



Section 5
of the Village of Chevy Chase
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**SECTION 5 OF THE VILLAGE OF CHEVY CHASE
COUNCIL MEETING
Chevy Chase Village Hall
5906 Connecticut Avenue
May 7, 2024
7:30 p.m.**

Agenda

- 1) Greetings and Introductions
- 2) Review and approval April minutes – All
- 3) Chairman's Report
- 4) Resident Comments
- 5) Public Hearing and Action on Charter Amendment 2024-1, to permit exceptions to competitive bidding requirements, and to raise the threshold from \$10,000 to \$15,000
- 6) Public Hearing and Action on Ordinance No. 4-24-2, to adopt the budget for Fiscal Year 2025 – Ashley Kavanaugh
- 7) Residents Vote on Tax Rate
- 8) Manager's Report – Ashley Kavanaugh
- 9) Announcement 2024 Election Result *
- 10) Adjournment

Full copies of Agenda Items 5 and 6 are included in this mailing.

* Since there are only two open Council seats up for election this May, and only two candidates who submitted and declared their nomination for these seats, **there will not be a formal election at the Annual Meeting.** Josh Galper and Emily Strulson will be declared elected at the May meeting.

Josh Galper

3703 Woodbine Street

Josh and his family have lived in Section 5 for 16 years. He joined the Council in 2020 and serves as vice chair. Josh is a founder and partner of the crisis management law firm of Galper & Goldberg LLP and of the strategic and risk advisory consulting firm of Trident DMG LLC. He previously served as general counsel and head of policy for a technology company and, before that, was a partner at Orrick Herrington & Sutcliffe LLP, in Washington, D.C. Josh and his wife, Erin, an estate planning attorney at Birchstone Moore LLC, have three sons, Bennett, Theo, and Nathan. Josh graduated from Yale College and Yale Law School.

Emily Strulson

3801 Underwood Street

Emily Strulson was raised in the Town of Chevy Chase, attended MCPS, and purchased a home with her husband, Sam, in Section 5 in 2012. She is a parent of Isabelle (14) who is enrolled at an independent school and dog mom of Sugar. Emily is a full-time artist and art instructor. Emily's work teaching art for 20 years in public and private schools to include the pre-school at CCUMC, Noar classes at Temple Sinai, and after-school art classes from her home, gives her a unique perspective on our community to serve on the council.

During COVID, Emily partnered with neighbors and instituted **Artists on the Driveway**, a bi-annual event to celebrate artists from diverse ages and backgrounds and bring Section 5 residents together. She recently served a three-year term as Vice President on the board of a local art organization, Ch/Art, is an active leader in Isabelle's Girl Scout Troop, and organizes community events at her school. Emily is concerned about safety in our community. She recently partnered with the Section 5 council to encourage a town council meeting with local law enforcement officials regarding public safety. The meeting was well received by attendees who appreciated the steps everyone could take to increase safety within Section 5.

Emily's lifetime knowledge of the community in conjunction with her background in education, brings a unique perspective to our town council. Her involvement in local events demonstrates a dedication to our community. Emily will continue to organize events to promote community and education for our residents.

MEMORANDUM

TO: Residents of Section 5 of the Village of Chevy Chase

FROM: Ashley Kavanaugh, Town Manager

RE: Annual Financial Report

DATE: April 16, 2024

SUMMARY

I am pleased to submit this report and the attached financial information for your review. I have attempted to present all relevant data concerning Section 5's most recently completed, current, and upcoming fiscal years. For FY 2024 (beginning July 1, 2024 and ending June 30, 2025) the Town Council recommends:

1. A budget of \$869,900 in expenditures with projected revenues of \$54,901.
2. That the Section 5 property tax rate remain at \$0.00 per \$100 of assessed property value.

