



## Budget Report – Fiscal Year 12

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*Prepared by: Mayor Winslow Burhans III*

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# Budget Report — Fiscal Year 2012

## Summary

The Town develops its budget very conservatively. This is particularly evident in anticipated revenues. Since the Town must adopt a balanced budget, this builds in an automatic constraint on spending. The Town provides for the basic needs of small town government such as General Administration, Public Safety and Public Works. The Town spends very little on Recreation and Culture. For example while the Town spends \$6,000.00 on New Market days and Christmas in New Market combined the City of Brunswick spends \$28,000.00 on its Railroad Days alone. **Many new residents may not know that the New Market Shopping Center (Food Lion, CVS Pharmacy, CITGO, Duncan Donuts, etc...) is not actually in the town. We do not collect one penny from this development.** If the Town wants to increase its level of public safety and host first class special events, and engage in more proactive economic development to deliver better shops and restaurants as well as the **best LOUYAA athletic facilities** the Town has no other option than to expand its commercial tax base both within the current town where possible and through annexation.

The Town's operating budget is a cash budget. It does not take into account amortization of long-term capital outlays on infrastructure such as roads, drainage systems and other structures. The Town conducted its own internal fiscal study several years ago. The Town has determined that the Unappropriated Reserve (excess revenues over expenditures) should be \$47,000.00. This ensures that when roads are repaved and other capital expenditures are required, the Town has the cash to pay for them without borrowing. The FY '12 budget reaches that goal.

The Town constantly faces cuts in state shared revenues such as Highway User Revenues (SHUR) and Income Taxes. The State has cut SHUR by 90%. That has cost the Town \$40,000.00. These cuts could become permanent. Two years ago, the State took a share of our local portion of Income Tax. Further, the State hands the Town like all jurisdictions unfunded mandates. These are new regulations and reporting requirements that cost the Town additional money with no offsetting source of revenue. The Municipal Growth Element and Water Resources Elements (MGE & WRE) are examples. Not only did we pay to have these plans prepared, but also the Town has increased its legal budget by \$12,500.00 to fend off the Friends of Frederick County lawsuit over them.

As you can see, the Town's Unappropriated Reserve would be \$99,871.00 without the Friends of Frederick County lawsuit and the SHUR cuts. The Town fought hard to preserve the Adventure Park annexation in 2007. It provides the Town with more than \$60,000.00 of amusement tax annually. If the Town did not exercise a proactive

annexation policy to expand and diversify our tax base, we would be figuring out how to dig out of a \$12,689.00 financial hole.

If the Town is to pass along an economically viable and commercially and residentially vibrant town that preserves our history and cultural identity to future generations, we must have both a sound financial and comprehensive plan. This requires thinking long term and not becoming complacent with the status quo. Ten years ago, one may not have predicted that without the Adventure Park annexation the Town would be facing a dire situation. If we do not continue to be forward thinking and progressive, we will fall into the same trap. The Town must continually seek to improve its competitive position in the County.

The Town anticipates increased revenues over FY '11 of \$9,542.00. This is mainly due to increases in Real Property Taxes (\$6,150.00) and Income Taxes (\$11,740.00). The Town does not anticipate the numbers of new homes in FY '12 (6) as in FY '11 (24). For this reason the Town has decreased its anticipated revenue from Developer Contributions, Permitting and Subdivision Fees by \$10,242.00.

Overall the Town anticipates \$5,739.00 more in expenditures over the FY '11 budget. The FY '12 budget has increased its appropriations for General Administration by \$16,032.00. This is almost wholly attributable to the increased anticipated spending (\$12,500.00) in legal fees due to the Friends of Frederick County Lawsuit. Spending on Public Safety remains the same. The Town has budgeted \$10,293.00 less on Public Works. Although expenditures on Snow and Ice Removal (\$4,074.00) and Waste Collection (\$3,799.00) are anticipated to increase, spending on road maintenance is expected to be less (\$14,906.00) by virtue of the fact that most road money spent in FY '12 will be capital outlays from the CIP. The Waste Collection and Snow Removal increases reflect the growing population of the town and thus the numbers of homes that require trash collection as well as the number of streets that require snow removal. These expenses are offset by increases in Income tax and Real Property Tax. They are not due to lack of financial constraint. However, there is one disturbing trend in expenditures. Specifically, per household waste disposal has increased from .09 tons per home per month to .11 tons. This increases monthly waste collection fees at the Frederick County Landfill by \$470.00/month. By recycling more and wasting less, residents can save \$5,644.00 of their own hard earned tax money in FY '12. Spending on Recreation and Culture remains unchanged from FY '11.

