


**CHEVY CHASE VILLAGE
BOARD OF MANAGERS
APRIL 13, 2015 MEETING**

**STAFF REPORT
CORRECTED 4/13/2015**

TO: BOARD OF MANAGERS
FROM: SHANA R. DAVIS-COOK, VILLAGE MANAGER 
DATE: 4/9/2015
SUBJECT: SECOND STAFF PRESENTATION AND DISCUSSION: DRAFT BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2015 (FY2016)

Background

Monday evening's opportunity for public input on the FY2016 draft budget will be the second held by the Board since your work session in late February. A synopsis of the budget including a narrative drafted by Board Treasurer Mr. Gary Crockett was included in the April 2015 issue of the *Crier* and is attached hereto for your reference. The full detailed draft budget and draft Capital Improvements Program (CIP) have been available for the public to view on our website since early March. To-date, no comments have been received regarding the draft budget.

Budget Amendment Presented for Board Consideration

At your meeting on March 9, 2015, the Board approved a new policy which requires a minimum wage provision for all service-related contracts, in accordance with the rate set forth and as future amended by Montgomery County. Adoption of this policy requires increasing the following areas of the proposed FY2016 budget, as detailed below.

DRAFT FY2016 BUDGET AMENDMENTS			
Category	Previous Amount	New Amount	Difference
Operating Budget, On-going Programs, Department Services			
General Government, Operations			
Winter Holiday Party	\$13,250	\$14,300 13,300	+\$50
Halloween (Party)	\$1,750	\$1,800	+\$50
July 4 th (Party)	\$1,500	\$1,550	+\$50
Public Works, Personnel			
Temporary Laborer, Contract Labor/Temp Staff (for annual leaf collection) ¹	\$8,250	\$14,276	+\$6,026
Operating Budget, On-going Programs, Facilities, Fleet & Infrastructure			
Village Hall			
Service Contracts, Janitorial Services (see below)	\$21,300	\$28,300	+\$7,000

¹ Salary increased from \$12.50/hour (x8 weeks) to \$14.35/hour x12 weeks (including FICA) for two temporary laborers (October through December). The increase in the number of weeks more accurately reflects the work period these temporary laborers have been needed in recent years.

Additionally, as the Board will consider later during Monday evening's agenda, staff is preparing to the current Village Hall janitorial service contract due to poor performance by the current contractor, and staff proposes entering into a new contract with a contractor that previously provided these services. This proposed change in contract will require increasing the budget for this service in the FY2016 budget by an additional \$7,000. The new line item for this expense is **\$28,300**.

Board Action Requested

Assuming there are no objections to the proposed amendments, no formal Board action is required at this time. A budget adoption ordinance will be prepared for Board adoption during the Annual Meeting on April 20, 2015.

Attachments


Budget Insert from the April 2015 CRIER
Amended FY2016 Draft Budget

General Funds and SafeSpeed Budgets

Proposed CORRECTED 04/13/2015

w/ amendments shown

 =amounts changed

				FY2016	NEW VALUE	TOTAL	DIFF.
I. Revenue							
Income Tax				2,250,000			
Property Tax				955,500			
Investments & Misc. Income				46,001			
Cost Recoveries/Grants				411,046			
Citation Revenue				<u>1,392,500</u>			
Total Revenue				5,055,047			
II. Costs							
A. On-going Programs							
	Personnel	Operations	Total				
<u>Department Services</u>							
Police	1,337,805	795,370	2,133,175				
Communications	357,800	20,420	378,220				
Public Works	599,290	315,100	914,390	<u>605,316</u>	<u>920,416</u>	<u>6,026</u>	
General Government	624,350	153,540	777,890	<u>153,690</u>	<u>778,040</u>	<u>150</u>	
Professional Services		100,000	100,000				
<u>Facilities, Fleet, & Infrastructure</u>							
Village Hall		89,925	89,925	<u>96,925</u>	<u>96,925</u>	<u>7,000</u>	
Parks, Trees, & Greenspace		212,950	212,950				
Lights		42,500	42,500				
Subtotal	2,919,245	1,729,805	4,649,050		<u>4,662,226</u>	<u>13,176</u>	
Surplus/Deficit			405,997		<u>392,821</u>	<u>13,176</u>	
B. Capital Projects							
<u>Equipment</u>							
Public Works Equipment			27,000				
Public Works Vehicle			42,000				
Computer Servers			9,000				
Website Redesign			18,500				
<u>Projects</u>							
Sidewalk Maintenance			3,500				
Street Maintenance			106,000				
Western Grove Park			300,000				
Laurel Park and W. Kirke Intersection			145,000				
Village Boundary Study			60,000				
Street Light Upgrades			10,000				
Public Safety Technology			20,000				
Subtotal			741,000				
Total Costs			5,390,050		<u>5,403,226</u>	<u>13,176</u>	
III. Budgeted Deficit/Draw on Reserves				(335,003)	<u>(348,179)</u>	<u>13,176</u>	

Budget and Tax Matters

Notice of a **Public Discussion** on the Proposed Budget and Tax Rates for FY2016

The Chevy Chase Village Board of Managers will convene on **Monday, April 13, 2015 at 7:30 p.m.** to hold a **public discussion** to hear residents' comments on the **proposed operating and capital budget and real and personal property tax rates** for the fiscal year beginning July 1, 2015 and ending on June 30, 2016 (FY2016).

