

The Town of New Market



1793

BUDGET REPORT

FISCAL YEAR 2023

*Prepared by: Mayor Winslow Burhans III &
Debra Butler, Clerk-Treasurer*

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Summary

The Town of New Market is an incorporated (1878) municipality in the State of Maryland, located a few minutes from historic Frederick and less than an hour from Washington DC and Baltimore, Maryland. New Market developed around the National Road that connected Baltimore and communities to the west, often called “The Road that Built American” or “The Main Street of America.” First settled in 1793 by Nicholas Hall and William Plummer, it is a town full of history, with 90% of the buildings in the historic district dating from the nineteenth century.¹ Over the past few decades, the town has worked to balance historic preservation with economic viability. The Mayor and Council have made an ongoing effort to improve the Town’s tax base and revitalize Main Street to fulfill the vision of the Town Master Plan. The Town has grown from 656 residents in 2010 to 1,525 in the latest census.

Over the last two years, the COVID-19 pandemic and the highest inflation in forty years have made preparing the budget extremely challenging. Predicting the impact of the world and national events on both revenues and expenditures is complicated. Though the economy is slowly adding jobs, almost ten million have been lost since the beginning of the pandemic. For some businesses, the past couple of years have been devastating (restaurants, retail, gyms, and entertainment). Other sectors have continued to thrive and even expand (finance and insurance, health care, and construction). Recent predictions indicate that inflation (currently 8.5%), rising fuel costs, and widespread shortages will intensify in the coming months.

Revenues for the Town of New Market come from numerous sources. They are Intergovernmental, Licenses & Permits, Local Taxes, State Shared Taxes, Grants, Service Charges, and Miscellaneous. Most of our revenue comes from Local Taxes (Admission & Amusement, Income, Real Property, and Personal Property) and Miscellaneous (Interest & Dividends and Speed Monitoring Program).

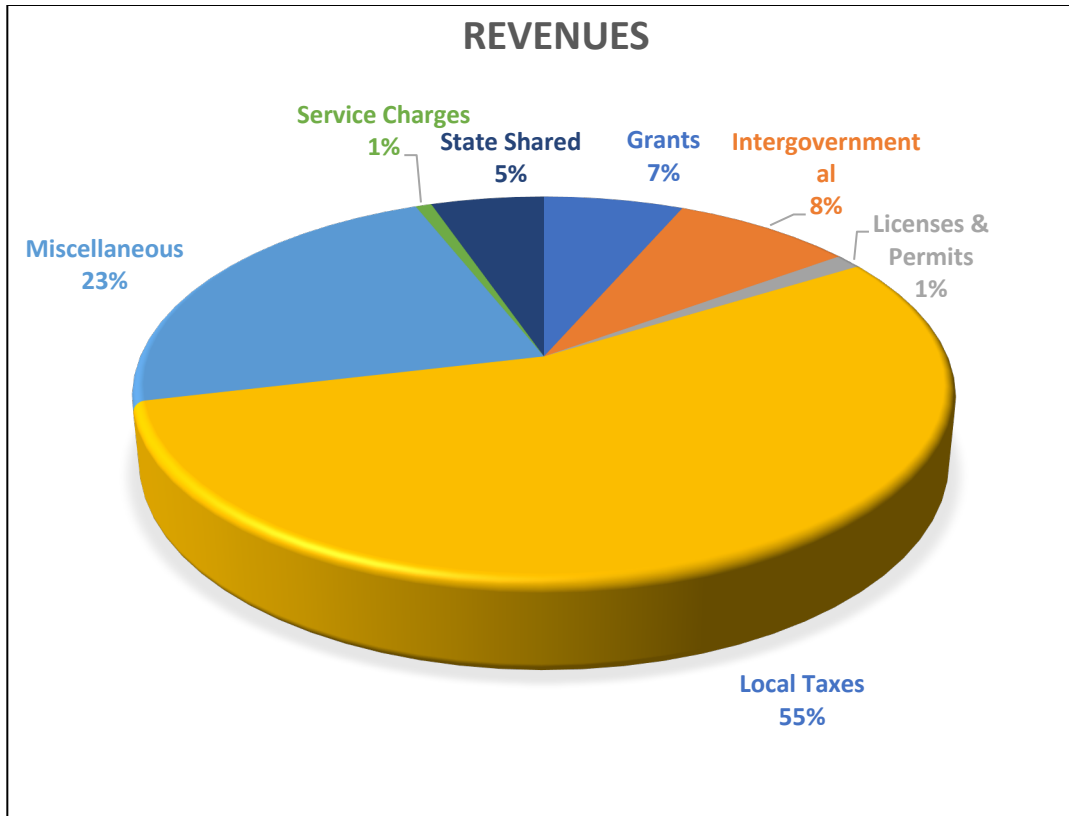
The anticipated revenue for the fiscal year 2023 budget is \$1,496,795, including grants of \$97,315². Revenues have increased by \$547,922, fifty-eight percent more than the FY '22 budget. Areas of income impacted by the COVID-19 pandemic include Admission and Amusement, Personal Property, Frederick Main Street Cooperative Fund, and Interest and Dividends.

- While Admission and Amusement Taxes in FY '21 were down by forty-seven percent from pre-COVID revenue, this year has seen a return to pre-pandemic rates.
- The Frederick Main Street Cooperative Fund is funded through the Hotel Tax in Frederick County. In FY '21, there was a significant reduction in travel, and the fund was down sixty-nine percent from the Town’s first year in the Main Street program (FY '19). Receipts in FY '22 have increased from last year, but higher gasoline rates may impact travel in the coming fiscal year.
- Interest rates have also been significantly impacted the last two years, cutting the return on our investments by ninety-eight percent, a loss of \$42,000 per year. The rate has rebounded the last month, and if the rate holds, we will increase interest revenue from our current year by about \$5,000.

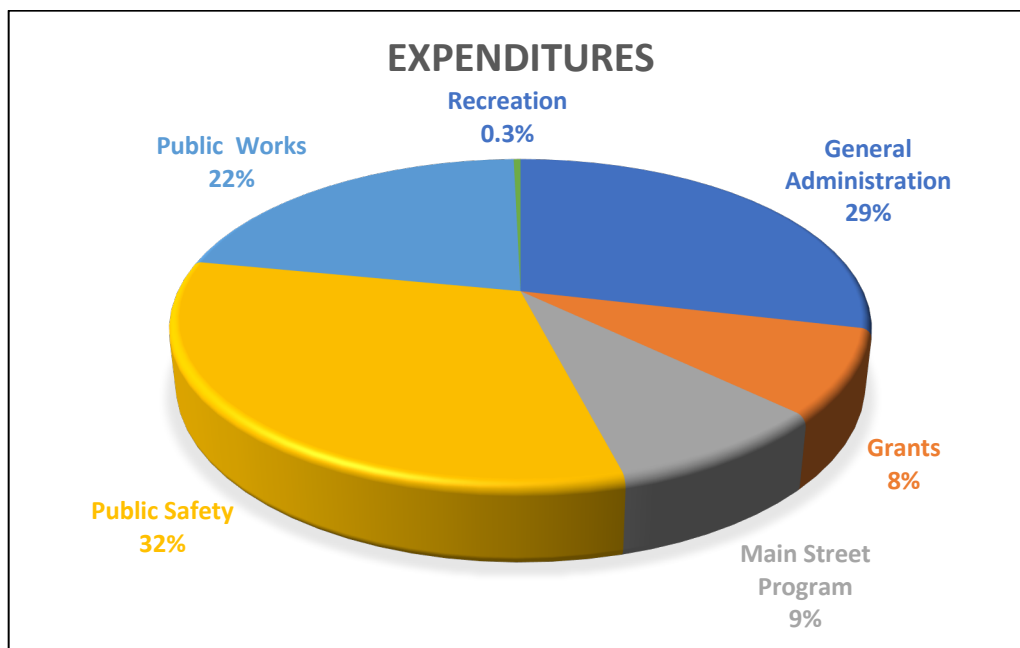
We have seen a higher return than expected on Income Tax in FY '22 and FY '23. According to the State Comptroller's office, most job losses occurred in lower-wage jobs, while high-wage workers were relatively unaffected. Job sectors such as finance, insurance, and health care saw much growth. A boost in capital gains and a more significant number of delinquent tax receipts were also factors. Other areas expected to be higher in FY '23 are Tax Equity and Highway User Revenues.

¹ The Town was listed on the National Register of Historic Places in 1975.

² \$97,315 is the total for Operating Grants. It does not include the COVID-19 ARPA stimulus funds or CIP Grants. For information on the ARPA grant see page 3; for CIP grants, see pages 25-28.



Costs, in general, have increased due to inflation and rising prices. Expenses for FY '23 total \$1,056,024, increasing \$497,599 from last year's budget. Excess revenue over expenditures, the Unappropriated Reserve, is \$440,771, a forty-three percent increase, or \$132,474 more than last year.

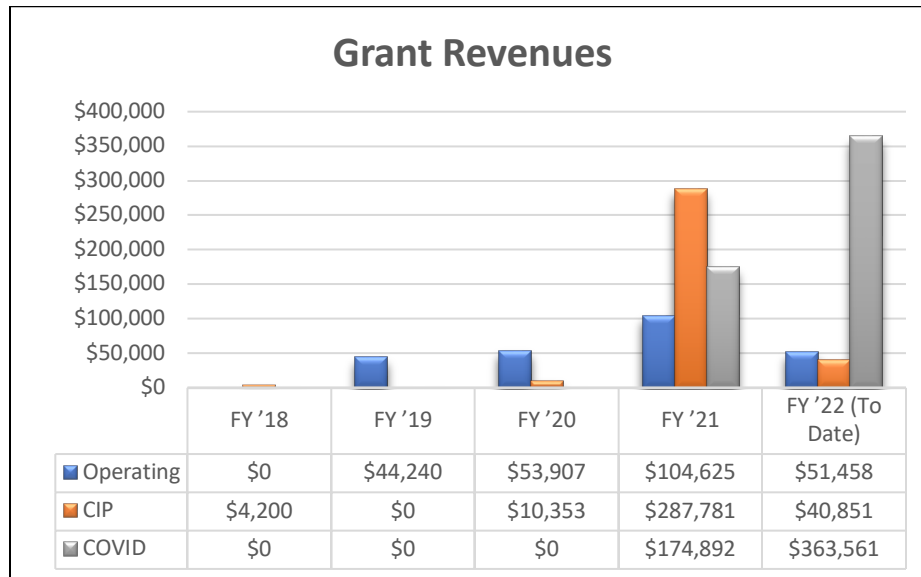


Budget Report – Fiscal Year 2023 - continued

While revenues tend to increase linearly as the Town grows, expenses are more likely to spike at transition points when new staff or services become necessary for the population that establishes that transition and as infrastructure such as roads transfer to the Town. The Town believes we are at a transition point, as evidenced by the increases in staff, planning and engineering, road maintenance, and amortization. Expenses should grow more linearly until we reach the next population transition point.

