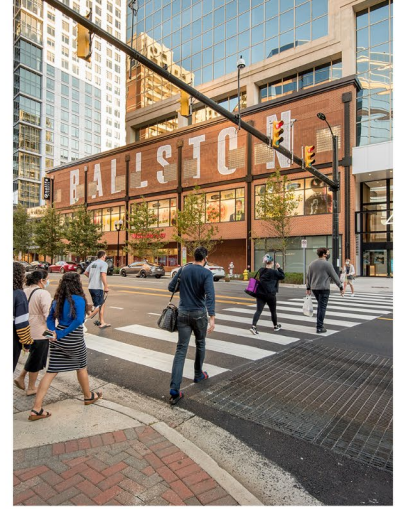


County Manager's Proposed FY 2024 Budget

Budget Overview

Saturday, February 18, 2023



Overview of Manager's FY 2024 Proposed Budget

- **Tax Revenues:** Continued improvement to tax base
- **Expense Pressures:** Many lingering pressures remaining from the COVID-19 pandemic
- **Priority Investments:** Continues investments in Schools, housing, mental health, employees, capital infrastructure, and many more critical programs to the community
- **Looking Ahead:** Plans for a continued uncertain revenue & expense future

Overall Budget Summary: By the Numbers

TOTAL BUDGET

\$1.54 billion

2.8% increase (\$42.1 million) from FY 2023
(ongoing and one-time)



COUNTY OPERATING

\$933.4 million

2.1% increase (\$18.9 million) from
FY 2023 (ongoing and one-time)

SCHOOLS TRANSFER

\$607.6 million

4.0% increase (ongoing up \$29.7 million;
one-time down \$6.5 million) from FY 2023
(ongoing and one-time)

Early Budget Forecast & Board Guidance

The early budget forecast estimated a \$35 million funding gap.

The County Board directed the Manager to propose a balanced budget that provides options for consideration, including:



Service & Program Efficiencies



Provide funding options for:

- Eviction prevention
- Housing grants
- Maintaining ongoing level of funding for AHIF



Prudent Use of One-Time Funding



Fund Collective Bargaining Agreements



Schools: Provide funding consistent with the Principle of Revenue Sharing

Board Guidance—Other Updates/Information

Guidance from the County Board directed the Manager to provide information and updates on the following:



Stormwater Utility Fee Proposal



Resources Needed for Continued Support/Expansion of Collective Bargaining



Continued Investment in Mental Health Services



Continued Investment in Environmental Priorities



Implementation of the Police Practices Group Recommendations



Equity Resolution Implementation

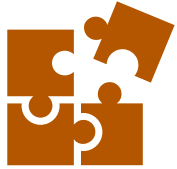


Sustainability of Emergency and Ongoing Rent Relief Programs



Commercial Resiliency

Balancing the Budget



Revenue Growth

- Higher than anticipated Real Estate Assessments
- Growth in other taxes, particularly recovery of consumption taxes

Managing Expenses

- Services & Program Reductions (\$5.6 million)
- Maplewood Solar Credits (\$2.6 million; \$2.0 million General Fund; \$0.6 million Utilities)
- Lower Debt Service than forecast
- Continued Difficulty in Hiring (*Vacancies*)
- Use of One-time \$'s

**\$4.4 million one-time remains
unallocated for priority needs**

Overall Budget Summary: Revenue



Real Estate tax rate remains flat for government and school operations at \$1.013/\$100



Maintains stormwater tax rate of \$0.017/\$100



"Average" residential property increases 4.7% or \$369 at current blended tax rate



"Average" residential property tax & fee increase = \$454



Household Solid Waste Rate Up 33% or \$100.65/year

**Advertisement of tax & fee rates
planned for Tuesday's Board meeting
(highest rate Board can adopt)**



Tax Revenue Growth: 4.9%



Real Estate Assessment growth of 3.6% (4.5% residential & 2.6% commercial)



