

## MEMORANDUM FROM THE TOWN MANAGER

To: President and Members of the Pittsville Town Commission

From: The Town Manager 

Date: 18 May 26

Re: Budget Message/FY 27 Municipal Operating Budget

---

Please find attached Ordinance # 2026-01, the Town of Pittsville's "Budget Ordinance" for the coming fiscal year commencing 1 Jul 26 and ending 30 Jun 27!

Below are the following proposals, recommendations, and "points of interest/POI"

### GENERAL FUND:

#### REVENUE:

- 1) Real Property Tax Assessment increased by 3.46% from last year.
- 2) The Town Administration is recommending a "phase in" property tax increase for the next four (4) years as such:
  - a) \$.32 for FY 27
  - b) \$.35 for FY 28
  - c) \$.375 for FY 29
  - d) \$.40 for FY 30Thus, the Town's real property tax rate will incrementally increase from the present \$.30 per \$100 of assessed value to \$.40 per assessed value over a four (4) year period. Even with the increases, the Town of Pittsville will still have the 2<sup>nd</sup> lowest municipal property tax rate on the Lower Eastern Shore. Only Mardela Springs is lower than Pittsville out of 14 municipalities located on the Lower Eastern Shore
- 3) Storm Water Management Fee increase from the present \$30 per year to \$60 per year. One of the MAJOR "issues" and "concerns" we hear is the maintenance of the town's ditches. This increase which is inserted on the annual property tax bills will enable us to undertake more work on the ditches PLUS since we are planning to apply to the State's CDBG grant program for funding, we can use as our local share to increase our chances of obtaining approval of our grant application which is due 6 Jul 26!
- 4) A new revenue line item has been added which is for the "Fire/Emergency Services" impact fee which the Town Commissioners approved last year

## EXPENSES:

- 1) Major increases are the funding for the MARYLAND EMPLOYEES PENSION SYSTEM FUND and LAW ENFORCEMENT OFFICERS PENSION SYSTEM/LEOPS. There is a required employee entrant credit fee of \$118,090 for the MEPS AND \$29,876 for the LEOPS fund. This entrant fee qualifies all town employees to be credited for all back service employment with the Town towards final retirement. Though, it can be paid over a 25 year period, recommendation and included in this year's budget is to pay all owed this year, thus saving over \$125,000 in interest charges over the course of the 25 year period and not leave for following town administration elected officials to deal with!
- 2) A 5% pay increase is requested for ALL town employees, especially due to the fact that each employee who joins the State Retirement Pension System MUST contribute 7% of their annual salary to the retirement unlike our present system where the employees are not able to contribute anything. This still leaves each employee with a negative 2% decrease in their salary from this year.
- 3) Recommend the salary expense for the Town Manager be increased from the present \$95,000 to \$100,000. Though, I have agreed to serve another 4 years until 1 Oct 30, the Town if it chooses to continue to employ a Town Manager after my retirement needs to begin preparing for my replacement who will be much more expensive than I have been. I do not incur any employee payroll or benefit costs and I do not require nor get paid for any holiday, vacation, sick, personnel or time off. A new Town Manager will require all that I do not! By 2030, the cost for a full time Town Manager will be well over \$100,000 plus depending the duties he/she will be doing 2 new positions need to be considered for addition to the Town Staff or the use of consultants will be necessary. Think, Town Manager/Circuit Rider!

