

December 15, 2009

The Honorable County Council
Wicomico County Maryland
Salisbury, Maryland 21803

Presented herewith is my proposed Capital Budget for the fiscal year beginning July 1, 2010, and the Capital Improvements Program for fiscal years 2011-2015. The five year Capital Improvements Program and Budget are important tools that assist Wicomico County in its long-range financial and public works plans. Each year, the program is reviewed and priorities are re-evaluated. Often new projects that have become matters of high priority are added. The first year of the program is the Capital Improvements Budget. It is this portion which receives closest scrutiny and for which funding decisions are made. The remaining years serve as a guide and an indicator of what future capital requirements are likely to be, their cost and probable sources of funding. That part of the Capital Budget requiring County funds may come from current revenues, prior fund balances, grants, and, as is most often the case, the proceeds from the sale of General Obligation Bonds. In order to receive the maximum favorable interest rate, the County must pledge the County's full faith and credit to servicing the bonded debt, subject to Charter restrictions.

The Capital Improvements Program, including County, State, Federal and Other funds, is shown below. County costs are shown on the first line and Federal, State and Other funds are combined and shown in parentheses on the second line.

2011	2012	2013	2014	2015
\$4,123,760	\$33,131,009	\$41,341,336	\$47,387,766	\$14,242,842

(\$30,975,657) (\$6,679,891) (\$33,982,491) (\$25,894,271) (\$42,210,392)

The first year of the program, the 2011 Capital Budget, if all requests proposed by the County Executive are funded, will require \$4,123,760 from all County sources and anticipates a total of Federal, State and Other funds combined of \$30,975,657.

The outstanding principal balance of all indebtedness for Capital Budgets from previous years that were funded through the sale of bonds is referred to as the General Obligation Indebtedness. This, combined with state loans and the commitment to the City of Salisbury, constitutes the Gross County Debt. As of November 1, 2009, this amount totaled \$116,566,292. It includes capital projects, school debt and a commitment to the City of Salisbury of \$10,923. It also includes the General Obligation Bonds for 2009 of \$16,465,000 and the refunded Bonds of 2009 of \$3,780,000 sold in December 2009.

If it is assumed that no additional bond sales occur before June 30, 2010, the General Obligation indebtedness of Wicomico County would be \$109,606,154 as of that date. After adjustments for principal payments and growth of the assessable base, this indebtedness would consume 41.8 percent of the allowable debt limit. Section 310 of the County Charter (modified pursuant to Chapter 80, 2000 Laws of Maryland) limits borrowing for any period in excess of twelve months to an amount in aggregate of no more than 3.2 percent of the County real property assessable base plus 8% of the County personal property assessable base at the time of issuance. As the County's assessable base increases, the County's borrowing capacity also increases within the limits set by law.

A portion of the bonded debt is repaid each year in the form of principal payments coupled with interest payments in the Annual Operating Budget. The \$13,221,085 in principal and interest payments required for debt service this year is 10.61 percent of total budgeted expenditures. The figure reported last year was 9.62 percent of the total budget. If possible, borrowing should be limited to an amount that would keep the percentage of debt service payment to less than 12% of the total budget. Debt service as a percentage of operating budget will increase next year due to the continued funding required for the Bennett School Projects. A portion of the indebtedness for school projects is funded by impact fees and amounted to \$480,267 in fiscal year 2009 which was 0.4% of total budgeted expenditures.

As a portion of the requested capital funding for the proposed 2011 Capital Improvements Budget will come from other County sources, it is expected that the amount required to be funded by General Obligation Bonds will be \$3,966,260. If bonds are sold to fund the amount of the proposed 2011 Capital Improvements Budget (\$3,966,260), debt service requirements would be 11.5 percent of estimated total Annual Operating Budget for fiscal 2011.

The amount of principal that will be retired during fiscal 2010-2011 will be \$9,899,307. If the \$3,966,260 requested for General Obligation Bonds in the Capital Improvements Budget for 2011 is approved, debt payments, during fiscal 2012, the first full year, would then approximate \$15,000,000.

If new borrowing in 2011 includes the full \$3,966,260 proposed for General Obligation Bonds in the Capital Improvements Budget, additional principal and interest payments in the first year of issue would require \$84,200, about \$.01 on the tax rate. The County's General Obligation debt is currently at 2% of the assessable base. The County's current debt limit is \$240,357,105.

The legal limit of the County's ability to incur debt is not as significant as how much debt the County can afford to pay off without jeopardizing other financial needs in the General Fund Operating Budget. In recent years, the need to fund critical capital projects has increased substantially. Although some of the County's capital needs are met from current revenue, school construction and other major projects with multi-million dollar price tags, as a practical matter, cannot be funded on a pay-as-you-go basis. Therefore, limited long-term borrowing to meet capital needs is a sound and necessary financial practice. As long as Wicomico County continues to grow, there will be a need for long-term borrowing to fund capital and infrastructure needs, so it is unlikely that the County will ever become totally debt free. The opposite extreme, to be avoided at all costs, would be to incur so much debt, even to meet important needs, that the County exhausts its borrowing capacity.

