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Town of Bladensburg
Mayor and Council FY24 Budget **Work Session #1**
Monday, April 17, 2023

Mayor James opened the meeting at 6:00pm and called the meeting to order. Attending was Mayor James, and Council Members (CM) Brown, Blount, Route, McBryde. Staff attending were Acting Town Administrator Charnovich, Treasurer Tinelli, Chief Collington, and Code Enforcement Supervisor Rinehart.

Mayor James welcomed the Council, public, and staff to the second budget work session. She handed the meeting over to Treasurer Tinelli to continue with the budget discussion.

Treasurer Tinelli said this format is the same as this year's budget and for prior year as to aid in comparing and keeping consistency.

Mr. Tinelli reviewed the first page which is a summary of the draft FY24 budget to include the major revenue and department expense summary. Treasurer Tinelli said he will focus on the revenues first since they are what drives our budget.

Budgeted Revenues for FY24

- Property Taxes –
 - Real estate tax remains at \$.74 per \$100 of assessed value of \$565M of property in Town. The rate remains unchanged but the assessments which is the property values have increased 3%.
 - Business personal property tax increased this year from \$775K to over \$1M. We have collected in excess of \$1M already this year. The tax is \$2.09 per \$100 of assessed value of \$50M of business personal property in Town. This may increase slightly for the addition of the small cell towers.
- Income tax revenues remain constant from FY23 to FY24 at \$600K. This is the portion of income tax collected by the State and then remitted to the Town.
- Admissions and Amusement tax increased slightly from \$32K in FY23 to \$40K in FY24 based on the higher amounts reported this year for rental charges, cover charges, and coin operated machine sales.
- Local business license revenues remained constant at \$80K from this year to next fiscal year. This includes the licenses on apartments set at \$25 per year per apartment which is paid by the property owner. The question came up when was the last time this rate was adjusted and Mr. Rinehart said it has been over five years.
- County traders license increased from \$10K to \$15K which is the portion of the County business license fees remitted back to the Town.
- Cable franchise fees have been decreasing every year since subscribership has decreased in lieu of streaming services. This was at a high of \$150K a few years ago down to \$110K budgeted for FY24.
- Federal Funding (American Rescue Plan Act - ARPA) – this is a placeholder until we get into the ARPA budget discussion later in the meeting. These revenues will offset any ARPA budgeted expenditures.
- State Funding –

- Highway User Funds (HUR's) increased our allocation from \$222K this year to \$285K for FY24.
- Police Aid which is from the Governor's Office of Crime Control and Prevention increased from \$152K to almost \$300K next fiscal year.
- County funding remains constant from year to year for a total of almost \$25K which is primarily for the rebate for using the County dumps and a small amount for a hold harmless agreement from the 60's not to tax bank stocks.
- Service charges are for items the Town solely bills and collect for such as;
 - Local fines and fees which are collected by Public Safety for parking and traffic tickets and impound fees. This increased slightly from \$13K in FY23 to \$15K in FY24.
 - Copier fees and fingerprinting are smaller amounts which remained unchanged from this year to next budget year at \$3K and \$1K respectively.
 - Automated Traffic Enforcement is underway this year and have collected almost \$750K just through April. We anticipate this to be \$1M next year based on the collections for an entire year. These funds are restricted to only be used for Public Safety expenditures.
- Other Revenues –
 - Insurance reimbursement is the annual rebates from our health insurance plan but the largest portion of this is for insured losses such as when a vehicle gets damaged or totaled in an accident. This increased from \$35K this year to \$60K for next fiscal year because the trend is we are having more auto accidents resulting in property damage to the vehicles involved. These are not always necessarily our fault but also uninsured drives have caused damage. This is realized as income to offset the repairs and replacement costs.
 - Bus Shelter Advertising has made it's way back onto the budget again at projected \$2K for next fiscal year. This is a commission we receive for advertising sold on the bus shelters from the agency contracted with WMATA.
 - Property rental remains constant at \$42K for the lease of the Mango Café.
 - Vehicle deployment which is a payroll deduction for take home vehicles for \$7K and miscellaneous revenues of \$2K remained the same from the budget year to FY24.
 - Interest is increasing greatly from \$4K budgeted this year to \$100K for next year. This is because of the fluctuating interest rate market this year and we have already earned \$270K through April this year.
 - CM Route asked if we should reduce this since we will be reducing the ARPA funds held as we use them. Interest was reduced to \$80K revenues for FY24.
 - Mayor James asked about the investment risk and Mr. Tinelli said this is a pooled account created by legislature to allow governments within the State of Maryland to have a diversified but relatively safe investment vehicle. These funds are primarily invested in Treasuries and bond investments but still has a small degree of risk.
 - Other Revenues –
 - Community Legacy of \$165K is a carryover amount for a grant for the street lighting project. This was slated to be completed by this fiscal year but this will fully carry into FY24.
 - Other Grants is for the COPS unit Donations for their functions such as Shop-with-a-Cop is projected to be \$10K for FY24.

