



# FY 2022 Proposed Capital Budget

## July 1, 2021 - June 30, 2022

**Presented by:**

# City Manager Suzanne Ludlow

# April 19, 2021

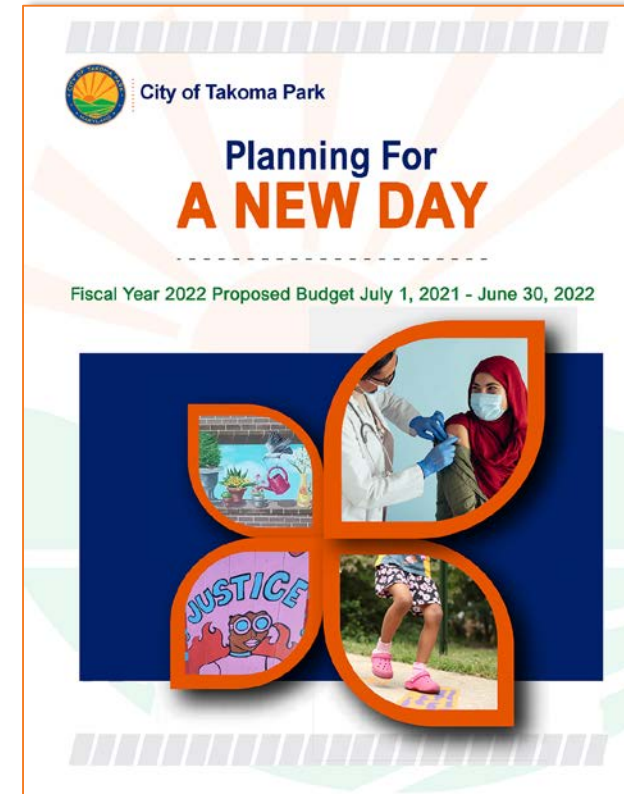
# Big Picture



- The proposed FY22 Budget is a “maintenance of effort” budget, with no major new initiatives or services
- A small tax rate increase to 55 cents per \$100 assessed value (from \$0.5397) will allow some ability to help advance City goals not otherwise included in the Budget, as established in the City Council’s Priorities
- Federal American Rescue Plan Act (ARPA) funds are being used to replenish some lost revenue, but most decisions about how the funds can be used will need to wait for guidance from the U.S. Treasury Department

# Presentation of Proposed Capital Budget

- 1 Budget Schedule
- 2 Capital Budget Overview
- 3 Council Priorities
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# Budget Schedule

- April 07: **Presentation of Proposed FY 22 Budget**
- April 14: **Public Hearing on the Budget**
- April 19: **Budget Work Session - Capital**
- April 26: **Budget Work Session - Operating**
- April 28: **Public Hearing**
  - FY22 Tax Rate (Constant Yield Tax Rate)
  - FY22 Budget
- May 03: **Budget Work Session - Reconciliation**
- May 12: **First Reading Ordinances**
- May 19: **Second Reading Ordinances**

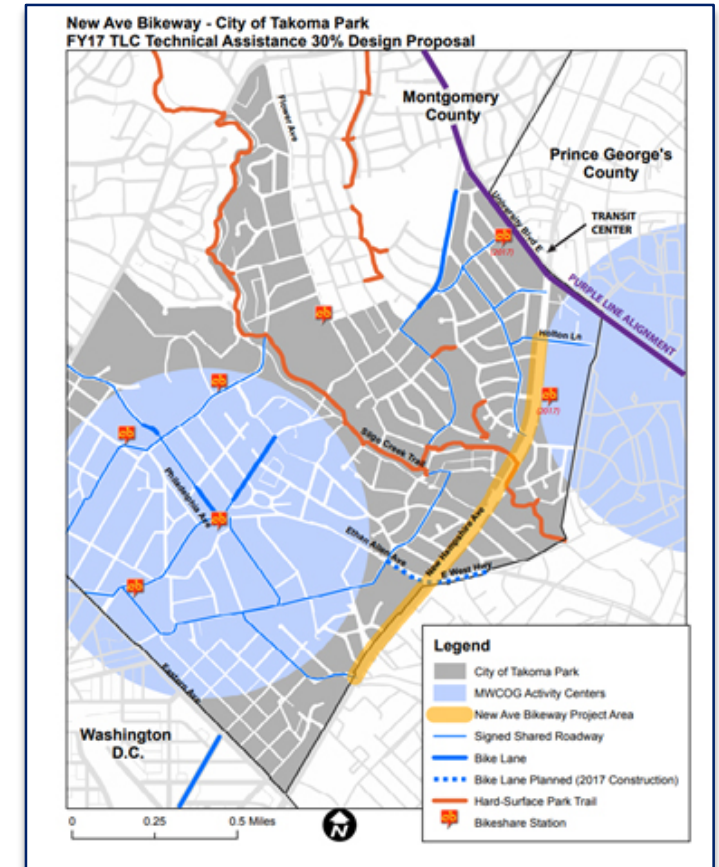


# Budget Overview – Key Points

## ■ Special Revenue Funds

### ○ Highlights of Regular Special Revenue Funds for FY22

- ✓ Non-ARPA items in the Special Revenue Fund include:
  - State Façade Grant - \$100,000
  - CDBG Houston Court Project - \$91,000
  - CDBG ADA Sidewalk Work - \$91,000
  - State Bond Bill (Grant) for Library Construction - \$226,698
  - TKPK5K Race - \$45,000
  - New Ave Bikeway Section A - \$320,000
  - Safe Routes to School - \$41,812
  - Takoma Park Foundation Grant - \$1,645
  - Cable Equipment - \$230,000