To understand the constraints imposed by the revenue cap, a Debt Affordability Study was completed last year to provide guidance on the amount of money Wicomico County can borrow and remain within targeted financial benchmarks. The indication is that the amount of the capital improvement program exceeds the benchmarks in future years, and much thought will have to go into structuring our borrowing over the next few years. An alternative is to make the decision to exceed the benchmarks to complete major projects with a plan to borrow less in other areas until our financial indicators return to benchmark levels. Scenario analyses will be provided by the Finance Department over the next few months to guide the County in its borrowing decisions.

The Charter amendment passed in the November 2000 referendum limits growth in revenue from the real property tax to 2% over the previous year or the Consumer Price Index (CPI), whichever is less. There are concerns that this revenue cap will impact the County's ability to fund current programs in the General Budget in coming years based on the fact that most revenues, other than the property tax, are based on the economy, and are, therefore, variable. In a bad economy, any increase in property tax revenues under a revenue cap may be more than offset by decreases in revenues in other areas.

Based on economic conditions, the Director of Finance believes there will likely be an additional revenue decline in fiscal year 2011. The real estate market continues to be down, which negatively impacts our new construction and recordation revenues. The overall economy is in recession. The State of Maryland is facing a budget deficit and history shows that some costs previously picked up by the State may be pushed down to the County, further decreasing our budget flexibility. In addition, changes to the income tax rate structure last year may continue to leave us with decreased income tax revenues, our second largest revenue source. Although we can continue to receive the lesser of 2% or the CPI-U revenue growth allowed for the property taxes under the revenue cap (for FY2010 it was 0.1%), as we remain in a recession there will likely be an actual overall budget revenue reduction

next year. With costs increasing, circumstances could require reduction of appropriations to below current levels or additional revenue raising measures be taken.

In the Capital Budget for Fiscal Year 2010, the following projects were approved but not included in the bond issue.

West Side Collector	\$2,000,000
Northwestern Elementary HVAC	\$1,480,000
Bennett Middle Construction	\$5,000,000
WY&CC Parking Lot Acquisition and development	\$4,100,000
WY&CC Restoration	\$1,300,000

As approved projects, they are eligible to be included in any amount up to the approved amount in any subsequent bond issue.

A Capital Project, by its definition in Section 702C of the County Charter, "...shall mean (1) the building or purchase of any physical public betterment or improvement or any preliminary studies and surveys relative thereto; (2) the acquisition of property of a permanent nature for public use; and (3) the purchase of equipment for any public betterment or improvement when first erected or acquired. The term shall not include any public betterment or improvement, the acquisition of any real property or the purchase of any equipment, if the total cost and expense thereof is to be paid out of the proceeds of the succeeding year's taxes, nor shall the term include the resurfacing of any road".

Following is a brief description of all Capital Requests as submitted to this office by the County's Departments and shown in the Capital Improvements Program and Budget by category. Due to the economic constraints Wicomico County currently faces, many projects have been set back one or more years from that originally requested. This should assist in reducing the build-up of projects in any given year. The projects recommended by the County Executive for the FY11 Capital Budget are shown in **bold type**.

GENERAL GOVERNMENT PROJECTS

Community College (WOR-WIC)

Allied Health Building - \$241,500 of County funds represents the final request for funding for the Allied Health Building along with \$9,776,479 in State funding and \$108,500 in funding from Worcester County.

Academic Building - County funds totaling \$3,170,197 and State and Worcester County funds totaling \$15,207,754 are requested for the construction of the Academic Building. (This project has

been set back one year from the year requested.)

Sheriff/Emergency Services

Joint Public Safety Facility - Funds in the amount of \$500,000 are requested by the Sheriff and Emergency Service Department for the first phase (design and engineering) of a joint facility to house their respective operations and allow for future growth. Land acquisition and Construction are proposed for future years. (This project has been set back one year from the year requested.)

Emergency Services

Replace Public Safety Radio System - Funds in the amount of \$7,118,409 are requested in FY12 to replace the Public Safety Radio System with additional funding totaling \$15,081,817 in subsequent years.

Upgrade Two Towers - Funds in the amount of \$125,000 are requested in FY13 to begin the analysis and upgrade of two of the Public Safety Radio System.

Old Courthouse Building

Court House Maintenance - Funds are requested in the amount of \$400,000 to upgrade heating and cooling, roof repairs and window repairs. (This project has been set back one year from the year requested.)

Replace Boiler - Funds in the amount of \$174,000 are requested to replace the boiler and heat controls. (This project has been set back one year from the year requested.)

