

**Chevy Chase Village Board of Managers’
FY2022 Budget Work Session
Monday, February 22, 2021**
Meeting begins at 7:30 p.m.

Meeting Called to Order
Ms. Elissa Leonard, Board Chair

FY2022 Budget Process

- Following the Board's **Budget Work Session** on **Monday, February 22**, staff will make requested modifications to the budget and circulate the amended draft to the Board in advance of the Public Hearing.
- The Board will hold a **Public Hearing** on the draft budget during its regular meeting on **Monday, March 8**, followed by a second **Public Hearing** on the budget during your **Monday, April 12** regular meeting.
- An explanatory memo regarding the budget will be drafted by Board Treasurer Mr. Gary Crockett and included in the April issue of *The Crier*.
- The Board will **adopt** the FY2022 operating and capital budget during the Village's Annual Meeting on **Monday, April 19**.

FY2021 Projection; FY2022 Estimated Revenues

A review of the end-of-year actuals for FY2020 and the projections for FY2021 as well as revenue estimates proposed for FY2022.

FY2022 Revenue Summary

Property Tax Rate
\$0.0773
(constant yield)

- Income Tax**—Income tax revenues are not anticipated to be impacted by the pandemic. The revenue from income taxes has been maintained at \$3 million. In FY2020, income tax revenues exceeded \$4.3 million, and we expect to end the current fiscal year around \$3.25 million.
May 2021 is the first scheduled repayment for reimbursement to the State associated with the Wynne case. \$974,176 will be withheld from our portion of Village residents’ income tax receipts between May 2021 and FY2026, approximately \$97,418 of which will be held back in the current fiscal year.
- Property Tax**—the State of Maryland has reported that the constant yield real property tax rate for FY2022 is \$0.0773, which is a net assessable property base of \$1,178,266,150 (an increase of \$43,250,192 over the assessable base calculated for 2020). If the Board adopts this rate, it will yield approximately \$910,628 in revenue in FY2022 (see Tab 2).
We have proposed holding the personal property tax rate at the current \$.66 per \$100 of assessed value, for a yield of approximately \$110,000.
- Interest Income**—the budget estimate for FY2022 has been decreased from \$100,000 to \$7,500 due to lowered interest rates resulting from the pandemic. Only approximately \$20,000 is expected in FY2021.
- Montgomery County Property Tax Duplication**—no modifications have yet been made to establish a new formula. I am working with representatives from the Montgomery Chapter of the Maryland Municipal League, in coordination with County Executive Elrich and his staff to move this issue forward. It is too early to anticipate when any changes will go into effect. For now, we have maintained the projected revenue to remain at FY2021 levels.
- Highway User Fees**—state legislation has restored user fees to their pre-recession levels; however, the pandemic and the resulting impacts on driving behaviors has impacted state-level revenues, which has resulted in a decrease in the allocation to counties and municipalities. Motor vehicles fuel and excise taxes were lower than projected in FY2021 and are likely to remain at lower levels in FY2022. We have not received revised estimates from the state’s Department of Transportation, so we have held this revenue line at \$40,000, which may be increased as driver habits return to more normal levels. Use of these funds is restricted to maintenance of public rights-of-way.
- SafeSpeed Program**—we continue to see annual decreases in citation issuance, although the pandemic did not decrease citations to the extent expected. Accordingly, the revenue projection for new citations has been decreased in the draft FY2022 budget by \$50,000 to \$650,000.
- Other Revenues**—although the proposed budget reflects a decrease in Hall rental revenues as the Hall remains closed for the foreseeable future, we have maintained a small, anticipated revenue amount of \$2,500 should the Hall reopen in the latter half of the fiscal year. All other revenue areas remain flat.
- Reserves**—the draft FY2022 operating and capital budget presented herein will generate an approximate **\$952,320 draw on reserves**; however, **reserve balances as of June 30, 2022 are still estimated to total \$11,926,756** (pending budget amendments authorized by the Board in the current and next fiscal years).

