

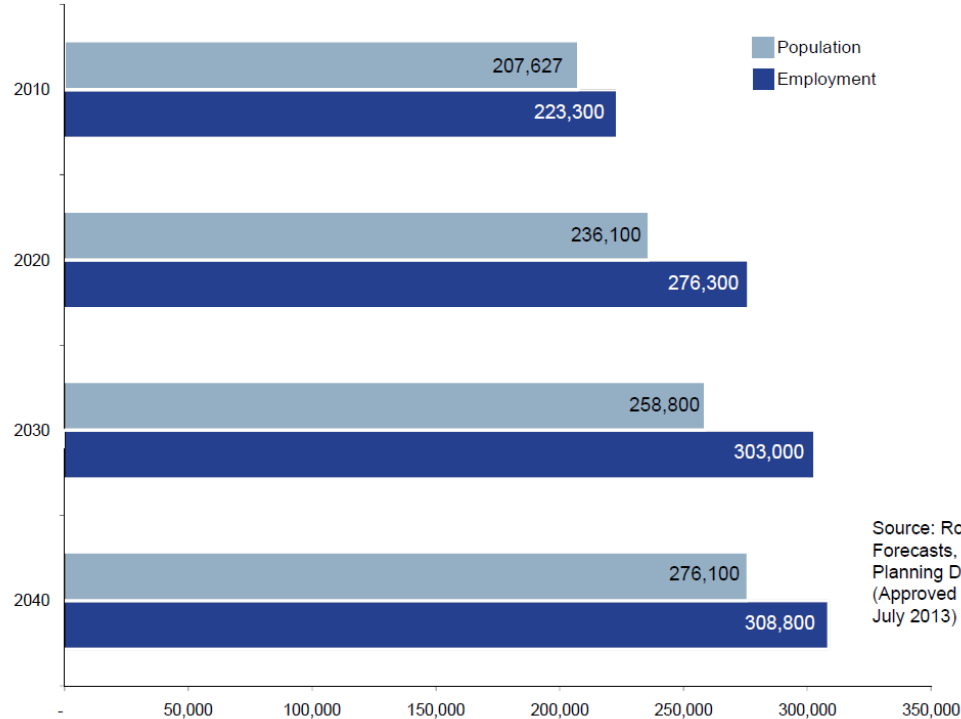
# FY 2016 Budget Forecast Overview

## Civic Federation

January 6, 2015

# Population Trends

## POPULATION AND EMPLOYMENT FORECASTS



Source: Round 8.2  
Forecasts, CPHD,  
Planning Division.  
(Approved by MWCOG  
July 2013)

- Population growth continues

- 3.6% between 2010 & 2014
- Projected to grow by 61,100, or 28% through 2040

- Population characteristics

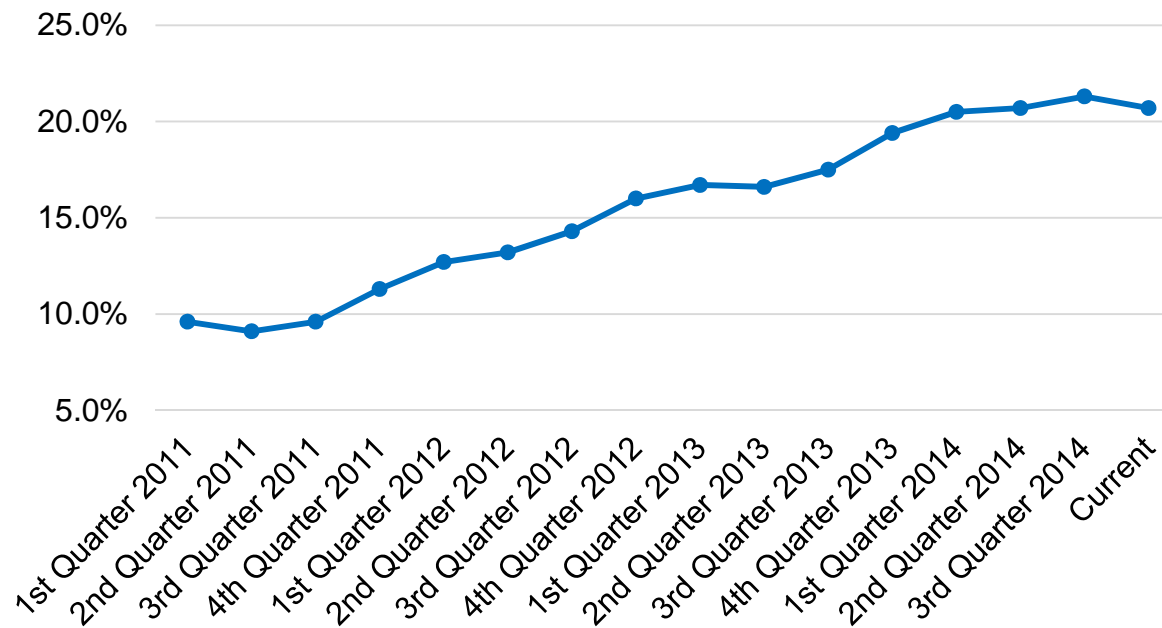
- Ages 25-34 represent the largest distribution at 28.5%
- Diverse population – as of 2010, 36% of residents were Hispanic/Latino, African-American, Asian or Multi-racial.
- Densely Populated – 8,332 people per square mile as of January 1, 2014