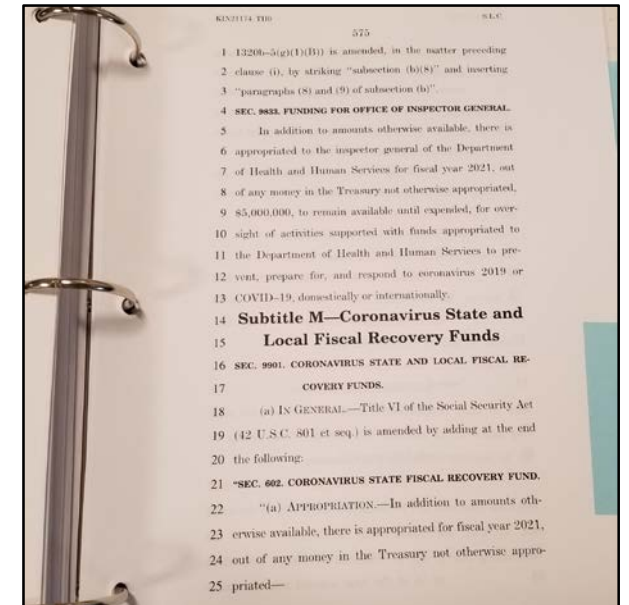


# Budget Overview – Key Points

## ▪ Special Revenue Funds

### ○ The American Rescue Plan Act - \$6.2 million

- ✓ The recently passed American Rescue Plan Act (ARPA) includes funds for every municipality; original estimates are that Takoma Park will receive \$14.8 million in two \$7.4 million tranches to help replace lost revenue, provide assistance to residents and small businesses hurt by the pandemic, allow for certain hazard pay, and improve water, sewer and broadband infrastructure
- ✓ The guidance on how the funds can be spent has not yet been issued by the U.S. Treasury Department; we have used \$1.2 million to replace lost revenue in categories we believe clearly meet the Act's provisions, and we have allocated \$100,000 for a document management system and \$8,000 for assistance to businesses in the Façade Improvement Program; the remaining funds we have placed in a Special Revenue Fund as we wait for clarification
- ✓ A "wait list" of possible uses of these funds has been developed and will be refined through discussions with Council over the coming year





# Budget Overview – Key Points

## ▪ Speed Camera Fund

### ○ Funds Have Declined in Past Year

- ✓ Expenditures from the fund are limited to the three staff that implement the program and that provide pedestrian and traffic safety work, and several purchases
- ✓ Equipment includes a camera trailer (\$33,000) and bike patrol unit equipment (\$18,000)
- ✓ We will continue to monitor trends through the pandemic and will limit planned expenditures during this time



# Budget Overview – Key Points

## ■ Capital Projects and Purchases

### ○ Mostly Routine Purchases, but also an Electric Street Sweeper

- ✓ Equipment Replacement Reserve (ERR) purchases include IT infrastructure, five Police vehicles, Public Works equipment, a Public Works pickup truck, and two expensive items: a Public Works loader (\$200,000) and an electric street sweeper (\$546,000; half of which is to come from the Stormwater Fund)
- ✓ Other General Fund funded purchases include \$198,400 in Police equipment (mobile computers, field radio equipment, license plate reader), \$500,000 in ADA sidewalk work, \$250,000 in new sidewalk/traffic calming work, \$500,000 in road resurfacing, \$20,000 in street light upgrades, \$40,000 each for bike, bus shelter and public space improvements, \$80,000 for the City match to the New Hampshire Ave Bikeway grant, \$250,000 for possible capital housing project, and \$50,000 for the remaining City match to the \$100,000 State façade grant for improvements to businesses along New Hampshire Avenue
- ✓ Facility Maintenance Reserve (FMR) funds the beginning of the Atrium fill in project (\$200,000 in FY22), \$40,000 for HVAC control improvements, and \$10,000 for the Rec Center gym floor improvements
- ✓ Stormwater Work includes Hillwood Manor Playground and Cockerille Avenue pipe realignment in addition to half of the cost of the street sweeper
- ✓ Speed Camera Fund includes purchase of the camera trailer and bike unit equipment



