



Town of Berwyn Heights

5700 Berwyn Road
Berwyn Heights, MD 20740
Tel. (301) 474-5000
Fax (301) 474-5002

Minutes Budget Worksession March 11, 2013

The meeting was called to order at 7:00 p.m. Present were Mayor Calvo, MPT Wilkinson, CMs Ahrens Dennison and Kulpa-Eddy. Mayor Calvo arrived late with apologies. Also present were Town Administrator (TA) Murphy, Clerk Harper and Mike Attick.

1. Mayor

Announcements: Mayor Calvo sent his apologies for a late arrival.

2. Budget

MPT Wilkinson asked Councilmembers to review the proposed budget by department and by major activity to identify line items that should be changed. Decisions were postponed until after Mayor Calvo's arrival.

Revenues

Taxes: MPT Wilkinson noted that this budget is structured to make up for a loss of \$231,000 in real property tax revenues from last year's total of \$1,461,000, as discussed at previous worksessions. TA Murphy added that the decline is the result of the recent reassessment. The Town lost approximately \$50 million in assessed value. The decline will also be reflected in road tax receipts, which are down by \$14,200. Personal property tax receipts are up by \$1,800, and income taxes are proposed to go up by \$60,000, making up for some of the losses.

Licenses & Permits: These revenues are projected to go down by 8% overall. As most license and permit fees have not been raised in many years, the Council has marked them for potential increases. Business license receipts have gone down in recent years as the number of businesses in the commercial district have declined. Rental license receipts are projected to go up due to an increase in rental units. The line item for media resource center membership fees can be deleted or hidden because the center has been closed.

Intergovernmental: These revenues are proposed to go up by 80% in FY 2014 due to increases in state police aid of \$19,700 to \$51,700 and highway user revenues (HUR) by \$33,300 to \$59,700. For FY 2014, there are indications that in FY 2015, HUR may decline again.

Fines & Forfeitures: Police fines & forfeitures are proposed at \$36,000, same as last year, although the long term trend in police fines is down. Code fines, including those paid through liens, are projected to go up by \$2,000 to \$19,200, based on a planned increase in fines for repeat violations. CM Kulpa-Eddy

suggested to give residents the option of paying a \$50 cash fine for a repeat violation, instead of going through the lien process, where they would be charged interest.

Miscellaneous: *Interests & dividends* are up by \$1,200 to \$6,600 because the Town switched its accounts to a bank with a higher interest rate. Recycling disposal receipts are proposed at \$3,600, the same amount as last year. Currently, the recycling market is such that the Town earns money from disposal of recyclables. Town Center rental receipts are down from previous years because the Town increased rates and because incomes are down. The Town could advertise the rental facility to boost rentals. Other appropriations in the miscellaneous budget, including miscellaneous police services, cable TV PEG grants and abatements, are either flat or declining, for an overall decline of \$2,200 or 3%.

CM Kulpa-Eddy noted a WSSC reimbursement of \$31,000 for FY 2012 for damaging the Town's streets during a water main replacement project. She asked if WSSC will also reimburse the Town for inadequate workmanship in resurfacing Osage Street after a sewer replacement project. TA Murphy said that WSSC committed to pay the Town \$100,000 when the road is due for renovation. CM Kulpa-Eddy said that the Town should monitor WSSC when they start to do work on storm water lines along Indian Creek.

Expenditures

General Government

Mayor & Council: TA Murphy noted that the public relations appropriation still contains \$2,000 earmarked for a joint BHES-Community Center computer center but was proposed for funding a budget assistant for TA Murphy. FY 2013 actuals for the conferences & training line item is still below the budgeted because the MML summer conference fees have not been paid yet.

Town Administration: The bulletin appropriation, which covers layout, printing and mailing, is slated to remain flat. The audit appropriation has been held to \$12,000 because the auditor has charged in excess of an agreed upon amount. Legal expenses, which are at the Council's discretion, are proposed to go down by \$1,000 to \$6,000.

MPT Wilkinson noted that \$1,050 is budgeted for the 2014 Town election. He asked what it would cost to rent voting machines. TA Murphy said that would add approximately \$2,000 to the appropriation.

MPT Wilkinson asked if the Town Administrator search is budgeted under administration. TA Murphy said that is not yet budgeted but could be charged under the miscellaneous line item, or possibly to the Mayor & Council budget.

