

## **Carroll County Government Fiscal Year 2009 Budget Message**

The Commissioners' focus over the past several years has been to accelerate the investment in infrastructure including roadway improvements, increased capacity in schools, water resources, libraries, senior centers, and parks. In order to accomplish these goals, one-time revenues, fueled by the housing boom, were used to help fund the Community Investment Plans. Many projects are underway or nearing completion and the focus is now shifting towards funding the on-going operational costs in the Operating Budget. These costs were anticipated and planned for.

Many difficult challenges were faced during the FY 09 budget process. The state of Maryland called a special session to address their \$1.7 billion deficit, resulting in \$8.4 million in cuts to the County, primarily in the form of reduced Board of Education funding and income tax revenues.

The economy was also a challenge. It is difficult to pinpoint the cost of a slowing economy and a softening housing market; however, we estimate just the revenue loss to be at least \$15 million. There are several revenues, ranging from impact fees to interest that are projected to come in far below what we actually collected in recent years. Most notable is recordation, which is expected to be nearly \$8 million less than what was collected in FY 06. The economy had an adverse effect on the expenditure side as well, particularly from inflation. Rising fuel and energy prices increased our operating expenses, while escalating material prices, such as asphalt, impacted our capital projects.

Given the challenges of reduced revenues and increased costs, the plan continues to be focused on maintaining levels of service and funding on-going costs associated with newly constructed facilities. The FY 09–14 Operating and Community Investment Plan focuses efforts on the following priorities:

- ❑ Education - providing an adequate number of seats for the growing number of students as well as maintaining existing schools
- ❑ Water - expanding water sources and improving water quality
- ❑ Growth -
  - Expanding the County's economic base
  - Maintaining and expanding infrastructure
  - Preserving farmland through the agricultural land preservation program
  - Providing adequate public safety coverage, such as law enforcement and emergency services

The total FY 09 Budget of \$545 million is \$43 million less than the FY 08 Adopted Budget. The FY 09 Operating Budget, at \$353 million, is increasing a little less than \$25 million.

Education, including public schools, libraries, and the community college, continues to be our highest funding priority. \$187 million, more than half of the FY 09 Operating Budget, is dedicated to education. Though the Board of Education, Community College and Public Libraries receive funding from both the County and the State, the State does not provide any additional funding when a new education facility is operational. Because of State budget difficulties these agencies actually received \$5 million less in State funding than expected. The FY 09 budget includes nearly \$5 million of County funds for the operating impacts of two new schools, one new library branch, and new headquarters for the library.

Record levels of funding, to provide capacity for our students, continue in the FY 09-14 Community Investment Plans. Since 2000, six new schools have been opened and three new schools are planned at a cost of \$165 million. Two major renovation projects, the South Carroll Fine Arts Addition and the Westminster High School HVAC replacement, at a cost of \$57 million are also planned in the Community Investment Plan and are jointly-funded with the State.

The County has been focusing on its long-term planning tool, the comprehensive master plan named “Pathways”, to establish guidelines for where and how Carroll will grow over the next twenty years. Pathways will enable the County to implement policies and create tools so growth can be directed to those areas that can best absorb the impact. The planning process began in FY 05 with over 300 participants including residents, businesses and town leaders. The draft comprehensive plan is in the process of being developed, but some of the ideas that emerged from the extensive public participation have already been put into action, such as workforce housing opportunities. The areas of focus in the Pathways Plan are:

- Economic development efforts and expanding the County’s commercial/industrial base
- Targeting growth in and around municipalities where infrastructure exists to support increased growth
- Maintaining the rural character of the County by preserving existing farmland and agribusiness
- Developing new water sources to support growth

The comprehensive plan process may be viewed at: <http://www.carrollpathways.org/>.

One of the key elements of the County’s Pathways Plan and one of the most difficult challenges we face as a county is water; both water availability and water quality. The County, including the municipalities, does not have adequate water supplies to meet the needs of the existing population due to evolving state regulations. The County is actively working with the Maryland Department of the Environment to ensure that Carroll can grow according to our plans. In 2007, a water resource coordination committee was formed to look at how the County and our towns can work together to address short and long-term water issues.

