

**PETITION**  
**OF**  
**DRUM POINT PROPERTY OWNERS' ASSOCIATION**  
**(DPPOA)**  
**TO THE BOARD OF COMMISSIONERS**  
**CALVERT COUNTY**  
  
**TO ESTABLISH A SPECIAL TAXING DISTRICT**  
**2013-2014**  
**December 20, 2011**

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## **I. PETITION**

The Maryland Annotated Code, Section 4-101 through 4-104, the public local laws of Calvert County, Title 4 Special Taxing Districts, stipulates that a Home Owners' Association, as defined under Maryland Home Owners Association Statutes, may petition the Calvert County Commissioners to establish a Special Tax District to fund the cost of furnishing, providing, and maintaining community roads, drainage, lakes, canals, community wide assets, and benefits. The Drum Point Property Owners' Association qualifies as a homeowners' association as defined by §11B-101 of the Real Property Article of the Annotated Code of Maryland (Appendix A) The Resolution of the Drum Point Property Owners' Association is included in this Petition as Appendix B. The Code of Calvert County, in Ordinances and Resolutions, Chapter 136, Taxation, Article VI Drum Point Special Taxing District, Section 136-29 states, "The purpose of the Drum Point Special Taxing District is to provide funds for the improvement of roads and other infrastructure within the Drum Point Subdivision and to cover the administrative costs of the Drum Point Property Owners' Association."

### **BACKGROUND**

Drum Point is a semi-rural Community in Calvert County set on the Chesapeake Bay and Patuxent River that includes 1575 taxed lots titled to 1285 separate owners. Much of the Drum Point area is within the Chesapeake Bay Critical Area. The DPPOA administers Community operations and maintains 15.3 miles of roads and rights-of-way. The Community includes a beach, boat ramp, Lake Vista, Lake Charming, and Drum Point Lake. DPPOA also maintains a dedicated office building, parking areas, and fifteen community access rights-of-way near the Bay, lakes, Patuxent River and local creeks.

In 1996, the Calvert County Commissioners authorized the first Drum Point Special Tax District to be administered by DPPOA. The Special Tax District periods were from 1996-1999 at a levy of \$163 per lot, 2000-2003 at a levy of \$163 per lot, 2004-2009 at a levy of \$192 per lot. In 2010 the existing Special Tax District was amended, and the levy per lot reduced to \$50 per lot for three years.

Accomplishments achieved by Drum Point with the help of the Special Tax District have been many to the benefit of the community. They are detailed in Appendix F, "Accomplishments".

### **CONTINUING NEED FOR A SPECIAL TAX DISTRICT**

The only guaranteed revenue base is from the \$10 per lot Covenant fee, which produces approximately \$13,000 per year. Membership dues, which are voluntary, generate approximately \$44,000 per year. DPPOA also receives State Highway User Revenue (SHUR) funds, projected to be \$5,000. All of the revenue streams are accounted for in the DPPOA budget. Additionally the community has repeatedly shown support for a Special Tax District. This STD petition is strongly supported by the Drum Point Community.

Without Special Tax District funding, DPPOA most likely will not be able to remove snow, clear its roads and rights-of-way of downed trees due to storms and make necessary road and storm water repairs, much less maintain general operations. Additionally, an STD is required in order to maintain eligibility for FEMA grants.

Special Tax District funding is essential to the vitality and maintenance of Drum Point infrastructure.

## **PROJECT MANAGEMENT**

The DPPOA Board of Directors has provided oversight for the Special Tax District funds. The Board is composed of nine property owners who have joined the Association and are members in good standing. They are elected by the membership, with one third of the Board standing for election every year. Additionally, the DPPOA has committees to work with staff and make recommendations to the Board. The Board has hired a professional project inspector to oversee all capital projects and employs one full time person to assist with administrative functions. The DPPOA Environmental Committee advises on all projects to ensure environmental considerations are taken into account. DPPOA, through its Board of Directors, employees, and contractors, works closely with County representatives to ensure process and procedure are properly followed.