I. Revenue	FY2022
Income Tax	3,000,000
Property Tax	1,001,667
Investments & Misc. Income	35,500
Cost Recoveries/Grants	395,300
SafeSpeed Citation Revenue	650,005
	<hr/>
Total Revenue	5,082,472

FY2020 Actuals

I. Revenue			FY2020
	Income Tax		4,355,141
	Property Tax		1,038,177
	Investments & Misc. Income		208,757
	Cost Recoveries/Grants		402,062
	SafeSpeed Citation Revenue		731,197
	Total Revenue		6,765,334
II. Costs			
A. On-going Programs	Personnel	Operations	Total
<u>Department Services</u>			
	Police	1,565,785	364,371
	Communications	369,051	17,017
	Public Works	602,750	305,986
	General Government	648,081	125,862
	Professional Services	0	42,983
<u>Facilities, Fleet, & Infrastructure</u>			
	Village Hall		105,121
	Parks, Trees, & Greenspaces		203,308
	Lights		24,459
	Subtotal	3,185,667	1,189,127
	Surplus/Deficit		2,390,540
B. Capital Projects			
<u>Equipment</u>			
<u>Projects</u>			
	Sidewalk Maintenance		72
	Street Maintenance		20,995
	Streetlight Upgrade		900
	Municipal Storm Drain System		111,095
	Vehicle Replacements		110,604
	Subtotal		243,666
	Total Costs		4,618,460
III. Budgeted Deficit/Draw on Reserves/Surplus			2,146,874
	Reserves:	Current Reserves	10,286,173
		Remaining Reserves	12,433,047

FY2021 Projections

I. Revenue				FY2021
	Income Tax			3,250,000
	Property Tax			1,025,500
	Investments & Misc. Income			48,000
	Cost Recoveries/Grants			440,524
	SafeSpeed Citation Revenue			650,005
	Total Revenue			5,414,029
II. Costs				
A. On-going Programs				
	Personnel	Operations		Total
<u>Department Services</u>				
	Police	360,000		2,100,000
	Communications	18,500		408,500
	Public Works	489,000		1,134,000
	General Government	145,000		547,000
	Professional Services	50,000		50,000
<u>Facilities, Fleet, & Infrastructure</u>				
	Village Hall	105,000		105,000
	Parks, Trees, & Greenspaces	240,000		240,000
	Lights	30,000		30,000
	Subtotal	3,177,000	1,437,500	4,614,500
	Surplus/Deficit			799,529
B. Capital Projects				
<u>Equipment</u>				
	Public Safety Technology			0
	Police Cruisers			0
<u>Projects</u>				
	Sidewalk Maintenance			3,500
	Street Maintenance			50,000
	Streetlight Upgrades			0
	Municipal Storm Drain System			40,000
	Vehicle and Equipment Purchase			235,000
	Village Hall Floor Refinishing			25,000
	Subtotal			353,500
	Total Costs			4,968,000
III. Budgeted Deficit/Draw on Reserves/Surplus				446,029
Reserves:				
	Current Reserves			12,433,047
	Remaining Reserves			12,879,076

FY2022 Proposed Budget: Expenses—Manager's 1st Draft

A review of the DRAFT FY2022 Operating Budget.