Important note: As part of the American Rescue Plan Act (ARPA) Coronavirus Local Fiscal Recovery Fund, Section 5 received two separate allocations of \$213,852 in 2022 and 2021 from the Federal Government. These funds total \$427,704 and must be allocated for use no later than December 2024 and spent by December 2026. In FY 2024, Section 5 allocated \$180,000 of the ARPA funds to be used to pay our Section 5 police officer salaries and annual trash contract. For FY 2025, police salaries will again be paid using ARPA funds. The remainder of the funds (approximately \$157,000) will be used to fund a proposed sidewalk and street maintenance project on Leland Court. Once ARPA funds are exhausted, prior year fund revenue will be used. We have set aside \$200,000 of prior year funding (from our reserves which includes the ARPA funds) for this purpose. This is noted in the proposed budget for FY 2025 under miscellaneous income.

See next pages for detailed financial statements. The budget contemplates routine revenues and expenditures and is premised on the Council's proposal that residents vote to maintain the property tax at \$0.00 per \$100 of assessed property value. The vote on the property tax rate occurs at the May 7 Annual Meeting by the residents in attendance.

To date in FY 2024, Section 5 has received \$554,122 in State income tax revenue and will receive another distribution from the State of Maryland in May for approximately \$168,640 consistent with the amount received this past February. In June there will be another distribution of approximately \$100,000. The June total is traditionally 60% of the May amount, plus a minimal one-time distribution associated with unallocated receipts. Essentially, the Section is guaranteed to receive at least \$820,000 in income tax revenue this year. Given this level of revenues for FY 2024, Section 5 expects to end the year with a surplus, which may be used to provide a credit on residents' County real estate taxes. The decision concerning this credit will be made at the June 11 Council meeting, by which time the Council will know the total revenues for FY 2024. The Council will thereafter notify the residents by mail about the tax credit.

The Council and I will be available to discuss the Financial Report, the proposed FY 2025 Budget, and the property tax rate at the Annual Meeting on May 7, 2024. Residents with questions should also feel free to call or email the Town Manager, Ashley Kavanaugh, 301-986-5481 or manager@chevychase5.org in advance of the meeting.

Ordinary Income/Expense	FY 2025	FY 2024		FY 2023	FY 2022	FY 2021	3 year average	FY 2024 YE Projection
	Proposed Budget	YTD Actual	Approved Budget	Actual	Actual	Actual		
	Jul '24 - Jun '25	Jul '23 - Mar '24	Jul '23 - Jun '24	Jul '22 - Jun '23	Jul '21 - Jun '22	Jul '20 - Jun '21		
Income								
OPERATING REVENUE								
Income Tax (a)	675,000	554,122	650,000	1,212,077	718,646	718,894	883,205	820,000
Wynne Liability (b)	(5,078)	(2,539)	(5,078)	(5,078)	(5,078)	(2,539)		(5,078)
Highway User Revenue (c)	34,879	19,035	29,936	25,109	24,765	21,599	23,824	30,197
Miscellaneous Income								
Building Application Fees	1,000	2,300	1,000	900	450	1,800	1,050	3,000
Cable TV Franchise Fees (d)	9,000	4,007	8,500	9,560	9,977	7,806	9,114	8,500
Use of Prior Year Funding including ARPA (e)	200,000			-	-	-	-	-
Total Miscellaneous Income	210,000	6,307	9,500	10,460	10,427	9,606	10,164	11,500
Total OPERATING REVENUE	914,801	576,924	684,357	1,242,567	748,759	747,559	839,016	856,619
NON-OPERATING REVENUE								
Investment & Interest Income	10,000	7,385	4,000	12,608	3,925	8,653	8,395	10,000
Total NON-OPERATING REVENUE	10,000	7,385	4,000	12,608	3,925	8,653	8,395	10,000
Total Income	924,801	584,309	688,357	1,255,175	752,684	756,212	858,399	866,619

Notes on Section 5 Income

(a) Municipalities receive 17% of each resident's state income tax. For example, if a Section 5 resident pays the State of Maryland \$1,000 income tax, Section 5 will receive \$170. The proposed figures are based on past receipts and state estimates. The income tax revenue varies greatly from year to year. Because of this, the Council has budgeted for conservative revenue numbers. A portion of the excess income may be used to provide a real estate tax credit.

