CITY COUNCIL WORK SESSION AGENDA

Work Session - Compensation Study (tentative) / Pre-Budget Meeting

This meeting will be held in-person and virtual.

25 Crescent Road
Greenbelt, MD 20770

OR

Virtual Participation
Zoom Webinar Attendees:

During "Petitions and Requests," please submit your request in writing via email to questions@greenbeltmd.gov

https://us02web.zoom.us/j/81627601393?pwd=eXJNaGpHK0hXVEg5NnVIOGZOOTRYdz09
Dial-in: 301 715 8592
Webinar ID: 816 2760 1393
Passcode: 205338
Wednesday, December 14, 2022
7:30 PM

Work Session Packet

Compensation Study (tentative) / Pre-Budget Meeting
Suggested Action:

Agenda

• Introductions

• Council Discussion

• Questions and Answers

• Other Items

FY2023 Budget Update for Council Review December 14th .v3. BG.pdf
FY2023 Financial Information as of November 2022 and FY2022 Actuals v1.BG.pdf

Agenda Item No:

City Council Work Session Agenda Item Report

Meeting Date: December 14, 2022
Submitted by: Bonita Anderson
Submitting Department: Administration
Item Type: Work Session Item
Agenda Section: Work Session Packet

Subject:

Compensation Study (tentative) / Pre-Budget Meeting

Suggested Action:

Agenda

• Introductions

• Council Discussion

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Attachments:

FY2023 Budget Update for Council Review December 14th .v3. BG.pdf
FY2023 Financial Information as of November 2022 and FY2022 Actuals v1.BG.pdf

CITY OF GREENBELT

MEMORANDUM

DATE: December 9, 2022

TO: City Council

THRU: Timothy George
Interim City Manager

FROM: Bertha A. Gaymon
City Treasurer

RE: FY2023 Budget Update as of November 30th, 2022

The Finance Department submits this memo and the accompanying financial schedule as an update to the FY2023 budget. This financial information is presented to show the current trends and the status of activities as we begin the budget preparation process for FY2024. **There are two areas to highlight:** 1) the actual FY2023 numbers as of November 30, 2022 and 2) the actual FY2022 numbers for the entire fiscal year. These numbers are presented in the attached document, **Financial Status as of November 30, 2022 and FY2022 Actuals Schedule** in an inside-by-side format to allow for easy comparison of the various revenue and expense line items.

In summary, the City's overall financial condition remains stable as of November 30, 2022—five months into the fiscal year. Year to date, we have received 77.29% of total revenue and have used 36.3% of expenditures. This means income continues to come in faster than expenditures are being paid out.

As we begin the FY2024 budget preparation process, it appears that General Fund revenues in FY2023 is likely to exceed the adopted budget of $33,352,800 and expenditures are also likely be lower than the FY2023 adopted budget of $33,372,600. This is consistent with FY2022—actual total revenue was $1,304,421 more than budgeted and expenses were $1,597,855 less than budgeted. We will continue to monitor all revenue and expense lines and will make any necessary adjustments as we prepare the FY2024 budget.

With a few months into FY2023, we offer the following update on the major income and expense categories for the current FY2023 year and for the prior FY2022 year. With this information, we have also identified what we plan to include in the FY2024 proposed budget. See below for brief details about revenue trends and estimates for these three-years:

REVENUE

1) **Real Estate Tax Revenue**
    - Net estate tax revenue is projected to reach the FY2023 budgeted amount—it is currently $531,147 higher than the adopted budget which is mainly due to lower year-to-date abatements. This is likely to change as abatements are growing—$245,410 to date. There is $600,000 budgeted for abatements this year. As such, even if the current abatement amount doubled, net real estate revenue would remain higher than budgeted.
    - In FY2022, net real estate revenue was $213,969 higher than budgeted after all reductions that included $246,971 of abatements for FY2022 and for the prior FY2021 year.
    - For FY2024, we will propose net real estate revenue to grow by up to 5%. This is in line with the latest information from Peter Franchot, Comptroller for the State of Maryland who is also projecting increased tax revenue.

2) **Property Tax Revenue**
    - Property Tax revenue for FY2023 is unclear at this time—it is $836,001 (45.5% of the adopted budget). While it is likely to reach the budgeted amount, there is no clear pattern at this point in time. There are only three payments to date—which is consistent with this time last year. However, in prior years, at least five payments had been received by November.
    - In FY2022, net property tax revenue was $1,914,150. This was $65,450 more than the budgeted amount of $18,487,000 *even with $117,244 of abatements for FY2022 and FY2021*. This demonstrates a consistent trend of slow payments during the year even though all planned payments are received by year's end.
    - For FY2024, we will propose returning to the FY2019 pre-pandemic range (up to $1,900,000) if trends in the next several continue to indicate steady payments.

