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Fiscal Year 2024 Proposed Budget Message

To the County Board and the Arlington Community:

As with each year, my proposed budget is a statement of priorities for this community. We hire and pay amazingly dedicated and talented staff and provide hundreds of programs to deliver excellent services to our residents. Doing this against a backdrop of continued distress in housing affordability, growing needs for behavioral health care, the record setting commercial office vacancy rates, and inflationary pressures affecting our staff and residents is a challenge. However, as I have often noted, we are a resilient community. We continue to see healthy growth in revenues, and the budget I offer to you for Fiscal Year (FY) 2024 lays out a preliminary blueprint for balancing all these pressures and resources.

In November 2022, we anticipated a gap of over $30 million between anticipated revenues and expenditures. Real estate assessments – especially in the commercial sector – were positive rather than negative as we had predicted. Much of the commercial sector's strength is due to new construction. We also have seen extremely strong revenue growth in our meals and sales taxes and have seen a rebound close to pre-pandemic levels of our Transit Occupancy taxes. This good news along with adjustments to expenditures through changes in business practices and selected elimination of vacant positions has allowed us to propose a budget with some targeted additions to handle the growing needs in housing and social services.

- The FY 2024 General Fund budget totals $1.54 billion, a 2.8% increase over FY 2023 adopted levels. The budget assumes no changes in the real estate ($1.013/$100 value) and stormwater tax rate ($0.017/$100 value). The average residential tax burden will increase $454 or 4%. This includes a $369 increase in real estate taxes, a $101 increase in household solid waste fees, and $26 increase in water/sewer rates offset by a drop in the personal property tax burden of $41. The increase in the solid waste rate reflects the end of a long-term agreement with our outside vendor that had favorable rates and the need to renegotiate a contract in an industry that, like many others, is experiencing high wage growth and increased fixed cost pressures. Also, most fees are increasing slightly over 5% to reflect the inflationary cost pressures for programs.

- Overall, revenue is estimated to grow 3.7% above FY 2023 adopted levels. Real estate assessments are up 3.6% (growth of 4.5% residential and 2.6% commercial) and there is strong growth in sales taxes (up 10.7%), meals taxes (up 15.4%) and personal property (up 7.6%) with non-tax revenue (e.g., interest, fines) dropping 3%.

- As always, my first commitment has been to our employees. During the past twelve months, we have completed the first set of collective bargaining with employees in nearly 50 years. After negotiations with our Police, Fire, and Service/Labor/Trades (SLT) represented employees, I am including the funding for the bargained for wage increases in this budget. Fire and SLT employees, along with those employees outside bargaining units would receive 4.5% wage increases in FY 2024 along with a one-time bonus payment of $2,000 (gross), Sheriff's deputies would receive an 8.5% increase, and our Police would receive a 10% increase. We will continue to fund our job studies, pay for a 4% assumed increase in health care premiums, expand parental leave from 8 to 10 weeks, and will propose, to be effective July 1, 2023, expanding the County's DROP program from 3 to 4 years. If there is additional revenue available as we continue budget deliberations, I hope the Board will consider allocating those funds in a targeted way to assist with salaries in areas where we are hard-pressed to recruit and staff important functions.

- In selected areas, we are adding resources for pressing human service needs, economic development, and our natural resources. Our combined investments for housing, including AHIF, eviction prevention, housing grants, permanent supportive housing, housing choice vouchers, case management, and quality standards inspection is over $76 million. We are funding the debt service needed to meet our commitment to Barcroft apartments through a combination of AHIF funds and redirecting proceeds from the Columbia Pike Tax Increment Financing fund. A separate section of this message describes our efforts.

- We are excited that the newly announced proposal by VHC Health at the Carlin Springs property holds promise for more beds for residents with mental health challenges. While this project proceeds through the review process, we continue to work diligently to fill the vacancies in our behavioral health care staff. With vacancy rates for some program staff at 30%, proposing new staff is fanciful given these challenges.

- The proposed budget leaves nearly $4.4 million of one-time funding unallocated – not because we lack pressing needs for funding but to allow for further development and work on the highest and best use of this funding.

Addressing County Board Direction

This year the County Board directed preparation of a budget that maintained our commitment to the principles of financial stability and the direction in the Equity Resolution from 2019, while addressing the needs for employee compensation, the impacts of inflation in program delivery, and maintaining commitments to Arlington Public Schools. The direction, in addition to focusing on funding collective bargaining agreements and housing needs (see above), also spotlighted:

- **Service and Program Efficiencies:** The budget proposes cuts of $5.6 million and eliminates 20.3 positions. These positions are either vacant or have incumbents who will retire. While we are struggling to fill vacancies across the enterprise, the reductions will at least temporarily pull back on commitments made previously by the Board in the areas of planning, auditing, and management resources. Detailed write-ups on these reductions follow the message.

- **Prudent utilization of one-time funding**: The FY 2022 Adopted budget relied on $16.0 million in one-time funding for ongoing County programs. These funds were part of the Covid relief dollars received from the Federal government to cover lost revenues. The FY 2023 Adopted budget lowered that amount to $12 million, and my proposal for FY 2024 is based on the use of $6.5 million – taking us closer to our goal to eliminate the use of one-time funds for these purposes by FY 2026.

- **Follow the principles of revenue sharing**: The Proposed budget provides $607.6 million, an increase of 4% or $23.2 million over Fiscal Year 2023. Each year, the percentage of tax revenues we share with APS is determined by calculating the portion of the current year budget (FY 2023) provided to APS. For FY 2024, this percentage is 46.8% of local tax revenues. The County continues to provide over $10 million in resources out of the County budget to assist APS with a range of their services – including School health nurses, crossing guards, DHS programs helping children and families, and maintaining safe routes to Schools.

Program Updates

In the hundreds of pages that follow there is considerable detail on program performance and ongoing work of County programs. In the December 2022 budget direction, the County Board also asked for updates in the following areas:

- **Stormwater utility fee proposal**: On January 31, 2023, the County Board held a work session with staff to discuss the recommended fee structure, credit program, and issues surrounding the utility fee proposal. The County will be transitioning to funding the Stormwater program with a utility fee beginning in calendar year 2024. The fee will be charged based on the measured impervious area on each property. Along with this budget, we will ask for adoption of a credit program that can be used by residents to plan for the future implementation of the utility fee in calendar year 2024 and enable property owners to begin applying for credits on November 1, 2023. The Stormwater Utility project page has additional information on the fee structure, credit program and impacts on property owners.

- **Resources needed for collective bargaining:** While I am not asking for additional resources in FY 2024 for collective bargaining, the creation of five full-time positions and the hundreds of hours dedicated to Police and Fire union negotiations in FY 2023 were a significant amount of effort. As negotiations continue and the schedule becomes clearer, I may be back asking for additional resources in the future.

- **Investments in environmental priorities**: The budget includes funding for 22 electric vehicles in continued fleet transition efforts as well as support for AIRE Initiatives, tree maintenance, invasive species management, and tree planting.

- **Implementation of the Police Practices Group recommendations**: We continue to support the investments made to stand up the Crisis Intervention Center at DHS and expand automated traffic safety efforts. The budget also continues to support the Independent Policing Auditor and the Community Oversight Board and enhanced training and officer wellness programs.

- **Implementation of the Equity Resolution**: The budget continues expanded County-wide and departmental based staff training, professional development, employee resource groups, and support for research assistants (see FY 2022 Realizing Arlington's Commitment to Equity – RACE annual report for more on these efforts). We will be expanding dialogues in the community on privilege and bias and update our race and ethnicity dashboard and history timeline. Also, each of the budget investments we made was reviewed with an eye towards equity. The focus on adding resources for housing and social services continues our work towards providing equitable access and resources that will lead to a more thriving community.

- **Long-range sustainability of rent relief and aid programs**: The proposed budget commits over 8% of County funding to housing affordability with continued funding for Housing Grants, Housing Choice Vouchers, and Eviction Prevention. The extension of these programs shows our continued commitment to providing a safety net for our community. Over the past few years, these programs were increased to provide much needed assistance to our most vulnerable communities. While these programs are needed long-term, we continue to evaluate the criteria used to ensure that we are using funding most effectively. To that end, recommendations related to the Housing Grants workgroup are expected in the Spring.

- **Capital investments**: The proposed budget funds PAYG capital, short-term financing, and uses General Obligation bonds and bond premiums to invest in parks, transportation public safety, facilities, neighborhood conservation, and technology. With increasing supply chain and inflationary cost pressures, many project cost estimates have increased since the adopted CIP. Even with those increases, most, but not all, projects adopted in the FY 2023 – FY 2032 CIP are funded in the FY 2024 Proposed budget. Most of the investment is focused on maintaining existing assets with some smaller amounts directed to new programs and infrastructure.

- **Commercial resiliency efforts:** Over the past year, a series of changes to the Zoning Ordinance have been proposed and adopted by the County Board. Also, a dedicated staff team continues to work with prospective businesses to expand potential uses of commercially zoned office spaces. Two newly hired Arlington Economic Development staff have joined to focus on this work. The budget also includes a proposed $1 million fund to provide targeted incentives to businesses interested in locating in Arlington and continues the expanded efforts for our small business BizLaunch and ReLaunch programs at Arlington Economic Development.

What is Next?

