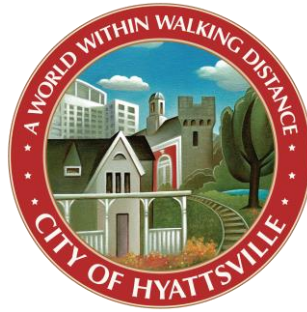


Candace B. Hollingsworth
Mayor



Tracey E. Douglas
City Administrator

May 18, 2020

Honorable Mayor and Members of the Hyattsville City Council

I am submitting an updated Fiscal Year 2021 (FY21) General Fund and Capital Investment Budget Proposal for the City of Hyattsville. While we cannot fully predict the personal and financial impact the COVID-19 pandemic will have on our community or future revenues, we have reduced projected revenues and modified projected expenditures to ensure priorities and essential services are funded. In healthy economic times, the annual budget looks and feels much different than a budget prepared amid a never before seen crisis with anticipated short and long term financial, economic, and programmatic impacts. With that in mind, the Treasurer and I have revised our April 15th, 2020 budget projection to include additional decreases in personal property, income, and amusement taxes and an increase in debt services as we repay the \$12.6M in municipal bonds borrowed to complete our two high priority renovation projects. Other adjustments include the postponement or modification to some of our existing services and programs. This includes transitioning to new service delivery models where feasible and implementing hiring delays and freezes where appropriate. Last year, for the first time in many years, the City presented a balanced budget; this year, after a closer review and additional information, the proposed budget is revised to reflect a projected \$1.8M deficit. The City maintains a reserve fund balance that will allow us to continue essential government operations and services. This current environment poses a high degree of uncertainty; however, we plan to continue seeking funding relief where possible and expect to regain our financial health and well-being in future budgets.

The updated FY21 budget submission includes funding to sustain essential government services and reflects a minor reduction in expenditures as we identify different and more efficient ways to safely deliver programs and services while enhancing civic engagement and customer experiences. The budget also includes some of the priorities identified in the Speak-Up Community Sustainability Plan, the Transportation Management Study, and the Age Friendly Action Plan. Additionally, funding is allocated to support merit and benefit increases and reflects our continued investment in infrastructure, economic development, emerging smart and green technology, public safety, and environmental programs. A summary of the updated FY21 budget proposal and program focus areas are outlined below:

Revised Budget	
General Fund	
General Fund Revenues	\$20.7M
General Fund Expenditure (includes debt service)	\$22.5M
Transfer from General Fund Reserve Balance	\$1.8M
Total (Revenues – Expenditures)	0
Other Funds	
Special Revenue Funds	\$1.3M
Capital Improvement Funds	\$8.0M
Total All Funds	\$33.6M

The General Fund budget projection is **\$22,517,554** which is an increase due in part to repaying debt service from funds borrowed to complete major infrastructure projects. Special Revenue funds are **\$1,317,990** and the Capital Improvements Fund projection is presented as **\$8,075,000**.

Revenue projections in the General Fund are reduced to **\$20,726,491**. This is due to the current financial uncertainty and inability to accurately predict impact. Real property taxes are projected to be **\$14,040,698** in response to the current national crisis. Personal property taxes are projected to generate **\$662,325**, while City income and admissions taxes is shown at a reduced amount, approximately **\$2,351,160 and \$275,000**. Revenues such as licenses and permits, service charges, fines and forfeitures, and highway user fees are expected to remain flat. The real property tax rate is presented as unchanged at **\$0.63 per \$100** of assessed valuation. Finally, one important measure of a City’s financial health is its cash reserves. The City anticipates using approximately **\$1.8M** from the unreserved fund balance of **\$16.7 million** which will leave a balance of approximately **\$14.9 million**, based on our most recently completed and audited financial statements for the calendar year ending December 2017. An overview of the initiatives proposed in the FY21 budget are described below:

Employee Salary and Benefits: Employee salaries and benefits continue to consume the greatest portion of the General Fund Budget. In FY20 we completed a comprehensive study to compare Hyattsville salaries and benefits to surrounding counties and similarly sized municipalities. The compensation study revealed that most Hyattsville police officers earned less than their counterparts by a range of 3 to 10% depending on rank and time in service. In response, we increased our officer salaries by 10% and authorized a retention bonus for officers agreeing to a 5-year commitment payable at their milestone service achievements of 5, 10, 15, and 20 years. The National Police Foundation reports that the cost to recruit, hire, equip, and fully train a police officer to function independently could be up to \$100K and take over 18 months, however, we estimate our costs to be closer to \$50K. The retention bonus should be an incentive to reduce turnover in an environment of depleting supply, intense competition, and expanded law enforcement responsibilities. A few of our other career positions were slightly less than their counterparts and those salaries have since been adjusted.

