



# FISCAL YEAR 2018

Proposed Capital Budget: April 17, 2017



# Fiscal Year 2018 Proposed Capital Budget

## Agenda

1. Council Priorities
2. Stormwater Management Fund
3. Speed Camera Fund
4. Special Revenue Funds
5. General Fund
  - a. Equipment Replacement Reserve
  - b. Facilities Maintenance Reserve
  - c. General Fund Capital Items
6. Flower Avenue Green Street & Ethan Allen Gateway Projects
7. Library Project
8. Bonding
9. Budget Schedule



# Council Priorities

## *Highlighted Capital Items Included in Budget*

- **A Livable Community for All**

- Proceeding with plans to renovate and expand the Library
- Completion of Sligo Mill Overlook Park
- Contribution of \$300,000 to Housing Reserve
- Property tax assistance for lower income homeowners
- \$100,000 for contracting with community partners
- Ethan Allen Gateway and Flower Avenue Green Street projects
- Major community events and arts programming



# Council Priorities

## *Highlighted Capital Items Included in Budget*

- **Fiscally Sustainable Government**

- Review of financial policies to maintain highest level of fiscal responsibility and to align, where possible, investment that advances community values
- Little change in real property tax rate and preservation of reserves to protect City from possible future decline in revenues
- Lobbying and communication efforts on tax duplication
- Contribution of **\$100,000** in addition to actuarially recommended amount for Police Employees' Retirement Plan



# Council Priorities

## *Highlighted Capital Items Included in Budget*

- **Environmentally Sustainable Government**
  - Raise base Stormwater Management Fee from \$55 to \$92 to accomplish large work program and help protect the Chesapeake Bay
  - Continued education and incentive programs for Green Home Certification competition and Sustainable Energy Action Plan
  - Continued efforts towards increasing the tree canopy
- **Engaged, Responsive, Service-oriented Government**
  - Community Survey to help gather information to improve and target programs, services and communication methods; work towards improved police/community relations and provide base information for the Council's Racial Equity efforts
- **Advance Economic Development Efforts**
  - Begin to implement economic development strategic plan
  - New temporary position to assist with economic development efforts



# Council Priorities

## Racial Equity

### *Highlighted Capital Items Included in Budget*

- **Renovation/expansion of Takoma Park Library**

Increased space for books, study and programs for Ward 4 residents (85.1% people of color), recent immigrants, young adults and others from all Wards



- **Flower Avenue Green Street**

- Improve aesthetics, pedestrian safety, stormwater quality, lighting and transportation options for residents of Ward 5 (72.4% people of color) and others



# Council Priorities

## Racial Equity

### *Highlighted Capital Items Included in Budget*

- **New Outreach Division of Recreation**
  - Focus services on young people (particularly people of color)
- **Ethan Allen Gateway**
  - Improve aesthetics, pedestrian and bicycle safety, stormwater quality, lighting and transportation options for residents of Ward 6 (81.5% people of color) and others
- **Funds in Legislative Budget**
  - \$5,000 for Montgomery College scholarships – may be more likely to help young people of color
  - Remaining \$20,000 could be identified to assist in feasibility study of an **aquatics center** (which would help young people of color in learning to swim) and/or to fund workshops or special surveys to assist in better targeting services towards advancing racial equity.





# Stormwater Management Fund



*Photos: Grant Avenue Bio-Retention features*





# Stormwater Management Fund

## Stormwater Management Fund Projects for FY18

- Takoma Branch Stream Restoration Design - \$100,000
- Devonshire & Glaizewood Bio-Retention - \$40,000
- Grant Ave and Holly Ave Bio-Retention - \$30,000
- Tulip Ave Phase 2 - \$65,600
- Truck Scale - \$5,000
- Grant-funded:
  - Flower Avenue Green Street Bio-Retention - \$168,750

