City Council FY23 Budget Questions

1. **Tax Duplication. I think it would be useful if you can provide in the presentation a summary of the recent agreement on tax duplication that was approved by the County Council, with the specific numbers -- how much more we're getting in the current FY, and what we're scheduled to receive in the next several years, and how that differs from what we would have received otherwise (Kovar and Stewart.)**

The amount we are expected to receive in FY22 Projected is $468,115 higher than the FY22 Adopted amount thanks to the supplemental payment recently approved by the County. In FY23, the new formula goes in to effect, and we are expected to receive a total of $271,657 **more** than the FY22 Adopted amount but $196,458 **less** than the FY22 Projected amount. This is because the FY23 Proposed locks in the 100% Police and Parks payments based on the FY22 projected including the supplemental, but the crossing guard and transportation payments are phased in starting at 80% in FY23 (100% in FY25), as you can see in the table below.

Payment Type	FY22 Adopted	FY22 Projected	Difference FY22 Adopted to FY22 Projected	FY23 County Proposed	Difference FY22 Projected to FY23 Proposed	Difference FY22 Adopted to FY23 Proposed
Police in Lieu/Rebate	$ 3,839,054	$ 4,020,521	$ 181,467	$ 4,020,521	$ -	$ 181,467
Crossing Guard	$ 186,782	$ 269,856	$ 83,074	$ 214,017	$ (55,839)	$ 27,235
Park	$ 74,671	$ 92,463	$ 17,792	$ 93,942	$ 1,479	$ 19,271
Transportation	$ 761,122	$ 946,904	$ 185,782	$ 804,806	$ (142,098)	$ 43,684
TOTALS	*$ 4,861,629*	*$ 5,329,744*	$ 468,115	*$ 5,133,286*	*$ (196,458)*	$ 271,657

The phase-in was a compromise the City and other municipalities made to reach agreement with the County. The FY25 amount will depend on the FY22, FY23, and FY24 payments (90% in FY24 for crossing guard and transportation). After FY25, reimbursements will be increased based on the annual CPI percentage change for the DC metro area.

As you can see on pages 68 and 69 of the General Fund Revenues section of the FY22 Adopted Budget, the FY23 and on tax duplication amounts will be an accelerated upward trend compared to tax duplication payments that the City has received since 2013 (hovering around $4.6M or less). The 10-year trend charts for tax duplication will be shown in the FY23 Adopted Budget Book (with the police rebate payments absorbed into the police in lieu payments instead of in separate charts).

Given that at certain points in the 2021 and 2022 negotiations with the County, the County was seriously considering reducing the City's Police payment by a large margin, securing the future stability and annual increases of this revenue source through Bill 2-22 using FY22 supplemented payments as a base was important for the fiscal future of the City.

2. **In the most recent audit from the accountants they said we were at a 28% level for the unassigned balance, or $7.1 million at that point. Again at that point -- and setting aside for the moment the reality that some of those funds might be pledged to specific purposes which for whatever reason couldn't be spent within the FY -- that**

left about $2.8 million in funds that would be “available” while still keeping the unassigned balance at 17 percent. I realize a lot has happened since then, including the arrival or continuation of a significant inflationary trend. But I think it would be good if you can explain how those funds are accounted for in this budget proposal (Kovar and Stewart).

   a. **Related to the question above, in last year’s budget we allocated some ARPA money instead of taking money out of the reserves to cover expenses. Can we review that as well and why the reserves are at the current level they are? (Stewart)**

In the FY22 budget, we did allocate $1,191,900 as a special revenue transfer of ARPA funds into the General Fund. The special revenue transfer to the General Fund is shown on page 35 of the FY23 Proposed Budget Book in the General Fund Revenues and that full amount is included in the FY22 General Fund revenues projection.

We ended FY21 with an audited fund balance of $19,412,194 (see page 34). Out of the total $19.4 million, only $7.1 million is “discretionary” or unassigned as you mention in your question. Thanks in part to that supplemental ARPA transfer to the General Fund, as you can see on page 31 in the Consolidated Financial Summary, total FY22 General Fund revenues are projected at $27,445,019 compared to $30,329,657 for a total projected deficit of $2,949,638 that will need to be covered by the City’s General Fund Reserves including $2,187,586 taken from the unassigned reserve (shown on page 34). The use of reserves for the projected FY22 deficit will result in a projected total FY22 fund balance of $16,462,557. The $7.1 million in the unassigned reserve will be reduced to $4,922,075 in the unassigned reserve as projected by June 30, 2022 (as shown in the middle column of the General Fund Balance Projection detail on page 34). That is a healthy reserve level because it represents 17.9% of revenues so the City is projected to meet and exceed its 17% reserve policy at FY22 year-end.

In FY23, however, with the Proposed General Fund expenditures of $34,819,752 compared to $27,838,118 in revenues (including the 3 cent property tax increase and Departmental budget cuts, with no “wishlist” items except ARPA projects), we are projecting a $6,981,634 deficit. To cover the deficit, we are using a combination of $5M contribution from the library reserve, contributions from the other reserved/non-spendable reserves, and $2,071,317 from the unassigned reserve. We are projecting that this decreases the unassigned reserve to $2.8 million or only 10% of the $27,838,118 in projected revenues by June 30, 2023. If expenditures and revenue actuals come in as proposed, the City would not be meeting its 17% reserve policy at FY23 year-end.

The City’s high reserve level at the beginning of this fiscal year ($16.4 million overall, $4.9 million in unassigned) and projected unassigned General Fund fund balance in FY22 protects the City from imminent financial risk, but the City will need to control spending or increase revenues to replenish the restricted/non-spendable reserves each year and to avoid gradual depletion of the unassigned reserve over the next few years. <u>Ideally, in FY23, we would maintain an unassigned reserve level of $4,732,480 which is exactly 17 percent of FY23 revenues. This means we would only spend $189,595 out of the projected $4,922,075 FY22 unassigned year-</u>

end balance in FY23. Instead, we are actually expecting to spend $2,071,317 from the unassigned in order to cover the General Fund deficit. The City had concerns around the level of the unassigned General Fund reserve back in 2017 and 2018 which provided the motivation for Resolution 2018-24 establishing the City's reserve policy.

3. **City Manager talking points refer to the City as having a deficit, but it also sounds like -- once the Library bond funds are removed from the equation -- the gap between revenues and expenditures is more than covered by the unassigned reserve, which is of course part of the General Fund. Given those points, it's unclear to me why we would say we are in a deficit situation. Obviously we'd like the unassigned reserves to be higher, but -- at least with the tax rate that's proposed -- it seems like the revenues exceed expenditures (Kovar).**

We would not have to dip into our unassigned reserve if our expenditures were covered by ongoing revenue sources. In FY23 as proposed, if the Council decided to address the $1.9 million General Fund deficit, that would leave approximately $941K in the unassigned fund balance. This would not cover a full month in the event of an emergency. We know that historically the City has needed at least $3 million in the unassigned to cover normal cash fluctuations throughout the year and that GFOA best practice for the reserve level is no less than two months of regular general fund operating revenues or expenditures or 17%. For Takoma Park, that has hovered around $2 million per month. If we do not control our costs or identify new revenues, however, we are concerned that we will deplete the reserve over time. For the FY23 Proposed, even with the 3 cent tax increase and Departmental budget cuts, we were not able to maintain the advised $4.7 million reserve level for maintenance of effort service levels.

4. **City Manager talking points refer to the real property assessable base value increase resulting in $539,424 in new revenue. Can you clarify if that's with the current property tax rate or the proposed tax rate? (Kovar)**

The real property revenue increase is approximately $539,424 before the proposed 3 cent tax rate increase. Based on the property tax assessable value on the 2022 Constant Yield Tax Rate Certification, if the City maintains the current tax rate of 0.5397, the real property tax revenue will be $14,425,815. If the City follows the Constant Yield Tax Rate (CYTR), the revenue will be $13,886,391. The amount $539,434 represents the difference of revenue between the CYTR and the current tax rate. The total real property tax revenue increase is $1,428,695.

5. **It's understandably the case that much of the commentary from residents every year around the proposed budget is focused on the tax rate. You may already be planning for this, but one of the things I've found that's been helpful in previous years is to present data on the impact of the property tax rate along these lines: for a home assessed at _____ dollars (maybe $600,000 or the median home price in the City) the City tax bill if the rate stays the same would be ______ dollars, if the proposed rate is approved it would be _______, and at Constant Yield would be ___________. Then residents will be able to see the actual impact of the various rates. Obviously for those whose assessed value has gone up considerably, there will still be significant concern regardless, but I think that type of framing can help (Kovar).**

Yes, this is always helpful; examples were included in the City Manager's 4/6 power point.

Increase in Assessed Value		
	2022	**2023**
Assessed Value	$600,000	$623,400
Tax Rate	0.5397	0.5697
Tax Owed	$3,238.20	$3,551.51
Increase in Tax Payment		$313.31

Increase in Assessed Value		
	2022	**2023**
Assessed Value	$600,000	$623,400
Tax Rate	0.5397	0.5397
Tax Owed	$3,238.20	$3,364.49
Increase in Tax Payment		$126.29

Increase in Assessed Value		
	2022	**2023**
Assessed Value	$600,000	$623,400
Tax Rate	0.5397	0.5195
Tax Owed	$3,238.20	$3,238.56
Increase in Tax Payment		$0.36

6. **Lastly, it seems based on the memo that the personnel increases are a big contributor overall to the proposed increase in the property tax. I think it would be valuable to give a dollar figure for the 5% personnel increase so Council and residents can see to what extent that's a major factor. (Kovar)**

The 5% increase dollar equivalent is $613,000 (2.7% COLA, 2.3% wage adjustment, no step increases for distinguished).

7. **We may discuss this with the upcoming budget amendment but can we have an update on items particularly those discussed during reconciliation that we were not able to move forward with this year and how those funds are being handled. In addition, we have other revenue that has come in this year that was not budgeted for – increase in income tax revenue and $462K for tax duplication – how have those funds been accounted for. Similarly, having an understanding of what if any carry over we have this year would be helpful. (Stewart)**

The FY22 reconciliation increase items are shown below. As you will see in the 4th budget amendment, the $125,000 racial equity coordination/community engagement and the $50,000 community ambassadors General Fund allocations will not be spent in FY22. We are spending ARPA instead of General Fund to accomplish these goals.

