

**Memorandum to: Takoma Park City Council Colleagues**  
**From: Roger Schlegel, Ward 3**  
**Subject: Possible Paths to Achieve a Constant Yield Property Tax Rate for FY27**  
**Date: December 3, 2025**

Dear Colleagues,

As we develop our FY27 Budget Priorities Resolution, I hope to persuade you that our resolution should call upon CM Dispirito and staff to draft a “constant yield” budget for our consideration.

This request would be responsive to the many residents we’ve heard from who have been burdened by household financial setbacks and uncertainties, along with increased assessments, over the past twelve months. It would also invite the Manager and the Senior Leadership Team to access detailed knowledge and expertise in finding ways to trim the budget. Finally, it would lead to a draft budget that delineates for us “what it would take (away)” to reach constant yield while maintaining our set priorities. This would put us in a stronger position, come March, to see such potential impacts, hear from residents, and then request any needed adjustments to the drafted budget.

From our responses to the Council budget survey, it appears that few of us are seeing a constant yield budget as a viable option this year. I’ve been exploring possible paths to get there (with neighbors’ help) – and this investigation leaves me surprisingly optimistic! To emphasize, though, I’m not claiming our staff’s knowledge and expertise. Nor am I trying to imply any operational decisions that are the purview of the Manager. I’m just trying to make the case that a path to a constant yield budget can probably be found and is worth asking for.

How big of a lift are we talking about? In a likely worst case scenario (with no newly completed construction adding to the tax base), we would need to start with CM DiSpirito’s “maintenance of effort” budget projection (which makes assumptions about collective bargaining outcomes and inflationary increases) and find about \$780,000 of adjustments, in a combination of new revenue and reduced expenditures. The following table presents a “menu” of possible paths that would add up to over \$1 million in favorable adjustments.

Please note: none of these paths involve dipping into reserves, so they do not come into conflict with projections for the unassigned reserves made in the Raftelis financial forecast preliminary presentation. Nor do they rely upon any of the assigned “contingency” reserves currently in the FY26 budget. In other words, these paths still allow for any unspent FY26 assigned reserves to be carried forward to support urgent community needs or other intensified City priorities in FY27.

**Some possible paths toward a constant-yield FY27 budget**

<b>Path</b>	<b>Item</b>	<b>Description</b>	<b>Details</b>	<b>Adjustments</b>	<b>Rounded</b>
1	ARPA salary	Drop ARPA-funded position (currently accounting analyst) at end of Dec. 2026, when ARPA funds run out..	Projected FY26’ salary and benefits: \$75,236.30; plus inflation=\$78, 245.75	Half-year savings (January through June, 2027): \$39,122.88	@\$40,000
2	ARPA salary	Drop ARPA-funded IT project specialist at end of calendar year 2026.	Projected FY 26’ salary and benefits: \$101,564.51; plus inflation = \$105,627.09	Half-year savings (Jan. - June, 2027): \$52,813.55	@\$50,000

Path	Item	Description	Details	Savings	
3	Railroad tax	Increase railroad and utility tax rate from current \$1.75 to \$5.00 (the Kensington rate)	Current revenue: \$265,521. Increased rate could be justified on the basis of demands placed on staff by utility work and restoration, and by financial impact on residents of system failures.	Increase in revenue: \$493,110	@\$490,000
4	Newsletter	Drop the print newsletter	Mailing cost: 84,000 mailings @ ~\$0.15 each (marketing mailing rate) = ~\$12,600 Printing cost:(guess) \$7,500 Total: \$20,100	Total: \$25,200	@\$20,000
5	Pension Fund	Reduce pension fund expense by transferring funds to it from the equipment replacement reserve (ERR).	As stated by the actuary at the 11/12/1025 Council meeting, that the pension fund is operating on a 22-year "horizon" to eliminate the unfunded liability. Adding \$25,000 a year for 22 years covers \$550,000 of the gap. So, transferring \$550,000 from the ERR to the pension fund eliminates \$25,000 a year from pension expense for 22 years.		@\$20,000.
6	Vehicles	Permanently reduce personal vehicles assigned to non-union personnel by 1 vehicle in 2027	The total cost for a fully-equipped police vehicle typically ranges from approximately \$73,000 to over \$80,000 per vehicle, depending on the model and equipment.		@\$80,000
7	Salaries	<i>Adopt a salary increase for non-union management staff that matches COLA applied to Council salaries, or adopt a flat-amount (not percentage based) increase.</i>	This could demonstrate non-union staff's solidarity with unionized staff in tough economic times, by reducing the increase in the dollar gap between higher-level salaries and unionized salaries.	<i>Rough estimate of savings: \$100,000.</i>	@\$100,000
8	Commerc'l Occupancy	Reinstate Commercial Occupancy License, with fee based on size of business	City Staff, in researching possible revenue to replace the old inventory tax in December 2018, <a href="#">listed</a> a reinstatement of an earlier requirement for a Commercial Occupancy License, which expired at the end of FY07. As Staff also suggested in exploring this idea, the fee could be graduated according to the size of the business.	Estimated revenue of at least \$25,000.	@20,000

Path	Item	Description	Details	Savings	Rounded
9	Commercial Property Tax	Decouple the commercial property tax rate from the residential property tax rate, and make the residential rate lower than the commercial property rate, in proportion to making up for the loss of the commercial inventory tax since FY2020. Estimated savings would be to residents' tax bills -- as much as about \$95,000 in the first year, if this was phased in over four years. (Equivalent to commercial properties owing something like 3.45 cents higher tax rate than residential properties. Staff <a href="#">in February</a> , p. 17, estimated that each one cent increase in the commercial property tax rate generates \$27,500 extra from commercial properties.)			@\$100,000
10	Economic Development	Use reassignments or vacancies to generate 10% savings in the economic development division; keep direct assistance to business associations; promote development at key sites.	FY26 budget: \$289,644.00 Recognize that regional market forces and Purple Line impacts will drive development decisions more than municipal staff efforts.	Projected FY27 (FY26+4%): \$301,230 10% reduction = \$30,000.	@\$30,000
11	Execution Rate for Capital Projects	Assume that only 90% of the budgeted capital project allocations will be spent.	The FY26 adopted budget shows projected FY27 general-fund-funded capital project expenses of \$820,000. Assuming the Raftelis staffing execution rate of 90%, ten percent of that will go unspent. As has done with staff vacancy savings in this year's budget, account for that in next year's budget.	10% Reduction = \$82,000	@\$80,000
<b>COMBINED TOTAL (round numbers) – minimum target = \$780,000:</b>					<b>\$1,030,000</b>
<b>OTHER POSSIBILITIES</b>					
Resurfacing	Perhaps shift to accepting a “high Fair” standard, with “Low Fair” prompting resurfacing.				Savings unknown
Sidewalks	Postpone ADA sidewalk replacement where the sidewalks are in good condition without safety hazards; insist that SHA funds its sidewalks; postpone installations on cul-de-sacs.				Savings unknown
Vehicles	See if there are one or more fleet vehicles that can be eliminated to achieve savings; or shift to leasing rather than purchasing; or consider renting on an as needed basis; or take steps to increase revenue from surplus vehicle sales.				Savings/added revenue unknown

Colleagues, I hope that the points and possibilities outlined above can persuade you that we would be both wise and pragmatic in calling for a draft budget relying on a constant-yield property tax rate, and that this request to the Manager would not excessively compromise our flexibility to press forward in areas we want to prioritize.

Best regards,  
Roger