CITY COUNCIL WORK SESSIONS AGENDA

Budget Work Session - Final Budget Review
Virtual

COUNCIL MEETINGS WILL BE ONLINE

Due to the COVID-19 precautions, the Council Meetings will be held online and is planned to be cablecast on Verizon 21, Comcast 71 and 996 and streamed to www.greenbeltmd.gov/municipaltv.

Resident Participation:

Dial-in: +1 301 715 8592
Meeting ID: 845 4931 9297
Password: 161744

In advance the hearing impaired is advised to use MD RELAY at 711 to submit your questions/comments or contact the City Clerk at (301) 474-8000 or email banderson@greenbeltmd.gov.
Monday, May 18, 2020
8:30 PM

Work Session Packet -
Agenda

- *Introductions*
- *Council Discussion*
- *Questions and Answers*
- *Other Items*

Final Budget - FY 2021
Final Budget - FY 2021.pdf

Agenda Item No:

City Council Work Sessions Agenda Item Report

Meeting Date: May 18, 2020
Submitted by: Shaniya Lashley-Mullen
Submitting Department: Administration
Item Type: Work Session Item
Agenda Section:

Subject:
Final Budget - FY 2021

Suggested Action:

Attachments:
Final Budget - FY 2021.pdf

CITY OF GREENBELT, MARYLAND
MEMORANDUM

TO: City Council

VIA: Nicole Ard, City Manager

FROM: David Moran, Assistant City Manager
Laura Allen, City Treasurer

DATE: May 14, 2020

SUBJ: Final Budget Work Session – FY 2021

STAFF RECOMMENDATION

Staff recommends the Council adopt Chart 1 as the plan for FY 2021. This Chart envisions a smaller decrease in revenues and proposes corresponding expenditure decreases. Under this scenario, the Budget would still include partial salary increases and partial funding for Building Capital Reserve, Capital Projects and Replacement Fund items. As part of this plan, the City would defer implementation of these partially funded items (approximately $1.4 Million) until after January 1, 2021. At that time the financial impacts of COVID-19 and the City's reopening will be better understood. This approach gives the Council flexibility as we move through FY 2021.

BACKGROUND

In prior years, Council has been provided with budget update memos listing relatively small revenue and expenditure changes that have been identified or discussed since the initial Budget presentation. These are the items usually discussed at the final budget work session.

Due to the COVID-19 Pandemic, this year is very different. The estimated revenue and expenditure reductions are significant, unprecedented and similar to those presented to the City Council on April 16, 2020.

Greenbelt is not alone. According to the National League of Cities survey on the impacts of the coronavirus, nearly nine in 10 cities expect a budget shortfall due to the impact of the outbreak.[1]

Generating these estimates is particularly challenging under these unique circumstances. The high degree of uncertainty means it's impossible for the numbers to be exactly right due to many unknown factors such as:

- Duration and possible repetition of closures due to COVID-19.
- The speed with which revenues recover as the City starts to reopen.

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[1] US News and World Report, April 15, 2020, Elliot Davis, https://www.usnews.com/news/cities/articles/2020-04-15/survey-coronavirus-pandemic-causes-painful-city-budget-shortfalls.

- The need for ongoing social distancing measures.
- State and County budget cuts which could impact Greenbelt.
- Longer-term impacts on property tax revenues due to abatements and/or decreases in property values.

Under these circumstances, revenue estimates are more a function of probability which is why they are presented as a range. Using a single number masks the level of uncertainty.[2]

ANALYSIS

<u>FY 2020 Estimates</u>

Staff still estimates that FY 2020 Revenues will decline by $1,385,600 to $1,590,500. Staff has also identified $178,000 in estimated FY 2020 Expenditure savings (see attached list) that will occur as a result of the closure of City facilities, cancellation of certain activities and statewide stay at home orders. This results in an estimated FY 2020 General Fund Balance reduction ranging from $1,207,600 to $1,412,500.

<u>FY 2021 Proposed Adjustments</u>

Attached are two charts which will be shown on the screen at Monday's work session and adjusted throughout the meeting as Council works to achieve a consensus.

