

16<sup>TH</sup> SPECIAL SESSION, WORK SESSION AND EXECUTIVE SESSION – April 30, 2013

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Mayor D. S. Gysberts called this 16<sup>th</sup> Special Session, Work Session and Executive Session of the Mayor and City Council to order at 4:11 p.m., Tuesday, April 30, 2013, in the Council Chamber at City Hall. Present with the Mayor were Councilmembers K. B. Aleshire, M. E. Brubaker, L. C. Metzner, D. F. Munson and P. M. Nigh; City Administrator Bruce Zimmerman, John Urner, City Attorney, and City Clerk D. K. Spickler.

Citizens Police Academy Certificates

The following people completed the recent Citizens Police Academy: Brandon Benfer, Vivian E. Carroll, Benjamin Chlebnekow, Albert Corbin, Rodney L. Davis, Shirley B. Davis, David Dehaven, Shannon DeLoso, Steven Feld, John Galvin, Carl W. Gibbs, Dorothy Higgins, Derek Jimenez, Phil Nussear, Nattapon N. Ross, Diana J. Shepherd, Brittany Showe, Aaron Taylor and Jeremy White. Each participant was presented with a certificate by Mayor Gysberts, Chief Mark Holtzman, Officer Gerard Kendle and Verna Brown, Washington County Emergency Management Coordinator.

On a motion duly made by Councilmember D. F. Munson and seconded by Councilmember L. C. Metzner, the Mayor and City Council unanimously agreed by voice vote of all members present to meet in Special Session at 4:25 p.m.

**Approval of a Resolution: Accepting Grant Funds from Maryland Economic Development Assistance Authority and Fund (MEDAAF)**

**Action:** On a motion duly made by Councilmember M. E. Brubaker and seconded by Councilmember L. C. Metzner, the Mayor and City Council unanimously agreed by voice vote to approve a resolution authorizing the transfer of funds into the Hagerstown Revolving Loan Fund and the acceptance of Grant Funds from the Maryland Economic Development Assistance Authority and Fund (MEDAAF). On April 12, 2013, the Maryland Department of Business and Economic Development approved a conditional MEDAAF grant of \$ 100,000 to the Hagerstown Revolving Loan Fund. The City of Hagerstown will transfer \$ 50,000 from the City's Upper Floors Redevelopment Fund into the Hagerstown Revolving Loan Fund in connection with the receipt of the grant. The City operates this revolving loan fund to assist in the retention, expansion and recruitment of businesses within the corporate limits of the City.

Discussion: Councilmember Brubaker noted this is a "win-win" situation or all parties.

On a motion duly made, seconded and passed, the Special Session was closed at 4:26 p.m.

EXECUTIVE SESSION – April 30, 2013

Councilmember L. C. Metzner made a motion to meet in closed session to consult with counsel to obtain legal advice, #7 (Section 10-508(a)) at 4:27 p.m. in the Council Chamber, 2<sup>nd</sup> Floor, City Hall, Hagerstown, Maryland. Councilmember D. F. Munson seconded the motion.

Motion carried, 4-1 with Councilmember K. B. Aleshire voting No.

The following people were in attendance: Mayor D. S. Gysberts, Councilmember K. B. Aleshire, Councilmember M. E. Brubaker, Councilmember L. C. Metzner, Councilmember D. F.

Munson, Councilmember P. M. Nigh, City Administrator Bruce Zimmerman, John Urner, City Attorney, John Lestitian, Director of Community and Economic Development, Jill Estavillo, Kathleen Maher, Planning Director and Donna K. Spickler, City Clerk. The meeting was held to discuss a downtown services contract and proposal. No formal action was taken at the meeting. On a motion duly made, seconded and passed, the meeting was adjourned at 6:20 p.m.

BUDGET WORK SESSION – April 30, 2013

This portion of the meeting started at 6:37 p.m.

Michelle Burkner, Director of Finance, and Michelle Hepburn, Budget Officer, were present to discuss the proposed budget.

The Parks Capital Improvement Projects will be discussed at a future meeting.

Electric Fund – Section 4, Pages 4-12

Ms. Burkner pointed out there is a limited increase in the Electric Fund operating budget. There is some fund balance remaining in the current budget. The fund balance must remain flat by Public Service Commission regulations.

Ms. Hepburn stated there are no new capital expenditures anticipated and no high dollar projects.