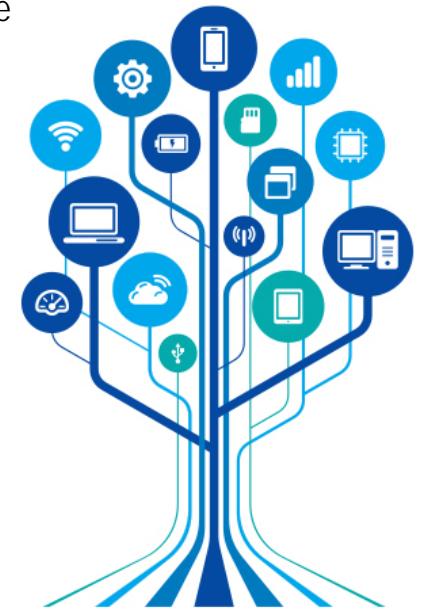


# Budget Overview – Key Points

## ▪ Capital Projects and Purchases

### ○ ARPA Funded Expenditures and Wish List

- ✓ Several items have been identified to be purchased with federal American Rescue Plan Act (ARPA) funds, including \$100,000 document storage and management software to assist in managing grants and contracts, and \$8,000 in contributions toward the façade grants that would have come from private businesses
- ✓ A Wish List of items that may be purchased using ARPA funds has been identified, if guidance from the U.S. Department of the Treasury supports such purchases; the purpose is to advance the goals of ARPA and, when possible, establish systems and technology to assist in City operations in the long term



# Capital Improvement Program – IT

- **Document Management System**

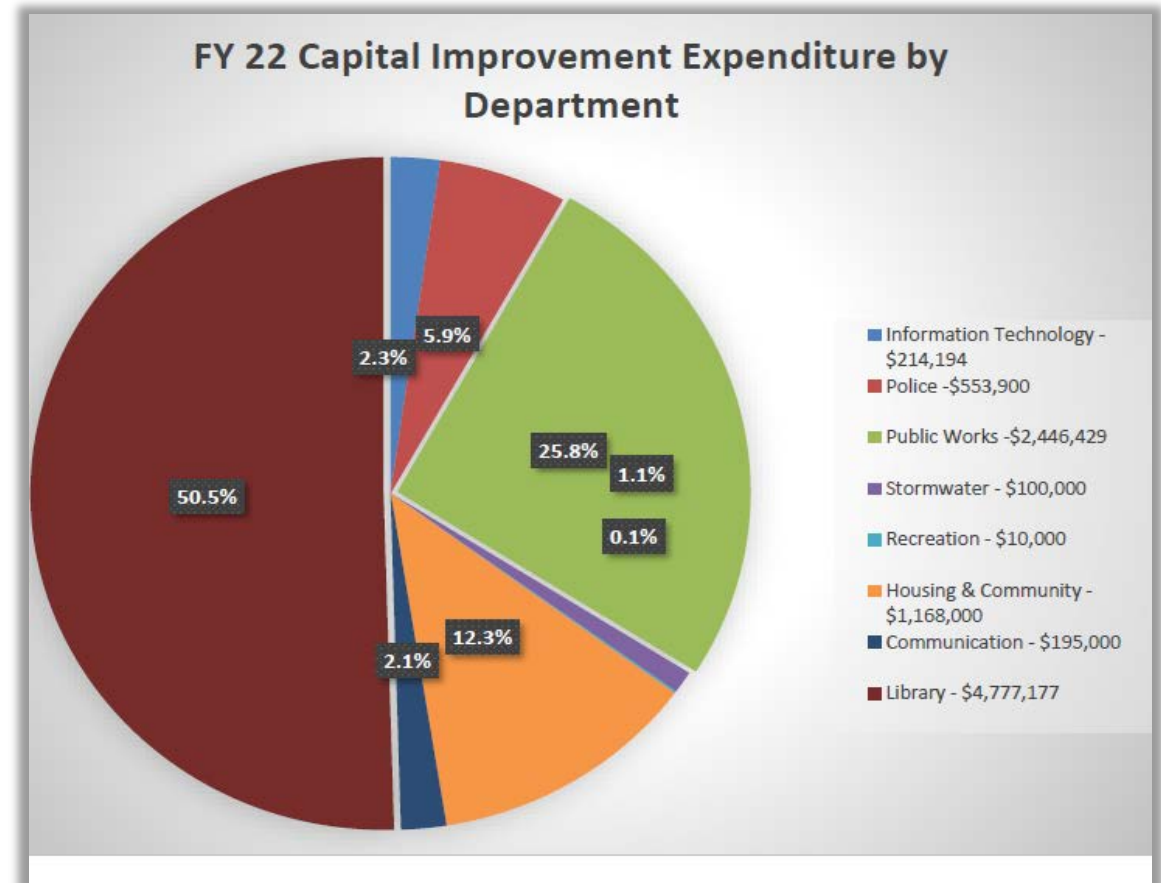
- **\$100,000 ARPA funds – P I**
- **To be used by all depts; heavy use anticipated by Housing and Community Development re grant management**

