

MAYOR & COUNCIL AGENDA COVER SHEET

MEETING DATE:

March 31, 2008

CALL TO PODIUM:

Jim Arnoult, Acting City Manager
 Tony Tomasello, Assistant City Manager

RESPONSIBLE STAFF:

Jim Arnoult, Acting City Manager
 Tony Tomasello, Assistant City Manager
 Fred Felton, Assistant City Manager
 Harold Belton, Finance Director

AGENDA ITEM:

(please check one)

<input type="checkbox"/>	Presentation
<input type="checkbox"/>	Proclamation/Certificate
<input type="checkbox"/>	Appointment (Reappointments)
<input type="checkbox"/>	Public Hearing
<input type="checkbox"/>	Historic District
<input type="checkbox"/>	Consent Item
<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	Resolution
<input type="checkbox"/>	Policy Discussion
<input checked="" type="checkbox"/>	Work Session Discussion Item
<input type="checkbox"/>	Other:

PUBLIC HEARING HISTORY:

(Please complete this section if agenda item is a public hearing)

Introduced	
Advertised	
Hearing Date	
Record Held Open	
Policy Discussion	

TITLE:
Preliminary Guidance on Development of the Proposed FY'09 Budget

SUPPORTING BACKGROUND:
Staff is seeking guidance on development of the proposed FY 2009 budget. Several pending issues relating to revenue estimates, proposed expenditures, and the Capital Improvements Plan (CIP) will be raised in a PowerPoint presentation.
Attachment: PowerPoint Presentation

DESIRED OUTCOME:
Hear Presentation; Provide Guidance

FY 2009 Budget Update

Mayor & City Council Work Session

March 31, 2008



Gaithersburg

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Summary/Agenda

- Introduction
- FY 2009 Revenue
- FY 2009 Operating Budget
- Capital Budget Updates



FY 2009 Revenue

'09 Revenue - Sale of Property

- “Y” Site and 315 East Diamond Avenue redevelopment parcels in Olde Towne
- Identified at Retreat as key component of FY 2009 Revenue and that “reliability of settlements can be an issue”
- Preliminary project timeline indicates FY 2010 settlement for “Y” Site (\$4.8mm)



'09 Revenue - Photo-Radar

- Dramatic drop in citations recently; FY 2009 estimates reduced
- Pending legislation relating to receipt of fines
- Interpretation of law relating to use of funds



'09 Revenue - CDBG Program Income

- Olde Towne Youth Center parcel was purchased with CDBG funds in 1998
- Subsequent sale to Archstone triggers pro-rata repayment to HUD
- Funds will not be returned to Undesignated Fund Balance
- County and Federal approval required to recapture funds
 - If approved, must be used on eligible projects



FY 2009 Operating Budget

'09 Operating Budget

- Most requests for new personnel or position upgrades denied
- Must maintain competitive wages across all departments
 - Cost-of-Living increase = 4.5%
 - Merit increase = 2.0%
- Employee Health Care Increase estimated to exceed 10%



'09 Operating Budget

- Employee Energy, Utility & Raw Material costs rising rapidly
- \$150,000 to create a City residency “stipend” for non-exempt employees
 - Multiple benefits to City
- \$50,000 to study feasibility of “stand alone” police force
 - Long-term budget implications



Capital Improvements Plan

'09 CIP – Aquatic Center

- Retreat guidance to delay project
- Estimated 2 to 3 year delay
- Current projections do not indicate sufficient construction funds will be available at any time in next 5 fiscal years (given multiple projects)
- City has large investment in project to date
- Ripple effect across entire CIP



'09 CIP – Aquatic Center (Cont'd)

- Possible Options:
 - Complete design but “shelve” project
 - Maintain fund balance
 - Utilize fund balance for other projects
 - Determine if County funding can be transferred (current agreement does not address)
 - Combine projects
 - Fund construction via borrowing



'09 CIP – Senior Center

- Given a higher priority within the overall CIP at retreat
- Current working estimate for construction of \$12mm to \$14mm
 - Expectation of substantial State and/or County participation
- Potential to begin design in FY 2009 with FY 2012 opening



'09 CIP – Crown Farm Historic Preservation

- Short-term funding for stabilization and study
- Long-term plan for properties needs to be developed
- Large capital investment may be required
 - Potentially several million dollars



'09 CIP – Stormwater Management & Stream Restoration

- Several potential stream restoration initiatives being studied
- Matching funds for SWM activities no longer available
- Projects are very expensive
- Many SWM facilities are owned by HOA's
 - Limited HOA funding
- Work Session in 2008



FY 2009 Budget Update

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