Increase: Funds for Re-imagining Public Safety Task Force	$	50,000
Increase: Flooding and Stormwater Engineering on Private Property	$	150,000
Increase: Heffner Community Center Plaque & Jackson-Boyd Park Sign	$	10,000
Increase: Tree Canopy Pilot	$	36,000
Increase: Building Benchmarking Study	$	60,000
Increase: Community Ambassadors/Navigators	$	50,000
Increase: Racial Equity Coordination/Community Engagement Work	$	125,000
Increase: Economic Development Support	$	50,000
Increase: Library Services	$	20,000

The allocation in FY22 was initiated by Council to fund a study related to identifying areas where private property was experiencing impacts from stormwater and flooding. Department Staff have been working to develop a scope of work and talking with engineering firms and other organizations to determine the best course of action for this type of study. If the funds are not used in FY22, we will request they be carried over to FY23 to complete that study.

For the tax duplication increase, see Question 1 above.

The Income Tax increase was around $28,000 and we have already received that. Both are included in the FY22 General Fund revenues projection.

We cannot know the exact carryover amount at this point. Many of the budget reductions each Department had to make (see 4th budget amendment) eliminated potential carryover amounts.

8. **Emergency Reserve – do we need to put money into the reserve based on the city charter? Also as we think about the reserves we have available in the city is there a reason we do not also talk about the emergency reserve? Don't we need to increase the emergency reserve annually by the CPI? (Stewart)**

We do need to increase the emergency reserve by CPI per Article VIII Section 804 Reserve Provisions, however this is generally not displayed in the projection detail in the budget book. The funding source of the emergency reserve increase is the revenue account of interest income. The presentation of the Fund Balance Projection Details focuses on the transfer of funds between the Reserve Accounts (Equity Account) not the revenue and expenditure accounts (Income Statement Account). If you review the prior years' budget book, the application of increased funding for emergency reserve was not included in the Projection Details of the budget book. We can include the emergency reserve as part of the 17% reserve goal.

9. **Provide a summary of significant reductions in expenses proposed for the FY23 budget. (Seamens)**

In order to balance the budget, we asked Departments to reduce $3 million, split across FY22 and FY23. In FY22, as shown in the recently posted fourth budget amendment, Departments made ~$1 million in reductions (not counting the correction of the Library appropriation moving to FY23). These reductions consisted primarily of vacancy savings from freezing hiring for vacant positions in the fourth quarter of FY22 as well as minor reductions to projected spending in the fourth quarter.

In FY23, the $2 million in reductions are described in the FY23 budget book narratives. The allocations of ARPA funding for special projects allowed a General Fund reduction of just under $1 million out of the $2 million (table shown below). Staff achieved the remaining reduction by shifting General Fund expenditures to the Speed Camera Fund and cable grants.

Description – General Fund Cut	Department	Amount	New Funding Source
Sustainability Grants	Public Works	$ 470,000	ARPA Energy Efficiency Grants Allocation
Workforce Development Support	Housing and Community Development	$ 25,000	ARPA Workforce Development Allocation
Small Business Support	Multi-Departmental (HCD)	$ 36,500	ARPA Grants to Small Businesses Allocation
Emergency Assistance Fund	Multi-Departmental (HCD)	$ 50,000	ARPA Emergency Rental Assistance Allocation
HCD Community STEAM Quality of Life Grants	Multi-Departmental (HCD)	$ 110,000	ARPA Grants to Non-Profits Allocation
Reduce HCD CP2 Grants	Multi-Departmental (HCD)	$ 100,000	ARPA Grants to Non-Profits Allocation
Mini-Grants (Spark) Housing Division	Multi-Departmental (HCD)	$ 25,000	ARPA Grants to Non-Profits Allocation
Recreation STEAM Program	Multi-Departmental (Recreation)	$ 20,000	ARPA Grants to Non-Profits Allocation
Homebuyer Assistance Program/Housing Fund Expenditure	Multi-Departmental (HCD)	$ 75,000	ARPA Housing Rehab Fund (multi-family only)
Contract Services - Verizon, Hotspot subscriptions lending	Library	$ 20,000	ARPA Hotspot Lending Allocation
		$ 931,500	

10. Explain the 6.65 FTE increase. How are ARPA FTEs accounted for in the budget? (Searcy)

The FY23 Proposed budget shows an increase of 6.65 FTEs in the Citywide Personnel Schedule compared to FY22 - see page 21 of the budget document. The increase is detailed in the individual department personnel schedules as follows:

- General Government pages 48 and 49 – The Finance Department loses 0.5 FTE (a transfer to the Recreation Department), Human Resources gains 1 FTE – which is a replacement for an intern position that existed but not counted in the FY22 FTEs. The replacement of the intern position was done in FY22, after the budget was adopted - so it looks like an increase for FY23.
- Public Works pages 102 and 103 – 0.92 FTE increase – these are seasonal positions that existed but not counted in the FTEs for FY22.
- Recreation pages 138 and 139 – 1.72 FTE increase – 1.22 is due to the return to pre-pandemic programming levels; 0.5 is a transfer from the Finance Department.
- Library - page 195 - gains 0.51 FTE which is an increase in supplemental assistance for FY23.
- ARPA page 241 – 3 new FTEs for FY23 – an ARPA Manager, IT analyst and Accounting Assistant. The Accounting Assistant acts as a temporary replacement for the

0.5 FTE "permanent" position lost by the Finance Department because of the transfer to the Recreation Department.

- There was a transfer of three Code Enforcement FTEs from Police to the Housing and Community Development Department which does not affect the total 6.65 citywide increase.

FY23 Proposed Budget FTE Increase Explained		
Department and Page Reference	**FTE Change FY22 - FY23**	**Comments**
General Government pg 48 - 49	0.5	1 FTE increase for Human Resources which is a full-time replacement for an intern position that existed but was not counted in the FY22 FTEs; 0.5 FTE decrease for Finance. The 0.5 decrease is a transfer from Finance to the Recreation Department.
Public Works pg 102 - 103	0.92	Seasonal positions that existed but not counted in FY22.
Recreation pg 138 - 139	1.72	1.22 FTE is due to the return to pre-pandemic levels of programming; 0.5 is a transfer from the Finance Department.
Library - pg 195	0.51	An increase in supplemental assistance for FY23.
ARPA - pg 241	3	Three new positions for FY23 - An ARPA Manager, IT Analyst and Accounting Assistant. The Accounting Assistant acts as a temporary replacement for the 0.5 FTE "permanent" position lost by the Finance Department because of the transfer to the Recreation Department.
Total FY23 FTE Increase	6.65	

11. **What happens if we do not go ahead with the tax increase that is proposed. How would you address needed reductions? (Smith)**

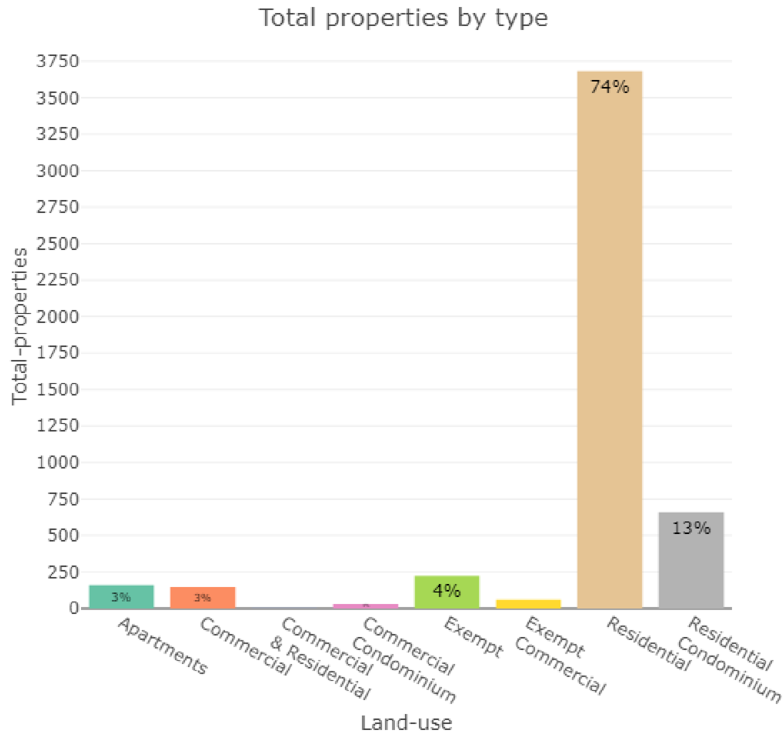
If Council does not move forward with recommended reductions then we would need to consider workforce and staffing reductions unless Council decided to repurpose the amount of ARPA necessary to close the deficit gap.

12. **Personnel schedule - it would be helpful to break out the 3 ARPA positions, noting them as temporary. In the narrative on page 19, the budget references 2.5 positions for ARPA. Please clarify. (Kostiuk)**

That is a typo; all three ARPA positions are full-time. This typo has been corrected in the current version of the proposed budget book that is posted online.

13. **Did you consider increasing the commercial property tax rate? (Dyballa)**

Staff discussed the commercial property tax rate which is the same as the real property tax rate. However, staff felt that given our small commercial base it would not have sufficient yield for budgetary purposes compared to the real property rate.



14. **Interested in the FY22 reductions and how they are reflected in the FY23 budget. (Dyballa)**

See answer to Question 9. The FY22 reductions are reflected in the FY22 Projected column in the budget tables in the budget book as well as the Adjusted FY22 to Projected FY22 bulleted highlights in each chapter.

15. **It appears that the sustainability programs are reduced considerably. Please point out the top five areas where program money was cut. (Dyballa)**

See answer to Question 9. We reduced the Sustainability Grants FY23 General Fund amount of $470,000 in FY23 due to the availability of $500,000 in ARPA funding for energy efficiency in FY23.

16. **Explain how the budget accounts for the overlap between the ARPA funded items and the general fund. Where can I find how we are using the ARPA funds for lost revenues versus dipping into reserves? (Searcy and Stewart)**

There is a $1,191,100 special revenue transfer from ARPA to the General Fund in FY22 that can be found on page 35 in the General Fund Revenues table. Besides that transfer, the ARPA spending plan does not currently provide for any transfers between the ARPA Fund and the General Fund. We have reduced General Fund expenditures in some areas, acknowledging that General Fund expenditures are duplicating ARPA spending plan projects and that we want to spend down ARPA dollars first. The list of those reductions is below. Staff had originally proposed a $1.5 million ARPA contingency for the draft spending plan; this was reduced to $463,825 in the final spending plan. The City will be pursuing the $10 million standard allowance for revenue loss; this will allow the City more flexibility in out years in the event that any changes need to be made to the ARPA spending plan.

17. **Where is the $500,000 State Revitalization Grant for acquisition of homes. Shouldn't that be in the Housing Reserve? (Stewart)**

The $500K State Revitalization grant is on page 260 under Special Revenues. This is not funded out of the General Fund/Housing Reserve.

