

CHEVY CHASE VILLAGE
BOARD OF MANAGERS
APRIL 11, 2016 MEETING

STAFF REPORT

TO: BOARD OF MANAGERS
FROM: SHANA R. DAVIS-COOK, VILLAGE MANAGER 
DATE: 4/5/2016
SUBJECT: PUBLIC HEARING: DRAFT BUDGET FOR THE FISCAL YEAR BEGINNING
JULY 1, 2016 AND ENDING JUNE 20, 2017 (FY2017)

Background

At the Board's April 11 meeting the community will be given its second formal opportunity to comment on the draft budget for FY2017. A synopsis of the budget including a narrative drafted by Board Treasurer Mr. Gary Crockett was included in the April 2016 issue of the *Crier* and is attached hereto for your reference. The full detailed draft budget and draft Capital Improvements Program (CIP) have been available for the public to view on our website since February 19. To-date, no comments have been received regarding the draft budget.

Board Action Requested

Assuming there are no objections to the proposed amendments, no formal Board action is required at this time. A budget ordinance will be presented for Board adoption during the Annual Meeting on Monday, April 18, 2016.

Attachment
Budget Insert from the April 2016 CRIER

Budget and Tax Matters

Notice of a Public Discussion on the Proposed Budget and Tax Rates for FY2017

The Chevy Chase Village Board of Managers will convene on **Monday, April 11, 2016 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, 2016 and ending on June 30, 2017 (FY2017).

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 the Village's website at www.chevychasevillagemd.gov (under "About", "Budget and Tax Information", "Proposed FY2017 Budget & CIP") or you may submit a request for this information to be mailed to you by calling (301) 654-7300.

Board Action to Adopt:

Proposed Budget and Tax Rates for FY2017

In accordance with the Charter for Chevy Chase Village, during the Village's **Annual Meeting** scheduled for **Monday, April 18, 2016 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, 2016 and ending on June 30, 2017 (FY2017).

Enclosed in this insert you will find the following:

- Budget Overview *Page 3*
- FY2017 Proposed Operating and Capital Budget Summary *Page 4*
- FY2017 Proposed Capital Improvements Program (CIP) Summary *Page 5*

Treasurer's Comments on the Proposed FY 2017 Budget

This insert contains a summary of the proposed operating and capital budgets for the fiscal year that will begin on July 1, 2016 and end on June 30, 2017 (FY 2017). At the Village's Annual Meeting on Monday, April 18, the Board of Managers will enact the operating budget, the capital budget, and the property tax rate for FY2017. 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 FY 2017, the percentage change from our current projections for FY 2016, and in some cases a comment about the reason for the change from 2016.

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. In particular, the budget overview notes mention "Normal personnel increases" on several items. These amounts assume that all current staff will continue to work for us through the year. Any turnover, especially from retirement, usually results in some reduction in average seniority and lower expenses.

We project an approximately balanced budget for FY 2017. The budgeted deficit of roughly \$46,000 (about 1% of the total budget) is well within the expected margin of error for revenue forecasts. We are fortunate enough to have a substantial reserve to absorb any unforeseen revenue shortfalls or emergency expenses. Our financial position is healthy and stable.

Respectfully submitted,

Gary Crockett
Board Member and Treasurer

Budget Overview

| PROJECTED SOURCES OF FUNDS | Proposed FY 2017 Budget | Difference from Projected FY 2016 | COMMENTS |
|---|----------------------------|--------------------------------------|---|
| Income Tax | 2,200,000 | -11% | A moderate decrease from this year. We will start seeing the effects of the Wynne case and the payback period to the State begins. |
| Property Tax | 955,500 | 0% | The Board is keeping the constant yield tax rate. |
| <i>SafeSpeed</i> (net of direct costs) | 678,500 | +11% | A continued small reduction in the vendor contract; issued citations, which had stabilized, but were suppressed by construction work, should have a slight rebound. |
| Other | 455,007 | -3% | |
| Total Projected Funds (net) | 4,289,007 | -8% | |
| PLANNED USES OF FUNDS | | | |
| <i>SafeSpeed</i> Operating Expenses (net of direct costs) | 384,800 | +6% | |
| Police (net of <i>SafeSpeed</i>) | 1,073,095 | +6% | Normal personnel cost increases, new insured family members. |
| Communications | 401,951 | +6% | Normal personnel cost increases. |
| Public Works | 984,564 | +4% | Normal personnel cost increases, age specific health insurance; reduced by eliminating street sweeping. |
| General Government (net of <i>SafeSpeed</i>) | 816,251 | +4% | Normal personnel cost increases. |
| Village Hall | 97,125 | +7% | We are under budget by 10% this year so this is a return to FY 2016 budget amount. |
| Parks, Trees, and Greenspace | 207,338 | +1% | A slight increase for inflation. |
| Street Light Operating Expenses | 42,500 | 0% | |
| Legal Services | 100,000 | 0% | |
| Police Radios | 32,000 | N/A | Necessary upgrades to all our police radios. |
| Street Maintenance | 111,000 | +5% | Routine street maintenance with a slight increase for associated costs. |
| Misc Capital Projects | 84,500 | -84% | Due to completion of Capital Projects in FY 2016, including the development of Wetern Grove Park and the Laurel Parkway intersection project. |
| Total Planned Expenditures (net) | 4,335,124 | -5% | |
| Planned Draw on Reserves: | (46,117) | | |
| Planned Reserves Remaining: | 7,142,376 | | |

