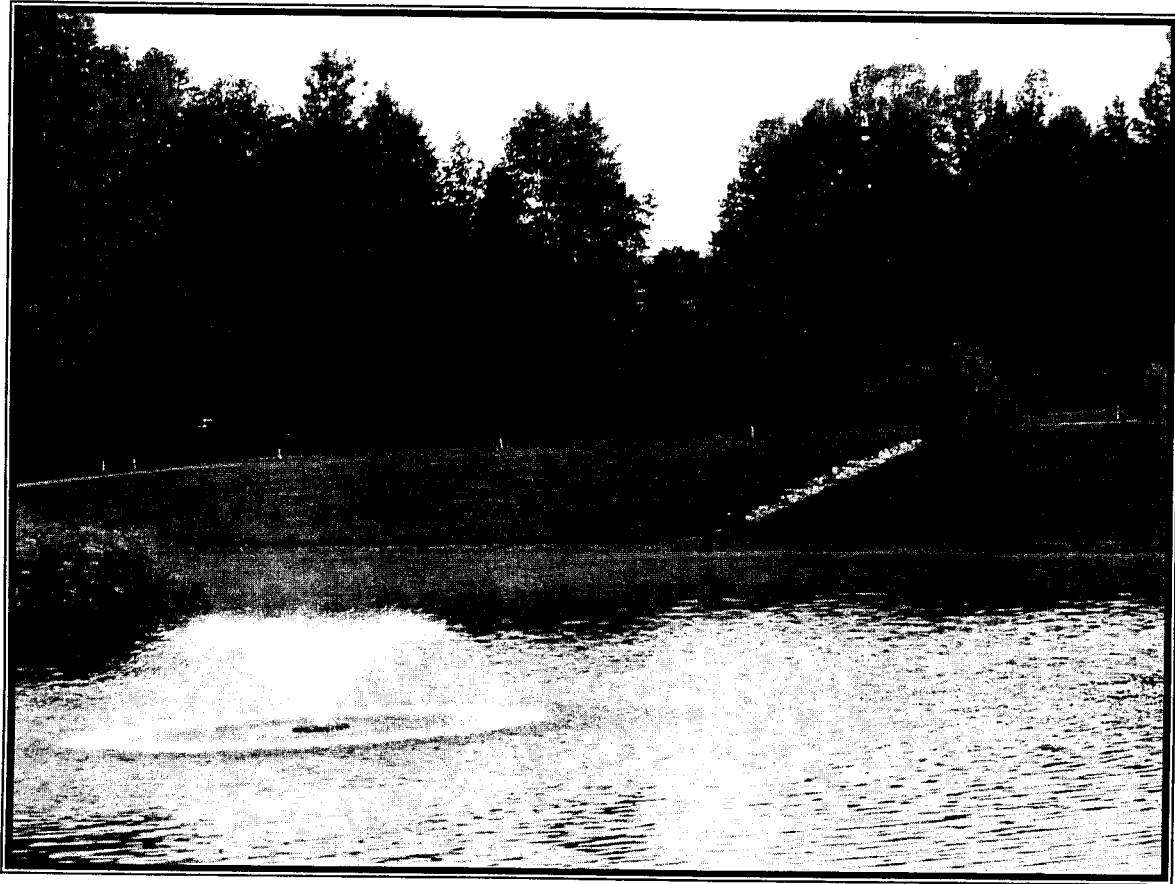


City of Bowie, Maryland



MID-YEAR BUDGET REVIEW

JANUARY 25, 2010



City of Bowie

2614 Kenhill Drive
Bowie, Maryland 20715

January 25, 2010

Honorable Members of the Bowie City Council:

I am pleased to submit for your review the Fiscal Year 2009-2010 mid-year budget review. The report covers all City funds, and contains financial summaries as well as reports concerning the status of the objectives committed to in the Budget.

We tend to focus on the General Fund, since this represents the bulk of our operations and it is the fund that determines the real estate property tax rate. By June 30, 2010, General Fund revenues are projected to be approximately \$2.4 million under budget and expenditures approximately \$7.8 million under budget. The City has a history of strong financial performance and continues to be in a strong financial position.

This report also indicates the status of each department's objectives. It is hoped that this programmatic information will illuminate many significant accomplishments, as well as provide a schedule for the completion of other objectives in the remaining months of the fiscal year.

I look forward to assisting Council in your review of the Fiscal Year 2009-2010 mid-year budget review.

David J. Deutsch
City Manager

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PART I

Status of FY2009 - 2010 Objectives

OPERATING DEPARTMENT OBJECTIVES FOR 2009-2010**City Manager****1. Manage process of constructing new City Hall.**

STATUS – Notice to proceed issued October 1, 2009; Complete Building Pad/Start Foundations January 2010; Start Structural Steel March 2010; Start Building Rough-ins May 2010; Start Building Finishes (Roof Complete) July 2010; Building Dry-in (Exterior Complete/Conditioned Air) October 2010; Substantial Completion December 31, 2010; Project Complete (Closeout) March 2011.

2. Monitor the progress of and act as a liaison with citizens concerning the BGE Electric Dependability Improvement Plan.

STATUS – Staff works on a daily basis with citizens who have issues with this project. The project consists of significant tree trimming and cutting; construction work pertaining to the replacement, reconfiguration and relocation of utility poles; and the installation of underground feeder lines. The project is approximately 98% complete. The project budget is approximately \$36,405,600.

Office of Personnel**1. Publish periodic Personnel Updates; hold employee meetings for 401(k) and 457 plans.**

STATUS – Ongoing.

2. Present an on-site Supervisory Training course by December 31, 2009.

STATUS – Because of the vacancy in the Personnel Officer position from September 3, 2009, until January 11, 2010, this training has been delayed. It is anticipated that this training will occur by June 30, 2010.

3. Continue scanning employee records into document management system.

STATUS – Ongoing.

Elections**1. Conduct successful City election on November 3, 2009.**

STATUS – Successful election conducted on November 3, 2009.

Public Information

- 1. Develop a marketing plan to promote the City's Public, Education, and Government (PEG) channels by April 30, 2010.**

STATUS – The first phase of this project, namely airing BCMC programming on YouTube, has been completed. This approach enables producers to market and distribute their programming at no cost. During the next phase, studio personnel are planning to facilitate more community involvement by holding auditions for citizens to become on-air personalities in PEG promotions. A complete marketing plan will be completed by April 30, 2010.

- 2. Develop and market a vendor registration tool for the website to expand bidding opportunities for those who want to do business with the City and promote the use of eMaryland Marketplace by City Departments by December 31, 2009.**

STATUS – Research has been done on what the vendor registration tool should include and what other cities and counties are doing with similar tools. Actual development of the tool will not be completed until March 2010. All City departments have begun using eMaryland Marketplace to advertise bidding opportunities over \$25,000, which has resulted in more bidders for each project.

- 3. Work with the City's Historic Properties Division throughout FY10 and FY11 to plan and launch a series of programs and events to celebrate "Belair at 50" in 2011.**

STATUS – A planning committee has formed to work on a celebration of Bowie in 2011. Events, themes and scope of the celebration are under discussion. "Share Your Levitt History" is being promoted in the January/February newsletter and on the City's website.

City Clerk

- 1. Work with Historic Properties Manager and Public Information Office in developing the "Belair 50" celebration in 2011.**

STATUS – Meetings are being held to discuss and plan the event.

- 2. Continue to work towards downsizing files and duplication of records by the use of e-mail and Laserfiche.**

STATUS – Files and official documents scanned onto Laserfiche on an ongoing basis. An updated Records Retention Schedule has been forwarded to the Maryland Records Management Center for review.

Emergency Management

- 1. Expand and update the City's Emergency Operations Plan by working with staff members to develop and refine emergency response procedures during FY10.**

STATUS – Ongoing and 75% completed. Coordinated a two and one-half-day Continuity of Operations (COOP) training class for City employees and other invited guests regarding identifying and completing essential functions during an emergency.

- 2. Develop and conduct a functional exercise to test the ability of staff to respond to an emergency event by April 30, 2010.**

STATUS – Ongoing and 40% completed. Received a commitment from the County Fire Chief to partner with the City for a functional exercise in the Spring of 2010. Discussions continue regarding type and place of exercise. Completion expected June 2010.

- 3. Develop and use emergency preparedness PowerPoint presentations for community outreach that are audience specific for seniors, families, businesses, and other groups by July 31, 2009.**

STATUS – Completed. Developed PowerPoint presentation in conjunction with the City's Communications Coordinator; also conducted numerous public presentations.

- 4. Work with the County and citizen Community Emergency Response Team (CERT) coordinators to develop and conduct a functional exercise to test the ability of CERT members to respond to an emergency event by November 30, 2009.**

STATUS – Ongoing and 80% completed. The City has received a commitment from the County Fire Chief to integrate CERT members into functional exercise during Continuity of Operations (COOP) as stated in objective number two. CERT members assisted in H1N1 clinic in Bowie on November 21, 2009, and numerous flu clinics across the County. (These were actual events, not exercises).

