



FREDERICK COUNTY GOVERNMENT

OFFICE OF THE COUNTY EXECUTIVE

Jan H. Gardner
County Executive

April 14, 2022

Dear Frederick County Citizens:

I am pleased to present the Fiscal Year 2023 operating and capital budgets for Frederick County, my eighth and final budget as County Executive.

The budget tells the story of who we are, what we value, and who we want to become. As a community, we see our yesterday, today, and tomorrow in the budget choices we make.

Our yesterday began in 2014 with the beginning chapter of our new Charter form of government. At the time, our economy was recovering from the “great recession” and county government was in dire shape. My initial task as the first County Executive was to stand up Charter government, ensure open and transparent processes, establish good management, and restore fiscal responsibility.

My administration inherited a structural deficit, reserve funds that had been raided and one-time funds used for on-going expenses, a school system that had been funded at the lowest level allowed by law, and a reduction of almost 200 county positions, including in public safety, all while the county’s population continued to grow. The stage was also set for significant residential growth without needed infrastructure due to a series of bad land-use decision locked in place by 20- or 30-year developer contracts.

Today, we are in a better place and the future looks bright. Frederick County Government is well-managed and delivers effective and efficient services to our residents. Thanks to sound financial management, Frederick County has restored and bolstered reserve funds, fully funded our pension obligations, eliminated the structural deficit, and earned a coveted AAA bond rating from all three rating agencies for the first time in the county’s history. These decisions allowed Frederick County to save millions of dollars to invest in needed schools, roads, fire stations, libraries and parks, all while focused on taking care of people. Frederick County has lived within our means and Charter government has delivered.

The budget I am proposing shapes a prosperous tomorrow. It reflects our values for public education, safe communities, our seniors, and for preserving our high quality of life. The budget is the mechanism that funds our shared vision in Livable Frederick. Framed around four pillars – our economy, our community, our health, and our environment – Livable Frederick is our roadmap to a prosperous and healthy future for everyone in Frederick County.

Financial Highlights

The FY23 operating and capital budgets position Frederick County not only for today, but for the future. Our budget choices deliver on the promise of Livable Frederick and continue our commitment to conservative fiscal policies to protect county taxpayers.

Frederick County: Rich History, Bright Future

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- No tax increases. For the 8th year in a row, the entirety of my administration, the budget maintains existing property tax and income tax rates.
- Our long-term pension liabilities and OPEB (other post-employment benefits or retiree health benefits) are 100% fully funded.
- Reserve funds have increased from 5% to 8% of budget.
- Strong, conservative fiscal management, our AAA bond rating, restored reserves, and the elimination of the structural deficit have allowed Frederick County Government to do more without raising taxes.

The FY23 budget invests in what matters most – keeping the promise of public education, ensuring safe communities, improving public health, valuing our rich history and protecting our agricultural heritage, and advancing the overarching vision and priorities found in Livable Frederick. The budget is people-centered with a focus on ensuring a high quality of life and a thriving robust economy.

Budget Highlights

Record Investment in Education – Over \$100 Million above Maintenance of Effort

The proposed budget makes a powerful, record investment in public education with **\$35 million** in new funding for our K-12 public schools.

I am proud that my administration has invested over \$100 million in public education above the minimum level required by law.

This \$35 million investment includes \$33.4 million in ongoing operating dollars to ensure the best teachers and staff in our classrooms, to support recovery from the pandemic, and to deliver positive educational outcomes for students. \$1.6 million in one-time funding is provided to purchase Chromebooks for all elementary students.



More than 1,700 new students have enrolled in Frederick County Public Schools. This level of enrollment growth is unmatched elsewhere in Maryland. Nearly 5,000 new students joined our public schools during my two terms as County Executive – a 12.5% increase in enrollment!

To provide school capacity for these new students and those who arrived before them, the capital budget makes a record investment in school construction and renovation, advancing nine projects in FY23 alone.