## WATER/SEWER FUND

- 1) The Water Fund revenue will include the 10% increase for water usage only as required by MDE. Additional expense will be \$10,000 for a utility rate structure study to be divided between the water fund and sewer fund since we are installing new water meters to track consumer water and sewer usage. The good news is that the "water meter" project which will begin this year and be completed by 1 Jul 27, has been paid from already existing funding accounts and no further costs to the Town's constituent consumers.
- 2) The Sewer Fund will not include any increase in rates and will also benefit from the installation of the new meters.
- 3) **The Administration is recommending the adoption of a \$25 late fee on all utility account bills NOT paid by the due date. EXAMPLE: If the bill is due by 31 Jul, and not paid, then a \$25 late fee will be imposed on the account, with a grace period of 15 days before a cut off notice is issued. Cut off notice can give an "additional" grace period not to exceed 5 days before final cut off is exercised.**

## FINAL NOTES

- 1) I have included a breakdown by percentages the revenue by category, and the expenses by Town Departments to give you a more expansive view of where our funds come from, and where they go.
- 2) For every penny on the tax rate, the revenue received is \$12,775.00
- 3) Though we are going into the surplus account heavily this year and reducing it to about \$151,827 if all expenses are incurred, we will be adding another \$200,000 or more to the surplus once the final totals are in for FY26's budget.
- 4) Also, though the Water Fund indicates a surplus of \$125 at the end of FY 27, AND the Sewer Fund a surplus of \$10,445 at the end of FY 27, this does not include the bank fund balances invested of \$273,561 in water, and \$859,547 in sewer which are "available" funds.
- 5) The General Fund bank balances I did not include as they change more dramatically over the course of the year and are usually more "fluid".
- 6) The separate resolution for the fee schedule adoption will be presented at the next meeting once I know what, if any changes the Town Commissioners want to make.

**TOWN OF PITTSVILLE  
FY 27 BUDGET  
NOTES**

**General Fund Revenue**

Taxes	\$705,350	47%
Fees:	86,000	5.74%
Grants:	72,000	4.8%
Fines:	40,000	2.68%
Interest:	40,000	2.68%
Miscellaneous:	21,000	1.4%
Surplus:	535,387	35.7%

**GRAND TOTAL PROJECTED INCOME: \$1,499,737**

**General Fund Expenses**

Town Administration/Finance	\$285,445	19%
Operations	32,500	2.17%
Services	53,090	3.56%
Council	14,500	.97%
Office	57,500	3.84%
Public Works	194,090	12.94%
Police	452,781	30.19%
Public Safety/Fire & EMS	44,000	2.94%
Rental Housing/Code Enforcement	6,000	.4%
Parks/Rec/Community Affairs	35,000	2.33%
Miscellaneous	173,000	11.54%

**GRAND TOTAL PROJECTED EXPENSES: \$1,347,910 89.88%**

**RESERVE CONTINGENCY FUND: \$151,827 10.12%**

**WATER FUND REVENUE: \$433,000**

**WATER FUND EXPENSES: \$432,875**

**RESERVE: \$125**

**SEWER FUND REVENUE: \$411,000**

**SEWER FUND EXPENSES: \$400,555**

**RESERVE: \$10,445**

**TOWN OF PITTSVILLE**  
**FY 27**  
**Municipal Operating Budget**  
**July 1, 2026-June 30, 2027**

**ORDINANCE# 2026-01**

**AN ORDINANCE OF THE TOWN OF PITTSVILLE TO ADOPT THE FISCAL YEAR 2027 MUNICIPAL OPERATING BUDGET COMMENCING ON JULY 1, 2026 AND ENDING ON JUNE 30, 2027**

**WHEREAS**, the Commissioners of the Town of Pittsville have reviewed the projected revenues and expenditures for the July 1, 2026 to June 30, 2027 fiscal year, in order to adopt the municipal operating budget for that time period, and

**WHEREAS**, the Commissioners of the Town of Pittsville have adopted the following tax rates per the following:

- 1) \$.32 per \$100 of assessed value for all real estate property within the town limits
- 2) \$1.00 per \$100 of assessed corporate property within the town limits
- 3) \$1.00 per \$100 of assessed utility property within the town limits

**WHEREAS**, the Commissioners of the Town of Pittsville have adopted the attached Fee Schedule as part of this ordinance,

**NOW, THEREFORE BE IT HEREBY ENACTED AND ORDAINED** by the Commissioners of the Town of Pittsville that the Municipal Operating Budget for the fiscal year beginning July 1, 2026 and ending June 30, 2027 is attached hereto shall be and hereby adopted and repeals and replaces any and all resolutions or ordinances pertaining to the same.