Water Fund – Section 4, Pages 14-22

Depreciation expenses are increasing in the Water Fund due to completion of several large projects. These expenses will continue to increase. A Water Dividend transfer to the General Fund is included in the proposed budget.

Councilmember Aleshire inquired if the Water Dividend is a result of the inside/outside rates as it relates to the debt service. Ms. Burkner stated there a number of components included in the dividend. These components are included in the Fiscal

Policy.

Ms. Hepburn stated bond financing is anticipated for several sizable projects including meter installations, R. C. Willson Plant Upgrade and SCADA Improvements.

Councilmember Aleshire stated Section 4 references the loss of customers. He wondered why customers were lost. Ms. Burkner stated the loss is related to foreclosures and vacancies. The meters are removed in these situations. Service is available when the property is sold or a new resident moves in.

Councilmember Aleshire asked if the quarterly cost is associated with consumption. Ms. Burkner stated it can be, but is mostly based on benefit fees. Councilmember Aleshire stated it does not make sense to him to remove customers if debt is based on customer consumption.

Councilmember Aleshire mentioned that no amount is included in the budget for late fees on water and wastewater bills.

Councilmember Brubaker pointed out there is \$ 9 million in cash balance in the Water Fund. This is needed for good bond ratings and for emergencies. The Water Fund is well secured and not in debt. He asked what assumption is made for increases in water fees.

Wastewater Fund – Section 4, Pages 24-31

Ms. Hepburn stated the current rate schedule for water and wastewater ends on June 30, 2014. An average increase of 3% to 5% is projected through 2018.

Councilmember Aleshire asked why there is an increase in contracted services. Ms. Hepburn indicated the contract with Synagro (for the pelletizing plant) is the major reason.

Ms. Burkner noted the Wastewater Fund has been losing revenue and it is important for rating agencies to see enterprise funds as self sustaining. A substantial rate increase would help level the loss.

Councilmember Aleshire will be interested to see what the amount of the proposed rate increase is compared to the percentage of outstanding bills.

Discussions on the FY14 Employee Wage and Benefit Contingency

Mr. Zimmerman stated there are two positions for the Mayor and Council's consideration, one in Public Works and one in Police. The Public Works position was mentioned during the April 9, 2013 budget discussion.

There are five unfunded positions in Public Works. Public Works operations are a very important part of the City's operations. Staff recommends the addition of a supervisory position to strengthen the overall operations of Public Works but specifically

the property management side of operations. The current position of Traffic Control/Building Maintenance Supervisor would be split, allowing for one supervisor for traffic control and a separate supervisor for building maintenance. The Traffic Control/Building Maintenance Supervisors splits his time between two operations. Traffic control includes 131 signal intersections, thousands of street signs and miles of line striping. Building maintenance involves maintaining a variety of properties and includes oversight of everything from painting to mechanical systems. Both operations include the juggling of staff and contractors to complete the work required.

Since taking full responsibility of building maintenance in 2003, properties and tenants have been added including the Alms House, 60 W. Washington, 36-40 N. Potomac Street, 43-53 W. Washington Street, 170 W. Washington Street and the parking decks.

Ms. Burkner indicated the position would be allocated between different funds. The impact to the general fund would be approximately \$ 65,000.00.

Mr. Deike stated the City has invested a significant amount of money in downtown buildings and he wants to make sure the manpower is adequate to protect that investment.

Mr. Zimmerman stated no decision is required at this time. The information is presented for consideration as budget discussions continue.

Ms. Burkner stated this position could be funded with the employee compensation contingency of \$ 400,000 that is included in the budget. Mr. Zimmerman mentioned this amount is included in the budget to provide flexibility for the Mayor and Council to add positions, if they chose to.

Councilmember Aleshire wondered if these added responsibilities, which are income producing, should be established as enterprise funds rather than part of the general fund. Ms. Burkner stated 80% of the position is included in the Parking Fund, with the remainder being under Property Management. Mr. Deike indicated the allocation is based on the number of buildings that are general fund expenses. There was additional discussion about the details of the allocation as it currently stands. No change was recommended.

Chief Mark Holtzman presented a proposal for a new civilian coordinator position at the Hagerstown Police Department. The primary function of this coordinator would include all police recruitment, testing and hiring processes for new HPD applicants.