- **Network Communications Equipment**

- **\$40,000 ERR – P I**
- **Switches, routers, firewall, and load balancing**

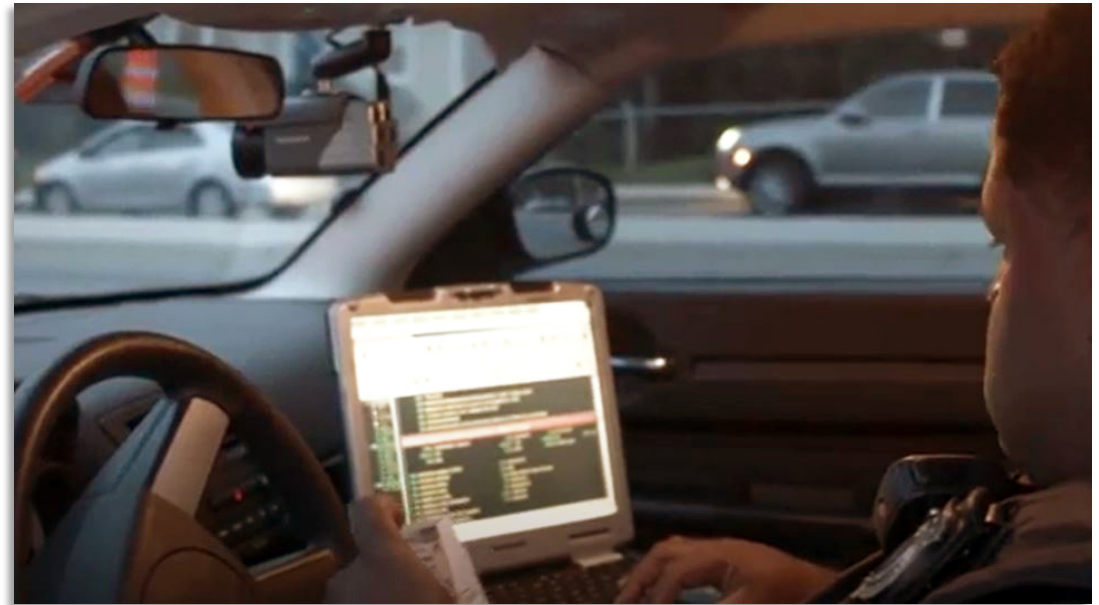
- **Server Hosting Infrastructure**

- **\$74,194 ERR – P I**
- **Hardware for software applications, file sharing, staff authentication & data storage**



# Capital Improvement Program – Police

- **Five Police Vehicles**
  - \$304,500 ERR – P I
  - Four patrol cars, one SUV
  - \$60,900 each
- **Mobile Computers**
  - \$150,000 GF – P I
  - Existing ones at end of life; IT recommends replacing all in FY22
- **Field Radio Equipment**
  - \$35,000 GF – P II
- **Camera Trailer**
  - \$33,000 SCF – P II
- **License Plate Reader**
  - \$13,400 GF – P II
- **Bike Patrol Unit Equipment**
  - \$18,000 SCF – P II



# Capital Improvement Program – Public Works

- **Electric Street Sweeper**
  - \$273,000 SW – P I
  - \$273,000 ERR – P I
- **Pick Up Truck**
  - \$45,489 ERR – P III
- **Leaf Box**
  - \$5,376 ERR P III
- **Roadway Crackfilling Machine**
  - \$45,000 ERR – P III
- **Leaf Collection Vacuums**
  - \$53,000 ERR – P I
- **Riding Mower**
  - \$13,200 ERR – P III



# Capital Improvement Program – Public Works

- **Truck Tire Changer**
  - **\$17,326 ERR – P III**
- **Loader**
  - **\$200,038 ERR – P III**
- **Vehicle Lift 2**
  - **\$11,000 ERR P III**





# Capital Improvement Program – Public Works

- **ADA Sidewalk Retrofit**
  - **City - \$200,000 GF – P II**
    - ✓ Have sidewalk list to complete
  - **State - \$300,000 GF – P II**
    - ✓ Condition evaluation needed
- **New Sidewalks & Traffic Calming**
  - **\$250,000 GF – P II**
    - ✓ Projects in queue in budget book
- **Streetlight Upgrade**
  - **\$20,000 GF P III**
- **Street Rehabilitation**
  - **\$500,000 GF – P I**
    - ✓ Will be doing a pavement condition survey to determine which streets have most need





# Capital Improvement Program – Public Works

- **Atrium Floor Construction**

- **\$200,000 FMR – P I**
- **\$600,000 would be needed in FY23 to complete project**

- **HVAC Control System**

- **\$40,000 FMR – P III**

- **Stormwater Projects**

- **\$55,000 SW P III**
  - ✓ 13<sup>th</sup> & Hillwood Manor Playground
- **\$45,000 SW P III**
  - ✓ Cockerille Ave Pipe Realignment



# Capital Improvement Program – Recreation

- **Gym Floor Repair at Recreation Center**

- **\$10,000 FMR – P II**
- **Floor has “dead” spots; allows use until renovation planned**