General Funds and SafeSpeed Budgets

Proposed

FY2017

I. Revenue

| | |
|----------------------------|--------------------|
| Income Tax | \$2,200,000 |
| Property Tax | 955,500 |
| Investments & Misc. Income | 43,000 |
| Cost Recoveries/Grants | 412,007 |
| Citation Revenue | <u>1,392,500</u> |
| Total Revenue | \$5,003,007 |

II. Costs

A. On-going Programs

| | Personnel | Operations | Total |
|--|--------------------|--------------------|--------------------|
| <u>Department Services</u> | | | |
| Police | \$1,379,525 | \$792,370 | \$2,171,895 |
| Communications | 381,531 | 20,420 | 401,951 |
| Public Works | 623,420 | 361,144 | 984,564 |
| General Government | 660,211 | 156,040 | 816,251 |
| Professional Services | | 100,000 | 100,000 |
| | | | |
| <u>Facilities, Fleet, & Infrastructure</u> | | | |
| Village Hall | | \$97,125 | \$97,125 |
| Parks, Trees, & Greenspace | | 207,338 | 207,338 |
| Lights | | 42,500 | 42,500 |
| | | | |
| Subtotal | \$3,083,107 | \$1,780,443 | \$4,821,624 |

Surplus/Deficit **\$181,383**

B. Capital Projects

Equipment

| | |
|---------------------------|---------|
| Public Works Equipment | \$6,000 |
| Crime Fighting Technology | 20,000 |
| Public Works Vehicle | 45,000 |
| Police Equipment | 32,000 |

Projects

| | |
|-----------------------|---------|
| Sidewalk Maintenance | \$3,500 |
| Street Maintenance | 111,000 |
| Street Light Upgrades | 10,000 |

Subtotal \$227,500

Total Costs **\$5,049,124**

III. Budgeted Deficit/Draw on Reserves **(\$46,117)**

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

| Equipment | Proposed FY2017 | Total 6 Yr. Cost | Equipment/Project Description |
|------------------------------------|----------------------------|-----------------------------|---|
| Replacement Police Radios (in-car) | \$32 | \$32 | Replacement is required due to technology advancements. Portable radios for Village Police officers were purchased in FY12, however purchase of in-car radios was deferred at that time pending build-out of the County's infrastructure to ensure equipment reliability. |
| Replacement Salt Spreader | 6 | 6 | Replacement is required due to increasing reliability issues. |
| Replacement Tractor/Loader | 45 | 45 | This is a normal program replacement for the loader. The the unit will be replaced with a skid-steer loader which is more ruggedized, has a larger carrying/lift capacity, and has a greater capability to serve the various Public Works functions. |
| Sub-Total | \$83 | \$83 | |

| Projects | Proposed FY2017 | Total 6 Yr. Cost | Equipment/Project Description |
|--|----------------------------|-----------------------------|--|
| Street Maintenance and Repair Program | \$111 | \$681 | This project provides for the ongoing maintenance and repair of the Village's roadways and curbs using concrete and hot mix asphalt. This funding level anticipates repaving each Village street every 20- years. |
| Sidewalk Maintenance Program | 3.5 | 21 | This amount will cover materials cost for ongoing sidewalk repair performed by Public Works personnel. |
| Village-wide Streetlight Upgrade | 10 | 60 | This program serves to enhance and upgrade exiting streetlights in addition to installing new streetlights in identified dark areas, where by creating safer pedestrian and vehicular access throughout the Village. |
| Public Safety Technology and Equipment | 20 | 120 | These amounts are included to permit exploration of options to introduce new public safety equipment as new technologies develop. |
| Sub-Total | \$144.5 | \$882 | |
| Grand Total | \$227.5 | \$965 | |