Looking back one year ago to the proposal I made for Fiscal Year 2023, I discussed the rebound of revenues from Covid, the permanent shift to a workforce that does much more of its job outside a formal office setting, the pressures of inflation on the wages of staff, and increased commercial office vacancy rates. Twelve months later, many of these same trends continue. We no longer have the infusion of Federal dollars we relied on to bridge ourselves to the other side of the pandemic, and we continue to face profound challenges in affordability and assistance needed in our housing market and commercial office vacancy rates at record highs.

The FY 2024 proposed budget continues the transition to a future that looks very different from the world we lived in prior to COVID. While the lower values for commercial office property were masked this year by new construction, we anticipate that over the next several years, this cornerstone of our real estate tax revenue will see diminished values as office owners shed leases and workers and businesses adapt to the new teleworking situation. Our efforts to bring new uses to our commercial spaces continue and the strength of our mixed-use urban corridors where residents live near restaurants and entertainment is a solid foundation to weather the reduction in the Monday to Friday infusion of workers. However, much work remains for us, and we welcome the upcoming conversations with the Board and the community as we review this budget proposal.

Respectfully submitted,

Mark Schwartz

County Manager

HOUSING AFFORDABILITY

Affordable housing remains one of our community's biggest challenges—one exacerbated by the COVID-19 pandemic and the ensuing economic crisis. For more than ten years, annual budget discussions about housing have focused on increasing housing supply and sustaining housing affordability while meeting the increasing demand for housing subsidies. In the last five years alone, over $500 million has been invested in housing and housing related programs. Included in this total is the significant investment ($150 million) made to preserve the Barcroft Apartments in partnership with Jair Lynch and Amazon. This one project alone preserved 1,334 affordable housing units.

With so many people in our community facing threats to housing, coupled with already increasing housing demands, housing supply shortfalls, and rising housing costs, solutions must be multifaceted—balancing support for individuals in need with efforts to increase supply and ensure supply is well-maintained. The FY 2024 proposed budget continues and expands the resources needed to many vulnerable in our community including greater emphasis on direct support, such as eviction prevention and housing support, while continuing to work with our many partners to increase housing supply.

The FY 2024 proposed budget reflects that we are in a time of transition. The County continues to see growth in demand as well as increasing rents for our rental assistance programs. Similarly, even as criteria for eviction prevention support evolves and becomes more stringent following the emergency needs of the pandemic, need for this support remains at historically high levels. As anticipated, how the County funds the preservation of housing supply is also in transition. The investment in a $150 million line of credit to support the Barcroft Apartment purchase requires significant resources. AHIF funding, coupled with a new dedication of Columbia Pike TIF funding to this project, will support the debt service of this historic preservation of affordable units. However, a project of this scale and with this significant investment will naturally require us to carefully weigh our future investments.

Staff continue to gather data on housing program trends, and we will be working with the County Board on a process to review the eligibility criteria and operations of the Housing Grant program. The Housing Grant workgroup is planning to present their final recommendations to the County Board in the spring 2023.

The proposed budget includes over $76 million—over 8% of the County's budget—in investments in housing affordability, as outlined in the table below. The budget follows the County Board guidance of maintaining the prior year's *ongoing* funding level to the Affordable Housing Investment Fund (AHIF) of $9.7 million and includes

$14.4 million to support the County's Housing Grant program, $24.2 million of federal support in the form of Housing Choice Vouchers, and $3.6 million in eviction prevention support. Support for our most vulnerable through the Permanent Supportive Housing program totals $5.4 million including $100,000 for a program to inspect these properties and ensure tenants' living conditions are improved and regularly monitored, similar to our recent efforts with Committed Affordable Units' (CAF) inspections. Details about these programs and others can be found following the table below.

FY 2024 Proposed Budget Funding for Housing	
Direct Housing Assistance:	
Housing Grants	$14.4 million
Housing Choice Vouchers	$24.2 million
Permanent Supportive Housing	$5.4 million
Eviction Prevention	$3.6 million
Real Estate Tax Relief for the Elderly and Disabled & Disabled Veterans	$5.0 million
Affordable Housing Supply:	
Affordable Housing Investment Fund	$9.7 million
Columbia Pike TIF	$1.7 million
Other:	
Other Housing Programs	$12.7 million
TOTAL	$76.7 million

Direct Housing Assistance

Housing Grants: The County's Housing Grants Program provides rental assistance to low-income Arlington residents who meet at least one of the following criteria: 65 years of age or older, totally and permanently disabled, working families with at least one child under the age of 18, and clients of a County-operated or County-supported mental health program. These grants cover a portion of monthly rent; the amount is determined based on household income, household size, and total rent with a goal of having tenants pay no more than 40 percent of their income towards rent.

In FY 2024, the projected number of households served will increase 4.9 percent, from 1,478 to 1,551. Currently, 89.6 percent of Housing Grants clients are at or below 30 percent of Area Median Income (AMI).

The Manager's FY 2024 Proposed Budget includes an increase in the maximum allowable rents to ensure subsidies keep pace with the rental market. The maximum allowable rents lag the market by two years. This additional funding, along with increased funding to meet projected needs, increases the Housing Grants budget from $14.3 million to $14.4 million. The County will continue to review eligibility criteria and adjust as needed to ensure the subsidy is deep enough to help Arlington residents maintain their housing.

Housing Choice Voucher Program (HCVP): The federally funded and locally administered Arlington Housing Choice Voucher Program helps low-income families at or below 50% of Area Median Income, the elderly, and people with disabilities obtain safe, decent, and affordable housing in the private market. In recent years, there has been an increase in the number of Housing Choice Vouchers allocated to Arlington County. In FY 2023, the program has a total of 1,707 federal and 10 state-awarded housing vouchers; however, the budget authority for these vouchers is outpaced by ongoing market rents. Approximately 93% of the Housing Choice Voucher program budget authority is expended each year on rental subsidies. In FY 2024, the projected number of Arlington households receiving a Housing Choice Voucher will increase to 1,511.

Permanent Supportive Housing: The County's Permanent Supportive Housing (PSH) program provides affordable housing and supportive services for individuals and families who are homeless or at risk of becoming homeless as well as those who have very low incomes and serious, persistent issues, such as substance use, mental illness or other disabilities, or HIV/AIDS. Demand for Permanent Supportive Housing subsidies has been increasing, with 301 contracted units in FY 2020, 320 units in FY 2021, and 319 in FY 2022 from all funding sources (local and state). The number of contracted units are projected to increase to 352 in FY 2023 and 363 in FY 2024. In addition to the $5.3 million of state and local funding for rental subsidies, this budget also includes $100,000 in ongoing funding to fund Housing Quality Standard (HQS) inspections for all locally funded Permanent Supportive Housing units, as well as any other subsidized units on an as-needed basis, to address ongoing maintenance and repair concerns and strengthen oversight of these units.

CAF Inspections: The COVID-19 pandemic strained the conditions of Committed Affordable Units (CAFs), as in-person inspections were shifted to virtual reviews, and non-emergency maintenance and repairs often were deferred due to safety and resource considerations. In FY 2023, the County Board approved $150,000 in one-time funding to enable increased HQS inspections in the CAF portfolio. CPHD anticipates completing 2,000 CAF unit inspections in spring 2023 as a result of this funding, specifically in properties that have not had substantial renovations within the last five years. Additionally, staff, with the support of community organizations, is providing resident outreach and education as well as listening sessions to learn more about the resident experience at our CAF properties. Staff plans to continue these efforts in FY 2024.

Real Estate Tax Relief: The Real Estate Tax Relief Program provides an exemption and/or deferral of real estate taxes for qualified Arlington homeowners age 65 and older and certain totally and permanently disabled homeowners who have the property title and meet income, asset, and other eligibility requirements.

The availability of this program supports seniors and permanent/totally disabled homeowners to continue living in Arlington. Approximately 900 homeowners receive full or partial exemptions or deferrals in tax relief each year. In the calendar tax years 2023 and 2024, the total number of homeowners participating in the program is projected to remain flat.

Eviction Prevention: The Department of Human Services (DHS) has historically provided eviction prevention assistance to Arlington residents in need to assist them with rent, rent arrears, security deposits, and utility payments. Since the onset of the COVID-19 pandemic, DHS has experienced an exponential increase in requests from Arlington residents for eviction prevention assistance. The table below details growth in this program in recent years.

Fiscal Year	Unduplicated count of residents served	Average number of times residents received assistance	Total Payments	Average Payment Amount
FY 2020	1,555	1.6	2,500	$1,001
FY 2021	1,586	2.6	4,091	$1,230
FY 2022	1,685	1.5	2,517	$1,618
FY 2023 through January 13, 2023	1,025	2.1	2,178	$2,246

The increase over the past year is due largely to the state portal for rental assistance closing in July 2022, so Arlington residents still in need have been relying on local eviction prevention assistance.

Effective October 1, 2022, DHS tightened eligibility requirements for eviction prevention assistance to serve households at or below 50% of Area Median Income (AMI), as opposed to the previous eligibility requirement of 80% of AMI.

Effective January 1, 2023, eligibility requirements were further tightened to serve only households who had a late notice on rent or an eviction notice, and $7,000 cap on assistance per household annually was implemented.

While we anticipate eviction prevention assistance to decrease over time, the need for eviction prevention assistance remains high in our community, so I am allocating $3,000,000 of one-time funding in the FY 2024 budget as the program transitions to a more stable long-term level.

