

#TogetherTKPK



Recommended FY 2021 Budget

Budgeting in Uncertain Times

Work Session – Capital Improvement Program

Presented by:
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April 20, 2020



Budget Schedule

April 6: Presentation of Recommended FY21 Budget

April 13: Budget Work Session

April 15: Public Hearing on the Budget

April 20: Budget Work Session

April 27: Budget Work Session

April 29: Public Hearing

- FY 2021 Tax Rate (Constant Yield Tax Rate)
- FY 2021 Budget

May 4: Budget Work Session – Reconciliation

May 13: First Reading Ordinances Adopting the Budget and Tax Rates

May 20: Second Reading Ordinances Adopting the Budget and Tax Rates

FY21 Budget Work Session

Capital Improvement Program & Small Funds

- The proposed FY21 Budget, which was mostly prepared before the COVID-19 emergency was declared, is a “maintenance of effort” budget, with no major new initiatives or services.
- The Capital Improvement Program (CIP), is the five year plan for major purchases and projects. Many of the projects are multi-year efforts or regular equipment replacements or infrastructure improvements.
- Expenditures may come from the Equipment Replacement Reserve (ERR), unrestricted General Fund monies or the Special Revenue (grant) funds, the Speed Camera Fund or Stormwater Fund.



Budgeting During Challenging Times

- **Over the next four weeks, the Council will be holding Work Sessions to consider the FY21 Budget**
- **Given the pandemic and resulting economic problems and uncertainty, several steps have been taken immediately:**
 - Union negotiations paused; July 1 staff wage increases also put on hold
 - Capital projects totaling about \$1.7 million were postponed until FY22
 - Public arts projects were postponed; funds may be shifted into assistance programs
 - Some funds that would not be used due to the pandemic were shifted into the Mini-Grants program
- **Some budget numbers and impacts are not yet known**
- **City has a well-deserved reputation for fiscal responsibility; we will continue to be fiscally responsible and follow best practices for uncertain and difficult times**



- **The proposed budget is crafted to advance Council's Priorities, which were adopted in March 2019**

- A Livable Community for All
- Fiscally Sustainable Government
- Environmentally Sustainable Community
- Engaged, Responsive and Service-oriented Government
- Community Development for an Improved and Equitable Quality of Life

2020 - CITY COUNCIL PRIORITIES

1. A Livable Community For All

- Ensure we have a range of safe, quality, and stable housing options that are affordable for residents of varying incomes and all races and ethnicities.
- Identify programming needs in the community and develop approaches to meet those needs, emphasizing youth, families, seniors, and our more vulnerable residents, such as those with lower incomes, immigrants, and people with developmental disabilities.
- Defend status as a Sanctuary City and continue to be a welcoming and inclusive community for all residents.
- Improve transportation planning and outreach to create a safer and more racially equitable community for all residents, including pedestrians, bicyclists, and vehicle occupants.
- Further efforts related to racial equity.

2. Fiscally Sustainable Government

- Increase funding from County and State to address tax duplication and other City needs.
- Minimize adverse impacts of changes to the federal tax system.
- Adopt sustainable investment and banking policy and practices.

3. Environmentally Sustainable Community

- Prioritize actions, policies, innovations, and new opportunities that mitigate and adapt to the causes and effects of climate change.
- Protect, plan for, and improve Takoma Park's natural resources including urban forest health and water quality, and continue to be a leader in community sustainability programs and policies.

4. Engaged, Responsive, Service-oriented Government

- Improve policies and processes related to the tree ordinance; traffic calming; sidewalk requests, repair and maintenance; and residential/commercial boundary conflicts.
- Improve and formalize systems for Council-appointed committees and external committees on which Councilmembers serve (e.g. MWCOG).
- Identify policing priorities and explore options for enhanced police/community relations.
- Explore alternative approaches to enhance public engagement and two-way communication.

5. Community Development for an Improved & Equitable Quality of Life

- Plan and prepare for development in the City and region while maintaining the special character and diversity of Takoma Park.
- Redevelopment of Takoma Park Recreation Center.

