

FISCAL YEAR 2026 PROPOSED BUDGET

FY 2026 GENERAL REVENUE

TAXES

Income Tax

FY25 Budget: \$3.65M FY25 Est. Actual: \$3.43M FY26 Budget: \$3.4M

- **Source:** Per state law, the Town receives 17% of Town residents' Montgomery County income tax liability. The local income tax charged by Montgomery County is 3.2%.
- **Rationale:** The FY26 budget assumes stable income tax revenue. The FY26 figure is an average of income tax revenue over the past 5 years adjusted for a normalized January distribution in 2025.

Highway User Revenue

FY25 Budget: \$153,000 FY25 Est. Actual: \$177,000 FY26 Budget: \$201,000

- **Source:** The Town receives a disbursement from the State based on Town road mileage and the number of registered motor vehicles in the Town.
- **Rationale:** The FY26 budget is based on an estimate from the State Highway Administration.

Real Property Tax

FY25 Budget: \$131,000 FY25 Est. Actual: \$131,000 FY26 Budget: \$131,000

- **Source:** The Town may levy a real property tax that is paid by Town residents to the County and returned to the Town. If the Town levies a real property tax, Montgomery County will provide monies to the Town for savings realized by not providing certain services in Town (see *Montgomery County Tax Duplication Reimbursement*).
- **Rationale:** The Town Council is proposing to lower the real property tax rate from \$0.0084 per \$100 of assessed value in FY25 to \$0.0079 per \$100 of assessed value in FY26. These rates reflect the constant yield tax rate, which is a property tax rate that, when applied to new real estate assessments, will produce the same revenue in the coming taxable year that was produced in the prior taxable year. The FY26 rate is approximately equal to \$79 for each \$1 million in a home's assessed value.

Utility Property Tax

FY25 Budget: \$33,000

FY25 Est. Actual: \$36,000

FY26 Budget: \$36,000

- **Source:** The Town may levy a tax on utility property in the Town. This tax is paid by utility companies, not by Town residents. It is collected by the County and returned to the Town.
- **Rationale:** The Town Council is proposing to maintain a utility property tax of \$0.66 per \$100 of assessed value for FY26.

INTEREST, FINES & COLLECTIONS

Interest Income (Investment Pool)

FY25 Budget: \$600,000

FY25 Est. Actual: \$800,000

FY26 Budget: \$750,000

- **Source:** This account includes interest on money deposited into the Montgomery County Investment Pool.
- **Rationale:** The FY26 budget projects continued significant interest income given prevailing interest rates but reflects some fed rate cuts.

Parking Fines/Meters

FY25 Budget: \$20,000

FY25 Est. Actual: \$14,000

FY26 Budget: \$11,000

- **Source:** This account includes revenue from payments of parking tickets issued by the Montgomery County Police Department and money collected from five parking meters on Willow Lane.
- **Rationale:** The FY26 budget is based on anticipated revenue and the elimination of one metered parking space in FY26 to accommodate the construction of the Capital Crescent Surface Trail Phase 2.

Miscellaneous

FY25 Budget: \$1,000

FY25 Est. Actual: \$3,400

FY26 Budget: \$3,500

- **Source:** This account includes any income that is not included in any other category, including admissions and amusement tax, occasional payments for damages from private contractors, as well as insurance rebates.
- **Rationale:** The FY26 budget is based on FY25 estimated actual receipts.

GRANTS, REIMBURSEMENTS & BANK SHARES

Montgomery County Tax Duplication Reimbursement

FY25 Budget: \$294,000

FY25 Est. Actual: \$267,000

FY26 Budget: \$275,000

- **Source:** If the Town levies a property tax, Montgomery County will provide monies to the Town for savings realized by not providing certain services in Town. In FY22, the Montgomery County Council approved a revised methodology for calculating tax duplication reimbursements. The Town received progressively higher reimbursements as the new methodology was fully phased in through FY25. Annual reimbursement amounts are calculated based on the County's actual service costs for the 3 prior years.
- **Rationale:** The budget is based on the estimated payment amount provided by the County.