- A new, larger Waverley Elementary School is under construction and will open to students this fall.

- A new replacement Brunswick Elementary School will break ground next month and will open to students in the fall of 2023. This brand new state-of-the-art school will include an oversized community park and recreation gymnasium, the first in this part of the county.
- Two new replacement elementary schools – Green Valley Elementary and Valley Elementary - are advanced by up to two years, with design in the upcoming fiscal year and construction the following year. These two schools will address overcrowding and replace older open-space classrooms.
- Limited renovations projects are underway at Thurmont Elementary and will begin soon at Monocacy Elementary.
- A 300-seat addition to Crestwood Middle School will advance and be fully financed with developer funding – a real accomplishment to build needed school capacity without a penny of taxpayer dollars.



Additionally, the capital budget provides funding for feasibility studies for Yellow Springs Elementary and the entire Middletown Campus. Advancing three new school projects on the Middletown School Campus will likely exceed \$200 million. To ensure the financial viability of such a large comprehensive project, \$22 million of funding will be earmarked in a special reserve fund to advance the first phase

of the Middletown Campus project once the feasibility study is completed.

Higher Education

The budget provides over \$1.0 million for Frederick Community College to improve pay for all eligible staff and to keep college affordable. Tuition will be frozen for the upcoming academic year to ensure students seeking opportunity through higher education or preparing for a changing workplace can take advantage of the opportunity.

Libraries

Our libraries support life-long learning, educational needs and homeschooling programs. People love our libraries and their popularity continues to grow! The budget allows Frederick County Public Libraries to support additional teen programming and provide staffing for our newest library, the Middletown Branch Library, which will break ground soon.

I am pleased to share a plan to accelerate the West Frederick Branch Library by up to five years by locating the branch at the newly purchased county-owned Himes Avenue property. This location saves both time and money. A community meeting to discuss this needed library branch will be held in May.

Safe Communities

Everyone deserves to live in a safe community. Safe communities are the result of good planning, the hard work and dedication of our public safety employees, and the support of our community.

Keeping our community safe is a fundamental responsibility of local government. Our public safety agency budgets are the second largest component of the budget after education. Combined, education and public safety, make up about 70% of total budgeted expenditures.

Livable Frederick places a real focus on public safety and so does the county budget. I am proud that my administration has made public safety a high priority and has valued our public safety workforce with competitive pay, benefits, training and equipment. The budget honors our contracts with our public safety unions and continues to add positions to ensure a timely response to citizen calls for assistance.

During my terms in office, the county budgets have added more than 200 new firefighter/EMT positions; numerous positions in law enforcement and corrections; and added call takers and communication specialists at 9-1-1 to meet increased call volume as our population grows.



Highlights of the operating budget include more than \$500,000 for body cameras for Sheriff's Deputies. These funds support the first phase of the implementation of body cameras for all law enforcement agencies in Frederick County, including within our municipalities, by funding the State's Attorney's Office to review, use and maintain all footage. The capital budget includes funding for the purchase of the camera equipment and the accompanying technology, software and licensing. The budget supports increases in training, employee physicals, psychological services and a new wellness program in the Sheriff's Office. The budget funds the operations of the new Police Accountability Board.

Healthy Frederick County

A high quality of life depends upon good health. Supporting a safer and healthier Frederick County is a goal of Livable Frederick.

Frederick County has made great strides during my administration to develop a robust continuum of care for behavioral health and substance misuse.

- **Mobile Crisis** - A year ago, we announced a 24/7 Mobile Crisis team to bring the right services at the right time to a crisis situation, with the ultimate goal to deliver the best outcomes for people. The mobile crisis team brings social workers and behavioral health specialists to respond with law enforcement or to a call to 2-1-1. Mobile crisis has received high praise from law enforcement and from the people they have assisted. The FY23 budget expands this service to ensure a robust response countywide.
- **Mobile Community Healthcare** – The budget also expands the Division of Fire & Rescue Services' Mobile Community Healthcare program by adding an additional EMT and a

paramedic. This highly successful program addresses the problem of high user non-emergency calls to 9-1-1, which are very expensive. Since its inception, the program has reduced emergency room hospital visits and has been expanded to help people struggling with substance misuse. The team pivoted during the pandemic to deliver vaccines to home bound residents.