Update Fire System - \$50,000 is requested to renovate and update the fire system. (This project has been set back two years from the year requested.)

Government Office Building

Repair Brick/Concrete Walks - Funds in the amount of \$50,000 are requested to remove and replace portions of the front brick and concrete walk-ways that are deteriorating. This is a project that normally would be included in the General Fund Budget. However, given the constraints the General Fund budget is under, it may not be possible to include this project. For that reason and as this is considered a safety issue and needs to be addressed, it is included in the Capital Program. The General Fund Budget is usually approved after the Capital Program is approved. If it is possible to

fund it in the General Fund Budget, it will not be necessary to include it in the Capital Bonds.

Replace Chiller - Funds in the amount of \$325,000 are requested to replace the chiller. (This project has been set back one year from the year requested.)

Replace Hall Windows - \$52,000 is requested to replace the hall windows. (This project has been set back three years from the year requested.)

Replace Cooling Tower - Funds in the amount of \$82,000 are requested to replace the cooling tower. (This project has been set back one year from the year requested.)

Update Fire System - \$50,000 is requested to renovate and update the fire system. (This project has been set back four years from the year requested.)

(Note: As the building is jointly owned by Wicomico County and the City of Salisbury, costs for any capital improvements will be shared jointly.)

Public Safety Building

Update Fire System - \$50,000 is requested to renovate and update the fire system. (This project has been set back two years from the year requested.)

Circuit Court Building

Circuit Court Expansion - Funds in the amount of \$800,000 are requested to renovate the area in the New Courts Building occupied on the first floor by the State Attorney's Offices into an additional Court Room area. No provision has been made for the cost of relocation of the State Attorney's Office. (This project has been set back one year from the year requested.)

Update Fire System - \$50,000 is requested to renovate and update the fire system. (This project has been set back three years from the year requested.)

Health Department

Recaulk Skylights - Funds in the amount of \$25,000 are requested to recaulk the original 1996 skylights. (This project has been set back one year from the year requested.)

Upgrade Disk Drive - Funds in the amount of \$80,000 are requested to upgrade disk drive to SAN or NAS. (This project has been set back one year from the year requested.)

Share Point Infrastructure - Funds in the amount of \$20,000 are requested for this project. (This project has been set back one year from the year requested.)

Upgrade Boilers - Funds in the amount of \$200,000 are requested to upgrade the boilers in the Health Department Complex. (This project has been set back one year from the year requested.)

Replace Carpet - funds in the amount of \$247,000 are requested to replace the carpet in the building originally installed in 1996. (This project has been set back one year from the year requested.)

Replace Tile Floors - \$150,000 is requested to replace all tile floors in hallway, clinic room, and auditorium. The original tile dates to 1971.

Elections

Voter Registrations System Upgrade - State Law requires the upgrading of the Voter Registration System on a regular basis. Funds are requested to perform this upgrading on an annual basis. Requested Wicomico County funding for FY11 is \$6,000. This is a project that normally would be included in the General Fund Budget. However, given the constraints the General Fund budget is under it may not be possible to include this project. For that reason and as this is a State mandate and needs to be addressed, it is included in the Capital Program. The General Fund Budget is usually approved after the Capital Program is approved. If it is possible to fund it in the General Fund Budget, it will not be necessary to include it in the Capital Bonds.

Wicomico Public Library

New Main Library Building, Design, Construction, Furniture & Equipment - A total of \$20,000,000 in County funding is requested to be combined with \$7,500,000 State and \$4,000,000 in Other Funding is requested for design, construction, furniture and equipment a new Library Building to replace the current facility. (This project has been set back one year from the year requested.)

Tri-County Council - Shore Transit Division

Capital Match - Funds are requested on an annual basis for the Capital match required for the replacement of transit equipment. Capital matching is required from Wicomico, Worcester and Somerset Counties to secure the Federal and State funding. Requested Wicomico County funding for FY11 is \$18,760. Matching funding from Federal, State and the other two Counties for FY11 totals \$440,753. This project would normally be included in the General Fund Budget. However, given the constraints the General Fund budget is under, it may not be possible to include this project. For that reason and as the matching funds needs to be addressed, it is included in the Capital Program. The General Fund Budget is usually approved after the Capital Program is approved. If it is possible to fund it in the

General Fund Budget, it will not be necessary to include it in the Capital Bonds.

Contingency

Contingency - A contingency amount of \$300,000 is recommended to pay for the cost of issuing General Obligation Bonds to fund the 2011 Capital Improvement Budget once it is adopted by the County Council. This account also serves as a source of funding for additional appropriations to budgeted projects in that year.