At 7:47 p.m., Mayor Calvo arrived.

TA Murphy noted that network support is proposed to decline by \$3,500 to \$6,500 as the Town just went through a computer and software upgrade. The \$8,000 capital equipment >500 appropriation has funds for the purchase of additional computers across all departments, including a new server for the Police Department. Mayor Calvo said that this appropriation was intended to fund regularly scheduled upgrades of computers and accessories in accordance with a town-wide IT plan. A server should not be part of this line item. He expressed skepticism about the \$3,500 decrease in the network support line item as the FY 2013 estimate is for \$10,000. The law books appropriation of \$2,000 might be reduced as all statutes can now be accessed online. A subscription, that includes access to case law, is likely to be cheaper than purchasing the books.

Municipal Building: The only change to this budget is in the maintenance & repair line item, which is proposed to decrease by \$1,000 to \$9,000. Many improvements have been made last year, including replacement of the roof and installation of energy efficient lights, which will likely reduce costs in the

coming year. Hospitality and custodial supplies may be too low. CM Almoguera proposed to increase custodial supplies by \$100.

Town Center: Mayor Calvo noted that with the exception of salaries, this budget is proposed to be flat at \$23,700. The maintenance & repairs appropriation is proposed to remain flat at \$11,000 despite estimated expenditures of \$12,300. TA Murphy said that the new handicap accessible door to the Senior Center has had expensive repairs. It probably needs a dedicated electric line to the panel. The estimated FY 2013 electricity appropriation is considerably below the FY 2014 budgeted amount, possibly due to the installation of energy saving lights. The capital outlay appropriations have been moved to the capital expenditures budget and can be deleted from the Town Center budget. The old utility account can also be deleted.

At 8:15 p.m., the Council took a 5 minute break.

Public Safety

Police Department: The Police Department budget is proposed to go down by \$58,200 or 10%. This is due to the elimination of one vacant police officer position for a saving of \$42,600. The Council will need to decide later whether to apply some of the savings to increase the hours of the part-time officer, who currently administers the speed camera program at 10 hours per week. TA Murphy provided a cost-analysis for different amounts of hours added per week. Additional savings from cutting a full-time officer position accrue because police vehicle and uniform expenditures will go down.

Mike Attick suggested making the part-time officer full-time. The Town would still save money because the current part-time officer has his own health insurance, while the work of reviewing speed camera tickets can be divided among the remaining officers. Mayor Calvo said that the Town would save some money, but it would have to pay a pro-rated share of what that full-time employee's health insurance would be. In addition, there would costs related to holiday pay, sick leave and pension benefits.

Mayor Calvo thought that the gas & oil appropriation could be reduced, which is based on a projected cost of \$4.25 - \$4.50 per gallon. This year the cost of gasoline averaged \$3.70 per gallon. TA Murphy said he has cut this line item because less gas will be used with one less full-time officer. CM Kulpa-Eddy said the National Night Out appropriation is too low at \$800. The cost of the event was \$2,400 last year with the remainder being funded from donations.

TA Murphy said that the capital outlay >500 appropriation was cut substantially, eliminating a new server and funding only 2 new laptops instead of the 8 requested. Mayor Calvo said that there may be some money left in this budget to purchase needed laptops, or additional funds may become available through secret service task force forfeitures. Chief Antolik should provide a 10 year history of capital purchases to show what IT and other equipment needs the Police Department has.

Code Compliance

Code Compliance Program: This budget is proposed to go down by \$9,300 or 9%, mostly due to the reduction in part-time hours to one of the officer position and the code clerk position. The postage line item was cut from \$5,500 to \$3,000 or 45% because communication with homeowners and landlords has been largely switched to email and regular mail, instead of certified mail. The vehicle maintenance & repair line can be reduced more because the new car will be less expensive to maintain, especially if Public Works performs oil changes.

TA Murphy noted that the van program was cut by \$100 or 10%. Mayor Calvo said that this is not based on past experience. He would leave this appropriation unchanged.

Public Works

Building: TA Murphy said he cut this budget by \$4,000 or 12% by going back to FY 2012 expenditure levels. The expenditures in this fiscal year were above normal levels because a lot of upgrades and repairs were undertaken. This includes installation of energy-efficient lighting and gas heaters, bathroom renovation, and purchase of a new training laptop. Mayor Calvo said he would like to have more details on what upgrades were made and to which account they were charged. He would also prefer the Energy Grant appropriation be moved to the capital expenditures budget.