- Employment growth

- Projected to grow by 88,200 jobs, or 40% through 2040
- More private office space than the downtowns of Los Angeles, Dallas, Denver, Seattle, or Atlanta.

- Economic outlook has stabilized since last fall's Federal government shutdown
  - Solid residential real estate market
  - Continued concerns in office sector

### Countywide Commercial Vacancy Rate



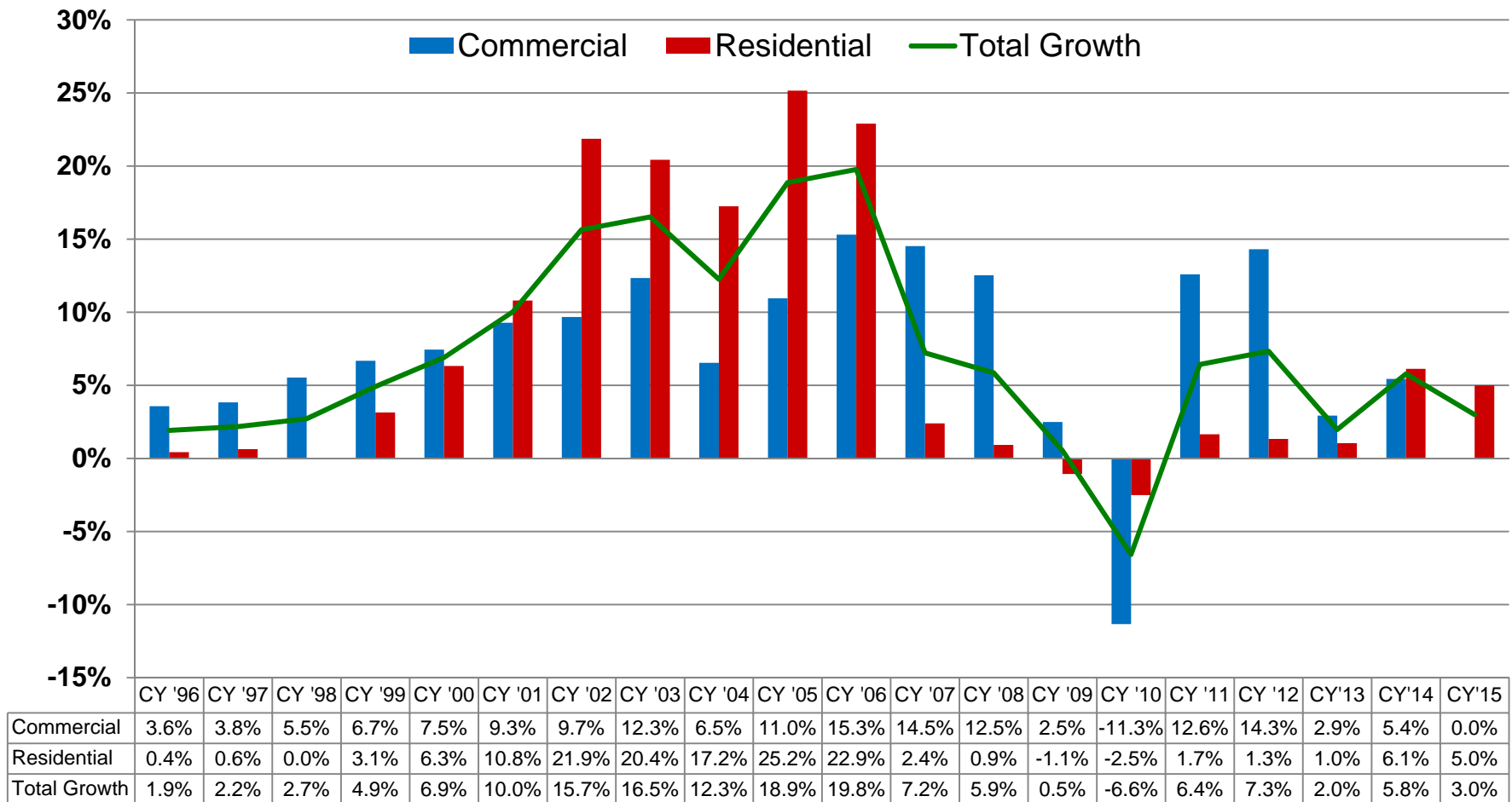
# Revenue Forecast

## Revenue – projection is positive but less than expenses

- Overall real estate growth: 3%
  - Single Family: +7% to 8%
  - Condominiums: +5%
  - Apartments: 0% to +2%
  - Offices: flat to declining
  - General Commercial up & Hotels down
  - Continued concerns in commercial office areas
    - Rosslyn 28%, Crystal City 24%, Ballston 20%