Staff recommends the Council adopt Chart 1 as the plan for FY 2021. This Chart envisions a smaller decrease in revenues and proposes corresponding expenditure decreases. Under this scenario, the Budget would still include partial salary increases and partial funding for Building Capital Reserve, Capital Projects and Replacement Fund items. As part of this plan, the City would defer implementation of these partially funded items (approximately $1.4 Million) until after January 1, 2021. At that time the financial impacts of COVID-19 and the City's reopening will be better understood. This approach gives the Council flexibility as we move through FY 2021.

Chart 2 envisions a larger decrease in revenues and proposes larger, more impactful expenditure reductions. The result would be no employee salary increases and almost no capital projects or replacement fund purchases. Adopting Chart 2 makes sense if the Council believes the impacts of COVID-19 will more closely align with these numbers.

<u>Council FY 2021 Wish List</u>

Attached is a "Wish List" of items identified by Council. Some of the items on this list are addressed in staff's recommendation (Chart 1). Also some items require additional research and/or guidance in order to provide a cost estimate. This list can be discussed further at Monday's Work Session and the "Chart" adjusted accordingly based on Council consensus.

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[2] Probability Management in Financial Planning, Sam Savage and Shayne Kavanagh, Government Finance Review, February 2014.

CARES Act, FEMA Reimbursement and The Heroes Act

CARES: The City could receive up to $1,421,000 from the County via the CARES Act. City staff are preparing an application to the County which is due May 22 and must be approved by the County. CARES Act funds cannot be used for budgeted expenses or to replace lost revenues.

FEMA: The status/amount of any FEMA reimbursement is unknown at this time. FEMA will likely not reimburse for items eligible under CARES or Hometown Hero's Acts. For these reasons, FEMA reimbursements cannot be determined at this time.

Heroes Act: This legislation was just proposed by House democrats. The Senate and Administration have not yet agreed to it and there will need to be negotiations. In its current form, it provides substantial monies to local governments that could be used to cover budgeted expenditures and replace lost revenues.

It is premature to determine what if any monies the City will receive under these Federal programs and staff does not recommend including any of these amounts in Monday's discussion.

Budget Flexibility and Adjustment Later

Maintaining as much future flexibility as possible is critical. In either scenario if the revenue situation gets worse, Council can make mid-year adjustments and further reduce spending. If the Chart 1 situation plays out as estimated, the City can still grant partial employee raises (i.e. either a 2% COLA or a 3% merit) retroactively and/or proceed with some of the proposed projects and equipment purchases mid-year.

Both scenarios protect the City's General Fund balance and keep it above the 12% level recommended in the City Manager's budget message. This could be critical if additional revenue or expenditure impacts occur.

It is also important to note that if revenues come in higher than estimated and/or the City receives funds from Federal legislation, the City can always restore items that were cut or deferred through a mid–year adjustment or in next year's Budget.

CONCLUSION

There is some positive news. The City has options and choices which are difficult and very impactful, yet staff's recommendation continues essential City services, meets the Council's expectation that there will be no layoffs while maintaining tax rates and user fees at their current rates for City residents. Under all current estimates and scenarios, the City's General Fund balance may exceed the City's policy of maintaining a minimum of 10% of General Fund expenditures.

Staff seeks policy direction from the Council and recommends adoption of Chart 1 as the plan for FY 2021.

Additional Savings FY 2020

Account	Item	Amount
110-45	MML Conference Cancelled	$10,000
120-45	MML Conference Cancelled (Nicole & David)	$4,000
120-45	IIMC Conference Cancelled (Bonita & Shaniya)	$6,000
125-58	Special Programs	$5,000
210-30	Professional Services	$25,000
150-30	Legal services	$40,000
210-45	Conference cancelled	$3,000
220-45	Defer non-essential travel and training	$3,000
510-30	CARES - Psychological Services	$3,000
610-58	Special Programs	$2,000
650-39	Electric usage	$15,000
660-39	Electric usage	$10,000
665-43	Vehicle	$6,000
670-58	Senior Programs	$16,000
690-58	Special Events (GBD, Celebration of Spring)	$4,000
910-30	Band conductor salary savings	$1,000
910-68	Recognition Groups	$25,000
TOTAL		$178,000

Chart 1 - Potential Budget Adjustments: Minimum Revenue + Midpoint Expenditure Reduction