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Capital Budgeting Principles, Methods and Rules of Thumb in Takoma Park

- Due to the nature of infrastructure improvements and major purchases, the City's capital improvement program is planned for over at least five years, and the City looks to even out expenditures over the years for these purchases or projects, particularly when projects are funded from the General Fund
- The Equipment Replacement Reserve is a savings program where a contribution is made each year to save up for the cost of replacing each vehicle or longer-life piece of equipment; this process allows for less variability in expenditures in any particular year.
- The City looks to spend \$500,000 on road construction, \$500,000 in new sidewalk construction and at least \$800,000 in ADA sidewalk retrofits each year; *this year, only proposing \$100,000 in new sidewalk/traffic calming funds and \$250,000 each for ADA work on City and SHA sidewalks, respectively*; road construction in particular needs to continue each year as a delay in doing roadwork costs much more to do in later years
- The City has a multi-year list of stormwater projects that it pays for from the Stormwater Fund; the projects are to help the City meet State requirements



Capital Budgeting Principles, Methods and Rules of Thumb in Takoma Park

- Other projects include neighborhood, transportation and economic development projects, sometimes funded by grant funds
- Most capital improvement projects take many years to come to completion. Staff works with the community and Council to determine which projects to pursue, often based on adopted masterplans or strategic plans. Staff then pursue grant funds, work with engineers, designers, utility companies and permitting bodies. They consult again with the community and Council as the designs are refined and issues arise. Once the projects begin, the staff provides project oversight and grant reporting.
- While it may seem easy to postpone funds for capital projects, slowing the project at an early stage can make it more difficult to take advantage of grant opportunities, favorable construction pricing, or coordination with utility or other development work.
- Infrastructure and streetscape improvements have large benefits for property and business owners and help meet safety, climate change resiliency and race equity goals.



Equipment Replacement Reserve (ERR)

- **The ERR is a \$3.9 million fund to pay for the replacement of vehicles and equipment that have exceeded their expected life. Funds are contributed each year to ensure the fund has adequate funds even when particularly expensive vehicles or equipment need to be purchased in a given year.**
- **Total cost for FY21 is \$624,001, but average for FY21-FY25 is \$951,683; FY21 budget shows a contribution of \$600,000 to ERR but should be over \$800,000**
- **Items scheduled to be purchased in FY21 are:**
 - Four police cars, field radio equipment, mobile computers, license plate reader, body camera & taser replacement for the Police Department
 - A pick up truck, a leaf box and leaf collection vacuum, crackfilling machine and truck tire changer for the Public Works Department
 - Treadmills and arcade game for the Recreation Department (Large Rec Bus?)
 - Library (Useful) computer hardware and software
 - Door security and network switches upgrade overseen by Information Technology



Facility Maintenance Reserve Items in the CIP

- **Only one item is scheduled to be paid for from the Facility Maintenance Reserve (FMR) this year: \$11,000 for replacement of the Community Center Lobby Doors.**
- **No contribution is being made to the FMR this year; the FMR has just over \$500,000**
- **The Atrium Fill-in/Phase I of the Police Department Improvements was originally scheduled to be begun in FY20, with an originally estimated price of \$326,900. However, revised estimates came in twice as high, using a non-traditional bidding process. Returning to a traditional bid process, we just received the final bid documents. With the onset of the pandemic, the project was moved to FY22. Prices for the construction may come down, and cable grant funds can be used for some of the work, so the project may be able to move forward even before FY22 if the Council so wishes.**



Non-Restricted General Fund Items in the CIP

- **Items paid by the General Fund include ongoing infrastructure improvements and capital projects or equipment not funded by other special funds; some items will be added to the ERR after their first purchase**
- **For FY21, items or projects paid from non-restricted General Fund monies total \$1,481,000**
- **Items or projects include:**
 - Total of \$99,000 for WiFi access points, security software, new surveillance equipment for City facilities not already covered, and a phone system replacement, all overseen by IT
 - \$500,000 is for street rehabilitation; maintaining this level of road work annually is critical
 - ADA Sidewalk Retrofits (\$250,000 for City sidewalks; \$250,000 for SHA sidewalks); \$100,000 for new sidewalks and traffic calming; \$85,000 for bus shelter improvements (\$40,000 of that is for ADA site improvements at bus shelters); \$25,000 for bike facility improvements and \$38,000 for the City's match to the NH Ave Bikeway grant; \$75,000 for nbhd commercial center improvements (\$50,000 façade MD grant match + other signage/façade imps); \$25,000 for public art, \$30,000 for public land mgmt implementation (parklets, etc); \$4,000 for commemorative signage