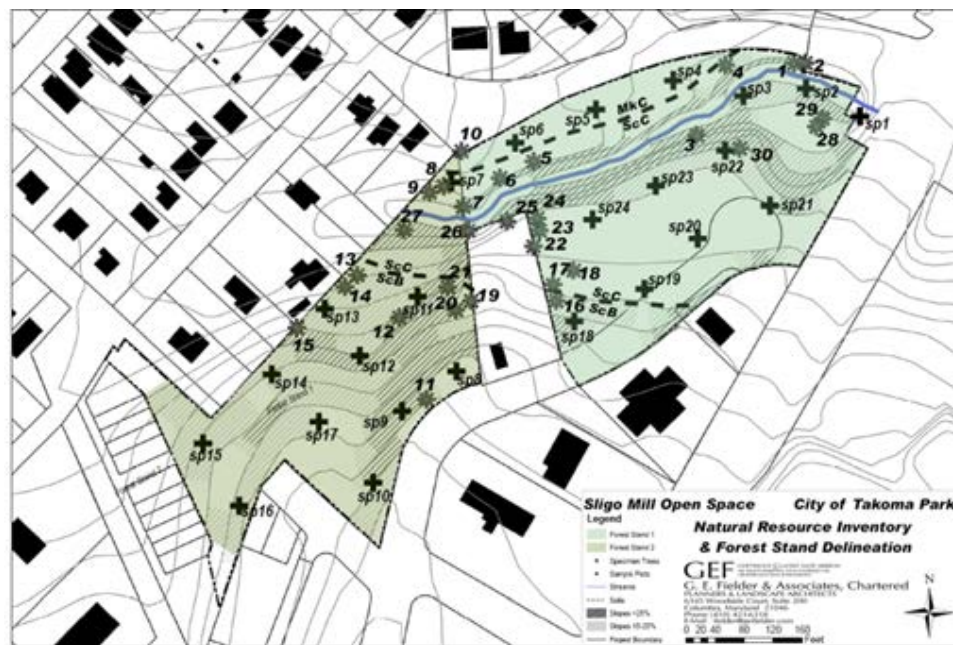
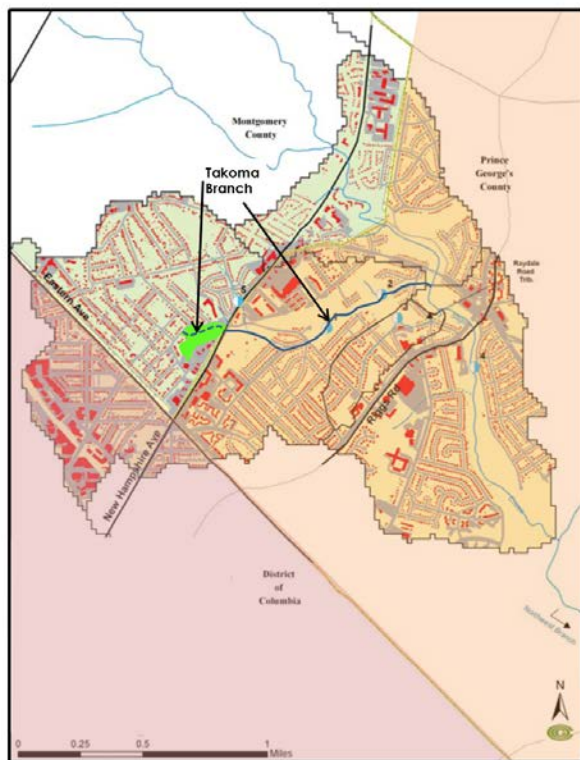
These projects, plus inspection and maintenance work, are essential to meeting State and Federal laws (Chesapeake Bay Clean Up Program; Clean Water Act). The City's goal is to provide stormwater treatment for run-off from 20% of existing impervious area not currently provided treatment.



# Stormwater Management Fund

## Stormwater Management Fund Projects for FY18

### Takoma Branch Stream Restoration Design



# Stormwater Management Fund

## Stormwater Management Fund Projects for FY18

### Takoma Branch Stream Restoration Design

- **\$100,000** to be used to develop the stream restoration design for the Takoma Branch
- Approximately 700 feet of the stream is in Takoma Park before continuing into Prince George's County
- The stream exhibits bank failure and erosion, depositing a large amount of sediment to the stream bed; the goal is restoring Takoma Branch to its natural conditions
- Project will provide a significant amount of equivalent impervious area reduction (approx. 7 acres) needed for the City's Watershed Implementation Plan