- Transfer from Fund Balance is used to reconcile the budget when expenses exceed revenues. We budget this to balance the budget every year but fortunately, the Town has finished with revenues exceeding expenses which build our fund balance year after year. The opposite side of building a fund balance is there is a loss of service since we may have had savings because of vacant positions which in turn are not providing a service to our residents. The Transfer from Fund Balance projected for FY24 is \$285K.
- Questions from the Mayor and Council
 - CM Route asked how will bond bill revenues be recorded when they come in?
 - Mr. Tinelli said this may come under State Funding since it is Intergovernmental Funds (transfer in from the State). Since we do not know when this would come in and or if it will be in installments, we should wait to do a budget amendment when we find our more information.
 - Acting Town Administrator Charnovich said we would have an offsetting expense account for any expenses against the bond bill such as capital expense.
 - Mr. Tinelli said we can budget something for FY24 as an incoming revenue and offsetting expense.
- Mr. Tinelli summarize that budgeted revenues are just over \$9.5M. This is a large jump from our normal budgeted revenues because of ARPA and the speed camera program (automated traffic enforcement).
 - 61% of our revenues come from taxes generated by real estate taxes, business personal property taxes, and income tax.
 - 19% of funding comes from federal sources (ARPA) and the state from highway user revenues and the annual police grant.
 - 11% comes from service charges which is primarily the speed camera program. Treasurer Tinelli said this is the only risk he sees in the budget since it's based on fines generated but it could easily surpass this as well.
 - These categories comprise over 90% of our budget.
 - Transfer from fund balance is only 3% of our budget as compared to 5% last year.
- Questions –
 - CM Route asked how can we still have the transfer from fund balance when our revenues are increasing every year? Treasurer Tinelli said our expenses continue to exceed our revenues as costs are increasing and we are expanding our services and deliverables to our residents. We still have over \$6M of fund balance reserves where this is being pulled from.
 - Acting TA Charnovich said it is risky budgeting for speed camera funds since this program just started and we do not have a trend yet. We should be looking at this monthly since it's based on driver's behavior. Chief Collington said we should have no problem hitting this revenue target since we have major thoroughfares through Town and mostly transient drivers passing who do not pay attention and will continue to exceed the posted speed limits.
 - Mayor James asked if there is a point where the revenues will stabilize? Chief Collington said we may see less violations in the winter months but violators will still violate the speed limit and we will continue to see revenues.

- Mayor James questioned why the County revenues to the Town make up 0% of our budget and if this is normal? Treasurer Tinelli said we receive a tax differential annually from the County and this is passed onto our residents as a reduction in the property tax bill. The other way this could be done as in other Counties municipalities would receive the tax differential directly to use in their general fund. The way we receive the tax differential from the County benefits the residents directly. The County does support us in other ways with public safety support.
- Mayor James asked about the \$1M federal earmark and if we should budget for any activity next year. Treasurer Tinelli said we can put a placeholder in there for revenues received against this like \$100K of federal funding and offset it with capital expenditures. Mr. Charnovich agreed saying this will show progress that we have goals of using the funds next year. Council agreed that these are just placeholders in the meantime.
- We will budget the same for the State bond bill for Bostwick with \$100K revenues against \$100K of capital expenditures.
- The Mayor said this was a good stopping point. CM Blount made a motion to adjourn the meeting, CM McBryde seconded the motion. Motion passed unanimously and the meeting adjourned at 7:25pm.

Minutes recorded by Vito Tinelli