FY2022 Budget Summary

I. Revenue				FY2022
	Income Tax			3,000,000
	Property Tax			1,001,667
	Investments & Misc. Income			35,500
	Cost Recoveries/Grants			395,300
	Safe-Speed/ Citation Revenue			660,005
	Total Revenue			5,082,472
II. Costs				
A. On-going Programs	Personnel	Operations		Total
<u>Department Services</u>				
	Police	1,814,367	410,050	2,224,417
	Communications	413,830	27,720	441,550
	Public Works	688,215	518,073	1,206,288
	General Government	750,484	151,090	911,574
	Professional Services	0	100,000	100,000
<u>Facilities, Fleet, & Infrastructure</u>				
	Village Hall		116,975	116,975
	Parks, Trees, & Greenspaces		260,488	260,488
	Lights		40,000	40,000
	Subtotal	3,666,896	1,634,396	5,301,292
	Surplus/Draw on Reserves			(218,820)
B. Capital Projects				
<u>Equipment</u>				
	Computer Server			10,000
	Public Safety Technology			20,000
	Police Cruisers			90,000
	Public Works Equipment Purchases			52,000
	Public Works Vehicle Purchases			192,000
<u>Projects</u>				
	Sidewalk Maintenance			4,500
	Street Maintenance			50,000
	Streetlight Upgrade			5,000
	Municipal Storm Drain System			250,000
	Belmont Ave. Extended Buffer Drainage Project			60,000
	Subtotal			733,500
	Total Costs			6,034,792
	Surplus/Draw on Reserves			(952,320)
	Projected Reserves			11,926,756

FY2022 Personnel Expenses

(28 full-time employees including
2 contract employees)

A. On-going Programs	Personnel
<u>Department Services</u>	
Police	1,814,367
Communications	413,830
Public Works	688,215
General Government	750,484

	3,666,896

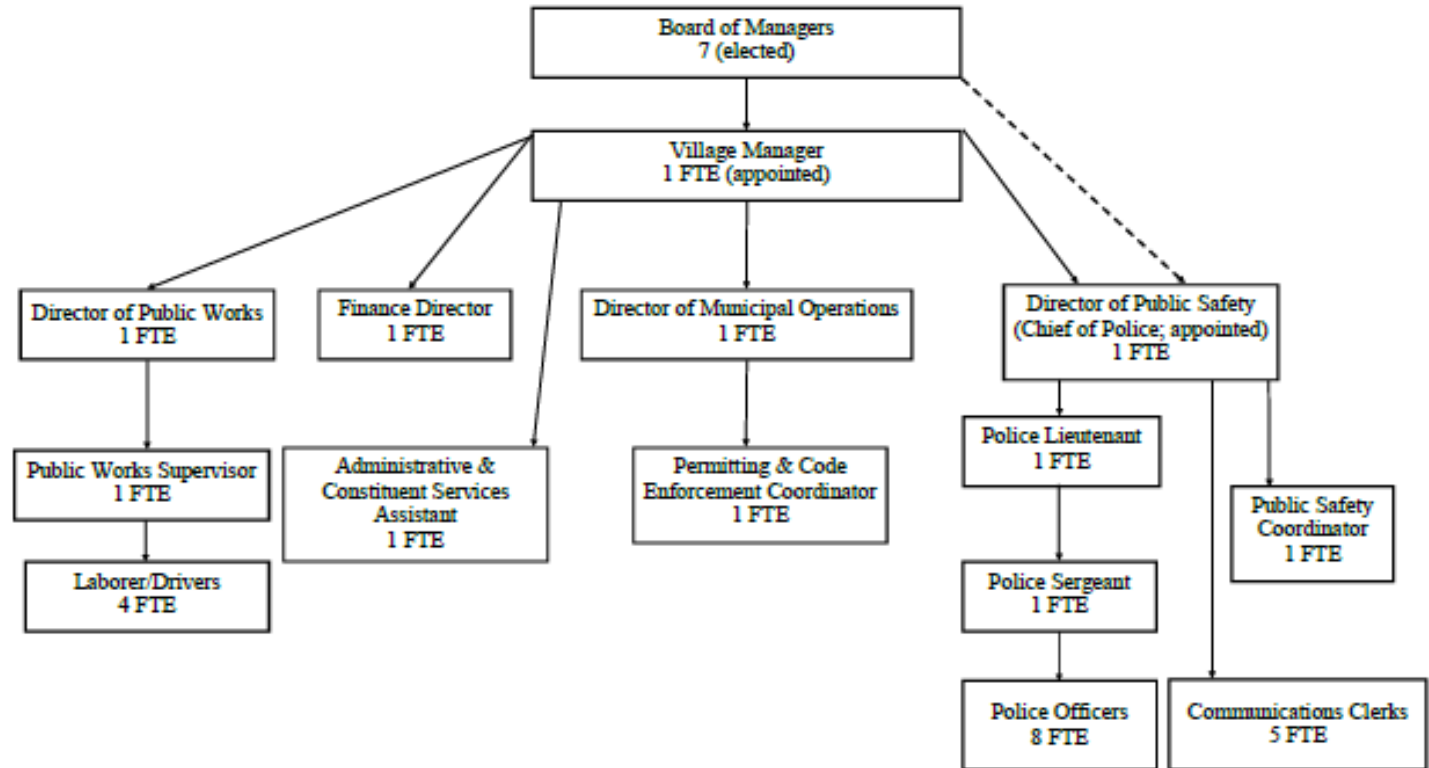
- Salaries**—the Bureau of Labor Statistics’ (BLS) consumer price index for urban wage earners in the Washington/Baltimore area for 2020 reflects a 1% increase. This index is the marker used by the Board in determining the cost-of-living adjustment (COLA) for the next fiscal year. A **1% COLA** has been reflected for non-sworn personnel salaries, including contract employees, and a 4% performance/merit increase has been reflected for all eligible employees (see the personnel-related information located behind Tab 5). All other salary-impacted line items have been adjusted accordingly (e.g., disability insurance, FICA, pension contributions, etc.). Increases in salary also impact per department line items such as: Overtime, FICA, Sick Leave, Life & Disability Insurance and Pension Contributions.
- Health Insurance**—the Village participates in the Montgomery County Health Insurance Program to take advantage of their sizeable group, which affords us access to lower premiums and richer benefits than the Village can obtain on its own.