Business Professional and Occupational License (BPOL) tax receipts up 4.1%



Personal Property: Up 7.6%



Sales: Up 10.7%



Meals: Up 15.4%



Hotel Taxes: Up 33.3%



Non-Tax Revenue Growth: -3.0%



Fees, Charges for Service, Misc. Revenue: Up 7%



State Revenue: Up 3%



Federal Revenue: Down 48%

Service & Program Efficiencies

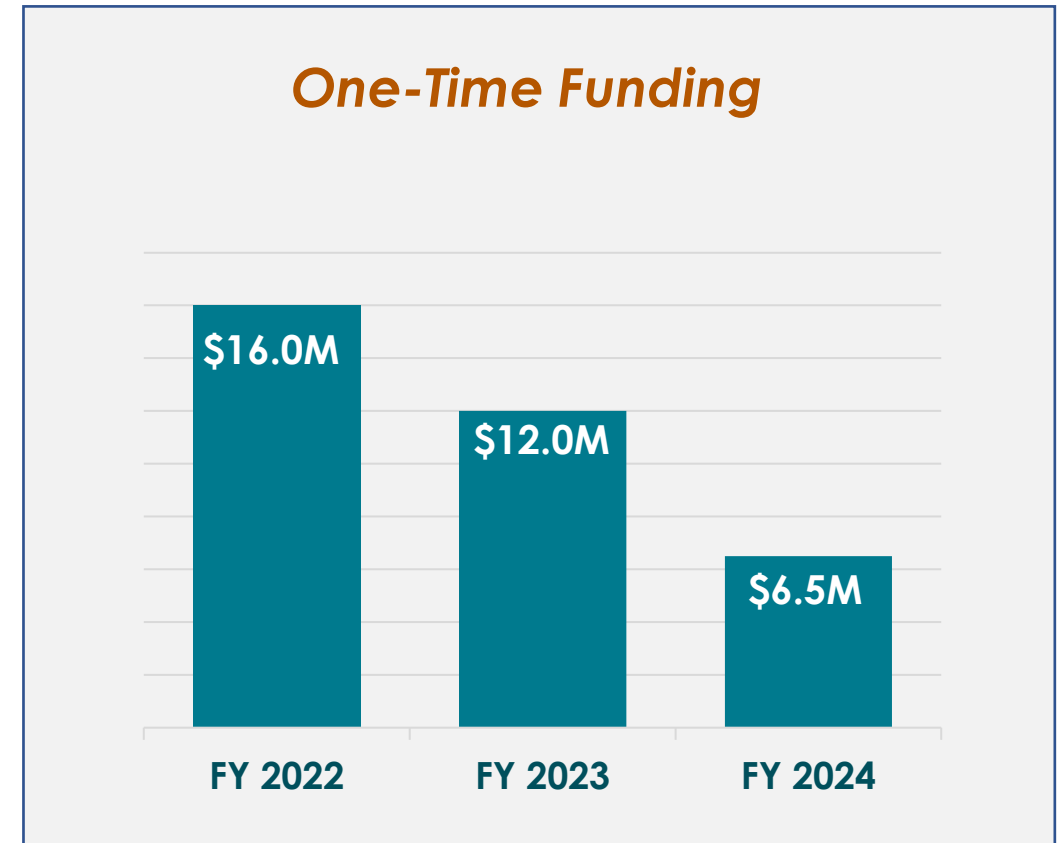
Proposed budget includes \$5.6 million in departmental reductions

- Funding for 20.3 vacant positions, including:
 - Communications Manager and Environmental Management Specialist from the County Manager's (\$354k)
 - Administrative Assistant, Warehouse Technician, and Management & Budget Specialist from the Fire Department (\$282k)
 - Wage Analyst, Procurement Officer, and Staff Support Technician from the Department of Management & Finance (\$269k)
 - Analyst and Associate Planner from Community Planning, Housing and Development (\$237k)
 - Arlington Economic Development Assistant Director (\$206k)
 - Senior Auditor from the County Board Office (\$138k)
- Transitioning from external to internal hosting of Arlington Wallet (\$103k)
- Implementation of new Paperless Initiative for the Property Tax and Business Tax Divisions (\$42k)
- Non-personnel savings in vehicle reduction, printing and postage costs, contracted services and office supplies

Balancing the Budget, Cont.