- 5. Expand the CERT training program by conducting two sessions during FY10.**

STATUS – Ongoing. Continue to recruit potential CERT members and compile list of interested persons for a class. No classes scheduled at this time.

- 6. Work with the Bowie Volunteer Fire Department to develop a fire extinguisher training program for City employees by August 31, 2009.**

STATUS – The Bowie Volunteer Fire Department has agreed to conduct a training program in Spring of 2010, with a target completion date of June 30, 2010.

CIP Projects for 2009-2010

1. Land Acquisition

STATUS – No action has occurred in this area.

2. Old Town Bowie Redevelopment

STATUS – This is for purchasing the right-of-way from SHA for a small area of the Chestnut Avenue parking lot. City's consultant has completed the metes and bounds survey and description for State review.

3. City Hall

STATUS – Notice to proceed issued October 1, 2009; complete building pad/start foundations January 2010; start structural steel March 2010; start building rough-ins May 2010; start building finishes (roof complete) July 2010; building dry-in (exterior complete/conditioned air) October 2010; substantial completion December 31, 2010; project complete (closeout) March 2011.

OPERATING DEPARTMENT OBJECTIVES FOR 2009-2010

Police Department

- 1. Hire 2 additional Police Officers by June 30, 2010, bringing the total number of sworn officers to 47.**

STATUS – Completed.

- 2. Conduct National Night Out event to be held on August 4, 2009.**

STATUS – Completed.

- 3. Establish a Business Watch Program by December 31, 2009.**

STATUS – Completed.

- 4. Require “in-house” firearm qualification for all Officers by January 1, 2010.**

STATUS – Completed.

- 5. Provide “in-house” in-service training for all Officers by January 1, 2010.**

STATUS – Completed.

OPERATING DEPARTMENT OBJECTIVES FOR 2009-2010**Information Technology**

- 1. Continue to work on the redesigned web page. Implement a content management system to allow city staff to update their content on the web page by November 30, 2009. Evaluate the ability to allow citizens to create an account to log in to the City's web page and set their preferences to display the information that interests them on a customized home page by December 31, 2009.**

STATUS – The redesign of the web page is an ongoing project. Some improvements include a mobile web page site that was made available in August 2009 and an on-line water payment that was made available in November 2009. We are currently in the testing stage of the content management system with the Ice Arena. Once the testing is successful, we will deploy the content management system out to the other departments and divisions in stages. Deployment should be completed by March 31, 2010. Due to the fiscal requirements of creating a citizen portal, we are deferring further research on this project. We will evaluate the feasibility in FY 2011 for a possible FY 2012 budget item.

- 2. Expand the GovQA service request system to allow residents to submit Animal Control and Code Compliance complaints by October 31, 2009. Determine if the GovQA system can be used as a management tool for all Animal Control and Code Compliance complaints by January 15, 2010.**

STATUS – Submission of a request for Animal Control and Code Compliance services were created in May 2009 and are being used on a regular basis. The GovQA system has the capabilities to manage Animal and Code Compliance complaints. A demo of the system features and capabilities has been provided to Community Services. We are currently waiting for their response and hope to come to a decision by February 26, 2010.

- 3. Work with city staff to review the City's webpage regarding question and answer sections and service requests. Ensure that those areas link to the GovQA site and are not separate applications or duplicated data. This will be completed by March 1, 2010.**

STATUS – This project has begun and is approximately 15% complete. A more in-depth review began December 1, 2009, with a completion date of February 26, 2010.

- 4. Enhance the GIS external site for public use by increasing the speed, adding data, and enhancing tools by November 30, 2009.**

STATUS – A new map rendering engine (version 9.3.1) was installed in August 2009 that reduced draw time significantly. Additional layers have been added to the "Recreation" and "Public Services" categories. This includes layers for ball fields, golf facilities, religious institutions, hotels, and banks. Levitt drawings will be available through the web application by February 26, 2010.

- 5. Continue to work on the City's Intranet site to improve communication within the departments. Individual department pages to be completed by March 31, 2010.**

STATUS – The Intranet site has been created and is at 90% completion for IT information. This will be available to City staff by March 31, 2010. Department pages will be completed by June 30, 2010.

- 6. Set up and install 5 additional ECitation units in Police patrol cruisers. This project will be complete by June 30, 2010.**

STATUS – This objective has been transferred to the Police Department. IT will continue to support this project as required.

OPERATING DEPARTMENT OBJECTIVES FOR 2009-2010**Department of Finance**

- 1. Maintain the City's Certificate of Achievement for Financial Reporting and Distinguished Budget Presentation Award.**

STATUS – Submitted the FY2009 Comprehensive Annual Financial Report for the Certificate of Achievement for Excellence in Financial Reporting Award. The current report conforms to Certificate of Achievement requirements and has been submitted to the Government Finance Officers Association. The City has received a Certificate of Achievement for the last thirty-five consecutive years (fiscal years 1974-2008).

Received the Distinguished Budget Presentation Award for the FY2010 Adopted Budget. The City has received a Distinguished Budget Presentation Award for the last fifteen consecutive years (fiscal years 1996-2010).

- 2. Coordinate the annual budget process, fiscal year-end audit and mid-year budget review presentation.**

STATUS – The audit for the period covering July 1, 2008 through June 30, 2009 concluded on October 29, 2009. The Comprehensive Annual Financial Report and Uniform Financial Report were submitted to the State of Maryland.

Work began on the mid-year budget review in December 2009. Information was submitted by each department, compiled by the City Manager's office and the Finance Department, and presented to the City Council in January 2010.

- 3. Issue general obligation bonds by July 31, 2009, for the construction of the new City Hall.**

STATUS – The City issued general obligation bonds on July 21, 2009 in the amount of \$15.5 million. The bonds have an average interest rate of 3.58% with a maturity term of 20 years.

- 4. Establish a Fraud Hotline by December 31, 2009. This confidential hotline will be operated by an independent third party and will enable employees to anonymously report any concerns about fraud, waste or abuse in the workplace.**

STATUS – The Fraud Hotline shall be implemented by February 26, 2010.

- 5. Conduct additional audit testing of financial transactions at various City facilities, such as the Ice Arena, Gymnasium, Senior Center and Museums, by October 31, 2009. The additional testing will be conducted by the City's independent auditors.**

STATUS – The additional audit testing shall be conducted by March 31, 2010.

OPERATING DEPARTMENT OBJECTIVES FOR 2009-2010**Public Buildings and Grounds**

1. **Continue to identify potential user groups and programs interested in using the current city hall property once it is vacated. Prepare a recommendation for Council by December 31, 2009.**

STATUS – Interest in using space at the Kenhill Drive facility by staff and outside user groups continues to be collected. An operating budget for the building is being prepared for Council. Staff will make recommendations to Council regarding use of this facility during the FY2011 budget process.

Housing Inspection, Code Compliance and Security Patrols

1. **Increase public awareness of the City Housing and Property Maintenance Code through GovQA, message boards, and cable programming by December 31, 2009.**

STATUS – Additional questions/answers have been introduced into GovQA.

2. **American Association of Code Enforcement or International Code Council Property Maintenance Inspectors certification of at least 2 additional Code Officers by May 31, 2010.**

STATUS – The Code Compliance Supervisor was certified in December 2009. Another Officer will take the test in April 2010.

Senior Citizen Services

1. **Hold a summit on senior issues in October 2009.**

STATUS – A summit is scheduled to be held at the Senior Center March 31 through April 1, 2010.

2. **The Information and Referral Specialist will coordinate a Senior Housing Fair in April 2010.**

STATUS – Information that would have been distributed at the Housing Fair will be included in the summit. The concept of a separate Senior Housing Fair will be revisited in FY2011.

Youth Services Bureau

1. **Conduct four meetings of the Bowie Community Network coalition to further develop the substance abuse prevention strategies by May 31, 2010.**

STATUS – The Bowie Community Network coalition has met twice and will be meeting monthly in the first quarter of 2010.

2. **Conduct one training to enhance staff knowledge of community resources in order to help in assisting clients facing economic distress by December 31, 2009.**

STATUS – Training session is scheduled for January 27, 2010.

Animal and Disease Control Program

1. **Partner with the Society for the Prevention of Cruelty to Animals/Humane Society of Prince George's County to explore the scheduling of a low cost rabies, distemper and microchipping event to be held within the City of Bowie by January 31, 2010.**

STATUS – Due to licensing restrictions, the SPCA is not able to provide off-site clinics. An agreement in principle has been reached with a local veterinarian to provide microchipping at a reduced rate to City residents. This service is expected to begin within the next few months. Although a firm date has not been established, it is expected that the City will partner with the County Health Department to hold the annual licensing clinic at Bowie High School in May or June 2010.

2. **Explore partnerships with local veterinary hospitals to provide a low cost spay and neuter clinic by June 30, 2010.**

STATUS – Since spay/neuter is a significant medical procedure, this objective has been put on hold until the microchipping program has been successfully launched. If efforts to meet this objective in FY2010 are unsuccessful, the objective will be revisited for FY2011.

