

**Chevy Chase Village Board of Managers**  
**February 27, 2023**  
***Special Meeting - Budget Work Session***

*Note: These minutes reflect the Board’s actions only, and do not include remarks made by members of the Board of Managers, Village Staff or others in attendance. For more information regarding the proposed budget, please refer to the “Proposed FY2024 Budget & CIP” page on the Village website.*

**BOARD OF MANAGERS**

Elissa A. Leonard, Chair	Present
Robert C. Goodwin, Jr., Vice Chair	Present
David L. Winstead, Secretary	Absent
Linda J. Willard, Assistant Secretary	Present
Gary Crockett, Treasurer	Present
Nancy Watters, Assistant Treasurer	Present
Louis Morsberger, Board Member	Present

**STAFF**

Shana R. Davis-Cook, Village Manager	Present
John Fitzgerald, Police Chief	Present
Demetri Protos, Finance Director	Present
Ellen Sands, Director of Municipal Operations	Present
Anthony Young, Director of Public Works	Present
Jennifer Young, Administrative and Constituent Services Assistant	Present

Ms. Elissa A. Leonard, Chair of the Chevy Chase Village Board of Managers, called the special meeting to order at 7:32 p.m. Ms. Davis-Cook explained that this work session was called to review and discuss the Village Manager’s first draft of the FY2024 operating and capital budgets. The draft budget and all supporting materials had been circulated in advance of the meeting to the members of the Financial Review Committee and posted on the Village’s website. Members of the committee were in attendance.

The Board and staff reviewed and discussed the following areas of the first draft of the FY2024 operating and capital budget:

**PROCESS**

Ms. Davis-Cook presented the FY2024 budget review and adoption process, including future scheduling. The Board will invite the public’s comments on the draft budget during Public Hearings during the Board’s regular meetings on Monday, March 13, 2023, and Monday, April 10, 2023. The final proposed budget will be adopted by the Board during the Village’s Annual Meeting on Monday, April 17, 2023. The March and April issues of the *Crier* will include notices regarding the FY2024 operating and capital budget schedule, adoption process, and the April issue will feature an explanatory memorandum regarding the proposed budget from the Board Treasurer Mr. Gary Crockett.

## **REVENUES & FINANCIAL POSITION**

Mr. Protos provided an overview of the FY2024 revenue assumptions, a summary of which follows:

1. Income tax revenue for FY2023 is expected to exceed the budgeted amount by \$1,800,000. The FY2024 budget revenue for income tax was increased to \$3.25 million per the advice of the Board Treasurer to reflect that revenues have remained consistently above budget since FY2019.
2. The draft budget reflects that the constant yield real property tax rate for FY2024 is \$.0712, which represents a net assessable property base of \$1,314,635,270 (an increase of \$95,044,572 over the assessable base calculated for 2022). By maintaining the constant yield rate, as property values increase, the municipal property tax rate is reduced. This rate will yield approximately \$935,559 in revenue in FY2024. The personal property tax rate will be held at the current \$.66 per \$100 of assessed value, for a yield of approximately \$110,000.
3. Investment income was increased to reflect rising interest rates and is projected to yield \$350,000.
4. A phase-in schedule for a new formula for Montgomery County Property Tax Duplication was approved by the County Council in 2022. The new formula includes a calculation for transportation and police services. The FY2024 proposed budget reflects a 90% share of the approved formula, which should yield \$310,085 in revenue.
5. Highway User Fee revenues have stabilized and are anticipated to yield \$110,000 in revenue.
6. *SafeSpeed* revenues were maintained at \$625,000.
7. Village reserves are projected to be \$18,075,968 at the end of the current fiscal year (June 30, 2023) and the proposed FY2024 operating and capital budget presented herein will generate an approximate \$980,280 draw on reserves; however, reserve balances as of June 30, 2024 are still estimated to total approximately \$16,853,860 (pending any budget amendments authorized by the Board in the current and next fiscal years).
8. The projected FY2024 operating and capital expenses total \$6,951,420.

