



Town of Berwyn Heights

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MAYOR
Jodie Kulpa-Eddy

COUNCIL MEMBERS
Christopher Brittan-Powell (Mayor Pro Tem)
Shinita Hemby
Faustino Menjivar
Jason W. Papanikolas

Budget Work Session Minutes **March 13, 2023 | 6:00 p.m.** **Council Chamber**

Call to Order

Mayor Jodie Kulpa-Eddy called the meeting to order at 6PM. Also present were Mayor Pro Tem Chris Brittan-Powell, Councilmember Shinita Hemby, Councilmember Faustino Menjivar and Councilmember Jason Papanikolas, who attended remotely. Staff present were Interim Town Manager Peter Jones, Town Treasurer Mike Lightfield, and Town Clerk Melanie Friesen.

Approval of the Agenda

MPT Brittan-Powell moved to approve the agenda. CM Hemby seconded. With no discussion the motion passed unanimously.

1. FY24 Public Safety Taxing District

Mayor Kulpa-Eddy reviewed that there needs to be a summary budget published in the Bulletin, as well as a summary for the PSTD budget and the Constant Yield Tax Rate Hearing information. TT Lightfield reviewed the revenue for the PSTD and that this revenue covers the salary, benefits, trainings, etc. for one of the police officers, typically the detective. He stated this is at the current tax rate of \$.66 per \$100 of assessed real property value. He clarified this does not cover any capital expenses, just personnel expenses. In order to balance the budget, he used \$4616 from the PSTD reserve account. Mayor Kulpa-Eddy asked what the Town would need to do to not pull money from the reserves. TT Lightfield responded that the tax rate would need to be raised. MPT Brittan-Powell asked if there were department-specific reserves, for example if the police department underspends one year, does that money go toward a police reserve fund. TT Lightfield responded any unspent PD money would go to the general reserve fund. Mayor Kulpa-Eddy asked about how much was in the PSTD reserve fund. TT Lightfield stated that there is \$33,000 in that account and clarified that the Public Safety reserve fund is income generated by the speed camera. Mayor Kulpa-Eddy asked what reserve fund the proposed police vehicles were coming from. ITM Jones stated that he anticipated those coming out of ARPA funds. There was discussion about raising the PSTD tax rate. CM Papanikolas asked how many businesses are in Town and searched the Code Compliance report from the March Town Meeting to determine are 74 businesses in Town. There was discussion that there have been changes to the Personal Property Tax (PPT) State law that will make the first \$25,000 of PPT exempt from taxation, and that could have an impact on the Town revenues. TT Lightfield determined that the tax rate for PSTD should be raised to approximately \$.71 per \$100 of assessed value, and that does not take into account any revenue loss from PPT. There was discussion on the PSTD ordinance and if the Town can use reserves to balance a budget.

CM Papanikolas proposed that the Town advertise the tax increase even if it ultimately decides not to increase taxes, as it takes away the ability to raise taxes if we do not.

In summary, the Council consensus was to raise the tax rate to \$.71 per \$100 of assessed value to balance the PSTD budget and schedule a meeting with the CDMA board during the first two weeks of April. Code Compliance has generally lead the meetings with the CDMA.

2. Revenue Forecast: CYTR (.5187), Current Tax Rate (.545), Refuse and Recycling Collection Fee

Mayor Kulpa-Eddy introduced the Constant Yield Tax Rate (CYTR) and explained that it is the rate at which you would take in the same amount of income from real estate taxes based on fluctuations in property assessments. If the Town were to maintain the current tax rate of \$.545 per \$100 of assessed real property value, the Town would bring in about \$112,000 in additional revenues. She also stated that the Town had suspended the Refuse and Recycling Fee for FY2023 as there were questions about how Covid might affect taxpayers. MPT Brittan-Powell asked TT Lightfield to review the revenue line items in the budget. Mayor Kulpa-Eddy stated that some revenue sources are predictable while others, such as fines and forfeitures are variable. MPT Brittan-Powell asked if the CYTR takes inflation into account. Mayor Kulpa-Eddy responded it does not, that it maintains dollar-to-dollar the same amount of revenue as in FY23. CM Papanikolas reviewed that there are many options on the table for Council; they can keep the current tax rate, go with the CYTR, raise rates higher than the current tax rate, lower taxes below the CYTR, and anywhere in between. MPT Brittan-Powell asked about the funding of special projects. Mayor Kulpa-Eddy explained that it depends on the project. \$.03 of each dollar from real estate taxes are already set aside for the infrastructure reserve fund. Mayor Kulpa-Eddy asked ITM Jones about how the budget went from a deficit of more than \$500,000 as presented on March 4, to a surplus, adding that we may not need all the vehicles that were asked for in the enhancements. There was discussion about the reliability and maintenance of Town vehicles. MPT Brittan-Powell stated that people may be willing to pay increased taxes if they knew exactly what was being funded by the increase. TT Lightfield explained the difference between the budgets presented today to Council, noting that the only difference is the revenue from real estate taxes. The budget which maintains the current tax rate provides a surplus of approximately \$77,000 where the budget at the CYTR has a deficit of approximate \$34,000. He asked for Council to note that the two budgets presented do not replenish the vehicle reserve funds. Council discussed how the new tax credits from the County may affect revenue for the Town. MPT Brittan-Powell asked to ensure that some of the community's priorities aren't lost in the budget (such as the Walkable Bikeable Task Force recommendations). There was discussion that if there does wind up being a surplus that the surplus could be moved into the vehicle reserve fund. MPT Brittan-Powell asked why the police department vehicles were not in the vehicle replacement fund. CM Papanikolas explained that it does not make sense to add police vehicles in the reserve fund as they cost almost as much as we'd put annually add into the reserves to pay for them; however, a public works vehicle can cost \$250,000 or more and it takes more annual deposits in order to build up enough of a reserve to purchase one. Mayor Kulpa-Eddy summarized that it sounds like the Council is looking to keep the current tax rate to avoid creating a deficit. CM Hemby stated her confusion why this discussion is taking place before a discussion on prioritizing Town budget needs and ARPA spending. She also expressed confusion about why Council would raise tax rates when there is ARPA and Metroland reserve funds that can be used to fund some of the Town needs. CM Papanikolas stated that some unassigned reserve money can be transferred into the vehicle reserve fund. Mayor Kulpa-Eddy explained that the Town's biggest expense is