ITEM	AMOUNT	
PROPOSED FY 2021 REVENUES	32,981,035	
Commercial Abatements	-964,000	
Reduce Income Tax	-313,700	
Reduce Admissions & Amusement Tax	-87,500	
Reduce Hotel/Motel Tax	-236,300	
Reduce Highway User Revenues	-64,100	
Reduce Recreation Charges	-677,700	
Reduce Parking Citations	-19,700	
Reduce Red Light Camera Fines	-64,100	
Reduce Speed Camera Fines	-91,900	
TOTAL REVENUES	30,462,035	
PROPOSED FY 2021 EXPENDITURES	32,925,900	
Defer Compensation Study	-75,000	
Debt Service Fund (Dam Loan @ 4%)	-20,000	Known savings
MEA Grant Match - Solar EV Charger (reduce FT)	-33,000	Known savings
Cancel Non-Essential Travel & Training	-116,200	
Continue Certain Vacant Positions	-693,600	
Defer/Eliminate 1/2 of FY 21 Salary Increases	-275,000	
Defer 1/2 of Capital Proj. & Reduce Fund Trans.	-636,500	
Defer 1/2 of BCR Projects & Reduce Fund Trans.	-478,600	
Defer 1/2 of Replace Fund & Reduce Fund Trans.	-209,300	
Delete Architectural Space Study in PCD	-30,000	$50,000 is available in the FY 20 BCR Fund.
TOTAL EXPENDITURES	30,358,700	
Difference	103,335	

Fund Balance	Amount	%
FY 2020 Estimate	$5,346,758	17.1%
FY 2020 Savings	$178,000	
FY 2020 Shortfall	$1,590,229	
New FY 2020 Est.	$3,934,529	12.7%
FY 2021 Estimate	$4,037,864	13.3%

Chart 2 - Potential Budget Adjustments: Maximum Revenue + Maximum Expenditure Reduction

ITEM	AMOUNT
PROPOSED FY 2021 REVENUES	32,981,035
Commercial Abatements	-1,500,000
Reduce Income Tax	-537,750
Reduce Admissions & Amusement Tax	-105,000
Reduce Hotel/Motel Tax	-326,250
Reduce Highway User Revenues	-284,950
Reduce Recreation Charges	-677,700
Reduce Parking Citations	-26,250
Reduce Red Light Camera Fines	-157,500
Reduce Speed Camera Fines	-122,500
TOTAL REVENUES	29,243,135
PROPOSED FY 2021 EXPENDITURES	32,925,900
Defer Compensation Study	-75,000
Debt Service Fund (Dam Loan @ 4%)	-20,000 Known savings
MEA Grant Match - Solar EV Charger (reduce FT)	-33,100 Known savings
Cancel Non-Essential Travel & Training	-116,200
Continue Certain Vacant Positions	-693,600
Defer/Eliminate all FY 21 Salary Increases	-550,000
Defer all Capital Projects & Reduce Fund Trans.	-1,152,400
Defer all BCR Projects & Reduce Fund Trans.	-879,200
Defer all Replacement Fund & Reduce Fund Trans.	-448,300
Defer Architectural Space Study	-30,000
TOTAL EXPENDITURES	28,928,100
Difference	315,035

$50,000 is available in the FY 20 BCR Fund.

Fund Balance	Amount	%
FY 2020 Estimate	$5,346,758	17.1%
FY 2020 Savings	$178,000	
FY 2020 Shortfall	$1,590,229	
New FY 2020 Est.	$3,934,529	12.7%
FY 2021 Estimate	$4,249,564	14.7%

FY 2021 Council Wish List

Requestor	Description	Revenue	Expenditure
Ms. Davis	Increase parking fines to $50	$15,000	
"	Delete Unallocated Appropriation		-$20,000
"	Defer all Capital Projects, Vehicle & Equipment Purchases until after 1/1/21.		-$2,479,900
"	Defer all road resurfacing & sidewalk projects until HUR is determined.		-$868,900
"	Keep Classification/Compensation Study and add non-classified.		$150,000
	Maintain Certification & Licensing		Still in Budget
"	Fund Conference Registration Fees		$20,000
"	Keep Architectural Space Study		$30,000
"	Add IT Outside Security Audit		$10,000
"	New Financial System ($500,000)		Still in Budget
"	Keep 1.6 FTE's for Summer Help		Still in Budget
	Address Turner Lane Pathway		Plan to do in 2020
Mr. Jordan	Reduce Property Tax Rate to Constant Yield (a 2 cent decrease)	-$496,000	
"	Create a Food Voucher Program		???
"	Repurpose Economic Development Fund		$0
Ms Mach	Use Program Open Space for Capital Projects. (City match would be up to $100,000)		???
Mr. Roberts	Purchase PG Scrap Property		???
TOTAL		-$481,000	-$3,158,800

