

TOWN OF SYKESVILLE

Fiscal Year 2020 - 2021

DRAFT

Annual Budget



April 24, 2020

Town of Sykesville, Maryland

FISCAL YEAR 2021

(July 1, 2020 – June 30, 2021)

ANNUAL BUDGET

Sykesville Mayor and Council

Ian Shaw

Mayor

Alan Grasley

Council President

Anna Carter

Councilmember

Mark Dyer

Councilmember

Leo Keenan

Councilmember

Stacy Link

Councilmember

Jeremiah Schofield

Councilmember

Town Staff

Joe Cosentini

Town Manager

Craig Weaver

Treasurer

Kerry Chaney

Town Clerk

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TOWN OF SYKESVILLE MISSION STATEMENT

The mission of the Mayor and Town Council is to maintain a small town community of responsive elected officials, professional staff, and involved citizens who are committed to making Sykesville a destination of choice. With excellence as our standard, and a deep sense of pride, we are dedicated to preserving the traditions of our past while continually investing in our future.

TOWN COUNCIL GOALS

Quality of Life

Providing a standard of health, comfort and happiness through quality, diverse amenities for our residents and visitors

Economic Development

Providing support for the development, expansion and relocation of new and existing businesses

Infrastructure

Providing high quality facilities and infrastructure that are maintained properly and improved within financial means

