

Town of Riverdale Park



Proposed Budget

Fiscal Year 2017 - 2018

July 1, 2017 - June 30, 2018



Town of Riverdale Park, Maryland

Town Administration

May 1, 2017

Mayor and Town Council,

I am pleased to present you with a proposed and balanced FY2018 operating budget and a robust capital improvement budget. This proposed budget document represents the dedicated work of the staff leadership team. It is important to highlight the dedication and hard-work of the Town's Finance Director, Mr. Paul Smith.

Over the course of the next several weeks, staff will be available to answer questions and provide any necessary clarity. This document is being posted on the Town's website and a copy will also be emailed to all employees. The format of the budget has changed. Some familiar elements remain in the detail pages. This document represents an initial effort to provide a fuller budget narrative. The goal is for the Town to follow the Government Finance Officers Association standards for the Distinguish Budget Presentation Award. The efforts made to date establish a solid foundation from which the Town will continue to build. These efforts also further the Town's commitment to fiscal accountability and transparency.

Staff look forward to presenting the budget at scheduled public meetings and to responding to your questions during your review process.

Respectfully Submitted,



John N. Lestitian
Town Manager

Town Elected Officials

The Honorable Vernon Archer, Mayor

Councilmember Marsha Dixon, Ward 1

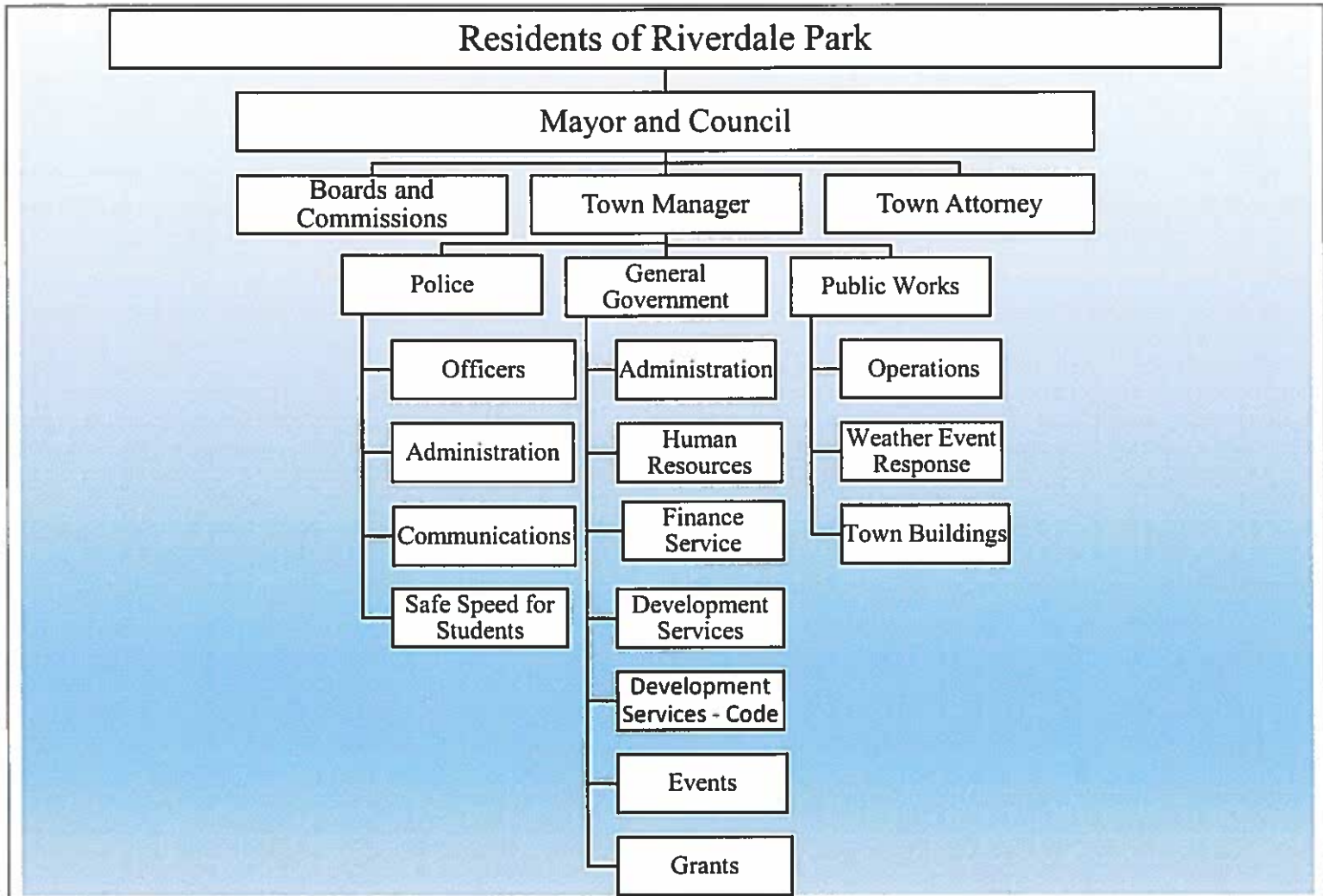
Councilmember Christopher Henry, Ward 4

Councilmember Alan Thompson, Ward 2

Councilmember Colleen Richardson, Ward 5

Councilmember David Lingua, Ward 3

Councilmember Alejandro Silva, Ward 6



Background **Information**

FY2018 Budget

FY2018 Budget is guided by the following Core Values:

- Safe, Clean, and Beautiful Neighborhoods
- Fiscal accountability and transparency
- Ethics and Character
- Sustainability and Environmental Stewardship
- Community engagement that involves all residents
- Economic and Community Development
- Professional, well-trained employees

Staff Leadership Team

John N. Lestitian, Town Manager

Paul Smith, Finance Director

David Morris, Chief of Police

Leonard Addison, Director of Public Works

Jessica Barnes, Town Clerk

Anthony Dubose, Human Resource Director

Budget Development Process

