



Takoma Park City Council Meeting – July 31, 2024 Agenda Item 5

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 heard from this working group on March 6, 2024 and again on July 24, 2024.

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, and ways to improve the City's long-term fiscal health, the City Council considered a draft resolution and city staff comments on May 15, 2024 as well as findings of the working group. This proposed resolution reflects those conversations.

Council Priority

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

Environmental Considerations

Broad fiscal health policies will affect Takoma Park's budget which may allow for more effective programs and funding, 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 health 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 aspects will be considered.

Attachments and Links

Proposed resolution

Resolution Establishing Policy Objectives Associated with the Fiscal Year 2026 Budget

4th Draft – July 26, 2024

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, establishing a long-term fiscal sustainability strategy for the City is a priority goal in the 2023-4 City 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 City Council wishes to follow up on the findings of this short-term working group which reported to the City Council on March 6, 2024 and on July 17, 2024.

NOW, THEREFORE BE IT RESOLVED THAT as part of the FY 2026 budget process, the City Manager or designated staff advise the Council on the following areas of the City's fiscal policy:

- Review the criteria for replacing vehicles, and recommended funding levels to fund continued fleet electrification; and
- Reevaluate the road maintenance policy as well as the adequacy of proposed annual appropriations for street maintenance; and
- Develop a plan for funding additional projects identified by the LIDC study, including potential adjustments to stormwater fees to support this expansion; and
- Explore increasing railroad and utility taxes; including scenarios on their impact on City residents; and
- To promote maintenance or development of vacant property, identify options to increase vacant property registration fees and/or create a vacant property tax; and

- Identify indicators of commercial properties' health and an approach to considering a commercial property tax rate for the City; and
- Suggest possible new sources of revenue for the City.

Adopted this _____ day of July, 2024

Attest: