



**City of Gaithersburg,
Maryland**

Adopted Budget

For the Fiscal Year Ended
July 1, 2016 to June 30, 2017



Gaithersburg
A CHARACTER COUNTS! CITY



Rio Washingtonian Center



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June 7, 2016

Mayor and City Council and Citizens of Gaithersburg:

I am pleased to submit the adopted Fiscal Year 2017 (FY17) City of Gaithersburg budget. As always, this document lays out a plan of action aligned with our strategic directions and funding priorities. Public input was solicited at a Budget Public Forum in February, which was then followed by the Mayor and City Council retreat, during which the strategic directions were presented for your consideration. Comments and feedback from both the forum and the retreat are reflected in the priorities addressed in this adopted budget.

By more accurately forecasting our annual spending, making use of some of our reserve funds, and thoughtfully and strategically allocating monies within the Capital Improvement Program (CIP), we are able to present a budget which allows us to continue our commitment to delivering a high level of service to our residents, compensate employees fairly, and maintain adequate reserves.

Significant emphasis continues to be placed on forecasting. Departments compared budgeted FY17 expenditures to actual spending over the past three years to ensure that the budget accurately reflects reality, allowing us to free up money for CIP projects and other initiatives.

I am happy to report that, once again, no tax increase was proposed. We are proud that one of the benefits of our long tradition of fiscal responsibility is that we have only raised the real property tax rate once in over forty years. The rate would remain at \$0.262 per \$100 of assessed value. We continue to enjoy what is arguably the best overall financial position of any municipality in the state, despite having one of the lowest property tax rates.

As with FY16, within this adopted budget is a significant reappropriation of reserves to more robustly fund the CIP and the Other Post-Employment Benefits (OPEB) Trust. We are ensuring that, over the next few years, sufficient funding is being allocated to proceed with the relocation of the Gaithersburg Police Department, the development of the a new park at the former Consumer Product Safety Commission (CPSC) site, as well as other capital projects. According to our actuarial analysis, the OPEB Trust will require increasing levels of funding over the next several years in order to meet our obligations to our future retirees.

The Stormwater Management program continues to come together. To accurately capture and reflect both revenue and expenses related to stormwater management, a new, distinct fund was established in FY16. The fee structure, which charges all property owners based solely on impervious surface, allows us to fund mandated stormwater initiatives.

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MAYOR
Jud Ashman

COUNCIL MEMBERS
Neil Harris
Henry F. Marraffa, Jr.
Michael A. Sesma
Ryan Spiegel
Robert T. Wu

CITY MANAGER
Tony Tomasello

Budget Highlights

The total adopted budget for FY17 is \$66.6 million, representing a 2.4 percent decrease from FY16. This decrease occurred because the FY17 budget reports the stormwater management fee directly to the Stormwater Management Fund, rather than including it in both revenue and as a transfer in the General Fund budget. The revenue and transfer were \$3.4 million in the FY16 budget. Excluding the effect of the stormwater management fee, the total adopted budget increased by \$1.8 million, or 2.8 percent. The FY17 adopted revenue budget, excluding the re-appropriation of reserve funding and the effect of the stormwater management fee change, increased by \$1.6 million, or 3.0 percent over FY16.

Several significant factors impacted the FY17 budget. Due to the City's population growth over the last several years (up more than 12 percent from 2009 to 2015), the City is experiencing increasing demands for services. The FY17 budget includes funding for nine new positions, and one position changed from part-time to full-time to accommodate the increased demands.

Health insurance costs continue to fluctuate significantly. The City participates in a group self-insurance pool that provides the City with many advantages as compared to commercial insurance. For example, the City retains claims savings in good claim years and there is a cap on the City's costs in high claim years. However, even within a self-insurance pool, there is more rate volatility than in commercial insurance. As a result, the City is currently budgeting for a 11.6 percent increase in health insurance costs for FY17, which followed a good year in FY16, when rates increased by only 4 percent.

The transfer to the City's OPEB Trust was increased by \$400,000, or 33 percent, to move it closer to the actuarially determined contribution.

The City was notified that the State had incorrectly allocated income tax returns to the City for individuals not located within the City limits. The State has indicated that the City will need to repay approximately \$2.5 million that was over distributed to the City from FY10 through FY14. The State has indicated that repayment could occur over a ten-year period beginning in FY18. The City estimates that annual income tax revenue will decrease by \$750,000, or approximately 7 percent for the FY17 budget year.

These changes were funded through a number of mechanisms including: the addition of a salary vacancy rate for full-time and part-time salaries, an expected increase in funding from State police grants, and continued tightening of the operating expenditure budget to better reflect the actual results from previous years.

Operating Budget

Highlighted on the following pages in alphabetical order are select FY17 Strategic Direction action items, which are reflected in the adopted budget.

City Administration

- The City will continue to implement the new procurement policy and regulations manual to ensure consistency and guide us in decision making.

Mayor and City Council and Citizens of Gaithersburg

June 7, 2016

- A new asset management system(s) will be selected and implemented to adequately track City assets including vehicles, property and stormwater facilities.
- Robust funding for the OPEB Trust was proposed to ensure that we are in a position to provide for our future retirees.

Communication

- Staff will implement a social media management plan and conduct Citywide training.
- Working with our website contractor, staff will implement an automated language translation feature for the City website.
- Staff will expand marketing opportunities through the installation of digital signage in select City facilities.

Community Services

- Staff will develop a two year work plan and gather outcome statistics for the Gaithersburg Financial Wellness Coalition, Bank On Gaithersburg and vocational and financial empowerment initiatives for adults and youth.
- Staff will research and implement a client data tracking program.
- The City will expand vocational and career development programs for Wells/Robertson and DeSellum House residents, including increasing enrollment in Montgomery College Workforce Development programs.

Economic Development

- The City will begin construction of the newly designed Olde Towne Park Plaza.
- Staff will promote the enhanced Toolbox program.
- Staff will research funding opportunities for, and types of, “community based” wayfinding signage programs for the City’s commercial sectors.
- The City will pursue new development opportunities for the vacant site at 315 East Diamond Avenue in Olde Towne.

Environment

- The City will continue to work with the Maryland Department of the Environment to renew our National Pollutant Discharge Elimination System (NPDES) permit pending issuance of State guidance.
- Staff will develop, in coordination with the Environmental Affairs Committee and Public Information Office, a grass recycling education and outreach program titled, “Leave it on the Lawn.”
- Staff will draft the new Stormwater Standards policy document and present it to the Mayor and City Council for consideration of final adoption.

Housing

- Staff will present options for Mayor and City Council prioritization relative to uses of the Housing Initiatives Fund.
- Staff will develop a Language Access Plan for residents with limited English proficiency as required by HUD.

Mayor and City Council and Citizens of Gaithersburg

June 7, 2016

- Staff will propose amendments to the Affordable Housing Ordinance and regulations for consideration of adoption by the Mayor and City Council.

Infrastructure and Facilities

- Staff will complete the design of the new Police Station, replace the roof at City Hall and complete renovations of the Miniature Golf Park.
- Staff will complete design of the park on the former CPSC site and begin construction.
- The City will acquire Crown Farm buildings, and staff will erect a security fence and conduct a study for the preservation and use of the buildings.
- Staff will complete the design and construction for replacement of the waterslides at the Water Park.

Parks, Recreation and Culture

- Staff will update the Parks, Recreation and Culture Master Plan.
- The City will select an offsite ticket vendor for Arts Barn and special events.
- Staff will assist in completing designs for the Side Garden at Kentlands Mansion and ballfield lighting in Walker Field at Morris Park.
- Staff will work with the Department of Information Technology to select and procure new recreation management software.
- Staff will finalize the Community Museum complex with the addition of exhibits in the Budd Car and Caboose.

Planning and Development

- Staff will update the Historic Preservation Master Plan and present it to the Mayor and City Council for consideration of adoption.
- Staff will conduct citizen and stakeholder outreach related to possible changes to the Corridor Development (CD) Zone and present the options to the Planning Commission and Mayor and City Council for consideration of adoption.
- Staff will continue to facilitate efforts to obtain Bus Rapid Transit along Route 355.
- Staff will implement new Fire License software and gain compliance for Fire Systems maintenance.

Police Department

- The City will provide officers with de-escalation training.
- Staff will work with the Department of Public Works to complete the architectural design for the new Police Station.
- Staff will present results of the evaluation of body worn cameras to the Mayor and City Council for consideration and possible future use by patrol officers.

Transportation

- Staff will develop new pathway and pavement management systems.
- Staff will amend the City Road Code and present it to the Mayor and City Council for consideration of adoption.
- Staff will work on reconstructing City owned but County maintained traffic signals.

Mayor and City Council and Citizens of Gaithersburg

June 7, 2016

- Staff will work on resurfacing along Victory Farm Drive from Girard Street to Saybrooke Oaks Boulevard and reconstructing Quince Orchard Boulevard from MD 117 to MD 124.
- Staff will complete construction of several new lighting projects.

Conclusion

I want to take this opportunity to thank all of those who were involved in developing the budget. The Mayor and City Council, our creative and dedicated staff and, of course, our residents all have a role in continuing the City's reputation for excellence.

Our City is growing, with an estimated population of 67,330. This adopted budget encourages the professional development of our staff, puts people in place to provide enhanced services, preserves infrastructure, maintains facilities, and lays the groundwork for future growth, all with the ultimate goal of ensuring that the residents of our growing City enjoy the highest possible quality of life.



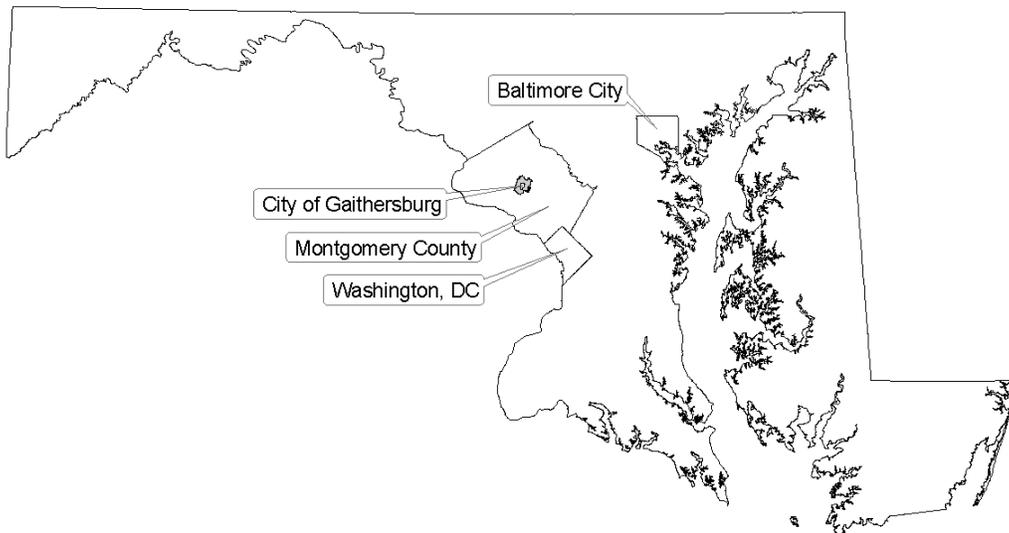
Tony Tomasello
City Manager

Community Profile

The City of Gaithersburg is a municipality sharing local government taxing authority with Montgomery County, Maryland. Gaithersburg derives its governing authority from a charter granted by the General Assembly of Maryland on April 5, 1878. The City operates under the council-manager form of government. The governing body is the Mayor and City Council, which formulates policies for the administration of the City. A Mayor and five City Council members are elected at-large for staggered four-year terms. The City Manager is appointed by the Mayor and City Council to serve as the City's chief executive officer. The City Manager is responsible for the implementation of policies and directions established by the Mayor and City Council.

Gaithersburg is centrally located in the heart of Montgomery County. The southeastern border lies 12 miles from the northwestern border of Washington, D.C., and 18.5 miles northwest of the U.S. Capitol Building. Gaithersburg is positioned 39.14 degrees north of the equator and 77.21 degrees west of the prime meridian. Gaithersburg occupies approximately 10.33 square miles, with a population of 66,816 as of July 1, 2014. As mandated by state law, Montgomery County provides school, library, social services, and fire protection in Gaithersburg. In addition to the Montgomery County Police, Gaithersburg residents are served by the City's own Police Department.

The City continues to attract and maintain a dense concentration of high technology and biotechnology companies along the Interstate 270 Technology Corridor which benefit from their proximity to the regulatory agencies in the National Capital region. While the City is debt free, current economic conditions pose significant financial challenges. Through conservative fiscal policies and sound planning, core services continue to be delivered at a very high quality, and groundwork has been laid for sustainability despite decreasing revenue from other government entities.





ABOUT THE CITY

FY17 BUDGET

People QuickFacts	Gaithersburg	Maryland
Population, 2014 estimate	66,816	5,976,407
Population, 2010 (April 1) estimates base	59,893	5,773,785
Population, percent change - April 1, 2010 to July 1, 2014	11.60%	3.50%
Population, 2010	59,933	5,773,552
Persons under 5 years, percent, 2010	8.30%	6.30%
Persons under 18 years, percent, 2010	24.20%	23.40%
Persons 65 years and over, percent, 2010	9.50%	12.30%
Female persons, percent, 2010	51.40%	51.60%
White alone, percent, 2010 (a)	50.80%	58.20%
Black or African American alone, percent, 2010 (a)	16.30%	29.40%
American Indian and Alaska Native alone, percent, 2010 (a)	0.50%	0.40%
Asian alone, percent, 2010 (a)	16.90%	5.50%
Native Hawaiian and Other Pacific Islander alone, percent, 2010 (a)	0.10%	0.10%
Two or More Races, percent, 2010	4.80%	2.90%
Hispanic or Latino, percent, 2010 (b)	24.20%	8.20%
White alone, not Hispanic or Latino, percent, 2010	40.00%	54.70%
Living in same house 1 year ago, percent age 1 year+, 2010-2014	83.80%	86.70%
Foreign born persons, percent, 2010-2014	40.20%	14.20%
Language other than English spoken at home, percent age 5 years+, 2010-2014	48.00%	16.90%
High school graduate or higher,% age 25 years+, 2010-2014	88.00%	89.00%
Bachelor's degree or higher, percent of persons age 25 years+, 2010-2014	51.60%	37.30%
Veterans, 2010-2014	2,793	416,027
Mean travel time to work (minutes), workers age 16 years+, 2010-2014	32	32
Housing units, April 1, 2010	23,337	2,378,814
Owner-occupied housing unit rate, 2010-2014	55	67
Median value of owner-occupied housing units, 2010-2014	363,800	287,500
Median gross rent, 2010-2014	\$1,504	\$1,218
Households, 2010-2014	\$22,818	\$2,155,983
Persons per household, 2010-2014	2.76	2.67

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

Source: US Census Bureau State & County QuickFacts

Following is information about the City's major taxpayers and employers from the City's FY15 Comprehensive Annual Financial Report (CAFR).

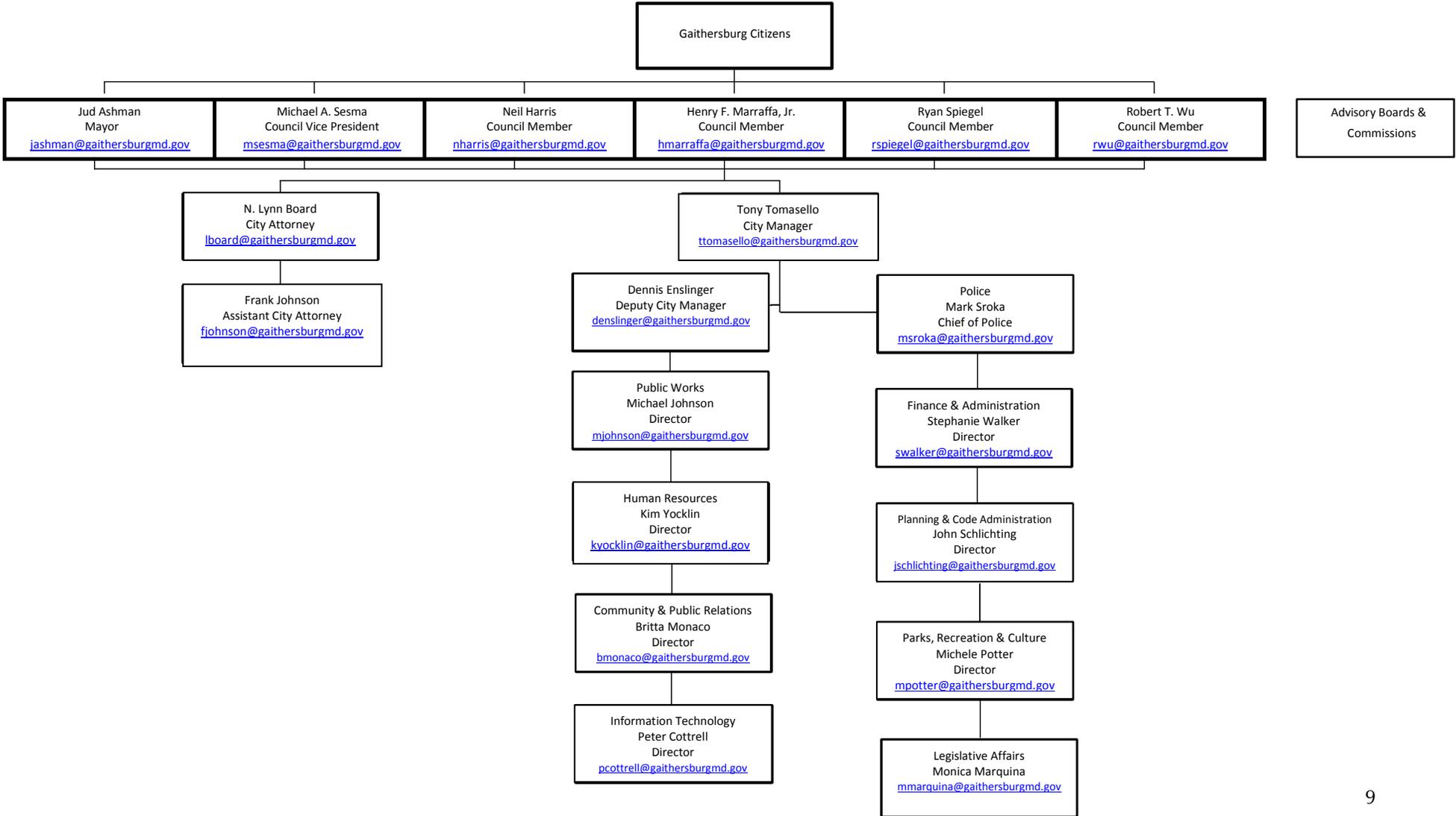
Largest Taxpayers

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total</u>
Medimmune, Inc	\$ 207,174,666	235.81%
ARE LLC	113,048,066	128.68%
Lake Forest Associates	109,951,133	125.15%
Asbury Atlantic Inc	101,894,633	115.98%
Avalon II Maryland Value III LP	88,429,133	100.65%
Archstone Westchester	87,596,033	99.71%
KBSIII One Washingtonian LLC	85,250,000	97.04%
893 Clopper Road Investors Corp	85,221,500	97.00%
Federal Realty Investments TR	83,109,700	94.60%
TRT 270 Center Owner LLC	75,241,400	85.64%
Total Major Taxpayers	<u>1,036,916,264</u>	<u>11.80%</u>
Total Assessed Valuation	<u>\$ 8,785,480,916</u>	

Major Employers

<u>Employer</u>	<u>Employees</u>
National Institute of Standards and Technology	2,730
Medimmune	2,290
Asbury Methodist Village	820
Lockheed Martin	736
Sodexo USA	570
Hughes Network Systems, LLC	450
Adventist HealthCare	400
Kaiser Permanente	350
GXS	346
Novavax	<u>300</u>
Total	<u>8,992</u>
Total Montgomery County Civilian Labor Force (Data for total employees available for county only)	<u>544,313</u>

City of Gaithersburg, Maryland



List of Principal Officials

Title

Mayor
City Council

City Manager
Deputy City Manager

City Attorney

Department Directors

Community & Public Relations
Finance & Administration
Human Resource
Information Technology
Parks, Recreation & Culture
Planning & Code Administration
Police
Public Works

Name

Jud Ashman
Neil Harris
Henry F. Marraffa, Jr.
Michael A. Sesma
Ryan Spiegel
Robert T. Wu

Tony Tomasello
Dennis Enslinger

N. Lynn Board

Britta Monaco
Stephanie M. Walker
Kim Yocklin
Peter Cottrell
Michele Potter
John Schlichting
Mark Sroka
Michael Johnson



Benjamin Gaither Center Reopening



ABOUT THE BUDGET

FY17 BUDGET

This document could not have been prepared without all of the cooperation, support and leadership of the Mayor and City Council. Employees, at all levels, in every department and division contribute to this document and the planning process. Their hard work and assistance is greatly appreciated.

As described in the Budget Timeline section, the Strategic Plan is updated and discussed annually and early in the budgeting process. Through this planning process, Department Directors develop their work plans and financial needs for the budget year.

The Strategic Plan is so integral to the budget process that it is included in the City's budget document on the following pages and a summary of the strategic directions are included in the budget letter. Additionally, the departmental pages identify the Strategic Directions that relate to that department, to better understand how the department relates to the strategic plan, action plan items and critical measurements. The Strategic Plan showcases how the City links our current year action steps to our long-term vision of the City.



Gaithersburg
A CHARACTER COUNTS! CITY

Strategic Plan

An Overall Approach to Achieving the
Vision of the City of Gaithersburg



Fiscal Year 2017

www.gaithersburgmd.gov

Strategic Plan Components

Mission & Vision Statement:

Description of what the City of Gaithersburg exists to do (Mission) and the characteristics that define it as a community (Vision).

Guiding Principles:

Description of the manner in which the City government will conduct business, pursue the Vision and fulfill its Mission.

Strategic Directions:

The eleven primary elements of the City Strategic Plan, each relating to a specific area of focus.

Key Strategies:

Approaches intended to implement a Strategic Direction.

Objectives:

Individual actions and/or initiatives utilized to implement a Key Strategy.

Critical Measures:

Specific data providing objective verification that Strategic Directions are being achieved.

Mission & Vision

Mission: The Gaithersburg City government exists to provide quality, cost effective, priority community services for its citizens. We are a City that serves as a catalyst for the involvement of residents, businesses and organizations to ensure that Gaithersburg is a great place to live, work, learn, and play.

Vision: Gaithersburg will be a City that:

- Lives by the Six Pillars of CHARACTER COUNTS!® (trustworthiness, respect, responsibility, fairness, caring, and citizenship)
- Has retained the best qualities of a small town and respects its heritage, while embracing the opportunities that new technologies, programs and concepts in urban design provide
- Has involved and supportive citizens and businesses reflecting the diversity of the community
- Has a fiscally conservative, proactive government
- Has safe, livable neighborhoods with a variety of housing types and styles served by diverse transportation options
- Has excellent learning opportunities that meet the needs of the community
- Has attractive and beautifully maintained parks and public places
- Has citizens and institutions that value cultural diversity and seeks ways to promote involvement from all cultural groups
- Has many leisure time activities that meet the needs of the community
- Has citizens with a strong sense of community and individual responsibility
- Has a natural environment that is protected, respected and enhanced
- Has strong partnerships to meet the needs of the community
- Has a community that encourages individual health and wellness
- Has a commitment to sustainable practices that promote social equity, environmental health and economic prosperity

Guiding Principles

Customer Focus

We actively pursue the identification of citizen needs through citizen involvement to provide effective service to our community with efficiency, accountability and a caring attitude.

Open Communication

We promote honest, open communication and easy access to information.

Creativity

We strive to improve the quality and efficiency of City services through creative approaches and new, innovative and cost effective technologies.

Fiscal Responsibility

We provide quality services, of the best value, to effectively meet the needs of our community while maintaining a pay-as-you-go philosophy.

Cooperation

We promote a spirit of fairness, trustworthiness, respect, and teamwork among our elected officials, City employees, residential and business communities, neighboring jurisdictions, and other governmental agencies.

Commitment to Excellence

We strive to achieve excellence in all we do.

Continuous Improvement

We advocate good citizenship and support the freedom to actively pursue suggestions, ideas and creative approaches, leading to continuous improvement in everything we do.

City Administration



Provide the highest levels of resident, visitor and business services through the continual enhancement of administrative and support functions

Key Strategies

- Maintain employee compensation program balancing internal equity & external competitiveness with financial sustainability
- Develop efficient, transparent processes/systems to provide financial information & foster sustainability
- Provide engaged, professional, enthusiastic staff to serve City needs
- Ensure City policies & processes reflect City's values, mission & vision
- Invest in/maintain technology to gain efficiencies, improve operational effectiveness, increase productivity, & assist in information dissemination
- Ensure maintenance of key City services while acknowledging changes in demographics, population growth and/or economic conditions
- Ensure effective and efficient communication among employees, citizens & stakeholders
- Maintain intergovernmental & lobbying activities to enhance City resources & residents' quality of life

**Potential Strategy
Conflicts-**



Objectives

Maintain employee compensation program balancing internal equity & external competitiveness with financial sustainability

- Offer wellness incentive programs that will encourage employees to lead a healthy and active lifestyle while helping the City reduce health care costs
- Facilitate the retirement transition process for employees
- Provide programs and processes aimed at maintaining a healthy, active workforce
- Maintain salary structures that are externally competitive, internally equitable and sustainable
- Provide training for departmental hiring managers on recruitment and selection best practices to build and maintain a talented and diverse workforce
- Provide an employee benefits strategy based on shared City and employee financial responsibilities, cost predictability, and appropriate plan design

Develop efficient, transparent processes/systems to provide financial information & foster sustainability

- Safeguard and maximize the use of resources through risk management, prudent investments, and best financial management practices
- Review and improve financial processes and procedures to remain current with changing needs and technology
- Provide timely, relevant financial information to decision makers and the public
- Ensure financial sustainability through long range financial planning and encouraging long term decision making
- Ensure budget document and financial statements continue to meet Government Finance Officers Associations (GFOA's) Distinguished Budget Presentation Award and Excellence in Financial Reporting Award criteria

Objectives

Provide engaged, professional, enthusiastic staff to serve City needs

- Utilize a 360° leadership evaluation system to engage employees in the personnel review process
- Employ performance measurement systems that provide feedback for decision making
- Provide a competitive & sustainable benefits package to recruit/retain high caliber employees
- Continually address compensation equity policies
- Build an environment of employee professionalism, engagement, empowerment, and involvement that supports an effective operating environment
- Develop succession strategies for key positions/job classes to prepare for potential turnover and loss of organizational knowledge
- Provide opportunities to improve organizational capability and effectiveness
- Encourage and seek out employee feedback on issues in the workplace
- Engage employees in determining how work is performed to enhance ownership and accountability
- Provide training, organizational development, and career management opportunities to meet the changing needs of the City
- Provide opportunities for cross-departmental cooperation and promotion
- Develop and implement safety programs and incentives to achieve safety goals

Objectives

Ensure City policies & processes reflect City's values, mission & vision

- Administer fair, accurate and responsive election process
- Emphasize ethical conduct through employee training and adherence to the City Ethics Code
- Ensure an open and transparent government
- Ensure CHARACTER COUNTS! concepts reflected in the City's programs, events & activities
- Prioritize processes for identifying and implementing innovation within the organization
- Maintain fair and ethical employment and procurement practices
- Utilize "Green Purchasing" policies
- Ensure City services are able to respond to the needs of a diverse community
- Provide managers and supervisors with knowledge, tools, resources and a policy framework that facilitates accurate and consistent interpretation of policies
- Promote a "values driven" organizational culture that reinforces ethical behavior, exercises transparency, and maintains the public trust

Objectives

Invest in/maintain technology to gain efficiencies, improve operational effectiveness, increase productivity, & assist in information dissemination

- Enhance customer service and reduce costs through investments in automation and technology
- Focus on energy management and resource conservation in City operations and purchasing
- Maintain a resilient and robust network to host technologies which provide continuity of operations and new functionality
- Facilitate transparency in City's processes by ensuring ease of citizen access to information
- Balance increasing data storage needs with operational effectiveness
- Maintain continuity of operations and disaster recoverability by increasing redundancy and resiliency of key systems
- Use new technologies to increase the transparency of local government including GIS mapping techniques, statistical data tools, and access to public records.
- Enhance service to citizens, businesses, and others through information technology by providing more services and information to citizens
- Minimize the variation of hardware platforms, operating systems, network infrastructure, and database and application development to allow for ease of maintenance, facilitate training, and reduce the total cost of ownership
- Maintain accurate and up-to-date databases to support decision making and transparency

Objectives

Ensure maintenance of key City services while acknowledging changes in demographics, population growth and/or economic conditions

- Ensure the organization is structured in a manner that facilitates quality service, cooperation, teamwork, and communication and is flexible and adaptable to changing conditions
- Sustain an organizational environment that acknowledges and celebrates diversity and employs inclusive practices throughout daily operations
- Utilize hiring and retention strategies that encourage and produce a qualified and diverse work force
- Identify all strategies for key City service delivery in the Strategic Plan document
- Maintain strategies to address current and future organizational needs including optimal workforce size, structure and space needs
- Utilize Strategic Plan in identifying budget priorities

Ensure effective and efficient communication among employees, citizens & stakeholders

- Utilize best practices in the communication processes used to keep employees informed of changing information (i.e. staffing and promotions, policies and procedures, benefit changes, etc.)
- Conduct regular open forums and focus groups with departments/employee groups
- Provide periodic written communication from the City Manager to employees and other appropriate stakeholders
- Host events/programs to sustain morale among employees
- Utilize bi-annual Community Survey data to allocate resources to areas of greatest need
- Solicit employee feedback on key decisions
- Improve employee accessibility to technology and the City of Gaithersburg website

Objectives

Maintain intergovernmental & lobbying activities to enhance City resources & residents' quality of life

- Maintain close working relationships with representatives of all levels of government and continually seek funding and grant opportunities for City priorities
- Evaluate services and programs that are duplicated by other levels of government/private sector and work to eliminate/reduce redundancies
- Forge partnerships with peer local governments and associated advocacy groups to maintain a leadership role on broad policy issues
- Ensure accurate assessment of real property within the City to provide for timely, equitable collection of taxes
- Work with local municipalities and Montgomery County on issues associated with tax duplication

Action Items

FY 2016 Key Action Items

- ✓ Engage consultant in review of the Personnel Rules and Regulations for clarity and consistency
- ❑ Submit recommendations of consultant review of the Personnel Rules and Regulations to Mayor and City Council for consideration
- ❑ Complete redesign and implementation of internal website (CityNet)
- ✓ Establish separate Stormwater Management Program CIP and implement detailed project based cost accounting
- ✓ Establish Mayor and City Council Legislative Agenda and provide weekly updates on legislation at the State and County levels during the legislative session
- ❑ Select and begin implementation of asset management system(s) to adequately track City assets including vehicles, property and stormwater facilities
- ❑ Develop a workforce plan that addresses appropriate staffing levels and space allocation needs
- ❑ Evaluate Post-Employment Healthcare Benefit and identify a more sustainable program for future employees

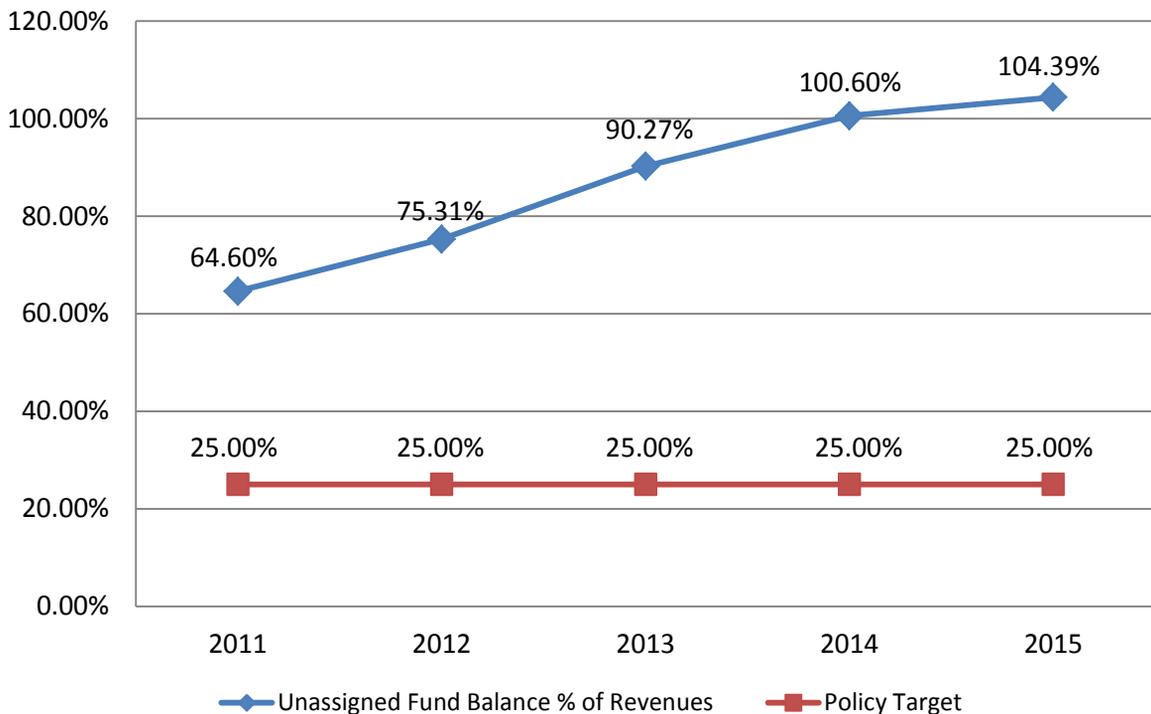
Action Items

FY 2017 Key Action Items

- Complete redesign and implementation of internal website (CityNet)
- Develop a workforce plan that addresses appropriate staffing levels and space allocation needs
- Complete implementation of new procurement policy and regulations manual
- Implement new budget software and provide training to all users
- Fully invest available City funds in accordance with investment strategy (may be completed in FY16)
- Select and begin implementation of asset management system(s) to adequately track City assets including vehicles, property and stormwater facilities
- Select and implement an agenda management system to replace the current system in place (SIRE)
- Create critical measure of response rate relative to Help Desk tickets
- Implement a process to conduct targeted pay scale studies, on periodic basis, to ensure the City maintains internal and external compensation equity

Critical Measures

Unassigned Fund Balance as a Percent of Revenues



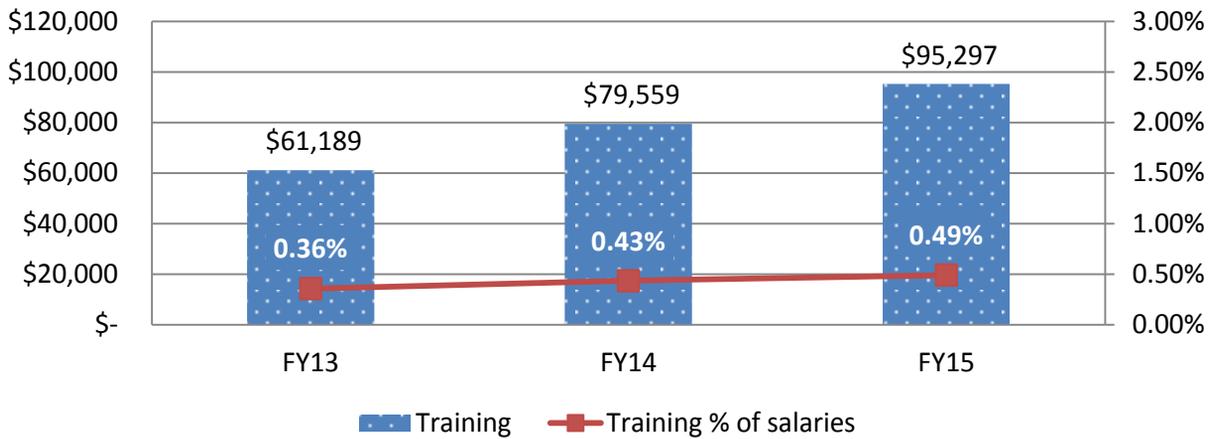
Analysis

The chart above compares the City's actual unassigned fund balance to the current fund balance policy target of 25 percent. When actual results are compared to this target, it appears that the unassigned fund balance is higher than the target. The City's current policy target is similar to that used by many other jurisdictions. However, most other government entities issue debt for large capital projects.

The City's current policy does not take into account that the unassigned fund balance will be used in place of debt for funding. This means that in years when large capital projects are being completed, the unassigned fund balance would be depleted. Conversely, in other years it would be expected that additional funds would be added to the unassigned fund balance as the City saves for future years' projects. The FY16 – FY20 projection shows an expected use of fund balance of \$40 million (or 70 percent of revenues), which would reduce the actual line to approximately 34 percent of revenues. Over the next several years, staff will be working towards incorporating this longer term perspective into a new policy for consideration by the Mayor and City Council.

Critical Measures

City-wide Training Expenditures and Comparison to Full-time Salaries

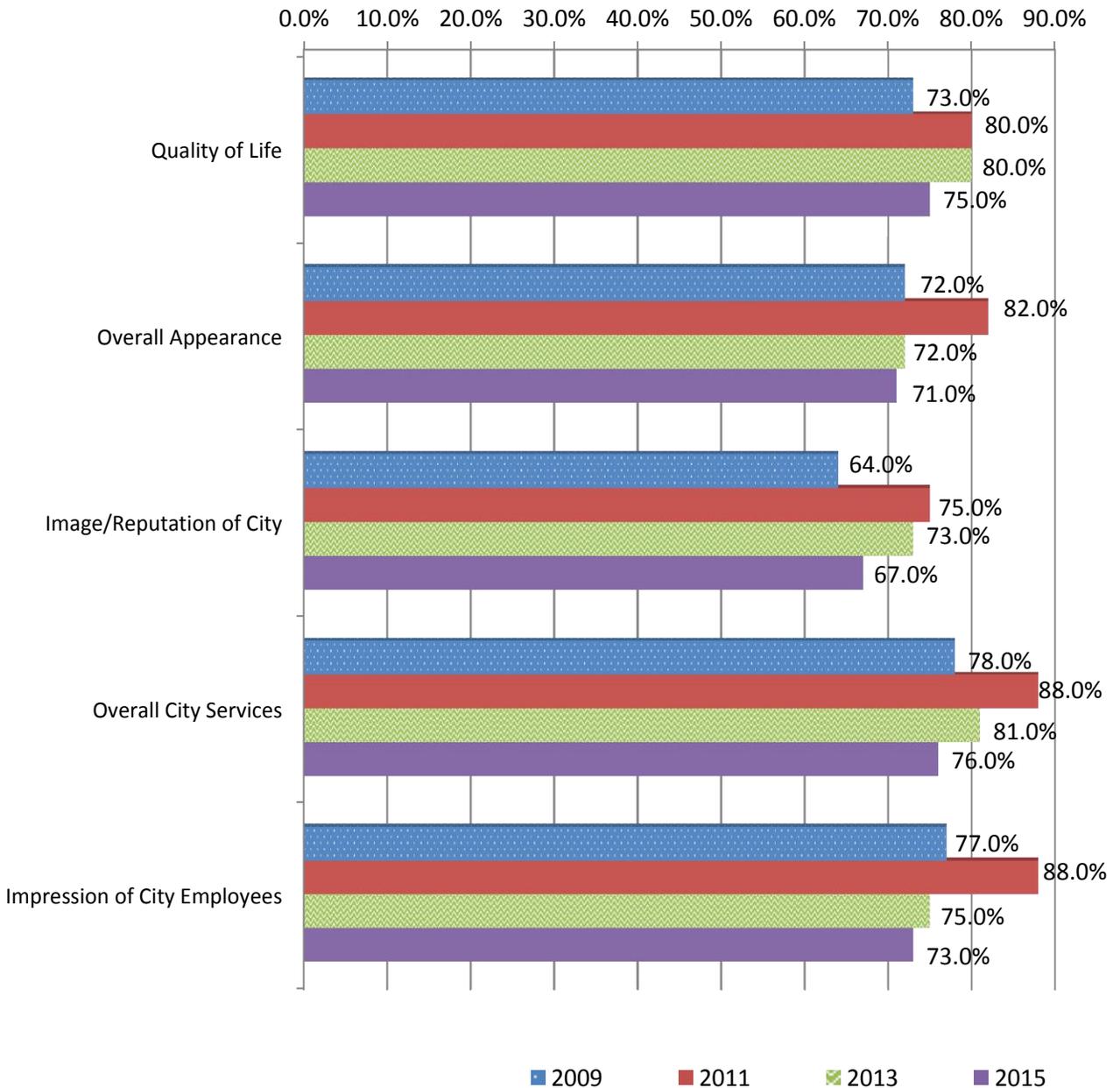


Analysis

Actual expenditure of In-Service Training has increased each year from FY13 to FY15 relative to full-time salaries. This comparison is for Conference and In-Service Training in relation to full-time salaries.

Critical Measures

Revised Citizen Survey Responses – “Excellent” or “Good”

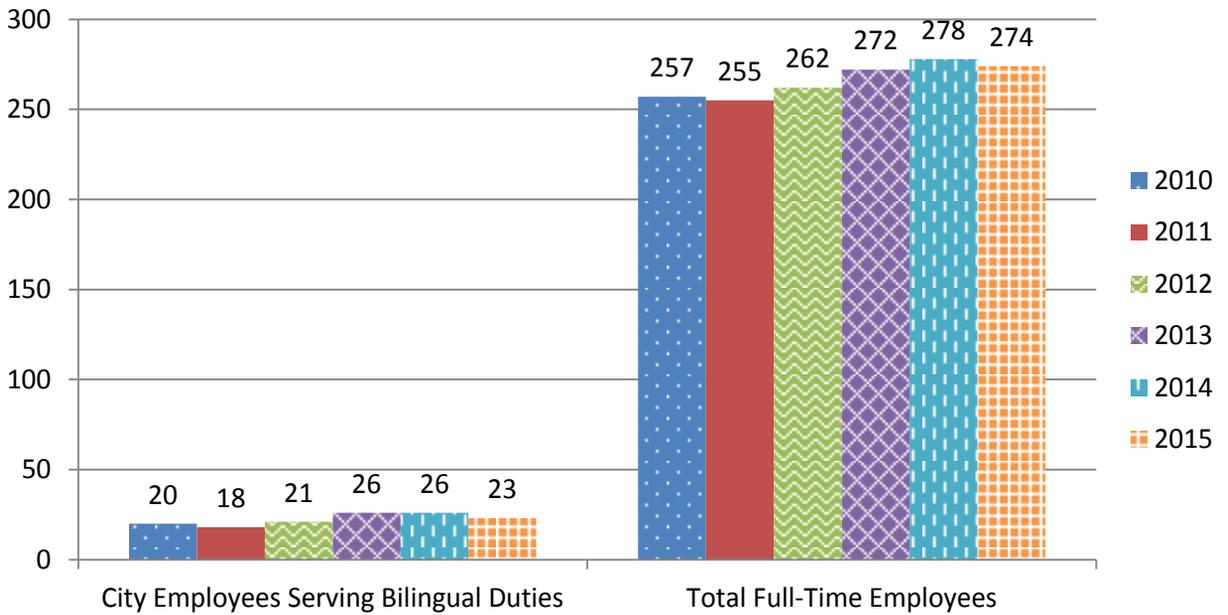


Analysis

438 responses were received as part of the 2015 survey as compared to 186 in 2013. These five measures were all similar to the national benchmark, although they are slightly below the 2013 survey results.

Critical Measures

Bilingual Employees

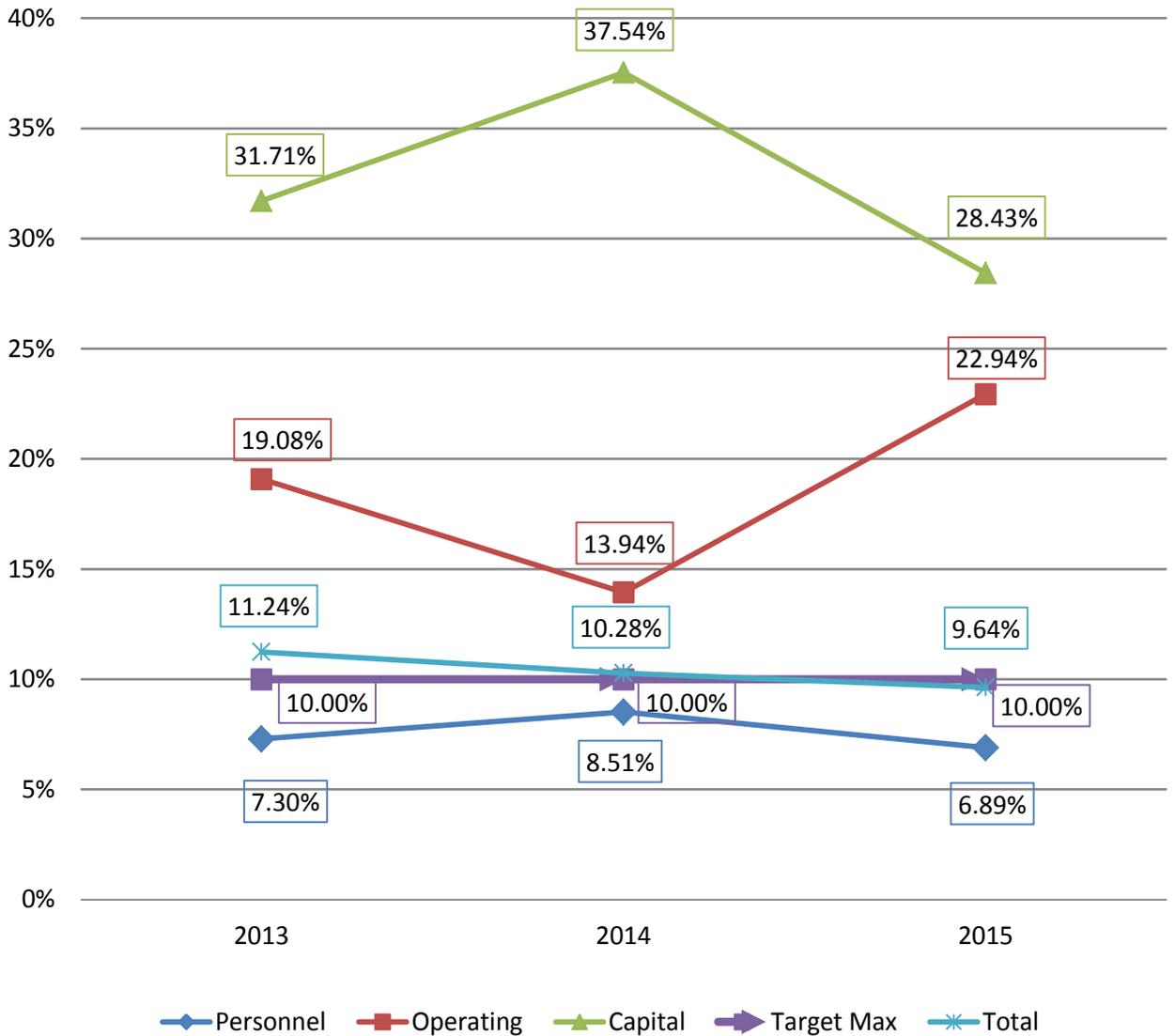


Analysis

In regard to diversity, the City has maintained its level of bilingual employees in relation to the number of full-time positions.