American Rescue Plan Act (ARPA) Grant

FY25 Budget: \$739,000

FY25 Est. Actual: \$739,000

FY26 Budget: \$127,000

- **Source:** The Town is the recipient of \$2.49 million in Coronavirus Local Fiscal Recovery Funds under the American Rescue Plan Act (ARPA).
- **Rationale:** To ease the administration and use of the Town's ARPA grant, and as permitted by the final ruling from the U.S. Treasury Department, the Council agreed to expend grant funds for the provision of government services (as designated in the budget) rather than identify and implement special projects to be funded directly by the grant. The Council has approved a plan to spend a portion of ARPA funds on government services each fiscal year from 2022 through 2026 until such funds are fully expended. Since the amount of the grant will offset Town operating expenditures, an equal amount will remain available in the Town reserves to support future special projects, including social, infrastructure, and environmental programs, as well as the Bethesda Market Park project, which were contemplated to be funded with the grant.

State Aid for Police Protection

FY25 Budget: \$45,000

FY25 Est. Actual: \$20,000

FY26 Budget: \$20,000

- **Source:** The account includes State funds to support the operational costs of the Town's off-duty police officers. Annual distributions are calculated according to the previous year's operational costs.
- **Rationale:** The FY26 budget is based on an estimate provided by the State. In FY25, the state reported that it had miscalculated the Town's grant, resulting in a 50% reduction in the grant amount.

Bank Shares

FY25 Budget: \$500

FY25 Est. Actual: \$500

FY26 Budget: \$500

- **Source:** The State of Maryland distributes these funds annually in February. The funds are received by about half of Maryland's cities and towns and represent a hold harmless grant for a discontinued tax in those municipalities where owners of stock from financial institutions resided prior to July 1, 1968.
- **Rationale:** This revenue is regulated by law and remains the same from year to year.

PERMIT FEES & CABLE TV REVENUE

Cable TV Franchise Fees

FY25 Budget: \$33,000

FY25 Est. Actual: \$32,000

FY26 Budget: \$32,000

- **Source:** The Town receives money from Montgomery County as part of the Town's various cable franchise agreements, which are administered by the County.
- **Rationale:** For FY26, the County estimates that the Town will receive \$32,000.

Permit Fees

FY25 Budget: \$20,000

FY25 Est. Actual: \$30,000

FY26 Budget: \$25,000

- **Source:** This account includes all application fees for building and water drainage permits.
- **Rationale:** The FY26 budget is based on anticipated revenue.

Variance Fees

FY25 Budget: \$3,000

FY25 Est. Actual: \$2,400

FY26 Budget: \$2,500

- **Source:** This account includes all application fees for regular and administrative variances.
- **Rationale:** The FY26 budget is based on anticipated revenue.

FY 2026 OPERATING EXPENDITURES

GENERAL GOVERNMENT – SALARIES & BENEFITS

Staff Salaries

FY25 Budget: \$672,000 FY25 Est. Actual: \$672,000 FY26 Budget: \$715,000

- **Purpose:** This account funds salaries for the Town Manager, Special Projects Director, Permitting and Code Enforcement Manager, Administrative Assistant, and Maintenance Manager.
- **Rationale:** The FY26 budget includes funding for 5 full-time staff members. It also includes funds to provide a 3.5% performance step increase and a 2.5% COLA for current staff members, except for the Town Manager who is under contract. The BLS Consumer Price Index, as reported on January 1, 2025, has increased 2.5% over its level as of January 1, 2024. The CPI is for Urban Wage Earners and Clerical Workers (CPI-W) CPI for the Washington, D.C. standard metropolitan statistical area (i.e., the "Washington-Baltimore, DC-MD-VA-WV" area index).

Awards and Bonuses

FY25 Budget: \$125,000 FY25 Est. Actual: \$125,000 FY26 Budget: \$125,000

- **Purpose:** This account funds staff performance awards and bonuses.
- **Rationale:** The FY26 budget is based on anticipated expenditures.

Health/Life Insurance

FY25 Budget: \$100,000 FY25 Est. Actual: \$100,000 FY26 Budget: \$108,000

- **Purpose:** This account funds health and life insurance for the Town's employees through the State of Maryland.
- **Rationale:** The cost of benefits is determined by the State of Maryland. The FY26 budget anticipates a slight increase in premium rates.