The county’s benefit policies renew January 1 of each year, which requires us to budget for mid-fiscal year changes. Rates increased about 2% in 2019 and an additional 5% enterprise-wide increase has been budgeted for FY2022.
- Workers’ Compensation**—the Village participates in Montgomery County’s self-insurance program for workers’ compensation coverage, which has generally kept the Village’s rates low resulting from being a member of a larger personnel pool. In the current fiscal year, premiums have increased, at least partly due to claims resulting from workplace COVID transmission cases. In anticipation of further increases, the FY2022 reflects a 25% increase across all departments, however, actual premiums are likely to be far lower.

FY2022 Personnel Overview

(28 full-time employees including
2 contract employees)

FY2022 Organization Chart



A. On-going Programs

Personnel

Department Services

Police	1,814,367
Communications	413,830
Public Works	688,215
General Government	750,484

3,666,896

Organization Chart (FY2022 Proposed)

Total Authorized: 28 total, all FTEs
FTE=Full-Time Employee
PTE=Part-Time Employee

Departmental Breakdown

Police	12 FTE
Communications	5 FTE
General Government	5 FTE (including the Village Manager)
Public Works	6 FTE

FY2022 Operations Expenses

Village-wide operating expenses (excluding capital) are up 2.5% in the draft FY2022 budget when compared to the FY2021 original draft budget; however, many of the normal expenses related to in-person operations and events have been left in the budget as our return to normal activity following the pandemic is still unclear.

It is reasonable to anticipate well over (approximately) \$65,000 in additional savings across the budget if we maintain the Village Hall closure and continue to suspend Village events.

A. On-going Programs	Operations
<u>Department Services</u>	
Police	410,050
Communications	27,720
Public Works	518,073
General Government	161,090
Professional Services	100,000
<u>Facilities, Fleet, & Infrastructure</u>	
Village Hall	116,975
Parks, Trees, & Greenspaces	260,488
Lights	40,000

	1,634,396

FY2022 Public Safety Police

Personnel	Operations	Total
1,814,367	410,050	2,224,417

Personnel

12 total full-time employees:

11 sworn (incl. 1 contract employee), 1 civilian

- **Salaries**—This will be the department’s second year under the new pay scale, adopted last year. Only three officers remain eligible for in-grade step increases, thereby limiting the year-to-year increase in salaries and salary-impacted benefits. Additionally, under the revised pay scale, annual step increases range from 4% to 5% in years 2-5 and are a flat 2.5% years 6-10.