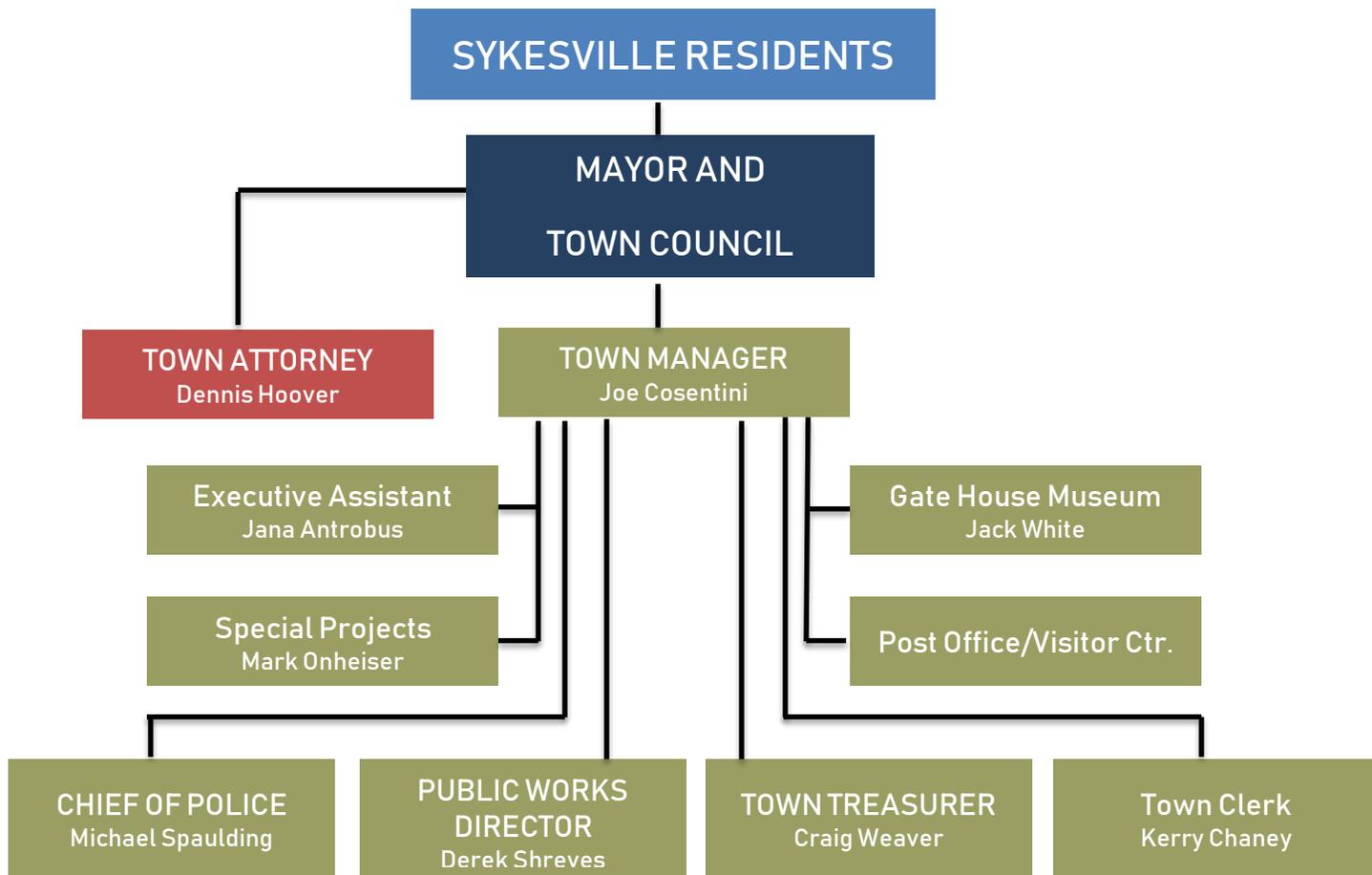
Well Managed Town

Providing effective and efficient management of Town's services and resources that is transparent and accountable to the community, and clearly directs our staff

Customer Service

Providing our citizens with friendly, courteous, and efficient services in a safe environment for all

ORGANIZATIONAL STRUCTURE



TOWN MANAGER'S BUDGET MESSAGE

April 17, 2020

Honorable Mayor Shaw and
Members of the Town Council
Town of Sykesville, Maryland

Mayor Shaw and Town Council Members:

The annual budget for the Town of Sykesville for Fiscal Year 2021, beginning July 1, 2020 through June 30, 2021, is submitted for your consideration. This document represents the financial and management plan for the Town and includes the Capital Improvements Plan for FY2021-2025.

The Fiscal Year 2021 budget is balanced with net expenditures totaling \$3,635,291. This represents a decrease of \$444,238 (approximately 11%) from FY20. All of this decrease can be attributed to the reduction in capital cost from the previous fiscal year. Pure operating revenues and expenses were kept relatively flat compared to last FY with only a modest overall increase.

The economic outlook for Sykesville remained constant through most of FY2020. Manageable residential growth in the Warfield Project coupled with some infill throughout the Town had all but ensured a net positive in most revenue categories for FY2021. However, the recent outbreak of coronavirus (COVID-19) has made forecasting future revenues difficult. The Town has been and continues to be conservative with our revenue projections which give us some flexibility in dealing unknown impacts to our revenue categories. Options for how to handle some of these unknowns will be discussed as specific revenue/expense categories are explained throughout this document.

The adopted property tax rate will remain at \$0.33 per \$100.00 of assessed value. This is slightly higher than the Constant Yield Tax Rate (CYTR) recommended by the State Department of Assessments and Taxation at \$0.3209. The CYTR is calculated by the Department for each taxing authority in Maryland and represents the property tax rate for the coming tax year that will generate the same amount of revenue that was generated during the current tax year. Since property assessments in Sykesville increased over the last 12 months, our CYTR would decrease in order to maintain a consistent level of revenue. We have chosen to maintain the current tax rate since the rate in Sykesville was already reduced from \$0.35 to \$0.33 in FY2020.

We are proposing the use of \$276,000.00 of our Unrestricted Fund Balance. This funding coupled with other sources will be put towards capital equipment purchases and projects. These projects are outlined in more detail in the Town's Capital Improvements Plan

included as an appendix to this document. The projects included in the coming fiscal year are listed here:

- Public Safety - \$100,700 - New Police Vehicle w/In-car camera, New Police Mobile Radios
- Public Works & Sanitation - \$171,500 - New Slope Mower, Replacement Skid Steer, New Dump Truck, Replacement Garage Doors at the Maintenance Facility, Several New Dumpsters, Upgraded Controls for one existing Dump Truck
- Town House - \$54,000 - Security/Office Upgrades, New Carpets, New Councilroom Table/Chairs
- Recreation and Parks - \$50,000 - Improvements to the southern portion of the Linear Trail
- Streets and Sidewalks - \$192,000 - Street and Sidewalk Repair

During FY2021, it is expected that we complete the Town's Comprehensive Plan. This update will provide the long range planning tools necessary to ensure that future expenditures are being made that support an agree upon vision and provide better guidance for strategic investment decisions for the future of Sykesville.