- Continued residential growth with flat commercial shifts more of the burden to the homeowner
  - Average tax bill would increase between \$330 and \$440 per year (at current tax rates)
- Other Taxes up 3%
- Fees, interest, & other revenues up 1%
- State and Federal revenues remain flat – monitoring budget developments at the State level for impacts on the County

# Assessment Base Percent Change

## Residential vs. Commercial 1996-2015 (year-over-year percent change)

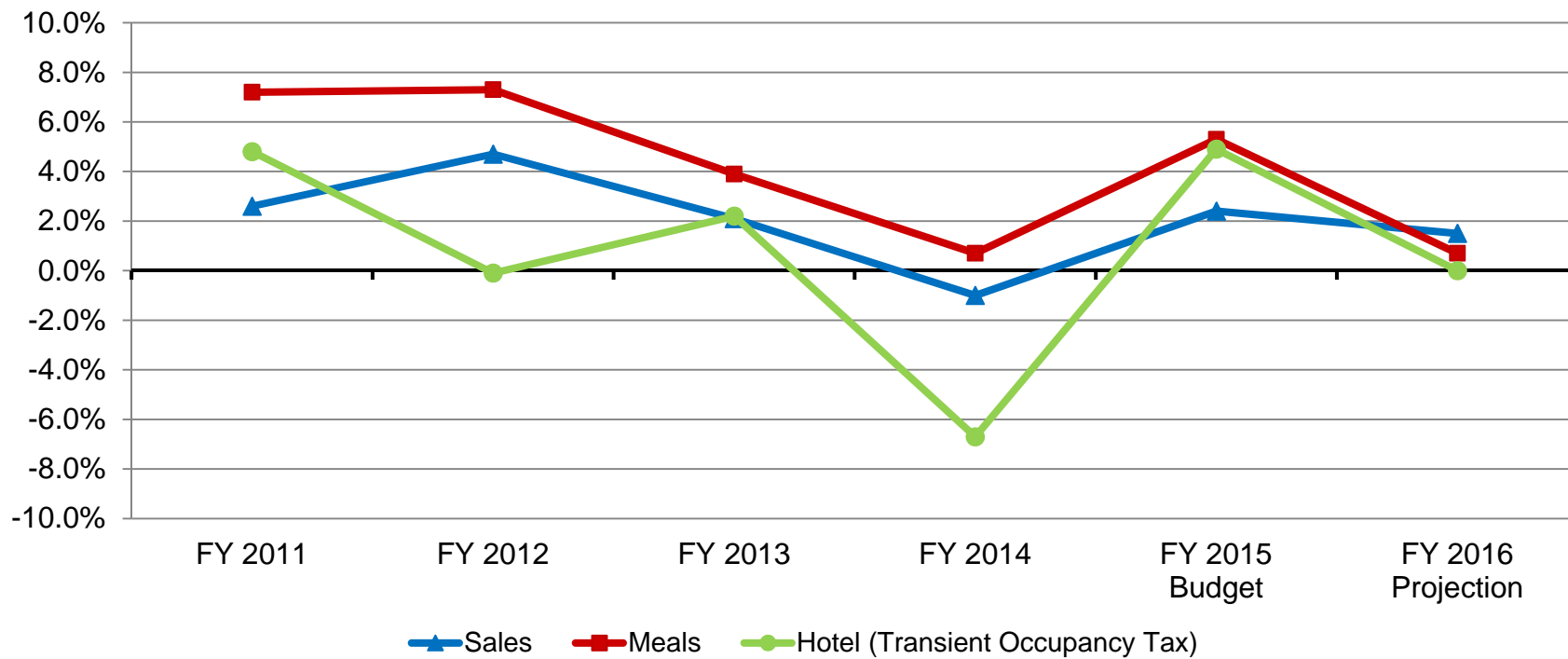


# Other Taxes

- Personal Property – modest growth
- BPOL - flat over FY 2015
- Sales, Meals, & Transient Occupancy Taxes – recovering from government shutdown
- Recordation – reduced due to lower sales volume
- Other taxes - mostly flat with slight increase in utilities consumption tax and slight decrease in cigarette tax

