

#TogetherTKPK



Recommended FY 2021 Budget

Budgeting in Uncertain Times

*Work Session – Departmental, Non-Departmental and
Personnel*

Presented by:

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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

Departmental, Non-Departmental & Personnel

- 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.
- One new IT position is proposed as well as some part-time hours to allow for before-care services at the Rec Center.
- The COVID-19 pandemic has made many changes with staff assignments since March 13 and will likely affect staffing and funds in FY21 and FY22.



Budgeting During Challenging Times

- **Through May 4, the Council will be considering 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.

TakomaParkMD.gov



Maintenance of Effort Departmental Budget

- No new projects or priorities were proposed for FY21; the work program that is based on the Council's Priorities is continuing, with an emphasis on implementation of the Housing and Economic Development Strategic Plan and the Climate Change Response Resolution.
- Several intern positions that had been in the FY19 budget, but cut in FY20, were proposed again for FY21, given the substantial assistance provided by interns, at relatively low cost. Conference and training budgets were also proposed to be restored.
- Just under 2 FTEs are proposed to be added, the most important of which is a new Information Technology position. This critically-needed position will help address staff IT needs while freeing up the other three IT staff to manage the system and work to enhance system security given ransomware and other threats to governmental financial systems. The IT office will then not use an intern in FY21.
- The remaining .98 FTE is a compilation of part-time hours, most of which are Rec staff hours for before-school care at the Recreation Center, at the request of Ward 6 residents. The cost of those part-time staff is less than the revenue that would be received.



Changes Due to COVID-19 Pandemic

- The March 13 emergency order to work remotely for many staff and to suspend in-person services and programs has changed work assignments and had FY20 budget impacts.
- A mixture of savings from postponing some personnel hiring, not attending conferences and reductions in Police Dept overtime due to the closure of courts, will result in personnel savings. However, there is lost camp revenue and added expenses for services to residents, property owners and small business owners, as well as purchases of laptops and safety equipment. The net result is a savings of approximately \$171,000.
- Hazard pay of varying levels is being paid to Police officers assigned to patrol, Public Works staff that is collecting sanitation or doing cleaning, Dispatch staff working in a small room, and certain other staff who are more subject to exposure to COVID-19 due to work.
- We still do not know how long the pandemic closures will last nor what new assignments City staff will be called upon to perform. In particular, roles for the Recreation Dept staff may change greatly depending on what decisions are made regarding child care and schools. We can also anticipate additional significant funds needed to help residents and small business owners; whether or not we can assist them is a large question.
- Health insurance rates will be higher than the amount assumed in the FY21 Proposed Budget and hazard pay may need to continue or increase as staff assignments change. These unanticipated amounts could range from \$100,000 to over \$500,000. Some of these increases can be offset by not filling some open positions for all or part of the year, for a savings of about \$400,000.
- The pandemic is expected to result in a decline of revenue from Recreation Dept charges, and from a number of the City's smaller revenue sources. The combined loss of revenue (with the offset of some Recreation Dept staffing savings) could be \$389,000 in FY21. The loss of revenue in FY22 could be much greater, particularly for income tax revenue.



General Management – Legislative and Legal

Legislative

Adopted FY20: \$211,558

Proposed FY21: \$370,419

FY21 Original Proposal: Includes additional \$60,000 in funds for salary and benefits for incoming Council; work plan includes City Manager recruitment and hiring.

Pandemic Implications: None, but Council may wish to make adjustments in this budget line due to decreased City revenues; may be more challenging to recruit new City Manager.

Legal

Adopted FY20: \$233,700

Proposed FY21: \$236,200

FY21 Original Proposal: Legal services on an hourly basis.

Pandemic Implications: No change, but emergency costs will be submitted for possible reimbursement.