During FY '19, the Town partnered with the New Market Civic Partnership to complete a branding study. In this study, you expressed a desire for a coffee shop, bakery, other retail establishments, and services and infrastructure to make New Market a better place to live. For this reason, we are budgeting \$183,804 to support this effort.

Additionally, since the completion of Streetscape, the Town has embarked on a Main Street revitalization program. In FY '19, the Town became a member of the Main Street Maryland program and received our Sustainable Communities Designation and Sustainable Maryland certification. Participation in these organizations makes us eligible for Main Street Maryland, Community Legacy, and other grants to revitalize our downtown. In FY '19, the Town received \$44,240 in grant funds, \$53,907 in grant funds in FY '20, and \$104,625 in FY '21. To date, in FY '22, the Town has received \$51,458 in Operating Grants out of a total of \$86,972. The Town has been awarded over \$97,000 in operating grants for FY '23 through the Main Street program.



CIP grants this year include a bond for \$171,000 for the North Alley project (awarded but funds not yet received). We received \$25,102 for reimbursement from the NFWF grants for the final payment for the Fire Pond and another \$15,749 from a Project Open Space Grant (POS) for the Cloud Swing equipment at the Community Park. For FY 23, the Town has \$656,451 in grants for the Capital Improvement Program projects and additional COVID stimulus money.

The Town received two COVID-19-related grants in FY '21. The first grant of \$71,180 was from the COVID Relief Fund under the "Coronavirus Aid, Relief & Economic Security Act" (CARES). These funds were to cover necessary expenditures incurred due to the public health emergency for COVID-19, including assisting businesses impacted by the pandemic. The second grant - "The Maryland Strong Economic Recovery Initiative" (MD-SERI), was received in April 2021 for \$103,712. These funds supported the Main Street Maryland community's small businesses and other recovery efforts. Checks were distributed to our local businesses in the Spring of 2021. A third stimulus, awarded under the "American Rescue Plan Act," is to respond to and prepare for COVID-19 activities and replace revenues lost due to the pandemic. Allowable uses of the recovery funds include: 1) respond to or mitigate the COVID-19 health emergency or its negative

economic impacts, including assistance to households, small businesses, non-profits, and aid for tourism, travel, and hospitality; 2) provide essential workers with premium pay; 3) cover revenue loss as a result incurred because of the COVID-19 emergency; or 4) make necessary investments in water, sewer, or broadband infrastructure. Funds may not be used to support any pension fund or offset a tax cut. The stimulus funds are being distributed to all levels of government based on their population and concentrations of poverty. The amount awarded to New Market, \$727,121, will be distributed in two tranches. One-half was deposited in September 2021; the remainder is scheduled to be deposited one year later.³

The Town is not raising your tax rates. Our policy is to expand and diversify our tax base.

The Town is not raising its personal property or public utility personal property rates. The greatest threat to the Town's finances is the size of its tax base. In the past, both the state and the county have made significant cuts to State Highway User Revenue (SHUR) (\$36,042 FY '10) and Tax Equity (\$82,245 differential from FY '12). Any shared revenue has a component of risk.

Our policy has been to expand our tax base, not to depend on State and County government. However, the County has zoned land for development all around the Town. For example, **many new residents may not know that the New Market Shopping Center (Food Lion, CVS Pharmacy, Citgo, Duncan Donuts, and more) is not in the Town. We do not collect one penny from this development.** We must have a sound financial and comprehensive plan if the Town is to pass along an economically viable, commercially, and residentially vibrant town that preserves our history and cultural identity to future generations. It requires thinking long-term and not becoming complacent with the status quo.

The Town wants to increase its level of public safety, host first-class special events, and engage in more proactive economic development to deliver better shops, restaurants, and park facilities. To do that, the Town has no other option than to expand its commercial tax base, both within the current Town where possible and through annexation. An example of increasing our tax base through annexation is Adventure Park. This property has provided an average of \$85,000 annually over the last ten years. Had we not been successful in annexing it, our financial situation would have been much more severe during those years. Else, the Town is in danger of becoming a small town surrounded by more substantial county development. With our location off a major interstate interchange, this is to be expected. Thus, we will constantly be confronted with pressure for development. This budget recognizes that inevitability. **The goals of our Master Plan and the outcome of the branding study are consistent with our budget.**

We should remember that this is a cash budget. Our Unappropriated Reserve must cover the cost of the amortization of our roads and other infrastructure. (It should be noted that the Historic District comprises 40% of our infrastructure costs.) The current annual amount (not including interest and dividends) required to cover infrastructure is \$439,071. This amount is analogous to an annuity payment where the annuity payment is the Town's Unappropriated Reserve less interest and dividends. The currently projected Unappropriated Reserve for FY '23, less interest, is \$433,878, a deficit of \$5,193 from what is required for amortization.

There are other risks to our ability to cover this number. First, the State has a history of taking a large portion of the local government's SHUR. However, there is also another more insidious risk. Currently, the County Executive is not honoring our Water and Sewer Service Area Agreement. The County Executive has taken a selective interpretation of language, insisting each annexation and any current property along Main Street that may want to connect to the system would require an amendment to the agreement. This requirement is an unintended consequence the County made to the agreement in 2012. It had not previously been an issue and would be an overly cumbersome and ridiculous task for small businesses trying to open in Town. The reason for the County Executive's position? She wants to force the Town to take back the Bypass Maintenance Agreement we reached with the County in 2014. The bypass serves a regional transportation need. Decreasing the ultimate levels of traffic along Main Street is necessary. Those levels are predicted to be three times more than today. She also wants the Town to take over portions of Boyer's Mill Road, Baldwin Road,

³ Award amount based on the population. All funds must be used by December 31, 2024.

Budget Report – Fiscal Year 2023 - continued

and Old New Market Road. This is a colossal act of bad faith and would bankrupt the Town. None of this was ever contemplated in our water agreement.

The Town develops its budget very conservatively, and 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 the small-town government, such as General Administration, Public Safety, and Public Works. The Town spends very little comparatively on Recreation and Culture. For example, while the Town has spent as much as \$10,000 in previous years on New Market days and Christmas in New Market combined, the City of Brunswick spends \$28,000 on its Railroad Days alone. With a wider variety and number of grants now available, the Town hopes to develop opportunities to expand cultural and recreational activities for our residents.

On the following pages, you will find an item-by-item description of Revenues [page 6] and Expenditures [page 14] for the Operating Budget for FY '22. The Capital Improvement Budget (CIP) of current and upcoming projects begins on page 25.

Revenues

Grants

Grant revenue for cost-reimbursable grants is included in the fiscal year that the Town will incur the related expenses. Capital Improvement Program (CIP) Grants, including Project Open Space awards, are covered in the CIP section beginning on page 25.

Main Street Grants – State (\$81,815)

Department of Housing & Community Development (DHCD)⁴

There are several types of grants available for Sustainable Community areas under the Department of Housing & Community Development (DHCD), including Community Legacy Grants (CLG), Operational Assistance Grants (OAG), Technical Assistance Grants (TAG), and the Main Street Improvement Program (MIP). Grants available for FY '23 include:

Community Legacy Grant (CLG)

The stated goal of this program is to provide "funding for essential projects aimed at strengthening communities through activities such as business retention and attraction, encouraging homeownership, and commercial revitalization." To date, this grant has been used to fund the Facade Improvement Program administered by the New Market Civic Partnership (NMCP), a 501(c)(3) non-profit organization.

- **FY '21** – The Town Planner and NMCP were awarded \$50,000 for the Town's Facade Improvement Program. There has been \$31,185 distributed under this grant to date. The remainder **(\$18,815)** will be available in the fiscal year 2023.
- **FY '22** – The Town Planner and NMCP were awarded **\$50,000** for the Town's Facade Improvement Program to be administered in FY '23.

Operational Assistance Grant (OAG-22)

This grant (\$18,000) is designated to help fund the Main Street Manager's Salary (\$15,000) and cover the cost of ornamental banners (\$3,000) for Main Street. Part of the funds (approximately \$5,000) will be used in the current fiscal year. The remaining funds will roll over to be used in FY '23 **(\$13,000)**.

Main Street Grants – County (\$15,500)

Frederick County Main Street Communities Cooperative Fund

Funded by the Frederick County Hotel Tax, this annual grant provides funds and technical support for Main Street revitalization, economic development, and out-of-county visitor promotion and advertising based on past town expenditures. The Town received full Main Street designation in October 2018 and received \$17,298 in FY '19⁵. In FY '20, revenue totaled \$16,332,⁶ and \$9,133⁷ in FY '21. Our receipts for the first nine months of this fiscal year total \$16,106, with a projected \$19,430. Budget figures for FY '23 will not be available from Tourism Council until late summer 2022. This budget proposes **\$15,500** for FY '23, slightly more than the four-year average (\$15,466).

⁴ These grants are usually awarded in one fiscal year and implemented during the following fiscal year.

⁵ Nine months in the fund with full Main Street designation.

⁶ Fund impacted by COVID-19 pandemic – March through June.

⁷ COVID-19 pandemic restrictions impacted travel for the fiscal year.

Intergovernmental

City-County Tax Equity Program

The Frederick County Council has generously provided **\$126,507** in Tax Equity for FY '23. This amount is \$4,655 more than the current fiscal year. Tax Equity revenues have seen significant fluctuations throughout the past twenty years (\$7,966 in FY '12 to \$123,733 in FY '21). The Town cannot rely on this amount from year to year and must continue to expand its tax base.

Licenses & Permits

Cable TV (franchise) Fees

Cable TV fees derive from the number of subscriptions to local cable TV (Comcast). As the number of households has increased, so have the revenues. Receipts have gone from \$10,407 in FY '15 to \$16,547 this year. Franchise fees should remain comparable to FY '22 for the coming fiscal year. This budget estimates **\$16,000** for FY '23.

Town Business Licenses

Town business licenses renew at the end of each fiscal year. There are currently 49 businesses on the tax roll for FY '22; the eight-year average is \$1,384. This budget proposes **\$1,225** for FY '23.