(b) Explanation of the Wynne Liability. In 2015, the United States Supreme Court issued a ruling in the case of Comptroller of the Treasury of Maryland v. Wynne. The State of Maryland imposed both a state income tax and a county income tax on its residents. Maryland allowed a credit for tax paid to another state to be applied to any state income tax liability. However, the state did not allow that same out-of-state tax credit to be applied to any county tax liability. The Court found that this practice could lead to double taxation. As a result, Maryland changed its practice and is refunding money to taxpayers whose out-of-state tax credits were not properly applied to any county income tax liability. Originally, the State set a schedule for 20 deductions to begin in May 2021. The State then changed the scheduled to 80 payments to begin in May 2021 and end in February 2041.

(c) The State provides funds to Section 5 to assist in the maintenance of its roads.

(d) Each municipality receives a 3% share of the money paid to Comcast, Verizon, and RCN as part of an agreement negotiated by the County.

(e) See Budget Memo – *Important Note* – for full details.

Expense	FY 2025	FY 2024		FY 2023	FY 2022	FY 2021	3 year average	FY 2024 YE Projection
	Proposed Budget	YTD Actual	Approved Budget	Actual	Actual	Actual		
	Jul '24 - Jun '25	Jul '23 - Mar '24	Jul '23 - Jun '24	Jul '22 - Jun '23	Jul '21 - Jun '22	Jul '20 - Jun '21		
OPERATING EXPENSES								-
MAINTENANCE AND SERVICES								-
Composting	15,600	11,829	15,600	13,315	14,370	8,526	12,070	15,000
Landscaping	9,950	7,770	9,950	9,815	10,984	9,552	10,117	9,900
Leaf Removal	23,000	13,480	23,500	24,829	19,886	11,025	18,580	15,000
Police Officer Salaries and PR Tax (f)	90,000	67,701	80,000	78,862	71,650	70,387	73,633	86,421
Snow Removal & Sanding	30,000	14,895	30,000	720	18,315	24,685	14,573	16,000
Street Lighting	11,000	8,954	11,000	11,229	10,035	9,763	10,342	11,000
Streets and Sidewalks	265,000	9,534	40,000	-	8,950	8,675	5,875	16,000
Town Maintenance - Other	8,000	3,792	8,000	2,318	1,441	1,105	1,621	6,000
Trash and Recycle	100,000	71,916	100,000	91,154	77,255	72,390	80,266	100,000
Tree Work - Right of Way (g)	55,000	33,960	55,000	51,562	103,473	65,570	73,535	45,000
Total Maintenance & Services	607,550	243,830	373,050	283,803	336,359	281,678	265,522	320,321
Residents' Tax Rebate		(700)		159,600	159,600	159,600	159,600	-
Total OPERATING EXPENSE	607,550	243,130	373,050	443,403	495,959	441,278	425,122	320,321
ADMINISTRATIVE EXPENSES								-
Community Activities								-
Community - Other	12,000	476	12,000	11,605	10,123	10,340	10,689	12,000
Gratuities								
Holiday Gratuities	10,000	9,600	8,000	8,200	11,500	4,900	8,200	9,600
Total Gratuities	10,000	9,600	8,000	8,200	11,500	4,900	8,200	9,600
Fall Block Party	17,500	15,695	17,500	16,790	15,428	-	15,021	15,695
4th of July	17,000	15,711	15,000	18,477	9,560	6,219	11,419	17,000
Total Community Activities	56,500	41,483	52,500	55,072	46,611	21,459	45,329	54,295
Dues, Mtg's & Membership								-
MML Annual Dues	3,500	3,410	3,400	3,256	3,215	3,172	3,214	3,410
MML Mtg's and Convention	1,000		1,000	-	-	-	-	-
Total Dues, Mtg's & Membership	4,500	3,410	4,400	3,256	3,215	3,172	3,214	3,410
Office & Administration								
Bank Charges	200	-	200	120	-	108	135	-
Insurance	7,100	2,827	7,100	7,025	5,960	6,077	6,354	6,500
Office Supplies	3,000	1,177	3,000	793	769	743	768	2,500
Printing	6,000	4,792	5,500	5,772	4,604	5,395	5,257	6,000
Storage	2,000	1,072	2,000	1,068	-	-	356	2,000
Telephone	1,050	741	1,050	1,057	966	889	971	1,050
Website and Computer	5,000	5,334	3,000	3,349	2,208	2,677	2,744	7,000
Total Office & Administration	24,350	15,943	21,850	19,183	14,507	15,888	16,585	25,050
Personnel & Admin. Expenses								
Managerial Salaries	93,000	72,489	87,650	91,314	89,576	82,825	87,905	90,173
Manager PR Taxes & PR Fees	9,000	6,488	9,000	8,900	8,019	7,461	8,127	8,600
Total Personnel & Admin. Expenses	102,000	78,977	96,650	100,214	97,595	90,286	96,032	98,773