The Town Manager is required by the Town Charter to submit a proposed budget to the Mayor and Council at least sixty (60) days prior to the beginning of the fiscal year, July 1st. The Charter also states that the budget shall be adopted no later than June 30th of each year. In addition to the Town's Operating Budget, the Town Manager presents for Council's consideration a proposed Capital Improvement Budget. The Council provides two weeks notice for a scheduled public hearing. The Council may insert additional items or may increase or decrease items in the proposed budget. The total anticipated revenues shall be equal to or greater than the total proposed expenditures. Any transfer of funds between major budget categories for different purposes must be approved by the Council before becoming effective. Supplemental or emergency appropriations during the fiscal year also require Council approval.

Profile - Town of Riverdale Park

The Town of Riverdale Park operates under a council-manager form of municipal government. A charter granted by the General Assembly of Maryland formed the governing authority for the Town. The Mayor and Council are the governing body of the Town. The governing body is comprised of a mayor and six council members all directly elected by Riverdale Park residents to serve two-year terms. The Town Manager is appointed by the Mayor and Council to serve as the Chief Executive Officer of the Town.

The Town of Riverdale Park provides the community with a full range of services and programs across multiple departments and function areas. The Town Manager directs and supervises all Town operations. Within the administration, the Town Clerk serves as the record-keeping officer for the Mayor and Council; is responsible for the preparation, execution, and archiving of all Town Council documents as prescribed by State law and Town Code; coordinates Town events; and supervises the Town's front office. The Town is a responsible steward of its resources, and provides accountability for the disbursement of funds, financial reporting and asset management. All Town employees are supported through the human resource programs and initiatives to promote efficient and effective operations.

The Town works to expand the commercial real estate tax base by supporting the retention, expansion and attraction of businesses. The Town liaises with the Maryland National Capital Park and Planning Commission; coordinates the Mixed-Use Town Center Local Design Review Committee; operates licensing and permitting functions and provides community events programming. The community enjoys parks and additional recreation areas throughout Riverdale Park. The Town provides a safe, clean, and beautiful environment throughout our neighborhoods and community gathering places. The community receives public safety protection through the operation of the Town's Police Department and the Riverdale Volunteer Fire Department.