## Revenues

### ***Amusement Tax***

The Amusement Tax collections through March 9th are \$47,889.00. That is down 8% from same period in FY '10 (\$52,046.00). This is a similar amount from the same time last year. Total amusements taxes collected in FY'10 were \$68,442.00. That was down 3.7% from FY '09. Given the warmer weather in April, May and June, the Town can expect proportionately better collections from those months. This budget conservatively estimates a 10% decrease in Amusement taxes from the FY '10 actual collections (\$61,600.00).

### ***Real Property***

Current year real property taxes collected is \$113,889.00. The Constant Yield Tax Rate Certification provided by SDAT estimates net assessable base for July 2011 at \$110,943,318.00. At the current real property tax rate of \$.12/100, real property tax revenue should be \$132,733.00. The Tax Roll Report dated 8/1/2010 shows actual assessments at \$103,946,231.00. These are full year tax bills only. This projects FY '11 Real Property taxes at \$124,735.00. The constant yield assumes \$12,777,000.00 in new construction or approximately a growth factor of 36 new homes. The Town is projecting 6 new units for FY '12. The County bills real property taxes every six months on July 1 and January 1. Further, the billings in January are on a pro-rata basis. The sale prices for Royal Oaks, Brinkley Manor and the Orchard from \$350k to over \$500k respectively. This budget assumes a conservative \$350k average. Assuming a home is equally likely to sell in any one month of the fiscal year, the additional real property tax realized in FY '12 from the sale of one new home would be \$210.00 ( $\$350k / 2 \times .12 / 100$ ). However, only half of our projected new units will be billed at the improved amount. Thus, additional real property revenue may only be \$630 ( $6 \times \$210/2$ ). The Constant Yield Certification is provided below. This budget conservatively estimates FY '12 Real Property Tax revenue as \$125,000.00.

(Figure for 2011 Constant Yield appears on the following page)

## 2011 Constant Yield Tax Rate Certification

Taxing authority: **New Market  
 in Frederick County**

1	1-Jul-2010 Gross assessable real property base	\$	116,945,499
2	1-Jul-2010 Homestead Tax Credit	-	6,335,035
3	1-Jul-2010 Net assessable real property base		110,610,464
4	1-Jul-2010 Actual local tax rate (per \$100)	x	0.1200
5	1-Jul-2010 Potential revenue	\$	132,733
6	1-Jul-2011 Estimated assessable base	\$	129,701,298
7	1-Jan-2011 Half year new construction	-	6,777,100
8	1-Jul-2011 Estimated full year new construction*	-	6,000,000
9	1-Jul-2011 Estimated abatements and deletions**	-	5,980,880
10	1-Jul-2011 Net assessable real property base	\$	110,943,318
11	1-Jul-2010 Potential revenue	\$	132,733
12	1-Jul-2011 Net assessable real property base	÷	110,943,318
13	1-Jul-2011 Constant yield tax rate	\$	0.1196

# EXEMPT

Certified by

  
 Director

\* Includes one-quarter year new construction where applicable.  
 \*\*Actual + estimated as of July 1, 2011, including Homestead Tax Credit.  
 CYTR #1

### ***Unincorporated Personal Property***

The Town has currently collected \$2,269.00 in Unincorporated Personal Property taxes. The Town collected \$2,780.00 in Unincorporated Personal Property in FY '10. This was \$157.00 more than originally budgeted. The Town has budgeted the same for FY '12.

### ***Incorporated Personal Property***

Current collections are only \$3,148.00. The Town does not receive these assessments from SDAT until April. Last year the Town collected 11,212.00. The Town conservatively budgets \$10,000.00 for FY '12.

### ***Public Utilities***

Current collections are \$1,707.00 of the \$10,652.00 budgeted. This is similar to last year's collection rate. The Town collected \$8,651.00 in FY '10. The Town conservatively budgets \$8,500.00 for FY '12.

