

FY 2012 Budget Forecast

Arlington Civic Federation

December 7, 2010

- Revenue outlook: cautiously optimistic
- Budget challenges remain
 - E.g., 1,008 new students, prior commitments, two years of staff reductions
- Evaluating: tax/fee adjustments, program reductions, efficiencies

Residential market – flat ↔

- Showing signs of stability

Commercial market – slightly positive ↑

- More commercial transactions in CY 2010 over CY 2009
- Several positive signs in recent sales prices, compared to current assessment
- Liquidity in commercial lending has opened up slightly from this time last year



Current forecast for 2011 assessments

- Planning estimate = **1% POSITIVE** ↑

FY 2011 budget planning (this time last year)

- Worst case – negative 12 percent
- Best case – negative 5 percent
- **Actual – negative 7.2 percent**

- Other revenue
 - Non-real estate tax revenue - flat to very slightly positive ↔
 - Other County revenue – flat ↔
 - State revenue - negative ↓

Overall: positive revenue growth for FY 2012 ↑



Cost Pressures in FY 2012

- Schools Transfer increase in tax revenues
- Retirement fund increase
- Employee compensation (steps, furlough buy back)
- Healthcare – current employees & retirees (OPEB)
- Inflation increase on existing current services
- Maintenance Capital needs

(cont'd)

Cost Pressures (cont'd)

- Restoration of previous program reductions
- Maintaining competitive salaries
- Safety net program increases
- New initiatives
- New student enrollment



- Expenditure growth cannot exceed 1.14%
(current Consumer Price Index - Urban)
- Exceptions include:
 - Abide by Revenue Sharing Agreement with Schools
 - Meet previous commitments by Board for four new facilities
 - Offset new expenses fully with fee revenue

What's the gap?

FY 2012 current revenue/expense gap
(at current tax rates)

- Current projection (County & Schools):
\$25-\$35 million
- Last year at this time (County & Schools):
\$80-\$100 million

- Memorandum of Understanding
- Many examples:
 - Joint Citizen newsletter
 - Joint use facilities: Reed/Westover, Career Center/Columbia Pike library, pools
 - Health services at schools
 - School Resource Officers
 - Joint fleet maintenance, risk management, Network Operations Center, EAP, joint contracts for trash, library automation
- More info: www.arlingtonva.us, search “schools”



- Oct: commission chairs
- Nov: League of Women Voters
- Dec: Public budget forum
- Dec: CivFed
- Dec: Committee of 100
- Dec: Online budget chat (Dec. 17, 10am
 - www.arlingtonva.us



Timeline

- Public online budget chat – Dec. 17, 10am
- Real estate assessments finalized early January
- County Manager presents proposed budget to County Board in February
- County Board public hearings in March
- County Board adopts budget in April

A request for you

- Need your help
- Implementation plan for Snow Removal Ordinance
- Civic associations: please help coordinate volunteers



Thank you!