18. **Where is the $462,000 in tax duplication money and additional income tax money accounted for? (Stewart)**

See answer to Question 1.

19. **Are there items that were on the reconciliation list and added to the budget that did not get used this year (for example, navigators)? (Stewart)**

See answer to Question 7.

20. **Can you provide projected amounts in FY 23 (and beyond where relevant) for the following initiatives: the new City website and constituent request system; the new HR system; and the new phone system? (Kovar)**

The annual cost for the City's current phone system is $25,200. The expected annual cost for the new VoIP phone system is $34,200, or a $9,000 increase. These overall annual costs are allocated across all of the departmental budgets based on their respective quantity of desk phones.

The City budgeted $50,000 for the new City website in FY22. In FY23, Communications included an annual maintenance cost of $8,900, plus an additional $18,000 for the SeeClickFix 311 module.

The City budgeted $125,000 for the HRIS system purchase in FY22. In FY23, $52,000 is budgeted for annual maintenance costs.

NEW QUESTIONS (POST 4/6 CITY MANAGER PRESENTATION)

21. **General: Do you anticipate any proposed dollar adjustments based on the organizational assessment, and do we have a date (more specific than early May) for its release or presentation? (Dyballa)**

We anticipate receiving the final study in early May but do not have a final date yet. With expenditures and demands on the General Fund outpacing revenues, the City needs to prioritize its investments (unless new sources of revenue are identified) to preserve the unassigned reserve. As this year has shown, achieving the 17% reserve level under current budget conditions is difficult; large reductions in expenditures involve cuts to personnel. To make significant new investments in a particular area, the City will need to reduce spending in other areas unless new revenue sources are identified. We expect the organizational assessment to assist with prioritization of the City's limited financial resources. The organizational assessment might show that certain services need additional investment, while other services need less investment.

22. **Not counting the new ARPA funds, how does the $41 million in spending compared to previous years? What % increase is it? Does the one-time library spending need to be backed out of that? (Dyballa)**

General Fund revenues are expected to be $27.8 million which is consistent with previous years compared to a total of $41.6 million in revenues across all funds including $8.7 million in ARPA. Without the $7,088,621 in ARPA expenditures, the total FY23 expenditures ($49,109,299) is reduced to $42 million across all four major funds, compared to $38.4 million total expenditures in the FY22 Adopted. General Fund expenditures decreased 7% compared to FY22 Adjusted, while Speed Camera Fund expenditures increased by 70% based on the expected 94% increase in revenues from red light cameras. Special Revenue Fund expenditures increased by more than 100% due to the projected spending down of the cable grant reserve for the Library project.

23. **ARPA Funds. Of the $49m in spending, $14.1m is ARPA related expenses; how realistic is that? And is all the ARPA first tranche of funds included in FY23 budget total $41.6m revenue? (Dyballa)**

ARPA expenditures for FY23 are budgeted at $7,088,621. We believe this is realistic based on feedback from Dept heads. The $41.6 million total revenue includes the ARPA second tranche expected this summer. A portion of the first tranche will be spent in FY22.

24. **Reserves. The proposed budget sets aside 2 months general fund operating reserve. How much is 17% unassigned reserve? And is this a % of general fund, of operating expenses, of total budget? (Dyballa)**

To meet the City's unassigned General Fund Reserve policy – Resolution 2018-24 - the City would need to maintain $4.7 million in the unassigned General Fund reserve, reflecting 17% of anticipated FY23 General Fund revenues. The appropriate level of the General Fund Unassigned Fund Balance was set at a minimum of the amount representing two months or 17% of the City's General Fund revenue as opposed to the expenditure amount because the revenue amount does not fluctuate as much as the expenditure level and it better reflects the changing costs of City operations. For past research that informed the City's decision to set this reserve policy, review this 2017 background memo.

25. **Property Taxes. Last year we saw an estimate of about how many residential properties fell into one of several categories: large drop, small drop, about the same, small increase, large increase (I don't recall the exact categories). Is it possible to have similar information this year, to share with residents who may be thinking everyone has a huge increase? (Dyballa).**

The Finance Dept. will work on this. We did map the data, and you can see from the colors that in the 2019 assessment that the eastern and southern parts of Takoma Park had more assessed values go down. In the 2022 assessment, the patterns seem to be more limited to particular blocks.

Links here:
2019: https://tkpk.maps.arcgis.com/apps/StorytellingSwipe/index.html?appid=c9fe756b169a4b0cb569c4b5ee7bb57d#
2022: https://r.takomaparkmd.gov/property/property-tax-map-points.html

See the table below. 63.4% of properties in the City experienced an increase in value of 20% or less. Of those, 25.4% of properties either had no taxable value, decreased in value, or had no change in value.

Change in value	*Total properties*	*Percent properties*	*Cumulative percent*
No taxable value	285	5.7%	5.7%
Decrease in value	563	11.3%	17.0%
No change in value	419	8.4%	25.4%
0-1%	165	3.3%	28.7%
1-5%	496	10.0%	38.7%
5-10%	384	7.7%	46.4%
10-15%	451	9.1%	55.5%
15-20%	393	7.9%	63.4%
20%+	1,806	36.4%	99.8%
Total properties and median percent-value change	**4,962**	**12.1%**	**100.0%**

*Note: Properties with a land-use category of "Exempt" or "Exempt commercial" have no taxable value - they include the railroad tracks, Piney branch middle school, 7600 Carroll (the Adventist campus), 7600 Takoma (a park), and 7600 Flower ("Exempt commercial").

26. **Also, can we please get a couple more estimates of the increase in property taxes for various homes: for a more pricey home than the average $600k (perhaps $750k?) and for a typical condo (which would be less than $600k). (Dyballa)**

Increase in Assessed Value		
	2022	**2023**
Assessed Value	$750,000	$779,250
Tax Rate	0.5397	0.5195
Tax Owed	$4,047.75	$4,048.20
Increase in Tax Payment		$0.45

Increase in Assessed Value		
	2022	**2023**
Assessed Value	$750,000	$779,250
Tax Rate	0.5397	0.5397
Tax Owed	$4,047.75	$4,205.61
Increase in Tax Payment		$157.86

Increase in Assessed Value		
	2022	**2023**
Assessed Value	$750,000	$779,250
Tax Rate	0.5397	0.5697
Tax Owed	$4,047.75	$4,439.39
Increase in Tax Payment		$391.64

27. **Personnel: What approximate percent of total FTEs are for managers and directors, and what percentage of salary dollars are for managers and directors? (Dyballa)**

Approximately 50 out of the total 178 FTEs are managers and directors. That includes 12 department directors at the senior level, 18 deputy directors, TPPD command staff, and other higher managers at the secondary level, and 20 mid-level managers or other/lower managers such as Police sergeants, Recreation supervisors, and the Urban Forest Manager and Field Construction Manager. The wages for these 50 positions represent ~45% of total FY23 wages (not including fringe benefits; add'l $2.4M).

FY23 total wages	$12,887,170.39	
Sr. Level Mgrs	$1,746,904.95	13.56%
Secondary Level Mrgs	$2,383,298.84	18.49%
Mid-Level Mgrs	$1,714,174.73	13.30%
	$5,844,378.52	45.35%

28. **ARPA/Reserves: Are the ARPA contingency funds being considered as it relates to the level of reserves, since this is essential emergency money that could potentially be used? (Kostiuk)**

Yes, the ARPA contingency funds could be used to augment General Fund reserves, if that is the direction of Council.

STAFFING

29. **Correction: The narrative on pg. 19 says 2.5 ARPA positions, but it appears that this should say 3. (Kostiuk)**

This has been corrected in the current posted version of the budget. All ARPA positions are full-time. See answer to Question 12.

30. **The staffing summary shows an overall increase of 6.65, including 3 temporary ARPA positions, meaning a total increase of 3.65 from the GF. Could we get a narrative summary of the proposed staffing changes, describing how the 3.65 addition FTEs are allocated? Are these permanent positions? (Kostiuk)**

See answer to Question 10.

31. **Could we get a narrative summary of changes to staffing FY19-FY23? It is particularly difficult to understand how the changes in partial FTEs add up over time and how today's numbers compare with pre-pandemic numbers for part-time positions. (Kostiuk)**

The City added 3 full-time positions for ARPA administration (and one HR Coordinator full-time (General Fund). The changes in seasonal, temporary, and part-time staffing will be covered in staff's 4/18 presentation.

32. **Department-specific staffing questions: (Kostiuk)**
    - **Is the 0.5 increase for an HR Coordinator in General Government FTE coming from the ARPA funds? (Kostiuk)**

See answer to Question 10, HR has added 1 General Fund FTE.

- **Last week's IFYI noted moving a vacant Rec Dept staff position to the CM's Office to be an Executive Assistant. I think this is a very needed position. Can you update the personnel schedule in the budget as it relates to this position and Rec Dept? (Kostiuk)**

This decision was made after the preliminary budget book was released. This change is reflected in the recently posted fourth budget amendment for FY22 and will be reflected in the FY23 Adopted Budget Book.

- **In what ways has Rec programming increased since the pandemic (vs at a similar level to pre-pandemic)? Why are camp FTEs increasing, when camp enrollment overall is predicted to be lower due to the library/Community Center renovation? (Kostiuk)**

This will be covered in the staff 4/18 presentation.

- **Why is an additional library FTE 0.51 being proposed? (Kostiuk)**

This will be covered in the staff 4/18 presentation.

- **Is the .92 additional "seasonal staff" in PW returning department staff to pre-pandemic levels? From prior budgets, it looks like FY20 was 36.10 for PW total. The personnel summary for PW (pg 103) shows an FTE increase of .92 for Vegetation Management, but the information on pg. 128 notes no change in FTEs. The narrative notes an increase in seasonal labor but does not mention an increase in FTEs. (Kostiuk)**

This will be covered in the staff 4/18 presentation.

FUND SUMMARIES/RESERVES

33. **Pg. 31 - What are the reasons for the significant decrease in Intergovernmental Revenue in the GF from FY22-23 (more than $1M)? (Kostiuk)**

In FY22, there was a special revenue transfer from the ARPA Fund. In FY23, there is no special revenue transfer from ARPA. See answer to Question 2.

34. **Pg. 32 - Why is there a deficit showing in Special Revenue Funds expenditures and revenues of $2.5M? (Kostiuk)**

This represents the money allocated for library construction from cable grants.