Non-Restricted General Fund Items in the CIP

- **Street rehabilitation work is guided by ratings of road condition throughout the City; timely maintenance means the much more expensive road base improvements are not needed; roads in good condition also advance Vision Zero goals by reducing accidents**
- **Roads that may be paved in FY21 are: Barclay Ave; Baltimore Ave (Takoma to Albany); Eastridge Ave; Garland Ave (Flower to Central); Heather Alley; Kansas Lane (Eastern to Cockerille); Maple Ave (Philadelphia to Hilltop); note that this list is tentative and may be changed**
- **ADA sidewalk repairs will focus on sidewalks not yet addressed in Wards 1, 3 and 4, including Gude Ave in Ward 3 and Ritchie Ave in Ward 4, and a number of locations in Ward 1.**
- **New sidewalk and traffic calming work is proposed to be limited in FY21 to \$100,000 due to budget concerns. Previous requests include 7900 block of Maple Avenue and Kansas Lane; New requests have been submitted for Kentland, Hopewell and Larch Avenues. Traffic calming concerns related to the Purple Line have been raised, particularly in Ward 6.**



Non-Restricted General Fund Items in the CIP

- **Bus shelter improvement money was included to help implement Council Resolution 2020-02 and the COG ADA accessibility bus shelter study that is underway**
- **Work on planning of bike facilities continues; \$38,000 is the City's match to the \$152,000 New Hampshire Avenue Bikeway Grant and \$25,000 for other improvements; bikes are a safe and affordable transportation option**
- **The use of \$30,000 in public land management implementation will be determined as the Council begins to prioritize this effort, but can be used to address race equity needs for parkland with parklets, easements, etc.**
- **The \$75,000 in Neighborhood Commercial Center improvements is part of our economic development support efforts; \$50,000 is the City's match to a Maryland façade grant of \$100,000 for the New Hampshire Avenue Corridor; the other \$25,000 is for signage and façade improvements elsewhere in the City**



Bond Funded Projects in the CIP

- **CIP projects paid by bond funds in the General Fund have included transportation improvements and the Library project; with the Ethan Allen Avenue project completed, and the Flower Avenue Green Street project almost completed, the only bond fund use showing for FY21 is for the Library Project**
- **For FY21, there is \$3.6 million estimated to be spent on the Library project; however, some of this may carry over into FY22 based on delays in the project design and decisions that may be made by Council when revised estimates and bid prices are received.**



Speed Camera Fund Funded CIP Projects and Purchases

- **Items paid by the Speed Camera Fund must be associated with public safety.**
- **The Speed Camera Fund was estimated to have revenues of \$1 million in FY21, an expenditure total of \$766,847 for police operating expenditures and capital outlay of \$51,000. The Police Department is watching to see what the impact of the pandemic is on Speed Camera revenue.**
- **Capital items to be purchased from the Speed Camera Fund are:**
 - Camera trailer (\$33,000)
 - Bike Patrol Unit equipment (\$18,000)



Special Revenue Funded Projects and Items in the CIP

- **Special Revenue Funds are grants; some grants require matches from other funds**
- **In FY21, grants in the total of \$1,333,330 are to pay for projects and purchases.**
- **Items or projects include:**
 - \$50,000 in CityTV-related improvements paid for by Cable Capital Grant funds (\$25,000 for closed captioning and \$25,000 for a new Council dais)
 - \$91,000 in improvements to the Houston Court area (CDBG grant)
 - \$740,330 in Flower Avenue Green Street project grants (\$200,000 from Montgomery County and \$540,333 in federal TAP grant funds)
 - \$152,000 in New Hampshire Avenue Bikeway design grants
 - \$300,000 in State grants for the Library project



Stormwater Fund Projects and Items in the CIP

- **Stormwater improvements are funded by the City's Stormwater Fee**
- **Besides the capital improvements, the Stormwater Fee funds maintenance, and personnel related to the Stormwater project**
- **In FY21, capital Stormwater Fund projects total \$250,000.**
- **Items or projects include:**
 - \$30,000 for the Grant Ave and Holly Ave Bio Retention
 - \$150,000 for Takoma Branch Stream Restoration – Phase 2
 - \$70,000 Sligo Mill Dead End Erosion Control.