	FY 2025	FY 2024		FY 2023	FY 2022	FY 2021	3 year average	FY 2024 YE Projection
	Proposed Budget	YTD Actual	Approved Budget	Actual	Actual	Actual		
	Jul '24 - Jun '25	Jul '23 - Mar '24	Jul '23 - Jun '24	Jul '22 - Jun '23	Jul '21 - Jun '22	Jul '20 - Jun '21		
Professional Fees								
Accounting	14,000	10,469	14,000	12,229	11,595	10,082	11,302	12,000
Building Inspector	30,000	22,500	15,000	16,045	5,051	6,998	9,364	31,000
Legal	25,000	42,324	15,000	50,618	4,852	3,397	19,622	46,000
Professional Fees - Other	6,000	2,198	6,000	1,089	1,720	1,105	1,305	4,000
Total Professional Fees	75,000	77,491	50,000	79,980	23,218	21,582	41,593	93,000
Total ADMINISTRATIVE EXPENSES	262,350	217,304	225,400	257,706	185,145	152,387	164,756	274,528
CAPITAL EXPENSES								
Total CAPITAL EXPENSES	-	-	-	-	-	-	-	-
Total Expense	869,900	460,434	598,450	701,109	681,104	593,666	589,878	594,849
Net Ordinary Income	54,901	123,875	89,907	554,066	71,580	162,546	268,521	271,770
Net Income	-	-	-	-	-	-	-	-
	54,901	123,875	89,907	554,066	71,580	162,546	268,521	271,770

1 Funds set aside for future
Capital Improvement Projects

30,000 30,000 30,000 30,000 30,000 30,000

2 ARPA Funds Received from the State

213,852 213,852

Note: - FY 24 Police Salaries and Trash Contract were obligated to be paid with ARPA funds.

FY 25 Police Salaries to be paid for with ARPA funds, as well as FY 25 proposed sidewalk and street projects. Once ARPA funds are exhausted, prior year fund revenues will be used.

Notes on Section 5 Expenses

(f) The Section employs two off-duty police officers to work exclusively in Section 5 for a combined total of 20 hours per week. The officers are part-time employees of Section 5. This category also includes their payroll taxes.

(g) The Tree Work – Right of Way category includes costs associated with the regular pruning and maintenance of the ROW trees, the Section’s Free Tree Program, and the fees for our consulting arborist.

**Section 5 of the Village of Chevy Chase
Budget and Tax Rate Ordinance**

Resolution No.: 4-24-2
Introduced: 4/9/24
Adopted: 5/7/24
Effective Date: 7/1/24

SUBJECT: AN ORDINANCE TO ADOPT A BUDGET FOR FISCAL YEAR JULY 1, 2024 TO JUNE 30, 2025 AND TO SET TAX RATES ON REAL, PERSONAL, AND UTILITY PROPERTY UNDER THE PROVISIONS OF SECTION 6-203 OF THE TAX-PROPERTY ARTICLE OF THE MARYLAND CODE, AS AMENDED

WHEREAS, Maryland Code, Local Government Article, Section 5-202, as amended, grants to the legislative body of every incorporated municipality in Maryland general power to pass such ordinances not contrary to the Constitution of Maryland, or the public general law, as deemed necessary in order to assure the good government of the municipality, to protect and preserve the municipality's rights, property, and privileges, to preserve peace and good order, to secure persons and property from danger and destruction, and to protect the health, comfort and convenience of the citizens of the municipality;

