

# Budget and Tax Matters

## Notice of a Public Hearing on the Proposed Budget and Tax Rates for FY2022

The Chevy Chase Village Board of Managers will hold a **public hearing** during its regular meeting on **Monday, April 12, 2021 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, 2021 and ending on June 30, 2022 (FY2022). 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 9. Due to this modified format, residents are encouraged to submit written comments regarding the proposed budget by email to [ccv@montgomerycountymd.gov](mailto: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](http://www.chevychasevillagemd.gov) (under "Government" "About", "Budget & Tax Information", "Draft FY2022 Budget & CIP") or you may submit a request for this information to be mailed to you by emailing [ccv@montgomerycountymd.gov](mailto:ccv@montgomerycountymd.gov) or by calling (301) 654-7300.

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## **Board Action to Adopt:** Proposed Budget and Tax Rates for FY2022

In accordance with the Charter for Chevy Chase Village, during the Village's **Annual Meeting** scheduled for **Monday, April 19, 2021 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, 2021 and ending on June 30, 2022 (FY2022).

This meeting will be held remotely. Access information for this meeting will be posted to the Village website by Friday, April 16.

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

- Budget Overview *Page 3*
- FY2022 Proposed Operating and Capital Budget Summary *Page 4*
- FY2022 Proposed Capital Improvements Program (CIP) Summary *Page 5*

## **Treasurer's Comments on the Proposed FY 2022 Budget**

This insert contains a summary of the proposed operating and capital budgets for the fiscal year that will begin on July 1, 2021 and end on June 30, 2022 (FY 2022). At the Village's Annual Meeting on Monday, April 19, the Board of Managers will adopt the operating budget, the capital budget, and the property tax rates for FY2022. The meeting will begin at 7:30 p.m. and will be held virtually.

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 FY2022, the percentage change from our current projections for FY2021, and in some cases a comment about the reason for the change from 2021.

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 reserves of \$952,320 for FY2022. 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

<b><u>PROJECTED SOURCES OF FUNDS</u></b>	Proposed FY 2022 Budget	Difference from FY2021 (Projected)	Comments
Income Tax	\$3,000,000	-8%	The FY2021 (current year) revenue is projected to be approximately 8% higher than budget. A number of Village taxpayers significantly increased their income in the previous two years, with an additional slight increase in 2019; accordingly, we are maintaining the budgeted amount in FY2022. We have no way of determining what the new normal revenue is, so the projection for FY2022 is slightly lower than what we received in FY2021.
Property Tax	1,001,667	0%	The Board intends to maintain the constant yield property tax rate of \$.0773/\$100 assessed value and \$.66 for personal property and utilities.
<i>SafeSpeed</i> (net of direct costs)	325,005	0%	Citation issuance has decreased by approximately 10% the last couple of years and we think this amount has been stabilized.
Other	430,800	-11%	Reduced to reflect that interest rates are at close to zero. Also reflects anticipated slight reductions of some State grants, and a reduction in Hall rental income.

**Total Projected Funds (net)** \$4,757,472 -6% Due to a slightly conservative estimate in next year's income tax revenue and the reduced interest rates and grants.

### **PLANNED USES OF FUNDS**

#### **OPERATING EXPENSES**

<i>SafeSpeed</i> Operating (net of direct costs)	\$325,000	-7%	Reduced charges from vendor reflecting reduced citations.
Police (net of <i>SafeSpeed</i> )	1,899,417	-5%	Reduction resulting from ending the hazard pay related to the pandemic and reduced annual salary increases due, in part, to the new police pay scale adopted in FY2021.
Communications	441,550	+8%	Standard personnel increases (cost-of-living adjustment (COLA), merit, health) and an increase in the records management system software maintenance contract.
Public Works	1,206,288	+4%	Standard personnel increases (COLA, merit, health), as well as a 1% COLA increase in the refuse and recycling contract.
General Government (net of <i>Safe Speed</i> )	911,574	+20%	Standard personnel increases (COLA, merit, health), plus anticipated costs for community events and activities that were suspended in FY2021 due to the pandemic.
Village Hall	116,975	+11%	Increased to account for a re-bid of the janitorial services contract and increased expenses once the Village Hall reopens.
Parks, Trees, and Greenspace	260,488	+8.5%	Increases in tree maintenance work, specifically anticipated pruning following the spring 2021 cicada emergence.
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.
<b>Total Operating Expenses</b>	<b>\$5,301,292</b>	<b>10%</b>	

#### **CAPITAL EXPENSES**

Municipal Storm Drain System	\$250,000	+625%	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)	90,000	N/A	Rescheduled replacement of police cruisers incl. full outfitting.
Sidewalk Maintenance	4,500	N/A	Required Maintenance.
Public Works Trucks	192,000	N/A	Scheduled replacement.
Public Works Equipment	52,000	N/A	Scheduled replacement of one of the two leaf vacuums.
Buffer Drainage Project	60,000	N/A	New project to address drainage concerns and relandscaping.
General Government Equipment	10,000	N/A	Replacement of accounting computer server.
Misc. Capital Equipment, Projects	25,000	0%	See page 5 for more information.
<b>Total Capital Expenses</b>	<b>\$733,500</b>	<b>107%</b>	

**Total Planned Expenditures (net)** \$6,034,792 +19% Mostly due to Capital Expenses increasing and being brought forward from FY2021.