Operations

- No major operational changes are budgeted and expenses are expected to remain relatively flat.

FY2022 Public Safety Communications

Personnel *5 full-time employees*

- Aside from the standard increases related to salaries and benefits (see pages labeled 3-1), the remaining personnel expenses in this department remain flat.
- **Overtime**—has been increased by \$1,500 as a result of higher salaries due to in-grade step increases.

Operations

- **RMS/CAD/Mobile Software**—the State of Maryland and FBI have changed their requirements for crime reporting and replaced the former UCR (Uniform Crime Reporting) system with the new National Incident Based Reporting System (NIBRS). In order to comply with this new data collection and reporting requirement, our records management system provider, CODY, has included a new module that complies with the data collection formats required for NIBRS. The budget has been increased from \$16,000 to \$19,000 to reflect the annual software cost of the additional module.

Personnel	Operations	Total
413,830	27,720	441,550

FY2022 Public Works

Personnel *(6 full-time employees)*

- Beyond the standard increases related to salaries and benefits (see pages labeled 3-1), the remaining personnel expenses in this department remain flat.

Operations

- **Contract Collection: Refuse and Recycling**—modest increase of 1% to reflect the CIP adjustment in the contract.
- All department-specific operating expenses are unchanged.

Personnel	Operations	Total
688,215	518,073	1,206,288

FY2022 General Gov't & Professional Svcs.

	Personnel	Operations	Total
General Government	750,484	161,090	911,574
Professional Services	0	100,000	100,000

Personnel

5 full time employees, including one contract employee)

- Beyond the standard increases related to salaries and benefits (see pages labeled 3-1), the remaining personnel expenses in this department remain flat.

Operations

- **Payroll Processing**—up \$500 due to increased support costs for enhanced services provided by the vendor.
- **General Postage**—down \$250 reflective of electronic processing of most business functions.
- **Accounting & Audit**—modest increase of 1% to reflect the CIP adjustment in the contract.
- **Administration Office Supplies**—reduced by \$1,000 reflective of remote working and electronic processing of documents.

Professional Services

- No proposed changes.

FY2022 Facilities, Fleet & Infrastructure

- **Janitorial Services**—modest increase of 1% to reflect the CIP adjustment in the contract.
- All remaining expenses remain unchanged.

Village Hall

Parks, Trees & Greenspace

- All expenses remain unchanged.

Tree Program

- **Routine Pruning**—the Brood X cicada emergence will occur in late spring/early summer 2021. These large cicada broods can cause extensive damage to tree branches. Village Arborist Dr. Tolbert Feather has recommended that we increase our pruning budget by \$10,000 (from \$75,000 to \$85,000) to reflect additional pruning of damaged limbs. There is no cost-effective means for preventing this damage.

The damage from these cicadas is expected to extend to the local nurseries, impacting the quality of the young tree stock for our annual fall planting. Dr. Feather will work with the local nurseries to determine the extent of the damage and determine whether we should delay to a spring (2023) planting or later. At this time, no adjustments have been to the Planting Program budget (\$7,000), however, this expense may be moved into FY2023.

- All remaining expenses remain unchanged.