The Town of Sykesville continues to be a desirable location for residents and visitors alike. Our financial reserves remain at strong levels, long-term debt is nearly zero, and Town leadership remains committed to keeping operational and capital costs at reasonable levels while working to provide quality services to our residents. Because of these past decisions, the Town is well positioned to cope with the initial phases of the COVID-19 crisis. I hope the information presented in this document can serve as a guide as the economic circumstances change over the course of the coming months and potential adjustments/amendments need to be made.

I would like to thank to our Town Staff for the time and effort they put into the budget process this year and for being so committed to the success of Sykesville. In addition, I would like to express my gratitude for the support and confidence of the Mayor and Town Council. Through your leadership, we will continue to make Sykesville a great place to live, work, and play.

Respectfully Submitted,

Joe Cosentini
Town Manager

BUDGET INTRODUCTION

The budget is the Town's operational plan for the fiscal year. It establishes the funding necessary for meeting the current day to day operational needs of the Town and sets in place the direction to meet the long term goals and strategies of the Mayor and Council through the funding of various capital investments. Each of the following sections will provide more information regarding the Fiscal Year 2021 budget and should be seen as supplementary to the budget detail provided later in this document.

OPERATING REVENUES

The projected operating revenues for FY2021 will be **\$2,978,699**, a slight increase from the amended FY2020 budget. Major operating revenue sources include the following:

Property Tax – property tax is the primary local government revenue in Maryland. In Sykesville, our property tax rate is \$0.33 per \$100.00 of assessed value. Assessments are done on a three year cycle with increases being phased in over a three year period. The net assessable real property base for Sykesville in FY21 is \$458,164,382. This multiplied by our property tax rate equals the estimated revenue in the proposed budget of \$1,511,942. This equals a 1.5% increase from FY2020.

As a result of the COVID-19 pandemic, job loss and hourly reductions have the potential to effect the property tax collections in the form of increased delinquencies, property abandonments, and foreclosures. As a part of this budget document, the identification of an offset of a reduction of 10% (\$151,000) property tax collections will be shown.

Income Tax – this is the second highest operating revenue category for the Town. Tax base and growth projects of this category are difficult to project given the variables involved (employment data, individual reported earnings, general Town demographics, etc.). Guidance on estimating potential revenue for this category is largely based on averaging past FY collections. Over the past five completed fiscal years (FY2015-2019) the Town averaged a collection \$742,000.

COVID-19 related emergency business shutdowns and resulting job losses and work week reduction will potentially depress income tax receipts should the crisis continue into FY2021. For this reason, income tax projections for FY2021 were estimated lower than the five-year running average at \$655,640. This projection is roughly 5% higher than FY2020 budget, but over 10% lower than the average collection over the past several fiscal years.

State Aid Police Protection/Town-County Agreement – this revenue is derived from duplicated services provided by the State, County, and Town. The Town is compensated for the services we provide that allows other agencies to focus on areas where they are

the primary provider. These categories were increased only slightly from their FY2020 levels for a combined projected income of \$310,343.

Other – the remaining revenues expected for FY2021 total \$500,774. The largest single category being the offset we receive for Post Office operations of \$125,000. Details for each category are included later in this document.

CAPITAL REVENUES

Capital revenues are those that are restricted for uses of a capital nature. Total Capital Revenues for FY2021 equal \$656,592. Generally, a capital item is one that meets any one or more of the following criteria:

1. A project with a tangible result that has a life expectancy of more than one year
2. In general, any nonrecurring (less frequently than five years) purchase that costs more than \$10,000. Technology capital projects are those less frequent than three years at no less than \$3,000. This applies to both new and replacement equipment
3. A project, that will increase the value of land or buildings substantially
4. Any item determined by Council to be funded by capital revenue

Major capital revenues sources include the follows:

Highway User Revenues – this funding source is the local share of the State tax gas and vehicle titling. The State submits estimates to the municipalities for budgeting purposes. For FY2021 Sykesville is scheduled to receive \$192,032. However, these numbers are anticipated to be severely impacted by the COVID-19 restrictions. Use of these revenues will be limited to critical road projects in FY2021 as shortfalls could be seen up to 50%.

