

Budget and Tax Matters

AMENDED 4/14/2020

Notice of a Public Hearing on the Proposed Budget and Tax Rates for FY2021

The Chevy Chase Village Board of Managers will hold a **public hearing** during its regular meeting on **Monday, April 13, 2020 at 7:30 p.m.** 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, 2020 and ending on June 30, 2021 (FY2021). The meeting will be held via phone/teleconference. Access information to participate by phone/ video conference will be posted to the Village website by Friday, April 10. Due to this modified format, residents are encouraged to submit written comments regarding the proposed budget by email to ccv@montgomerycountymd.gov or by mail/drop-off to the Village Hall.

The detailed proposed budget and Capital Improvements Program (CIP) plan can be viewed on the Village's website at www.chevychasevillagemd.gov (under "Government" "About", "Budget & Tax Information", "Draft FY2021 Budget & CIP") or you may submit a request for this information to be mailed to you by emailing ccv@montgomerycountymd.gov or by calling (301) 654-7300.

Board Action to Adopt: Proposed Budget and Tax Rates for FY2021

In accordance with the Charter for Chevy Chase Village, during the Village's **Annual Meeting** scheduled for **Monday, April 20, 2020 at 7:30 p.m.**, 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, 2020 and ending on June 30, 2021 (FY2021).

This meeting will be held remotely. Access information for this meeting will be posted to the Village website by Friday, April 17.

Enclosed in this insert you will find the following:

- Budget Overview *Page 3*
- FY2021 Proposed Operating and Capital Budget Summary *Page 4*
- FY2021 Proposed Capital Improvements Program (CIP) Summary *Page 5*

Treasurer's Comments on the Proposed FY 2021 Budget

Amended 4/14/2020

This insert contains a summary of the proposed operating and capital budgets for the fiscal year that will begin on July 1, 2020 and end on June 30, 2021 (FY 2021). At the Village's Annual Meeting on Monday, April 20, the Board of Managers will adopt the operating budget, the capital budget, and the property tax rates for FY2021. 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 FY2021, the percentage change from our current projections for FY2020, and in some cases a comment about the reason for the change from 2020.

The proposed budget generally reflects a "business as usual" approach to governmental services and operations with no major planned operational or personnel changes, other than police compensation, and reflects a continued Capital Improvement Program for maintaining Village vehicles and equipment and improvements to the Village's infrastructure. In FY2021, we plan to revise the pay scale for sworn officers to provide a higher starting salary after a review of area departments reflected that we had fallen behind in total compensation. Rather than adjust benefits (which would have impacts across all department and cost much more), police salaries are proposed to be increased for eligible employees, and those who have reached maximum compensation will receive a 4% one-time payout. While increasing the value of the scale, it was also reduced from a 15- to 10-year scale, the effect of which is that less than half of the existing workforce will be eligible for pay increases beyond FY2021.

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 reserves of \$884,685 for FY2021 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

| PROJECTED SOURCES OF FUNDS | Proposed FY 2021 Budget | Difference from FY2020 Budget | Comments |
|--|-------------------------------|-------------------------------------|---|
| Income Tax | 3,000,000 | +36.4% | The FY2020 revenue is 64% higher than budget. A number of Village taxpayers significantly increased their income in the previous two consecutive years; accordingly, we are raising our budgeted number in FY2021. However, we have no way of knowing if this is the new normal or just a couple of outlier years, so the projection is lower than what we have received but significantly higher than last year. |
| Property Tax | 1,001,667 | 0% | The Board intends to maintain the constant yield property tax rate of \$.0787/\$100 assessed value and \$.66 for personal property and utilities. |
| <i>SafeSpeed</i> (net of direct costs) | 350,005 | -12.5% | Citations issuance has decreased by approximately 10% the last couple of years and we think this has stabilized to this amount. |
| Other | 578,670 | +4.5% | The State has reinstated the Highway User Revenue reimbursement to full funding. Investment income has been increased by \$25,000 reflective of a higher reserves and a more favorable investment policy adopted by the Board last year.** |
| Total Projected Funds (net) | \$4,930,342 | +17.7% | Due to conservative estimate in next year's income tax revenue. |

PLANNED USES OF FUNDS

OPERATING EXPENSES

| | | | |
|--|--------------------|--------------|---|
| <i>SafeSpeed</i> Operating (net of direct costs) | 350,000 | 0% | Expenses remain stable under the current vendor contract. |
| Police (net of <i>SafeSpeed</i>) | 1,834,199 | +8.3% | Revised/condensed scale for more competitive compensation. |
| Communications | 422,087 | +7% | Personnel increases (COLA, merit, benefits adjustments). |
| Public Works | 1,174,125 | +13.7% | Significantly increased the refuse and recycling costs in anticipation of a new contract and changing market. Standard personnel increases (COLA, merit, health). |
| General Government (net of <i>Safe Speed</i>) | 883,990 | +4.3% | Standard personnel increases (COLA, merit, health). |
| Village Hall | 115,225 | +8.9% | Increased to account for a re-bid of the janitorial services contract and increased systems maintenance. |
| Parks, Trees, and Greenspace | 250,488 | +8.9% | Increases in tree maintenance work. |
| Street Light Operating Expenses | 40,000 | 0% | We expect costs to remain stable. |
| Legal and Professional Services | 100,000 | 0% | We expect costs to remain the same. |
| Total Operating Expenses | \$5,170,114 | +8.6% | |

