



City of
Rockville
Get Into It

Presentation of the FY 2015 Operating and CIP Budgets

March 17, 2014



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Economic Climate

- The Washington, D.C. metropolitan region has weathered the recession well in comparison to other parts of the country
- Over the past year, there have been positive changes in Rockville's economy evidenced by:
 - ✓ Increasing property values
 - ✓ Decreasing unemployment rate
 - ✓ Increasing economic development and building activities
 - ✓ Increasing income tax revenues
 - ✓ Recent confirmation of the City's AAA/Aaa rating
- The proposed FY 2015 budget is based on the concept of **responsible growth**



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Operating Budget

- Budget was developed based on Mayor and Council input from the meetings on December 9th, December 16th, and February 10th
- Budget focuses on areas of interest identified by a majority of the Mayor and Council in the budget surveys
- Total budget for all funds equals \$116.8 million, a 2.5% increase from FY 2014
- The proposed budget focuses on three main areas:
 - 1) the City's infrastructure and facility needs
 - 2) information technology improvements
 - 3) employee compensation



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General Fund Revenues

- General Fund budget equals \$69.1 million, 0.1% increase
- Real property tax rate remains at \$0.292, and personal property tax rate remains at \$0.805
- Major revenue changes include increases in both property tax and income tax revenues, and a decrease in fines and forfeiture revenues
- Highway User Revenue is assumed at \$505,660, and does not include the potential \$1.1 million in additional one-time funds that are included in the Governor's proposed budget



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General Fund Expenditures

- Total personnel budget increase of 2.2%
 - ✓ 2% cost of living increase
 - ✓ One-time performance based pay
 - ✓ 1.9% increase in employee benefit costs
 - ✓ Total FTE count equals 602, up slightly from 600
- Contractual Services – increase of 4.5% due to several new consultant studies
- Transfer to Debt Service Fund – \$5 million
- Transfer to Capital Projects Fund – \$4.75 million



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General Fund Forecast (page 4-4)

TABLE 4-2. General Fund Resources

	Proposed FY15	Estimated FY16	Estimated FY17	Estimated FY18	Estimated FY19
Property Taxes	36,425,000	37,418,000	38,428,000	39,463,000	40,524,000
From Other Gov'ts	16,638,230	16,915,625	17,199,042	17,488,624	17,784,521
Fines and Forfeitures	1,573,500	1,337,475	1,136,854	966,326	821,377
Use of Money / Property	955,170	1,011,434	1,031,553	1,119,635	1,142,286
Charges for Service	6,029,160	6,210,035	6,396,336	6,588,226	6,785,873
Licenses and Permits	2,463,750	2,513,025	2,563,286	2,614,551	2,666,842
Other Revenues	5,009,190	5,090,374	5,173,181	5,257,645	5,343,798
Total Resources	69,094,000	70,495,968	71,928,251	73,498,007	75,068,697
Percent Increase	-1.1%	2.0%	2.0%	2.2%	2.1%

TABLE 4-3. General Fund Use of Funds

Expenditures	Proposed FY15	Estimated FY16	Estimated FY17	Estimated FY18	Estimated FY19
Personnel	43,299,600	44,103,689	45,339,266	46,618,038	47,941,796
Contract Services	7,636,670	7,713,037	7,790,167	7,868,069	7,946,749
Commodities	5,171,450	5,326,594	5,486,391	5,650,983	5,820,513
Capital Outlay	840,170	700,000	700,000	700,000	700,000
Other / Transfers	2,396,110	2,429,032	2,212,613	2,246,865	2,281,802
Subtotal	59,344,000	60,272,352	61,528,437	63,083,955	64,690,860
Transfer to CIP	4,750,000	5,000,000	5,000,000	5,000,000	5,000,000
Debt Service	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total Use of Funds	69,094,000	70,272,352	71,528,437	73,083,955	74,690,860
Percent Increase	-2.4%	1.7%	1.8%	2.2%	2.2%



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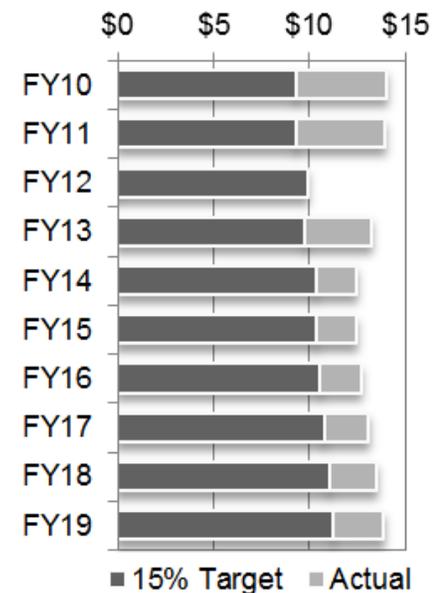
What is the Reserve Goal for the General Fund?

The City will maintain an unassigned fund balance at a level not less than 15% of annual adopted General Fund revenue. The purpose of this unassigned balance is to alleviate significant unanticipated budget shortfalls and to ensure the orderly provisions of services to residents.