# Stormwater Management Fund

## Stormwater Management Fund Projects for FY18

- **Devonshire & Glaizewood Bio-Retention** - install two or more bio-retention facilities at the intersection
- **Grant Ave and Holly Ave Bio-Retention** – install a bio-retention facility at the northeast corner of the intersection
- **Tulip Avenue Phase 2** – completion of the stormwater system maintenance project to install an inlet and approx. 300 linear feet of 15" high-density polyethylene (HDPE) pipe along Tulip Avenue



# Speed Camera Fund

## Capital Expenditures for FY18

- Field Radio Equipment - \$25,000
- Mobile Computers - \$14,900
- Police Office Renovation - \$50,000



# Special Revenue Funds

## Special Revenue Fund Projects for FY18

- **Cable Capital Grant items:**
  - Auditorium and City TV facilities and equipment - **\$180,000**
- **Lincoln Avenue Sidewalk**
  - Safe Routes to Schools - **\$578,300**
- **Ethan Allen Gateway**
  - MD Bikeway - **\$66,000**
  - TAP - **\$1,255,500**





# Special Revenue Funds

## Special Revenue Fund Projects for FY18

- **Flower Avenue Green Street:**
  - TAP - **\$780,248**
  - Montgomery County - **\$200,000**
  - CDBG - **\$77,350**
  - WSSC - **\$1,966,772**
- **Sligo Mill Overlook Park Construction**
  - Program Open Space - **\$125,000**



# General Fund

- **Equipment Replacement Reserve**
- **Facilities Maintenance Reserve**
- **General Fund Capital Items**



# General Fund

## Equipment Replacement Reserve (ERR)

The ERR is a reserve fund with an associated list that specifies vehicles and large pieces of equipment that the City expects to replace. Funds are set aside each year so that we can afford to replace the items at the end of their expected lives.

### Example:

A \$100,000 dump truck is expected to last ten years. Each year \$10,000 is contributed to the ERR so that \$100,000 is available when replacement is needed.





# Capital Budget

## Equipment Replacement Reserve (ERR)

- The ERR spreadsheet is adjusted each year by removing items that were purchased, deducting the actual amounts spent, adjusting expected lives of the items, adjusting expected future costs, removing items that we may no longer need to replace (due to change in practice or technology), adding in new items, etc.
- The spreadsheet currently includes 58 items with expected lives from 5 to 30 years. Purchase prices range from \$5,000 to \$355,800.



# Capital Budget

## Equipment Replacement Reserve (ERR)

- The Equipment Replacement Reserve Fund is expected to have a balance of **\$3,601,554** at the end of FY17, a contribution from the General Fund of **\$800,000** is budgeted for FY18, expenditures of **\$381,917** are expected in FY18, and the balance at the end of FY18 is expected to be **\$4,019,637**.
- Items to be purchased are listed in the CIP chart in the Proposed Budget. Items included for FY18 are:



# Capital Budget

## Equipment Replacement Reserve (ERR)

- 5 police vehicles (4 Ford Interceptor type; 1 K-9 vehicle)
- 1 backhoe (replaces tractor and backhoe attachment)
- Fuel dispensing software and equipment
- Public Works equipment (leaf collection vacuums and leaf box, mechanic tool boxes)
- Truck scale (half of \$10,000 cost; other half from Stormwater Fund)
- Recreation equipment (pool table; scoreboard)
- Useful Hardware, Software & Support (27 Library workstations)



# Capital Budget

## Equipment Replacement Reserve (ERR)

- Expected ERR expenditures for the next five years are:
  - FY18      **\$381,917**
  - FY19      **\$1,084,223**
  - FY20      **\$452,893**
  - FY21      **\$389,049**
  - FY22      **\$894,689**
- The average expected annual ERR expenditure (over a ten year period) is: **\$655,000**



# Capital Budget

## Facilities Maintenance Reserve (FMR)

- The Facilities Maintenance Reserve is to provide an ongoing fund for facilities maintenance. Policies for how it is to operate have not yet been defined. **\$250,000** was put into the fund for three years, from FY12 through FY14. No funds have been allocated to it since, but funds have been spent.
- For FY18, **\$300,000** is proposed to be allocated to the Reserve.
- For FY18, FMR funds are proposed to be allocated for:
  - Phase 2 of treating the concrete walkway and lower parking lot - **\$80,000**
  - Replacing Roof Top Unit #12 – Game Room - **\$20,000**
  - Third floor bathroom retrofit - **\$10,000**
  - Floor and kitchen renovation at Heffner Park - **\$14,000**
  - Staff lounge improvements - **\$5,000**
  - Replacing the floor coverings in the Azalea Room - **\$15,000**
  - Renovating the HR/HCD/IT office area - **\$80,000**