Critical Measures

Percent of Unspent Budget - by Category 2013 - 2015



Analysis

The City desires to have the actual costs come in within 10 percent of budget. This is represented by the Target Max line/column shown above. Staff are exploring several changes to how we budget in order to reduce the “budget to actual” gap in future years.

Communication



Ensure effective and consistent communication activities with residents, businesses and visitors using new technologies and innovative approaches that ensure transparency and encourage dialog

Key Strategies

- Engage citizenry in diverse and meaningful ways, providing opportunities for two-way communication and involvement
- Maximize use of electronic communication to provide comprehensive, timely and accurate information
- Inform citizens of news, services, programs, and events with unique and compelling video productions
- Ensure accurate and comprehensive coverage of City news, events and emergency communications by external sources
- Market/brand the City and increase exposure through effective multimedia campaigns and special events

Potential Strategy Conflicts-

- Environment – efforts to reduce printed materials



Objectives

Engage citizenry in diverse and meaningful ways, providing opportunities for two-way communication and involvement

- Foster involvement and provide opportunity for dialog through advisory committees, surveys, community meetings, volunteer opportunities, and recognition events
- Implement communication plan for City news and events, projects and initiatives, considering all communication tools including digital and print
- Produce creative and engaging marketing materials and publications to inform citizens of City news, programs and events
- Use citizen feedback such as online polls and citizen surveys to aid in strategic planning
- Monitor community demography and tailor communications as appropriate
- Utilize highest reasonable level of personalization in direct citizen outreach

Maximize use of electronic communication to provide comprehensive, timely and accurate information

- Maintain an effective, efficient website that ensures transparency, is responsive to the needs of users, communicates City strategies, priorities, news, and events, and provides opportunity for dialog
- Leverage social networking opportunities to expand the reach of the City's message
- Expand opt-in opportunities for citizen engagement
- Ensure that communications are maximized to take advantage of emerging technologies
- Conduct ongoing campaigns to educate citizenry about features and opportunities available on website and social networking platforms, using a variety of outlets to maximize reach

Objectives

Inform citizens of news, services, programs, and events with unique and compelling video productions

- Ensure transparency through the live broadcast of select public meetings
- Produce and promote programs in a variety of formats and across multiple platforms that benefit the City both strategically and economically
- Monitor industry and leverage opportunities for broader programming exposure, including improving viewing opportunities for GTV by taking advantage of online scheduling features
- Maintain collaborative relationships with other Public/Education/Government (PEG) entities and service providers

Ensure accurate and comprehensive coverage of City news, events and emergency communications by external sources

- Foster working relationships with local media and community-based groups
- Communicate the City's message to a broad audience, leveraging existing communities such as HOAs, Neighborhood Watch Groups and ListSrvs
- Maximize the use and effectiveness of the Alert Gaithersburg system
- Maintain involvement and maximize opportunities for region-wide communication through the Capital Region Web Portal

Objectives

Market/brand the City and increase exposure through effective multimedia campaigns and special events

- Develop multimedia messaging strategy to position Gaithersburg as a desirable place in which to live and do business. Ensure messaging is consistent and non-contradictory across City departments
- Leverage involvement with professional and trade associations and explore opportunities for cooperative advertising and promotion
- Consider all special events as messaging opportunities, taking advantage of captive audiences to communicate the City's strategies and priorities as appropriate
- Use strategic marketing initiatives to generate awareness and maximize attendance for events and programs

Action Items

FY 2016 Key Action Items

- ✓ Explore cross-training and skill utilization to maximize effectiveness of Public Information Office staff (Continuation from FY15)
- ❑ Develop training program and manage workflow to facilitate posting of website content from other departments (Continuation from FY15)
- ✓ Conduct biennial Citizen Survey in the fall of 2015
- ✓ Develop and implement communication campaign to encourage voter turnout for 2015 municipal elections
- ✓ Enhance inGaithersburg weekly e-mail newsletter with regular highlighting of resident accomplishments (“Extraordinary Gaithersburg” feature)
- ✓ Expand reach of subscription based electronic newsletters and develop customized, branded templates for other departments
- ✓ Produce nine video spots promoting Casey, Youth Centers, Senior Center, Mansion, Arts Barn, Water Park, and Skate Park. Develop new format to highlight cultural programming
- ❑ Improve viewing opportunities for GTV by taking advantage of program scheduling for TV Guide features on Comcast, Verizon and RCN. Ensure availability of programming schedule on City website and explore sharing of content and capabilities with other PEG entities in Montgomery County
- ✓ Increase Alert Gaithersburg subscriptions by featuring the service in electronic and printed materials, promoting at special events, and communicating with ListSerts, HOAs and other groups

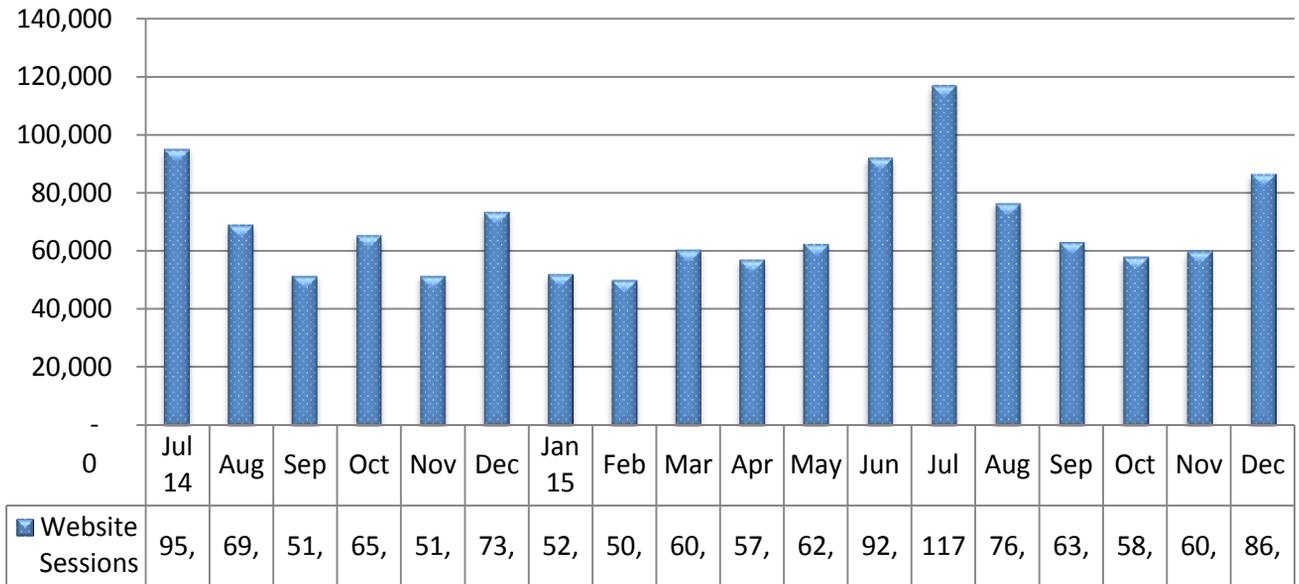
Action Items

FY 2017 Key Action Items

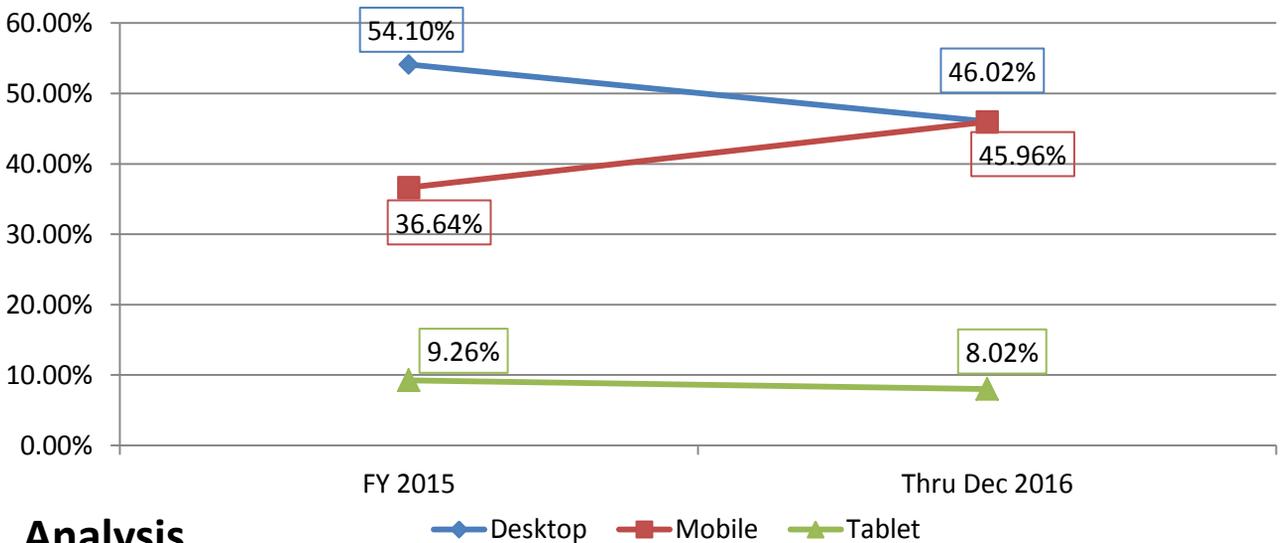
- ❑ Implement social media management plan and conduct City-wide training to review guidelines and best practices
- ❑ Expand presence across all social media platforms and encourage citizen dialog with interactive content such as surveys and polls
- ❑ Work with website contractor to implement an automated language translation feature for the City website
- ❑ Develop training programs and manage workflows to facilitate posting of digital content from all departments across multiple platforms (Modified Action Item from FY16)
- ❑ Enhance the user experience on the City Projects webpage by reorganizing the content and incorporating a GIS-based map
- ❑ Produce attention grabbing short format video news content specifically for use on social media platforms
- ❑ Expand marketing opportunities with the installation of digital signage in select City facilities and manage content that incorporates facility and meeting information, events and activities, social media and RSS feeds

Critical Measures

Website Sessions



Website Access by Device Type



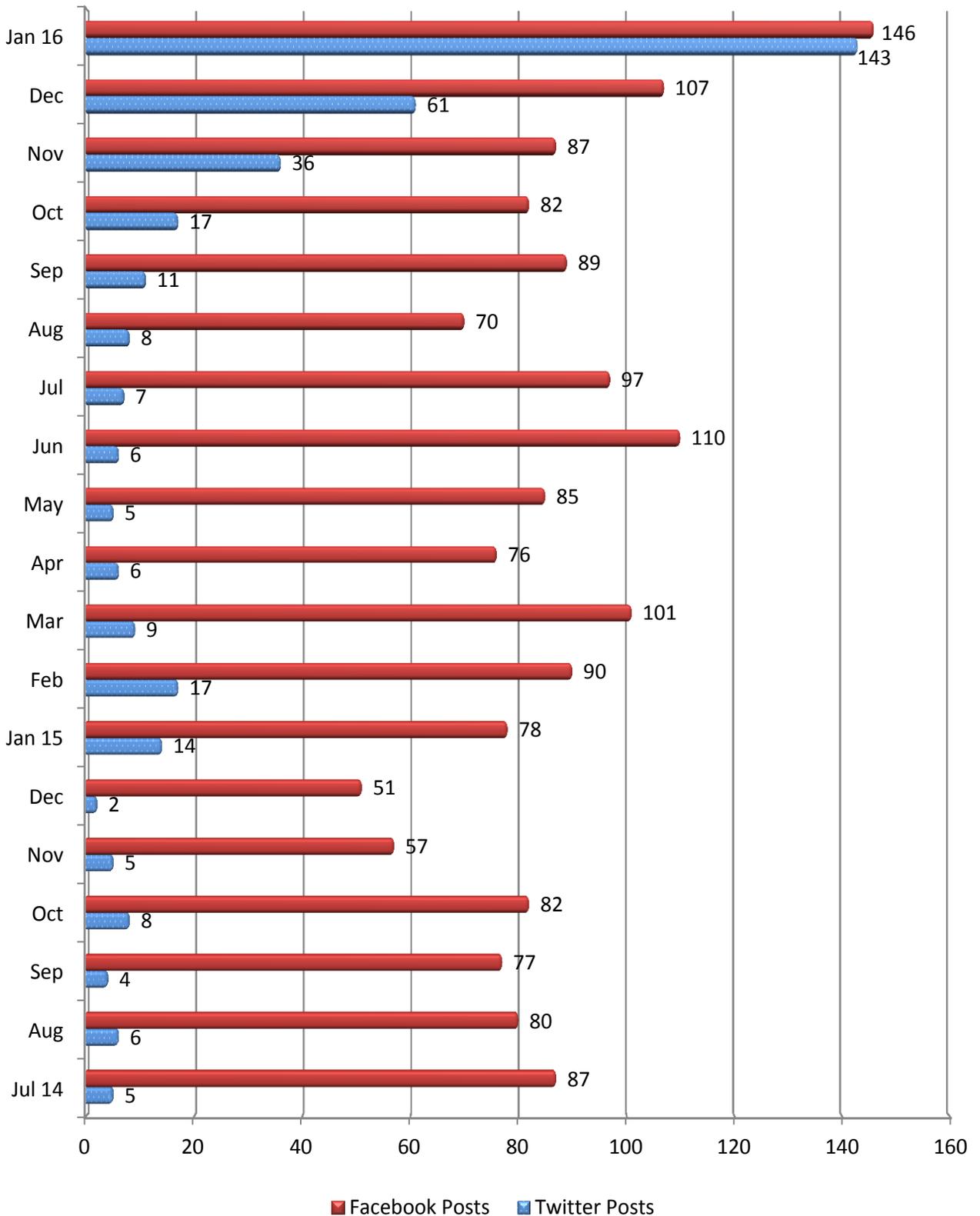
Analysis

These graphs indicate usage of the City website, which continues to increase each year. Spikes in monthly views correspond with special events and City program registrations. By monitoring the specific topics people are searching and viewing, we are better able to anticipate and highlight those programs on the front page and in social media.

The City website is increasingly being accessed through mobile devices. Almost half of all user interactions came through mobile rather than desktop computers, a significant increase from previous years. This will continue to influence decisions on graphics and the layout of information.

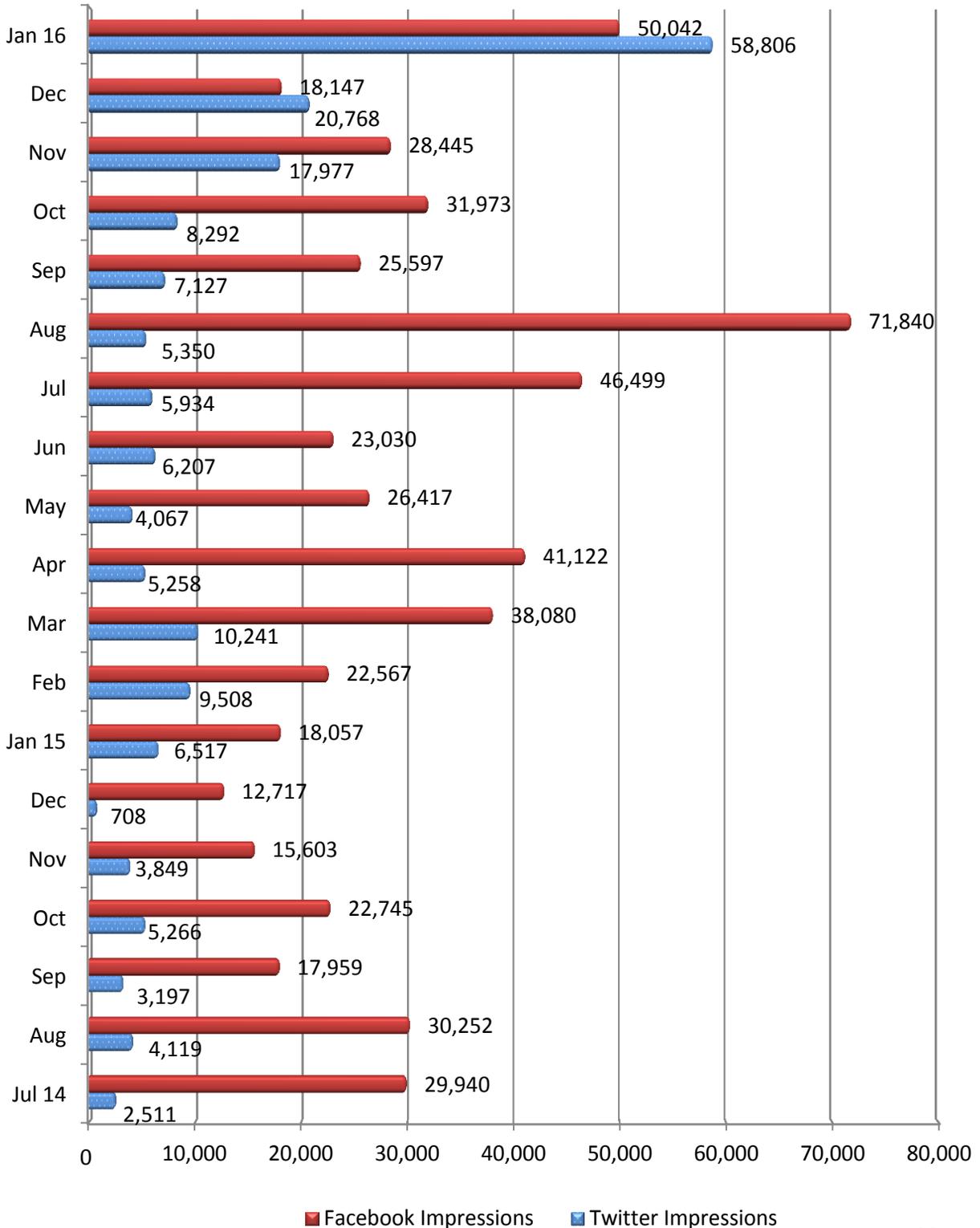
Critical Measures

Social Media Posts by Platform



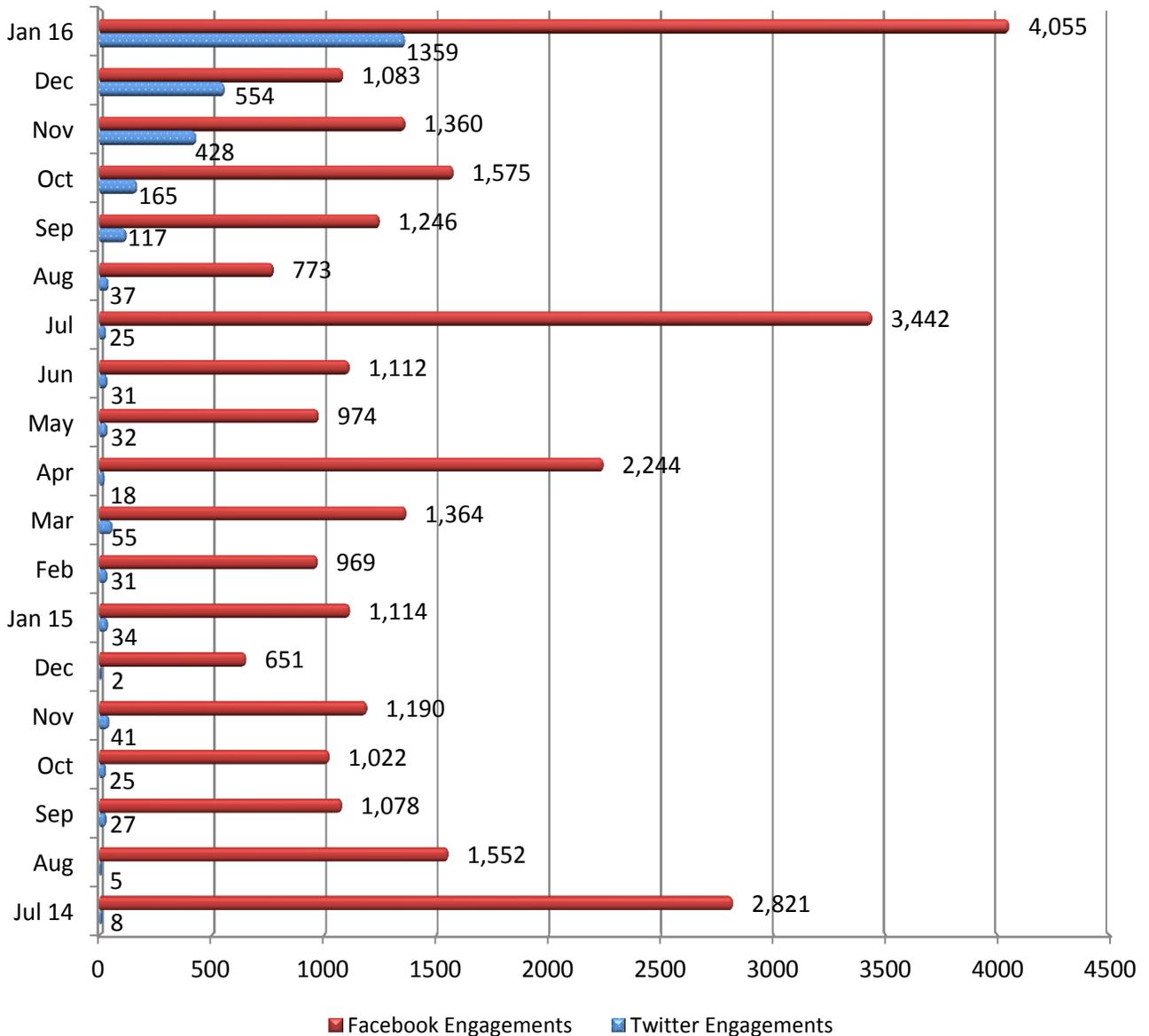
Critical Measures

Social Media Impressions by Platform (Total number of times a post has been viewed)



Critical Measures

Social Media Engagements by Platform (People clicking, sharing, retweeting, commenting, etc.)



Analysis

These graphs indicate that increased posting, monitoring and engagement on Facebook and Twitter have created opportunities for dialog and audience reach. Facebook continues to be a viable source of communication based on engagement, page reach and likes. The data tells us that strategic social media campaigns further engage our followers, and we will explore more opportunities for two-way interaction. With an increased presence on Twitter, engagement has increased significantly. These numbers support the relevancy of social media in our communication strategy and demonstrate an opportunity for expanded presence on other large-scale social media platforms.

Community Services



Strengthen the community by caring for the human service needs and safety of all City residents through collaborative efforts with schools, businesses, organizations, and nonprofits

Key Strategies

- Collaborate with partners to ensure comprehensive, integrated, quality service delivery and community education
- Promote economic self-sufficiency through financial wellness, vocational education & workforce development
- Provide access to safety net services
- Provide homeless services through advocacy, education, outreach, shelter, & prevention
- Maximize access to physical & mental health services for the un- and underinsured
- Provide youth with educational enrichment support & opportunities for positive social development
- Promote and support the ethnic and cultural diversity reflected in the City's population
- Support homeless City residents in recovery from addiction by providing outreach services and operating and pursuing funding for the Wells/Robertson House & the DeSellum House

Potential Strategy Conflicts-



Objectives

Collaborate with partners to ensure comprehensive, integrated, quality service delivery and community education

- Coordinate a collaborative, community-supported program to serve residents in need during the holiday season
- Collaborate on the delivery of services and provide information on City programs and initiatives by participating in and/or facilitating local and regional coalitions, meetings and dialogues
- Coordinate and promote events and initiatives that provide opportunities for nonprofits and schools to increase their capacities in the areas of partnerships and volunteerism
- Conduct regular assessments of community needs to identify emerging trends

Promote economic self-sufficiency through financial wellness, vocational education & workforce development

- Engage in collaborative initiatives that promote economic self-sufficiency and financial wellness
- Encourage the unbanked and underbanked to use mainstream financial institutions through Bank On Gaithersburg and the programs of the Gaithersburg Financial Wellness Coalition
- Administer and monitor a nonprofit contract program that uses a strategic, results-based approach to support vocational and financial wellness education
- Encourage resident participation in area ESOL, GED, tutoring, civics, and citizenship programs
- Enhance community education and awareness through the development of and participation in outreach events and programs

Objectives

Provide access to safety net services

- Provide case coordination services for City residents to ensure complete, appropriate and quality access to community resources, social services and affordable housing programs
- Help to prevent eviction and address emergency needs by providing oversight for a nonprofit Housing Counselor contract and federally-funded emergency assistance funds (Community Development Block Grant)
- Administer and monitor the Housing Preservation, Transportation and Food Assistance nonprofit contracts
- Assist in eviction prevention and the promotion of safe, healthy living through the City's Hoarding Task Force with Gaithersburg's Neighborhood Services Division
- Assist in the reduction of hunger experienced by City children by participating in a school lunch subsidy program

Provide homeless services through advocacy, education, outreach, shelter, & prevention

- Administer and monitor the Housing Stabilization Services nonprofit contracts
- Monitor the homeless population, address local and regional needs, and raise awareness by collaborating and partnering with other agencies and organizations and participating in local and regional initiatives, committees and events
- Provide case coordination for City residents who participate in the Montgomery County Housing Initiative program
- Utilize the Recovery Oriented Systems of Care (ROSC) model to partner with community and service providers for addiction prevention, advocacy and collaboration

Objectives

Maximize access to physical & mental health services for the un- and underinsured

- Administer and monitor the Health and Mental Health Assistance nonprofit contracts for uninsured and underinsured residents
- Provide interim case coordination services and collaborate to provide community educational events for City residents facing complicated and multifaceted mental and physical health challenges to ensure access to complete and appropriate community services
- Provide access to prescription drug discounts through the promotion and administration of the National League of Cities Prescription Drug program
- Coordinate trainings in critical mental health subject areas for City staff and area nonprofit providers

Provide youth with educational enrichment support & opportunities for positive social development

- Administer and monitor the School Based Nonprofit Youth Grants and School Grants to ensure service integration and collaboration with nonprofits serving Gaithersburg schools
- Foster educational success and encourage increased parental involvement through collaboration building and support of related school and nonprofit initiatives
- Conduct outreach, public awareness and collaborative initiatives that promote involvement, engage the entire community and recognize students for educational and personal achievement through the Junior Mayor and GREAT programs, the “If I Were Mayor” contest, and CHARACTER COUNTS! initiatives and programming

Objectives

Promote and support the ethnic and cultural diversity reflected in the City's population

- Explore opportunities involving the Multicultural Affairs Committee to further raise diversity awareness and sensitivity
- Incorporate diversity elements into civic events
- Strive to ensure that the City's Advisory Committees reflect the diversity of the community
- Work with the Public Information Office to provide inclusive communication

Support homeless City residents in recovery from addiction by providing outreach services and operating and pursuing funding for the Wells/Robertson House & the DeSellum House

- Empower residents to break the cycle of addiction and homelessness and attain permanent or permanent-supportive housing through the programs and services of the Wells/Robertson House (transitional program) and DeSellum House (extended supportive housing program for Wells graduates)
- Utilize a Wellness Recovery Action Plan model to engage residents of Wells/Robertson and DeSellum Houses in a total well-being program
- Improve graduation and success rates for Wells/Robertson House and DeSellum program participants
- Maximize existing federal, state and county grant funding and research other grant opportunities

Action Items

FY 2016 Key Action Items

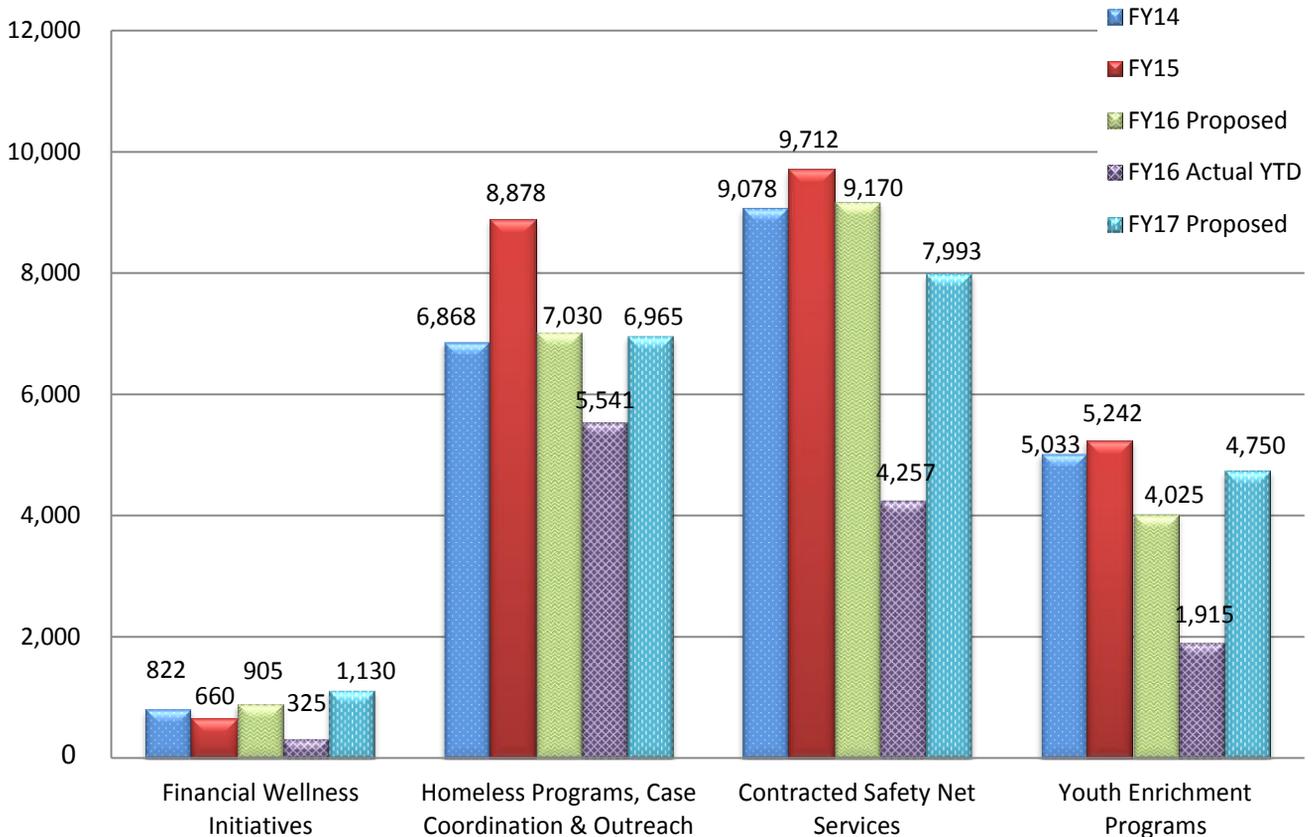
- Expand programming to promote volunteerism and nonprofit/school program support by creating and distributing marketing materials and enhancing listings on the City website
- ✓ Expand the Financial Wellness Coalition and Bank On Gaithersburg, distributing public relations materials, enhancing the webpage and integrating services within all programming
- Develop a Language Access Plan for residents with limited English proficiency as required by HUD
- ✓ Complete development of Hoarding Task Force policies/procedures
- Document and report on challenges facing renters and landlords and facilitate meetings with service providers to help prevent late payment, utility cutoff and eviction
- ✓ Implement the Wells/Robertson and DeSellum House Total Well-Being programs by introducing the Wellness Recovery Action Plan (WRAP)
- ✓ Participate on County's Unaccompanied Minors Task Force and serve as liaison to facilitate flow of information with schools, nonprofits and congregations

FY 2017 Key Action Items

- Develop a two year work plan and gather outcome statistics for the Gaithersburg Financial Wellness Coalition, Bank On Gaithersburg and vocational and financial empowerment initiatives for adults and youth
- Conduct a Citywide Community Services survey
- Celebrate the City's 20 years of involvement with the CHARACTER COUNTS! program in 2016
- Research and implement a client data tracking program
- Expand vocational and career development programs for Wells/Robertson and DeSellum House residents, including increasing enrollment in Montgomery College Workforce Development programs

Critical Measures

Individuals and Households Served



Analysis

This graph indicates the number of households served in four priority service areas.

Financial Wellness: FY17 tracking will include clients served by all partners of the Financial Wellness Coalition. Most residents seeking assistance through City case coordination and housing counseling are “rent burdened” and experiencing loss of income or low paying jobs. This supports the need for financial empowerment and vocational coaching programs.

Homeless Programs: The City’s Street Outreach Team is now listed in the County’s Homeless Management Information System as the Upcounty Outreach Team, giving us the opportunity to track all the homeless people we engage and make referrals electronically within that system.

Contracted Safety Net Programs: Although challenges continue with affordable rent, the number of households receiving eviction prevention and utility cut-off assistance has declined. Increased emphasis on budgeting may be helping.

Youth Enrichment Programs: Contractors and schools report a waiting list for trauma-based mental health services for youth in Gaithersburg and the increased need for psychiatric services, medication management and employment/career counseling.

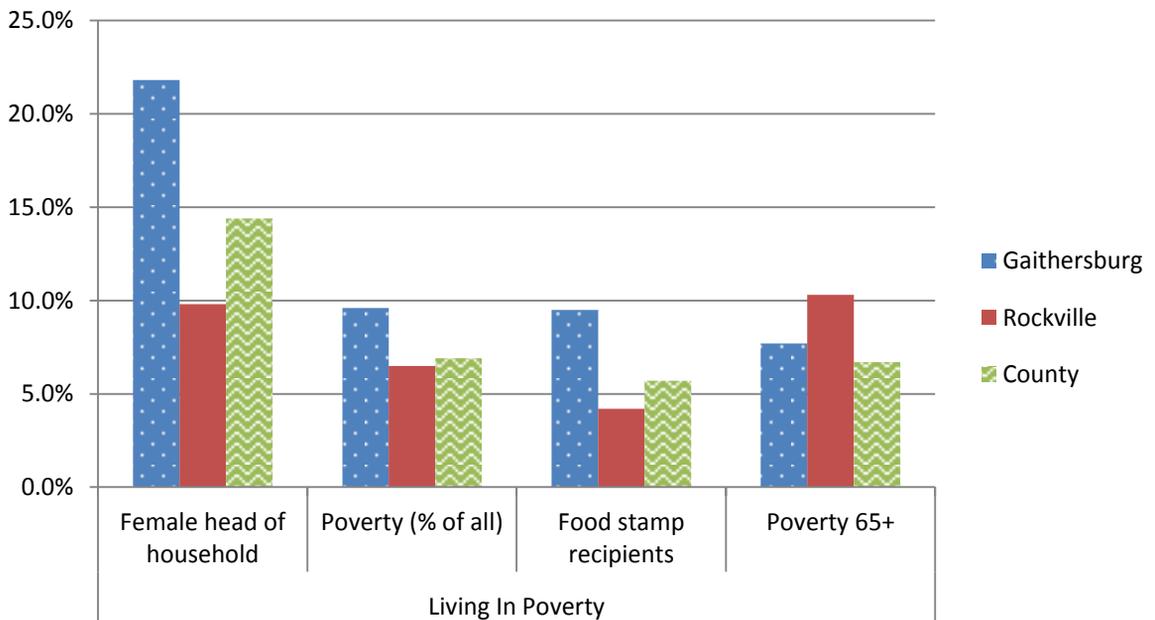
Critical Measures

Poverty and Income Demographics

Federal Poverty Rate (2015)

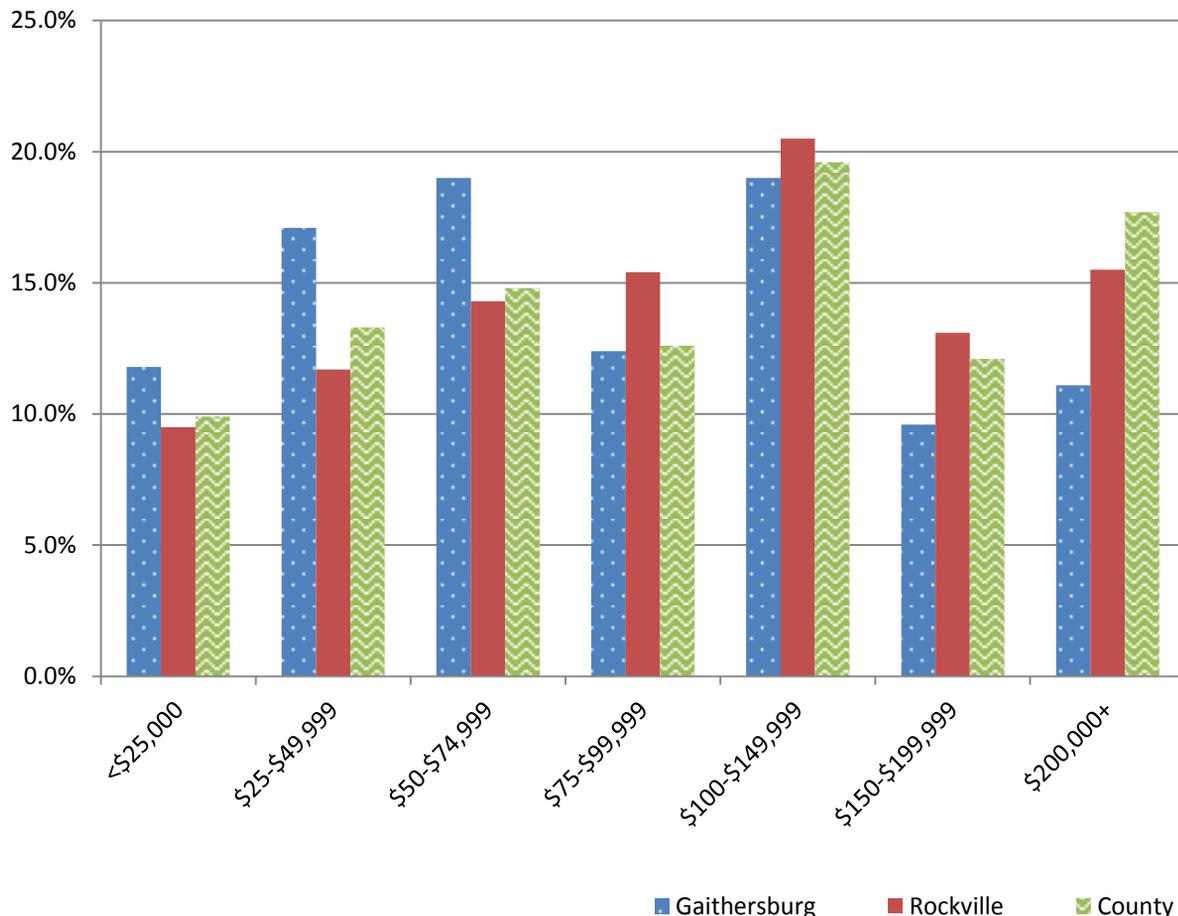
HH size	Maximum Income
1	\$11,770
2	\$15,930
3	\$20,090
4	\$24,250
5	\$28,410
6	\$32,570
7	\$36,730
8	\$40,890

ACS 2010 – 2014 (DP03), Poverty



Critical Measures

ACS 2010 – 2014 (DP03), Income

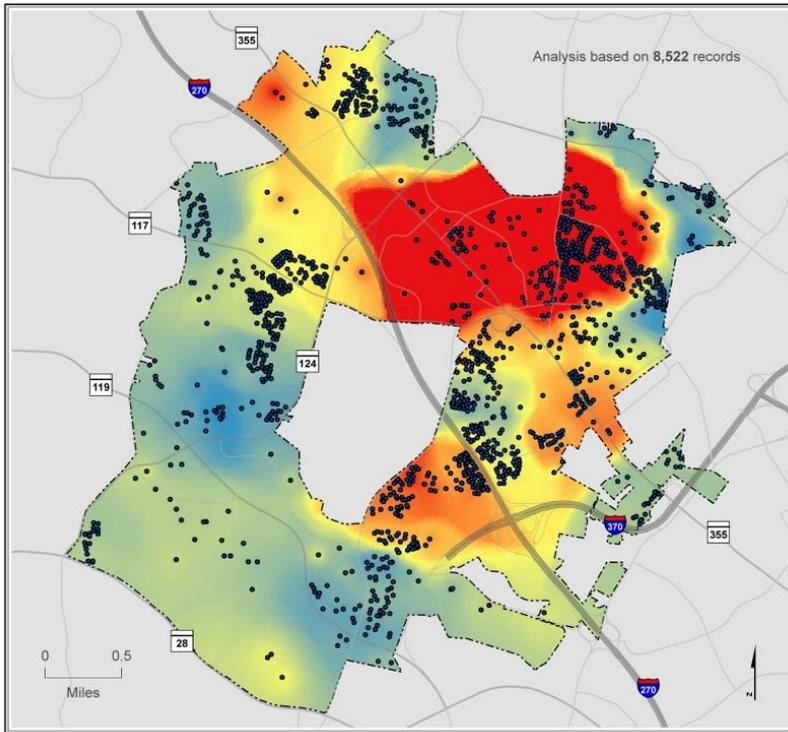


Analysis

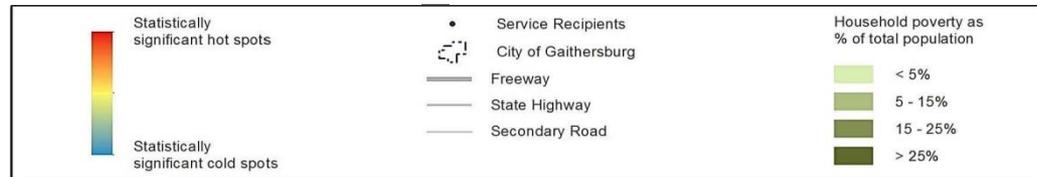
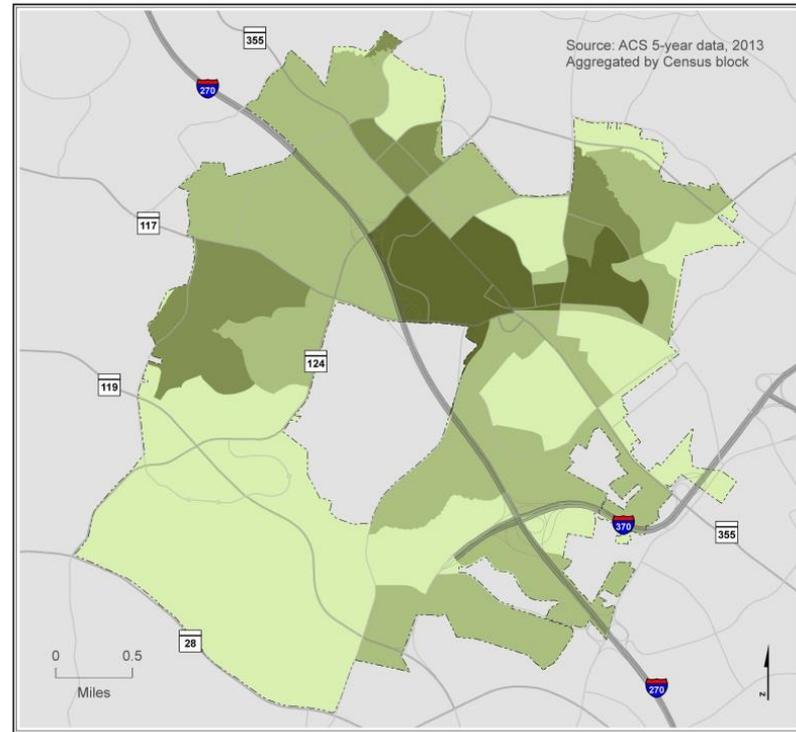
These charts demonstrate poverty rates from the U.S. Census Bureau five-year (2010 – 2014) American Community Survey. Gaithersburg’s poverty rate is generally higher than that of Montgomery County and Rockville, and the percentage of households at the lower end of the annual income scale is also higher. Approximately 9.6 percent (2,327) of City households live in poverty. The continuation of City support for educational and financial wellness programming and housing stabilization remains a priority service need. Among elderly households (65 and older), the poverty rate is 7.7 percent. Because isolation is a significant concern among elderly residents, coordinating community services through the Benjamin Gaither Center is also an ongoing priority.

The number of City households participating in the food stamp program correlates with the number of City residents at the poverty level. This reflects a positive outcome from the City’s ongoing community outreach and collaborations with community stakeholders.