Retirement

FY25 Budget: \$66,000 FY25 Est. Actual: \$66,000 FY26 Budget: \$70,000

- **Purpose:** This account funds the Town's participation in two Montgomery County retirement plans: the Retirement Savings Plan (RSP), and the Guaranteed Retirement Income Plan (GRIP).

- **Rationale:** The current employer contribution rate for the RSP is 8%. The rate for the GRIP is 5.9%. The rates are set by Montgomery County.

Payroll Taxes (Social Security, Medicare, Unemployment)

FY25 Budget: \$47,000 FY25 Est. Actual: \$47,000 FY26 Budget: \$50,000

- **Purpose:** This account funds federally mandated Social Security and Medicare programs and state-mandated unemployment insurance for Town staff members.
- **Rationale:** The Town’s portion of Social Security and Medicare costs total 7.65% of employee salaries, estimated bonuses, and overtime. This rate is set by the Federal Government. The Town’s unemployment insurance rate is set by the State of Maryland and is applied to the first \$8,500 of wages paid to each employee during the calendar year.

Workers’ Compensation

FY25 Budget: \$15,000 FY25 Est. Actual: \$9,600 FY26 Budget: \$15,000

- **Purpose:** This account funds workers’ compensation insurance for Town employees (excluding off-duty police officers) through Chesapeake Employers Insurance.
- **Rationale:** Rates are based on payroll figures and the Town’s history of employee injuries.

Overtime

FY25 Budget: \$10,000 FY25 Est. Actual: \$14,000 FY26 Budget: \$12,000

- **Purpose:** This account funds overtime work by Town employees.
- **Rationale:** The FY26 budget is based on an average of past expenditures.

GENERAL GOVERNMENT – PROFESSIONAL SERVICES

Legal Counsel

FY25 Budget: \$125,000 FY25 Est. Actual: \$125,000 FY26 Budget: \$125,000

- **Purpose:** This account funds the Town’s legal representation.
- **Rationale:** The FY26 budget is based on anticipated expenditures and provides funds to retain consultants to advise on proposed County and State legislation.

Accounting Services

FY25 Budget: \$45,000 FY25 Est. Actual: \$40,000 FY26 Budget: \$40,000

- **Purpose:** This account funds a part-time contractor for accounting services.
- **Rationale:** The FY26 budget is based on a contract with an independent accountant.

Civil Engineering/Water Drainage Plan Review

FY25 Budget: \$35,000 FY25 Est. Actual: \$35,000 FY26 Budget: \$35,000

- **Purpose:** This account funds professional services related to water drainage plan review.
- **Rationale:** The FY26 budget is based on anticipated expenditures.

Code Enforcement (Building/Noise)

FY25 Budget: \$25,000 FY25 Est. Actual: \$30,000 FY26 Budget: \$35,000

- **Purpose:** This account funds all Town code enforcement services.
- **Rationale:** The FY26 budget is based on anticipated expenditures.

Land Use/Planning/Development Consultants

FY25 Budget: \$100,000 FY25 Est. Actual: \$10,000 FY26 Budget: \$30,000

- **Purpose:** This account includes funds for professional services related to Corso Chevy Chase redevelopment; Bethesda Market Park redevelopment; Bethesda Downtown Plan implementation; Purple Line mitigation; and Town Code review.
- **Rationale:** The FY26 budget reflects decreased funding from FY25 due to reduced need for professional services.

Election Services

FY25 Budget: \$25,000 FY25 Est. Actual: \$27,000 FY26 Budget: \$29,000

- **Purpose:** This account funds the contract to manage the Town’s annual election.
- **Rationale:** The FY26 budget is based on a contract with the Town’s election service provider.

Audit Services

FY25 Budget: \$15,000 FY25 Est. Actual: \$14,500 FY26 Budget: \$16,000

- **Purpose:** This account funds the annual audit, as required by law.
- **Rationale:** The FY26 budget is based on a contract with the Town’s accounting firm.

GENERAL GOVERNMENT -- CIVIC AFFAIRS & COMMUNITY PROGRAMS

Community/Special Events

FY25 Budget: \$80,000 FY25 Est. Actual: \$80,000 FY26 Budget: \$80,000

- **Purpose:** This account funds Town special/community events and any Council or Committee meeting expenses.
- **Rationale:** The FY26 budget includes funding to continue the Town’s regular events schedule.