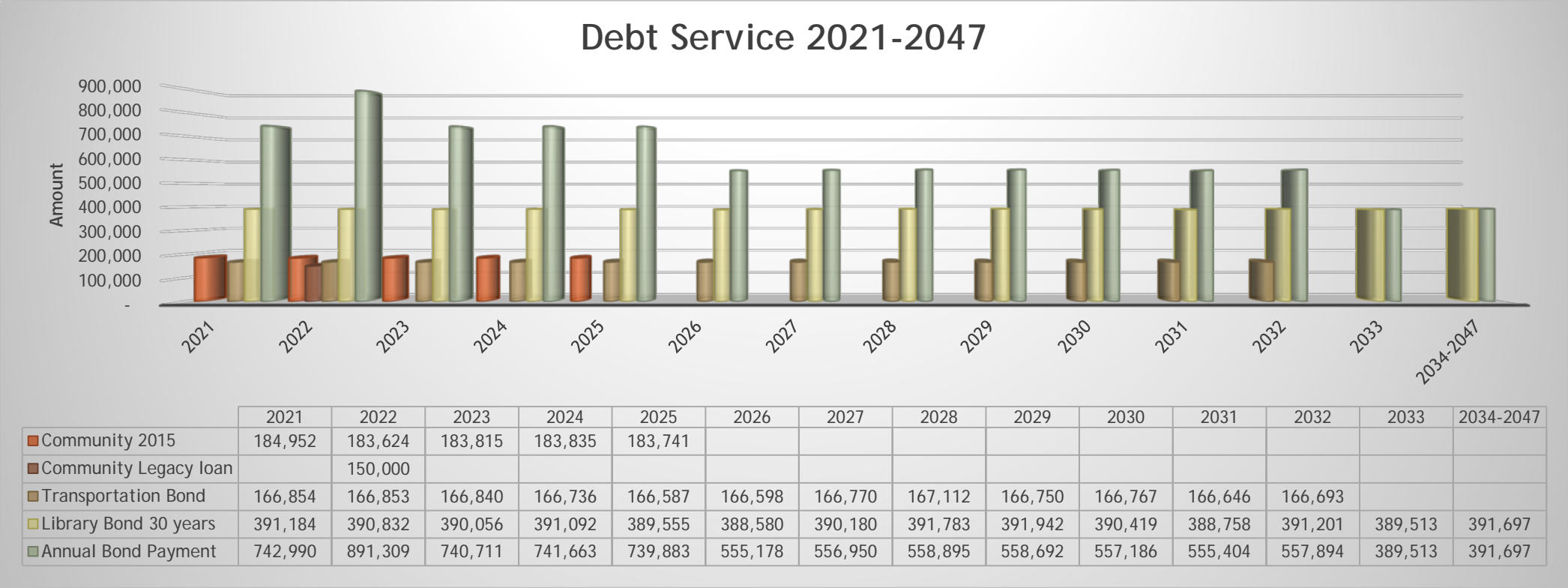


Debt Service

- **The City borrows money for major projects, allowing those who benefit from the facilities to help pay for them over time**
- **Neither the State of Maryland nor the City Charter mandates a limit on municipal debt. However, the City strives to maintain its net tax-supported debt at a level not to exceed 1% of the assessed valuation of taxable property. At this time, the net tax-supported debt should not exceed \$23.9 million; the City's total debt is \$14.3 million.**
- **The City has four bonds and a one-time Community Legacy loan agreement:**
 - The Community Center Bond 2015 Series was in the amount of \$1,579,730. The final payment is June 30, 2025. The average annual payment on the debt is \$183,000
 - The Public Works Facility Bond was in the amount of \$1,500,000. The City will pay off this bond on June 30, 2020 with a final payment of \$175,049.
 - The Transportation Bond 2017 Series was in the amount of \$2,000,000. It is a 15-year bond and will be finally paid off on June 30, 2032. The average annual payment on the debt is just over \$166,000.
 - The Library Bond 2017 Series was in the amount of \$7,000,000. It is a 30-year bond and will be finally paid off on June 30, 2047. The average annual payment on the debt is just under \$390,000.
 - A one-time payment on a 2004 Community Legacy loan is scheduled to be paid in June 2022. The amount to be paid is \$150,000.



Debt Service



Next Steps

- Budget Work Session on April 13: Assisting residents and businesses to create a Livable Community for All
- Budget Work Session on April 20: Capital Improvement Program
- Budget Work Session on April 27: Departmental and Non-departmental budgets
- Reconciliation

Questions?

Thank you

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