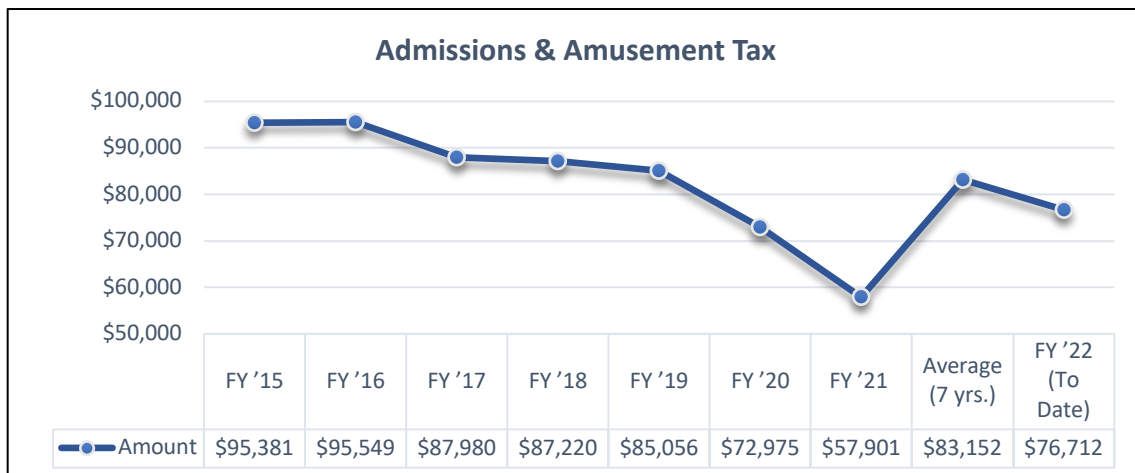
Traders License

Trader's license revenue is 92% of the fee paid to the Clerk of the Circuit Court for annual Trader's license renewals. The Trader's license billing occurs late each fiscal year; thus, we have not received the fees for FY '22. The nine-year average is \$1,231, and the County has projected \$1,200 for the current year. The Town proposes to budget **\$1,200** for FY '23.

Local Taxes

Admission & Amusement Tax (A&A)

FY '20 Admission & Amusement taxes were down 18%, attributable to the impact of COVID-19 on the final quarter. In FY '21 the total (\$57,901) was 31% less than the seven-year average (\$83,152). Revenues have rebounded during 2022. A&A collected through three-quarters of FY '22 is \$76,712, twenty percent more than the seven-year average for the same three quarters (\$63,789). For FY '23, we propose an amount slightly higher than the seven-year average, **\$85,000**. This amount is similar to the last full year of revenue received before COVID-19.

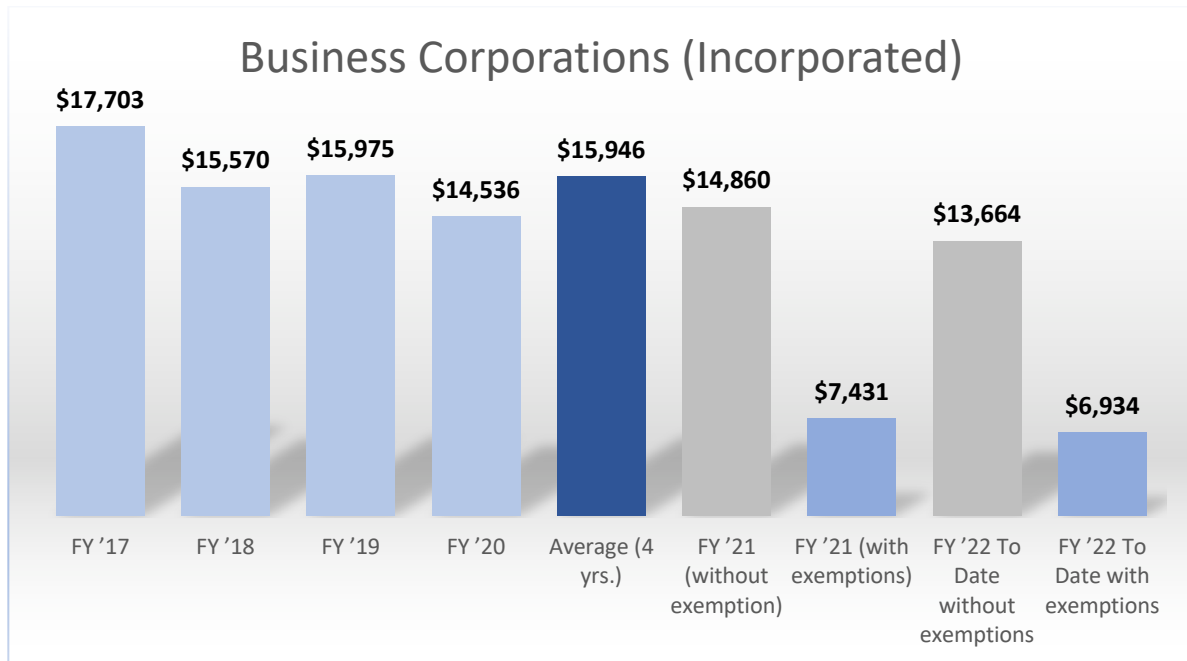


Bank Shares

The amount collected for bank shares is the same each fiscal year (\$73).

Business Corporations (Incorporated)

In response to the COVID-19 pandemic, the Town Council eliminated the personal property taxes on two categories 1) Amusements & Artisans, and 2) Retail Stores & Restaurants. The chart below details the amounts received for four years before the exemptions and the last two years with and without exceptions. This budget proposes **\$14,000** for FY '23.



Income Tax

Current year collections are \$318,371 through April, with a projection from the State Assessment office of \$501,915 for FY '23. In April 2020, the Comptroller of Maryland's office made income tax projections based on the shutdown due to COVID-19 lasting through June. They predicted a twenty-two percent reduction in withholding taxes. In FY '21, we took a twenty-five percent reduction and proposed \$226,182 for FY '21. However, our receipts totaled \$559,078, including \$100,000 more than the average amount for prior year receipts. "Prior" year receipts are due to tax returns' late filing or late payments. The State's Comptroller office released a report in December 2020 that indicated while there was a loss of income in some job sector areas, they tended to be lower-paying jobs. Higher-income positions remained steady and had growth in FY '21. Capital gains also offset losses. The report we received for FY '22 indicates once again there is a higher-than-average amount for prior year returns.

Over the past eighteen years, the Town has added 333 new homes in the Royal Oaks, Brinkley Manor, and The Orchard subdivisions. All three subdivisions are now complete. There are two developments currently in the planning stages: Marley Square (a total of eight homes) and a possible twenty-seven home sites on a Main Street infill project. As these projects have not entered the building phase yet, this budget assumes zero new units to settle in the fiscal year 2023.

The Town has not collected less than \$310,113 in income tax revenue over the past five years. The five-year average is \$361,099. At the beginning of FY '21 (July 2020), there were 527 homes in New Market. Using the projected FY '22 revenue of \$501,915, the yield per home would be \$952. There are currently 533 homes.

Budget Report – Fiscal Year 2023 - continued

This year we are receiving approximately \$45,000 more in revenues from past year's returns. If we deduct that amount, the amount per home would be \$867. Since the number of delinquent returns varies from year to year, for this budget, we will use a more conservative amount of \$800. Using this average for the current number of dwellings brings the proposed total for FY '23 to **\$426,400**.

Fiscal Year	Taxes Collected	Amount Per Home	#Homes/ July 1
FY '18	\$320,845	\$663	484
FY '19	\$310,113	\$624	497
FY '20	\$315,489	\$632	499
FY '21	\$559,078	\$1,105	506
FY '22*	\$501,915	\$952	527
5-year Average	\$401,488	\$799	503

**This is the amount projected by the Maryland Comptroller's Office.*

Personal Property (Unincorporated)

The Town has collected an average of \$591 for the four years of FY '17 through FY '20. There were no taxes collected in FY '21 or FY '22. For those two years, all the unincorporated businesses were in one of the exempted categories – 1) Amusements & Artisans, or 2) Retail Stores and Restaurants. The Town will discontinue the exemptions for FY '23. Two businesses in this category have closed; therefore, this budget proposes **\$350** for FY '23.

Railroad & Public Utilities

Railroad & Public Utilities personal property taxes received for FY '21 is \$16,444, and FY '22 is \$15,972, with a three-year average of \$14,638. The Town will budget **\$15,500** for FY '23, slightly less than the FY '22 total.

Real Property

Property taxes are based on the estimated assessed value of real property as determined by the State Department of Assessments and Taxation (SDAT). The current fiscal year's real property tax rate is \$0.12 per \$100 in assessed value, and taxes collected through March are \$271,797.

The Town grew by six new homes this year, bringing the total number of homes to 533. Currently, there are no projects in the construction phase. Marley Square (next to Brinkley Manor) has eight (8) homes proposed, and a Main Street infill development would add twenty-seven (27) townhomes. These two developments are still in the planning stages, and currently, there is no start date. Using the projected net assessable real property base calculated by SDAT on the attached Constant Yield Tax Rate Certification, the revenue for FY '23 would be **\$283,191** ($235,992,871 / \100×0.12).

State of Maryland
Department of Assessments and Taxation

February 14, 2022

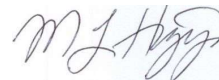
2022 Constant Yield Tax Rate Certification

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

1	1-Jul-2021	Gross assessable real property base	\$	224,958,100
2	1-Jul-2021	Homestead Tax Credit	-	562,327
3	1-Jul-2021	Net assessable real property base		224,395,773
4	1-Jul-2021	Actual local tax rate (per \$100)	x	0.1200
5	1-Jul-2021	Potential revenue	\$	269,275
6	1-Jul-2022	Estimated assessable base	\$	242,538,302
7	1-Jan-2022	Half year new construction	-	1,604,700
8	1-Jul-2022	Estimated full year new construction*	-	2,000,000
9	1-Jul-2022	Estimated abatements and deletions**	-	2,940,731
10	1-Jul-2022	Net assessable real property base	\$	235,992,871
11	1-Jul-2021	Potential revenue	\$	269,275
12	1-Jul-2022	Net assessable real property base	÷	235,992,871
13	1-Jul-2022	Constant yield tax rate	\$	0.1141

EXEMPT

Certified by



Director

* Includes one-quarter year new construction where applicable.
**Actual + estimated as of July 1, 2022, including Homestead Tax Credit.
Form CYTR #1

Miscellaneous Revenue

Credit Card Rewards

The Town credit card offers cash rewards. Over the past three years, the amount deposited to the General Fund averages \$350 per year. This budget proposes the three-year average amount of **\$350** for FY '23.

Interest & Dividends

In FY '20, the interest rate for the Town investment account averaged 2.1%. In the early months of the COVID-19 pandemic, the rate dropped to a low of 0.03 and averaged only 0.04% for the last twelve months. In the table below, you can see the effect of the interest rates on the revenue in a twelve-month period. The rate is currently 0.299%, an 86% reduction in the interest rate from FY '20. At the pre-COVID rate of 2.1%, our current assets would earn \$42,951 in interest, 3% of total revenue. This budget proposes **\$6,893** for FY '23.

Period	Annual 12 Month Yield	Current Balance (4/15/22)	Simple Interest for 12 Months
Prior to COVID	2.100	\$2,045,289	\$42,951
FY20	1.400	\$2,045,289	\$28,634
FY21	0.100	\$2,045,289	\$2,045
FY22	0.045	\$2,045,289	\$920
Current Rate	0.337	\$2,045,289	\$6,893

Speed Monitoring Program

To address the issue of speeding in the New Market Elementary and Middle School district, the Town adopted an ordinance (ORD# 2021-01) on April 8, 2021, which allows for the utilization of speed cameras within its jurisdiction. The Maryland General Assembly authorizes speed cameras in Maryland school zones under Maryland Transportation [Article 21-809](#). The speed monitoring systems aim to reduce driver speeds within the affected school zones while increasing safety for children, motorists, and pedestrians.

