

Report for the Board  
Draft Village Manager's Budget for FY2014  
February 12, 2013

Overview

The Budget Committee met on February 5 to review the Village Manager's Draft Budget for FY 2014. A draw on reserves of \$ 272 K is proposed, rather than the surplus projected in the Committee's Report to the Board of January 9, 2013. This is because capital expenditure for street light upgrades and some street maintenance programmed for out-years was brought forward to FY 2014 and because On-going Program costs show a more than expected increase.

No new staffing or activities are proposed for On-going Programs in either FY 2013 or FY 2014. Nevertheless sharply higher than anticipated health insurance costs, the impact of step increases and full staffing, plus a 3% salaries contingency produce an increase of 8% in personnel costs for FY 2014 over the FY 2013 budget. In dollar terms this percentage increase is modestly more important because the FY 2013 budget base was adjusted upward to accommodate two years of COLA and a pay increase for contract personnel approved by the Board in FY 2013.

Operations costs for FY 2014 are estimated to increase by some 3% due mainly to an expense of \$45,000 for the Safe Speed collections program and increased costs of vehicle fuel and repairs and maintenance attributable to an extended vehicle retention program.

Revenue for FY 2014 remains essentially as projected in the Committee's Report to the Board and a still reasonably healthy surplus of \$ 940 K is foreseen for the current account (Ongoing Program Costs).

Reducing Costs

The Committee was struck by the projected increase in 2014 of some \$55,000 in staff health insurance costs (up around 40% in two departments), calculated by reviewing specific employee coverage-level increases in the current insurance framework. An intensive search for larger groups or other opportunities would seem to be a priority with a view to moderating costs.

Whether a twice weekly refuse collection is needed is perhaps an issue, but the current contractor's reported offer of a nearly negligible cost reduction in moving to a once weekly regime suggests a new bidding procedure in the event the Board decides to do so. Composting alternatives might well merit investigation by the Energy and Environment Committee with a view to lightening collection loads and/or reducing dumping fees approaching \$100,000 annually for brush, leaves and refuse. (Concern was expressed that no effective mechanism is currently available to the E&E Committee to review such activities.)

Safe Speed costs are being reviewed for savings, which is particularly important as program revenue declines. The Committee encourages the collection of data to respond

to program managers' questions leading to cost savings, e.g., to determine if and when the four cameras currently employed should be reduced, consistent with public safety goals.

### Budget priorities

The Committee notes the general decline in expenditure for Parks, Trees and Green Space. Trees crown the beauty of the Village, but also pose a threat to public safety and property. The Committee believes that residents should be aware of their rights and responsibilities concerning trees on their own and neighboring properties, both public and private. According to a Washington Post article (November 3, 2012) the Virginia Supreme Court recently ruled that local governments have a responsibility for trees on private property that pose a threat to public roadways and should periodically inspect them, a ruling consistent with District of Columbia law, according to the article. The Committee also notes that a neighboring community provides residents free arborist services for an hour bi-annually to inspect the health of their trees and recommend care. These are issues that might merit investigation of any implications for the Village by appropriate committees in view of the increasing threat of storm damage in our urban forest environment.

In the same context of increasing storm frequency and violence, the Committee has discussed the potential utility of eventually conducting a reasonably priced, objective analysis of undergrounding electric wiring in the Village, drawing on recent, relevant studies. A study might also look at other means of improving power reliability and perhaps suggest damage mitigating steps in the wake of power outages. Staying abreast, if not ahead of developments in the Metropolitan area should be a minimum objective.

Official, technical discussions in the District of Columbia suggest that a cost effective solution would be the undergrounding of primary and lateral overhead wiring leaving secondary wiring overhead (Mayor's Power Line Undergrounding Task Force, Technical Committee reports of December 19, 2012 and January 17, 2013). This solution for the District, based on a new PEPCO study, would provide a high degree of power reliability. It would reduce outage events caused by overhead wiring incidents by an estimated 65%, customer frequency by 97% and duration of outages to customers by 92%. It would reduce installation disruptions dramatically (among other things by obviating the need for new house connections) and reduce installation costs to 60% compared to a total undergrounding alternative.

### Reserves

Village reserves remain relatively substantial. Yet given uncertainties still ahead in the slowly recovering national economy and in Village finances, there is no consensus within the Committee to recommend a reduction in the Village's relatively modest portion of the property tax.

Submitted by Martin Dagata