Affordable Housing Supply

Each of these initiatives in the proposed budget meets the goals and objectives contained in the Affordable Housing Master Plan, which underwent a review in 2022. The County Board's Housing Arlington initiative, bolstered by investments in AHIF, is also underway and efforts will continue into FY 2024.

Columbia Pike TIF: Established in December 2013, the Columbia Pike Tax Increment Financing Area (TIF) aims to help finance affordable housing initiatives in support of the Columbia Pike Neighborhoods Area Plan. This 30-year plan establishes the future vision for the primarily multi-family residential areas located between the commercial nodes along the Columbia Pike corridor. The Plan established a goal of preserving all existing 6,200 market rate affordable units (MARKS). Columbia Pike TIF revenues are utilized to fund affordable housing initiatives needed to mitigate the impact of redevelopment along Columbia Pike, particularly related to the preservation of affordable housing.

Revenue from this TIF has been set aside for the Transit-Oriented Affordable Housing (TOAH) Fund, which was designed to support to developers to cover infrastructure costs and County fees for projects where they use Low Income Housing Tax Credits.

Beginning with the FY 2024 proposed budget, both balances and new revenue in this TIF are proposed to be dedicated to the County's largest investment in preserving affordable housing along Columbia Pike – preserving the affordability of the 1,334-unit Barcroft Apartments. Funding from the TIF will be coupled with AHIF funding to pay principal and debt service on the $150 million loan provided by the County in December 2021 to support the acquisition of the property by Jair Lynch Real Estate Partners. This County loan, in combination with a $160 million low-rate loan from the Amazon Housing Equity Fund, will support the preservation of all Barcroft apartments as affordable units.

Affordable Housing Investment Fund and Housing Development Resources: The County's Affordable Housing Investment Fund (AHIF) remains our main vehicle to both preserve and create long-term affordable housing by making low-interest loans available to developers. Over the past five years, the County has produced or preserved an average of 675 committed affordable units (CAFs) annually; this average has increased over prior years due to the December 2021 preservation of Barcroft Apartments. As of June 30, 2022, the County has 74 CAFs that are affordable to households earning less than 30 percent of the area median income (AMI).

Annual County Board budget appropriations are one source of funding for AHIF, but the County also relies on annual loan repayments and developer contributions from site plan projects to provide funding for new projects. Since FY 2018, net tax support has accounted for approximately 46 percent of the annual AHIF budget; the remaining 54 percent has been funded with loan repayments, developer contributions, and other sources such as federal dollars. These different sources help diversify AHIF's funding and provide a buffer when annual appropriations or other sources decline. The FY 2024 proposed budget includes $9.7 million in AHIF funding, which coupled with funding from the Columbia Pike TIF will meet the debt service costs on the $150 million line of credit used to support the County's loan to this project.

Further, the County has a renewed focus on community benefits as part of site plan projects for funding as well as land opportunities, particularly because land can be the most difficult and costly portion to obtain for an affordable housing project. In this regard, the County continues to work on the Crystal Houses redevelopment, which includes the conveyance of a 0.9-acre parcel of land to the County for development of committed affordable housing. In FY 2023, the County concluded a 12-month process to identify a master developer for the Crystal Houses site that includes both the County parcel and infill parcels to be conveyed by Amazon. These efforts will continue in FY 2024. I anticipate FY 2024 will see an initial commitment of AHIF funds to the Crystal House infill project, led by the Arlington Partnership for Affordable Housing (APAH) and EYA as the newly selected master developer for the site.

PLANNING FOR ARLINGTON COUNTY'S LIBRARY SYSTEM

With the FY 2024 proposed budget, we continue our commitment to Arlington Public Library, a highly valued and trusted resource in the community. The pandemic and subsequent labor market issues hit library services particularly hard due to structural staffing issues (an over reliance on temporary employees). Now that we are "back to normal", the County Manager is recommending a review of future facility and materials funding for the system. How will the library continue to provide a high level of service and access for our most vulnerable residents over the next decade in a changing environment?

Over the last several years, the library has continued to prioritize high quality public service and leveling the playing field of opportunity for all residents. A few initiatives include:

- In FY 2023, the County Board approved 8.5 new permanent FTEs as a first step towards moving away from the Library's over-reliance on temporary staff. This reliance is both unfair to regularly scheduled temporary staff, who do not earn benefits, and can make it challenging to provide consistent, predictable, and high-quality service to library patrons.
- In keeping with national and local trends, the County Board eliminated library overdue fines on July 1, 2020, which data showed the disproportionately negative impact on Black and Hispanic residents use of the library system.

Over the next several years, two new facilities will come online: Crystal City and Columbia Pike. However, the FY 2024 proposed budget is funding some public service costs with one-time funds ($406,453). Library collections (print books, e-books, online resources, and other specialized collections) have been partially funded through one-time funds for many years. The one-time funding of $680,000 (out of a total collections budget of $2,242,742) in FY 2024, continues a trend of meeting the growing cost of collections and long hold times for popular titles with one-time funds.

In the second half of 2023, the County Manager's Office and Arlington Public Library leadership will engage with the community in longer-term strategic discussions about these issues and how to best provide library services in a changed and changing environment.

Arlington's population has grown from 135,449 in 1950 to an estimated 235,500 in 2022. The arrival of Metrorail in 1977 changed the landscape of Arlington and spurred development of two of the three main current planning corridors in the County – the Rosslyn-Ballston Corridor and the Richmond Highway Corridor. Together with the Columbia Pike Corridor, 84 percent of Arlington's population growth is forecasted to occur in these three planning corridors between 2020 and 2045.

Since 1950, the general siting of Arlington public library locations has remained largely unchanged. In 1950, the library locations in Arlington were Aurora Hills, Cherrydale, Clarendon (now Central), Columbia Pike, Glencarlyn, Fairlington (now Shirlington), and Westover. Some of the most significant changes to Arlington Public Library over this time period include:

- Central library opened on the current site in 1961. Additions were made to Central Library in 1967-1968 and 1990-1994.
- After moving several times, Columbia Pike settled into its current location in 1975.
- In January 1989, a Government Reference Library opened in the County government building at 2100 Clarendon Boulevard (now Bozman). This location moved to a new public-oriented site in the building's lobby in 2007 and began to house a small browsing collection. The location was not open nights or weekends.
- Shirlington moved less than a half mile way and into a new building in 2006.
- Westover moved down the street to a new building in 2009.

After nearly 15 years, Arlington Public Library is about to embark on a time of growth, which brings the opportunity to reach new and more Arlington residents with library services. A newly renovated Courthouse location will open in March 2023. The expanded location will offer children's services for the first time and offer similar hours to other neighborhood-based locations, including evening and Saturday hours. As part of a residential redevelopment project, JBG Smith is financially supporting a new 7,200 square foot library location at 1901 S. Bell Street. This will be a full-service library location and is scheduled to open in 2025. With Arlington Public Schools' planned expansion of the Arlington Career Center building, which has housed the Columbia Pike library since 1975, the County purchased just under an acre at 3108 Columbia Pike in 2022. The location is identified as a potential site for a future Columbia Pike library and for co-location of County Board priorities, such as affordable housing. The site currently has a surface parking lot.

The public library plays a pivotal role in leveling the playing field of opportunity and providing free access to all community members regardless of income or status. Using data and an equity lens framework, the strategic discussion will look at how current and future library services and locations can best meet the needs of all Arlington residents, today and in the future. Topics to be discussed will likely include how to prioritize competing needs of new locations, established locations, a sustainable budget for library collections, and a staffing model that provides the highest level of reliability and service for residents.

We hope to include preliminary recommendations in the FY 2025 budget.

MULTI-YEAR FORECAST & FUTURE OUTLOOK

Consistent with the County's debt and financial policies, staff has prepared a multi-year financial forecast. This forecast is intended to help inform, and provide greater awareness to, the Board and the community of medium and long-term budget pressures as policy and service delivery choices are considered.

The County is required to adopt a balanced budget annually, so any projected shortfalls would be eliminated through a combination of expenditure and service reductions, revenue increases (either increased taxes or fees), or a combination of the two. The County is constrained in its revenue growth by restrictions in its ability to change taxes and fees.

Recent budgets have relied on decreasing amounts of one-time sources of revenue as the County responded to the COVID-19 pandemic and began adjusting to how services would be implemented in the post-pandemic world. While the FY 2024 proposed budget includes almost $7 million in one-time funding to support ongoing needs, it is anticipated that by FY 2025 or FY 2026 that reliance on one-time funding for ongoing needs will be eliminated.

This transition to a structurally balanced budget coupled with the potential for diminished office values, expenditure pressures requiring continued investment in affordable housing and the support of residents that use it, mental health services, WMATA budget challenges, and employee compensation will require the County to balance its priorities in budgets in the coming years.

This forecast assumes continuing the FY 2024 level of services into the future with a factor for growth. Comparing these anticipated expenditures with forecasted revenue growth, future budgets show anticipated budget gaps of approximately $18.1 million in FY 2025 growing to about $47.6 million in FY 2029 driven principally by expenditure growth continuing to outpace revenue growth.

Revenue

Since the onset of the COVID-19 pandemic and ensuing economic disruption, revenues have shown significant volatility. Revenue projections have been difficult, especially when trying to predict the impact of macro-economic trends locally to Arlington County. While insulated from some national pressures, Arlington experienced significant impacts to various tax and non-tax sectors. Revenue from the County's hotel taxes (transient occupancy tax) experienced a significant decline in FY 2021 of over 65%. Other non-tax fee-based sources dropped off significantly including parking meter and transportation revenue as well as fees from Parks & Recreation programs.