Private Canopy Tree Maintenance Program

FY25 Budget: \$45,000 FY25 Est. Actual: \$40,000 FY26 Budget: \$45,000

- **Purpose:** This account provides funds to assist residents in maintaining private canopy trees.
- **Rationale:** The FY26 budget is based on anticipated expenditures.

Private Native Tree Planting Program

FY25 Budget: \$25,000 FY25 Est. Actual: \$25,000 FY26 Budget: \$25,000

- **Purpose:** This account provides funds to plant native trees on private property at the request of homeowners.
- **Rationale:** The FY26 budget is based on FY25 estimated expenditures.

Consulting Water Management Program

FY25 Budget: \$15,000 FY25 Est. Actual: \$11,000 FY26 Budget: \$15,000

- **Purpose:** This account funds the costs of the Town’s consulting engineer to provide recommendations to Town residents on improving water management on their property.

- **Rationale:** The FY26 budget is based on anticipated participation in this program.

Consulting Arborist Program

FY25 Budget: \$10,000 FY25 Est. Actual: \$10,000 FY26 Budget: \$10,000

- **Purpose:** This account funds the costs of the Town’s consulting arborist to provide recommendations to Town residents on private tree pruning and pest management.
- **Rationale:** The FY26 budget is based on past expenditures.

RainScapes Supplemental Rebate Program

FY25 Budget: \$25,000 FY25 Est. Actual: \$7,500 FY26 Budget: \$10,000

- **Purpose:** This account funds the cost of providing residents who complete a County RainScapes project with a supplemental rebate of up to 50% of the County rebate amount, with the total combined rebate limited to 85% of the total cost of the project.
- **Rationale:** The FY26 budget is based on an anticipated reduction in participation levels.

Senior Support Services

FY25 Budget: \$10,000 FY25 Est. Actual: \$10,000 FY26 Budget: \$10,000

- **Purpose:** This account provides funds to the Chevy Chase at Home organization for services to Town seniors.
- **Rationale:** The FY26 budget provides funding for these services.

GENERAL GOVERNMENT – OTHER SERVICES & SUPPLIES

Debt Service Principal (Wynne)

FY25 Budget: \$38,000 FY25 Est. Actual: \$38,000 FY26 Budget: \$38,000

- **Purpose:** The Town owes a debt to the state due to the 2015 U.S. Supreme Court decision that requires a state to provide a local income tax credit to those residents who pay taxes to another state (the “Wynne” decision). The quarterly repayments, which began in May 2021 and will continue over 20 years, amount to \$38,111 per year.
- **Rationale:** The FY26 budget is based on a debt service repayment schedule established by the state.

Dues and Subscriptions

FY25 Budget: \$35,000 FY25 Est. Actual: \$28,000 FY26 Budget: \$30,000

- **Purpose:** This account funds membership dues for municipal associations and professional organizations.
- **Rationale:** The FY26 budget is based on past expenditures.

Printing and Recording

FY25 Budget: \$25,000 FY25 Est. Actual: \$25,000 FY26 Budget: \$25,000

- **Purpose:** This account funds printing costs for Town publications. It also funds meeting recordings and transcripts.
- **Rationale:** The FY26 budget is based on past expenditures.

Insurance (LGIT)

FY25 Budget: \$18,000 FY25 Est. Actual: \$20,000 FY26 Budget: \$23,000

- **Purpose:** This account funds the Town's liability insurance provided through the Local Government Insurance Trust (LGIT).
- **Rationale:** The FY26 budget is based on cost estimates provided by LGIT.

Supplies

FY25 Budget: \$12,000 FY25 Est. Actual: \$12,000 FY26 Budget: \$12,000

- **Purpose:** This account funds paper and office products, refreshments, and supplies.
- **Rationale:** The FY26 budget is based on anticipated expenditures.

Web Hosting and Development

FY25 Budget: \$10,000 FY25 Est. Actual: \$10,000 FY26 Budget: \$11,000

- **Purpose:** This account funds hosting and maintenance of the Town website and municipal code.
- **Rationale:** The FY26 budget is based on anticipated expenditures.