# Capital Improvement Program – HCD

- **CDBG – Houston Court**
  - **\$91,000 SRF – P I**
  - **Public infrastructure and sustainability improvements**
- **CDBG – ADA Sidewalks**
  - **\$91,000 SRF – P I**
  - **Must be in eligible area**
- **Bike Improvements**
  - **\$40,000 GF P II**
- **Bus Shelters**
  - **\$40,000 GF – P II**
- **Public Land Implementation**
  - **\$40,000 GF – P II**
- **New Hampshire Bikeway Sec A**
  - **\$320,000 SRF – P I**
  - **\$80,000 GF – P I (City match)**





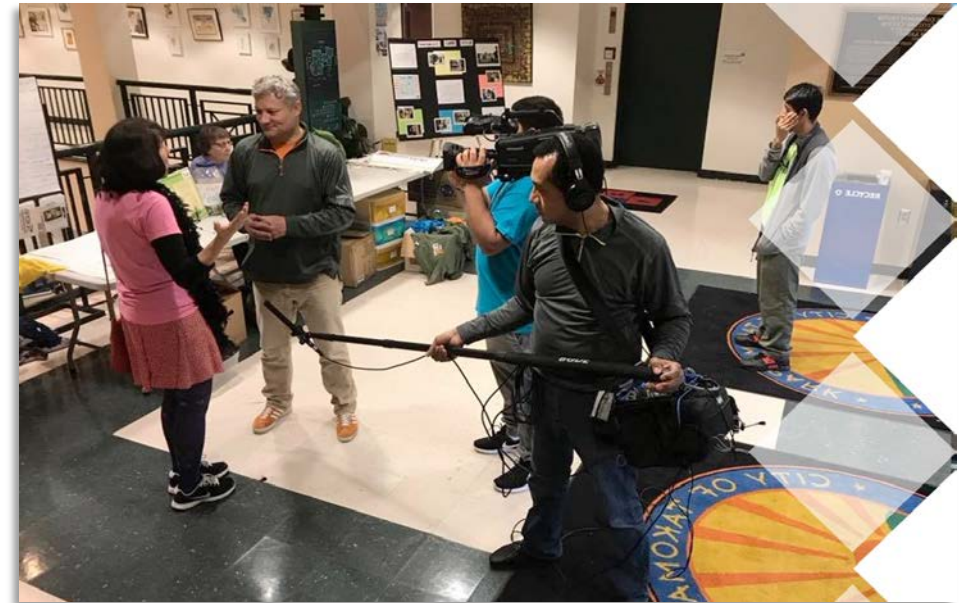
# Capital Improvement Program – HCD

- **Housing Project - undefined**
  - **\$250,000 GF – P III**
  - **Funds are not from Housing Reserve**
- **Nbhd Commercial Center Façade Improvements**
  - **\$100,000 SRF – P I**
  - **\$50,000 GF – P I (City match)**
  - **\$8,000 GF-ARPA**
    - ✓ Assisting businesses with their match for the façade program
  - **Note that \$58,000 is counted twice in budget document and will need to be adjusted during reconciliation**



# Capital Improvement Program – Communications

- **CityTV Editing & Playback Servers**
  - **\$165,000 SRF – P I**
- **Closed Captioning**
  - **\$20,000 SRF – P I**
- **ASL or CART Interpretation for Council Meetings**
  - **\$10,000 SRF – P I**



# Capital Improvement Program – Library

## ▪ Library Construction

- **\$4,550,479 Bond – P I**
  - ✓ These borrowed funds have debt payment amount of about \$390,000 per year
- **\$226,698 SRF – P I**
- **In FY23, remaining funds to be spent on the project**
  - ✓ \$1,800,000 Library Bond
  - ✓ \$2,500,000 Cable Grant

## ▪ Status of Project

- **Made great advancement on energy efficiency measures**
- **In construction document preparation mode**
  - ✓ Could go to bid in August
  - ✓ Could begin construction in November