FY 2023 and FY 2024 mark the recovery of most major revenue sources to pre-pandemic levels. The real estate assessment tax base continued to grow in CY 2023 despite the sudden increase in interest rates beginning in the second half of CY 2022. Looking ahead, uncertainty in the commercial office market with high office vacancies and increasing interest rates may impact real property growth over the next several years. Commercial property values contribute to almost 45% of the total real estate tax base. If companies continue to reduce their office space footprint to adapt to the new teleworking environment, the County will have to attract even more business to absorb the vacant space or transition to alternative uses of those spaces.

The forecast assumes a slightly lower growth rate for real property assessment than the last 10–15-year average. Tax growth is assumed to increase from 1% - 4% depending on the source -- with stronger growth assumed for business taxes and the various consumption taxes growing at a slightly lower rate.

County tax revenue continues to recover from the economic impacts of the pandemic with BPOL, meals, sales, and transient occupancy tax trending higher than anticipated while other areas like utility and communication tax continue to decline over time. There are also a number of non-tax sources that continue to lag from pre-pandemic levels (e.g., parking meters). In the future, a major driver of the projected budget gaps will be how quickly revenues recover and grow.

Expenditures

On the expenditure side, the forecast assumes that we will continue our commitments to our workforce, fund the operating costs of capital projects, address the core needs of our growing population, and maintain support for our schools in line with the revenue sharing agreement. Additionally, the forecast accounts for the replacement of the federal one-time funds received through the American Rescue Plan Act (ARPA) with additional ongoing support. Along with normal budget pressures, FY 2025 and beyond will also require funding for any continued inflationary pressures, collective bargaining impacts on compensation, and prevailing wage requirements on the cost of capital investment, Metro, costs supporting Barcroft apartments, and other priorities.

With the discussion of budget priorities, it is evident that some programs would benefit from additional resources, but given the current budget climate, will not receive them. These additional resources range widely from continuation of pandemic-level support to residents and businesses to more traditional services like streetlight maintenance, library materials, and community engagement resources. Any changes in service levels to fund priority areas will be considered in each year's budget process.

Investments in our workforce: Maintaining our competitiveness will be essential to continuing the County's effort to retain a high-quality workforce and recruit talented employees. Each year, compensation and benefits will be evaluated to determine how we continue to be competitive and realize our Total Compensation Philosophy while fulfilling the commitments of the collective bargaining agreements.

Housing Affordability: Affordable housing remains one of our community's biggest challenges. With increasing housing demands, housing supply shortfalls, and rising housing costs, the County must pursue solutions that are multifaceted—balancing support for individuals in need with efforts to increase supply. Please see the Housing Affordability section in the County Manager's message for more details.

Metro: The Metro General Manager provided his FY 2024 proposed budget in December 2022. The WMATA operating budget totals $2.4 billion, while the capital budget also totals $2.4 billion. The operating budget is funded primarily from passenger fares and other revenues, with the balance paid by the local funding jurisdictions. In FY 2024, federal funding continues to be included again as a one-time funding source to offset revenue and expenditure impacts that have continued since the COVID--19 pandemic; however, those funds are expected to be fully depleted in FY 2024. Arlington's share of the local jurisdictional operating subsidy, net of revenues, is approximately seven percent of the regional total.

Prior to COVID-19, Metrorail provided over 175 million passenger trips and Metrobus provided over 120 million trips annually. Currently those amounts have dropped to 116 million and 106 million, respectively. The Metrorail system serves 11 stations in Arlington along four lines (Orange, Silver, Yellow, and Blue) and Metrobus has over 10,000 bus stops throughout the region. Many transit services in Arlington operate seven days per week providing up to 18 hours of daily coverage. Metro serves an overall population of approximately four million within a 1,500 square mile jurisdiction.

Passenger and system revenues historically funded over half of the annual cost of operations. In FY 2024, it is projected that fare revenues will remain substantially below historical levels and only cover approximately 22 percent of operating expenditures. The federal government approved relief funding that will continue to help WMATA in FY 2024 to offset some of the ongoing revenue and expenditure impacts due to the COVID-19 pandemic. The balance of operating funding comes from local jurisdictional subsidies.

At this time, WMATA is projecting a $527 million gap in FY 2025 that continues to grow to $731 million by FY 2029, primarily due to continued low ridership post-pandemic along with normal expenditure growth. Absent a substantial rebound in ridership, or an external funding source, the $527 million gap in FY 2025 would represent a roughly $45 million increase to Arlington's operating subsidy.

In this forecast, the County is assuming that the WMATA budget gap will be reduced to a $100 million gap in FY 2025 through a variety of measures. This would be roughly an extra $10 million in gross subsidy for Arlington. That brings the FY 2025 gross subsidy for Arlington to $99 million, or a $13 million increase year-over-year when including normal 3% budget growth. Because the County could choose to fund a portion of this increase with balances at NVTC, this forecast assumes that the General Fund will absorb less than $2 million of that potential $13 million increase.

Debt: Debt service as forecasted in the FY 2024 budget is expected to increase at a moderate level over the next few fiscal years. This is due to several large, planned projects in the County's Adopted FY 2023 – FY 2032 Capital Improvement Plan such as a new fire station at the west end of Columbia Pike, replacement of the Columbia Pike library, and improvements to Gateway Park in Rosslyn. These are in addition to ongoing capital commitments for parks and facilities maintenance capital, Metro, paving, Lubber Run Community Center, Long Bridge Aquatics and Fitness Center, Jennie Dean Park, and Fire Station 8.

Arlington Public Schools (APS): The estimates shown for the Schools transfer reflect the current revenue-sharing percentage (46.8 percent of local taxes) as outlined in the Revenue Sharing Principles adopted by the County Board and School Board in January 2015; this percentage may change based on budget deliberations. Continued collaboration with APS could yield efficiency, better service delivery, and savings for both the County and APS.

As the County's financial position improves, there will continue to be measured and strategic investments that meet the needs of our community.

Multi-Year Financial Forecast

REVENUE	FY 2023 Adopted	% chg	Proposed FY 2024	% chg	Forecast FY 2025	% chg	Forecast FY 2026	% chg	Forecast FY 2027	% chg	Forecast FY 2028	% chg	Forecast FY 2029	% chg
Real Estate	859,508,345	6.0%	890,579,760	3.6%	901,865,082	1.3%	915,250,414	1.5%	931,061,760	1.7%	949,473,971	2.0%	968,363,057	2.0%
Less Crystal City TIF Real Estate	(4,600,160)	6.9%	(4,379,860)	-4.8%	(4,401,759)	0.5%	(4,423,768)	0.5%	(4,468,006)	1.0%	(4,512,686)	1.0%	(4,557,813)	1.0%
Less Columbia Pike TIF Real Estate	(1,453,260)	131.4%	(1,737,840)	19.6%	(1,746,529)	0.5%	(1,755,262)	0.5%	(1,772,814)	1.0%	(1,790,543)	1.0%	(1,808,448)	1.0%
Less Ballston Quarter TIF Real Estate	(1,290,600)	-8.4%	(1,470,760)	14.0%	(1,478,114)	0.5%	(1,485,504)	0.5%	(1,500,359)	1.0%	(1,515,363)	1.0%	(1,530,517)	1.0%
Personal Property	132,652,147	12.4%	142,730,733	7.6%	140,592,147	-1.5%	141,922,147	0.9%	144,592,147	1.9%	147,332,147	1.9%	150,142,147	1.9%
BPOL	78,000,000	7.6%	81,196,000	4.1%	84,443,840	4.0%	87,821,594	4.0%	91,334,457	4.0%	94,074,491	3.0%	96,896,726	3.0%
Sales*	46,000,000	5.0%	50,900,000	10.7%	51,920,000	2.0%	53,220,000	2.5%	54,550,000	2.5%	55,910,000	2.5%	57,310,000	2.5%
Meals*	39,000,000	23.9%	45,000,000	15.4%	45,900,000	2.0%	47,050,000	2.5%	48,230,000	2.5%	49,440,000	2.5%	50,680,000	2.5%
TOT	16,500,000	65.0%	22,000,000	33.3%	24,200,000	10.0%	25,170,000	4.0%	25,670,000	2.0%	26,180,000	2.0%	26,700,000	2.0%
Other Taxes	44,635,000	7.8%	43,563,000	-2.4%	44,000,000	1.0%	44,440,000	1.0%	44,880,000	1.0%	45,330,000	1.0%	45,780,000	1.0%
SUBTOTAL: TAXES	**1,208,951,472**	**7.8%**	**1,268,381,033**	**4.9%**	**1,285,294,667**	**1.3%**	**1,307,209,621**	**1.7%**	**1,332,577,184**	**1.9%**	**1,359,922,018**	**2.1%**	**1,387,975,153**	**2.1%**
State	86,295,460	8.9%	88,839,453	2.9%	89,727,848	1.0%	90,625,126	1.0%	91,531,377	1.0%	92,446,691	1.0%	93,371,158	1.0%
Federal	34,883,714	-10.5%	18,123,142	-48.0%	18,123,142	-	18,123,142	-	18,123,142	-	18,123,142	-	18,123,142	-
Other Revenue	105,752,915	-16.6%	113,161,852	7.0%	114,293,471	1.0%	115,436,405	1.0%	116,590,769	1.0%	117,756,677	1.0%	118,934,244	1.0%
SUBTOTAL: OTHER	**226,932,089**	**-7.4%**	**220,124,447**	**-3.0%**	**222,144,460**	**0.9%**	**224,184,673**	**0.9%**	**226,245,289**	**0.9%**	**228,326,510**	**0.9%**	**230,428,544**	**0.9%**
CARRYOVER FUNDS - General	62,983,232	-	56,816,193	-9.8%	8,000,000	-85.9%	8,000,000	-	8,000,000	-	8,000,000	-	8,000,000	-
TOTAL REVENUE	**1,498,866,793**	**7.6%**	**1,545,321,673**	**3.1%**	**1,515,439,127**	**-1.9%**	**1,539,394,294**	**1.6%**	**1,566,822,473**	**1.8%**	**1,596,248,528**	**1.9%**	**1,626,403,696**	**1.9%**

