

**Finance Department  
Public Hearing**

**Introduction of FY 2020 Budget  
&  
FY 2020 Resolution & Ordinance  
Introduction**

**April 23, 2019**

**ATTENDANCE:** Mayor Robert Ashby; Commissioners: Michelle Linkey, Pete Reich; and Bob Taylor; Town Administrator: Denise Breder, Finance Director: Debra Laubach and Shirley Miles (recording minutes).

**Public Attendance:** Nancy Celmins, Donald Sample, Tim Myers, Margaret Barrow and Calvin Wilson

**Absent:** Commissioner: Ray Ryan

Meeting called to order at 6:30 p.m.

Mayor Robert Ashby called to order the Public Budget Hearing FY 2020.

Introduction by Mayor Ashby: Reading of comparisons of other municipality's real state tax, personal property tax and solid waste costs.

	<u>RETax</u>	<u>PPTax</u>	<u>Solid Waste</u>	<u>Mayor &amp; Comm Pay</u>
Aberdeen	.6502	1.70	649,429	Mayor -10K & Comm-7.5K
Havre de Grace	.565	1.705	550,000	Yes/Both
Port de Post	.546	0	\$264.39/Unit	No Info
Rising Sun	.48	.90/100	No Info	No Info
North East	.48	0	\$200/Unit (242,600)	No Info

**Budget Summary**

Town of Perryville						
FY 2020 Budget Summary						
Revenues and Expenditures						
Final Changes						
	Fiscal Year 2019:		Fiscal Year 2020	Change		
RE Tax Rate	.3097/100	.3097/100	.3597/100			
	Original	Amended	Original	% Change		
Fund:	As of 07/01/2018	As of 04/04/2019	As of 04/23/2019	by Fund		
General	\$ 4,915,801	\$ 7,267,431	\$ 9,305,386	28.1%		
Water	1,683,111	1,703,066	4,380,889	157.8%		
Sewer	1,874,922	2,251,667	9,166,388	307.1%		
Forest	3,932	3,932	3,932	0.0%		
<b>TOTALS:</b>	<b>\$ 8,477,766</b>	<b>\$ 11,226,096</b>	<b>\$ 22,856,595</b>	<b>104%</b>		
FY20:	Revenue	Expenditures	Surplus (Deficit)	Notes		
General	\$ 9,305,386	\$ 9,259,617	\$ 45,769	Surplus recorded in the Mayor and Commissioners Contingency		
Water	\$ 4,380,889	4,287,239	93,650	Surplus recorded in the Water Contingency		
Sewer	\$ 9,166,388	9,131,733	34,655	Surplus recorded in the Sewer Contingency		
Forest	3,932	3,932	-	Water		
				Sewer		
<b>TOTALS:</b>	<b>\$ 22,856,595</b>	<b>\$ 22,682,521</b>	<b>\$ 174,074</b>			

Salary Introduction made by Debra Laubach:

**Incl. Salary, OT, FICA< Unemployment & Pension, longevity & Christmas bonuses**

Dept	Current Draft Budget	COLA	COLA + Licenses	COLA + 1% + Licenses	COLA + 2% + Licenses	Dept Head Recommend
GF Totals	2,274,796	2,174,473	2,181,836	2,201,056	2,220,273	2,255,851
WF Totals	487,471	464,202	474,922	478,085	481,246	482,320
SF Totals	501,289	476,856	497,395	500,297	503,199	502,632
Grand Totals	3,263,556	3,115,531	3,154,153	3,179,438	3,204,718	3,240,803
GF Difference from current Draft Budget	0	(100,323)	(92,960)	(73,740)	(54,523)	(18,945)
WF Difference from current Draft Budget	0	(23,269)	(12,549)	(9,386)	(6,225)	(5,151)
SF Difference from current Draft Budget	0	(24,433)	(3,894)	(992)	1,910	1,343

NOTE: Dept. Head Request Incl. P/T outreach employee at total cost of \$12,803  
All include F/T for current P/T employees in Outreach.

