

City of Takoma Park Proposed Budget FY 2012

April 4, 2011

Major Budgetary Issues

- Economic climate
- Property assessments
- Personnel costs
- Debt service

Major Budgetary Issues

- Environmental initiatives

Economic Climate

- State and County structural deficits
 - Negative impact on intergovernmental revenues
- Low fixed income security rates
 - Negative impact on investment earnings
- Stock market downturn
 - Negative impact on pension plan asset valuation
 - Increased employer contribution rate

Property Assessments

- Reassessment in Fiscal Year 2010
 - Gross assessable real property base fell by 10%
- State Homestead Property Tax Credit
 - Limits increase in residential taxable assessments to 10%
 - Delays impact of significant escalations in assessments
- FY 2012 assessable real property base (net)
 - Increase of \$59.5 million or 3.1% from prior year

Personnel Costs

- Majority of City spending
 - 55% of expenditures (all funds)
- No change in staffing levels
 - February 22, 2011 Council direction
- Employee wage adjustments
 - Collective bargaining matter
- Employee health insurance
 - Increase of 8.5%

Personnel Costs

- Police Employees' Retirement Plan
 - Employer contribution rate essentially flat
- State Retirement and Pension System
 - Significant increase in employer contribution rate
- Worker's compensation insurance
 - Decrease from FY 2011 budget
 - Budget-to-budget savings of \$55,000

Debt Service

- 2002 Community Center Bond Issue
 - Scheduled debt service payment = \$157,556
 - Proposed early redemption of balance in June 2012
 - Use of unreserved fund balance for payoff
 - Interest and fee savings over time = \$347,000
- 2004 Street Improvement Bond Issue
 - Final year of scheduled debt service
 - Continued annual budget allocation of \$500,000
 - No net budget reduction from bond payoff

Debt Service

- Capital lease for police cars
 - Final year of scheduled debt service
 - Annual payment = \$49,322
 - Reduction in future City operating costs
- Future reduction in debt service = \$207,000
 - Assumption that no new debt is issued
 - Greater financial flexibility going forward

Environmental Initiatives

- Acquisition of new hybrid vehicle for Police
- Prince George's/Circle Avenue Bio-Retention
- Wabash Avenue Filtration and Stabilization
- Poplar Mill/Sligo Mill Area
 - Removal of debris and invasives
 - Re-creation of natural contour of the streambed

Environmental Initiatives

- Ritchie Avenue Bio-Retention Project
- Flower Avenue Green Street Project
- Building energy efficiency improvements
- Subsidized bulk buy tree purchases

Reserve Funds

- Equipment Replacement Reserve
 - Contribution of \$750,000
- Facility Maintenance Reserve
 - New reserve fund
 - Contribution of \$250,000

FY 2012 Budget Structure

- General Fund
- Stormwater Management Fund
- Special Revenue Funds
- Speed Camera Fund

Budget Overview (All Funds)

- Total revenues = \$22.92 million
- Total expenditures = \$24.54 million
- Variance
 - Equipment Replacement Reserve monies
 - Use of unreserved fund balance

General Fund

- Tracks financial activities related to:
 - City's daily operations
 - Debt service
 - Capital outlay

General Fund Overview

- Fund revenues = \$19.42 million
- Fund expenditures = \$20.74 million
- Operating transfer to other funds = \$0.05 million
- Use of fund balance = \$1.37 million
 - Allocation of Equipment Replacement Reserve monies
 - Use of unreserved fund balance for bond redemption

General Fund Revenues

- Real property tax rate unchanged
 - \$0.58 per \$100 of assessed valuation
 - Budget-to-budget increase = \$395,178
- Constant yield tax rate = \$0.5623
- Real property taxes = 58% of fund revenues

General Fund Revenues

- Income taxes
 - Underperforming in FY 2011
 - Slight recovery projected for FY 2012
- Highway User Revenues
 - Assumed continuation of FY 2010 reduction
 - Legislature considering partial funding restoration

General Fund Revenues

- Tax duplication payments
 - 5% reduction proposed by County Executive
 - Revenue loss = \$127,503
- Other County payments
 - 5% reduction in Library Aid payment
 - 5% reduction in Recreation Center grant

General Fund Revenues

- County police rebate
 - Predicated on assessable base
 - Budget-to-budget gain = \$204,590
- Net increase in County revenues = \$57,957
- Continued decline in investment revenues

General Fund Revenues

- Comprehensive review of fee structure
 - Increases in some fees
 - Enactment of new charges

General Fund Expenditures

- Status quo budget
 - Maintenance of existing service levels
- Continued financial support for:
 - Independence Day Committee (\$12,500)
 - Main Street Takoma (\$30,000)
 - Crossroads Farmer's Market (\$15,000)
 - Small Community Grant Program (\$7,500)

Stormwater Management Fund

- No change in base rate of \$48
 - Rate established in FY07
- Fund revenues = \$484,000
 - Grant funding of \$111,000 assumed
- Fund expenditures = \$498,511
 - Personnel costs = 0.75 FTE
 - Capital projects = \$211,000

Special Revenue Funds

- Grant-funded project tracking mechanism
- Fund revenues = \$1.41 million
- Fund expenditures = \$1.02 million
 - Funding for certain personnel costs
 - Safe Routes to School Coordinator
 - Police Gang Liaison
 - Police Research and Policy Analyst

Speed Camera Fund

- Established in FY 2009
- Expenditures must promote public safety
- Five cameras currently in operation
 - Recent installation on University Boulevard
- Pending installation on East-West Highway

Speed Camera Fund Overview

- Fund revenues = \$1.60 million
 - Four longstanding camera installations only
 - Limited data for University Boulevard camera
 - Subsequent budget modification
- Fund expenditures = \$2.28 million
- Use of fund balance = \$0.68 million

Speed Camera Fund Expenditures

- Personnel costs = 3.75 FTE
 - Increase of 0.75 FTE
 - Partial year cost for Police Gang Liaison
- Contractual payment to program vendor
- Public safety expenditures = \$140,800
 - Transfer of items from Equipment Replacement Reserve
 - In-car mobile computers and police radio equipment

Speed Camera Fund Expenditures

- New sidewalks = \$575,000
- ADA sidewalk retrofits = \$300,000
 - Transition plan development in process
- Ritchie Avenue traffic calming = \$130,000
- Other traffic calming = \$30,000

Speed Camera Fund Expenditures

- Ethan Allen Gateway Streetscape = \$80,000
 - Pre-development work
- Streetlight upgrades = \$20,000
 - Transfer from General Fund

Next Steps

- Public hearing on April 11
 - Proposed FY 2012 budget
- Council worksessions in April and May
- Public hearings on April 25
 - Proposed FY 2012 budget
 - Constant Yield Tax Rate