FY15 Hotspot Analysis



FY15 Household Poverty



Analysis

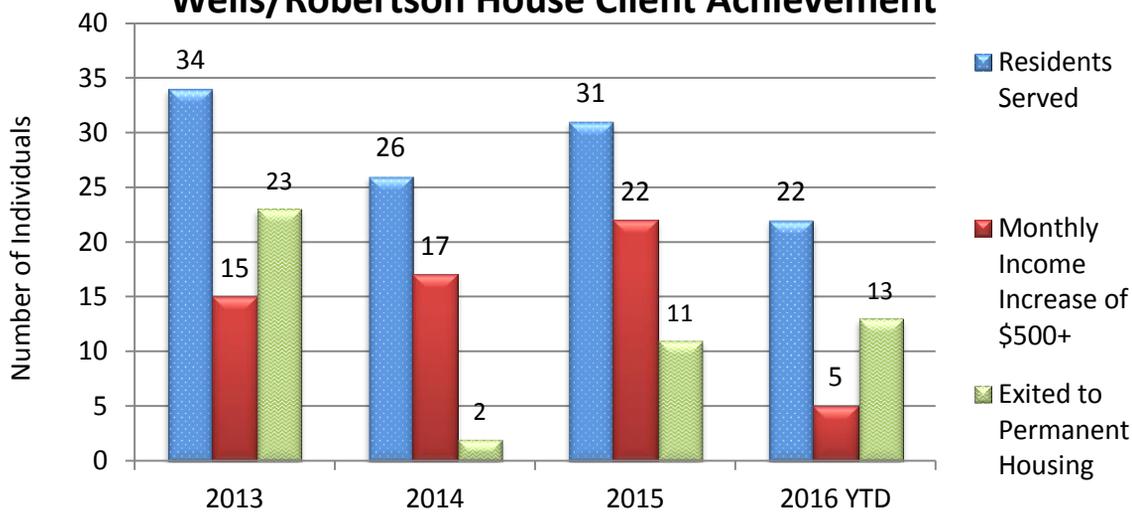
Poverty vs Service Delivery

These maps compare pockets of poverty to client access of contracted services supported by City funding for emergency assistance, financial wellness, housing stabilization, food and nutrition services, health and mental health assistance, and vocational coaching in FY15.

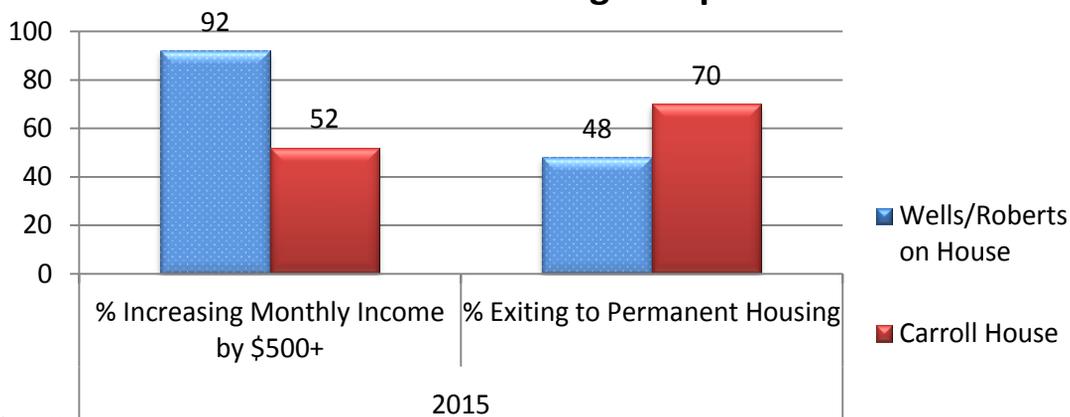
Our contracted services appear to be reaching the high poverty areas. Data seems to indicate that lower income residents west of I-270 are not accessing services at the same level as those east of I-270. This might be attributed to somewhat higher incomes in the areas west of I-270 and the ability of individuals, based on immigration status, to qualify for health insurance.

Critical Measures

Wells/Robertson House Client Achievement



Transitional Housing Comparison



Analysis

These graphs indicate client achievement and the relationship between vocational success and housing attainment. The goal of transitional housing is to move individuals from homelessness to permanent housing, defined as a place suitable for human habitation where there is no time limit on occupancy. Wells/Robertson House is a two-year program, so numbers will fluctuate from year-to-year. Some residents are on fixed incomes. The number of those who are able to increase their monthly income will vary depending on the clientele. FY17 proposed outcome measures for our Montgomery County grant include 70 percent of residents maintaining or increasing their monthly income, and 85 percent of residents who remain in the program for at least one year, exiting to permanent housing.

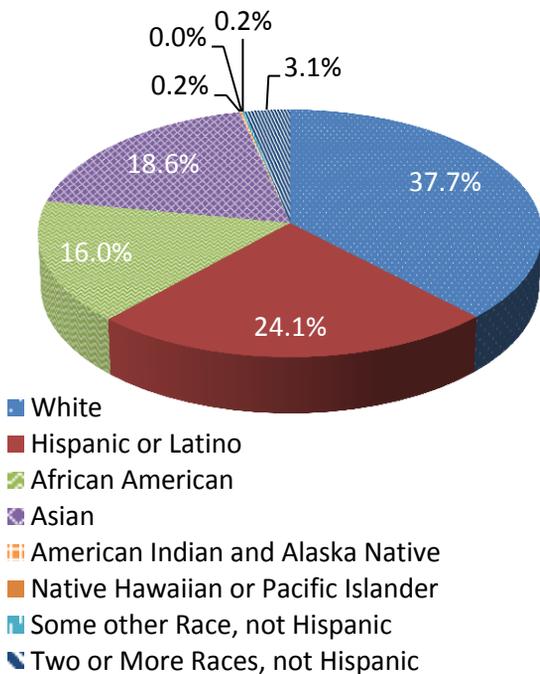
Carroll House in Silver Spring is the most comparable transitional housing program for data comparison. It has the capacity for 32 beds, compared to 14 at Wells. The 2015 data represents 31 clients at Wells and 70 clients at Carroll House. Carroll House requires those coming in without jobs to participate in vocational training classes, which they feel leads to success in attaining suitable housing after leaving the program.

Critical Measures

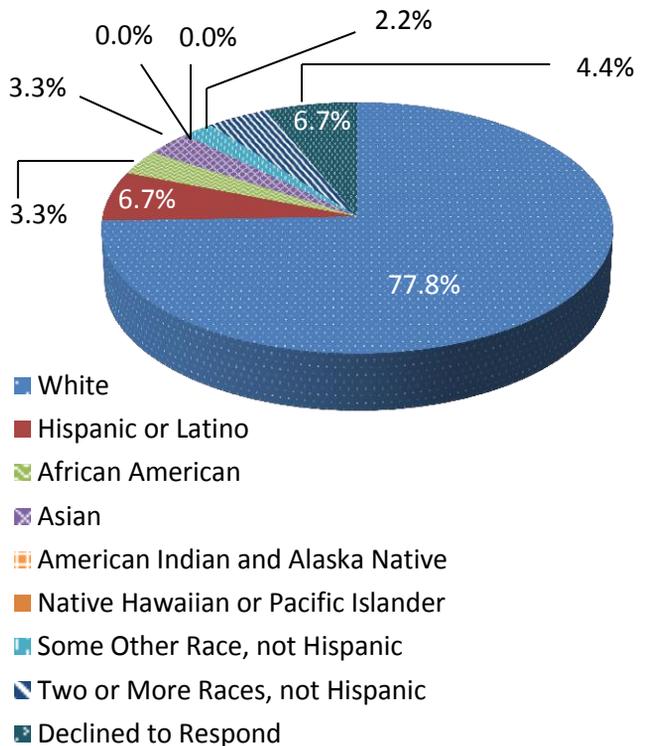
Ethnic Diversity					
Race	2008-2010	2009-2011	2010-2012	2011-2013	2010-2014*
White, not Hispanic	41.2%	40.4%	40.5%	39.9%	37.7%
Hispanic or Latino	24.3%	23.5%	21.1%	21.7%	24.1%
African American, not Hispanic	12.5%	14.6%	15.6%	17.2%	16.0%
Asian, not Hispanic	18.5%	17.4%	18.7%	17.4%	18.6%
American Indian and Alaska Native, not Hispanic	0.4%	0.7%	0.2%	0.2%	0.2%
Native Hawaiian or Pacific Islander, not Hispanic	0.0%	0.0%	0.0%	0.0%	0.0%
Some other Race, not Hispanic	0.2%	0.3%	0.4%	0.1%	0.2%
Two or More Races, not Hispanic	2.7%	3.2%	3.0%	3.3%	3.1%

* American Communities Survey now provides data in five-year increments instead of three.

Community Diversity (2010-2014)



City Committee Diversity (Based on 2015 Survey)



Analysis

These charts and graphs illustrate the diversity of the Gaithersburg community. The City remains culturally diverse, with slight changes in the various racial components. The overall diversity of City committees does not correlate to that of the community. Outreach efforts to raise awareness of committee opportunities will be increased.

Economic Development



Actively pursue economic and business development strategies to support a growing and sustainable economic base, ensuring the financial resources needed to improve the quality of life, fund services and provide a diversity of job opportunities for City residents

Key Strategies

- Market the City as a desirable business location, leveraging our unique assets, proximity to the federal marketplace and our strength as an internationally-recognized center of biotechnology
- Position Gaithersburg favorably for local investment via business expansion and/or real estate development by maintaining an attractive business environment
- Support implementation of the Gaithersburg Master Plan and Frederick Avenue Corridor and Vicinity Capacity Study
- Stimulate revitalization of Olde Towne

Potential Strategy Conflicts-

- Affordable Housing
- Historic Preservation
- Transportation



Objectives

Market the City as a desirable business location, leveraging our unique assets, proximity to the federal marketplace and our strength as an internationally-recognized center of biotechnology

- Utilize new “dedicated” Economic Development website to highlight successes, identify City and other state/county incentives and initiatives, provide an online resource for baseline information on the local economy, and provide an effective point of contact to business and development prospects
- Develop business outreach and ombudsman initiatives to build stronger relationships with businesses
- Participate in Maryland Department of Commerce, Technology Council of Maryland, Montgomery County Economic Development Corporation, International Council of Shopping Centers, Chamber of Commerce events and initiatives, and other target industry initiatives
- Continue to establish distinct Economic Development brand and associated collateral materials
- Emphasize exposure in local and national business media and at trade shows/events of targeted industries
- Maintain and strengthen ongoing relationships with local realtors and developers via roundtables/focus groups, speaking engagements and other targeted events
- Use e-newsletter and other digital media outlets to establish frequent communication with business community

Objectives

Position Gaithersburg favorably for local investment via business expansion and/or real estate development by maintaining an attractive business environment

- Work with site and/or industry specific local business groups on cooperative efforts
- Use Economic Development program funding, in addition to county and/or state business support programs, to incentivize and leverage extraordinary opportunities that present major job relocation, retention and/or development prospects
- Utilize the Economic & Business Development and Olde Towne Advisory Committees to act as ombudsmen for their respective business communities
- Seek new funding sources for Economic Development efforts
- Direct Economic Development “Toolbox” funding to businesses that exhibit growth potential, provide stable, well-paying jobs and help to diversify the City’s economy
- Track office space vacancy rates, commercial real property assessments and other indicators of economic trends
- Support business assistance programs at the state and county levels as appropriate
- Focus on retaining existing businesses and attracting new businesses from desired industries and diversifying the local economy
- Work with commercial property owners interested in converting obsolete office/flex space into lab and other marketable uses

Objectives

Support implementation of the Gaithersburg Master Plan and Frederick Avenue Corridor and Vicinity Capacity Study

- Support large-scale assemblages and infill development to accelerate implementation of the City Master Plan and the Frederick Avenue Corridor and Vicinity Capacity Study
- Facilitate strategic acquisition of sites within larger, potential redevelopment assemblages to leverage partnerships with the development community
- Explore the use of alternative funding methods to enhance infrastructure throughout the City
- Promote rezoning of parcels that exhibit strong development and redevelopment potential in accordance with the Master Plan
- Consider and explore implementation strategies for recommendations in the Frederick Avenue Corridor and Vicinity Capacity Study

Stimulate revitalization of Olde Towne

- Administer and better promote the benefits of the Olde Towne Enterprise Zone as it relates to incentivizing new development and business relocation
- Establish the draw for Olde Towne as a distinct commercial hub with a unique identity by adding/upgrading public areas and cultural amenities
- Promote cost-effective allocation of limited public resources to promote change
- Retain existing and attract new employers
- Enhance market driven opportunities for new businesses and private investment in real estate
- Facilitate development of City-owned parcels to assist in bringing in new residents and marketable commercial/office space
- Explore partnership opportunities to expand cultural events in Olde Towne
- Highlight recent Toolbox program modifications which expand support for Olde Towne

Action Items

FY 2016 Key Action Items

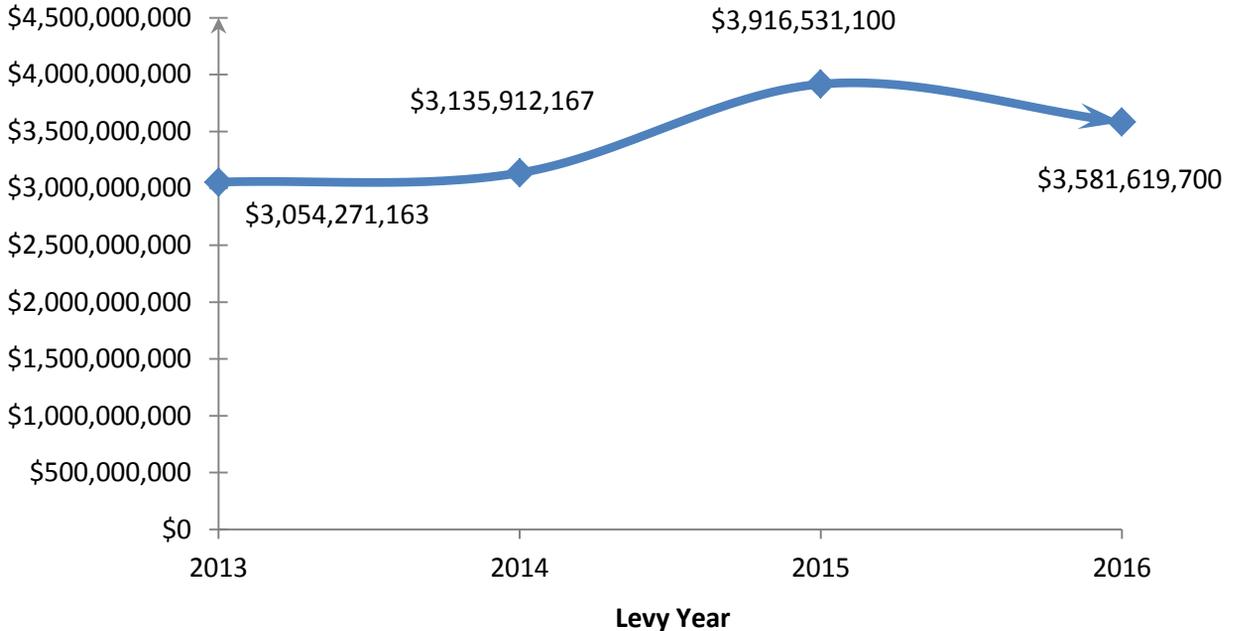
- Refine design of Olde Towne Park Plaza project
- ✓ Study efficacy of potential business and/or retail incubator(s)
- Pursue lighting and aesthetic enhancements in Olde Towne
- Seek state grants available with Sustainable Communities designation
- Explore partnership opportunities to expand cultural events in Olde Towne
- Pursue new development opportunities for the vacant site at 315 East Diamond Avenue in Olde Towne (“Fishman” site)
- ✓ Propose potential Toolbox modifications for façade improvement investments in Olde Towne as well as enhanced grants for struggling office properties
- ✓ Initiate strategic investments in lighting and aesthetic enhancements along East Diamond Avenue in Olde Towne

FY 2017 Key Action Items

- Continue to explore and prioritize implementation strategies from the Frederick Avenue Corridor and Vicinity Capacity Study
- Research funding opportunities for, and types of, “community based” wayfinding signage programs for City’s commercial sectors
- Pursue new development opportunities for the vacant site at 315 East Diamond Avenue in Olde Towne (“Fishman” site)
- Begin construction of newly designed Olde Towne Park Plaza
- Finalize designs for strategic investments in lighting and aesthetic enhancements along East Diamond Avenue in Olde Towne
- Seek state grants available with Sustainable Communities designation
- Promote recent Toolbox program modifications
- Undertake comprehensive office market analysis
- Support repositioning and/or redevelopment of Lakeforest Mall property
- Strengthen prospect referral network between State, County and City

Critical Measures

Commercial Real Property Base (Market Value)

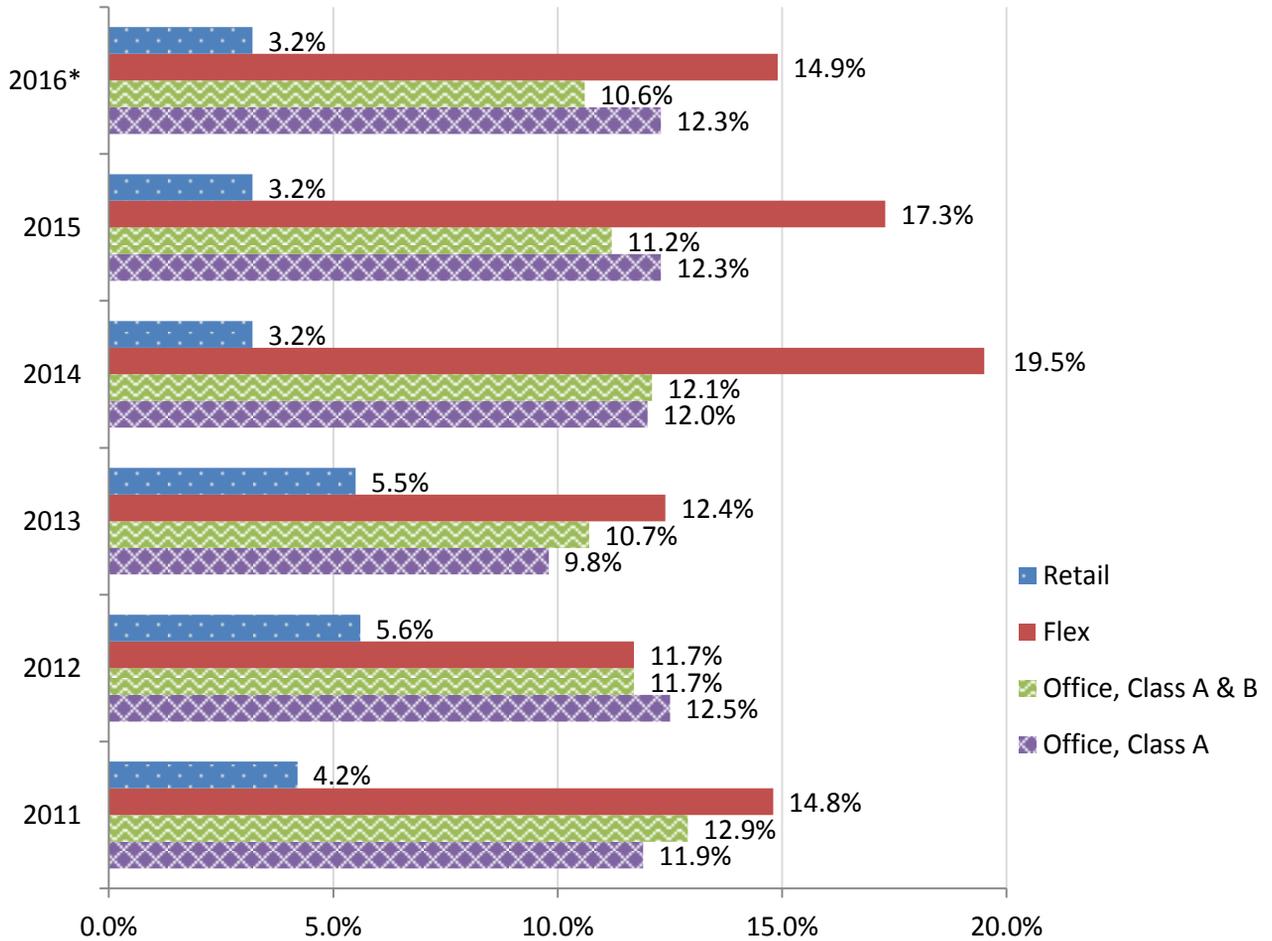


Analysis

Property types included in the total for the “Commercial Real Property Base” are the *Commercial*, *Commercial Condo*, and *Industrial* classifications. The total for these categories in Levy Year 2016 will decline slightly. The greatest decline in absolute dollars is attributed to Commercial accounts, but declines were spread across all three property types. Staff reviewed individual accounts of larger properties to determine any apparent trends over the triennial assessment period. In general, assessed values were flat (no increase) or rose slightly. Declines were limited to buildings which had experienced significant vacancies. This suggests that the declines could be the result of property owner appeals, initiated after the first year of the three-year valuation period.

Critical Measures

Gaithersburg Vacancy by Property Type

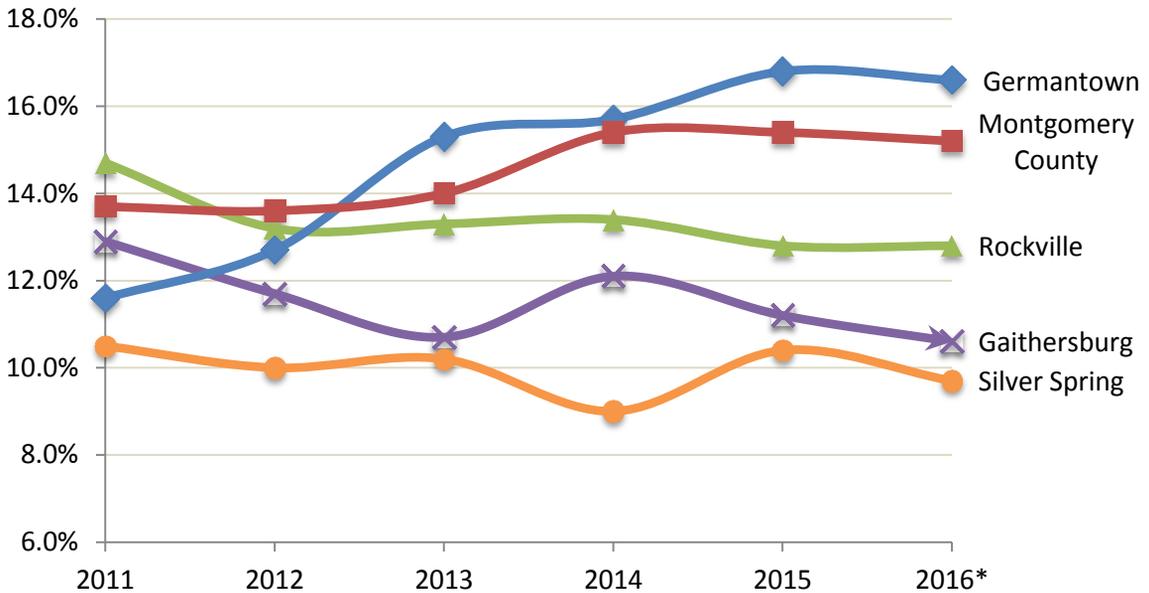


*Projected

SOURCE: www.costar.com

Critical Measures

Total Office & Flex Vacancy A Comparison Between Submarkets



SOURCE:
www.costar.com

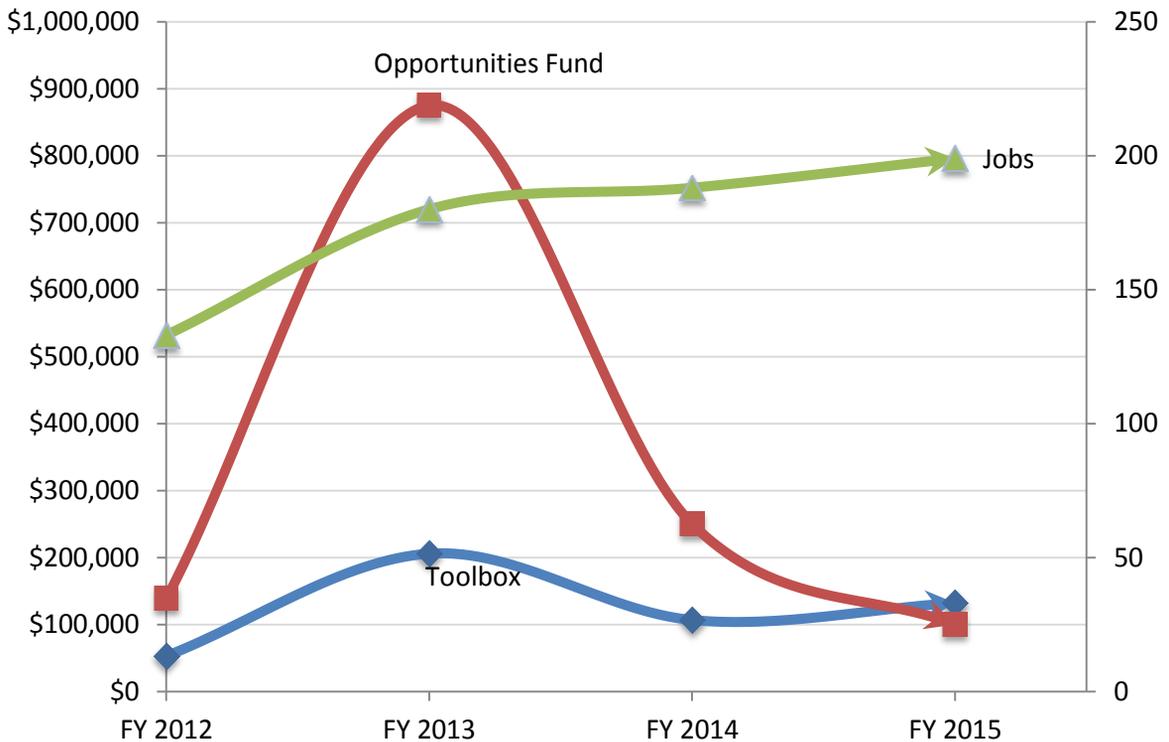
*projected

Analysis

The Gaithersburg Office and Flex market strengthened considerably, establishing a trend that outperformed nearby submarkets and Montgomery County as a whole. The Gaithersburg vacancy rate approached that of Silver Spring, historically the County's strongest submarket. Flex R & D space showed the greatest tightening in the market, with demand by the biotechnology sector driving occupancy.

Critical Measures

Economic Development Incentive Expenditures with Job Creation

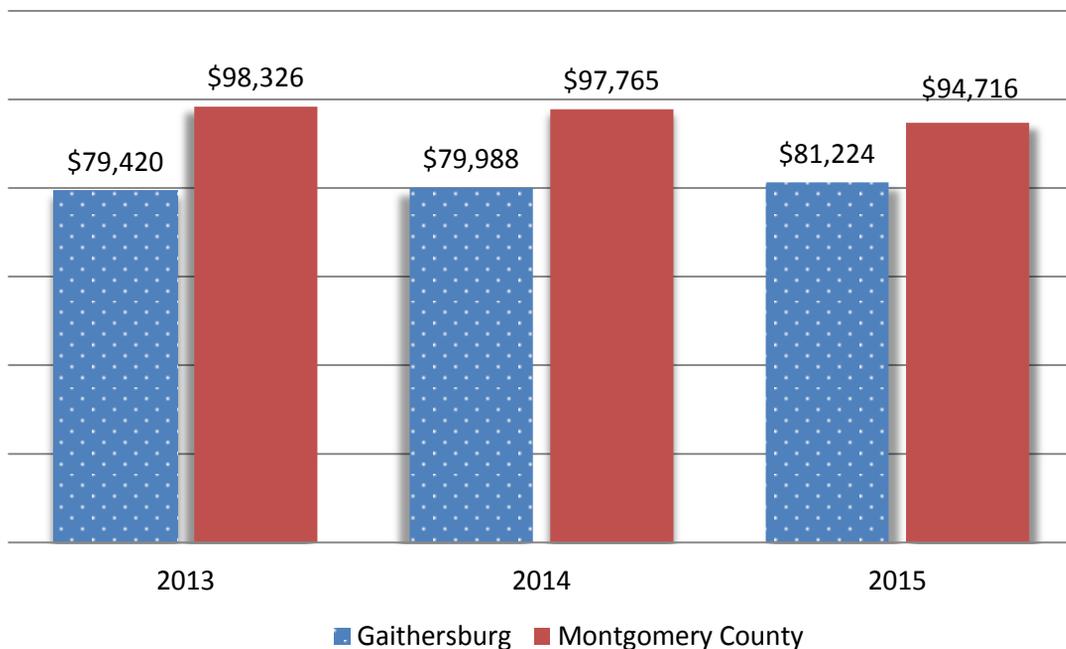


Analysis

Over \$132,000 were awarded in FY 2015 through a total of 11 grants, up from \$106,000 via 10 grants in FY 2014. 199 jobs were supported through these funds in 2015 versus 188 in FY 2014, and significantly higher than the 133 jobs supported in FY 2012. With expansion of the program categories in FY 2016, increases are expected in the number of awards matching private investment and jobs.

Critical Measures

Median Household Income



SOURCES:
2013, 2014 American Community Survey 1-year estimate
2015 Esri Community Analyst

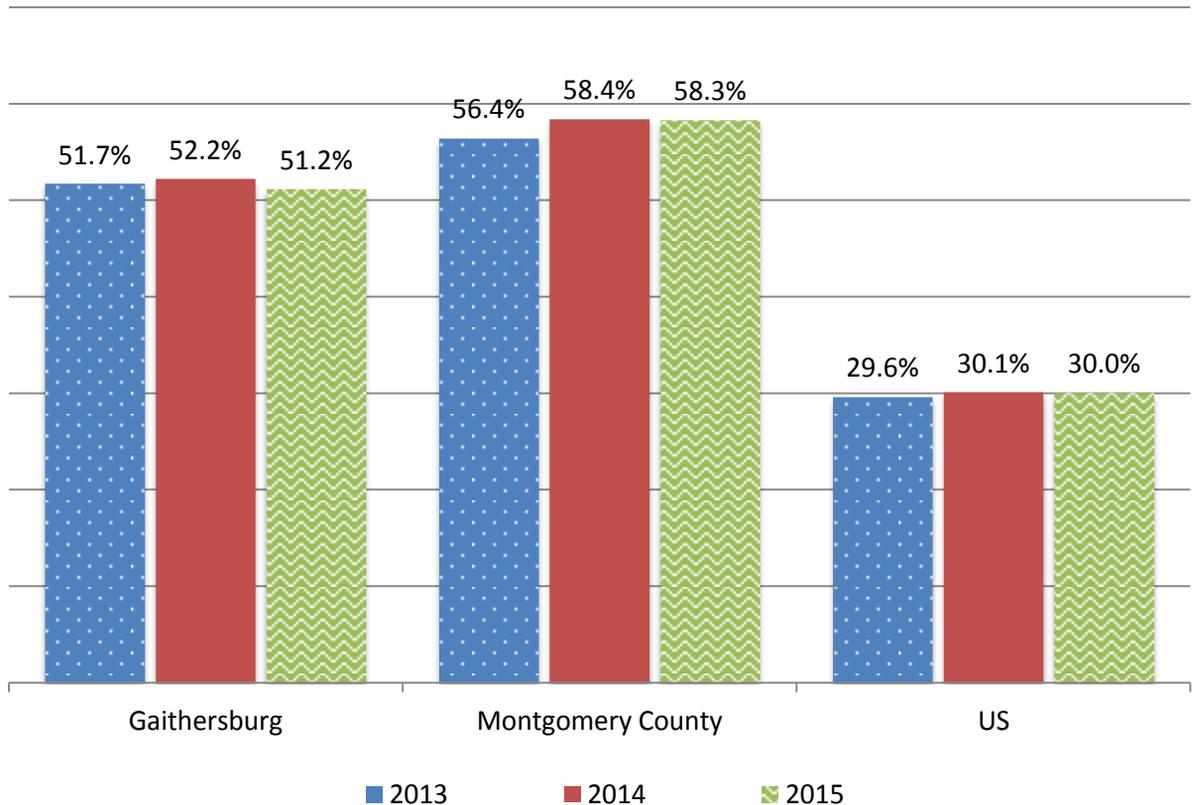
*Source: 2011-2013 American Community Survey 3-year estimate

Analysis

Gaithersburg Median Household Incomes increased meaningfully between 2014 and 2015, likely due to an economy which continues to improve and an influx of higher earning residents. The City unemployment rate hovered around 4 percent in 2015, among the lowest in the state.

Critical Measures

Educational Attainment Percent with Bachelor's Degree or Higher (25 and older)



SOURCES:
2013, 2014 American Community Survey 1-year estimate
2015 Esri Community Analyst

Analysis

Percentage of residents with Bachelor's Degrees or higher dipped slightly across the jurisdictions tracked. This is a trend across City, County and national categories and is likely attributed to many factors, such as the cost of education and employment opportunities that do not require higher education.

Environment



Meet the needs of the City in a manner that accurately reflects the community's desire for environmental health and economic prosperity without compromising the ability of future generations to meet these same needs

Key Strategies

- Maintain a leadership role in supporting initiatives that promote local and regional livable and sustainable communities
- Ensure the City is implementing long-term strategies that embrace the interconnectivity of economics, equity and the environment
- Preserve, enhance and maintain an interconnected network of natural resources, open spaces and environmental infrastructure
- Maintain a Stormwater Management Program which strives to balance the goals of the City's Watershed Implementation Plan (WIP), Chesapeake Bay Total Maximum Daily Load (TMDL) targets, existing infrastructure maintenance, and a fair and equitable fee structure
- Support efforts to increase public participation in recycling, pollution prevention and other sustainability initiatives

Potential Strategy Conflicts-

- Economic Development



Objectives

Maintain a leadership role in supporting initiatives that promote local and regional livable and sustainable communities

- Utilize City, State and Federal grant programs to assist homeowners associations and residents in enhancing their communities via environmental initiatives
- Remain an active participant on Metropolitan Washington Council of Government's (MWCOG's) Region Forward initiative and implementation programs, and continue to partner with State, County and other local governments to address regional environmental concerns
- Continue to implement elements of the Green Team Action Plan
- Involve Environmental Affairs Committee in regional sustainability initiatives and promoting environmental education
- Implement strategies contained in the Environmental & Sustainability Master Plan which is focused on both the urban and natural environment
- Coordinate with Montgomery County Public Schools relative to environmental education requirements for local students

Ensure the City is implementing long-term strategies that embrace the interconnectivity of economics, equity and the environment

- Maintain a healthy diverse urban forest to provide optimal environmental, social & economic benefits
- Strive to improve local and regional air quality, resource efficiency and transportation alternatives
- Encourage energy conservation and pursue the use of alternative and renewable energy sources
- Continue to consider equity in both development of policies and programs and access to resources and amenities
- Maintain and enhance the City's Geographic Information System to provide mapping and statistical data as tools for reporting and evaluating environmental and economic impacts
- Promote public and private energy efficiency audits and improvements

Objectives

Preserve, enhance and maintain an interconnected network of natural resources, open spaces and environmental infrastructure

- Promote environmental initiatives that exceed minimum standards in the areas of green building, recycling and energy resources and efficiency
- Protect and improve water resources by implementing watershed management plans that incorporate healthy stream protection, an improved and maintained stormwater management system, and implementation of stream restoration projects
- Engage citizens in the City's volunteer planting, stream monitoring and clean-up programs to increase community involvement in environmental protection
- Encourage resource stewardship through outreach and education programs at schools and in the community
- Explore opportunities to expand the Urban Forest

Maintain a Stormwater Management Program which strives to balance the goals of the City's Watershed Implementation Plan (WIP), Chesapeake Bay Total Maximum Daily Load (TMDL) targets, existing infrastructure maintenance, and a fair and equitable fee structure

- Work with Maryland Department of the Environment and Montgomery County in supporting the Watershed Implementation Plan (WIP) that is reasonable and affordable
- Maintain a rate fee model that is based on impervious coverage and assessed to all property types
- Maintain a focus on inspecting and maintaining adequate funding of stormwater infrastructure maintenance and replacement
- Continue Green Street retrofits on existing streets
- Analyze and implement watershed management plans by prioritizing opportunities for stream restoration, Stormwater Management (SWM) facilities retrofits and new SWM facilities to reduce nitrogen and phosphorous in order to meet EPA Chesapeake Bay TMDL targets
- Implement new programs and measures identified in the watershed management plans
- Provide transparency and education on the use of the Stormwater Program Fee

Objectives

Support efforts to increase public participation in recycling, pollution prevention and other sustainability initiatives

- Encourage participation in the curbside recycling program
- Promote recycling program for multi-family dwellings and for businesses
- Promote the use of safe and environmentally-friendly practices in our Fleet Maintenance program
- Foster summer Parks, Recreation & Culture programs that promote environmental awareness and sensitivity
- Encourage grass recycling source reduction by City residents
- Encourage pollution prevention Citywide by implementing measures to address illicit discharges, illegal dumping, and the introduction of pollutants into the ecosystem

Action Items

FY 2016 Key Action Items

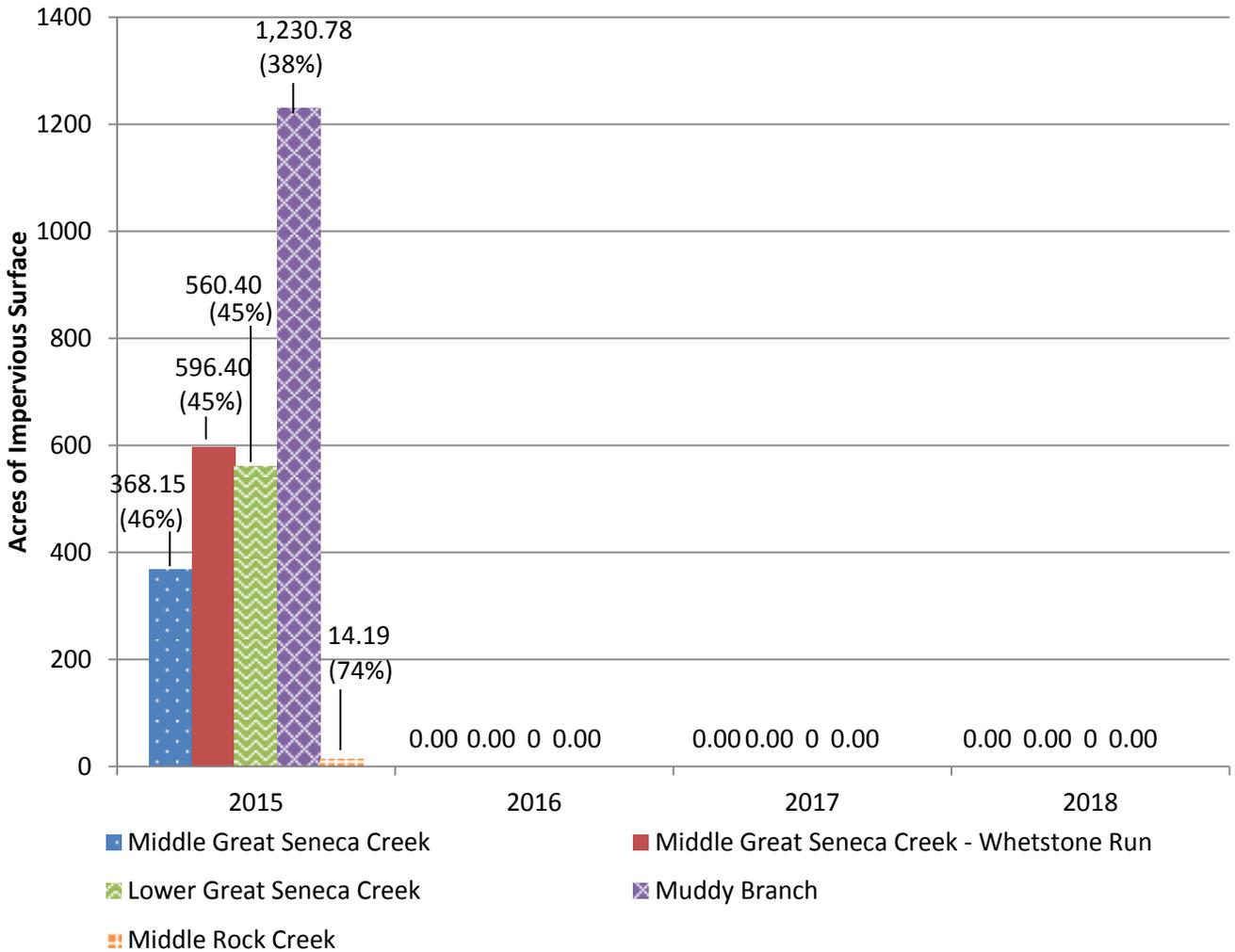
- Work with the Maryland Department of the Environment to renew Gaithersburg's National Pollutant Discharge Elimination System (NPDES) permit
- ✓ Complete first year Community Emissions Tracking (FY15 carryover)
- ✓ Complete first year Municipal Emissions Tracking
- ✓ Update the City's illicit discharge response manual
- Conduct Citywide street tree and conservation easement inventory
- ✓ Participate in the Metropolitan Washington Council of Governments multi-sector greenhouse gas working group to help COG draft a report identifying cost effective, viable strategies to meet the region's greenhouse gas reduction goals
- ✓ Complete final engineering of selected concepts from the completed watershed studies for projects to be constructed in FY17

FY 2017 Key Action Items

- Work with the Maryland Department of the Environment to renew Gaithersburg's National Pollutant Discharge Elimination System (NPDES) permit
- Develop policies, an energy action plan and energy-related projects to fulfill the requirements for inclusion in the Maryland Energy Administration (MEA) Smart Energy Communities program
- Develop, in coordination with the Environmental Affairs Committee and Public Information Office, a grass recycling education and outreach program, "Leave it on the Lawn"
- Revise Chapter 8 of the City Code to reflect necessary changes to the Stormwater Management ordinance and adopt final version
- Complete draft of the new Stormwater Standards policy document and present to Mayor and City Council for final adoption

Critical Measures

Impervious Surface Area by City Watershed



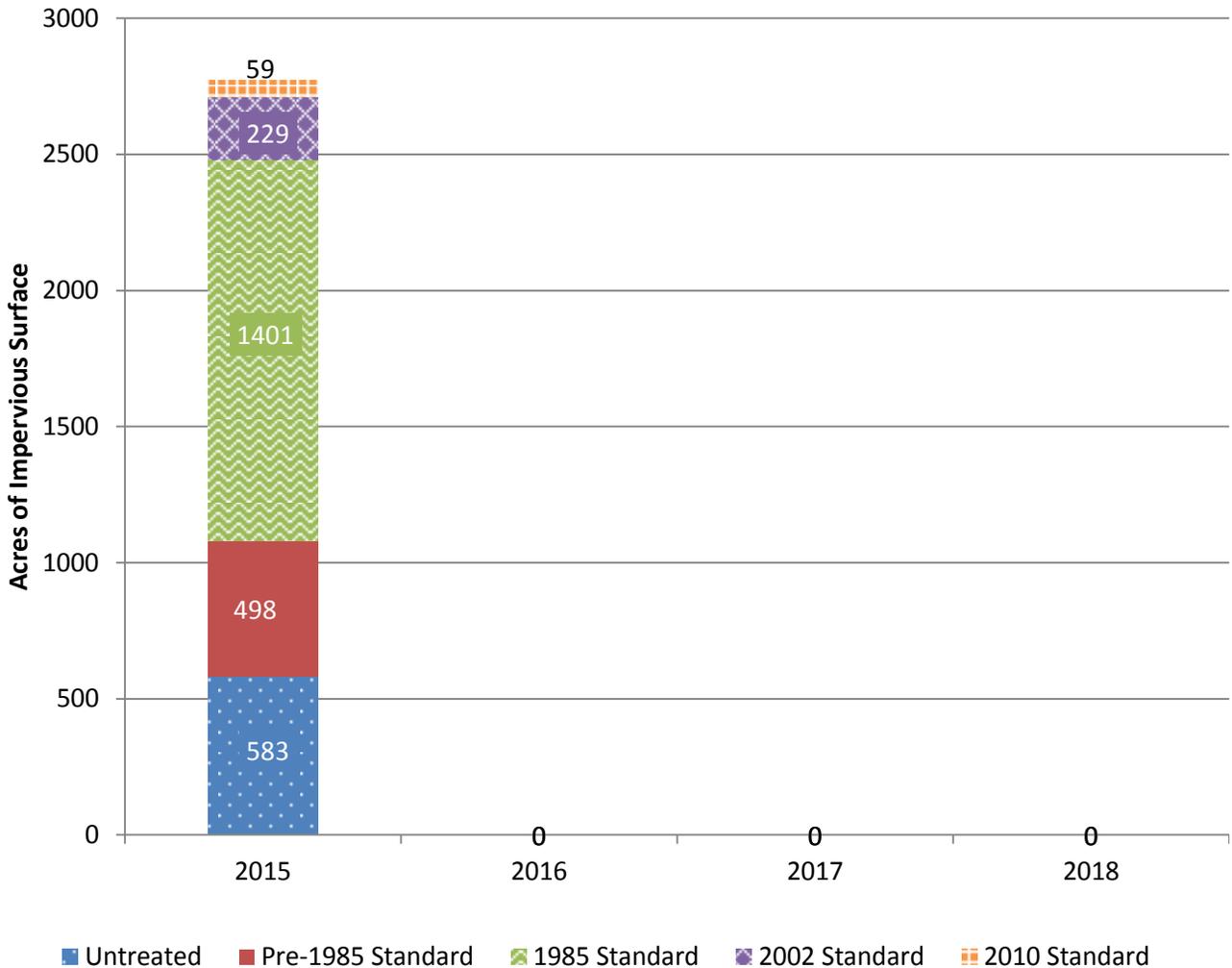
Analysis

The chart above represents the total acreage of impervious surface within each of the City's five major subwatersheds. At the end of 2015, Muddy Branch had the greatest amount of impervious surface, which is expected since it is the City's largest watershed, encompassing nearly fifty percent of the City. The Middle and Lower Great Seneca Creek watersheds have similar amounts of impervious surface, followed by Middle Great Seneca Creek-Whetstone Run. Finally, the Middle Rock Creek watershed, which is made up of a single parcel, has the least amount of impervious surface acres.