**Planned Draw on Reserves:** \$(952,320)

**Planned Reserves Remaining:** \$11,926,756

<b>General Funds and SafeSpeed Budgets</b>				
<b>Combined Summary</b>				
<b>Proposed FY2022</b>				
<b>I. Revenue</b>				<b>FY2022</b>
	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
	<b>Total Revenue</b>			<b>\$5,082,472</b>
<b>II. Costs</b>				
	<b>A. On-going Program</b>	<b>Personnel</b>	<b>Operations</b>	<b>Total</b>
	<b>Department Services</b>			
	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
	<b>Facilities, Fleet, &amp; Infrastructure</b>			
	Village Hall		116,975	116,975
	Parks, Trees, & Greenspaces		260,488	260,488
	Lights		40,000	40,000
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	Subtotal	\$3,666,896	\$1,634,396	\$5,301,292
	<b>Surplus/Draw on Reserves</b>			<b>(218,820)</b>
	<b>B. Capital Projects</b>			
	<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
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	Subtotal			\$733,500
	<b>Total Costs</b>			<b>\$6,034,792</b>
	<b>Surplus/Draw on Reserves</b>			<b>(952,320)</b>
	<b>Projected Reserves</b>			<b>\$11,926,756</b>

**FY2022 – FY2027 Capital Improvements Program (CIP) and Special Projects**  
(Shown in thousands)

<b>Equipment</b>	<b>Proposed FY2022</b>	<b>Total 6 Yr. Cost</b>	<b>Equipment/Project Description</b>
General Govt. — Village Computer Server	\$10	\$20	Replacement of the accounting server, deferred from FY2021 to FY2022.
Public Safety/ Communications Radios	0	80	The in-vehicle mobile radios were replaced as scheduled in FY2021. The portable radios (worn by the officers) are scheduled to be replaced in FY2024.
Public Safety Vehicles— Marked and Unmarked Police Cruisers	90	330	One police cruiser (of three) and the dept.'s unmarked vehicle are scheduled for replacement in FY2022, deferred from FY2021. In-cruiser laptops will be replaced along with replacement cruisers beginning in FY2025 and dashboard video cameras will be replaced along with vehicle replacements starting in FY2027.
Public Works— Equipment	52	134.5	One (of two) leaf vacuum will be replaced in FY2022 (the other is anticipated to be replaced in FY2025).
Public Works—Vehicles	192	276	One (of three) pickup truck is scheduled for replacement as well as a large trash truck.
<b>Sub-Total</b>	\$344	\$840.5	

<b>Projects</b>	<b>Proposed FY2022</b>	<b>Total 6 Yr. Cost</b>	<b>Equipment/Project Description</b>
Street Maintenance & Repair	\$50	\$350	The Village maintains 8.1 miles of roadway and this ongoing program provides for maintenance and repair of Village roadways, curbs and gutters.
Sidewalk Maintenance	4.5	27	This ongoing program provides for sidewalk repairs and maintenance performed by Public Works Department personnel. The cost is for materials (stone dust and occasional replenishment of pavers).
Streetlight Upgrades	5	30	This ongoing program serves to maintain existing streetlights in addition to installing new streetlights in identified dark areas, thereby improving pedestrian and vehicular access. The budgeted allocation has been reduced due to fewer requests for new lighting, and ahead of Pepco's planned conversion of its network of streetlights to LED.
Municipal Storm Drain System	250	305	The project for the Hesketh/West Irving Street block is planned for construction in FY2022. Additionally, other areas in the Village are continually assessed for stormwater management needs.
Public Safety Technology & Equipment	20	120	This funding allows for the acquisition of technology and equipment in support of public safety efforts as identified as the need arises.
Laurel Park Hydrology Study	0	100	This project will study the stormwater runoff and erosion mitigation needs in Laurel Park.
Belmont Ave. (Extended) Buffer Drainage Project	60	175	This new project addresses stormwater runoff and drainage remediation in the "Buffer" area between Grove and Park Streets. The project will be coordinated with the Village's civil engineer and landscape architect to evaluate the current conditions, propose drainage solutions, and propose a revised landscape plan in FY2022, with construction anticipated in FY2022-FY2024.
<b>Sub-Total</b>	\$389.5	\$1107	
<b>Total (Equipment &amp; Projects)</b>	\$733.5	\$1947.5	<u>Prior fiscal year totals:</u> <b>FY2021: \$769.5 / FY2021-FY2026 6-year total: \$2245</b>