- **Crisis Stabilization Center** – A crisis stabilization center is the missing piece of our behavioral health care continuum and is a priority to advance during the remainder of this administration. This center will provide care and a safe place for people with mental health and substance abuse issues, while they wait to connect to other long-term or outpatient care services. Funds are included in the capital budget to renovate an existing county building for a crisis stabilization center. The County has also received Federal and State grants to support the building renovation and fit out. Operating costs will be provided from the Opioid settlement.

The FY23 budget supports our School Health program, including competitive pay for hard-to-hire nursing positions, as well as adding additional clinical managers.

Valuing our Rich History and Agricultural Heritage

Livable Frederick is our roadmap for the future and provides for opportunities for residential and business growth while protecting what we love about Frederick County – our rich history and our agricultural land. What we do just outside our growth areas is just as important as what we do inside our growth areas. This philosophy helps preserve what we value most about Frederick County – our scenic vistas, historical places and farmland.

One of the lasting legacies of this administration will be the significant investment in Agriculture

Preservation. The FY23 budget dedicates recordation tax revenue, doubling our investment in agriculture preservation. The recent increase in the one-time recordation fee is budgeted to add \$9.9 million, bringing the total FY23 budget for agriculture preservation to \$17.5 million. This investment will help preserve thousands of acres of agriculture land annually, allowing the county to achieve its 100,000 acre goal by the early 2030s, exceeding the goal in Livable Frederick to achieve 100,000 acres by 2040.



This investment will leave a legacy of agriculture to future generations and will ensure that Frederick County retains its unique character forever.

Seniors First

The FY23 budget advances the Seniors First initiative, which is imbedded in Livable Frederick. Seniors First ensures services meet the needs of our fast-growing population of seniors and allows them to live a full, productive life and contribute to our community.

- **The budget will implement a new delivery model for Meals on Wheels** modeled after our successful experience during the pandemic.
- **Paratransit services will expand** with two additional buses and drivers to meet exploding demand, shortening the need for advanced notice, and reducing trip request denials. Paratransit is a critical service that provides transportation to seniors and people with disabilities for medical appointments, including life-saving dialysis.
- **The budget supports a permanent Virtual Senior Center.** One of the most popular programs created during the pandemic was a virtual senior center. When Senior Centers were closed due to Covid-19, many of our seniors experienced loneliness and isolation. Our terrific Senior Services staff pivoted, offering for the first time virtual interactive classes for seniors, such as book clubs, discussion groups, cooking classes, arts and crafts, exercise and much more. Our goal is to help our seniors live their best life!



Taking Care of People



Frederick County employees are truly dedicated to serving our community, and they delivered effective and efficient services seamlessly throughout the pandemic. A full third of County employees performed a different job, either part-time or full-time, during the pandemic to help deliver groceries to seniors, support mass vaccination clinics, staff a call center and so much more.

The FY23 budget invests in our county's greatest asset, our county workers, by funding the second, and final, year

of a new pay scale for county employees, providing more competitive wages to retain and value our talented workforce. The new pay scale addresses pay inequities and hard-to-hire positions and will help all employees keep up with the rising cost of living.

My goal is to value our employees and the outstanding work they do each and every day on the front line in our community. Frederick County Government workers deliver our high quality of life and ensure our future prosperity. Every job is valued.

Targeted Tax Relief

Frederick County has benefited from a thriving, vibrant economy with the addition of thousands of jobs and over 100 new or expanding business over the past two years. Our economic development team has simply knocked it out of the park attracting new businesses, helping existing businesses expand, and supporting the success of thriving Main Streets in our towns and cities. This strong economic growth has fueled revenues to our budget and proved that Frederick County is a great place to do business.