# Capital Budget

## General Fund Capital Items for FY18

- **On-going Items:**

- Street Rehabilitation - **\$300,000**
  - Tentative list of streets: Aspen Ave & Aspen Ct, Cedar Ave, Circle Ave, Columbia Ave, Crescent Pl, Devonshire Rd, Elm Ave (Hickory to Poplar), Erie Ave, Fenton St, Geneva Ave, Grant Ave (Maple to dead end), Greenwood Ave, Kentland Ave, Montgomery Ave, Poplar Ave (Circle to 4<sup>th</sup>), Winding Hill Way
- ADA Sidewalk Retrofit - **\$500,000**
  - Ward 1 - **\$300,000**
  - Along State Highways - **\$200,000**



# Capital Budget

## General Fund Capital Items for FY18

### On-going, continued

- New Sidewalk Design/Construction/Traffic Calming - **\$500,000**
  - Tentative list of projects: Design – 8000 Maple Ave, Glenside Ave continuation; Construction – Lincoln and, if approved, Larch Ave and Maple Ave
- Street Light Upgrade - **\$20,000**
- Public Art - **\$35,000**



# Capital Budget

## General Fund Capital Items for FY18

- **Non-Ongoing General Fund Capital Expenditures for FY18**
  - Flower Avenue Green Street Project
    - City funds (from bond) - **\$879,325**
    - Funds to be reimbursed by SHA - **\$91,743**
  - Ethan Allen Gateway Streetscape Project (from bond) - **\$1,000,000**
  - Library Detail Design Work - **\$150,000**
  - Library Relocation and Construction (from bond) - **\$3,750,000**



# Capital Budget

## General Fund Capital Items for FY18

- **Non-Ongoing General Fund Capital Expenditures for FY18**
  - Spring Park Improvements
    - Bog Bridge - **\$16,000**
    - Pathways & Erosion - **\$60,000**
  - Neighborhood Commercial Center Improvements (that may be recommended from economic development plan) - **\$150,000**
  - Takoma Junction Area Traffic Study - **\$75,000**
  - Police Space Detailed Design - **\$140,000**



# Capital Budget

## Ethan Allen Gateway Project

- Bids have been received; bids from qualified bidders will be opened on April 24, 2017
- Construction is scheduled to start in summer 2017
- Budget is approximately **\$2.4 million**
  - \$1.25 million in federal Transportation Alternatives Funding
  - \$66,000 from Maryland DOT's Bikeways Program
  - Remainder from City of Takoma Park (Transportation Bond)





