

Work Session

Agenda Item #	5
Meeting Date	February 25, 2013
Prepared By	Suzanne Ludlow Acting City Manager

Discussion Item	Continued Discussion of Financial Matters and Budget Priorities
Background	<p>At the end of the City's budget process in May, there was discussion concerning approximately \$1.4 million dollars that the City Council was hesitant to allocate to a specific purpose. The funds consisted of a late allocation of \$653,220 from the Montgomery County Council in additional municipal tax duplication funds for police services and \$750,000 in funds that the City Manager had recommended committing towards a May 2015 payoff of the 2005 Community Center Bond. During the budget discussion, the Council felt that it did not want to allocate these funds until more information on the economic situation was available. The Council decided to review the use of the funds in January. Three Council work sessions on financial matters were held in December and January.</p> <p>Since the last work session discussion, information has been received by the City on the Constant Yield Tax Rate and on the direction the County Executive has given his staff regarding municipal tax duplication. Both pieces of information were sobering. On the first, the Maryland Department of Assessments and Taxation stated that to obtain the same amount of property tax revenue as last year, the City's tax rate of 58 cents per \$100 of assessed valuation would have to be raised to 60.2 cents per \$100 in FY 2014. If the 58 cent rate were continued next year, it estimated the City would receive \$417,907 less in property tax revenue.</p> <p>At a meeting of the Montgomery Chapter of the Maryland Municipal League on February 21, County Executive Isiah Leggett stated that he had directed his budget staff to use his originally proposed FY 2012 municipal tax duplication figures as the numbers for tax duplication this year. He said the amount might be raised if positive revenue information is received and the proposed Federal Sequester actions are averted before his budget is presented to the County Council on March 15. The amount he referenced would be about \$128,000 less than the amount we were expecting to put in the budget for FY 2014 and about \$781,000 less than the amount received for the current fiscal year.</p> <p>At the Work Session, the Acting City Manager will review some budget information, ask for direction on items that could be undertaken with FY 2013 funds, and ask for direction on some proposals for the FY 2014 budget.</p>
Policy	The Council approves the budget of the City of Takoma Park
Fiscal Impact	n/a
Attachments	None.
Recommendation	Hear presentation; give direction to the Acting City Manager.

Special Consideration	
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