### ***Bankshares***

The Town has not collected any bankshares in FY '11.

### ***Penalties & Interest***

The Town did not collect any penalty revenue in FY '11.

### ***Income Tax***

The nine-year average income taxes collected are \$90,843.00. FY '10 Income Tax was \$114,864. Current year collections are \$52,990.00. It is not unusual to receive the largest disbursements in the last quarter of the fiscal year. From the table below one can see that the Town's has not collected less than \$90,740.00 over the past five years. This result was achieved in spite of an economic downturn that began in 2008.

<b><u>Fiscal Year</u></b>	<b><u>Income Taxes Collected</u></b>
FY 2002	\$63,289.00
FY 2003	\$62,653.00
FY2004	\$64,099.00
FY 2005	\$86,080.00
FY 2006	\$117,740.00
FY 2007	\$114,063.00
FY 2008	\$104,059.00
FY 2009	\$90,740.00
FY2010	\$114,864.00
<b><i>Avg. (9 yrs)</i></b>	<b><i>\$90,843.00</i></b>



This budget assumes 6 new units for this fiscal year. The income required to qualify for a \$350k home is \$52,100, \$72,200 for a \$450k home and \$88,200 for a \$550k home. These incomes assume a 20% down payment and a rate of 5.5% along with a low debt to income ratio. The municipal share of the County portion of actual taxes paid is 17%. The County rate is 2.96%. Assuming that 75% of gross income is taxable, the minimum amount of income tax revenue each new home generates is \$197 ( $\$52,100 \times .75 \times .0296 \times .17$ ). However, this would be for taxes paid next April and therefore would not be recognized as income for the Town until FY '13. Thus, as you can discern, there is a lag between when expenses and revenues are realized. Specifically, services, such as waste collection, are paid out well before the majority of the revenue is received. This budget conservatively estimates FY '12 Income Taxes to be \$90,740.00.

### ***Highways***

The Town received its annual letter from the Maryland Department of Transportation Office of Finance on March 2, 2011 (please see letter on the following page). It advises the Town to expect only \$1,652.00 in SHUR for FY '12. The Town has only received \$2,041.00 to date in FY '11. It collected \$4,468.00 in FY '10. The State cut the local share by 90% in FY' 10. The Town collected \$43,000.00 in FY '08. Thus, the Town has lost over \$40,000.00 each of the last two years. It is not been determined whether these cuts will be permanent. However, it provides evidence that the Town must expand and diversify its tax base. The Town cannot be dependent on state and federal shared revenue for its economic viability.

Martin O'Malley, Governor  
Anthony G. Brown, Lt. Governor



Beverly K. Swann-Staley, Secretary  
Neil J. Pedersen, Administrator

Maryland Department of Transportation

March 2, 2011

Sir or Madam  
Town of New Market  
P.O. Box 27  
New Market, MD 21774

RE: Highway User Revenue Revised Estimates - Fiscal Years 2011 and 2012

Dear Sir or Madam :

Maryland Department of Transportation personnel have revised their estimated of Highway User Revenues (HUR) for Fiscal Years 2011 and 2012. This revision was based on an updated revenue forecast and the formula changes enacted during the 2010 legislative session.

The HUR estimated to be paid to the Town of New Market for Fiscal Years 2011 and 2012 are \$1,603.29 and \$1,652.16, respectively. Please note that these estimates are based on the most recent registration and mileage data on file. If a change to this data is anticipated for Fiscal Year 2012, you may want to adjust your internal HUR estimate accordingly.

As you know, the legislation recently enacted requires that the Municipalities HUR distribution is calculated separately from the Counties. We will be closely monitoring this new calculation method and plan to make the distribution payments to the Municipalities on a quarterly basis. The remaining quarterly payments for Fiscal year 2011 will be sent in April, and July 2011.

Please feel free to contact me at (410) 545-5510 if you have any questions or need further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Okey I. Odiammadu'.

Okey I. Odiammadu, Chief  
Accounting Operations Division  
Office of Finance

Cc: Mike Mikolajczyk, MDOT  
Janet Irvin, SHA



My telephone number toll-free number is \_\_\_\_\_  
Maryland Relay Service for Impaired Hearing or Speech: 1.800.735.2258 Statewide Toll Free  
Street Address: 707 North Calvert Street • Baltimore, Maryland 21202 • Phone: 410.545.0300 • www.marylandroads.com

### ***Liquor Licenses***

The Town did not collect any liquor license taxes in FY '10. The anticipated reopening of Mallards will likely contribute to some liquor license revenue in FY '12. The Town collected \$750.00 in FY '08 before Mealey's closed. This budget conservatively estimates \$250.00 for FY '12.

### ***Town Business Licenses***

Town business license renewals are billed at the end of each fiscal year. Last year the Town collected \$1,450.00 in business license renewals. The budget estimates the same amount for FY '12.

### ***Traders Licenses***

Trader's license revenue is 92% of the fee paid to the Clerk of the Circuit Court for annual trader's licenses renewals. Trader's licenses are billed late in each fiscal year. The Town collected \$1,092.00 in Traders License fees in FY '10. The master list of businesses predicts \$1,063.00 in business license fees for FY '11.

### ***Cable TV (franchise) Fees***

Franchise fees collected in FY '10 were \$5,578. They were \$5,312.00 in FY '09 and \$5,667.00 in FY '08. This budget estimates \$5,500.00 for FY '12.

### ***City-County Tax Equity Program***

The passage of the Clagett/Brinkley Tax Setoff bill means the Town will collect the same amount as it did in FY '11 (\$7,996.00).

### ***Subdivision Fees***

The Town has collected \$4,427.00 in subdivision fees to date FY '11. The Town is currently working on the Marley Sq. and Mansfield Commercial projects. Thus it is possible that the Town could collect as much again in FY '12 on the basis of these two projects alone.

### ***New Construction Permit Fees***

The Town has collected \$3,000.00 in new home construction fees in FY '11. The Town predicts that Brinkley Manor will permit out the remaining lots before the end of this fiscal year. Since Brinkley Manor will then be built out, the Town estimates that only 6 new homes will be sold in Royal Oaks and The Orchard. This would provide only \$1,500.00 in construction permit fees.

### ***Renovation Zoning and HDC Fees***

These are fees collected for permit applications for home improvements. The Town has collected \$1,150.00 in FY '11. The Town had budgeted \$2,250.00. This spring may likely increase the fees collected in the last quarter of the fiscal year. However,

it is unlikely to be by a factor of 22 permits at \$50 each. This budget conservatively estimates the currently collected amount.

### ***Orchard DRRRA Contributions***

As part of the Orchard DRRRA, the developer agrees to pay \$1,000 per unit at the time each goes to settlement. To date the Town has only collected \$4,000.00 of the \$8,000.00 budgeted. This year the Town anticipates the same number of new units (4) at the Orchard as has been sold to date in FY '11.

### ***Sales of Maps & Publications***

This is an insignificant portion of the budget.

### ***Interest & Dividends***

The Town's current savings portfolio balance is \$760,782.00. Money market accounts are currently earning .37%. One year CD's are earning .5% and 60 month CD's are earning 1.5%. The Town holds a variety of instruments at various terms and rates. The expected interest from them is \$5,875.00. A copy of the Town's investment policy can be found in the Town Hall.

### ***Rents & Concessions***

The Town has decided not to rent the upstairs apartment.

## **Expenditures**

### ***Advertising***

Current FY '11 advertising expenditures are \$762.00. This is \$545.00 under budget. This budget will use the FY '11 figure of \$1,368.00.

### ***Auditing & Accounting***

The Town will go over budget on this item in FY '11. This is attributable to the IRS audit and subsequent decision to levy Social Security and Medicare taxes on our Town Attorney and Planner. They are independent contractors. However, the Town is forced to request an administrative appeal of decision. This year's auditing contract is \$9,210.00. However, I highly recommend quarterly reviews in order to catch problems early. The cost for three quarters ending 9/30, 12/31 & 3/30 would be \$1,800.00. The cost to outsource payroll is \$32.50 per pay period or \$845.00 annually.

### ***Board of Zoning Appeals***

The Town has not incurred any expenses for cases heard this year. The Zoning and HDC fees offset this expense. The Town will budget the same amount (\$850.00) as in FY '11.

### ***Clerk's Salaries***

The service provided by the Town Office may be perhaps the most essential of all Town functions. Unlike other jurisdictions that are contemplating salary cuts or furloughs, the Town is keeping salaries constant.