EXPENDITURES	FY 2023 Adopted	% chg	Proposed FY 2024	% chg	Forecast FY 2025	% chg	Forecast FY 2026	% chg	Forecast FY 2027	% chg	Forecast FY 2028	% chg	Forecast FY 2029	% chg
Salaries	332,410,445	9.4%	349,179,674	5.0%	348,966,000	-0.1%	358,121,000	2.6%	367,516,000	2.6%	377,158,000	2.6%	387,053,000	2.6%
Benefits	132,200,487	1.0%	143,198,002	8.3%	145,528,278	1.6%	148,573,986	2.1%	151,683,479	2.1%	154,858,092	2.1%	158,099,190	2.1%
Compensation increase: ongoing														
Compensation increase: one-time														
SUBTOTAL: PERSONNEL	**464,610,932**	**6.9%**	**492,377,676**	**6.0%**	**494,494,278**	**0.4%**	**506,694,986**	**2.5%**	**519,199,479**	2.5%	**532,016,092**	2.5%	**545,152,190**	2.5%
Ongoing Operating Expenses	225,761,366	1.8%	245,723,432	8.8%	250,818,403	2.1%	256,061,764	2.1%	261,457,877	2.1%	267,011,232	2.1%	267,011,232	0.0%
One-time Operating Expenses	13,621,598	131.8%	11,490,958	-	-	-	-	-	-	-	-	-	-	-
ARPA Funded Programs	16,300,878	-		-	-	-	-	-	-	-	-	-	-	-
Metro	46,622,208	0.0%	47,842,394	2.6%	49,753,571	4.0%	51,110,412	2.7%	52,713,959	3.1%	54,365,612	3.1%	56,066,815	3.1%
Contingents (General & CM)	2,000,000	-20.0%	2,000,000	-	2,000,000	-	2,000,000	-	2,000,000	-	2,000,000	-	2,000,000	-
Economic Development Grants	1,500,000	0.0%	1,500,000	-	1,500,000	-	1,500,000	-	1,500,000	-	1,500,000	-	1,200,000	-20.0%
One-time Economic Development Grants	916,029	-7.6%	528,730	-42.3%	528,730	-	558,319	5.6%	305,808	-45.2%	382,305	25.0%	-	-100.0%
Ongoing AHIF	8,902,842	7.2%	8,902,842	-	8,902,842	-	8,902,842	-	8,902,842	-	8,902,842	-	8,902,842	-
One-time AHIF	9,182,691	15.6%	-	-	-	-	-	-	-	-		-		-
Regionals	7,392,026	4.7%	7,669,143	3.7%	7,439,143	-3.0%	7,439,143	-	7,439,143	-	7,439,143	-	7,439,143	-
Ongoing Capital	4,050,000	243.2%	6,000,000	48.1%	6,000,000	-	6,000,000	-	6,000,000	-	6,000,000	-	6,000,000	-
One-time Capital	6,252,176	31.8%	5,000,000	-20.0%	-	-	-	-	-	-	-	-	-	-
Debt	77,110,907	4.8%	79,531,024	3.1%	85,558,854	7.6%	91,771,652	7.3%	97,388,498	6.1%	101,073,442	3.8%	104,493,643	3.4%
Debt Service for Short-term Finance	8,350,400	3.0%	8,767,920	5.0%	9,030,958	3.0%	9,301,886	3.0%	9,580,943	3.0%	9,868,371	3.0%	10,164,422	3.0%
OPEB	16,500,000	-7.8%	14,890,000	-9.8%	14,890,000	-	14,890,000	-	14,890,000	-	14,890,000	-	14,890,000	-
SUBTOTAL: NONPERSONNEL	**444,463,121**	**4.0%**	**439,846,443**	-1.0%	**436,422,501**	-0.8%	**449,536,019**	3.0%	**462,179,070**	2.8%	**473,432,947**	2.4%	**478,168,097**	1.0%
Schools Ongoing (based on 47.0% of tax revenue)	568,207,192	7.8%	593,602,323	4.5%	601,517,904	1.3%	611,774,102	1.7%	623,646,122	1.9%	636,443,504	2.1%	649,572,372	2.1%
Schools One-time	20,484,857	-	13,998,982	0.0%	-	-	-	-	-	-	-	-	-	-
Transfers to Other Funds	1,100,691	24.3%	1,143,097	3.9%	1,143,097	-	1,143,097	-	1,143,097	-	1,143,097	-	1,143,097	-
TOTAL EXPENSES	**1,498,866,793**	7.6%	**1,540,968,521**	2.8%	**1,533,577,780**	-0.5%	**1,569,148,204**	2.3%	**1,606,167,768**	2.4%	**1,643,035,640**	2.3%	**1,674,035,756**	1.9%

Shortfall/Surplus $ (millions)			Proposed FY 2024		Forecast FY 2025		Forecast FY 2026		Forecast FY 2027		Forecast FY 2028		Forecast FY 2029	
Revenue	1,498,866,793		1,545,321,673		1,515,439,127		1,539,394,294		1,566,822,473		1,596,248,528		1,626,403,696	
Expenditures	1,498,866,793		1,540,968,521		1,533,577,780		1,569,148,204		1,606,167,768		1,643,035,640		1,674,035,756	
Annual Deficit/Surplus**	0		4,353,152		(18,138,653)		(29,753,911)		(39,345,295)		(46,787,112)		(47,632,059)	

*Sales and meals tax estimates in years FY 2024 through FY 2029 include growth attributable to the Ballston Quarter development and are net of contributions to the Ballston Quarter TIF

**Arlington County is required to adopt a balanced budget each year. Deficits that appear in out-years will be reduced by the actions taken to balance the prior year.

Title, Description, and Impact	Net Tax Support Funding (OT = One-time Savings)	Full Time Equivalents (V = Vacant / F = Filled)

Summary of Reductions and Realignments

Arlington Economic Development

Director's Office – AED Assistant Director	**$205,888**	**1.0 (V)**

Description of Current Service: The AED Assistant Director position is a senior leadership position that is responsible for managing the department's daily operations. This position serves as a representative of the AED Director's Office and oversees a portfolio of three operational divisions. In addition, the Assistant Director manages economic development policy initiatives, incentives, grants, and the department's budget. The position duties also include interfacing/coordinating with other County departments and agencies (DMF, CAO, COR, DTS, and IDA) to achieve County initiatives.

Impact of Reduction: Eliminating this position will require the transfer of duties to other positions and increase the number of direct reports to the Director and Deputy Director. This change will negatively impact AED's ability to manage core economic development programs/initiatives in a timely fashion and will likely result in slower response times to other County agencies and internally within the department, particularly with items needing strategic coordination.

Cultural Affairs – Reduce Overtime Budget	**$50,000**	**-**

Description of Current Service: The overtime funding in the facilities management and technical support team was used to pay for staff overtime primarily when supporting evening and weekend events and activities.

Impact of Reduction: There will be minimal impact to programming and delivery of services. Over the last few years, there has been a reduced need for staff overtime due to changes in staff work hours to accommodate events and activities. Additionally, temporary staff are utilized to augment and provide needed coverage for events and activities.

County Attorney's Office

County Attorney's Office - Personnel Service Line Reduction	**$51,206**	**-**

Description of Current Service: The responsibilities of a currently vacant Assistant County Attorney III are to provide legal services in local government law to the Department of Environmental Services with a focus on transportation, public utilities, stormwater management, the County's Chesapeake Bay Preservation Ordinance, solid waste, and public procurement related to these areas. This budget reduction will downgrade this position's level to an Attorney I.

Title, Description, and Impact	Net Tax Support Funding (OT = One-time Savings)	Full Time Equivalents (V = Vacant / F = Filled)

Impact of Reduction: Downgrading this senior level position could result in the County Attorney's Office being unable to attract highly skilled senior level candidates who specialize in local government law areas. In addition, downgrading this position will result in additional workload for other staff and the potential use of additional Outside Legal Counsels.

County Board Office

County Board Auditor – Freeze vacant Senior Auditor position	**$138,184**	**1.0 (V)**

Description of Current Service: This vacant Senior Auditor position was created as a part of the FY 2023 adopted budget.

Impact of Reduction: This reduction may limit the execution of the audit workplan in FY 2024. This proposal is for a one-time freeze of a position in FY 2024.

