

Subject: AED- Performance Measures and BID Delinquency & Appeals

**FY 2019 Proposed Budget
Budget Work Session Follow-up**

4/9/2018

The following information is provided in response to a request made by John Vihstadt at the work session on 3/19/2018, regarding the following question:

Can staff develop similar Performance Measures (or reasonable proxy to our department measures in the proposed budget book) for each of our BIDs and partnerships?

Is it possible to track, measure and disclose each BID's delinquency and appeals reserve utilization and examine the "why" and "when" of such delinquencies and appeals?

For each of the three BID's, there is a Delinquency or Appeals Reserve" (3.5% for Ballston, 5.0% for Rosslyn and 4% for Crystal City). For Ballston, there is an annual cap of 2.5% of budgeted revenues in contributions to the reserve (web 826; book 280). This is also true for Crystal City (web 834; book 284). There is no mention of this limitation for Rosslyn (web 830; book 282). What accounts for these variations among the BID's?

Can staff develop similar Performance Measures (or reasonable proxy to our department measures in the proposed budget book) for each of our BIDs and partnerships? For example, is it possible to track, measure and disclose each BID's delinquency and appeals reserve utilization and examine the "why" and "when" of such delinquencies and appeals?

Submission of performance reporting and supporting data to the County is required through each of the Service Agreements (for BIDs) and Memoranda of Agreement (for Partnerships). Currently, each organization is charged with developing its own system for performance management in collaboration with staff to ensure the metrics provide meaningful context for programs and activities. This allows each organization to select metrics that best suit their particular needs and work plans. As a result, performance reporting has varied among these groups for this reason and due to significant differences in organization size and structure. However, for future budget years, AED and DMF staff will consider including a subset of their submitted performance indicators in the County Manager's proposed budget book.

The Treasurer's Office collects 99.774% (CY 2017) of all real estate taxes owed in the County. The BID delinquency and appeal reserve is primarily for the changes made to BID assessments after the budget and work plan are established and adopted by the County Board. Property owners may appeal their assessments through the Department of Management & Finance – Real Estate Assessments (department review), the Board of Equalization (independent appointed appeals panel), or the Circuit Court. The reserves for the BID were established to accommodate changes in the BID tax base subsequent to the adoption of the work plan so the operations of the work plan were not

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severely impacted with later changes to assessments within the BID. Measuring the utilization of the reserve is not an appropriate BID performance measure as it does not measure the BIDs' performance and is outside their control. The Department of Management and Finance does track changes to the assessments of parcels falling within each BID, and changes to these assessments are publicly available on the County's website by [searching property data](#).

For each of the three BID's, there is a Delinquency or Appeals Reserve" (3.5% for Ballston, 5.0% for Rosslyn and 4% for Crystal City). For Ballston, there is an annual cap of 2.5% of budgeted revenues in contributions to the reserve (web 826; book 280). This is also true for Crystal City (web 834; book 284). There is no mention of this limitation for Rosslyn (web 830; book 282). What accounts for these variations among the BID's?

Each of the three BIDs maintains a delinquency and appeals reserve pursuant to the terms of their respective service agreements. The same terms exist for each BID, that a maximum reserve of 5% of annual budgeted revenues will be maintained, and that a maximum of 2.5% of budgeted revenues may be contributed on an annual basis to replenish this reserve. Variations in the exact reserve balances for each BID reflect the degree to which each BID may "max out" the contribution at the 2.5% level in order to meet the 5% target. For instance, Rosslyn's FY 2019 contribution of approximately 0.31% is below the 2.5% maximum contribution but is enough to ensure a budgeted 5% reserve. Crystal City and Ballston were unable to meet the 5% target while committing 2.5% of their budgeted revenues. These reserves are used as a contingency for revenue fluctuations, which are most often caused successful assessment appeals which alter the taxable value for that year.

As noted, there is a limitation for Rosslyn of an annual cap on contributions of 2.5% of budgeted revenues. Staff will correct the budget narrative to reflect this omission.