**AND BE IT FURTHER RESOLVED ,ENACTED AND ORDAINED** by the Commissioners of Pittsville, Maryland that this budget shall take effect on July 1, 2026.

The above ordinance was introduced and read by the Commissioners of Pittsville on May 18, 2026 at its regularly scheduled monthly meeting thereafter a statement/public notice of the substance of this ordinance having been duly advertised per the requirements of the Town Charter with a public hearing being held on \_\_\_\_\_ was finally adopted on \_\_\_\_\_

**FIRST READING:**\_\_\_\_\_

**PUBLIC HEARING:**\_\_\_\_\_

**SECOND READING:**\_\_\_\_\_

ADOPTION: \_\_\_\_\_

ATTEST: \_\_\_\_\_

Erica M. Witz, Town Attorney

\_\_\_\_\_  
Sean McHugh, President, Town Commissioners

\_\_\_\_\_  
Roland Adkins, Vice President  
Town Commissioners

\_\_\_\_\_  
Bethany Miller, Town Commissioner

\_\_\_\_\_  
David Carozza, Town Commissioner

\_\_\_\_\_  
Michael O'Brien, Town Commissioner



# Town of Pittsville General FY27 Budget



PROJECTED REVENUES	TOTAL GENERAL INCOME	\$1,499,737.00
	TOTAL GENERAL EXPENSES	\$1,347,910.00
	RESERVE	\$151,827.00

ACTUAL REVENUES	TOTAL GENERAL INCOME	\$0.00
	TOTAL GENERAL EXPENSES	\$0.00
	RESERVE	\$0.00

PROJECTED RESERVE CONTINGENCY FUND	\$151,827.00
ACTUAL RESERVE CONTINGENCY FUND	\$0.00
DIFFERENCE (Actual minus projected)	\$151,827.00

REVENUES	PROJECTED FY27	ACTUAL FY27	DIFFERENCE
Real Estate Taxes	\$390,000.00		\$390,000.00
Corporate Property Taxes	\$140,000.00		\$140,000.00
State Income Tax	\$175,000.00		\$175,000.00
County Shared Taxes	\$350.00		\$350.00
Franchise Fees	\$19,000.00		\$19,000.00
Business Licenses/Permits	\$36,000.00		\$36,000.00
Interest Income/MLGIP	\$40,000.00		\$40,000.00
General Fund Grants	\$60,000.00		\$60,000.00
State Police Aid	\$12,000.00		\$12,000.00
Speed Camera Program	\$40,000.00		\$40,000.00
Rental Housing Licenses	\$21,000.00		\$21,000.00
Community Events	\$7,000.00		\$7,000.00
Fire/EMS Impact Fees	\$10,000.00		\$10,000.00
Miscellaneous Income	\$14,000.00		\$14,000.00
FY25 Surplus	\$535,387.00		\$535,387.00
<b>Subtotal</b>	<b>\$1,499,737.00</b>		<b>\$1,499,737.00</b>

Admin Expenses	Projected FY27	Actual FY27	Difference
Salaries	\$130,000.00		\$130,000.00
FICA	\$9,945.00		\$9,945.00
Health Insurance	\$24,000.00		\$24,000.00
Retirement	\$13,000.00		\$13,000.00
Town Manager Salary	\$100,000.00		\$100,000.00
Workers Comp	\$1,000.00		\$1,000.00
Insurance	\$7,500.00		\$7,500.00
<b>Subtotal</b>	<b>\$285,445.00</b>		<b>\$285,445.00</b>

Operations	Projected FY27	Actual FY27	Difference
Operating Expenses	\$7,500.00		\$7,500.00
Dues & Subscription	\$12,000.00		\$12,000.00
IT Development/Expenses	\$10,000.00		\$10,000.00
Public Notices	\$3,000.00		\$3,000.00
<b>Subtotal</b>	<b>\$32,500.00</b>		<b>\$32,500.00</b>