This is a policy decision with no budgetary implications

More information is needed to determine a cost

These amounts are included included (partially/fully) in Charts 1 and 2

Continued Vacant Position List

Title	Cost
PCD Assistant Director	$151,000
CARES Volunteer Coordinator	$35,000
GAIL Mobility Coordinator	$32,000
Police Deputy Chief	$216,600
Animal Control Officer	$64,000
Police Records Clerk	$60,000
1/2 Time Parking Enforcement Officer	$23,000
1/2 Time Animal Control Officer	$32,000
2 Police Officers for 6 months	$80,000
TOTAL	**$693,600**

FY 2021 Potential BCR Projects

POS		Funded	Tax Rate	Not Funded	Details
	AFC Indoor Pool Deck Tile	14,200	0.06		
	AFC Locker Room Surfacing	4,500	0.02	28,600	Funds demo. project for vestibule & family changing
	Police Station Air Handling Unit	189,900	0.80		Final phase of Police HVAC project to address workplace
*	Youth Center Roof (Foam)	192,000	0.81		
*	Youth Center Roof (Metal)			199,000	Additional Cost for Metal
*	Youth Ctr. Storefront & Office Windows	76,800	0.32		
	GAFC Sheetmetal Overhangs	11,900	0.05		
	Municipal Building Card Reader	45,800	0.19		Addresses workplace security and is a Council priority,
	Community Center Ext. Paint & Point	153,000	0.64		
	Funding for CARES Relocation	100,000	0.42		
	MEA Grant - Portable Solar EV Charger	33,100	0.14		Assumes 50,000 MEA Grant which was recently denied.
	Museum Education & Visitor Center	25,000	0.11		
*	Youth Center Bathroom Partitions	8,300	0.03		
*	Youth Center HVAC Replacement Gym	57,800	0.24		
	TOTAL FY 2021	**879,200**	3.83		
	City Fund Transfer	700,000			
	Use of BCR Fund Balance	179,200			

* Denotes POS eligible & requires 25% match

	Defer 1/2 of these projects	478,600
	Include these, but delay until after 1/1/21	400,600
	Total of Both	879,200

FY 2021 Potential Capital Projects

POS		Funded	Other	Details
	Street Work	798,500		
	Parkway		207,100	
	Ridge: Southway-Westway		159,600	
	Ridge: Westway-Lakeside-Crescent		149,200	
	Lakeside: Lakecrest-Maplewood		227,000	
	Northway: Hillside-Ridge		55,600	
	Misc. Concrete	70,000		
*	Playground Improvements GB Station Fitness	37,500		Assumes 112,500 in CPP/POS Funding
*	Playground Surfacing WG	65,700		
*	Dog Park	30,000		
*	Update Attick Park Master Plan	45,000		
	Ped/Bike Master Plan	20,000		
	Bus Shelters/Accessibility	20,000		
*	Greenbrook Trails	16,000		
	Street Light Pilot	49,700		
	TOTAL FY 2021	**1,152,400**	798,500	
	City Fund Transfer	1,000,000		
	Use of Capital Projects Fund Balance	152,400		

* Denotes POS eligible & requires 25% match

Defer 1/2 of these projects	636,500
Include these, but delay until after 1/1/21	515,900
Total of Both	1,152,400

FY 2021 Replacement Fund

	Cost
Aerial Lift Bucket Truck (147)	205,000
New Dump Truck Body (126)	16,000
Police ETIX Printers	18,000
Police Automated External Defribrillators	13,000
Animal Control Small Hybrid SUV (704)	26,300
4X4 Pickup Truck (113)	39,500
4X4 Pickup Truck (408)	37,500
Parks Tractor & Equipment	55,000
Community Development Electric Sedan (712)	38,000
TOTAL FY 2021	**448,300**
Defer 1/2 of these purchases	**209,300**