

County Manager's FY 2011 Proposed Budget

FY 2011 County Board Budget Guidance

October 2009

- FY 2011 Proposed Budget No Greater Than FY 2010 Adopted Budget
- Maintain Our Commitment to Fund Services For:
 - Health & Safety of the Community
 - Affordable Housing
 - Environmental Sustainability
 - Public Schools
 - Providing a Safety Net for Those in Need
- Preserve the County's AAA Bond Rating
- "Provide a balanced budget with expenditures no greater than the adopted FY 2010 budget and that equally divides the revenues / expenditures gap between proposed revenue increases and proposed expense/service reductions."

Closing the Gap

- October 2009—Total County and Schools Budget gap estimated at \$80-\$100 million.
- January 2010—Total County/School gap reduced to \$65 million, based on higher-than-forecast assessments.
 - County gap estimated at \$32.5 million
 - \$16.25 million target for tax rate increase & expenditure reduction.
- Composition of gap
 - \$16.22 million in expenditure cuts
 - \$16.26 million in revenue increases

Meeting County Board Guidance

The FY 2011 Proposed Budget Met the County Board Guidance in the Following Ways:

- Proposed FY 2011 is down 0.5% (\$5.0 million) from the FY 2010 Revised budget
- Maintains Commitment to Fund Services By:
 - Funding Affordable Housing and the Environment at FY 2010 Levels
 - Funding Public Schools at the Revenue Sharing Agreement Level (includes \$6.2 million for increase enrollment)
 - Increasing Funding for Safety Net for Those in Need
 - Maintaining Critical Health & Safety Programs in the Community
- Includes revenue increases that equal expenditure reductions and funds the commitments of the County

General Fund Budget Overview

- General Fund Budget Down 0.5% (\$5.0 million) from the FY 2010 Revised budget
- County Government operations Down 1.7% or \$10.2 million
- Pay-as-You-GO Capital budget maintained at FY 2010 level with some one-time additions associated with the move to Sequoia
- School transfer Up \$6.3 million to \$358.7 million
- Real estate tax rate increased 6.7 cents

Community Input

- In October, a community forum was held with Commission chairs and business leaders
- A follow-up budget forum was held with community members in December at Washington-Lee High School
- In December, the County Manager & APS Superintendent solicited input from the Civic Federation
- An public on-line chat was held in January and residents were able to submit suggestions on budget savings
- An on-line chat was conducted with employees asking to describe their budget and compensation priorities
- A number of the recommendations received during these sessions are reflected in the proposed budget.

Real Estate Tax Rate

County Manager's Proposed Budget Includes:

- 6.7 Cent Real Estate Tax Rate Increase
 - Recommended based on County Board guidance
 - Generates \$36.3 million in FY 2011
 - County Share: \$16.3 million
 - School Share: \$20.0 million
- Total Real Estate Tax Rate - \$.942 per \$100, up from \$.875 (includes stormwater rate of \$.01)
- 5.9 cents split between the County and Schools (50.9% / 49.1%)
- 0.8 cents (generating \$6.2 million total) dedicated for Schools for costs associated with 699 enrollment increase

Tax & Fee Burden on Average Household

	CY 2007	CY 2008	CY 2009	CY 2010 Proposed	% Change '10 to '11	\$ Change '10 to '11
Base Real Estate Tax (includes stormwater tax)	\$4,397	\$4,501	\$4,551	\$4,403	-3%	(\$148)
Proposed 6.7 Cent Real Estate Rate Increase				\$337	-	\$337
Subtotal (Real Estate)	\$4,397	\$4,501	\$4,551	\$4,740	4%	\$189
Personal Property*	311	338	268	273	2%	\$5
Annual Decal Fee	48	48	50	50	-	-
Refuse Fee**,***	296	307	326	329	1%	\$4
Water / Sewer Service**	644	738	784	822	5%	\$38
Residential Utility Tax**	72	72	72	72	-	-
Total	\$5,767	\$6,004	\$6,051	\$6,286	4%	\$235

* These figures reflect the PPTRA subsidy for personal property tax relief. For CY 2010, it is projected that 37% of vehicle value between \$3,000 and \$20,000 will be exempt from taxation. Assumes 2 vehicles per household.

