

# Budget and Tax Matters

## Notice of a Public Hearing on the Proposed Budget and Tax Rates for FY2024

The Chevy Chase Village Board of Managers will convene on **Monday, April 10, 2023 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, 2023 and ending on June 30, 2024 (FY2024). 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 7. Residents may also 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 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](http://www.chevychasevillagemd.gov) (under "Government" "About", "Budget & Tax Information", "Draft FY2024 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](mailto:ccv@montgomerycountymd.gov).

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### **Board Action to Adopt:** Proposed Budget and Tax Rates for FY2024

In accordance with the Charter for Chevy Chase Village, during the Village's **Annual Meeting** scheduled for **Monday, April 17, 2023 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, 2023 and ending on June 30, 2024 (FY2024).

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 14.

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

- Budget Overview *Page 3*
- FY2024 Proposed Operating and Capital Budget Summary *Page 4*
- FY2024 Proposed Capital Improvements Program (CIP) Summary *Page 5*

## Treasurer's Comments on the Proposed FY2024 Budget

This insert contains a summary of the proposed operating and capital budgets for the fiscal year that will begin on July 1, 2023 and end on June 30, 2024 (FY2024). At the Village's Annual Meeting on Monday, April 17, the Board of Managers will adopt the operating and capital budgets, as well as the property tax rates for FY2024. 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 FY2024, the percentage change from our current projections for FY2023, 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.

Personnel costs dominate our operating expenses, and these costs show a greater than usual increase because of the cost-of-living adjustments based on the past year's inflation and transitioning to full coverage of personnel health insurance premiums. Eventually inflation should also cause increases in our nominal tax receipts, but the timing is hard to know and we have not assumed that in this year's tax projections.

Our capital expenses reflect a major overhaul of the HVAC in the Village Hall, and a significant stormwater management project in the Buffer Area bordering Saks and The Collection.

We project a draw on reserves of about \$1.14 million for FY2024. We have accumulated a substantial reserve, and expect to spend some of it on stormwater infrastructure over the next few years. Our financial position remains healthy and stable.

Respectfully submitted,

Gary Crockett  
Board Treasurer

## Budget Overview

<b><u>PROJECTED SOURCES OF FUNDS</u></b>	Proposed FY2024 Budget	Difference from FY2023 (Projected)	Comments
Income Tax	\$3,250,000	-32%	The FY2023 (current year) revenue is projected to be approximately 66% higher than the amount budgeted (\$3M). A small number of Village taxpayers cashed out high capital gains during the year. We are also maintaining our increased tax base that started in FY2019 and FY2020. We have increased the amount in FY2024 from the budgeted amount in FY2023 by 8.3%.
Property Tax	1,040,500	0%	Maintains the constant yield rate of \$.0712/\$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% the last few years, despite a slight 6% rebound in FY2022. The current fiscal year's revenue has stabilized and is similar to prior years.
Other	1,055,635	+25%	Increased due to a change in county law that changed the calculation for the tax duplication reimbursements and anticipated interest income resulting from higher interest rates.
<b>Total Projected Funds (net)</b>	<b>\$5,646,140</b>	<b>-19%</b>	Due to a lower estimate in next year's income tax revenue.
<b><u>PLANNED USES OF FUNDS</u></b>			
<b><u>OPERATING EXPENSES</u></b>			
<i>SafeSpeed</i> Operating (net of direct costs)	\$325,000	0%	Lowered contract costs will offset increases in personnel costs.
Police (net of <i>SafeSpeed</i> )	2,088,409	+13.5%	Standard personnel increases (6.8% cost-of-living adjustment COLA, merit, health and associated increases that are affected by COLA (i.e., pension, FICA etc.)), and establishment of a new policy for the Village to fully fund health insurance premiums. Also includes expenses related to hiring of new personnel.
Communications	493,220	+14%	Standard personnel increases (COLA, merit, health, etc.), an increase in built in overtime and an increase in the records management system software maintenance contract.
Public Works	1,289,202	+17%	Standard personnel increases (COLA, merit, health, etc.), as well as an 8% CPI-U increase in the refuse and recycling contract.
General Government (net of <i>Safe Speed</i> )	1,143,964	+19%	Standard personnel increases (COLA, merit, health), plus anticipated full staff and a new contract employee.
Village Hall	137,525	+16%	Increased to account for an 8% CPI-U increase in the janitorial services contract and increased expenses for maintenance of the a/c system and rising utility costs.
Parks, Trees, and Greenspace	267,600	+7%	Maintaining the FY2023 budgeted amounts that are anticipated to be slightly under budget and an increase in the landscape contract.
Street Light Operating Expenses	42,500	6%	We expect costs to increase due to inflation.
Legal and Professional Services	130,000	38%	We expect costs to increase related to the consulting engineering contract and anticipated coordination with an organization that will be hired to consult with the Stormwater Committee.
<b>Total Operating Expenses</b>	<b>\$5,917,420</b>	<b>18%</b>	
<b><u>CAPITAL EXPENSES</u></b>			
Stormwater Management Projects	\$150,000	+0%	Improvements in Village stormwater management will continue.
Street Maintenance	65,000	8%	Budgeting for routine maintenance.
Sidewalk Maintenance	51,000	N/A	Required Maintenance.
Village Hall Mechanical Equipment	400,000	N/A	Scheduled replacement.
Police Equipment (portable radios)	92,000	N/A	Scheduled replacements.
Buffer Drainage Project	380,000	N/A	New project to address drainage concerns and relandscaping.
General Government Equipment	20,000	N/A	Scheduled replacements.
Misc. Capital Equipment, Projects	31,500	0%	See page 5 for more information.
<b>Total Capital Expenses</b>	<b>\$1,189,500</b>	<b>60%</b>	
<b>Total Planned Expenditures (net)</b>	<b>\$7,106,920</b>	<b>+24%</b>	Mostly due to conservative budgeting and Capital Expenses increasing from FY2023. Inflation impacted expense increases.
<b>Planned Draw on Reserves:</b>	<b>\$(1,135,780)</b>		
<b>Planned Reserves Remaining:</b>	<b>\$16,698,360</b>		