County Manager's Office

Communications and Public Engagement – Media Relations/Communications Manager	**$216,054**	**1.0 (V)**

Description of Current Service: This position is responsible for managing the Media Relations Program in the County Manager's Office, which includes developing and/or managing all press releases for the County; responding to press calls and inquiries; and building relationships with key journalists.

Impact of Reduction: The position is currently vacant, and the duties of the position have been reassigned to other Communications staff in the Manager's Office and to other communications staff members throughout the organization. The impact of this reduction should be minimal.

Office of Climate Coordination and Policy – Environmental Management Specialist, Associate	**$138,184**	**1.0 (V)**

Description of Current Service: This position, created in FY 2023, was designed to support the work of the Office of Climate Coordination and Policy.

Impact of Reduction: The elimination of this vacant position will result in re-assignment of its duties to other personnel in the County Manager's Office and/or the Department of Environmental Services.

Title, Description, and Impact	Net Tax Support Funding (OT = One-time Savings)	Full Time Equivalents (V = Vacant / F = Filled)

Office of the Commissioner of Revenue

Departmentwide – Reduction of various costs for suppliers' services	**$14,300**	**-**

Description of Current Service: The Commissioner of Revenue's office utilizes the services of some outside vendors to support office operations. Operational efficiencies that began during the COVID-19 pandemic have led to decreased spending with some suppliers.

Impact of Reduction: The reduction will have minimal impact, as some process efficiencies have reduced costs for the use of the following suppliers' services: Federal Express - courier services; LexisNexis Accurint - an online search engine used by staff to discover individuals and businesses to determine their tax liability; Lorton Data - the National Change of Address service for the Vehicle Personal Property and Business Tax Divisions; and Merkle - a data imaging service for the processing of revenue payments and certain documents received by mail.

Property Tax and Business Tax Divisions - Paperless Initiative for the Vehicle Personal	**$41,784**	**-**

Description of Current Service: Eliminate mailing to existing CAPP (Customer Assessment Payment Portal) customers in the Vehicle Personal Property Tax Division and to those with active business tax accounts in the Business Tax Division.

Impact of Reduction: Customers will no longer receive assessment notifications through USPS. Savings are realized by eliminating printing and postage costs.

- For the Vehicle Personal Property Tax Division ($9,500): Eliminating letters to existing CAPP (Customer Assessment Payment Portal) customers and instead sending a web notice when a vehicle is added by the Department of Motor Vehicles (DMV) will save postage, back-end Merkle fees, and printing costs. The Vehicle Personal Property Division sends approximately 30,000+ DMV letters a year so this change will reduce postage, mailings, and the associated costs.
- For the Business Tax Division ($32,284): The implementation of the new paperless initiative will eliminate mailing of the Business Tax Division's customer information, i.e., Business License, Business Tangible, Meals Tax, and Transient Occupancy Tax Returns as well as customer Business License Tax Certificates.

Community Planning, Housing and Development

Historic Preservation – Reduction of Consultant Services	**$43,500**	**-**

Description of Current Service: The consultant services funding supports a variety of departmental and Board initiatives that require outside expertise.

Title, Description, and Impact	Net Tax Support Funding (OT = One-time Savings)	Full Time Equivalents (V = Vacant / F = Filled)

Impact of Reduction: This reduction will require the Department to re-prioritize various historic preservation and departmental initiatives including archaeological monitoring and large scale historic/cultural research and documentation. It will also delay the implementation of the Historic Preservation Master Plan Update including updating the Historic Resources Inventory and completing the African American multiple property documentation.

Departmentwide – Reduction in Various Non-Personnel Categories	**$16,752**	**-**

Description of Current Service: These non-personnel funds support the standard business operations of the Department.

Impact of Reduction: This reduction reduces printing and software licenses, which will require work processes to be amended.

Director's Office – Eliminate Management Analyst Position	**$74,941**	**0.6 (V)**

Description of Current Service: This position provides direct support to the Department Director, the Business Operations Division, and the County Manager's Office of the Chief Race and Equity Officer.

Impact of Reduction: This elimination of the position will result in a shifting of administrative responsibilities to another department staff member who is currently supporting another business unit. It will also shift some responsibilities to the Business Operation Division and the County Manager's Office, thus putting strain on existing staff in those operations. The elimination could result in delays in work completion in all affected units.

Comprehensive Planning – Eliminate Associate Planner Position	**$161, 729**	**1.0 (V)**

Description of Current Service: This position is responsible for communicating and promoting the Comprehensive Plan as well as conducting community engagement to facilitate and communicate the desired vision and outcomes for the County related to the Plan.

Impact of Reduction: This elimination would reduce the overall capacity and resources of the Comprehensive Planning team to support projects identified in the Division's annual work program. This could result in delays in completing project work.

Code Enforcement – Transfer of a Code Enforcement Inspector to the Development Fund	**$133,001**	**1.0 (F)**

Title, Description, and Impact	Net Tax Support Funding (OT = One-time Savings)	Full Time Equivalents (V = Vacant / F = Filled)

Description of Current Service: This position enforces state and local property related codes to ensure the safe occupancy and use of existing structures.

Impact of Reduction: This reduction moves one filled Code Enforcement position (1.0 FTE) to the CPHD Development Fund. The Department has previously moved code enforcement positions (4.0 FTEs) to the Development Fund. Moving this position has no impact to the current service levels being provided by the Code Enforcement Section.

Department of Environmental Services

Facilities Management Bureau (FMB) – Eliminate an Accounting Technician I	**$88,847**	**1.0 (V)**

Description of Current Service: This position has historically been responsible for paying and reviewing invoices, gathering supporting documentation for invoices, and general accounting work for FMB. The previous incumbent retired in January 2021.

Impact of Reduction: Since the previous incumbent's retirement, FMB has trained an existing employee to take over these responsibilities and expand their job duties. This new organizational structure has been more efficient. Eliminating the position will have minimal impact on the organization.

FMB – Eliminate a Facilities Project Specialist	**$150,835**	**1.0 (V)**

Description of Current Service: This position manages the planning, design, and construction processes for complex building and facility projects.

Impact of Reduction: Based on the projected workload in the Adopted CIP FY 2023 – FY 2032, FMB can effectively execute projects without this position in FY 2024. However, eliminating this position may require an out-year staffing request if workload changes. An increase in workload without this position could slowdown project execution.

FMB - Reduce Motor-pool vehicles	**$20,000**	**-**

Description of Current Service: The motor-pool is managed by FMB and includes 17 vehicles that County staff can reserve for official County business such as project site visits, off-site meetings, and County programming. This reduction will reduce the motor-pool from 17 to 14 vehicles.

Impact of Reduction: DES continues to actively monitor vehicle usage in the Department and across the County post-pandemic. The County workforce has continued a hybrid of working from the office and working from home, which has decreased the usage of the motor-pool. Based on a review of mileage and usage of the motor-pool over the last year, this reduction will right-size the fleet to meet the current demand.

Title, Description, and Impact	Net Tax Support Funding (OT = One-time Savings)	Full Time Equivalents (V = Vacant / F = Filled)
Solid Waste Bureau (SWB) – Transfer a portion of Recycling Center costs to Household Solid Waste Rate (HSWR)	**$123,348**	**-**

Description of Current Service: The County offers two community recycling drop off locations and three glass only drop off locations for residents and businesses. The usage of the drop off locations increased substantially when glass was eliminated from the residential curbside recycling program.

Impact of Reduction: This recommendation transfers a portion of the cost to operate the community recycling drop off locations to be funded with the household solid waste rate, adding $3.72 to the annual rate, to align funding with the users of the service.

SWB – Rock-n-Recycle	**$20,000**	**-**

Description of Current Service: Rock-n-Recycle is an annual event hosted by the SWB to highlight solid waste management services available to the community and to engage broadly about sustainability. The event has also been used to engage the community regarding the Solid Waste Management Plan and food scraps collection. The event is targeted for the whole family with 22 information, demonstration, and participation areas for the public to see and do things including "touch-a-truck" and heavy-duty vehicle demonstrations for children.

Impact of Reduction: The SWB has hosted this event for a total of three years with an interruption during COVID. The last event was held in September 2022 with 852 attendees. The proposed reduction will mean the event will no longer be offered for residents reducing engagement and educational opportunities

Arlington County Commuter Services - Increase transportation capital funding	**$400,000**	**-**

Description of Current Service: Arlington County Commuter Services (ACCS) is almost 100 percent funded through state grants. A portion of the program has received net tax support ($100,000) and state NVTC transit aid ($300,000). Since this funding can be used for other transit purposes, these funds will be redirected to other programs and offset the existing net tax support of the Department.

Impact of Reduction: The program costs previously funded with these sources will now be funded by the transportation capital fund. The Adopted CIP FY 2023 – FY 2032 included funding for ACCS.

Transportation Planning and Capital Projects (TPCPM) – Transfer 1 Capital Project Coordinator to the Transportation Capital Fund (TCF)	**$59,409**	**-**

Description of Current Service: Capital Project Coordinators are tasked with the scoping, development, and delivery of transportation capital projects working in concert with other Bureaus

Title, Description, and Impact	Net Tax Support Funding (OT = One-time Savings)	Full Time Equivalents (V = Vacant / F = Filled)

in Transportation as well as DES. Currently, a portion of one of seven positions is supported by the General Fund.

