

Fiscal Year 2008 Budget Message to the Arlington County Board

To the County Board of Arlington, Virginia:



Arlington's balanced, mixed-use economy enables the County to meet its current obligations within existing tax rates in Fiscal Year 2008. This includes the ability of the County Board to restore high priority human services programs that previously lost federal and state funds. The base budget provides resources to the Arlington Public Schools based on the revenue sharing formula. Because of Arlington's past restraint in taxes and fees, the County Board has the capacity to raise additional funds to meet emerging priorities related to the environment and maintenance of capital infrastructure.

Fulfilling Commitments with a Sustainable Budget

The proposed base budget was achieved by responsible, minimal growth in personnel and non-personnel expenditures and fulfills the guidance provided by the County Board:

- The base budget is balanced and sustainable within existing tax rates, including the increases in public safety pay approved last year and addressing under funding in inmate healthcare, the Comprehensive Services Act for At-Risk Youth and Families, and Fire Department overtime.
- The base budget fully funds all debt, lease, and other contractual commitments including those that are "subject to appropriation" in the base budget.
- The base budget adds no new positions or programs supported by local tax revenues or not previously authorized by Board policy.
- Our commitment to maintain infrastructure (maintenance capital) is increased by 45% in on-going funds and recommendations are included to further increase on-going capital through the increase of parking meter rates and other fees.
- The sustainable compensation plan should retain competitiveness in the region by including employee merit step increases, including a new "step 19", full funding for current year obligations in employee and retiree healthcare, increased retirement contributions, and an additional \$1 million from on-going funds toward future retiree healthcare costs.
- A wide range of fee and grant funded programs have been adjusted up and down relative to available revenues.
- The transfer to the Arlington Public Schools is consistent with the approved Revenue Sharing Agreement, which results in a projected increase of \$3.5 million in the current year and an increase of 5.9% (\$18.3 million) in Fiscal Year 2008.
- Funding of \$1.3 million from current on-going revenues has been identified to maintain critical human services programs impacted by the loss of LPACAP funding. Additionally, on-going funds have also been identified to maintain programs that lost CDBG funds and to sustain Nauck community services that had been approved by the Board with one-time funds. Programs in this recommendation include the following:
 - Mental Health Dual Diagnosis Therapy, Bilingual Substance Abuse Therapy, and School Based Mental Health Services;
 - Parent Education;
 - Outreach Services at the Berkeley Community Center;

- Assets Program, Teen Website, Youth Employment, TREK after-school program at Gunston Middle School, and Community Spokes teen program at Barcroft Park;
- REACH senior adult program at Arlington Mill.

In addition to these previously funded programs, two planned programs that were deferred due to loss of funds are also recommended for implementation from local tax funds available in the unallocated reserve:

- **Walter Reed Adult Day Care** (\$358,000) to serve 24 adults and seniors with physical and/or cognitive impairments.
- **Arlington Assisted Living Residence** (\$130,000) to provide partial year operating budget assuming State funds for facility renovation. When fully operational, the local cost of this program is projected to be over \$1 million annually to serve 52 older, low-income residents with mental illness, mental retardation, and/or physical disabilities that need affordable housing and assistance with daily living. This represents one of the County's largest, single on-going commitments to an affordable housing program.

County Board Environmental Initiative

In January 2007, the County Board announced a major environmental initiative, which builds on past efforts to promote environmental sustainability through the County's Chesapeake Bay ordinance. To support these multi-year efforts, the following actions are proposed:

- **Environmental Sustainability Fund.** To support the County's efforts to reduce carbon emissions, an appropriately staffed and funded effort is proposed, which would be funded by a modest residential utility tax on the consumption of electricity and natural gas to generate \$1.5 million annually. These on-going funds would provide sustainable funding to double the County's energy conservation efforts in County buildings, permit a multi-year program of solar powered projects, and create an aggressive outreach and marketing effort to the commercial and residential communities, including energy audits.
- **Expanded Stormwater Management & Flood Control.** Fee and tax options for a recommended \$3 million program will be presented to enable the County to meet increasing federal and state regulatory requirements, meet the policy objectives of the Board, and provide capital funding to solve problems of neighborhood flooding such as occurred in the spring of 2006.
- **Clean Emission Vehicles.** Options to reduce personal property taxes on clean emission vehicles will be proposed.

Conclusion

The Fiscal Year 2008 recommended budget builds on the balance of program priorities and needs as articulated in County Board policies and past actions. The budget fulfills past commitments and strives to do so in a responsible manner that helps provide long-term certainty. Within the resources available, attention was first paid to the Board's commitment to being a caring community that responsibly addresses the needs of those most in need, even in the absence of federal and state funds. The proposals for expanded revenues provide an opportunity for the Board to further enhance Arlington's commitment not only to its own financial sustainability but also to doing its part to sustain the environment for future generations.



Ron Carlee, County Manager