services and salaries which increase in cost every year. It is recommended to cover these yearly costs via yearly revenue, as dipping into reserves over time will deplete those reserves. CM Papanikolas stated he is not opposed to using ARPA to buy a police vehicle if need be. TT Lightfield pointed out that the current budgets are balanced by moving a considerable number of expenses to the ARPA budget and that will still need to be reviewed. Consensus of the Council is to post a proposed tax rate of \$.545 per \$100 in assessed real property value in the April Bulletin and to add the refuse and recycling fee back into the budget.

3. Prioritizing Town Budget Needs

MPT Brittan-Powell suggested that Council consider this like a household budget, where there are priorities that have to be paid for and then the extras, like a vacation, that may not be able to be afforded. He asked Council to come together to determine what the priorities are, to listen to the community and to put those items in the budget and to move forward collectively. Mayor Kulpa-Eddy reminded residents that there are still several budget listening sessions planned. MPT Brittan-Powell stated that he has tried to boil down the baseline budget needs and then asked for what areas the Council desires to emphasize and help the community move toward where they would like to be in the future; values, the philosophy, the goals, and then build from there. Mayor Kulpa-Eddy asked Council to review the budget that was provided by ITM Jones during the meeting as it contains the services residents want (trash pick-up, street repairs). This budget needs to be balanced and at this point it is balanced based on money being used from ARPA and from the General Funds. Mayor Kulpa-Eddy and MPT Brittan-Powell discussed their differences in their approach, with MPT Brittan-Powell focusing on how to create space for enhancements with Mayor Kulpa-Eddy stating that is hard to know how to afford enhancements when the bulk of the budget process is not yet complete. CM Hemby stated that she understood both points of view. CM Papanikolas reviewed that enhancements used to come through with prioritization based on how essential they were to the operations of the Town. He also stated that the budget ordinance needs to be reviewed and reworked once this process has been completed.

4. FY23 ARPA Funding Allocations

Mayor Kulpa-Eddy asked if the Council wanted to review what has been discussed so far or if the Council wanted additional time to review. CM Papanikolas reviewed that some of the line items that have not been spent were always to be “if needed”.

5. FY24 ARPA Funding Proposed Allocations

MPT Brittan-Powell expressed concern that there are a number of items that have been budgeted for that have met delays. He also stated that he believes that the Townwide stormwater mitigation project will cost at least \$1,000,000. Mayor Kulpa-Eddy asked about where those numbers are coming from, when the engineering study has not been completed. MPT Brittan-Powell replied that it came from talks with the County and talks with the Army Corps of Engineers. Mayor Kulpa-Eddy stated that she does not believe that those numbers have been set yet, as the County should be paying for this. Mayor Kulpa-Eddy asked Council to review the amounts that were allocated and help determine if they need to be changed. MPT Brittan-Powell asked if there was any merit in splitting the residential and business support programs into two separate line items. CM Hemby expressed that she supported that and believes that the amount for business support should be higher. There was discussion regarding the funding for educational support and at what level it needs to be continued due to the way

Prince George's County Public Schools have spent their ARPA funds. It was suggested to move money around in line items that already exist rather than create new programs. Mayor Kulpa-Eddy suggested reviewing the surveys done by the previous Council. CM Papanikolas stated that those line items are old and the world was completely different than it is now. MPT Brittan-Powell stated that he believes Mayor Kulpa-Eddy treats the ARPA budget as more touchable than Town Reserves. Mayor Kulpa-Eddy stated to some extent that is true as the ARPA funds will expire and the Town Reserves will not.

6. Adjournment

CM Hemby moved to adjourn the meeting. CM Menjivar seconded. After no discussion, the motion passed unanimously and the meeting adjourned at 8:35PM.