

# Budget and Tax Matters

## Notice of a **Public Hearing** on the Proposed Budget and Tax Rates for FY2020

The Chevy Chase Village Board of Managers will convene on **Monday, April 8, 2019 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, 2019 and ending on June 30, 2020 (FY2020).

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](http://www.chevychasevillagemd.gov) (under "Government" "About", "Budget & Tax Information", "Draft FY2020 Budget & CIP") or you may submit a request for this information to be mailed to you by calling (301) 654-7300.

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### **Board Action to Adopt:** Proposed Budget and Tax Rates for FY2020

In accordance with the Charter for Chevy Chase Village, during the Village's **Annual Meeting** scheduled for **Monday, April 15, 2019 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, 2019 and ending on June 30, 2020 (FY2020).

**Enclosed in this insert you will find the following:**

- Budget Overview *Page 3*
- FY2020 Proposed Operating and Capital Budget Summary *Page 4*
- FY2020 Proposed Capital Improvements Program (CIP) Summary *Page 5*

## Treasurer's Comments on the Proposed FY 2020 Budget

This insert contains a summary of the proposed operating and capital budgets for the fiscal year that will begin on July 1, 2019 and end on June 30, 2020 (FY 2020). At the Village's Annual Meeting on Monday, April 15, the Board of Managers will adopt the operating budget, the capital budget, and the property tax rates for FY2020. 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 FY2020, the percentage change from our current projections for FY2019, and in some cases a comment about the reason for the change from 2019.

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 draw on reserved of \$487,402 for FY2020, almost \$300,000 of which is in support of the capital program. 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 2020 Budget	Difference from Projected FY 2019	Comments
<b>PROJECTED SOURCES OF FUNDS</b>			
Income Tax	2,200,000	-35%	The current year revenue is 54% higher than budget, but we had a number of taxpayers that significantly increased their income the previous year and since we have no way of knowing if this will continue, 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 \$.0804/\$100 (a reduction from the FY 2019 rate of \$.0813 due to increased property values) assessed value and \$.66 for personal property and utilities.
SafeSpeed (net of direct costs)	475,005	+2%	We expect citations (issued and paid) to be fairly stable from this year and our vendor payment are slightly lower so we are projecting a very modest increase for next year.
Other	553,834	+13%	The State is reinstating the Highway User reimbursement full funding, which will provide an increase in revenue for this category.
<b>Total Projected Funds (net)</b>	<b>4,220,506</b>	<b>+6%</b>	
<b>PLANNED USES OF FUNDS</b>			
<b>OPERATING EXPENSES</b>			
SafeSpeed Operating Expenses (net of direct costs)	350,000	0%	Expenses remain stable under the current vendor contract.
Police (net of SafeSpeed)	1,666,587	+5%	Costs increased due to COLA and merit pay increases and associated costs and increased health insurance costs.
Communications	394,294	+6%	Increases due to COLA and merit pay increases and associated costs and increased health insurance.
Public Works	1,032,483	+10%	We had a position open all fiscal year and we expect the department to be back to its full staffing for next year. There were also COLA, some merit pay increases and increased health insurance costs.
General Government (net of Safe Speed)	847,235	+8%	We have had a vacant position for the first half of the fiscal year in addition to lapsed salary as a result of parental leave. We expect to return to full staffing in the new FY. There are also COLA and merit pay increases and associated costs and increased health insurance costs.
Village Hall	105,821	+5%	A slight increase for inflation and the living wage policy for the janitorial services contract.
Parks, Trees, and Greenspace	229,988	+20%	We are evaluating the condition of the boxwood along Connecticut Ave and along Chevy Chase Circle and we have budgeted for potential replacements along with a slight increase for inflation.
Street Light Operating Expenses	40,000	0%	We expect costs to remain stable.
Legal and Professional Services	100,000	0%	Costs in this area are expected to remain stable.
<b>CAPITAL EXPENSES</b>			
Municipal Storm Drain System	100,000	+33%	The planning for improvements in Village stormwater management.
Street Maintenance	50,000	0%	The Village has repaved all public roadways in the last few years so only routine maintenance is needed.
Police Cruisers (fully outfitted)	108,000	N/A	The routine, scheduled replacement of police cruisers including full outfitting and in-car computer terminals has been pushed into FY 2020 from FY 2019.
Misc. Capital Equipment Purchases, Projects	33,500	0%	See page 5 for a description of various capital projects proposed for FY2020.
<b>Total Planned Expenditures (net)</b>	<b>5,057,908</b>	<b>-8%</b>	
<b>Planned Draw on Reserves:</b>	<b>(487,402)</b>		
<b>Planned Reserves Remaining:</b>	<b>9,497,655</b>		

**General Funds and *SafeSpeed* Budgets**  
**Proposed**  
**FY2020**

**I. Revenue**

Income Tax	\$2,200,000
Property Tax	991,667
Investments & Misc. Income	103,000
Cost Recoveries/Grants	450,834
<i>SafeSpeed</i> Citation Revenue	825,005

**Total Revenue** **\$4,570,506**

**II. Costs**

A. On-going Programs	Personnel	Operations	Total
<u>Department Services</u>			
Police	\$1,582,537	\$434,050	\$2,016,587
Communications	369,074	25,220	394,294
Public Works	638,223	394,260	1,032,483
General Government	690,345	156,890	847,235
Professional Services	0	100,000	100,000
 <u>Facilities, Fleet, &amp; Infrastructure</u>			
Village Hall		105,821	105,821
Parks, Trees, & Greenspaces		229,988	229,988
Lights		40,000	40,000
 <b>Subtotal</b>	 ----- <b>\$3,280,179</b>	 ----- <b>\$1,486,229</b>	 ----- <b>\$4,766,408</b>
 <b>Surplus/(Deficit)</b>			 <b>(\$195,902)</b>

**B. Capital Projects**

Equipment

Public Safety Technology	20,000
Police Cruisers x2 fully outfitted	108,000

Projects

Sidewalk Maintenance	3,500
Street Maintenance	50,000
Streetlight Upgrade	10,000
Municipal Storm Drain System	100,000

**Subtotal** **\$291,500**

**Total Costs** **\$5,057,908**

**III. (Budgeted Deficit/Draw on Reserves)/Surplus** **(\$487,402)**

**FY2020 – FY2025 Capital Improvements Program (CIP) and Special Projects**  
(Shown in thousands)

<b>Equipment</b>	<b>Proposed FY2020</b>	<b>Total 6 Yr. Cost</b>	<b>Equipment/Project Description</b>
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	30	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)	108	336	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 and other plantings.
Public Works— Vehicles	0	354	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.
<b>Sub-Total</b>	<b>\$108</b>	<b>\$804</b>	

<b>Projects</b>	<b>Proposed FY2020</b>	<b>Total 6 Yr. Cost</b>	<b>Equipment/Project Description</b>
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 and maintenance performed by Public Works Department 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	100	840	Storm drain infrastructure is inadequate in some parts and non-existent in other parts of the Village. The FY2019 funding began 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 FY2020-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.
<b>Sub-Total</b>	<b>\$183.5</b>	<b>\$1441</b>	
<b>Grand Total</b>	<b>\$291.5</b>	<b>\$2245</b>	