

Chevy Chase Village Board of Managers

March 2, 2022

Special Meeting - Budget Work Session

Note: These minutes reflect the Board's actions only, and do not include remarks made by members of the Board of Managers, Village Staff or others in attendance. For more information regarding the proposed budget, please refer to the "Proposed FY2023 Budget & CIP" page on the Village website.

BOARD OF MANAGERS

Elissa A. Leonard, Chair	Present
Robert C. Goodwin, Jr., Vice Chair	Present
David L. Winstead, Secretary	Present
Linda J. Willard, Assistant Secretary	Present
Gary Crockett, Treasurer	Present
Nancy Watters, Assistant Treasurer	Present
Louis Morsberger, Board Member	Present

STAFF

Shana R. Davis-Cook, Village Manager	Present
John Fitzgerald, Chief of Police	Present
Demetri Protos, Finance Director	Present
Ellen Sands, Director of Municipal Operations	Present
Jerry Lesesne, Director of Public Works	Present
Jennifer Young, Administrative and Constituent Services Assistant	Present

Ms. Elissa A. Leonard, Chair of the Chevy Chase Village Board of Managers, called the special meeting to order at 7:32 p.m. Ms. Davis-Cook explained that this work session was called to review and discuss the Village Manager's first draft of the FY2023 operating and capital budgets. The draft budget and all supporting materials had been circulated in advance of the meeting to the members of the Financial Review Committee and posted on the Village's website. Members of the committee were in attendance and invited to participate.

The Board and staff reviewed and discussed the following areas of the first draft of the FY2023 operating and capital budget:

PROCESS

Ms. Davis-Cook presented the FY2023 budget review and adoption process, including future scheduling. The Board will invite the public's comments on the draft budget during Public Hearings during the Board's regular meetings on Monday, March 14, 2022 and Monday, April 11, 2022. The final proposed budget will be adopted by the Board during the Village's Annual Meeting on Monday, April 18, 2022. The March and April issues of the *Crier* will include notices regarding the FY2023 operating and capital budget schedule, adoption process, and the April issue will feature an explanatory memorandum regarding the proposed budget from the Board Treasurer Mr. Gary Crockett.

REVENUES & FINANCIAL POSITION

1. The Village's current financial position is positive.
2. Income tax revenue for FY2022 is expected to exceed the budgeted amount by \$200,000. The FY2023 budget revenue for income tax was held at \$3.0 million per the advice of the Board Treasurer.
3. The draft budget reflects that the constant yield real property tax rate for FY2023 is \$.0757, which is a net assessable property base of \$1,219,590,698 (an increase of \$41,324,548 over the assessable base calculated for 2021). If the Board adopts this rate, it will yield approximately \$923,703 in revenue in FY2023. The personal property tax rate will be held at the current \$.66 per \$100 of assessed value, for a yield of approximately \$110,000.
4. Village reserves are projected to be \$13,906,452 at the end of the current fiscal year (June 30, 2022) and the proposed FY2023 operating and capital budget presented herein will generate an approximate \$53,965 draw on reserves; however, reserve balances as of June 30, 2023 are still estimated to total approximately \$13,870,000 (pending any budget amendments authorized by the Board in the current and next fiscal years).
5. The Village Manager's FY2023 budget projected revenues to the general fund totaling \$6,313,871 which includes *SafeSpeed* Program revenue totaling \$625,005.
6. The projected FY2023 operating and capital expenses total \$6,367,836, resulting in a projected draw on reserves of \$53,965 in total (including all personnel, operations and capital improvement program expenditures).
7. Mr. Crockett provided an overview of the American Rescue Plan Act (ARPA) funds, which the Village is allocated to receive in two tranches each totaling \$1,012,847. The first tranche was received in the summer of 2021 (FY2022) and the second tranche will be received in the summer of 2022 (FY2023) and is reflected in the anticipated revenues for the draft FY2023 budget.

The Board did not direct any changes to the Revenue projections, but did ask that clarifying language be included in the budget materials, including the April Crier budget insert, regarding the intentions for use of the ARPA revenue funds.

EXPENSES

General Operating Budget

1. The budget includes a 4.5% cost of living adjustment for eligible employees pursuant to the Bureau of Labor Statistics' consumer price index for urban wage earners for calendar year 2021. An approximate 7% increase across departments for health insurance and approximately 6.85% increase for workers' compensation coverage is reflected in the draft budget.
2. A 4.1% consumer price index increase is reflected in the budget for applicable contracts that include an inflation rate provision.
3. The Police Operations budget includes a new line item for the service contract for the department's body-worn camera program, which is scheduled to begin by the end of FY2022.
4. Salaries and related personnel benefits and expenses have been decreased in the Public Works Personnel budget in anticipation of hiring a new Public Works Director. This change is reflected in the FY2023 budget.

5. Expenses related to Village events and activities and operations has increased due to increase costs in maintaining aging equipment, utilities, and the resumption of events expected to be held on-site during the FY2023 year, to include an increase for the Holiday Party, Annual Election, Virtual Meetings, and Data Backup expenses.
6. Expenses are unchanged for the Parks, Trees, and Greenspaces and the Tree Program.

No changes were presented by the Board for the draft operating budget.

Capital Improvements Program (CIP) Budget; Special Projects:

1. Sidewalk maintenance remains the same from FY2022 through FY2023;
2. Streetlight upgrades remains at \$5,000 due to a lack of requested/identified dark spots and a pending project by Pepco to convert their infrastructure to LED;
3. The Municipal Storm Drain Project has been renamed “Stormwater Management Projects” in the FY2023 budget and the six-year CIP, and the category has been expanded to include a new potential project at the intersection of Bradley Lane and Brookville Road in coordination with our neighboring municipality, the Village of Chevy Chase Section 3, and to recognize other stormwater remediation projects that may be pursued. The municipal storm drain project for the Hesketh/West Irving Street block is now in the permitting stage, with easements being prepared for the affected property owners.
4. Enhancements of the Village Police Department’s strategies and practices to prevent and reduce crime throughout the Village as supported by the Village Public Safety Committee. No increase was made to this item for FY2023.

No changes were presented by the Board for the draft capital budget.

ADJOURNMENT

Mr. Crockett moved to adjourn the special meeting of the Board of Managers. Mr. Winstead seconded the motion. Ms. Leonard, Mr. Goodwin, Mr. Crockett, Ms. Watters, Mr. Winstead, Ms. Willard, and Mr. Morsberger voted in favor of the motion. The motion passed. The special meeting adjourned at 8:16 p.m.

Attested by: Shana Davis-Cook, Village Manager

FINAL.