Recreation and Parks

1. **Develop a master plan for Allen Pond Park with a specific emphasis on the west side of the park by December 31, 2009.**

STATUS – The proposed master plan has been completed and submitted for Council review. An oral presentation is to be made to Council on January 25, 2010.

2. **Work cooperatively with the Maryland Geocaching Society to develop a geocache trail in the City by December 31, 2009.**

STATUS – The Maryland Geocaching Society trained park staff on geocaching in November 2009. The City of Bowie geocache trail will be completed by January 31, 2010.

- 3. Conduct a resident survey to evaluate existing special events and make recommendations for future offerings by April 30, 2010.**

STATUS – Survey development is on schedule and will be posted on the City’s web site in April 2010. Survey will also be distributed via local media and the City newsletter.

- 4. Survey the community to gauge interest for additional art related performance opportunities for adults and children by April 30, 2010.**

STATUS – Art survey has been combined with the Special Events Survey. Report expected to be completed by June 30, 2010.

- 5. Coordinate an interdepartmental team to plan a “Belair 50” program celebrating the 50th anniversary of Levitt Bowie by June 30, 2010.**

STATUS – A “Belair 50” team has been formed which includes representatives from the City Manager’s Office and the Historic Properties, Special Events and Arts Divisions of the Community Services Department. Meetings are ongoing. A schedule of events will be completed by June 30, 2010.

Bowie Playhouse

- 1. Increase public awareness of the Bowie Playhouse through new publicity venues such as public service announcements (PSAs) and direct advertising at other city facilities by December 31, 2009.**

STATUS – Public Service Announcements have been prepared for all theatre productions since May 2009. These announcements have run on the City government access channel and also are linked to the Home Page of the City’s website. The Playhouse schedules for 2010 will now be included in the welcome packets and have been distributed to the Gymnasium, Ice Arena, Senior Center and Historic Properties.

- 2. Research the potential of adding additional user groups and performances, i.e., dance recitals and/or concerts, for the Playhouse by December 31, 2009.**

STATUS - During the first half of the fiscal year, four new rentals have been secured.

Parks and Grounds

- 1. Replace pathway lighting at the Belair Mansion by September 30, 2009.**

STATUS – Completed.

- 2. Complete Allen Pond ballfield lighting by March 31, 2010.**

STATUS – Design and engineering completed. Project to be bid January 2010.

Stormwater Management

1. **Install native trees and shrubs in roadside lawn areas adjacent to drainage channel along Madeley Lane by October 31, 2009.**

STATUS – Completed.

Stormwater Management Special Tax Districts

1. **Continue to provide maintenance for Special Taxing District ponds.**

STATUS – Maintenance is under contract.

Ice Arena

1. **Work with local schools and the City of Bowie's Education Committee to create a reading rewards program for all Bowie elementary schools. Implement reading rewards program by October 31, 2009.**

STATUS – Completed.

2. **Augment the current outreach efforts to local media and residents to communicate program offerings and rink schedules to all citizens by January 31, 2010.**

STATUS – Objective is ongoing. Staff created a master e-mail distribution list to notify patrons of upcoming events at the facility. Staff began circulating fliers regarding program offerings to local home school groups, as well as local youth organizations throughout Bowie, Crofton and Calvert County. Staff plans to broadcast hockey tournaments and figure skating competitions during January and February on the Bowie cable channel.

Historic Properties and Museums

1. **Create, with assistance of Information Technology Department, an iPod audio tour of the Belair Mansion by February 28, 2010.**

STATUS – Scriptwriting is in progress. The City's Information Technology Department is researching recording equipment. Expected completion date remains February 2010.

2. **Create and install an exhibit at Belair Stable on Belair Thoroughbreds that competed in the Triple Crown race series by April 30, 2010.**

STATUS – Research is in progress. Fabrication and installation are expected to be completed in April 2010.

- 3. Work with the Bowie Senior Center staff to sponsor a quarterly historic topics lecture series entitled “The Past is Present” at the Senior Center by June 30, 2010.**

STATUS – To date three lectures have been held. Additional lectures will be scheduled in 2010.

- 4. Work with an interdepartmental team to plan “Belair 50” programs celebrating the 50th Anniversary of Levitt Bowie by June 30, 2010.**

STATUS – Interdepartmental team has met and initial planning begun. Programs will be announced by June 30, 2010.

Gymnasium

- 1. Add Friday evening game room activities for ages 12 to 16 years as an alternative to court only use by October 31, 2009.**

STATUS – The Friday Night Game Room for teens began on October 23, 2009. It continues to meet twice a month with an average attendance of 10 to 15 participants each evening.

- 2. Offer basketball coaches certification clinic for youth coaches involved in gymnasium programming by November 30, 2009.**

STATUS – Coaches certification clinic was cancelled due to an instructor related health issue. The program will take place before the fall 2010 basketball season.

- 3. Use RecWare system to accept credit card transactions for all revenue generating activities by December 31, 2009.**

STATUS – Completed.

CIP Projects for 2009-2010

- 1. Allen Pond**

STATUS – Ballfield lighting plan completed; project to be bid January 2010.
Synthetic turf field completed.

- 2. Bowie Senior Citizen Center**

STATUS – Insulation project was approved by the United States Department of Energy in November 2009. Project award anticipated in February 2010.

- 3. Whitmarsh Park**

STATUS – Irrigation project was deleted from the budget pending Park Master Plan completion.

4. Public Art

STATUS – An artist for each project was chosen by the Public Art Selection Panel earlier this month. A recommendation to award contracts to the selected artists is anticipated in February 2010. Both pieces are scheduled for completion by January 2011.

5. Blacksox Park

STATUS – Dugout covers completed.

6. Belair Mansion

STATUS – Pathway lighting completed.

7. Gymnasium

STATUS – Phase 2 of the security camera project completed.

8. Indoor Sports Facility

STATUS – Project timeline being reevaluated.

OPERATING DEPARTMENT OBJECTIVES FOR FY2009-2010

Planning Division

1. Pursue further implementation of additional land use authority for the City.

STATUS – A County Council enabling bill (CB-41-2009) was introduced, but was withdrawn by the sponsor. A strategy meeting is planned for early 2010 to discuss additional legislative initiatives. (40% complete)

2. Participate in the updating of the County’s Master Plan of Transportation and other transportation planning efforts.

STATUS – The City sent letters of support and testified at the two public hearings held by the Prince George's County Council regarding the Master Plan of Transportation (MPOT). In addition, the City sent letters supporting its transportation priorities in the Bowie State/MARC Sector Plan, the Subregion I Master Plan and the Glenn Dale-Lanham-Seabrook and Vicinity Sector Plan. The City also reissued a letter to the National Capital Planning Commission opposing use of the CSX railroad tracks for additional freight rail traffic. (80% complete)

3. Work with the Maryland State Highway Administration to upgrade MD 197, MD 450 and US 301.

STATUS – Regarding MD 197, the City Council held a public hearing on April 9, 2009 and endorsed Alternative 4 with Street Trees and Sidewalks. The Maryland State Highway Administration concurred and recommended approval to the Federal Highway Administration in mid-2009. MD 450, east of Race Track Road, was restriped for increased safety and better traffic flow. The City continued to pursue funding for MD 450 and US 301 through its annual identification of transportation priorities. (80% complete)

4. Establish an Old Town Bowie Trail Advisory Group and achieve consensus on a design for Phase 1 of the Railroad Avenue Trail and other walkable communities’ issues.

STATUS – The Bowie Heritage Trail concept plan was completed in September, after five meetings with community stakeholders. Investigation of potential partners and grant sources is ongoing. The Walkable Communities Sidewalk and Crosswalk inventory was updated, and several meetings were held in the field regarding SHA's Sidewalk Retrofit project involving 9th Street. (85% complete)

- 5. Continue bike lane striping program by completing Belair Drive signage program and adding signage on Stonybrook Drive and signage/striping on Buckingham Drive, Superior Lane, Trinity Drive and Tulip Grove Drive by June 30, 2010.**

STATUS – Signage and striping have been completed along Belair Drive. (20% complete)

- 6. Complete annexation of Spring Meadows, Adnell Woods and Ashleigh Phase 2.**

STATUS – A boundary survey is being prepared and annexation of Spring Meadows is anticipated by Summer 2010. Required consent forms are being obtained for Adnell Woods, as the project slowly builds out. Because of the economy, however, the Adnell Woods and Ashleigh Phase 2 annexations will not occur in FY2010, since they are both tied to project completion. (10% complete)

- 7. Participate in the MARC Station/Bowie State University Sector Plan and Sectional Map Amendment process.**

STATUS – The Bowie Advisory Planning Board and City Council held public hearings in the fall, and the City recommended qualified support for the Sector Plan, with many comments. The Preliminary Sector Plan was revised by M-NCPPC staff to include the majority of the City's recommendations before being approved by the Planning Board. City staff testified at the County Council public hearing and worked through the City's elected representatives to have all City issues addressed. County Council worksessions are planned for early 2010. (90% complete)