Impact of Reduction: This proposed expenditure savings would transfer the General Fund cost to the Transportation Capital Fund (TCF) for this position. There are a total of seven Capital Project Coordinators funded by the TCF and this adjustment would fully fund all seven positions and increase the personnel cost burden on the Transportation Capital Fund.

Multiple Lines of Business – Budget savings and efficiencies	**$130,526**	**-**

Description of Current Service: A detailed review of spending patterns was conducted across the Department of Environmental Services (DES). The following reductions were identified, which have resulted from efficiencies and operational changes.

- Director's Office: $17,000 in savings in postage to reflect less mailings being sent to the community post pandemic.
- Transportation Engineering and Operations
  - $10,000 in software license savings
  - $20,472 in print shop charges
- Multiple Lines of Business:
  - $13,000 in office supplies reflecting the new hybrid work environment and less supplies being purchased.
  - $11,800 in miscellaneous (unclassified services) line items
- Water Sewer Streets
  - $58,254 in heavy duty vehicle rental

Impact of Reduction: Given the historical spending trends in these lines of business, these reductions should have minimal impacts on service delivery.

Department of Human Services

Behavioral Healthcare Outpatient Services – Reduction in Job Avenue Service Capacity	**$192,885**	**-**

Description of Current Service: Job Avenue is a contracted service that assists clients with Serious Mental Illness (SMI) and/or co-occurring SMI and Substance Use Disorders (SUD) to obtain and maintain employment and/or education.

Impact of Reduction: The number of clients served by the program has steadily declined from 313 in FY 2019 to 175 in FY 2022, a reduction of 138 or a 44% decrease. The proposed $192,885 net tax support reduction would reduce the program's budget by 34% and reduce Job Avenue's contracted employment specialists from 6.5 contractors to 3.8 contractors. With the reduction of contracted employment specialists, caseloads will increase from 27 to 46, and include a mix of clients with varying levels of engagement in the staff's caseload. If the participation levels increase, there could be delays in providing support or a waitlist may be implemented.

Title, Description, and Impact	Net Tax Support Funding (OT = One-time Savings)	Full Time Equivalents (V = Vacant / F = Filled)

The Virginia Department for Aging and Rehabilitative Services (DARS) provides similar services to Job Avenue, and it is expected that 15-20 clients would qualify for DARS services as an alternative to Job Avenue. Should the eligible clients successfully transfer to DARS, the caseload of the remaining contractors would decrease from 46 to 41.

Department of Management and Finance

Management & Budget – External hosting of Arlington Wallet	**$103,400**	**-**

Description of Current Service: Arlington Wallet is an externally hosted online financial transparency tool that provides reports and visualization dashboards of the County's financial data for the public to see and understand how the County spends and receives money.

Impact of Reduction: Transitioning from an externally managed solution to an internally developed solution will result in the savings noted above as well as better leveraging of existing Microsoft licensing and staff resources.

No impacts to the public are anticipated. The existing functionality can be replicated, or nearly replicated, to the functionality of the existing externally hosted solution in exchange for these cost savings. DMF will need to ensure that additional staff are trained on Microsoft PowerBI so that adequate resiliency exists.

Purchasing – Prevailing Wage Analyst	**$98,967**	**1.0 (V)**

Description of Current Service: This position supports the Prevailing Wage and Living Wage Administration in the Department of Management and Finance.

Impact of Reduction: This position was added in FY 2022 to support the implementation of Prevailing Wage and the administration of Living Wage. Since then, robust software was purchased to help manage these tasks, and with existing staff, this position is not needed to manage the programs. However, once the Prevailing Wage Program is operating at full contract capacity, it is possible that this staffing reduction could limit the amount of field compliance work the County is able to conduct. Compliance work will still occur but would potentially be limited to fewer site visits.

Purchasing – "Transportation Capital Fund" Procurement Officer compensation	**$132,443**	**1.0 (V)**

Description of Current Service: The Purchasing Division administers the procurement and solicitation management processes for all County operations, including solicitations for the Transportation Capital Fund (TCF). Due to recruitment challenges, the Division has reallocated work to existing General Fund staff and has been able to support the needs of the Transportation program.

Title, Description, and Impact	Net Tax Support Funding (OT = One-time Savings)	Full Time Equivalents (V = Vacant / F = Filled)

Impact of Reduction: Elimination of this vacant position will not significantly impact the current demands of the Transportation Program as this workload is being spread across the entire Division. However, the reduction of a position will reduce capacity in the Division to support the procurement needs of the entire organization.

Real Estate Assessments – Staff Support Technician	**$37,998**	**0.5 (F)**

Description of Current Service: This position performs administrative and technical support for the Department of Real Estate Assessments.

Impact of Reduction: This position is currently utilized in the Department of Real Estate Assessments as a half time position with the current incumbent. A portion of the budgetary funding will be eliminated to reflect the current staffing needs of the Department. There will be no impact to the delivery of services in the Department.

Department of Parks and Recreation

Community Recreation – Reduce Non-Personnel Services	**$65,000**	**-**

Description of Current Service: The Community Recreation division procures a variety of resources and materials to deliver dynamic programming and events to the community. The Department reviewed a number of non-personnel expenditure categories and determined that some budgetary reductions could be made for FY 2024.

Impact of Reduction: A reduction in various non-personnel areas will impact the funding available for resources and materials used to deliver programs, including youth and family programming, 55+ senior programming, therapeutic recreation, and community arts programming. These cost reductions may be offset by increased participant supply fees or affect the capacity and number of free programs available.

Community Recreation – Reduce Level of Temporary Staff Utilized by the Community Recreation Division	**$240,000**	**3.23 (V)**

Description of Current Service: Temporary staff are utilized to augment and support the Department's permanent staff in delivering various summer camp and year-round programs including youth and family programming, 55+ senior programming, therapeutic recreation, and community art programming.

Impact of Reduction: Reduction to temporary staffing levels should not have a significant impact on the services provided to the public. The Department's ability to support a variety of needs in the various summer camp and year-round programs including youth and family programming, 55+ senior programming, therapeutic recreation, and community art programming at the current staffing levels may be slightly impacted.

Title, Description, and Impact	Net Tax Support Funding (OT = One-time Savings)	Full Time Equivalents (V = Vacant / F = Filled)
Parks and Natural Resources – Reduce levels of services across the Parks and Natural Resources division by reducing operating supplies/equipment	**$125,000**	**-**

Description of Current Service: The Parks and Natural Resources division procures a variety of operating supplies and operating equipment items throughout the year to carry out its daily maintenance and operations tasks. The Department reviewed a number of non-personnel expenditure categories and determined that some budgetary reductions could be made for FY 2024.

Impact of Reduction: While this reduction will have internal impacts, requiring DPR to prioritize which operating supplies and equipment needs are fulfilled throughout the year, it will not have an impact on services provided to the public.

Parks and Natural Resources – Reduce Level of Temporary Staff Utilized by the Parks and Natural Resources Division	**$80,000**	**1.95 (V)**

Description of Current Service: Temporary staff are an essential part of DPR's business model and are used to augment the Department's permanent staff, assisting with regular maintenance and operations tasks across the park system.

Impact of Reduction: The proposed reduction should not have a significant impact on services provided to the public. The ability to provide refuse collection and landscaping maintenance at current service levels may be slightly impacted.

Department Wide (DPR) – Manage staff vacancies to accrue personnel savings in FY 2024	**$344,000**	**-**

Description of Current Service: Each department has a natural attrition of staff which generates budgetary savings when positions go unfilled for periods of time. The proposed reduction assumes that DPR will hold vacant positions longer before refilling them to accrue budgetary savings reducing net tax support.

Impact of Reduction: By not filling vacant positions in a timely manner, service delivery can be negatively impacted, or workload increased for other filled positions. The Department will need to monitor service delivery throughout DPR programming to ensure unreasonable program impacts are not accruing because positions are being held vacant for longer periods of time.

Title, Description, and Impact	Net Tax Support Funding (OT = One-time Savings)	Full Time Equivalents (V = Vacant / F = Filled)
Facilities & Operations – Reduce budgeted transfer to Arlington Public Schools for shared pool operations and maintenance	**$216,319**	**-**

Description of Current Service: DPR has historically provided an annual payment to Arlington Public Schools (APS) to help offset the costs and potential for lost revenue at the three high school pools when providing space for DPR aquatics programming and the competitive team.

Impact of Reduction: For over a decade, DPR provided all of the community learn-to-swim programming located in APS pools. In FY 2022, APS took over all programming activities in the APS pools. As a result of this transfer, DPR support toward operations and maintenance of the pools is no longer required.

Department of Technology Services

Office of the Chief Information Officer – Gartner Licenses and Memberships	**$95,355**	**-**

Description of Current Service: Gartner is a consulting group that provides guidance on best practices in the field of technology. The service provides select staff with access to published research, advice on technology implementation, and peer networks.

Impact of Reduction: This service provides a centrally located and wide variety of vetted technology related research and expert guidance. Without access to the service, research will take additional time and vetting by DTS staff, and access to conferences and expert guidance will be eliminated.

Enterprise Technology and Applications Services – Microsoft Licenses for Contact Tracing	**$44,000**	**-**

Description of Current Service: Two hundred (200) Microsoft Power App and Flow licenses were purchased for contact tracers working in DHS/Public Health during the COVID-19 pandemic.