The yearly total of impervious surface could increase or decrease depending on redevelopment, annexations, or through the implementation of City programs that encourage the removal of impervious surface where feasible.

Critical Measures

Impervious Surface Treatment by Regulatory Standard

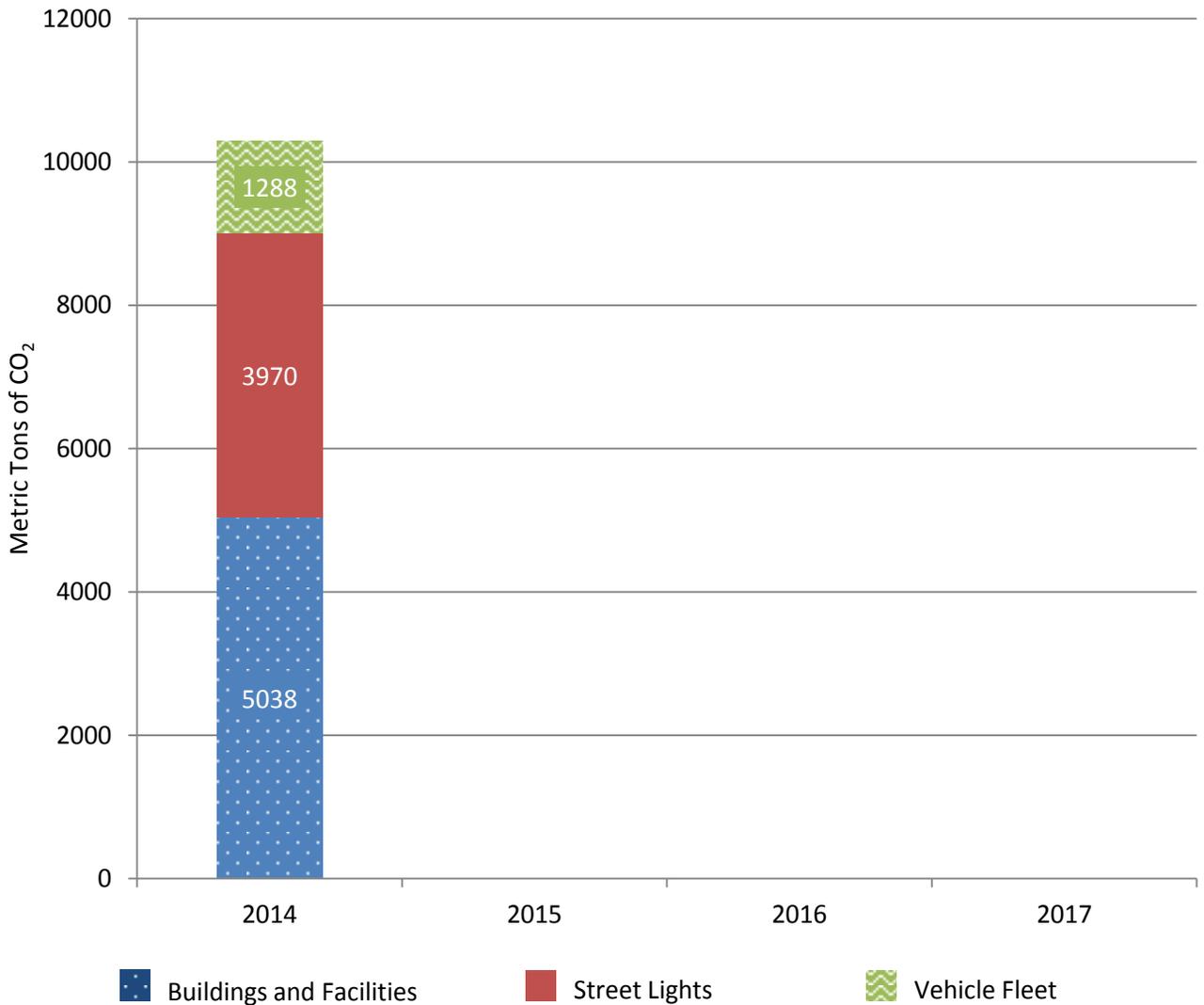


Analysis

At the end of 2015, the City encompassed just under 3,000 acres of impervious surface. A majority of this area is treated by older practices from the 1985 and pre-1985 regulatory eras, or remains untreated. As the City implements stream restoration and stormwater retrofit CIP projects over the coming fiscal years, we expect to see the untreated areas shrink, with increasing treatment under the 2002 and 2010 standards. Treatment to the 2002 and 2010 stormwater regulatory standards is preferred as the City is able to receive credit for these areas from the State (under its NPDES permit) and in the State Watershed Implementation Plan (WIP).

Critical Measures

Municipal CO₂ Emissions by Sector



Analysis

2014 was chosen to be the baseline year for tracking municipal CO₂ emissions. Municipal emissions shown include the three major City emitting sectors: facilities, fleet, and street lights. With the inclusion of future data, comparisons and analysis of municipal emissions can be made between years. The data will show how the City is performing on emissions reduction strategies in three ways: overall emissions reductions; reductions within the three major sectors; and comparison of individual sectors from year-to-year.

Housing



Maintain comprehensive housing policies and programs that provide fair, affordable options in homeownership and rental opportunities

Key Strategies

- Utilize Housing Initiative Fund to make strategic investments in priority projects
- Encourage and support homeownership in the City
- Identify and address barriers to fair housing and educate housing consumers and providers
- Support initiatives that improve the rental housing stock in the City

Potential Strategy Conflicts-

- Economic Development



Objectives

Utilize Housing Initiative Fund to make strategic investments in priority projects

- Increase the stock of affordable units throughout the City, particularly for households at or below 100 percent of Area Median Income (AMI)
- Prioritize preservation of existing affordable rental units in redevelopment projects in relation to City funding
- Partner with peer institutions, local governments, nonprofit housing organizations, and/or for-profit developers to maximize City investment
- Provide opportunities to redevelop or improve underutilized properties

Encourage and support homeownership in the City

- Offer homeownership assistance loans to eligible first-time homebuyers, including displaced tenants and Moderately Priced Dwelling Unit (MPDU) applicants
- Identify potential barriers to homeownership presented by changing regulations and lending guidelines and adapt programs accordingly
- Structure the Gaithersburg Homeownership Assistance Loan Program (GHALP) to encourage eligible homebuyers to purchase in areas of the City underrepresented by low and moderate-income households
- Leverage other financial resources to increase number of GHALP loans to meet demand
- Encourage a diversity of dwelling types and home prices in new developments

Objectives

Identify and address barriers to fair housing and educate housing consumers and providers

- Utilize the most current data on area demographics, housing prices and inventory, and incidence of cost-burdened households
- Monitor rental properties with MPDU and Work Force Housing Units (WFHUs) to ensure compliance with the affordable housing requirements
- Provide Fair Housing training to landlords, Homeowner Associations, nonprofits, and other interested groups
- Make use of “paired testing” method (the process of sending two individuals with similar characteristics – except one individual is from a protected class) to ensure properties are not being handled in a discriminatory manner
- Ensure that the current and future housing stock allows residents to remain in the City as their financial, employment and familial situations change
- Support development community to ensure that affordable housing requirements are fully met

Support initiatives that improve the rental housing stock in the City

- Ensure that there is an adequate mix of rental and homeownership units
- Strengthen the existing residential, commercial and rental housing property maintenance inspections program with appropriate attention to single-family dwellings
- Work with owners of established properties to provide upgrades and improvements
- Preserve the number of existing affordable rental units in redevelopment projects where possible

Action Items

FY 2016 Key Action Items

- Present options for Mayor and City Council prioritization relative to uses of the Housing Initiatives Fund
- Propose amendments to the Affordable Housing Regulations for adoption by Mayor and City Council
- Prepare a list of areas, for review and prioritization by the Mayor and City Council, where the City would like to focus its affordable housing
- Develop tracking methods relative to compliance with MPDU and Work Force Housing administrative guidelines

FY 2017 Key Action Items

- Present options for Mayor and City Council prioritization relative to uses of the Housing Initiatives Fund
- Propose amendments to the Affordable Housing Ordinance and regulations for adoption by Mayor and City Council
- Prepare a list of areas, for review and prioritization by the Mayor and City Council, where the City would like to focus its affordable housing
- Develop a Language Access Plan for residents with limited English proficiency as required by HUD
- Document and report on challenges facing renters and landlords and facilitate meetings with service providers to help prevent late payment, utility cutoff and eviction

Critical Measures

Housing Programs/Services

Fiscal Year	Closing Cost Loans	Rental MPDUs		Rental WFHUs		Emergency Assistance Grants
		Added	Total	Added	Total Units	
2013	7	35	102	0	0	25
2014	12	14	116	25	25	34
2015	43	148	264	56	81	34
2016	20	-	-	-	-	14

Fiscal Year	Homeownership MPDUs		Homeownership WFHUs	
	Added	Total	Added	Total
2013	0	0	0	0
2014	5	5	1	1
2015	14	19	2	3
2016	5	24	5	6

2016 data as of Dec. 31, 2015.

Analysis

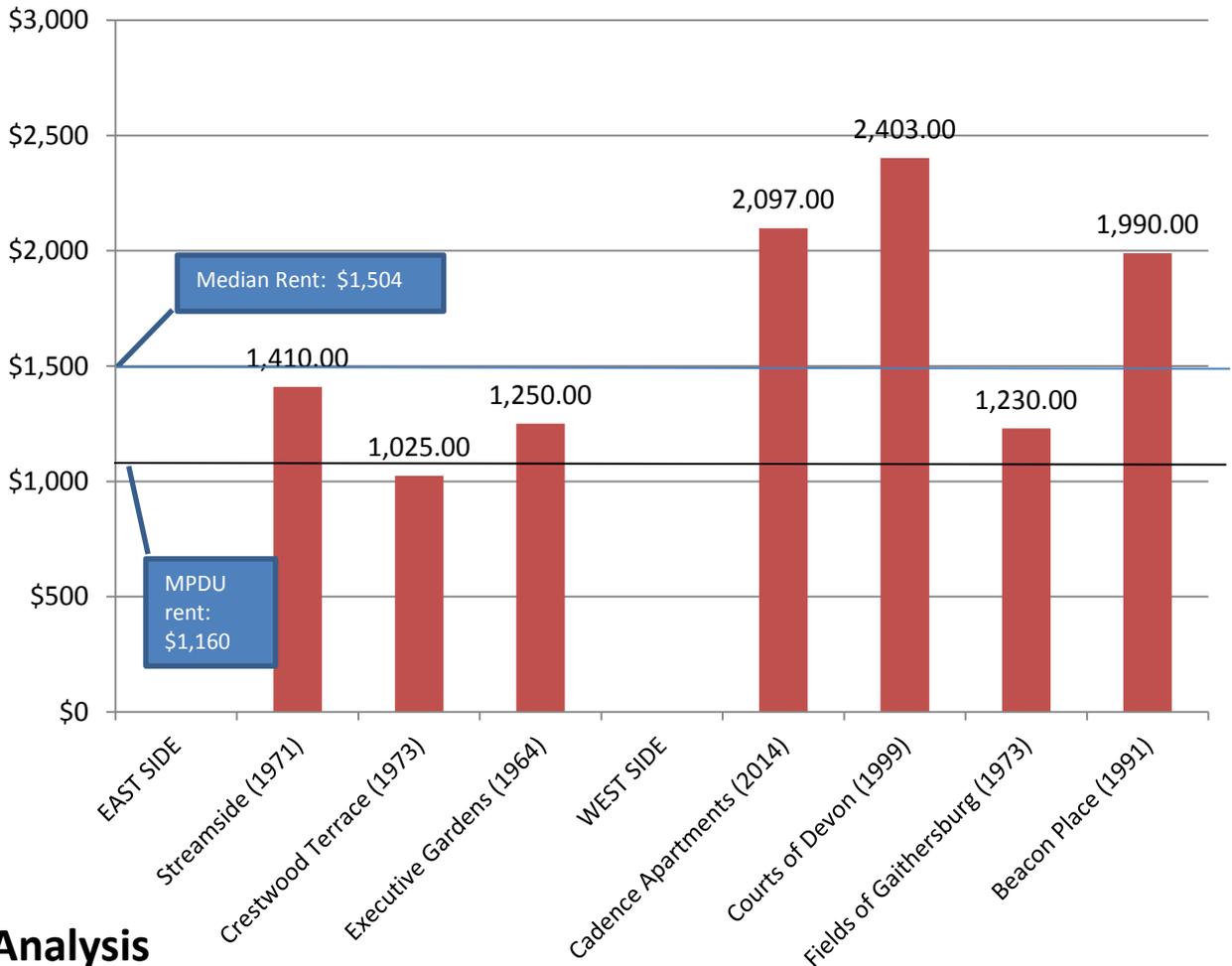
Beginning in FY14, media exposure and popularity among lenders and realtors led to exponential growth in the GHALP program. Without additional funding or a reduction in the loan amount, the City will be unable to meet the demand for the remainder of FY16.

Of the 71 loans issued since July 2014, 20 percent have been to homebuyers at or below “50% of AMI” and to homebuyers between “80 and 100% of AMI,” whereas, nearly 60 percent of all loans during that period have been issued to households between “50 and 80% of AMI.”

Low and very low-income renters continue to struggle with housing costs. Nearly one quarter of all renter households in the City pay more than 50 percent of their incomes to rent (i.e., severely cost burdened). Eviction prevention coupled with other housing-related supports (e.g., utility assistance, security deposits, bridge funds) is a critical component of the City’s overall housing strategy. In addition to Community Development Block Grant (CDBG) funding, partnerships with nonprofit and other organizations enable the City to access other funds to keep families housed. Based on 2010-2014 American Community Survey (ACS) figures for Gaithersburg City, median income decreased more than 4 percent from the previous five-year ACS. By comparison, median gross rents for City properties increased by 13 percent during that same period.

Critical Measures

Advertised Two Bedroom Market Rent



Analysis

An analysis of advertised market rents reflects a disparity based on geography and age of construction. Using I-270 as the dividing line, two bedroom units west of I-270 have significantly higher rents than those on the east side of the City. Except for the Fields of Gaithersburg (a tax credit property currently under a 15-year extended Low-Income Housing Tax Credit agreement), the average rents are more than \$2,000/month, only affordable to households above \$100,000.

On the East side of the City, on the other hand, where the majority of multi-family rental properties were constructed before 1990, average two-bedroom rents are well below \$1,500/month, affordable to households up to 70 percent of Area Median Income. In fact, some market rate units on the East side are priced at or below the City's Moderately Priced Dwelling Unit (MPDU) rate of \$1,160.

Although the City's inventory of 264 MPDUs and 81 WFHUs provide quality affordable rental units to households at 60 – 90 percent of AMI, this number represents less than 4 percent of the City's total multi/family rental housing inventory.

Median Household Income and Location of Affordable Units

4/6/2016 • Isukal



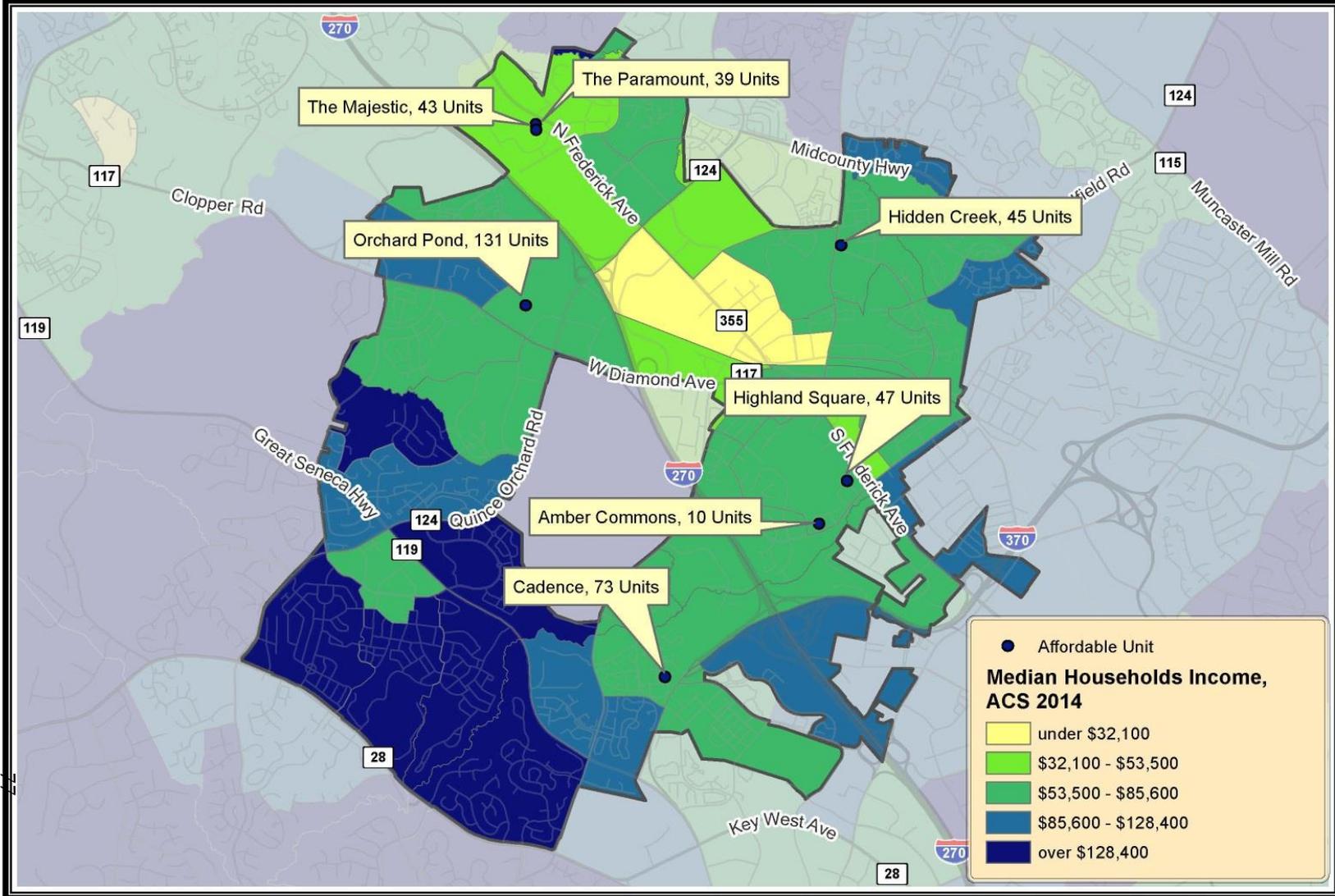
MD State Plane
HPGN NAD 83/91

Property boundaries and planimetric data layers, if present on the map, are courtesy of City of Gaithersburg and M-NCPPC. Aerial imagery was acquired in March 2015. All rights reserved.

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Affordable Housing and Median Home Value



MD State Plane
HPGN NAD 83/91

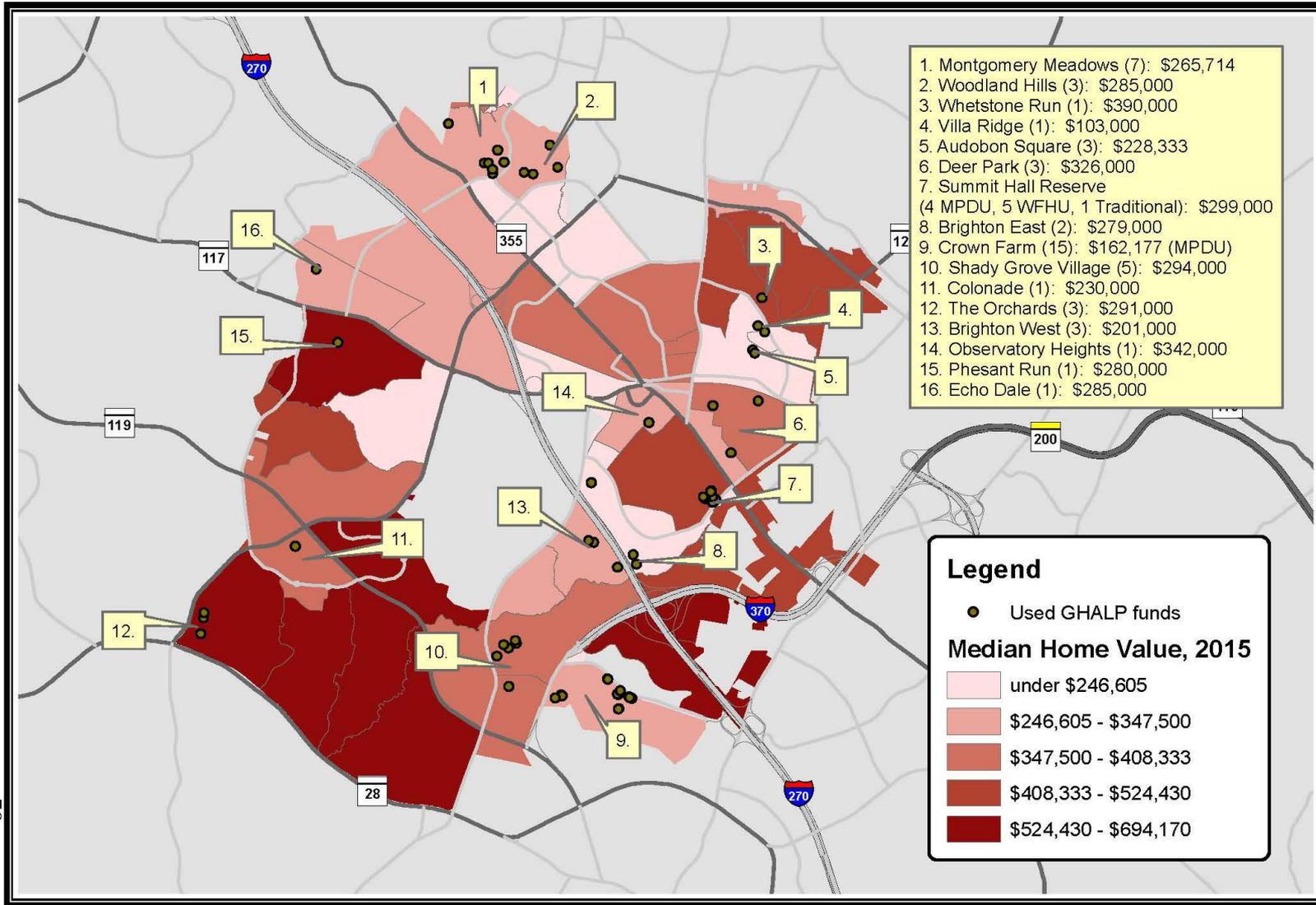
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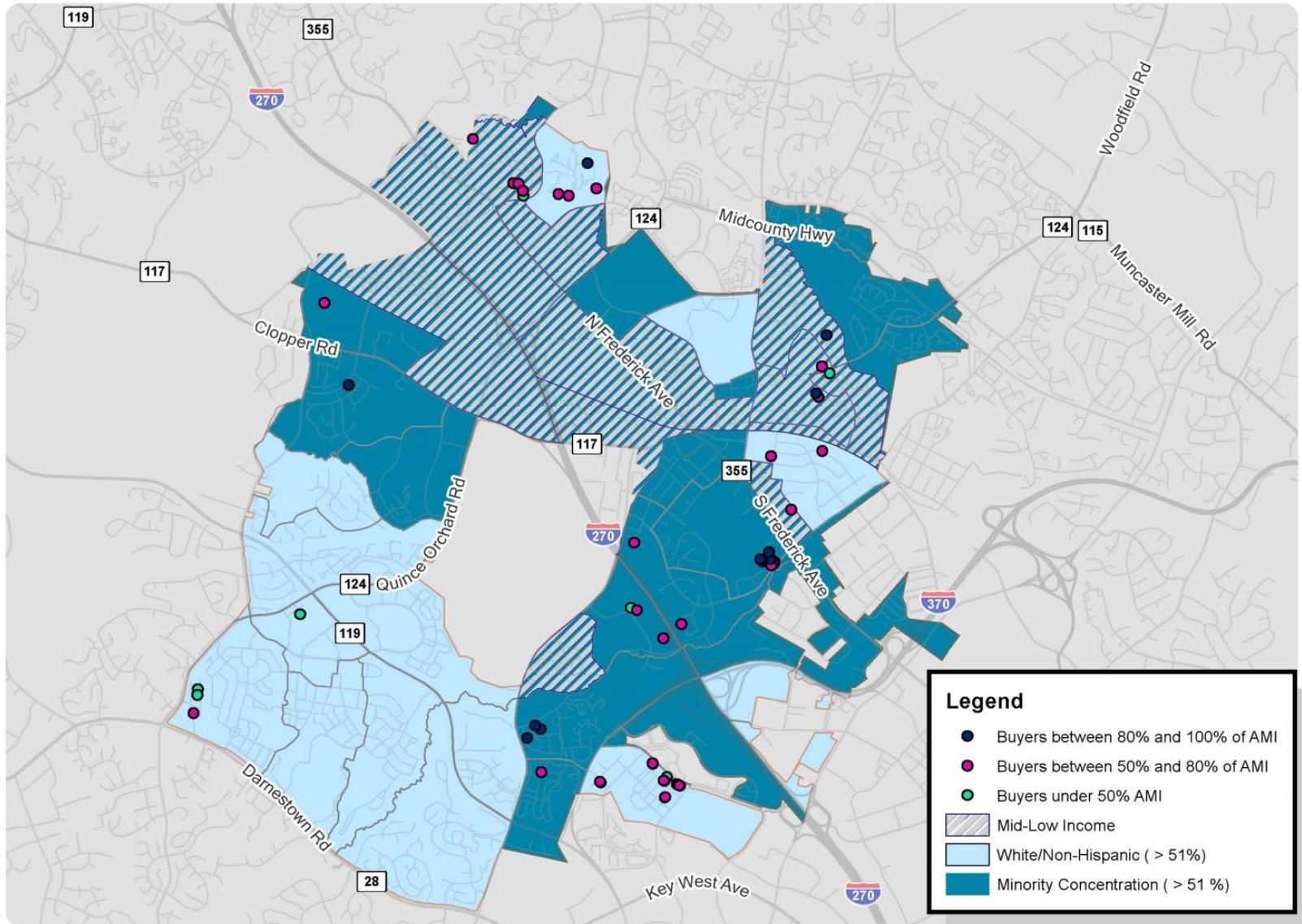
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GHALP Loans by Percent of Area Median Income July 1, 2014- December 31, 2015

Critical Measures

Analysis

The majority of affordable housing in the City has long been confined to certain areas. A key strategy objective calls for increased affordable housing throughout the City. Since the housing recovery began in 2010, and as a result of the MPDU ordinance, there has been a slight increase in housing affordable to moderate-income households outside of those traditional neighborhoods. We do not anticipate a large number of new affordable rental units to be offered through compliance with the ordinance in the short-term, however, and must look to other opportunities to ensure an adequate supply of affordable rental housing that is available City wide.

More significant has been the greater dispersal of affordable homeownership through the MPDU and WFHU for-sale program and GHALP funds. Since FY14, 78 percent of homebuyers using GHALP funds had incomes at or below 80 percent of AMI, and yet many were able to purchase in areas of the City with home values at or above the median home value for Gaithersburg. With low interest rates and downpayment assistance from the City, most buyers are paying the same or less than typical rent costs.

Infrastructure and Facilities



Maintain and improve the City's existing infrastructure, public facilities and capital assets in a sustainable, cost-effective manner, and invest in new facilities and real property in support of the City's strategic goals

Key Strategies

- Plan and execute projects to preserve, maintain, improve, and grow City infrastructure to continue to provide necessary City programs and services
- Construct new City buildings in an environmentally sustainable manner and achieve LEED Silver certification or equivalent

**Potential Strategy
Conflicts-**



Objectives

Plan and execute projects to preserve, maintain, improve, and grow City infrastructure to continue to provide necessary City programs and services

- Frequently assess and evaluate existing City building assets for functionality, code compliance, energy efficiency, deferred maintenance, space management, and compliance with the Americans with Disabilities Act (ADA)
- Provide adequate funding for maintenance, improvements and enhancements to the City's infrastructure
- Increase emphasis on managing operating costs by evaluating cost-effective solutions and green technologies to increase building efficiency
- Fund and support capital projects that are in progress and continue to plan for future capital improvement projects
- Manage projects to provide space and services efficiently and effectively
- Support the preservation of City-owned historic resources and designated sites
- Maintain a Planned Life-Cycle Asset Replacement program for major equipment and building component replacement through the development of individual building maintenance plans
- Foster community interaction by offering unique, non-duplicative amenities and facilities in locations that draw residents throughout the City

Construct new City buildings in an environmentally sustainable manner and achieve LEED Silver certification or equivalent

- Ensure that all buildings, system improvements and capital projects meet or surpass environmental and regulatory requirements and incorporate sustainable practices as embodied in Leadership in Energy and Environmental Design (LEED) or equivalent benchmarks where appropriate
- Optimize site potential to minimize non-renewable energy consumption
- Use environmentally preferable products
- Protect and conserve water
- Enhance indoor environmental quality
- Optimize operational and maintenance practices that result in reduction of our "carbon footprint"

Action Items

FY 2016 Key Action Items

- Acquire Crown Farm buildings, erect a security fence, & conduct a study for the preservation and use of these buildings
- ✓ Analyze Police Facility Needs Study and develop a strategy for implementation
- Develop strategy for incremental implementation of City Hall improvements including roof replacement & refurbishment of HR & PIO sections
- Complete design and construction of Miniature Golf Park renovation
- Complete rehabilitation of Smoke House at Bohrer Park
- Complete Kentlands Mansion ADA compliance study and develop maintenance & improvement plan
- ✓ Complete the demolition and site preparation of the area formerly occupied by buildings on the former Consumer Product Safety Commission (CPSC) site
- Complete construction for Casey Community Center

FY 2017 Key Action Items

- Acquire Crown Farm buildings, erect a security fence, & conduct a study for the preservation and use of these buildings
- Develop a maintenance strategy for incremental implementation at all City Facilities
- Complete construction for Miniature Golf Park renovation
- Procure and implement new Utility Management and Computerized Maintenance Management Software Systems
- Complete the roof replacement at City Hall
- Complete park design and begin construction at the former CPSC site
- Complete design of the new Police Station
- Complete the design and construction for the replacement of the waterslides at the waterpark
- Complete Arts Barn facility & needs assessment

Critical Measures

Facilities Management				
Facilities Management	FY 2013	FY 2014	FY 2015	FY2016 (Thru Dec. 2015)
Square Feet Maintained	438,358	472,378	452,830	452,830
Work Orders Performed	1,652	1,616	1,816	1,016
Facility Operating Cost per Square Foot (2013 IFMA Benchmark \$6.54/GSF)	\$5.68	\$4.38	\$5.00	\$6.21 (Budgeted)
Total Energy Per Facilities (Mbtu)	15,655.2	22,018 (+40.6)	26,589.7 (+20.8%)	9,064.2 (-41.6%)
Electrical Usage Per MW	10,550.2	16,792.9	20,350	7,890.8
Natural Gas Usage per (Mbtu)	5,105	5,225.1	6,239.7	1,173.4

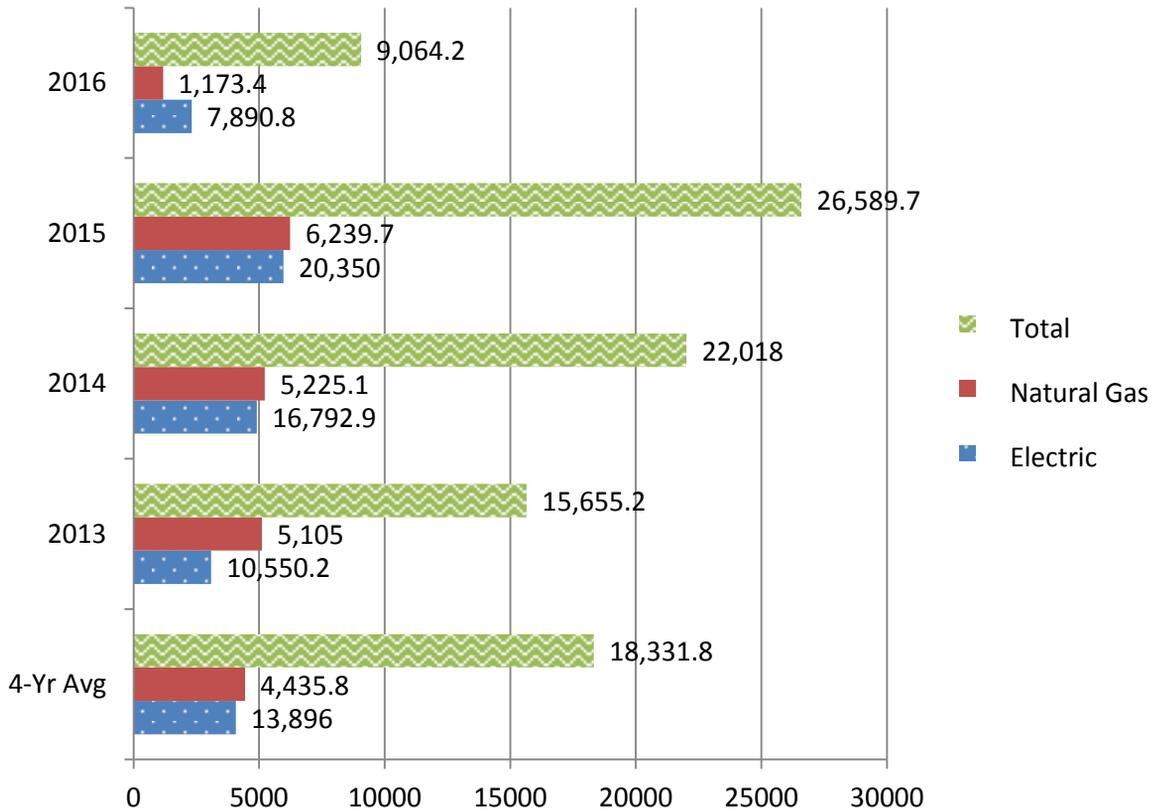
Facility Operating Cost per Gross Square Foot



◆ City of Gaithersburg (\$/GSF)
■ International Facilities Management Association Baseline

Critical Measures

Energy Usage in Mbtu



Analysis

Current trends indicate an increase in work order activity which is expected to grow as facilities age and as more square footage is added to the inventory. The Facilities Department will be moving to a new Computerized Maintenance Management System (CMMS) which will allow metrics to be broken down into “Emergency” (within 24 hours), “Urgent” (7-15 days) and “Routine” (longer than 15 days). This new system will also allow us to track the average completion time per work order.

The City of Gaithersburg needs to spend more on the operating costs per gross square foot (GSF) of our facilities. If we fail to do so, the amount of deferred maintenance will continue to climb as our facilities age until our buildings go through renovation and remodeling to decrease their utility costs.

More effective work order tracking was implemented in FY13. However, Public Works is working on the procurement and implementation of new Utility Management and Maintenance Management Systems which will be able to help identify trends and future requirements to assist with prioritizing the allocation of resources.

**The FY17 square footage will increase to 494,849 due to the additional square footage resulting from the acquisition of 16 South Summit Avenue.

Parks, Recreation and Culture



Provide quality parks, well-planned, sustainable facilities, and diverse cultural, artistic, and recreational opportunities for all ages and interests to promote the health and well-being of residents and visitors

Key Strategies

- Foster active lifestyles to support a healthy community; develop programs utilizing citizen input and recreational trends
- Ensure all communities have accessible, safe, functional, and engaging recreational facilities and amenities
- Support community oriented cultural arts, events, projects, initiatives, and local artists
- Preserve green space for passive and active recreation; seek opportunities to acquire open space; and foster conservation of natural resources
- Utilize revenue offsets to enhance department offerings

**Potential Strategy
Conflicts-**



Objectives

Foster active lifestyles to support a healthy community; develop programs utilizing citizen input and recreational trends

- Provide fitness classes, health and wellness programs, preventive screenings, and other resources that promote a healthy lifestyle through initiatives such as “Let’s Move Cities and Towns” and CHARACTER COUNTS!
- Provide out-of-school activities for City students that promote enriching experiences
- Utilize online customer survey sites as a means of measuring recreational trends and ensuring programs are relevant to the audience
- Utilize national standards to evaluate City recreation amenities relative to the Parks, Recreation and Open Space Plan
- Utilize Science, Technology, Engineering, Arts, and Math educational tools and outdoor educational offerings in youth activities at all age levels
- Act as a resource for older adults who would benefit from programs and services that help them to stay healthy, engaged in their community, feel valued, and age in place

Objectives

Ensure all communities have accessible, safe, functional, and engaging recreational facilities and amenities

- Continually evaluate recreational amenities relative to needs within existing communities
- Balance existing fields, parks and amenities to meet current demand
- Meet and confer with City Planning and Code Administration staff to ensure optimal utility of recreation space provided within new developments
- Work to ensure that shared-use trails, bike lanes and bike infrastructure are considered in the planning of road and infrastructure projects
- Work with federal, state and county government agencies as well as the private sector to fund new recreational facilities
- Ensure resident proximity to parks with goal of less than .25 miles
- Coordinate with local agencies and organizations to publicize and encourage participation in free or reduced-fee programs
- Work with Montgomery County Public Schools (MCPS) to continue the joint operation of the Gaithersburg Aquatic Center

Objectives

Support community oriented cultural arts, events, projects, initiatives, and local artists

- Utilize the Art in Public Places program of the Cultural Arts Advisory Committee to support a sense of place and pride for Gaithersburg by integrating public works of art into the community
- Support the arts and special events through an active alliance of artists and arts committees and organizations
- Implement the goals and objectives of the Cultural Arts Master Plan
- Support cultural events that bring visitors to the City
- Identify and foster unique local artists and crafts persons, music and theater groups, and food vendors for participation in City events and venues
- Utilize benefits of Arts & Entertainment designation and/or self-branding of areas with concentration of cultural assets
- Increase the quality of large events through enhancements, such as the use of mobile apps, email blasts and other available technologies
- Use marketing strategies including social media to increase awareness of the City's cultural offerings

Preserve green space for passive and active recreation; seek opportunities to acquire open space; and foster conservation of natural resources

- Work with state and federal agencies to acquire surplus property
- Seek opportunities to acquire additional properties through purchases, partnerships and monetary contributions
- Cultivate an appreciation for nature environment and the outdoors through recreational and camp offerings
- Provide technical assistance for community garden initiatives
- Engage patrons in good conservation and environmental stewardship practices
- Integrate nature-based activities and educational opportunities into City programs and events

Objectives

Utilize revenue offsets to enhance department offerings

- Utilize the Gaithersburg Arts and Monuments Funding Corporation to raise funds to support City recreation programs and facilities
- Raise revenue through the creation of areas accessible with the purchase of a special ticket
- Create a fee schedule that reflects national trends and appropriate market pricing for participation in programs and services
- Develop vested, working volunteers to support and promote large events
- Develop active partners and in-kind support sponsors to share resources, and to provide services and enhancements to City programs and events
- Utilize technology such as mobile applications to reduce waste and increase sponsorship opportunities

Action Items

FY 2016 Key Action Items

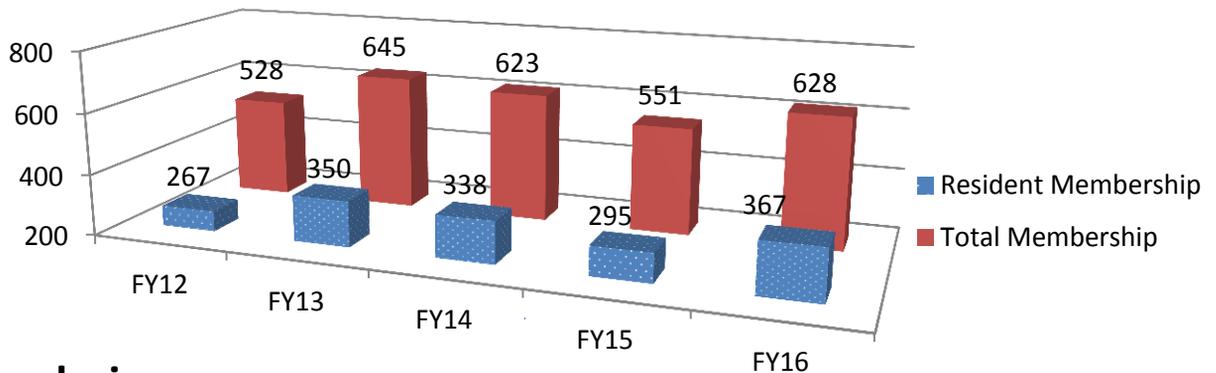
- ✓ Establish park planning committee for 9.54 acre City park on former CPSC property *(FY15 items completed in FY16)*
- ✓ Review the Articles of Incorporation and By-laws to make recommendations for the role of the Gaithersburg Arts & Monuments Funding Corporation to raise funds to support City recreation programs and facilities
- ✓ Update Chapter 15A of the Municipal Code (Parks and Other Properties) *(FY15 items completed in FY16)*
- ❑ Complete renovation of Casey Community Center apartment and kitchen
- ❑ Construction of Miniature Golf renovation
- ✓ Install Art in Public Places at Archstone
- ❑ Finalize Community Museum complex with exhibits in the Budd Car and Caboose and additional plaza enhancements
- ❑ Replace lighting at Kelly Park Field #2
- ✓ Expand Student Union to Quince Orchard High School
- ✓ Evaluate recreation management software replacement options
- ✓ Rebrand Senior Center and the Arts Barn/Kentlands Mansion complex
- ✓ Evaluate resident and non-resident fees with intent of modifying revenue expense offsets

FY 2017 Key Action Items

- ❑ Construction of Miniature Golf renovation
- ❑ Finalize Community Museum complex with exhibits in the Budd Car and Caboose and additional plaza enhancements
- ❑ Update PRC Master Plan as element of City Master Plan
- ❑ Design ballfield lighting at Walker Field at Morris Park
- ❑ Replacement of recreation management software
- ❑ Select offsite ticket vendor for Arts Barn & special events
- ❑ Construction of Side Garden at Kentlands Mansion

Critical Measures

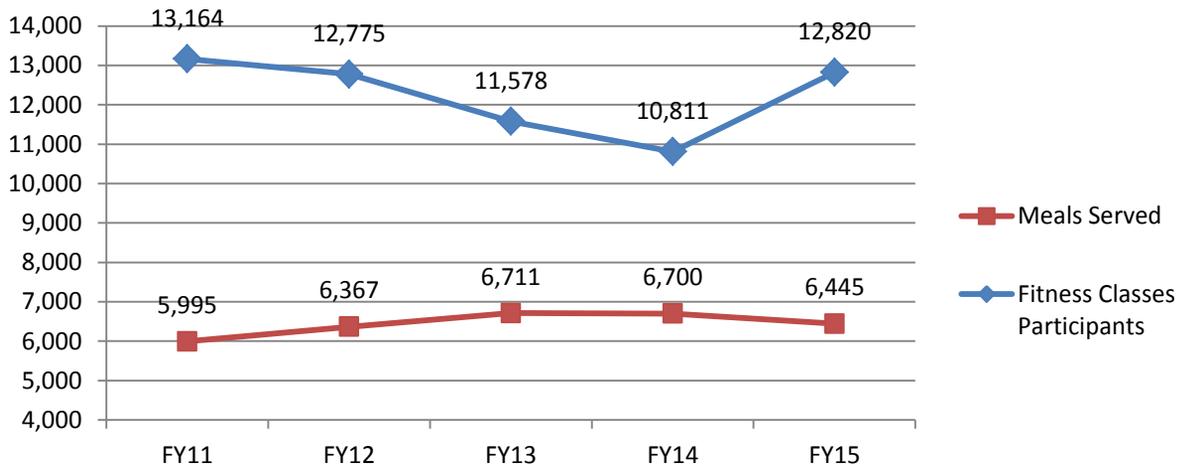
Benjamin Gaither Center Memberships



Analysis

This chart reflects a sharp decline in members in FY11 due to a nonresident fee being instituted. Membership was on the rise except for a decline in FY15 due to construction during a renovation. Since the grand reopening and rebranding of the Senior Center to the Benjamin Gaither Center, daily attendance increased from 105 to 135 participants. Membership is growing and resident membership is at an all-time high of 59 percent.