WHEREAS, Maryland Code, Local Government Article, Section 5-205, as amended, authorizes the legislative body of each municipal corporation in the State of Maryland to spend money for any public purpose and to affect the safety, health, and general welfare of the municipality and its occupants;

WHEREAS, Maryland Code, Tax-Property Article, Section 6-203, as amended, grants authority to municipal corporations to levy a tax on personal property, land, and improvements thereon, within the municipal corporation;

WHEREAS, Section 501 of the Section 5 of the Village of Chevy Chase Charter authorizes the Section 5 Council to pass ordinances as it may deem necessary for the preservation of Section 5's property, rights, and privileges; for the preservation of peace and good order; for securing persons and property from violence, danger, or destruction; and for the protection and promotion of the health, safety, comfort, convenience, welfare, and happiness of the residents of and visitors in Section 5;

WHEREAS, pursuant to Section 601 of the Section 5 Charter, the Village operates on an annual budget;

WHEREAS, the Village Council introduced the following Ordinance in public session assembled on the 9th day of April, 2024;

WHEREAS, the Village Council, after proper notice to the public, considered the following Ordinance at a public hearing held on the 7th day of May, 2024; and

WHEREAS, the Village Council finds that the ordinance as hereinafter set forth is necessary for the good government of the Village; for the protection and preservation the Village's property, rights, and privileges; for the preservation of peace and good order; for securing persons and property from violence, danger, or destruction; and for the protection and promotion of the health, safety, comfort, convenience, welfare, and happiness of the residents of the Village and visitors thereto and sojourners therein.

NOW, THEREFORE, the Village Council does hereby adopt the foregoing uncodified Ordinance.

BE IT ORDAINED AND ORDERED, this 7th day of May, 2024, by the Village Council, acting under and by virtue of the authority given it by the Maryland Code and the Section 5 Charter, that the attached Budget be and is hereby adopted.

AND BE IT FURTHER ORDAINED AND ORDERED, that the Village Council of Section 5 of the Village of Chevy Chase, pursuant to the authority granted by the Section 5 Charter and Section 6-203 of the Tax-Property Article of the Maryland Code, hereby levies a tax at the following rates:

- (i) zero dollars and zero cents (\$0.00) per One Hundred Dollars of assessable value (fair market value) on real property subject to taxation;
- (ii) zero dollars and zero cents (\$0.00) per One Hundred Dollars of assessed value of assessable business-owned personal property subject to taxation; and
- (iii) zero dollars and zero cents (\$0.00) per One Hundred Dollars of assessed value of assessable utility property subject to taxation.

AND BE IT FURTHER ORDAINED AND ORDERED, by the Village Council, acting under and by virtue of the authority granted to it by the Maryland Code, and the Section 5 Charter, that:

- (1) That the tax levied hereby be certified to the County Council for Montgomery County, Maryland;
- (2) If any part or provision of this Ordinance is declared by a court of competent jurisdiction to be invalid, the part or provision held to be invalid shall not affect the validity of the Ordinance as a whole or any remaining part thereof; and
- (3) This Ordinance shall take effect on the 1st day of July, 2024.

ATTEST:

SECTION 5 OF THE VILLAGE
OF CHEVY CHASE

Sean Downey, Council Member

Greg Chernack, Chair

Charter Amendment No.: 2024-1
Resolution No.: 4-24-1
Introduced: 4/9/24
Adopted: 5/7/24
Effective Date: 6/26/24

VILLAGE COUNCIL OF SECTION 5 OF THE VILLAGE OF CHEVY CHASE

A RESOLUTION TO AMEND SECTION 701 OF THE CHARTER OF SECTION 5 OF THE VILLAGE OF CHEVY CHASE

This Resolution of the Council of Section 5 of the Village of Chevy Chase (the “Council”) is adopted pursuant to the Constitution of Maryland, Article XI-E, the Maryland Code, Local Government Article, Section 4-301, et seq., and the Charter of Section 5 of the Village of Chevy Chase (the “Village Charter”), to amend Section 701 of the Village Charter to permit single source, emergency, and other limited procurements for materials and work without having first invited competitive bids, and to raise the competitive bidding threshold from \$10,000 to \$15,000, or the amount for which publication of notice of procurement is required by Maryland law, whichever is greater.

