



Takoma Park City Council Meeting – May 10, 2023 Agenda Items 1, 2, 3

Voting Session

First Reading Ordinances Adopting the Fiscal Year 2024 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, 2023. In accordance with Article VIII of the Charter of the City of Takoma Park, the City Manager prepared a proposed Fiscal Year 2024 budget for consideration by the City Council. On April 12, 2023, the Acting Deputy City Manager provided the City Council and the public with an overview of the recommended budget for Fiscal Year 2024. Public hearings were held on April 19 and May 1, 2023.

The proposed budget for Fiscal Year 2024 accounts for the City's financial activities in five major funds or fiscal entities. They are the General Fund, the Stormwater Management Fund, the Special Revenue Funds, the Speed Camera Fund and the American Rescue Plan Act (ARPA) 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, 2023.

The total expenditures for the proposed budget are \$43,863,733, while total revenues are \$33,866,144.

The budget advances the following priorities of the City Council which was adopted on April 12:

- Advancing a Community of Belonging
- 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 55.22 cents (per \$100 of assessed value), which is above the Fiscal Year 2023 rate of 53.97 cents. The rate is above the Constant Yield Tax Rate of 51.83 cents as calculated by the Maryland Department of Assessments and Taxation. The adopted tax rate is higher than the Constant Yield Tax Rate by 3.39 cents and represents an increase in real property tax revenue of \$947,570. The adopted tax rate for FY 2024 will result in an increase in property tax revenues in the amount of \$1,029,079 over the adopted FY 2023 amount, an increase of 7.13 percent.

The amount of expected FY 2024 real property tax revenue is \$15,454,894. This amount is the same as the amount that would be generated by multiplying the assessable base of \$2,798,767,009 by the tax rate (with the rounding difference of \$103).

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

- A reduction of 1.83 cents in the proposed real property tax rate of 57.05, taking the rate to 55.22 cents (per \$100 of assessed value)
- An increase of General Fund revenue for additional transfer from Tree Fund
- An increase of some Tax Duplication payment by 2%
- Decreases in General Funds for Sustainability Program Cost and Personnel Cost
- An increase of General Funds for Snacks for Recreation Department Volunteers
- A decrease of General Funds for the Transit and Pedestrian Projects
- An increase of General Funds for the Salary and Fringe Benefits of the Grant Coordinator Position
- An increase of General Funds for the Tax Rebate Incentive Program
- A decrease of General Funds for the Bike Improvement Project (funded by ARPA)
- A decrease of General Funds for the Metro Branch Trail City Match (funded by ARPA)
- A decrease of General Funds for the Maple Ave Connectivity Project City Match (funded by ARPA)
- A decrease of General Funds for the New Hampshire Ave Project City Match (funded by ARPA)
- A decrease of General Funds for the Neighborhood Commercial Center Improvement Project (funded by ARPA)
- A decrease of General Funds for the Mobile Computer (funded by Speed Camera Fund)
- A decrease of General Funds for the Field Radio Equipment (funded by Speed Camera Fund)
- A decrease of the Public Space Management Plan Implementation
- A decrease of the Work Order System Project (double-counted)
- A decrease of personnel cost by placing a six-month hold on the Policy & Data Analyst Position
- A decrease of personnel cost by placing a six-month hold on the Building Maintenance Specialist Position
- A decrease of personnel cost by placing a six-month hold on the Licensing Specialist Position

Differences in revenue and expenditure amounts from those discussed during the Council's May 3 reconciliation are due to small adjustments to the General Contingency account from the expenditure total.

Attached are the three budget ordinances for consideration at First Reading on May 10 and the Second Reading on May 17, 2023.

The budget ordinances are:

- Ordinance Adopting the FY 2024 Tax Rates
- Ordinance Adopting the FY 2024 Stormwater Management Budget
- Ordinance Adopting the FY 2024 Budget

Council Priority

The proposed budget will advance all five of the City Council's priorities:

- Advancing a Community of Belonging
- 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 funding for stormwater system improvements and funds for library renovation to LEED standards.

Fiscal Considerations

Combined revenues for all funds for Fiscal Year 2024 are projected to be \$33,866,144.

- General Fund revenues total \$29,021,811.
- Stormwater Management Fund revenues total \$778,000.
- Special Revenue Fund revenues total \$1,914,233.
- Speed Camera Fund revenues total \$2,151,000.
- ARPA Fund revenues total \$1,100.

The budget provides for total expenditures (all funds) of \$43,863,733.

- General Fund expenditures total \$31,294,353.
- Stormwater Management Fund expenditures total \$781,781.
- Special Revenue Fund expenditures total \$2,119,471.
- Speed Camera Fund expenditures total \$1,725,682.
- ARPA Fund expenditures total \$7,942,446.

The contribution to the Equipment Replacement Reserve will be \$550,000, the contribution to the Housing Reserve will be \$200,000 and the contribution to Emergency Reserve will be \$50,000. Fund balance (all funds) will decrease by \$9,997,589. The total Capital Improvement Program (CIP) budget is \$8,639,034.

Racial Equity Considerations

Some adopted expenditures, particularly the projects covered by the federal funding of American Rescue Plan Act (ARPA) funds, help address racial equity in Takoma Park. The residents and business owners most impacted by the pandemic are disproportionately people of color, and the City's ARPA spending plan will provide many different forms of assistance to promote residents' recovery from the pandemic. As one example, the City will continue to implement the Direct Cash Assistance Program for low-income families in FY 2024. As another example, 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 2020 Census) and other residents.

Attachments and Links

- Ordinance Adopting the FY 2024 Tax Rates
- Ordinance Adopting the FY 2024 Stormwater Management Budget
- Ordinance Adopting the FY 2024 Budget
- Attachments, including lists of changes from the proposed budget and the resulting modified fund summaries and Capital Improvement Program
- The FY 2023 Proposed Budget is posted on the City's Website at:
<https://takomaparkmd.gov/government/finance/budgets-and-financial-documents/>.