Services	Projected FY27	Actual FY27	Difference
Legal	\$35,000.00		\$35,000.00
Accounting Audit	\$12,500.00		\$12,500.00
MD State Retirement Actuary	\$5,590.00		\$5,590.00
<b>Subtotal</b>	<b>\$53,090.00</b>		<b>\$53,090.00</b>

Council	Projected FY27	Actual FY27	Difference
Council Meeting Allowances	\$7,500.00		\$7,500.00
Council Expenses/ Donations	\$2,500.00		\$2,500.00
Planning and Zoning	\$2,500.00		\$2,500.00
EDC	\$2,000.00		\$2,000.00
			\$0.00
<b>Subtotal</b>	<b>\$14,500.00</b>		<b>\$14,500.00</b>

Office	Projected FY27	Actual FY27	Difference
Office Supplies	\$5,000.00		\$5,000.00
Office Equipment	\$10,000.00		\$10,000.00
Postage	\$5,000.00		\$5,000.00
Telephone/Internet	\$7,500.00		\$7,500.00
Building Maint./Repairs	\$20,000.00		\$20,000.00
Building Equipment	\$10,000.00		\$10,000.00
			\$0.00
<b>Subtotal</b>	<b>\$57,500.00</b>		<b>\$57,500.00</b>

Public Works	Projected FY27	Actual FY27	Difference
Salaries	\$95,000.00		\$95,000.00
FICA	\$7,268.00		\$7,268.00
Health Insurance	\$11,000.00		\$11,000.00
Retirement	\$9,500.00		\$9,500.00
Workers Comp	\$3,826.00		\$3,826.00
Insurances	\$7,500.00		\$7,500.00
Street Lighting	\$50,000.00		\$50,000.00
Vehicle Maint./Repair/Fuel	\$8,000.00		\$8,000.00
Mosquito Control	\$2,000.00		\$2,000.00
<b>Subtotal</b>	<b>\$194,094.00</b>		<b>\$194,094.00</b>

Police	Projected FY27	Actual FY27	Difference
Salaries & Benefits	\$347,327.00		\$347,327.00
Operations	\$54,592.00		\$54,592.00
Training	\$8,000.00		\$8,000.00
Vehicle	\$13,862.00		\$13,862.00
Misc.	\$29,000.00		\$29,000.00
			\$0.00
<b>Subtotal</b>	<b>\$452,781.00</b>		<b>\$452,781.00</b>

Public Safety	Projected FY27	Actual FY27	Difference
Fire Company	\$17,000.00		\$17,000.00
EMS	\$17,000.00		\$17,000.00
Fire/EMS Impact Fees	\$10,000.00		\$10,000.00
			\$0.00
<b>Subtotal</b>	<b>\$44,000.00</b>		<b>\$44,000.00</b>

Rental Housing/Code	Projected FY27	Actual FY27	Difference
Rental Housing	\$5,000.00		\$5,000.00
Code Enforcement	\$1,000.00		\$1,000.00
			\$0.00
<b>Subtotal</b>	<b>\$6,000.00</b>		<b>\$6,000.00</b>

Parks/Rec/Community Affairs	Projected FY27	Actual FY27	Difference
Parks/Rec/Community Affairs	\$35,000.00		\$35,000.00
			\$0.00
			\$0.00
<b>Subtotal</b>	<b>\$35,000.00</b>		<b>\$35,000.00</b>

Misc	Projected FY27	Actual FY27	Difference
State Pension New Entrant Credi	\$118,000.00		\$118,000.00
CDBG/TMCR Grant Expense	\$45,000.00		\$45,000.00
Misc. Expense	\$10,000.00		\$10,000.00
			\$0.00
<b>Subtotal</b>	<b>\$173,000.00</b>		<b>\$173,000.00</b>