Benjamin Gaither Center Meals/Fitness Classes Participants



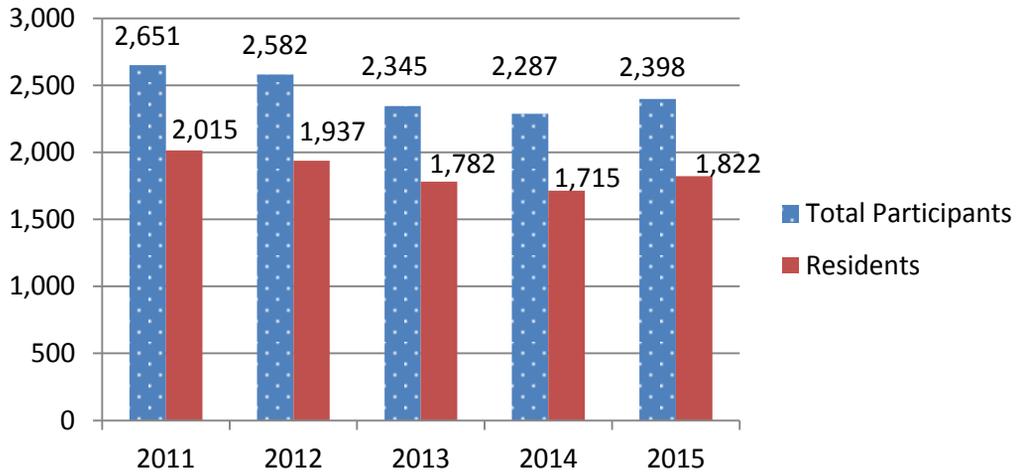
Analysis

This graph reflects the number of fitness classes and meals served through the federal nutrition program. The number of lunches has remained relatively steady since FY12. However in the first six months of FY16, over 4,300 meals have been served. At this pace, the FY16 total could be the highest number of meals ever served at the Center.

Fitness class participation began to decline in FY12 due to a \$1 fee that was added to most classes. Participation has been steadily increasing as new members join. In the first six months of FY16, there have been over 7,400 class participants.

Critical Measures

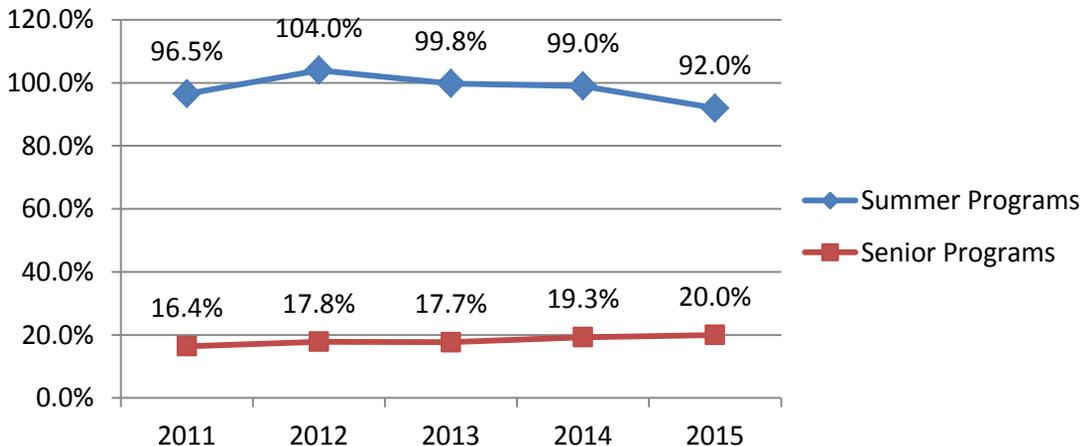
Summer Camp Participation



Analysis

This chart reflects the overall participation in the Summer Camp Program. Since FY12, there has been an overall decline in registration due to the loss of several schools undergoing construction. For the foreseeable future, the total number of camper slots available will be approximately 2,400. The percentage of resident participation has averaged 75 percent each summer regardless of overall participation.

Summer Programs and Senior Center Revenue Offset Net of Facility Costs

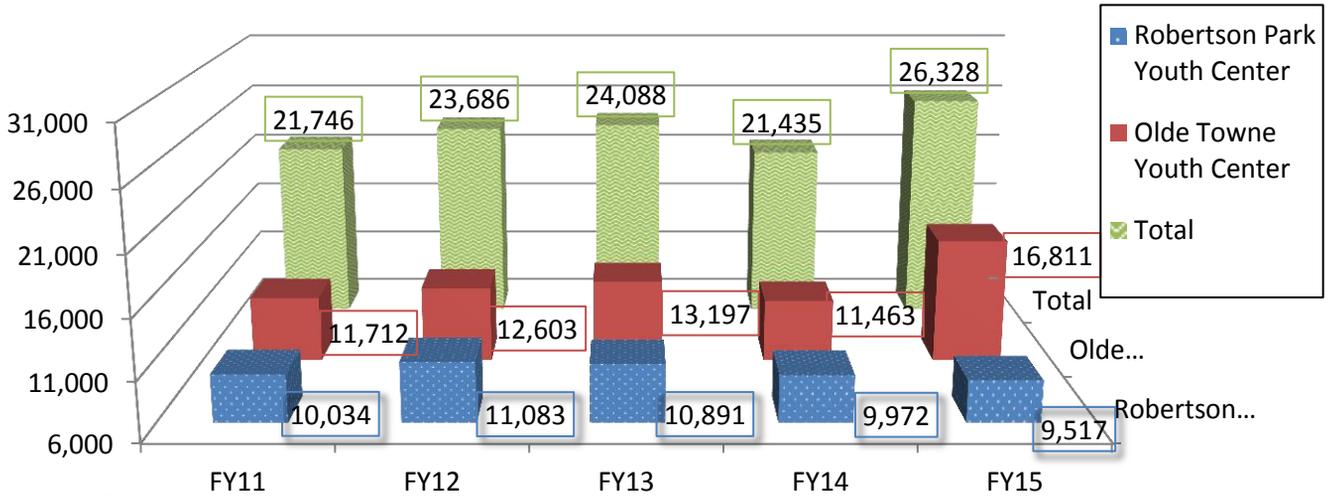


Analysis

This chart represents the percentage of revenue to program operating expenses. The offset continues to increase annually due to the popular trip programs, increased fitness class participation and the addition of evening activities at the Center. The Summer Programs revenue offset declined sharply in 2015 with the first major impact of the minimum wage increase.

Critical Measures

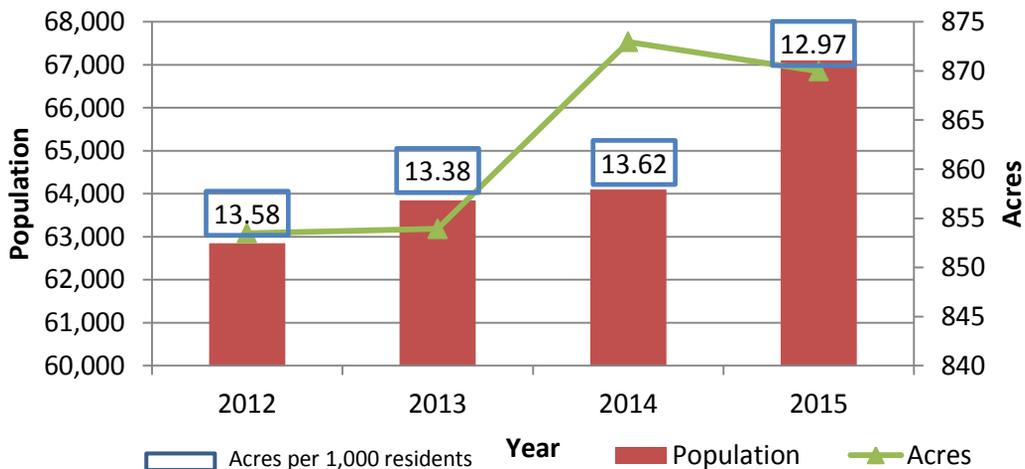
Youth Centers Attendance



Analysis

This bar chart depicts the total attendance at the Robertson Park and Olde Towne Youth Centers. FY12 was a record year at Robertson Park. Staff turnover may be a factor in offering continuity. The current staff is excelling in programming and relationship building with the youth. In Olde Towne, attendance jumped considerably as new Studio programs were implemented. There was also a significant increase in summer attendance at this site.

Acres of Parkland

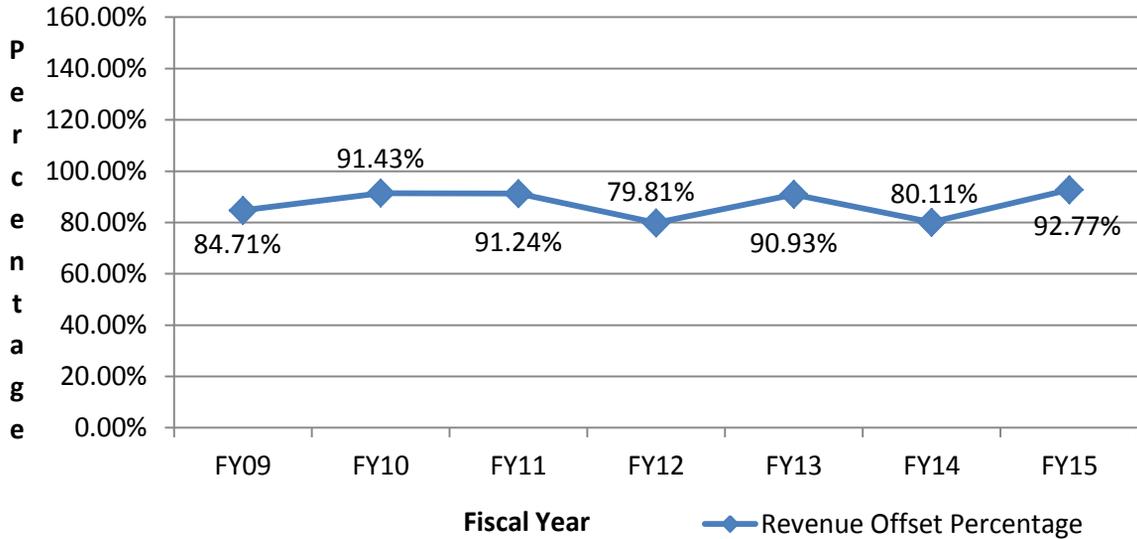


Analysis

This graph depicts the acres of parkland per 1,000 residents based on the City's population. A decrease occurred from FY14 as the 2.99 acres of Crown Farm have not been deeded to the City to date. According to the National Recreation and Park Association, the typical agency has 9.1 acres of parkland for every 1,000 residents.

Critical Measures

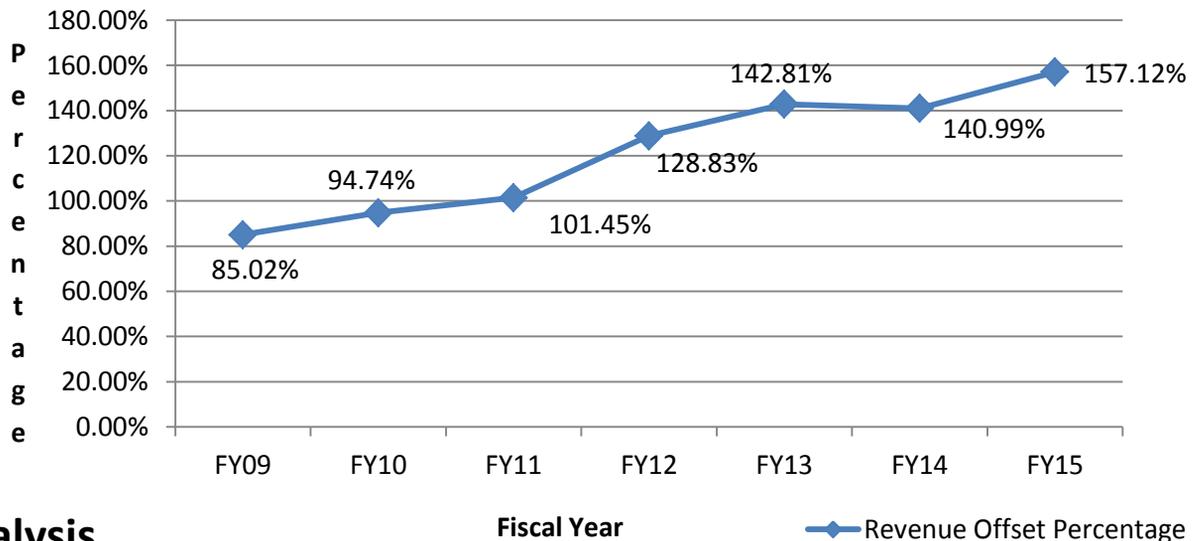
Recreation Classes Revenue Offset – Net of Facility Costs



Analysis

This chart represents the percentage of revenue to program operating expenses. More classes were held at the Benjamin Gaither Center in FY15 reducing MCPS rentals fees. Participation trends in fitness, health and dance remain consistent despite the challenges posed by the private sector.

Water Park Revenue Offset - Net of Facility Costs

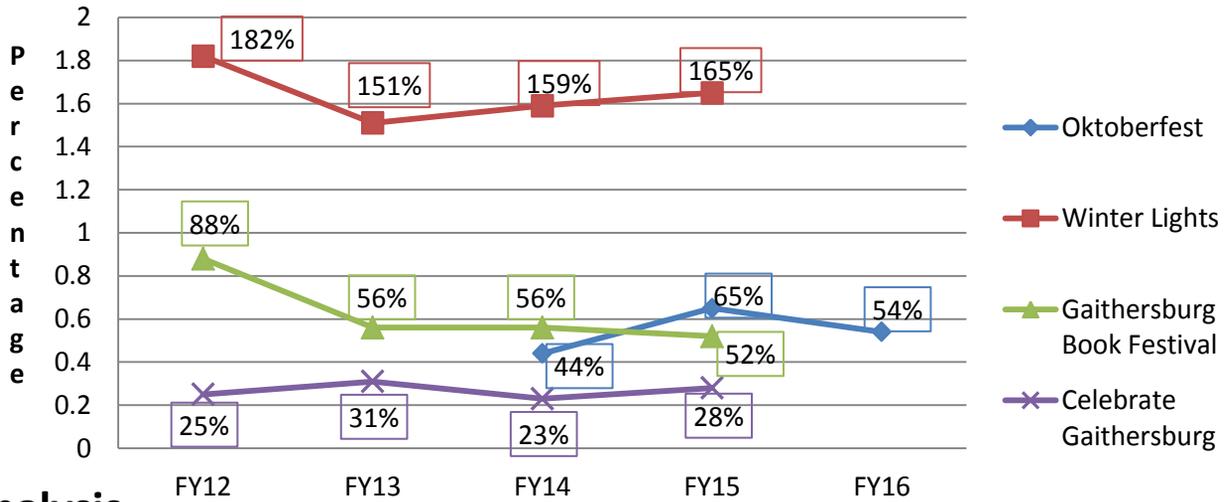


Analysis

This chart demonstrates the percentage of revenue realized in relation to operating expenses. Attendance in FY15 remained consistent with prior years. Staff made policy and procedural recommendations to the Mayor and City Council for the 2016 season. A concentrated effort is being made to increase City resident use.

Critical Measures

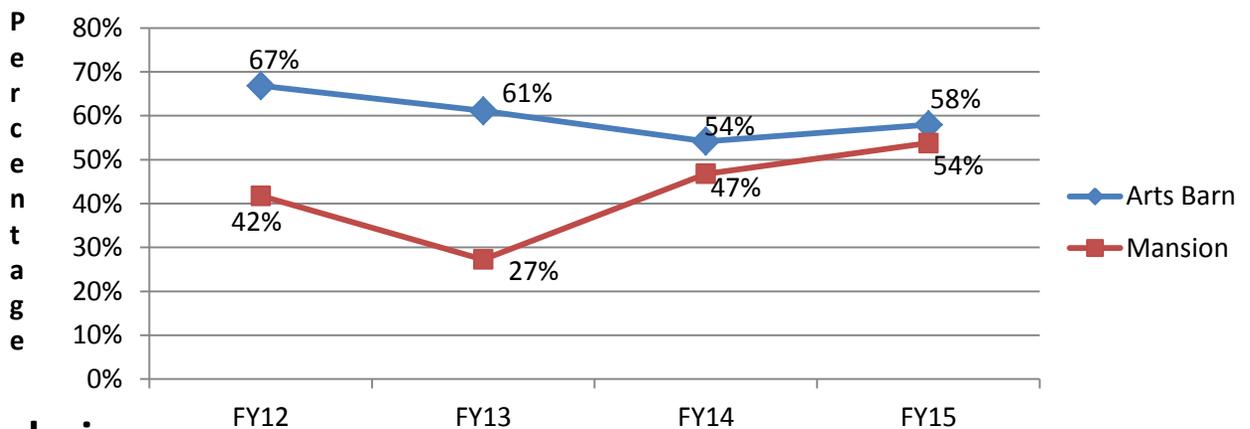
Regional Events Revenue Offset



Analysis

This chart represents the percentage of operational expenditures offset by revenue for Regional Events. In the three-year history of Oktoberfest as a solely City-run event, the boundaries and attractions were significantly expanded, creating national acclaim and, increasing attendance and revenue. In FY16, Winter Lights celebrated its 20th year with new light displays, sold-out special events, and the highest vehicle count in 10 years. Attendance at the Gaithersburg Book Festival continues to grow, along with its national and regional reputation. In an effort to reinvigorate Celebrate Gaithersburg Day, it was re-programmed logistically and thematically and moved to June in FY14, resulting in increased attendance.

Arts Barn and Mansion Revenue Offset - Net of Facility Costs



Analysis

This chart demonstrates the percentage of operational expenses that are offset by revenue for the Arts Barn and Kentlands Mansion. In FY15, the branding initiative "Arts on the Green" launched to promote these facilities. Both realized increased attendance, registrations and rental revenue. In FY15, ticket sales were at 56 percent capacity, up 10 percent from FY14, and class registration increased by 23 percent.

Planning and Development



Ensure all planning and development be built and maintained in a high quality manner that utilizes sustainable principles to maintain the high quality of life enjoyed by residents and businesses, while balancing environmental, transportation, economic, social, and civic needs

Key Strategies

- Foster a high level of community & stakeholder involvement in planning & development
 - Encourage high quality, aesthetically appealing development that adheres to City's objectives for sustainable growth
 - Ensure all aspects of development completed with best practices management, code enforcement, the highest level of public safety, & high quality standards for public & private infrastructure & well-maintained neighborhoods
 - Carefully weigh impacts of development & annexations on public infrastructure & environment with City's economic development, sustainable growth, & quality of life objectives
 - Promote housing stability & inclusiveness and maintain neighborhood vitality through quality infrastructure, community involvement, public safety, and neighborhood services
- Potential Strategy Conflicts-**
- Economic Development
 - Housing
 - Environmental
 - Transportation



Objectives

Foster a high level of community & stakeholder involvement in planning & development

- Utilize software, technology and web applications to enhance public use and information
- Foster dialogue with outside agencies to facilitate information exchange
- Ensure timely response to community and stakeholder issues in Planning & Code Administration and Department of Public Works – Engineering and Landscaping & Forestry divisions
- Maintain communication with HOAs during construction projects and relative to code compliance issues

Encourage high quality, aesthetically appealing development that adheres to City's objectives for sustainable growth

- Ensure that City Master Plans and other planning documents accurately reflect land use and municipal planning best practices and applicable state and federal requirements
- Continue implementation of approved design guidelines for MXD zoned developments and Olde Towne
- Ensure that constructed development emulates the vision and plans for the development as approved by the Planning Commission
- Identify properties which present opportunities for adding value to the City and aggressively pursue annexations
- Attract quality development by ensuring maintenance of existing neighborhoods
- Provide amenities in new neighborhoods and strive to add additional neighborhood amenities within established neighborhoods

Objectives

Ensure all aspects of development completed with best practices management, code enforcement, the highest level of public safety, & high quality standards for public & private infrastructure & well-maintained neighborhoods

- Evaluate innovations and current trends in planning and development to update City codes and regulations in order to ensure safety
- Promote best management practices through training and education of staff, appointed and elected officials
- Minimize disruption to existing neighborhoods by phasing construction as needed
- Conduct thorough and timely reviews of Development Plans, License Applications, Construction Permits, and Inspections
- Provide safety program involving fire inspections of targeted high-hazard occupancies

Carefully weigh impacts of development & annexations on public infrastructure & environment with City's economic development, sustainable growth, & quality of life objectives

- Ensure that the City's planning and economic priorities are reflected in a balanced review of school and traffic facilities
- Ensure compatible development patterns that are phased and constructed in a manner that creates the least amount of disruption as part of the entitlements process
- Maintain and enhance the City's Geographic Information System and its layers in conjunction with the Information Technology Department to provide mapping and statistical data as tools for reporting and evaluating existing and proposed development
- Continually review and revise Planning & Development Ordinances and Codes to ensure best management practices
- Work with partner agencies and jurisdictions concerning adequate public facilities; analyze results and recommended potential changes

Objectives

Promote housing stability & inclusiveness and maintain neighborhood vitality through quality infrastructure, community involvement, public safety, and neighborhood services

- Continually monitor and address deteriorating, blighted and/or overcrowded residential and non-residential structures through targeted code enforcement
- Utilize limited, strategic investments of City property acquisition funds to expedite improvements to areas of slum and blight
- Provide assistance to households at risk of foreclosure, eviction or utility shut-off
- Provide visible and active presence in neighborhoods and communities
- Preserve healthy, vibrant, diverse, and safe neighborhoods that enhance the quality of life through education and code compliance
- Utilize Code Enforcement Abatement Fund to resolve outstanding property maintenance violations
- Determine possible needs of underserved neighborhoods and reflect in the Comprehensive Plan
- Maintain a proactive license and inspection program for rental housing stock
- Actively track and ensure code compliance on foreclosed properties within the City
- Provide matching grants to neighborhood associations to address community improvements, beautification efforts and blight issues
- Maintain a proactive license program to encourage the registration of pets

Action Items

FY 2016 Key Action Items

- Update Historic Preservation (HP) ordinances, evaluate the Historic District Commission Rules of Procedures & prepare draft HP Master Plan
- Participate in Metropolitan Washington Council of Governments Round 9.0 Cooperative Forecast for households, population & employment
- Adopt 2015 National Building Codes
- Update and Adopt Floodplain Ordinance
- Complete City's Bus Rapid Transit Study for the Frederick Avenue Corridor
- Update and amend Wireless Telecommunications Ordinance
- Produce a report studying the economic costs & benefits of historic preservation on redevelopment in the City
- Conduct citizen and stakeholder outreach related to the possible changes to the CD Zone and present options to the Planning Commission and Mayor and City Council for possible adoption

FY 2017 Key Action Items

- Conduct citizen and stakeholder outreach related to the possible changes to the CD Zone and present options to the Planning Commission and Mayor and City Council for possible adoption
- Adopt Historic Preservation Master Plan
- Finalize citizen input report on allowing Accessory Units and present options to Planning Commission and Mayor and City Council
- Finalize citizen input report on amending Day Care Zoning regulations and present options to Planning Commission and Mayor and City Council
- Implement new Fire License software and gain compliance for Fire Systems maintenance

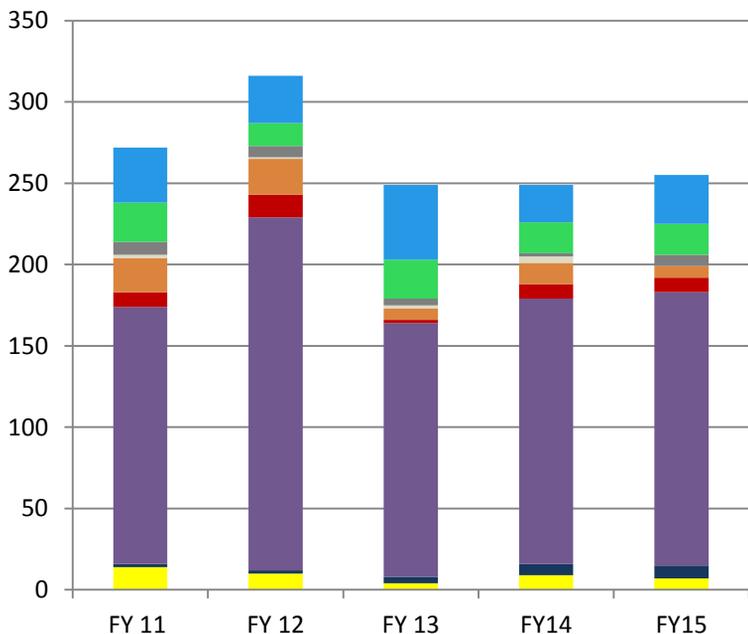
Critical Measures

Entitlements for Development							
Case Type	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016*	FY 2017 Projections
Site Plans	4	10	4	9	7	4	6
Schematic Development Plans & Amendments	2	2	4	7	8	2	5
Amendments to Site Plans	158	217	156	163	168	82	172
Record Plats	21	22	7	7	7	3	9
Zoning Map Amendment (Rezoning)	2	1	2	4	0	2	2
Zoning Verification Letters	34	29	46	23	30	13	30
Board of Appeals	9	14	2	9	9	1	6
Historic District Commission Reviews	24	3	24	19	19	7	20
Text Amendment/City Code	8	7	4	2	7	1	3
TOTAL	272	316	249	249	255	115	253

*FY 2016 figures as of January 8, 2016

Entitlement

- Zoning Verification
- Historic Reviews
- City Code/Text Amendments
- Zoning Map Amendment
- Record Plats
- Board of Appeals Applications
- Amendments to Site Plans
- SDPs
- Site Plans

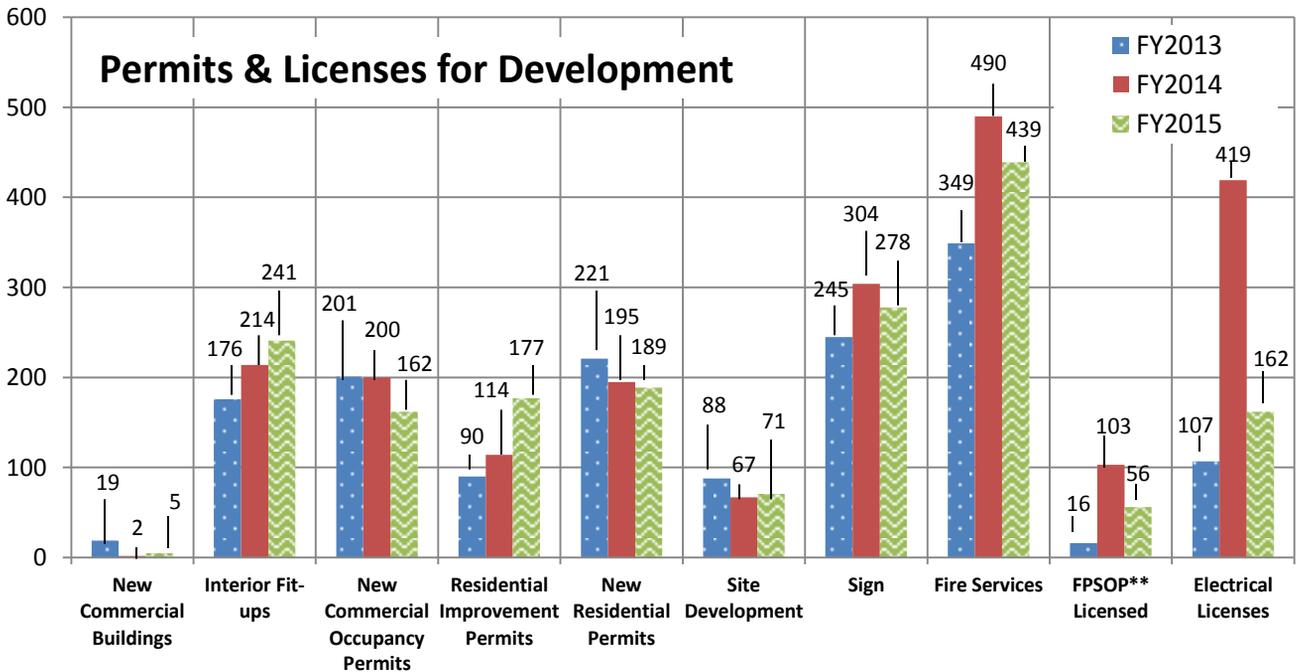
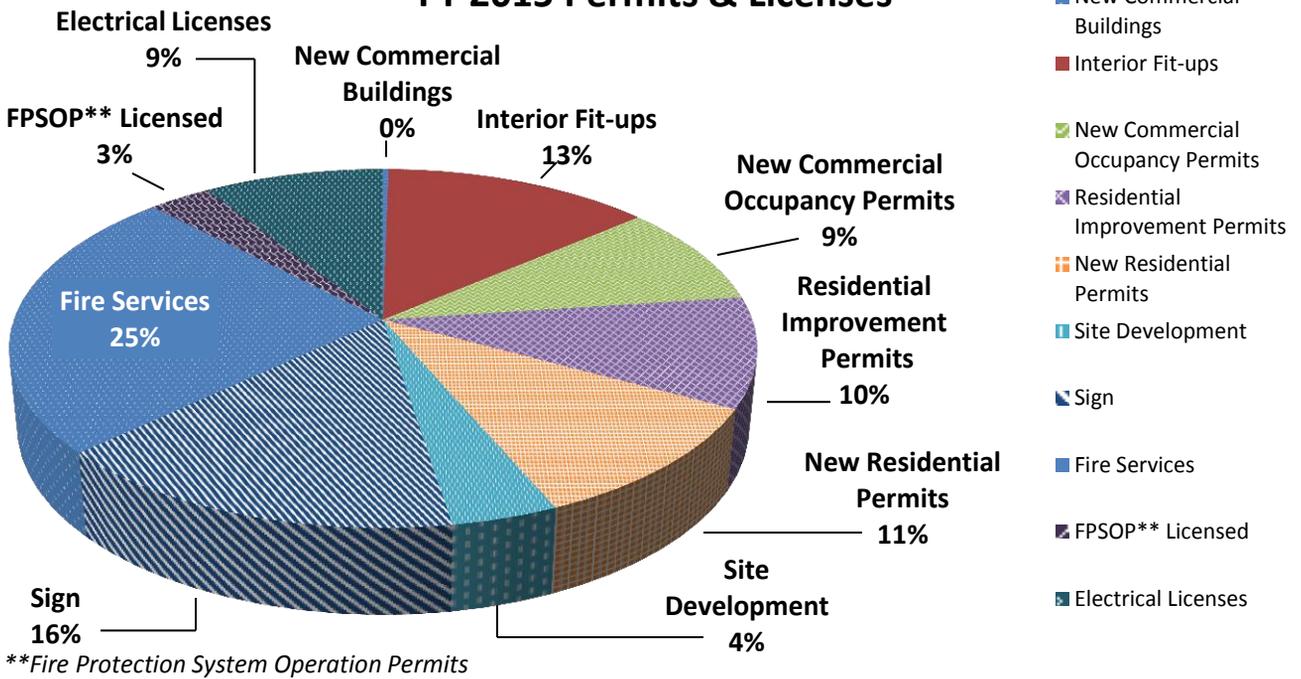


Analysis

Development trends continue to be stable, with the total number of applications holding steady for the past three years. The number of applications at the mid-mark of FY 2016 are generally matching the budget projections. Expectations for applications in FY 2017 are in line with those seen in the past few years.

Critical Measures

FY 2015 Permits & Licenses

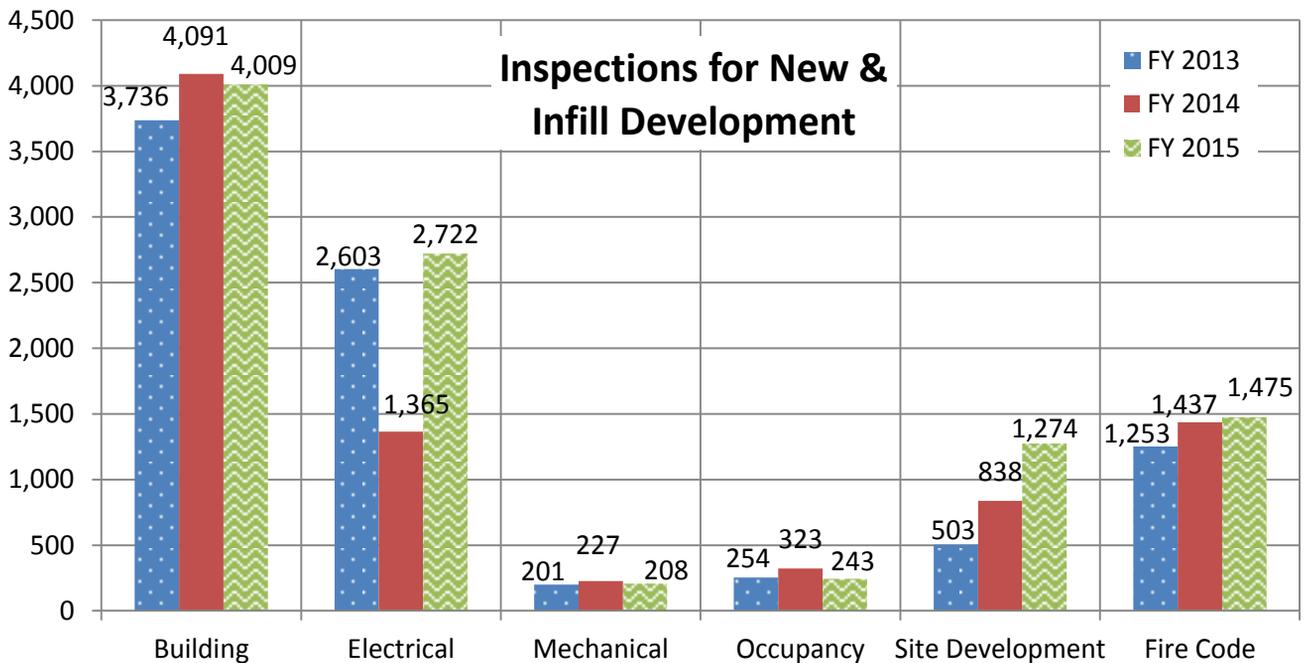
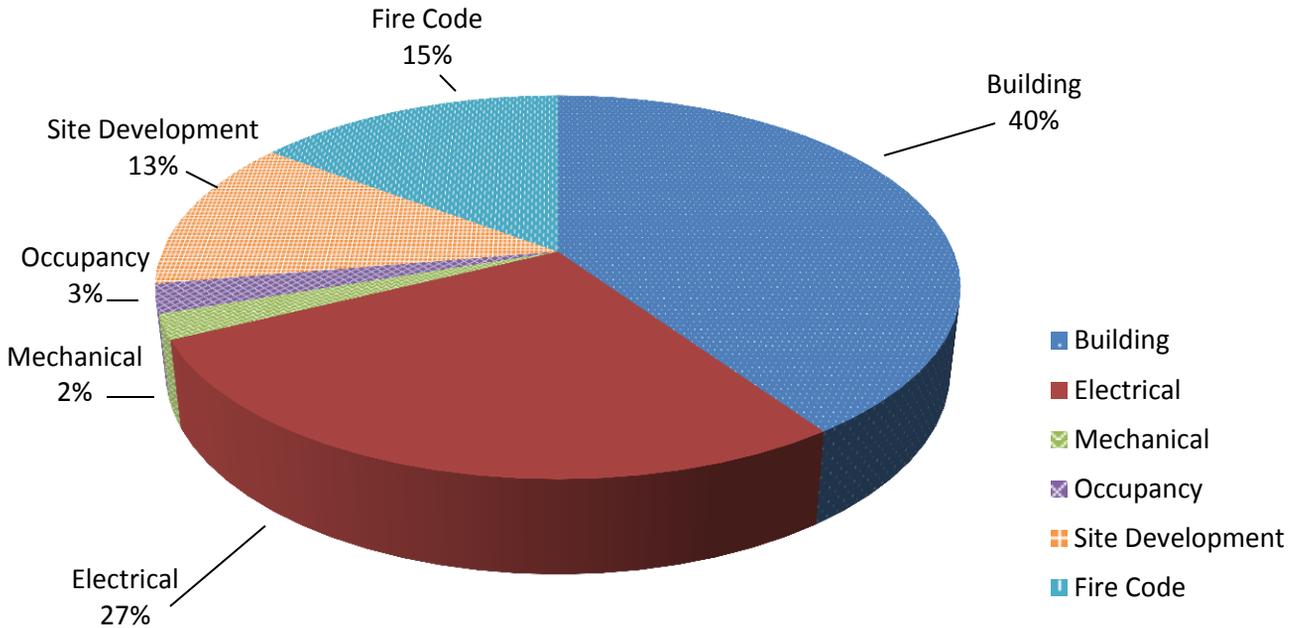


Analysis

Residential Improvement permits were up in FY 2015. Electrical Licenses were down due to cyclic nature of the licensing frequency. Permitting and Licensing are projected to continue near the same rate in FY 2016 and FY 2017.

Critical Measures

FY 2015 Inspections for Development

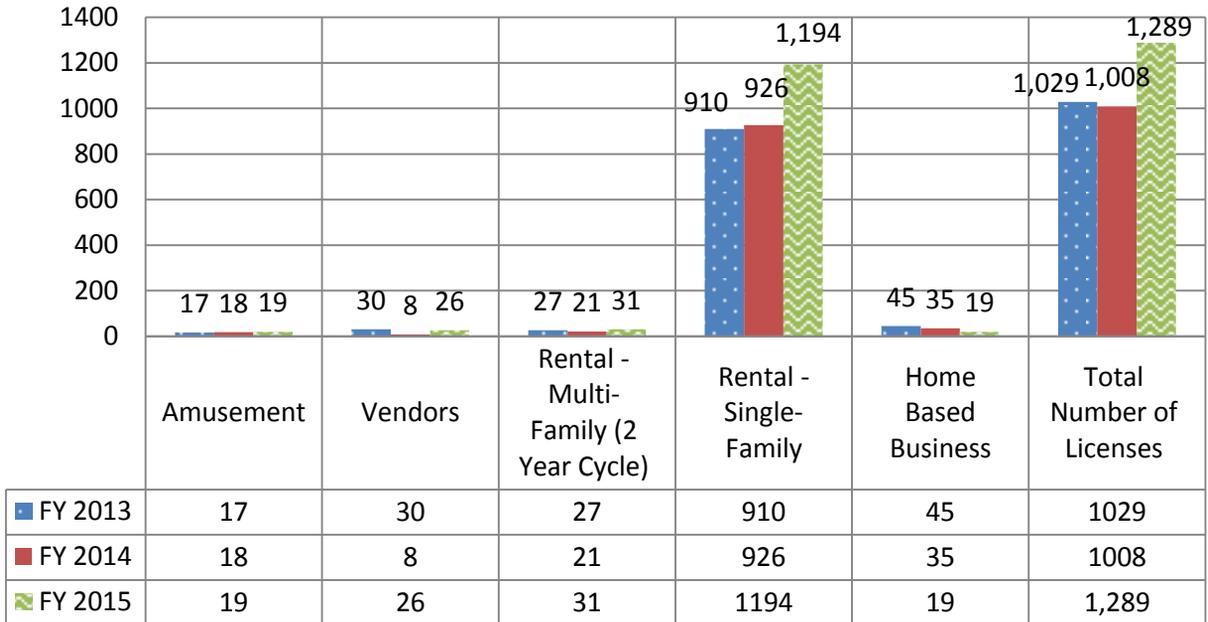


Analysis

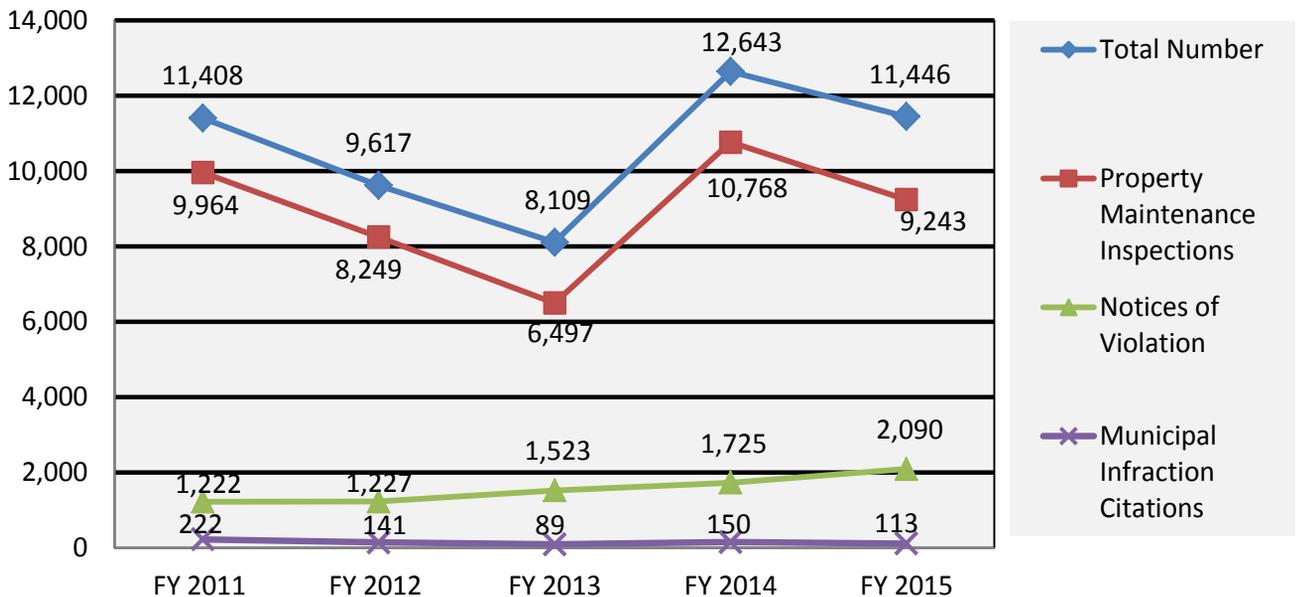
Inspections are projected to continue near the same rate. However, inspection times continue to be longer due to additional multifamily and apartment development in consideration of overall density. Electrical inspections returned to normal rates for FY15.

Critical Measures

Neighborhood Services Licenses



Neighborhood Vitality

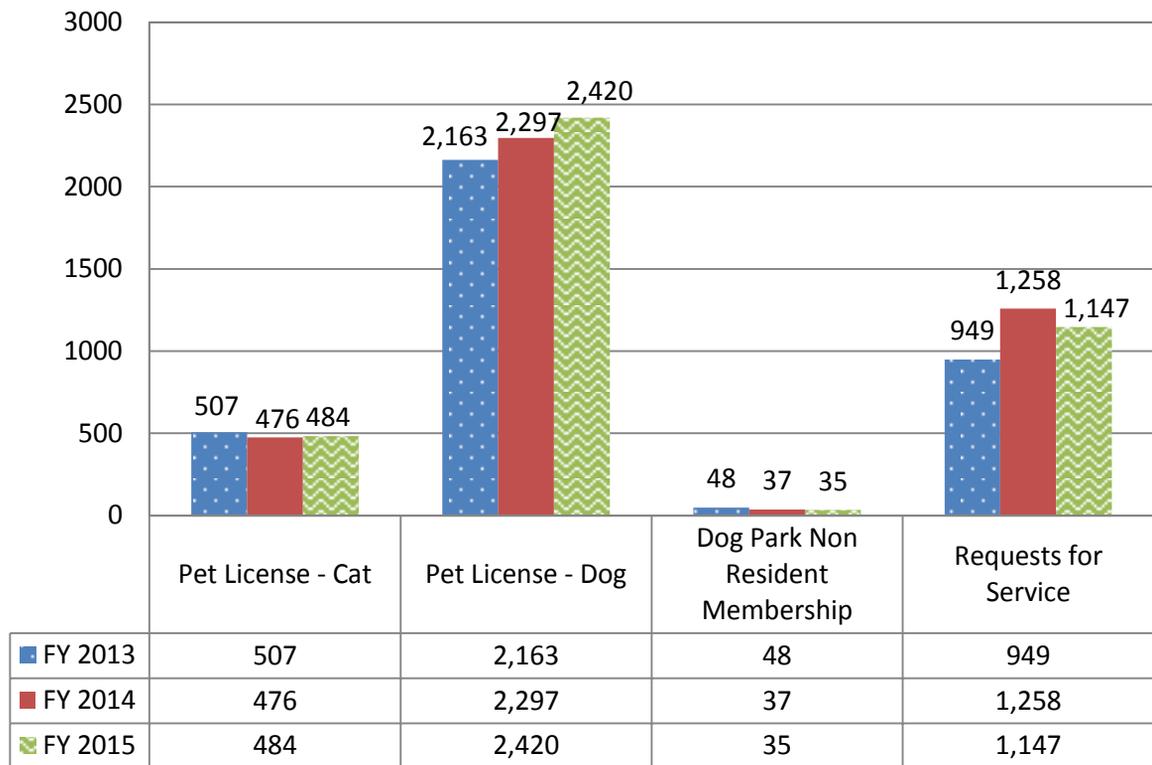


Analysis

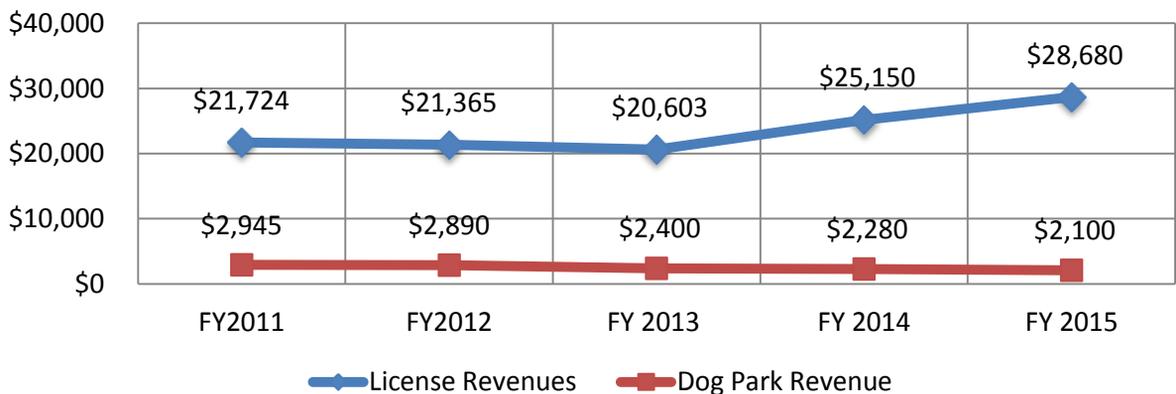
While overall inspection and enforcement numbers remain steady, YTD FY15 numbers project an increase in percentage of notice of violations issued and a higher rate of compliance. The number of rental housing licenses has resulted from staff's efforts to identify unlicensed rental properties and turnover of foreclosed properties to investor owned properties.

