

## DRAFT

### FISCAL YEAR 2018 BUDGET GUIDANCE DIRECTION TO THE COUNTY MANAGER FOR PREPARATION OF THE FY 2018 BUDGET

The County Board directs the County Manager to prepare a FY 2018 budget that is balanced and reflects current economic conditions, while honoring the County's vision. While the current projected budget gap is modest, we expect budget pressures in the areas of Metro, state revenue, and schools need to meet increased enrollment.

The budget should assume continuation of the current level of services within the existing tax rate. However, it could include proposed expenditure or service enhancements that are fully offset by fee revenues or reallocations. The budget should provide for long-term financial sustainability; preserve the County's triple-AAA bond rating; and fully fund all debt, lease and other contractual commitments including those "subject to appropriation" in the base budget.

**In addition to presenting a base budget recommendation as described above, the County Manager is further directed to:**

1. Explore further collaborations with Arlington Public Schools as well as regional collaborations and partnerships that might lead to cost savings and efficiencies.
2. Provide for an enhanced public engagement process that potentially includes the expanded use of social media and other online resources such as an online survey.
3. Present options:
  - A. For program and personnel reductions or eliminations If the Manager is not able to present a balanced budget within the existing tax rate, or
  - B. For tax rate reductions if the Manager is able to present a balanced budget with a surplus at the existing tax rate, or
  - C. A possible tax rate increase to meet extraordinary needs of WMATA and/or APS.\*
4. Finally, considering several recent and ongoing studies, the Manager should
  - A. Identify potential adjustments in certain tax and fee rates as set forth in the recent tax and fee compendium compiled by staff, with special focus on taxes and fees that have not been adjusted for a number of years, which may warrant adjustment based on current service demands and costs, and are allowed under statutory authority.
  - B. Provide recommendations for consideration for changes to the Real Estate Tax Relief Program based on the feedback from the Senior and Disabled Real Estate Tax Relief Working Group.
  - C. Report back on the status of the outside consultant reviewing employee compensation and benefits, and on options for increasing childcare provisions for Arlington County employees. Funding was set aside in the FY 2017 budget for the two to three year study of employee compensation and benefits.

\* Note on possible extraordinary requests from WMATA and/or APS

**WMATA:** Considering WMATA's significant budget pressures, the uncertainty around what jurisdictional contributions will be, and the likely timing of budget decisions after the County Manager proposes his budget, the Board expects the budget proposal to include an update of WMATA's budget status as well as a range of the expected contributions request and that there will be updates to the County Board during our budget deliberations as more information becomes available.

**APS:** Because updated budget estimates based on the recent enrollment numbers will not be available until November, the County Manager shall apply the County/School revenue allocation reflected in the FY 2017 budget (53.4% County / 46.6% Schools), although the final percentage of locally generated revenue dedicated to APS may be adjusted through budget deliberations. Given the current tax rate and current projected assessment growth, we expect that approximately \$10.2 million of projected new revenue will be available to APS above the FY 2017 County transfer. APS expects budget pressures and enrollment growth to exceed this \$10.2 million increase in revenue. Therefore, the proposed budget should include an update of APS's budget status as well as their expected budget gap. As with WMATA, the Board will expect updates during our budget deliberations more information becomes available.