PUBLIC WORKS PROJECTS

Department of Public Works

West Side Collector - \$1,600,000 was approved in FY10's Capital Budget, but was not funded. Phase IV Right-of-Way funding in the amount of \$400,000 is proposed for FY11. No matching Federal or State funds are available.

Morris Mill Dam Rehabilitation - Funds are requested in the amount of \$450,000 to rehabilitate the dam, spillway and pipes of the Morris Mill Dam to reduce the dam breaching, road repairs, property damage and environmental impacts that have occurred. (This project has been set back one year from the year requested.)

Barren Creek Dam Rehabilitation - Funds are requested in the amount of \$120,000 to rehabilitate the dam and spillway of the Barren Creek Dam to reduce the dam breaching, road repairs, property damage and environmental impacts that have occurred. (This project has been set back one year from the year requested.)

Johnson Road Widening & Storm Drain - A total of \$914,000 is requested for Right-Of-Way (R/O/W) Acquisition and Construction for the project to widen Johnson Road 1.3 miles east of the MD 12 intersection and replace the storm drain. (This project has been set back two years from the year requested.)

Fire Tower Road Reconstruction - \$721,000 is requested for 2.8 miles of road reconstruction from Rt. 349 to Quantico Creek Road to better handle vehicular traffic. (This project has been set back two years from the year requested.)

Morris Mill Road Enhancement - \$995,000 is requested for a project to improve drainage, realign, improve grading and repave Morris Mill Road 1.2 miles east of the U. S. Route 13 and MD 513 intersection near Fruitland, to include 1,200 linear feet of cross road pipes and the horizontal and vertical realignment and repaving of Morris Mill Road. (This project has been set back three years from the year requested.)

WICOMICO COUNTY BOARD OF EDUCATION

Elementary Schools

Beaver Run

Plumbing/Sewer/Septic - A total of \$253,500 is requested to replace the domestic water distribution system and eliminate the on-site septic system - to be matched with \$632,000 in State finds. (This project has been set back one year from the year requested.)

Paving/Parking Lots - A total of \$251,000 is requested for paving, providing overflow parking and to redevelop vehicular circulation. (This project has been set back one year from the year requested.)

Tele/Comm. System - \$152,000 is requested to install a telecommunication system. (This project has been set back one year from the year requested.)

Chipman

Tele/Comm. System - \$96,000 is requested for a telecommunication system. (This project has been set back one year from the year requested.)

Roofs - A total of \$214,000 is requested for roof replacements to be matched by \$671,000 in State money. (This project has been set back one year from the year requested.)

HVAC - A total of \$152,000 is requested for planning and replacement of the HVAC system to be matched by \$380,000 in State funds. (This project has been set back one year from the year requested.)

Delmar

Tele/Comm. System - \$194,000 is requested for telecommunication upgrade. (This project has been set back one year from the year requested.)

Elevator Addition - A total of \$264,000 is requested to add an elevator. (This project has been set back one year from the year requested.)

HVAC - \$274,300 is requested to begin the upgrade of the HVAC system. (This project has been set back one year from the year requested.)

Roofs - A total of \$225,000 is requested for Roof Repairs. (This project has been set back one year from the year requested.)

East Salisbury

Tele/Comm. System - \$147,000 is requested to install a telecommunications system. (This project has been set back one year from the year requested.)

A/E/CM Fees, Planning - Funds in the amount of \$125,000 for a feasibility study are requested to begin the project to renovate the existing school. (This project has been set back one year from the year requested.)

Roofs - A total of \$212,000 is requested for Roof Repairs to be matched by \$663,000 in State funds. (This project has been set back one year from the year requested.)

Fruitland Primary

Lighting Systems - \$247,500 is requested from the County to be matched by \$615,000 in State funds for design and engineering to upgrade and replace lighting. (This project has been set back one year from the year requested.)

Parking Lots - \$275,000 is requested to expand parking, resurface lots and to separate vehicular and bus traffic. (This project has been set back one year from the year requested.)

Fruitland Intermediate

Mechanical Plant - A total of \$105,000 is requested for Mechanical Plant improvements. (This project has been set back one year from the year requested.)

TeleCom System Upgrade - \$110,000 is requested for Tele-Communications improvements. (This project has been set back one year from the year requested.)

Roofs - A total of \$177,000 for roof replacement is requested to be matched with \$553,000 in State funds. (This project has been set back one year from the year requested.)

Glen Avenue

A/E/CM Fees - \$430,000 is requested for architectural and engineering fees to begin the project to renovate and modernize the school. (This project has been set back one year from the year requested.)

North Salisbury - No requests.

Northwestern

Paving/Parking Lots - A total of \$440,000 is requested for paving and parking lot improvements. (This project has been set back one year from the year requested.)

HVAC - \$1,480,000 was approved in FY10's Capital Budget but was not bonded. The \$4,437,000 is the matching State funding.