Before adopting the ordinance, a traffic study was conducted, and possible revenues were indicated but not guaranteed. For purposes of this budget, we will use the same amount for revenues as the projected expense to administer the program, **\$332,733**. Budget amendments will be made as appropriate once the program is active. After recovering the program costs, the remaining amount will be used for public safety, including pedestrian safety programs.

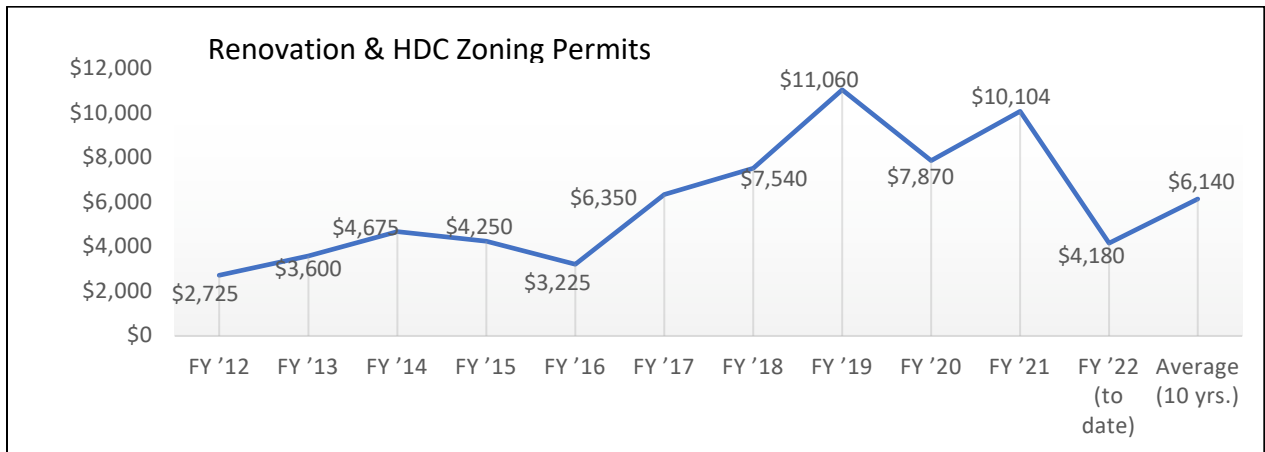
Service Charges for Current Services

New Construction Permit Fees

The Town has collected \$0 in new home construction fees in FY '22. Construction is complete in Royal Oaks, Brinkley Manor, and The Orchard subdivisions. Any new home permits in FY '23 would be for Marley Square (8 units) or the proposed infill development on Main Street (27 units). Marley Square is anticipating beginning construction next year; therefore, this budget proposes **\$1,200** for new construction permits in FY '23.

Renovation Zoning and HDC Fees

These are fees collected for permit applications for residential home improvements, business applications, and the Board of Appeals. Of the seventy-two permits (\$4,180) received this year, twenty-five were business or development related. Since 2005, 333 homes have been built in New Market. Many of the permits in the last ten to fifteen years were for newly constructed homes. With no new home construction scheduled for this fiscal year, this budget proposes **\$4,000** for FY '23.



Subdivision Admin Fees

The town's average collected for the past ten years is \$8,245. Through February, we have received \$4,403. Projects and reviews should be comparable to this fiscal year. This budget proposes **\$6,000** for FY '23.

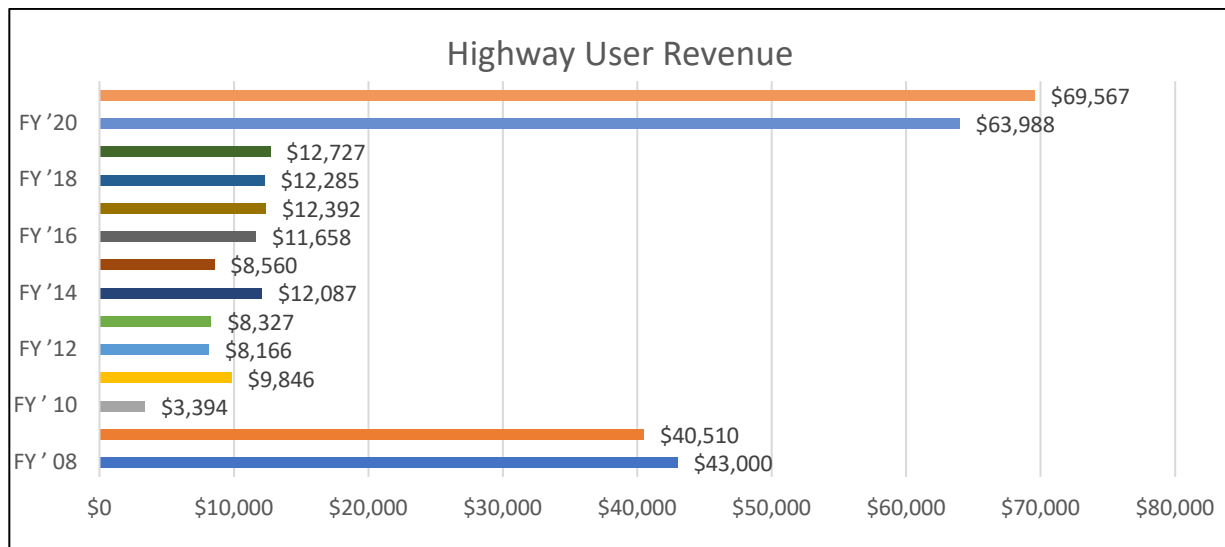
State Shared Taxes

Governor's Transportation Grant

This item was not in the Maryland FY '23 budget.

Highway User Revenues

The Town has received \$53,545 of the \$75,201 budgeted in FY '22. Over the years, there has been a significant variation in the amount received for this item (see chart below). In FY '08, the Town collected \$43,000. And then, in FY '10, the State cut the local share by 90%, and we received only \$3,394. Thus, the Town lost over \$40,000 each year from FY '10 through FY '19 and provided evidence that it must expand and diversify its tax base. The Town cannot be dependent on State and Federal shared revenue for its economic viability. However, with the passage of HB 807/SB 416 in FY '19, municipalities have five years of predictable and elevated highway user revenue (HUR) funding for fiscal years 2020-2024. In January, the SHA notified the Town it could expect **\$78,858** in FY '23.





STATE HIGHWAY
ADMINISTRATION

Larry Hogan
Governor

Boyd K. Rutherford
Lt. Governor

James F. Ports, Jr.
Secretary

Tim Smith, P.E.
Administrator

January 26, 2022



Ms. Debra J. Butler
Clerk-Treasurer
Town of New Market
P.O. Box 27
New Market, MD 21774

RE: Highway User Revenue Revised Estimates - Fiscal Years 2022 and 2023

Dear Ms. Butler:

The Maryland Department of Transportation has revised the estimated Highway User Revenues (HUR) for Fiscal Year 2022 and Fiscal Year 2023. This revision was based on an updated revenue forecast.

The revised HUR estimates for Town of New Market for Fiscal Years 2022 and 2023 are \$75,960.63 and \$78,857.99, 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 2023, you may want to adjust your internal HUR estimate accordingly.

Please note that legislation enacted during the 2018 Session of the Maryland General Assembly altered the manner in which the State provides highway user revenues to localities. Beginning in FY 2020, these funds will be provided through capital transportation grants instead of providing a portion of the Gasoline Motor Vehicle Revenue Account (GMVRA) revenues. The distribution methodology based on registrations and lane miles remains the same.

If you have any questions or require further assistance, please feel free to contact Jerin Scott at (410) 545-5535 or me at (410) 545-5510.

Sincerely,

Okey I. Odinammadu

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

Cc: Kina Johnson-Malcolm, MDOT TSO
Dan Ruth, MDOT SHA
Jerin Scott, MDOT SHA

Expenditures

General Administration

Age 65+ Rebates

In FY '23, there have been ten applications for the 65+ property tax rebate. The average rebate amount for the past three years is \$1,625. The Town budgets **\$1,600** in FY '23.

Advertising

The amount spent on advertising expenditures in FY '22 is \$303. The ten-year average for advertising is \$2,145. This budget proposes **\$2,200** in advertising in FY '23.

Annual Town Dinner

The Annual Town Dinner is open to all current board members, Town staff, and guests. With the continued concerns over COVID-19, there was no annual town dinner in FY '22. For FY '23, this budget proposes **\$2,100**.

Auditing & Accounting

The amount of the FY '22 audit and FY '23 quarterly reviews total \$15,300. Annual payroll costs and year-end reporting add \$3,350. This budget proposes **\$18,650** for FY '23.

Bank Charge Fees

This item is for bank charge fees for the general fund account monthly fee and other bank fees as needed. This budget proposes **\$123** for FY '23. This amount will include the monthly bank fees (\$48) and wire transfer fees (\$75).

Board of Zoning Appeals

There has been one Board of Zoning Appeals case to date this year. Generally, there are one to three cases per year. Zoning and HDC fees offset this expense. The Town will budget **(\$850)** the same budget amount as the past five fiscal years.

Clerk Salaries

The service provided by the Town clerks may be perhaps the most essential of all Town functions. The Town recognizes the need to retain those who offer this service. There has been no increase since the FY '20 budget. A cost-of-living adjustment (COLA⁸) of 5% for the Clerk to Council and 2% for the Clerk-Treasurer is proposed **(\$80,811)** for FY '23.

Conferences & Continuing Education

The Town encourages staff and board members to attend pertinent meetings and conferences for educational purposes. For FY '23, the Town will budget **\$3,000**.

Donations

The town has spent \$61 in donations (the five-year average is \$461). For FY '23, **\$500** is proposed.

⁸ From the Maryland Municipal League Budget Preparation Memo in March – “According to data released yesterday by the U.S. Bureau of Labor Statistics, the nationwide Consumer Price Index for All Urban Consumers (CPI-U) increased by 7.9% for the 12-month period ending in February 2022.”

