent Supportive Housing:** \$4.1 million, including a \$0.6 million increase to meet the estimated increase in demand.
- **Affordable Housing Investment Fund:** \$16.9 million to continue the County's investment in affordable housing units, matching the FY 2021 level.

**Capital Projects** – The adopted FY 2022 budget for PAYG projects totals \$5.9 million (\$1.2 million ongoing; \$4.7 million onetime) including \$2.0 million dedicated to facility renovations.

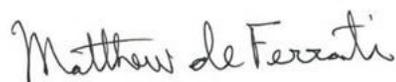
**METRO** – The FY 2022 adopted General Fund transfer for WMATA is \$46.6 million. An increase to the County's available state transit aid and gas tax balances is being utilized to meet the overall one percent increase to the County's WMATA FY 2022 operating subsidy. WMATA's priorities in FY 2022 are to utilize federal funding to support the regional economy and continue providing transit service, to implement new Silver Line Phase II service, and to remain fiscally accountable by adhering to mandated subsidy growth caps required by the State of Maryland and the Commonwealth of Virginia.

**Police Practice Group (PPG) Recommendations** – Approximately \$1.5 million dollars is included to address recommendations from the Police Practice Group. This includes \$125,000 for an auditor/monitor position as part of the hybrid model for a civilian review board and \$574,000 for an enhanced mental health crisis response program in the Department of Human Services to pay for a physician's assistant, nurse, clinician, transport van and operating supplies. The budget also includes six unsworn officers for parking enforcement, traffic direction, and safety.

This FY 2022 budget provides the resources to help keep people in their homes, feed families, continue the public health response, lend a hand to small businesses, and support our schools. We appreciate the sustained efforts of all in our community during the pandemic and as we work towards recovery.

The County Board also appreciates the focus and engagement of so many Arlingtonians on this budget and on their efforts to shape policy change and move our common goals toward reality – progress in addressing racial equity, restorative justice, environmental sustainability, and other critical priorities is only possible with collaboration.

Sincerely,



Matt de Ferranti  
Chair, Arlington County Board