The FY21 budget does not reflect a Cost of living adjustment (COLA) this year but does reflect a **3.5%** increase in benefits to cover the State of Maryland life and health insurance rates should they increase. We are delaying the hiring of select new positions and postponing some contracts. In the original budget proposal, we identified five (5) full-time and three (3) part-time positions. The full-time additions include

a Deputy City Administrator; a Deputy Department of Public Works (DPW); a Council Liaison and voting assistant providing election and other direct support the Mayor and Council; two (2) Community Action Officers supporting schools, businesses, and Wards; and three (3) part-time staff members assigned to the Clean and Safe Team. We are freezing the Deputy DPW and Voting Assistant positions until 2022. Voting assistance for the May 2021 election will be handled by contract support. Hiring for the remaining positions will be delayed, most until mid-year FY2021 and beyond. Contracts for Event Management and Human Resource Services will be postponed and re-evaluated in 2022.

Community and Economic Development: The City continues to encourage and support community, neighborhood, and business development and included funding in the FY21 budget to promote revitalization, entrepreneurship, and investment. During FY20, we enhanced outreach by hosting Business Roundtable meetings and most recently increased our communication efforts to keep our businesses and community partners informed of Federal, State, and local recovery efforts in response to COVID-19. In FY20, the City established a COVID-19 Relief fund and provided funding to partner agencies for distribution to residents, and a City managed fund to support businesses, and artists. This year, we will include \$25K in the new and well received Corridor Investment Fund and \$50K in our Business Community Sustainability fund. Both funds will assist businesses with improvements, design, and revitalization. In addition, and in partnership with our State of Maryland Department of Housing & Community Development, we will continue supporting the Commercial Façade Improvement Program.

Funding to update resource guides has been reduced, but we will selectively produce and provide valuable information to residents and businesses on new and ongoing investment opportunities, policies, and programs.

The City has again prioritized projects and programs identified in the FY2017-2021 Community Speak-Up Sustainability Plan and the Age Friendly Action Plan. Initiatives include \$50,000 for the second phase of the City's affordable housing plan and a focus on development of an affordable housing "policy toolbox" to increase the availability and affordability of housing stock in Hyattsville.

Our Parking Compliance Division launched the new Residential Parking Zone program and the pay-by-plate program coinciding with the implementation of Automated License Plate Readers (ALPR). The budget includes funding to make necessary adjustments and improvements.

Code Compliance has increased Citywide coverage by operating in geographically defined sectors and offering evening and weekend licensing and inspections to our more than 600 commercial, multi-family, and single-family residential and rental properties. We included funding in the FY21 budget for new ways to inspect and engage while protecting our employees.

Infrastructure and Facility Investment: The FY21 budget includes funding to continue some of the infrastructure initiatives identified in the Speak-Up Sustainability Plan and the 2019 Transportation Study. We have completed upgrades to Hyatt Park, the outdoor fitness center at the 38th Avenue Park and have made improvements to playgrounds, expanded seating and lighting in other City pocket parks. Additional upgrades to parks will be delayed until FY2022, however we plan to purchase modular roadside restrooms and handwashing stations for our parks and commercial corridors to improve sanitation in response to the COVID-19 pandemic and curtail public urination.

Funding has also been included to continue the urban tree canopy study and improve roadways through adaptive design. We plan to minimize the installation of new sidewalks but will fund sidewalk repair, bike lanes, ADA crosswalks, and storm water management projects. We have included funding to gradually implement recommendations from the Lower Ward 1 stormwater study and, in response to increased requests for speed mitigation, we included funding to support low-impact design features and additional technology such as flashing signs and illuminated crosswalks.

Facility improvements are ongoing throughout the City. The City obtained a Aa2 municipal bond rating from Moody's which allowed us to secure \$12.6M in municipal bonds to fund the \$10.8M adaptive reuse of 3505 Hamilton Street for the new Hyattsville Police and Public Safety headquarters (HQ) and the \$5M construction of the Department of Public Works (DPW) HQ. There have been some delays in construction and increases in material costs for both facilities, however, the Police HQ is still expected to be operational in FY22 and the DPW HQ is under construction and will be completed this summer. The budget also includes limited funding for the partial renovation of the newly acquired 3000 sq. ft. building at 5812 40th Avenue that will eventually serve as the new Teen Center. This funding, coupled with the State's recently announced \$50K Bond Bill funding, will allow the City to make safety improvements to the sprinkler, electrical and fire suppression systems which would allow us to secure a County Use and Occupancy permit. Finally, funding has been included to install a security system, access controls and restroom renovations in the Municipal Building and Magruder Park facility in response to COVID-19.

