



## Takoma Park City Council Meeting – May 12, 2021 Agenda Items 1, 2, 3

### **Voting Session**

First Reading Ordinances Adopting the Fiscal Year 2022 Tax Rates and Budget

### **Recommended Council Action**

Approve the budget ordinances at First Reading

### **Context with Key Issues**

The City's new fiscal year begins July 1, 2021. In accordance with Article VIII of the Charter of the City of Takoma Park, the City Manager prepared a proposed budget for consideration by the City Council. On April 7, 2021, the City Manager provided the City Council and the public with an overview of the recommended budget for Fiscal Year 2022. Public hearings were held on April 14 and April 28, 2021.

The proposed budget for Fiscal Year 2022 accounts for the City's financial activities in four major funds or fiscal entities. They are the General Fund, the Stormwater Management Fund, the Special Revenue Funds, and the Speed Camera Fund. The City Council held a series of budget work sessions to consider the various budget elements and to identify desired modifications. Decisions on the Council's reconciliation list items were made on May 3, 2021.

The total expenditures for the proposed budget are \$38,429,647, while total revenues are \$35,947,529.

The budget advances the following established priorities of the City Council:

- Mitigate the Impact of COVID-19 on the Community and City Operations
- A Livable Community For All
- Fiscally Sustainable Government
- Environmentally Sustainable Community
- Engaged, Responsive & Service-oriented Government
- Community Development for an Improved and Equitable Quality of Life

With adoption of this budget, the City's real property tax rate will be set at 53.97 cents (per \$100 of assessed value), which is the same as the Fiscal Year 2021 rate of 53.97 cents. The rate is above the Constant Yield Tax Rate of 52.95 cents as calculated by the Maryland Department of Assessments and Taxation. The adopted tax rate is higher than the Constant Yield Tax Rate by 1.02 cents and represents an increase in real property tax revenue of \$263,028. The adopted tax rate for FY 2022 will result in an increase in property tax revenues in the amount of \$368,705 over the adopted FY 2021 amount, an increase of 2.72 percent.

The tax rate of 53.97 cents per \$100 of assessed value is less than the Constant Yield Tax Rate increased by the ECI rate of 2.3% by 0.198 cents, or \$51,574. The ECI is the Bureau of Labor Statistics State and Local Government Employment Cost Index for wages and benefits as of December 2020.

The amount of expected FY 2022 real property tax revenue is \$13,917,270. This amount is the same as the amount that would be generated by multiplying the assessable base of \$2,578,704,873 by the tax rate.

Changes made to the City Manager's proposed budget by the Council are:

- A reduction of 1.03 cents in the proposed real property tax rate of 55.00, taking the rate to 53.97 cents (per \$100 of assessed value)
- Decreases in personnel expenditures including police fringe and pension
- Savings in Community Legacy Loan debt service
- Elimination of the Council Priority Set-Aside in the non-departmental budget
- Elimination of capital outlay for the unidentified housing project
- Elimination of funds for duplicate capital funding for neighborhood improvements
- An increase in funding for Re-imagining Public Safety Task Force
- An increase in funding for flooding and stormwater engineering work on private property
- An increase in funding for tree canopy pilot program
- An increase in funding for building benchmarking study
- An increase in funding for Heffner Community Center plaque and Jackson-Boyd Park sign
- An increase in funding for Community Ambassadors/Navigators program
- An increase in funding for Racial Equity Coordination and Community Engagement work
- An increase in funding for economic development support
- An increase in funding for library services

There will be new calculation to the Stormwater Management Fee for both commercial and single-family residential properties for FY 2022. The new base unit is 500 square feet, which is more equitable for all property owners and provides an ongoing benefit to those properties that have less impervious surface area.

Attached are the three budget ordinances for consideration at First Reading. Second Reading will be held on May 19, 2021.

Differences in revenue and expenditure amounts from those discussed during the Council's May 3 reconciliation are due to small adjustments to the Contingency account and other funds calculated from certain totals.

The budget ordinances are:

- Ordinance Adopting the FY 2022 Tax Rates
- Ordinance Adopting the FY 2022 Stormwater Management Budget

- Ordinance Adopting the FY 2022 Budget

### **Council Priority**

- Mitigate the Impact of COVID-19 on the Community and City Operations
- A Livable Community For All
- Fiscally Sustainable Government
- Environmentally Sustainable Community
- Engaged, Responsive & Service-oriented Government
- Community Development for an Improved and Equitable Quality of Life

### **Environmental Considerations**

The proposed budget includes substantial continued investment in improving the environment, including but not limited to: \$908,126 for stormwater system improvements, funds for library renovation and expansion meeting green building standards, engineering work related to flooding on private property, a tree canopy pilot program, and funding for a building benchmarking study.

### **Fiscal Considerations**

Combined revenues for all funds for Fiscal Year 2022 are projected to be \$35,947,529.

- General Fund revenues total \$27,139,274.
- Stormwater Management Fund revenues total \$704,500.
- Special Revenue Fund revenues total \$7,302,755.
- Speed Camera Fund revenues total \$801,000.

The budget provides for total expenditures (all funds) of \$38,429,647.

- General Fund expenditures total \$35,401,249.
- Stormwater Management Fund expenditures total \$908,126.
- Special Revenue Fund expenditures total \$1,245,510.
- Speed Camera Fund expenditures total \$874,762.

The contribution to the Equipment Replacement Reserve will be \$700,000, and the contribution to the Housing Reserve will be \$229,000. Fund balance (all funds) will decrease by \$2,482,118. The total Capital Improvement Program (CIP) budget is \$7,619,002.

### **Racial Equity Considerations**

Some future proposed expenditures, including those from the federal funding of American Rescue Plan Act (ARPA) funds and the Racial Equity Coordination/Community Engagement Work, help address racial equity in Takoma Park. The residents and business owners most impacted by the pandemic are disproportionately people of color. Renovation and expansion of the Library will allow for increased access to books, resources and programming for residents of Ward 4 (85.1% people of color, per the 2010 Census) and other residents.

### **Attachments and Links**

- Ordinance Adopting the FY 2022 Tax Rates
- Ordinance Adopting the FY 2022 Stormwater Management Budget

- Ordinance Adopting the FY 2022 Budget
- Attachments, including lists of changes from the proposed budget and the resulting modified fund summaries
- The FY 2022 Proposed Budget is posted on the City's Website at:  
<https://takomaparkmd.gov/government/finance/budgets-and-financial-documents/>.