- 8. Create a Best Management Practices (BMP) Manual, as a supplement to the City's Development Review Guidelines and Policies, to showcase techniques for environmentally sensitive development and property management by December 31, 2009.**

STATUS – Upon researching a proposed BMP Manual, the document was determined to be duplicative and unnecessary. In lieu of a manual, an informational brochure that features examples of various BMP technologies used in the City, along with a map, was substituted and is under product development. In addition, an interactive map will be added to the City website. (65% complete)

- 9. Work with City Manager and City Departments to develop a local climate protection program.**

STATUS – In August, the City Council approved a Climate Change Resolution (R-47-09) committing the City to various objectives relating to climate protection. A Request for Proposals (RFP) was published and bids received in December for consulting services to conduct a Greenhouse Gas Inventory and provide energy efficiency recommendations for the City. (50% complete)

10. Work with the City Council to establish an Urban Tree Canopy goal and complete an Urban Forest Management Plan.

STATUS – An Urban Tree Canopy (UTC) study, prepared for Bowie by the University of Vermont on behalf of the Maryland Department of Natural Resources, was completed in mid-2009. The City Council conducted a worksession on October 26, 2009 to review the results of the UTC study and to receive an overview of several possible environmental enhancement sites recommended by staff. Over 4,600 street trees were inventoried in the neighborhoods between US 50 and MD 450. A worksession has been scheduled with the Environmental Advisory Committee regarding the setting of an Urban Tree Canopy goal for the City. (75% complete)

CIP Projects for 2009-2010**1. Hiker-Biker Trails**

STATUS – A Memorandum of Understanding with the State Highway Administration was executed in November 2009. Project construction of a sidewalk along Route 197 from Evergreen Parkway to Mitchellville Road is anticipated in the spring.

Economic Development**1. Continue to diversify Bowie's economic base by supporting business attraction and retention efforts at MSTC/Melford and other office locations in the city.**

STATUS – "Locate in Bowie" advertising ran in selected local business publications to remind business people about Bowie as a business location. Financing information to help complete sales deals was mailed to commercial brokers representing properties for sale.

Ongoing outreach to the commercial real estate brokerage community continues through organizations such as NAIOP and CoreNET Global. The City is a sponsor of the DC/Maryland chapter of NAIOP and is recognized in printed materials and at events.

2. Continue efforts for retail tenant attraction and retention, and shopping center revitalization, especially along the Route 450 corridor, MD 197, and at Pointer Ridge, Amber Ridge, Bowie Plaza, Hilltop Plaza, and Marketplace.

STATUS – The City continues to work with retail center owners and brokers to attract tenants to vacant retail space and to assist in efforts to revitalize such centers as Hilltop Plaza, Marketplace, and Pointer Ridge. In October 2009 the City organized an exhibit at the Mid Atlantic Food Beverage and Lodging Expo in Baltimore where staff talked with several restaurants about Bowie as a new location.

Retail specific location advertising is running nationally in Shopping Center Business magazine and dealmakers – this advertising program identifies Bowie as a desirable retail location and profitable.

3. Provide City oversight as a business incubator is established in Bowie.

STATUS – Council has authorized the completion and signing of a Memorandum of Understanding with Bowie State University and the Bowie Business Innovation Center which is the next step in establishing a business incubator. The City is further working with all parties to create an Occupancy and Operating Agreement.

OPERATING DEPARTMENT OBJECTIVES FOR 2009-2010**Public Works Administrative Division**

1. **Categorize all roadway culverts under City streets so that they can be systematically inspected on an annual basis. This project is expected to be complete by November 30, 2009.**

STATUS – This task has been completed.

Equipment Maintenance & Garage Division

1. **Upon completion of the garage area renovations, the order in which parts, tires, batteries, and other supplies are stored will be reorganized. With the large increase in shelving capacity, an inventory system based upon departmental and divisional needs can be created. This will be completed by September 30, 2009.**

STATUS - This objective is complete.

Solid Waste Division

1. **Implement an enhanced safety training program for Solid Waste drivers and collectors, to help prevent vehicle accidents and employee injuries by November 30, 2009.**

STATUS – Training began in January 2010, using DVD's from the Local Government Insurance Trust (LGIT).

2. **Using grant funds, complete a demonstration program to increase recycling tonnage. This will include analyzing the tonnage of recyclables in several Bowie neighborhoods before and after the distribution of large recycling containers.**

STATUS – Staff has narrowed the type of container to two different designs for consideration and final selection; these containers can be purchased by piggybacking on another local jurisdiction's contract. The program will be implemented by weighing existing recycling in specific neighborhoods. New containers will then be distributed and the weight of recyclables compared. This program should begin in early March and be completed by mid-June 2010.

Street Maintenance Division

1. **Work with the Utility Division to establish a formal procedure for the processing of all utility cuts made by City Utility personnel to include temporary patch maintenance and follow-up by Street Division upon the completion of permanent repairs by October 31, 2009.**

STATUS – This objective is complete. Utility projects and/or emergency repairs (including temporary patches) are simultaneously noted in the streets repair system. This system has eliminated the "transfer of paper" method used in the past. Once the information is logged it is recorded on a computer calendar. The calendar is set to periodically send electronic reminders regarding the status of the project until permanent repairs take place. Should the repairs take longer than anticipated the reminders serve as a notification to check the status of the temporary repair.

2. **Remove exterior siding from 400 ton salt bin and reinforce all support beams to alleviate buckling and strengthen structure by March 31, 2010.**

STATUS – The project is on schedule for completion by March 31, 2010.

Water Division

1. **Install new ventilation with new controls at Well #5 pump control station by March 31, 2010.**

STATUS – This objective is complete.

2. **Purchase and install safety grating over basin discharge vaults at the Water Plant by March 31, 2010.**

STATUS – The safety grates have been purchased and staff will fabricate them to fit. Installation will be accomplished by March 31, 2010.

3. **Based on a schedule, begin implementation of a program to replace large water meters that are 3 inches or more in diameter. This objective will be completed by December 31, 2010.**

STATUS – A program has been formulated to replace the water meters in fourteen schools over a four-year period, beginning in FY 2010. The schedule was prepared based on the age and condition of each individual meter. The school water meters identified to be replaced in FY 2011 will be completed by December 31, 2010.

Wastewater Division

- 1. Perform a study to determine the effectiveness of the new belts for the filter press. This includes the percent of solids gained with the new belts as opposed to the older belts that have been maintained through pressure washing. Also, includes the length of time that the belts produce an increased percentage of solids. The study will determine if it is cost effective to change belts more frequently. The task will be completed by June 30, 2010.**

STATUS – The study supports data that shows both old and new belts put out about 18% solids from the belt press. It appears that it is more important to run two presses at a slower speed and allow enough time for mixing then it is to replace belts more frequently. The conclusion is to change belts once a year on both presses due to the accumulation of iron that clogs the pores and normal wear and tear. The objective is complete.

- 2. Perform a study to determine the amount of process control laboratory work needed to comply with the future ENR permit. This study will focus on the amount of nutrient removal test needed in the new ENR process. Study to be completed by June 30, 2010.**

STATUS – The ENR project has not yet begun in the oxidation ditches, therefore making it difficult to estimate how much more lab work is needed. This objective will be completed by June 30, 2010.

- 3. Paint green markers on curbs to identify where sewer manhole covers are in back yards. Inspect and record identification number of the manhole. The Kenilworth and Meadowbrook sections will be completed by June 30, 2010.**

STATUS – This objective is complete.

- 4. Clean brush and undergrowth away from manholes on the Yorktown and Idlewild trunk lines. Work to be completed by March 31, 2010.**

STATUS – This objective is complete.

CIP Projects for 2009-2010**1. Street Resurfacing**

STATUS – The Street Resurfacing project is complete.

2. Special Tax Districts Sediment Control

STATUS – The Gateway Center Stormwater Management Pond is scheduled to be dredged this fiscal year. Bids will be opened in February 2010 to achieve a project completion date of May 31, 2010.

The percentage of stormwater from the commercial parcels in the district of the Bowie Town Center Stormwater Management Pond has been recalculated. The new City Hall and Fire Station parcels will be excluded from the commercial parcels and included in the residential portion.

3. Neighborhood Drainage Solutions

STATUS – As of January 1, 2010 there is one channel drainage erosion problem in the Overbrook Section that needs to be improved. The project, estimated to cost approximately \$15,000, will be bid in January 2010 for a completion date of March 31, 2010.

4. Public Works Main Facility

STATUS – The design for the Mechanic's area insulation and siding is complete. Construction scheduled for completion by late spring. Because this is a warm weather project, the plan is to start construction in early April and complete by June 30, 2010. This project will be funded with a federal Energy Efficiency Block Grant.

5. Church Road Park

STATUS – Staff is working with engineering consultants on water and sewer design and other site work. Design costs for the site and the building will be shared with Council and the South Bowie Boys and Girls Club in February 2010.

6. Water Plant

STATUS – The electrical panel upgrade work is currently in progress. Work will be completed by March 31, 2010. The air condition unit has been installed. The reduced voltage motor starter at Well #6 is installed.