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 the Village's website at www.chevychasevillagemd.gov (under "About", "Budget and Tax Information", "Proposed FY2016 Budget & CIP") or you may submit a request for this information to be mailed to you by calling (301) 654-7300.

Board Action: Adoption of the Proposed Budget and Tax Rates for FY2016

In accordance with the Charter for Chevy Chase Village, during the Village's **Annual Meeting** scheduled for the **evening of Monday, April 20, 2015 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, 2015 and ending on June 30, 2016 (FY2016).

Enclosed in this insert you will find the following:

- Budget Overview *Page 3*
- FY2016 Proposed Operating and Capital Budget Summary *Page 4*
- FY2016 Proposed Capital Improvements Program (CIP) Summary *Page 5*

Treasurer's Comments on the Proposed FY 2016 Budget

This insert contains a summary of the proposed operating and capital budgets for the fiscal year that will begin on July 1, 2015 and end on June 30, 2016 (FY 2016). At the Village's Annual Meeting on Monday, April 20, the Board of Managers will enact the operating budget, the capital budget, and the property tax rate for FY 2016. 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 2016, the percentage change from our current projections for FY 2015, and in some cases a comment about the reason for the change from 2015.

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

We are fortunate enough to have accumulated a substantial reserve in past years when tax receipts were unusually high. There is general agreement on the Board and in the Budget Committee that we would start to get uncomfortable with a reserve level of less than \$3 million. Some reserve is needed to handle the uneven cash flow that comes from tax receipt timing, and it’s prudent to have enough reserve to handle an unusual weather event or other unexpected need for cash. But as the overview shows, we expect to have twice that amount at the end of FY 2016, even after planning for a draw on reserves.

Last year the Board felt that the reserves level justified a modest decrease in the property tax rate. This year we are being more cautious because of a lawsuit regarding the State of Maryland’s handling of the local and county portions of the state income tax. This case, generally known as *Comptroller v. Wynne*, has been argued in the U.S. Supreme Court, and a decision should come later this year. If the State loses this appeal, the Village could be required to refund a portion of our income tax receipts for the past several years. We do not yet know exactly how much this might come to, because much depends on details of implementation. The worst case would not wipe out our reserves or even reduce them to the point of serious concern, but the likely effect would be large enough that a property tax decrease seems unwise at this time.

Respectfully submitted,

Gary Crockett
Board Member and Treasurer

Budget Overview

PROJECTED SOURCES OF FUNDS	Proposed FY 2016 Budget	Difference from Projected FY 2015	<u>Comments</u>
Income Tax	2,250,000	+8%	A slight increase from the current fiscal year's projection. We expect to slightly rebound from the effects of overpayment in FY 2014.
Property Tax	955,500	0%	The Board plans to maintain the constant yield tax rate.
<i>SafeSpeed</i> (net of direct costs)	544,625	+10%	Reduction in the vendor contract costs and a stabilization in the number of issued and paid citations.
Other	457,045	-4%	We are projected to surpass the current fiscal year budget by 10%; however, we are budgeting conservatively for FY 2016 in anticipation that this increase is non-recurring.
Total Projected Funds (net)	4,207,170	+5%	
PLANNED USES OF FUNDS			
<i>SafeSpeed</i> Operating Expenses (net of direct costs)	363,803	+2%	
Police (net of <i>SafeSpeed</i>)	1,004,171	+14%	Due to an additional patrol officer position and normal annual increases in personnel costs (i.e., benefits, salary adjustments, etc.), including new health insurance premium rating.
Communications	378,220	+8%	Due to normal annual personnel cost increases and new health insurance premium rating.
Public Works	914,390	+9%	Due to normal annual personnel cost increases and new health insurance premium rating.
General Government (net of <i>SafeSpeed</i>)	695,216	+6%	Due to normal annual personnel cost increases and new health insurance premium rating.
Legal Services	100,000	0%	
Village Hall	89,925	+1%	
Parks, Trees, and Greenspace	212,950	+10%	Due to an increase in the landscape maintenance contract and the new maintenance obligation for Western Grove Park.
Street Light Operating Expenses	42,500	0%	
Misc Capital Projects	190,000	-43%	Due to completion of major Capital Projects in FY 2015.
Street Maintenance	106,000	-47%	Major roadway resurfacing completed in FY 2015. Routine street maintenance planned for FY 2016.
W. Kirke St./Laurel Pkwy. Traffic Improv. Proj.	145,000	N/A	Right-of-Way project along roadways surrounding the Village Hall to improve pedestrian and vehicular traffic flows.
Western Grove Park	300,000	N/A	Originally budgeted in FY 2015 and moved to FY 2016: Village's 25% contribution toward the development of Western Grove Park.
Total Planned Expenditures (net)	4,542,175	-17%	
Planned Draw on Reserves:	(335,005)		
Planned Reserves Remaining:	6,246,514		