Dues & Subscriptions

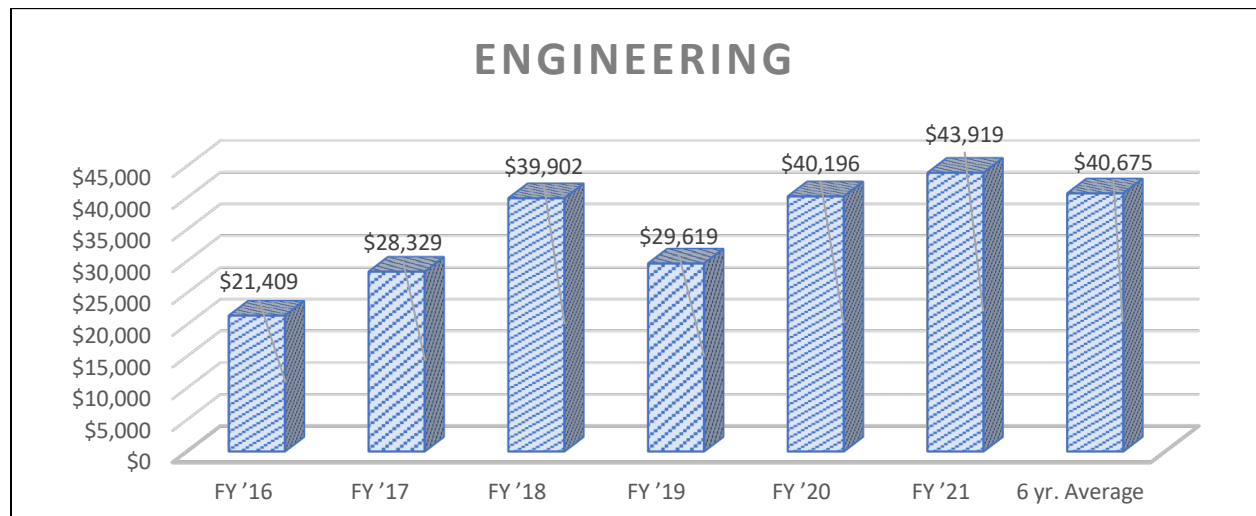
The Town has spent \$2,389 of the \$2,500 budgeted. Some items covered in this line item are membership dues for the Maryland Municipal League, MML Clerks Association, Frederick Chamber of Commerce, Maryland Historic District Commission, Maryland Planning Commission, International Building code, and the post office and safe deposit boxes rental. With recent price increases, the Town proposes to budget **\$2,750** for FY '23 for Dues & Subscriptions.

Employee Benefits

The Town does not currently offer employee benefits.

Engineering

This budget line item for miscellaneous engineering includes examining and investigating problems in a capital asset, costs for studies such as the development of the Capital Asset Worksheet, Traffic Studies, Forest Conservation reporting, preparation of RFPs, and other analysis as needed. The engineering fees for the past six years are listed below.



With the increase in roads and infrastructure, there has been an increase in engineering fees. For FY '21, a new item was required by the Maryland Department of the Environment – the MS4 Permit (see explanation below). The MS4 permit process will continue in the upcoming fiscal year. This budget proposes **\$64,500** for FY '23, as shown in the following table.

Category	Amount
CWP BMP Review	\$4,500
Forest Conservation Annual Report	\$5,000
Infrastructure Maintenance Inspection/ Town Asset Updates	\$10,000
MDE MS4 Permit Process	\$20,000
Miscellaneous	\$10,000
Roads/Sidewalks	\$15,000
Total	\$64,500

Center for Watershed Protection (CWP) SWM Facility Review (\$4,500) – The CWP is evaluating various proposed SWM facility projects throughout the Town. Engineering review services are required to ensure these SWM facilities do not interfere with other projects planned within the Town. The budget is \$4,500 for design review work and construction inspection.

Forest Conservation Annual Report (\$5,000) – Assist in conducting annual reporting to the Department of Natural Resources on the status of development activities associated with the Forest Conservation Ordinance (FCO).

Infrastructure Maintenance Inspection/Town Asset Update (\$10,000) – Activities to annually review, document, and report on the condition of and recommend maintenance activities for the Town roadways, sidewalks, bridges, and stormwater management, as well as activities conducted to review and update the valuation and maintenance cost estimate for the Town infrastructure and other assets. The fees in FY 23 will include an update to the Capital Asset Spreadsheet (\$4,000).

Maryland Department of the Environment (MDE) MS4 Permits (\$20,000) – The 2020 census results exceeded the population threshold that allows the Town to be covered by the Frederick County National Pollutant Discharge Elimination System (NPDES) General Permit. This permit is for the treatment of stormwater runoff. The Town has been coordinating with the Maryland Department of the Environment (MDE) about obtaining an NPDES General Permit for Discharges from Small Municipal Separate Storm Drain Sewer Systems (MS4).

Based on current coordination with MDE, the Town may be eligible for a waiver from obtaining an NPDES MS4 permit for the current cycle. MDE has requested continued coordination with MDE concerning the Town's runoff contribution to the watershed and the Town's current pollution prevention efforts. The Total amount budgeted is \$20,000. Components of this process required in FY '23:

- Continue an inventory of impervious surfaces and storm drain facilities within the Town
- Coordinate with MDE to review the Town's application process/waiver eligibility
- Coordinate with MDE about the modeling of the Town's runoff contribution to the watershed
- Develop NMPDES/MS4 application/waiver package.

Miscellaneous (\$10,000) – Activities for this category include items such as the following:

- Responding to Town inquiries about items beyond roads and sidewalks, including Forest Conservation
- State and County reports, such as the Annual Highway Report
- Providing documentation for developing the annual Town budget and asset depreciation information for the yearly audit, and
- And other engineering tasks assigned by the Mayor and Council are not covered by the above categories.

Roads/Sidewalks (\$15,000) – Engineering activities conducted to respond to Town staff and residents inquiries regarding roads and sidewalks. Examples of these types of activities include:

- Reviewing sign placement for the reduction of the posted speed along Main Street,
- Interpreting vehicle speed data collected along Main Street,
- Examining the system of one-way alleys,
- Preparing an exhibit of the proposed Town walking trail system,
- Investigating locations for additional parking lots within the Town,
- Determining priorities for roadway rehabilitation, and
- Evaluating traffic calming methods in response to resident inquiries.

General Maintenance Labor

The Town spent \$17,631 of the \$19,630 budgeted to maintain 39 W. Main and 40 South Alley in FY '22. Projects for 40 South Alley included removing the chimney, installing a water heater, new downspouts, and routine maintenance for both municipal buildings.

Next year, regular maintenance expenses (\$3,400) for both buildings include pest control, gutter cleaning, and fire inspections. Additional projects for 40 South Alley include 1) adding a door/wall to the 1st-floor conference room storage area, 2) shelves (built-in or metal) for the storage area, and 3) reinforcing the shelving in the copier storage closet. For 39 W. Main, an extensive roof repair is required (\$10,000). The Town proposes **\$18,830** for FY '23, including the items listed, and \$1,650 for miscellaneous maintenance.

General Maintenance Supplies

The Town has currently spent \$476 on General Maintenance Supplies, \$1,024 under budget. The five-year average is \$1,425. For FY '23, **\$2,750** is proposed, including material costs for the General Maintenance projects listed above.

Green Team Initiative

This item is now under the **Main Street Program** (page 20).

HDC/ARC Administrative Approvals

The Town has not engaged in this activity yet.

Insurance

The amount for the FY '22 liability policy is \$3,477. The Town has not received the annual renewal for FY '23. However, our provider has indicated that there will be a 5.5% increase in premiums. The Town proposes **\$3,668** for FY '23.

Legal Counsel

The amount to date for FY '21 is \$12,612, with a ten-year average of \$22,400. For FY '23, this budget proposes **\$22,000**.

Mayoral Expense Account

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

Mayoral Salary

There is no change to this budget item.

MML Meetings

The Town has previously budgeted \$200-\$250 annually to host one Frederick County Chapter of the MML meeting. As prices have increased, this budget proposes **\$500** for FY '23.

Municipal Building Utilities

The Town has spent \$4,120 to date. There is still one quarterly water/sewer billing for FY '22 of approximately \$755. The remaining electric and gas utility bills should bring our yearly total to roughly \$5,300. With fuel prices rising, we have added 10% to the electric and gas portion and propose **\$5,850**.

New Market Civic Partnership

The New Market Civic Partnership (NMCP) aims to support the Main Street district's economic and civic revitalization and acts as the Town's Community Development Corporation. The independent organization manages grant applications for Community Legacy and other grants related to the Main Street Maryland Program and the Sustainable Communities Program. For FY '23, this budget proposes **\$1,200** for funds to cover administrative costs for the partnership insurance, the same amount as the current year.

Office Supplies, Equipment & Online Services

The Town has spent \$15,813 of the \$17,420 budget, including costs for a laptop, a desktop computer replacement, an additional scanner, and a laser printer. In FY '23, the proposed equipment includes the price for the replacement of a desktop computer, equipment for the proposed Grants Administrator, and a contingency fee for other small peripherals. As per the following chart, the amount budgeted for FY '23 is **\$17,710**.

Office Supplies, Equipment & Online Services

Category	Projected Costs
Equipment	\$3,575
Office Supplies	\$3,000
Printing	\$3,178
ShoreScan Cloud Storage	\$2,983
Software Licensing	\$2,774
Website	\$2,200
TOTAL	\$17,710

Postage

Postage fees to date are \$510, and the average amount for the last five years is \$597. For FY '23, this budget proposes **\$625**.

Public Restroom & Municipal Building Cleaning

This proposed amount for FY '23 is **\$12,285**, which includes a cost-of-living increase of 5%. This includes cleaning the public restrooms at 39 W. Main Street and the municipal building at 40 South Alley.

Public Restroom Supplies

The Town has spent \$33 on this item to date. The Town proposes to budget **\$200** for FY '23.

Social Security & Medicare

This amount is a function of total salaries in General Administration (**\$7,413**).

Telephone/Internet

The Town has spent \$2,772 on telephone and internet charges to date. We are in year two of our current contract. Based on our agreement, there will be a price increase in April 2023. The Town budgets **\$3,200** for FY '23.

Town Planner

The total amount proposed for the Town Planner in FY '23 is **\$6,867**, divided into the following sub-categories. *[There is a cost-of-living increase in the hourly rate from \$51.50 to \$54.50].*

Planning and Zoning Commission Meetings (\$1,962) – The average cost for the Town Planner to attend the monthly Planning and Zoning Commission meeting.

Town Planning Tasks (\$4,905) – These tasks include:

- The preparation of plans, grant applications, ordinances, resolutions, and other similar documents, as needed, to implement the goals and action plans of the Town master plan
- Provide the required interface with the County, the State, and Federal governments,
- Assistance with joint planning sessions with the County

Main Street Revitalization Support – This item has been moved under the Main Street Program (page 20).

Unemployment Insurance

An unemployment insurance rate change occurred on April 1, 2022 (decreased from 2.2% to 1%). The amount to date in FY '22 is \$384. As there will be additional employees in FY '23, this budget proposes **\$500**.

Workman's Compensation

Our Workman's Comp policy begins in May each year, and the premium is based on the projected salary amounts for the next twelve months. This includes the Grants Administrator and the new Speed Monitoring Program Administration. Based on that information, the renewal amount is \$2,295. As the new employees

Budget Report – Fiscal Year 2023 - continued

have not officially started, we will receive a refund of any overpayment once they audit our actual payroll figures. For FY '23, this budget proposes **\$2,410**, or a 5% increase of this year's premium.