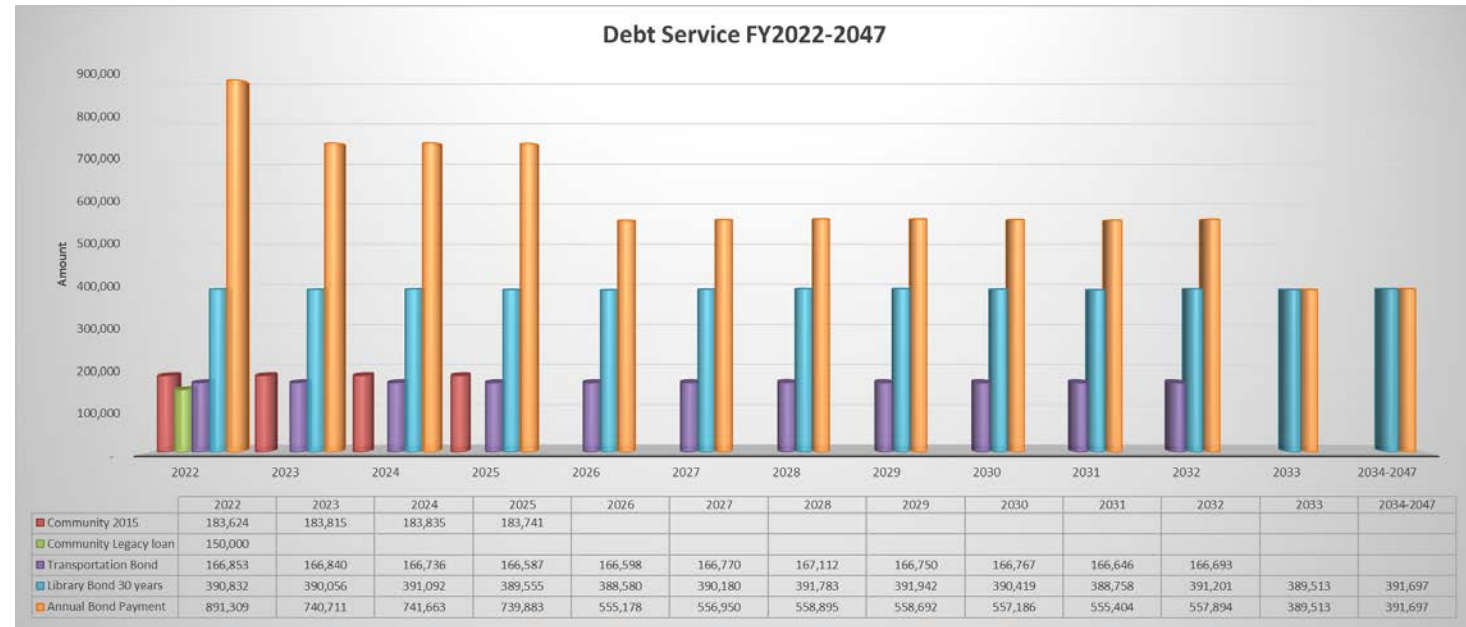




# Debt Service – Community Center Bond 2015

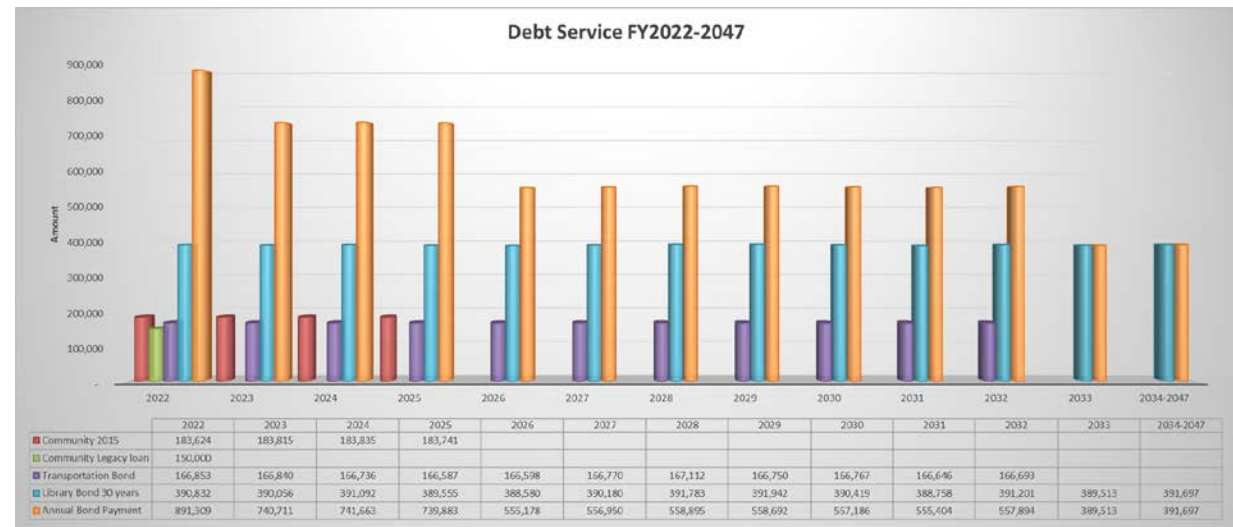
- **Community Center Bond**

- Only four more years of payments required
- Average annual payment is \$183,000