Telephone

FY25 Budget: \$10,000 FY25 Est. Actual: \$10,000 FY26 Budget: \$10,000

- **Purpose:** This account funds office phone lines, cell phones, and internet service.
- **Rationale:** The FY26 budget is based on anticipated expenditures.

Postage

FY25 Budget: \$7,000 FY25 Est. Actual: \$7,000 FY26 Budget: \$7,000

- **Purpose:** This account funds all Town postage, including the Town’s bulk mail permit.
- **Rationale:** The FY26 budget is based on anticipated expenditures.

Payroll Service

FY25 Budget: \$5,000 FY25 Est. Actual: \$5,000 FY26 Budget: \$5,000

- **Purpose:** This account funds the Town’s payroll service.
- **Rationale:** The FY26 budget is based on estimates provided by the payroll company.

Repairs and Maintenance

FY25 Budget: \$5,000 FY25 Est. Actual: \$5,000 FY26 Budget: \$5,000

- **Purpose:** This account funds maintenance of Town office equipment and the generator.
- **Rationale:** The FY26 budget is based on anticipated expenditures.

Unusual Non-Recurring

FY25 Budget: \$4,000 FY25 Est. Actual: \$4,000 FY26 Budget: \$4,000

- **Purpose:** This account funds unexpected items that are not originally budgeted.
- **Rationale:** The FY26 budget is based on past expenditures.

Travel/Meeting Expenses

FY25 Budget: \$3,000 FY25 Est. Actual: \$3,000 FY26 Budget: \$3,000

- **Purpose:** This account funds Council and staff attendance at professional conferences, meetings, and seminars.
- **Rationale:** The FY26 budget is based on anticipated expenditures.

County Tax Collection Service

FY25 Budget: \$2,000 FY25 Est. Actual: \$2,000 FY26 Budget: \$2,000

- **Purpose:** The County assesses a fee to recover administrative costs in collecting and disbursing the Town’s property taxes.
- **Rationale:** The FY26 budget is based on County estimates.

PUBLIC WORKS -- SANITATION & WASTE REMOVAL

Household Trash Collection Contractual Services

FY25 Budget: \$354,500 FY25 Est. Actual: \$354,500 FY26 Budget: \$354,500

- **Purpose:** This account funds the contract for household trash collection.
- **Rationale:** The FY26 budget is based on competitively bid contractual costs.

Bulk Trash Collection (Trash & Treasures) Contractual Services

FY25 Budget: \$11,000 FY25 Est. Actual: \$11,000 FY26 Budget: \$11,000

- **Purpose:** This account funds the Town’s twice-yearly Trash and Treasures collection.
- **Rationale:** The FY26 budget is based on competitively bid contractual costs.

Town Dump Fees – Refuse

FY25 Budget: \$500 FY25 Est. Actual: \$500 FY26 Budget: \$500

- **Purpose:** This account funds the disposal of refuse by the Town’s maintenance crew.
- **Rationale:** The FY26 budget is based on past expenditures.

Recycling Collection Contractual Services

FY25 Budget: \$228,000

FY25 Est. Actual: \$228,000

FY26 Budget: \$228,000

- **Purpose:** This account funds the Town’s single stream recycling program.
- **Rationale:** The FY26 budget is based on competitively bid contractual costs.

Recycling Bins/Carts

FY25 Budget: \$5,000

FY25 Est. Actual: \$0

FY26 Budget: \$5,000

- **Purpose:** This account funds new recycling bins and carts, as needed.
- **Rationale:** The FY26 budget provides funds for new recycling bins.

Leaf Collection Contractual Services

FY25 Budget: \$88,000

FY25 Est. Actual: \$84,000

FY26 Budget: \$150,000

- **Purpose:** This account funds the annual leaf collection and disposal contract.
- **Rationale:** The FY26 budget increases funding for leaf collection given the need to rebid this service for FY26. The new scope of work will include the use of electric blowers and rakes due to the County-wide ban on gas-powered leaf blowers that went into effect in 2025. This will significantly increase the cost of this service.

Household Organic Waste Collection Contractual Services

FY25 Budget: \$76,000

FY25 Est. Actual: \$76,000

FY26 Budget: \$76,000

- **Purpose:** This account funds the Town’s household organic waste collection program.
- **Rationale:** The FY26 budget is based on competitively bid contractual costs.