### ***Unemployment Insurance***

This amount is unchanged from last year's budget.

### ***Social Security & Medicare***

This amount is simply a function of total salaries.

### ***Engineering***

This line item is established for the purpose of miscellaneous engineering. An example would be inspecting the alley and property subsequent to the East End Drainage project and the South Alley project. The Town has spent \$2,590.00 of the \$3,500.00 budgeted in FY '11. A similar amount is proposed for this budget.

### ***Conferences & Continuing Education***

The Town should encourage board members to attend pertinent conferences for educational purposes. The Town has spent \$333.00 in FY '11. This is \$83.00 over budget. The Town will budget \$250.00 again this year.

### ***Donations***

The Town has only spent \$75.00 in donations to date. This is \$300.00 under budget. The Town proposes to budget \$200.00 for FY '12.

### ***Dues & Subscriptions***

The Town has spent \$3,113.00 to date. This is \$388.00 over budget. The Town proposes to budget \$3,000.00 in FY '12.

### ***Employee Benefits***

The Town does not currently offer employee benefits.

### ***General Maintenance Labor***

The Town has currently spent \$436.00 on this item. That is \$2,564.00 under budget. The Town proposes to budget \$1,500.00 for FY '12.

**General Maintenance Supplies**

The Town has currently spent \$89.00 of \$1,000.00 budgeted. The Town proposes to budget the same amount for FY '12.

**HDC Guidelines**

The Town has not spent any money on this activity in FY '11. A modest amount of \$250.00 may be needed to develop guidelines for the Food Lion annexation.

**HDC/ARC Administrative Approvals**

The Town has not engaged in this activity yet.

**Insurance**

The Town paid LGIT \$3,141.00 in premiums in FY '11. The current amount is proposed for this budget. LGIT has not advised the Town of anticipated premiums for FY '12.

**Legal Council**

The Town has incurred \$19,278.00 in legal fees in FY '11 to date. This is \$1,778.00 over budget. This is most attributable to the unexpected Friends of Frederick County lawsuit. The Town also spent considerable legal time of the Fire Siren meetings, IRS audit, Tate Text Amendment, Streetscape MOU and Road Transfer Agreement and updating the Town's building codes. The Town spent \$17,658.00 in FY '09 and \$17,550.00 in FY '10. The Town spent \$58,919.00 in FY '07 mostly to save the Adventure Park annexation (see the table below). There will be issues related to a Joint Planning Agreement with the County, Streetscape MOU and Road Transfer Agreement, Demo by Neglect, Building Code update as well as the Friends of Frederick County lawsuit that will likely consume most of the budget. Thus, the Town proposes to budget \$30,000.00 for FY '12.

<u>Fiscal Year</u>	<u>Legal Fees</u>
FY 2002	\$22,522.00
FY 2003	\$15,626.00
FY2004	\$26,229.00
FY 2005	\$17,517.00
FY 2006	\$12,033.00
FY 2007	\$58,919.00
FY 2008	\$20,367.00
FY 2009	\$17,658.00
FY 2010	\$17,550.00
<b>Avg. (9 yr.)</b>	<b>\$23,157.89</b>

### ***Mayoral Expense Account***

No recommended change. The Mayor generally shares these account with P&Z and HDC.

### ***Mayoral Salary***

No change has been made.

### ***Municipal Building Utilities***

The Town has spent \$4,842.00 to date. It spent \$4,979.00 in FY '10. This is likely attributable to the colder than normal winter. The Town proposes to budget \$6,500.00 for FY '12.

### ***MML Meeting***

The Town budgets \$250.00 annually to host one Frederick County Chapter of the MML meeting.

### ***Office Supplies & Technology***

The Town has spent \$4,285.00 to date. That is \$35.00 over budget. The same amount is proposed for FY '12.

### ***Planning Commission Master Planner***

The Town has spent \$6,375.00 to date. The Town budgeted \$5,400.00. This is attributable to the extra time (35 hours) spent on the Municipal Growth Element. This included responding to state and county comments and a Freedom of Information Act request by Friends of Frederick County. The Town will be working its 2011 Master Plan as well as a Joint Planning Agreement with the County. The Town proposes to budget 160 hours at \$50/hr for these two tasks. The Town incurs \$150/month for attending P&Z meetings. Other planning services are generally charged as an administrative fee to the applicant (see subdivision fees above). The Town proposes to budget \$9,800.00 for this activity.