Facilities, Fleet, & Infrastructure

Village Hall	116,975
Parks, Trees, & Greenspaces	260,488
Lights	40,000

FY2022
 On-Going Programs
 (Operating Budget)
 Summary

Costs

A. On-going Programs	Personnel	Operations	Total
<u>Department Services</u>			
Police	1,814,367	410,050	2,224,417
Communications	413,830	27,720	441,550
Public Works	688,215	518,073	1,206,288
General Government	750,484	161,090	911,574
Professional Services	0	100,000	100,000
<u>Facilities, Fleet, & Infrastructure</u>			
Village Hall		116,975	116,975
Parks, Trees, & Greenspaces		260,488	260,488
Lights		40,000	40,000
Subtotal	3,666,896	1,634,396	5,301,292
Surplus/Draw on Reserves			(218,820)

FY2022 Proposed Budget: Expenses—Manager's 1st Draft

A review of the DRAFT FY2022 Capital Budget.

FY2022 Capital & Special Projects

<u>Equipment</u>	
Computer Server	10,000
Public Safety Technology	20,000
Police Cruisers	90,000
Public Works Equipment Purchases	52,000
Public Works Vehicle Purchases	192,000

Equipment

Computer Server - The Village maintains two (2) computer servers: General file/police records management server: (replaced/upgraded in FY2016) and the financial accounting system server. The operating software of the accounting server will continue to be supported by the county's IT department for the short-term, but the system cannot be upgraded and is being phased out. It was scheduled to be replaced in FY2021, but that was put on hold for one year and now needs to be updated. We anticipate that the accounting server can be replaced for the same amount as budgeted last fiscal year. This budgeted amount includes the cost of the server, software and technical assistance to transfer the data from the current server.

Public Safety Technology - This project would further enhance the Village Police Department's strategies and practices to prevent and reduce crime throughout the Village as supported by the Village Public Safety Committee. Currently being explored are body-worn cameras, GPS-enabled bait items, protective apparel, and other crime-fighting equipment to support officers' efforts to deter crime and respond to emergencies. No actual expenditures are anticipated in the balance of FY2021.

Police Cruisers - The Police Department's fleet includes three marked and one unmarked surveillance vehicle for the performance of public safety operations. The marked vehicles are replaced every five years and the surveillance vehicle is replaced on an as-needed basis. Cost of the vehicles includes all equipment, including mobile data terminals (laptops) for each. One fully outfitted cruiser and one unmarked surveillance vehicle are scheduled for replacement in FY2022.

Public Works, Equipment - Two leaf vacuums are used to clear Village streets of leaves and yard debris. Typically, one operates on the west side of the Village and the other on the east. The older of the two units was purchased in 1999 and should be replaced. The equipment has gone up markedly in price since our last purchase. In the past this equipment has been purchased through the government procurement program Sourcewell; however, staff will also contact other vendors to confirm the most competitive pricing. Other equipment (salt spreaders, water tank, utility vehicle) will be replaced on an as-needed basis.

Public Works, Vehicle Purchases - The trash truck is scheduled to be replaced this fiscal year. The oldest pickup truck is also scheduled to be replaced. At this time, the best option is a truck featuring "stop/start" technology, meaning the engine cuts off when the vehicle isn't moving, saving fuel usage. Both Ford and Chevy have this feature available and staff, in conjunction with the Director of Public Works, will research through the procurement sites for the best available option.

FY2022 Capital & Special Projects

<u>Projects</u>	
Sidewalk Maintenance	4,500
Street Maintenance	50,000
Streetlight Upgrade	5,000
Municipal Storm Drain System	250,000
Belmont Ave. Extended Buffer Drainage Project	60,000

Projects

Sidewalk Maintenance - This ongoing project proactively maintains and repairs Village sidewalks. The brick sidewalks are set in stone dust and are designed to settle and shift to accommodate tree roots. As trees abutting the sidewalks continue to grow, we have seen an increase in the need for repairs due to this upheaval and also to address puddling of water in low spots. Repairs are identified by staff which performs routine monitoring of all sidewalks to proactively identify possible safety concerns and in response to residents who alert staff to areas in need of repair. Therefore, we have increased the budgeted amount for this item by \$1,000. Repairs are typically carried out by the Public Works Department however major repairs may be assigned to a contractor. Two such projects were assigned this past fiscal year, however, these costs remained within budget.