# Capital Budget

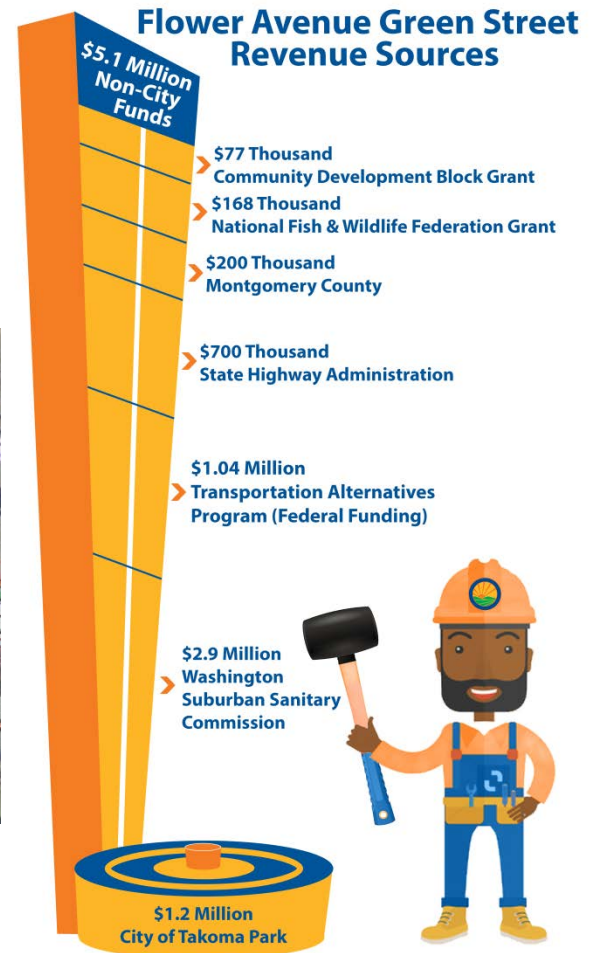
## Ethan Allen Gateway Project



# Capital Budget

## Flower Avenue Green Street Project

Project leverages **\$1.2 million** in City bond funds for **\$5.1 million** in other utility, grant and gov't funds for exciting "Green" Street



# Capital Budget

## Flower Avenue Green Street Project

One-mile long road, from Piney Branch Rd to Carroll Ave

### Benefits of Project:

- New sidewalk on east (Silver Spring) side
- New energy-efficient lighting
- New bus stops
- Low-impact stormwater infrastructure
- Bump outs for traffic calming and easier crossings
- Coordinated work with Washington Gas, WSSC, and property owners including Washington Adventist University





# Capital Budget

## Library Renovation and Expansion



# Capital Budget

## Library Renovation and Expansion

**Estimated Cost of Project – about \$7.5 million**

- Design Costs - \$530,000
- Construction cost - \$5,500,000
- Furnishings & equipment - \$470,000
- Relocation and storage - \$500,000
- Owner costs and unforeseen costs - \$500,000

### Funds for Project

- \$150,000 Maryland Bond Bill
- \$7 million Library Bond (borrowed funds)
- Capital cable grant funds (amount to be determined)
- Facility Maintenance Fund and ERR, as appropriate





# Capital Budget

## Library Renovation and Expansion



# Options for Bonding

## Bonding Required for Library and Street Projects

- Recommend borrowing \$7 million for Library Project and \$2 million for Ethan Allen Gateway and Flower Avenue Green Street Projects
- Borrowing money to pay for an expensive project over an extended period of time is an essential budgeting tool
- Bonding also allows those who benefit from the facility or improvement to help pay the cost of it
- Article VIII, Section 823 of the City Charter identifies parameters on borrowing
- Takoma Park has borrowed from the Maryland Local Government Loan Program and from banks; banks often have less flexible terms



# Options for Bonding

## Council Preference from Retreat

Of three options presented on bonding:

- Prefer not to borrow much (0 votes)
- OK to borrow some (1 vote)
- OK to borrow larger amount (6 votes)

In discussions with individual Councilmembers, a majority indicated a preference for longer bonding terms



# Options for Bonding

## Library Bond of \$7 Million

- Reviewed terms of 20, 25 and 30 years
- Recommend term of 30 years for this project to limit cost of annual debt service for all outstanding debt obligations
- Recommend using the Maryland Local Government Infrastructure Program
- In addition to the **\$7 million** principal, the 30 year bond brings with it **\$4.7 million** in interest, **\$175,000** cost of issuance and **\$42,000** in fees and insurance; a shorter term bond would incur less in interest, but no change in other costs



# Options for Bonding

## Transportation Bond of \$2 Million

- Reviewed terms of 5, 10 and 15 years
- Recommend term of 15 years for this project to limit cost of annual debt service for all outstanding debt obligations; because the overall amount of \$2 million is relatively small, a longer bond does not seem cost-effective
- Recommend using the Maryland Local Government Infrastructure Program
- In addition to the \$2 million principal, the 15 year bond brings with it \$500,000 in interest, \$50,000 cost of issuance and \$7,500 in fees and insurance; a shorter term bond would incur less in interest, but no change in other costs





