



Mayor & Council of Berlin

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www.berlinmd.gov



'America's Coolest Small Town'

March 20, 2019

Mayor

Wm. Gee Williams, III

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Council Members

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Thomas L. Gulyas

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Town Attorney

David Gaskill

Town Administrator

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To All Berlin Citizens and Property Owners:

The underlying premise of our Town budgets for the past 10 years has been to keep property taxes and utility fees as low as possible. Our current budget decisions are the result of the Town of Berlin experiencing greater expenses in the past 5 years than we expected.

To make up the difference we have been tapping into the town's savings (our reserves). The Mayor and Council needs to both reduce the budget, increase property taxes and increase the fees for our water utilities to bring revenues and expenses back into balance.

The Town's total annual budget for all departments peaked at \$20.2 million in FY 17. The total current budget is \$18.2 million. The new FY 20 budget is proposed with a 10 percent cut which would bring the total to \$16.4 million for the next fiscal year.

Each department provides a different service. The general fund pays for Administration, Finance, Customer Service, Building and Grounds maintenance for the Town's public buildings, Police protection, Fire and EMS Services, Public Works, Sanitation, Streets, Economic Development, Planning, and Parks and Recreation.

In addition to these general fund expenses, the Town also operates utilities with their own separate budgets. The Town's current budget for these departments is as follows:

General Fund.....	\$7.2 million
Sewer/Water/Stormwater.....	\$5.3 million
Berlin Electric.....	<u>\$5.7 million</u>
Total FY 19 Budget.....	\$18.2 million

Here is why the Town has been borrowing from our reserves.

Over the past five years the Town has borrowed \$3 million dollars from the general fund to cover the higher than budgeted expenses of the Sewer Utility.

These increased Sewer Utility expenses are the direct result of the higher costs of operating Berlin's new spray irrigation site in Newark. The Town has used spray irrigation to enable Berlin to release our treated wastewater back into the environment for many years rather than discharging this water into our Coastal Bays.

The addition of a second spray site was necessary to accommodate the greater outfall of Berlin's expanded Wastewater Plant that was upgraded eight years ago.

The Town's Stormwater Utility has also borrowed \$535,068 from the general fund's savings (our reserves) to ensure we successfully obtained significant grant money for our stormwater projects. Our utility generates about \$170,000 per year. By dipping into our reserves, we were able to obtain approximately \$2 million in grant funding from the state and federal governments.

These two major efforts are at the heart of most of the borrowing from our reserves in recent years. And both are responsibilities that I believe are essential to maintaining an acceptable level of quality of life in our town. The remaining amount of borrowing from reserves (our savings) have been for essential public services.

These include a \$205,000 increase in the Town's annual grant to the Berlin Fire Company bringing the total for this year to \$605,000.

The irony is that by trying to keep property tax rates and sewer and water fees lower than they otherwise would have been --- we now have created the necessity to increase both at a higher percentage than we could have by spreading these increased costs, ---in smaller increments ---through a couple of tax and utility rate increases over the past five years.

Either approach would have not eliminated the necessity of having to raise town revenues to cover these expenses. The amount of revenue needed is the same regardless of which of these approaches we could have taken.

The tax rate for the past eight years for residential and commercial property has been .68 cents per \$100 of real estate property valuation. Prior to 2012 the property tax rate for residential and commercial properties in Berlin was .73 cents per \$100 of valuation, or five cents higher than it is today.

The range of property tax rates that are being considered for the next budget year for residential property owners is from .78 cents to .93 cents. The range of property tax rates that are being considered for the next budget year for commercial property owners is from .83 cents to .98 cents.

I trust each of you will form your opinion on the town property tax rates that are under consideration based on facts...and not solely on the rumor of the day or internet post of the moment. The 2020 Budget Schedule is available to everyone on Berlin's website: www.berlinmd.gov. The Town Council recently approved an additional budget listening session on Tuesday, March 26th at 6 p.m. in the Stephen Decatur High School auditorium.

Please note that public participation is welcomed throughout this process except during the two budget work sessions on April 1st and April 15th. The public, as always, is welcome to attend the work sessions, but the work sessions are not public hearings. They are public meetings that enable the Mayor and Council to go over each proposed departmental budget in detail with the supervisor of each department and utility.

I hope you have found this information helpful.

Sincerely,

A handwritten signature in black ink that reads "W. G. Williams, III". The signature is written in a cursive style with a horizontal line underneath the name.

Wm. Gee Williams, III
Mayor