7. Repainting Water Storage Tanks

STATUS – The contract has been awarded for inspection and cathodic protection of the Bradford Lane Water Tank. The contract work will be accomplished by March 31, 2010.

8. Wastewater Treatment Plant

STATUS – Electrical upgrade at Pump Station #8 should begin in March after the prefabricated building is in place and will be completed by June 30, 2010.

Painting of the lime silo is proposed to be rolled over until FY2011 in order to provide sufficient funds in FY2010 to install a required precast concrete structure around the Pump Station #8 electrical upgrade.

The interior painting of Pump station #8 is proposed to be rolled over until FY2011. This job can not be completed until the controls are installed in the new prefabricated building and the electrical upgrade is complete.

Administration addition design is complete and submitted to the County for permits. Anticipate going out for bids for construction in mid-April with construction to begin in mid-July 2010.

The 400 Kilowatt generator is expected to be relocated from the Water Plant and installed by January 31, 2010.

9. Wastewater Treatment Plant – Enhanced Nutrient Removal

STATUS – The ENR project is on schedule for completion by December 31, 2010. The Headwork's and Filter Buildings are scheduled to go online by mid-January and work should begin in the oxidation ditches in early February.

10. Solid Waste Administration Facility

STATUS – The architectural and engineering design plans have been submitted for permits. Bidding and contract award expected in the June/July time frame.

11. Facility Preventive Maintenance

STATUS – Public Works facilities reviews are complete.

12. Jenkins Ridge Road Closure

STATUS – Paving is expected in the spring of 2010 in the Woodmore at Oak Creek development. This paving will permit Jennings Mill Road to be opened up to through traffic. Once that is complete, the City will close Jenkins Ridge Road to through traffic.

13. Public Works Satellite Facility

STATUS – The only currently viable site was M-NCPPC property on the north side of Mount Oak Road west of the school bus storage facility. We had been investigating obtaining that property from M-NCPPC. However, there was no local neighborhood support for this location, so that location has been eliminated. However, we will continue to investigate other locations.

14. Harmel House

STATUS – Roofing project scheduled for 2010.

PART II

Financial Summary

**CITY OF BOWIE
GENERAL FUND MAJOR REVENUE SOURCES
MID-YEAR REPORT
FISCAL YEAR 2010**

	<u>Actual</u> <u>2008-2009</u>	<u>Budget</u> <u>2009-2010</u>	<u>Year-to-Date</u> <u>As of</u> <u>Dec. 31, 2009</u>	<u>Percent</u> <u>Collected</u>
Real and Personal Property Taxes	\$ 22,596,487	\$ 24,741,900	\$ 23,956,372	96.83%
Intergovernmental:				
Business Taxes	963,151	975,000	309,612	31.76%
Federal Grants	9,931	576,700	3,909	0.68%
State Grants	427,478	427,200	207,190	48.50%
State Shared Revenues	8,835,494	7,711,100	1,955,980	25.37%
Grants from Other Local Units	<u>229,986</u>	<u>224,800</u>	<u>37,059</u>	16.49%
Total Intergovernmental	<u>10,466,040</u>	<u>9,914,800</u>	<u>2,513,750</u>	25.35%
Licenses and Permits	<u>474,244</u>	<u>319,000</u>	<u>125,314</u>	39.28%
Other:				
Charges for Services and Fines	889,527	969,800	504,805	52.05%
Other Revenues	<u>2,073,711</u>	<u>1,906,400</u>	<u>613,850</u>	32.20%
Total Other	<u>2,963,238</u>	<u>2,876,200</u>	<u>1,118,655</u>	38.89%
Appropriated Fund Balance	<u>-</u>	<u>4,795,500</u>	<u>-</u>	0.00%
Transfers from Other Funds	<u>340,000</u>	<u>352,500</u>	<u>176,250</u>	50.00%
Total Revenues	<u>\$ 36,840,009</u>	<u>\$ 42,999,900</u>	<u>\$ 27,890,341</u>	64.86%

**CITY OF BOWIE
MID-YEAR REPORT
GENERAL FUND EXPENDITURES
FISCAL YEAR 2010**

	<u>Actual</u> <u>2008-2009</u>	<u>Budget</u> <u>2009-2010</u>	<u>Year-to-Date</u> <u>As of</u> <u>Dec. 31, 2009</u>	<u>Percent</u> <u>Used</u>
City Manager's Department				
City Council	\$ 240,073	\$ 247,500	\$ 144,362	58.33%
City Manager	902,461	1,519,200	434,547	28.60%
Personnel	341,842	353,800	112,848	31.90%
Elections	-	45,100	27,949	61.97%
Legal Services	246,041	215,000	101,519	47.22%
Public Information	552,248	616,200	266,764	43.29%
City Clerk	118,576	129,000	53,335	41.34%
Emergency Management	175,256	333,300	88,960	26.69%
Total City Manager's Department	<u>2,576,497</u>	<u>3,459,100</u>	<u>1,230,284</u>	35.57%
Police Department	<u>4,380,779</u>	<u>5,553,300</u>	<u>2,748,740</u>	49.50%
Information Technology	<u>1,348,787</u>	<u>1,435,100</u>	<u>627,948</u>	43.76%
Finance Department	<u>710,305</u>	<u>761,600</u>	<u>353,483</u>	46.41%
Department of Community Services				
Community Services	543,350	560,600	217,309	38.76%
Public Building and Grounds	420,149	462,100	192,064	41.56%
Housing Inspection and Code Compliance	539,154	583,200	233,772	40.08%
Senior Services	898,079	1,083,900	448,567	41.38%
Youth Services Bureau	849,107	913,000	397,288	43.51%
Animal Control	197,382	240,100	94,165	39.22%
Recreation and Parks	913,985	1,046,300	455,413	43.53%
Bowie Playhouse	129,135	112,800	43,573	38.63%
Parks and Grounds	2,108,921	2,336,500	990,851	42.41%
Stormwater Management Division	353,567	449,800	177,401	39.44%
Ice Arena	842,231	894,600	427,922	47.83%
Historic Properties	460,467	502,700	189,497	37.70%
Gymnasium	491,037	508,500	236,000	46.41%
Total Department of Community Services	<u>8,746,564</u>	<u>9,694,100</u>	<u>4,103,822</u>	42.33%
Planning and Economic Development				
Planning	489,533	548,600	208,687	38.04%
Economic Development	357,080	369,100	151,349	41.00%
Total Planning and Economic Development	<u>846,613</u>	<u>917,700</u>	<u>360,036</u>	39.23%
Public Works				
Administrative Division	955,526	974,700	406,543	41.71%
Equipment Maintenance and Garage Division	658,124	928,600	397,665	42.82%
Solid Waste Division	4,843,088	5,490,100	2,193,678	39.96%
Street Maintenance Division	4,367,050	4,554,300	2,390,054	52.48%
Total Public Works	<u>10,823,788</u>	<u>11,947,700</u>	<u>5,387,940</u>	45.10%
Nondepartmental and Transfers				
Nondepartmental	403,167	635,000	381,579	60.09%
Debt Service	-	800,000	283,641	35.46%
Transfers to Other Funds	2,909,021	7,796,300	-	0.00%
Total Nondepartmental and Transfers	<u>3,312,188</u>	<u>9,231,300</u>	<u>665,220</u>	7.21%
Total Expenditures	<u>\$ 32,745,521</u>	<u>\$ 42,999,900</u>	<u>\$ 15,477,473</u>	35.99%

General Fund

At the mid-year point of December 31, 2009, General Fund revenues are 10.5 percent greater than at this time last year, while expenditures are 8.1 percent greater.

General Fund revenues recognized at mid-year amount to \$27,890,341, which is 65 percent of total budgeted revenues for Fiscal Year 2010, as compared to \$25,237,314 which was 57 percent of budget last year at this time.

Property Taxes of \$23.9 million are 16 percent more than last year's \$20.6 million. Year-to-date income tax receipts are \$1,832,973, which is \$44,175 less than last year at this same time. Motor Vehicle Fuel Tax receipts of \$123,007, are \$706,105 less than last year at this time. According to the most recent State estimates, the City will receive approximately \$2.08 million less than the original \$2.2 million expected this year.

Exhibit 1 illustrates the cumulative pace of revenues over the course of a fiscal year, for the completed Fiscal Year 2009, and for current Fiscal Year 2010 revenues recorded through December 31, 2009.