Zoning Administrator/Code Enforcement Officer

Three general areas make up the function of the Zoning Administrator/Code Enforcement Officer. The cost for one of these, Permit and Inspections, is offset by the permit fees collected by the Town. Prices are based on the fee schedule approved in 2018. The total amount proposed for this line item is **\$15,643**, as detailed below. *[There is a cost-of-living increase in the hourly rate from \$51.50 to \$54.50.]*

Code Enforcement Officer (\$1,581) – Expenditures to date are \$2,369, or \$869 over the budgeted amount of \$1,500.

Inquiries (\$5,832) – The Town budgeted \$5,500 for this task in FY '22 and has expended \$5,305. Main Street Revitalization efforts continue to intensify. These efforts, along with the completion of Streetscape, have increased inquiries regarding the opportunities and requirements based on the Town Plan and the Land Development Ordinance. These include questions from prospective and existing homeowners and businesses who are improving buildings or creating infill development on properties along Main Street and elsewhere in town. It also includes a growing number of potential applications for Special Exceptions. Owners of properties within the Town's designated annexation areas are also inquiring about the possibility of becoming part of the town.

Permitting & Inspections (\$8,230) – Permitting and Inspection expenditures depend upon the level of building activity in town. Costs are related to and offset by the permit fees paid; this is not a profit center. Permit fees are from the fee schedule approved in 2018 and include general renovation permits, new construction, and business applications.

Grants

Main Street Grants

Department of Housing & Community Development (DHCD)

There are several types of grants applied for under the Department of Housing & Community Development (DHCD), including Community Legacy Grants (CLG), Operational Assistance Grants (OAG), Technical Assistance Grants (TAG), and the Main Street Improvement Program (MIP). Most of these are cost-reimbursable grants, i.e., revenue equals the total expenditures. For more information on these grants, see page 6.

Community Legacy Grant (CLG) – 1) FY '21 – The Town Planner and NMCP were awarded \$50,000 for the Town's Facade Improvement Program. There has been \$31,185 distributed under this grant to date. The remainder (**\$18,815**) will be available in the fiscal year 2023. **2) FY '22** – The Town Planner and NMCP were awarded **\$50,000** for the Town's Facade Improvement Program to be administered in FY '23.

Operational Assistance Grant (OAG-22) – This grant (\$18,000) is designated to help fund the Main Street Manager's Salary and cover the cost of ornamental banners for Main Street. Part of the funds (approximately \$5,000) will be used in the current fiscal year. The remaining funds will roll over to be used in FY '23 (**\$13,000**).

Frederick County Main Street Communities Coop Fund – Promotion/ Marketing

The Main Street Communities Cooperative Fund requires fifty percent of the grant funds for promotion and marketing costs outside the county. We are budgeting **\$7,750** for this item, which is 50% of the total estimated revenues for the Coop fund [see page 6].

Main Street Program

In November 2021, we added this section to the budget to facilitate the required reporting for the Main Street program. Some categories listed below were moved from other budget sections (location is listed in *italics*).

Green Team Initiative (*General Administration*)

The Green Team Initiative was a new budget item in FY '17. The Town put together a group in response to the State's initiative to have all municipalities become sustainable communities. The Green Team initiated projects and activities to earn points toward certification. The funds budgeted here are a donation from the Town to help defray the costs of the scheduled tasks. For more information on the Green Team and their enterprise, click [here](#). The Town budgeted \$2,672 for this program in FY '22. The amount requested for the Green Team Initiative in FY '23 is **\$869**.

Interim Grants Administrator

The position of the Grants Administrator has not been filled at the time of budget preparation. The Interim Grants Administrator fees will be billed hourly (\$54.50). The total amount budgeted for this temporary position is **\$26,000**. For more information, see *Grants Administrator* below.

Main Street Miscellaneous

This item includes the annual dues for the Main Street program (\$375). There is a small contingency fee for other things that the Main Street Manager may require to fulfill their duties. The amount proposed is **\$625** for FY '23.

Main Street Revitalization – Town Planner (*General Admin: Town Planner*)

The Town has budgeted **\$20,056** to support the Main Street Revitalization strategy this year, which is an on-going effort to improve the Town's tax base and revitalize Main Street to fulfill the vision of the Town Master Plan. This includes efforts to bring more of what residents have said they wanted, such as coffee shops, a bakery, restaurants, retail, and other services that residents can access by walking.

Main Street Revitalization Support focuses on working with property buyers, realtors, businesses, and property owners looking to understand the Town code and what they can and must do before buying or making applications. It also includes helping with roundtables, grant strategies, action plans, grant applications and justifications, reporting, coordinating with grantors, town volunteer committees, and the New Market Civic Partnership, bringing in grant funds from other sources, and overseeing grants. In addition, there will be support for the Historic District Commission. This will include attending meetings and addressing applicants' and HDC members' questions.

Main Street Salaries (*General Administration: Clerk's Salaries*)

In previous years, the Town clerk carried out the duties of management of the Main Street program and grants administration. With the Town's growth, membership in the Main Street Program, and the number of grants to manage, it is necessary to reorganize those duties into two positions. The amount budgeted for Main Street Program Salaries is **\$26,000**.

- **Main Street Manager/Town Clerk (MSM/TC)** – The MSM/TC will coordinate activities within the commercial district revitalization program that utilizes historic preservation as an integral foundation for Main Street's economic development. This person will be responsible for the development, conduct, execution, and documentation of the Main Street program. The manager is the principal on-site staff person responsible for coordinating all program activities and volunteers and representing the community regionally/nationally as appropriate. Support and cross-training for the Clerk to Council are also part of the duties.
- **Grants Administrator** – The Grants Administrator will assist in identifying grant opportunities, preparing the grant applications, and managing the grant once awarded, including all required reporting and reimbursement processing. This position has not been filled at the time of this report.

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Our Town Planner will act as the Interim Grants Administrator (see above) to ensure that all necessary duties of this position will be current and that we meet all the reporting deadlines.

Main Street Social Security & Medicare

This amount is a function of total employee salaries under the Main Street Program **(\$1,989)**.⁹

Special Events (*Recreation & Culture*)

The Special Events committee is requesting **\$17,500** in FY '23 for events that include Christmas in New Market and the South Alley Block Party. The two events had a much larger audience this year. The Block Party had 1000+ in attendance, and Christmas in New Market had approximately 2000 (up from about 250+ for each). The greater crowd size requires additional items and a contingency fee to cover cost increases or issues that may arise.

Event	*FY 22 SE Budget	FY22 Actual Expenses	**Extras/ Attendance	FY23 Budget Request
Block Party	\$7,000	\$6,735	\$1,555	\$8,300
Christmas in NM	\$3,500	\$4,882	\$2,305	\$7,200
Contingency Fee	\$0	\$0	\$2,000	\$2,000
TOTAL	\$10,500	\$11,617	\$5,860	\$17,500

*The FY22 SE budget included a reserve of \$1,900 from the prior year, \$7,400 from the Town, and additional funding from donations/sponsorships.

** The Extras are required in response to the larger crowd size. They include an extra tent (\$425), porta-johns (\$650), and assistance with road closures from the Frederick County Sheriff's Department (\$480) for the Block Party and the same items with the addition of \$750 for the replacement of decorations for CINM.

Public Safety

Police Protection

This year's tax equity does not provide for police protection.

Public Safety Fund

There is no amount specified for the *Public Safety Fund* at this time. If the *Speed Monitoring Program* revenues are greater than the costs for administration, the overage will be allocated here and used for pedestrian and traffic safety.

Speed Monitoring Program Administration

As discussed under Revenues (page 11), the *Speed Monitoring Program* was added by Ordinance 2021-01 based on concerns of parents and residents about safety in the New Market school zone. The amount to administer the program is estimated at **\$332,733**. This is the amount we will use for purposes of the original FY '23 budget. As this is the program's first year, the budget has set the revenues the same as the proposed expenditures. If there are excess revenues, they will be used for pedestrian and traffic safety (see *Public Safety Fund* above).

Item	Amount
Cameras	\$211,200
City Citation Fees	\$100,800
Police Officer(s)	\$9,630
Program Administrator	\$9,630
Social Security /Medicare	\$1,473
Total	\$332,733

⁹ Both *Main Street Revitalization* and *Interim Grants Administrator* are being performed by the Town Planner. Those budgeted amounts are not included in the calculation for Main Street Program Social Security & Medicare.

Budget Report – Fiscal Year 2023 - continued

Volunteer Fire Department

The Town recognizes the vital service and contributions of the New Market Volunteer Fire Department. For FY '23, the Town budgets **\$6,500**.

Public Works

Mowing

The current mowing contract runs through November 2022. A new contract will begin in April 2023. The amount budgeted for FY '23 is **\$19,500**.

Sidewalk Maintenance

ADA-compliant pedestrian walkways on Main Street were installed as part of the Streetscape project (FY '17). Since their installation, the Town did not spend any funds on sidewalk maintenance in FY '17 or FY '18, only a nominal amount in FY '19, and none in FY '20, FY '21, or FY '22. **\$1,000** is set aside for any sidewalk repairs required throughout the town in FY '23.

Snow & Ice Removal

Between FY '10 and FY '22, the annual amount spent on snow and ice removal ranged from a low of \$1,325 to a high of \$33,658. These covered a year with just one small snow event to snowstorms of historic proportions in FY '10 and FY '14 and an icy winter in FY '11. With the increase in the number of miles that we now must clear, we have taken the average spent per mile (\$3,725) over the last twelve years and multiplied that by the current number of miles of road that we service (6.63). The total now includes Main Street (1.11), Prospect Street (0.08), municipal parking areas, and the path between the LOUYAA ballfields and Isaac Russell Street in Royal Oaks. The budgeted amount is **\$24,699** for FY '23.

Snow Expenditures (FY '10 – FY '22)

<u>Year</u>	<u>Miles</u>	<u>Snow Expenditures</u>	<u>Amt. Per Mile</u>
FY '10	3.00	\$17,893	\$5,964
FY '11	3.00	\$15,668	\$5,223
FY '12	3.00	\$1,325	\$442
FY '13	3.00	\$6,007	\$2,002
FY '14	3.00	\$20,533	\$6,844
FY '15	3.66	\$14,800	\$4,044
FY '16	4.32	\$15,153	\$3,508
FY '17	5.37	\$9,054	\$1,686
FY '18	5.37	\$17,257	\$3,214
FY '19	6.56	\$33,658	\$5,131
FY '20	6.63	\$4,998	\$754
FY '21	6.63	\$26,483	\$3,994
FY '22	6.63	\$12,585	\$1,898
Avg Per Mile (13 yrs.)			\$3,725

Stormwater Management

This item is for the construction and maintenance of stormwater management, including cleaning such areas. So far in FY '22, \$0 has been spent on this budget item. An extensive renovation to the existing stormwater management (required due to the Streetscape project) is underway in the Historic District, a project known as "North Alley Drainage and Reconstruction."¹⁰ With the stormwater management system currently being updated, this budget proposes **\$5,000** again for FY '23.