Pemberton

Emergency Generator - \$142,000 is requested for an emergency generator. (This project has been set back one year from the year requested.)

Pinehurst

HVAC - A total of \$230,000 is requested for design, engineering and construction for Mechanical Plant renovation and repairs. (This project has been set back one year from the year requested.)

Tele/Comm System - \$195,000 is requested for a TeleCom System. (This project has been set back one year from the year requested.)

Pittsville Elem/Middle

Mechanical Plant - A total of \$2,476,000 is requested with matching State funds of \$6,164,000 for renovation of the mechanical plant, including the heating system, air conditioning and fire protection systems. (This project has been set back one year from the year requested.)

Tele/Comm System - \$200,000 is requested for telecommunication upgrades and additions. (This project has been set back one year from the year requested.)

Roofs - \$63,000 is requested in County funds to be matched by \$197,000 in state funds for roof repairs. (This project has been set back one year from the year requested.)

Prince Street - No requests

West Salisbury

Plumbing/Sewer/Septic - \$85,000 is requested to adjust the Plumbing, Sewer and Septic systems to accommodate the extension of City water into this area. (This project has been set back one year from the year requested.)

A/E/CM Fees, Planning - A total of \$3,388,000 is requested for A/E/CM to renovate and expand this school. (This project has been set back one year from the year requested.)

Construction - \$2,100,000 is requested in County Funds to be matched by \$5,000,000 in State funds to begin the construction phase of the renovation and expansion of the school. (This project has been set back one year from the year requested.)

Westside Primary

Paving/Parking Lots - A total of \$275,000 is requested for construction to develop additional on-site parking and resolve vehicular/bus/pedestrian conflicts. (This project has been set back one year from the year requested.)

Westside Intermediate School

Emergency Generator - \$82,000 is requested for an emergency generator. (This project has been set back one year from the year requested.)

Willards Elementary School. No requests.

Middle Schools

Bennett Middle

A/E/CM Fees - \$2,000,000 is recommended in FY 2011 for A/E/CM fees to continue the design for the project to relocate Bennett Middle School.

Construction - Initial Construction costs of \$5,000,000 were approved in the FY10 Capital Budget but not bonded. Additional construction costs of \$36,546,000 are requested in future years (to be matched with \$28,276,000 in State funds). (This construction request has been set back one year from the year requested.)

Salisbury Middle School

Emergency Generator - \$85,000 is requested for an Emergency Generator. (This project has been set back one year from the year requested.)

Wicomico Middle School

Renovation/Studies/Planning - A total of \$3,660,000 is requested for the feasibility study for major multi-systemic renovations. (This project has been set back one year from the year requested.)

Mechanical Plant - A total of \$230,000 is requested with matching State funds of \$574,000 for mechanical plant improvements including the replacement of 9 roof top units and associated ATC equipment. (This project has been set back one year from the year requested.)

High Schools

Alternative School - No funding requested at this time

J. M. Bennett High School

Construction - \$9,975,425 is final matching State funding to complete the full renovation and modernization of the school.

Mardela Middle/High

Roofs - \$87,000 is requested to be matched by \$273,000 in State funds for roof

rehabilitation. (This project has been set back one year from the year requested.)

Track - \$500,000 is requested to provide an athletic track for the only county high school without such a facility. (This project has been set back one year from the year requested.)

Science Initiative - A total of \$52,500 is requested for the Science Initiative Project. (This project has been set back one year from the year requested.)

Tele/Comm System - \$245,000 is requested to upgrade and further enhance the telecommunication system. (This project has been set back one year from the year requested.)

Classrooms(6) Addition - A total of \$1,093,240 is requested to begin the process that will result in providing a six (6) classroom addition (prototype) to be matched by \$3,280,617 in State funding. (This project has been set back one year from the year requested.)

HVAC - A major HVAC project totaling \$1,720,000 in County funds to be matched with \$4,280,000 in state funds is requested. (This project has been set back one year from the year requested.)

Parkside High School

Mechanical Plant - A total of \$3,567,000 in County funds is requested to implement construction of the replacement for the mechanical plant to be matched with \$8,653,000 by the State. (This project has been set back one year from the year requested.)

Paving/Parking Lots - \$250,000 is requested for parking lot paving. (This project has been set back one year from the year requested.)

Wicomico High School

Science Initiative - A total of \$380,000 is requested from the County to be matched by \$330,000 in State funds for the Science Initiative Project. (This project has been set back one year from the year requested.)

Roofs - A total of \$587,000 for various roof repairs. (This project has been set back one year from the year requested.)

Security/Fire Alarms - \$85,000 is requested to partially replace and upgrade the existing fire alarm system. (This project has been set back one year from the year requested.)

Other

Administration

Off-Site Data Storage Area - \$210,000 is requested for an off-site data storage area. (This project has been set back one year from the year requested.)

