

Budget and Tax Matters

Notice of a **Public Hearing** on the Proposed Budget and Tax Rates for FY2023

The Chevy Chase Village Board of Managers will convene on **Monday, April 11, 2022 at 7:30 p.m.** to hold a **Public Hearing** consider residents' comments on the **proposed operating and capital budget and real and personal property tax rates** for the fiscal year beginning July 1, 2022 and ending on June 30, 2023 (FY2023). The meeting will be held in person at the Village Hall; however, members of the public will also be able to access the meeting virtually and by phone. Access information to participate by phone/ video conference will be included in the weekly blast email and posted to the Village website on Friday, April 8. Residents may also submit written comments regarding the proposed budget by email to ccv@montgomerycountymd.gov or by mail/drop-off to the Village Hall at 5906 Connecticut Avenue, Chevy Chase.

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 viewed on the Village's website at 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 calling (301) 654-7300 or by emailing ccv@montgomerycountymd.gov.

Board Action to Adopt: Proposed Budget and Tax Rates for FY2023

In accordance with the Charter for Chevy Chase Village, during the Village's **Annual Meeting** scheduled for **Monday, April 18, 2022 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, 2022 and ending on June 30, 2023 (FY2023).

The meeting will be held in person at the Village Hall; however, members of the public will also be able to access the meeting virtually and by phone. Access information to participate by phone/ video conference will be included in the weekly blast email and posted to the Village website on Friday, April 15.

Enclosed in this insert you will find the following:

- Budget Overview *Page 3*
- FY2023 Proposed Operating and Capital Budget Summary *Page 4*
- FY2023 Proposed Capital Improvements Program (CIP) Summary *Page 5*

Treasurer's Comments on the Proposed FY 2023 Budget

This insert contains a summary of the proposed operating and capital budgets for the fiscal year that will begin on July 1, 2022 and end on June 30, 2023 (FY 2023). At the Village's Annual Meeting on Monday, April 18, the Board of Managers will adopt the operating and capital budgets, as well as the property tax rates for FY2023. 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 personnel 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 Government 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 FY2023, the percentage change from our current projections for FY2022, and in some cases a comment about the reason for the change between the two.

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; however, in FY2023, we have budgeted for the anticipated retirement of our long-tenured Director of Public Works, Mr. Jerry Lesesne. Any turnover usually results in some reduction in average seniority and lower expenses.

In FY2023, the Village will receive \$1,012,846 in American Rescue Plan Act (ARPA) funds. This will be the second tranche received by the Village; the same amount was received in the current fiscal year (FY2022). ARPA is the federal stimulus and COVID-19 relief package that included \$350 billion allocated to state and local governments. While the Village did not request this money, it has been allocated to us based upon our census data for population, income, and other metrics. The Village Board intends to spend this money on eligible expenditures per the federal regulations. All funds must be obligated and reported to the U.S. Treasury by December 31, 2024, and must be expended by December 31, 2026.

We project a draw on reserves of \$53,965 for FY2023. 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 remains healthy and stable.

Respectfully submitted,
Gary Crockett
Board Treasurer

Budget Overview

<u>PROJECTED SOURCES OF FUNDS</u>	Proposed FY 2023 Budget	Difference from FY2022 (Projected)	Comments
Income Tax	\$3,000,000	-8%	The FY2022 (current year) revenue is projected to be approximately 6.7% higher than budgeted. A number of Village taxpayers increased their income in years 2019 and 2020, but in anticipation that these income levels will remain consistent, we are maintaining the FY2022 budgeted amount for FY2023, albeit slightly lower than what we received in FY2022.
Property Tax	1,001,667	0%	The Board intends to maintain the constant yield property tax rate of \$.0757/\$100 assessed value and \$.66 for personal property and utilities.
<i>SafeSpeed</i> (net of direct costs)	300,005	0%	Citation issuance had decreased by approximately 10% in each of the last couple of years. Current year revenues are consistent with last year, so we think the prior declines have stabilized.
Other	1,687,199	+11%	This reflects a sizeable increase in our tax duplication payment from the county, an increase in the highway user revenue payment from the state, a return to normal hall rental income and the second tranche of anticipated ARPA funds.
Total Projected Funds (net)	\$6,013,871	-.5%	Due to a slightly conservative estimate in next year's income tax revenue offsetting the increases in grant revenue.

PLANNED USES OF FUNDS

OPERATING EXPENSES

<i>SafeSpeed</i> Operating (net of direct costs)	\$325,000	0%	Reduced charges from vendor offsetting increases in associated personnel costs.
Police (net of <i>SafeSpeed</i>)	1,966,970	+8%	Standard personnel increases (cost-of-living adjustment (COLA), merit, health, etc.). Also includes the cost of a new body-worn camera contract.
Communications	467,345	+8%	Standard personnel increases (cost-of-living adjustment (COLA), merit, health, etc.), increased cost of scheduled overtime and a rise in the records management system software maintenance contract.
Public Works	1,185,508	+3%	Standard personnel increases (COLA, merit, health, etc.), as well as a 4.1% CPI increase in the refuse and recycling contract.
General Government (net of <i>Safe Speed</i>)	985,065	+19%	Standard personnel increases (COLA, merit, health, etc.), plus anticipated costs for community events and activities that were suspended in FY2022 due to the pandemic.
Village Hall	122,961	+16%	4.1% CPI increase in the janitorial services contract and increased HVAC system maintenance costs.
Parks, Trees, and Greenspace	260,488	+4%	Maintaining last year's budget that came in 4% under budget.
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	\$5,453,336	9%	