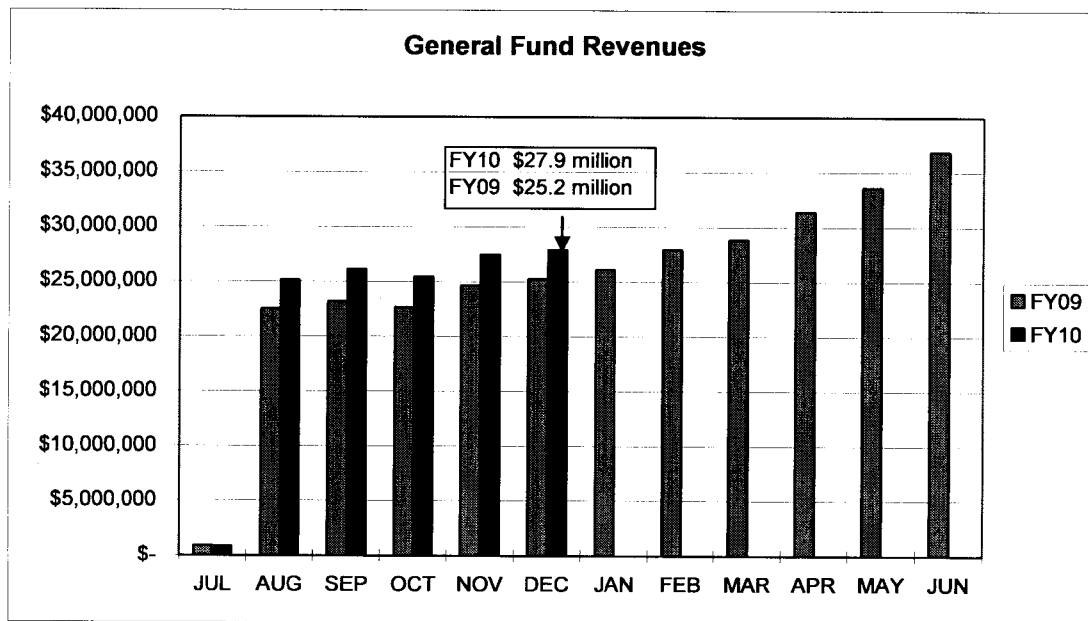


Exhibit 1

General Fund expenditures during the first six months totaled \$15,477,473 which is 36% of budget, compared to \$15,026,281 which was 35% of budget, at this time last year.

Year-to-date expenditures for Personal Services, including payroll taxes and benefits, are \$10.12 million, compared to \$9.48 million at this time last year. The increase is primarily due to the continued expansion of the Police Department. All other operating expenditures (Contractual Services, Commodities and Other Charges) total \$5.36 million this year and \$5.54 million at this time last year.

The budgeted transfer to the Capital Projects Fund for FY2010 totaling \$6.4 million will be reduced by \$5.9 million due to lower than expected construction costs for the new City Hall.

As was shown for revenues, the following chart shows the cumulative pace of expenditures for Fiscal Years 2009 and year to date 2010.

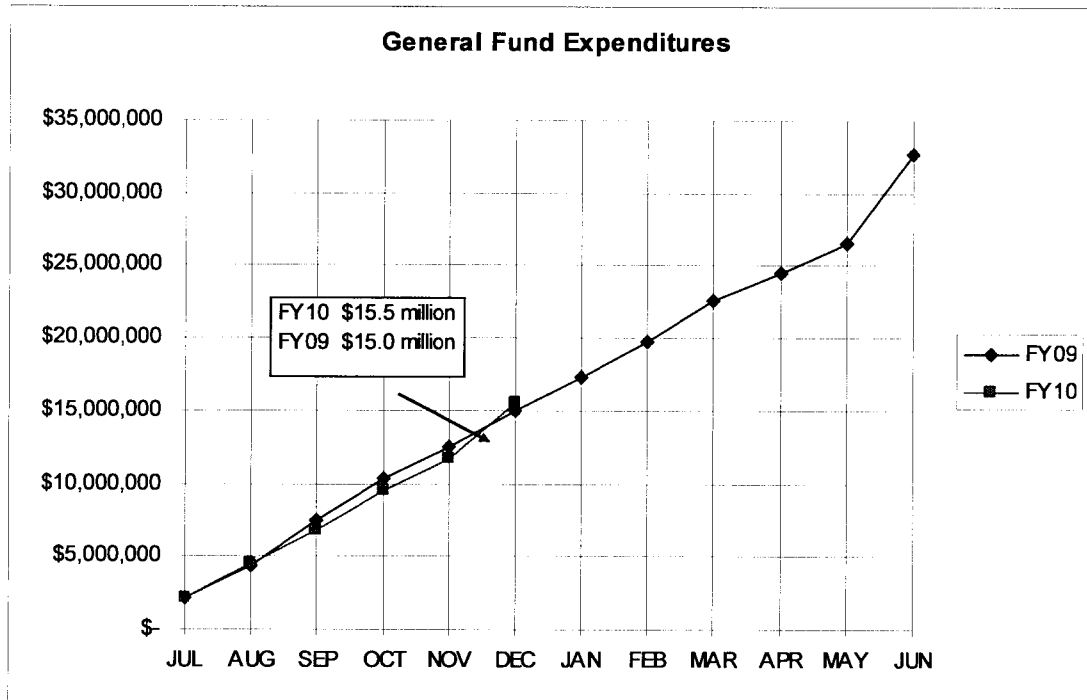


Exhibit 2

Equipment Acquisition and Replacement Fund

Year-to-date expenditures in the Equipment Acquisition and Replacement Fund total \$137,732. Acquisitions include two fully equipped police vehicles with E-Citation hardware; one code compliance vehicle, a radar speed flasher, and one wide area mower.

Capital Projects Fund

Current year-to-date expenditures include \$750,600 for the new City Hall, \$11,812 for the Bowie Playhouse, \$24,557 for Allen Pond Park development, \$13,000 for the Solid Waste Facility, and \$24,850 toward various CIP projects.

**CITY OF BOWIE
MID-YEAR REPORT
WATER AND SEWER FUND - REVENUES
FISCAL YEAR 2010**

	<u>Actual</u> <u>2008-2009</u>	<u>Budget</u> <u>2009-2010</u>	<u>Year-to-Date</u> <u>As of</u> <u>Dec. 31, 2009</u>	<u>Percent</u> <u>Collected</u>
Appropriated Retained Earnings	\$ -	\$ 648,500	\$ -	0.00%
Water Sales	1,353,715	1,661,400	552,435	33.25%
Sewage Surcharges	1,917,940	2,280,100	777,445	34.10%
Minimum Charges	1,041,218	1,031,200	367,912	35.68%
Other Revenues	385,005	337,300	172,871	51.25%
Proceeds - State Loan	-	1,261,000	281,677	22.34%
State Grant	<u>74,605</u>	<u>6,087,400</u>	<u>1,363,979</u>	22.41%
 Total Revenue	 <u>\$ 4,772,483</u>	 <u>\$ 13,306,900</u>	 <u>\$ 3,516,319</u>	 26.42%

**CITY OF BOWIE
MID-YEAR REPORT
WATER AND SEWER EXPENDITURES
FISCAL YEAR 2010**

	<u>Actual 2008-2009</u>	<u>Budget 2009-2010</u>	<u>Year-to-Date As of Dec. 31, 2009</u>	<u>Percent Used</u>
Billing and Accounting	\$ 336,018	\$ 354,600	\$ 169,343	47.76%
Water Supply	1,663,907	2,029,800	752,396	37.07%
Sewage Treatment	2,259,878	10,027,400	5,001,947	49.88%
Debt Service	261,564	320,000	10,117	3.16%
Nondepartmental	78,405	222,600	11,779	5.29%
Transfers-Central Support Service	<u>340,000</u>	<u>352,500</u>	<u>176,250</u>	50.00%
Total Expenditures	<u>\$ 4,939,772</u>	<u>\$ 13,306,900</u>	<u>\$ 6,121,832</u>	46.00%

Water and Sewer Fund

Water and Sewer revenues of \$3,516,319, are higher than the previous year by \$1,606,426, an increase of 84 percent. More than \$1.6 million is attributable to State grant and loan proceeds for the construction of the Enhanced Nutrient Removal system at the Wastewater Treatment Plant.

Exhibit 3 shows year-to-date revenues for Fiscal Year 2010 compared to Fiscal Year 2009.

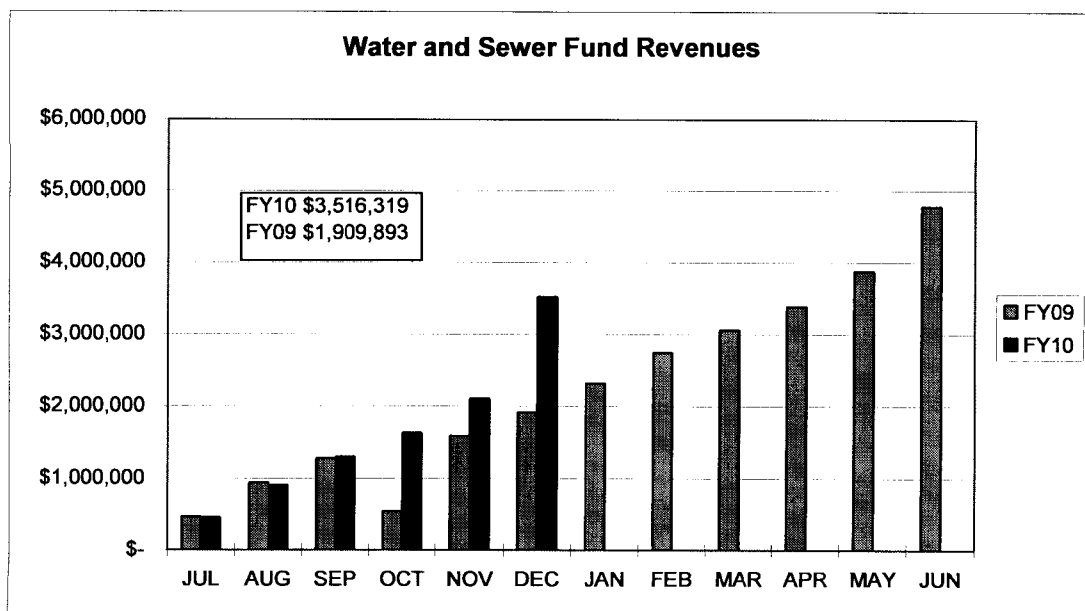


Exhibit 3

Water and Sewer Fund expenditures at mid-year totaled \$6,121,832, compared to \$2,031,613, this time last year. The substantial increase in expenditures can be attributed to the ongoing building renovations and the construction costs associated with the Enhanced Nutrient Removal system at the Wastewater Treatment Plant.