Composting Bins

FY25 Budget: \$1,000

FY25 Est. Actual: \$500

FY26 Budget: \$1,000

- **Purpose:** This account funds new composting bins, as needed.
- **Rationale:** The Town anticipates purchasing additional composting bins in FY25.

Yard Trash Collection Contractual Services

FY25 Budget: \$63,000 FY25 Est. Actual: \$63,000 FY26 Budget: \$63,000

- **Purpose:** This account funds the Town’s yard trash collection contract.
- **Rationale:** The FY26 budget is based on competitively bid contractual costs.

Town Dump Fees – Yard Trash

FY25 Budget: \$500 FY25 Est. Actual: \$500 FY26 Budget: \$500

- **Purpose:** This account covers dump fees for yard trash taken to the dump by Town staff.
- **Rationale:** The FY26 budget is based on anticipated expenditures.

PUBLIC WORKS – PARKS, GROUNDS & TREES

Tree Maintenance

FY25 Budget: \$150,000 FY25 Est. Actual: \$150,000 FY26 Budget: \$150,000

- **Purpose:** This account funds the Town’s street tree maintenance program.
- **Rationale:** The FY26 budget is based on anticipated expenditures.

Landscaping Services

FY25 Budget: \$95,000 FY25 Est. Actual: \$95,000 FY26 Budget: \$100,000

- **Purpose:** This account funds the Town’s landscaping contract for the maintenance of Town parks and open spaces.
- **Rationale:** The FY26 budget is based on competitively bid contractual costs.

Arborist

FY25 Budget: \$35,000 FY25 Est. Actual: \$37,000 FY26 Budget: \$35,000

- **Purpose:** This account funds the Town’s arborist services, including integrated pest management, preparation of pruning lists, and oversight of the tree maintenance contractor.
- **Rationale:** The FY26 budget is based on projected needs and past expenditures.

Consultants and Engineers

FY25 Budget: \$50,000 FY25 Est. Actual: \$6,000 FY26 Budget: \$15,000

- **Purpose:** This account funds landscape designers, architects, and engineers to assist in improving Town parks and open space.
- **Rationale:** The FY26 budget decreases funding from FY25 given anticipated reduction in need.

Supplies

FY25 Budget: \$10,000 FY25 Est. Actual: \$5,000 FY26 Budget: \$10,000

- **Purpose:** This account funds supplies for parks and grounds, including fertilizer, sod, flower bulbs, grass seed, light fixtures, and landscaping materials.
- **Rationale:** The FY26 budget is based on past expenditures.

Repairs and Maintenance

FY25 Budget: \$5,000 FY25 Est. Actual: \$5,000 FY26 Budget: \$5,000

- **Purpose:** This account funds maintenance of the Town's landscaping equipment. It includes repairs to the trucks, lawn mowers, and watering rig.
- **Rationale:** The FY26 budget is based on past expenditures.

Utilities

FY25 Budget: \$3,000 FY25 Est. Actual: \$5,000 FY26 Budget: \$3,000

- **Purpose:** This account funds utility services that the Town uses in its parks, including rental of WSSC water meters and water usage, and in the Town garage.
- **Rationale:** The FY26 budget is based on anticipated expenditures.

PUBLIC WORKS -- STREETS & ROADS

Sidewalk Snow Removal

FY25 Budget: \$100,000 FY25 Est. Actual: \$80,000 FY26 Budget: \$100,000

- **Purpose:** This account funds the Town’s sidewalk snow removal program in which the Town assists with the clearing of public sidewalks when snow accumulates to 6 inches or more or when conditions warrant.
- **Rationale:** The amount of annual snowfall is unpredictable. The FY26 budget is based on maximum anticipated expenditures.

Street Snow Removal

FY25 Budget: \$50,000 FY25 Est. Actual: \$76,000 FY26 Budget: \$75,000

- **Purpose:** This account funds the contractor that assists the Town crews in clearing snow from Town streets.
- **Rationale:** The FY26 budget is based on FY25 actual expenditures.