But we know this prosperity has not benefited everyone and that some individuals and families continue to struggle to afford to live and work in our community. These may be young working families or our growing population of seniors, particularly our single seniors. These households who are classified as ALICE, or Asset Limited Income Constrained Employed.

I am proud that our budget provides targeted tax relief to people who need it the most - our ALICE households. Last year, the State legislature passed legislation allowing counties to implement a sliding scale for local income tax rates. I am pleased to have Frederick County be the first county to take advantage of this opportunity as part of the FY23 budget.

I am proposing to lower the income tax rate to taxpayers who file “joint status” returns and have taxable income of \$100,000 or less, and for taxpayers who file “single status” returns with a taxable income of 50,000 or less, from 2.96% to 2.75%, a reduction of 7%. Over 80,000 tax filers will benefit from this income tax rate reduction, or 60% of all tax filers in Frederick County!

This is specific and targeted tax relief to help people who need it the most - our seniors, ALICE households and the many workers who make up the backbone of our society, including teachers and school system support employees, public safety workers, restaurant workers, child care workers and many others.

Targeted tax relief is also part of the solution to our “affordable housing” challenge. When we talk about housing affordability, it is more than just the price of housing. Part of the solution is addressing low wages and allowing people to keep more of their pay check so they are able to afford to live and work in Frederick County.

I am pleased to announce that the FY23 budget makes a **one-time investment of \$3.0 million to the housing initiative fund.** This will allow the County to advance more affordable workforce housing projects and assist more first time homebuyers. More housing options and choices for workforce housing is a priority of Livable Frederick and my administration.

Capital Budget

The capital budget and capital improvement program invest to build a better future through the construction and renovation of new schools, libraries, fire stations, parks and roads and bridges. The capital budget exceeds \$211 million and the six-year CIP over \$1.1 billion.

These investments not only meet the needs of a growing community but provide jobs and have a long-term impact on our quality of life and on community pride. People feel a sense of belonging with their community schools, are proud of their libraries, and enjoy nature, sports, and family and community gatherings in our parks.

A list of all the capital projects can be found at www.frederickcountymd.gov/budget.

Yesterday, Today & Tomorrow

The FY23 operating and capital budgets position Frederick County not only for today, but well into the future using Livable Frederick as our path forward.

In 2014, as the first County Executive, I inherited serious financial challenges. Those yesterdays are long gone. Through good management, sound fiscal policy and a Livable Frederick master plan that delivers results, my administration has brought stability and prosperity to Frederick County.

Today, Frederick County Government is fiscally sound with a coveted AAA bond rating from all three rating agencies, our reserves and long-term liabilities our fully funded, there has been steady investment in public education and public safety, and our economy is thriving and vibrant with new businesses and more jobs for the people who live here.

The proposed FY23 operating and capital budgets advance our shared values and priorities.

- **Keeping the promise of public education** with a record investment in public education.
 - Over \$100 million funded above Maintenance of Effort during my administration.
 - Accelerated school construction with a record nine school construction projects advancing in the capital budget.
- **Ensuring Safe Communities** with a record investment in public safety.
- **Delivering a Healthy Frederick** with a full continuum of care for mental health and substance misuse.
- **Leaving a legacy of agriculture for future generations** through a record investment in agriculture preservation;
 - Protecting our rich history, cultural amenities, and our most productive farmland.
- **Advancing Seniors First**
- **Valuing our County Workers** who deliver our a high quality of life through competitive pay; and,
- **Targeting Tax Relief for those who need it most**, our seniors and ALICE households.

The proposed budget focuses on people and making life better for everyone who calls Frederick County home. It reflects our community's values and our shared vision for a high quality of life that delivers excellent public education, safe communities, care for our seniors and most vulnerable community members, and a thriving economy.

Frederick County has a bright and prosperous future!

Sincerely,



Jan H. Gardner
County Executive