# Volatility in Sales, Meals, & Hotel Taxes

## Year over Year Changes in Sales, Meals, & Hotel Taxes



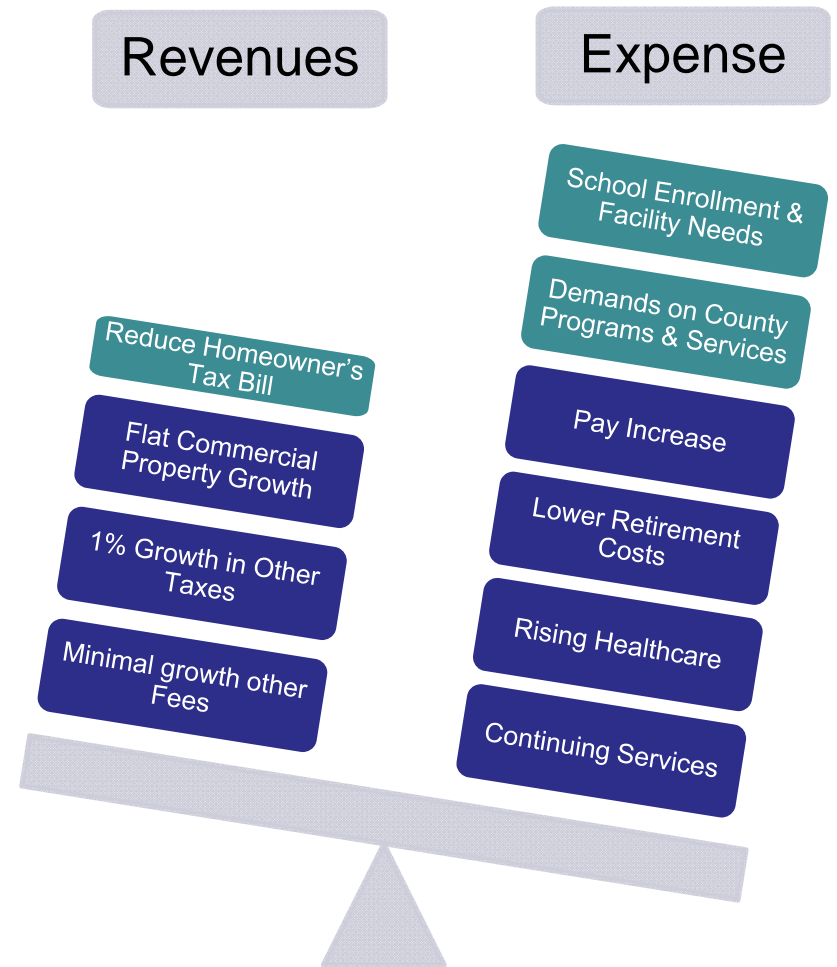
# County Expenditure Assumptions

- Employee Compensation
  - MPA/Steps: \$4.9 million
- Healthcare: 10% (+\$3.9 million)
- Retirement – per actuarial study (-\$0.6 million)
- Other Post Employment Benefits (OPEB): 4% (+\$0.4 million)
- Non-Personnel: 0.6% inflationary adjustment
- Metro: 4% (+\$1.2 million)
- New Facility Costs: \$2.3 million
  - Full Year Funding of the Homeless Shelter & Office Space
  - Consolidation and Lease Costs of DHS Sequoia Move