Utilities

FY25 Budget: \$38,000 FY25 Est. Actual: \$40,000 FY26 Budget: \$40,000

- **Purpose:** This account funds street light electricity and utilities used at the garage.
- **Rationale:** The FY26 budget is based on past expenditures.

Consultants and Engineers

FY25 Budget: \$50,000 FY25 Est. Actual: \$15,000 FY26 Budget: \$15,000

- **Purpose:** This account funds civil engineers and traffic consultants.
- **Rationale:** The FY26 budget is based on anticipated need.

Street Signs

FY25 Budget: \$7,000 FY25 Est. Actual: \$7,000 FY26 Budget: \$7,000

- **Purpose:** This account funds new street signs.
- **Rationale:** The FY26 budget will allow the Town to continue to replace and maintain street signs.

Repairs and Maintenance

FY25 Budget: \$5,000 FY25 Est. Actual: \$5,000 FY26 Budget: \$5,000

- **Purpose:** This account funds repairs and maintenance of the Town’s trucks and plows.

- **Rationale:** The FY26 budget is based on past expenditures.

Street Sweeping

FY25 Budget: \$5,000 FY25 Est. Actual: \$2,500 FY26 Budget: \$5,000

- **Purpose:** This account funds street sweeping.
- **Rationale:** The FY26 budget is based on contractual costs.

Supplies

FY25 Budget: \$5,000 FY25 Est. Actual: \$3,000 FY26 Budget: \$5,000

- **Purpose:** This account funds supplies for streets and roads, including winter salt and sand, gas, and oil.
- **Rationale:** The FY26 budget is based on past expenditures and anticipated needs.

PUBLIC SAFETY (POLICE)

Salaries

FY25 Budget: \$368,000 FY25 Est. Actual: \$368,000 FY26 Budget: \$548,000

- **Purpose:** This account funds the Town’s off-duty Montgomery County police officers.
- **Rationale:** The FY26 budget provides funding for 16 hour/day (two 8-hour shifts) of off-duty police coverage and for an increase in the number of 4-hour shifts (180 total) to provide additional traffic control during rush hours and around schools within the Town.

Police Management Service

FY25 Budget: \$55,500 FY25 Est. Actual: \$55,500 FY26 Budget: \$83,000

- **Purpose:** This account funds the administrative management of the Town’s off-duty Montgomery County police officers.
- **Rationale:** The FY26 budget reflects an hourly rate increase from \$55 day/\$60 night to \$80 day/\$85 night to remain competitive in recruiting and retaining off-duty officers based on information provided by the police supervisor. This program continues to provide 16 hour/day (two 8-hour shifts) of off-duty police coverage in addition to 180 4-hour shifts to supplement coverage during morning and afternoon rush hours.

Payroll Taxes

FY25 Budget: \$30,000 FY25 Est. Actual: \$30,000 FY26 Budget: \$42,000

- **Purpose:** This account funds the federally mandated Social Security and Medicare programs and state-mandated unemployment insurance for the Town’s off-duty police officers
- **Rationale:** Social Security and Medicare costs total 7.65% of officers’ salaries. This rate is set by the Federal Government. The Town’s unemployment insurance rate is set by the State of Maryland and is applied to the first \$8,500 of wages paid to each off-duty officer during the calendar year.

Workers’ Compensation

FY25 Budget: \$20,000 FY25 Est. Actual: \$13,000 FY26 Budget: \$20,000

- **Purpose:** This account funds workers’ compensation insurance through Chesapeake Employers Insurance.
- **Rationale:** Rates are based on police payroll figures and the Town’s history of employee injuries.

Legal Liability Insurance

FY25 Budget: \$12,000 FY25 Est. Actual: \$12,000 FY26 Budget: \$12,000

- **Purpose:** This account funds the police portion of the Town’s liability insurance provided through the Local Government Insurance Trust (LGIT).
- **Rationale:** The FY26 budget is based on cost estimates provided by LGIT.

