



Takoma Park City Council Meeting – May 8, 2024 Agenda Items 1, 2, 3

Voting Session

First Reading Ordinances Adopting the Fiscal Year 2025 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, 2024. In accordance with Article VIII of the Charter of the City of Takoma Park, the City Manager prepared a proposed Fiscal Year 2025 budget for consideration by the City Council. On April 3, 2024, the City Manager provided the City Council and the public with an overview of the recommended budget for Fiscal Year 2025. Public hearings were held on April 10 and April 24, 2024.

The proposed budget for Fiscal Year 2025 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 & Red-Light 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 April 29, 2024.

The total expenditures for the proposed budget are \$43,675,888, while total revenues are \$39,579,982.

The budget advances the following priorities of the City Council which were adopted on April 12, 2023:

- 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 remain unchanged at 55.22 cents (per \$100 of assessed value), the same as Fiscal Year 2024. The rate is above the Constant Yield Tax Rate of 53.18 cents as calculated by the Maryland Department of Assessments and Taxation. The adopted tax rate is higher than the Constant Yield Tax Rate by 2.04 cents and represents an increase in real property tax revenue of \$607,053. The adopted tax rate for FY 2025 will result in an increase in property tax revenues in the amount of \$946,292 over the adopted FY 2024 amount, an increase of 6.12 percent.

The amount of expected FY 2025 real property tax revenue is \$16,401,186. This amount is the same as the amount that would be generated by multiplying the assessable base of \$2,970,153,236 by the tax rate.

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

- An increase of General Fund revenue for the Library Aid payment
- A decrease of some Tax Duplication payment
- An increase of General Funds for Sustainability Intern
- An increase of General Funds for the Recreation Department Teen Staffing
- A decrease of General Funds, ARPA and Speed & Red-Light Camera Fund for the fringe benefits due to delay in Maryland Paid Family Medical Leave Act (FMLA)
- An increase of General Funds for the General Contingency
- An increase of General Funds for the replacement of Boyd Alley apron
- A decrease of General Funds for the HVAC Control System and Emergency Generator (funded by ARPA)
- An increase of ARPA Funds for the Food Security Program
- An increase of ARPA Funds for the Quality of Life Grants
- An increase of ARPA Funds for the Multi-family and Energy Efficiency Grants
- A decrease of General Funds for the Street Maintenance (funded by ARPA)
- A decrease of General Funds for the Library Redevelopment Project (funded by ARPA)
- A decrease of General Funds for the Performance Measurement Program (funded by ARPA)

Differences in revenue and expenditure amounts from those discussed during the Council's April 29, 2024 reconciliation meeting 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 8 and the Second Reading on May 15, 2024.

The budget ordinances are:

- Ordinance Adopting the FY 2025 Tax Rates
- Ordinance Adopting the FY 2025 Stormwater Management Budget
- Ordinance Adopting the FY 2025 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, energy efficiency grants, and funds for library renovation to LEED standards.

Fiscal Considerations

Combined revenues for all funds for Fiscal Year 2025 are projected to be \$39,579,982.

- General Fund revenues total \$30,600,254.
- Stormwater Management Fund revenues total \$775,000.
- Special Revenue Fund revenues total \$2,520,695.
- Speed & Red-Light Camera Fund revenues total \$1,932,000.
- ARPA Fund revenues total \$3,752,033.

The budget provides for total expenditures (all funds) of \$43,675,888.

- General Fund expenditures total \$32,069,917.
- Stormwater Management Fund expenditures total \$779,040.
- Special Revenue Fund expenditures total \$5,334,456.
- Speed & Red-Light Camera Fund expenditures total \$1,890,442.
- ARPA Fund expenditures total \$3,602,033.

The contribution to the Equipment Replacement Reserve will be \$900,000, the contribution to the Housing Reserve will be \$100,000 and the contribution to the Emergency Reserve will be \$18,616. Fund balance (all funds) will decrease by \$4,079,903. The total Capital Improvement Program (CIP) budget is \$7,467,170.

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 an 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 all other residents.

Attachments and Links

- Ordinance Adopting the FY 2025 Tax Rates
- Ordinance Adopting the FY 2025 Stormwater Management Budget
- Ordinance Adopting the FY 2025 Budget
- Attachments, including lists of changes from the proposed budget and the resulting modified fund summaries and Capital Improvement Program
- The FY 2025 Proposed Budget is posted on the City's Website
https://documents.takomaparkmd.gov/government/finance/budgets-and-financial-documents/proposed-budget/FY25_ProposedBudget_revised-4.15.24.pdf