Impact Fees – these fees are collected on all new residential development at \$1,668 per dwelling unit. The fees can be allocated by the Town Council for the following purposes: police protection, fire protection, general town government administration, road construction, acquisition of roads and rights of way, office equipment and capital projects. All collected funds are to be used as to benefit the existing and future Town residents resulting from new development for which the impact fees are paid. The FY2021 budget shows expected revenue of \$33,360 which is offset by a matching expense to an impact fee reserve account.

Unrestricted Fund Balance – this line item is basically the Town's savings account. As the Town builds up excess funds over time they are deposited into this account to be used for items the Council deems appropriate. It should always be the goal to have the use of the unrestricted fund balance equal to or less than the overall excess revenues from the prior completed fiscal year. In FY2021 we anticipate using \$276,000 to offset several capital purchases.

Grants – the Town will be applying for grants in FY2021. At a minimum we anticipate receiving funding from Program Open Space to make improvements to the Linear Trail and from the State to continue the Façade Improvement Program on Main Street. In total we are looking to secure a minimum of \$75,000. As with any State grant program, these funds can be impacted by the COVID-19 epidemic. Should the Town not receive the funds as anticipated these projects will be moved to other fiscal years where funding may be attained.

Assigned Fund Balance – the FY2021 budget proposes the use of several different assigned fund balances. These include the following:

- **Assigned Fund Balance – Little Sykes:** this item will be used to make improvements to the Little Sykes Railroad and Building in the amount of \$2,000.
- **Assigned Fund Balance – Impact Fees:** the Town is using previously collected impact fees to purchase a new police cruiser and in-car camera in the amount of \$50,700.
- **Assigned Fund Balance – Town House:** most of the exterior of the Town House was painted in FY2020. We are proposing the use of \$5,000 from this category to complete paint and repair the trim of the building.
- **Assigned Fund Balance – South Linear Trail:** the balance in this category will be used as matching funds for the Program Open Space grant. Matching funds are anticipated to be \$10,000.
- **Assigned Fund Balance – Gate House:** these funds will be dedicated to repairs needed at the Gate House Museum including trim/siding repair and a new sidewalk. These costs should not exceed \$7,500.

In total the use of assigned fund balances for capital purposes equals \$75,200.

TOTAL REVENUES

In total, the Town is projecting anticipated revenue of **\$3,635,291** for FY2021. This is a decrease of \$442,236 from FY2020 and is attributed to the decrease in capital spending year over year.

OPERATING EXPENSES

The Town's operating expenses are balanced with the Town's operating revenues. It should be noted that according to the U.S. Bureau of Labor Statistics, the nationwide Consumer Price Index of All Urban Consumers (CPI-U) increased by 2.3% for the 12-month period ending in February 2020. This was the basis for including a 2.5% increase in full-time employee salaries (Note: Town Manager salary was not included). The increase is still included in the numbers reported. However, due to the uncertainty of revenues caused by COVID-19, these increases will not take effect until revenue can be confirmed followed by Council approval. Were we to remove the 2.5% increase the overall operating expenses would decrease by \$24,550.

Mayor and Town Council - \$93,712

This category covers expenses included salaries for the Mayor/Council, Town newsletter expenses, Maryland Municipal League items, contributions to the Community Media Center, and the annual donation to the Freedom District Fire Department.

Town Commissions - \$1,000

Designated for minor costs related to the operation of the Planning Commission and Historic District Commission.

Professional Service - \$94,000

Auditor fees, legal fees, and engineering all are paid from this category. The Town's general liability insurance is also included here.

Administration - \$485,450

The administration category covers salaries for five town employees (Town Manager, Town Clerk, Executive Assistant, Special Projects Coordinator, and the Treasurer). This is also the area that covers the costs of the Circuit Rider Program, all Town House utility expenses, and major planning projects (Master Plan). Personnel in this category carry out all the administrative functions of the Town and all public meeting functions related to Town Council, Planning Commission, Historic District Commission, Parks and Recreation, Board of Zoning Appeals, and Ethics Commission.

Public Safety - \$598,900

This is the Sykesville Police Department and Auxiliary Unit. In total, this includes six sworn police officers, one Chief of Police and one administrative assistant, all utilities, vehicle and building maintenance, and training are also included. Expenses also include the replacement of three-bullet proof vests and painting the interior of the offices. There was a request for funding one additional officer position, but given the revenue uncertainty, no new positions were included in the budget.