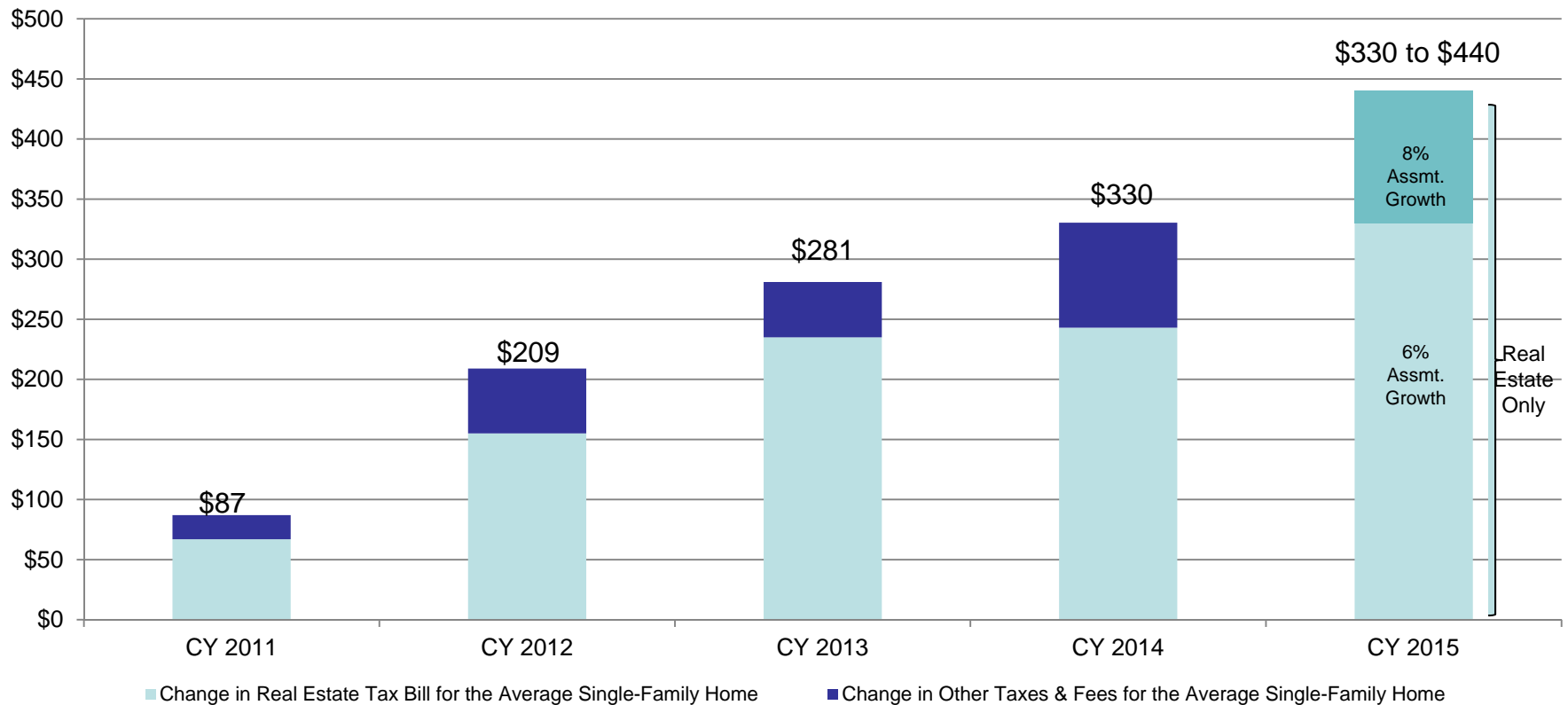
# Forecast of Funding Gap

The County funding gap is \$4 million but....

- Impact on the homeowner's tax bill
- Schools – Enrollment challenges and Facility Needs
- Increased demands on County programs & Services