35. **Pg. 33 - Why is there such a significant reduction in "use of money and property" in the revenue section, from $330-340K in FY19-20 to negative numbers in FY22 and FY23? How is it possible to have negative revenue (wouldn't these be expenditures)? (Kostiuk)**

The reduction in the use of money and property is mainly due to the fluctuation of interest rate between the bank deposit account and the brokerage Certificate of deposit (CD) portfolio. Beginning in March 2020, Truist Bank followed the policy of the Federal Reserve Bank and significantly reduced the deposit interest rate from 1% to 0.02%. The City's interest revenue decreased from $6,200 to $129 each month. The negative numbers (FY22 and FY23) in the interest revenue income are due to the expected market value change of the Certificate of Deposit (CD) Portfolio. Beginning in January 2022, the finance staff have been tracking the drop in the market value of the Brokerage CD. The net change in the CD portfolio was -$13,112 which offset the interest income of $7,611.90 in March 2022.

36. **Pg. 32/45 - The Speed Camera Fund balance is expected to be quite high at the end of FY23 ($1.15M, compared to $708K and lower for previous years). These funds are limited in how they can be used, so is there a reason for accumulating such**

significant fund balance? What could these be used for to offset GF expenditures? (Kostiuk)

The increase in revenue is due to the addition of Red Light Cameras and the estimated fines to be generated from them. Funds from Automated Photo Enforcement are generally used for public safety purposes. The revenue for the Speed Camera and Red Light Camera fines will be listed on 2 separate lines by Finance so as to track them separately. Around $500K in TPPD expenditures were already moved from General Fund to the Speed Camera Fund to offset General Fund expenditures.

37. **Pg. 35-26 - Where does the overall increase in tax duplication payments from the County show up, and why is there an anticipated decrease in tax duplication payments of $196,957 from FY22 (p. 21)? (Kostiuk)**

See answer to Question 1.

38. **Pg. 42 - What is "General Contingency" for $139,191 in inter-departmental expenditures? The funds from last year in this line are not projected to be used, and there is no record of similar funds in FY19 or FY20. (Kostiuk)**

This allocation is required by code. The City only charges to this line for extraordinary expenditures and has not made use of this line in recent history.

> **Section 803 Contingency Provisions**
>
> (a) The total of such proposed expenditures shall include a general contingency account which shall be not less than one-half of one percent (0.5%) of the total budget revenue of the City. The general contingency account shall be available only to meet extraordinary or unanticipated expenditures associated with programs in the Council approved budget.

POLICE

39. **What is the proposed $30K from Speed Camera Funds for the "station renovation of the Police Department" (pg. 20)? (Kostiuk)**

There are some minor cosmetic changes needed, but the majority of the funds will go to station branding and improvements in the processing area. The floors in the processing area and holding cells have not been updated in many years. The entire area is in need of improvements, to include fixing cracks, flooring, paint, replacement of older equipment and updating the interview room.

40. **Why is there only a decrease of $131,499 in the PD for personnel and only $105,191 total, despite moving 3 FTEs out of the department? (p 80-81) A few of the summaries related to division increases note "increase in personnel costs." What is the reason for this increase? (Kostiuk)**

There is actually an increase in personnel costs of $131,499, not a decrease. Overall, there is a $105,191 decrease in the Police Department budget. The reason for the increase in personnel costs, despite the reduction of 3 FTEs is due to 2 factors. There was an increase in salaries late in

FY22 which, combined with an anticipated 5% increase in salaries for FY23, raises the overall salaries for FY23. The increase in salaries is comparing the proposed FY23 budget numbers, with higher salaries and being fully staffed, to the projected FY22 numbers. For the projected FY22 numbers, there are numerous personnel vacancies which contribute to the numbers being lower.

41. **The CIP includes funds for purchasing license plate readers (p 223), anticipated $13,400 for FY22 and another $13,400 for FY23. The Reimagining Public Safety Task Force majority recommended discontinuing the use of LPRs, and a minority recommended further information about how LPRs have been employed and their investigative value. Since we have not had a discussion of this, I would not like to see the funds utilized in FY22 to make this purchase and am concerned about allocating funds in the FY23 for purchase. These funds seem like they should be on hold until this discussion can be made. (Kostiuk)**

LPRs have been added as a topic to the upcoming budget work sessions.

42. **Pg 116 - Why is there a 21% increase in personnel wages for PW Equipment Maintenance division, without there being a change in FTEs? (Kostiuk)**

In FY22 the Division had a mechanic vacancy from April to the end of the fiscal year, so the FY22 projected wage expenditure was reduced. The position was not refilled in FY22 as a cost reduction measure. FY23 assumes all 3 positions in that Division are filled. The 21% increase compares the estimated actual in FY22 to the budget in FY23.

43. **Pg 128 - Why are there no contractual labor costs proposed for FY23? (Kostiuk)**

The Division will be using seasonal staff in FY23 rather than temporary labor (contractual labor), that is why that cost is $0 in FY23.

44. **Staff vacancies expected to be filled in the Building division of PW - increasing personnel expenses over last year by $135,943. Which staff vacancies are there, and could these be left open for half of the year to reduce expenditures further? (Kostiuk)**

The vacant positions include the Facility Maintenance Supervisor, Building Maintenance assistant and custodial positions. We have had a difficult time filling the Supervisor position, which has been vacant since August 23, 2021. We have delayed hiring the Assistance until the Supervisor position is filled. These are critical positions for the efficient, safe and optimal operations of the city facilities. The custodial positions have now all been filled. The FY22 projected budget freezes the hiring of the assistant, but we hope to have the supervisor position filled shortly. The FY23 reflects all positions to be filled. Again, these positions are critically important to keep the facility operating well and looking presentable to the building users and employees.

45. **CIP - pg. 227 - It looks like funds for private stormwater work are not allocated until FY27 ($200K). What is planned for this? We allocated funds for this in this year's budget – were these not able to be used? (Kostiuk)**

The allocation in FY22 was initiated by Council to fund a study related to identifying areas where private property was experiencing impacts from stormwater and flooding. Department Staff have been working to develop a scope of work and talking with engineering firms and other organizations to determine the best course of action for this type of study. If the funds are not used in FY22, we will request they be carried over to FY23 to complete that study. The Stormwater capital budget includes identified projects through FY26, and the costs reflect the construction costs for those planned projects. The funding for FY27 has as a general title "Public Private Projects on Private Property" and has not yet been defined. We assume those projects will be identified through the study or other avenues prior to that time and will likely require ongoing funding into the future. The challenge will be to balance the need for continued work on public stormwater infrastructure with new projects identified on private property.

46. **Pg. 219 - The CIP look-ahead expenditures for FY24 ERR is $1.7M, higher than any other year. What is the reason for this, and will we have the funds to accomplish this? It looks like there is a proposed $600K addition to the ERR this year. What is the typical and recommended yearly contribution to the ERR for long-term sustainability? (Kostiuk)**

FY24 includes Police vehicle and PW trash truck purchases. Contributions to the ERR each year have hovered around $600K-$700K based on long-term estimates and replacement schedules. The contribution amount is re-evaluated by the City Manager each year based on the use of the ERR and the available balance of the Unassigned Reserve at the time of the proposed budget.

47. **Pg 229 - The PW CIP narrative mentions Rec Center Redevelopment Year 1, but I don't see anything in the budget charts or a specific number. It mentions replacement of the roof, but we were told a few months ago that the roof does not need to be replaced, and this would try to be pushed out until the full redevelopment can happen. At one point, there was a discussion of using ARPA funds for the roof if needed. Is this anticipated for the $160K from ARPA for the Rec Center? (Kostiuk)**
    - **Pg 231 - The ARPA chart and what we adopted shows $160K for the Rec Center development, but the narrative on pg. 231 says $145K. (Kostiuk)**

Both Public Works and HCD wrote narrative related to this project, but the actual budget allocation is under the HCD section. The narrative in PW has been moved over to HCD in the current version of the budget book that is posted (pg. 232). Year 1 of this project ($160,000, page 231) will be for interim repairs to the Recreation Center. Top priority is replacement of the HVAC system/fitness room ventilation and roof replacement is also needed. The $145K is a typo; the amount is $160K as shown in all budget tables.

48. **Bond funds seem to be planned to be used ($5M) in FY23 toward the library project, with ARPA funds ($4M) to be used in FY24. Why is this? It seems like we may want to utilize more of the ARPA funds first. (Kostiuk)**

ARPA funds do not lapse until 2026. At the time of CIP preparation, ARPA funds for the Library were in a hold status.

FURTHER QUESTIONS

49. **Is there a sense of how much the allowable rent increase will be this year, since we can expect it to be higher than normal? How would staff recommend best assisting those who are impacted by this – rental assistance to those with demonstrated need; adopting a lower level of rent increase (not sure if this is possible as per code) with or without offset funds to support landlords; across-the-board cash assistance to renters to help with the increase; or something else? What would the budgetary impact of this be? Could the Housing Reserve and/or ARPA be used for this? (Kostiuk)**

The allowable rent increase will be set at 7.3% this year. $250,000 is budgeted in emergency rental assistance in FY23 in the ARPA Fund. The direct cash assistance program is also targeted to renters. The budgetary impact of expanding these programs would need to be discussed.

Takoma Park Code Section 6.20.050 states "The (Housing and Community Development) Department shall calculate an annual rent stabilization allowance equal to the percentage increase in the Consumer Price Index (CPI) from March in the preceding year to March in the current year.", and landlords are able to increase their rent once in a 12-month period up to that percentage increase. Staff do not recommend changing this on a one-off basis; if there are concerns about the contents of the law those concerns should be approached legislatively.

50. **We have talked about a possible increase in tax assistance to those who need it. Has the work on this to-date provided any insight we could use to implement it with additional funds in the budget? How much would need to be added to the $150K for property tax assistance to reach those households identified? (Kostiuk)**

Staff are reaching out to the County for more information but still in early in research.

51. **Recreation CIP (pg 230) - Purchase of large bus for $78K. It is used for 38 trips and only 17 in FY23 are anticipated. What is the cost difference and tradeoffs if a bus were instead rented for the few cases where needed? Since these funds come from the ERR, if this change were made, how could the corresponding ERR reduction be utilized (i.e. reduction in contribution to the ERR this year, or use toward something currently planned for next year, etc)? (Kostiuk)**

The bus supports seniors, teens, and summer camps and Recreation is not requesting a rental due to advantages of making this a permanent addition to the City’s fleet.

We were able to get information from what the cost of rentals might be over time from our current vendor.

Bus Rental (Montgomery County School Buses)
Bus Rental - $36.50 per hour. Add an additional hour to each trip for travel (4 hr trip will be raised to a 5 hr trip).
Cost Per Mile - $1.70 per mile. Add an additional 10 miles at the end of each trip (20 mile trip will be raised to 30 miles)

Local trips would cost the City approximately $400 per use based on our past trips (camp pool outings, senior trips). Longer trips would cost more due to the distance and number of hours (theme parks, teen camp trips, etc). Thirty (30) trips would be approximately $15,000 per year (anticipating longer trips for teens). The current bus lasted 15 years so we would have spent $225k in bus rental fees compared to the $70k that we spent 15 years ago (3 times the amount that we paid for the bus). We would expect renting to be more expensive than buying.