Finance Director: Debra Laubach read the FY 2020 Budget Hearing Presentation as follows:

**Introduction**

The Town of Perryville has an important responsibility to its citizens to carefully account for public funds, manage municipal resources wisely, manage growth, and plan the adequate funding of services desired by the public, including the provision and maintenance of public safety and public facilities.

The Town utilizes fund accounting for both budgetary and financial reporting. There are six funds: the General Fund, the Water Fund, the Sewer Fund, the Forest Conservation Trust Fund, the Capital Projects Fund and the Local Impact Fund. The Capital Projects Funds is budgeted whenever outside debt is to be incurred in a project. As there is no anticipation of new debt in FY20, this Fund was not budgeted. Local Impact Revenue and Expenditures are currently incorporated in the budgets of the General, Water & Sewer Funds and are not shown separately.

<b>Fund:</b>	<b>Amended Budget Fiscal Year 2019**:</b>	<b>Proposed Budget Fiscal Year 2020:</b>	<b>% Change</b>
General	\$ 7,267,431	\$ 9,305,386	+28.05%
Water	1,699,473	4,380,889	+157.78%
Sewer	2,251,667	9,166,388	+307.09%
Forest	3,932	3,932	0.0%
<b>TOTALS:</b>	<b>\$ 11,222,503</b>	<b>\$ 22,856,595</b>	<b>+103.67%</b>
*Please note that all funds represent balanced budgets			
** Amended as of April 22, 2019.			

### General Fund

#### **Governmental Fund Type – General Fund**

The General Fund is the main operating fund and is used to account for the resources devoted to funding services traditionally associated with local government.

#### **Governmental Fund Expenditures:**

In FY 2020, there will be fifteen (15) active categories within the General Fund and their budgets are as follows:

#### **BUDGET SUMMARY Fiscal Year 2020**

Mayor & Commissioners	\$	107,509	1.2%
Administration		320,551	3.4%
Finance		165,474	1.8%
Accounting & Legal		53,000	.6%
Planning & Zoning		286,642	3.1%
Economic Development		115,381	1.2%
General Services		2,501,353	26.9%
Engineer		36,257	.3%
Police		1,629,327	17.5%
Outreach		215,146	2.3%
Public Works		760,601	8.2%
Sanitation		438,098	4.7%
Parks & Recreation		2,336,377	25.1
Rodgers Tavern		117,470	1.3%
Debt Services		222,201	2.4%
<b>Total</b>		<b>\$9,305,387</b>	<b>100%</b>

For the fiscal year ending June 30, 2020 (FY 2020), expenditures budgeted from governmental activities total \$9,305,387 which Local Impact spending represent approximately only 6 % or \$586,551.

The largest expenditures of the general fund are as follows:

- Public Safety which includes Police and Outreach - (19.8%)
- General Government which includes M&C, Admin, Finance, Accounting & Legal, Economic Development, Engineer – (8.5%).

- General Government-General Services (includes \$2,132,880 loan to Sewer Fund) (26.9%)
- Public Works which includes highway, streets and sanitation - (12.9%)
- Parks and Recreations which includes Rodgers Tavern and improvements to Trego Field - (26.4%)
- Planning and Zoning - (3.1%)
- Debt - (2.4%)

Some of the recurring General Fund expenses that will be incurred in FY 2020 are as follows:

- Salary and benefits for 44 Town employees (4 P/T) which excludes the eight (8) employees assigned to Water and Sewer Fund
- A cost of living adjustment (COLA) of 1.9 %; the budget includes additional 1% increases over the COLA (allocation to be determined by department heads based on merit - according to the recently implemented salary procedures). Additional salary increases awarded to licensed employees.
- \$426,598 budgeted for Town trash removal service. The Town entered into a one-year contract in FY2020 with Waste Management for trash and recyclables removal. There is a one-year option to renew.
- Interest of \$4385 and Principal of \$20,000 on the 2004 Series B infrastructure bond. (Roads and Sidewalks)
- Interest of \$42,038, Bond Fee of \$778 and Principal of \$155,000 on the 2016 Series- A infrastructure bond. (Police Dept.)