3) **Other Taxes**
    a) **Income Tax**
    - Income Tax is currently $1,052,666 (32.90% of the proposed budget). Payments are slightly lower than the amount received this time last year.
    - In FY2022, actual receipts were $502,913 over the budgeted amount by year's end.
    - For FY2024, we will propose returning back to pre-pandemic levels of $3,000,000 to $3,200,000 to increase this income source.

    b) **Admissions and Amusement Revenue**
    - As of now, actual income from this source is already close to the budgeted amount—$42,837 of $60,000. With nine months to go, this income may exceed the budget. We will continue to monitor this for the next several months.
    - For FY2022, actual revenue was $130,922 while budgeted at $90,000.
    - For FY2024, we will propose to returning back to pre-pandemic levels of $150,000 to $170,000 to increase this income source.

c) Hotel/motel revenue

- Hotel/motel revenue is unclear at this point in time. There are no payments received to date. It is assumed this is a timing matter and not a reduction in this income source. Will monitor as payments usually come in by November.
- For FY2022, the actual amount received was $175,698 higher than budgeted by years end.
- For FY2024, we plan to return to pre-pandemic levels—in the $450,000 and above range.

4) License and Permits Revenue

- This income source is currently at $312,015 (24.5% of the proposed budget) which is close to the amount received this time last year. Payments are received when permits are renewed which have varying timeframes.
- In FY2022, actual receipts were $84,445 lower than the budgeted amount of $1,302,000.
- In FY2024, we will continue to take a conservative approach. This income source could increase if some of the fees are raised. We will review this matter as part of the budget process.

5) Intergovernmental Revenue

- Grants from federal, state and county are at $336,984 and is projected to be received per the adopted budget.
- For FY2022, actual receipts were $98,298 more than budget due to receiving additional grant funds not included in the adopted budget.
- For FY2024, we will assume the same payments from the same grants currently in place.

6) Charges for Services

- Charges for Services is at $717,502 and are comprised of a number of different activities including recreation programs. The various line items are at varying amounts at this point of the fiscal year. However, we are beginning to assess the trends in order to estimate how the current year might end.
- For FY2022, overall receipts were $314,083 lower than budgeted—$1,519,817 of the $1,833,900.
- For FY2024, we will review the trend of each line item to determine if some of the income sources can return to pre-pandemic levels.

7) Fines and Forfeitures

- Parking and other citations as well as red light and speed camera revenue are currently at $390,200 which is close to the amount received this time last year. However, speed camera is rising and will likely exceed the budget. We will monitor this for the next several months.
- For FY2022, fines and forfeiture income exceeded the budget by $343,646 mostly due to red light camera revenue.
- For FY2024, we will review this income source and will likely not increase any of the income sources as it is hoped that travelers will eventually slow down and refrain from running red lights as a result of receiving fines and other citations.

8) Interest

- Interest income has already exceeded the adopted budget ($20,000)—it is $60,740. This is higher (more than double) than a year ago when it was $1,485 this time last year. Interest rates have risen several times this year and may continue for the next several months.
- For FY2022, interest income was extremely low with actual receipts of $11,699 of the $50,000 budget.
- For FY2024, we may increase the proposed budget amount if the Federal Reserve continues to raise interest rates in the coming months.

9) Miscellaneous

- This income source is at $53,699 includes income from the Four Cities and AIMCO partnerships and from the museum. These amounts are constant each year and it is expected all payments will be received by year's end.
- For FY2022, actual receipts were $86,893 over the adopted budget.
- For FY2024, we will confirm that all relationships will continue and assume similar amounts as in past years.

We believe the current year trends as well as the activity from prior year FY2022 support our plans to return to pre-pandemic amounts for many income sources. We will review each revenue account in detail to ensure we have sufficient information before moving in this direction.

EXPENSES

In FY2023, overall expenditures are currently $12,121,306 (36.3% of the proposed budget) and are projected to be fully expended by year's end. It is too early in the fiscal year to begin identifying any specific program or activity that may require adjustments. We will complete this exercise as part of the FY2024 budget preparation process.