Section 1. BE IT RESOLVED BY THE VILLAGE COUNCIL, that Section 701 of the Village Charter be amended to read as follows:

Section 701. Contractual Authority

The Council shall not contract for material or work in a sum exceeding [10 Thousand Dollars (\$10,000.00)] Fifteen Thousand Dollars (\$15,000.00), or the amount for which publication of notice of procurement is required by Maryland law, whichever is greater, without having first invited bids for the same, after which the Council may purchase such material or contract for such work or have such work done by employed labor or otherwise as it deems best. No Council member shall sell supplies of any kind in Section 5 or contract in any manner with the Council.

Notwithstanding any other provision of this Charter to the contrary, the Council may contract for material or work without having first invited bids for the same if the contract award serves a public purpose and: (1) there is only one source for the required material or work which can meet the needs of Section 5; (2) the contract is in connection with potential or pending litigation, condemnation, or collective bargaining; (3) a proposed contractor or subcontractor has been specifically identified in a grant accepted by Section 5; (4) a proposed contractor or subcontractor has been selected through a competitive bidding process undertaken by another state, county, or municipality, or cooperatively with Section 5, and substantially similar terms are offered to Section 5; (5) the services are professional in nature, including but not limited to, accounting, architecture, auditing, engineering, legal, or surveying services; or (6) there exists a threat

to public health, safety, or welfare or where delay would seriously injure Section 5 financially or otherwise.

Annotation – On June 11, 2002 Section 701 was amended by deleting “5 Thousand Dollars (\$5,000) and inserting 10 Thousand Dollars (\$10,000)

NOTE: Underlining indicates language added to the Charter
[**Boldface Brackets**] denote language deleted from the Charter

Section 2. AND BE IT FURTHER RESOLVED, that the date of the adoption of this Resolution is May 7, 2024, which is at least twenty-one (21) days after introduction according to Maryland Code, Local Government Article, Section 4-304, and that the Amendment to the Charter hereby proposed by this enactment shall be and become effective on June 26, 2024, which is at least fifty (50) days after adoption as required by Maryland Code, Local Government Article, Section 4-304, unless a proper petition for a referendum hereon shall be filed as permitted by law, forty (40) days from adoption.

Section 3. AND BE IT FURTHER RESOLVED, that a complete and exact copy of this Resolution shall be posted at the Chevy Chase Village Office (where Section 5 holds its meetings), 5906 Connecticut Avenue, Chevy Chase, Maryland 20815 for at least forty (40) days following adoption and a fair summary of this Resolution shall be published in a newspaper of general circulation in the Village one (1) time, and delivering a copy of a fair summary by hand or by mail once to every residence in the Village, which delivery may be accomplished by including a fair summary in a printed newsletter or any other regular municipal publication.

Section 4. AND BE IT FURTHER RESOLVED, that as soon as the Charter Amendment hereby enacted shall become effective, either as herein provided or following a referendum, the Chair shall send, by certified mail, return receipt requested, bearing a postmark from the United States Postal Service, to the Department of Legislative Services, the following information concerning the Charter Amendment: (1) the complete text of this Amendment to the Village Charter as hereby enacted; (2) the date of the referendum election, if any, held with respect thereto; (3) the number of votes cast for and against the question concerning the Charter Amendment, whether by the Village Council or in a referendum; and (4) the effective date of the Charter Amendment.

Section 5. AND BE IT FURTHER RESOLVED, that the Chair be and is hereby specifically enjoined and instructed to carry out the provisions of Sections 3 and 4. As evidence of compliance herewith, the said Chair shall cause to be placed in the Village files (1) an appropriate certificate of publication of the newspaper in which a fair summary of this Resolution shall have been published and (2) a copy of the newsletter or other notice to residents, and shall further complete and execute the Certificate of Effect attached hereto.

Greg Chernack, Chair

Attest:

I hereby attest that the above Resolution was duly adopted by the Village Council at a regular meeting held on May 7, 2024.

Ashley Kavanaugh, Manager