Streets & Sanitation: This budget is proposed to be cut by \$61,000 to \$566,200 or 10%. As in the Police Department, the reduction has been achieved mainly by eliminating a vacant full-time position. A substantial reduction in temporary staffing hours is also proposed. It budgets 960 hour for 2 temporary staff to help during leaf season and crack sealing. Mayor Calvo said he would like to restore some of the money to add temporary staff hours and give the department more flexibility to accomplish labor intensive jobs. The director could also use this money to give more hours to the current part-time employees if he prefers it.

MPT Wilkinson asked why the estimated expenses in the gas & oil line item exceed what was budgeted. TA Murphy said that cost of diesel fuel has remained at around \$4.30 per gallon but usage is up. He does not know why but believes that the new larger truck requires special fuel that is more expensive and uses more of it. Mayor Calvo said he would like to have more information on this line item to understand the expenses.

The equipment rental line item was increased by \$3,000 to \$8,000 so that Public Works can rent crack-sealing equipment for street repairs. The street projects line item may also be increased by shifting \$10,000 from the infrastructure reserve to deal with any incidental street problems.

Mayor Calvo said he would like to add money to the tree service line item to replace trees Pepco cut down along Edmonston Road and to trim trees in the right of way where needed. Last year, Public Works rented a cherry picker to do this kind of work. However, the Town cannot trim trees within 2 feet of the power lines. CM Kulpa-Eddy said she has flagged tree service for a potential cut.

TA Murphy was asked to delete line items that are no longer relevant, such as DPW lease purchases and the recycling line items that were moved to the streets & sanitation budget.

PRECA

The Parks & Recreation budget is proposed to be cut by \$3,200 to \$25,000 or 11%, mainly by cutting money from the equipment line item. Last year, the Council had added money to this appropriation to pay for new playground equipment, which may not be needed if the Town is awarded a State grant for a new playground. The supplies line item was increased to pay for mulch and potential higher repair expenses associated with a new playground. CM Almoguera said that the equipment line item could be zeroed out if the grant is awarded. MPT Wilkinson suggested that this year the money might be moved to Sports Park for new batting cages. CM Almoguera requested raising the supplies line item to fund the dedication for the new playground. She moved, and MPT Wilkinson seconded, to shift \$100 from the equipment line to the supplies line for this purpose. The motion passed 5 to 0. TA Murphy was asked delete the recreation aide line item.

Miscellaneous

Insurance: This budget is proposed to go down by \$1,600 or 1% this year, but the Town has not yet received the final rate information. IWIF provided a preliminary estimate of \$7,000, which does not include the audit. For health insurance, it is proposed to stay with CareFirst but switch to a higher deductible plan. This would reduce rate increases from 10.7% to a 3.9%. However, the Town will not

receive final quotes on insurance rates until May. Mayor Calvo said that currently the Town pays 100% of employees' deductibles through Health Reimbursement Account (HRA). The Council may want to consider having employees pickup a share. TA Murphy pointed out that usage of this money is very low. He will provide a break-down of health insurance costs.

Mayor Calvo said that he would like to discuss merit increases as part of a more general discussion about salaries. Salary increases have not kept up with cost of living increases (COLA) in the last few years. He would like to find a way to adjust salaries for the rate of inflation, and give a cost of living increase either this year or next. CM Almoguera asked if a COLA could be paid from surplus. Mayor Calvo replied that money would have to be taken from surplus for 3 years or until the next re-assessment. It implies a wager that the real estate market will recover sufficiently to pay for the increased salaries implemented now. If not, the Town will have to raise taxes.

CM Kulpa-Eddy asked if the street sweeper appropriation is based on a contract with the other Four Cities municipalities. TA Murphy said that is based on paying 25% of the employee's salary who drives the sweeper, and 10% of the fuel and maintenance costs.

Capital Expenditures – Operating Budget

Mayor Calvo said that it is not necessary to break out the different transfers to the infrastructure reserve. Also, he would like to appropriate some money for re-planting of buffer trees along Edmonston Road to offset the Pepco's excessive tree trimming. This expense could be kept to a minimum by purchasing young trees and shrubs and having Public Works plant them.

The meeting was adjourned at 9:41 p.m.

Kerstin Harper