

THE BOARD OF GARRETT COUNTY COMMISSIONERS

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Board of Commissioners

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July 4, 2013

Janet S. Wilson, Superintendent
Garrett County Board of Education/Garrett County Public Schools
40 South Second Street
Oakland, Maryland 21550

Superintendent Wilson:

This letter will document official action taken by the Board of County Commissioners relative to the Southern Middle School Renovation Project.

As you know, the Board approved an appropriation of \$582,400 in Fiscal Year 2014 to be directed to the design phase of this project. On July 2, 2013, the Board determined to defer funding for the project for a one (1) fiscal year period and to review total project funding as part of Fiscal Year 2015 budget planning. These funds will be placed in a restricted reserve account until a decision to proceed is final.

This conclusion by the Board was based on the uncertainties with upcoming fiscal year budgets. The estimated debt service obligation to the County for this project would be \$750,000 per year based on a 30 year amortization schedule and commitment of this long term debt now requires additional deliberation and evaluation. This review will include all departments, component units, or offices (divisions) of County Government.

I previously presented you the following information that shows the serious economic dilemma that we face for Fiscal Year 2015. Unfortunately, it does not appear that imminent years will recover and result in additional revenue to the County.

Fiscal Year 2015

- Projected decrease in real property tax revenue from a decrease in assessments = \$2,500,000
- BOE Hold Harmless Funding not available = \$1,000,000 (*)
- Fiscal Year 2013 to 2014 carryover funds not available in 2015 = \$700,000 (*)
- Teacher Pension Cost = \$235,330

TOTAL = \$4,435,330 which equates to a \$.08283 increase in the real property tax rate

Fiscal Year 2016

- Adding the debt service annual payment of \$750,000

TOTAL = \$5,185,330 which equates to a \$.10371 increase in the real property tax rate

The \$1.7 million deficit (*) plus the final obligation of local funding for the teacher pension cost (\$1,935,330) will in all probability be the additional operating funds requested by the Garrett County Public School System for Fiscal Year 2015. Financial planning must now include the projected loss of real property tax revenue and maintaining the current level of capital and operating funds for all divisions of County Government that provide public service and rely on County funding every year. In addition, the County does not forecast or anticipate any increase in other revenue areas. To decrease funding to other divisions and redirect these limited funds solely to the Garrett County Public Schools would undoubtedly have an adverse impact on core governmental public services the Board of County Commissioners has the authority to administer. In addition, an increase in the real property rate during these challenging economic times would almost certainly have problematic consequences for our residents, businesses, and property owners.

I am confident that Garrett County Government will be successful in discharging its obligations to the public and will continue to provide a high level of quality public services. This process, however, requires that the Board of County Commissioners makes some very complex and difficult decisions.

Thank you and I am always available to work with you as we mutually address the days ahead.

Sincerely,

R. Lamont Pagenhardt

cc: Board of County Commissioners
Wendy K. Yoder