52. **Vacant property tax – We have talked in the past about adopting a higher tax rate or a fee for properties that are developed but vacant. I frequently hear from residents who support doing this as a way to increase revenues and nudge property owners who are sitting on vacant properties that are not providing housing and are often in disrepair. I think initial research was done on this when we adopted a commercial property tax rate, but it seemed like there were some outstanding questions about how to administer this. What would it take to enact this, and what are the staff's recommendations? (I do not expect this could be or would need to be enacted prior to adopting a budget this year) (Kostiuk)**

Staff has not researched this as part of the preparation of the FY23 Proposed Budget.

COUNCIL – NEW QUESTIONS – ROUND 2 – 4/25/2022

53. **As mentioned in my previous question and in the April 18 Monday budget session, can the staff provide details on the deletions from the unassigned balances, to account for the decline in unassigned balances since the FY 21 audit when the balance stood at 28%? These deletion figures are mentioned on page 38 of the April 6 budget presentation. My understanding is that we will be receiving roughly $468,000 in additional "tax duplication" funds in this current fiscal year, along with about $28,000 in new tax receipts, for a total of almost $498,000. Further, according to the information in the budget, if the current tax rate were to be continued in FY 23 the City would realize an additional $539,933 owing to the recent property reassessments. So that's over $1 million in "new" funding before the property tax**

rate is increased. What are the new proposed expenses other than the 5% personnel increase that absorb and/or exceed these new funds? (Kovar)

The City's audited Unassigned Reserves level at the end of FY 21 equaled to 28% of the General Fund revenue. We're projected to show a 17.9% level at the end of the FY22. One of the factors of the lower percentage level in the reserve in FY 22 as compared to FY 21 is connected to the higher than anticipated personnel costs. As indicated from the General Fund Summary below, the increase of expenditure from Audited FY21 to the Projected FY22 is $3.8 million and the increase in revenue is $1.9 million. The deficit of $2.9 million is mainly drawn from the Unassigned Reserve in FY22.

Based on the following General Fund Summary comparison of FY21 and FY22, the most significant increases in the departmental level are General Government, Public Works and Recreation. Please refer to the General Fund Expenditure (page 37-42) for the change details. For example, there was a significant increase in personnel expenditures for After School Programs in the Recreation Department between Audited FY21 and Adjusted FY22 to reflect a return to FY19 levels of pre-pandemic programming.

Similarly, in FY23 the net increase of expenditure from the Projected FY22 to the Proposed FY23 is $4.5 million and the increase in revenue is $393,099. Out of the deficit of $6.98 million, $5 million is drawn on the Bond Reserve, the remaining $1.98 million will be drawn on the Unassigned Reserve in FY23. The lowering of the reserve balance is due to the continuous General Fund deficits.

General Fund Summary

	Audited FY21	Projected FY22	Change FY21-Proj FY22	Proposed FY23	Change Proj FY22-23
REVENUES					
Taxes and utility fees	18,320,304	18,433,675	113,371	20,041,695	1,608,020
Licenses and permits	88,799	78,104	(10,695)	86,104	8,000
Fines and forfeitures	170,636	178,000	7,364	181,000	3,000
Use of money and property	25,274	(38,500)	(63,774)	(29,000)	9,500
Charges for service	461,223	836,691	375,468	1,017,370	180,679
Intergovernmental	6,366,173	7,894,049	1,527,876	6,479,949	(1,414,100)
Miscellaneous	61,324	63,000	1,676	61,000	(2,000)
Total Revenues	**25,493,733**	**27,445,019**	**1,951,286**	**27,838,118**	**393,099**
EXPENDITURES					
General Government	3,440,444	4,225,564	785,120	4,185,223	(40,341)
Police	8,407,906	8,675,677	267,771	8,570,486	(105,191)
Public Works	4,675,978	6,120,424	1,444,446	5,641,139	(479,285)
Recreation	1,239,885	2,023,411	783,526	2,164,526	141,115
Housing and Community Development	1,573,904	1,738,359	164,455	2,576,737	838,378
Communications	559,155	758,621	199,466	754,332	(4,289)
Library	1,274,197	1,424,232	150,035	1,401,556	(22,676)
Non-Departmental	1,897,265	1,250,083	(647,182)	1,292,091	42,008
Capital Outlay**	2,633,828	3,241,825	607,997	7,492,950	4,251,125
Debt Service	742,990	871,460	128,470	740,712	(130,748)
Total Expenditures	**26,445,552**	**30,329,657**	**3,884,105**	**34,819,752**	**4,490,096**
Excess (deficiency) of revenues over expenditures	**(951,819)**	**(2,884,638)**	**(1,932,819)**	**(6,981,634)**	**(4,096,997)**

Council also approved budget amendments in FY22 that reduced the General Fund fund balance. The first budget amendment in July increased the FY22 Adopted budget by $1,205,042 ($662,800 in departmental operating expenditures, $542,242 in capital improvement expenditures). The second budget amendment in October 2021 increased General Fund expenditures by $228,654. The third budget amendment in February 2022 increased expenditures by $114,458. The organizational assessment study was authorized for $78,500 and the compensation study for $34,000, in addition to the budget amendment for employee compensation.

54. **The budget for the Communications Department shows a significant increase in personnel costs. Can we get some details on that? (Kovar)**

The Communications Department wages increased by 21% compared to FY22 Projected but are the same level as the FY22 Adjusted (adopted with amendments) reflecting pandemic-related fluctuations in the use of part-time staff. The full-time Media Specialist was not budgeted for a full year in FY22. FY22 Adopted is a better comparison (projected costs underestimated after further review).

55. **With the proposed shift of Neighborhood Services from Police to HCD is there a net change in personnel or other costs, or is it in effect a wash in terms of the fiscal impact? (Kovar)**

It is in effect a wash in terms of the fiscal impact; no net change.

56. **This may have been answered previously, but I wanted to confirm if the funding for the proposed Takoma Branch Stream restoration project comes from the General Fund. (Kovar)**

No, that project is funded out of the Stormwater Fund. That is the only capital project to be funded from the SW Fund in FY23.

57. **The budget refers to an additional position in the Finance Department focused on ARPA. Is that position funded exclusively by ARPA? (Kovar)**

That position is funded exclusively by ARPA.

58. **On page 19 of the budget there is reference to $200,000 from the Facility Maintenance Reserve for the Atrium floor. Is this in addition to the funds that have been allocated to the Atrium project from ARPA? If so, how does this funding differ from or relate to the ARPA component of the project? (Kovar)**

$200,000 in General Funds will be used in FY22 to cover the total cost of the Atrium renovation ($1.2M) in addition to the $1M in ARPA funds. These funds were already budgeted in the FY22 Adopted. If you recall, the total $1.2M was proposed for ARPA, but this was reduced in order to increase funding for other ARPA projects during the ARPA reconciliation.

59. I believe this was answered previously, but I don't seem to be able to find it now -- what is the projected cost of the new HR system? (Kovar)

There is $125,000 budgeted for the new HR system in FY22. There is $52,000 budgeted in FY23 for annual costs.

60. The automated traffic enforcement account shows a substantial increase in FY 23, due I believe to the addition of the speed cameras. Can we get a clarification to the point raised by the Mayor and others in the April 18 budget session as to whether these funds can be used for traffic calming, speed bumps, sidewalk repairs, improvement of unsafe intersections, etc.? (Kovar)

Regarding the spending of speed camera revenue, there is no eligibility list or bright line rule, under SB277. However, funds are restricted solely to public safety and pedestrian safety programs. The funds may also be used to recover implementation costs, administration, and sustainment of the program (equipment and personnel). Additional items funded must be articulated and substantiated expenditures for public safety or pedestrian safety programs. Sidewalk and roadway improvements in general are eligible expenditures.

As we evaluate the possibility of using speed camera revenue for sidewalks or road improvements, we suggest evaluating each expenditure proposal carefully as they are reported under TR § 21-809 (k)(3), which states, a report is to be made by the jurisdiction agency that operates the jurisdiction's speed monitoring program. That report must be submitted to the Maryland Standard & Training Commission no later than October 31st for the jurisdiction's speed monitoring program operated during the State's previous FISCAL YEAR and must include what the funds have been used for. The Commission is required to assemble the report and forward it to the Governor and General Assembly. Also, the law requires the political subdivisions to remit annually to the Comptroller any speed monitoring system fines collected in excess of 10% of a subdivisions fiscal year revenue.

The expenditure of the speed camera funds are heavily reviewed and scrutinized by the media and other civil liberty groups for a substantiated nexus to public safety and pedestrian safety programs. Please see a related article in the Washington Post: https://www.washingtonpost.com/transportation/2019/12/12/how-do-local-md-governments-spend-money-speed-cameras-heres-what-aaa-found-out/

Any roadway or sidewalk expenditures must be related to traffic safety. For example, reengineering an intersection because of documented accidents, adjusting a sidewalk to improve pedestrian safety etc. Using the funds for routine street repaving or routine sidewalk improvements may be problematic.

61. It's not entirely clear to what extent the various community investments mentioned in pages 23 - 24 of the 4-18 presentation would be paid for from the General Fund, outside grants, ARPA or some other source. Can we get a clarification of the funding sources for the various programs? (Kovar)

The investments on slide 23 entitled “Non-ARPA funded community investments” are covered by the General Fund. The programs on slide 24, entitled “Special Revenues,” are grants. The ARPA projects are not listed individually in that slideshow.

62. **There is $40,000 in the budget for the Community Center HVAC system. Can that work proceed in advance of or separate from the potential work in the C.C. connected to the Library project? (Kovar)**

Yes, the work can proceed - this is primarily for better temperature control through digital automation on the 3rd floor of the Community Center.

63. **In the budget amendment that will be considered in the April 20 Council meeting, there are reductions of $200,000 for sidewalks and $250,000 for street paving. Are those funds proposed to be shifted to FY 23 or are they simply slated to be cut? (Kovar)**

They are simply slated to be cut. See table below.