FY 2026 CAPITAL EXPENDITURES

STREETS, SIDEWALKS & STORMWATER

Asphalt and Concrete

FY25 Budget: \$425,000 FY25 Est. Actual: \$100,000 FY26 Budget: \$725,000

- **Purpose:** This account funds necessary street and sidewalk work.
- **Rationale:** The Town undertook significant road repaving over the past few years following WSSC water main replacements. The Town intended to repave portions of Leland Street and Woodbine Street in FY25 once the proposed storm drain improvements on Leland Street were completed; however, it is likely that this repaving work will extend into FY26, pending determination whether the storm drain improvements will proceed. This schedule adjustment accounts for lower than anticipated expenditures in FY25 and higher than anticipated expenditures in FY26. The FY26 budget also anticipates new and replacement concrete work, various intersection improvements and potential road widenings, as well as new speed hump installations.

Stormwater Management (Storm Sewers/Stream)

FY25 Budget: \$455,000 FY25 Est. Actual: \$125,000 FY26 Budget (Net): \$0

- **Purpose:** This account funds new storm drains, storm sewers, and stream restoration work.
- **Rationale:** The FY26 budget does not include funds for stormwater management improvements since the Town completed Coquelin Run restoration in FY25. In addition, the County will fund the construction of new storm sewers on Leland Street, pending determination whether these improvements will proceed.

Special Infrastructure Projects

FY25 Budget: \$150,00 FY25 Est. Actual: \$20,000 FY26 Budget: \$0

- **Purpose:** This account funds special infrastructure projects, including
- **Rationale:** The FY26 budget does not include funds for special infrastructure projects since the Town completed the reconfiguration of the East Avenue/Leland Street intersection in FY25 and did not proceed with any improvements to the Valley Place/Meadow Lane intersection.

Street Signs & Street Lights

FY25 Budget: \$55,000 FY25 Est. Actual: \$20,000 FY26 Budget: \$25,000

- **Purpose:** This account funds new street signs and streetlights.
- **Rationale:** The FY26 budget is based on anticipated expenditures.

PARKS, GROUNDS & TREES

Park Improvements

FY25 Budget (Net): \$112,500 FY25 Est. Actual: \$112,500 FY26 Budget (Net): \$50,000

- **Purpose:** This account funds improvements to Town parks and open space.
- **Rationale:** The FY26 budget contemplates potential minor park improvement projects. The Town will complete Zimmerman Park redevelopment in FY25.

New Trees/Reforestation

FY25 Budget: \$25,000 FY25 Est. Actual: \$36,000 FY26 Budget: \$35,000

- **Purpose:** This account funds the Town’s reforestation efforts.
- **Rationale:** The FY26 budget provides funds to plant new street trees.

FACILITIES & EQUIPMENT

Town Office Improvements

FY25 Budget: \$10,000 FY25 Est. Actual: \$10,000 FY26 Budget: \$10,000

- **Purpose:** This account funds Town office improvements.
- **Rationale:** The Town plans to undertake some small office improvements in FY26.

Information Technology

FY25 Budget: \$5,000 FY25 Est. Actual: \$5,000 FY26 Budget: \$8,000

- **Purpose:** This account funds upgrades to the Town’s information technology systems.
- **Rationale:** The Town plans to make minor system enhancements in FY26.

RESTRICTED FUNDS

American Rescue Plan Act (ARPA) Grant

Balance (6/30/25): \$126,908 FY26 Est. Revenue: \$0 FY26 Est. Expenditures: \$126,908

- **Purpose:** The Town is a recipient of \$2.4 million in Coronavirus Local Fiscal Recovery Funds under the American Rescue Plan Act (ARPA).
- **Rationale:** The FY26 budget reflects expenditure of \$127,000 in ARPA grant monies for the provision of government services (as identified in the budget). This will fully draw down the Town's ARPA grant.

Cable TV Improvements – Capital PEG Grants

Balance (6/30/25): \$420,425 FY26 Est. Revenue: \$24,000 FY26 Est. Expenditures: \$2,000

- **Purpose:** As part of the Town's various cable franchise agreement, the Town receives money to be used for cable television facilities and operations.
- **Rationale:** For FY26, the Town anticipates additional upgrades to the audio/visual system in the Town Hall. In FY23, the Town entered into an agreement with Montgomery Municipal Cable (MMC) that provides MMC with the Town's portion of PEG grants restricted for cable television operations in exchange for MMC's assistance with covering Town meetings and events. The Town will retain the portion of PEG funds restricted for cable television capital expenditures.