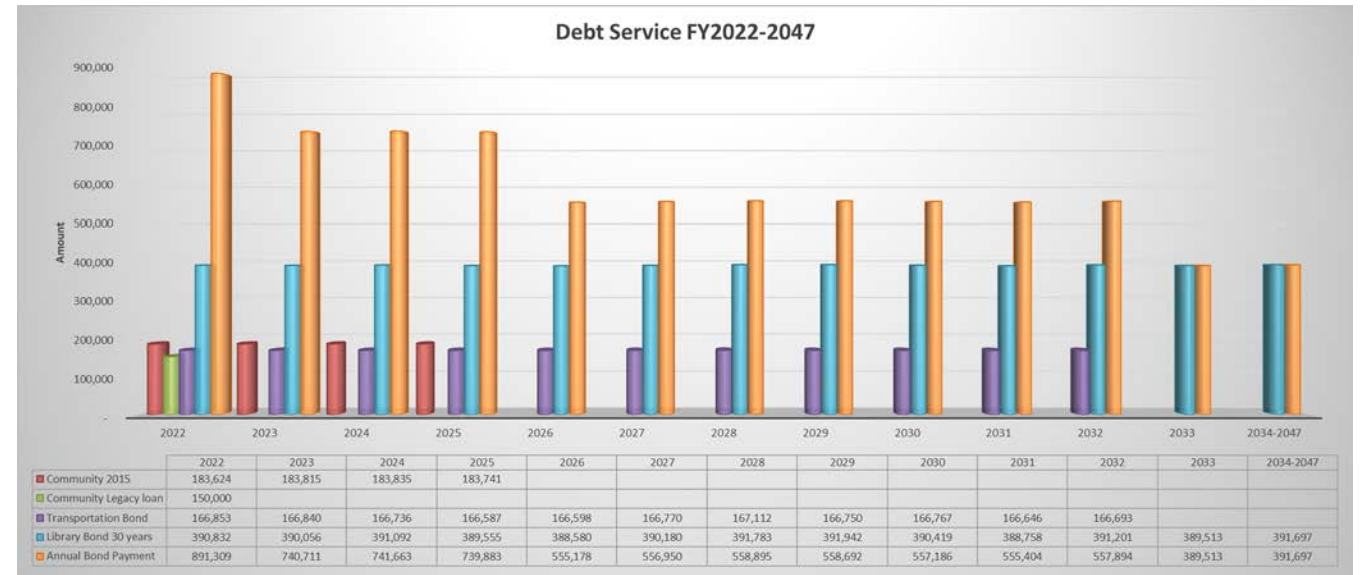
# Debt Service – Community Legacy Loan Agreement

- A loan agreement related to plans for a parking structure in Old Takoma was adjusted when the project was changed
- \$150,000 is to be repaid to the State of Maryland in June 2022 and the project will be closed out



# Debt Service – Transportation Bond 2017

- 15 year bond for Ethan Allen Gateway and Flower Avenue Green Street Projects
  - Average annual payment is about \$166,200
  - Payments required through FY32



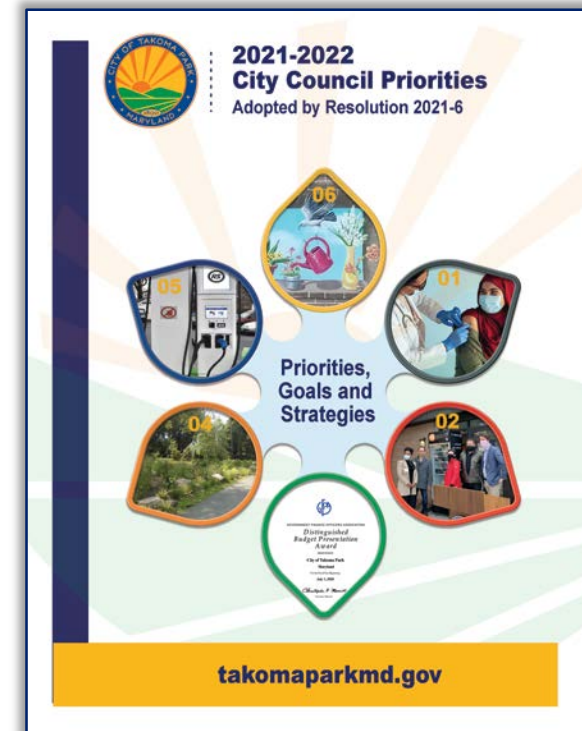
# Debt Service – Library Bond 2017

- **30 year bond for the Library Reconstruction Project**
  - **Average annual payment is just under \$390,000**
  - **Payments required through FY47**



# Implementing Council Priorities

- **Thank You For Clear Council Direction on Priorities to Guide Budget Proposals**
  - **The Council established six Priorities at its retreat in January; staff based its Budget recommendations on these Priorities:**
    - ✓ Mitigate the Impact of COVID-19 on the Community and City Operations
    - ✓ 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