General Management – General Management Division

Adopted FY20: \$667,258

Proposed FY21: \$738,550

FY21 Original Proposal: Executive Assistant moves to HCD; position to be filled by an Assistant to the Manager position; small decline in wages; division total is higher due to cost for \$60,000 Residents Survey and an additional \$20,000 in contract costs; primary work plan is to ready the City government for the new City Manager.

Pandemic Implications: Although the Assistant to the Manager position is vacant, a “Fellow” may be available in May for several months, would still need to hire for position; the position will be particularly helpful in writing testimony, assisting with race equity oversight efforts, and providing assistance on Council concerns; can work during the pandemic.



General Management – Finance Division

Adopted FY20: \$702,180

Proposed FY21: \$742,363

FY21 Original Proposal: Division costs are higher due to changing the Budget Specialist position to a Budget and Accounting Manager position as part of the goal to have succession plans in place in critical positions.

Pandemic Implications: No change; Finance staff are working hard, mostly remotely, and are doing additional work to assist other departments who are working remotely or are developing programs to help residents, property owners and business owners.



General Management – Information Systems Division

Adopted FY20: \$678,576

Proposed FY21: \$808,901

FY21 Original Proposal: The only proposed new FY21 position is a fourth staffperson in this division; there would not be an intern. This position is critical due to increased technology demands, and increased work on IT security given ransomware and other governmental IT attacks.

Pandemic Implications: With the move to widespread telework, the demands on the IT staff has been greatly increased both in assisting remote staff and in changing security protocols and systems.



General Management – Human Resources Division

Adopted FY20: \$532,070

Proposed FY21: \$592,490

FY21 Original Proposal: There are no changes except for additional funds to pay for City Manager recruitment services and expenses.

Pandemic Implications: Staff is working remotely and trying to assist staff who are facing challenges due to the pandemic; they are keeping track of pandemic-related expenses and working to change the time-keeping systems to comply with changing laws.



General Management – City Clerk Division

Adopted FY20: \$323,130

Proposed FY21: \$364,236

FY21 Original Proposal: Municipal elections take place in the coming fiscal year; all minutes and legislative actions need to be completed before new Council is sworn in. A six-month intern is planned to assist with the elections; the intern will be needed whether the election is done at polling sites or by mail.

Pandemic Implications: Staff is working remotely with a heavy workload coordinating virtual Council and committee meetings. The Records Specialist position is vacant and difficult to fill while working remotely.



Police Department

Adopted FY20: \$8,293,188

Proposed FY21: \$9,129,604

FY21 Original Proposal: Continuation of policing services; no significant staffing or budgetary change.

Pandemic Implications: Working during the pandemic requires different protocols for safety; patrol and dispatch staff are receiving hazard pay (not included in the budget) which may not be reimbursable. Hazard pay for this department may be \$24,000 per month.



Public Works Department

Adopted FY20: \$5,325,239

Proposed FY21: \$5,618,621

FY21 Original Proposal: Continuation of Public Works services; no significant staffing or budgetary change. The new Deputy Director position is vacant (replaces a lower professional position), as is the Vegetation Manager position. The Deputy Director position is critical for succession planning and to assist with the heavy work load.

Pandemic Implications: Working during the pandemic requires different protocols for safety; most employees are receiving hazard pay (not included in the budget) which may not be reimbursable. Hazard pay for this department may be \$14,000 per month.



Recreation Department

Adopted FY20: \$2,062,472

Proposed FY21: \$2,124,692

FY21 Original Proposal: Continuation of recreation services. At the request of residents, the Department was planning on offering before-school care at the Recreation Center, which would increase FTEs by less than .5 (fees for the program would exceed staffing costs); some part-time assistance to the Youth Outreach position was also envisioned.

Pandemic Implications: The Department's work is completely upended since most of their work is in-person service; staff, including part-time staff, is continuing to be paid. Hiring for summer camp and fall programs is on hold. If the City needs to begin providing child care, before or after-school programs, or park programs, significant training and protections will need to be put into place for staff (including custodial staff); pay will be affected. Staff may also be recruited to do contact tracing or other pandemic recovery activities.