## **EXPENSES**

### **• General Operating Budget**

Ms. Davis-Cook provided an overview of the FY2024 proposed operating expenses, a summary of which follows:

1. The budget includes a 6.8% cost of living adjustment for eligible employees pursuant to the Bureau of Labor Statistics' consumer price index for urban wage earners for calendar year 2022.
2. An approximate 7% increase across departments for health insurance is reflected in the draft budget. A proposal to cover 100% of the health insurance premium for all participating employees was approved by the Board.
3. An 8% consumer price index increase is reflected in the budget for applicable contracts that include a consumer price index provision.
4. Village-wide operating expenses (excluding capital) are up 8.5% in the draft FY2024 budget when compared to the FY2023 original draft budget.

5. The Police Operations budget includes a decrease of \$3,000 to reflect actual costs for the department's body-worn camera program; liability insurance premiums have increased statewide due to police accountability legislation and the budget reflects a \$4,000 increase for that line item; *SafeSpeed* contractor processing fees have been reduced under a new contract resulting in a reduction of \$100,000 to the annual budget, and an increase of \$2,500 is included for vehicle repairs due to the scheduled expiration of the vehicle warranties for the police cruisers.
6. The Police Personnel budget reflects increases due to annual step increases, the promotion of a sworn officer to Private First Class, costs associated with the retirement and hiring of a new Police Chief, and increases in unemployment insurance, workers' compensation, and pension expenses.
7. Communications staff salaries have been decreased as a result of turnover in FY2023, although health insurance has increased substantially due to an anticipated change in coverage elections by new hires.
8. Communications operations has increased by \$5,000 reflecting a new service contract for the public safety records management system.
9. Salaries and related personnel benefits and expenses have been increased to account for the standard increases related to salaries and benefits in the Public Works Personnel budget. Other expenses remain flat.
10. Public Works operations increased by \$8,500 to include a professional services contract for as-needed household leaf collection support. All other expenses remain flat.
11. In the General Government Personnel budget reflects increases due to personnel transitions and a single-year contract employee position.
12. General Government operations line items for Community Events were increased due to elevated service and materials costs, and the establishment of a proposed block party subsidy.
13. Professional Services was increased by \$30,000 to reflect continued use of the Village's consulting civil engineer in the review of private development projects and in anticipation that the Village's Stormwater Committee will contract with a non-profit national research organization that assists municipalities with studying and identifying solutions to address stormwater concerns.
14. Expenses increased slightly for the Village Hall, Parks, Trees, and Greenspaces, and Tree Program categories to reflect rising service and materials costs.

*No changes were presented by the Board for the draft operating budget.*

### **Capital Improvements Program (CIP) Budget; Special Projects**

Ms. Sands provided an overview of the FY2024 proposed capital expenses, a summary of which follows:

1. The budget reflects a \$20,000 for maintenance of air conditioning units in the Village Hall.
2. Replacement of the Police Department's mobile radios is scheduled at a total cost of \$92,000.

3. A new Village Hall Equipment Access Project was added to reflect the construction that will be required to provide access for the replacement and servicing of air conditioning units located in the attic space of the Village Hall. This project is estimated at \$280,000.
4. The rehabilitation of the Boxwood Area (on Chevy Chase Circle between Magnolia Parkway and Grafton Street) was added to the budget. While the cost of this project still remains to be determined, a \$6,500 placeholder is included in the draft budget.
5. Sidewalk maintenance was increased to \$15,500 to include resealing the Brookville Road sidewalk GravelLok surface, and increased maintenance of brick sidewalks throughout the Village.
6. Funds for implementing various Stormwater Management Projects (\$150,000), including completion of the Municipal Storm Drain Project (along a portion of the block bordered by Hesketh and West Irving Streets between Magnolia and Cedar Parkways), and the Belmont Avenue-Extended (Buffer) Drainage Project (\$380,000) are also included in the draft budget.

*No changes were presented by the Board for the draft capital budget.*

#### **ADJOURNMENT**

*Mr. Crockett moved to adjourn the special meeting of the Board of Managers. Mr. Goodwin seconded the motion. Ms. Leonard, Mr. Goodwin, Mr. Crockett, Ms. Watters, Ms. Willard, and Mr. Morsberger voted in favor of the motion. The motion passed. The special meeting adjourned at 8:53 p.m.*

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Attested by: Shana Davis-Cook, Village Manager

***FINAL***