



Agenda Item Summary Report

Meeting Date:
April 29, 2025

Submitted by:
Michelle Bailey Hedgepeth
Vito Tinelli, Treasurer

Item Title: FY 2026 Budget Discussion and Final Overview | Session 7

A Final Update on the FY 2026 Budget, this session was designed to review any items in-depth from the Council and to answer any questions from Town staff

Work Session Item [X]
Council Meeting Item []

Documentation Attached:
PowerPoint FY 2026 Budget Session 7
Budget Detail Sheets
Draft Proposed FY 2026 Budget Document
Draft Budget Ordinance

Recommended Action:

This is a report for the Council and residents on the Town Budget update for April 29, 2024. This is the final work session on the budget for FY 2026.

Town Administrator's Summary: In today's final budget session for FY 2026, the Town of Bladensburg's continued budgetary challenges and the structural deficit that began in FY 2025 were highlighted. The Town experienced a notable shortfall due to the expiration of ARPA funding, which had previously supported several key services, and traffic enforcement revenues declined. This revenue reduction has increased public safety operations' reliance on the General Fund. At the same time, expenditures have continued to rise, primarily driven by personnel costs, increased service demands, commodity price inflation, and significant spikes in insurance premiums.

In response, the FY 2026 Proposed Budget includes a series of cost-saving measures to maintain fiscal responsibility while continuing essential services. These include a freeze on all vacant positions through June 2026 (with exceptions for critical roles), limited to no cost-of-living or merit increases, changes to administrative work schedules (excluding Public Safety and Public Works), and substantial reductions to discretionary spending. No new capital purchases are proposed at this time, although the Council will have an opportunity to reevaluate this in December 2025 if fiscal conditions improve, particularly in relation to public safety needs.

The budget strategy includes scenarios to reduce overall expenditures by limiting non-essential capital investments, increasing employee contributions toward healthcare and take-home vehicle programs, and freezing or reducing personnel-related expenses. Importantly, the residential property tax rate will remain unchanged at \$0.74 per \$100 of assessed value, maintaining a rate that has been consistent for over 13 years.

To address revenue shortfalls and reduce dependency on the General Fund, the Town will implement targeted revenue enhancements. These include raising the commercial and industrial property tax rate from \$0.74 to \$0.80 per \$100, and increasing the apartment property tax rate from \$0.80 to \$0.85 per \$100. Additional changes include an update to the business license fee structure (last revised in 2017), and rate adjustments to both utility taxes (from 2.75 to 3.25) and

personal property taxes (from 2.09 to 2.50). These strategic increases are aimed at stabilizing the Town's fiscal position without placing additional burden on homeowners.

This session will reinforce the Town's commitment to balancing fiscal responsibility with community needs while taking a measured approach to ensure long-term sustainability.

Town Staff will be available to answer any questions from the Council on this matter.

Budgeted Item: Yes [☐] No [☐]

Budgeted Amount:

One-Time Cost:

Ongoing Cost:

Continued Date:

Council Priority: Yes [☐] No [☐]

Approved Date: