

MEMORANDUM

April 29, 2013

TO: Transportation, Infrastructure, Energy & Environment Committee

FROM: Glenn Orlin, ^{GO}Deputy Council Staff Director

SUBJECT: FY14 Operating Budget: follow-up and reconciliation

1. Silver Spring PLD reserve. A reasonable objective is to have each PLD's end-of-year reserve exceed 25% of resources in each year. In most years the PLDs meet that objective. A chart summarizing these ratios is shown below:

	FY14	FY15	FY16	FY17	FY18
Bethesda PLD	26.9%	36.4%	34.0%	27.3%	22.0%
Montgomery Hills PLD	25.0%	26.7%	27.1%	26.5%	24.8%
Silver Spring PLD	47.1%	45.8%	44.4%	42.2%	39.6%
Wheaton PLD ¹	34.5%	30.4%	33.3%	30.8%	28.4%

The Silver Spring PLD is healthier than it's been in years, and the prospects are even better over time. Unlike the other PLDs, its forecast of real property assessable base is rising faster than last year's forecast (in \$ millions):

	FY13	FY14	FY15	FY16	FY17	FY18	FY19
March 2012 PSP	1,537.2	1,569.4	1,603.2	1,673.7	1,768.7	1,882.9	N/A
March 2013 PSP	1,671.7	1,687.2	1,747.6	1,811.2	1,889.8	1,970.0	2,054.4

Therefore, for the FY14 budget, the Council should reduce the resources for the Silver Spring PLD. Council staff recommends reducing for FY14 its real property tax rate by enough to allow the County's General Fund tax rate to be increased by 0.1¢/\$100 and still remain under the Charter's property tax cap, thus generating an additional \$1,668,359 for items on the Council's Reconciliation List or other issues in the budget.

¹ The Recommended Public Services Program (PSP) assumes that Lot 13 would be closed starting in FY14 and remain closed throughout the PSP period, resulting in a reduction of 10% in Wheaton's parking fee revenue. Given the current state of the Wheaton Redevelopment Program project, however, it is likely now that Lot 13 will continue in service through FY16, be closed in FYs17-18, and be replaced with a greater amount of public parking (i.e., more revenue) thereafter. This string of percentages assumes this latter scenario.

Council staff recommendation: For FY14, reduce the Silver Spring PLD's real property tax rate by 8.1¢/\$100, from 31.7¢/\$100 to 23.6¢/\$100—and its personal property tax rate by 20.25¢/\$100, from 79.25¢/\$100 to 59.0¢/\$100—reducing its tax revenue by 1,697,054. Increase the General Fund property tax by 0.1¢/\$100, generating \$1,668,359 more for other issues in the budget. No changes in the tax rates in FY15 or later should be assumed in the PSP at this time. Even with these resources drawn off, the Silver Spring PLD will be in excellent fiscal shape: its end-of-year reserve in FY14 would be 43.5% of resources (instead of 47.1%), still well above the 25% minimum objective. As for the forecast, as long as the PLD's property tax rates go back to their FY13 level from FY15 on, the end-of-year by FY18 will be no lower than about 35%, higher than the Executive's recommendations for the Bethesda, Montgomery Hills, and Wheaton PLDs in FY14.

2. Reconciliation List. The Committee's Draft Reconciliation List for transportation totals \$2,687,700. The items are listed below.

Bikeway/bike lane marking and Bike Trail	
Maintenance-	250,000
Replacement of loop detectors	
1st increment	133,850
2nd increment	133,850
Reinitiate service patrol	170,000
Traffic signal optimization	200,000
Tree planting	
1st increment	150,000
2nd increment	150,000
3rd increment	150,000
Stump removal	
1st increment	250,000
2nd increment	250,000
3rd increment	250,000
Tree pruning and removal	
1st increment	300,000
2nd increment	300,000
Total Committee Changes	2,687,700

The Committee should take this opportunity to confirm its final Reconciliation List for the full Council review, which is scheduled for May 7.