Critical Measures

Animal Control Services



Animal Control Revenues



Analysis

This metric tracks animal licenses issued yearly as well as dog park memberships sold and requests for service. Dog licenses have seen a steady increase from year-to-year and it is expected to continue with increased outreach efforts. Cat licenses seem to remain flat in the three-year average. Memberships to the Dog Park show a slight decrease that is also reflected in the yearly revenues. Requests for service show no real trend with fluctuations from year-to-year. There is no revenue associated with these service calls.

Police Department



Safeguard the lives of those within the City, enforce the laws and ordinances of the State of Maryland and the City of Gaithersburg, protect property, maintain the safe and orderly flow of traffic, and assist in securing, for all persons, equal protection of the law

Key Strategies

- Deliver comprehensive police services that prevent and reduce crime and sustain the quality of life in the City
- Enhance the establishment of highly skilled and diverse professionals capable of providing comprehensive and effective police services
- Work in partnership with communities, government agencies and allied organizations to augment the Department's resources and improve delivery of comprehensive police services
- Employ new and advanced technologies to improve the delivery of quality police service
- Continually build community trust in the Police Department

Potential Strategy Conflicts-



Objectives

Deliver comprehensive police services that prevent and reduce crime and sustain the quality of life in the City

- Work with communities to reduce crime, maintain order, solve community problems, and respond to incidents that affect the quality of life
- Utilize the Data Driven Approach to Crime and Traffic Safety (DDACTS)
- Employ operational tactics resulting from careful analysis of the link between illegal drugs, including their distribution patterns, and crime
- Acknowledge that the incidence of traffic accidents result in more deaths, injuries and property loss than criminal incidents, and dedicate appropriate Department resources toward the reduction of speeding and impaired driving. Encourage pedestrian safety and the proper usage of occupant protection
- Coordinate with Montgomery County Police 6th District personnel to maximize services, visibility and effectiveness of our personnel
- Keep the public informed of the Department's activities through outreach activities, social media and accessible statistics
- Enhance outreach to citizens through the use of "Boosting" on the Department's Facebook site

Objectives

Enhance the establishment of highly skilled and diverse professionals capable of providing comprehensive and effective police services

- Focus on the development of professional staff employees and ensure that their accomplishments are recognized both internally and externally
- Enhance recruiting efforts by utilizing social media sites and job fairs to select suitable candidates for vacant positions. Our goal is to attract, select, and retain the best qualified person(s) regardless of race, color, sex, national origin, or religion
- Continue professional development of internal leadership, enhancement of management and decision making skills, and improved communication in the face of the increasing complexity of the law enforcement profession
- Utilize performance evaluation and tracking systems that provide employees with timely feedback and career guidance
- Continually evaluate specialized units and personnel to adapt to changing demands
- Provide a mentoring program to all newly promoted supervisors
- Provide de-escalation technique training to all officers to encourage a peaceful resolution to incidents, when feasible

Objectives

Work in partnership with communities, government agencies and allied organizations to augment the Department's resources and improve delivery of comprehensive police services

- Ensure that the Continuity of Operation Plan (COOP) is up to date and its components are readily accessible
- Ensure the highest level of preparedness by providing opportunities for disaster response exercises and National Incident Management System/Incident Command System (NIMS/ICS) training
- Maintain strong partnerships with schools in the City
- Enhance relationships with non-English speaking communities and citizens
- Maintain support for Neighborhood Watch programs throughout the City
- Recognize community members for their contributions to the safety and well-being of the community
- Emphasize cooperative, proactive media relations as a means of advancing the goals of the Department
- Work with Montgomery County and Gaithersburg Alert notification system vendor to ensure timely and accurate information is provided to internal and external customers
- Work with the Gaithersburg Police Foundation (GPF) in funding programs and activities that promote public safety and community partnership
- Work with other local governments and public utilities to coordinate responses to disasters and emergencies

Objectives

Employ new and advanced technologies to improve the delivery of quality police services

- Employ the Data Driven Approaches to Crime and Traffic Safety (DDACTS) model in the deployment of resources
- Utilize automated technology tools such as license plate readers, surveillance cameras, cell phone data extraction analysis, and speed cameras to supplement police personnel resources
- Utilize biometric field resources to aid investigators and patrol personnel in the rapid and accurate identification of offenders
- Use technology tools to measure and report crime statistics to accurately portray crime in individual neighborhoods
- Ensure control and accountability of property/evidence, Department equipment, and fleet resources through the utilization of modern tracking and inventory systems
- Use body worn cameras in scenario-based training to evaluate the technology for potential implementation by the patrol force

Continually build community trust in the Police Department

- Foster and adopt procedural justice as a guiding principle for internal and external policies and practices
- Maintain an organizational culture of transparency and accountability
- Provide a diverse workforce that covers a broad range of cultures and life experiences to improve understanding and effectiveness in dealing with all communities

Action Items

FY 2016 Key Action Items

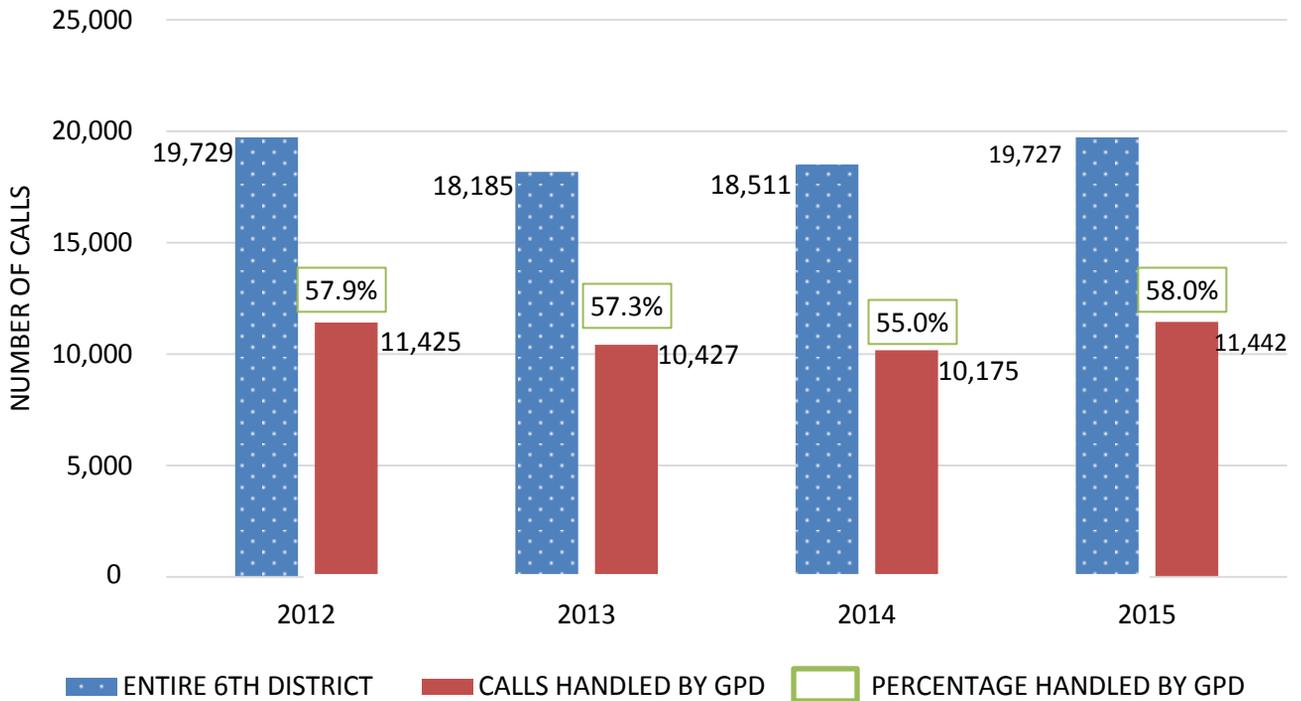
- Increase the percentage of primary calls handled to 60%
- ✓ Implement proactive patrols in Focused Enforcement Areas to create safer neighborhoods by reducing criminal activity and conditions that foster crime and fear within the community
- ✓ Enhance the safety of the City of Gaithersburg roadways through education, engineering and enforcement of traffic laws
- ✓ Work together with Neighborhood Services to identify City Code violations occurring within the City. Protocols and combined training will be developed to facilitate the sharing of information and encourage joint investigations when appropriate
- ✓ Test and evaluate body worn cameras in a scenario based training environment to evaluate the technology, thus enabling an informed decision relative to their future use by patrol officers
- ✓ Enhance the partnership with the Parks and Recreation staff by conducting safety talks and increasing visits to parks and facilities
- ✓ Ensure transparency in use of property forfeiture fund through inclusion of revenue expenditure within the City budget

FY 2017 Key Action Items

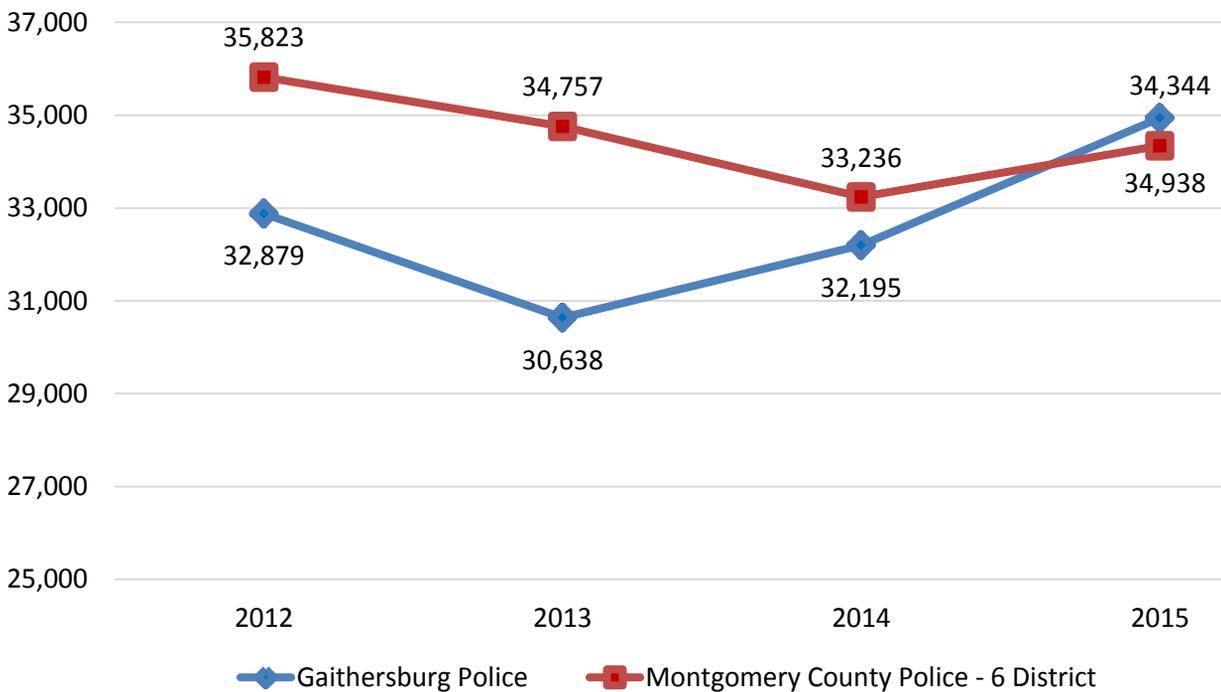
- Increase the percentage of primary calls handled to 60%
- Develop protocols to identify Code violations and hold training sessions in order to facilitate the sharing of information and encourage joint investigations
- Present results of evaluation of body worn cameras to Mayor and City Council
- Conduct safety talks and increase visits to parks and facilities
- Provide officers with de-escalation training

Critical Measures

Percentage of Calls Handled by GPD

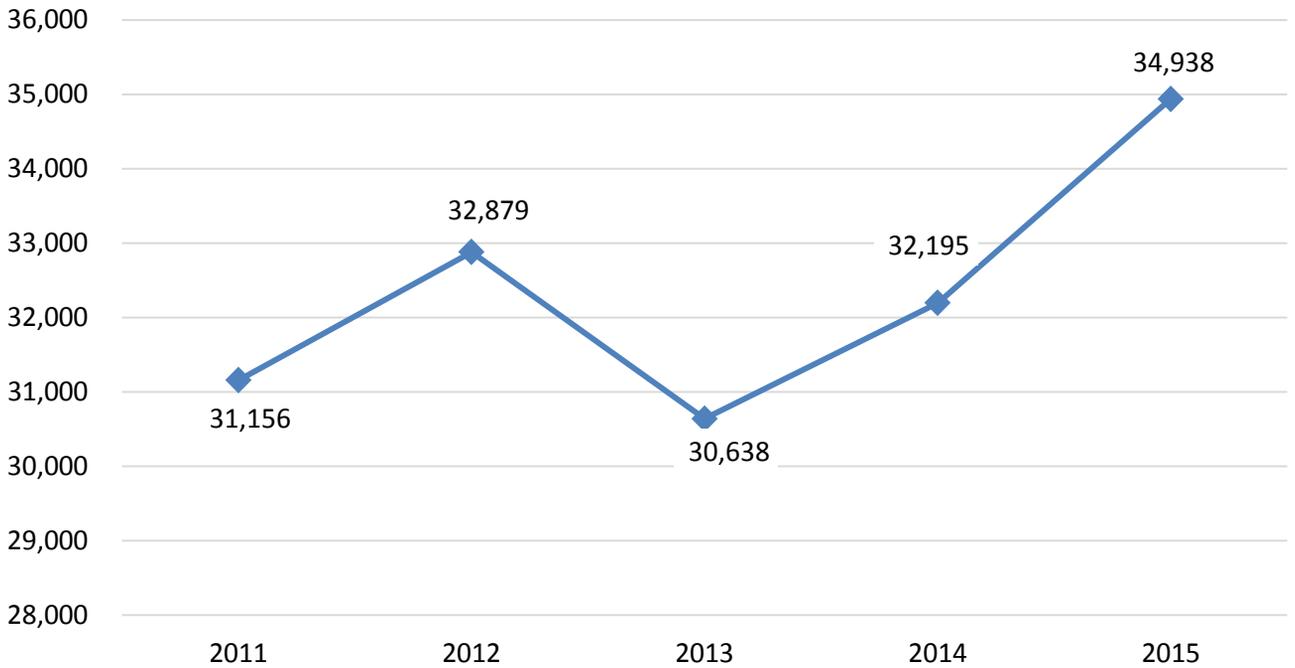


Total Police Incidents



Critical Measures

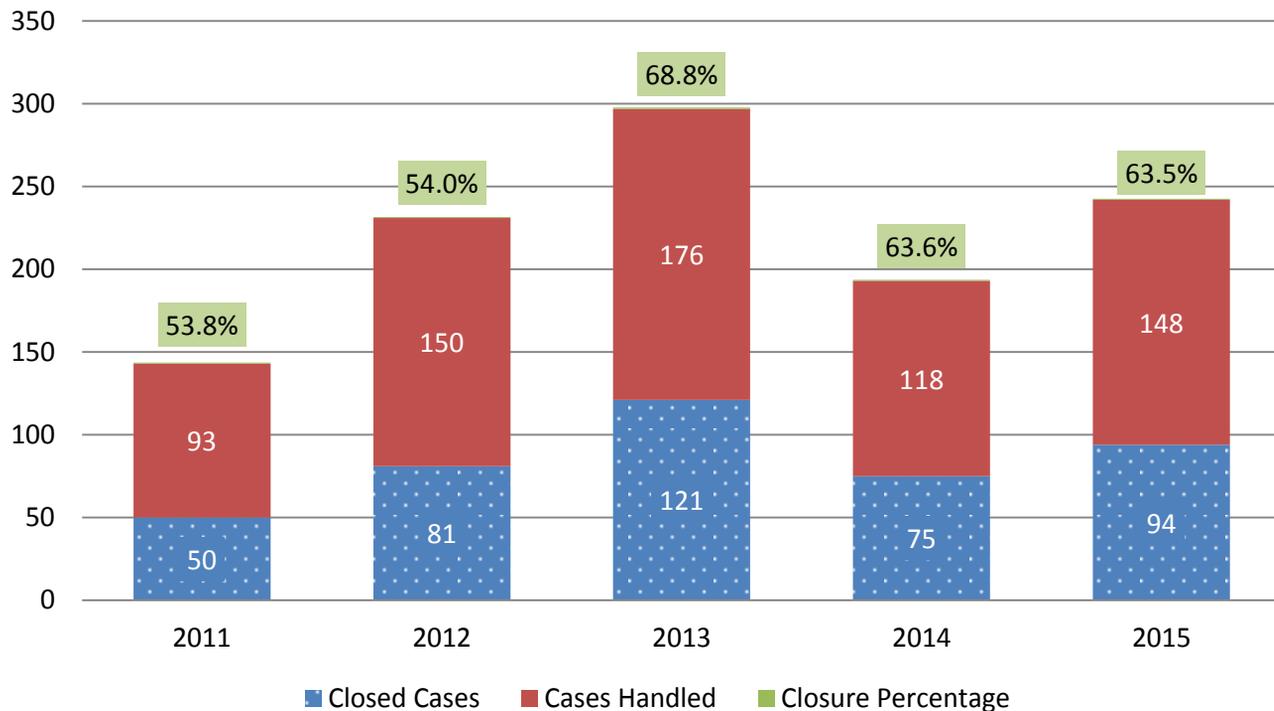
Total Calls for Service in the City of Gaithersburg (Primary & Secondary)



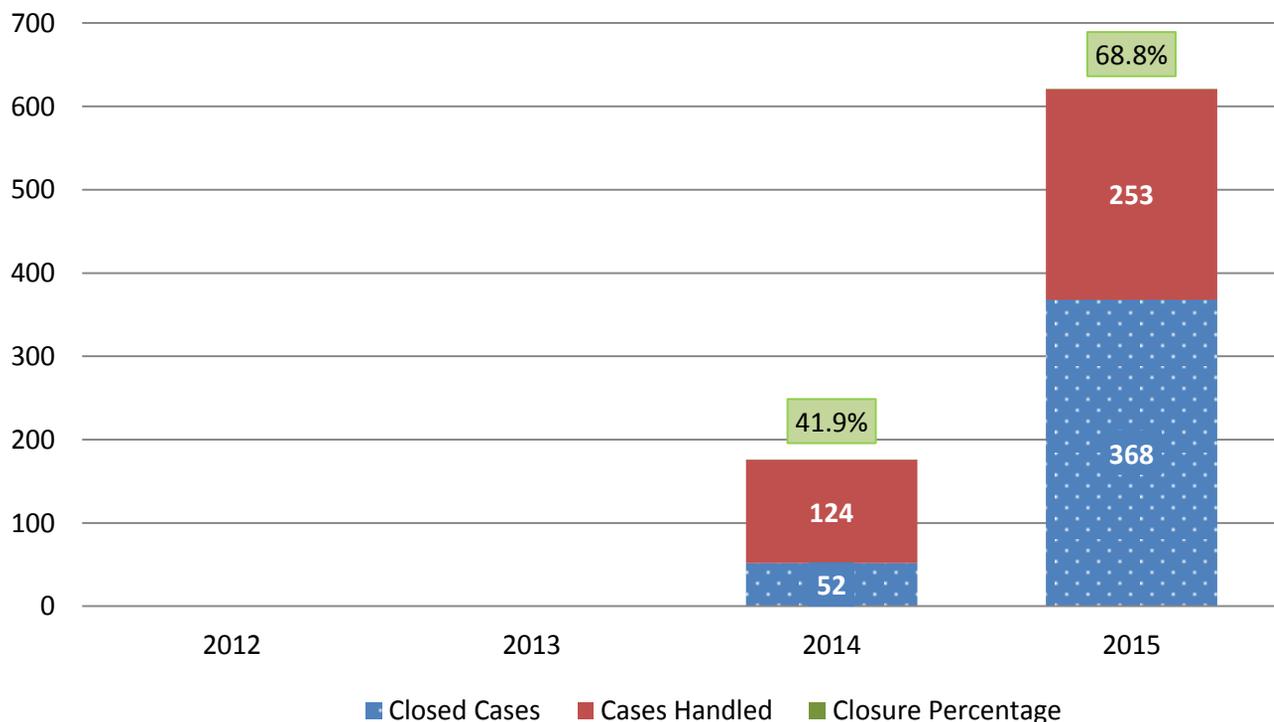
Because this measure includes countywide data, there is no comparison chart.

Critical Measures

GPD Investigation Section Case Closure Rate

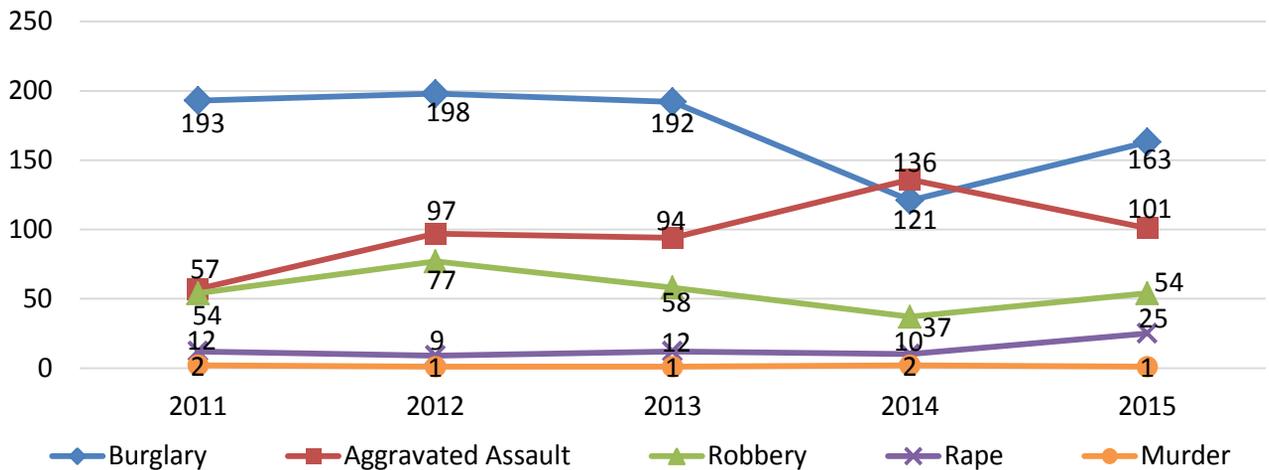


MCPD 6D Investigative Section Closure Rate

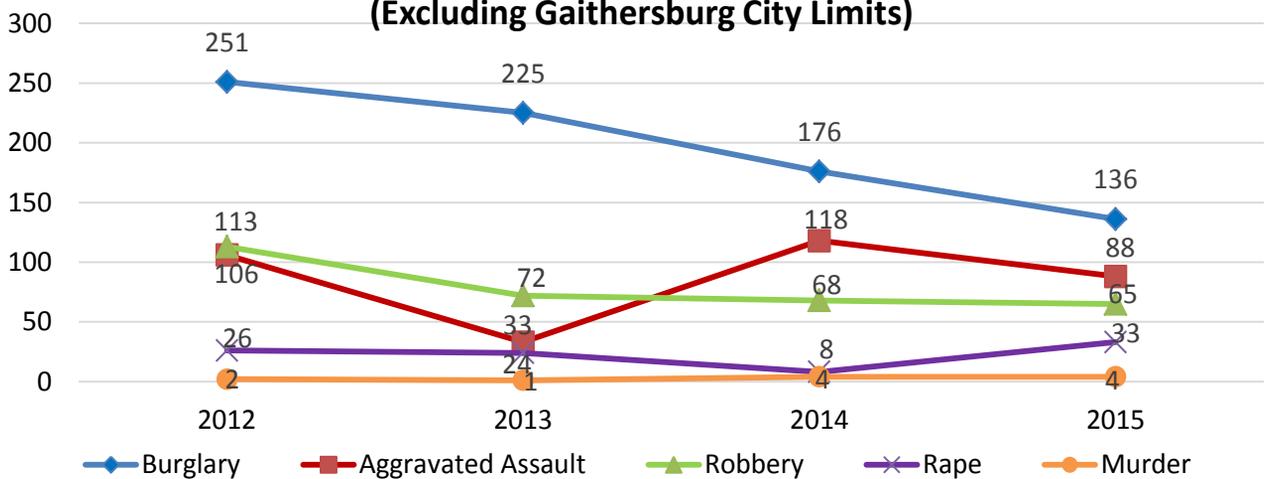


Critical Measures

GPD Part 1 Crimes



MCPD 6th District Part 1 Crimes (Excluding Gaithersburg City Limits)



Crime statistics from the Montgomery County Records Management System as of January 8, 2016. As this system is live, data may fluctuate from day to day. Unfounded incidents are not included.

Analysis

Part I Crimes saw an overall increase of 9.9 percent in 2015 from 1,610 in 2014 to 1,769 in 2015 with the following showing increases: Rapes from 10 in 2014 to 25 in 2015, Robberies from 37 in 2014 to 54 in 2015, Burglaries from 121 in 2014 to 163 in 2015 and Thefts from 1,251 in 2014 to 1,358 in 2015. A decrease was shown in Homicides from 2 in 2014 to 1 in 2015 and Aggravated Assaults from 136 in 2014 to 101 in 2015.

The Department does a daily analysis of where and when these crimes are occurring and targets the areas having the highest incidents and/or patterns with additional resources. We will continue to utilize proactive crime suppression initiatives and creative use of specialized resources to address this trend.

Transportation



Implement transportation planning and management strategies to provide for a safe and convenient multimodal transportation system

Key Strategies

- Preserve and maintain local transportation infrastructure to enhance safety and contain capital costs
- Reduce automobile dependence by facilitating multimodal transportation options
- Take a leading role in advancing transportation goals in Gaithersburg and regionally
- Ensure safety on neighborhood roads through the use of appropriate engineering, enforcement, education, and evaluation practices
- Ensure attractiveness and viability of streetscape and associated amenities

Potential Strategy Conflicts-

- Economic Development
- Sustainability



Objectives

Preserve and maintain local transportation infrastructure to enhance safety and contain capital costs

- Conduct yearly inspections of streets and sidewalks to develop a current transportation infrastructure condition assessment
- Prioritize routine and preventive maintenance as well as rehabilitation efforts to minimize major reconstruction projects
- Improve lighting in older neighborhoods through the use of infill lighting; ensure light outages are repaired in a timely manner
- Maintain all traffic control devices at a level consistent with industry standards
- Ensure roadway elements are in compliance with current ADA guidelines
- Facilitate citizen involvement in reporting and monitoring City maintenance efforts
- Continually update snow and ice removal processes relating to efficiency and effectiveness

Reduce automobile dependence by facilitating multimodal transportation options

- Encourage increased transit ridership by the expansion of the shelter and bench installation program
- Work with Montgomery County to maintain or improve current Ride-On service levels in the City
- Work with Maryland Department of Transportation to support increased MARC service
- Support alternate modes of transportation through provision of convenience equipment such as bike routes, bicycle racks and electric vehicle charging stations
- Integrate bicycle and pedestrian design elements into road design and traffic calming measures
- Encourage state and county officials to fund transit, sidewalks, bikeways, and traffic improvements to decrease congestion
- Work with Montgomery County to optimize the signal timing at signalized intersections
- Determine viability of car and/or bicycle sharing programs as an additional transportation option

Objectives

Take a leading role in advancing transportation goals in Gaithersburg and regionally

- Coordinate with other agencies on regional transportation issues within or affecting the City
- Advocate for transportation improvements at the local, state and federal level
- Coordinate with other agencies regarding local traffic issues affecting the City
- Work with CSX and MARC to improve safety in and around railroad crossings in the City
- Work with Transportation Committee members to advise the Mayor and City Council on important transportation issues within or affecting the City
- Support Bus Rapid Transit initiatives that have the potential to reduce vehicular traffic on major arteries such as MD 355
- Remain an active participant on Metropolitan Washington Council of Government's (MWCOG's) Transportation Planning Board, Region Forward initiative, Cooperative Forecast, and implementation programs

Ensure safety on neighborhood roads through the use of appropriate engineering, enforcement, education, and evaluation practices

- Use engineering, education and enforcement initiatives to ensure vehicular, bicycle and pedestrian safety in City neighborhoods
- Implement traffic calming measures in existing communities where appropriate and consider in new developments through the review process
- Utilize speed and traffic studies to assist in determining where speed enforcement would be effective
- Aggressively enforce parking ordinances and traffic laws to address hazardous situations and community concerns
- Work closely with the Police Department to emphasize traffic safety and enforcement in residential neighborhoods
- Effectively balance the public's right to park on City streets with neighborhood impacts

Objectives

Ensure attractiveness and viability of streetscape and associated amenities

- Enhance the attractiveness of the City through landscaping of City facilities, street medians and rights-of-way
- Ensure health and safety of City trees
- Provide ongoing landscape maintenance to ensure the health and aesthetic appearance of City-maintained properties
- Provide pedestrian amenities such as benches and shelters at bus stops on City streets
- Provide attractive public rights-of-way through regular mowing and litter pickup

Action Items

FY 2016 Key Action Items

- Complete construction of new lights for Sullnick Way
- Complete the install of 30 additional benches at various City bus stops
- Work with ad shelter contractor to provide a minimum of eight new advertising bus shelters
- ✓ Identify a new pavement management system for yearly inspections of streets and sidewalks
- Work with SHA to advertise the project for the construction of the missing portion of the pathway along MD 124 in the vicinity of NIST and to acquire ROW needed for construction
- Complete construction of new lights for Midsummer Drive
- Evaluate and implement process changes based on new ADA guidelines
- Conduct a needs survey for existing City pathways
- Reconstruction of City owned but county maintained traffic signals
- Evaluate and present options to the Mayor and City Council regarding the feasibility of a bus circulator

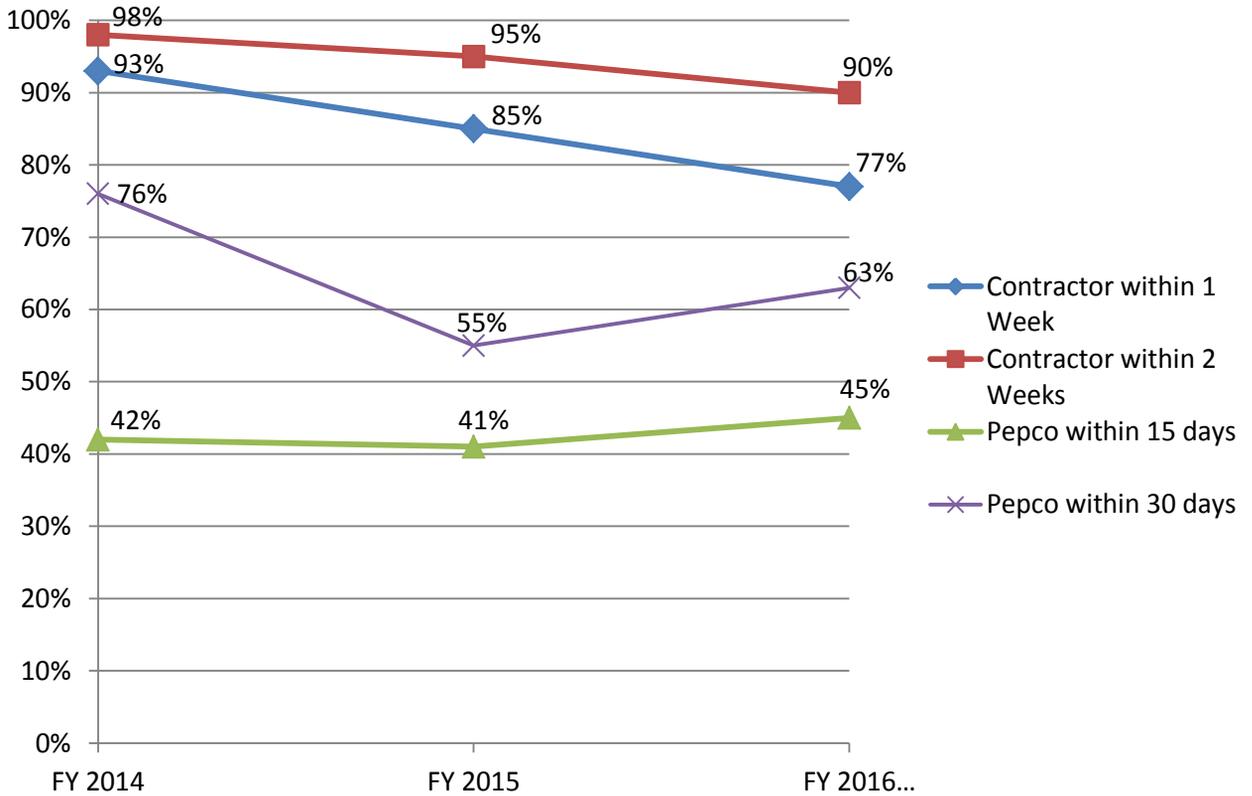
Action Items

FY 2017 Key Action Items

- Complete construction of new lights for Sullnick Way
- Complete the install of 30 additional benches at various City bus stops
- Complete construction of new lights for Midsummer Drive
- Evaluate and implement process changes based on new ADA guidelines
- Conduct a needs and missing links feasibility survey for existing City pathways
- Reconstruction of City owned but County maintained traffic signals
- Develop new pathway management system for survey and assessment of sidewalks and paths
- Data collection and analysis of existing City streets based on the new pavement management system
- Construction of parking spaces along Orchard Ridge Drive
- Design, service installation and construction of lights in Woodland Hills and Olde Carriage Hill
- Upgrade to existing lights in Olde Towne
- Reconstruction of Quince Orchard Boulevard from MD 117 to MD 124
- Resurfacing along Victory Farm Drive from Girard Street to Saybrooke Oaks Boulevard
- Amend and adopt City Road Code (Chapter 19)

Critical Measures

Percent of Lights Repaired



Analysis

The goal for the contractor's turnaround time for repairs is to have at least 90 percent of City-maintained lights repaired within a week. Repair time is monitored on a regular basis to ensure it remains in this range. This has dropped during the last year and a half, due in part to reporting delays from the contractor. This will be addressed as part of a new 2016 lighting contract. While Pepco has dropped its estimated time to repair the underground wiring to our poles from 30 to 15 days, their turnaround time remains inconsistent. Part of this is also due to reporting delays and will be addressed by working with our PEPCO contact.

Critical Measures

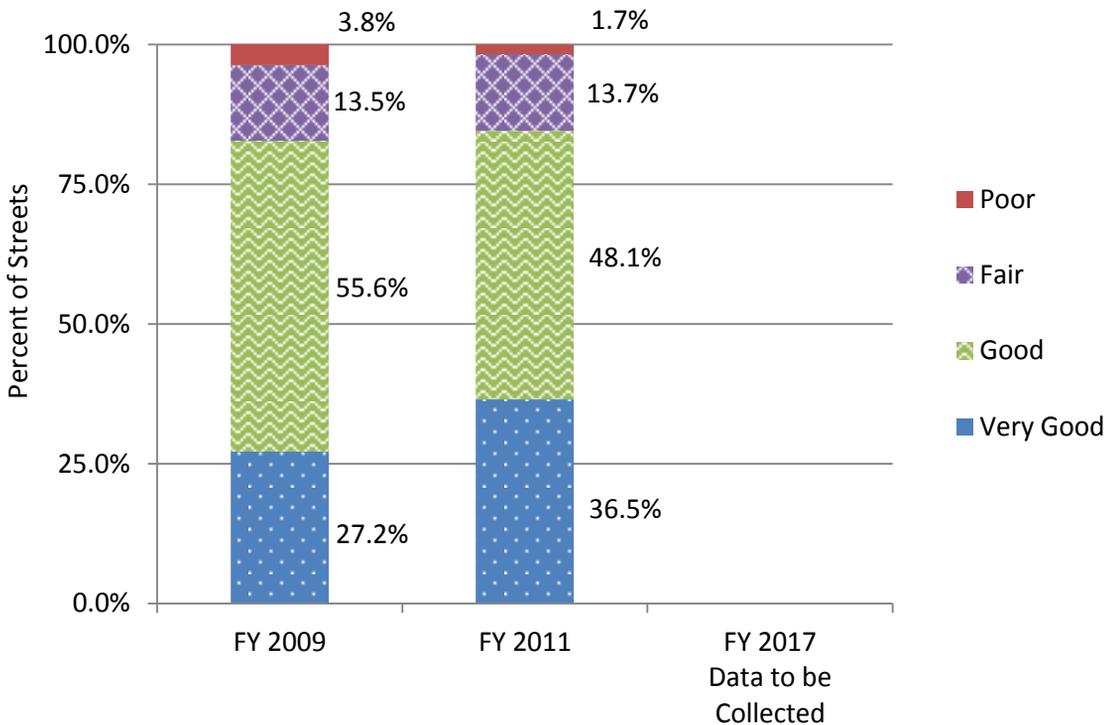
Winter Events			
SNOW TOTALS	0" – 3"	4" – 8"	9" to 12"
Miles of City Streets Plowed	94	94	94
Time to Clear Pavement	6 to 7 hours	8 to 10 hours	11 to 15 hours
Number of Contractors	6	6	6

Analysis

On average the City of Gaithersburg receives eighteen inches of snow per year. The City operates a fleet of forty snow plows and six contract trucks around the clock during a winter event. Currently, Public Works needs approximately eight hours to have clear pavement after an average storm. As the City continues to grow and the number of City owned streets and parking lots increases, Public Works will need to consider adding additional contract plow trucks.

Critical Measures

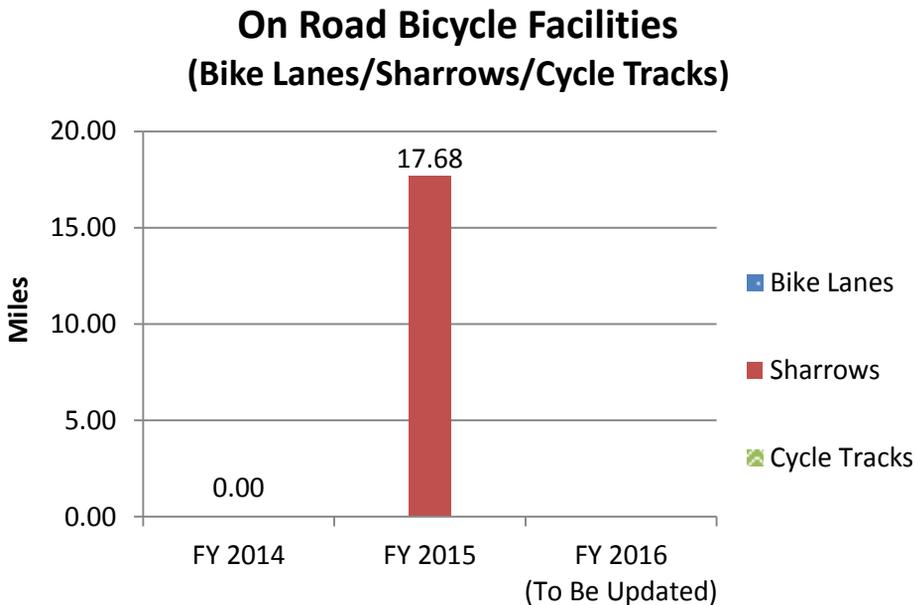
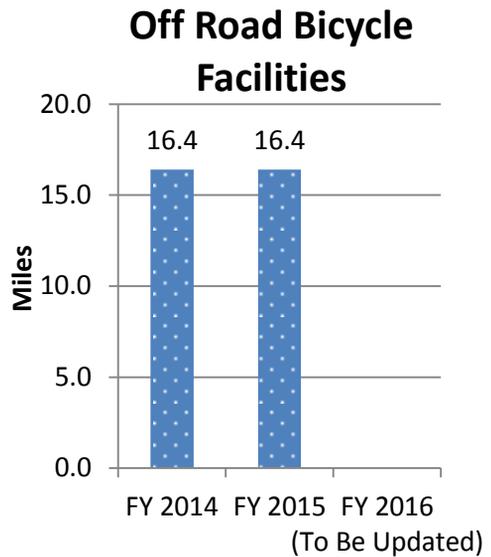
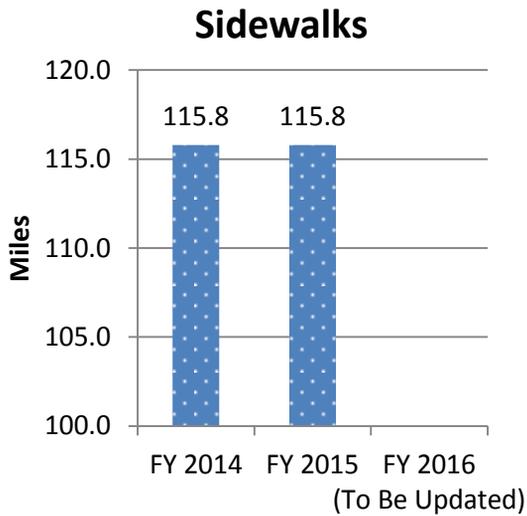
Pavement Condition of Gaithersburg Streets



Analysis

Maintenance of streets requires a yearly level of funding so as to avoid having to make a substantial reservation of fund balance. Based on our analysis of City streets in FY 2009 and FY 2011, more than 82 percent of our street sections were considered in “good” to “very good” condition. A new pavement management system will be in place and a reassessment of our streets will begin in 2017.

Critical Measures



Analysis

These items will be used to track increases in our bicycle/pedestrian system. In FY 15 17.68 miles of sharrows were placed on 14 City streets. Moving forward, we can track the addition of new bicycle facilities as projects are constructed to connect missing links in our bike network and the planned construction of the Quince Orchard Boulevard “cycle track” and similar facilities.

Critical Measures

Work Commute Time and Mode Share					
	2007-2009	2008-2010	2009-2011	2010-2012	2011-2013
Average Travel Time Minutes	32.3	31.6	30.6	31.2	32.3
Live and Work in Gaithersburg	21.2%	21.7%	23.5%	23.4%	21.6%
Mode					
Car, Truck, Van Alone	73.6%	71.7%	70.5%	65.9%	68.1%
Car, Truck, Van Pooled	9.4%	11.7%	11.6%	13.1%	10.5%
Public Transportation Including Bus and Rail	11.4%	10.0%	10.3%	12.4%	13.6%
Walked	1.8%	1.9%	2.5%	2.9%	2.9%
Bicycling	0.6%	0.6%	0.5%	0.1%	.1%
Worked at Home	2.7%	3.5%	3.8%	4.3%	3.8%

Analysis

The number of residents both living and working in Gaithersburg declined to pre-recession reporting levels. This also corresponded to a slight increase in average commute times. Of note: After four consecutive reporting periods showing declines, the current period identifies an increase in single-occupancy vehicle use and a third consecutive increase in public transportation, possibly reflecting the aforementioned changes.

This data is no longer available in three-year increments so staff is evaluating options to track this critical measure.

Appendix

In addition to the Critical Measures shown in this document, the City tracks a multitude of performance measures as part of the budget process. Listed below are the categories and highlights of the types of performance measures tracked. Should you wish to obtain a detailed list of performance measures please contact the City Manager's Office.

City Manager's Office

- Public information requests
- Ordinances, resolutions, deeds, easements, agreements, leases, covenants, contracts, and MOU's prepared /reviewed
- Municipal infractions prosecuted
- Administrative proceedings/appeals

Human Resources

- Workers compensation claims
- New hires/terminations

Finance and Administration

- Payroll checks/e-vouchers issued
- Cash/accounting procedure audits
- Invoices paid

Information Technology

- In-house/commercial applications supported
- GIS web mapping applications
- Conference and Travel Budget

Communication/Community and Public Relations

- Website metrics
- Press releases
- Marketing/facility spots
- Facebook/Twitter followers
- Media subscribers
- Meetings aired

Community Services

- Counseling & mentoring
- School enrichment grants
- Workforce development services
- Bank on Gaithersburg accounts & workshops
- Volunteer Income Tax Assistance
- Emergency Assistance
- Homeless support programs
- Wells/Robertson, DeSillum House
- Foreclosure prevention

Economic Development

- Toolbox & Economic Opportunities Fund
- Office vacancy trend
- Median household income

Environment/Planning and Code

Administration

- Impervious areas /stormwater management facilities/outfalls
- Stream monitoring /clean up events
- Stormwater management Illicit discharge reports/investigations

Housing/Finance and Administration

- Closing cost loans issued
- Community Development Block Grants projects
- MPDU/WFHU rentals/sales
- Loans repaid

Infrastructure and Facilities/Public Works

- Winter salt use
- Asphalt use
- Vehicle & equipment repairs
- Repair/preventative maintenance
- Landscaping/yard waste/Green Street Facilities

Parks, Recreation and Culture

- Facilities/rental/use
- Program/class attendance
- Special events
- Sponsorships

Planning and Development

- Permits/licenses/passports processed
- Animal Control calls for service/bite reports
- Municipal Infractions/violations
- Inspections

Police

- Citations issued
- Investigation closure rates
- Part I crimes

Transportation

- Light outages/repairs
- New infill lighting
- Sidewalk/pavement maintenance
- Traffic signs replaced
- Snow plowing clearing rates

ABOUT THE BUDGET FY17 BUDGET

Budget Timeline and Process

The preparation of the Budget occurs over an eight-month process after collaboration between Finance & Administration Staff, Department Heads, Division Managers, City Council and the City Manager. Preparation of the budget is composed of six steps. After Adoption, the budget is then submitted to GFOA in September for the Distinguished Budget Award Program.