** Reflects the next fiscal year. Water/sewer rate reflects 70 thousand gallons of water consumption. Residential utility tax assumptions are based on the ceiling tax rates.

*** Household solid waste rate reflects the base rate increase and excludes additional leaf collection.

Commercial Properties

- Commercial Service Districts:
 - Rosslyn Business Improvement District tax rate unchanged (\$0.080)
 - Crystal City Business Improvement District tax rate unchanged (\$0.043)
 - Commercial Transportation District tax rate unchanged (\$0.125)
- The proposed budget reflects no changes for other business taxes.
- Due to 12.7% decline in commercial assessments, the typical commercial tax burden will be less than last year even with the proposed 6.7 cent base real estate tax increase.

Budget Reductions

- **Total Reductions (\$16.2 million)**
 - Nearly all County departments, including Courts and Constitutionals, impacted.
 - These reductions are in addition to \$19.5 million in reductions taken in FY 2010.
 - Positions Eliminated - Over 87 positions total / approx. 20 filled

Compounding Impacts of Two Years of Cuts

- Over \$36 million in cuts from the FY 2009 adopted budget and 190 FTEs
- Level of Services Lower
- Reduced Level of Facility and Infrastructure Maintenance and Upkeep
- Internal Service Cuts Impact Service Delivery for Employees and Public
- Workforce Sustainability
 - Fewer people handling more responsibility to deliver service
 - Added stress on workforce

Employee Compensation and Workforce Issues

- No steps or market pay adjustment, beyond full year cost of 1% MPA approved at FY 2009 closeout
- 5% increase in health care costs for employees and County (additional \$1.5 million to County)
- Slight cost increases for retirement and retiree healthcare (OPEB)
- 1 furlough day proposed for all employees (County savings = \$1 million)
- Incentive packages
 - Over 30 employees took early retirement option
 - Volunteer separation package will be offered to 20+ staff affected by budget cuts
 - Additional volunteer separation package being offered to DROP employees and up to 50 vested employees for additional position reductions and budget savings

Funding Critical Safety Net Programs

- FY 2011 Proposed Budget includes an additional \$0.9 million to several critical programs
- Safety Net funding exceeds \$9.5 million, up 26% from FY 2009 (\$2.0 million increase)
- Examples of funding increases since FY 2009 included in the FY 2011 budget
 - Housing Grants up 20% to \$5.5 million
 - AFAC up 36% to \$340k
 - AMEN up 58% to \$460k
 - Permanent Supportive Housing up 65% to \$961k
 - Rapid Assessment & Intake Staffing up 22% to \$1.2 million

Departmental Reductions

- High Level Overview
- Detail Listing Provided on Saturday, February 20th, 2010

Public Safety Reductions

All public safety reductions affecting uniform staff are being done through normal attrition (vacancies/retirement/voluntary separation)

- **POLICE**
 - Reduce Community Policing by 50% (11 FTEs)
 - Reduce other staff by 4 FTEs in human resources, Office of Emergency Management liaison, Public Information Office, administrative support
- **SHERIFF**
 - Eliminate 3 Deputy Sheriffs and 3 non-uniform support personnel in case management services and administrative support
- **FIRE**
 - Eliminate a Heavy Rescue Unit (12 FTEs) and an OEM liaison
- **Office of Emergency Management**
 - Eliminate Deputy Director, the loss of Fire and Police liaison listed above, and a UASI grant position