Public Works Capital Projects	FY22 Adopted	FY22 Budget Amendment No.1	FY22 Budget Amendment No. 4	FY22 Projected	Public Works FY23 Original Budget Request	FY23 Proposed
City Sidewalks	$ 200,000	$ 50,000	$ -	$ 250,000	$ 300,000	$ 160,000
SHA sidewalks	$ 300,000	$ 150,000	$ (200,000)	$ 250,000	$ 500,000	$ 350,000
New Sidewalk Design/Traffic Calming	$ 250,000	$ 100,000	$ -	$ 350,000	$ 300,000	$ 300,000
Street rehabilitation	$ 500,000	$ -	$ (250,000)	$ 250,000	$ 500,000	$ 400,000

64. **In the earlier Q and A responses and in the April 18 budget session, reference was made to the possibility of shifting the ARPA Contingency Reserve (approx. $463,000) into the unassigned reserve. If that moves is made, would we still have to document obligating the funds by 2024 and spending them by 2026? If so, it would seem they would be limited in how and when they could be spent per the Treasury guidelines, meaning that potentially they wouldn’t be completely “unassigned”. Can we get a clarification on this point? (Kovar)**

We would document a General Fund expenditure reduction (move a General Fund project or projects totaling $463K to the ARPA Fund in FY23) as part of the standard allowance for revenue loss which can be used to support traditional government services. We will be documenting internally how the full $10M standard allowance is spent.

65. **In order to get a more realistic indication of the funds devoted by the City to affordable housing is it possible to get a calculation or an estimate of the amount of revenue that’s foregone by the City because of: 1) PILOTs connected to affordable housing; and 2) the rent stabilization program (what we could realize from the property tax if landlords in the City could rent at market rates)? (Kovar)**

Staff will work on this but this is a larger research question. HCD staff have applied for an MWCOG grant to explore tax impacts, and are working with McCourt School graduate students on rent stabilization impact evaluation.

66. **What other potential sources of income could the City have, especially if State law were to change? This would be options like having our own sales tax, but also charging a different rate for commercial properties (which we can already do if we wish as I understand the situation). (Kovar)**

The City needs to research and consider various avenues for revenue generation. We need to re-evaluate our existing sources of revenue and identify potential new sources of revenue. We are also hoping the financial forecasters that the City will be contracting with can provide some ideas for revenue generation as well.

67. **Stormwater. Does the stormwater budget include funds for a credit program that is supposed to start this year? (Dyballa)**

Yes, it does include sufficient funds for the credit program that will be starting in this fiscal year.

68. **Personnel vacancies. Are there any projected savings in FY22 and in FY23 from the newly vacant director and manager positions (I see the HR director vacancy on the FY22 budget amendment #4)? (Dyballa)**

Yes, there will be savings, but staff did not yet know there would be vacancies in these positions at the time the 4th budget amendment was compiled.

69. **Are cable fees and cable grants the same thing? (Dyballa)**

There are two revenue lines – cable franchise fee income, and cable operating fee income. The cable operating revenue line supports the cable grants special revenue reserve. The cable franchise fees is a revenue source for the General Fund.

70. **Citywide Traffic Speed Study. What is estimated cost for this study, which is required before the city can lower speed limits on local streets, and is it in budget somewhere? (Dyballa)**

We do not have an estimate for a Citywide traffic study, but we expect it to be expensive. It is not in the FY23 Proposed Budget. The traffic study for the Takoma Junction alone in 2018 cost $42,000. The library entrance intersection traffic study for one intersection cost $29,150.

71. **Sustainability. What programs will not get done because of the significantly reduced funding for this program? What's the dollar total of unfulfilled electrification grant applications received this past year, and how much of that was from homeowners who are not lower-income? (Dyballa)**

44 energy efficiency grants were awarded in FY22 to fully spend a budget of $285,000. $135K was budgeted in FY21. In FY23, $500,000 in ARPA funding is budgeted for this program, but no General Funds.

Total amount requested in FY22 was $677,808. $8,686 average grant request, $14,521 average project size. Here is the breakdown of the 88 applications with the proportion LMI:
- 10 Businesses
- 36 Single Family
- 29 Low to moderate income single family
- 13 Multifamily buildings

72. Roads and Sidewalks. What's the recent years history of actual spending—not budgeted—on road repair, sidewalks, ADA sidewalks? (Dyballa)

Staff will compile earlier years.

73. Income tax. What assumption is the basis for 5% increase in income tax revenues? Are there state estimates to back this up? It seems perhaps low to me. (Dyballa)

The income tax estimate is based on the average of the past 10-year actual receipt of revenue. For FY23, it is estimated to be a 5% increase. The State does not provide any income revenue forecast to the local government. The City needs to be conservative in revenue estimation based on the Conservatism Principle of Accounting. Besides that, the income tax is usually reflective of the economic condition of the past two years. State income tax receipt could be affected by the employment condition during COVID.

74. Assessments. The assessable base increased by 3.9%, is that from actual assessments released in winter? An earlier memo noted an increase in property tax revenues of $539k, table p.35 notes $1.4m. Which is it, and what assumptions is the estimate based on? (Dyballa)

The assessable base increase is calculated based on the number provided by the State Constant Yield Tax Rate Certificate. The percentage increase is derived from the difference of property assessable value of last year to the current year. The increase in property tax revenue of $539k represents the difference of real property tax rate at 0.5397 and Constant Yield Rate at 0.5195.

75. Speed camera fund. Services & charges expenses of $844k includes what besides the Conduent contracts (total $668k)? p.264-5 (Dyballa)

For cost savings to the General Fund, the following items are being charged to the SCF**:** Conduent contract for speed cameras, Conduent contract for red light contract, Parking meter collection charges, Parking ticket processing, Cell phone contract and replacement cell phones, Axon contracts for BWC, Fleet, Interview Room, Tip Line, LPR/AFIS, charges to COG, Monthly MDT costs, Radio Maintenance, ADS annual maintenance contract, Training, Conferences and conventions, and Ammunition and firearms.

76. Police. Please explain significant increase in FY22 and FY23 overtime numbers, since I understand the long term goal is to reduce overtime by having a fully staffed dept. p.80 (Dyballa)

Overtime numbers entered by Human Resources reflect the FY22 adopted amounts plus a 5% increase.

77. Please explain significant increase in nighttime differential and in "staff shortage." Compare court costs to pre-pandemic. (Dyballa)

Nighttime differential and overtime staff shortage are also calculated by Human Resources. Night differential is either the Fiscal Year 2022 amount increased by 5% or, in the case of Patrol, the same amount as FY22.

78. Has number of sworn officers remained constant over past few years? (Dyballa)

The number has remained fairly constant. A quick search shows 37 sworn, with 6 cadets in the Academy in January 2017. 40 sworn and 1 cadet in the Academy in January 2018. 40 sworn and 4 cadets in 2020 (includes light duty/no duty/FMLA), and 44 sworn in 2021, which includes one on ML and one on no duty status.

79. The chart on page 59 shows the projected GF Unassigned Balance for FY23 to be 27% of GF revenues, in line with the 28% and 27% from FY21 and estimated for FY22. However, the chart on page 34 shows an estimated unassigned fund balance of $4,922,075 (18%) for FY22 and $2,850,758 (10%) for FY23.

- **Is the chart on page 59 incorrect?**
- **Does the expected FY22 unassigned fund balance reflect the proposed changes in the budget amendment, or would the unassigned fund balance be higher if the budget amendment is adopted? (Kostiuk)**

The performance measure estimate was provided before the final General Fund projection balance was prepared and should be updated to a lower percentage based on the GF projection. The expected FY22 unassigned fund balance already reflects the majority of the proposed changes in the budget amendment. There were some minor adjustments to individual lines, but the overall reduction amount is the same.

80. What would the programmatic impacts be of not increasing any FTEs and/or reducing the number of additional (assuming the 3 with ARPA funds but not the additional FTE increases)? How much would these different scenarios save? If we are looking at a maintenance-level budget, why is it necessary to increase FTEs? (Kostiuk)

The HR Department needs additional capacity; we also have already filled the new full-time position in HR because that was approved back in July 2021, so we would need to lay off that person. In terms of the part-time increases to Recreation, Public Works, and Library, all

Department heads have stated and shown that they require the additional hours to return to pre-pandemic programming levels or to maintain provision of basic services.

81. Can we please get clarification on what sidewalk and road resurfacing work will be done in FY22 if we adopt the budget amendment? (Kostiuk)

See the attachment showing the list of streets in worse condition by PCI (pavement condition index order). The list includes projected cost per street. For sidewalks, see the table below:

Public Works Capital Projects	FY22 Adopted	FY22 Budget Amendment No.1	FY22 Budget Amendment No. 4	FY22 Projected	Public Works FY23 Original Budget Request	FY23 Proposed
City Sidewalks	$ 200,000	$ 50,000	$ -	$ 250,000	$ 300,000	$ 160,000
SHA sidewalks	$ 300,000	$ 150,000	$ (200,000)	$ 250,000	$ 500,000	$ 350,000
New Sidewalk Design/Traffic Calming	$ 250,000	$ 100,000	$ -	$ 350,000	$ 300,000	$ 300,000
Street rehabilitation	$ 500,000	$ -	$ (250,000)	$ 250,000	$ 500,000	$ 400,000

82. Is the Takoma Branch project the only stormwater project for FY23? What is its contribution to meeting the city's NPDES permit requirements? (Dyballa)

Takoma Branch Stream restoration is the only ***capital budget project*** in FY23. It provides credit for 2 acres of treatment. Based on State requirements the City is required to provide treatment for 109.38 acres of impervious area (20% of the 546.9 acres total) by 2025. As of 2021, the City has calculated a total acreage of 116 acres, so the City now exceeds the minimum required by the State.

The stormwater operating budget includes funds for repairs:
1. Maple Ave outfall repair
2. Poplar Avenue inlet repairs
3. Willow Ave and Valley View storm pipe repairs

Also supports other services:
1. Pipe and inlet video inspection and cleaning
2. Water quality testing
3. Contract bio facility maintenance contract

83. Roads and Sidewalks. What's the recent years history of actual spending—not budgeted—on road repair, sidewalks, ADA sidewalks? (Dyballa)

See the attachment showing the street resurfacing expenditures from 2004-2021; for street resurfacing, we spend an average of $400K per year.

84. Police. Vehicle costs are currently quite high due to supply chain issues. What's the impact if all vehicle purchases are delayed 6 months—on budget this year and next, on city services? (Dyballa)

The city has a vehicle replacement committee that recommends the long-term purchase of vehicles. This vehicle and cycle were part of that recommendation. We desperately need this vehicle. We are already down vehicles due to delay in shipping of already purchased vehicles, due to supply chain issues. If we delay this vehicle the cost will also go up and it interrupts the replacement cycle that has been determined by the vehicle replacement committee.