TOTAL PROJECTED COST FY27	\$1,347,910.00
TOTAL ACTUAL COST FY27	\$0.00
TOTAL DIFFERENCE	\$1,347,910.00



# Town of Pittsville Utility FY27 Budget



Difference

<b>PROJECTED WATER FUND</b>	TOTAL WATER FUND INCOME	\$433,000.00
	TOTAL WATER EXPENSE	\$432,875.00
	RESERVE	\$125.00

<b>PROJECTED WASTEWATER FUND</b>	TOTAL WASTEWATER INCOME	\$411,000.00
	TOTAL WASTEWATER EXPENSES	\$400,555.00
	RESERVE	\$10,445.00

<b>ACTUAL WATER FUND</b>	
<b>ACTUAL WASTEWATER FUND</b>	

REVENUES WASTEWATER	PROJECTED FY27	ACTUAL FY27	DIFFERENCE
User Fees	\$275,000.00		\$275,000.00
Front Footage Assessment	\$42,500.00		\$42,500.00
Availability of Use	\$3,500.00		\$3,500.00
Impact Fees	\$0.00		\$0.00
Connection Fees	\$30,000.00		\$30,000.00
Interest Income/MLGIP	\$30,000.00		\$30,000.00
Misc. Income	\$1,500.00		\$1,500.00
Late Fees	\$6,500.00		\$6,500.00
WWTP Study	\$22,000.00		\$22,000.00
<b>Subtotal</b>	<b>\$411,000.00</b>		<b>\$411,000.00</b>

REVENUES WATER	PROJECTED FY27	ACTUAL FY27	DIFFERENCE
User Fees	\$305,000.00		\$305,000.00
Front Footage Assessment	\$70,000.00		\$70,000.00
Availability of Use	\$5,000.00		\$5,000.00
Impact Fees	\$0.00		\$0.00
Connection Fees	\$30,000.00		\$30,000.00
Interest Income/MLGIP	\$15,000.00		\$15,000.00
Misc. Income	\$1,500.00		\$1,500.00
Late Fees	\$6,500.00		\$6,500.00
			\$0.00
<b>Subtotal</b>	<b>\$433,000.00</b>		<b>\$433,000.00</b>

Salaries & Benefits	Projected FY27	Actual FY27	Difference
Salaries	\$120,000.00		\$120,000.00
FICA	\$9,180.00		\$9,180.00
Health Insurance	\$12,000.00		\$12,000.00
Retirement	\$12,000.00		\$12,000.00
Education	\$3,000.00		\$3,000.00
<b>Subtotal</b>	<b>\$156,180.00</b>		<b>\$156,180.00</b>

Operations	Projected FY27	Actual FY27	Difference
Operator	\$200,000.00		\$200,000.00
Sludge Removal	\$10,000.00		\$10,000.00
Testing Fees	\$10,000.00		\$10,000.00
Chemicals	\$35,000.00		\$35,000.00
Supplies	\$5,000.00		\$5,000.00
Electricity	\$15,000.00		\$15,000.00
<b>Subtotal</b>	<b>\$275,000.00</b>		<b>\$275,000.00</b>

Operations	Projected FY27	Actual FY27	Difference
Chemicals	\$5,000.00		\$5,000.00
Sludge Removal	\$5,000.00		\$5,000.00
Testing Fees	\$5,000.00		\$5,000.00
Dues & Subscriptions	\$2,500.00		\$2,500.00
Supplies	\$14,500.00		\$14,500.00
Phones	\$1,500.00		\$1,500.00
Electricity	\$45,000.00		\$45,000.00
<b>Subtotal</b>	<b>\$78,500.00</b>		<b>\$78,500.00</b>

Equipment/Building Main/Repa	Projected FY27	Actual FY27	Difference
Equipment	\$30,000.00		\$30,000.00
Building Maint.	\$35,000.00		\$35,000.00
Infrastructure Repair	\$19,000.00		\$19,000.00
			\$0.00
<b>Subtotal</b>	<b>\$84,000.00</b>		<b>\$84,000.00</b>