# Options for Bonding

## Criteria for Bonding

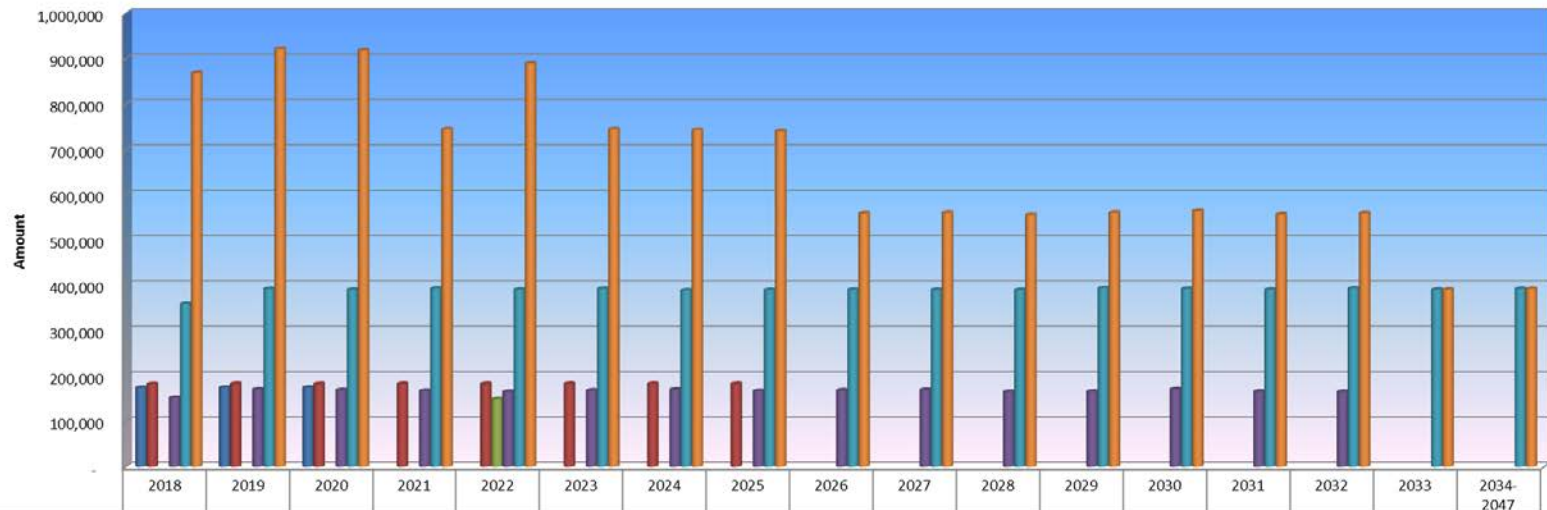
- Any indebtedness greater than 5% of revenue needs a public hearing; since \$9 million is more than \$1.6 million, needs hearing
- Strive to maintain net tax-supported debt at a level not to exceed 1% of the assessed value; good, since \$16.4 million is less than \$22.4 million
- Strive to maintain annual net tax-support debt service costs less than 15% of expenditure budgets of General Fund and Special Revenue Fund; good, since \$900,000 is less than \$5.7 million
- Strive to maintain average indebtedness at or below 20 years; good, since average would be 11.4 years