Prudent Utilization of One-Time Funding

- \$6.5 million in one-time funding in FY 2024
- Goal: Eliminate use of one-time funds for ongoing County programs by FY 2026



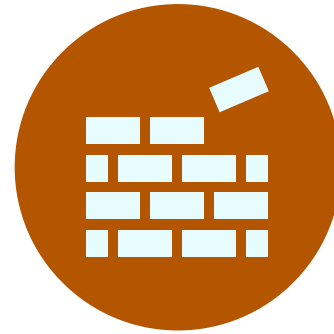
Priorities in the Proposed Budget



**Workforce
Investment**



Housing



**Capital
Investments**



Schools

Workforce Investment

Compensation

- \$2,000 gross one-time pay bonus for all qualifying staff
- Salary Increases

General Employees	4.5%
Uniformed Fire	4.5%
Service/Labor/Trades	4.5%
Uniformed Sheriff	8.5%
Uniformed Police	10%
Related range movements	

In the FY 2024 Proposed Budget, compensation and benefits for IAFF and ACOP are based on the arbitration awards and tentative agreements as detailed in the [Fiscal Impact Studies](#).

Employee Benefits

- Expansion of parental leave policy from 8 to 10 weeks
- Increase in adoption assistance from \$5,000 to \$9,000
- Increase in the FSA dependent care match from \$1,500 to \$2,000
- Increase in the County's contribution for the Health Savings Account
- Establishing paid bereavement leave
- Increasing DROP from three to four years
- 4.0% premium increase assumed for health insurance rates

Other Actions

- Fund *Job Family Studies* for Administrative positions, Libraries, Communications, Parks & Programming, Accounting & Financial, Judicial & Legal Services, Human Rights, Human Resources and Safety

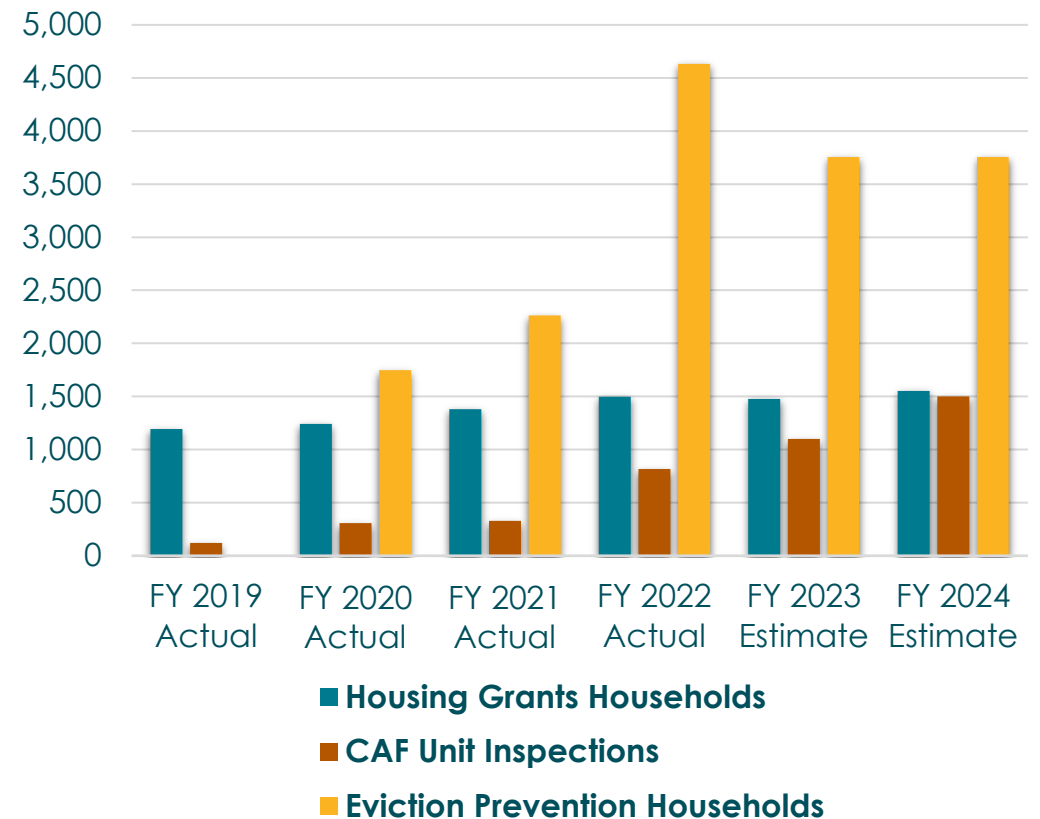
Housing



The FY 2024 proposed budget emphasizes stabilizing households in Arlington and improving housing conditions