CAPITAL EXPENSES

Stormwater Management Projects	\$525,000	+525%	Improvements in Village stormwater management will enter a construction phase in the initial priority area.
Street Maintenance	60,000	0%	Budgeting for routine maintenance.
Sidewalk Maintenance	4,500	N/A	Required Maintenance.
Buffer Cameras	86,000	N/A	Scheduled replacement.
Public Works Equipment	84,000	N/A	Scheduled replacement of the two leaf vacuums.
Buffer Drainage Project	60,000	N/A	New project to address drainage concerns and relandscaping.
General Government Equipment	70,000	N/A	Replacement of computer servers and HVAC units.
Misc. Capital Equipment, Projects	25,000	0%	See page 5 for more information.
Total Capital Expenses	\$914,500	29%	

Total Planned Expenditures (net) \$6,367,836 +19% Mostly due to conservative budgeting and Capital Expenses increasing and being brought forward from prior years.

Planned Draw on Reserves: \$(53,965)

Planned Reserves Remaining: \$13,872,514

**General Funds and SafeSpeed Budgets
Combined Summary
Proposed FY2023**

I. Revenue

Income Tax	3,000,000
Property Tax	1,001,667
Investments & Misc. Income	35,500
Cost Recoveries/Grants/ARPA Funds	1,651,699
SafeSpeed Citation Revenue	625,005
Total Revenue	\$6,313,871

II. Costs

A. On-going Programs	Personnel	Operations	Total
<u>Department Services</u>			
Police	1,867,670	424,300	2,291,970
Communications	438,625	28,720	467,345
Public Works	652,923	532,585	1,185,508
General Government	815,474	169,590	985,064
Professional Services	0	100,000	100,000
<u>Facilities, Fleet, & Infrastructure</u>			
Village Hall		122,961	122,961
Parks, Trees, & Greenspaces		260,488	260,488
Lights		40,000	40,000
 Subtotal	 \$3,774,692	 \$1,678,644	 \$5,453,336
 Surplus/Draw on Reserves			 \$860,535
 B. Capital Projects			
<u>Equipment</u>			
General Government Equipment			70,000
Public Safety Technology			20,000
Public Works Equipment Purchases			84,000
Buffer Cameras			86,000
 <u>Projects</u>			
Sidewalk Maintenance			4,500
Street Maintenance			60,000
Streetlight Upgrade			5,000
Stormwater Management Projects			525,000
Belmont Ave. Extended Buffer Drainage Project			60,000
 Subtotal			 \$914,500
 Total Costs			 \$6,367,836
 Surplus/Draw on Reserves			 (53,965)
 Projected Reserves			 \$13,872,514

FY2023 – FY2028 Capital Improvements Program (CIP) and Special Projects
(Shown in thousands)

Equipment	Proposed FY2023	Total 6 Yr. Cost	Equipment/Project Description
General Govt. — Village Computer Server	\$12	\$20	Replacement of the general file server.
Village Hall HVAC Mechanical Equipment	58	116	The Village Hall has ten mechanical systems. The equipment is aging and the system that serves the reception area must be replaced. A placeholder was put in for another replacement in FY2025.
Buffer Camera Replacement	86	86	This equipment is used to ensure safety and security of persons and property in the Belmont Avenue (Extended) pedestrian pathway (the Buffer). The cameras and the software need to be updated.
Public Safety/ Communications Radios	0	80	The portable radios (worn by the officers) are scheduled to be replaced in FY2025.
Public Safety Vehicles— Marked and Unmarked Police Cruisers	0	240	Two marked police cars are scheduled to be replaced in FY2025. The third cruiser and the unmarked surveillance vehicle are scheduled to be replaced in FY2027.
Public Works— Equipment	84	142.5	One (of two) leaf vacuum and the small utility vehicle, for general use and snow plowing, will be replaced in FY2023.
Public Works—Vehicles	0	88	Two pickup trucks are in line to be replaced in FY2025 and FY2027.
Sub-Total	\$240	\$772.5	

Projects	Proposed FY2023	Total 6 Yr. Cost	Equipment/Project Description
Street Maintenance & Repair	\$60	\$360	The Village maintains 8.1 miles of roadway and this ongoing program provides for maintenance and repair of Village roadways, curbs and gutters. This item was increased slightly over last year as the asphalt is aging.
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 Board may revisit a full conversion to LED streetlights throughout the Village, either in conjunction with proposed Pepco programs or independently.
Stormwater Management Projects	525	615	The project for the Hesketh/West Irving Street block is planned for construction in FY2023. 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 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.
Sub-Total	\$674.5	\$1427	
Total (Equipment & Projects)	\$914.5	\$2,199.5	<u>Prior fiscal year totals:</u> FY2022: \$733.5 / FY2022-FY2027 6-year total: \$1947.5