December	January	February	March	April	May	June	July
Budget Preparation and Strategic Planning							
		Council					
		City Manager's Proposed Budget		Budget Hearing			
					Budget Work Sessions	Adopt Budget	Adopted Budget becomes effective

Step #1: Departments Budget Preparation and Strategic Planning (December-February)

Beginning in December, Finance & Administration Staff prepare the Budget Package and distribute it to Department Directors for the upcoming Budget process. This package is composed of Budget Overview, Timeline, forms for Department Mission, Personnel Request, Capital Outlay, and Current Year Revenue Projection. The Capital Improvement Project (CIP) & Revenue Budget databases become available for departmental data entry.

Phase I the initial work on departmental proposed request and budget data base entry should be completed by early February. The departments will return the Fee Schedule with any requests for updates or changes.

Step #2: City Council Retreat (February)

The Mayor & City Council (M&CC) conduct an annual retreat in which they review the current financial status and future outlook. The future outlook is comprised of five-year projections of revenue and expenditures, Finance/Budget Discussion and Strategic Direction review.

Step #3: City Manager's Proposed Budget (February – March)

The Senior Leadership Team begins to discuss the City Manager's Proposed Budget. The team consists of City Manager, Deputy City Manager and Department Directors. The team reviews departmental proposed personnel and operating requests, the Fee Schedule, and proposed City Rules and Regulations. Departments submit new initiatives, prioritize action plans, and modify approaches if the proposed enhancements will add value to the existing services. By mid-March, hard copy pages of the budget document are prepared in final form and forwarded to designated staff members for publication. The Budget Ordinance for the M&CC package is prepared and the Proposed Budget is sent to the Mayor and Council. The complete Proposed Budget is also available on the City's website.

Step#4: Mayor & Council Budget Hearings (April)

The Public Information Department advertises the Budget Public Hearing Notice and Constant Yield Tax Rate Hearing Notice (if it is necessary). Both the Budget Public Hearing and Constant Yield Tax Rate are posted on the City's website. The City will conduct a Budget Public Hearing and Constant Yield Tax Rate Public Hearing.

Step#5: Mayor & Council Budget Work Sessions and Revisions (April - May)

The Mayor and the City Council will conduct a Budget Work Session(s). Budget changes will be returned to appropriate staff to make modifications for preparation of final budget document. Staff will work with Finance Director to make necessary updates to revenue, operating and CIP budgets. In mid-May the Budget Public Hearing record is officially closed. The Budget Ordinance is updated to include all changes coming from any subsequent events and/or directions from M&CC.

Step#6: Adoption (June)

The final Proposed Budget is considered by the M&CC in early June. The instrument of adoption includes the tax rate. At the same time, the M&CC are asked to approve that Fee Schedule and Strategic Plan.

Step#7: Adopted Budget becomes effective (July)

On July 1st, the Adopted Budget becomes effective. The final Adopted Budget document is made available to the public no later than July 1st.

Step#8: Amendment

The Mayor and City Council has adopted a standing resolution authorizing the City Manager to transfer funds within the City budget after May 31 of each year, so long as no activity area budget is increased by more than 25%. The resolution allows only for transfers between Activities and Departments. There is no authorization to increase the entire appropriation without a Public Hearing, Work Session and the vote of the Mayor and City Council.

DETAILED BUDGET TIMELINE

NOVEMBER 30, 2015

- Prepare budget package and distribute to Department Heads

DECEMBER 31, 2015

- CIP forms and personnel requests due from Department Heads

JANUARY 15, 2016

- Stormwater and Equipment Replacement budgets due from Department Heads

JANUARY 22, 2016

- Revenue budgets and fee schedule changes due from Department Heads

FEBRUARY 8, 2016

- Operating budgets due from Department Heads
- Budget Public Forum

FEBRUARY 29, 2016

- Mayor & City Council Planning Retreat

FEBRUARY 21 – MARCH 20, 2015

- City Manager, Deputy City Manager, Director of Finance and Administration begin review and meetings with Department Heads

MARCH 9, 2016

- Budget Ordinance and Constant Yield Tax Rate materials submitted to Mayor & City Council package for March 21st meeting

MARCH 21, 2016

- Introduce Budget Ordinance for Public Hearing at Mayor & City Council meeting
- Notification of a Public Hearing to Establish a Constant Yield Tax Rate for the City for FY 2017

MARCH 28 – APRIL 1, 2016

- Budget printing for public hearing and Mayor & City Council

MARCH 31, 2016

- Advertise Budget Public Hearing (Public hearing after fifteen days' notice)
- Advertise Constant Yield Tax Rate (Public hearing on or after the 7th day and on or before the 21st day)

APRIL 1 – APRIL 6, 2016

- Send proposed budget to Mayor and City Council
- Proposed budget available to public

APRIL 18, 2016

- Conduct Public Hearing on Budget and Constant Yield Tax Rate

APRIL 25 (APRIL 26, if necessary)

- Conduct Budget Work Session(s)

MAY 11, 2016

- Close record on Budget Public Hearing (Wednesday at 5pm)
- Budget Ordinance changed and prepared for adoption

MAY 20, 2016

- Submit Materials for Mayor & City Council package for June 6 meeting

JUNE 6, 2016

- Adopt budget, fee schedule and rules and regulations at Mayor & City Council meeting

JUNE 9, 2016

- Budget Adoption ad in Washington Post
- Budget Adoption ad posted on web

JULY 1, 2016

- Adopted Budget becomes effective



For the 2016 Budget the City received the Government Finance Officers Association's (GFOA) Distinguished Budget Presentation Award. In order to receive this award the City had to satisfy nationally recognized guidelines for effective budget presentation.

These guidelines are designed to assess how well an entity's budget serves as a policy document, a financial plan, an operations guide and a communication device.

This award is valid for a period of one year and reflects the commitment of the City and our staff to meeting the highest principles of governmental budgeting. We believe our current budget continues to conform to the program requirements and we are submitting it to the GFOA to determine its continued eligibility.

The instrument of adoption is included on the following pages.



ABOUT THE BUDGET FY17 BUDGET

ORDINANCE NO. O-3-16

ORDINANCE ADOPTING THE CITY BUDGET FOR THE FISCAL YEAR JULY 1, 2016, THROUGH JUNE 30, 2017, AND LEVYING AN AD VALOREM TAX ON ALL ASSESSABLE PROPERTY WITHIN THE CITY OF GAITHERSBURG, MARYLAND

WHEREAS, the proposed budget for the 2016-2017 Fiscal Year was submitted by the City Manager to the Mayor and City Council as required by the City Charter, as amended; and

WHEREAS, the 2016-2017 budget provides a complete financial plan, including anticipated revenues and proposed expenditures, for the fiscal year:

NOW, THEREFORE, BE IT ORDAINED by the Mayor and City Council of the City of Gaithersburg, in public meeting assembled, that the budget for the City of Gaithersburg for the Fiscal Year July 1, 2016 through June 30, 2017, be and it hereby is proposed as follows:

ANTICIPATED REVENUES

Local Taxes	\$28,357,700	
Licenses & Permits	4,249,183	
Intergovernmental Revenue	14,471,893	
Charges for Services	5,245,980	
Fines & Forfeitures	2,340,000	
Miscellaneous Revenue	1,036,925	
Anticipated Revenue		<u>55,701,681</u>
Reappropriation		<u>10,930,876</u>
Total Anticipated Revenue		<u><u>\$66,632,557</u></u>

PROPOSED EXPENDITURES

General Government	\$14,422,612	
Public Safety	11,634,567	
Public Works	9,819,069	
Parks, Recreation & Culture	7,741,513	
Community & Public Relations	2,749,187	
Miscellaneous	3,111,522	
OPERATING TOTAL		<u><u>\$49,478,470</u></u>



ABOUT THE BUDGET FY17 BUDGET

PROPOSED TRANSFERS

Other Post Employment Benefit Trust	1,600,000
Asset Replacement Fund	1,318,487
Stormwater Fund	1,049,000
Capital Improvements	13,186,600
Total Proposed Expenditures	<u>\$66,632,557</u>

OTHER REVENUES APPROPRIATED FOR

Stormwater Fund	<u>\$3,881,700</u>
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AND BE IT FURTHER ORDAINED that all of the sums set forth herein under the headings "PROPOSED EXPENDITURES", "PROPOSED TRANSFERS" and "OTHER REVENUES APPROPRIATED FOR" be and hereby are appropriated.

AND BE IT FURTHER ORDAINED that there is hereby levied on all of the assessable real property within the City an ad valorem tax at the rate of Twenty-six and Two/Tenths Cents (\$.262) on each One Hundred Dollars (\$100) of assessed value of said property, and there is hereby levied an ad valorem tax on the tangible personal property subject to taxation by the City, except for manufacturing equipment, manufacturing inventory and commercial inventory of corporate and unincorporated businesses, at the rate of Fifty-Three Cents (\$.53) on each One Hundred Dollars (\$100) of assessed value of such tangible personal property.

ABOUT THE BUDGET FY17 BUDGET

AND BE IT FURTHER ORDAINED that the City hereby adopts the imposition of a full year, one-half year, three-quarter year and one-quarter year tax levies authorized pursuant to Title 10, Sections 10-102, 10-103, 10-104 and 10-105, Tax Property Article, Annotated Code of Maryland, as amended, and authorizes and empowers Montgomery County, Maryland, to collect and remit the same to the City of Gaithersburg, consistent with the imposition and collection of such levies on real property by Montgomery County.

ADOPTED by the City Council this 6th day of June, 2016.



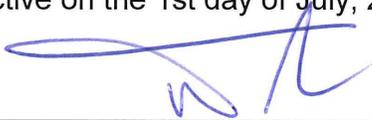
JUD ASHMAN, MAYOR and
President of the Council

DELIVERED to the Mayor of the City of Gaithersburg this 6th day of June, 2016. APPROVED by the Mayor of the City of Gaithersburg this 6th day of June, 2016.



JUD ASHMAN, MAYOR

THIS IS TO CERTIFY, that the foregoing Ordinance was adopted by the City Council of the City of Gaithersburg, in public meeting assembled on the 6th day of June, 2016; and that the same was APPROVED by the Mayor of the City of Gaithersburg on the 6th day of June, 2016. This Ordinance will become effective on the 1st day of July, 2016.



Tony Tomasello, City Manager

Fund Structure

The accounts of the City are organized into funds, each of which is considered to be a separate accounting entity. The City operates and information is included in the budgets for the following funds:

General Fund – the primary operating fund of the City. It is used to account for all financial transactions and resources except those accounted for in another fund. Revenues are derived primarily from property and income taxes, State and Federal distributions, license and permit fees, charges for services and interest income.

Stormwater Management Fund – this fund is a Special Revenue Fund, which accounts for payments received under the City’s expanded stormwater program fee. This revenue can only be used for capital or operating costs associated with cleaning and treating water runoff. This was a new fund beginning in FY16.

Capital Improvements Program (CIP) Fund – this fund is a Capital Projects Fund, which accounts for resources that have been assigned for new capital purchases and large capital projects. The City’s five-year CIP is used to account for financial resources to be used for the acquisition or construction of capital facilities. The CIP Fund accounts for all current construction projects including improvements to roads and various other projects, while providing a blueprint for the next five fiscal years. Support for the CIP is made up of an operating transfer from the General Fund. The General Fund funds the entire CIP with an expectation that reimbursable State, County, and Federal grant funds will be received in the fiscal year.

Asset Replacement Fund – this fund is also a Capital Projects Fund; this fund accounts for money set aside for the replacement of existing City equipment, vehicles and other assets. Revenues for this fund consist of a transfer from the General Fund. Expenditures include budgeted purchases for replacement assets. This is a new fund in FY17.

Forest Conservation Fund – this fund is a Special Revenue Fund, which accounts for payments received under the City’s in-lieu fee of forestation. This revenue can only be used for afforestation or reforestation within the City and to further the City’s urban forestry goals. This is a new budgeted fund in FY17. During the FY16 year, the City showed expenditures expected to be eligible for this fee within the General Fund and included a transfer from the Forest Conservation Fund as a reimbursement for these costs.

The City also has a fund for which it does not budget:

Other Post-Employment Benefits (OPEB) Trust Fund – this is a fiduciary trust fund, which holds money that has been provided through an irrevocable pledge to pay for retiree costs other than pensions. The City offers health, dental and life insurance benefits for qualified retirees and disabled employees. In order to pay for these future benefits, the City has established a trust. Although the fund is included on the City's books, once money has been provided to the trust account they are no longer accessible to the City, instead being held on behalf of the retirees.

Basis of Budgeting

The General Fund, Stormwater Management Fund, Capital Improvements Program Fund, Asset Replacement Fund and the Forest Conservation Fund are all considered to be Governmental Funds and follow the modified accrual basis of accounting. The modified accrual basis of accounting is unique to governments can be thought of as a hybrid between cash basis and full accrual (corporate) accounting; this basis of accounting has a focus on current financial resources. Under the modified accrual basis of accounting, revenues are recognized to the extent that they are susceptible to accrual, meaning both measurable (you can determine the amount) and available (collectible within the budget year or within 60-90 days after). Expenditures that are expected to be paid with resources on hand are recorded in the year under which the liability is incurred. Expenditures for long-term liabilities are only included under modified accrual basis of accounting to the extent that they are expected to be paid in the near term.

Proprietary Funds follow the full accrual basis of accounting, where revenues and expenses are recognized as earned or incurred. The full accrual model is said to have a focus on economic resources, as opposed to just current financial resources as in governmental funds. This means that revenues and expenses are recognized when the underlying transaction occurs, regardless of when the cash is received or paid. The City of Gaithersburg does not have any Proprietary Funds.

Fiduciary trust funds are used to account for resources that belong to parties outside the City, and for which the City is a steward of the resources. The City's OPEB fund is a fiduciary trust fund which follows the accrual basis of accounting. Since these funds cannot be used for City operations, no budget is included for these funds.

ABOUT THE BUDGET FY17 BUDGET

The City budgets following generally accepted accounting principles, except for the timing of expenditures related to encumbrances, as follows:

Budget amounts are encumbered when contracts are signed or orders placed for goods or services. At year-end, amounts which are encumbered but not yet expended are carried over to be paid when the good or services are received. These amounts are included in budget-basis expenditures for the fiscal year in which they are encumbered, rather than the year in which the goods or services are received and a liability incurred. Appropriations that are not spent or encumbered shall lapse at the end of the fiscal year. All appropriations for capital expenditures, to the extent that they shall not have been expended or lawfully encumbered at the end of the budget year, shall be deemed to be re-appropriated without inclusion in the budget for the subsequent year unless the council shall specifically provide that such appropriations are not re-appropriated.

The Mayor and City Council adopts an annual operating budget within the General Fund. Through the budget ordinance money is appropriated to the Stormwater Management, the Capital Improvements Program, and the Asset Replacement Funds and revenues are appropriated to the Forest Conservation Fund through the City's code which established the Fund; however an annual expenditure budget by is not adopted for those funds via the ordinance.

The following page summarizes the revenues and expenditures for all funds that the City prepares a budget for, even though not all funds have expenditure budgets that are formally adopted.

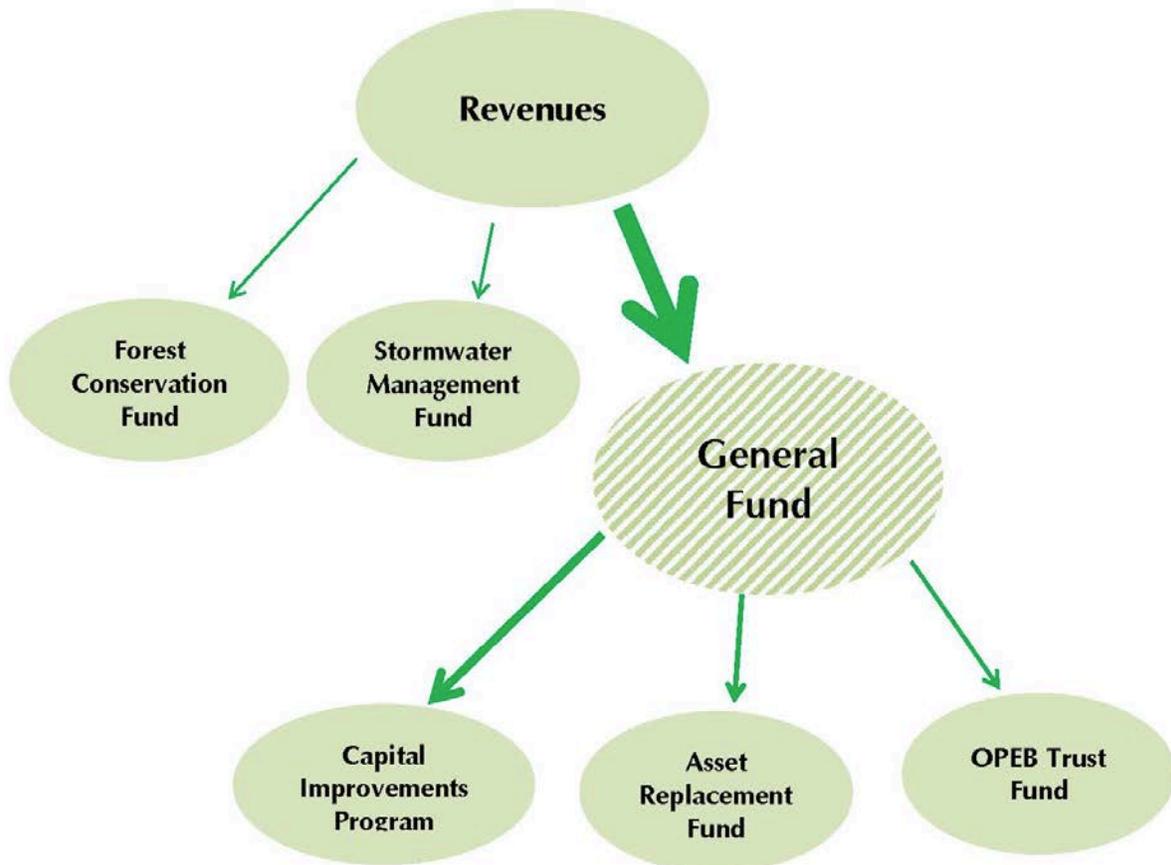
**City of Gaithersburg
All Funds Summary
FY17 Budget**

	General	Stormwater	CIP	Asset Replacement	Forest Conservation	Total
Revenues and Sources of Funds						
Local Taxes	\$ 28,357,700	\$ -	\$ -	\$ -	\$ -	\$ 28,357,700
Licenses & Permits	4,249,183	-	-	-	-	4,249,183
Grants - Federal	418,155	-	-	-	-	418,155
Grants - State	2,983,011	-	-	-	-	2,983,011
County Grants & Shared Taxes	11,070,727	-	-	-	-	11,070,727
Charges for Services	5,245,980	3,867,800	-	-	-	9,113,780
Fines & Forfeitures	2,340,000	-	-	-	-	2,340,000
Miscellaneous Revenues	1,036,925	13,900	-	-	1,500	1,052,325
Total	<u>55,701,681</u>	<u>3,881,700</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>59,584,881</u>
Transfers In	-	1,049,400	13,186,600	1,318,487	-	15,554,487
Reappropriation	10,930,876	-	-	-	-	10,930,876
Total Revenues and Sources of Funds	<u>66,632,557</u>	<u>4,931,100</u>	<u>13,186,600</u>	<u>1,318,487</u>	<u>1,500</u>	<u>86,070,244</u>
Expenditures and Uses of Funds						
Office of the City Manager	2,188,960	-	-	-	-	2,188,960
Human Resources	948,019	-	-	-	-	948,019
Community & Public Relations	3,123,154	-	-	-	-	3,123,154
Finance & Administration	4,654,679	-	-	-	-	4,654,679
Information Technology	1,876,173	-	-	-	-	1,876,173
Parks, Recreation & Culture	8,478,898	-	-	-	-	8,478,898
Planning & Code Administration	6,002,534	-	-	-	-	6,002,534
Police	9,123,925	-	-	-	-	9,123,925
Public Works	13,082,128	2,494,778	-	-	28,800	15,605,706
Capital	-	-	14,934,225	2,038,310	-	16,972,535
Total	<u>49,478,470</u>	<u>2,494,778</u>	<u>14,934,225</u>	<u>2,038,310</u>	<u>28,800</u>	<u>68,974,583</u>
Transfers						
OPEB Trust	1,600,000	-	-	-	-	1,600,000
Asset Replacement Fund	1,318,487	-	-	-	-	1,318,487
Capital Improvements	13,186,600	-	-	-	-	13,186,600
Stormwater - City Subsidy	102,000	-	-	-	-	102,000
Stormwater - City Portion	931,000	-	-	-	-	931,000
Stormwater - Hardship	16,000	-	-	-	-	16,000
Total	<u>17,154,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,154,087</u>
Total Expenditures and Uses of Funds	<u>66,632,557</u>	<u>2,494,778</u>	<u>14,934,225</u>	<u>2,038,310</u>	<u>28,800</u>	<u>86,128,670</u>
Revenues Over / (Under) Expenditures	-	2,436,322	(1,747,625)	(719,823)	(27,300)	(58,426)
Beginning Fund Balance	56,445,602	4,124,607	31,834,300	11,040,273	584,387	104,029,169
Reappropriation	(10,930,876)	-	-	-	-	(10,930,876)
Ending Fund Balance	<u>\$ 45,514,726</u>	<u>\$ 6,560,929</u>	<u>\$ 30,086,675</u>	<u>\$ 10,320,450</u>	<u>\$ 557,087</u>	<u>\$ 93,039,867</u>

ABOUT THE BUDGET

FY17 BUDGET

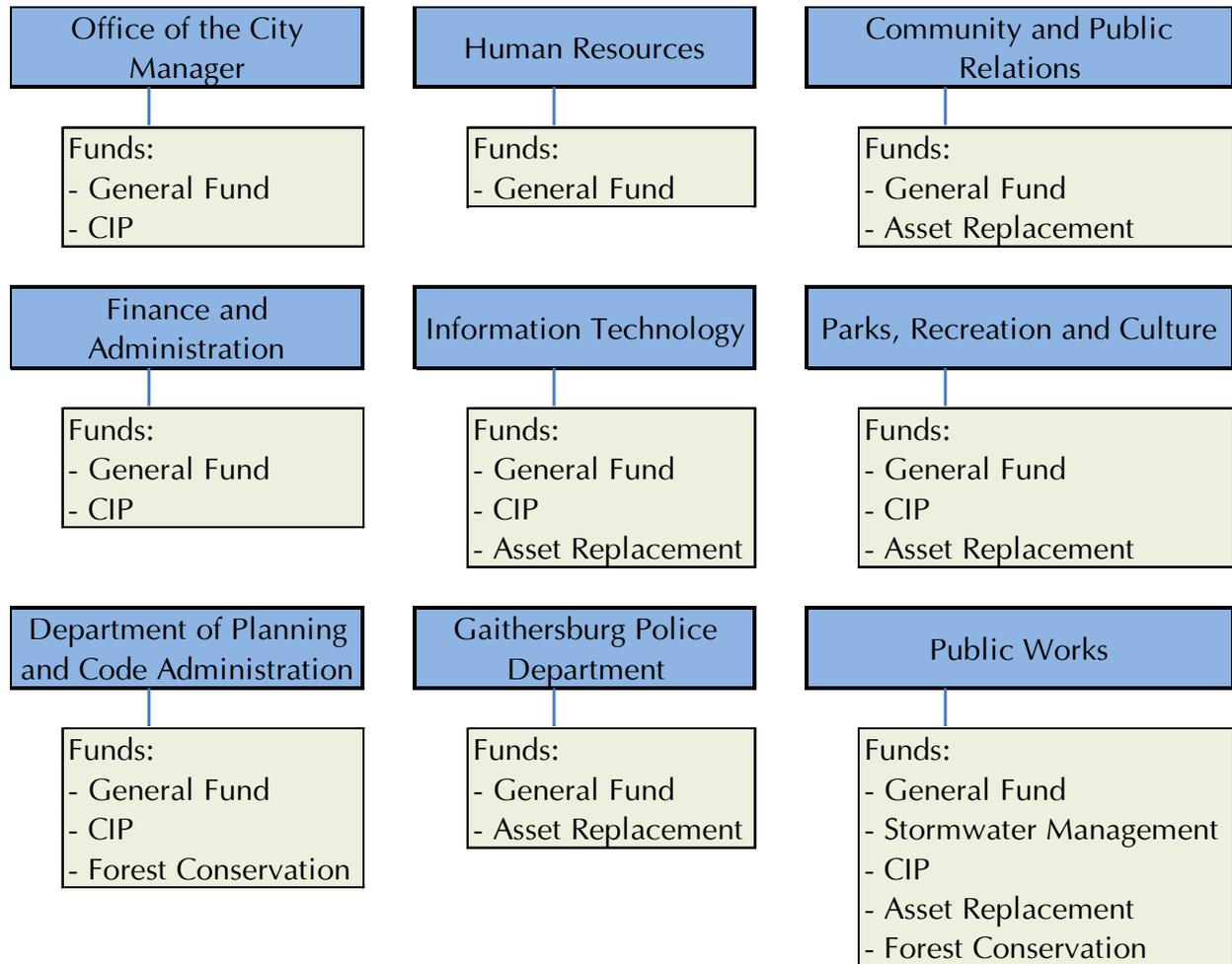
The following graphic represents the relationship between the City's funds. The arrows represent how money flows into the City and through each fund. The General Fund receives all revenues, except for the stormwater fee and forest conservation payments in lieu. Distributions are made to the other funds in accordance with the budget.



ABOUT THE BUDGET

FY17 BUDGET

Typically the City uses funds in order to show compliance with restrictions on how certain revenues are spent, or to separate activities, like capital and asset replacement, from general operations for improved transparency. However, responsibility for administering different funds often crosses departmental lines. The chart below is designed to help show which funds are overseen by each department; the City Manager also oversees all departments and funds. The Stormwater Fund is the only fund besides the General Fund where salaries and benefits are charged.



Accounting Policies

The policies enumerated below have been approved by the Mayor and City Council either within the City code or through various resolutions.

Balanced Budget Requirements

The City Manager, on such date as the Mayor and City Council shall determine, but at least sixty (60) days before the beginning of any fiscal year, shall submit a budget to the Council. The budget shall provide a complete financial plan for the budget year and shall contain estimates of anticipated revenues and proposed expenditures for the coming year. The total of the anticipated revenue shall equal or exceed the total of the proposed expenditures. The budget shall be a public record in the City office, open to public inspection by anyone during normal business hours. Re-appropriation of fund balance is considered to be a revenue for budgetary purposes.

Budget Transfers

By resolution, the Mayor and City Council authorized the City Manager to make budget transfers after May 31st of each year, so long as no one activity area is increased more than twenty-five (25) percent.

Investment Policy

The State of Maryland allows municipalities to invest surplus funds in financial institutions within the State if the financial institution provides collateral with a market value that equals or exceeds the amount by which a deposit exceeds the deposit insurance. By resolution, the City Council has adopted an investment policy.

The City adopted a new investment policy in FY16 and has begun to implement a new investment strategy. The strategy calls for an annual cash flow projection and investment in low risk securities such as US government bonds, US agencies securities and some short-term investments such as commercial paper and certificates of deposit. As a result the budget reflects an increase in budgeted interest income.

Capital Asset Policy

The City Council, by resolution, has adopted a Fixed Asset Policy. The policy requires all equipment, machinery, vehicles, land, buildings, infrastructure and improvements that cost \$5,000 or more to be classified as a capital asset and reported in the government-wide financial statements.

Annual Audit

The City is required to have an annual audit performed by an independent Certified Public Accountant. It is performed in accordance with generally accepted auditing standards, which require that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatements.

Accounting Practices

The following are accounting practices that are typically used for budgetary decision making for both the operating budget and Capital Improvements Program, but have not been formally adopted into a policy document.

Capital Projects Fund Policy

During deliberations and public hearings on the budget, the Capital Improvements Program (CIP) process encourages citizen participation. As a guide, projects which meet the following criteria shall be included in the CIP: all construction and new infrastructure construction; major studies employing outside consultants relating to a potential CIP project; any equipment or furnishings or projects to furnish new buildings; and acquisition of land or buildings. Infrastructure is defined, for purposes of this policy, as street works including asphalt, concrete, sidewalks, curbs, gutters, stormwater management and streetlights. The CIP covers a five-year period and is revised annually in light of new and changing conditions. As revenue projections change in the out years, the General Fund transfer to the CIP may be reduced.

The funding preference for City projects is pay-as-you-go. The City will leverage City funds with grants and private funds to the maximum extent possible.

Debt Policy

The City of Gaithersburg has no debt, and is a pay-as-you-go municipality; therefore, the City has not developed any formal debt policies. Neither state law nor the City Charter mandates a limit on the amount of municipal debt that may be issued.

Fund Balance

While the City has not adopted an official fund balance policy, its stated goal is not to allow unassigned fund balance in the current fiscal year to drop below twenty five (25) percent of the three year average of General Fund expenditures.

Financial Overview

The budget summary on the follow page shows the General Fund revenues and expenditures by major category as well as the estimated fund balance position for the City.

Fund balance represents the excess of assets minus liabilities. Fund balance is also often called the City's reserves and can also be thought of as the cumulative balance of revenues exceeding expenditures. Since the City has adopted a pay-as-you-go philosophy for capital projects, it is expected that the City will accumulate fund balance in some years in order to draw down those funds in years when there are substantial capital needs. The FY17 budget is one of those years.

The City has chosen to utilize some of the available unassigned fund balance to subsidize the operating budget. This use of fund balance will create a structural imbalance, meaning that operating revenues will not be sufficient to cover operating expenditures on an ongoing basis, unless this reliance on fund balance is removed in future years. Over the next few budget cycles the City plans to refine the projected long term capital needs and establish a fund balance policy which takes into account the City's pay-as-you-go debt status. Both of these steps will help refine the City's fund balance target in order to determine if the unassigned balances should be further reduced. Once that policy target has been established, the reliance on the use of re-appropriation for operating costs will be reevaluated. The Strategic Plan critical measure currently shows the City's fund balance is in excess of the target of 25% of the three year average of expenditures.



FINANCIAL OVERVIEW

FY17 BUDGET

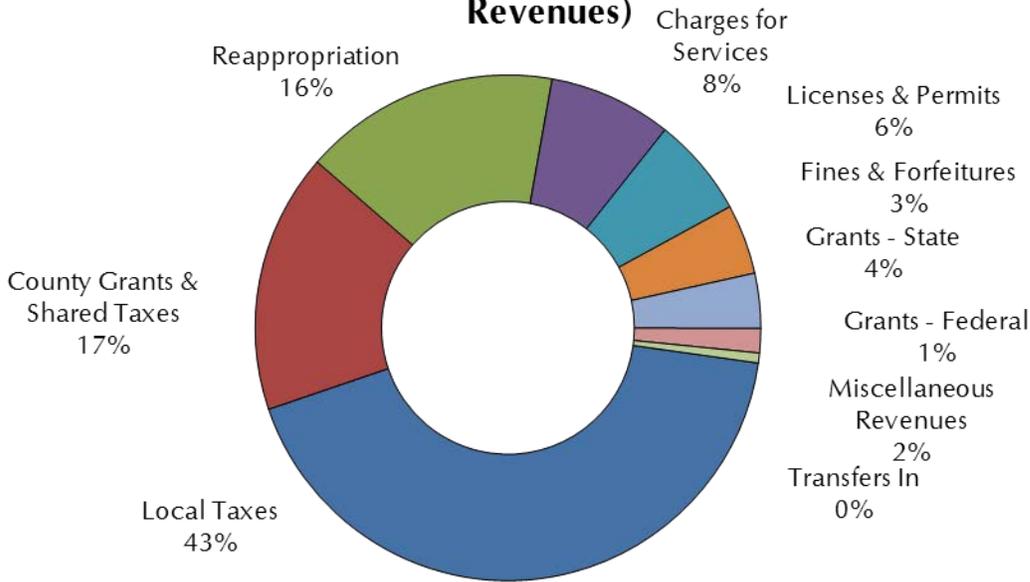
	Actual FY15	Budget FY16	Proposed FY17	Adopted FY17
Revenues and Sources of Funds				
Local Taxes	\$ 26,394,499	\$ 27,720,200	\$ 28,357,700	\$ 28,357,700
Licenses & Permits	4,446,244	3,969,580	4,249,183	4,249,183
Grants - Federal	692,311	489,200	446,690	418,155
Grants - State	3,006,023	2,314,678	3,083,011	2,983,011
County Grants & Shared Taxes	12,122,138	11,744,230	10,994,927	11,070,727
Charges for Services	6,605,923	8,476,120	5,245,980	5,245,980
Fines & Forfeitures	2,493,517	2,045,000	2,340,000	2,340,000
Miscellaneous Revenues	1,748,321	739,870	1,026,925	1,036,925
Total	<u>57,508,976</u>	<u>57,498,878</u>	<u>55,744,416</u>	<u>55,701,681</u>
Transfer In	-	150,000	-	-
Reappropriation	-	10,586,936	10,763,175	10,930,876
Total Revenues and Sources of Funds	<u>\$ 57,508,976</u>	<u>\$ 68,235,814</u>	<u>\$ 66,507,591</u>	<u>\$ 66,632,557</u>

	Actual FY15	Budget FY16	Proposed FY17	Adopted FY17
Expenditures and Uses of Funds				
Personnel Services	31,344,673	34,315,704	34,782,376	34,811,078
Operating Expenses	11,121,736	13,406,410	13,462,078	13,558,342
Capital Outlay	998,223	2,022,700	609,050	609,050
Contingency	23,049	500,000	500,000	500,000
Total	<u>43,487,681</u>	<u>50,244,814</u>	<u>49,353,504</u>	<u>49,478,470</u>
Transfers				
OPEB trust	1,310,000	1,200,000	1,600,000	1,600,000
Asset Replacement Fund	-	-	1,318,487	1,318,487
Capital Improvements	8,790,000	13,300,000	13,186,600	13,186,600
Stormwater - City storm fee	-	91,000	102,000	102,000
Stormwater - City subsidy	-	-	931,000	931,000
Stormwater - Hardships	-	-	16,000	16,000
Stormwater - Fee Revenue	-	3,400,000	-	-
Total	<u>10,100,000</u>	<u>17,991,000</u>	<u>17,154,087</u>	<u>17,154,087</u>
Total Expenditures and Uses of Funds	<u>53,587,681</u>	<u>68,235,814</u>	<u>66,507,591</u>	<u>66,632,557</u>
Revenues Over / (Under) Expenditures	3,921,295	-	-	-
Beginning Fund Balance	74,151,516	78,072,811	67,485,875	67,485,875
Reappropriation	-	(10,586,936)	(10,763,175)	(10,930,876)
Ending Fund Balance	<u>\$ 78,072,811</u>	<u>\$ 67,485,875</u>	<u>\$ 56,722,700</u>	<u>\$ 56,554,999</u>

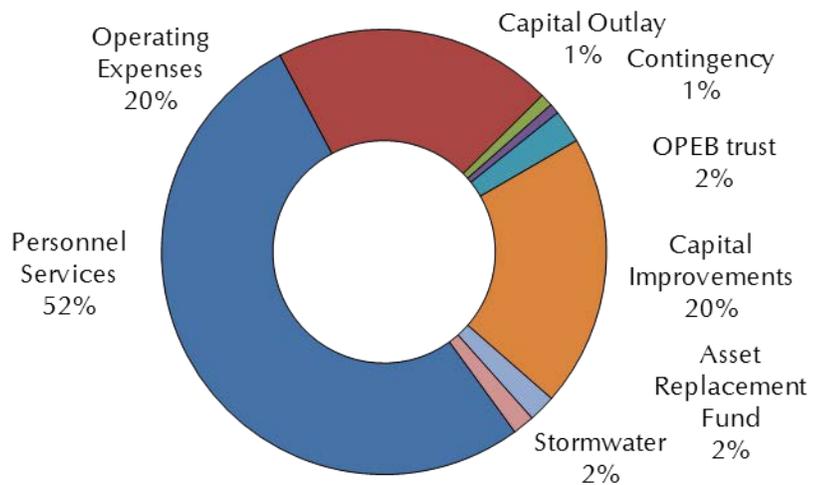
FINANCIAL OVERVIEW

FY17 BUDGET

Where the Money Comes From (Total Budgeted Revenues)



Where the Money Goes (Total Budgeted Uses of Funds \$68 million)



Revenue Descriptions

TAXES

Real and Personal Property

Section 47 of the City Charter provides that all real property and all tangible personal property within the corporate limits of the City, or personal property which may have a situs there by reason of the residence of the owner therein, shall be subject to taxation for municipal purposes, and the assessment used shall be the same as that for State and County taxes.

Section 48 of the City Charter provides that the ordinance adopting the budget shall contain a specific provision levying such ad valorem tax as shall be required to produce the revenues required by such budget, exclusive of funds available from other sources.

Real and Personal Property taxes are stated at 100% of full-value assessment. The City's Real Property tax rate is \$.262 per \$100 of assessed value. The City's Personal Property is \$.53 per \$100 of assessed value.

Each year the State Department of Assessment and Taxation calculates the Constant Yield Tax Rate. This is the rate of tax that will yield the same amount of tax dollars as the previous year, excluding new construction. If the City's tax rate exceeds the calculated Constant Yield Tax Rate, a tax increase advertisement is required. For this year's budget, the Constant Yield Tax Rate was less than the City's tax rate, so a public hearing and notice was required.

Revenue assumption for real property taxes is based on the assessed value provided by the State Department of Assessments and Taxation. This assessment includes all real property that will be on the tax rolls within the City limits as of the beginning of the year, based on assessments conducted prior to January 1, 2016. The actual real property tax base is determined at a later date. The actual base is impacted by new properties, impact of appeals, and late payments. The budget reduces estimated taxes due by 2% as some tax bills will not be paid during the year.

Real and Personal Property Taxes, plus penalties and interest (\$28,357,700) make up approximately 47% of the budgeted City revenue, or 39% of all revenue and other sources (includes re-appropriations).

Income Tax

Article 10-106 of the Annotated Code of Maryland provides that each County shall set, by ordinance or resolution, a county income tax equal to at least 20% but not more than 60%, to be applied to the State income tax. The City of Gaithersburg, an incorporated municipality within Montgomery County, receives State Income Taxes based on the County's 58% "piggyback" tax rate applied to the State Income Tax rate of 2.95%. The City's receipts are determined according to State administered formulas based on the amount of income tax paid by City residents.

During FY17 the City will receive income tax distributions that represent tax collections related to income earned in calendar year 2016, adjustments on returns related to calendar year 2015 and estimated tax payments made in calendar year 2017. As a result it is not easy to predict. Additionally, during FY16 the State identified an error in how returns had been allocated to individual municipalities, resulting in an overpayment to the City. The State identified the amount of the overpayment related to the most recent tax year at just under \$1.0 million.

In determining the FY17 budget for income tax the City used the FY15 revenue as a starting point, removed the estimated effect of the error, then added 3.6% for FY16 and FY17. The 3.6% was developed by taking the average income tax growth over the last five years. This estimate was then rounded.

Income Taxes make up approximately 17.5% of the budgeted City revenue, excluding re-appropriations, or 14.7% of all revenues and other sources.

Hotel / Motel Tax

Hotel / Motel taxes have been established by the Mayor and City Council on the gross receipts of room rentals. Owners of the businesses are required to file a return and pay the tax on a monthly basis. The tax of 5% is based solely on overnight room rentals. The City has thirteen (13) hotels/motels within the City limits that collect these taxes and remit the funds monthly. The budget for this revenue was developed based on the current year projected revenues. The projected revenues were calculated using individual hotel/motel receipts through November times the five year average amount collected through November divided by the total revenue for each hotel.

Hotel / Motel Taxes (\$1,120,000) make up approximately 2.0% of the budgeted City revenue, or 1.7% of all revenues and other sources.

Admissions and Amusements Tax

Admissions and amusement taxes are State administered local taxes on the gross receipts of various categories of amusement, recreation and sports activities. Taxpayers are required to file a return and pay the tax monthly, while the City receives quarterly distributions of the receipts from the State. Admissions and Amusement rates on the majority of categories are 10%. Those categories subject to State sales and use tax remain at 5%. The budget for this revenue was held at the same level as the prior year budget based on current year collections and no new known amusement facilities.

Admissions and Amusements Tax (\$1,250,000) make up approximately 2.2% of the budgeted City revenue, or 1.9% of all revenues and other sources.

Licenses & Permits

Licenses & Permits include building, electrical, rental housing, fire protection and cable television.

Cable TV Franchise revenue is based on a negotiated percent (5%) of the cable provider's annual subscription revenue generated by households within the City. The City's share of this revenue is proposed to generate (\$888,000); permits issued for building construction is (\$1,400,000); rental housing licenses (fees paid by landlords for each rental housing unit) is (\$655,000); revenue from fire protection permits is (\$250,000). The budget for these accounts was developed based on review of prior years' collections.

Total of Licenses & Permits (\$4,249,183) make up approximately 7.6% of the budgeted City revenue, or 6.4% of all revenues and other sources.

Intergovernmental Revenue

Intergovernmental revenue consists of receipts from the Federal, State or County governments. The majority of these receipts come from the State based on particular formulas set in law. The total estimate for intergovernmental revenue is (\$4.8 million), with the largest sources being the recurring Montgomery County Revenue Sharing (\$1,168,467), State Police Aid (\$834,702), and Community Development Block Grant (\$306,000). State Highway User Tax (\$1,394,971), derived from the State motor fuels tax and disbursed to the City based on street miles and number of registered vehicles within the City. State Police Aid is based on the total number of sworn offices employed by the City.

Intergovernmental Revenue (\$4,774,628) makes up approximately 8.6% of the budgeted City revenue, or 7.2% of all revenues and other sources.

Service Charges

Service Charges come primarily from fees imposed on the recipients of certain City services. The City's largest fees include recycling (\$1,140,000), recreation programs, classes, youth services and summer camps (\$1,209,000), and water park revenues (\$680,000). In past years' budgets the City's stormwater management fee was also reported in this category. Beginning in FY17 this revenue has been reported directly in the Stormwater Management Fund, rather than in the General Fund. The Stormwater management fee is budgeted at \$3,881,500.

Service Charges within the General Fund (\$5,245,900) make up approximately 9.4% of the budgeted City revenue, or 7.9% of total General Fund revenues and sources of funds.

Fines and Forfeitures

Revenues from fines and forfeitures primarily result from speed radar fines, parking fines and City ordinance violations.

In FY 2008, the City implemented the state law allowing for speed radar set up within the municipal boundaries. FY17 revenue is budgeted for (\$2,090,000) an increase from the prior year budget. This revenue budget was developed based on the first quarter FY16 revenue compared to the historical first quarter collections.

All Fines and Forfeitures (\$2,340,000) make up approximately 4.2% of the budgeted City revenue, or 3.5% of all revenue and other sources.

Other Miscellaneous

The City receives miscellaneous revenue from other non-recurring sources, the single largest of which is interest earnings. The budget for interest earnings is based on an estimated \$35 million invested in liquid funds with an 8 basis point (0.08%) return, \$10 million invested with a 50 basis point (0.5%) return and \$65 million invested with a 65 basis point (0.65%) return. These returns were reduced by 25% as this is the first year of the City's investment portfolio and in case of unrealized losses. Unrealized losses may be experienced as the City is expecting interest rates to rise, making the market value of investments decline. Since the City intends to hold most investments to maturity the unrealized losses would not be converted to actual losses; however accounting regulations require that all investments be reported at market value during the year.

Other Miscellaneous (\$739,870) makes up approximately 1.8% of the budgeted City revenue, or 1.5% of all revenue and other sources.

Re-appropriation of Fund Balance

The FY17 budget includes \$10,930,876 of funds from fund balance accumulated in previous years. This increased in the current year by approximately \$343,940. The FY17 budget for re-appropriation supported the following items:

- \$7.9 million in one-time expenditures within the CIP, this a portion of the transfer to the CIP;
- \$609,000 in new equipment and vehicles funded within the General Fund budget;
- \$236,408 to offset the budget for health insurance. (The City pays the self-insurance provider 115% of expected claims, if claims are less than 115% the City receives funding back. The FY17 budget assumes claims will come in at only 105% of expected. The \$214,000 represents the difference between the 105% and the 115% that would be paid out during the fiscal year.)
- \$500,000 for contingency
- \$1.7 million which is approximately 3.4% of General Fund expenditures to subsidize current year operations.

The next few pages detail the revenues for the General Fund.