Exhibit 4 displays Water and Sewer Fund cumulative year-to-date expenditures for Fiscal Year 2010 compared to Fiscal Year 2009.

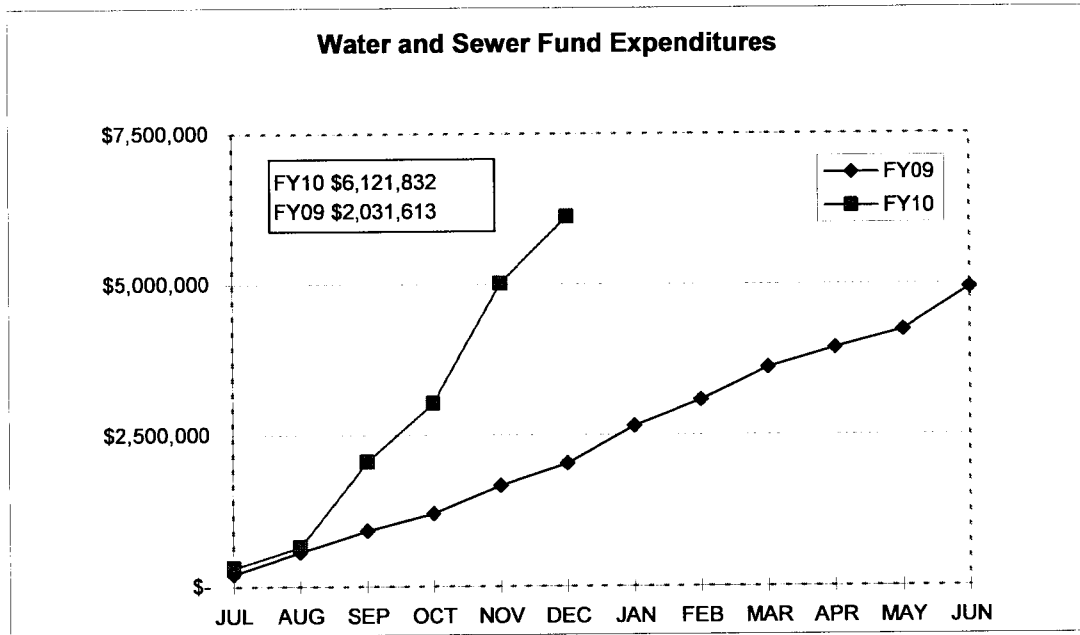


Exhibit 4

Note: Year-to-date expenditures include \$3.8 million in construction costs for the Enhanced Nutrient Removal system at the Wastewater Treatment Plant.

PART III

Forecast Information

General Fund

Forecast information has been prepared by analyzing historical data for revenues and expenditures over the prior ten fiscal years. Revenues and expenditures are separated into the following categories:

Property Taxes (exclusive of special taxing districts) represent the largest share of City revenues, approximately 50% of total revenue. The City sets a property tax rate, but relies on the State Department of Assessment and Taxation for the valuation of property on which the rate is levied.

For Real Property, in the triennial assessment process, value increases are phased-in over the three-year period, while any value decreases are entirely effective in the first year. Therefore, in total, smaller increases are seen in real property values for the first year of the cycle, with larger increases in years two and three. This triennial pattern can be obscured by construction and annexations that may become effective in any year.

The State of Maryland's Department of Assessments and Taxation recently reported that the assessed values of residential properties have declined by nearly 20 percent on properties being reassessed for FY2011. The decline in assessed values will not impact the City since FY2011 is the third year of the triennial assessment cycle and the total taxable assessed value is scheduled to increase by 5 percent.

Primarily due to the Homestead Tax Credit, the taxable assessments of residential properties located in the City will continue to increase through FY2015. The City's Homestead Tax Credit, sometimes referred to as a cap, is 5 percent. This cap has resulted in residential property owners being taxed on only a portion of the full assessed value of their property. The difference between the full assessed values and the current taxable assessments should provide a buffer against declining property assessments at least through the next triennial assessment cycle. As a result of the significant difference between full assessed values and taxable assessed values, the following forecast assumes a 5 percent increase in property assessments for FY2011 and 4 percent increases annually for fiscal years 2012 through 2015.

Business Personal Property is assessed each year via self-reports filed with the State by businesses operating in the City. Property in use by January 1, 2010 is the basis for Fiscal Year 2011 assessments. However, there is often a delay in receiving these assessments, depending on the fiscal years of individual businesses and the allocation procedures for large multi-state enterprises

State Shared Revenues have provided approximately 33% of total City revenues over the past ten years. Income Tax and Motor Vehicle Fuel Tax are the major components of State Shared Revenues. Both of these sources are allocated to Bowie by the respective State revenue offices, according to set formulas. They are often strongly impacted by state-wide and county-wide conditions which may not correspond to conditions we see within Bowie. Based on recent communication with State Highway Administration revenue from Motor Vehicle Fuel Tax has been eliminated from the forecast. Also included in this category are revenues from the Admissions and Amusement Tax and the Hotel/Motel Tax, which are more directly a result of activities taking place within City limits.

All Other Revenues are aggregated together for purposes of this analysis and represent approximately 17% of total revenues.

Expenditures are analyzed by separating out unusual items or items with unique trends, such as transfers to the Capital Projects Fund and the Equipment Acquisition and Replacement Fund. Those items are forecasted year-by-year on an individual basis.

The remaining expenditure amounts for Operating Departments represent the core City services, which respond to population increases, CPI increases, and increasing demands for City services.

Specific assumptions are made about the future behavior of each of the separate revenue and expense categories described above. The assumptions are applied to baseline amounts, in order to forecast the amounts for Fiscal years 2011 through 2015.

Forecast assumptions for Fiscal Years 2011 through 2015 are as follows:

- Real property assessments increase 5 percent in FY2011 and 4 percent annually in fiscal years 2012 through 2015. The real property tax rate increases from \$.390 per \$100 of assessed value in FY2011 to \$.480 in FY2015, primarily due to the continued expansion of the Police Department. The tax rates used in this forecasting model are subject to change.
- Business personal property assessments increase 4 percent each year.
- State shared revenues, consisting of income taxes, admission and amusement taxes, and hotel and motel taxes will be flat for 2011, and increase by 2 percent in 2012 and 2013, and increase by 3 percent in 2014 and by 4 percent in 2015. All other revenues increase 1 percent a year.
- Debt service payments are based on the issuance of \$15.5 million of general obligation bonds in FY2010 for the construction of the new City Hall.
- Transfers to the Capital Projects Fund are the amounts required by the FY2011-2015 Capital Improvements Program.

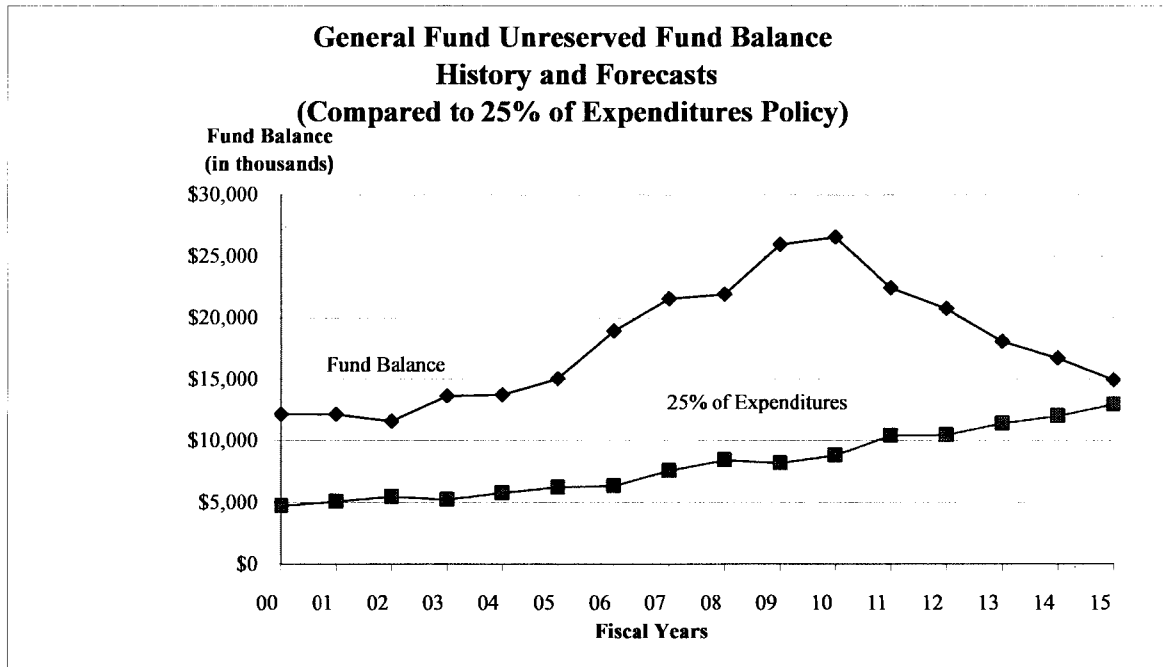


Exhibit 1

The forecast ending balance for FY2015 is \$15 million, and is 29 percent of the forecast expenditures for that year.