85. **What is the impact if the city modifies its policy that patrol officers can take vehicles home—on costs (less mileage should result in delays in vehicle purchases) and on services? (Dyballa)**

The take-home policy is a negotiated benefit with local 400. Any change to that policy would need to be done through collective bargaining. Aside from that it is a recruiting tool. Almost every agency in our area in MD has take-home vehicles for staff. Not having take-home vehicles would make it more difficult to recruit officers, which as you know is already extremely difficult. All this being said, the impact of having take-home vehicles does not have a significant impact on our replacement cycle for vehicles. Mileage is not the only factor made in replacing vehicles. It is just one of many factors that are considered, age of the vehicle, maintenance costs, accident history, etc.

86. **The city plans FY24 to replace a K-9 vehicle. If the K-9 program is discontinued can the current vehicle be refitted for patrol? (Dyballa)**

The vehicle has already been designated as a patrol vehicle due to the reduction of K9 teams from three to one (none as of right now).

87. **Atrium. Council budgeted $1 million ARPA funds for this project. What is the FY22 $200k for, and does it result in a total project cost of $1.2 million? (Dyballa)**

The total project cost is projected to be around $1.2 million. The $200K is to complete design and construction preparation and potentially begin construction.

88. **Smart Boards. It appears the city is planning over 3 years to replace all of these. How many do we have, and how much use are they getting? (Dyballa)**

Staff use these daily. We have one in each major conference room in the Community Center for a total of 4 (Atrium, Council, Hydrangea, and Public Works conference rooms).

89. **Document management system p. 221. Is this the same as the ARPA funded document system, and is that why there is no dollar total listed for this? (Dyballa)**

Yes, it is the same. The dollar amount is listed in the ARPA Fund chapter later in the budget book.

90. **Reference #53 - The response states that "the first budget amendment in July increased the FY22 Adopted budget by $1,205,042 ($662,800 in departmental operating expenditures, $542,242 in capital improvement expenditures)." However, in looking over the details of that budget amendment I notice that much of the expenses allocated in the amendment to FY 22 were carryover amounts (around**

$907,000 by my calculations), with $245,000 in new GF expenditures. My assumption is that carryover funds were accounted for in the previous FY budget and shouldn't therefore have a net impact on the new FY budget into which they are carried over. Perhaps I'm missing something? (Kovar) I still have questions regarding the answers to Q53. Mostly around the July budget amendment. In looking at the presentation for the July budget amendment [here.](#) It states a carry-over of $1.4million and new spending of $270,000. If we look at the Oct and Feb amendments plus the cost of the org study and the compensation study (all of these total $456K) and then add the money for the wage increase and bonuses ($888K), I am getting an additional $1.6 million in spending. So it is not adding up to me to the $2.9million. What am I missing? (Stewart).

In the FY21 Adopted, in the General Fund Projection detail, we estimated that if the FY21 budget was fully spent, the City's total unassigned fund balance would be $3,151,860 or 12 percent of General Fund estimated revenues ($25,994,205) as of June 30, 2021. In the FY22 Adopted, we updated our estimate to an unassigned fund balance of $5,963,600 as of June 30, 2021 or 24% of a projected $24,745,675 in General Fund revenues. FY21 actuals ended up with a total unassigned General Fund fund balance of $7,109,661 or 28% of actual General Fund revenues ($25,493,733). In other words, because we underspent what we originally budgeted, we ended up in a better reserve position than expected. We expected to spend $31,256,716 in FY21 General Funds and we only actually spent $26,445,552 in FY21. The July 2021 budget amendment re-appropriated part of the $7.1 million FY21 remaining fund balance for use in FY22 through both carry-overs and expenditure increases (Note: If the City had not done any carry-overs in FY22, the unassigned fund balance would be higher for use in future years).

In the FY22 Adopted Budget, we estimated that our unassigned General Fund fund balance would be $2,799,527 as of June 30, 2022 or 10% of General Fund estimated revenues ($27,139,274). We are now projecting that FY22 actual expenditures will end with a total of $4,922,075 in the unassigned General Fund fund balance or 17.9% of General Fund projected revenues ($27,445,019). We only expect to spend $30,329,657 in FY22 General Funds as opposed to the Adopted FY22 General Fund amount - $35,401,249. So in both fiscal years, we did not overspend, we underspent and therefore exceeded 17% in reserves (the original budget appropriations if fully spent would have resulted in a reserve level 5-7% below the recommended level).

However, if we look ahead to FY23, we still expect the reduction of the unassigned reserve balance to a level below the 17% goal over time (which translates to a lack of surplus to replenish our other restricted reserves to desired levels, spend on wish-list items, avoid cuts to core services, etc.), due to the continuous General Fund deficits. In other words, both revenues and expenditures are increasing, but expenditures (e.g. personnel costs and capital needs) are increasing faster than revenues, which could deplete our reserves over time without cost management. This risk was outlined in the Fiscal Health presentation.

As shown in the General Fund summary below, Projected FY22 expenditures will require the use of $2.6 million in reserves. Projected FY22 General Fund expenditures will be $3,884,105 higher than Audited FY21 General Fund expenditures, while projected FY22 General Fund revenues will only be $1,951,286 higher. In FY23 the net increase of expenditure from the Projected FY22 to the Proposed FY23 is $4.5 million and the increase in revenue is only $393,099. Out of the deficit of $6.98 million, $5 million is drawn on the Bond Reserve, the remaining $1.98 million will be drawn from the unassigned and other reserves in FY23. Similarly, in FY21, even with underspending, we still used $725,426 in reserves. You can also reference page 31 of the budget book, Consolidated Financial Summary, which shows the use of General Fund reserves in red font.

General Fund Summary

	Audited FY21	Projected FY22	Change FY21-Proj FY22	Proposed FY23	Change Proj FY22-23
REVENUES					
Taxes and utility fees	18,320,304	18,433,675	113,371	20,041,695	1,608,020
Licenses and permits	88,799	78,104	(10,695)	86,104	8,000
Fines and forfeitures	170,636	178,000	7,364	181,000	3,000
Use of money and property	25,274	(38,500)	(63,774)	(29,000)	9,500
Charges for service	461,223	836,691	375,468	1,017,370	180,679
Intergovernmental	6,366,173	7,894,049	1,527,876	6,479,949	(1,414,100)
Miscellaneous	61,324	63,000	1,676	61,000	(2,000)
Total Revenues	**25,493,733**	**27,445,019**	**1,951,286**	**27,838,118**	**393,099**
EXPENDITURES					
General Government	3,440,444	4,225,564	785,120	4,185,223	(40,341)
Police	8,407,906	8,675,677	267,771	8,570,486	(105,191)
Public Works	4,675,978	6,120,424	1,444,446	5,641,139	(479,285)
Recreation	1,239,885	2,023,411	783,526	2,164,526	141,115
Housing and Community Development	1,573,904	1,738,359	164,455	2,576,737	838,378
Communications	559,155	758,621	199,466	754,332	(4,289)
Library	1,274,197	1,424,232	150,035	1,401,556	(22,676)
Non-Departmental	1,897,265	1,250,083	(647,182)	1,292,091	42,008
Capital Outlay**	2,633,828	3,241,825	607,997	7,492,950	4,251,125
Debt Service	742,990	871,460	128,470	740,712	(130,748)
Total Expenditures	**26,445,552**	**30,329,657**	**3,884,105**	**34,819,752**	**4,490,096**
Excess (deficiency) of revenues over expenditures	**(951,819)**	**(2,884,638)**	**(1,932,819)**	**(6,981,634)**	**(4,096,997)**

In Appendix A, we have added for your reference change columns to the above General Fund table to show changes in revenues and expenditures between FY21 Audited, FY22 Adopted, FY22 Adjusted (shows budget amendment amount showing as expenditure total in the fifth column, $2,211,380), FY22 Projected, and FY23 Proposed. Finance is also working on a breakdown of expenditure increases over the past 5 years to help explain that will be share with Council before the reconciliation session on Monday.

91. **Reference #74 - Revenue from assessments. I'm still not understanding. The $1.4 million increase p35 is 10% of projected FY22. If total assessments have gone up 3.9%, it seems to me that the estimate of revenue from assessments should be 3.9% higher, plus any increase for a proposed increase in tax rate. Is that correct, is the 3.9% accounted for here within the 10%, and how much is that? (Dyballa)**

On page 35 of the budget book, the $1.4 million increase represents the increase of real property tax revenue from the estimated receipt of $13,799,000 in FY22 Projected to the estimated revenue of $15,227,695 in FY23 proposed. The amount of $15.2 million is calculated based on the current year assessable value (with a 3.9% increase from last year) and the City's Manager's proposed tax rate of 0.5697 (with 3 cents increase).

If the tax rate remains the same at 0.5397, the total revenue would be reduced to $14,425,815 which is approximately $802,000. The assessable tax rate increase of 3.9% is included in the 10%. Again, the assessable base increase from last year to current year is 3.9% and the revenue increase is approximately $539,000 from the constant yield tax rate. The increase in property tax revenue of $539k represents the difference between the real property tax rate at 0.5397 and the Constant Yield Rate at 0.5195.

92. **Reference #70 - Since it would be a different kind of traffic study, I don't think these examples are especially helpful. Is it possible to get a better estimate? Is it possible to use traffic calming funds in FY23 to address this (or are these funds all tagged to specific projects), or perhaps speed camera funds? (Dyballa)**

There is no funding for a citywide traffic study in the FY23 Proposed Budget.

93. **Property tax credits. In the past couple of years, the budget item for credits has included a small cushion for a possible new or expanded property tax credit. Is that true for FY23, p.210, or do we expect to use all the $150k proposed funds for existing credits? (Dyballa)**

The homeowner property tax rebate amount fluctuates from year to year. In FY21, we spent $132,589. In FY22, we are projecting to spend $140,000 out of the original $200,000 budget. In FY23, we expect the rebate amount to increase ($10,000) slightly to $150,000 from FY22 Projected.

94. **Community Grants. In the budget book, interdepartmental, it appears that as much as $250k in community grants and partnership program is moved to ARPA. Is that correct? (Dyballa)**

That is correct. Re-sharing the ARPA table showing General Fund expenditures reduced to be funded out of ARPA. Those showing “Multi-Departmental” in the Department column were reductions in the Inter-Departmental chapter; see pg. 210.