DETAILED REVENUE SCHEDULE

FY17 BUDGET

Account	Actual FY15	Adopted FY16	Proposed FY17	Adopted FY17
Local Taxes				
410000 - REAL ESTATE TAXES-CURRENT	\$ 23,037,129	\$ 24,000,000	\$ 24,940,000	\$ 24,940,000
410100 - REAL ESTATE TAXES-PRIOR YEARS	(464,285)	-	(213,000)	(213,000)
411000 - CORPORATE PERS PROP TX-CURRENT	1,018,505	1,000,000	900,000	900,000
411100 - CORPORATE PERS PROP TAX-PRIOR	48,171	100,000	75,000	75,000
412000 - PERSONAL PROPERTY TAX-CURRENT	12,100	5,000	5,000	5,000
412100 - PERSONAL PROPERTY TAX-PRIOR	312	200	300	300
413000 - PUBLIC UTILITIES PPT - CURRENT	392,980	200,000	223,400	223,400
413100 - PUBLIC UTILITIES PPT - PRIOR	5,471	10,000	7,000	7,000
414000 - HOTEL AND MOTEL TAX	1,122,931	1,100,000	1,120,000	1,120,000
418300 - ADMISSIONS & AMUSEMENTS TAX	1,171,020	1,250,000	1,250,000	1,250,000
419000 - LOCAL TAX-PENALTIES & INTEREST	33,176	30,000	30,000	30,000
419100 - PENALTY/INTEREST-PRIOR YEARS	16,989	25,000	20,000	20,000
Total Local Taxes	<u>\$ 26,394,499</u>	<u>\$ 27,720,200</u>	<u>\$ 28,357,700</u>	<u>\$ 28,357,700</u>
Licenses & Permits				
420070 - PUBLIC IMPROVEMENT STREET PERM	\$ 13,840	\$ 51,000	\$ 40,000	\$ 40,000
420090 - AMUSEMENT LICENSES	23,400	22,500	23,000	23,000
420100 - TRADERS LICENSES	131,391	145,000	140,000	140,000
420130 - HAWKERS/PEDDLERS LICENSES	6,750	5,000	5,000	5,000
420150 - ELECTRICIANS LICENSE	64,575	27,000	40,000	40,000
420170 - RENTAL HOUSING LICENSE	683,540	654,430	655,000	655,000
420185 - BUS SHELTER FRANCHISE FEE	18,454	21,000	16,000	16,000
420190 - CABLE TV FRANCHISE FEES	884,025	848,000	888,000	888,000
420210 - ANIMAL LICENSES	30,845	28,500	28,500	28,500
420220 - PET SHOP COMMERCIAL KENNEL	500	750	583	583
420230 - BUILDING PERMITS	1,450,874	1,200,000	1,400,000	1,400,000
420231 - DECK PERMITS	17,350	15,000	18,000	18,000
420232 - FENCE PERMITS	2,170	2,100	2,100	2,100
420233 - FUEL TANK PERMITS	2,350	200	500	500
420234 - SWIMMING POOL PERMITS	3,580	2,000	3,000	3,000
420235 - TENT PERMITS	5,219	5,000	5,500	5,500
420236 - TRAILER PERMITS	2,200	1,900	2,200	2,200
420250 - ELECTRICAL PERMITS	214,882	170,000	200,000	200,000
420270 - UTILITY PERMIT	13,240	9,000	13,000	13,000
420290 - OCCUPANCY PERMITS	63,625	68,000	60,000	60,000
420300 - HOME OCCUPATION LICENSES	200	200	200	200
420310 - SIGN PERMITS	32,960	26,000	32,000	32,000
420320 - FIRE PROTECTION PERMITS	207,630	250,000	250,000	250,000
420330 - MECHANICAL PERMITS	152,594	150,000	150,000	150,000
420340 - SPECIAL EVENT PERMITS	17,020	15,000	15,000	15,000
420350 - GRADING PERMITS	82,971	54,000	40,000	40,000
420360 - FIRE PROTECTION SYS LICENSES	12,450	25,000	12,000	12,000
420370 - ON-SITE IMPROVEMENTS	177,558	100,000	130,000	130,000
420380 - STORMWATER MGMT PERMITS	78,908	28,000	28,000	28,000
464250 - CATV-CAPITAL EQUIPMENT & PEG	51,144	45,000	51,600	51,600
Total Licenses & Permits	<u>\$ 4,446,244</u>	<u>\$ 3,969,580</u>	<u>\$ 4,249,183</u>	<u>\$ 4,249,183</u>





DETAILED REVENUE SCHEDULE

FY17 BUDGET

Account	Actual FY15	Adopted FY16	Proposed FY17	Adopted FY17
Grants - Federal Government				
431200 - FEDERAL GRANT-TRANS HOUSING	\$ 127,177	\$ 130,700	\$ 130,690	\$ 54,455
432000 - FED GRANT-TRANSPORTATION	5,039	27,000	-	-
432100 - FED GRANT-POLICE EQUIPMENT	3,175	9,000	7,000	7,000
432400 - FEDERAL GRANT - DHS	-	2,500	3,000	3,000
433100 - FEDERAL GRANT-CDBG	556,920	320,000	306,000	353,700
Total Grants - Federal Government	<u>\$ 692,311</u>	<u>\$ 489,200</u>	<u>\$ 446,690</u>	<u>\$ 418,155</u>
State Grants & Shared Taxes				
434000 - STATE GRANT-OPEN SPACE	\$ -	\$ -	\$ 66,000	\$ 66,000
434050 - STATE GRANT-OLDE TOWNE REVITAL	-	100,000	100,000	100,000
434100 - STATE GRANT-MISCELLANEOUS	7,278	280,000	280,000	280,000
434110 - STATE GRANT-HOMELESS PROGRAM	4,957	5,000	26,338	26,338
434200 - STATE GRANT-POLICE	601,077	600,000	834,702	834,702
434230 - STATE GRANT-POLICE OT GRANT	-	-	27,000	27,000
434240 - STATE HIGHWAY SAFETY PROG	12,082	20,000	15,000	15,000
434300 - STATE GRANT-ARTS	33,361	34,000	39,000	39,000
434310 - STATE GRANT-ARTS NEW INITIATVE	2,487	-	-	-
434900 - STATE GRANT-WATER PK BOND BILL	205,000	-	-	-
434910 - STATE GRANT-SENR CTR BOND BILL	200,000	-	-	-
434940 - STATE GRANT- BOND BILLS	-	-	300,000	200,000
434600 - DEPT OF NATURAL RESOURCES	35,791	-	-	-
434920 - STATE GRANT- SYNTH TURF	720,146	-	-	-
435900 - STATE REV SHARE-HIGHWAY USER	1,183,845	1,275,678	1,394,971	1,394,971
Total State Grants & Shared Taxes	<u>\$ 3,006,023</u>	<u>\$ 2,314,678</u>	<u>\$ 3,083,011</u>	<u>\$ 2,983,011</u>
County Grants & Shared Taxes				
437110 - COUNTY GRANT-HOMELESS PROGRAM	\$ 9,234	\$ 9,230	\$ 9,415	\$ 85,215
437130 - COUNTY GRANT-NUTRITION PROGRAM	45,618	46,000	46,000	46,000
437165 - COUNTY SUPPORTIVE HOUSING ASST	18,540	18,400	18,400	18,400
437970 - COUNTY GRANT-FINANCIAL CORP	2,645	2,600	2,645	2,645
438100 - COUNTY REV SHARE-INCOME TAXES	10,877,634	10,500,000	9,750,000	9,750,000
438700 - COUNTY REV SHARE-DUPLICATE SRV	1,168,467	1,168,000	1,168,467	1,168,467
Total County Grants & Shared Taxes	<u>\$ 12,122,138</u>	<u>\$ 11,744,230</u>	<u>\$ 10,994,927</u>	<u>\$ 11,070,727</u>



DETAILED REVENUE SCHEDULE

FY17 BUDGET

Account	Actual FY15	Adopted FY16	Proposed FY17	Adopted FY17
Charges for Services				
441100 - AUTOMATION FEES	\$ 248,415	\$ 186,620	\$ 250,000	\$ 250,000
441300 - ZONING/SUBDIVISION FEES	148,660	150,000	150,000	150,000
447150 - REC PROGRAMS/SPORTS	488,779	445,000	430,000	430,000
447160 - REC PROGRAMS/REC CLASSES	224,005	240,000	225,000	225,000
447170 - REC PROGRAMS/YOUTH SERVICES	51,701	49,000	49,000	49,000
447180 - REC PROGRAMS/SUMMER CAMPS	491,890	490,000	505,000	505,000
447200 - CASEY COMMUNITY CENTER RENTALS	151,811	110,000	135,000	135,000
447210 - CASEY COMMUNITY CENTER PROGRAM	51,258	70,500	60,000	60,000
447220 - WATER PARK	682,203	640,000	680,000	680,000
447240 - KENTLANDS	178,734	134,000	140,000	140,000
447260 - SPECIAL EVENTS	129,552	106,500	120,000	120,000
447270 - AQUATIC FACILITY-INDOOR	173,965	175,000	160,000	160,000
447280 - SKATE PARK	10,851	11,000	12,000	12,000
447290 - GROUP PICNICS	64,890	56,000	60,000	60,000
447300 - WINTER LIGHTS	264,481	235,000	250,000	250,000
447320 - MINIATURE GOLF REVENUE	112,735	112,000	118,000	118,000
447330 - G'BURG YOUTH CTR IN OLDE TOWNE	18,402	13,000	10,000	10,000
447340 - ACTIVITY CENTER - RENTAL	209,489	190,000	190,000	190,000
447350 - FOOD SERVICES	5,000	-	-	-
447360 - ACTIVITY CENTER-PROGRAMS	43,478	48,000	45,000	45,000
447370 - ARTS BARN - RENTAL	23,898	13,000	18,000	18,000
447380 - ARTS BARN PROGRAM	145,055	114,000	130,000	130,000
447390 - ARTS BARN ADMISSIONS	119,758	125,000	125,000	125,000
447400 - ARTS BAR ART SALES	2,899	1,800	1,800	1,800
447410 - G'BURG YOUTH CTR AT ROBERTSON	8,033	4,000	4,000	4,000
447422 - AQUATIC OUTDOOR TAXABLE	1,540	1,700	4,000	4,000
447423 - ARTS BARN TAXABLE	4,748	2,100	2,100	2,100
447428 - SKATE PARK TAXABLE	534	-	300	300
447432 - MINIATURE GOLF TAXABLE	4,847	4,500	4,500	4,500
447470 - AQUATIC INDOOR TAXABLE	819	-	1,000	1,000
447493 - KENTLANDS - TAXABLE SALES	560	400	400	400
447550 - COMMUNITY MUSEUM REVENUE	3,254	3,000	3,200	3,200
447800 - MEMBERSHIP FEE - DOG EXERCISE	2,100	1,000	2,200	2,200
448250 - SENIOR PROGRAMS	107,620	125,000	132,000	132,000
448300 - BENJAMIN GAITHER CENTER RENTALS	15,735	23,000	23,000	23,000
449150 - ENVIRONMENTAL FEES	6,103	1,500	5,000	5,000
449200 - STORMWATER MGMT PLAN REVIEW FE	80,484	35,000	50,000	50,000
449240 - RECYCLING COLLECTIONS	880,398	1,148,000	1,140,000	1,140,000
449300 - WATER QUALITY PROTECTION	1,438,262	3,400,000	-	-
449600 - BIKE LOCKER RENTAL	140	-	140	140
449700 - FINGERPRINTING SERVICE	4,103	5,000	5,000	5,000
449800 - PARKING GARAGE FEES	35	-	40	40
451320 - RETURNED CHECK FEES	1,365	1,500	1,300	1,300
463200 - PROCESSING FEE (PR&C)	3,333	5,000	4,000	4,000
Total Charges for Services	\$ 6,605,923	\$ 8,476,120	\$ 5,245,980	\$ 5,245,980





DETAILED REVENUE SCHEDULE

FY17 BUDGET

Account	Actual FY15	Adopted FY16	Proposed FY17	Adopted FY17
Fines & Forfeitures				
451300 - ORDINANCE FINES	\$ 27,465	\$ 25,000	\$ 25,000	\$ 25,000
451310 - POLICE TICKETS & FINES	228,924	220,000	220,000	220,000
451350 - PHOTO RADAR	2,181,394	1,800,000	2,090,000	2,090,000
451420 - POLICE SEIZURE	55,735	-	5,000	5,000
Total Fines & Forfeitures	<u>\$ 2,493,517</u>	<u>\$ 2,045,000</u>	<u>\$ 2,340,000</u>	<u>\$ 2,340,000</u>
Miscellaneous Revenues				
460110 - SALE OF RECYCLABLE MATERIALS	\$ 5,365	\$ 21,000	\$ 5,000	\$ 5,000
460210 - SALES-PUBLICATIONS	2	-	-	-
461100 - INTEREST EARNINGS	80,324	300,000	400,000	400,000
461500 - INTEREST ON LOANS	-	14,720	14,720	14,720
462010 - PROPERTY RENT-RESIDENTIAL	13,000	13,000	13,000	13,000
462030 - PROPERTY RENT-TELECOMM.	97,280	90,880	76,500	76,500
462040 - PROPERTY RENT-COMMERCIAL	15,353	16,400	16,128	16,128
462110 - WELLS ROBERTSON SERVICE FEES	17,915	16,000	16,000	16,000
462120 - RENT-50 DESELLUM	14,800	15,370	14,977	14,977
463210 - NAMING RIGHTS	15,000	15,000	15,000	15,000
464100 - CONTRIBUTIONS	63,084	80,000	80,000	80,000
464150 - CONTRIBUTION-CS	3,500	-	1,900	1,900
464170 - CONTRIBUTION-CC SCHOLARSHIP	5,137	-	700	700
464190 - CONTRIBUTIONS - PR&C	17,696	-	12,500	12,500
464230 - CONTRIBUTIONS - GERTRUDE AGER	10,276	-	4,000	4,000
464240 - HOLIDAY GIVING	34,715	25,000	25,000	25,000
464300 - ANNEXATION AGREEMENT	120,000	-	-	-
464500 - ADMINISTRATIVE SVC AGREEMENT	12,500	-	25,000	25,000
465100 - EXPENDITURE REIMBURSEMENT	12,319	-	12,500	12,500
465200 - PRIOR YEAR EXPENDITURE REIMB.	49,356	12,000	25,000	25,000
467200 - MISCELLANEOUS	178,426	1,000	5,000	15,000
467210 - CASH OVER/SHORT	(278)	-	-	-
467230 - MISCELLANEOUS-VENDING MACHINES	3,083	4,500	4,000	4,000
467250 - PASSPORTS	82,350	65,000	85,000	85,000
467280 - HOUSING INITIATIVE FUND	600,000	-	-	-
467300 - COMMUNITY PROMOTIONS	53	-	-	-
467360 - ICMA MISCELLANEOUS	134,021	-	75,000	75,000
481100 - SALE OF GENERAL FIXED ASSETS	163,046	50,000	100,000	100,000
Total Miscellaneous Revenues	<u>\$ 1,748,321</u>	<u>\$ 739,870</u>	<u>\$ 1,026,925</u>	<u>\$ 1,036,925</u>
Sub-total Revenues	<u>\$ 57,508,977</u>	<u>\$ 57,498,878</u>	<u>\$ 55,744,416</u>	<u>\$ 55,701,681</u>
Transfers In	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ -</u>
Reappropriation	<u>\$ -</u>	<u>\$ 10,586,936</u>	<u>\$ 10,763,175</u>	<u>\$ 10,930,876</u>
Total All Revenue and Other Sources	<u>\$ 57,508,977</u>	<u>\$ 68,235,814</u>	<u>\$ 66,507,591</u>	<u>\$ 66,632,557</u>

The preceding pages focused on the General Fund's revenue streams and categorized revenues by their source, or where they came from. The City's expenditures often are viewed in many different categories to help understand the overall operations. Some of the ways this budget categorizes expenditures are:

- By department – this groups expenditures under the operating department that is responsible for monitoring and developing the budget. This is similar to how the rest of the document is organized. Departments are further broken down by activity.
- By function – this groups activities into broader categories, such as general government; public safety; public works; parks, recreation and culture; community services and development; miscellaneous; and transfers. These categories do not always correspond to the operating departments. These are the categories that are shown on the budget ordinance, which adopts the budget.
- By object – this groups expenditures by the type of account or type of purchase;

The pages that follow show General Fund expenditures in each of the categories identified above.

EXPENDITURE OVERVIEW

FY17 BUDGET

General Fund Expenditures by Department

Department	FY15 Actual	FY16 Adopted	FY17 Proposed	FY17 Adopted	% Chg
Office of the City Manager	\$ 2,184,278	\$ 2,580,165	\$ 2,284,963	\$ 2,188,960	-15.16%
Human Resources	809,150	978,862	948,677	948,019	-3.15%
Community and Public Relations	2,815,844	3,122,884	3,109,633	3,123,154	0.01%
Finance and Administration	13,943,523	22,592,614	21,781,153	21,808,766	-3.47%
Information Technology	1,703,844	1,936,501	1,854,399	1,876,173	-3.12%
Parks, Recreation and Culture	7,696,977	8,769,372	8,470,520	8,478,898	-3.31%
Planning and Code Administration	4,547,428	5,769,826	5,832,728	6,002,534	4.03%
Gaithersburg Police Department	8,773,536	9,149,578	9,122,542	9,123,925	-0.28%
Public Works	11,113,103	13,336,012	13,102,976	13,082,128	-1.90%
Total	\$ 53,587,681	\$ 68,235,814	\$ 66,507,591	\$ 66,632,557	-2.35%

Allocation of \$1 of City Taxpayer's Money – FY17 Budget by Department





EXPENDITURE OVERVIEW

FY17 BUDGET

General Fund Expenditures by Function and Activity

Function / Activity	FY15 Actual	FY16 Adopted	FY17 Proposed	FY17 Adopted
General Government				
Mayor & City Council	\$ 292,278	\$ 310,378	\$ 310,487	\$ 310,280
Office of the City Manager	685,817	706,026	707,175	706,619
Legal Services	517,521	551,934	558,969	558,619
Registration & Elections	-	54,800	1,200	1,200
Economic & Business Development	415,149	503,194	475,605	475,238
Environmental Services	273,513	453,833	231,527	137,004
Human Resources	809,150	978,862	948,677	948,019
Finance & Administration	1,104,305	1,251,124	1,490,674	1,491,548
Housing and Community Development	255,301	785,139	871,719	899,397
General Services	54,566	72,032	51,609	51,609
Information Technology	1,445,812	1,653,217	1,573,886	1,595,904
Geographic Information Systems	258,032	283,284	280,513	280,269
Public Information	743,334	831,717	838,240	837,382
Gaithersburg Television	257,809	278,307	274,383	273,970
Planning	776,789	918,885	985,078	1,079,040
Planning & Code Administration	816,871	871,402	834,968	837,993
Neighborhood Services	697,175	882,531	943,838	942,988
Facilities Management	943,685	1,296,285	1,151,126	1,199,847
Buildings & Grounds (B&G) - City Hall	137,877	215,888	202,081	202,081
B&G - Police Station	57,398	68,933	72,564	72,564
B&G - Public Service Facility	130,004	129,410	271,810	271,810
B&G - Train Station/Freight House	23,479	30,478	29,568	29,568
B&G - Kentlands Mansion	48,075	58,900	59,285	59,285
B&G - Benjamin Gaither Center	70,197	74,282	124,078	124,078
B&G - Casey Community Center	145,757	148,737	155,441	155,441
B&G - Olde Towne Pavilion	2,758	3,300	4,870	4,870
B&G - Public Safety Facility	-	-	42,010	42,010
B&G - GAC	21,075	32,387	19,417	19,417
B&G - Activity Center at Bohrer Park	267,164	297,381	304,624	304,624
B&G - Gaithersburg Arts Barn	70,577	84,986	85,356	85,356
B&G - Water Park at Bohrer Park	140,649	127,046	150,401	150,401
B&G - Miniature Golf	12,892	24,000	17,300	17,300
B&G - Skate Park	3,036	7,295	10,300	10,300
B&G - Gaithersburg Youth Center at Olde Towne	37,580	39,287	71,541	71,541
B&G - Gaithersburg Youth Center at Robertson Park	49,263	55,391	51,356	51,356
B&G - Gaithersburg – CPSC Park Site	22,139	28,800	39,755	39,755
B&G - Parking Facility	82,414	89,715	83,929	83,929
Total	\$ 11,669,440	\$ 14,199,166	\$ 14,325,360	\$ 14,422,612





EXPENDITURE OVERVIEW

FY17 BUDGET

Function / Activity	FY15 Actual	FY16 Adopted	FY17 Proposed	FY17 Adopted
Public Safety				
Police Department	\$ 8,773,536	\$ 9,149,578	\$ 9,122,542	\$ 9,123,925
Traffic Control	258,249	263,752	267,939	267,526
Animal Control	451,805	505,375	486,105	485,446
Permits and Inspections	1,549,487	1,806,494	1,711,020	1,757,670
Total	<u>\$ 11,033,076</u>	<u>\$ 11,725,199</u>	<u>\$ 11,587,606</u>	<u>\$ 11,634,567</u>
Public Works				
Public Works Administration	\$ 822,858	\$ 825,091	\$ 810,247	\$ 809,422
Engineering Services	426,130	668,143	618,010	557,567
Fleet Maintenance	524,028	553,731	566,178	565,436
Landscaping & Forestry	1,027,018	1,266,269	1,115,299	1,113,716
Mowing and Special Pickups	1,749,018	2,104,822	2,164,759	2,162,653
Municipal Parks Maintenance	1,751,929	1,929,637	2,045,656	2,042,758
Recycling	689,091	965,775	963,650	963,650
Street Lighting	593,146	613,000	625,000	625,000
Streets & Special Projects	1,005,618	1,333,291	979,426	978,867
Total	<u>\$ 8,588,835</u>	<u>\$ 10,259,759</u>	<u>\$ 9,888,225</u>	<u>\$ 9,819,069</u>
Parks, Recreation & Culture				
Parks, Recreation & Culture Administration	\$ 727,252	\$ 822,163	\$ 769,573	\$ 769,246
Activity Center	404,318	487,269	472,245	472,162
Casey Community Center	377,325	368,478	352,028	351,863
Gaithersburg Aquatic Center	221,221	373,983	316,962	316,962
Gaithersburg Arts Barn	499,567	503,991	476,715	476,632
Gaithersburg Youth Center at Olde Towne	224,984	310,201	296,709	296,340
Gaithersburg Youth Center at Robertson Park	196,692	215,598	215,571	215,281
Kentlands Mansion	332,399	358,211	353,030	352,842
Miniature Golf Course	85,382	94,336	96,592	96,488
Museums	177,845	187,244	187,960	187,960
Picnic Pavilions	21,050	21,288	20,447	20,447
Recreation Classes	269,137	322,464	305,848	305,765
Recreation Programs & Sports	884,324	928,819	899,461	908,424
Skate Park	30,649	31,149	33,764	33,764
Special Events	1,019,643	1,139,865	1,123,646	1,122,909
Summer Programs	502,972	545,649	550,640	550,640
Water Park	492,063	655,919	569,008	572,127
Winter Lights	160,463	214,252	233,765	233,765
Youth Services	441,336	452,027	458,268	457,896
Total	<u>\$ 7,068,621</u>	<u>\$ 8,032,906</u>	<u>\$ 7,732,232</u>	<u>\$ 7,741,513</u>



EXPENDITURE OVERVIEW

FY17 BUDGET

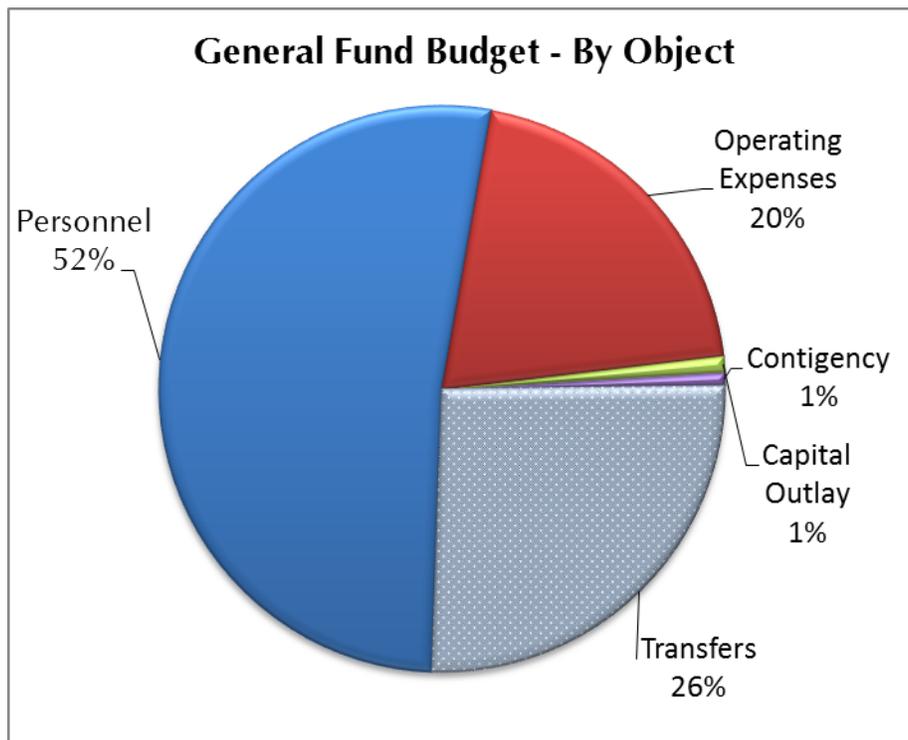
Function / Activity	FY15 Actual	FY16 Adopted	FY17 Proposed	FY17 Adopted
Community Services & Development				
Community Services	\$ 1,335,047	\$ 1,448,096	\$ 1,467,547	\$ 1,482,629
Homeless Assistance	479,653	564,764	529,463	529,173
Seniors Program	628,356	736,466	738,288	737,385
Total	<u>\$ 2,443,056</u>	<u>\$ 2,749,326</u>	<u>\$ 2,735,298</u>	<u>\$ 2,749,187</u>
Miscellaneous				
Non-Departmental	\$ 2,654,780	\$ 3,261,672	\$ 3,057,283	\$ 3,084,022
Contingency	29,873	16,786	27,500	27,500
Total	<u>\$ 2,684,653</u>	<u>\$ 3,278,458</u>	<u>\$ 3,084,783</u>	<u>\$ 3,111,522</u>
Total Operating	<u>\$ 43,487,681</u>	<u>\$ 50,244,814</u>	<u>\$ 49,353,504</u>	<u>\$ 49,478,470</u>
Transfers				
OPEB trust	\$ 1,310,000	\$ 1,200,000	\$ 1,600,000	\$ 1,600,000
Asset Replacement Fund	-	-	1,318,487	1,318,487
Capital Improvements	8,790,000	13,300,000	13,186,600	13,186,600
Stormwater - City Storm Fee	-	91,000	102,000	102,000
Stormwater - City Subsidy	-	-	931,000	931,000
Stormwater - Hardships	-	-	16,000	16,000
Stormwater - Fee Revenue	-	3,400,000	-	-
Total	<u>\$ 10,100,000</u>	<u>\$ 17,991,000</u>	<u>\$ 17,154,087</u>	<u>\$ 17,154,087</u>
Combined Total	<u>\$ 53,587,681</u>	<u>\$ 68,235,814</u>	<u>\$ 66,507,591</u>	<u>\$ 66,632,557</u>

EXPENDITURE OVERVIEW

FY17 BUDGET

General Fund Expenditures by Object – Summary

Department	FY15 Actual	FY16 Adopted	FY17 Proposed	FY17 Adopted	% Chg
Object					
Personnel	\$ 31,344,673	\$ 34,315,704	\$ 34,782,376	\$ 34,811,078	1.44%
Operating Expenses	11,121,736	13,406,410	13,462,078	13,558,342	1.13%
Capital Outlay	998,223	2,022,700	609,050	609,050	-69.89%
Contingency	23,049	500,000	500,000	500,000	0.00%
Transfers	10,100,000	17,991,000	17,154,087	17,154,087	-4.65%
Total	<u>\$ 53,587,681</u>	<u>\$ 68,235,814</u>	<u>\$ 66,507,591</u>	<u>\$ 66,632,557</u>	<u>-2.35%</u>





EXPENDITURE OVERVIEW

FY17 BUDGET

General Fund Expenditures by Object – Detail

Object	FY15 Actual	FY16 Adopted	FY17 Proposed	FY17 Adopted
Personal Services				
501000 - Salaries, Full-Time Employees	\$19,387,051	\$20,747,566	\$21,140,066	\$21,184,946
505000 - Other Taxable Compensation	10,843	-	-	-
505100 - Other Taxable Comp-Multilingual	58,240	56,160	52,000	52,000
505200 - Other Taxable Comp-Gfit	20,696	20,454	22,038	22,038
505300 - Other Taxable Comp-Housing Stipend	69,300	64,800	90,000	90,000
507000 - Vacation & Sick Pay	275,520	275,000	290,000	290,000
508000 - Salaries, Overtime	751,444	832,086	747,678	747,678
509000 - Salaries, Part-Time Employees	2,703,180	3,194,807	3,093,898	3,078,098
510000 - Social Security & Medicare Taxes (FICA)	1,725,675	1,917,326	1,928,669	1,935,315
512000 - State Unemployment	33,624	45,396	35,000	35,000
513000 - Workers' Compensation Insurance	388,867	301,810	230,897	230,897
513100 - Employee Advance/ Worker's Comp.	1,268	-	-	-
514000 - Group Insurance	3,109,791	3,648,022	3,903,059	3,891,066
514100 - Group Insurance - Retirees	-	-	-	-
514200 - Vision Plan	13,677	19,977	21,435	21,435
514300 - Retiree Share/Insurance	29,845	-	-	-
514500 - Mayor & Council Benefits	23,999	24,000	24,000	24,000
514600 - Cobra Coverage	(945)	-	-	-
514700 - Insurance Deductible Reimbursement	104,796	140,000	100,000	100,000
515000 - Retirement Contribution (401A)	1,533,141	1,659,804	1,741,284	1,745,007
515050 - Supplemental Retirement Contribution	369,928	434,831	414,663	414,663
515100 - Retirement Health Savings (RHS)	170,867	178,240	231,224	231,224
516000 - Savings Plan Contribution (401K)	524,997	622,430	609,892	611,138
516500 - Deferred Compensation	16,886	16,690	18,048	18,048
519000 - Tuition Reimbursement	21,982	116,305	88,525	88,525
Total	<u>\$31,344,673</u>	<u>\$34,315,704</u>	<u>\$34,782,376</u>	<u>\$34,811,078</u>
Operating Expenses				
521000 - Office Supplies	\$ 59,947	\$ 74,210	\$ 67,640	\$ 67,640
522000 - General Operating Supplies	715,989	745,255	780,644	780,644
522200 - Photographic, Audio, Video Supplies	6,217	3,250	3,050	3,050
522500 - Program Activities	130,439	184,487	159,790	167,290
523300 - Police Outreach/Operational Supplies	4,573	6,400	5,600	5,600
523400 - Police Weapons, Accessories & Supplies	120,197	66,710	70,639	70,639
524000 - Supplies for Resale	26,479	40,000	36,450	36,450
525000 - Furniture & Fixtures	59,650	48,650	34,050	34,050
526000 - Machinery & Equipment	172,264	100,100	140,170	140,170
529000 - Building & Construction Supplies	55,732	95,500	60,000	60,000
530000 - Accounting & Audit	164,549	144,760	192,060	192,060





EXPENDITURE OVERVIEW

FY17 BUDGET

Object	FY15 Actual	FY16 Adopted	FY17 Proposed	FY17 Adopted
531000 - Information Technology (IT) Services	194,870	289,570	305,292	305,292
531500 - Software Licenses	73,569	27,000	27,450	27,450
531600 - Software Maintenance Agreements	433,408	423,445	425,690	425,690
532000 - Engineering & Architectural	18,193	124,000	130,000	130,000
533000 - Legal	24,549	40,130	30,100	30,100
534500 - Wellness Programs	21,210	25,500	34,180	34,180
535000 - Medical/Hospital (Screenings)	28,774	20,000	22,000	22,000
536000 - Miscellaneous Professional Services	1,309,566	1,461,967	1,491,698	1,495,735
536100 - Temporary Employment Agency	-	3,000	3,000	3,000
536200 - Americans with Disabilities Act	8,778	13,000	10,000	10,000
536300 - Contract Cleaning Services	356,294	362,343	372,115	372,115
536400 - Contract Maintenance Services	246,052	327,700	541,402	591,402
536500 - Investigations	13,171	14,940	14,240	14,240
536700 - Abatement Services	3,774	50,000	25,000	25,000
536800 - Security Services	16,639	20,610	20,575	20,575
537000 - Instructor Services	71,994	140,020	82,200	82,200
538000 - Performances & Entertainment	229,303	237,625	238,500	238,500
541000 - Advertising	131,066	159,107	149,500	149,500
542000 - Awards & Presentations	68,519	57,498	62,075	62,075
543000 - Contributions	999,980	1,166,453	1,181,950	1,190,006
544000 - Professional Dues & Certification Fees	135,649	155,835	170,956	170,956
545000 - Magazines, Books & Resource Material	12,712	24,020	25,575	25,575
546000 - Conference & Seminar Registration	85,211	144,366	140,696	143,196
546300 - In-Service Training	9,942	19,300	23,500	23,500
547000 - Travel Expense	61,236	108,035	109,230	109,230
547100 - Travel Mileage Reimbursement	8,174	8,770	9,870	9,870
548000 - Economic Development Activities	108,938	129,000	102,000	102,000
548100 - Sponsorships	4,364	9,750	10,500	10,500
549000 - Scholarship Management	28,625	26,500	31,250	31,250
550000 - Electric	1,019,805	1,117,984	1,075,796	1,075,796
550100 - Gas (Natural)	75,196	80,300	80,300	80,300
550200 - Water	118,615	120,200	120,455	120,455
550700 - Recycling Services/Trash Collection	49,646	44,733	52,729	52,729
550900 - Utilities, Other	3,811	-	4,500	4,500
551000 - Telephone (Landline)	91,905	84,820	124,540	124,540
551100 - Cellular Telephone	124,670	142,850	139,390	139,390
552500 - Vehicle & Equipment Gasoline Expense	365,844	407,320	340,100	340,100
553000 - Printing & Binding	82,034	108,950	108,600	108,600
554000 - Signage	40,048	49,640	54,615	54,615



EXPENDITURE OVERVIEW

FY17 BUDGET

Object	FY15 Actual	FY16 Adopted	FY17 Proposed	FY17 Adopted
556000 - Postage	75,944	99,685	77,665	77,665
556500 - Messenger Services	1,370	1,650	1,650	1,650
557000 - Laundry & Uniforms	111,496	153,545	154,787	154,787
560000 - Miscellaneous	144,828	407,555	255,175	259,434
561000 - Local, In-Services Meals	3,355	3,225	4,150	4,150
562000 - Homeownership Assistance Program	-	450,000	450,000	469,912
563000 - Insurance - Not Payroll	331,464	337,000	307,000	307,000
564000 - Tax Abatement	355,613	300,000	150,000	150,000
567000 - Rental & Use Charges	980,644	1,320,995	1,312,899	1,312,899
567100 - Rental of Facilities	103,530	129,042	117,540	117,540
568300 - Forfeiture Expenditures	7,100	-	10,000	10,000
568400 - Holiday Giving Expenditures	20,559	-	25,000	25,000
572000 - Repair & Maint - Buildings & Facilities	234,642	451,600	632,650	632,650
573000 - Repair & Maint - Machinery & Equipment	205,707	185,460	200,025	200,025
574000 - Repair & Maint - Vehicles	351,558	305,450	318,275	318,275
575000 - Repair & Maint - Furniture & Equipment	1,749	5,600	3,600	3,600
576000 - Repair & Maint - Art	10	-	-	-
Total	<u>\$ 11,121,736</u>	<u>\$ 13,406,410</u>	<u>\$ 13,462,078</u>	<u>\$ 13,558,342</u>
 Capital Outlay				
592000 - Software	\$ (62,028)	\$ 2,000	\$ -	\$ -
592100 - Software (Replacement)	115,500	-	-	-
593000 - Improvements - Not Buildings	2,280	-	-	-
595000 - Furniture & Equipment	(294,653)	32,250	33,250	33,250
595100 - Furniture & Equipment (Replacement)	683,804	871,487	-	-
596000 - Vehicles & Equipment	(34,170)	114,000	575,800	575,800
596100 - Vehicles & Equipment (Replacement)	587,490	1,002,963	-	-
Total	<u>\$ 998,223</u>	<u>\$ 2,022,700</u>	<u>\$ 609,050</u>	<u>\$ 609,050</u>
 Contingency	 \$ 23,049	 \$ 500,000	 \$ 500,000	 \$ 500,000
 Total Operating	 <u>\$43,487,681</u>	 <u>\$ 50,244,814</u>	 <u>\$49,353,504</u>	 <u>\$49,478,470</u>
 Transfers	 <u>10,100,000</u>	 <u>17,991,000</u>	 <u>17,154,087</u>	 <u>17,154,087</u>
 Total Expenditures & Other Uses	 <u>\$53,587,681</u>	 <u>\$68,235,814</u>	 <u>\$66,507,591</u>	 <u>\$66,632,557</u>

No matter how the City's expenditures are categorized, personnel costs make up a substantial portion of the total. The majority of personnel costs relate to the City's workforce. The reasons for changes in full-time equivalent (FTE) employee counts, which are shown on the next page, are as follow:

- The Office of the City Manager – removed part-time assistance and the sustainability planner was transferred here from Planning and Code Administration
- Community & Public Relations – added a part-time Digital and Social Media Specialist during FY16
- Finance and Administration Department
 - Added a Budget and Procurement Analyst mid-year during FY16
 - Added a new position in FY17 - Procurement Division Chief
 - Housing & Community Development Chief and Grants Administration moved to Planning and Code Administration
 - Removed a part-time intern position
- Information Technology Department
 - Added a new Helpdesk Technician position
 - Increased part-time hours by 1.1 FTE's
- Parks, Recreation and Culture
 - Reduced part-time hours by .22
- Planning and Code Administration
 - Added new positions for
 - Environmental Specialist within the Planning Division;
 - Transportation Planner within the Planning Division; and
 - Code Compliance Manager within the Neighborhood Services Division
 - The following positions were moved to the Stormwater Management Fund
 - Environmental Technician
 - Environmental Specialist
 - Housing & Community Development Chief and Grants Administrator were moved from Finance and Administration; additionally the Grants Administrator was changed from part-time to full-time
 - Part-time assistance was changed
 - Decreased by 0.85 in the Planning and Code Administration Division
 - Decreased by 0.90 in the Permits and Inspections Division
 - Increased by 0.32 in the Animal Control Division

- Police Department
 - Added two additional Police Officer Candidates
 - Added a Technology Systems Administrator

- Public Works Department
 - Added a Right-of-Way Inspector within the Engineering Services Division
 - Additional part-time assistance totaling 2.85 was added in multiple activities
 - The following positions were moved to the Stormwater Management Fund
 - Civil Engineer
 - 0.63 of part-time personnel

The next page summarizes the City's full-time equivalent positions for the last ten years.



EXPENDITURE OVERVIEW

FY17 BUDGET

Department	Total Full-Time Equivalent Employees									
	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Office of the City Manager	40.85	44.15	14.20	10.45	11.45	11.45	11.70	11.20	12.52	12.83
Human Resources	-	-	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Community and Public Relations	-	-	17.25	17.25	19.45	20.19	21.95	20.63	20.01	20.69
Finance and Administration	6.30	6.30	8.80	8.50	8.50	9.20	11.00	11.00	11.00	11.00
Information Technology	7.50	8.50	8.50	8.50	9.50	10.70	12.00	12.00	12.50	14.60
Department of Parks, Recreation and Culture	120.21	122.74	132.07	116.73	117.73	119.53	121.42	120.84	120.99	120.77
Department of Planning and Code Administration	44.50	42.10	41.70	39.53	41.03	42.38	45.38	47.53	48.64	49.78
Gaithersburg Police Department	60.70	63.13	63.13	63.13	63.13	67.36	67.26	67.55	67.53	70.53
Public Works	92.90	94.00	93.00	89.50	89.50	89.50	89.44	92.07	92.57	94.79
Stormwater Management Fund	-	-	-	-	-	-	-	-	-	4.63
Total	372.96	380.92	383.65	358.59	365.29	375.31	385.15	387.82	390.76	404.62
% Change		2.13%	0.72%	-6.53%	1.87%	2.74%	2.62%	0.69%	0.76%	3.55%
Culmulative % Change										8.49%
Population	59,912	57,818	58,017	61,172	62,848	63,842	65,690	67,099		
% Chg in Population		-3.50%	0.34%	5.44%	2.74%	1.58%	2.89%	2.14%		
Culmulative % Change								12.00%		
Per Capita Income	71,366	68,673	69,559	71,681	73,140	72,749	74,597	77,745		
% Chg in Per Capita Income		-3.77%	1.29%	3.05%	2.04%	-0.53%	2.54%	4.22%		
Culmulative % Change								8.94%		

Note:
 In 2010 the City reorganized the Office of the City Manager, adding Human Resources and Community & Public Relations Departments. Additionally, the Community & Housing Development was moved to Finance; Kentlands Mansion to Park, Recreation & Culture; and Environmental Services was moved to Planning & Code. Each years' full-time equivalent employees shown above are presented as they were shown in the adopted budget for that year.

Sources: Previous years' City budgets and Comprehensive Annual Financial Reports



Although much of this document is focused on the annual General Fund budget, the City is very conscious of the long term perspective necessary for a pay-as-you-go financing strategy. The next page summarizes the long term financial forecast based on the current financial environment. Notes on significant assumptions are as follows:

- Local taxes were increased 2% based on estimated property value appreciation.
- Licenses & Permits, and Federal Grants were held flat.
- Grants State were decreased by 5% in FY18 then held flat.
- The primary revenue within the County Grants & Shared Taxes is income tax. Due to the error by the State the City anticipates needing to repay approximately \$350,000 per year beginning in FY19. Income tax base amounts were increased by 2% annually, repayments were then subtracted. All other revenues in this category were held flat.
- Charges services were increased 2%, except for the stormwater fee which increased as identified in that budget section.
- Due to expected decreases in photo radar, revenue Fines & Forfeitures are shown decreasing 3% annually.
- Miscellaneous revenue is shown increasing by one half of a percent annually.
- Personnel related expenditures were increased by 3%, excluding health insurance which was increased 8% annually.
- All operating expenditures are shown with a 1% annual increase.
- Capital and Contingency expenditures were held flat.
- OPEB was increased by \$400,000 per year which follows a four year plan to bring funding up to the expected minimum required level needed to fund this obligation.
- Transfer for Asset Replacement Fund increases by 2% per year.
- Transfers for CIP and Stormwater are as identified in those five year plan sections of this document.
- This assumes limited growth of services and positions.
- Beginning unassigned fund balance was calculated using FY15 actual ending less the re-appropriation included in the FY16 budget.

Unassigned fund balance represents reserves that could be used to satisfy current claims, thus the five year projection looks only at unassigned fund balance, comparing this to a target 25% of the average of the last three years of expenditures.

Although the financial summary on the following page shows that the City will reduce its fund balance below the target level in the next five years, much of this decrease is related to capital projects. During FY17 it was determined that some use of fund balance to subsidize the operating budget is appropriate. Any on-going reliance on fund balance for on-going operations causes a structural deficit and will be reviewed annually.



FINANCIAL OVERVIEW

FIVE YEAR FINANCIAL PLAN

Revenues and Sources of Funds	Adopted				
	FY17	FY18	FY19	FY20	FY21
Local Taxes	\$ 28,357,700	\$ 28,924,900	\$ 29,503,400	\$ 30,093,500	\$ 30,695,400
Licenses & Permits	4,249,183	4,249,183	4,249,183	4,249,183	4,249,183
Grants - Federal	418,155	418,155	418,155	418,155	418,155
Grants - State	2,983,011	2,833,900	2,833,900	2,833,900	2,833,900
County Grants & Shared Taxes	11,070,727	11,190,000	11,050,000	11,250,000	11,450,000
Charges for Services	5,245,980	5,351,000	5,458,000	5,567,000	5,678,000
Fines & Forfeitures	2,340,000	2,269,800	2,201,700	2,135,600	2,071,500
Miscellaneous Revenues	1,036,925	1,042,000	1,047,000	1,052,000	1,057,000
Total	<u>55,701,681</u>	<u>56,278,938</u>	<u>56,761,338</u>	<u>57,599,338</u>	<u>58,453,138</u>
Reappropriation	10,930,876	9,013,660	7,307,714	7,497,630	7,812,250
Total Revenues and Sources of Funds	<u>\$ 66,632,557</u>	<u>\$ 65,292,598</u>	<u>\$ 64,069,052</u>	<u>\$ 65,096,968</u>	<u>\$ 66,265,388</u>

Expenditures and Uses of Funds	Adopted				
	FY17	FY18	FY19	FY20	FY21
Personnel Services	34,811,078	36,049,962	37,341,579	38,688,751	40,094,494
Operating Expenses	13,558,342	13,693,929	13,830,869	13,969,178	14,108,871
Capital Outlay	609,050	609,050	609,050	609,050	609,050
Contingency	500,000	500,000	500,000	500,000	500,000
Total	<u>49,478,470</u>	<u>50,852,941</u>	<u>52,281,498</u>	<u>53,766,979</u>	<u>55,312,415</u>
Transfers					
OPEB trust	1,600,000	2,000,000	2,400,000	2,800,000	3,200,000
Asset Replacement Fund	1,318,487	1,344,857	1,371,754	1,399,189	1,427,173
Capital Improvements	13,186,600	9,896,000	6,805,000	5,905,000	5,100,000
Stormwater - City Storm Fee	102,000	120,000	132,000	147,000	147,000
Stormwater - City Subsidy	931,000	1,062,800	1,062,800	1,062,800	1,062,800
Stormwater - Hardships	16,000	16,000	16,000	16,000	16,000
Total Transfers	<u>17,154,087</u>	<u>14,439,657</u>	<u>11,787,554</u>	<u>11,329,989</u>	<u>10,952,973</u>
Total Expenditures and Uses of Funds	<u>66,632,557</u>	<u>65,292,598</u>	<u>64,069,052</u>	<u>65,096,968</u>	<u>66,265,388</u>

Revenues Over / (Under) Expenditures	-	-	-	-	-
Beginning Fund Balance - Unassigned	49,273,777	38,342,901	29,329,241	22,021,527	14,523,897
Reappropriation	(10,930,876)	(9,013,660)	(7,307,714)	(7,497,630)	(7,812,250)
Ending Fund Balance - Unassigned	<u>\$ 38,342,901</u>	<u>\$ 29,329,241</u>	<u>\$ 22,021,527</u>	<u>\$ 14,523,897</u>	<u>\$ 6,711,647</u>

3 Year Average Expenditures	61,528,093	64,889,640	66,720,323	65,331,402	64,819,539
25% Fund Balance Minimum	15,382,023	16,222,410	16,680,081	16,332,851	16,204,885
Over / (Under) Minimum	22,960,878	13,106,831	5,341,446	(1,808,954)	(9,493,238)
Fund Balance Policy Met?	Yes	Yes	Yes	No	No