




City of Bowie

15901 Excalibur Road
Bowie, Maryland 20716

MEMORANDUM

TO: City Council

FROM: David J. Deutsch 
City Manager

SUBJECT: Budget Follow-up Memo #1

DATE: April 15, 2016

1. Smoke Detectors for Kenhill Center. The Fire Department provides battery-operated smoke alarms, primarily used in residential settings. The alarms at Kenhill Center are commercial alarms, which are hardwired to the building's electric battery backup, but most importantly have the ability to be tied in to the alarm system. The Kenhill Center is not always occupied so the alarms must be able to communicate through the alarm system to an alarm monitoring company. This can't happen with the type of smoke detectors the Fire Department gives away. Therefore, the Fire Department would not be able to provide smoke detectors for the Kenhill Center project.
2. Leasing Rooftop or Land for Photovoltaic for Lower Income Residents. The FY 2017 Budget proposes a \$50,000 Photovoltaic (PV) installation at Kenhill Center on the Renewable Energy Technologies CIP page. This project follows installation of the new roof which was completed during the current fiscal year. Having a relatively new roof is necessary before a new PV installation can be added to a building. The Maryland Environmental Service (MES) conducted an analysis of buildings the City owns for possible solar installations in May 2013. Nine City-owned buildings were identified for possible solar arrays. All of the sites identified in that analysis have either had solar arrays installed or were determined, upon subsequent investigations, not to be suitable sites. The City currently has solar arrays at the Senior Center, Harmel House, Parks and Grounds building, Streets and Utilities building, the Wastewater Treatment Plant and the Genealogy Library. Staff is not aware of any other City-owned buildings or property where the installation of solar is feasible at this time. The City also has a Power Purchase Agreement with Solar City to install a 4,979.52 kW solar project on the 120-acre City-owned Entzian property. This installation will max out the use of the Entzian property as it pertains to solar arrays. Staff will continue to revisit this issue and, if other feasible

MAYOR G. Frederick Robinson MAYOR PRO TEM Henri Gardner

COUNCIL Michael P. Estéve ♦ Courtney D. Glass ♦ James L. Marcos ♦ Diane M. Polangin ♦ Isaac C. Trouth CITY MANAGER David J. Deutsch
City Hall (301) 262-6200 FAX (301) 809-2302 TDD (301) 262-5013 WEB www.cityofbowie.org

buildings or sites become available for solar installation, this will be brought to Council's attention.

3. Proposed Budget Revisions. a) The multi-year street resurfacing program has projected costs that include a 3% annual inflationary factor. This was described at the April 11th budget review of the Capital Improvements Program. Listed below is a new recommended list for each of the next six fiscal years (FY17-FY22) that uses a 2% increase factor. The resulting savings are shown for each year, including a \$40,600 reduction to the Proposed FY17 Budget. The six-year reduction total is \$539,800. The new set of resurfacing program budget figures will still provide a significant investment, which along with the use of Highway User Revenue from the State, will continue to permit the City to properly maintain its local roads.

FY18	\$1,734,000	(\$58,800)
FY19	\$1,768,000	(\$78,600)
FY20	\$1,803,000	(\$99,000)
FY21	\$1,839,000	(\$120,000)
FY22	\$1,875,000	(\$142,800)

- b) The budget message in the FY17 Budget proposal provides a detailed overview of the structural imbalance in the budget. We noted in the Budget and in the commentary at the budget session on Monday night that possibly revising the schedule in the CIP of proposed park improvements may be necessary to partially address this matter. Although the recommendations provided here do not yield any FY17 savings, shifting various large capital projects to the future years beyond the six-year scope of the CIP would result in the six-year CIP being reduced by \$5,882,900.

The proposed changes to the multi-year program should be viewed in the context of the budget message and the data contained in the Fiscal Policies section of the Budget (pages 16-17). The Finance Department has provided new forecast projections for the Fund Balance that incorporates the reduction and deferrals noted above. The one chart that shows an ending Fund Balance in FY22 of \$4.1 million is based on the tax increases contained in the initial forecast in the Proposed Budget. The other chart that is based on maintaining the current tax rate through the entire six-year period shows the Fund Balance in FY20 at \$3.4 million which equates to 6% of expenditures. Further review of this chart demonstrates that holding the 40 cent rate through FY22 results in a significant negative financial situation in FY21 and FY22.

DJD/asf

Attachments

POSSIBLE REVISIONS TO CIP PROJECTS MOVING TO “BEYOND”

ALLEN POND PARK

2018	Relocate Picnic Sites (3)	(\$8,500)	
	Cost Reduction Restroom Building	(\$150,000)	\$158,500
2019	Parking Lot F	(\$667,200)	
	Relocate Picnic Sites (2)	(\$6,500)	
	Replace Bridge to Island	(\$65,000)	<u>738,700</u>
		Total “Move Out”	\$897,200

WHITEMARSH PARK

2018	New All Ages Play Area	(\$390,500)	
2019	Phase 2 Construction	(\$1,484,100)	
2020	Phase 3 Construction	(\$2,409,700)	
2021	Phase 4 Construction	(\$531,000)	
		Total “Move Out”	\$4,815,300