Human Services Reductions

- Expenditure reductions of \$3.0 million and a net reduction of 17.60 FTEs
- Services are impacted across the County
- Since FY 2009 over 35 FTEs and \$5.5 million in cuts have affected DHS
- Other budget adjustments
 - Rent budget lowered and one-time savings invested in the Sequoia relocation (\$2.1 million)
 - Additional safety net funds (\$0.9 million increase)

Libraries Reductions

- Reduce Central Library by one hour each day of the week and four hours on Sunday
- Reduce every branch library by 1 full service day per week except for Glencarlyn and Cherrydale
- The system will be open 372 hours per week for a reduction of 73 hours over the FY 2010 level
- Reduce temporary FTE funding
- Reduce materials budget

Parks & Recreation Reductions

- Expenditure reductions of over \$1.8 million and 13 FTEs
- Since FY 2009, reductions of over \$4 million and 28 FTEs
- Reduce park maintenance and mowing services
- Reduce hours of operation of various facilities to achieve utility savings. Examples include:
 - Exterior court lighting
 - Spray parks
- Reduce landscaping and tree planting and maintenance
- Consolidate and relocate programs to achieve efficiencies

Department of Environmental Services Reductions

- Expenditure reductions of over \$1.5 million
- Since FY 2009, reductions of \$3.8 million and 18 FTEs
- Reduce facility maintenance and cleaning services
- Reduce staffing commensurate with development activity
- Achieve on-going energy savings through one-time investments
- Adjust transit operations to improve cost efficiency

Base Program Increases

- Departmental Increases
 - Fire Department – added funding (\$1.0 million total) for a recruit class in FY 2011
 - Office of Emergency Management – added funding (\$0.8 million total) for maintenance contract associated with the radio system
 - Human Services – safety net funding (\$0.9 million) mentioned before
- Non-Department Specific Increases
 - Metro (\$1.5 million)
 - Debt service (\$2.3 million)
 - Healthcare (\$1.5 million)

State Cuts

- \$16 million in cumulative revenue loss from the State since FY 2008
- Additional State cuts likely in FY 2011

Budget Stabilization Fund

- \$6.4 million set-aside in a Budget Stabilization Fund for FY 2011
- Similar to the FY 2010 stabilization fund of \$10 million established by the County Board at FY 2010 budget adoption
- Available for unexpected revenue shortfalls or unanticipated expenditure pressures

Tier II Budget Options

Additional expenditure reductions and revenue enhancements not included in the Proposed budget but provided to the Board as additional options

- Revenue Options (\$5.5 million) Examples include:
 - Increase stormwater tax by \$.003 and transfer all stormwater costs out of the general fund (\$1.3 million)
 - Increase parking ticket fines by \$10 (\$1.5 million)
 - Increase commercial utility tax to statutory maximum (\$0.1 million)
 - Increase residential utility tax to statutory maximums (\$2.0 million)
 - Increase decal fee (\$1.0 million)
 - Pay for all leaf collection with solid waste rate (\$0.5 million)
- Expense Options (\$3.9 million) Examples include:
 - Reduction in facility maintenance and operation
 - Additional Human Service reductions
 - Additional Parks and Recreation reductions

County Board Action Items

- Handout of County Board decision items for tax and fee advertisement
- February 20th (Saturday) – Authorize the advertisement of taxes and fees
- County Board Worksessions begin February 25th
- Public Hearing on budget – March 23th & 24th
- Public Hearing on taxes and fees – March 25th
- Budget Adoption – April 24th

Budget & tax hearings at 7:00 PM in the County Board Room,
2100 Clarendon Boulevard, 3rd Floor

www.Arlingtonva.us

Snow Update

- The three historic weather events (December 21, February 5, and February 12) have taxed County resources.
- At least \$3 - \$4 million in overtime and non-personnel expenses through Wednesday, February 10 at midday.
- Foregone parking ticket, parking meter, transient occupancy, meals and sales tax revenue difficult to estimate at this time.
- Mid-year and Third quarter updates coming in March and April.