¹⁰ For more information on the project, see pages 25-27 in the Capital Improvement Program (CIP) section.

Street & Park Lighting

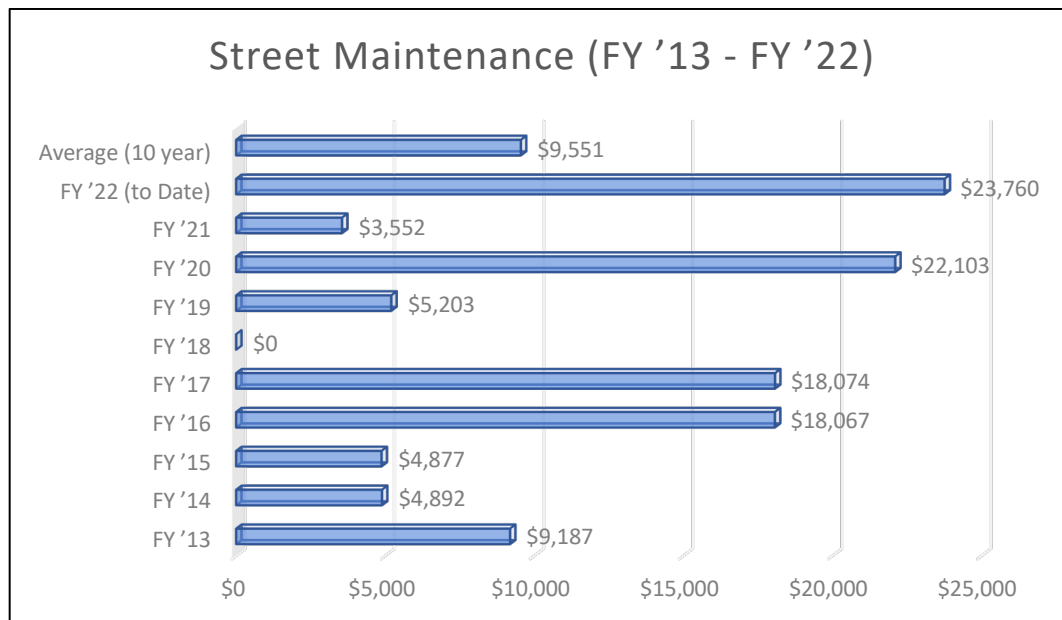
This item covers the park lighting and pedestrian lights on Main Street. New pedestrian lights on Main Street came into service in FY '17, which require routine maintenance, including replacing the lightbulbs and repairs as needed. We found that the lightbulbs installed in FY '17 had a much shorter life span than advertised. LED replacement bulbs have been installed in over half of the fixtures, and we have seen a reduction in our utility bills. The new bulb's life span is rated for 25,000 hours or about four to five years of use.

- **Maintenance:** To date, in FY '22, the amount spent on maintenance of the streetlights is \$685. This budget proposes **\$1,750** for FY '23. The four-year average is \$3,694, which includes the replacement of bulbs for multiple years due to the shorter life span of the original bulbs and the retrofit for the LED.
- **Utilities:** The current total is \$2,626, with a projected amount for this year of \$3,400. The Town proposes **\$3,770** for FY '23.

This budget proposes **\$5,520** for Street and Park Lighting for FY '23.

Street Maintenance¹¹

The Town has spent \$23,760 of the \$30,000 budgeted this year. FY '22 included planned repairs on Wainscot Drive (\$16,504), Prosser Drive (\$3,512), Quaker Way (\$1,652), & Poultney Place (\$1,592). For FY '23, the crack/seal repairs estimate on twelve streets¹² in Town totals \$33,143. This budget proposes **\$37,375**. Two additional projects included for FY '23 are restriping parking spots on E. Wainscot and updates on Royal Oak Drive.



Street Signage

This item includes painting curbs and parking, speed limit, and other road signs. There have been no expenditures on this item in FY '22. As of now, there are no major sign projects planned for FY '23. With recent price increases for the cost to replace signs, this budget proposes **\$3,000** for FY '23.

¹¹ Major street repairs are covered in the CIP on page 29.

¹² Brinkley Manor (Burgess, Marley, Sewell, Tailor); Orchard (Cider Press, Country Squire, E. Wainscot, Orchard Crest, Spring Blossom, Wild Cherry); Royal Oaks (Nicholas Hall, William Plummer)

Budget Report – Fiscal Year 2023 - continued

Town Cleanup

There are usually two Town Cleanup days (spring/fall) each year. A small number of supplies is generally required. This budget proposes **\$200** for FY '23.

Tree Management

The Town has spent \$0 to date in FY '22. Between the years 2010 through 2022, the Town spent an average of \$4,293 per year. The Town proposes to budget **\$4,000** in FY '23.

Waste Collection

The Town began the fiscal year with 527 units disposing of trash. Presently there are 533 units. There are no new units expected in the coming fiscal year. Current landfill billing data indicates that each household puts out approximately 38 pounds per week. That is the same as last year and complies with the Town ordinance amount of 40 pounds per week for each household. The average pounds per week for the past five years is 40 pounds per week. The costs for the regular trash collection are \$86,282 for the hauler and an estimated \$39,326 in landfill costs. The Frederick County Division of Solid Waste and Recycling advised the Town of a price increase due to fuel costs beginning April 1, 2022. They further stated: "Please be aware that additional increases in tipping fees may be necessary and are anticipated in the months to come due to the volatile fuel market." With that in mind, we have increased the projected landfill rate in the chart below starting in January 2023. The amount budgeted for waste collection in FY '23 is **\$127,108**, including bulk trash pick-up costs.

	Total	Collection	Collection	lbs/week	Monthly	Landfill	Monthly	Total
	Units	Rate	Fee	Household	Tonnage	Rate	Amount	Monthly
Jul	533	\$13.49	\$7,190	40	46.16	70	\$3,231	\$10,421
Aug	533	\$13.49	\$7,190	40	46.16	70	\$3,231	\$10,421
Sep	533	\$13.49	\$7,190	40	46.16	70	\$3,231	\$10,421
Oct	533	\$13.49	\$7,190	40	46.16	70	\$3,231	\$10,421
Nov	533	\$13.49	\$7,190	40	46.16	70	\$3,231	\$10,421
Dec	533	\$13.49	\$7,190	40	46.16	70	\$3,231	\$10,421
Jan	533	\$13.49	\$7,190	40	46.16	72	\$3,323	\$10,514
Feb	533	\$13.49	\$7,190	40	46.16	72	\$3,323	\$10,514
Mar	533	\$13.49	\$7,190	40	46.16	72	\$3,323	\$10,514
Apr	533	\$13.49	\$7,190	40	46.16	72	\$3,323	\$10,514
May	533	\$13.49	\$7,190	40	46.16	72	\$3,323	\$10,514
Jun	533	\$13.49	\$7,190	40	46.16	72	\$3,323	\$10,514
Total			\$86,282				\$39,326	\$125,608
							BULK TRASH	\$1,500
							GRAND TOTAL	\$127,108

Recreation & Culture

Parks & Recreation

The Town spent \$791 to \$9,137 over the last ten years. In FY '13 (\$6,918), a higher amount was due to repairing the drainage of the playground areas. In FY '17, over \$5,000 in repairs to electrical brought the total to \$9,137. The Town has spent \$1,588 of the \$4,000 allocated for FY '22. The Town proposes **\$4,000** for FY '23, which includes \$1,000 to open and close the Messanelle Park fountain, water/sewer fees, and maintenance of the Main Street planter boxes.

Capital Improvement Program (CIP)

The Town's Capital Improvement Program (CIP) anticipates **\$1,527,970** in capital projects for FY '23. CIP projects are those that will add to the Town's infrastructure or will result in a repair of a fixed asset that will significantly add to or preserve the life of the asset. Examples include the purchase of major equipment (playground equipment, computers/electronics), acquisition of land for a public purpose (park, industrial site), construction, expansion, or major renovation of a public facility or building (gazebo, Town Hall), and the related planning, engineering, design, and other related costs.

Projects for FY '23 CIP spending include the ongoing North Alley Drainage and Reconstruction Project, an Event Barn, an Audio/Video System for Town Hall, replacement windows for Town Hall, and two parking lots. Details on these and other CIP projects are discussed on the following pages.

There are four grants that the Town has received for the CIP for the next couple of years, totaling \$1,020,011. These include awards for an Event Barn, two public parking lots, resurfacing the basketball courts, and a State bond for Phase 3/4 of the North Alley Drainage and Reconstruction Project. In addition, there is the second tranche of the ARPA stimulus funds (\$363,560).

There are two additional Road projects included in the CIP. The FY '26 project includes resurfacing seven streets¹³ in Brinkley Manor (\$393,000), and the FY '27 project is for the resurfacing of six roads¹⁴ in The Orchard subdivision (\$230,100).

Lastly, the CIP includes \$13,984,576 in the road, curb & gutter, sidewalk projects, and building and park improvements that would not come due for a 20 to 50-year period. This is simply a placeholder so that this Town Council and future Town Councils account for this future need. The Town projects an unassigned fund balance of \$3,683,053 for FY '23, \$1,037,017 more than last year. The difference between the Town's unassigned funds and total CIP is shown as loans. Re-stated this is the amount the Town must save to have the money to pay for these projects when they come due without incurring debt. If the Town's Unappropriated Reserve is greater than the \$439,071 annually, the Town will have enough cash to pay for these future projects without borrowing money in seventeen years. It should be noted that although these projects only come due once every 20-50 years, they are, however, recurring and should never be removed from the CIP.

CIP Projects Completed in FY '22

Project Open Space Projects – FY '22

There were two Project Open Space projects under the Department of Natural Resources Community Parks and Playground Program for FY '22. These included a new Cloud 9 swing with rubber surfacing for the Community Park (\$20,999) and renovations to the Community Park basketball courts (\$31,451). The Cloud 9 swing project is installed, and the project is complete. The project totaled \$20,999 (Town portion - \$5,250 and POS grant - \$15,749). The Community Park basketball court project is postponed until FY '23.

Road Projects – FY '22

The road projects for FY '22 for 3rd Alley and North Federal Street have been postponed to FY '23 (see page 29).

¹³ Burgess, E. Wainscot, N. Marley, Prosser, Plummer, Sewell & Tailor

¹⁴ E. Wainscott, Orchard Crest (West), Gala Way, Spring Blossom, & Wild Cherry

CIP Projects for FY '23

North Alley Drainage and Reconstruction

This set of projects is attributable to Main Street's recent improvements from the drainage portion of Streetscape. The planned changes in this project should not be confused with the ordinary repair and maintenance proposed in the operating budget.

