



Takoma Park City Council Meeting – May 29, 2024 Agenda Item 1

Voting Session

Resolution Establishing Policy Objectives Associated with the Fiscal Year 2026 Budget

Recommended Council Action

Adopt the proposed resolution.

Context with Key Issues

Establishing a long-term fiscal sustainability strategy for the City is a priority goal in the City Council's 2023-4 Council priorities. The City is still recovering from the fiscal and other impacts of the COVID-19 pandemic. City Council has received reports and presentations on a 10-year financial forecast and the City's fiscal health. The City Council, after adopting the FY24 budget, also adopted Resolution 2023-40 identifying some fiscal and budget policy objectives for further review, and created a short-term Council working group to begin exploring them.

The City Council has adopted the Fiscal Year 2025 budget for July 1, 2024 – June 30, 2025, which the City Manager proposed with an intent to move the City closer to long-term fiscal sustainability. In considering the proposed Fiscal Year 2025 budget, specific capital expenses, policies, and revenue options were once again identified that may have the potential to improve the City's long-term fiscal health. The City Council considered a draft resolution and city staff comments on May 15, 2024; this proposed resolution reflects those conversations.

Council Priority

This resolution will address the City Council's priority for a more fiscally sustainable government.

Environmental Considerations

Broad fiscal policies will affect Takoma Park's budget which may allow for more programs, including the city's ability to implement sustainability, climate, stormwater and other environmental programs.

Fiscal Considerations

The focus of this resolution is fiscal considerations--to review budgeting policies and additional revenue sources that have the potential to improve the City's long-term fiscal health.

Racial Equity Considerations

Broad fiscal policies will affect Takoma Park as a whole, but may also have different effects on lower-income and black and brown residents and business owners. In reviewing the individual policies and revenue options, equity considerations will be considered.

Attachments and Links

Draft Resolution Clean Copy

Draft Resolution Showing Markup

**Resolution Establishing Policy Objectives Associated with the Fiscal Year
2026 Budget**

(2nd draft 5/23/24)

Introduced by: Councilmember Dyballa

WHEREAS, the City Council has adopted Ordinance 2024-9, approving and adopting a Fiscal Year (FY) 2025 Budget for July 1, 2024 – June 30, 2025; and

WHEREAS, the City is recovering from the fiscal and other impacts of the COVID-19 pandemic; and

WHEREAS, the City Council has received reports and presentations on a 10-year financial forecast and the City’s fiscal health; and

WHEREAS, the City Council and City management team desire to work closely throughout the months before the next budget season, to develop and consider policy options and additional revenue sources related to long- term fiscal health of the City; and

WHEREAS, the City Council has identified establishing a long-term fiscal sustainability strategy for the City as a priority goal in the 2023-4 Council priorities; and

WHEREAS, as part of the City Council’s review of the proposed FY 2024 budget, the Council identified various budget-related policy and revenue options for investigation, and created a short-term working group to begin that work; and

WHEREAS, the short-term working group submitted a report to the City Council on March 6, 2024 with discussion and recommended next steps in the City’s evaluation of various budget-related policy and revenue options and the implementation of a standardized budget calendar; and

WHEREAS, as part of the City Council’s review of the proposed FY 2025 budget, specific policy and revenue options have been identified that may have the potential to improve the City’s long-term fiscal health.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council will continue to review revenues, expenditures, reserves and economic projections throughout FY 2025, including quarterly fiscal reports on expenditures and revenues publicly presented by the City Manager and Finance Director; and

BE IT FURTHER RESOLVED that the City Council, working closely with the City Manager and staff, will review the report and supplemental information provided by the Council working group formed under resolution 2023-15; and

BE IT FURTHER RESOLVED THAT the City Council will work with the City Manager and designated

staff to refine the newly developed FY 2025 budget calendar to be applied to the FY 2026 budget process, including: a new councilmember municipal budget orientation, multifaceted opportunities for pre-budget public engagement; an FY 2026 budget forecast; and a City Council resolution establishing budget priorities, goals and budgetary considerations to the City Manager prior to budget creation; and

BE IT FURTHER RESOLVED THAT the City Council will work with the City Manager and designated staff in the next eight months to continue review of specific areas of City policy concerning the capital improvement program, relative to municipal best practices, specifically:

- Updating the Equipment Replacement Reserve policy to establish a goal for the minimum number of years the City reserve should aim to fund and a strategy for reaching the funding goal; and
- Reevaluating the road maintenance policy; and

BE IT FURTHER RESOLVED THAT the City Council will work with the City Manager and designated staff in the next eight months to consider the advisability and the impacts of increasing the City's revenue with potential adjustments to the following revenue sources for the purposes indicated:

- City fees to ensure that revenues cover the estimated cost of service delivery where desirable, considering equity impacts;
- Stormwater fund fees to fund additional staff capacity or resources to assist the City in its expansion of flood management efforts;
- Tax revenue sources:
 - railroad and utility tax;
 - vacant property or vacant housing tax;
 - commercial property tax rate; and
- County's "tax duplication" formula that accurately accounts for the City's budgeted costs associated with providing municipal services that are duplicated through County services, such as, Police, Crossing Guards, Parks and Recreation.

Adopted this _____ day of May, 2024.

Attest:

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