Smart Technology: In response to the COVID-19 Pandemic, it is increasingly important that we identify emerging technologies and alternative strategies to track information, analyze data, improve resource management, and keep residents and employees safe. In FY21 we included funding to continue exploring smart and sustainable initiatives and will continue to identify, research, and partner on new technology. This year we will integrate the long-awaited Enterprise Resource Planning (ERP) Management System and digital scanning program to improve efficiency, reduce costs, provide, and track data, improve response times and customer service. We included funding for implementing Phase 3 of the LED street lighting project and pedestrian lighting on the proposed extension of the Trolley Trail. We included also included limited funding as a place holder while we await recommendations from the Citywide Trash, Compost, and Pay-as-You-Throw management study. Finally, in FY20, we transitioned to a contract-based IT support model. This has provided the City with reliable planning, operations, network security, and hardware support. We will recompet the IT contract in FY21 to ensure we have the best and most competitive rates for the service received.

Communications and Outreach: With the rapid pace of information and the increased reliance on accurate and timely information, the City will continue to explore new technologies and innovative approaches to ensure constant, reliable, and transparent communication and messaging while expanding reach and dialogue. We will develop and implement a Strategic Communications Plan, update the City's website and branding, and implement an audit to identify the best and most effective distribution channels capable of reaching a variety of audiences. This year we plan to continue current platforms such as our SeeClickFix engagement portal, our emergency notification system; Code Red, and our Notify Me subscriber lists. We have also included funding to expand the production of media content and programming and develop new marketing and outreach campaigns on smart trash receptacles, City vehicles, bus shelters, metro stations, and the Mall at Prince George's. Finally, we will continue to sponsor bilingual workshops and enhance outreach and partnerships with business, churches, non-profits, and schools.

Programs and Services: The City takes great pride in delivering quality programs, events, and services to enhance customer experiences. The Director position has been vacant, and hiring will be delayed until mid-year. This year we expect the delivery of staple programs and events to change and the addition of new and creative programming to be fluid. Many of our programs will transition to a virtual platform and other staple events such as the Anniversary Festival, Summer Jams, International Festival, Juneteenth, Call-A-Bus excursions, art and exercise classes, and outings will be postponed or modified to ensure safe participation by residents and guests. Fortunately, we can continue our teen tutoring and mentoring program, our creative minds program, and youth and teen programs by providing them online. We included funding to support the contracts associated with those vital programs. The conduct and delivery of some of our senior excursions and classes are still being evaluated for programs and techniques which will allow us to expand our reach. We delayed the conduct of the Resident Satisfaction Survey while we continue to expand our volunteer outreach programs.

Police and Public Safety: The City of Hyattsville Police Department continues to explore ways to reduce crime and the fear of crime and improve safety within our community. We will invest in additional CCTV cameras to place in high-density public area and will enhance our focus on education, engagement, and enforcement. In FY20, we were, for the third consecutive year, awarded grant funding to assist the Governor's Office of Crime Control and Prevention to apprehend violent offenders and mitigate gang-related crime. We were informed that the grant will be provided to the County in FY2021, and while this was a loss for the City, we expect to be able to continue our participation.

In support of the President's Task Force on 21st Century Policing we will continue training programs and funding for one of the two additional Community Action Team (CAT) officers will be delayed until mid-year 2021. The CAT team will continue to support citywide volunteer food and supply distribution efforts, expand senior home visits, work with our community to solve short and long-term problems, and support middle and elementary schools, businesses, and neighborhoods. Finally, we once again delayed the implementation of the firearms buy-back program and the video camera partnership until FY2022.

The staff will continue to identify cost savings by leveraging partnerships, securing grants, improving efficiency, and ensuring competitive processes for purchases and vendor selections. We will continue to monitor the COVID-19 current and multi-year impact and introduce more virtual programming and services to meet resident desires and support community needs. The staff will continue to present additional initiatives as we develop a clearer program, operating and financial picture.

In closing, I would like to publicly acknowledge the hard work of the directors and the significant time, effort, and commitment by the City Treasurer, Ron Brooks, and his dedicated staff.

Respectfully,

Tracey E. Douglas
City Administrator