### ***Permits & Inspections***

The Town has currently spent \$662.00 on this activity. Permits and Inspections expenditures depend upon the level of building activity. These costs are related to and offset by the New Construction and Renovation Fees. These fees have offset this related expenditure by \$3,455.00 to date. Since the Town does not anticipate the same level of building activity for FY '12, it only proposes to budget \$750.00.

### ***Code Enforcement Officer***

Currently the Town has spent \$537.00. The Town created a list of enforcement items for the spring and summer. For this reason the Town proposes to budget \$2,000.00 for FY '12.

### ***Printing***

The Town has only spent \$415.00 on this item to date. That is \$1,085.00 under budget. The Town proposes to budget \$1,000.00 for FY '12.

### ***Public Restroom Labor***

It is not anticipated that this will cost more than in previous years with the current cleaner. The Town may wish to consider cutting back on this activity given the decrease in tourist activity.

### ***Public Restroom Supplies***

The Town has only spent \$142.00 to date. It budgeted \$500.00 for FY '11. The Town proposes to budget \$250.00 for FY '12.

### ***Telephone***

The Town has only spent \$1,334.00 on telephone charges in FY '11 to date. The Town proposes to budget \$1,800.00 for FY '12.

### ***Tourism***

Due to economic conditions, the Town proposes no appropriation for this item in FY '11.

### ***Website/Newsletter***

The Town paid \$3,000.00 for the development of a new website in FY '11. This included design, layout, training, unlimited phone support, total site maintenance and web hosting. The hosting and maintenance extends until March 2012. At that time hosting would be \$55.00 per month, technical support would be \$45/hr and graph support would be \$60/hr. Assuming one hour of tech support to go along with the \$55 hosting for the last quarter of FY '12, the appropriation for this item would be \$300.00.

### ***Workman's Compensation***

The Town estimates workman's compensation for FY '12 to be \$1,000.00

### ***Age 65 Rebates.***

The Town rebated \$500.00 in FY '12.

### ***Electric for Fire Pond***

This item has been eliminated.



**Police Protection**

This budget maintains the FY '11 level of service at \$12,079.00.

**Volunteer Fire Department**

The NMFVD appropriation remains at \$2,000.00.

**Crossing Guards**

No appropriation proposed for FY '11.

**Mowing**

The mowing contract for this season is \$7,633.00.

**Snow & Ice Removal**

The Town spent \$17,893.00 in FY '10. It has spent \$13,867.00 to date in FY '11. This covered snowstorms of historic proportions in FY 10 and an unusually cold winter for FY '11. Due to the recent significant increases in Snow Removal expenditures over the last two years, the Town conducted a more sophisticated statistical analysis to find an amount that is with a 95% confidence interval. That amount is \$10,074. The analysis is provided in the table below.

<u>Fiscal Year</u>	<u>Snow Expenditures</u>
FY 2002	\$1,617.00
FY 2003	\$10,358.00
FY2004	\$5,242.00
FY 2005	\$3,441.00
FY 2006	\$2,815.00
FY2007	\$4,584.00
FY 2008	\$3,587.00
FY2009	\$3,528.00
FY2010	\$17,893.00
FY 2011	\$13,867.00
<hr/>	
<i>Avg (10 yr)</i>	\$6,693.20
Significance Level (95%)	0.05
Standard Deviation ( $\sigma$ )	5,456.25
Sample Size	10
Confidence Factor	3,381.76
Confidence Interval	\$6,693 + or - \$3,381

### ***Street Maintenance***

The Town has only spent \$1,247.00 on this item in FY '11 to date. The Town anticipates significant repair on Third Alley late this spring or early summer. Preliminary estimates are \$15,000.00 including engineering. However, this will be a capital outlay in the Capital Improvement Program budget. Thus, for ordinary repair, the Town proposes to budget \$5,000.00 for FY '12.

### ***Street & Park Lighting***

The Town has spent \$3,304.00 thus far in FY '11. The Town spent \$5,494.00 in FY '10. The Town proposes to budget \$5,600.00 in FY '12.