The Town administers the trash, recycling, yard waste and bulk-trash collection programs for the convenience of our residents. The Town's infrastructure is well-maintained to ensure its longevity, provide efficient operations, and reduce costs.

FY2018 Significant Changes and Assumptions

Employee Compensation Study Implementation: In 2016, the Town contracted with McGraff Associates to perform a compensation and classification study. The McGraff Study did not review total compensation. The study did compare pay to other jurisdictions throughout the area and to a market average for each position classification.

Key Findings:

65% of salaries were below market minimums

35% were within an acceptable range compared to our market

Key Recommendations:

Review the Consumer Price Index annually to measure cost-of-living adjustments

Adjust the scale to market where possible within budget constraints

This proposed budget includes a revised salary scale prepared by McGraff Associates. The salary scale is provided as the attachment to this section. Position titles are listed but individual placements into the proposed salary scale are not being published at this time.

Farmer's Market: Staff have worked with the Riverdale Park Farmer's Market, Inc. (RPFMI) to amend and formalize the relationship between the Town and RPFMI. The amended relationship continues to guarantee Town residents, businesses and visitors a weekly farmer's market on Thursday evenings from 3PM to 7PM. The framework provides more autonomy to RPFMI and reduces direct public funding by approximately 66%. In-kind services will continue to be provided at the current rate. A draft formal agreement with RPFMI will be presented to the Mayor and Council for consideration prior to the start of FY2018.

Development Services: The Town of Riverdale Park is committed to providing services and resources to develop safe, clean and beautiful neighborhoods, business districts and attractions. The evolution of the Town's former code enforcement office is one aspect of the implementation of the Development Services Office. This initiative will focus on neighborhood and economic development through outreach, education, incentive programs, permitting, licensing and inspections. A Development Services Director position has been added to the General Government employee headcount and is a direct report position to the Town Manager. Two (2) existing code related positions and one (1) existing administrative position will be moved to this workgroup.

Human Resources: The Town of Riverdale Park is committed to a professional and well-trained workforce. Human resource programs are a vital part of this effort. A review of the human resource operation shows that as foundational work is completed the work to maintain high quality human resource services will not require a full-time position. The proposed budget reflects the reduction of the full-time Human Resource Director position to a part-time Human Resource Coordinator position. This position will remain an important element of the staff leadership team.

Fee Adjustments: The proposed budget reflects an assumption that two (2) fees will be amended. The first proposed amendment is to eliminate the application fee for business licenses. This proposal will reduce the annual business license cost by 12.5% or \$25.00. The second fee adjustment is to increase the annual license fee on multifamily rental dwellings. The current fee is one-hundred (\$100) dollars annually. The proposed fee is one-hundred fifteen (\$115) dollars annually. This annual increase per apartment when spread over monthly rent payments reflects an additional cost of one dollar and twenty-five cents (\$1.25) per month.

FY2018 Significant Changes and Assumptions

Police Department Position: The Police Department requested the creation of a position in the Administration Section. This civilian position will serve a multi-faceted role. The position will serve as a back-up for the Communications Office (dispatching), the Records Office and the Administrative Office. Additionally, the position will assist in coordinating outreach activities and special projects.

Economic Development Fund: In the Fund Balance Section is the proposed creation of an Economic Development Fund. In establishing the fund, \$50,000 dollars from the General Fund Reserve will be used as seed money. The fund will be supported annually. The revenue source to replenish the fund will be from the Fines and Forfeitures accounts. Revenues from these accounts more than the projected revenue will be used for this purpose. This accomplishes two important goals. One is the sustaining nature of the fund itself and the second is to reduce the operating budget's dependency on fine revenue. The fund will be available for one-time economic development program uses. Staff will present to the Mayor and Council a structured program that will establish an application process and a review / approval process. This furthers the Town's efforts at being focused on economic development.

