

FOR IMMEDIATE RELEASE

May 7, 2010

The Fruitland City Council pursuant to its charter will hold a Public Hearing on the proposed General Operating Fund budget and Water/Sewer Fund budgets for the 2010-2011 fiscal year. The Public Hearing will be held during the regularly scheduled Council meeting on Tuesday, May 11, 2010 beginning at 7:30 p.m.

The City indicates the preliminary budget for the Water/Sewer fund includes an increase of \$10 per quarter for water service charges and an increase of \$20 per quarter for sewer service charges. All other fees and charges in the Water/Sewer Fund are proposed to remain the same as the current year including front footage assessments, tapping charges and impact fees.

The significant expenses in operating a high quality water and wastewater treatment plant are employee expense, energy costs for electricity and gas, chemicals, the cost of complying with Maryland Department of the Environment regulations and funding reserve balances for replacement costs. While the City is planning on holding employee expenses level, other costs out of the City's control as previously noted continue to rise.

Within the General Operating Fund budget, the City indicates an increase to both the real property tax and personal property tax rates are necessary for the upcoming budget year to offset significant lost revenue from state highway aid and state police aid as well as lower property assessment values. Preliminary indications reveal a reduction in revenue of \$300,000. State highway aid is projected to drop from \$257,000 to \$26,000 and State police aid is projected to drop from \$80,000 to \$50,000. The balance is as a result of lower assessment values.

Based on the projected income loss, the City believes an 8 to 10 cent tax increase will be needed to offset the lost revenue, while holding the line on expenses. Even with a proposed tax increase, the City projects many residents will actually have lower tax bills than last year because of lower assessments. Other revenue sources in the General Operating Fund are projected to remain constant such as the sanitation fee.

City officials are deeply concerned with the proposed rate increases and their effect on residents during these challenging and difficult economic times. The Council and staff continue to investigate all possible avenues to reduce the proposed increases. The City has sent County Executive Richard Pollitt formal notification with several ideas for the County to grant a tax differential. The recent impartial study jointly funded by Wicomico County, City of Salisbury, City of Fruitland and Town of Delmar reported \$0.05 tax differential for Fruitland.

While most capital projects have been stricken from the budget, the City is moving forward with its plans to construct a new municipal building to house its much needed Police Department. Though the overall cost of the project is estimated to be \$2.6 million, the upcoming budget will not be significantly impacted by the project.