Street Maintenance - This project provides for the on-going maintenance and repair of the Village's roadways, curbs and storm drainage intakes using concrete and hot mix asphalt. The Village maintains a total of 8.1 miles of roadway or 27 lane miles. All streets have been repaved in recent years, and are in good condition. As time goes by, however, we have seen a modest increase in necessary surface repairs. Village roadways will be repaved on a revolving 20-year basis as their condition warrants, and the next cycle is anticipated to be about 2030. Funding allocations reflect ongoing maintenance and repairs and have been adjusted modestly as of FY23 to reflect an anticipated surface and curb repairs. The budgeted figures reflect current costs that can be affected by oil price volatility, labor costs and adherence to the Village's living wage policy. Several repairs were made this past fiscal year due to normal deterioration and all repairs were made within budget, however, the increase in ongoing anticipated repairs prompted this adjustment.

Streetlight Upgrades - This program serves to enhance and upgrade existing streetlights in addition to installing new LED or high-pressure sodium streetlights in identified dark areas, thereby creating safer pedestrian and vehicular access throughout the Village. There were no requests received in FY2021, and only one in the two years prior, and as it appears we are not discovering further dark areas this item has been reduced slightly going forward. Replacements occur on an as-needed basis. Pepco has applied to the Public Service Commission for a systemwide conversion of all of their existing streetlights to LED, which would include those in the Village; therefore, it is appropriate to reduce this capital expense going forward.

FY2022 Capital & Special Projects

<u>Projects</u>	
Sidewalk Maintenance	4,500
Street Maintenance	50,000
Streetlight Upgrade	5,000
Municipal Storm Drain System	250,000
Belmont Ave. Extended Buffer Drainage Project	60,000

Projects, cont'd

Municipal Storm Drain System - The project for the Hesketh/West Irving Street block is now in the permitting and easement stage. The Village’s civil engineer revised the permit plans to reflect the reduced and focused scope of work at the west end of the project block. County stormwater and sediment control permits and utility coordination has occurred. It is anticipated that the revised project scope will address the most critical flooding areas. The Board also directed that the engineer may explore property-by-property solutions for the eastern end of the block should that prove necessary. While the cost of the pipe portion of the project has been revised downwards it remains to be seen how many properties may require accommodations at the east end of the block, hence a budget allocation is being maintained in FY2023 to support these efforts. Additionally, we continue to assess other areas in the Village that may require stormwater management solutions.

Belmont Ave. Extended Buffer Drainage Project - The right of way and public walkway between Grove Street and Park Street, referred to as the “Buffer” area, offers a pedestrian and bike friendly path providing access to the adjoining Friendship Heights commercial area and metro station. Over time, this area has been impacted by erosion as the groundcover receives insufficient sunlight to thrive due to the expansive tree canopy and as increased storm events have created new drainage patterns that were not anticipated in the original design of the area. Some of the existing infrastructure, specifically the drainpipes and inlets along the east portion of the walkway, are in need of repair. More robust measures are required to prevent runoff along the public walkway. We are exploring a two-pronged project, engaging a civil engineer to evaluate current conditions, propose drainage solutions and provide plans; and working with a landscape architect to perform site grading and present a landscape plan to reduce runoff.

FY2022
Capital & Special
Projects Budget
Summary

B. Capital Projects

Equipment

Computer Server	10,000
Public Safety Technology	20,000
Police Cruisers	90,000
Public Works Equipment Purchases	52,000
Public Works Vehicle Purchases	192,000

Projects

Sidewalk Maintenance	4,500
Street Maintenance	50,000
Streetlight Upgrade	5,000
Municipal Storm Drain System	250,000
Belmont Ave. Extended Buffer Drainage Project	60,000

Subtotal -----
733,500

Total Costs 6,034,792

Surplus/Draw on Reserves (952,320)

Projected Reserves 11,926,756

Concluding Comments and Board Direction

Adjournment

Draft Motion: *I move to adjourn the meeting.*