



FY 2026 Budget Introduction Session #4

March 18, 2025



Topics for Tonight

- Overview Structural Budget Issues
- Possible Cost Savings
- Updated Revenue Estimates
- Administrative Departments
- Next Steps



Structural Budget Overview





Revenue Losses

The Town of Bladensburg is facing a budget shortfall this year and will continue through FY26.

Reasons Loss of Revenues

- **ARPA** funding expired
 - ARPA offset compensation costs of \$526K in FY23 and \$668K in FY24. Our General Fund is now funding this and this is a cost shift.
- **Speed Camera Revenues Shortfalls**
 - **We are** trending behind what was projected this year. We are reducing reliance on these funds next budget year and moving positions to the General Fund.



Increased Expenses

- Compensation | Regular pay, Overtime, FICA, and Pension costs have doubled since FY21 from \$3.3M to \$6.6M in FY26.
- Health Insurance | Cost increased an average of 17% per year, doubled since FY21.
- Fuel costs | Our costs have doubled since FY21 from \$75K to over \$150K. We added more officers and take-home vehicles to the fleet.
- Workers Compensation Insurance | This has doubled from FY21 of \$160K to \$320k
- Staff Additions | The expansion of Public Safety and Public Works staffing and compensation increases, along with past claims history, have driven up these costs.
- Consultants Costs | The costs and services have quadrupled since FY21, from \$63K to \$245K, as we contract with outside experts.



Current Revenue and Cost Saving Items



Current Revenue Estimates



Real Estate Taxes

- Residential and Commercial Assessed values increasing 4% to \$418M.
- Current tax rate of \$.74 results in revenues of \$3.1M.
- Estimated \$120K increase in revenues as compared to FY25.

Apartments and multi-unit housing

- Residential and Commercial Assessed values increasing 4% to \$206M.
- Current tax rate of \$.80 results in revenues of \$1.65M.
- Estimated \$65K increase in revenues as compared to FY25.

Other Revenue Items

- Slight increase of 5% in Highway User Funds.
- Reduced projected revenues generated by Automated Traffic Enforcement by \$1M.

Revenue Options



Effects of an increase in the Residential tax rate—

- What would it cost the average homeowner if rates increased \$.02 from \$.74 to \$.76?
- 1,142 residential properties consisting of single - family houses and condos for a total assessed value of \$277,860,00.
- Average of \$243K of assessed value per property
- \$.02 increase would increase property taxes by \$49 per year based on the average assessed value of \$240,000.
- A \$300,000 assessed home would pay an additional \$60 per year
- A \$400,000 assessed home would pay an additional \$80 per year

Possible Revenue Options



Possible Areas	Estimated Revenues
Increases to Apartment Tax Rate .80 to .85	\$150,000
Increases to Commercial and Industrial Properties Tax Rate .74 to .80	\$116,000
Increases to Railroad Taxes 2.75 to 3.25	\$ 60,000
Increase Business Personal Property Tax 2.09 to 2.50	\$156,000
Increases to Residential Taxes .74 to .76	\$ 56,000
Increases to Business License Fees	\$ 30,000
Estimated Total:	\$568,000



Possible Cost Saving Options



Possible Areas	Estimated Savings
Discretionary Spending Cuts	\$ 30,000
Freezing Vacant Positions until December 2025	\$182,000
Increasing Employee Contributions for Healthcare	\$ 50,000
Changes to scheduling for Administrative Staff	\$ 50,000
Estimated Total:	\$312,000





Possible Cost Savings

Possible Cost Saving Measures for FY26 Budget

- A freeze on vacant positions until December 2026 (excluding essential positions)
- Limited to No COLA increase and Merit increases
- Possible changes to work schedules and hours for Administrative Positions (Public Safety and Public Works excluded)
- Overall reductions to discretionary spending
- No new Capital Purchases
 - The Council could evaluate capital purchases mid-year (December 2026), if the budget situation improves, we can add these to the budget related to public safety.



What to expect next?

- Finalization Revenue options
- Review of Estimated Cost Saving
- Review of Public Works
- Review of new items

Next Steps



Budget Sessions:

Throughout March – May
2025

Next Session | April 1, 2025

Public Safety Meeting –
April 1, 2025

If there are changes to the Real Estate Tax Rate:

- Need at least one week to advertise for a hearing
- The earliest advertisement date would be May 5, 2025

Tax Rate Hearing (Tentative)

-- May 12, 2025, Budget
Session

Final Budget Session #5

Monday, April 29, 2025
(if needed)

Introduction Budget

Monday, May 12, 2025.
Budget Adoption date,
Monday, June 9, 2025.

- Budget Ordinance Adoption

Thank You