In FY 2020, we are continuing to budget for the Local Impact Grant due to the operation of the Hollywood Casino, Perryville. This money is being used for the following purposes:

- Infrastructure Improvements
- Facilities
- Public Safety
- Sanitation
- Economic & Community Development, Including Housing
- Other Public Services and Improvements

Further detail of the Local Impact budget as amended is appended to this presentation.

In FY 2020, 26.1 % of the General Fund budget is being used for the following Capital Outlay:

Town of Perryville – FY 2020 Capital Outlay General				
1400	General	GF	MD 222 Sideway Right of Way	34,426.00
1500	Police	GF	Funds for (2) Police Vehicles	80,210.00
1600	DPW	GF	Sidewalk & Street Improvements	180,000.00
1600	Parks	GF	Trego Field-Little League	2,010,250.00
1700	Parks	GF	Solar Light Installation	30,000.00
1700	Parks	GF	Sign Installation	12,500.00
1700	Parks	GF	Landscaping, Fencing, Mower	39,700.00
1800	Rodger's Tavern	GF	Landing/Handicap Ramp	10,000.00
1800	Rodger's Tavern	GF	HVAC in basement	30,000.00
<b>Total:</b>				<b>\$2,427,086.00</b>

## **Governmental Fund Revenues:**

The following FY 2020 budget revenue ordinance will be adopted at the Town Meeting on May 7, 2019:

- Set the Real Estate tax rate at \$0.3597 per \$100 of assessable real property which is an increase over FY 2019.
- Providing for 2% discount upon payment in full of a Town real property bill and on the first semi-annual installment payment in the month of July.
- Set the Homestead property tax credit at 110%.
- Set the Personal Property tax rate of \$0.94 per \$100 of personal property assessment.

Overall, the General Fund has increased by 28.05% over the current FY19 budget as amended and has a surplus of \$45,769 which is included in the Mayor and Commissioners-Contingency account.

The anticipated budgeted revenue for FY 2020 is approximately \$9,305,386 (or 28.05%) more than the current amended FY 2019 budget. The difference is due mainly to appropriations that were included in FY 2020 to fund the following:

- Inter-fund loan between the General Fund and Sewer Fund to help finance the sewer expansion project (\$2,132,880.)
- Trego Field- Construction of Little League Park and Storm Management in that area. Project was originally funded in FY19 but not completed. There were no more additional costs, however complete budget for Revenue and Expenditures were rolled over into FY20 (\$2,010,250.)

For the fiscal year ending June 30, 2020 (FY 2020), revenues budgeted from governmental activities total \$9,305,386. The largest Revenue source was "Funds from Unreserved Fund Balances" (44.5%). These funds originated from surpluses in prior years. Real Property and Personal Property Taxes represent the second largest revenue source (35.6%), followed by the Town's share of the Local Impact Fund (6.3%), the State and County shared revenue (5.1%), the Town's share of local taxes (primarily income tax) collected by the state (4.9%), Grant revenue (.8%). Other miscellaneous revenue makes up the balance (2.8%).

To date, we have received \$11,852,646 from the County for our share of the Local Impact Grant funds thru January 31, 2019 and an additional \$210,000 distribution directly from the State of Maryland (per state legislation) once the MGM National Harbor Casino had opened for a total received of \$12,062,646. The Local Impact funds have been spent according to the categories outlined through legislation.

## **Proprietary Fund Type – Water and Sewer Enterprise Fund**

The Water and the Sewer Fund records revenues and expenses pertaining to the Town's management of the processing of water and solid waste. These funds are intended to be self-sustaining by service charge revenues that are invoiced on a quarterly basis.

### **Water Fund**

In 2014 Resolution 2014-06 was approved by the Mayor and Commissioners allowing the Water and Sewer Rates to be increased by 4% a year for 3 consecutive years. Those rate increases were put into effect, but unfortunately the rate increases were not enough to keep up with the increases in costs, and the Water Fund fell below its minimum Fund Balance. The water fund took a "loan" from the sewer fund of \$600,000 to increase the unrestricted net position of the water fund, bringing the fund balance above the minimum required level. Payback of that loan began in 2018 with an initial payment of \$10,000. At the end of FY18, the Mayor and Commissioners decided to forgive the remaining loan balance and convert it into a capital investment. This was done with the approval of the Town's auditors.

