

Meeting Summary: Committee Meeting #1
February 11, 2015; 7:00 – 10:00 pm
Kenmore Middle School

1. Introduction of Study Group Members

- Study Committee Chair John Milliken introduced himself and invited committee members to introduce themselves
- The Chair also introduced Susan Bell, Jennifer Smith, and Lisa Stengle, who will serve as committee liaisons for County and Arlington Public Schools staff.
- The Chair recognized the School Board liaisons to the study committee, James Lander and Nancy Van Doren. The School Board liaisons briefly introduced themselves and the committee's charge and thanked the committee members for participating in the process.
- Later in the meeting, the Chair recognized the County Board liaisons to the study committee, Mary Hynes and John Vihstadt. The County Board liaisons also spoke briefly about the committee's charge and thanked the committee members.

2. Review of Charge, Schedule, and Organizational Matters

- The Chair noted that, so far, 115 people have signed up for the Resident Forum. He also directed attention to a survey form being distributed and requested input from meeting attendees on how best to engage the Resident Forum during the Community Facilities Study.
- The Chair reviewed the [committee's charge](#) from the County and School Boards and the basic schedule of meeting topics and work between now and November.
- The Chair also reviewed proposed ground rules for the committee intended to help the committee with the challenges of a large group completing its work in a tight timeframe.

3. Presentation on County Revenue Sources

- Michelle Cowan, Director of the County Department of Management and Finance, presented an [overview of County revenue sources](#).
- Big picture themes of the presentation:
 - The County's revenue streams have legal and policy limitations.
 - Arlington's balance between commercial and residential assessments is unique compared to neighboring jurisdictions. This balance provides revenue stability when the market for certain sectors is weak.
 - Arlington's financial management practices help the County provide a high level of services and provide benefits to taxpayers.
- Questions and comments on the revenue presentation from the Study Committee (*with responses when provided*):

- What would the revenue estimate be for a typical mixed use building, and how would it compare to the estimates shown for a typical office or residential building?
 - How do reserve levels figure into County's bond rating and why is so much kept in reserve? *The County holds 5% of the general fund budget in reserve. The County increased this reserve from 2% based on feedback from bond rating agencies. Other cities and counties in the region generally have reserves between 5% and 10% or more. Nationally, jurisdictions with AAA bond ratings typically have reserves much higher than 5%.*
 - What is actual the amount of the reserve? *Approximately \$60 million.*
 - Committee would like to see a chart showing how expenditures have changed over time.
 - How do Arlington's expenditures by category compare to other jurisdictions in the region?
 - What are the commercial revenues per household (i.e., total commercial revenues divided by the total number of single family homes and condominiums)? How does this compare to the tax and fee burden for the average household?
 - How much of the County's spending is on roads?
 - Are federal and state revenues declining in real dollars (inflation-adjusted) or just as a percentage of total County revenues? What is the reason for this decline?
 - Provide information comparing business taxes across the region, similar to the table for the average homeowner on slide 18.
 - Provide a comparison of revenues generated for different uses on the same size property with the same building footprint and square footage.
 - Does the County model where real estate assessments are heading? *In general, County expects that office assessments will continue to decline for a few years, apartments will hold flat, and residential assessments will continue to grow but at a slower rate.*
 - What legal authority do we have to incentivize businesses to locate in Arlington? Do taxes like BPOL hurt more than they help?
 - Show all revenue sources over time on a graph.
- Questions and comments on the revenue presentation from the Resident Forum and others in attendance (*with responses when provided*):
 - What have been the drivers for the growth in spending?
 - How much money are we actually losing as a result of the vacancy rate? What the effect on revenues be if office occupancy increased by 1%?
 - Can the revenue data be broken out by housing type (single family, townhouse, condo, existing vs. new construction)?
 - How are commercial properties assessed? *Most commercial properties are assessed using a net income approach to value the property. This approach considers the rental income generated by the building and expenses attributable to the property and applies a capitalization rate to determine a fair market value.*
 - How is a vacant (or partially vacant) office building assessed if has no (or reduced) rental income?
 - Can you provide a hypothetical example comparing the County revenues from a fully leased building and a building that is only 70% occupied?
 - What other incentives does the County have to attract businesses?
 - How much of the County's commercial tax base is the federal government?

- Why is the County's office vacancy rate where it is today, and what challenges does that present us with?
 - Do we get any revenue from Reagan National Airport? *The airport does not pay real estate taxes, but the County does get BPOL and sales taxes from the businesses that operate in the airport. The airport does have a large economic benefit for the County.*
 - Does the County have exit interviews with businesses when they relocate elsewhere? *Yes, Arlington Economic Development works with businesses when they come into the County and even before they leave to find ways to keep them here.*
 - Does the County own any of the vacant office buildings or are they owned by private companies? Can we negotiate with those companies to provide space for startup businesses? *The vacant office buildings in the County are privately owned. Arlington Economic Development works to match businesses with office space in the County. This issue will be addressed at the next committee meeting.*
 - Buildings have been torn down that had businesses that the community loved, and they were replaced with vacant ground floor space. How can we incentivize local businesses to stay or come back if they are displaced?
 - Can retail be broken out from the general commercial category for real estate assessments?
 - Are there opportunities for public-private partnerships for public facilities, like a fire station in the ground floor of a mixed use building? *The County has done this in the past with the Arlington Mill Community Center. The community Working Group for the Western Rosslyn Area Planning Study has considered co-locating Fire Station 10 with private uses.*
 - Are apartments considered commercial or residential? *Rental apartments are considered commercial for tax assessment purposes.*
- Questions and comments about the study process *(with responses when provided)*:
 - Will each meeting be like this one with a presentation and time for discussion and questions?
 - How will the committee work through the dissonance with demographic projections and disagreement about what is driving the changes? How do our policies for development and affordable housing affect future changes in demographics? *Forecasts and projections will be based on current policies; the committee will take those as a given. If parallel conversations, like the Affordable Housing Study change those assumptions, we will have to adjust. The committee will rely on its members and staff who are following that work to keep current.*
 - It would be helpful to have presentations available to the committee in advance. *With limited time between meetings for preparation and to allow the necessary review internally and with the Chairs, presentations will be shared at meetings and posted online after the meeting or the following day.*
 - Can the committee collaborate between meetings or share ideas? *If committee members have information that would be useful to share with the rest of the group, send it to staff (ACGFacStudy@arlingtonva.us) for distribution.*
 - What are the rules on FOIA/open meetings for the committee? *The Study Committee is considered to be a public body, which means that if more than two members get together to discuss the business of the committee, there must be public notice.*

- Recognizing that the committee wants to be as transparent as possible, any way to facilitate communication between members would be helpful. Would it be possible to set up a listserv?
- Is there a way to spend less time on the educational/presentation component of the committee's schedule so that we can have more time to develop the report?
- When will the committee discuss economic development and capital financing? *The next meeting (February 25) will be focused on economic development.*
- Can committee members ask questions in advance of presentations? *Yes, use either the survey passed out tonight or email staff directly at ACGFacStudy@arlingtonva.us.*

Web:

bit.ly/ACGFacStudy



Together, Arlington County and Arlington Public Schools have launched a broad-based planning effort that will build a consensus framework for assessing the community's future funding, resource and facility needs. [Learn more about the Arlington Community Facilities Study.](#)