Other Post-employment Benefit Fund: In the Fund Balance Section is the proposed creation of an OPEB Fund. The Town does not currently have a funding mechanism for this liability. As more staff near retirement it will be increasingly important to set aside funding for this liability. The recommendation is to initially fund OPEB at 38%. The goal is for the Town to incrementally add to the fund over the next 5 years in order to achieve at or near complete funding.

Accountant Position: The budget document reflects the creation of an accountant position. As the Town continues its effort for fiscal accountability and transparency, it is necessary to add this position. The budget document also reflects a reduction in the use of a contracted accountant. The contracted position will be phased out over time.

INTENTIONALLY BLANK

Fund Balance
and Debt Service

FY2018 Budget

**Fund Balance Projection for
June 30, 2018**

	General Fund	OPEB Fund	Economic Development Fund	Special Revenue Fund	Debt Service Reserve Fund	Capital Improvement Projects
AUDITED FUND BALANCES						
June 30, 2016	\$2,636,233	\$0	\$0	\$80,843	\$747,660	\$795,428
<u>FY2017 Activity</u>						
Projected Operating Budget Net Surplus	\$250,000					
CIP Expenditures						(\$238,717)
Transfer to GF Operating Budget from CIP Fund	\$83,000					(\$83,000)
Funded Debt Service Payments					(\$173,000)	
PROJECTED FUND BALANCES						
June 30, 2017	\$2,969,233	\$0	\$0	\$80,843	\$574,660	\$473,711
<u>FY2018 Proposed Activity</u>						
Transfer from General Fund to CIP Fund	(\$599,503)					\$599,503
Various CIP funding sources						\$1,963,925
CIP Expenditures						(\$2,440,039)
38% funding of OPEB Liability (1)	(\$300,000)	\$300,000				
Creation of an Eco Dev Fund Incentives / Grants Paid	(\$50,000)		\$50,000			
CY Surplus Fine Revenue			(\$30,000)	\$20,000		
Fund Debt Service Payments					(\$263,620)	
PROJECTED FUND BALANCES						
June 30, 2018	\$2,019,730	\$300,000	\$40,000	\$80,843	\$311,040	\$597,100

(1) Other Post-Employment Benefits (OPEB) - Liability as of 6/30/16 was \$780,932

(2) The Special Revenue Fund consist of \$25,494 of the TIF Administrative Expense Fund and \$55,349 of a dated Grant related activity.

Tax Rate Assumption

In line with the advertised constant yield notice, this proposed budget assumes that the Town's Real Property Tax Rate will remain at \$0.654 per \$100 of assessed real property. The official advertised notice is below:

TOWN OF RIVERDALE PARK NOTICE OF A PROPOSED REAL PROPERTY TAX INCREASE

The Mayor and Council of the Town of Riverdale Park proposes to increase real property taxes.

1. For the tax year beginning July 1, 2017, the estimated real property assessable base will increase by 7.198%, from \$590,471,329 to \$632,977,261.
2. If the Town of Riverdale Park maintains the current tax rate of \$.6540 per \$100 of assessment, real property tax revenues will increase by 7.198% resulting in \$277,988.80 of new real property tax revenues.
3. In order to fully offset the effect of increasing assessments, the real property tax rate should be reduced to \$0.6101, the constant yield tax rate.
4. The Town is considering not reducing its real property tax rate enough to fully offset increasing assessments. The Town proposes to adopt a real property tax rate of \$.6540 per \$100 of assessment. This tax rate is 7.195% higher than the constant yield tax rate and will generate \$277,988.80 in additional property tax revenues.

A public hearing on the proposed real property tax rate increase will be held at 7:30 p.m. on Tuesday, May 30, 2017 at Riverdale Park Town Hall (5008 Queensbury Road).

The hearing is open to the public, and public testimony is encouraged.

Persons with questions regarding this hearing may call 301-927-6381 for further information.