# Implementing Council Priorities – Mitigate the Impact of COVID-19 on the Community and City Operations

- **Recognize the emotional, health and financial impacts of the pandemic on residents and employees in all actions undertaken by the City**
- **Use Federal Funds to Address Needs of Residents, Small Businesses**
  - **The American Rescue Plan Act (ARPA) provides funds to assist residents, businesses, and local governments regarding financial and health impacts of the COVID-19 pandemic; City expects to receive \$7.4 million for FY22 and a similar amount for FY23**
    - ✓ Continue grants and emergency assistance provided under COVID-19 Fund in FY20 and FY21
    - ✓ Allow for free or low cost before/after school care and summer camps for families financially hurt by the pandemic
    - ✓ Focus on long term assistance, including workforce development, marketing and business operation consulting services
    - ✓ If permitted, undertake capital improvements to help commercial areas thrive into the future, including safe pedestrian, bike and transit access, façade improvements, tree and landscape improvements, energy improvements
    - ✓ If permitted, undertake stormwater improvements that help the community
- **Use Federal Funds to Help City Operations Affected by the Pandemic**
  - **Use ARPA funds to restore lost City revenue**
  - **To the extent possible, use ARPA funds to purchase technology and fund establishment of processes that will help City operations manage ARPA grant funds and will help the City in the future**





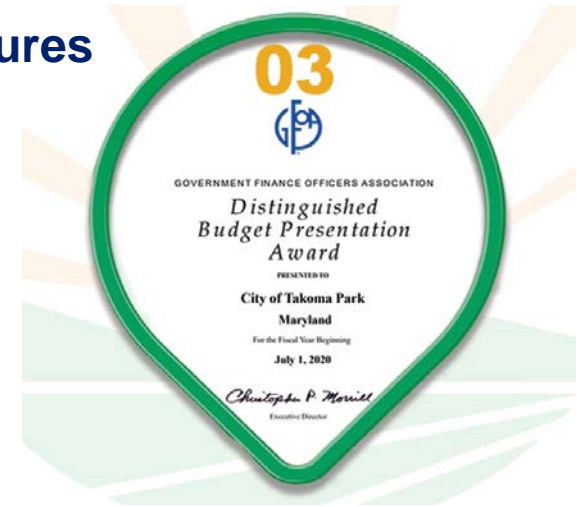
# Implementing Council Priorities – A Livable Community for All

- Construct the **new Library!**
- Continue focus on **racial equity throughout City** operations and actions
- Continue **implementation of the Housing and Economic Development Strategic Plan**
- Work with Montgomery County Planning Department on **Minor Master Plan for hospital/university property** and **Maple Avenue area to Community Center**
- Consider and **move forward on recommendations** of Reimagining Public Safety Task Force
- **Pursue street, sidewalk, bus stop, bikeway and public area improvements for sustainability and Vision Zero goals**
- **Advance Takoma Park Recreation Center** project
- Continue **funding of community grants and partnerships**
- **Support the arts**, including in conjunction with City infrastructure improvements
- **Support community events** while continuing to follow safety protocols



# Implementing Council Priorities – Fiscally Sustainable Government

- Careful **monitoring of financial situation** during and after pandemic
- Careful **oversight** of use of **federal ARPA funds**
- The proposed budget includes an **unassigned general fund balance of \$2.8 million**, when it **should be \$4.66 million**; but existence of **ARPA funds provides a cushion** if there is a revenue shortfall
- Strong **need to get a structural change** in tax duplication rebate payments from Montgomery County
- Must **focus** on having **sufficient ongoing revenue to meet ongoing expenditures** now and in the future



# Implementing Council Priorities – Environmentally Sustainable Community

- Continued **community engagement** and **actions** regarding the **Climate Emergency Response Framework**
- Continued work on **stormwater improvements**, including purchase of all-electric street sweeper
- Continued provision of rebates and grants for clean and efficient energy use
- Option to use some of \$300,000 in unallocated funds in the Proposed Budget for environmental work, tree canopy pilot project, or work to address flooding across multiple private properties
- Investigation of use of ARPA funds for stormwater infrastructure work, and commercial space and area improvements that could advance environmental goals



# Implementing Council Priorities – Engaged, Responsive, and Service-Oriented Government

- Continued work to **serve community impacted by the pandemic**, but now **at a greatly increased level using ARPA funds**; will require contracting and hiring of limited term staff to accomplish the great deal of work envisioned and allowed for through the use of these funds
- **Community engagement actions and technology** will be a **large part of the FY22** work plan, including website update, and outreach to residents and businesses
- **Addition of a new permanent full-time staff** person to assist the Communications Specialist is needed



# Implementing Council Priorities – Community Development for an Improved & Equitable Quality of Life

- **Increasing and supporting commercial development and the health of our small businesses** will add many benefits for Takoma Park: it spreads out property taxes, reducing the amount paid by single-family home owners; provides goods and services close to home which limits travel and fossil fuel use; provides local jobs and training opportunities; and provides opportunities to make energy efficiency and ADA accessibility improvements to our buildings.
- Economic development initiatives will focus heavily on those activities that can be **funded by ARPA funds** in FY22
- Work on the **Recreation Center Project** will continue, with a goal of getting ready to issue a Request for Proposals later in the year
- Implementation of the **Housing and Economic Development Strategic Plan** will continue
- Work with the Montgomery County Planning Department on the **Minor Master Plan** should be looked at with this Priority in mind
- Continued **monitoring of Purple Line work** and impacts will also help advance this Priority



# Next Steps

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