Investments include:

- Housing Grants: \$14.4M (\$2.5M one-time funding)
- Eviction Prevention: \$3.6M (\$3M one-time funding)
- Permanent Supportive Housing: \$5.4M includes \$100k for inspections
- Housing Choice Vouchers: \$24.2M
- Dedication of Columbia Pike TIF balances (\$3.8M) and ongoing funding (\$1.4M) for preservation of affordable units at Barcroft Apartments
- Inspections: Contracted external partner is increasing our capacity to provide Housing Quality Standards inspections to CAF units



Capital Investments



Technology

- System upgrade/replacement for child-care licensing system, child welfare software, and upgrades to PC systems
- Cloud Migration Project
- HR/Financial System Upgrade



Parks

- Doctor's Run Playground Replacement
- Bailey's Branch Playground Design
- Douglas Park Design/Construction
- Washington Liberty and Williamsburg Middle Synthetic Field Replacements
- Fitness/Community Center Equipment



Transportation

- Bridge maintenance, streetlighting, street safety improvements, bus stop ADA assessment, and paving



Energy Management

- Electric vehicle chargers internal and public accessibility
- Energy performance upgrades



Arlington Neighborhoods Program

- Street intersection reconfiguration
Street lighting and sidewalk, curb and gutter improvements



Facilities

- Courts/Police elevator improvements and fire alarm system replacements
- Fire Training Academy façade repair
- Crystal City library interior improvements



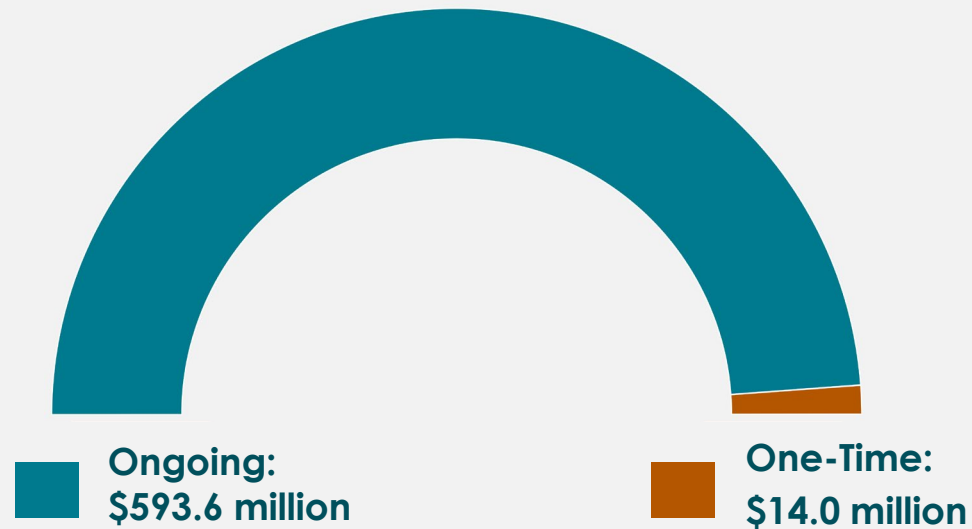
Public Safety

- Fire defibrillators
- Police and sheriff radios
- Fire apparatus

Investment in Schools

Principles of Revenue Sharing

- For FY 2024, 46.8% of local tax revenues is provided to APS
- \$607.6 million to APS, an increase of 4% or \$23.2 million over FY 2023



COUNTY SUPPORT FOR SCHOOLS

PLUS... More than \$10M in County services



Other Program Updates



Stormwater: Beginning in CY 2024, the County will transition to a utility fee based on the measured impervious area on each property, and the possible adoption of a credit program for residents



Collective Bargaining: For FY 2024, no additional resources are needed, though this may change as negotiations continue



Environment: Funding for 22 electric vehicles in continued fleet transition efforts; support for AIRE Initiatives, tree maintenance, invasive species, and tree planting



Police Practices Group: Continued support for DHS's Crisis Intervention Center, expanded automated traffic safety efforts, the Independent Policing Auditor, Community Oversight Board and enhanced training and officer wellness programs

Other Program Updates



Equity: Expanded County-wide and departmental based staff training, professional development, employee resources groups, and support for research assistants.