### ***Tree Management***

The Town has spent \$1,750.00 to date in FY '11. The Town spent \$2,965.00 in FY '10. The Town proposes to budget \$2,000.00 in FY '12.

### ***Recycling***

The County provides recycling.

### ***Waste Collection***

At the beginning of fiscal year 2011 the Town will have 307 units disposing trash. Current landfill billing data indicates that the average monthly household tonnage is .11. This is an increase of .02 over last year's average (.091). This equates to 6.14 tons per month at \$76.60 per ton or \$470.00 per month. That is \$5,644.00 more annually. **This should be a concern to each resident.** The Town is projecting six (6) new units for FY '12. Assuming the new units come online equally each month, annual waste collection can be broken down per the following table. This table does not include bulk trash collection.

<b>Projected FY '12 Waste Collection</b>								
<b>Existing</b>		Collec- tion Rate	Collection Fee	Tonnage per Household	Projected Monthly Tonage	Landfill Rate	Monthly Amount	Total Monthly Collection
	307							
<b>July</b>	308	12.24	\$3,763.80	0.113136	34.78932	76.5	\$2,661.38	\$6,425.18
<b>August</b>	308	12.24	\$3,769.92	0.113136	34.845888	76.5	\$2,665.71	\$6,435.63
<b>Sept</b>	309	12.24	\$3,776.04	0.113136	34.902456	76.5	\$2,670.04	\$6,446.08
<b>Oct</b>	309	12.24	\$3,782.16	0.113136	34.959024	76.5	\$2,674.37	\$6,456.53
<b>Nov</b>	310	12.24	\$3,788.28	0.113136	35.015592	76.5	\$2,678.69	\$6,466.97
<b>Dec</b>	310	12.24	\$3,794.40	0.113136	35.07216	76.5	\$2,683.02	\$6,477.42
<b>Jan</b>	311	12.24	\$3,800.52	0.113136	35.128728	76.5	\$2,687.35	\$6,487.87
<b>Feb</b>	311	12.24	\$3,806.64	0.113136	35.185296	76.5	\$2,691.68	\$6,498.32
<b>March</b>	312	12.24	\$3,812.76	0.113136	35.241864	76.5	\$2,696.00	\$6,508.76
<b>April</b>	312	12.24	\$3,818.88	0.113136	35.298432	76.5	\$2,700.33	\$6,519.21
<b>May</b>	313	12.24	\$3,825.00	0.113136	35.355	76.5	\$2,704.66	\$6,529.66
<b>June</b>	313	12.24	\$3,831.12	0.113136	35.411568	76.5	\$2,708.98	\$6,540.10
<b>Total</b>			\$45,569.52				\$32,222.21	\$77,791.73

### ***Grants to Businesses***

Eliminated.

### ***Town Library***

No proposed spending at this time. The Town contemplates a small community library in its Municipal Growth Element if the Franklin Smith home is donated to the Town as part of the Smith-Cline-Delaplaine annexation.

### ***New Market Days***

Traditional amount of \$3,000.00 is initially proposed.

### ***Christmas in New Market***

The Christmas in New Market Committee for 2011 has not been formed. The traditional appropriation is \$3,000.00.

### ***Parks & Recreation***

Same appropriation amount as in FY '11.

### ***Unappropriated Reserve***

This budget does not take into consideration amortization costs of roads, drainage systems and other infrastructure. The FY '12 budget workbook identifies current and future items. Likewise it includes an "in-house" fiscal study of the impact of the

Town's three current subdivisions. This study incorporates these amortizations, including the cost of Main St. upon road transfer required by streetscape. It should be noted that the cost of Main St. does not include any increase in SHUR attributable to the road transfer. Although the Town's audit shows a depreciation expense of \$13,015.00, it does not include roads and drainage areas. Street and Alley amortization per the study is \$20,979.00. Amortization for storm drainage, upon completion of the new subdivisions, is \$26,850.00. This figure was based on the Public Work Agreements for each subdivision. Storm drainage amortization for the Historic District is \$4,724.00. This is based on estimates provided by Wilson T. Ballard. The Town as not accepted any of roads or drainage systems for the new subdivisions. However, assuming a 1/3 completion of each subdivision would suggest a pro-rata amount the Town should be covering in its unappropriated reserve. This suggests an amount of \$47,653.00. The FY '12 budgeted Unappropriated Reserve is \$47,371.00.

