

Budget and Tax Matters

Notice of a Public Hearing on the Proposed Budget and Tax Rates for FY2019

The Chevy Chase Village Board of Managers will convene on **Monday, April 9, 2018 at 7:30 p.m.** to hold a **public hearing** to consider residents' comments on the **proposed operating and capital budget and real and personal property tax rates** for the fiscal year beginning July 1, 2018 and ending on June 30, 2019 (FY2019).

The detailed proposed budget and Capital Improvements Program (CIP) plan are available at the Chevy Chase Village Office between 9:00 a.m. and 5:00 p.m., Monday through Friday. This information can also be accessed on our website at www.chevychasevillagemd.gov (under "Government" "About", "Budget & Tax Information", "Draft FY2019 Budget & CIP") or you may submit a request for this information to be mailed to you by calling (301) 654-7300.

Board Action to Adopt:

Proposed Budget and Tax Rates for FY2019

In accordance with the Charter for Chevy Chase Village, during the Village's **Annual Meeting** scheduled for **Monday, April 16, 2018 at 7:30 p.m.** in the Village Hall, the Board of Managers will take **action to adopt the proposed operating and capital budget and real and personal property tax rates** for the fiscal year beginning July 1, 2018 and ending on June 30, 2019 (FY2019).

Enclosed in this insert you will find the following:

- Budget Overview *Page 3*
- FY2019 Proposed Operating and Capital Budget Summary *Page 4*
- FY2019 Proposed Capital Improvements Program (CIP) Summary *Page 5*

Treasurer's Comments on the Proposed FY 2019 Budget

This insert contains a summary of the proposed operating and capital budgets for the fiscal year that will begin on July 1, 2018 and end on June 30, 2019 (FY 2019). At the Village's Annual Meeting on Monday, April 16, the Board of Managers will adopt the operating budget, the capital budget, and the property tax rates for FY2019. The meeting will begin at 7:30 p.m.

The Village, of course, keeps books that conform to standard accounting requirements. The level of detail in the books, however, can sometimes obscure the basic information residents want to see. Additionally, unlike our tax revenue, our *SafeSpeed* revenue has significant associated expenses, and what we really want to know is how much remains after those expenses.

In addition to the full operating budget and capital expenditure presentations, we are providing a one-page **Budget Overview**. The overview shows where we expect to get our money and how we plan to spend it. In that overview the *SafeSpeed* revenue shown is the "net" that remains after we pay the company that provides the *SafeSpeed* cameras and pay the expenses of the police officer dedicated to reviewing the camera citations. However, even after those fixed expenses are deducted, not all of the remainder is available for discretionary spending. We have additional internal expenses for the *SafeSpeed* program, mostly for the cost of police and administration people who spend part of their time administering the program. To make this easier to see we have provided a single line for *SafeSpeed* operating expenses, then on the lines for Police and for General Administration we have shown only the amounts beyond what was allocated to *SafeSpeed*.

For every revenue or expense item in the **Budget Overview** we have shown the proposed amount for FY 2019, the percentage change from our current projections for FY 2018, and in some cases a comment about the reason for the change from 2018.

The proposed budget generally reflects a "business as usual" approach to governmental services and operations with no major planned operational or personnel changes, and reflects a continued Capital Improvement Program for maintaining Village vehicles and equipment and improvements to the Village's infrastructure.

We try to be conservative in expense budgeting. Our personnel cost projections assume that all current staff will continue to work for us through the year. Any turnover usually results in some reduction in average seniority and lower expenses.

We project a deficit \$49,291 for FY2019. We are fortunate enough to have a substantial reserve to absorb revenue shortfalls or emergency expenses and to maintain a healthy capital budget for the Village. Our financial position is healthy and stable.

Respectfully submitted,

Gary Crockett
Board Member and Treasurer

Budget Overview

	Proposed FY 2019 Budget	Difference from Projected FY 2018	Comments
PROJECTED SOURCES OF FUNDS			
Income Tax	2,200,000	0%	The current year revenue is 5% higher than budget, but the Wynne case repayment starts next year so we are keeping this at current budget level.
Property Tax	991,667	0%	The Board intends to maintain the constant yield property tax rate of \$.0819/\$100 assessed value and \$.66 for personal property and utilities.
<i>SafeSpeed</i> (net of direct costs)	662,500	+48%	We expect citations (issued and paid) to decrease some from this year. However we have renegotiated a much lower speed camera contract that will increase net revenue
Other	476,257	+2%	We are slightly surpassing budget by 2% this year so a status quo estimate is projected for FY 2018.
Total Projected Funds (net)	4,330,424	+6%	
PLANNED USES OF FUNDS			
<u>OPERATING EXPENSES</u>			
<i>SafeSpeed</i> Operating Expenses (net of direct costs)	350,000	-55%	Renegotiated a lower speed camera contract
Police (net of <i>SafeSpeed</i>)	1,152,253	+2%	Costs increased due to COLA and merit pay increases and slightly increased health insurance costs. These increases are partially offset by the replacement of a more senior employee who resigned with a new employee.
Communications	411,396	-3%	Increases due to COLA and merit pay increases and slightly increased health insurance costs are offset by the replacement of a tenured employee who resigned by a new employee.
Public Works	1,010,766	+2%	Due to COLA and some merit pay increases. Most public works employees are tenured and are not eligible for merit increases.
General Government (net of <i>Safe Speed</i>)	808,195	+2%	Due to COLA and merit pay increases and slightly increased health insurance costs.
Village Hall	104,617	+6%	A slight increase for inflation and the living wage policy for the janitorial services contract.
Parks, Trees, and Greenspace	212,988	+2%	A slight increase for inflation.
Street Light Operating Expenses	40,000	-2%	Actual costs have been slightly lower than budgeted costs.
Legal and Professional Services	100,000	0%	
<u>CAPITAL EXPENSES</u>			
Municipal Storm Drain System (planning)	15,000	N/A	Start of planning for the install of new storm drains along blocks where they do not currently exist.
Street Maintenance	50,000	-60%	The Village has repaved all public roadways in the last few years so only routine maintenance is needed at a decreased level.
Police Cruisers (fully outfitted)	91,000	N/A	Routine, scheduled replacement of police cruisers incl. full outfitting and in-car computer terminals.
Misc Capital Equipment Purchases, Projects	33,500	+14%	See page 5 for a description of various capital projects proposed for FY2019.
Total Planned Expenditures (net)	4,379,715	-8%	
Planned Draw on Reserves:	(49,291)		
Planned Reserves Remaining:	7,984,464		