Description – General Fund Cut	Department	Amount	New Funding Source
Sustainability Grants	Public Works	$ 470,000	ARPA Energy Efficiency Grants Allocation
Workforce Development Support	Housing and Community Development	$ 25,000	ARPA Workforce Development Allocation
Small Business Support	Multi-Departmental (HCD)	$ 36,500	ARPA Grants to Small Businesses Allocation
Emergency Assistance Fund	Multi-Departmental (HCD)	$ 50,000	ARPA Emergency Rental Assistance Allocation
HCD Community STEAM Quality of Life Grants	Multi-Departmental (HCD)	$ 110,000	ARPA Grants to Non-Profits Allocation
Reduce HCD CP2 Grants	Multi-Departmental (HCD)	$ 100,000	ARPA Grants to Non-Profits Allocation
Mini-Grants (Spark) Housing Division	Multi-Departmental (HCD)	$ 25,000	ARPA Grants to Non-Profits Allocation
Recreation STEAM Program	Multi-Departmental (Recreation)	$ 20,000	ARPA Grants to Non-Profits Allocation
Homebuyer Assistance Program/Housing Fund Expenditure	Multi-Departmental (HCD)	$ 75,000	ARPA Housing Rehab Fund (multi-family only)
Contract Services - Verizon, Hotspot subscriptions lending	Library	$ 20,000	ARPA Hotspot Lending Allocation
		$ 931,500	

95. Stormwater. If we have met our permit requirements already, could we in theory not do any more stormwater projects for now? There are many other reasons to do stormwater projects, but I am curious about this aspect. (Dyballa)

We have met our permit conditions for treating 20% of the untreated impervious areas in the City before the deadline of 2025. We fully expect that our next NPDES permit will have additional requirements. So, projects done over and above the requirements will put us in better standing in the future. Additionally, this project needs to be done based on the severe erosion taking place that is worsening rapidly with every year of delay. This is a priority project regardless of treatment credit.

96. What are the types of projects that the commercial center improvements funds in the capital improvement plan will be used for? Are these ARPA or General Funds? (Dyballa)

These are General Funds. The $100,000 Commercial Center Improvements will be utilized to incentivize physical improvements in commercially-zoned properties. The funds would support business attraction and expansion throughout the City by supporting capital tenant-fit out costs, future in-fill development projects, and other commercial corridor investments. There has been a capital allocation for this purpose since FY19; previously façade improvements were the main use for these funds.

97. Could you expand on the information in Appendix A on two points: What are the main components that make up the reduction of $1.4 million in the estimated intergovernmental revenue number? What are the main components in the estimated $838K increase in HCD expenditures? (Kovar)

The Intergovernmental Revenue reduction of $1.4 million is mainly due to the removal of the $1.2 million ARPA Fund revenue loss transfer to the General Fund that was budgeted in FY22. From FY23 forward, the City will be using the $10M Standard Allowance as opposed to the previously advertised revenue loss formula in the ARPA Fund. The remaining $200k decrease is due to the reduction in Tax Duplication in FY23 from the multi-year phase-in as agreed upon with the County. See page 35-36 of the budget book.

REVENUES BY SOURCE	Audited FY19	Audited FY20	Audited FY21	Adjusted FY22	Projected FY22	Proposed FY23	Change Proj FY22-23	% Change Proj FY22-23
Intergovernmental Revenues								
Police Protection (State)	453,058	461,499	425,637	452,000	425,000	450,000	25,000	5.9%
Federal Emergency/Homeland Grant	-	50,158	32,515	-	15,000	-	(15,000)	-100.0%
CARES Act	-	124,151	279,499	-	-	-	-	0.0%
Revenue -ARPA	-	-	-	1,191,900	1,191,900	-	(1,191,900)	-100.0%
State & County Projects	93,540	19,177	-	-	-	-	-	0.0%
Bank Share Tax	5,643	5,643	5,643	5,643	5,643	5,643	(0)	0.0%
Library Aid	186,058	182,499	166,626	176,742	176,742	176,000	(742)	-0.4%
Police Rebate	1,104,672	1,172,721	1,187,769	1,263,255	1,731,370	-	(1,731,370)	-100.0%
In Lieu of Police	2,515,147	2,515,147	2,515,147	2,575,799	2,575,799	4,020,521	1,444,722	56.1%
In Lieu of Roads Maintenance	743,199	743,199	743,199	761,121	761,122	804,806	43,684	5.7%
In Lieu of Parks Maintenance	72,913	72,913	72,913	74,671	74,671	93,942	19,271	25.8%
In Lieu of Crossing Guard	182,384	182,384	182,384	186,782	186,782	214,017	27,235	14.6%
Takoma/Langley Rec. Agreement	85,020	85,020	85,020	85,020	85,020	85,020	-	0.0%
Hotel Motel Tax	117,251	92,027	76,679	90,000	85,000	90,000	5,000	5.9%
Cable Franchise Fees	231,298	215,745	205,612	212,000	200,000	186,000	(14,000)	-7.0%
Cable--Operating	422,957	400,051	387,530	390,000	380,000	354,000	(26,000)	-6.8%
							-	
Total--Intergovernmental Revenues	**6,213,141**	**6,322,334**	**6,366,173**	**7,464,933**	**7,894,049**	**6,479,949**	**(1,414,100)**	**-17.9%**

The HCD Departmental expenditures increased by $838K in FY23 Proposed compared to FY22 Projected Budget due to the $355,596 cost transfer of the Code Enforcement Division from the Police Department. Also, there were personnel costs increases in the Housing, Economic Development, and HCD Admin. divisions in FY23 compared to FY22 (FY22 Projected incorporated vacancy savings). See page 40 -41 of the budget book.

	Audited FY19	Audited FY20	Audited FY21	Adjusted FY22	Projected FY22	Proposed FY23	Change Proj FY22-23	% Change Proj FY22-23
Housing and Community Development								
5400 Planning								
Personnel Expenses	274,595	327,649	326,395	378,742	332,180	367,780	35,600	10.7%
Other Operating Expenses	59,438	9,082	52,403	251,000	166,250	207,750	41,500	25.0%
Total	334,033	336,731	378,798	629,742	498,430	575,530	77,100	15.5%
5500 HCD Administration								
Personnel Expenses	257,572	149,466	81,435	281,795	187,175	276,108	88,933	47.5%
Other Operating Expenses	41,551	32,184	18,780	47,884	30,911	39,466	8,555	27.7%
Total	299,123	181,650	100,215	329,679	218,086	315,574	97,488	44.7%
5600 Economic Development								
Personnel Expenses	58,857	161,920	152,554	182,066	122,058	185,048	62,990	51.6%
Other Operating Expenses	82,962	196,133	151,771	184,873	89,559	130,150	40,591	45.3%
Total	141,819	358,053	304,325	366,939	211,617	315,198	103,581	48.9%
5700 Arts & Humanities								
Personnel Expenses	1,254	72,894	54,528	79,355	69,106	79,173	10,067	14.6%
Other Operating Expenses	41	11,417	16,088	18,450	11,980	26,310	14,330	119.6%
Total	1,295	84,311	70,616	97,805	81,086	105,483	24,397	30.1%
5800 Housing & Community Services								
Personnel Expenses	374,779	407,472	419,858	435,674	325,062	477,929	152,867	47.0%
Other Operating Expenses	304,360	314,995	300,091	414,478	404,078	431,428	27,350	6.8%
Total	679,139	722,467	719,949	850,152	729,140	909,357	180,217	24.7%
5900 Code Enforcement								
Personnel Expenses	374,779	407,472	-	-	-	326,498	326,498	100.0%
Other Operating Expenses	304,360	314,995	-	-	-	29,098	29,098	100.0%
Total	679,139	722,467	-	-	-	355,596	355,596	100.0%
Total Housing & Community	**1,455,409**	**1,683,212**	**1,573,904**	**2,274,317**	**1,738,359**	**2,576,738**	**838,379**	**48.2%**

APPENDIX A (change columns in red)

General Fund Summary

	Audited FY21	Adopted FY22	Change Audited FY21-Adopted FY22	Adjusted FY22	Change Adopted FY22-Adjusted FY22	Projected FY22	Change Audited FY21-Projected FY22	Change Adopted FY22-Projected FY22	Proposed FY23	Change Proj FY22-23
REVENUES										
Taxes and utility fees	18,320,304	18,473,270	152,966	18,473,270	0	18,433,675	113,371	(39,595)	20,041,695	1,608,020
Licenses and permits	88,799	104,500	15,701	104,500	0	78,104	(10,695)	(26,396)	86,104	8,000
Fines and forfeitures	170,636	176,000	5,364	176,000	0	178,000	7,364	2,000	181,000	3,000
Use of money and property	25,274	49,240	23,966	5,240	(44,000)	(38,500)	(63,774)	(87,740)	(29,000)	9,500
Charges for service	461,223	808,331	347,108	808,331	0	836,691	375,468	28,360	1,017,370	180,679
Intergovernmental	6,366,173	7,464,933	1,098,760	7,464,933	0	7,894,049	1,527,876	429,116	6,479,949	(1,414,100)
Miscellaneous	61,324	63,000	1,676	63,000	0	63,000	1,676	0	61,000	(2,000)
Total Revenues	**25,493,733**	**27,139,274**	1,645,541	**27,095,274**	(44,000)	**27,445,019**	1,951,286	305,745	**27,838,118**	**393,099**
EXPENDITURES										
General Government	3,440,444	3,893,656	453,212	4,557,856	664,200	4,225,564	785,120	331,908	4,185,223	(40,341)
Police	8,407,906	9,318,722	910,816	9,629,513	310,791	8,675,677	267,771	(643,045)	8,570,486	(105,191)
Public Works	4,675,978	5,866,480	1,190,502	6,191,705	325,225	6,120,424	1,444,446	253,944	5,641,139	(479,285)
Recreation	1,239,885	1,930,634	690,749	2,106,055	175,421	2,023,411	783,526	92,777	2,164,526	141,115
Housing and Community Dev.	1,573,904	2,109,417	535,513	2,274,317	164,900	1,738,359	164,455	(371,058)	2,576,737	838,378
Communications	559,155	727,996	168,841	771,497	43,501	758,621	199,466	30,625	754,332	(4,289)
Library	1,274,197	1,361,464	87,267	1,422,064	60,600	1,424,232	150,035	62,768	1,401,556	(22,676)
Non-Departmental	1,897,265	1,702,417	(194,848)	1,734,917	32,500	1,250,083	(647,182)	(452,334)	1,292,091	42,008
Capital Outlay**	2,633,828	7,619,002	4,985,174	8,053,244	434,242	3,241,825	607,997	(4,377,177)	7,492,950	4,251,125
Debt Service	742,990	871,460	128,470	871,460	0	871,460	128,470	0	740,712	(130,748)
Total Expenditures	**26,445,552**	**35,401,248**	8,955,696	**37,612,628**	2,211,380	**30,329,657**	3,884,105	(5,071,591)	**34,819,752**	**4,490,096**
Total Change (Exp. Minus Revenue)			*7,310,155*		*2,255,380*		*1,932,819*	*(5,377,336)*		*4,096,997*
Excess (deficiency) of revenues										
over expenditures	**(951,819)**	**(8,261,974)**		**(10,447,354)**		**(2,884,638)**			**(6,981,634)**	