Paving/Parking Lots - \$300,000 is requested for construction of expanded parking facilities. (This project has been set back one year from the year requested.)

Bldg. Addition A/E/CM - A total of \$50,000 is requested for A/E/CM for an addition to the Administration Building to provide new office and support space and provide training facilities. (This project has been set back one year from the year requested.)

Site Lighting - \$71,000 is requested to replace and upgrade parking lot lights and rework underground power lines. (This project has been set back one year from the year requested.)

Annex Complex Replacement - A total of \$1,850,000 is requested to remove and replace Annex 1, 2, & 3 with a new modular complex building. (This project has been set back one year from the year requested.)

County Stadium

Bleachers/Athletics - \$95,000 is requested to replace wooden bleachers with aluminum. (This project has been set back one year from the year requested.)

Lighting System - \$165,000 is requested to upgrade the lighting system. (This project has been set back one year from the year requested.)

All Schools

Fields & Grounds - A total of \$100,000 is requested to replace playground equipment, fences and address site and ground issues. (This project has been set back one year from the year requested.)

Security/Fire Alarms - A total of \$425,000 is requested to replace and upgrade existing security/fire alarm systems. (This project has been set back one year from the year requested.)

Building Envelope Repairs - A total of \$50,000 is requested to address the problems with the exteriors of various buildings and restore their integrity to water intrusion through the masonry. (This project has been set back one year from the year requested.)

Facility Building

Renovation for Office Space - \$1,038,000 is requested to renovate the building for office space. (This project has been set back one year from the year requested.)

Electrical System - \$64,000 is requested to replace, reconfigure and rebalance the

electric service panels. (This project has been set back one year from the year requested.)

Regulatory Compliance

Code Compliance - A total of \$230,000 is requested to address code compliance. (This project has been set back one year from the year requested.)

Asbestos - \$50,000 is requested to remove asbestos in accordance with the consultant's report. (This project has been set back one year from the year requested.)

ADA - \$275,000 is requested to address ADA issues. (This project has been set back one year from the year requested.)

Portable Classrooms - \$275,000 is requested for a program to allow for removal, replacement and or renovation of the existing portable inventory or the purchase of additional units. (This project has been set back one year from the year requested.)

RECREATION AND PARKS

A. W. Perdue Stadium

Replace Masonry, Railing & Traffic Coating - Funds in the amount of \$50,000 are requested to replace the failing masonry walls and railing system in the Hard Ball Café area and reapply the traffic coating system. This is a project that normally would be included in the General Fund Budget. However, given the constraints the General Fund budget is under, it may not be possible to include this project. For that reason and as this is considered a safety issue and needs to be addressed, it is included in the Capital Program. The General Fund Budget is usually approved after the Capital Program is approved. If it is possible to fund it in the General Fund Budget or from some other source, it will not be necessary to include it in the Capital Bonds.

Remove & Replace Coping Stones - \$38,000 is requested to remove, clean, place and mortar coping stones. (This project has been set back one year from the year requested.)

Replace Failing Walls & Railing System - \$130,000 is requested to replace the failing masonry walls and railing system. (This project has been set back one year from the year requested.)

Replace 3rd Floor Concourse Deck - \$130,000 is requested to remove material, install new traffic coating system, joint replacement and caulking. (This project has been set back one year from the year requested.)

Wicomico Youth & Civic Center

Wicomico Youth & Civic Center, Parking Acquisition and Development - Wicomico County is currently negotiating to purchase 5 acres of land from the old Salisbury Mall site for parking. This is not sufficient to provide the total parking necessary for the WY&CC to be a viable entertainment center. \$900,000 is recommended in FY 2011 to be combined with County and Program Open Space money in the combined amount of \$5.4M currently on hand to provide for the purchase of fifteen additional acres. It is recommend that the requested amount be approved in the Capital Improvement Plan even if it is not included in the ultimate bond issue to allow for flexibility in the process of acquiring additional land.

Tennis & Basketball Courts

Resurfacing at Crooked Oak Park - A total of \$100,000 is requested to rehabilitate the tennis and basketball courts at Crooked Oak Park. (This project has been set back one year from the year requested.)

Wetipquin Boat Ramp

Rehabilitate Wing Walls & Road - Reconstruction and Rehabilitation of the deteriorating wing walls and service road of the boat launching facility. This project will utilize State Waterway Improvement Program funding.

Harbor Restorations

Cedar Hill Marina & Nanticoke Harbor - It is recommended that \$99,000 of State funding be used in FY 2010 for restoration of bulkheads, mooring piles, "T" piers, catwalks and water access areas. Additional funding will be requested in future years.

West Metro Core Park

Development - A total of \$100,000 in county money is requested to begin development plans for this site. State Program Open Space money will be utilized for the development. (This project has been set back one year from the year requested.)