Equipment/Building Main/Repa	Projected FY27	Actual FY27	Difference
Equipment	\$30,000.00		\$30,000.00
Building Maint.	\$30,000.00		\$30,000.00
Lift Stations	\$10,000.00		\$10,000.00
Infrastructure Repair	\$15,000.00		\$15,000.00
<b>Subtotal</b>	<b>\$85,000.00</b>		<b>\$85,000.00</b>

Services	Projected FY27	Actual FY27	Difference
Engineering	\$5,000.00		\$5,000.00
Accounting Audit	\$6,875.00		\$6,875.00
Rate Study	\$5,000.00		\$5,000.00
<b>Subtotal</b>	<b>\$16,875.00</b>		<b>\$16,875.00</b>

Services	Projected FY27	Actual FY27	Difference
Engineering	\$5,000.00		\$5,000.00
Accounting Audit	\$6,875.00		\$6,875.00
Rate Study	\$5,000.00		\$5,000.00
<b>Subtotal</b>	<b>\$16,875.00</b>		<b>\$16,875.00</b>

Insurance/Debt Payments	Projected FY27	Actual FY27	Difference
Insurances	\$4,500.00		\$4,500.00
Debt Payments	\$47,000.00		\$47,000.00
Bank Fees & Musc. Charges	\$1,000.00		\$1,000.00
<b>Subtotal</b>	<b>\$52,500.00</b>		<b>\$52,500.00</b>

Insurance/Debt Payments	Projected FY27	Actual FY27	Difference
Workers Comp	\$4,000.00		\$4,000.00
Insurances	\$10,000.00		\$10,000.00
Debt Payments	\$40,000.00		\$40,000.00
Bank Fees & Misc. Charges	\$1,000.00		\$1,000.00
			\$0.00
<b>Subtotal</b>	<b>\$55,000.00</b>		<b>\$55,000.00</b>

Misc	Projected FY27	Actual FY27	Difference
Vehicle Expense	\$2,000.00		\$2,000.00
Dues & Subscriptions	\$2,500.00		\$2,500.00
			\$0.00
<b>Subtotal</b>	<b>\$4,500.00</b>		<b>\$4,500.00</b>

Vehicle/Equipment	Projected FY27	Actual FY27	Difference
Fuel	\$4,000.00		\$4,000.00
Repair & Maint.	\$5,000.00		\$5,000.00
			\$0.00
			\$0.00
			\$0.00
			\$0.00
<b>Subtotal</b>	<b>\$9,000.00</b>		<b>\$9,000.00</b>

<b>TOTAL PROJECTED COST WASTEWATER FY27</b>	<b>\$400,555.00</b>
<b>TOTAL PROJECTED COST WATER FY27</b>	<b>\$432,875.00</b>
<b>TOTAL PROJECTED COST UTILITY FUND FY27</b>	<b>\$833,430.00</b>



## Town of Pittsville Enterprise Fund FY27 Budget

<b>Trash Removal Revenue</b>				\$98,000.00
<b>Trash Removal Expenses</b>				\$95,000.00
<b>Remaining Balance</b>				<u>\$3,000.00</u>

<b>Stormwater Management Fees</b>				\$48,000.00
<b>Ditch Maint. And Stormwater Projects</b>				\$48,000.00
<b>Remaining Balance</b>				<u>\$0.00</u>

<b>Highway User Revenue</b>				\$254,647.00
<b>(carried over from previous years)</b>				
<b>Highway User Revenue FY27</b>				\$171,500.00
<b>Total</b>				<u>\$426,147.00</u>
<b>FY 2027 Street Projects Expense</b>				\$150,000.00
<b>Roads/Equipment Maint. Expense</b>				\$75,000.00
<b>Remaining Balance HUR</b>				<u>\$201,147.00</u>