**General Funds and SafeSpeed Budgets  
Combined Summary  
Proposed FY2024**

**I. Revenue**

Income Tax	3,250,000
Property Tax	1,040,500
Investments & Misc. Income	524,550
Cost Recoveries/Grants	531,085
SafeSpeed Citation Revenue	625,005
 Total Revenue	 \$5,971,140

**II. Costs**

<b>A. On-going Program:</b>	<b>Personnel</b>	<b>Operations</b>	<b>Total</b>
<b><u>Department Services</u></b>			
Police	2,085,609	327,800	2,413,409
Communications	459,500	33,720	493,220
Public Works	716,902	572,300	1,289,202
General Government	952,064	191,900	1,143,964
Professional Services	0	130,000	130,000
 <b><u>Facilities, Fleet, &amp; Infrastructure</u></b>			
Village Hall		137,525	137,525
Parks, Trees, & Greenspaces		267,600	267,600
Lights		42,500	42,500
 Subtotal	 \$4,214,075	 \$1,703,345	 \$5,917,420
 <b>Surplus/Draw on Reserves</b>			 \$53,720
 <b>B. Capital Projects</b>			
<b><u>Equipment</u></b>			
General Government Equipment			20,000
Public Safety Technology			20,000
Police Equipment Purchases			92,000
 <b><u>Projects</u></b>			
Village Hall Mechanical Equip. Access Project			400,000
Boxwood Area Project			6,500
Sidewalk Maintenance			51,000
Street Maintenance			65,000
Streetlight Upgrade			5,000
Stormwater Management Projects			150,000
Belmont Ave. Extended Buffer Drainage Project			380,000
 Subtotal			 \$1,189,500
 <b>Total Costs</b>			 \$7,106,920
 <b>Surplus/Draw on Reserves</b>			 <b>(1,135,780)</b>
 Approximate Reserves			17,834,140
 <b>Projected Reserves</b>			 \$16,698,360

**FY2024 – FY2029 Capital Improvements Program (CIP) and Special Projects**  
(Shown in thousands)

<b>Equipment</b>	<b>Proposed FY2024</b>	<b>Total 6 Yr. Cost</b>	<b>Equipment/Project Description</b>
General Govt.—Village Hall Security Cameras	\$20	\$20	Replacement of the security cameras located around the Village Hall.
Village Hall HVAC Mechanical Equipment	0	58	The Village Hall has ten mechanical systems. The equipment is aging and a placeholder was put in for another replacement in FY2025.
Public Safety/ Communications Equipment	92	92	The portable (handheld) radios (worn by the officers) are due for replacement in FY2024.
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	0	76.5	One leaf vacuum will be replaced in FY2026, and a water tank will be replaced in FY2029.
Public Works—Vehicles	0	285	Two pickup trucks are scheduled to be replaced in FY2025 and FY2027. A medium-duty dump truck will be replaced in FY2029.
<b>Sub-Total</b>	<b>\$112</b>	<b>\$771.5</b>	

<b>Projects</b>	<b>Proposed FY2024</b>	<b>Total 6 Yr. Cost</b>	<b>Equipment/Project Description</b>
Street Maintenance & Repair	\$65	\$390	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 and oil prices have increased.
Sidewalk Maintenance	51	108.5	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). There is a project in FY2024 for repairs to the path within the Brookville Road Park and the public sidewalk from East Irving Street to Quincy Street.
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	150	200	The project for the Hesketh/West Irving Street block is in the permitting phase and scheduled for completion in FY2024. 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 and as needs arise.
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	380	380	This project addresses stormwater runoff and drainage remediation in the “Buffer” area between Grove and Park Streets. The project is being coordinated with the Village’s civil engineer.
Village Hall Mechanical Equipment Access Project	400	400	The units serving the administrative offices, Post Office, front reception foyer and the Lambert Room need to be replaced, but due to their size, we must design and construct a means of accessing the units for replacement.
Boxwood Area Project	6.5	6.5	Addresses the re-design of the Boxwood Area on Chevy Chase Circle, the segment of public space between Grafton Street and Magnolia Parkway.
<b>Sub-Total</b>	<b>\$1077.5</b>	<b>\$1735</b>	
<b>Total (Equipment &amp; Projects)</b>	<b>\$1189.5</b>	<b>\$2506.5</b>	<u>Prior fiscal year totals:</u> <b>FY2023: \$914.5 / FY2023-FY2028 6-year total: \$2199.5</b>