Housing and Community Development Department

Adopted FY20: \$1,922,428

Proposed FY21: \$2,084,624

FY21 Original Proposal: Each of the HCD divisions have large workloads to address the implementation of the Housing and Economic Development Strategic Plan, as well as impacts of the Purple Line on businesses and traffic in neighborhoods. Other significant work includes bus shelter and bike facility improvements, applying for grants, overseeing the Recreation Center project, and coordinating responses to development proposals across the City, including at the Washington Adventist Hospital site. The vacant Director position was envisioned to be filled to coordinate all of this, particularly given the upcoming change in the City Manager position. An intern position was envisioned for the Housing Division, which had had one in FY19.

Pandemic Implications: The staff of HCD are working remotely and are extremely challenged by the pandemic. Staff organized additional one-on-one and funding assistance to residents, property owners, and small businesses. They have been preparing background maps to illustrate assistance given and assist in making claims for reimbursements. The workload is very heavy and looks to continue through FY21. Significant additional funds will be needed to continue to help residents and business owners.



Communications

Adopted FY20: \$543,612

Proposed FY21: \$641,008

FY21 Original Proposal: This is the first year that the budget for Communications is not completely covered by Cable TV revenue; \$23,000 is proposed from the General Fund for the unit. Given the increased demand for work to be done by the Communications Specialist, a full-time intern was proposed. One work program element for FY21 is planning for contracting for a website overhaul in FY22. The design of the website is not intuitive for a user, so additional staff time is needed to modify pages to allow a user to find the information they want. Cable TV franchise agreements for Verizon and Comcast are up again in 2021, so we will need to spend time and have legal assistance to work with Montgomery County on the agreements. The Newsletter will continue operations.

Pandemic Implications: The work of Communications staff has skyrocketed during the pandemic. The Communications Specialist has been working non-stop (overtime money is likely reimbursable, but the work is hard on the employee). A number of HCD and other staff have been assisting in Communications work. CityTV staff have been assisting in remote communications, virtual Council meetings and departmental virtual programming work.



Library

Adopted FY20: \$1,229,320

Proposed FY21: \$1,338,937

FY21 Original Proposal: The year is a transition year for the Library as planning for a new library continues. Work is to focus on organizing the collections for offsite storage or use and preparing for construction. Succession planning is also a focus for this department.

Pandemic Implications: The Library is closed to patrons at this time, but virtual programming is taking place and access to electronic resources is being promoted. The pandemic is causing a real hardship for those residents who need computers and internet access. If the Library remains closed for some time, discussions will need to occur about contact-less ways of lending books and/or how the closure intersects with new Library construction. Some building improvements outside of the Library proper may be able to be done with reimbursable funds if they reduce virus spread (eg, changing restrooms to remove the need to touch doorknobs, faucets).



Non-Departmental

Adopted FY20: \$1,713,227

Proposed FY21: \$1,904,571

FY21 Original Proposal: The Non-Departmental section of the Budget includes items not associated with a particular department. It includes insurance (other than health insurance), Workers Compensation, grants to community organizations, \$160,000 in funds to supplement the Homeowner's Property Tax Credit and \$50,000 to help offset a stormwater rate increase for some homeowners. The contribution to the Housing Fund Reserve was proposed to be \$110,000 (\$10,000 is the contribution related to the Takoma Junction Project). There is a significant increase projected in the amount for Workers Compensation, but the exact number will not be known until after the budget is adopted.

Pandemic Implications: Funds for community festivals (\$48,000) may not be used if the pandemic's social distancing requirements continue. Funds for other community organizations' work (particularly those in the Community Grant Program, \$185,000) may be needed more than ever. Also, \$134,871 in General Contingency funds may need to be tapped into to cover unexpected operating expenses during the fiscal year. The Council may choose not to contribute \$100,000 to the Housing Reserve Fund this year.



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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