The Board had agreed to have a Water / Sewer Rate Study done in FY 2017. That rate study was done; the consultant reviewed the Town's operating and capital costs in order to develop a financial plan and rates for both the Water and Sewer systems. The water rates increased 13% in FY 2018, 9% in FY 2019 and will further increase 9% in FY 2020.

## Water Fund Expenditures:

The Water Expenditures budget is as follows:

<b>BUDGET SUMMARY</b>			
<b>Fiscal Year 2020</b>			
Water Operating	\$	3,466,905	79.1%
Water Debt Service		496,834	11.3%
Water Capital Outlay		323,500	7.5%
Water Contingency		93,650	2.1%
<b>Total</b>		<b>\$4,380,889</b>	<b>100%</b>

For the fiscal year ending June 30, 2020 (FY 2020), expenditures budgeted for the Water Fund total \$4,380,889 of which Local Impact spending only represents approximately 5.0% or \$220,000. In FY20, the Water Fund will receive \$2,700,000 in connection charges for infrastructure expansion into the Chesapeake Outlook region. Only \$100,000 of this revenue is expected to be needed to complete water improvements already in that area. The remaining \$2,600,000 will be appropriated as a Loan to the Sewer Fund to help finance the sewer expansion improvements budgeted in FY20.

Some of the recurring expenses that will be incurred in FY 2020 are as follows:

- Salary and benefits for 3 Town employees and 50% of the WTP/WWTP superintendent and WTP/WWTP operator.
- A cost of living adjustment (COLA) of 1.9%; the budget includes additional 1% increases over the COLA (allocation to be determined by department heads based on merit - according to the recently implemented salary procedures) and increases for licenses.
- Interest of \$30,136 and Principal of \$408,801 on the bond issue for the Water Plant Upgrades and annual bond administration fees of \$21,111.
- Interest of \$4,986 and Principal of \$31,800 on the bond issue, DHCD 02A-8.
- \$220,000 of the Local Impact funds is requested to pay down the debt for the Water Plant Upgrades.

In FY 2020, 7.4 % of the Water Fund budget is being used for the following Capital Outlay:

<b>Town of Perryville – FY 2020 Capital Outlay Water</b>				
2000	Water	WF	Raw Water Pump, piping to river	32,000.00
2000	Water	WF	Replace 3 Turbidity Meters	20,000.00
2000	Water	WF	Zero Turn Mower	5,500.00
2000	Water	WF	Reserve to Replace Membranes	85,000.00
2000	Water	WF	Permeate Pump	14,000.00
2100	Water Dist.	WF	Replace 2 Water main valves	12,000.00
2100	Water Dist.	WF	Water Meters, Pump for water expansion	155,000.00
<b>Total</b>				<b>\$323,500.00</b>

## **Water Fund Revenues:**

Overall, the Water Fund increased by 157.8% and has a surplus of \$93,650 which is included in the Water-Contingency account.

The anticipated budgeted revenue for FY 2020 is approximately \$2,681,416 (or 157.8%) more than the current amended FY 2019 budget. The difference is mainly comprised of Connection Fees to be paid by a resort hotel that is being developed in the Chesapeake Outlook area.

For the fiscal year ending June 30, 2020 (FY 2020), revenues budgeted for the Water Fund total \$4,380,889. Water Connection Fees represent the largest revenue source. (61.7%) Water service charges represent the second largest revenue source (30.0%), the Town's share of the Local Impact fund (5.0%) and finally rental / lease income (2.8%). Other miscellaneous revenue makes up the balance (.5%).

## **Sewer Fund**

In 2014 Resolution 2014-06 was approved by the Mayor and Commissioners allowing the Water and Sewer Rates to be increased by 4% a year for 3 consecutive years. Those rate increases were put into effect, but unfortunately the rate increases were not enough to keep up with the increases in costs.