Public Works and Sanitation - \$490,950

Six public works employees plus the Director. This Department handles all refuse and recycling pickup along with mowing services, stormwater maintenance, and a variety of maintenance activities. The expense category also includes the cost of tipping fees paid to the County and the trash rebate provided to the Raincliffe Subdivision for private garbage pickup.

Streets & Roads - \$98,000

This category is mostly the utility expense related to street lighting and all costs (including overtime) for snow removal efforts.

Parks Maintenance - \$118,450

All open space and park maintenance are included here. This covers tree care/maintenance, landscaping, the Little Sykes facility, etc. We have also included the contracted Stormwater Pond maintenance in this category as well as the National Pollutant Discharge Elimination System (NPDES) permit fee we pay to the County. This budget does include the purchase of two new trash/recycling receptacles for Millard Cooper Park and a few new picnic tables.

Main Street/Downtown - \$50,500

This is the annual allocation to the Downtown Sykesville Connection and the Military Memorial expenses we incur.

Visitor Center & Post Office - \$193,900

Four part-time employees that run all operations. The largest expense is for the postage/materials that we pre-pay for and are then reimbursed. We've included some maintenance items in this category this year for window and trim repair and to have the exterior of the building re-painted.

Historic Buildings - \$8,050

Utilities and maintenance for the Historic Black Schoolhouse and building maintenance for Baldwin's Station.

Gatehouse Museum - \$53,450

Two part-time curators, utilities, and operation costs to run the museum. This also includes some additional trim/siding repair of the building and the installation of a new sidewalk.

Parks & Recreation - \$4,750

These cost include all the park related events the Sykesville Parks and Recreation Committee (SPARC) conduct each year including Movies in the Park, Yoga in the Park, and the Concert Series.

Employee Benefits - \$603,240

50% of this expense is the Town's portion of the health insurance costs which increased 10% from FY2020. Other expenses include retirement, short-term disability, workers' comp, and social security/medicare

Debt Service - \$98,847

This is the Town's lone outstanding long-term debt obligation a 2008 General Obligation (GO) bond that matures in 2023 (\$278,000 principal remain). There is an opportunity to pay off the debt using unrestricted fund balance money in order to reduce annual operating expenses. This option could offset a potential decline in operating revenues.

CAPITAL EXPENSES

Capital Outlay - \$642,092

These are all expenses related to non-operating revenues such as grants, assigned fund balances, unrestricted fund balance, or restricted revenues (Impact Fees, Highway User Revenues).

- Public Safety:
 - New Police Car \$45,000
 - New In-Car Camera \$ 5,700
 - New Portable Radios \$50,000
- Public Works and Sanitation
 - Slope Mower \$15,000
 - Replacement Skid Steer \$45,000
 - New Garage Doors \$18,000
 - New Dumpsters \$ 7,500
 - Replace Small Dump Truck \$68,000
 - Hydraulic System Replacement \$18,000
- Town House
 - Security Upgrades \$35,000
 - New Carpets \$12,000
 - New Councilroom Table/Chairs \$ 7,500
- Streets & Roads
 - Re-paving \$172,000
 - Sidewalks \$ 20,000
- Parks
 - South Linear Trail Work \$50,000
- Façade Improvements \$35,000
- Impact Fee Transfer to Reserve \$38,360

COMBINED BUDGET SUMMARY

Revenues:

Property Taxes	1,556,442
Licenses & Permits	111,284
Intergovernmental	1,163,515
Service Fees	80,450
Local / Program Revenues	147,650
Other Sources	<u>575,950</u>

Total Revenues **\$3,635,291**

Expenditures:

Mayor & Town Council	93,712
Town Commissions	1,000
Professional Services	94,000
Administration	485,450
Public Safety	598,900
Public Works	490,950
Streets & Roads	98,000
Parks Maintenance	118,450
Main Street / Downtown	50,500
Post Office & Visitor Center	193,900
Historic Buildings	8,050
Gate House Museum	53,450
Parks & Recreation	4,750
Employee Benefits	603,240
Debt Service	98,847
Capital Outlays	<u>642,092</u>

Total Expenditures **\$3,635,291**

Appendix A

Town of Sykesville Fiscal Year 2021 Operating And Capital Budget Ordinance 2020-05

Appendix B

Town of Sykesville Capital Improvements Plan FY2021-2025