Westside Community Center

Expansion - \$35,000 in County money and \$315,000 in Program Open Space money is proposed to be used to expand the current community facility. (This project has been set back one year from the year requested.)

Equestrian Center

Construct Restrooms - It is proposed to use \$135,000 of Program Open Space money (matched by a local contribution of \$15,000 from the Equestrian Center's escrow funds) to provide permanent restrooms in the stable building serving the Wicomico County Equestrian Center.

New Stable Building - Replace an existing stable building with a new stable building to increase capacity for equestrian events. \$22,500 from the Equestrian Center's escrow funds will be used along with \$227,500 in State Program Open Space money.

Pemberton Historical Park

Recreate Outbuildings - Utilizing a total of \$10,000 of County money (with State Program Open Space funding of \$100,000), historical restoration of various outbuildings will be undertaken at Pemberton Historical Park. (This project has been set back one year from the year requested.)

AIRPORT

The projects shown here coincide with the current development needs of the Wicomico County Airport as identified by the Airport Commission and the Federal Aviation Administration. For most projects, 95% to 97.5% funding comes from federal and state sources. Although included as part of the Capital Improvement Program, it is anticipated that the County portion of these projects will be funded by Airport Revenue.

Runway 14-32

Extension (Phase 2) - \$78,500 in County funds FY 2011 to be matched by \$3,071,500 in Federal and State funds will complete the paving of the runway extension and relocation of the approach lighting system.

Snow Removal Equip. Bldg.

Design & Construction - Utilizing \$57,000 in County funds and \$2,217,000 in Federal and State funds, it is proposed to build a storage building for the snow removal equipment.

Taxiway E & Apron

Design - \$6,500 is requested in County funds to be matched by \$248,500 in Federal and State funds for the design of Taxiway E and Apron to bring them in compliance with FAA design standards.

Reconstruction - Funding in the amount of \$106,000 from the County and \$3,918,000 from Federal and State sources is requested to do the reconstruction of Taxiway E and Apron in order to

bring them into compliance with FAA design standards.

Runway 5-23 & Taxiway B

Design - \$10,000 is requested in County funds to be matched by \$394,500 in Federal and State funds for the design of Runway 5-23 and Taxiway B to bring them in compliance with FAA design standards.

Reconstruction - Funding in the amount of \$158,000 from the County and \$6,178,000 from Federal and State sources is requested to do the reconstruction of Runway 5-23 and Taxiway B in order to bring them into compliance with FAA design standards.

Snow Removal Equipment

Refurbish Existing Equipment - \$5,500 in County funds to be matched with \$207,500 in Federal and State funds will be utilized to refurbish existing snow removal equipment at the airport.

Acquire New Equipment - \$8,500 in County funds to be matched by \$608,500 in Federal and State funds is recommended in FY 2012 to purchase new snow removal equipment for the airport including a 22 foot, high-speed, runway sweeper/blower combination snow removal vehicle to be used in compliance with FAA regulations.

T- Hanger Taxi-lanes

Design - \$5,500 is requested in County funds to be matched by \$224,500 in Federal and State funds for the design of the T-Hanger Taxi-lanes.

Reconstruction - Funding in the amount of \$82,500 from the County and \$3,135,000 from Federal and State sources is requested to do the reconstruction of the T-Hanger Taxi-lanes

Piedmont Hanger

Renovate Roof - This project will require \$470,000 in County money to renovate roof of the County owned hanger and office complex leased to Piedmont Airlines. (This project has been set back one year from the year requested.)

T & Corporate Hanger

Renovations (Phase 1) - \$500,000 is requested in County funding to do the first phase of renovations to the 64 existing T-hangers and 6 corporate hangers. Renovations will be to doors, roof, siding and pavement. (This project has been set back one year from the year requested.)

Renovations (Phase 2) - \$300,000 is requested in County funding to do the second phase of renovations to the 64 existing T-hangers and 6 corporate hangers. Renovations will be to doors, roof, siding and pavement. (This project has been set back one year from the year requested.)

Acquire Land for RPZ

RWY 14 Parcel 62 - \$8,500 in County funds to be matched by \$331,500 in Federal and State funds is requested to purchase parcel 62 in the Runway Protection Zone of Runway 14.

RWY 14 Parcel 25 - \$1,250 in County funds to be matched by \$48,750 in Federal and State funds is requested to purchase parcel 25 in the Runway Protection Zone of Runway 14.

RWY 14 Parcel 65 - \$1,750 in County funds to be matched by \$68,250 in Federal and State funds is requested to purchase parcel 65 in the Runway Protection Zone of Runway 14.

Air Carrier Apron

Design - \$8,000 in County funds to be matched by \$312,000 in Federal and State funds is requested for the design of a new Air Carrier Apron.

