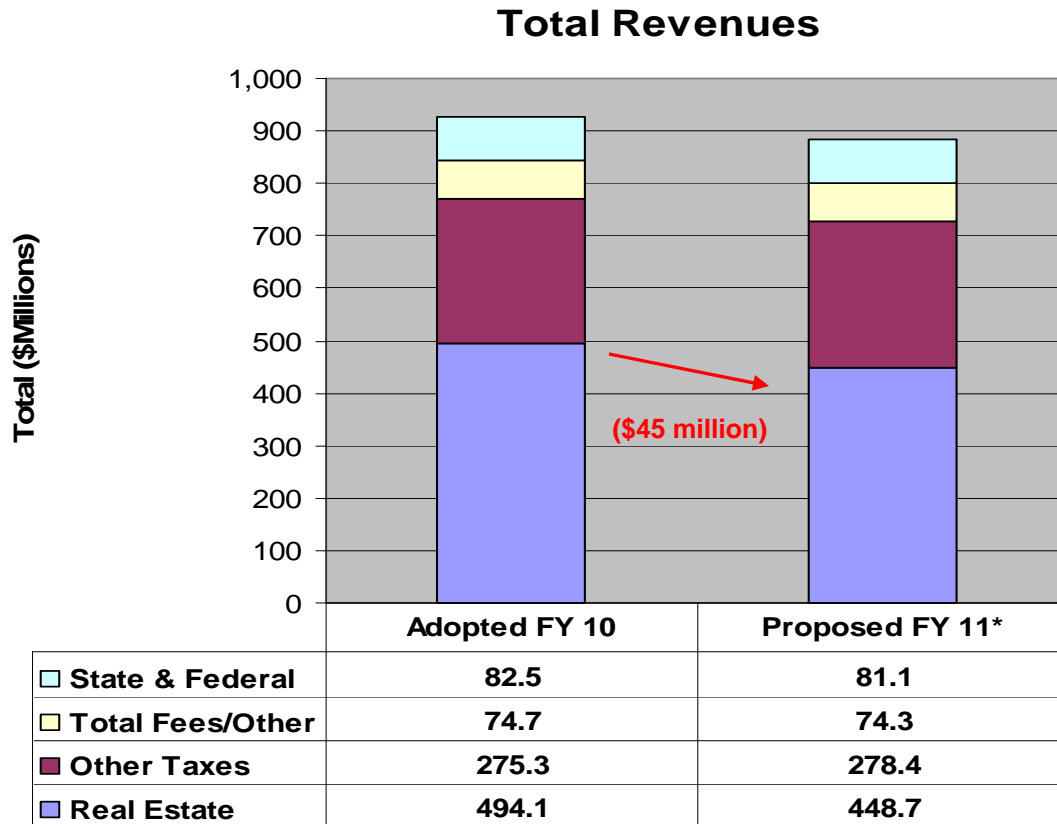


FY 2011 Budget Discussion

Arlington County Civic Federation

Revenues Expected to Decrease in FY 2011

- Based on preliminary estimates, property assessments are expected to decline:
 - Residential down 5%
 - Commercial down 14%



*As of October 2009

Expenditure Pressures in FY 2011

- Compensation
- Increasing Healthcare Costs
- Retirement Rate Increase Per Actuarial Update
- Metro Funding (\$2.0 million)
- Debt Service (\$4.6 million)
- New FY 2011 Costs (\$2.5 million)
 - OEM Radio Maintenance
 - Fire Recruit Class
- Contractual Increases Based on Multi-Year Contracts

County Budget Gap is \$40-\$45 Million

What Does That Equate To?

1. Net Combined Tax Support of:

- I. Fire Department
- II. Office of Emergency Management

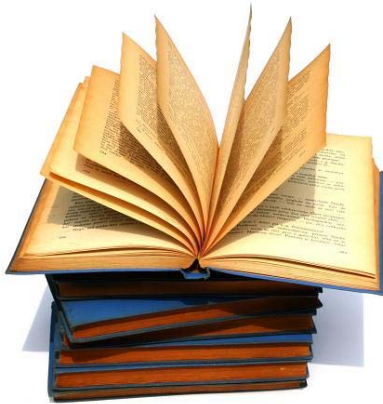
Or

- I. Department of Parks, Recreation, and Cultural Resources (PRCR)
- II. Libraries
- III. Community Planning, Housing and Development (CPHD)

2. Expenditure Reductions of 13% Across All Departments

3. Cutting 496 FTE's - 15% of General Fund

4. \$0.17 Increase in Real Estate Tax Rate (19.4%)



County Board Has Provided Guidance

- **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**
- **Equal Division of Revenue Increases & Expenditure Reductions**

Expenditure Reductions of \$20-25 Million

Equal Division of Revenue Increases & Expenditure Reductions Reduces the Proposed Cuts to 50% of the Current Budget Gap

What Does That Equate To?

1. Net Combined Tax Support of:

I. Sheriffs Office

Or

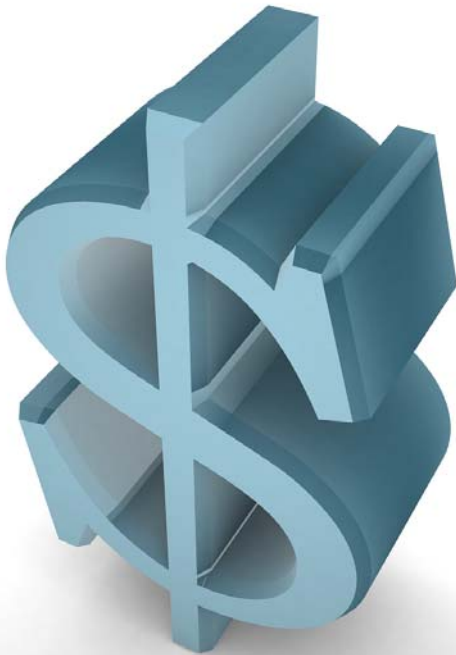
I. Libraries

II. Office of Emergency Management

III. Department of Management & Finance

2. Expenditure Reductions of 6.8% Across All Departments

3. Cutting 254 FTE's – 7.7% of General Fund FTE's



Challenges of FY 2011 Budget Reductions

- Low Hanging Fruit Was Already Picked in FY 2010
 - Multi-year projections of minimal revenue growth requires the need for more cuts
 - FY 2010 budget reductions
 - Administrative cuts = \$12.1 million
 - Service cuts = \$7.7 million
 - Full Time Positions Eliminated = 96.25
- Permanent Reductions Are Needed
 - Operational efficiencies and collaboration among departments
- Tough Decisions Ahead on Potential Service Cuts

How Will We Determine Cuts?

- Departments Asked to Submit Options for Reducing Expenditures by:
 - 5% for courts, constitutionals, and other small departments
 - 10% for all other operating departments
 - State cuts
- The County Board Will Be Provided a 2nd Level of Cuts Beyond the \$20 - \$25 Million That Will Be Included in the Proposed Budget
- Need to Present Balanced Budget



Considerations Guiding FY 2011 Budget Development

- Give priority to core services and services that are critical to the most vulnerable;
- Consolidate services to save money;
- Raise fees and secure non-County resources, where possible, to maintain services;
- Maintain competitiveness as an employer through pay and benefits;
- Maintain a balance of services that make Arlington a unique, world-class community.

Next Steps

- Public Forum on December 8, 2009 With County Manger Washington - Lee High School @ 7pm
- Public Input on Budget Principles
- Proposed Budget to County Board at February Meeting