The North Alley Drainage and Reconstruction project involves the conversion of the Fire Pond to Step Ponds, the installation of upgraded storm drainage facilities for outfall systems **1** (Second Alley to North Alley), **2** (East side of Fifth Alley), **3** (Strawberry Alley), and **4** (Emory Alley). This project results in the reconstruction of North, Emory, First, Second, Fifth, and Strawberry Alleys. The North Alley Drainage and Reconstruction is a large project and extends over several fiscal years. Construction and design work is phased and scheduled for completion in FY'23.

Fire Pond Conversion to Step Ponds (Phase 1 - Completed)

The total amount for the Fire Pond conversion to step ponds was \$299,839 (\$23,124 under budget). We received two grants associated with the Fire Pond Retrofit project totaling \$252,057. The Town paid the remainder of \$47,782.

- National Fish & Wildlife Fund (NFWF) – Small Watershed Project. NFWF. This grant was for design, construction, construction management, and grant administration.
 - Total awarded: \$150,159
 - Amount received: \$125,057 (\$10,353 in FY '20 and \$114,704 in FY '21)
- Department of Natural Resources – Chesapeake Coastal Grants Gateway – This grant was for construction and construction oversight.
 - Total awarded: \$127,000 (requested amount was \$152,250)
 - Amount received: \$127,000

This portion of the project is complete. There are no funds budgeted for FY '23.

Historic District Storm Drains (Phase 2 - Completed)

The initial budget figures for this project were prepared in FY '16. In the FY '17 CIP Budget, the proposed amount for this portion of the project was \$592,000. The project went through significant changes since the original plan was developed, and additional funds were required. For the FY '22 CIP budget, the construction amount was \$652,004. The construction portion is now complete, and the final amount is 3% higher. The town engineer indicated two reasons: 1) The paving at the intersections of the side alleys along North Alley, which they estimate cost \$13,000. These areas should have been included in the Phase 2 plans versus the Phase 3/4 plans. Therefore, this area of work will no longer be needed to be performed in Phases 3/4, and 2) Actual quantities installed vs. estimated bid quantities and additional work required to remediate unknown field conditions (e.g., soft subgrade) are approximately \$7,000.

Construction monitoring costs were higher than anticipated as well. The original budget for Phase 2 monitoring was \$45,000, of which \$11,000 was spent prior to July 1, 2021, to assist in the procurement of grants and splitting the project into multiple phases. As a result of the \$11,000 expenditure, the remaining amount (\$34,074) of the initial Construction Monitoring was included in the FY '22 budget. The work on North Alley extended longer than expected, which required increased on-site staff time. When the construction monitoring was initially prepared, it was split equally among the phases (approximately \$45,000/phase). The Town engineers stated that it would have been more appropriate for the Phase 2 Construction Monitoring to be larger than Phase 3/4 due to the amount and size of pipe installed in Phase 2. Twenty thousand (\$20,000) Phase 3/4 Construction Monitoring budgets were reallocated to Phase 2 in 2022. And final budget adjustments for this project will occur in June of 2022.

ARPA stimulus monies received in September 2021 (\$363,561) were used for Phase 2 construction. In addition, the Town was awarded a State of Maryland Bond for \$171,000 for the construction and construction management for Phase 2. The total bond amount will be requested once the final documentation from the contractor is complete. The total amount of Phase 2, including design, was \$795,711. *There are no funds budgeted for FY '23.*

Budget Report – Fiscal Year 2023 - continued

Emory/Strawberry Alleys (Phase 3) and First, Second, & Fifth Alleys (Phase 4)

The design portion of Phase 3 (\$24,790) and Phase 4 (\$26,960) were tracked as separate projects within the North Alley Drainage & Reconstruction Project. The two phases have been combined into one for the construction portion. The Town received a bond grant from the State of Maryland for \$285,000 for the construction and construction management of Phase 3 and Phase 4. In addition, there will be ARPA stimulus funds available (\$293,561) from the second tranche. The construction contract was signed in April, and construction is scheduled to begin in late spring and be completed in fiscal year 2023. For the FY '23 CIP, this budget proposes \$0 for design work, \$559,686 for construction, and \$54,108 for construction management, for a total of **\$613,794**. *Note: There is currently \$74,108 remaining in the construction management budget. The projected amount to be spent before the end of the fiscal year is \$20,000. The FY '23 CIP budget will be amended to include the remaining amount if there are unused funds.*

Phase 1 - Fire Pond (completed FY21)

	Total Original CIP	Actual FY17	Actual FY18	Actual FY19	Actual FY20	Actual FY 21	Revised Total CIP	TOTAL	Difference
Design/WTB	20,000	4,222	4,768	1,173	1,981	0	13,407	12,532	875
Const Mgmt/ WTB	10,000	0	0	0	0	0	0	0	n/a
Design& Const Mgmt/CWP	0	0	0	0	17,459	21,927	21,927	29,927	0
Construction	108,000	0	0	0	0	300,159	300,159	300,159	0
Total	4,222	4,768	1,173	19,440	322,086	335,493	342,618	875

Phase 2 - Historic District Storm Drains (completed FY22)

	Total Original CIP	Actual FY17	Actual FY18	Actual FY19	Actual FY20	Actual FY 21	Revised Total CIP	Proposed FY22	REVISED FY22	TOTAL	Difference from Revised Total CIP
Design	20,000	19,300	0	0	407	5,289	25,293	0	0	24,995	-298
Const Mgmt	45,000	0	0	0	0	12,118	65,000	34,074	98,698	98,698	33,698
Construction	527,000	0	0	0	0	570	700,000	652,004	672,018	672,018	-27,983
Total	592,000	19,300	0	0	407	17,977	790,293	686,078	770,716	795,711	5,418

Phase 3 (Design) - Emory/Strawberry Alleys (completed FY21)

	Total Original CIP	Actual FY17	Actual FY18	Actual FY19	Actual FY20	Actual FY 21	Revised Total CIP	Proposed FY22	TOTAL	Projected Remainder FY22	Proposed FY23
Design	20,000	0	5,402	0	14,415	4,973	25,000	25,000	24,790	0	0

Phase 4 (Design) - 1st, 2nd, 5th Alleys (completed FY21)

	Total Original CIP	Actual FY17	Actual FY18	Actual FY19	Actual FY20	Actual FY 21	Revised Total CIP	Proposed FY22	TOTAL	Projected Remainder FY22	Proposed FY23
Design	22,000	0	0	0	21,955	5,005	27,000	27,000	26,960	0	0

Phase 3 & 4 - Emory/Strawberry and 1st, 2nd, 5th Alleys

	Total Original CIP	Actual FY17	Actual FY18	Actual FY19	Actual FY20	Actual FY 21	Revised Total CIP	Proposed FY22	To Date	Projected Remainder FY22	Proposed FY23
Const Mgmt	100,000	0	0	0	0	50	80,000	100,000	5,892	20,000	54,108
Construction	440,000	0	0	0	0	50	560,254	460,000	568	0	559,686
Total	540,000	0	0	0	0	100	640,254	560,000	6,460	20,000	613,794

GRAND TOTALS

	Total Original CIP	Actual FY17	Actual FY18	Actual FY19	Actual FY20	Actual FY 21	Revised Total CIP	To Date	Projected Remainder FY22	Proposed FY23	Difference from Revised Total CIP
Design/WTB	82,000	23,522	10,170	1,173	38,758	15,267	90,700	89,277	0	0	-1,423
Design/Const Mgmt/CWP	0	0	0	0	17,459	21,927	21,927	29,927	0	0	8,000
Const Mgmt/ WTB	155,000	0	0	0	0	12,168	145,000	104,590	20,000	54,108	**
Construction	1,075,000	0	0	0	0	300,779	1,560,413	972,745	0	559,686	**
Total	1,312,000	23,522	10,170	1,173	56,217	350,141	1,818,040	1,196,539	20,000	613,794	6,577

**Difference will be calculated once the construction/construction management is completed for this project.

Tap Fee Assistance Program

The Town established a program in FY '22 (\$60,000) to assist businesses in connecting to Frederick County water. Two grants were awarded this year totaling \$43,619. The remaining **\$16,381** will be available in FY '23.

Audio/Video System

During the pandemic, the Town began to hold meetings virtually, and although we have reopened Town Hall, we continue to host meetings both in-person and virtually. Our current facility and equipment make it difficult to hold virtual meetings, and an upgrade is needed to serve best the Mayor and Council and the residents of New Market. **\$30,000** from the ARPA grant is reserved for purchasing and implementing the audio/video system.

Event Barn Restrooms

The Town is planning the construction of an Event Barn at the Community Park. **\$50,000** is budgeted for the restrooms portion of the project.

Event Barn

The Town was awarded a \$240,000 grant to construct an Event Barn at the Community Park. The design has been ongoing (\$11,094 to date) and will continue in FY '23. The amount budgeted for the Event Barn is **\$425,000**.

Town Hall Windows

The total budgeted to install energy-efficient windows at 40 South Alley is **\$100,000**.

Public Parking Lots

The Town was awarded a Public Safety Grant from the Maryland Department of Housing and Community Development (DHCD) totaling **\$100,000**. The grant will cover the cost of engineering and constructing two new public parking areas with lighting, landscaping, and signage on the alleys of the Main Street District.

Stormwater Retrofit

The Center for Watershed Protection has completed design on stormwater retrofit projects that would help meet our MS4 requirements. Funds are allocated from the ARPA grant funds to implement the retrofit plan (**\$40,000**).

Blacksmith Shop

\$50,000 is proposed to stabilize and rehabilitate the blacksmith shop on Fourth Alley. The preserved building would be used for a museum/exhibit about the Town, the National Road, and blacksmithing.

Gateway Signs

New stone gateway signs are proposed to replace the wooden signs at each end of the Town (one sign was damaged). **\$40,000** is the amount for this project.

Project Open Space Projects – FY '23

The Project Open Space project for the resurfacing of the Community Park basketball court project was postponed from FY '22. The amount of this project is **\$31,451**.

Roads Projects – FY '23

The two road projects initially scheduled for FY '22 have been moved to FY '23 and are listed below. The amounts listed reflect cost increases due to inflation and rising material costs. The total of the two projects: **\$31,344** [Construction Management: \$5,000 and Construction: \$26,344 9]

3rd Alley

There will be a full-depth reconstruction of the intersection of 3rd Alley and South Alley. This portion of the roadway is between the recently paved parts of 3rd and South. The total for the project is: **\$11,690** [Construction Management: \$2,500 and Construction: \$9,190]

North Federal Street

The northern and southern sections of North Federal Street are intact; however, the middle portion needs to be repaired. Construction will include scraping and replacing the top two inches of the roadway and the placement of a liner. The geotextile underlayment used in the process gives the pavement a longer lifespan. This method should negate having to completely rip out the alley and perform Heavy-Duty Pavement Reconstruction this time. The total for the project is: **\$19,654** [Construction Management: \$2,500 and Construction: \$17,154].