Construction - \$53,750 in County funds to be matched by \$2,096,250 in Federal and State funds is requested for the construction of a new Air Carrier Apron.

In summary, my recommendations for the Capital Budget (the first year of the Capital Improvement Plan) are as follows:

Wor-Wic - Allied Health Building - \$241,500 - Represents the final year funding for this on-going project.

Government Office Building - Repair Brick/Concrete Walks - \$50,000 - This is a project that normally would be included in the General Fund Budget. However, given the constraints the General Fund budget is under, it may not be possible to include this project. For that reason and as this is considered a safety issue and needs to be addressed, it is included in the Capital Program. The General Fund Budget is usually approved after the Capital Program is approved. If it is possible to fund it in the General Fund Budget, it will not be necessary to include it in the Capital Bonds.

Elections - Voter Registrations System Upgrade - \$6,000. This is a project that normally would be included in the General Fund Budget. However, given the constraints the General Fund budget is under it may not be possible to include this project. For that reason and as this is a State mandate and needs to be addressed, it is included in the Capital Program. The General Fund Budget is usually approved after the Capital Program is approved. If it is possible to fund it in the General Fund

Budget it will not be necessary to include it in the Capital Bonds.

Tri-County Council - Shore Transit Division - Capital Match - \$18,760 - This project would normally be included in the General Fund Budget. However, given the constraints the General Fund budget is under it may not be possible to include this project. For that reason and as the matching funds needs to be addressed, it is included in the Capital Program. The General Fund Budget is usually approved after the Capital Program is approved. If it is possible to fund it in the General Fund Budget, it will not be necessary to include it in the Capital Bonds.

Contingency - A contingency amount of \$300,000 pays the cost of issuing General Obligation Bonds and serves as a source of funding for additional appropriations to budgeted projects in that year.

Northwestern - HVAC - No County funding. The (\$4,437,000) is the matching State funding.

Bennett Middle - A/E/CM Fees - \$2,000,000 continues the design for the project to relocate Bennett Middle School.

J. M. Bennett High School - Construction - No County funding. The (\$9,975,425) complete the matching State funding to complete the renovation and modernization of the school.

A. W. Perdue Stadium - Replace Masonry, Railing & Traffic Coating - \$50,000 This is a project that normally would be included in the General Fund Budget. However, given the constraints the General Fund budget is under it may not be possible to include this project. For that reason and as this is considered a safety issue and needs to be addressed, it is included in the Capital Program. The General Fund Budget is usually approved after the Capital Program is approved. If it is possible to fund it in the General Fund Budget or from some other source, it will not be necessary to include it in the Capital Bonds.

Wicomico Youth & Civic Center - Wicomico Youth & Civic Center, Parking Acquisition and Development - \$900,000 - For the purpose of acquiring additional land for parking.

Harbor Restorations - Cedar Hill Marina & Nanticoke Harbor - No County funding - The (\$99,000) of State funding will be used for restoration of the harbors.

Runway 14-32 - Extension (Phase 2) - \$78,500 - County funding from Airport Enterprise Account funds.

Snow Removal Equip. Bldg. - Design & Construction - \$57,000 - County funding from Airport Enterprise Account funds.

Taxiway E & Apron - Design - \$6,500 - County funding from Airport Enterprise Account funds.

Runway 5-23 & Taxiway B - Design - \$10,000 - County funding from Airport Enterprise Account funds.

Snow Removal Equipment - Refurbish Existing Equipment - \$5,500 - County funding from Airport Enterprise Account funds.

The total required County funding would be \$4,123,760. Subtracting the Airport projects that will be funded by Airport Enterprise Account funds, the amount to be funded by other means including General Obligation Bonds is \$3,966,260.

Intense pressure for capital project funding, primarily for school construction and renovation, has resulted in a net increase in general obligation debt (new debt less debt retired) of \$14.8 million in the last three years. The County's debt margin, however, has decreased to \$139 million. There are no signs of a decrease in capital project requests. Over the five years of this Capital Improvements Program through fiscal year 2015, requests for county funding are just over \$140 million.

Based on my assessment of capital needs, I feel the Capital Budget that I am recommending for fiscal year 2011 is realistic and represents what the County can reasonably expect to fund within its fiscal limitations. All requests made by agencies requesting support in this Capital Budget were not proposed for funding. Some projects not proposed for inclusion in the Capital Budget may be included in the General Operating Budget that will be proposed for fiscal 2011. I will be happy to discuss my recommended budget with the County Council at a mutually convenient time.

The Charter requires that "...on or before December 15 of each year, the County Executive shall submit to the County Council a capital program for five years...". Also by Charter, the County Council "shall approve, decrease or delete any items in the capital program as submitted or amended on or before February 15 of each year".

Respectfully submitted,

Richard M. Pollitt, Jr.
County Executive
Wicomico County, Maryland