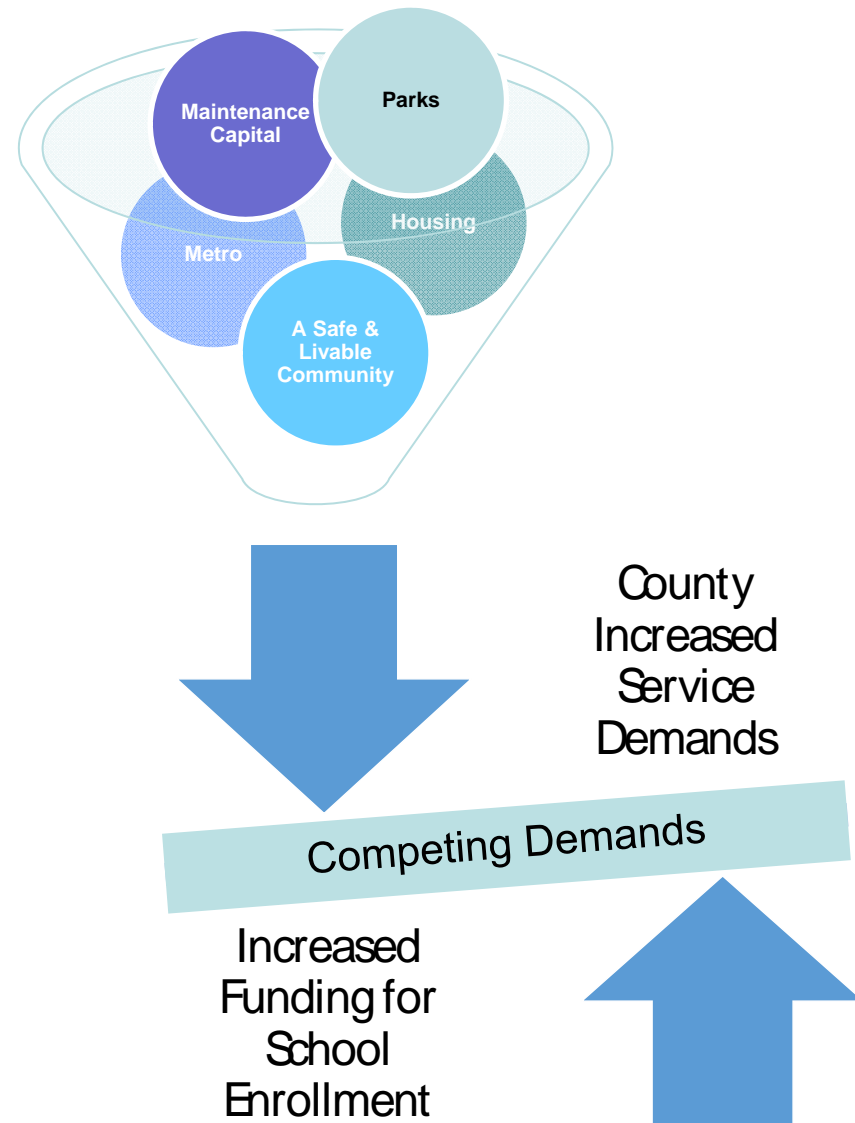


## Changes in Annual Local Taxes and Fees for the Average Single-Family Home



# Increased Demands on County Resources

- The County is facing increased service demands:
  - Metro
  - Housing & Human Services
  - Parks
  - Maintenance Capital



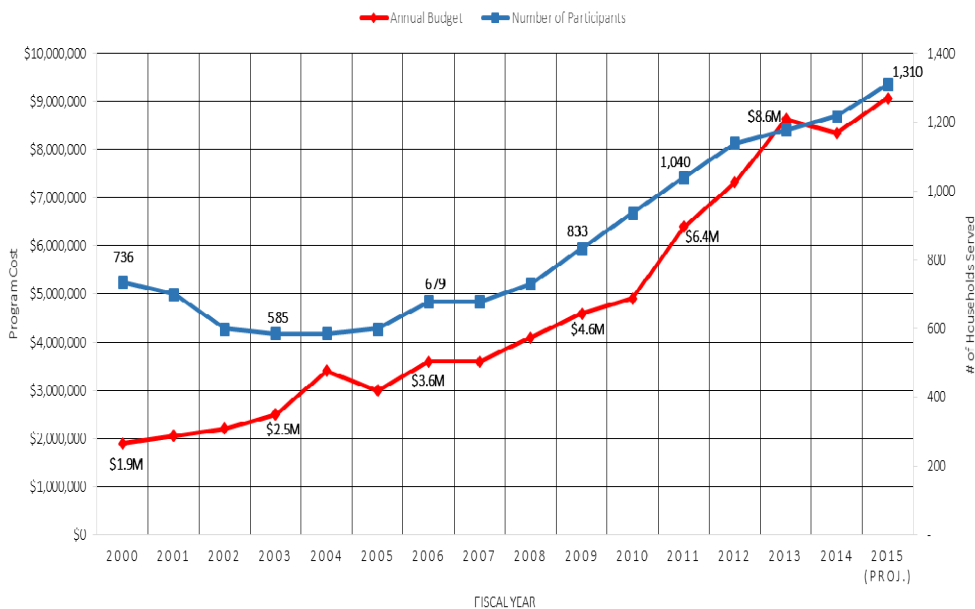


# Housing & Human Service

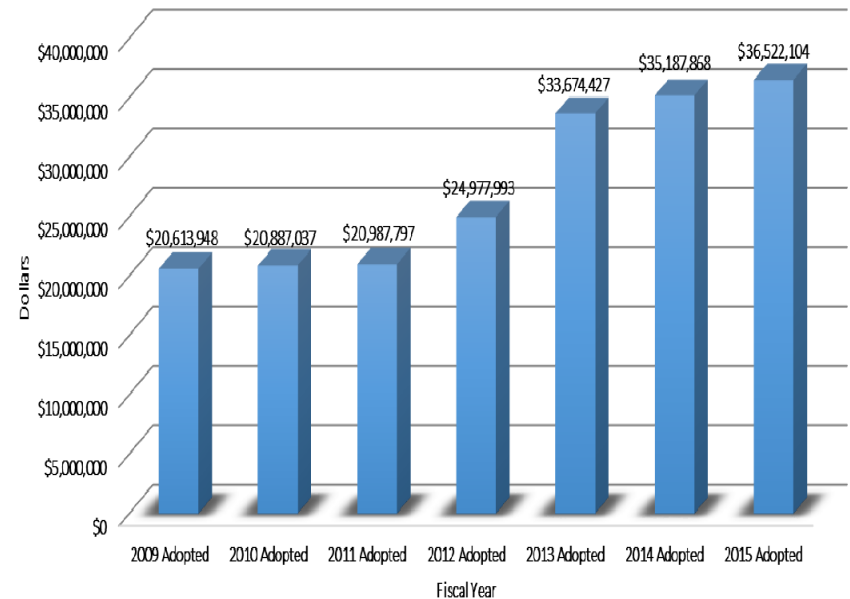
## FY 2013 - FY 2014 Quarters 1 & 2 Comparison