Streetscape is a \$4 million dollar drainage, sidewalk, landscaping, and pedestrian lighting project. The Town's sidewalks must be improved not only to be more tourist friendly, but also to be ADA compliant. Two years ago Councilman Romanell hosted Maryland ADA Secretary Raggio to New Market to tour our Residential Merchant District. This visit was precipitated by another visit by Dr. Marilynn J. Phillips. Dr. Phillips is a retired Morgan St. University professor who specializes in ADA issues visited the town. She did not announce her visit, but did send several letters and emails to the Town and its businesses, including Mealey's regarding the town's general lack of accessibility. Subsequently, Dr. Phillips sued both the Candy Kitchen and The Evangelical Reform Church in the City of Frederick [http://www.fredericknewspost.com/sections/archives/display\\_detail.htm?StoryID=103787](http://www.fredericknewspost.com/sections/archives/display_detail.htm?StoryID=103787). The town likewise may be at risk of a lawsuit if it does not make repairs to its sidewalk. However, in exchange for the project, the Town must agree to take over Main St. from SHA. This will add an additional \$46,000.00 annually to our amortization costs. Mr. Andrew McGilvray from Frederick County Department of Public Works provided the Town with the following 32-year maintenance schedule.

<b>Alternate Maintenance with Extended Pavement Preservation</b>				
<b>Maintenance Description</b>	<b>When to perform (No Years)</b>	<b>FY 2010 Unit Cost /SF</b>	<b>Cost for 1.1 miles</b>	<b>Extension of Pavement Life (Years)</b>
Crack Sealing	Y=4	\$ 0.23	\$ 46,086	4
Surface Coat (Preservation)	Y=8	\$ 0.53	\$ 106,199	4
Edge Mill & Overlay (2") [\$1.35/SF]	Y=12	\$ 1.35	\$ 270,508	6
Crack Sealing	Y=18	\$ 0.23	\$ 46,086	4
Surface Coat (Preservation)	Y=22	\$ 0.53	\$ 106,199	4
Mill & Overlay (2")	Y=26	\$ 1.55	\$ 310,583	6
Full-Depth Reclamation and Overlay (4")	Y=32	\$ 2.93	\$ 587,102	20
<b>Total Cost over 32 years</b>			\$ 1,472,764	
<b>Annual amortization (32 years)</b>			\$ 46,023.86	

Clearly, the Town does not have \$4 million to fix drainage in the Historic District and upgrade its sidewalks. The alternative to Streetscape may require the Town to adopt a sidewalk ordinance as is common in most municipalities that require the property owners to maintain the sidewalks.

Streetscape provides yet another example why the Town must expand and diversify its tax base if we want to have first class facilities. An ordinance to take over Main St. will be introduced during the regularly scheduled May Town Council meeting. The public hearing for the ordinance will likely be schedule for the June meeting to go along with the this budget hearing.

## **CIP Budget**

The Town currently has \$760,782.00 in the bank. This is \$90,000.00 more than at the same time last year. The Capital Improvement Program proposes total capital projects of \$836,306.00. The Town proposes to pay \$23,108.00 from grants and \$52,416.00 in loans. That is \$76,135.00 less in anticipated barrowing in the long term. However, since streetscape is not anticipated to occur any sooner than FY '14-20, the borrowing amount could decrease significantly if it can maintain its unappropriated reserve at or near the recommended levels mentioned in the summary on page 1 of this report.

The Town has not executed the Streetscape MOU for pedestrian lighting and thus is not committed any spending or borrowing related to it. It is included in the CIP in order to properly plan for it.

Storm Drainage and Alley Repaving in the Historic District is planned to occur after the completion of streetscape. This is attributable to the changes in the grade of

Main St. that is entailed in the drainage portion of streetscape. This should not be confused with the ordinary repair and maintenance proposed in the operating budget. Due to its dependence on the Streetscape project, it is budgeted for the outer years of the CIP.

The Messanelle Park project re-landscapes and provides for a new fountain.

The Community Park Lighting project provides for additional lighting in the new parking area of the Community Park.

The Community Park Enhancement project provides more tables, benches, grills, display case, signage and landscaping for the Community Park.