## **FISCAL MANAGEMENT**

DPPOA requests that a monthly pro-rata distribution of Special Tax District funds be deposited in three accounts, one for Administration, one for Operations and Maintenance and one for Capital Projects.

A quarterly report and a yearly audit, performed by a Certified Public Accountant (CPA), with a report will be provided to the County. All contract work performed under this petition in excess of \$15,000 will be subject to the competitive bid process and contract awards will be made only by the DPPOA Board of Directors.

DPPOA has provided its proposed budget for Special Tax District expenses in Appendix C.

The DPPOA will provide the County with updated estimates and when a project is implemented, the actual costs. DPPOA has taken great care to bring forward only essential expenditures in this petition. Capital projects have been delayed beyond the two year horizon, and some work has been rescheduled to multi-year efforts. Every effort has been made to keep cost to a minimum.

## **RESERVE**

The Replacement Reserve Report, completed by Miller and Dodson Associates, an urban planning consulting firm located in Annapolis, dated August 3, 2011, is included as Appendix E. The report identifies 15 Projected Replacements for funding from Replacement Reserves. The firm recommends that DPPOA adopt a Replacement Reserve Funding Plan based on the Cash Flow Method or the Component Method, to ensure adequate funding is available throughout the 30 Year Study Period for the \$2,868,270 of Projected Replacements listed in the Drum Point Special Tax District Replacement Reserve Inventory.

Based on Miller-Dobson's findings, the study recommends a minimal annual funding of the Reserve Replacement Fund be \$205,087. The study further recommends that the Funding Plan be professionally evaluated every three to five years or after completion of each major replacement project.

DPPOA feels strongly that it has a fiscal responsibility to plan for future asset replacement. DPPOA also understands that to fully fund the Reserve as outlined in the attached study is not realistic. Therefore, DPPOA has requested \$40,000 be allocated each year for such purposes, which is an amount substantially less than what was recommended in the report.

## **APPLICATION OF THE SPECIAL TAX**

DPPOA estimates that there are 1575 taxable lots in the subdivision. The amount being requested herein is \$261,267 or \$166.00 per billable lot for each of the two years of this petition.

The adoption of the proposed special tax represents a substantial increase from the prior agreement, and it does represent the minimum amount required to operate and maintain Drum Point's infrastructure per the attached budget (Appendix D).

At the two community forums, as detailed in Appendix G, the majority of property owners fully supported this petition and agreed to have the DPPOA Board of Directors bring it forth to the County Commissioners.

## **SUMMARY**

The DPPOA requests the County Commissioners support and approve this Special Tax District Petition for Drum Point.

This Petition represents a consensus of the Drum Point Community through Community Forums and in keeping with the current economic climate, reflects a prudent effort to keep expenses as low as possible. Many line items were cut, with some work delayed to future years, and/or spread across multiple years. Though it is felt that this approach may not be sustainable for the longer term, it is submitted for good consideration. The DPPOA Board of Directors takes its fiduciary responsibility very seriously and will continue to utilize best practices and efforts to represent the needs of the community.

The vast majority of individual property owners in Drum Point realize the value of the STD program and how important it has been and will continue to be in improving the quality of life within the Community. Drum Point property owners will continue to enjoy the benefits of ever increasing assessed values from a well maintained community, which will more than outweigh the STD levy.

Signed:

Board of Directors  
Drum Point Property Owners' Association

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Gary Heal, President

\_\_\_\_\_  
Dennis Baker, Director

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Amy Rispin, Vice President

\_\_\_\_\_  
Duane Heidemann, Director

\_\_\_\_\_  
Max Munger, Treasurer

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Dan Mathias, Director

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John McCall, Secretary

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Dale Maxwell, Director

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Tricia Powell, Director

## **II. APPENDICES**

- A. Attorney Certification
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