	July-Dec 2012	July-Dec 2013	% Change	
<b>Customer Volume</b>				
Total Visits to DHS Customer Service Center	29,625	31,683	6.9%	↑
Total Visits to Employment Center	6,442	7,316	13.6%	↑
<b>Emergency and Food Assistance</b>				
Total Visits to DHS Clinical Coordination Unit	3,285	3,427	4.3%	↑
Average Number of Families Served Weekly by AFAC	1,339	1,591	18.8%	↑
<b>Public Assistance</b>				
Average Medicaid Caseload	8,623	8,983	4.2%	↑
Average Food Stamps Caseload	4,764	5,129	7.7%	↑

HOUSING GRANTS PROGRAM: ANNUAL COSTS & NUMBER OF HOUSEHOLDS SERVED



Net Tax Support: Multi-Departmental Housing Programs



# A Safe Community

## Increasing Demands On Public Safety

### Demands on Police and Fire:

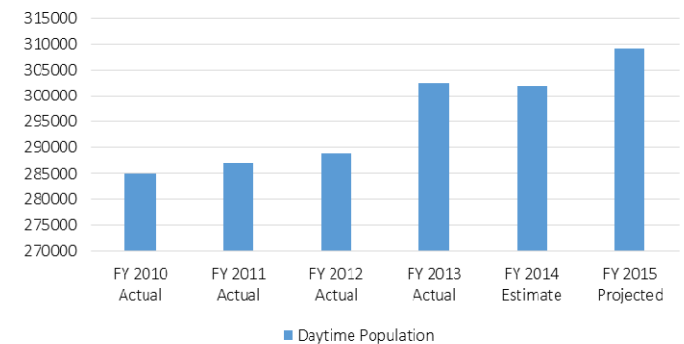
- Population
- Special Events
- Mixed-used Buildings
- ALS Response
- Unique Neighborhood Issues



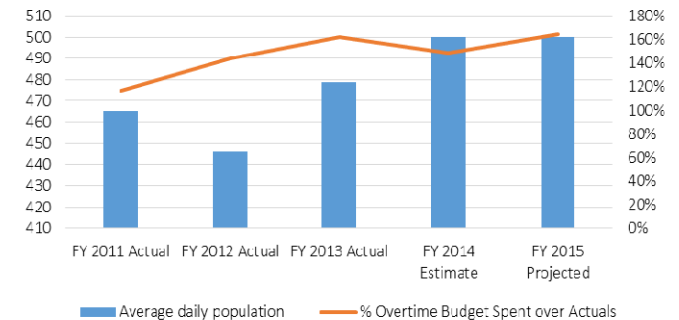
### Staffing and Overtime Pressures:

- Prisoner Population
- Lockdown Rates

Population Growth



Detention Facility Statistics



# Quality of Life – Parks

## Challenges: Park Maintenance Capital / Replacement & Expansion of Turf Fields

Service	Change (FY 13 to FY 14)	Trend
Number of Fitness Memberships	5%	↑
Number of Youth Served	19%	↑
Number of Teens Served	11%	↑
Number of Youth Sports Participants	14%	↑
Number of Office of Senior Adult Programming (OSAP) Registrants	14%	↑
Number of Scheduled Hours on Natural Grass Fields	34%	↑
Number of Individuals Receiving Fee Reductions	28%	↑
Number of <i>Enjoy Arlington</i> Class Enrollments	6%	↑

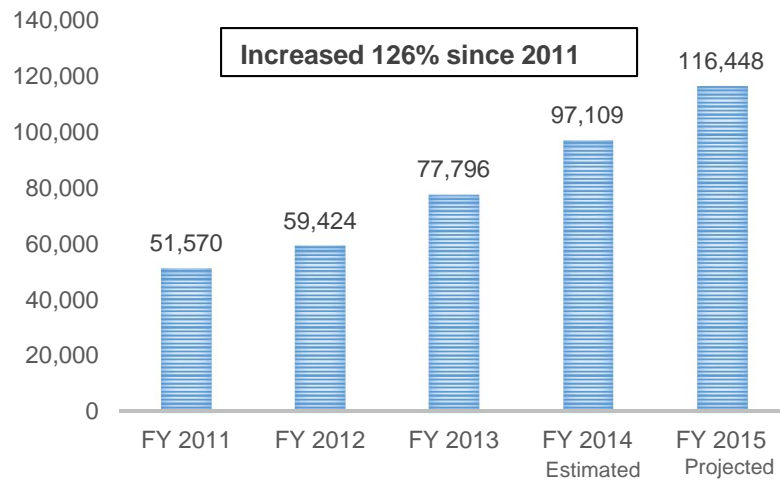
Positive trends indicate success in many of DPRs core programmatic services. However, increased usage correlates with increased staff-customer interaction; increased equipment and facility usage and maintenance; and more administrative management – registration processing, etc. – much of which is absorbed within DPRs existing resources.