TABLE 4-1

Fiscal Year	15% Target	Actual Balance	Actual %
2010	9,312,388	14,031,467	22.6%
2011	9,315,400	13,939,120	22.1%
2012	9,906,432	9,904,002	15.0%
2013	9,795,855	13,226,677	20.3%
2014	10,356,000	12,469,677	18.1%
2015	10,364,100	12,469,677	18.0%
2016	10,574,395	12,693,293	18.0%
2017	10,789,238	13,093,107	18.2%
2018	11,024,701	13,507,159	18.4%
2019	11,260,305	13,884,996	18.5%

GRAPH 4-6 (in millions)





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Water and Sewer Funds

Water = \$13.0 million, 38.6 FTEs
Sewer = \$11.4 million, 17.9 FTEs

- Water and Sewer rates are proposed to increase consistent with Ordinance 10-12 that was adopted on May 21, 2012
- Water usage rates are proposed to increase by 8% (per 1,000 gallons):
 - ✓ From \$5.05 to \$5.45 for the first 12,000 gallons
 - ✓ From \$7.27 to \$7.85 for the next 12,000 gallons
 - ✓ From \$7.80 to \$8.43 for usage beyond 24,000 gallons
- Sewer rates are proposed to increase by 6.1%, from \$6.25 to \$6.63 per 1,000 gallons
- Ready-to-serve charge is proposed to increase by 20%



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Water and Sewer Funds

Water = \$13.0 million, 38.6 FTEs
Sewer = \$11.4 million, 17.9 FTEs

- Water Fund CIP includes new funding of \$2.8 million and carryover funding of \$7.5 million to support 8 projects – \$2.7 million bond issue is planned for FY 2015
- Sewer Fund CIP includes new funding of \$8.2 million and carryover funding of \$9.4 million to support 4 projects – \$7.0 million bond issue is planned for FY 2015
- Staff is concerned with the ongoing sustainability of these funds, and recently hired a national expert in utility systems to perform a comprehensive analysis and provide policy options to the Mayor and Council



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Stormwater Management Fund **\$4.8 million, 20.6 FTEs**

- Stormwater Management fee is proposed to increase consistent with Resolution 8-12 that was adopted on May 21, 2012
- Equivalent Residential Unit (ERU) is proposed to increase by 12.5%, from \$99.65 to \$112.15
- CIP includes new funding of \$1.1 million and carryover funding of \$6.6 million to support 7 projects – \$2.0 million bond issue is planned for FY 2015
- In order to support the City's current program, future rate increases are anticipated
- The program was originally designed to be supported by all properties within the City, and non-payment from some major properties is having a negative impact on the affordability of the program



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Refuse Fund

\$6.1 million, 34.8 FTEs

- Refuse fee is proposed to increase by 1.9%, or from \$372 to \$379 per household per year
- Over the next five years, rates are anticipated to increase between 3 and 5 percent due to the replacement of recycling and refuse vehicles
- The proposed budget includes the elimination of a vacant 1.0 FTE Crew Supervisor
- CIP includes new funding of \$288,806 and carryover funding of \$692,153 to support 1 project – no future debt issues are planned



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Parking Fund

\$2.5 million, 4.0 FTEs

- FY 2015 continues with the leasing of the Town Square parking garage operations to FRIT
- A new revenue source included in FY 2015 is a percentage rent payment from FRIT, which totaled \$51,341 in FY 2014, and is conservatively budgeted at \$50,000 for FY 2015
- Parking District tax rate is proposed to remain at \$0.33 per \$100 of assessed valuation – estimated to generate \$184,470 in tax revenue
- CIP includes new funding of \$14,140 to support 1 project – no future debt issues are planned



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Speed Camera Fund

\$1.8 million, 5.5 FTEs

- FY 2015 Speed Camera budget is based on approximately 45,000 paid citations per year
- CIP includes new funding of \$575,000 and carryover funding of \$2.1 million to support 7 projects – no future debt issues are planned
- By law, all Speed Camera Fund revenues must be used for public safety expenditures



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RedGate = \$127,610, 0.0 FTEs
Special Act. = \$1.8 million, 0.0 FTEs
CDBG = \$231,290, 0.0 FTEs
Debt Service = \$5.9 million, 0.0 FTEs

- RedGate – supports debt service and depreciation
- Special Activities – supports activities that are funded by restricted revenues. There are 13 active accounts in the FY 2015 budget
- Community Development Block Grant – special revenue fund supported by a sub-grant of Federal funds via Montgomery County. FY 2015 budget is based on the latest information available from Montgomery County
- Debt Service – supports debt service payments on the City's taxpayer supported debt



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Capital Improvements Program

- CIP budget supports current infrastructure, maintenance and safety improvements, and information technology improvements
- 4 new projects - Horizon Hill Park Renovations, City Hall Window Replacement (unfunded), I-Net Infrastructure Upgrade, and Lotus Notes Migration
- Capital Projects Fund includes new funding of \$8.9 million and carryover funding of \$25.8 million to support 29 projects
- The budget includes \$4.6 million in new bonds for the Civic Center (approved in FY 2014), Swim Center (approved in FY 2014), and Bridge Rehab (new) - \$1.1 million for Bridge Rehab will be eliminated if one-time HUR is approved



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- Highway User Revenue
- Potential Purchase of 175 Watts Branch Parkway
- Future of King Farm Farmstead



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FY 2015 Budget Calendar

Meeting Date	Agenda Item
March 17, 2014	Presentation of Proposed Budget and Introduction of Ordinances and Resolutions
March 31, 2014	Public Hearing #1 M&C Worksession #1
April 7, 2014	Public Hearing #2 M&C Worksession #2
April 21, 2014	Public Hearing #3 M&C Worksession #3
April 28, 2014	Public Hearing #4 M&C Worksession #4
April 29, 2014	Close of Budget Public Record
May 12, 2014	Budget Adoption