In recent years, HPD has seen a dramatic increase in the number of officers being hired and this is anticipated to continue. The ratio of applications to hiring, accompanied by the lengthy procedures involved in background investigations, requires the attention of a full-time coordinator. The coordinator will also serve as an instructor for Police In-Service Training and during portions of the new HCC Police Academy, along with quartermaster duties. The position costs would be offset slightly by overtime savings for

current instructors who are assigned to other full-time positions within the department. This position, with an estimated cost of \$ 55,000.00, would be funded throughout the City's salary contingency fund budgeted for FY 14.

Councilmember Aleshire asked for clarification of the fees for parking violations as listed in the budget. Chief Holtzman will review the schedule.

Councilmember Nigh asked if there is a possibility of having a gang officer again. There is clearly a need for this. Chief Holtzman stated the duties of the gang officer are being shared by two sergeants at this time. This vacancy is one that should be filled. The department is actively pursuing investigations of gang activity.

Mr. Zimmerman indicated some difficult decisions will have to be made in the coming years as wages, benefits and revenue need to be stabilized. There is \$ 400,000.00 in wage and benefits contingency funds in the general fund. The budget includes the assumption that a mid-year COLA would be provided to employees, but no step increases would be reinstated. He does not think this is enough for the sustainability of the City. This assumption would require employees to go three or four more years without step increases. The crunch point is that if the City is going to have sustainability, there needs to be more for wage contingency. The union contract approvals will need to work within the proposed budget. This is not an organization that has been experiencing 4% to 5% revenue increases each year. The City experienced a \$ 2.2 million loss of revenue and had 56 vacant positions. Revenues are not recovering and the recession is still having a damaging impact on the City's budget. He encouraged the Mayor and Council to seriously discuss the future projections. There is a real possibility that there will not be enough revenue to meet the goals of the Mayor and Council for the community and the organization. It is difficult to think about increasing revenues through tax rate increases or additional fees. Strengthening the City's financial position, with stronger revenues, will help with bond ratings. Strengthening the financial position through revenues should be considered soon. Stormwater Management fees (which have been discussed periodically) will take at least 12 months to implement. Installation of red light cameras will require more than a few months. He urged the Mayor and Council to think about their priorities for the community and their desire to settle the union contracts. The union representatives have expressed interest in settling the contracts for more than one year. The tax rate and effect of the triennial reassessment has to be addressed. These discussions will not be easy or pleasant. Expenses have been reduced as much as possible during the last four years, without decreasing services. Waiting until FY 17/18 is too long to reinstate the step increases. A small (2%) COLA in the coming years will not be enough. The crux of this budget is positioning the City to be sustainable in future years. The Mayor and Council need to discuss a tax increase, and most likely a significant increase. The issues to focus on include: employee wages, community benefit projects and strengthening of operations.

Councilmember Brubaker is concerned a higher tax rate will make it more difficult to attract business to Hagerstown.

Ms. Burkner stated a full year reinstatement of one step would be \$ 535,000. More than half of the City's employees would not receive a wage increase with the step increases. A 1% COLA would be just under \$ 200,000 for the whole year.

Councilmember Aleshire asked how many steps employees are behind. Ms. Burkner indicated it is three years of steps. Not every employee receives a step increase every year.

Mayor Gysberts asked for detailed information for which employees would receive steps and how the cost compares with the proposed budget.

Councilmember Munson congratulated the Department of Finance for receiving the Financing Excellence award.

### **CITY ADMINISTRATOR'S COMMENTS**

*Bruce Zimmerman, City Administrator*, had no additional comments.

### **MAYOR AND COUNCIL COMMENTS**

*Councilmember L. C. Metzner* had no additional comments.

*Councilmember P. M. Nigh* had no additional comments.

*Councilmember D. F. Munson* had no additional comments.

*Councilmember K. B. Aleshire* reminded everyone about the event at University Plaza.

*Councilmember M. E. Brubaker* clarified that the Mayor and Council are not considering raising taxes.

*Mayor D. S. Gysberts* is attending Celebration of Learning events at Salem Avenue Elementary and Maugansville Elementary schools. Earlier today, the City recognized and celebrated the 25<sup>th</sup> Anniversary of the Schmankerl Stube. May is Bicycle Month. A "Ride with the Mayor" will be held on Saturday, May 11, 2013, at 9:00 a.m. at Fairgrounds Park.

There being no further business to come before the Mayor and City Council, on a motion duly made, seconded and passed, the meeting was adjourned at 7:57 p.m.

Respectfully submitted,

Donna K. Spickler  
City Clerk

Approved: June 18, 2013