Long-range sustainability of rent relief and aid programs: Continued funding for Housing Grants, Housing Choice Vouchers, and Eviction Prevention. Recommendations of the Housing Grant workgroup expected in the Spring.



Commercial Resiliency: Funding for Arlington Innovation Fund (\$1.0M in FY 2024), continuation of AED's ReLaunch Program, and additional FTE for BizLaunch

Planning for the Future (Libraries)



- Engage with the community and review the operating model (locations, hours) considering where we've seen growth in the County and how that overlaps with service demands
- Overlay data on growth and library services with current operating model as well as planned locations at Courthouse and Crystal City and potential new site for Columbia Pike in the future
- Determine the best mix of hours and locations for our community now and in the future
- Funding a portion of operations with one-time funding (\$406,453)
- Library Collections (addition of \$680,000 one-time funding)

Beyond FY 2024 - Looking Forward

Out-Year Challenges

- WMATA
- Office Market / Commercial Vacancies
- Housing Demand & Affordability
- Retaining a High-Quality Workforce
- Inflation/Wage Growth Outpacing Revenue Growth
- Managing Aging Infrastructure

Tax & Fee Advertisement

Real Estate Tax Rate: \$1.013/\$100 of assessed value (current rate)

Stormwater Rate: \$0.017/\$100 (current rate)

No Change to Personal Property, BPOL Tax Rates

- Vehicle Personal Property assessment ratio back to 100%

BID Tax Rates Flat at CY 2022 Level

Household Solid Waste: Increases to \$408.54 (a \$100.65 increase) significant increase to contractual costs due to driver shortages, current labor costs, and equipment pricing

Fire & Police: Updates to special event fees for cost recovery

Utilities: Overall increase of 1.7% to the newly restructured water/sewer rates (all customer classes); increase in infrastructure availability and meter fees

Parks: Fee increase for swim and aquatics teams and other fees to more accurately reflect cost recovery

AED: Technology zone amendments

Development Fund & General Fund

Development Services: 5.2% inflationary increase and indirect cost recovery in Development Fund

Impact of Tax & Fee Changes

	FY 2021	FY 2022	FY 2023	FY 2024	\$ Change '23 to '24	% Change '23 to '24
Real Estate Tax (excludes sanitary district tax)	\$6,952	\$7,338	\$7,726	\$8,089	\$363	5%
Sanitary District Tax	89	123	130	136	\$6	5%
Personal Property*	1,029	1,137	1,224	1,182	(\$41)	-3%
Vehicle License Fee*	66	66	-	-	-	-
Refuse Fee**	319	319	308	409	\$101	33%
Water / Sewer Service**	682	711	742	768	\$26	4%
Residential Utility Tax**	72	72	72	72	-	-
Total	\$9,209	\$9,766	\$10,201	\$10,655	\$454	4%

*Assumes two conventional vehicles per household, the approximate average number of vehicles owned per Arlington household. The personal property tax figures do not reflect the PPTRA subsidy for personal property tax relief. For FY 2023, the average tax bill assumes a one-time assessment ratio of 88% adopted by the County Board.

**Reflects the next fiscal year. Water/sewer rate reflects 48 thousand gallons of water consumption, a revision in FY 2022 of average usage. Historical costs also reflects this assumption. Residential utility tax assumptions are based on the ceiling tax rates.

FY 2024 Budget Calendar

February 18	County Manager's Proposed FY 2024 Budget Submitted to the County Board
February 21	County Board Advertises the Tax Rate
February 23	Schools Budget Proposed
February 28-April 18	Budget Work Sessions: County Board holds a series of budget work sessions with County Departments, Constitutional Offices, and the School Board
March 28	Public Hearing: County Board hosted public hearing on Proposed FY 2024 Budget
March 30	Public Hearing: County Board hosts public hearing on CY 2023 tax rates
April 22	FY 2024 Budget Adoption: County Board adopts FY 2024 Budget
May 11	Schools Budget Adopted: School Board adopts FY 2024 School Budget
July 1	FY 2024 Begins

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