CHURCH ROAD PARK

2018	Move Drainage Repair to FY 2020	(\$100,000)	
------	---------------------------------	-------------	--

THE BOWIE HERITAGE TRAIL

2018	Move to Beyond: Hyphen	(\$69,600)	
	Faux Tunnels	(\$100,800)	\$170,400

Grand Total of CIP Reductions \$5,882,900

GENERAL FUND BALANCE HISTORY AND FORECAST-PROPOSED UNRESERVED FUND PROPOSED BUDGET FY2017

(Amounts in thousands)

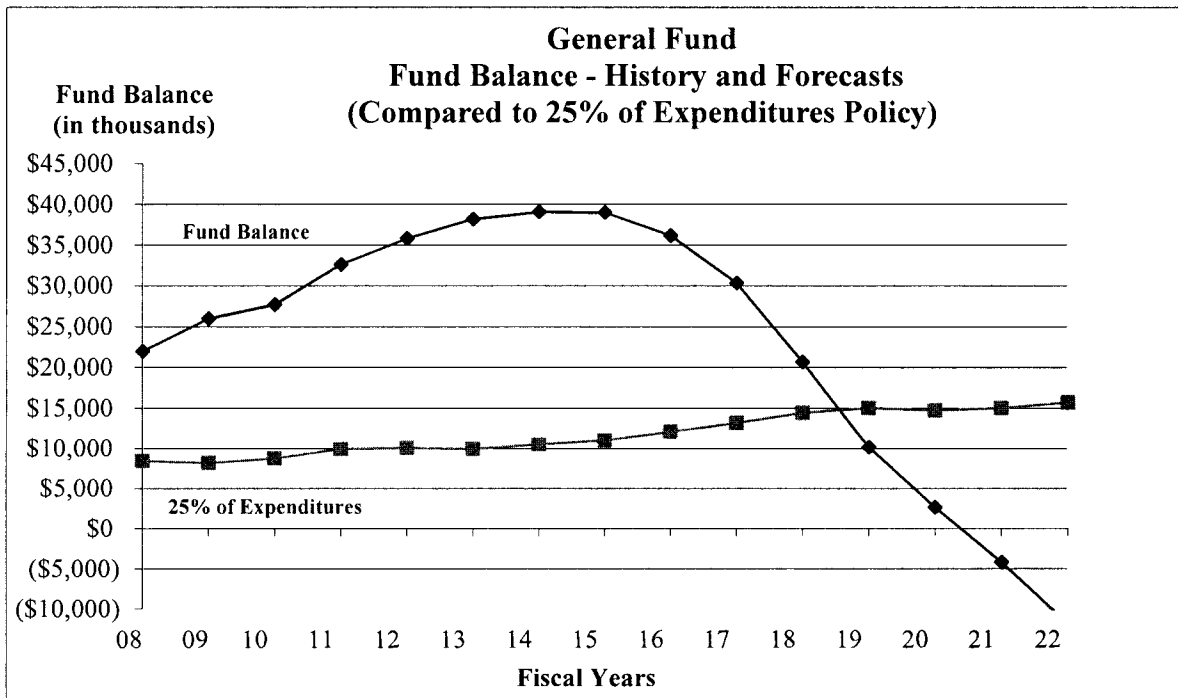
includes tentative changes and reductions in CIP and street resurfacing cost.

Assumptions for FY2018 through FY2022:

Real Property Assessment base growth rate	4% - 5%	enter 1 percent as .01
City tax rate	\$0.400	enter as .xx
State Shared revenues growth rate	2%	enter percent
All other revenues growth rate	1%	enter percent
Operating expenditures growth rate	4%	enter percent

Forecast Summary for above assumptions:

	<u>Revenues</u>	<u>Expenditures</u>		<u>Ending Fund Balance</u>	<u>Percent of Expenditures</u>
Balance at July 1, 2015				39,778	82%
Estimate - FY2016	45,737	48,560	(2,823)	36,955	76%
Budget - FY2017	47,079	52,922	(5,843)	31,112	59%
Forecasts:					
FY2018	48,234	57,882	(9,648)	21,464	37%
FY2019	49,721	60,231	(10,510)	10,954	18%
FY2020	51,480	58,997	(7,517)	3,437	6%
FY2021	53,318	60,158	(6,840)	(3,403)	-6%
FY2022	55,234	62,962	(7,728)	(11,131)	-18%



GENERAL FUND BALANCE HISTORY AND FORECAST-PROPOSED UNRESERVED FUND PROPOSED BUDGET FY2017

(Amounts in thousands)

includes tentative changes and reductions in CIP and street
resurfacing cost.

Assumptions for FY2018 through FY2022:

Real Property Assessment base growth rate	4% - 5%	enter 1 percent as .01
City tax rate	\$0.43 - \$0.45	enter as .xx
State Shared revenues growth rate	2%	enter percent
All other revenues growth rate	1%	enter percent
Operating expenditures growth rate	4%	enter percent

Forecast Summary for above assumptions:

	<u>Revenues</u>	<u>Expenditures</u>		<u>Ending Fund Balance</u>	<u>Percent of Expenditures</u>
Balance at July 1, 2015				39,778	82%
Estimate - FY2016	45,737	48,560	(2,823)	36,955	76%
Budget - FY2017	47,079	52,922	(5,843)	31,112	59%
Forecasts:					
FY2018	50,392	57,882	(7,490)	23,622	41%
FY2019	51,984	60,231	(8,247)	15,375	26%
FY2020	53,852	58,997	(5,145)	10,230	17%
FY2021	57,460	60,158	(2,698)	7,532	13%
FY2022	59,575	62,962	(3,387)	4,145	7%

