



FY2020 FIRST DRAFT BUDGET

REVENUE ASSUMPTIONS AND PROJECTIONS

FY2019 Projections

- Income tax revenues for the current fiscal year are now expected to exceed the budget by \$1.22 million or 53%.
- Operations expenses in the current year are currently running below budget.
- The redevelopment of Brookville Road Park was completed late in FY2018 and the final payment of the contract expenses was not paid FY2019. Large project contracts typically state that the Village will retain 5% of the final amount owed following completion of the project to cover any workmanship and punch list items that may arise after the project has been completed. Due to this project being completed so late in the fiscal year, the 5% retainage was not remitted until FY2019. Therefore, there is an additional \$12,757 that appears as an expense in the FY2019 projected actuals in the capital budget.
- Much of the capital expenses in the FY2019 budget will not be spent. After much research and discussion primarily driven by manufacturing impacts, Chief Fitzgerald will not be moving forward with the scheduled replacement of two cruisers in FY2019. These scheduled replacements are being shifted to FY2020 and the previously scheduled replacement of one cruiser in FY2020 will be shifted to FY2021. (See Chief Fitzgerald’s memo at page 3-23.) Additionally, there was no scheduled roadway paving performed in the current fiscal year. We anticipate spending less than \$2,000 for the installation of a new streetlight in the 5500 block of Center Street, which will be brought to the Board for authorization in the coming months.

FY2020 Revenue Estimates

- **Income Tax**—in consultation with Board Treasurer Mr. Gary Crockett and Village Finance Director Mr. Demetri Protos, we have maintained the income tax revenue estimate—the Village’s primary source of income—at \$2.2 million.

In FY2020, will be the first full fiscal year of “hold-backs” or repayments for reimbursement to the State associated with the Wynne case. Approximately, \$973,477 will be withheld from our portion of Village residents’ income tax receipts, approximately \$194,000 of which will be held back in FY2020.

- **Property Tax**—the State of Maryland has reported that the constant yield real property tax rate for FY2020 is \$.0804, which is \$1,104,569,223 (an increase of \$26,684,768 over the assessable base calculated for 2018). If the Board adopts this

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rate, it will yield approximately \$888,148 in revenue in FY2020 (see Tab 2).

I have proposed holding the personal property tax rate at the current \$.66 per \$100 of assessed value, for a yield of approximately \$95,000.

- **Cable TV Franchise Fee**—down 5% due to an industry-wide decrease in cable subscribers and a reduction in cable packages.
- **Interest Income**—in anticipation of the Board formally adopting a revised Investment Policy, which will create a more favorable interest income stream, this line item has been increased by \$25,000 to \$75,000 for FY2020. We project to receive \$50,000 in interest income in FY2019 with the Board’s recent authorization to increase the investment threshold.
- **Montgomery County Property Tax Duplication**—discussions have not progressed on this topic as was hoped. No modifications have yet been made to establish a new formula. The County Council has designated former Gaithersburg Mayor, County Councilmember Sidney Katz to work with municipalities, however, no further progress has occurred. The Montgomery Chapter of the Maryland Municipal League is working to establish conversations with the council that can move this topic forward, but there are no signs this will be done prior to the county’s adoption of its FY2020 budget. The Chapter meets with County Executive Marc Elrich on February 21 at which time we will learn what he intends to allocate in the FY2020 county operating budget. For now, we have maintained the projected FY2020 tax duplication revenue to remain at FY2019 levels.
- **Highway User Fees**—the State Legislature approved a bill to restore fees to their pre-recession levels. Accordingly, we anticipate receiving \$92,577 in FY2020, an almost \$30,000 increase from the FY2019 budget.
- **SafeSpeed Program**—we continue to see annual decreases in citation issuance. During the first six months of the current fiscal year, new citation issuance was down about 19.5%. The revenue projection for new citations has been decreased in the draft FY2020 budget by \$125,000 to \$825,000.
- **Other Revenues**—all other revenue areas remain flat.
- **Reserves**—the draft FY2020 operating and capital budget presented herein will generate an approximate \$476,539 draw on reserves; however, reserve balances as of June 30, 2020 are still estimated to total \$9,919,018 (pending additional budget amendments authorized by the Board in the current and next fiscal years). Reserves are estimated to be \$10,395,557 at June 30, 2019.

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**General Funds and SafeSpeed Budgets
Actual**

I. Revenue		FY2018		
	Income Tax		2,288,957	
	Property Tax		1,023,697	
	Investments & Misc. Income		96,971	
	Cost Recoveries/Grants		475,346	
	SafeSpeed Citation Revenue		957,570	
	Total Revenue		4,842,541	
II. Costs				
	A. On-going Programs	Personnel	Operations	Total
	<u>Department Services</u>			
	Police	1,350,799	538,101	1,888,900
	Communications	362,769	17,255	380,024
	Public Works	579,796	316,840	896,636
	General Government	533,730	115,619	649,349
	Professional Services	0	40,603	40,603
	 <u>Facilities, Fleet, & Infrastructure</u>			
	Village Hall		87,282	87,282
	Parks, Trees, & Greenspaces		165,894	165,894
	Lights		31,942	31,942
	Subtotal	2,827,094	1,313,536	4,140,630
	Surplus/Deficit			701,911
	 B. Capital Projects			
	<u>Equipment</u>			
	Public Safety Technology			3,539
	Mobile Data Terminals/Public Safety			0
	Snow Blower			6,319
	Pick Up Truck			34,500
	Medium-Duty Dump Truck			112,000
	Donation			15,000
	<u>Projects</u>			
	Sidewalk Maintenance			0
	Street Maintenance			102,436
	Streetlight Upgrade			0
	Buffer Area Sidewalk Replacement			136,964
	Storm Drain System			0
	Brookville Road Park Development			121,430
	P/W Yard Fence Wall Relacement			31,060
	Subtotal			563,248
	Total Costs			4,703,878
III. Budgeted Deficit/Draw on Reserves/Surplus				138,663
	Reserves:	Current Reserves		8,558,382
		Remaining Reserves		8,697,045

**General Funds and SafeSpeed Budgets
Combined Summary
Projected**

I. Revenue	FY2019
Income Tax	3,400,000
Property Tax	991,667
Investments & Misc. Income	80,500
Cost Recoveries/Grants	410,440
SafeSpeed Citation Revenue	810,005
Total Revenue	5,692,612

II. Costs

A. On-going Programs	Personnel	Operations	Total
<u>Department Services</u>			
Police	1,475,000	40,000	1,515,000
Communications	350,000	22,100	372,100
Public Works	600,000	325,000	925,000
General Government	600,000	130,000	730,000
Professional Services	0	50,000	50,000
<u>Facilities, Fleet, & Infrastructure</u>			
Village Hall		95,000	95,000
Parks, Trees, & Greenspaces		190,000	190,000
Lights		30,000	30,000
Subtotal	3,025,000	882,100	3,907,100
Surplus/Deficit			1,785,512
B. Capital Projects			
<u>Equipment</u>			
Public Safety Technology			0
Police Cruisers			0
<u>Projects</u>			
Sidewalk Maintenance			10,000
Street Maintenance			0
Streetlight Upgrades			2,000
Municipal Storm Drain System			75,000
Subtotal			87,000
Total Costs			3,994,100

III. Budgeted Deficit/Draw on Reserves/Surplus **1,698,512**

Reserves:	Current Reserves	8,697,045
	Remaining Reserves	10,395,557