**General Funds and *SafeSpeed* Budgets
Proposed
FY2019**

I. Revenue	FY2019
Income Tax	\$2,200,000
Property Tax	991,667
Investments & Misc. Income	53,000
Cost Recoveries/Grants	423,257
<i>SafeSpeed</i> Citation Revenue	1,012,500
Total Revenue	\$4,680,424

II. Costs			
A. On-going Programs	Personnel	Operations	Total
<u>Department Services</u>			
Police	\$1,419,203	\$433,050	\$1,852,253
Communications	389,001	22,395	411,396
Public Works	624,308	386,458	1,010,766
General Government	653,005	155,190	808,195
Professional Services	0	100,000	100,000
<u>Facilities, Fleet, & Infrastructure</u>			
Village Hall		104,617	104,617
Parks, Trees, & Greenspaces		212,988	212,988
Lights		40,000	40,000
Subtotal	\$3,085,517	\$1,454,698	\$4,540,215
Surplus/Deficit			\$140,209

B. Capital Projects

<u>Equipment</u>	
Public Safety Technology	20,000
Police Cruisers x2 fully outfitted	91,000
<u>Projects</u>	
Sidewalk Maintenance	3,500
Street Maintenance	50,000
Streetlight Upgrade	10,000
Municipal Storm Drain System	15,000
Subtotal	\$189,500
Total Costs	\$4,729,715
III. Budgeted Deficit/Draw on Reserves/Surplus	(\$49,291)

FY2019 – FY2024 Capital Improvements Program (CIP) and Special Projects
(Shown in thousands)

Equipment	Proposed FY2019	Total 6 Yr. Cost	Equipment/Project Description
General Govt. — Village Computer Server	\$0	\$18	The Village maintains two computer servers: one each for police records management and the financial accounting system. The servers need to be updated to be supported by the County operating system.
General Govt. — Administrative Vehicle	0	28	This vehicle is used by all general government staff for travel to and from meetings, Code enforcement patrols, capital projects supervision and meeting/event preparations. The recommended replacement vehicle is a four-wheel drive hybrid vehicle.
Public Safety/Communications Mobile Radios	0	35	This equipment will ensure the operation of emergency response; police patrols; house checks; and speed and stop sign enforcement.
Public Safety Vehicles— Marked Police Cars (3) and Unmarked (1)	91	272	The Police Department’s fleet supports the performance of public safety operations. The costs include all accessories such as lights, sirens, mobile laptops, etc.
Public Works— Leaf Vacuum (2) & Water Tank	0	38	This equipment supports the performance of public works services including leaf collection and watering of new Village trees.
Public Works— Vehicles	0	312	This fleet of trucks supports the Public Works Department’s services in providing snow plowing, special (bulk) pick-ups, yard waste collection, sidewalk repairs and leaf collection.
Sub-Total	\$91	\$703	

Projects	Proposed FY2018	Total 6 Yr. Cost	Equipment/Project Description
Street Maintenance & Repair	\$50	\$300	This ongoing program provides for maintenance and repair of Village roadways, curbs and gutters and stormwater infrastructure. The Village maintains 8.1 miles of roadway.
Sidewalk Maintenance	3.5	21	This ongoing program provides for sidewalk repairs performed by Public Works personnel.
Streetlight Upgrades	10	60	This ongoing program serves to maintain existing streetlights in addition to installing new streetlights in identified dark areas, thereby improving pedestrian and vehicular access.
Municipal Storm Drain System	15	265	Storm drain infrastructure is inadequate in some parts and non-existent in other parts of the Village. The FY2019 funding begins the feasibility study for installing storm drains along blocks where none currently exist and connecting the new storm drains to the existing county-owned and maintained system. This is proposed as a multi-year project with construction funding slated for FY2021-FY2023.
Public Safety Technology & Equipment	20	120	This funding allows for the acquisition of technology and equipment in support of public safety efforts.
Laurel Park Hydrology Study	0	100	This project will study the stormwater run-off through Laurel Park and the existing “rain garden” within it. Mitigation of erosion and run-off effects as well as roadway protection will be studied.
Sub-Total	\$98.5	\$866	
Grand Total	\$189.5	\$1,569	