Impact of Reduction: With the scaling back of personnel resources dedicated to the County contact tracing efforts during the COVID-19 pandemic, these two hundred Microsoft and Flow licenses do not need to be renewed for FY 2024. If the County were to ramp-up contact tracing in the future, additional funding would be needed to renew these licenses.

Enterprise Technology and Applications Services – Legacy Remote Access Application Maintenance	**$19,747**	**-**

Description of Current Service: In FY 2023, the Department of Technology Services transitioned the County to a new vendor for remote access service as its primary solution. The maintenance

Title, Description, and Impact	Net Tax Support Funding (OT = One-time Savings)	Full Time Equivalents (V = Vacant / F = Filled)

costs for the prior software application are no longer required. The transition allows the County to eliminate the budgeted legacy application maintenance cost.

Impact of Reduction: The elimination of the maintenance costs will not impact the Department's current operations.

Enterprise Technology and Applications Services – Virtual Observer Maintenance	**$9,207**	**-**

Description of Current Service: Virtual Observer is a workforce management software that is used to record call center voice transactions.

Impact of Reduction: This reduction will decrease some of the software's functionality including the ability to create support requests and to stay current with application updates or fixes. This impact is offset by the fact that the County will be moving to a Cloud-based call center in FY 2024. If the product were to fail prior to the migration, Call Centers would not be able to record and playback call center calls or view screen recordings of call takers.

Enterprise Technology and Applications Services – Public, Educational and Governmental (PEG) Chargeback Increase	**$400,000**	**-**

Description of Current Service: Public, Educational and Governmental (PEG) funds are collected as a percentage of cable franchise fees. The funds are restricted to capital assets associated with the operation of a public, educational, and governmental television channel. The Department of Technology Services supports the planning, development, and implementation of assets that support PEG operations. The department is reimbursed for a portion of personnel and contractor expenses related to PEG assets.

Impact of Reduction: The additional funds for reimbursement in FY 2024 will reduce the funds available for other PEG eligible investments.

Enterprise Technology and Applications Services – Eliminate ongoing funding for two intern FTEs and replace with one-time funds for FY 2024	**$226,626**	**-**

Description of Current Service: The Department of Technology Services intern program employs recent college graduates and allows them to gain valuable work experience in local government. The program increases the County's pipeline of eligible candidates for future employment opportunities.

Impact of Reduction: The intern program is a limited term program for individuals to gain valuable experience working in the Department of Technology Services. For the FY 2024 Proposed budget, one-time funding will replace the ongoing budget to allow for two intern positions to be reduced in FY 2025 when the current incumbents complete their program. Reduction of this program could potentially reduce the pipeline of candidates for future junior level positions with the County. DTS has previously hired interns into full-time County positions from this program.

Title, Description, and Impact	Net Tax Support Funding (OT = One-time Savings)	Full Time Equivalents (V = Vacant / F = Filled)
Fire Department		
Office of the Chief – Eliminate a Vacant Administrative Assistant VI	**$89,367**	**1.0 (V)**

Description of Current Service: This position handles day-to-day administrative tasks in the Office of the Fire Chief; coordinates office and departmental activities, office supply ordering, and inventory; and serves as the general office manager and initial public liaison for the Department. This position has been vacant since December 2021.

Impact of Reduction: The Fire Department will continue to operate without a designated scheduler, office manager, and dedicated daily staff presence. This will require a permanent reassignment of day-to-day office responsibilities such as filing, data entry, and public facing services that will continue to be rotated through uniformed staff personnel and uniformed personnel on light/limited duty. Executive staff will continue automating routine administrative support with assistance from DTS (Department of Technology Services) and PSIT (Public Safety Information Technology), which could potentially put additional strain on those departments.

Support Services – Eliminate a Vacant Warehouse Technician I	**$75,173**	**1.0 (V)**

Description of Current Service: This position handles personal protective equipment (PPE) and uniform purchases, inventory, and distribution. In addition, this position is a liaison between the Fire Department's Logistics section and a majority of the Department's vendors. The uniformed incumbent retired in January 2023.

Impact of Reduction: The Fire Department will re-assign these duties to other staff. The transition may result in delays with external communications with vendors and internal communications and planning within the department for meeting logistical needs.

Support Services – Eliminate a Vacant Management & Budget Specialist	**$117,116**	**1.0 (V)**

Description of Current Service: This position serves as a dedicated grants manager for the Fire Department as well as manages procurement and accounting duties for Personnel Services and Facilities. This position has been vacant since May 2020.

Impact of Reduction: The continued vacancy and proposed elimination of this position will effectively turn what was a four-person financial team into a two-person financial team (a Management Analyst position was eliminated as part of the FY 2019 budget process). The division of labor has also required uniformed personnel to take over grant applications and management, which has greatly reduced the Fire Department's capacity to take on new grant opportunities.

Title, Description, and Impact	Net Tax Support Funding (OT = One-time Savings)	Full Time Equivalents (V = Vacant / F = Filled)
Support Services – PPE Expense Reduction	**$100,000**	**-**

Description of Current Service: Personal protective equipment (PPE) in the form of bunker gear is worn by firefighters in field operations to keep them safe from excess heat, fire, smoke, and carcinogens.

Impact of Reduction: Due to supply shortages, the Department has been unable to fully expend its current budget to purchase and replace PPE. This reduction will not compromise PPE inventory in FY 2024; however, PPE needs in future years will be monitored as manufacturing delays and other supply chain issues ease.

Police Department

Systems Management Division – Support Management Section: Elimination of Records Management Assistant IV Position	**$76,131**	**1.0 (V)**

Description of Current Service: Records assistants are mainly responsible for: 1) providing customer service to citizens and federal, state, and local law enforcement agencies via telephone and in person by explaining policies and procedures; 2) retrieving and reviewing requested information such as performing criminal history record information requests, incident verifications, and Freedom of Information Act (FOIA) responses; 3) keeping records databases up to date; and 4) processing payments and invoices related to services rendered such as parking tickets and boot removal and processing taxi, vendor licensing applications, and expungement orders. They also complete various administrative tasks for the Systems Management Division as needed.

Impact of Reduction: As this position is currently vacant, its elimination is not expected to have a substantial impact on the current operations of the Records Unit. Should there be a dramatic increase in the number of requested records, payments to be processed, or citizens requesting help from the unit, the work of the records unit could take longer to complete with the elimination of this position.

Department of Public Safety Communications & Emergency Management

Integrated Programs – Eliminate Emergency Management Specialist in Integrated Programs	**$115,614**	**1.0 (V)**

Description of Current Service: This position serves as the Planning Section Chief in the Emergency Operations Center (EOC) during activations. As part of the Integrated Programs Division, this position handles work such as strategic planning, SharePoint configuration and migration, FOIA processing, professional development tracking and alignment, and other roles focused on departmental alignment and growth.

Impact of Reduction: The elimination of a vacant EOC trained command and general staff member has multiple impacts on the overall staffing and preparation for emergency events. With one less

Title, Description, and Impact	Net Tax Support Funding (OT = One-time Savings)	Full Time Equivalents (V = Vacant / F = Filled)

senior member, there will be fewer rotations for staff within the EOC which will lead to repeat activation assignments. In addition, the loss of this position will reduce the number of eligible trainers to assist Emergency Support Personnel as they train for deployment to the EOC.

Emergency Communications Center (ECC) – Eliminate Part-Time ECC Administrative Support Position	**$66,476**	**0.75 (V)**

Description of Current Service: Administrative support in the ECC is needed to assist with the onboarding of new employees; the handling of administrative technical needs including the procurement of mission-essential tools and technology; and ensuring that facility management needs, such as ongoing cleaning and maintenance of support equipment, occur on a regular basis.

Impact of Reduction: Certain clerical, administrative, facility, and office management support will fall on other positions or potentially be neglected. Due to the limited staffing within the ECC, especially on the operational floor, many of these routine tasks will fall behind .

Non-Departmental

Non-Departmental - Charge the Customer Service Office Rent	**$28,000**	**-**

Description of Current Service: The Customer Service Office of the Utilities Fund has a dedicated space in 2020 14th Street North. While the Customer Service Office is funded by the Utility Fund and not by General Fund net tax support, the General Fund incurs costs related to operating the space the customer service office occupies. This proposal would charge the Utility fund a modest amount of rent to pay for utilities and maintenance of the space.

Impact of Reduction: The proposal will charge rent to the Utilities Fund. The Utilities fund has included this small addition to its overhead in its FY 2024 Proposed Budget. This is in alignment with how DES allocates costs to other funds.

NOTES:

- *OT = One-time savings*
- *V = Vacant position*
- *F = Filled position*

Department of Environmental Services – Automotive Equipment Fund

Auto Fund – Freeze for one-year Welder and 2nd Night Shift Supervisor	**$240,292**	**-**

Description of Current Service: The Automotive Equipment Fund has almost 60 positions which manage and maintain the County and Schools vehicle fleet. The night supervisor and welder are currently vacant. The Equipment Bureau in the Auto Equipment Fund has reorganized staffing to accommodate the supervisor vacancy and relied on outside contractors to supplement additional welding needs.

Impact of Reduction: With both positions currently vacant and the reorganization of workload, there is minimal impact expected in FY 2024. However, as the County transitions to an electric fleet and requires new skillsets, staffing levels in the Equipment Bureau may need to be re-evaluated to support a diverse and changing fleet.

NOTES:

- *OT = One-time savings*
- *V = Vacant position*
- *F = Filled position*