FY2022, actual expenses were $29,972,145—$1,597,855 less than the adopted budget of $31,570,000.

For FY2024, the major initiative will be to implement the compensation study results. Once the study is completed, we plan to bring the findings and the City's recommendations for implementation to Council for review and approval.

I hope you find this financial information useful. We look forward to further discussing the City's financial status with you at the upcoming Council meeting scheduled for Wednesday, December 14th at 7:30 pm. In the meantime, please do not hesitate to contact me if you have any questions or concerns.

City of Greenbelt
FY2023 Budget Update for Council's December 14th Work session
Financial Status as of November 30, 2022 and FY2022 Actuals

	FY2023 Adopted Budget	Actual as of Nov 30, 2022	Actual %	Remaining Amount Budgeted for Dec 1, 2022 through June 30, 2023	Result
REVENUES		**Received**			
Real Estate Taxes	$21,382,200	$21,913,347	102.5%	$531,147	over
Personal Property Taxes	1,836,700	836,001	45.5%	-$1,000,699	under
Other Taxes	4,158,500	1,158,668	27.9%	-$2,999,832	under
Licenses and Permits	1,273,400	312,015	24.5%	-$961,385	under
Intergovernmental	1,240,300	336,984	27.2%	-$903,316	under
Charges for Services	1,633,000	717,502	43.9%	-$915,498	under
Fines and Forfeitures	721,500	390,160	54.1%	-$331,340	under
Interest	20,000	60,740	303.7%	$40,740	under
Miscellaneous Revenue	247,900	53,699	21.7%	-$194,201	under
Interfund Transfers	839,300	0	0.0%	-$839,300	under
TOTAL REVENUES	**$33,352,800**	**$25,779,117**	**77.3%**	**-$7,573,683**	
EXPENDITURES		**Expended**			
General Government	$4,577,400	$1,425,119	31.1%	-$3,152,281	under
Planning and Development	1,260,800	337,987	26.8%	-$922,813	under
Public Safety	12,541,300	4,004,270	31.9%	-$8,537,030	under
Public Works	4,047,100	1,657,981	41.0%	-$2,389,119	under
Greenbelt CARES	1,501,200	581,010	38.7%	-$920,190	under
Recreation and Parks	6,531,800	3,021,106	46.3%	-$3,510,694	under
Miscellaneous	440,400	162,561	36.9%	-$277,839	over
Non-Departmental	1,402,600	931,274	66.4%	-$471,327	under
Fund Transfers	1,070,000	0	0.0%	-$1,070,000	under
TOTAL EXPENDITURES	**$33,372,600**	**$12,121,306**	**36.3%**	**-$21,251,294**	
FUND BALANCE - INCREASE / (DECREASE)	**($19,800)**	**$13,657,812**		**$13,677,612**	

	FY2022 Adopted Budget	FY2022 Actual	Variance	Result
REVENUES				
Real Estate Taxes	$20,318,200	$20,532,169	$213,969	over
Personal Property Taxes	1,848,700	1,914,150	65,450	over
Other Taxes	3,978,000	4,763,097	785,097	over
Licenses and Permits	1,302,000	1,217,555	84,445	under
Intergovernmental	1,169,300	1,267,598	98,298	over
Charges for Services	1,833,900	1,519,817	-314,083	under
Fines and Forfeitures	569,000	912,646	343,646	over
Interest	50,000	11,699	-38,301	under
Miscellaneous Revenue	248,900	335,793	86,893	over
Interfund Transfers	32,000	32,000	0	on target
TOTAL REVENUES	**$31,350,000**	**$32,506,524**	**$1,325,414**	**over**
EXPENDITURES				
General Government	$4,083,100	$3,711,259	-$371,841	under
Planning and Development	1,011,900	823,261	-188,639	under
Public Safety	10,507,200	10,424,004	-83,196	under
Public Works	3,918,900	3,918,502	-398	under
Greenbelt CARES	1,383,500	1,428,495	44,995	over
Recreation and Parks	6,428,200	5,435,958	-992,242	under
Miscellaneous	435,000	416,974	-18,026	under
Non-Departmental	1,027,200	1,038,692	11,492	over
Fund Transfers	2,775,000	2,775,000	0	on target
TOTAL EXPENDITURES	**$31,570,000**	**$29,972,145**	**-$1,597,855**	**under**
FUND BALANCE - INCREASE / (DECREASE)	**($220,000)**	**$2,534,379**	**$2,923,269**	