Water and Sewer Fund

Forecasts for the Water and Sewer Fund use the same methodology described above for the General Fund. The prior ten years’ data is analyzed in separate categories of revenues and expenditures, which allow for itemization of assumptions used in forecasting future results.

Rate-based usage charges represent approximately 76% of normal operating revenues. Usage charges can fluctuate only as a result of rate changes or changes in customer usage. The usage levels vary within a narrow window, changing mostly with weather patterns. Because the City’s water and sewer system is a relatively “closed” system surrounded by WSSC service areas, it does not serve an increasing customer base.

An across-the-board decline in average household usage has been observed, which is confirmed by other water and sewer systems in the region. This decline may reflect smaller household sizes, replacement of older plumbing fixtures with newer water-saving models and more attention to water conservation methods in general.

Minimum charges are paid by every user of the system based on the size of the meter connection, therefore, it is very stable.

All Other Revenue includes account processing and late payment fees, interest income, proceeds from sale of fixed assets and tower leases with cellular telephone companies. It represents 5 percent of operating revenues.

Grants, Loan Proceeds, Transfers & Contributions are analyzed on an item-by-item basis.

Expenditures are separated into the categories of Operating Departments; Billing & Accounting; Nondepartmental and Overhead; Debt Service; and Capital Outlay.

The historical and forecasted revenues and budget-basis expenditures are summarized with their year-to-year effect upon an amount described as the “Budget Basis Unrestricted Fund Balance”. This amount represents net current assets, as derived from the audited Balance Sheet by subtracting Current Liabilities from Current Assets. This amount is the best approximation, in an enterprise-type fund, of spendable resources, which would be termed “Fund Balance” in a governmental-type fund.

Exhibit 2 shows the historical and forecasted amounts of Budget Basis Unrestricted Fund Balance for the years from FY2000 through FY2015. The forecast amounts are based on the following assumptions for Fiscal Years 2011 through 2015:

- Usage charges are based on 570 million gallons, with combined rate increases of 13 percent for FY2011, 7 percent in FY2012, and 6 percent in years 2013 through 2015 year.
- Minimum charges remain unchanged; all other revenues increase at 5% per year.
- Expenditures for operating departments increase at 7 percent, billing and accounting increase 4% per year; nondepartmental and overhead costs increase 3% per year.
- Debt Service is per the schedule existing at 6/30/09, plus estimates for state revolving loan repayments.
- Capital Outlay is per the FY2011-2015 CIP requirements, plus equipment replacements and \$100,000 per year for capitalized components.

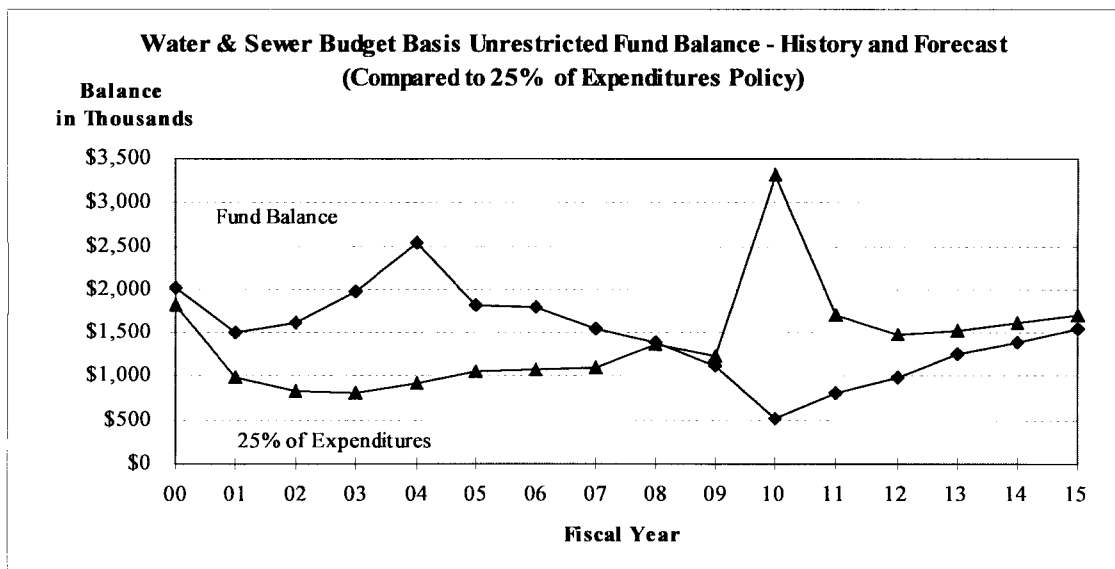


Exhibit 2

The ending balance forecast for FY2015 is \$1.5 million, and is 23 percent of the forecast expenditures for that year.

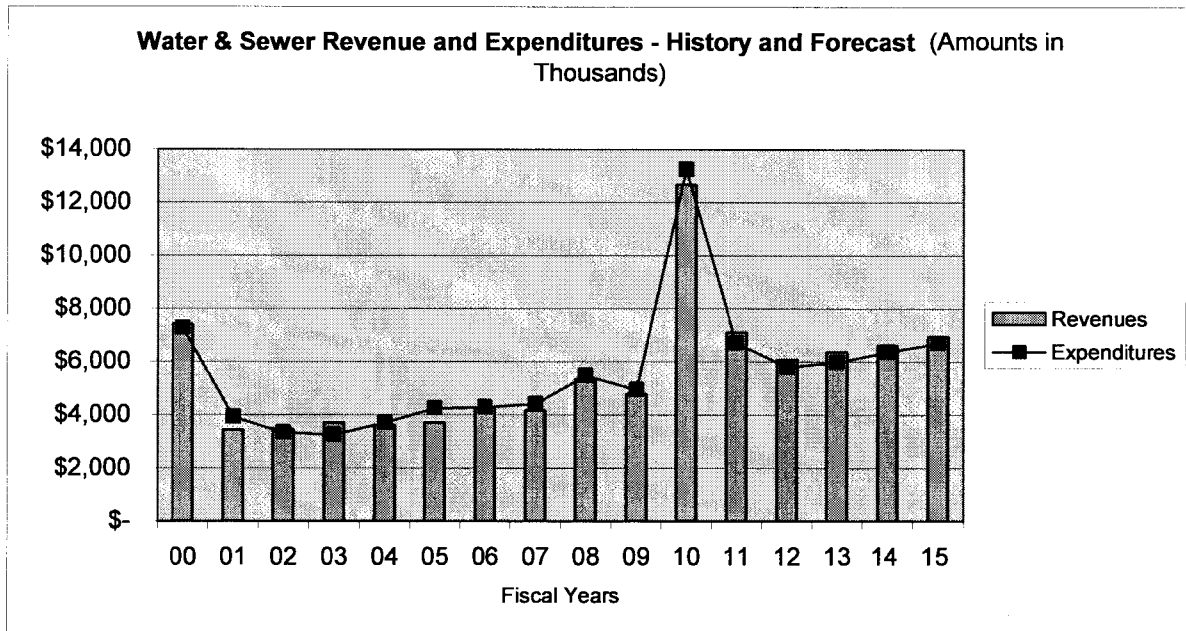


Exhibit 3

Forecast Information Summary

The forecasts presented in this section cannot be viewed as predictions of the City’s financial position at any single point in the future, but rather as trend indicators. As time passes, estimates are replaced with known results and actions may be initiated to change the assumed trends.

The charts for the General Fund and the Water and Sewer Fund serve to illustrate the effect of specifically described assumptions, as they are applied to certain base line information. The base line consists of very broad and preliminary estimates of Fiscal Year 2010 results.

During the Fiscal Year 2011 budget process, each department will provide more precise estimates of 2010 results. Any program changes in the new budget may alter the set of assumptions about future revenues and expenditures, and alter the shape of future forecasts.