The Board had agreed to have a Water / Sewer Rate Study done in FY 2017. That rate study was done; the consultant reviewed the Town's operating and capital costs in order to develop a financial plan and rates for both the Water and Sewer systems. The sewer rates increased 8% in FY 2018, 8% in FY 2019 and will further increase 8% in FY 2020.

## **Sewer Fund Expenditures:**

The Sewer Expenditures budget is as follows:

### ***BUDGET SUMMARY Fiscal Year 2020***

Sewer Operating	1,432,669	70.8%
Sewer Capital Outlay	7,282,880	2.9%
Sewer Debt Service	416,184	22.2%
Sewer Contingency	34,655	4.1%
<b>Total</b>	<b>9,166,388</b>	<b>100%</b>

For the fiscal year ending June 30, 2020 (FY 2020), expenditures budgeted for the Sewer Fund total \$9,166,388, of which Local Impact spending only represented approximately 8.47% or \$776,803.

Some of the recurring expenses that will be incurred in FY 2020 are as follows:

- Salary and benefits for 3 Town employees and 50% of the WTP/WWTP superintendent and WTP/WWTP operator.
- A cost of living adjustment (COLA) of 1.9%. the budget includes additional 1% increases over the COLA (allocation to be determined by department heads based on merit - according to the recently implemented salary procedures) and increases for licenses.
- Interest of \$46,241 and Principal of \$353,417 for the BNR/ENR Waste Water Plant Upgrades and annual bond administration fees of \$16,526.
- \$280,000 of the Local Impact funds is requested to pay down the debt for the Waste Water Plant Upgrades.



In FY 2020, 79.5% of the Sewer Fund budget is being used for the following Capital Outlay:

Town of Perryville – FY 2020 Capital Outlay Sewer				
3000	Sewer	SF	Pickup Truck at the WWTP	33,000
3100	WP Stations	SF	Miscellaneous Pumps	55,000
3100	WP Stations	SF	Expansion Sewer Line- future develop	7,194,880
Total				\$7,282,880

### Sewer Fund Revenues:

Overall, the Sewer Fund increased by 307.1% and has a surplus of \$34,655 (which is included in the Sewer-Contingency account).

The anticipated budgeted revenue for FY 2020 is approximately \$6,914,721 (or 307.1%) more than the current amended FY 2019 budget. The major differences are Loans from both the General Fund (\$2,132,880) and Water Fund (\$2,600,000) and Connection and Facilities Fees paid by a resort hotel located in sewer expansion area. (\$2,112,000)

For the fiscal year ending June 30, 2020 (FY 2020), revenues budgeted for the Sewer Fund total \$9,166,388. The largest revenue sources are Loan from Water Fund (28.4%), Loan from General Fund (23.3%) and Connection and Facilities Fees (23.2%), Sewer service charges represent a revenue source (10.8%), the Town's share of the Local Impact fund- including prior yr. rollovers (8.4%), followed by the VA sewer revenue (4.0%), and Grants (1.4%). Other miscellaneous revenue makes up the balance (.5%).

### Forest Conservation Fund

**Fiduciary Fund Type-** An expendable trust fund, the activity in this fund is limited to the receipt, temporary investment, and remittance of resources related to a forest conservation program. The current balance in this fund is \$3,932. \$4,635 was spent in FY 2012 to plant trees near the Public Works facility.

**Public Comment:** The floor was opened for public comment. Ms. Barrow voiced several concerns of tax increase. The Mayor and Commissioners responded to her concerns in detail. Discussion is available on-line of recorded minutes.

The FY 2020 Budget is scheduled to be adopted at the Tuesday, May 7<sup>th</sup> town meeting.

Motion needed to adjourn the Public Hearing and go into a Special Meeting to Introduce Ordinance 2019-11 Town of Perryville FY 2020 Budget, Tax Rates and Fiscal Plan.

Commissioner Taylor motioned, Commissioner Reich 2<sup>nd</sup>, all aye, no nays.

Introduction of the FY 2020 Budget was adjourned at 6:50 pm.

Respectfully Submitted,

  
Shirley Miles  
Finance Department