INTENTIONALLY BLANK

**Real Property Tax Revenue available after
Debt Payments and Tax Incremental Financing Payments**

	Tax Rate	General Fund¹	Tax Incremental Financing Calvert Tract
Assessable Base		\$632,977,261	\$6,517,900
Gross Real Property Tax Revenue	0.654	\$4,139,672	\$42,627
TIF payments to bondholder from Calvert Tract			(\$42,627)
<u>FY2018 Debt Payments</u>			
PNC - 11/30/2017		\$149,935	
PNC - 5/30/2018		\$147,210	
		<u>\$297,145</u>	
CDA (15 yr.) - 11/1/2017		\$12,436	
CDA (15 yr.) - 5/1/2018		\$63,837	
		<u>\$76,273</u>	
CDA (30 yr.) - 11/1/17		\$56,860	
CDA (30 yr.) - 5/1/18		\$107,861	
		<u>\$164,721</u>	
Total Debt Payments		<u>\$538,139</u>	0.085 (\$538,139)
Funds used from Debt Service Reserve Fund			<u>\$263,620</u>
Net Real Property Tax Revenue available for General Fund		<u>\$3,865,153</u>	<u>\$0</u>

¹ In calculating the constant yield for the Town of Riverdale Park, the State of Maryland subtracted the entire value of the Calvert Tract (Riverdale Park Station) from the Town's assessable base. This is a conservative approach. Staff are working with the State to ensure an accurate accounting.

**Tax Incremental Financing (TIF)
Riverdale Park Station / Calvert Tract**

The Calvert Tract is the location of the Riverdale Park Station Development. The Town is participating in a Tax Increment Financing (TIF) structure. The TIF involves the incremental increases in the assessable value of the Calvert Tract. Increases above the base value go to support the hard-cost construction of the bridge from Riverdale Park Station to Lafayette Avenue.

Long-term Debt

The Town has three (3) loans with a total current principal balance of \$4,936,920. The Town is working with the State of Maryland's Community Development Administration to defeace approximately \$1.7MM of existing debt. This action will assist in repositioning the Town's debt service. This will reduce the annual debt service payments. The current annual debt service payments on these three loans is \$538,139. This debt service payment represents 12% of gross real property tax revenue.

Institution	Date of Loan	Term	Interest Rate	Principal Balance as of 6/30/17
PNC Bank	2012	30 year	3.00%	1,905,420
State of Maryland CDA	10/1/2013	30 year		2,360,700
State of Maryland CDA	10/1/2013	15 year	3.788%	670,800
Total				\$4,936,920