# Options for Bonding

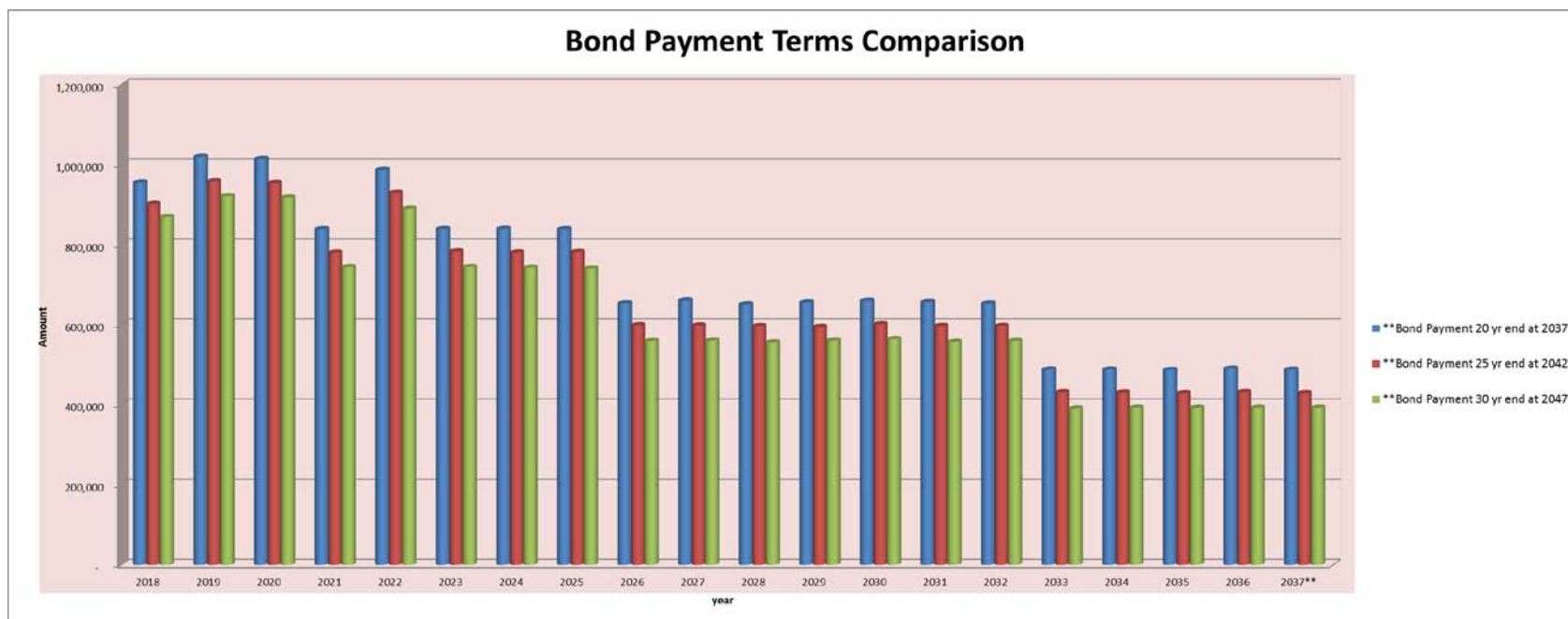
## Chart of Debt Service by Type and Total Amount

Debt Service 2018-2047 (Library Bond 30 year Term)



# Options for Bonding

## Comparison of Library Bond Terms on Totals



# Options for Bonding

## Bonding Options and Tax Rate Impacts

- If the term of the Library Bond were shortened, the amount we would need to pay for bond service would increase
- All things being equal, changing the \$7 million bond from a 30 year term to a 25 year term would raise the proposed tax rate from \$0.56 to \$0.5615
- Changing from a 30 year term to a 20 year term would raise the proposed tax rate from \$0.56 to \$0.5639

	FUNDING OPTIONS AND IMPACTS ON SINGLE FAMILY HOME TAXES AND FEES					
FY 2017	\$300,000	\$400,000	\$500,000	\$600,000	\$700,000	\$800,000
RPTR \$0.5675	\$1,702.50	\$2,270.00	\$2,837.50	\$3,405.00	\$3,972.50	\$4,540.00
FY 2018 proposed						
6% ass base inc	\$318,000	\$424,000	\$530,000	\$636,000	\$742,000	\$848,000
RPTR \$0.56	\$1,780.80	\$2,374.40	\$2,968.00	\$3,561.60	\$4,155.20	\$4,748.80
			FY 2018 ALTERNATIVES			
Borrow \$ 7 million with 25 year bond						
RPTR \$0.5615	\$1,785.57	\$2,380.76	\$2,975.95	\$3,571.14	\$4,166.33	\$4,761.52
Borrow \$ 7 million with 20 year bond						
RPTR \$0.5639	\$1,793.20	\$2,390.94	\$2,988.67	\$3,586.40	\$4,184.14	\$4,781.87



# Budget Schedule

- Wednesday, April 5 – City Manager's Presentation
- Thursday, April 6 – Budget Open House
- **Wednesday, April 12 – Public Hearing**
- Monday, April 17 – Budget Work Session on Capital Programs
- Monday, April 24 – Programs Advancing Council Priorities
- **Wednesday, April 26 – Public Hearing** on Constant Yield Tax Rate and on Proposed Budget
- Monday, May 1 – Budget Work Session on Departmental and Non-Departmental Budgets; Budget Reconciliation
- Wednesday, May 3 – Final Budget Reconciliation
- Wednesday, May 10 – First Reading of Budget Ordinances
- Wednesday, May 17 – Second Reading of Budget Ordinances



# Fiscal Year 2018 Proposed Budget Presentation

## QUESTIONS?

Suzanne Ludlow

City Manager

[SuzanneL@takomaparkmd.gov](mailto:SuzanneL@takomaparkmd.gov)