Parks and Open Space	Over 1,100 acres
Number of Community Centers	12
Multi Use Trails and Bike Routes	86 miles
Number of Total Fields	83
Number of Turf Fields	14

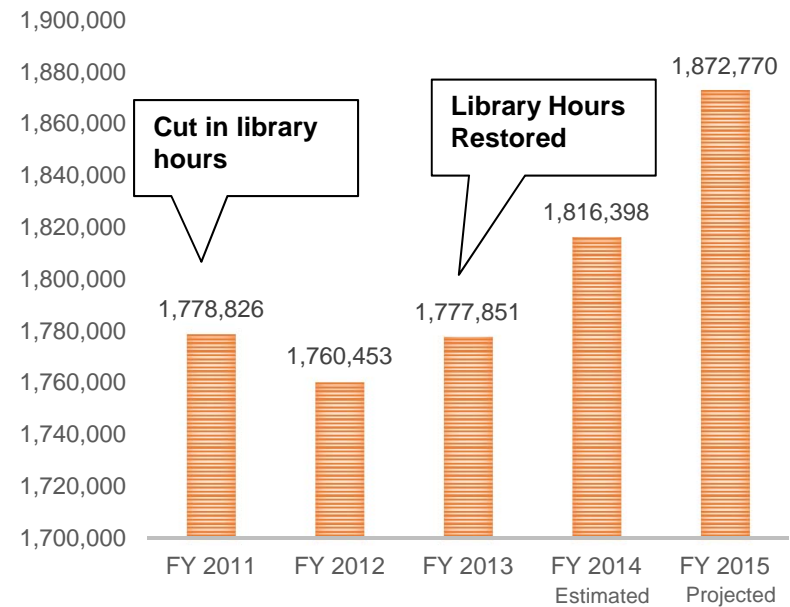


# Quality of Life - Libraries

## CHILDREN & YOUNG ADULTS ATTENDING PROGRAMS



## PATRON VISITS



**40% of Virginia's total annual transit ridership is from Arlington-related trips**

	FY1996 Actual	FY2013 Actual	% Growth
<b>Metrorail Arlington Stations</b>	45,335,000	59,528,744	31.3%
<b>Metrobus Arlington Routes</b>	12,049,000	14,848,036	23.2%
<b>VRE – Crystal City</b>	567,000	1,102,076	94.4%
<b>Arlington Transit (ART)</b>	105,000	2,644,000	2,518%
<b>Total Annual Ridership</b>	<b>58,076,000</b>	<b>78,122,856</b>	<b>34.5%</b>

**Transportation Maintenance** – Significant amount of transportation assets requiring reinvestment

- Paving - Increased funding planned in CIP
- Bridges – Continued maintenance
- Bus stops – ADA accessibility
- Street lights – Ongoing improvements
- Additional Safety projects
  - Bicycle, Pedestrian, Safe Routes to School



# FY 2016 Budget Guidance

- Balanced budget with no increase in the tax rate
- Program capacity expansions can be funded with savings
- Expenditure or service enhancements fully offset by fee revenue increases permitted
- If tax revenue exceeds the budget planning estimate of 3.1%, the Manager should provide 3 scenarios:
  1. Reduction in tax rates
  2. Apply funds to meet increased priority demands
  3. Combination of 1 & 2

# Options

- Ideas Pursued in Prior Years
- Manager to put forward options for cuts (\$4 million)
- Compensation
  - Steps/MPA
  - Healthcare cost shifts
  - Continued hiring slowdown
- Service Reductions
- Tax Rate
  - Guidance to the Manager holds tax rate flat but the Board could take action
  - Tax rate decreased last year after increasing the prior two years
  - Average real estate tax bill increased last seven years
  - Assessment growth expected to increase for residential properties in CY 2015

# Next Steps

- Manager assessing department cut proposals in Dec/Jan
- Preliminary real estate tax assessments in early January
- Manager's FY 2016 Proposed Budget – February 21
- Public Budget Hearing – March 24
- Tax Rate Hearing – March 26
- Budget Adoption - April

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