To address this shortage of water, numerous initiatives are funded in the FY 09-14 Community Investment Plan, including purchasing water recharge rights throughout the County, acquiring Hydes Quarry as a back-up water source for the City of Westminster, and planning for the development of two new reservoirs. Estimated costs for water development projects are in excess of \$180 million, of which \$50.5 million is in the FY 09-14 CIP.

Maintaining or improving the quality of water is also a priority in the FY 09-14 Community Investment Plan, with planned expenditures of over \$11 million. The County is engaged in numerous projects, consisting of stream restorations and the rehabilitation of storm water management ponds, in an effort to improve the quality of water. In 2008, the county went through the Builders of the Bay round table process to evaluate whether county building and development standards are protective enough to environmentally sensitive areas. Recommendations for better site design will be presented to the Commissioners and evaluated for incorporation into law.

The Agricultural Land Preservation program continues to be one of the Commissioners' top priorities. The County recently passed the halfway mark of the goal to preserve 100,000 acres, and we are committed to continuing our progress. \$56 million is planned for agricultural land preservation in the FY 09-14 Community Investment Plan. Preserving farmland with permanent easements helps to maintain the rural character of Carroll County, enables agriculture to remain a viable industry, lowers the amount of residential development taking place outside of targeted growth areas, reduces the strain on our existing infrastructure, and helps to avoid major investments in new infrastructure, such as schools, roads, water, and wastewater facilities.

Efforts at growing the commercial/industrial base relative to the residential base are a major part of the comprehensive planning process, and also a part of the budget process. The FY 09 Operating Budget includes an additional \$1 million on top of the usual \$3 million allocated for training grants and infrastructure costs. The Operating Plan continues this level of funding with \$4 million in FY 10. This additional funding is needed for two large business parks that are currently in the development process.

Carroll County continues to be one the safest counties in Maryland and funding for public safety programs continues to be a top priority. The FY 09 Operating Budget contains funding for nine new positions for public safety, including law enforcement and court functions. The law enforcement budgets incorporate an annual increase in positions in order to maintain the goal ratio of 1.3 officers per 1,000 residents. As the number of law enforcement positions grows so does the need for space. The FY 09-14 Community Investment plan includes \$4.5 million for a law enforcement facility and \$6.8 million for the addition of a Minimum Security Facility to alleviate overcrowding at the Detention Center and postpone the need for major investment in a new medium security facility.

The Solid Waste Enterprise Fund shows a substantial increase in the cost to transfer solid waste to a landfill in Virginia due to escalating fuel prices. Currently, 91% of solid waste received by the county is transferred to a landfill in Virginia for disposal. The Commissioners have made a commitment to expand county recycling programs and increase recycling rates. A new recycling manager position is funded in FY 09 that will be responsible for outreach

programs to educate citizens and businesses on the financial and environmental benefits of recycling. In an effort to address long-term solid waste issues, the county is partnering with our neighbor, Frederick County, in seeking long-term integrated waste management solutions, including a possible shared waste-to-energy facility.

As the County looks at the past and to the future, fiscal responsibility remains paramount. The county retained a solid credit rating with all three rating agencies (Moody's, Fitch and Standard and Poor's) this year. The pension liability is fully funded, reserve funds are on target, debt is being retired at an accelerated rate, and contributions continue to the Other Post Employment Benefits liability for both the County Government and the Board of Education.

Recognizing that accountability is essential to establishing public trust, the Commissioners continue to make their actions available for review and participation by the public. The county has made available the following for improved information accessibility:

- a cable television station that airs most public meetings
- a monthly newsletter that lists every vote taken by the Commissioners
- a speaker's bureau enabling community groups to learn more about county government.
- a redesigned web site so highly requested pages can be found easily
- an archive of public meetings on the website
- automatic e-mails to provide updates on changes that appear on the website
- a residential survey on services the county offers and potential services that are under review

All of the FY 09 budget sessions from the Recommended Budget to the Adopted Budget were open, available on the web, and on the local government channel, keeping the citizens of Carroll County informed on the issues and giving them the opportunity to participate.

Difficult decisions were made during the budget process. The Commissioners' goal is to listen carefully to the citizens of Carroll County, and evaluate the information brought to them as well as their available resources, thereby making every effort to do what's best for Carroll County. Thank you for your interest in the budget. I hope that you will take the time to understand the budget and the choices that have been made.

Sincerely,

Ted Zaleski  
Director, Management and Budget