INTENTIONALLY BLANK

Revenue

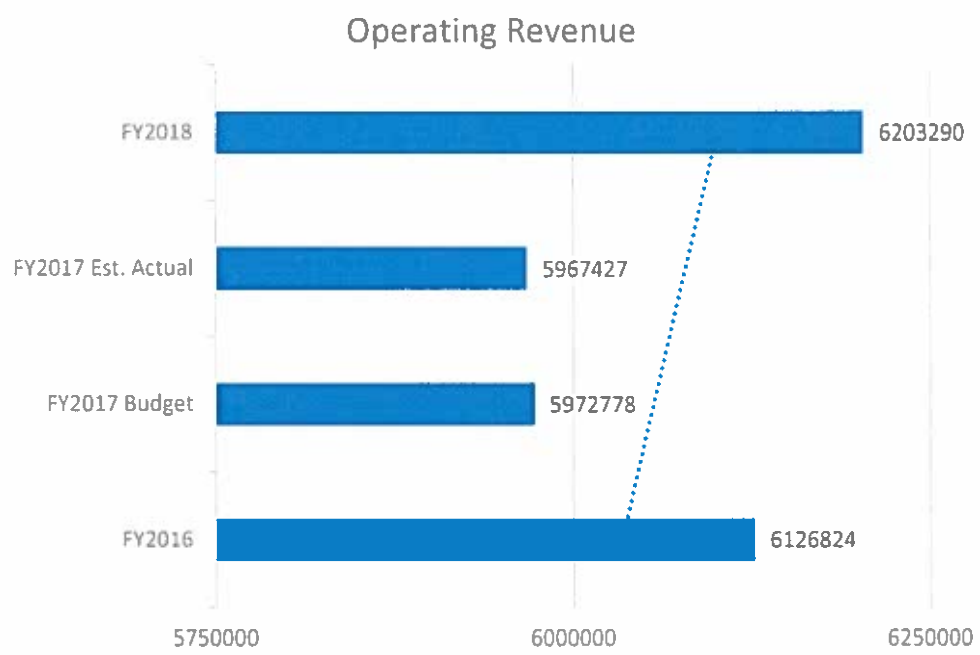
FY2018 Budget

Operating Revenue

	FY2016	FY2017		FY2018
	Actual	Budget	Est Actuals	Proposed Budget
Local Taxes				
401 · Real Property Taxes Available	3,011,628	3,612,108	3,600,000	3,865,153
402 · Tangible Personal Property	279,512	295,000	400,000	333,000
403 · Local Income Taxes	521,840	455,000	420,000	485,000
404 · Operating Tax	170,202	150,000	172,967	170,000
Total Local Taxes	3,983,182	4,512,108	4,592,967	4,853,153
Licenses & Permits				
415 · Parking Permits	0		0	500
456 · Rental Inspection	45,958	20,000	50,000	40,000
461.5 · Building Permits	69,536	12,500	29,531	60,000
411 · Business License	46,116	43,400	43,400	39,000
413 · Apt/Rooming House Lic	96,934	90,000	98,302	110,000
414 · Alarm Registrations & Reductions	2,240	1,600	3,560	2,000
Total Licenses & Permits	260,785	167,500	224,793	251,500
Administrative Fees (All Depts)				
458 · Special Clean Up	763	750	3,020	1,500
457 · Redlight tickets	550		0	0
421.2 · Municipal Infractions	2,050	1,182	9,600	5,000
Fines & Forfeiture				
421.1 · Flagging Receipts (MVA Flag)	1,175	678	900	1,000
421.3 · Parking Citations	59,335	34,254	40,000	47,250
421.4 · Police Reports	5,765	3,318	4,697	5,500
421.5 · Vehicle Impounds	35,728	20,568	23,230	27,500
421.6 · Collection/Credit letter	0	0	0	0
421.7 · Fingerprints	0	0	0	0
Total Administrative Fees (All Depts)	105,366	60,750	81,447	87,750
Intergovernmental Revenues				
405 · Highway User	158,026	164,237	151,373	40,000
426 · State Aid Police	150,368	166,847	166,847	166,844
427 · Financial Corp	11,145	11,000	11,000	11,000
428 · Disposal Fee Rebate	17,336	17,336	13,500	13,500
Total Intergovernmental Revenues	336,875	359,420	342,720	231,344
Safe Speed For Student Program				
450 · Safe Speed For Students Program	903,277	400,000	600,000	670,543
Total Safe Speed For Students Program	903,277	400,000	600,000	670,543

Operating Revenue

	FY2016	FY2017		FY2018
	Actual	Budget	Est Actuals	Proposed Budget
Misc. Revenue				
412 · Cable TV/Verizon	86,282	85,000	85,000	68,500
459 · Interest Income	8,652	1,500	8,000	8,000
460 · Contribution from ACP	0	20,000	20,000	20,000
461 · Miscellaneous	54,831	12,500	12,500	12,500
462 · Sale of Vehicles	0			0
464 · Appropriated Surplus	0	354,000	0	0
467 · Sale of Property	0	0	0	0
468 · Cafritz Tract Expend. Reimburse	0	0	0	0
470 · Transfer from Debt Service	0	0	0	0
471 · Bond Proceeds	387,575	0	0	0
Total Misc. Revenue	537,340	473,000	125,500	109,000
Total General Fund Revenue	6,126,824	5,972,778	5,967,427	6,203,290



The FY2018 Operating Revenue is the amount of revenue available to pay for current operations. The projected amount of operating revenue in FY2018 is \$76,466 more than the actual amount of operating revenue in FY2016.