CAPITAL EXPENSES

| | | | |
|-----------------------------------|---------|-------|---|
| Municipal Storm Drain System | 330,000 | +230% | Improvements in Village stormwater management will enter a construction phase in the initial priority area. |
| Street Maintenance | 50,000 | 0% | Budgeting for routine maintenance. |
| Police Cruisers (fully outfitted) | 108,000 | 0% | Scheduled replacement of police cruisers incl. full outfitting. |
| Admin electric car | 40,000 | N/A | Scheduled replacement. |
| Public works medium dump truck | 120,000 | N/A | Scheduled replacement. |
| Public works front end loader | 48,000 | N/A | Replacement of skid steer loader for improved functionality. |
| Village floor finish and repair | 25,000 | N/A | Refinishing of the flooring throughout the Village Hall. |
| Police radio upgrades | 30,000 | N/A | Replacement of mobile radios due to county upgrades. |
| Misc. Capital Equipment, Projects | 43,500 | 0% | See page 5 for more information. |

| | | | |
|---|---------------------|--------------|---|
| Total Capital Expenses | \$794,500 | +173% | **During its meeting on April 13, 2020, the Village Board amended the proposed FY2021 to delete all state grants, incl. highway user and police aid (-\$200,413) in anticipation of state budget cuts due to COVID-19 revenue impacts. |
| Total Planned Expenditures (net) | \$5,964,614 | | |
| Planned Draw on Reserves: | \$(684,272) | | |
| Planned Reserves Remaining: | \$10,896,420 | | |

General Funds and *SafeSpeed* Budgets
Proposed (amended 4/14/2020)
FY2021

I. Revenue

| | |
|-----------------------------------|--------------------|
| Income Tax | \$3,000,000 |
| Property Tax | 1,001,667 |
| Investments & Misc. Income | 128,000 |
| Cost Recoveries/Grants | 250,257 |
| <i>SafeSpeed</i> Citation Revenue | 700,005 |
| Total Revenue | \$5,079,929 |

II. Costs

| A. On-going Programs | Personnel | Operations | Total |
|--|--------------------|--------------------|--------------------|
| <u>Department Services</u> | | | |
| Police | \$1,749,149 | \$435,050 | \$2,184,199 |
| Communications | 397,367 | 24,720 | 422,087 |
| Public Works | 659,725 | 514,400 | 1,174,125 |
| General Government | 723,250 | 160,740 | 883,990 |
| Professional Services | 0 | 100,000 | 100,000 |
| <u>Facilities, Fleet, & Infrastructure</u> | | | |
| Village Hall | | 115,225 | 115,225 |
| Parks, Trees, & Greenspaces | | 250,488 | 250,488 |
| Lights | | 40,000 | 40,000 |
| Subtotal | \$3,529,491 | \$1,640,623 | \$5,170,114 |

Surplus/(Deficit) **(\$90,185)**

B. Capital Projects

Equipment

| | |
|------------------------------------|---------|
| Computer Server | 10,000 |
| Public Safety Technology | 20,000 |
| Police Cruisers x2 fully outfitted | 108,000 |
| Police Radio Upgrades | 30,000 |
| Medium Body Dump Truck | 120,000 |
| Tractor Front-End Loader | 48,000 |
| Admin Electric Car | 40,000 |

Projects

| | |
|-----------------------------------|---------|
| Sidewalk Maintenance | 3,500 |
| Street Maintenance | 50,000 |
| Streetlight Upgrade | 10,000 |
| Municipal Storm Drain System | 330,000 |
| Village Floor Repair and Refinish | 25,000 |

| | |
|---|--------------------|
| Subtotal | \$794,500 |
| Total Costs | \$5,964,614 |
| III. (Budgeted Deficit/Draw on Reserves)/Surplus | (\$884,685) |

FY2021 – FY2026 Capital Improvements Program (CIP) and Special Projects
(Shown in thousands)

| Equipment | Proposed FY2021 | Total 6 Yr. Cost | Equipment/Project Description |
|--|----------------------------|---------------------------------|--|
| General Govt. — Village Computer Server | \$10 | \$20 | The accounting server’s operating software will continue to be supported by the county for the short term, but it cannot be upgraded due to age, and must be replaced to ensure continued support. |
| General Govt. — Administrative Vehicle | 40 | 40 | This vehicle is used by for travel to and from meetings, code enforcement patrols, capital projects supervision and meeting/event preparations. The recommended replacement is an electric vehicle. |
| Public Safety/Communications Mobile Radios | 30 | 30 | Due to technology upgrades for new frequencies and encryption being implemented by Montgomery County, this expenditure will replace all of the radios within the police fleet as well as the base station in the Communications Center. |
| Public Safety Vehicles— Marked Police Cars (3) and Unmarked (1) | 108 | 348 | Two police cruisers are scheduled for replacement in FY2021, which includes vehicle purchasing and the cost of all accessories such as lights, sirens, mobile laptops, dashboard video camera systems, etc. |
| Public Works- Equipment Tractor, Leaf Vacuum (2) & Water Tank | 48 | 112 | This equipment supports the performance of Public Works services including leaf collection, planting and watering of new Village trees and snow removal operations. An existing skid steer loader will be replaced in FY2021 with a small tractor/front-end loader, which has greater functionality. The Village anticipates a resell value of over \$20,000 for the current unit. |
| Public Works— Vehicles | 120 | 354 | The medium-duty truck is scheduled for replacement in FY2021. It is used for collection of leaves, snow clearing and yard waste collection. |
| Sub-Total | \$356 | \$904 | |

| Projects | Proposed FY2021 | 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 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 | 330 | 740 | Storm drain infrastructure is lacking in some areas and non-existent in other parts of the Village. In FY2021, funding is for construction within the priority area as well as planning to support other areas that may require stormwater management solutions. . |
| 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 partner with Montgomery County Department of Environmental Protection to 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. Due to county budget cutbacks, the project has been deferred; however, the area continues to be monitored. |
| Sub-Total | \$413.5 | \$1341 | |
| Grand Total | \$769.5 | \$2245 | |