General Funds and *SafeSpeed* Budgets (Operating & Capital)

Proposed

FY2016

I. Revenue

Income Tax	\$2,250,000
Property Tax	955,500
Investments & Misc. Income	46,001
Cost Recoveries/Grants	411,046
Citation Revenue	<u>1,392,500</u>
Total Revenue	\$5,055,047

II. Costs

A. On-going Programs

	Personnel	Operations	Total
<u>Department Services</u>			
Police	\$1,337,805	\$795,370	\$2,133,175
Communications	357,800	20,420	378,220
Public Works	599,290	315,100	914,390
General Government	624,350	153,540	777,890
Professional Services		100,000	100,000
<u>Facilities, Fleet, & Infrastructure</u>			
Village Hall		\$89,925	\$89,925
Parks, Trees, & Greenspace		212,950	212,950
Lights		42,500	42,500
Subtotal	\$2,919,245	\$1,729,805	\$4,649,050

Surplus/Deficit **\$405,997**

B. Capital Projects

Equipment

Public Works Equipment	\$27,000
Public Works Vehicle	42,000
Computer Servers	9,000
Website Redesign	18,500

Projects

Sidewalk Maintenance	\$3,500
Street Maintenance	106,000
Western Grove Park	300,000
Laurel Park and W. Kirke Intersection	145,000
Village Boundary Study	60,000
Street Light Upgrades	10,000
Public Safety Technology	20,000

Subtotal **\$741,000**

Total Costs **\$5,390,050**

III. Budgeted Deficit/Draw on Reserves **(\$335,003)**

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

Equipment	Proposed FY2016	Total 6 Yr. Cost	Equipment/Project Description
Village Computer Server	\$9	\$9	The Village's main file/police records management server is 10 years old and is in need of upgrade to remain compatible with software requirements for the police records management system.
Replacement Leaf Vacuum	27	54	The Village maintains two (2) leaf vacuums to support leaf collections operations in the Village. The first of the Village's two (2) leaf vacuums is over 10 years old and in need of replacement.
Replacement Pick-up Truck	42	84	Replacement is required due to increased mechanical issues and overall age of the truck. Replacement costs for the truck included being outfitted with required snow response equipment.
Sub-Total	\$78	\$147	

Projects	Proposed FY2016	Total 6 Yr. Cost	Equipment/Project Description
Street Maintenance and Repair Program	\$106	\$671	This project provides for the ongoing maintenance and repair of the Village's roadways and curbs using concrete and hot mix asphalt. This funding level anticipates repaving each Village street every 20 years.
Sidewalk Maintenance Program	3.5	21	This amount will cover materials cost for ongoing sidewalk repair performed by Public Works personnel.
Village-wide Streetlight Upgrade	10	60	This program serves to enhance and upgrade existing streetlights in addition to installing new streetlights in identified dark areas, thereby creating safer pedestrian and vehicular access throughout the Village.
Public Safety Technology	20	120	These amounts are included to permit exploration of options to introduce new public safety equipment as new technologies develop.
Western Grove Park Development	300	300	Cost-sharing between the Village and the M-NCPPC for the development of the park.
West Kirke St. and Laurel Pkwy. Intersection Improvements	145	145	Project will implement traffic flow and intersection modifications at the intersections of Connecticut Avenue/West Kirke Street and West Kirke Street/Laurel Parkway to improve traffic flow and safety.
Village Corporate Limits Boundary Survey	60	60	As part of the ongoing review and revisions to the Village Charter, this project would resurvey and confirm the corporate limits of the Village. As part of the survey effort a professional land survey firm would be retained to research and confirm the Village's corporate limits.
Website Redevelopment	18.5	18.5	This project will re-develop the Village's website to provide for greater ease of navigation, content updating and additional functionality.
Sub-Total	\$663	\$1,395.5	
Grand Total	\$741	\$1,542.5	